

Fresh Forward: *How Winning Fresh Departments Elevates the Entire Store*

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NielsenIQ



Today's Fresh Experts



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About today...

- *Understand the value that Tier 1 Fresh Retailers bring to the entire store*
- *Investigate how strong fresh departments lead to more store traffic and larger basket sizes*
- *Explore how Tier 1 differentiate their fresh offerings and how to reach buyers with added wellness benefits*
- *Learn how to collaborate with your retailer partner to bring the best fresh offerings to stores*
- *How to integrate the insights into your business today*

NIQ

Fresh Retailer Tier Methodology

Analysis Scope & Definitions



82 grocery banners were utilized in this analysis



Banners were segmented into quartiles based on Total Fresh
\$/M ACV
(Velocity)



“Fresh” Departments –
Bakery, Dairy, Deli, Meat,
Produce, Seafood



Time period: Latest 52 weeks
ending 2/08/25

**What is the value of
having strong fresh
departments?**

Total Store & Fresh success go together

High velocity, top tier fresh retailers find greater success among total food sales

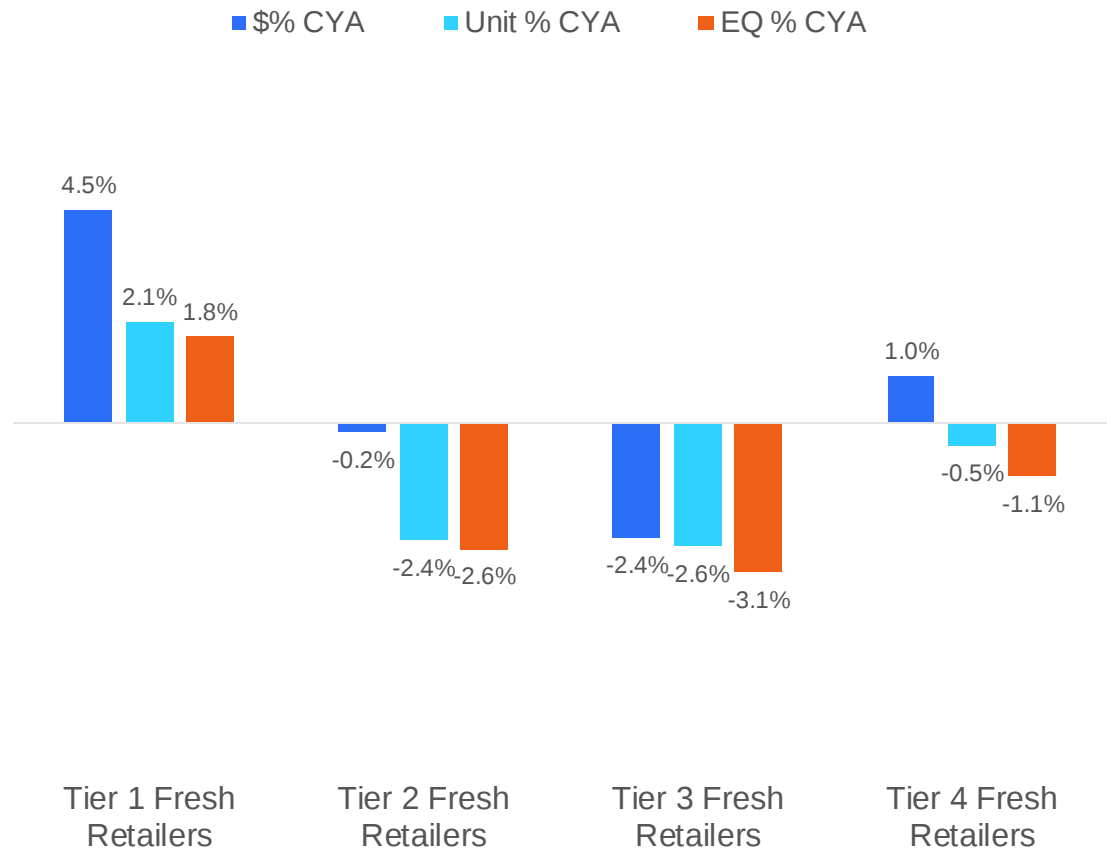
Total Food Performance by Fresh Retailer Tier
% Food \$ Growth | % Fresh \$ Share of Total Food



Source: NielsenIQ Retail Measurement | US NIQ Total Store Inc Fresh - 444 - Weekly (Synd) | L52 w/e 2/08/25

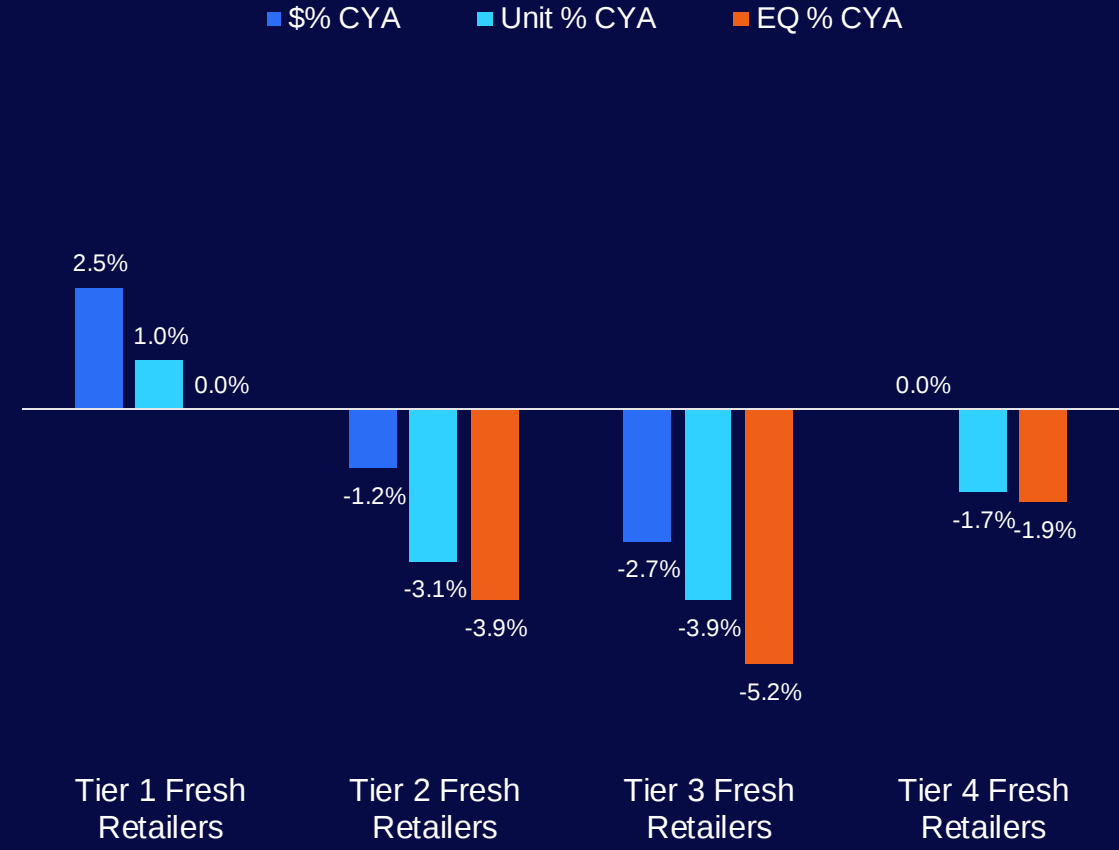
Top tier fresh retailers not only drive Fresh...

Total Fresh Growth by Retailer



... but growth in all other departments

All Departments excl Fresh Growth by Retailer



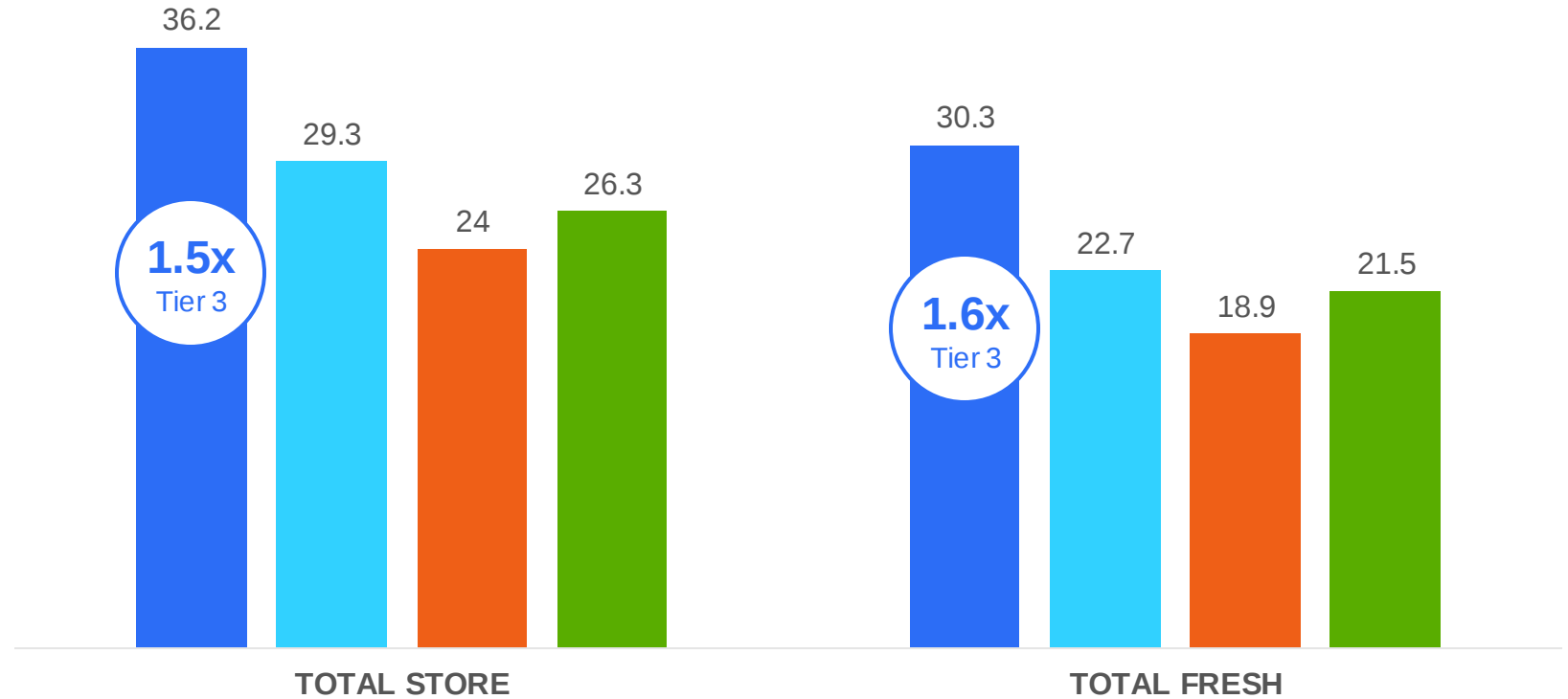
Source: NielsenIQ Retail Measurement | US NIQ Total Store Inc Fresh - 444 - Weekly (Synd) | L52 w/e 2/08/25

Strong fresh retailers drive more store traffic...

Across the Total Store & Total Fresh Departments

Occasions per Buyer

■ Tier 1 Fresh Retailers ■ Tier 2 Fresh Retailers ■ Tier 3 Fresh Retailers ■ Tier 4 Fresh Retailers



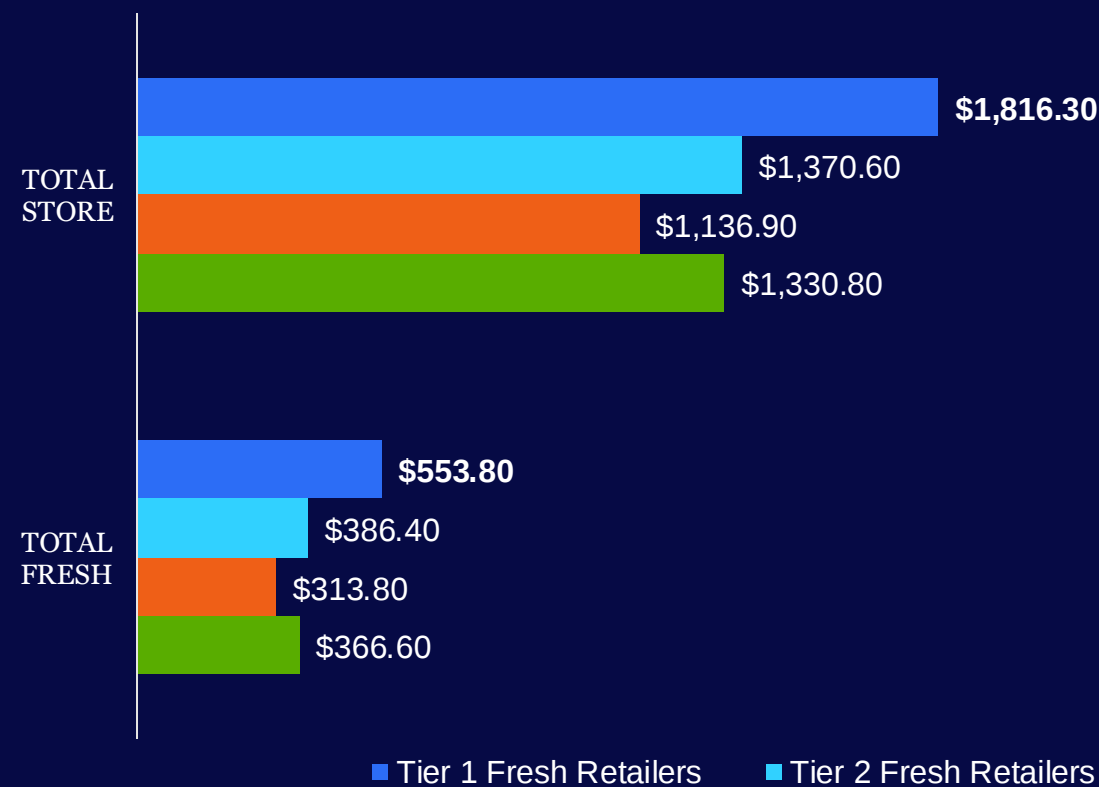
Fresh products drive more **foot traffic** than other areas of the store.
How can you prove that your product drives incremental trips?

Source: NielsenIQ Panel On Demand Omnishopper, US OSH - NDH Synd Full View 5 yr, Entire Dataset, 52 Weeks Ending 01/25/2025

Fresh spend makes up 30% of households total CPG dollars

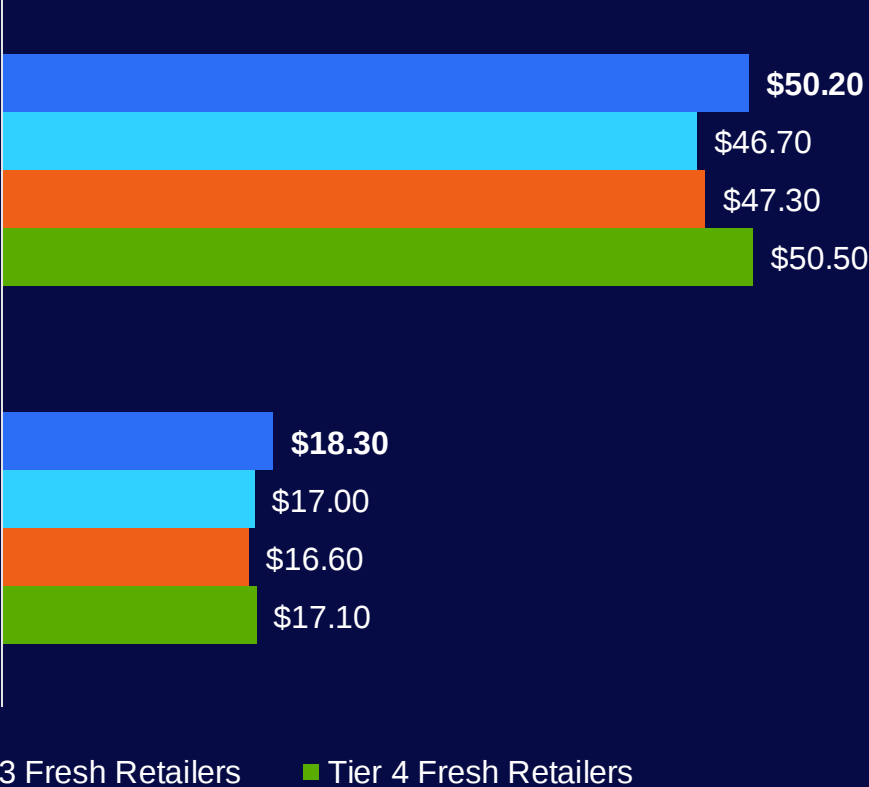
Value per Buyer

Avg \$ Value per Buyer over the year



Value per Occasion

Avg \$ Value per trip

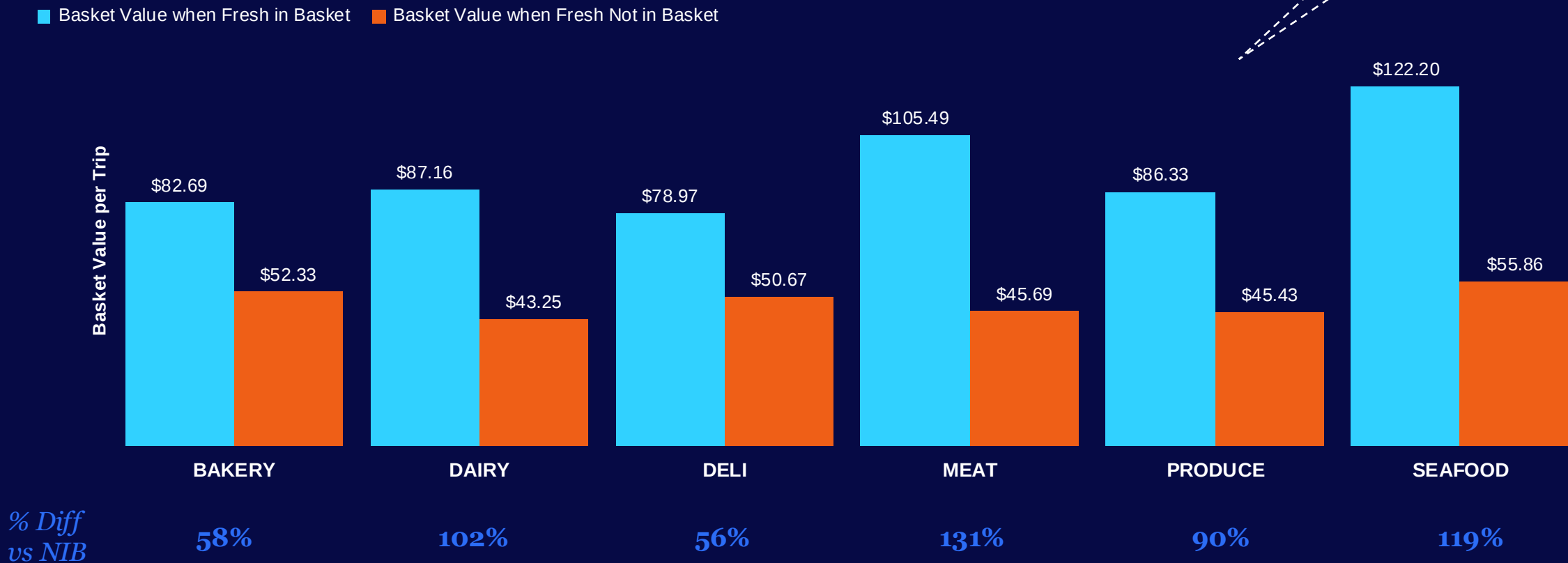


Source: NielsenIQ Panel On Demand Omnishopper, US OSH - NDH Synd Full View 5 yr, Entire Dataset, 52 Weeks Ending 01/25/2025

...and fresh departments drive larger basket sizes across all retailers

Dairy, Meat, & Seafood drive the largest basket size differences

Basket Value Across Fresh Departments: In Basket vs Not In Basket

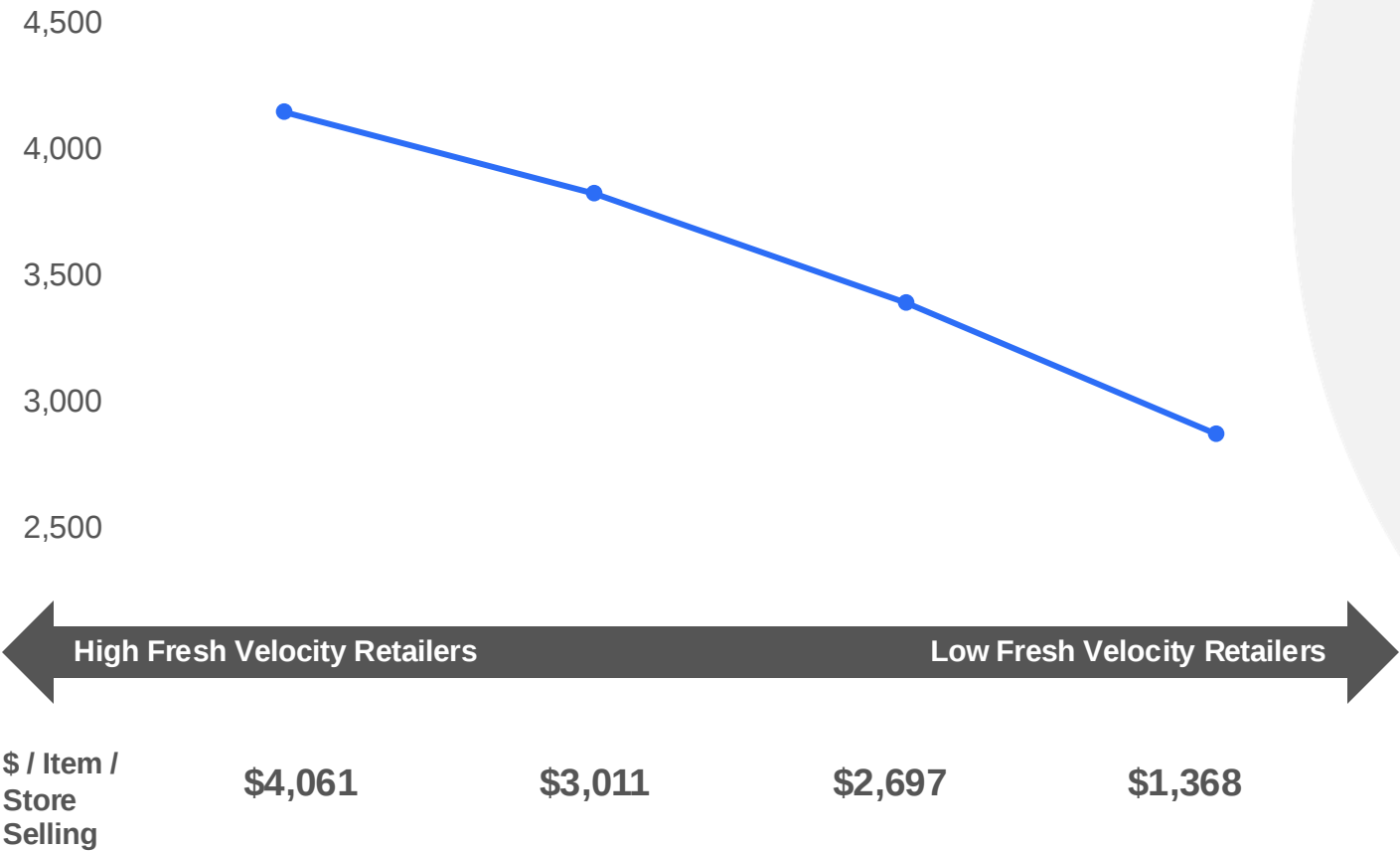


Source: NielsenIQ Panel On Demand Homescan, US OSH - NDH Synd Full View 5 yr, Entire Dataset, 52 Weeks Ending 01/25/2025

But what are top
tier fresh retailers
doing *differently*?

Top tier fresh retailers offer a wider & more efficient assortment in the perimeter

Average Number of Fresh Items



Tier 1 retailers carry

44%

More fresh products than Tier 4 retailers

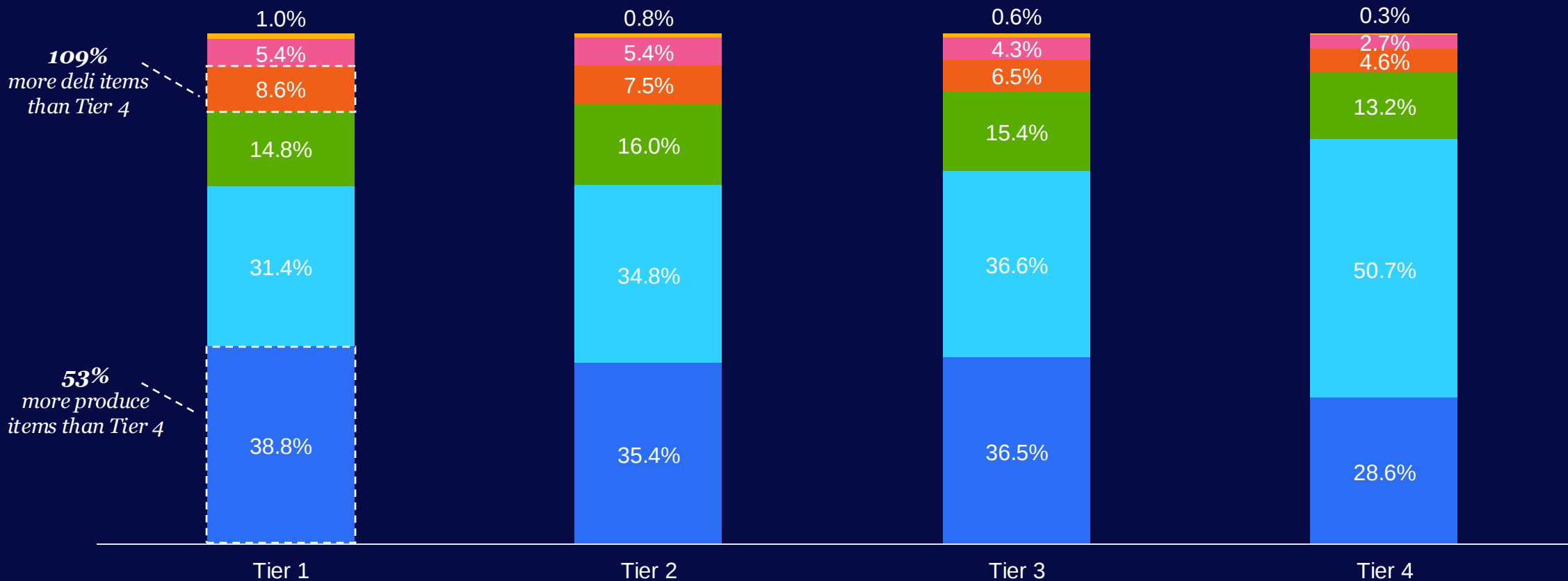
Source: NielsenIQ Retail Measurement | US NIQ Total Store Inc Fresh - 444 - Weekly (Synd) | L52 w/e 2/08/25

Top tier fresh retailers stand out through greater emphasis on produce and deli

Tier 1 have developed all Fresh departments, while lower tier rely on their dairy departments

Unit Share by Fresh Department

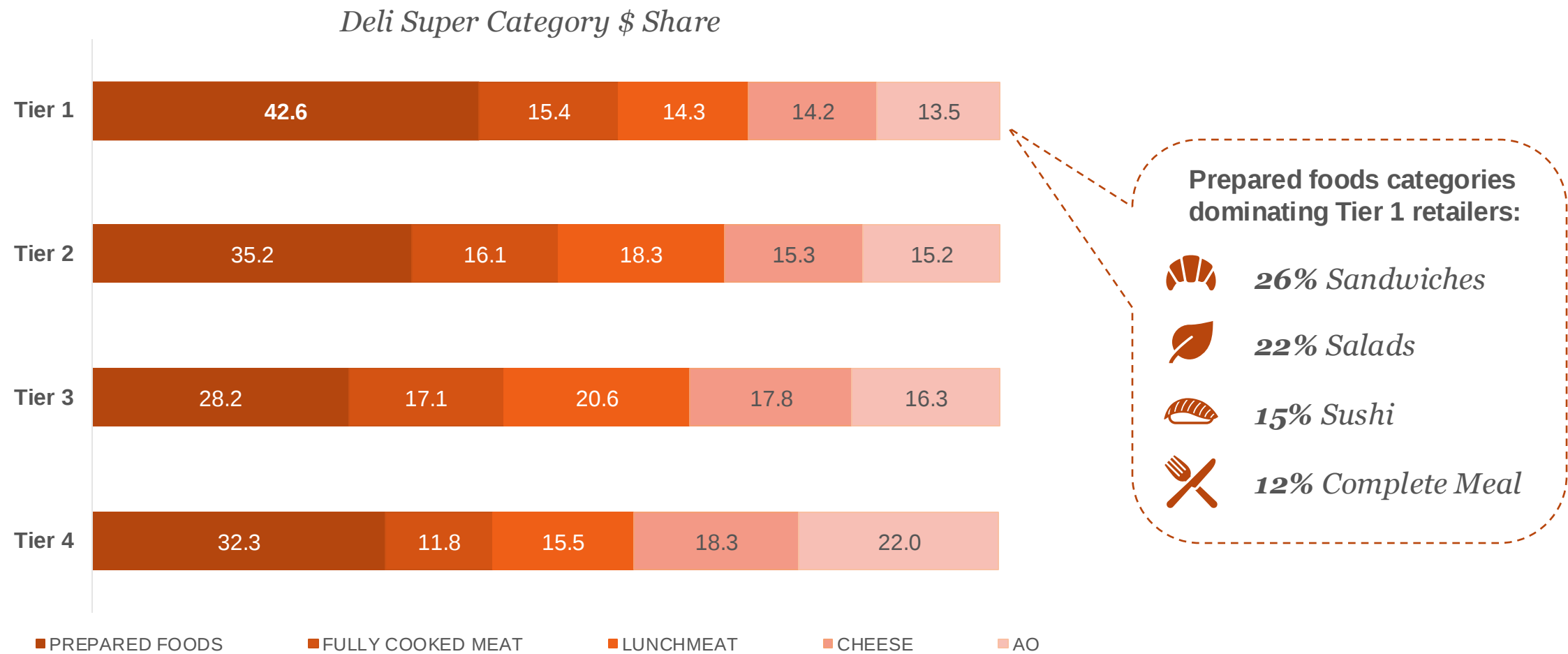
PRODUCE DAIRY MEAT DELI BAKERY SEAFOOD



Source: NielsenIQ Retail Measurement | US NIQ Total Store Inc Fresh - 444 - Weekly (Synd) | L52 w/e 2/08/25

Tier 1 retailers elevate the deli experience with the convenience of prepared foods

Lower tier fresh retailers carry more deli staple items, like lunch meat and cheese

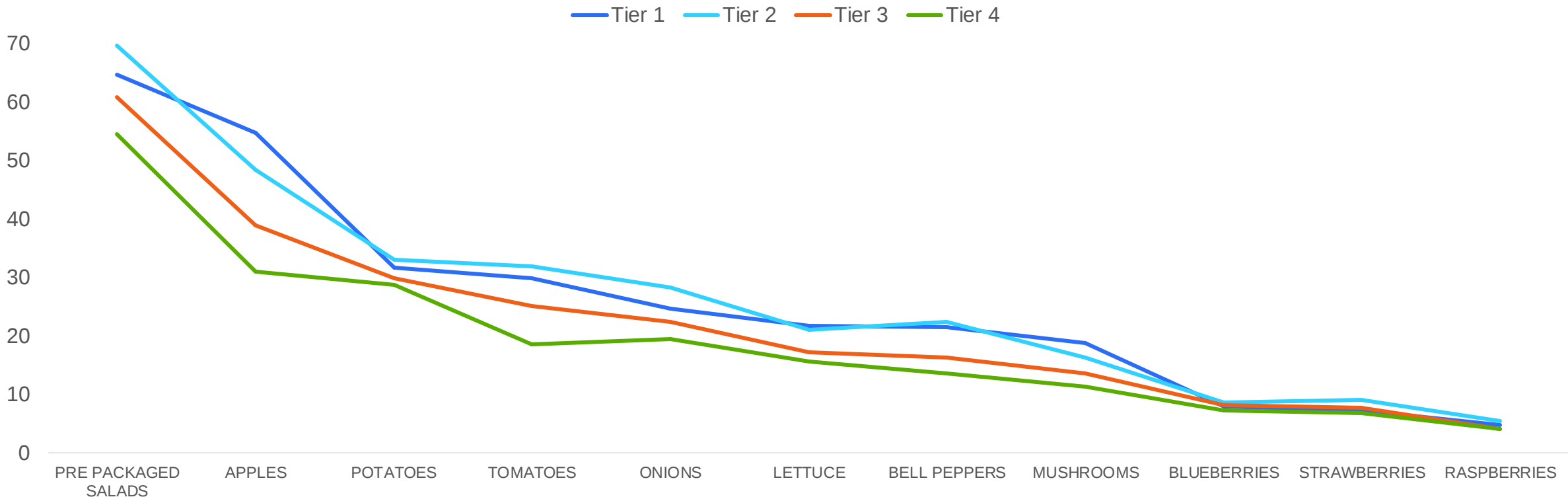


Source: NielsenIQ Retail Measurement | US NIQ Total Store Inc Fresh - 444 - Weekly (Synd) | L52 w/e 2/08/25

Top tier fresh retailers deliver a larger & more diverse assortment of produce

Tier 1 offers variety with more available items in smaller categories, mushrooms & squash

Average Number of Produce Items by Category



*Tier 1 offers 47% more
Fruit items than Tier 4*

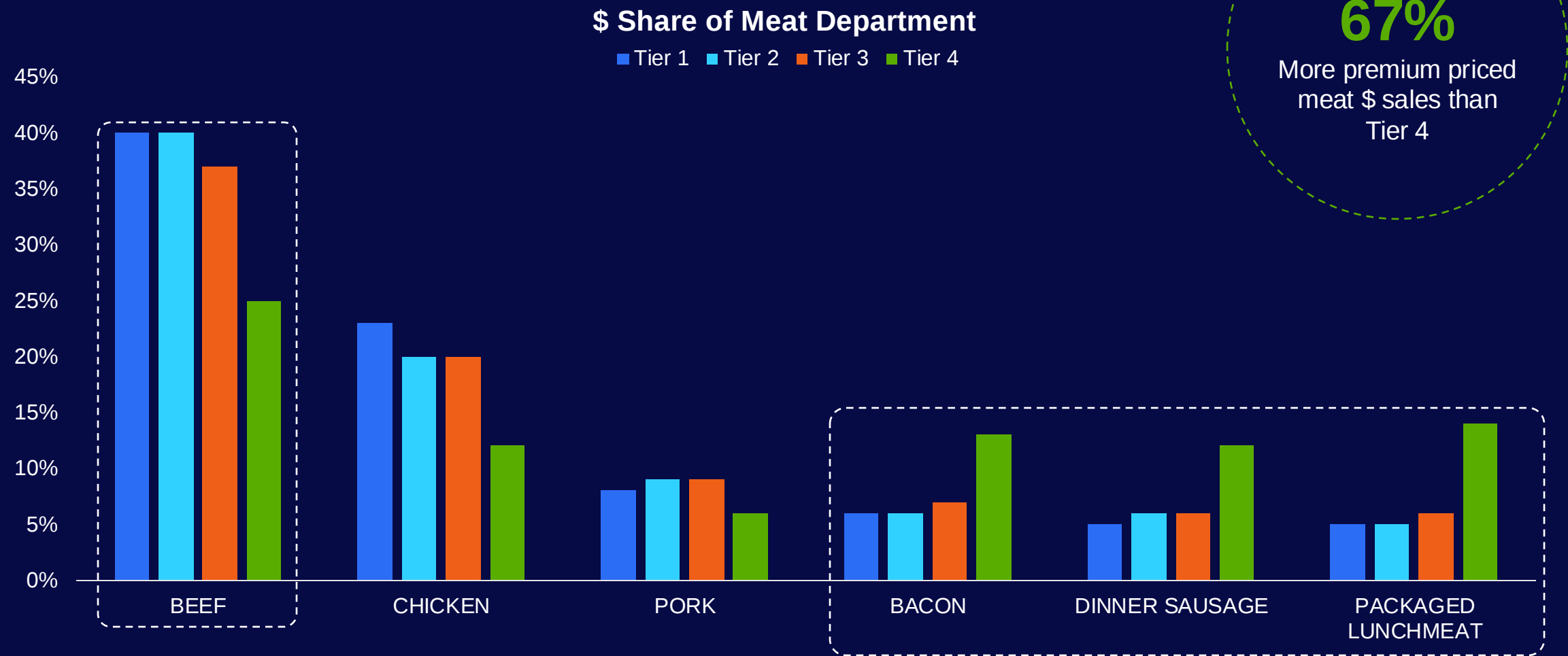


*Tier 1 offers 74% more
vegetable items than Tier 4*

Source: NielsenIQ Retail Measurement | US NIQ Total Store Inc Fresh - 444 - Weekly (Synd) | L52 w/e 2/08/25

Premiumization drives meat department assortment in top tier fresh retailers

Lower tiers offer larger assortments of processed meat products



Source: NielsenIQ Retail Measurement | US NIQ Total Store Inc Fresh - 444 - Weekly (Synd) | L52 w/e 2/08/25

Top tier fresh retailers are trip drivers...

“Did you go to the store specifically for this product?”
Index - Tier 1 vs Tier 4



Source: NIQ BASES Omnichannel Shopping Fundamentals Fall 2024 Dataset

... & their buyers are willing to buy premium

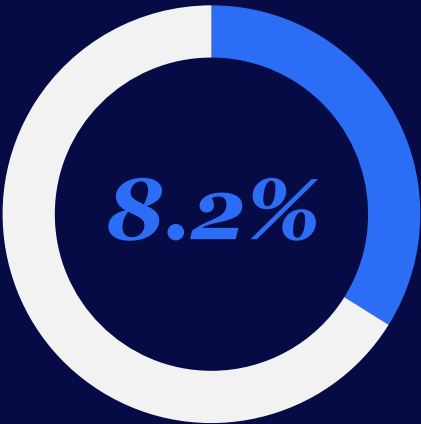
“I am willing to pay more for premium or high-quality products ”
Index - Tier 1 vs Tier 4



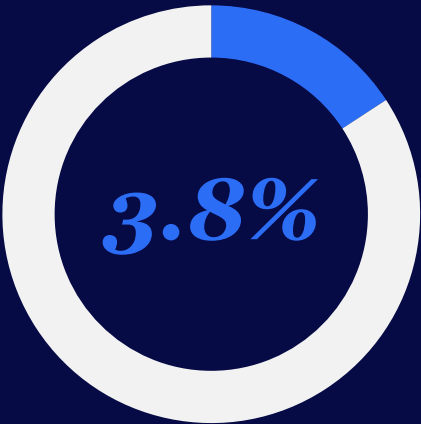
Top tier retailers meet consumer needs, such as organic fresh items

Organic share across top retailers driven by produce and dairy

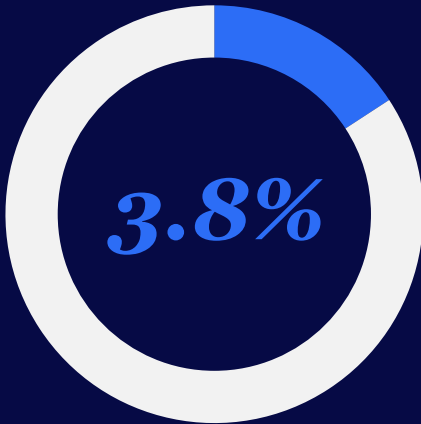
Organic Share of Total Fresh



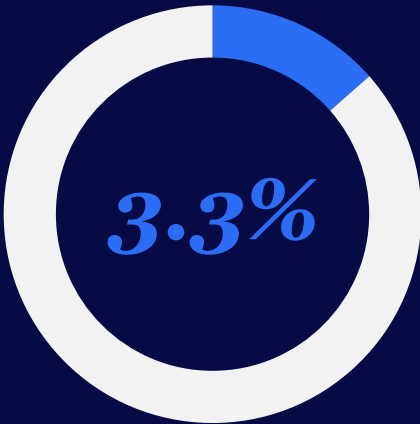
Tier 1



Tier 2



Tier 3



Tier 4



*Tier 1 offers **84%** more organic produce than Tier 4*



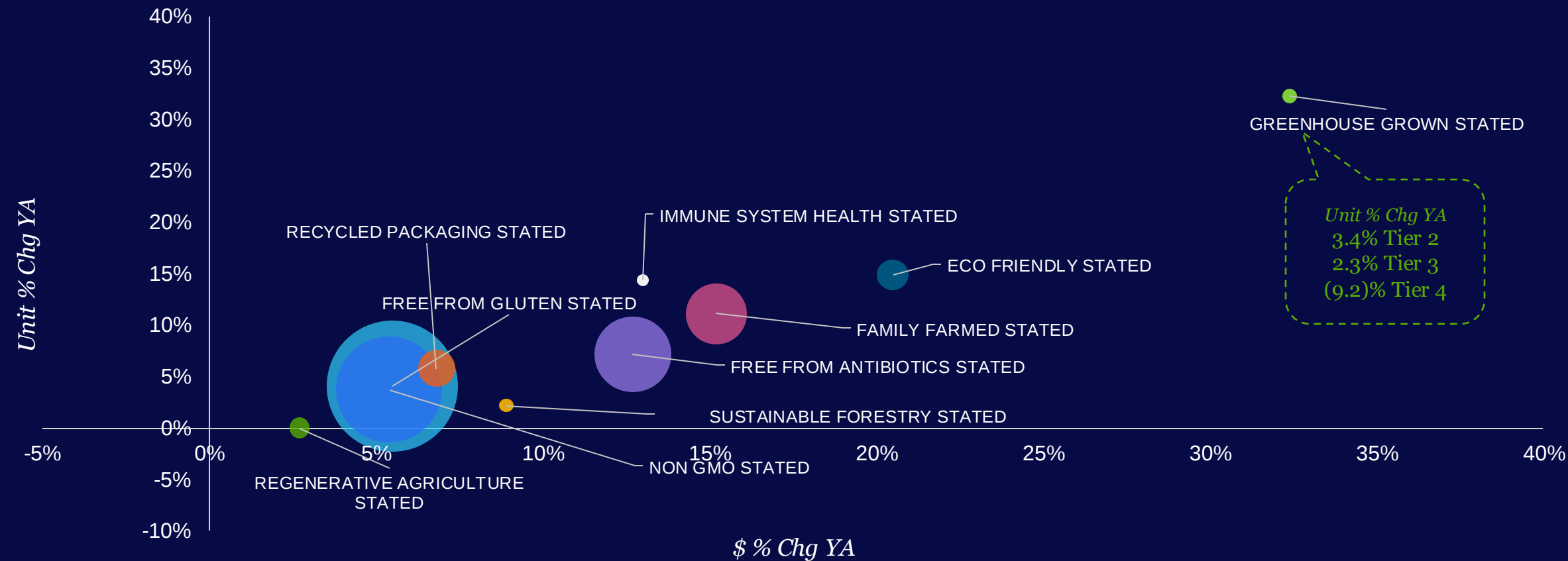
*Tier 1 offers **321%** more organic dairy than Tier 4*

Source: NielsenIQ Retail Measurement | US NIQ Total Store Inc Fresh - 444 - Weekly (Synd) | L52 w/e 2/08/25

Tier 1 place a greater emphasis on wellness and sustainability attributes

Growing Wellness & Sustainability Attributes

Tier 1 Retailers – Total Fresh

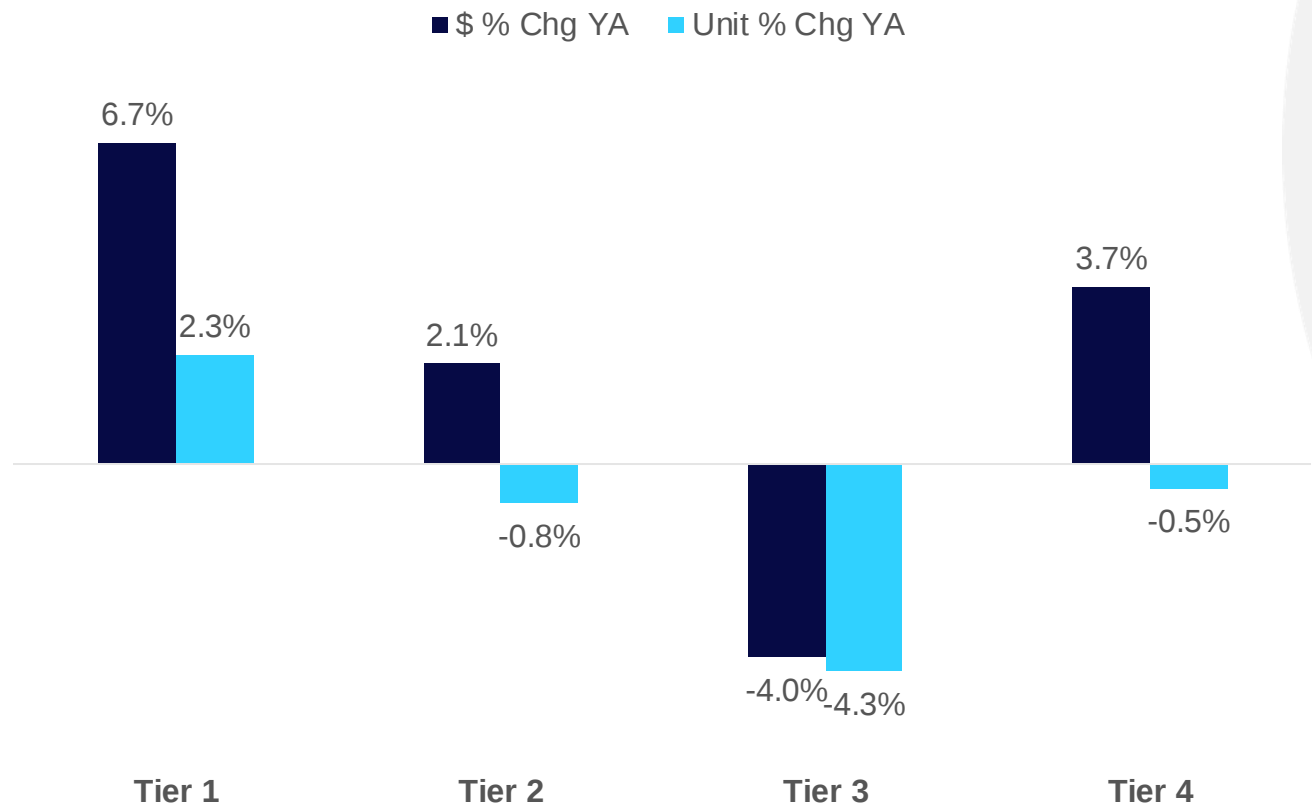


Source: NielsenIQ Retail Measurement & NIQ Product Insight | US NIQ Total Store Inc Fresh - 444 - Weekly (Synd) | L52 w/e 2/08/25 *reflects non-random weight items

Tier 1 capitalizes on Private Label growth

As retailers focus on expanding private label offerings in 2025, top tier fresh retailers are benefiting

Private Label Growth
Total Fresh



50%

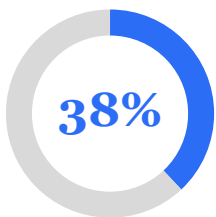
Of retailers identified *private brand* as a top reason for unit increases in 2025

Source: Advantage Sales Manufacturer Outlook Study October 2024 (Base 44) and Retailer Outlook Study October 2024 (Base 40)
Source: NielsenIQ Retail Measurement | US NIQ Total Store Inc Fresh - 444 - Weekly (Synd) | L52 w/e 2/08/25

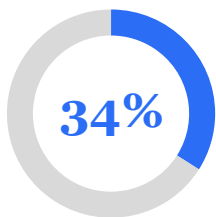
Despite barriers to online fresh purchasing...

Top Barriers to Online Purchases

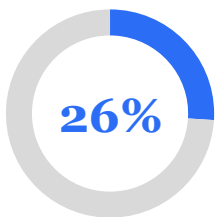
Total Fresh



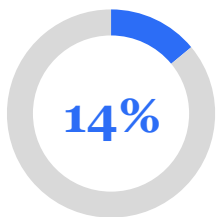
Prefer to pick in person



Don't trust quality



Immediate need



Fulfillment fees



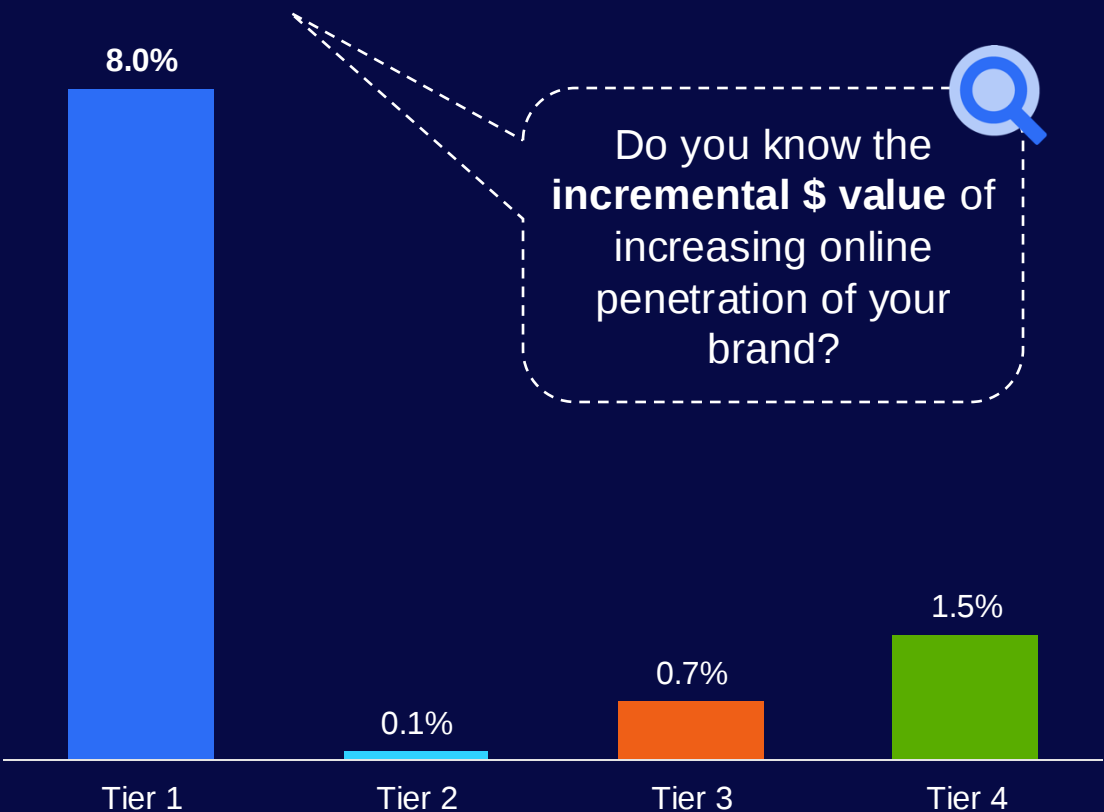
Fulfillment type depends on temperature state. Learn more about how fresh departments are impacted by consumer perceptions of online purchasing.

Source: NIQ BASES Omnichannel Shopping Fundamentals Fall 2024 Dataset
Source: NielsenIQ Panel On Demand Omnishopper, US OSH - NDH Synd Full View 5 yr, Entire Dataset, 52 Weeks Ending 01/25/2025

...Tier 1 leverages a strong online presence

Online Penetration

Total Food



Learn from impactful strategies that elevate the fresh shopping experience

Retailers are finding ways beyond traditional retail to provide value adds while shopping their favorite fresh items

Experience Driven



The Publix experience-focused design features nontraditional grocery features, including a burrito bar, full-service deli and seafood departments, larger hot bar selections, and upstairs & outdoor seating.



Create more foot traffic to the store with unique offerings

Collaboration



The new Amazon Grocery small-format store adjacent to a Whole Foods Market in Chicago is designed to provide shoppers with natural and organic products at Whole Foods Market and a broader product assortment from Amazon all in one trip.



Save shoppers time & money through unique convenience

Social Impacts



A Save A Lot store on Chicago's South Side is the site of an innovative solution to food insecurity: a nonprofit organization called The Dream Vault, a locker-based system to dispense fresh produce to those in need.



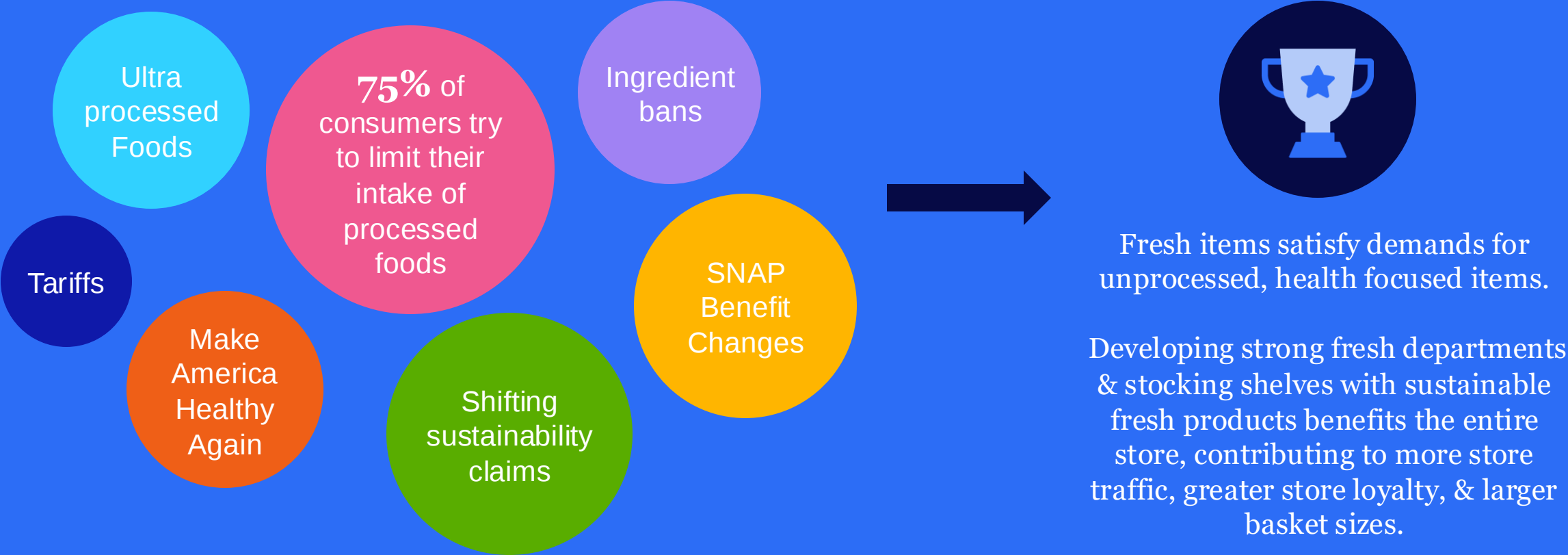
Help the community & attract business at a local retailer

[Save A Lot Incorporates The Dream Vault to Fight Food Insecurity in Chicago | Progressive Grocer](#)

Looking *Fresh Forward*...

Fresh departments are extremely well positioned for future consumer states; it is crucial to develop strong fresh departments now

Today's consumer faces a variety of external pressures while making purchase decisions...



Source: Spectra MRI Simmons; NIQ What's Next in Wellness 2025 Thought Leadership

Mindset to bring to Fresh in 2025

Understand the value of strong fresh departments

Find growth across the total store - food & non-food

Strengthen partnership with fresh retailers

Demonstrate the value of your items and the increased foot traffic to retailer's doors

Meet evolving consumer health & wellness needs

Emphasize the benefits of your products through clear labeling to align with consumer demands

Collaborate with retailers to tackle future fresh challenges

Prepare to navigate obstacles, while capitalizing on growth of strong fresh departments

Strengthen consumer confidence in buying fresh items online

Develop your omnichannel strategy to meet consumers where they are

Fresh Questions You Might be Asking

in partnership with NielsenIQ

Is my retailer a Tier 1 Fresh retailer? If not, which levers do I pull to get there?

Are my fresh products realizing their full potential in current retailers? Can I grow my offerings across key banners?

How can I use online channels to solve fresh challenges? Where are my growth opportunities to develop a stronger omnichannel strategy for fresh products?

NIQ products & sources

you can use to answer top questions

- **Panel On Demand** *Homescan & Omnishopper*
- **NIQ Product Insight (NPI)** *characteristics*
- **Discover** – *Retail Measurement Services (RMS)*
- **Spectra** – *Retailer Targeting Questions*
- **BASES** – *Omnichannel Shopping Fundamentals*

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Presentation brought to you by the NIQ Insights team

Claire Mollenkopf & Dana Chamberlin

Thank you!

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Claire Mollenkopf & Dana Chamberlin

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