

# Local Food Systems Response to COVID

## Consumer Food Insights 3.0



## Consumers' Online Shopping Part 1: An Overview of Online Shopping Trends

### Highlights from nationwide survey of food behavior

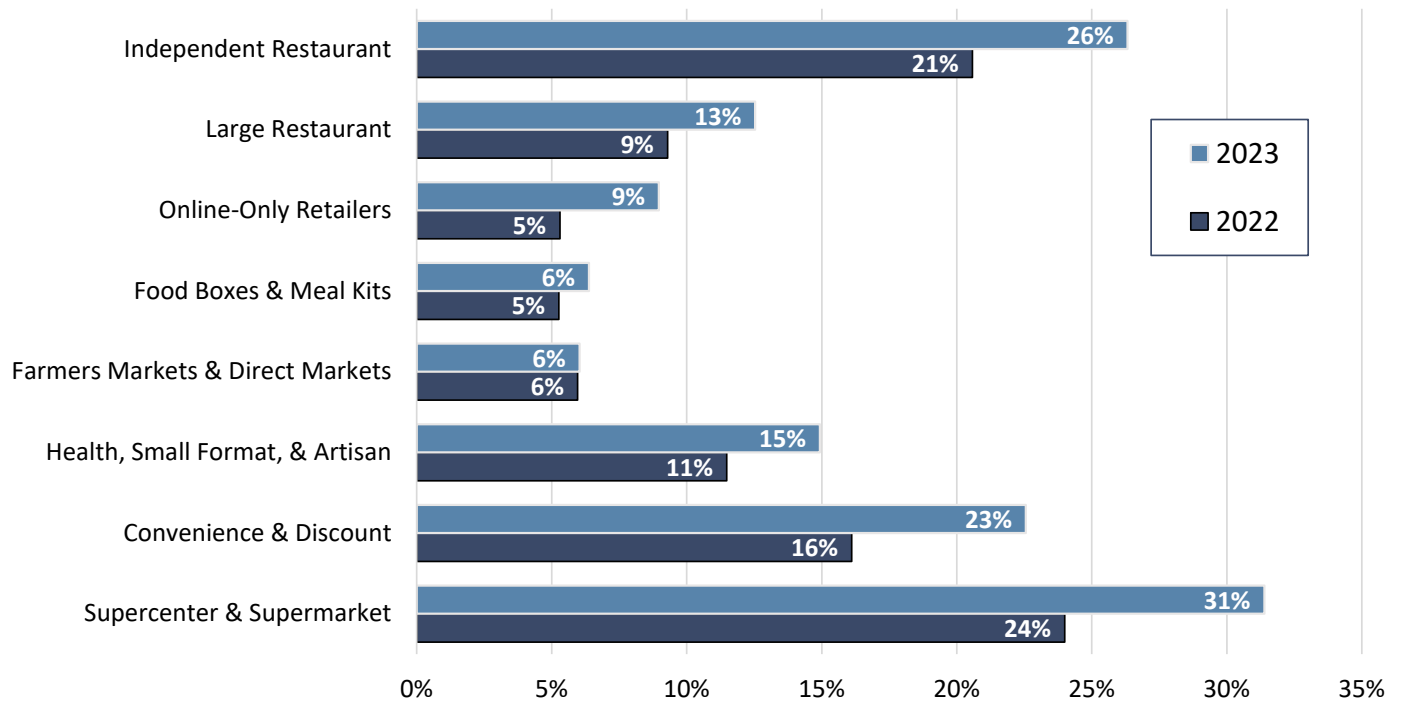
- **Sample size** = Over 4,500 respondents
- **Timeline** = Conducted Winter 2023 and captures behavior in 2 time periods (October 2022 & October 2023) with questions about broader changes since the pandemic began
- **Objective** = Understand changes in U.S. consumer food behavior during and after COVID-19
- **Focus** = Implications for local and regional food systems

## Consumers' Online Food Shopping Continued to Increase in 2023

As has been the pattern for all Consumer Food Insights published since 2020 (when the series began), online shopping for food continued to increase from 2022 to 2023. In the current survey, the percentage of respondents shopping online across all food retail channels increased compared to previous surveys, from around 48% in the fall of 2020 and 2021 to 51% in the fall 2023. Online shoppers are also reporting more broad-based adoption behaviors across food retail types. The increase in online utilization for all the food retail channels surveyed between October 2022 and 2023 is shown in Figure 1.

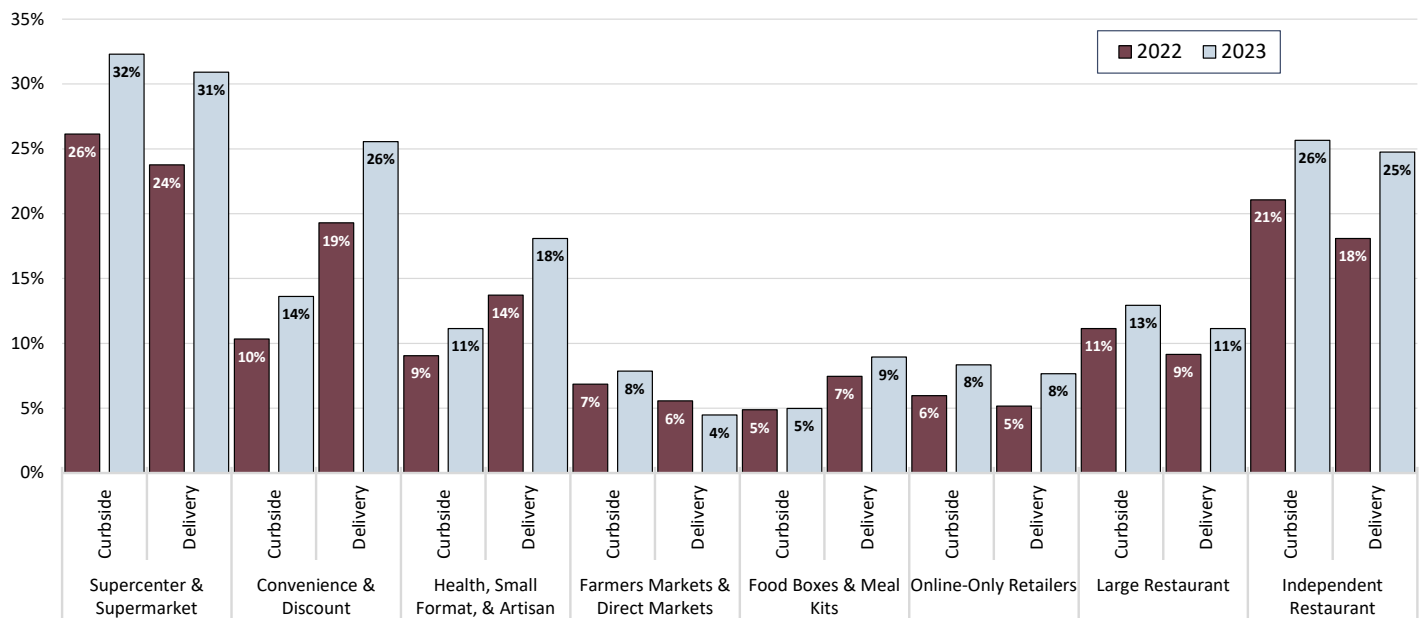
Figure 1 shows that the share of respondents using online food options increased across all channels from 2022 to 2023, with the three categories exhibiting the greatest usage being: supercenters & supermarkets, convenience & discount stores, and independent restaurants. These same outlets also had the greatest growth in usage along with online-only retailers, health/small/artisan markets and larger national restaurant chains. Consumers' familiarization with online options and recognition of potential benefits may have led consumers to permanently shift their behaviors beyond the pandemic era. Interestingly, this is even true for online ordering at restaurants, even though concerns of COVID-19 exposure from in-person dining have decreased and much of the value-added by restaurants stems from the in-person customer service experience.

**Figure 1. Share of households reporting usage of online food options by channel, Oct. 2022 and 2023. N=4562**



We also asked respondents to distinguish between their curbside pick-up and delivery usage (Figure 2), which provides interesting nuance to the evolving online ordering niche. Figure 2 shows that at-home delivery seems to be driving growth at convenience and discount stores, as well as for food boxes and meal kits. On the other hand, curbside pick-up seems to slightly dominate the growth reported by consumers for supercenters and supermarkets and restaurants. Delivery and curbside-pickup growth seem to be relatively balanced for the other channels.

**Figure 2. Share of households reporting usage of curbside pick-up and delivery options by channel, Oct. 2022 and 2023. N= 4562**



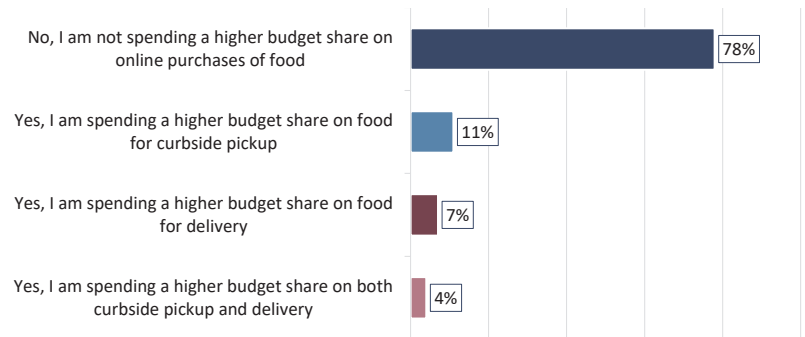
One other notable observation is that for farmers markets and direct markets, delivery usage actually decreased slightly from 2022 – the only category to do so. This may be a result of a lack of available infrastructure needed to provide delivery services from these types of enterprises. It could also be a result of the type of shopping that consumers prefer to do at these outlets; in other words, consumers may gain enjoyment from in-person experiences at direct markets and farmers markets, and they are still able to have this interaction when they pre-order and pick up at a farmers market booth, road-side stand, etc., so online orders for curbside pickup continues to grow.

# How has online shopping changed since before the pandemic?

In addition to observing trends in the post-pandemic period, we also asked respondents how they have changed their behavior since the pandemic began. Figure 3 illustrates that 22% of households indicated that they have increased the share of their budget spent on online food shopping.

And, of that 22% of households who said that they did change the share of their budget that they are spending on food purchased online, we see slightly different patterns than for the full sample (shared in Figure 2).

**Figure 3. Are you spending a higher share of your budget on online order of food? N=3556**



Generally, for those increasing the share of their budget spent on online food purchasing, we find higher percentages of shoppers using online at each channel and similar patterns of growth from 2022 to 2023 across market channels with a couple exceptions – delivery utilization at supercenters & supermarkets, convenience & discount stores, and especially at health, small format & artisan grocers are higher among those spending more on online purchases. It is noteworthy that even these shoppers, who have directly said that they are spending more on online food purchases and seem to be doing so at a variety of channels, exhibited a decreased utilization of delivery at farmers markets and direct markets.


## Take Away Messages for Food Businesses and Stakeholders

Since the majority of growth in online food purchasing for local and regional markets stems from utilization of both curbside pick-up and delivery at independent grocers, health, small format & artisan grocers, and independent restaurants, those direct marketing channels should consider whether investing in online sales is a good fit for their marketing strategy.

Considering just the segment of consumers who reported spending a higher share of their budget on online food purchasing, we see an intensification of these patterns, with higher rates of utilization for delivery among independent and health, small format & artisan grocers. Perhaps those producers selling to these smaller food retailers can explore integrating their offerings into sales they are making through online channels (for example, have a farm “store” within a specialty retailer’s online product categories and offerings).

The decrease in utilization of delivery options for farmers markets and direct markets, despite a continued increase in curbside pick-up options for this category of retailers, may signal that the experience and interactions in these markets are part of their value to consumers, so online strategies may not be a good fit. Still, the consumer may want to order ahead to have the assurance that they will be able to obtain any limited-inventory item and since they still come to the market, will also be able to enjoy the in-person farmers market experience, purchase additional products and have community interaction.

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