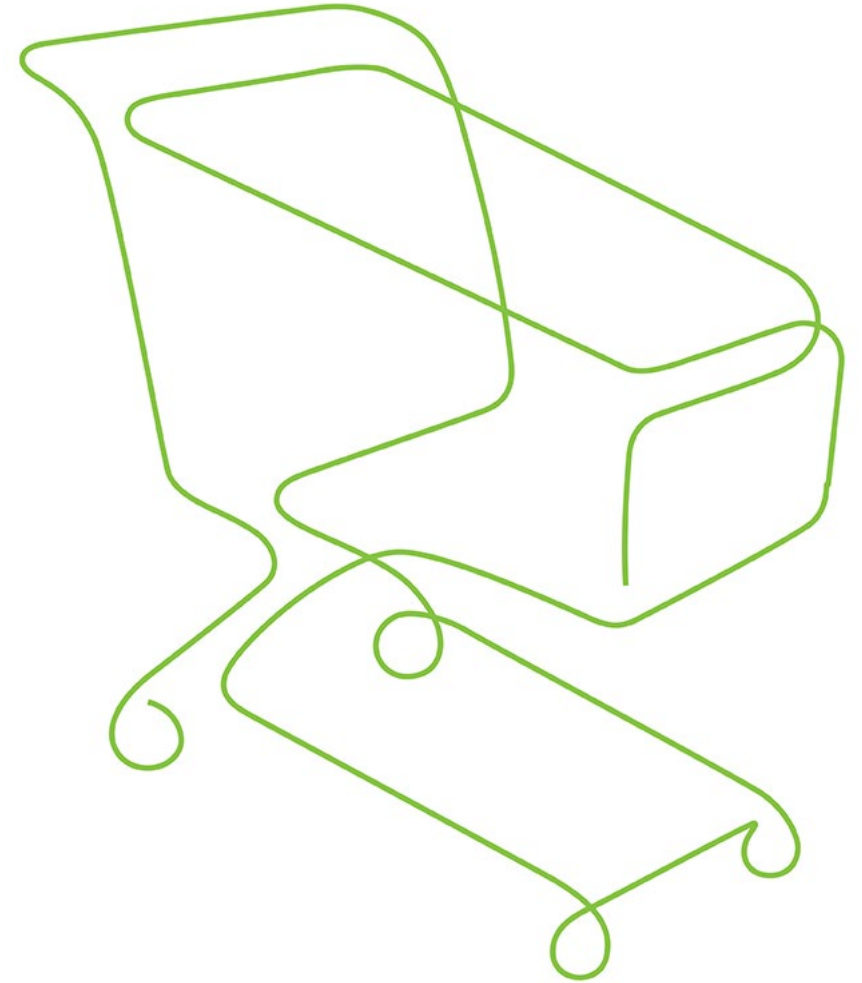




THE FOOD INDUSTRY ASSOCIATION

SHIFTING PREFERENCES:

A CLOSER LOOK AT CHANGES IN U.S.
CONSUMER FOOD PURCHASES



Andrew S. Harig

Vice President – Tax, Trade, Sustainability &
Policy Development

FMI – the Food Industry Association

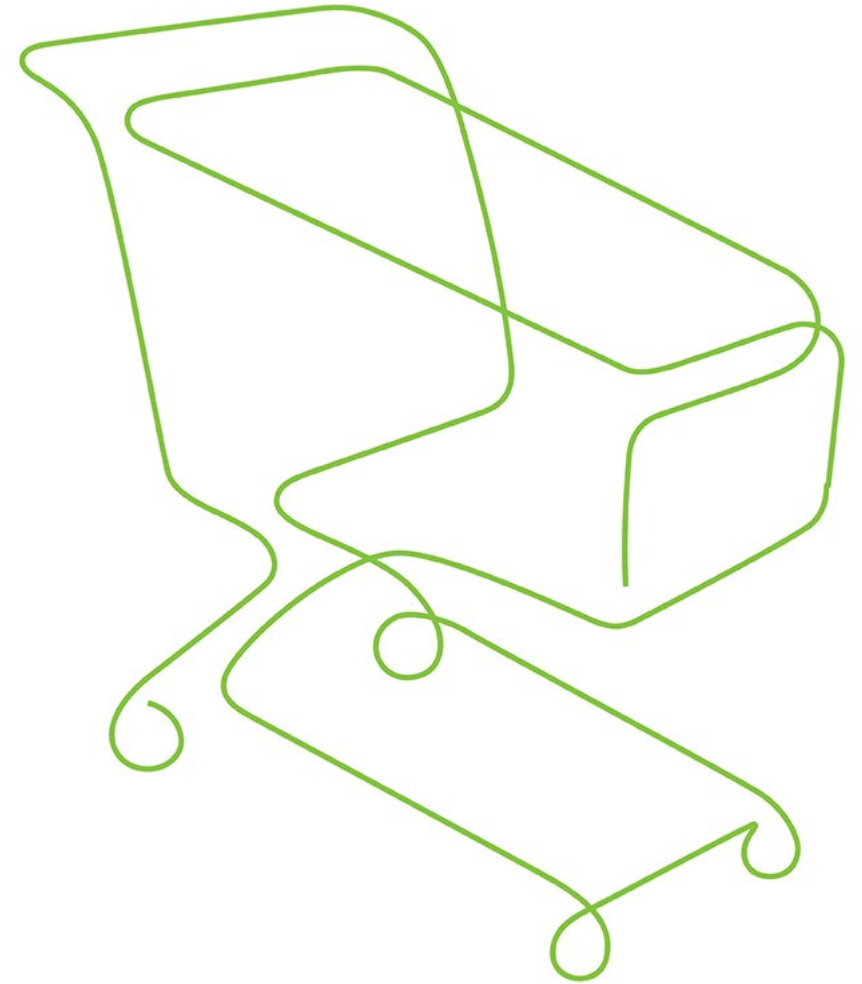
aharig@fmi.org





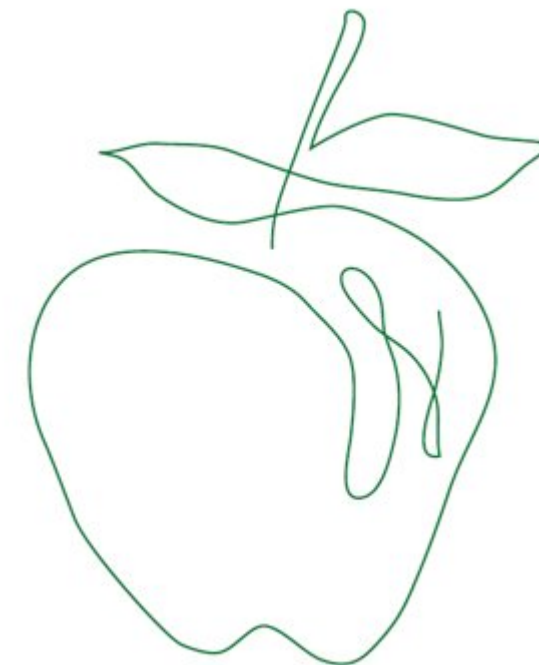
THE FOOD INDUSTRY ASSOCIATION

WHO WE ARE...



As the **food industry association**, FMI works with and on behalf of the entire industry to advance a **safer, healthier** and **more efficient** consumer food supply.

FMI brings together a wide range of members across the value chain — from **retailers** who sell to **consumers**, to **producers** who supply the food, as well as the wide-variety of companies providing critical services — to **amplify** the collective work of the industry.



FMI in the Marketplace

FMI propels the retail food industry by advocating for and supporting a safer, healthier, and more efficient consumer food supply.

\$800 billion industry with nearly 6 million employees.



**Independent operators:
50 stores or less*

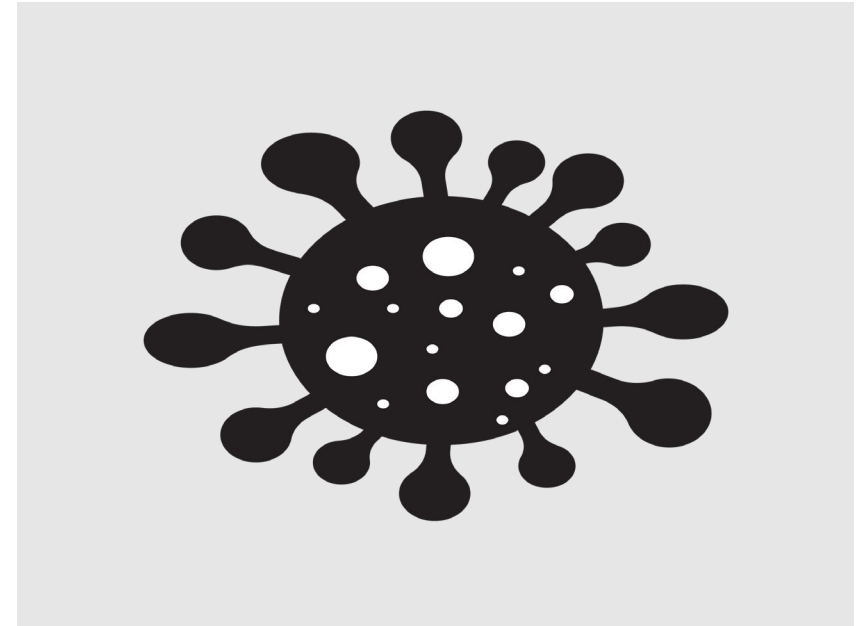
2020 Brought on Dramatic Changes in Consumer Spending That Will Be Felt in 2021 and Beyond

Let's Start With the Elephant in the Room...

COVID - 19



The COVID-19 pandemic is an example of a shock to the grocery industry....Consumers shifted their food spending patterns enormously once COVID-19 cases began proliferating throughout the U.S. and parts of the country began issuing shelter-at-home orders.



Dr. Ricky Volpe

*The Fundamentals of Food Prices:
Costs, Consumer Demand, and COVID-19*

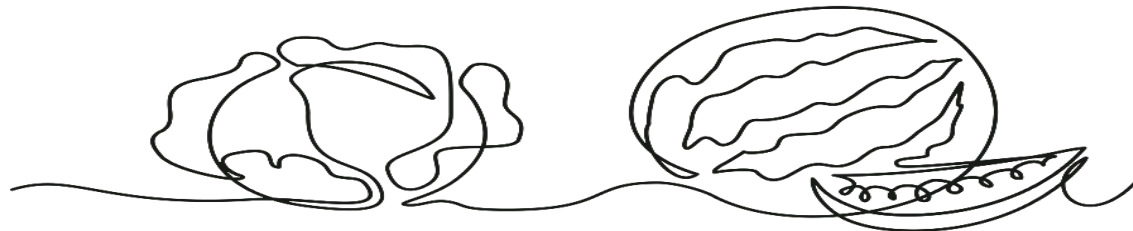
The Most Important Factor Driving This Shift in Consumer Spending...

The Shift to Food Consumed at Home



- In February 2020, 53% of household spending on food was directed at “food away from home” – i.e. restaurants and food service.
- By April 2020, this figure had dropped to only 34%.

This represents an additional \$23 billion in spending directed towards grocery stores and supermarkets in only two months.



This Shift Also Led to an Increase in Operating Costs

- PPE
- Cleaning and Sanitation
- Plexiglass & Other Barriers
- Labor Costs



The Grocery Stores PPI was up 7.9% in April and 6.7% in May, over 2019.

SOURCE: THE FUNDAMENTALS of FOOD PRICES: COSTS, CONSUMER DEMAND, and COVID-19

COVID Brought on Waves of Food Anxiety



Consumers worry they:

- May see shortages of entire food categories 31%
- May not be able to find the specific brands or flavors 31%
- May not have enough money to pay for food 21%
- May not be able to get to the store or get delivery 16%
- **Any concerns 67%**

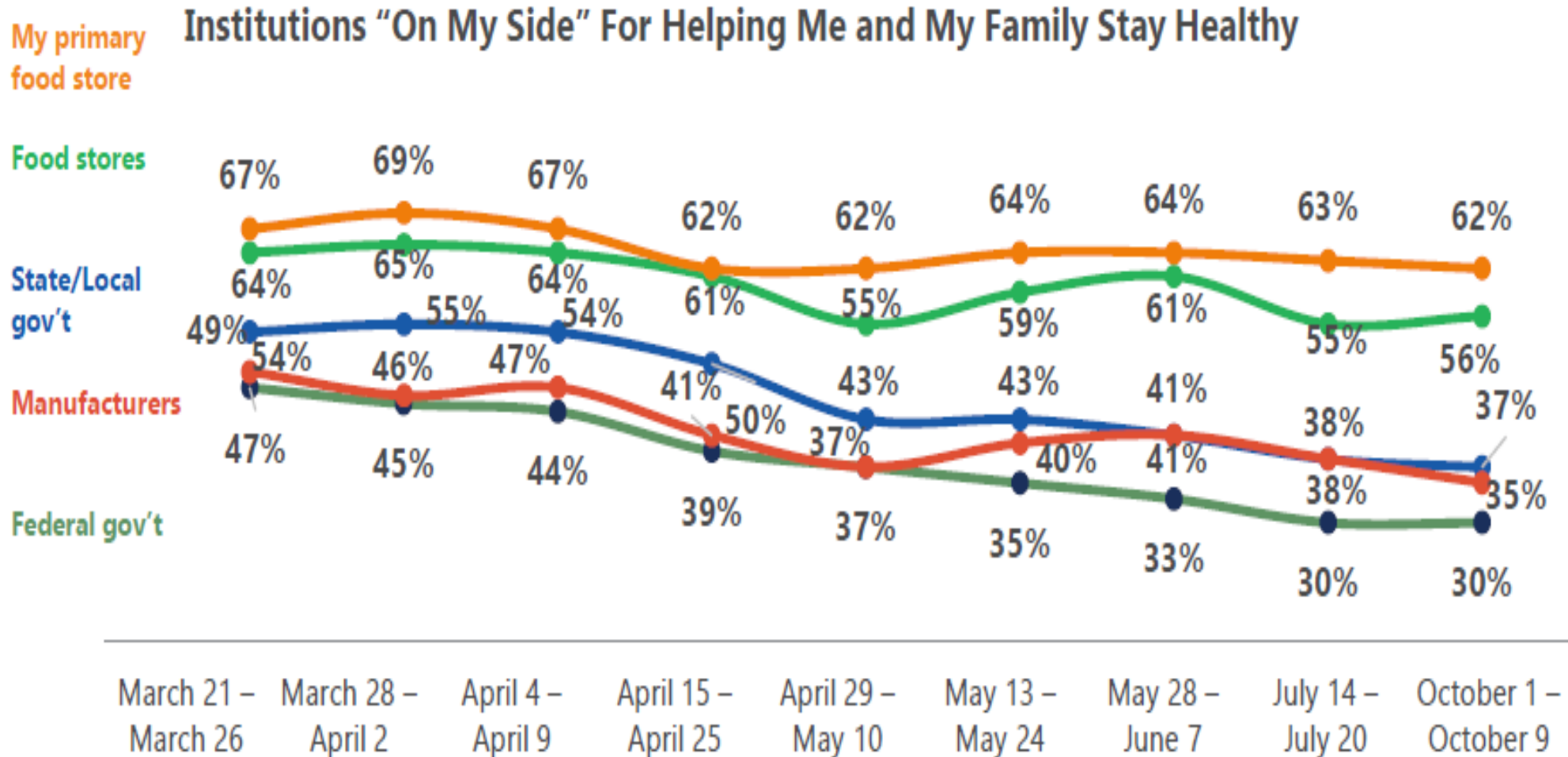
Source: US Grocery Shopper Trends: COVID-19 Tracker (October 1-9)

One-fifth of Americans (21%) fear they will be unable to afford food for their household-- a number that has varied little since March.



Source: US Grocery Shopper Trends: COVID-19 Tracker (October 1-9)

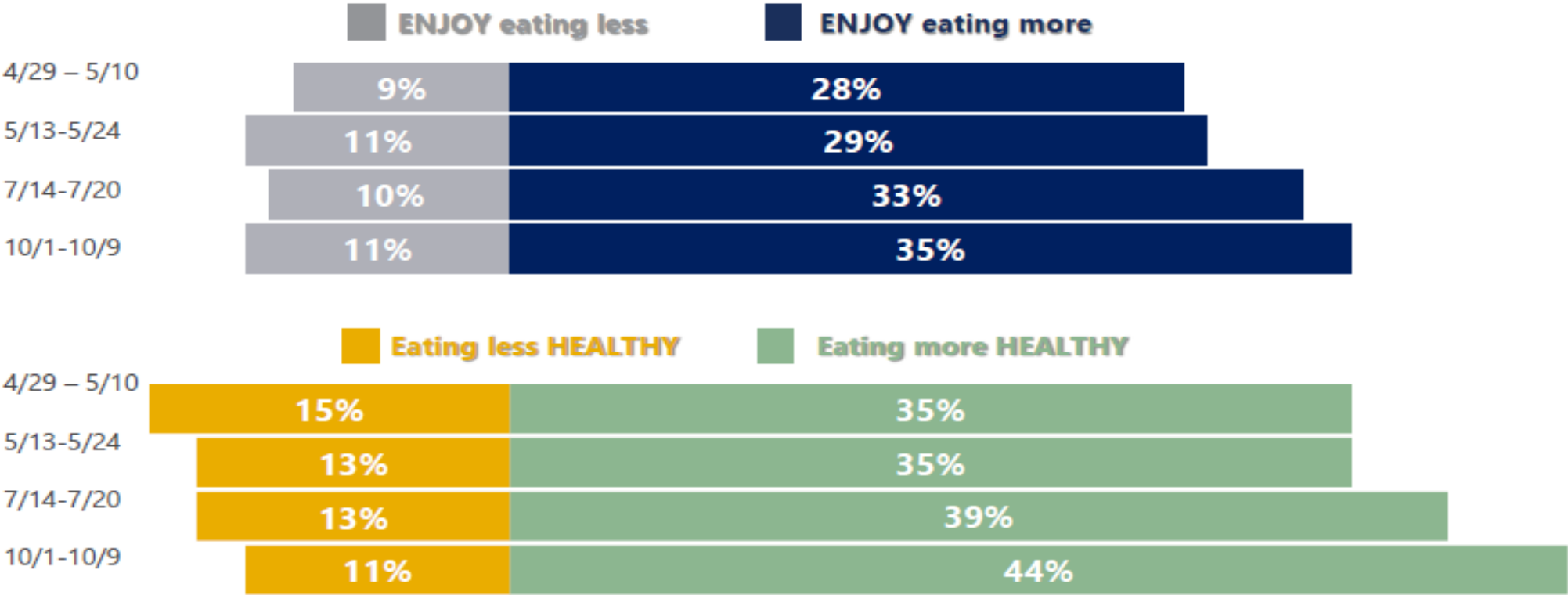
Despite These Anxieties, Grocers Remain Trusted Allies



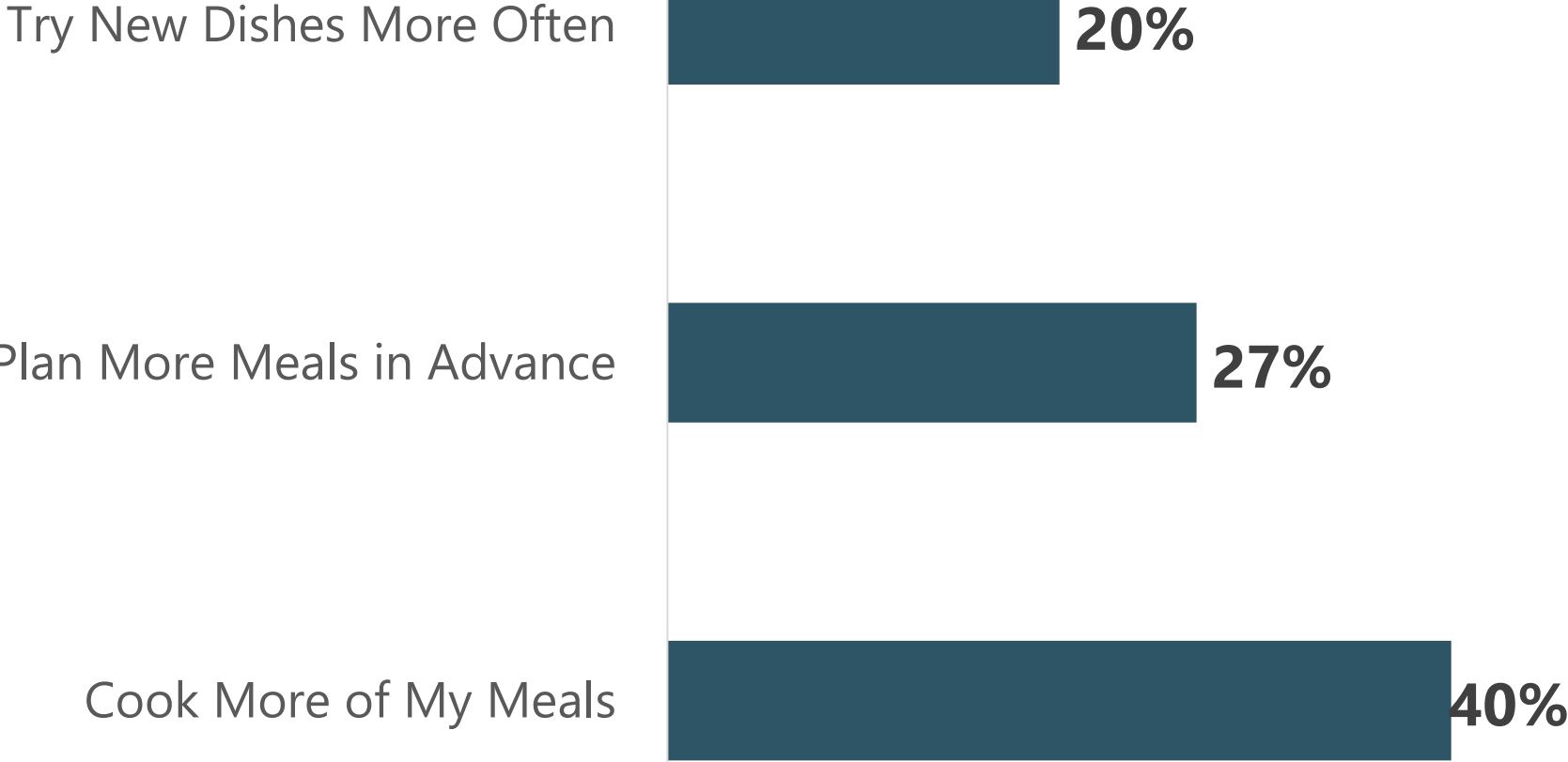
Consumers Are More Engaged With Their Food



PERCEIVED CHANGES IN EATING

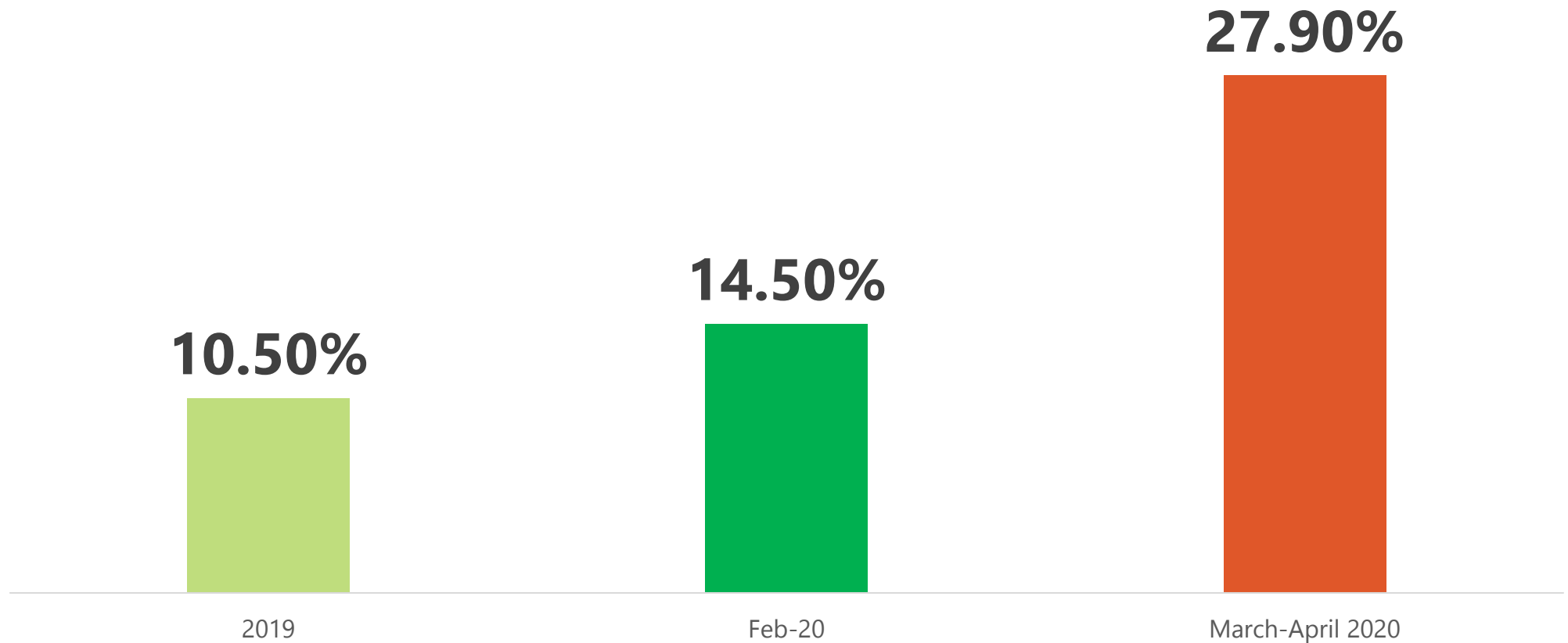


Top Changes to Eating Habits Due to COVID



Source: US Grocery Shopper Trends 2020

Weekly Online Grocery Spending as a Share of Total Grocery Spending

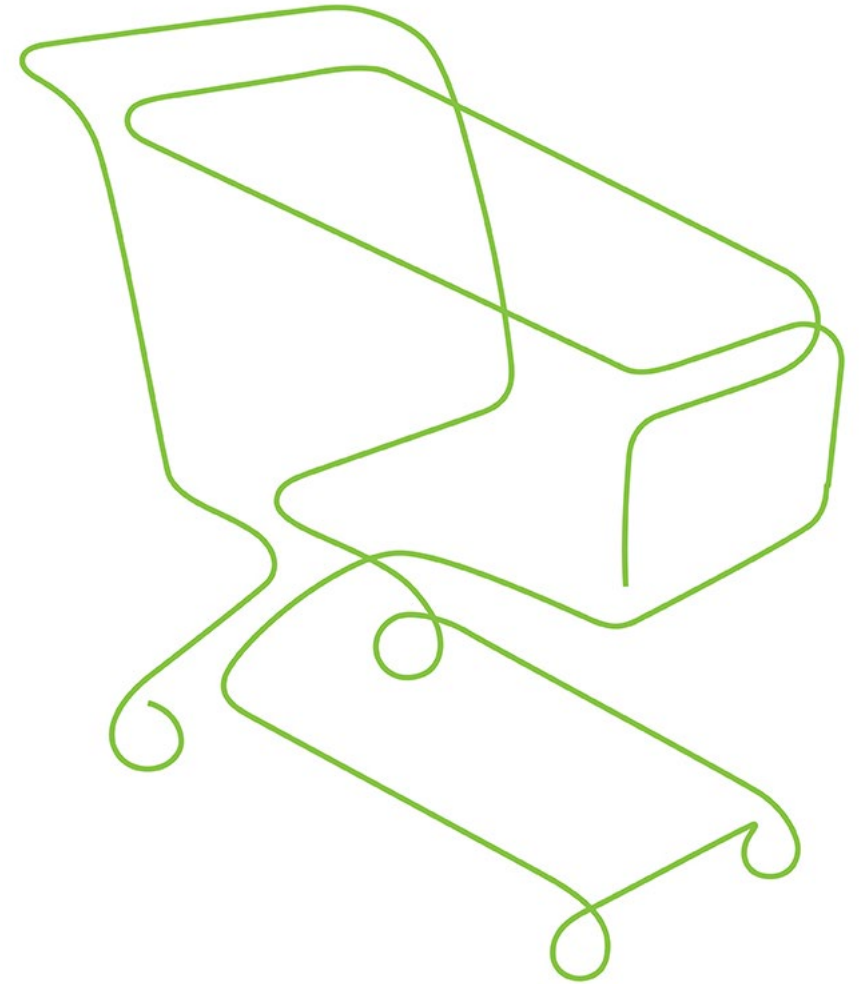


Source: US Grocery Shopper Trends 2020



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WHICH OF THESE
TRENDS WILL
CONTINUE POST-
COVID?



Thank you!

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