



# FEEDING A NATION STUCK AT HOME

Food retailers have a chance to make meaningful connections with customers



Marc Rousset

In recent years, there has been a steady decline in home cooking: More than half of all meals are now eaten away from home, according to the United States Department of Agriculture. Consumers don't have the time to cook, and their skills are the worse for it. Food retailers, as the main suppliers of ingredients for home cooking, have watched their share of consumer spending on meals erode.

But the onset of the COVID-19 virus means cooking from home will have to make a comeback. Work-from-home directives, closed schools, and shuttered restaurants will profoundly reshape food consumption in the short term — and possibly over the longer term, too. Food retailers' immediate priority is to keep shelves safely stocked, as worried consumers buy more than usual in anticipation of spending a long time at home. But as measures to combat the pandemic continue, grocers will have a unique opportunity to provide solutions that help consumers to cope and reduce their anxiety over putting wholesome meals on the table.

Here are some ways they can go about this.

## **SAFELY STOCK STORES**

Food retailers should take immediate actions to limit virus transmissions, which means following a long punch list of to-dos. These include cleaning stores thoroughly, limiting contact with associates, increasing express pickups and online orders, moving to contactless payments, and using disposable bags and cups. Customers want to continue to shop their local grocery store, knowing that health-and-safety compliance is the bedrock of solid store operations.

Some grocers have also fixed certain times for essential services employees such as healthcare and emergency professionals, many of whom are working long shifts and do not have time to wait in line. Stores could consider dedicated shopping hours — say, in the early morning — for the elderly and other at-risk populations to reduce their exposure to other people.

Measures against virus transmission are also needed in supply chains. Fortunately, these have long focused on minimizing “touches” — something that will, quite literally, help manage the spread of the virus. A high degree of mechanization will keep goods out of people's hands, reducing risk. Retailers should also carry out a rapid end-to-end supply chain evaluation: How are pallets built? Do they have enough trucks on the road?

In addition, retailers can rethink the splits of warehouse shifts and reduce hours worked in stores, so that restocking can take place with fewer people in stores and with associates crowded together less.



## **INNOVATIVE PRODUCE PACKAGING**

Products can be bundled in ways that make them easy to prepare and create mental shortcuts for easier buying. Precut vegetables and fruit save time and bring fresh raw ingredients more easily into the home. And the broad range of produce, meats, and other fresh departments offer endless possibilities for meals. Thoughtful promotions and programs can draw attention to easy-to-cook fresh ingredients and help create complete meals. Retailers can also make tweaks to production planning schedules and even sourcing.

## **ENGAGE WITH CONSUMERS**

Food retailers can engage proactively with customers electronically to provide information, support, and ideas to those for whom regular in-home preparation and dining have been the exception, not the rule. Communicating in-store is not enough — especially now that the in-store staff is stretched to the limit. Social media, email, and websites will be the critical channels to reach consumers — so corporate staff should be given the chance to act as key influencers. In-store education can take the form of simple callout labels and hung signs to highlight value-added products, minimizing the potential to tax an already overburdened staff.

## REPURPOSE PROMOTIONS

Repurposed promotions can be a powerful tool to encourage customers to try new fresh products and put meals on the table that they can be proud of. Small merchandising and operational changes such as bundling the product can go a long way to support consumers stuck at home. Now that demand is a lot less elastic, grocers may be tempted to pull back on promotions. That could make sense in order to control demand for items in high demand and to make up for higher costs — there was already a shortage of drivers, and trucking could become more expensive. However, it's important that retailers continue to deliver value to the customers who need it most, and not be seen as exploiting a situation for short-term gain.

## MAKE A MEANINGFUL DIFFERENCE

At least one thing is certain for 2020: It will be a year like none before for grocery stores. The recession that followed the 2008 financial crisis reduced spending in restaurants by \$47 billion between 2006 and 2010, according to the USDA. This time, there will be a far larger immediate impact, though hopefully shorter.

That means food retailers have a rare opportunity to make meaningful connections with customers by reshaping their habits to put wholesome meals on the table.

Shocks like the one we are experiencing can leave an enduring impact on consumption habits and brands. Consider a retailer that caters regularly to 5 million households. If demand for food away from home drops by a half, that would drive over \$100 million of demand into its stores each week, according to our analysis of USDA data. Funneling that volume into fresh categories would not just boost struggling grocers' bottom lines, it would also engender loyalty and grow brand equity, which is built up in fresh-food categories. These effects could have a profound and long-lasting positive impact not just for the industry, but also for the well-being of society as a whole.

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