

Consumer Connect Q4 2019

---

# CHANNEL TRENDS IN CPG TODAY

**Joan Driggs**  
**Vice President**  
**Thought Leadership**

January 2020



# Executive Summary

Despite recessionary fears, consumer confidence increased in Q4 2019, with consumers feeling better about their current and future financial health.

Channel penetration is shifting: Value retailers like dollar stores and ecommerce are showing strength, while traditional retailers like grocery, mass and drug are losing share. Trip and spending changes underscore the ferocity of consumers' acceptance of value and online channels.

Convenience and value for the money continue to guide store choice. Wealthier shoppers, Gen Zers, millennials and Asians are also looking for meal-kit solutions, good selections of organic and gourmet food, and attractive technology in their store selection options.



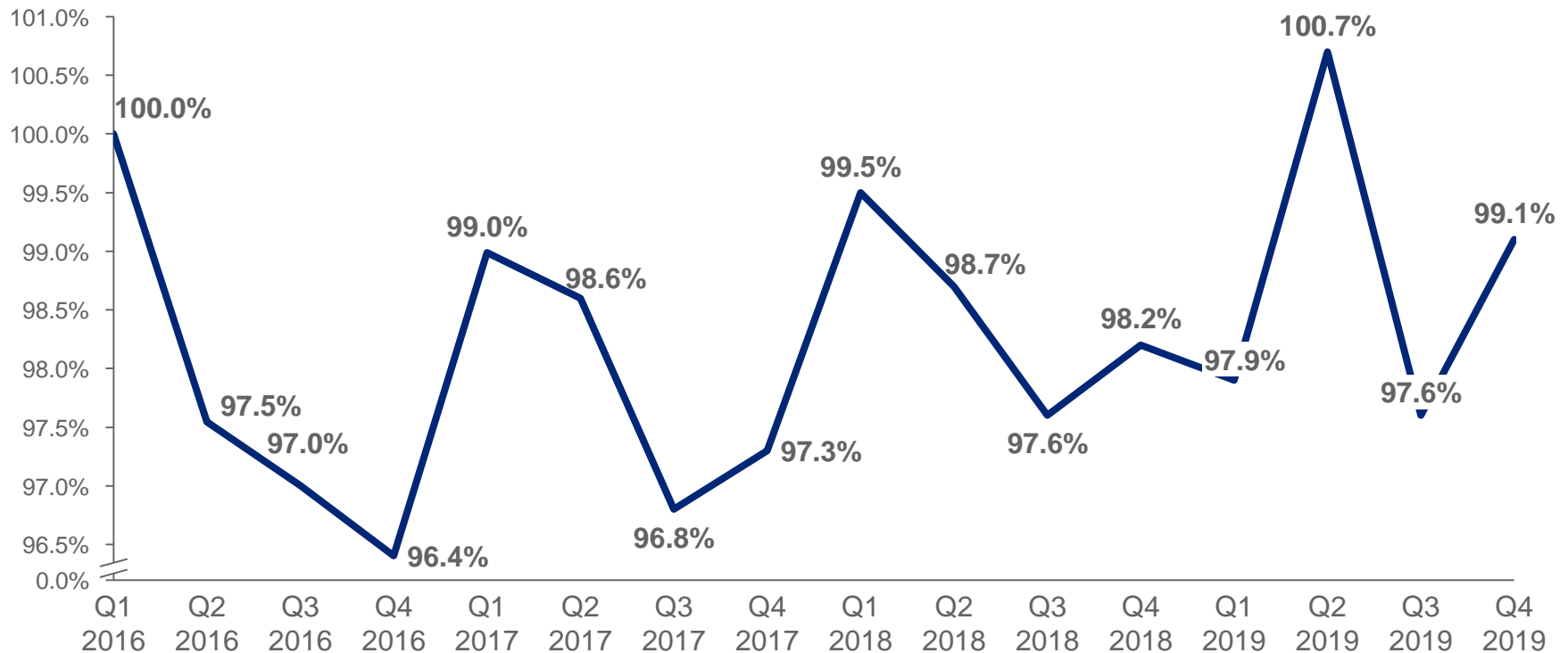
Experiential concepts, discount stores and easy navigation through the store are becoming important across all demographic groups, especially younger shoppers and Asians.

Grocery and mass are preferred for weekly needs, but penetration has declined; more shoppers are adopting ecommerce to meet weekly and monthly needs. Dollar retailers are winning heavy shoppers from competing channels, while mass is losing heavy shoppers to other channels. Protecting and cultivating core shoppers is critical to growth.

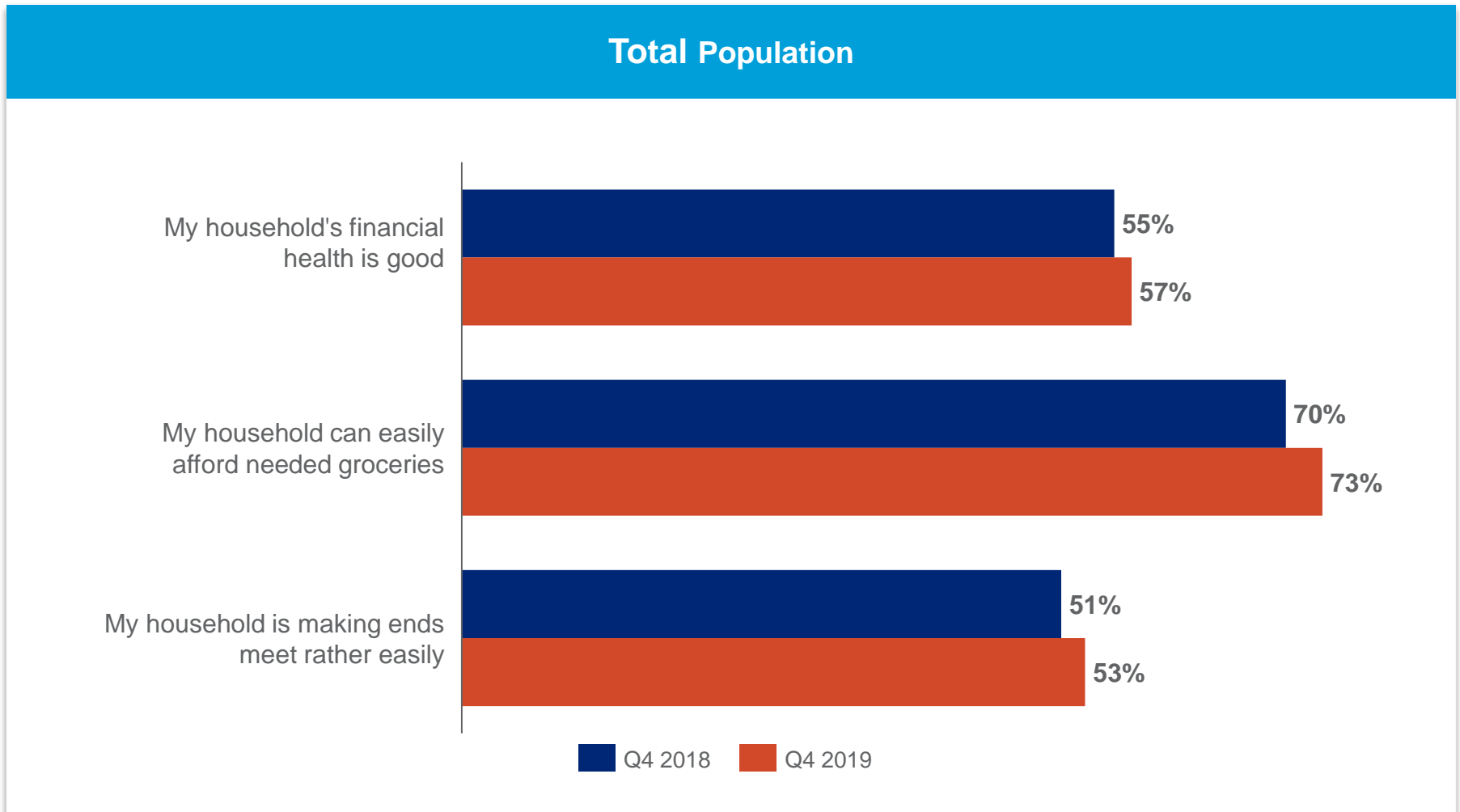
A slightly higher percentage of consumers felt that they are more likely to make impulse purchases when shopping online, especially Gen Zers. Time and cost savings are key drivers of online shopping and are highly valued by Gen Zers, Asians and Hispanic consumers.

# Consumer Sentiment Is Up Nearly 1 Point Versus Q4 2018 and 1.5 Points Since Q3 2019

Consumer Sentiment Index  
Total U.S.



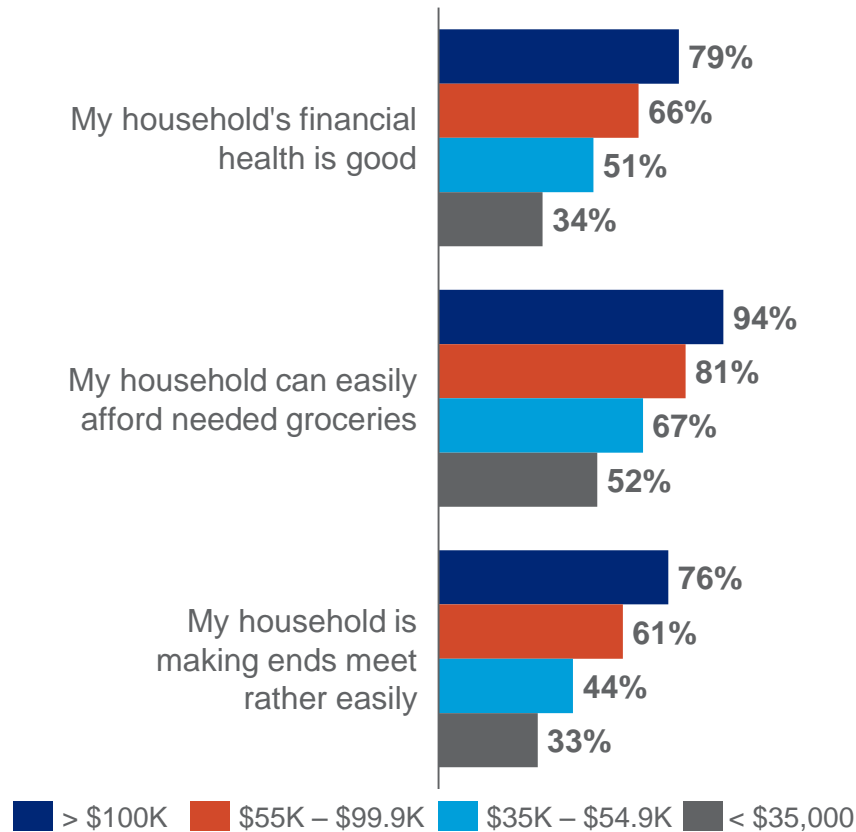
# Consumers Feel Their Financial Health Is Good, Groceries Are Easily Affordable, and They Can Easily Make Ends Meet



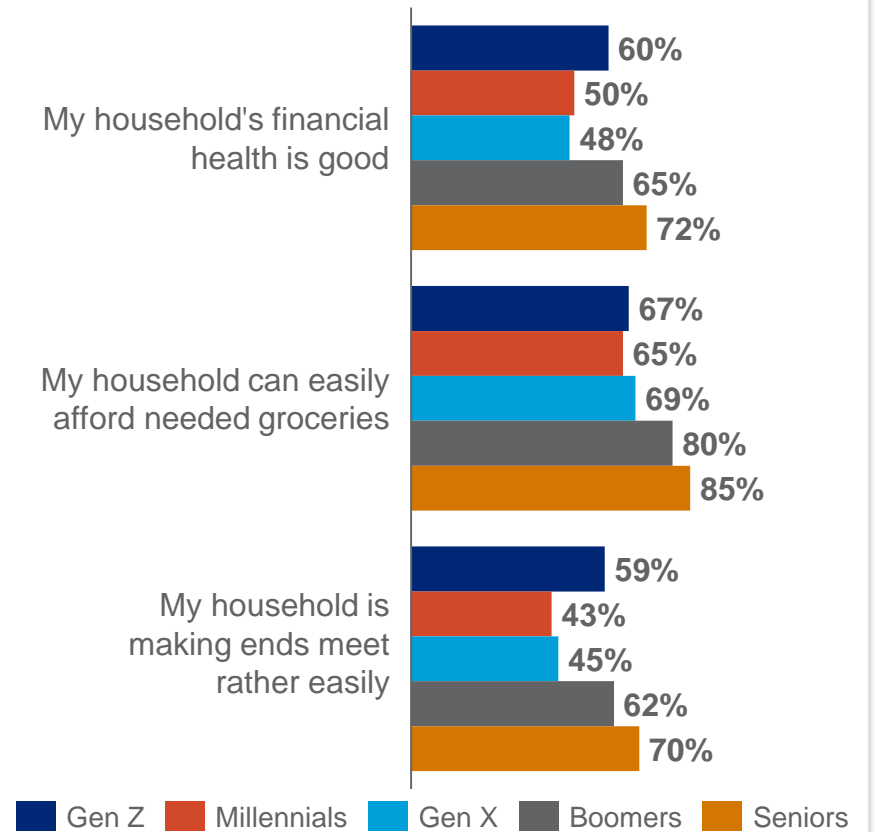
Agree With Statement  
Source: IRI Consumer Connect™, Q4 2018 & Q4 2019

# Middle- and High-Income HHs, Boomers and Seniors Consider Their Financial Health to Be Better and Are Able to Easily Make Ends Meet

## Consumer Financial Health by Income



## Consumer Financial Health by Generation



Agree With Statement  
Source: IRI Consumer Connect™, Q4 2019

# Convenience and Value for the Money Continue to Guide Store Choice Among Consumers

## Store Selection Process Total Population



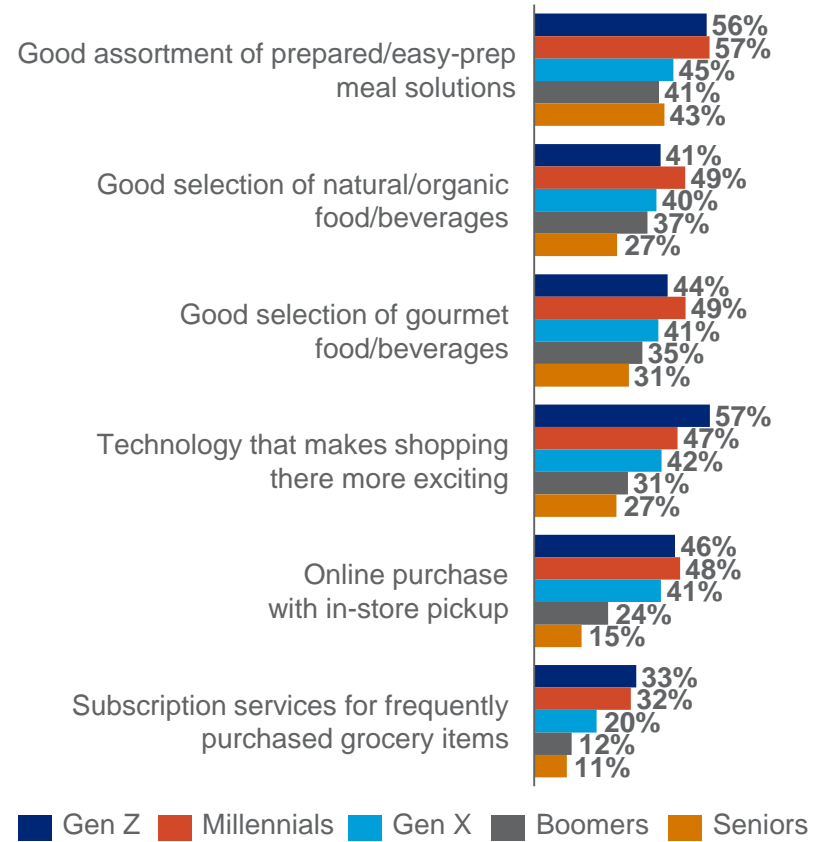
Very/Somewhat Important Summary  
Source: IRI Consumer Connect™, Q4 2019

# Wealthier Shoppers, Gen Zers and Millennials Are Key Targets for Upselling Against These Attributes

## Store Selection Process by Income

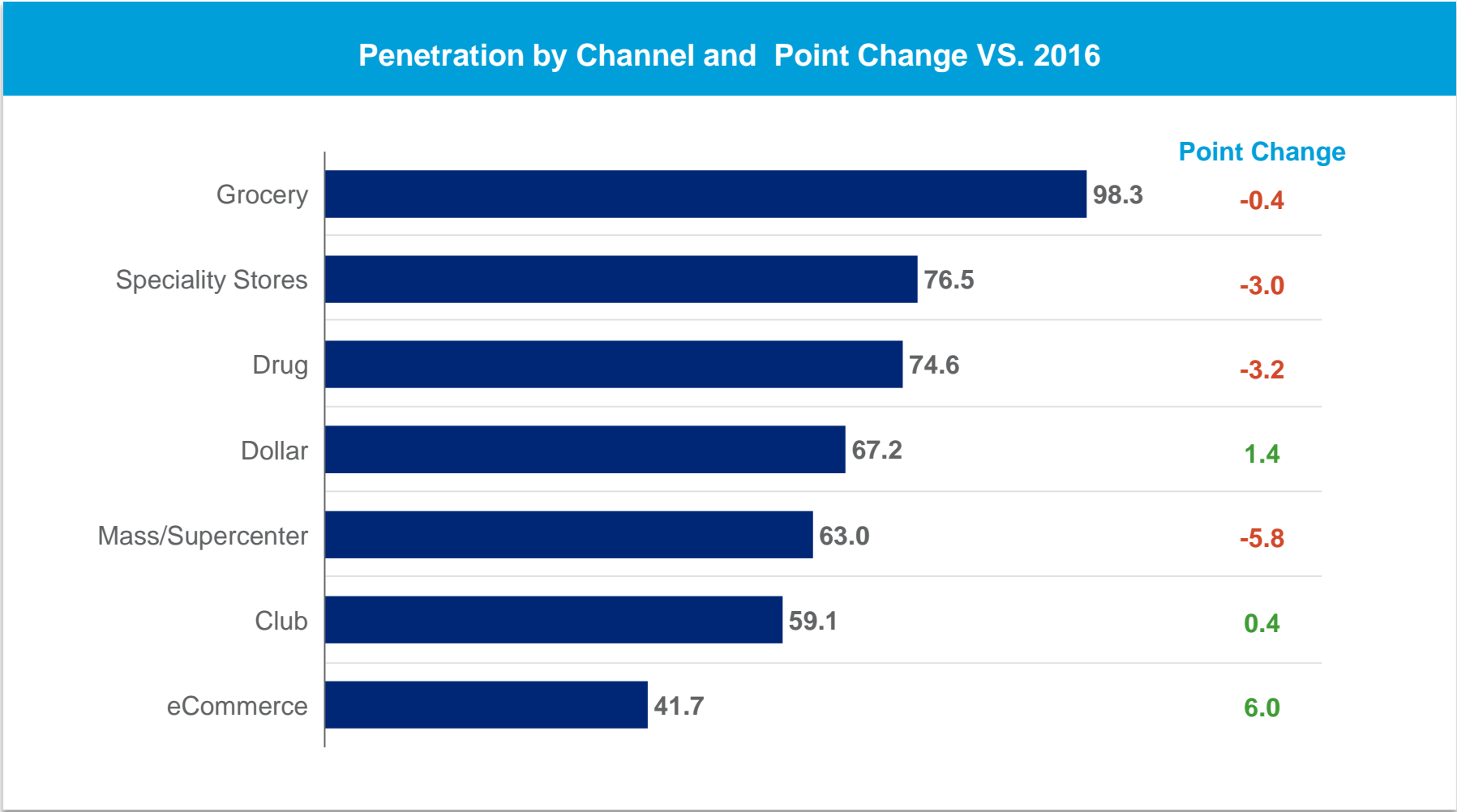


## Store Selection Process by Generations



Very/Somewhat Important Summary  
Source: IRI Consumer Connect™, Q4 2019

# Channel Penetration Is Shifting; Grocery Holds 98% Penetration, but eCommerce and Dollar Retailers Are Making Considerable Inroads



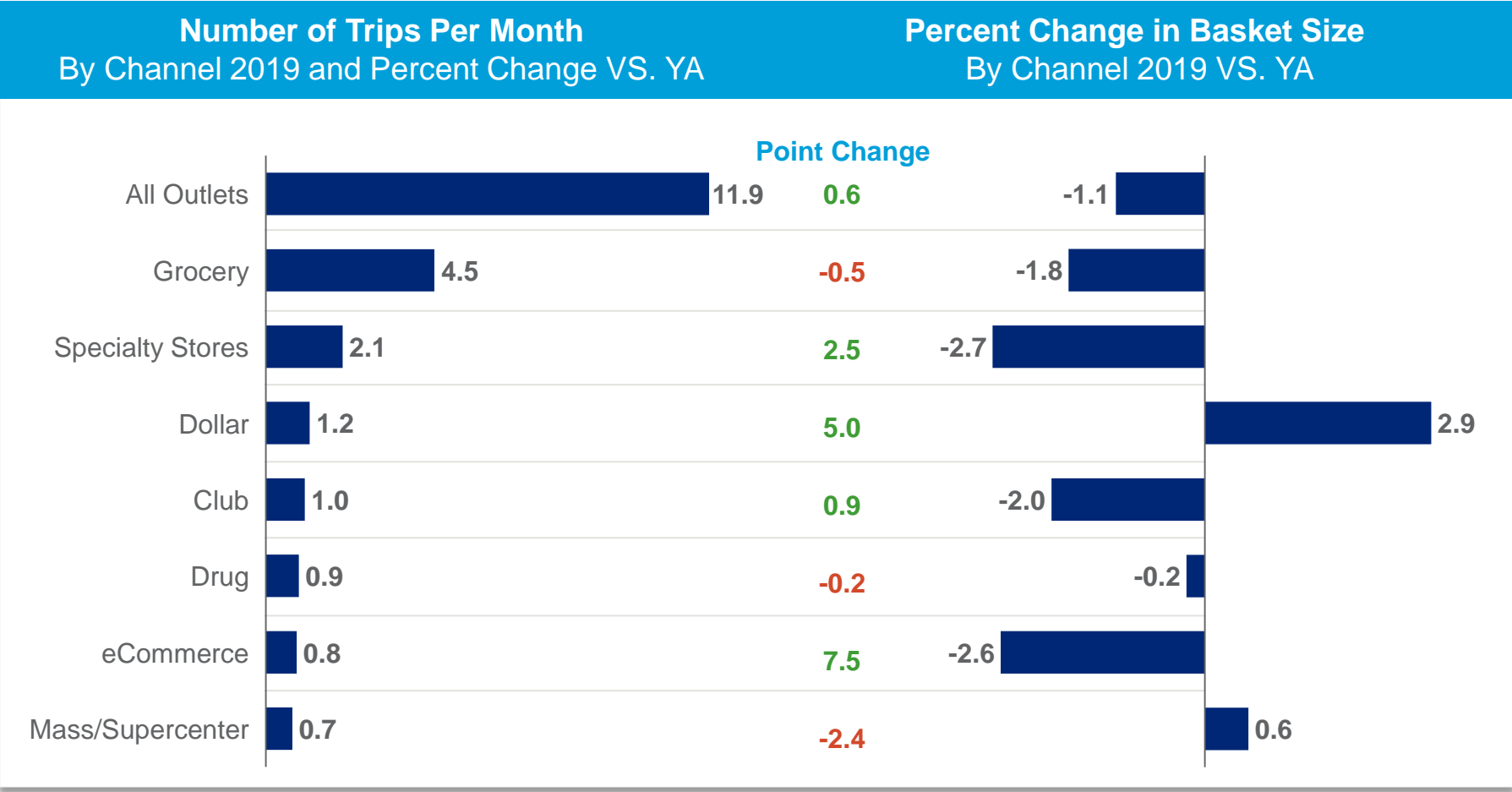
Source: IRI Consumer and Shopper Insights Advantage™, 52 WE 12/01/2019 and 52 WE 12/04/2016, NBD aligned





# Trip Frequency and Per-Trip Spending Declines in Grocery, While Dollar Channel Saw an Uptick in Both

## More eCommerce Trips but Smaller Baskets

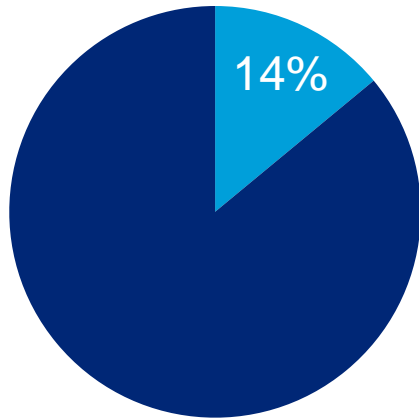


Source: IRI Consumer and Shopper Insights Advantage™, 52 WE 12/01/2019 vs. YA, NBD aligned



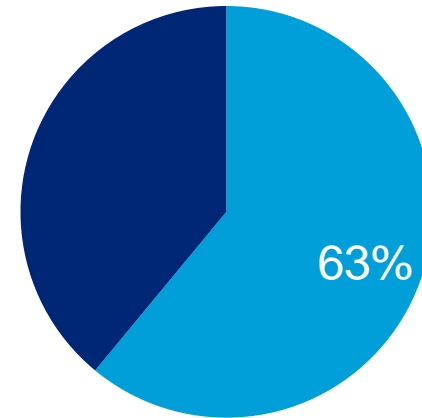
# eCommerce Represents a Small Share of CPG Sales but More Than Half of Total Omnichannel Growth

eCommerce Share of Omnichannel Sales



+0.3

eCommerce Share of Omnichannel Growth



+1.1

## eCommerce Latest 52 Weeks' Performance:

Dollar Sales \$90.8B (+28.5% Chg. vs. YA)

*Note: Sales are the sum of 180 tracked categories; omnichannel is defined as Multi Outlet Sales + Total eCommerce Sales.  
Source: IRI Market Advantage, IRI eMarket Insights, Latest WE 12/29/2019.*



**Shelley Hughes**  
[Shelley.Hughes@IRIworldwide.com](mailto:Shelley.Hughes@IRIworldwide.com)  
Vice President, Public Relations

**Joan Driggs**  
[Joan.Driggs@IRIworldwide.com](mailto:Joan.Driggs@IRIworldwide.com)  
Vice President, Content and Thought Leadership

