Methodology

Quantitative

Nationally representative survey, fielded online in early August 2020

Topics included:

- Broad look at food sourcing (shopping in person and online, subscriptions, food service, and more)
- General shopping habits and specific COVID-19 strategies
- Planning activities and purchase influencers
- Trip drivers
- Channel and retailer engagement and performance
- Online grocery purchasing, perceptions, and services used
- Grocery category purchasing by retailer/channel

Qualitative

Fielded July 2020

Mobile Qualitative: 7-day asynchronous task assignment via specialized mobile app. Respondents received multiple tasks per day (video, text, and photo tasks) related to their shopping habits and retailer perceptions. 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.

Sample

- n=2,008
- General U.S. population, aged 18-74, Primary Shoppers (see slide 5 for qualification details)
- Results weighted to U.S. Census balance for age, gender, income, census division, and kids in HH
- Sampling error of ±2.3% at the 95% confidence level for all adults

- n=17
- Aged 30-63
- Mix of genders, household income, children/no children <18 in HH, race/ethnicity, census regions
- Mix of shoppers across 8 channels: traditional grocery, mass, drug, discount/dollar, club, specialty/natural, online-only and direct-to-consumer (DTC)
- Mix of private label and brand shoppers

Notations

Statistically significant differences between groups at the 95% confidence level are noted throughout the report using capital letters (e.g., A, B, C).

Consumers' words and images are noted throughout the report and include initials, age, and gender.

Responsibility for grocery shopping continues to evolve away from traditional norms, but this trajectory is now shaped by COVID-19

Among all adults…

72% of U.S. adult men

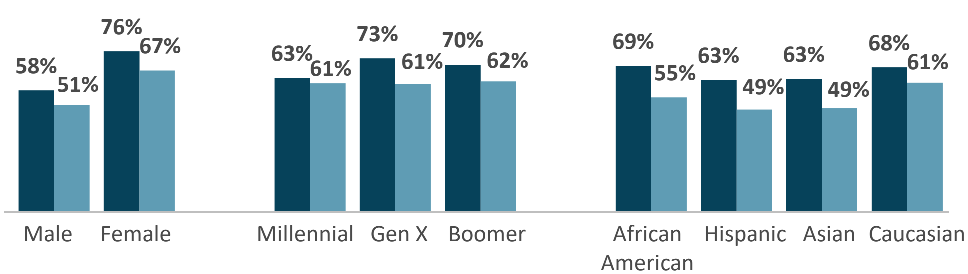
82% of U.S. adult women

hold 50% or more of responsibility over grocery shopping in their households.

14% of shoppers say only **one person** in their HH **now does all the shopping**

Among shoppers…

(% claiming <u>all/nearly all</u> responsibility over HH shopping)



In line with ongoing trends over the past several decades toward more sharing of household duties, men continue to take on a significant portion of grocery shopping. This year, however, **both men and women are now less likely to consider themselves the household's primary shopper**, compared to 2017.

This phenomenon is more pronounced among population segments at greater risk for COVID-19: Gen X and Boomers as well as people of color. This is linked to efforts to minimize exposure to the virus by **optimizing who shops**. For instance, if someone is already out of the house (e.g., for work or an essential appointment), they may do the shopping en route. Or, if both adults work from home, they may have more flexibility to share shopping responsibilities than before. In addition, households shopping online may have multiple members contributing to a shared order.

Right now it's just my wife or I who go shopping. I do online shopping for a lot of little trips or when we need something for dinner. I pick it up curbside when I'm on my way home from work. Since I am already coming home, there is no need for my wife to go out. *– KM, 30, M*

FSA July/August 2020. S9. How much of your household's shopping for groceries (i.e., food, beverages, personal care items, and non-prescription drugs/medications) are YOU responsible for? Screener base: All adult men (n=1234), All adult women (n=1384). Trended shopper base: Men 2017 (n=854), Men 2020 (n=848), Women 2017 (n=1150), Women 2020 (n=1062), Millennials 2017 (n=797), Millennials 2020 (n=552), Gen X 2017 (n=492), Gen X 2020 (n=542), Boomers 2017 (n=706), Boomers 2020 (n=699), Afr. American 2017 (n=245), Afr. American 2020 (n=197), Hispanic 2017 (n=265), Hispanic 2020 (n=182), Asian 2017 (n=137), Asian 2020 (n=174), Caucasian 2017 (n=1554), Caucasian 2020 (n=1502). CV5. What other adjustments have you made in HOW you shop for groceries specifically in response to the COVID-19 pandemic? Compared to before the COVID-19 pandemic became a concern in my area… (Select all that apply) Base: Total (n=2008).

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Shoppers’ efforts to consolidate their shopping trips mean fewer weekly trips, compared to 2017

The number of shoppers who make more than one grocery shopping trip per week fell by one-quarter vs. 2017. As in-person shopping becomes less frequent, or even eliminated from the shopping sequence, it is increasingly replaced by online purchases.

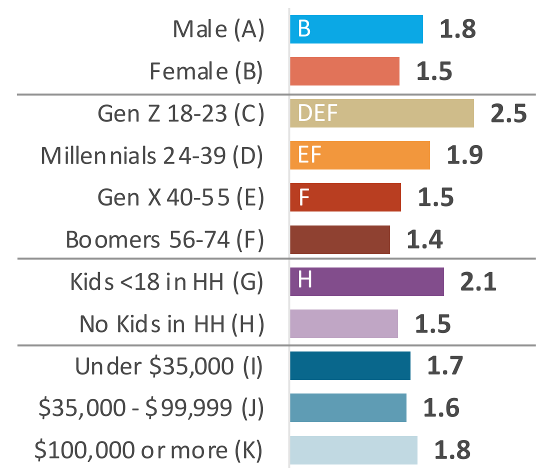
In a typical week, shoppers grocery shop

1.7x in person
(trip may involve multiple stores)

0.9x online

Average # of In-person Trips per Week

Among all shoppers



I find the frequency of my shopping trips has changed because of the pandemic. Before the pandemic, I would physically go food shopping two to three times a week. [Now] it's down to about once a week plus the online shopping. *– AD, 32, F*

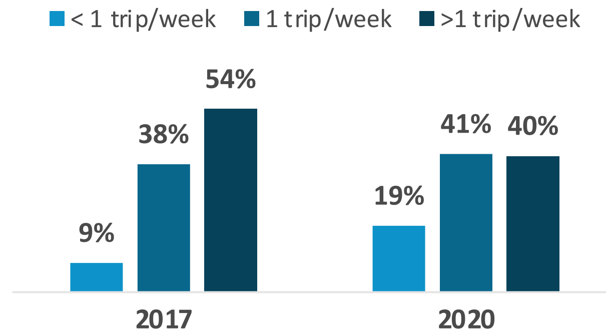
Shifts vs. 2017:*

Approximately one-quarter fewer shoppers now make two or more weekly trips to the store. This decrease is even larger among **women, older shoppers, and those with middle and upper income.** A number of factors affect reported trip frequency:

- Rising and falling levels of perceived threat in different geographic areas
- Changing household dynamics with different household members available to shop or located near a store
- Greater awareness and mainstream use of online ordering options

Trend in Weekly In-Person Trips*

Trended audience



* Exact trending from 2017 is not possible due to question wording/structure change. The 2017 study asked about “trips made to go grocery shopping,” while the 2020 study asked about “in-person trips to the store” vs. “online orders.” Changes in chart provided for directional purposes.

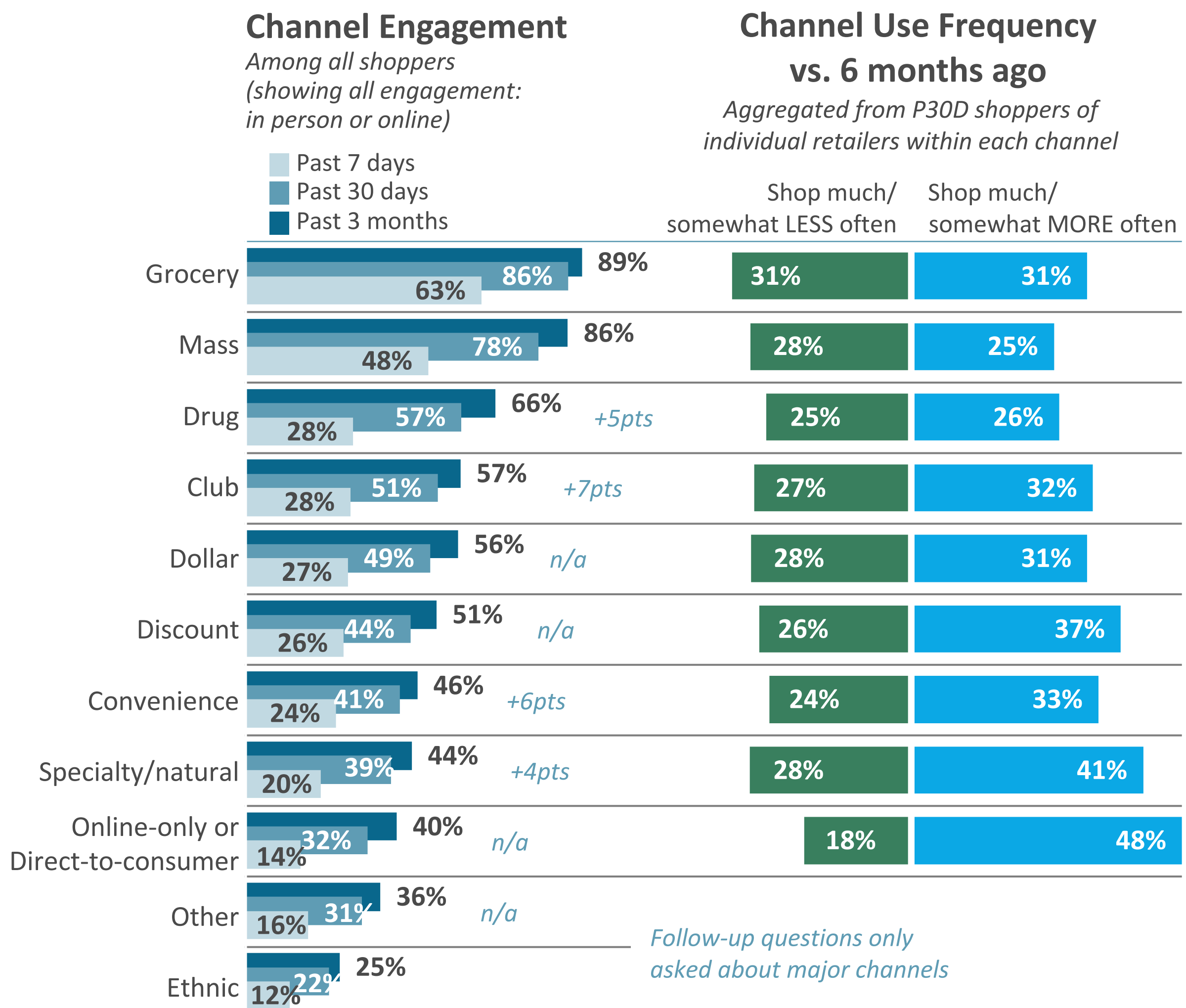
FSA July/August 2020. SP1. In a typical week, how many times do you do grocery shopping nowadays (either make a trip to the store in person or place a grocery order online)? Base – in person trips: Total (n=2008), Men (n=895), Women (n=1110), Gen Z (n=120), Millennials (n=552), Gen X (n=542), Boomers (n=794), Kids <18 in HH (n=534), No kids in HH (n=1474), Under $35K (n=436), $35K - $99,999 (n=903), $100,000 or more (n=654).

Despite sweeping changes in shopping, use of channels resembles prior years, but smaller channels have gained in reach since 2017

Grocery and mass continue to capture the highest monthly use.

The vast majority of shoppers have shopped at a **grocery** store in the past month, and nearly two-thirds have shopped there in just the past week, far more than any other channel, conveying not just the broadest penetration but also the highest frequency of use. **Mass**, on the other hand, has been able to capitalize on an already well-developed online shopping infrastructure to serve the needs of the 2020 shopping environment.

Answering today's needs in a different way, smaller-format stores (**drug, dollar, c-store**), as well as those offering savings (**club, dollar**), have seen an uptick in visits.



+/- represents statistically significant differences in past-30-day use from 2017 at a 95% CL

FSA July/August 2020. S15. Specifically, when did you last shop IN PERSON or ONLINE at each of the following types of stores to buy groceries (i.e., food, beverage, household or personal care items, or non-prescription medications) for your household? (Select one response for 'in person' and one for 'online' for each type of store) Base: Total (n=2008), Trend shown based on Trended base: 2017 (n=2004), 2020 (n=1913). U2. Compared to 6 months ago, would you say you are now shopping for groceries, in person or online, more or less frequently at the following stores? (Please select only one response per row/store) Base: Ratings of P30D retailers within each channel Grocery (n=3655), Mass (n=2133), Drug (n=1448), Club (n=1352), Dollar (n=1295), Discount (n=1667), Convenience (n=837), Specialty/Natural (n=2150), Online-only (n=857).
*Trend for Dollar, Discount, Online-only and Other is unavailable due to channel definition changes vs. 2017). Trend for Online shopping is indicated in other ways in the Online chapter.

CHANNEL PROFILE

Grocery

Grocery stores continue to anchor food sourcing strategies for most Americans, despite (and in many ways because of) the sweeping changes in how consumers shop brought on by the COVID-19 pandemic.

While online-only and mass retailers with an omnichannel approach were poised to seize consumers looking to avoid brick-and-mortar stores, many grocery stores were able to **pivot their services successfully and retain existing customers** by serving them in new ways.

In addition, in their long-standing role as centers of local communities, grocery stores enjoy a high level of familiarity and trust among their shoppers, which many strengthened further through quick action in implementing new safety policies to keep shoppers and staff safe.

Despite a spectrum of feelings—from seeing shopping as a much-needed escape from the house to considering it a newly stressful experience—91% of shoppers at grocery say their store **continues to serve them as well or better than before the pandemic started**.

Shopper Profile

Indexed to Total

Gender	Men/Women	**47%/53%**	*103/98*
Age Cohort	Gen Z 18-23	**6%**	*85*
	Millennials 24-39	**29%**	*96*
	Gen X 40-55	**27%**	*101*
	Boomers 56-74	**38%**	*105*
Household	Average HHI	**$97K**	*103*
	Live in city	**29%**	*100*
	Kids under 18	**27%**	*99*
P30D Shopping	Avg. # channels shopped in person / online / total	**4.8/2.3/5.6**	*105/107/105*
	Purchase 45%+ groceries online	**32%**	*99*

FSA July/August 2020. Base: Total (n=2008), P30D Grocery Channel Shoppers (n=1713). Indexed against the average across channels.

CHANNEL PROFILE

Grocery Dashboard

Among top 5 store attributes driving trip satisfaction for the channel
Among top 5 selection strengths driving trip satisfaction for the channel
Note: 'Store/site I trust' and 'Store/site I recommend' not included in driver analysis

Among primary shoppers…

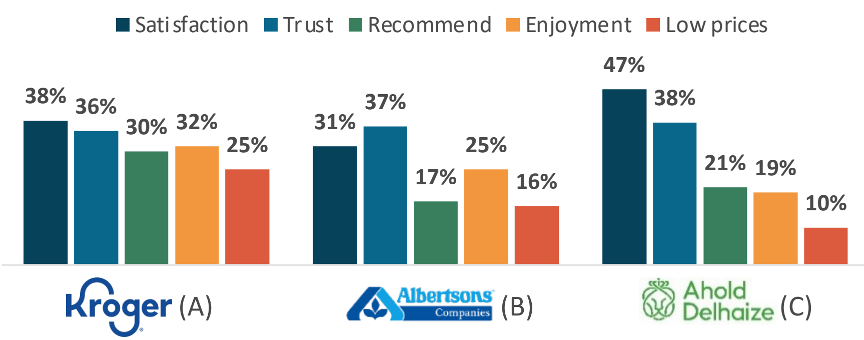
86% shopped the grocery channel in the past 30 days *(consistent with in 2017)*, making an average…

3.2 trips to this channel per month *(of which 2.8 in person and 0.5 online)*

45% of grocery shoppers were highly satisfied with their last trip *(rate it 9-10 on a 0-10 scale, index 103)*

Top Retailer Performance

Top Box – Describes very well, P30D Shoppers



Top 5 channel uses *(Reason for last trip)*		*Index*
Big, regular stock-up	42%	189
Smaller, fill-in trip	17%	138
Food items in specific depts.	13%	105
Couple of items needed right away	13%	97
Freshly prepared	3%	57

Top 10 channel attributes *(Top box – describes very well)*		*Index*
Most convenient	43%	124
Easy and quick to shop	39%	115
Large assort. of high-quality products	39%	122
Store/site I trust	39%	112
Enjoy shopping here	35%	105
Has items/brands I need/like	34%	105
Store/site I recommend to others	31%	98
Has other services/features	31%	116
Knowledgeable staff/customer service	30%	102
Good curbside pickup options	27%	115

Top 10 product selection strengths *(Top box – describes very well)*		*Index*
Dairy products/cheeses	49%	145
Fresh produce department	47%	148
Frozen foods	46%	140
Store brand / private label	45%	124
Meat/seafood department	44%	149
Fresh bakery products	43%	153
Shelf-stable products	41%	114
Healthy products	35%	114
Non-food items	32%	86
Beer, wine, or alcohol	32%	118

FSA July/August 2020. Base: Total (n=2008), Channel shoppers assigned to rate a P30D grocery retailer (n=853); P30D Kroger shoppers (n=322), P30D Albertsons/Safeway shoppers (n=394), P30D Ahold shoppers (n=307). Indexed against the average across channels. Capital letters (A, B, C) indicate statistically significant differences between the indicated groups at the 95% confidence level.

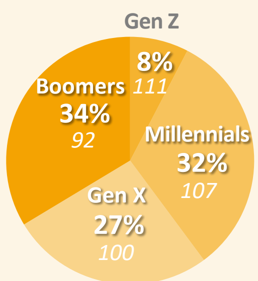
Retailer Profiles | Walmart

Walmart

Walmart maintains its image as a leader in offering low prices while also performing well on food selection in a variety of fresh categories. While not key satisfaction drivers for the channel overall, Walmart outperforms the channel on fresh produce, meat/seafood, dairy, and bakery. These benefits in price and selection may allow shoppers to downplay lower-scoring factors, like support of local communities and employees.

Shopper Profile

Indexed to Total



Men/Women	**46%/54%**	*101/99*
Average HHI	**$88K**	*93*
Live in City	**30%**	*103*
Kids Under 18	**32%**	*118*
Average # Channels Shopped (P30D) in person / online / either	**5.1/2.7/6.0**	*113/123/114*
Purchase 45%+ Groceries Online (P30D)	**37%**	*115*

Most Recent Trip Driver

Indexed to Channel Average

Big regular stock-up trip	39%	197
Smaller fill-in trip	13%	103
Shop specific non-food departments	12%	90
Get couple of items right away	9%	76
Take a break / get out of the house	7%	112
Shop specific food departments	7%	57
Browse for inspiration	6%	97

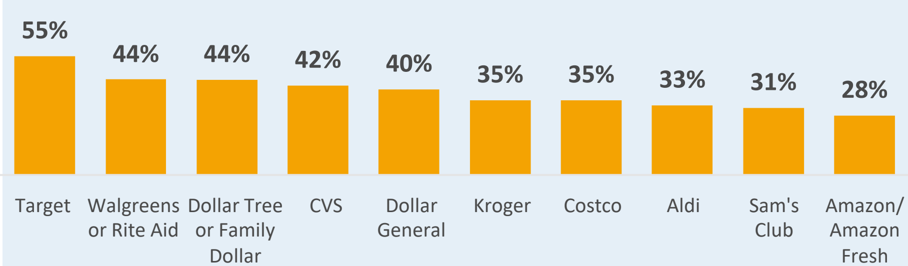
Performance on Top Drivers of Trip Satisfaction

Ordered by Driver Importance, Indexed to Average Across All Retailers within Channel
Note: 'Store/site I trust' and 'Store/site I recommend' not included in driver analysis

Retailer Attributes		
Sustainability values/practices aling with mine	18%	92
Good place to browse for items	26%	72
Knowledgeable staff/customer service	20%	81
Supports local community	19%	74
Has specific items/brands I need/like	26%	89
Takes great care of its employees	9%	53
Social justice values/actions align with mine	19%	99
Services that go above and beyond	16%	73
The most convenient	31%	94
Good curbside pickup options	22%	78
Product Selection		
Healthy products	22%	89
Ethnic or cultural products	16%	82
Premium/specialty products	17%	74

Biggest Grocery Competitors

P30D Shopping among P30D Walmart Shoppers



FSA July/August 2020. Base: Driver Performance - P30D Walmart Shoppers Assigned to Rate Walmart (n=496); All other statistics - P30D Walmart Shoppers (n=1216).
Survey language for Kroger: Kroger (includes City Market, Dillons, Fred Meyer, Fry's, Harris Teeter, King Soopers, QFC, Ralphs, Roundy's/Mariano's, Smith's).