U.S. Grocery Shopper TRENDS 2018

How Technology is Changing Grocery Shopping, From the Consumer Perspective

September 6, 2018
1pm ET

#GroceryTrends

FMI
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Feeding Families Enriching Lives

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- It is important to avoid even the appearance of unlawful activity.
- Questions or concerns? Please consult with FMI staff.

Meet your presenters

Steve Markenson
Director, Research
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Vice President, Technology
Food Marketing Institute

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VP, Communications &
Consumer/Community Affairs
Food Marketing Institute

Research background

For more than four decades, FMI has been tracking the trends of grocery shoppers in the U.S., taking note of where they shop, how they shop and what issues are most important to them as food shoppers. For the past four years, FMI has partnered with The Hartman Group to conduct this research.

Methodology

Quantitative Research

- A 25-minute online survey among n=2,136 U.S. shoppers aged 18 and older, responsible for at least 50% or more of the grocery shopping in their household
- Fielded February 4-16, 2018
- Additional analysis includes U.S. Census, Bureau of Labor Statistics

Qualitative Research

- In-depth 1-on-1 interviews with shoppers from 4 multi-person households and 1 single-person household in the Baltimore area, including home tours of kitchens and food-storage areas, as well as shop-along interviews in frequented food retail locations
- Five 1-on-1 virtual interviews with shoppers across the nation, augmented with a homework exercise using photos and words for shoppers to show what “eating well” means to them and how shopping supports these needs
- Fielded in October 2017

Overview of 2018 findings

2017

- Channel fragmentation continues, with ecommerce gaining users
- Transparency means context beyond the package
- Food retailers are increasingly well-positioned for shopper wellness

2018

- **Online has evolved from a grocery channel to a grocery touchpoint**
  - ***Older shoppers are adopting and younger shoppers are discovering a future that differs from industry assumptions***
- Shoppers evaluate a food retailer by how well it supports their overarching goal of eating well
  - *Individualized and grounded in occasions, eating well includes diverse objectives around taste and enjoyment, health and connection*
- Shoppers trust in their food store to support their wellness more than ever, even as they rely on a wider variety of stores in order to shop well
  - *Grocery stores increasingly need to fulfill a diversity of food experiences, with strategic opportunities to align in-store and digital touchpoints to enhance choice, enjoyment and personal connection*

State of the Marketplace

Grocery shopping remains a national pastime

Currently in the U.S.

85% of all adults say they have **at least 50%** of the responsibility for household grocery shopping

89% 80%

(compared to 84% in 2017)

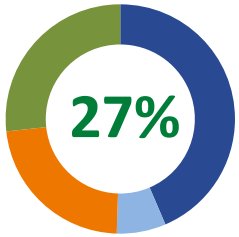
"He does more of the shopping now. It used to be that he did most of the cooking when I did the shopping, but now our roles have kind of flipped now that we're eating healthier."

—Tanya, 45

Co-shopping is still the prevailing strategy

World of Shoppers

Single-person Households



Self Shopper

ALL shopping

44% 56%

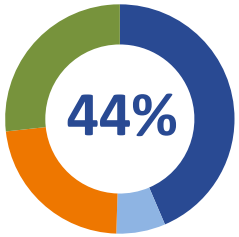
vs. 2017

45% 55%

Multi-person Households

Co-Shoppers

varying degrees of sharing the labor



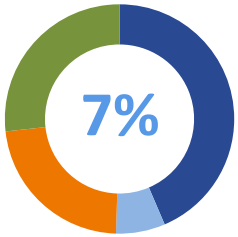
Primary Shopper

Majority of shopping

35% 65%

vs. 2017

39% 61%



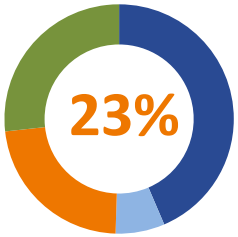
Secondary Shopper

Minority of shopping

70% 30%

vs. 2017

66% 34%



Shared Shopper

Equal shopping

59% 41%

vs. 2017

48% 52%

One-third of shoppers now shop online

Today:

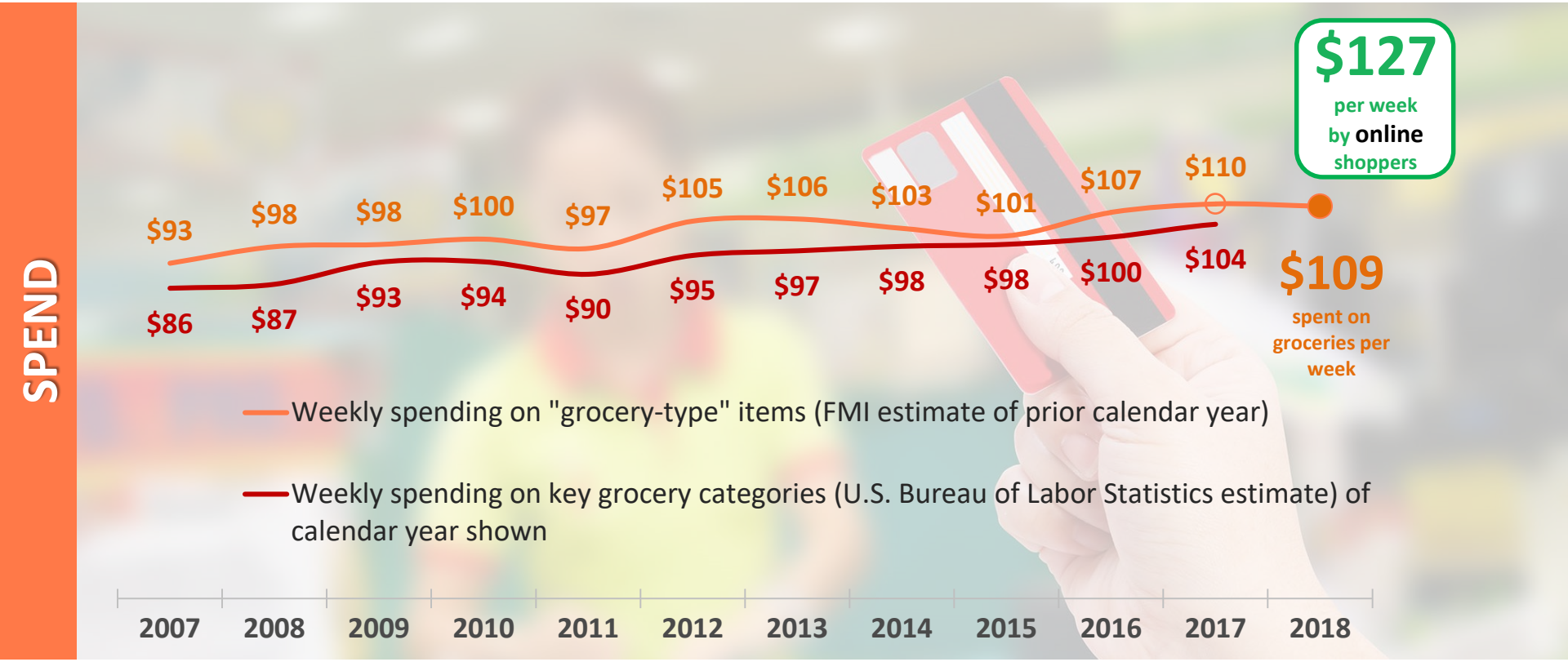
34% of shoppers are ***shopping online***

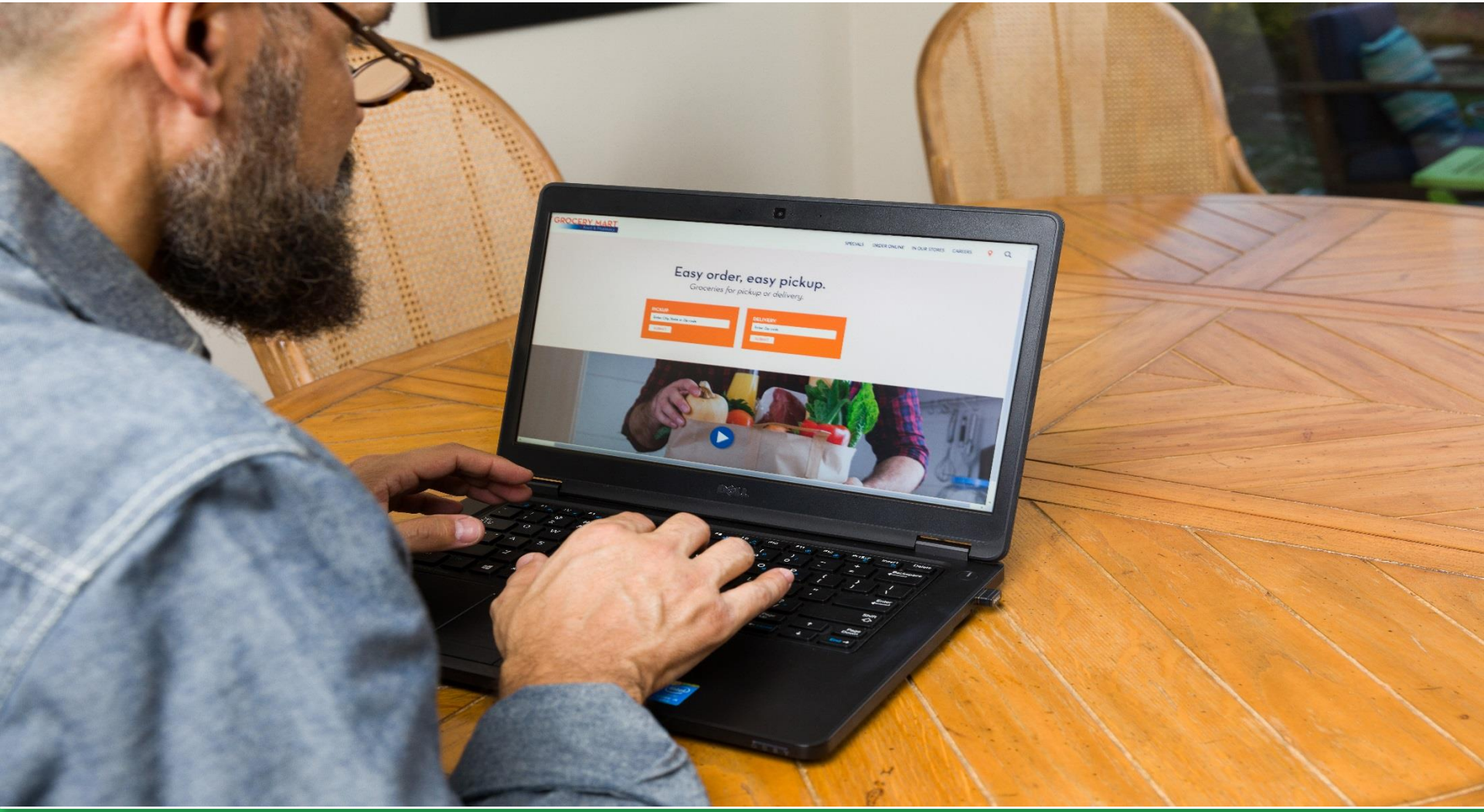
28% are shopping ***online-only retailers,***
up from 16% in 2015

Weekly trips remain stable, even among online shoppers

TRIPS

Online shopper's weekly spend higher than typical shopper





Meet the Online Shopper

Online shoppers shop multiple channels/banners

Shoppers visit an average of

4.1

retail banners for groceries **each month**

ONLINE
Shoppers visit an average of

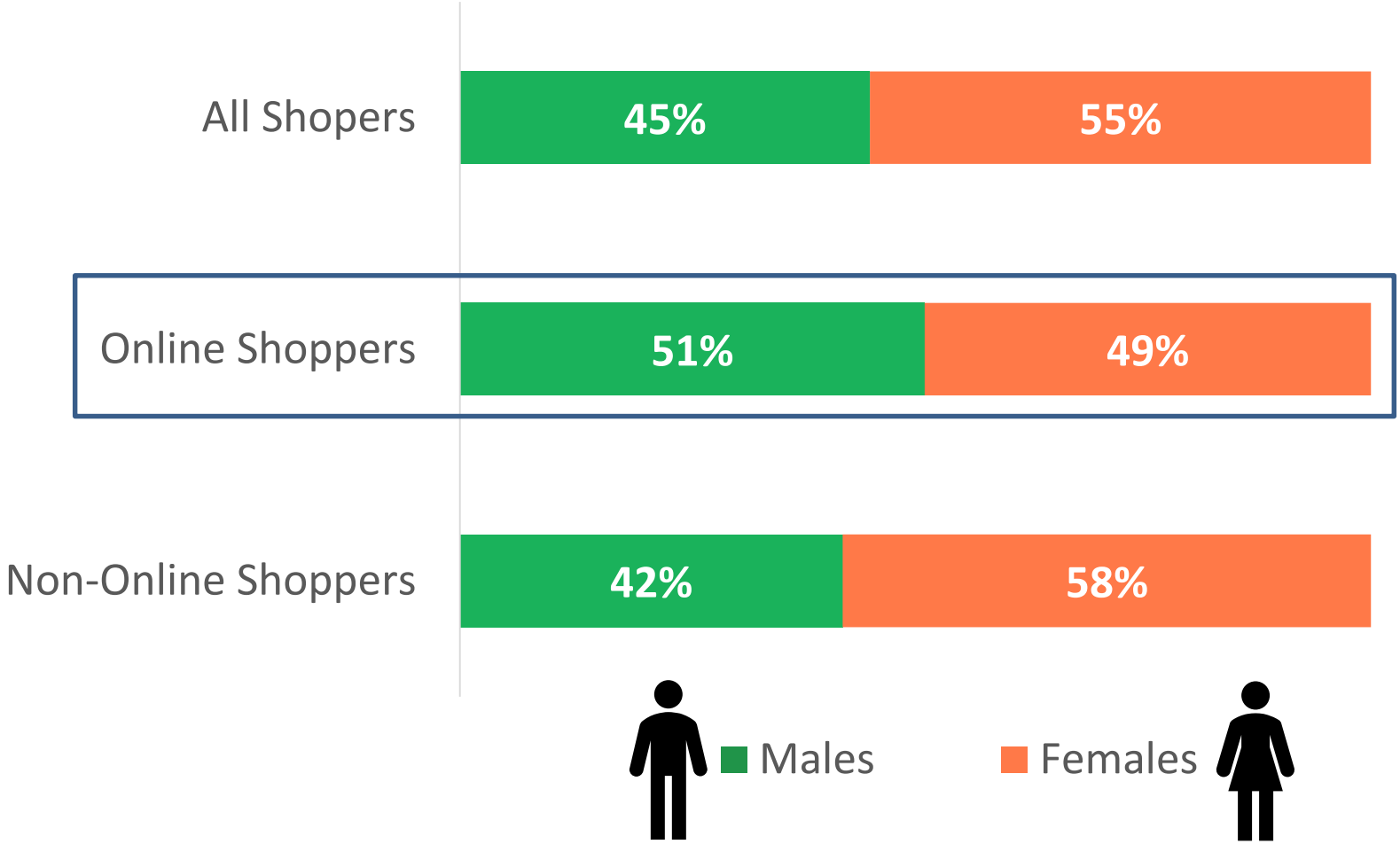
5.3

retail banners for groceries **each month**

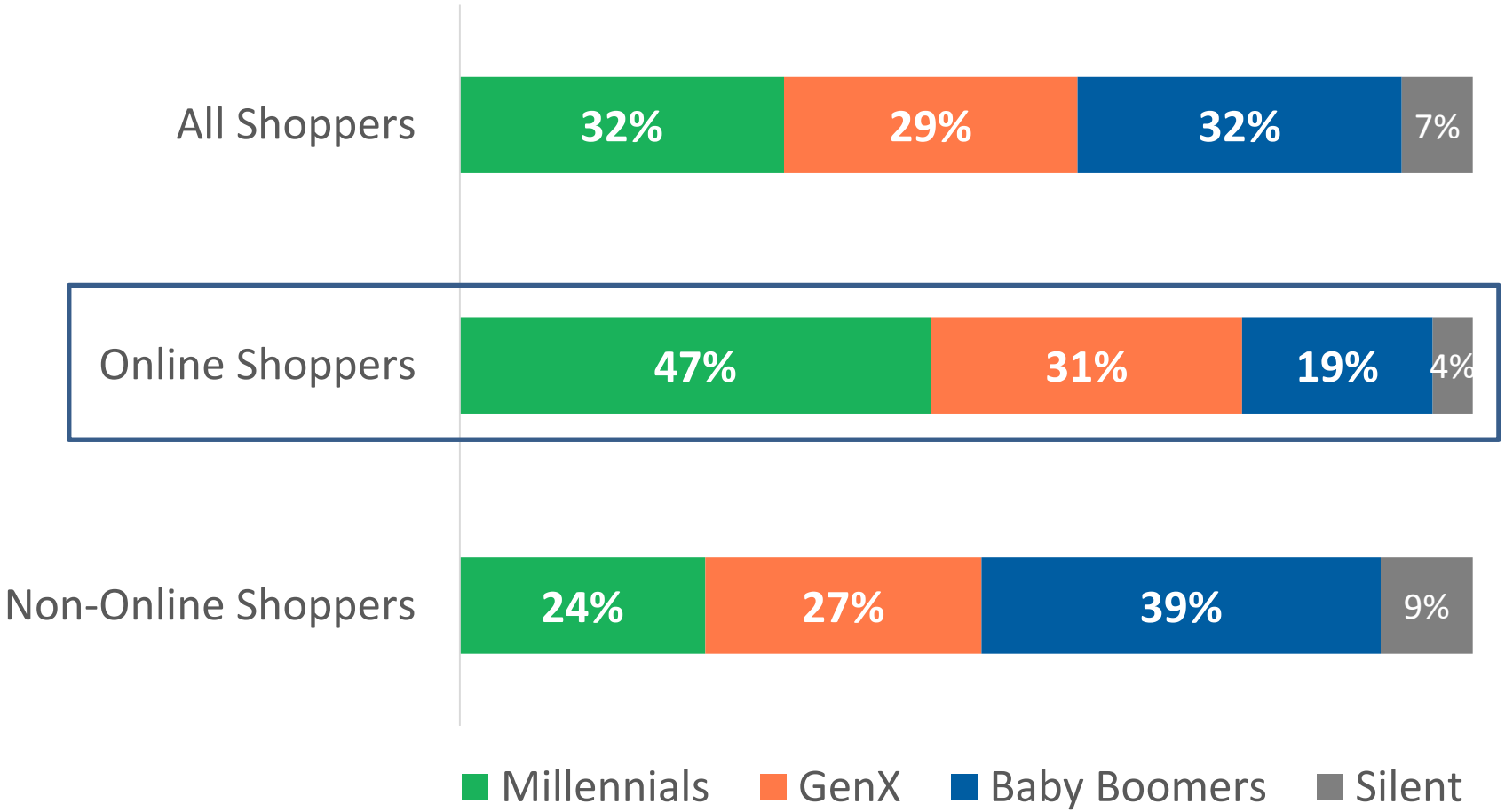
CHANNELS USED 'ALMOST EVERY TIME' WHEN SHOPPING FOR FOOD AND GROCERIES

	Online Shoppers	Non-Online Shoppers
Supermarket	55%	59%
Supercenter	29%	23%
Mass	22%	12%
Club	14%	6%
Limited Assortment	15%	7%
Natural/Organic	11%	2%
Drug	10%	2%
Ethnic	12%	1%
Number of Channels	3.8	2.8

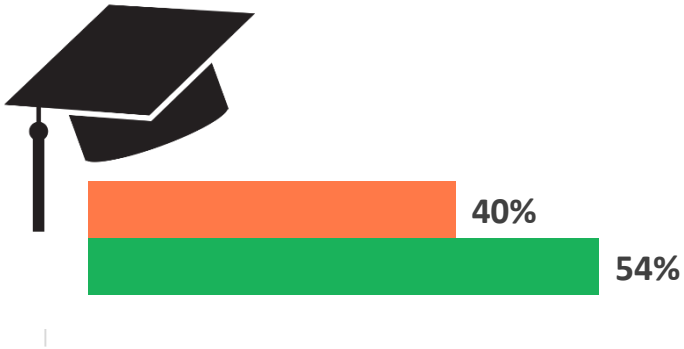
The gender divide in online shopping, almost equal

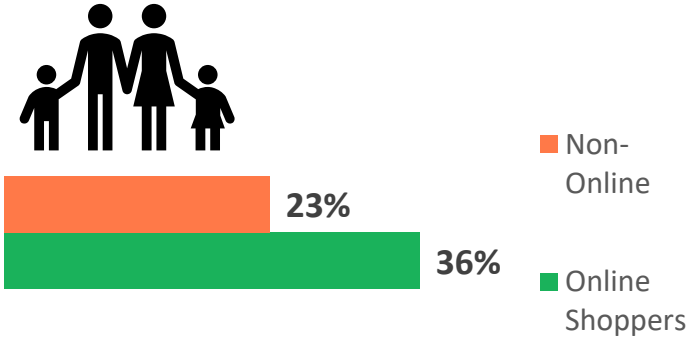


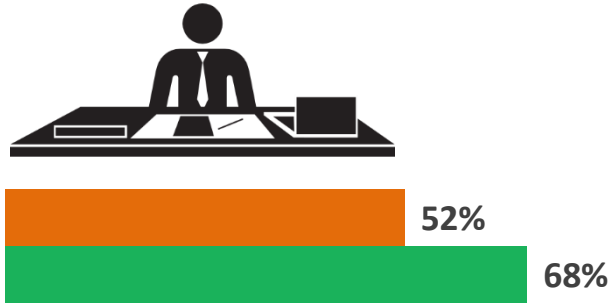
The generational divide in online shopping, or not

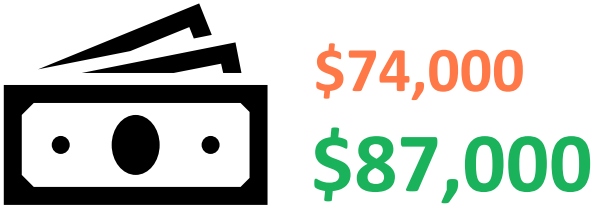


What is the demographic profile of online shoppers?

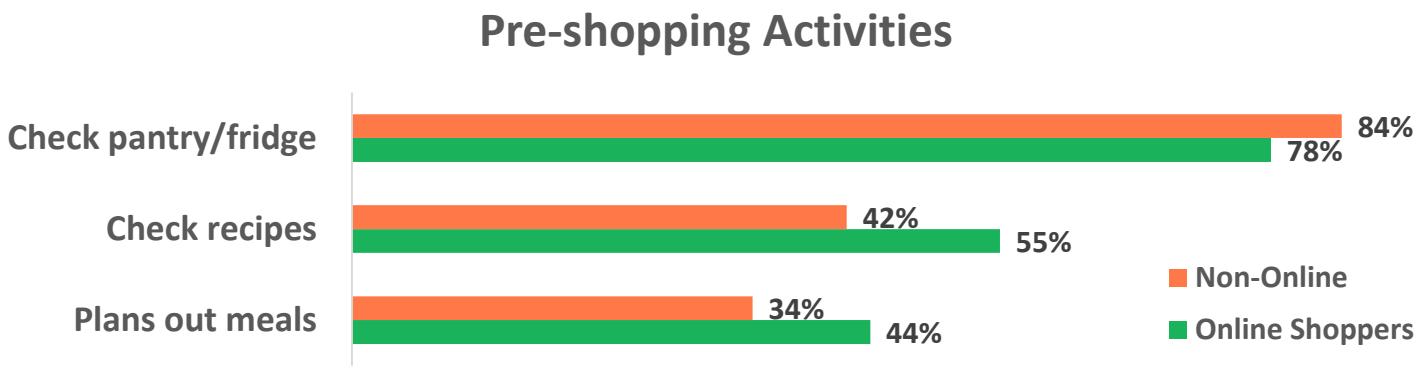


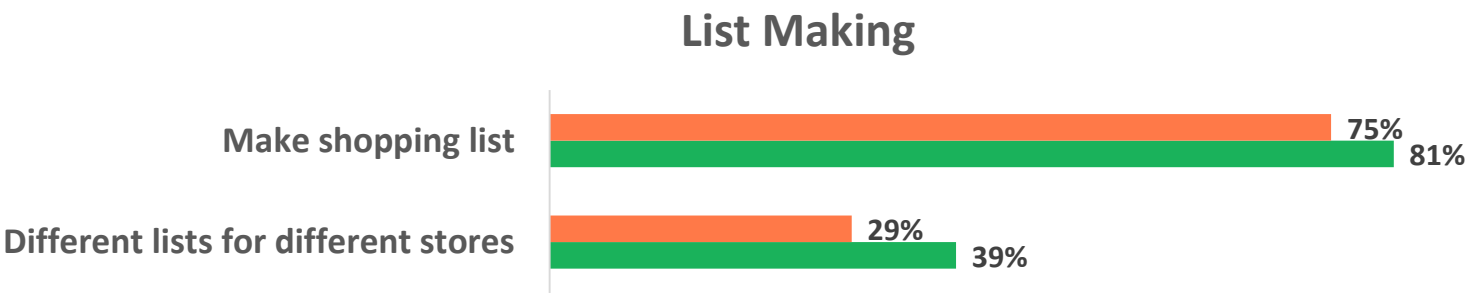




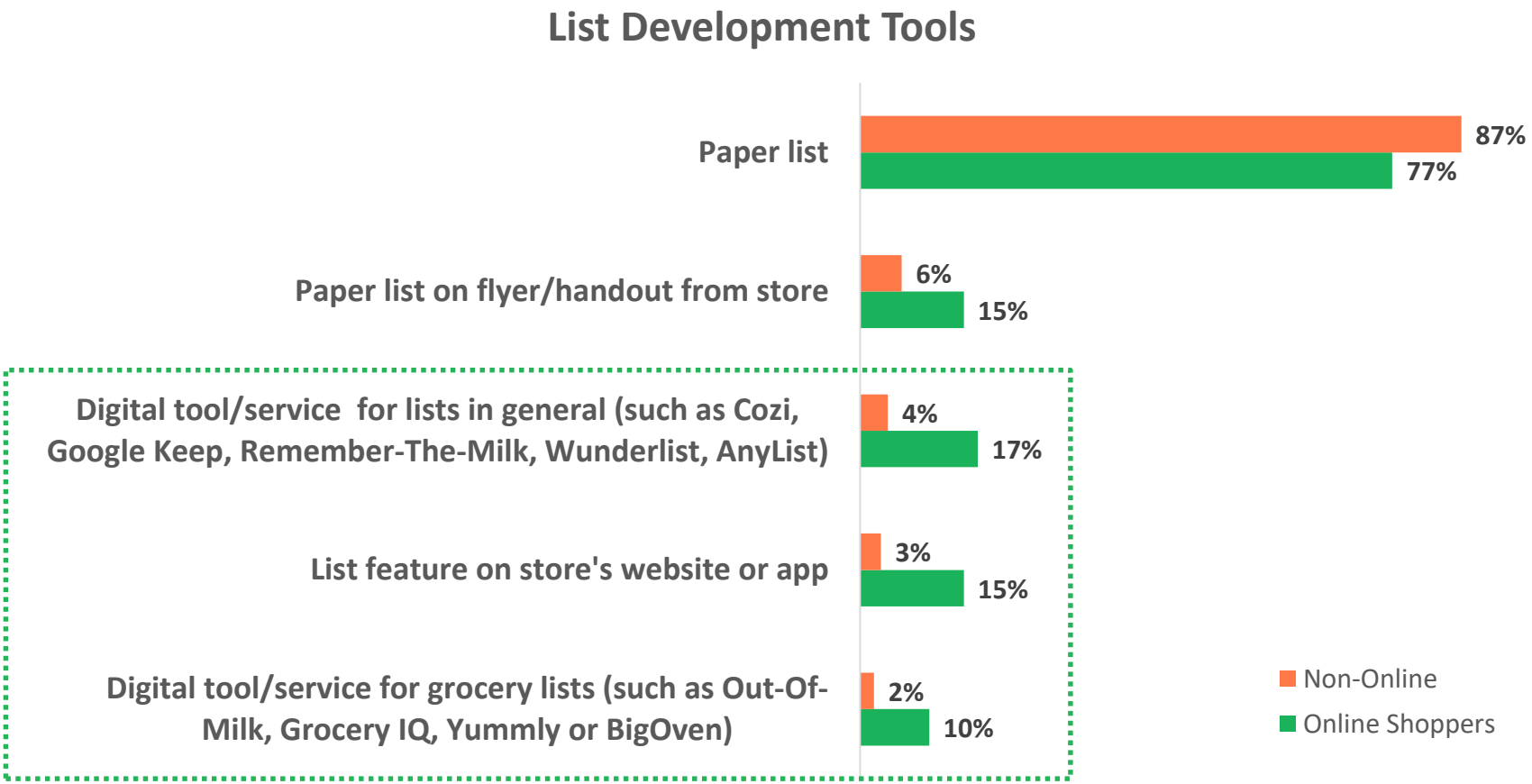


Online shoppers are planners

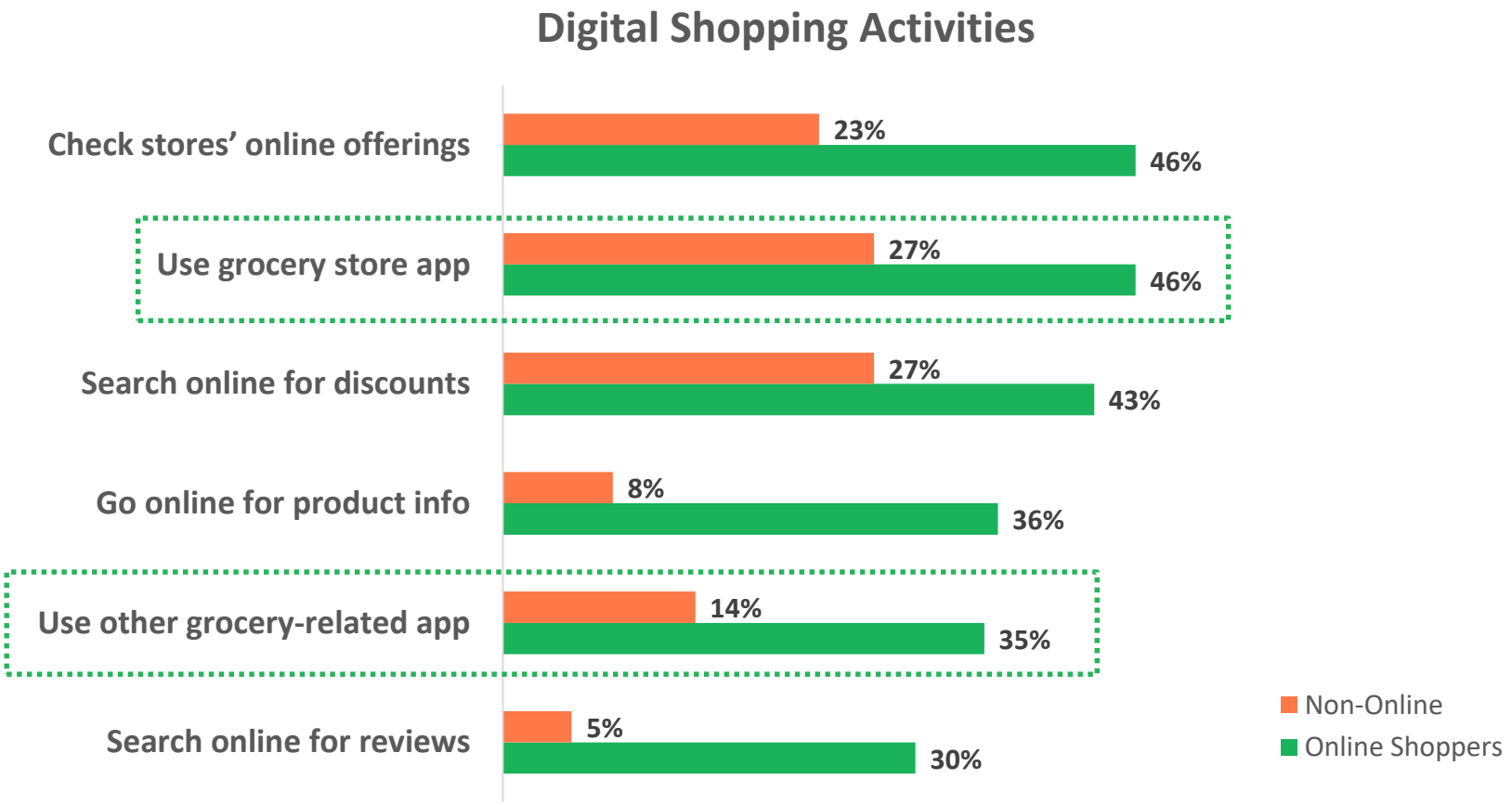




Online shoppers utilize digital and traditional list tools

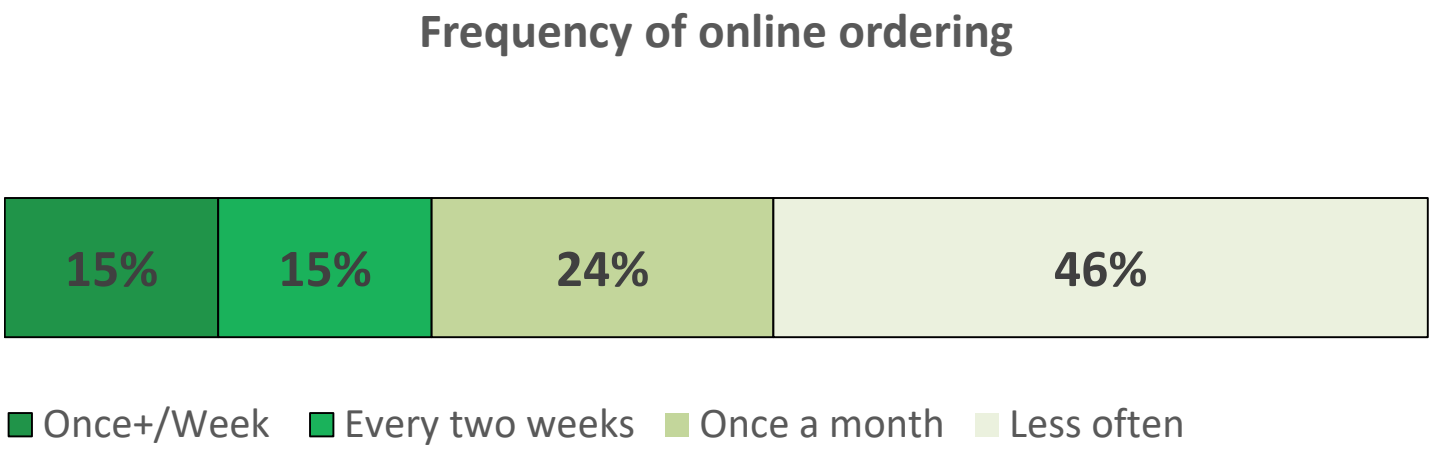


Shoppers are savvy digital shoppers



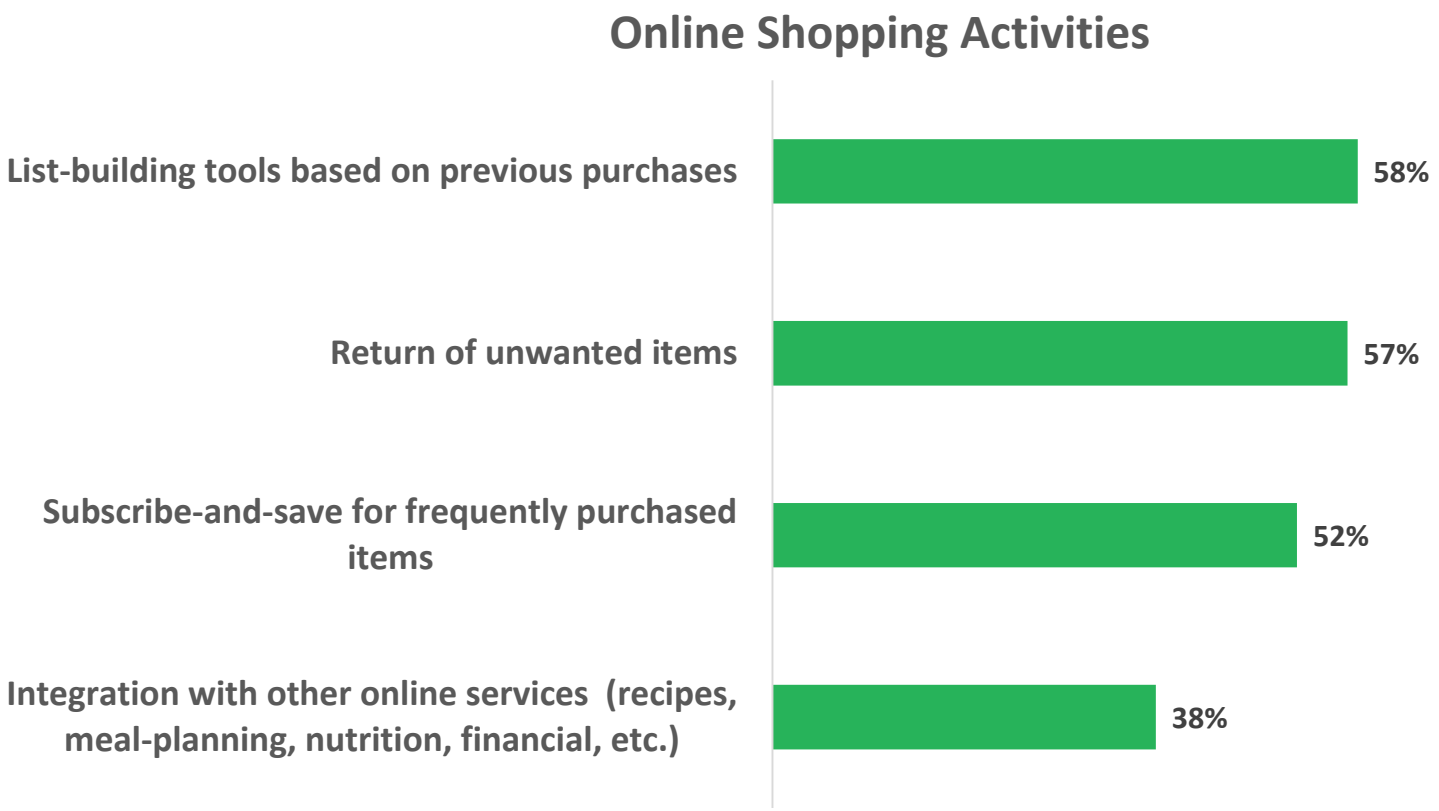
The Online Shopping Experience

Online shopping happens less frequently than in-store shopping



Online Shoppers order an average of **once per month**

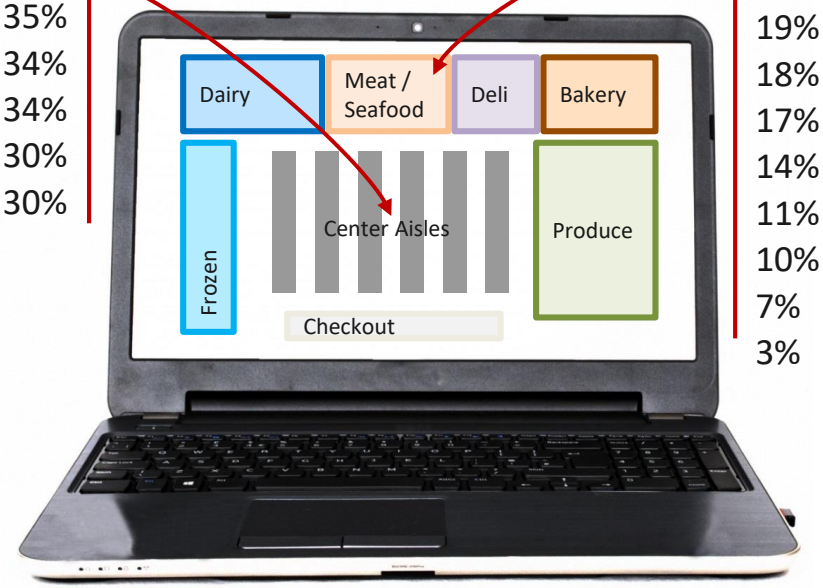
Online shoppers take advantage of online service features



Center store continues to dominate online, though fresh categories are gaining

Past-year online purchases most often include non-perishables

Health & beauty	38%
Salty snacks	35%
Coffee & tea	34%
HH cleaning items	34%
Paper products	30%
Packaged/canned foods	30%



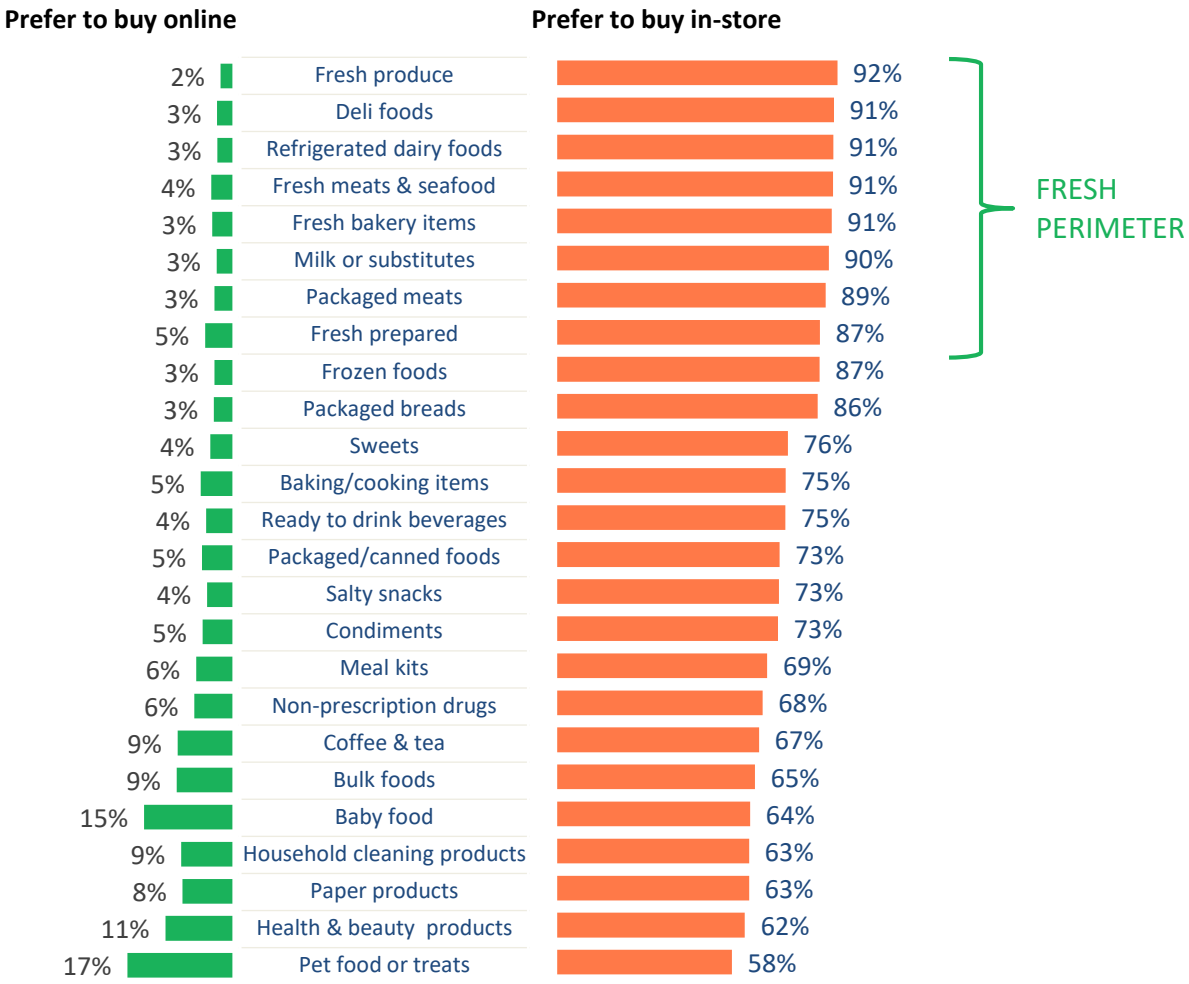
Categories ordered online least often include many perishables

20%	Milk, non-dairy substitutes
19%	Fresh meats and seafood
18%	Non-prescription drugs
17%	Packaged meats
14%	Deli foods
11%	Fresh bakery items
10%	Fresh prepared
7%	Meal kits
3%	Baby foods*

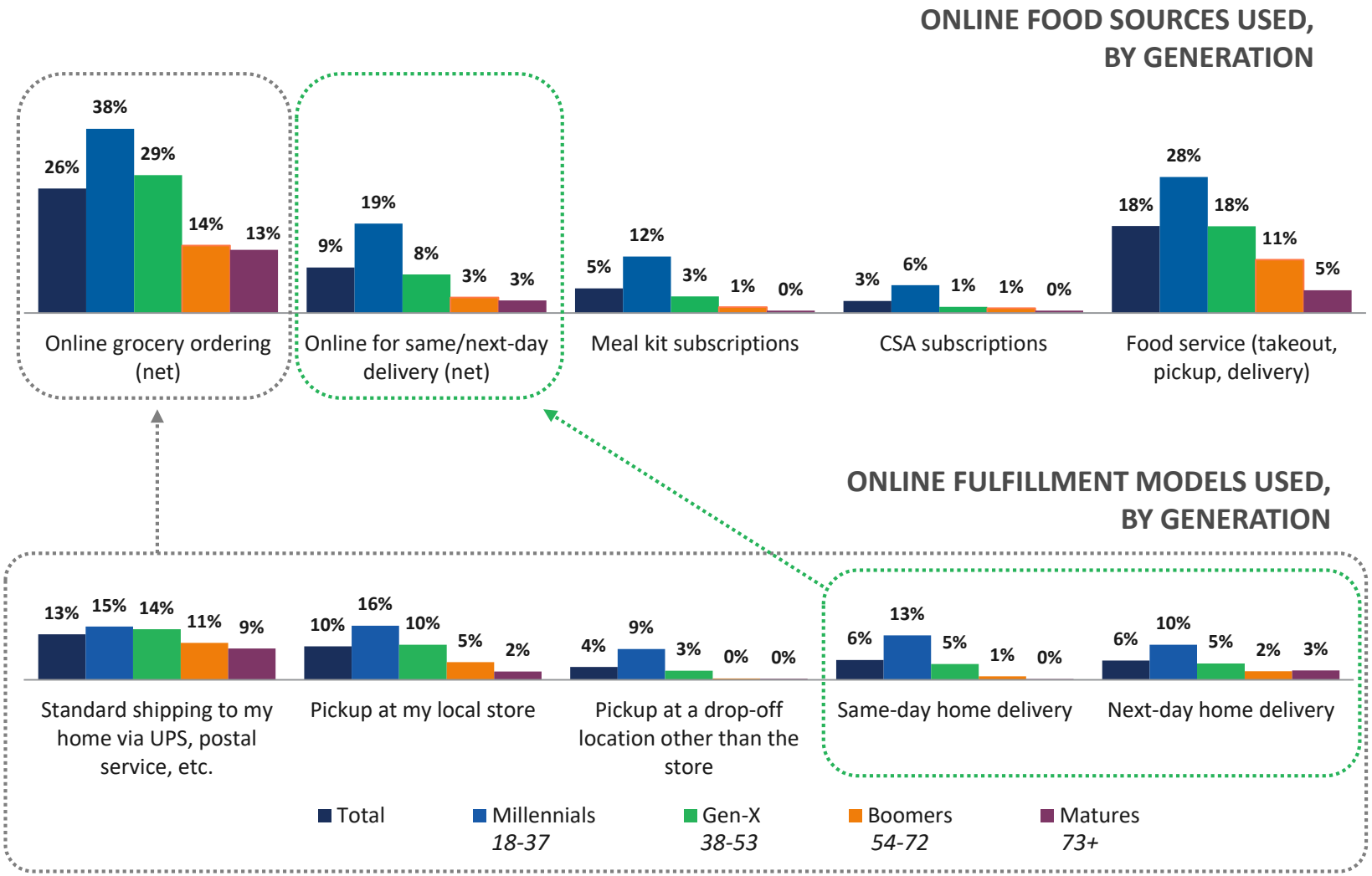
While online is emerging as a player in center store, in-store retains trust in the important fresh categories

Routinized Tasks, Routinized Purchases

Online is helping to absorb the drudgery of shopping—not only the task itself, but by managing routine, bulk-oriented or less inspiring staples.

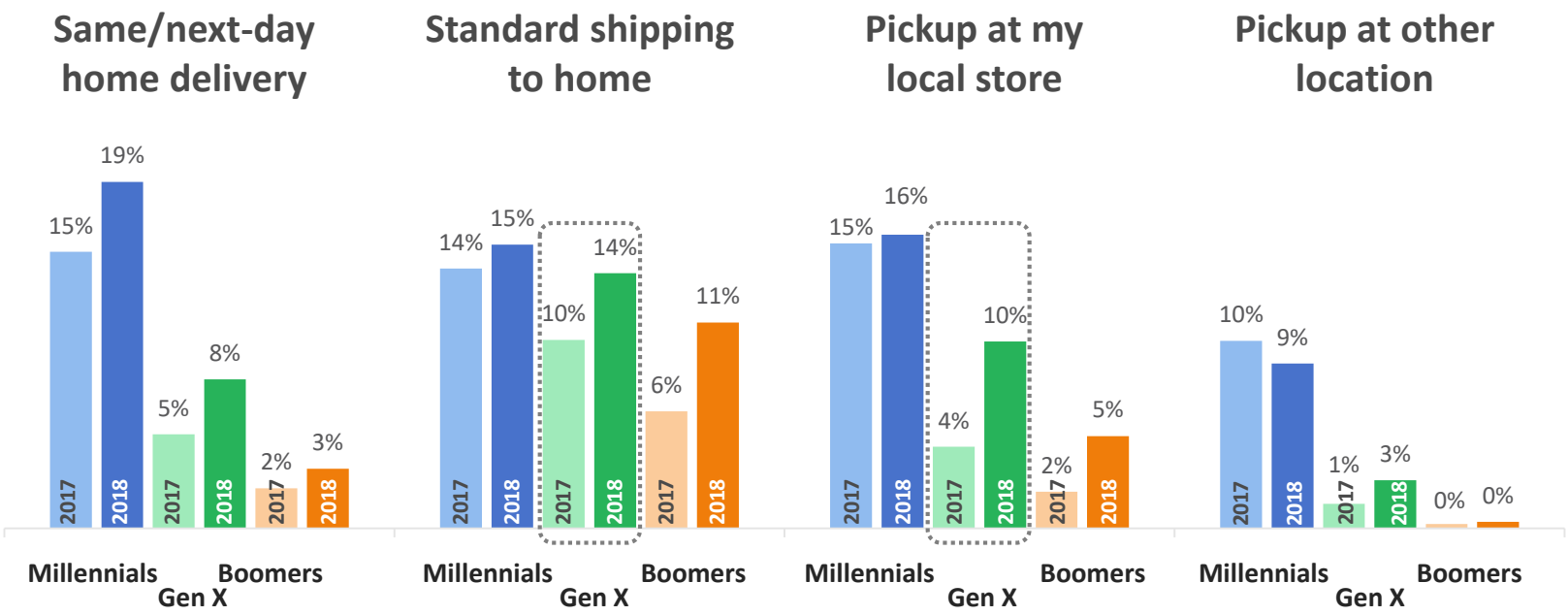


Range of options for online order delivery



Use of online grocery is spreading across generations

ONLINE FULFILLMENT SERVICES USED, BY GENERATION, HISTORICAL TREND

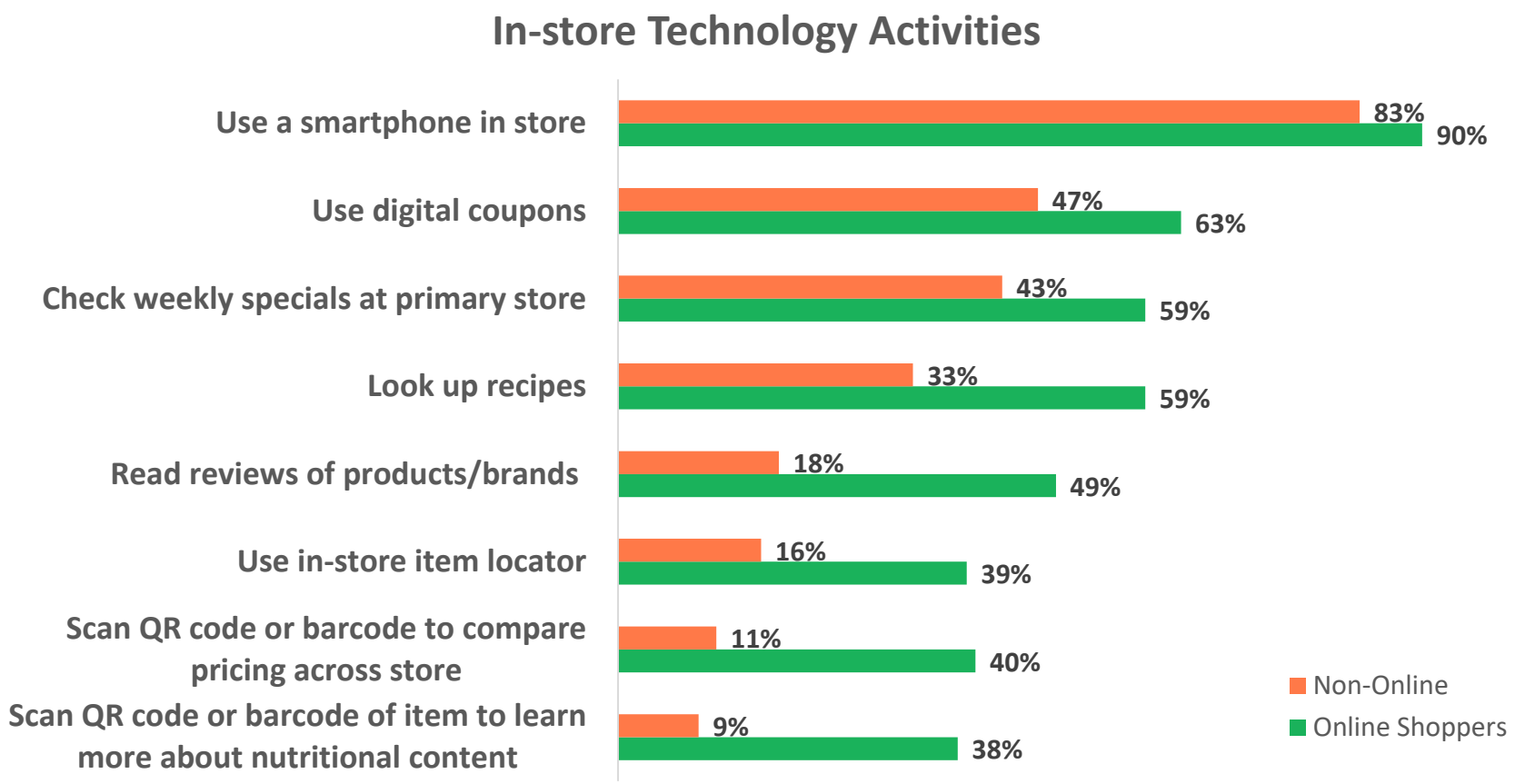


Online In-Store

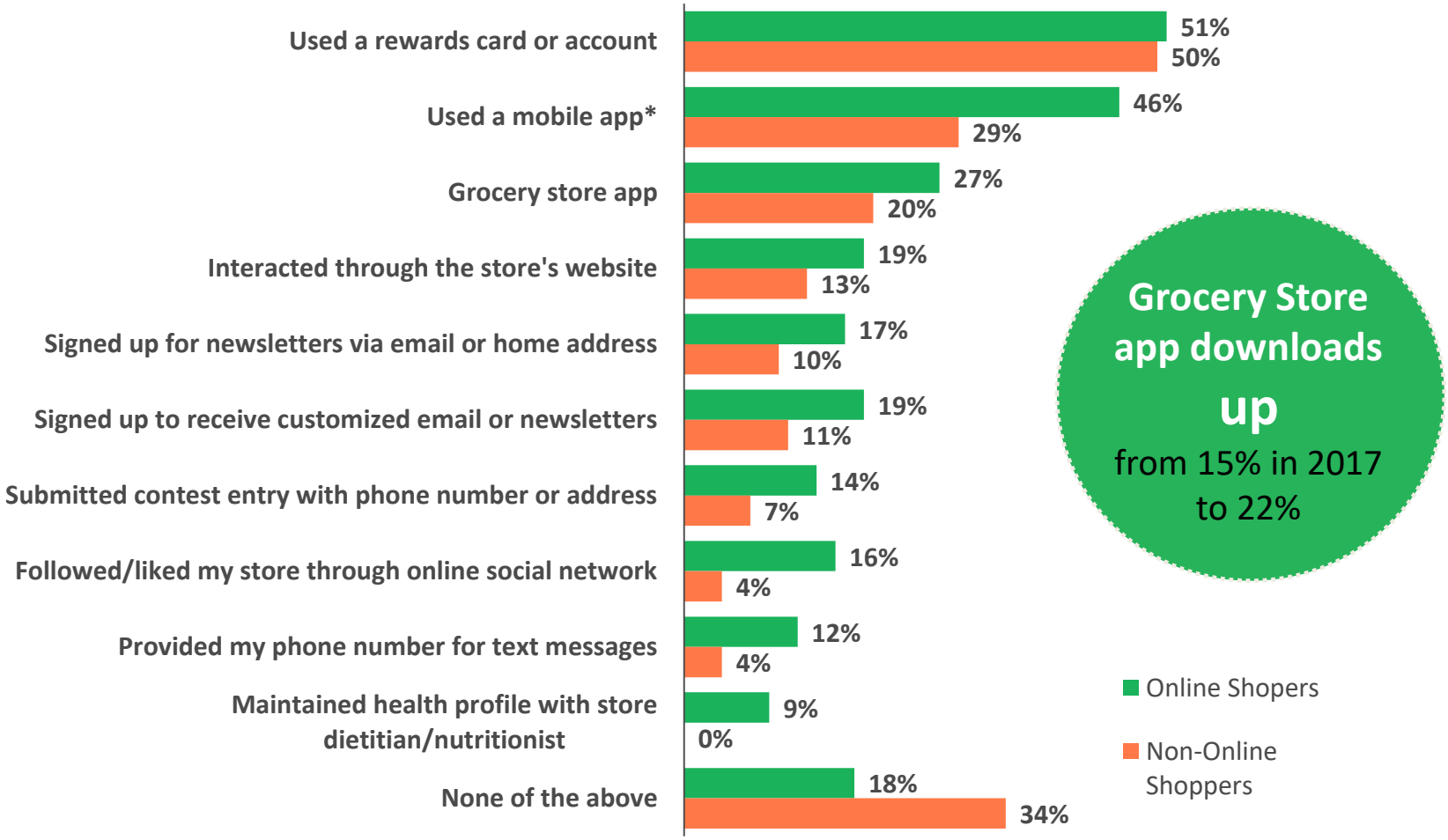
Technology is widely used in-store by all shoppers

	Total	Millennials		Gen X	Boomers
		with kids<18	without kids <18		
Currently uses a smartphone to:	***85%***	***96%***	***97%***	***90%***	***77%***
Use digital coupons	**53%**	**73%**	**57%**	**56%**	**41%**
Check weekly sales specials at primary store	**49%**	**73%**	**53%**	**53%**	**35%**
Look up recipes	**43%**	**77%**	**53%**	**40%**	**26%**
Read reviews of products and brands	**30%**	**64%**	**34%**	**25%**	**19%**
Use the in-store item locator	**25%**	**55%**	**29%**	**23%**	**12%**
Scan QR codes or traditional barcodes of grocery items to compare pricing across stores	**22%**	**51%**	**27%**	**19%**	**9%**
Scan QR codes or traditional barcodes of grocery items to learn more about their nutritional value	**20%**	**50%**	**24%**	**15%**	**8%**

Online shoppers use technology in-store in many ways



Retailers should consider multiple touchpoints to engage shoppers

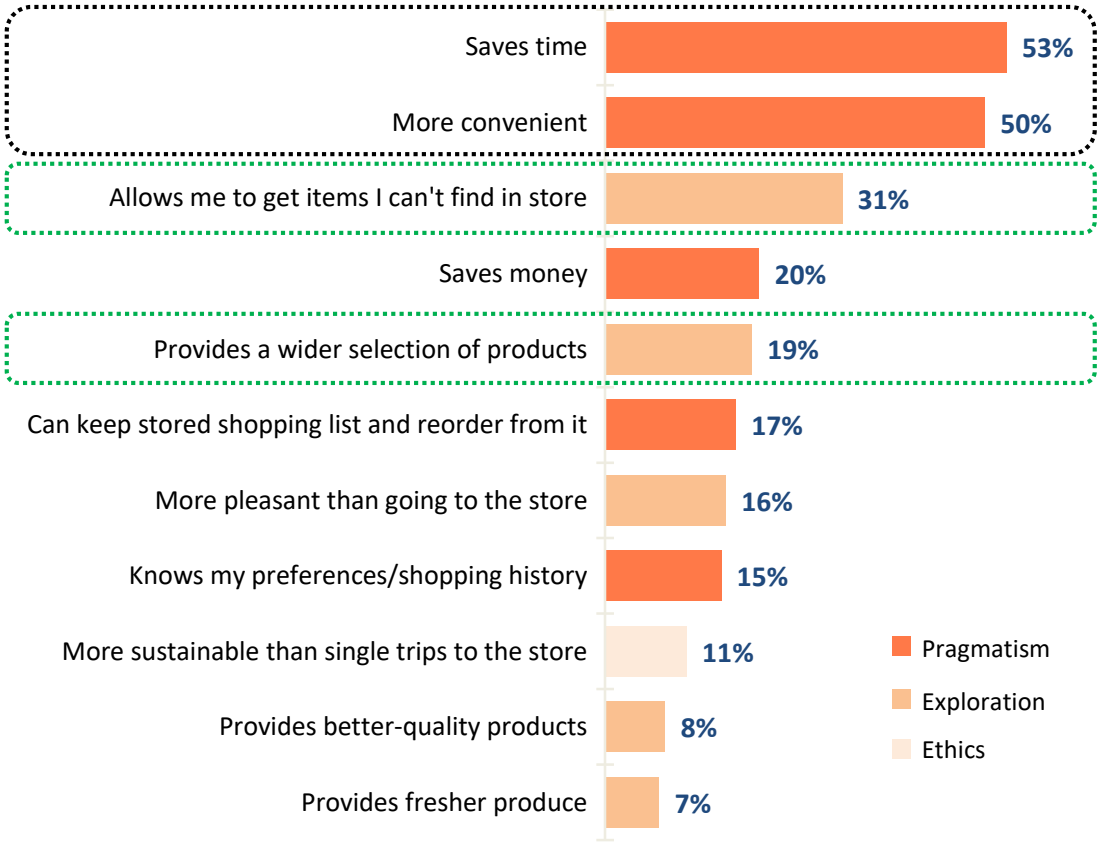


Online vs. In-store

Online shopping has emerged as a solve for the pragmatic elements of shopping well while supporting personalization

"The main online advantage is the extremely fast checkout. It might take me 30 minutes to gather everything I need, whereas online I get the same stuff in a few minutes. Saving time. That's the main thing." – David, 45

ADVANTAGES OF ONLINE GROCERY SHOPPING



Online lubricates friction points of task and budgetary management

Time, convenience, accessibility are biggest benefits.

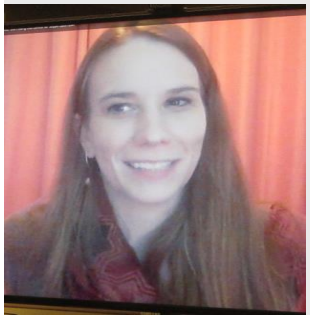
It also delivers a degree of personalization, using technology to anticipate needs and preferences for more seamless use.

Online broadens and deepens choices

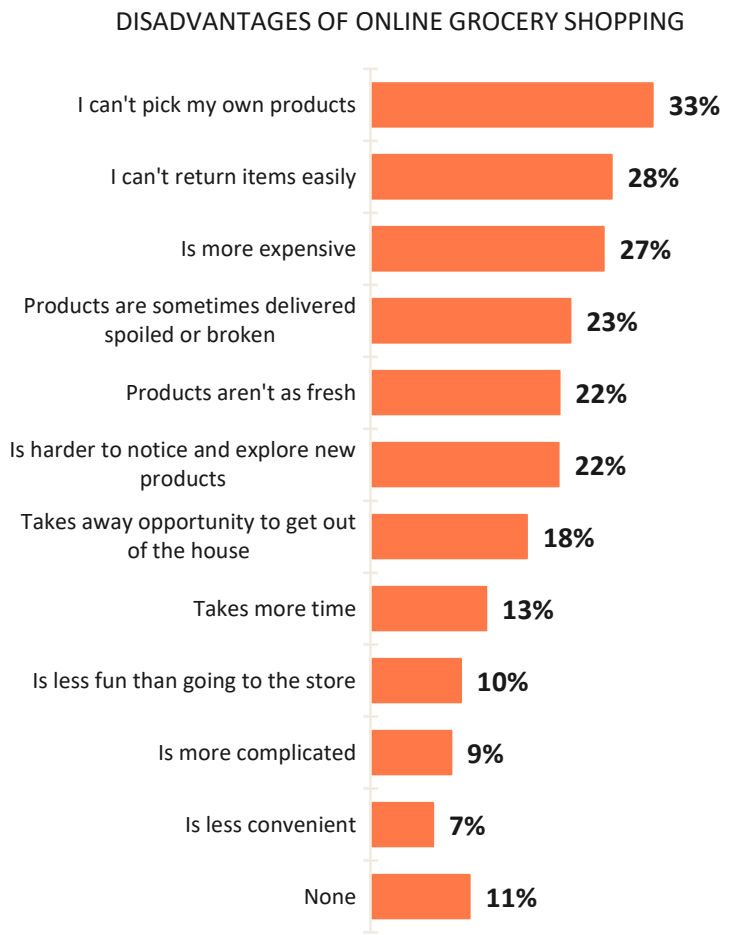
Taps notions of personalization by providing greater access to categories and brands that align with household interests and preferences.

Loss of control, cost and quality are disadvantages of online shopping

"When in the store, I can look around to see what they have if they are out food or something. Maybe I'll do X or Y. And I can see if the ingredient list has changed by the manufacturer. I can't do that if someone else is picking my food for me. I can make the best choices for me."
– Dena, 47



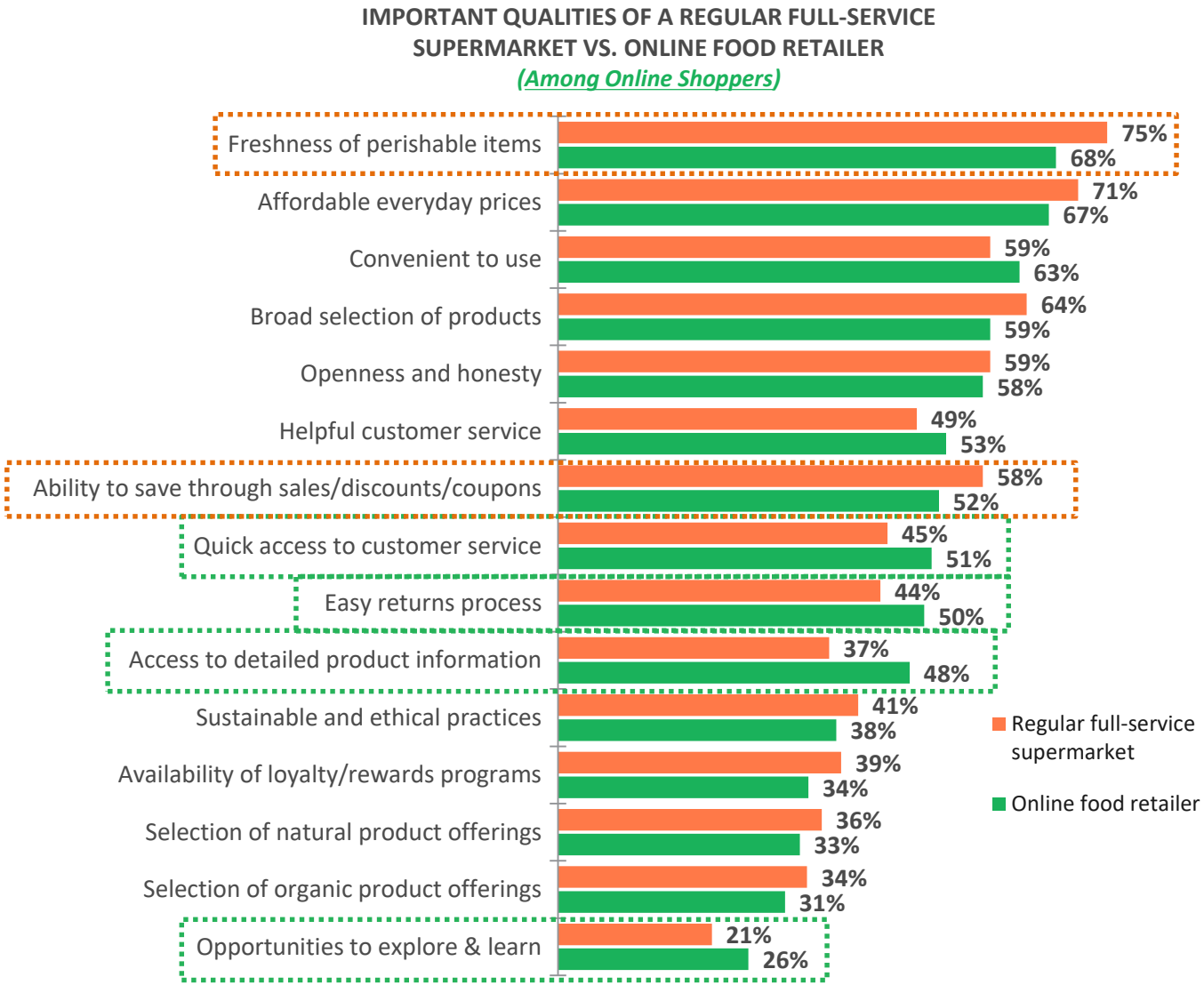
"If I were to shop online, I'd have to have more money. I couldn't be as financially tied to what's on sale."
– Stephanie, 33



Despite in-roads by online, in-store remains differentiated for its expertise in fresh categories and service

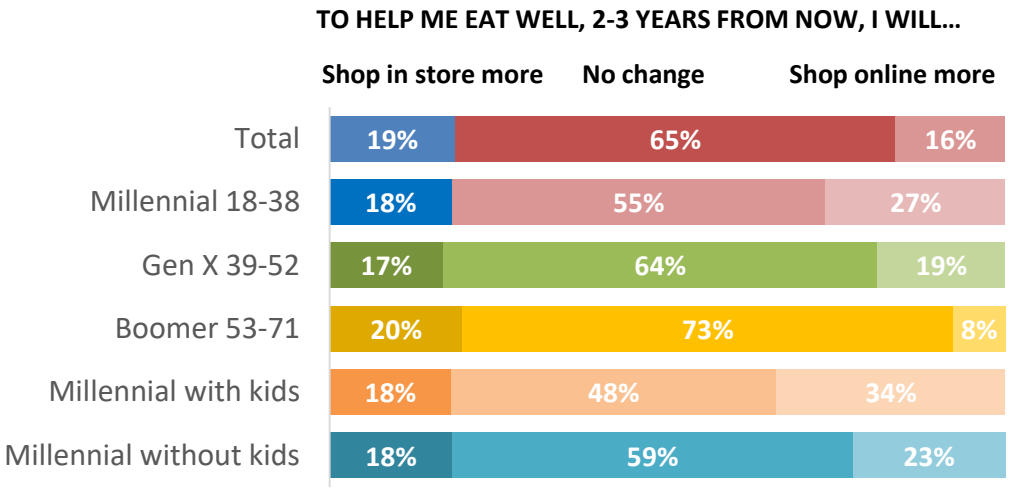
	B&M does a better job	Online does a better or equal job
Freshness of perishable items	60%	22%
Good value for money	44%	36%
Affordable everyday prices	46%	35%
Broad selection of products	41%	42%
Convenient to use	38%	45%
Ability to save through sales, discounts and coupons	45%	35%
Openness and honesty	31%	38%
Helpful customer service	45%	33%
Easy returns process	49%	26%
Quick access to customer service	48%	32%
Sustainable and ethical practices	27%	36%
Availability of loyalty/rewards programs	42%	32%
Access to detailed product information	26%	49%
Selection of natural product offerings	32%	39%
Selection of organic product offerings	32%	38%
Opportunities to explore & learn about food/cooking	25%	39%

Online shoppers hold online and in-store to similar standards



The Future of Food Retail

As the landscape changes, B&M will remain in shoppers desire to eat well and shop well



How grocery stores will be used is likely to shift

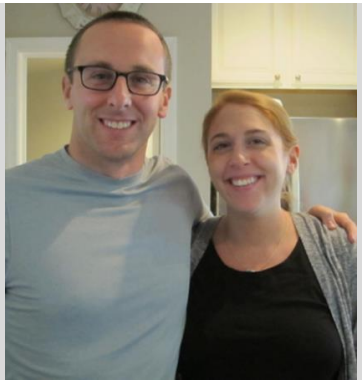
"I'll do some in-person shopping just to pick my own produce and the social element. But I can imagine Online increasing ... When we're fully into our retirement … We will have all this time but we may want to use that time for something else."

– Randy, 55 & Linda, 55

The future value of food retail will require it to navigate quality, facilitate choice and create personal connection

Adapting, Integrating Channel Strategy

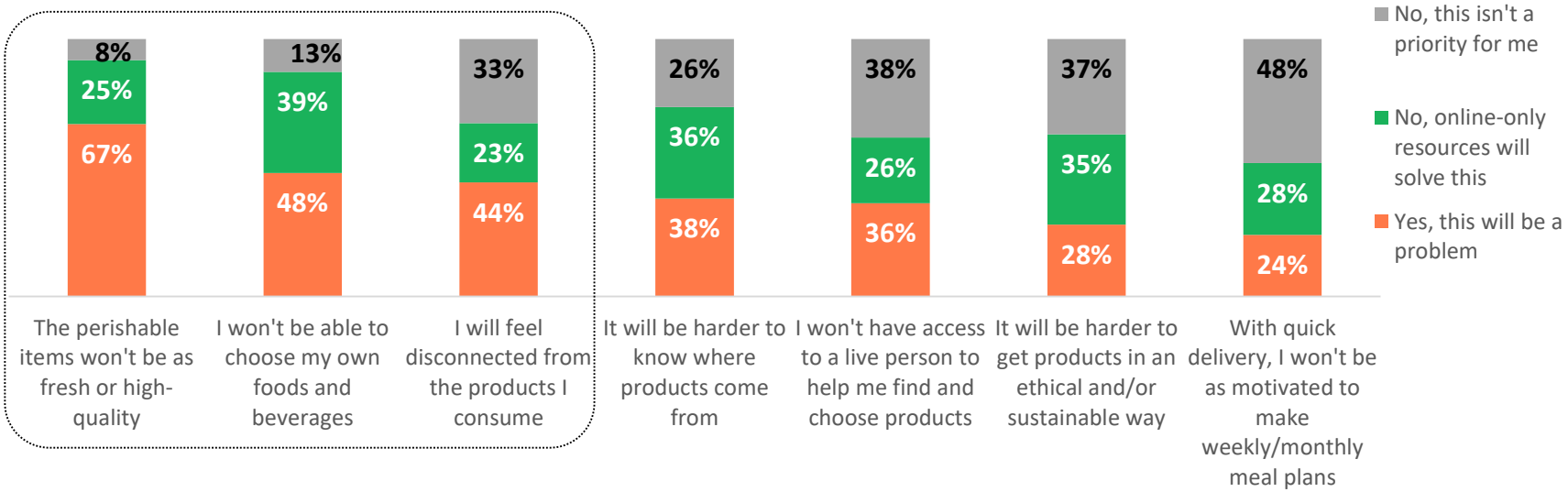
Rather than a separate, competitive channel, Online may well be integrated as a central part of retailers' strategy, speaking to shopping and eating occasions especially suited to that touch point.



"In the future we may do the physical store only when we want to explore specialty items or certain fresh things. Especially if they have very personable employees and the samples are impeccable."

– Eric, 31 & Therese, 30

What would be a problem if regular stores disappeared and I had to get all my groceries online …



Digital communication is increasingly influencing both eating and shopping well

Already entrenched in pre-shopping, digital tools are increasingly influencing in-store rituals

- Digital list making
- Websites and apps for passive and active discovery, information
- Smartphone use in-aisle
- Amazon Prime household penetration and use in non-food grocery

"Prior to the smartphone, I needed a computer. But in the store I may pivot my plan. I'll google something to find a quick recipe or text [my wife] to confirm things."

– Eric, 31

Procuring groceries online is the inevitable progression of digital's influence on eating and shopping well

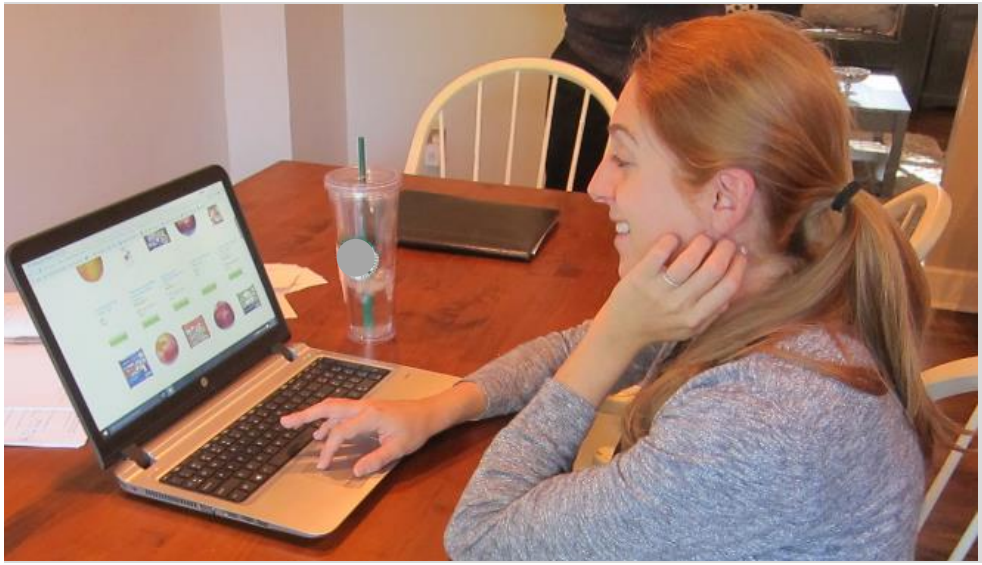
Consumers are experimenting with various modes and resources to determine if/how online delivers against shopping-well aims

Replace visits

- **Third-Party Delivery**
- **Click & Collect**
- **Pure Play**

Augment visits

- **Direct to Consumer**
- **Meal Kits**
- **Snack Kits**



"[I tried a third-party grocery delivery] service and it was great. Whether it's grocery delivery or shipped to your doorstep the key is the quality of the person picking the items."

– Dena, 47

KEY TAKEAWAYS ABOUT HOW TECHNOLOGY IS CHANGING GROCERY SHOPPING

Shoppers now experience food digitally: Younger consumers already accept digital tools in their food shopping routines, have begun to leverage digital innovations to expand their eating routines, and expect digital platforms and tools to evolve to help them to both eat and shop well; a meaningful number of older shoppers are now starting to experience food through technology as well

Supermarkets are central: Although online retailers are developing new solutions and experiences, B&M supermarkets will continue to have an important role, particularly for fresh categories and personal experiences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Q&A

From FMI …

June 26

1. Inside the Grocery Shopper's Head: Where They've Been, Where They're Going.

July 31

2. The Shopper Desire to Eat Well and the Implications for Shopping.

Today

3. How Technology is Changing Grocery Shopping, From the Consumer Perspective.

Thank you

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