

10 *SPEAKS* KEY TAKEAWAYS



1. RETAILERS ADDRESS CONSUMER SHIFTS: Retailers adapted to the changes in the ways customers have been consuming meals and snacks during the pandemic — and these shifting trends are seen as positive by almost all food retailers (88% positive). In addition, consumers' focus on health and well-being has been widely seen as having a positive impact on the food retailing industry (77% positive).



2. ONLINE SHOPPING TRANSFORMS: The pandemic has driven more online shopping and many food retailers have evolved their strategies. The great majority of food retailers now have online sales (86%) and almost all of them (95%) saw online sales increase in 2020. Moreover, food retailers say they are increasingly experimenting with their ecommerce strategies (81%).



3. WORKFORCE HURDLES INTENSIFY: Frontline workers have been lauded as heroes in the face of the pandemic, but recruitment and retention became growing challenges as turnover rose sharply. Retailers have pursued many strategies to resolve these challenges, including increased wages and benefits, flextime and training/skills development.



4. SUPPLY CHAIN DRIVES CHALLENGES: Perhaps more than ever before, supply chain is front and center in food retail. Pandemic shortages have led retailers to reassess their supply chains and their engagement strategies with trading partners. Trucking and transportation capacity represents one of the biggest hot-button issues, with some two-thirds of responding retailers saying it is having a negative impact on their businesses.



5. TECH INVESTMENTS CLIMB: Emerging technology is in the spotlight as food retailers step up investments, implementation and experimentation. Some 11% of retailers are already using micro-fulfillment, with 15% expecting to do so in 2021. Likewise, for ghost kitchens, those percentages are 8% using and 12% planning. Just as notable, more than a third of food retailers are now using artificial intelligence in some form.



6. COMMUNITY SUPPORT EXCELS: In the wake of a pandemic wreaking havoc on communities around the country, retailers have placed a high priority on community support and ties. In fact, retailers ranked community-focused programs as one of the most successful of all their service differentiation strategies.



7. IN-STORE EXPERIENCE GAINS FOCUS: Retailers are pulling out all the stops to enhance customer experiences, which have suffered from the pandemic. Among store development initiatives, 83% of responding retailers are focusing on new technologies to improve the customer experience and 61% on reintroducing and enhancing self-service experiences in stores. Strategies from scan-and-go to mobile payments are making the checkout experience more convenient.



8. MEAL SOLUTIONS ADVANCE: Retailers are flexibly adapting to changing consumer needs for meal solutions. More than 80% expect to increase space allocation for fresh-prepared, grab-and-go selections, and 70% will do so for plant-based foods and meat alternatives. About two-thirds said that targeting solutions for family meals has been a key competitive differentiator.



9. SOCIAL RESPONSIBILITY EMPHASIZED: Retailers are focusing on goals and implementation time frames for a range of social responsibility efforts. These include 90% for charitable donations; 73% diversity in hiring; 70% for diversity, equity and inclusion efforts overall; 61% energy use reduction, and 57% for food waste reduction.



10. FINANCIAL PICTURE MORE COMPLEX: Food retailers experienced significantly higher sales and transaction sizes during 2020, but expenses surged and impacted financial performance. Retailers made major investments in employee and customer safety, including PPE, cleaning and sanitizing, signage, plexiglass and more. Likewise, the costs of attracting and retaining employees rose, as retailers increased wages, benefits, training and skills development.

FOOD RETAIL IMPACTFUL DATA POINTS



85% leveraged **higher wages/salaries** in 2020 to help with **hiring** and **retention** of full-time employees

73% expect their **health care costs** to **increase** in 2021

58% **turnover rate** in the industry

65% point to **negative impacts** from **trucking** and **transportation** capacity hurdles

67% of food retailers with pharmacies say **DIR fees** are having **negative impacts** on their businesses

68% identify **social** and **environmental policy** as a differentiation strategy

83% used **local assortments** throughout the store as a product differentiation strategy in 2020

\$110 was the **average online sales transaction** size in 2020, considerably higher than the

\$42 for **in-store**

87% are making efforts to use **technology** to personalize marketing/shopping experiences

48% strongly agree **technology will change the in-store shopping experience**

15.8% **same-store sales growth** for 2020 resulting in

3.0% **net income** for 2020