

PLMA CONSUMER RESEARCH REPORT

Stretching Food Benefits

SNAP Recipients Speak Out On Shopping & Store Brands



Prepared exclusively for American retailers
by the Private Label Manufacturers Association

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What is SNAP?

The Supplemental Nutrition Assistance Program, formerly yet still commonly known as the Food Stamp Program, is the largest federal nutrition assistance program and is administered by the U.S. Department of Agriculture under the Food and Nutrition Service.

It provides benefits to eligible low-income individuals and families via an Electronic Benefits Transfer card, which is used like a debit card to purchase eligible food in authorized retail stores. Benefits are loaded into participants' account each month. Most foods and beverages are on the approved list. Benefits can be used to purchase bread, cereals, fruits and vegetables, meats, dairy products and more. They cannot be used to buy nonfood items, alcoholic beverages and tobacco, vitamins and medicines, any food that will be eaten in the store, and hot foods.

More than two-thirds of SNAP participants are in families with children and a third are in households with seniors or people with disabilities. Basic eligibility for SNAP requires passing two income tests and two asset tests. The amount of individual benefits depends on household size, monthly household income, and expenses for such things as mortgage or rent, utilities, and childcare or elder care needed to allow someone to work.

The federal government pays the full cost of benefits and splits the cost of administering the program with the states, which operate the program. Although SNAP is the overarching, national name, an individual state may use a different title for the program. Combined, supermarkets and super stores redeem over 82% of all benefits while comprising only 15% of the 250,000 authorized retailers.

Economists say SNAP also boosts the economy more than other kinds of stimulus spending. Every dollar spent on SNAP turns into \$1.73 in economic activity, compared to \$1.36 for every dollar spent on federal aid to state governments and \$1.29 for every dollar allocated for a payroll tax holiday, according to Moody's Analytics. The USDA asserts SNAP spending has ten times the job-creation impact of other transfer payments or federal expenditures.

SNAP redemptions increased significantly in 2020. They were approximately 40 million recipients at a cost of \$80 billion, a 40% increase from the prior year. The program continued to expand in 2021. The American Rescue Plan increased SNAP benefits by 15%. By way of context, total grocery sales in all U.S. outlets last year were \$816 billion; in supermarkets alone it was \$404 billion, per Nielsen. In 2021, SNAP is expected to exceed \$100 billion, according to USDA data.

As of March 2021, according to the USDA's Food and Nutrition Service, there were 42.5 million persons -- about 20% of all U.S. adults -- and 22.6 million households participating in the program. The total monthly benefit cost during March 2021 was \$8.9 billion, while the per person and per household average benefits were \$210 and \$395.



Overview

The Private Label Manufacturers Association has conducted what is believed to be the first nationwide survey on the habits and attitudes of SNAP participants towards shopping for food with their monthly benefits, with a particular focus on their purchase of store brand products.

The purpose of the survey is to create a roadmap of ways retailers can encourage SNAP customers to spend more of their benefits on store brands with aggressive promotional strategies, especially during the first two weeks of each month when most states reload recipients' EBT cards. The opportunities are vast. SNAP participants represent a formidable market: They will control buying power of about \$100 billion in the U.S. grocery food space this year, based on USDA data.

PLMA believes expanding store brand sales among this group of consumers would produce a win-win-win: for SNAP participants, whose savings accrued from opting for store brands over national brands could stretch their benefits and enable them to buy additional SNAP designated items in the store; for retailers, who can increase high margin store brand sales and strengthen consumer loyalty with an important demographic; and for the SNAP program itself, by getting more food into recipients' households for the same amount of dollars expended.



The survey reveals that, like most American consumers, SNAP recipients are strongly predisposed to store brands. They have a deep awareness of the brands and products and have been satisfied when buying them in the past. Indeed, a sizeable number -- about three in ten -- purchase store brands at a high rate each time they use their program benefits. In the study, SNAP recipients also relate what they don't like about store brands and why they don't buy more of them. They also suggest steps retailers can take to make their SNAP eligible store brands more appealing.

Highlights of the survey

Following are key findings of the survey, which was conducted in early 2021 for PLMA by Surveylab, a global leader in customized online research. It involved more than 500 SNAP shoppers from across the country who are the primary grocery shopper in their household or who share the duty with another adult member of the household.

1 Store brands are rated highly by SNAP recipients. Participants in the study expressed a very favorable opinion of store brands in general when measured against national brands. When asked to compare them to the brands on six important product attributes, they rated store brands better than national brands on all but one. The widest margin was on value, where 47% evaluated store brands as better than national brands, which were selected as better by 19%. On quality, 37% chose store brands as 'better vs. 24% who opted for national brands. Store brands also came out ahead on three other attributes: Promotion of the products in the store (35% of respondents picked store brands vs 27% for national brands), packaging (30% vs 22%), and how well the food products perform (28% vs 25%). Only on taste did national brands receive a superior rating, 29%, vs 24% for store brands.

Do you agree or disagree that store brand products are as good, the same as, or better than national brands on the following attributes?

Answer (%)

Value of the products



Quality of the products

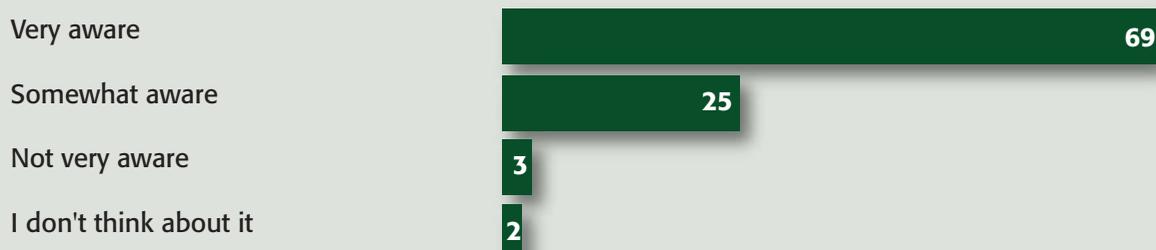




2 In overwhelming numbers, SNAP shoppers are familiar with store brands and have found them satisfying. Respondents' overall awareness of store brands and their satisfaction with the products are both high, the study shows. Seven of ten in the PLMA study said they are very aware of the store brand versions of the food products they would normally buy when shopping in their favorite stores, one in four are somewhat aware and only three percent were not very aware. Also, nearly four of ten reported that they are very satisfied with the store brand products they have purchased in the past. Another four in ten described themselves as somewhat satisfied; 15% were neither satisfied nor dissatisfied and seven percent were somewhat dissatisfied.

How aware are you of the store brand versions of the food products you would normally buy when shopping in your favorite stores?

Answer (%)



Thinking about store brand food products that you purchased in the past how would you describe your overall satisfaction with them?

Answer (%)



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3 Each time they shop, three in ten SNAP recipients purchase store brands at a high rate. A quarter of respondents, (24%), reported they buy mostly store brands when they use their benefits to buy food products; another 5% said they generally buy all store brands. These shopping cart estimates equal and even exceed the rates of store brand purchase by consumers in previous PLMA studies. National brands have their loyalists, too. On the other end of the brand spectrum, 12% buy mostly national brands each time they spend their benefits and 10% said they buy all national brands. The largest group, 33%, buy about half national brands and half store brands. Thirteen percent said their brand selection varies each time they shop; three percent do not pay attention to brands.

When you use SNAP benefits to purchase food products, what kinds of brands do you generally buy?

Answer (%)



4 Even staunch national brand customers have good words for store brands. Among those who buy all national brands with their SNAP benefits, 18% said they are satisfied overall with store brands they have purchased in the past, reveals a survey crosstab. Of those who buy mostly national brands, 23% of them expressed similar satisfaction with store brands. The group may be receptive to taking another look at store brands when they shop with their benefits, and of those who buy all national brands, 29% of them said it would be helpful if store brands were marked as approved for SNAP purchase. Among those who buy mostly national brands, 21% would find such a designation helpful.

5 Majorities of SNAP recipients in the study are careful shoppers. Eight in ten always or frequently buy SNAP eligible products when they are on sale, eight in ten typically use all or nearly all of their benefits each month, and six in ten said they would find it helpful to see SNAP items marked as such on supermarket shelves. If their favorite food stores were to provide a way to accept their SNAP benefits for online shopping, as more and more retail chains are beginning to do, almost half would always or frequently use such a service to order SNAP approved food products.



How helpful would it be if the store brand food products sold in your favorite store were clearly marked on the package as Approved for SNAP?

Answer (%)



6 Respondents shop across a variety of channels for SNAP eligible food products for their household. When asked what kinds of stores they generally shop in using the SNAP benefits, 66% of recipients in the PLMA study said supermarkets (such as Kroger, Safeway, Albertsons), 59% cited mass merchandisers (Walmart, Target), 47% dollar stores (Dollar General, Family Dollar), 26% discounters (Aldi, Save A Lot), 26% drug stores (Walgreens, CVS Health), 21% club stores (Costco, Sam's BJ's), and 15% specialty food stores (Whole Foods, Trader Joe's).

7 Strong opinions on store brands offered. Responses to questions on how retailers can make SNAP store brands more appealing demonstrate there is opportunity to increase sales. When participants were asked why they do not buy store brand products and instead buy national brands with their benefits, 30% responded that store brand alternatives are not always available for SNAP products; 29% said they trust national brands more than their store and its brands; 25% reported there is not enough variety of store brands in their store; 23% said my family prefers national brands; 22% believe store brands are of lower quality than national brands; 19% have had an unsatisfactory experience with store brands, and 17% stated store brands are not as innovative, exciting, or interesting as national brands. As well, 36% believe they already buy enough store brands with benefits, while 34% have no particular reason to not buy more store brands.

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8 Respondents suggested ways stores can make store brands more appealing. Turning the question around, respondents were asked how their store can encourage them to buy more store brands. Some 42% wanted lower prices of store brands; 38% said stores should ensure their store brands are available online using SNAP for home delivery or pickup; 36% said stores need to be sure their SNAP store brand products are always available; 34% would like a greater variety of SNAP store brand products; 33% said stores should offer more store brand alternatives for products they like to buy; 33% asked retailers to improve the quality of store brands; 32% would like store brands in different package sizes; 31% would like stores to identify on the shelf which store brands are approved for SNAP; 28% asked for more focus on the ingredients in store brand products; 26% would like comparisons between store brands and national brands displayed at the shelf, and 21% chose meal ideas using SNAP store brands.

How might your favorite store encourage you to buy more of its store brand food products instead of national brands using SNAP benefits?

Answer (%)





9 Household business is conducted widely online. Likely accelerated by their pandemic experience, the frequency with which those in the study obtain meals and food products online in general was relatively high: 31% order food from restaurants for home delivery or takeout, 25% purchase grocery products online for pickup at the store, 25% purchase products online for home delivery, and 20% order groceries online via services like Instacart and Door Dash. Not surprisingly, they conduct other business online at an even higher rate. To the question, in terms of making transactions by computer or mobile apps, what personal activities do you regularly perform: 50% said they pay bills, 47% access banking, 41% purchase non-grocery products and 34% pay for purchases via Apple/Google Pay, PayPal, Venmo; 11% don't make any transactions online.

10 Online purchase of SNAP products is low, owing in part to the limited availability of remote ordering programs that accept benefits. When asked, how often do you currently use SNAP benefits to order food products online, the numbers were relatively small: 15% said they always/almost always do so, 15% responded frequently, 20% said occasionally, 13% stated rarely, 27% reported they never do and 11% asserted their stores do not offer a way to use benefits to order food products online. Provided with more digital resources, some promise for wider online ordering was expressed. To the question, if your favorite store were to offer a program to use benefits online how often would you use it, the response was marginally higher: 21% said always/almost always, 26% frequently, 17% occasionally, 13% rarely and 23% never.

Profile of survey participants

Of the 505 SNAP recipients who completed the PLMA survey, 70% were female, 30% male; 48% were single, 28% married, and 16% divorced. Some 64% described themselves as White/Caucasian, 17% as Black or African American, 11% as Hispanic or Latino, and 4% Asian/Pacific Islander. Generationally, 39% were Millennials, 32% Gen Xers, 16% Gen Zers, and 13% boomers. In education level achieved, 29% have a two-year college degree or higher while 37% have a high school diploma or less. Each time they or a family member visits a supermarket, 48% spend on average \$100 or more and 28% spend under \$70.

As for their SNAP participation, 37% have been receiving program benefits for about five years or more; 25% for about one year, and 24% for six months or less. Over the past 12 months, 82% got a COVID-19 stimulus check, 53% received aid from the P-EBT (Pandemic Electronic Benefit Transfer), 39% were assisted by social security or SSDI payments, 20% got unemployment benefits, and 11% qualified for workmen's' compensation.



Looking at total household income last year, 70% said it was below \$35,000. Some 33% had a full-time job, 11% had a part-time job, 38% were unemployed and 8% were looking for work. When asked to rank their biggest financial concerns, 41% said paying the rent or mortgage, 41% cited debts, 40% stated a poor credit score, 25% chose monthly car payment, 24% said the cost of health insurance, 19% offered the recent loss of a job or income, 16% said paying for college tuition, and 10% stated future employment; 9% said they have no financial worries. When asked to rate their proficiency when it comes to managing personal or household finances, 22% described it as advanced or expert; 39% responded basic/novice.



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