

Vying for a Bigger Piece of the Pie

As the heat in the grocery industry pressure cooker intensifies, *Winsight Grocery Business* and BrandSpark present first-of-its-kind research on which retailers are earning high marks with U.S. food shoppers, and how their overall performance and penetration stack up. *By Meg Major*



1. Most Trusted Food Retailers

PHOTOGRAPHY BY BENJAMIN FREEDMAN

Playing out on a brutally competitive and complex check-erboard, and bubbling into what will handily go down as one of the juiciest chapters in the history of the United States' grocery business, the situation present-day food retailers are facing is anything but "as easy as pie."

More accurately, a full-on star-spangled battle is underway among the various camps of retailers jockeying to stake claim to a bigger slice—let alone defend their existing share—of the sizzling \$669 billion U.S. grocery pie. The unprecedented level of pressures confronted by both existing and emerging competitors has triggered a climate tantamount to an escalating grocery arms race—and nowhere moreso than the uppermost ranks of the ladder, where its top contenders are deploying a careful balancing act of firepower on both digital and experiential shopping journeys to advance their charge.

Moreover, as online and discount retailers plunge their knives deeper into the dish, the business of selling food will become even more unrelenting, with the upshot focused on becoming a go-to grocery destination for consumers, who now have more choices than ever. Indeed, consumers are spending more dollars across more retailers than they did in the past, creating intense competition for share of stomach and wallet.

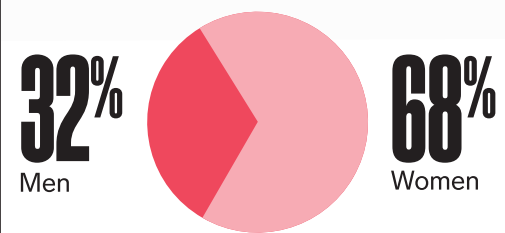
By all accounts, the food industry is at a true tipping point of major upheaval, which will continue to threaten the position of many existing players. However, the changes will also prompt others to become shrewder and better equipped to compete in an increasingly unruly ecosystem, where there will be no room for mediocrity.

Accordingly, at the outset of a new era of food retailing—alongside the long-anticipated debut of *Winsight Grocery Business*—the time is right to take a comprehensive, real-time look at American consumers' perceptions of grocery retailers from coast to coast. To that end, we enlisted the expertise of market research



The Most Trusted U.S. Food Retailers data is the first of a three-part series of exclusive BrandSpark research conducted for *Grocery Business*. Other topics that will be explored in upcoming issues include the most influential attributes increasing trust in food retailers, the foremost factors that build trust in food retailers, and grocery e-commerce.

firm BrandSpark International to conduct in-depth insights for the first-ever Most Trusted U.S. Food Retailers market study. Respondents for the data in this exclusive research were garnered from a national panel of U.S. residents above the age of 18 who participate in grocery shopping for their households. The national sample of 2,488 respondents was recruited via email to an online survey in September 2017.



Gender breakdown of 2,488 respondents' voices gathered for 2017 Most Trusted U.S. Food Retailers.

Methodology

Respondents for the Most Trusted U.S. Food Retailers' research study were recruited via email to an online survey in September 2017. The study was conducted in conjunction with the BrandSpark Most Trusted Retailers study, 2017 edition.

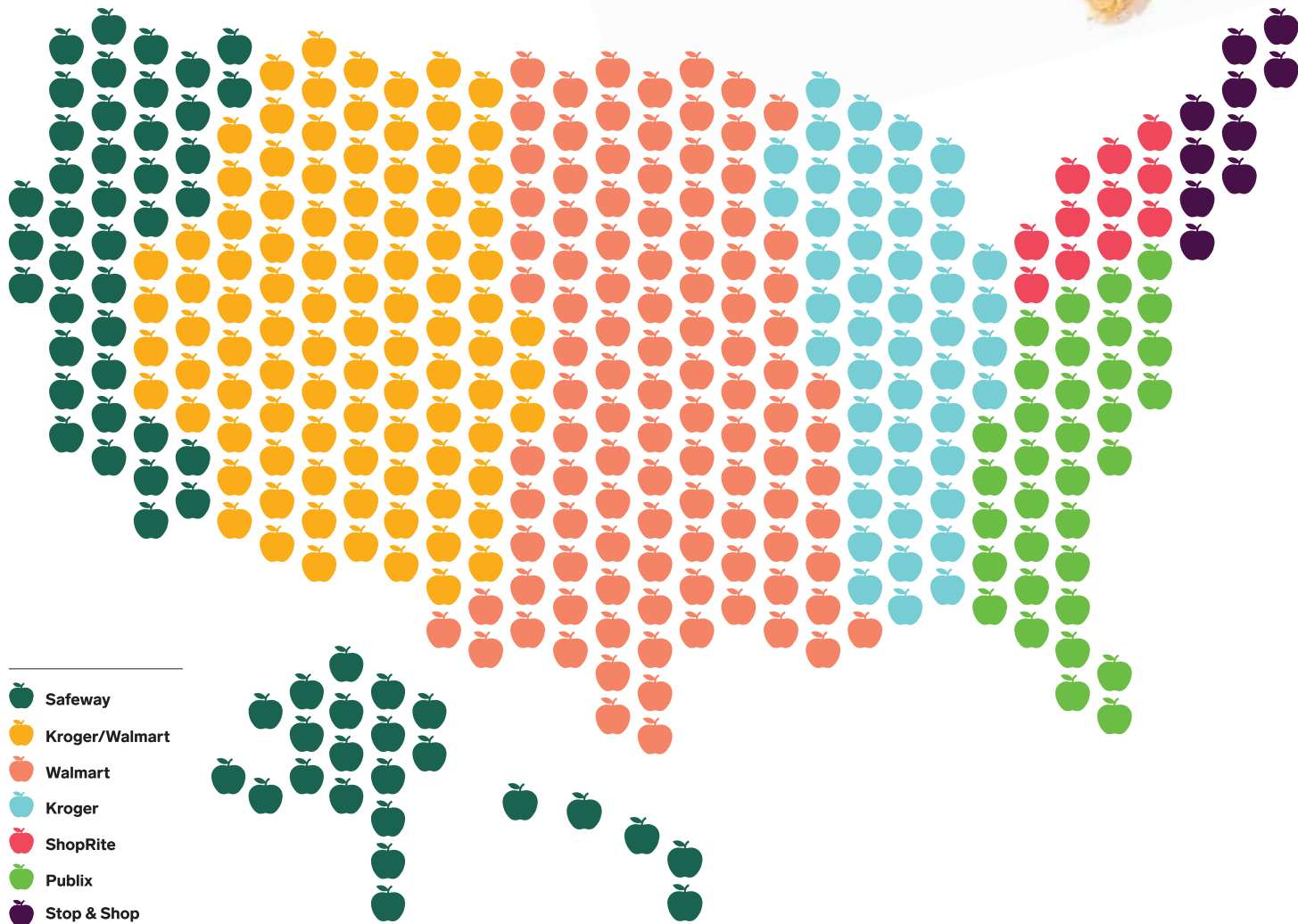
Respondents were garnered from a national panel representing residents of the United States over the age of 18 who participate in grocery shopping for their household. The sample of 2,488 respondents is nationally representative by age, gender, census region and income level. The final weighted sample is 68% women and 32% men.

Insights for the Most Trusted U.S. Food Retailers' research was conducted by BrandSpark International, which combines real-world consumer and shopper insights with marketing credentials and services.

BrandSpark Research focuses on insights that decode the shopper mindset, specializing in understanding their retail and e-commerce experiences. BrandSpark Marketing Services runs leading CPG awards programs Best New Product Awards and BrandSpark Most Trusted Awards as well as consumer product trial and amplification platform Shopper Army.

For more information, visit BrandSpark.com

Most Trusted Food Retailer by Region



1. In Walmart and Kroger They Trust

While Wal-Mart Stores Inc. is generally panned in the majority of national grocery surveys for its big-box sameness, lackluster fresh departments and subpar service, the Bentonville, Ark.-based mega-retailer's status as the most trusted grocery retailer is among the study's most surprising findings. A full 20%, or one in five shoppers, visit Walmart for their groceries and, accordingly, consider it to be their most trusted retailer versus any other store. As such, while its top standing vividly underscores its pervasive presence stemming from its 5,352 locations—which includes 3,538 supercenters, 412 conventional discount stores, 701 Neighborhood Markets, 48 small-formats and 653 Sam's Clubs—Walmart's executive team has wisely

abandoned resting on its captive market penetration to power it into the next age.

Buoyed with a full head of steam to marry the accessibility of its stores with a new fleet of digital offerings, the world's largest retailer is clearly bent on retaining its stature, with aggressive expectations to grow its net sales around or above 3% in fiscal 2019 alongside a 40% jump in U.S. e-commerce sales—including plans to add 1,000 more online grocery locations domestically. Known for its cavernous, vanilla stores, Walmart will also protect its turf by breaking with conventional strategy to instead invest in remodels and bolstering its online presence rather than building new locations.

The Kroger Co.'s family of 2,800 stores, which operate under a variety of local ban-

ners in 35 states and the District of Columbia, paced as the Most Trusted Retailer runner-up, winning trust among 13% of grocery shoppers. While Kroger has seen its stock plunge more than 37% this year, the world's third-largest retailer continues to hold sway with American shoppers. To stoke the fires with new-age kindling, the Cincinnati-based company is mounting an aggressive campaign to catapult itself into the future of grocery by embarking on a strategic reset. As we went to press with this issue, Kroger revealed its new Restock effort, aimed at "redefining the grocery experience" with heavy capital investments—\$9 billion over the next three years—coupled with cost savings in opportune business segments.

A pillar of Kroger's new plan includes a po-

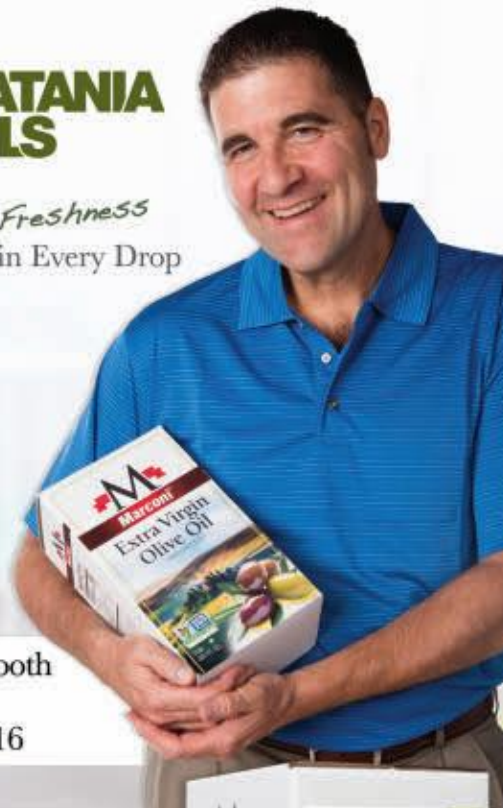
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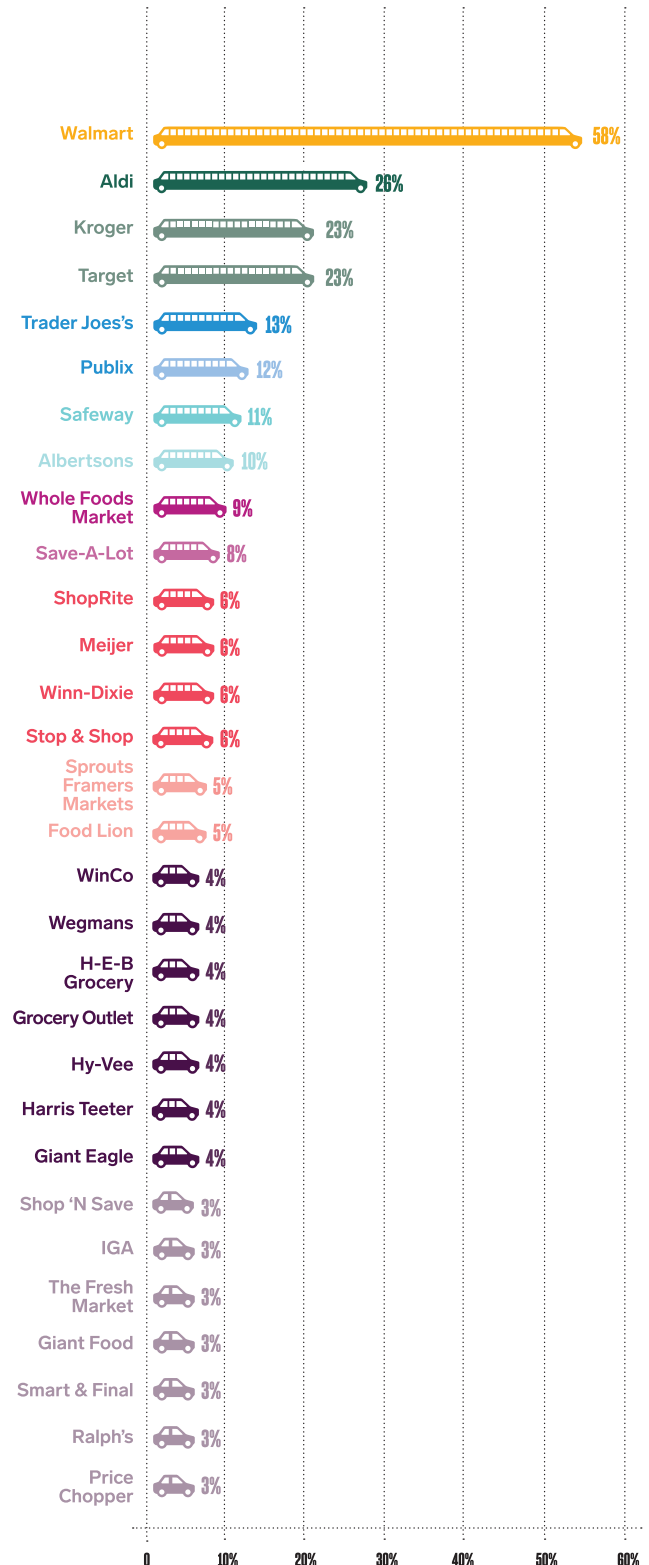
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2. Food Retailers Visited by Shoppers in Past 6 Months



tential spinoff of its \$4 billion convenience store business—which generated revenue of \$1.4 billion in 2016 from its more than 780 locations across 18 states—for which it’s enlisted the help of Goldman Sachs to explore. The central goal of Kroger’s Restock plan focuses on improving the customer shopping experience, both online and in stores; investing an incremental \$500 million in store associates for better pay and training; and expanding its Scan, Bag, Go program from the present 20 stores to 400 in 2018. In addition, Kroger plans to accelerate its customer-value proposition with heavier investments in infrastructure and technology upgrades that will be further bolstered by creating additional revenue streams, including its IoT sensor network, video analytics and artificial intelligence.

Aldi and Publix Super Markets also factored high on the Most Trusted retailers’ leaderboard as the remaining two to surpass the 5% benchmark, followed next by Trader Joe’s and Safeway, which each earned a 4% Most Trusted grade, and Target and ShopRite, which scored a 3% nod among U.S. food shoppers.

2. Walmart Devours Pie in Past 6 Months

When asked which grocery store they’ve shopped most often in the past six months, Walmart has the dominant lead among nearly 60% of survey respondents. In other words, almost six in 10 American shoppers visited Walmart for groceries in the past six months, while one in four shoppers’ food dollars were spent in the discount grocery leader Aldi (26%), followed next by Kroger and Target, which tied at 23%.

Other top retailers breaking the 10% or better benchmark of food stores most frequently visited in the past six months: Aldi’s sister specialty grocer, Trader Joe’s (13%); Publix (12%); Safeway (11%); and Albertsons (10%).

3. H-E-B, Kroger, Publix, Wegmans Breed True Believers

Consistent with their companies’ renowned reputations for top-notch service and on-point merchandising, shoppers who visited H-E-B, Kroger, Publix and Wegmans in the past six months consider these four retailers to be the most trusted among 32 of their peers, with scores at or above 45%. While the number of shoppers visiting these four retailers’ stores

3. Recent Shoppers’ Most Trusted Food Retailers



4. Recent Shoppers' Primary Food Retailers



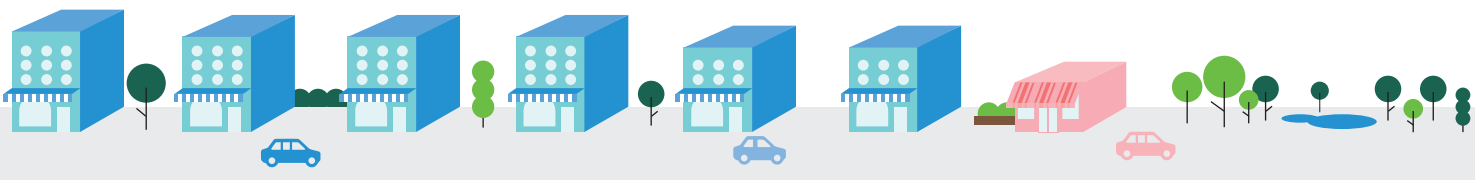
54% H-E-B Grocery
 51% Stop & Shop
 50% Kroger
 49% Walmart
 42% ShopRite
 40% Safeway
 39% Publix
 39% Food Lion
 35% Hy-Vee



35% Giant Eagle
 34% Price Chopper
 34% WinCo
 31% Ralph's
 31% Meijer
 29% Aldi
 28% Giant Food
 27% Harris Teeter
 27% Weis Markets



26% Wegmans
 25% Winn-Dixie
 25% Grocery Outlet
 24% Stater Bros Markets
 22% Save-A-Lot
 22% Von's
 19% Albertsons
 15% Whole Foods Market
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 12% Lowe's Foods
 12% IGA
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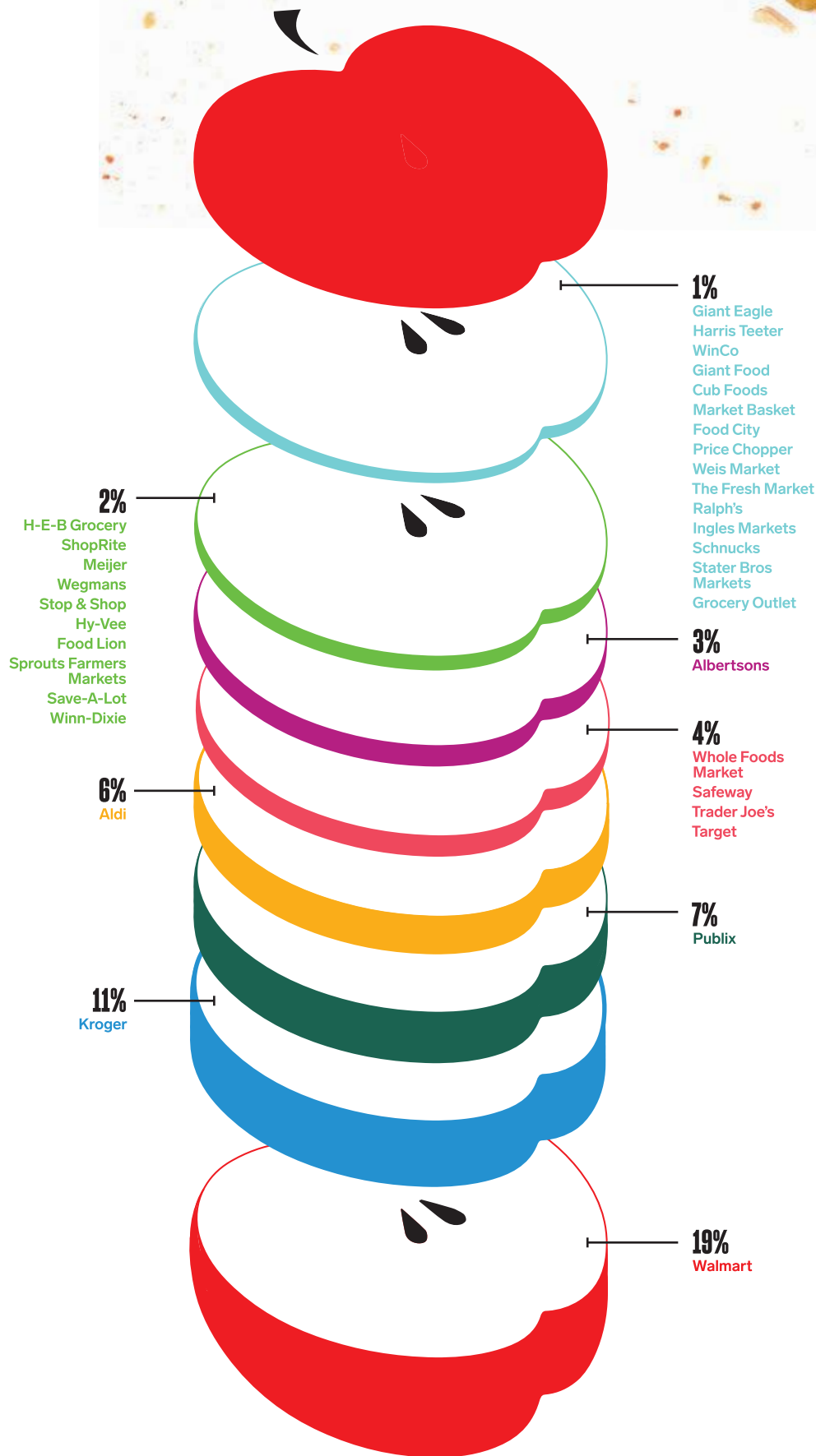


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5. Preferred Food Retailer if Prices Were the Same



varies greatly, the aforementioned banners are likely to be visited most frequently—and named as the most trusted—for complete grocery shopping trips by their shoppers.

Also not surprising is H-E-B's standing as the most trusted grocery retailer among loyalists, nearly 60% of which indicate their affinity for the San Antonio-based retailer.

Further, 2% of American household shoppers name H-E-B as their primary store for groceries, but 57% of H-E-B shoppers name the banner as their most trusted, earning more citations than any other retailer receives from its core shoppers.

Hy-Vee, Stop & Shop, Safeway, Giant Eagle, Food Lion, WinCo and Price Chopper also factor as the next tier of top-performing food retailers earning high grades for trust for scores between 43% and 35%.

Walmart, Meijer, Trader Joe's and Kroger's Harris Teeter division also deliver trusted experience scores ranging from 34% to 32%.

4. Stop & Shop, ShopRite, Safeway Emerge as One-Stop Leaders

H-E-B, Stop & Shop, Kroger, Walmart, ShopRite and Safeway—each earning grades between 54% and 40%—have succeeded at being “one-stop shops” among consumers who are most likely to call one their primary store. Other top food retailers who are viewed favorably for their one-stop-shop attributes include Publix and Food Lion (39%), and Hy-Vee and Giant Eagle (35%). Also excelling at value and selection to fulfill the needs of most shopping trips are Price Chopper and WinCo (34%), and Ralph's and Meijer (31%). A large portion of these stores' shoppers give them the majority of their grocery spend.

Retailers rated between 30% and 16% have a larger proportion of shoppers who do more of their shopping elsewhere, but come to them for occasional purchases, driven by price, selection or convenience. And those with scores 15% and lower serve as supplementary destinations for most of their shoppers, picking up specialty occasions and generating incremental occasions due to convenience.

5. Shopper Habits are Hard to Break

While price is the top driver of retailer selection and Walmart is a low-price leader, an-



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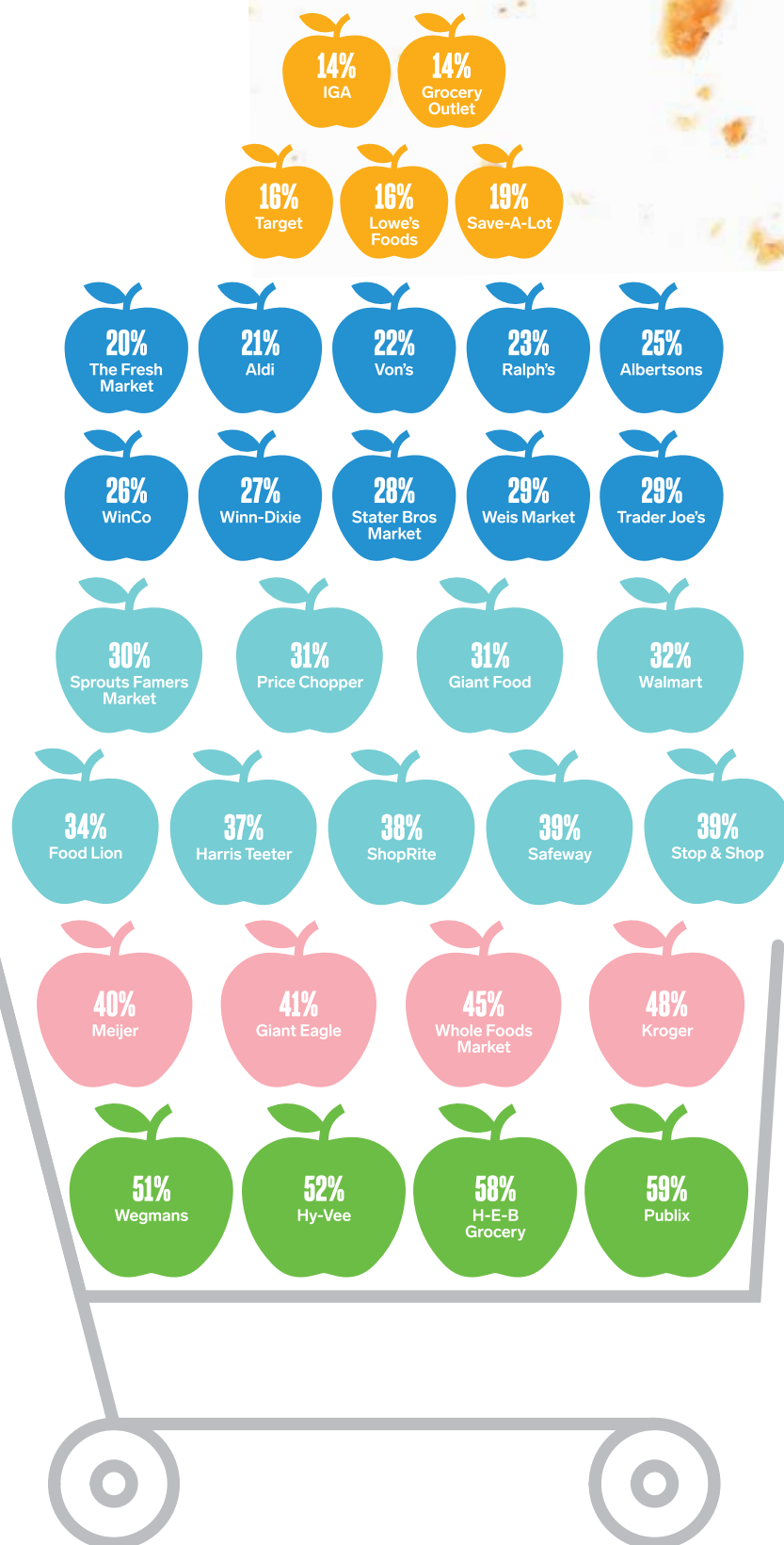
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6. Recent Shoppers' Preferred Food Retailer if Prices Were the Same



other intriguing finding revealed in the Most Trusted U.S. Food Retailers survey finds 19% of shoppers saying they would still shop there even if prices were the same elsewhere.

Further, if prices were the same everywhere, Walmart, Kroger (11%), Publix (7%) and Aldi (6%) might expect to hold on to most of their primary shoppers, although there is little doubt that any of the above would take that chance.

Not surprisingly, Whole Foods and Trader Joe's jumps up the ledger of options if shoppers could remove the primary barrier of price. Amazon's recently minted ownership of Whole Foods and its companion move to lower prices at Whole Foods is likely to attract a new segment of shoppers who prioritize fresh foods and trust retailers that offer superior overall value, with price being a foremost consideration in the equation.

6. In a Perfect Price World, Publix Is Top Pick

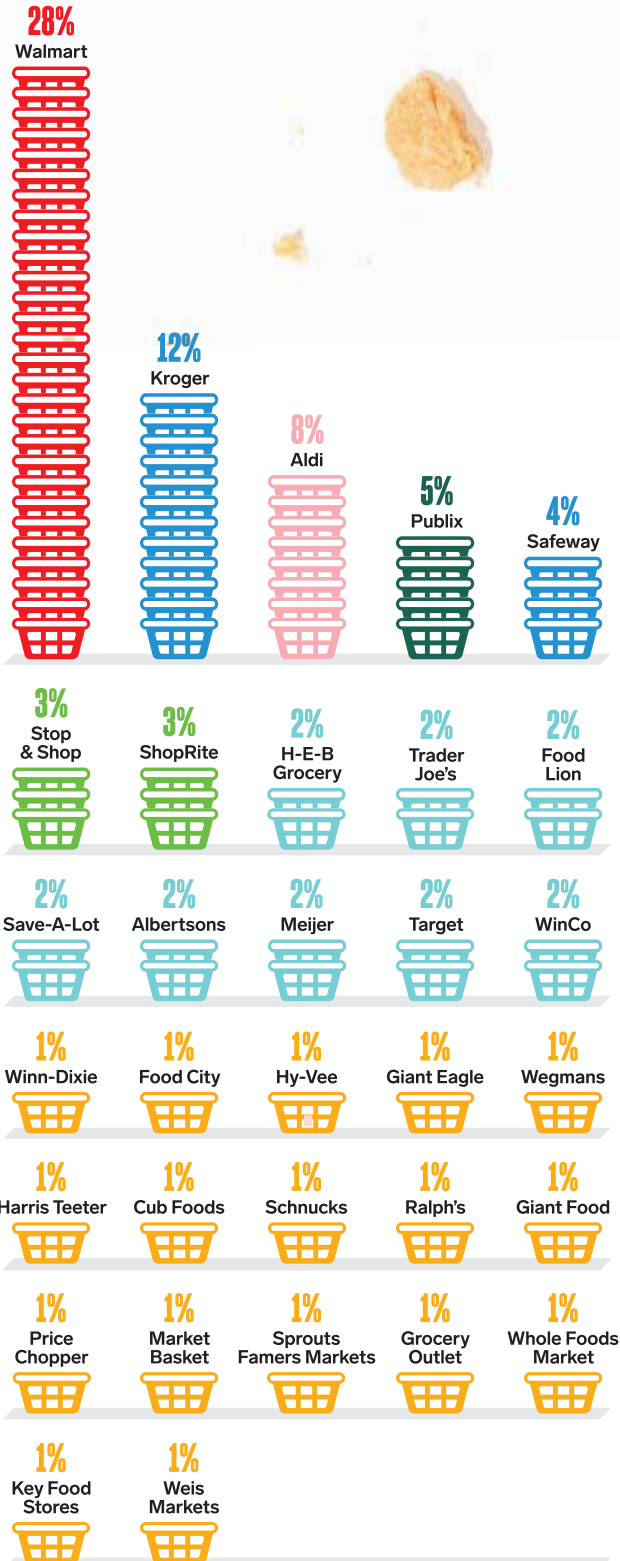
If prices were not a factor, recent shoppers of Publix (59%), H-E-B (58%), Hy-Vee (52%) and Wegmans (51%) would most readily choose those stores as their top food retailer. The quad of aforementioned retailers rate strongly among shoppers who are already not choosing the lowest price retailer locally and who are most likely to stick with them in the hypothetical situation that prices were uniform at all retailers across the board.

Also viewed as the most preferred food store among shoppers who said they would shop there if prices were equivalent include Kroger (48%), Whole Foods Market (45%), Giant Eagle (41%) and Meijer (40%).

7. Go-to Grocers: Walmart, Kroger, Aldi, Publix

Commanding a 28% rating among shoppers asked to rank their primary store they shopped most often in the past six months, Walmart is in the lead more than two times over runner-up Kroger, which was chosen among 12% as their primary go-to grocery store. Aldi (8%) and Publix (5%) were also cited as most-often-shopped food store in the past six months, while Safeway (4%), Stop & Shop (3%) and ShopRite (3%) are also considered most often to be the food store of choice among survey panelists. **G**

7. Primary Food Retailers



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