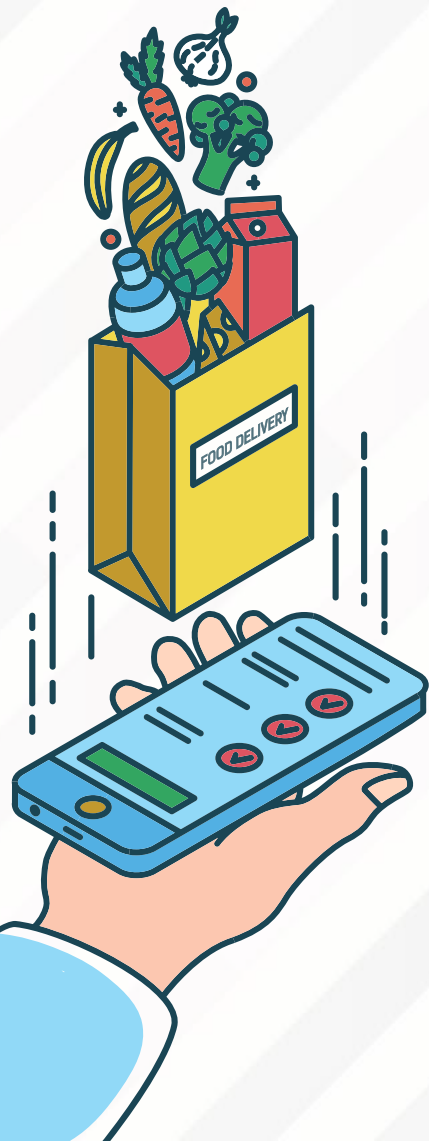


What Consumers Expect From Their Grocery Shopping Experiences, a PYMNTS and ACI Worldwide collaboration, is based on a census-balanced survey of more than 2,300 United States consumers that was conducted from June 9 to June 13. The report examines how grocery stores can boost their value among consumers and tracks how consumers are employing digital channels to enhance — or replace — trips to brick-and-mortar supermarkets.



■ AUGUST 2021

WHAT CONSUMERS EXPECT FROM THEIR **GROCERY SHOPPING EXPERIENCES**

WHAT CONSUMERS EXPECT
FROM THEIR
**GROCERY
SHOPPING
EXPERIENCES**

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ACI Worldwide

What Consumers Expect From Their Grocery Shopping Experiences was produced in collaboration with ACI Worldwide, and PYMNTS is grateful for the company's support and insight. [PYMNTS.com](https://pymnts.com) retains full editorial control over the following findings, methodology and data analysis.

INTRODUCTION

The ubiquitous digital shift that has taken place over the past 18 months is visible in everything from the legions of professionals who continue to work from home to the abundance of delivery workers dropping off online purchases. One institution stands out amid these changes: the grocery store.

Consumers have gravitated toward online grocery services and tools, including Instacart and Amazon Prime. Nearly one-third of U.S. consumers are now using digitally enabled channels like home delivery and curbside pickup to obtain at least some of their groceries, according to PYMNTS' latest research. At the same time, the brick-and-mortar grocery store remains singularly compelling for consumers, who have been far more willing to forgo shopping at physical retail outlets.

This has a lot to do with the perishable nature of food and consumers' interest in hands-on experiences when it comes to picking fresh produce and meat. Grocery operators cannot rely merely on such offerings — or on occupying good real estate — in the current landscape, however. The wider growth of the connected economy has exposed many consumers to the benefits of digital technology in nearly all walks of their lives. Consumers' expectations for seamless and

efficient shopping experiences have grown amid continuing anxieties around the pandemic, while their patience for frictions like waiting in line or being unable to find what they are looking for has declined. These trends mean that grocery stores must do more to enhance their value proposition with consumers.

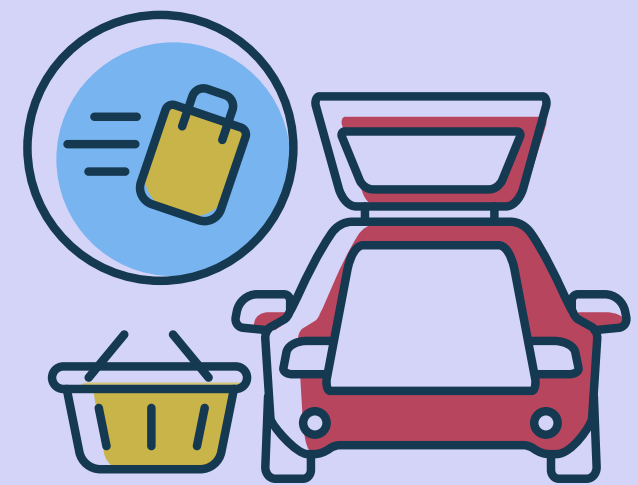
What Consumers Expect From Their Grocery Shopping Experiences, a collaboration with [ACI Worldwide](#), examines how grocery stores can boost their value among consumers and tracks how consumers are employing digital channels to enhance — or replace — trips to brick-and-mortar markets. It also explores how stores can leverage the affinity many consumers have for them by offering additional nonfood products that could help them consolidate real-world shopping trips. Finally, the report looks at the role loyalty programs can play in incentivizing consumers to regularly come back at a time when they have many food shopping options at their fingertips. The report is based on a census-balanced survey of more than 2,300 U.S. consumers conducted between June 9 to June 13.

Following are the essential takeaways from our research.

01

Digital grocery shopping practices remain prevalent 18 months after the pandemic began, but ease and convenience — not safety concerns — are now their main drivers.

Our data finds that 34 percent of consumers shop for at least some of their groceries online, and the share jumps to 57 percent among millennials. Curbside pickup is nearly as popular a digital channel as grocery delivery, as close to 20 percent employ each. Underlying consumers' shift to digital grocery shopping channels is a parallel shift in their motives for doing so. Seventy-six percent cited ease and convenience in June as the main reason they were shopping online for groceries more — a 27 percent increase from October 2020. Fifty-nine percent cited avoiding COVID-19 risks — an 8 percent decrease.



02

The physical grocery store stands out as uniquely compelling for consumers amid the wider shift to online shopping platforms.

Despite the digital shift that has taken place over the last 18 months, shopping at physical grocery stores remains prevalent, as 94 percent report shopping in stores at least some of the time. Consumers are nearly twice as likely to have shifted to digital channels to shop for retail products online than they are to have shifted for grocery items. Thirty-one percent of consumers have shifted to digital channels to buy retail products, yet just 17 percent have done so to buy groceries.

Our research shows that many consumers are interested in having their favorite grocery stores serve as one-stop shops where they can buy nonfood items, such as cosmetics and clothing. Fifty-six percent of consumers would consider going to a new grocery store if it offered additional products and services, including a 23 percent share who would be “very” or “extremely” likely to do so.

03

Online grocery shopping journeys are highly mobile-oriented and entail the use of a wide range of payment methods, including mobile and digital wallets.

Online grocery shoppers are more likely to use mobile devices than laptop or desktop computers to place their orders. Fifty-five percent who buy groceries online make their purchases through mobile devices, and this finding corresponds to a wide use of payment methods. Thirty-one percent of online grocery shoppers use PayPal, while 22 percent use other mobile wallets, such as Apple Pay or Google Pay.

Consumers tend to favor debit and credit cards when paying in store, as they are used by 56 percent and 51 percent, respectively. There is simultaneously strong interest in using contactless payment methods, including cards and mobile wallets, suggesting that lack of knowledge around contactless terminals may contribute to low adoption. Interest is especially high among millennials: Roughly 50 percent of them are “very” or “extremely” interested in using contactless credit and debit cards and digital wallets to pay in store.

04

Loyalty programs are a powerful incentive for grocery shoppers: More than 60 percent of loyalty club members say such incentives affect where they choose to shop and how much they spend.

Fifty-four percent say they are members of their favorite grocery stores’ loyalty programs. Large shares within this group say that such incentives affect where they shop for groceries (63 percent) and lead them to spend more at the stores that offer them (60 percent). The programs could thus play important roles in strengthening customer loyalty amid the lasting digital shift online, where consumers have an array of choices at their fingertips.



GROCERY SHOPPING AMID THE DIGITAL SHIFT

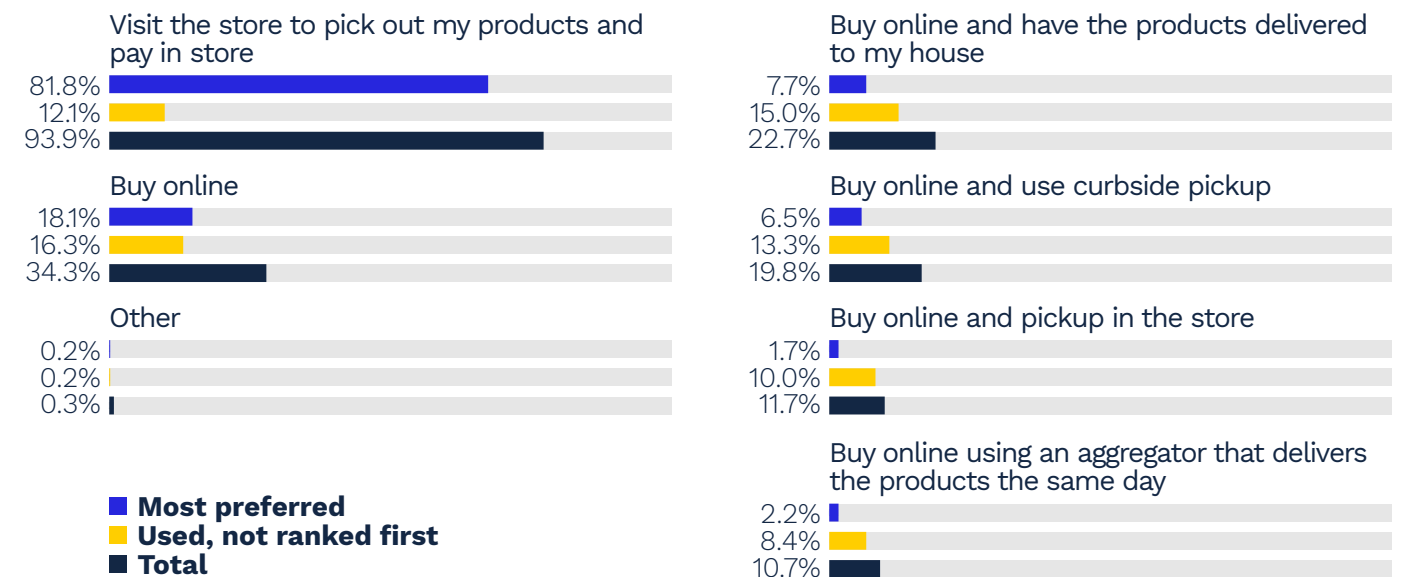
WHAT CONSUMERS EXPECT FROM THEIR GROCERY SHOPPING EXPERIENCES

Digital technology has become an integral part of how many consumers shop today, and this extends to how they stock their kitchens. More than one-third of consumers do at least some of their grocery shopping through digital channels, including through home delivery and curbside pickup services. A majority of the key millennial demographic — 57 percent — purchase groceries online

It is not only relevant that a significant share of consumers are shopping through digital channels — a majority of those that do are enthusiasts. Fifty-three percent of those that shop for groceries online — 18 percent of consumers overall — consider it their preferred grocery shopping method. In-store shopping remains the most common way consumers shop for groceries by far (94 percent) as well as the most preferred (82 percent).

FIGURE 1:
Grocery shopping channels

Share of consumers who use and prefer select channels



Source: PYMNTS.com

TABLE 1:
Grocery shopping channels
Channel use, by generation

	Baby boomers and seniors	Generation X	Bridge millennials	Millennials	Generation Z
• Visit the store to pick out my products and pay in store	96.7%	93.7%	89.5%	89.1%	95.4%
• Buy online	19.2%	34.4%	55.9%	57.4%	40.0%
• Other	0.5%	0.0%	0.3%	0.3%	0.6%
• Buy online and have the products delivered to my house	12.4%	21.0%	40.7%	42.2%	20.6%
• Buy online and use curbside pickup	8.4%	21.4%	34.7%	36.5%	21.5%
• Buy online and pickup in the store	2.4%	10.8%	25.4%	26.8%	15.2%
• Buy online using an aggregator that delivers the products the same day	2.4%	8.9%	23.7%	26.4%	10.3%

Source: PYMNTS.com

Digital technology has opened several channels to grocery shopping that have caught on with consumers. Home delivery is the most common and preferred channel, yet curbside pickup is not far behind: 20 percent use it and 7 percent prefer it. Interestingly, the use of and preference for aggregators — services that offer delivery services from multiple stores — is considerably lower than other channels. These findings suggest that grocery shoppers have affinities for their favorite stores and wish to maintain these connections when using digital channels, whether through direct delivery or curbside pickup.

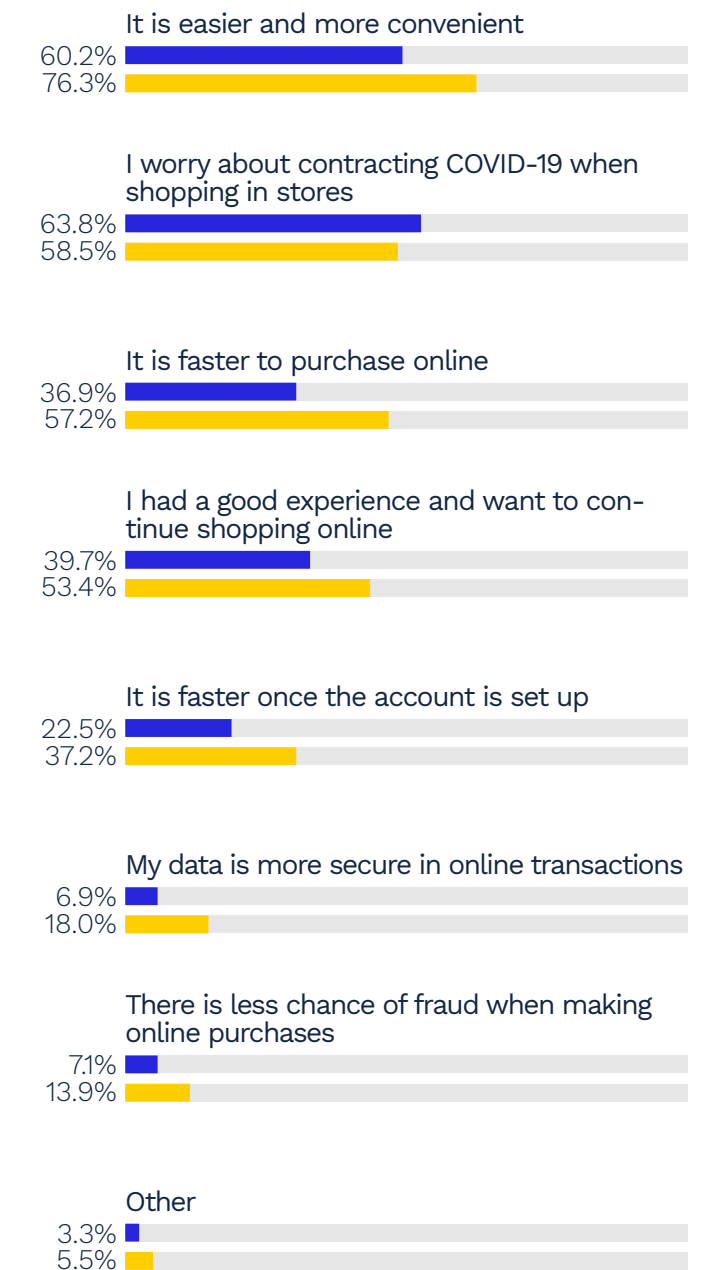
SHIFTING MOTIVES

The pandemic triggered an undeniable shift to digital shopping. What was less certain in its early days was how durable this digital shift would be. Would consumers maintain these new tendencies when conditions normalized, or would they revert back to pre-pandemic shopping habits? Our latest research confirms what many consumers indicated over the past year: The pandemic was a catalyst for the long-term adoption of new habits. Many consumers who discovered digital grocery shopping liked what they found.

This is manifested clearly in the shifting motives for online grocery shopping. More than three-quarters of those who increased their use of digital grocery shopping channels said they did so because digital channels provide an easier and more convenient way to shop. Avoiding COVID-19 was a less common motivation, cited by 59 percent of shoppers. This represents a reversal from October 2020, when the greater share of digital shoppers — 64 percent — cited concerns about the virus.

Other benefits of online grocery shopping have become more compelling for consumers since the fall of 2020. Respondents to our survey cited a broader array of benefits, including the sense that their data is more secure online: 18 percent cited this benefit — close to three times the share that had this view last fall.

FIGURE 2:
Reasons for doing more online grocery shopping
Share of consumers citing select reasons, October 2020 versus June 2021



Source: PYMNTS.com

■ October 2020
■ June 2021

THE LURE OF THE GROCERY STORE EXPERIENCE

WHAT CONSUMERS EXPECT
FROM THEIR
GROCERY
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Our research shows that digital grocery shopping channels will remain relevant to a significant portion of consumers. This does not portend the demise of the brick-and-mortar grocery store, however. The physical store remains central to the grocery shopping experience, unlike many retail storefronts, which ample consumers have eschewed in favor of online alternatives.

This is demonstrated in our data measuring the portion of consumers who are performing select shopping activities more through online channels and less through physical ones. The shift in recent months has declined somewhat from the shift measurable during earlier stages of the pandemic, yet it remains for stronger for retail shopping than for grocery shopping: 31 percent of consumers have digitally shifted in the first case, according to our most recent data — close to twice the share who have done so for food shopping (17 percent).

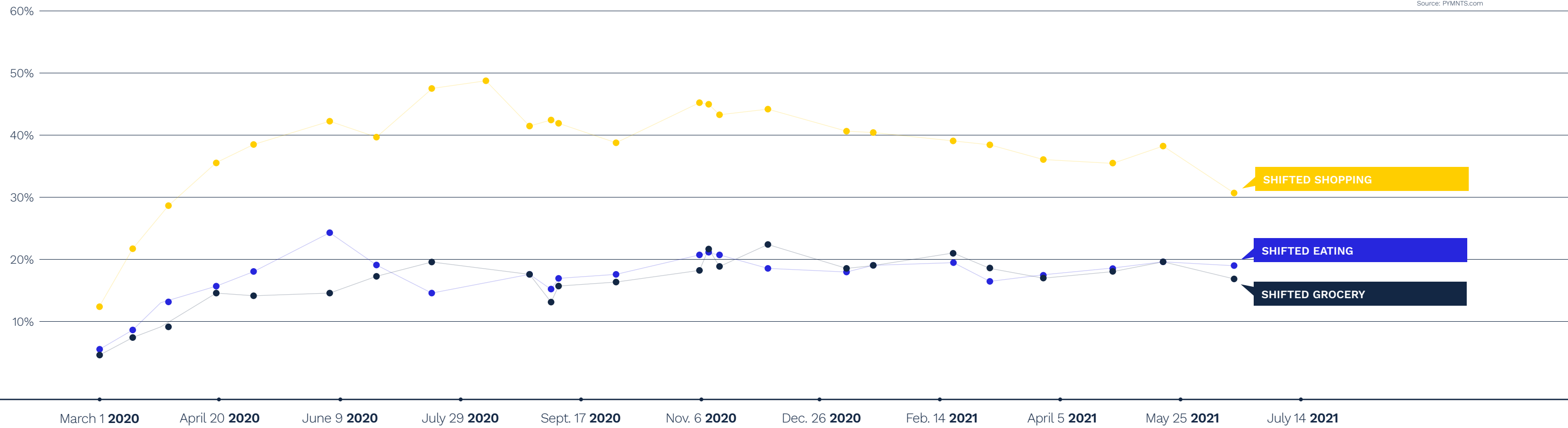
17%
OF CONSUMERS
HAVE **DIGITALLY
SHIFTED**
FOR GROCERY
SHOPPING.



FIGURE 3:
The digital shift in shopping over time

Share of consumers who shifted to digital channels for select types of shopping

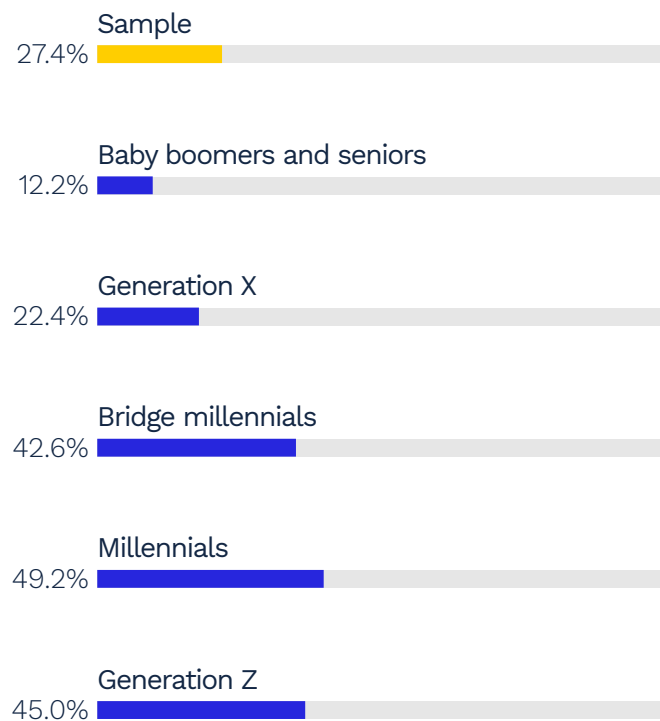
Source: PYMNTS.com



Our research indicates that the grocery store has more potential to serve as a kind of “one-stop shop,” where consumers can get a wide variety of products beyond food. Among those who have purchased nonfood products at their favorite grocery stores, 27 percent say these items were an incentive for them to visit more often over the last 18 months. The effect is particularly strong for millennials: 49 percent believe nonfood offerings motivated them to make more trips.

FIGURE 4:
Nonfood item availability’s impact on visiting grocery stores

Share indicating that they shopped more at their favorite stores over the past 18 months because they offered nonfood items



Source: PYMNTS.com

Several product categories emerge as most enticing: clothing and accessories, gas and fuel, medical prescriptions and cosmetics.

FIGURE 5:
The most appealing nonfood products

Share and estimated number of U.S. consumers who increased grocery store visits due to the availability of select nonfood items

• Clothing and accessories	3.6%, 7.4M
• Medical prescriptions	3.5%, 7.2M
• Gas/fuel	2.9%, 5.9M
• Cosmetics/beauty products	2.8%, 5.7M
• Banking services	1.4%, 2.9M
• Auto parts	1.2%, 2.4M
• Garden supplies	1.1%, 2.2M
• Hobby items	0.8%, 1.6M
• Consumer electronics	0.7%, 1.5M
• Home furnishings	0.6%, 1.1M
• Sporting goods	0.5%, 1.1M
• Appliances	0.5%, 1.0M
• Musical instruments	0.1%, 0.3M

Source: PYMNTS.com

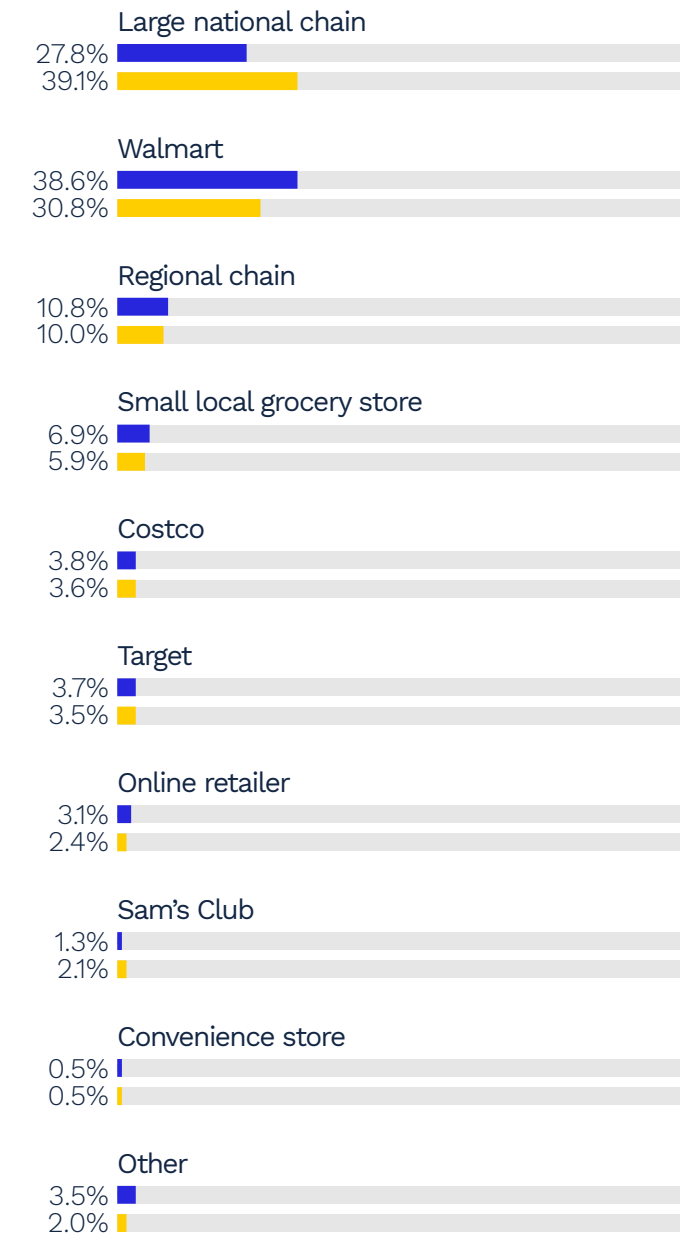
Our research further shows that 56 percent of consumers would consider shopping for groceries at places other than their favorite stores if they could obtain nonfood products and services. One-third would be “somewhat” likely to try new stores in this scenario, and 23 percent would be “very” or “extremely” likely to do so.

These attitudes may be reflected in another part of our study. Our research shows that there has been a sharp uptick in shopping at large national chains: 39 percent of consumers reported shopping primarily at large chains in June — an approximately 41 percent increase from October. In contrast, patronage of regional and smaller stores either stayed flat or declined during this time.

This trend could support the possibility that consumers are being drawn to larger grocery chains — but not warehouse-style stores — that are more likely to carry additional nonfood items like cosmetics, cleaning products and clothing. It could further show that consumers are more interested in meeting as many of their shopping needs in one place as possible.

FIGURE 6:
Patronage of grocery store brands/types

Share of consumer who primarily shopped at select stores, October 2020 versus June 2021



Source: PYMNTS.com

■ October 2020
■ June 2021

THE PAYMENTS CONNECTION

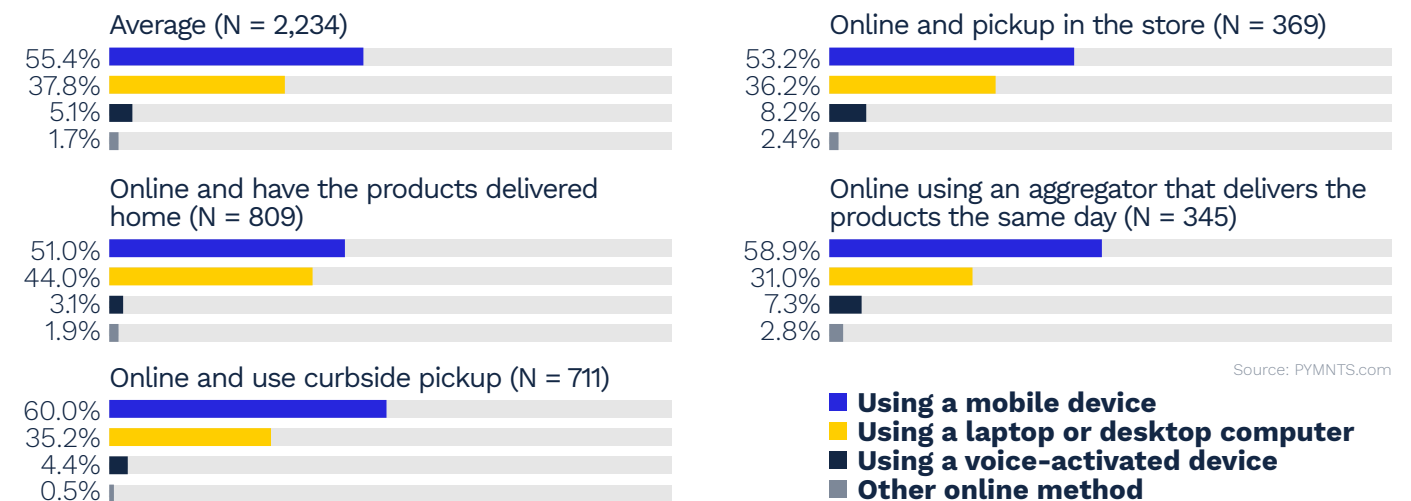
WHAT CONSUMERS EXPECT FROM THEIR GROCERY SHOPPING EXPERIENCES

The difference between robust digital shopping experiences and more limited ones often comes down to payments. Does a store offer robust purchasing capabilities optimized for all types of devices, particularly mobile ones? Our research reveals just how important these considerations are for digital shoppers.

Fifty-five percent of online grocery shoppers use mobile devices to make their purchases, exceeding the share who use desktops or laptops (38 percent). Mobile use is especially strong in the cases of those who use curbside pickup and aggregators: 60 percent and 59 percent of these channels' users purchase via mobile, respectively.

FIGURE 7:
Device use and grocery shopping channels

Share of consumers who use select devices for each of the online shopping channels



Payment variety and flexibility at checkout is always an important part of online commerce, but they are especially crucial for mobile users, who tend to place a premium on one-touch, seamless options like mobile wallets. Debit and credit cards are the most common forms of payment for groceries both online and in store, yet digital and mobile wallets are also common among online shoppers. Thirty-one percent of them use PayPal, 17 percent use Apple Pay and 13 percent use Google Pay. EBT cards are also being used to a significant extent for online grocery purchasing: 12 percent report using this payment method — about the same share who report using them in store.

FIGURE 8:
Payment methods online and in store
Share of online and in-store consumers who use select methods



Source: PYMNTS.com

50%

OF MILLENNIALS WOULD BE “VERY” OR “EXTREMELY”
**INTERESTED IN USING CONTACTLESS
CREDIT AND DEBIT CARDS.**

Our research illustrates a different dynamic when it comes to in-store shopping. Consumers tend to reach for the tried-and-true payment methods of debit and credit cards, while less than 10 percent use contactless methods, such as contactless cards and mobile wallets.

This low rate of contactless adoption may have more to do with a lack of knowledge regarding using them at compatible point-of-sale terminals than lack of interest, especially among millennial consumers. Roughly 50 percent of millennials would be “very” or “extremely” interested in using contactless credit and debit cards to pay, and nearly the same share would be highly interested in using digital wallets to pay at checkout.

TABLE 2:
Interest in using contactless and digital payment methods
Share of consumers who are “very” or “extremely” interested in using select methods, by generation

	Baby boomers and seniors	Generation X	Bridge millennials	Millennials	Generation Z
• Contactless credit cards	23.8%	35.4%	51.2%	50.4%	32.6%
• Contactless debit cards	16.7%	31.9%	48.5%	51.1%	35.8%
• Digital wallets, such as Apple Pay or Google Pay	6.6%	27.9%	47.6%	49.5%	43.5%
• Card on file	7.9%	20.1%	35.5%	39.2%	14.0%
• QR codes	4.7%	20.3%	35.1%	36.5%	19.3%
• Buy now, pay later	3.5%	17.5%	37.4%	39.6%	18.3%

Source: PYMNTS.com

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DEEP DIVE: LOYALTY PROGRAMS

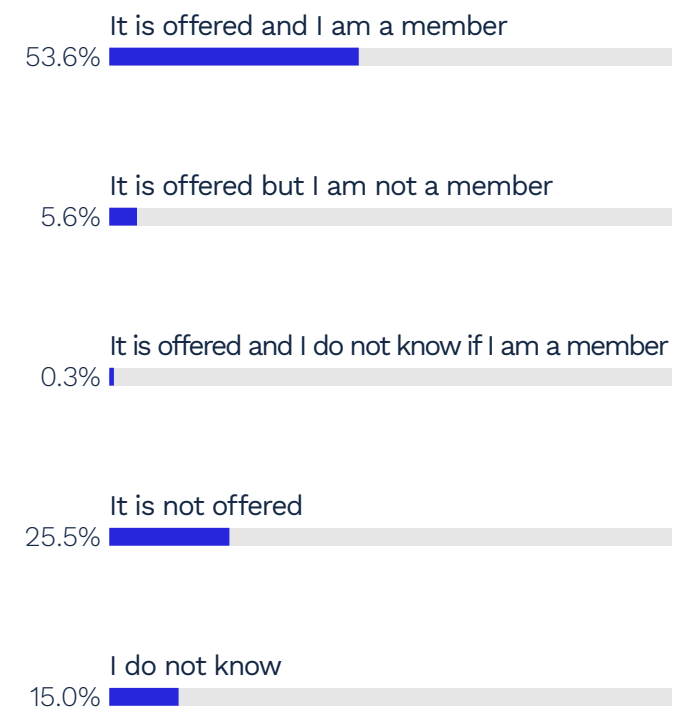
WHAT CONSUMERS EXPECT
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The digital shift in shopping has been a mixed blessing for stores. Services like home delivery and curbside pickup have the potential to boost sales while minimizing demand on in-store resources. Selling online comes with its own set of challenges, however, as a competitor could be just a click away. Loyalty programs have taken on renewed importance in this digitally inflected landscape by offering consumers financial incentives to stick with their preferred stores.

A majority of consumers say they are members of loyalty programs at their favorite grocery stores, and this has major impacts on how they shop.

FIGURE 9:
Loyalty program membership

Distribution of consumers based on select loyalty program statuses



Source: PYMNTS.com

A significant share of consumers overall believe that loyalty programs make them more likely to patronize the stores that offer the programs. Forty-three percent say they spend more money at grocery stores that have loyalty programs and that such programs impact their decisions about the stores at which they shop. Thirty-nine percent say loyalty programs encourage them to buy items at their favorite grocery stores that they would otherwise buy online.

These trends are considerably stronger among members of loyalty programs: Large shares believe that they influence decisions about where they shop (63 percent) and that they spend more at stores that offer the programs (60 percent).

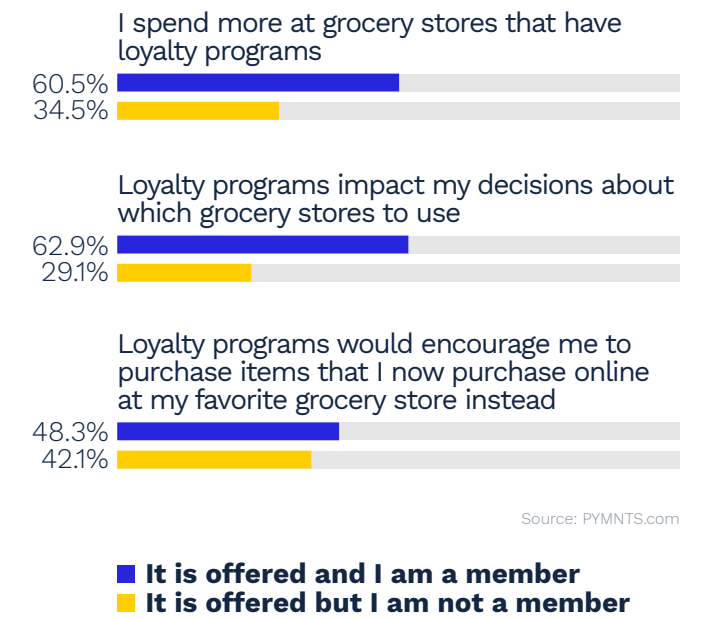
63%
 OF LOYALTY PROGRAM MEMBERS
BELIEVE THAT SUCH PROGRAMS INFLUENCE THEIR DECISIONS ABOUT WHERE THEY SHOP.

FIGURE 10:
 Loyalty programs' impacts on shopping decisions

10A: Share of consumers who agree with select attitudes toward loyalty programs



10B: Differences in attitudes between members and nonmembers



Source: PYMNTS.com

This suggests that loyalty programs have endured momentous changes over the past 18 months and remain a singularly compelling draw for consumers. The programs could therefore play important roles in keeping shoppers coming back at a time when a convenient location and foot traffic count for less than they once did. Loyalty programs must also be in step with the digital shift, however, and they should be an embedded part of the shopping and purchasing experience.

CONCLUSION

Going to the market to obtain food and provisions is one of civilization's oldest and most basic institutions. How consumers go about possessing these necessities has been changing dramatically in recent years as a result of connected technology and the pandemic.

Innovations have opened new paths to market through services like home delivery and curbside pickup. Our research shows that one-third of U.S. consumers are now using these digitally enabled channels to do at least some of their grocery shopping. These trends correspond to the wider growth of the connected economy, in which consumers are increasingly accomplishing the vital tasks of their lives with big assists from online technology.

These experiences have raised the standards and expectations of consumers overall, and shoppers experience fewer patience-testing delays at checkout, reduced odds of lackluster inventory and decreased in-store frictions than they once

did. In addition, occupying good real estate no longer confers grocers the advantage it once did, as commuting patterns have changed and foot traffic has declined.

This means that merchants in the grocery space must do more to enhance their value proposition, which often means introducing or enhancing digital channels and services that can make the shopping experience more seamless and satisfying. Doing so can also mean leveraging the natural advantages they have as the brick-and-mortar stores that large majorities of consumers still patronize. One way to do this is to offer non-food products to become one-stop shops for consumers.

The first step in meeting these evolving demands and expectations may be getting to know customers better — and this may start with implementing robust payment operations that are capable of integrating data analytics and loyalty programs.

METHODOLOGY

What Consumers Expect From Their Grocery Shopping Experiences is based on a census-balanced survey of 2,342 U.S. consumers. Consumers had to have made grocery purchases during the previous 30 days to qualify for the survey. The survey consisted of 27 questions regarding consumers' grocery-shopping habits, their use of digital tools and channels and related matters. It was conducted from June 9 to June 13. A companion survey, conducted in October 2020, was used to analyze change over time for select data points.

WHAT CONSUMERS EXPECT
FROM THEIR
GROCERY
SHOPPING
EXPERIENCES

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