Key Takeaways

- Nine of 10 consumers buy most of their groceries in physical stores and most plan to continue doing so in the near future.
- Three-fifths of U.S. adults have never bought groceries online.
- Consumers shop 2.1 times each week, on average, in stores and/or online for grocery-related purchases.
- About three-quarters (74%) of consumers say they spend more on groceries now compared to a few years ago.
- Discount department stores (92%) are used by the greatest share of consumers to complete their grocery shopping.
- Overall, consumers visit an average of 5.4 different types of retail formats to make all their necessary grocery purchases.
- About six of 10 (59%) shoppers say price is important when deciding where to shop for groceries.

To address changing consumer preferences, retailers that sell groceries, like those in other sectors, are offering shoppers more convenient ways to purchase and collect their items, online and in stores. Furthermore, they are creating new, more engaging experiences at their physical locations. The survey results presented here highlight grocery shopping behaviors in the current environment and provide insight into how those have changed.

The Grocery Landscape

Before addressing those results, some basic facts may help better understand that environment. Back in 2012, according to the U.S. Census Bureau’s Economic Census, the bulk of grocery sales took place in supermarkets (59%), followed by warehouse clubs and supercenters (23%), with gasoline stations (5%) ranking third. Discount department stores (2%) and electronic shopping (a bit less than 1%), among others, were left far behind as retail formats. The ultimate authoritative source for product line sales, the Census is conducted every five years and it is expected that its 2017 data will show a different picture upon its release. After all, this is a sector now being heavily transformed by technology and demographics.

Nevertheless, traditional food and beverage (F&B) stores should continue to grab a significant share of groceries. (After all, there are still more than 38,500 supermarkets with more than two million dollars in annual sales in the U.S.) Moreover, according to the Census Bureau, F&B stores represent one of the largest retail store categories in terms of total sales—in 2017, F&B stores made nearly $718 billion, representing 14% of total retail sales. The only category bigger is motor vehicle and parts dealers.) One should keep in mind that, to face fierce competition from newcomers or other players, F&B stores have also diversified—non-food items represent about 30% of their sales, still according to the Census.

Furthermore, in 2016, the most recent year that the government segments sales by purchasing channel, $698 billion of F&B store sales occurred at brick-and-mortar locations, while only $3.9 billion were done online (fulfilled from stores or warehouses).

Finally, to highlight the ongoing importance of grocery shopping, the Food Marketing Institute stated that weekly household grocery expenses reached $109 in 2017—up from $93 in 2007.

Characteristics of Grocery Shoppers

Seven of 10 (70%) consumers consider themselves “In-Store Regulars” and essentially buy most of their groceries in physical stores and plan to continue doing so in the near future. Slightly more than one-fifth (22%) say they are “Considerers” who do most of their grocery shopping in store, but would consider increasingly taking advantage of buying groceries online. About 6% of consumers say they are “Interchangers” who regularly switch between grocery shopping in stores and online. Finally, only 2% of consumers are best described as “Online Regulars” and prefer buying groceries online, rarely going to physical stores to purchase items. (See Chart 1.)

To better assess consumer behaviors in the diversifying grocery landscape, these four grocery shopper types are referred to throughout this piece to show how they differ from one another.

Chart 1

<table>
<thead>
<tr>
<th>Types of Grocery Shoppers</th>
<th>Percent of U.S. Adult (2017)</th>
</tr>
</thead>
<tbody>
<tr>
<td>In-Store Regulars</td>
<td>70%</td>
</tr>
<tr>
<td>Considerers</td>
<td>22%</td>
</tr>
<tr>
<td>Interchangers</td>
<td>7%</td>
</tr>
<tr>
<td>Online Regulars</td>
<td>3%</td>
</tr>
</tbody>
</table>

Consumers Shop Frequently for Groceries

To fulfill their needs for food, beverages and other frequently used household goods, consumers shop for groceries in stores and/or online an average of 2.1 times each week. By age, Generation X shops the most often (2.3 times per week), followed by Millennials (2.2 times per week) and Baby Boomers (1.9 times per week). Grocery shopping frequency also coincides directly with household size. Consumers in households with three or more people shop 2.3 times each week compared to 1.7 times for those in single-person households.

When comparing the different types of grocery shoppers, “Interchangers” shop more frequently (2.5 times per week) than any of the other groups. Consumers who regularly shop online buy less often than the others (1.4 times per week). (See Chart 2.)

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1 These results and others in this report are based on a representative poll of 1,005 adults in the U.S., conducted between October 11 and 14, 2018, by Engine Insights on behalf of ICSC.
3 U.S. Census Bureau, Monthly Retail and Food Services Sales Report.
4 U.S. Census Bureau, Estimated Annual U.S. Retail Trade Sales—Total and E-commerce.
5 U.S. Census Bureau, Supplemental Estimated Annual Sales for U.S. Electronic Shopping and Mail-Order Houses—Total and E-commerce Sales by Primary Business Activity.
Grocery Expenditures Increase for Most

Chart 3 shows that about three-fourths (74%) of consumers say they now spend more on groceries compared to a few years ago. Nearly one-fifth (18%) spends about the same and 8% spend less. By generation, about four-fifths (81%) of Millennials are spending more compared to 72% of Boomers and 71% of Gen Xers.

By type of grocery shoppers, a greater share of Interchangers (80%) said they are spending more now (perhaps because they are regularly shopping through multiple channels) than Considerers (78%), In-Store Regulars (73%) and Online Regulars (59%), as shown in Chart 4.

When asked why they are spending more on groceries today, about two-thirds (64%) said groceries are more expensive in general today compared to a few years back. They also noted that for dietary reasons, the products they are buying cost more (25%), better economic conditions in their household allow them to buy more (22%) and there is a better selection of items to choose from (21%).

Still related to F&B expenditures, some reports have indicated that overall consumer spending at restaurants is now higher than at grocery stores, spurred by quick-service (i.e., fast-food) restaurants (QSR). This segment—which grew more than 7% year-over-year in Q2 2018, the largest share among restaurant categories—has benefited from intensive consumer use of technology: kiosks, tablets and especially smartphone apps. Nearly two-fifths (39%) of U.S. QSR customers used the latter to order meals within the past 90 days, up from just 11% in 2015, according to a February survey by Market Force Information®, a Louisville, Colo.-based customer experience management company.6

When asked in the ICSC survey, however, only about one-third (32%) of consumers say that so far this year they have spent more money in restaurants than at grocery stores. Nearly half (46%) of Millennials indicate spending more in restaurants while fewer Gen Xers (30%) and Boomers (21%) say the same. Three-fifths (61%) said they did not spend more at restaurants than on groceries and only 7% were not sure.

For Groceries, Discount Department Stores Are Most Popular

In alignment with another grocery-related study conducted by Coresight Research7 that found Walmart and Target as the most popular retailers for buying groceries in store, results from ICSC’s survey show discount department stores (92%) (including Walmart and Target) are used by the greatest share of consumers for their grocery shopping.

The discount department stores’ current high standing among grocery shoppers was not achieved overnight. Walmart’s HyperMart USA stores combined the retailer’s traditional merchandise, groceries and other services in 1987, and the debut of its supercenter format a year later refined the concept. By 2001, it had become the largest food retailer in the U.S.8 Target’s version of the supercenter, SuperTarget, debuted in 1995. But its concentration on groceries in the last three years has been key to its recent revival. Groceries now account for nearly 20% of Target’s revenues.9

According to ICSC’s 2018 grocery survey, traditional supermarkets (86%), limited-assortment food stores (67%) and warehouse clubs (62%) are also widely used. (See Chart 5.) These findings mirror results from ICSC’s 2017 grocery survey.10

Though a greater share of consumers go to discount department stores to buy groceries, the ones visiting traditional food stores go more frequently. Over half (56%) of consumers visit traditional food stores very often compared to 44% who do the same when it comes to discount department stores. The latter figure is significantly higher than the 32% of consumers who indicated going to discount department stores very often in ICSC’s 2017 grocery survey. Additionally, traditional supermarkets and discount department stores are the only two types where larger shares of shoppers indicate going very often, as opposed to often or occasionally. (See Chart 6.)

Despite the popularity of discount department stores and traditional supermarkets for grocery purchases, consumers do not

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stores. Although Amazon led the online grocery market in 2017, Walmart closely followed. By the end of this year, Walmart could surpass the Internet-only retailer as it expands its e-commerce capabilities.11 As illustrated in Chart 7, about four-fifths (84%) of online grocery shoppers buy online from retailers with stores, while 14% orders from online-only retailers and just 2% use a grocery subscription service or use meal kits ordered online.

Among shoppers ordering groceries online from retailers with stores, nearly half (49%) actually go to those locations to pick up their goods. Of them, 26% actually pick up inside the store (and may potentially make additional purchases once there) while 23% pick up curbside or at a drive-through window.

**Click-and-collect has exploded among some of the top U.S. grocery retailers.** At Kroger, for example, during a four-year period, the number of locations offering this service went from just under 200 in 2014, to more than 500 by 2016. In 2018, Euromonitor estimates there will be around 1,500 locations to pick up groceries ordered online.12

Lastly, recent news about another pickup option has emerged. Walmart announced plans to open grocery pickup-only locations, allowing customers to drive into a canopied pickup-bay, park and have items loaded into their car.13 When asked about this concept, about one-third (34%) of ICSC survey respondents expressed interest.

### Changing Frequency of Grocery Shopping by Channel

The growing number of options available to consumers for grocery shopping has had a moderate impact on how often they shop through each. Unsurprisingly, higher shares of shoppers indicate greater usage of online channels compared to those indicating an increase in going to stores. (See Chart 8.)

These findings align with those in the same recent Euromonitor study about grocery trends. Since 2013, the share of consumers

shopping online at least once per month has gradually increased. However, by country, the shares of U.S. shoppers buying groceries online is significantly less than those in Brazil, China, India and the U.K.

When it comes to in-store shopping, although fewer consumers (25%) indicated shopping more frequently through that channel, two-thirds (65%) said shopping in stores has remained the same compared to a year ago and only 10% said it has decreased.

**Price and Quality Are Most Important to Consumers When Choosing Where to Shop for Groceries**

The greatest share of consumers—nearly three-fifths (59%) of them—say that price/value of items or the sales/promotions offered is important when choosing where to regularly shop for groceries. Value for money and low price were also found by Euromonitor to be the most influential features when buying both packaged and fresh food. Other important factors are quality/freshness (50%), convenience of locations (42%), cleanliness/store layout (25%) and the variety of items (21%). (See Chart 9.)

**Fresh foods** have emerged as a particularly compelling factor in stores’ battle for consumers’ loyalty. According to the Food Marketing Institute,¹⁴ shoppers are willing to look around for the best fresh items, with 24% even buying fresh produce in a different channel from groceries. Millennials are especially at the forefront of this movement. Results of a CBD Marketing study of social-media posts found that members of this age group not only “want fresh, healthy and natural food and beverages,” but that they like to cook and prepare meals themselves.¹⁵ Food retailers are responding with prepared food stations and add in-store restaurants, coffee and tea bars, and smoothie stations—even, in some cases, in-store signage containing recipes, cooking explanations and meal-preparation tips.

By shopper type, one particularly interesting insight arises from the ICSC’s 2018 grocery survey about factors influencing where consumers shop for groceries arises. Half or more of “In-Store Regulars” (49%), “Considerers” (56%) and “Interchangers” (50%) say that quality/freshness of products is important when choosing where they regularly shop. Significantly fewer “Online Regulars” (34%) indicate the same factor as important.

**How to Increase Visits to Grocery Stores?**

About one-third (34%) of consumers say they would likely visit grocery stores more often if they had access to more convenient locations. In addition, improved checkout/payment systems (30%), more unique product offerings (25%), prepared grab-and-go meals (21%) and better integration of technology once in store would encourage more frequent trips to physical grocery stores. (See Chart 10.)

While generations did not differ in terms of what would increase their frequency of trips to grocery stores, there were more noticeable variations by type of grocery shopper, particularly among “Interchangers” and “Online Regulars.” The former group specified more unique products (39%), improved checkout (36%) and better integration of technology once in store (32%), whereas, the latter group noted improved checkout (31%), prepared grab-and-go meals (23%) and a larger assortment of non-grocery goods (21%).

**Popularity of Grocery-Related Technologies**

When asked what they are already using or would be willing to use on a regular basis, consumers put grocery shopping loyalty reward programs (52%) and online/mobile coupons (45%) at the top of their list. Unsurprisingly, both of these are related to price and promotions offered, the most important factors cited by consumers when choosing where to regularly shop, as discussed earlier. They also mentioned self-service checkout stations (45%), retailer apps (23%), hand-held scanners for checkout with cashiers (22%) and fully automated, “cashierless” stores (21%).

**Conclusion**

Sweeping changes in how Americans live and work have raised the stakes in an already competitive grocery environment. Consumers have already diversified in the number of stores where they spend on food. But they remain intensely loyal to physical stores, even as they indicate that enhanced technological options will cement that allegiance in the near future.


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