



Industry Trends & Insights

Wizard of Lightbulb Moments

Let's be clear ... the uptick in e-Commerce over the last year was not due to an age of enlightenment on consumer's part, which has now led us to a "new normal". Consumers were forced into this age of aggressive e-commerce adoption due to COVID-19. E-Commerce use increased when COVID-19 was announced as a pandemic in March 2020. The increased adoption was driven by fear, anxiety, and distrust. Not a shock – it was a survival response – literally. But what is more likely? That it is the new normal or that it is a temporary behavioral change due to circumstance? It is the latter. How do we know? Because consumers have an even stronger desire to return to retail and restaurants. As immunizations increase and COVID-19 cases decrease -e-Commerce use will decrease. Will e-Commerce return to pre-COVID-19 levels? Of course not. Sales will drop but maintain a new higher baseline. There are a few noteworthy reasons e-Commerce will not maintain current sales levels post COVID-19. First, technological advances can never replace human contact. It cannot replace the consumer experience of seeing, touching, and choosing products themselves in retail. It cannot replace sitting with friends over a meal away from home. It cannot replace celebrations traditionally occurring away from home. It cannot replace the experience of attending live sporting events, concerts, and other public social events. There is also an elephant in the room. COVID-19 has also caused an uptick in concern and interest in Sustainability. Sustainability is generally incompatible with e-Commerce. E-Commerce, including meal delivery services, generates an increase in packaging waste, non-recyclable plastic waste, and with the increase in shipping – an increase in carbon footprint.

And don't even get me started on ghost kitchens...

The Top Priority for Online Shoppers Is...

According to Linnworks', "The Effortless Economy: A New Age of Retail," 76% of respondents cite convenience as a top priority when it comes to online shopping. In addition, 78% say they value ease and convenience now more than they did prior to the COVID-19 pandemic, and 74% say the majority of their shopping will be done online moving forward because it is convenient. And 84% of respondents expect retailers to keep services like buy-online, pick up-in-store (BOPIS) and curbside pick-up operational long-term. In terms of what constitutes convenience, 81% expect retailers to offer seamless purchasing across devices, and 51% have abandoned a purchase due to having to restart their order on a separate device. Fully 35% have made a purchase directly through a social media platform, while 27% say they haven't yet but would try it. Almost three in 10 (28%) say they have utilized a buy-now, pay-later option when shopping online, and another 24% say they're open to the idea. Of those who have used flexible payment options, 89% say it makes purchasing decisions faster and easier and 70% admit to making an impulse purchase due to having flexible payment options available. When it comes to the final steps, 95% say shipping factors into their overall purchase decisions. While 61% say they are more willing to shop with brands that offer next-day delivery, 72% say they have abandoned a purchase due to lack of transparency around shipping.



Sources: Blue Yonder, Linnworks

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KEY INSIGHTS

51% abandoned purchased due to having to restart their order



73% purchased grocery items online within last 3 months



49% would choose in-store shopping over buying online next year



Digital grocery sales have grown by 125% over the last 52 weeks



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The Top Reason for Online Grocery Shopping

According to an 8,000 US grocery shoppers from PowerReviews, 73% of respondents had purchased grocery items online within the most recent three months of being surveyed. This compares to 17% in 2017. The most popular reasons for buying groceries online included time savings (59%), personal safety (49%), avoiding impulse purchases (31%), ease of comparing products and prices (24%), ease of access to product information including reviews (22%), and difficulty getting to a grocery store (20%). The survey also reveals that ordering directly from a local grocery store, vs. services such as Instacart or Amazon Fresh, is the most popular way to shop for groceries online. Two-thirds (65%) of respondents say they have ordered online groceries directly, compared to 22% who have used an online-only service, such as Amazon Fresh or Boxed.com. Other popular options are a third-party delivery service, such as Instacart (20%) and meal boxes such as Blue Apron or Hello Fresh (15%). Of respondents who shop via online grocery services, 34% use more than one. Sixty-one percent of respondent buy groceries online more often since the beginning of the COVID-19 pandemic, compared to 37% who have not changed their online grocery habits and only 2% who buy groceries online less often. More than nine in 10 respondents (93%) had made an in-store grocery purchase within the most recent three months of being surveyed, while 95% of respondents who shopped for groceries online had also made an in-store grocery purchase within the same time period. The accelerated adoption of online grocery shopping is being led by millennials, with 80% making a purchase in the past three months, followed by 74% of Gen Z and 72% of Gen X. This compares to 60% of baby boomers. Drinks such as juice, soda and bottled water are being bought by 58% of online grocery shoppers, up from 33% just four years prior. Slightly over half (56%) of online shoppers are buying perishable foods such as meat, produce and dairy, an increase from 47% in 2017. And 54% of online grocery shoppers have purchased frozen foods, up from 32% in 2017. Finally, 17% of online shoppers bought alcohol, up five percentage points from 2017. The groups most likely to try a new item are millennials at 89% and Gen Z (87%). And 58% report being equally as willing to buy a new grocery product online as they are in-store.



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Young Consumers Drive Social Shopping Trend

Thirty-two percent of US consumers use social media for product discovery, according to the 2021 Shopper Experience Index from Bazaarvoice. However, broken down by age, that number rise to 43% of 18-to-24-year-olds and 47% of 25-to-34-year-olds. When shopping on a brand or retailer's website, 42% of consumers won't purchase if there isn't user-generated content available on the product



page they're on. And 49% of shoppers look on product pages for customer photos, followed by other websites where the product is sold (47%) and search engines (35%). Also, 36% have reduced their in-store trips, 18% said they're only going in-store for essentials, and 20% said they are not shopping in-store at all right now. Online ordering was up 39% year-over-year in 2020 globally. However, 49% would choose in-store shopping over buying online for the next year and 52% say what they value most about an in-store shopping experience is the ability to touch, see, and try on products, while 47% say shopping at a brick-and-mortar store is how they feel most connected to the brands they love. Fully 82% shoppers like the idea of receiving free samples, while 53% are willing to write a review of the free products they've received, and 28% say they will post a review on social media. Grocery is the most popular vertical that shoppers will buy private label (57%), followed by apparel and accessories (47%) and home goods (46%). Forty-seven percent of shoppers have intentionally purchased private label products in the past year.

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Sources: PowerReviews, Bazaarvoice

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Identifying Barriers to Buying Online

NielsenIQ identified barriers to buying online. While digital grocery sales have grown by 125% over the last 52 weeks, NielsenIQ said fresh, frozen and refrigerated foods are falling behind. Looking at fresh, frozen and refrigerated items, the top three barriers to online were that 46% prefer to buy those items in person, 37% of respondents said they had skepticism around product quality, and 28% said they needed the items immediately. Over the last 52 weeks, 21 of the top 30 categories with the largest dollar share of online sales have gone to health and beauty products. By comparison, 25 of the top 30 categories with the highest dollar share of in-store sales have been food items.



Sources: NielsenIQ

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Recorded Webinar & 2 New Reports Available Now! Shifting Sands Forecast: Trends Shaping the Food Industry in 2021/22

Due to the overwhelming response we had to our webinar review of **Shifting Sands Forecast: Trends Shaping the Food Industry in 2021/22**, we are excited to announce that we have posted the recording on our website! In case you were not able to attend, please watch the replay at your convenience at:

<https://culinarytides.com/trends-forecast-report>

We are also excited to announce we have expanded our report options to include:

- The original full report reviewed in our Webinar
- A new Food focused version of the report
- A new Beverage focused version of the report

10% off price for Subscribers, Write in Code "CT May21" on report agreement to receive discount!

Visit our website to see more details, watch the webinar, and read testimonials of this year's report!

Here is what clients are saying about this report:

"Because of COVID-19, we were having challenges prioritizing our pipeline. This report helped us focus our efforts."
Beverage industry client

"We weren't sure how to get out ahead of consumers, this report helped us fine tune our ideas and messaging" Sr. Marketing Executive

"We weren't sure which trends we could count on sticking around after this crisis so we were feeling kind of stuck. My crew loved this report because it got us moving forward again." Restaurant Strategy Team Lead

"My team was having trouble understanding how health trends were influencing ingredient trends and this report let us realize there was a new opportunity we hadn't thought of." Snack Industry Product Developer

"We were getting bogged down in worrying only about the micro trends and how quickly we could activate against them. This report helped us take a step back and plan ahead for the macro trends to make our R&D and marketing more efficient."

"This report is not only a master file of trends impacting the food and beverage industry from every angle, but it's helping us connect the dots between trends to get a clearer picture of where our best opportunities lie."

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