



Reorientation of Consumer Expectations as the Pandemic Unfolded

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Abstract

Consumer expectations are benefits and values as perceived by consumers when they buy a good or service. To be successful, a company's pivotal goal would be to meet or exceed their expectations. The consumer market they have been facing since the onset of the COVID-19 pandemic is radically different. The pandemic has exerted a significant influence on the consumer's expectations with an increased awareness on physical & mental health as well as the e-commerce rush due to social distancing norms. Consumer expectations unveil the economic outlook of households, its glaring aftermath being- changes in current economic activity.

The first objective of the study is to analyze the changes in consumer expectations caused by the pandemic with regard to the shopping of grocery and hygiene products. The second objective of the study is to understand how businesses have adapted to this gargantuan change. The study is primarily centered on quantitative analysis and qualitative analysis. Weighted average is being used to find the average scores given by respondents. Consumers have placed an emphasis on online shopping for stress-free, safe and convenient shopping; cleanliness and hygiene and expected stores to follow the necessary social distancing norms. This has caused various shifts in the patterns of grocery shopping. Little is known about the dynamic relationship that exists between grocery



shopping and the COVID-19 pandemic. Hence, this research paper attempts to fill this research gap.

Keywords: Consumer expectations, COVID-19 Pandemic, Groceries, Consumer Behaviour, Marketing Strategy, Innovation.

Introduction

The COVID-19 pandemic has hugely influenced the everyday lives of people. Shopping behavior and consumer expectations have had striking changes with the onset of the COVID-19 pandemic. In a majority of the countries, consumers have shifted to buying only essential goods. In India, however, one segment of the population spends for festivals and wedding seasons (McKinsey & Company, 2020). Essential good's retailers including food and groceries are facing an increased demand for home delivery services. They also face problems in terms of supply chain management, inventory, delivery and sustaining a safe environment. Consumers are beginning to get accustomed to the new ways of shopping. Grocery shopping online along with home delivery services will be more sought after (Roggeveen & Sethuraman, 2020). These changes in consumer behaviour can be attributed to the fear they have towards the virus.

Grocery shopping is indispensable to everyone's life, however little is known about the dynamic relationship that exists between grocery shopping and the COVID-19 pandemic (Grashuis et al., 2020). In order to understand this situation, the paper investigates the changes in consumer expectations and behavior for grocery shopping with the COVID-19 pandemic being the point of reference.

Objectives of the Study

1. The first objective of the study is to analyze the changes in consumer expectations caused by the pandemic with regard to the shopping of grocery and hygiene products with the aid of primary data.
2. The second objective of the study is to understand how businesses have adapted to this gargantuan change. This analysis will be substantiated by case studies and secondary data.

Significance of the Study

Little is known about the dynamic relationship that exists between grocery shopping and the COVID-19 pandemic. This paper aims to fill this research gap.

Methodology

- The study is primarily centered on quantitative analysis based on primary data to understand consumer expectations and qualitative analysis to understand how businesses have coped with the change.



- The results of the survey are represented in the form of pie charts and graphs.
- Weighted average -is the statistical tool being used to find the average scores given by respondents for importance of: social distancing norms followed by the store, store/product cleanliness and hygiene before&after the pandemic.

$$\bar{X} = \frac{\sum_{i=1}^n W X_i}{\sum_{i=1}^n W}$$

Section I- Survey Study on changes in Consumer Expectations

A survey study was conducted with 100 respondents from the state of Tamil Nadu. They were asked questions on the mode of grocery shopping preferred during the pandemic, importance given to social distancing norms, importance given to store/product cleanliness by the respondents before and after the pandemic and preference between online and offline modes of shopping for groceries.

Scope

- The study was restricted to the residents of Tamil Nadu in India and was a pilot study.
- The number of respondents were restricted to 100 consumers.

Limitations

- The study suffers from the limitation of convenience sampling bias.
- Implications of the public sector have not been taken into consideration.
- The predicaments of rural markets have not been taken into consideration.

Results and Analysis

Fig. 1: Mode of Grocery Shopping Preferred by the Respondent during the Pandemic



Fig. 1 represents the respondent's desirable choices that were made during grocery shopping. 46% of the respondents preferred home delivery options from a grocery store, 20% opted for online shopping, 11% preferred to place orders online & pay/pick up the product from the store and only 23% preferred buying groceries in store which was the conventional shopping method before the pandemic. The results revealed that a majority of the consumers preferred modes of online shopping with least physical contact during the pandemic and have shifted to new modes of shopping ensuing the wake of the pandemic.

Online retailers have seen the highest increase in consumer expenditure. There has also been an escalation in grocery delivery demand. In an environment of an ongoing pandemic, shoppers experience disutility when they shop in a store (Grashuis et al., 2020).

Fig. 2: Importance given to Social Distancing Norms in the Grocery Store by Respondents

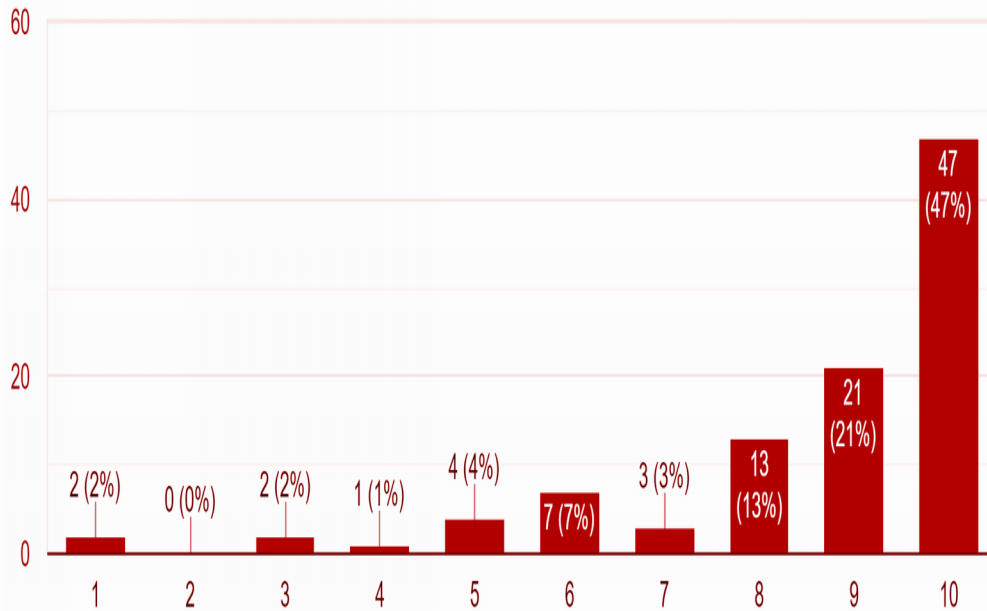


Fig. 2 represents the respondents' responses when they were questioned on how important the social distancing practices followed by a store was to them. For the above question, the respondents were asked to give a rating between 1-10(1 representing that adherence of social distancing norms by the store was not important to them; 10 representing that adherence of social distancing norms by the store was extremely important to them) . A majority 47% of the respondents selected 10, 21% gave a 9 and the rest of them gave a rating ranging from 1 to 8. The weighted average score of the respondents was 8.58 indicating that a substantially high degree of importance was given to the stores adhering to social distancing norms.

Fig. 3: Importance given to Store/Product Cleanliness by the Respondents before the Pandemic

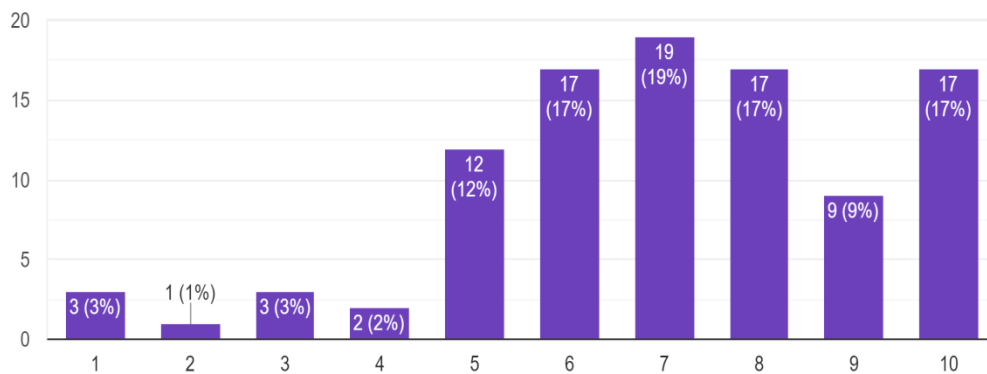




Fig. 3 illustrates the answers respondents gave when they were questioned on how important the store/product cleanliness was for them before the pandemic. It was seen that the respondents were less concerned about the cleanliness practices that were followed by grocery stores before the pandemic. Only 17% of the respondents were extremely concerned (with a rating of 10) about the store's hygiene. The rest of the respondents gave a rating between 1-9 (1 representing that store/product cleanliness was not important to them; 10 representing that store/product cleanliness was extremely important to them). The weighted average score of the respondents was 7.04 for how important store/product cleanliness was for them before the pandemic.

Traditionally, the hygiene standards in supermarkets and grocery stores meant glistening floors and shiny glass counters. But today, in a post COVID-19 world, these would not be enough to fulfill the consumer expectations and grocery stores which fail to meet these consumer expectations for cleanliness, safety and hygiene standards will eventually lose their sales and loyalty.

Fig. 4: Importance given to Store/Product Cleanliness by the Respondents after the Pandemic

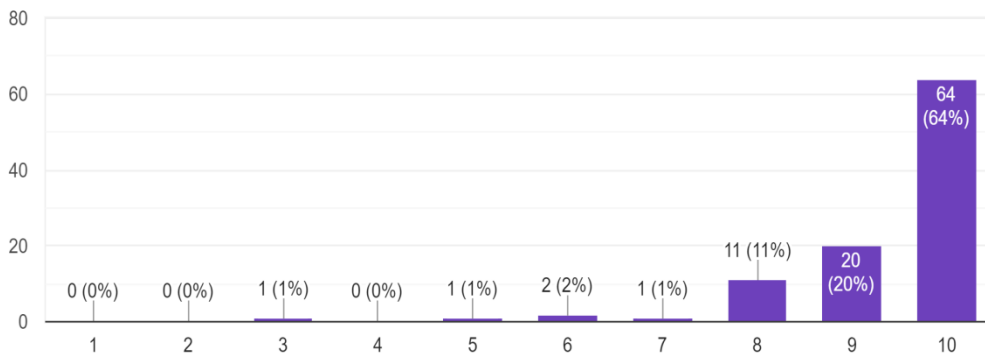


Fig. 4 represents the importance respondents rendered towards store/product cleanliness after the pandemic. A majority of 64% of the respondents thought that cleanliness practices became extremely important for them after the pandemic. The weighted average score of the respondents was 9.35 for how important store/product cleanliness was for them after the pandemic. There was an increase of 32.81% in the importance given to store/product cleanliness before and after the pandemic.

COVID-19 has created enough awareness among consumers and businesses about basic cleanliness and safety standards. One of the most prevalent challenges that businesses face today is the dynamic nature of consumer expectations and how swiftly those expectations can change. Consumer's outlook on safety and cleanliness is binary which means it can either lead to increase in trust or no trust. If a business accomplishes the hygiene and safety requirements, it is one stride nearer to the chance of re-engaging with a customer. If a customer's needs are not met, then they could simply select another brand.

Fig. 5: Preference between Online and Offline Modes of Shopping for Groceries

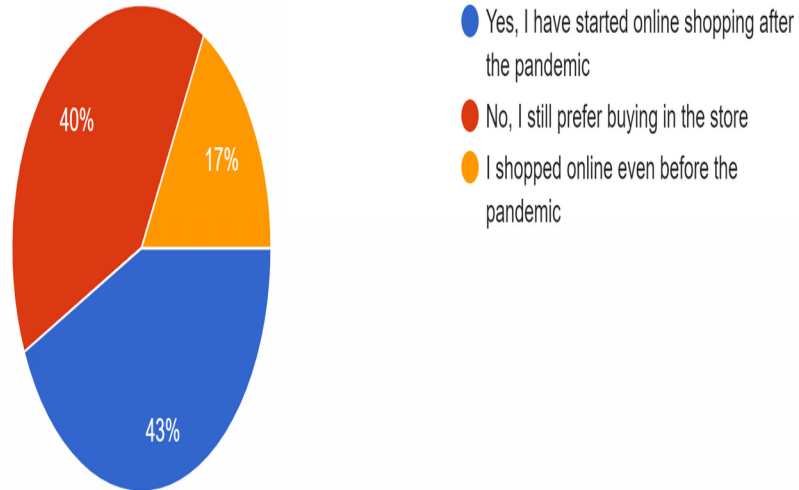


Fig. 5 represents the consumers' response when they were asked if they had started to buy groceries online after the pandemic. More than half of the respondents resorted to online modes of shopping during the pandemic. Out of which, a majority of 43% of the respondents highlighted that they had started online shopping after the pandemic started and 17% shopped online even before the pandemic. However, 40% of the respondents said that they still prefer groceries in the store

After COVID 19, people considered online shopping to be more safe and convenient. India has seen a huge rise in the number of FTUs (First time e-commerce Users) who had been unforthcoming to do online shopping so far. The SARS outburst that diseased more than 2700 people in the year 2002, is also known to have intensely transformed consumer's shopping practices as they were afraid of shopping out-of-doors (Halan,D et al.,2020).

Convenience sought out by consumers was primarily more about stress-free availability than time consumption. When contemporary consumers found shopping in-store stressful, they sought out other means of shopping (Renner et al., 2020).

Fig. 6: Frequent Grocery Shopping Pattern followed by the Respondents during the Pandemic

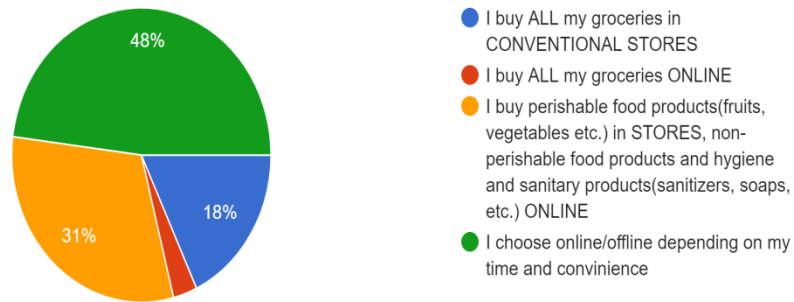


Fig. 6 represents the respondent's frequent grocery shopping patterns during the pandemic. It was seen that consumers' grocery shopping patterns have changed drastically after the outbreak of COVID-19. 48% of the consumers purchase their groceries online/offline depending upon their time and convenience, 31% buy perishable foods in stores and non-perishable foods; hygiene and sanitary products online, 18% revealed that they buy all their groceries in conventional stores only and the remaining 3% consumers said that they buy all their groceries online.

Although online shopping has picked up hugely, consumers still prefer the conventional brick and mortar stores in some cases. It is evident that only a minimal fraction of the consumers are completely dependent on online shopping.

Fig. 7: Preference for Quality or Price while Engaging in Online Shopping

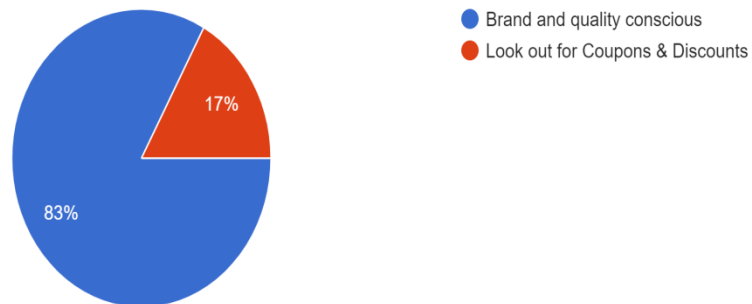


Fig. 7 represents the consumer's preference for quality or price while engaging in online shopping. 83% of the respondents felt that brand and quality of the products were very important to them. The remaining 17% of the respondents look out for coupons and discounts. It is evident that consumers have become more quality conscious with the wake of the pandemic.

According to a recent Capgemini report (Brosset et al., 2019), cutting edge technologies such as Artificial Intelligence (AI) have been used by various manufacturers to adjust with the pandemic induced 'new normal'. Quality control is one of the most important applications of AI. Moreover, it is more accurate and faster than ever before.



Section II- Reshaping of Businesses in Accordance to the Changes in Consumer Expectations

Grocery Markets around the World

All around the world, google searches for the terms “local food” and “food delivery” reached an all-time high in April. Supermarkets and delivery giants became overwhelmed quite soon with the lockdown pressure. Alternative food projects and hyperlocal projects were quicker to adapt to the situation. There are bright sides to supporting local projects: they indulge in organic and sustainable farming, they are most often committed to paying fair wages and are diverse and community driven. In the UK, “veg boxes” are 6 times more sought after during the pandemic than before it started (Shveda, 2020). Veg box schemes help people get delivery of local farm produce. This could also be in the form of getting the products from a pick-up point: generally on a weekly or fortnightly basis (LowImpact). These boxes could include: fruits, vegetables, eggs, meat, dairy produce, etc. This pandemic has begun a wave of innovations and has increased awareness on how our food systems actually function. (Shveda, 2020)

Target corporation is a mass merchant of groceries. Since March, online sales have increased for food & beverage and health & beauty essentials. In response to this, they have redeployed store members to pack and ship orders to meet the soaring demand for shipping orders. For drive up service, it has added more parking spaces and increased staff for services such as drive-up fulfillment and order pick up. According to Walmart’s announcement on April 17, it hired 150,000 additional employees in response to the pandemic situation. 85% of the employees hired were for part-time or temporary jobs. H-E-B, a grocery store based out of Texas offers express delivery within 2 hours Amazon dealt with the unprecedented grocery demand by hiring employees, augmented availability of grocery delivery services and new online customers were put on a waiting list (Melton, 2020).

The BOPIS stands for Buy Online, Pick up in Store. This model is being widely adopted in order to meet the expectations of consumers. According to a Fisher study, 90% of the online shoppers stated two factors that put a stop to them making an online purchase: high prices of shipping and delivery services that take longer than 48 hours. BOPIS serves as a solution to this problem. The steps involved:

1. Customers buy online- with the aid of a website or an app.
2. The store fulfills the order.
3. The customer picks up the order in a brick and mortar store.

There is a need for real-time inventory management and capabilities. The benefits to consumers are: quick service, no shipping price to be paid, The benefits to retailers would be: increased purchase orders, lower costs of shipping and improved inventory management (Gannon).

Grocers are devoted more of their floor place to carry through online orders, in response to increased reliance on online shopping. The chief executive of an Idaho-based chain said “The principle of that is to make things easier for the shopper”. Before the pandemic, there was not much investment in digital investment. However, with the wake of the pandemic more investments are



made for digital improvements for the consumers who would avoid shopping in person. However, delivery services could be very expensive for grocers. The solution to this issue would be expanding pick up (Kang, 2020). Pickup orders fuel sales for grocers with increased margins in comparison to deliveries. They pin hopes that consumers will continue to prefer this option even post-pandemic (Haddon & Kang, 2020).

Grocery Markets in India

Many studies manifested that online grocery shopping has increased tremendously. Many studies indicate that there is an increase of 76% in online shopping when compared to last year. According to LocalCircles, 80% of the consumers have chosen online shopping not because of price, but because of convenience. The sales of online grocery websites namely BigBasket and Grocers have escalated and Zomato, JioMart, Swiggy have started grocery delivery as well. At the same time, grocery sales of Flipkart and Amazon have increased. BigBasket pronounced its new acquisition of consumers increased by three times when compared to pre-covid levels and new consumer cohort retention has increased by 60%.

Additionally, food delivery apps have collaborated with smaller grocery stores as well as farmers to sell local produce. According to the CEO of Flipkart, Kalyan Krishnamurthy, the growth of the e-grocery market has tremendously increased during the months of the pandemic. The purchase of organic vegetables and fruits has become more widespread(Lal, 2020).

Around one-third of the consumers have begun to purchase from new shops/merchants and are not likely to switch back to the merchant they originally purchased from. This could be attributed to the shift to online shopping, unsafe/unhygienic environment of the shops they visited previously and preference of proximity to their residence. According to a survey conducted with 560 participants during the COVID-19 lockdown, the key factors for deciding where to shop was: location of the shop, how crowded the store was and proximity (PTI Agency, 2020).

Innovative Approaches that have been Introduced for Grocery Shopping Amidst the Pandemic

Aldi, a UK based grocery store chain introduced the “automated traffic light system” to ensure social distancing protocols were maintained. It will determine the number of consumers that could be let inside a store based on the layout and size of the store. A red light would indicate that the store is completely packed and a green light would indicate that there is sufficient space for the next consumer to enter the store. LineScouts’ app indicates the level of congestion in a local store using a “busyness score”. The SmartDome app checks if consumers are adhering to social distancing norms with the help of security cameras. The OpenTable app can limit crowds entering the shop and reduce the waiting time. Fairway Markets’ app allows shoppers to scan product barcodes and after they are complete with the shopping, a QR code indicates that they are ready to pay. A WhatsApp chatbot in Lidl helps shoppers find a convenient time to shop. Pepper, the robot in a Germany-based grocery chain regulates the process of checkouts and advises shoppers on coronavirus precautions (SpringWise, 2020).

Conclusion



The study elucidates the changes in consumer expectations and behaviour in the course of the pandemic. They have placed an increased emphasis on online shopping for stress-free, safe and convenient shopping; cleanliness and hygiene and expected stores to follow the necessary social distancing norms. It is evident that utmost importance was placed on their safety and health. This has caused various shifts in trends and patterns of grocery shopping.

The grocery market, selling out essentials for every household has not faced the brunt of the pandemic as much as other industries. However, with changing expectations, there was a pressing need for companies to adapt to the situation and satisfy the emerging needs of the consumers and retaining old customers as well as attracting new customers. Manifesting 'survival of the fittest', only the malleable and innovative stores/brands, catering to the dynamic nature of consumer expectations have sustained in the pandemic.

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