ORACLE
Retail

Anatomy of Change

Understanding Consumer Behavior When Grocery Shopping in the New Next 2020

Anatomy of Change

Understanding Consumer Behavior When Grocery Shopping in the New Next 2020

Methodology

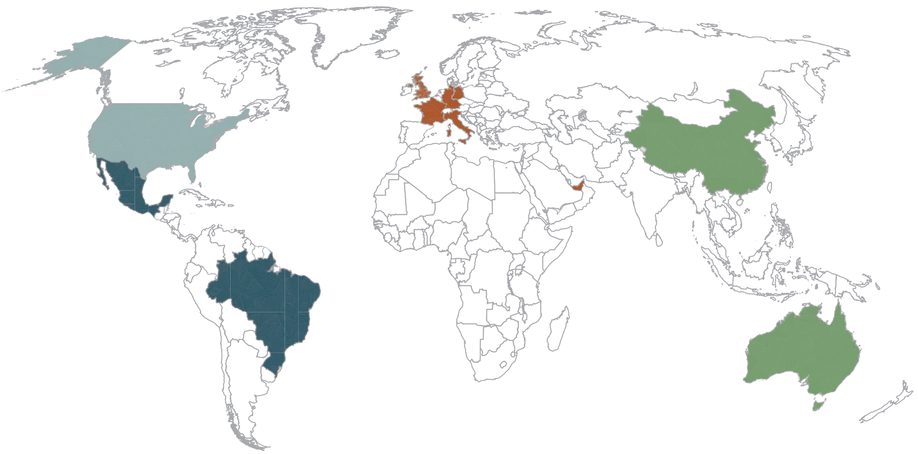
The research cited in this report was conducted in 2020 with more than 5,143 consumers across four key regions, including Europe (France, Germany, Italy, United Kingdom, United Arab Emirates), APAC (Australia, China), LATAM (Brazil, Mexico), and North America (United States of America).

Independent research and creative consultancy Untold Insights conducted the research on behalf of Oracle Retail, which explores consumer attitudes and expectations regarding the retail shopping experience now and in the future. This report is based on the findings from this study, with a focus on the grocery market.

Introduction

Unlike any other year in recent history, 2020 has seen consumer behavior, and by extension, the retail market, significantly disrupted. Global public health measures in response to the COVID-19 pandemic quickly and dramatically affected not just consumers' ability to shop in physical locations but also their desire to. Grocery stores, deemed "essential businesses" and not subject to long-term closure, have nonetheless felt the significant effects of shifting consumer behaviors, perceptions, and expectations on retailers.

This report examines key impacts of the COVID-19 pandemic on consumer behavior — including permanent changes in consumer shopping habits, ongoing challenges in maintaining the grocery experience, and consumer exploration of new brands. It also explores what these changes mean for the future of grocery retail.

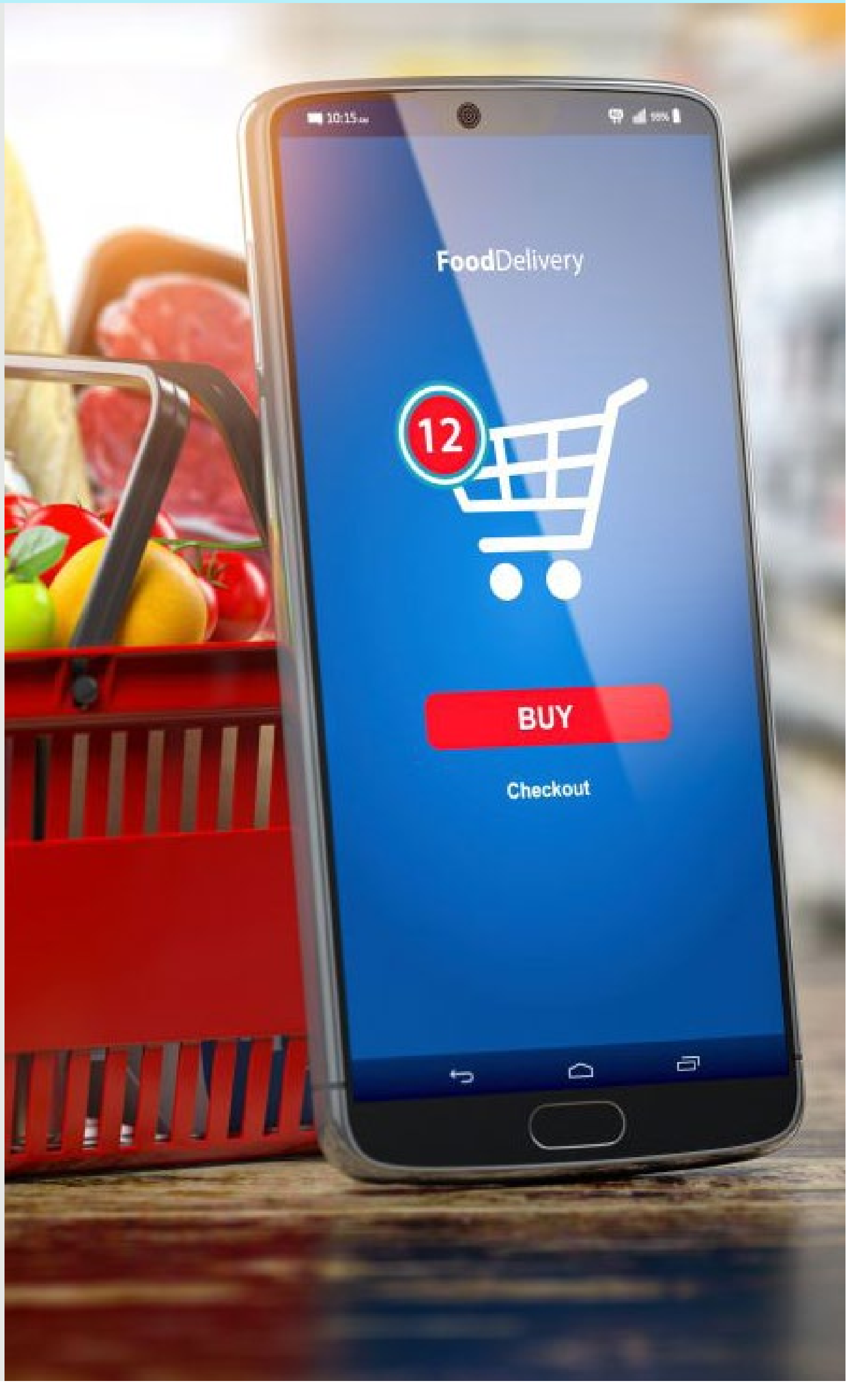


World map regions, indicated by color, correlate to the list of countries included per area surveyed.

- **North America:** United States of America
- **LATAM:** Brazil, Mexico
- **Europe:** France, Germany, Italy, United Kingdom, United Arab Emirates
- **APAC:** Australia, China

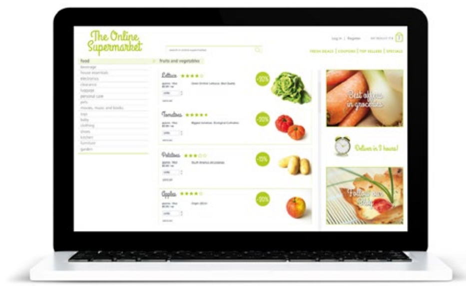
A New Era in Grocery Shopping

As the global pandemic shut down communities, consumers began shopping differently — even with “essential” businesses like grocery stores, which remained open to the public for in-person shopping.

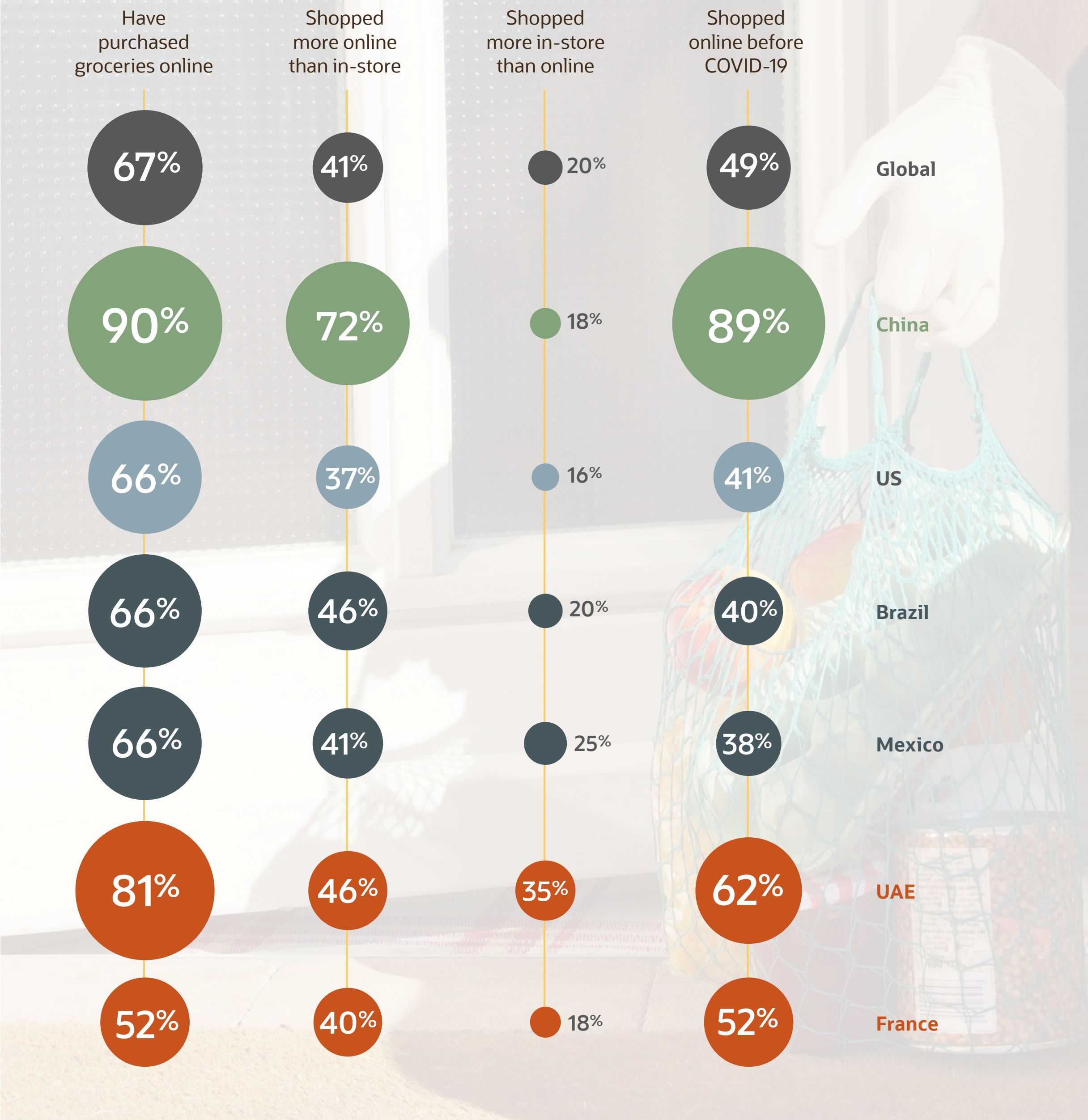


Notably **51%** of respondents said they had rarely or never shopped online for groceries before the pandemic began.

Despite being able to shop in-store, 61% of consumers reported making grocery purchases online during the pandemic. Of these, 41% of consumers reported shopping online more often than in-store prior to the pandemic, and 20% shopped in-store more frequently than online.



How people shop during the pandemic:



In the months since COVID-19 lockdowns began to change behavior, consumers have formed new habits. In fact, 92% of consumers surveyed will continue online grocery shopping moving forward, with 7 in 10 consumers anticipating they will shop online as much as or more frequently than they have during the pandemic.

Overwhelmingly, consumers who bought groceries online had them delivered, with nearly 3 in 4 consumers opting for home delivery. Just 16% chose to pick up groceries in-store, and 11% chose curbside pickup to collect their grocery purchases.

The shift in consumer behavior also drove the adoption of meal subscription services. More than 1 in 5 consumers started one or more new food or meal subscription services, and 7% of consumers tried a subscription service for the first time.

Maintaining the Grocery Experience

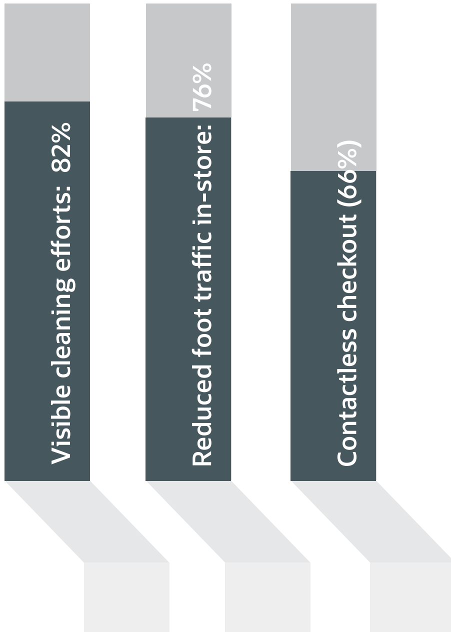
The shopping experience continues to be a significant driver of consumer preference. The speed of checkout remains a priority for 71% of consumers, as well as knowledgeable and intelligent staff (57%). In addition, consumers shopping in stores during the pandemic had new expectations for the shopping experience from all retailers.

Beyond safety, the research showed that 47% of global respondents said out-of-stock merchandise topped their list for a bad shopping experience. Additionally, 63% said they weren't willing to wait for an item to be back in stock before trying another brand.

Consumers also relied on others' experiences to inform their shopping choices online and in-store. Nearly 9 in 10 consumers (89%) stated they were moderately or very influenced by bad reviews of a product or a store's service. This reliance on peer inputs has significant potential impacts, as less than 25% of consumers rarely or never leave negative reviews after a bad product or shopping experience.

Beyond relying on reviews and responsible public health measures to drive grocery decision-making, consumers also base shopping decisions on a factor that hasn't been changed by the pandemic: shopping rewards. Despite trying new brands when inventory is lacking, nearly 30% of consumers say they would **always** choose a grocery retailer where loyalty points or discounts on purchases are available, versus other options. Nearly 9 in 10 consumers (88%) say that they would sometimes, frequently, or always choose grocery retailers where these types of rewards are available, with just 11% saying that rewards and discounts rarely or never affect their choice of the grocery retailer.

Aspects of the consumer experience rated as important or very important:



Private Label Brand Discovery During the Pandemic

Retailers should take note of the critical role that inventory management can play in maintaining brand loyalty. High demand for pantry staples and other essential items often made products difficult to find, both online and in stores.

Nearly 2/3 of consumers (64%) chose to purchase products at another store or opted to purchase another brand rather than waiting for a product to be restocked.

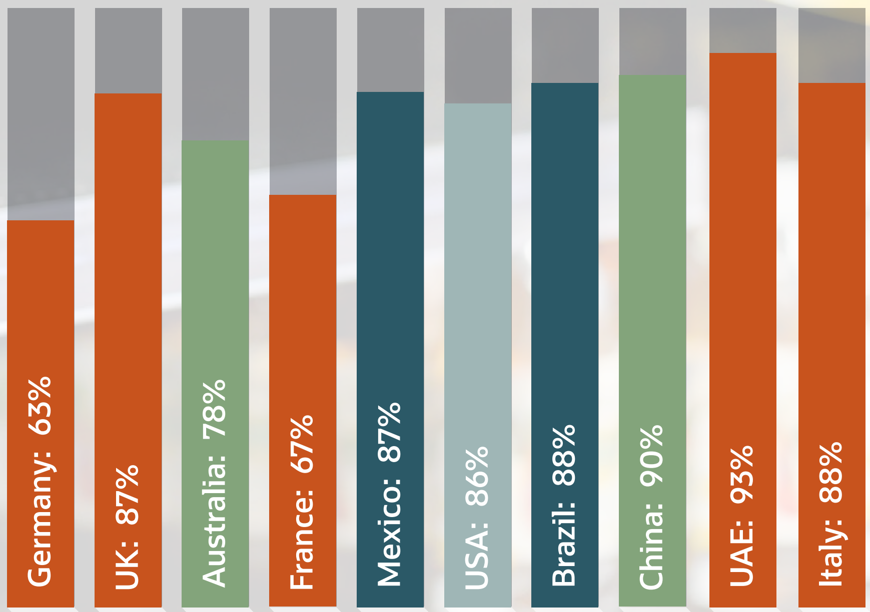
Of consumers that explored new private label brands in-store, more than half (61%) plan to stick with the new brands or include them in a mix of new finds and old favorites as they shop in the future. And of those that purchased products at new grocery stores, 53% plan to continue shopping at the new locations in addition to their prior preferred stores.

Also interesting to note that consumers in UAE (93%) and China (90%) were the most adventurous in trying new private brands, while Germany (63%) and France (67%) were less reluctant to explore them.

With grocery shortages during COVID, did you explore store own brands/private labels?

45% discovered new brands online

Breakdown by Country



Many consumers unable to find what they needed in the store turned to online storefronts and new brands to meet their grocery needs. In fact, nearly half of consumers (45%) discovered new brands online and will continue to shop for those brands moving forward, with 16% anticipating choosing the new brands over their former preferred brand.

Conclusion

The face of grocery shopping, as we know, it has been forever changed by the COVID-19 pandemic. Agility and adaptability are critical to the health of grocery businesses. Consumers have new expectations of retailers that go beyond the availability of products and the usual quality of in-store and online experiences. There is greater pressure on retailers to reassure in-store consumers are safe and that their time in-store is brief and efficient.

There is also a growing imperative to manage stock online and in-store to ensure that the products consumers need are available wherever they shop. But, with stockpiling behaviors creating new inventory management challenges for grocers, brand and store loyalty is up for grabs.

As we enter 2021 and beyond, grocery retailers will be challenged to maintain the quality and consistency of shopping experiences, no matter where they occur.

See More on How Consumer Habits Have Shifted

About Oracle Retail:

Oracle is the platform for modern retail. Oracle provides retailers with a complete, open, and integrated platform for leading retail solutions, cloud services, and hardware that are engineered to work together. Innovative retailers use Oracle solutions to pivot to customer and to drive agility across the business. Oracle Retail customers can deliver an authentic customer experience while protecting their people, processes, brand, and customers. For more information, visit our website.

CONNECT WITH US

Call +1.800.ORACLE1 or visit **oracle.com**. Outside North America, find your local office at **oracle.com/contact**.

blogs.oracle.com/retail facebook.com/oracleretail twitter.com/oracleretail linkedin.com/company/oracle-retail/

Copyright © 2020, Oracle and/or its affiliates. All rights reserved. This document is provided for information purposes only, and the contents hereof are subject to change without notice. This document is not warranted to be error-free, nor subject to any other warranties or conditions, whether expressed orally or implied in law, including implied warranties and conditions of merchantability or fitness for a particular purpose. We specifically disclaim any liability with respect to this document, and no contractual obligations are formed either directly or indirectly by this document. This document may not be reproduced or transmitted in any form or by any means, electronic or mechanical, for any purpose, without our prior written permission.

Oracle and Java are registered trademarks of Oracle and/or its affiliates. Other names may be trademarks of their respective owners.

Intel and Intel Xeon are trademarks or registered trademarks of Intel Corporation. All SPARC trademarks are used under license and are trademarks or registered trademarks of SPARC International, Inc. AMD, Opteron, the AMD logo, and the AMD Opteron logo are trademarks or registered trademarks of Advanced Micro Devices. UNIX is a registered trademark of The Open Group. 1120

Oracle is committed to developing practices and products that help protect the environment

ORACLE