Edible inquiries:
Food Policy Research Connections

In-store interventions to encourage healthier purchasing: What we can learn from the supermarket industry

May 20, 2019
1-2 PM EDT

FOOD POLICY NETWORKS

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Speakers

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Building Community | Applying Research | Cultivating Action

NATIONAL

- FPN listserv with 1500+ members
- Food Policy Council Directory of 300+ councils
- Food Policy Resource Database with 1200+ resources
- Monthly webinars on federal, state and local food policy

TRAINING AND TECHNICAL ASSISTANCE

- Chesapeake Food Policy Leadership Initiative
- Pre-conference workshops & conference sessions
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Supermarket Marketing Updates, Research and Trends

Allison Karpyn, Ph.D.

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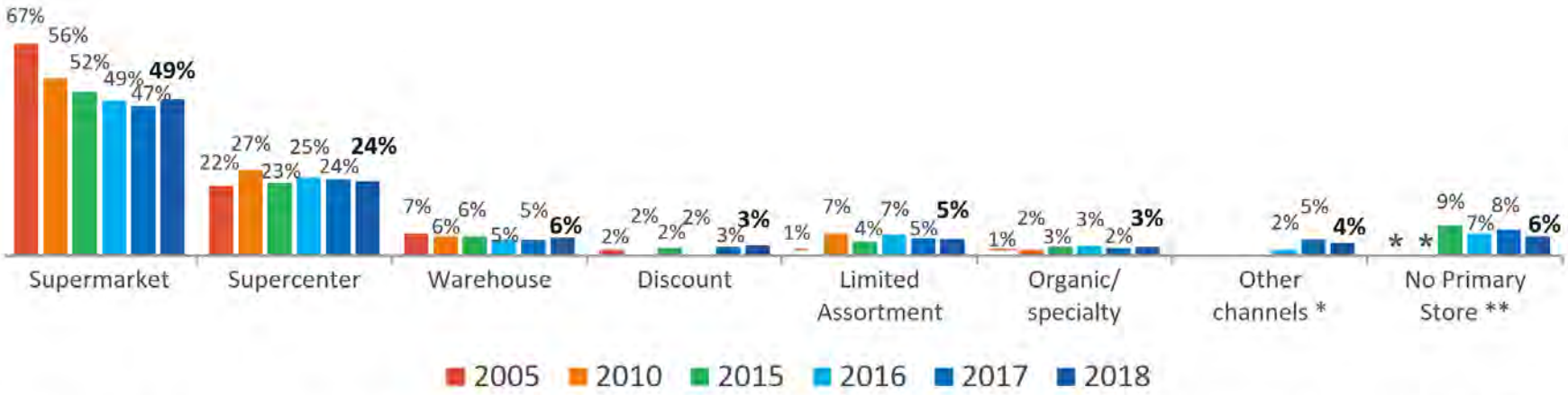
May 16, 2019


U.S. Grocery Shopper
TRENDS 2018
FMI
THE VOICE OF FOOD RETAIL
hartman GROUP

Where are people shopping for Groceries?

- SNAP Sales data suggests substantial Walmart Shopping
- Overall, supermarkets remain primary store (49%, slightly stronger than in prior years)
  - Retailers believe the supermarket has “stabilized” its role after years of decline (2005 saw 67% calling Supermarket primary store)
- Supercenters, 24%
- Growing role for Dollar Market, or stabilized?

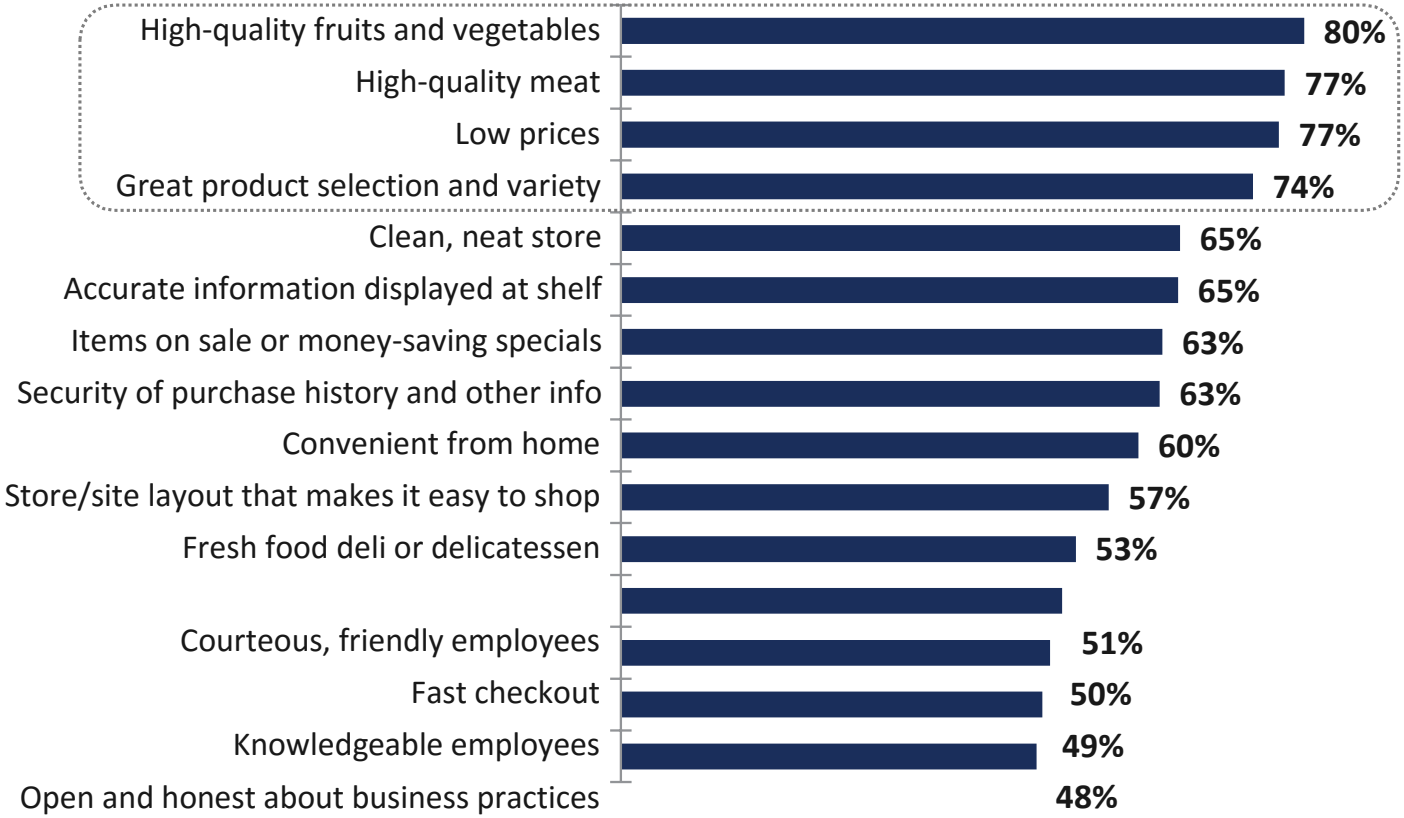
PRIMARY STORE FOR GROCERIES, HISTORICAL TREND



Source: FMI U.S. Grocery Shopper Trends, 2018. Q: "Which store or service do you consider your PRIMARY source of grocery-type items? In other words, where do you spend the most money on grocery-type items such as food, beverages, paper goods, health and beauty items, cleaning supplies, etc. for use in your home?" n=2,136. *Note: 'Other channels' include dollar, drug, ethnic, military and online-only retail channels. ** "No primary store" not measured prior to 2011. (See Appendix Table A.9)

What is driving store selection?

CHART 1.7: MOST IMPORTANT ATTRIBUTES WHEN SELECTING A PRIMARY STORE



Source: FMI U.S. Grocery Shopper Trends, 2018. Q: "Please indicate how important each of the following is to you when you select a primary grocery store/source. (Top-1 Box: Very important)." Top 15 displayed out of 32 items. Shoppers n=1,035. (See Appendix Tables A.13 & 14)

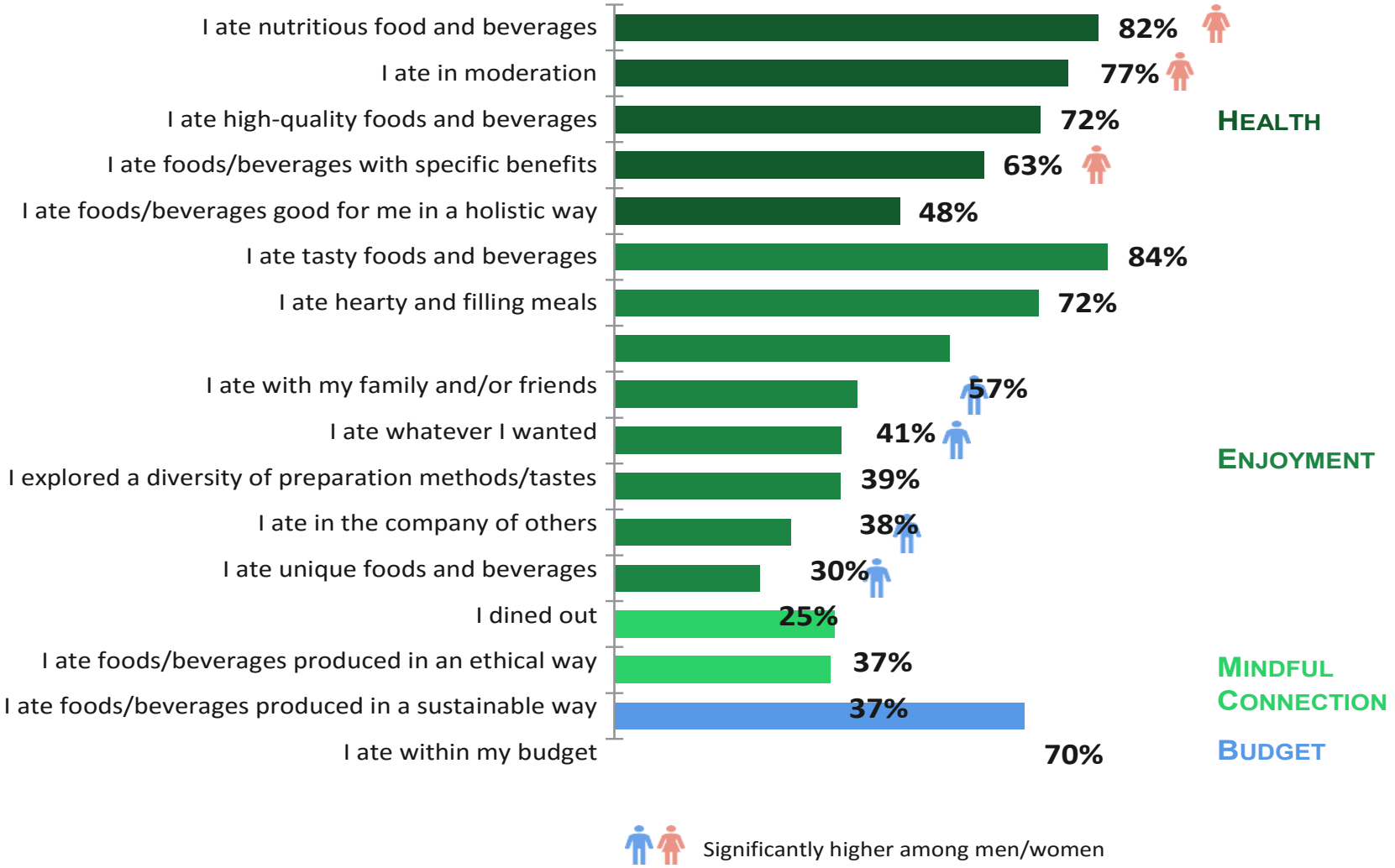
"Eating Well"

"Eating Well" as intention rather than "Pantry Stocking"

Desires for **TASTE AND ENJOYMENT,**
DISCOVERY AND MINDFUL CONNECTION
with food.

ESSENTIAL AND IMPORTANT COMPONENTS OF 'EATING WELL'

Over the course of the week, I feel I've eaten well when…

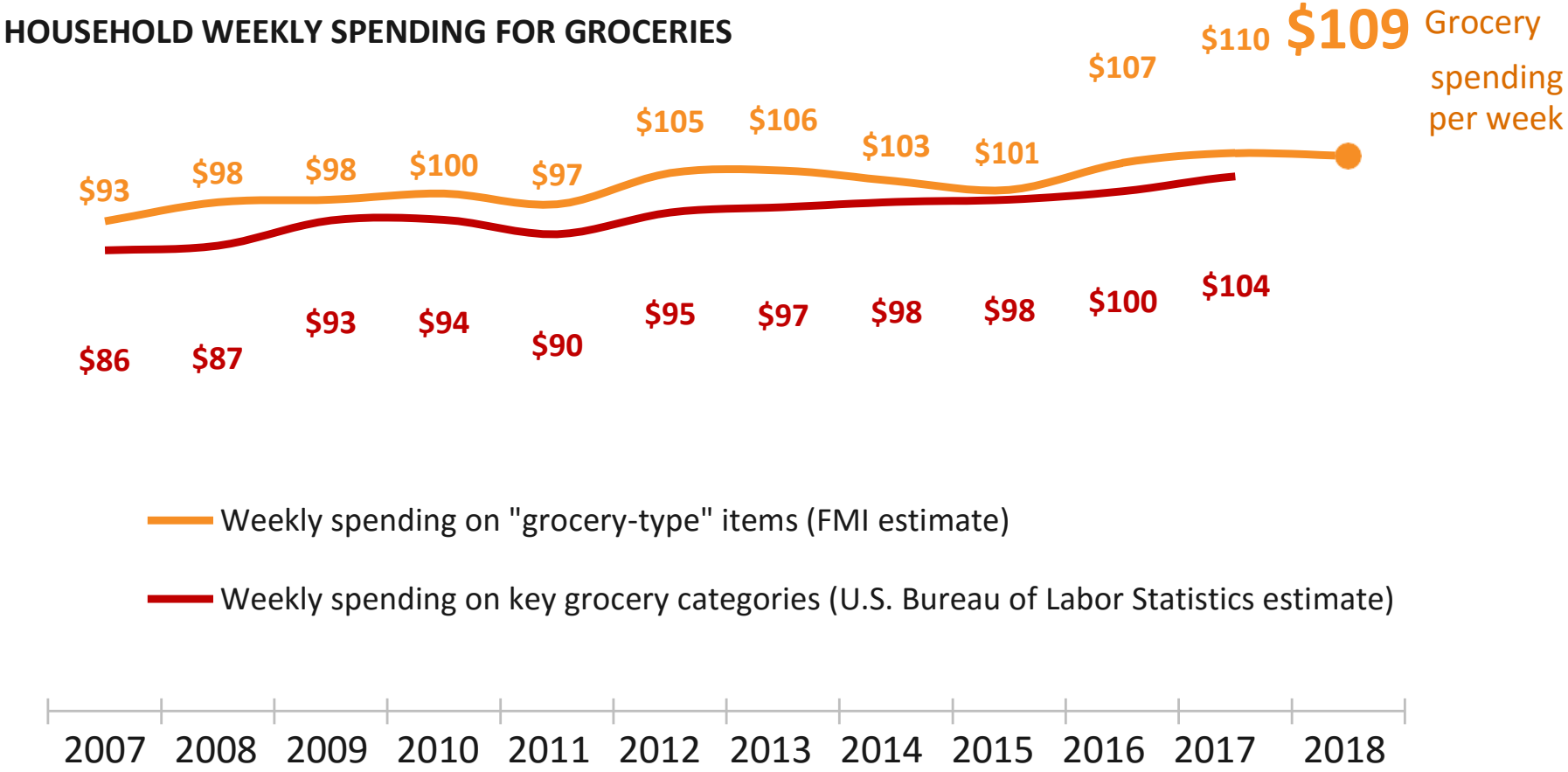


Source: FMI U.S. Grocery Shopper Trends, 2018. Q: "In general, when you consider whether you have eaten well over the course of a week, how important are each of the following considerations? (Select one response per row)" n=1,035. (Showing essential + important) (See Appendix Table A.68)

Other Eating Well Elements

- Shoppers want recipes
- Grab and go foods
- Recommendations for nutrition and healthy eating
- How to instructions
- Convenient placement of all items for a healthy meal in one place ("Dinner solution")
  - Meal kits
  - Tips on reducing **food waste**

Food Shopping Expenditures



Source: FMI U.S. Grocery Shopper Trends, 2018. n=2,136. (See Appendix Table A.5) U.S. Bureau of Labor Statistics, CEX, calculations by The Hartman Group. Estimates labeled to reflect year of publication, based on data collected at beginning of year or during prior year.

Spending Trends

- Relative stability since 2016, households spending about $105-109 per week.
- 1.6 weekly trips reported to a brick-and-mortar grocery retailer by primary shopper, unchanged since 2015; 2.2 household trips when you add in those made by other members
- Increase in men shopping (1.5 trips v 1.2 for women)
  - 85% of US adults claim 50% or more of household shopping responsibility
- Are we doing enough to support male shoppers?
- ONLINE: 28% of shoppers shop online only grocery stores (v. 16% in 2015), especially Millennials (ages 18-37) with children (58%);
  - 34% of all shoppers on online shoppers

Online Shoppers Shop Differently

- Spend more $127/week on average
- Have all or most responsibility for shopping
- Shop at more kinds of stores (banners)
  - More have lists, more have different lists for different stores
- Use a grocery App (46% v 27% non online shopper), also more likely to go online to get product information.
- **Millennials**

What do these trends mean for retail marketing?

- First, are we aligned with market-research trends?
  - Understanding retailer perspectives
- Are they aligned with families facing more adversity, public benefits

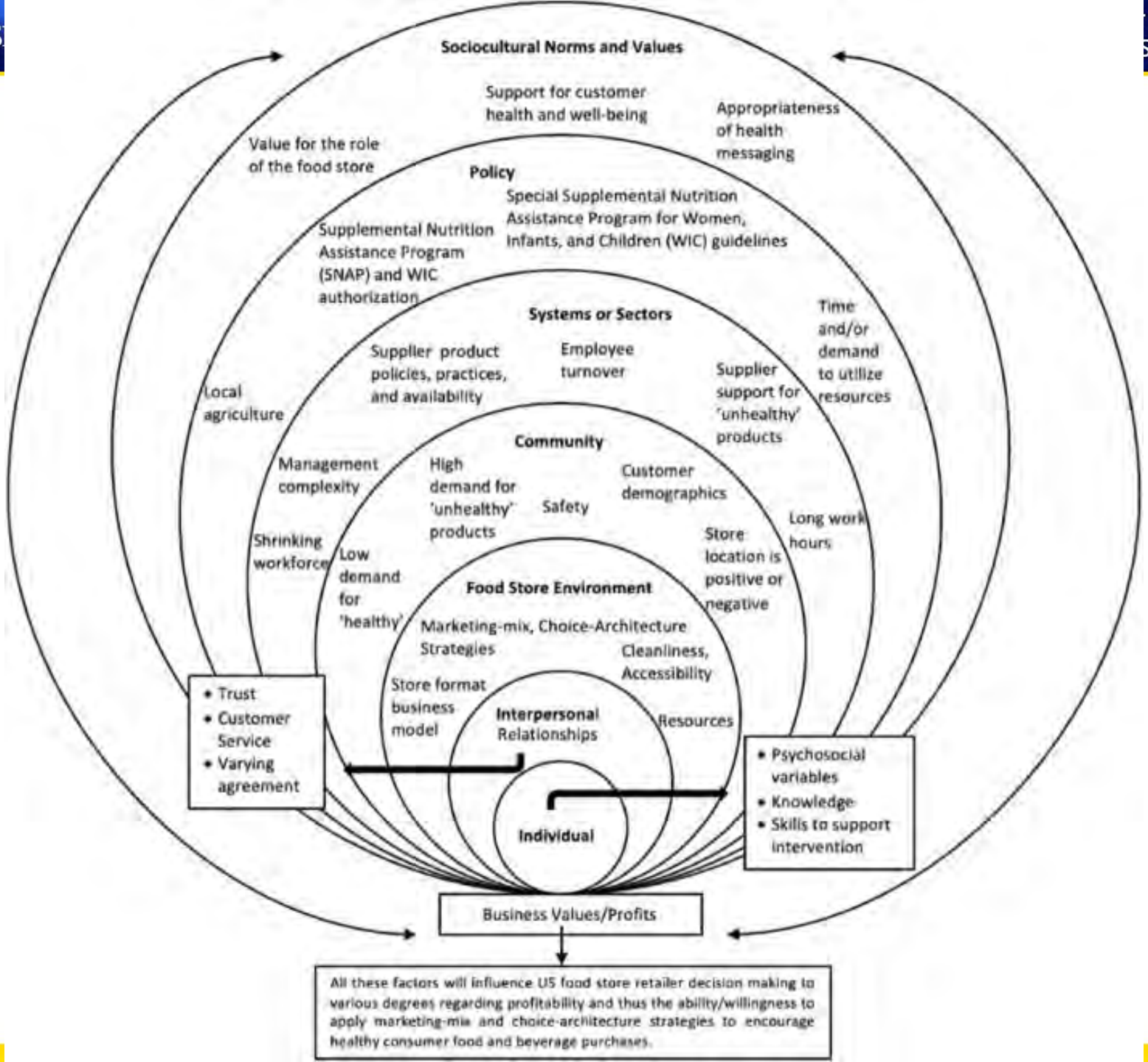
In-Store Marketing, Traditional Understanding of Approaches

PRODUCT	▪ Product mix ▪ Quality and variety ▪ Nutrition composition ▪ Packaging (e.g. package design/color, illustrations, targeting specific groups, front-of-pack labeling, menu labeling, portion size)
PLACEMENT	▪ Location of products ▪ General store lay out ▪ Check-out aisles ▪ End-of-aisle (end-cap) displays ▪ Quantity of facings/shelf space and store layout ▪ Eye-level (children's, women's, men's)
PRICE	▪ Coupons ▪ Specials ▪ Differential prices ▪ Private label/store brands
PROMOTION	▪ In-store and out-of-store shopper marketing ▪ Single and cross-brand promotions ▪ Item and shelf tagging ▪ Storewide nutrition guidance systems and educational programs ▪ Use of loyalty card feedback to guide healthier purchases ▪ In-store product sampling

The Food Trust, and Robert Wood Johnson Foundation. *Harnessing the Power of Supermarkets to Help Reverse Childhood Obesity.* Published: 4/1/2011

What is new in the Literature

- Emphasis on Retailer perspectives
- Feedback from healthy food retail approaches to date


Sociocultural Norms and Values
Support for customer health and well-being
Appropriateness of health messaging
Value for the role of the food store
Policy
Special Supplemental Nutrition Assistance Program for Women, Infants, and Children (WIC) guidelines
Supplemental Nutrition Assistance Program (SNAP) and WIC authorization
Systems or Sectors
Time and/or demand to utilize resources
Supplier product policies, practices, and availability
Employee turnover
Supplier support for 'unhealthy' products
Local agriculture
Community
Management complexity
High demand for 'unhealthy' products
Safety
Customer demographics
Long work hours
Shrinking workforce
Low demand for 'healthy'
Store location is positive or negative
Food Store Environment
Marketing-mix, Choice-Architecture Strategies
Cleanliness, Accessibility
Store format business model
Interpersonal Relationships
Resources
Individual
• Trust
• Customer Service
• Varying agreement
• Psychosocial variables
• Knowledge
• Skills to support intervention
Business Values/Profits
All these factors will influence US food store retailer decision making to various degrees regarding profitability and thus the ability/willingness to apply marketing-mix and choice-architecture strategies to encourage healthy consumer food and beverage purchases.

Retailer Perspectives on Our Approaches

- 20 full-service retailer interviews, NY
- DEALS drive product selection, and customer demand
- Distributers and Manufacturers remain critical (and have been)

- HOWEVER retailers have autonomy to modify planograms, move products

"Previously, when we first opened our supplier came in and had some basic planograms to get us started. But, over the time, we have definitely moved stuff where it's made more sense [...]" (Non-Urban, Low Income, Interview 5)

Other strategies retailers find that work

- PLACEMENT
  - Move it and they will come?
    - "You'll see the difference in sales –just by resetting something"
  - Grab and Go
    - "if you place it in the front, it's like a grab and go cup you put a decent price on it, one person might try it."

Though still Express Frustration

- "We've been working to lean into try to bring in more healthy food. The only issue is that in this community it's kinda tough because people really don't go – don't really – so most of the time we do try to bring it in. It'll go bad or expires.

Review: Customer Choice and Purchase Intentions

- Review of articles 2000-2015
- Quantitative only
- Marketing, Business sector literature
  - Major categories of findings related to
    - SHELF DISPLAY
    - BRANDING
    - NUTRITION LABLING
    - FOOD SAMPLING
    - PRICING AND PRICE PROMOTION FACTORS

Shelf display

- Attention to product is correlated with choice
- Strong support for product location as critical factor in choice
- Horizontal center placement on aisle stands out.
  - **Shelf based scarcity creates sense of popularity** for the items. (And higher purchase intention)
  - However disorganization on shelf or other sense that others are touching (and putting back) products creates reliance on familiar brands.

Brand Familiarity

- Matters, more likely to select a brand you know
- Purchase of private label brands is dependent on
  - Product category
  - Financial, functional and social risks associated with it.
  - Mimicking national brand packaging creates sense of similar source as national brand, and higher quality perceptions.
  - Brands with multiple product lines in same brand benefit from extrapolation of product qualities
  - Drink color matters.

Nutrition Labeling

- Motivation and knowledge drive use.
- Knowledge as a precursor to use
- Customers walk around with pre-conceived biased impressions, and objective information can increase or decrease choice.
- Known differences for how labeling systems influence purchases:
  - a single icon (call an evaluative label) works best when a customer is comparing products
  - though a “reductive label” (ie. calories and three nutrients o limit) is better for evaluating a single item.
  - Front of pack influences CHILDREN…and perhaps not just how you think
    - 2011 study found when the cereal choices included a “Good For You” possibility it created a “backlash effect” whereby kids went for the unhealthy choice (8-12 year olds)
    - Healthier curriculum had no real impact on choice.

Food Sampling

- It works to promote healthy food choices, though unclear temporal stability of effect (long term?)
- Also works for unhealthy items!
- Best to provide at beginning of shopping trip to allow for enjoyment of sample.

Price Promotions

- 8 for $8 type "multiple unit price promotions" increase purchase quantities **for higher consumption products**
  - AND higher numbers do lead to more than lower numbers (2 for $2) for example.
- Wording: Think about ALLITERATION (2 TWIX $2) facilitates message processing
- Fame it against the usual price to allow comparisons (sale v regular price)
  - Put it in absolute amounts when relative discount is low ($0.20 off)
  - And % off when its high (though consumers may not be able to compute that amount)
- Unexpected in-store coupons stimulate impulse purchasing, especially for "treat" items.

Price Promotions (cont.)

- Price promotions HOWEVER, can decrease sales of that item after promotion ends. (especial ones that before offered a high % off, vs. amount off)
- When receiving free money, still concern that you want a deal, impacts willingness to buy without a sale.
- Responses to price promotions are individually unique too – analytical vs. intuitive decision making styles which hinge on utility, feel good benefits.

In Store and Customer Decision Making Factors

- **Factors leading to LESS HEALTHY PURCHASES:**
  - Implicit beliefs about the relationship between taste and healthfulness (if its healthy it tastes bad).
  - Bringing reusable bags to the store (and deserve a treat)
  - Making multiple choices in a row, following a list with details (gets too hard, need a treat)
  - If on a budget and you receiving real-time feedback on spending while on a budget, (vs. those not on a budget)
  - paying with a credit/debit card – cash still more "painful"
  - If focus is "enjoyment"
- Feeling confined (small aisles) = more varied choices
- Scents in the environment increases the number of items selected that are not on your list/required.

In-Store Marketing

- Overall, there is a dearth of retailer information available within the literature.
- More reviews coming out, but still neglect details about lower income, ethnic audiences.
- Few long-term studies where implementation is more than few weeks or months.

List of Citations

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THANK YOU

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Healthy Retail:

Strategies for Improving the Retail Food Environment

CENTER FOR Science IN THE Public Interest

Darya Minovi, MPH
Center for Science in the Public Interest

Center for Science in the Public Interest (CSPI)

Since 1971, CSPI has worked to:

- Make it easier to eat healthfully
- Prevent and mitigate diet- and obesity-related diseases

Our strategies:

- National, state, local policy
- Education (newsletter, social media)
- Advocacy (regulatory, legislative)
- Litigation

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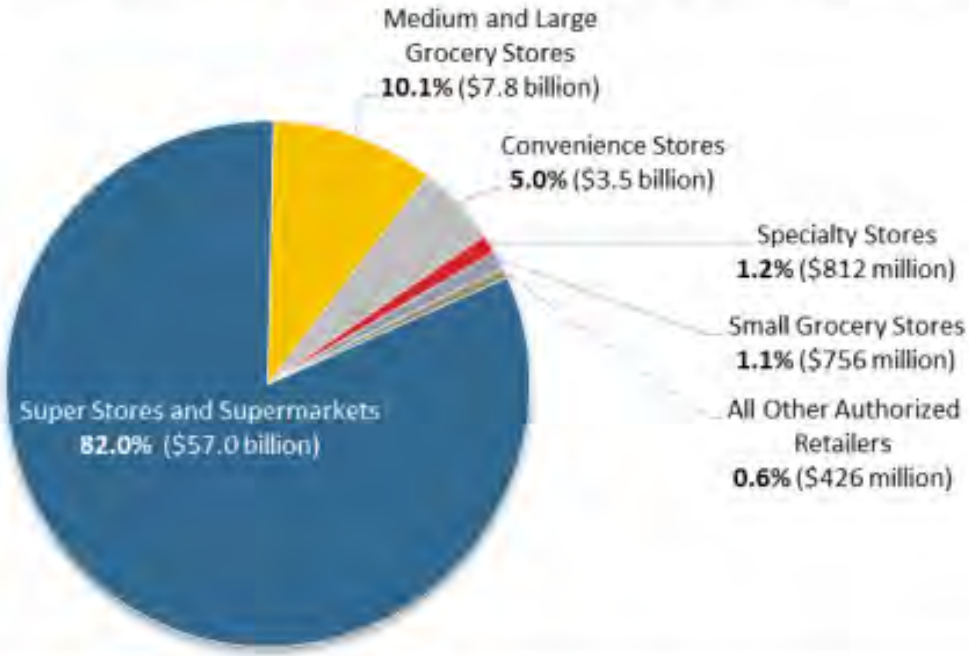
Why Healthy Retail?

Grocery stores provide a majority of Americans' calories

Figure 1. Share of SNAP Dollars Redeemed by Store Type, FY2015



Source: Prepared by CRS based on USDA-FNS, 2015 Retailer Management Year End Summaries, p. 2, http://www.fns.usda.gov/sites/default/files/snap/2015-SNAP-Retailer-Management-Year-End-Summary.pdf.

Notes: In order to more clearly highlight small grocery stores and convenience stores, CRS collapsed categories of retailer types. See 2015 Retailer Management Year End Summaries for narrower category data.

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In-store placement induces impulse purchases

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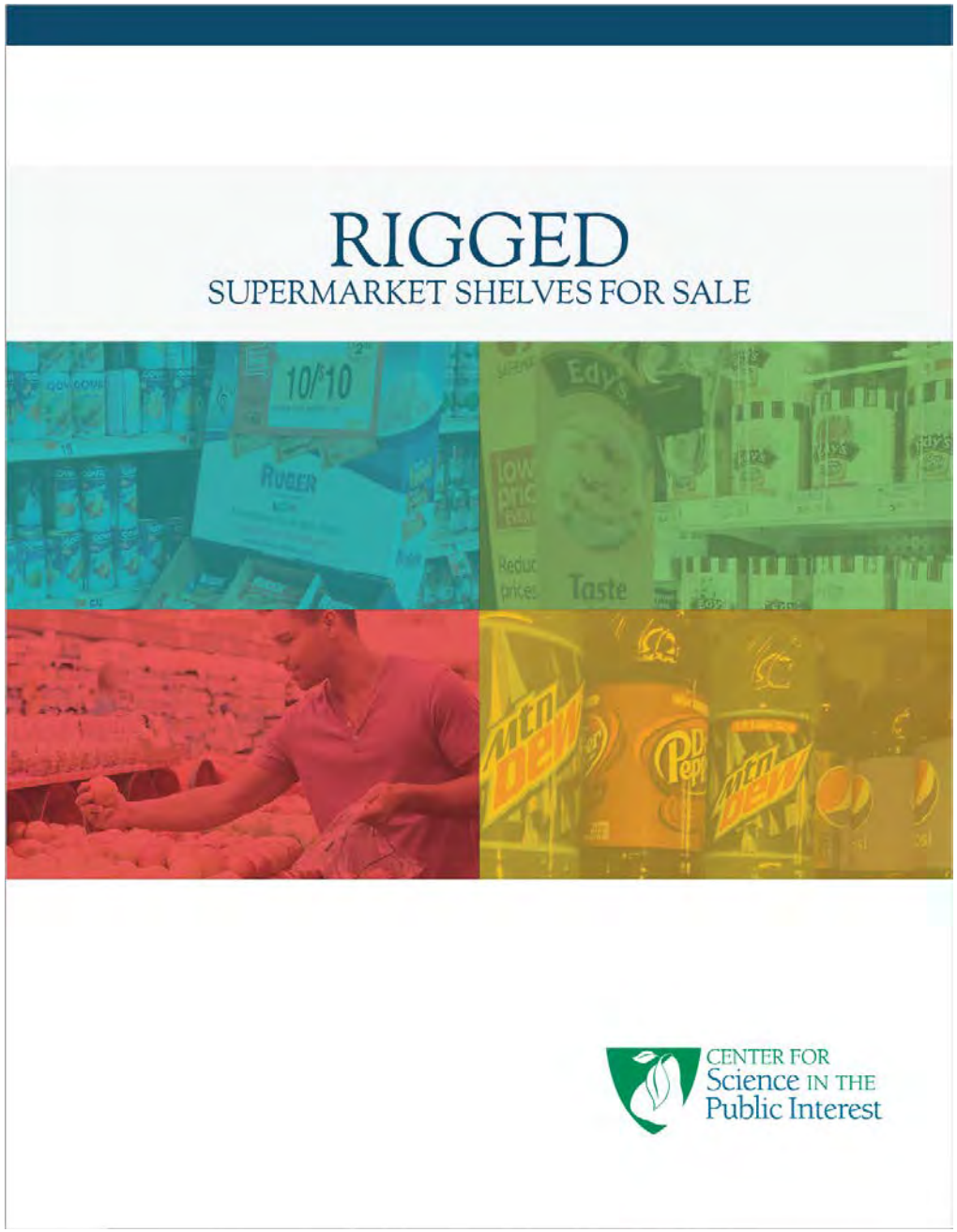

Full report online:
cspinet.org/rigged

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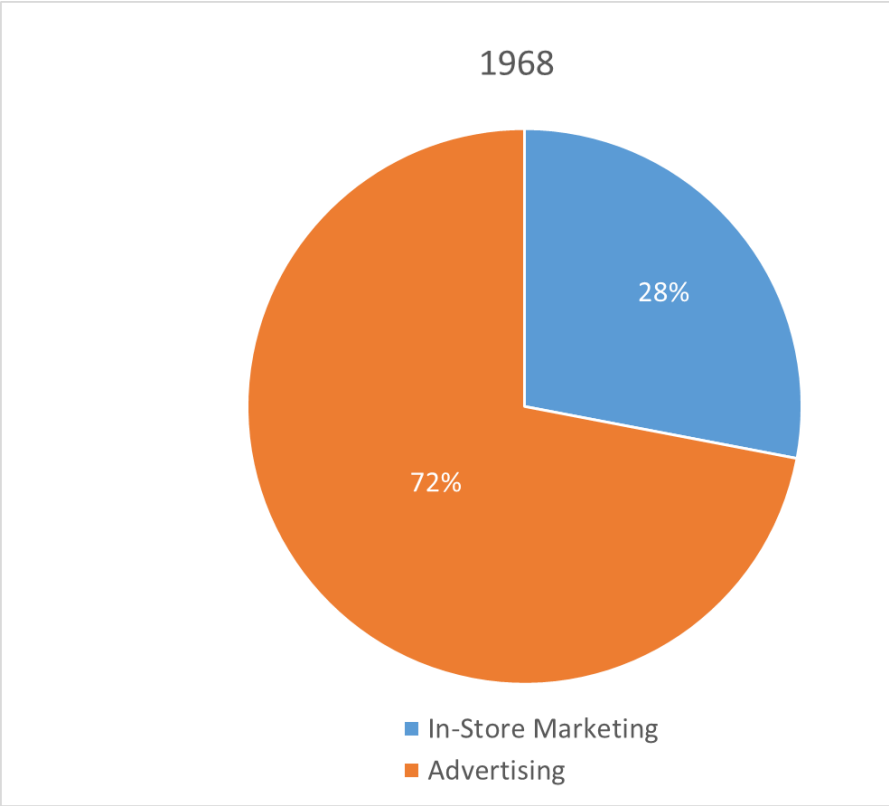
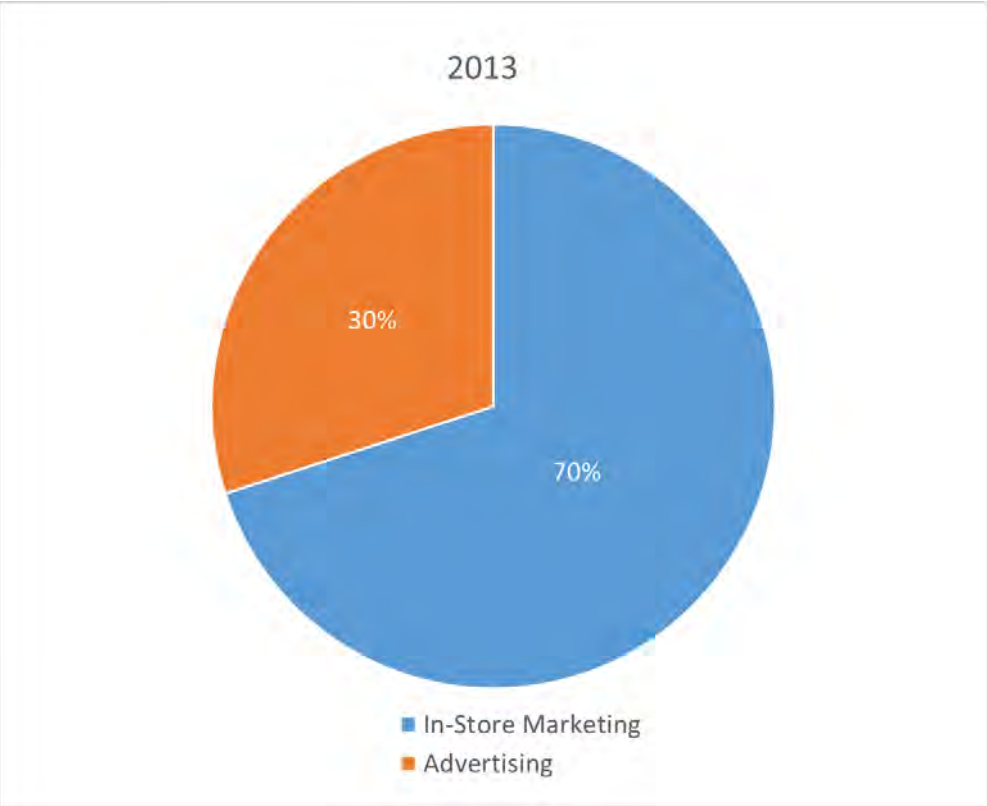
Placement fees are big money





Source: American Antitrust Institute, 2013

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Retailers sell checkout shelf space by the inch

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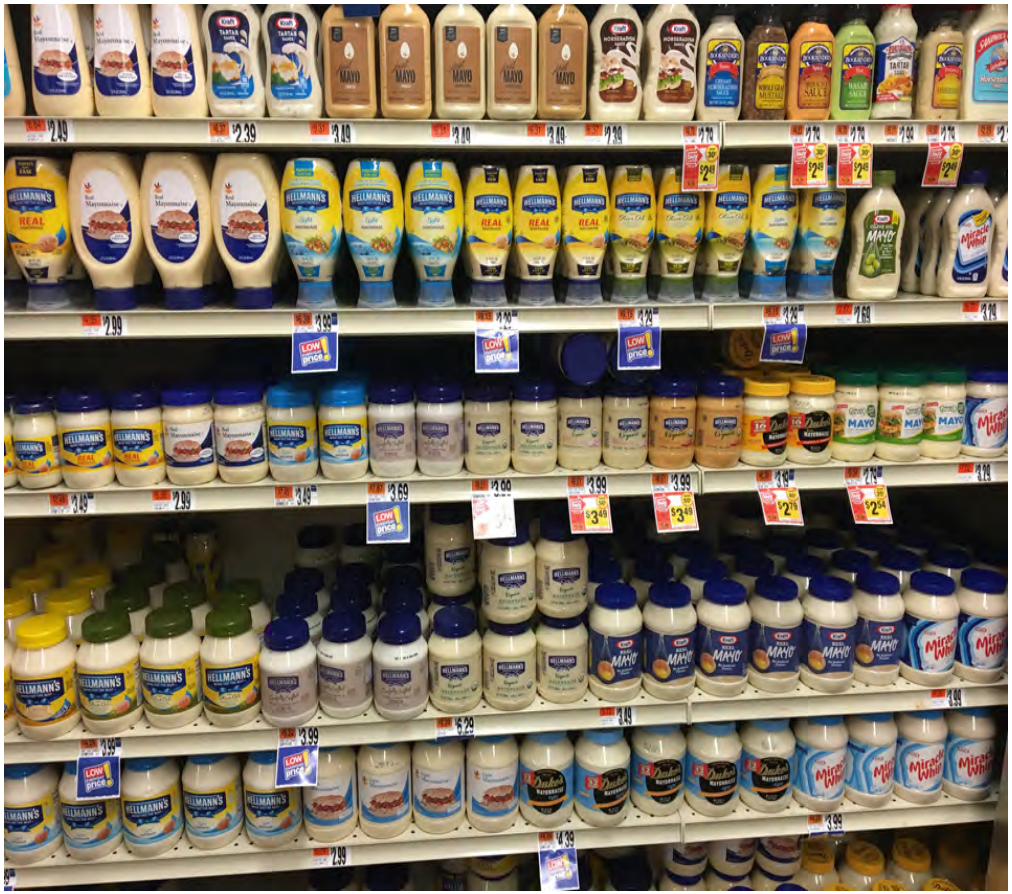
Category Captains



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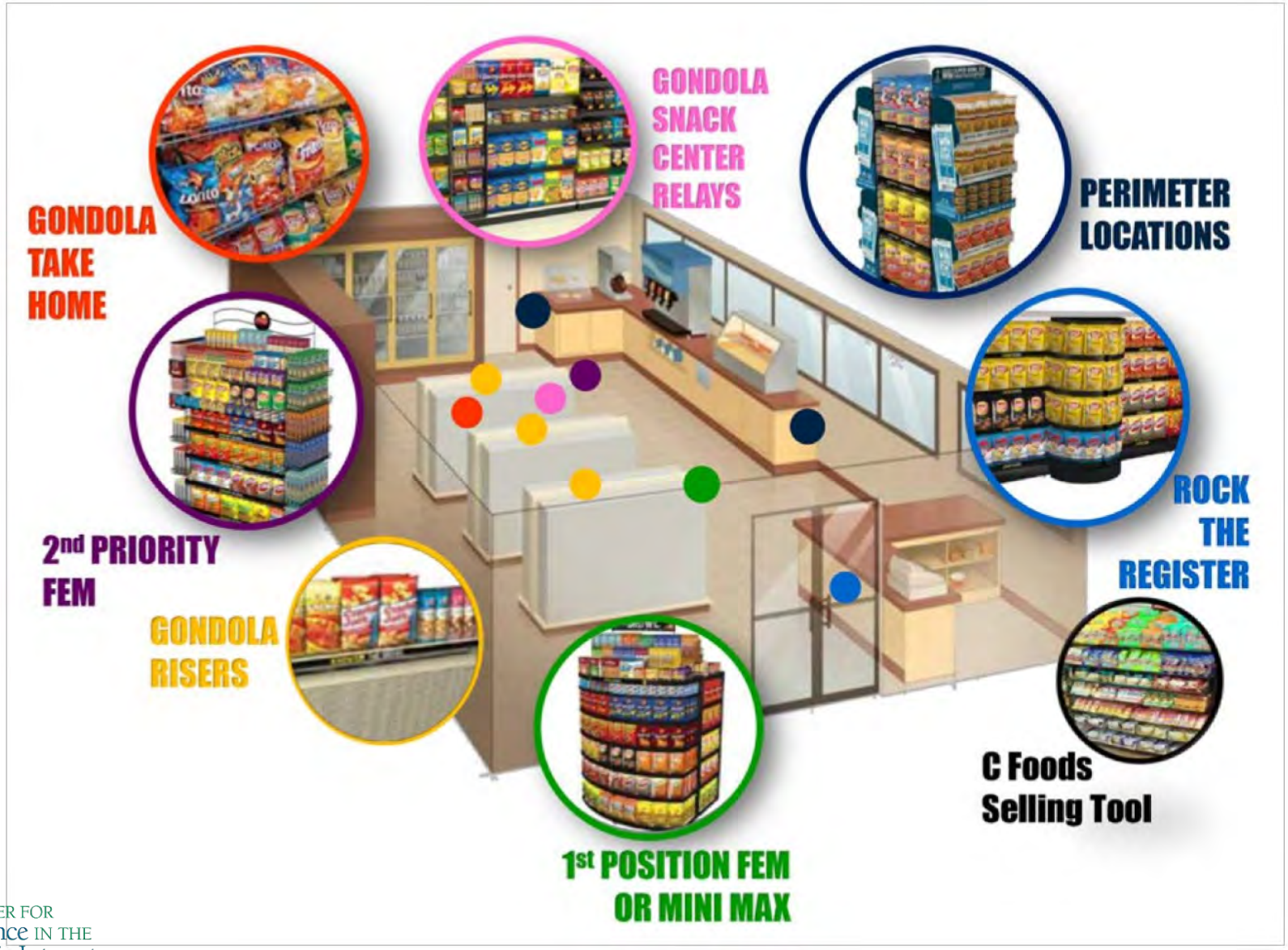
You can’t miss the chips



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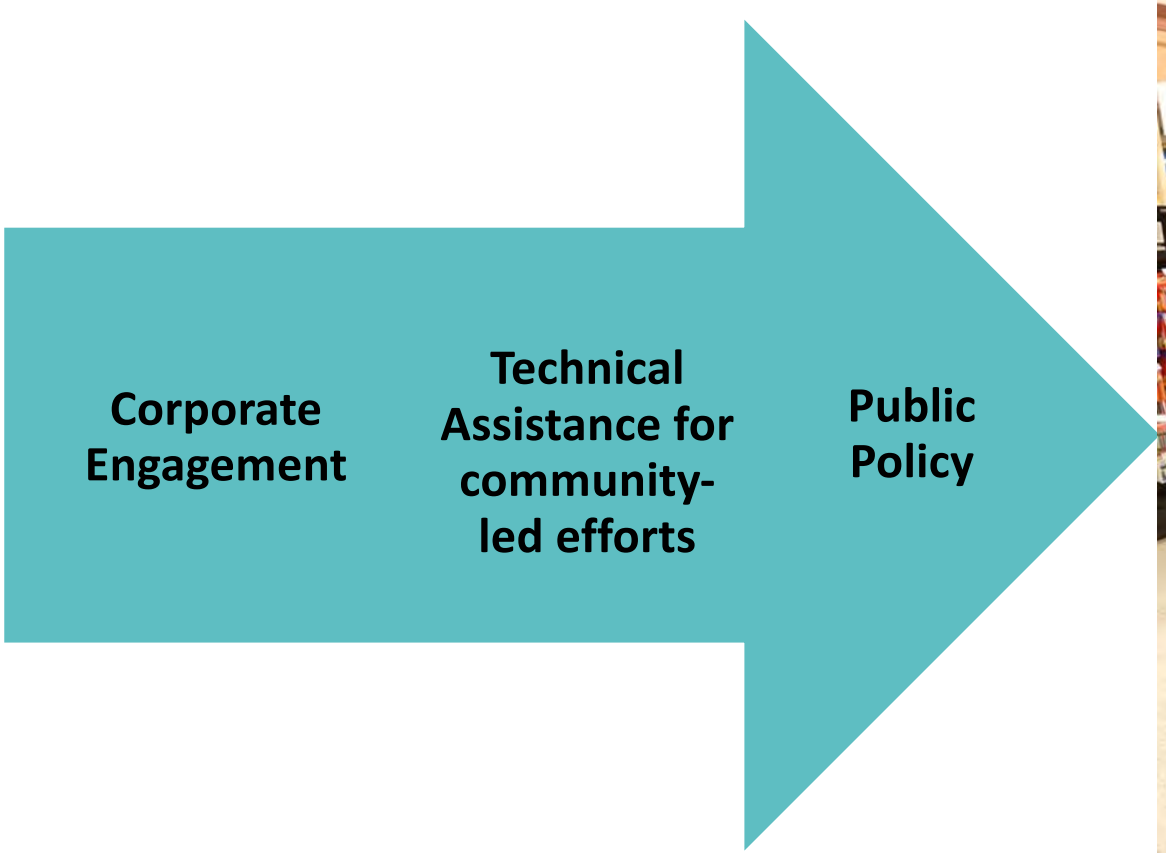
CSPI's Approach



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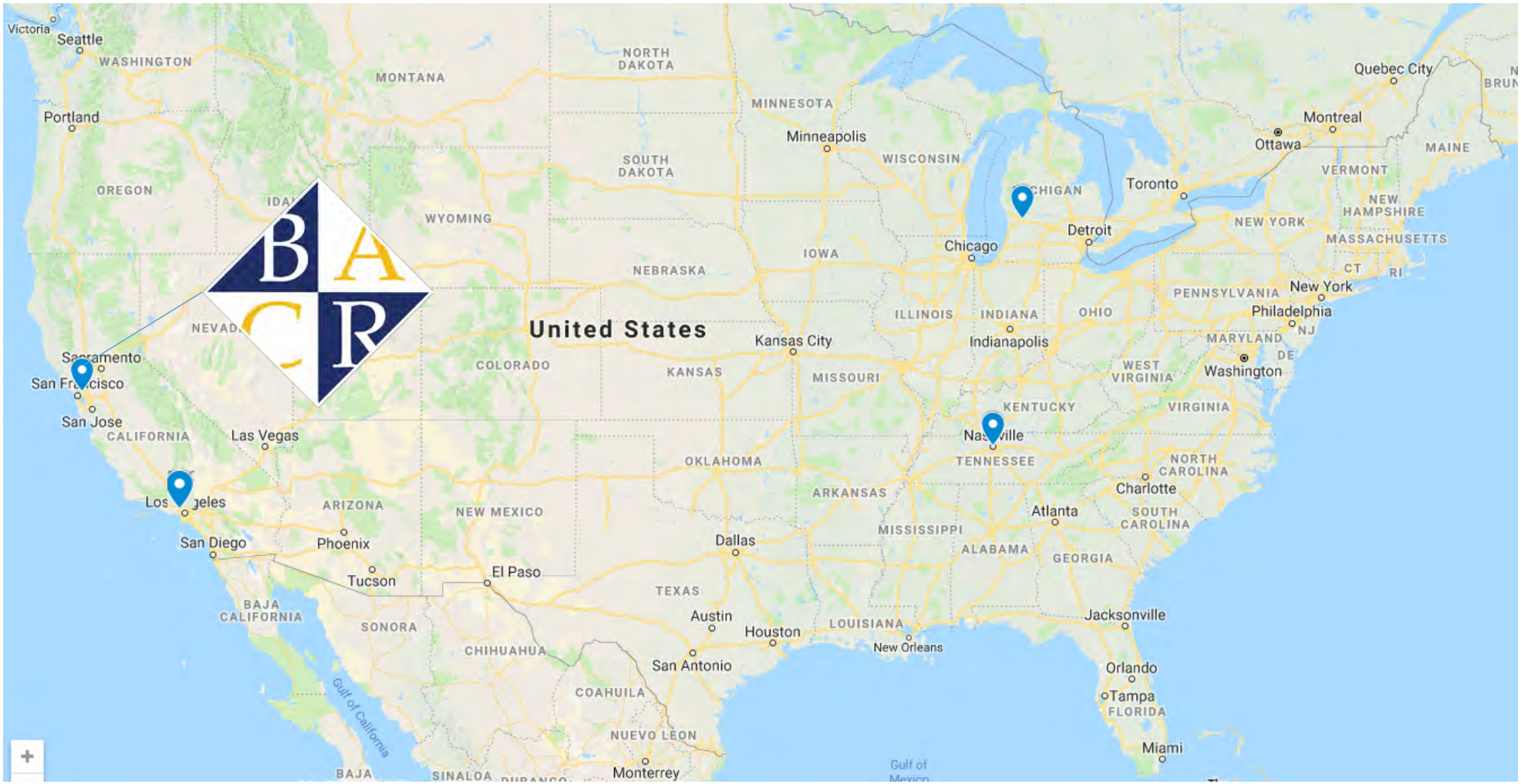

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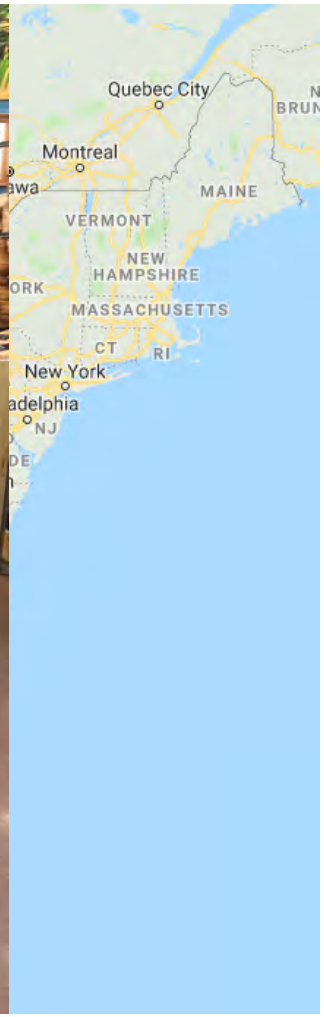
Los Angeles, CA



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Nashville, TN

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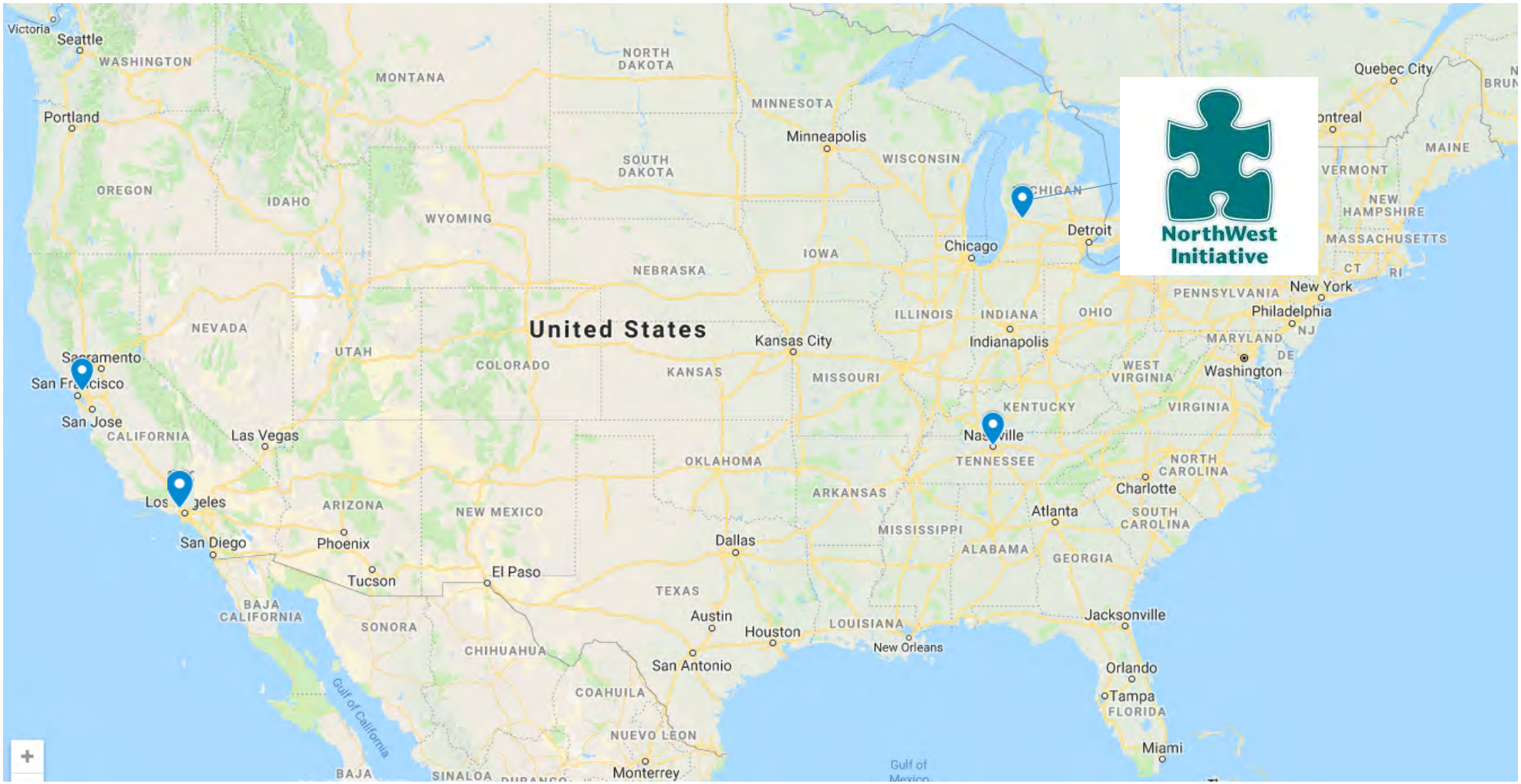
East Lansing, MI



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Lessons Learned from Retailers

- Small vs. large retailers
- Health in the mission
- Different product mix from manufacturer portfolio
- Leveraging incentive programs

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Careers | Help | Store Finder | Log in / Register

ALDI

All | Search Aldi...

0 £0.00 CHECKOUT

Wines | Specialbuys | Garden Shop | Everyday Collections | In Store Groceries | Recipes

OUR CUSTOMERS

Healthier Checkouts.

Encouraging healthy, balanced lifestyles.

Everyday Amazing.

Helping customers make healthier shopping choices.

You'll only find good stuff at the tills when you shop at Aldi UK, like delicious dried fruits and nuts or nutritious snack bars. In fact, we've been helping customers make healthier shopping choices at the tills since January 2015. Two years later and we're still committed to supporting customers in making healthy food choices. We even have specific Aldi health criteria to help us do just that.

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Policy Approaches

- Healthy checkout ordinance
- Licensing ordinance
- Limiting non-sale distribution incentives
- Zoning ordinance

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