Food Sourcing in America

July/August 2020

hartman GROUP

A Hartman Group National Syndicated Research Report

As leaders in the study of American food culture, The Hartman Group has been tracking how Americans shop for food since the 1990s. From one-stop shopping to multichannel shopping to online markets and click-and-collect, we continue to track consumers' evolving perceptions, needs, habits, and relationships with food retailers. Now, during this time of crisis and uncertainty, it is even more important to understand new consumer behaviors regarding food sourcing and what they might look like in the future.

The COVID-19 pandemic has introduced unprecedented disruptions to how consumers procure food, including disturbances to the supply chain, changes to how they plan their shopping trips and physically move through the store, and a meteoric rise of online shopping paired with a sudden interruption to restaurant dining.

The Hartman Group's *Food Sourcing in America July/August 2020* takes an in-depth look at these changes to help food industry professionals understand the current landscape of food procurement and make viable predictions about the future.

Key topic areas include:

Shifts in Context, Shifts in Food Sourcing
The Anatomy of a Grocery Trip
Channel and Retailer Profiles
The Rise of Private Label
Implications and Recommendations

Food Shopping in a Pandemic
Channel Engagement and Performance
Online Shopping
Restaurant Sourcing in a Pandemic

ABOUT REPORT
What You Get: General report (PowerPoint and PDF) including executive summary and demographic data tables (Excel).

Release Date: September 2020 *Report Length*: 140 pages *Market Coverage*: U.S. market

Report Price: **$12,500 before Nov. 15, 2020**. $15,000 after Nov. 15, 2020.

To purchase the report, please fill out the order form on the last page of this overview.

REPORT OVERVIEW

METHODOLOGY

- Integrated qualitative and quantitative methodologies
- **Quantitative:** A nationally representative online survey of n=2,008 U.S. adults (aged 18–74), primary shoppers conducted in August 2020. Results weighted to U.S. Census balance for age, gender, income, census division, and kids in HH.
- **Mobile Qualitative:** 7-day asynchronous task assignment via specialized mobile app. All tasks were completed remotely due to COVID-19, and no participants were asked to visit a store or public area for safety reasons.
- **Follow-Up Interviews:** 7 consumers also participated in a 1-hour follow-up interview to contextualize task uploads and dig deeper into key topic areas.

EXECUTIVE SUMMARY — Topline Overview

- The need for safety and security is the fundamental driver of consumer decisions.
- Given safety concerns and measures to mitigate the spread of COVID-19, consumers have adapted their shopping approaches to best suit their needs and personal risk assessment.
- As consumers have become focused on functional needs during shopping, satisfaction is primarily driven by ease and convenience.
- Despite endeavoring to make fewer shopping trips, consumers continue to rely on a broad range of channels, with each catering to specific needs based on trip type, category selection, experience, or safety.
- Nearly half (46%) of consumers bought at least 5% of their groceries online in the past 30 days (vs. just 20% of consumers over a 3-month period in 2017),* and more than a quarter (27%) say that they now shop online more than before the pandemic.
- In addition to benefits directly related to safety, consumers appreciate the convenience and time savings provided by online grocery shopping.
- Other ways of sourcing food online, like meal subscriptions and direct-to-consumer options, have attracted increased interest during COVID-19.
- Restaurant spending was immediately impacted by COVID-19, with the share of food service dollars falling to 1992 levels in a matter of months.
- Private label was already gaining traction, but the COVID-19 pandemic has created new opportunities for retailers' own brands to gain trust and loyalty among shoppers.

A LOOK INSIDE THE REPORT

Shifts in Context, Shifts in Food Sourcing

- COVID-19 trends. Traumatic event: macro and micro forces
- COVID-19 trends. Increasing case incidence/inconsistent regulations/misinformation
- COVID-19 and the consumer. Consumers continue to prioritize a baseline need for immediate security, which drives daily values and priorities
- COVID-19 and the consumer. Consumers are constantly assessing risk and making trade-offs in daily activities and priorities accordingly
- COVID-19 and the consumer. Level of concern about different aspects of food procurement under COVID-19 (*chart)*
- COVID-19 and the consumer. Ways in which consumers obtained food for the household in the past 30 days (*charts*)
- Special considerations: familiarity. Fostering a sense of familiarity can help appease stress and anxiety by providing security, comfort, and a sense of normalcy
- Special considerations: novelty. In addition to the desire for familiarity, consumers are looking to integrate excitement and discovery into their pandemic-shaped lives
- Key takeaways

Food Shopping in a Pandemic

- Who is shopping?
- What are the considerations? Food procurement journeys: mode selection/ordering/fulfillment (*chart*)
- Where are consumers shopping? Compared to before COVID-19, I now… (in order of the amount of change, positive or negative) (*chart*)
- How are consumers shopping? Adjustments to the act of shopping prompted by COVID-19 (Among all shoppers) (*chart*)
- How are consumers shopping? Planning/in-store/unloading
- How are consumers shopping? Escape from routine/shopping as love
- What are consumers purchasing? Product categories shoppers rely on more/less due to COVID-19 (*chart*)
- What are consumers purchasing? Local has taken on new importance
- What are consumers purchasing? Frequency of buying freshly prepared foods (*charts*)
- Special considerations: households with children. Households with children are particularly sensitive to safety concerns. Highly concerned about… (*chart*)

- Special considerations: sustainability. Some sustainability issues have taken a back seat as consumers prioritize their health and safety, but this is only a momentary pause
- Special considerations: social responsibility. Employee welfare/company safeguards/social justice
- A view to the future: shopping expectations. Adjustments due to COVID-19 and plans for the future (*charts*)
- A view to the future: community supported agriculture (CSA). Interest in farm share subscriptions spiked in the spring but had already returned to pre-pandemic levels by summer
- Key takeaways

The Anatomy of a Grocery Trip

- Trip planning behaviors (*chart*)
- Planning behaviors: pre-COVID-19 and now
- The act of shopping: in-person trips and trend in weekly in-person trips (*chart*)
- Multi-store trips (*chart*)
- Reasons for multi-store trips (*chart*)
- Multi-store trips: keeping costs low vs. getting the right product
- Purchase decisions: general purchase influencers (*chart*)
- Store attributes as drivers of trip satisfaction (*chart*)
- Store attribute drivers: trip satisfaction, trust, recommendation (*chart*)
- Product selection as drivers of trip satisfaction (*chart*)
- Product selection drivers: trip satisfaction, trust, recommendation (*chart*)
- Drivers of trip satisfaction vary by type
- Shopping challenges (*chart*)
- Key takeaways

Channel Engagement and Performance

- Channel engagement and channel use frequency vs. 6 months ago (*charts*)
- Channel engagement in the past 30 days and trips to/orders from channel in past 30 days (*chart*)
- Role of channel: meeting my needs during COVID-19… (*chart*)
- Role of channel: average number of channels visited, channels in-person visited past 30 days, and online channels (*chart*)

- Role of channel: shoppers' subtle shifts in the way they use each channel
- Role of channel: percentage highly satisfied with last trip/order (*chart*)
- Store attributes as drivers of shopping experience satisfaction (*chart*)
- Store attributes as drivers of trust in the retailer (*chart*)
- Product categories/types as drivers of shopping experience satisfaction (*chart*)
- Product categories/types as drivers of trust (*chart*)
- Key takeaways

Channel and Retailer Profiles

- Grocery channel profile
- Grocery channel profile dashboard (*chart*)
- Retailer profiles: Kroger (*chart*)
- Retailer profiles: Albertsons (*chart*)
- Retailer profiles: Ahold Delhaize (*chart*)
- Mass Merchandise channel profile
- Mass Merchandise channel profile dashboard (*chart*)
- Retailer profiles: Target (*chart*)
- Retailer profiles: Walmart (*chart*)
- Drugstore channel profile
- Drugstore channel profile dashboard (*chart*)
- Retailer profiles: CVS
- Retailer profiles: Walgreens/Rite Aid
- Club channel profile
- Club channel profile dashboards (*chart*)
- Retailer profiles: Costco (*chart*)
- Retailer profiles: Sam's Club (*chart*)
- Specialty/Natural channel profile
- Specialty/Natural channel profile dashboards (*chart*)
- Retailer profiles: Whole Foods Market (*chart*)

- Retailer profiles: Trader Joe's (*chart*)
- Discount channel profile
- Discount channel profile dashboards (*chart*)
- Retailer profiles: ALDI

Online Shopping

- Online shopping 2020
- Online shopping's response to COVID-19
- Portion of food/groceries purchased online (*chart*)
- Who is shopping online? Demographic profile of online shoppers (*chart*)
- Who is shopping online? Channel and retailer engagement in the past 30 days (*chart*)
- Where do consumers shop online? (*chart*)
- Areas where online shopping does BETTER than in-store shopping (*chart*)
- Why do consumers shop online? (*chart*)
- Why do consumers shop online? Convenience benefits
- The online shopping landscape
- Use of specific online ordering services in the past 3 months (*chart*)
- How do different online ordering/delivery methods compare (*chart*)
- Special retailer profile: Amazon (*chart*)
- Special retailer profile: Amazon/Thrive Market/Fresh Direct (*chart*)
- What do consumers do differently online?
- What do consumers do differently online? Category preferences (*chart*)
- Barriers to online shopping (*chart*)
- Why do some consumers prefer not to shop online?
- Online food sourcing beyond groceries: online engagement outside of grocery shopping (*chart*)
- Online meal services used in the past 3 months (*chart*)
- Direct-to-consumer food sourcing
- Special considerations for online: households with children (*chart*)
- A view to the future: online grocery shopping
- Key takeaways

The Rise of Private Label

- How are private label brands faring?
- How have private label brands fared during COVID-19? Compared to before the pandemic vs. when COVID-19 is no longer a concern
- What do consumers look for in private label products? Products types / ingredients
- How do consumers think about private labels? (*chart*)
- Perception of channels offering good store brand selection (*chart*)
- Which private label brands are driving customer loyalty? (*chart*)
- Key takeaways

Restaurant Sourcing in a Pandemic

- How have restaurants been impacted by COVID-19?
- Frequency of dining out 6 months into the pandemic (*chart*)
- How are consumers interacting with restaurants months into the pandemic?
- How are consumers adapting from not being able to go to restaurants?
- How can different restaurants ensure they engage consumers?
- What else do consumers think about when ordering food? Food safety and food consumption techniques
- Key takeaways

Implications and Recommendations

- Pandemic considerations moving forward
- Implications and recommendations: the shopping experience
- Implications and recommendations: driving satisfaction at retail
- Implications and recommendations: online procurement methods
- Implications and recommendations: private label, meal kits, and direct-to-consumer
- Implications and recommendations: restaurants and dining out

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