

The Evolving Decision-Making of the ISB Shopper

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Today's Discussion

- Role of the In-Store Bakery (ISB) Post-Pandemic
- Purchase Behavior
- Purchase Drivers
- Current Perceptions
- Future Considerations

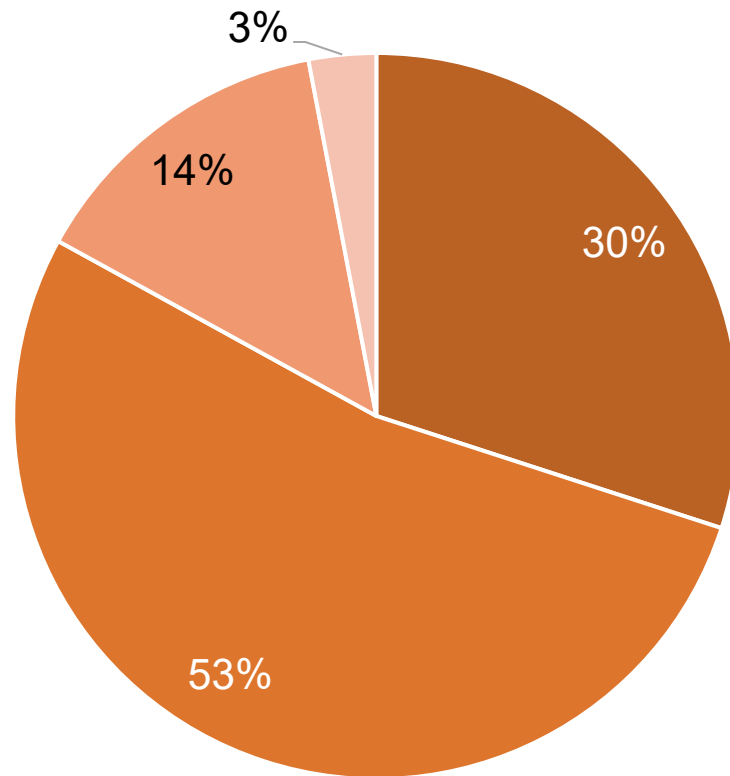


The Consumer and the ISB in 2023



30% of shoppers choose their primary grocery store based on the in-store bakery

IMPORTANCE OF THE ISB TO THE SHOPPER



- The in-store bakery is very important to me; In fact, I choose where to buy groceries based on the ISB
- The in-store bakery is somewhat important to me, but my grocery trips don't revolve around the ISB
- The in-store bakery is not very important to me when grocery shopping
- The in-store bakery is not important to me at all

Base: 887 grocery shoppers

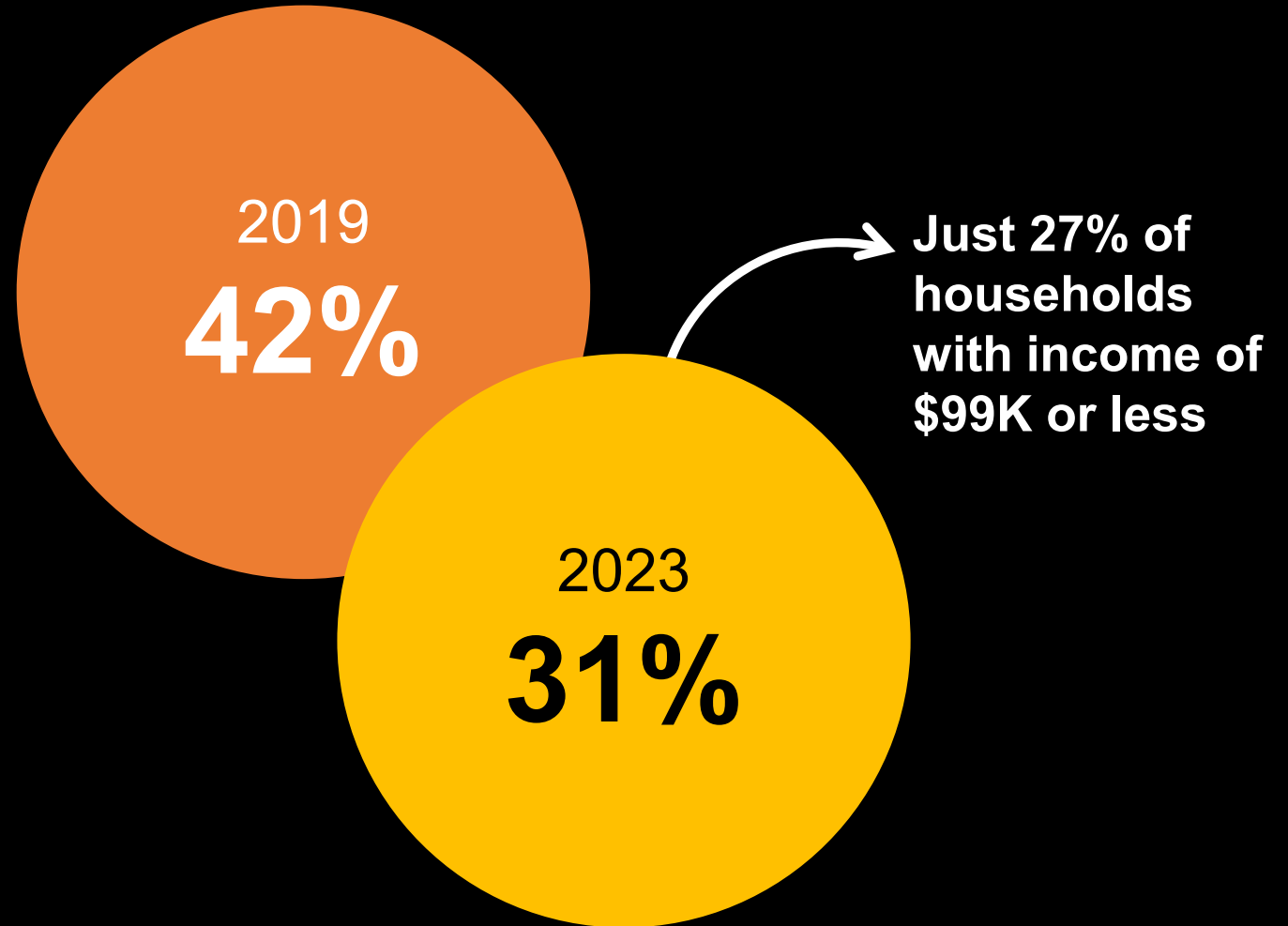
Source: Technomic May 2023 consumer survey



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***“I purchase
baked goods
from the ISB...”***

Percent indicating “**every
time or most of the time
I visit the store**”

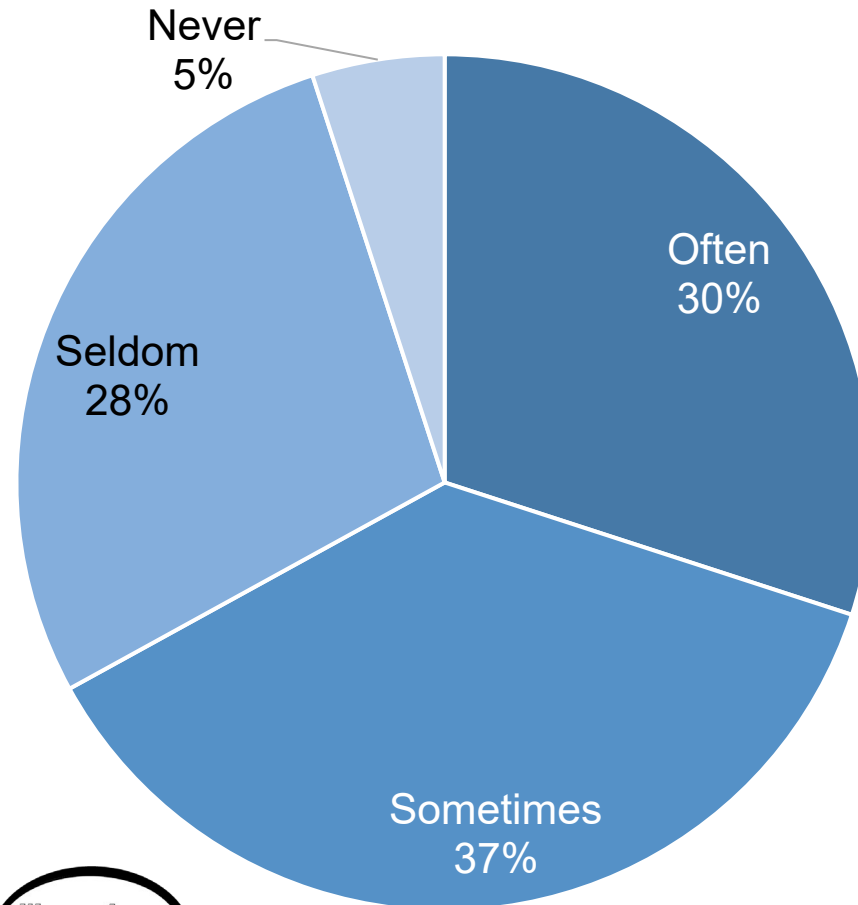


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7% of shoppers indicate that the “sameness” of the ISB selection means they don’t visit that section of the store

Base: 900 grocery shoppers
Source: Technomic May 2023 consumer survey

HOW OFTEN DOES SHOPPER SEE NEW ISB ITEMS?



On the other
hand....

46%

agree that when they see a
new item or flavor they “*have
to try it*”

Base: 914 grocery shoppers
Source: Technomic May 2023 consumer survey

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Projected Near-Term Behavior



Expected Purchases Over Next 12 Months

TOTAL			GEN Z + MILLENNIALS		
	Will Order MORE	Will Order LESS		Will Order MORE	Will Order LESS
Breads & rolls	21%	8%	Breads & rolls	32%	8%
Sweet baked goods	15%	16%	Sweet baked goods	21%	16%
Desserts	17%	17%	Desserts	23%	18%

Base: Varies

Source: Technomic May 2023 consumer survey



Which products do consumers predict they will buy more of?

Breads and Rolls	Sweet Baked Goods	Desserts
1. Dinner rolls	1. Donuts	1. Cakes
2. Hamburger/hot dog buns	2. Cinnamon rolls	2. Cookies
3. Bagels	3. Muffins	3. Brownies

Base: Varies

Source: Technomic May 2023 consumer survey



What is the biggest draw?

1. Cakes (whole decorated)
2. Brownies
3. Cookies
4. Donuts
5. Artisan bread (by the loaf)



Younger shoppers over-index on all of the Top 5

Base: 900 grocery shoppers

Source: Technomic Consumer Survey May 2023

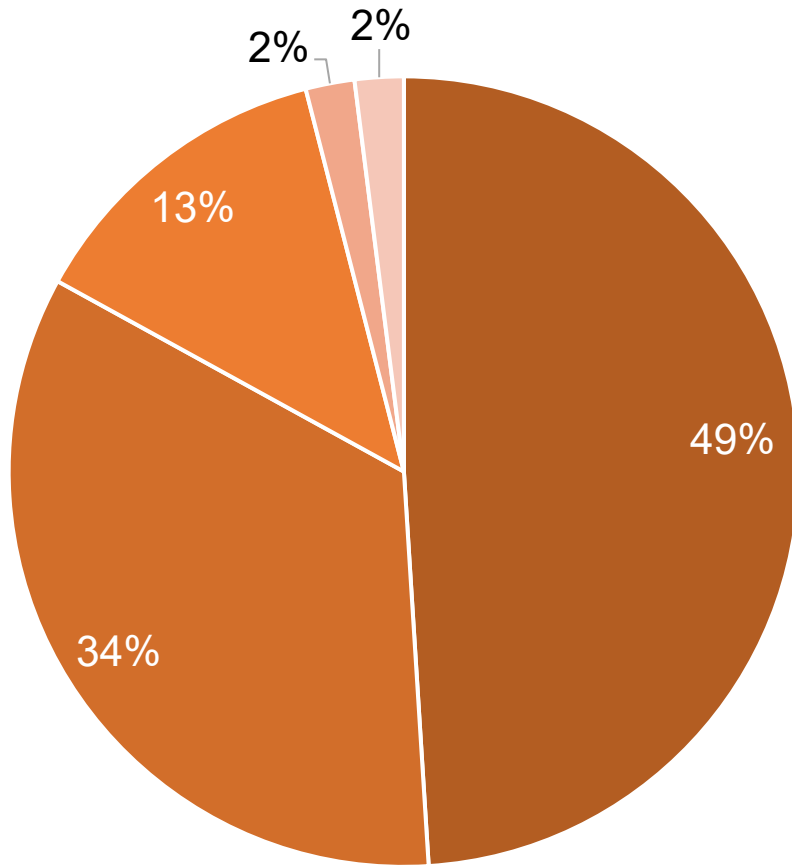


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Future Considerations: What Matters?



ISB Price Concern



- Very concerned
- Concerned
- Neither concerned nor unconcerned
- Unconcerned
- Not concerned at all

83% of consumers concerned with food prices

58% are concerned that grocers will continue to raise ISB prices



NEAR-TERM OBSERVATION

Value matters and many consumers fear that grocers will maintain higher ISB prices (even as inflation moderates)

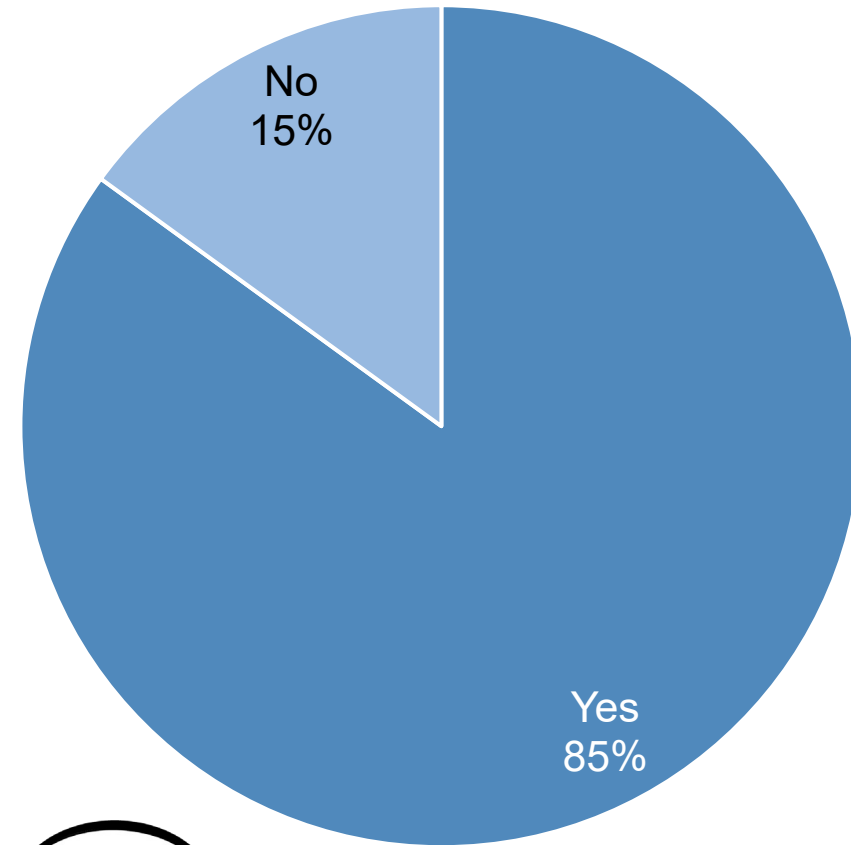


**62% of consumers
“reward” food
establishments they
perceive to be
environmentally
conscious through
their repeat
business**

Base: 900 grocery shoppers
Sources: Technomic May 2023
consumer survey and Technomic 2023
Corporate Social Responsibility &
Sustainability Multi Client Study

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**WOULD SUSTAINABLE PACKAGING ENCOURAGE
YOU TO PURCHASE MORE FROM THE ISB?**



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NEAR-TERM OBSERVATION

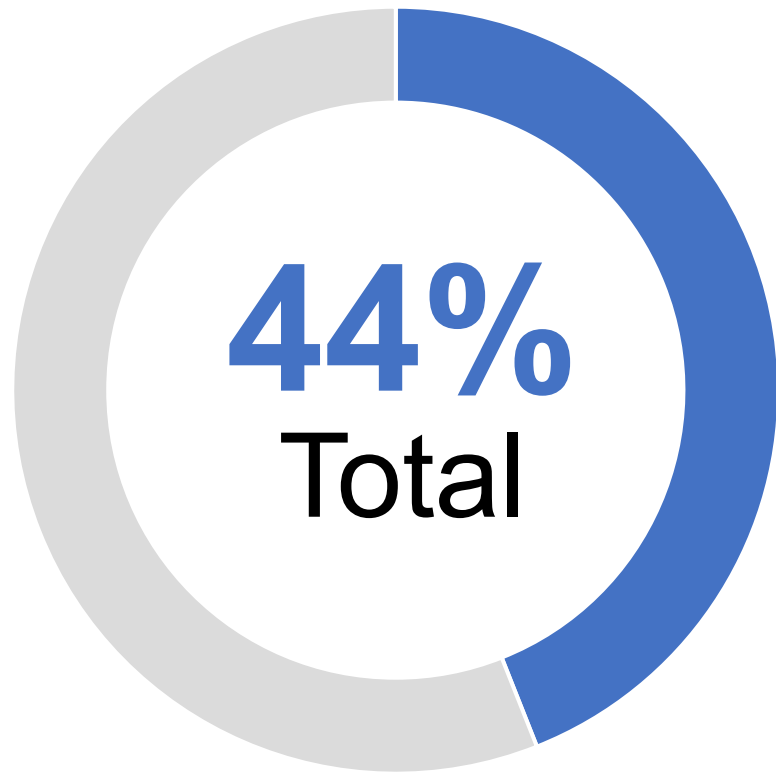
The COVID-19 years have brought about more health and safety consideration; easing environmental packaging pressure matters



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“I am more likely to purchase manufacturer-branded products from the ISB.”

Percent indicating “agree or strongly agree”



52%
Men

56%
35-44

57%
>\$100K

Base: 914 grocery shoppers
Source: Technomic May 2023 consumer survey



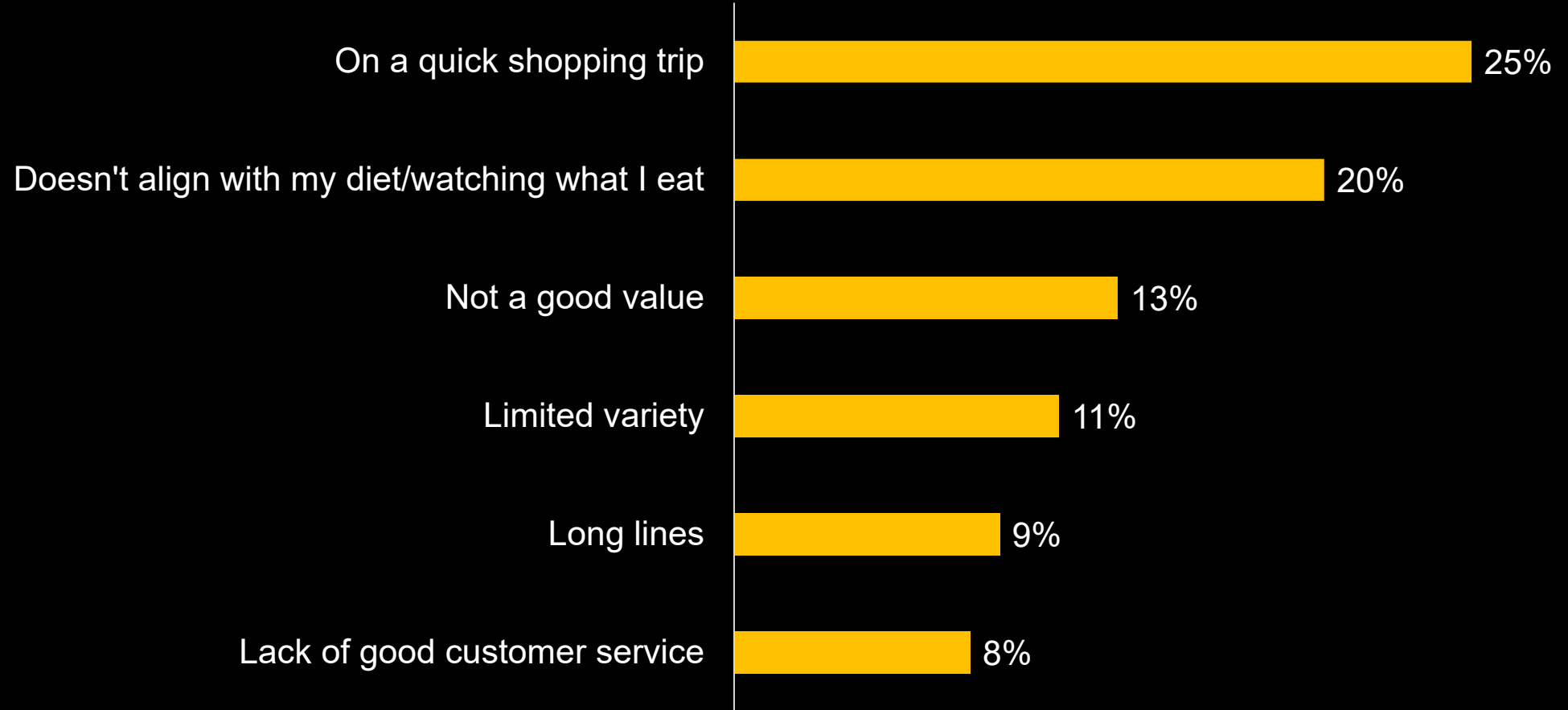
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NEAR-TERM OBSERVATION

Branding matters more to some than others; align brand selection to store demographics



WHY DOESN'T SHOPPER BUY FROM ISBs MORE OFTEN?



NEAR-TERM OBSERVATION

Grocers—with the support of suppliers—need to adapt to changing lifestyle considerations



Thank you!



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