4 grocery industry trends shaping the future of CX

Between rapidly evolving expectations + behaviors and the ongoing consumer-led digital transformation, 2020 has been a landmark year of changes and operational challenges for the grocery industry.

While many COVID-specific trends will fade over time, some changes ushered in by the pandemic *are* here to stay. Brands need to be aware of how these changes are impacting the customer experience—and use their experience management (XM) programs to keep pace.

We've used research from US + UK consumers to outline **4 forward-looking trends** to keep top-of-mind when planning for 2021—and **3 takeaways** that will help grocery brands improve CX.

TREND #1

Adoption of delivery + curbside pickup / click and collect will continue to surge

When safer-at-home policies went into effect, many customers quickly turned to online ordering options to avoid crowded stores. While usage has declined slightly as restrictions loosened, online grocery traffic remains 1.3X higher than pre-pandemic averages. To capitalize, grocery brands must revamp labor models + store configurations to focus on order fulfillment.

3.8X
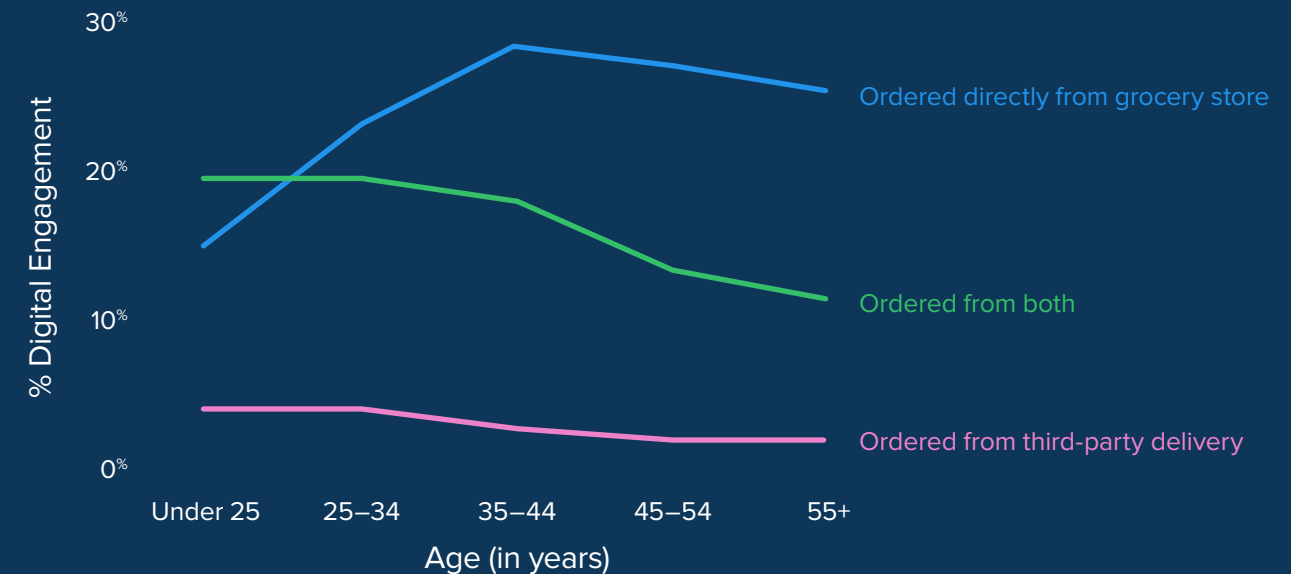YOY increase in online grocery sales from August 2019 – 2020

41%
of customers have purchased groceries online in the past 3 months

more than half
reporting they've ordered online 3 times or more

Most delivery customers order directly from the grocery store, though younger demographics are warming up to third-party delivery providers and are more likely to use both
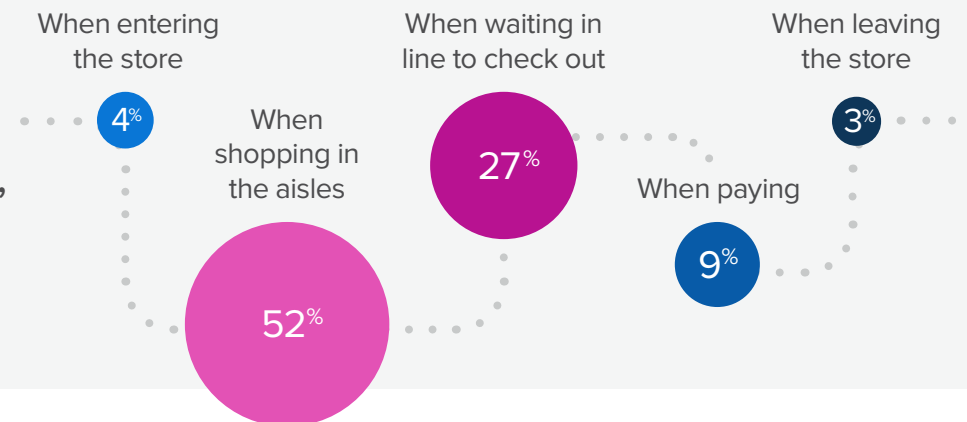
% Digital Engagement

30%

20%

10%

0%

Under 25   25–34   35–44   45–54   55+

Age (in years)

Ordered directly from grocery store

Ordered from both

Ordered from third-party delivery

Heightened health + safety concerns will reshape service expectations until the pandemic is contained

With more than half of customers worried about contracting the virus while shopping—many of whom cite the behaviors of other customers—brands must focus training initiatives on cleanliness + hygiene standards. At minimum, customers expect adherence to social distancing guidelines, appropriate PPE being worn, and staff cleaning frequently touched surfaces.

Customers are most concerned about health + safety while in aisles + checkout lines, where they're near other customers

At what point during your experience are you most concerned about getting too close to other people?

When entering the store
4%

When shopping in the aisles
52%

When waiting in line to check out
27%

When paying
9%

When leaving the store
3%

1 in 4
consumers have stopped visiting a store because other customers' behavior made them feel unsafe
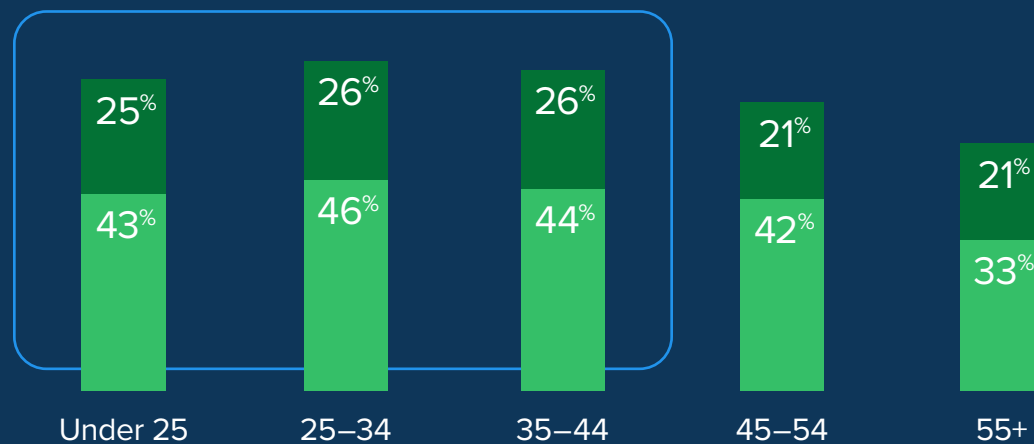
6.3x
higher Overall Satisfaction for customers who are Highly Satisfied with health + safety

Trend to watch in 2021:
Will scan-and-go shopping gain global traction?

Retail giants like Amazon and Walmart have been experimenting with scan-and-go store models since 2018, but broader adoption across the U.S. has been virtually non-existent compared to the UK. However, our research shows awareness and consideration growing, especially among younger demographics.

Interest in scan-and-go shopping is higher among younger demographics

- Interested
- Very Interested

Under 25	25–34	35–44	45–54	55+
25% / 43%	26% / 46%	26% / 44%	21% / 42%	21% / 33%

56% of consumers are aware of scan-and-go technology

30% of respondents have tried scan-and-go shopping
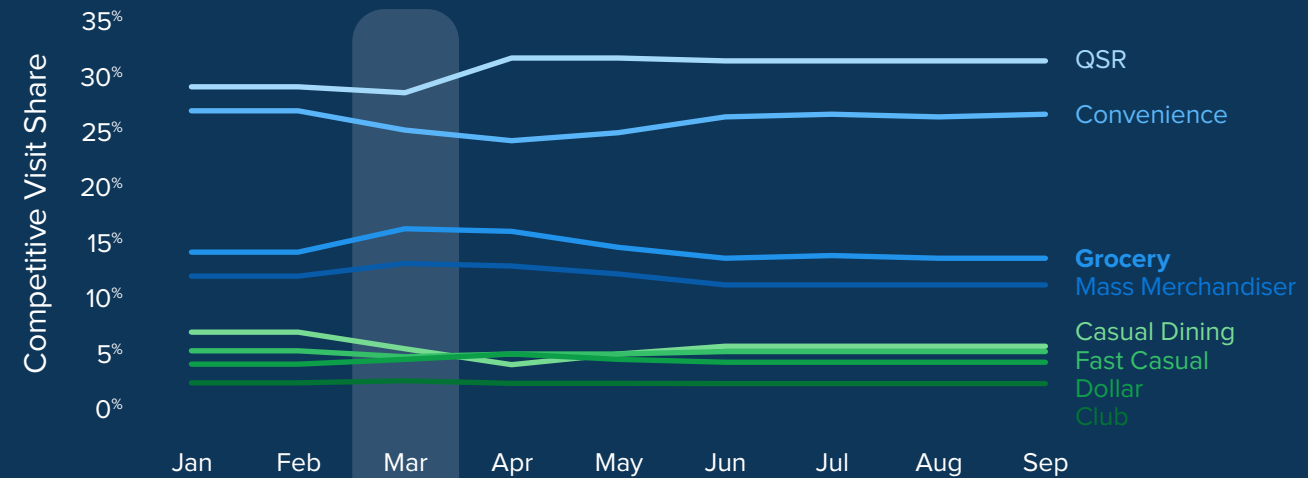
94% Overall Satisfaction with scan-and-go experience

Customers will continue to combine trips + seek value

Once safer-at-home policies were lifted, visit share for the foodservice industry shifted back to normal, with QSR seeing the biggest gains and convenience stores returning to pre-pandemic averages. But when customers do venture out to stores, they're stocking up and spending more per transaction. As traffic patterns normalize, brands that focus on health + safety, diverse product mixes, and value are likely to win the loyalty of price-sensitive shoppers and increase average spend.

Behavioral data shows initial visit share gains for grocery brands returning to historical averages

Competitive Visit Share

QSR
Convenience
Grocery
Mass Merchandiser
Casual Dining
Fast Casual
Dollar
Club

Jan Feb Mar Apr May Jun Jul Aug Sep
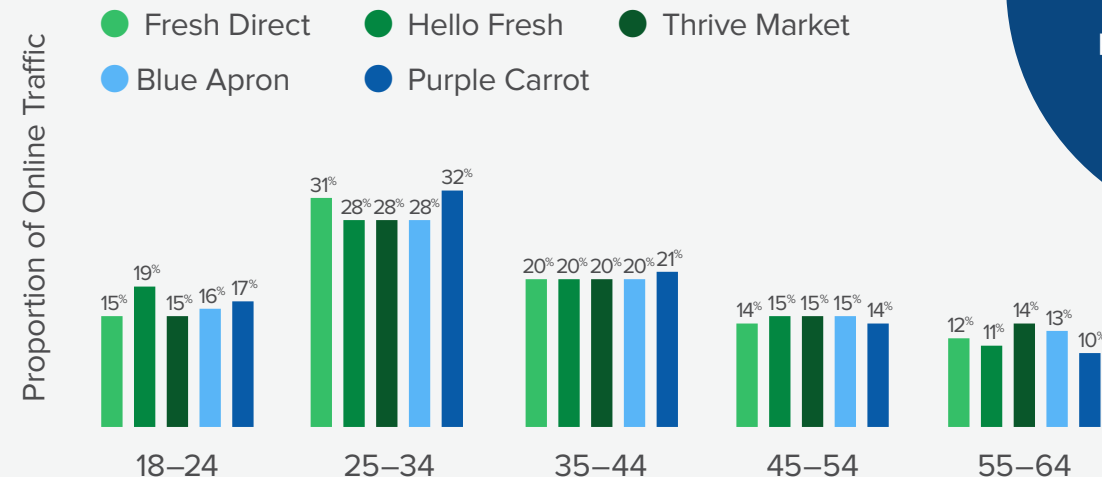
35%
of customers report spending more per visit

3 in 5
customers say they visit fewer stores per shopping trip now compared to pre-pandemic

Grocery brands will continue to develop fresh-and-prepared options + meal kit innovations

While many brands had already pivoted to profitable sales of "grocerant" models, those strategies were halted throughout the pandemic. To recoup, successful brands will instead look to supplant the rising popularity of meal kit providers.

Grocery delivery and meal kit providers attract a younger demographic than leading grocery domains

Proportion of Online Traffic

- Fresh Direct
- Hello Fresh
- Thrive Market
- Blue Apron
- Purple Carrot

18–24
15% 19% 15% 16% 17%

25–34
31% 28% 28% 28% 32%

35–44
20% 20% 20% 20% 21%

45–54
14% 15% 15% 15% 14%

55–64
12% 11% 14% 13% 10%

65+
8% 7% 9% 8% 6%

*SimilarWeb | www.similarweb.com | August–October 2020

52% of grocery shoppers purchase fresh-and-prepared meals at least once a week

34% YOY increase in average weekly website visits for food delivery providers

3 takeaways to help grocers improve CX in 2021

1 Differentiate your digital touchpoints with seamless processes + clear communications

Make sure your user experience is intuitive, clearly communicate pickup instructions / delivery windows, and focus front-line efforts on order accuracy and quality substitutions.

2 Prioritize contactless experiences for in-store shoppers

Craft clear messaging around your brand's commitment to health + safety and distribute broadly through social platforms, in-store signage, and regular intercom reminders.

3 Find innovative ways to win visit share + drive profitable growth

Whether it's third-party delivery partnerships, loyalty program enhancements, or venturing into the subscription meal kit space, grocery brands must explore all avenues to establish themselves as a go-to option.

Navigate the digital transformation without compromising on CX

If your digital transformation strategy still isn't producing significant ROI, it may be time for a revamp. Download the best practice guide to see 5 common pitfalls to avoid and 3 trends to adopt now.

BEST PRACTICE GUIDE

Navigate the digital transformation without compromising on CX

5 common pitfalls to avoid +
3 trends to adopt now

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GET THE GUIDE ▶

As the customer journey changes, stay connected at every turn

SMG works with more than 500 of the world's leading food retailers—including 30% of the NRF's top 20. By combining end-to-end measurement solutions with integrated reporting tools and hands-on professional services, we help grocery brands navigate uncertainty with precision and adapt with agility.

To learn more, visit **www.smg.com/request-a-demo.**

SMG's interactive XM playbook lays out grocery-specific recommendations to help brands set priorities, stay on-task, + evolve their experience management strategy throughout the various stages of the pandemic.

GET PLAYBOOK ▶

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SMG inspires experiences that improve people's lives. We are a catalyst for change, providing actionable customer, patient, and employee insights that boost loyalty and drive business outcomes. Our unique model puts a dual focus on platform technology and professional services—making it easier to collect, analyze, and share feedback and behavioral data across the enterprise. To learn more about our customer experience management, employee experience, and brand research solutions, visit www.smg.com.

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