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

- Nearly 33,000 retail food stores
- $800 billion food retail industry annual sales volume
- More than 400 associate members that include retail supplier partners
- Representing nearly 6 million employees
- Nearly 12,000 pharmacies

*Independent operators: 50 stores or less

80% of all FMI members are independent operators*
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...
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

**Institutions “On My Side” For Helping Me and My Family Stay Healthy**

- **My primary food store**: 67%, 69%, 67%, 62%, 62%, 64%, 64%, 63%, 62%
- **Food stores**: 64%, 65%, 64%, 61%, 55%, 59%, 61%, 55%, 56%
- **State/Local gov’t**: 49%, 54%, 47%, 41%, 50%, 43%, 41%, 38%, 37%
- **Manufacturers**: 47%, 45%, 44%, 39%, 37%, 35%, 33%, 30%, 30%
- **Federal gov’t**: 35%
Consumers Are More Engaged With Their Food

PERCEIVED CHANGES IN EATING

<table>
<thead>
<tr>
<th>Period</th>
<th>ENJOY eating less</th>
<th>ENJOY eating more</th>
</tr>
</thead>
<tbody>
<tr>
<td>4/29 – 5/10</td>
<td>9%</td>
<td>28%</td>
</tr>
<tr>
<td>5/13-5/24</td>
<td>11%</td>
<td>29%</td>
</tr>
<tr>
<td>7/14-7/20</td>
<td>10%</td>
<td>33%</td>
</tr>
<tr>
<td>10/1-10/9</td>
<td>11%</td>
<td>35%</td>
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Eating less HEALTHY

<table>
<thead>
<tr>
<th>Period</th>
<th>Eating less HEALTHY</th>
<th>Eating more HEALTHY</th>
</tr>
</thead>
<tbody>
<tr>
<td>4/29 – 5/10</td>
<td>15%</td>
<td>35%</td>
</tr>
<tr>
<td>5/13-5/24</td>
<td>13%</td>
<td>35%</td>
</tr>
<tr>
<td>7/14-7/20</td>
<td>13%</td>
<td>39%</td>
</tr>
<tr>
<td>10/1-10/9</td>
<td>11%</td>
<td>44%</td>
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</tbody>
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Top Changes to Eating Habits Due to COVID

- Try New Dishes More Often: 20%
- Plan More Meals in Advance: 27%
- Cook More of My Meals: 40%

Source: US Grocery Shopper Trends 2020
Weekly Online Grocery Spending as a Share of Total Grocery Spending

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>10.50%</td>
</tr>
<tr>
<td>Feb-20</td>
<td>14.50%</td>
</tr>
<tr>
<td>March-April 2020</td>
<td>27.90%</td>
</tr>
</tbody>
</table>

Source: US Grocery Shopper Trends 2020
WHICH OF THESE TRENDS WILL CONTINUE POST-COVID?
Thank you!

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