



# Hungry for something new

Retail consumers crave a different grocery experience

**accenture**

# The pandemic has changed so much in retail

The experience of living through COVID-19 forced consumers to rethink how they shop and eat, and what and where they buy. Grocers rose heroically to the challenge—adapting their businesses quickly as consumers switched their preferences and behaviors.

## Now, as we emerge, what happens next?

Which of the new consumer priorities are here to stay? Which traditional behaviors might be set for a return? And how can grocers deliver the products, services and experiences consumers value most?

**Our latest global consumer research\* explores these questions and we suggest four ways grocers can differentiate their offerings as they emerge from the pandemic.**





# What's next for grocers?

**Accenture's new research explores how consumer priorities are changing. So, what did we find?**

## Higher levels of digital shopping are here to stay

As expected, the pandemic-fueled increase in online shopping shows little sign of being reversed. However, store shopping appears to be set for a strong return too. Recognizing the value of a mixed channel approach, more than 50% of consumers say they're planning to use both stores and online shopping in the future.

## A mix of new priorities... and old

Some consumer behaviors and priorities have been fundamentally changed in the past year. For example, many shoppers have a renewed affinity for their local communities and a preference for local products.

Consumers have rediscovered the benefits of engaging with experts at specialist local retailers. They also have an even greater focus on sustainability and responsibility.

And yet, many of the traditional consumer priorities are as important as they ever were. Convenience, for example, is still king for virtually all grocery shoppers. And price remains paramount. Nearly three-quarters (74%) of consumers say they want grocers to help them save money on their shopping.

More than **50%** consumers are planning to use a mix of stores and online shopping channels in the future

What's next for grocers?

## Consumers are tiring of the same old shopping experiences

There's something else at play here too. Our research suggests consumers are looking for more from the grocery experience. Their interest in and love of food has never been greater. They care about what they eat—even more so after the experience of the pandemic—and they want to be inspired, especially when it comes to healthy options and wellness products and services.

In fact, consumers are clear that they want grocers to step up and help them change their lives for the better. A huge 85% said they want grocery retailers to help them make a whole range of changes in the way they live, shop and eat. For example, consumers are looking for help when it comes to saving time (59%), reducing food waste (61%) and making the process of grocery shopping easier (61%).



What's next for grocers?

## Are grocers delivering these broader experiences?

The truth is that most supermarket layouts and experiences have converged on a similar format and haven't changed all that much in a decade. And that's impacting brand differentiation. Grocers need to be clearer on what their consumers' really value—and what their competitive positioning in the market really is.

The good news? Grocers don't need to do this all on their own. Consumers are willing to play their part—and pay their share—to achieve change. Our research shows, for example, they're prepared to change their eating habits (39%) and shop more frequently (29%). More than one in five (21%) are also willing to pay more if that's what it takes.

## Partnerships with other businesses could be key to revitalizing shopping experiences

Grocers should also be willing to take inspiration from other retail categories. That includes looking at how leaders in areas like apparel and fashion are blending products, services, and experiences, and using data from across the ecosystem to engage more with customers.

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# Four ways grocers can turn up the dial on retail experience

**How should grocery retailers respond to our latest findings?**

**Understand what consumers truly want and value—** whether that's convenience, a love of food, awareness of its origin, or a connection to the local community.

**Decide which consumer priorities to focus on—** differentiate by building on the brand purpose, and deliver the products, services and experiences that customers value most.

**Here are four ways retailers can stake out a clearer competitive differentiation in the post-pandemic grocery market.**

01

## **Convenience Leaders**

Create speedy and seamless shopping

02

## **Inspiration Leaders**

Proactively inspire and delight customers

03

## **Community Leaders**

Create local hubs for customers beyond shopping

04

## **Responsibility & Sustainability Leaders**

Help consumers make changes for planet and people



# 01 Convenience

**Convenience leaders** make their shopping experiences as simple, speedy, and painless as possible. They're also operationally agile and technologically mature—adapting their offering as customer needs change and using digital technology to differentiate their shopping experiences.



# 01 Convenience

## What do shoppers want?

Our research shows that convenience is still the most important element of the shopping experience for both offline and online grocery shoppers.

In stores, that can mean product availability (95%), proximity to home (94%), and being able to shop as quickly and easily as possible (92%).

Online, it means minimizing product substitutions (93%) and having a good availability of home delivery slots (88%).

**95% and 94%** of consumers said product availability and proximity to home were important when considering where to shop

## Where should leaders focus?

- 1. Carefully plan store networks and product ranges** to maximize proximity to consumers—and minimize effort in the end-to-end customer journey.
- 2. Make online and offline shopping as painless as possible**—with faster checkouts and innovative technology-driven wayfinding.
- 3. Use artificial intelligence and data analytics to personalize experiences dynamically** and adapt product ranges and offers to local customer needs.



## 02 Inspiration

**Inspiration leaders** take on a more active role in connecting consumers with the kind of food they love—even if it's something they haven't tried before. They also look to freshen up both store and digital experiences to excite and inspire food lovers and make them want to spend their time with the brand.



# 02 Inspiration

## What do shoppers want?

Our research shows that both store and online shoppers want to be inspired with new products and services (82% and 85% respectively) and healthy meal solutions (82% and 81% respectively).

They're also open to fresh ideas and learning something new, whether that's cooking classes or catering for special events (56%), videos about product nutrition (54%), or picking fresh produce directly from the store (28%).

**82%** of store and **85%** of online shoppers want to be inspired with new products and services

## Where should leaders focus?

- 1. Look to inspire customers** by acting as both educator—explaining provenance and cultivation methods—and expert curator of rapidly changing product ranges.
- 2. Work with smaller specialist brands** and consider providing an outlet for direct-to-consumer products—offering customers something they won't have seen in other stores.
- 3. Reinvigorate retail experiences with new thinking that takes the product beyond the shelf**—whether that's a rooftop vegetable garden, a program of cookery classes, or closer connections with local producers.



## 03 Community

### **Community leaders**

understand their stores can serve a higher purpose beyond the retail transaction. They embed the idea of “local” deeply into the business, showcasing local producers and products, while building new kinds of communities with their customers.





# 03 Community

## What do shoppers want?

One of the consequences of the pandemic was to reconnect people with their local communities. That's not going away—a massive majority (85%) of store shoppers now want to know that their grocery store supports and contributes to the local community.

But grocers also have the opportunity to build their own communities—for example, nearly half of consumers (47%) say they'd participate in a grocer's loyalty scheme if there was a greater focus on local products and offerings.

**85%** of store shoppers want to know that their grocery store supports and contributes to the local community

## Where should leaders focus?

- 1. Expand the role of retail stores so they also become a hub for community** enterprise, employment, and experiences, while engaging with community food banks.
- 2. Consider giving store managers autonomy to source truly local products** (recognizing that there may be technological and operational constraints in doing this at scale in some businesses).
- 3. Look to bring local consumers into operational decision making**, capturing their ideas for innovation, soliciting their views on new products and services, and making them feel like “insiders” in the business.

## 04 Responsibility & Sustainability

**Responsible leaders** know that the vast majority of consumers want them to help make a difference to the health and wellbeing of the planet and the people that live on it. That's true of all ages—the research shows interest in sustainable options is actually higher among older consumers.





# 04 Responsibility & Sustainability

## What do shoppers want?

More grocery shoppers are focused on sustainability—76% said they'd switch their spending to a retailer who better understood how important sustainability is to them.

But improving sustainability is a complex, multifaceted process and each business needs to understand where its consumers want it to focus—38% said reducing food waste, 41% said reducing or removing plastic and packaging, and 44% said reducing food miles by focusing on locally-sourced products would entice them to shop with a retailer.

**76%** of consumers said they'd switch their spending to a retailer who better understood how important sustainability is to them.

## Where should leaders focus?

- 1. Look to guide consumer choices** by offering sustainable ranges and product refills alongside existing products, and being open and transparent about the trade-offs involved.
- 2. Provide recycling, composting, and waste management services** while shifting stores to green energy sources where possible. Make sure suppliers are environmentally sustainable, socially inclusive, and aligned with the brand purpose. Work with others to develop meaningful standardized cross-industry sustainability metrics.
- 3. Consider more innovative approaches**, such as setting up a monthly farmer's market next to a store, that help consumers make more sustainable choices without cannibalizing existing revenues.



# Time for grocers to serve up something different

Of course, grocers still need to focus on getting the basics right—pricing, digital shopping, data use, product information, and more. But that’s simply table stakes in such a competitive market.

What’s required now, as consumers emerge from the pandemic with new priorities, is the need for clear differentiation. This is vital in an industry which has products, stores and experiences that are almost indistinguishable.

But there’s a limited window of opportunity to get it right. As the dust from the pandemic disruption settles, consumer habits are likely to coalesce around new norms.

**The imperative for grocers is to move quickly to understand and guide this process, stake out a clearly differentiated position, and use it to lead in their markets over the next decade.**



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## About the Research

\*All data refers to the **Accenture Consumer Grocery Research 2021** conducted with more than 4800 respondents in 12 countries (Canada, Denmark, Finland, France, Germany, Italy, Norway, Netherlands, Spain, Sweden, UK, and US) in March and April 2021.

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