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NEW FRONTIERS

COVID-19 Click & Collect:
Who's Clicking, Who's Sticking?

May 2020

Shoppers are relying on Click & Collect now more than ever– how do retailers & manufacturers drive success in this new environment?

MONEY

Curbside pickup is growing due to coronavirus: Kohl's, Best Buy, Dick's Sporting Goods add option

Kelly Tyko USA TODAY

Published 7:04 p.m. ET Mar. 31, 2020 | Updated 8:03 p.m. ET Apr. 1, 2020

MANAGEMENT & FINANCE

Coronavirus Shutdown Drives Click-and-collect Ecommerce

APRIL 27, 2020 • ARMANDO ROGGIO

COVID-19 accelerates click and collect adoption

By Mike Troy - 03/30/2020

2,383 views | Apr 27, 2020, 12:10pm EDT

E-Commerce And Grocery: This Time It's Real

Neil Stern Contributor ⓘ
Retail

RETAIL

Curbside pickup at retail stores surges 208% during coronavirus pandemic

PUBLISHED MON, APR 27 2020·5:32 PM EDT | UPDATED 3 HOURS AGO

Lauren Thomas
@LAURENTHOMAS

SHARE

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A note on our coverage:

For the purpose of this analysis, **Click & Collect refers to any trip where a product is purchased Online, but picked up in or at the store**. It encompasses both curbside & in-store pick ups and includes all product categories.

Numerator's coverage is representative of leading retailers in the Click & Collect space including:

Reactions to the pandemic escalated quickly

COVID-19 Focus Period: March 16 – April 15

March 14 & 15:
Retailers Reduced Hrs.
& States Shutdown
Retailers begin announcing shortened hours to allow for restocking & cleaning **(3/14)** 29 states close schools, some close bars & restaurants **(3/15)**

March 19 & 25:
CDC & WHO Warnings
CDC published study that says ages 20-54 represent 40% of hospitalizations. Defense Production Act invoked **(3/19)** WHO warned that the US could become the global epicenter of the coronavirus pandemic **(3/25)**

March 31:
Lockdowns Continue
Roughly 80% of all Americans are under lockdown, as 35 states issue stay-at –home orders

April 7 &11:
Record Deaths
New York recorded its highest daily death toll since the beginning of the outbreak (4/7) US surpassed Italy in # of deaths to become the worst-hit country in the world (4/11)

March 17-19: Retailers
Responding
Amazon will only receive vital supplies **(3/17)** Retailers scaling back hours further and designating time for elderly to shop **(3/18)** Some retailers stop publishing circulars **(3/19)**

March 27: US Stimulus
$2 trillion stimulus bill signed

April 2: Unemployment
6.6 M Americans filed for unemployment in the past week, on top of 3.3 M the week before

April 13: US Stimulus
US Department of the Treasury announced that about 80 M Americans will begin to receive their coronavirus payments

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Click & Collect is attracting new users and growing sales during COVID-19

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Click & Collect **sales were up 63%** during the COVID-19 period* compared to January 2020, driven by additional users and larger, more frequent trips

C&C Sales
COVID-19 Period vs. January 2020
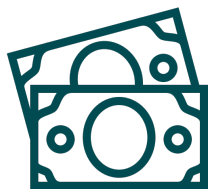
+63%

C&C Basket Size ($'s)
COVID-19 Period vs. January 2020

+10%

C&C Households
COVID-19 Period vs. January 2020

+33%

C&C Purchase Frequency
COVID-19 Period vs. January 2020

+12%

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Click & Collect attracted more first-time adopters during the COVID-19 period than it did pre-pandemic

Click & Collect adoption during COVID-19
3/16/20 – 4/15/20

New to Click & Collect

22%

78%

Previously Used Click & Collect

Click & Collect adoption pre COVID-19
January 2020

13%

87%

Numerator Insights 3/16/20-4/15/20 vs January 2020
New= Have not purchased via C&C during the prior 52 weeks

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Who are these new Click & Collect shoppers?

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Click & Collect is attracting a new customer base during COVID-19 – new users tend to be **older, lower income, HHs without children**

Shopper Demographics
C&C New Shoppers COVID-19 vs. C&C Shoppers January 2020

AGE
55-65+
HHs: 47%, Index: **154**

INCOME
Low Income (<$40k)
HHs: 25%, Index: **117**

ETHNICITY
White/ Caucasian
HHs: 75% Index: 107

GENDER
Male
HHs: 21%, Index: **111**

MARITAL STATUS
Married/ Widower
HHs: 62%; 6%, Index: 98; **186**

CENSUS DIVISION
West South Central; East South Central
HHs: 18%; 18%, Index: **142**; 103

CHILDREN UNDER 17
No
HHs: 67%, Index: **120**

EDUCATION
High School/ GED; Some College
HHs: 15%; 22%, Index: 109; **111**

URBANICITY
Urban
HHs: 32%, Index: 103

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Seniors are trying Click & Collect during COVID-19, something retailers should consider when developing messaging and assortment

New COVID-19 Click & Collect Users
% HH's by Life stage

■ % of January C&C Buyers
■ % of New COVID-19 C&C Buyers

Families were more likely to already be using Click & Collect prior to the COVID time period

	Adult Couples	Senior Couples	Large Younger Family	Adult Singles	Large Older Family	Young Singles	Senior Singles	Small Family	Young Couples	New Family
% of January C&C Buyers	20%	7%	25%	12%	8%	8%	5%	6%	5%	3%
% of New COVID-19 C&C Buyers	19%	17%	15%	12%	8%	8%	8%	5%	4%	1%
Index	97	**240**	62	101	104	73	**158**	75	73	37

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Psychographics

How do the Psychographics Sentiments of **New COVID-19 Click & Collect Users** compare to **January Click & Collect Users**

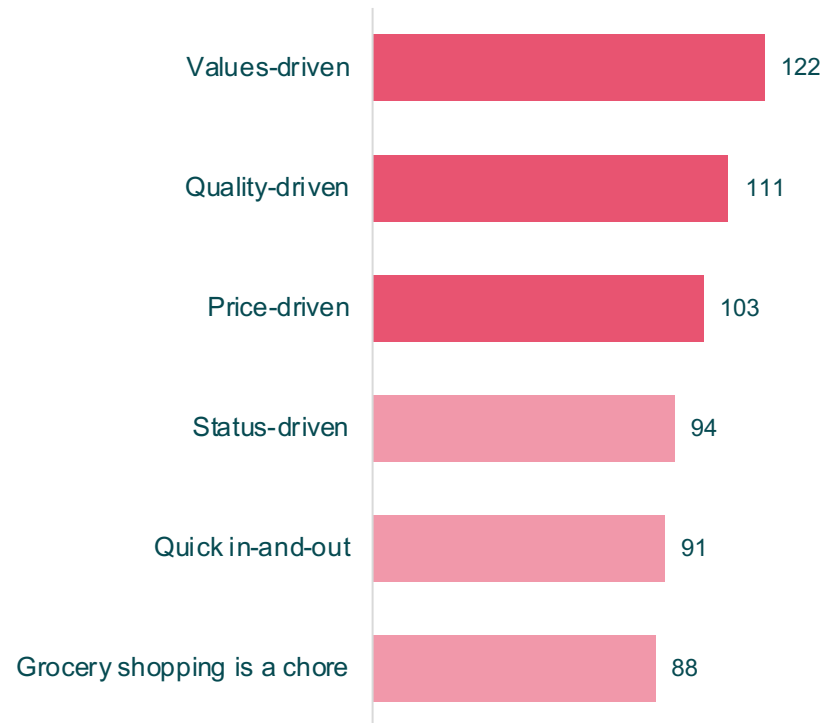# New users have historically preferred shopping in physical stores and are **quality** & **values** driven

Shopping Attitudes

Attitude	Value
Values-driven	122
Quality-driven	111
Price-driven	103
Status-driven	94
Quick in-and-out	91
Grocery shopping is a chore	88

Online Shopping Attitudes

Attitude	Value
Prefers physical stores	144
Distrusts fresh foods online	112
Dislikes sharing credit card	101
Buys hard to find items online	96
Deliveries are convenient	88
Saves me money	83

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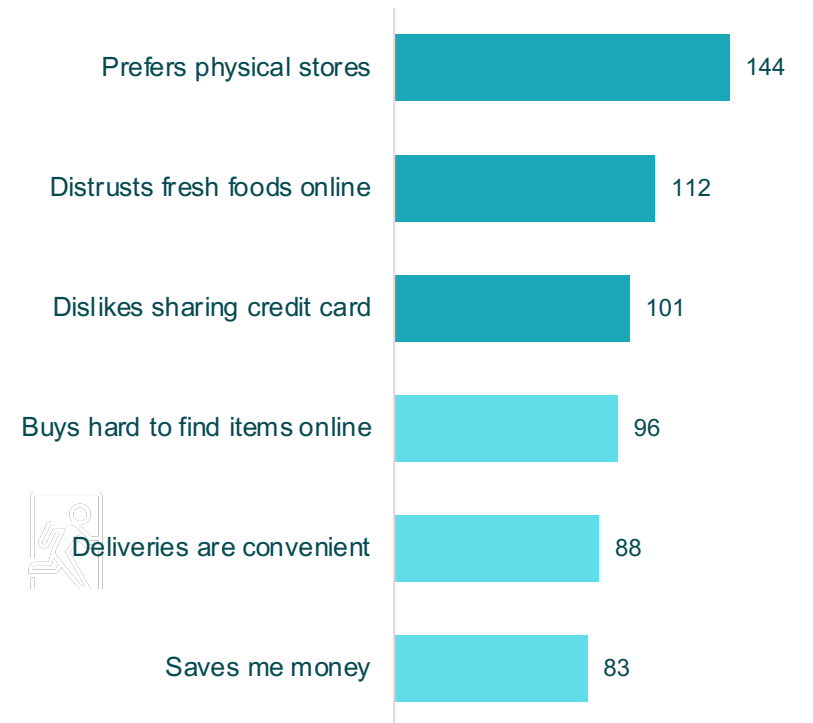
Shoppers are using Click & Collect during COVID-19 for low-contact shopping

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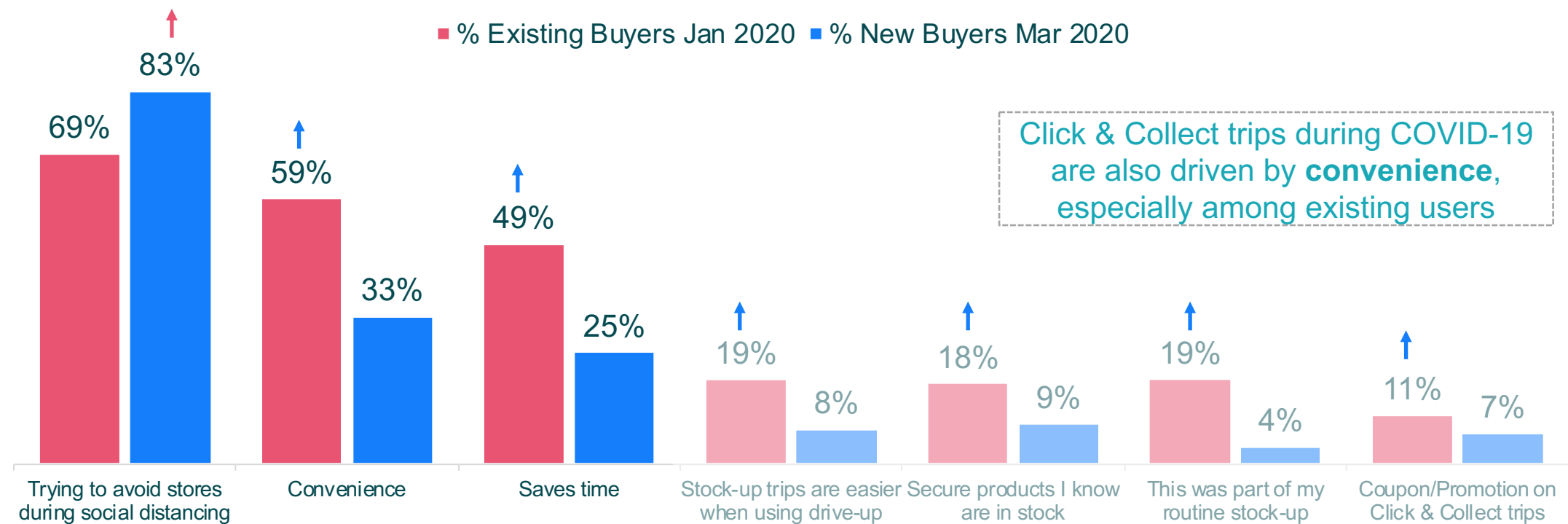# Click & Collect trips during COVID-19 are driven by shoppers **social distancing**, indicating usage may be dependent on current health guidelines

Thinking of your most recent Click & Collect purchase, why did you choose Click & Collect versus going into the store?

■ % Existing Buyers Jan 2020 ■ % New Buyers Mar 2020

Click & Collect trips during COVID-19 are also driven by **convenience**, especially among existing users

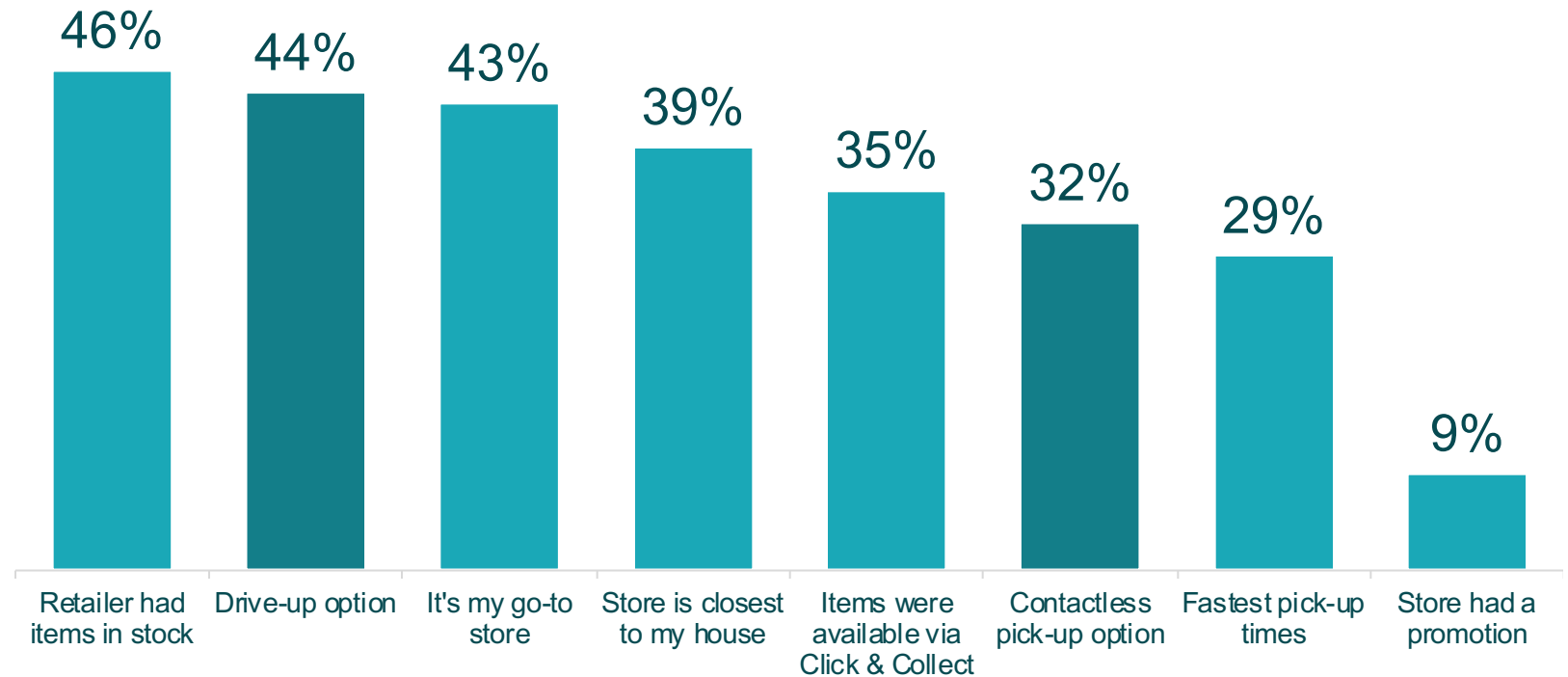|	Trying to avoid stores during social distancing	Convenience	Saves time	Stock-up trips are easier when using drive-up	Secure products I know are in stock	This was part of my routine stock-up	Coupon/Promotion on Click & Collect trips
% Existing Buyers Jan 2020	69%	59%	49%	19%	18%	19%	11%
% New Buyers Mar 2020	83%	33%	25%	8%	9%	4%	7%

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Product availability and **drive-up/contactless pick-up** drive retailer selection for Click & Collect trips during COVID-19

60%

Of C&C users had specific items in mind, then selected a retailer they knew would carry those items

Which of the following were important in first deciding where to place your Click & Collect order?

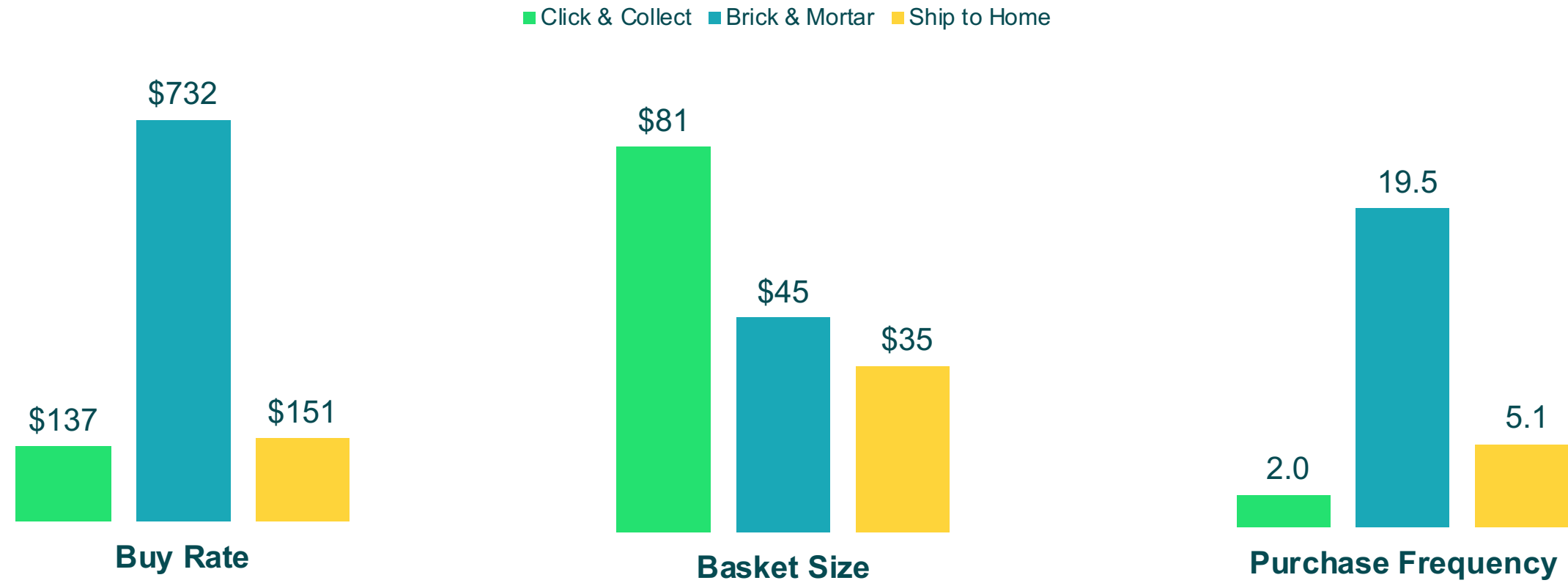|							
46%	44%	43%	39%	35%	32%	29%	9%
Retailer had items in stock	Drive-up option	It's my go-to store	Store is closest to my house	Items were available via Click & Collect	Contactless pick-up option	Fastest pick-up times	Store had a promotion

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Shoppers are using Click & Collect for large baskets, not just one-off purchases

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Click & Collect baskets during COVID-19 are **twice** the size of other order methods…

Shopper Metrics during COVID-19
By Fulfillment Method
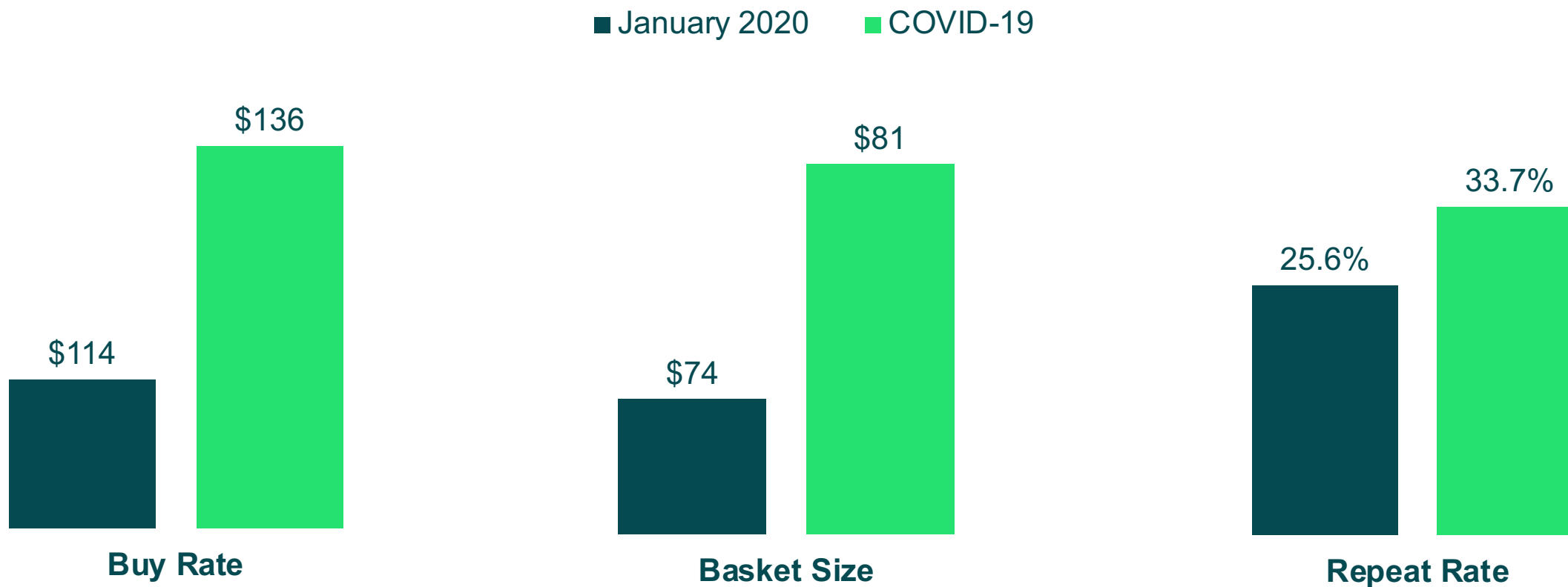
■ Click & Collect ■ Brick & Mortar ■ Ship to Home

Buy Rate
$137
$732
$151

Basket Size
$81
$45
$35

Purchase Frequency
2.0
19.5
5.1

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…and Click & Collect basket sizes grew **11%** during COVID-19

Click & Collect Shopper Metrics during COVID-19
vs. Benchmark

■ January 2020   ■ COVID-19

Buy Rate
- $114
- $136

Basket Size
- $74
- $81

Repeat Rate
- 25.6%
- 33.7%

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Shoppers are using Click & Collect mostly for **weekly replenishment trips** during COVID-19 and are supplementing with delivery

COVID-19 Trip Type

Bar chart:
- Weekly, basics replenishing trips: 32%
- Big, stock-up trips: 26%
- All trips: 25%
- One-off trips for 1-2 items: 17%
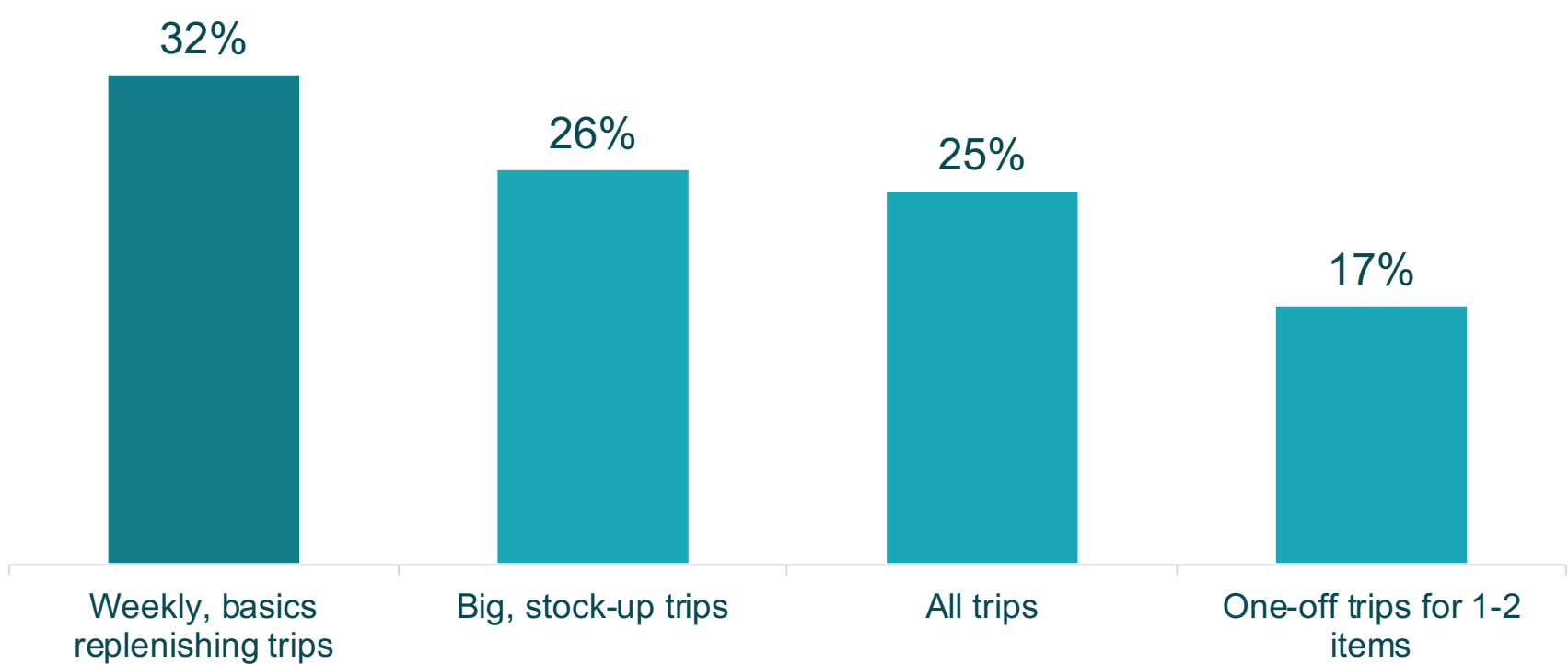
50% of Click & Collect users who don't use C&C for all trips fill in with **Online, Ship to Home** orders

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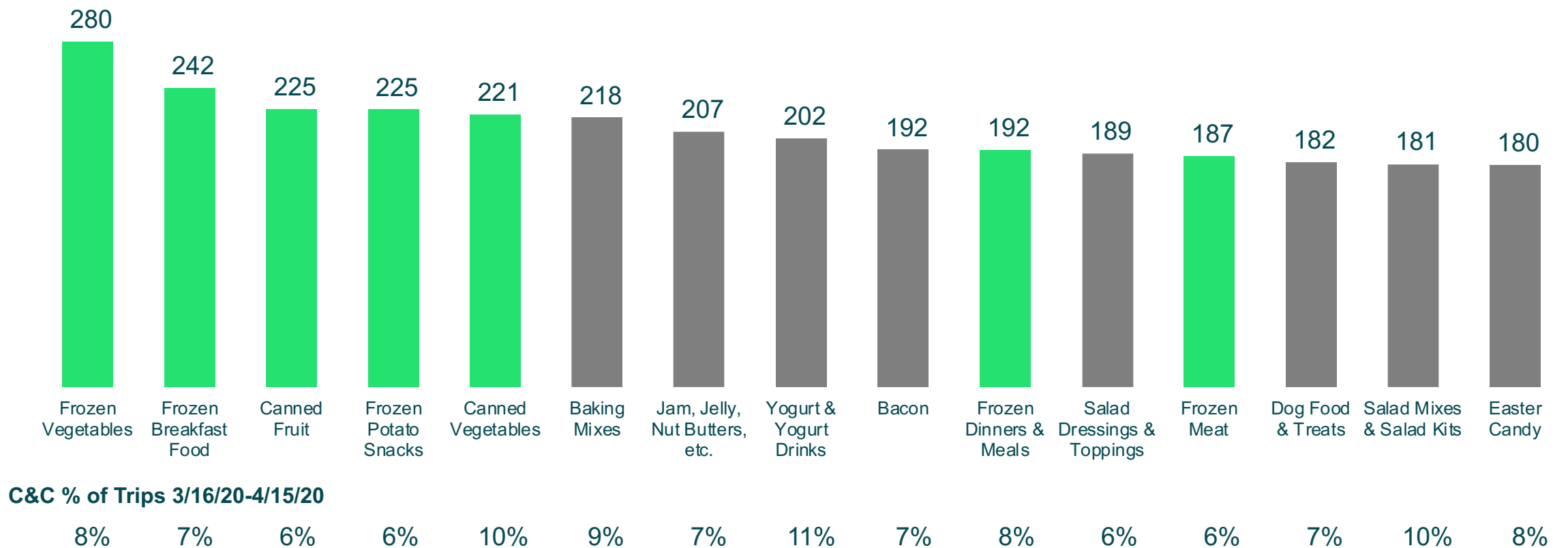# They are more likely to be buying stock-up items like **Frozen & Canned Goods** via Click & Collect than in-store during COVID-19

C&C Basket Composition vs In-Store Trips
% Trips 3/16/20-4/15/20 indexed to FMCG Trips
Showing Top Index Major Cats on >5% of Trips

Category	Index
Frozen Vegetables	280
Frozen Breakfast Food	242
Canned Fruit	225
Frozen Potato Snacks	225
Canned Vegetables	221
Baking Mixes	218
Jam, Jelly, Nut Butters, etc.	207
Yogurt & Yogurt Drinks	202
Bacon	192
Frozen Dinners & Meals	192
Salad Dressings & Toppings	189
Frozen Meat	187
Dog Food & Treats	182
Salad Mixes & Salad Kits	181
Easter Candy	180

C&C % of Trips 3/16/20-4/15/20

Frozen Vegetables	Frozen Breakfast Food	Canned Fruit	Frozen Potato Snacks	Canned Vegetables	Baking Mixes	Jam, Jelly, Nut Butters, etc.	Yogurt & Yogurt Drinks	Bacon	Frozen Dinners & Meals	Salad Dressings & Toppings	Frozen Meat	Dog Food & Treats	Salad Mixes & Salad Kits	Easter Candy
8%	7%	6%	6%	10%	9%	7%	11%	7%	8%	6%	6%	7%	10%	8%

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Click & Collect shoppers aren't facing too many out-of-stocks, but retailers & brands risk losing the sale if a product isn't available

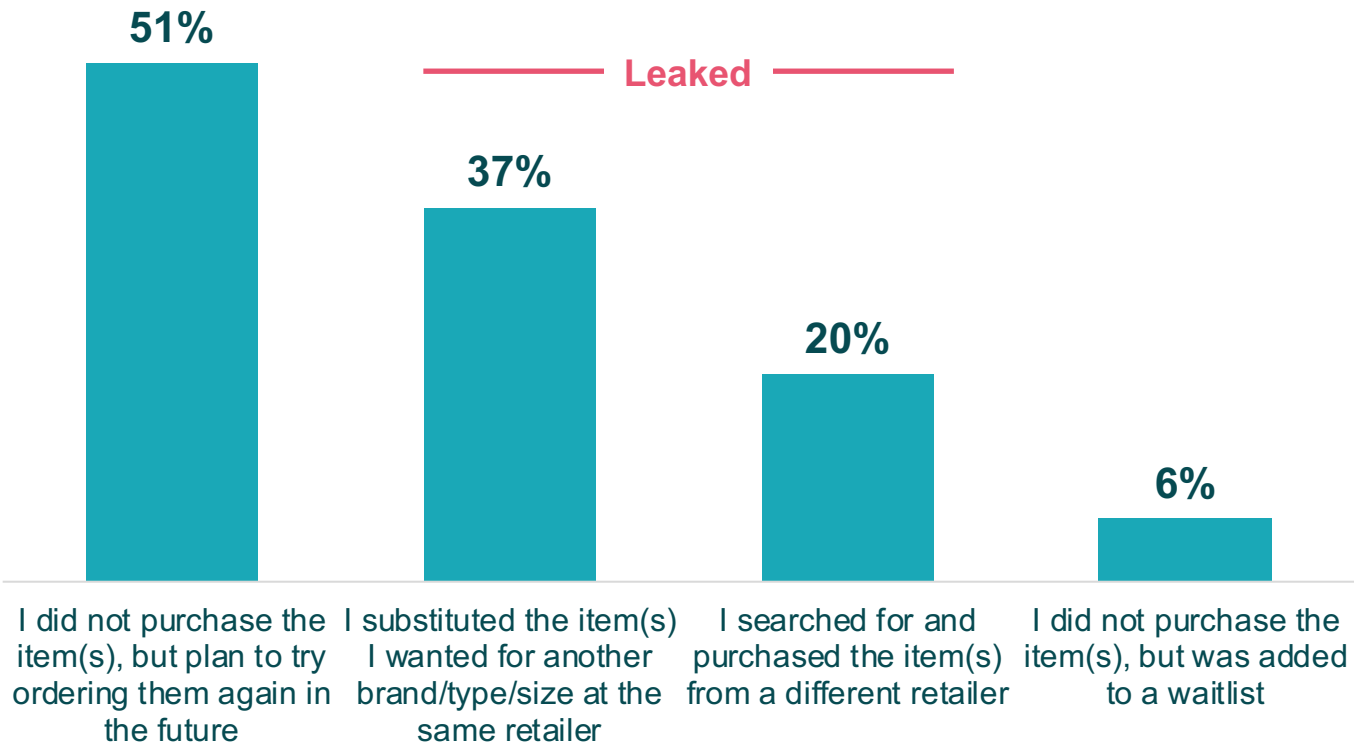## C&C Item Availability
How many of the items you wanted were in stock?

- All
- Majority
- About Half
- Very Few
- None

28%
57%
12%
2%
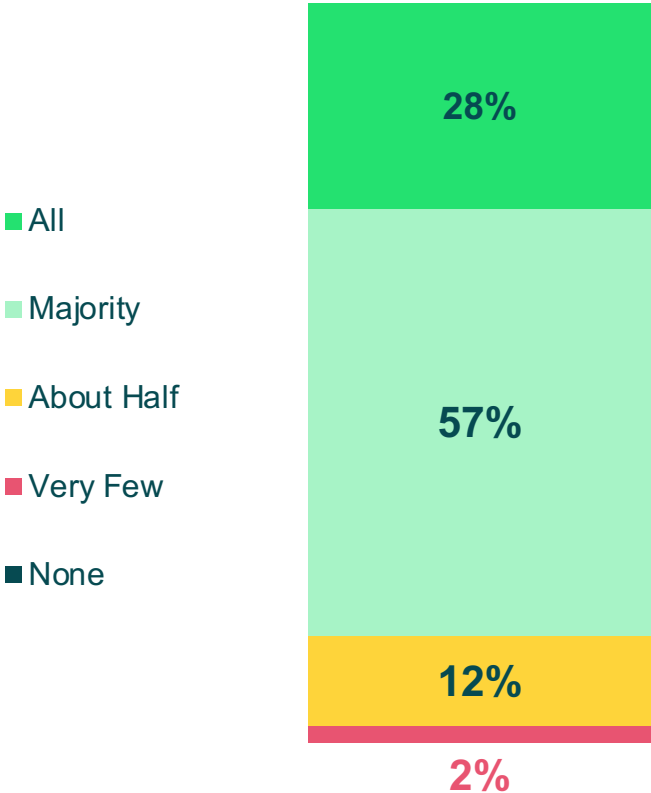
How did you handle unavailable/out-of-stock items?
Shoppers who said not all their items were in stock

Leaked

51% — I did not purchase the item(s), but plan to try ordering them again in the future

37% — I substituted the item(s) I wanted for another brand/type/size at the same retailer

20% — I searched for and purchased the item(s) from a different retailer

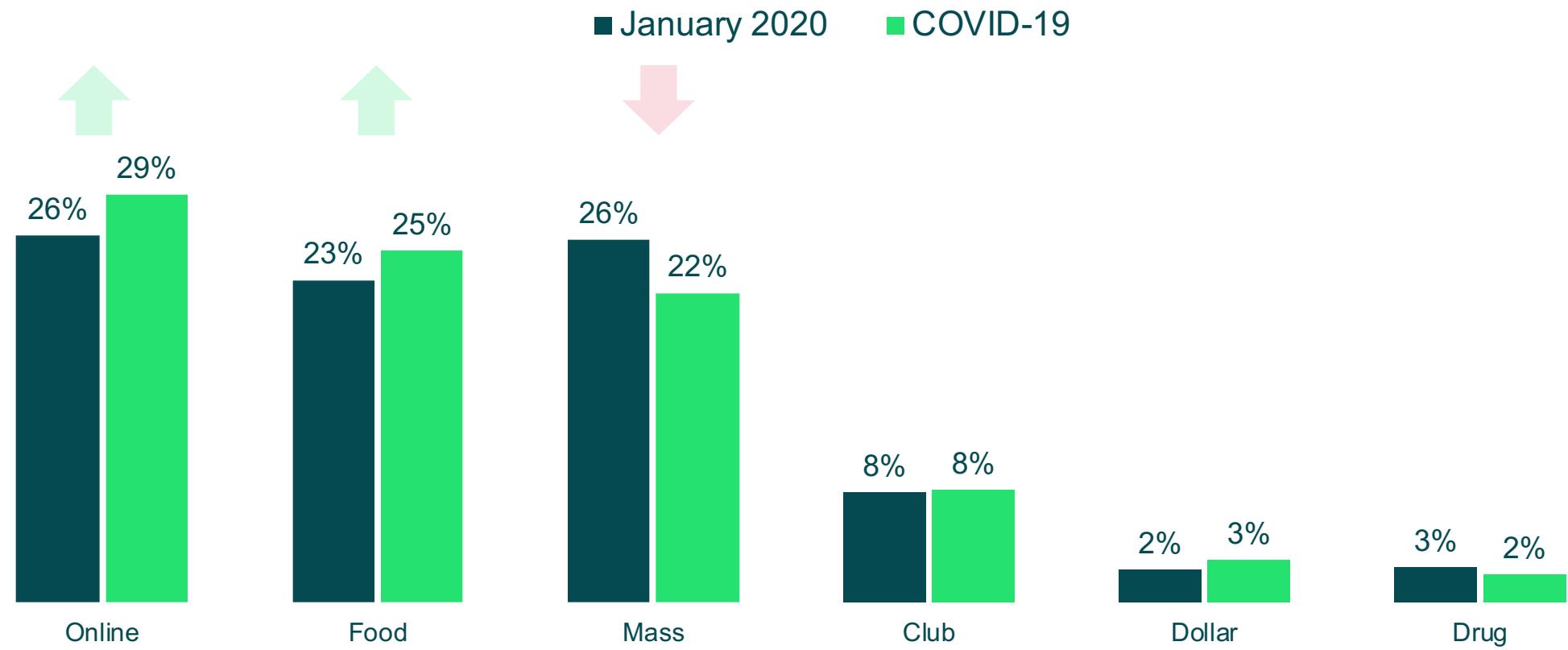6% — I did not purchase the item(s), but was added to a waitlist

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Where is Click & Collect sourcing volume from?

Click & Collect users are shifting spend to **Online** & **Food** retailers, and away from Mass during COVID-19

Total Click & Collect Users' Share of Wallet
By Channel

■ January 2020   ■ COVID-19

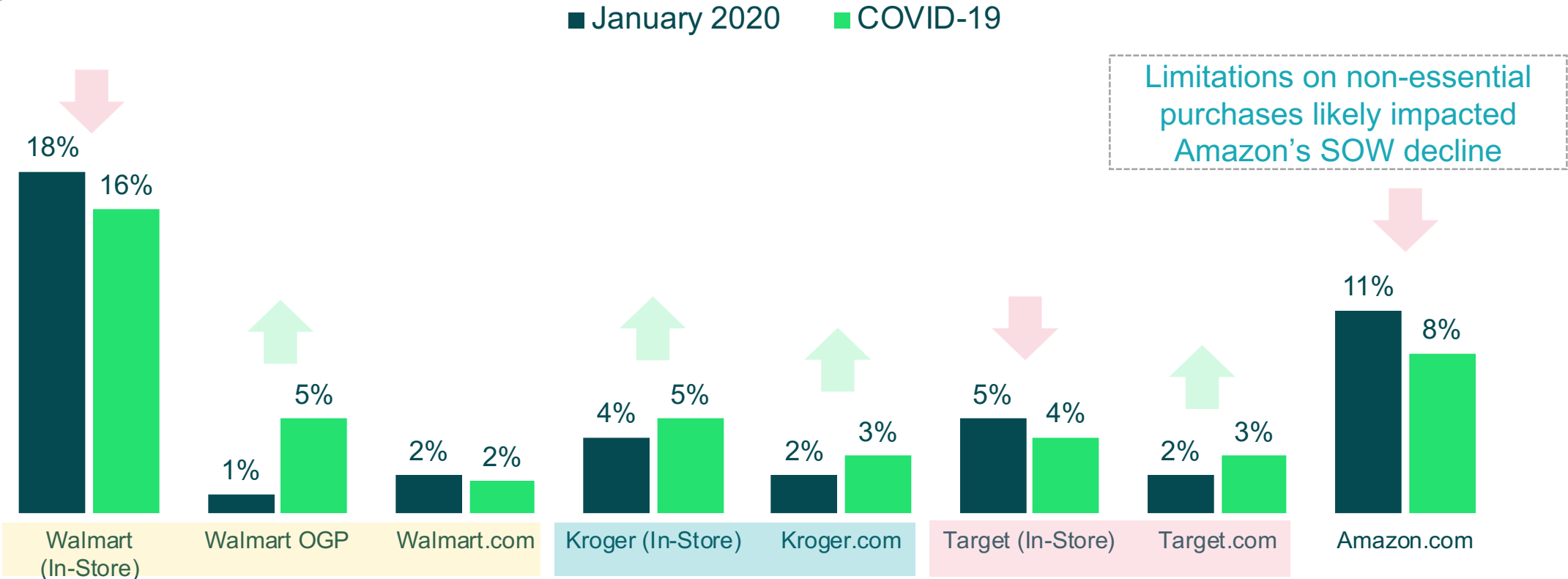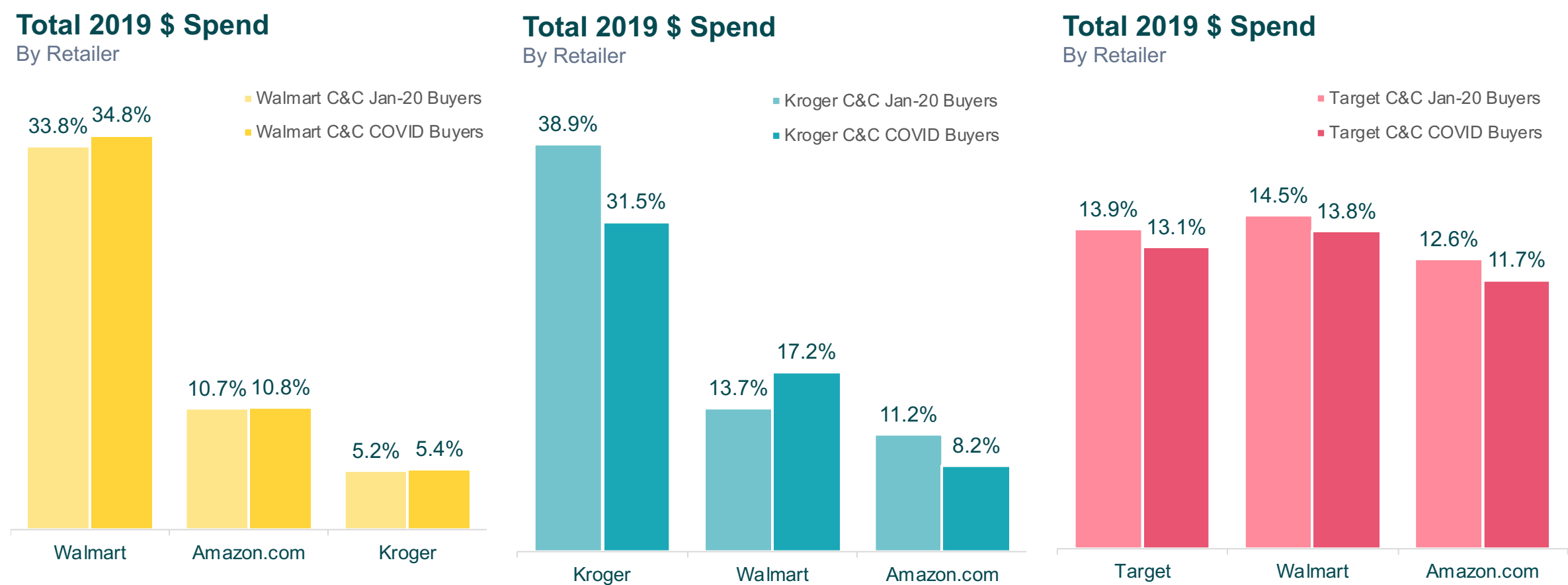| Online	Food	Mass	Club	Dollar	Drug
26% / 29%	23% / 25%	26% / 22%	8% / 8%	2% / 3%	3% / 2%

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The shift online is driven by Mass & Grocery retailers' eCommerce sites, while pure play share is down

Total Click & Collect Users' Share of Wallet
By Banner

■ January 2020 ■ COVID-19

Limitations on non-essential purchases likely impacted Amazon's SOW decline

	Walmart (In-Store)	Walmart OGP	Walmart.com	Kroger (In-Store)	Kroger.com	Target (In-Store)	Target.com	Amazon.com
January 2020	18%	1%	2%	4%	2%	5%	2%	11%
COVID-19	16%	5%	2%	5%	3%	4%	3%	8%

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Kroger & Target are capturing a lighter shopper via C&C during COVID-19, creating an opportunity to convert them into more loyal shoppers
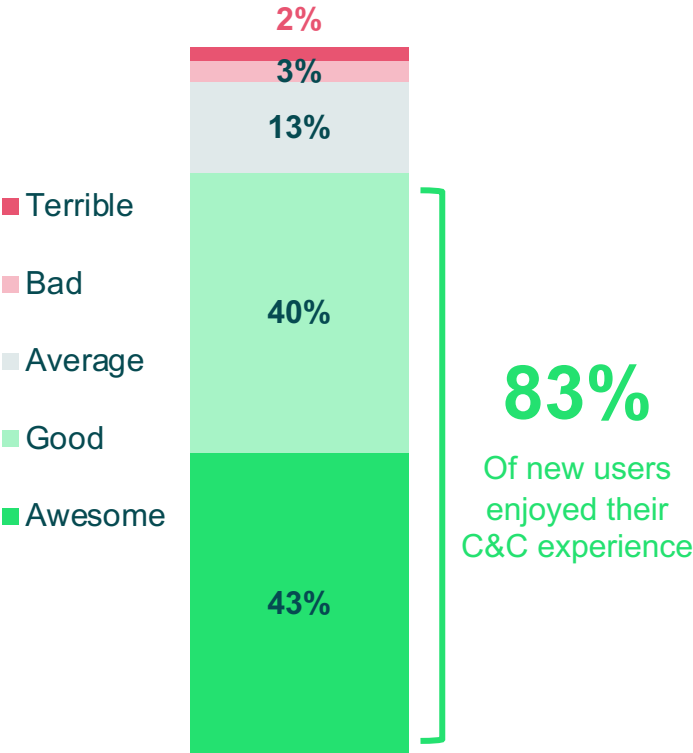
Total 2019 $ Spend
By Retailer

- Walmart C&C Jan-20 Buyers
- Walmart C&C COVID Buyers

33.8% 34.8%

10.7% 10.8%

5.2% 5.4%

Walmart | Amazon.com | Kroger

Total 2019 $ Spend
By Retailer

- Kroger C&C Jan-20 Buyers
- Kroger C&C COVID Buyers

38.9%

31.5%

13.7% 17.2%

11.2% 8.2%

Kroger | Walmart | Amazon.com

Total 2019 $ Spend
By Retailer

- Target C&C Jan-20 Buyers
- Target C&C COVID Buyers

13.9% 13.1%

14.5% 13.8%

12.6% 11.7%

Target | Walmart | Amazon.com

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So, what did new users think of their
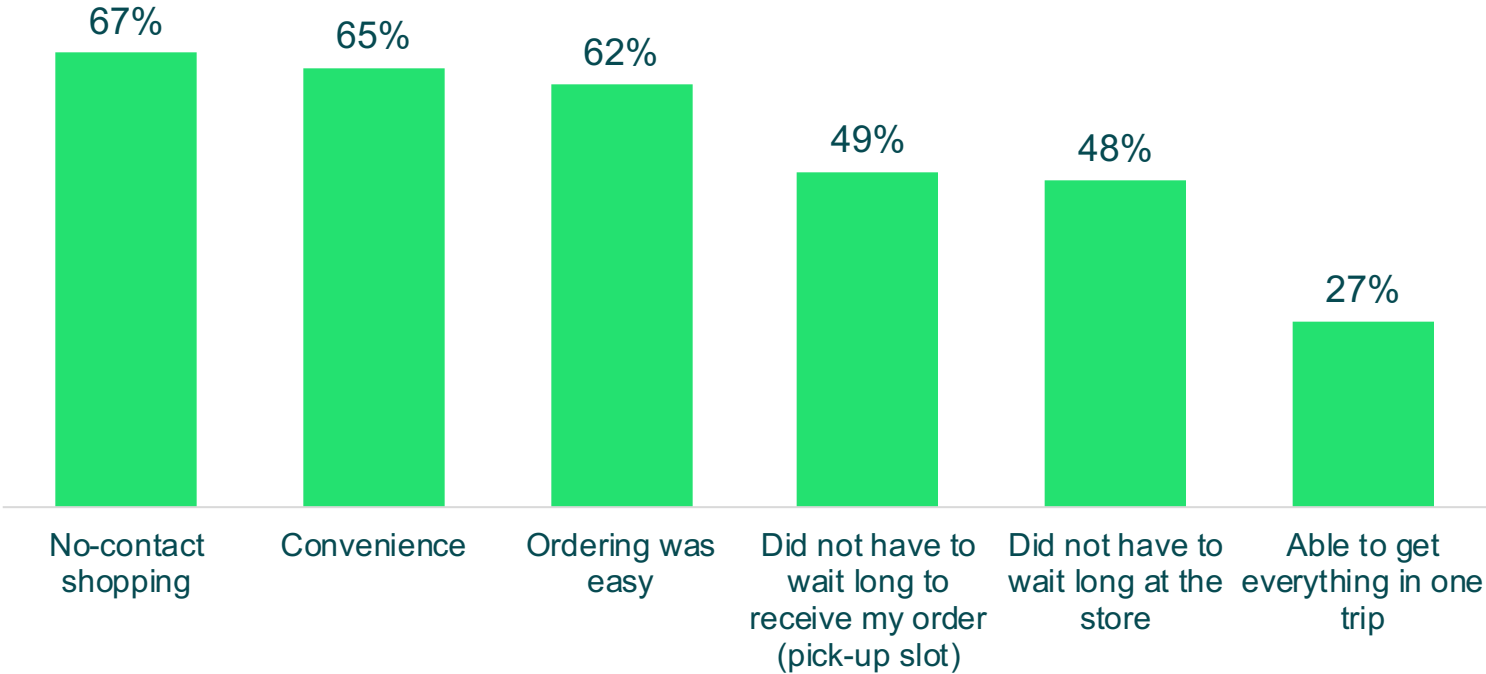Click & Collect experience?

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New users overwhelmingly had **positive experiences.** Convenience and the ability to shop contact-free are key satisfaction drivers

C&C Experience Rating

- Terrible — 2%
- Bad — 3%
- Average — 13%
- Good — 40%
- Awesome — 43%

83% Of new users enjoyed their C&C experience

What did you like about your Click & Collect experience?
New COVID-19 Click & Collect Users who had an Awesome or Good Experience

Category	%
No-contact shopping	67%
Convenience	65%
Ordering was easy	62%
Did not have to wait long to receive my order (pick-up slot)	49%
Did not have to wait long at the store	48%
Able to get everything in one trip	27%

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…And this was reflected in higher repeat rates

Click & Collect repeat rate COVID-19
3/16/20 – 4/15/20

Used C&C
2+ times

25%

75%

Used C&C
Once
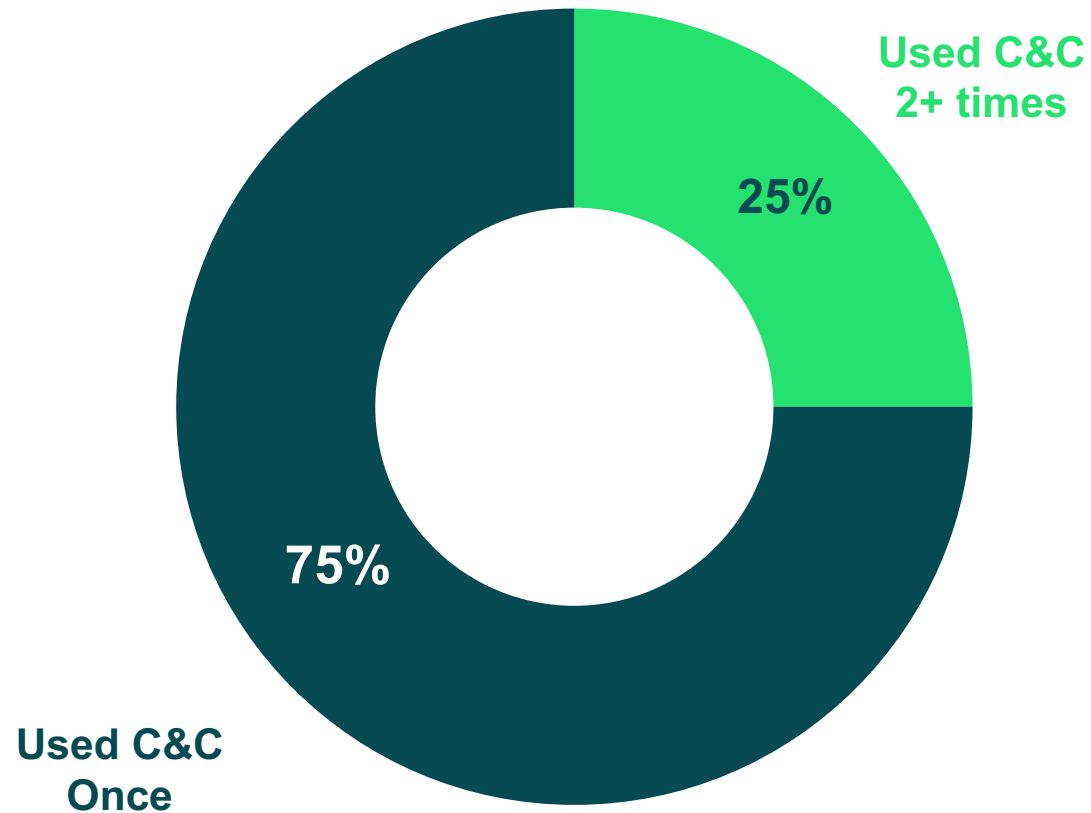
Click & Collect repeat rate pre COVID-19
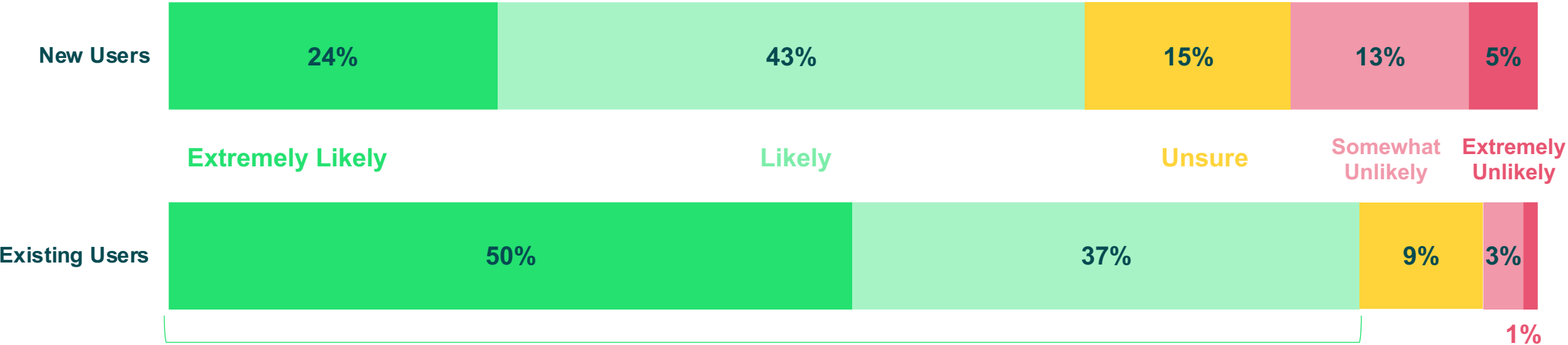January 2020

13%

87%

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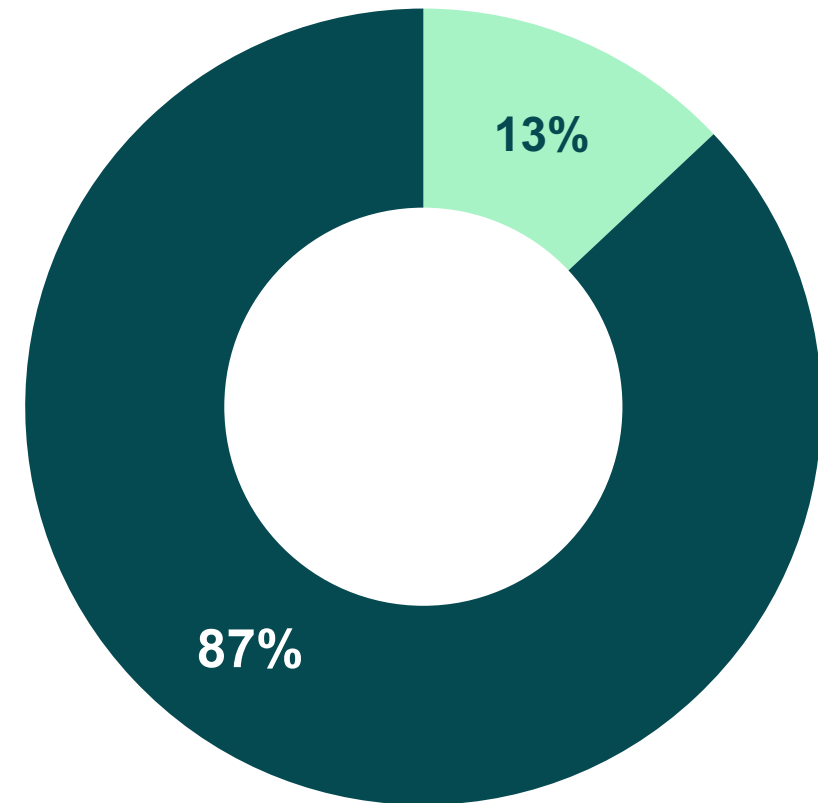
And Click & Collect usage is not going away – **two-in-three** new users plan to continue using C&C post-pandemic

Likelihood of Using Click & Collect Beyond the Pandemic

66%

Of new users are likely to use Click & Collect in the future

New Users				
24%	43%	15%	13%	5%

Extremely Likely   **Likely**   **Unsure**   **Somewhat Unlikely**   **Extremely Unlikely**

Existing Users				
50%	37%	9%	3%	1%

87%

Of existing users are likely to use Click & Collect in the future

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Shoppers will use Click & Collect again because it is **fast, easy, and convenient** - but some will miss making their own selections

Why are you likely to use Click & Collect in the future?

"It's so **easy and convenient**. And you don't walk through the store picking up things you don't really need."

"It's easy and **limits impulse buys.**"

"It is convenient. It's **easy** to shop online. It's easy to pick up."

"Being a single, working parent, I will use this again for the sheer **convenience**."

Why are you unlikely to use Click & Collect in the future?

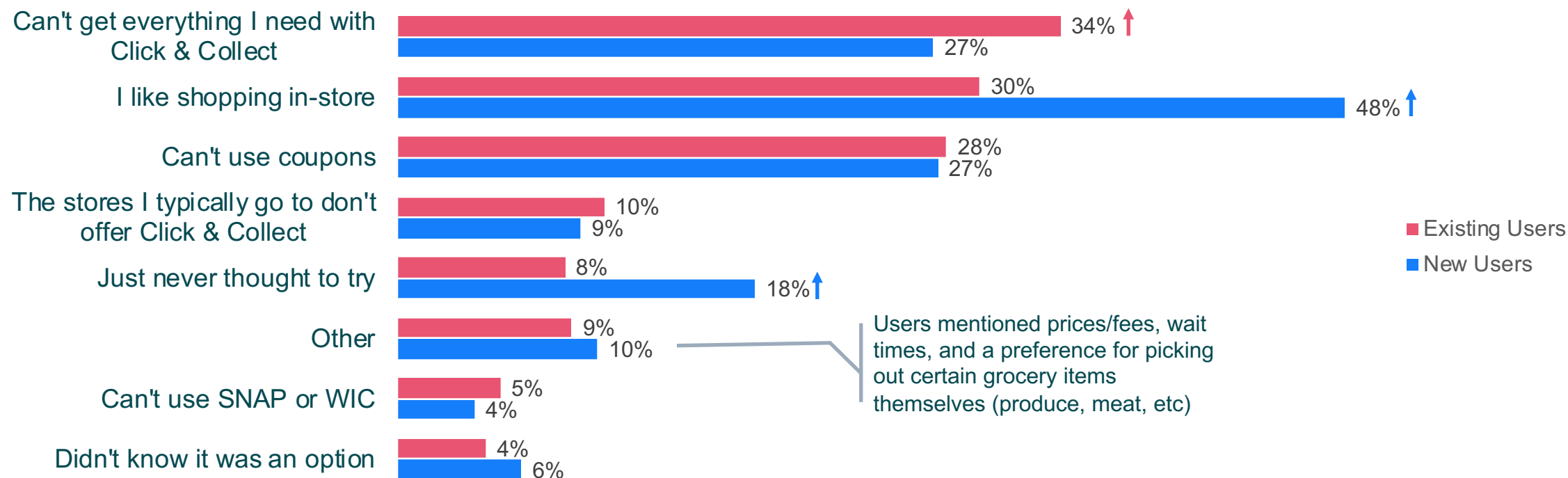"I like **choosing my own** produce and making my own substitutions when something isn't available."

"I like **browsing** to get better deals."

"In-store shopping is sometimes my only out of home **recreation**."

"At the store I can make split second **substitutions** or get things I wasn't planning on ordering."

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Expanding **product selection** will be key to retaining Click & Collect users. However, simply liking to shop in-store is still one of the biggest barriers to use, especially among new users
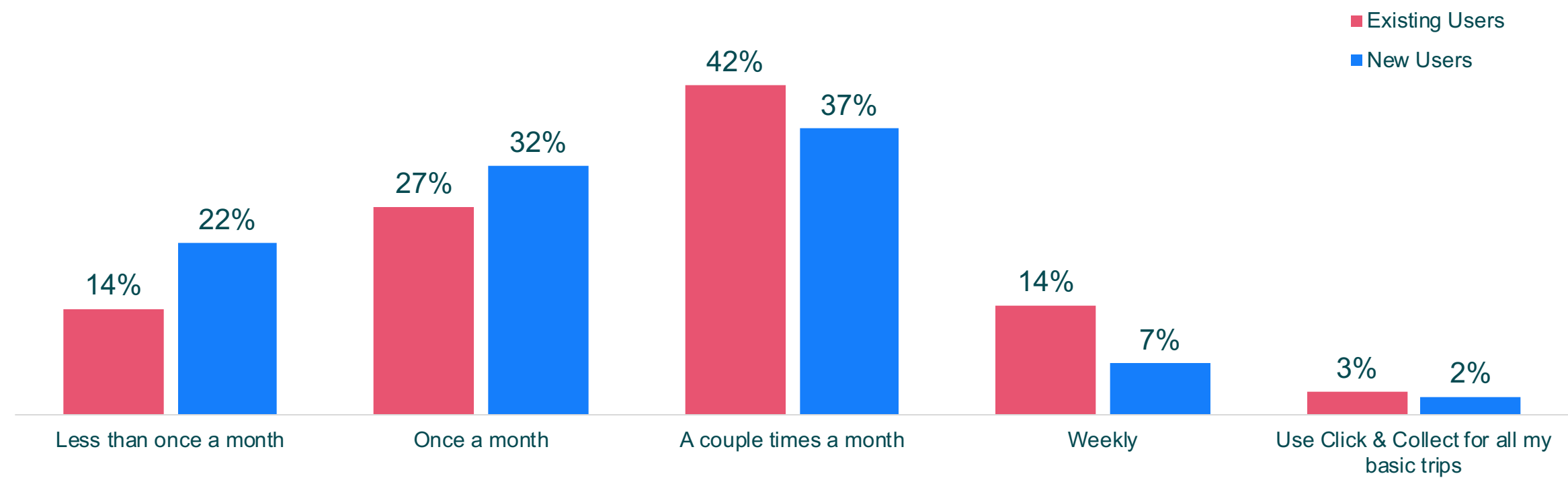
Which of the following, if any, keep you from using Click & Collect at all or more often?

Barrier	Existing Users	New Users
Can't get everything I need with Click & Collect	34% ↑	27%
I like shopping in-store	30%	48% ↑
Can't use coupons	28%	27%
The stores I typically go to don't offer Click & Collect	10%	9%
Just never thought to try	8%	18% ↑
Other	9%	10%
Can't use SNAP or WIC	5%	4%
Didn't know it was an option	4%	6%

■ Existing Users
■ New Users

Users mentioned prices/fees, wait times, and a preference for picking out certain grocery items themselves (produce, meat, etc)

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Shoppers who plan to continue using Click & Collect will do so **1-3 times per month**, though new users are less likely to be frequent users
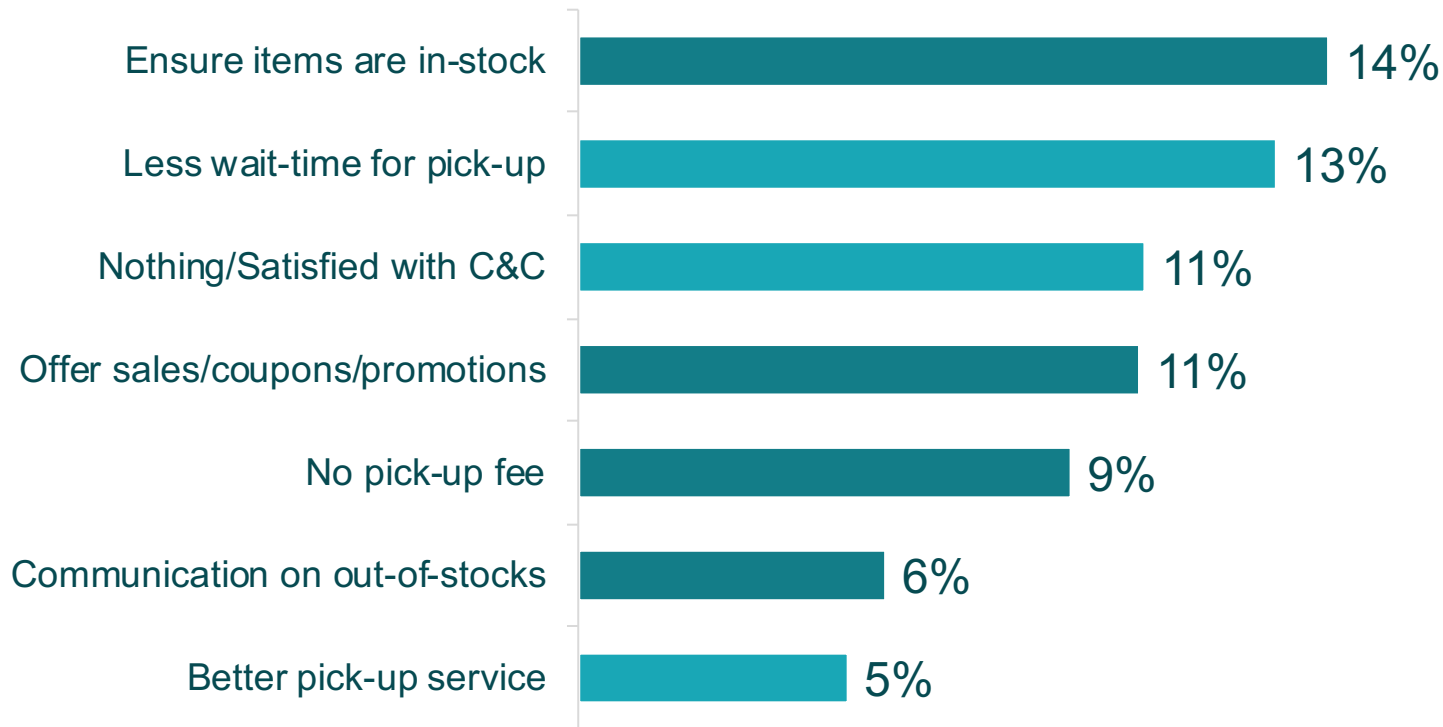
How often do you plan on utilizing Click & Collect as part of your monthly shopping in the future?

Shoppers who are Extremely Likely, Somewhat Likely, or Neither Likely nor Unlikely to Purchase using C&C in the Future

■ Existing Users
■ New Users

	Less than once a month	Once a month	A couple times a month	Weekly	Use Click & Collect for all my basic trips
Existing Users	14%	27%	42%	14%	3%
New Users	22%	32%	37%	7%	2%

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Retailers need to ensure they have the right **products in-stock** and should offer a **fee-free service & product discounts** to incentivize shoppers to use Click & Collect in the future

What can retailers do to ensure you use Click & Collect services again?

Category	Percentage
Ensure items are in-stock	14%
Less wait-time for pick-up	13%
Nothing/Satisfied with C&C	11%
Offer sales/coupons/promotions	11%
No pick-up fee	9%
Communication on out-of-stocks	6%
Better pick-up service	5%

" Have an accurate accounting of what's in stock...so that as items are sold...the "available" total is correct.

" Keep the cost free and offer coupons or some sort of discount.

Numerator Custom Survey: Q14. COVID-19 Click & Collect Shoppers n=2,914. All Product Sectors

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What's next for **brands**?

- **Talk to retail partners** about their Click & Collect service and strategy

- Ensure your **brand & category are being included** in Retailers' Click & Collect assortments

- Partner with retailers on **sponsored placement** within Click & Collect app/ webpages

- **Optimize packaging & brand presence** for non-traditional order fulfillments
  - Consider how your **images and descriptions compare to competitors online** or in a mobile app

- **Adapt promotional strategy** to better reflect online vs. in-store assortment preferences

What's next for **retailers**?

- If you're not already offering Click & Collect as a service, **now is the time to consider launching**

- Consider expanding assortment of Click & Collect eligible products, as **availability and selection** are key to winning and retaining C&C shoppers

- Be prepared for increased demand for Click & Collect **beyond the pandemic**

- Ensure marketing & assortment appeals to the **new Click & Collect shoppers** who are older, and don't have children at home

- Message Click & Collect as a **complement to in-store trips**, since enjoying shopping in-stores is one of the key barriers to C&C use