



THE POWER OF HEALTH AND WELL-BEING IN FOOD RETAIL



An In-Depth Look Through the Shoppers' Eyes



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Published by:
Food Marketing Institute Foundation
2345 Crystal Drive, Suite 800
Arlington, VA 22202

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INTRODUCTION: THE NEW CONSUMER, HEALTH, AND RETAIL

Health is a much bigger topic in food retail today and for good reason: Consumers have placed it front and center. Consumers are passionate about embracing health in many aspects of their lives, and food is a big part of this.

The challenge is that consumers find or say they are often confused about how to improve their health and often can't even agree on how to define it.

TODAY'S CONSUMERS ARE MOVING TARGETS ON HEALTH

A quick online definition lookup of the word “health” returns the following: “The state of being free from illness or injury.” That may be accurate, but the reality is far more complex when it comes to consumers. Health often means different things to different people, varying by generation, income, and other demographics. Consumers often don't agree on what kinds of foods or lifestyles will keep them well. Many are confused because of conflicting advice from a wide variety of sources.

- **“Wellness” vs. “well-being”:** Speaking of definitions, let's take a look at wellness. The overall topic of health and wellness is gradually expanding into “health and well-being.” Wellness is still a highly relevant term and is used in many places throughout this report. However, well-being has a broader definition, including aspects such as emotional health, energy levels, and sleep behaviors. That is why the term “well-being” is used in this report's title. Susie Ellis, chairman of Global Wellness Institute, said in an online post that wellness will be increasingly associated with health and prevention, whereas well-being will be linked to happiness. David Portalatin, vice president, industry advisor, The NPD Group, said in a blog piece that today's consumers are focused on aspects ranging from physical to mental health. He added that consumers are “embracing a lifestyle centered on health and wellness and future well-being.”
- **New expectations from retail:** Consumers look to food retail as an ally in supporting their health, and retailers have stepped up with impressive and exciting initiatives. However, even as they build a positive story, retailers face ongoing challenges in understanding the changing expectations of shoppers.
- **Mining consumer insights:** Health and wellness have been addressed in a wide range of reports from FMI. These include signature reports like *The Food Retailing Industry Speaks* and *U.S. Grocery Shopper Trends*; category-specific reports on produce, meat, foodservice, and private label; and wellness-focused pieces like *Report on Retailer Contributions to Health & Wellness*. This report, *The Power of Health and Well-being in Food Retail*, leverages insights from these and other FMI pieces and also from a range of other sources, both in the industry and in the media. A comprehensive list of sources appears at the end, and these are referenced throughout the text.

- **Telling a dynamic story:** The ultimate goal of this report is to aggregate and illuminate existing data and insights to create a dynamic story about health, wellness, and well-being in relation to consumers and retail. This story spotlights the growing importance of key consumer trends, explores the latest consumer perspectives on how retailers are satisfying wellness needs, and examines how shoppers seek out wellness in different store departments. The content also addresses the range of retailer commitments and suggests next steps. The ultimate takeaway is to achieve a deeper understanding of shoppers and to identify new opportunities for retailers.

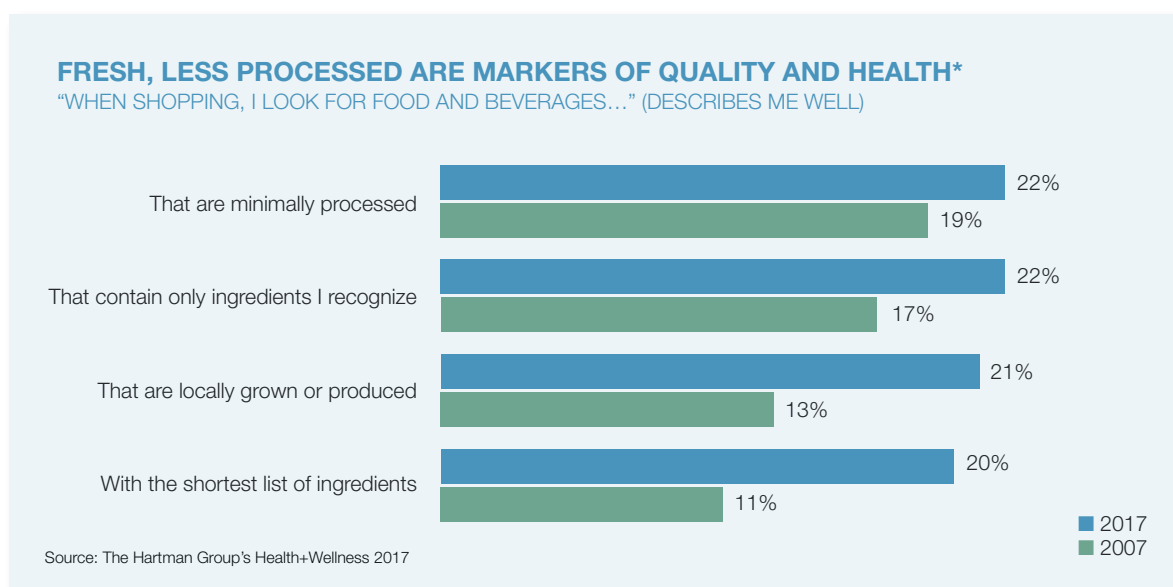
KEY REPORT INSIGHTS

- **Moving target:** Health and well-being is a dynamic topic at food retail today. Consumers are moving targets on their needs and perspectives. They have new wellness expectations from food retailers. This represents an opportunity for retailers to further advance their efforts to engage shoppers.
- **Food as medicine:** Consumers broadly eye food as “medicine” to boost health. However, the details play out differently by consumer demographics, including with different generations. So it’s crucial to avoid generalizations when interpreting consumer behaviors.
- **Social benefits:** It’s not only about the food itself. Consumers believe in the health and social benefits of eating meals at home with family. They also seek out meal attributes such as enjoyment and connection, which are wrapped up in the concept of “eating well.”
- **Free-from and organic:** Shoppers exhibit strong opinions about food labels, health, and transparency. They are embracing free-from products with simpler ingredients lists. They are moving along a path that is somewhere between “clean label” and “clear label.” Many consumers are drawn to organic, even if their reasons vary. Organic, in fact, is a bright spot for supermarkets, but other retail channels, including supercenters and club stores, are proving to be quite competitive in this segment as well.
- **Transparency imperative:** Consumers are increasing their requirements for transparency, both for ingredients within packages and information about sourcing, animal welfare, and other factors that go beyond ingredients. This will have big implications for how retailers connect with consumers in the future.
- **Trust factor:** Consumers trust their primary store as an ally in health. They also trust guidance from retail dietitians and other health professionals. Millennials in particular are advocates of retail private brands, and these brands are embracing free-from and organic strategies.
- **Total-store wellness:** Consumer feedback indicates that retailers have a big role to play in advancing total-store wellness strategies, both in bricks and mortar and online. Moreover, consumers look to specific store departments for different wellness solutions, from produce to center store to foodservice.
- **Retailers step up:** Retailers recognize the crucial importance of health and wellness to their businesses, and they’ve already made significant investments, from hiring health professionals to providing health-focused recipes and classes. However, there is more they can do, including digging deeper into consumers’ unmet needs and getting an early handle on the behaviors of younger generations.
- **Advancing to the next level:** Retailers can advance health and well-being by tailoring efforts to their individual customer bases. They should give special consideration to a range of strategies that have worked well across food retail. These include pursuing total-store wellness strategies, advancing consumer education, embracing local marketing, building health partnerships, and further enhancing consumer trust.

1 SHIFTING CONSUMER APPROACHES TO EATING AND SHOPPING

A time traveler from decades ago probably would not recognize today's shoppers. Consumer perspectives on wellness have changed dramatically, and the shifts continue. Food is now identified with a wider variety of health benefits and concerns. However, the story isn't uniform because consumers range widely in their attitudes and behaviors, based on variables that include age and income level.

TAKING STOCK OF HOW MUCH CONSUMERS HAVE CHANGED

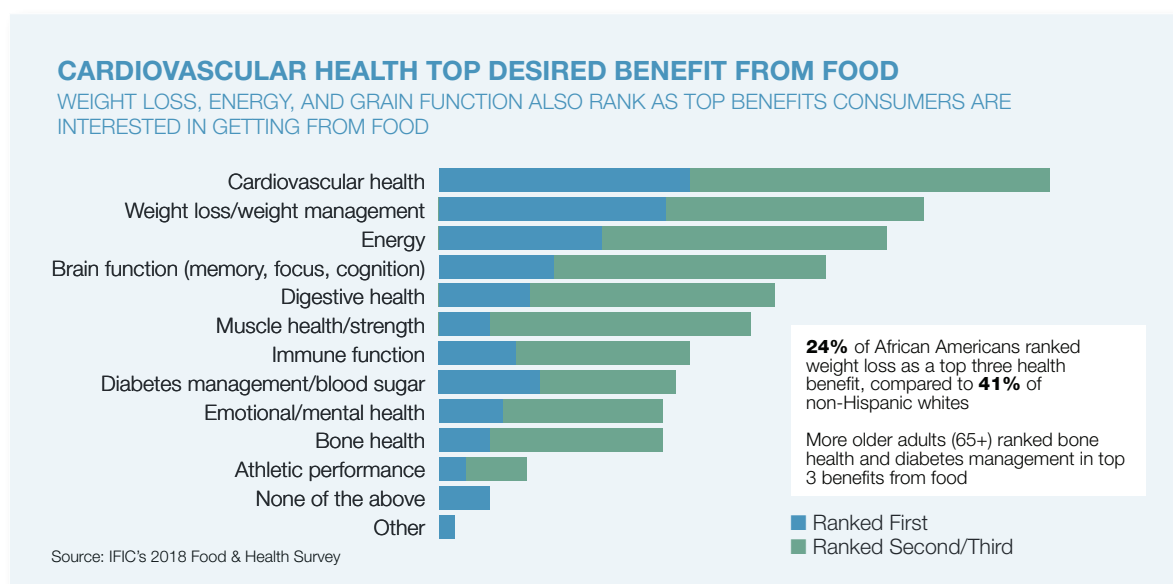


Sometimes a good place to start is by looking back. Consumer perspectives on health and wellness have shifted dramatically in the past few decades. A good barometer of that change is FMI's annual, comprehensive *U.S. Grocery Shopper Trends* report, which surveys consumers on their views each year.

- **1980s-Economic focus:** Consider that in 1981, health and wellness was not an emphasis of the report. Front and center for consumers were high food and gasoline prices, unemployment, economizing, and “consumer activism.”
- It wasn't until 1983 that FMI even felt the need to include questions on consumer concerns about nutritional content and food safety.
- **1990s-Manufacturer claims:** The 1990s was a decade when government focused more on nutrition labeling, and the Nutrition Facts panel was born. By 1990, *Trends* was exploring consumer perspectives on reading food labels and on statements manufacturers make about health benefits and risks associated with food products.

- Some of the findings might seem surprising today. For example, in 1990, younger shoppers were the ones most likely to believe manufacturer statements about health benefits and risks associated with food products, a scenario that doesn't seem to ring true with today's skeptical Millennials.
- By 1995, *Trends* was asking for the first time about awareness of biotechnology/genetic engineering, and the majority of consumers—65 percent—had heard little to nothing about this.
- **2000s and Beyond-Ingredients lists:** According to research conducted by the Hartman Group, shopper perspectives in the first part of this century have shifted markedly over a 10-year period. In 2007, only 11 percent of consumers were looking for food and beverages with the shortest list of ingredients. That rose to 20 percent by 2017. Similarly, only 13 percent of consumers sought locally grown or produced foods in 2007, compared to 21 percent in 2017.¹ Some consumers believe local indicates healthier or more sustainable products, but that is not necessarily the case. FMI *Trends* research showed an increasing consumer focus on nutritional content of foods between 2005 and 2010. Fat content often led the focus in the early years of this century. For example, in 2005, the top concerns, in order, were fat content, cholesterol, trans-fat, calories, chemical additives, and sugar/artificial sweeteners.

FOOD EYED AS “MEDICINE” TO BOOST HEALTH



Consumers today increasingly look to specific foods for health benefits, against the backdrop of rising health care costs and a growing attention to self-care strategies. About two-thirds of shoppers view foods as “medicine for their body.”³

Range of benefits: Cardiovascular health ranks highest on the list of desired benefits from food, followed by weight loss/weight management, energy, brain function, and digestive health.²

In addition, most consumers believe that fresh produce has positive health benefits:

- Many consumers identify produce as a category that supports health. About two-thirds of Americans believe fresh produce is a crucial part of a balanced diet.⁴
- More than half closely link fresh produce to heart health, healthy weight, and essential nutrients in diet.⁴
- Consumers hope to benefit by increasing fresh produce consumption across day parts, from dinner to snacks.⁴

However, the awareness that food is linked to health only goes so far. About six in 10 consumers are unable to connect a top health issue to a food, indicating the need for increased education to reduce confusion.²

Ideals vs. reality: Many consumers have high aspirations about healthy eating. The Hartman Group research explores consumer-defined notions of healthy meals. Here's the consumer ideal. It found breakfast is protein-centric, light on meat; lunch is plant-centric and/or "lean" protein, and dinner is fish, plant protein, and green vegetables.¹

Consumers aren't necessarily measuring up to these ideals or following respected guidelines on nutrition. For example, about 30 percent of consumers are quite familiar with *MyPlate*, the dietary guidelines concept from the U.S. Department of Agriculture. Nevertheless, consumers report they eat fewer fruits and vegetables, and more protein, than what *MyPlate* recommends.²

DIFFERENT LENSES FOR DIFFERENT GENERATIONS

In assessing how consumers view health and wellness today, it's important to consider how trends differ by generation. For example, a lot of comparisons are made between Baby Boomers, born between 1946 and the mid-1960s, and Millennials, born between the late 1970s and mid-1990s.

- Boomers are more likely than Millennials—51 percent to 36 percent—to look at calorie/nutrition icons and graphics.⁵
- Boomers also more frequently check expiration dates, ingredients lists, and brand name.⁵
- Younger adults, on the other hand, are more likely to embrace nontraditional attributes such as transparency about a product's improving impact on the environment and humane treatment of animals.⁶
- Younger adults show more trust than older consumers in technology-based sources of information about which foods to eat, which includes fitness apps, bloggers, and TV personalities.²

It's important to avoid generalizations about health and wellness that paint all generations with the same broad brush. It's also useful to recognize that even as Millennials have exhibited some nontraditional views on health and wellness, many of their perspectives influence older consumers over time.

CONSUMERS EQUATE FAMILY MEALS WITH HEALTH

FACTOID

88 percent of U.S. adults say they eat healthier at home than when they eat out

Shoppers believe that food prepared at home is more likely to have a health halo. Eighty-eight percent of U.S. adults say they eat healthier at home than when they eat out, a recognition that home preparation allows for more control over aspects ranging from ingredients to food safety.⁷

Consumers also believe in the importance of eating meals together at home with family, and it seems to connect to their sense of well-being. For example, among shoppers with children, 84 percent say it's either very or extremely important to eat at home together with family.⁷

This is no easy task, given barriers to family meals, such as differing schedules, too many distractions, and varied tastes.⁶



National Family Meals Month™: *The FMI Foundation's National Family Meals Month™* campaign aims to “encourage one more family meal – breakfast, lunch, or dinner – at home each week.” The annual campaign in September is marked by participation from retailers, suppliers, and community collaborators. Key messages have reached consumers through in-store programs, social media, traditional media, and community activities.⁸

Parents have developed strategies for eating meals with their kids more often, such as focusing on kid-friendly meals, making sure family members are home at dinnertime, and targeting meals that don't require long prep times.³

FMI's 2018 *Trends* report notes that parents with children are now reporting eating more dinners at home together. While this shift is subtle, it may represent the start of a trend to watch, the report indicated.⁹

FOOD SAFETY RANKS HIGH ON CONSUMER RADAR

Even as consumers embrace new definitions of health, they are concerned about traditional food safety threats. The top concerns are contamination by bacteria or germs; residues, such as pesticides or herbicides; and product tampering. Lesser concerns include food handling in supermarkets and eating foods past the use-by or best-by dates.⁹

Nevertheless, the overwhelming majority, 88 percent, are mostly or completely confident that the food in their grocery store is safe, a number that has edged up in the past couple of years.⁹

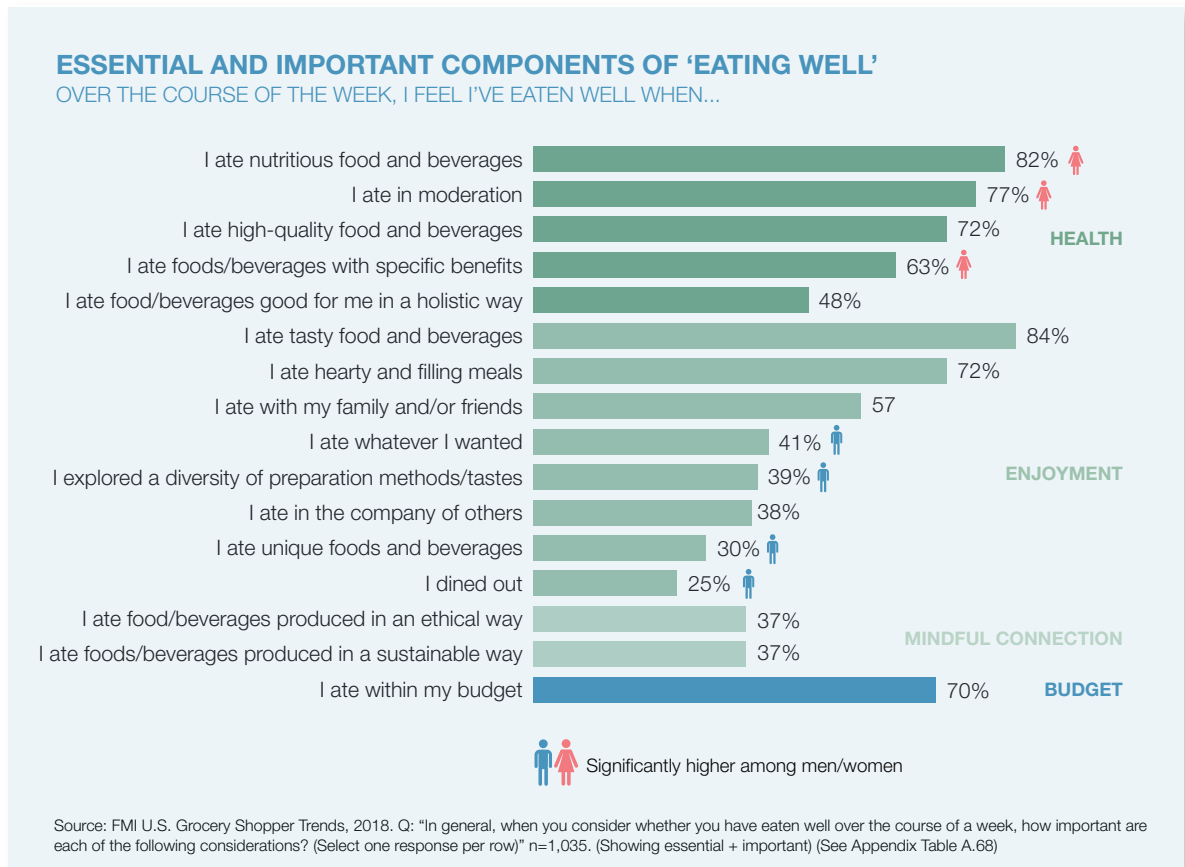
There are generational differences in how consumers view food safety:⁹

- Millennials are somewhat less confident than older consumers about food safety in grocery stores.
- While we know food safety problems can occur at any point in the food system, shoppers overall believe that safety problems are most likely to start at the factory. Millennials exhibit more concerns about risks further down the supply chain, including at the warehouse, during transport, or at the store.

- Shoppers believe that restaurants are associated with bigger food safety risks than grocery stores.

When faced with the challenge of recalls, retailers need to pursue a multi-channel approach to recall announcements in order to reach a variety of generations. Millennials show the biggest preferences for digital platforms such as social media and apps.⁹

EATING WELL, SHOPPING WELL, AND HEALTH



What's the difference between eating healthy and eating well? Health is a crucial component of eating well, but it's not the only factor. Consumers have evolved their concepts of eating well, according to research by the Hartman Group for FMI *Trends 2018*.

Years ago, eating well focused on "sustenance" and "eating enough." In recent times it added the component of "health and nutritious." Today the definition has broadened to include "enjoyment, discovery and connection."⁹ These motivations tie into the bigger picture of well-being.

Consider all the ways that consumers describe eating well:⁹

- The health aspect includes eating nutritiously and in moderation and consuming foods and beverages with specific benefits.
- The enjoyment component takes in tasty foods and beverages, eating with family and friends, and experimenting with preparation methods.

- The connection part involves eating foods and beverages that were produced sustainably and ethically.

Needs from retail: How can stores best help consumers to eat well? Consumers say the top ways are to provide recipes; easy, grab-and-go prepared foods; and recommendations on nutrition and healthy eating.

Observed a 36-year-old female shopper: “The ideal store for me would have a place to eat and a huge healthy section. It should have recipes with all things you need to make the entrée.”⁹

Eating well is linked to the concept of “shopping well.”

It’s “no longer just about budget savviness and task management. Shopping well involves exposure to experiences that inform, engage and guide choices,” according to Trends.⁹

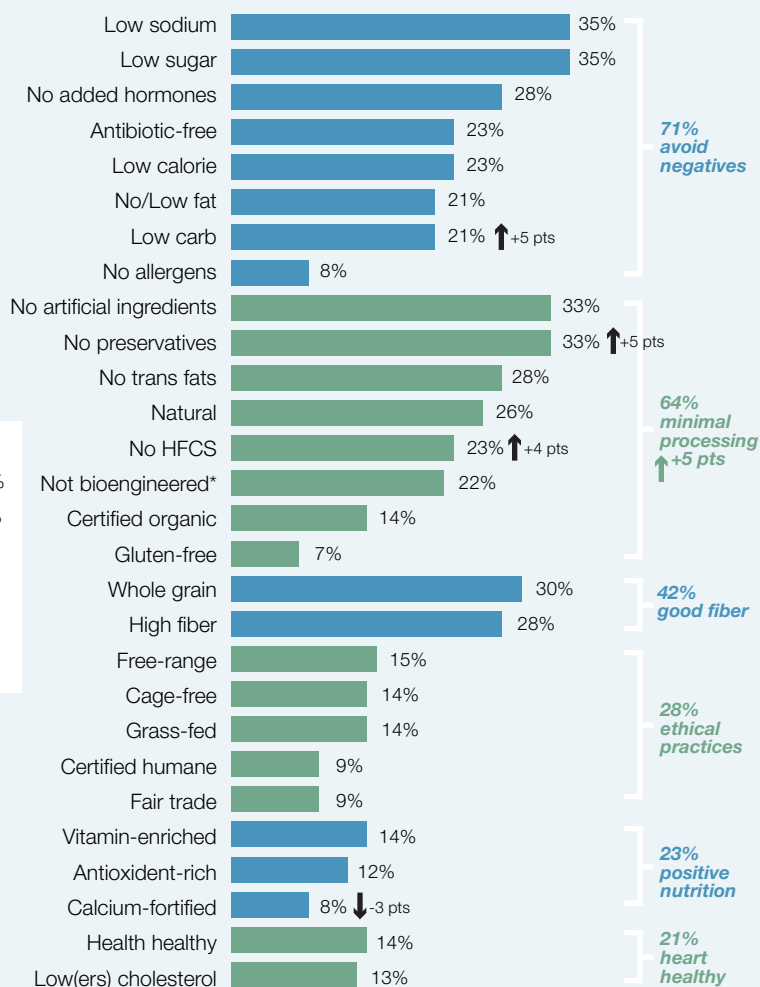
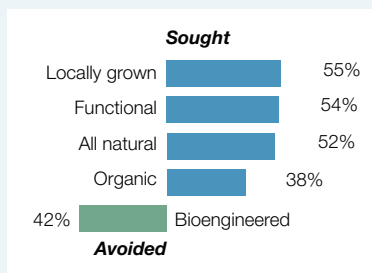
2 FOOD LABELS, HEALTH, AND TRANSPARENCY

It's important to understand that shopper wellness perspectives and behaviors are changing, but the details are all-important. There are more variables than ever on how this is playing out, including with shopper decisions based on ingredients, nutrition content, labels, organic, and transparency. Retailers need to take deep dives into all of these variables in order to formulate their strategies.

GROWING MOMENTUM FOR CLEAN AND CLEAR LABEL

PRODUCT CLAIMS SHOPPERS SEEK WHEN PURCHASING A FOOD PRODUCT

73% are concerned about the nutritional content of their food (vs. 78% in 2017)



↑↓ Significant change from 2017

Source: FMI U.S. Grocery Shopper Trends, 2018. Q: "How concerned are you about the nutritional content of the foods you eat?" n=1,35. Q: "What health claims do you look for on the package when purchasing a food product? These are product attributes often prominently displayed on the front of the package (not the nutrition facts panel). (Select all that apply)" n=1,035. Q: "Please indicate whether you DELIBERATELY try to avoid or make sure to get any of the following kinds of food or beverages." n=1,035. *Asked as "Non-GMO (not bioengineered)"; previously asked as Non-GMO." (See Appendix Table A.31)

“Free-from” trend: Consumers have traditionally been focused on what ingredients *are in* products. However, as perspectives change, many are increasingly interested in what ingredients *are not in* products.

Consumers seek products with fewer and more recognizable ingredients, and products that are free from artificial ingredients, chemicals, and preservatives. They view these products as healthier, even if this conclusion isn’t backed up by science. The food industry has largely referred to this phenomenon as clean label, a subject explored in an FMI white paper on this topic.¹¹ While “clean label” is widely used as an industry term, it’s also somewhat misleading because it could be interpreted as implying that certain products are not clean.

The term “clear label” points to what many believe is the next stage beyond clean label. Clear refers to the consumer’s increased demands for more transparency and authenticity about ingredients and products across the supply chain.

Avoiding negatives: Shopper demands regarding labels and ingredients are changing quickly, according to the FMI *Trends* 2018 report:⁹

- Some 71 percent of shoppers attempt to “avoid negatives” by seeking out claims such as low sodium, low sugar, no added hormones, and antibiotic-free.
- About 64 percent look for minimal processing with claims such as no artificial ingredients, no preservatives, and no trans fats.
- Forty-two percent look for “good fiber.”
- Some 28 percent seek ethical practices, such as free-range, cage-free, and grass-fed.

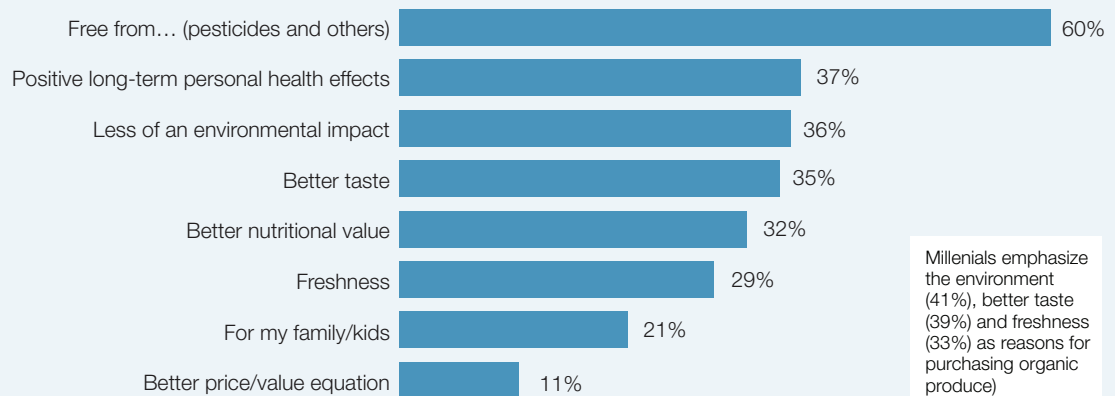
Many retailers and manufacturers have responded to shopper demands with product launches that address concerns about clean and clear labeling. Retailers have increasingly created dedicated private brand lines that focus on these areas.

Moreover, about half of retailers are providing consumer education on clean/clear labeling, according to FMI’s *2017 Report on Retailer Contributions to Health and Wellness*.¹⁰

The problem with “natural”: One food labeling term that’s been particularly problematic is “natural.” It’s not because consumers are disinterested in the concept. Rather, it’s because the term has become controversial and triggered a range of lawsuits, with attorneys making allegations such as misrepresentation. Much of the controversy results from a lack of legal or regulatory definition of “natural.”¹²

ORGANIC'S ALLURE FOR CONSUMERS

REASONS FOR PURCHASING ORGANIC PRODUCE



Organic is a huge draw for consumers, even if the exact reasons have been debated over time. U.S. organic food and nonfood sales reached a new record of \$49.4 billion in 2017, a gain of 6.4 percent from the prior year, according to a 2018 industry survey from Organic Trade Association.¹³

Given those figures, it's not surprising that some 16 percent of shoppers specifically seek certified organic claims.⁶

The motivations for choosing organic are multi-layered, according to a piece in the *Hartbeat Newsletter*.

"While the absence of pesticides and other farm-based 'chemicals' is the primary motivator for organic purchase in store, the package of organic meanings has allowed consumers to use organic as a simple heuristic for 'better food.' They believe they can feel good about their organic purchases from a nutritional and ethical perspective."¹⁴

At home vs. restaurants: Consumers pay more attention to organic labeling when shopping for food than when eating away from home, making this a crucial opportunity for retailers.²

A look at the retail produce department turns up insights about shopper emphasis on organic. Consider this quote from a 45-year-old male consumer in FMI's 2017 *Trends* research:

"Produce is the most important element of a store—that they have good organic selection and a lot of variety in multiple categories. It tells me they are trying to keep up with the times and gives an appearance of quality."⁹

The key reason for purchasing organic produce is to obtain items free from substances such as pesticides, according to FMI's *The Power of Produce* report.⁴ This is followed by positive long-term personal health effects and reduced environmental impact, with the latter point particularly emphasized by Millennials.

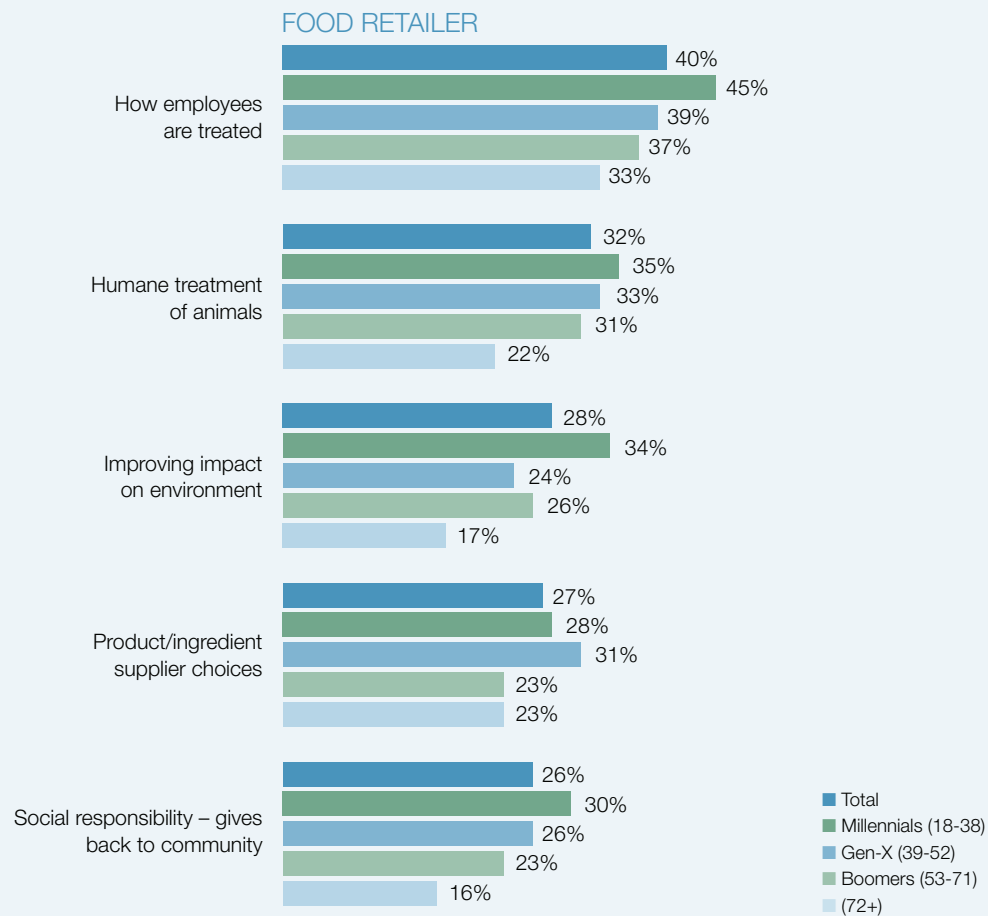
Competitive differentiator: The produce category shows how organic has become a competitive differentiator across retail channels. On the one hand, supermarkets attract 64 percent of all produce purchases across channels, making them the clear winner. However, the picture is different when it comes to organic produce, where supermarkets only draw 53 percent of purchases. That compares to 20 percent for organic stores, 9 percent supercenters, and 6 percent club stores, for example.

Supercenters, in particular, use organic to attract and retain Millennial shoppers, and the data on produce clearly shows the success of this strategy.⁴

“Among Millennials purchasing organic produce, 59 percent primarily buy it at supercenters, vs. 21 percent at supermarkets,” according to FMI’s *The Power of Produce*. “Given the Millennial importance as a driver of category growth, capturing the business of the Millennial organic shopper will be an important key to growth for either channel.”⁴

UNDERSTANDING THE TRANSPARENCY IMPERATIVE

INFORMATION SHOPPERS WANT FOOD RETAILERS TO BE OPEN AND HONEST ABOUT (BEYOND THE PACKAGE)



Source: FMI U.S. Grocery Shopper Trends, 2017. Q: “To earn your trust, about which of the following business practices should a [FOOD RETAILER/STORE] be open and honest? (Select all that apply).” Shoppers n=1,084. (See Appendix: Tables A.63 and 64)

Consumers are seeking a lot more information about their food than ever before, and part of the reason is a lack of trust. Consumers still trust supermarkets, but for many it's not as unconditional as before. That's because consumers have become more skeptical about the actions of stakeholders across the supply chain, from farm to store.

All of this relates directly to health and wellness at retail.

Within and beyond the package: “Shoppers, for the most part, believe that packaging satisfies their needs for seemingly concrete facts about what is WITHIN products—fiber, sugar and sodium content, calories and other nutritional elements,” according to FMI's *Trends 2017* report.⁶ “However, shoppers want stores to provide more information and clarity about the meanings and implications of what lies BEYOND products. Complicated notions of product sourcing and animal treatment that speak to ethical practices and fuzzy definitions of product purity (e.g., non-GMO, ‘natural’) that communicate minimal processing are areas where packaging tends to fall short.”

Consumers seek more transparency from food industry companies, and that transparency in turn drives trust.

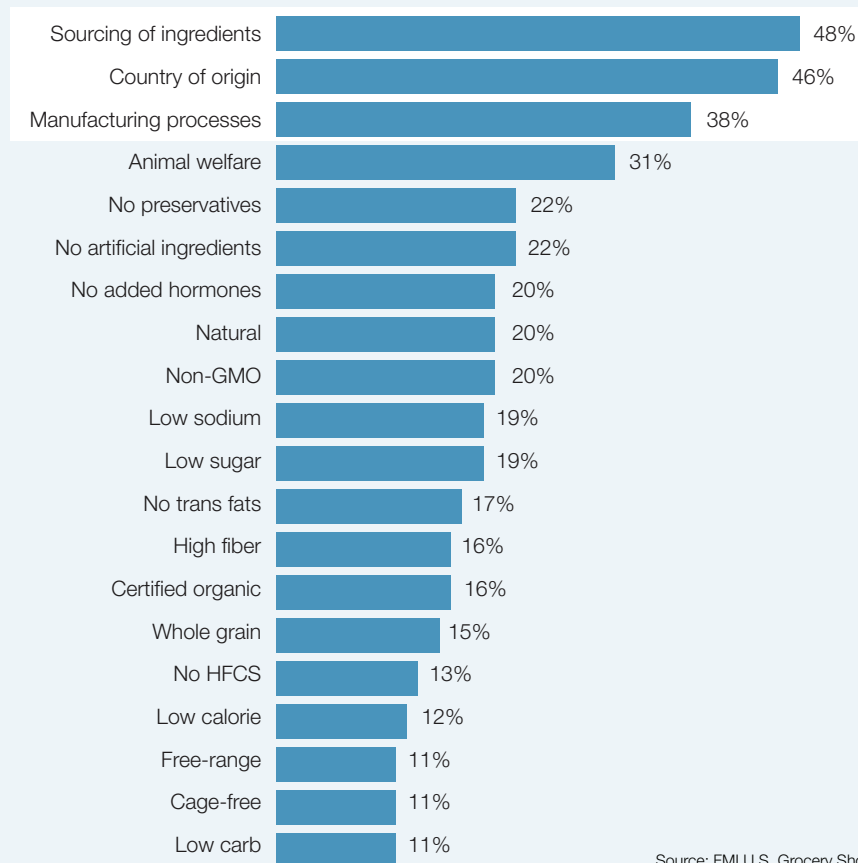
Generational differences: There are clear differences in how different generations prioritize aspects of transparency. Boomers and Matures often put more focus on ingredients, production, and sourcing.

Millennials, on the other hand, give greater weight to attributes that go beyond what's in food products. These include fair treatment of employees, animals and the environment; business ethics; and sustainability practices.

While consumers have higher expectations of food producers, they also have very high expectations for retailers to be knowledgeable about all the products they are selling.

PROVIDING INFORMATION - FROM SUSTAINABILITY TO ETHICS

PRODUCT CLAIMS SHOPPERS WANT MORE INFORMATION ABOUT (AMONG THOSE LIKELY TO SCAN A QR CODE/LABEL)



Source: FMI U.S. Grocery Shopper Trends 2017

Where can consumers turn when packaging falls short on providing more complex information?

Many products enable consumers to scan a QR code for deeper information. Among shoppers likely to scan a QR code, the top product claims sought are, in order of importance, sourcing of ingredients, country of origin, manufacturing processes, and animal welfare, according to FMI's *Trends 2017* research.⁶

SmartLabel® and transparency: The SmartLabel® digital transparency initiative is a high-profile food industry effort. It was created by Grocery Manufacturers Association (GMA) and FMI as part of the industry's Trading Partner Alliance. SmartLabel® provides information to consumers on a wide range of attributes that could never fit on a package label, ranging from purposes of ingredients to details on production to treatment of animals.¹⁶ SmartLabel® information can be obtained in multiple ways, such as online, via smartphone scans of products using QR codes, and through toll-free phone numbers.¹⁵

Meanwhile, the majority of retailers—71 percent—publish health and wellness blogs. Retailers also provide consumer education on topics that include menu labeling, biotech (GMO) labeling, Nutrition Facts Label updates, definition of healthy, definition on organic, and clean/clear labeling.¹⁵

3 REINVENTING RELATIONSHIPS WITH RETAILERS

Consumer attitudes are changing on how retailers should support their health needs. Retailers are expected to be health allies that provide education, personalized focus, and a plethora of wellness solutions in all departments. Shoppers won't take no for an answer. They have too many other choices.

WELLNESS DRIVES CONSUMER PERCEPTIONS OF RETAIL CHANNELS

Some 47 percent of shoppers said providing healthier choices is a way for food retailers to support consumers in eating well.⁹ Here's a look at some shopper behaviors and perceptions regarding wellness at retail.

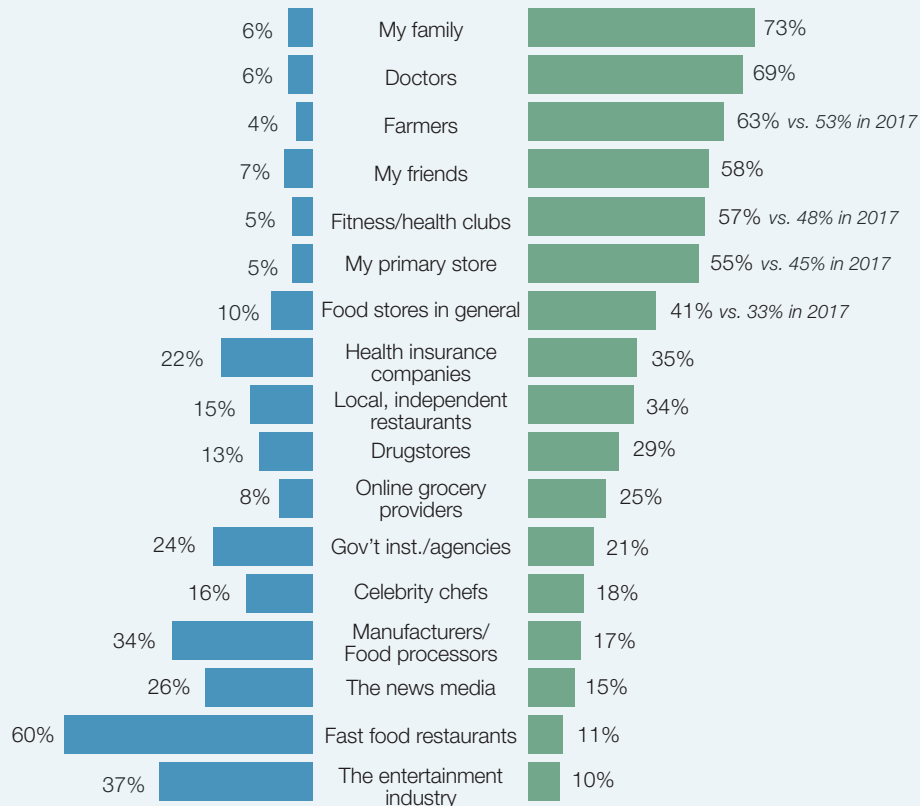
- **Health channel choices:** The top retail channels used regularly for health and wellness products are supercenter/discount stores (36 percent); grocery stores (34 percent); drug store/pharmacy (32 percent); club store (17 percent); and natural/health food store (16 percent).¹⁷
- **Channel choices equate with “effort”:** Retail channels including natural/organic stores, farmers' markets, and specialty food shops are more likely to be frequented by consumers who put more effort into healthy eating.³
- **Emerging players:** Consumers are getting more exposure to a growing number of innovative, upstart food brands with wellness-focused product attributes. This trend was chronicled in a *Consumer Goods Innovators Index* created by consultancy Oliver Wyman.¹⁸ Many of the brands included in this index are targeting highly popular trends, including plant-based products, healthy meals and snacks, and environmentally friendly propositions. The business models range from delivery to subscription.¹⁹ FMI has launched a program called *FMI Emerge*, geared to emerging food and beverage brands. The program offers education, mentoring, nurturing, and access to sources of capital, among other elements.²⁰

CONSUMERS TRUST PRIMARY STORE AS ALLY IN HEALTH

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

Working against me

On my side



Demographic View

The gains for 'primary store' come more from women than men. Trend aside, women are also much more likely to see their primary store as a partner, while men put more trust than women in institutions such as manufacturers, govt agencies, restaurants and the media.

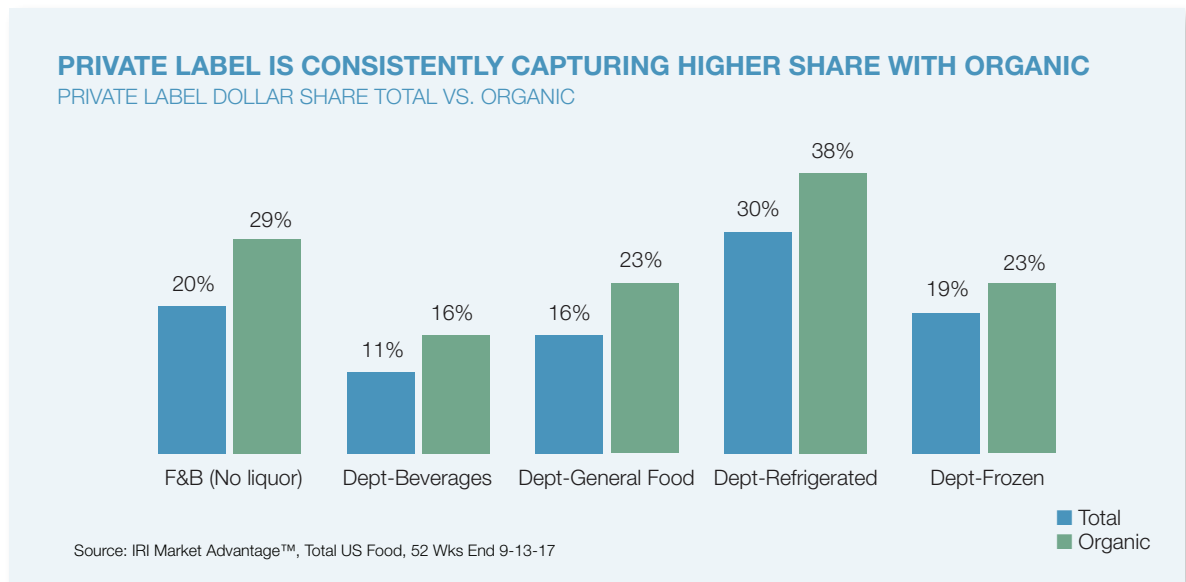
Millenials without children are the least likely to see their primary store as an ally, signaling an opportunity for retailers to seed stronger future connections.

Source: FMI U.S. Grocery Shopper Trends, 2018. Q: "When it comes to helping you stay healthy, which of these people and institutions would you say tend to be on your side (helping you), and which tend to be working against you (making it more difficult to stay healthy)? (Select one response for each row/institution)" n=1,035. (See Appendix Table A.41) Q: "All things considered, how would you rate the job each of these stores are doing in meeting your needs?" n=2,136. Q: "How confident are you that the food in your grocery store is SAFE?" n=1,035

For decades pop songs have extolled the virtues of friendship and support, with standards such as, "You've Got a Friend," and "Lean on Me." As it turns out, these sentiments also are relevant in describing how consumers rely on retailers for health, wellness, and well-being.

Consumers view their primary store as an ally in their wellness, a perspective that has been gaining momentum, according to FMI *Trends* research.⁹ Asked to name their key allies in wellness, 55 percent of consumers surveyed in 2018 pointed to their primary store, up from 45 percent the year before. Moreover, 41 percent cited food stores in general, a jump from 33 percent the year before. Putting this in perspective, retailers don't rank quite as high as family, doctors, farmers, friends, and fitness/health clubs. However, the primary store outranks a range of other retail and foodservice channels, including drugstores, online grocery providers, and restaurants.

PRIVATE BRANDS PLAY BIGGER ROLE



Private brands have experienced a growing connection to the wellness trend.

Here's how this was explained in the 2017 FMI *Power of Private Brands* report:²¹

“Health has become mainstream. Ideas like clean label, antibiotic-free and grow your own are no longer fringe—they are ubiquitous. Private brands with health and wellness focus are gaining share. And it's not just about food. The health and wellness trend is impacting all industries, including personal care, fashion, household products and even general merchandise. This includes a focus on hyper-targeted medical conditions.”

About three quarters of retailers view health and wellness as a significant growth opportunity for these brands.¹⁰

Millennials embrace own-brand: As private brands have gained momentum, they have been particularly embraced by Millennials, who are the leaders in unit and dollar share spent on this segment.²²

Younger consumers, in fact, have shown a tendency to actively become advocates for private brand items on social media.²¹

Given these developments, it's not surprising that retailers have been launching and growing private brand lines, geared to organic and clean label, to further engage this shopper segment.

Organic and private brand: Private brand's relationship to organic is particularly strong. On the one hand, organic private brand share in grocery is relatively small. That share sits at only 6 percent, taking into account beverage, general food, refrigerated, and frozen.

However, organic is a fast-growing segment that plays an outsized role in private brands, explains FMI's 2018 *From the Register* report.²³

“Private brand represents about 20 percent of food and beverage overall, but in the universe of all organic items, private brand represents close to 30 percent. And that’s pretty consistent across departments. This indicates that consumers are embracing private brand organics, and many retailers are doing an excellent job in this area.”²³

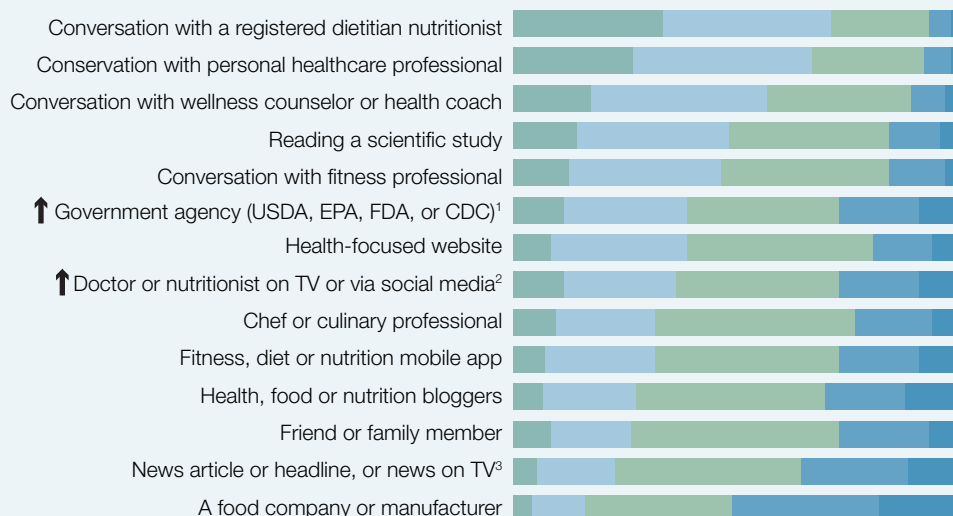
CONSUMERS TRUST DIETITIANS AND OTHER HEALTH PROFESSIONALS

CONSUMERS PUT TRUST IN HEALTH PROFESSIONALS

TRUST IN GOVERNMENT AGENCIES HAS INCREASED SIGNIFICANTLY SINCE 2017, GOING FROM 25% HIGHLY TRUST TO 38%

TRUSTED SOURCES ABOUT WHICH FOODS TO EAT/AVOID

■ 5 - A lot ■ 4 ■ 3 ■ 2 ■ 1 - not at all



Q10: How much would you trust information from the following on which foods to eat and avoid? (n=1,009)

Source: IFIC Food and Health Survey, 2018

¹ In 2017, this item did not include examples in parentheses

² In 2017, this item was phrased as "Healthcare professional on TV or via social media"

³ In 2017, this item was phrased as "News Article or Headline"

76% of older Americans (those 65+) trust a registered dietitian compared 65% of younger adults (<35 years old)

Younger adults also have more trust in technology-based sources of information, including fitness apps, bloggers and people on TV

At a time of consumer confusion about wellness, dietitians and other health professionals are clearly trusted sources. Consumers were asked by the International Food Information Council (IFIC) to cite the health professionals they most trust for advice about which foods to eat or avoid. As their top three picks, consumers chose conversations with:

1. Registered dietitian nutritionist
2. Personal healthcare professional
3. Wellness counselor or health coach²

These professionals were more highly trusted than government agencies, food companies or manufacturers, health-focused websites, and other sources.

Older consumers appear to show a bit more trust in registered dietitians than younger ones. Some 76 percent of Americans 65 years and older trust a registered dietitian, compared to 65 percent of adults under 35 years old.²

Retailers embrace professionals: Retailers don't need to be convinced of the value of health professionals. About 90 percent of food retailer respondents employ dietitians, according to the 2017 *FMI Report on Retailer Contributions to Health and Wellness*.¹⁰ Some 67 percent of retailers employing dietitians expect to add more of these professionals within two years, according to respondents in FMI's *Speaks* research.²⁴

Some 75 percent of stores reported that their pharmacists and dietitians were actively collaborating by referring customers to each other. Moreover, 58 percent reported these professionals were working together to develop programs, while 33 percent cited collaboration to support customer-specific recommendations.¹⁰

SHOPPERS SEEK TOTAL STORE WELLNESS: FOOD, PHARMACY, AND CLINICS

FACTOID

32 percent of retailers responding to a 2017 FMI survey operate in-store clinics in some of their stores¹⁰

Supermarkets would be justified in feeling a bit giddy about how consumers perceive the store as an anchor of health and wellness. From trusting the store as a health ally to respecting guidance from dietitians, consumers relay positive attitudes about solutions offered by retailers.

All this helps fuel the retail goal of serving as a one-stop health shop, from food to pharmacy to health services.

According to the consultancy Oliver Wyman, which conducted consumer research, engaging the total store is crucial in building a retail health and wellness strategy.²⁵

Connecting the dots: How does this play out for maximum shopper benefit? Shoppers can use the store as a health resource on many levels. The best outcomes come from connecting all the dots.


"Dietitians currently serve in many capacities in food retail, from providing guidance to healthier food choices, to showing shoppers how to prepare healthy, quick and delicious meals," according to an FMI blog on this topic.²⁶ "In some cases, the dietitians are teaming up with the pharmacists to help customers with individual health needs that require special dietary guidance. In other instances, the dietitian works closely with the culinary team to develop healthy and tasty offerings."



The growing presence of in-store clinics is one of the newer elements. Thirty-two percent of retailers responding to a 2017 FMI survey operated in-store clinics in some of their stores. These provide varied combinations of immediate and chronic care.¹⁰ Nearly 20 percent of consumers in the U.S. said they have visited a retail health clinic in the past year, according to a Nielsen study.²⁷

Clinics help connect the wellness dots across the store. They "have an opportunity to increase customer spend and loyalty by leveraging retail clinic interactions to influence what consumers purchase across the rest of the store during their visit," according to Nielsen.²⁷

OMNICHANNEL PREFERENCES: HEALTH IN BRICKS VS. CLICKS

B&M VS. ONLINE RETAILERS - ATTRIBUTE IMPORTANCE AND EVALUATION

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

 B&M strength
 Online competitive

Source: FMI U.S. Grocery Shopper Trends, 2018. Q: "How important are each of the following qualities in a regular full-service supermarket/online food retailer?" n=2,136. Q: "Who does a better job at each of the following – regular full-service supermarket or online food retailers (online-only sources where you can order groceries, beverages or full meals)?" n=2,136. (See Appendix Tables A.61, A.62 and A.63)

In an omnichannel environment, are consumers likely to find better health solutions in physical stores? Or online?

Consumers do not point to one format as superior in supporting wellness but instead believe each provides different advantages.

Brick-and-mortar shopping stands out for freshness of perishable items. The top categories that 90 percent or more of consumers prefer to buy in person are fresh produce, deli foods, refrigerated dairy foods, fresh meats and seafood, fresh bakery items, and milk or substitutes.⁹

Online is viewed as helping to support sustainability and transparency. In the latter case, consumers gave considerably higher marks to online for attributes including access to detailed product information, selection of natural product offerings, selection of organic product offerings, and openness and honesty.⁹

THE PROMISE OF PERSONALIZED HEALTH AT RETAIL

The holy grail of wellness is to tailor solutions for an individual shopper's needs. Retailers are increasingly exploring technology solutions that will help support this aim across the store, from food to pharmacy and beyond.

Consumers are already beginning to recognize that personalization is sometimes more readily attainable in the online retail channel.

Asked about the advantages of online grocery shopping, some 15 percent of consumers said, "It knows my preferences and prior shopping history."⁹

Technology as driver: Online shopping "delivers a degree of personalization, using technology to anticipate needs and preferences for more seamless use," according to FMI's 2018 *Trends* report.⁹

However, the promise of personalization isn't limited to just one shopping channel or platform. What might greater personalization in health and wellness look like across omnichannel food retail? It would be an opportunity to align the total consumer experience to better address preventative measures and chronic disease challenges. There are numerous motivating factors for a range of industry stakeholders.

"The personalized wellness vision aligns managed care organizations, healthcare providers, employers, food manufacturers, and retailers to improve and maintain the wellness of each individual," according to the paper *Personalized Wellness: Where Retail and Healthcare Converge*, by Gary Hawkins and Dr. Marcus Sredzinski.²⁸

Future possibilities: Increasingly, newer technologies will enable the food industry to achieve deeper levels of personalization. "Deconstructing nutrition information to countless data attributes enables powerful linkage between health conditions and the hundreds of thousands of food products available across the United States. The ability to use artificial intelligence and machine learning to personalize, at a product level, food recommendations that are beneficial to each individual is only recently available. And what makes it all work is the ability to convey personalized food guidance to the individual via the smartphone in hand while in the store aisle."²⁸

4 SEEKING HEALTH IN RETAIL CATEGORIES

Consumers expect retailers to support their health needs with relevant solutions in a range of specific store departments. Retailers that do this will be most successful in building the trust and loyalty of shoppers.

CONSUMER ASPIRATIONS: FROM CENTER STORE TO THE PERIMETER

Consumers want retailers to support their wellness needs across the store, but they have different expectations by store section. Retailers need to be aware of how these differences play out.

Here's how this point was relayed in FMI's *Trends* 2017 report:

"While the intersection of health aspirations and food culture has led shoppers toward the fresh perimeter of the grocery store, retailers can also help shoppers seeking minimally processed products by considering ways to promote and support them in the center store."⁶

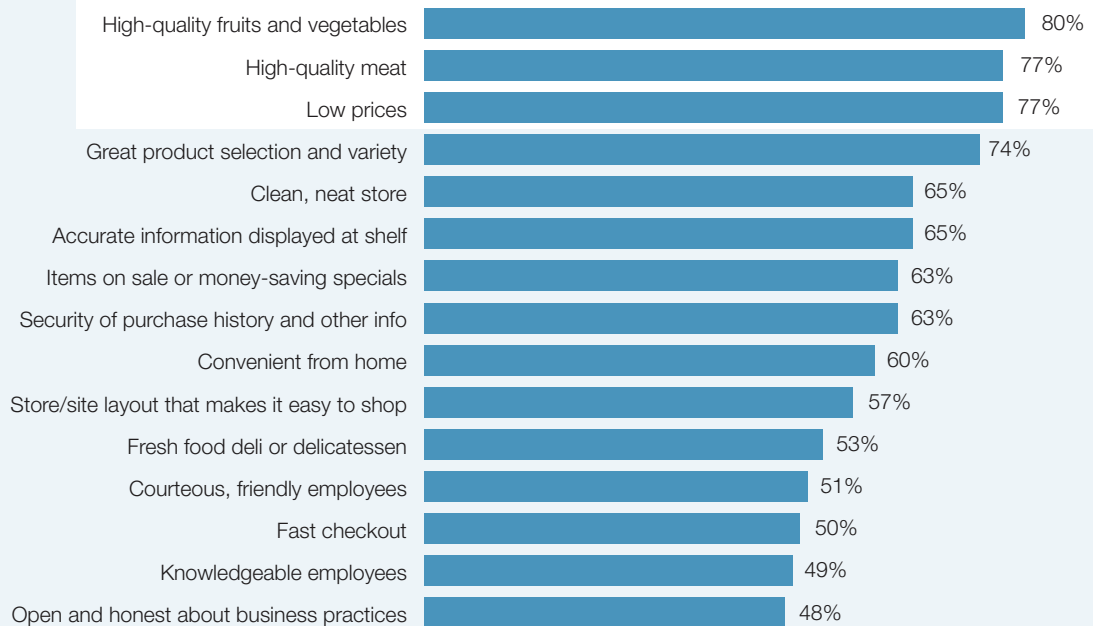
Role of packaged goods: In center store, it's clear that many shoppers are seeking to avoid certain ingredients and prefer minimal processing. This is the basis for the consumer interest in clean and clear label, and avoiding "negative" ingredients. Consumers also want ingredients and product claims to be readily available, making transparency a key strategy for packaged food products.

The consumer's perspective is summed up well in a section of the *Trends* 2017 Report titled, "*Retailers Have Opportunities to Help Shoppers Navigate Center Store Categories.*" It includes this quote from a 45-year-old female shopper:

"If you're trying to make a conscious effort to know what you're giving your family, then information is important in packaged food, because that's where the mystery lies. Manufacturers should give me information about ingredients that's clear and not trying to hide anything. The store should have good areas where I know I can go into a certain section and everything is going to be healthy."⁶

Perishables lead the charge: The retail fresh departments are another story entirely when it comes to consumer wellness aspirations. Shoppers have embraced perishables for their freshness, quality, and perceived health benefits. Perishables, including produce and meat, are the top reasons shoppers choose a primary store. Accordingly, fresh departments have become key competitive advantages for food retailers.

MOST IMPORTANT ATTRIBUTES WHEN SELECTING A PRIMARY STORE



Source: FMI U.S. Grocery Shopper Trends, 2018. Q: "Please indicate how important each of the following is to you when you select a primary grocery store/source. (Top-1 Box: Very important). "Top 15 displayed out of 32 items. Shoppers n=1,035. (See Appendix Tables A.13 & 14)

PRODUCE STARS AS RETAIL HEALTH ANCHOR

In the world of supermarkets, produce is a mega-star. It's the main driver for a shopper's choice of primary store,⁹ and it's the top category that consumers prefer to buy in person, as opposed to online.⁹

Shoppers clearly associate fruits and vegetables with wellness, according to FMI's *The Power of Produce* report.⁴

BENEFITS ASSOCIATED WITH THE CONSUMPTION OF FRESH FRUIT/VEGETABLES

6 in 10	5 in 10	4 in 10	2 in 10
<ul style="list-style-type: none"> Balanced diet Digestive health (fiber) 	<ul style="list-style-type: none"> Heart health Healthy weight Essential nutrients in diet 	<ul style="list-style-type: none"> Avoiding empty calories Providing energy Building immunity Mind healthy/happiness 	<ul style="list-style-type: none"> Fighting ailment/health condition Building physical strength Building bone density

Source: FMI Power of Produce 2017

Top wellness benefits associated with eating produce include balanced diet, digestive health (fiber), heart health, healthy weight, essential nutrients in diet, and avoiding empty calories. Other benefits cited by consumers include providing energy, building immunity, mind health/happiness, and fighting an ailment/health condition.⁴

Millennials vs. Boomers: Different generations vary in how they view the wellness benefits of produce. For example, “Mind Health/Happiness” was cited by 41 percent of Millennials, but this benefit was only mentioned by 32 percent of Boomers and 29 percent of seniors. In contrast, older generations are more likely to associate produce with helping them avoid empty calories, cited by 50 percent of Boomers and 47 percent of seniors, but only 39 percent of Millennials and 36 percent of Generation X.⁴

Shoppers also express an interest in eating as much produce as they can. They want to consume more of it across meal occasions. Some 36 percent of shoppers try to eat more with breakfast, 42 percent at lunch, 44 percent dinner, and 56 percent as snacks.⁴

Retailers eye consumption patterns: “While household penetration for fresh produce is at 99.8 percent, there is opportunity to move people to a greater consumption frequency and penetration across items by leveraging more/new meal occasions. Fewer than half eat fresh produce at least every day.”⁴

Retailer strategies may need to vary by demographics, including generation and household income.

“For instance, while younger generations, women and lower-income households are more focused on integrating more fresh produce in snacking and smoothies, older generations are more focused on traditional meal occasions.”⁴

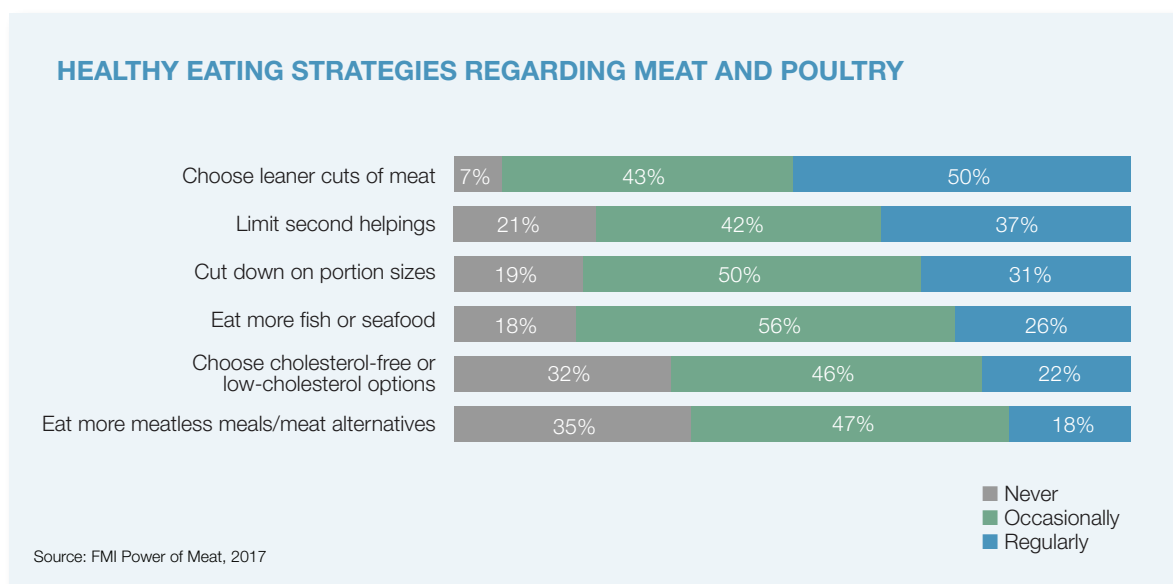
Moreover, retailers have an opportunity to further engage shoppers by providing more information about produce nutrition, preparation methods, ingredients, and other details. Consumers have pointed to a lack of information. In particular, 21 percent cite lack of information about recommended daily amount of produce; 30 percent about the nutritional profile of individual produce items; and 36 percent about preparation methods that may be healthier than others.⁴

Do you feel enough information is available about...	The recommended daily amount of produce	The nutritional profile of individual produce items	Different preparation methods that may be healthier than others
Yes	62%	54%	42%
No	21%	30%	36%
Don't pay attention to this	18%	16%	22%

Source: FMI Power of Produce 2017

All forms of produce matter: Much of the produce conversation centers around fresh departments, but consumers need to be reminded that produce is well represented in other parts of the store as well, including in forms such as frozen, canned, dried, or 100 percent juice. “Fruits and vegetables in all forms provide under-consumed nutrients important to public health,” according to a report from Produce for Better Health Foundation.²⁹ The report urged the industry to “encourage all forms of fruits and vegetables so people can feel good about the purchase they’re making and find more ways to increase intake.”

MEAT CHOICES DRIVEN BY RANGE OF MOTIVATIONS



Meat and poultry programs are of prime importance to food retailers. Some 88 percent of retailers use this as a strategy to build competitive advantage, with an average success rating of 7.71 (on a 1-10 scale, where 10 is most successful), one of the highest among all retail strategies, according to FMI's 2017 *Speaks* report.²⁴

Given the importance of meat and poultry, it's crucial to understand how shopper perspectives on health play out. On the one hand, consumers are pursuing healthy eating strategies that could be considered traditional. These include choosing leaner cuts of meat—a practice regularly followed by 50 percent of consumers, according to FMI's *Power of Meat* report.³⁰ Other such strategies include limiting second helpings, cutting down on portion sizes, and eating more fish or seafood.

Nontraditional shopping behaviors: On the other hand, consumers are increasingly embracing what might be considered less traditional strategies. They are choosing “free-from” items to avoid substances including antibiotics and hormones. This practice has been leading more consumers to embrace natural and organic meat and poultry, which have experienced multi-year growth trajectories, largely driven by higher-income and younger shoppers.³⁰

Top 8 reasons for purchasing natural and/or organic meat and poultry	
2009	2017
1. Positive long-term personal health effect	1. Free of substance I wish to avoid*
2. Better nutritional value	2. Better health/treatment of the animals
3. Freshness	3. Positive long -term personal health effect
4. Better health/treatment of the animals	4. Freshness
5. Better taste	5. Better taste
6. Prefer to purchase for my family	6. Less of an environmental impact
7. Less of an environmental impact	7. Better nutritional value
8. Better appearance	8. Prefer to purchase for my family

Source: FMI Power of Meat 2017

A deeper look turns up other important reasons for these choices. Shoppers, in addition to seeking free-from products, are more concerned about factors such as treatment of animals and environmental impact, based on a comparison of attitudes between 2009 and 2017.³⁰

Complicating the analysis is the fact that shopper motivations in the meat category go beyond health. Consider that 79 percent of households prepare meat alternatives—those besides meat or poultry—for dinner at least once a week. One might think this is primarily driven by health concerns. However, health was only the number-two reason cited. The top explanation was simply the desire to add variety.³⁰

SEAFOOD CUSTOMERS SEEK TRANSPARENCY

Seafood is a big differentiator for stores, and many retailers aim to grow this business. Forty-four percent of respondents in FMI’s *Speaks* research said they expected space allocation for fresh seafood to increase, vs. only 6 percent that anticipated it to decrease.²⁴

Nearly 20 percent of U.S. consumers say they’d like to eat more seafood, but many are concerned about quality and freshness, according to reporting by Nielsen in 2018.³¹

Transparency plays a bigger role in consumer seafood buying, with sustainability a key topic.

“When it comes to seafood, more and more consumers want to be sure the products they buy are responsibly sourced,” according to Nielsen. “Sales of all seafood with sustainability claims increased 3% over the past year, while sales of seafood with Marine Stewardship Council labeling grew 27% and sales of seafood with Sustainable Fishing labeling grew 30%.”³¹

According to FMI *Trends* 2018, some 39 percent of shoppers said they buy sustainable seafood, up three points from the prior year.⁹

Shoppers who are disappointed with a store's seafood practices in areas such as transparency or food safety may seek out other retailers. That topic came up in an FMI *Trends* consumer interview with a 47-year-old shopper named Dena.

"My main store falls short in their seafood department," Dena said, citing items she said contain harmful chemicals. "So I have to go to a different retailer for that specifically."⁹

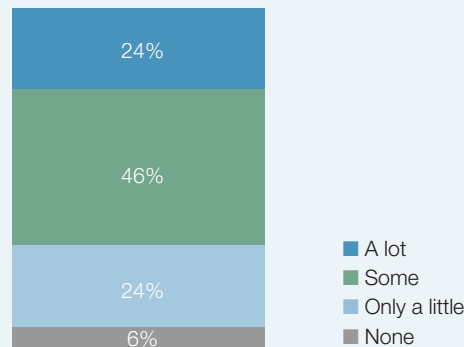
FOODSERVICE GETS SCRUTINY FROM SHOPPERS

Consumers enjoy the convenience of prepared foods, but they don't want to sacrifice health and nutrition for that convenience. Wellness is an important consideration for shoppers in choosing foodservice items.

This needs to be on the radar of retailers, who eye foodservice as a competitive advantage and closely track the strategies of restaurants and other retailers selling prepared foods.²⁴

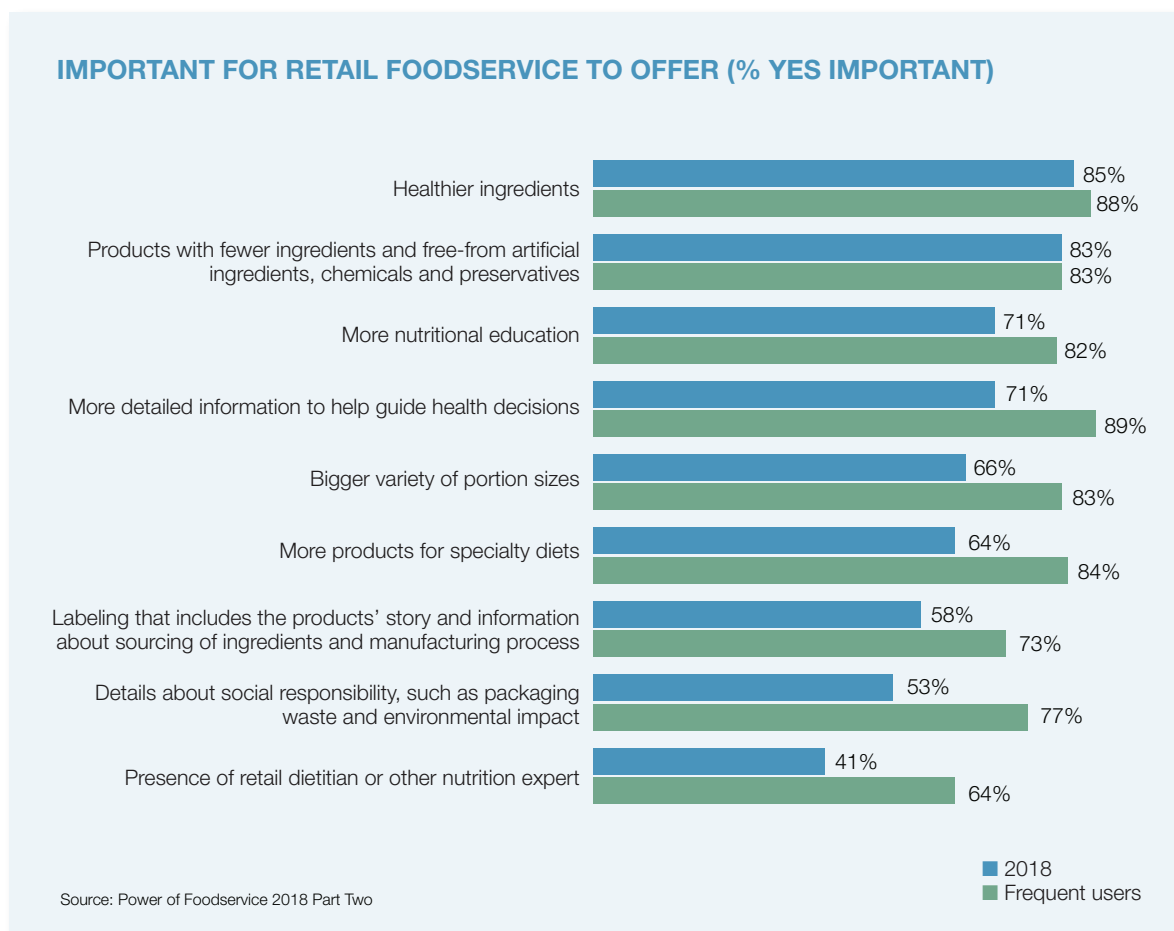
Nutrition plays big role: Some 70 percent of shoppers focus either some or a lot on eating nutritious meals when buying from the grocery deli or restaurants, according to FMI's *The Power of Foodservice at Retail, Part 2*.³²

FOCUS PLACED ON EATING HEALTHY NUTRITIOUS MEALS WHEN BUYING FROM THE GROCERY DELI OR RESTAURANT



Source: Power of Foodservice 2018 Part Two

More than 80 percent say it's important for retail foodservice to offer healthier ingredients, fewer ingredients, and items free from artificial ingredients, chemicals, and preservatives. Shoppers also want more nutritional education, a bigger variety of portion sizes, and more products for specialty diets. Frequent consumers of foodservice generally feel more strongly about these needs.³²



Menu labeling on radar: Another foodservice nutrition topic impacting shoppers is menu labeling with calorie posting. This has been a practice in many restaurants for some time. Among restaurant consumers aware of this labeling, there was an 8 percent jump in the past year in those saying it influenced their selections.

This labeling is increasingly a factor at retail, now that the FDA's menu-labeling rule, initially drafted for chain restaurants, is being applied to grocery stores with 20 or more locations that conduct business under the same name. The compliance deadline was May 2018. These stores are expected to provide calorie counts (and nutritional information upon request) for "restaurant-type foods."

FMI has produced a range of content—from an implementation guide to a webinar—to help retailers with compliance.

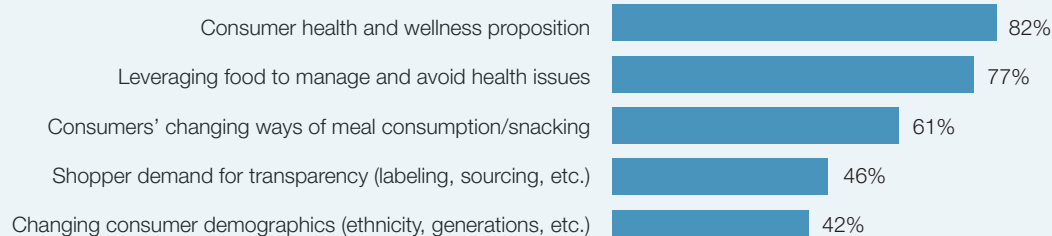
It is likely that consumer awareness of this retail foodservice labeling will advance rapidly. Research shows that nutrition-focused foodservice shoppers are the most likely to change behaviors³².

5 RETAILERS INVEST IN HEALTH INITIATIVES

Retailers are listening to consumers on the health and wellness topic. They have stepped up to the plate with a range of initiatives aimed at satisfying shopper needs and desires. These moves have an impact on advancing sales and consumer loyalty.

RETAILERS EYE HEALTH TREND BOOSTING THEIR BUSINESSES

FACTORS HAVING POSITIVE IMPACT ON SALES AND PROFITS



Source: FMI Speaks 2017

Health and wellness is right in the sweet spot for retailers, and they know it.

More than 80 percent of food retailers view supermarket health and wellness programs as a significant business-growth opportunity in the coming years.¹⁰ Retailers also view wellness as a differentiator in the face of competition with a growing roster of retail rivals.

The great majority of retailers expect continued growth in SKU allocations to wellness items, with 85 percent citing organic, 74 percent local sourcing, and 74 percent health and wellness in general.²⁴

MAKING BIG INVESTMENTS ACROSS THE STORE

FMI research has been tracking dramatic increases in retailer commitments to wellness. Consider this passage from FMI's 2017 *Report on Retailer Contributions to Health and Wellness*, which surveyed retailers and compared results to earlier polling.¹⁰

"In 2014, more than half (54%) of food retailers in this survey had an established health and wellness program for both customers and employees. According to this 2017 survey, 89% now have established health and wellness programs for customers, employees or both."¹⁰

Here are some of the diverse efforts and investments being pursued by retailers, according to the 2017 research:¹⁰

- **Leadership:** More than 70 percent of retailers employ health and wellness leadership personnel to drive programs.
- **Health professionals:** Virtually all retailers have pharmacists on staff, and close to 90 percent employ dietitians.
- **Partners:** Some 93 percent of retailers said their banners are working with trusted community partners, such as hospitals or health care networks.
- **Recipes and classes:** Nearly 70 percent develop recipes based on health and wellness, and 71 percent offer health-focused cooking classes.
- **Websites:** More than 90 percent have web pages dedicated to health and wellness.

6 IDENTIFYING NEXT RETAIL OPPORTUNITIES

No matter how comprehensively one looks at consumers, health, and well-being, the ultimate findings can only represent a snapshot, a point in time. That's because consumers are moving so quickly on this topic. Nevertheless, it is possible to make highly educated guesses about future opportunities based on evidence to date.

DETERMINING WHAT ELSE CONSUMERS WANT

What are the best ways for retailers to see where the wellness puck is headed? The best approach is staying attuned to shifting consumer desires. Consumers may not always be able to identify their unmet needs, but they can help provide clues to retailers. It helps to ask shoppers directly about how to better meet their wellness needs. Shoppers usually will respond honestly. For example, here are shopper verbatim comments about what they want for the meat category, based on responses in FMI's *Power of Meat* report.³⁰

- “Carry a full line of healthy, organic, sustainably-raised meat/poultry and sustainably-caught wild (not farmed, ever) fish products all year round.”
- “Carry locally raised, free-range meat and poultry.”
- “Need healthier selections that are cook-ready or heat-and-eat.”

Another consumer-expressed need is a bigger variety of portion sizes, as with this comment: “Please remember that there are those of us out here who don't have a ginormous family. We cook for one. We need healthy, nutritious options for us to prepare for ourselves. We are a very underserved demographic.”³⁰

These are useful comments that demonstrate the importance of asking consumers about unmet needs.

PREPARING FOR MOVING TARGETS: GENERATION Z AND BEYOND

Figuring out consumer needs will not get any easier. Retailers have managed to gain insights into the behavior of Millennials, but they need to stay on top of changes as these younger consumers progress in life. Even as the industry better understands Millennials, retailers are now gearing up for the next consumer group, Gen Z, whose oldest members are now transitioning from college to the workforce.

Many of the unique traits of Millennials will accelerate with Gen Z, such as the need for variety, the embrace of omnichannel and technology, the insistence on convenience, and the imperative for transparency.³³

In fact, this generation will put its own unique stamp on wellness. It's just too early to know exactly what that will look like. The target for retailers will keep moving when it comes to consumer health needs.

STEPS FOR ONGOING RETAILER COMMITMENTS

Retailers have made impressive strides, but it's important to keep adapting solutions for a range of needs, including food safety, health and wellness, social good, and inspiration and discovery.⁶

FOOD CULTURE-DRIVEN SHOPPER PRIORITIES

 FOOD SAFETY	 HEALTH & WELLNESS	 SOCIAL GOOD	 INSPIRATION & DISCOVERY
<ul style="list-style-type: none">• Free of contaminants• Rotation of perishables• Safe handling• Rapid response to recalls	<ul style="list-style-type: none">• Avoiding negative ingredients• Positive nutrition• Minimal processing• Ally in wellness	<ul style="list-style-type: none">• Ethical practices<ul style="list-style-type: none">- Animal welfare- Employee welfare• Locally grown• Reducing food waste	<ul style="list-style-type: none">• Support for exploration and spontaneity• Family meals: Inspiration for meal ideas 

Source: FMI Trends 2017

Retailer strategies need to be based on knowledge about individual markets and customer bases. That said, a number of strategies have been widely successful and are likely to grow in importance. FMI'S *Best Practices and Excellence in Fresh Department Health & Wellness Programming*³⁴ is one of the many FMI reports that outline successful strategies. Here's a brief look at some proven retailer strategies that will be useful as consumers continue to raise the bar on health and wellness.

- **Emphasize food as medicine:** Consumers realize categories such as produce are healthy, but retailers can further educate shoppers on how specific items can address various disease states.
- **Embrace transparency:** Retailers should make efforts to satisfy consumer transparency needs, including through a digital transparency initiative such as SmartLabel®.
- **Play up convenience:** Consumers are embracing both convenience and health, so offering creative solutions to both needs can produce winning solutions. These could include, for example, "pre-seasoned meat, poultry and seafood, or pre-made kabobs with fresh vegetables."³⁴
- **Prioritize portions:** Shoppers sometimes want to indulge in a department like bakery, but they also appreciate options for smaller portion sizes. Retailers can be an ally by offering a range of pack sizes.³⁴

- **Promote local:** Consumers are often interested in the sources of food and sometimes prefer items from local producers. Retailers should accommodate this need and explain how local is being defined in their marketing.
- **Explore partnerships:** There are many partnership opportunities to enhance retailer wellness efforts. A comprehensive list of partnership opportunities and resources appears in FMI's *Best Practices and Excellence in Fresh Department Health & Wellness Programming*.³⁴
- **Educate on food safety:** It's important to enhance food safety practices and education, from farm to fork. For example, the FoodKeeper app is a useful resource to provide guidance to consumers about using products at home. It includes information on shelf-life and handling. The resource was created through the work of FMI, Cornell University's Department of Food Science, and the U.S. Department of Agriculture (USDA).
- **Encourage Togetherness:** Retailers can build on the existing consumer momentum for eating more meals together with family (whatever one's definition of family). This can involve participating in The FMI Foundation's National Family Meals Month™ campaign.
- **Boost Private Brands:** There's a big opportunity for store brands to further embrace wellness trends. These brands already have a strong head start on the organic front, and they have gained the attention of Millennials.
- **Enhance Trust:** Shoppers already trust their primary store as an ally in health. Retailers have the opportunity to further advance that status, using a range of solutions that enhance the proposition of total store wellness.

WELL-BEING TOPIC DESERVES FUTURE EXPLORATION

There's one thing certain about health and well-being: There will be lots more to explore. Even as FMI presents this comprehensive report, new opportunities for exploration aren't far off. Fast consumer behavior changes, scientific advances, and new technologies are among the factors that will require continued research on how these will play out at retail. Here are some areas for future research, and each one comes with specific questions to explore:

- **In-Store Health Services/Clinics:** What is the consumer's view of in-store clinics as these outlets become more ubiquitous? Do consumers feel they are getting the access and attention they need? Are consumers willing to integrate solutions from clinics with other parts of their in-store experiences?
- **Retail Channel Choices:** How will shoppers evolve their thinking about how different retail channels – from brick and mortar to online address health needs? How will the perspectives vary by generations?
- **Emerging Players.** Will shoppers develop a preference for emerging vs. traditional brands when it comes to wellness? Or does it depend on the circumstances?
- **Personalized Health at Retail.** This trend is just getting going, fueled by technology. What kinds of personalization will be most effective in engaging consumers? What will be practical for retailers to pull off?
- **Center Store Success Stories and Opportunities:** The fresh perimeter is in vogue, but Center Store has been retooling for quite a while. What do shoppers think about Center Store enhancements around wellness? Have things improved? What more can be done?
- **The Gen Z Factor:** This generation is still largely undefined regarding wellness perspectives. What will be its health outlook? For example, this generation seems to love convenience. Is that preference likely to play a bigger role in health choices? Also, will these younger consumers embrace self-care strategies in an era of rising health costs?
- **Transparency 2.0:** Where will consumers head in their transparency journeys? Will they transition from clean label to clear label? Free-from to organic? Will they be pleased with retail and corporate efforts in transparency? Will they be supportive of key digital transparency initiatives? What more will they want?

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