

THE **WHY?** BEHIND THE **BUY**[™]

13th EDITION



ACOSTA

In the latest edition of *The Why? Behind The Buy*[™] we find that shoppers' views of food and grocery shopping are evolving — into a means of self-expression. Millennials and shoppers with children tend to lead the pack in e-commerce, as well as in the growing healthy and organic space. We provide insight on how to capture the share of spend from these target consumers, and how shopping for groceries is evolving.

Creating a Culinary Experience at Home



Express Yourself

While consumers still care about what their clothing, music choices and hair styles say about them, food is the latest way to make a statement. Today's grocery shoppers, especially Millennials, Gen Xers, and shoppers with children are using food as a form of creative expression. Many shoppers enjoy the experience of planning meals, shopping for ingredients, customizing their food and preparing new dishes. In fact, 45 percent of Millennial shoppers want to take cooking classes to learn how to prepare new meals and dishes.

"...my generation is looking to food — making it, eating it, talking about it, learning about it — as their own form of entertainment and self-expression."

- Eve Turrow

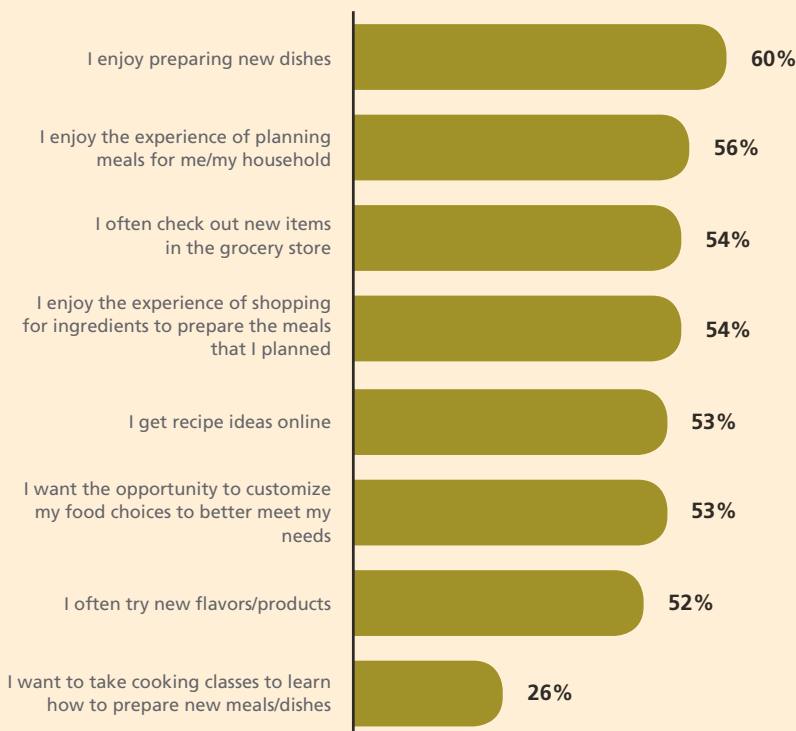
author of "A Taste of Generation Yum: How the Millennial Generation's Love for Organic Fare, Celebrity Chefs and Microbrews Will Make or Break the Future of Food"

(in an interview with the Food Network)

A Less Dreadful Honey-do List

No longer a dreaded chore, many shoppers enjoy planning meals (including new dishes), shopping for ingredients, customization and cooking. The pan and plate is a canvas, and they're able to get creative.

Please indicate how much you agree with each of the following statements
% Total U.S. Shoppers who Agree Strongly/Agree



If You Didn't Snap It, It Didn't Happen.

Sharing your dining or cooking adventure — including what you're eating and who you're with — is part of the overall food experience. Whether it's on Facebook, Instagram, Snapchat, Twitter or Pinterest, more people are utilizing social networking platforms daily.



25%

of shoppers with children have posted food or recipe content to social media, including photos.

18%

of shoppers with children have posted content about grocery shopping and new product information.

According to Pinterest, there are four billion recipe pins, with 90 percent of users pinning both food and drink recipes on mobile devices. That's a lot of pinnable products!



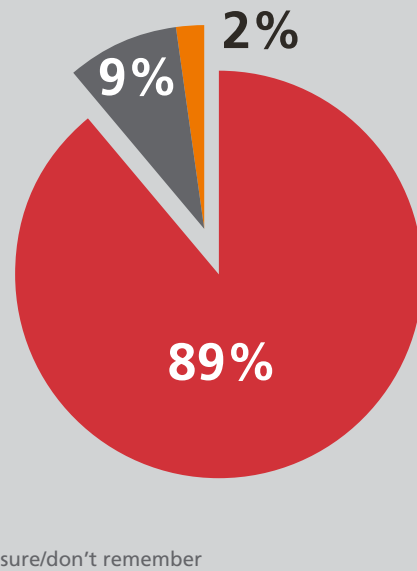
The Shopping Trip is All Part of the Journey



Nine Out of 10 Shoppers are Store Loyal

U.S. shoppers are loyal to their grocery retailer, with nine in 10 shopping for groceries most often at the same store as last year. This number is steady across demographics, from Millennials to Baby Boomers. Not surprisingly, this is driven predominantly by convenience/location, as well as produce selection, prices and overall — a great shopping experience. The store layout can also play a factor in repeat visits, as familiarity with shelving locations makes navigation easier, and therefore, trips quicker, which is key when 83 percent of shoppers preparing dinner decide what to make that same day, and may need to get in and out quickly.

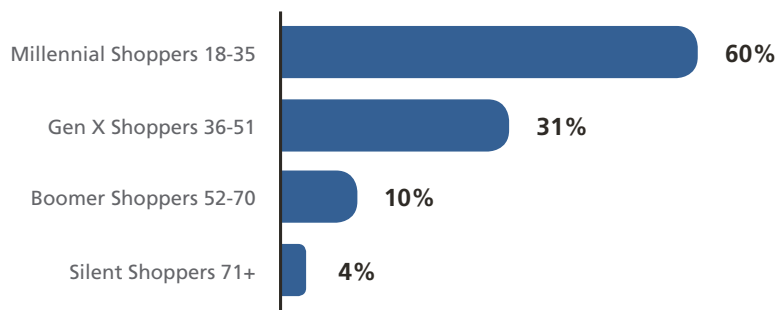
Please tell us if the store that you most often shopped for groceries in the past six months is the same grocery retailer that you also shopped at most often for groceries last year?



Millennial Meal Kit Usage Multiplies

Technomic, a food-industry consulting firm, and Acosta's partner on the annual *The Why? Behind The Dine™* report, predicts that the meal kit service segment of the market will grow to between a \$3 billion and \$5 billion business over the next 10 years based on current adoption rates. This isn't surprising as this new trend provides a different cooking experience for at-home chefs. In the U.S., boxed-meal services were initially adopted by Millennial urbanites, but are now expanding into other demographics. According to Technomic's principal, Erik Thoresen: "This growth is fueled by growing consumer acceptance of the subscription service model, as well as a strengthening food culture within the mainstream market."

Ordered a meal/ingredient kit online for home delivery from a service like Plated, HelloFresh or Blue Apron



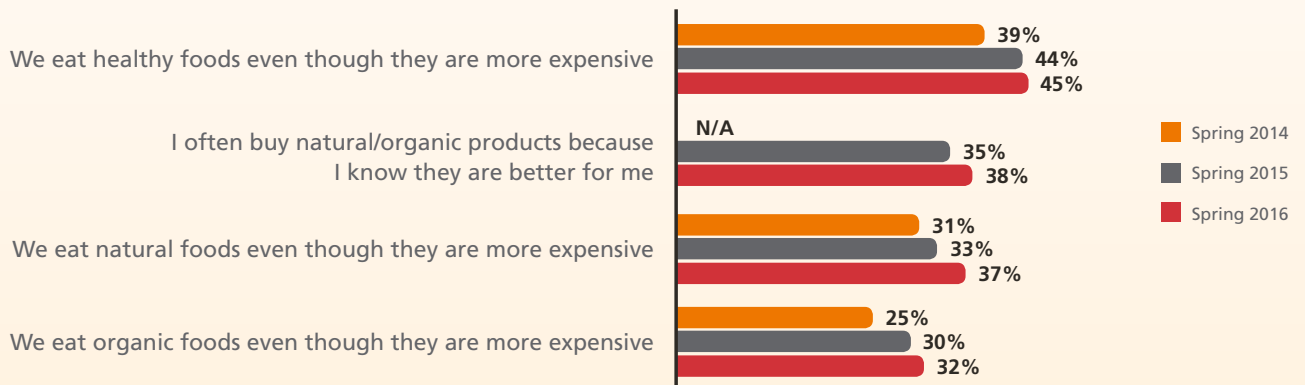
- 8 in 10 shoppers with kids shop with others
- 76 percent of Millennial shoppers shop with others
- 4 in 10 U.S. shoppers grocery shop alone

Natural & Organic Go Mainstream

According to the Organic Trade Association, consumer demand for organic has grown by double-digits nearly every year since the 1990s. Most impressively, organic sales have increased from \$3.6 billion in 1997 to \$43.3 billion in 2015.

Growing Shopper Alignment to Eating Healthy, Natural and Organic

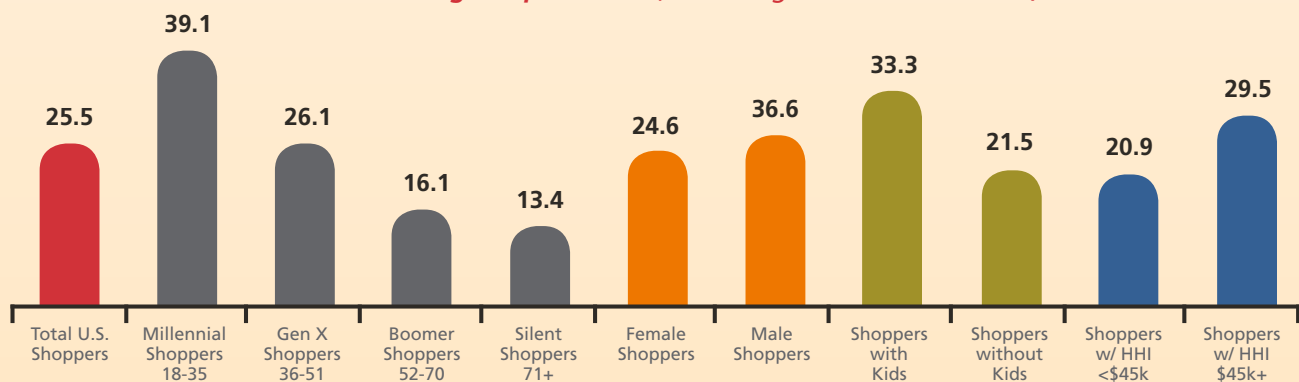
Over the last few years, we have asked consumers about the importance of healthier foods, and each year the number of respondents indicating they are interested in eating healthy, natural and organic products has grown. This year, 45 percent of respondents agreed that they eat healthy foods even though they are more expensive.



Millennials Continue to Set Trends

Leading the growth trends in organic grocery purchases are Millennial shoppers, indicating that organic products make up 39 percent of their typical shopping cart. Twenty-six percent of Millennial shoppers also indicated that they stayed on the store perimeter, only visiting select aisles during their stock-up grocery trips. With the younger shoppers concentrating on the perimeter, including fresh produce and dairy, a focus on high-quality, fresh items will keep bringing them back into stores. In many cases, this is even more important than having the best prices or sales.

On a typical shopping trip, about what percentage of your grocery items are considered organic products? (Percentage from 0% to 100%)





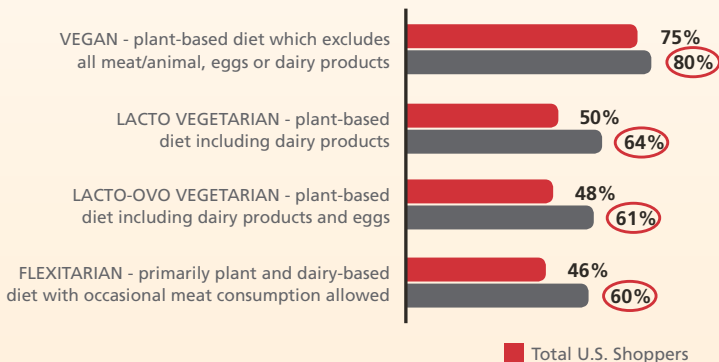
Healthy Eating as a Way of Life, Not How Much Consumers Weigh

New diet trends such as Paleo and a growing group of plant-based eaters including flexitarians — a semi-vegetarian diet that allows occasional meat — have also helped drive this focus on organic products and a greater emphasis on produce.

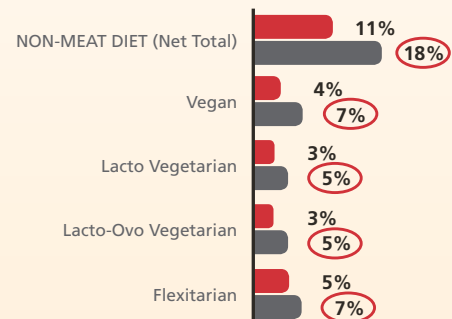
More Millennial Shoppers are familiar with these non-meat diet choices, with 18% following a non-meat/low-meat diet every day.

Please let us know about your knowledge of the following dietary options.

% Shoppers 'I am familiar with this diet choice...'



% Shoppers 'this is the diet method I follow every day'



■ Total U.S. Shoppers

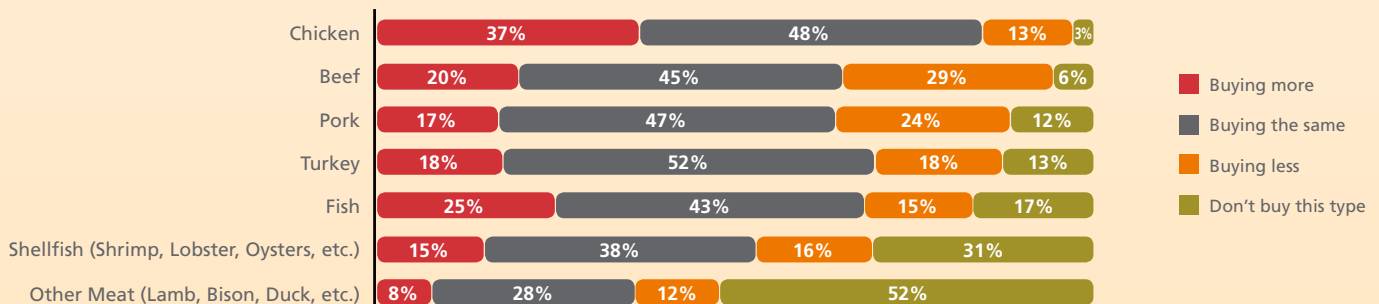
■ Millennial Shoppers 18-35

○ Indicates significantly higher than Total U.S. Shoppers at a 95% confidence level.

Tracking with general meat industry trends, more shoppers indicated buying more chicken and fish (than less), with fewer shoppers buying more beef and pork. Millennials — possibly due to these new diet trends (and social hashtags such as #MeatlessMondays) — indicated consuming a meat, poultry or fish/seafood protein at fewer meals a day than total U.S. shoppers.

More U.S. Shoppers indicated buying more versus buying less of chicken and fish; more buying less versus buying more of beef and pork.

Comparing this year to last year, please indicate if the amount you have purchased in these meat/seafood categories has changed.



A Healthy Influence on Brands



It's Clear — Transparency Matters

The shift toward natural and organic has also made shoppers think about how their products are being made or sourced. Shoppers across demographics wanted their grocery items priced fairly, but also desired brands to be transparent about their ingredients and production.

Thinking about the last year, let us know how much you agree that these statements describe what you want your grocery brands to be.

% 'Describes perfectly' Total U.S. shoppers; Top 10 answer choices



Liking the Brand is as Important as Liking its Foods

Although most shoppers are brand loyal, buying 77 percent of the same grocery brands as last year, fewer younger shoppers indicated buying the same as last year. Additionally, Millennials and shoppers with children also indicated that brands that were socially responsible and charitable, as well as authentic to their heritage, were more desirable.

Please indicate how much you agree with each of the following statements

% Top 2 Box: Agree Strongly/Agree



The Supermarket at Your Fingertips

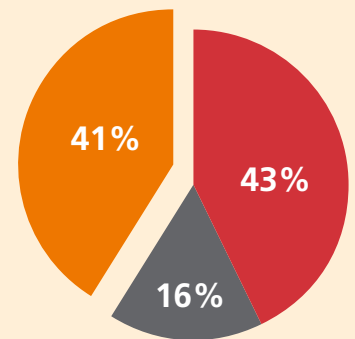
An Ever-Increasing Digital Marketplace

As more of our lives intersect with the internet (and our smartphones become our fifth limb) shoppers are looking online to help streamline grocery shopping. In fact, 59 percent of U.S. shoppers who have grocery e-commerce available, said they had ordered grocery items online in the past year. Leading the pack of online grocery shoppers were Millennials and shoppers with children, with 64 and 62 percent, respectively, saying they had purchased groceries online at least once a month. The trend shows no signs of slowing down since 58 percent of U.S. online grocery shoppers expect to increase their online order frequency over the next year.

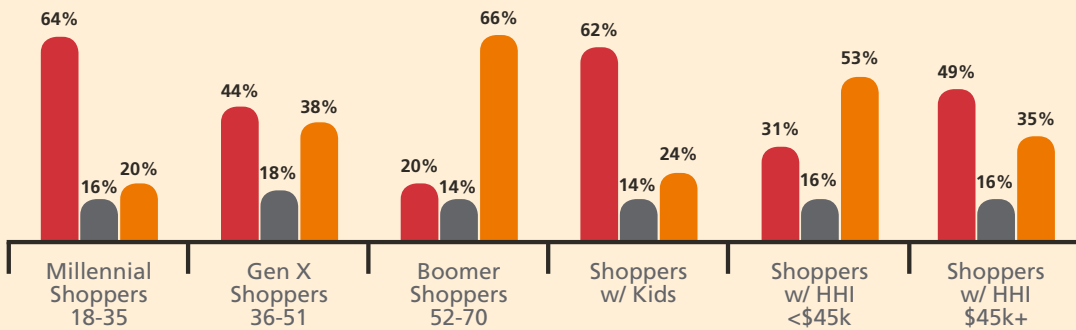
U.S. Shoppers with Online Grocery Shopping Available

How often do you purchase grocery items online to have them delivered to you, or for pick-up at your local retailer?

- At least once a month or more frequently
- One to 11 times a year
- Didn't purchase grocery items online



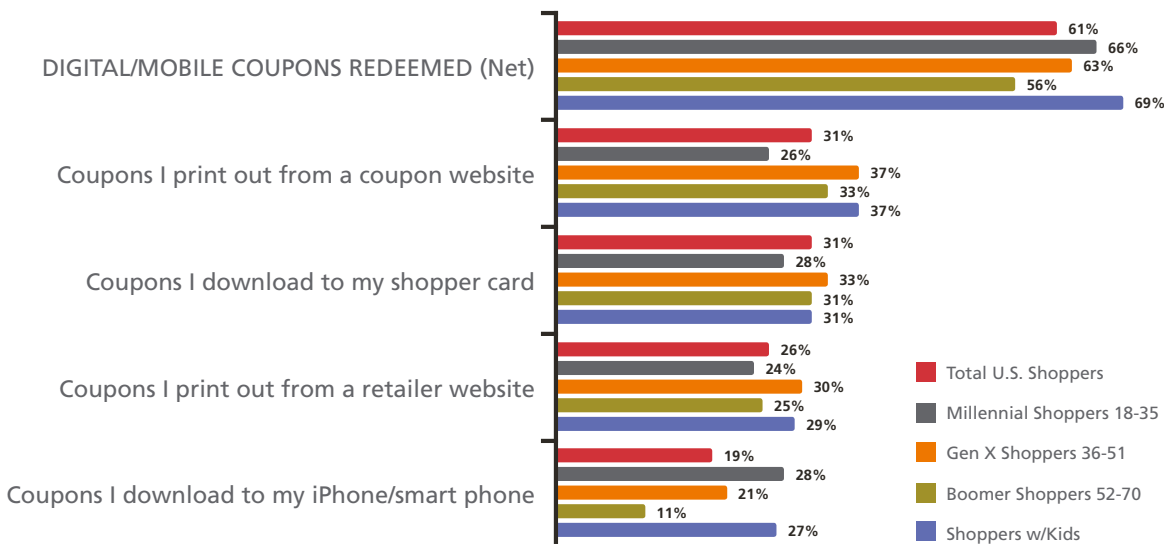
U.S. Shoppers by Demographic with Online Grocery Shopping Available



Digital Coupon Growth: A New Take on an Old Classic

Millennial shoppers and shoppers with children are also using technology to redeem many types of digital and mobile coupons. For these customers in particular, it seems that the way to have them open their wallets is to get to them through their phones.

In the past month, please tell us what types of coupons you've redeemed for grocery items? (Select all that apply).



Key Takeaways



Swipe into Millennial Trends

Millennials want to cook, which means their grocery spending — especially as they advance into their prime spending years — will continue to grow. Establish a social presence, dependent upon where most of your customers spend time, and push out recipe and other cooking tips and content to bring them to your brand or in your store. For retailers, providing printable shopping lists — and corresponding aisle locations — will make grocery trips easier, which is something that would appeal to all shoppers.



Meal Solutions are Strong and Growing

Store loyalty is partially driven by convenience and store familiarity — the ability to get in and out quickly with enough time to still make dinner. Since consumers spend a lot of time on the perimeter of the store, offer shelf-stable packaged goods normally found in center-store alongside meats and produce. Adding a recipe card is helpful, too!



Brick and Mortar to Point and Click

Expand your store's online presence with rapid pick-up or delivery options if they're not already available. Or, get creative and build your own meal kit, which can be an expansion of already existing meal solutions and ready-to-eat prepared foods, but all ordered online. Build the kits with all of the ready to heat/eat and pre-measured ingredients, and package them together so shoppers can have a great culinary experience at home.



Build Trust to Build Loyalty

The companies behind the foods are as important as the quality and taste. Brands should be open with shoppers about their ingredients and processing, and communicate any charitable efforts. Providing a behind-the-scenes look allows consumers to develop personal loyalty to a particular brand or product and can help to build trust.

ACOSTA

Acosta is the sales and marketing powerhouse behind most of the trusted brands seen in stores every day. The company provides a range of outsourced sales, marketing and retail merchandising services throughout the U.S. and Canada. For nearly 90 years, Acosta has led the industry in helping consumer packaged goods companies move products off shelves and into shoppers' baskets. For more information, visit www.acosta.com.

The Why? Behind The Buy™ survey is fielded biannually and this publication is based on the 13th and 14th edition studies fielded in October/November 2015 and May 2016.

For more information about this report or other strategic insights research, please email thoughtleadership@acosta.com.



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