Microsoft

MICROSOFT ADVERTISING

Impact of COVID-19 on Food & Grocery (AU)

Microsoft Advertising. Intelligent connections.

Summary of findings

Australia introduced closure of non-essential business due to the COVID-19 pandemic. As a result, the food & grocery industry in Australia is undergoing a huge transition with many providers starting to drive key online ordering and delivery capabilities to capture consumer demand.

Market watch

COVID-19 is driving online sales growth in developing fast-moving commercial goods (FMCG) e-commerce markets*

Source: Nielsen

User behaviour

Coronavirus pandemic is likely to have a long-lasting impact on consumer shopping patterns

Source: afr.com

Search trends

Search across food and grocery categories has skyrocketed in the past couple months

https://www.afr.com/companies/retail/supermarkets-to-enjoy-9b-sales-boost-as-shoppers-eat-more-at-home-20200406-p54hf7

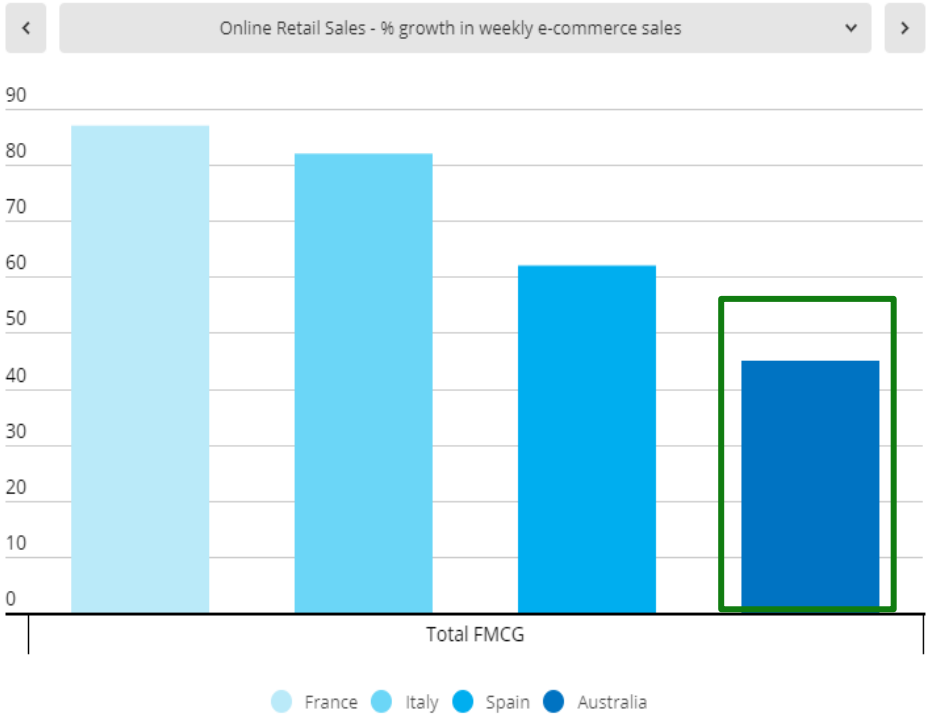
Market watch

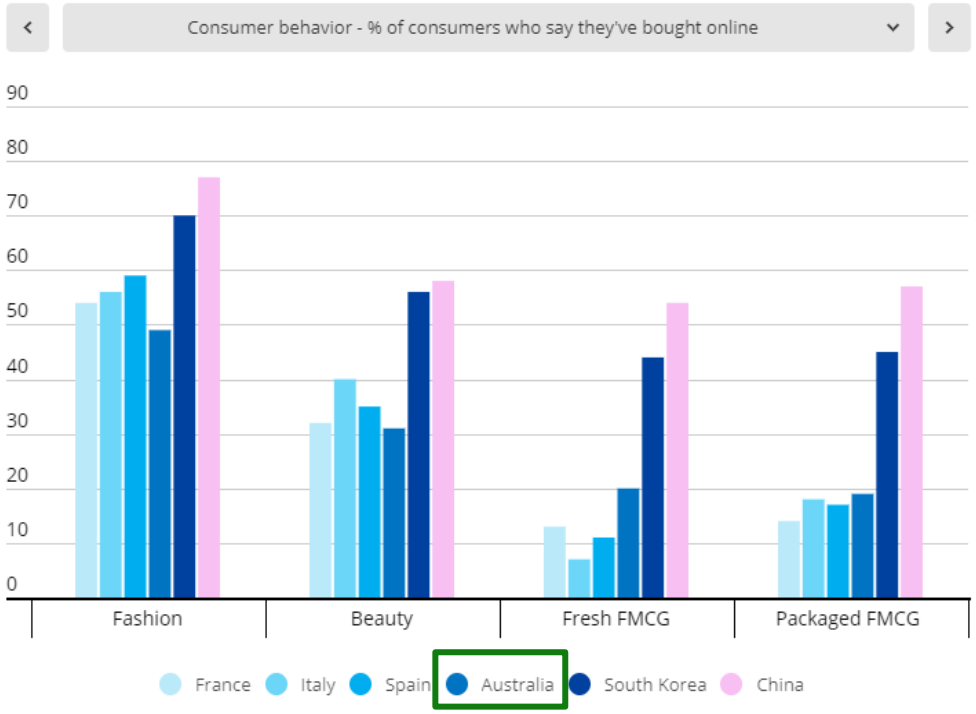
Supermarkets to enjoy $9B sales boost as shoppers eat more at home

– afr.com

https://www.afr.com/companies/retail/supermarkets-to-enjoy-9b-sales-boost-as-shoppers-eat-more-at-home-20200406-p54hf7

COVID-19 is driving online sales growth in developing FMCG e-commerce markets



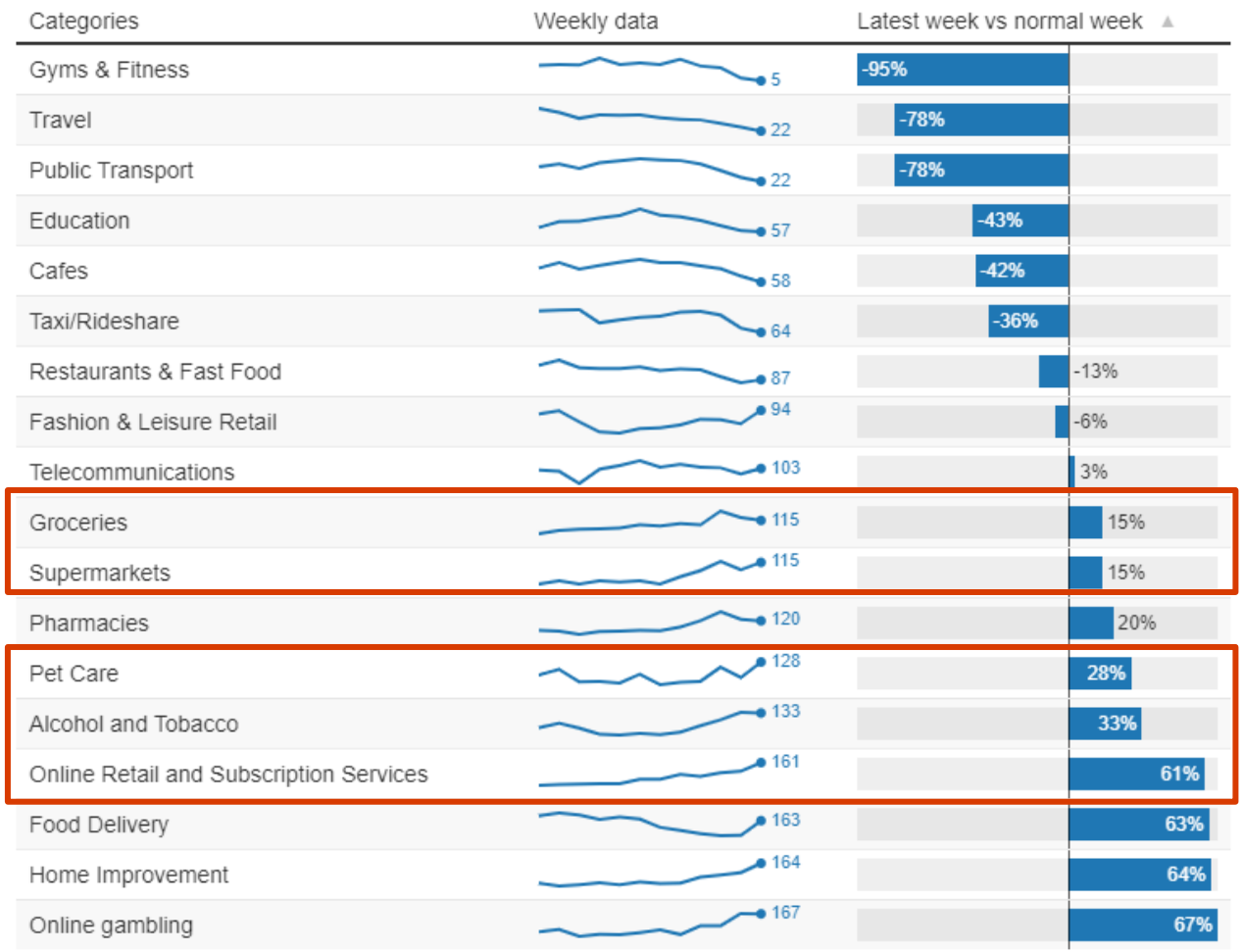


Source: https://www.nielsen.com/au/en/insights/article/2020/covid-19-the-unexpected-catalyst-for-tech-adoption/

Microsoft

Shutdown-affected categories have fallen sharply, but stimulus drives strong growth in many others

Weekly index of consumption per person, Normal weekly average = 100



Based on a weekly sample of the transactions of c.250,000 Australian consumers

Table: Created by illion & AlphaBeta (part of Accenture)

Category consumption comparisons show some are impacted a lot more than others

1. "Household spending patterns have been radically reshaped during the crisis"
2. "There has been a surge in online retail and subscription services (+61 percent), food delivery (+63 percent), alcohol and tobacco (+33 percent) and pet care (+28 percent)"
3. "Stores with a reputation for affordable prices did especially well. Food outlets (fast-food brand) and (pizza delivery brand) performed strongly as did meal delivery services (food delivery service) and (meal kit service)."

https://www.theage.com.au/business/the-economy/stimulus-payments-arrest-spending-slump-real-time-data-shows-20200408-p54ida.html

Microsoft

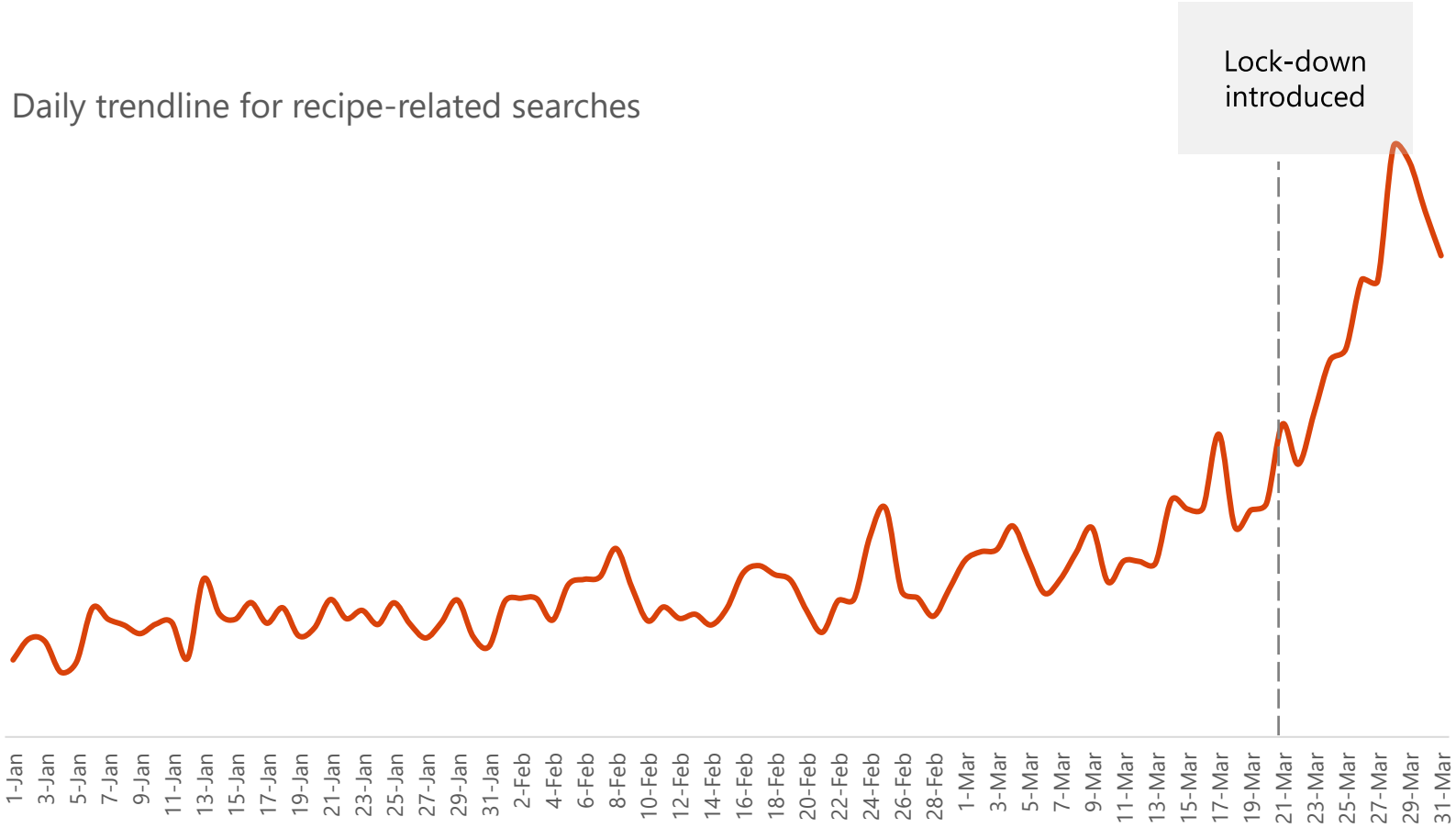
User behaviour

Cautious consumers are likely to cook more at home, order more online and keep their pantries better stocked – afr.com

https://www.afr.com/companies/retail/supermarkets-to-enjoy-9b-sales-boost-as-shoppers-eat-more-at-home-20200406-p54hf7

Staying home means more home cooking

Daily trendline for recipe-related searches



Source: Microsoft Advertising Internal Data. All devices. Jan – Mar 2020

Top 20 queries

Kids at home

- banana bread recipe
- easy pancake recipe
- pancake recipe
- banana cake recipe
- anzac biscuits recipe
- scone recipe
- chocolate cake recipe
- cake recipe
- brownie recipe
- cookie recipe
- carrot cake recipe

Family favourites

- bread recipe
- thermomix recipe community
- fried rice recipe
- pumpkin soup recipe
- spaghetti bolognese recipe
- zucchini slice recipe
- pasta recipes
- pizza dough recipe
- damper recipe

A high percentage of people are cooking at home as a result of the lock-down's implemented across multiple countries

Current market trends indicate that this trend will continue in coming months ahead as markets adapt to social distancing and regulations

% who say they've been doing the following at home because of the coronavirus / COVID-19 outbreak

	All	AU	BR	CN	FR	DE	IT	JP	PH	SG	ZA	SP	UK	USA
	%	%	%	%	%	%	%	%	%	%	%	%	%	%
Creating / uploading videos (e.g. on YouTube, TikTok, etc)	14	6	21	17	7	5	10	5	17	9	12	15	6	6
Listening to more podcasts	12	11	15	13	6	6	8	4	17	9	13	10	11	10
Listening to more radio	18	15	18	16	23	24	29	9	32	20	36	32	17	16
Listening to more streaming services (e.g. Spotify, Apple Music, etc)	35	16	30	49	14	13	25	11	43	17	22	27	14	18
Reading more books / listening to more audiobooks	35	16	27	44	24	19	36	18	27	18	26	42	19	25
Reading more magazines	14	5	12	17	14	10	18	7	12	9	11	14	9	12
Reading more newspapers	16	14	22	14	14	17	23	16	23	29	24	22	15	12
Spending longer on messaging services (e.g. WhatsApp, Facebook Messenger, etc)	45	19	48	59	24	22	60	8	55	35	45	61	24	17
Spending longer on social media (e.g. Facebook, Instagram, Twitter, etc)	44	28	50	50	27	21	52	23	71	39	44	49	21	32
Spending longer talking on the telephone to others	25	13	13	29	34	21	45	6	14	10	20	44	23	22
Spending more time cooking	41	18	20	55	26	19	47	13	39	23	26	35	21	31
Spending more time on apps	38	17	33	52	17	13	36	7	47	27	34	36	19	18
Spending more time on computer / video games	36	24	41	39	39	21	41	32	40	25	32	48	20	29
Spending more time on hobbies / pastimes	43	24	33	52	31	24	47	40	49	25	26	24	24	32
Spending more time socializing as a family / household	53	19	36	70	33	29	47	22	60	29	35	51	19	34
Watching more news coverage	67	42	69	77	50	60	67	56	79	57	61	63	50	43
Watching more shows / films on streaming services (e.g. Netflix)	51	30	43	63	31	21	53	21	61	35	39	58	32	42
Watching more TV on broadcast channels	45	32	43	46	53	35	55	51	70	32	46	43	32	42
None of these	5	21	5	1	10	16	2	13	0	8	8	2	16	13

Question: Which of the following have you been doing at home, because of the coronavirus / COVID-19 outbreak? NOTE: In China, named services were replaced with local alternatives.

GWI Coronavirus Research | March 16-20 | across 13 countries | For AU, n = 1,004

Microsoft

Search trends

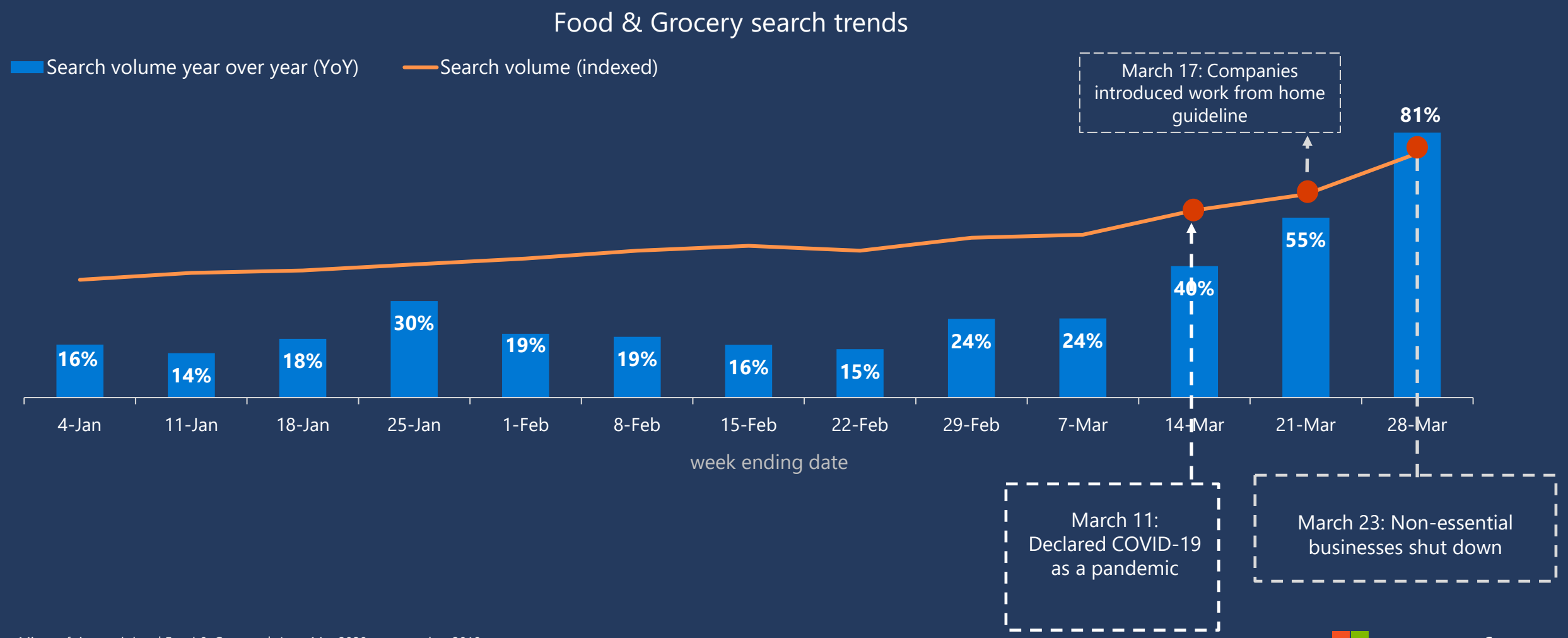
Food & Grocery on the Microsoft Search Network has seen consumer demand increase by

+120%

in March compared to January

Microsoft internal data | Food & Grocery | Jan vs Mar 2020

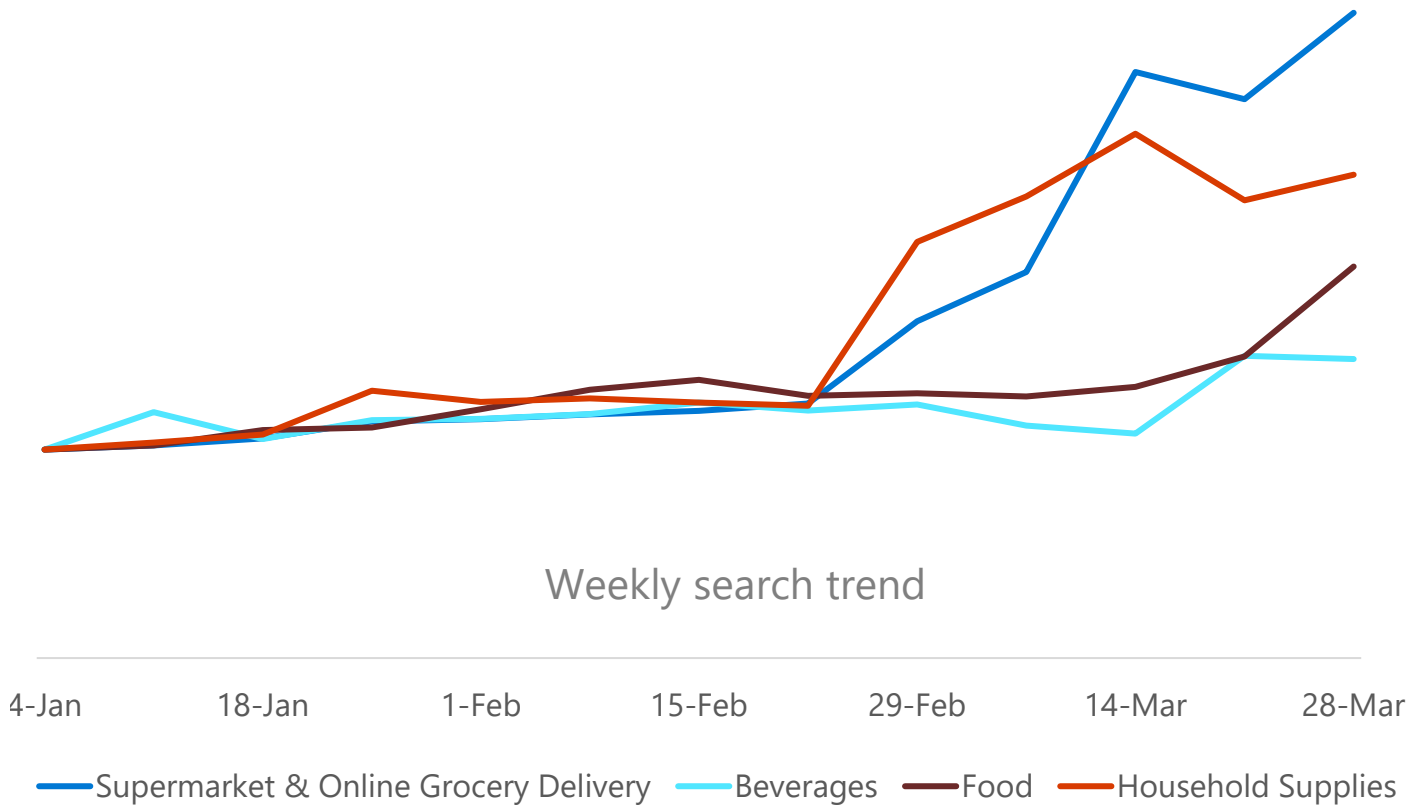
Strong search uplift following stricter COVID-19 precautionary measures



Microsoft internal data | Food & Grocery | Jan - Mar 2020 compared to 2019

Microsoft

Grocery Delivery and Household Supplies saw sharp uplift even before precautionary measures were enforced, indicating panic buying



Online grocery delivery queries skyrocketed in March *(compared to January)*

Queries with highest uplift

(compared to January)

coles online **+153%**

coles online shopping **+419**

woolworths online **+221%**

woolworths online shopping **+493%**

aldi **+28%**

New search terms that didn't exist in January

woolworths home delivery

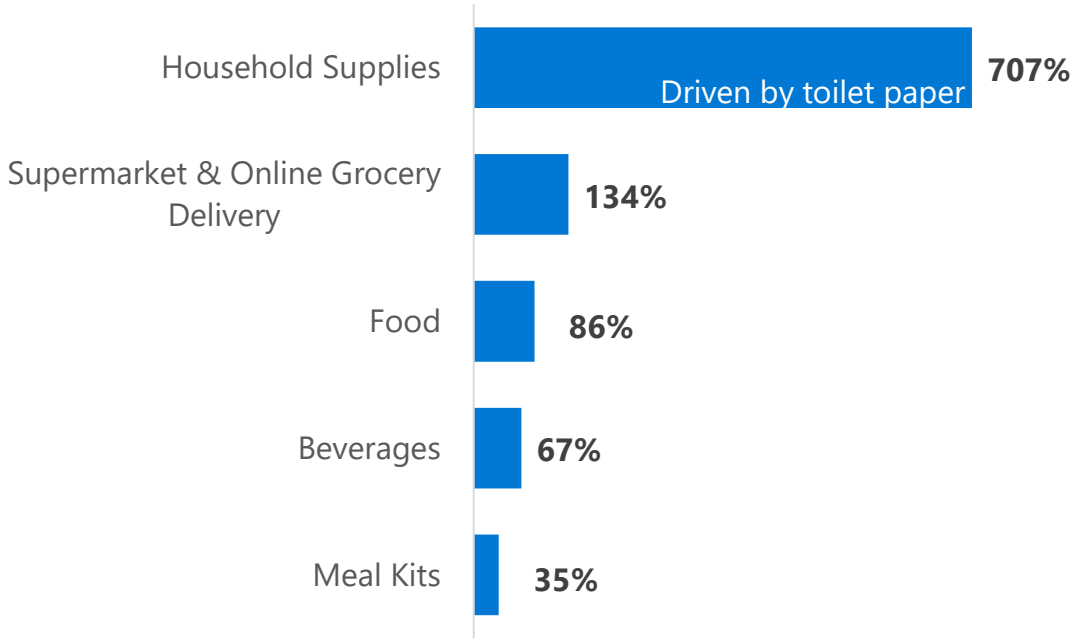
coles home delivery

Microsoft

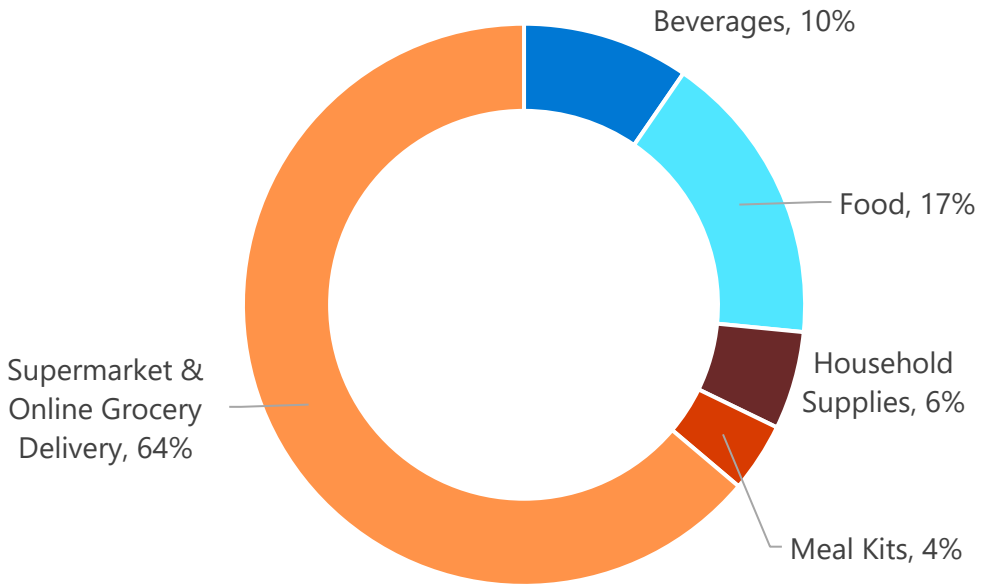
Microsoft internal data | Food & Grocery | Jan - Mar 2020

Strong spike across Food & Grocery categories indicate people are keeping their pantries stocked

Sub-category search growth compared to January

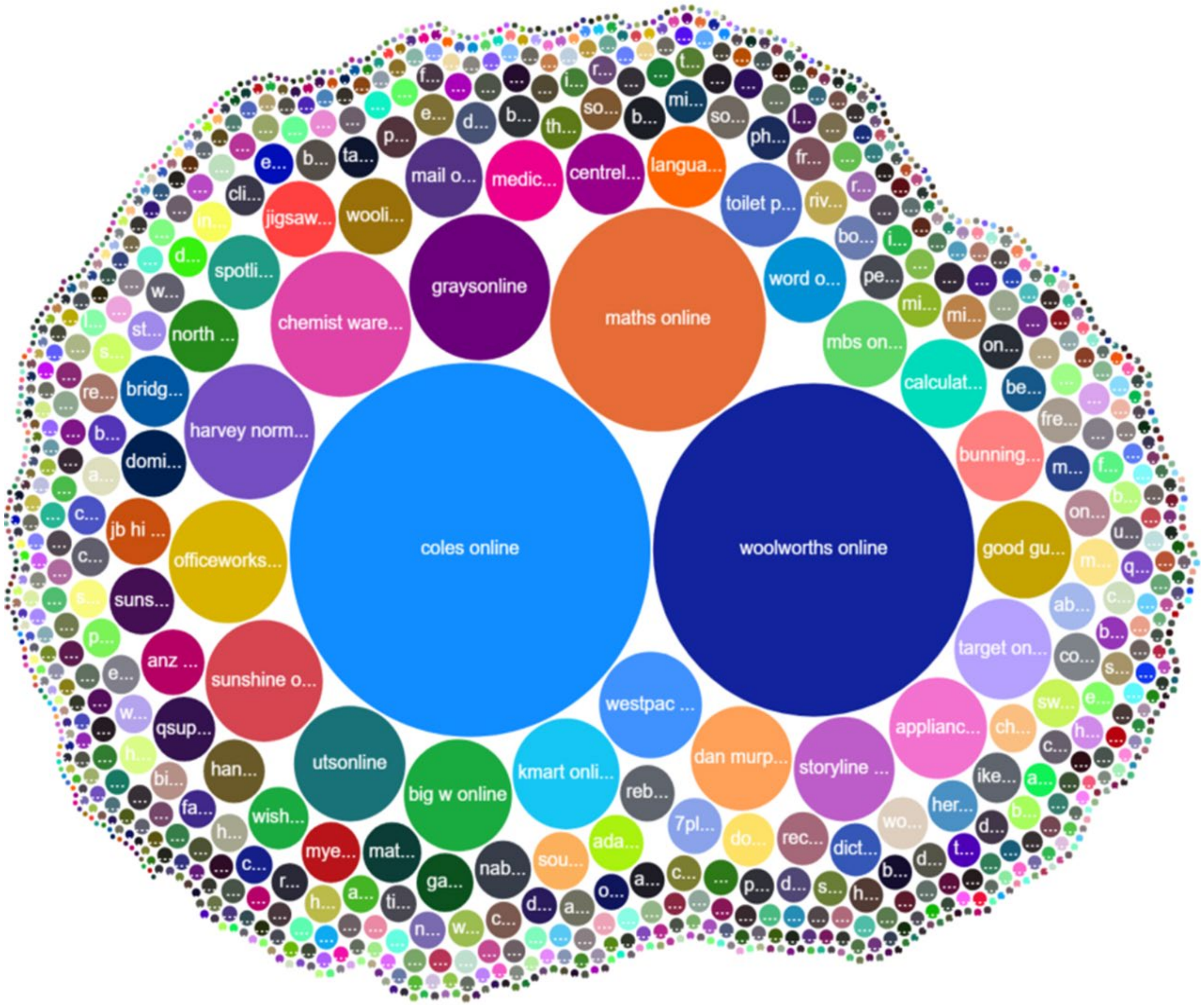


Sub-category split (March search volume)

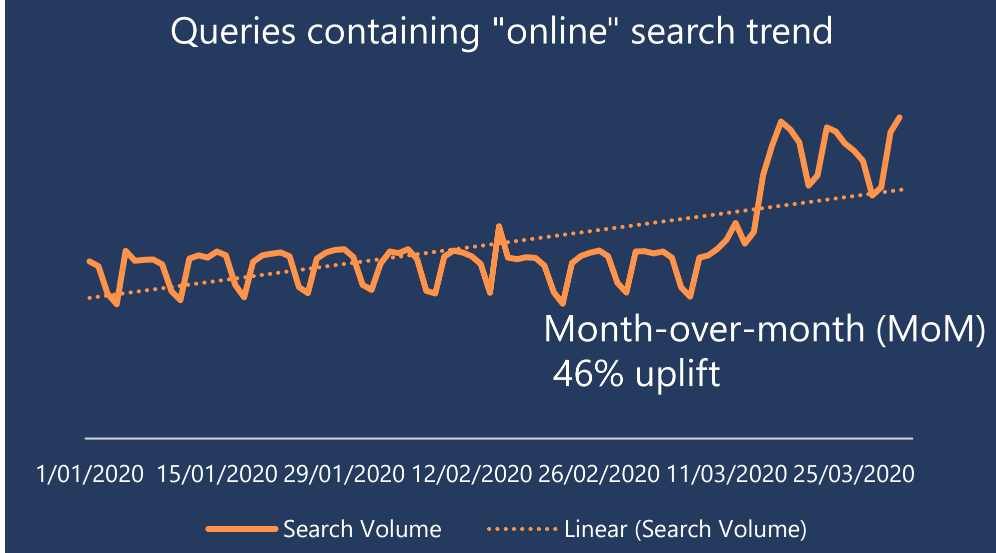


Microsoft

All searches containing “online” | March 2020 | search volume

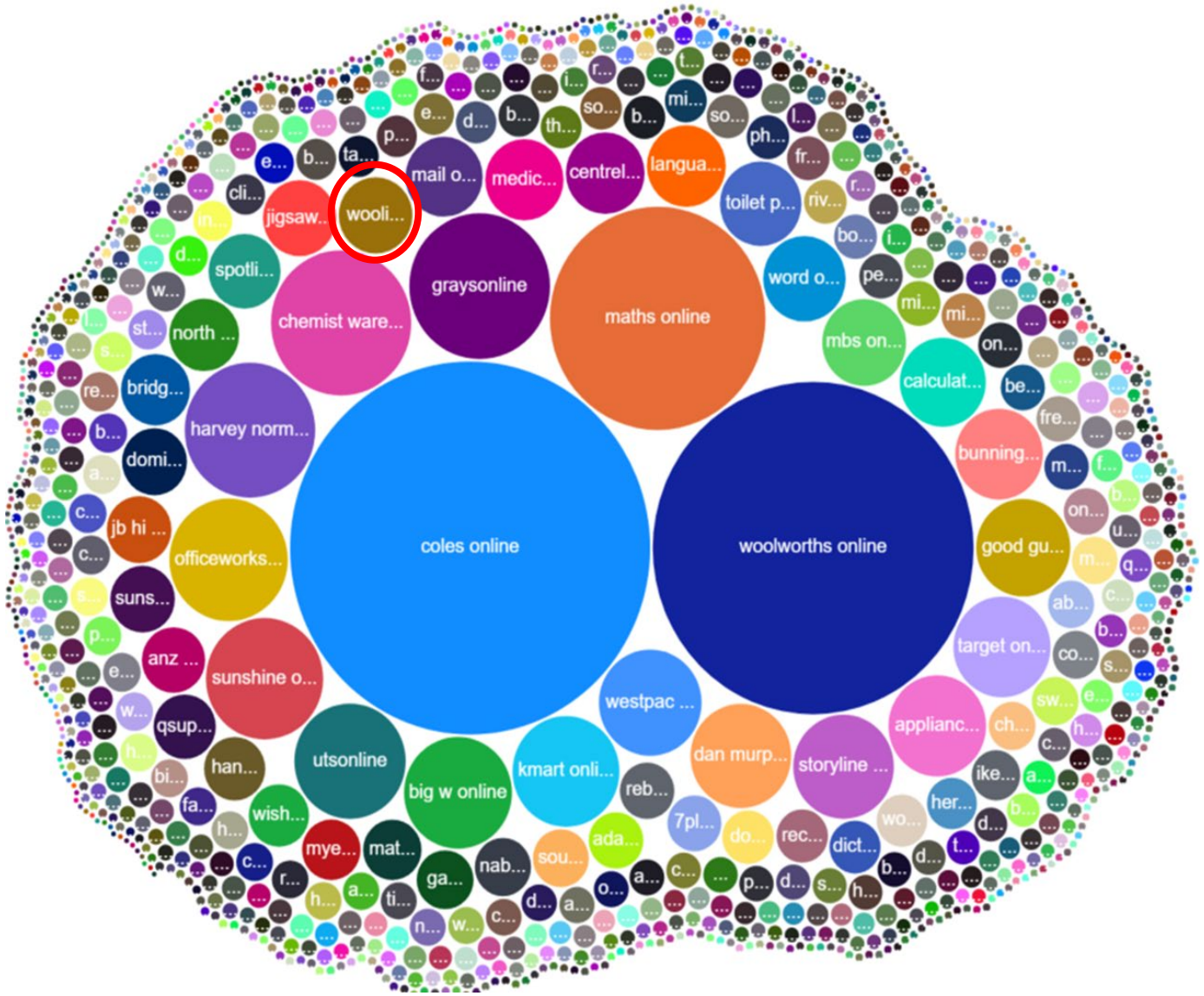


Coles was the most searched query with “online” intent



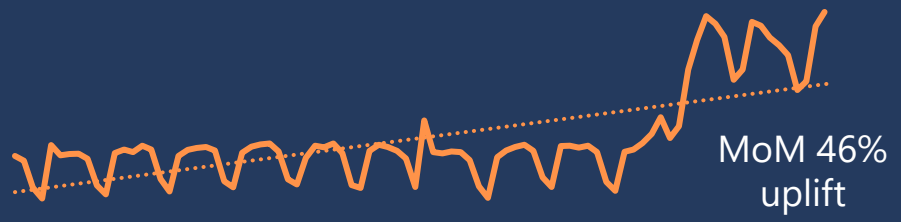
Microsoft

All searches containing “online” | March 2020 | search volume



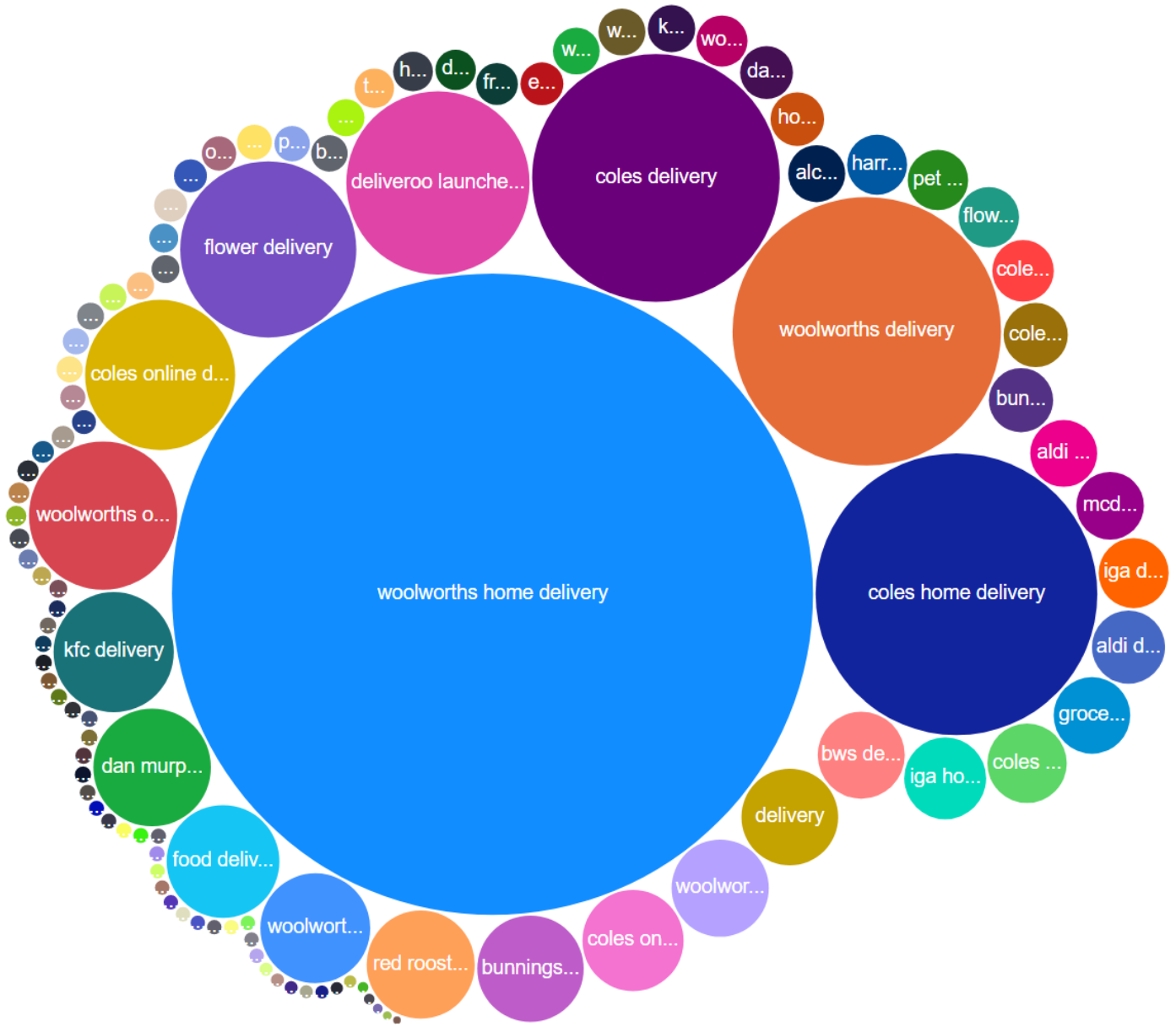
Woolies was the second-most searched query with “online” intent

Queries containing "online" search trend



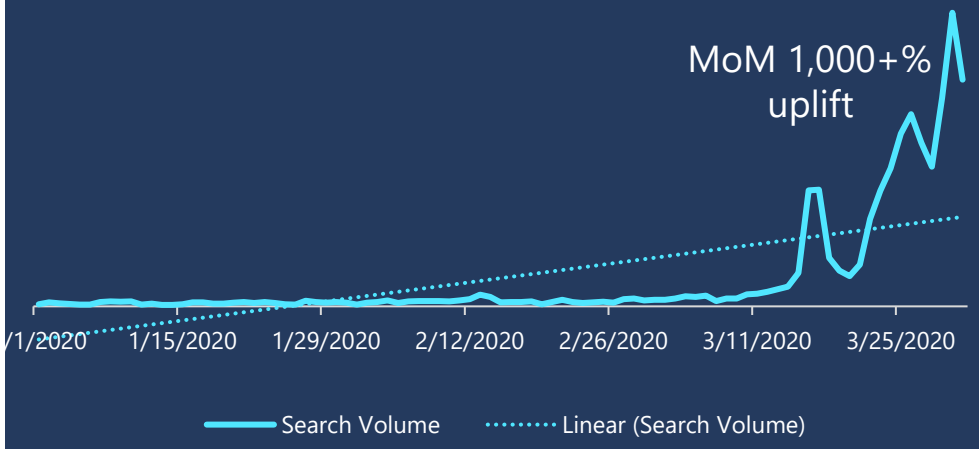
Microsoft

All searches containing “delivery” | March 2020 | search volume



What was Microsoft audience searching to get “delivered”

Queries containing “delivery” search trends



Microsoft

Microsoft internal data | see appendix for more terms

Key takeaways

1. As consumers shift towards online, businesses have a huge opportunity to connect their customers with the right product and provide a great customer experience

2. User behaviour has shifted from out-of-home dining to food delivery, and home cooking seems to be a more permanent shift in habit

3. Defend your brand entity and be a part of your customer's purchase journeys as they find ways to adjust to this new world

4. Take advantage of your search campaigns to understand your customers better and plan your next steps

5. Connect your customers to products on first click

Microsoft

Strategies and recommendations

Learn immediate and recovery-phase strategies, and how to approach new opportunities and optimize account health in the Digital Advertiser's Guide to COVID-19

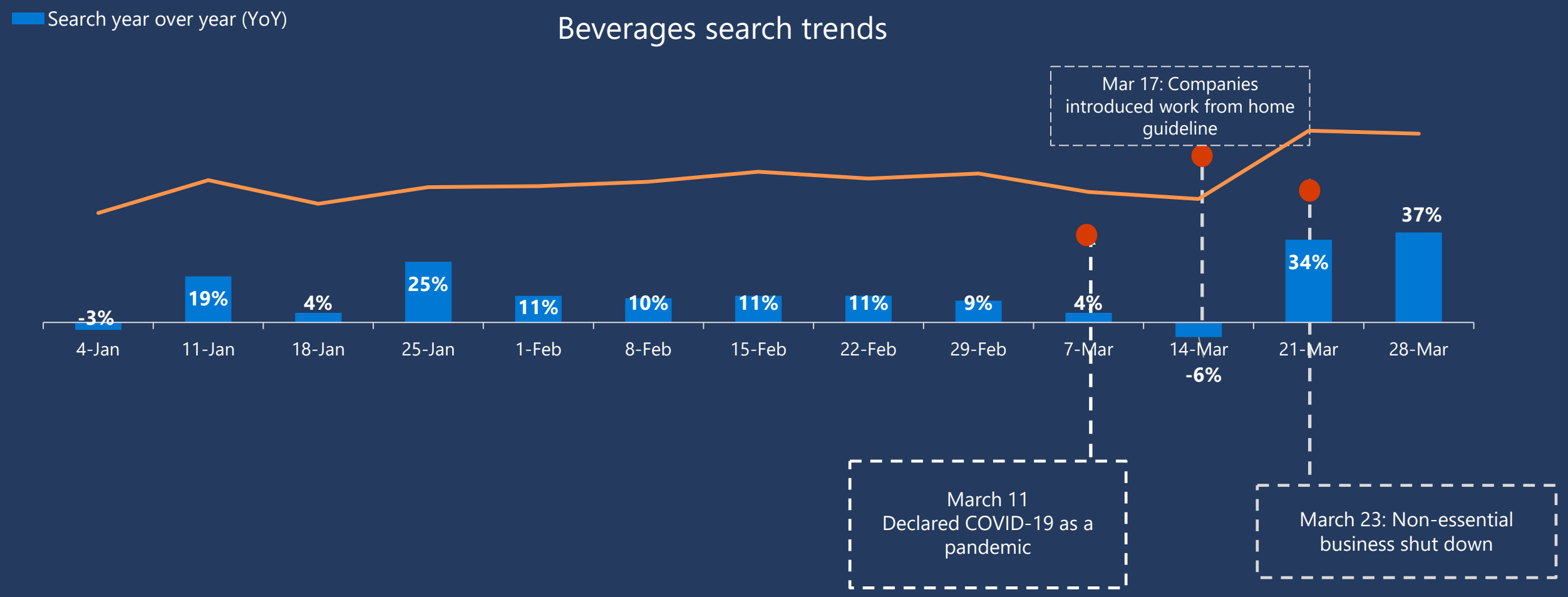
Microsoft

Microsoft Advertising. Intelligent connections.

advertising.microsoft.com

© Copyright Microsoft Corporation. All rights reserved.

Strong search uplift following stricter COVID-19 precautionary measures



Microsoft internal data, Telecommunication vertical, Jan 1- Mar 22, 2020 compared to 2019

Microsoft

Availability of Essentials

% who say they're currently struggling to get the following

	All	AU	BR	CN	FR	DE	IT	JP	PH	SG	ZA	SP	UK	USA
	%	%	%	%	%	%	%	%	%	%	%	%	%	%
Anti-bacterial hand sanitizer / gel	30	47	57	17	46	32	50	34	70	23	52	46	47	32
Face masks	45	26	35	54	40	14	68	78	76	40	42	44	15	15
Food / drink for your household	11	34	8	6	23	26	9	3	31	8	12	14	29	17
Household essentials (e.g. toilet roll, hand soap)	19	62	13	8	16	47	7	28	31	12	27	22	47	38
Information about the long-term plan to tackle coronavirus	18	15	23	18	16	12	14	16	28	16	38	18	19	17
Medical information	14	9	12	15	12	9	8	12	29	10	20	11	9	9
Things to entertain you / your household	14	8	10	18	9	6	5	4	15	8	16	10	9	11
Up-to-date information about the situation in your country	10	9	13	11	8	8	5	9	14	10	22	7	12	8
Up-to-date information about the situation in your local area	12	14	17	11	14	9	11	8	22	9	29	12	18	10
None of these	23	20	22	21	28	31	18	12	6	38	18	26	26	38

Question: Are you currently struggling to get any of the following?

Microsoft

GWI Coronavirus Research | March 16-20 | across 13 countries | For AU, n = 1,004

NIELSEN SIX CONSUMER BEHAVIOR THRESHOLDS OF COVID-19 CONCERN

#1 PROACTIVE HEALTH-MINDED BUYING	#2 REACTIVE HEALTH MANAGEMENT	#3 PANTRY PREPARATION
CONSUMER BEHAVIOR SHIFTS		
Interest rises in products that support overall maintenance of health and wellness.	Prioritize products essential to virus containment, health and public safety. E.g. face masks	Pantry stockpiling of shelf-stable foods and a broader assortment of health-safety products; spike in store visits; growing basket sizes.
COMMON COVID-19 EVENT MARKERS		
Minimal localized cases of COVID-19 generally linked to an arrival from another infected country.	Government launches health and safety campaign. Local transmission and / or first COVID-19 related death(s).	Small quarantines begin; borders close more broadly. Often represented by accelerating cases of COVID-19, but not necessarily by deaths.

#4 QUARANTINED LIVING PREPARATION	#5 RESTRICTED LIVING	#6 LIVING A NEW NORMAL
CONSUMER BEHAVIOR SHIFTS		
Increased online shopping, a decline in store visits, rising out-of-stocks, strains on the supply chain.	Severely restricted shopping trips, online fulfillment is limited, price concerns rise as limited stock availability impacts pricing in some cases.	People return to daily routines (work, school, etc.) but operate with a renewed cautiousness about health. Permanent shifts in supply chain, the use of e-commerce and hygiene practices.
COMMON COVID-19 EVENT MARKERS		
Localized COVID-19 emergency actions. Restrictions against large gatherings; schools and public places close down. Percentage of people diagnosed continues to increase.	Mass cases of COVID-19. Communities ordered into lockdown. Restaurant closures, restrictions on small gatherings.	COVID-19 quarantines lift beyond region/country's most-affected hotspots and life starts to return to normal.

NOTE: These represent TYPICAL markers of these stages but are not always consistent, especially with number of cases or deaths

https://www.nielsen.com/us/en/insights/article/2020/key-consumer-behavior-thresholds-identified-as-the-coronavirus-outbreak-evolves/