Faster, Fresher, Cheaper: The Grocery Shopping Revolution

Supermarkets are improving quality and convenience. CR shows you how to save money and still make healthy choices.

By Tobie Stanger
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Marie Henry cares a lot about the food her family eats. During growing season in her town of East Nottingham Township, Pa., the 35-year-old stay-at-home mom walks down the street to her Amish neighbors’ farm to buy fresh eggs and pesticide-free strawberries, vegetables, and herbs. She skips the supermarkets near her home to purchase the “perfect” organic oranges and lemons that she says she can get only at Wegmans, a 30-minute drive away. About once per month, she’ll also make a special trip to Trader Joe’s, 40 minutes away, to load up on the organic brown rice and quinoa noodles she feeds her 1-year-old, Adam.
When Henry and her husband, Bill, 34, a public-school music teacher, feel pressed for time, they grab the basics at a local Giant supermarket. Bill goes to BJ’s Wholesale Club on occasion. They sometimes have meal kits delivered by Blue Apron and HelloFresh. And they use AmazonFresh, the online grocery delivery service, which charges $15 monthly on top of the $99 annual Amazon Prime subscription. Henry admits that getting organic produce and meats delivered to their door is an indulgence. “But the convenience factor is worth every penny,” she says.

Few families have the good fortune of having an Amish neighbor, but in every other way the Henrys typify the new American food shopper, who wants food that’s very fresh and minimally processed, and satisfies an ever-more-adventurous palate. We seek out specialty grocers and farmers markets to get it, even if it means literally going the extra mile. Each month 68 percent of Americans do their grocery shopping at five or more types of food retailers—convenience stores, discount supercenters, farmers markets, specialty/natural-food stores, supermarkets, and warehouse clubs. In addition, we might go to more than one of each type of store, according to the Hartman Group, a food and beverage industry consulting company in Bellevue, Wash. “Today the choices are extraordinary,” says Laurie Demeritt, the company’s chief executive officer.
End of the Middle-Class Market?

Where does the traditional grocery store fit into this mix? Experts say the supermarkets that have anchored many a community are struggling to compete with higher-end retailers such as Wegmans on one hand and bargain vendors like Walmart and Costco on the other. Witness the disappearance of the Great Atlantic & Pacific Tea Company, otherwise known as A&P, which folded in 2015 after 156 years.

“Just as the middle class is shrinking, the middle class of grocery stores is being challenged,” says Leslie Sarasin, president and CEO of the Food Marketing Institute (FMI), a grocery industry group.

The supermarkets that are doing well are premium stores such as Wegmans, specialty stores like Trader Joe’s, and discounters such as WinCo. “Traditional supermarkets are stuck in the middle,” Demeritt says.

Consumer Reports subscribers’ preferences mirror these trends. In our latest ratings of 62 supermarkets and food retailers, based on survey responses from almost 58,000 subscribers, East Coast chain Wegmans earned the top spot, a place it has held since 2006. It’s beloved for most everything, from the quality and variety of produce to the courtesy of staff. (Our supermarket and grocery store ratings are available to subscribers.)

Other stores that did very well overall include Trader Joe’s, Publix, and the family-owned Market Basket chain, serving the Northeast. Walmart, with the largest market share for food and beverages of any U.S. retailer, scored well for
competitive prices but otherwise was at the bottom of our ratings.

Mainstream grocery stores still have fans. Our survey that found 70 percent of CR readers were either completely or very satisfied with the supermarkets where they do most of their grocery shopping. By contrast, only 48 percent told us they’re very or completely satisfied with their markets’ healthy offerings, and only 29 percent said the same about the price of their markets’ organic options.

Keys to Shopper Satisfaction

What draws us to a market week after week? A wide selection, high-quality produce, and good prices are the main attractions, our survey respondents say. But stores that offer an alluring sensory experience while grocery shopping—the scent of cinnamon-apple pies from the bakery oven, the sight of plump purple and ivory eggplants in a rustic wooden case—bring us back.

Attention to these details might explain Wegmans’ popularity. The chain, with 92 stores from Massachusetts to Virginia, charmed our survey respondents with its selection of healthy options, customer service, reasonably competitive prices, and fresh store-prepared foods, and the quality of its poultry and meats, among other standout features. “Wegmans produce is the freshest in town, and the selection is huge,” Barbara Goldenberg, of Frederick, Md., says of her local store.

What else contributes to appreciation of a grocer? Stores with the highest scores for staff courtesy all did well. Increasingly, a commitment to principles that shoppers deem important—
for instance, fair-trade goods, sustainably and locally farmed foods, and fair labor practices—also wins loyalty, says David Fikes, FMI’s vice president of communications and consumer/community affairs. “It’s now values as much as value,” he says.

But price is and always will be a great motivator. Grocers with the highest scores for competitive prices are for the most part near the top of our ratings. One such store, Woodman’s, which operates in Illinois and Wisconsin, passes savings on by selling certain items in bulk. WinCo, with 115 stores in the West, also sells bulk items, and takes no credit cards to avoid transaction fees.

The growing variety of both low- and premium-priced food stores means a dedicated WinCo bargain hunter could be the same person frequenting Whole Foods for pricey organic cherries, Demeritt says. “People go to different places for different things,” she says.

More on Grocery Stores & Supermarkets

- Save Time and Money at the Grocery Store
- Shop Like a Food Safety Expert
- What Do Those "Healthy" Food Labels Really Mean?
- Healthy Shopping Strategies for Vegans
- What Will the Supermarket of the Future Look Like?
The Changing Landscape

To respond to our evolving food-shopping tastes, supermarkets are offering novel formats, products, and services:

- **Smaller footprints.** Rather than taking a one-store-fits-all approach, some grocers are hypertargeting a single customer type and scaling back in size as a result. Those new locations offer a more “curated” grocery shopping experience—say, selling just a few choices of organic olive oil instead of many—saving shoppers the work of distinguishing among brands.

To attract time-pressed millennials, Whole Foods has opened new Whole Foods Market 365 stores in four U.S. locations. The smaller-format stores feature primarily Whole Foods’ 365 Everyday Value products. Focusing on the higher-profit store brand and managing fewer square feet also could help the company’s profit margins, notes Asit Sharma, senior consumer goods analyst at the investing website Motley Fool.

Aldi is a fast-growing, no-frills vendor that operates stores about a third the size of a typical American grocer. It sells a limited selection, mainly of private-label goods; our readers rated it highly for competitive prices.

- **Local farm partnerships.** Many supermarkets have added locally grown produce sections. Dierbergs, which debuts in our ratings this year, is one example. The family-owned chain, with locations mainly in Missouri, shows a photo gallery of local partner farms on its website. Readers gave the quality of Dierbergs’ local produce top marks.
• **Meal kits without the wait.** To compete with online meal-kit vendors, Giant Food Stores, based in Pennsylvania, offers fresh meal kits through its partnership with the Peapod grocery delivery service. Each $15 box comes with enough premeasured, fresh ingredients to make two servings following a provided recipe. (See our reviews of five meal-kit services.)

• **Home delivery.** Responding to the threat from online grocers, many chains now offer this amenity. (Our ratings of four online grocers are available to subscribers.) Safeway charges $13 to deliver orders of less than $150 and $10 for orders of $150 or more. Kroger and Walmart have begun testing door-to-door delivery in certain locations, with Walmart using the delivery service Deliv and car services Lyft and Uber. Publix is testing home delivery in certain areas of the Southeast.

• **Curbside service.** Walmart offers a “click and collect” system called Online Grocery Pickup in more than 30 states: Consumers buy online and drive to a Walmart store to pick up their bagged orders at designated times for no fee. Kroger’s ClickList service, available in about 300 locations, works the same way. Patrons pay a $5 pickup fee, waived for the first three deliveries. AmazonFresh is experimenting with curbside pickup in two Seattle-area locations. The retailer plans to expand the service to Amazon Prime members without requiring an additional AmazonFresh membership fee.

The Rise of the Virtual Market
Amazon’s real impact on the industry, though, is in food delivery. In 2016 Consumers used its food and beverage channels—including Prime and Pantry for packaged goods and AmazonFresh for fresh and nonperishable groceries—more than any other online grocery retailer, says Cowen and Company, an investment research firm.

AmazonFresh tops our satisfaction ratings of four online grocers, though its competitors—Instacart, Peapod, and FreshDirect—are close behind. Sixty-one percent of readers who used AmazonFresh for their grocery shopping told us they were highly satisfied with the service. Grocery shopping through online grocers is still a modest portion of the marketplace; in the U.S., just 23 percent of households are buying food and beverages this way, according to research released in January by FMI and Nielsen. But interest is projected to climb; 72 percent of all ages surveyed—and 80 percent of surveyed millennials—expect to buy groceries online in the future, the report notes.

Amazon’s innovations could eventually influence the operations of walk-in stores as well. Bucking its virtual roots, the retail giant last year announced the opening of a new grocery store prototype: a location in Seattle with no checkout lanes. Instead of paying at a cashier (self-checkout or otherwise), customers would simply grab what they wanted and leave, without ever engaging with an employee. This would be made possible through a smartphone app and sensors placed throughout the store. Payment would be made automatically when the app linked to customers’ mobile-payment services. Initial customers were Amazon employees; in March the company postponed a public rollout, citing technical problems.
Could the success of online groceries spell the end of the traditional kind? Not likely, analysts say. Stores will “just be smaller, more efficient, and focused on value-added shopping,” says Tré Musco, CEO and chief creative officer of Tesser, a brand-strategy and retail design firm based in San Francisco. “There will be more delivery and ordering online. Even if there’s no one at checkout, you might have face-to-face conversations with an in-house dietary consultant or the person who loads your groceries into your car, or a chef preparing meals to order.

“As long as people want to see, touch, and smell their fresh food,” Musco adds, “the brick-and-mortar store is here to stay.”

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