



EMPTY AISLES: THE GROCERY E-COMMERCE SHOPABILITY AUDIT

Shining a light on the plight of online shoppers with specific health and wellness needs.

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Executive Summary

The number of consumers in the U.S. shopping based on personal need states such as diets, allergies, and health-related wellness preferences has risen dramatically. Today, an estimated 200 million Americans follow some type of health and wellness program and an estimated 180 million Americans have food allergies that affect the way they shop.¹

Similarly, the popularity of online grocery shopping is in the rise. While pre-pandemic growth of grocery e-commerce was steady, the pandemic has significantly accelerated its trial and adoption. There were 46 million active online grocery shoppers in the U.S. in June 2020² alone.

How are retailers responding to these trends? This ground-breaking study audited the e-commerce experience of 30 top retailers to determine how well the “digital aisles” are stocked for shoppers searching for products to meet specific dietary, medical, allergen, and value-based needs.

The study found inaccessible “digital stores,” empty “digital aisles,” and a significant opportunity for retailers to improve how they serve this growing consumer group. In fact, retailer websites failed to return 92% of the products in their assortment that qualified to be returned based on common search terms.

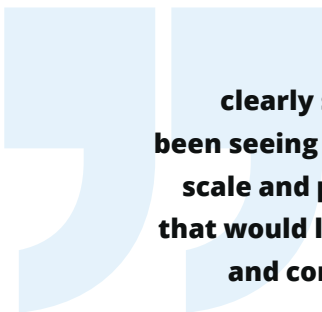
This report outlines the audit study findings and shows how, by implementing effective product attribute-based search filter functionality, retailers can set themselves up to delight customers, increase revenue, and build loyalty.

Introduction

An increasing majority of consumers are shopping based on lifestyle choices and wellness needs. This trend has been steadily growing and shows no signs of slowing down. Today, 64% of shoppers follow a diet or health-related wellness program, up from 49% in 2018. And 55% of shoppers say allergies or intolerances affect the way they shop, up from 44% in 2018.³ Another revealing statistic: 81% of grocery searches on Amazon are unbranded.⁴ In other words, consumers are searching less by brand and more for products that meet individual need-states. And, the consumer groups that shop by need state are large and growing. As an example, many of the 121 million Americans (48% of the U.S. population) that have cardiovascular disease are searching for heart healthy products.⁵ ***Need state buying is big business.***

Today's shoppers are no longer satisfied with products that are misaligned with their values and needs. Keto. Heart Smart. Gluten-free. No added sugar. Peanut-free. Hypoallergenic. Paraben-free. Low FODmap. Fair Trade. Sustainably Grown. Cruelty-free. Clean. These are a few of the hundreds of attributes related to consumer need-states commonly searched for by consumers. And with access to a nearly infinite array of products through dozens of prominent online retailers, consumers have plenty of options.

Shoppers are looking for products that meet their lifestyle choices and wellness needs, and they're doing it online. E-commerce is nothing new, but its popularity has skyrocketed in recent years. Grocery e-commerce, especially, is booming, with \$7.2 B in grocery



“The scale of the changes identified in our findings clearly suggest that this is a long-term shift. While we have been seeing these trends for some time, what’s surprising is the scale and pace — compressing into a matter of weeks changes that would likely have taken years. The new consumer behavior and consumption are expected to outlast the pandemic....”

— Oliver Wright, Managing Director & Head of
Accenture’s Global Consumer Goods Practice

e-commerce revenue generated in June 2020, up from \$1.2B in August 2019. This figure represents 46 million active online grocery shoppers.⁶ While the significance of this growth has been propelled largely by the COVID-19 pandemic, 43% of consumers responding to an industry survey by Brick Meets Click said they are either extremely likely or very likely to stick with online grocery buying.⁷ So we won't be seeing online shopping going back to previous levels.

Consumers are dedicated to their lifestyle and wellness priorities, but our research shows that most leading retailers make it difficult to find products that match criteria based on these priorities. Although website navigation and search functionality play a role in this poor experience, the root cause is incomplete and inaccurate product data. Consequently, online shoppers searching for specific need-states are often presented with incomplete or inaccurate search results.



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For example, a shopper with a dairy sensitivity will only find a “Dairy-Free” filter present on 36% of retail e-commerce sites. When selected, that filter will, on average, return less than one-third of the products that qualify as dairy-free based on the products’ labels. Shoppers, especially those with serious food allergies and intolerances, are frustrated, and they’re often making their feelings known with their purchase dollars and their loyalty.

Today’s retailers must respond to consumers’ demand for product knowledge if they’re going to compete in the changing online retail arena. They must provide shoppers with an easy-to-use user experience that allows them to quickly find products that match their individual purchase criteria.

Let's explore the key findings revealed by our research and the opportunities awaiting retailers who provide a quality experience to their online customers.

Methodology

We started with the top retailers according to revenue and excluded any retailer using Instacart or Peapod for e-commerce as those would skew the data and provide inaccurate results. Of those top retailers, we then selected 30 grocery, health and beauty, and pet stores with an operational e-commerce experience. Amazon was excluded from this audit as they are too large to determine accurate product discoverability metrics. We identified whether or not a retailer offered faceted search filtering, allowing shoppers to check a box for product attributes they want to search by (such as "gluten-free," "organic," or "low-carb"). We recorded the number of products in each filter to then compare to the percentage of total food and beverage, personal care, and pet food products within Label Insight's database with the same filter using on package and derived data.

We attempted to also include free-text and organic search in our audit, but due to the large number of irrelevant results, the analysis would have been skewed and inconclusive. For example, a search for "caffeine free tea" returned hundreds of irrelevant results because current search functionality also recognizes tea in general, and most tea contains caffeine.

Key Findings

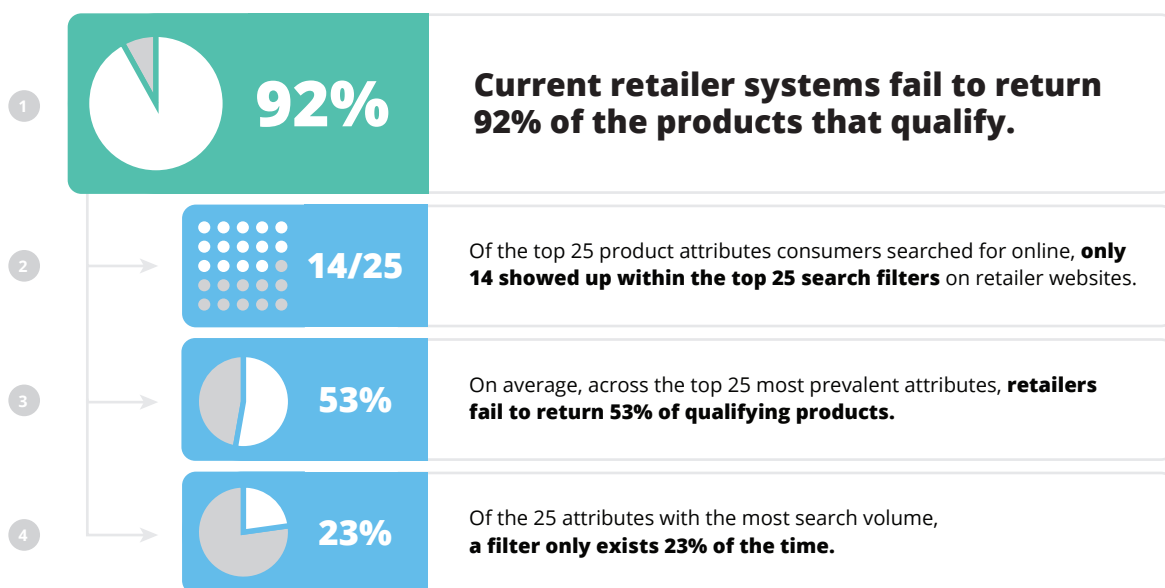
Surprisingly, most retailers aren't keeping up with consumer demand for product transparency and discoverability. We found that retailers consistently struggle to deliver a quality shopping experience to customers searching for products that meet their requirements. Most retailers offer a limited number of product attribute search filters (such as "keto," or "vegan"). And those that do return significantly fewer products than qualify for any given filter. In fact, of the 30 top retailers audited, only 21 had any form of search filtering capability.

Of the 21 retailers who offered attribute-related search filters, they **overlooked 80% of consumer need-states and preferences.**

Most importantly, for the retailers with search filters, on average, less than 14% of products that qualified based on label information were returned for a filtered search. In other words, more than 86% of the qualifying products that should be visible to a consumer on the digital shelf were not. Even more telling, based on ingredient analysis, only 8% of the average retailer's qualifying products were returned in a filtered search. More than **92% of products that should have been made available on the digital self were not**, leaving shoppers with a severely-limited product selection.

Here are a few of our top takeaways:

Consumers are Finding Empty Aisles



- 01.** While most retailers recognize and have invested in attribute-driven product discoverability, on average, current retailer systems **fail to return 92% of products in their assortment** that qualify to be returned based on ingredient analysis for all consumer need states observed in the audit.
- 02.** There's a mismatch between the search filters retailers have implemented on their sites and what consumers are actually

searching for. Of the top 25 product-attributes consumers organically searched for online over the past 52 weeks, only **14 showed up within the top 25 search filters** on retailer websites.

03. The lack of product discoverability also impacts even the most commonly observed advanced filters. On average, across the top 25 most prevalent attributes, retailers **fail to return 53% of qualifying products**. For additional context, these attributes represent over 51 million searches on Amazon in the past 52 weeks.
04. Many of the retailers audited failed to include attributes with the highest organic search volume. Of the 25 attributes with the most search volume, **a filter only exists for that attribute 23% of the time**.



Retailers are Missing Many Top Consumer Search Terms

The chart below identifies the 25 consumer food and beverage need states and preferences based on the highest organic search volume. For each attribute, the percentage of audited retailers with the advanced filter present as well as the average percent of missing products that qualify are reported. For example, 68% of retailers include a Gluten Free filter, yet on average 44% of qualifying products fail to be returned. Finally, we reveal which retailers included advanced filters for each attribute.

How Well Do Retailers Enable Search for Top Attributes

Attribute	Percentage of Retailers with Advanced Filter	Average Percent of Products Missing	Albertsons	Bjs	Costco	CVS	Dollar General	Family Dollar	Food Lion	Fresh Market	Giant Eagle	H-E-B	Harris Teeter	Hy-Vee	Kroger	Meijer	Rite Aid	Sam's Club	Smart & Final	Southeastern Grocers	Sprouts	Target	Wakefern	Walgreens	Walmart	Wegmans	WinCo Foods
ORGANIC	68%	0%																									
GLUTEN FREE	68%	44%																									
KETOGENIC	10%	43%																									
VEGAN	52%	79%																									
HIGH PROTEIN	11%	89%																									
SUGAR FREE	44%	77%																									
ENERGY SUPPORT	11%	91%																									
DIET	0%	100%																									
CAFFEINE FREE	20%	98%																									
WHOLE GRAIN	24%	51%																									
LOW CARB	16%	95%																									
FAT FREE	40%	87%																									
KOSHER	52%	47%																									
HEALTHY	0%	100%																									
LOW SODIUM	40%	94%																									
LACTOSE FREE	36%	97%																									
DAIRY FREE	36%	98%																									
NATURAL	12%	89%																									
GRASS FED	0%	100%																									
LOW FAT	28%	87%																									
NO ADDED SUGAR	11%	98%																									
PLANT BASED	11%	85%																									
NON GMO	36%	0%																									
VEGETARIAN	36%	74%																									
ATKINS DIET	0%	100%																									

 FACETED ATTRIBUTE FILTER PRESENT ON RETAILER WEBSITE

 THE FILTER WAS NOT PRESENT

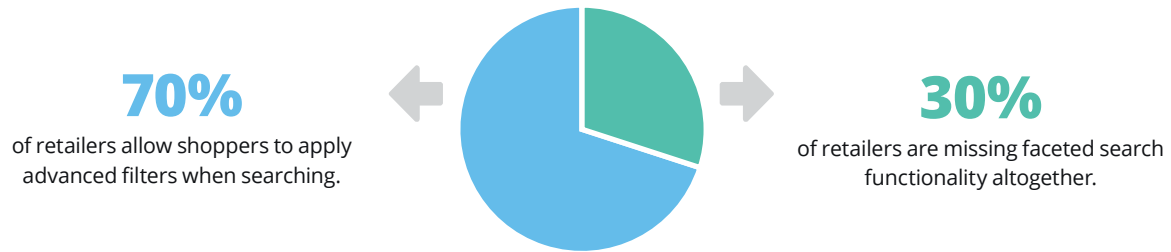
*Attributes selected represent the top 25 most popular food and beverage attributes searched for by consumers, representing over 51 Million searches on Amazon in the past 52 weeks. September 2020. Label Insight

Additional Findings

Many Retailers are Missing Faceted Search

70% of retailers offer at least one attribute search filter. Enabling attribute-driven product discoverability is critical for retailers to stay competitive, with 70% of retailers allowing shoppers to apply advanced search filters.

The 30% of retailers without this functionality are late-adopters and should look to quickly invest to maintain and grow shopper loyalty.

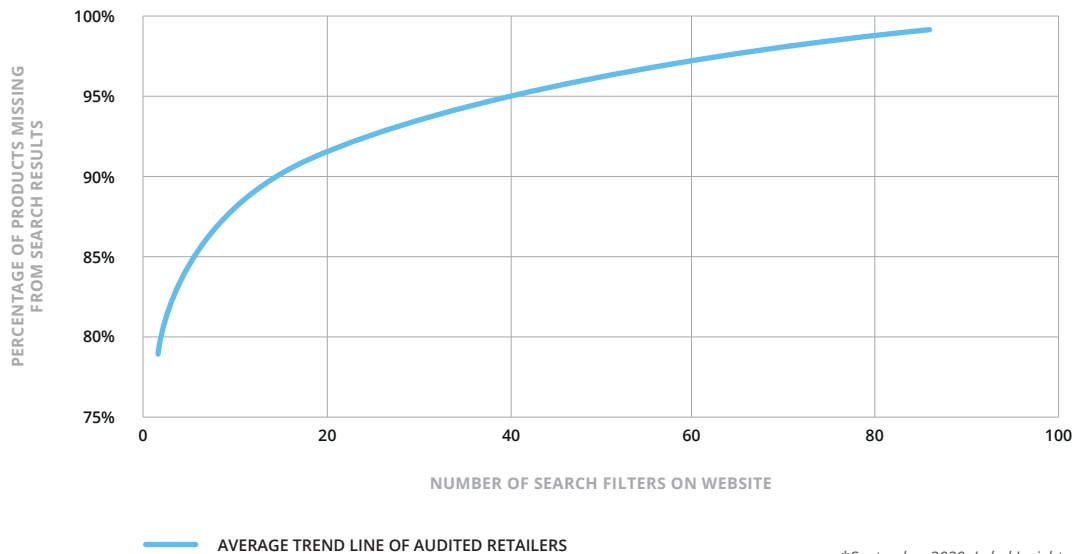


More Filters, Less Product Discoverability

While retailers include an average of 27 attribute-based advanced filters on their e-commerce site, over 250 distinct attribute filters were observed during the audit.

There is an inverse relationship between the number of filters and the completeness of search results — retailers with a larger number of filters fail to return the majority of qualifying products, leaving digital shelves empty and indicating the more data, the larger the challenge of acquiring and managing it. You can see this relationship in the chart below:

Retailers with More Advanced Filters Fail to Return the Majority of Qualifying Products



Custom attribute filters were found on 23% of retail sites, including the “clean” filter found on Target.com and Sephora.com, Harris Teeter’s “Free From 101” filter, H-E-B’s “Primo Pick” and “Select Ingredients” options, and Kroger’s “Live Naturally” filter. Retailers appear to be using these custom attributes to differentiate.

Best-Performing Retailers

For each retailer, we looked at how many total products were discoverable via attribute-based search filters versus how many could have been found based on Label Insight’s on-package data and derived data. (On-package data is standardized from claims and certifications on each product’s label, while derived data is identified through an analysis of a product’s ingredient and nutritional formulation through Label Insight’s patented technology.) In this list, you can see the top 8 performing retailers, ranked by three criteria:

01. How many product attribute search filters they offer
02. How well those filters return relevant product results
03. How many products a search returns compared to the total number of products in the retailer’s product assortment that qualified to be returned

Top 8 Performing Retailers



Up & Comers

One of the most interesting discoveries was how poorly even the top performing retailers are doing at showing relevant products to their customers. The list below illustrates the “Up and Comers”. These are the retailers who are leveraging advanced filters, but not fully optimizing these filters to return the appropriate products.

Up & Coming Retailers



Don't see your company?

Contact marketing@labelinsight.com for access to our full audit results.

The Opportunity Awaiting Retailers

The data shows that retailers need to adapt to how the modern consumer searches for products. Specifically, they must change how they're handling search, taxonomy, and product detail page content. They must provide the attribute-based search filter functionality that consumers expect and return quality results for any given search. Here are six specific benefits that come with combining digital technology with available product data to provide a better customer experience.

Enable Shoppers to Find What They're Looking For to Build Loyalty

When you show customers all of your products that qualify for a search, they're more likely to buy — and buy more. If a customer sees a fully-stocked digital shelf of products that meet their specific lifestyle and wellness needs, their loyalty to you will grow. If customers can't find what they need, see a poor selection of products, or are presented with inaccurate search results, they'll probably go to a competitor who better meets their needs.

Personalize Audiences Within Your Customer Base

By analyzing your platform data, you can uncover audiences (segments) within your customer base who are searching specific attributes. This unique shopper insight can be a differentiating engine for promotional activity and couponing.

Improve Conversions on Product Recommendations

When a customer adds organic wine and cheese to their cart after using the “organic” filter, they probably won't be interested in your platform's recommendation for conventional crackers. Using insights from your platform data, you can make better-matched product recommendations.

Increase Customer Satisfaction with Product Replacement

Halo Top Ice Cream Vanilla Bean, Pint

Serving Size: 1/2 cup
Serving Per Container: 4
Amount Per Serving:

Calories	70
Calories from Fat	20
Total Fat	2g
Saturated Fat	1g
Sugars	6g
Protein	5g
Dietary Fiber	3g



Breyers Ice Cream Natural Vanilla, Pint

Serving Size: 1/2 cup
Serving Per Container: 4
Amount Per Serving:

Calories	130
Calories from Fat	60
Total Fat	7g
Saturated Fat	4g
Sugars	14g
Protein	2g
Dietary Fiber	0g

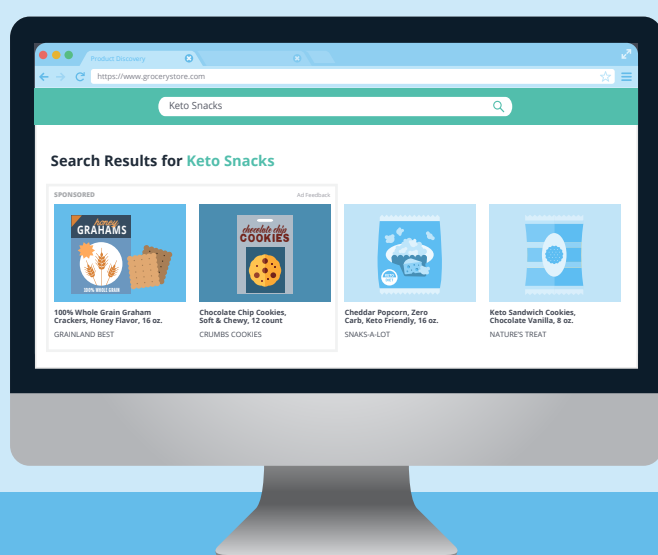


Out of stock product replacements are not always equal. The example above shows they are both pints of vanilla ice cream, but are very different need state based purchase criteria.

For online shopping services such as Whole Foods Market's grocery delivery service or Instacart, product replacement is fraught with risks. If you swap an unsatisfactory product for an out-of-stock product, the customer will complain, and you can lose revenue through returns or chargebacks. For example, if you replace an order for Halo ice cream with Breyers, you're sure to have a dissatisfied customer. Ensuring that product replacements are acceptable, you can reduce lost revenue and increase customer satisfaction.

Boost Your Brand's Reputation for Customer Advocacy

Providing accessibility and service to consumer segments with specific wellness or value-based needs is good for business. Those who shop based on allergy intolerances or social impact tend to be vocal, viral, and fiercely loyal. You can boost your brand's reputation for customer advocacy by meeting the needs of your customers who have specific need-states in mind when considering a retailer.



A search for "**Keto Snacks**" returns sponsored ads for snacks that don't qualify as Keto, **resulting in poor conversion and a bad customer experience.**

Optimize Paid Search

Did you know that only 1% of paid searches are currently monetized by Walmart and Target on their websites?⁸ Another financial benefit that comes from analyzing and using accurate and complete product data is improving your ad campaign performance. Using data, you can unlock higher-value AdWords and target users more accurately. This

will result in a lower spend with a higher return — the holy grail every marketer is looking for. Additionally, you won't be wasting money advertising to shoppers who aren't in the market for the products promoted in your ads.

Data Provides a Competitive Advantage

Currently, few retailers are taking advantage of the opportunity presented by today's technology and available platform and product data. For this reason, you have an opening to gain a competitive advantage over other retailers who aren't taking action. By accessing the data relevant to your products and implementing attribute-based search filtering, you'll increase revenue and generate greater customer loyalty. And as online shopping continues to grow, you'll be established as the go-to retailer your customers can trust to deliver the products that match their needs and preferences. Through this process, you'll future-proof your business.

How Label Insight Can Help

Label Insight's solutions are designed to help retailers experience all of the benefits we've outlined above. With our product data and technology, you can boost revenue, lower costs and improve customer satisfaction. Here are the specific ways we can help.

- **Leverage Smarter Product Data** — Learn what products qualify for various attributes, find out what customers are looking for, and more. Label Insight's meta-data is unique in its ability to identify over 90% of products in your assortment that qualify for top consumer attributes searches.
- **Ensure Product Data is Accurate and Complete** — Don't waste time on data entry or depend solely on manufacturers. Let Label Insight be your source of truth for accurate and complete product data by consolidating and automatically updating product information from across the manufacturers that supply you.
- **Power Digital Discovery** — Tap into an API feed of every

product carried and every attribute associated with the product, expanding your product visibility even more.

- **Improve Ad Targeting** — Track what customers are searching for and purchasing. More effectively target your advertising, reducing marketing costs.
- **Prepare for the Future** — Consumer trends are always changing. Ensure that shoppers will be able to find the products they're looking for, no matter what term they search. Your platform will be auto-updated with terms related to fad diets and other trends, via algorithms that automatically identify which attributes are applicable.

How Does Your Data Measure Up?

See how Label Insight's solution can put your data to work to improve your customer experience and build loyalty. Contact us to discuss a complimentary audit of your data set.

REQUEST A MEETING

or visit labelinsight.com

Who is Label Insight?

Label Insight, a NielsenIQ company, drives growth for CPG brands and retailers through unparalleled product transparency. As the trusted partner of over 300 retail banners, over 30,000 CPG brands, and organizations including the FDA, its best-in-class product attribute data and patented data science empower companies to unlock new growth opportunities both online and in-store. Label Insight covers more than 99% of all online consumer queries across over 80% of U.S. food, pet, and personal care products with a market-leading database of over 200,000 product nutrients, 400,000 product ingredients, and 9 million product claims. Label Insight was recently named to the CB Insights 2020 Retail Tech 100, as one of the world's most innovative B2B retail technology companies. For more information, visit labelinsight.com.



L A B E L I N S I G H TTM



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help your brand grow. Visit:

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