

J.D. POWER

Industry Briefing Report

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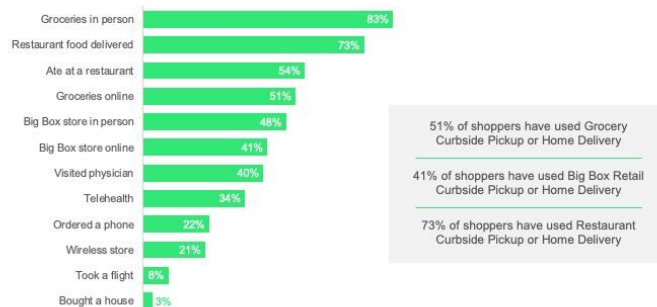
Consumers Across Generations Embrace Online and Mobile Apps for Shopping and Dining Needs

- *Over the course of 2020 the COVID-19 pandemic did a number on the retail sector. In many states, shut down orders drastically affected how consumers interacted with retailers for their shopping and dining needs.*
- *The year revealed a noticeable increase in the utilization of both curbside pickup and home delivery across grocery, mass merchandise and restaurants, with significant demographic differences around gender, location, and age.*
- *While customers are eager to return to shopping in-store and eating in restaurants, curbside pickup and home delivery are here to stay. A full 50% of restaurant delivery provider customers don't expect to change their behaviors over time and one-fifth (21%) actually expect to use restaurant delivery services more.*

2020 and the COVID-19 pandemic greatly altered the way that people shop for important necessities. Shutdowns and reduced in-person shopping experiences caused many retailers (grocery stores, mass merchandise—or “big-box” — stores, and restaurants) to scramble to ensure their customers’ need were being met in the age of contactless engagement.

According to a J.D. Power Pulse Survey conducted in January of 2021, there was a notable increase in both curbside pickup and home delivery across all three sectors. While 83% of consumers said that they still made in-store grocery purchases over the past three months, a growing percentage (51%) made online purchases over the same period.

Which of the following have you done in the last 3 months?



Inversely, consumers indicated that they were more likely to have restaurant food delivered (73%) than eat at the restaurant. In addition, the pulse survey revealed significant demographic differences around gender, location and age which are important for the industry to understand over the course of 2021 and beyond.

- Curbside Pickup: Gen Y, Baby Boomers, and pre-Boomers all adapted to curbside delivery and are using online services and mobile apps at a higher rate than millennials and younger generations. In addition, women, married couples, and consumers living in rural or remote areas were more inclined to utilize pickup services for their groceries. Not surprisingly, states that had less COVID-19 restrictions also had more customers using curbside pickup.
- Home Delivery: Men, people living alone and consumers living in high-density urban areas were those most likely to use home delivery. Also, customers in states with more restrictive COVID-19 measures in place tended to utilize home delivery services at higher levels than average.

Interestingly, the survey did not find significant overlaps in consumer purchasing behaviors; people were likely to stick with whatever service (pickup or delivery) they chose.

When it comes to restaurants, consumers continue to be very happy with delivery services. An overwhelming majority (90%) of respondents indicated that they did not experience problems with their orders. Two-thirds (68%) found online and mobile applications easy to use and 60% indicated that their orders were delivered on time.

Keys to Customer Satisfaction in Digital Engagement

The J.D. Power survey found that there were three key areas that differentiate online ordering and curbside pickup/home delivery experiences.

- Ease-of-Use Drives Frequency of Use. J.D. Power found the more customers use a specific service—either delivery or pickup—the higher their satisfaction, with good user-oriented application design driving adoption.
- Timeliness and Level of Engagement. Getting orders right and fulfilled in a timely manner are also big satisfaction drivers, along with making sure consumers have a clear idea of what steps to take and a clear view into the status of their orders.
- Friendliness. Despite the increased digital nature of interactions introduced by COVID-19, it turns out that courtesy still goes a long way. This expressed itself most clearly with curbside pickup services compared to delivery. This is likely because customers have more opportunity to engage with the staff who are direct retailer employees.

As consumers continue to gain more comfort with digital and mobile apps for their shopping needs, retailers will need to continue investing in their digital engagement strategies. Half (50%) of the survey respondents indicated plans to continue using curbside pickup and home delivery with 21% expect to actually increase their use of these services. Consequently, the quality of mobile apps, websites and supporting services will continue to be a rising source of competitive differentiation in the retail sector.

Find out More

This J.D. Power Industry Briefing Report was authored by Christina Cooley, Practice Lead Home Intelligence at J.D. Power. Please contact us at the numbers below to connect with Ms. Cooley, or to learn more about the underlying research.

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