From Walmart to Whole Foods

What Are Shoppers Looking For?

Presented by Linda Gilbert
CEO and Founder, EcoFocus Worldwide

2013 Clean Label Conference
www.GlobalFoodForums.com/CleanLabel
EcoFocus is the market research and consumer insights expert for health, wellness, and sustainability trends.

We provide custom research, multi-client studies, and subject expertise to CPG manufacturers and retailers, and their ingredient/technology suppliers and partners.
Annual EcoFocus Trend Survey

- **Lifestyles & Actions**
  - Nationally projectable
  - 15,500+ Men & Women
  - Ages 18 – 65 years

- **Values & Attitudes**
  - Lifestyle study
  - 20-30 minute online survey
  - Fielded annually

- **Priorities & Tradeoffs**
  - Trend data for tracking
  - Next wave: Q1 2014

- **Shopping & Communications**
Research findings can be analyzed and reported by year and by various consumer groups:

<table>
<thead>
<tr>
<th>Demographics</th>
<th>Grocery Buyers</th>
<th>Packaging Attitudes &amp; Actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td>Categories</td>
<td>Can, carton, glass, plastic, pouch</td>
</tr>
<tr>
<td>Age / Generation</td>
<td>Brands</td>
<td>For beverages, foods</td>
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<tr>
<td>Ethnicity</td>
<td>Foods and beverages</td>
<td>Health, environment, taste</td>
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<tr>
<td>Presence / Age of Children</td>
<td>Personal care</td>
<td>Priorities</td>
</tr>
<tr>
<td>Education, Income</td>
<td>Home care</td>
<td>Preferences</td>
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</tbody>
</table>

Key Cohorts

- Consumers Who Care
- Dark Green / LOHAS
- EcoAware Moms / Dads

Chain Shoppers

- Big Box Stores
- Chain Groceries
- Natural Stores

Recycling

- Have single stream / other available
- Freq of recycling / barriers
- Attitudes and actions

Today, we are going to look at **consumer interest and demand for Clean Labels** through the lens of where they shop.
68% of grocery shoppers regularly patronize the Big Box stores, 49% shop the Retail Chain grocers, and 19% regularly shop at Natural Chain stores.

There is a great deal of crossover shopping.

Base: 3,932 U.S. Grocery Shoppers, March 2013
Growth in private label brands is outpacing national brands: 9 in 10 shoppers are buying PL brands today.

• Store brands are no longer mimicking national brands.
• Store brands are setting a new Clean Label performance bar with innovative products and packaging that are:
  – Boosting shopper loyalty
  – Differentiating retailers
  – Boosting profitability
Affordability, Trust, and Easy Healthy Choices matter most when choosing where to shop. Selection of natural products is a priority for more than 1 in 2 shoppers.

- Affordable: 85%
- Trustworthy: 70%
- Easy for me to make healthy choices: 65%
- Selection of locally produced products: 55%
- Selection of natural products: 54%
- Environmentally friendly: 50%
- Socially responsible: 47%
- Selection of organic products: 45%

Base: 3,932 U.S. Grocery Shoppers, March 2013
While some retailers are meeting shopper expectations for a wide selection of natural products, others have room for improvement.

<table>
<thead>
<tr>
<th>Retailer</th>
<th>Wide selection of natural products is important to patrons</th>
<th>Offers a wide selection of natural products</th>
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</thead>
<tbody>
<tr>
<td>Whole Foods Market</td>
<td>80%</td>
<td>82%</td>
</tr>
<tr>
<td>Trader Joe's</td>
<td>74%</td>
<td>77%</td>
</tr>
<tr>
<td>Target/Super Target</td>
<td>33%</td>
<td>67%</td>
</tr>
<tr>
<td>Costco</td>
<td>35%</td>
<td>66%</td>
</tr>
<tr>
<td>Wegman's</td>
<td>35%</td>
<td>66%</td>
</tr>
<tr>
<td>Sam's Club</td>
<td>35%</td>
<td>65%</td>
</tr>
<tr>
<td>Albertson's</td>
<td>42%</td>
<td>61%</td>
</tr>
<tr>
<td>Publix</td>
<td></td>
<td>61%</td>
</tr>
<tr>
<td>ShopRite</td>
<td></td>
<td>59%</td>
</tr>
<tr>
<td>Safeway</td>
<td></td>
<td>54%</td>
</tr>
<tr>
<td>Walmart</td>
<td></td>
<td>57%</td>
</tr>
<tr>
<td>Kroger</td>
<td></td>
<td>54%</td>
</tr>
</tbody>
</table>

Base: U.S. Grocery Shoppers
The highest clean label priority for Target shoppers is “no artificial” ingredients. Target shoppers also have high concerns about the safety of GMO’s.

Target’s Simply balanced brand excludes 105 common food additive ingredients. The vast majority are made without GMOs (intend to eliminate all GMOs by end of 2014).

The line has more than 250 products that are free of artificial flavors, colors, preservatives, HFCS, trans fats, and are “mindful” of sodium. 40% of the products are organic, “…giving guests more of the simple, recognizable ingredients they know and want – and a food label they can understand,” says Target.
Walmart shoppers put a higher priority on healthy choices (65%) versus natural choices (55%). So it makes sense that their Great Value products emphasize lower sodium, fat, and sugar (and alert them to potential allergens).

Great Value sets specific targets for lowering sodium, trans fats and added sugars in a broad array of foods — including rice, soups, canned beans, salad dressings and snacks like potato chips.

Walmart pledges to reduce sodium by 25%, eliminate added trans fats, and reduce added sugars by 10% by 2015 – and to make healthier choices more affordable by dropping prices on fruits and vegetables.

Walmart plans to develop criteria, and ultimately a seal, that will go on truly healthier foods, as measured by their sodium, fat and sugar content.
Costco shoppers are significantly more likely than Walmart shoppers to look for clean labels. And while Costco has room for improvement on its selection of natural and organic products, it scores well with shoppers on value and trust.

The **Kirkland Signature** brand serves a customer agenda, providing a level of brand confidence previously found only in the top-tier of name-brand products. This approach helps build brand trust. Kirkland brand products include no sugar added fruit products, dolphin-safe tuna and a variety of organic selections.
Kroger shoppers put the highest clean label priority on “no preservatives” or “artificial” ingredients. Kroger meets their shoppers’ expectations with Simple Truth, free from 101 artificial ingredients and preservatives.

Simple Truth and Simple Truth Organic provide an “uncomplicated, trustworthy solution” for shoppers looking for natural and organic products. The products can be found throughout the store, from the dairy case, to the meat case to the snack and beverage aisles.

“Together, these are our fastest growing brands,” said Kroger chairman and CEO.
Safeway shoppers have high concerns about the safety of hormones and antibiotics in foods, and moderate concerns about preservatives and artificial ingredients.

Safeway’s **Lucerne** brand offers more than 100 dairy products that are rBST free: milk, butter, cream cheese, sour cream, cottage cheese, Greek yogurt.

Safeway’s **Open Nature** brand features more than 130 products made with natural ingredients:

**O Organics** is Safeway’s USDA-certified organic line, grown and produced in environmentally-friendlier ways.
A&P shoppers are looking for green and clean. A&P has responded with the **Green Way** line of products that are natural, organic, and sustainable/earth friendly.

Priced at an everyday value, **Green Way** offers more than 150 items including cereal, crackers, sauces and dips, juices, batteries, window cleaner, laundry detergent.

Where possible, A&P incorporates sustainability features to **Green Way** products and packaging which are called out on the package.
Publix shoppers put a higher priority on clean labels than do most other Retail Chain shoppers. Shoppers give Public high credit for their selection of organic and natural products.

**Greenwise** offers customers three categories:

- Organic items are raised without added growth hormones or synthetic antibiotics, steroids, pesticides, or fertilizers and are all-natural with no GMOs.
- All-natural items are minimally processed, have no artificial colors, flavor, preservatives or sweeteners.
- Earth-friendly products are produced in such a way to minimize any negative impact on the environment.

Publix is now opening **Greenwise Markets** - a one stop destination for organic, natural, and environmentally friendly products.
Wegmans shoppers are looking for natural ingredients, organic choices, and GMO-free products. **Wegmans Food You Feel Good About** is one of the first better-for-you brands launched by a major retailer, introduced in 1992. 

**Wegmans Food You Feel Good About** products are free from artificial colors, flavors and preservatives; trans-fats from partially hydrogenated oils; and high-fructose corn syrup.

Fresh meats under the brand are from animals that haven't been given antibiotics or hormones, or fed animal byproducts.

And packaging for all products bears a graphic label to make it easy for shoppers to "spot foods that are simply better."
It’s no surprise that Whole Foods Market shoppers put the highest priority on clean labels, compared to shoppers at other retail stores.

The **365 Everyday Value** brand has labeling for both desirable and undesirable ingredients and nutritional features. The Non-GMO Project Verified certification is included as applicable.
Trade Joe’s shoppers are second to Whole Foods shoppers in their desire for clean labels and their concern about the safety of preservatives, GMOs and artificial ingredients.

Their graphic labeling helps shoppers to make choices at a glance that are right for them and their families. Trader Joe’s products help shoppers prepare flavorful and healthy recipes… such as Reduced Guilt Brownies using yogurt instead of eggs and oil, to maintain moistness.
By looking at consumers through the lens of where they shop, we can:

- Identify focus and priority areas for development and communication
- Build customer stories that bring the shopper to life with insights and trend data
- Get the go-to story to prepare sales and customer development for meetings with customers
- Put ammunition behind your product’s fit with their shopper’s priorities
Thank You

Linda Gilbert
St Petersburg, Florida
+1-727-906-3319
linda@ecofocusworldwide.com

www.ecofocusworldwide.com

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