Today’s Agenda

The Independent Consumer
A National Survey of Grocery Shoppers

Agenda List

Who We Talked To
Key Takeaways
Winning the Trip
Riding the Health and Wellness Growth Wave
Transforming from Personal Touch to Digital Touch
Taking Action
Who We Talked To

1,902 U.S. Adults, 18 years and older

Shoppers who always shop at Independent, Regional, National stores represented

Does not work for a company with ties to the grocery industry

Interviews were completed with shoppers from:

- 624 City
- 646 Suburbs
- 632 Rural Areas

* Data weighted to represent the U.S. general population, age 18 and over

- Surveys conducted online
- Duration: ~19 minutes
- From Nov. 1 – Nov. 25, 2016
Key Takeaways

- Winning the Trip
- Riding the Health & Wellness Growth Wave
- Transforming from Personal Touch to Digital Touch
### Winning the Trip
#### Report Card

<table>
<thead>
<tr>
<th>IMPORTANCE</th>
<th>ATTRIBUTES</th>
<th>PERFORMANCE</th>
<th>INDEPENDENTS vs. NATIONALS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very Strong</td>
<td>Offers locally grown produce &amp; other packaged goods</td>
<td>Performing well</td>
<td>Advantage</td>
</tr>
<tr>
<td>Strong</td>
<td>Sells high quality fruits &amp; vegetables</td>
<td>Performing well</td>
<td>Advantage</td>
</tr>
<tr>
<td></td>
<td>Features a high quality seafood department</td>
<td>Room to grow</td>
<td>Advantage</td>
</tr>
<tr>
<td></td>
<td>Features fresh foods</td>
<td>Performing well</td>
<td>On par</td>
</tr>
<tr>
<td>Moderate</td>
<td>Sells high quality meats</td>
<td>Performing well</td>
<td>Advantage</td>
</tr>
<tr>
<td></td>
<td>Offers prepared foods or &quot;foods to go&quot;</td>
<td>Performing well</td>
<td>On par</td>
</tr>
<tr>
<td></td>
<td>Offers a good selection of ethnic or cultural foods</td>
<td>Performing well</td>
<td>Advantage</td>
</tr>
<tr>
<td></td>
<td>Features a bakery that meets my needs</td>
<td>Performing well</td>
<td>On par</td>
</tr>
<tr>
<td></td>
<td>Has a deli or deli station</td>
<td>Performing well</td>
<td>Advantage</td>
</tr>
</tbody>
</table>

More fresh fruit...their meat is fantastic and inexpensive.

More selection of ethnic items for sale, especially fruits and vegetables. Fresher seafood and meat.

I must go elsewhere for that and they are small so they don't carry everything.
Leverage Your Grocery Advantage

Over 8 in 10 independent shoppers spend more than 50% of their Fresh Food Spend in Supermarkets versus other outlets where fresh foods are bought.

Improvements Shoppers Would Like to See
Top 3 Responses

24% More variety (meats, seafood, brand names, fresh produce/organics, ethnic foods)

14% Better service (more cashiers, shorter lines, friendlier staff)

11% More affordable prices/more frequent sales/promotions
Winning the Trip

Variety, Assortment, and Convenience

CALLS TO ACTION

Be “what’s for dinner”
- Leverage quality and focus on fresh
- Improve presentation
- Offer convenience

Get credit for local!
- Get credit for locally sourced product
  - #2 most important attribute for Independents
  - Independents do better than Nationals

Offer more online
- Offer specialty products and others that meet customer needs online
- Not everything needs to be on shelf
# Riding the Health and Wellness Growth Wave

## Report Card

**IMPORTANCE** | **ATTRIBUTES** | **PERFORMANCE** | **INDEPENDENTS vs. NATIONALS**
---|---|---|---
Very Strong | Offers organic food of all kinds, including produce & packaged foods | Room to grow | Advantage

Strong | Has a dietitian at the store | Room to grow | Advantage

Moderate | Has nutrition & health information easily available | Room to grow | On par

| | Has a pharmacy inside the store | Room to grow | Disadvantage

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Health is the top reason why Independent Shoppers eat fresh food

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"I can honestly say I would love to see an in-store nutritionist. That would allow us to somewhat live a healthy lifestyle. Lower prices on health food as they are way too expensive and it makes it harder to eat healthy because of cost."
Riding the Health and Wellness Growth Wave
Be the Bridge Between Food and Medicine

Your Urban Shoppers
- Collaboration with pharmacist
- In-store classes for specific diets
- Guidance from nutritionist

Your Suburban Shoppers
- Access to dietitians
- Label reading including ingredients and nutritional claims
- Weight loss guidance

Your Town and Rural Shoppers
- Recipes for specific diets
- Label reading including ingredients and nutritional claims
- Shelf tags with nutritional info
Support Shoppers’ Search for Healthy Products
Six in ten believe healthy foods should be displayed alongside other food items

How Should Healthy Foods Be Displayed?

<table>
<thead>
<tr>
<th>Option</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>In its own section</td>
<td>41%</td>
</tr>
<tr>
<td>Shelved alongside other foods</td>
<td>59%</td>
</tr>
</tbody>
</table>

A significant increase from last year (55%)

How Important Are Nutritional Ratings on Packaging or Shelf?

- 55% Extremely/Very Important

A significant increase from last year (50%)
Riding the Health and Wellness Growth Wave
Food as Medicine

CALLS TO ACTION

- Communicate
  - In store and digital
  - NuVal labels, etc.

- Provide assortment
  - Natural, organic, special diet items

- Educate
  - Expert advice (dietitian/pharmacy integration)
## Transforming from Personal Touch to Digital Touch

### Report Card

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</thead>
<tbody>
<tr>
<td>Very Strong</td>
<td>Has courteous, friendly employees</td>
<td>Performing well</td>
<td>Advantage</td>
</tr>
<tr>
<td>Strong</td>
<td>Participates in community outreach</td>
<td>Room to grow</td>
<td>Advantage</td>
</tr>
<tr>
<td></td>
<td>Pays attention to customers’ special requests or needs</td>
<td>Room to grow</td>
<td>Advantage</td>
</tr>
<tr>
<td>Moderate</td>
<td>Offers online ordering, with delivery or store pickup</td>
<td>Room to grow</td>
<td>Advantage</td>
</tr>
<tr>
<td></td>
<td>Has a frequent shopper program that offers benefits</td>
<td>Room to grow</td>
<td>Advantage</td>
</tr>
<tr>
<td></td>
<td>Offers me mobile marketing (through the use of digital coupons, check-in offers, apps, etc.)</td>
<td>Room to grow</td>
<td>On par</td>
</tr>
</tbody>
</table>
Online Sales Can Complement or Compete

20% Shop for Groceries Online vs. 16% last year

74% use delivery service

4 in 10 who use online delivery service or click and collect use it 3X per month or more

44% use click and collect

Online purchases comprise 29% of online shoppers’ total grocery spend

Shoppers who shop for groceries online...
Transforming from Personal Touch to Digital Touch

CALLS TO ACTION

- Be consistent
  - Consistent digital support (chat), personalized offers, and loyalty programs

- Be transparent
  - Transparent across platforms for pricing, offers, and assortment

- Offer convenience
  - More focus on convenience/ease of use

Maintain/Grow that personal relationship across platforms
Taking Action

Winning the Trip
- Be “what’s for dinner”
- Get credit for local!
- Offer more online

Riding the Health & Wellness Growth Wave
- Communicate
- Provide assortment
- Educate

Transforming from Personal Touch to Digital Touch
- Be consistent
- Be transparent
- Offer convenience
Thank you to our sponsor