**Ethnographic Observations - Sources**

**Article 1:**

Levitt, Craig (2017, March 3). *Men and Young Adults Most Likely to Grocery Shop Online.*

Retrieved 11/2/19, <https://www.winsightgrocerybusiness.com/men-young-adults-most-likely-grocery-shop-online>

Although online grocery shoppers can be found across all demographic groups, they are **more likely to be younger men, ages 18-44**.

**Amazon Prime members and young adults** are other groups more likely to grocery shop online

U.S. consumers with 52 million currently grocery shopping online

**Grocery shopping online appeals to those who find grocery shopping a necessary evil** and many of those who feel that way are men

More than 40 percent of primary grocery shoppers are men and 60 percent of men, **18 to 44**, have purchased groceries online.

NPD has found that men tend to make grocery shopping a mission and spend less time in brick and mortar stores compared to women.  Men will also buy fewer items on each trip and will likely leave the store if they can’t find an item.  Online grocery shopping is the answer for men who are looking to avoid physical trips to the store. For these reasons, **online shoppers are disproportionately men who are looking to minimize physical trips to the store.**

Another large online grocery shopping group is Amazon Prime members. With some 31 million households with an Amazon Prime membership or access to one, it makes sense that 52 percent of Amazon prime members shop for groceries online.

**Young adults of the Gen Z and Millennial generations, who were born and raised in the tech era, also favor grocery shopping online**. It’s second nature for these young adults to use the internet for all types of purchases. Online grocery shopping is especially appealing to Millennials who appreciate global cuisines and can find what they need online and see food shopping, prep, and eating as an experience rather than just sustenance.

**“Although online grocery shopping lags other e-commerce industries in terms of development, it is growing and the groups that are the most active online grocery shoppers are valuable shoppers as they spend more on groceries overall than brick and mortar only shoppers,” says Darren Seifer, NPD food and beverage industry analyst.  “Now is the time to start developing test programs if you lack an e-commerce program or to expand your current services. Keep in mind it’s about saving consumers time using an online presence for them to get the foods and beverages they’re accustomed to consuming.”**

**Article 2:**

Pearson, Betsy (2018, July 31). *Young Adults Have a Hard Time at the Grocery Store* [Blog post].Retrieved 11/2/19, <http://iwf.org/blog/2807081/Young-Adults-Have-a-Hard-Time-at-the-Grocery-Store>

millennials define healthy food as, “natural, organic, locally sourced or sustainable” adding, “millennials are more interested in how the food was grown, and how that affects their carbon footprint.”

**Article 3:**

Severson, Kim (2018, July 31). *The Freshest Ideas Are in Small Grocery Stores*. Retrieved 11/2/19, <https://www.nytimes.com/2018/07/31/dining/grocery-store.html>

Customers, especially younger ones, want stores that offer what some industry analysts have come to call “food experiences,” with craft beer on tap, **meals to go** and vegetable butchers. **They tend to shop only when they cook**, **visiting more than one store to collect ingredients, rather than making a weekly trip to stock the pantry with toilet paper, chuck roast and gallons of milk.**

**Article 4:**

Skrovan, Sandy (2017, July 24). *Millennials spend more on groceries than older generations*. Retrieved 11/2/19, <https://www.grocerydive.com/news/grocery--millennials-spend-more-on-groceries-than-older-generations/534884/>

**On average, young adults report spending $797 per month on groceries, a higher amount than any other age group**, according to the [Bankrate.com study](http://www.bankrate.com/credit-cards/spending-index-0717/). Collectively between groceries, gas, restaurants and cellphone bills, consumers ages 18 to 36 spend $2,300 more per year than those 37 and older.

Aside from age and life stage issues, grocers must consider some key generational differences in shopping behavior. Unlike their older counterparts, **millennials haven’t yet developed loyalty to any single store.** Instead, they tend to shop around to meet all their grocery and household needs.

Consequently, grocers that provide unique and fun experiences to draw shoppers and encourage them to spend — like [adding restaurants](http://www.fooddive.com/news/grocery--supermarket-foodservice-goes-upscale-will-shoppers-bite/437388/), **prepared meal solutions,**[**meal kits**](http://www.fooddive.com/news/grocery--study-meal-kits-surge-to-5b-in-sales/447316/), [in-store bars](http://www.fooddive.com/news/grocery--grocery-store-bars/438006/) and cooking/product demos — are well positioned to win over millennials.

But don’t forget that the millennial generation has grown up with online retailing — and Amazon. It will be interesting to see if millennials do more of their[grocery shopping online](http://www.fooddive.com/news/grocery--most-millennials-grocery-shop-online-heres-how-to-get-them-into-stores/436791/) just as they’ve done with other categories. [Amazon is betting on it](http://www.fooddive.com/news/grocery--how-amazon-is-disrupting-grocery/441652/).

**Article 5:**

Hoeft, Andrew (2018, February 7). *Millennials & Grocery: Shopping Trends for 2018*. Retrieved 11/2/19,

<https://datecheckpro.com/2018/02/07/millennials-grocery-shopping-trends-for-2018/>

# 1. Comfort over curiosity: online grocery shopping is catching on.

Together with the emergence of ingredient-and-recipe meal kit services like BlueApron and HelloFresh, those who’ve studied this very recent trend are discovering that **millennials are getting hungry to ditch physical shopping carts for digital ones faster than many thought.**

According to [FMI’s 2017 U.S. Grocery Shopper Trends Report](https://www.fmi.org/docs/default-source/webinars/trends-2017-webinar-7-18-2017.pdf), **the frequency of online-only store channel shopping went from 28 percent in 2016 to 43 percent in 2017**. This dramatic shift was driven in large part by millennials, as illustrated in the report’s demographic breakdown below.

## **Grocery products millennial are more likely to buy online:**

* Baby food
* Pet food or treats
* Household cleaning products
* Salty and sweet snacks

## **Grocery products millennials are least likely to buy online:**

* Non-prescription drugs
* Fresh bakery items
* Fresh meats and seafood
* Refrigerated dairy foods
* Fresh produce

**Article 6:**

Author Unknown (Date Unknown). *Retail Stores of the Future: Key trends for reinventing the grocery industry with “Supermarket 2020”* [Video Transcript]. Retrieved 11/2/19

<https://www.symphonyretailai.com/knowledge-hub/supermarket-2020-retail-stores-future/>

**• Pantry loading trips are declining, and online or quick trips are increasing.**

**• Time starvation has given rise to prepared food and grab & go options.**

There is so much change happening that current supermarket formats need to create innovative, customer centric shopping experiences, which meet the needs and demands of the modern shopper.

**Specialty food court with in-store dining and food-to-go offers provide convenience for time starved shoppers.**

Supermarket 2020 a vision for customer centric grocery shopping:

The re-designed center store features in-store quick service and deli food restaurants, offering **healthy eat-in options and pre-packed meal kits**. Food court style seating encourages customers to dine-in and consume their food-to-go purchases immediately. Touch screens on each table allow customers to engage with new products online, scan their loyalty card and search for new offers and promotions as they eat.

**There is an immediate Click & Collect service, in-store pick-up and delivery,** and a special product aisle with assortment changing twice a week to surprise and delight the customer.

Checkouts have changed too, with 80% being self-checkout units and only 20% traditional man-belted checkouts.

Finally, to collect our Click & Collect purchases, the store will feature **drive-thru options for smaller orders and a loading dock for larger items.**

**Article 7:**

Ashe, Gina (2018, January 23). Why Aren’t Millennials Shopping at Grocery Stores? [Blog post]. Retrieved 11/2/19, <https://blog.thirdchannel.com/mind-the-store/why-arent-millennials-shopping-at-grocery-stores>

Millennials….. spend the least amount of time buying groceries.

Not surprisingly, millennials make the fewest trips to the supermarket and spend the least amount of money on making food at home.

**Around**[**a quarter of millennials**](https://retail.emarketer.com/article/online-grocery-shopping-no-longer-just-millennial-story/595ff757ebd40005284d5cb0)**have bought groceries online in the last three months.**

Estimates differ, but most millennials visit a food store between three and six times per month. When it comes to food shopping, **millennials tend to want faster,**[**more efficient**](http://news.gallup.com/businessjournal/201587/grocery-stores-aren-meeting-millennials-needs.aspx)**ways of purchasing.**

Millennials are also values-driven buyers, and they’re looking for brands that match their personal convictions. **Many millennials are interested in eating healthy**, which means they look to buy fresh, organic foods. In fact, [55%](https://www.fungglobalretailtech.com/research/millennials-and-grocery-2/) of millennials consider the label “organic” important when buying food, and [40%](https://www.fungglobalretailtech.com/research/millennials-and-grocery-2/) look for limited or no artificial ingredients when reading food labels.

Sustainability and social responsibility is another driver, with millennials making up the [greatest share of sustainability-concerned consumers](https://www.credit-suisse.com/corporate/en/articles/news-and-expertise/millennials-drive-sustainability-201702.html). So, while millennials are price-conscious, they’re willing to spend a bit more to buy products that are locally or ethically made.

**Article 8:**

Author Unknown (2019, October 11). *2020 Supermarket Trends* [Blog post]. Retrieved 11/2/19,

<https://www.trulygoodfoods.com/blog/2020-supermarket-trends/>

**E-commerce is one of the biggest threats to the grocery industry. It’s why customer experience is by far the number one trend and focus for grocers in the coming years**. Supermarkets are feeling the shift to online shopping and the best way to combat this is to create custom experiences shoppers can’t get online.

**We’re seeing a decrease in the super-sized stores of the past with new supermarkets being built with a smaller footprint to allow for lower break-even levels. This size also is more appealing for customers, allowing for a faster shopping experience.**

An even smaller version are the pop-up grocery stores that are appearing in food deserts (low-income locations without access to grocery stores) to offer fresh and healthy food to locals. **These mini stores are also popping up in urban areas that don’t have the footprint for a full-size supermarket.**

**Research is showing that customers are less likely to shop only once a week at one grocery store.** The big shopping trip to fill the fridge and pantry is more fractured than in the past. There are **more shopping options than ever before the shoppers are taking advantage with quick trips to a variety of stores. Convenience is key and these more frequent shopping trips are based on needs and occasions. It’s not unusual for shoppers to stop by a different store 3-5 times a week for a few things in particular. Consumers today have busy lifestyles and are looking for stores that complement their on-the-go mentality**. To accommodate this trend, stores will be competing to offer more food options that can accommodate every daily need and eating occasion. A big piece of this is an **expanded prepared foods section** in which shoppers can feel like they’re eating a gourmet meal for a fraction of the cost with minimal cooking time.

**Technology is helping brands and retailers form more personalized connections to consumers. Interactive websites and digital resources are vital to let shoppers conduct pre-shopping research online. Mobile apps are being used to educate consumers and send them personalized in-store messages for better experiences.** Look to retailers to invest more into their digital footprint, even becoming similar to media companies with original content like cooking videos and expertise pieces.

**Major retailers are already testing automated grocery vending machines which tie into online orders.** This will expand to smaller stores looking to create a full experience for the customer that seamlessly moves form online to in-store. This innovation will continue to streamline the customer experience from product to purchase.

**Article 9:**

Walton, Chris (2019, September 13). *Grocery Retail Is Approaching a Tipping Point: 3 Predictions for How the Industry Will Change*. Retrieved 11/2/19, <https://www.forbes.com/sites/christopherwalton/2019/09/13/upcoming-groceryshop-conference-could-be-the-tipping-point-that-makes-2020-the-most-important-year-in-grocery-retail-history/#69348d7c5705>

In fact, the entire [trade] show was built on **the premise that**, no matter the disruption happening in retail overall, **the grocery industry would be the industry to transform the most over the next decade.**

For years, retailers differentiated themselves on three things — assortment, brand, and price…. Consumers now have a “New Retail” **expectation of speed and convenience**[as the fourth pillar of brand differentiation](https://www.forbes.com/sites/christopherwalton/2019/03/15/a-new-mathematical-equation-for-value-may-predict-a-not-so-glowing-future-for-walmart/#510cb845711f).

As a result, there is now a **premium on how quickly and effortlessly product can be put into the hands of consumers.**

**As long as one can get consumers to discover their products fast and with as little hassle as possible, “stores” can come in all shapes and sizes.**

The rub here is that grocery is already a low margin business that will get even worse because [**experts expect a huge explosion in the direct-to-consumer online grocery market over the next decade**](https://www.emarketer.com/content/grocery-ecommerce-2019)**.**

**Article 10:**

Bandoim, Lana (2019, October 31). *What Grocery Stores Must Do to Keep Up with Online Shopping*. Retrieved 11/2/19,

<https://www.forbes.com/sites/lanabandoim/2019/10/31/what-grocery-stores-must-do-to-keep-up-with-online-shopping/#4018427a3a08>

"Retailers are trying to adapt to two phenomena: the digital shopper and the shift to fresh and local

Improving Supply Chain Networks

"The typical grocer’s supply chain is not built to support digital shopping. Grocery supply chains are usually characterized by a single node used to supply dozens if not hundreds of stores across a region. They are not designed to fill a shopper’s grocery cart and deliver it to their home within an hour’s notice," Owens said.

**He believes supply chain designs that include a small-scale warehouse close to the shopper’s neighborhood may be the best option. Early versions of this are visible in “dark store” strategies where a retail store is converted to a dedicated fulfillment center.**

**The next generation of this strategy is now emerging as grocers deploy custom-built, fully automated micro-fulfillment centers in expanded store backrooms or as standalone fulfillment structures throughout a market. This will enable a chain to serve digital shoppers in mere minutes regardless of where they live.**

New grocery distribution centers need to be cold-chain centric, **carry less inventory and flow more product through rather than rely on piles of reserve stock sitting idle and losing shelf life.**All the redesigns need to leverage automation. It will give retailers the flexibility to deal with new product flow models