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

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

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

Source: Nielsen
Source: afr.com

Supermarkets to enjoy $9B sales boost as shoppers eat more at home – afr.com

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

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)."

Category consumption comparisons show some are impacted a lot more than others
Cautious consumers are likely to cook more at home, order more online and keep their pantries better stocked – afr.com
Staying home means more home cooking

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

Source: Microsoft Advertising Internal Data. All devices. Jan – Mar 2020
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.
Food & Grocery on the Microsoft Search Network has seen consumer demand increase by +120% in March compared to January.
Strong search uplift following stricter COVID-19 precautionary measures

Food & Grocery search trends

- **Search volume year over year (YoY)**
- **Search volume (indexed)**

**March 11: Declared COVID-19 as a pandemic**

**March 17: Companies introduced work from home guideline**

**March 23: Non-essential businesses shut down**

Microsoft internal data | Food & Grocery | Jan - Mar 2020 compared to 2019
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
Strong spike across **Food & Grocery** categories indicate people are keeping their pantries stocked

Sub-category search growth compared to January

- **Household Supplies**: 707% 
  - Driven by toilet paper
- **Supermarket & Online Grocery Delivery**: 134%
- **Food**: 86%
- **Beverages**: 67%
- **Meal Kits**: 35%

Sub-category split (March search volume)

- **Supermarket & Online Grocery Delivery**: 64%
- **Food**: 17%
- **Beverage**: 10%
- **Household Supplies**: 6%
- **Meal Kits**: 4%

Microsoft internal data | Food & Grocery | Jan - Mar 2020 compared to 2019
Coles was the most searched query with “online” intent.

Queries containing "online" search trend

Month-over-month (MoM) 46% uplift

All searches containing “online” | March 2020 | search volume
Woolies was the second-most searched query with “online” intent.

Microsoft internal data | see appendix for more terms

Queries containing "online" search trend

MoM 46% uplift

1/01/2020 15/01/2020 29/01/2020 12/02/2020 26/02/2020 11/03/2020 25/03/2020

Search Volume

Linear (Search Volume)
What was Microsoft audience searching to get “delivered”

Queries containing “delivery” search trends

MoM 1,000+% uplift

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.
Strategies and recommendations

Strong search uplift following stricter COVID-19 precautionary measures

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

March 11: Declared COVID-19 as a pandemic

March 23: Non-essential business shut down

Search year over year (YoY)
### Availability of Essentials

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

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

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

GWI Coronavirus Research | March 16-20 | across 13 countries | For AU, n = 1,004
NIELSEN SIX CONSUMER BEHAVIOR THRESHOLDS OF COVID-19 CONCERN


<table>
<thead>
<tr>
<th>#1 PROACTIVE HEALTH-MINDED BUYING</th>
<th>#2 REACTIVE HEALTH MANAGEMENT</th>
<th>#3 PANTRY PREPARATION</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CONSUMER BEHAVIOR SHIFTS</strong></td>
<td>Interest rises in products that support overall maintenance of health and wellness.</td>
<td>Prioritize products essential to virus containment, health and public safety. E.g. face masks.</td>
</tr>
<tr>
<td><strong>COMMON COVID-19 EVENT MARKERS</strong></td>
<td>Minimal localized cases of COVID-19 generally linked to an arrival from another infected country.</td>
<td>Government launches health and safety campaign. Local transmission and/or first COVID-19 related death(s).</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>#4 QUARANTINED LIVING PREPARATION</th>
<th>#5 RESTRICTED LIVING</th>
<th>#6 LIVING A NEW NORMAL</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CONSUMER BEHAVIOR SHIFTS</strong></td>
<td>Increased online shopping, a decline in store visits, rising out-of-stocks, strains on the supply chain.</td>
<td>Severe restricted shopping trips, online fulfillment is limited, price concerns rise as limited stock availability impacts pricing in some cases.</td>
</tr>
<tr>
<td><strong>COMMON COVID-19 EVENT MARKERS</strong></td>
<td>Localized COVID-19 emergency actions. Restrictions against large gatherings; schools and public places close down. Percentage of people diagnosed continues to increase.</td>
<td>Mass cases of COVID-19. Communities ordered into lockdown. Restaurant closures, restrictions on small gatherings.</td>
</tr>
</tbody>
</table>

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