



2021 GROCERY TRENDS



Throughout a year of uncertainty with rapid adjustments made for the coronavirus pandemic, implementation of digital technologies has been vital to grocery operations in 2020. With automation and online orders, grocery retailers have been able to better provide for their customers, especially as people evaluate health risks and seek out safe shopping options. This has highlighted the importance of the customer experience, as grocery retailers attempt to make more of an effort to connect with consumer needs through use of analytics. Overall, the customer will continue to be the most important driver for grocery industry trends as we move into 2021.

TREND #1:

Automation is enabling a different way of shopping

In a digital world, automation is being more and more rapidly implemented across many industries, including grocery. Many grocery retailers are considering automation as a strategic imperative to improve store performance and brand loyalty. Automation is enabling opportunities for a new shopping experience for consumers in the form of services like subscriptions, kiosks, and sensor-based payments.

The Amazon Go app has been increasingly indicative of the future of automation in grocery, since this automated technology allows customers to conduct their shopping without the need to wait in a long checkout line. Similarly, stores that implement automated kiosks can provide convenience by reducing the time that customers must spend at a grocery retailer, as employees pre-prepare grocery orders for customers to pick up. This automated kiosk technology has recently been tested by [Walmart and Amazon](#).



Subscription services also continue to demonstrate a rise in popularity. These services provide flexibility and facilitate easy shopping experiences for customers while also benefitting grocery retailers, since staple items can be shipped on a schedule that works best for the consumer which provides consistency for the grocery retailer. Additionally, subscribers tend to spend more after starting a subscription service compared to other consumers who do not participate in a subscription service.

TREND #2:

Online ordering will remain a focus post-COVID

After months of lifestyle adjustments due to COVID-19, online orders for grocery retailers are expected to stick around. Online order sales have been relatively stable, even as overall grocery sales are lowered compared to the surge at the earlier stages of the pandemic in March 2020. Online grocery shopping is expected to continue to rise in 2021.

Online orders can present major opportunities for grocery retailers to acquire new customers as omnichannel strategies become more and more popular. Giving consumers the choice to receive their groceries through options like delivery and curbside pickup can make shopping easier for them, however, the costs of fulfilling these online orders can present a challenge for the grocery retailer. Complexities and time inefficiencies in selecting baskets for customers makes online ordering more difficult for grocery compared to other retailers, but these logistical issues can be mitigated.

In the case of online order deliveries, some grocery retailers are able to lower logistical costs through things like temperature-regulated lockers. Additionally, grocery retailers are utilizing micro-fulfillment warehouses to improve online demand for services, while also enabling stores to remain fully stocked. Micro-fulfillment warehouses can combine the efficiency of warehouse picking with faster delivery speeds due to better proximity to customers. Robotic solutions are another option that many businesses are exploring. While online orders can provide many benefits for customers and help grocery retailers increase business, there are still issues to be resolved in 2021, such as lowering order error in late deliveries, reducing the number of missing products, and managing substitutions to avoid fault.

Amazon and Walmart are expected to lead the growth in online shopping in 2021, with sales expected to reach 29.7 billion.

SOURCE



TREND #3:

There will be a heightened focus on customer experience in 2021

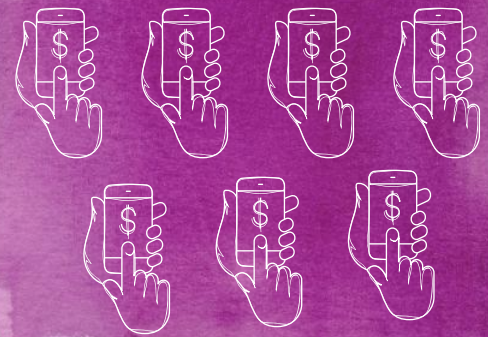
Shoppers are seeking special and unique experiences in retail, and grocery is no exception to this trend. Especially in the wake of the coronavirus pandemic, consumers will want to continue to feel a sense of safety throughout their shopping experience, which means that grocery retailers should continue to promote social distancing, frequent sanitation, and other preventative measures.

In 2021, customer experience will rank higher in importance for grocery retailers as they seek to gain business from loyal customers, working to help make the task of grocery shopping as pleasurable and convenient as possible for them. Websites and mobile apps can help grocery retailers communicate with consumers about available products, deals, and other relevant shopping information like educational resources. These platforms should be designed for easy use, and can even target customers while they shop to highlight special discounts on nearby products. Apps for grocery retailers have seen a great surge in utilization in the last few years, with usage expected to reach an overall increase of 133% by 2021.

Mixed-use space is another growing customer experience element in that it combines grocery stores with restaurants or sectioned-off eating areas to allow customers to purchase grab-and-go food and take a break from their shopping for a bite to eat. Offering a variety of prepared foods in these spaces can cater to consumer preferences and introduce customers to new items sold in the grocery store. Mixed-use space can also help larger retailers establish ties with local communities, by hosting local chefs or programs.

**Increasing
by nearly 16
million since 2017,
the number of adult
grocery app users
in the US is
expected to reach
27.9 million by 2021.**

SOURCE



TREND #4:

Consumers want sustainable products and alternatives

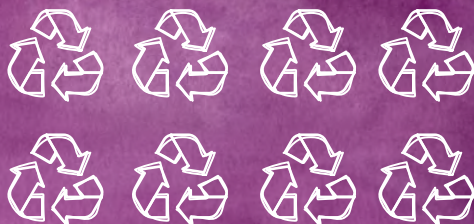
Sustainability has been at the top of many consumers minds in recent years, and this trend will continue to gain importance in 2021. Recent news has been centered around clean packaging, plant-based foods, and regulations for organics, and 80% of millennials believe that being eco-friendly will improve their quality of life. Therefore, grocery retailers should focus on carrying products that promote eco-friendly elements.

Products with clean packaging that can also ensure high food quality will be in higher demand in 2021, echoing consumer expectations and interests. Consumers view plastic packaging as damaging to the environment, so other alternatives will be optimal to serve these shoppers. Recently, grocery giant Kroger announced their plans to achieve 100% sustainable packaging for their Our Brands products in the next ten years, exemplifying how important this trend is.

Plant-based foods have also taken center stage. Plant-based meat products, which increased sales by 148% from 2019 to 2020, also performed better when presented as an alternative option alongside other meat products in the meat section of the store. Grocery retailers should certainly explore plant-based options for this growing shopper segment. In 2021, plant-based products are likely to grow rapidly and become increasingly common in stores.

Plant-based meat sales are 148% higher in 2020 compared to 2019, showing promise in 2021.

SOURCE





TREND #5:

Analytics should be a core focus for grocery retailers

As various technologies become more prevalent and available to help boost customer experience and assist with COVID-19 prevention in grocery stores throughout 2020, analytics will become more beneficial than ever. Using analytics, grocery retailers can make impactful improvements.

89% of people are likely to recommend a brand after a positive experience with the brand through a mobile channel.

SOURCE



For example, an [Adobe Labs](#) project is using traffic tracking to segment customers based on their interests, which can help better target shoppers. Additionally, customer data can be collected through grocery retailer apps, websites, and loyalty programs. This helps determine customer preferences and habits, which can be used to serve helpful information, discounts, and advertisements.

[Artificial intelligence](#) can also be utilized

to understand gender and age preferences across demographics. All of this data can analyze sales and determine optimal pricing strategies, improving business reaction speed and flexibility as consumer interests change and outside factors influence purchase decisions.

If grocery retailers implement effective data analytics in 2021, they can provide more personalized experiences for grocery shoppers and build their brand. Since [positive brand experiences](#) via mobile devices lead 89% of people to recommend the brand, emphasis should be placed on mobile apps and website optimization as primary data collection and service platforms. Focusing on analytics will help brands meet goals and best serve consumers in 2021.

Going Forward

Grocery retailers should capitalize on opportunities to try new digital technologies as consumer behavior post-pandemic remains somewhat uncertain in 2021, with the goal of providing features for convenience, comfort, and safety. It will be important to assess innovations for a world recovering from a major public health crisis, building a strong brand reputation and obtaining loyal customers through more personalized experiences made possible through automated checkouts or online ordering, with shopping behavior information collected, analyzed, and utilized to provide customers with their best shopping process.

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