Point of view

The Modern Day Food Gatherer

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Ipsos Marketing

Connecting What's Now to What's Next

While we generally gravitate towards what is simple and efficient, there is mounting evidence that we are moving in the opposite direction when it comes to grocery shopping. Namely, we are more likely to shop at more than one store. Multiple stores as a matter of fact. At IPSOS, as part of our commitment to understanding shopper behavior, we conducted a national survey to understand how people shop for groceries. We find that shopping for groceries at only one store is the exception rather than the rule. We note that when shoppers have more than one store in their repertoire set, the stores are likely to be complementary (different stores are viewed as stronger in certain categories) rather than substitutable (competing based on price). We find also that fresh foods such as meat and vegetables, while non-glamorous in the world of market research, are key "destination" products that determine whether a shopper will go to a particular store. Finally, there is also evidence that consumers shop at different types of stores in their repertoire set in a predictable sequence. These findings have important implications for retailers and also for the manufacturers that distribute products through them.

Methodology

One unique feature of our questionnaire design is that all our questions were asked in an open-ended manner. That is, we did not provide respondents with a list of standardized response options that they had to select from (i.e., forced choice). We took an open-ended approach as we believe open-ended questions allow us to obtain results that are closer to reality and not influenced by standardized response options (Ho, 2012). The responses to the open-ended questions were analyzed via a text mining tool and then subjected to additional analyses (e.g., multi-dimensional scaling, hierarchical clustering). The results of these analyses are presented in this paper.

We fielded the survey among a representative sample of 900 US primary grocery shoppers from our IPSOS panel. Shoppers were asked to answer three set of questions: (1) the stores they usually shop at for groceries, at least once a month, (2) the days of the week on which they typically shop at each store and, if they shop at more than one store in a single day, the typical sequence of stores visited within that day, and finally, (3) the food items they most frequently buy from each store every time they shop there.

Foraging in multiple locations

To lay the foundation for the remaining findings in this study, we start by examining the number of grocery stores that people shop at. As seen from Figure 1, only a quarter of the population shop at one grocery store. In other words, shoppers who shop at only one grocery store are in the minority. 45% of grocery shoppers shop at two or three grocery stores and the remaining 30% shop at four or more stores for groceries.
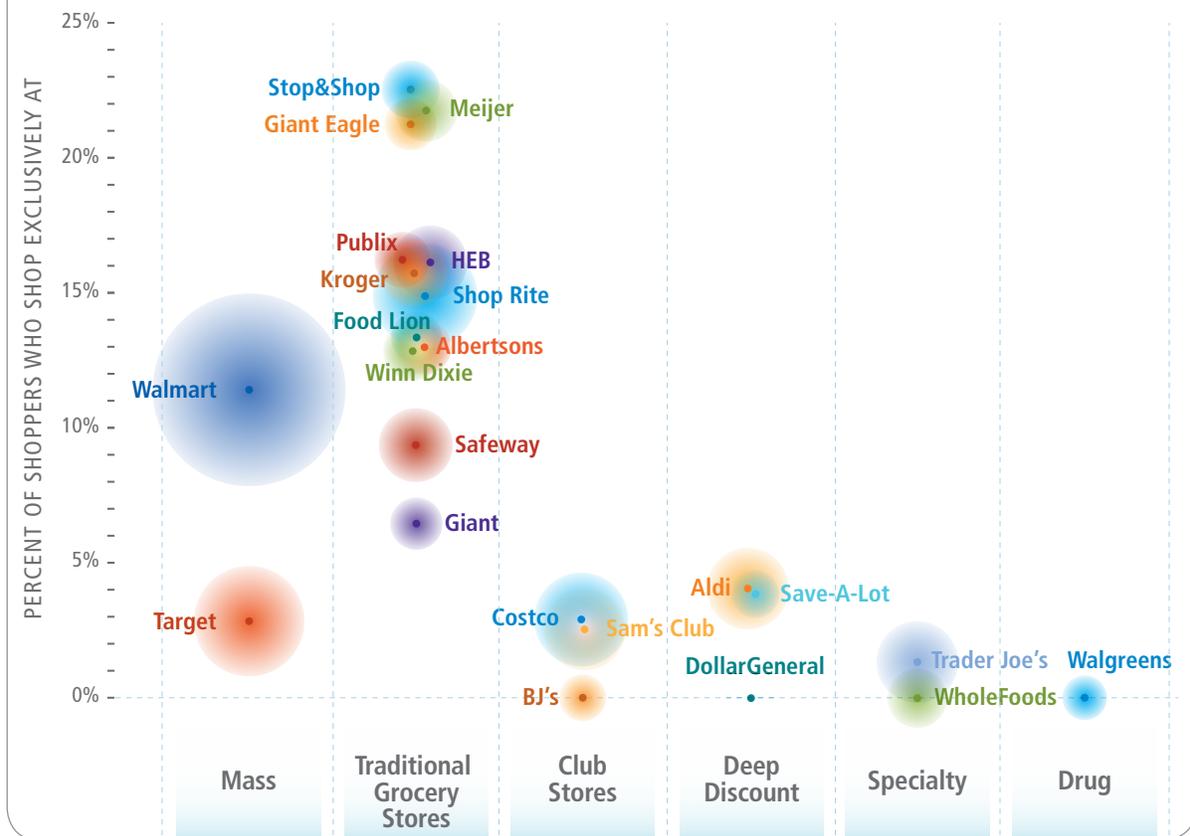
1 store
25%

2 stores
21%

Figure 1
Number of Stores Shopped at for Groceries

24%
3 stores

30%
4 or more stores
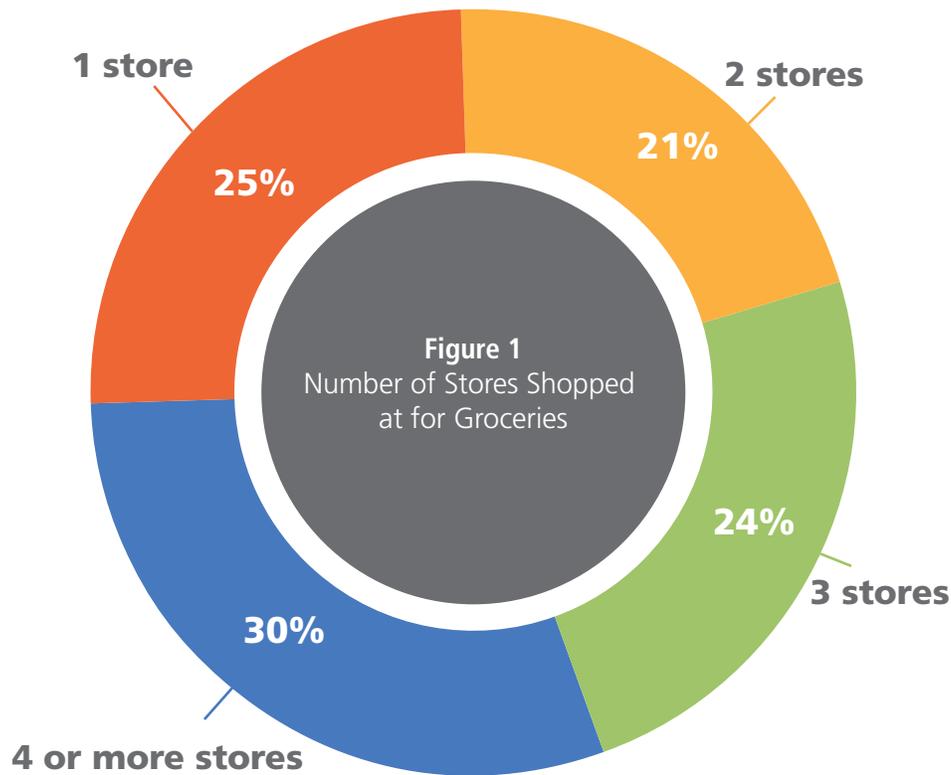
However, not all stores are equally "susceptible" to this multi-store phenomenon. There appear to be some retailers that are more likely to be the only store that a consumer shops at for groceries. Examining Figure 2, it is clear that the traditional grocery stores (2nd vertical "column" of bubbles from the left) vary in their level of exclusivity – defined as being the only store that a consumer shops at for groceries. Stop and Shop, for example, has a higher "exclusivity" score than "Giant". Understanding why some stores are better at fulfilling all of a shoppers' needs than others will help retailers compete better. Of course, what contributes to a retailer's exclusivity may also be due to a geographic location that has fewer competitors.

It should be noted that the Club Stores (e.g., Costco), Deep Discount Stores (e.g., Aldi), Specialty stores (e.g., Trader's Joe) and Drug Stores (Walgreens) are all low in exclusivity. So, while these more specialized store formats have taken away sales from traditional grocery stores, the findings here tell us that these specialized stores are by no means used as primary grocery stores.

Our finding that people shop at more than one store for their groceries has been found in other studies as well. What is not as clear, however, are the reasons people are shopping at more than one store. Is it because shoppers are simply "jumping" from store to store because of promotions and differences in pricing, or is there something more to it than just simple price comparisons?

Figure 2
Level of Store Exclusivity

Complementary or Substitutable Stores

From our data, we find evidence that shoppers are viewing each store in their repertoire as complementary. We start by looking at the items that people are buying from each store in their repertoire set. Figure 3 is interpreted by looking at the distance between retailers and grocery items. The closer a food item is located to a retailer on the chart below, the greater the likelihood that the food is purchased from that retailer.

Looking at Figure 3, it is clear that certain purchases are clustered at certain stores. For example, shoppers are more likely to purchase coffee and water from Club Stores like Costco and Sam's Club. Shoppers are more likely to purchase wine from Trader Joe's, and bakery items from Whole Foods. The findings from this analysis suggest that shoppers are shopping at multiple stores because they perceive some stores as better at some categories. Presumably, the larger packs of bottled water and coffee that Club Stores sell are a better value for consumers as these are food items consumed regularly and, hence, used up quickly. The usage of cage-free eggs, natural butters and unbleached flour in Whole Foods bakeries creates an offering that is unique to Whole Foods and, presumably, superior in quality.

Figure 3
Items Typically Purchased
From Different Retailers
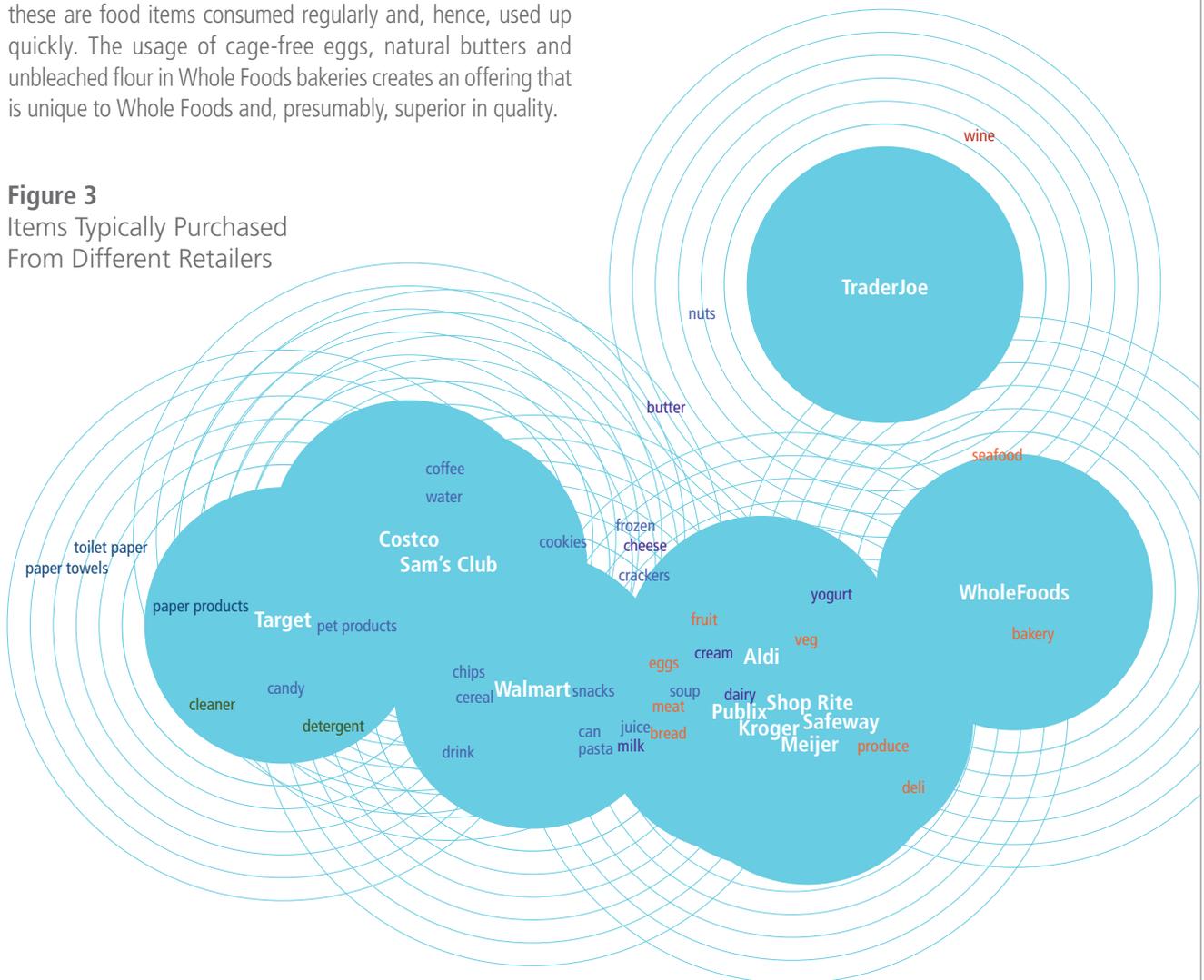
While the finding that shoppers buy different items from different stores is suggestive of complementary stores, it is not conclusive. So, we looked at the types of stores (e.g., National Grocery Chain, Regional Grocery Chain, Club Store, Drug Store, Mass Merchandise and Specialty) that shoppers have in their repertoire set. Namely, for people who have more than one store in their repertoire set, is there a systematic pattern to the types of stores that fall in their repertoire set?

To answer this question, we analyzed whether some stores are more likely to co-occur with other stores within a shopper repertoire set. The results are presented in Figure 4. Stores that tend to co-occur are linked together to form polygons. Looking at the figure, it is clear that there is indeed a systematic pattern to how we determine what stores end up in our grocery shopping repertoire.

Figure 4 shows that, in general, when stores co-occur in a shopper's repertoire set, the stores that co-occur are of different store types. For example, the "cream" polygon shows that Nationwide Grocery, Regional Grocery, Club and Deep Discount stores tend to co-occur together in a shopper's repertoire set. In other words, shoppers realize that these different store types offer different benefits and include them as part of their grocery shopping journey. It should be noted that store types appear in more than one polygon as each store type consists of many examples (e.g., Sam's Club and Costco are both Club). It should also be noted that each polygon is not meant to literally depict that there is a group of shoppers that shop at all those stores. For example, the cream polygon does not mean that there is a group of shoppers that shop at one Nationwide grocery store, four Regional stores, one Club and one Deep Discount store. The shapes simply tell us that these stores tend to cluster together across different shoppers' repertoire sets.

Figure 4
Co-Occurrence of Retailers in
Shopper Repertoire
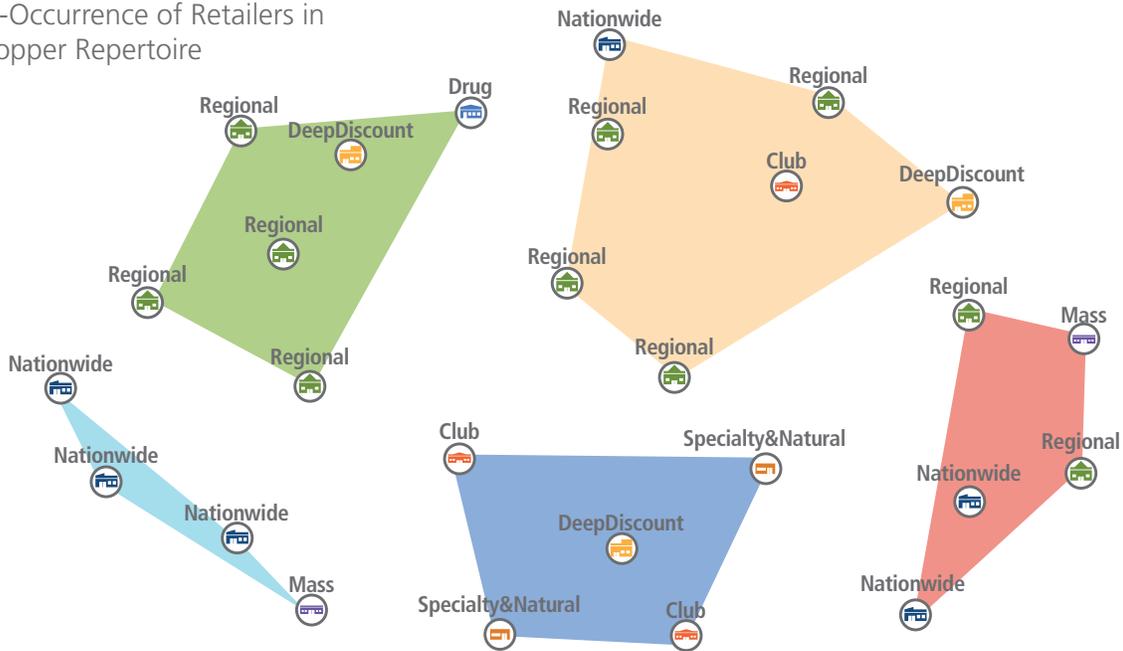
So, there is evidence that the stores in a shopper's repertoire are complementary and not simply substitutes. To the extent that stores are complementary, then a retailer may need to shift from a share of customers' perspective to a share of wallet perspective. If different stores are specialized in different categories, then one possible strategy is to maximize shares in the categories where the stores show relative strength.

Of course, retailers may try to compete by attempting to match the competitor(s) viewed as better in certain categories by upping one's own offerings. This, however, may lead to stores trying to become good at all things, which usually ends with the store being only average. In short, one cannot be the best at everything. Alternatively, the solution for a retailer may be to offer a portfolio of stores, each of them positioned differently with different offerings, to ensure maximum sales across the entire portfolio. Such a strategy, however, has to be carefully implemented to avoid the stores within a retailer's portfolio cannibalizing one another.

From a research perspective, this means that when we seek to understand grocery shopping, we cannot approach it as a single choice format (e.g., which grocery store would you shop at?). Instead, we need to understand each shopper's routine, the stores included in that routine, and what shoppers buy from each store in their set.

Thus far, the picture we have provided paints the stores within a shopper's repertoire set as complementary. Does this mean that there is no price competition between the stores in a shopper's repertoire set? To the contrary, price does appear to be part of the picture as well. There are three Regional Grocery Stores in the cream polygon and there are clusterings, such as the blue polygon, that consist of only Nationwide Grocery Stores and Mass. So, while there is certainly evidence that the stores in a shopper's repertoire set are complementary, there is also a hint that some shoppers have more than one Nationwide/Regional Grocery Store in their repertoire set and they buy from whichever store offers the best price.

We find direct evidence for the role of price when we look at whether the presence of one store in a shopper's repertoire set predicts the presence of another store. When we examine this data, there is a clear pattern that pricing plays a role in consumers' shopping repertoire as well. We find that if a shopper shops at Dollar Tree or Dollar General or Aldi for groceries, their probability of also shopping at Walmart is 60% or greater (see Figure 5). These four retailers are all known for their low prices. Clearly, price plays a role in a shopper's repertoire set .

Figure 5
Likelihood of Co-Shopping

If shop	Then likely shop	Probability
DOLLAR GENERAL	WALMART	**82%**
DOLLAR TREE		**75%**
ALDI		**61%**
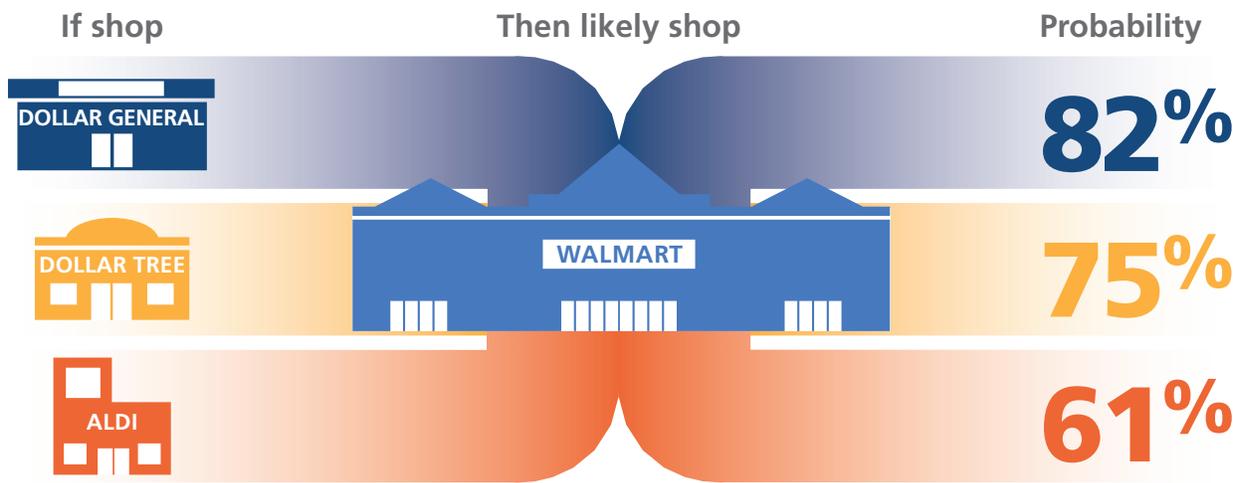
The Gathering Ritual

The sequence in which shoppers go through the stores in their repertoire set also seems to be predictable. From our data, we were able to determine that, in general, shoppers are more likely to start their grocery shopping with a National grocery retailer, a Regional retailer or a Mass Merchandiser retailer. Deep Discounts, Clubs and Specialties tend to be shopped at later (see Figure 6).

Figure 6
Sequence of Shopping
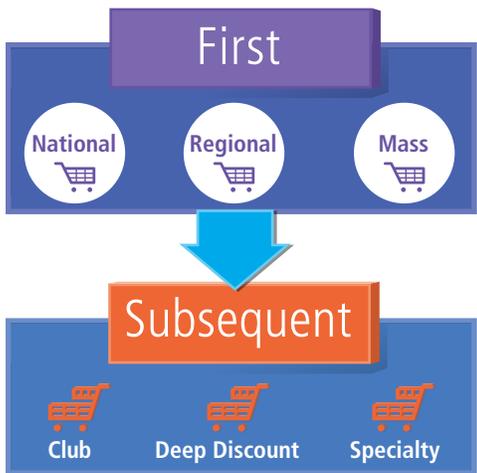
The common thread running through National, Regional and Mass retailers is that they all tend to have a wide offering of grocery products. We hypothesize, therefore, that shoppers start with these retailer formats because of a desire to get the majority of the shopping done first, and then follow up with the more specialized items. Such a sequence is good news for the National/Regional grocery retailers and Mass stores, as being first in the shopping journey means that they have the opportunity to get the entire basket. If the National, Regional or Mass retailers are not getting the entire basket today, it means that they have the opportunity to "stop" a shopper from going to a Discount/Specialty/Club if they can provide the customer with what they want.

What this means is that primary grocery retailers need to understand what items shoppers are not buying from their store, where they are buying them from instead, and the reasons why. So, while Deep Discount stores, Club and Specialties are chipping away at the National/Regional/Mass grocery stores, it appears that there is still a possibility to bring back those "lost" sales. From a Club Store, Specialty and Deep Discount retailer perspective, the question is how these more specialized retailers can bring shoppers in to start shopping at their stores first in order to maximize their basket.

We also looked at the days of the week shopped by type of store (see Figure 7). In general, Saturday and Sunday are the days where most shopping is done. This is consistent with the findings from other research. More interesting perhaps is that there seem to be certain days of the week where certain types of stores are more likely to be shopped at. In the chart below, we show that Club Stores are more likely to be shopped at over the weekend, Deep Discount and Nationwide Grocery stores are more likely to be shopped at Monday through Thursday, and Mass stores are more likely to be shopped at on Friday. Location and proximity may be contributing to the results here. For Club Stores, these stores tend to be located further away from home and hence shoppers may save the trip to the Club Store for the weekend. For Deep Discount and Nationwide stores, their locations are likely more convenient for a mid-week trip. Finally, Mass may be more likely to be shopped at on Friday perhaps because purchases at Mass likely involves more than food (i.e., personal health products, OTC products) and Friday is also when many people get paid.
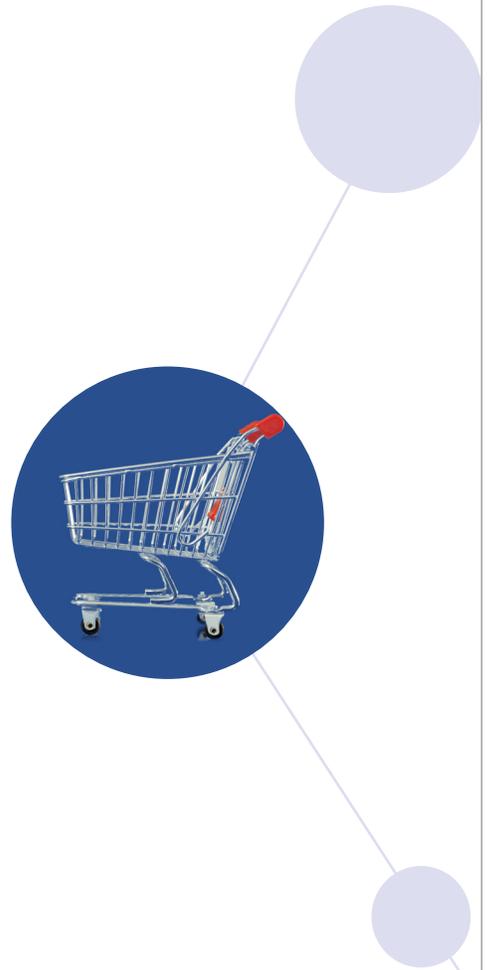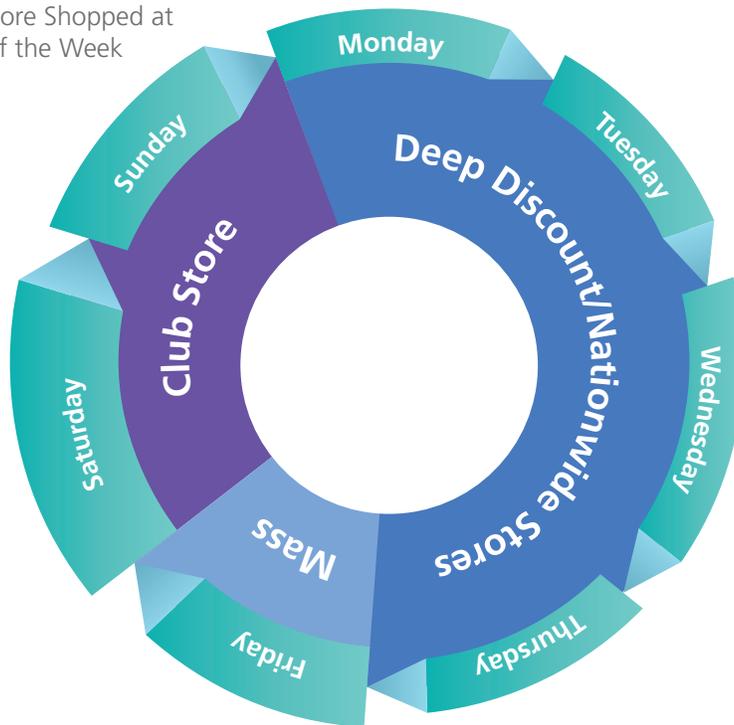
Figure 7
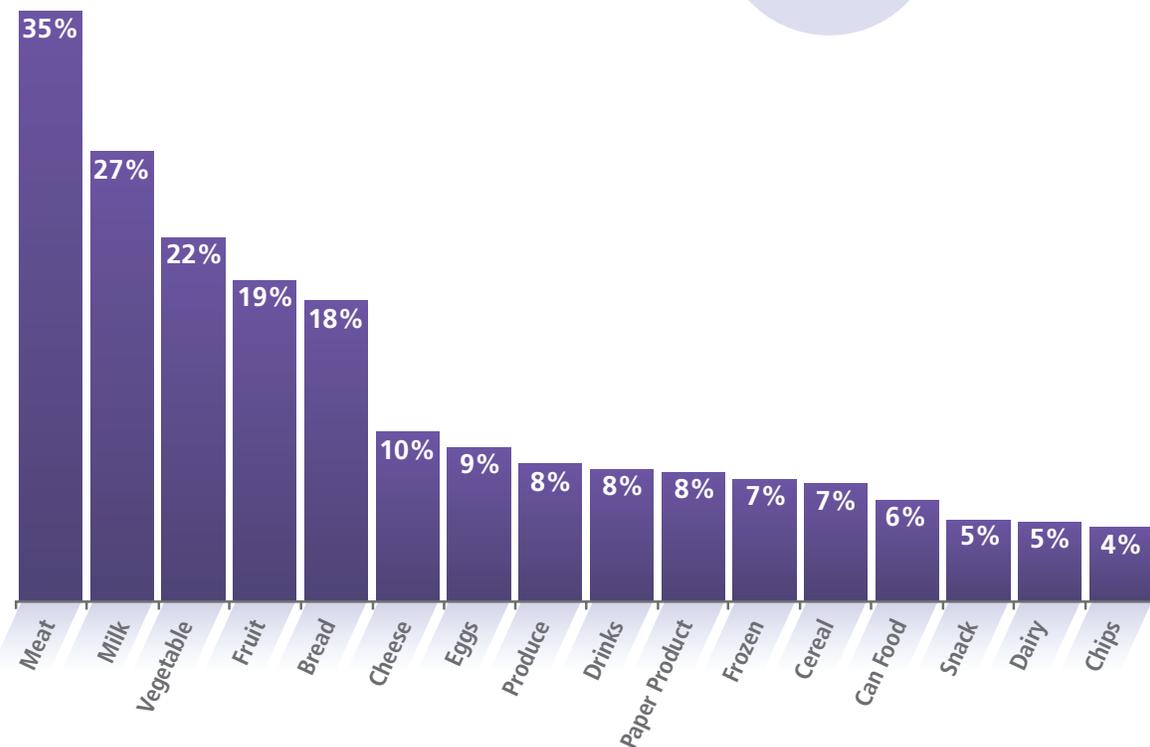Type of Store Shopped at
by Days of the Week

The Basket

Finally, we looked at the items that are driving people to each of the stores in their repertoire set. One of the questions we asked shoppers was what items they almost always buy from the stores in their repertoire set. In Figure 8, we observe that the items mentioned most are fresh foods (e.g., meat, milk, vegetable, fruits): That is, items that we consume on a frequent basis. It is clear that high quality fresh foods drive trips to a store. This makes sense as, unlike packaged goods whose quality is constant across stores, the quality of fresh foods can vary from store to store. While consumers' perceptions of fresh foods are relatively less researched than consumer packaged goods, it is clear that fresh foods are of utmost importance in driving trips to a store. Given their importance, it is critical that retailers devote resources to understanding what consumers are looking for in fresh food. For example, what are the sensory signals of high quality fresh food (e.g., color, feel)? How price sensitive are consumers to fresh food? The answers to key questions on how consumers make purchase decisions on fresh foods will provide guidance to retailers on how to drive trips to their stores.

Figure 8
Items Most Frequently Buy

| Item	%
Meat	35%
Milk	27%
Vegetable	22%
Fruit	19%
Bread	18%
Cheese	10%
Eggs	9%
Produce	8%
Drinks	8%
Paper Product	8%
Frozen	7%
Cereal	7%
Can Food	6%
Snack	5%
Dairy	5%
Chips	4%

Conclusion

Our findings provide a detailed picture of how the modern day consumer gathers food. When it comes to choosing the stores we shop at, the picture that emerges is one of a systematic and rational shopper. This does not mean, however, that our choices and decisions on what we buy while we are in a store are completely rational. Our finding simply shows that our modern day food gatherers tend to select stores that are complementary to one another, offering the best of the range of items they buy, and at the prices they are willing to pay. The modern day food gatherer also exhibits a predictable shopping pattern, starting with their primary grocery stores (i.e., National Grocery, Regional Grocery or Mass Merchandiser) and then proceeding to more specialized retailers to complete their shopping (e.g., Club Stores, Deep Discount, Drug, Specialty). And finally, what brings a shopper to a specific retailer is high quality fresh food, the basic food items that we eat all the time. These fresh foods are items that shoppers almost always buy when they shop at the store (i.e., destination products). While we may have advanced beyond our foraging forefathers with modern day grocery stores and even online grocers, our fundamental need for high quality fresh food has remained unchanged.

The pattern of foraging for food that we present here has important implications for both how research on grocery shopping should be conducted as well as what retailers and manufacturers can do to optimize their sales. From a research perspective, the findings show that we need to research grocery shopping within a larger context. Too often, the scope of retailer studies focus on shopping missions, shopping for only a single category, and/or is restricted to primary grocery stores only. Our findings lead us to believe that we need to take into account a shopper's entire grocery shopping routine to fully understand grocery shopping behavior.

To optimize sales, retailers need to similarly understand the entire shopping journey of a consumer, not just the primary grocery store they shop at or specific trip types. From a retailer perspective, it may be about maximizing share of wallet as opposed to maximizing share of customers. The specific sequence of grocery shopping can also be leveraged by retailers. Knowing, for example, that a certain group of shoppers always skips the fruit section at a National Grocery Chain and instead opts to shop for fruits at Whole Foods at a later time is clearly a problem the National Grocery Chain would need to address. Finally, from a manufacturer's perspective, the finding that shoppers shop at multiple stores for different items presents them with the opportunity to optimize where to place their products. Knowing for example that a group of shoppers almost always buys bottled water from Club Stores as part of their routines, suggests that a launch of a new bottled water product should not only be distributed in National Grocery Chains but also in Club Stores, and with the right package size, to ensure maximum trial of the new product.

References

Ho, C. (2012). Using text analytics to bring us closer to reality. Ipsos Marketing Point of View.
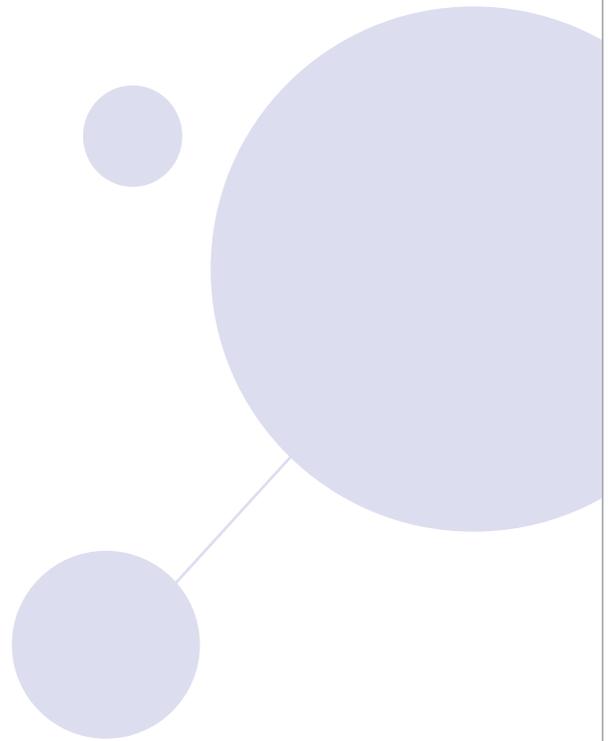
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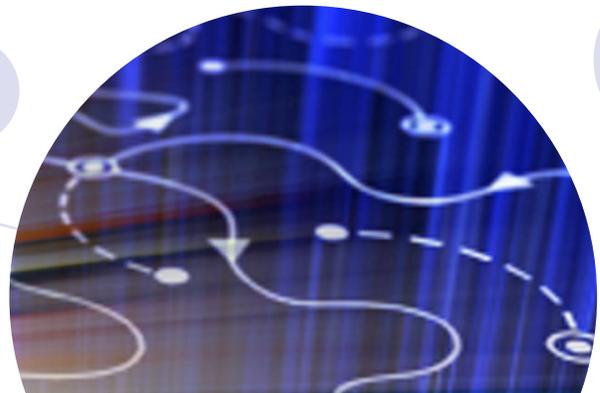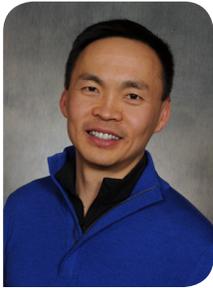
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