



THE VOICE OF FOOD RETAIL

Feeding Families  Enriching Lives

Sue Borra

Senior Vice President, Communications

National Food Policy Conference

April 15, 2013

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.



THE VOICE OF FOOD RETAIL

Feeding Families  Enriching Lives

FMI Members Include...

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





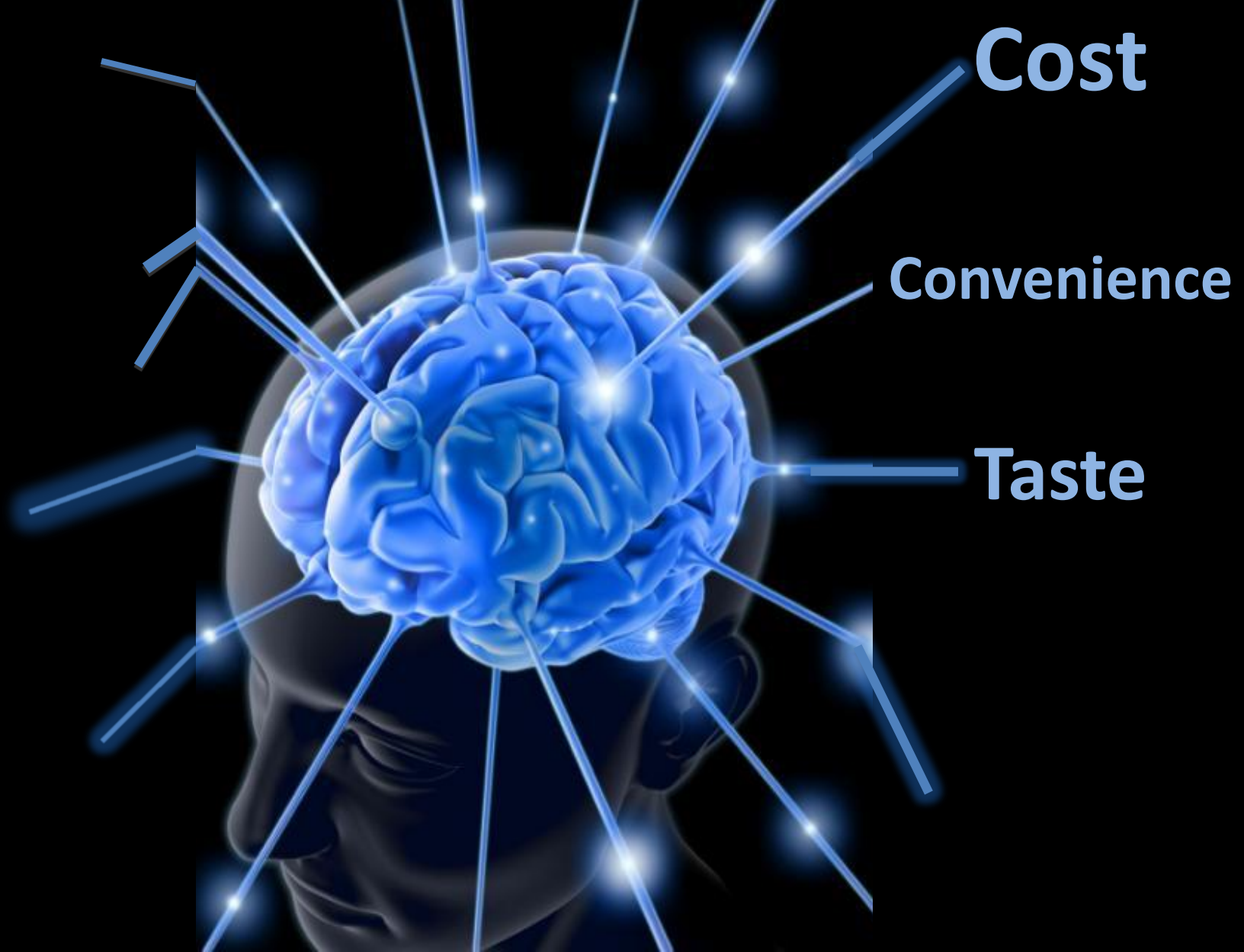
... an industry driven by consumer tastes, preferences and inclinations

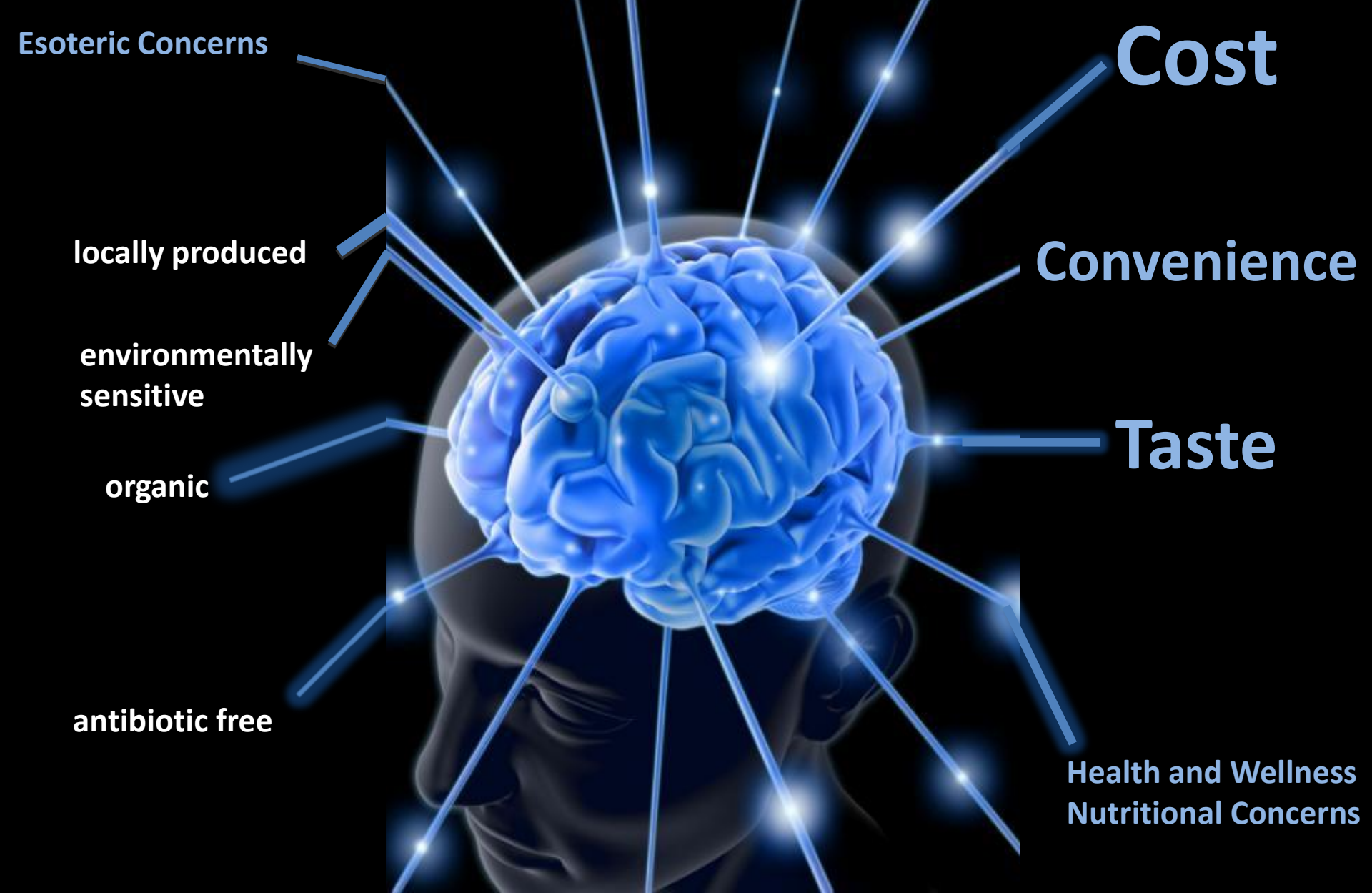
A peek inside the consumer brain





Four Forces Facing Food Retailers







1
CHANGING
CONSUMER
MINDSET

2
TECHNOLOGY
ENHANCED
SHOPPING

3
E-COMMERCE

4
INNOVATION
IN STORE
FORMATS



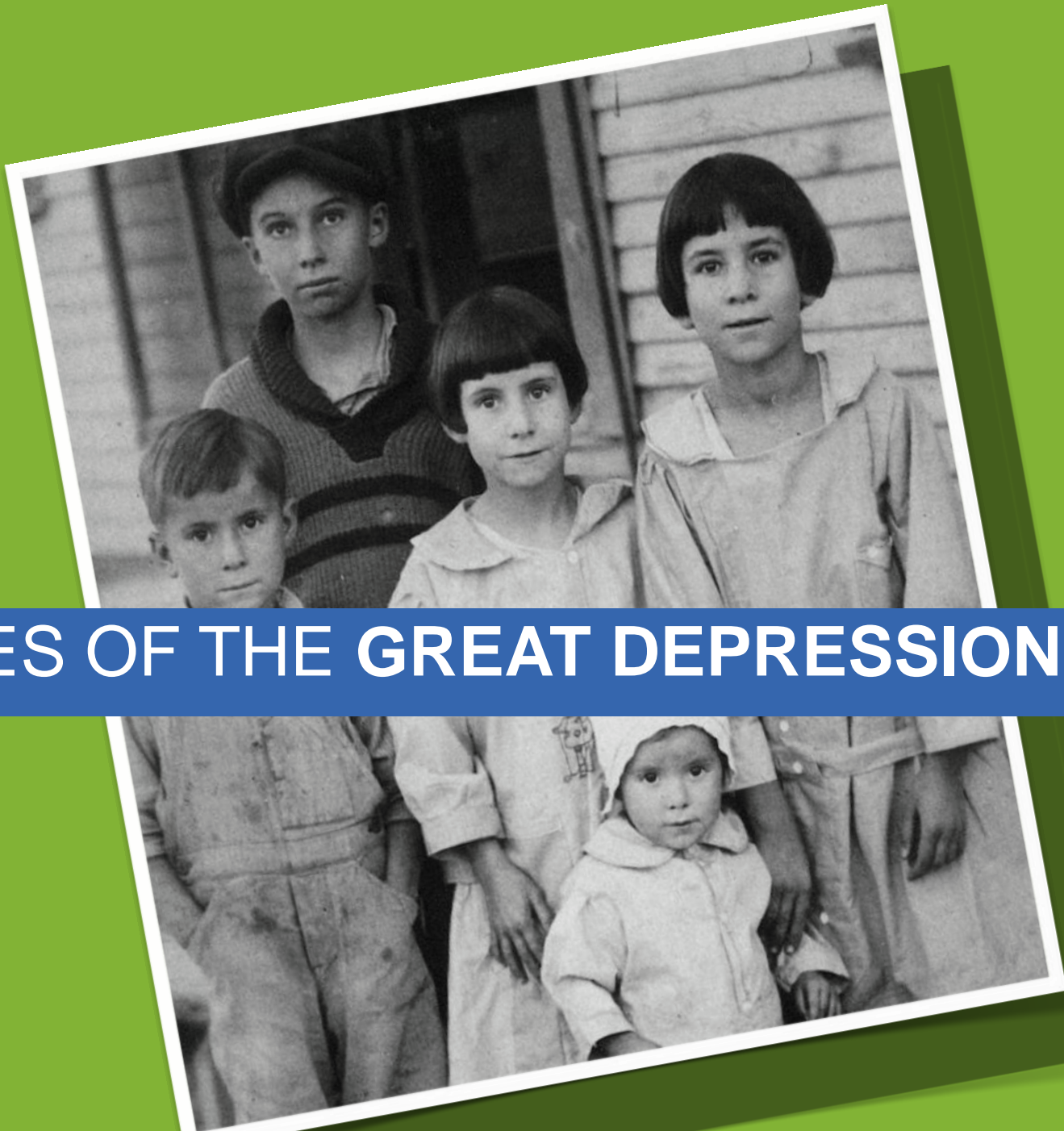
**CHANGING
CONSUMER
MINDSET**

1

2

3

4



FACES OF THE GREAT DEPRESSION

**I SEEK
DISCOUNTS
OFTEN**

61%

**exhibit discount
seeking behavior**



A photograph of a middle-aged woman with short brown hair, smiling and looking towards the camera. She is in a grocery store aisle, holding a bag of bread. The background shows shelves stocked with various products, including vegetables.

**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%**

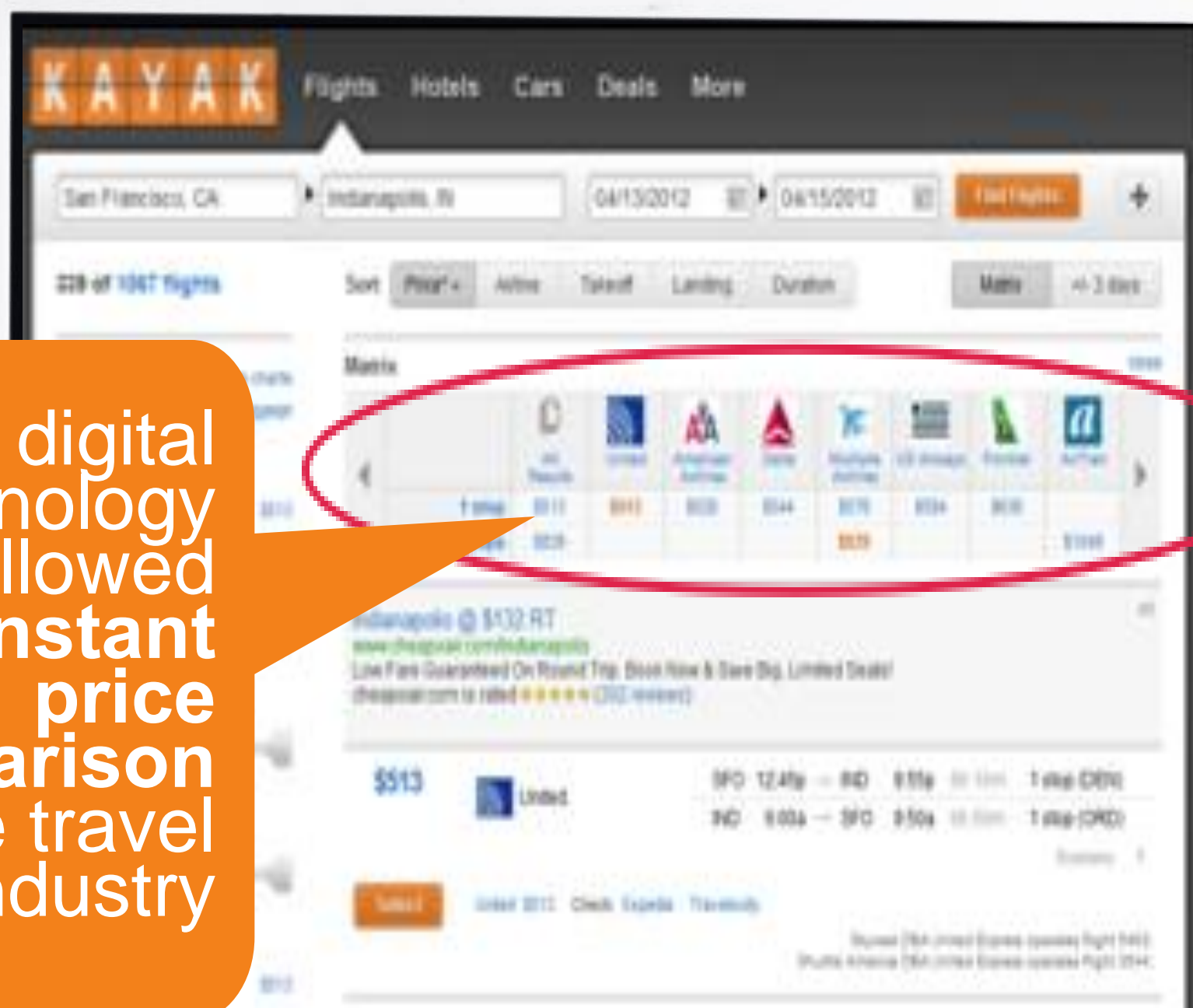


using mobile technology to

- 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)

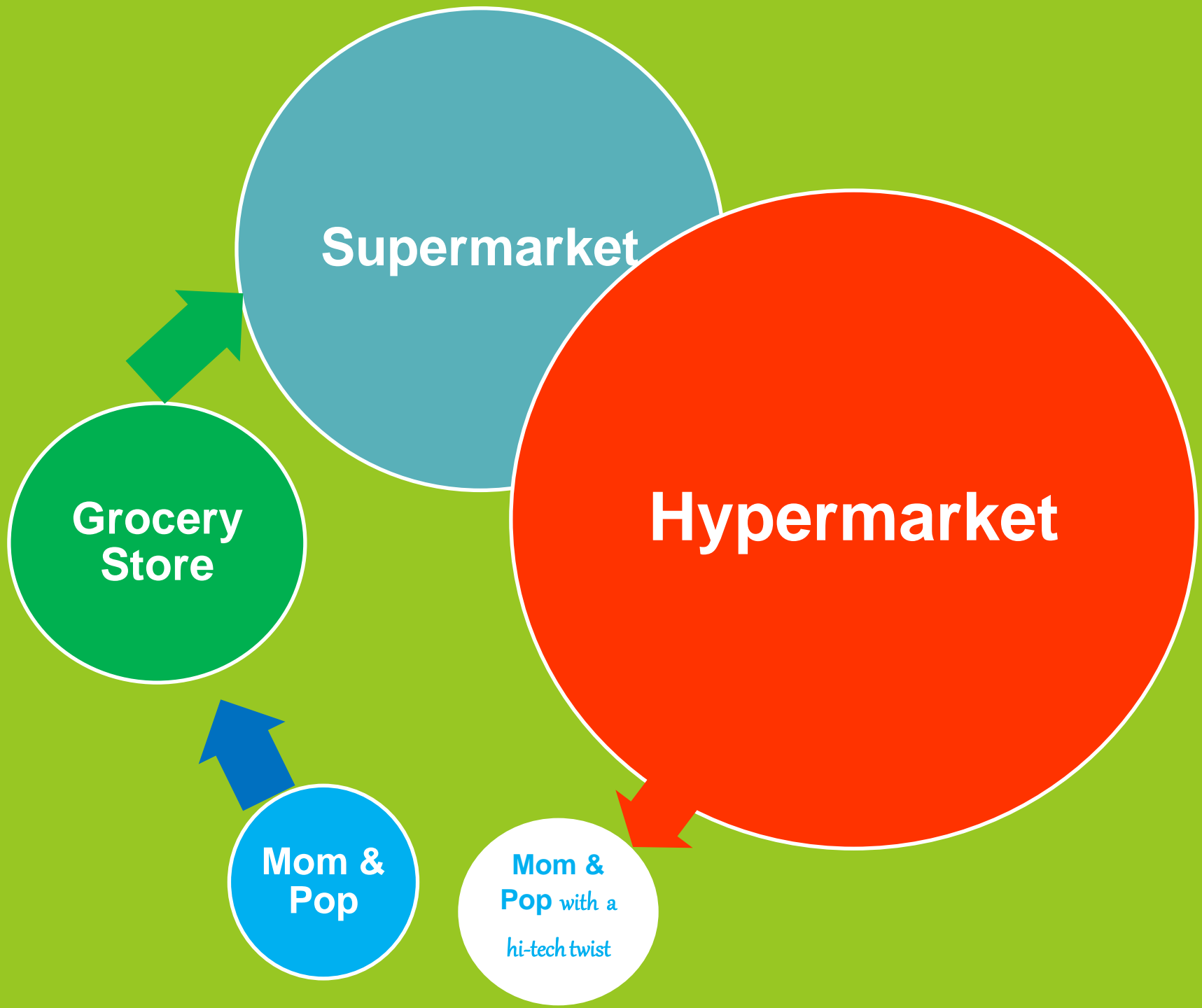
dollar

convenience

club

supermarkets
-2 sq ft (m)

Source: Nielsen





1
CHANGING
CONSUMER
MINDSET

2
TECHNOLOGY
ENHANCED
SHOPPING

3

E-COMMERCE

4

**INNOVATION
IN STORE
FORMATS**

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



THE VOICE OF FOOD RETAIL

Feeding Families  Enriching Lives

Thank You.