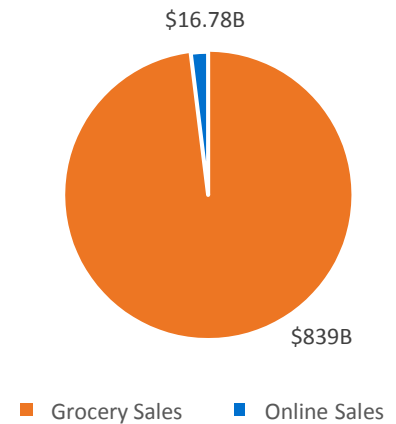


Online Grocery Barely Makes a Dent

With Amazon.com buying Whole Foods Market® in 2017, there is a lot of fear that all shopping is moving to online. It's true that one-click shopping, free shipping and easy returns are trends that are changing the way consumers shop. While online shopping has threatened some brick-and-mortar retailers, grocery stores and supermarkets have actually felt a minimal impact from online shopping.

Phillips Edison & Co., one of the nation's largest owners and operators of market-leading, grocery-anchored shopping centers, understands that grocery stores are still relevant in today's market and represent an attractive investment opportunity. The truth is that only a small amount of overall grocery shopping is done online due to consumer preferences and established positions by leading grocery chains.

Online Sales Represent Only 2% of Total Grocery Sales^{1, 2}



Online Grocery Sales: Small, Concentrated Impact²

1-2%

of grocery sales take place online

75%

of online grocery sales are concentrated in 5 cities in the U.S.

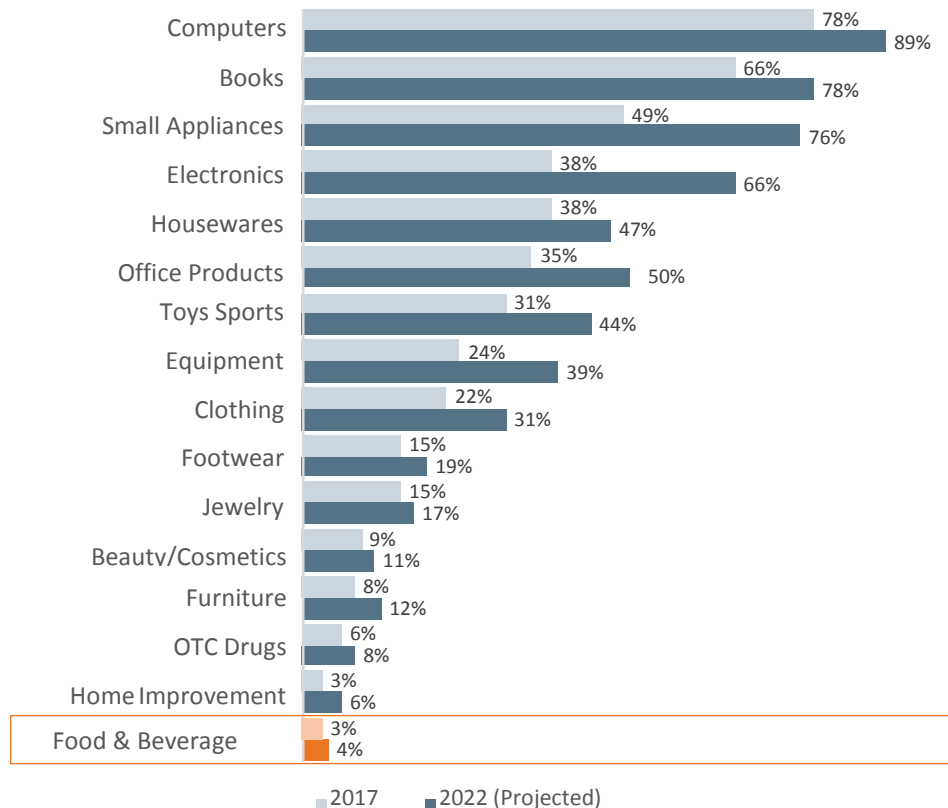
NYC alone is more than

50%

of total online grocery sales

Less Than 5% of Food & Beverage Sales Projected to Be Online³

eCommerce Sales Share by Category, 2017-2022 (Projected)



1. Progressive Grocer Annual Reports 2017
 2. Deep Dive Into Online Grocery (Part 4), Citi Research, 3/26/18
 3. Forrester Research 2018; CBRE

WHY DON'T CONSUMERS LIKE ONLINE GROCERY?

Experience, instant gratification and the joy of discovery.

Sensory

When it comes to grocery shopping, a picture and a description just doesn't cut it. There's no substitute for being able to see an item from all angles or to touch it, squeeze it and smell it to see if it's exactly what's wanted.

Perishables

Shoppers have their own ways of choosing meat, seafood and produce. Can someone else be trusted to pick steaks with just the right amount of marbling or berries near the peak of freshness?

Cost

There's usually a fee involved for delivering groceries to consumers and sometimes even a fuel surcharge. Are consumers willing to pay for the delivery service or increase in cost? If they're just purchasing few items, the fee can be nearly as much as the grocery bill. Is it worth it?

Time

Consumers want their groceries now, not hours from now. There are enough things each day that need planning and coordination. Waiting for a grocery delivery shouldn't be one of them.

Delivery Logistics

No one wants bruised apples, cracked eggs and melted ice cream. The transportation process increased the chances that a shopper's groceries will arrive damaged and unusable—forcing them to make another shopping trip or place another order just to get what they need.

Inconvenience

Returns and exchanges of online purchases may not be as simple as driving down to the store. Shoppers must decide if they're willing to spend the time and effort to return a dented can of tomato sauce or a box of crackers that's not gluten-free.

For More Information about grocery-anchored shopping centers, visit www.phillipsedison.com