

## Physical Stores Dominant in Diversifying Grocery Landscape

*Consumers, Aware of New Options, Prefer Tangible Shopping Experience*

The following highlights about grocery shopping are based on a representative sample of 1,012 adults in the U.S., which was conducted between August 21 and 23, 2017 by ORC International on behalf of ICSC.

### SECTION A: GROCERY SHOPPING FREQUENCY (p. 2)

- Overall, nearly four-fifths (79%) of adults shop for groceries (in stores and/or online) *at least once per week*. The largest share (62%) of them shops *one to two times each week*. (Chart 1)

### SECTION B: TYPES OF GROCERY RETAILERS USED FOR SHOPPING (pp. 3-5)

- The greatest share of grocery shoppers goes to *discount department stores* (93%), closely followed by *traditional supermarkets* (92%). (Chart 3)
- Shoppers purchase from 5.4 *different types* of grocery retailers—with millennials (5.9) shopping at the greatest variety. (Chart 5)
- The largest share (69%) of shoppers *prefers* traditional supermarkets—Baby Boomers in particular. Following those are discount department stores (52%) and warehouse clubs (30%). (Chart 7)
- High-end supermarket shoppers are the *most likely* to shop at other types of retailers for groceries (81% of them). Those shopping at discount department stores are the *least likely* to shop elsewhere (65% of them). (Table 1)

### SECTION C: SHOPPING PATTERNS BY TYPE OF GROCERY RETAILER (pp. 6-9)

- Traditional supermarkets have, by far, the *most frequent* visitors—55% make purchases at least once per week. This is followed by nearly one-third (32%) of discount department store shoppers who do the same. (Chart 8)
- Small, specialty/gourmet food stores and high-end supermarkets have the largest shares of *infrequent* consumers.
- **Overall, physical stores remain the overwhelming preference for grocery shoppers over digital channels.** Over two-thirds (68%) purchase items *in stores only* compared with just 1% who buy *online only*. Nearly one-third (31%) purchase *in store and online*. This pattern holds true for all generations and income groups. (Charts 9 and 10)
- Limited-assortment food store and traditional supermarket shoppers are the most inclined to purchase *in store only*. Buying groceries *in store and online* is most popular with discount department store shoppers. (Chart 11)
- Consumers' *number-one reason* for grocery shopping in store is being able to get items immediately (71%), followed closely by the ability to ensure product freshness (70%) and to see options in person (69%). (Table 2)
- Most shoppers who make purchases online (74%) *pick their order up in store*. Fewer (44%) have their purchases *delivered by the retailer* and even less (36%) have items shipped *by mail or a courier service*. (Chart 12)
- For nearly all types of grocery retailers, most shoppers who order online *pick up in store*. (Chart 13)

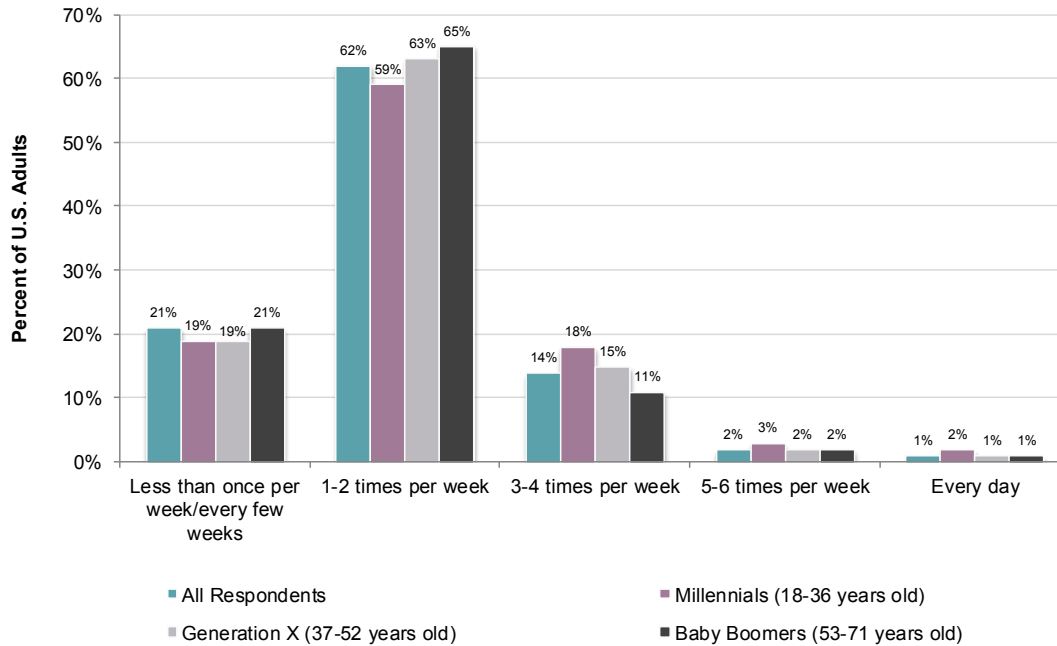
### SECTION D: ADDITIONAL INSIGHTS (pp. 9-11)

- Nearly half (49%) of in-store grocery shoppers say the stores they visit offer a loyalty program and 85% of those consumers use them. (Chart 14)
- Over three-fifths (62%) of adults believe that within the next five years, the ability to order groceries online and pick them up curbside at a store will be widely available—the most likely among all other potential changes to the grocery sector. (Table 3)
- Overall, 61% of adults are aware that Amazon made a bid to purchase Whole Foods. Of them, the greatest share believes Amazon Prime members will get exclusive offerings at Whole Foods (47%). (Table 5)

**SECTION A: GROCERY SHOPPING FREQUENCY**

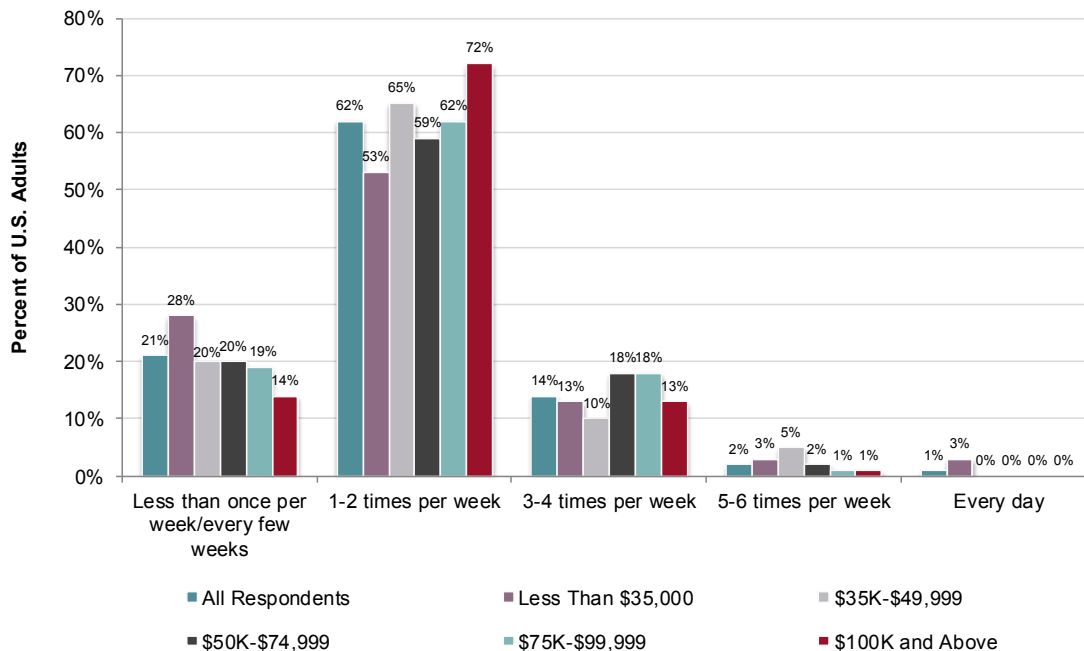
**Chart 1:**

*Millennials grocery shop most frequently—a higher share of them go three or more times each week...*



**Chart 2:**

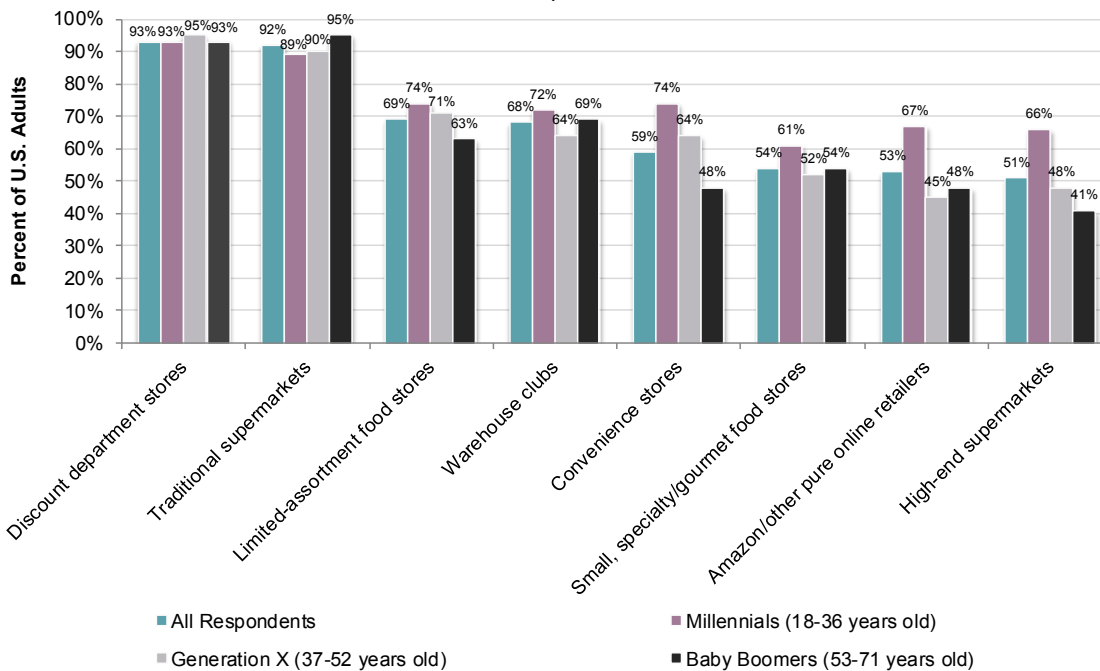
*Adults living in households earning the least shop less frequently than those in households earning more...*



**SECTION B: TYPES OF GROCERY RETAILERS USED FOR SHOPPING**

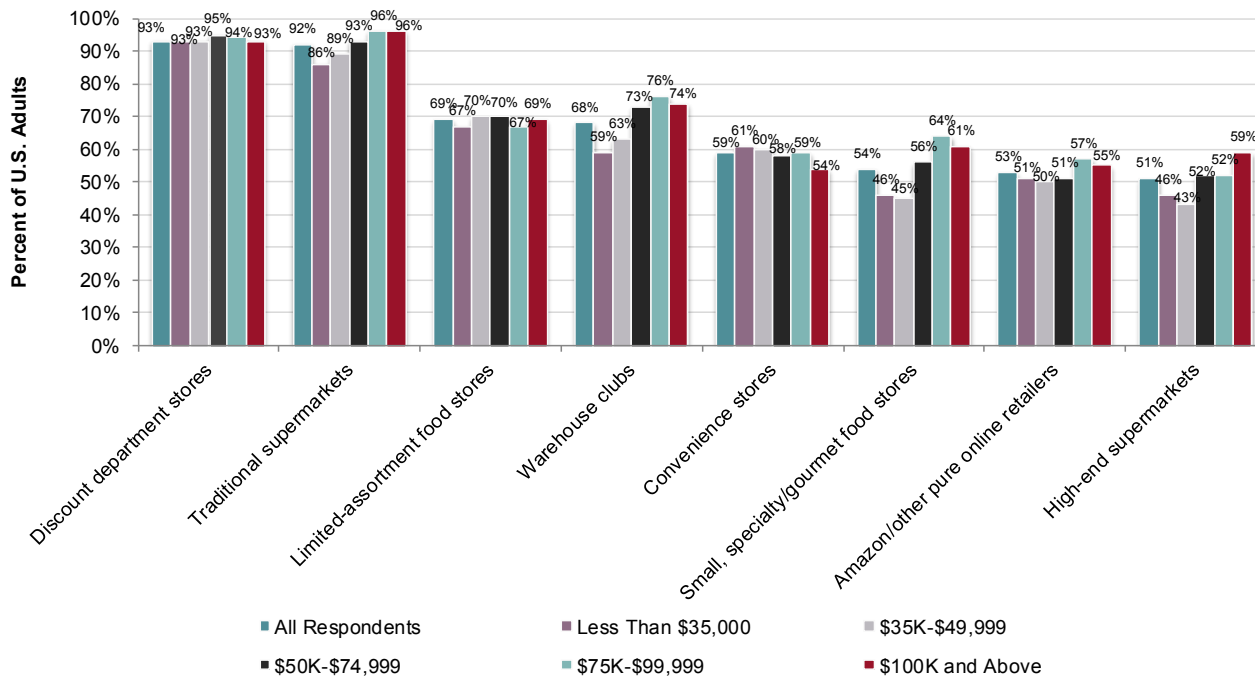
**Chart 3:**

*Discount department stores are used most for grocery shopping. Significantly higher shares of millennials shop at Amazon/other pure online retailers and high-end supermarkets...*



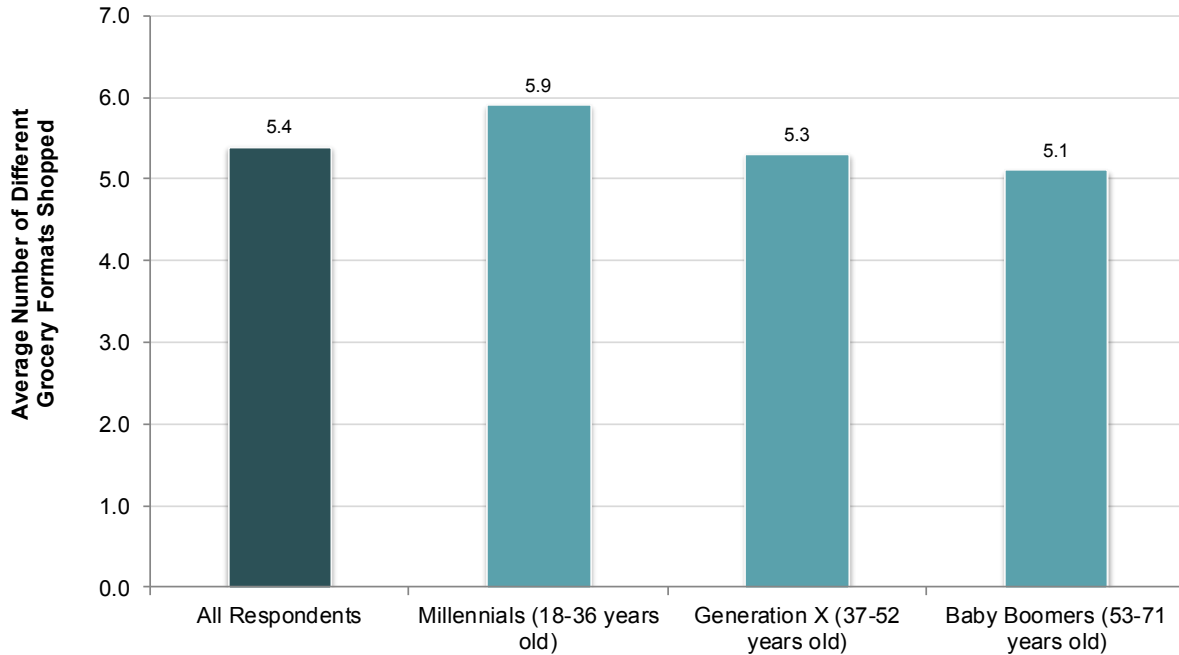
**Chart 4:**

*The greatest differences for grocery shopping venue by income group are at warehouse clubs, small, specialty/gourmet food stores and high-end supermarkets...*



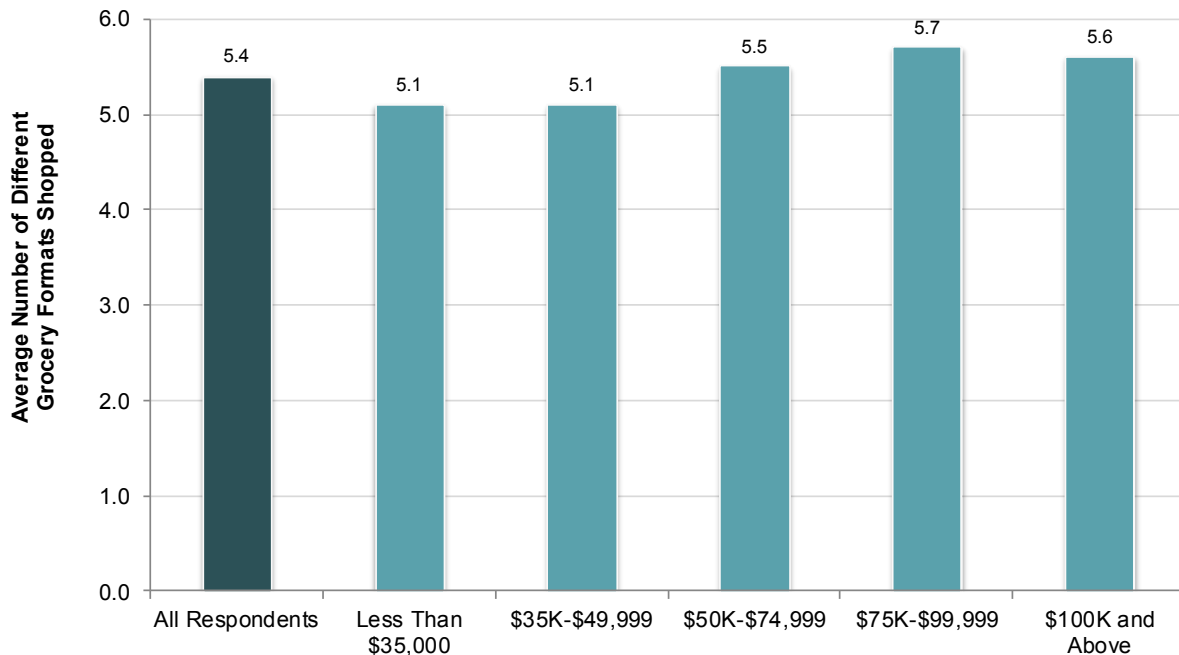
**Chart 5:**

*On average, millennials shop at a greater variety of grocery retailers...*



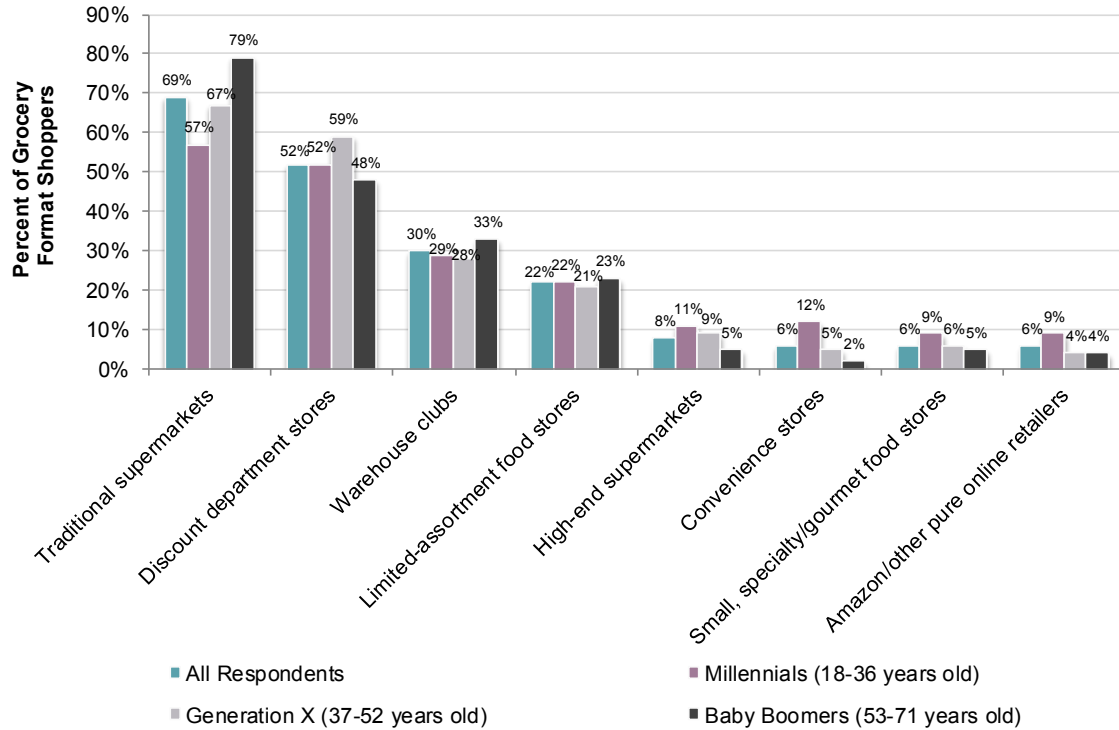
**Chart 6:**

*Individuals living in higher-income households shop at a greater variety of grocery retailers...*



**Chart 7:**

Among all of the different types of grocery formats, traditional supermarkets are preferred by the largest share of shoppers...



**Table 1:**

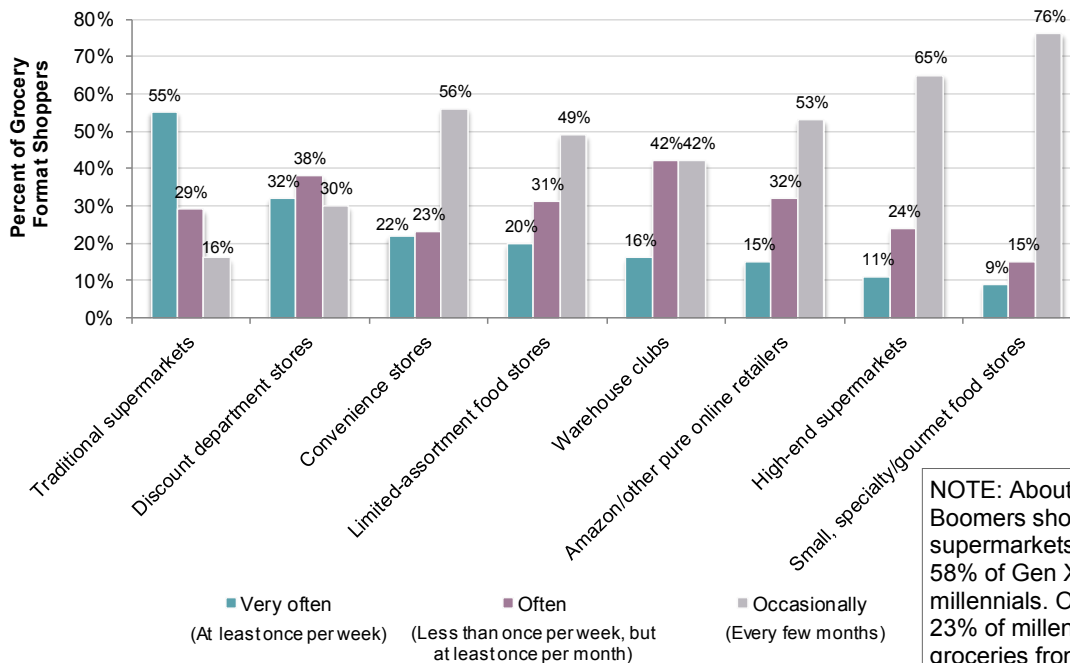
Individuals who shop at high-end supermarkets are the most likely to shop at other grocery formats, while those who shop at discount department stores are the least likely...

		Types of Grocery Shoppers by Format							
		Convenience stores	Discount department stores	Traditional supermarkets	Limited-assortment food stores	Small, specialty/gourmet food stores	Warehouse clubs	High-end supermarkets	Amazon/other pure online retailers
Other Establishments Visited	Convenience stores	100%	61%	60%	67%	73%	63%	68%	73%
	Discount department stores	97%	100%	95%	95%	96%	96%	96%	97%
	Traditional supermarkets	93%	93%	100%	95%	95%	94%	96%	94%
	Limited-assortment food stores	78%	70%	71%	100%	85%	73%	86%	78%
	Small, specialty/gourmet food stores	67%	55%	56%	67%	100%	61%	73%	68%
	Warehouse clubs	74%	71%	70%	73%	78%	100%	81%	76%
	High-end supermarkets	59%	52%	53%	64%	69%	60%	100%	66%
	Amazon/other pure online retailers	66%	54%	54%	60%	66%	59%	69%	100%
Average of other establishments visited		76%	65%	66%	74%	80%	72%	81%	79%

**SECTION C: SHOPPING PATTERNS BY TYPE OF GROCERY RETAILER**

**Chart 8:**

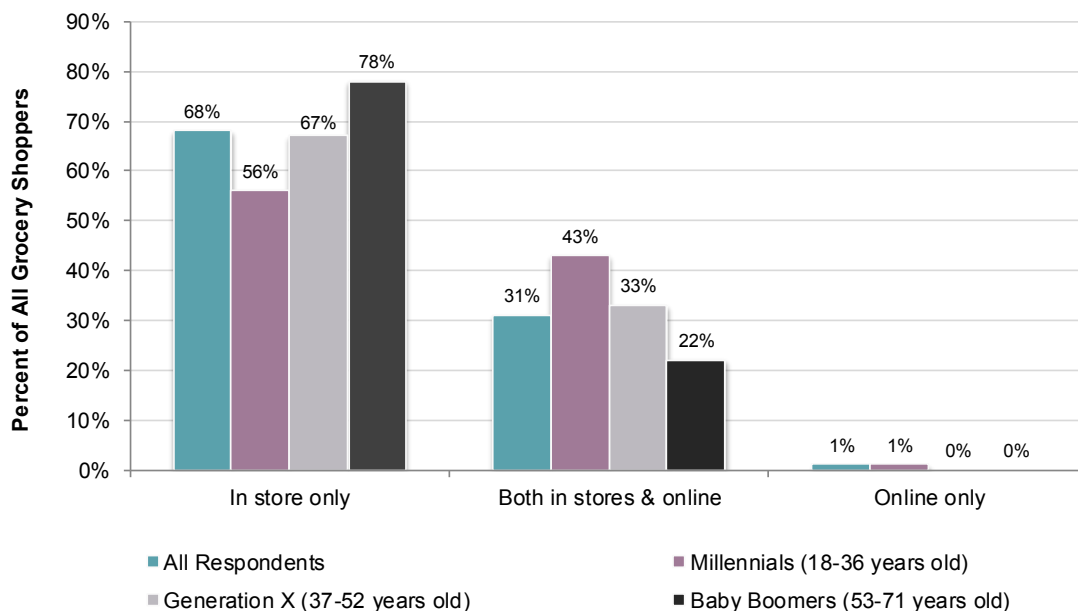
*Grocery shoppers visit traditional supermarkets most frequently followed by discount department stores...*



**NOTE:** About 64% of Baby Boomers shop at traditional supermarkets very often, versus 58% of Gen Xers and 42% of millennials. On the other hand, 23% of millennials purchase groceries from Amazon/other pure online retailers very often, more than Gen Xers (15%) and Baby Boomers (6%).

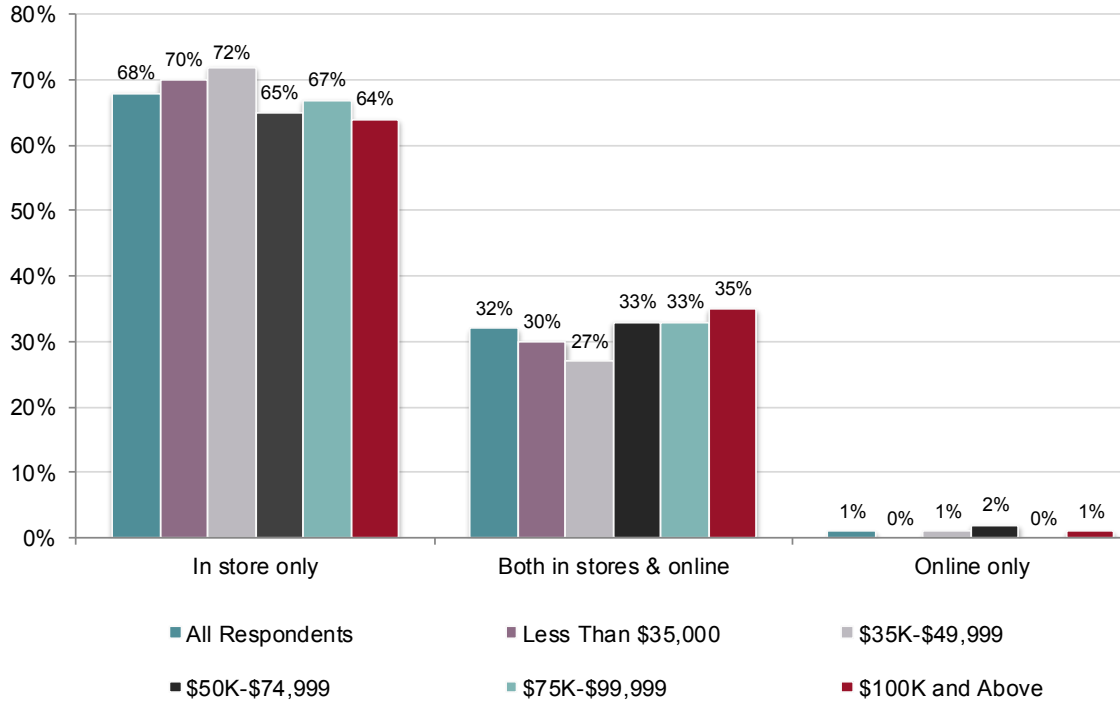
**Chart 9:**

*Grocery shopping in stores is most popular for all generations...*



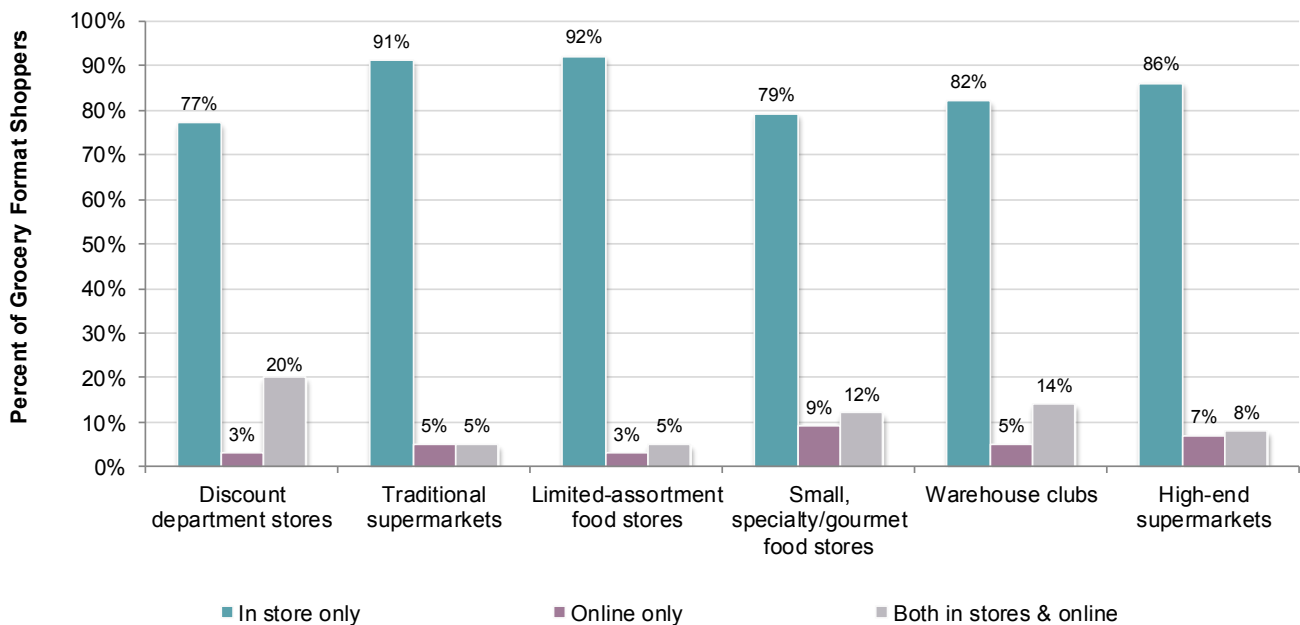
**Chart 10:**

*The largest share of all income groups shops for groceries in store ...*



**Chart 11:**

*The largest share of shoppers buys in store only at each of the different types of grocery retailers, while the fewest shop online only...*



**Table 2:**

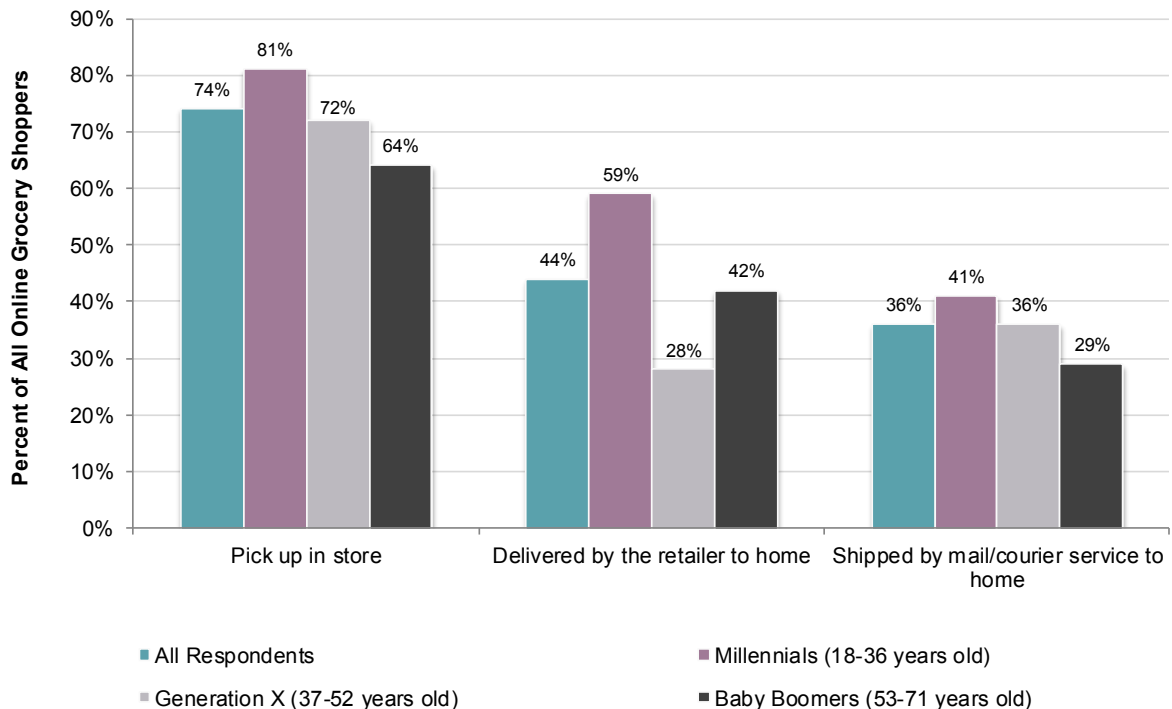
*The most popular reasons for in-store grocery shopping involve immediately receiving items and being able to personally select items...*

	Percent of Respondents*			
	All Respondents	Millennials (18-36 years old)	Generation X (37-52 years old)	Baby Boomers (53-71 years old)
I can immediately get the items that I need	71%	61%	74%	76%
I like to ensure freshness of products, especially dairy, meat and produce	70%	61%	69%	76%
I like to see my options in person and select my own food items	69%	57%	68%	76%
I like to go grocery shopping and browse through the aisles	50%	45%	52%	51%
I prefer to do price comparisons in the store	49%	38%	48%	59%
I have the ability to interact with store employees if needed	28%	22%	27%	28%
It is more efficient to shop in stores than online because of their close proximity to home/work and/or poor website navigation	27%	27%	23%	30%
I like having the ability to sample different foods	17%	17%	18%	18%
My store doesn't offer online shopping	10%	17%	8%	6%
I can also eat a meal while in the store	7%	11%	6%	5%
I like to see in-store demonstrations by chefs	7%	7%	6%	6%

\*Among shoppers who indicated making grocery purchases in stores

**Chart 12:**

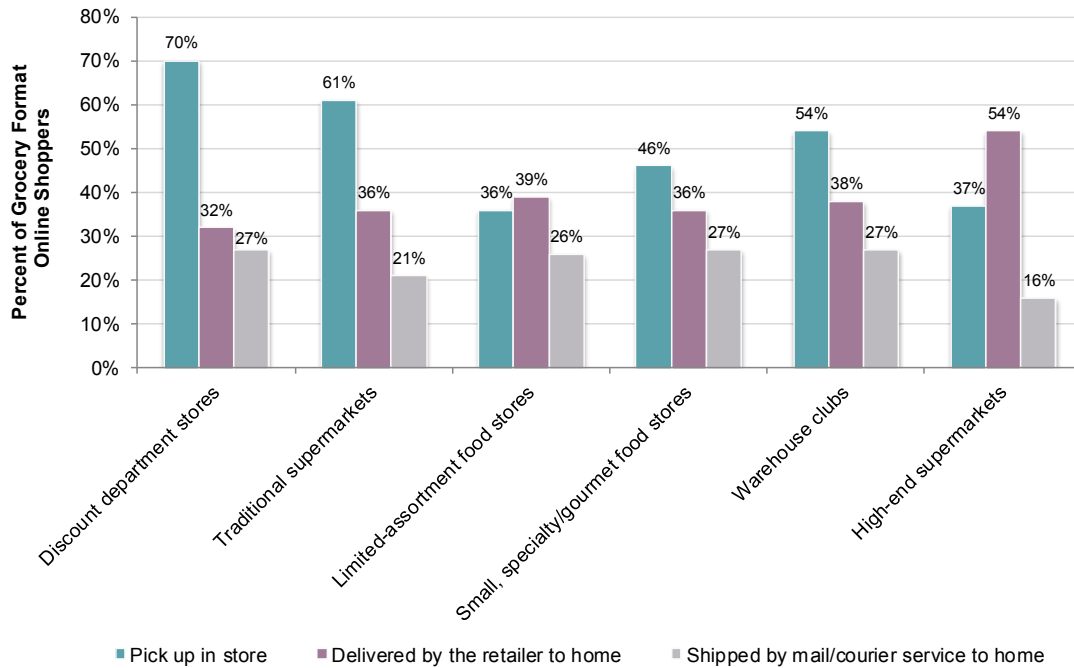
*Picking up online grocery orders in stores is most popular among all generations...*





**Chart 13:**

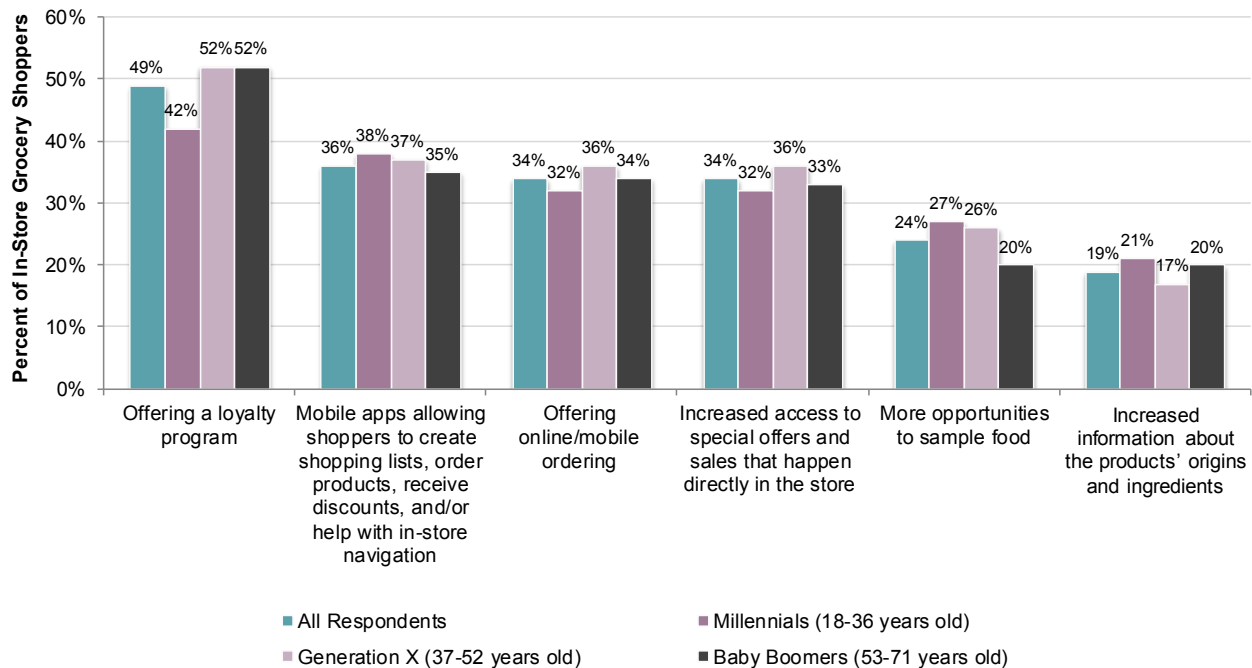
*For nearly all types of grocery formats, the largest share of shoppers who purchase groceries online picks them up in store...*



**SECTION D: ADDITIONAL INSIGHTS**

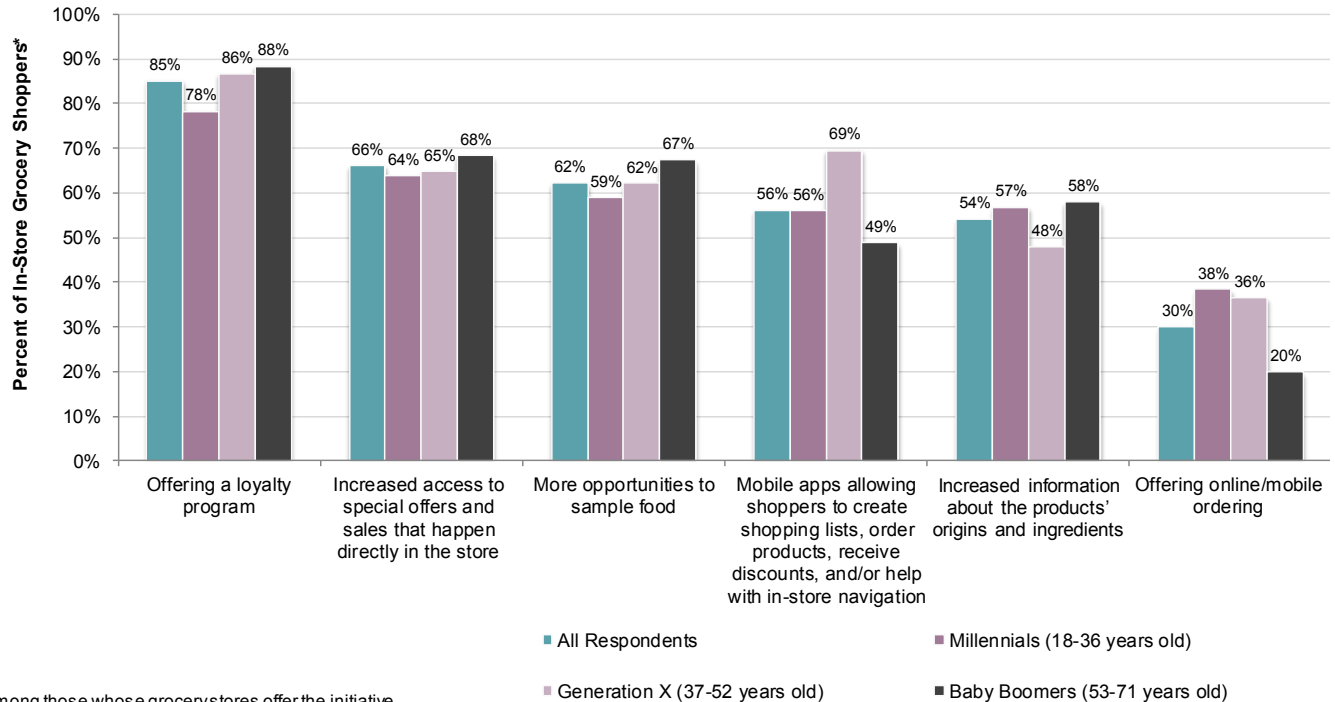
**Chart 14:**

*Loyalty programs, mobile apps, online/mobile ordering and access to special in-store sales are the most popular initiatives put in place by retailers selling groceries...*



**Chart 15:**

*The greatest share of shoppers takes advantage of loyalty programs, in-store sales and food samples when offered. The fewest shoppers use online/mobile ordering...*



\*Among those whose grocery stores offer the initiative

**Table 3:**

*The largest shares of adults believe the most likely changes in the grocery industry over the next five years will impact ordering and pick-up...*

Rank	Potential Changes at Grocery Stores	Mean (1=Not Likely: 5=Very Likely)	Percent of All Respondents Who Indicated Likely/Very Likely
1	I will be able to order my groceries online and then pick them up curbside at the grocery store	3.8	62%
2	When I see an ad somewhere for an item, I can scan a code on my phone to place it in an online virtual shopping cart and then pick up at the grocery store later	3.5	53%
3	I will be able to walk into a grocery store, select my items, then walk out of the store without having to check out through a cashier	3.3	46%
4	I will receive personal recommendations on my phone while grocery shopping in stores	3.2	44%
5	Grocery stores will be highly curated and designed, offering restaurant-style experiences	2.9	30%
6	I will be able to use a drive-through, order a limited number of items through a speaker and then pick them up at a window	2.8	32%
7	Grocery stores will use robots to stock items and clean the stores	2.6	24%

**Table 4:**

*Willingness to try new food items and purchasing fresher ingredients are at the top of shoppers minds...*

	Percent of Respondents in Agreement With Each Statement			
	All Respondents	Millennials (18-36 years old)	Generation X (37-52 years old)	Baby Boomers (53-71 years old)
I am more willing to try new food items when shopping in store rather than online	72%	70%	75%	72%
I shop more often so I can purchase fresher ingredients, produce and/or goods	62%	65%	60%	61%
Being able to sample foods is helpful when deciding what to purchase	52%	60%	50%	48%
I am more willing to buy food items in store when additional information is provided near the product	49%	53%	47%	47%
My grocery shopping habits have changed in the past year, as I look for more specific goods and product selections	44%	52%	40%	42%
I prefer shopping at grocery stores that have open areas with different stations, rather than strictly aisles	37%	40%	39%	33%
I have noticed the stores where I shop for groceries are offering a smaller selection	30%	36%	30%	26%
I like going to grocery stores that have seating areas/counters where you can eat/drink	24%	36%	20%	18%

**Table 5:**

*The most likely result of Amazon acquiring Whole Foods are Amazon Prime members getting exclusive offerings...*

	Percent of Respondents*
Amazon Prime members will get exclusive offerings at Whole Foods	47%
It will provide greater options for buying groceries online	46%
In-home delivery options will significantly improve	38%
It will accelerate technological changes in Whole Foods stores	30%
Whole Foods will lose its core identity	28%
It will make healthy food more widely available to all people	26%
It will lower grocery prices	26%
Whole Foods stores will have more grocery products to choose from	23%
There will be significant changes made to the Whole Foods loyalty program	16%
It will be easier to get non-grocery items ordered through Amazon, such as books or small electronics because I will not have to wait for delivery and can pick them up at Whole Foods instead	15%

\*Among individuals who indicated knowing Amazon made a bid to purchase Whole Foods

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