A year ago, when I started writing the “Focus on Fresh” section for the 2021 *Know Your Commodity Guide*, I had no idea we’d still be talking about the pandemic’s effect on consumer spending habits. And yet, here we are.

Research continues to emerge about the “new” consumer and new shopping habits—but with key reminders that retail is still a “buy with your eyes” business and in-store shopping still dominates for most North American households.

In speaking with Anne-Marie Roerink, of 210 Analytics, about the most recent research she’s conducted and what we can learn going into 2022 and beyond, we identified five key trends to watch. Roerink’s most recent study was conducted in August 2021 and presented on behalf of the Southeast Produce Council.

**TODAY’S SHOPPER VS. TOMORROW’S**

Framing information on today’s consumer (Baby Boomer and Gen X) versus tomorrow’s consumer (millennial and Gen Z) can paint two very different pictures.

It’s important to remember that while Boomer and Gen X households hold the majority of purchase power, the younger generations will shape how consumers spend going into the next decade.

“Out of every $100 produce dollars, millennials account for just $24, and Gen Z is only $1, while Gen X and Boomers make up the other $67 split evenly,” Roerink says. “But the growth rate of millennial shoppers is 2.4 times versus just 1.3 times for Gen X and 0.4 for Boomers—that’s a really important difference.”

This is a big deal when we’re talking about trends like sustainability, which garner a lot of buzz, but not a lot of noticeable action among consumers.

“What I often hear when I talk about the importance of sustainability is many people say, ‘I don’t really see it in the numbers’—that’s right, you don’t,” Roerink explains, “because the generations who currently represent the majority of produce dollars (Boomers and Gen X) are not as engaged with some of these topics.”

But the wave will come, as millennials and Gen Z gain spending power, and the industry must be ready.
DON’T PUT ALL YOUR EGGS IN THAT ONLINE BASKET

It’s no secret that online shopping took a major leap forward over the past two years.

It was already trending up before the world shut down, so to speak. At the beginning of 2020, 17 percent of consumers said they bought produce online, according to research by Category Partners LLC. By the summer of 2020, that number soared to 51 percent.

Yet survey after survey suggests consumers still prefer to buy in-store.

“We talk—a lot—about ecommerce, but even at the height of the pandemic only 19 percent of store trips were online, and by the end of Summer 2021, we’re back down to 13 percent of store trips being online, so the vast majority of grocery purchases are still happening in-store,” Roerink says.

And consumers still pick their preferred store based on perishables.

“We asked people how they chose one store over another—because, let’s be real—all of us have a million stores around us these days,” Roerink says. “It’s the combination of produce and meat, so getting produce right is so important, especially if you think about the fact that many trips are coming back to the store.”
DIRECT-TO-CONSUMER MAKING A COMEBACK?

While most consumers do prefer to shop in-store, a growing number are considering new concepts in direct-to-consumer—and not just the gold foil pears in a Harry & David box of Christmas fruit.

Savvy marketers are turning to social media to promote new direct-to-consumer options like Imperfect Foods, Misfits Market, and the Peach Truck.

Consumers are willing to pay exceptionally high amounts of money—compared to their in-store purchases—for these new models.

One example is The Peach Truck, where consumers sign up ahead of time to pick up a box of peaches as they’re unloaded from a semi-truck, often in a school or mall parking lot.

“Here’s the kicker: you have to buy 25 pounds of peaches for nearly $50,” Roerink marvels. “Over a 52-week period, our average spend is only $4.15—so a Peach Truck purchase is 10 times bigger than what people spend on peaches in the store.”

Better yet, The Peach Truck sends nearly daily messages to buyers on proper ripening, storage, and recipes so they can get the most out of their massive purchase. This is an area that many consumers struggle with even when considering purchases in-store.

Peach engagement in traditional retail

| Spend/trip | $45 | $4.15 |

Source: IRI, Integrated Fresh, household panel 52 weeks ending 8/8/21
AD STRATEGY SHIFTS

During the height of the pandemic, retailers had to shuffle their promotion strategies with the uncertainty of supply, especially in household goods like paper towels, toilet paper, and cleaning products.

Fresh produce was largely unaffected by the supply interruptions, which made it an attractive option for ads and promotions.

This uncertainty in ad strategy had retailers rethinking, retooling, or overhauling their promotions, and some of those changes became permanent.

“The big shocker, I would say, is that 10 years back, it was all about the paper circular people looked at, in-store, 75 percent of the time,” Roerink says. “Two years ago, we saw in-store signage jump over the paper circular and this year we saw the paper circular drop even further, and retailer apps jump to No. 2 in consumer preference.”

Digital ads, especially retailer apps, offer many exciting opportunities for promotions—and gather information about shoppers. “I think apps will continue to grow and really become way more important,” she notes.

86%

of consumers look at sales specials when or before shopping online or in-store

How?

54% In-store promotional signage
32% Store app
31% Paper circular at home
29% Digital/online circular
27% Paper ad in the store
16% Promotional emails
8% Social media
Focus on Fresh

BEWARE LOOMING INFLATION

As much as ads and promotions have been a core strategy for retailers and suppliers for decades, high inflation could put the brakes on those based on price.

Inflation, especially in fresh food, picked up in the early summer and continues to rise.

“Typically, when we see inflation in fresh fruit we see people move into frozen or canned or a different type of fruit that might have lower numbers,” Roerink explains. “But right now, there’s really no relief across the store. We’re really seeing it in protein, where you see the same substitution patterns happening.”

When inflation is high, promotion activity drops, and with it could go fresh produce consumption.

“We see people really being hit from both sides, right at a time where we’re focused on how to get people more engaged with fresh fruits and vegetables, and I think we have to be cognizant of the fact that these price points have opened people’s eyes and they’re very aware of what’s happening across the store,” concludes Roerink.

### IRI CPG Inflation Tracker™

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