

The Grocer

Now non-essential retail, hospitality, hairdressers and beauticians have reopened, the high street is experiencing a huge rise in footfall.

This increase is set to be even more pronounced than during the lifting of previous restrictions, as the vaccine programme and advent of spring seem to be instilling a more confident and buoyant attitude to physical shopping.

The question is whether the easing of restrictions ultimately converts to more or less sales for food retailers – and which companies will be best placed to capitalise. In order to understand that, it is important that retailers analyse the historic data at their fingertips to predict consumer habits and patterns and then use this to drive the innovation that will be needed to stay ahead of their competitors.

Many retailers – especially the large ones – already have enough data gathered from online stores as well as historical in-store purchases. But there is either a lack of urgency or ability to exploit what is sitting on their databases.

Despite the more staggered openings for the various sectors in previous lockdowns, we are urging our clients to look at this data and the trends emerging to see what customer habits were then, what that could tell us now, and how they should respond.

For example, will people browse shops physically but actually make purchases online? Will they go to pubs and restaurants to the detriment of grocery shopping? We know from last time that grocery sales did fall once hospitality reopened, but this was short-lived. We also know that consumer habits changed during the crisis: people were more experimental with their food purchases, shopping more at food and drink specialist stores and buying local, and that this has continued despite restrictions easing. And we know people are on a health kick – gym chains are expanding as a result and we are expecting this demand for healthier options to continue in grocery.

More generally, the retailers that were successful in encouraging footfall and sales after the last lockdown were those that used their customer data to create a more enjoyable as opposed to functional experience in-store, while respecting consumer concerns about physical contact. We will likely see a continuation of the pre-crisis trend toward retail stores that create immersive experiences to drive footfall, such as department stores increasing their café space and introducing in-store beauticians.

Those lessons can equally apply to grocers. In Singapore, supermarkets have opened in-store cocktail bars to drive traffic. Drinking cocktails while grocery shopping may seem a strange concept but years ago so did getting your hair done while going to the supermarket. It is another example of retailers recognising the consumer's desire for a more social and immersive experience.

Other retail innovations, driven by data on consumer habits and concerns for social distancing and supermarket queues, resulted in the launch of Opentable's grocery shopping reservation platform in May last year. Grocery stores and supermarket chains would be well placed to use these observations and examples to their benefit.

The savviest retailers have spent years creating omnichannel strategies that blend physical and online channels to engage consumers in the channel of their choosing. Innovation needs to be across this mix. We can see the response to consumer demand for products delivered quickly in Amazon Prime Fresh or Morrisons on Amazon, which allow customers to buy products online and receive them within a couple of hours. Most food retailers and grocery stores are too slow in their online capabilities and they will lose customers as a result.

The larger grocery retailers have got the economies of scale and the resources. But the downside is that scale makes you less agile and they haven't got the ability to respond when things change fast. Disruptors such as Amazon are moving quickly to capitalise on customer data and we would urge other retailers to do the same.