Dollar Stores Poised To Steal Grocery Shoppers From Supermarkets

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Research shows new twist in channel switching trend

Perception Research Services International (PRS), unveiled results from their 2nd annual shopper research survey focused on grocery sales and shopping trends.

Supermarkets continue to be the primary channel where consumers purchase groceries but are continuing to face challenges from other retail formats.Â PRSâ€™ survey results indicate that supermarkets are still where most shoppers (91%) have purchased groceries in the past 3 months (in line with last yearâ€™s 92%), and Mass Merchandisers are still their largest competitive threat (73% purchase groceries there â€“ down from 76% in 2011). Â

But this yearâ€™s data shows that Dollar Stores are gaining momentum as the percentage of shoppers who purchase groceries at Dollar Stores has increased, from 32% in 2011 to 35% in 2012.Â Alternatively, levels at Drug and Convenience are holding steady relative to last year (46%/47% and 23%/ 24% respectively).

While consumers purchase beverages and food generally at the same rate across Mass Merchandisers and Dollar stores, cleaning supplies and personal care items are purchased more often at Dollar stores.Â In addition to these items, shelf stable products at Dollar stores are most competitive with Mass Merchandisers.Â These findings are consistent with 2011 results where shoppers indicate buying less cleaning and personal products in supermarkets in the past 3 months.Â This preference to purchase these items at Dollar stores is driving the shift away from Supermarkets and Mass Merchandisers.

This survey also reveals that shoppers target specific retailers for different needs, specifically:

- Supermarkets for selection

- Mass Merchandisers and Dollar Stores for price

- Drug and Convenience Stores for convenience

Ever since the Great Recession of 2008, shoppers have been trying to reduce their grocery bills.Â During 2012, more shoppers utilized sales/coupons (83%) and quantity/size control (70%) to save money than in 2011.Â Most importantly, this year significantly more shoppers claimed to have switched brands to curb costs (61% vs, 49%). And while this might not be surprising among older shoppers who may be having to make due with less, it is also apparent among 18-24 year olds who are establishing shopping patterns for many years to come. This could have broad implications for brand manufacturers.

Â â€œOur latest findings on grocery shopping indicate how very discerning todayâ€™s shoppers are â€“ about their venue preferences as well as brand choices,â€• said Jonathan Asher, Executive Vice President at PRS. â€œRetailers must understand their competitive strengths and capitalize on them, while also making the necessary adjustments to their offerings to seize opportunities for a larger slice of the pie as shoppers are more open to new shopping possibilities than they have been since the 1950â€™s with the advent of large, supermarket chains.â€•

This online study was conducted among over 1,500 shoppers, aged 18+, during June, 2012.

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