

The Consumer and COVID

Presented by The Hartman Group

Methodology

This report is principally informed by qualitative research conducted by The Hartman Group (THG). It also draws on a quantitative tracking study conducted in partnership with FMI.

	Qualitative Methods, conducted by THG	Quantitative Methods, conducted by FMI & THG
Approach	<p>Mobile ethnography Fielded March 18–21, 2020</p> <ul style="list-style-type: none"> • 4-day online ethnographic qualitative engagement <ul style="list-style-type: none"> » Online ethnographic engagements use a dynamic mobile app with an intuitive social media-style interface to enable a unique, intimate engagement and capture in-the-moment, real-life insights • Respondents completed project-related tasks each day, including a kitchen tour; description of their food procurement, cooking, and eating habits; how such habits are impacted by the current pandemic; and their general strategies and thoughts about current events and changing realities. 	<p>Nationally representative survey Fielded March 28 – April 2, 2020</p> <p>Topics:</p> <ul style="list-style-type: none"> • Areas of consumer concern • Evaluation of and priorities expected from grocery retailers • Changing patterns in the where/what/who/how of grocery shopping
Sample	<ul style="list-style-type: none"> • Respondents, with a mix of gender, household income, children in household, and race/ethnicity, were recruited from key metro areas where the first cases of COVID-19 were identified in the U.S. • Metro areas include: <ul style="list-style-type: none"> » Seattle, WA » New York, NY » Los Angeles, CA 	<ul style="list-style-type: none"> • Total General Population, n = 1,036 • General U.S. adult population • Balanced for U.S. Census in terms of age, gender, U.S. Census region, household income and race/ethnicity
Notations	<p>Respondents' words and images are noted throughout the report and include gender, age, and city.</p>	<p>Cited as: FMI & The Hartman Group. <i>U.S. Grocery Shopper Trends COVID-19 Tracker</i>, March 28 – April 2, 2020.</p>



The Impact of COVID on Consumer and Cultural Values

Understanding the human and cultural forces driving change helps to predict future developments

A combination of macro and micro forces impacts consumers' day-to-day shopping and eating practices and can help reveal how events happening today will impact behavior tomorrow.

MACRO forces

MICRO forces



Sociocultural Trends

The social, political, and economic forces reflected in:

- Who we are
- What we do
- Where we live
- What we value
- How we connect



Systems of Influencers

The networks of influence through which consumers gain knowledge and understandings, such as:

- Traditional media
- Social media
- Brands/Banners
- Experts (doctors, dieticians, chefs, etc.)
- Social networks



Cultural Values

The values and beliefs (determined by macro forces of trends and systems) that shape behavior, such as:

- What is considered healthy
- What is considered quality
- What is considered authentic



Needs and Contexts

The needs and considerations that frame decisions around what to eat, when, and why, such as:

- How am I feeling?
- What am I craving?
- What is available?
- Who else needs to eat?



Food Behaviors And Habits

How consumers and households source food and beverages, such as:

- Shopping
- Preparing
- Cooking
- Eating
- Drinking

Traumatic events challenge existing consumer attitudes and behaviors and impact cultural values in the long term

There is a complex feedback loop between the macro and micro forces that shape food culture and behavior. Traumatic events such as the **COVID-19 crisis upend and reverberate throughout these forces**, changing their relationships and the system in which they operate.



We believe the pandemic brings up several important questions for organizations to answer:

- How will **consumers ensure their own personal resilience—physically and mentally**—not only against the immediate danger of COVID-19 but future risks to the short- and long-term safety and wellness of themselves, their families, and the planet?
- How will consumers' **relationship with—and ideas/behaviors around—food (from shopping to eating) be fundamentally shifted** in this new landscape?
- How will this unprecedented global crisis—with health and safety at its core—**change society and the food industry** in the next year? Three years? Five years? Beyond?

Amidst concerns around personal safety, expanding lockdown orders upend daily lives, increasing consumer anxiety and causing new pain points

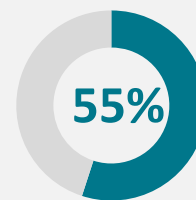
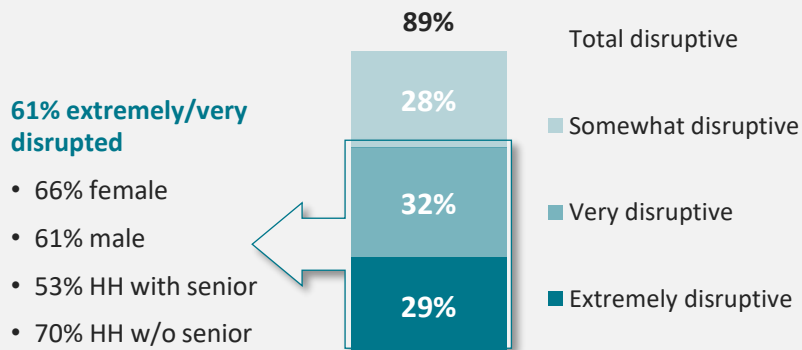
Shelter in place orders instituted to mitigate spread of the pandemic are leading to dramatic shifts in consumers' daily lives. Some of these changes will last longer than others, but together they create temporary new realities that cause a domino effect on many other consumers' behaviors.

What does this new reality look like?

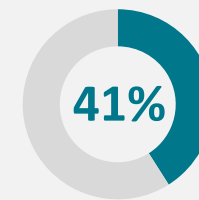
- Record high unemployment rates as whole industries shut down
- New work-from-home routines (and stressors) among many of those who are still employed
- Closed schools making homeschooling the new normal (for now) and forcing many parents to dedicate a lot of time and energy to support such efforts
- Shifting household dynamics, including mealtime routines and food habits
- Social interactions impacted by lack of mobility

Household Changes during COVID-19 (April 29-May 10, 2020)

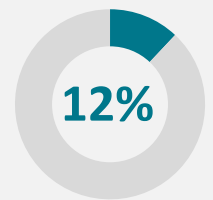
Perceived Level of Life Disruption by the Novel Coronavirus



Consumers reporting some type of impact on the fundamentals of their household



Consumers experiencing either job loss or reduced wages



Consumers claiming a change in household composition

The COVID-19 pandemic forces consumers to reevaluate existing concerns and new trade-offs—with implications to convenience

Consumer Trade-offs Beyond Baseline Need

Securing my/our physical health in the short and long term

- Integrating exercise and movement
- Caring for the health of self and others under immediate care



Maintaining emotional and mental well-being

- Cultivating social connection
- Ensuring a routine (esp. for children)
- Focusing on: comfort, nostalgia, enjoyment, novelty
- Balancing motivation/energy with staying occupied/alleviating boredom



BASELINE NEED: Protecting myself and my family from immediate danger

(avoiding contracting COVID-19)

- Social distancing
- Staying in home/avoiding stores, etc.
- Working from home
- Protecting both self and others (preventing spread, flattening curve...)



Being a supportive community member

- Patronizing restaurants and other local businesses
- Voting with dollars/spending consciously
- Taking action to support the most vulnerable

Working within means, availability, and access

- Managing finite resources (time, money, storage space, etc.) now, with a mind to the future



Emerging considerations and priorities create new implications for the need for convenience, redefining modern expectations

Elements of “modern” convenience are taking on new meaning and relevance as needs shift now and in the future

Traditional Convenience

(still true & important)

1 Easy



Empowering

knowledge • increased skill • shortcuts

- expert information to grow skill & interest
- help with the hardest part of the recipe



Empowering

knowledge • self-reliant • resilient

- provide a sense of control
- support development of self-reliant skills in sourcing/prep/etc.
- able to withstand or recover from existing and emerging pressures

2 Quick



Engaging

creativity • discovery • customization

- components used as suggested or customized
- exposure to alternative eating styles
- novel ingredients, global cuisines



Engaging

stimulating • purposeful • intentional

- support mental and emotional balance
- align with consumer values
- community connection

3 Accessible



Flexible

functional • well-designed • occasion-specific

- travels well
- multiple sizes, scalable
- package design aids in dispensing, combining, cleanup



Flexible

functional • mutable • reliable

- versatile across many occasions/dishes
- adaptable to emerging conditions
- reliable accessibility, quality, and taste



Food Shopping in Times of Social Distancing


Continued mitigation of immediate health risks has consumers focused on the functional outcome, not the experience, of the shopping trip


Shifting shopping behaviors that focus on efficiency above many other priorities stand in stark contrast to shopping trends pre-COVID-19. Moving forward and while the immediate risk—and the prioritization of mitigation efforts—remains, shopping behaviors follow a similar “**stock-up**” trip strategy.


- A **decrease of trip frequency** means consumers move to more efficient trips—waiting until they need to buy multiple items instead of heading to the store for just one or two.
- More at-home occasions require **more supplies for snacks/meals** that would typically be outsourced.
- For some, ongoing anxieties about when a lockdown will end and how retailers will manage inventory create **residual panic shopping** behaviors.
- However, for some a desire to stock up is **tempered by immediate or expected economic concerns**.


As the U.S. likely enters a new recession, consumers will remain price-conscious. As safety concerns loom, **cross-shopping between stores to find the best deal will likely shift to more careful shopping within a smaller set of retailers, increasing the relevance of one-stop shopping.**

Changes in Consumer Shopping Habits Oriented Towards Functionality

9
out of
10 shoppers adjusted where/how they shop 

32% say their shopping trips got faster 

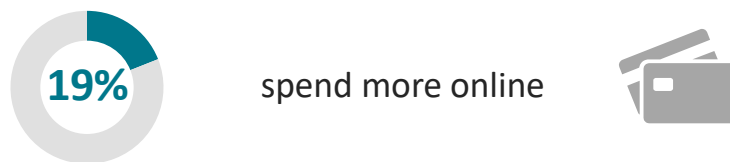
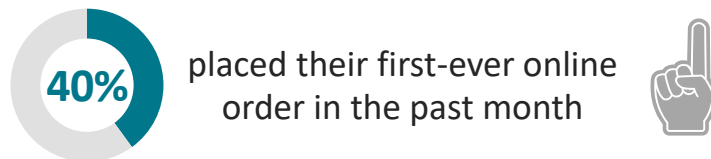
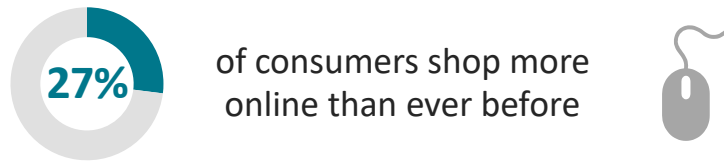
40% say they shop at fewer stores 

45% say they spend more money each visit 

Consumers are turning to online shopping out of concerns for safety

Online shopping has seen modest adoption over the last few years, though perceptions of its shortcomings have prevented many from trial. Heightened fears around shopping in-person can make the benefits of shopping online more appealing, thus **prompting new shopping behaviors**.

Greater Engagement



“I’ve definitely been looking into ordering food online. I have a shopping cart going at Target. I’m going to order from Misfits Market if they’re still going [...]. I’ve been looking at Instacart to see if they’re going. [...] definitely plan on online shopping, not in person.”

– Female, 41 New York City

Greater Breadth of Destinations

instacart



Grocery delivery and click-and-collect

SUN BASKET



Meal kits

FULL CIRCLE

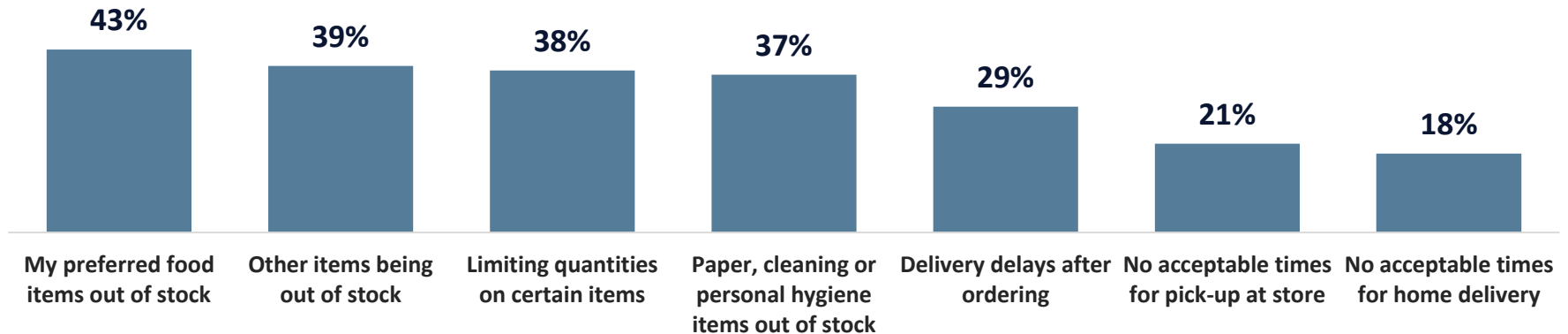
Misfits Market

CSA’s and local farms/brands

Local businesses that move online for their own viability give consumers an avenue to spend their dollars in support of their local economy. Such local engagements helps combat some of the social justice issues at play in other, more national, brand and companies.

The virtually contactless process of procuring food online could usher in a pivotal shift in widespread channel adoption—if experiences go well

Challenges with Online Orders



Online and omnichannel retailers are seeing their shortcomings exposed.

- Existing logistical challenges, such **general availability and access**, are exacerbated as consumers who want to participate feel left behind.
- New tensions, such as **out of stocks and delayed delivery times**, are emerging amidst the sudden surge of users.
- **Treatment of the gig workers** on which such platforms rely was already a social justice issue pre-COVID-19 and is becoming especially fraught as safety concerns increase.

Actions now will translate to future perspectives.

Online presents an opportunity for a broad range of consumers to engage with national and local retailers alike. As they navigate an increasingly crowded landscape of companies of all sizes, a **seamless experience around tensions points will be key**. Innovative and creative digital experiences will also be integral to standing out.

Trade-offs around availability and accessibility can force consumers to branch out from routine categories and brands

Regardless of consumers' intentions and preferences when they begin their shopping trip, purchases are ultimately influenced by the **available selection** at the physical or digital shelf. These are especially strong **points of tension** in the current shopping environment. Availability and accessibility can impact purchases at both the **category** and **brand** level, forcing consumers to branch out from one category to another or trial new brands they might not have otherwise.

Changes in milk shopping behaviors in one consumer's household illustrate how constraints around availability and accessibility lead to trade-offs at the category and brand level:

Between Categories

Dairy milk



Almond milk



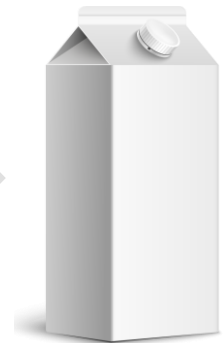
"We're keeping almond milk on hand as like the Band-Aid until we're able to get to the store. We're trying to minimize our trips and not having to run out just to get milk."

Between Brands

Dairy milk



Whatever brand is available



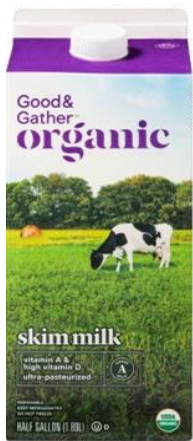
"We go to Costco to get a single gallon of milk. But I would loosen up my rules about what we buy if that shelf was empty. I wouldn't think twice about probably just grabbing the next one."

– Male, 35, Seattle

However, purchasing priorities amid the pandemic reveal standing cultural values around fresh, less processed

Trade-offs between quality, practicality, and price result in increased relevance of shelf-stable and frozen options—but fresh food is still a top priority.

Strategies to negotiate needs for fresh and long-lasting include:



Buying fresh and organic in **specific categories**



Prioritizing quality cues that speak to fresh, less processed frozen and shelf-stable formats

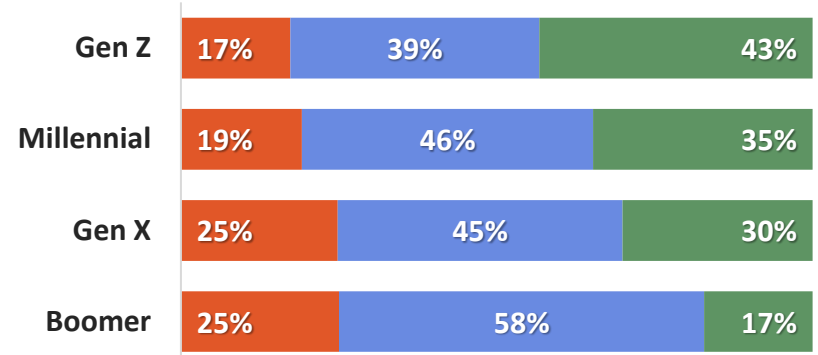
Health and wellness concerns will **continue to underscore the importance of freshness** in the long term.

Over half of consumers anticipate new retail shopping behaviors post-COVID



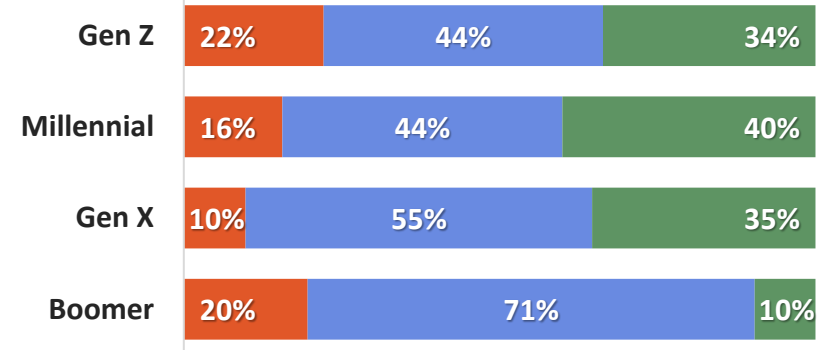
Compared to before the pandemic, I expect to visit grocery stores...

- 22%** LESS than before
- 50%** Same as before
- 28%** MORE than before



Compared to before the pandemic, I expect to order online for delivery...

- 16%** LESS than before
- 57%** Same as before
- 27%** MORE than before





Evolving Routines for Home-based Eating and Food Preparation

The coronavirus outbreak is leading more home cooks to improvise, but their motivations for doing so differ

Consumers are improvising more than ever in their kitchens, but this is equally likely to be driven by necessity as by a desire to express creativity. In fact, this can push some consumers out of their comfort zone and may inspire—or require—some to learn to cook with a more improvisational approach.

Two Approaches to Improvisation During COVID-19



Forced Adaptation

Lack of access to usual foods or ingredients impedes ability to cook from recipes

Replacement of foods that would normally be purchased and prepared

Use of fresh foods in danger of going bad

"It's been more 'eat what is going to expire next.' That's a lot of our driving force between the meal choices."



Creative Experimentation

Increased time at home to devote to cooking and baking

Cooking as entertainment to alleviate boredom

Special treats cooked for family as way to bring comfort during a stressful time

"The recipe has been in the family for years. Now that I have more spare time I can cook and bake more time-intensive foods."

Consumers are having to adapt their meal prep strategies to achieve a nutritious and balanced diet with increased reliance on long-lasting foods

As consumers' quarantine pantries are stocked with a more limited selection of fresh and perishable items, they are adapting their food prep strategies to meet nutritional goals with items they feel are "less than" but "good enough" options. Consumers are employing a more ad hoc approach than usual, though still with a **hierarchy of techniques** to integrate more frozen and shelf-stable foods into what they consider a nutritionally balanced diet.

↑
Availability of nutritious ingredients and ability/time/motivation to cook them



Integrate **nutritious, long-lasting foods**, including canned/dried legumes, canned fish/meats, and frozen fruits/vegetables

"Frozen veggies are a must because they help me to create healthy meals combined with grains or legumes... and they last a long time... in case there is a food shortage or I'm unable to get to the grocery store for fresh veggies."



Sacrifice a **cohesive dish** in favor of a **nutritionally complete** snack or meal

"There's been some odd meals of like, okay, we're going to have pasta and some frozen veggies, but since I don't have any fresh proteins to add, it's going to be a protein shake on the side."

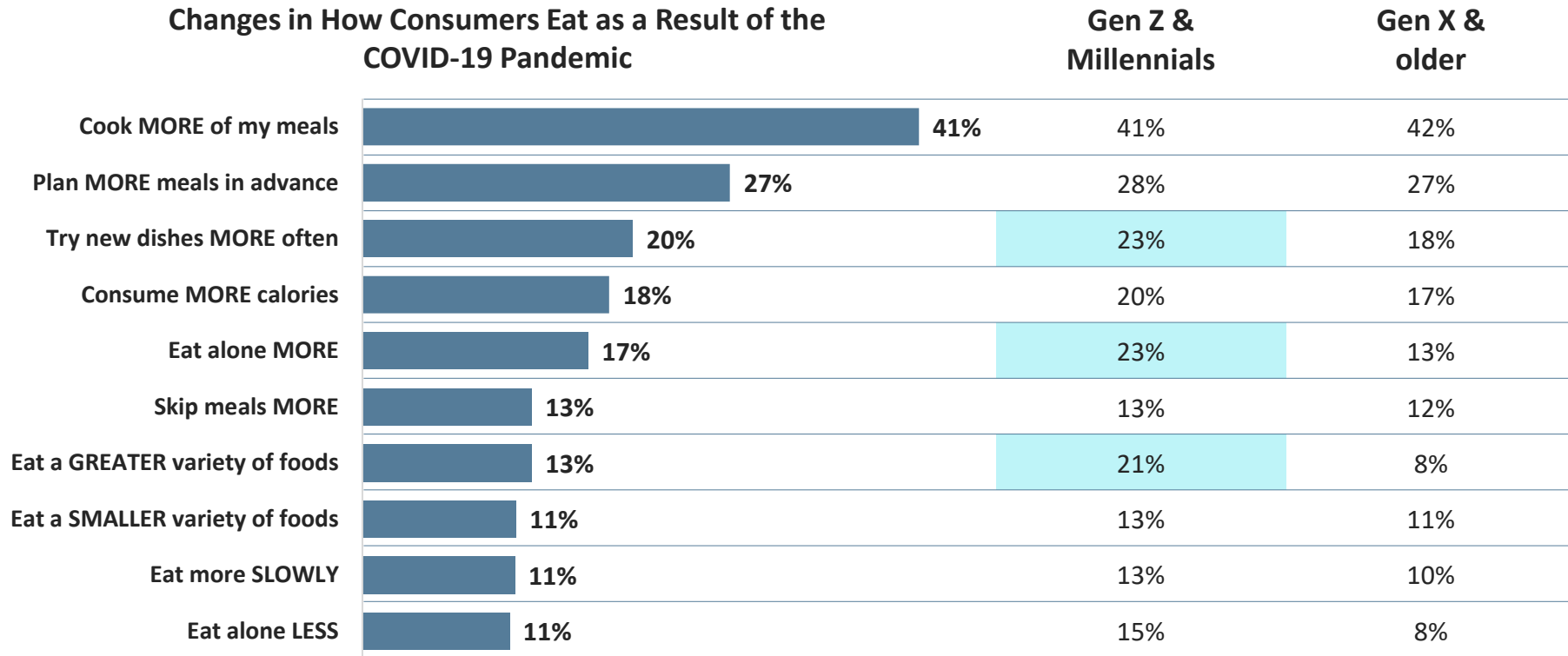


If all else fails, prioritize **satiety over nutritional value**. Parents are often faced with this approach to ensure that their children eat *something*, even if not seen as nutritionally complete

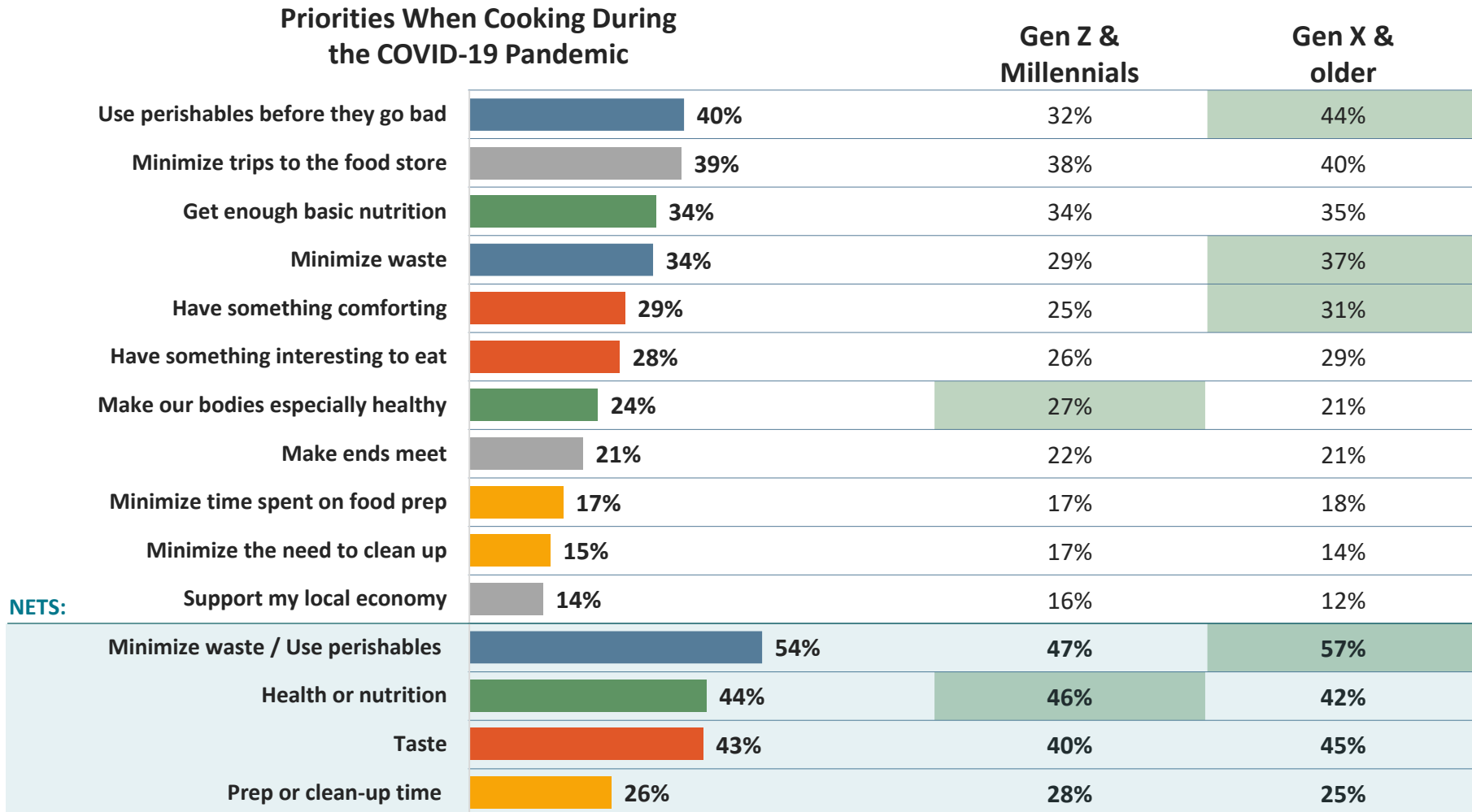
"I wanted to make sure we had some [cheese] since it goes into a lot of our cooking and is something I know my five-year-old will eat."

Both cooking and planning have seen changes in consumer routines

76% changed their eating habits as a result of COVID-19 quarantine
(87% among Gen Z & Millennials / 70% among Gen X & older)



Regardless of their economic situation, many consumers are engaging in more frugal behaviors

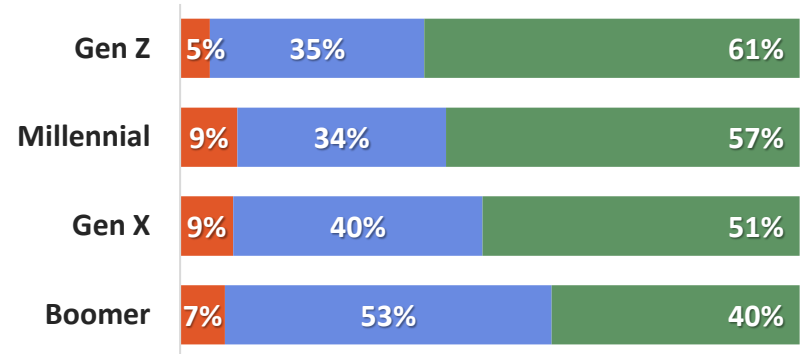


New preparation routines at home are likely to continue post-COVID



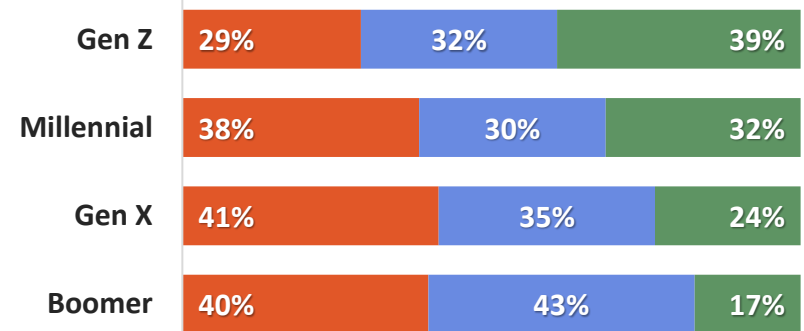
Compared to before the pandemic, I expect to prepare meals at home...

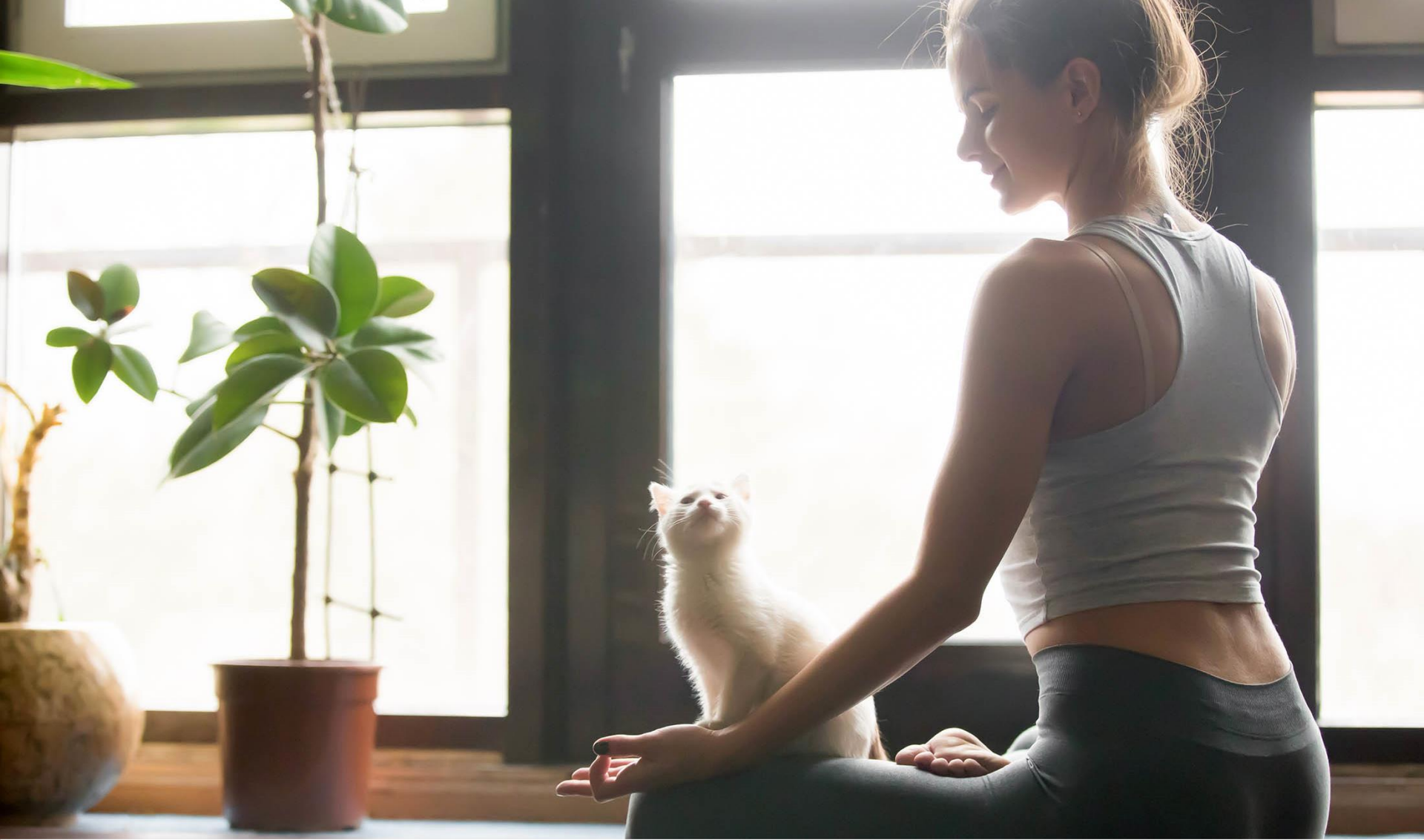
- 8%** LESS than before
- 43%** Same as before
- 49%** MORE than before



Compared to before the pandemic, I expect to eat out at restaurants...

- 38%** LESS than before
- 37%** Same as before
- 25%** MORE than before



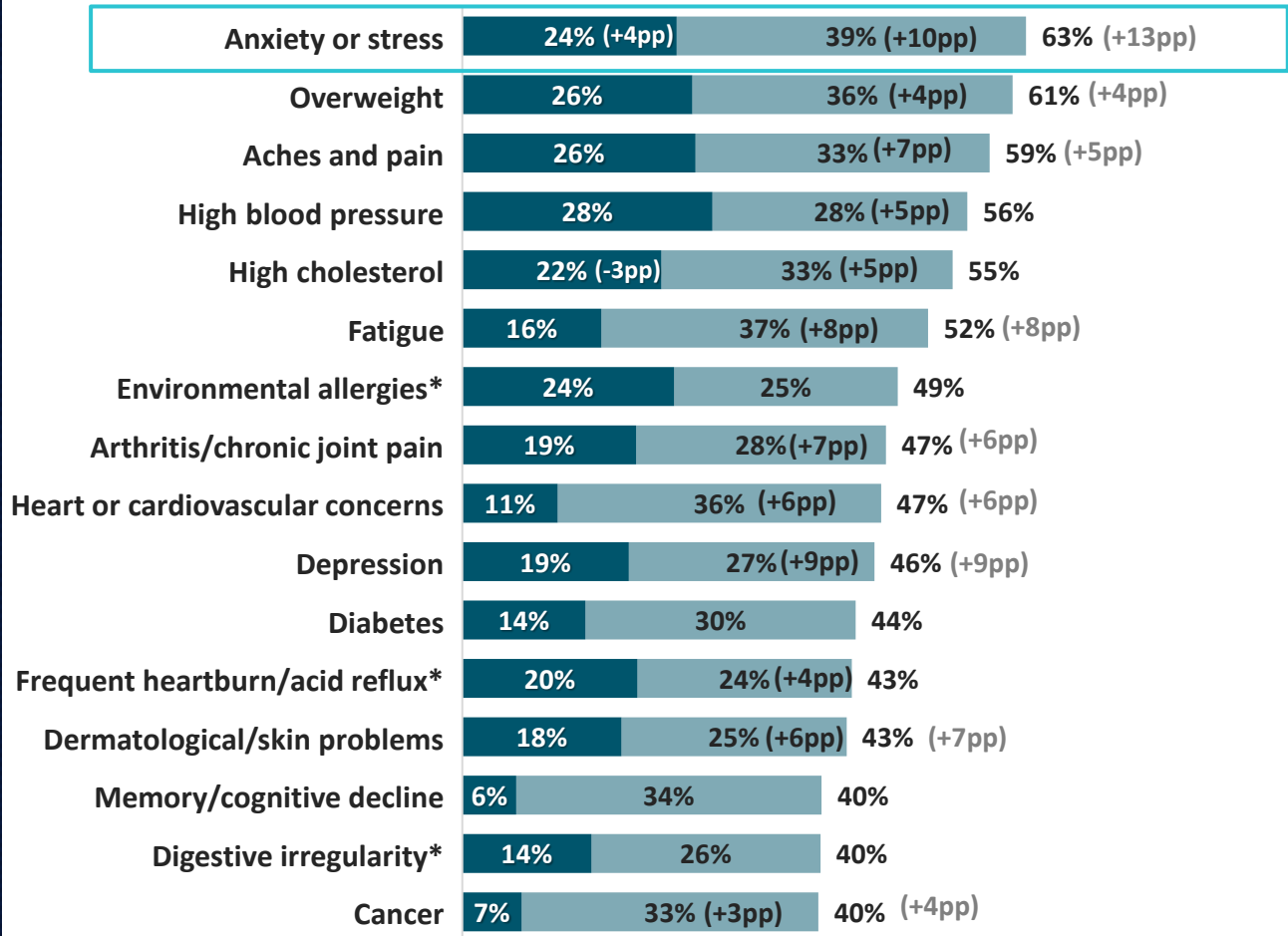


Mental and Emotional Resilience in Crisis

Anxiety became the metaphor for the current moment (back in 2019, pre-COVID)

Conditions Treating and Preventing in Household

■ Treating ■ Preventing ■ Either



For the first time in a decade, overweight has fallen from the #1 condition, replaced by anxiety/stress.

Trended to 2013. * No trend available

Consumers are using a variety of methods to support their mental and emotional well-being, from compassionate self-care to caring for others

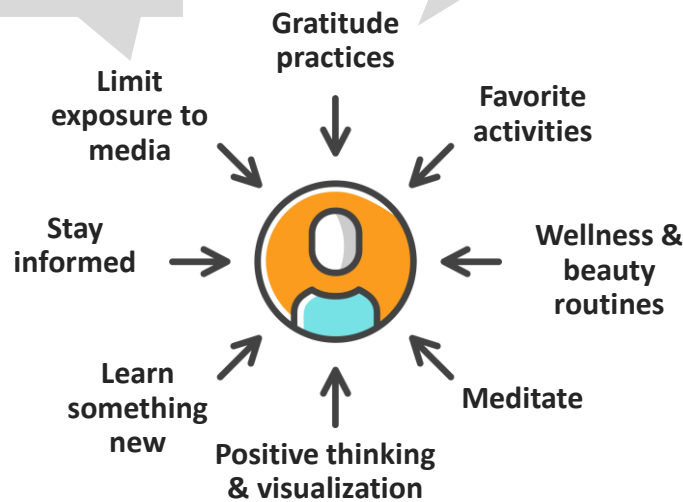
Self-care and compassion

"Reduce exposure to news to twice a day for 15 minutes."

– Female, 40, Seattle

"I have a gratitude journal: finding little joys in hard times."

– Female, 40, Seattle



"Something else that I've been doing to help support my mental health during COVID-19 is really to think positively."

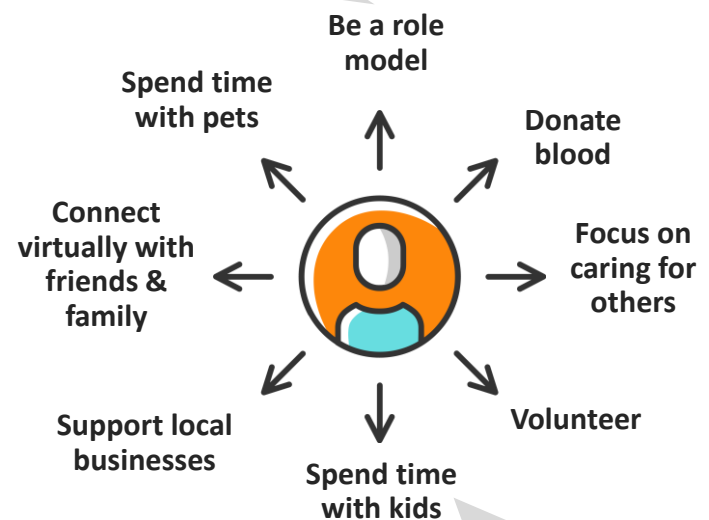
– Female, 45, New York City

The actions that consumers are taking to support their well-being during this time are also pivotal to a **reshaping of their key values**, meaning such practices will likely remain important far into the future.

Care and compassion for others

"I'm also choosing to be positive because I want my child to see what can occur when you change your thinking from negativity to something positive... I'm hoping that setting a good example for her is also helping me deal with the current state of affairs."

– Female, 45, New York City



"I'm taking this chance to try to play more outside with my kids and that seems to be helping with some of the anxiety."

– Male, 35, Seattle

Engaging with food in ways that evoke feelings of comfort and control can help some to alleviate anxiety...

Comfort

- Eating **comfort foods** as a form of self-care
- **Cooking** and **baking** can be soothing

The Power Of Comfort Food In The Time Of Coronavirus **Forbes**

Mar 31, 2020



"When I bought the mac 'n cheese, I was like 'to heck with it, I need to treat myself right now.'"

– Female, 41, New York City

Control

- **Gardening** fruits and vegetables to ensure access to fresh food
- A focus on **nutritious foods** and those that support **immunity**
- **Management** and **organization** of the household resources

Food Supply Anxiety Brings Back Victory Gardens **The New York Times**

Published March 25, 2020

The New York Times



Consumer-submitted image of garden

"Knowing what you have on hand and how long you have to use it is a matter of life and death right now."

– Female, 40, Seattle

However, current food habits are also triggering existing anxieties for some consumers while exposing new tensions for others

The relationship to food can sometimes be a source of tension:

- Consumers who don't typically cook at home are forced to overcome barriers and may feel overwhelmed.
- Consumers with typically fewer barriers may have emerging stressors.
- Consumers sensitive to their weight may feel extra pressure to not gain.
- Increasing popular links between food and consumers' mental health and immunity creates augmented pressure to eat "well."

"I used to enjoy food; now it's kind of like I eat what I eat or I get what I get, or I have what I have on hand."

– Male, 39, Los Angeles



COVID-19 is bringing new urgency to the interconnectedness of physical and mental health, and the concept of food as medicine

COVID-19 has entered into an ongoing, and suddenly more urgent, dialogue about the **interrelated nature of physical and mental health**. Engaged consumers have increasingly adopted this holistic approach to wellness, with many linking the food they eat to how they feel—making the connection between body and mind. Some are of the belief that **food is a form of medicine** and use food choices as an active way of managing their health.

With the risk of illness suddenly at the forefront of consumers' anxieties, more are seeking to support their health—with a special focus on immunity—through any means necessary.

Immune supporting beliefs







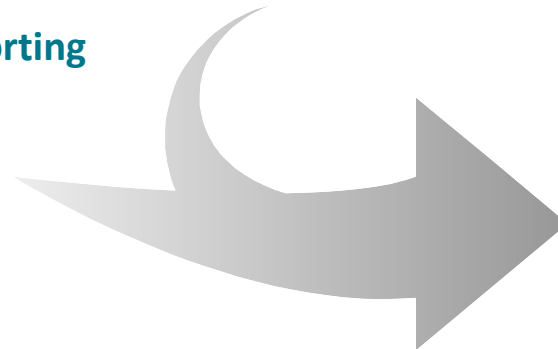
Link between digestion, inflammation, and immunity






Influence of quality sleep and stress management on immunity

Rise in immune- supporting foods

-  Vitamin C & citrus
-  Garlic
-  Green tea
-  Turmeric & ginger

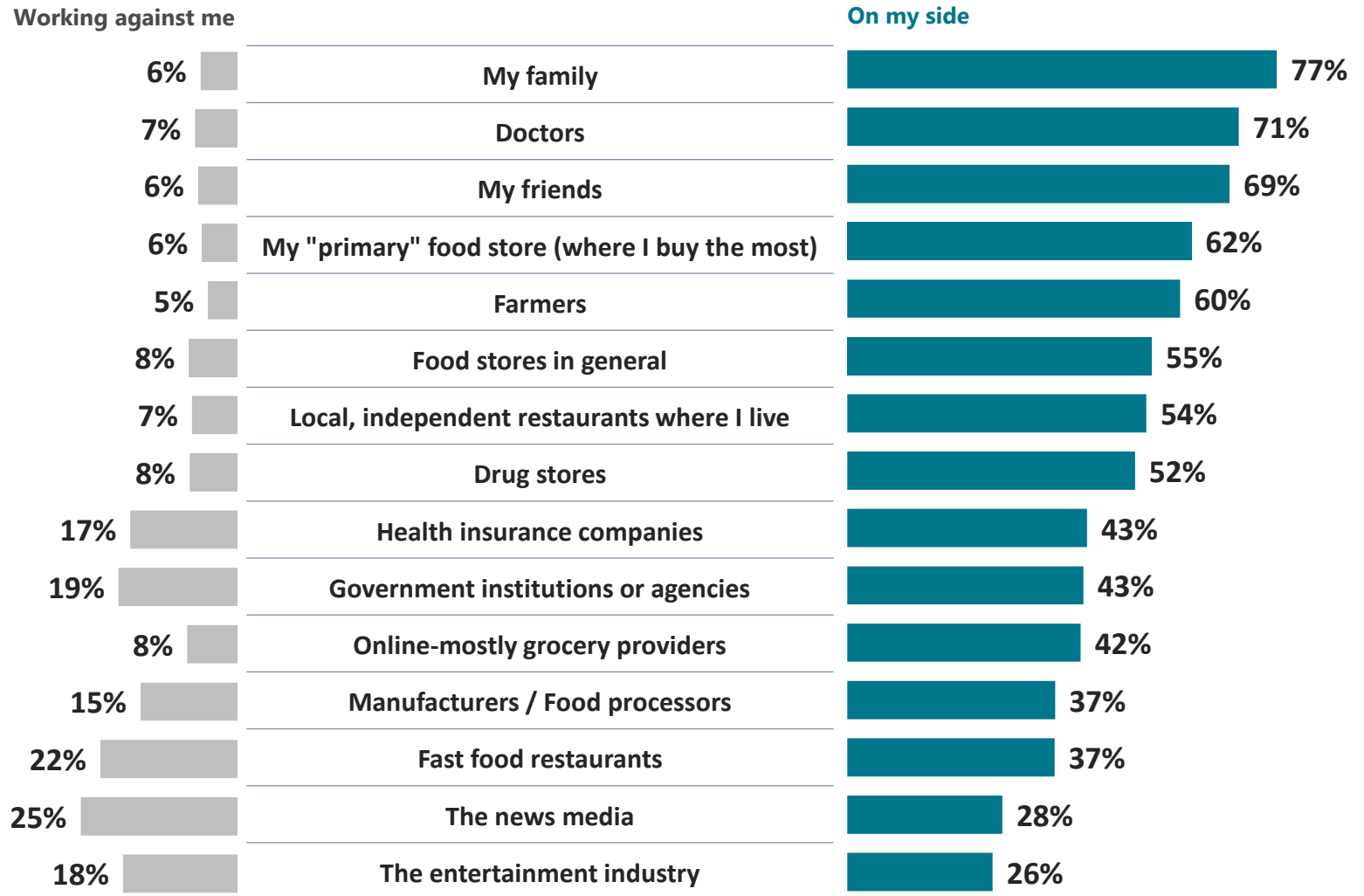


Up & coming ingredients for immunity

-  Prebiotic fiber
-  Adaptogens
-  Medicinal mushrooms



Consumer perceptions of people and institutions helping them stay healthy during this time vary



With the visible strain on the food system, consumers are beginning to question America's abundance and resilience

Amidst **already eroding trust in governments and large corporations**, consumers are becoming more and more critical of core systems in America, such as the healthcare system, the economic system, and the food system, as they see the unequal distribution of impacts of the current outbreak.

- Consumers are **increasingly questioning systemic inequalities** as well as the ability of the government to help mitigate the inequalities exposed during crises
- Empty shelves are bringing to light the limitations of “just in time” inventory and supply chain systems as consumers feel like **the food distribution system should more adaptable** to this type of event.
- Many consumers, used to living with a plethora of choice, are facing a lack of availability for the first time, creating **questions around abundance** as a core tenet of the American identity.
- Finally, consumers are being **forced to reflect on their own practices** and behaviors around food sourcing, recognizing their dependence on a system that suddenly appears less resilient than previously believed.



The COVID-19 pandemic—as both a public health crisis and shock to the economy—is creating renewed attention on some key consumer trends

Consumer reactions and adaptations to the current crisis will have long-lasting effects. These include:

Focus on personal empowerment

To combat current feelings of powerlessness, consumers are focusing on **things they can control**, such as the use of finite resources like time, money, and energy.

Reassessment of connectivity

Personal empowerment is further buoyed by new emphasis on the **connectivity of communities** in myriad ways, including concern about protecting essential workers, caring for vulnerable populations, and supporting local businesses.

New emphasis on resilience

Individual and collective well-being is severely at risk, underscoring the need for economic, physical and mental resilience going forward.

Surge in calls for systemic change

An **erosion of consumer trust** in both government and large corporations had already emerged, and renewed interest in self-empowerment reflects a further **questioning of these institutions' ability** to do right by consumers.



Consumers are reevaluating needs around quality, value, and sourcing and heightening considerations of social justice, commensality, and waste

- 1 Ongoing economic repercussions will likely be much larger than the last financial crisis, but as consumers have become accustomed to premium markers, they will demand a democratization of quality cues around H+W, organic, and sustainability.
- 2 With increased focus on intentionality, consumers will continue to consider purposeful and emotional value in addition to changing concerns about modern convenience.
- 3 Consumers are quickly adapting their food sourcing, creating a critical testing ground (and opportunity area) for e-commerce and omnichannel. This shift will also renew the need for engaging experiences in store and in restaurants when the immediate risk is alleviated.
- 4 Social justice issues have new urgency, such as awareness that essential workers are at increased risk to exposure and highlighting the importance of collective action to protect their health.
- 5 After months of social distancing, commensality around food in particular has taken on new meaning, creating existing and future opportunities for companies to connect with consumers in new ways.
- 6 Similar to the new value paradigm that emerged after the last recession, consumers are likely to follow one of 3 key behavioral patterns when it comes to food choices: 1) opting out of brands and companies that fail to demonstrate cultural and practical relevance; 2) trading down in categories when price benefits don't compromise experience and 3) trading up for categories that deliver on quality and unique experiences.

Thank You!



ABOUT THE HARTMAN GROUP

The Hartman Group is the premier food and beverage consultancy in the world. Companies and brands across all segments of the food and beverage industry benefit from our unparalleled depth of knowledge on consumers, culture, trends and demand-side market strategy. We listen closely to understand our clients business challenges and tailor solutions that deliver transformative results. Through a unique suite of integrated custom, primary research capabilities, market analytics, and business strategy services, we uncover opportunity spaces and avenues for growth. We deliver more compelling insights that fuel inspiration and ideas for innovation.

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