

Online FMCG shopping leapfrogs five years amidst Covid-19 pandemic

- New users, frequency and preference skyrocket
- 68% of South Africans have shopped online in the past week

In experiencing the first-ever Black Friday promotional phenomenon under lockdown, the dominance of online shopping platforms has become crystal clear. To keep track of this development, Nielsen Global Connect has conducted extensive research that includes an overarching view of the massive increase in online FMCG shopping and just how rapidly it evolved over the first six months of lockdown.

Nielsen Connect, Global Intelligence Unit, Executive Director Ailsa Wingfield comments; "Amidst the Covid-19 pandemic, online FMCG shopping usage has advanced by up to five years in just six short months. As a result, there has been a rapid increase in online shopping and usage with new users, frequency and preference having skyrocketed. Preference of online as the most-used channel has also more than doubled.

Evidence of this are results from the *Nielsen New Shopper Normal Study* which was conducted in May and September 2020 allowing for powerful comparisons of the effect of the Covid-19 lockdown on consumers, during an unprecedented



time in our history. The Nielsen study found that in terms of online preference, pre-Covid-19, only 4% of South Africans said they shopped most often online. That figure rose to 11% in May 2020 during (Level 4 Lockdown) and was 12% by September 2020 (Level 1). Of the new South African online shoppers, 28% had never shopped online pre-Covid-19.

In terms of the Recency effects of online shopping i.e. whether shoppers had shopped online in the past week, this figure increased from 59% in May to 68% in September. In terms of Frequency, those who said they shopped once a week increased from 41% in May to 48% in September, while those who shopped online multiple times a week increased from 18% in May to 20% in September 2020.

Best of both worlds

Nielsen's consumer and retail measurement evidence therefore clearly shows a massive and ongoing move to online, but it must be pointed out that this is not in isolation when considering the overall shopping journey. In South Africa, two-thirds of consumers (68%) say they are now using both online and offline channels – up 9 points from May



2020 – with fewer exclusive brick & mortar shoppers at 32% – down 9 points since May 2020.

Wingfield elaborates; “Overall, consumers are shopping and buying in a mixed reality. In many instances online shopping options are a new addition to their existing store repertoire but most consumers indicate that they will maintain a combination of online and offline – which will lead to the rise of more omnichannel shopping journeys and experiences.”

Interestingly, this adoption is even more pronounced for ‘Constrained Consumers’ – those who have been impacted by job/income loss. These consumers are less likely to be exclusive Brick & Mortar shoppers as Omni shopping is even more important to help them make better and more frugal choices.

Wingfield adds; “The challenge for retailers is that consumers want equivalent experiences regardless of the environment in which they shop. These are categorised by a seamless experience where the retailer’s online, and bricks and mortar offerings, are connected and offer a similar and familiar shopping experience.”

Still more work to be done

In terms of the remaining obstacles for retailers to overcome and where online needs to work harder the biggest concern for South African shoppers is delivery which has emerged as the most important factor to get right. A massive 67% of South Africans consumers stated they wanted same/next-day delivery in May 2020, which increased to 75% in September 2020.



In terms of online Price & Promo perceptions, 53% of respondents said online prices had increased in September, while 14% perceived less online promotion and 8% said online was more expensive in September. That said, online price perceptions have become more positive and are currently more favourable than offline (brick and mortar) perceptions. They may also improve even further, following the current heavy push by retailers of online-only Black Friday promotions.

Looking to the future

Looking at how consumers’ newfound relationship with online shopping will evolve, Wingfield

comments; “We saw that ‘necessity catalysts’ such as safety and precaution considerations and the availability of products initially drew consumers online, but there are still several obstacles to overcome. To sustain online FMCG traction, retailers and brands will need to focus on how they can solve consumers’ changed needs by differentiating their offerings in the Omni shopping journey.”

She goes on to suggest; “They will need to solve for overall satisfaction and experiences in the areas of time, convenience, availability and value based on consumers’ altered circumstances to truly differentiate themselves.” **SR**

