

# POWER OF NONFOODS AT RETAIL 2023



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### **About FMI**

As the food Industry association, FMI works with and on behalf of the entire industry to advance a safer, healthier and more efficient consumer food supply chain. FMI brings together a wide range of members across the value chain — from retailers that sell to consumers, to producers that supply food and other products, as well as the wide variety of companies providing critical services — to amplify the collective work of the industry. [\*\*www.fmi.org\*\*](http://www.fmi.org)

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# Introduction

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## Competition for Nonfoods: Why Not the Grocery Store?

By Steve Markenson, Vice President, Research & Insights, FMI

*This is the first installment in the FMI blog series on nonfoods in grocery stores. This series shares compelling insights derived from FMI's first Power of Nonfoods research among shoppers and industry perspectives to explore the role of nonfoods in the food retailing industry.*

When I heard that we at FMI were launching a nonfoods community, my first reaction was "what?" Why would the food industry association care about nonfoods? As a researcher, I wanted to see the numbers. So, we pulled some data from the Circana database and saw that of the more than \$1 trillion dollars in sales at food retailers, fully 25% or roughly \$250 billion are for nonfood items.

Take a minute and think about your grocery shopping experiences. It is not just about food. There are many nonfood items in a food retailing store such as:

1. Paper products
2. OTC medications, oral health and other health care products
3. Personal cleansing and hair care products
4. Skin care, cosmetics and shaving products
5. Laundry and household cleaning products
6. Pet food and products
7. Kitchen gadgets and array of season items

The list goes on and on, but when you add it all up, these nonfood products generate more than \$3 trillion in sales. That is \$3,000,000,000. But only \$250 billion or less than 8% are sold through grocery stores.

### Why Not the Grocery Store?

Our first Power of Nonfoods research sought to understand the shopper perspective on these purchase decisions and to answer the critical question— Why not the grocery store? Some general themes emerged:

- Most shoppers think of grocery stores for food first and nonfoods are often not on their minds. As one shopper explained, "my grocery store is for food."
- Many shoppers are creatures of habit and stick to their established routine for these purchases. They often acknowledge not even going down the nonfood aisles on their grocery store trips.

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- Shoppers often have the perception of nonfood items costing more or not offering good value at grocery stores versus other channels. Variety and selection, along with price/value, are seen as better at club stores and mass merchandisers.
  - While most shoppers visit multiple stores in any given week, “one stop shopping” is seen as an advantage of the mass merchandisers and larger footprint stores.

Some considerations for overcoming these barriers include:

- Coupons, BOGOs and promotions in the weekly circular (online or printed) are an effective way to get shoppers' attention especially during these inflationary times.
- Loyalty programs can be used to communicate with shoppers the availability of these programs and could support sales by offering larger or better rewards.
- Cost comparisons, where appropriate, with competitors could serve to change the perception that nonfood products cost more in food retailers.
- In-store signage has been acknowledged by many retailers to be effective and could be used to increase the awareness of nonfood items available and subsequent sales.
- Nonfoods items are often isolated in their own aisles. Mixing them in with appropriate food items or in higher trafficked areas can serve to increase awareness and sales.
- Future blogs in this series will take a deep dive into some of the wide array of nonfood categories to explore shopper perspectives, industry perspectives and opportunities for food retailers in nonfoods.

# Category Overview

Product	Dollar Sales	Dollar Sales % Change vs YA	Unit Sales	Unit Sales % Change vs YA
NON EDIBLE	\$278,708,354,334	3.0%	37,942,157,334	-3.8%
DEPT-BEAUTY	\$50,829,714,442	6.8%	7,353,789,777	-2.1%
AISLE-COSMETICS	\$8,633,380,519	5.5%	1,237,024,180	-1.0%
AISLE-FRAGRANCE	\$1,369,895,924	3.3%	136,072,641	-2.1%
AISLE-GROOMING SUPPLIES	\$2,177,636,036	-1.9%	296,572,466	-1.9%
AISLE-HAIR CARE	\$11,986,460,438	5.3%	1,800,858,578	-3.7%
AISLE-PERSONAL CLEANSING	\$13,594,730,657	10.2%	2,450,584,100	-1.7%
AISLE-SHAVING	\$3,062,152,583	1.5%	389,287,703	-4.6%
AISLE-SKIN CARE	\$10,005,458,285	9.6%	1,043,390,109	-0.6%
DEPT-GENERAL MERCHANDISE	\$102,042,395,865	3.4%	15,404,216,297	-3.5%
AISLE-AUTOMOTIVE	\$3,778,865,149	7.2%	408,946,875	0.6%
AISLE-BARBECUE	\$1,060,446,239	5.4%	113,119,677	-2.4%
AISLE-DISPOSABLE TABLEWARE	\$7,257,674,103	3.1%	1,447,160,943	-4.5%
AISLE-ELECTRONICS/PHOTOGRAPHY	\$3,211,978,625	-3.2%	326,177,604	-5.2%
AISLE-FOILS, WRAPS, & BAGS	\$8,081,596,842	1.7%	1,439,219,069	-1.4%
AISLE-HOSIERY	\$3,237,617,694	-8.4%	412,414,292	-13.8%
AISLE-HOUSEHOLD PLASTICS/STORAGE	\$7,083,102,674	-4.6%	958,887,134	-5.6%
AISLE-MISCELLANEOUS GENERAL MERCH	\$11,059,003,053	-3.0%	1,782,868,615	-6.0%
AISLE-OFFICE/SCHOOL SUPPLIES	\$2,189,569,990	-3.1%	555,688,924	-5.8%
AISLE-PAPER PRODUCTS	\$19,905,732,595	5.8%	2,531,744,079	-1.7%
AISLE-PEST CONTROL	\$1,577,924,127	5.7%	242,644,920	-3.6%
AISLE-PET CARE	\$31,917,924,144	8.8%	5,081,686,399	-2.9%
AISLE-SMALL APPLIANCE	\$853,589,753	-10.8%	19,793,572	-11.1%
AISLE-WATER TREATMENT	\$827,370,879	22.2%	83,864,193	41.8%
DEPT-HEALTH	\$83,895,448,669	1.2%	9,057,483,938	-4.4%
AISLE-BABY CARE	\$12,182,381,434	2.3%	977,579,630	-3.0%
AISLE-FAMILY PLANNING	\$1,869,371,518	0.3%	125,543,197	-4.6%
AISLE-FEMININE PRODUCTS	\$4,124,787,675	2.6%	593,153,631	-4.3%
AISLE-FIRST AID	\$4,212,492,026	2.8%	698,026,347	-3.5%
AISLE-HEALTH REMEDIES	\$27,296,088,352	0.3%	2,973,290,103	-6.3%
AISLE-MOUTH CARE	\$9,642,748,795	7.0%	1,687,976,643	-1.2%
AISLE-NUTRITION/WEIGHT LOSS	\$15,915,086,141	5.9%	1,276,814,779	0.0%
AISLE-OTHER HEALTH CARE PRODUCTS	\$8,652,492,728	-11.2%	725,099,608	-12.7%
DEPT-HOME CARE	\$33,194,702,717	3.9%	5,113,767,604	-5.2%
AISLE-AIR FRESHENERS	\$3,923,101,558	1.5%	798,323,108	-13.4%
AISLE-HOUSEHOLD CLEANING	\$14,252,883,386	4.6%	2,603,489,829	-4.0%
AISLE-LAUNDRY	\$15,018,717,773	3.8%	1,711,954,667	-2.7%
DEPT-TOBACCO	\$8,746,092,640	-6.1%	1,012,899,718	-7.5%

## Total Store Benchmarking

Geography: Total US - Multi Outlet Time: Building Calendar Year 2023 Ending 12-31-23

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# Background and Methodology

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## About this report

*The Power of Nonfoods 2024* is the first report from FMI exploring consumer perceptions, attitudes and behaviors regarding nonfoods sold in the food retailing environment.

## Methodology

The study provides survey insights from a nationally representative survey among 1,944 grocery shoppers who are 18 years of age or older. The survey was conducted in April 2023, reflecting a maximum sampling error of  $\pm 2.2$  percentage points at the 95% confidence level. For each of the nonfood categories, shoppers were asked:

1. How often they purchased?
2. How they purchased – online, in-store or both?
3. From what stores they purchased products?
4. Why they purchased at those stores?
5. When they purchased whether they were planned or impulse purchases, or were special trips or part of normal shopping?

## Terminology used

- **Nonfoods:** This survey and report use the term nonfoods to include non-edible foods frequently sold in food retail stores. The survey specifically looked at the following categories of nonfoods:
  1. Pet food and products
  2. Paper products such as paper towels or toilet paper
  3. Over-the-counter pain relief, cold or allergy medications
  4. Mouth care/oral health products
  5. Nutrition or weight loss products including vitamins and weight loss food products
  6. Personal cleansing products such as soap
  7. Hair care products such as shampoo and hair color
  8. Skin care products
  9. Cosmetics
  10. Shaving products such as razors and shaving cream
  11. Laundry products
  12. Household cleaning products
  13. Kitchen gadgets such as spatulas, pots and pans
  14. Seasonal items such as barbeque, holiday, etc.
- **Responding Consumers:** Survey respondents reflect consumers who do at least half of their household grocery shopping and have shopped for groceries in the past two weeks. As such, references to shoppers or consumers are used interchangeably throughout the report.

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# Survey Results





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# Paper, laundry and household cleaning products

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## How often?

Most commonly bought of non-foods products

Most buy monthly (48% to 52%) or less than once a month (24% to 35%)

## How?

Buy only (42% to 45%) or mostly (19% to 23%) in-store with most (68% to 72%) maintaining this approach

Few (15% to 17%) have changed where they purchase in past 12 months

## Where?

Mass and Grocery are common, but Dollar and Club get their share

## Why?

Price and value trump quality, but some have strong brand preferences

## When?

Planned (73% to 77%) not impulse (6% to 7%) purchase

Part of normal shopping (83% to 87%)



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# Over-the-counter medications

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## How often?

Most buy less than once a month (46%) or rarely (15%)

## How?

Buy only (47%) or mostly (20%) in-store with most (70%) maintaining this approach  
Few (15%) have changed where they purchase in past 12 months

## Where?

Mass and Grocery are common, but Drug, Dollar and Club get their share

## Why?

Price and value top list, but location/convenience impacts

## When?

Not always a planned purchase (65%)

Can sometimes be a special trip (25%)



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# Mouth care/oral health products

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## How often?

Most buy monthly (51%) or less than once a month (37%)

## How?

Buy only (43%) or mostly (20%) in-store with most (73%) maintaining this approach  
Few (13%) have changed where they purchase in past 12 months

## Where?

Mass and Grocery are common, but Dollar and Club get their share

## Why?

Price and value top list

## When?

Typically a planned purchase (74%)

Part of a normal trip (87%)













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# Blog Series



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# How GM Drives Store Profitability

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By: Tom Duffy, Senior Advisor, Industry Relations, FMI

If a rising tide lifts all boats, then general merchandise (GM) is a wave that's helping retailers stay afloat and on course with bigger baskets and rings.

According to Mark Deuschle, president of Denver-based GM manufacturer and distributor Navajo, Inc., it isn't as much about conveying to shoppers why they should buy general merchandise – they already get it. "When given a proper assortment with some prominence in the store, they want to and will buy general merchandise," he declares.

That habit is poised for even greater potential. While consumers are spending more time in physical stores than they did during the pandemic, they are shopping more efficiently. From the customer's standpoint, why tack on another errand to buy light bulbs or batteries when you can pick those up along with foods you're buying for dinner?

Beyond convenience, GM can bolster profitability in a number of ways.

## **The novelty factor:**

As retailers seek to enhance the store experience in a competitive omnichannel environment, GM can be part of an overall surprise-and-delight journey. "In many cases, GM is part of discovery. There tends to be a lot of innovation in GM and people enjoy the hunt and excitement they find in it," points out Deuschle.

## **Whole package:**

Traditional food retailers can tap into consumer interest in holistic wellness and care by complementing their basic health offerings with products and services that span things like stylish eyewear and self-care products.

## **Season's greetings:**

The share of GM tends to grow ahead of special occasions. It's not unusual for charcoal to be cross-merchandised near the meat department during grilling season or for greeting cards and wrapping paper to be featured before the holidays, but thinking out of the box for such displays and promotions can propel even more sales of foods and nonfoods alike.

## **Tech time:**

Another opportunity for profitability within the broader GM category is technology. Making it easy for shoppers to find cell phone accessories, for example, can enhance a store's reputation as a broader resource. Cellphone-related SKUs are particularly strong sellers at the checkout stand.

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Deuschle emphasizes that the general merchandise opportunity is there for the picking. “The GM category in general is growing, whether it’s at a hardware store, a discount store or another retail location. People are buying GM – it’s just where they are buying it that’s up for grabs,” Deuschle points out.

Brick and mortar retailers can effectively compete with online merchants to grow their share of general merchandise, he adds: “There is a belief that these categories are being dominated online, but they are not dominating all categories. Also, there is the important aspect of impulse purchases – when the shopper thinks, ‘I didn’t know I needed that,’ but did.”

To differentiate themselves in GM, retailers can focus on providing offerings that meet shoppers’ tastes and standards. The combination of selection and value is the ultimate driver of sales and, hence, profitability.

Finally, if GM matters to shoppers and to retailers, it also matters to CPGs. As Deuschle points out, “Success at retail is driving innovation, and the more innovation that comes of it leads to new products, ideas and opportunities. It’s a true cycle.

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# How Retailers Can Take Back Seasonal GM Sales

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By: Tom Duffy, Senior Advisor, Industry Relations, FMI

If you're going to do it, do it right.

That phrase extends to many aspects of life and business. In the food retail industry, the advice especially resonates in category management, as retailers must determine what products to carry and how to best merchandise them for optimal sales.

Take, for instance, seasonal general merchandise. At a time of thin margins and increased competition across the omnichannel, having a strategy in place to buy, display and promote seasonal products can lift sales and shoppers' perception of a store as a valued resource.

While some grocers have ceded this category to mass or online stores, others have found that with some investment and planning, seasonal GM can pay off with bigger baskets and rings. "There are some grocers who put a stake in it and recognize that this is a place they can win," says Mike Sims, executive vice president of Far East Brokers and Consultants in Jacksonville, Fla.

Winning in this space can lead to higher sales and profitability. "Keep in mind that this is the smallest part of overall grocery sales but it also has the highest profit margin and sales," Sims points out.

How can retailers put their proverbial stake in seasonal general merchandise and come out ahead? Sims offers some advice:

## **Get buy-in from leadership:**

Engaging and aligning those in senior management with your seasonal general merchandise strategy gives buyers the support they need to discover and order on-trend items that will draw shoppers' attention.

## **Make it easy for shoppers to find and buy seasonal GM:**

In addition to the seasonal aisle, retailers can effectively cross-merchandise seasonal items in other parts of the store. It's been done for years with things like wine bags in the wine aisle but can be creatively executed in other ways, too, and for virtually all occasions and times of the year.

## **Send a signal that seasonal merchandise is valued:**

Just as a retailer can create an impressive shelf set for seasonal and holiday items how they discount those items once the season is over makes an impression. Keeping up with appearances and avoiding sloppiness shows that a store places importance on these categories.

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### **Engage associates to manage seasonal GM:**

Here, too, maintaining seasonal offerings requires a broader commitment by store leaders who can identify and train associates to manage these segments. This is especially important given the timely nature and frequent turnover of seasonal assortments.

### **Recognize the broader potential of each season or holiday:**

Just as the seasons vary, so do opportunities. At Halloween, shoppers are all about candy, with some decorations. People are willing to spend more for Valentine's Day, though—adults buy gifts for other adults on that holiday.

### **Find an “identifier” seasonal product or products:**

Some retailers have engendered loyalty in these segments by specializing in certain seasonal offerings, whether it's outdoor furniture or kayaks in summer or premium gift wrap in winter. For the shopper, these items become an annual harbinger of a season – and a tradition.

### **Research your suppliers:**

Buy from reputable factories that meet quality production standards and consider consolidating purchases from fewer suppliers to better manage stock and avoid supply chain issues.

### **Evaluate:**

Leverage data to see how products are performing and how your store is performing against other markets. This will help you continue to build your seasonal GM program and reputation.

Even with some of the headwinds that are facing the industry, retailers can accelerate these GM categories. As consumers cut down on shopping errands during the pandemic, and, more recently during a time of high inflation, they have relied on grocers more and discovered new nonfood items, including seasonal products for their home and families. If the strategy is right, so is the timing.

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# How True-to-Life Personalization Unlocks Loyalty and Growth

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By: Tom Duffy, Senior Advisor, Industry Relations, FMI

Shopping has always been personal for consumers, who have been making lists and choosing relevant items since, well, the first stores opened. Today, though, the possibilities of personalization span the entire shopping experience and lead to true one-on-one engagement.

Custom journeys are the route to retail success in the current and future marketplace, agrees Bill Wolfenden, vice president of sales of the grocery and alternate channel business at consumer health company Haleon whose purpose is to Deliver Better Everyday Health With Humanity through brands like TUMS, Sensodyne, Advil and Centrum.

“Personalization has been evolving for 20 years. Over the past few years, shoppers and consumers have gone from expecting and appreciating personalized offers on items they have historically purchased to expecting retailers and service providers to provide a fully personalized experience built around their overall needs and wants for any purchase modality they choose,” he said, adding that retailers can tap into needs in meaningful ways. “Personalization lets you get into the emotional space.”

Better, broader data and advanced technologies such as AI are helping to make this once-lofty strategy easier. “The nature of the always-connected shopper has created ecosystems of insight which allow retailers and media to connect in timely and relevant ways,” Wolfenden points out, adding that the acceleration of digital adoption during the COVID-19 pandemic has fueled a climate of change.

What does that personalized experience look like, especially since each customer’s journey is so inherently different? Wolfenden offered some insights on how to deliver relevance:

## **Leverage the tech possibilities**

As companies invest in AI and retail media networks, they can use those tools to provide content and drive engagement. Some retailers are getting creative in making online businesses truly personal, like integrating symptom selectors on their health and wellness and pharmacy digital pages or matching nutrition supplement needs to a particular individual’s wellness goals.

## **Be considerate**

Consideration, in this sense, applies to an understanding of shoppers’ lives. For example, during cough and cold season, instead of offering coupons for cough syrup based on past purchase history, a food retailer could help shoppers curate their experience in the omnichannel by

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offering suggestions for medicine, plus immune health supplements, hand sanitizer, cleaning wipes and even chicken soup. Buying behavior can also be analyzed for better engagement, like connecting with a shopper who is taking care of a young family as well as an aging parent and would appreciate suggestions and offers relating to the different aspects of their life.

### **Rethink traditional tools in digital forms**

Digital circulars are one opportunity for retailers to help shoppers curate their trip and lead them to spaces where they may not usually go to in the physical store, including nonfood areas. “Even the smallest regional players can have digital circulars that cue up relevant information,” Wolfenden says, adding, “The path to purchase still often starts with a list.”

### **Tap into social platforms and people**

Social selling and influencer partnerships are emerging spaces of potential growth as consumers seek to connect more with “people like me.”

### **Find the time and place for everything**

Localization goes hand in hand with personalization. Perhaps it’s an 85-degree day in Boston during a springtime bloom, and a shopper could use sunscreen as well as over-the-counter allergy medicine. “If it’s raining tomorrow, they are in a whole different personalized situation,” points out Wolfenden, underscoring the possible benefits of geofencing technologies to take relevance to the next level.

However, retailers use AI and other technologies to make experiences highly individualized, they remain cognizant of privacy. “You have to be mindful and ethical, which I think all of our people are, and present it in a way that is a total solution and at a measured level,” Wolfenden says.

Finally, he emphasizes metrics to assess whether efforts to provide more personalized experiences are helping grow the shopper base, retain customers, garner responses to promotions and, of course, lift sales. “It’s really about engagement,” Wolfenden concludes. “And no one is better at building engagement than grocers.”

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# Competition for Nonfoods: Why Not the Grocery Store?

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By: Steve Markenson, Vice President, Research & Insights, FMI

When I heard that we were launching a nonfoods community, my first reaction was "what?" Why would the food industry association care about nonfoods? As a researcher, I wanted to see the numbers. So, we pulled some data from the Circana database and saw that of the more than \$1 trillion dollars in sales at food retailers, fully 25% or roughly \$250 billion are for nonfood items.

Take a minute and think about your grocery shopping experiences. It is not just about food. There are many nonfood items in a food retailing store such as:

1. Paper products
2. Over-the-counter medications, oral health and other health care products
3. Personal cleansing and hair care products
4. Skin care, cosmetics and shaving products
5. Laundry and household cleaning products
6. Pet food and products
7. Kitchen gadgets and array of seasonal items

The list goes on and on, but when you add it all up, these nonfood products generate more than \$3 trillion in sales. **That's \$3,000,000,000! But only \$250 billion (or less than 8%) are sold through grocery stores.**

## Why Not the Grocery Store?

Our first Power of Nonfoods research sought to understand the shopper perspective on these purchase decisions and to answer the critical question – Why not the grocery store? Some general themes emerged:

Most shoppers think of grocery stores for food first and nonfoods are often not on their minds. As one shopper explained, "my grocery store is for food."

Many shoppers are creatures of habit and stick to their established routine for these purchases. They often acknowledge not even going down the nonfood aisles on their grocery store trips.

Shoppers often have the perception of nonfood items costing more or not offering good value at grocery stores versus other channels.

- Variety and selection, along with price/value, are seen as better at club stores and mass merchandisers.

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- Forty percent of pet owners favor mass retailers, which one shopper referred to as "one-stop shops." Seventeen percent of pet owners shop at grocery stores. Other channels are much smaller, with dollar and club stores at 6% each and online shopping at 5%.
  - While most shoppers visit multiple stores in any given week, "one stop shopping" is seen as an advantage of the mass merchandisers and larger footprint stores.

**Some considerations for overcoming these barriers:**

- Coupons, BOGOs and promotions in the weekly circular (online or printed) are an effective way to get shoppers' attention especially during these inflationary times.
- Loyalty programs can be used to communicate with shoppers the availability of these programs and could support sales by offering larger or better rewards.
- Cost comparisons, where appropriate, with competitors could serve to change the perception that nonfood products cost more in food retailers.
- In-store signage has been acknowledged by many retailers to be effective and could be used to increase the awareness of nonfood items available and subsequent sales.
- Nonfoods items are often isolated in their own aisles. Mixing them in with appropriate food items or in higher trafficked areas can serve to increase awareness and sales.

Future blogs in this series will take a deep dive into some of the wide array of nonfood categories to explore shopper perspectives, industry perspectives and opportunities for food retailers in nonfoods.

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# How Furry Family Members Enhance Profitability

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By: Tom Duffy, Senior Advisor, Industry Relations, FMI

Our nine-year-old, Zoe, is by far our most gregarious family member. When the local kids hop off the bus after school, she's there to greet them and hear about their day. And whenever the family goes for a walk, it's like the rest of us don't exist. Friends and neighbors may stop what they're doing to say hi, but they don't check in with my wife or me; all they want is quality time with Zoe.

It's probably worth noting that Zoe is an English Black Labrador.

We consider her our third child, and we're not alone in this sentiment. Pets are important members of many families. In fact, more than two-thirds of U.S. households have pets, with 56% of those being dogs and 36% being cats.

The commitment to these furry, four-legged family members translates to a pet food industry worth \$50 billion in the United States, yet only just over \$12 billion (or less than 25%) is sold at food retailers.

Since grocery stores are a proven resource for feeding the rest of the family, how can grocers convince consumers that they can help feed and care for Rover and Socks (and Zoe) as well?

FMI's Power of Nonfoods report offers some insights into this important market. **Here is a little of what this research reveals:**

- Pet food purchases are most often planned (76% of the time) and rarely on impulse (6%). Fifty-six percent of pet owners make these purchases monthly and 36% even buy these staples weekly.
- Because they love their pets, pet owners focus more on quality than with most other nonfood items, with 31% of respondents specifically seeking out high quality products.
- Similarly, 38% of respondents seek out brands they prefer. Again, a high number compared to other nonfood items.

As with any child, Zoe's upkeep isn't cheap. In addition to food, there are harnesses and collars, bowls, endless toys, indoor and outdoor bedding, car hammocks, swimming pools and, of course, Philadelphia Eagles and Phillies jerseys and collars. This might seem like a lot, but, to us, she's worth it.

Her food and supplies provide an excellent opportunity for food retailers to enhance shopping experiences for consumers. What's more, it's an investment in neighborly relations. Although it'd be nice if someone said hi to us instead of the dog occasionally.

Still, 44% of pet owners seek the lowest price and 38% of pet owners look for the best value.

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# Send Sales Soaring with Soap, Shampoo and Shaving Goods

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By: Tom Duffy, Senior Advisor, Industry Relations, FMI

Personal care products

I admit it. I don't really think about shampoo and soap that often. Don't get me wrong; I use personal care products daily and their quality matters to me, but I'm not the primary decision maker in our household and I don't keep inventory.

So, to write this post, I decided to take a rollcall of our various bottles and bars—and I was amazed at how much we had. Our bathroom has six bottles, including my 3-in-1 shower gel and a range of soaps, shampoos, and conditioners that my wife rotates depending on the day's need. We also keep a selection on hand for guests as well as a collection of travel-sized bottles for, well, travel.

Finally, there's the small stock we keep on hand so that we never run out.

That makes for a lot of personal care products, each playing its own role. It's no wonder people tend to buy a wide variety of products; there are a lot of variables in this category! Shoppers have a broad range of needs and tastes when it comes to soap, shampoo, conditioner and shaving products. They also have to weigh a number of considerations such as quality, brand, selection and variety along with price and best value.

FMI's Power of Nonfoods report untangles that data behind this robust, complex market. **Here are some of the insights:**

- Grocery stores make up 26% to 28% of the personal cleansing, hair care, and shaving product markets for a total \$11 billion dollars in sales annually. That's well behind mass retailers who take up 52% to 56% of the market.
- Personal care products remain a largely brick and mortar market, with 41% to 42% of consumers buying them exclusively in stores and 20% to 21% buying them mostly in stores.
- Almost half (43% to 49%) of consumers buy their personal care products monthly, with weekly purchasers dropping down to 10% to 14%.
- Seventy-two percent of personal care product purchases are planned. (Not a lot of impulse soap buying, apparently.) Seventy-seven percent to 84% of consumers buy them as part of their normal shopping trip.
- Very few respondents (15% to 18%) have changed where they purchase these items in past 12 months.

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- High value and low cost play the biggest roles in decision-making. Quality and variety aren't priorities, but consumers are very product-loyal in this sector, with 34% to 36% seeking brands that they prefer.

Despite the variety of personal care products in my household, my family is aligned on a few issues; we want our personal care products to be free of unnecessary chemicals and environmentally-friendly. We also want to make certain all these products are child-safe.

Beyond that, we still have our different tastes and needs, thus all the different products. If one family can generate this many purchases, it's an indication of what a significant opportunity the personal care product space is for grocers.

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# Create Lasting Memories and Increased Sales with Kitchen Gadgets

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By: Tom Duffy, Senior Advisor, Industry Relations, FMI

It's not hard to form an emotional attachment to a kitchen gadget. For me, my old-fashioned, hand-crank cranberry grinder comes to mind. If you're unfamiliar, they resemble long-handled, cast-iron meat grinders that you clamp to a table or countertop, only the end product is cranberry sauce, not sausage.

Lately, it's become more of a display piece. If we want to grind cranberries, we can use a food processor. Thanksgiving will be a success no matter how you slice it (literally). Still, childhood memories of latching our cranberry grinder to the countertop and cranking that handle to grind the berries—not our fingers—are clear as a bell.

While pulverizing fruits doesn't play a big role in my life nowadays, put an ice cream scooper, wine bottle opener, or pizza slicer in front of me and you're guaranteed to get a smile—because I know something delicious is just around the corner.

These attachments may be why kitchen gadget purchases, including spatulas, pots and pans, are important. They're less frequent, but selection, quality, variety and unique products are key considerations.

Consumers will most likely be ramping up their gadget purchases this holiday season to assure success in their upcoming meal endeavors, making FMI's Power of Nonfoods report a valuable resource offering insights into this important market.

## Here's a sneak peek of the research:

- While selection (31%), quality (35%), variety (30%), and unique products (18%) are more important to consumers than many other categories, low cost and best value still matter, at 38% and 40% respectively.
- Increased selectiveness may explain why 27% of consumers have switched where they buy kitchen gadgets in the last 12 months, with 18% buying more online.
- Seventy-two percent of consumers buy gadgets less than once a month. ("I don't always buy a pizza slicer, but when I do...") Thirty-five percent have made a purchase in the past 12 months.
- Mass retailers are the most common channels at 43% for these types of purchases. Eleven percent of purchases come from grocery stores.

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- Fifty-five percent of the time, buying gadgets is part of normal shopping, but it's a special trip 27% of the time. ("Quick! We need an ice cream scooper!") Eighteen percent of the time, it's something the shopper adds on to another purchase.
  - Fifty-seven percent of purchases are planned, which is lower than most other categories. Seventeen percent are impulse purchases, which is high compared to other categories.

When it comes to kitchen gadgets, my family certainly falls into the impulse purchase camp. As a matter of fact, just the other day, we bought an emulsion blender off an impulse purchase display—and we love it. Of course, it's no cranberry grinder, but building a lasting relationship with your gadget can take time.

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# Seriously Support Shoppers' Health and Well-Being Needs

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By: Tom Duffy, Senior Advisor, Industry Relations, FMI

When it comes to the health and well-being market, grocery stores remain at the forefront. After all, they sell food—a hugely important aspect of any healthy lifestyle.

But there's much more to this space when you consider nonfoods, including over-the-counter medications, mouth care/oral health products, and nutrition and weight loss products.

According to FMI's Power of Nonfoods report, grocers sell more than \$24 billion in nonfood products that support their shoppers' health and well-being. Playing a broad role in these aspects of a consumer's life presents a huge opportunity—one that some important players in this space successfully embrace.

Recently I spoke with Aileen Stocks, President of Vitamins, Minerals, and Herbal Supplements at Nestlé Health Science, about the health and well-being space. She offered some compelling insights on how the company stays on point.

"We provide customers with a seamless omnichannel experience throughout their wellness journey," said Stocks. "We recognize the increasing importance of digital channels and are committed to meeting our consumers' needs across various touchpoints."

For a deeper dive into this dynamic market, Stocks offered insights that support the data in FMI's Power of Nonfoods report.

## **Be mindful of macro-trends:**

"At Nestlé Health Science, we understand that macro-economic trends, such as inflation, influence consumer behavior. While this may present difficult decisions for consumers, we see it as an opportunity to provide them with valuable solutions that align with their health and wellness priorities.

"We are committed to developing products that not only support physical health but also address the growing demand for holistic wellness, simultaneously encompassing physical, mental, emotional, and social health and appearance. By staying attuned to evolving consumer needs, we can continue to innovate and offer products and strategies that cater to their overall well-being."

## **Remain on top of shifting demand:**

"Historically, the health and well-being market has been relatively stable. However, with the advent of new trends and advancements in science, we have observed shifts in consumer demand and preferences. For example, the rise of social media platforms like TikTok has

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influenced consumer behavior, with more individuals being exposed to different and new trends promoted on these platforms.

"We continue to embrace these trends including the rise of popular ingredients, such as beetroot and magnesium. We are continuing to innovate in these areas of interest to meet evolving consumer preferences."

**Tap into technology:**

"With advancements in technology, we can leverage health data to customize supplement recommendations to best address nutrition gaps or health goals and support healthy aging.

"Additionally, technology is transforming the way consumers interact with brands, with digital platforms and subscription services tailored to an individual's personal health and wellness becoming more prevalent and engrained in daily life."

**Stay relevant and engage customers in multiple ways:**

"We employ various strategies to stay relevant in the health and well-being market and effectively engage customers. We closely monitor consumer trends and conduct research to gain insights into their needs and preferences. This allows us to develop innovative products and communications that resonate with our target audience. Additionally, we actively test new ideas and leverage consumer feedback to continuously improve our offerings.

"We are fully dedicated to our purpose of empowering healthier lives. We know that with this we must always have a deep sense of empathy as it relates to our business—in other words, making sure we are looking at our innovation through the eyes of our consumer, understanding that what we create makes an impact in their day-to-day lives."

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# Beckon the Bulk of Household Necessities Buyers

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By: Tom Duffy, Senior Advisor, Industry Relations, FMI

Welcome to Generation Bulk.

No, you didn't accidentally stumble on a bodybuilding website. When I write "bulk," I'm referring to the way people today buy household necessities such as paper towels, toilet paper, laundry detergent and household cleaning products.

When it comes to nonfoods, these products are among the most common purchases. We need them, so we buy them. And, especially since the COVID-19 pandemic, we buy them in bulk.

Consumers shout, "Bigger is better!" as they push Cadillac-sized shopping carts down the aisles of mass, club, dollar and grocery retailers, scooping up bricks of paper towels so massive that they'd absorb at least two of the Great Lakes (the small ones to the south) and jugs of laundry detergent large enough to guarantee their family will have whiter whites and brighter brights for generations to come.

My home is no exception. In fact, we have an oversized pantry set aside specifically for dry goods, paper and cleaning products. Yes, my whites are very white—and my brights? Fuhgeddaboutit!

The good news is that, according to FMI's Power of Nonfoods report, these products generate more than \$18 billion dollars in sales annually through food retailers alone. (No, not from me personally, although sometimes it feels that way when I inventory the stockpile in our pantry.)

## **Here are some additional useful insights from the report:**

- Price (51% to 53%) and good value (41% to 42%) trump quality (21% to 24%) in many purchases, but in some cases brand preferences can be strong, particularly when it comes to toilet paper and laundry detergent.
- These purchases are often made only (42% to 45%) or mostly (19% to 23%) in-store.
- Eighty-three percent to 87% of the time, these purchases are part of normal shopping.
- Most consumers buy these products monthly (48% to 52%) or less than once a month (24% to 35%).
- Consumers plan their household necessities shopping 73% to 77% of the time. Impulse purchases only happen 6% to 7% of the time.
- These purchases tend to be made in-store, with 68% to 72% of them happening at brick-and-mortar stores. It's probably going to stay that way for a while, considering only 15% to 17% of shoppers have changed where they purchase in the past 12 months.

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My parents didn't buy in bulk as I was growing up the same way we do today. I'm not sure if this was a matter of availability or expense. My wife and I—and many other parents I know from my generation—started buying in bulk when our two kids got older. It just made sense from both a convenience and financial perspective.

Now that they're adults, I don't think the kids give bulk buying a second thought. It's what they've always known and, frankly, it works. There may be other differing opinions between Gen X, Millennials and Gen Z, but when it comes to household necessities, we're all Generation Bulk.