

TRENDS | Nov 21, 2023



# Across the aisles: Grocer and consumer perspectives on fresh food

★★★★★ Consumer

*Consumers love fresh food, but grocery retailers are not always on the same page about needs and preferences. This series highlights the drivers and discrepancies in consumer versus grocer survey data.*

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Of all the food available at the local grocery store, why is there such a focus on fresh food? According to a Deloitte survey:

- Nine out of 10 respondents say fresh food makes them happy
- 91 percent believe a wholesome diet includes fresh food
- 8 in 10 consumers believe fresh food is more sustainable than processed food
- 83 percent think fresh food minimizes the risk of chronic health conditions and disease; the same number believe it can help with weight loss

Fresh food can be both a doorway of opportunity and a fulcrum for change. However, to realize those opportunities and navigate change, consumers and retailers should be on the same page—which, according to the recent Deloitte survey data, is not always the case.

## Purchase drivers for fresh food

Although inflation for food-at-home has eased somewhat, price continues to lead the purchase drivers (and has done so for several years). Other drivers, such as personal health and wellness, convenience, and food waste, have remained resilient through recent changes and turbulence.

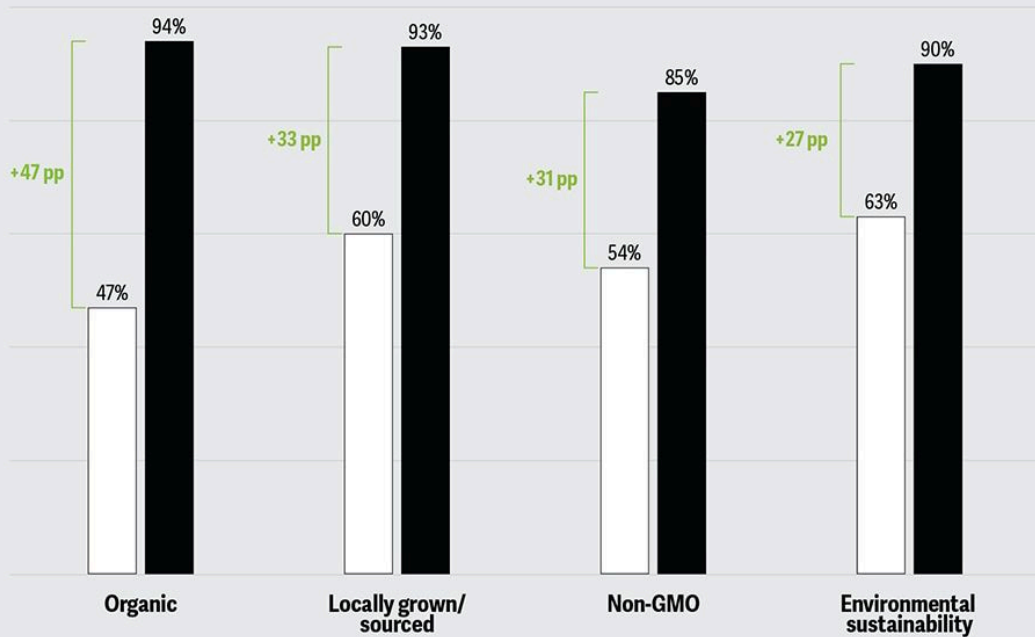
Comparing the executive and consumer survey data provides reason to think the decline in importance for the following drivers isn't wholly shared by grocery retailers.

## With price looming large as a consumer priority, grocery retailers may be overestimating the importance of other purchase drivers

*Largest discrepancies in factors consumers consider while purchasing fresh food*

○ Consumers ● Retailers

Percentage saying important to purchase decisions



Consumer question: Please rate each of the following aspects on how important they are to you in context of fresh food purchases (% = important + very important).

Retailer question: How important are the following factors to your typical customer when they are purchasing fresh food? (% = important + very important)

Sources: 2023 Deloitte fresh food consumer survey (n = 2000); 2023 Deloitte fresh food executive survey (n = 100).

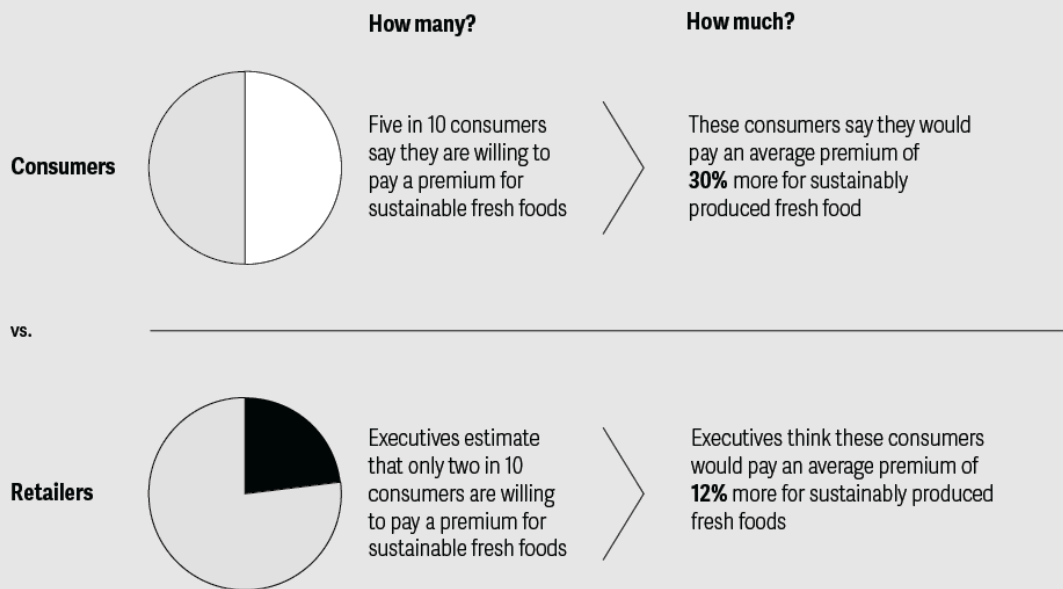
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These purchase drivers may still play a role in helping grocers differentiate themselves from the competition. Take both locally sourced and environmental sustainability as examples. Though they may not be the final deciding factors in a purchase, 80 percent said they prefer food retailers that source food from local farms.

### Paying the price, even at a premium

With easing inflation, more consumers are willing to pay a premium for the best fresh food (68 percent), which is 7 percentage points more than last year and marks a return to near-2021 levels. Grocery retailers are more skeptical, with survey answers suggesting only 19 percent of their consumers would pay more for sustainable fresh food at an implied average premium of just 12 percent.

# Consumers are more bullish than grocery retailers on willingness to pay a premium for sustainable fresh food



Questions: Consumers: Please indicate the extent to which you agree with the following statements (% agree + strongly agree); follow-up to ask to any respondent answering agree or strongly agree on sustainability in previous question: Roughly how much more are you willing to spend for sustainably produced fresh food items relative to the price of traditional alternatives? Executives: Please estimate the best answer for each of the following: "Approximately what percentage of your customers..." For your customers willing to pay a premium, roughly how much more do you estimate they are willing to spend for sustainably produced food items relative to the price of traditional alternatives?

Sources: 2023 Deloitte fresh food consumer survey (n = 2000); 2023 Deloitte fresh food executive survey (n = 100).

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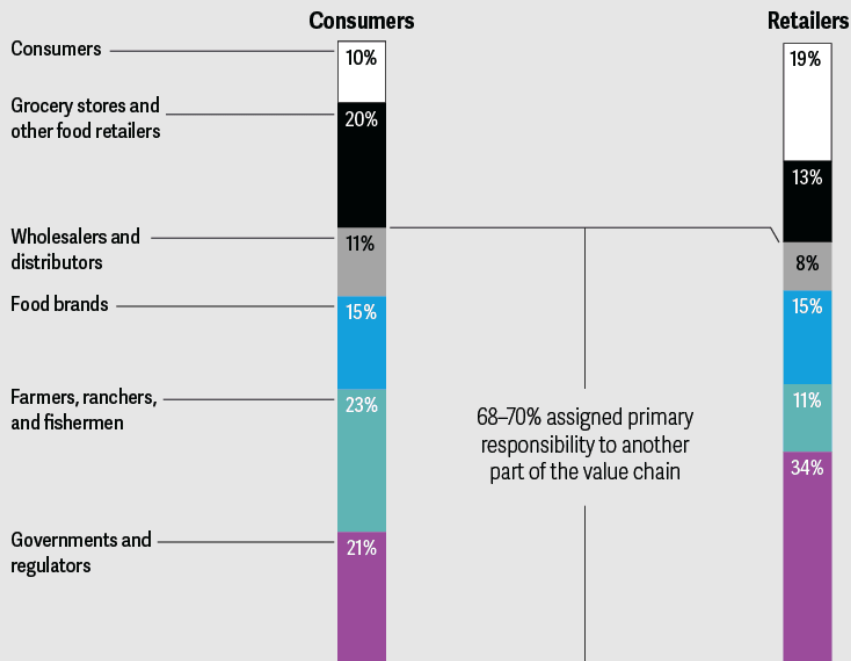
Consumers aren't alone in their perceptions of unnecessarily high prices. A combined 85 percent of grocery retail executives said either "several" or "most of them" were raising prices more than needed with the purpose of increasing profits. Ten percent of these said their food suppliers were raising prices to keep up with rising costs.

## The sustainability agenda

Consumers and retailers differ in which part of the value chain they consider most responsible for maintaining and improving the environmental sustainability of food. Consumers point to food producers, such as farmers, ranchers, and fishermen, whereas more grocery retailers believe responsibility resides with the government. Perhaps most notably, consumers and retailers are also skewed on the centrality of their own roles.

## When it comes to the environmental sustainability of food, both consumers and retailers assign responsibility disproportionately to others

Percentage saying a given part of the value chain is most responsible for the environmental sustainability of food



Question: All have a role they can play; however, which of the following do you feel holds the most responsibility for the environmental sustainability of food?

Sources: 2023 Deloitte fresh food consumer survey (n = 2000); 2023 Deloitte fresh food executive survey (n = 100).

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### Fresh food as medicine

Eight in 10 respondents to the Deloitte survey say they actively seek foods that offer nutrition profiles personalized to their needs, up 3 percentage points year over year and an impressive 18 percentage points higher than in 2021.<sup>1</sup> Similarly, nearly two-thirds believe fresh food can act like medicine (64 percent).

However, it takes a system to put food as medicine into action. Forty-six percent of consumers would use an app from their grocer to help make healthier food choices. And it looks like grocers will be there to meet them—8 in 10 grocery retailers are investing in digital functionality to help consumers make healthier choices; more than half of this group said the investment was significant.

### Go Deeper

Learn more about consumer preferences for fresh foods:

[Fresh food at the intersection of trust and transparency](#), Deloitte Insights / Danny Edsall, et al., 2023.

### Footnote:

1. *Fresh food as medicine for the heartburn of high prices*, Deloitte Insights / Daniel Edsall, et al., 2022.

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