# U.S. GROCERY **SHOPPER** TRENDS

*A Look at* TODAY's *Grocery Shopper*

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FMI THE VOICE OF FOOD RETAIL

hartman GROUP

# FMI ANTITRUST COMPLIANCE

- It is FMI's policy to comply in all respects with the antitrust laws.
- All participants in FMI meetings and events are expected to comply with applicable antitrust and competition laws.
- Avoid discussions of sensitive topics that can create antitrust concerns.
  - Agreements to fix prices, allocate markets, engage in product boycotts and to refuse to deal with third parties are illegal.
  - Discussions of prices (including elements of prices such as allowances and credit terms), quality ratings of suppliers, and discussions that may cause a competitor to cease purchasing from a particular supplier, or selling to a particular customer, should be avoided.
  - No discussion that might be interpreted as a dividing up of territories.
- It is important to avoid even the appearance of unlawful activity.
- Questions or concerns? Please consult with FMI staff.

# 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 five years, FMI has partnered with The Hartman Group to conduct this research.

## QUANTITATIVE RESEARCH

- An online survey among n=1,786 U.S. shoppers
- Fielded February 6 – 27, 2019

## QUALITATIVE RESEARCH

- In-depth interviews with six households
- Six virtual interviews with shoppers across the nation
- Fielded in February 2019


# WHAT WE PLAN TO COVER

1

STATE OF THE MARKETPLACE

2

THE ONLINE MARKETPLACE

3

TODAY'S GROCERY SHOPPER

# 01

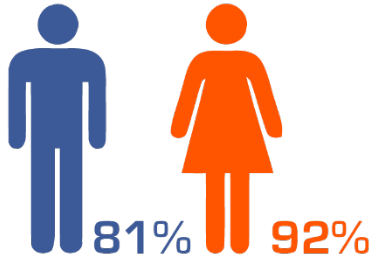
# STATE OF THE MARKET PLACE

# GROCERY SHOPPING REMAINS A NATIONAL PASTIME

CURRENTLY IN THE U.S.

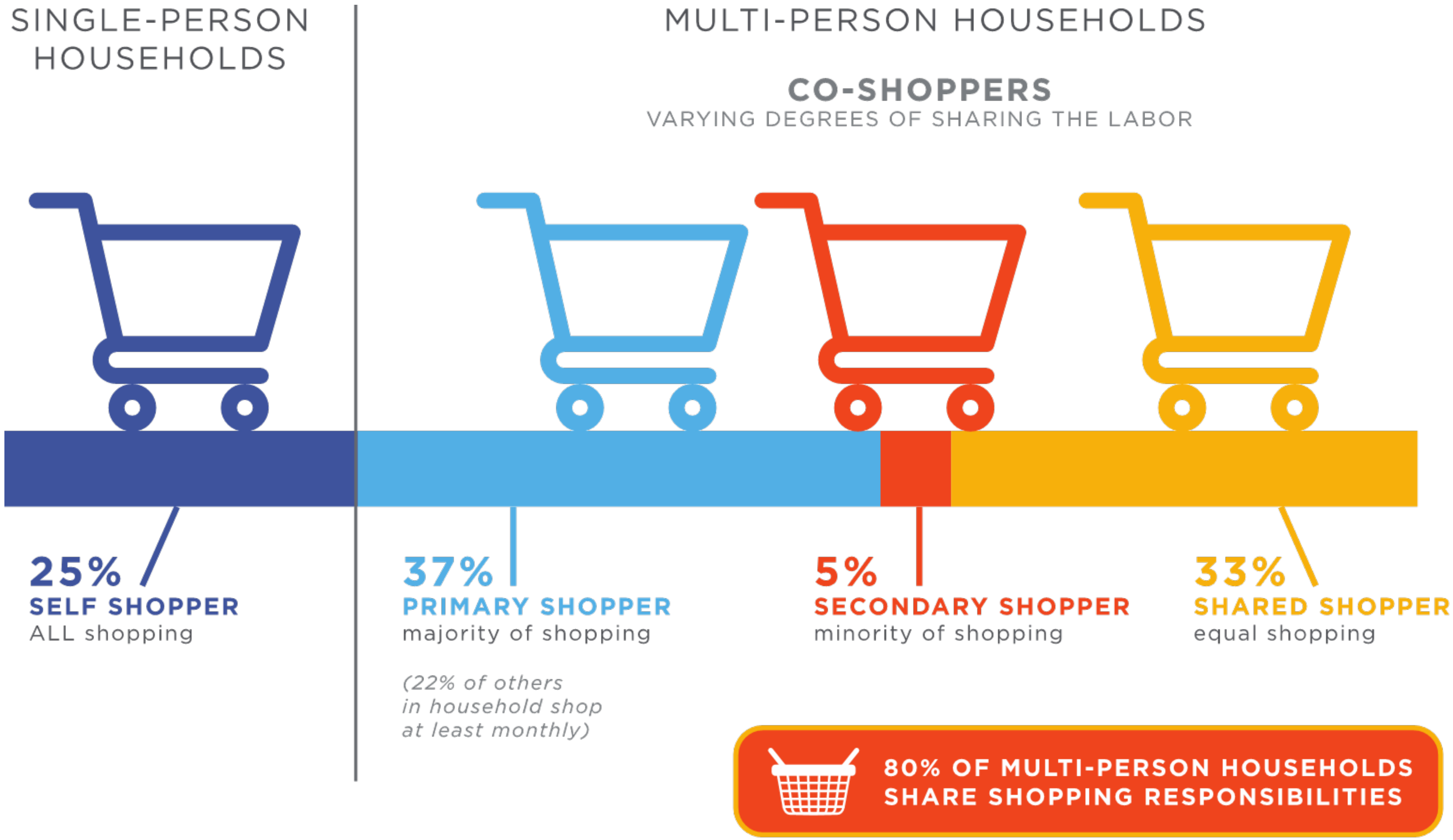
**86%** of all adults say they have at least **HALF** of the responsibility for household grocery shopping

*(compared to 85% in 2018)*



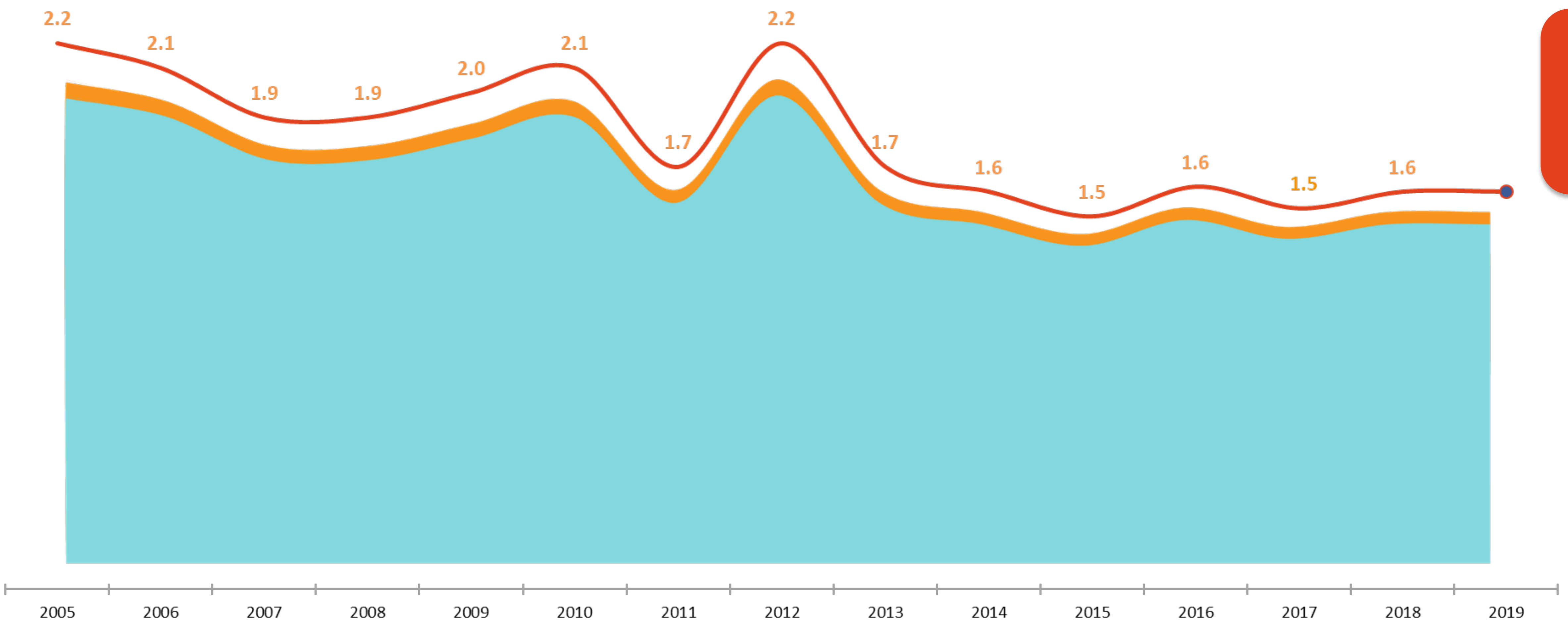
# CO-SHOPPING IS THE PREVAILING STRATEGY

## WORLD OF SHOPPERS



# WEEKLY TRIPS REMAIN STABLE

TRIPS




1.6
TRIPS PER WEEK

1.6 by shopper + 0.9 trips by others alone = 2.5 total trips by HH
(vs. 2.2 in 2018)

# CHANGING LIFESTYLES IMPACT TRIP FREQUENCY

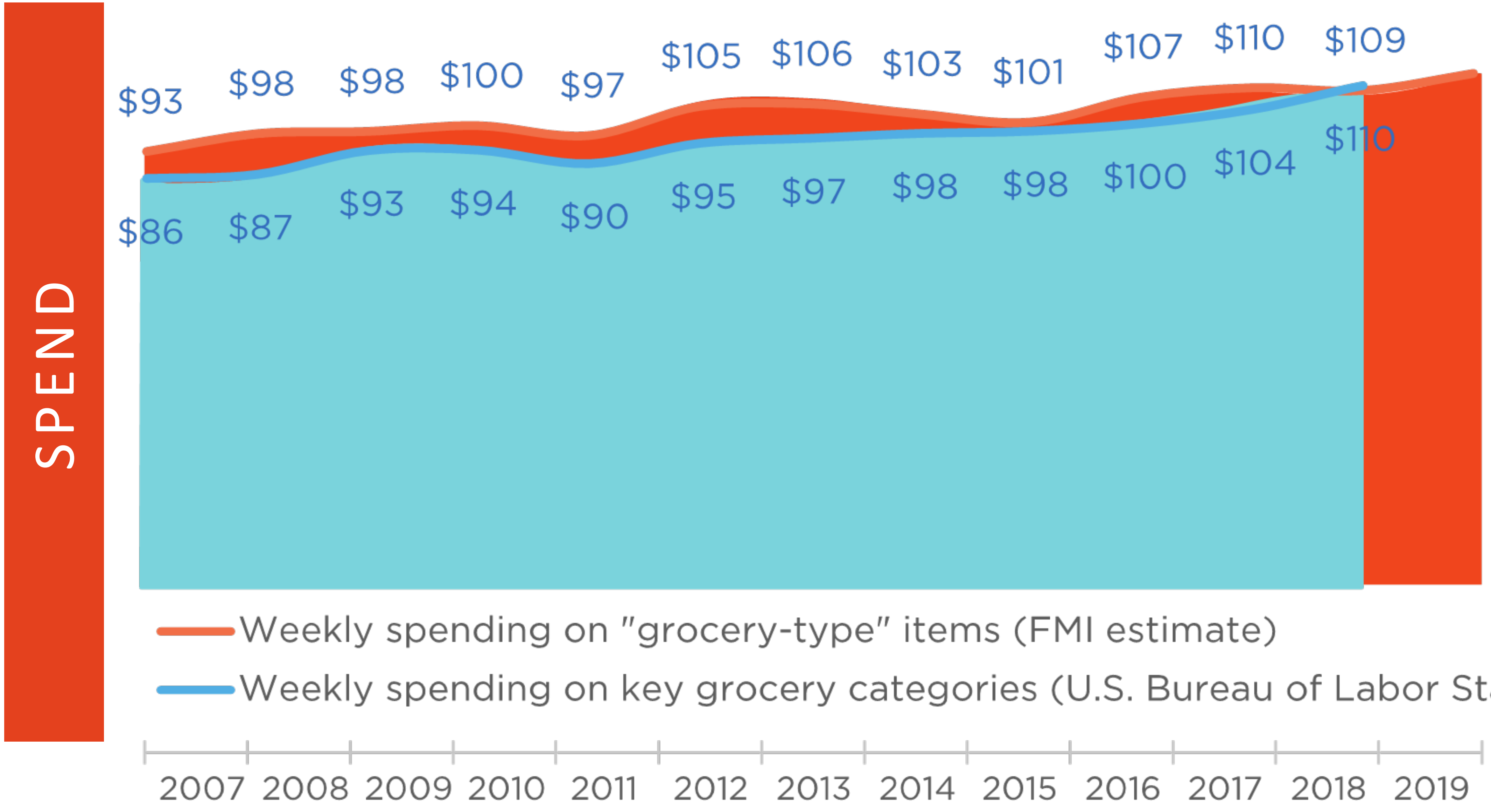
## DRIVERS THAT INCREASE TRIPS:

- Reduced planning horizon for eating
- Constant-shopping mentality
- Urbanization
- Desire for freshness

## DRIVERS THAT DECREASE TRIPS:

- Sharing of shopping responsibilities
- Migration to online for fill-in or stock-up
- Increased reliance on foodservice
- More food purchase outside of ‘trips’ dedicated to groceries

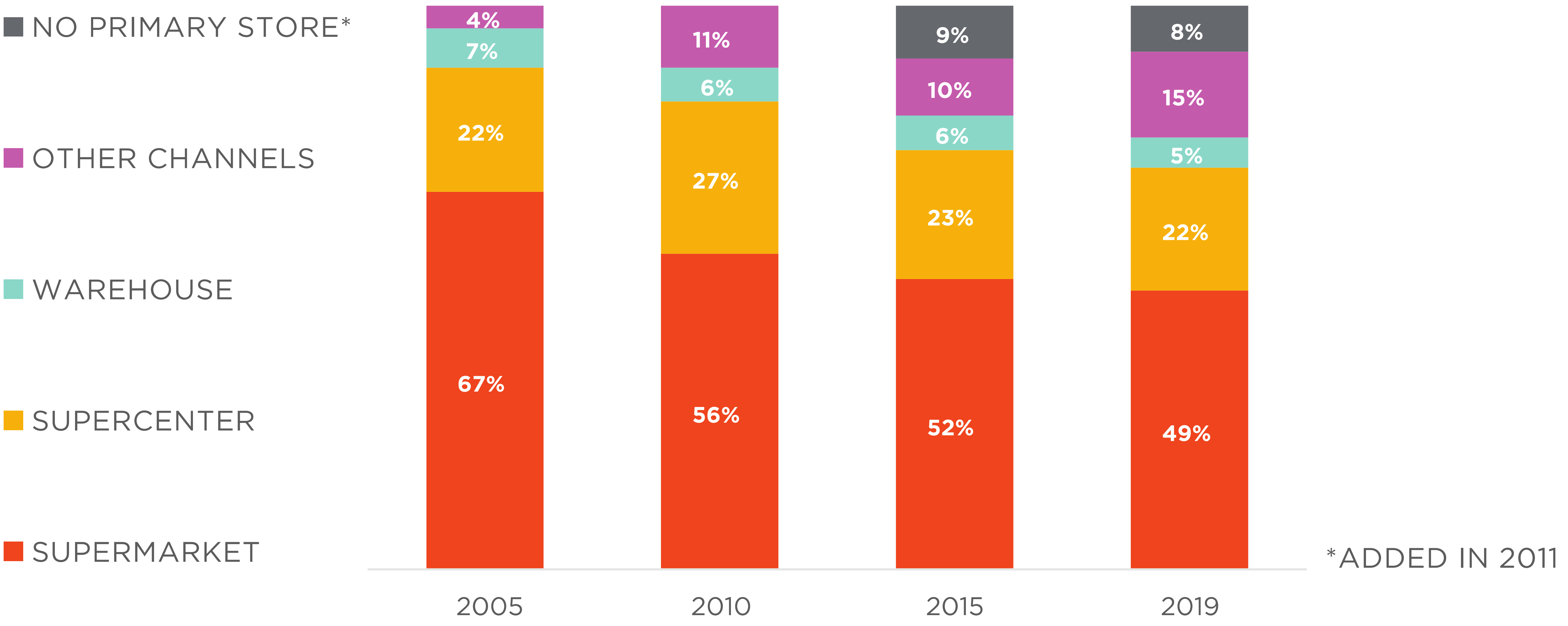
# WEEKLY SPEND REMAINS CONSISTENT




**$113.50** spent on groceries per week per household

# SUPERMARKETS REMAIN A KEY PRIMARY DESTINATION FOR GROCERY SHOPPERS

PRIMARY STORE FOR GROCERIES, HISTORICAL TREND



# SHOPPERS SHOP MULTIPLE CHANNELS/ BANNERS

Shoppers visit an average of

**4.4**

(up from 4.1 in 2018)

retail banners for groceries each month

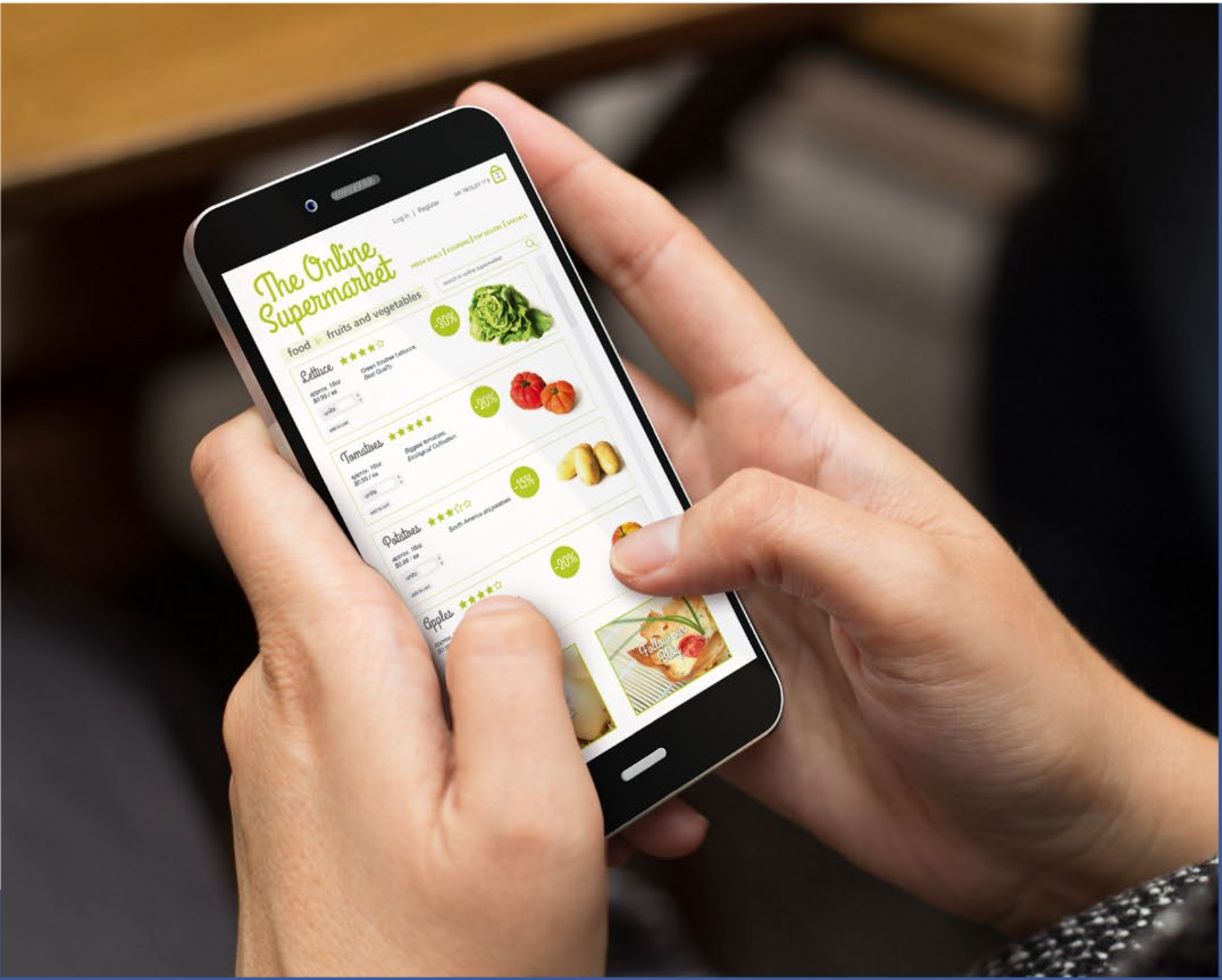
Shoppers visit an average of

**3.1**

different channels for groceries each month

The whole 'one-size-fits-all' thing – or lack thereof – is the whole reason why I have to go to all these places. If there was a store with reasonable prices, great selection of healthy, ethically-sourced food, with friendly, low-key, down-to-earth service, I'd like that. But until then, the combination of all them together does a good job of meeting my family's needs.

— Josh, 58



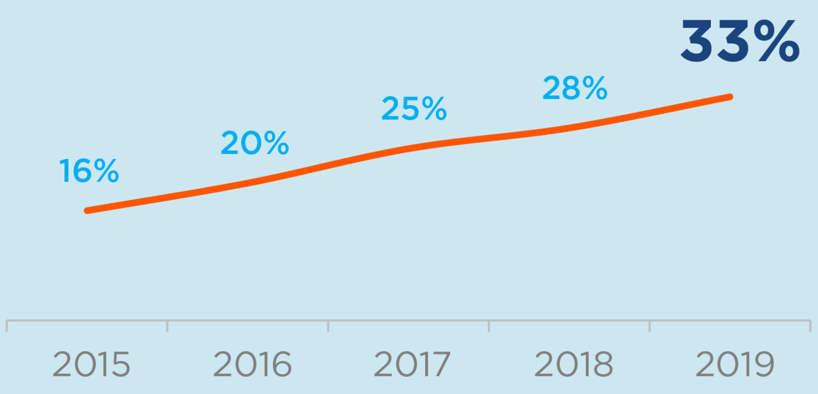

# 02 the ONLINE MARKET PLACE

# THE ONLINE GROCERY CHANNEL NOW REACHES GEN X TO ALMOST THE SAME EXTENT AS IT DOES MILLENNIALS

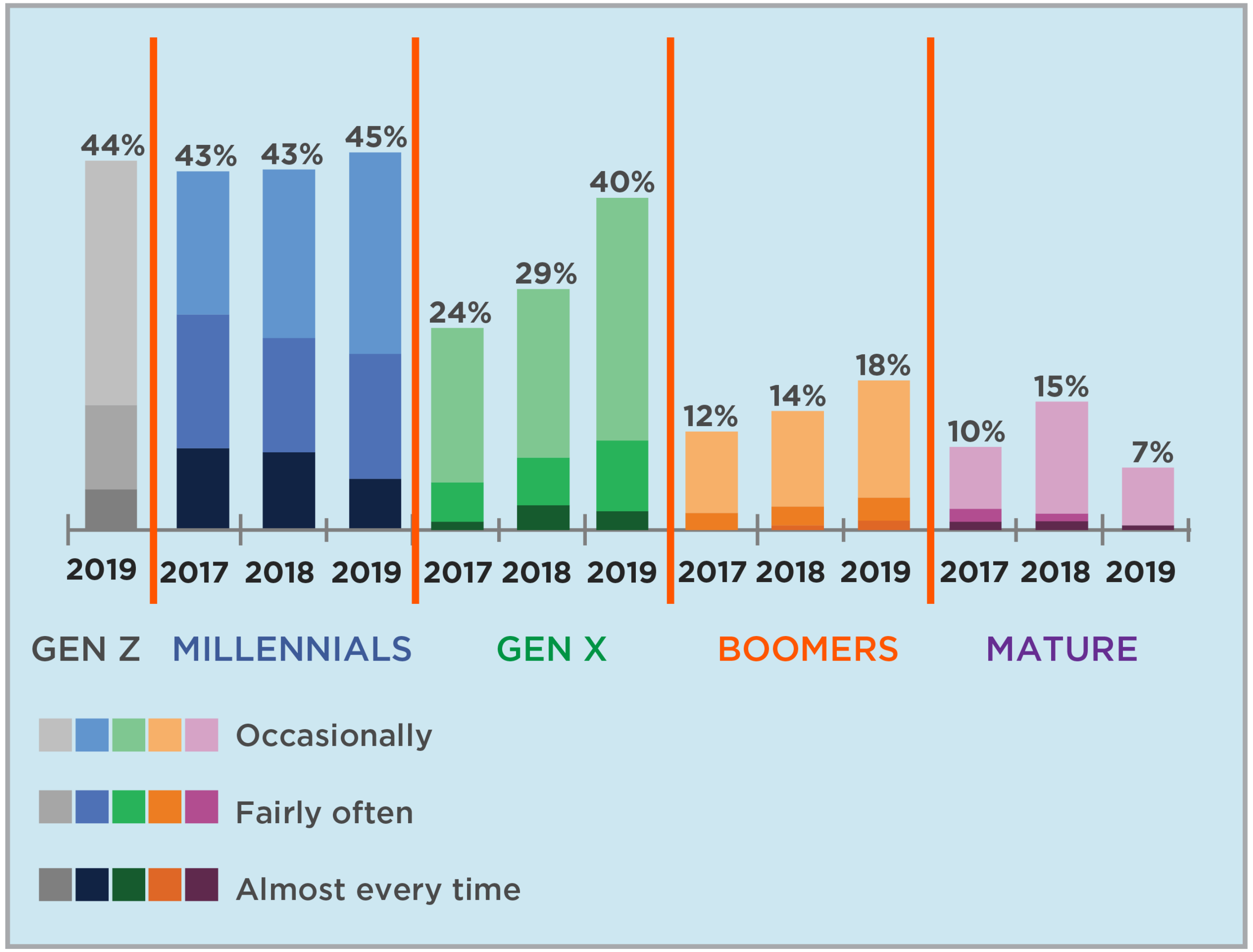
**33%**
of shoppers use online-only retailers at least occasionally.

**AMONG THESE:**
**66%** OCCASIONALLY
**25%** FAIRLY OFTEN
**9%** ALMOST EVERY TIME

USE OF ONLINE-ONLY RETAILERS, HISTORICAL TREND




FREQUENCY OF SHOPPING ONLINE-ONLY/ONLINE-PRIMARILY RETAILERS, HISTORICAL TREND, BY AGE COHORT



# MANY SHOPPERS SHOP FOR FOOD ONLINE, BUT ONLY 1 IN 5 DO SO REGULARLY

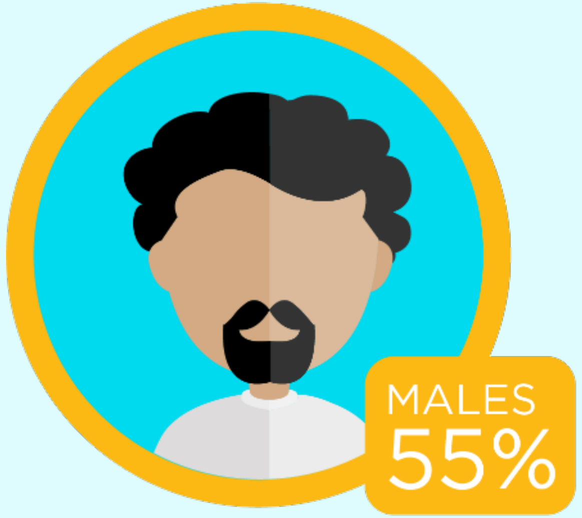
*today…*

**43%** OF SHOPPERS HAVE ***SHOPPED FOR GROCERIES ONLINE*** IN THE PAST YEAR

**21%** ARE SHOPPING FOR GROCERIES ***ONLINE REGULARLY*** (ONCE A MONTH OR MORE OFTEN)

*only* **10%** ARE SHOPPING FOR GROCERIES ***ONLINE FREQUENTLY*** (ONCE OR MORE EVERY TWO WEEKS)

# WHO ARE THE FREQUENT ONLINE SHOPPERS?



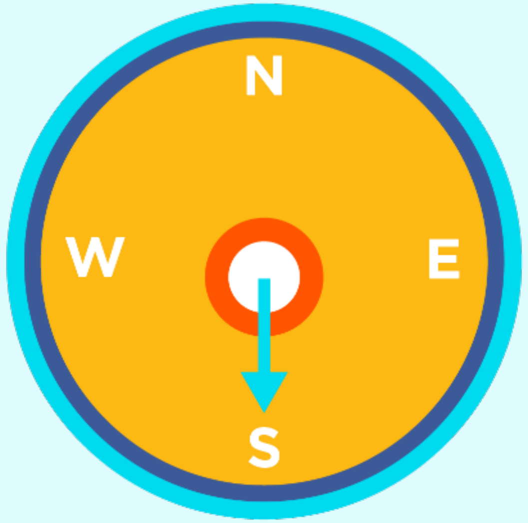

MILLENNIALS | GEN X

PARENTS

COLLEGE EDUCATED

HIGHER HHI
(36% $100k+)

URBAN




SOUTH

- » MALE
- » MILLENNIALS & GEN X
- » PARENTS
- » COLLEGE-EDUCATED
- » HIGHER HHI
- » URBAN
- » SOUTH

# ONLINE SHOPPERS GENERALLY SHOP MORE BANNERS/ CHANNELS

## CHANNEL AND BANNER USE BY ONLINE SHOPPING FREQUENCY

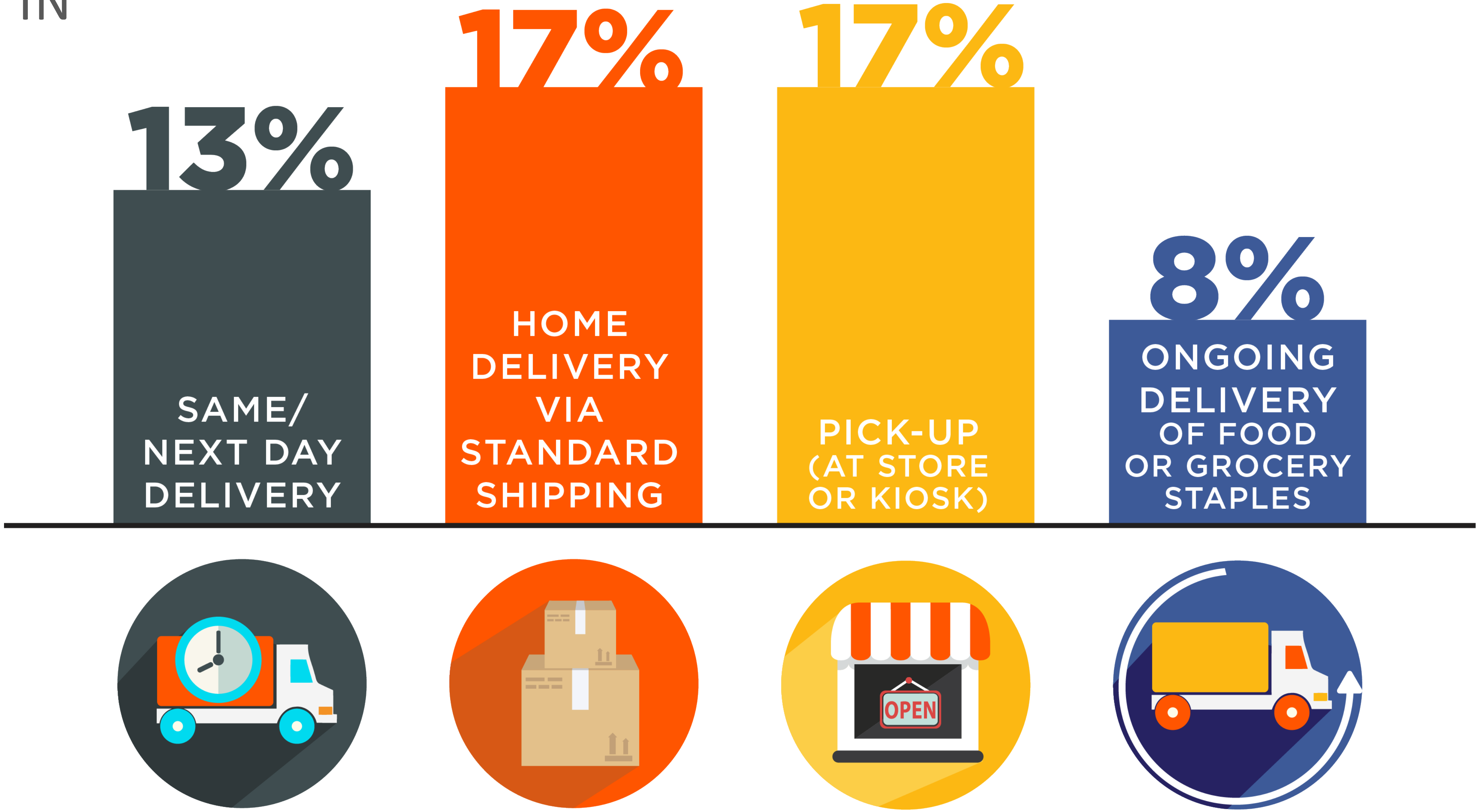
| Shopping frequency | ONLINE SHOPPERS Frequent | Monthly | Occasional | Not at all |
|---|---|---|---|---|
| Avg. Number of Channels Shopped “Almost Every Time” | 2.1 | 1.5 | 1.2 | 1.1 |
| Avg. Number of Banners Shopped in past 30 days | 8.0 | 6.1 | 4.2 | 3.6 |
| Avg. Weekly Grocery Trips | 2.1 | 1.7 | 1.5 | 1.5 |
| Avg. Weekly Trips to Primary Store | 1.3 | 1.1 | 1.0 | 1.1 |

# ONLINE SHOPPERS SPEND MORE AND STILL SHOP IN-STORE

## SPEND BY ONLINE SHOPPING FREQUENCY

| Budgets | ONLINE SHOPPERS Frequent | Monthly | Occasional | Not at all |
|---|---|---|---|---|
| Weekly online grocery spend | $59 | $35 | $15 | n/a |
| Weekly brick & mortar spend | $108 | $99 | $96 | $102 |
| Total weekly grocery spend | $167 | $134 | $111 | $102 |
| Online share of wallet | 39% | 29% | 13% | n/a |

# ONLINE GROCERY PURCHASES ARE DELIVERED IN A VARIETY OF WAYS



# CENTER STORE CONTINUES TO DOMINATE ONLINE

## TOP 10 CATEGORIES BOUGHT ONLINE

| | |
|---|---|
| SALTY SNACKS | 43% |
| PAPER PRODUCTS | 42% |
| PACKAGED/CANNED FOODS | 37% |
| HEALTH AND BEAUTY CARE | 36% |
| HOUSEHOLD CLEANING | 35% |
| COFFEE & TEA | 33% |
| SWEETS | 32% |
| CONDIMENTS | 31% |
| PET FOOD OR TREATS | 28% |
| READY-TO-DRINK BEVERAGES | 28% |

## FRESH CATEGORIES BOUGHT ONLINE

| | |
|---|---|
| MILK OR NON-DAIRY SUBSTITUTES | 24% |
| REFRIGERATED DAIRY FOODS | 23% |
| FRESH PRODUCE | 22% |
| FRESH MEATS & SEAFOOD | 17% |
| FRESH BAKERY ITEMS | 14% |
| FRESH PREPARED MEALS, SALADS, OR SANDWICHES | 13% |

# ONLINE TOOLS CREATE MORE EFFICIENCY

LIST BUILDING TOOLS BASED ON PREVIOUS PURCHASES **50%**

RETURN OF UNWANTED ITEMS **44%**

SUBSCRIBE-AND-SAVE FOR FREQUENTLY PURCHASED ITEMS **42%**

INTEGRATION WITH OTHER ONLINE SERVICES THAT INTEREST ME **29%**

# CONSUMER PERCEPTIONS OF BRICK-AND-MORTAR VERSUS ONLINE

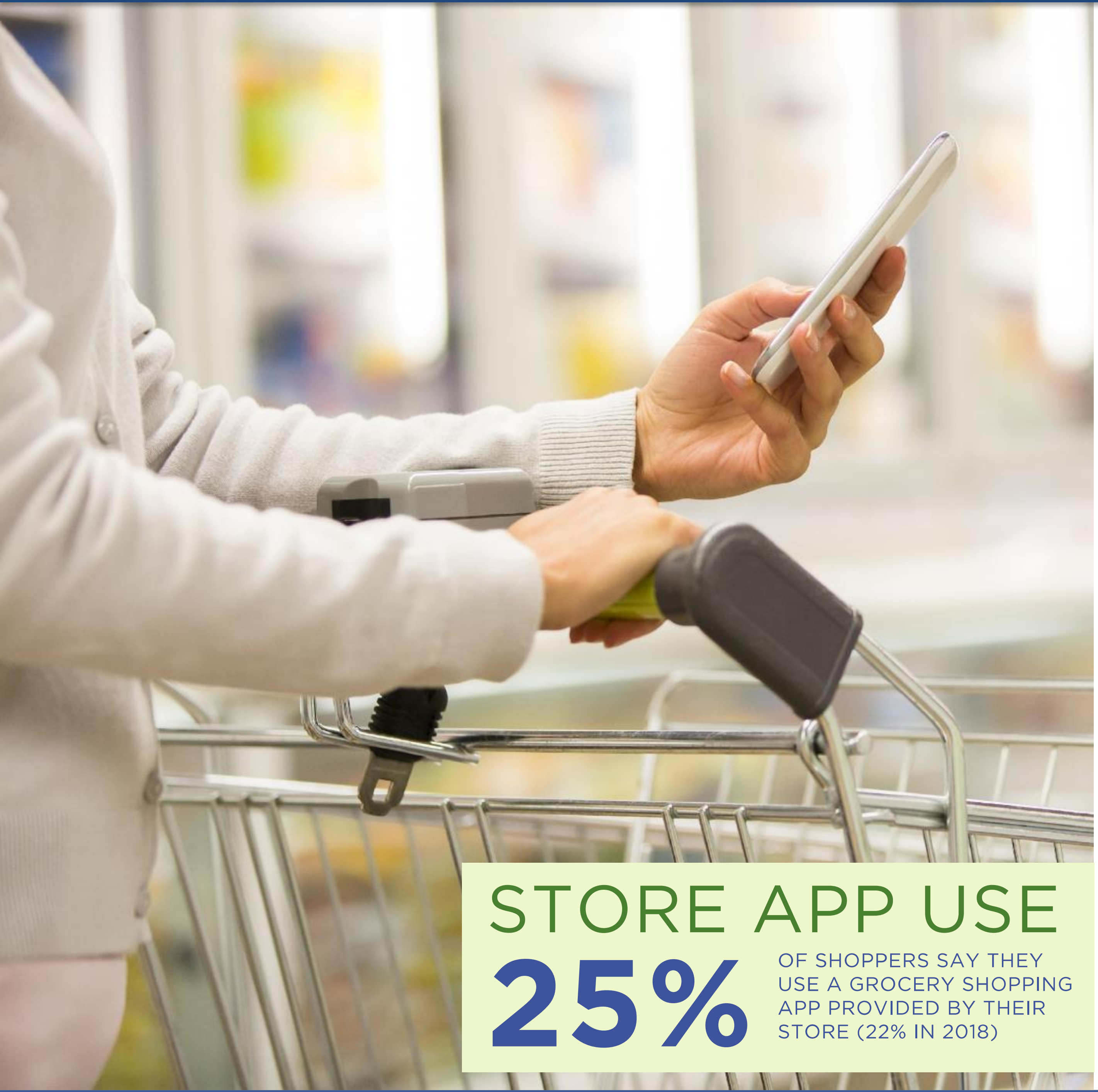
## REGULAR SUPERMARKET DOES A BETTER JOB

| | |
|---|---|
| FRESHNESS OF PERISHABLE ITEMS | 69% |
| EASY RETURNS PROCESS | 64% |
| QUICK ACCESS TO CUSTOMER SERVICE | 58% |
| HELPFUL CUSTOMER SERVICE | 56% |
| ABILITY TO SAVE (SALES, DISCOUNTS, COUPONS) | 53% |

## ONLINE DOES AT LEAST AN EQUAL JOB

| | |
|---|---|
| ACCESS TO DETAILED PRODUCT INFORMATION | 59% |
| BROAD SELECTION OF PRODUCTS | 55% |
| CONVENIENT TO USE | 55% |
| SUSTAINABLE AND ETHICAL PRACTICES | 53% |
| OPENNESS AND HONESTY | 51% |
| PERSONALIZED SHOPPING EXPERIENCE | 50% |
| OPPORTUNITIES FOR EXPLORATION AND LEARNING | 47% |

# ONLINE SHOPPING CAN HAPPEN IN THE STORE TOO



## STORE APP USE

**25%** OF SHOPPERS SAY THEY USE A GROCERY SHOPPING APP PROVIDED BY THEIR STORE (22% IN 2018)

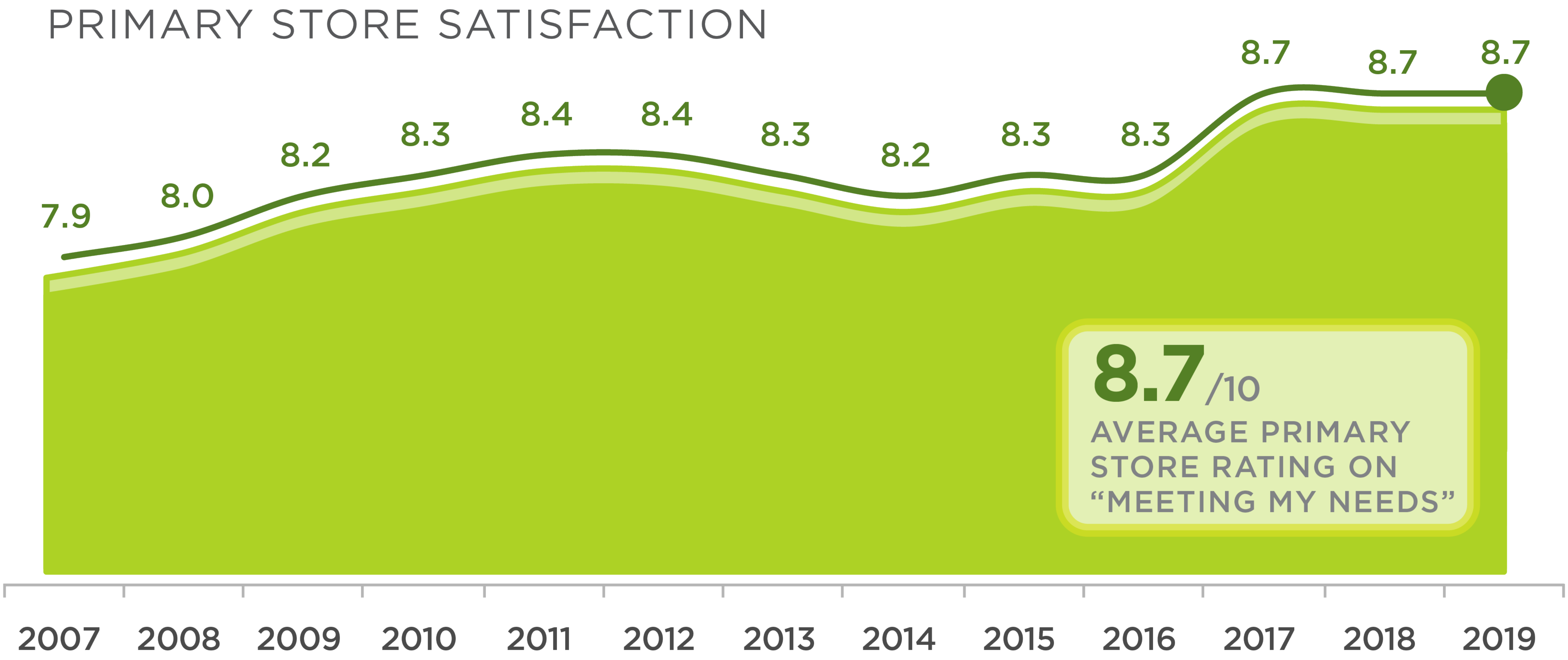
### SMARTPHONE USES IN THE STORE


*Driven by Gen Z, Millennials, and Households with Children*

# 03 TODAY'S GROCERY SHOPPER

# TODAY'S SHOPPERS NEED A COMPASS TO HELP THEM EAT AND SHOP

# SATISFACTION WITH PRIMARY STORE IS AT A 10-YEAR HIGH



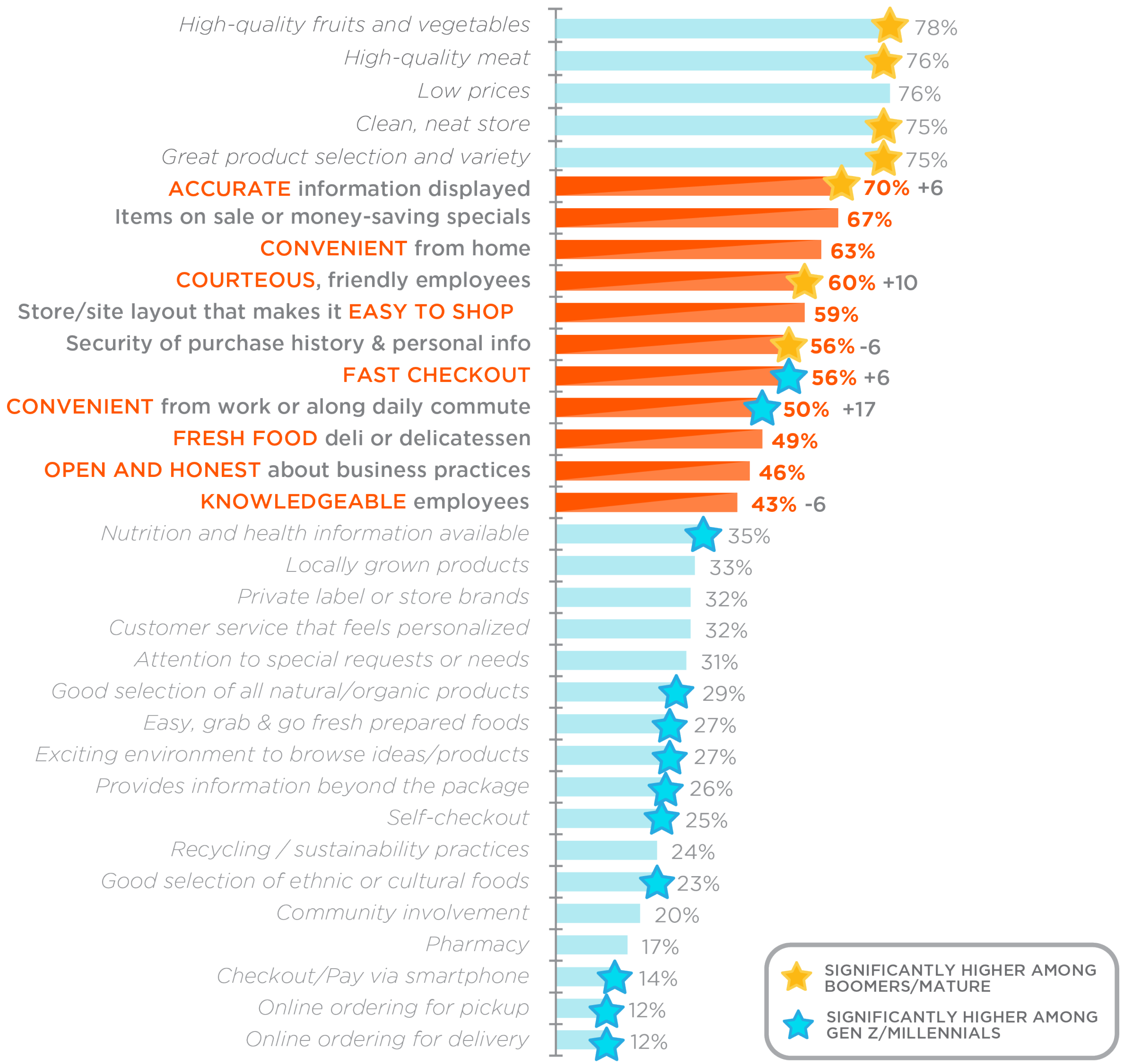
# FRESH CATEGORIES
## MOST IMPORTANT FEATURES OF PRIMARY STORE

- HIGH-QUALITY FRUITS AND VEGETABLES ★ 78%
- HIGH-QUALITY MEAT ★ 76%
- LOW PRICES 76%
- CLEAN, NEAT STORE ★ 75% +11pts
- GREAT PRODUCT SELECTION AND VARIETY ★ 75%

★ = SIGNIFICANTLY HIGHER AMONG BOOMERS/MATURE

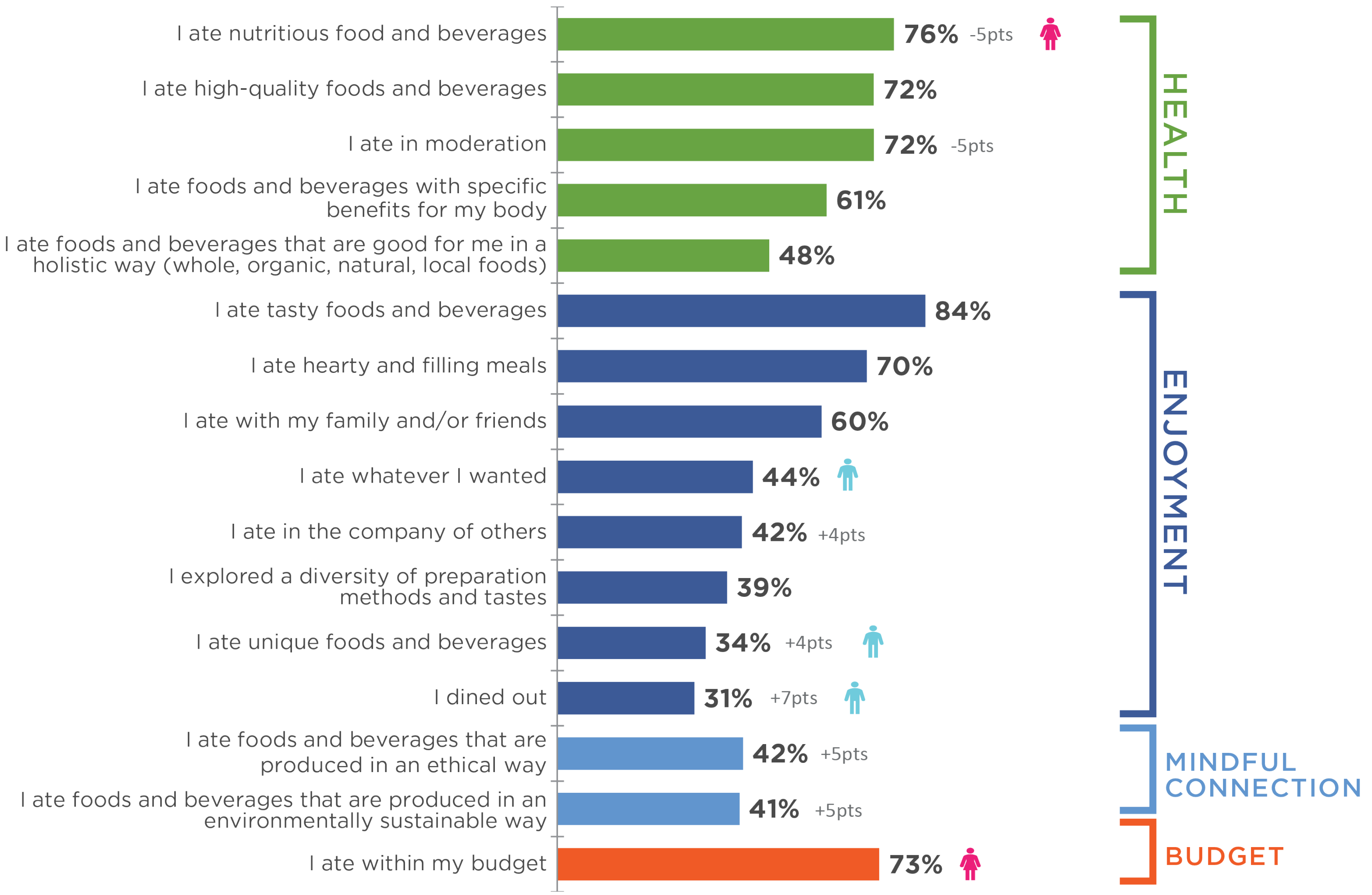
# IN-STORE EXPERIENCE AND CONVENIENCE ALSO IMPORTANT FEATURES

## MOST IMPORTANT ATTRIBUTES IN PRIMARY STORE



# THE MEANING OF ‘EATING WELL’ CONTINUES TO ENCOMPASS MULTIPLE FACTORS

## OVER THE COURSE OF THE WEEK, I FEEL I’VE EATEN WELL WHEN…




Significantly higher among men/women

+/- Statistically significant change from 2018

# EATING WELL AND SHOPPING WELL ARE A CAREFUL BALANCING ACT

## AMONG TOP CONSIDERATIONS FOR HAVING **"EATEN WELL"**

**84%** ATE TASTY FOODS AND BEVERAGES

**76%** ATE NUTRITIOUS FOODS AND BEVERAGES

**73%** ATE WITHIN MY BUDGET

## AMONG TOP **PRIMARY STORE** CHOICE DRIVERS

**78%** HIGH-QUALITY FRUITS AND VEGETABLES

**76%** LOW PRICES

**46%** OPEN AND HONEST

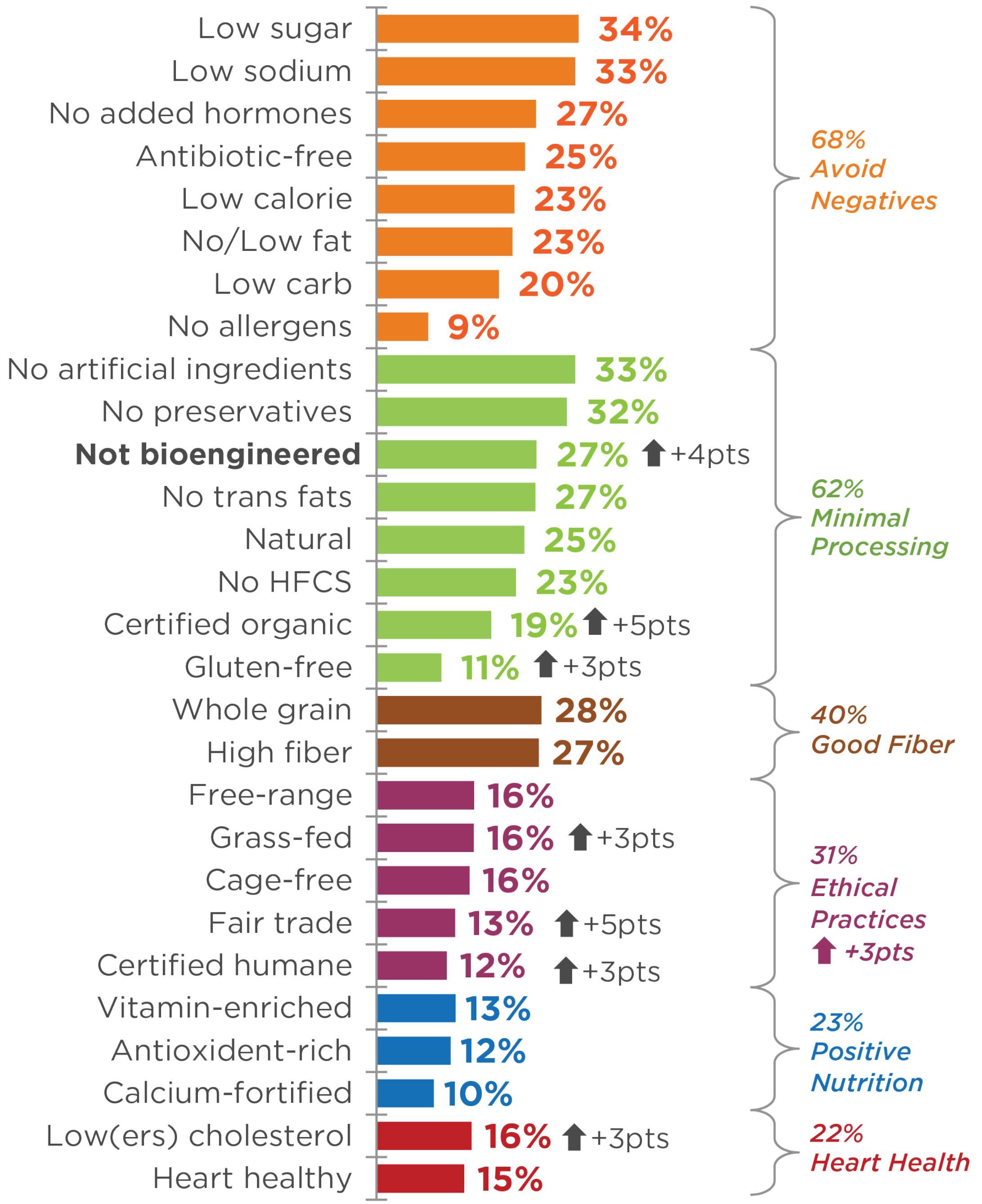
*"There are stores whose brands and others align with what we're trying to do with our eating and shopping and intentional decisions. I know conventional stores have improved. They're making an effort, but they still have their business model. They can't do the research or have the relationships that our small, local, natural store can."*

*-Bruce, 54*


*Image from consumer homework: In what specific ways do the stores you shop at help or hinder you in "eating well"?*

# MOST SHOPPERS TRY TO AVOID NEGATIVES AND HIGHLY PROCESSED PRODUCTS

PRODUCT CLAIMS SHOPPERS SEEK WHEN PURCHASING A FOOD PRODUCT




**82%**

**OF SHOPPERS SAY THEY ACTIVELY LOOK FOR AT LEAST ONE FRONT-OF-PACKAGE CLAIM**

⬆⬇ Significant change from 2018

# PERSONALIZATION & CUSTOMIZATION CAN DRIVE CUSTOMER LOYALTY

## DELIGHTERS:

- UNDERSTANDS ME **PERSONALLY**
- GIVES ME A SHOPPING EXPERIENCE **CUSTOMIZED** TO MY NEEDS

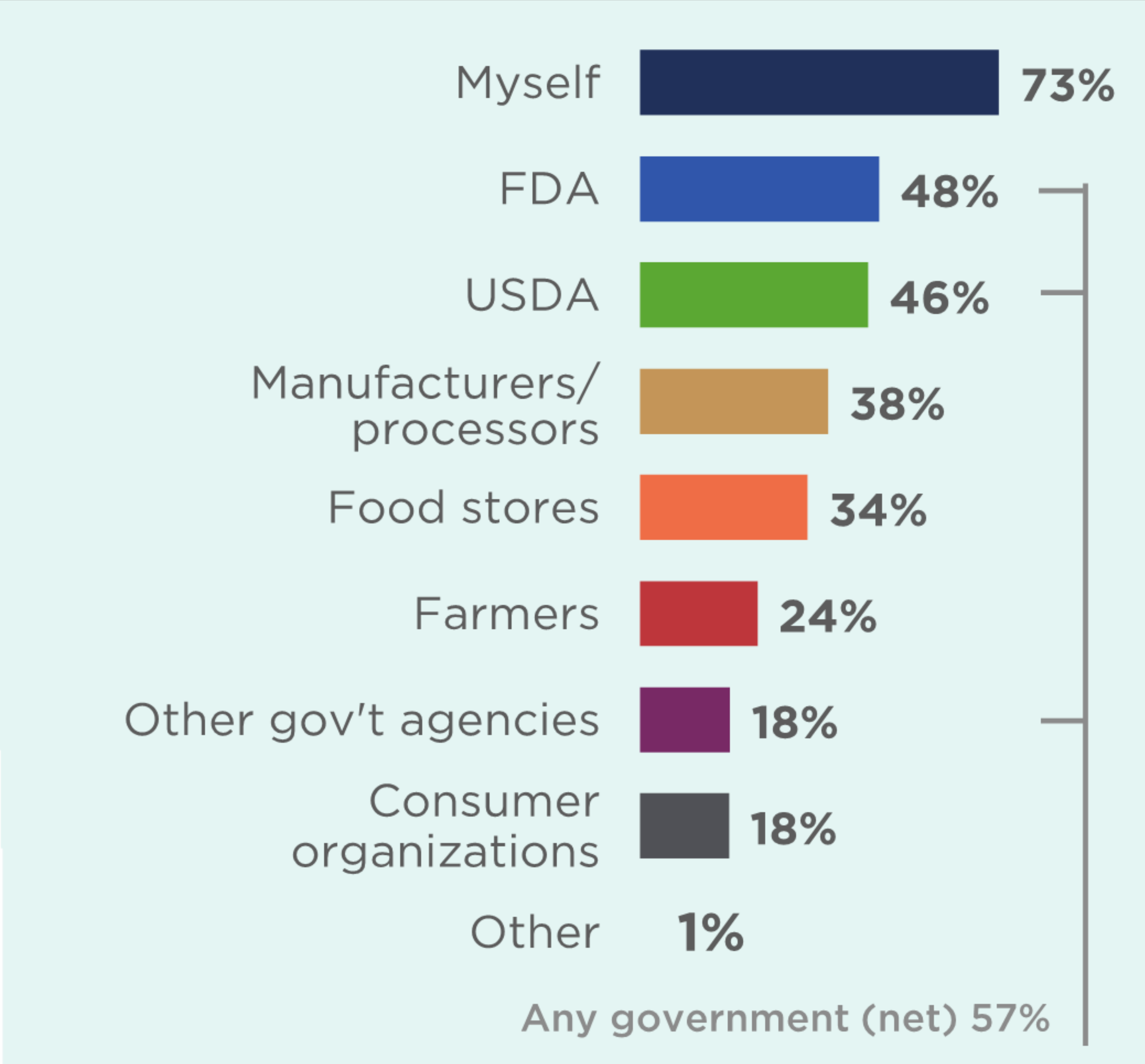
## TABLE STAKES:

MAKES IT EASY FOR ME TO SATISFY...

- **MY** EATING NEEDS AND PREFERENCES
- THE EATING NEEDS AND PREFERENCES OF **MY HOUSEHOLD**
- THE EATING NEEDS AND PREFERENCES OF **OTHER ADULTS**

# SHOPPERS MAKE NUTRITION THEIR RESPONSIBILITY BUT RECOGNIZE A NUMBER OF PARTNERS

## WHO IS RESPONSIBLE FOR NUTRITION?

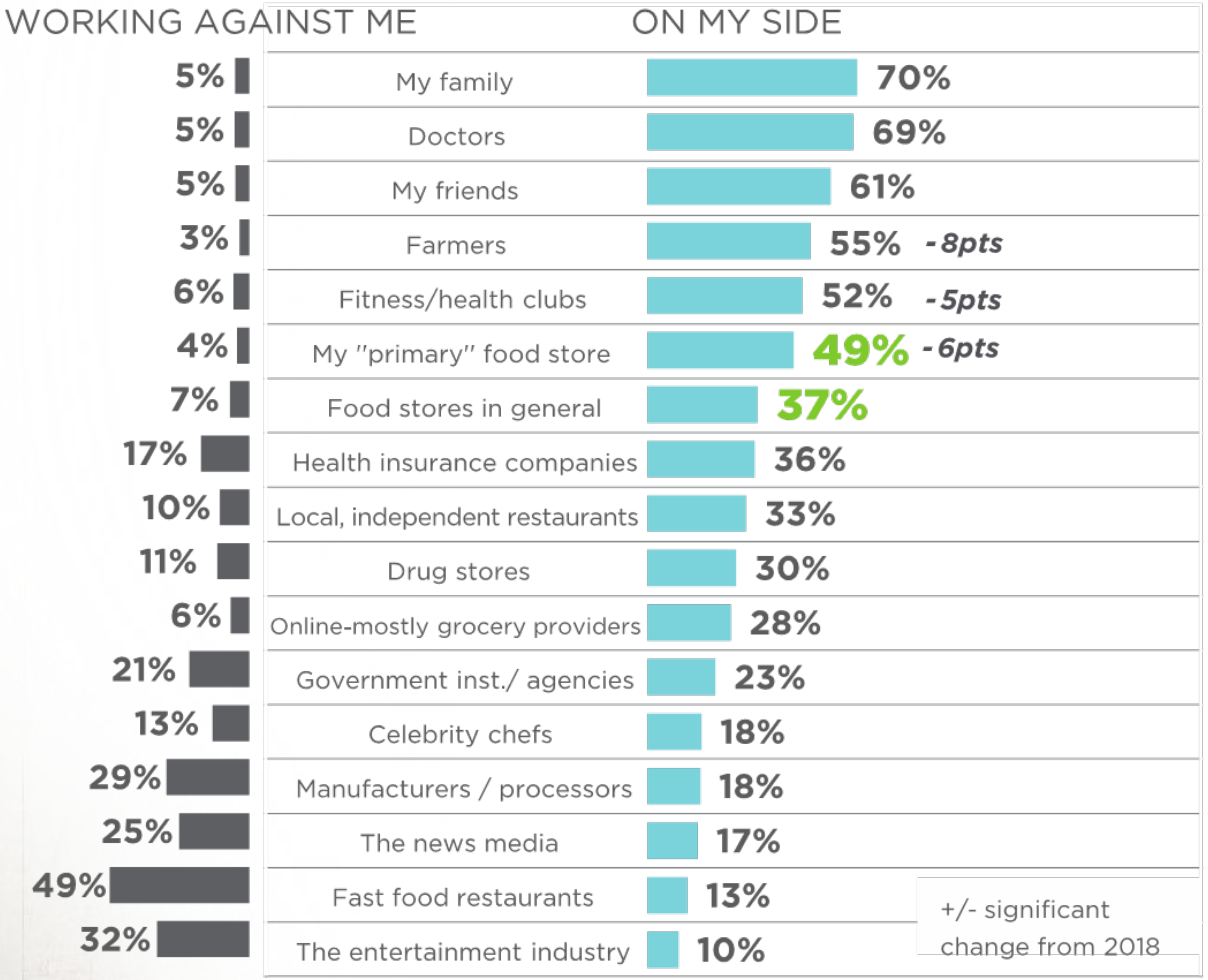



I, MYSELF, AM RESPONSIBLE FOR NUTRITION, BY GENERATION:

| Gen Z | Millennials | Gen X | Boomers | Silent |
|---|---|---|---|---|
| 60% | 65% | 73% | 79% | 87% |

# SHOPPERS SEE THEIR PRIMARY FOOD STORES AS ALLIES

## WHEN IT COMES TO HELPING ME STAY HEALTHY, THESE PEOPLE AND INSTITUTIONS ARE...



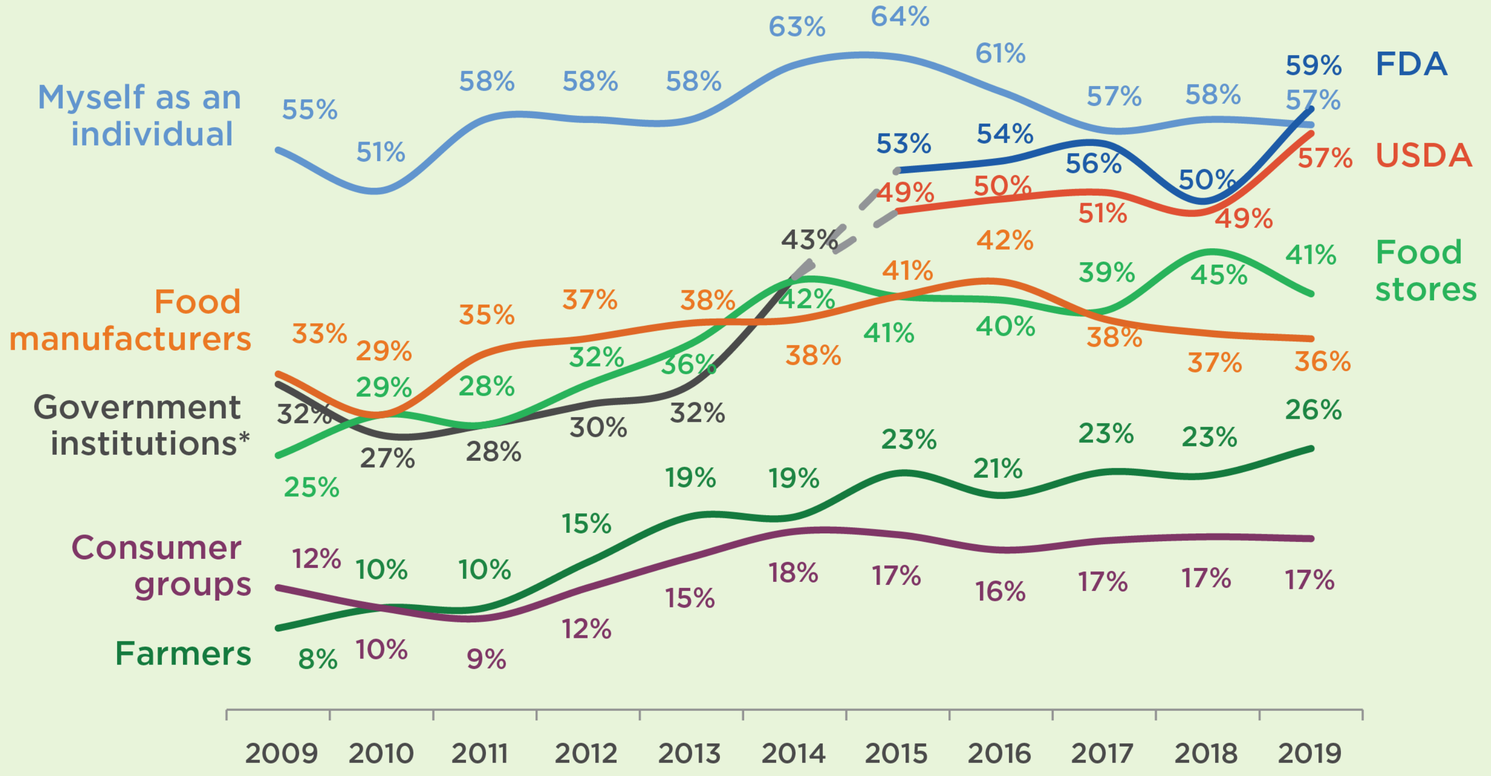
# SHOPPERS HAVE COME TO COUNT ON A GROWING NUMBER OF ENTITIES TO ENSURE FOOD BOUGHT AT STORE IS SAFE

## CONTINUED HIGH TRUST IN SAFETY AT THE GROCERY STORE

**93%** OF SHOPPERS TRUST THEIR GROCERY STORE TO ENSURE THAT THE FOOD THEY PURCHASE IS SAFE
*(compared to 93% in 2018, 96% in 2017, and 94% in 2016)*

**89%** OF SHOPPERS ARE CONFIDENT FOOD FROM PRIMARY STORE IS SAFE
*(compared to 88% in 2018, 87% in 2017, and 86% in 2016)*

INSTITUTIONS CONSUMERS RELY ON TO ENSURE WHAT IS BOUGHT AT GROCERY IS SAFE



# SHOPPERS WANT OPENNESS & HONESTY


## VERY IMPORTANT IN CHOOSING PRIMARY STORE

**46%**
OPENNESS & HONESTY

**70%**
ACCURATE INFORMATION DISPLAYED

**35%**
NUTRITION & HEALTH INFORMATION DISPLAYED

**28%**
PROVIDES INFORMATION BEYOND WHAT IS ON THE PACKAGE

# YET THEY DO NOT REQUIRE BRICK-AND-MORTAR PRESENCE

## REGULAR SUPERMARKET VS. ONLINE RETAILER PERFORMANCE ON TRANSPARENCY

| | Regular supermarket does a BETTER job | Online does at least an EQUAL job |
| --- | --- | --- |
| Openness and honesty | 39% | 51% |
| Sustainable/ethical practices | 36% | 53% |
| Access to detailed product info | 35% | 59% |

# SOCIAL RESPONSIBILITY & COMMUNITY ENHANCE SHOPPER LOYALTY

## ATTRIBUTES THAT ARE "VERY IMPORTANT" IN A PRIMARY STORE

**33%** LOCALLY GROWN PRODUCTS

**24%** STORE'S RECYCLING/ SUSTAINABILITY PRACTICES

**20%** COMMUNITY INVOLVEMENT

## EATING WELL MEANS…

**41%** ATE FOOD/ BEVERAGE PRODUCED IN AN ENVIRONMENTALLY SUSTAINABLE WAY

**42%** ATE FOOD/ BEVERAGES PRODUCED IN AN ETHICAL WAY

# AT-HOME MEALS WITH FAMILY CONTINUE TO BE AN ASPIRATION

**97%**

OF HOUSEHOLDS WITH KIDS SAY EATING MEALS AT HOME WITH FAMILY IS IMPORTANT

**84%**

OF HOUSEHOLDS WITH KIDS WANT TO EAT MORE MEALS AT HOME TOGETHER OR PREPARE MORE MEALS AT HOME

**90%**

SAY STAY-AT-HOME MEALS ARE HEALTHIER

fmi.org/Family-Meals


# KEY TAKEAWAYS

**1**
STATE OF THE MARKETPLACE

**2**
THE ONLINE MARKETPLACE

**3**
TODAY'S GROCERY SHOPPER


# Q&A

## COVERED TODAY…

# 1. STATE OF THE MARKETPLACE

# NEXT FROM FMI

# FUTURE WEBINARS

2. Personalization in Grocery Retail (July 16)

3. Online Shopping, Health and Well-being and Transparency through the Lens of Personalization


# thank you!

LEARN MORE ABOUT GROCERY SHOPPING TRENDS AND DOWNLOAD THE FULL REPORT AT:

FMI.org/grocerytrends