AlixPartners

# Executive summary

New AlixPartners research pulls back the curtain on the value perception challenge for traditional grocery and what it means for longtime industry practices.

## The market share of traditional grocery is eroding, and it's not just because customers are changing. It's because traditional grocers have not. Longtime "best practices" are part of the problem.

### Hi-lo Pricing Strategy

Overreliance on promotions to offset high everyday prices exposes grocers as out of touch with the market on hundreds or even thousands of items on any given day.

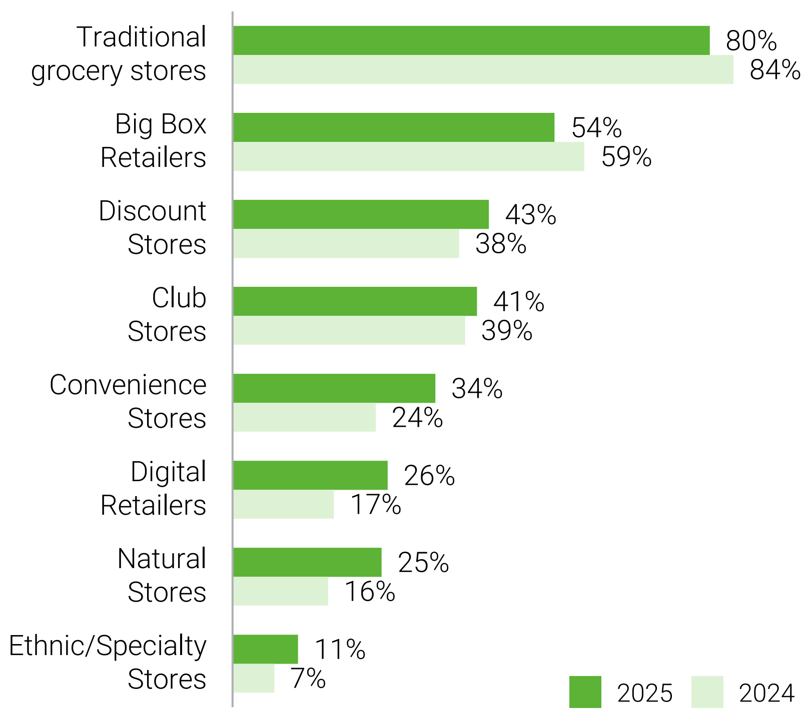
### Private Brand as a Side Project

While clubs, discounters and specialty stores use private brand to differentiate themselves, traditional grocers too often have little to offer that's unique.

### Marketing Focused on Price

Most traditional grocers can't credibly claim low everyday prices, yet they remain the dominant theme of marketing.

Percentage of survey respondents[1] who shopped each channel — 2025 vs. 2024

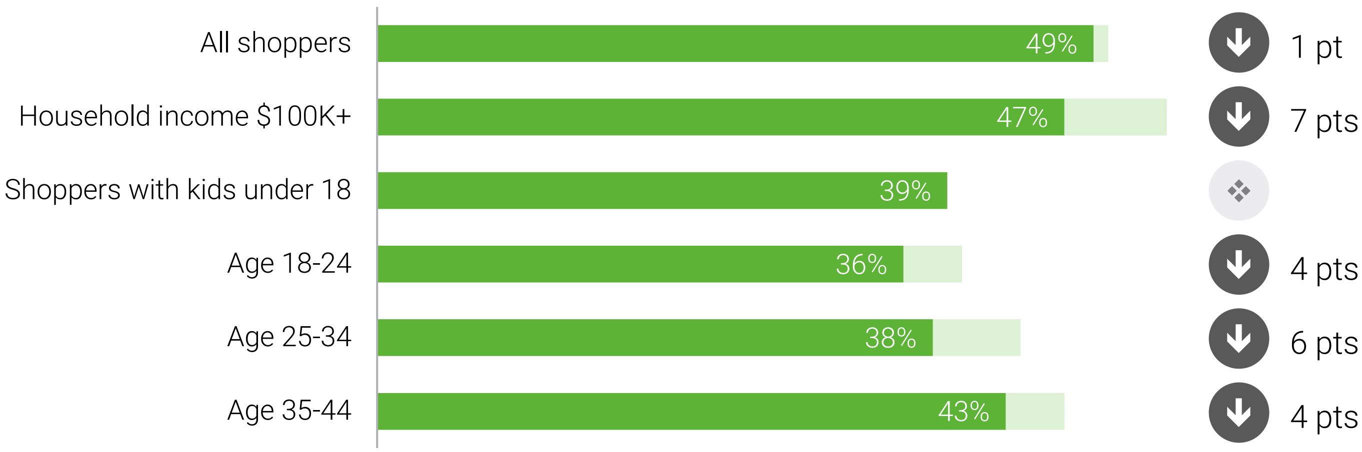



1. Survey of 1,635 U.S. primary shoppers conducted in October 2025

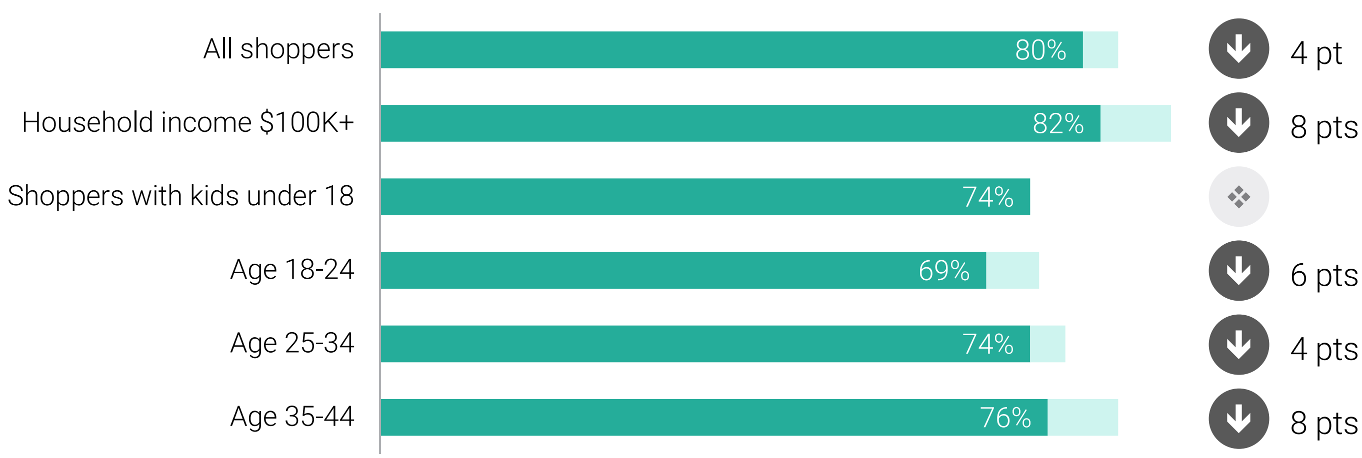
This market share erosion of traditional grocery is especially pronounced among high-value consumer groups. In this report, we explore how grocers can combat this trend by understanding:

1. “Realities” of consumer perception
2. Variables raising the bar for value
3. How shoppers are shifting their spend

## Percentage of key shopper groups that spend most of their grocery budget in the traditional grocery channel — 2025 vs. 2024




## Percentage of key shopper groups that shopped the traditional grocery channel this year — 2025 vs. 2024




No YOY comparison because 2025 was first year measuring this segment

# “Realities” of consumer perception

Our recent survey of 1,635 U.S. primary shoppers revealed disconnects between retailers and consumers on where traditional grocers win and what drives store choice.

### You don’t have low everyday prices

Only 17% of consumers say their primary store has low everyday prices compared to other stores.

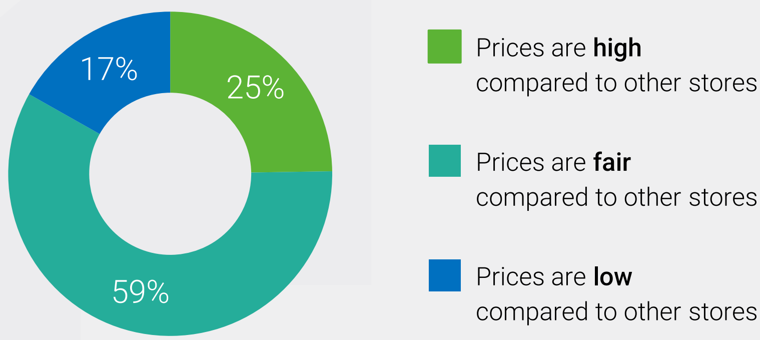
### Promotions don’t buy my loyalty

Many consumers are lukewarm on deals, averse to certain promotion types, and select their store on other factors.

### The edges of your assortment matter more than you think

Unique items are the top reason consumers accept comparatively fair or high prices.

Consumer price perception of primary store




# Variables raising the bar for value

Longtime tactics of traditional grocers — touting low prices, leaning on promotions, and treating private brand as a side project rather than a pillar — are no longer resonating. There are several reasons why.

### Extended exposure to high inflation

What’s true from an economics perspective isn’t what’s relevant for consumers. Reduced buying power is their reality.

### Increased familiarity with EDLP pricing

Consumers today have extensive experience with other channels, most of which have more consistent prices.

### Unprecedented access to pre-shop comparison

Most shoppers compare prices and promotions before shopping. Online shopping gives consumers real-time visibility across channels.

## How shoppers are shifting their spend

Years of high inflation have trained shoppers to be more discerning. They may be spending the same amount they did in previous years, but they are spending it differently. 68% said they changed how they shop in 2025 for financial reasons. A few examples:

| Meal planning and resisting impulse buys | Buying more store brands | Buying fewer items overall |
|---|---|---|
| 61% | 47% | 35% |
| Up from 60% in 2024 ↑ | Up from 32% in 2024 ↑ | Down from 40% in 2024 ↓ |

## Where traditional grocers go from here

As traditional grocers consider how to contend more effectively in the modern landscape, they need to accept the "realities" of consumer perception and take a hard look at whether longstanding industry practices are helping or hindering them in that crucial area. **We can help.**

We know your time is valuable. Thank you for taking the time to consider this research, and we look forward to continuing the conversation.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