DATA SCIENCE

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Shaping a new normal: What brands need to know about the post-pandemic grocery shopper

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The arrival of COVID-19 was the catalyst for all 2020 grocery shopper trends. As customer behavior shifted on a weekly and biweekly basis in response to pandemic developments, so did consumer sentiment. This new pace of change forced the industry to adapt quickly to conditions that would have been unimaginable just months before. Brands and retailers suddenly had to be nimbler and quicker with their action plans. They needed access to data and insights that would let them react to weekly shifts and drill deeper into categories, geographies and customer segments to identify opportunities.

Behavioral analytics and consumer research conducted by 84.51° from first quarter 2020 through May 2021 reveals a number of trends as consumers navigated concerns about safety, health, finances, sustainability and community.

The acceleration of change

Massive shifts in grocery shopping habits were already appearing within the pandemic's first month. A look at mid-March to mid-April 2020 shows how quickly shoppers were changing their behavior:

- The percentage of people who thought lives would return to normal within a few months *fell from 50% to 40%.*
- The percentage of people who reported changing their grocery shopping habits *rose from 35% to 86%.*
- Those who said they were using curbside pickup more than they did pre-pandemic *increased from 11% to 24%.*
- Those who claimed they were buying different items due to stock shortages *increased from 47% to 72%.*

As the pandemic spread, it impacted every aspect of consumers' lives, spurring more changes in their shopping behaviors.

March 14, 2020	COVID-19 declared a pandemic. Total sales increase 58% over the year prior. 50% of households expect COVID-19 to last two to five months.
March 31, 2020	Total basket sizes up 43% over year prior. Delivery trips up 97% over the week before.
April 25, 2020	Pickup sales 245% above year prior. Percentage of households believing COVID-19 would last two to five months drops to 39%.
May 9, 2020	COVID cases exceed 100,000. Unemployment claims peak.
February 27, 2021	COVID deaths surpass 500,000. 46% of households believe it will take another 12 months—or more—to return to normal.
March 31, 2021	32% of U.S. adults report they have had at least one dose of a COVID-19 vaccine.
April 12, 2021	More than 40% of shoppers anticipate celebrating the 2021 holidays with more people than last year, and one in three plans to travel more over the holidays than they did last year.
May 28, 2021	CDC lifts mask and social distancing guidelines for fully vaccinated individuals. 50% of the US population has had at least 1 dose of the Covid vaccine.

The present—and future—is omnichannel

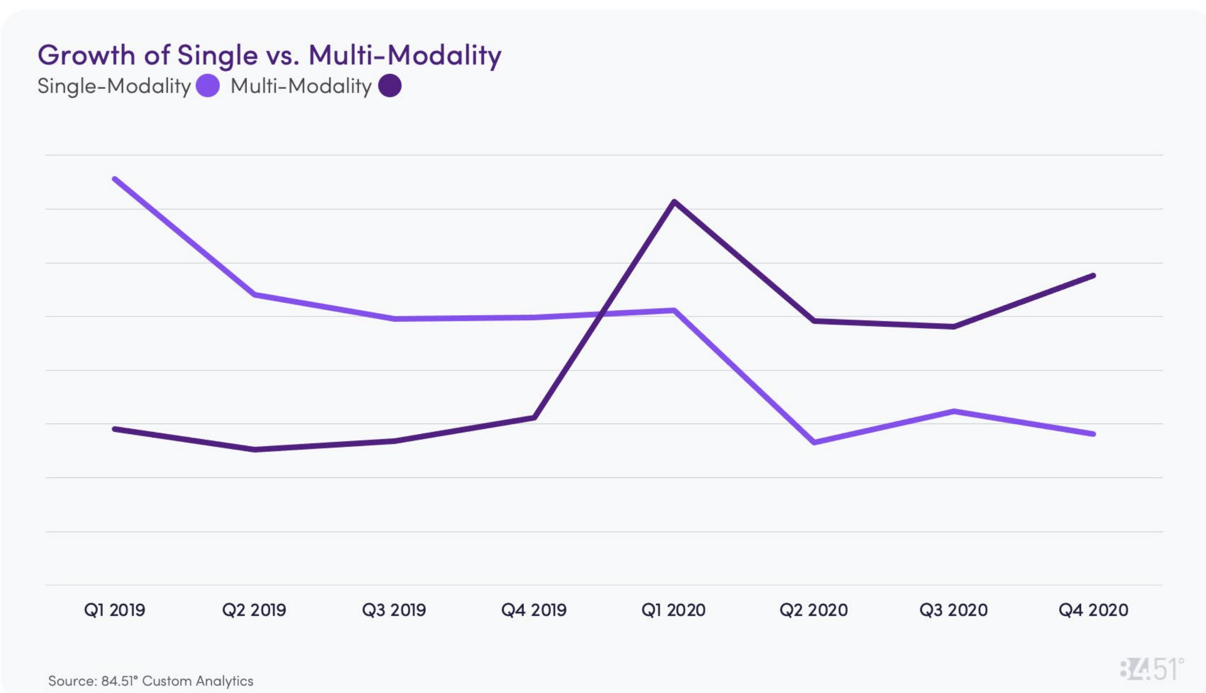
E-commerce was already gaining ground before COVID-19 lockdowns in spring 2020 made it a practical necessity. From late 2019 to early 2020, the number of households shopping for groceries online jumped nearly 2.5 times. Over the course of 2020, **digital sales grew 116%.**

Enter the hybrid shopper. As shoppers have grown more comfortable with ecommerce, they are exercising all their options—in-store, pickup, delivery and ship. Over the past two years, the number of households shopping a single modality has decreased and those shopping multiple modalities has increased. In the second quarter of 2020, the growth in multimodality shopping was apparent at all levels: a 97% increase in households using two modalities, a 62% increase in those using three and a **nearly 500% increase in those using all four.**

Search is key.

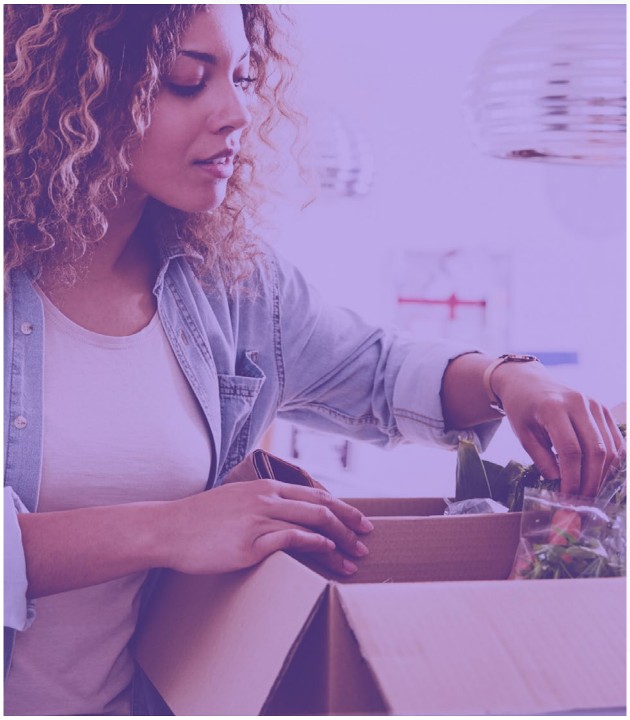
E-commerce was new to many in 2020 and, as a result, search was extremely important to their experience. An analysis of clickstream data reveals 61% of e-commerce engagements between March and June 2020 were with search. **Search continues to hold steady at 60% in May 2021.**[1]

Among digitally engaged shoppers, **availability of items** is the top driver for in-store shopping.



[1] 84.51° Clickstream Insights

Safety may become less of a driver as the pandemic threat recedes. In fact, in-store trips increased 3.3% in May 2021 compared to May 2020 while e-commerce trips declined 24%.[1] However, customers will continue to appreciate the convenience of e-commerce while craving the experience of shopping in physical stores.



80% of consumers planned to do their July 4th shopping in-store this year.[2]

What this means for brands. As shoppers settle into new post-COVID habits, the grocery industry must break down the silos it has built across commerce modalities and meet customers where they are. Brands need actionable insights across pickup, delivery and ship and to understand how people are building their digital baskets. They must build expertise in the online space while focusing on what needs to be consistent across platforms and what they can uniquely deliver in each mode.

Brands that win will be those that **prioritize knowledge creation and strategy development for this new omnichannel world.**

[1] 84.51° Stratum; [2] 84.51° Consumer Research, May 2021

2020 concerns drive 2021 priorities

COVID-19 brought significant hardship for many families, spurring concerns ranging from personal safety and health to financial stability. These apprehensions continue to drive their priorities and impact shopping behaviors in 2021.

Safety.
People trust themselves but not others. In January 2021, 56% of shoppers were concerned that others will return to normal too quickly as vaccines roll out, but only 8% said they would stop taking safety measures themselves.[1] Overall concern with the virus is starting to decline, as only 25% of consumers claim to be highly concerned.[2] Lower concern with the virus is leading to higher comfort levels, with more than a third of consumers saying they are very/extremely comfortable with the recent lifting of mask requirements.[2]

Price.
Price sensitivity peaked in purchase behavior from late April to late June 2020, and nearly half of shoppers had experienced financial hardship by summer 2020.[3] To save money, they began leveraging a broad set of tactics, ranging from coupon usage to reducing nonessential purchases and following a stricter budget.

Fast forward to May 2021 and 60% of shoppers felt that groceries were more expensive than they were a month before. As a result, nearly half of consumers are giving more consideration to their grocery budget. When consumers have extra money to splurge, they are doing so in line with trends, splurging in meat and seafood, fresh fruits and vegetables and snacks.[2]

Sustainability.
One in four shoppers is more conscious of packaging waste, 35% "strongly agree" that they are more conscious of food waste and 66% are combating food waste by saving leftovers.[4] Sales for products with sustainable packaging grew 14% in 2020 over 2019 and, more broadly, spend per household on products with sustainable packaging has steadily increased over the past five years from $52.72 in 2016 to $67.40 in 2020.[5] Brands should look to investigate sustainable packaging trends, as there is ample opportunity for innovation. (Find more insights in 84.51°'s sustainable packaging trends one sheet.)

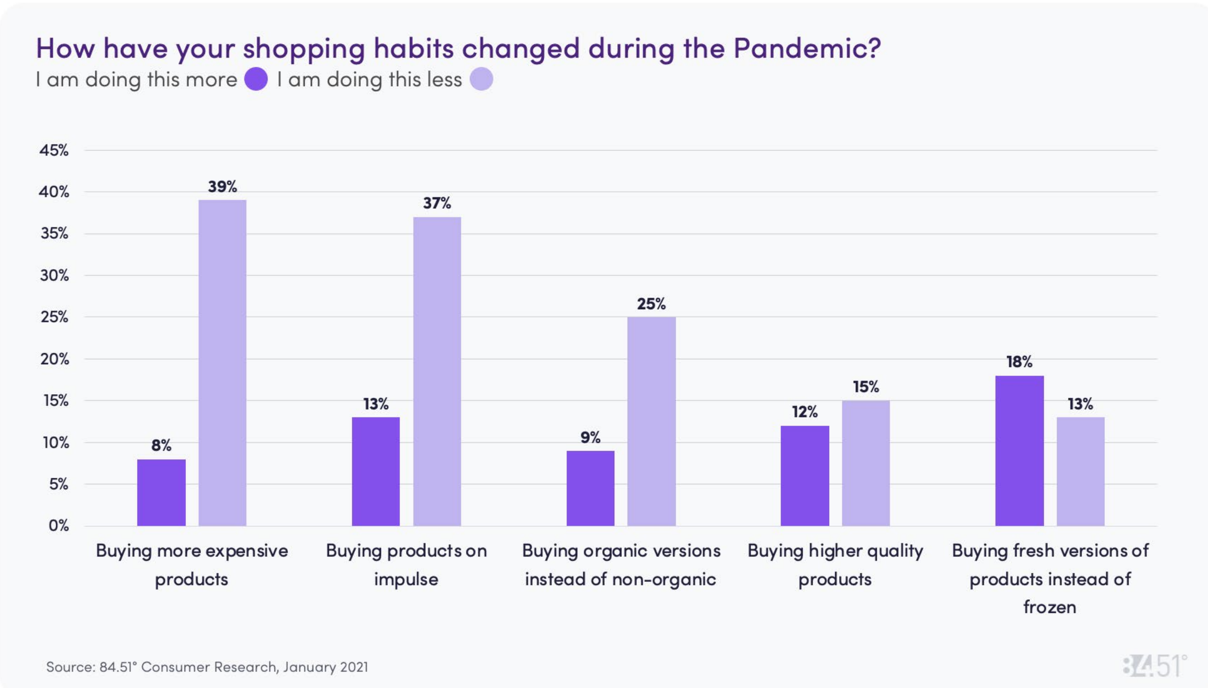
Community support.
One in three shoppers is buying more locally made products, and 97% of those who are prioritizing buying local say they will continue to do so in the future.[4]

Healthier habits.
About 60% want to exercise more, and 57% plan to eat healthy food more in the future, but only one in four is currently eating healthy food more often than they did pre-pandemic. In addition, 43% want to snack less, and 55% want to eat less junk food.[4]

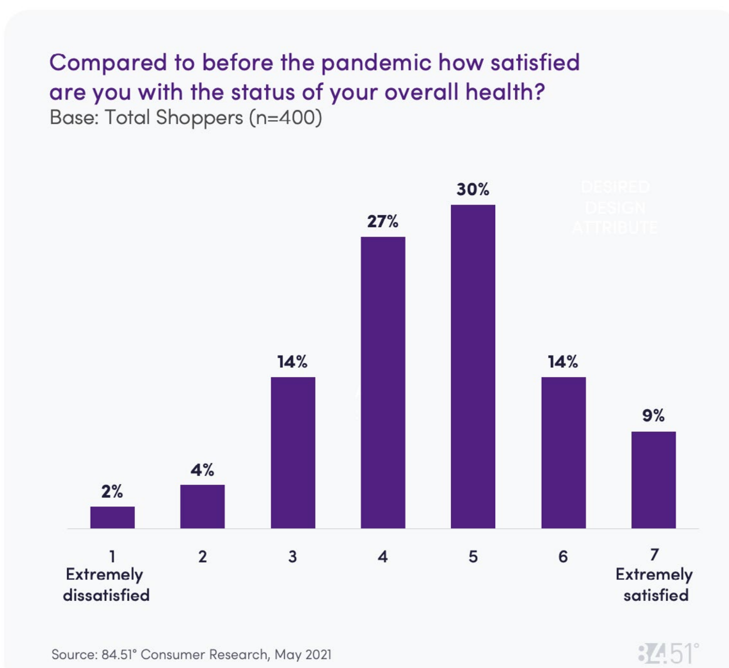
[1] 84.51° Consumer Research, January 2021; [2] 84.51° Consumer Research, May 2021; [3] 84.51° Consumer Research, June 2021; [4] 84.51° Consumer Research, August 2021; [5] 84.51° Custom Analytics

Health, value and safety will continue to be priorities for shoppers post-COVID-19, but they won't sacrifice quality in the process.

Nearly all respondents to 84.51° research conducted in January 2021 said they will continue to buy healthier foods and private-label brands and use self-checkouts in the post-pandemic environment. And while they are buying fewer expensive and impulse products than they did before COVID, they are buying high-quality products and more fresh foods.[1]



An increased focus on health is starting to pay off for many consumers. According to 84.51 research conducted in May 2021, the percentage of consumers more satisfied with their health vs. pre-pandemic was nearly 4x that of those who are extremely dissatisfied. However, brands still have an opportunity to help consumers achieve their health goals.

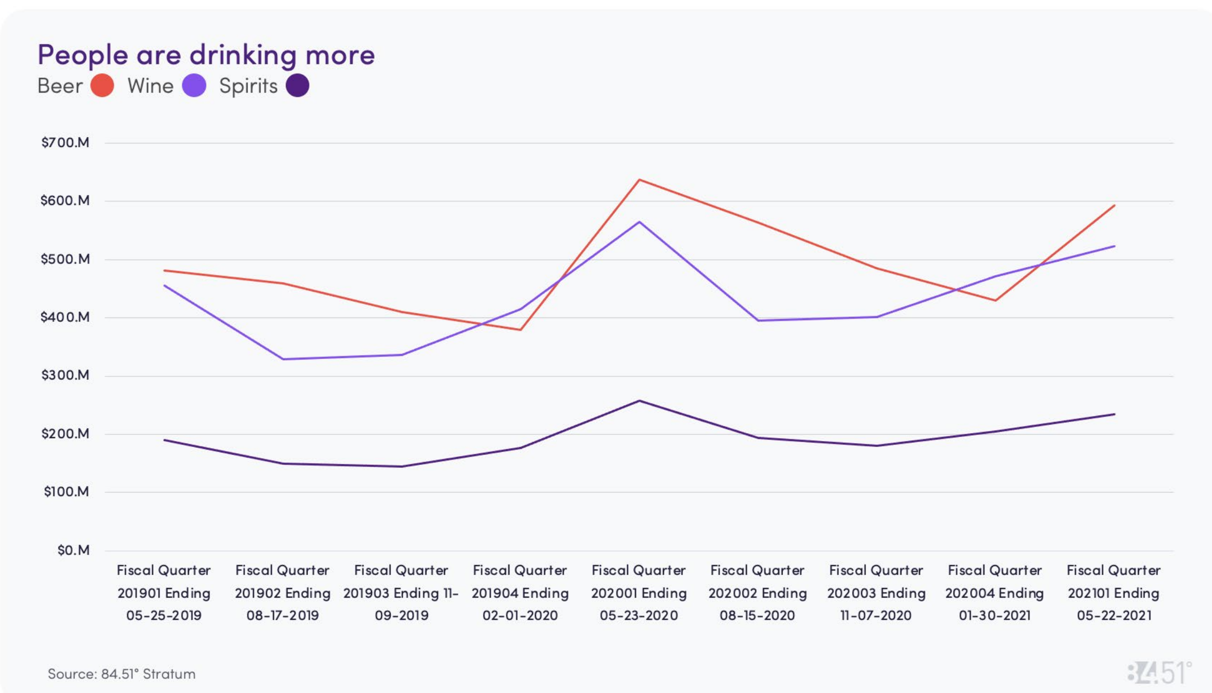


[1] 84.51° Consumer Research, January 2021

Food trends to watch

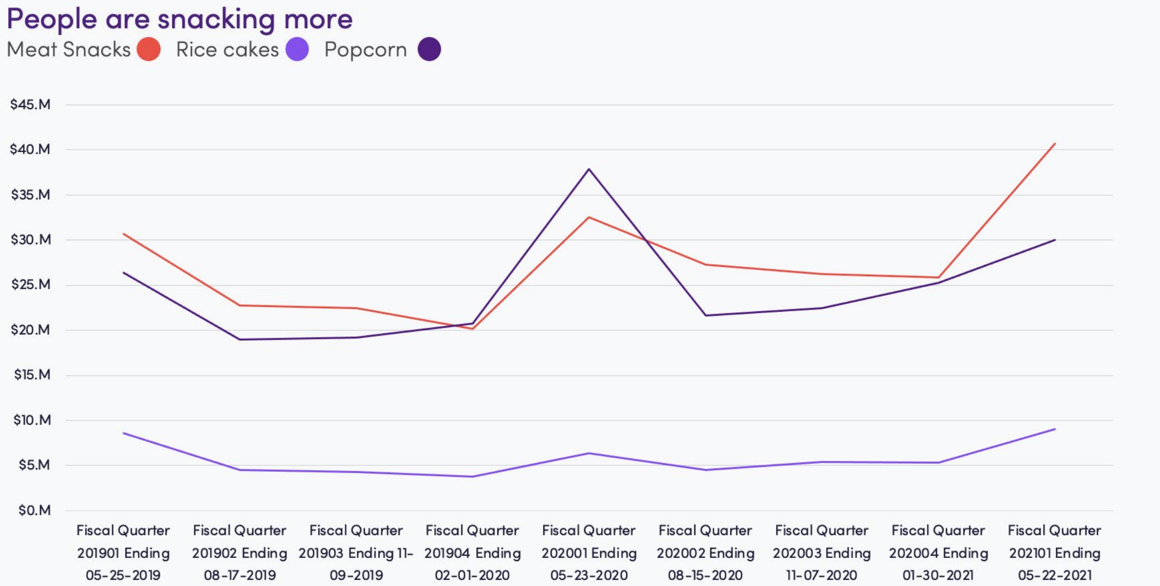
Early in the pandemic, shoppers adopted new routines and habits to cope with disruption, remote work and schooling, anxiety and uncertainty. Many developed closer relationships with food — and with alcohol. While they have subsided from their early pandemic heights, several food trends are still elevated in 2021 over pre-pandemic levels, and brands would be wise to leverage them.

People are drinking more.
During the lockdowns that followed COVID-19's arrival, shoppers purchased alcohol at record rates, and by late 2020, more shoppers were pairing alcohol with fine cheeses. This momentum continues to grow in 2021, even as mask regulations begin to lift.



They're sitting down for a hot breakfast.
Pancakes, bacon and sausage all spiked during the spring lockdown and remain popular in 2021. Oatmeal, meanwhile, saw an early spike as shoppers stocked up but has not continued to perform.[1]

They're snacking.
Popcorn was a favorite early in the lockdown, showing almost 50% growth year over year as families turned to movie and game nights at home for entertainment. Its sales have largely subsided while meat snacks and rice cakes are gaining momentum into 2021 in line with consumer aspirations for healthier lifestyles.



Source: 84.51° Stratum

[1] 84.51° Stratum

Some are continuing to bake.

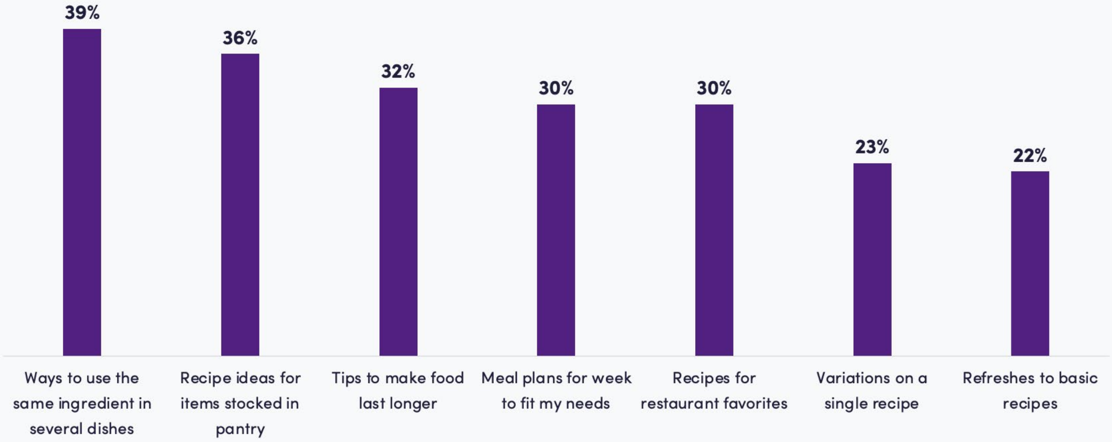
COVID-19 lockdowns spurred a baking revival, and while flour, oil, sugar and other baking essentials have leveled off a bit after their spring 2020 peak[1] there are opportunities for brands to encourage these new home bakers to hone their skills.

Shoppers will continue to cook at home, but they need help.

As of May 2021, two-thirds of food is still being prepared at home; 20% enjoy cooking more than they did in April while only 8% enjoy it less.

- In January 2021, people were looking for recipes that would help them stretch current ingredients in new ways, make use of pantry items, plan for the week, recreate restaurant favorites and refresh basics.
- When asked in May 2021 how retailers can help consumers eat healthier, top two requests were healthy recipes (53%) and healthy ready-to-eat options (50%), indicating a prioritization of both health and convenience as people shift into post-pandemic routines.[2]

How could a grocery retailer help with mealtime?



Source: 84.51° Consumer Research, January 2021

[1] 84.51° Stratum; [2] 84.51° Consumer Research, May 2021

Shaping the new normal

A year of uncertainty has increased the demand for insights and set a new bar for expectations. COVID-19 spurred shoppers to adopt new habits, preferences and norms — and these continue to evolve as the pandemic wanes. The brands and retailers that respond quickly with quality data-driven insights and innovative approaches will be those that earn their customers' loyalty and create sustainable growth.

> As new trends emerge, brands that win will be **the ones that close the gap between food inspiration and purchase.**

How brands and retailers can deliver for customers

Health & safety

Help people stay safe and healthy, both through the product innovation and shopping experience

E-commerce

As customers move online and across modalities, deliver a customer-centric and seamless experience

Stretching dollars

Help customers save by delivering value across promotions, packaging, and education

Kitchen as heart of the home

Bring people to the kitchen for sustenance, health, comfort, and indulgence

Bringing families back to the table

From breakfast to dinner, help to build confidence, variety and satisfaction to all at-home meals

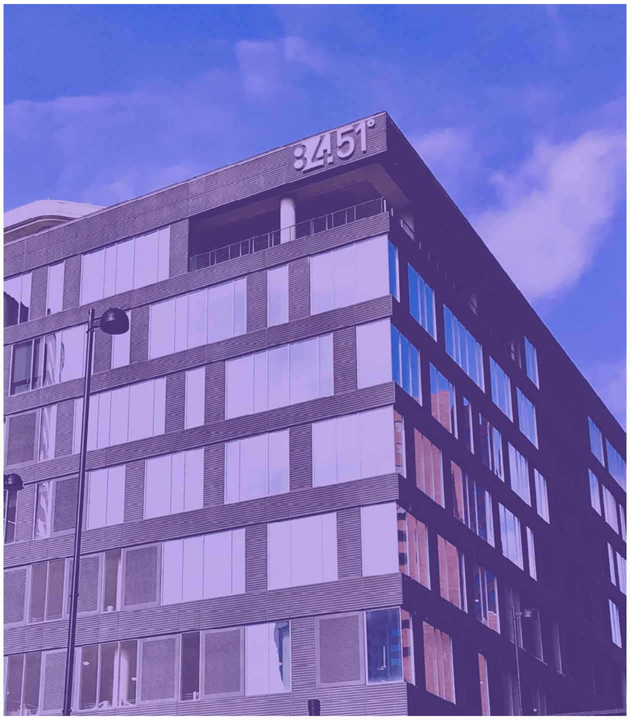
Sustainability & connection

Provide ways for customers to help communities, the environment and each other

About us

84.51° is a retail data science, insights and media company. We help the Kroger company, consumer packaged goods companies, agencies, publishers and affiliated partners create more personalized and valuable experiences for shoppers across the path to purchase. Powered by cutting-edge science, we leverage first-party retail data from nearly one of two U.S. households and more than two billion transactions to fuel a more customer-centric journey utilizing 84.51° Insights, 84.51° Loyalty Marketing and our retail media advertising solution, Kroger Precision Marketing.

Find out how 84.51° Insights can help grow your business at Insights@8451.com.



Sources:

84.51° Stratum

84.51° Custom Analytics

84.51° Clickstream Insights

84.51° Consumer Research Surveys: March 2020, April 2020, June 2020, August 2020, January 2021, May 2021