U.S. Grocery Shopping Trends, 2016

FMI
THE VOICE OF FOOD RETAIL
Feeding Families Enriching Lives

Introduction

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.

In recent years, FMI has tracked trends to unveil a fundamental shift in who shops and why. Formerly the domain of the primary shopper meeting the household's needs, grocery shopping today includes the vast majority of adults, who now often share shopping with their partner. Last year's research uncovered the broad styles of sharing among households-and identified challenges that retailers could help shared-shoppers to overcome. Since almost 3 in 5 households (58%) are engaging in some amount of co-shopping, this year we examine shared shopping more deeply from the shopper's perspective. To continue to meet customer needs, stores will need to understand deeply the changing reasons why people shop and why they share.

METHODOLOGY:

Quantitative Research

- A 25-minute survey fielded online February 2-12, 2016 to 2,061 U.S. Shoppers age 18 and older. The sample was split to cover a wider range of topics with each sub-sample having n>1,000.
- Shoppers surveyed are responsible for at least 50% or more of the grocery shopping in their household.
- Additional analysis includes previous FMI survey data, U.S. Census, Bureau of Labor Statistics and Hartman Group syndicated reports.

Qualitative Research

- In depth one-on-one interviews with 10 consumers from 5 two-shopper households in the Seattle area February 19 through March 1, 2016. These 3-hour interviews included home tours of kitchens, eating and food-storage areas as well as shop-along interviews in frequented food retail locations.
- 2013-2016 Hartman Group ethnographic research into cooking, eating and shopping.

Overall look at 2015 key findings vs. 2016 key findings

2015

Paradigm shift: Reorganization of household roles means decentralized, Shared shopping

- Shopper base has broadened, but trip missions have narrowed
- Complex variety of household food strategies means "new" shoppers aren't all alike
- Retailer opportunities to build baskets are increasingly shaped by household-level differences in specialization and communication

Food retailers are well positioned to develop long-term Family Meal strategies

- Families at different life cycle stages need different approaches, with opportunities to grow Family Meal success throughout the day for families with and without children
- Stores can support eating rhythms, enhance basic cooking skills and curate mealtime variety

2016

Channel fragmentation in food retail continues, challenging stores to attract and keep shoppers by meeting their evolving needs

- Shoppers increasingly rely on a broader number of less traditional channels, or claim no retailer as a primary store
- Beyond growth in occasional use of grocery e-commerce, digital tools are being embraced to plan trips and share food experiences

Greater numbers of adults share in shopping not only because they need to but also because they want to

- The vast majority of multi-adult households in the U.S. are engaged in some type of co-shopping
- Co-shoppers navigate a dual role: shopping for the household with equity and efficiency, while also getting what they want for themselves with indulgence and inspiration
- Shoppers themselves often underestimate how much they share which can prevent them from addressing pain points such as spending more and/or buying more than is necessary
- Retailers can help shoppers by aligning with household sharing styles and by serving the needs of hybrid trips and missions

Retailers continue to be key ally in shoppers' overall wellness

- Shoppers maintain a high degree of trust and confidence in their grocery store to keep food safe and they continue to see eating at home as healthier than eating at restaurants
- Consumers' drive for fresh, less processed foods spills over into center store, where shoppers look for product claims that signal minimal processing on packaged goods

Overview

1. **State of the Marketplace**

   A look at key market trends

2. **From Fairness to Fun: Exploring Co-Shopping**

   A closer look at how households navigate modern shopping

3. **Shopper Values and Trends**

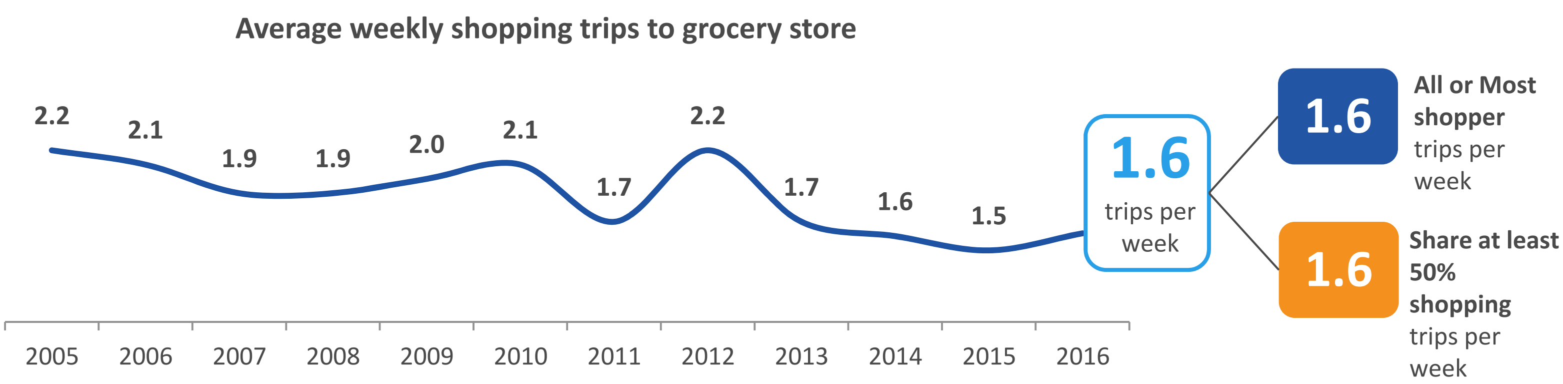
   Trends in Food Safety, Health & Wellness and Sustainability

01

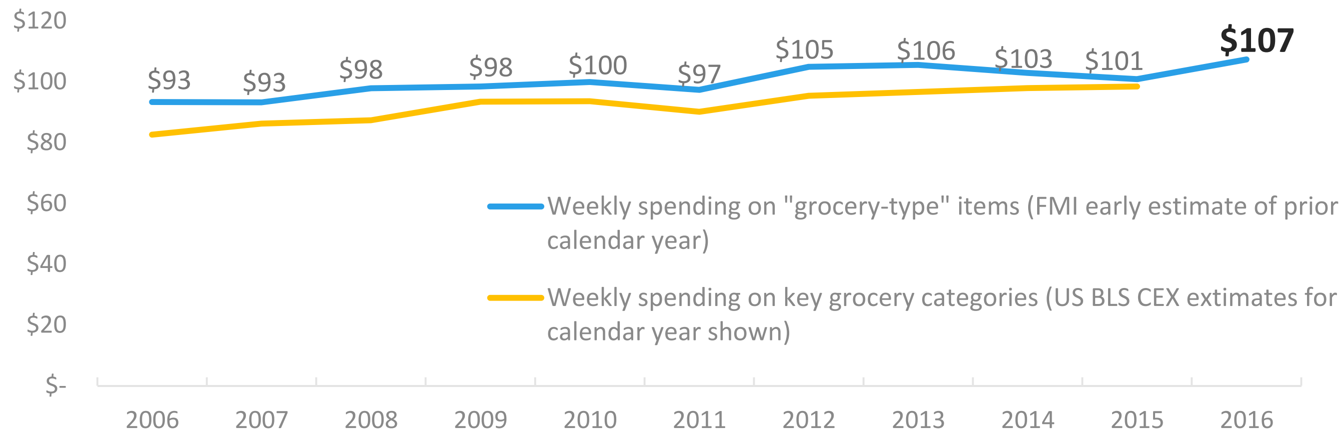
State of the Marketplace

Weekly shopping trips and spending have increased slightly over the past year

TRIPS

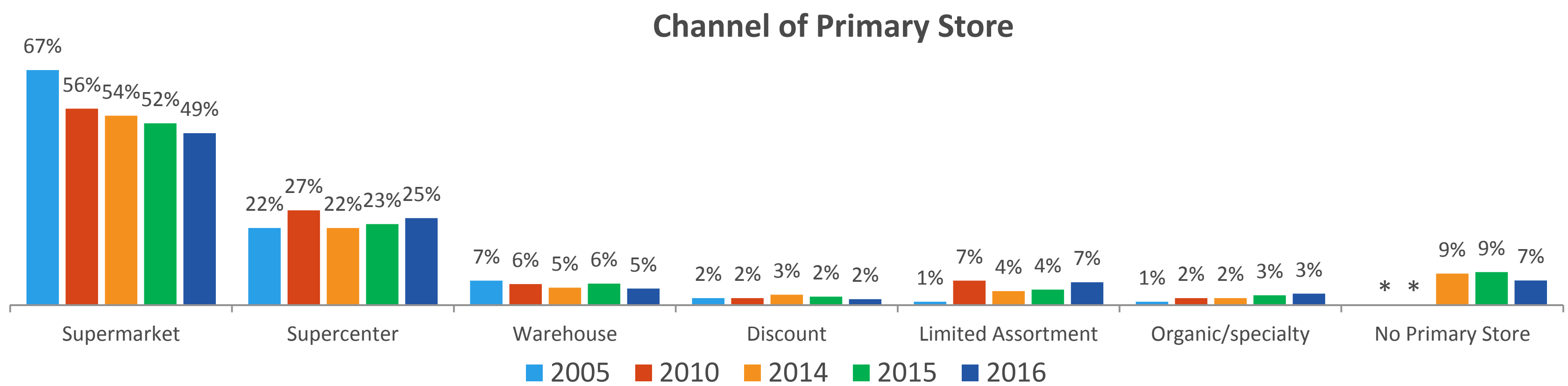


SPENDING



Source: FMI U.S. Grocery Shopper Trends, 2016. n=2,061. U.S. Bureau of Labor and Statistics, Consumer Expenditure Survey, 2015.

Shoppers continue to shop multiple channels – shifting primary loyalty to less traditional retailers or claiming no retailer as a primary store



- Shoppers with **No Primary Store** continue to channel surf, swearing allegiance to no particular retailer.
- Traditional grocery store as a primary channel has dipped to just below half of all shoppers.
- Limited assortment has picked up some primary-store loyalty. Shoppers report increasingly frequent visits here, along with Dollar, Discount and Convenience store, in spite of historically incomplete fresh offerings in these channels.

Channel shopping frequency

Fairly Often/Almost Always visit	2015	2016
Regular full-service supermarket	86%	85%
Supercenter	48%	54%
Conventional discount store	33%	38%
Warehouse Club store	28%	29%
Limited Assortment	18%	21%
Dollar store	16%	20%
Drug store	17%	18%
Natural + Organic store	14%	13%
Convenience store	5%	8%
Ethnic food store	6%	7%
Online-only food store	5%	5%

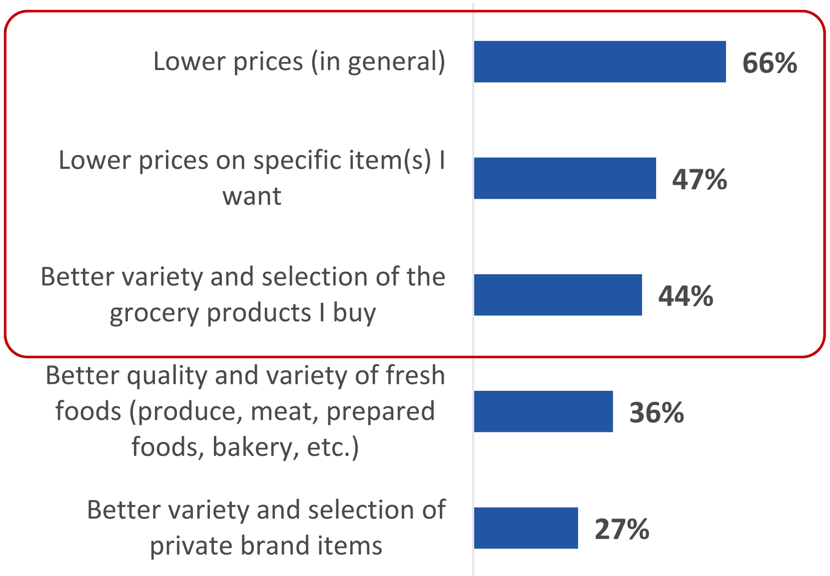
Source: FMI U.S. Grocery Shopper Trends, 2016. C10: "Which store or service do you consider your PRIMARY source of grocery-type items? In other words, where do you spend the most money on grocery-type items for use in your home?" 2016 n=2,061. *"No primary store" not measured prior to 2011. Other channels (Convenience, Dollar, Drug, Ethnic, Military and Online-only) account for approximately 2% of all primary store channels selected in 2016. Other channels account for 1% of all primary store channels selected in 2015. C1: "When you need grocery type items, how often do you shop in-person or online at each of the following?" n=2,061. Red boxes indicate year over year increase significant at p>.05 level.

Half of shoppers bypass their closest store, typically for lower prices. Convenience-driven shoppers can be enticed to travel further through fresh selection.

For some shoppers, their "primary store" is a matter of proximity, but for others, it's worth travelling farther to get what they want

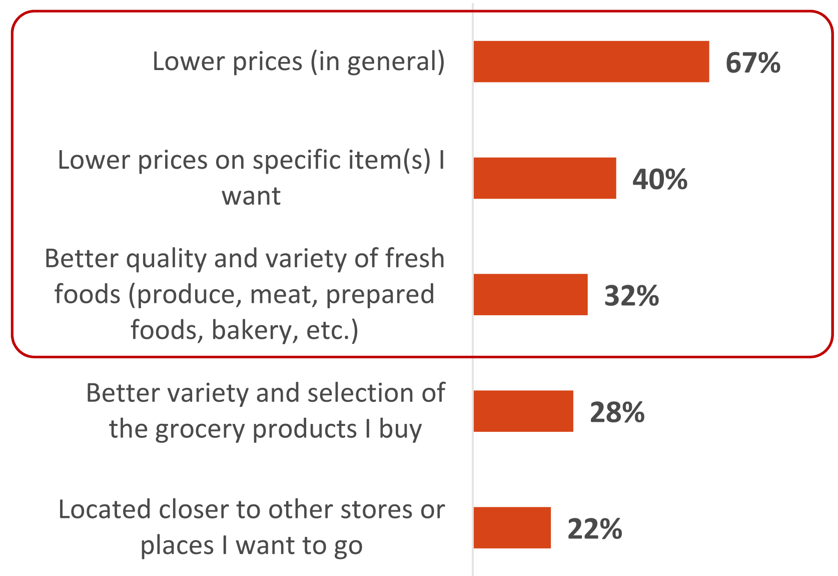
Traveling farther for a primary store is usually driven by price and selection

Reasons why shoppers like their primary store instead of the store located closest to their home
(among 52% who already bypass closest store)



Shoppers want better quality fresh foods at great prices before they are willing to travel farther than their closest store regularly

Conditions shoppers would need to consider changing to another primary store that is farther away
(among 48% who now choose the closest store)



Source: FMI U.S. Grocery Shopper Trends, 2016. c19: "You indicated that your primary store is not the most conveniently located to you. For which of the following reasons do you primarily shop at this store (instead of the one that is closest)? (Select all that apply)". C20: "What would get you to switch from your primary store to a store that was a bit further? (Select all that apply)". n=2,061.

Stores distinguish themselves through fresh-perimeter experiences and offerings, including private brands

More shoppers purchase ***PRIVATE BRANDS*** when shopping the fresh-perimeter --

Less so for highly branded categories of pet care, health & beauty and cleaning products

TOP 5 CATEGORIES
shoppers regularly purchase
PRIVATE BRANDS

65%	Fresh produce
62%	Milk, or non-dairy substitutes
61%	Fresh bakery items
60%	Fresh meats and seafood
58%	(tie) Packaged/canned foods (tie) Refrigerated dairy foods

BOTTOM 5 CATEGORIES
shoppers regularly purchase
PRIVATE BRANDS

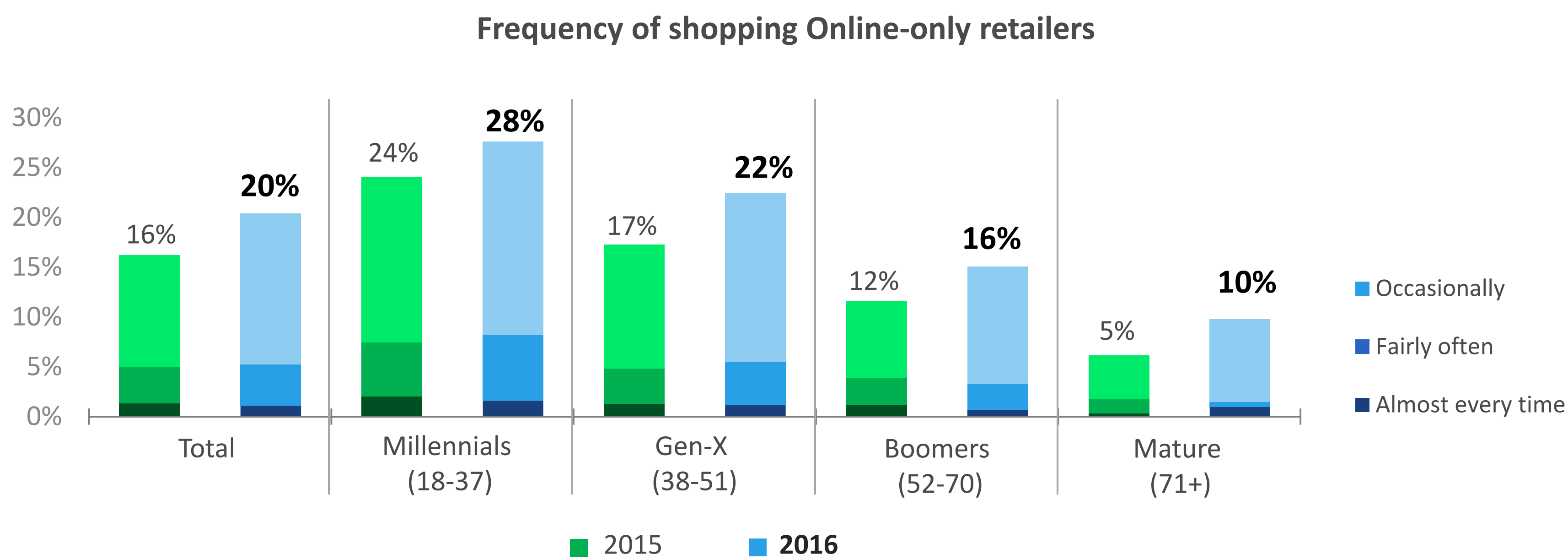
28%	Pet food or treats
30%	Health and beauty care products
36%	Household cleaning products
37%	Sweets
40%	Salty snacks

Source: FMI U.S. Grocery Shopper Trends, 2016. A3: "Thinking about private label or store brands at your grocery store, how often do you purchase private label/store brand...? (Top-2 Box: Fairly often/Almost every time)." Results are proportion of shoppers who purchase private brand versions when shopping category. n= varies (67-979).

Online-only retailers contribute to grocery channel fragmentation, driven by Millennials and an overall increase in occasional – but not regular – usage

5% of Shoppers use online-only retailers fairly regularly…

… an **additional 15%** only occasionally use online-only retailers for groceries, even more among Millennials
(compared to an additional 11% in 2015)

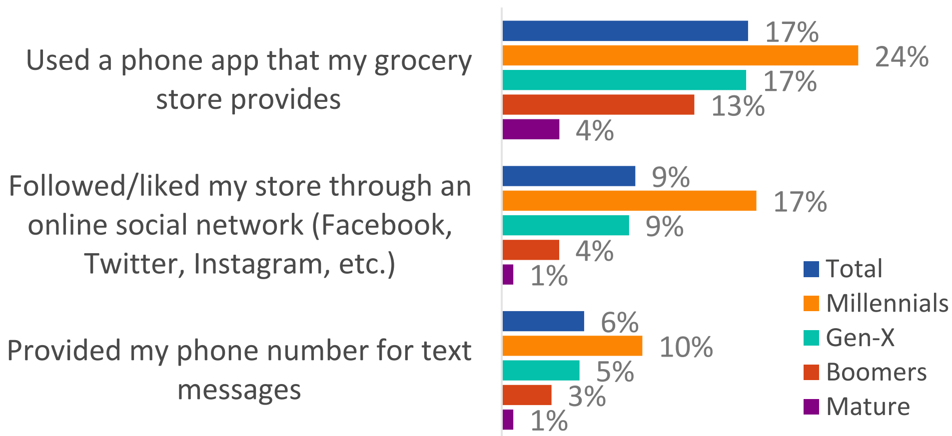


Source: FMI U.S. Grocery Shopper Trends, 2016. C1: "When you need grocery type items, how often do you shop in person or online at each of the following? (Online-only stores)." 2016: n=2,061. 2015: n=2,265.

Online shopping for groceries may still be relatively small, but shoppers are using digital tools prior to and during shopping trips

Millennials are most likely to engage with retailers using social media or other digital tools

Digital tools shoppers use to engage with retailers



Shopper Online Activities: *Occasionally/Frequently*	Total	Millennial	Gen-X	Boomer	Mature
Use digital coupons	49%	**59%**	45%	44%	18%
Look up recipes	47%	**66%**	47%	24%	8%
Check weekly sales specials at your primary store	46%	**55%**	41%	41%	25%
Read reviews of products and brands	32%	**41%**	31%	22%	17%
Scan QR codes or traditional barcodes of grocery type items to compare pricing across stores (for example, with Amazon)	23%	**29%**	22%	15%	10%
Use the in-store item locator	21%	**29%**	19%	15%	7%
Scan QR codes or traditional barcodes of grocery type items to learn more about their nutritional value	20%	**23%**	19%	18%	13%

Source: FMI U.S. Grocery Shopper Trends, 2016. B32: “in which of the following ways have you engaged with a supermarket or grocery store in the past 12 months?” n=1,005. B35: “While at the grocery store, how often do you use each of the following with your smartphone? (Top-2 Box)” (Among shoppers with smartphones) n=731.

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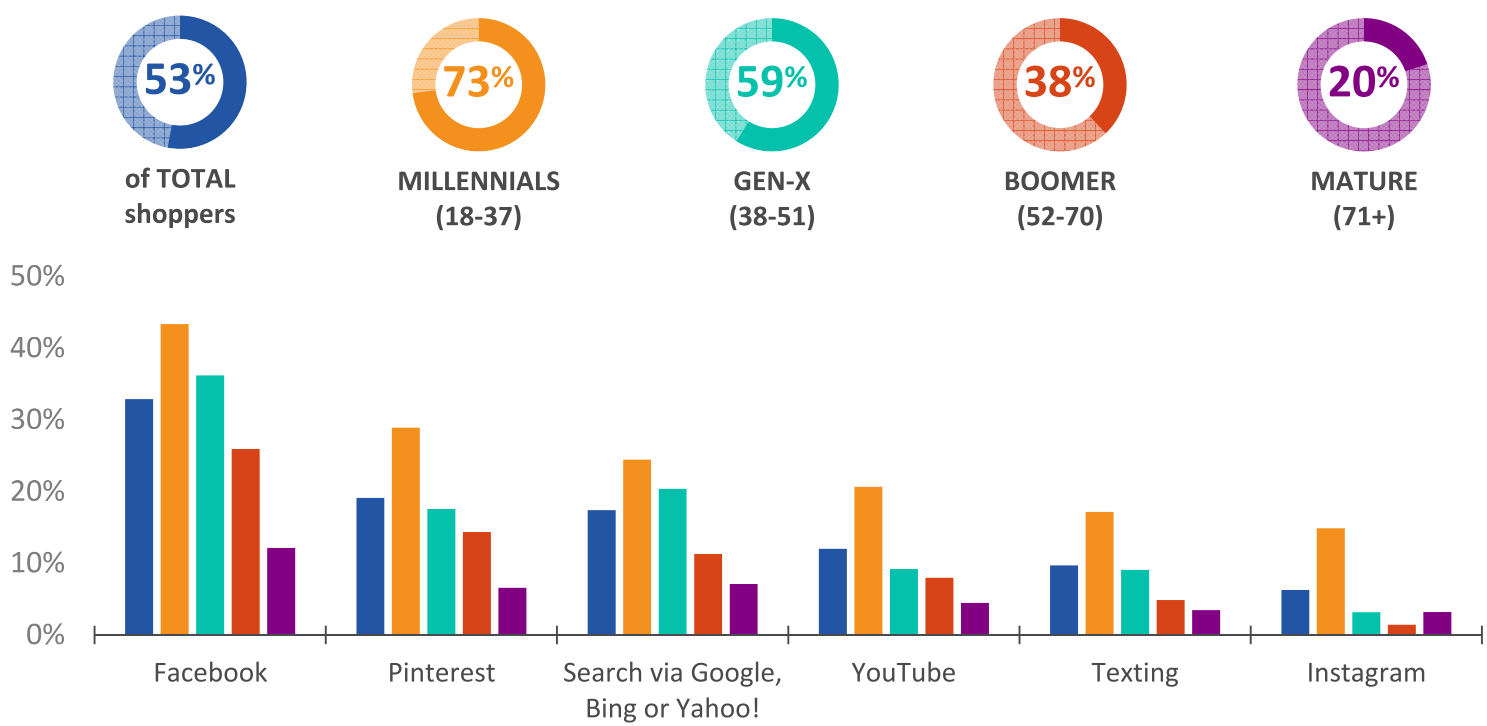
Facebook, Pinterest and web searches are among the most common ways consumers digitally engage with food culture

About half of all shoppers engage with food digitally through social media – especially younger generations

How many shoppers plan, shop for, enjoy and share food experiences through social networking?

Which forms of social media do they use for sharing food experiences regularly?



Source: FMI U.S. Grocery Shopper Trends, 2016. B33: "Thinking about all the ways you plan, shop for, enjoy and share food experiences, which of these social networking and other tools have you used for something food-related at least once a month?" n=1,005.

Key Insights and Implications in the Marketplace

- **Shoppers continue to shop multiple channels:** Some are shifting primary allegiance to less traditional retailers or claiming no retailer as a primary store
  - **With shoppers shopping more channels more frequently, primary store loyalty is increasingly hard to secure. Retailers can attract more shoppers by delivering better perceived quality and more distinctive selections in fresh categories.**

- **Online gains momentum:** More shoppers are buying groceries online on an occasional basis
  - **As more shoppers are becoming more comfortable with purchasing grocery items online, brick and mortar retailers have the potential to attract 'outside of proximity' shoppers through online ordering and delivery services. Meanwhile, more shoppers will find the best ways to fit online into their routines.**

- **Digital tools will be part of the future of food shopping:** More shoppers are using digital tools and social media to help them plan, shop for and share food experiences
  - **More Millennials are using digital tools and using them with more regularity than other generations. Retailers should focus not only on capturing online transactions, but also on providing ways to communicate with shoppers, easing frustrations and enhancing the shopping experience.**

02

From Fairness to Fun: Exploring Co-Shopping

In the past, households typically had one shopper who managed food and shopping… today, modern families are sharing in the endeavor

Our society is changing. Traditional gender roles are shifting — not only changing the face of the labor force of enterprise, but also changing the labor force within our homes. The way we manage our household labor, such as shopping for food, and the choices we make are shaped by our individual and collective needs and values.

Shopper paradigm shift

PRIMARY SHOPPER PARADIGM
One person does it all

SHARED SHOPPER PARADIGM
Households delegate or collaborate

In the past 40 years

1/3 more*
women working outside of the home

3x more**
men's share of contribution to household cooking

Currently in the U.S.

85% of all U.S. Adults say they have **at least 50%** of the household responsibility for **grocery shopping**
(Compared to 83% in 2015)

90% 79%

Source: FMI U.S. Grocery Shopper Trends, 2016. n=2,524. *U.S. Bureau of Labor Statistics, Women in the Labor Force, May 2014. Percentage of Population in Civilian Workforce, 1972: 43.9%, 2012: 57.7% **Hartman analysis of time-use data from American's Use of Time Project (1975-76) and American Time Use Study (2007-2008) as reported by Smith et al., Nutrition Journal 2013.

In the world of grocery shopping, different households have different needs - requiring different kinds of shoppers with different levels of responsibility

WORLD OF SHOPPERS

Single-person Households

SELF SHOPPER

24% ALL shopping

Multi-person Households

PRIMARY SHOPPER

45% Majority of shopping

SECONDARY SHOPPER

9% Minority of shopping

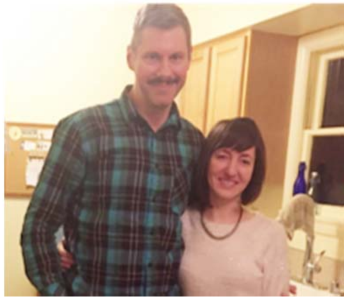
SHARED SHOPPER

22% Equal shopping

At one end of the spectrum, there is still one shopper for the household, and at the other end there is truly equally shared shopping. Most multi-person households are somewhere in-between.

We share cooking and shopping equally. I shop and cook for two weeks, and then Robert will take over for the next two weeks.

Itala, 36



Source: FMI U.S. Grocery Shopper Trends, 2016. n=2,061. *Shopper segmentation has negligible differences compared to 2015 results.

While not all households share shopping equally, the majority of households are engaging in Co-shopping and using strategies to get what they need

WORLD OF SHOPPERS

Single-person Households

48% 52%

SELF SHOPPER

24% ALL shopping

Multi-person Households

31% 69%

PRIMARY SHOPPER

45% Majority of shopping

73% 27%

SECONDARY SHOPPER

9% Minority of shopping

59% 41%

SHARED SHOPPER

22% Equal shopping

24%

SELF SHOPPER

Self shopper 'Does it all' for SELF

18%

SOLE SHOPPER

Sole shopper 'Does it all' for household

58%

CO-SHOPPERS

Co-shoppers are part of a team of shoppers for a household with varying degrees of sharing the labor

Co-shoppers use strategies to get shopping done

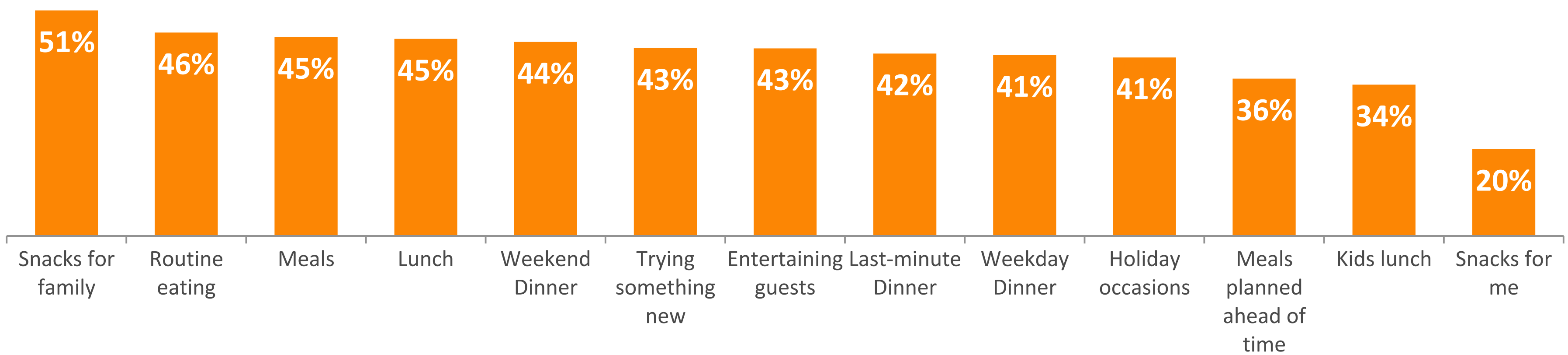
Split shopping = *divide and conquer among household needs*

Joint shopping = *co-own decisions for items and occasions*

Source: FMI U.S. Grocery Shopper Trends, 2016. n=2,061.

Shared Shopping is a spectrum. The vast majority of Primary Shoppers co-own at least some types of decisions equally with their co-shoppers.

Occasions for which shopping decisions are split "about half and half"
(as % of shoppers in multi-adult households)



Total number of occasions for which shopping decisions are split "about half and half"
(among co-shoppers)

Primary Shoppers share decisions equally for **4** types of occasions on average

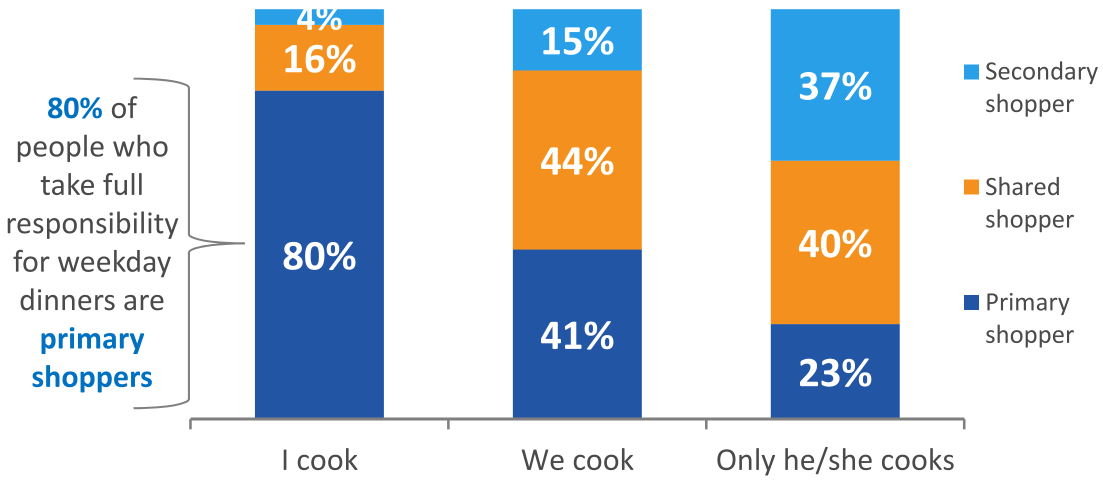
Shared Shoppers share decisions equally for **8** types of occasions on average

Source: FMI U.S. Grocery Shopper Trends, B6. When it comes to SHOPPING for food, who is most responsible for DECIDING what to get for each of these? - It's about half and half (in 3-pt scale) N=792 shoppers in multi-adult households. N=642 shoppers in households with at least one other adult shopper. Median averages given. Means: 4.4 vs. 7.4.

Ownership of weekday dinner preparation tends to coincide with overall shopping responsibility

Shopper involvement in preparing weekday dinners

(Multi-adult households)



"I can never ask my wife to pick up my steaks, spices and sauces. I'm the cook of the family, and she doesn't know what I'm looking for. It's not something I can write on a shopping list to pick up."

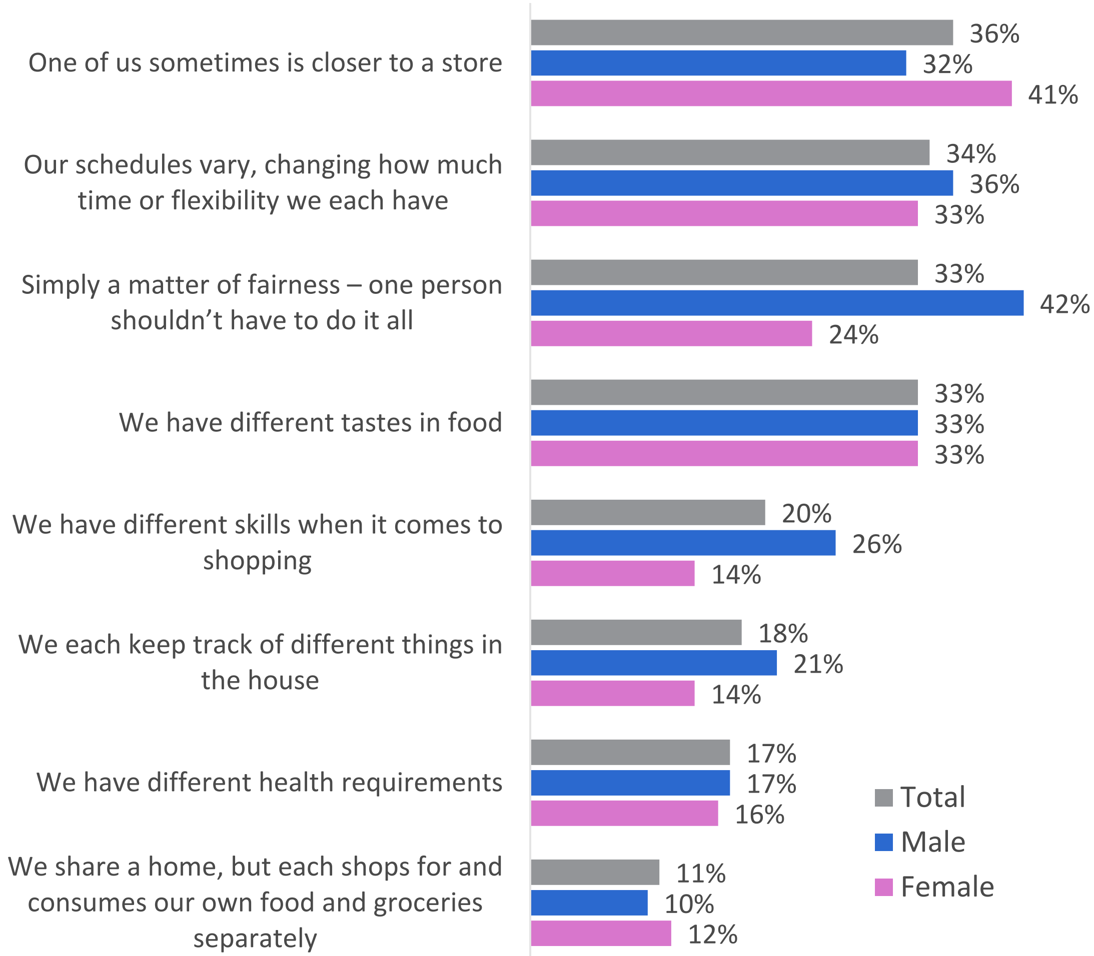
Dan, 36

Source: FMI U.S. Grocery Shopper Trends, 2016. B5. When it comes to PREPARING food, who tends to do the most of the food preparation for these NEEDS AND SITUATIONS? - Weekday Dinner (Only/Mostly me, It's about half and half, Another person does most/all). Multi-adult HH shoppers, n=792. Only he cooks n=138, We cook n=231, I cook n=393. Regression analysis indicates preparation of "Weekday dinners" and "Meals planned ahead of time" as two most important predictors of overall shopping involvement.

Members of a couple often disagree about the portion of shopping each takes care of or is responsible for. But when there's clear ownership over weekday dinner preparation, there tends also to be agreement about "primary shopper" status – the one who solely cooks weekday dinners or planned meals is "primary," and anyone not involved is "secondary."

Couples say they share shopping responsibility for efficiency and fairness; many just want to fulfill their personal needs and desires

Reasons couples share responsibility for shopping



Source: FMI U.S. Grocery Shopper Trends, 2016. B3: "Which of these are important reasons you share responsibility for shopping, instead of one person doing it all? (select all that apply)." n=642.

Co-shopping is poised to keep growing

91% Multi-adult households with **young Millennials** (ages 18-27) share shopping

(compared to 80% of all multi-adult households)

Younger households co-shop to get personal needs met more often than for efficiency and fairness.

Reasons households co-shop

49% We have different tastes in food

42% Simply a matter of fairness – one person shouldn't have to do it all

40% Our schedules vary, changing how much time or flexibility we each have

28% We each keep track of different things in the house

Co-shopping is often motivated by fun and freedom – enjoyed more when straying from "the list"

81%

of shoppers will purchase items that aren't on their list, at least occasionally

51% go 'off list' regularly

Co-shopping is less about a rational economizing approach to shopping and more about exploration of new foods, fragmentation of eating within a household and freedom from staying on "the list."

"I buy my own snacks. I stock mission critical items I need like Thai Red Bull. And I have fun seeing what's new to try. Now that I'm back in grad school, snacks really keep me going."

Mark, 48

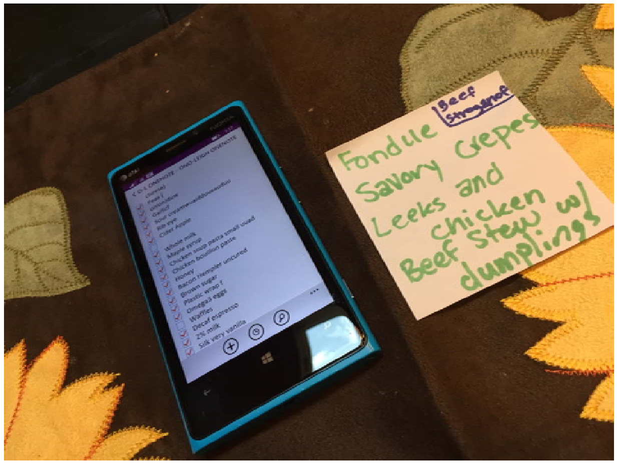
Source: FMI U.S. Grocery Shopper Trends, 2016. A2: "When you grocery shop, how often do you [buy only what's on your list]?" Top-3 Box (Occasionally/Fairly often/Almost every time); Top-2 Box (Fairly often/Almost every time). n=1,056.

To coordinate their shopping, co-shoppers more often rely on intuition and informal communication, less often turn to emerging tech-based solutions

Co-shopping requires more coordination and negotiation. Calls or texts from the store have become routine. Underlying these behaviors, shoppers speak of the perceived risks of missing out on a needed item, choosing incorrect versions, or getting unneeded items, any of which could lead to an experience or perception of wasted trips, wasted money or wasted food.

How does your household make sure that needed items are purchased from the grocery store?

60%	There are some items we know are always needed
50%	We talk or adjust list right before someone goes to the store
44%	The shopper often knows what's needed without asking
43%	Household maintains an ongoing written list
35%	We call/text home when at the store
15%	We shop based on a recipe that someone can take with them or find at store
4%	Household maintains a list accessible through the Internet
4%	Store helps me track past purchases



Co-shoppers often split lists to get everything the household needs, sometimes coordinating with calls and texts while at the store

Source: FMI U.S. Grocery Shopper Trends, 2016. B8. "How does your household make sure that needed items are purchased from the grocery store?" n=792 shoppers in multi-shopper households.

Overall, shoppers themselves do not feel co-shopping is a problem - but some have concerns about wasted money, trips, food, effort

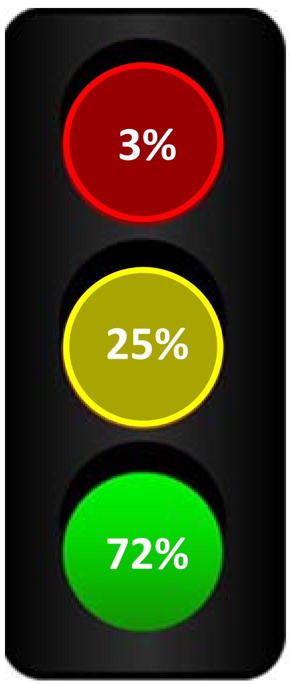
Shoppers more often blame their partners for outcomes like **wasting money or food** than point to a deficient or difficult process like tracking needs or division of labor

How well do you share or split your shopping responsibilities?

Not well at all / Mostly a struggle

Somewhat well

Very well, goes smoothly



"My husband doesn't know what kind of bread I use to make the kids' sandwiches. It's a very specific thickness I'm looking for so the bread doesn't overwhelm the cheese and ham."

Josephine, 48

Challenges cited by multi-shopper households

32%	The other shopper(s) in my household spend(s) more money than they should
25%	The other shopper(s) in my household choose the wrong brand/version/item
20%	Because we don't know what's needed, we waste trips to the store
20%	With more than one managing the food, it's hard to keep track of what we need
10%	The way we split things up is unfair

Source: FMI U.S. Grocery Shopper Trends, 2016. B9. Which of these BEST describes your household when it comes to sharing or splitting responsibilities for shopping? Shoppers from multi-shopper HH's, n=642. B10. Some households face challenges or problems when it comes to splitting up their grocery shopping. How much of a problem is each of these for you? Big problem + Little problem (net, vs 'Not a problem'), n=642.

Co-shoppers shop with a dual role and dual mission – each with varying degrees of negotiation

Joint shopping, or shopping together, often results in more negotiation over what gets in the basket. Split shopping, or shopping done separately, not only reduces negotiation, it affords shoppers more fun and exploration, and often more incremental sales for the retailer.

"I want to buy organic in the "dirty dozen," and I don't want to get into a debate why I think organic strawberries are worth the extra cost with my husband."

Kate, 36

Household Needs

Shop for household needs

Stick to the plan

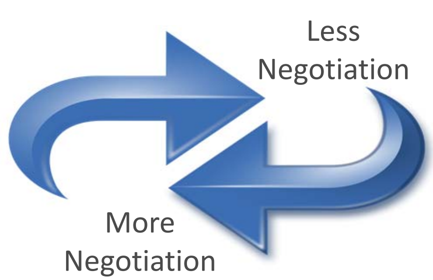
Get the staples

Manage budget

Shop because it's ***FAIR***

= Conservative spending

VS.



Personal Needs

Shop for own desires

Enjoy spontaneity

Get my snacks

Engage with food

Shop because it's ***FUN***

= Spontaneous spending

Source: FMI U.S. Grocery Shopper Trends, 2016. Ethnographic research.

The world of co-shopping is driven by a need for shoppers to help 'contribute fairly to the household' while 'getting what they want'

PRIMARY SHOPPER PARADIGM
One person does it all

SHARED SHOPPER PARADIGM
Households delegate or collaborate

Shift towards shared shopping is driven by macro forces but accepted and shaped through food culture

SOCIOECONOMIC DRIVERS

New constraints
- *Dual-earner households*

New living situations
- *Multi-generational households*

New norms
- *Gender equity/fairness*

FOOD/CULTURAL DRIVERS

Fragmented eating/tastes
- *Shop for what I want*

Popularized food engagement
- *Fun and exploration in cooking and dining*
- *Quality distinctions in fresh*

SHOPPER CHALLENGES

Help us to be fair & efficient

Communication & coordination
- Budget management
- Food inventory management
- Consolidation of trips

SHOPPER CHALLENGES

Help me to have fun & explore
- Fulfill 2 roles & missions at once
- Extend indulgent trips to fill-in, extend fill-in trips to exploration
- Enable me to indulge the people I care for

Source: FMI U.S. Grocery Shopper Trends, 2016. Ethnographic research.

Key Insights and Implications about Co-shopping

- **85% of adults in the US shop for at least half of their household groceries:** Most multi-adult households are sharing the labor as co-shoppers – even more in households with young Millennials.
  - **More shoppers per household may be great for increasing the number of baskets, but could be tricky for retailers in terms of communication. Households no longer have one main shopper – instead, there are multiple shoppers with potentially different tastes and preferences.**

- **Households are co-shopping for fairness and fun:** Co-shoppers are responding to socioeconomic trends, such as more dual-income households, by distributing labor more evenly… because that's fair. However, shoppers also enjoy shopping as a way to contribute to the household while getting their personal needs met.
  - **While many households require adults to share shopping responsibilities, frustrations can arise in communication and coordination that lead to wasted trips and wasted food. Shoppers need help managing the challenges.**
  - **Co-shoppers need help to fulfill their dual role of getting what they need for their household and getting what they want personally. Shoppers want to be able to explore food culture, often purchasing something that's not on their list – especially personal snacks.**
  - **Co-shoppers often prefer to shop independently to minimize negotiation. Differing food preferences, approaches to eating and overall interest in food results in friction over which item to buy.**

03

Shopper Trends and Values

Americans shop for food with health and wellness priorities that now range well beyond the food safety needs they believe are already mostly satisfied

Is my food safe to eat?

86% of shoppers are CONFIDENT that the food they buy at their grocery store is **SAFE**

Low level of "safety" concerns about:
Germs
Toxins

Does it fit my health needs?

66% seek product claims to AVOID NEGATIVE ingredients implicated in health conditions or concerns

Broad interest in avoiding:
Sodium
Sugar
Trans fats
+ Processing cues

Does it sustain my health?

22% worry that the food they eat isn't NUTRITIOUS enough

26% seek products specifically ENHANCED for nutrition (e.g. vitamins, antioxidants, calcium)

Am I sustaining my community?

14% look for organic certification

21% prefer shopping grocery stores they believe use only sources that treat animals humanely*

29% prefer shopping grocery stores they believe support the local economy*

The majority of shoppers trust their store to safeguard their food from pathogens or toxins. This allows shoppers to focus more of their attention to labels with nutritional claims and other wellness distinctions. Some types of concerns and solutions are interconnected, so that "hormone-free" registers both as more healthy and as more sustainable, and local sourcing conveys both the delivery of freshness and the building of community.

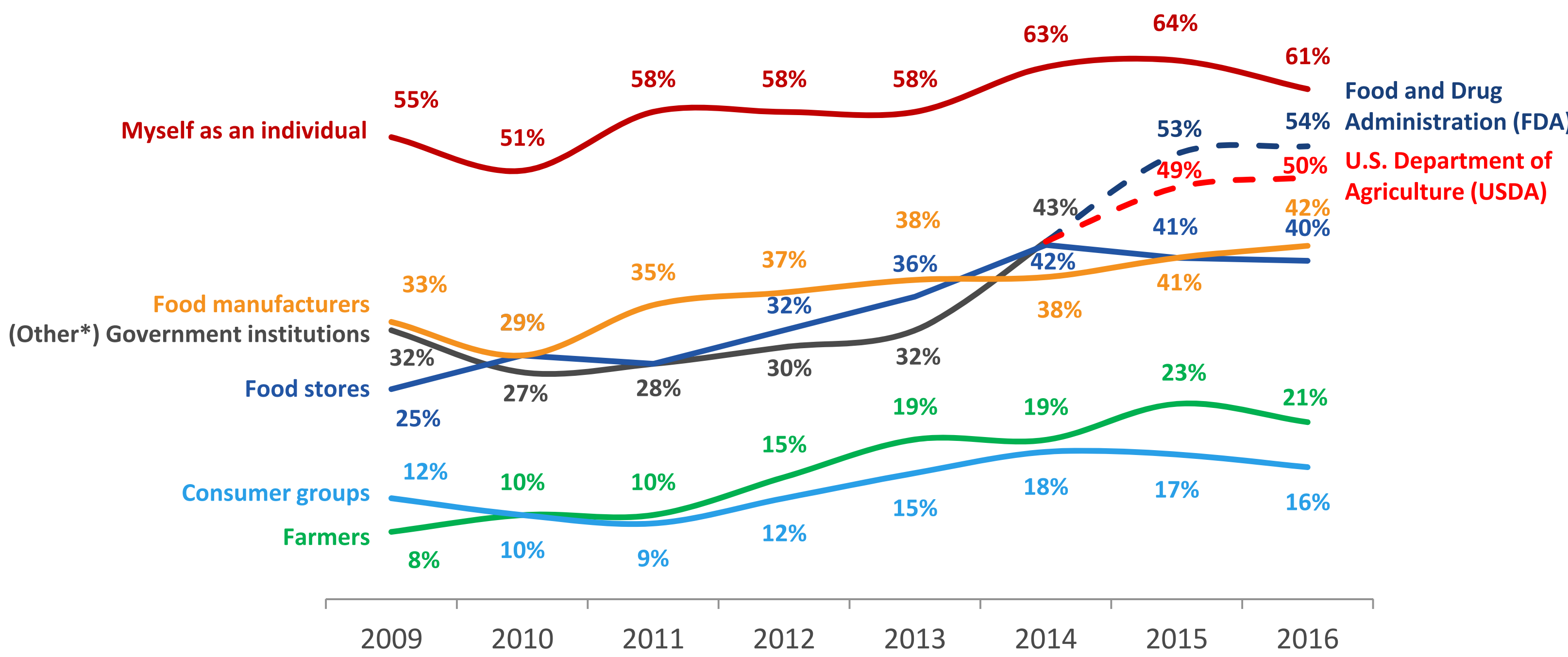
Source: FMI U.S. Shopper Trends, 2016. Safe: A32. Fit health: A12. Sustain health: A9, A12. Community: A12, * The Hartman Group. "Transparency", 2015.

While consumers trust retailers to provide safe food, they rely on government institutions to ensure food is safe before it reaches store shelves

94% "[of Shoppers] ***TRUST*** [their] grocery store to ensure that the food [they] purchase is ***SAFE***"

(Compared to 93% in 2015)

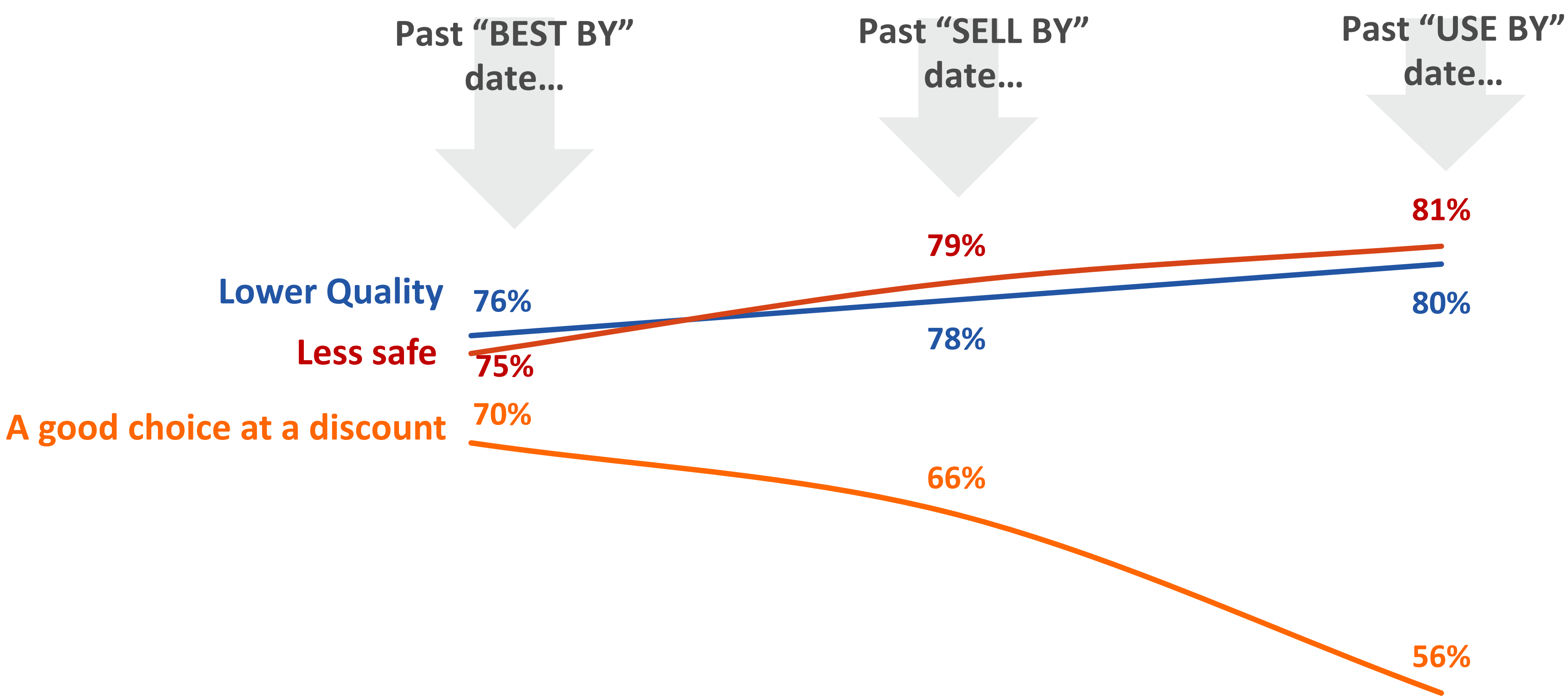
Who to Rely on To Ensure What is Bought at Grocery is Safe



Source: FMI U.S. Shopper Trends, 2016. A32: "How much do you agree or disagree with the following statement [I trust my grocery store to ensure that the food I purchase is safe]?" Top-2 Box Agree A22: "Who do you rely on the most to ensure that the products you buy in your grocery store are safe?" n=1,056-2016; n=1,164-2015; n=1059-2014; n=776-2013; n=1026-2011; n=1001-2010. *"Other" added to 'Government institutions' choice in 2016.

Some shoppers may consider expired food a good deal at a discount; fewer are willing to take the risk on foods past their "use by" date

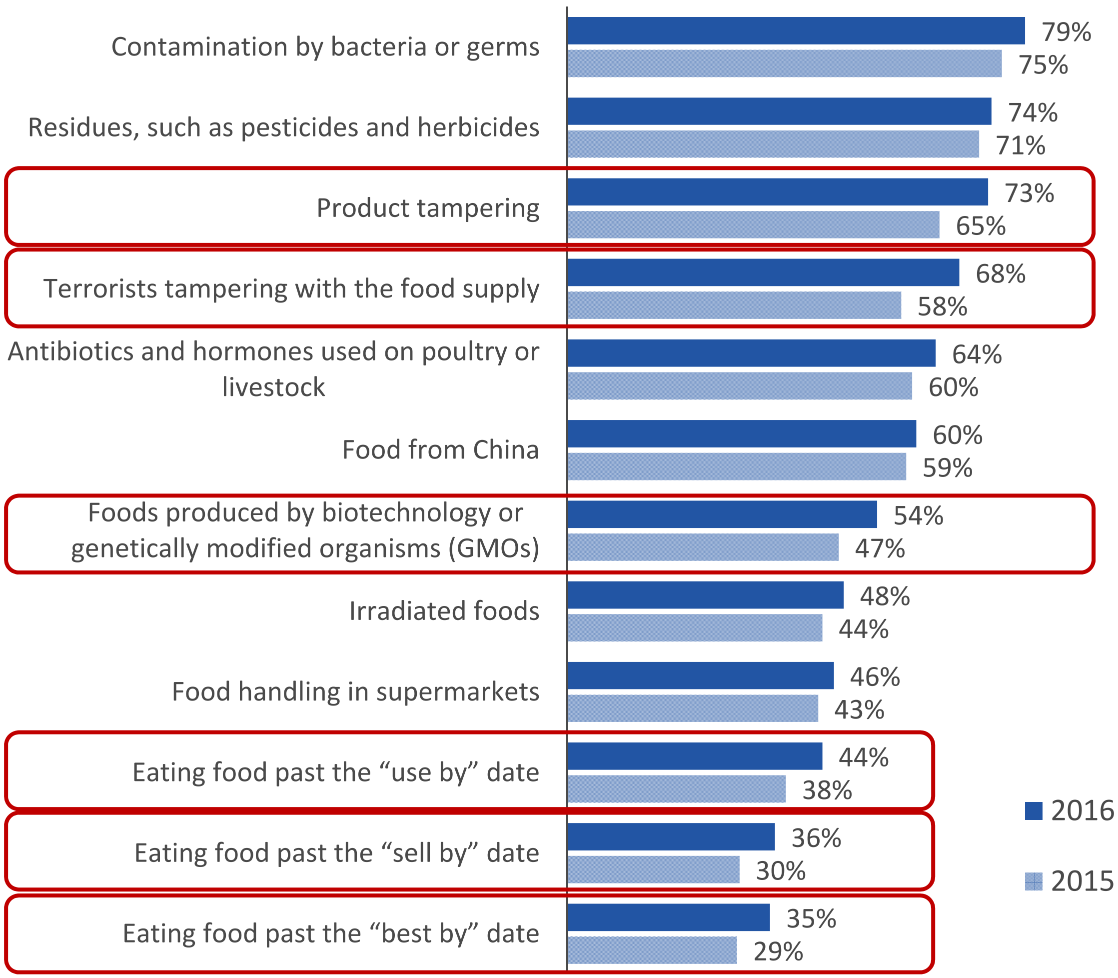
Shoppers understand that different expiration dates carry different levels of risk. Quality may be sacrificed for a good deal, but as food is perceived to be less safe or lower quality, consumers are less inclined to purchase, even if discounted.



Source: FMI U.S. Shopper Trends, 2016. A23-25: "Imagine you saw [an expiration date] stamped on a food product… three days past its [BEST BY/SELL BY/USE BY] date. How likely is it that the product would be…?" Top-2 box Somewhat/Very Likely. n=varies (701-708).

However, eating foods past their expiration dates still rates low as a risk when compared to other conditions

Food conditions shoppers believe pose some/serious health risk



86%

of shoppers are mostly or “completely *CONFIDENT* the food in [their] grocery store is *SAFE*”

(Vs. 84% in 2015)

“I trust that the stores make sure the foods are safe. I really don’t think about safety much. I’ve never had to. ”

Joel, 37

Source: FMI U.S. Shopper Trends, 2016. A20. How confident are you that the food in your grocery store is SAFE? Would you say you are…? Top-2 box “Mostly” or “Completely confident,” A26: “How much of a health risk do you believe each of the following food-related items present?” Top-2 box Some/Serious Health Risk. n=1,056-2016; n=1,164-2015. Items in red boxes indicate year over year results are statistically significant at the p<.05 level.

Shoppers aspire to healthier diets, and may benefit from ideas about how to use food to help them manage an evolving range of health conditions

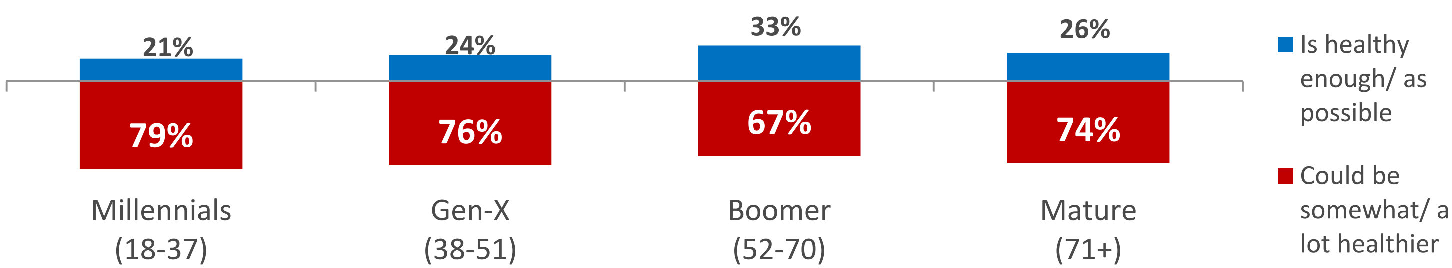
Top health conditions managed in household, by generation

Millennials	Gen-X	Boomers	Mature
35% Anxiety or stress	**31%** Anxiety or stress	**22%** Diabetes	**22%** Diabetes
17% Food allergy / sensitivity	**21%** Obesity	**20%** Obesity	**22%** Digestive disorder or frequent heartburn
17% Obesity	**16%** Frequent insomnia/ sleep disorder	**19%** Anxiety or stress	**18%** Obesity

Shopper self-assessment of at-home eating:

74%

of shoppers say the food they eat at home ***COULD BE HEALTHIER***

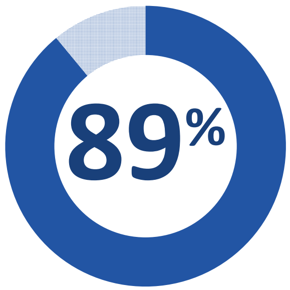


"As my MS symptoms got worse, I decided I need to eat better, cook more and eat more vegetables. That's how I met my partner. She delivered my CSA box to me."

Robert, 42

Source: FMI U.S. Grocery Shopper Trends, 2016. A17: "Thinking of all the foods you eat at home, how would you describe your diet? (4-point scale,)" Total n=1,056, Millennials n=322, Gen-X n=295, Boomer n=354, Mature n=85. D2: "Which, if any, of these health conditions are currently present in your household?" Total n=2061, Millennials n=640, Gen-X n=556, Boomer n=700, Mature n=165.

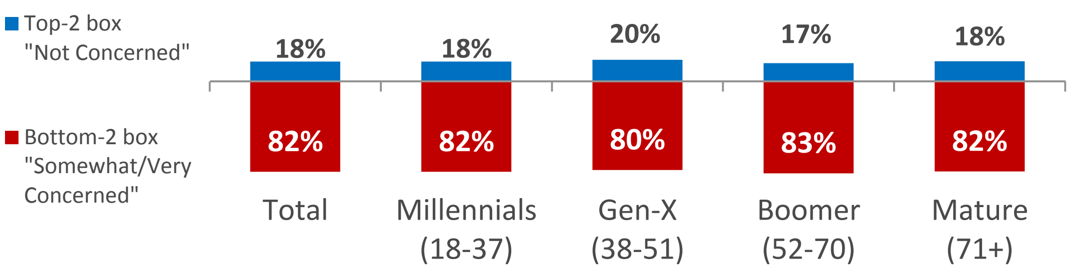
Shoppers feel that eating food prepared at home is healthier for them than eating out



of Shoppers believe eating ***AT HOME is HEALTHIER*** than eating at a restaurant

Yet, most are concerned they're ***NOT GETTING ENOUGH GOOD NUTRITION*** in the food they eat

Shopper concern about the nutritional content in their food



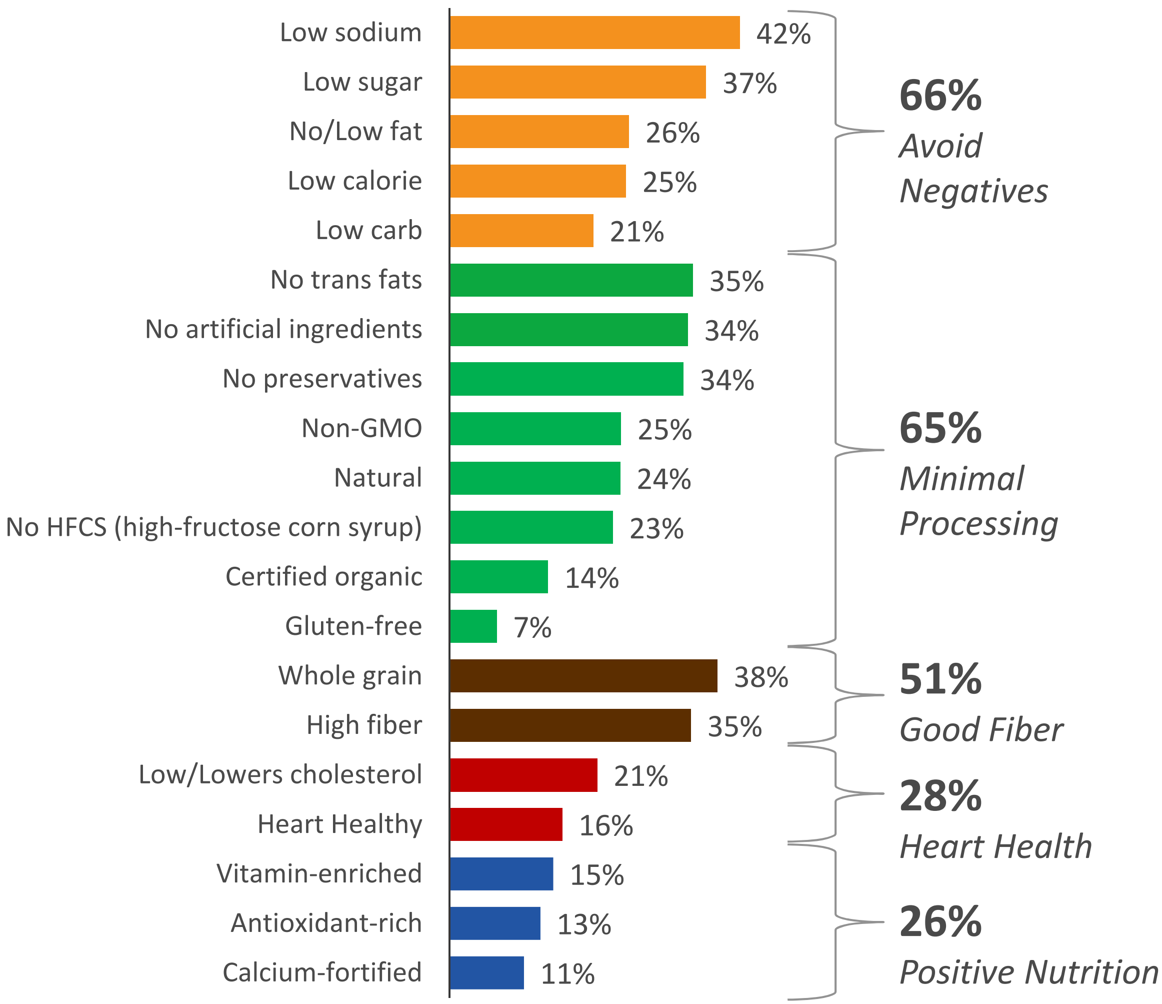
Why concerned?

61%	I'm concerned about my health in general
44%	Some of the food I eat has too much of something I need to avoid
22%	The foods I eat aren't nutritious enough in general
19%	I'm not getting enough of specific nutrients I need
18%	I have a specific health concern that affects my food choices

Source: FMI U.S. Grocery Shopper Trends, 2016. A18: "Thinking about the food you prepare at home and the food you eat away from home, which of the following describes how you feel about the food you eat? (Top-2 Box: Food from home is somewhat/much healthier)" n=1,056. A9: "How concerned are you about the nutritional content of the foods you eat?" n=1,056. A11: "You stated that you are somewhat/very concerned about the nutritional content of the foods you eat. Why is that? (select all that apply)" n=854.

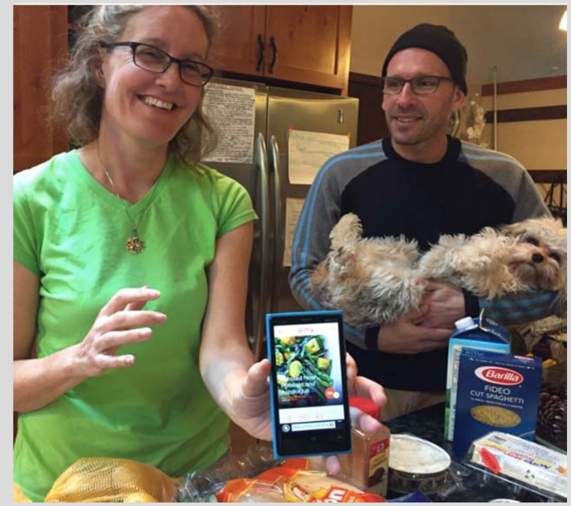
"Fresh, less processed" continues to be a priority for shoppers as they seek cues for minimal processing and avoid negative ingredients

Product claims shoppers seek when purchasing a food product



Source: FMI U.S. Grocery Shopper Trends, A12: "What health claims do you look for on the package when purchasing a food product? (Select all that apply)." 2016. n=1,056.

In a new age of abundance, shoppers aspire to a less processed past

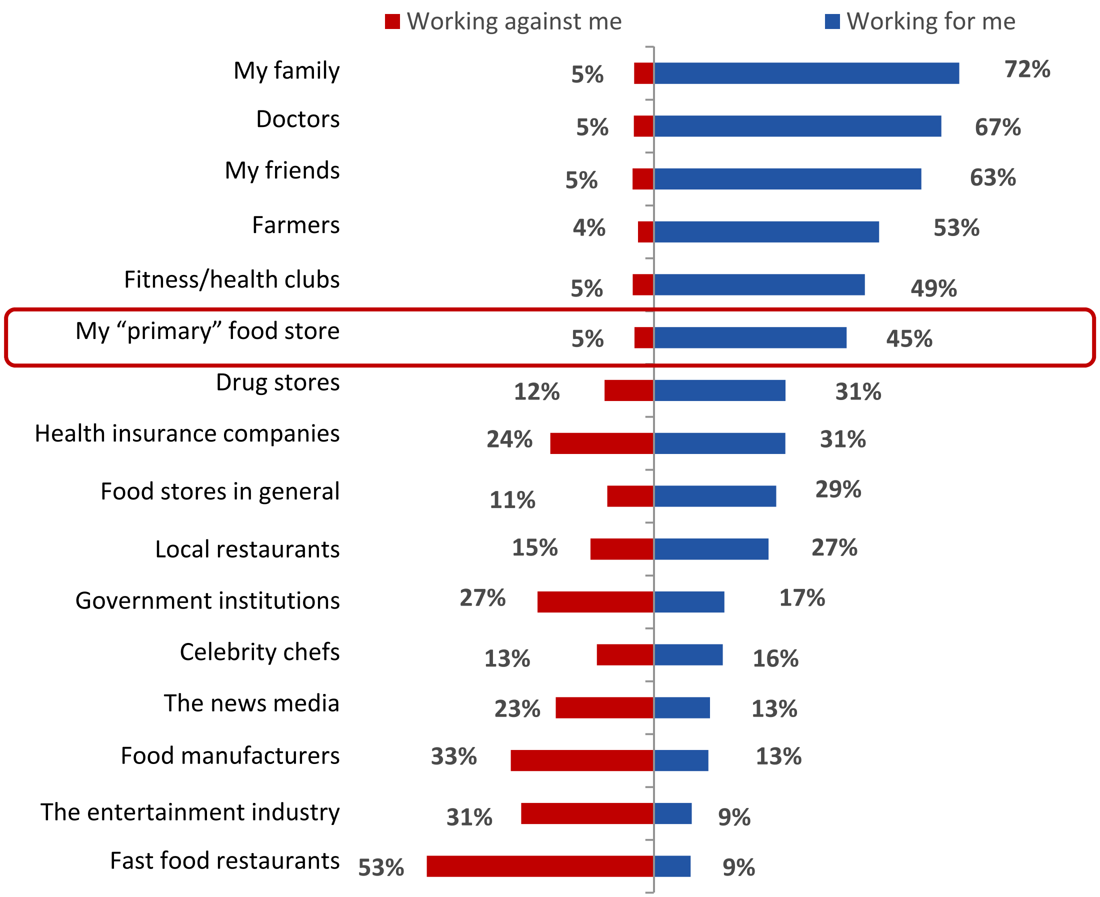


My husband comes from an Italian family who cooked and ate together. My mom was young with lots of kids. She did what was easy and cheap. We ate out of boxes and cans. Food was not good growing up. I don't want that for my kids.

Leigh, 48

In the struggle to stay healthy, shoppers recognize their primary store as an ally that helps them keep on track

When it comes to helping you stay healthy, which of these groups tend to be on your side and which tend to be working against you?



Source: FMI U.S. Grocery Shopper Trends, 2016. A8: "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 for you to stay healthy)?" n-1,056.

Key Insights and Implications in food safety, health & wellness

- **Shoppers tend to believe that food retailers have a key role in food safety and have succeeded in this role:** Shoppers place a high level of trust in retailers, relying on them as much as food manufacturers to ensure the food they buy is safe. Consumers worry much more about risks that can happen before food gets to the store.
  - **Consumers remain aware of the many possible hazards in the food system, including contamination from chemicals as well as germs, and contamination from malice as well as mistakes.**
  - **Managing product recalls with quick and clear communication to affected shoppers will continue to be critical to maintain shopper trust.**

- **Shoppers aspire to healthier diets, and turn to food to help them manage an evolving range of health conditions:** Shoppers want to eat healthier. Even as many recognize food as medicine that can improve their overall health, many, too, believe they're missing out on basic nutrition.
  - **Many consider their primary store as an ally in their health goals. Food retailers have permission to play a proactive role in helping shoppers navigate their food choices to achieve better eating outcomes.**

- **"Fresh, less processed" continues to be a priority for shoppers :** Consumers seek cues for minimal processing, avoiding negative ingredients.
  - **Retailers can help shoppers seeking fresh, less processed by guiding them to attributes and claims that ladder up to these benefits – organic, natural, local, non-GMO.**

Questions?

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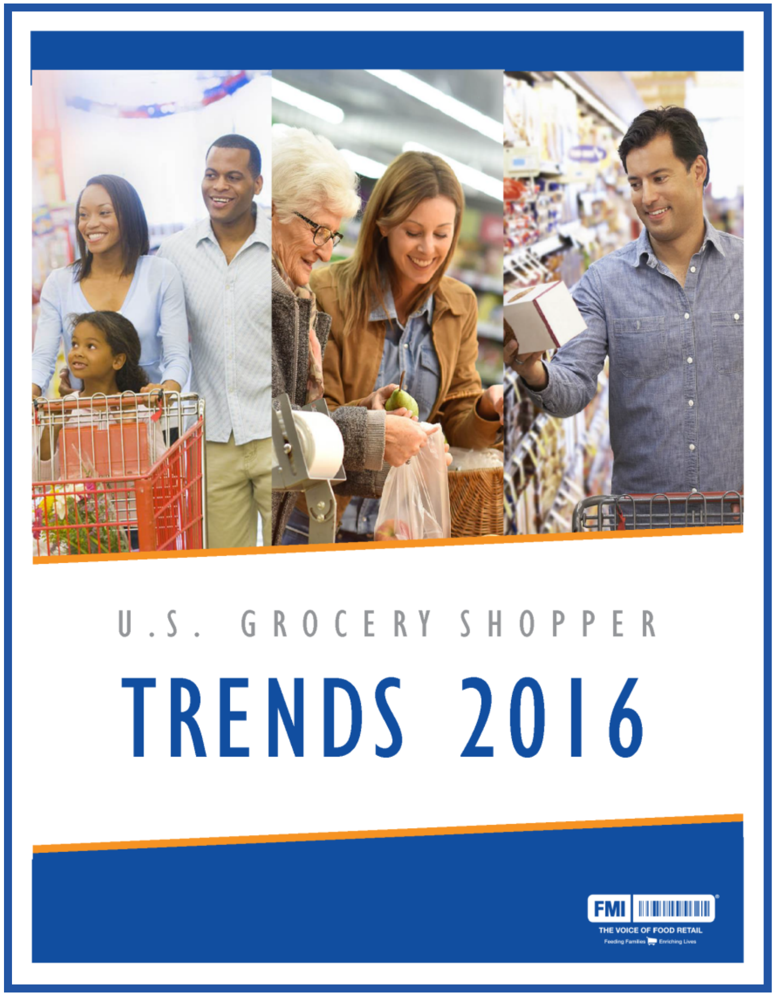

Thank you

Learn more about Grocery Shopping Trends and download the full report at:

www.fmi.org/grocerytrends