

# 2020 Trends in the Grocery Industry

Market Research & Brand Strategy  
on behalf of  
Grandma's Pasta



Amber Wilson

February 2021





# Contents



## Introduction

- Company Overview
- Values & Goals



## Industry Research

- Top Grocers
- Fastest Growing Grocers
- Special Considerations



## Market Trends

- Online and Delivery
- Meal-Kit Growth
- Smaller Grocers



## Customer Analysis

- Customer Journeys
- Market Trends
- Grandma's Customers



## SWOT Analysis

- Comparative Research
- Weakness Breakdown



## Brand Strategy

- Marketing Priorities
- Online Presence
- Community Outreach

# Company Overview

## History

Grandma's has proudly been producing noodles for over 50 years. Founded in 1961, Grandma's is a family owned, WBENC certified woman's owned business proudly made in Arvada, Colorado, in a 19,000 sq. ft. building that houses both the manufacturing facility and corporate offices.

## Products

Grandma's produces frozen noodles, expanding from simply wide and spaghetti egg noodles to pappardelle, fettuccine, and small-batch spaghetti. Grandma's products are all-natural, without GMOs, and kosher. Grandma's noodles are available online and at grocers throughout the western United States.

## Culture

Tradition is important at Grandma's, where they gladly keep their recipes simple and fresh. Originating from Sicily, Grandma's is a member of the Italian American Business Association. On top of this, more than 50% of employees are POC or women. Grandma's involves itself in local charities through service and donation.

# Grandma's Values



## Integrity

Grandma's Noodles is committed to producing healthy products using only the highest-quality ingredients, no GMOs, all natural noodles you can feel good about feeding your family and friends. We don't cut corners on ingredients.



## Trust

Grandma's Noodles focuses on their customer relationships and creating a product and company you can trust. Grandma's believes that a "happy consumer is the best advertisement," so Grandma's is proud to offer a no-fault guarantee.



## Passion

Grandma's is passionate about the food they produce. Along with the integrity of their ingredients, passion is the heart of Grandma's from their history to innovating new products. Grandma's is passionate about their food and their people.



## Community

Grandma's knows its community makes it stronger. Grandma's is committed to playing an active role in their community by giving back. We are corporate citizens who value diversity and open communication among our communities.

# Company Goals

Grandma's Frozen Noodles goal is to continue to expand its physical sales market, through wholesalers, distributors, and grocers, while also beginning to sell direct-to-consumers.

In line with expanding Grandma's customer base, Grandma's is innovating new products to appeal to larger markets, both physically and through e-commerce.

With more products on the market and expanding points of sale, Grandma's will require longer production times, providing more jobs, as well as increasing profit margins.

"I have been using  
or eating them for  
45 years or so.  
WHERE ARE  
THEY?????"

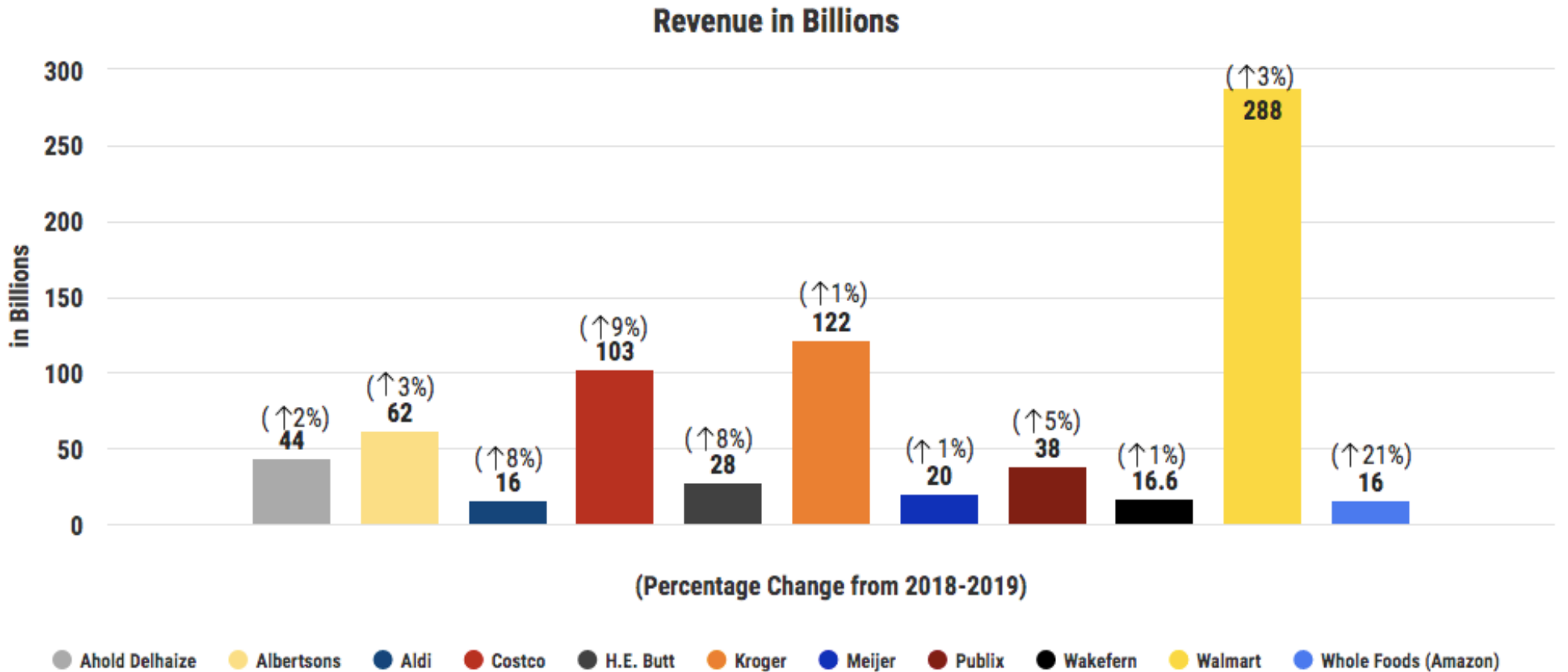
A review left by a customer on Walmart's website as Grandma's is no longer stocked.

## Specific Goals

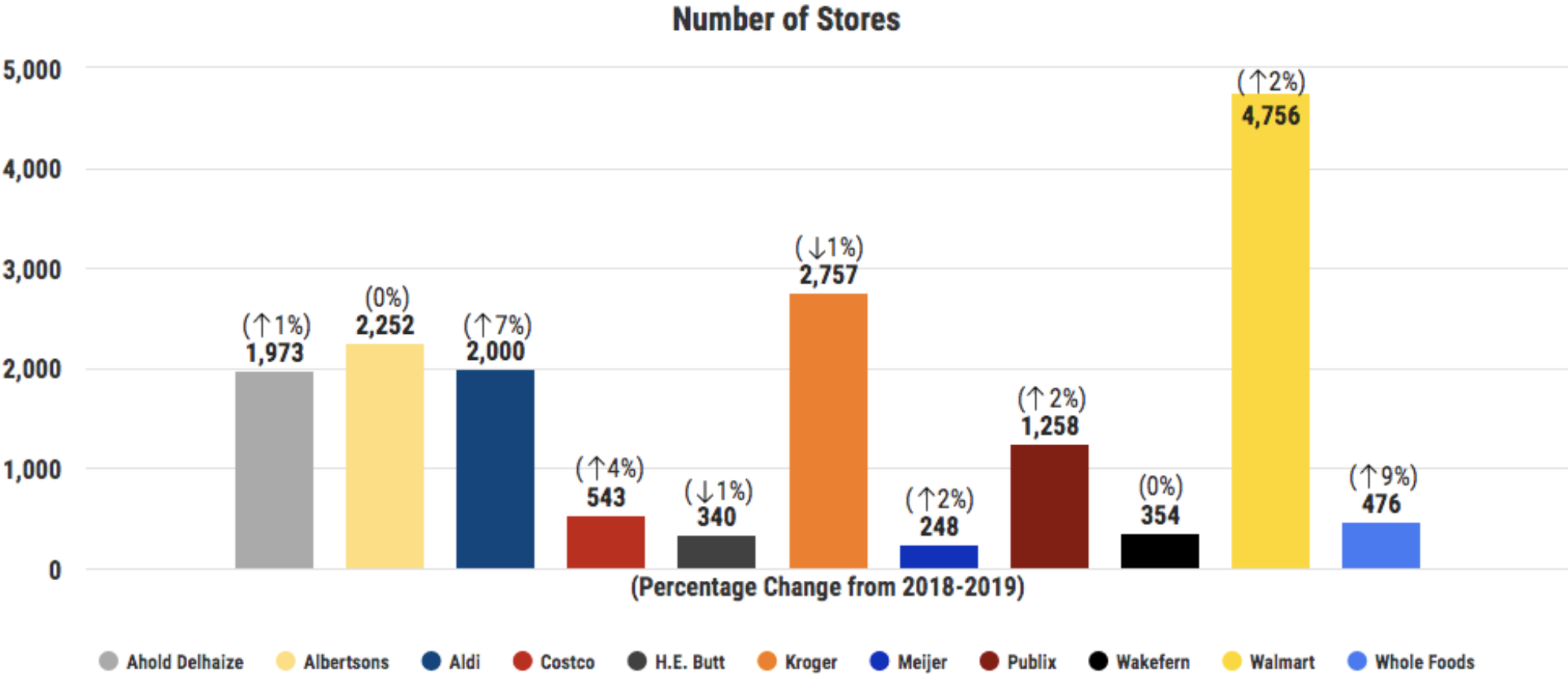


Goals have been removed to protect product development.  
Please contact me to discuss.

# Top U.S. Grocery Stores by Revenue

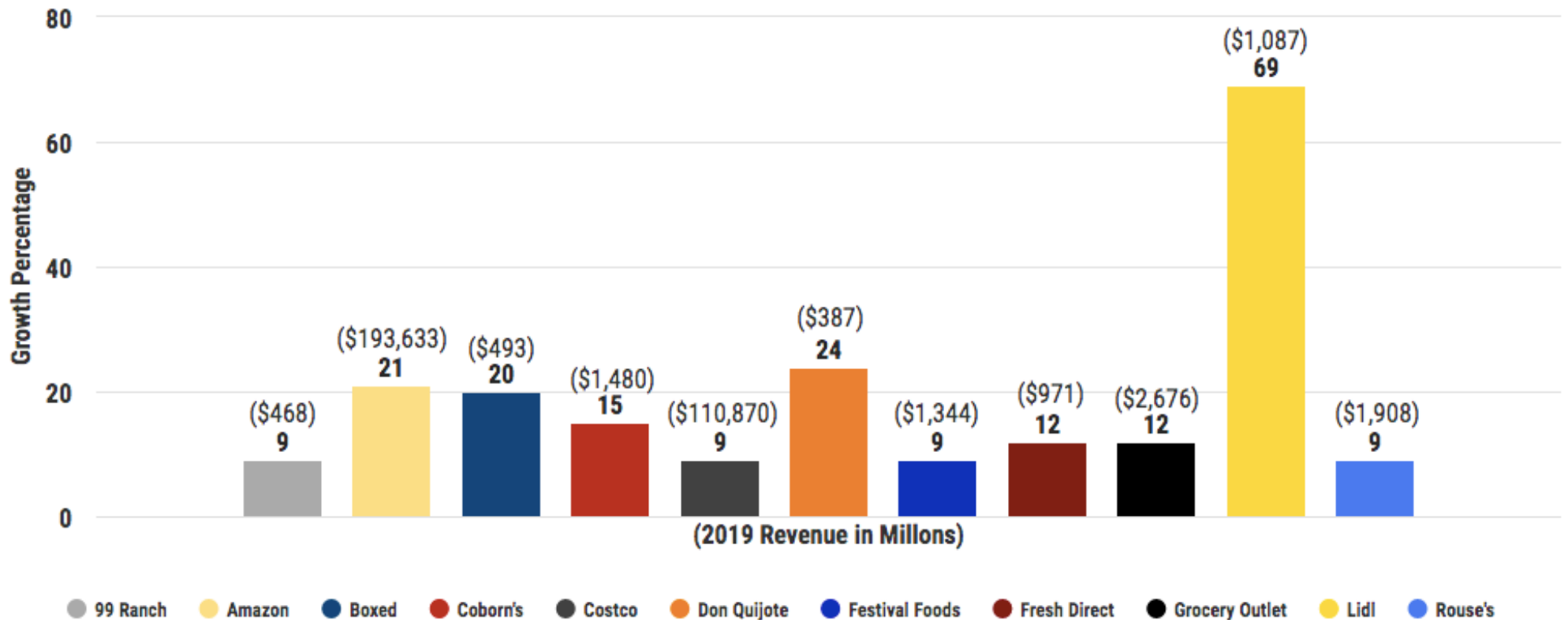


# Top U.S. Grocery Stores by Revenue



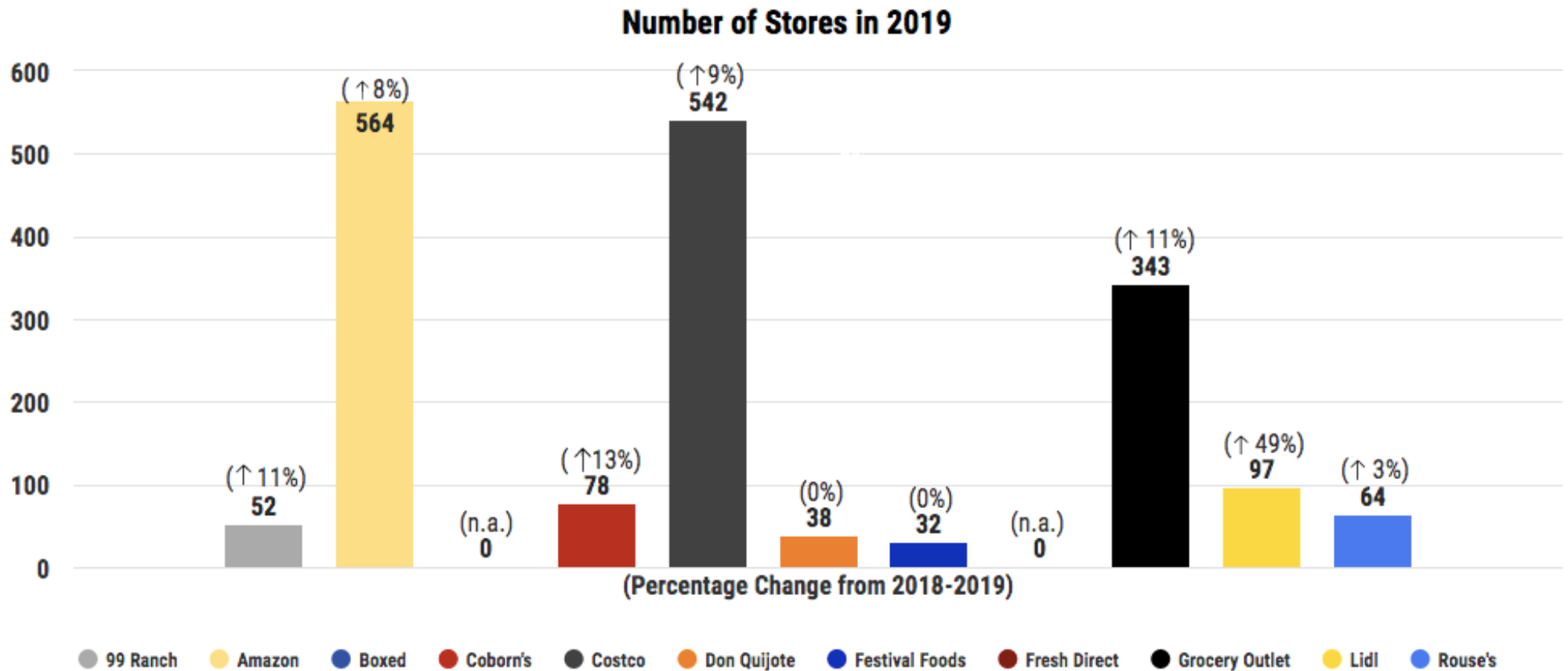
# Fastest Growing U.S. Grocery Stores

## Sales Growth Percentage 2018 - 2019





# Fastest Growing U.S. Grocery Stores



# Special Considerations



## Aldi-exclusives

Aldi, and its acquired Trader Joe's, follow the business model of producing and selling 90% store-brand items, estimated at 1,400 products ranging from Aldi-branded cheese to wines.



## Aldi-elusive

Aldi is notoriously secretive about its growth and sales numbers, which have been reported anywhere from 16 billion a year to 30 billion a year, and is the 6th largest grocery chain globally.



## Aldi-expansion

Though not reported on the "Fastest Growth U.S. Supermarkets" graph of this presentation, Aldi has plans to open hundreds of new stores in the next years throughout the country.

# MARKET TRENDS

Covid 19 has presented a number of challenges for businesses, and will continue to have rippling effects throughout the economy. This has and will continue to undoubtedly cause certain trend changes within the grocery industry, as well.

This segment will focus on three key market trends: online grocery shopping, meal kit delivery services, and regional grocery operations. There is opportunity in all of these areas.

**From a significant rise in online grocers and meal kits to brick-and-mortar stores continuing to expand, the grocery industry is alive and well.**

The nearly 900 billion dollar grocery industry has seen growth across the board. Technology and changing consumer trends will continue to push the grocery industry to adapt and expand to meet the needs of consumers. People have to eat, let's make sure it is Grandma's Frozen Noodles they are choosing.

## Online Grocers



in 2018



in 2023



**Grocery Delivery**  
from 2018-2023

**549%  
INCREASE**

# The Online Market



50%

Nearly half of groceries were purchased online in May of 2020



43%

of the 2020 online grocery shoppers were **first timers**



68%

of **new** online grocery shoppers said they will continue to do so

## Even a 1%

shift to online sales means **\$9 billion** in revenue

With May 2020 accounting for nearly half of grocery sales happening online, almost **\$37 billion** was spent online grocery shopping in a single month.

# How Big Grocers Used E-commerce

Brick-and-mortar stores have been flailing in the age of technology, but grocery stores, including big retailers, have curbed this transition from in-person shopping to online by adjusting to consumer needs through augmenting other features, such as pharmacies and bakeries. Big grocery stores remain at the front of the online trends.

Rather than relying on online sales, big grocers have used e-commerce to augment business. In the year of Covid19, where people limit their stops, grocery stores have become a one-stop-shop adding pharmacies and bakeries to their storefronts.



# 90%

of shoppers

regularly choose the same store based on convenience. 75% already know what they are going to buy before they ever enter the store.

## Kroger E-commerce Statistics

Online orders  
up 92%

Pick-up locations  
2K

Delivery locations  
2.4K

Sales up  
19%

Customers Reached  
97%

# Fresh Food Delivery Kits

Revenue in 2016 for fresh food delivery kits.



**\$1.5 Billion Revenue**

**\$4.65 Billion Revenue**



Revenue in 2017 for fresh food delivery kits.

In May 2020, Hello Fresh reported a 66.4% year-to-year revenue increase to \$754.8 million, globally.



**\$754.8 Million**

**2.64 Million Active Customers**



Hello Fresh also reported their customer base grew by 88.6%.

The number of Hello Fresh orders jumped by 82.2% in May 2020.



**8.95 Million Orders**

**\$19.92 Billion Revenue**



By 2027, the meal kit delivery market is projected to achieve a 12.8% CAGR to reach nearly \$20 billion.



# Regional & Specialty Grocers

①

## Empathy

Smaller grocery stores and/or chains are often more in-tune with their customers and able to build real personas from data. During the challenges of Covid19, small grocers were able to stress their community relationships.

②

## Agility

It is often easier for smaller, regional retailers to implement changes based on customer needs than across thousands of stores. Though, they struggled with a lack of developed online business plans during Covid19.

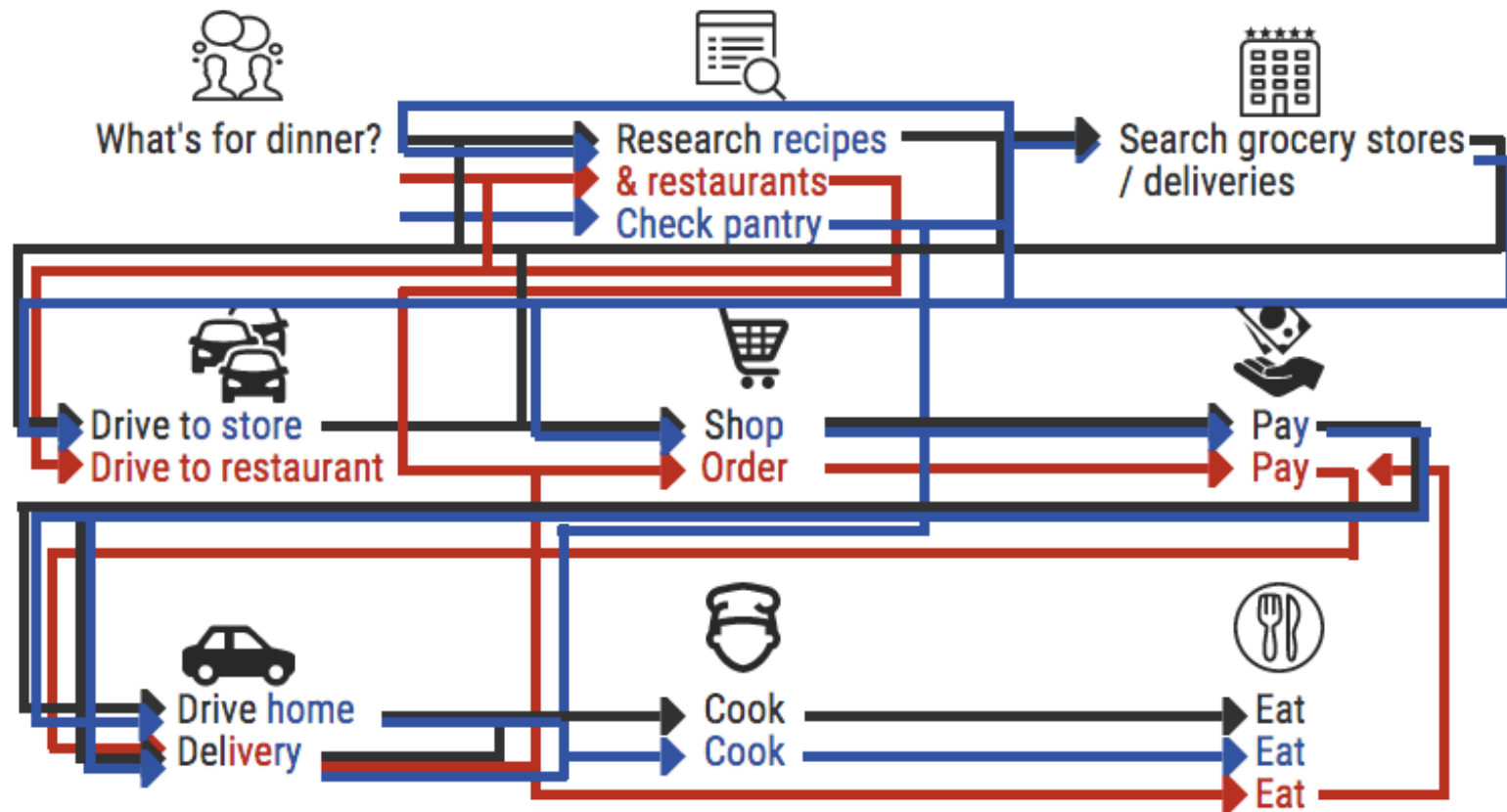
③

## Value

From providing specialty, higher-quality items to giving back to their local communities in a meaningful way, speciality and/or small, regional grocers are valuable to their communities in a way that large retailers are not.



# Customer Journeys





## Customer Journey Overview

- Complex process with even more "triggers" and paths than illustrated
- Focus on how businesses and consumers want to buy, not how we want to sell as a business
- Businesses must capture customers before the trigger

## Customer Loss

- Pre-trigger: not being in the customer's mind before determining what is for dinner
- Post-trigger: ease - product is not readily available, consumer does not know how to use product, consumer has other loyalties

## Acquisition Opportunity

- Building a customer loyalty loop through customer experience
- Understanding and adapting with emerging markets and trends, i.e accessibility online, recipes and food choices, and grocery retailer choices and options

## Takeaway

- Customer loyalty in the grocery industry falls into two possibilities: loyalty to the store and/or loyalty to the brand
- Brands cannot rely on grocery stores to build loyalty for them, and it is important to market themselves accordingly



"I have used this product for all my married life (46 years) and my mother used it before that time. I would DEFINITELY recommend this over the other frozen noodles I have tried."

★★★★★

4.6-4.9 ★  
IN CUSTOMER REVIEWS ON SOCIAL

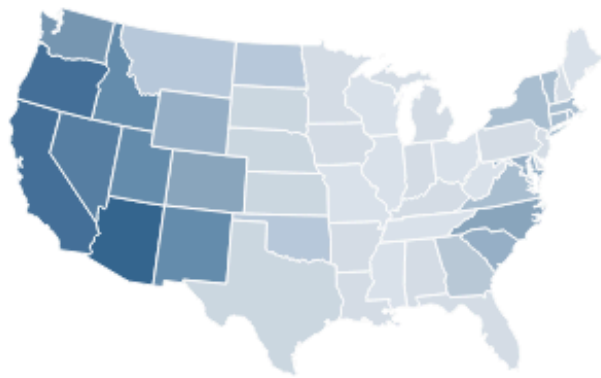
Grandma's Noodles has proven it can generate a loyalty loop within consumer bases, which has required longer production times and expanded into more grocery chains and state locations.

# Customer Trends

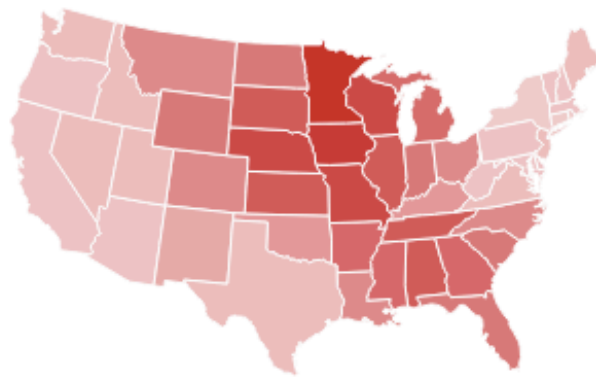


# Attitudes by Region

**Relaxed & Creative**



**Friendly & Conventional**



**Temperamental & Uninhibited**

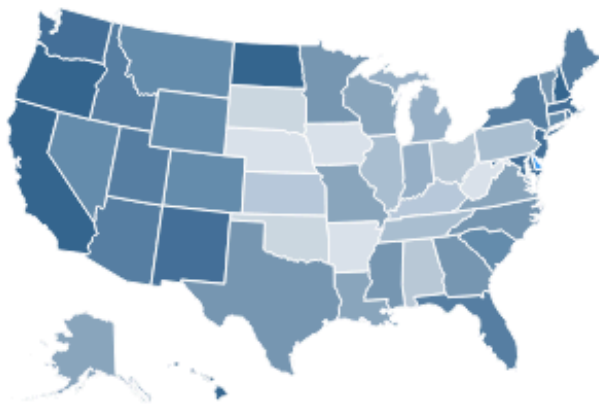


Consumer reports conducted a survey on customer satisfaction with grocery store chains on qualities ranging from price to service. The research was based on 24,000 interviews from people across the U.S. Looking at the 12 chains that came in at the bottom of the list, **8/12 of the lowest scoring stores were chains based in Northeast and Mid-Atlantic states**. 2 were located in the Midwest, 1 was in the west, and the final store was a national chain: Walmart.

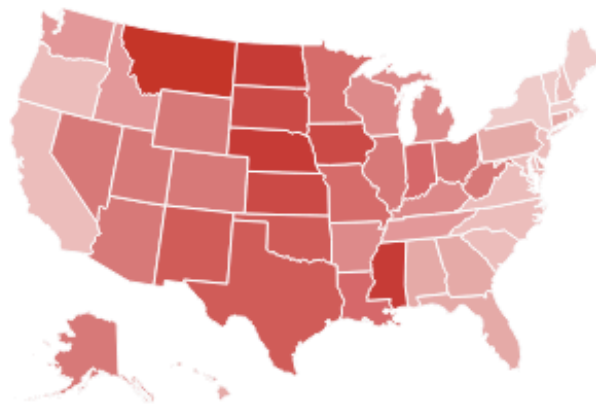
# Habits by Region

## Eats Most...

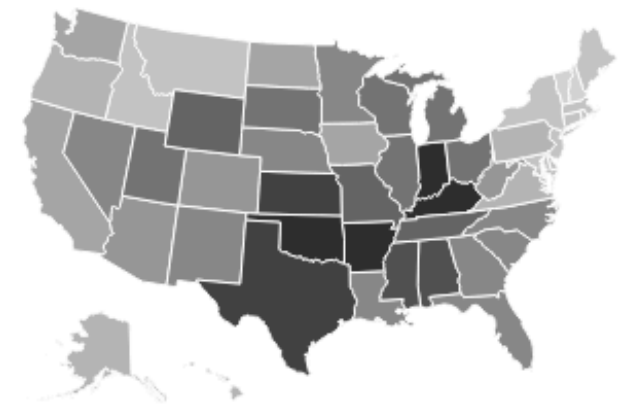
**Leafy, Green Vegetables**



**Red Meat**



**Fast Food**



---

Perhaps unsurprisingly, our eating habits correlate with many of our other habits. States that eat leafy, green vegetables more often also tend to be ranked higher on the relaxed and creative scale. As people move away from meat at every meal, they are becoming more creative with plant-based diets. States that eat the most red meat also have the largest amount of cattle. States that eat fast food also tend to exercise less.

# Generational Considerations

## Boomers



1946 - 1964

11% vegetarian/vegan  
26% belief clean eating improves health  
Prefer cooking from recipes  
Have the most brand loyalty of all groups  
Tend to favor "American fare"  
Comfortable online shopping, but prefer brick-and-mortar

## GenX



1965 - 1980

8% vegetarian/vegan  
36% belief clean eating improves health  
Highest spending power of the other generations  
64% follow a diet aimed at losing weight  
Shop most conservatively and respond to personal offers

## Millennials



1981 - 1996

12% vegetarian/vegan  
57% follow a special diet  
42% belief clean eating improves health  
Most omnivorous in shopping habits, but prefers niche brands  
Ate 35% of meals out of home  
Prefers recommendations for choosing meals/recipes

## GenZ



1997 - 2012

7% vegetarian/vegan  
86% eat vegetarian food  
55% belief clean eating improves health  
Prefers cooking from wordless pictures or videos online  
25% of spending is on food  
Most likely to try "ethnic" foods  
Open to big/little brands

# Health and Environmental Impacts

## The Organic Movement

Boomers began the organic food movement, but GenZ has been born into the food movement. 38% of Boomers believe nonGMOs are better.

## Food as Medicine

Across generations and communities, people are considering the medicinal properties of food more, including gut health.

## Dieting

Dieting is going anywhere anytime soon. People are conscious of what they put in their bodies and how it affects their weight, but as body positivity spreads, food is no longer the "enemy" it once was

## Meatless Mondays & Beyond

The environment is a topic that directly affects food consumption, and the meatless movement is growing as people try to cut down.

## Comfort Foods

Mental health is important and with the pandemic, 36% of people described pasta as a comfort food often opting for high-end options.

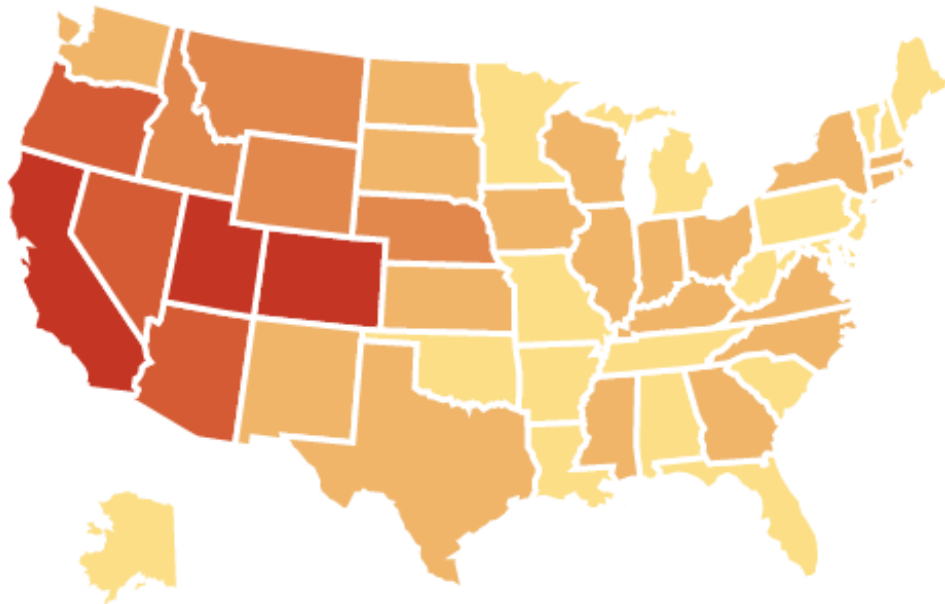
## Locality

People are more aware of the environmental impact of their food, including transport and large farm operations, often opting to support local.

# Grandma's Customers

## Who are Grandma's Customers?

Information has been removed from this slide to protect Grandma's privacy and sales statistics. Please contact me for more information regarding this slide and others with sensitive content.





# SWOT Analysis

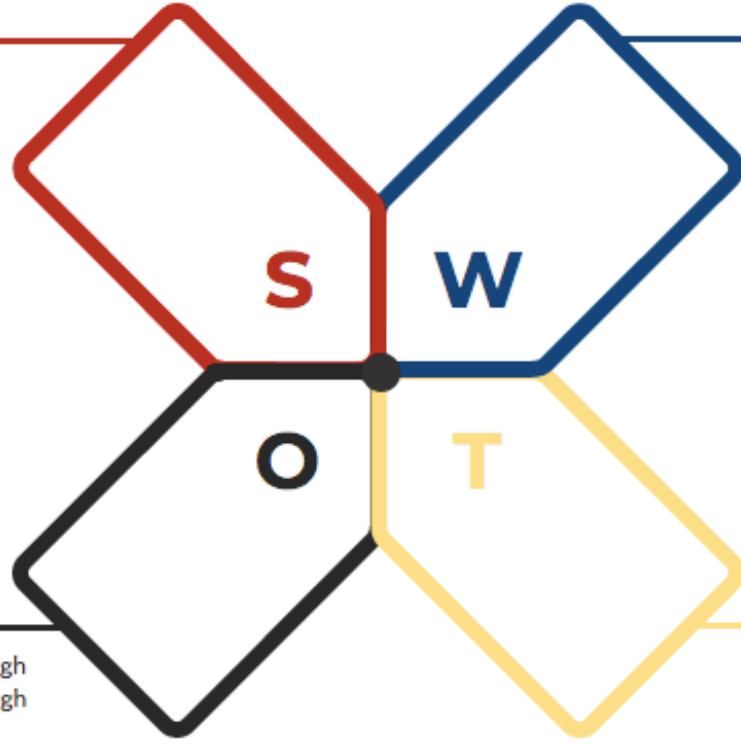
Grandma's v. Reames / General Industry

## STRENGTHS

- | Grandma's:   | Competitor   |
|--|--|
| <ul style="list-style-type: none"> <li>Information has been removed to protect valuable sales and market information. Please contact me for more information.</li> </ul> | <ul style="list-style-type: none"> <li></li> <li></li> <li></li> <li></li> </ul> |

## WEAKNESSES

- | Grandma's:   | Competitor   |
|--|--|
| <ul style="list-style-type: none"> <li></li> </ul> | <ul style="list-style-type: none"> <li></li> <li></li> <li></li> <li></li> </ul> |



## GENERAL OPPORTUNITIES

- Online sales growth - direct to consumer sales through e-commerce, significant growth in online sales through grocery retailers
- Trends supporting cooking at home, not only due to Covid19
- Growth in both larger grocers and regional supermarkets

## GENERAL THREATS

- Changing trends, "foodies" can be fickle. Popularity of food items depends on climate, i.e. rise of vegan eating
- Cos of grocery delivery and accountability of transporting perishable food items
- Ease of eating out and pre-packaged meals and meal delivery kits

# Brand Strategy

## Key Priorities

**Business to Business**

**Business to Consumer**

**Direct to Consumer**

Strategy has been removed to protect customer marketing plan. Please contact me for more information.

## Online Presence

**Website**

**Social Media**

**SEO**

## Community Outreach

**Local Opportunities**

**Regional Grocers**

**Online Sales**