USDA Agricultural Marketing Service
U.S. DEPARTMENT OF AGRICULTURE

Local Food Systems Response to COVID

Consumer Food Insights 3.0

Consumers' Online Shopping Part 2: How Does Consumers' Online Food-at-Home Shopping Vary Across Market Channel Types?

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

During the COVID-19 pandemic, consumers began to use online food shopping options at increasing rates. A previous *Consumer Food Insight*[1] shared that the number of households utilizing online food shopping for some of their food purchases increased from less than 30% of households in early 2020 to almost 50% of households in 2021, with many households utilizing online shopping options at a variety of markets. The current 2023 survey signals this behavior has persisted beyond the pandemic. In October 2023, almost 50% of households reported using online shopping options to purchase food for consumption in the home, and 26% of households reported using online shopping options to purchase food at restaurants. Additionally, households reported choosing online shopping options at a variety of different food outlets in 2023. The two categories with the largest percent increase in online shopping are convenience and discount stores and meal kits/food boxes. While online usage for food shopping continues to increase, the growth seems to have slowed compared to the growth in online shopping usage that occurred during the pandemic.

1 https://lfscovid.localfoodeconomics.com/wp-content/uploads/2022/05/LFS-CFI-2-02.pdf

LFS-CFI-3.05
June 2024

Online Usage Persisted in Some Market Channels in 2023

To compare patterns across market types, we categorized markets by diversity of selection, distribution of store locations, and niche of the market they serve.

Figure 1. Market Channels

FULL SELECTION	LIMITED SELECTION	DISCOUNT AND CONVENIENCE	LOCAL AND REGIONAL STORES	SELLER-BASED LIMITED SELECTION
• Supercenter/Wholesale • Supermarket • Diverse, Full-Line Selection • National Presence	• Small-Format Grocers • Health Stores • Niche, Moderate Selection • Regional or National Presence	• Discount Stores/ Convenience/Corner Stores • Limited Selection • Local, Regional, or National Presence	• Direct Markets • Farmers Markets • Gourmet/Artisan Sellers • Niche, Limited Selection • Local or Regional Presence	• Food Boxes • Meal Kits • Niche, Limited Selection • Local, Regional or National Presence

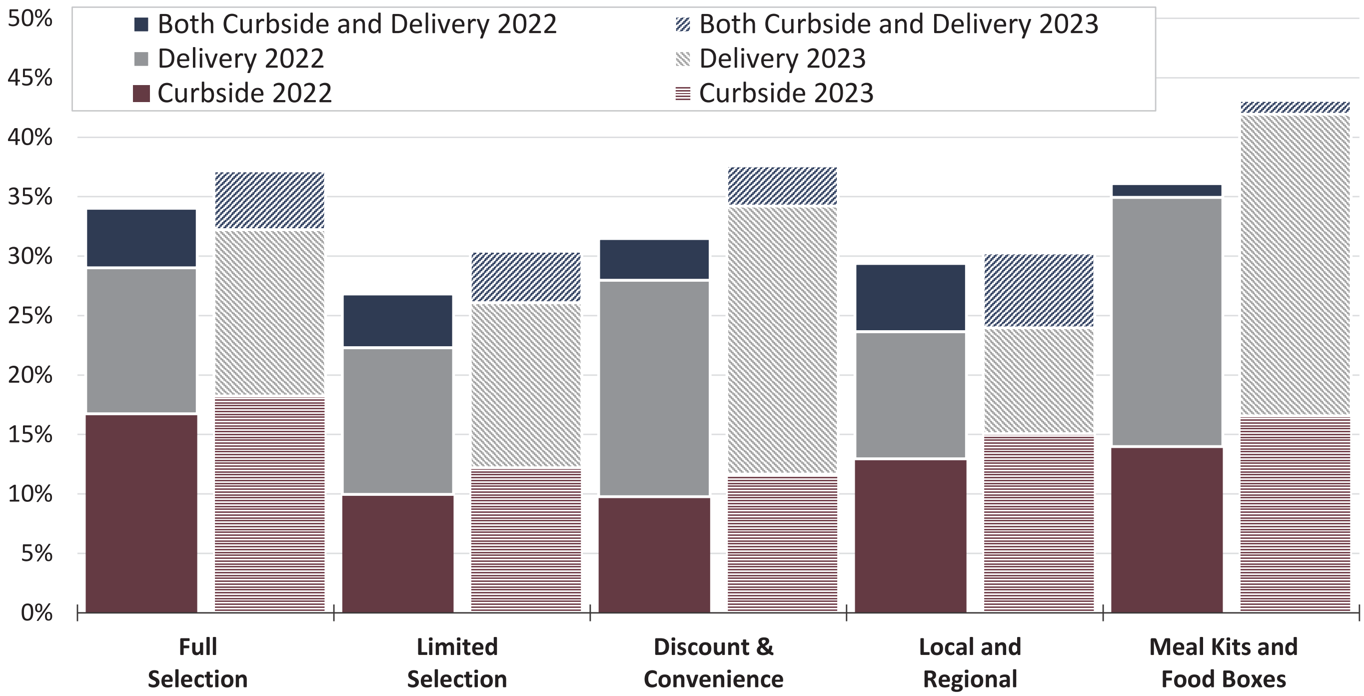
Table 1 reports the percentage of 2023 survey respondents who purchased food from various market channels in each year using online options. Market channels varied in popularity, with 97% of respondents purchasing food from full selection market channels in 2023, while only 15% of respondents purchased food from meal kits and food boxes.

Table 1. Online Usage Across Market Channel Types, % of Total Shoppers at Channel

	Full Selection	Limited Selection	Discount & Convenience	Local and Regional	Meal Kits and Food Boxes
N in 2022 (out of 4562)	83%	51%	58%	25%	15%
N in 2023 (out of 4562)	97%	57%	66%	25%	15%
Online usage in both years***	22%	11%	18%	11%	27%
Online usage in 2022 only*	13%	19%	20%	24%	31%
Online usage in 2023 only**	5%	13%	12%	25%	37%
Shoppers who did not use online in either year**	52%	52%	48%	46%	26%

*base N using channel in 2022, **base N using channel in 2023, ***base N using channel in 2022 and 2023

Figure 2. Shoppers (%) Using Online Shopping Options by Channel, 2022 & 2023



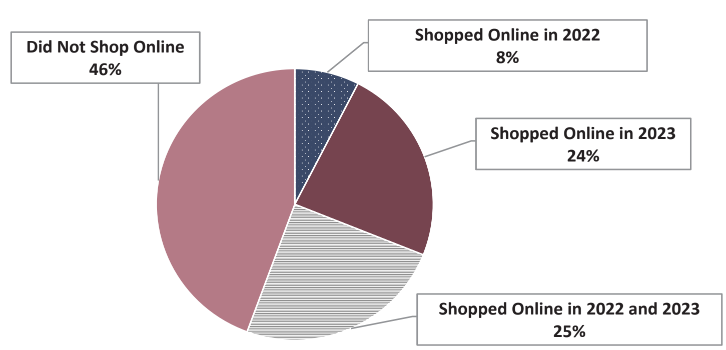
To explore further, Figure 2 discerns between usage of curbside pick-up, delivery, or both online options by channel. Figure 2 shows the online adoption rates are more similar (27-36%) than overall usage rates. In short, it is plausible to conclude that once a consumer decides they will (or will not) use a type of market channel, the chance they will buy online is similar across channel types.

Full selection food retailers are the most used food market channel and popular among those seeking online options. It also had the second highest share of shoppers that buy online (37% in 2023). Only meal kits and food boxes, which are expected to be most commonly available via online ordering, had a higher share of online buyers (43% in 2023). However, only about 15% of households are participating in those channels. In all markets, there is a pattern of persistent online market channel usage from 2022 to 2023.

When comparing percentages of shoppers using curbside pick-up vs. delivery usage from 2022 to 2023, most categories saw around a 2% increase in share of shoppers, with a few exceptions. The largest increase in usage was for delivery from discount and convenience stores, with a 4% increase. Only one category saw a decrease in usage, which was delivery from local and regional markets: a 2% decrease.

Local and regional markets still saw a net increase (1%) in percentages of shoppers using online options from 2022 to 2023. While this growth is small, it still provides evidence that the online food shopping market for local and regional markets is persisting post-COVID. Furthermore, this implies that investments made to provide online options to consumers during the pandemic not only helped businesses stay afloat when consumers were fearful of exposure but may continue to be a fruitful method to retain new customers in the long run. Figure 3 illustrates consumers' reported usage of online shopping options at local markets, and it seems 25% of local buyers may want access to online buying options.

Figure 3. Online Shopping at Local and Regional Markets



Note: Figure 3 shares do not sum to 100 because the base number of respondents in each year differs. See Table 1 for more information.

Take Away Messages for Local and Regional Food Businesses

Online food purchasing options perhaps did not used to be considered a key competitive advantage for local and regional food markets which offer interpersonal connection within communities. However, COVID-19 caused market dynamics to change and perhaps permanently altered food distribution and marketing behaviors.

There is continued evidence that online platforms are part of the "new normal" for markets and consumers. The majority of local and regional market shoppers (54%) used online shopping options in either 2022, 2023, or both years. Specifically, usage of delivery options from local and regional markets decreased, yet usage of curbside pick-up options among local markets continued to increase in 2023. This may be an area that warrants continued technical assistance and market updates.

It seems that the convenience, and perhaps, product quantity assurance for farmers markets, road-side stands, and other markets where inventory is limited, has permanently changed consumers' shopping behavior at local markets. At the same time, with the decrease of delivery utilization, consumers seem to highly value the in-person shopping experience at farmers markets and direct markets. This implies that curbside pick-up may be here to stay but it does not appear to be a substitute for in-person shopping in the case of direct markets.

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