



FOOD CHANNEL BLURRING IS TODAY'S NEW OMNICHANNEL

And COVID-19 is accelerating the trend

An Ipsos Point of View

By Wendy Wallner

GAME CHANGERS





WHOLE
FOODS
MARKET

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FOODS
MARKET

KEY TAKEAWAYS

- Major behavioral changes related to obtaining, preparing and consuming food were sparked by COVID but are still sticking today. The top ones are cooking, snacking and delivery.
- At home and away from home, food channels are in competition, but the distinction to the consumer is blurring.
- More than ever before, people are seeking restaurant quality meals with grocery-like convenience.
- Accelerators of food channel blurring: working from home, Millennial affinity towards restaurants and investment flowing into the grocery sector following strong COVID sales.

The pandemic has been a catalyst for major changes in how we obtain, prepare and consume food. And based on a recent Ipsos survey, many of those changes are sticking [even as COVID concerns and constraints wane](#).

Covid Food Behaviors Are Sticking

Our Ipsos survey validates that several major COVID behavioral food shifts are still with us. Compared to before the pandemic, people say the top food behaviors they're still doing more of are cooking at home, snacking and ordering food delivery.

"Home" continues to act as center stage for food. Meal occasions are morphing away from a traditional three-times-a-day routine to smaller, more frequent occasions. Meals and snacks are fulfilled by both grocery stores and restaurant takeout, and then brought home. Some are fulfilled by people actually cooking. But often meals come partially or fully prepared.

Americans are eating differently

Most have changed their dining-out habits

Q. Compared to before the COVID-19 pandemic began, are you currently using or doing more or less of the following?

■ More ■ The same amount ■ Less ■ Not applicable

Eating meals outside of the home



Drinking alcohol you purchase from a restaurant



They are cooking at home and snacking as much or more

Cooking meals at home



Buying snacks



Those who use food delivery are relying on it more

Using food delivery services



Using grocery delivery services



(Sources: Ipsos survey conducted October 22–25, 2021, among 1,171 U.S. adults; Ipsos Global Advisor survey conducted August 24–September 7, 2018, among 1,000 U.S. adults.)



Ipsos research finds 61% of Americans would be willing to order from a ghost kitchen operated by a grocery store. That's even higher for Millennials at 75%; evidence that consumers are ready to accept the channel blend, especially when it comes with added convenience.

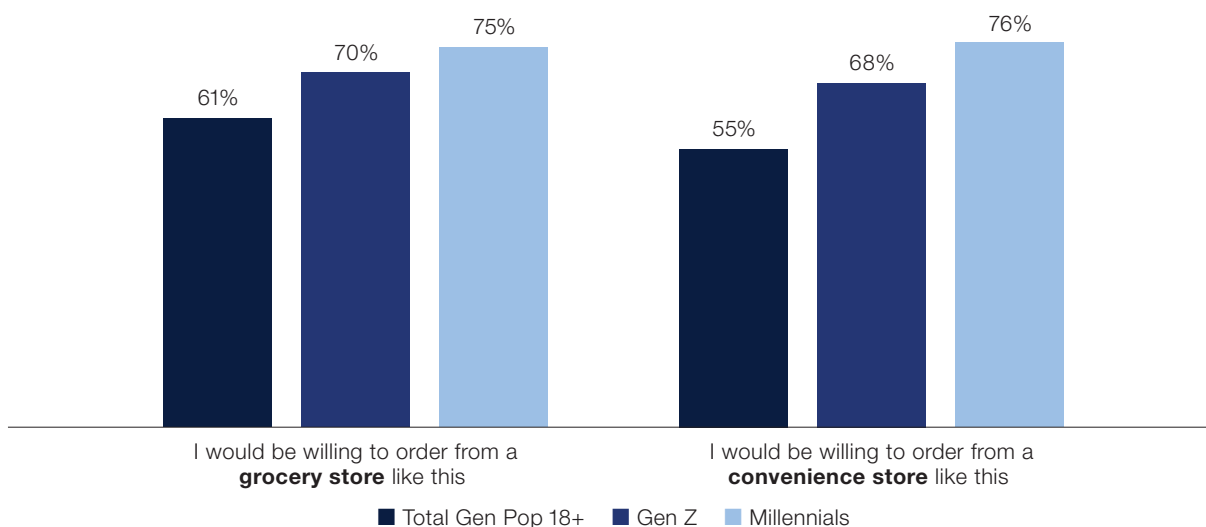
This is even true when it comes to C-Stores. 55% of Americans and 76% of Millennials would be willing to use a C-store ghost kitchen, lending support for C-stores to accelerate innovation in this area as they look to drive online or brick and mortar visits.

All this is to say: nearly two years into the pandemic, Americans have changed the way they eat.

Majority of Americans would be willing to order from restaurant ghost kitchens hosted by retailers

Q. Think about if a company started a virtual restaurant.

This restaurant has no retail locations (there is no seating and no drive-thru).
The restaurant will deliver hot and cold food to you that you order from a website or app.



Source: Ipsos Future of Eating survey of n=1,171 Americans, conducted October 22–25, 2021.



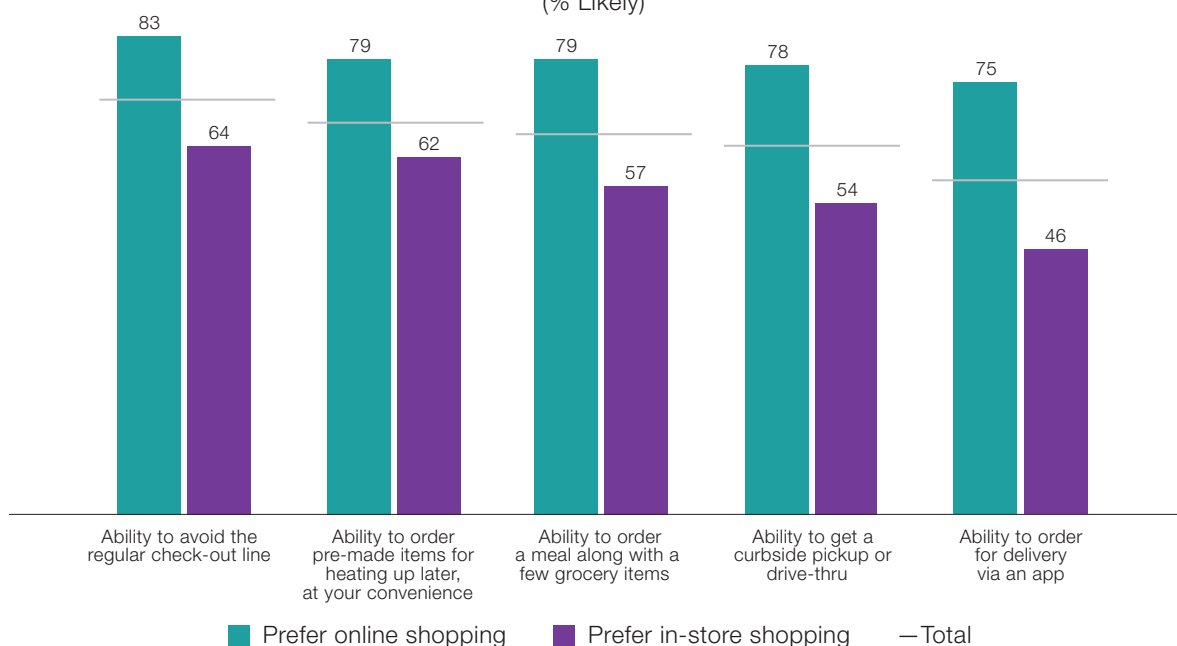
Competition Between Food Channels Creates Blurring

Ipsos finds it is increasingly difficult to define “In Home” and “Away From Home” as grocery versus restaurant/foodservice. As we head into the holidays, grocers will cling to much of their COVID-fueled gains. Restaurant spending has increased in 2021 so far, but it has stalled in many regions. A clear key to success for both the grocery and restaurant sectors has always been to win against the other. It’s always been “In Home” in competition with “Away From Home.”

This blurring has been happening for a number of years. Whole Foods stores included restaurants, wine bars and seating areas well before COVID. The pandemic accelerated this trend.

Which grocery takeout improvements would have the most sway with certain shoppers?

Q. If you could buy prepared foods for take home or delivery from a grocery store, would the following make you more likely or less likely to purchase from one of these outlets? (% Likely)



(Source: Ipsos survey conducted October 22–25, 2021, among 1,171 U.S. adults.)

A top accelerator of channel blurring is working from home, which prompted a greater desire for restaurant-quality meals easily available to consume at home than before COVID. This is especially true of young adults. Millennials and Gen Z like to frequent all channels, but have always been bigger fans of restaurants than older age groups. In order to attract a younger buyer, many grocers now offer restaurant-quality meals with real restaurant credentials and often a strong local reputation that will both attract those shoppers and provide a positive halo back onto the retailer.

In Washington, Kroger added popular local restaurant Tutta Bella Pizzeria’s meals to its prepared foods options, opened integrated Tutta Bella restaurants in some of their stores and even hired Tutta Bella employees during the restaurant shutdown. This is an example of a new, blended business channel, the **“grocerant”**—a restaurant inside a grocery store.

Ghost Kitchens

Another behavioral change among consumers: Expect continued expansion of restaurant ghost kitchens sharing the retailer's kitchens, enabling restaurant meals to be picked up or delivered by your grocery store, facilitated by rapid 30-minute-or-less delivery services that are becoming mainstream.

Walmart just opened its first U.S. “virtual food court” in partnership with Ghost Kitchen Brands in Rochester New York. These Walmart shoppers have access to 25 restaurant menus in a single store and can combine them into one order, shopping while they're waiting.

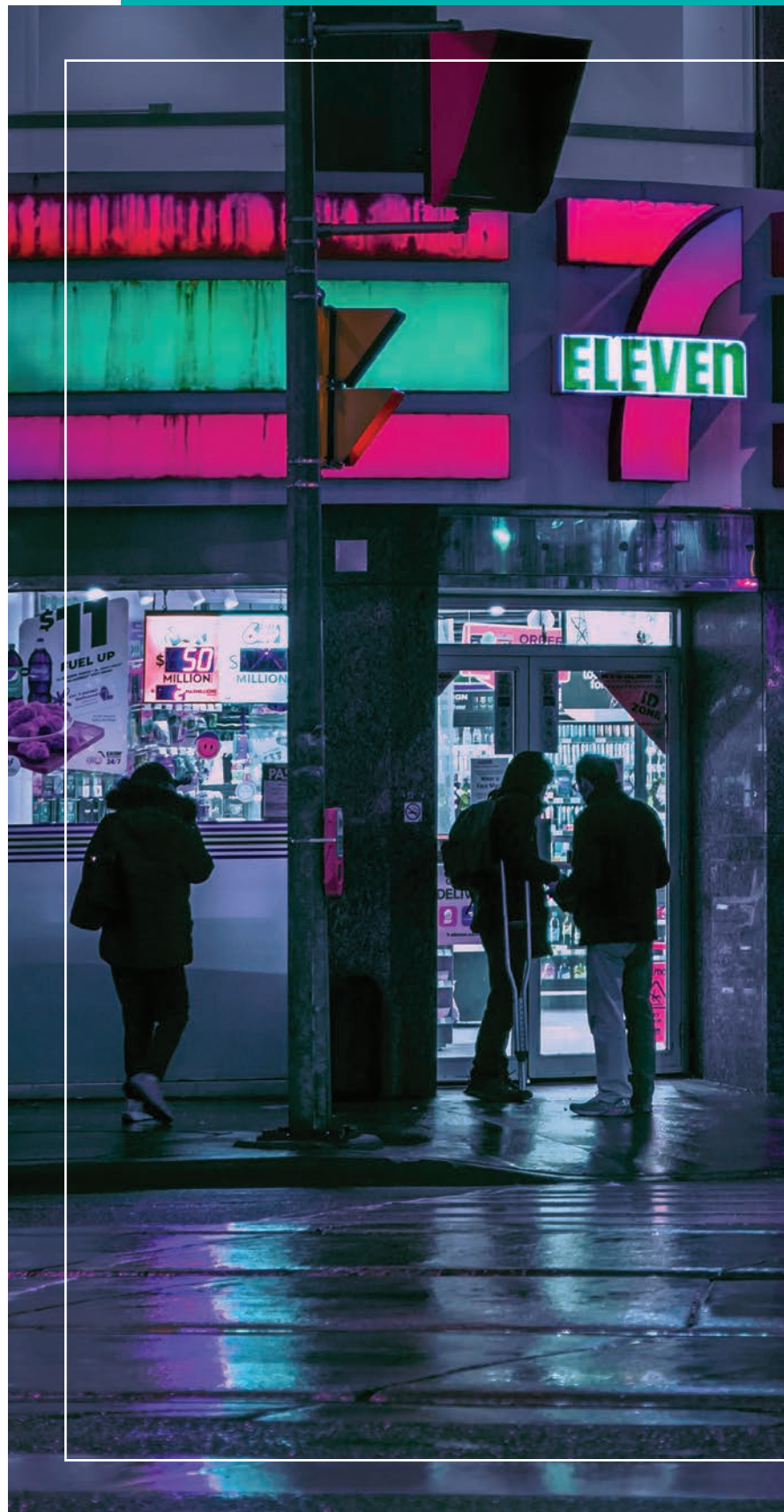
Because we will continue to have fewer at-the-office workdays, convenience-oriented shopping trips will be difficult to come by. Thus, it is particularly important for convenience stores and drug stores to upgrade their food options and become distinct go-to destinations for store or delivery food occasions.

7-Eleven has declared that “Today's opportunity is in the QSR space” and is aggressively rolling out new stores that include restaurants. It recently opened a new concept store in Florida incorporating a Fusion Fresh restaurant, the Wine Cellar, a nitro cold brew and iced tea bar, and a car wash.

Test New Innovations Pre-Market and In-Market

The grocery industry had strong spending during the peak of the pandemic and the sector has attracted a great deal of investment funding. This is accelerating innovations. As restaurants and retailers seek to innovate with new services and partnerships, it is important to keep humans at the center. The most effective investments can be put to the test early on:

1. Get customer reaction to new ideas that come to market, yours or your competitors. Employ mystery shoppers, geo-triggered surveys, self-guided shops and user observation to find out what works and what doesn't. Adopt and innovate on the best ideas.
2. To test new innovative ideas in early stages, consider research that uses 3D-augmented reality which can be done qualitatively or with quantitative scale online to test ideas in full context rather than flat 1-dimensional concepts, and before the expense of building out in-store designs.





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WHAT'S NEXT?

- The willingness of consumers to obtain food in new ways brings innovation and partnership opportunities for the food industry.
- Retail ghost kitchens will become a standard part of the future as consumers show strong interest if hosted by either a grocery or convenience store.
- As companies seek to innovate, getting an early assessment of ideas with humans at the center will be important, and new 3D-augmented reality approaches help us do that.

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