

5 fresh takeaways from Groceryshop 2023

Article

US food and beverage retail sales are expected to reach \$1.378 trillion this year and surpass \$1.578 trillion in 2026, according to our June forecast. Retailers and consumer packaged goods (CPG) companies alike need to make sure they're approaching retail and ad spend effectively. Groceryshop 2023 focused on marrying in-store and digital experiences, retail media approaches, and personalizing messaging based on each consumer's motivations. Here are five fresh takeaways from the event.

1. There is tension between “redoing” and “undoing”

Seth Goldman, co-founder of Eat the Change, presented on the dynamic between redoing and undoing in the context of alternative meats.

- **Redoing** refers to recreating meat products through vegetarian alternatives, generally in a lab, the way Beyond Meat has.
- **Undoing** means taking a more farm-to-table approach, offering vegetarian dishes that don't mimic meat.

Brands beyond the meat-alternative space need to determine if they're positioning their offerings as scientific innovations or as simple, back-to-basics products.

2. Not all messaging is perceived the same

Messaging on CPG that says “zero sugar” could be a virtue for one consumer and a deal breaker for another, noted Monica McGurk, CEO of Tropicana.

- The same goes for labeling like “organic,” which could appeal to a consumer avoiding pesticides but deter a consumer who associates the word with high prices.
- CPG marketers need to appeal to diverse groups of consumers with different motivations.

3. Assortment matters

“Better understanding your assortment and your competitors' assortment helps you better understand who you're competing against,” said our analyst Suzy Davidkhanian.

- For example, Amazon and Walmart may look like grocery competitors, but Walmart's grocery business tends to skew toward fresh foods while Amazon skews toward pantry goods.
- That means that even though the two companies compete on a macro level, they may not be competing for the same consumer at the same time.
- It also means strategically expanding assortment could be a powerful way to take market share.

4. Most major grocers are already operating as retail media networks

It's important to think of the grocer's role as a distribution channel differently from its role as a media channel, noted Davidkhanian. For example, a brand may want to market with Amazon to get a spot in Thursday Night Football advertising, but Amazon may not be the best place to actually sell that product.

"Part of that is also making sure that you have the right KPIs so that you can decide where you should be," said Davidkhanian.

5. Brands can't win without the store

This is especially true for food and beverage, where more than 90% of sales still take place in the store, according to our June forecast.

"Grocery is not that heavily penetrated," said Davidkhanian. "So they're still trying to figure out, 'How do you bridge the gap between what's happening online and in-store? How do you make sure it's a connected experience?'"

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