Buying essential goods

Changing consumer behavior through the 2020 Covid-19 pandemic
A South African Perspective

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Why the was study undertaken

01

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South Africa was placed in a nation-wide lockdown since 26 March 2020, for a 3-week period, to flatten the curve of the Covid-19 pandemic. The lockdown was extended with another 2 weeks, where after a phased approach to economic activity was implemented.

Everyone's reality changed drastically overnight - how we work, where we work, how we live and how we sustain ourselves.

The study aimed to understand how South Africans adjusted to the changes, especially how essential goods (before, during and potentially after the lockdown) are purchased. Consumers' buying behavior would be affected, and we wanted to gain some insight into how retailers can redesign their customer experiences around a new reality.

02

How the study was executed

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The study design focused on the purchasing of essential goods. This was South Africans' only permitted economic activity within strict rules. Only essential goods could be purchased, and in-store behaviour was regulated. With restrictions of movement, many consumers resorted to online shopping . South Africa's e-commerce adoption has not yet reached maturity.

The study was designed in Survey Monkey and promoted and distributed in social media. It included open-ended questions to provide respondents an opportunity to share their opinions and ideas.

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Who took part

03

Demographics

- **Sample**

179 respondents

- **Gender**

75% of respondents were females

- **Age**

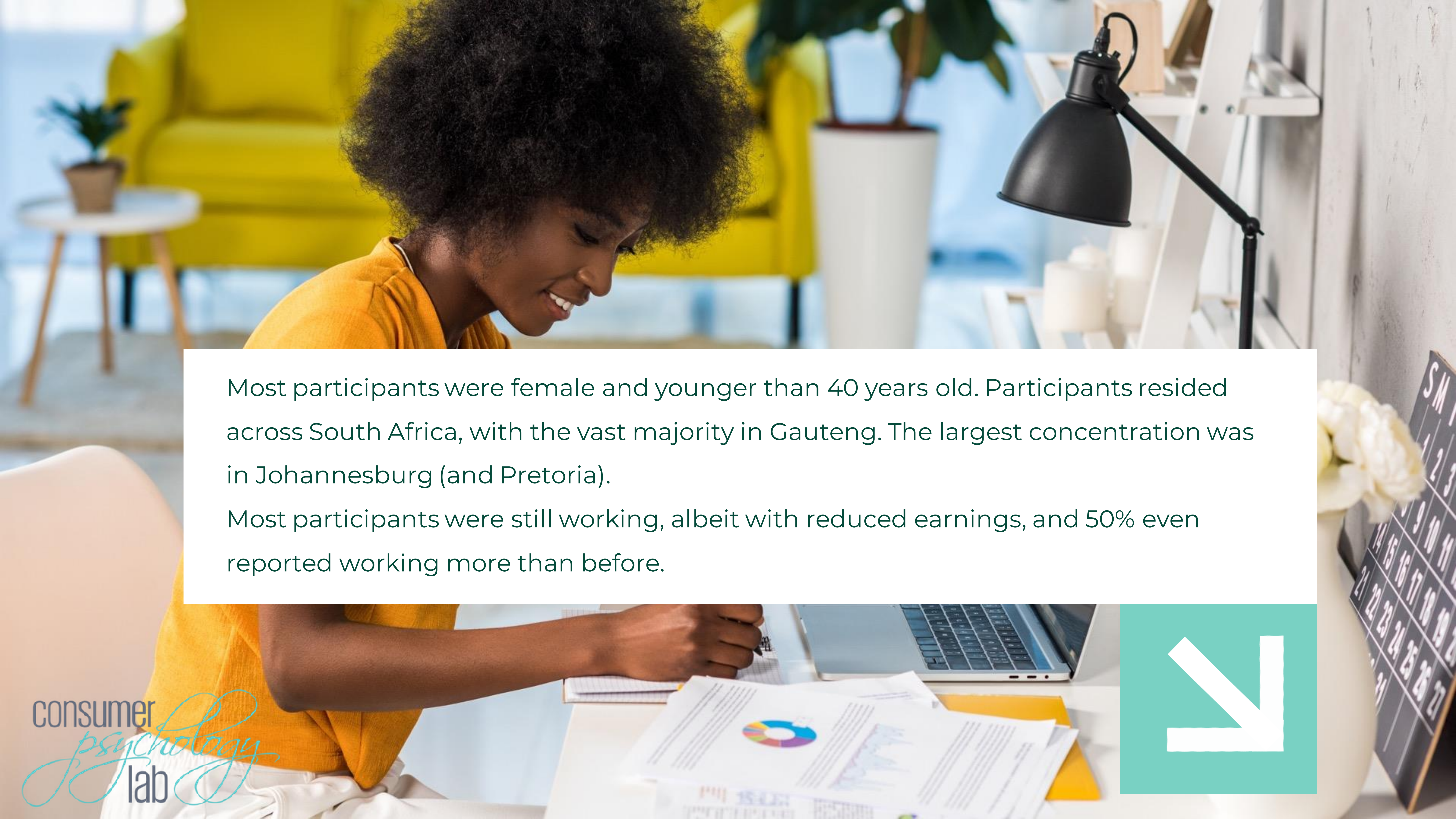
47% were between 20 to 40 years

- **Footprint**

89% Gauteng
(Johannesburg and Pretoria)

Current Work reality of participants

- 60% still working
- 42% reduced income
- 39% full earnings
- 37% working less
- 50% working same or more



Most participants were female and younger than 40 years old. Participants resided across South Africa, with the vast majority in Gauteng. The largest concentration was in Johannesburg (and Pretoria).

Most participants were still working, albeit with reduced earnings, and 50% even reported working more than before.

Shopping before lockdown

04

- Online shopping in general
- Buying groceries
- Medical supplies

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Online shopping

Before lockdown

Online shopping prior to the lockdown

64% of the respondents purchased items online prior to the lockdown.

Exposure At least over past 2-5 years (70%).

Frequency Online was mostly use on an occasional basis (68%).

Most **popular** purchased **goods**:

- 68% Clothing & accessories
- 61% Books, music, games, tech and software
- 55% Home and kitchen appliances
- 54% Health, beauty and fitness

n=114

Online shopping for GROCERIES

Before lockdown

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33% of online shoppers

Online GROCERY shopping prior to the lockdown

33% of the respondents purchased groceries online prior to the lockdown. Woolworths and PicknPay were used most often. (n=114)

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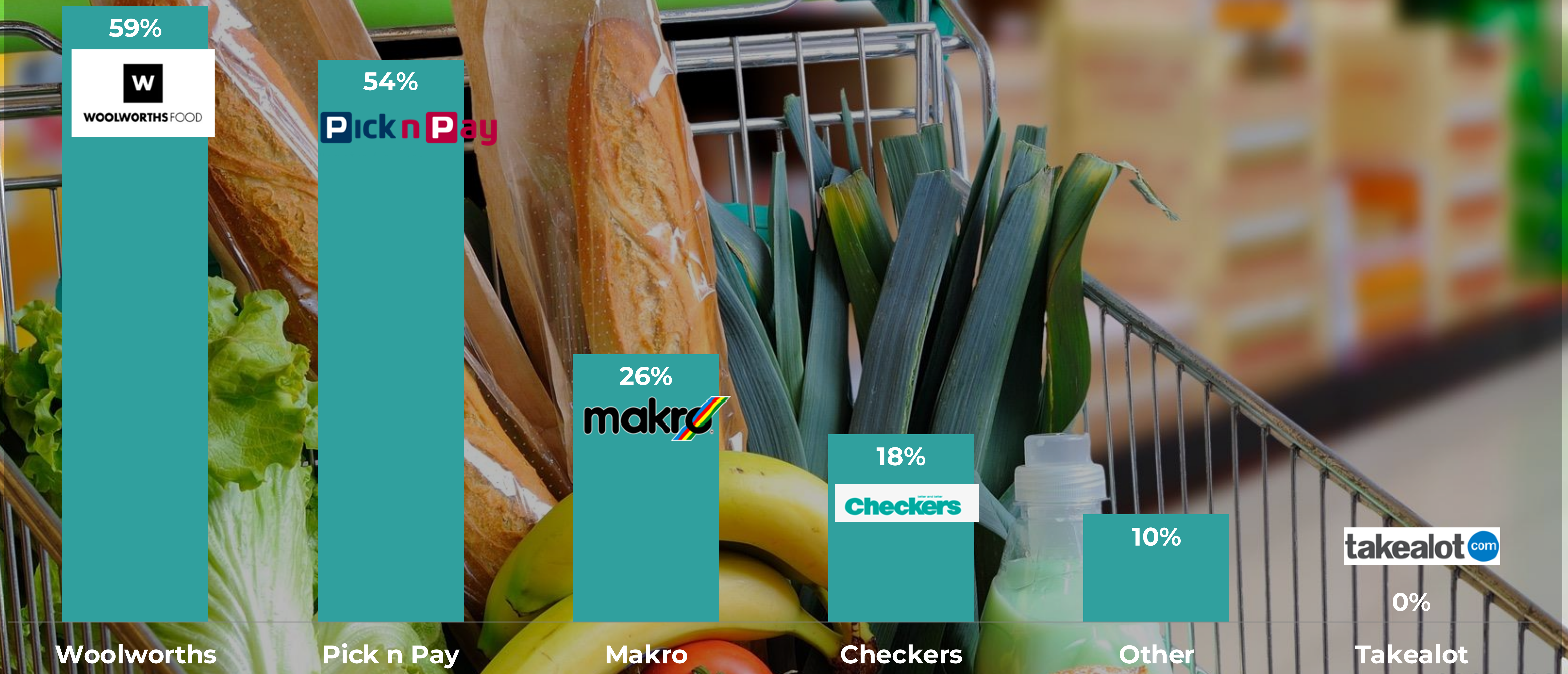
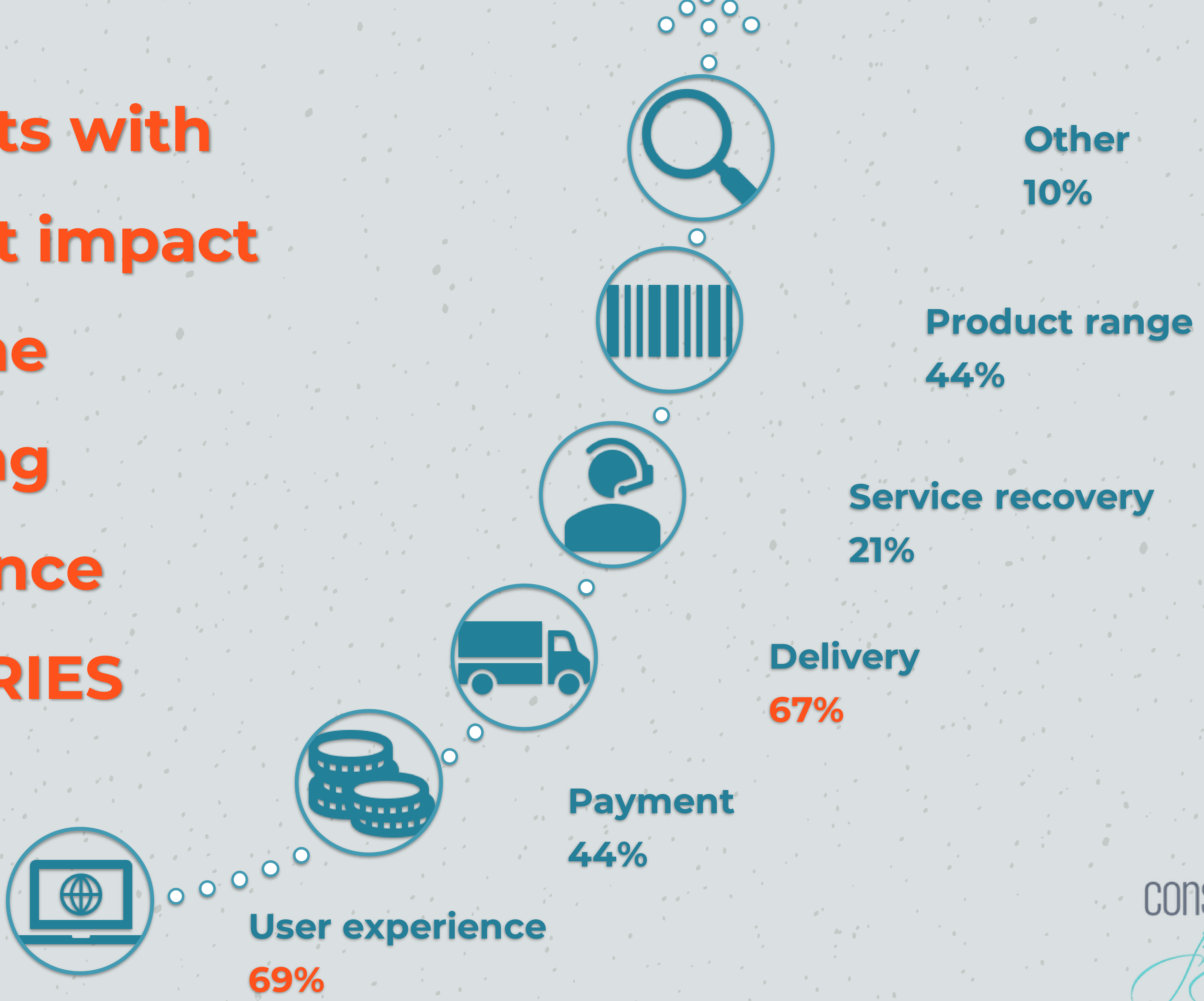
Stores used for online grocery shopping



n=114

Moments with greatest impact on online shopping experience GROCERIES



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What impacted most on consumers' experience buying groceries online

The **online user experience** (e.g. finding items, selection process, product range, checking out, etc.) had most impact on customers' experience, followed by the **delivery process** (e.g. convenience, timing, etc.)

Other aspects that impacted on experience, include limited choice, price, stock levels and freshness of products.

The end-to-end experience for consumers buying groceries online was **6.59***. (*Rating scale 1 to 10)

CX 6.59

Buying MEDICAL supplies online

Before lockdown

Shopping for MEDICAL SUPPLIES online prior to the lockdown

19% of the respondents had some online shopping experience prior to the lockdown.

Dischem and Clicks were used most.

n=114

19% of online shoppers

Shopping SINCE lockdown

05

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Online GROCERY shopping
Since lockdown
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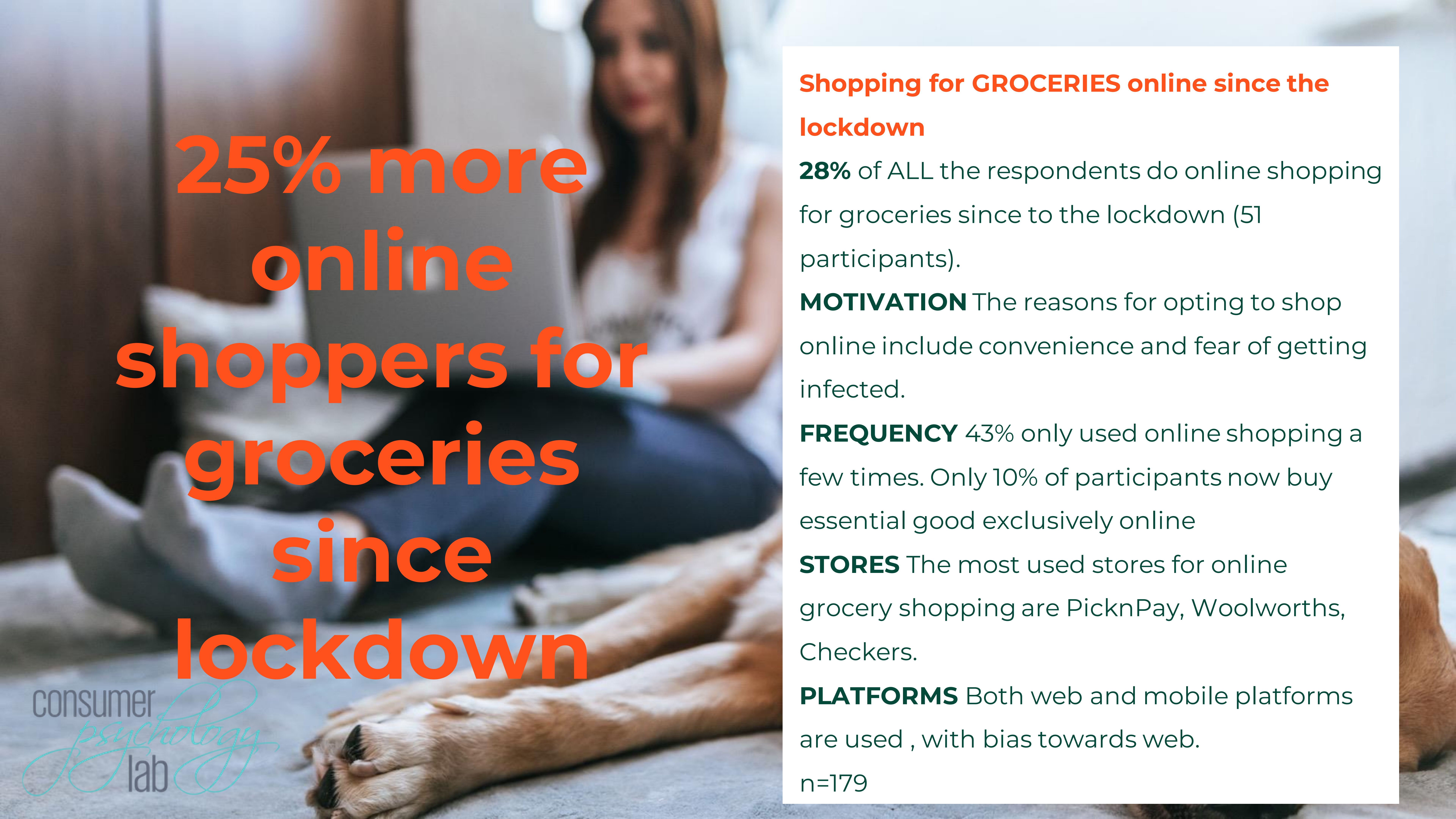

25% more online shoppers for groceries since lockdown

Shopping for GROCERIES online since the lockdown

28% of ALL the respondents do online shopping for groceries since to the lockdown (51 participants).

MOTIVATION The reasons for opting to shop online include convenience and fear of getting infected.

FREQUENCY 43% only used online shopping a few times. Only 10% of participants now buy essential good exclusively online

STORES The most used stores for online grocery shopping are PicknPay, Woolworths, Checkers.

PLATFORMS Both web and mobile platforms are used , with bias towards web.

n=179

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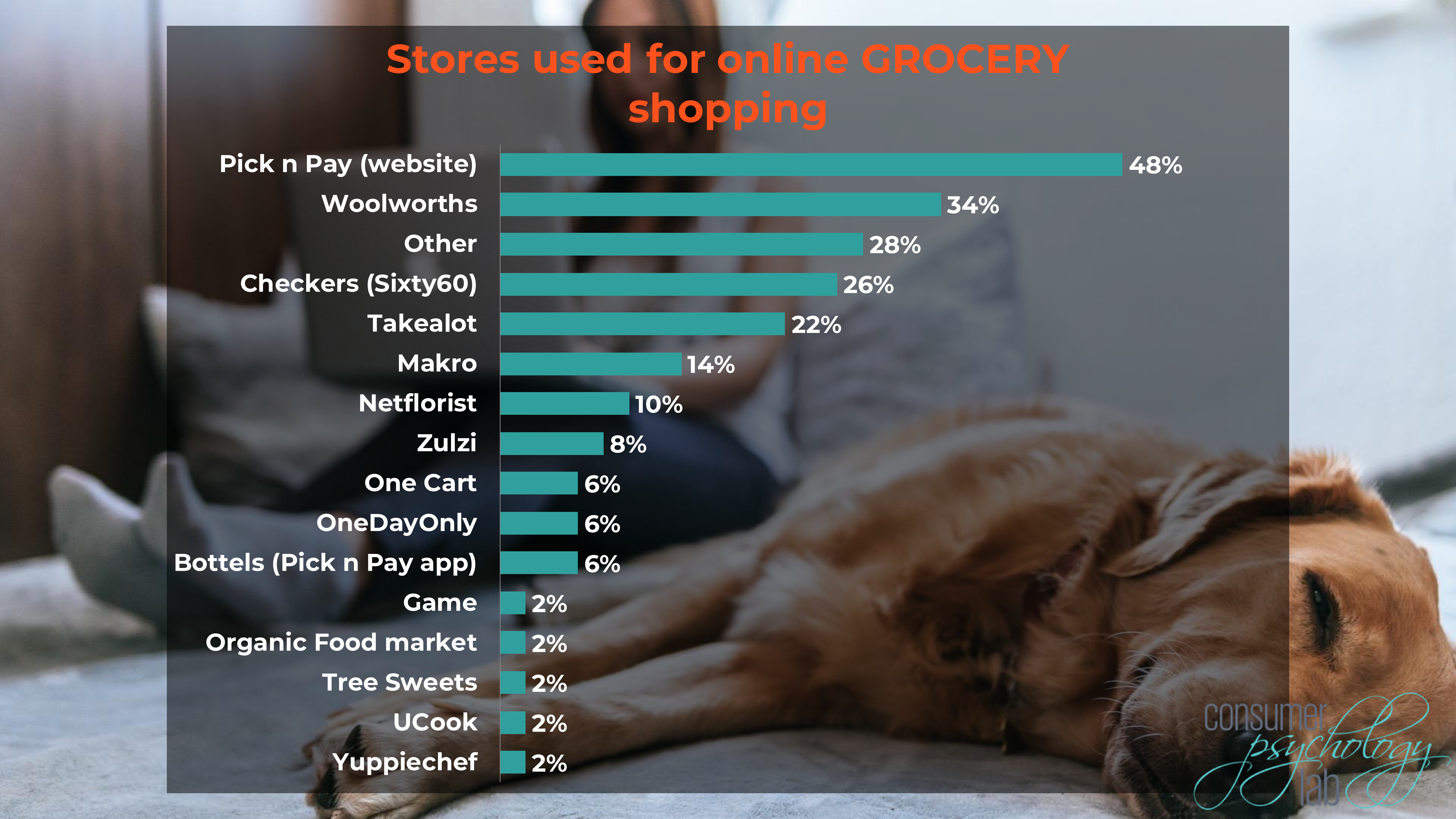
Stores used for online GROCERY shopping
Pick n Pay (website) 48%
Woolworths 34%
Other 28%
Checkers (Sixty60) 26%
Takealot 22%
Makro 14%
Netflorist 10%
Zulzi 8%
One Cart 6%
OneDayOnly 6%
Bottels (Pick n Pay app) 6%
Game 2%
Organic Food market 2%
Tree Sweets 2%
UCook 2%
Yuppiechef 2%
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What consumers say about their experience
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Surprisingly good service levels

Checkers Sixty60

"Sixty60 app is great. Works very well. My deliveries always came within 1 hour. A real revelation from Checkers and highly recommended.
You can see how they pack your trolley. You can see when they leave and when they will arrive. Fantastic!!!"

"All apps should be like the Sixty60, their app is awesome!"|

Improving service delivery

Pick n Pay grocery essentials delivered by bottles

"I struggled to get slot initially but easier now. Ease of changing/ amending your order. Struggled initially with product availability but improving. Frustrating when you want an item in a week from now, tells you no stock. Then you have to continuously go back to check when they have stock"

"P&P app is great, especially the SMS notifications"

CX

6.98

Disappointing performance

WOOLWORTHS W

"I just gave up. There were no slots available"

"Needs to up their game"

Poor Service Recovery

ZULZi.com

"4 weeks later and still waiting for my refund. No reply to emails and phone doesn't work. They are very expensive - adds 15% service fee. will never use them again"

Customer journey

Suggestions to improve online experience to buy groceries

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01

Mobile/web experience

- ❑ Inventory not real-time nor sufficient
- ❑ Navigation not user (or mobi) friendly
- ❑ Inaccurate pricing

02

Payment process

- ❑ Improve on turn around time of refunds
- ❑ Reserved funds are not well managed
- ❑ More payment options required (all cards and Zapper and EFT)
- ❑ 3-D secure option a nightmare

03

Taking delivery & tracking

- ❑ Visibility of out-of-stock items
- ❑ Real-time tracking process required
- ❑ Keep in contact throughout
- ❑ Timing of delivery (frozen items)
- ❑ Provide special delivery instructions to drivers
- ❑ Experience still matters
- ❑ Non-verbal cues, friendliness, thank you note

04

Customer support & responding to issues

- ❑ Improved response times are required
- ❑ Call centres should be available for queries – not just email option
- ❑ Turn around on addressing issues to be improved
- ❑ Communicate stock issues
- ❑ 4 weeks delay in resolving query

Safety measures

- ❑ One Time Pin or 3D secure password are essential
- ❑ Driver behaviour – drop off and step back, wear masks
- ❑ Take pictures as proof of delivery (not signing)

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Changing buying behaviour

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Changing behaviour of consumers buying online

- Buying in bulk
- No luxuries
- Spending more per purchase event
- Plan shopping better
- Become more tolerant
- Only focusing on essentials
- Make do with less
- Satisfied with less

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Likely to continue using online shopping for GROCERIES
7.13
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Online for MEDICAL supplies

Since lockdown

Shopping for MEDICAL SUPPLIES online since the lockdown

14% of ALL the respondents have been purchasing medical items online since to the lockdown (25 participants).

The most used store is Dischem (61%).

Consumers' require the following to improve their experience:

- Availability of products
- Delivery times and footprint
- Address resolution of issues

CX 6.48

12% more online shoppers for medical supplies since lockdown

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Likely to
continue
using
online
shopping
for medical
supplies
6.70
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Instore GROCERY shopping
Since lockdown
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Instore shopping for groceries since lockdown

Shopping for GROCERIES instore since the lockdown

95% participants still prefer instore shopping for groceries.

MOTIVATION Most opt to go to stores because it’s convenient and they can choose their items.

WHY NOT ONLINE online stock availability, preferred store choice, offer no delivery, IT literacy, delivery footprint too limited, previous bad experience, unreliable delivery, and store are not seen as unsafe.

FREQUENCY 40% have only gone once or twice, 30% go weekly.

STORES PicknPay (59%) has the most support, followed by Spar (57%), Woolworths (57%) and Checkers (53%)

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Consumers continue to buy groceries in store

Top 5 reasons continuing instore shopping for groceries

1. Convenience (70%)
2. Control (choice)(59%)
3. Availability/variety and range of goods (51%)
4. Opportunity to get out (40%)
5. Activity level (not too busy) (31%)

Instore over online shopping

- Online stock availability and range
- My store has no online options
- Had to collect item at store
- IT literacy
- Delivery cost too high for small purchase
- No delivery in my area
- Unreliable delivery
- Stores are not unsafe
- Manage own safety

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Top 3 Precautions taken by consumers for instore shopping

Perceived **safety** to buy groceries in store

4.95

95% Hand sanitising

91% Social distancing

88% Wearing masks

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Other precautions taken for instore shopping

Wear glasses to avoid touching eyes

Wear hair up to avoid touching face

Leave shoes outside the house

Shower immediately on return from stores

Disinfect the car (steering wheel, remotes)

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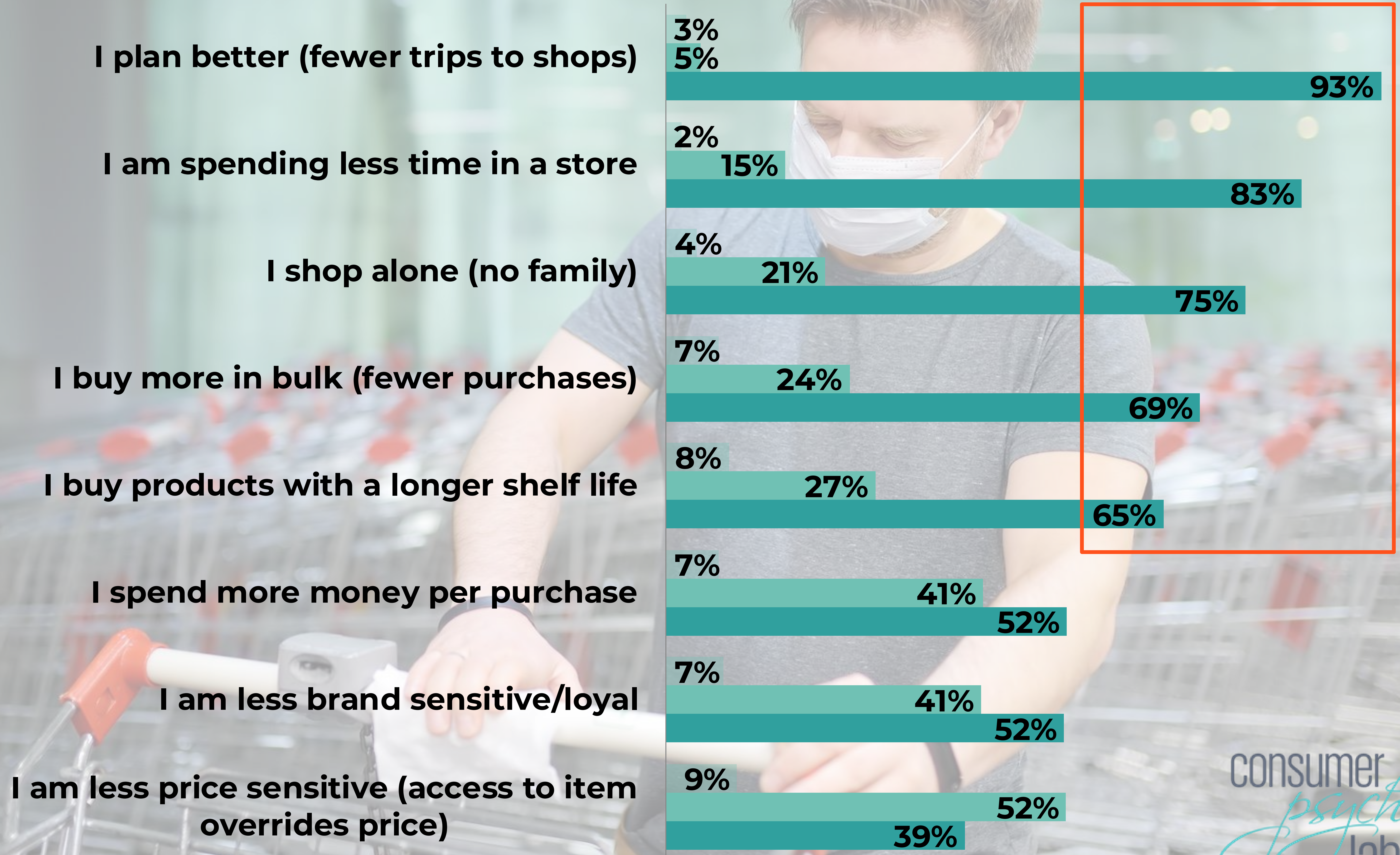
Changing behaviour for instore shopping



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Changed behaviour of consumers buying instore

- Only use local stores
- Stockpile due to unpredictable availability of products
- Wary about other customers, who touch products on shelves
- Type of purchases changed – quick and easy source of meals, hair colouring products, tinned food, no uncooked foods, less processed foods
- More treats
- CX is disappointing – not engaging or friendly
- Happier with less
- More conscious buying
- Quicker and smarter buying
- More patience
- People are no longer talking to each other
- Bulk buy creates wastage
- Less price sensitive
- Only when absolutely necessary
- Very strict on sanitising
- More conscious of stores' hygiene protocol
- More conscious of disadvantaged customers - how elderly, pregnant or essential workers are treated

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Conclusions
What we learned

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CUSTOMER EXPERIENCE still matters

#2

In this study, consumers had slightly improved **end-to-end experiences** during the lockdown, compared to before, when buying groceries online.

Without having explored this finding in more depth, we argue two main reasons for the improved customer experience: 1) agile players stepping up in unusual times, while some larger retailers were slower to adjust, and 2) the noted higher tolerance of consumers for challenges through their purchasing journey.

Getting **medical supplies** online is the **least pleasant experience** for consumers, indicating the need for scaling and improving the online channel experience.

The timing of the study can be described as “early days” of the lockdown. Consumers were more tolerant, as seen in their feedback. Most accepted that retailers had significant pressure to quickly adjust to the new realities. We predict that consumers will become less tolerant over time, especially if the service recovery process (absence of human contact and slow service recovery time) is not addressed.

Online Shopping

Playing the TACTICAL GAME... what to improve

#3

Pay closer attention to online customer journeys

The **user experience and delivery** of purchased goods impacted most on consumers' experience prior to the lockdown. The opportunities to improve online experience are also located in these moments.

Recommendations by online users confirm various elements in both these steps that can be improved. These include improved **inventory management** on the platforms, mobi responsiveness, the ability to **track the journey** and the customer experience on receipt of goods. The **service recovery**, with current decentralized structures of some customer service centres, may form another critical area for future online shopping improvements.

Retailers, with their delivery partners, need to review the end-to-end customer journey and address the key experience failures in their design iterations.

Online Shopping

In for the LONG RUN … Sustainable service delivery

#4

More consumers started to use online channels to purchase essential goods (25% groceries, 12% medical supplies) during the lockdown. This was mostly due to the convenience of buying from home, but even more so, to avoid potential infection when going to stores.

To reduce the Covid-exposure and support social distancing objectives in the long run, more emphasis should be placed on online channels.

However, for increased adoption, retailers must **improve the end-to-end online experience for consumers**. The current tolerant behavior of consumers related to the sudden changes, with limited options, enforced by the lockdown. Over time, as the lockdown gradually eases, consumers will reflect more critically on their experiences and relationships with brands.

The risk of infection will remain, well after the lockdown. Many consumers will consider and continue to use online shopping. The trust gained during these hard times will ensure the sustainability and loyalty over the long run.

Online Shopping

ADAPT OR DIE… online shopping behaviour is changing

#5

Online shoppers’ behaviour is changing, and retailers should consider how to address these changes.

Consumers have adapted to the lockdown by planning better, buying in bulk, reducing the spend on luxuries, spending more per purchase event and only focusing on the essentials.

Make do with less AND Satisfied with less

Online shoppers became more tolerant of the experience failures due to the adjustment of retailers to the online/delivery and instore demands. Will this stay the same? This is highly unlikely as consumers expect retailers to improve their service delivery over time.

Our observation is that retailers did not design the end-to-end journeys with sufficient consideration, in their haste to adjust to a new reality – perhaps also not believing the lockdown would last so long. … And so, as this “new normal” emerges, only those who adapt will stay in the game.

Online Shopping

LOVE and PROTECT and they will follow you

#6

Most (95%) consumers have continued to purchase essential goods from retailers **in stores**.

This is because they still find it more **convenient** and **prefer to select their own items**. Some have never used online shopping, whilst others had previous bad experiences or are not tech literate.

Unfortunately, many participants suggested that retailers revisit customer experience, given the reduced personal and meaningful contact. **How can tone of voice and eye contact be used to ensure great experiences?** How can empathetic interaction be improved through restraining masks?

Another reason for still going in store was the limited footprint for **deliveries.** The question remains, if the footprint for delivery is scaled, will this be enough to keep consumers out of stores?

Consumers reported many advantages of instore shopping, **YET half do not feel safe (5/10)!** Consumers have adopted many strategies to protect themselves, such as leaving their shoes outside on their return, showering and washing all clothes on their return. Most sanitise every item purchased. What else will be necessary for consumers to protect themselves? Are retailers able to fully "own" this problem space? Those retailers who innovate around visible safety of staff and consumers, will be the front runners.

Instore Shopping

ADAPT OR DIE… INSTORE shopping behaviour is ALSO changing

#7

Consumers' instore buying behavior has also changed. As history repeated itself in South Africa, most consumers started to **stockpile** when the threat became evident. Initially, many products were not available for long periods and retailers had to impose restrictions on the number of items each customer could purchase.

Consumers' behavior therefore changed to adjust to the new challenges. They **plan better, buy in bulk, shop alone and reduce the time spent in a store** significantly. Although some use shopping as an opportunity to "get out", shopping for groceries is no longer an "event" for some.

They buy less on impulse, fewer luxuries and don't take children to stores. This means a significant influencergroup is not longer contributing to the additional items in a trolley. How will retailers influence what goes into a trolley now?

Instore Shopping

- ❑ **Need help to redesign your customers journey?**
- ❑ **Need to get a better understanding of your customers' changing needs , expectations or behaviour?**
- ❑ **Need to understand and track your customers' experience?**
- ❑ **Is your business ready to resume within a "new normal"?**

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