UNDERSTANDING FOOD AND BEVERAGE SHOPPERS IN **2021**

Inspira

TABLE OF CONTENTS

INTRODUCTION

The COVID-19 pandemic has been a time of unprecedented change for consumers across the globe. Many people were forced to spend more time at home than ever while adopting new ways of working, socializing, exercising, shopping, and more. Though the widespread distribution of vaccines in the United States is bringing back a semblance of normalcy, we've learned from past crises that some changes in behavior are likely to stick around.

In the world of food and beverage, we've watched as shoppers have adopted new behaviors such as online grocery shopping, placed a greater emphasis on cooking at home, and substituted for their favorite brands due to persistent out-of-stocks. Are those changes merely a one-year flash in the pan, or do they represent a more permanent shift in the way shoppers go about their business?

To understand the long-term impact of the pandemic on the world of food and beverage, we conducted a survey of 200 consumers across the United States—polling them on subjects ranging from brand loyalty and discovery to the growth of online groceries and subscription services.

PANDEMIC IMPACT ON BRAND LOYALTY

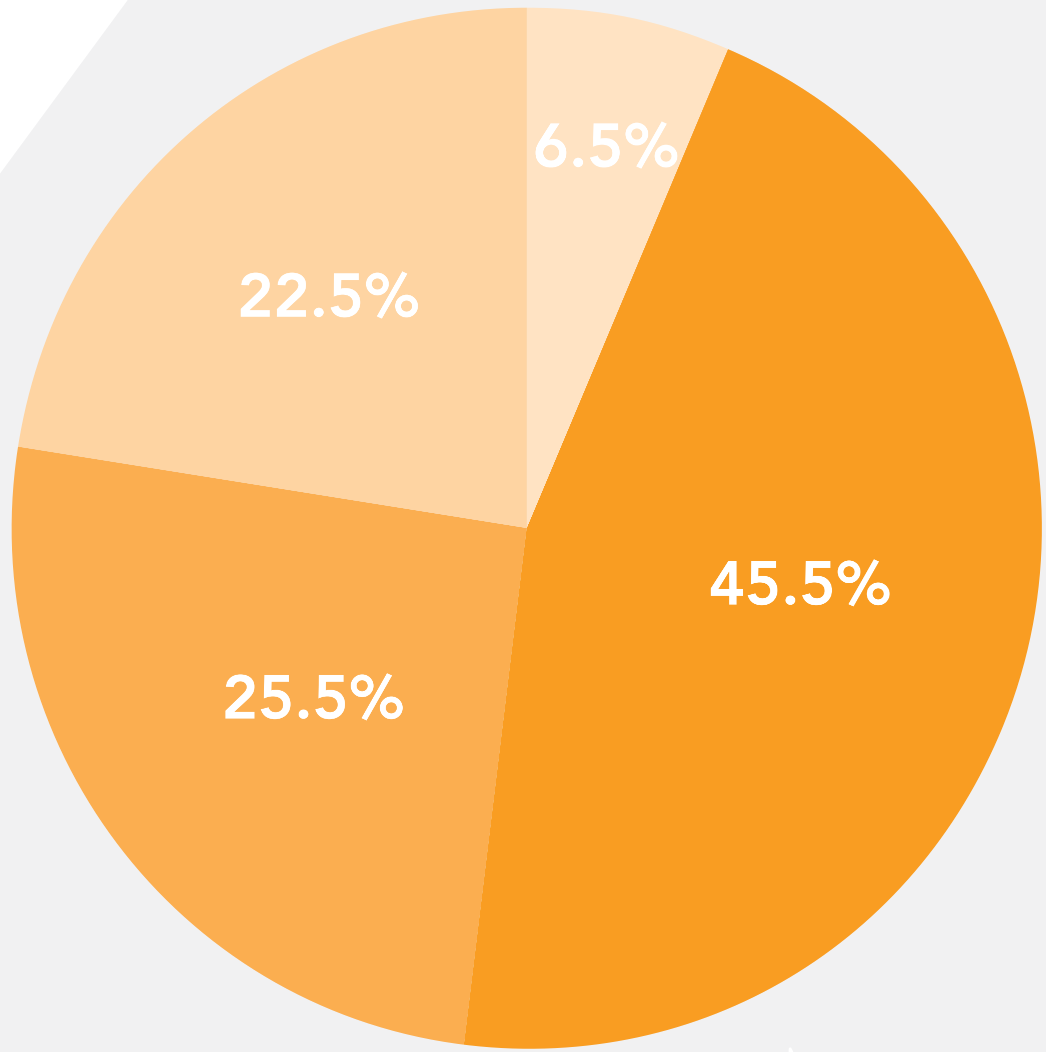
When the COVID-19 pandemic was declared a national emergency back in March of last year, consumers went into lockdown. And to prepare for that lockdown, many stockpiled goods such as toilet paper, cleaning products, and non-perishable foods. As that stockpiling occurred, there were plant closures and widespread disruptions to the supply chain—ultimately leading to the all-too-common images of empty shelves.

While the pandemic has boosted sales for food and beverage brands on the whole, those out-of-stocks forced shoppers to choose from alternatives outside of their favorite brands—thus, leading to reasonable concerns about brand loyalty going forward.

On the whole, over 95% of respondents consider themselves to be at least somewhat brand loyal, with one in four stating they are always brand loyal. Has the pandemic changed that? It should be encouraging for brands to know that only 6% of our audience said that the pandemic has had a strong impact on their brand loyalty.

Because of the aforementioned out-of-stocks, though, there has been some movement; nearly 46% of consumers said it has led to some impact on brand loyalty. The bright side? Almost half of respondents said it has had little or no impact for them.

HAS THE PANDEMIC IMPACTED YOUR LOYALTY TO FOOD & BEVERAGE BRANDS WHEN SHOPPING?



WHICH CATEGORIES INSPIRE LOYALTY?

Of course, shopper loyalty is not the same across all product categories. Any given shopper could be perfectly happy choosing whichever peanut butter is available or on sale, but other categories might elicit a response of, "my brand or bust."

So, to get a sense of which food and beverage product categories inspire the most consumer loyalty, we asked respondents to rank a set of categories that included Healthy Snacks, Salty Snacks, Desserts/Ice Cream, Water/Sparkling Water, Sports Drinks, Yogurt/Dairy, and Meat/Poultry.

Overall, Meat/Poultry leads the way in loyalty, with a top-two box (T2B) score of nearly 37%. This should come as relatively little surprise; with a category including raw foods, consumers are much more likely to lean on the brand names/products that they know and trust. This has been doubly true during the pandemic, during which consumers have shown a heightened awareness of the origins of their food. Categories such as Yogurt/Dairy (33.5%), Healthy Snacks (32.5%), and Water/Sparkling Water (30%) followed closely behind in terms of T2B scores.

On the other side of the spectrum, most consumers made it clear that they're not loyal to Sports Drinks; the category earned a bottom-two box (B2B) score of 47%, a number that vastly exceeds the B2B scores for any other listed category. Some of this can be attributed to a portion of consumers eschewing Sports Drinks, on the whole, but it's clear that there's a willingness to convert within the category.

CONSUMER LOYALTY TO CATEGORIES (MOST TO LEAST)

1. Meat & Poultry
2. Healthy Snacks
3. Yogurt & Dairy
4. Salty Snacks
5. Water & Sparkling Water
6. Deserts & Ice Cream
7. Sports Drinks

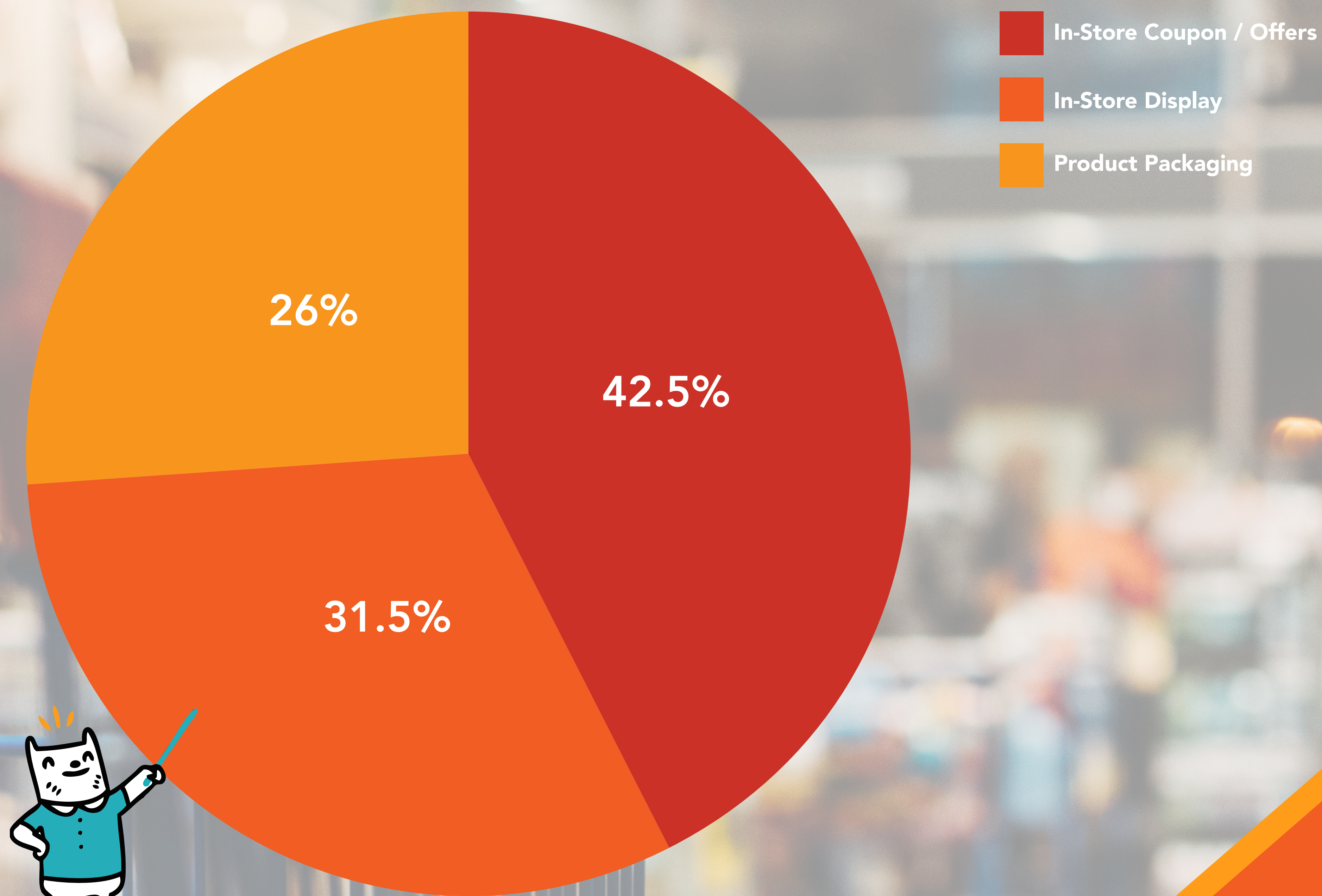
HOW DO CONSUMERS DISCOVER BRANDS?

While trial, purchase, and loyalty are the ultimate goals for brands in the food and beverage space, it's important to understand how people discover brands in the first place. To that end, we asked respondents to rank a set of channels (1-6) in order of where they discover new brands the most.

Above all else, consumers learn about new brands by seeing them in stores (57.5% T2B). However, for most, it isn't packaging that is catching their eyes. Rather, in-store coupons/offers and in-store displays make them stop, notice, and consider a new brand.

Beyond seeing a new brand in the store, recommendations from family/friends (46% T2B) and TV/Online Ads (41.5% T2B) are also able to break through the clutter. With respect to recommendations, it's clear that placing an emphasis on word-of-mouth can make a material impact on the bottom line.

WHAT MAKES YOU STOP AND NOTICE A NEW BRAND WHEN SHOPPING FOR GROCERIES?



WHAT DRIVES TRIAL?

Discovering a new brand is one thing, but what is it that drives trial? Perhaps further accentuated by the financial concerns wrought by the pandemic, price (61% T2B) and discounts/coupons (44% T2B) are the top motivators. While the emphasis on price is self-explanatory, you might be surprised to know that two-thirds of respondents said they use coupon apps, and over half of those who use coupon apps do so either somewhat or very often.

On the other side of the coin, consumers are less concerned with factors such as packaging and product claims when buying a new product. Product claims, in particular, can be a bit of a moving target based on continually shifting dietary trends. At this time, it's clear that claims such as "Low-Sugar" and "Natural" make more of an impact than "Gluten Free" or "Non-GMO."

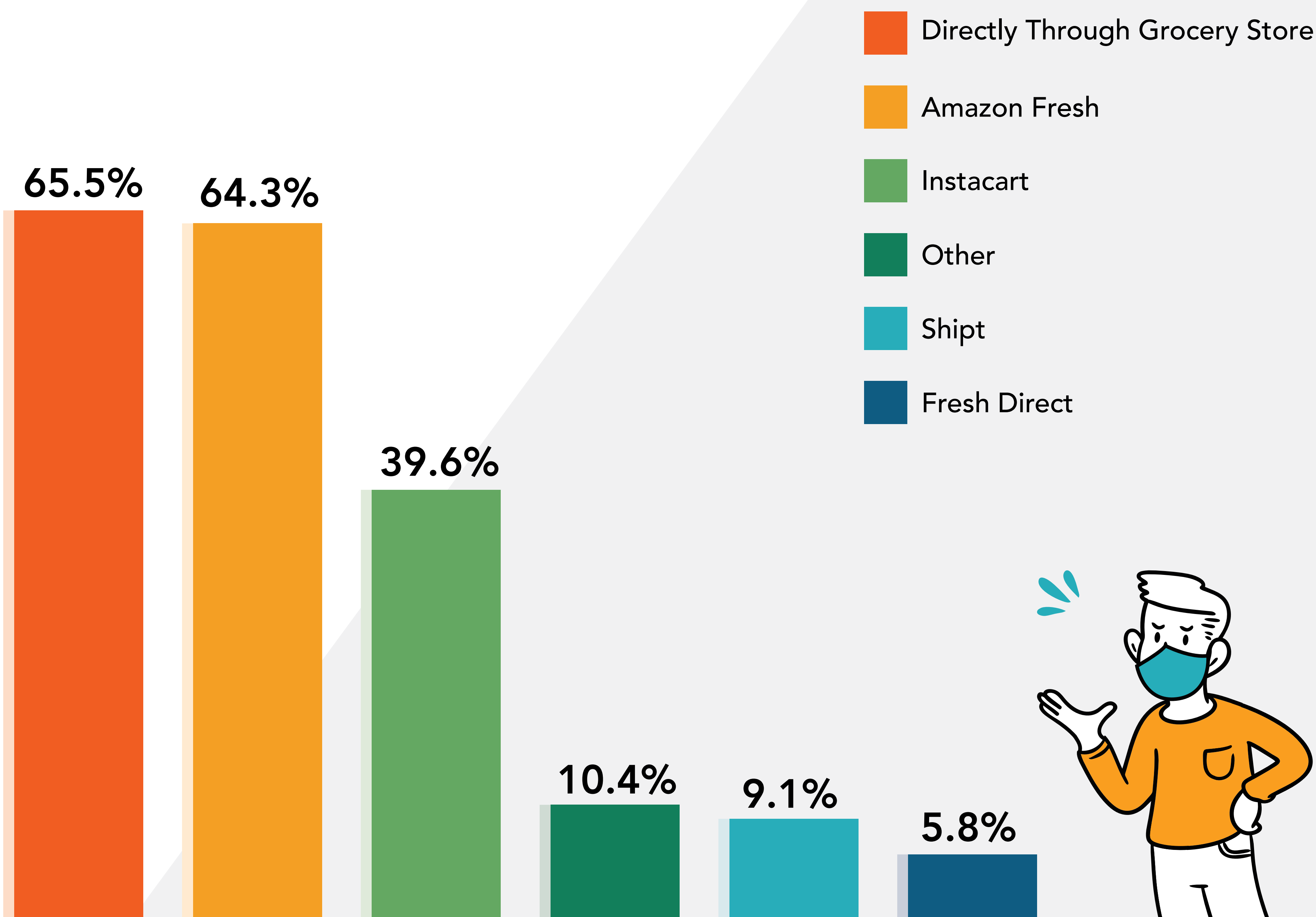
Wondering which categories consumers are most eager to try new products from? When asked to rank categories in terms of likelihood to try new products, Snacks—of both the Healthy (48% T2B) and Salty (48% T2B) variety—as well as Desserts/Ice Cream (34.5% T2B), garner the most consideration. In line with strong consumer loyalty to Meat/Poultry brands, consumers are least likely to check out new brands in this category.

Did You Know? 60% of consumers say that a strong founding story or a brand's support of a cause/mission impacts their decision either somewhat or very much.

Consumers have been able to purchase their groceries online for years, but the circumstances of the pandemic set the trend ablaze. Nearly seven in ten respondents to this study said they shopped for groceries online during the pandemic. This shift was predictable and easy to understand, but has caused many of us to question whether the behavior will linger on after the pandemic.

Of those who have shopped for groceries online, one-third of respondents say they'll do so either very often or always once the pandemic fully subsides. While that represents a sizable proportion of consumers, the good news for grocery stores is that over half plan to rarely or never purchase groceries online once they deem it safe to return in-person. And, even for those who do purchase groceries online, most are doing it directly through their local grocery store rather than using a third-party service.

WHICH ONLINE GROCERY SERVICE DO YOU USE THE MOST?

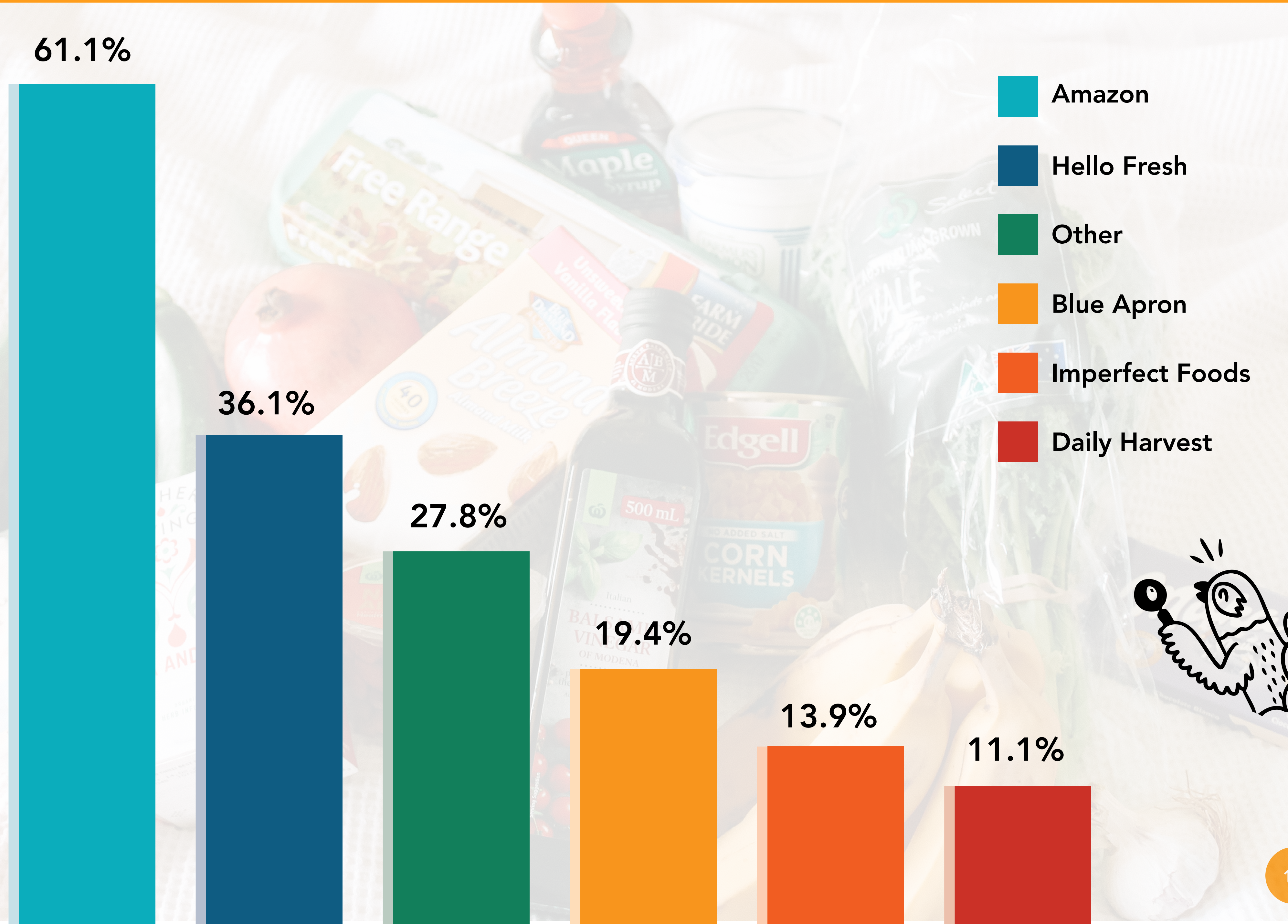


SUBSCRIPTION SERVICES

Originating with meal kit competitors such as Hello Fresh and Blue Apron, subscription services have grown in popularity and in scope in recent years. From smoothie mixes to bundled imperfect produce, it’s fair to say that there’s a subscription for just about everyone. However, when we asked respondents whether they have any food or beverage delivery subscriptions, only 18% said yes.

Why do consumers turn to these services in the first place? Above all else, convenience is key, but you might be surprised to know that 94% of those holding subscriptions view them as a good value. For that reason, 97% plan to continue utilizing their subscriptions once the pandemic subsides. Overall, brands that offer food and beverage subscriptions have an opportunity here. Not many consumers are utilizing subscriptions services, but those who do are overwhelmingly happy with the experience.

WHICH SUBSCRIPTION SERVICES DO YOU CURRENTLY USE?



CONCLUSION

As states across the country continue to re-open, we're seeing consumers return to a semblance of their pre-pandemic normal. However, some of the changes from the past year—in terms of what people buy and how they buy it—represent an acceleration of trends that were already in motion. Openness to private label products and alternative brands, which often come at a reduced cost to name brands, signals that brand loyalty should no longer be taken for granted. And new ways of purchasing products, like buying groceries online or subscription services, will only see more adoption going forward due to improved services and the ever-important convenience factor.

For brands in the food and beverage space, understanding which trends will take hold—and adapting products, services, and marketing efforts accordingly—will be key to winning out in the long-term. To learn more about the results of our study and to understand how integrated brand experiences can play a role in earning consumer loyalty in food and beverage, contact us today.

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