

# Grocery retail trends to watch in 2024



Customer expectations of retailers are rapidly rising as households and technology evolve. We have identified five grocery retail trends that reflect those growing expectations and have major implications for the shopper experience.

## EVOLVING

### 1 HOLISTIC HEALTH



#### CRITICAL

To consumers, health is more than just a healthy diet and exercise. Health is a cumulative mix of diet, exercise, mood, sleep, financial wellness and even social interaction.



#### LONG-TERM OPPORTUNITY

Help consumers achieve their holistic health goals by focusing on personalization and convenience. Develop content and products that reflect different priorities for improving health through nutrition, mindfulness, social connections and more.



#### TOP 4 HEALTH CATEGORIES BY \$ SALES % CHANGE VS. YA

- PRE-CUT/PRE-WASHED VEGETABLES: **569%**
- PRE-CUT/PRE-WASHED FRUIT: **133%**
- HIGH PROTEIN LIQUIDS/POWDERS: **130%**
- WORKOUT SUPPLEMENTS: **63%**

Source: 84.51° Stratum, latest 52 weeks ending 2/17/24 compared to previous 52 weeks

#### A PREBIOTIC SODA BRAND SAW SALES INCREASE

**384%**



Source: 84.51° Stratum, latest 52 weeks ending 2/17/24

### 2 ENGAGING EXPERIENCE



#### CRITICAL

Ensure customers feel welcome, with a store layout (physical or digital) that's easy to navigate, friendly service and opportunities for product discovery that are enjoyable and efficient.



#### LONG-TERM OPPORTUNITY

Create immersive experiences that provide customized recommendations and real-time saving opportunities based on shopper preferences, interests and other data points to drive deeper brand connectivity and engagement across channels.

#### Which of the below grocery shopping experiences would interest you in the future?

**38%**

Smart carts that calculate cost of groceries in real-time and allow you to skip check-out

**33%**

More taste-testing stations and product demonstrations

**25%**

Digital screens on shelves that display ads, nutrition labels, and pricing/promotions

**20%**

Digital screens on cooler doors that display ads, nutrition labels and pricing/promotions

**15%**

Text based customer service/smart appliances (responses tied for 5th)

Note: 31% were not interested in the grocery innovation options listed. Source: 84.51° Real Time Insights Survey, Sep/23. Sample sourced from consumers who shopped at Kroger in latest 3 months. N=400

### 3 FLEXIBLE SHOPPING



#### CRITICAL

Increase speed and flexibility to accommodate different shopping preferences and modalities, allowing customers to shop the way they want to shop.



#### LONG-TERM OPPORTUNITY

Look for underserved customer populations whose core needs are not being met to build long-term loyalty. When mapping the customer journey, examine motivations, preferences and decision drivers to uncover actionable insights.

#### PREFERRED SUBSTITUTION METHODS

- 43%** CHOOSING THE SUBSTITUTION MYSELF
- 28%** THE SAME PRODUCT BUT IN DIFFERENT SIZES OR PACKAGING
- 24%** BEST MATCH (A DIFFERENT BUT SIMILAR PRODUCT OR BRAND)
- 4%** SAME PRODUCT BUT IN DIFFERENT FLAVOR

84.51° Real Time Insights Survey, February 2024. Base: n=400 who shopped Kroger online (pickup and/or delivery) and in-store in latest 52 weeks

#### TOP 5 FACTORS CUSTOMERS EXPECT TO BE THE SAME OR SIMILAR FOR IN-STORE AND ONLINE SHOPPING

- 79%** PRICE
- 73%** COUPONS
- 72%** PRODUCT QUALITY
- 65%** BRANDS OFFERED
- 55%** PRODUCT ASSORTMENT

### 4 PERSONAL AND CURATED

## EMERGING



#### CRITICAL

Personalization at scale will become the norm; think celebrating customer individuality through suggestions, experiences or routines in a timely manner at a reasonable price



#### LONG-TERM OPPORTUNITY

"Wow" customers with an AI-powered personal culinary advisor that understands dietary requirements and preferences and a shopping guide provided by brands.



### 5 SIMPLE AND EFFICIENT



#### CRITICAL

Speed, privacy and accuracy are top priorities for shoppers. Highlighting convenient, efficient and fast services is key.



#### LONG-TERM OPPORTUNITY

Leverage data, technology and service innovations to proactively simplify tasks from recipe planning and shopping to checking out and making a meal for a seamless experience.

#### 1 ITEM VS. 12+ TO PURCHASE 1 ITEM, MOST SHOPPING TRIPS OCCUR VIA

- 16%** IN-STORE
- 2%** PICKUP
- 3%** DELIVERY

#### TO PURCHASE 12+ ITEMS, MOST SHOPPING TRIPS OCCUR VIA

- 4%** IN-STORE
- 16%** PICKUP
- 13%** DELIVERY

Source: 84.51° Stratum, custom research, 52 weeks ending 2/10/24