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Winners and losers in the food retail landscape

[Monica Watrous](#)

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MIAMI — Today's consumer food purchases span a continuum of transactional to experiential. Successful retailers, manufacturers and food service operators will offer a balance of both extremes, said Christina Bowden, senior director of Consulting Services at The Hartman Group.

The food retail landscape is increasingly complex and blurry. While traditional grocery remains the main player in retail, consumers are shopping on average more than four different channels each month, Ms. Bowden said during The Hartman Group's Food Culture Forecast 2018 summit on April 19 in Miami.

Nearly half of shoppers visited multiple stores on the most recent grocery trip, citing selection and price as top reasons. Additionally, half of consumers are shopping more online than a year ago.

“That poses a really interesting and unique challenge for the current system of shopping that we have today,” Ms. Bowden said. “Digital is basically increasing the competition. They’re stepping things up.”

On-line grocery shopping offers elements of transactional and experiential, answering consumer desires for convenience and value while also delivering a customized, playful and fun experience, Ms. Bowden said.

“On-line is a treasure hunt for consumers,” she said.



An example is Thrive Market, a subscription-based platform that delivers natural and specialty snacks and pantry staples to members at discounted prices. Products are categorized by more than 70 values, ranging from low-FODMAP to locally sourced. In addition to selling branded products, Thrive Market features a variety of private label items, including organic chickpea fusilli, organic sprouted popcorn and non-G.M.O. canned tuna.

“On-line will continue to change the competitive landscape,” Ms. Bowden said. “It’s not just about being on-line but also offering a unique and interesting experience that resonates with consumers, and on-line also has the opportunity to really deliver on that experiential element as well to differentiate itself in the market.”

Two key needs articulated by consumers when shopping across retailers are fresh, less processed foods and convenience, driving growth at specialty grocers such as Aldi and Sprouts, Ms. Bowden said. Forty-four per cent of consumers are shopping more at discounter Aldi, which rates high among shoppers for value and satisfaction.

“Aldi has found their prices are around 20% lower than that of their competitors,” Ms. Bowden said. “But it’s not just about price. It’s about finding balance and that place on the continuum that really makes them have own point of differentiation.”



She pointed to the brand’s private label program, which includes gluten-free and plant-based options, sustainably sourced meats and a line of products free from artificial ingredients.

“They’re really speaking to consumer values and building trust with the consumer around what they say they want,” she said.

Food service operators also are delivering on a continuum of transactional to experiential, fueling growth of premium quick-service restaurants in recent years, Ms. Bowden said. An example is Sweetgreen, a fast-casual salad chain featuring a menu of fresh, seasonal ingredients.

“We’re also seeing a lot of interesting and unique offerings that deliver on another type of experience as well,” she said, citing Starbucks’ color-changing Unicorn Frappuccino as an example. “When we talk