Food Prices & the Consumer 2024: How Shoppers and Consumer Preferences are Responding to the Post-COVID, Post-Inflation Marketplace

THE FOOD INDUSTRY ASSOCIATION

FMI U.S. Grocery Shopper Trends and more

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FMI – the Food Industry Association

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FMI in the Marketplace

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

$1 Trillion industry with nearly 6 million employees.

More than **40,000** retail food stores

$1 Trillion food retail industry annual sales volume

More than **1,500** retail, product supplier and associate members

Representing nearly **6 million** employees

Nearly **12,000** pharmacies

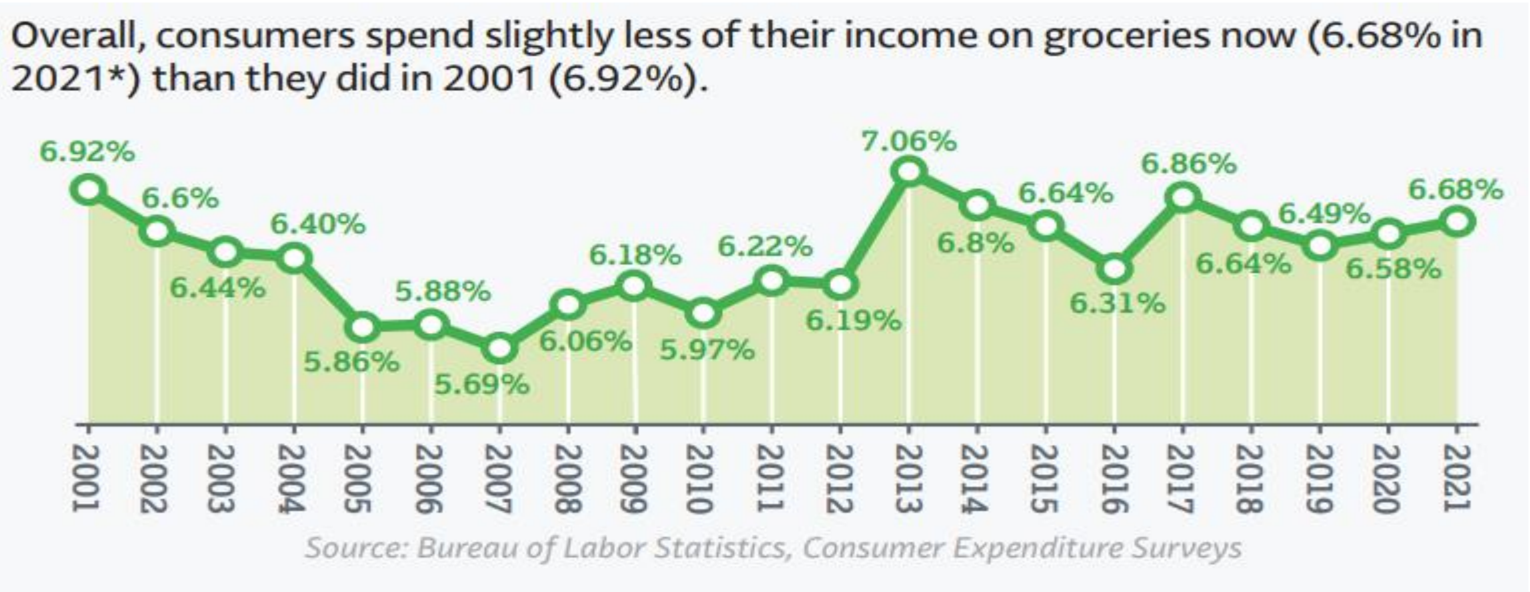
70% of all FMI members are independent operators*

**Independent operators: 50 stores or less*

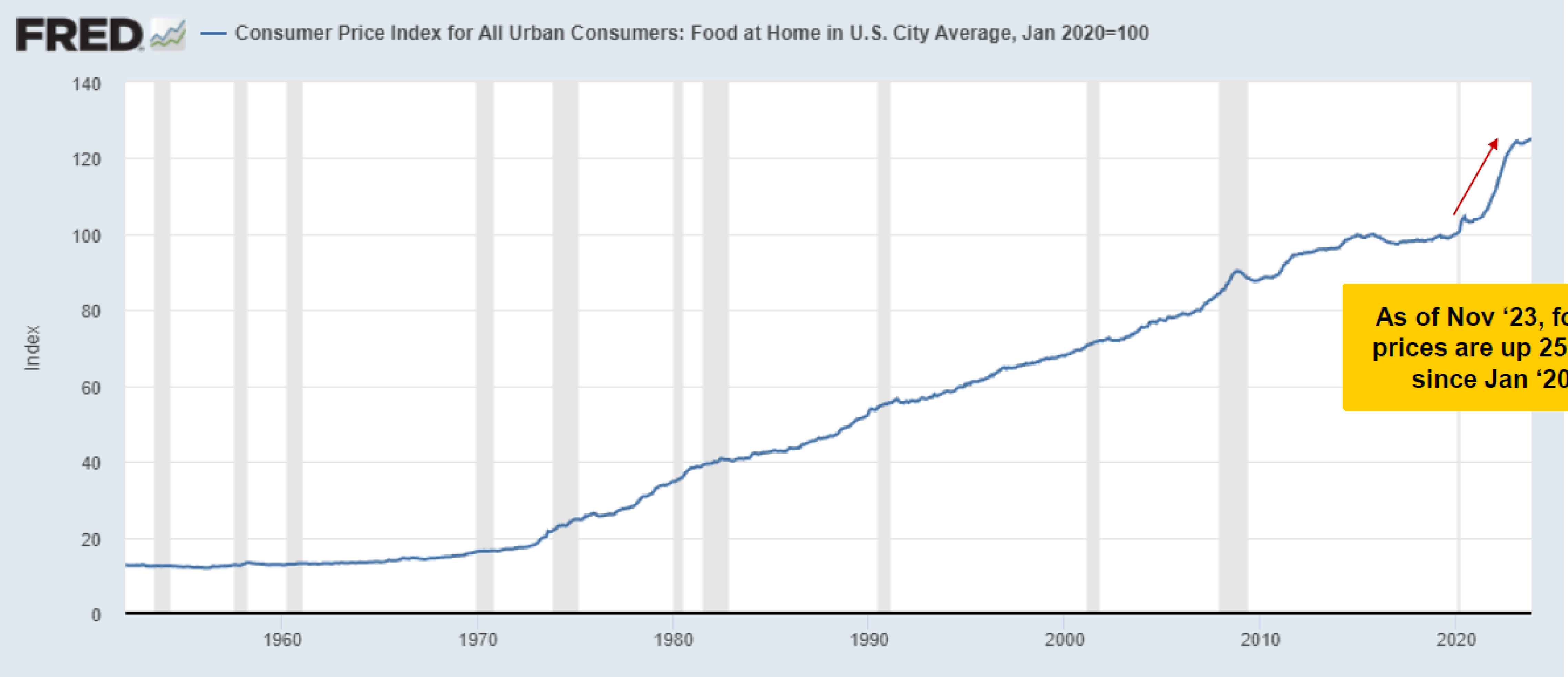
As the **food industry association**, FMI works with and on behalf of the entire industry to advance a **safer**, **healthier** and **more efficient** consumer food supply.

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.

For Perspective: American Food Spending as a Share of Income



Food at home prices are up ~25% since right before the pandemic



As of Nov '23, food prices are up 25.1% since Jan '20

Source: https://fred.stlouisfed.org/graph/?g=1bH70

Shifting Areas of Concern among Americans

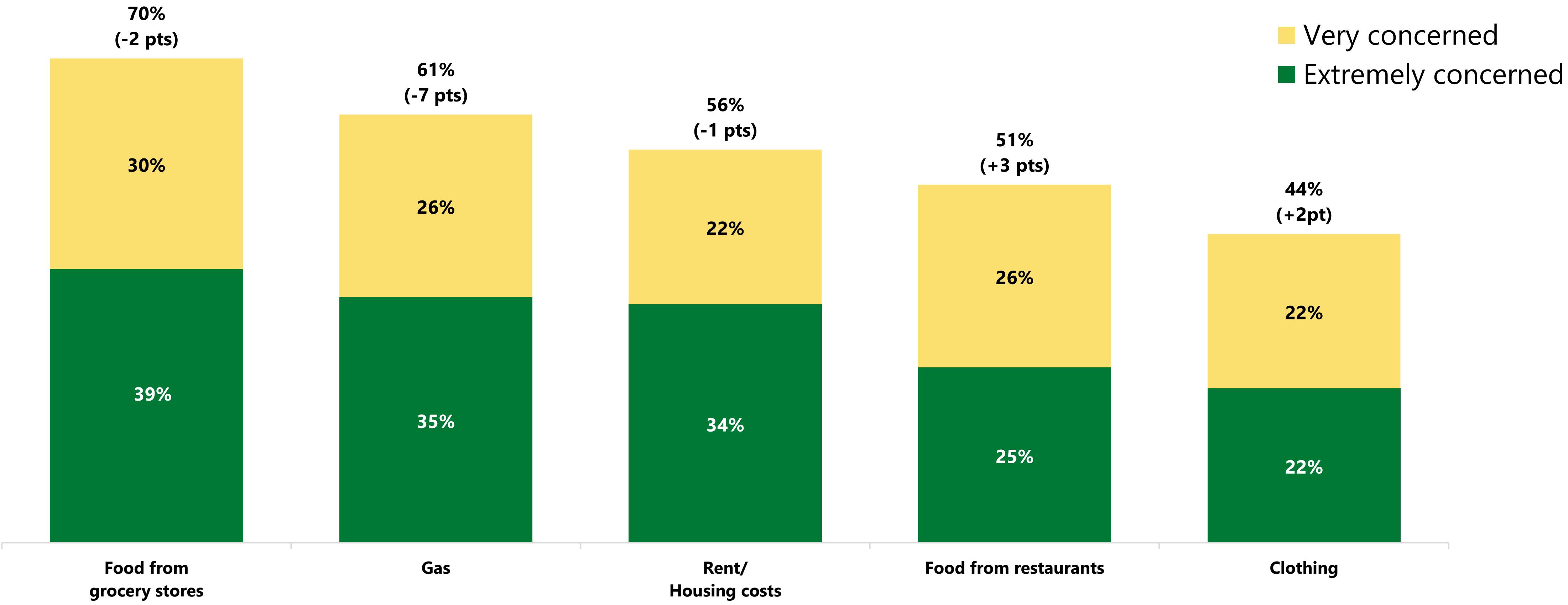
Food Prices Overtake COVID-19 and Supply Chain Concerns

70% of shoppers are still concerned with rising prices at the grocery store – down from 75% in February 2023.

- 76% of GenX
- 71% of Millennials

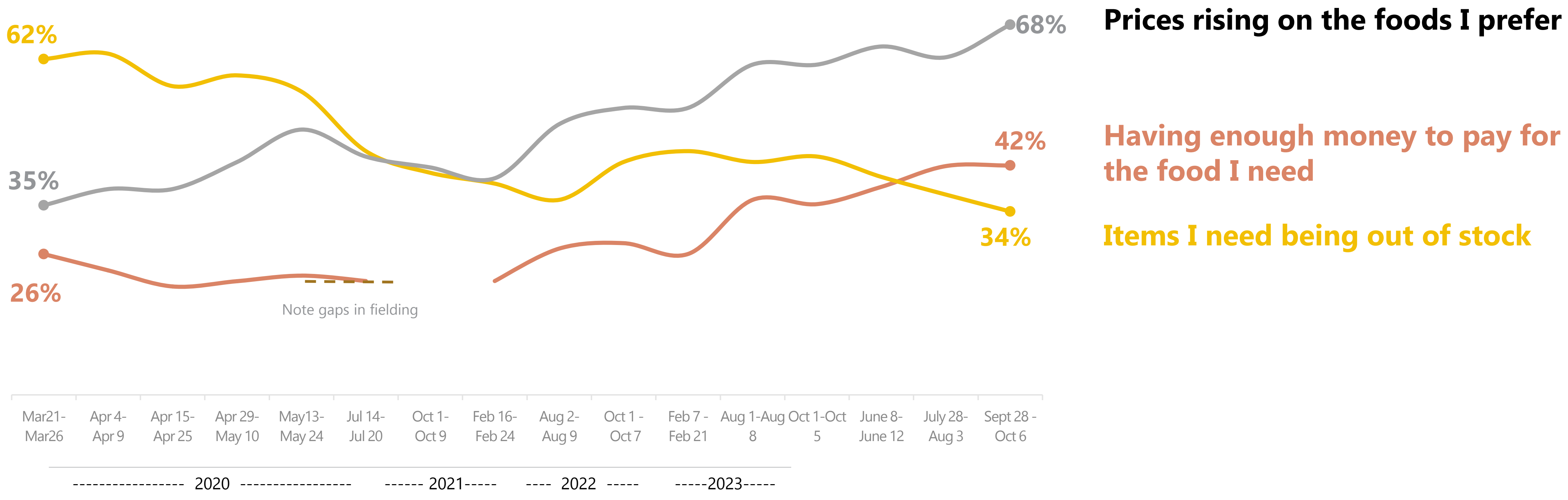
51% are concerned with rising prices at restaurants – down from 55% in February 2023.

Food Inflation is Felt the Strongest

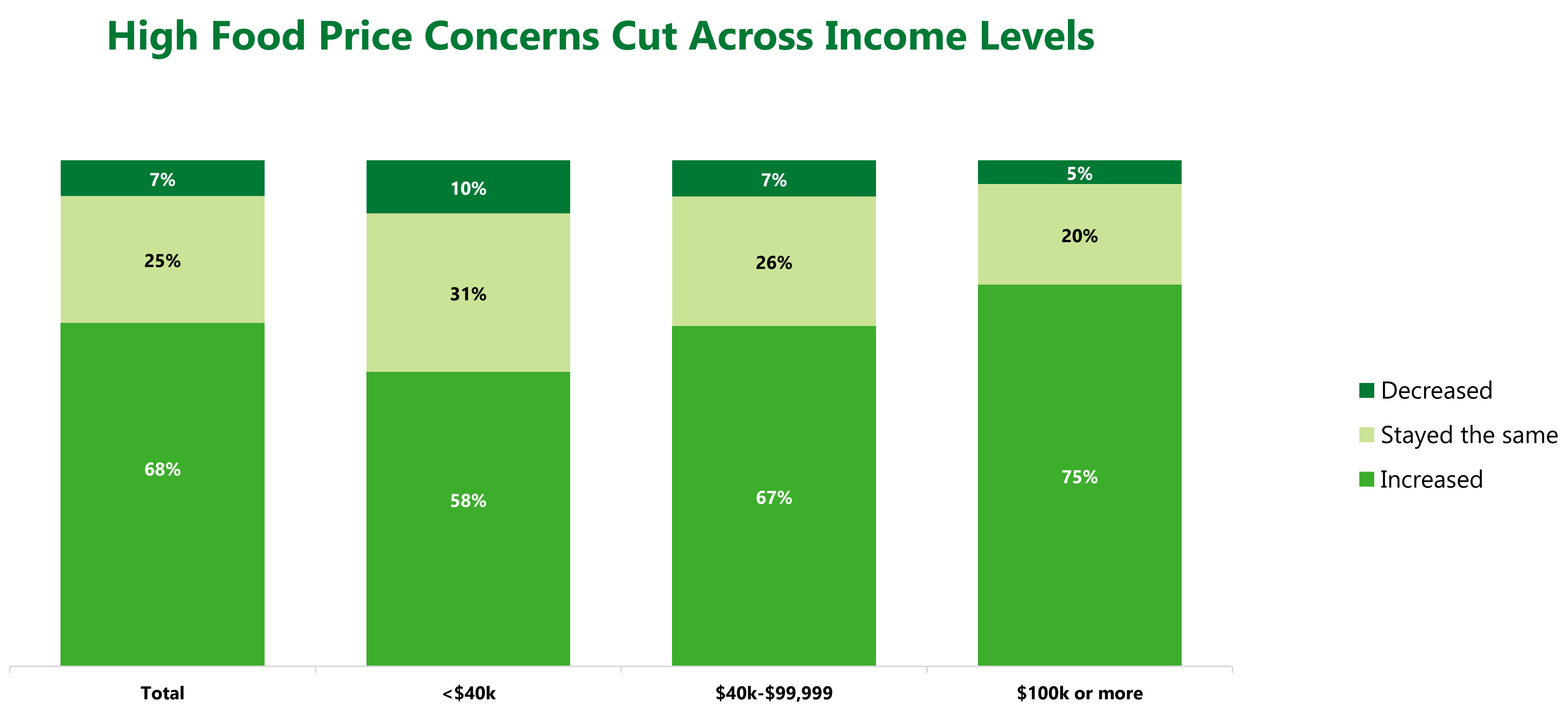


Supply Chain and Inflation

CONCERNS WITH OBTAINING FOOD

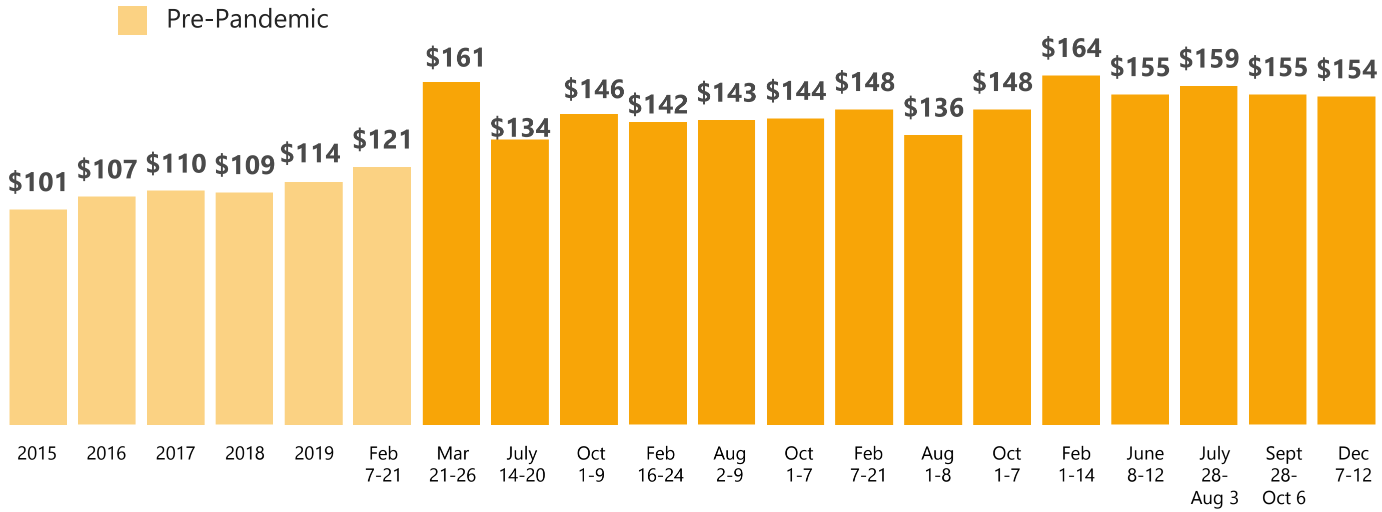


Food Price Concerns Stack Up



New Highs for Spending=New Habits

AVERAGE WEEKLY GROCERY SPENDING PER HOUSEHOLD
Among all shoppers



Source: FMI U.S. Grocery Shopper Midwinter Trends 2023. n=1,519 Q. On average, about how much does your household spend each week on groceries? Consider only grocery type items. Q. About how much has your household spent on groceries in the PAST 7 DAYS? Source: FMI U.S. Grocery Shopper Trends and Trackers 2021-2022 n varies 1001-1617. On average, about how much do you (and your family) spend each week on groceries for your household? Source: FMI U.S. Grocery Shopper Trends 2015-2020. 2015 n=2265, 2016 n=2061, 2017 n=2145, 2018 n=2136, 2019 n=1786, 2020 n=2798.

Shoppers Use Unit Pricing to Understand the Marketplace

Do you regularly check the unit pricing, such as cost per ounce or cost per item, among the same or similar products in the store to compare products?

2014	2023
78%	**74%**

Do you regularly check the unit pricing, such as cost per ounce or cost per item, among different grocery stores to compare products?

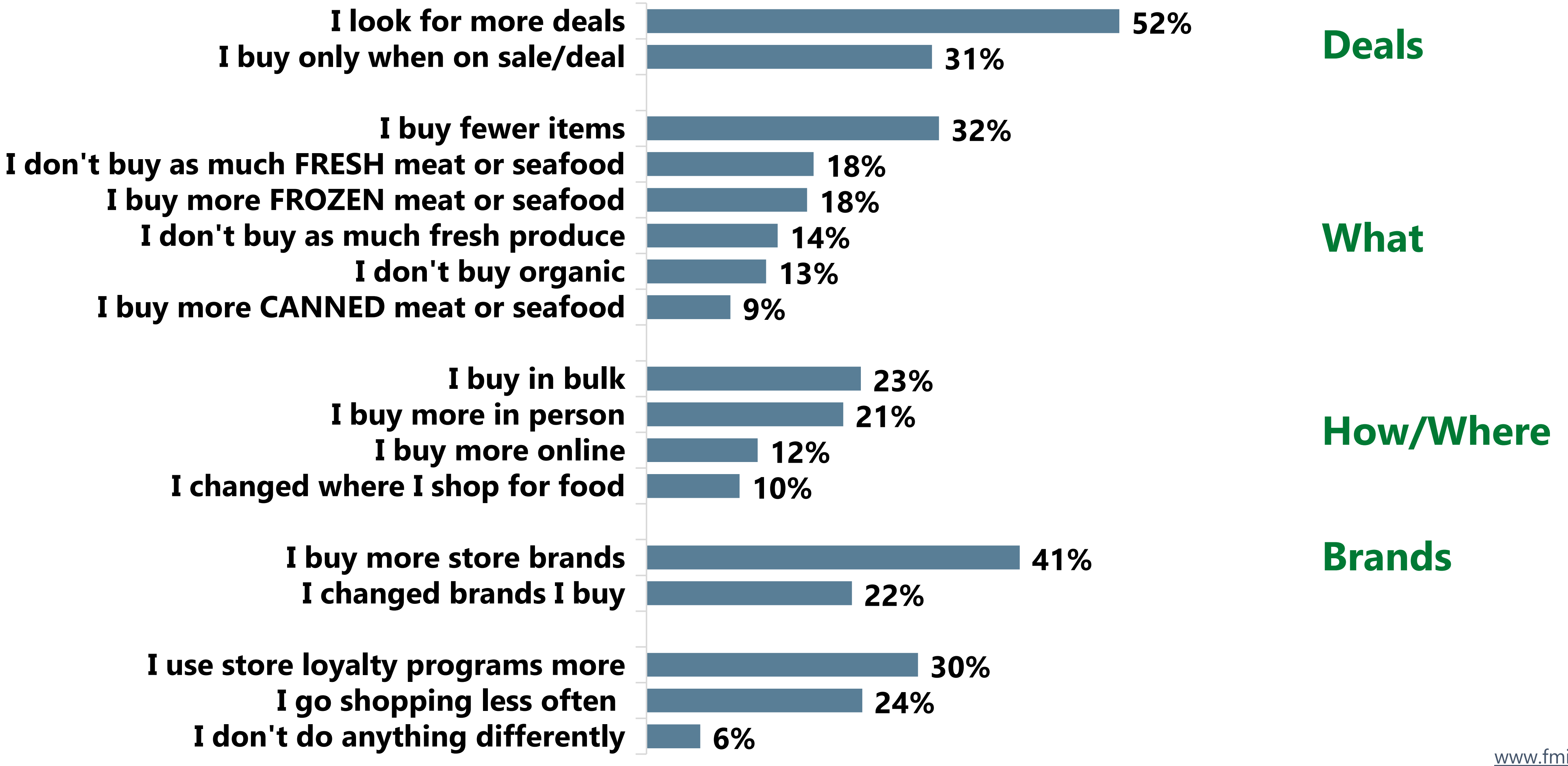
2014	2023
52%	**60%**

Gen Z and **Millennials** are the most likely to compare unit pricing both within their main store and across stores.

	Gen Z	Millennial	Gen X	Boomer
Compare within store	78%	79%	69%	72%
Compare across stores	70%	73%	56%	53%

Based on FMI's U.S. Grocery Shopper Trends 2023 and 2014 reports conducted by FMI and The Hartman Group. These studies were fielded to a nationally representative sample.

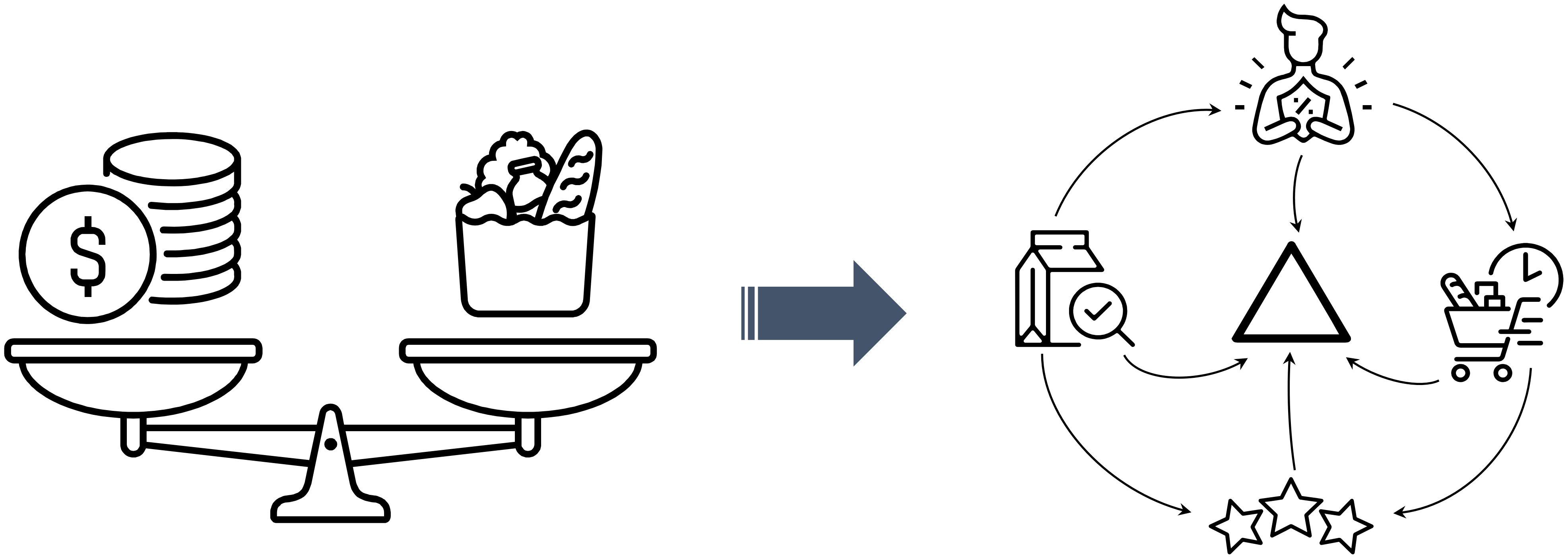
How are Consumers Addressing Rising Food Prices?



The New Normal?: Rise of the Value Shopper

Shoppers’ Notions of Value

More nuanced, shifting from a simple price-quantity ratio to a more complex matrix of personal values, needs, and priorities.



Values have Value – Not Just Price

Emerging Dimensions of Contemporary Notions of Value

Quality has emerged as the North Star of contemporary notions of value. It reflects the primacy of personal food standards and eating aspirations, and it includes attributes around freshness, cues of minimal processing, health and nutrition, product sourcing, and ethical considerations such as sustainability and labor standards.

Relevance refers to shoppers' deliberations about needs versus wants and necessity versus indulgence. Questions about how well an item aligns with personal/household preferences, its utility, and its potential for waste have taken on greater weight as shoppers seek to meet the various preferences and needs of individual household members while minding their budgets.

Experience captures the importance of dimensions such as pleasure, enjoyment, novelty, variety, and discovery as well as aspects of shopping such as store cleanliness and the friendliness and knowledge of store employees.

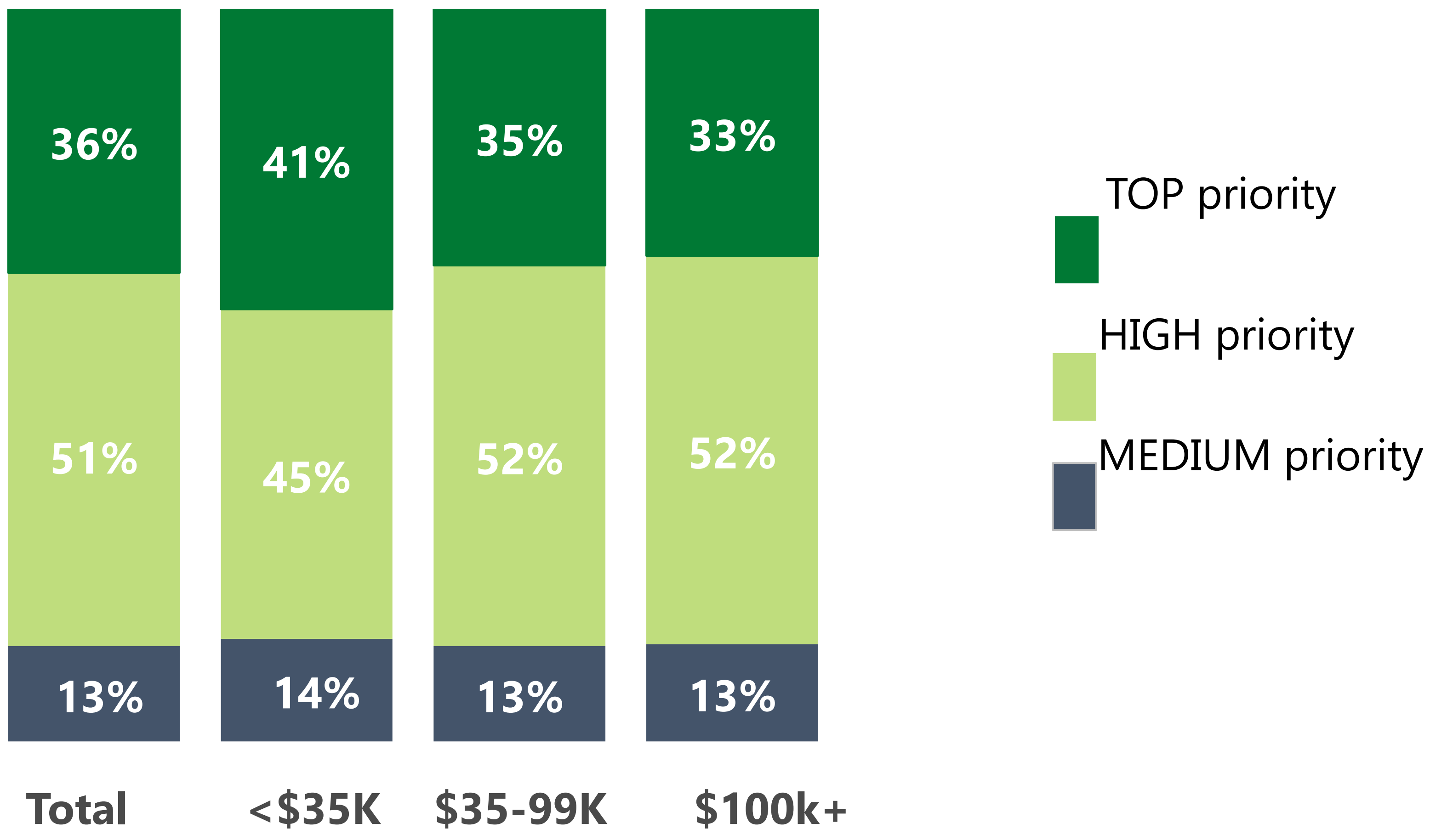
Convenience continues to be a key element of value, embodying not only traditional criteria such as speed, ease, and accessibility (which shoppers sometimes trade for lower price), but also contemporary expectations around engagement, flexibility, experience, and relevance.

Food for Thought

There’s a few things involved in getting good value. You have the idea of price and affordability, getting more for your money. You also look at good quality — if it is healthier, made with sustainable materials, is healthy and delicious. Getting really cheap products, yes, you haven’t spent a lot, but you get what you pay for, and if you’re getting a product for the cheaper amount, the quality might be compromised.
—Female, 42

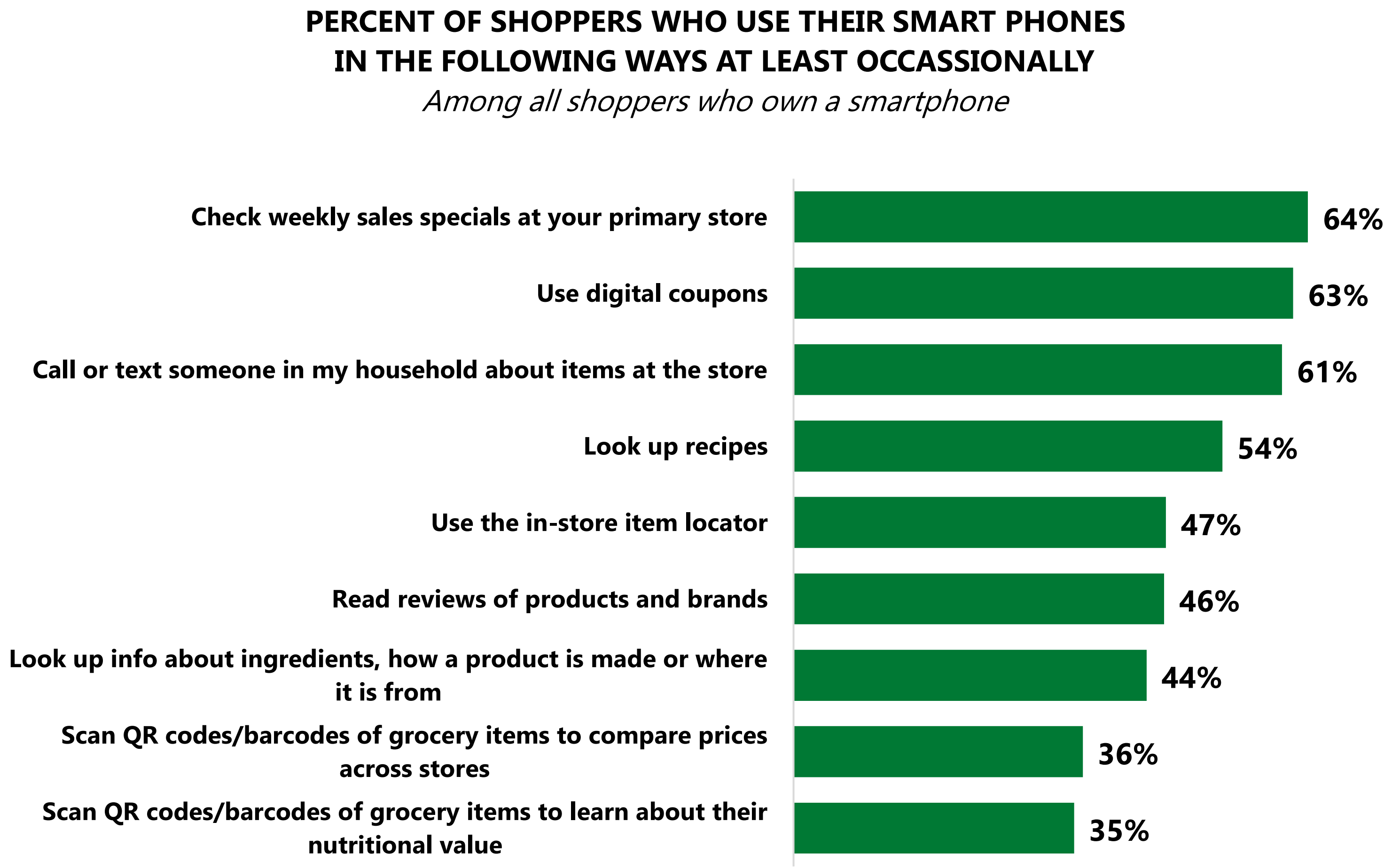
Getting Good Value has Become More Important

How Important is it for you to get GOOD VALUE?
Among all U.S. shoppers



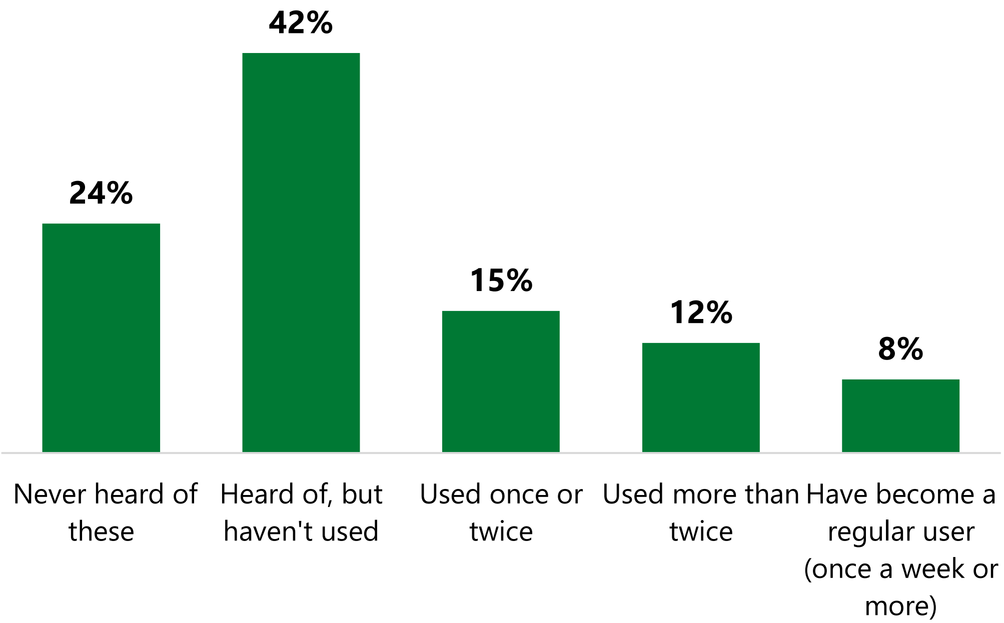
Evolving Consumer Behaviors: Technology

Smartphones have become an integral part of the shopping experience

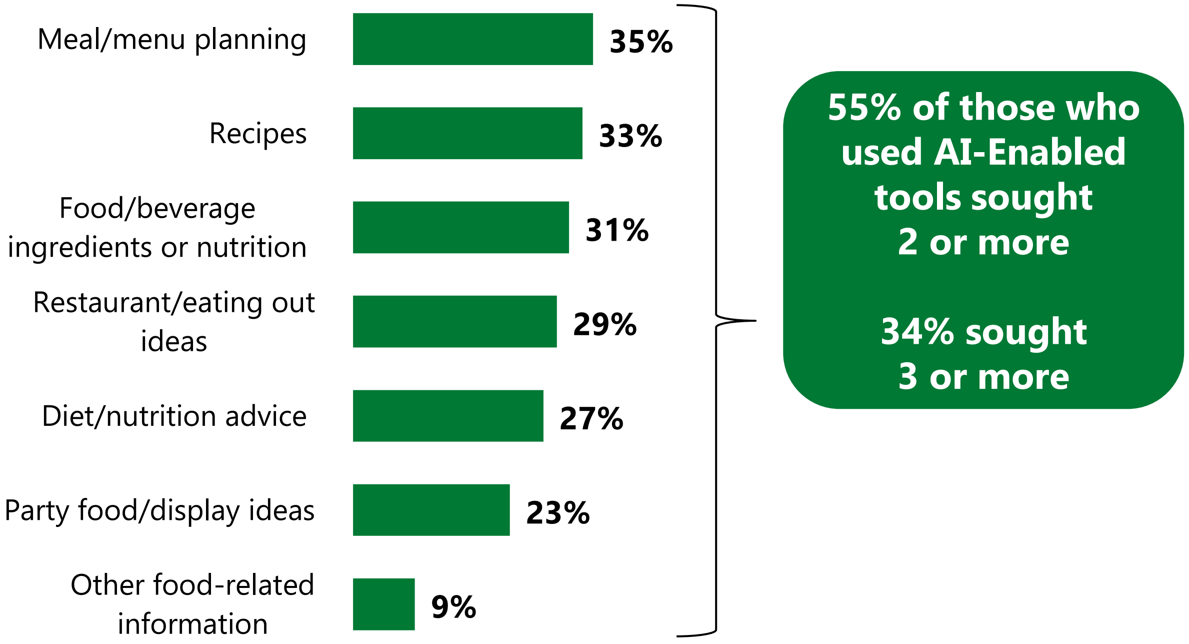


Despite the proliferation of AI tools, two-thirds of people have never used them

FAMILIARITY WITH NEW AI-ENABLED INFORMATION AND MEDIA TOOLS (SUCH AS CHATGPT)
Among all shoppers



WHAT TYPES OF INFORMATION HAVE SHOPPERS SOUGHT FROM AI-ENABLED TOOLS
Among shoppers who have used AI-enabled tools

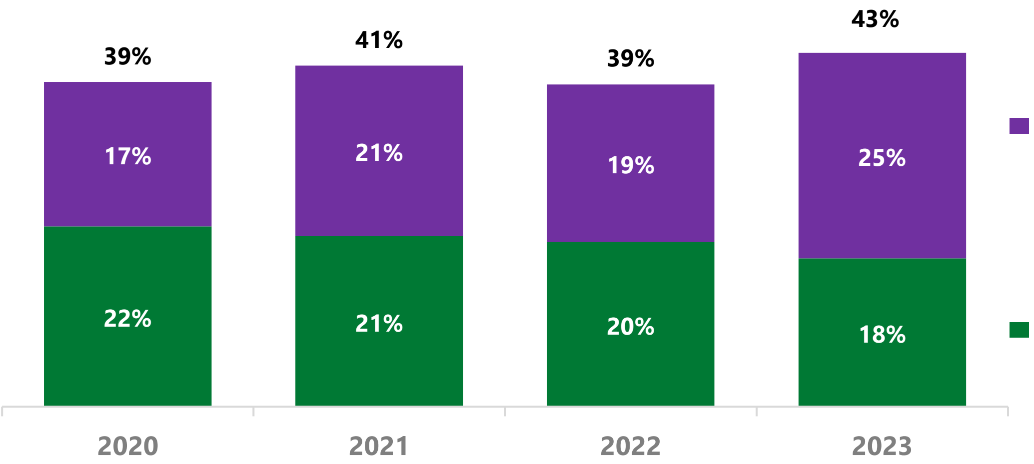


Shoppers would use a digital shopping assistant to save money and streamline shopping and planning meals

Consumers in 2024: Cautious But Optimistic

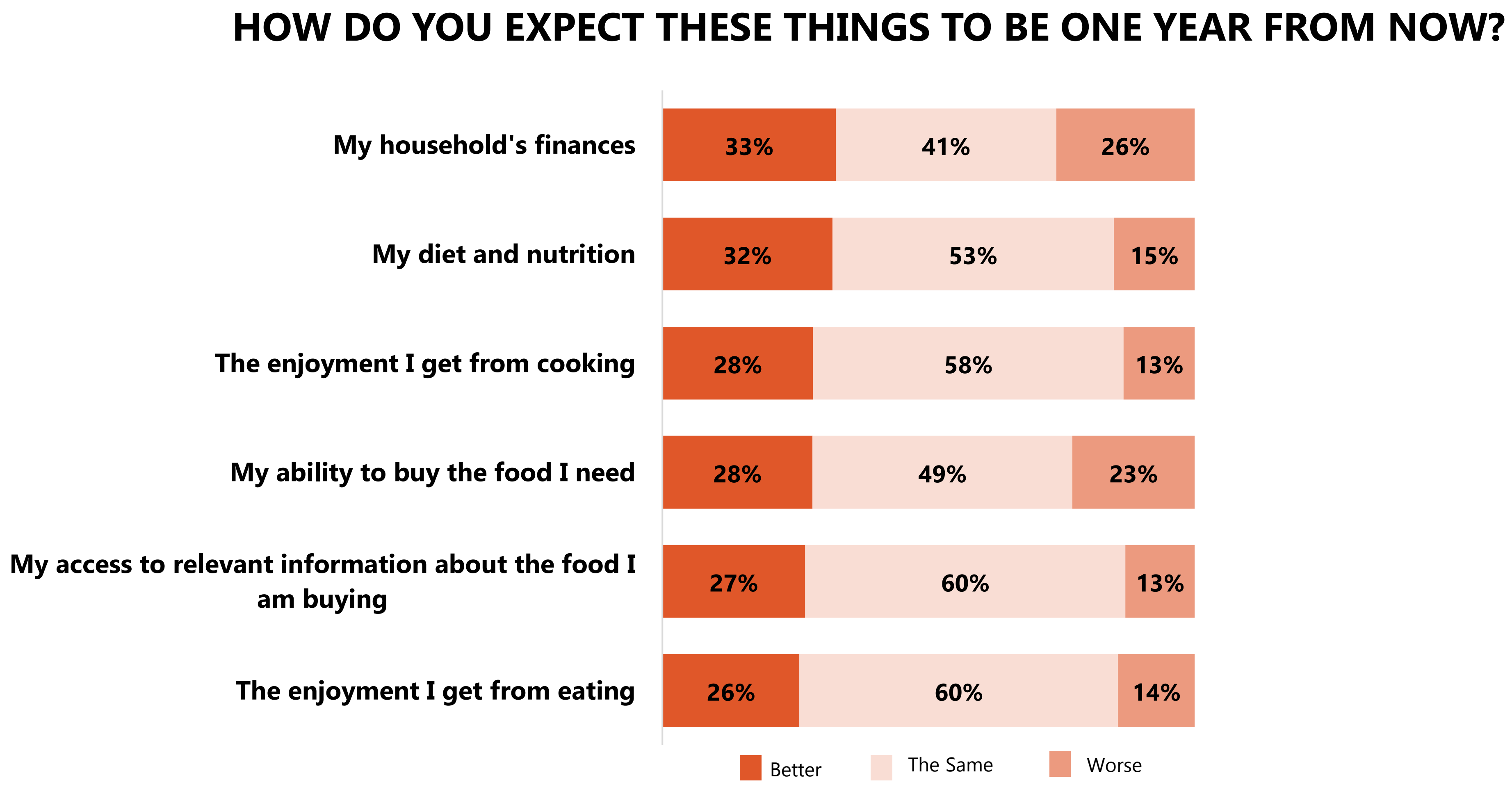
Younger Adults Enjoy Shopping the Most

ENJOYMENT OF GROCERY SHOPPING
Among all shoppers



	Men	Women	Gen Z	Millen-nials	Gen X	Boomer/ Mature
Total	43%	43%	48%	62%	44%	29%
Like it	25%	25%	26%	28%	25%	23%
Love it	18%	18%	22%	34%	19%	6%

Optimism about finances and diet in 2024



Shoppers are hopeful and optimistic about 2024

HOW SHOPPERS ARE FEELING ABOUT 2024

THANK YOU

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