Who We Talked To

1,525 U.S. Adults, 18 years and older

Shoppers who always shop at Independent, Regional, National stores represented

Does not work for a company with ties to the grocery industry

Interviews were completed with shoppers from:

- 515 City
- 508 Suburbs
- 502 Rural Areas

Surveys conducted online
Duration: ~19 minutes
From Dec. 7 – Dec. 22, 2015

* Data weighted to represent the U.S. general population, age 18 and over
Taking Action

Focus on things you do best
Variety; Fresh, high quality foods; Low prices; and a Good selection of organic and ethnic foods.

Leverage personal attention
Service to customers/friendly associates are what distinguish you most from the National Chains.

Satisfied customers will fight for you
Keep them satisfied: business plan, recommend you, advocate for you.

Your customers are online
You should be, too. With the importance of social media, explore new ways to grow your online presence.

Maintain your base, then look to grow
Opportunity exists among Boomers and retirees in the city or country, GenXers and Boomers in the suburbs.
Reaching Customers That Count
Your urban shoppers care about speed, security and nutrition guidance

Improvements to Checkout
- Blink fast-pay technology
- Lanes without junk food
- Friendlier cashiers
- More self-checkouts

Online Grocery Shopping
- 28% Buy Online
- Want: Many payment choices
- Security (told who will deliver)

Healthy Help from Store
- In-store classes for specific diets
- Guidance from nutritionist
- Foods to go with my fitness program

Demo
- Age: Under 55
- Income: Less than $50K
- Kids in HH: 38%
- Race: Ethnically diverse

Media Habits
- TV: Below avg
- Online: Heavy
- Magazine: Avg
- Radio: Above avg
- Newspaper: Light

Fresh Food Items
- Poultry
- Seafood
- Beef

Fresh Food Presentation
- Sustainability
- Nutritional info
- Recipes

Prepared Food Items
- Breakfast items
- Made-to-order sandwiches
- Side dishes

Prepared Food Presentation
- Easy heating/cooking
- Nutritional info
- Cooking/heating instructions

Source: Nielsen Demographics 2015, MRI 2015, Nielsen Custom Research Study 2015 (N=1484)
Expand by having brand names, cooking instructions and source traceability with your fresh foods

<table>
<thead>
<tr>
<th>Demo</th>
<th>Media Habits</th>
<th>Fresh Food Presentation</th>
<th>Prepared Food Items</th>
<th>Prepared Food Presentation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td>TV Online Magazine Radio Newspaper</td>
<td>Brand name Cooking instructions Source traceability</td>
<td>Breakfast items Side dishes Made-to-order sandwiches</td>
<td>Easy heating/cooking Nutritional info Preserves freshness</td>
</tr>
<tr>
<td>Income</td>
<td>Less than $50K</td>
<td>Heavy Light Light Light Above avg</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kids in HH</td>
<td>7% Caucasian, African Am</td>
<td></td>
<td>Beef Poultry</td>
<td></td>
</tr>
<tr>
<td>Race</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Improvements to Checkout**
- Blink fast-pay technology
- Faster coupon acceptance
- More open lanes/less wait
- More self-checkouts

**Online Grocery Shopping**
- **16% Buy Online**

**Healthy Help from Store**
- Knowledgeable staff on-hand to suggest alternatives
- Collaboration w/pharmacist
- Recipes for a specific diet

**Source:** Nielsen Demographics 2015, MRI 2015, Nielsen Custom Research Study 2015 (N=1484)
In the suburbs, online shopping should emphasize speed, consistency and low cost pricing

**Loyal Suburban**

<table>
<thead>
<tr>
<th>Demo</th>
<th>Media Habits</th>
<th>Fresh Food Items</th>
<th>Prepared Food Items</th>
<th>Prepared Food Presentation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age 25 - 44</td>
<td>TV Below avg</td>
<td>Bakery</td>
<td>Recipes</td>
<td>Clear view of product</td>
</tr>
<tr>
<td>Income $50K &amp; higher</td>
<td>Online Heavy</td>
<td>Poultry</td>
<td>Brand name</td>
<td>Appealing appearance</td>
</tr>
<tr>
<td>Kids in HH 74%</td>
<td>Magazine Heavy</td>
<td>Deli</td>
<td>Organic</td>
<td>Preserves freshness</td>
</tr>
<tr>
<td>Race Caucasian, Asian</td>
<td>Radio Above avg</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Improvements to Checkout**
- More careful handling items
- More baggers
- Lanes w/out junk food
- More self-checkouts

**Online Grocery Shopping**
- 13% Buy Online

**Healthy Help from Store**
- Collaboration with pharmacist
- Nutritionally smart holiday entertainment ideas
- Foods to go with my fitness program

Want:
- Fast delivery
- Same food prices as in the store

Source: Nielsen Demographics 2015, MRI 2015, Nielsen Custom Research Study 2015 (N=1484)
Grow your suburban shoppers with seafood and increased focus on your deli

<table>
<thead>
<tr>
<th>Demo</th>
<th>Media Habits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td>TV</td>
</tr>
<tr>
<td>45 - 64</td>
<td>Avg</td>
</tr>
<tr>
<td>Income</td>
<td>Seafood</td>
</tr>
<tr>
<td>$100K &amp; higher</td>
<td>Source traceability</td>
</tr>
<tr>
<td>Kids in HH</td>
<td>Appropriate size</td>
</tr>
<tr>
<td>9%</td>
<td>Locally grown</td>
</tr>
<tr>
<td>Race</td>
<td>Fresh Food Presentation</td>
</tr>
<tr>
<td>Caucasian, Asian</td>
<td>Nutritional info</td>
</tr>
</tbody>
</table>

Improvements to Checkout
- Walkthrough tech/RFID
- More careful handling items

Online Grocery Shopping
- Buy Online 18%
- Want: Low-cost delivery service
  Fast delivery

Healthy Help from Store
- Collaboration with pharmacist
- Shelf tags with nutritional info
- Label reading including ingredients and nutritional claims

Fresh Food Items
- Source traceability
- Appropriate size
- Locally grown

Prepared Food Items
- Lower interest

Fresh Food Presentation
- Nutritional info
- Appropriate size
- Clear view of product

Age 45 - 64
Income $100K & higher
Kids in HH 9%
Race Caucasian, Asian
Income $100K & higher
Kids in HH 9%
Race Caucasian, Asian

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Rural Loyal shoppers want more open lanes/less waiting

**Improvemients to Checkout**
- Friendlier cashiers
- More open lanes/less wait
- More careful handling items
- Faster coupon acceptance

**Online Grocery Shopping**
- **Buy Online**: 10%
- Want:
  - Many payment choices
  - Temperature control of perishables

**Healthy Help from Store**
- Nutritionally smart holiday entertainment ideas
- Weight loss guidance
- Foods to go with my fitness program

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**Media Habits**

<table>
<thead>
<tr>
<th>Demo</th>
<th>TV</th>
<th>Online</th>
<th>Magazine</th>
<th>Radio</th>
<th>Newspaper</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td>Avg</td>
<td>Avg</td>
<td>Below avg</td>
<td>Above avg</td>
<td>Avg</td>
</tr>
<tr>
<td>Income</td>
<td>Avg</td>
<td>Avg</td>
<td>Below avg</td>
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<td>Avg</td>
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<td>Below avg</td>
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<td>Race</td>
<td>Avg</td>
<td>Avg</td>
<td>Below avg</td>
<td>Above avg</td>
<td>Avg</td>
</tr>
</tbody>
</table>

**Fresh Food Items**
- **Cheeses**: Cooking instructions
- **Bakery**: Clear view of product
- **Beef**: Appealing appearance

**Fresh Food Presentation**
- **Cheeses**: Appealing appearance
- **Bakery**: Cooking/heating instructions
- **Beef**: Appropriate size

**Prepared Food Items**
- **Pizza**: Appealing appearance
- **Pre-made sandwiches**: Cooking/heating instructions
- **Breakfast items**: Appropriate size

**Prepared Food Presentation**
- **Pizza**: Appealing appearance
- **Pre-made sandwiches**: Cooking/heating instructions
- **Breakfast items**: Appropriate size

Source: Nielsen Demographics 2015, MRI 2015, Nielsen Custom Research Study 2015 (N=1484)
To reach Growth Rural, focus less on prepared foods and more on locally grown fresh foods that are size appropriate.

### Fresh Food Items
- **Produce**
  - Source traceability
  - Locally grown
  - Appropriate size

- **Dairy**

### Prepared Food Items
- Lower interest

### Improvements to Checkout
- Lanes with no products
- Walkthrough tech/RFID
- More open lanes/less wait
- More careful handling items

### Online Grocery Shopping
- 9% Buy Online
  - Ability to schedule delivery time
  - Same food prices as in the store

### Healthy Help from Store
- Shelf tags with nutritional info
- Nutritionally smart holiday entertainment ideas
- General guidance on a balanced diet

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Source: Nielsen Demographics 2015, MRI 2015, Nielsen Custom Research Study 2015 (N=1484)
You need a steady diet of online and print to reach your customers

% Always/Sometimes Do This to Save Money
All Shoppers vs. Independents

- Use cents off coupons received in the mail or from newspapers/mags
  - Loyal Suburban: 74%
  - Loyal Town/Rural: 72%
  - Growth Urban: 80%
  - Growth Town/Rural: 71%

- Look in newspapers for grocery specials
  - Loyal Suburban: 74%
  - Loyal Town/Rural: 72%
  - Growth Urban: 80%
  - Growth Town/Rural: 71%

- Search online for coupons from your store
  - Loyal Suburban: 58%
  - Loyal Town/Rural: 57%
  - Growth Urban: 48%
  - Growth Town/Rural: 46%

- Use mail-in rebates for cash refunds
  - Loyal Suburban: 43%
  - Loyal Town/Rural: 40%
  - Growth Urban: 48%
  - Growth Town/Rural: 46%

- Search online for daily deals, such as Groupon
  - Among Independents
    - Growth Customers more likely to look in newspapers for specials 73%
    - Loyal Customers more likely to search for coupons online 53%

Base: All Qualified Respondents (N=1525)
Q1700 In your grocery shopping decision-making, how often do you do the following to save money: Always, Sometimes, Hardly Ever or Never?
Keeping Your Customers Satisfied
Fair prices show customers you care
Independents excel at freshness, customer service

Asked all shoppers...
What makes customers feel you care

⭐⭐⭐⭐⭐
Top Answer:
Fair Prices
55%

Independents also show they care by...
Offering produce, meats and seafood that are always appealing and fresh
Has friendly associates who are available to help when needed

31% All Shoppers
40% Independents

17% All Shoppers
30% Independents

Base: All Qualified Respondents; Total (N=1525)
Q405. Which of the following would make you feel that a supermarket cares about you? You can select as many as three items that you feel are most important.
Satisfaction is key: Satisfied customers will take a stand for you

Satisfaction of Independent Grocery Shoppers

Primary Attribute Drivers
- High quality seafood
- High quality fruits & vegetables
- Good selection of ethnic/cultural food
- Low prices

Secondary Attribute Drivers
- Fresh foods
- Dietician at store
- Pays attention to special requests
- Locally grown produce & packaged goods
- Frequent shopper program

Satisfied Independents Likely to...
- 95% Speak positively about the store
- 96% Recommend the store to others
- 88% Give the store the benefit of the doubt, if an issue arises
- 81% Support the store in investing or expanding in my community

Satisfaction is much higher among Independents vs. National Chains
- 80% Independents
- 65% National

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Community involvement makes a difference: Stay active

How Influential Is Cause Marketing?

Base: All Qualified Respondents; Total (N=1525)
Q1300. If you know that a store is active in the local community, how influential is that in your decision to shop there?

- Extremely/Very Influential: 21%
- Fairly Influential: 35%
- Slightly Influential: 21%
- Not at All Influential: 23%

Most Influential for...

- Independents: 30%
- Loyal Urban: 31%
Involvement with your community and the benefits of locally grown

“When it comes to doing local, size matters. So too does speed.” – Supermarket News 2/9/16

Over and over we see that local and regional players are nimble enough to create deeper bonds with their shoppers.
E-Commerce and Social Media
Online shopping especially important for Independents in the city

Those Most Likely to Shop Online...

- **25%** Independents
- **28%** Loyal Urban
- **14%** National

16% Shop for Groceries Online Among All Shoppers

INSTEAD OF going to supermarket: 35%

IN ADDITION TO going to supermarket: 65%

Base: All Qualified Respondents; Total (N=1525), Shops Online (N=207)
Q1100. When shopping for groceries, do you ever shop online?
Q1125
Many Independents feel food needs to be seen to be bought

75% Do Not Shop for Groceries Online Among Independents

Base: No to Shopping Online (N=1318) Q1105.

Top Reasons for Not Shopping Online:

- Some foods need to be seen: 65%
- Food won’t be fresh: 48%
- Favorite Independent doesn’t offer: 39%
- Enjoy going to the store: 32%
- Delivery fees too high: 29%
- Product will arrive damaged: 22%
Follow these Action Items to make your online delivery a success

What Independents Want Most in Online Delivery

- Food in excellent condition: 63%
- Low cost delivery: 46%
- Same prices as in store: 44%
- Fast delivery: 43%
- Special care for perishables: 30%
- Delivery in narrow window: 25%
- Many payment options: 24%
- Safe and Secure: 15%

Low cost delivery most important for Growth Suburban 61%

Base: Always Shops at Independent  (N=114)
Q1170. Now, please tell us your top three desires with regard to online food delivery?
City and Suburban Independents use apps – giving you a way to reach them

**Downloaded Food or Beverage App Among All Shoppers**
- **17%** Yes
- **83%** No

**Used App If downloaded**
- **90%** Yes

**% Yes**
- Independents 28%
- Loyal Urban 30%
- Loyal Suburban 28%
- Loyal Town/Rural 10%

*Base: All Qualified Respondents; Total (N=1525)*

Q1710. Have you downloaded any food or beverage apps?

Q1715. Have you used these food or beverage apps that you downloaded?
The Internet is a primary source – can you afford NOT to be online?

Top Sources of Information about Food

- Online/Internet: 40%
- Media: 30%
- Print Media: 16%
- Word of Mouth: 14%

Social Media Sites Used to Research New Products, Recipes and Nutrition

- Facebook: 33%
- YouTube: 14%
- Pinterest: 14%
- Twitter: 8%
- Instagram: 8%
- Other: 3%
- None of these: 58%

Base: All Qualified Respondents; Total (N=1525)
Q2605. How do you learn about new trends in the food industry?
Q1705. Of the following social networking tools, which do you actively use to gather or exchange information about foods, including new products, nutrition and recipes?
Low cost delivery is key for online, but do you have to go it alone?

Instacart
Groceries delivered in an hour.

Google Express
Overnight delivery on everything you love
Get 3 months free delivery on eligible orders*
SIGN UP NOW

Whole Foods Market

WeGoShop.com
We Go Shop... So You Don't Have To!
Personalized Grocery Shopping & Delivery From Your Favorite Local Store

TaskRabbit
GROCERY SHOPPING
Give us your shopping list and we'll stock your pantry with the groceries you need for the week.
Find help now

Coborns
Twin Cities
Shop for Home Delivery
Shop for Business Delivery
Includes Schools, Business, Group Homes

nielsen
Convenience and Healthy Living
For prepared foods, nothing is more important than freshness.

What Matters Most in Presentation of Prepared Foods?

All Shoppers vs. Independents

- **Product freshness**: 62% / 67%
- **Size appropriate to my needs**: 33% / 49%

Feel prepared food should be prepared fresh every day

- **Nationals – 83%**
- **Independents – 93%**

Base: All Qualified Respondents; Total (N=1525)

MQ1225. What matters most to you about the presentation of prepared foods? You can select as many as three items from the list below.

MQ1240. When buying prepared foods, how important is it that the food be prepared fresh every day?
Food for thought: Should Independents partner in offering prepared foods?

Online companies offering meal kits

Offering meal kits for in-store purchase or delivery via Peapod

Online resource for recipes and meal planning
Focus on healthy living products – recent sales outpace retail

Dollar Growth

<table>
<thead>
<tr>
<th>Total Store</th>
<th>Organic* Claims</th>
</tr>
</thead>
<tbody>
<tr>
<td>3%</td>
<td>14%</td>
</tr>
<tr>
<td>(52 weeks ending 10/24/2015 versus year ago)</td>
<td>(4-YR CAGR)</td>
</tr>
</tbody>
</table>

Top 10 Wellness Claims with Biggest Absolute Long-Term Sales Growth

Change in $ Sales (billions) from 2011

▲ Claims growing in latest year (absolute dollars)

<table>
<thead>
<tr>
<th>Wellness Claim</th>
<th>Change in $ Sales (2011 to 2015)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kosher</td>
<td>$29.0</td>
</tr>
<tr>
<td>Gluten Free</td>
<td>$22.5</td>
</tr>
<tr>
<td>Natural Presence</td>
<td>$15.8</td>
</tr>
<tr>
<td>Natural</td>
<td>$13.7</td>
</tr>
<tr>
<td>Soy</td>
<td>$13.3</td>
</tr>
<tr>
<td>Artificial Color/Flavor</td>
<td>$11.2</td>
</tr>
<tr>
<td>Preservative Presence</td>
<td>$8.4</td>
</tr>
<tr>
<td>GMO Free</td>
<td>$7.4</td>
</tr>
<tr>
<td>Organic</td>
<td>$5.9</td>
</tr>
<tr>
<td>Organic Content Presence</td>
<td>$5.9</td>
</tr>
</tbody>
</table>

*Dollar sales $5 billion or greater; UPC-coded items

Note: Wellness claims are not additive

Source: Nielsen Answers, Wellness Track, Total U.S. All Outlets Combined, plus Convenience, 52 weeks ending 10/24/2015, UPC-coded products only, CAGR = compound annual growth rate
Shelf tags the place to start in helping your shoppers live healthy lives

How Can Store Help You Maintain a Healthy Diet?
Among All Shoppers

- Shelf tags with nutritional information: 35%
- Greater assortment of naturals/organics: 27%
- Products for special diets clearly marked: 26%
- Recipes for specific diets: 22%
- Cooking instructions: 19%
- Knowledgeable staff on-hand: 15%
- Access to dieticians: 10%
- In-store classes: 8%
- None of these: 28%

Access to dieticians is far more important to Independents (20%) than to Nationals (9%).

Half (46%) of Growth Suburban would like more shelf tags.

One in three Loyal Urban would like more gluten-free products (34%) and organics (36%).
Real world examples of shelf tags, in-store dieticians and more

Colorful Nutrition Shelf Tags

Look for nutrition guidance in every aisle of the store. Different nutritional tags will help you to identify foods with different nutritional attributes, including: heart healthy, low sodium, calcium rich, reduced sugar, immune booster, and healthier options.
A Look at Millennials
By 2020, 57% of the US Population will be Millennials or younger

*Source: U.S. Census Bureau (2014 National Population Projections)

Compared to other generations, more likely to:

- Early Millennials
  - Use mobile
  - Ask experts
  - Be health conscious
  - Eat fresh/prepared foods

- Urban Millennials
  - Want speed
  - Support causes
  - Seek bargains

- Rural Millennials
  - Late Millennials
  - Millennials with Families

What Action Steps can you take to attract this next generation of shopper?
145M older population segments with spending power!

In 2020, 57% of the U.S. population will be Millennials or younger, up from 50% in 2014.
Final Thoughts...

Going to Market
A National Survey of Grocery Shoppers