supermarket PERIMETER

2021 U.S. Supermarket Shopper Trends: Reimagining the Perimeter Experience

October 2021 | Study conducted by:

CYPRESS RESEARCH

research purpose & methods

Commissioned by **Supermarket Perimeter**, Cypress Research conducted a nationally representative consumer online survey to monitor the ongoing pandemic impact on the supermarket shopping experience as well as consumer preferences in re-imagining the supermarket experience.

Survey fieldwork took place during the month of September 2021. Following are requirements for individuals to qualify for survey participation:

- A primary grocery shopper for the household

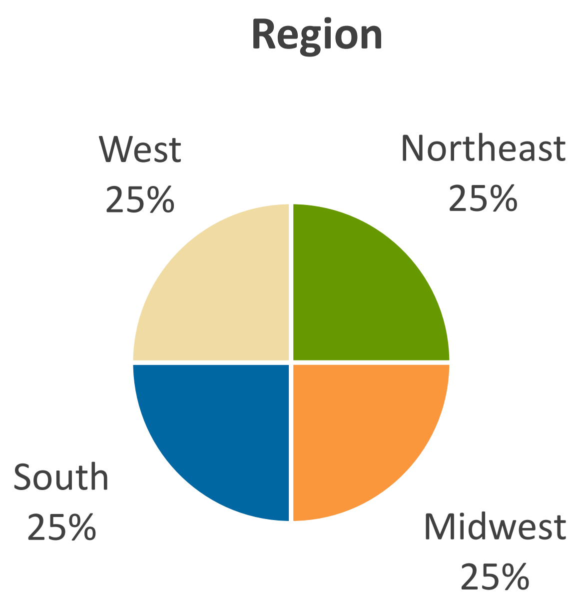
Survey quotas were also established in order to guarantee:

- Roughly equal representation by ages 18-34, 35-54, 55+ years
- Regional representation

respondent characteristics

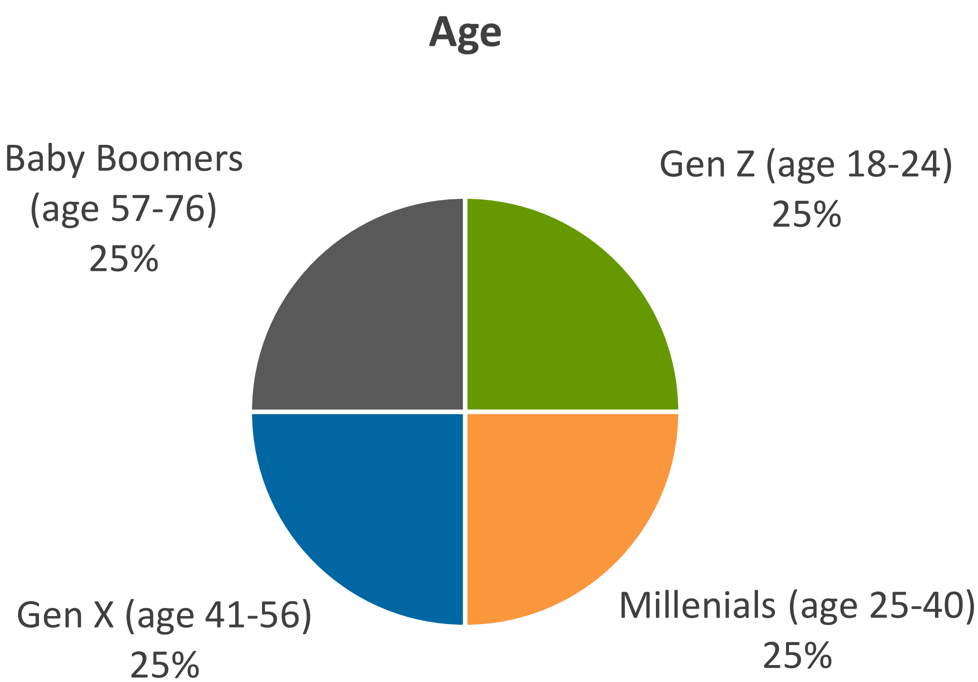
survey respondents

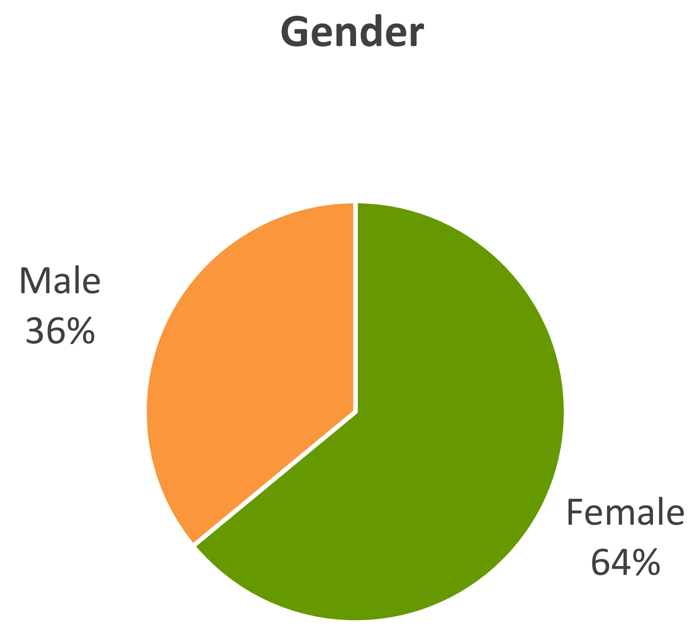
- ✓ Responses were received from a nationally representative sample of 887* supermarket shoppers age 18 years and older.
- ✓ Respondents were equally representative of four U.S. regions.



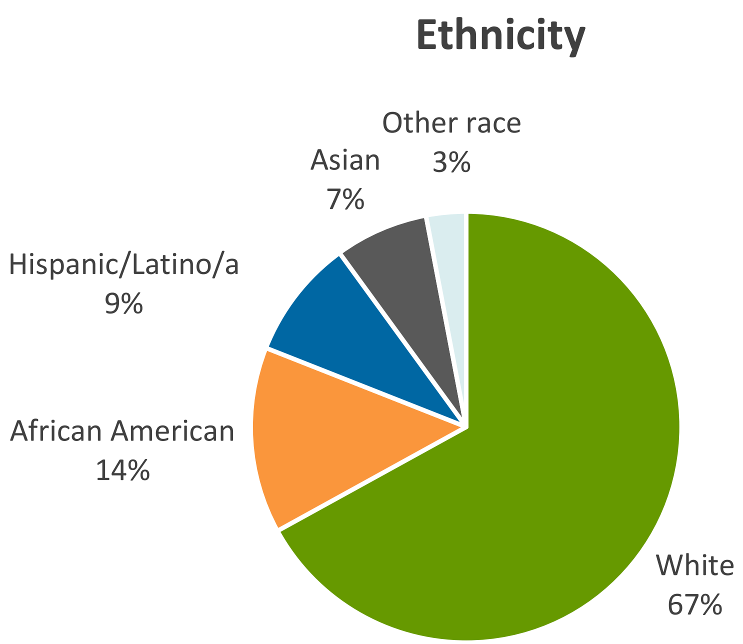
*Sampling error is +/- 3% at a 95% confidence level

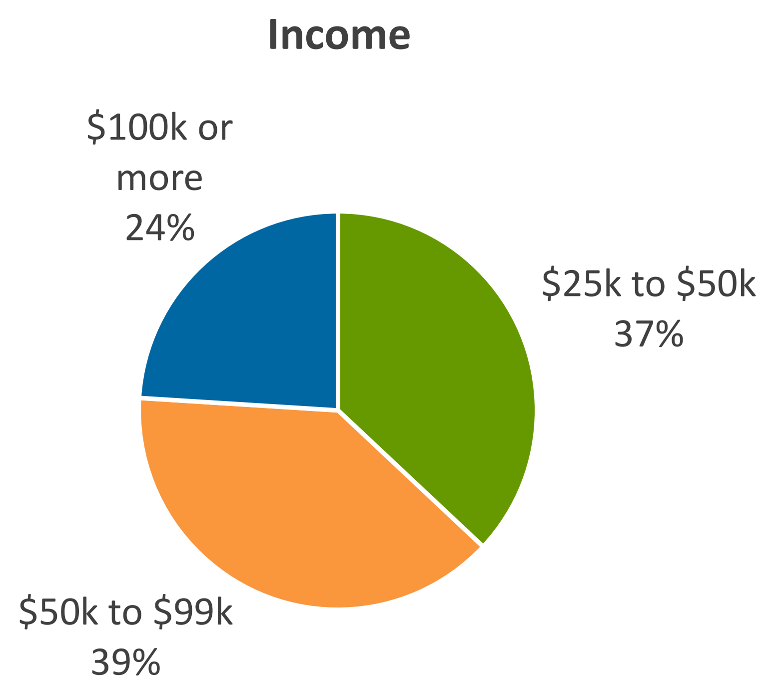
age & gender


Age
Baby Boomers (age 57-76) 25%
Gen Z (age 18-24) 25%
Gen X (age 41-56) 25%
Millenials (age 25-40) 25%

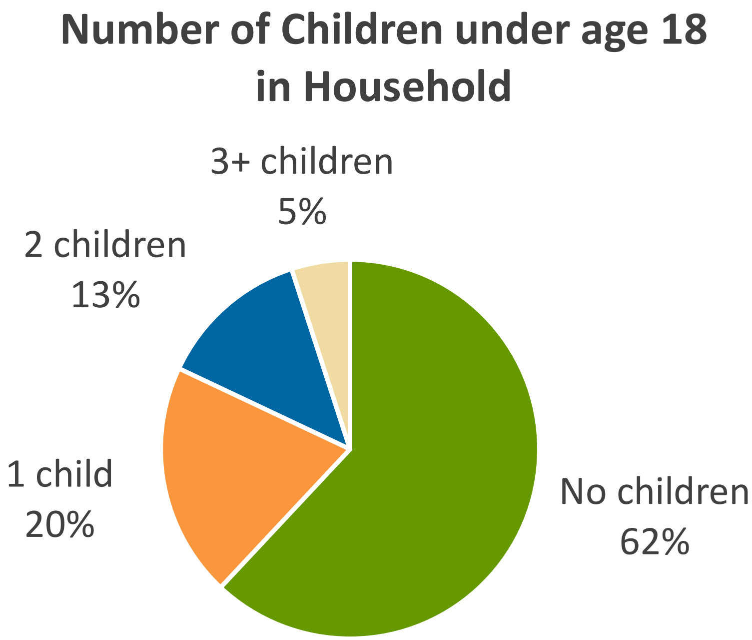

Gender
Male 36%
Female 64%

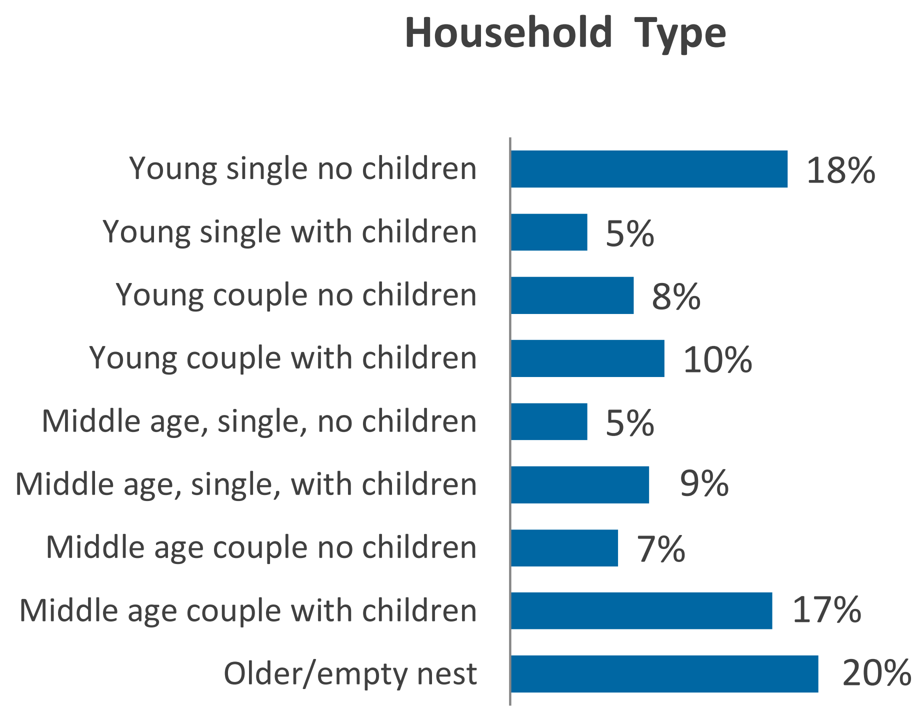
ethnicity & income





family composition





findings

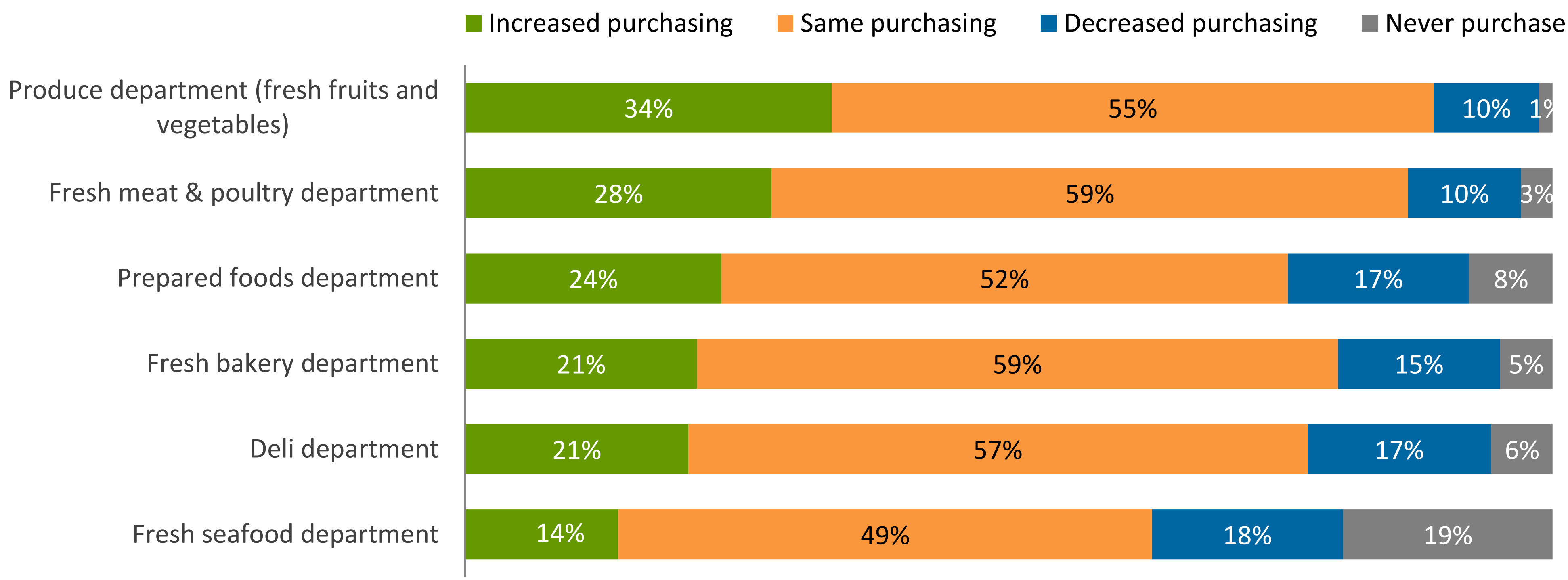
pandemic impact: on supermarket perimeter

1 in 3 shoppers has increased purchasing of produce

28% have increased purchasing of fresh meat & poultry

Greatest purchasing decreases seen in seafood & prepared foods

At this point in the COVID-19 pandemic, how has your purchasing of items from the following fresh supermarket departments changed compared to before the pandemic?



Millennials and Gen Z have increased purchasing of all fresh perimeter departments more than other age groups

Including fresh produce, meat & poultry, prepared foods, fresh bakery and deli

BY AGE: At this point in the pandemic, how has your purchasing of items from fresh supermarket departments changed compared to before the pandemic? (% 'increased' purchasing)	Gen Z (Age 18-24)	Millennials (Age 25-40)	Gen X (Age 41-56)	Baby Boomers (Age 57-76)
Produce department (fresh fruits and vegetables)	33%	**37%**	**34%**	**31%**
Fresh meat & poultry department	**33%**	**37%**	28%	15%
Prepared foods department	**29%**	**31%**	20%	14%
Fresh bakery department	**27%**	**32%**	19%	6%
Deli department	22%	**29%**	18%	13%
Fresh seafood department	16%	**22%**	9%	9%

More households with children under age 18 report increased purchasing of items from all fresh perimeter departments (compared to no-children households)

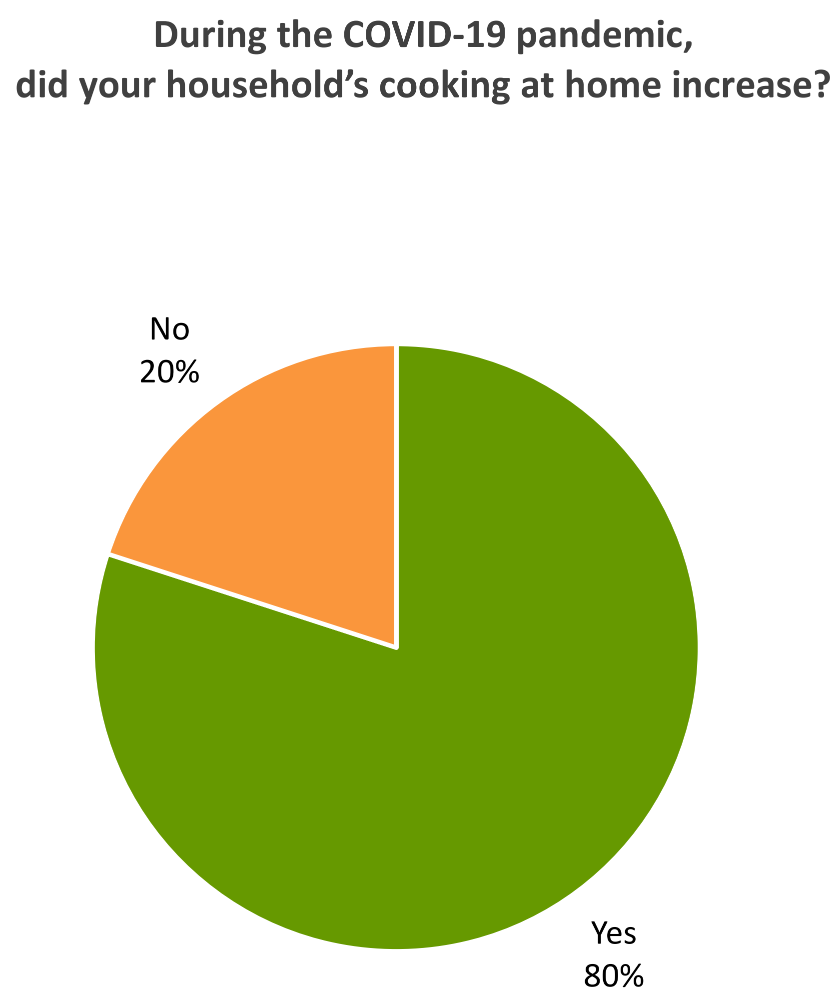
BY AGE: At this point in the pandemic, how has your purchasing of items from fresh supermarket departments changed compared to before the pandemic? (% 'increased' purchasing)	NO children under age 18	Children under age 18
Produce department (fresh fruits and vegetables)	31%	**39%**
Fresh meat & poultry department	22%	**38%**
Prepared foods department	18%	**33%**
Fresh bakery department	15%	**32%**
Deli department	16%	**27%**
Fresh seafood department	12%	**18%**

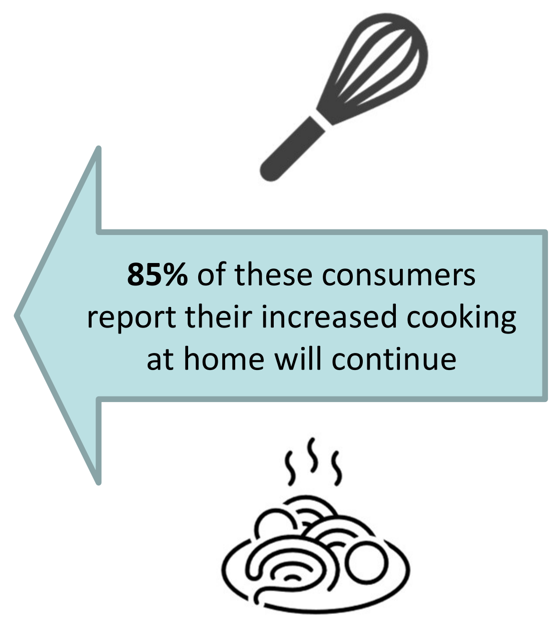
Most consumers who have increased their purchasing in fresh perimeter departments expect that trend to continue

Among consumers with ‘increased’ perimeter purchasing:
Do you expect to continue your increased purchasing of these items over the next 12 months?

8 in 10 shoppers report increased cooking at home as result of COVID-19

85% report increases will be permanent





More than 80% of Gen Z and Millennials report increased cooking at home

84% of households with children under age 18 report increased cooking at home

% of consumers who increased cooking at home during COVID-19 – By Age Group

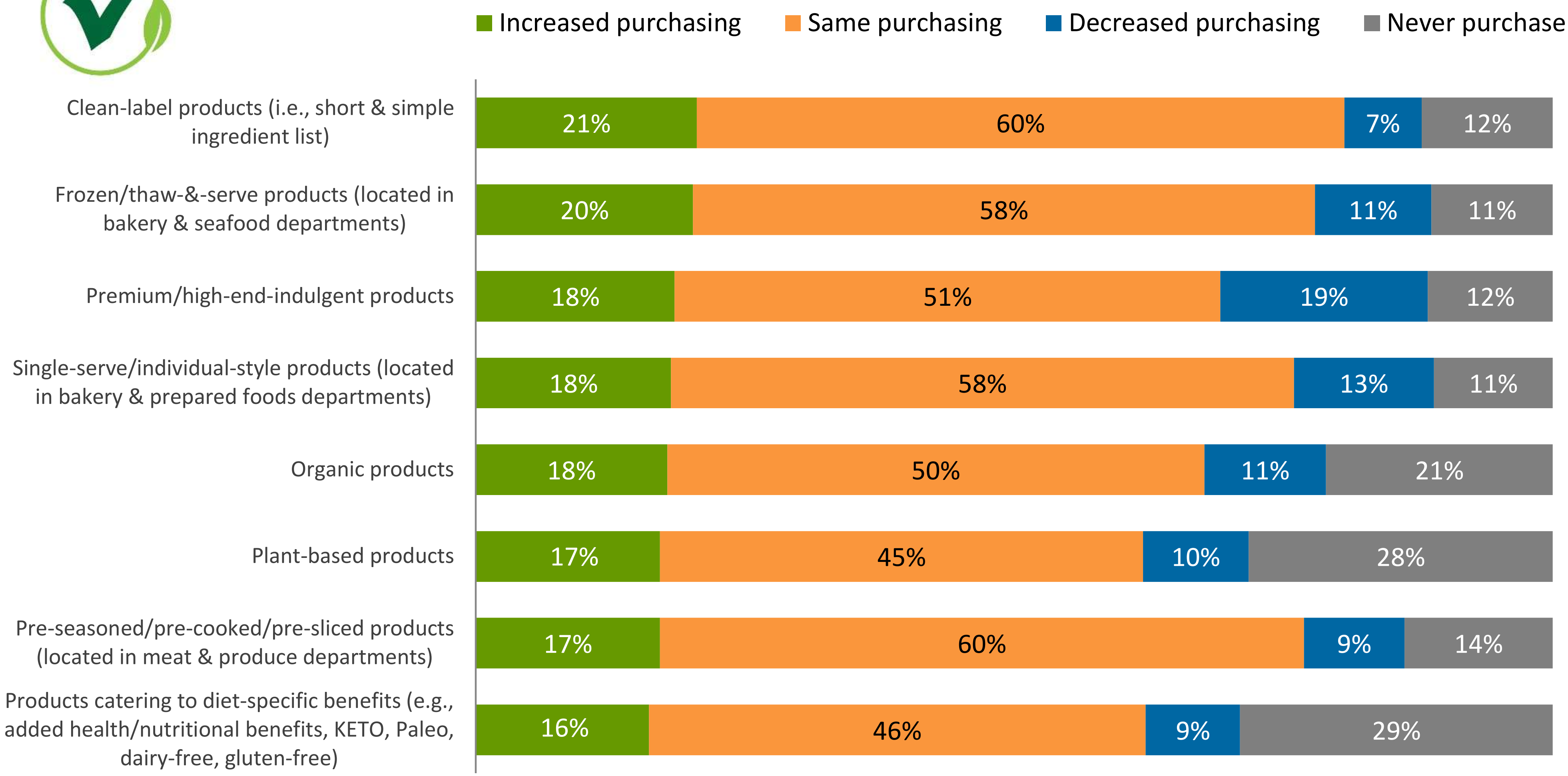
Children under age 18 vs. No Children

pandemic impact: perimeter product categories of interest

enerally, purchasing trends across tested product types suggest a minor pandemic effe

urchases of clean-label, frozen/thaw & serve have increased for about 20% of shoppers
hile high-end indulgent product purchases have increased AND decreased by about the same amount

At this point in the COVID-19 pandemic, how has your purchasing of the following grocery store items changed compared to before the pandemic?



illennials and Gen Z have increased their purchasing of tested products ore than other age groups

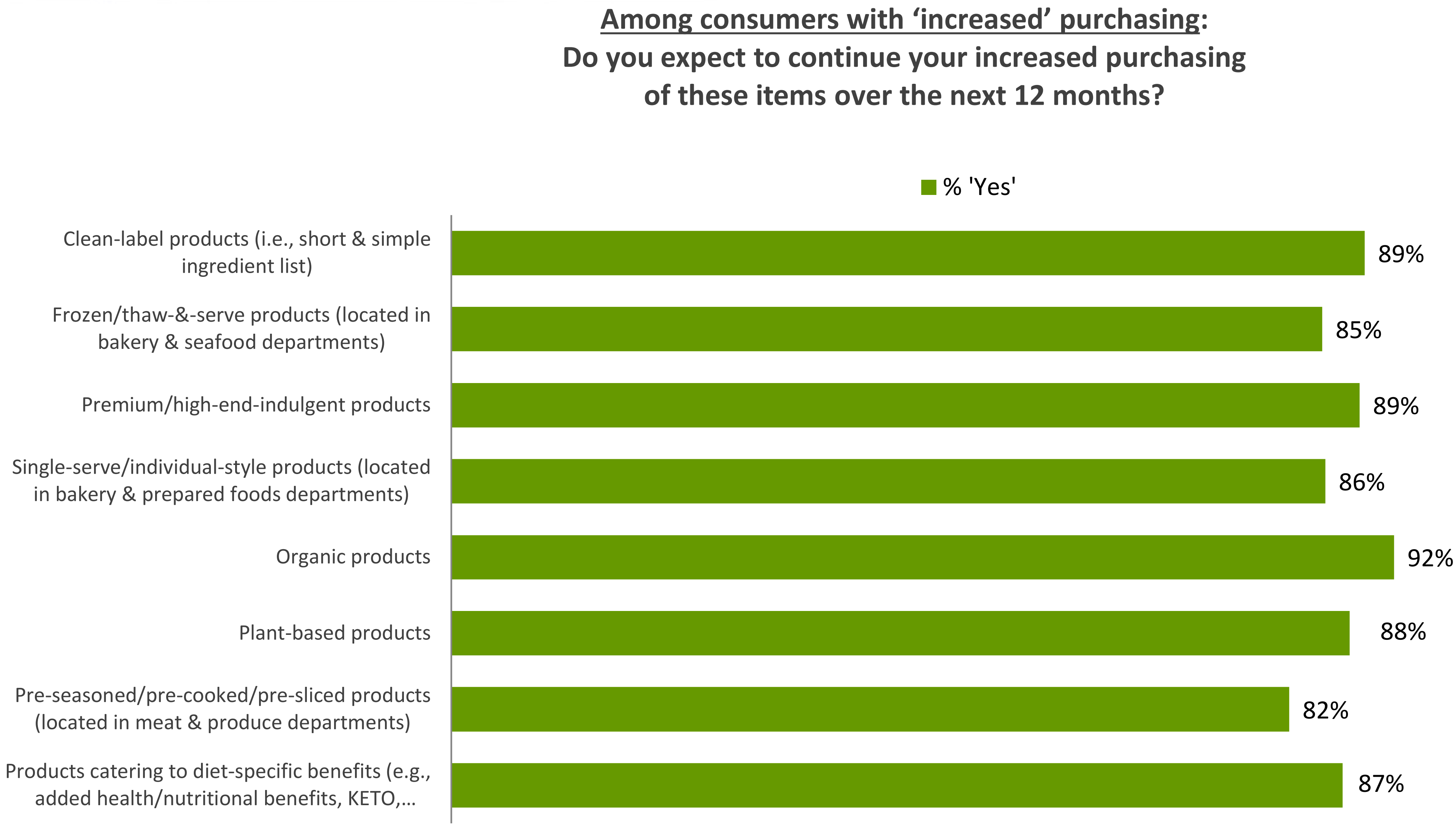
rticularly for clean-label, frozen/thaw-&-serve, high-end indulgent products

BY AGE: At this point in the pandemic, how has your purchasing of these grocery store items changed compared to before the pandemic? (% 'increased')	Gen Z (Age 18-24)	Millennials (Age 25-40)	Gen X (Age 41-56)	Baby Boomers (Age 57-76)
Clean-label products (i.e., short & simple ingredient list)	24%	**29%**	19%	11%
Frozen/thaw-&-serve products (located in bakery & seafood departments)	**31%**	25%	18%	7%
Premium/high-end-indulgent products	24%	**28%**	13%	9%
Single-serve/individual-style products (located in bakery & prepared foods departments)	21%	**26%**	15%	10%
Organic products	**25%**	21%	15%	9%
Plant-based products	**22%**	**23%**	16%	7%
Pre-seasoned/pre-cooked/pre-sliced products (located in meat & produce departments)	**21%**	**24%**	14%	10%
Products catering to diet-specific benefits (e.g., added health/nutritional benefits, KETO, Paleo, dairy-free, gluten-free)	**20%**	**23%**	15%	6%

Households with children have increased their purchasing of tested products more than no-child households

BY AGE: At this point in the pandemic, how has your purchasing of these grocery store items changed compared to before the pandemic? (% 'increased')	NO children under age 18	Children under age 18
Clean-label products (i.e., short & simple ingredient list)	17%	**26%**
Frozen/thaw-&-serve products (located in bakery & seafood departments)	17%	**25%**
Premium/high-end-indulgent products	15%	**25%**
Single-serve/individual-style products (located in bakery & prepared foods departments)	14%	**24%**
Organic products	15%	**22%**
Plant-based products	15%	**20%**
Pre-seasoned/pre-cooked/pre-sliced products (located in meat & produce departments)	15%	**20%**
Products catering to diet-specific benefits (e.g., added health/nutritional benefits, KETO, Paleo, dairy-free, gluten-free)	13%	**21%**

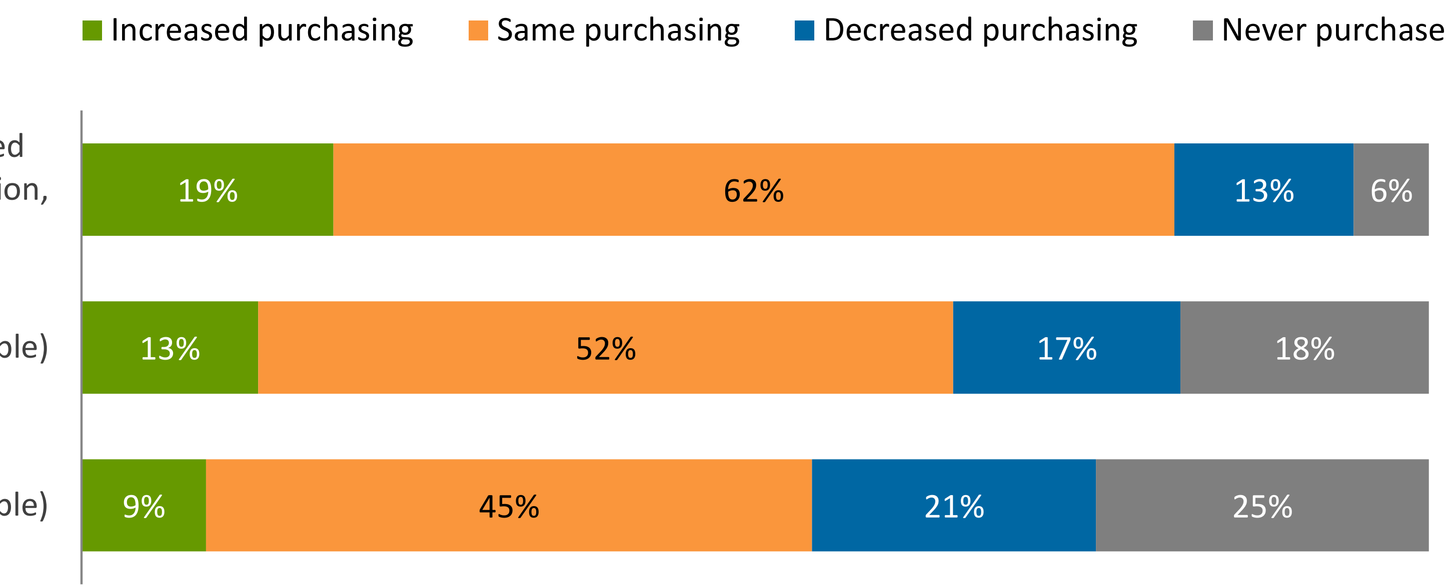
Most consumers who have increased their purchasing of tested products expect that trend to continue



2 in 10 consumers have increased their purchasing of everyday breads and sweet baked products

While large cake purchases have decreased for about 20% of shoppers

BAKERY ONLY: At this point in the COVID-19 pandemic, how has your purchasing of the following grocery store items changed compared to before the pandemic?



Gen Z and Millennials have increased their purchasing of tested bakery items more than other age groups

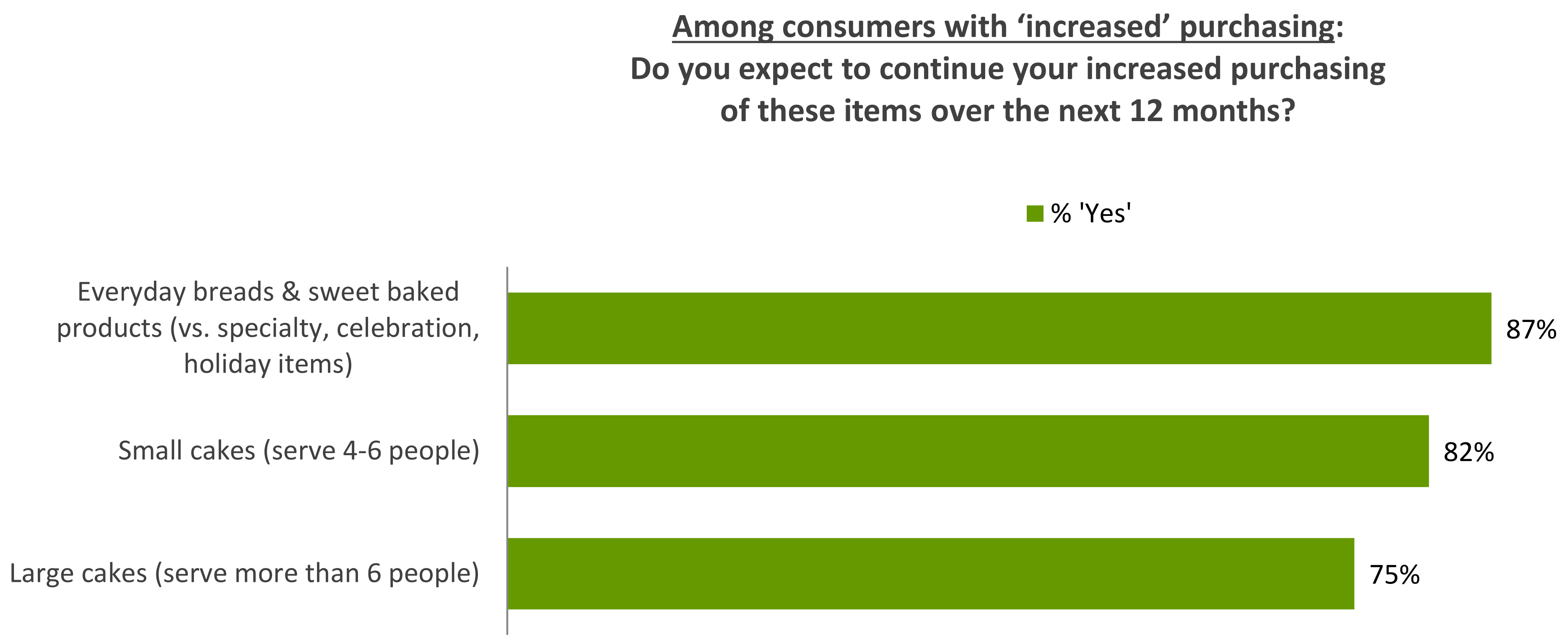
Particularly for clean-label, frozen/thaw-&-serve, premium

BY AGE: At this point in the pandemic, how has your purchasing of these grocery store items changed compared to before the pandemic? (% 'increased')	**Gen Z (Age 18-24)**	**Millennials (Age 25-40)**	**Gen X (Age 41-56)**	**Baby Boomers (Age 57-76)**
BAKERY ONLY: Everyday breads & sweet baked products (vs. specialty, celebration, holiday items)	**23%**	**25%**	17%	10%
Small cakes (serve 4-6 people)	**16%**	**20%**	11%	5%
Large cakes (serve more than 6 people)	11%	15%	9%	2%

Households with children have increased their purchasing of tested bakery items more than no-child households

BY AGE: At this point in the pandemic, how has your purchasing of these grocery store items changed compared to before the pandemic? (% 'increased')	NO children under age 18	Children under age 18
BAKERY ONLY: Everyday breads & sweet baked products (vs. specialty, celebration, holiday items)	15%	**25%**
Small cakes (serve 4-6 people)	10%	**18%**
Large cakes (serve more than 6 people)	7%	**13%**

Most consumers who have increased their purchasing of various bakery items expect that trend to continue

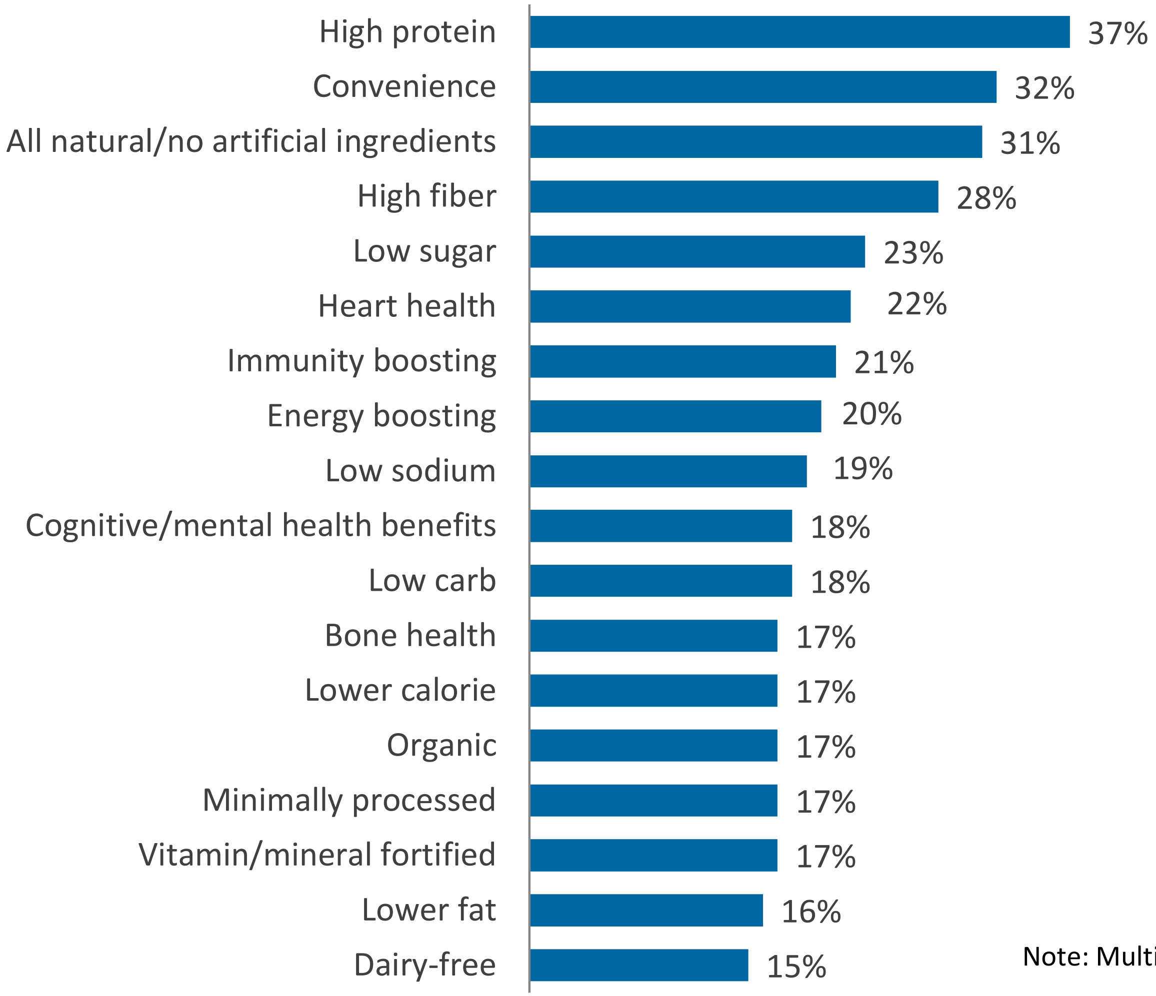


pandemic impact:
top food benefit purchasing drivers

High protein is top purchasing driver

Convenience, all natural/no artificial ingredients and high fiber also top list

TOP PURCHASING DRIVERS: Which of the following food benefits or qualities have been an important purchasing driver for you during the COVID-19 pandemic that you expect to continue purchasing for the long-term?



Note: Multiple responses accepted

Millennials most driven by high protein
Convenience important to Millennials and Boomers

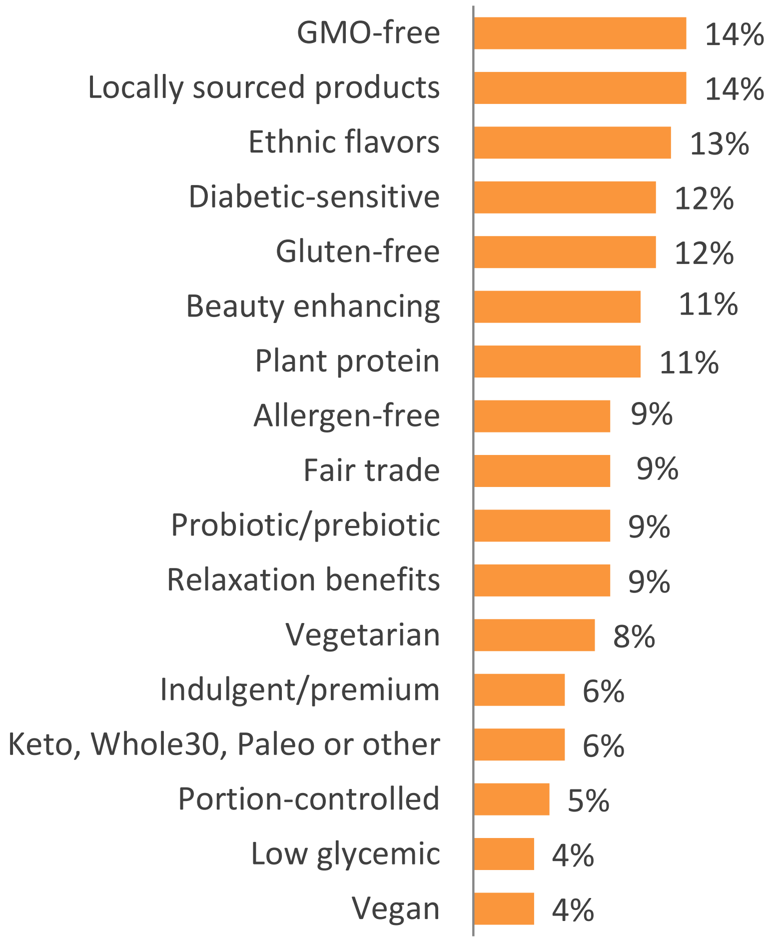
All natural/no artificial ingredients important to Gen Z and Millennials

BY AGE: Which of the following food benefits or qualities have been important purchasing drivers for you during the COVID-19 pandemic that you expect to continue long-term?*	Gen Z (Age 18-24)	Millennials (Age 25-40)	Gen X (Age 41-56)	Baby Boomers (Age 57-76)
High protein	37%	**40%**	33%	37%
Convenience	26%	**35%**	31%	**34%**
All natural/no artificial ingredients	**34%**	**33%**	29%	28%
High fiber	25%	28%	27%	**30%**
Low sugar	19%	19%	19%	**33%**
Immunity boosting	18%	**22%**	**26%**	18%
Energy boosting	20%	**26%**	20%	14%
Low sodium	14%	11%	17%	**33%**
Cognitive/mental health benefits	**19%**	**19%**	**22%**	11%
Organic	**22%**	17%	17%	11%
Lower fat	**18%**	12%	12%	**21%**
Dairy-free	**28%**	15%	9%	6%

*Differences between groups significant at p≤.05 for these food benefits/qualities

Other purchasing drivers

<u>OTHER PURCHASING DRIVERS</u>: Which of the following food benefits or qualities have been an important purchasing driver for you during the COVID-19 pandemic that you expect to continue purchasing for the long-term?



Note: Multiple responses accepted

Other purchasing drivers by age

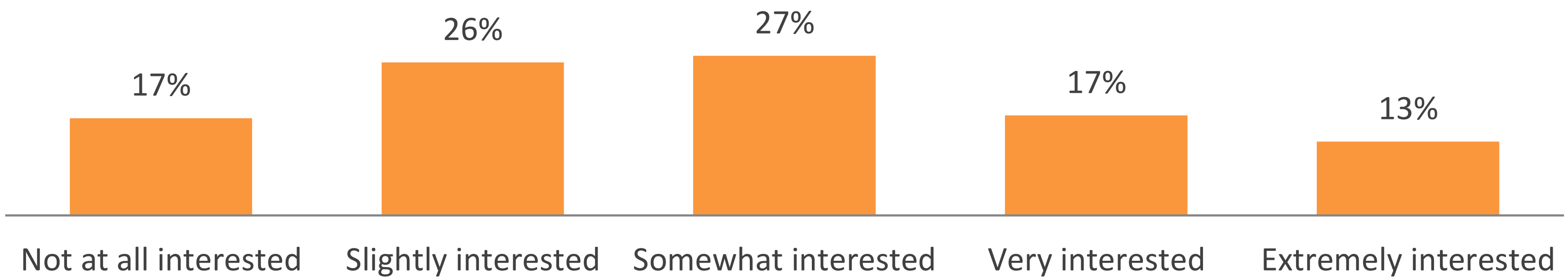
BY AGE: Which of the following food benefits or qualities have been important purchasing drivers for you during the COVID-19 pandemic that you expect to continue long-term?*	Gen Z (Age 18-24)	Millennials (Age 25-40)	Gen X (Age 41-56)	Baby Boomers (Age 57-76)
GMO-free	10%	**17%**	15%	14%
Locally sourced products	10%	8%	**18%**	**18%**
Gluten-free	**14%**	**13%**	**12%**	7%
Beauty enhancing	13%	**18%**	10%	5%
Plant protein	**13%**	**13%**	11%	7%
Allergen-free	**13%**	**13%**	8%	3%
Fair trade	**14%**	8%	8%	6%
Vegetarian	**13%**	**10%**	5%	6%

*Differences between groups significant at p≤.05 for these food benefits/qualities

pandemic impact:
meal kits

30% of shoppers ‘very’ or ‘extremely’ interested in meal kits

If made available at your grocery store, which best describes your interest in purchasing <u>meal kits</u> offered by various fresh grocery store departments?



Note=‘Meal kits’ described in survey as ‘a box containing pre-portioned food ingredients/items for that kit’s recipe (recipe and instructions include). All that remains to be done is combine the ingredients, cook and serve. Meal kit packages can be offered in multiple serving sizes with flexible ingredients, allowing for changes in meal items or altered to fit special dietary needs.

Millennials and Gen Z more interested in purchasing meal kits than other age groups

Boomers and Gen X less interested

BY AGE: Which best describes your interest in purchasing meal kits offered by various fresh grocery store departments?	Gen Z (Age 18-24)	Millennials (Age 25-40)	Gen X (Age 41-56)	Baby Boomers (Age 57-76)
Not/slightly interested	32%	35%	42%	62%
Somewhat interested	32%	26%	29%	22%
Very/extremely interested	**36%**	**39%**	29%	16%

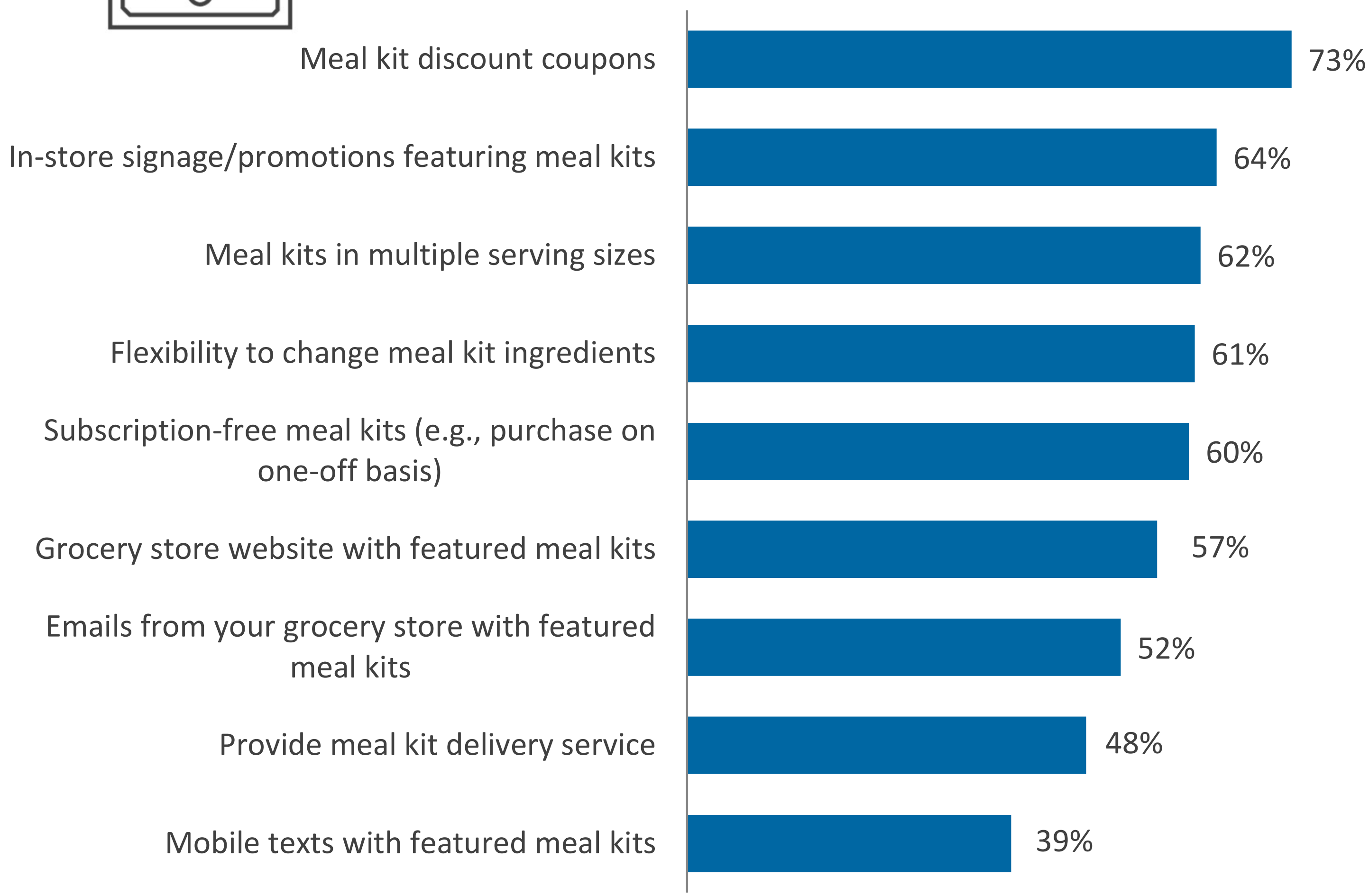
Households with children more interested in purchasing meal kits than no-child households

BY AGE: Which best describes your interest in purchasing meal kits offered by various fresh grocery store departments?	NO children under age 18	Children under age 18
Not/slightly interested	**49%**	33%
Somewhat interested	27%	29%
Very/extremely interested	25%	**38%**

3 in 4 shoppers interested in meal kit discount coupons

In-store signage, multiple serving sizes, and ingredient flexibility and subscriptions also of interest

Which of the following would increase the likelihood that you would purchase meal kits at your supermarket?

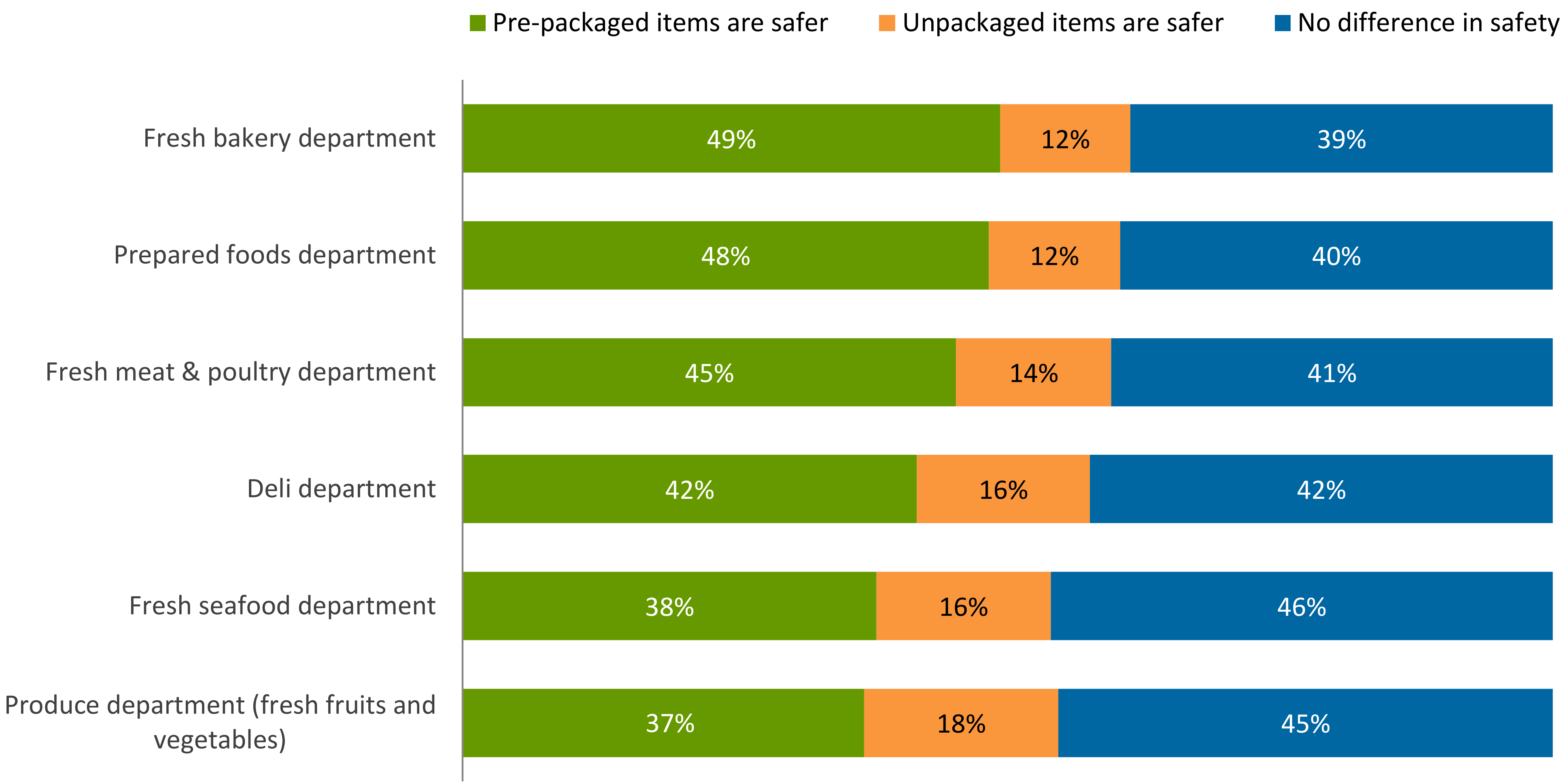


Note: Multiple responses accepted

pandemic impact: packaging/handling (food safety)

Nearly half of shoppers view pre-packaged items as safer in fresh bakery, prepared foods, fresh meat & poultry departments

When thinking about items in the following fresh grocery store departments, how do you view the safety of pre-packaged food items (for example in clear, hard plastic container or boxed or clear wrap) versus unpackaged/loose food items that store personnel

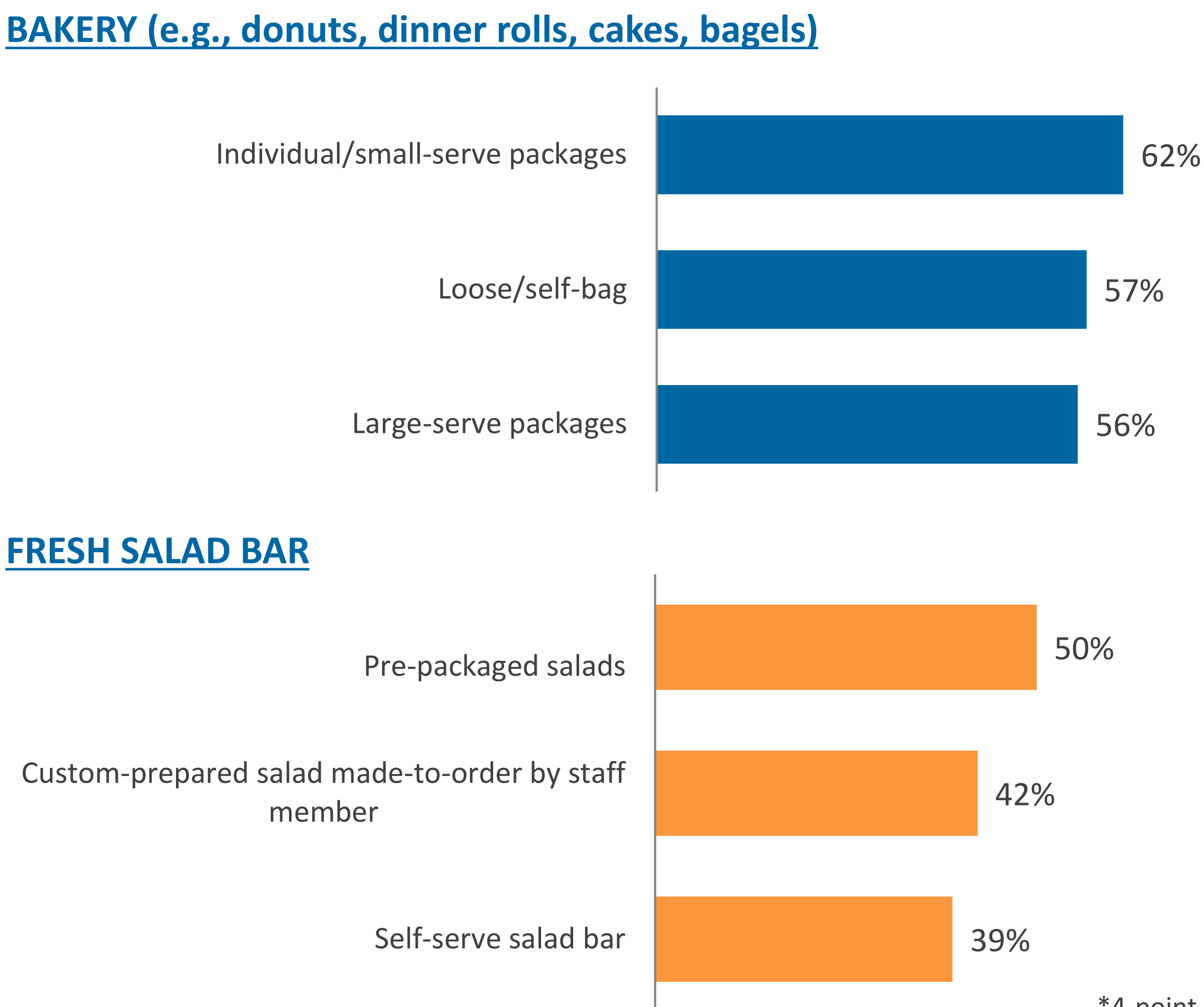


6 in 10 shoppers purchase individual/small serve bakery items

Half purchase pre-packaged salads

How often do you typically purchase the following products from you fresh grocery store departments?

(% ‘sometimes’ or often’*)



*4-point scale: Never, Rarely, Sometimes, Often

Households with children have increased their purchasing of tested fresh bakery and salad bar items more than no-child households

BY AGE: At this point in the pandemic, how has your purchasing of these grocery store items changed compared to before the pandemic? (% 'increased')	NO children under age 18	Children under age 18
Bakery: (e.g., donuts, dinner rolls, cakes, bagels)		
Individual/small-serve packages	58%	**69%**
Loose/self-bag	54%	**63%**
Large-serve packages	49%	**67%**
Fresh salad bar:		
Pre-packaged salads	46%	**55%**
Custom-prepared salad made-to-order by staff member	36%	**52%**
Self-serve salad bar	33%	**47%**

8 in 10 shoppers purchase loose/self bag produce

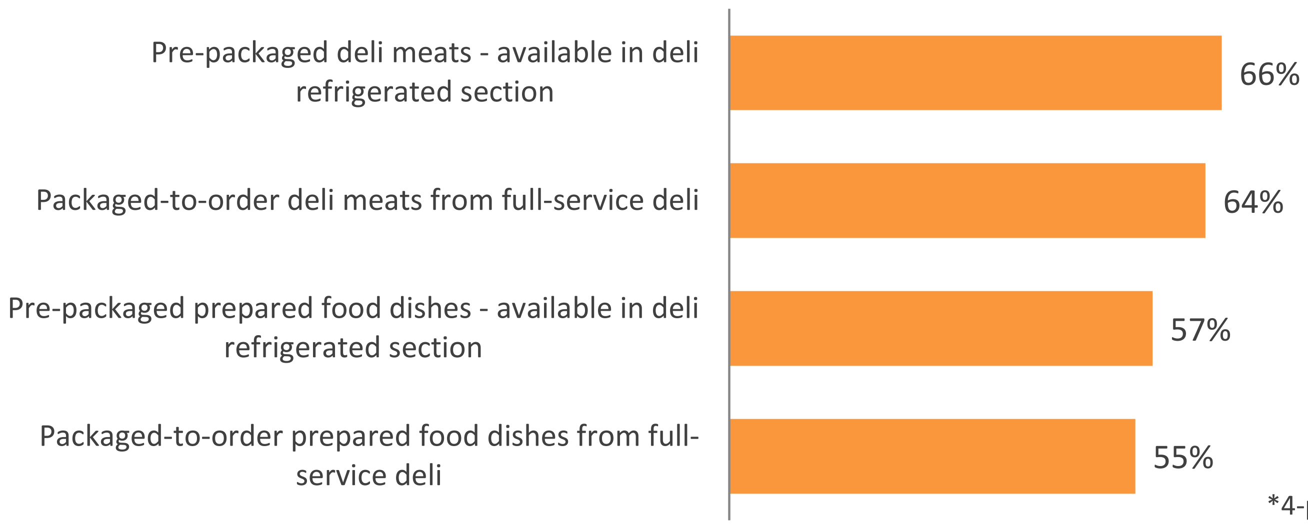
Two-thirds of shoppers purchase pre-packaged deli meats

How often do you typically purchase the following products from you fresh grocery store departments?

(% 'sometimes' or often'*)

PRODUCE (e.g., fresh fruits and vegetables)

DELI



*4-point scale: Never, Rarely, Sometimes, Often

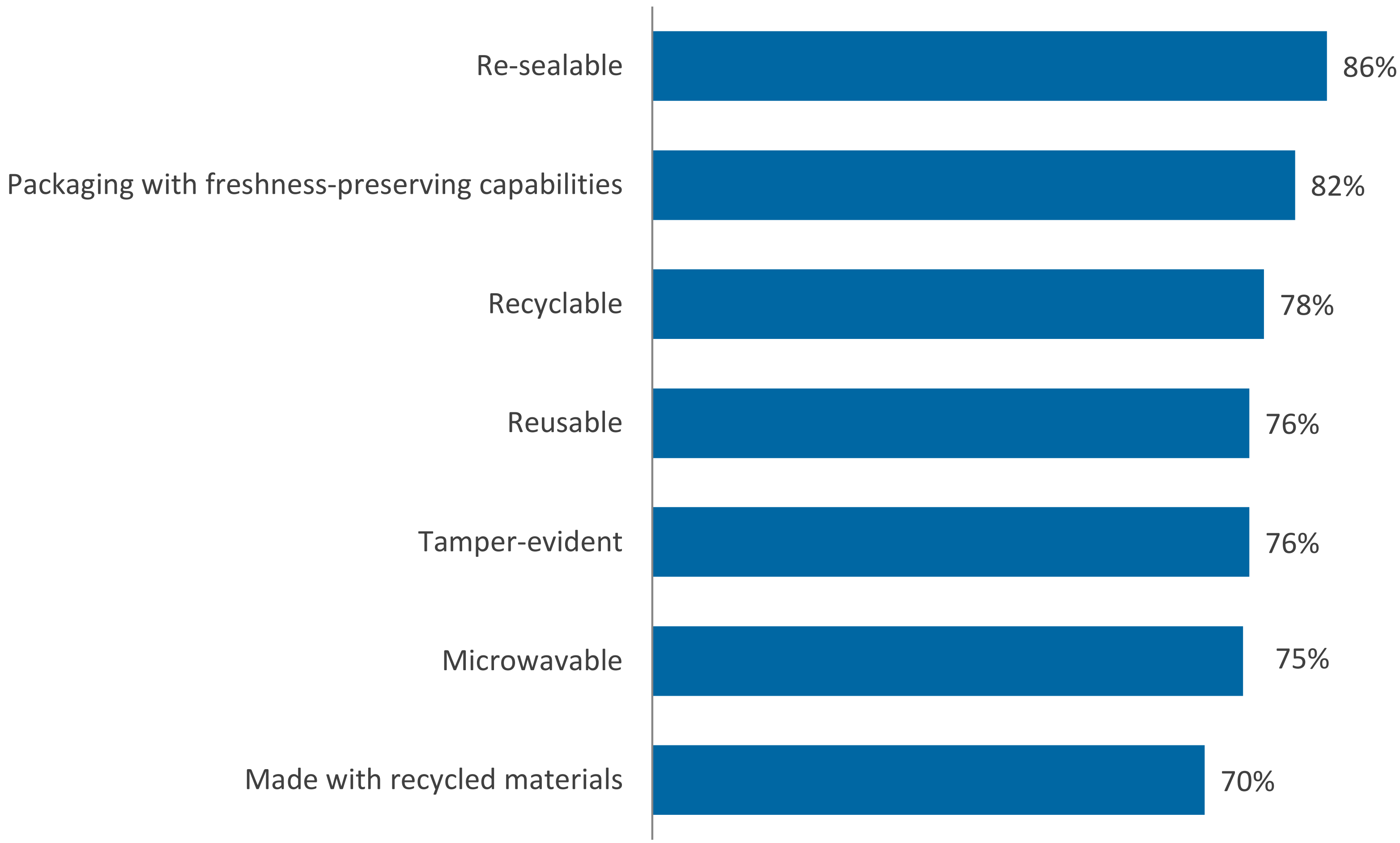
Households with children have increased their purchasing of tested deli items more than no-child households

BY AGE: At this point in the pandemic, how has your purchasing of these grocery store items changed compared to before the pandemic? (% 'increased')	NO children under age 18	Children under age 18
Deli:		
Pre-packaged deli meats - available in deli refrigerated section	64%	**70%**
Packaged-to-order deli meats from full-service deli	60%	**70%**
Pre-packaged prepared food dishes - available in deli refrigerated section)	50%	**68%**
Packaged-to-order prepared food dishes from full-service deli)	49%	**64%**
Produce: (e.g., fresh fruits and vegetables)		
Loose/self-bag	81%	80%
Individually packaged	68%	69%

Interest high for all tested product packaging

More than 8 in 10 shoppers interested in re-sealable, freshness-preserving capabilities

When thinking about fresh grocery department product packaging, which features interest you?



Note: Multiple responses accepted

Boomers and Gen X more interested in re-sealable

Younger generations more interested in reusable, microwavable

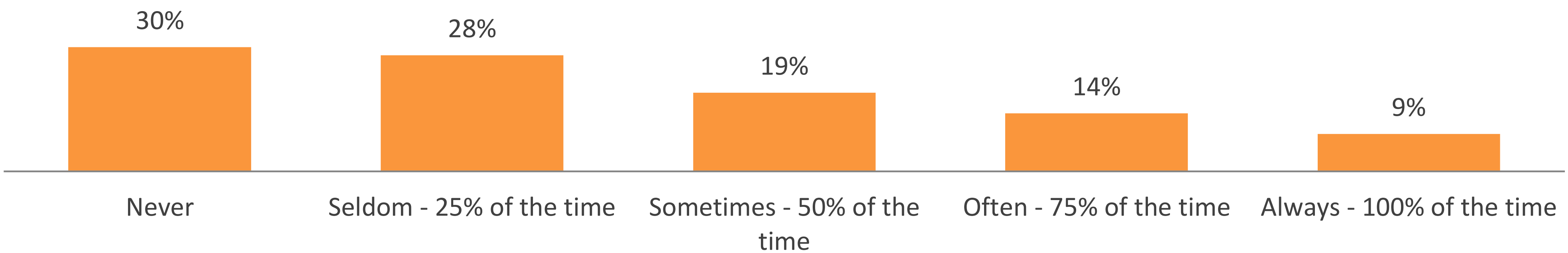
BY AGE: When thinking about fresh grocery department packaging, which feature interest you? (% 'interested')	**Gen Z (Age 18-24)**	**Millennials (Age 25-40)**	**Gen X (Age 41-56)**	**Baby Boomers (Age 57-76)**
Re-sealable	79%	**86%**	**89%**	**90%**
Packaging with freshness-preserving capabilities	75%	**87%**	**83%**	**83%**
Recyclable	78%	79%	79%	75%
Reusable	**78%**	**79%**	**78%**	69%
Tamper-evident	64%	76%	**82%**	**82%**
Microwavable	**79%**	**80%**	69%	73%
Made with recycled materials	69%	**76%**	70%	67%

pandemic impact: e-commerce

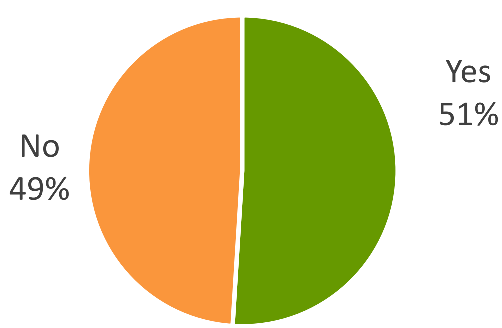
4 in 10 shoppers shop online for groceries at least half the time

50% increased online shopping as a result of the pandemic

How often do you typically shop online for groceries?



Did your online grocery shopping increase as a result of the COVID-19 pandemic?



One-third of Millennials and Gen Z shop online for groceries at least 75% of the time

nearly 6 in 10 of Boomers never shop online for groceries

BY AGE: How often do you typically shop online for groceries?	Gen Z (Age 18-24)	Millennials (Age 25-40)	Gen X (Age 41-56)	Baby Boomers (Age 57-76)
Never	20%	14%	28%	**58%**
Seldom – 25% of the time	25%	26%	36%	24%
Sometimes – 50% of the time	24%	26%	18%	8%
Often – 75% of the time	19%	20%	12%	6%
Always – 100% of the time	13%	14%	7%	4%
% ‘often’ or ‘always’ (Top 2 box):	**32%**	**34%**	**19%**	**10%**

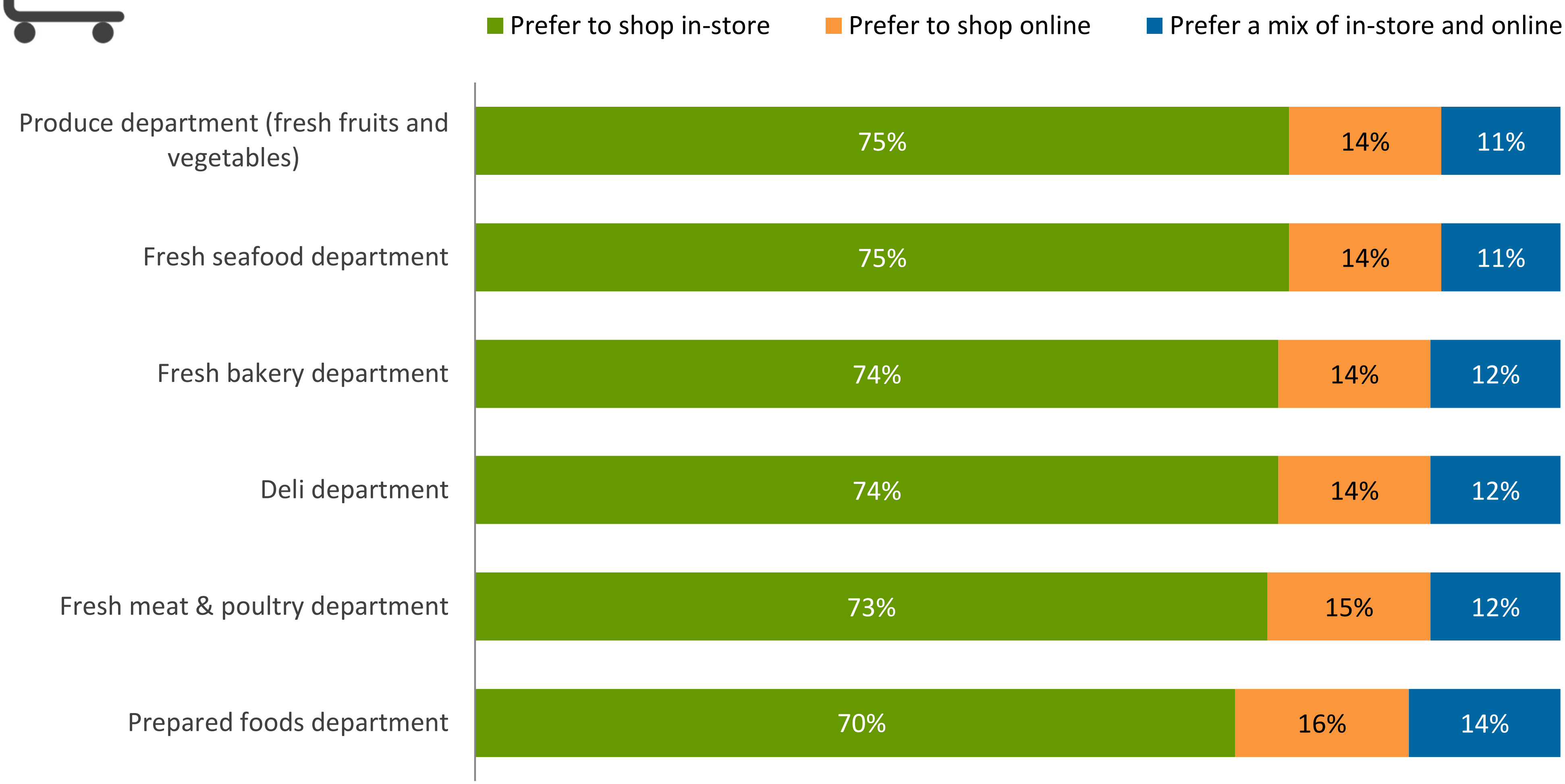
Households with children rely more on online grocery shopping than no-child households

BY AGE: How often do you typically shop online for groceries?	NO children under age 18	Children under age 18
Never	**38%**	16%
Seldom – 25% of the time	28%	27%
Sometimes – 50% of the time	15%	26%
Often – 75% of the time	11%	20%
Always – 100% of the time	8%	11%
% 'often' or 'always' (Top 2 box):	**19%**	**31%**

At least 7 out of 10 consumers prefer to shop in-store for all fresh departments

In-store shopping preferred particularly for produce, fresh seafood, bakery, deli

How do you prefer to purchase products from the following fresh grocery store departments?



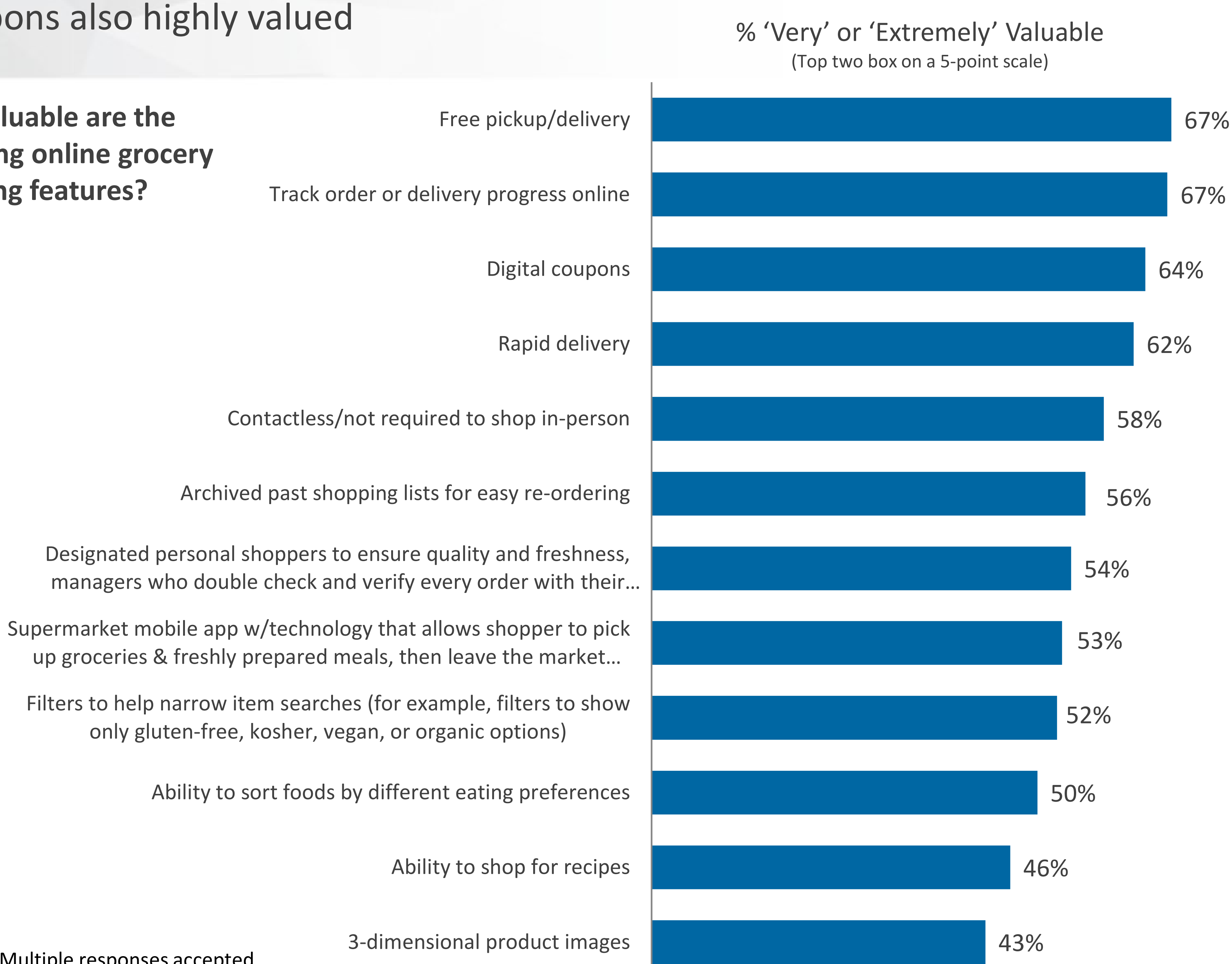
Baby Boomers and Gen X prefer to shop in-store across departments

BY AGE: How do you prefer to purchase products from these fresh grocery store departments (% who 'prefer to shop in-store')	Gen Z (Age 18-24)	Millennials (Age 25-40)	Gen X (Age 41-56)	Baby Boomers (Age 57-76)
Produce department (fresh fruits and vegetables)	58%	57%	**71%**	**83%**
Fresh seafood department	59%	57%	**68%**	**83%**
Fresh bakery department	55%	55%	**71%**	**82%**
Deli department	56%	57%	**69%**	**80%**
Fresh meat & poultry department	53%	55%	**66%**	**83%**
Prepared foods department	48%	53%	**60%**	**78%**

Shoppers find delivery features (free, trackable, rapid) most valuable

Digital coupons also highly valued

How valuable are the following online grocery shopping features?



Note: Multiple responses accepted

reimagining
the supermarket experience

Shoppers most interested in focus on clean ingredient deli & prepared foods departments

followed by chef-driven and restaurant-style focus experiences

How interested are you in a grocery store that includes the following features?

Deli & prepared foods departments with a focus on clean ingredients free from artificial colors, flavors and sweeteners; includes use of meats that are hormone- & antibiotic-free, sustainable seafood, artisanal breads, organic milk, cheese, fruits, veg.

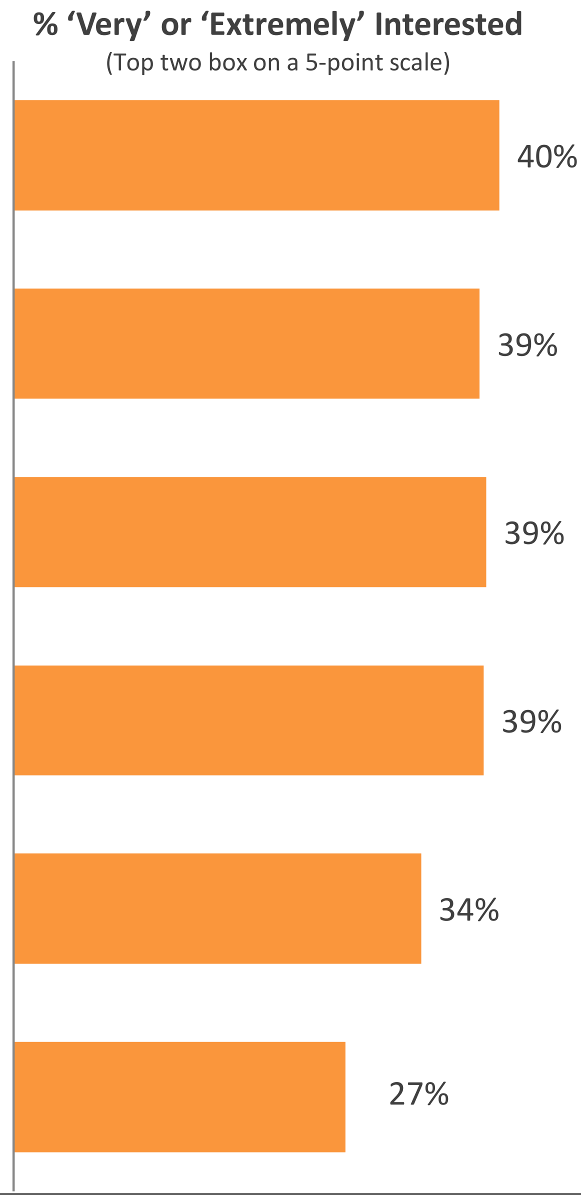
A dynamic retail restaurant-style focus that includes an array of prepared foods from comfort foods to customizable salads and noodle bowls, global cuisine, to coffee, fresh juices, smoothies, wines and cocktails.

A chef-driven deli department with restaurant- quality, seasonal cuisine.

Deli department with restaurant-quality pre-packaged meals-to-go that replace self-serve food bars.

An area dedicated to budget-friendly finger-food bites and the staff to help shoppers create their own charcuterie and cheese boards, fresh-cut veggies and fruits, artisan-style breads, custom made dips, salsas, olives.

A compact salad-making machine (robot) with a video interface that creates an engaging customer experience while dispensing a full menu of salads with customizable options.



Note: Multiple responses accepted

Millennials and Gen Z most interested in redesigned supermarket experiences.

BY AGE: How interested are you in a grocery store that includes the following features? (% who 'very' or 'extremely' interested)	**Gen Z (Age 18-24)**	**Millennials (Age 25-40)**	**Gen X (Age 41-56)**	**Baby Boomers (Age 57-76)**
Deli and prepared foods departments with a focus on clean ingredients that are free from artificial colors, flavors and sweeteners; includes use of meats that are hormone- and antibiotic-free, sustainable seafood, artisanal breads, organic milk, cheese, fruits, vegetables.	39%	**47%**	41%	34%
A dynamic retail restaurant-style focus that includes an array of prepared foods from comfort foods to customizable salads and noodle bowls, global cuisine, to coffee, fresh juices, smoothies, wines and cocktails.	**46%**	**46%**	33%	29%
A chef-driven deli department with restaurant- quality, seasonal cuisine.	39%	**48%**	41%	28%
Deli department with restaurant-quality pre-packaged meals-to-go that replace self-serve food bars.	41%	**46%**	38%	30%
An area dedicated to budget-friendly finger-food bites and the staff to help shoppers create their own charcuterie and cheese boards, fresh-cut veggies and fruits, artisan-style breads, custom made dips, salsas, olives.	**39%**	**41%**	31%	23%
A compact salad-making machine (robot) with a video interface that creates an engaging customer experience while dispensing a full menu of salads with customizable options.	27%	**44%**	25%	14%

40% of shoppers interested in fresh departments taking center stage of supermarket and packaged goods located in back of store

How interested are you in the following re-imagining of your grocery store shopping experience?

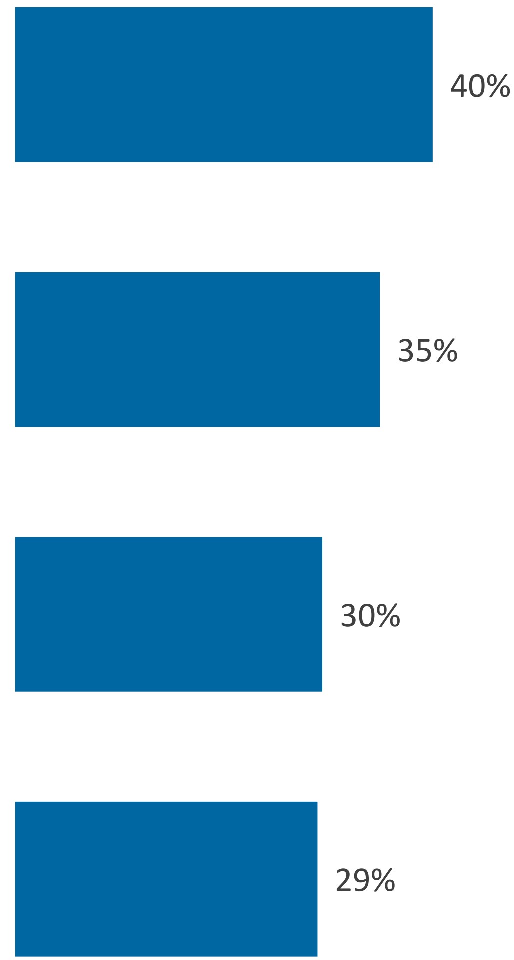
% 'Very' or 'Extremely' Interested
(Top two box on a 5-point scale)

A grocery store where fresh foods like bread, meat, fruits and vegetables, dairy and prepared foods take center stage while packaged goods are located at the back of the store.

A grocery store with a focus on fostering shopper health & wellness, while also maintaining consumer privacy both through its online and in-store shopping experiences. Highly personalized guidance could be provided to align with specific shopper goals or health conditions. For example, someone at risk for diabetes could receive a prescription shopping list tailored to their preferences, budget, and lifestyle. In-store, a smart shopping cart might remind you about a missing ingredient or automatically order an item that happens to be out of stock.

A grocery store that is less a destination and more a service where delivery vehicles independent of a particular grocery store provide a mix of on-demand and scheduled services. And as audiovisual technology and AI systems mature, mobile stores show up with your order sourced from multiple vendors. These services may effectively eliminate food deserts by making fresh food available almost anywhere.

A grocery store that is transitioned into smaller showrooms that shoppers visit to interact with their communities and discover new fresh foods, ingredients and recipes, while staple items and consumer packaged goods are automatically delivered to your home.



Millennials and Gen Z most interested in innovative grocery store concepts

BY AGE: How interested are you in the following re-imagining of your grocery store shopping experience? (% who 'very' or 'extremely' interested)	**Gen Z (Age 18-24)**	**Millennials (Age 25-40)**	**Gen X (Age 41-56)**	**Baby Boomers (Age 57-76)**
A grocery store where fresh foods like bread, meat, fruits and vegetables, dairy and prepared foods take center stage while packaged goods are located at the back of the store.	**44%**	**48%**	**42%**	27%
A grocery store with a focus on fostering shopper health & wellness, while also maintaining consumer privacy both through its online and in-store shopping experiences. Highly personalized guidance could be provided to align with specific shopper goals or health conditions. For example, someone at risk for diabetes could receive a prescription shopping list tailored to their preferences, budget, and lifestyle. In-store, a smart shopping cart might remind you about a missing ingredient or automatically order an item that happens to be out of stock.	**45%**	**42%**	32%	22%
A grocery store that is less a destination and more a service where delivery vehicles independent of a particular grocery store provide a mix of on-demand and scheduled services. And as audiovisual technology and AI systems mature, mobile stores show up with your order sourced from multiple vendors. These services may effectively eliminate food deserts by making fresh food available almost anywhere.	34%	**41%**	30%	13%
A grocery store that is transitioned into smaller showrooms that shoppers visit to interact with their communities and discover new fresh foods, ingredients and recipes, while staple items and consumer packaged goods are automatically delivered to your home.	36%	**42%**	25%	14%

supermarket
PERIMETER

2021 U.S. Supermarket Shopper Trends: Reimagining the Perimeter Experience

October 2021 | Study conducted by:

CYPRESS RESEARCH