



**THE VOICE OF FOOD RETAIL**

Feeding Families  Enriching Lives

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National Food Policy Conference

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# THE ASSOCIATION

FMI conducts programs in public affairs, food safety, research, education and industry relations on behalf of its nearly 1,250 food retail and wholesale member companies in the U.S. and around the world.



FMI Members Include...



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# The Retail Food Industry

- Consumers visit supermarkets 1.7 times each week
- Average Supermarket carries more than 38,000 items
- Profit Margin of 1-2%
- Differentiation from competition is key





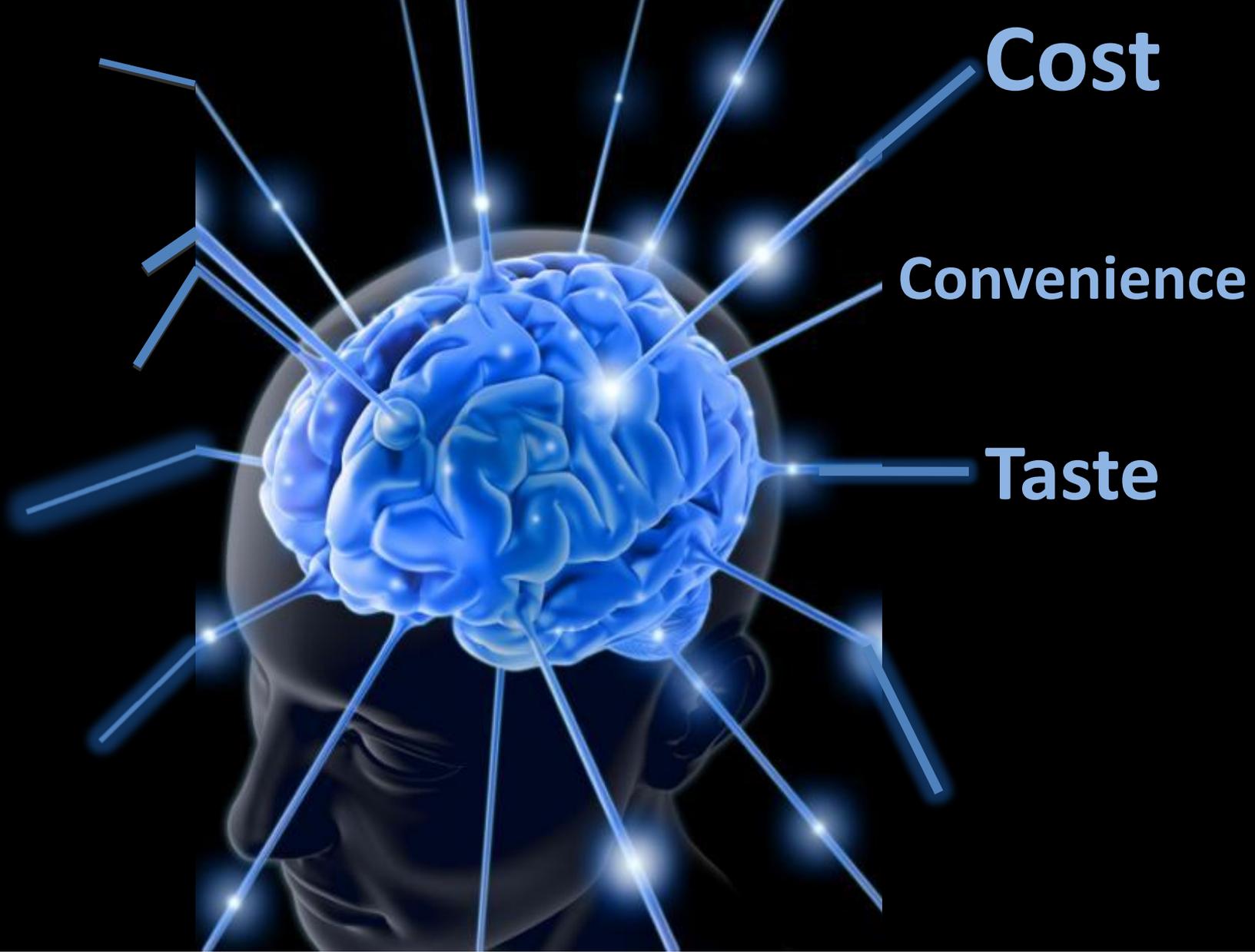
... an industry driven by consumer tastes, preferences and inclinations

**A  
peek  
inside  
the  
consumer  
brain**





# Four Forces Facing Food Retailers



**Cost**

**Convenience**

**Taste**

Esoteric Concerns

Cost

locally produced

Convenience

environmentally sensitive

Taste

organic

antibiotic free

Health and Wellness  
Nutritional Concerns



**1**  
CHANGING  
CONSUMER  
MINDSET

**2**  
TECHNOLOGY  
ENHANCED  
SHOPPING

**3**  
E-COMMERCE

**4**  
INNOVATION  
IN STORE  
FORMATS



**CHANGING  
CONSUMER  
MINDSET**

**1**

**2**

**3**

**4**



# FACES OF THE GREAT DEPRESSION



**I SEEK  
DISCOUNTS  
OFTEN**

**61%**

**exhibit discount  
seeking behavior**



**I SEEK  
DISCOUNTS  
OFTEN**

**78%**

**new  
normal**



42%

exhibit  
discount  
seeking  
behavior

I ACCEPT LIVING  
WITH LESS



**55%**

**new  
normal**



**I ACCEPT LIVING  
WITH LESS**

**I AM COMFORTABLE  
BUYING PRIVATE  
BRANDS**

**64%**

**exhibit  
discount  
seeking  
behavior**



I AM COMFORTABLE  
BUYING PRIVATE  
BRANDS

78%

new  
normal

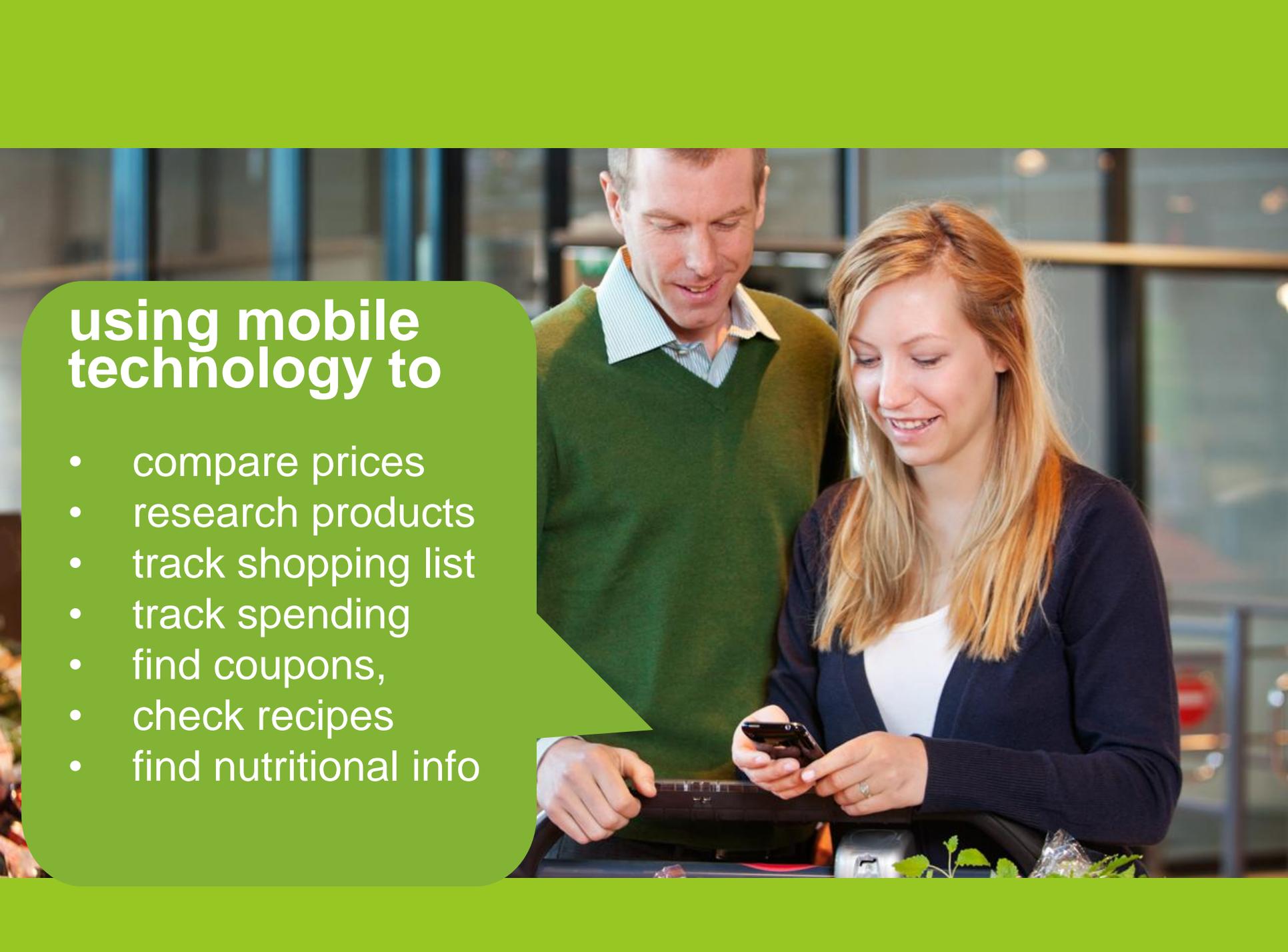


# Supermarket Profit Margins

2012 average: **1.09%**

25 year average: **1.06%**

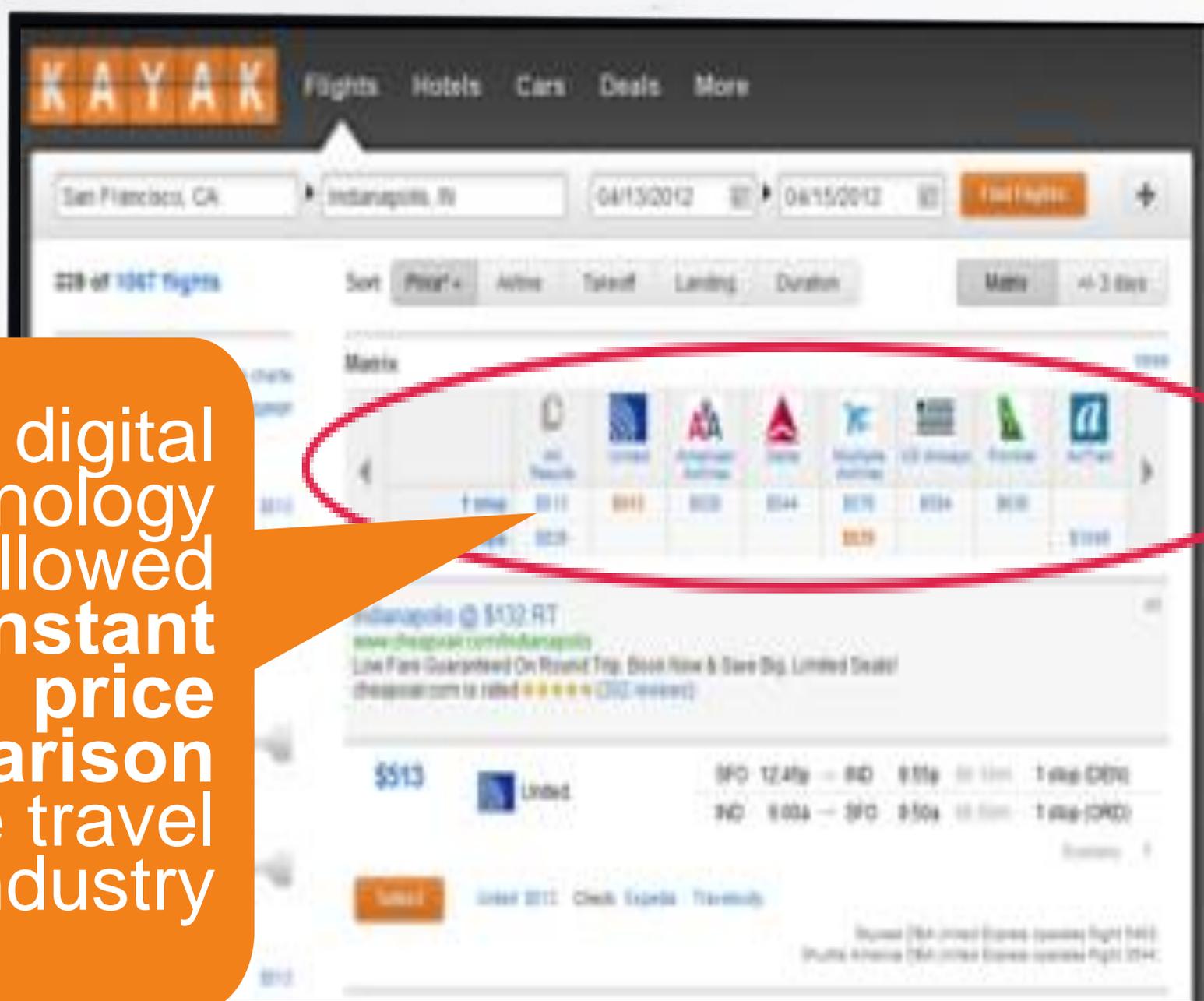


A man and a woman are standing together in a grocery store, looking at a smartphone held by the woman. The man is wearing a green sweater over a light blue collared shirt, and the woman is wearing a dark blue cardigan over a white top. They are both smiling and appear to be engaged in a conversation about the phone. The background shows a blurred grocery store interior with shelves and a railing.

## using mobile technology to

- compare prices
- research products
- track shopping list
- track spending
- find coupons,
- check recipes
- find nutritional info

digital  
technology  
has allowed  
for **instant  
price  
comparison**  
in the travel  
industry





E-COMMERCE



**85%**  
electronics,  
books, or music  
category

**77%**  
clothing and  
footwear  
category

**I HAVE MADE AN  
ONLINE PURCHASE**



**54%**

grocery category

**I HAVE MADE AN  
ONLINE PURCHASE**



**\$12b**

**2010**

**ONLINE  
SHOPPING IS  
GROWING**

Source: Nielsen



**\$17b**

**2012**

**ONLINE  
SHOPPING IS  
GROWING**

Source: Nielsen



**\$25b**

**2014**

**ONLINE  
SHOPPING IS  
GROWING**

Source: Nielsen



**29%**  
personal and  
beauty care

12 % home essentials  
12 % dry groceries  
and beverages  
9% pet care

**SOME OF MY  
CENTER STORE  
PURCHASES  
I NOW ORDER  
ONLINE**



**INNOVATION  
IN STORE  
FORMATS**

# SUPERMARKETS NOT GROWING IN SQ FT SIZE

super centers  
+88 sq ft (m)

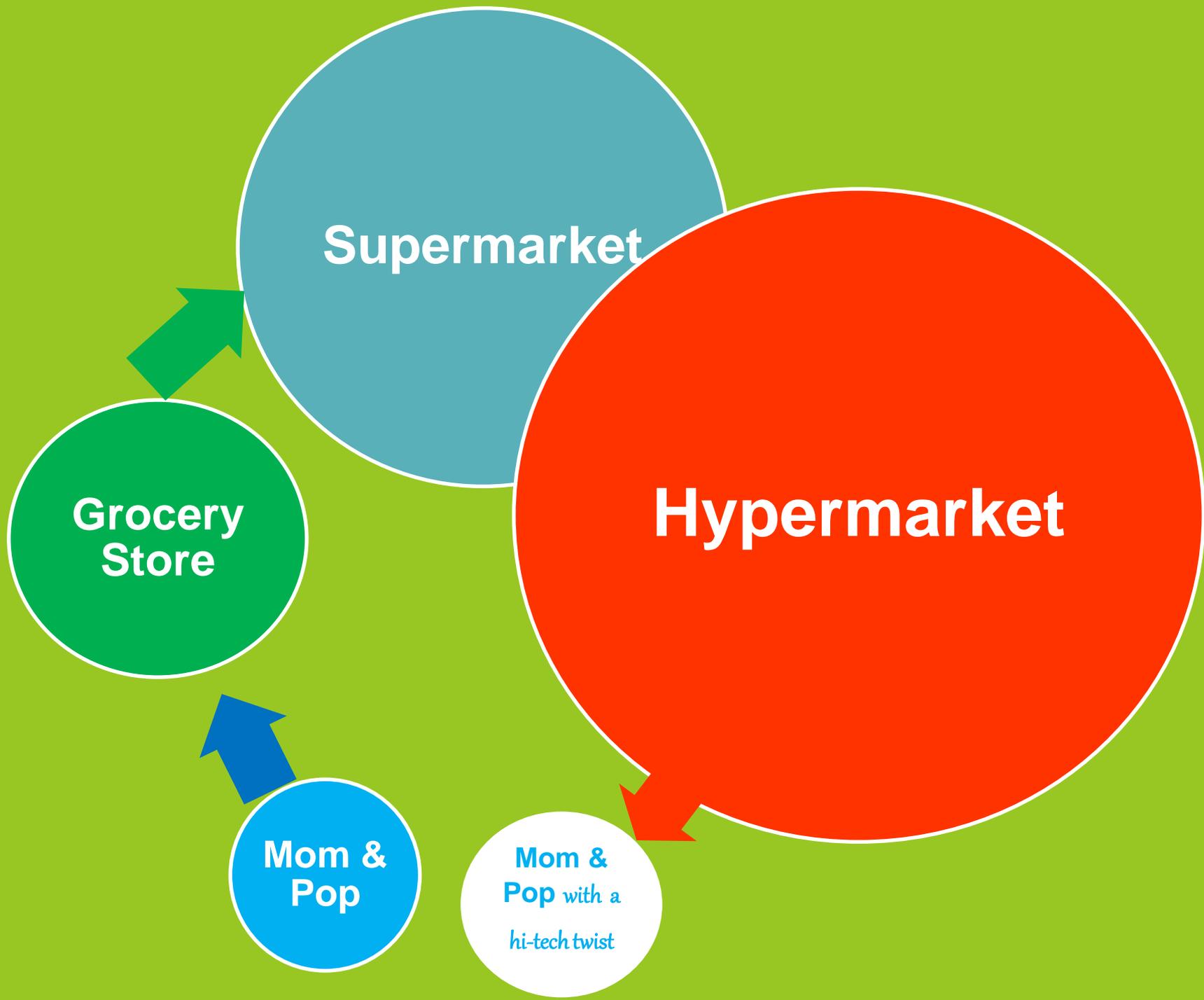
dollar

convenience

club

supermarkets  
-2 sq ft (m)

Source: Nielsen



**Supermarket**

**Grocery Store**

**Hypermarket**

**Mom & Pop**

**Mom & Pop with a hi-tech twist**

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# Giving the Consumer the Nutrition Information they need

- 46% of retailers publish a health and wellness newsletter.
- 59% of companies provide nutrition counseling
- 89.7% of retailers provide healthy recipes either on their website in their stores
- 56% offer Wellness classes
- 28% provide Weight Management classes
- 79% provide nutrition oriented store tours
- 1/3 of stores have an in-store registered dietitian, over half have a regional RD available
- Voluntary participation in front of pack nutrition labeling



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Thank You.