U.S. GROCERY SHOPPER TRENDS
A Look at TODAY's Grocery Shopper

June 20, 2019
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
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)
WEEKLY TRIPS REMAIN STABLE

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

Weekly spending on "grocery-type" items (FMI estimate)
Weekly spending on key grocery categories (U.S. Bureau of Labor Statistics estimate)

$113.50 spent on groceries per week per household
SUPERMARKETS REMAIN A KEY PRIMARY DESTINATION FOR GROCERY SHOPPERS

PRIMARY STORE FOR GROCERIES, HISTORICAL TREND

<table>
<thead>
<tr>
<th>Year</th>
<th>No Primary Store*</th>
<th>Other Channels</th>
<th>Warehouse</th>
<th>Supercenter</th>
<th>Supermarket</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>4%</td>
<td>22%</td>
<td>67%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>11%</td>
<td>27%</td>
<td>56%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>9%</td>
<td>23%</td>
<td>52%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td>8%</td>
<td>22%</td>
<td>49%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*ADDED IN 2011
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
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

16% 20% 25% 28% 33%

2015 2016 2017 2018 2019

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?

- **MILLENIALS | GEN X**
  - **Males**: 55%
  - **Higher HHI (36% $100k+)**
  - **Urban**

- **PARENTS**
  - **Higher HHI (36% $100k+)**
  - **Urban**

- **COLLEGE EDUCATED**
  - **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

<table>
<thead>
<tr>
<th>Shopping frequency</th>
<th>Frequent</th>
<th>Monthly</th>
<th>Occasional</th>
<th>Not at all</th>
</tr>
</thead>
<tbody>
<tr>
<td>Avg. Number of Channels Shopped “Almost Every Time”</td>
<td>2.1</td>
<td>1.5</td>
<td>1.2</td>
<td>1.1</td>
</tr>
<tr>
<td>Avg. Number of Banners Shopped in past 30 days</td>
<td>8.0</td>
<td>6.1</td>
<td>4.2</td>
<td>3.6</td>
</tr>
<tr>
<td>Avg. Weekly Grocery Trips</td>
<td>2.1</td>
<td>1.7</td>
<td>1.5</td>
<td>1.5</td>
</tr>
<tr>
<td>Avg. Weekly Trips to Primary Store</td>
<td>1.3</td>
<td>1.1</td>
<td>1.0</td>
<td>1.1</td>
</tr>
</tbody>
</table>
## ONLINE SHOPPERS SPEND MORE AND STILL SHOP IN-STORE

### SPEND BY ONLINE SHOPPING FREQUENCY

<table>
<thead>
<tr>
<th>Budgets</th>
<th>Frequent</th>
<th>ONLINE SHOPPERS</th>
<th>Not at all</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Monthly</td>
<td>Occasional</td>
<td></td>
</tr>
<tr>
<td>Weekly online grocery spend</td>
<td>$59</td>
<td>$35</td>
<td>$15</td>
</tr>
<tr>
<td>Weekly brick &amp; mortar spend</td>
<td>$108</td>
<td>$99</td>
<td>$96</td>
</tr>
<tr>
<td>Total weekly grocery spend</td>
<td>$167</td>
<td>$134</td>
<td>$111</td>
</tr>
<tr>
<td>Online share of wallet</td>
<td>39%</td>
<td>29%</td>
<td>13%</td>
</tr>
</tbody>
</table>
Online grocery purchases are delivered in a variety of ways:

- **13%** Same/Next Day Delivery
- **17%** Home Delivery via Standard Shipping
- **17%** Pick-Up (At Store or Kiosk)
- **8%** Ongoing Delivery of Food or Grocery Staples
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

SMARTPHONE USES IN THE STORE

- Use digital coupons: 57%
- Communicate with family about the shopping: 55%
- Check weekly sales at your primary store: 50%
- Look up recipes: 41%
- Use a shopping list app: 40%
- Read reviews: 33%
- Use in-store item locator: 28%
- Access my shopping history: 26%

QR CODE SCANNING TO...

- Compare pricing across stores: 35%
- Learn about nutritional value: 28%
- Learn about food safety or allergens: 22%
- Learn about social responsibility or sustainability: 20%

Driven by Gen Z, Millennials, and Households with Children

STORE APP USE

25% of shoppers say they use a grocery shopping app provided by their store (22% in 2018)
TODAY’S SHOPPERS NEED A COMPASS TO HELP THEM EAT AND SHOP

- What does my partner want in their lunch this week?
- How do I make eating convenient?
- What will my kids eat for dinner?
- Where do I want to shop?
SATISFACTION WITH PRIMARY STORE IS AT A 10-YEAR HIGH

PRIMARY STORE SATISFACTION


7.9 8.0 8.2 8.3 8.4 8.4 8.3 8.2 8.3 8.3 8.7 8.7 8.7

8.7/10
AVERAGE PRIMARY STORE RATING ON “MEETING MY NEEDS”
### Fresh Categories

<table>
<thead>
<tr>
<th>Feature</th>
<th>Percentage</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>High-quality fruits and vegetables</td>
<td>78%</td>
<td></td>
</tr>
<tr>
<td>High-quality meat</td>
<td>76%</td>
<td></td>
</tr>
<tr>
<td>Low prices</td>
<td>76%</td>
<td></td>
</tr>
<tr>
<td>Clean, neat store</td>
<td>75%</td>
<td>+11pts</td>
</tr>
<tr>
<td>Great product selection and variety</td>
<td>75%</td>
<td></td>
</tr>
</tbody>
</table>

*Significantly higher among Boomers/Matures*
IN-STORE EXPERIENCE AND CONVENIENCE ALSO IMPORTANT FEATURES

**MOST IMPORTANT ATTRIBUTES IN PRIMARY STORE**

- High-quality fruits and vegetables: 78%
- High-quality meat: 76%
- Low prices: 76%
- Clean, neat store: 75%
- Great product selection and variety: 75%
- ACCURATE information displayed: 70% (+6)
- CONVENIENT from home: 67%
- COURTEOUS, friendly employees: 63%
- Store/site layout that makes it EASY TO SHOP: 60% (+10)
- Security of purchase history & personal info: 59%
- FAST CHECKOUT: 56% (+6)
- CONVENIENT from work or along daily commute: 50% (+17)
- FRESH FOOD deli or delicatessen: 49%
- OPEN AND HONEST about business practices: 46%
- KNOWLEDGEABLE employees: 43% (-6)
- Nutrition and health information available: 35%
- Locally grown products: 33%
- Private label or store brands: 32%
- Customer service that feels personalized: 32%
- Attention to special requests or needs: 31%
- Good selection of all natural/organic products: 29%
- Easy, grab & go fresh prepared foods: 27%
- Exciting environment to browse ideas/products: 27%
- Provides information beyond the package: 26%
- Self-checkout: 25%
- Recycling / sustainability practices: 24%
- Good selection of ethnic or cultural foods: 23%
- Community involvement: 20%
- Pharmacy: 17%
- Checkout/Pay via smartphone: 14%
- Online ordering for pickup: 12%
- Online ordering for delivery: 12%

*Significantly higher among Boomers/Mature*  
*Significantly higher among Gen Z/Millenials*
The meaning of ‘eating well’ continues to encompass multiple factors.

### Over the Course of the Week, I Feel I’ve Eaten Well When...

<table>
<thead>
<tr>
<th>Activity</th>
<th>Percent</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>I ate nutritious food and beverages</td>
<td>76%</td>
<td>-1pt</td>
</tr>
<tr>
<td>I ate high-quality foods and beverages</td>
<td>72%</td>
<td></td>
</tr>
<tr>
<td>I ate in moderation</td>
<td>72%</td>
<td></td>
</tr>
<tr>
<td>I ate foods and beverages with specific benefits for my body</td>
<td>61%</td>
<td></td>
</tr>
<tr>
<td>I ate foods and beverages that are good for me in a holistic way (whole, organic, natural, local foods)</td>
<td>48%</td>
<td></td>
</tr>
<tr>
<td>I ate tasty foods and beverages</td>
<td>84%</td>
<td></td>
</tr>
<tr>
<td>I ate hearty and filling meals</td>
<td>70%</td>
<td></td>
</tr>
<tr>
<td>I ate with my family and/or friends</td>
<td>60%</td>
<td></td>
</tr>
<tr>
<td>I ate whatever I wanted</td>
<td>44%</td>
<td></td>
</tr>
<tr>
<td>I ate in the company of others</td>
<td>42%</td>
<td>+2pts</td>
</tr>
<tr>
<td>I explored a diversity of preparation methods and tastes</td>
<td>39%</td>
<td></td>
</tr>
<tr>
<td>I ate unique foods and beverages</td>
<td>34%</td>
<td>+2pts</td>
</tr>
<tr>
<td>I dined out</td>
<td>31%</td>
<td>+1pts</td>
</tr>
<tr>
<td>I ate foods and beverages that are produced in an ethical way</td>
<td>42%</td>
<td>+1pts</td>
</tr>
<tr>
<td>I ate foods and beverages that are produced in an environmentally sustainable way</td>
<td>41%</td>
<td>+1pts</td>
</tr>
<tr>
<td>I ate within my budget</td>
<td>73%</td>
<td></td>
</tr>
</tbody>
</table>

*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

- Low sugar: 34%
- Low sodium: 33%
- No added hormones: 27%
- Antibiotic-free: 25%
- Low calorie: 23%
- No/Low fat: 23%
- Low carb: 20%
- No allergens: 9%
- No artificial ingredients: 33%
- No preservatives: 32%
- Not bioengineered: 27% (↑4pts)
- No trans fats: 27%
- Natural: 25%
- No HFCS: 23%
- Certified organic: 19% (↑5pts)
- Gluten-free: 11% (↑3pts)
- Whole grain: 28%
- High fiber: 27%
- Free-range: 16%
- Grass-fed: 16% (↑3pts)
- Cage-free: 16%
- Fair trade: 16%
- Certified humane: 13% (↑5pts)
- Vitamin-enriched: 13%
- Antioxidant-rich: 12%
- Calcium-fortified: 10%
- Low(ers) cholesterol: 16% (↑3pts)
- Heart healthy: 15%

82% of shoppers say they actively look for at least one front-of-package claim.
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: 60%
- Millennials: 65%
- Gen X: 73%
- Boomers: 79%
- Silent: 87%

- Myself: 73%
- FDA: 48%
- USDA: 46%
- Manufacturers/processors: 38%
- Food stores: 34%
- Farmers: 24%
- Other gov’t agencies: 18%
- Consumer organizations: 18%
- Other: 1%

Any government (net) 57%
SHoppers see their primary food stores as allies

When it comes to helping me stay healthy, these people and institutions are...

<table>
<thead>
<tr>
<th>Working against me</th>
<th>On my side</th>
</tr>
</thead>
<tbody>
<tr>
<td>My family</td>
<td>70%</td>
</tr>
<tr>
<td>Doctors</td>
<td>69%</td>
</tr>
<tr>
<td>My friends</td>
<td>61%</td>
</tr>
<tr>
<td>Farmers</td>
<td>55% - 8pts</td>
</tr>
<tr>
<td>Fitness/health clubs</td>
<td>52% - 5pts</td>
</tr>
<tr>
<td>My &quot;primary&quot; food store</td>
<td>49% - 6pts</td>
</tr>
<tr>
<td>Food stores in general</td>
<td>37%</td>
</tr>
<tr>
<td>Health insurance companies</td>
<td>36%</td>
</tr>
<tr>
<td>Local, independent restaurants</td>
<td>33%</td>
</tr>
<tr>
<td>Drug stores</td>
<td>30%</td>
</tr>
<tr>
<td>Online-mostly grocery providers</td>
<td>28%</td>
</tr>
<tr>
<td>Government inst./ agencies</td>
<td>23%</td>
</tr>
<tr>
<td>Celebrity chefs</td>
<td>18%</td>
</tr>
<tr>
<td>Manufacturers / processors</td>
<td>18%</td>
</tr>
<tr>
<td>The news media</td>
<td>17%</td>
</tr>
<tr>
<td>Fast food restaurants</td>
<td>13%</td>
</tr>
<tr>
<td>The entertainment industry</td>
<td>10%</td>
</tr>
</tbody>
</table>

+/− significant change from 2018
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**

- FDA: 59%
- USDA: 57%
- Food stores: 52%
  - Government institutions*: 36%
  - Food manufacturers: 17%
  - Consumer groups: 17%
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

<table>
<thead>
<tr>
<th></th>
<th>Regular supermarket does a BETTER job</th>
<th>Online does at least an EQUAL job</th>
</tr>
</thead>
<tbody>
<tr>
<td>Openness and honesty</td>
<td>39%</td>
<td>51%</td>
</tr>
<tr>
<td>Sustainable/ethical practices</td>
<td>36%</td>
<td>53%</td>
</tr>
<tr>
<td>Access to detailed product info</td>
<td>35%</td>
<td>59%</td>
</tr>
</tbody>
</table>
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
1. STATE OF THE MARKETPLACE

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