



2025

GROCERY

TRENDS

The grocery retail landscape in 2025 stands at a transformative crossroad, shaped by technological innovation, evolving consumer preferences, and persistent economic pressures. Five key trends are fundamentally reshaping how consumers shop and how retailers operate: a heightened focus on value and affordability driven by inflation, the strategic implementation of artificial intelligence, evolving approaches to pricing and promotion, enhanced in-store experiences through personalization, and the acceleration of digital integration and omnichannel shopping. These interconnected trends reflect a [grocery industry](#) that is rapidly adapting to meet the demands of increasingly sophisticated consumers who expect both value and convenience, while navigating the complex balance between digital innovation and human connection.

We outline these 5 grocery trends below.



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FOCUS ON VALUE AND AFFORDABILITY: INFLATION IS CHANGING CONSUMER BEHAVIOR

The persistent impact of inflation continued to transform the grocery industry in 2024, extending a [shift in consumer behavior](#) that prioritizes value over traditional brand loyalty, as evidenced by several [striking statistics](#): 41% of shoppers now strategically stock up during sales, while 37% have either reduced their purchases or switched to less expensive alternatives. Most telling is that 35% of consumers have [transitioned from national brands to private-label options](#), signaling a dramatic realignment in shopping priorities.

The evolution of consumer loyalty presents both challenges and opportunities across the grocery ecosystem. Only 55% of shoppers maintain steadfast loyalty to their primary grocery store, with this figure varying significantly across demographics - Baby Boomers (61%) and affluent consumers (64%) show higher loyalty rates, while 50% of millennials are open to shopping at alternative stores for better savings. This shift has created a new shopping paradigm where consumers increasingly split their grocery purchases across multiple stores and platforms, hunting for the [best value propositions](#) regardless of store allegiance.

For grocery retailers, this value-conscious environment has catalyzed a strategic pivot toward private-label expansion, with over [90% planning to increase their private-label investments](#) over the next two years. This isn't merely a defensive move - private labels have evolved far beyond their traditional "generic" perception, with 72% of shoppers citing good value and 71% noting price as primary purchase drivers. The transformation is so profound that analysts project private-label market share could reach 30% by 2033, mirroring European market trends. Frans Muller, President and CEO of Ahold Delhaize, shared their goal to make private label [45% of total food sales](#) by 2028. Leading retailers like Aldi and Trader Joe's are already demonstrating potential, with private labels comprising [80% and 69% of their sales](#), respectively.



For national brands, this shift presents challenges requiring innovative responses. *“Innovation has traditionally been a key to regaining lost share for name brands, and it’s clear consumer packaged goods companies are moving in that direction,”* [said Billy Roberts of CoBanks](#). *“ConAgra, Hershey, and others have recently announced initiatives to increase their innovative launches, principally to regain lost share and fend off further incursion by private label offerings.”*

Success demands more than mere price competition - brands must differentiate through compelling

storytelling, breakthrough innovation, and stronger emotional connections with consumers. Quality perception of private labels has improved dramatically since the 2008 recession, forcing national brands to justify their premium pricing through clear demonstration of superior value, unique features, or innovative offerings.

The implications for consumers are equally profound. While inflation has squeezed household budgets, it has also sparked more sophisticated shopping strategies. Consumers are increasingly leveraging a combination of tactics - using more coupons (34%), adhering strictly to shopping lists (32%), and taking advantage of loyalty programs. Remarkably, 90% of shoppers indicate they'll continue buying private brands even if inflation subsides, suggesting a permanent shift in consumer behavior rather than a temporary response to economic pressures.

Looking ahead, the grocery industry's future will be shaped by this renewed focus on value. Retailers are responding with [enhanced loyalty programs](#), increased investment in store-brand innovation, and more sophisticated pricing strategies. The winners in this evolving landscape will be those who can effectively balance quality with affordability while maintaining strong consumer connections through personalized experiences and targeted savings opportunities. For both retailers and brands, success will require a deep understanding of their customers' definition of value - a metric that increasingly encompasses quality, convenience, and price in equal measure.



72% of shoppers cited good value and 71% noted price as primary purchase drivers.

- SOURCE

2 ARTIFICIAL INTELLIGENCE: PRIORITIZING CONSUMER TRUST WHILE DELIVERING OPERATIONAL EXCELLENCE

Artificial intelligence (AI) stands as a defining force reshaping grocery retail in 2025, with industry analysts projecting a remarkable [\\$136 billion in potential value](#) to be unlocked in the industry by 2030. Over the past few years, AI capabilities have quickly evolved from ideation and pilots to [implementation of real-world use cases](#) delivering ROI across business functions. On the stage at Groceryshop 2024, various retailers shared examples of how they have incorporated AI into their processes and technology. Caleb Carr, Director of Data Science and Engineering from Schnuck Markets, described how they are using generative AI to [generate copy for marketers, as well as their upcoming focus on “team productivity”](#) to use AI in providing store associates with key policy and guideline information in real-time.

Retailers are also leveraging [sophisticated AI systems](#) to tackle persistent industry challenges, particularly in inventory management, where traditionally over [30% of food supply is lost to waste](#). Krystyna Kostka, SVP of Operations at BJ’s Wholesale Club, provided examples of how they are using AI-powered robots to drive in-store intelligence, providing in-store visibility to inventory and guidance to store employees for stocking shelves, as well as other inspection capabilities like planogram compliance.

However, the journey toward AI integration reveals significant industry-wide challenges. [In a recent report from Grocery Doppio](#), budget (73%) was the most common reported challenge in adopting AI, followed closely behind by technical challenges (71%) such as infrastructure, data, and integration. Notably, 43% of respondents reported a lack of AI strategy as a barrier for adoption. These obstacles underscore the complexity of digital transformation in an industry traditionally focused on physical operations. Moreover, retailers face a nuanced landscape where consumer preferences vary significantly across demographics. While younger shoppers readily embrace AI-driven innovations, a substantial [56% of overall consumers express hesitation about sharing personal data with AI systems](#), highlighting critical privacy concerns that retailers must address.

Looking ahead, the future of grocery retail hinges on thoughtful AI implementations that prioritize consumer trust while delivering operational excellence. Smart shopping carts equipped with personalized offer displays, AI-powered chatbots providing instant customer or store associate support, and sophisticated inventory management systems are becoming standard features rather than exceptions. This technological shift represents not just an operational upgrade but a fundamental reimagining of the grocery [shopping experience](#), promising enhanced convenience for consumers, improved efficiency for retailers, and more effective engagement opportunities for brands. As the industry continues to evolve, success will increasingly depend on retailers' ability to implement these AI solutions while maintaining consumer trust and delivering the personalized, efficient shopping experience that modern consumers demand.

43% of respondents reported a lack of AI strategy as a barrier for adoption.

- SOURCE

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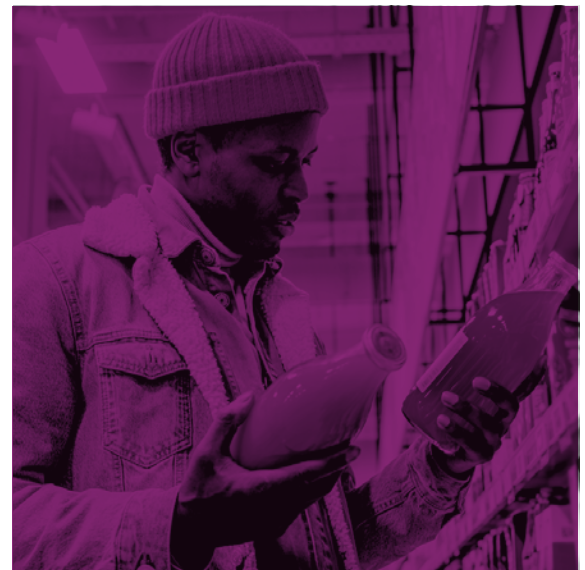
PRICE AND PROMOTION: A DELICATE BALANCE BETWEEN TECHNOLOGICAL INNOVATION AND CONSUMER PREFERENCES

The evolution of pricing and promotions reflects a delicate balance between technological innovation and consumer preferences, with retailers navigating the complex intersection of [dynamic pricing capabilities](#) and shoppers' desire for transparency. This tension is particularly evident in consumer sentiment. While economic pressures have created unprecedented price sensitivity across all demographics - with 88% of consumers expressing frustration over higher prices - [only 25% favor dynamic pricing models](#), highlighting a clear preference for predictable and transparent pricing structures.

The adoption of Electronic Shelf Labels (ESLs) and sophisticated pricing algorithms has enabled grocers to implement more responsive pricing strategies. These technologies allow for real-time price adjustments based on several factors, including demand, competitor pricing, inventory levels, and even [weather patterns](#). However, consumer skepticism has led retailers to pivot toward a more transparent approach, with 45% of shoppers preferring personalized promotions and targeted discounts over dynamic pricing models that lack clear justification for price changes.

This consumer preference has sparked a multi-faceted approach to value delivery. Retailers are increasingly leveraging consumer data to create tailored promotional strategies that resonate with individual shopping habits. This shift is particularly evident in their approach to younger consumers, with [69% of food retailers prioritizing digital marketing strategies](#). The retail media landscape has evolved significantly as well, moving beyond traditional product placement to incorporate sophisticated data analytics and [AI for hyper-targeted campaigns](#) that drive higher conversion rates and customer satisfaction.

The impact on brands is equally significant, forcing manufacturers to rethink their promotional strategies across all channels. Well-financed national brands are leveraging innovation and marketing to compete against private labels and maintain market share. The integration of retail media networks has created new opportunities for brands to connect with consumers off-site, on-site, and in-store through



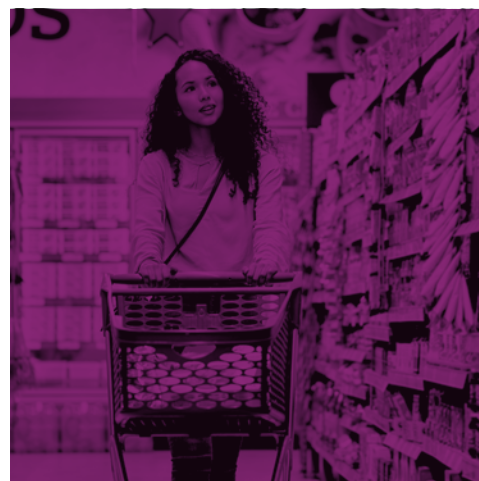
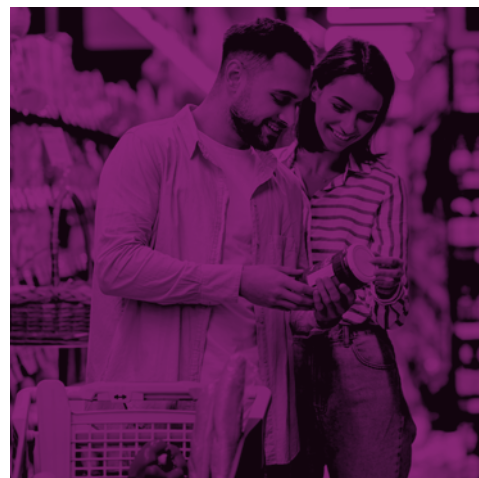
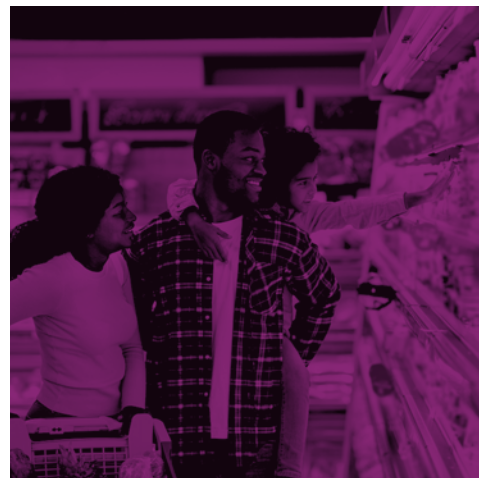
personalized offers and targeted advertisements, though this requires careful balance to maintain profitability in a promotional environment.

For consumers, the evolution of promotions offers both opportunities and challenges. While 59% prefer shopping at retailers that understand their buying habits and consistently offer relevant deals, the proliferation of promotional channels and formats can create complexity in decision-making. Furthermore, local sourcing has emerged as a significant factor in consumer decision-making, with 57% of shoppers preferring stores that feature locally grown or produced items, and 56% wanting to see more advertising for nearby products. This trend suggests that pricing and promotional strategies must increasingly account for not just cost and competition, but also [origin and community impact](#), adding another layer of complexity to retail pricing strategies.

This year and beyond, grocery pricing and promotions appear to be heading toward a more personalized and transparent model. Retailers are experimenting with various approaches, from membership-exclusive pricing to subscription programs, particularly in online channels. Success in this evolving landscape requires retailers to balance multiple factors: the need for competitive pricing, the desire for transparency, and the opportunity for personalization. The most successful strategies will be those that combine clear value propositions with targeted promotional efforts that resonate with specific customer segments.

88% of shoppers have expressed frustration over higher prices.

- SOURCE



4 ENHANCED IN-STORE EXPERIENCES: THE POWER OF PERSONALIZATION IN GROCERY RETAIL

The grocery industry in 2025 is continuing a transformative shift as retailers recognize that the future of successful grocery operations lies in creating deeply personalized, engaging shopping experiences that transcend traditional transaction-based interactions. This evolution is backed by [compelling data](#): 89% of grocery executives acknowledge personalization as key to meeting shopper expectations, while 83% view it as a crucial competitive driver. Most significantly, this strategic shift represents a potential \$12.3 billion opportunity, with retailers reporting a 6.2% increase in conversion rates and 3.7% growth in basket sizes through personalized shopping experiences.

However, a striking paradox exists in the industry's current state. Despite overwhelming recognition of personalization's importance, only 14% of grocery executives believe their current efforts meet customer expectations, and a mere 4% have scaled advanced personalization capabilities. This gap between aspiration and execution stems from several critical challenges. For instance, 57% of grocery executives cite difficulty integrating data from various sources, 51% lack a clearly articulated personalization strategy, and 44% struggle with insufficient specialized staff and skills.

The [transformation of the in-store experience](#) encompasses multiple dimensions designed to appeal to modern consumers' evolving preferences. Grocers are reimagining their spaces as community hubs and culinary destinations, incorporating elements such as cooking demonstrations, wine tastings, and nutrition workshops. The integration of technology plays a crucial role, with smart shopping carts, interactive kiosks, and mobile app integration creating seamless, digitally enhanced shopping journeys. These innovations aren't merely cosmetic - they represent a fundamental shift in how grocers engage with their customers.

For consumers, this evolution manifests in highly practical ways. The emergence of expanded prepared foods sections responds directly to consumer demand, with [55% of shoppers seeking easier shopping in grab-and-go sections](#). Stores are answering this call by not only expanding their ready-to-eat offerings but also reimagining their approach to meal solutions through increased variety in meal kits, pre-cut ingredients, and dietary-specific ready-made meals. The focus on freshness and health is also evident in innovations like in-store gardens and greenhouses, juice bars, and smoothie stations, catering to health-conscious consumers while highlighting commitment to freshness and [sustainability](#).

For grocery retailers, the imperative is clear: success in today's market requires moving beyond traditional merchandising to create immersive, personalized experiences. This requires investing in



people, processes, and technology to anticipate customer needs before they arise, transforming routine shopping trips into engaging experiences that build loyalty and drive sales.

The implications for brands are equally significant. The enhanced in-store experience creates new opportunities for brand engagement through interactive displays, digital touchpoints, and personalized promotions. Brands must adapt their strategies to complement and enhance these personalized shopping experiences, potentially through innovative partnerships with retailers that leverage data insights for more targeted and effective consumer connections.

The transformation extends to the physical store environment itself, with retailers investing in sensory experiences that appeal to all five senses - from the aroma of freshly baked bread to visually appealing displays and curated music playlists. These elements combine to create an atmosphere that encourages shoppers to linger, explore, and engage with products and brands in new ways. The integration of technology through augmented reality (AR) and AI further enhances these experiences, providing additional layers of information and convenience while maintaining the human touch that many consumers still value.

In 2025, grocery will increasingly be defined by the ability to deliver personalized, convenient, and engaging experiences that seamlessly blend digital and physical elements. Success will require overcoming current limitations in [data integration and strategy implementation](#), while building the specialized capabilities needed to fully leverage personalization technologies. As Spencer Price of Wynshop noted, "When you can anticipate what a customer needs before they even realize it, you're not just offering a service — you're creating a relationship."

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- SOURCE



5 OMNICHANNEL SHOPPING: OFFERING CONSUMERS FLEXIBILITY

Grocery retailers have continued to face a dramatic digital transformation, with [omnichannel shopping](#) emerging as a defining characteristic of modern retail. Online grocery sales have surged [13.8% year over year to \\$27.4 billion](#), with delivery services alone experiencing a 25% increase to \$10.5 billion. The evolution is so profound that 86% of CPG dollar sales now come from omnichannel shoppers, signaling a fundamental change in how consumers approach grocery shopping.

The rise of the "hybrid shopper" represents a sophisticated evolution in consumer behavior, moving beyond simple online versus in-store distinctions. These shoppers seamlessly blend digital and physical shopping experiences, with [46% reporting](#) that online ordering saves them time compared to in-store visits. Convenience drives over 80% of pickup and delivery usage, yet these same consumers demonstrate complex shopping patterns, including "split basket" behavior where they strategically divide purchases across channels and retailers to maximize value.

For grocery retailers, this transformation demands a comprehensive digital integration strategy that enables more than just offering online ordering - it necessitates creating a seamless ["phygital" experience](#) that bridges digital and physical shopping environments. Retailers are responding with solutions such as digital shelf labels, smart carts, interactive kiosks, and mobile scan-and-go technologies. The integration of AI and personalization tools enables retailers to offer customized recommendations and targeted promotions, creating a more engaging and efficient shopping experience across all channels.

The investment in digital infrastructure has become particularly critical as consumer expectations evolve. Order accuracy and product availability are paramount, with 80% of omnichannel shoppers citing these as crucial factors, and 23% indicating they will shop elsewhere if items are out of



stock. This has prompted retailers to implement real-time inventory tracking systems and [enhance their fulfillment capabilities](#) across multiple options - from home delivery to curbside pickup and in-store collection.

For brands, the omnichannel revolution presents both challenges and opportunities. The digital integration of grocery retail creates new touchpoints for brand engagement, from shoppable social media posts to personalized digital promotions. However, it also requires brands to maintain consistency across channels while adapting their strategies to serve increasingly sophisticated shoppers who may interact with their products through multiple platforms and purchasing methods.

The impact on grocery operations is equally profound, with retailers needing to ensure consistency in pricing and promotions across all channels while maintaining efficient inventory management systems. The integration of digital technologies has become essential for competing effectively, particularly against retail giants like [Walmart](#) and Target who have been at the forefront of omnichannel innovation. These leaders have demonstrated that successful digital integration not only enhances customer satisfaction but also boosts loyalty and repeat business.

The future of grocery retail clearly lies in creating seamless, technology-enabled shopping experiences that offer consumers maximum flexibility while maintaining the personal touch that many still value. While digital integration is essential, the human element remains crucial to building lasting customer relationships, and success in this evolving omnichannel landscape requires grocers to deepen their customer connections while also enhancing their services.

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- SOURCE



LOOKING AHEAD

As we look ahead, the grocery industry's transformation reflects a delicate orchestration of technology, value, and human experience. The convergence of these five major trends - value-focused shopping, AI use-cases, strategic pricing, personalized experiences, and omnichannel capabilities - signals a fundamental shift in how grocers must operate to remain competitive.

Retailers and brands will find success in effectively blending digital innovation with human touch, delivering clear value while maintaining quality, and creating seamless experiences across all shopping channels. The future of grocery is not just about selling products; it's about creating integrated, personalized experiences that recognize and respond to the complex needs of modern consumers while building lasting relationships through trust, value, and convenience. As the industry continues to evolve, those who can successfully navigate these intersecting trends while maintaining strong consumer connections will emerge as the leaders in this new era of grocery retail.

ABOUT CLARKSTON CONSULTING

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