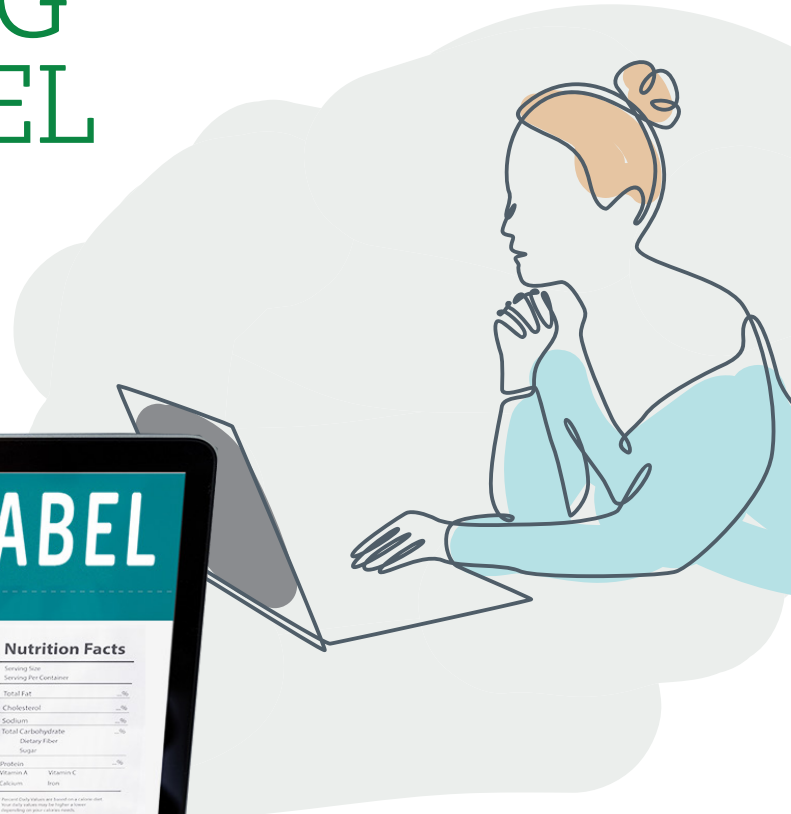


# TRANSPARENCY IN AN EVOLVING OMNICHANNEL WORLD





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#### About FMI

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 chain. FMI brings together a wide range of members across the value chain—from retailers that sell to consumers, to producers that supply food and other products, as well as the wide variety of companies providing critical services—to amplify the collective work of the industry. [www.fmi.org](http://www.fmi.org).

#### About NielsenIQ

**NielsenIQ** is the leader in providing retail trading partners with the most complete, unbiased view of global consumer behavior. Powered by an unrivaled consumer data platform and fueled by rich analytic capabilities, NielsenIQ enables retailers and CPG manufacturers to make bold, confident decisions via comprehensive data sets which measure all transactions equally. NielsenIQ's open-source platform seamlessly integrates data to provide clients with a forward-looking view into consumer behavior across all retail platforms. An Advent International portfolio company, NielsenIQ has operations in nearly 100 markets, covering more than 90% of the world's population. For more information, visit [NielsenIQ.com](http://NielsenIQ.com) or connect with us on [LinkedIn](#), [Twitter](#), [Facebook](#) and [YouTube](#).

#### About David Orgel Consulting LLC

David Orgel Consulting LLC delivers strategic content and thought leadership focused on the quickly transforming food retail and CPG industries. Clients include associations, industry companies, and other organizations. David Orgel, principal, is a well-known writer, consultant, journalist and industry expert who was the longtime chief editor of Supermarket News. For more information visit [www.davidorgelconsulting.com](http://www.davidorgelconsulting.com)

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# INTRODUCTION

## Shoppers Navigate a Changing Landscape

**A LOT HAS CHANGED IN THE WORLD** *since the 2018 FMI report called **The Transparency Imperative**, which examined transparency trends in food retail. The COVID-19 pandemic has caused a surge in online grocery shopping and a growing consumer embrace of health and well-being and environmental sustainability solutions.*

**Transparency Perspectives Evolve:**

It's not surprising that consumers are gradually evolving their perspectives. They still feel very strongly about the need for retailers and manufacturers to relay transparency, but they are gradually expanding their areas of focus. Ingredients and nutrition information are still most important, but emerging factors include diets that products comply with, sustainability practices, a widening array of allergen information and company social responsibility programs.

**Impact of Omnichannel Shopping:** Transparency trends have evolved as omnichannel shopping takes on greater importance. Consider that the majority of online grocery shoppers (64%) began this mode of food shopping only in the past 18 months — and 43% cite the pandemic specifically as a reason. Given that context, it's easy to see how shoppers are looking at transparency through new lenses.

The food industry has a lot to learn from the evolving perspectives of shoppers on transparency, omnichannel shopping behaviors, health and well-being and other topics. This is the third in a series of consumer survey-based reports from FMI — The Food Industry Association — and NielsenIQ (previously from Label Insight, which is now part of NielsenIQ).

**Multi-layered analysis:** This report benefits from both quantitative and qualitative approaches. A comprehensive in-depth national consumer survey produced a wide range of findings on topics ranging from transparency to omnichannel shopping behaviors. As a follow-up, select respondents were chosen for individual interviews to further illuminate perspectives and provide quotes.

**Next industry steps:** This report presents suggested next steps for retailers and suppliers. These include acting on pandemic lessons, monitoring consumer values-based shifts, easing shopper health and well-being journeys, taking advantage of the inherent strengths of online shopping and prioritizing shopper experience.



## INTRODUCTION (continued)

Here are a few consumer-respondent comments from one-on-one interviews that help paint a picture of the latest shopper attitudes and motivations on transparency, health and omnichannel shopping.

### SHOPPERS RELAY KEY PRIORITIES

#### Transparency and Trust

*"If a company is transparent and willing to show the label online, I'm more likely to trust them. I'm able to zoom in and really see it up close."*

#### Product Information

*"I'm attracted to products that can tell me why I'm spending more. Is it for better quality? Is it for sustainability? Is it for recyclable?"*

#### Brand Stories

*"Tell me your backstory. I love the stories about the companies, especially the little guys that are just starting in the business."*

#### Eating Approaches

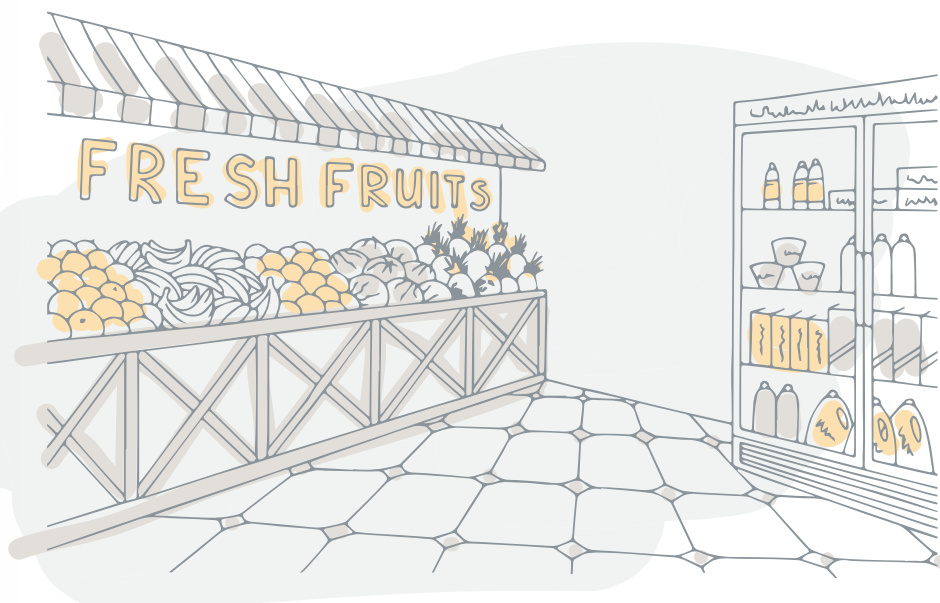
*"You really have to be careful these days because there's a lot of misinformation about diets."*

#### Online Shopping

*"I like shopping online. It was hard when things were out of stock because of the pandemic. But if it wasn't for that, it's easy and I enjoy online the most."*

#### In-Store Shopping

*"I want to touch the products in store, check the dates and see new things. I can't really do this shopping online."*





# TEN KEY REPORT TAKEAWAYS

## KEY FINDINGS FROM THE REPORT

1

**Consumers Value Transparency — and Perspectives Evolve:** Consumers give a strong thumbs up to transparency in the latest survey results. About three quarters of shoppers surveyed said transparency from brands and manufacturers is extremely important or important. Transparency was defined as providing detailed information such as what is in food and how it is made. Areas of greatest interest for finding additional product information online include ingredient definitions and in-depth nutritional information — all consistent with earlier research. However, a number of secondary factors are more important to consumers. These include diets the product complies with, a company's sustainability practices, additional certifications the products qualify for and a company's social responsibility programs. In fact, more than half (51%) of consumers are now interested in at least one of the secondary factors, versus 44% in the comparable 2018 research.

2

**Pandemic Sparks Changes:** Many consumer behaviors have been transformed as a result of the COVID-19 pandemic. A case in point involves online shopping behaviors. The majority of online grocery shoppers (64%) began this mode of food shopping only in the past 18 months — and 43% cite the pandemic specifically as a reason. Consider that back in 2018, the research found just over one-fourth of shoppers (26%) purchased groceries online in the past 30 days. That has now advanced to more than one-half of grocery shoppers (55%) in the latest findings.

3

**Shoppers Embrace Healthy Eating:** The pandemic drove many consumers to eat healthier. In fact, 48% of consumers say that moving forward they expect to eat healthier. Some 89% say general nutrition facts about a product are at least somewhat important in deciding which products to buy when grocery shopping — while 66% find this important or extremely important. Meanwhile, 45% say showing in-depth nutritional information is an indication of transparency.

4

**Transparency Drives Loyalty and Trust:** Most shoppers consider transparency to be extremely important or important (72%) — with transparency defined as providing detailed information such as what is in their food and how it was made. Shoppers say that transparency boosts their trust in manufacturers and retailers. Almost two-thirds of shoppers (64%) say they would switch from a brand they usually buy to another brand that provides more in-depth product information, beyond what is provided on the physical label.

5

**Younger Consumers in Forefront:** Gen Z (74%) and particularly Millennial (79%) shoppers are more likely to say it is important that the companies they buy from are transparent compared to Gen X (63%) and Boomers (70%). Younger shoppers are also more interested than others in looking for information beyond what appears on labels and in searching labels to make sure foods meet their diet- or health-related needs.

6

**Trust Doesn't Line up With Responsibility:** Shoppers consider a range of stakeholders — from manufacturer brands to grocery stores — as responsible for providing detailed product information about foods. However, the high levels of responsibility often aren't matched by similarly high levels of shopper trust. A case in point is with manufacturer/brands: Shoppers are most likely to cite manufacturers or brands as being either completely (57%) or partially (37%) responsible for providing detailed product information. However, only 31% of shoppers completely trust the information provided by manufacturers or brands.

7

**Online Nutritional Comparison Difficult:** Most online shoppers (69%) say being able to compare product details — such as nutrition content and ingredients — is important or extremely important. However, only about one-third of online shoppers (36%) say making these comparisons is very easy.

8

**Online Shines for Discovery and Stories:** Online shopping outperforms in-store when it comes to discovery of new products and learning more about a product's story — including information about sourcing and manufacturing processes. For example, 47% said discovery of new products is easier online, compared to 23% saying harder and 30% saying about the same.

9

**Sustainability a Key Shopper Priority:** Almost 69% of shoppers would like to know more information about the products they purchase to understand how they can contribute to a better planet. Close to 20% of shoppers said providing information on sustainability practices is an indicator of transparency.

10

**Strategies for Boosting Online Experience:** What are the best ways to enhance online shopping experiences? Consider the guidance from shoppers on this question. They want faster delivery (42%), easier to use websites (37%), more and better product information (30%), retention of order history (29%), more accurate search functionality (28%) and product recommendations based on preferences (23%).

## METHODOLOGY

This report is based on a quantitative, online survey of 1,035 U.S. grocery shoppers who share in at least 50% of their household's grocery shopping and had shopped either online or in-store in the past two weeks. Throughout the report, survey respondents are referred to as grocery shoppers, shoppers or consumers interchangeably. However, online grocery shoppers are specifically those who have purchased groceries online at least once in the previous 30 days. In addition, early in the survey respondents were presented with a definition of what it means for a brand or manufacturer to be transparent – to provide detailed information such as what is in their food and how it was made.

The survey was conducted from September 14 to 28, 2021 with a nationally representative sample of U.S. grocery shoppers based on age, gender, region, race, ethnicity, income and household composition. A summary of the demographic and grocery shopping characteristics of the survey respondents can be found in the Appendix of this report. At the conclusion of each survey, respondents were asked to take part in an in-depth interview to further explore their grocery shopping habits, attitudes and priorities. A total of 16 interviews were conducted among these shoppers. Insights and quotes from these interviews can be found throughout this report.





# THE STATE OF TRANSPARENCY

## IMPORTANCE OF TRANSPARENCY

As established in *The Transparency Imperative* research conducted by FMI and Label Insight (now NielsenIQ) in 2018, shoppers consider transparency by brands and manufacturers to be important. Shoppers (survey respondents) were presented with a definition of what it means for a brand or manufacturer to be transparent — to provide detailed information such as what is in their food and how it was made. Based on this definition, most shoppers consider transparency to be extremely important or important (72%), with many of the remaining shoppers saying transparency is somewhat important (20%). Only 8% consider transparency to be not important in their purchase decision making.

Transparency is particularly important for certain segments of shoppers:

- ▶ **Gender:** Male shoppers (76%) place more importance on transparency than do female shoppers (70%).
- ▶ **Generations:** Gen Z (74%) and particularly Millennial (79%) shoppers are more likely to say it is important that the companies they buy from are transparent compared to Gen X (63%) and Boomers (70%).
- ▶ **Education/Income:** Shoppers with more formal education (77% with a college degree) and those with higher incomes (80% for \$100K+, 78% for \$50K-\$99K) place more importance on transparency than their counterparts.
- ▶ **Parents:** There is a high correlation between the presence of children in the household (79%) and the importance of transparency.
- ▶ **Geography:** Those who live in the Midwest (65%) place less importance on transparency than those who live in other areas of the country. Those who reside in urban areas place more importance on transparency (80% urban vs. 69% suburban vs. 66% small town/rural).

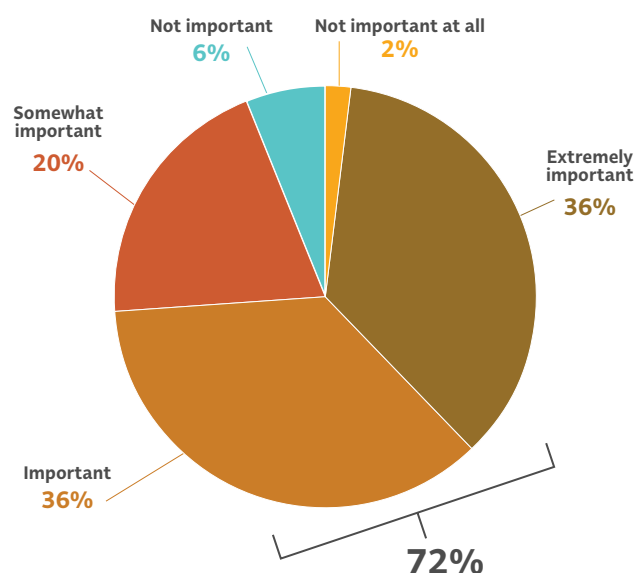
Consumers who spend more on groceries (76%) are more likely than lower spenders (69%) to say transparency is important to them. Consumers who shop for groceries online (80%) are more likely to be focused on transparency than those who only shop in-store (63%).



## KEY INSIGHT

Food retailers are far more likely to see positive rather than negative impacts on their businesses from consumer demands for transparency, according to findings in FMI's 2021 The Food Retailing Industry Speaks research report. Some 27% see this as positive for their businesses, and only 2% say negative. Meanwhile, Speaks found that 42% of responding companies have quantified goals and implementation timeframes for product transparency, and 30% are working on this goal.

## IMPORTANCE OF TRANSPARENCY



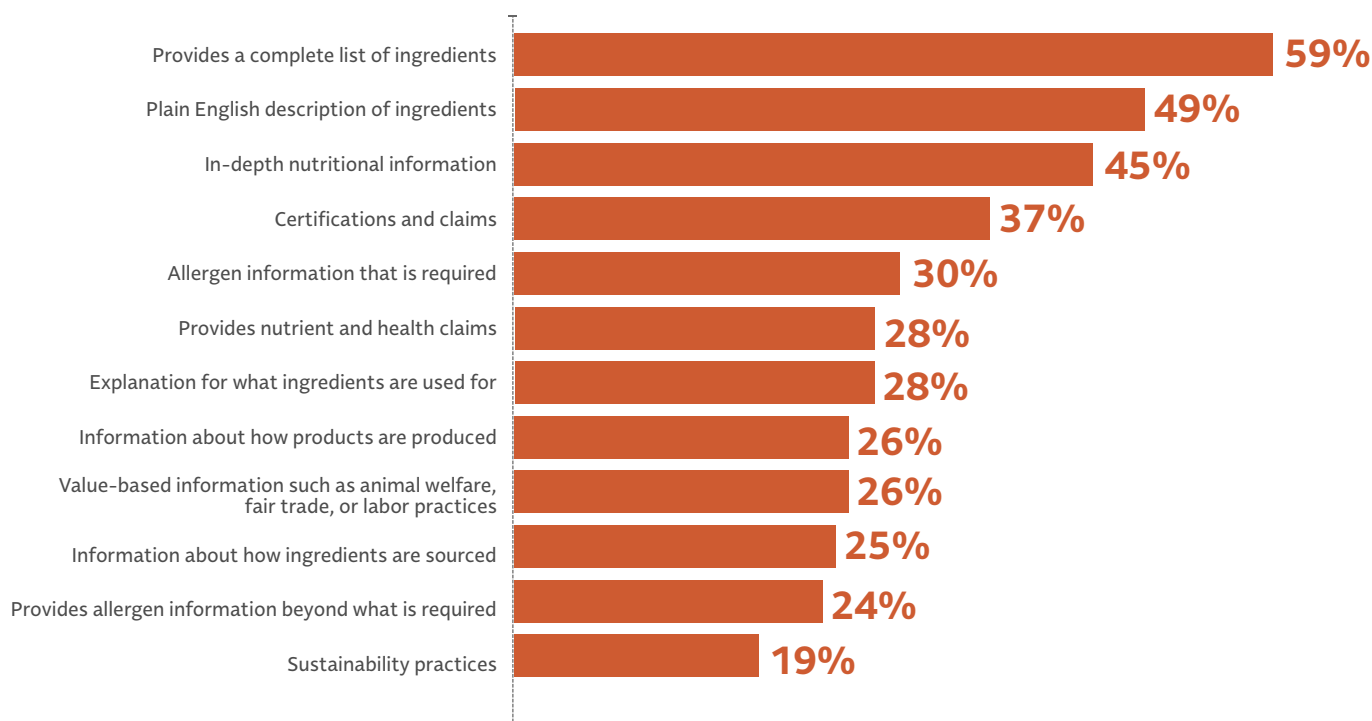
Q18. How important is it that the brands or manufacturers you buy from be transparent (provide detailed information such as what is in their food and how it is made)?

## INDICATORS OF TRANSPARENCY

The survey explored what kinds of information shoppers require to determine if a brand or manufacturer is being transparent. The leading responses focused on ingredients and nutrition information, but for many shoppers it goes further. Most respondents (80%) cited at least one indicator that goes beyond ingredients and nutrition information. These include factors such as allergen information, certifications and claims, and values-based information such as animal welfare, fair trade and labor practices.

- ▶ **Ingredients:** Most shoppers (85%) focus on availability of ingredients information as a sign of transparency — a finding that also emerged from the research three years ago. Along these lines, providing a complete list of ingredients is the leading indicator of transparency (59%), followed by a plain-English description of ingredients (49%). Some shoppers are looking for more about the ingredients, such as an explanation of what ingredients are used for (28%).
- ▶ **Nutrition Information:** Almost half (45%) say that providing in-depth nutrition information is important for them in determining if a brand or manufacturer is being transparent.
- ▶ **Allergen Information:** Some shoppers consider allergen information to be an indicator of transparency. Specifically, at least four in ten shoppers (42%) say providing allergen information that is required by regulations (30%) or that goes beyond requirements (24%) are indicators of transparency.
- ▶ **Certifications and Claims:** Nutrient and health claims (such as Heart Healthy) are important to some shoppers (28%) as indicators of transparency, and certifications (such as certified Organic) are even more likely to relay transparency (37%).
- ▶ **More Information:** Other shoppers point to the importance of drilling deeper on certain topics as indicators of transparency. These topics include how products are produced (26%), how ingredients are sourced (25%), sustainability practices (19%) and value-based information such as animal welfare, fair trade or labor practices (26%).

### INDICATORS OF TRANSPARENCY



Q21. How do you determine whether or not a brand or manufacturer is being transparent?



## KEY INSIGHT

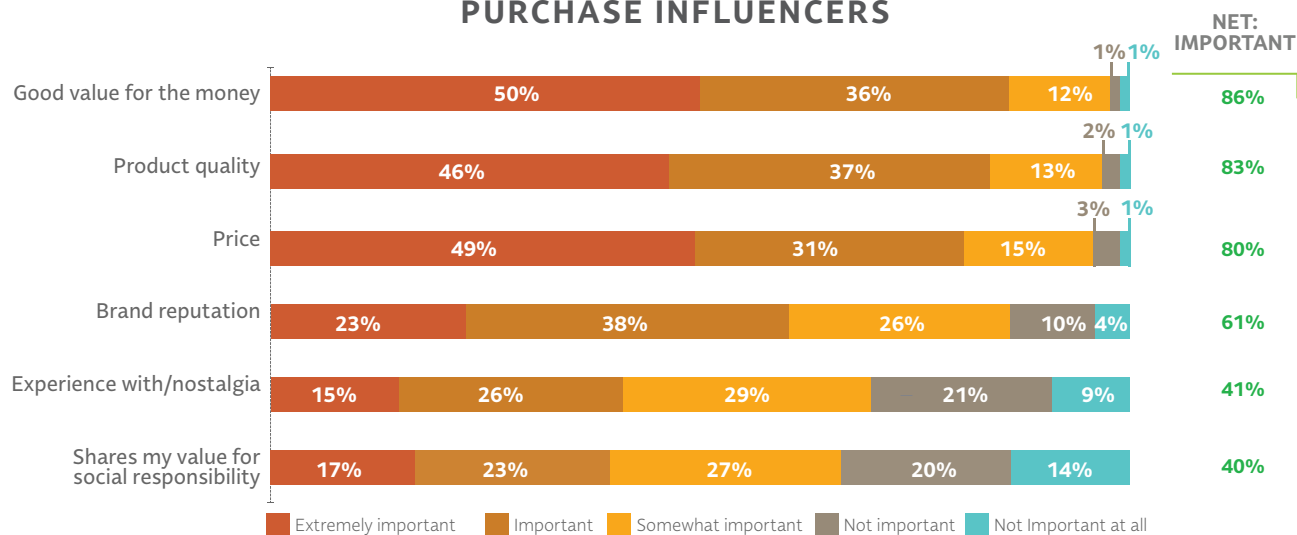
Shoppers seek a wide variety of product attributes and claims when purchasing food products, and these attributes tend to fall into specific themes, according to FMI's *U.S. Grocery Shopper Trends 2021* data.

- Some 79% of shoppers say they actively look for at least one product attribute displayed on the front of the package.
- The biggest themes are avoiding negatives (63%), minimal processing (49%), whole grains/fiber (31%), and ethical practices (26%).
- Gen Z and Millennials (82%) actively look for attributes and claims slightly more so than Boomers and Silent (77%) when purchasing a food product.

## PURCHASE INFLUENCERS

Shoppers most frequently examine what is the best value in their grocery shopping purchase decisions. Both product quality and price are also important drivers. Brand reputation is important to some shoppers, while experience with a product or nostalgia is important to far fewer shoppers. Brand and experience with a product are more important to online grocery shoppers. Knowing that a brand shares the shopper's values for social responsibility is important to a smaller but sometimes vocal share of consumers, particularly those who shop for groceries online.

### PURCHASE INFLUENCERS



## EXPLORING SHOPPER DECISIONS

Beyond these broader considerations, most shoppers place significant importance on the ingredients in the products and the general nutrition facts about the products they purchase when grocery shopping. However, they do not stop there.

- More than half of shoppers** say the health benefits the product offers (59%), the source of the ingredients (56%) and the dietary claims (fat-free, high fiber, etc.) a product makes (51%) influences their purchase decisions.
- Almost half of shoppers** say how the product was manufactured or grown (49%), presence of allergens (46%), where the product was manufactured or grown (47%) or product claims (organic, grass fed, etc.) (47%) are important to their grocery purchase decisions.
- Most shoppers (72%)** agree they are more likely to buy products with in-depth product information beyond what is provided to them on the physical label. Further, more than half of shoppers would be willing to pay more for a product that provided this additional information.

## SHOPPER DECISIONS



## KEY INSIGHT

Retailers are leveraging a range of strategies to relay health and well-being product information, according to FMI's 2021 *Retailer Contributions to Health and Well-Being report*. The strategies include in-store signage, in-store shelf tags, in-store on package label and online. Findings include the following:

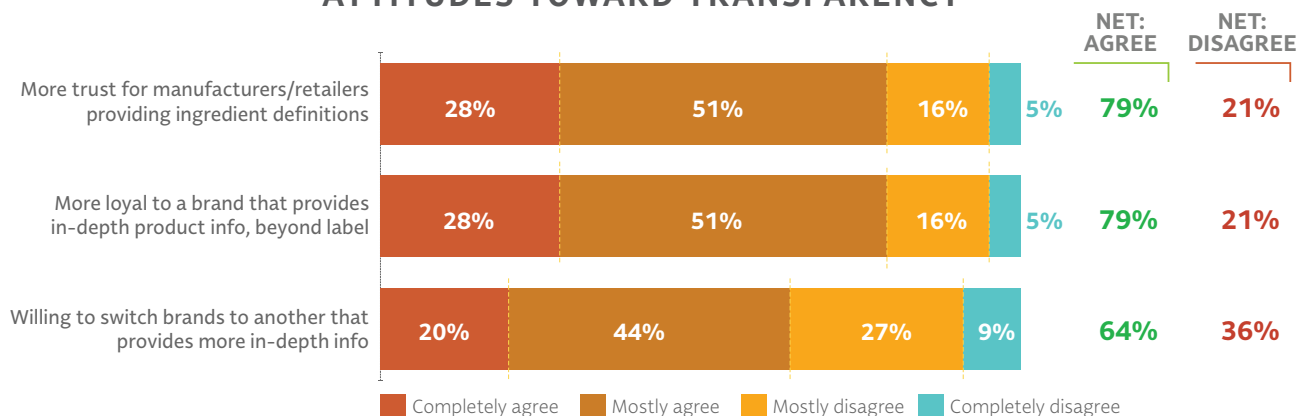
- Attributes identified through multiple strategies include gluten-free, organic, local, no antibiotic use and non-GMO.
- Product-attributes widely identified in-store on the package label include no hormone use (79%), cage free (75%) and no added sugar (67%).
- Some of the top attributes identified online — with about half of respondents citing each of these — are vegetarian, vegan, gluten-free, heart-healthy and organic.

## ROLE OF TRUST AND LOYALTY

Why is transparency important to shoppers? It's largely a matter of trust.

Most shoppers (79%) say that if a manufacturer or retailer provides them with access to complete and easy to understand ingredient definitions, it generates more trust. Just as many shoppers (79%) say they are more likely to be loyal to a brand that provides more in-depth information than is on the physical label. In fact, almost two-thirds of shoppers (64%) say they would switch from a brand they usually buy to another brand that provides more in-depth product information, beyond what is provided on the physical label.

### ATTITUDES TOWARD TRANSPARENCY



## KEY INSIGHT

Shoppers responding to the survey underscored the link between transparency and trust, and said they are willing to switch brands if they don't get what they need. More insights emerged from follow-up interviews with respondents. One shopper seeks information about U.S.-made products, saying, "Our preference is American brands rather than products from other countries." Another relayed, "Flavor and trusted brands are probably the top qualities that I'm looking for."

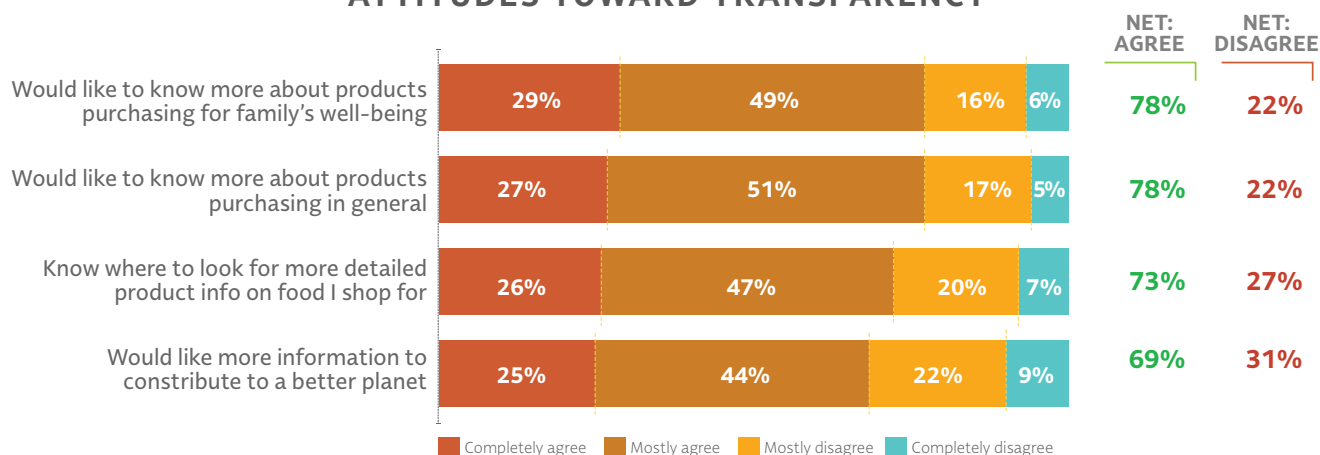
## BEING INFORMED

Shoppers' desires to be more informed is driven by a variety of factors and interests, ranging from family health and well-being to environmental sustainability.

- **Health and Well-being:** Many (78%) want to know about products they are purchasing for reasons related to their family's well-being.
- **Environmental Sustainability:** Almost as many (69%) would like to know more information about the products they purchase to understand how they can contribute to a better planet.
- **General Education:** Many shoppers (78%) just want to know more in general about the products they purchase.

With this desire to be informed, most shoppers at least generally agree (73%) they know where to look for the detailed information they seek on grocery products.

### ATTITUDES TOWARD TRANSPARENCY



## KEY INSIGHT



**NielsenIQ's Total Wellness Trends** research relays insights on aspects including social responsibility, sustainable farming, sustainable resource management, sustainable forestry, sustainable packaging and animal welfare. NielsenIQ tracks more than 80 attributes of sustainability overall.

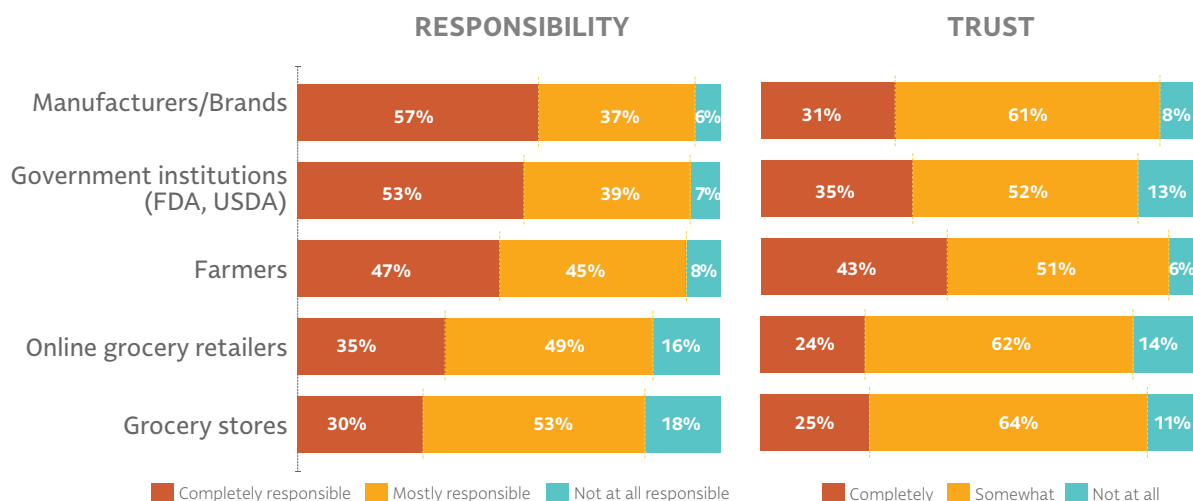


## RESPONSIBILITY VERSUS TRUST

Omnichannel shoppers often find themselves confused when reading product labels or packaging, according to *The Transparency Imperative* research conducted by FMI and Label Insight in 2018. In this latest version of the research, respondents said confusion about ingredients often leads them to look for alternative products or to research details about ingredients online.

- **Manufacturer/Brands:** Shoppers are most likely to cite manufacturers or brands as being either completely (57%) or mostly (37%) responsible for providing detailed product information. However, only 31% completely trust the information provided by manufacturers or brands.
- **Government Institutions:** The FDA, USDA and other government institutions are also widely seen by consumers as being completely (53%) or mostly (39%) responsible for providing detailed product information. However, as with manufacturers and brands, only about one-third of shoppers (35%) completely trust these institutions. In fact, 13% do not trust them at all.
- **Farmers:** Most shoppers consider farmers mostly or completely responsible for providing information on the products they produce. However, farmers are highly trusted, with 94% of shoppers expressing some level of trust, including 43% who relay complete trust.
- **Retailers:** Whether online or brick-and-mortar, retailers are most likely to be seen as only partially responsible for providing detailed product information. Only 30% of shoppers assign grocery stores complete responsibility — 35% for online grocery retailers. While most see retailers as trusted sources of product information, some do not trust online (14%) or brick-and-mortar (11%) retailers for this need.

### RESPONSIBILITY FOR AND TRUST IN PROVIDING PRODUCT INFORMATION



### KEY INSIGHT

Shoppers relay hesitancy to trust many stakeholders, and this is further underscored in interview comments. In discussing product claims one shopper said, “These can be marketing ploys that can add more expense to the product.” Another shopper expressed skepticism about nutritional information. “I’m careful because you have to examine what is being said,” said this person. “Some of it is buzzwords, and some of it is true nutritional facts. So, which is it? It’s hard to decipher until you look really closely at the ingredients.”



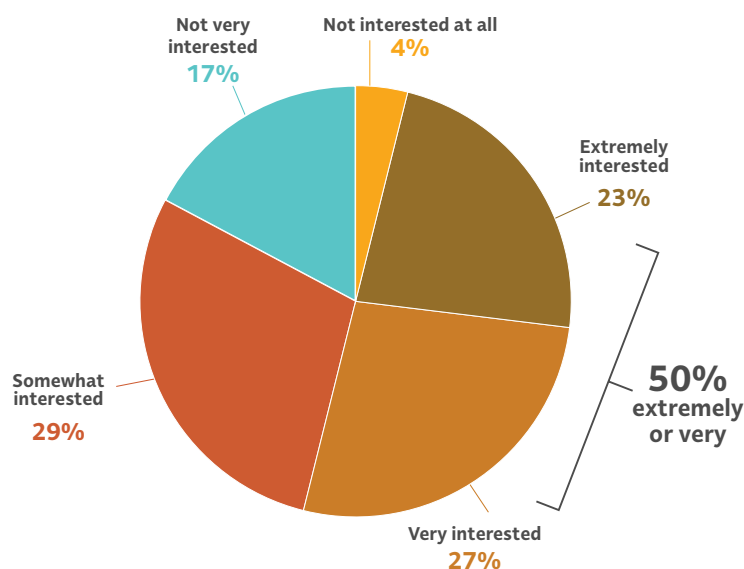
# TRANSPARENCY PREFERENCES

## WANT MORE THAN THE LABEL

With space limitations for information that can appear on product labels, many shoppers (79%) show interest in learning more than what is just on the physical label. In fact, half of shoppers (50%) are very or extremely interested in doing so.

However, not every shopper looks beyond the label. Shoppers who are interested in additional information are those who spend more on groceries and who shop online, males, Gen Z and Millennial shoppers, minorities, those with children and those who live in urban areas.

## INTEREST IN MORE INFORMATION



**Not All Shoppers  
Look for Information  
Beyond the Label:**

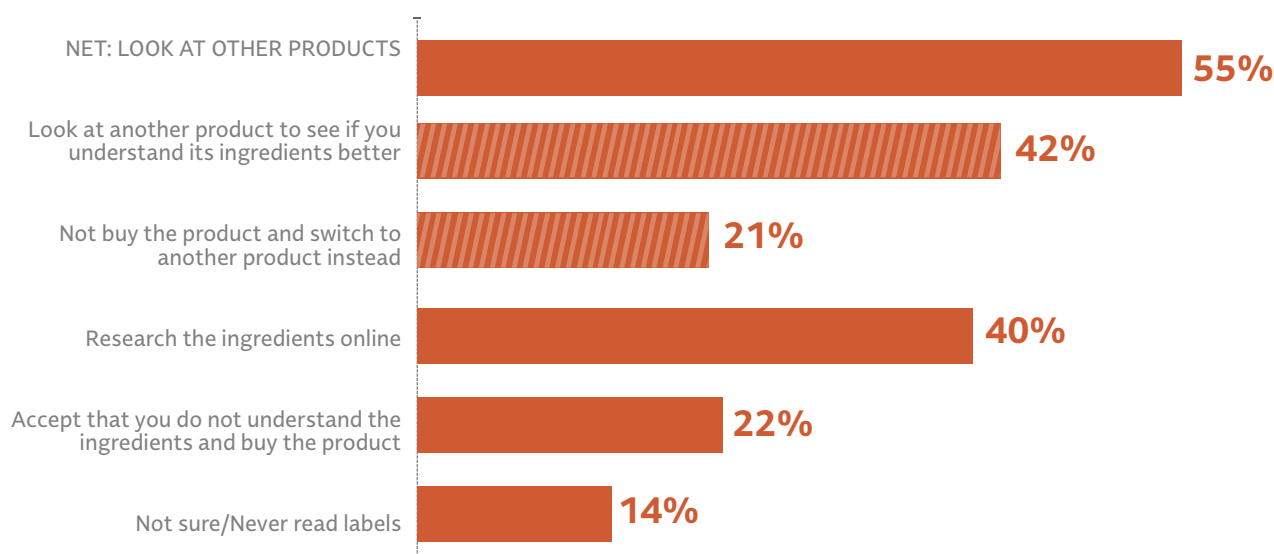
*“I would feel like I’m  
going down the rabbit  
hole if I started looking  
at this stuff.”*



## WHEN LABELS CONFUSE

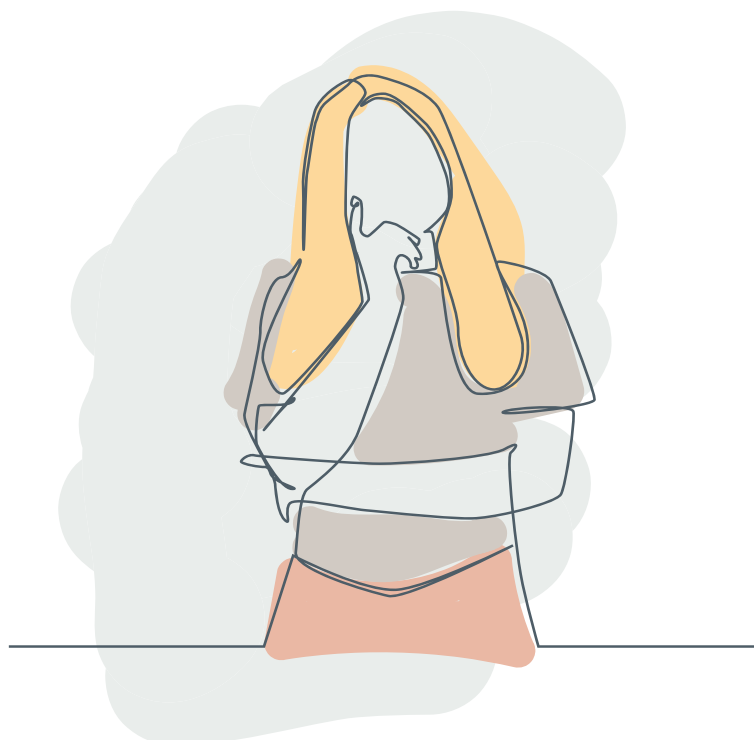
Earlier FMI research found that shoppers often find information on labels confusing. That finding emerged in this latest research as well. When confusion happens, it leads shoppers to different courses of action. A majority of shoppers (55%) say they will look at other products. Specifically, they will look at another product to see if they understand the ingredients better (42%) and/or they will switch to another product instead (21%). Some shoppers (40%) will take it upon themselves to research the ingredients online. Meanwhile, there are others (22%) who will accept that they do not understand the ingredients and buy the product anyway, while a smaller share report they never read labels (14%).

### RESPONSE TO CONFUSING LABELS



### KEY INSIGHT

Confusing labels lead shoppers to research on their own and possibly seek out other products. None of this is positive for shoppers or brand owners. Making labels less confusing is low hanging fruit for retaining shopper engagement and trust. Food retailers and retail registered dietitians help consumers by providing education and tips about reading labels.



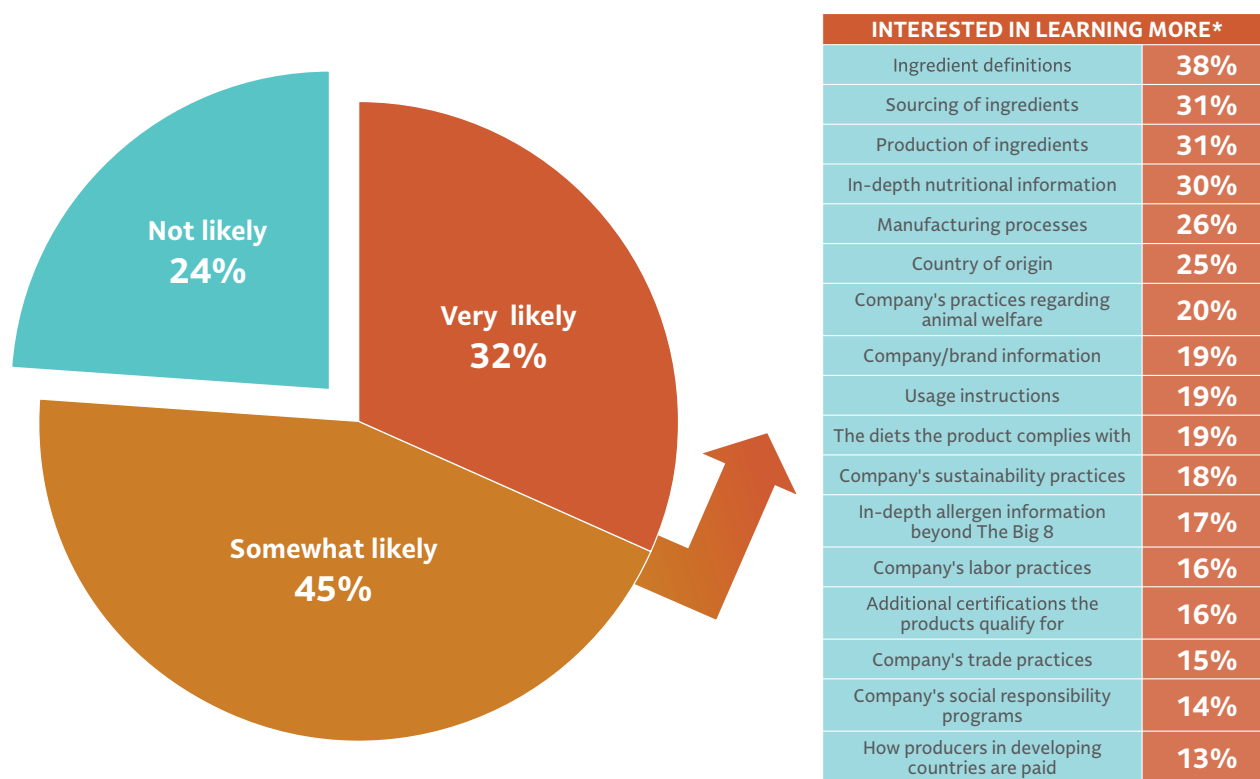
## ACCESSING INFORMATION ONLINE

Shoppers were asked about their interest in having the ability to access more information online about a product they are considering purchasing.

- ▶ **Most shoppers** (77%) said they would be at least somewhat likely to seek more information this way.
- ▶ **About one-third** (32%) are very likely to do so.
- ▶ **Online shoppers** (88%) are particularly likely to have interest in more information, along with Gen Z and Millennials, minorities, those with children and shoppers who live in an urban area.

Among those interested in more information, what are they most interested in learning? The most frequent mentions are about ingredients in a product, including definitions, sourcing or production of ingredients, in-depth nutrition information, manufacturing processes, and country of origin. And the list goes on as shoppers express an interest in learning more about an average of four of these areas.

Meanwhile, one quarter of shoppers (24%) are not interested in learning more. Among the reasons are not caring about this kind of information, feeling that all relevant information is already available and believing it would take too much time to seek out more.



## ONLINE RESEARCH

*"I'm doing more research online so that when I get to the store, I am recognizing more and I don't have to do it when I'm physically there."*

*"Sometimes the stores don't have a good Wi-Fi or cell reception, so by default I need to look at the label."*

*"Tell me your backstory. I love the stories about the companies, especially the little guys that are just starting in the business."*



## KEY INSIGHT

The food industry has been proactive about shopper demands for transparency. SmartLabel® is a prime example of this. The initiative was created by the Consumer Brands Association and FMI under the industry's Trading Partner Alliance. SmartLabel® provides easy and instantaneous access to detailed information about thousands of food, beverage, personal care, household and pet care products including hundreds of attributes that could never fit on a package label. SmartLabel covers ingredients, nutrition information, allergens, third party certifications, social compliance programs, usage instructions, advisories & safe handling instructions, company/brand information, along with other pertinent information about a product.



# MEETING HEALTH AND WELL-BEING GOALS

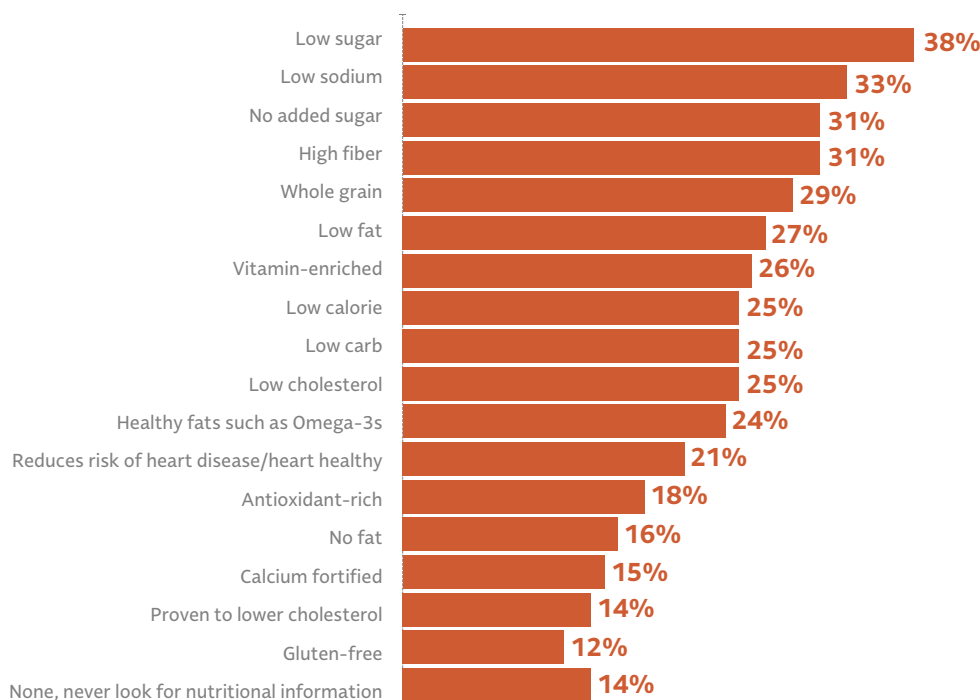
## WHAT IS IMPORTANT TO SHOPPERS

Health and well-being are important to shoppers and drives decision-making about product choices. Here are shopper perspectives on this topic.

Transparency is particularly important for certain segments of shoppers:

- ▶ **89%** say general nutrition facts about a product are at least somewhat important in deciding which products to buy when grocery shopping, while **66%** find this important or extremely important.
- ▶ **86%** say health benefits are at least somewhat important, and **54%** find them important or extremely important.
- ▶ **45%** say showing in-depth nutritional information is an indication of transparency.
- ▶ **41%** of online grocery shoppers say it is easier to know a product's nutrition information when shopping online, while **25%** say it is harder and **35%** say about the same.
- ▶ **74%** of online grocery shoppers at least occasionally use the nutrition facts feature when they are shopping online.

## NUTRITIONAL INFORMATION CONSUMERS LOOK FOR WHEN PURCHASING OR EATING FOOD PRODUCTS



## KEY INSIGHT

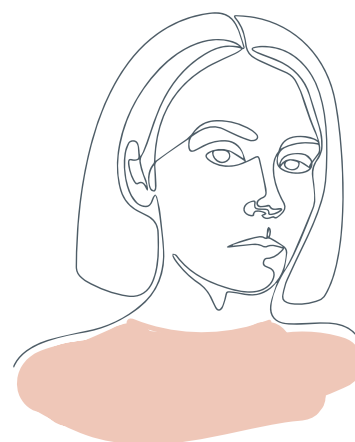
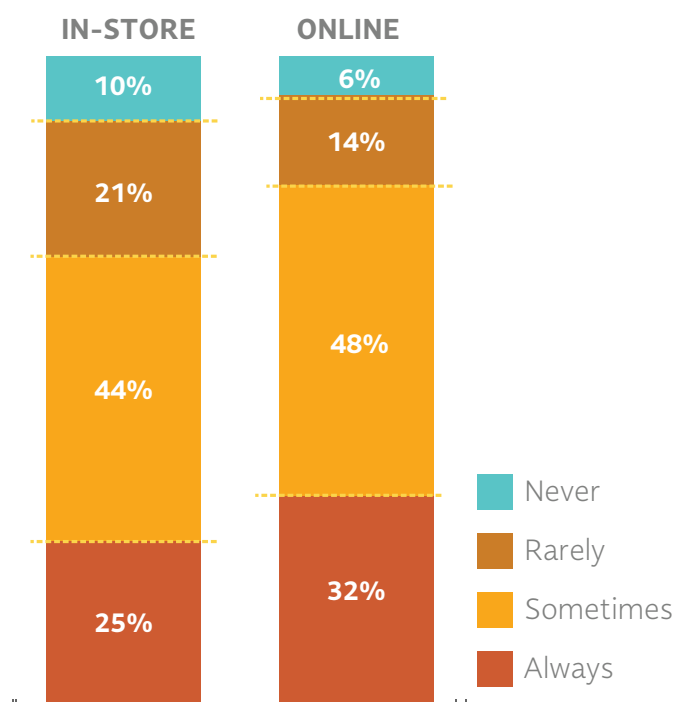
More information about consumer health and well-being needs and perspectives can be found in FMI's 2021 reports on health and well-being. These include *The Power of Health and Well-Being in the Food Industry* and *The Food as Medicine Opportunity in Food Retail*.

## MEETING HEALTH AND WELL-BEING NEEDS ONLINE AND IN-STORE

Regardless of whether they are shopping online or in-store, most consumers spend time searching product labels to make sure foods meet their diet or health-related needs or goals. Some 44% say they sometimes search product labels for this type of information while in-store shopping — with 25% always doing so. When shopping online for groceries, an even greater percentage search labels for diet- or health-related information. Specifically, 48% of online grocery shoppers sometimes search labels, with 32% always doing so.

Those shoppers who spend more on groceries and shop for their groceries online are more likely to search labels for health and well-being purposes, whether shopping online or in-store. There are also certain demographic segments of shoppers who show a greater propensity to search labels to make sure foods meet their diet or health-related needs. These include males, Gen Z and millennials, college educated, those with higher household incomes, minorities, households with children, and those who live in the Northeast, West and urban areas.

### SEARCH PRODUCT LABELS



***“You really have to be careful these days because there’s a lot of misinformation about diets.”***



## CHALLENGES IN MEETING NEEDS

Many shoppers find it challenging to ensure that food products they purchase meet their diet or health-related needs or goals. Most shoppers (63%) say this is at least somewhat challenging as they shop in-store, with 35% saying challenging or extremely challenging. The hurdles are even bigger online. Three-quarters of online shoppers (74%) say it is at least somewhat challenging to make sure the food products they are purchasing will meet their diet or health-related needs or goals, with almost half (47%) saying challenging or extremely challenging.

The shoppers most challenged to ensure diet or health and well-being goals include those who spend more on their groceries and those who shop online — particularly those who started shopping online since the onset of the pandemic. In addition, certain demographic segments of the population are more likely to find this challenging, including males, Gen Z and Millennials, more affluent households, minorities, households with children and those who live in urban areas.



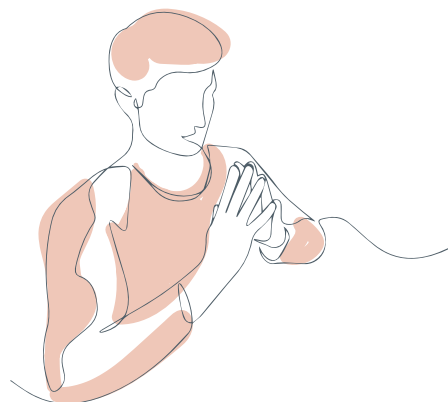
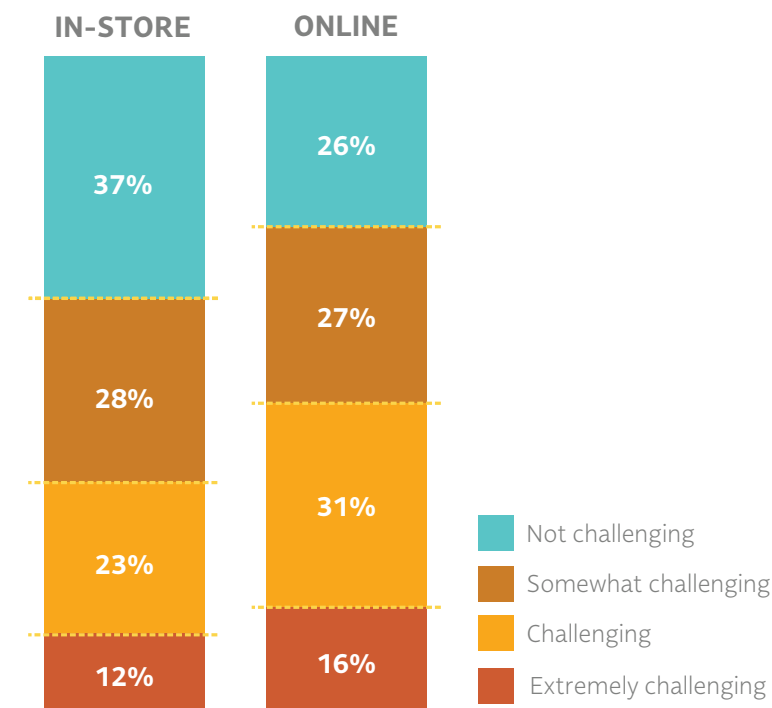
### KEY INSIGHT

Shoppers seek out more information online, yet they find it more challenging online — compared to in-store — to obtain that information. So, the expectations are higher online, and so far, online isn't fully coming through. Retailers need to focus on providing clear and accurate information online in order to avoid disappointing shoppers.

Meanwhile, consumers are making use of online tools to support health and well-being when ordering groceries through ecommerce, according to FMI's *U.S. Grocery Shopper Trends 2021* research.

Some 72% are using the zoom feature to enlarge and look at package details. In addition, 63% are using the filter feature to search for specific product claims.

## ENSURING PRODUCT MEETS NEEDS



***“Information itself is easy to find, but it’s not always easy to match it to the things I’m looking for, like calories or fiber.”***

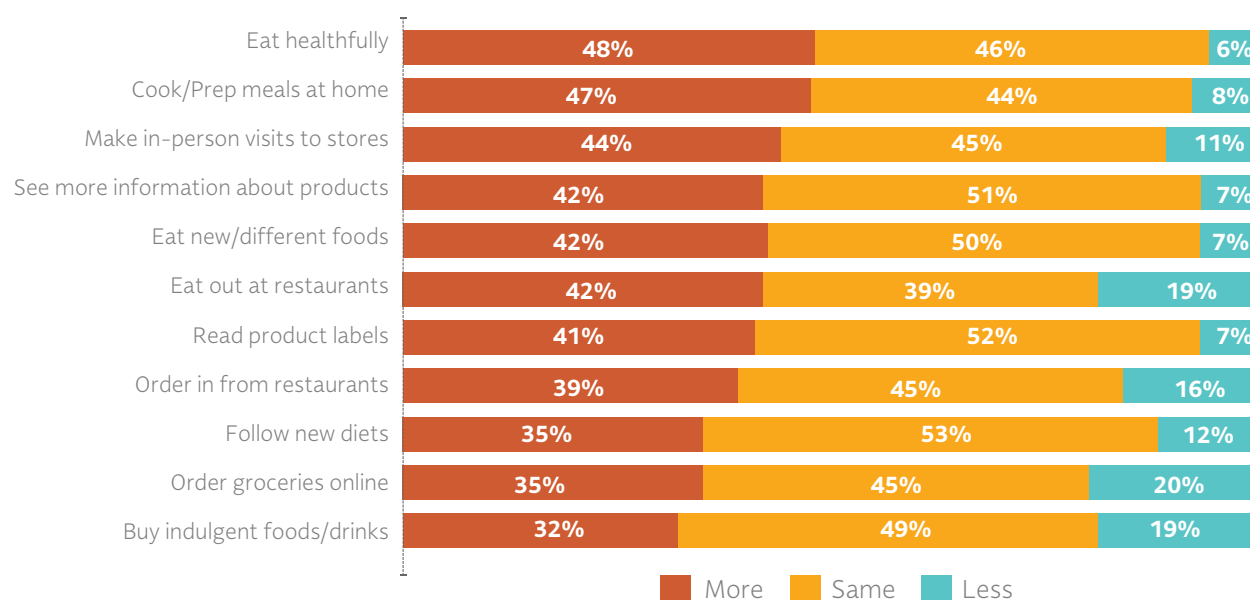
## IMPACTS OF THE PANDEMIC

The impacts of the pandemic on food have been wide-ranging — from how we bring food into our homes, to increases in home-meal preparation to declines in eating out. One of the enduring impacts that consumers report is eating healthier. In fact, 48% of consumers say that moving forward they expect to eat healthier.

This move towards healthy eating is particularly strong among males, younger generations, higher income households, minorities, households with children and those who live in urban areas. In addition, those who shop online, regardless of whether they started pre- or post-pandemic, are particularly likely to be moving towards healthier eating.

Cooking or preparing more meals at home and eating new or different foods are also common and lasting changes as result of the pandemic. With these lasting changes, shoppers want to know more about their food. They expect to seek more information about products.

### IMPACT OF THE PANDEMIC



# OMNICHANNEL SHOPPING BEHAVIORS

## TRENDS IN ONLINE SHOPPING

In a 2020 report called The Omnishopper Imperative for Food Retailers, FMI and NielsenIQ emphasized the importance of focusing on the needs of “omnishoppers,” defined as those who purchase both online and in-store. Prior to the COVID-19 pandemic, shoppers were gradually moving towards online shopping for groceries, but this movement accelerated dramatically in the wake of the pandemic. The latest research shows the share of groceries purchased online nearly tripled between 2019 and the first weeks of the pandemic — from 11% of total grocery sales to 28%. That share has subsequently leveled off somewhat (21%), but this share is still about twice what it was pre-pandemic.

Here are some key points about online grocery shopping behaviors uncovered by the consumer research for this report:

- ▶ **Share:** More than one-half of grocery shoppers (55%) have bought groceries online in the past 30 days. This is a significant jump from an earlier version of this research in 2018, when just over one-fourth of shoppers (26%) purchased groceries online in the past 30 days.
- ▶ **Frequency:** On average, online grocery shoppers purchase groceries online three times per month — or a bit less than once a week.
- ▶ **Dollars:** Online shoppers now spend an average of about \$254 per month on their online grocery purchases.
- ▶ **Retail Choices:** A majority of online grocery shopper always (30%) or mostly (48%) shop at the same retailers online as they do in the physical store world. However, a smaller portion of shoppers vary from this trend by frequenting the same retailers only some of the time (15%) or never (7%).



## KEY INSIGHT

The research found consumers are taking advantage of a variety of delivery and pickup methods, and it's important for retailers to analyze this usage in considering which of their investments are most fruitful. The most common method used is same- or next-day delivery to home (51%), while other shoppers (37%) take advantage of delivery using standard shipping. Some online grocery shoppers use curbside (42%) or in-store (35%) pick-up. Less common is subscribing to ongoing delivery of food or grocery staples (22%).

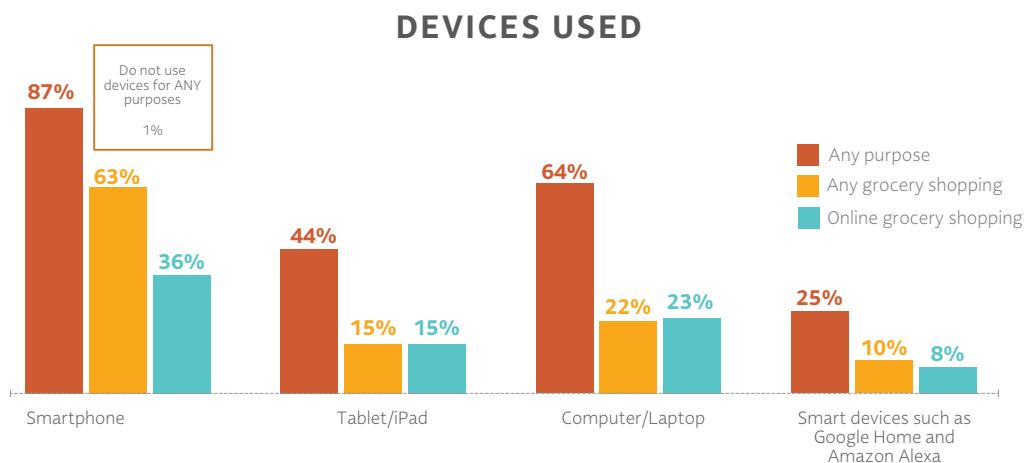


## DEVICES USED

Technology devices are ubiquitous in the lives of consumers today. Which device is king when it comes to usefulness for in-store and online shopping?

The contest isn't even close. Smartphones are by far the most used devices. They are leveraged for a wide variety of purposes by almost all (87%) shoppers. In particular, they are used for online grocery shopping (36%) and for in-store grocery shopping (63%) — both before and during trips to the store.

Computers and laptops are the next most important devices for these purposes — especially for online grocery shopping (23%). Devices that follow in importance are tablets/iPads, and then smart devices such as Google Home and Amazon Alexa.



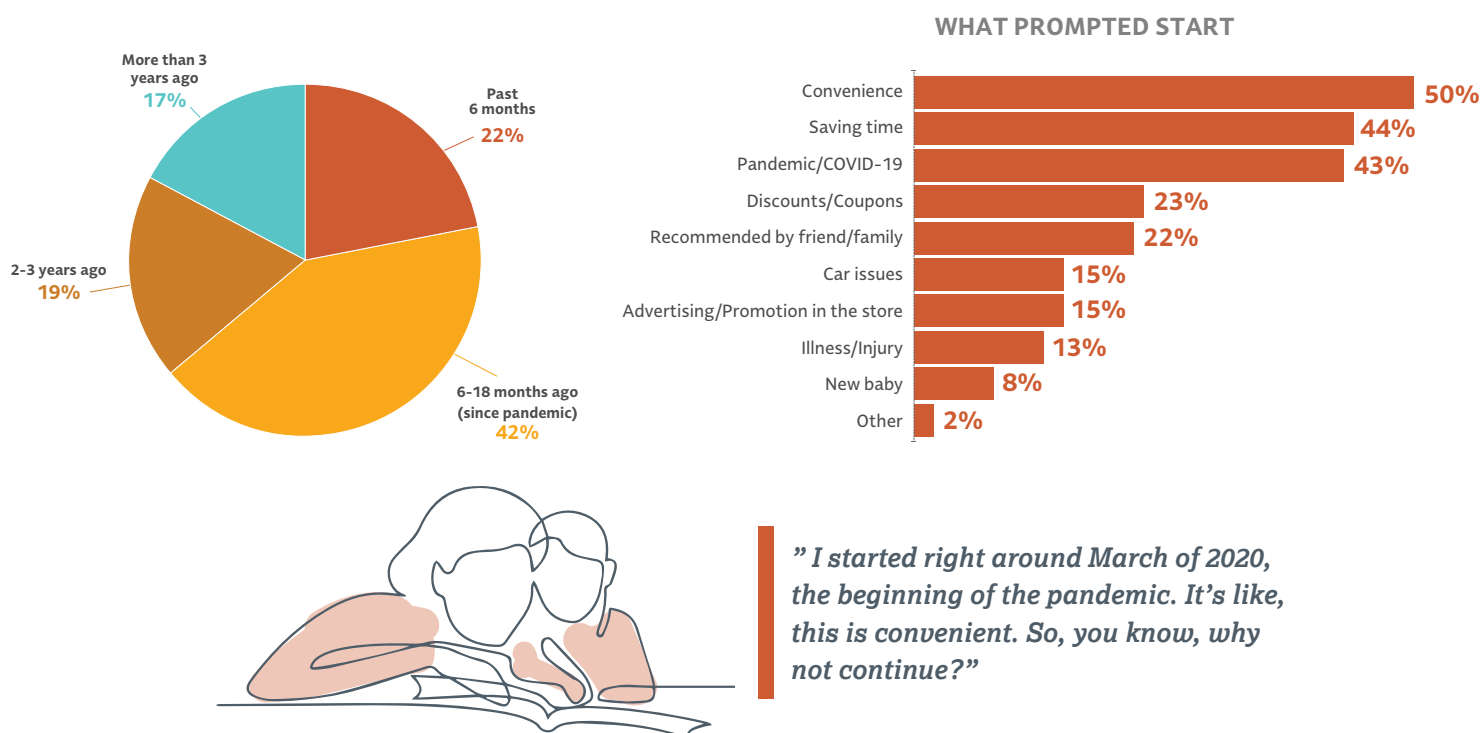
***"I prefer my laptop. I like the bigger screen. For me it's easier with the keyboard and with being portable. I can move around the house with it."***



## WHEN FIRST STARTED — AND WHY

The COVID-19 pandemic brought many new consumers to online grocery shopping. In fact, the majority of online grocery shoppers (64%) started in the past 18 months. While many consumers call out convenience and time savings in particular as the biggest reasons for beginning online grocery shopping, the pandemic has clearly been a huge factor for many. Discounts, recommendations and advertising/promotions are also cited, even if they aren't as impactful as the biggest drivers. Yet another influencer is life events — such as car issues, illness/injury and a new baby.

### WHEN AND WHY FIRST STARTED SHOPPING ONLINE

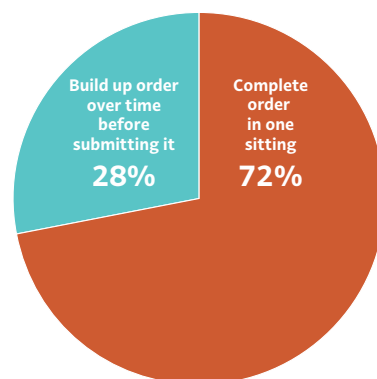


## ONLINE ORDERING PROCESSES AND TOOLS

When shopping for groceries online, retailers' platforms offer a range of tools to help shoppers. While there is an option to build up orders over time before submitting them, only 28% of online shoppers say they take advantage of this feature. That leaves most shoppers (72%) to complete their online grocery order all in one sitting. Among the range of features that are part of online grocery shopping platforms, the ones used at least occasionally by most online shoppers include:

- ▶ **Zoom in** on package/label image (76% use at least occasionally)
- ▶ **Product details** or information (75%)
- ▶ **List-building tools** based on past purchases (75%)
- ▶ **Nutrition Facts Label** (74%)
- ▶ **Search feature** (74%)
- ▶ **Digital coupons/promotions** (72%)
- ▶ **Product reviews** (72%)
- ▶ **Ingredient lists** (71%)

### PREPARING ONLINE ORDER



While used less frequently, the following features are also leveraged by more than half of online shoppers at least occasionally:

- ▶ **Product introductions** – recommended products (69%)
- ▶ **Filters based on product claims** and certifications (66%)
- ▶ **Filters based on health claims** (63%)
- ▶ **Integration** with other online services (60%)
- ▶ **Filters based on diets** (59%)
- ▶ **Filters based on presence of allergens** (59%)
- ▶ **Return of unwanted items** (56%)

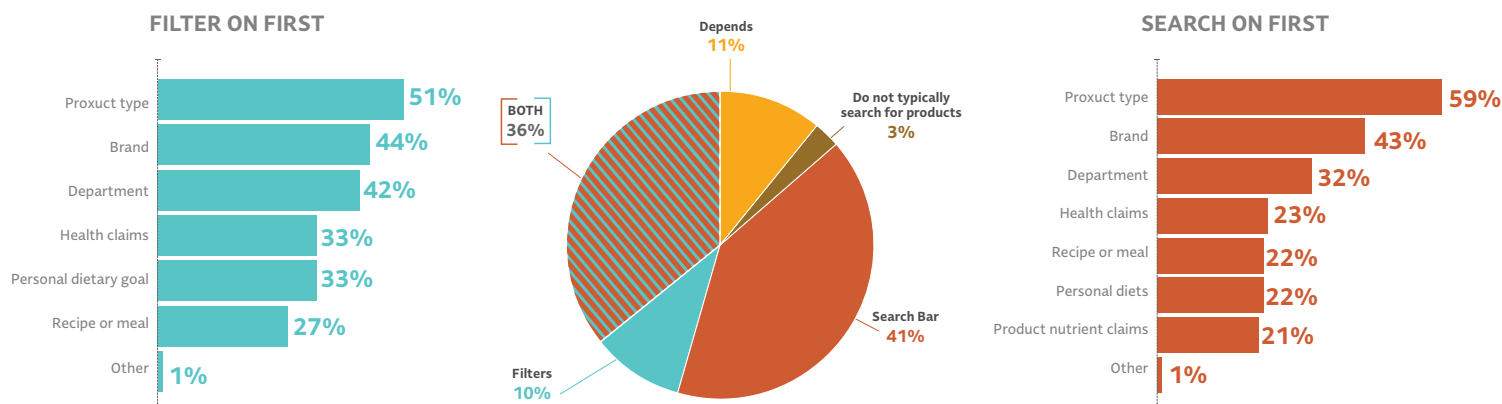
## USE OF ONLINE TOOLS



## ONLINE PRODUCT SEARCH

When shopping online and searching for products, the search bar is the most commonly used method (77%), but many also use filters (46%). In fact, 36% say they typically use both options. Regardless of the option selected, the first stages of searching tend to play out the same way. Product type is most often the starting point for a search, followed by brand and department.

### METHODS OF SEARCHING WHEN SHOPPING ONLINE







## KEY INSIGHT



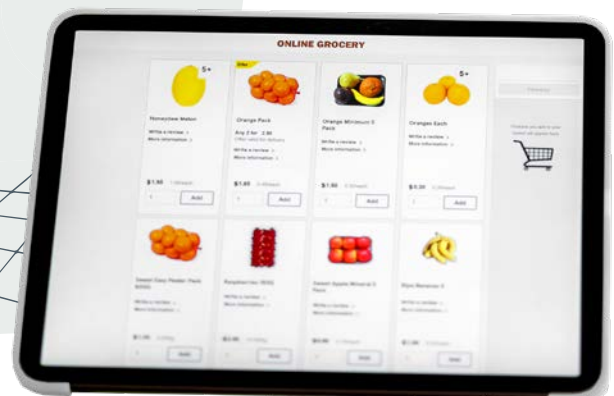
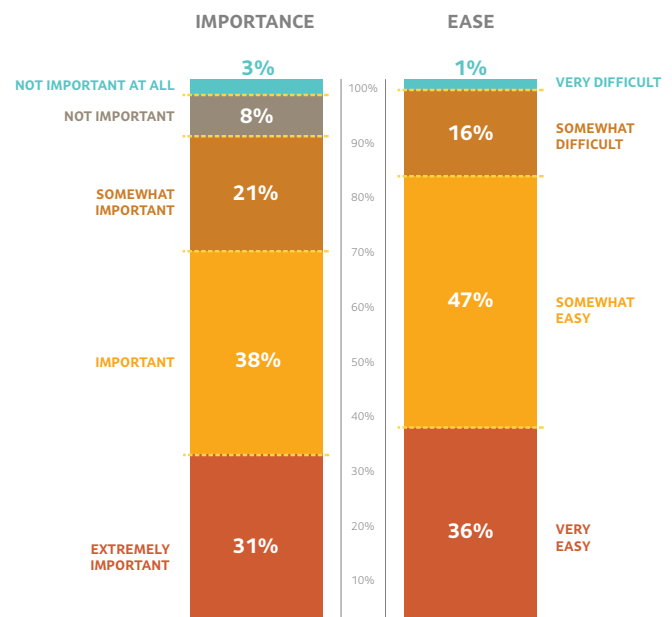
**NielsenIQ** 2021 research on wellness trends points to consumer interest in specific diets and eating approaches — based on an analysis of online keyword search trends. Those diets generating the highest search totals included vegan, low or no gluten, low sugar and keto. However, consumers may be missing products that fit these diets. Of all the food and beverage products that could claim “Vegan Diet”, only 30% have it stated on the package. For “Gluten Free” products, only 47% have it stated on the package, according to NielsenIQ Retail Measurement Services for the year ended 12/25/21.

## COMPARISON SHOPPING

When shopping for groceries online, comparison shopping for product details (nutrition content, ingredients, etc.) is very important for shoppers but not always as easy as it could be. Most online shoppers (69%) say being able to compare these product details is important or extremely important. Only 11% say it is not important.

Meanwhile, only about one-third of online shoppers (36%) say making these comparisons is very easy. Most say that this is only somewhat easy (47%) or is somewhat difficult (16%). Those who find it more difficult include females, older shoppers (Boomers, Silent generation), those with lower household income, households without children, and those who live in the Midwest or outside of urban areas (suburbs, small town or rural).

## COMPARING PRODUCT DETAILS WHEN SHOPPING ONLINE



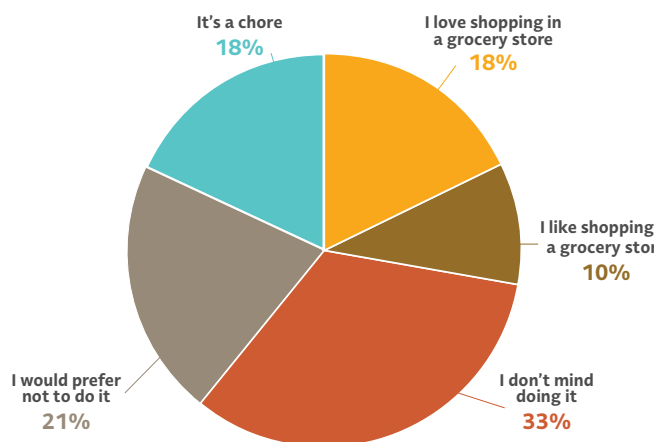
# ONLINE SHOPPING ATTITUDES

## ATTITUDES TOWARDS IN-STORE AND ONLINE SHOPPING

Attitudes towards grocery shopping, either in-store or online, run the gamut from feeling that it is a chore to loving it.

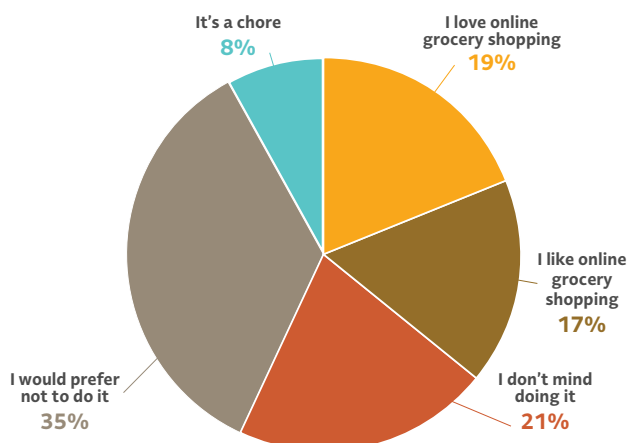
Most shoppers at least do not mind doing their grocery shopping in-store (61%) with almost three in ten (28%) liking it or loving it. When consumers are asked what comes to mind when they think of in-store grocery shopping, food tops the list. There are many other positive associations — such as fun, fresh, easy, exciting, variety and quality. However, there are negative associations as well, such as crowded, chore, time and stressful.

### ATTITUDE TOWARDS IN STORE SHOPPING

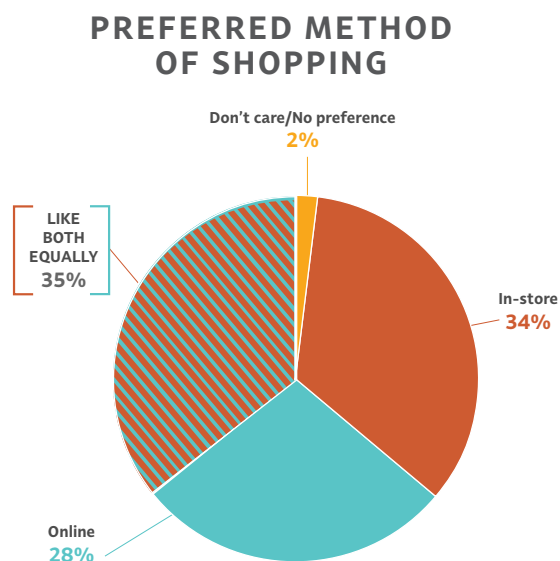


Online grocery shopping is not as positively perceived, as only 36% like or love doing it. However, this perception is dramatically different among those who meet the definition of being online grocery shoppers — those who have purchased groceries online at least once in the previous 30 days. A majority of this group (58%) like or love it. The words that best characterize shoppers' perceptions of online shopping include convenient, convenience, easy, fun, simple and fast. The only negative word frequently associated with online grocery shopping is expensive.

### ATTITUDE TOWARDS ONLINE SHOPPING



However, even those considered online grocery shoppers actually feel a strong pull to physical stores as well. Some 34% of online grocery shoppers prefer to shop for groceries in-store. The tangible sensory experience that comes with in-store shopping is still hard to replicate in an online environment.



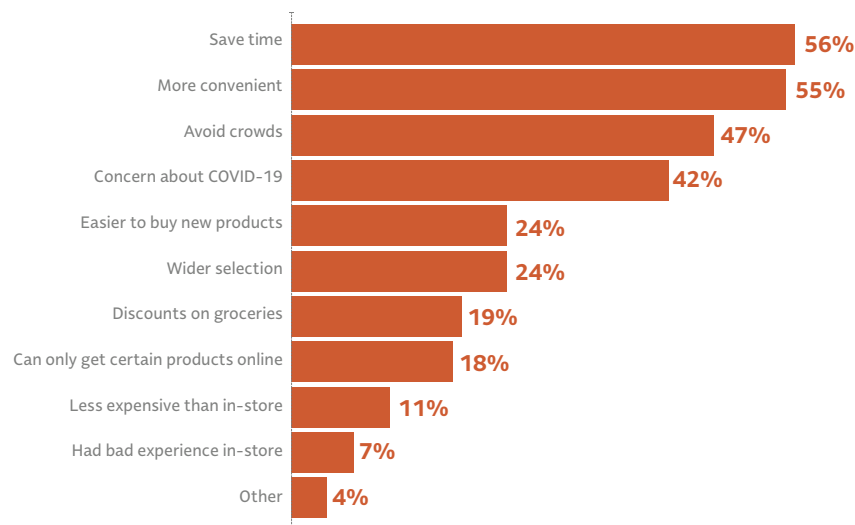
*"I hate going to the grocery store. Sometimes it's really crowded. By the time I'm at the back of the store, I might have forgotten something at the front."*



## REASONS ONLINE

As evident in the word cloud on page 28, the biggest advantage that shoppers find in shopping online versus in-store is time savings and convenience. Many choose online grocery shopping to avoid crowds or over concerns about COVID-19. Other reasons for preferring online grocery shopping involve selection and cost.

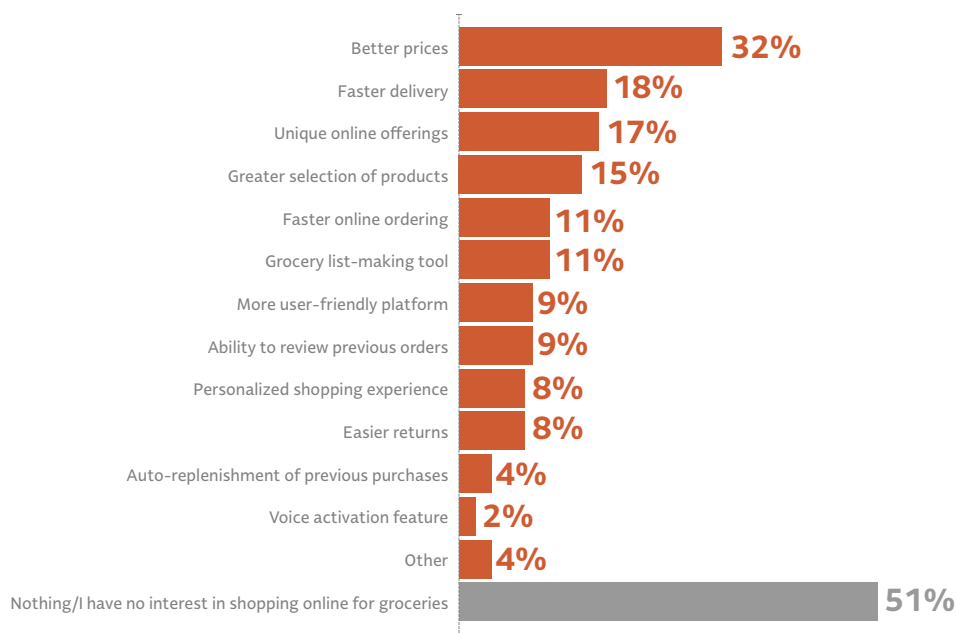
### MAIN REASONS FOR BUYING GROCERIES ONLINE



## INFLUENCERS THAT DRIVE ONLINE SHOPPING

As roughly four in ten grocery shoppers are not shopping online for these items, the question is, why not? What could get them to try online grocery shopping? The most likely answer is — nothing. Fully half of those who are not online shoppers say there is nothing that could influence them to shop online, and they have no interest in doing so. Better prices could convince some of the other in-store shoppers to try online. Beyond that, faster delivery or ordering and unique offerings or a broader selection of products could influence some shoppers.

### WHAT WOULD INFLUENCE SHOPPING ONLINE

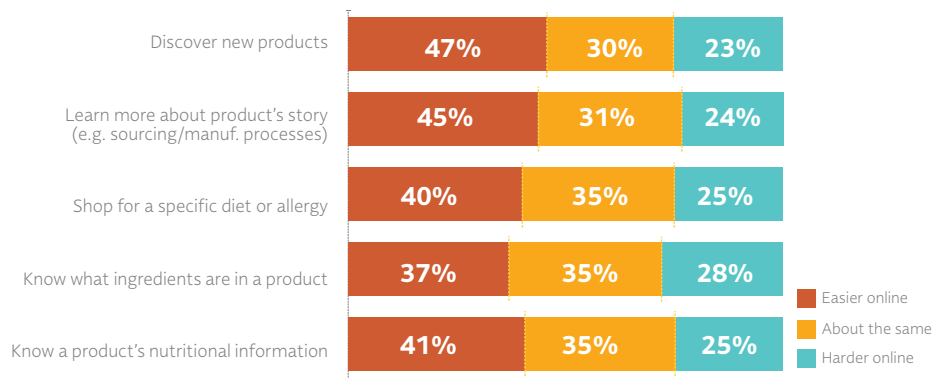


## ONLINE VS. IN-STORE

Online shoppers find many aspects of shopping easier — or just as easy— online in comparison to in-store. Most notable of these is the discovery of new products and learning more about a product's story, including information about sourcing and manufacturing processes.

There are a number of areas for which in-store experience wins over online — in the eyes of online shoppers. These include customer service, ability to compare products, selection of organic and natural products, and availability of loyalty/rewards. However, online wins in areas such as offering access to detailed product information and providing opportunities for exploration and learning about food and cooking. In-store and online are about equally good at relaying sustainable, ethical and honest practices.

### COMPARING ONLINE TO IN-STORE



## KEY INSIGHT



One of the most notable pandemic developments is that shoppers have embraced buying fresh foods through ecommerce — moving past a longtime barrier, according to FMI's U.S. Grocery Shopper Trends 2020 research. In February of 2020, fresh produce was not a top category for online buying, among those who purchase produce. However, by mid-April of that year, it had moved into the top 10 list of categories purchased through online shopping.

Consumers who are "omnishoppers" — those buying both in-store and online — have stepped up online purchasing of fresh products. More buyers (+28%) are spending more overall (+37%) from increased trips/online purchases (+16%), according to NielsenIQ Omnishopper research for the year ended 11/6/21 versus the prior period.

However, not all shoppers are on board. The FMI/NielsenIQ research asked which products shoppers would not purchase online, and responses included fresh seafood (56% of shoppers), deli (46%), fresh prepared foods (43%), fresh fruit and vegetables (40%) and dairy (39%).

*"You go into a store and see the produce setup, and it's so beautiful. If we go to a new store, it's like an experience, an outing."*

*"I like putting things in a cart. I like exploring. I like talking to people. I like engaging with the community. You know, making kind of an event out of it"*

*"I like shopping online. It was hard when things were out of stock because of the pandemic. But if it wasn't for that, it's easy and I enjoy online the most."*

## THE EXPERIENCE FACTOR IN ONLINE SHOPPING

Prior to the pandemic, many shoppers complained that online grocery shopping was not as good an experience as other types of online shopping. In fact, a 2019 report from FMI and Fit for Commerce pointed to a disparity among grocery retailers. It said, “Executing on and delivering superior experiences is easier said than done. While some food retailers have quickly adopted best practices and making significant progress in meeting customer demands, others are lagging behind. Know where your organization stands and you will be better prepared to prioritize change and better meet customer demands.”

**Experience is Improving:** The latest FMI-NielsenIQ research found positive feedback about online experience. Most online grocery shoppers report that in the time since they started shopping online, the websites or apps they use have improved. In fact, 45% say they have improved a lot.

Interestingly, this perspective is similar both for those who have been shopping online for a long time and those who just started during the pandemic. Both groups point to improving experiences.

**Biggest Positives:** Online grocery shoppers find many things they like about the experience, with convenience as a top draw. The fast and easy checkout (53%) offered by online shopping is especially appreciated. In the wake of the pandemic, many online grocery shoppers like that online is safer (47%) and avoids human interaction (41%).

**Biggest Negatives:** The biggest dislike of online shopping is the high delivery fees (34%). The lack of being able to select one’s own fresh products (31%) — such as produce, meat, seafood, etc. — and the inability to evaluate products (22%) are also dislikes. The delivery process carries its own frustrations, such as not receiving the correct order (27%), slow delivery (23%) and unsatisfactory delivery, such as broken items (23%).

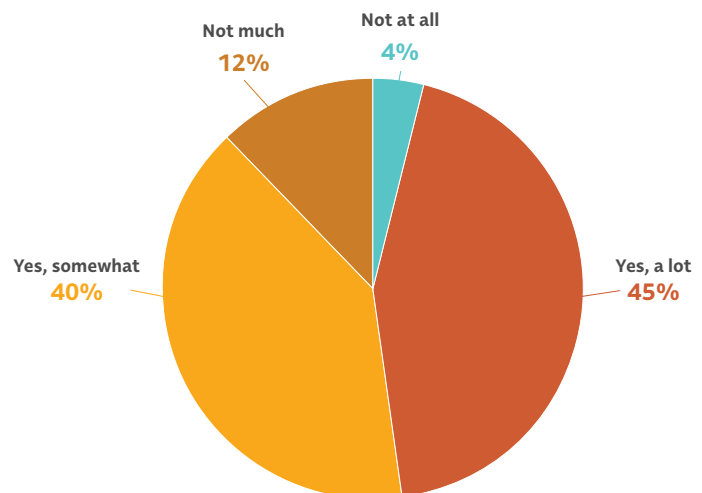


### TOP AREAS FOR ENHANCEMENTS

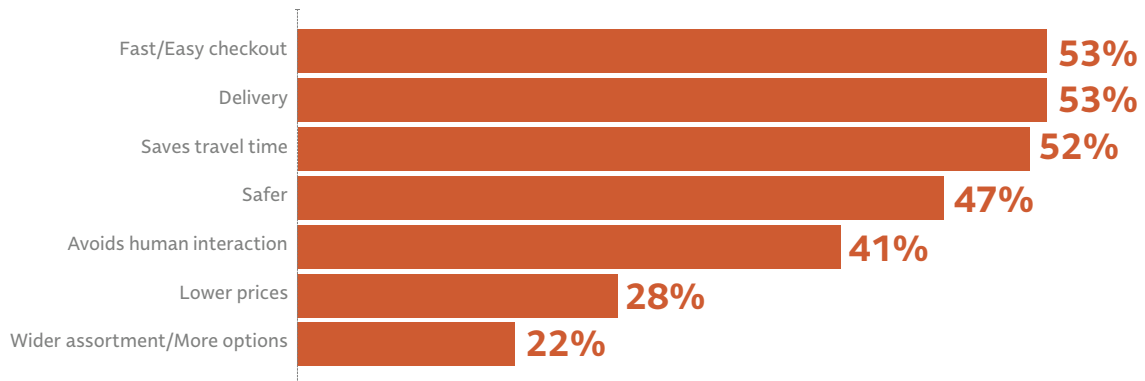
Which are the experience aspects that shoppers most want to see improved? The biggest need is for faster delivery, which was highlighted by 42% of respondents. Here are some other key areas for enhancement.

- Easier to use website (37%)
- Better online experience (31%)
- More/Better product information (30%)
- Retention of order history (29%)
- More accurate search functionality (28%)
- Product recommendations based on preferences (23%)

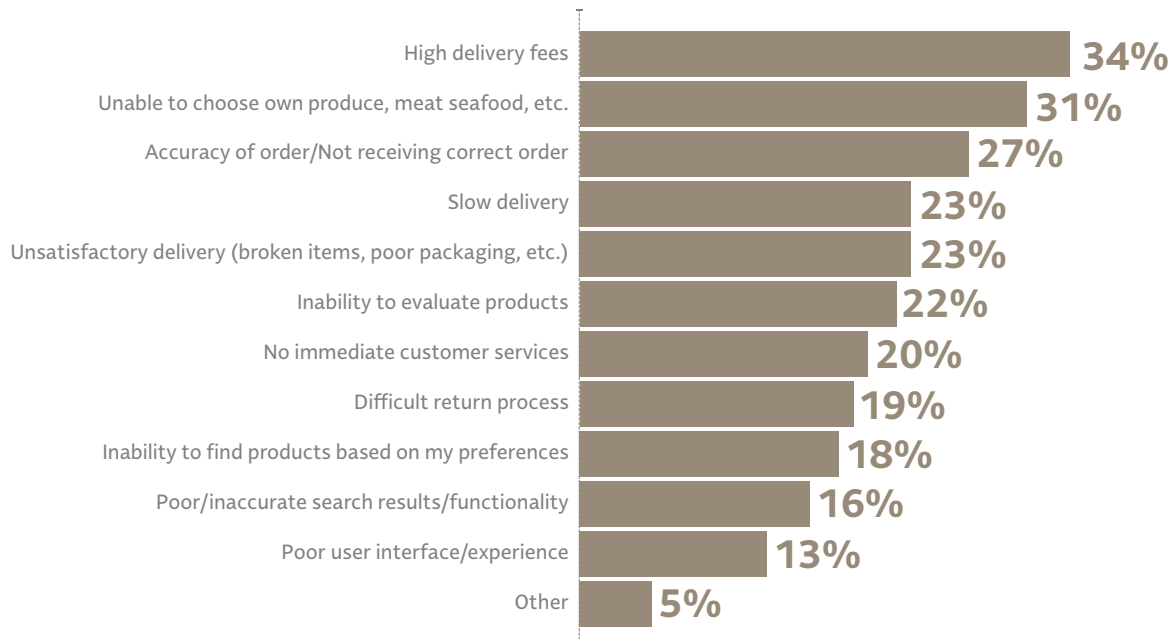
### WEBSITES/APPS EVOLVED SINCE BEGAN USING



## LIKE ABOUT SHOPPING ONLINE



## DISLIKE ABOUT SHOPPING ONLINE



## KEY INSIGHT

The private brands sector is among those working to enhance the online experience for shoppers. FMI's 2021 survey of the private brands industry identified steps being taken by retailers and suppliers in the past year to boost the performance of private brands in ecommerce. The results were relayed in the report called: *The Power of Private Brands 2021: Accelerating Private Brands in Grocery Ecommerce*. Among the findings:

- 33% focused on search engine optimization (SEO).
- 33% prioritized online brand pages and storefronts.
- 22% emphasized health and wellness-focused new products.

In the same report, the consultancy Fit for Commerce leveraged a unique mystery shopping methodology to identify key strategies to improve the online grocery shopping experience.

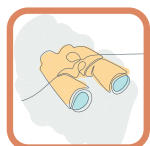


# Next Steps for the Industry

This report and its accompanying research point the way to follow-up action steps for retailers and brands, on topics ranging from transparency to omnichannel trends. Here are a few key next steps for the industry to consider:



- ▶ **Act on Pandemic Lessons:** Retailers and manufacturers have the opportunity to enhance transparency strategies based on key pandemic trends. For example, more consumers than ever are shopping for groceries online. Health and well-being have become more important shopper motivators. These and other trends help point companies to the most important focus areas for transparency strategies.



- ▶ **Monitor Values-Based Shifts:** Consumers are gradually becoming more values-based in their perspectives around transparency. Areas of greatest interest for finding additional product information online include ingredient definitions and in-depth nutritional information — all consistent with earlier research. However, a number of secondary factors are more important to consumers. These include diets the product complies with, a company's sustainability practices, additional certifications the products qualify for and a company's social responsibility programs. It's important to keep monitoring these shifts, and to consider best approaches for responding.



- ▶ **Make Health Journeys Easier:** At a time when health and well-being are higher on the radar of shoppers, it's important for retailers and manufacturers to make it as easy as possible to obtain information on these topics. However, shoppers report hurdles. As a case in point, they say nutritional comparison shopping is more difficult online. This finding presents a real opportunity for brand owners to improve ease of online shopping to overcome these challenges.



- ▶ **Take Advantage of Online Strengths:** The shoppers have spoken when it comes to which aspects they like best about online purchasing. Online outperforms in-store when it comes to discovery of new products and learning more about a product's story — including information about sourcing and manufacturing processes. Brand owners can take advantage of these insights by boosting discovery opportunities and offering even more information about product stories.



- ▶ **Prioritize Shopper Experiences:** Consumer survey respondents offered tips on how to boost online experience. Shoppers want faster delivery, easier-to-use websites, more and better product information, retention of order history, more accurate search functionality and product recommendations based on preferences. All of this represents good opportunities for the industry to accelerate progress.

# Sources for More Information

- ▶ [FMI | U.S. Grocery Shopper Trends | 2021](#)
- ▶ [FMI | The Food Retailing Industry Speaks | 2021](#)
- ▶ [FMI | The Power of Private Brands | 2021](#)
- ▶ [FMI | The Power of Health and Well-Being in the Food Industry | 2021](#)
- ▶ [FMI | The Food as Medicine Opportunity in Food Retail | 2021](#)
- ▶ [FMI | Retailer Contributions to Health and Well-Being | 2021](#)
- ▶ [FMI | The Omnishopper Imperative for Food Retailers \(NielsenIQ\) | 2020](#)
- ▶ [FMI | Transparency Trends \(Label Insight/NielsenIQ\) | 2020](#)
- ▶ [FMI | The Transparency Imperative \(Label Insight/NielsenIQ\) | 2018](#)
- ▶ [FMI | The Omnichannel Roadmap to Success \(Fit for Commerce\) | 2019](#)



## RESPONDENT PROFILE

TOTAL SHOPPERS	(N= 1035)
MALE	40%
FEMALE	60%
GEN Z	9%
MILLENNIALS	34%
GEN X	22%
BOOMERS	30%
SILENT	5%
MIDWEST	18%
NORTHEAST	18%
SOUTH	42%
WEST	21%
LIVE ALONE	20%
2-PERSON HOUSEHOLD	33%
3+ PERSON HOUSEHOLD	47%
CHILDREN<18 IN HOUSEHOLD	37%
SOME COLLEGE OR LESS	50%
COLLEGE GRADUATE OR MORE	50%
HOUSEHOLD INCOME <\$50,000	47%
HOUSEHOLD INCOME \$50,000-\$99,999	33%
HOUSEHOLD INCOME \$100,000+	18%
HISPANIC	17%
WHITE	74%
BLACK/AFRICAN AMERICAN	12%
ASIAN/PACIFIC ISLANDER	3%
OTHER	11%
GROCERY SPEND <\$125 WEEKLY	55%
GROCERY SPEND \$125+ WEEKLY	45%
MEAN GROCERY SPEND \$161 PER WEEK	
1 OR LESS IN-STORE GROCERY TRIPS PER WEEK	46%
2+ IN-STORE GROCERY TRIPS PER WEEK	54%
ONLINE GROCERY SHOPPER	55%
MEAN ONLINE GROCERY SPEND \$254 PER MONTH	