blue chip

the
impact of
COVID-19
on shopping
behavior

introduction

At the onset of the coronavirus pandemic in the U.S., we saw grocery shopping behavior change seemingly overnight. With social distancing and safety in mind, many have turned to online grocery and click-and-collect to fulfill their shopping needs. Others have continued to rely on trips to physical grocery stores, often struggling to navigate the disruption in that experience brought on by the crisis. With these shifting dynamics in mind, the question for many retailers and manufacturers is how the current crisis, and the changes it has brought, will impact future shopping behavior once the country returns to a new normal.
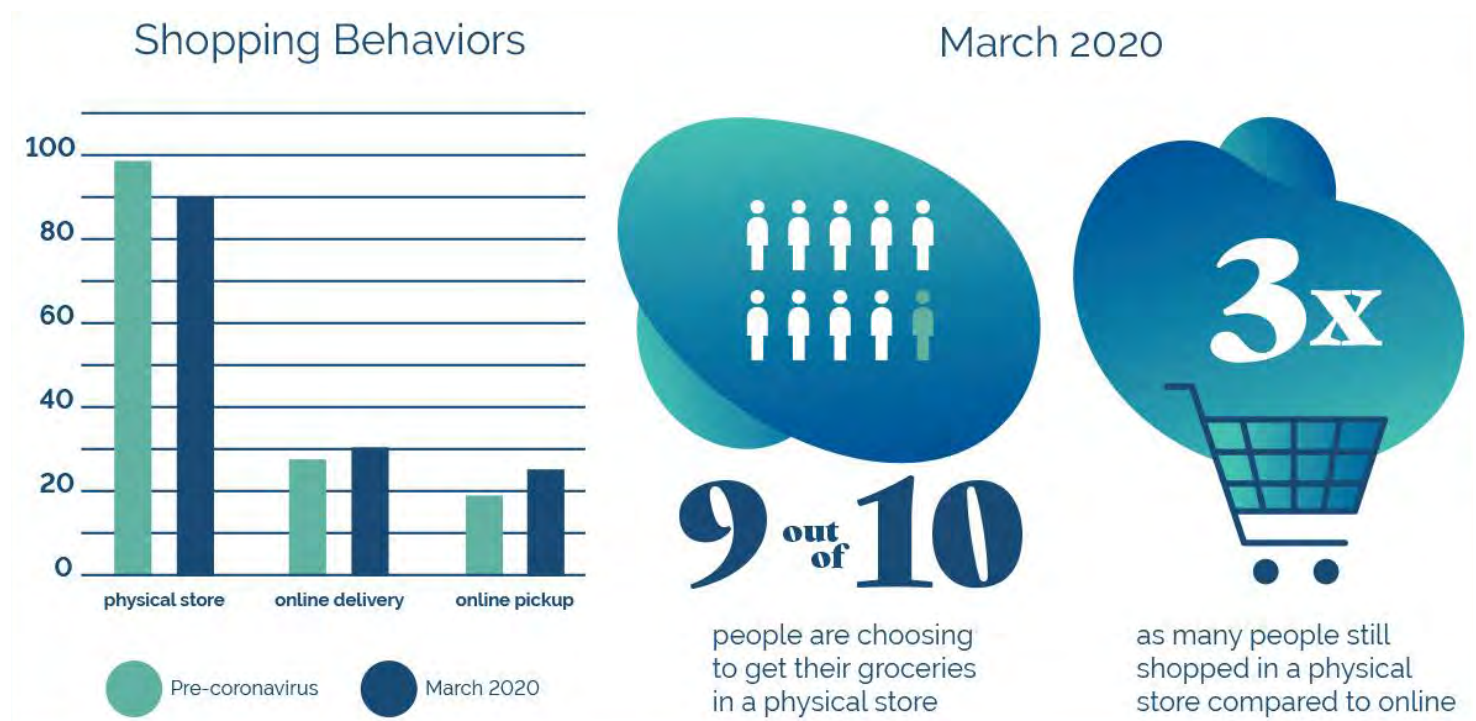
From April 4–5, 2020, Blue Chip fielded a national survey among 500 primary grocery shoppers across the U.S. to better understand how their grocery shopping behavior has changed due to the coronavirus pandemic, what their impressions are of the new shopping environment, and what they predict their shopping behavior will be like in the future. The results paint a picture of what retailers and brands should be thinking about now to win with shoppers later.

FROM
emotion
to transaction
in-store

The coronavirus crisis has highlighted the central importance of the in-store grocery shopping experience in modern American lives.

Even as the virus spread through the U.S. in March, 9 out of 10 shoppers still chose to get their groceries in a physical store. Three times as many people still shopped in a physical store compared to online.

Shopping Behaviors

physical store · online delivery · online pickup

● Pre-coronavirus   ● March 2020

March 2020

9 out of 10
people are choosing to get their groceries in a physical store

3x
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What do you enjoy about shopping in-store?

83% picking from products that are on sale

69% broad selection of products

Key drivers for choosing to shop in-store:
DISCOVERY
INDEPENDENCE
EXPLORATION

69% ability to discover new products

64% comparing prices

20% interaction with store personnel

20% seeing friends or neighbors

Source: Blue Chip survey of 500 U.S. grocery shoppers conducted from April 4 – 5, 2020.

Respondents noted **discovery, independence** and **exploration** as key motivators driving this choice. The experience of going into a grocery store and picking their own foods gives consumers a sense of control. This is even more true now, when so much of their life feels out of their control.

> " **I don't think the person picking your food would use the same care as you would picking your own.** "
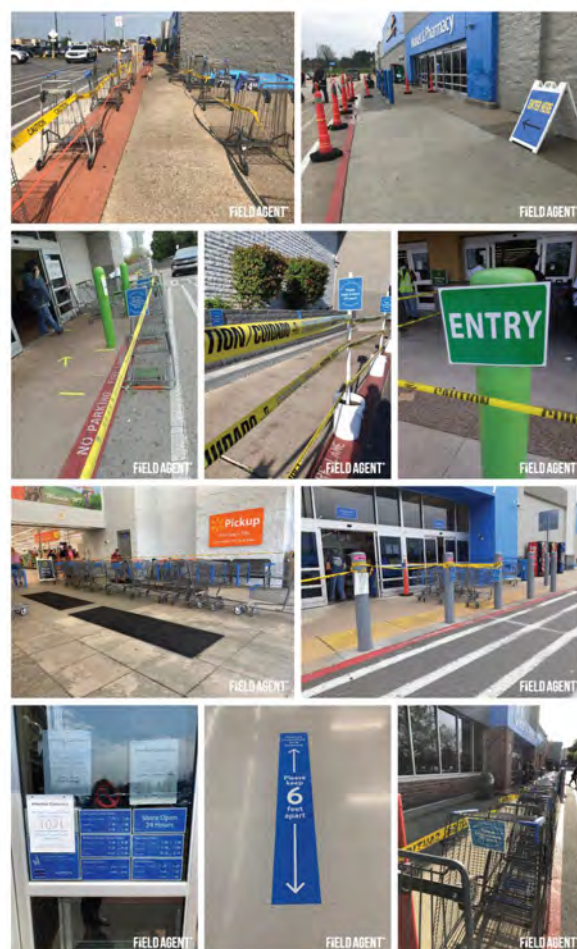
> " **It's different when you go through the store and see the products, you think of things not on your list.** "

THE
changing
in-store experience

Although 90% of surveyed shoppers still make in-store trips, those shopping experiences are nearly unrecognizable compared to pre-pandemic times. Everything from social distancing measures to one-way aisles, capacity limits to inventory challenges—it is entirely unfamiliar. Self-serve areas of the store, such as sampling areas, hot bars, bakeries and delis, have closed. Prepared foods in many stores are likewise on temporary hiatus. The in-store experience that retailers spent years building has begun dissolving, and the pendulum has swung back toward a fundamentally transactional experience. Shoppers are being retrained to treat the visit as such.

from browsing to sprinting

Shoppers are going through stores with *purpose,* planning with clear intention to get in and out with what they need quickly, in order to limit exposure. This has been compounded by retailers managing shopper traffic flow in their stores with measures like traffic-controlled checkout queues, one-way aisle flow, one-in-one-out policies and more.

Walmart recently implemented a one-in-one-out policy.

Source: Field Agent

THE
changing
in-store experience

In this environment, shoppers appear to be forming strategies for their limited stock-up trips, driven by the simple goal of acquiring each item on their list. There is less browsing, less consideration between brands and less discovery.

Adding to that, brands and grocery merchandisers have reduced in-store promotions, which, pre-pandemic, would have affected in-store shopping behaviors. Given that shopping is more mission driven today, pre-store planning and list-making are more important than ever, providing opportunities for both retailers and brands to reach shoppers. Going forward, it will be important to observe the nature and behaviors of the in-store trip that endure as shoppers adapt to a new normal, which may be driven more by efficiency and offer fewer experiences, like sampling.

from "my brand" to "any brand"

Brands in commodity categories that shoppers consider essential have been in high demand and susceptible to frantic buying and out-of-stocks. As a result, these brands have faced difficult challenges in maintaining inventories—a fact that will affect their brand strategies during the crisis and beyond. Shoppers now make purchase decisions based upon what is available and whether they need to stock up.

Leading brands in essential categories like toilet paper had, up until recently, loyal shoppers that led on differentiated positioning, but out-of-stock issues have forced shoppers to try competitors that they may be unfamiliar with. Those less familiar brands will now forever be in shopper consideration sets in future trips after the crisis has passed. Once we reach that new normal, leading brands in essential categories will need to reestablish their dominance in the shopper consideration set and potentially reevaluate their value proposition.

THE
changing
in-store experience

Once we reach that new normal, leading brands in essential categories will need to reestablish their dominance in the shopper consideration set. On the flip side, those brands gaining trial due to their availability should think about how to stay top-of-mind and turn new triers into future buyers.

looking ahead

Once the pandemic subsides and Americans once again feel safe and welcome shopping in-store, the experience may still be fundamentally different. Learned shopping behaviors are likely to stay. A heightened concern over cleanliness and sanitation will certainly remain, potentially disrupting long-held practices of food and beverage sampling. The store, the aisle and the category will be shopped differently.

So what should brands and retailers be thinking about *now* to have real impact *later?*

implications

- Sampling—once a key discovery and trial driver for food and beverage—will not come back immediately, if at all. Rethink in-store sampling strategy (e.g., individually wrapped, single serve packages).

- While in-store activity has stalled, price and promotion will play a big part in brands getting back in front of shoppers and easing the squeeze felt during the pandemic period.

- Brands will need to rebuild loyalty with consumers who may have temporarily switched to other brands. Premium brands will need to lean into their value proposition and rebuild those relationships.

- Retailers will need to reevaluate how to bring back experience elements within the boundaries of the new normal.

transaction
to emotion online

Facing the new reality of social distancing and the potential health risks of going to the grocery store, many consumers turned to e-commerce solutions to fulfill their needs. While 90% of shoppers were making in-store trips, online and click-and-collect increased 32% during March 2020 compared to before the pandemic. Additionally, our survey showed that half of people who haven't shopped online yet are open to doing so in the future.

Why shop online?

Placing an online order inspired feelings of "safety, gratitude, comfort and relief"

Pre-coronavirus	March 2020
86% convenience	**89%** minimize exposure to health risk
79% good prices	**85%** convenience
75% saves me time	**84%** reduces stress

50% of people who haven't shopped online yet plan to/are open to do so in the future

Source: Blue Chip survey of 500 U.S. grocery shoppers conducted from April 4 – 5, 2020.

Before the coronavirus pandemic, consumers valued e-commerce because it was convenient, saving them time and money. However, as external motivators pushed people online, there was a shift in the value equation. Safety, convenience and stress reduction emerged as key factors to shop online. "Reducing stress" increased 20 points alone during this time period. Online grocery shopping inspired feelings of safety, relief, comfort and gratitude.

THE
Spectrum
of Satisfaction

While heightened emotions surround the e-commerce experience, only 4 in 10 surveyed noted they were "very satisfied" with the actual online shopping experience itself.

Those who were satisfied with the experience noted emotional associations of safety, relief and comfort, along with a new recognition of the practical aspects of convenience and time-saving.

> **"It makes my life easier. I feel safer being at home instead of having to go our and shop."**

> **"I am less intimidated by the process; the ease and convenience of it was a revelation."**

For others, out-of-stock items, product substitutions, lengthy delivery windows and inflated prices soured the experience.

> **"Prices were extremely marked up. They would substitute store brand when possible, but the price was the same as name brand."**

> **"Not always having what I need in stock and not finding out until after I attempt to place an order."**

Spectrum
of satisfaction

the missing link

Until now, online grocery shopping has, for most shoppers, been largely functional and transactional. The convenience it provides rises to the top of shopper needs and imparts a higher-level benefit of control over one's time, which is critical for many. But for many others, it hasn't risen to the level of true *shopping*. It lacks the *feel* of shopping, the *visceral reward* of shopping, the *personal touch* of shopping. It has been the red-haired stepchild of *real shopping.* It lacks the feelings of trust, humanity and control that are inherent in the in-store experience.

Looking ahead, when going to the grocery store is no longer a life or death situation and the heightened emotions around health and safety subside, the pre-crisis e-commerce selling points of convenience and time-saving alone will not be enough to keep some shoppers in the e-commerce environment.

How can retailers and brands evolve the online experience on the other end of this crisis to fill the emotional voids of trust, humanity and control in the current online grocery environment?

> " I need to feel that they care about my money and my family. "

> " I need to trust the person selecting my order. "

THE
spectrum
of satisfaction

immediate implications

- Brands and retailers should implement shopper offers to entice repeat purchase online.

- Surprise and delight in delivery orders to keep margins but 'sweeten the deal' on some of the price disparity. Brands can also consider incentives to help offset delivery fees.

- Brands must show up meaningfully and consistently online. If you don't already have an e-commerce strategy in place, plan for it now. Invest in e-commerce but as a brand equity builder.

- Take the time now to reevaluate your e-commerce content to not only ensure there are guideposts for size comparison and product variations but to inspire further exploration and discovery.

longer term

- Online customer service for brand and retailers will be more important than ever. It will no longer be about just providing technical support; it will require human interaction, advice and guidance.

- In the e-commerce space, retailers must examine how to translate those distinct elements of brand personality cultivated in the in-store environment via associates, atmosphere, interaction and selection that shoppers *trust.*

- Humanizing the person fulfilling the order will build trust and affirm that they care about the order as much the shopper who placed it.

- Additionally, show the precautionary measures they use to handle their order with care.

finding the balance

Shopping as we know it has most likely changed forever. At the end of this pandemic, the pendulum may fall back to rest in the middle (or slightly left or right of center) for in-store and online shopping. In all likelihood, the in-store experience won't fully return to what shoppers once considered normal, given the new level of purpose and intention they have brought to the experience and their learned behaviors around "sprint" shopping and heightened safety. At the same time, many who shifted at least some of their shopping to e-commerce, motivated by emotional drivers that emerged in the crisis, may continue to shop more frequently online—especially if retailers and brands deliver emotions that transform the experience from one that is strictly transactional to one that is about building ongoing relationships with shoppers.

Further, as the crisis subsides, we may see the emergence of a Brave New Shopper in the U.S. One with new adaptability, a sharpened set of shopping skills and higher expectations for their shopping experience. To incite discovery and rebuild loyalty in-store, brands will need to reteach shoppers how to navigate categories and find ways to encourage them to shop the aisles. In e-commerce, retailers must develop a richer shopping experience. By instilling emotions like trust, control and humanity into online shopping, they can boost the consumer-retailer relationship and inspire online loyalty.

In the end, the coronavirus crisis has accelerated the appearance of a new omnichannel reality born of uncertainty but fed by the need for action and a spirit of adaptability. This new reality defines a bright, promising future for the brands and retailers who choose to embrace it.

methodology

As part of an ongoing commitment to providing insight into grocery shopping behavior, Blue Chip (a Chicago based marketing agency) took the pulse of shoppers shortly after the onset of COVID-19 in the U.S. to gauge the impact of the coronavirus pandemic on grocery shopping behavior and attitudes.

We conducted quantitative research among a national sample of shoppers with primary/shared responsibility for grocery shopping in their household.

Specifically, a ten-minute online survey was fielded on April 4-5, 2020. A total of 500 male and female grocery shoppers from across the U.S. completed the survey.

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about blue chip

Blue Chip is a fully integrated, award-winning independent agency based in Chicago, with proven expertise in shopper and brand marketing. We offer the talent and scale of a holding company with the urgency and ownership of a private agency.

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