hartman GROUP

Food Sourcing in America 2020

Report Highlights

Methodology

Quantitative Research

Nationally representative online survey, conducted early August 2020:

- n=2,008 U.S. adults (aged 18-74), primary household grocery shoppers
- Topics: food sourcing (shopping in person and online, subscriptions, food service, and more), shopping habits and specific COVID-19 strategies, trip drivers, channel and retailer engagement and performance, online grocery purchasing, grocery category purchasing by retailer/channel

Qualitative Research

Two in-depth methodologies, fielded July 2020

- Participants represent mix of demographics, channel engagement and private label/brand engagement
- **Mobile Qualitative:**
    - 7-day asynchronous task assignment via specialized mobile app
- **Follow-Up Interviews:**
    - 1-hour videoconference interview to contextualize task uploads and dig deeper into key topic areas

Consumers are continuing to assess risk and make trade-offs in daily activities and priorities

BASELINE NEED:

Protecting self and family from immediate danger

(avoid contracting COVID-19)

Securing physical health in the short and long term

Being a supportive community member

Maintaining emotional and mental well-being

Working within means, availability, and access

Despite all the changes caused by COVID, the basic pattern of consumption has remained the same

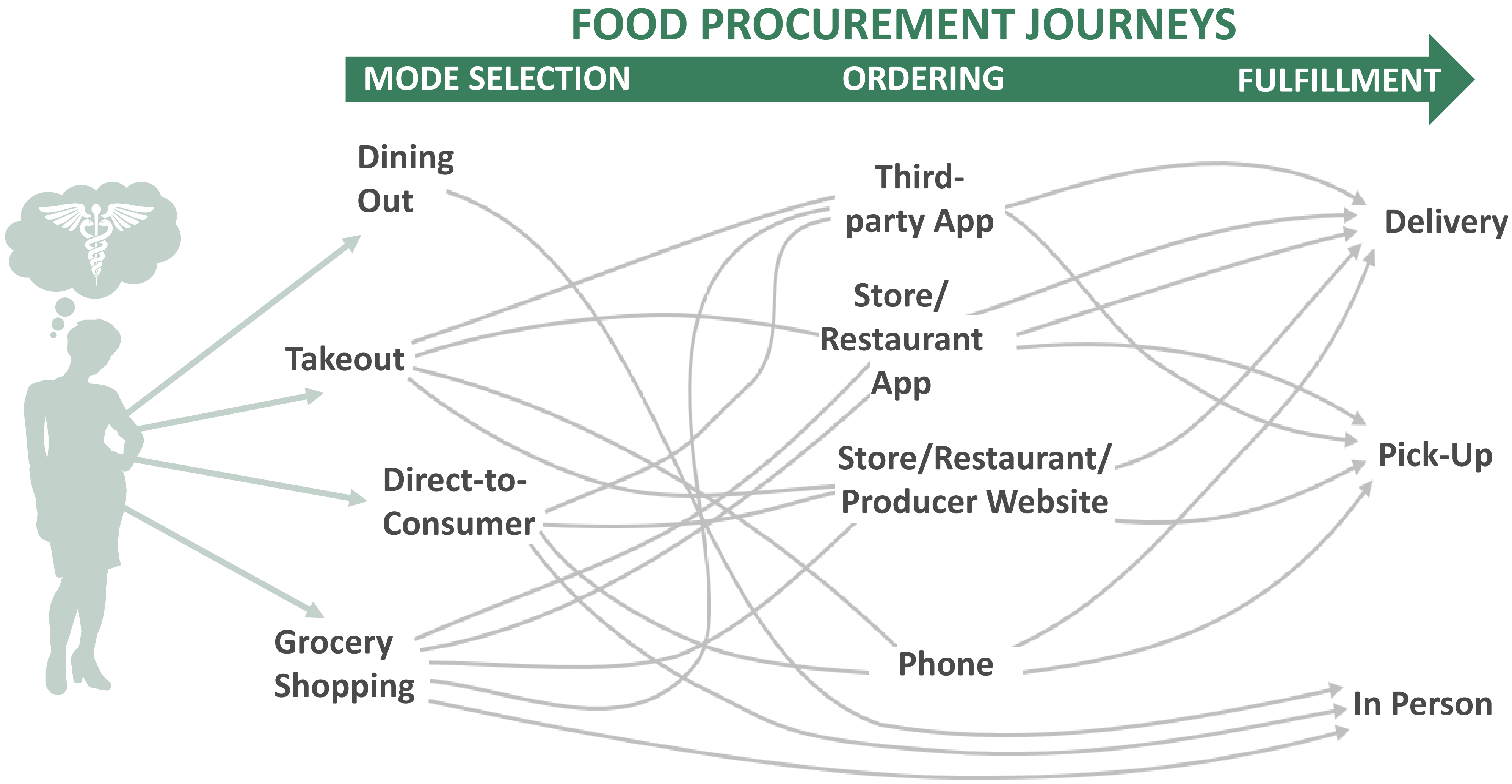
Overall, consumers' eating patterns throughout the day have remained largely unchanged compared to what they were prior to the COVID-19 pandemic, with the exception of the late-night meal/snack occasion, in which the percent of adults participating on an average day has declined significantly from 2019. The number of distinct eating across the day has remained the same compared to 2019, with the average adult eating 4.1 times per day.

EATING OCCASIONS BY DAYPART

DAILY PREVALENCE, 2020 VS. 2019

Average percent of U.S. adults who have…	Early Morning Snack	Breakfast	Morning Snack	Lunch	Afternoon Snack	Dinner	After Dinner Snack	Late Night Meal/ Snack
2019	20%	63%	23%	70%	37%	82%	33%	24%
2020	**19%**	**63%**	**22%**	**67%**	**37%**	**80%**	**32%**	$\boxed{\textbf{19\%}}$

However, shopping for food is now a more complex web that consumers must navigate, with a safety assessment embedded at each decision point



The vast majority of consumers have changed their shopping patterns in some way

84%
of U.S. adults **adjusted how they shop** due to COVID-19

I don't enjoy grocery shopping anymore. I used to really enjoy it, but now I feel like it's a stressful task..

– AD, 32, F

[I went to the store] in person because I wanted to get out and see people.

– BM, 36, M

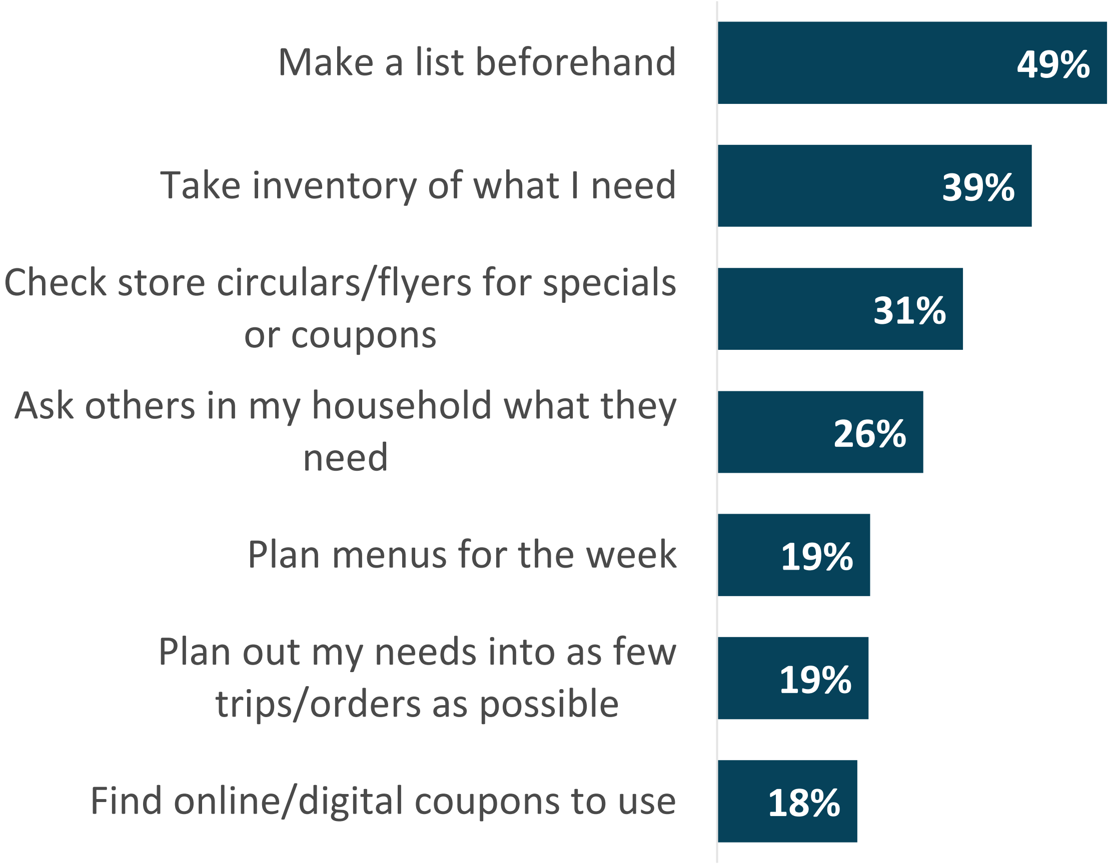
Adjustments to the act of shopping prompted by COVID-19

Among all shoppers

Although planning efforts reflect pre-pandemic behaviors, consumers highlight how planning has now become a more concerted effort

Top trip planning behaviors

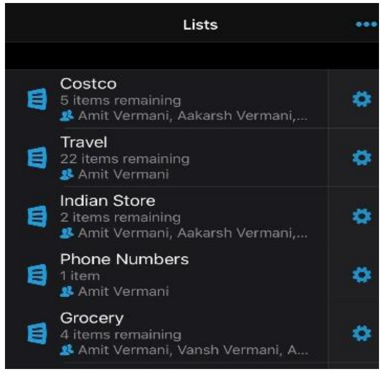
Among all shoppers



1 in 10 shoppers continue to take a more **spontaneous approach** to shopping

Key shifts from 2017:

1. Less inventory taking
2. Less couponing and budget planning

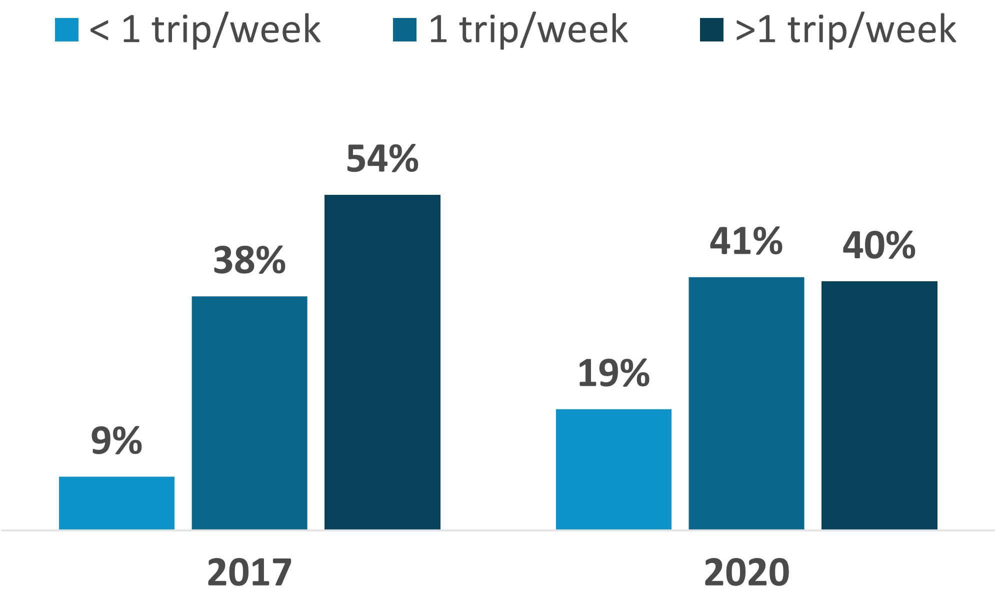


Respondent-submitted images of tools used for grocery lists

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

Trend in Weekly In-Person Trips

Trended audience



In a typical week, shoppers grocery shop

in person

(trip may involve multiple stores)

online

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

Consumers continue to visit similar channels as before the pandemic, showing continued desire to utilize the strengths of each channel

Primary Role of Channel

● Top roles of each channel

Aggregated from P30D shoppers of individual retailers within each channel

	Grocery	Mass	Drug	Club	Dollar	Discount	Convenience	Specialty/ Natural	Online-only
Big stock-up trips/orders	33%	27%		38%		24%			
Smaller fill-in trips/orders			18%		21%		18%		17%
Just a couple of items			18%		21%		28%		
Freshly prepared foods								19%	
Items in specific departments	31%			21%		23%		28%	
Non-food items		26%	32%		25%				22%
Just taking a break							18%		

The pandemic has been the catalyst for consumers to participate more fully in online shopping

Among U.S. shoppers…

Among all shoppers, non-trended audience (18-74 years old)

14%
shopped online for groceries for the **very first time** during COVID-19

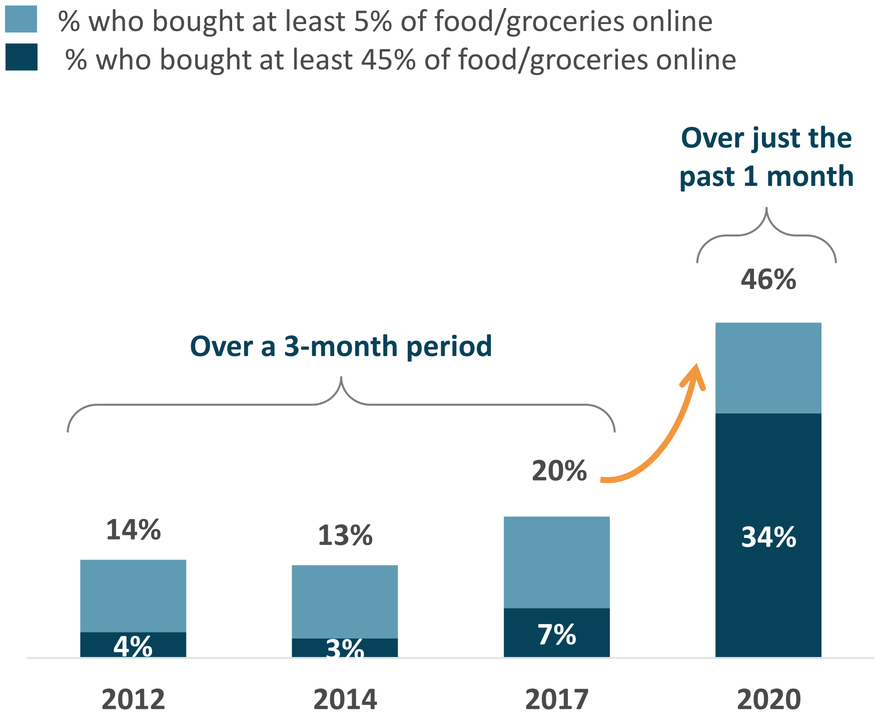
27%
now **shop online for groceries more** than before COVID-19

56%
bought groceries **online in the past 30 days**

55%
are now **Amazon Prime members**
(vs. 45% in 2017)

8-year trend in online food/grocery shopping participation

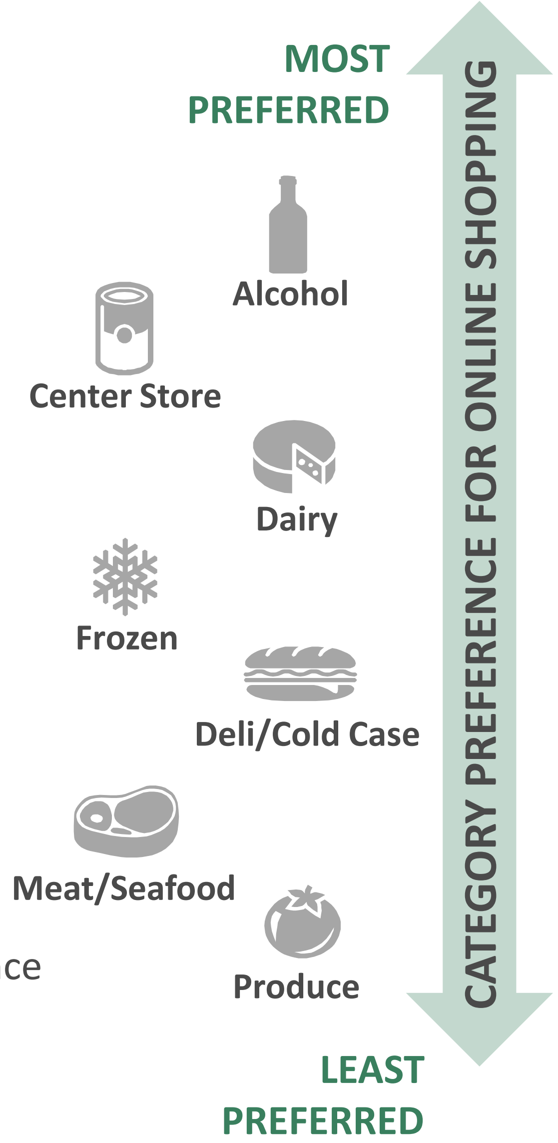
Among all shoppers, trended audience (18—69 years old)



Despite the growing importance of online shopping, consumers who don't participate are those committed to the most individual aspects of shopping: the experience and personal selection

Barriers to online grocery shopping

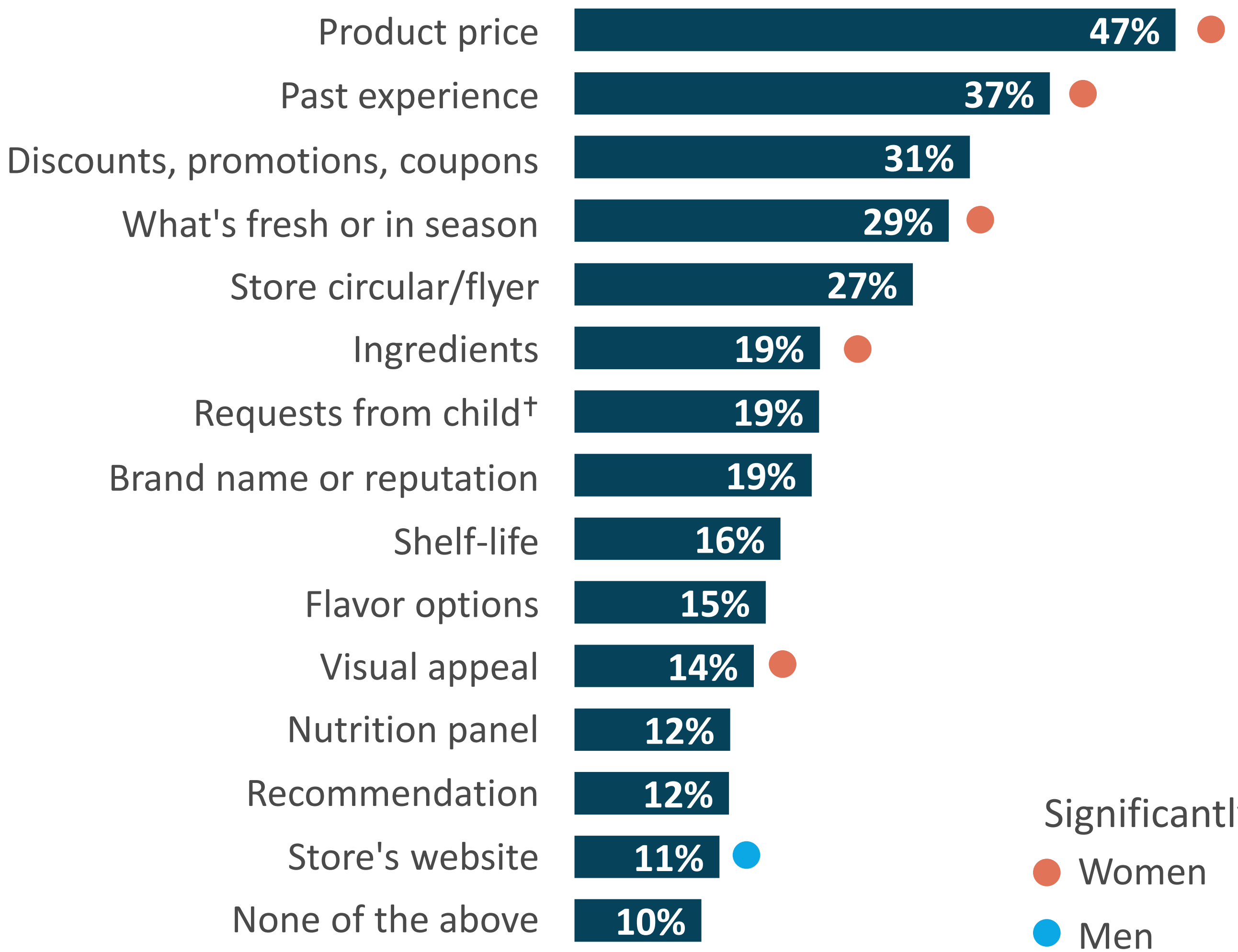
Among shoppers who did not shop online in P3M



Price and product familiarity are the primary drivers of purchase selection at the product level

General purchase influencers

Among all shoppers / (showing top 14 of 32 influencers)



Women are more influenced by **savings** (prices, deals), and attributes of the **product itself**

Men are more influenced by **ads, recommendations and online communication** like social media, websites and emails

Significantly higher among:

- Women
- Men

A strong store brand can help build and solidify trust in a retailer, and vice-versa

Across all channels, a good selection of store brand or private label products is the…

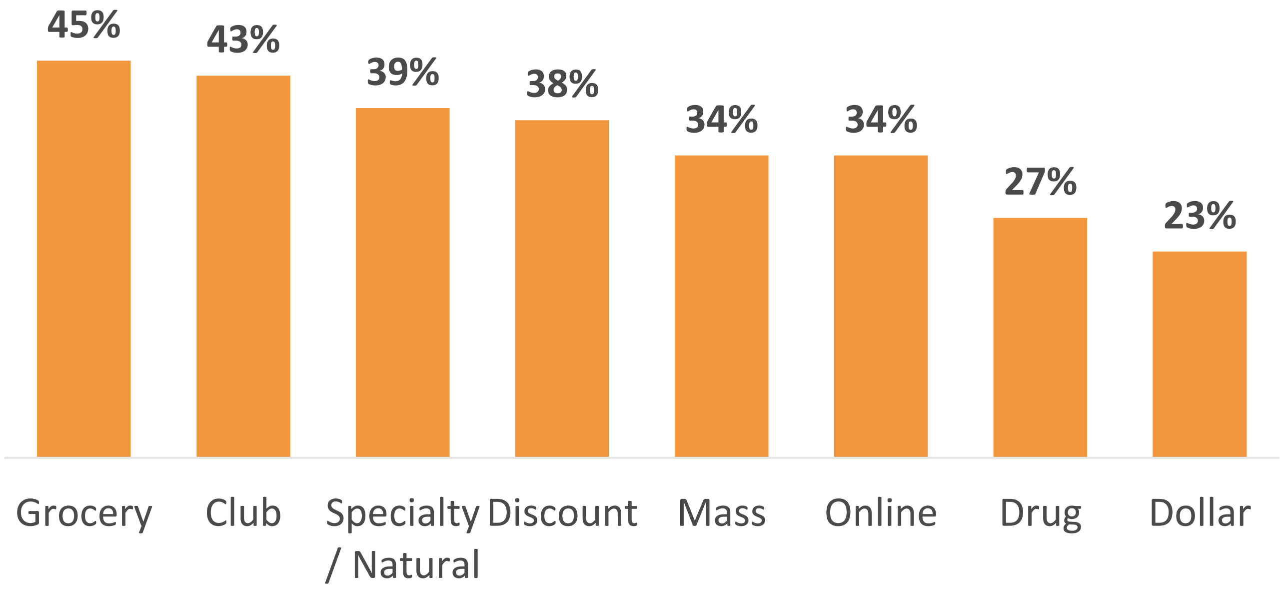
#1 Driver of trust

#2 Driver of store recommendation

#3 Driver of trip satisfaction

Perception of channels as offering good store brand selection

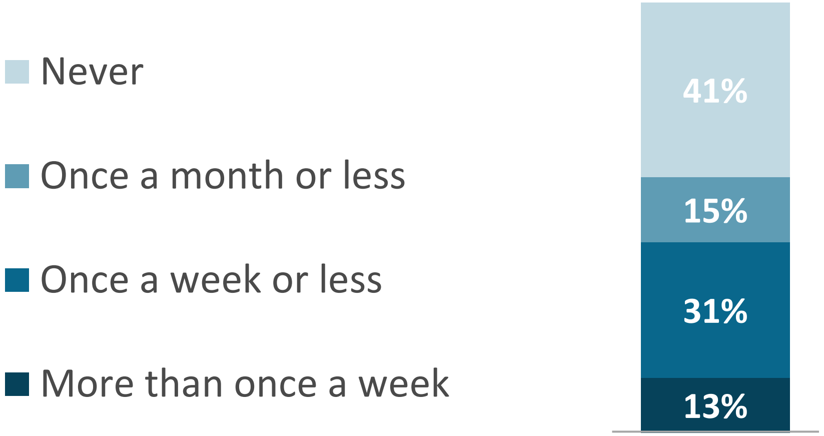
Based on ratings of assigned P30D retailers (showing % describes very well)



For some, ordering takeout or delivery replaces dining out, providing a sense of normalcy and supporting local economies

Frequency of takeout/delivery 6 months into the pandemic

Among HHs with/without kids



I tried my best to maintain a sense of normalcy by ordering takeout…, but the experience is not the same. Eating out was a time for friends to come together, and my social life has been negatively impacted greatly.

– SA, 36, F

Among U.S. shoppers…

57% are **highly concerned about picking up** orders from restaurants

30% now **rely more on takeout/ delivery** than before COVID-19

22% **rely less on takeout/delivery** than prior to the pandemic

52% are **highly concerned about accepting deliveries** from restaurants

Some sustainability issues have taken a back seat as consumers prioritize their health and safety, but this is likely only a momentary pause

INCREASED RELIANCE ON PACKAGING DURING COVID

- Concern about products being touched
- Seek out packaging to limit potential contamination
- Individually wrapped portions provide convenience for sharing while socially distant
- Expressions of regret

I am a huge proponent of sustainable products, and I feel somewhat awful admitting that it's currently at the bottom of my priorities.

– VP, 47, F

The current de-prioritization of sustainability will likely just a blip in long-term consumer demands. From 2017 to today the proportion of consumers counting environmental considerations among their top 5 purchase criteria approximately doubled, highlighting the long-term desire to reduce packaging.

Consumers want to support food and beverage companies that protect and uplift society, especially in trying times

COMPANY SAFEGUARDS

Evaluation of safety provisions for consumers and employees

Larger companies are held to even higher standards

Failure to implement basic protections can drive consumers away

EMPLOYEE WELFARE

Recognition of risks taken by frontline food workers

More awareness of employee welfare than ever

Employee welfare as criterion for choosing where to shop and which brands to purchase

SOCIAL JUSTICE

Increasing awareness of social injustices

Growing consumer engagement in social justice initiatives

Desire to spend at establishments that align with their values

Community-oriented considerations have risen in importance from 2017, with twice the number of shoppers listing “environmental/ethical concerns” or “social justice” among their top 5 purchase influencers.

Thank You!

For more information about the full report, please contact me at laurie@hartman-group.com

ABOUT THE HARTMAN GROUP

The Hartman Group is the premier food and beverage consultancy in the world. Companies and brands across all segments of the food and beverage industry benefit from our unparalleled depth of knowledge on consumers, culture, trends, and demand-side market strategy. We listen closely to understand our clients' business challenges and tailor solutions that deliver transformative results. Through a unique suite of integrated custom, primary research capabilities, market analytics, and business strategy services, we uncover opportunity spaces and avenues for growth. We deliver more compelling insights that fuel inspiration and ideas for innovation.