Grocery Retailing - US - February 2013

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"The composition of primary grocery shoppers is skewed toward Boomers and Gen Xers. Though half of Millennials take a sole responsibility, they are likely to look for efficient shopping, more so than the older generations. It is evident that a distinctive marketing strategy must be offered between the generations."

– Ika Erwina, Retail, Apparel & Technology Analyst

In this report we answer the key questions:

- What are the potential implications of divergent generational shopping behaviors on grocery retailing?
- How can grocery retailers close the generational gap?
- How can supermarkets stay competitive against deep-discounted channels?
- In what innovative ways can grocery channels improve their relevance to shoppers?

One of the common threads running through many discussions of grocery retailing in the past few years has been the ways in which consumers have become increasingly interested in either saving money or getting the full value from their purchases. Several factors have led to the overall tendency toward thriftiness: The economy is returning to growth slowly, and many consumers are still hurting from the impact of the downturn; Mobile technology has pierced the market information veil, so to speak, and established a level of price transparency that will have an irreversible effect on shopping behavior—consumers are more aware of comparative price differences between competing retailers and retail channels and as a result, are more sensitive to price.

These trends and changes have combined to create a new, post-recession, value-driven dynamic in the market. Consumers are shifting toward lower-price channels such mass merchandisers, warehouse club stores, drug stores, and dollar stores. The use of coupons is on the rise, and private label brands are taking market share away from national brands.

While value and low prices have been at the forefront of much of the discussion of the retail space other important priorities include: access to foods that originate locally, better quality, and improved nutrition and product information. Shoppers are also increasingly receptive to loyalty card programs, especially as they become more sophisticated and can tailor offers to an individual's own shopping habits.

This report builds on the analysis presented in Mintel's *Shopping for Groceries—U.S. July 2012* , *Grocery Store Retailing—U.S., January 2011 and January 2010* , as well as *Grocery Retailing (Snapshots)—U.S., November 2008, July 2007, and October 2005.*

Mintel defines this market by combining, in full or in part, the following SymphonyIRI departments: bakery, dairy, deli (including meat/seafood), edible (shelf-stable grocery foods/drinks), frozen foods/drinks, general merchandise, health and beauty aids (HBA), and nonedible products. Sales data do not include alcoholic beverages. Collectively, in this report Mintel refers to the market for these products as the "grocery products market."

In Mintel's custom consumer survey for this report, respondents were given the following guidance on the term "groceries": Groceries are defined as products such as food, beverages, cleaning products, household goods (eg, toilet paper, garbage bags), and/or personal care products (eg, lotions, vitamins, and pharmacy products).

DID YOU KNOW?

This report is part of a series of reports, produced to provide you with a more holistic view of this market

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