



Sensormatic  
by Johnson Controls

# SUPERMARKETS AND COVID-19:

Changes in Consumer Behaviors and Operational  
Shifts in North America

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# INTRODUCTION

The COVID-19 pandemic dramatically changed **customer behaviors** in 2020. Even now in 2021, change is the constant. The impact of these pandemic-related behaviors on the North American supermarket industry has been challenging. The bottom line:

**Our new normal has required new impactful actions.**

This report will help you identify some of the changes and challenges, as well as present some **solutions** to help you better respond to the **evolution of shopper behaviors**.



# SUPERMARKETS IN NORTH AMERICA

According to [Ibis World](#), the U.S. supermarket and grocery store industry has grown by around 0.5% each year since 2012 and is worth \$658.1 billion today with a projected growth estimated at around 0.3% in 2021. [Statista](#) by contrast measures the food retail industry in the U.S. based on foods sold at grocery stores, convenience stores, drug stores, mass merchandisers and foodservice facilities, and is collectively worth \$6.22 trillion **of which grocery store sales in 2020 totaled \$759.57 billion.**



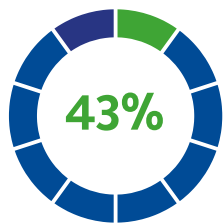
# ONLINE GROCERY AND SHOPPER PERSONALIZATION

The role of the supermarket is changing in the face of demand for online groceries, the growing commercialization of social channels, expanded ranges based on health and wellbeing, and their general desire to play a greater role in their customers' lives.

## US grocery ecommerce sales

In 2020, grocery ecommerce sales grew 54% to \$95.8 billion from \$62.2 billion in 2019. In 2021, online grocery sales will surpass \$100 billion and amount to 12.4% of US ecommerce sales. By 2024, grocery ecommerce sales are estimated to reach \$187.7 billion.\*

Mercatus surveyed consumers to reveal that:



of shoppers shopped online in the last six months (April to September 2020) against 24% two years prior.

Reasons given were concerns over:



62%

COVID-19



62%

CONVENIENCE



42%

TIME SAVINGS







To manage this growth profitably, grocers are investing in new technology for both order and labor management, and adapting space in-store for BOPIS, curbside pickup in their parking lots and adding dark store space to some supermarkets where online orders are fulfilled using a mini warehouse model.



Space to accommodate dark stores will not be a problem. "There are dark stores in everything from old fitness clubs to parking decks to even residential buildings that were vacant," said Jordan Berke, founder of [Tomorrow Retail Consulting](#) and ex Walmart executive.



Retailers are also embracing third-party channels to sell online. For instance, [Target](#) is putting a limited range of products on Instagram Checkout through @Target and @TargetStyle posts. While consumers get more access to their favorite brands through the channels they use frequently, retailers can use promotional messages to encourage store visits.



Grocers are able to capitalize on U.S. consumers' growing interest in their health. As reported in [Grocery Dive](#) at the end of 2020, the supermarket chain, Kroger, laid out its predictions for 2021 that suggest immunity-strengthening supplements, such as probiotics and antioxidants now carry more importance for shoppers due to COVID-19.



Supermarkets are accelerating their personalization strategies and using customers' communications of choice, namely their mobile phones. In 2020 Florida-based grocery chain Publix launched a personalized membership program called [Club Publix](#), combining advance notifications of special offers, eCoupons, pay by a simple scan through its app and optional e-receipts.



Kroger also created an AI-supported app that recommends recipes based on photos of food tweeted by customers. This demonstrates, as reported in [Supermarket News](#), the grocers' strategy to hold on to a higher share of customers' food spend that they were able to win during lockdowns, rather than lose it to the restaurant trade.



# GROCERY RETAIL IN CANADA

A woman with curly hair is shown from the chest up, wearing a light blue denim shirt over a white top. She is focused on packing groceries into a large, open cardboard box. Her hands are visible as she places items into the box. The background is a softly blurred kitchen with a modern, ribbed pendant light hanging above. The overall lighting is warm and natural.

According to [Statista](#), in 2016, 5% of Canadians bought groceries online and this grew to 17% during 2020. It added that more than 10% of Canadians aged 18 to 54 said they planned to [order food online](#) more regularly after the pandemic. [Statistics Canada](#) added that grocery ecommerce sales rose 110.8% in May 2020 against the same period in 2019.

Sylvain Charlebois, Senior Director, Agri-Food Analytics Lab at Dalhousie University, suggests in an interview in [Retail Insider](#) in 2021 that the shift to ecommerce will spur retailers to digitize the grocery experience. "There will be an evolution from the traditional use of intuition toward more of a data-driven approach in order to understand what's happening in the aisles and on the shelves in stores and online. It will lead to more accurate forecasting and a greater understanding of consumer needs and behavior for the grocer, and a better, more convenient experience for the customer," he added.

Figures from Statista show that food retail industry sales (through supermarkets, grocery stores, convenience stores, mass merchandisers and specialty stores) in Canada totaled nearly \$130 billion CAD in 2019. Sales through Loblaw Companies Ltd. account for \$50 billion CAD of that total, with Sobeys Inc. and Metro Inc. taking second and third place.



# HOW SHOPPER BEHAVIORS HAVE CHANGED

## Shopping in-store has made consumers stressed

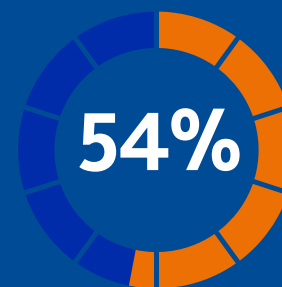
The [Deloitte](#) fresh food consumer survey from 2020 reveals how consumers changed their buying habits in 2020. 54% of those surveyed said that shopping in-stores made them stressed, and this would lead them to avoid stores and even shop less often.

## They are shopping less often in less places

2020 research by [McKinsey](#) shows that U.S. consumers shop for groceries less often and in fewer stores, although this was the opposite in the early weeks of the pandemic as consumers rushed to stockpile. However, fewer visits in fewer stores does not mean they are becoming less adventurous; more than 50% of consumers that tried new stores or store brands said they plan to continue doing so after the pandemic.

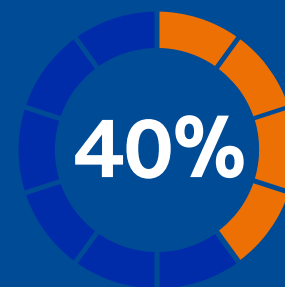
[FMI](#) added depth to these findings in a 2020 research study that showed food shopping frequency per household remained high at 2.7 trips per week with customers using around four retail channels and five different retail brands pre-pandemic. In the initial weeks of the COVID-19 outbreak, weekly grocery trips by households rose to 3.6, and 40% of shoppers said they visited fewer stores for groceries, reports [Supermarket News](#).

[Deloitte](#)



**of those surveyed  
said that shopping  
in-stores made  
them stressed**

[FMI](#)



**of shoppers said  
they visited  
fewer stores for  
groceries**

# SHOPPER BEHAVIORS IMPACTED DURING THE PANDEMIC



## Shoppers may continue to buy too much

Supermarket supply chains have clearly been impacted longer term by COVID-19, evidenced by the fact that 65% of respondents said they were unable to buy fresh items because they were out of stock often or sometimes always. In response, 72% bought either another fresh item, or a frozen or processed replacement.



## They want to feel safe in-store

While price remained the dominant factor in why respondents chose a particular retailer, a new factor emerged during the pandemic: safety. 85% mentioned personal safety as well as the safety of others, and the safety of packaging.







## **They want health to be all about them**

Consumers want health plans and products personalized to them, an opportunity that the likes of Kroger have already embraced but will now escalate.



## **They don't worry about the things they used to**

Concerns over time-saving, clear food labeling, availability of locally grown foods, sustainability and food waste, that had started to trend in 2019, were of lower concern in the 2020 study.



## **They went food shopping because they couldn't eat out**

With restaurants closed during the pandemic, food retailers' share of total food spending went up from 50% (February) to 63% (March) and 68% (April) reaching levels not seen since the early to mid-1990s, according to a study prepared by the Hartman Group for FMI and reported in [Supermarket News](#). People are divided as to whether this pattern will return to pre-pandemic normal once hospitality fully reopens, but the supermarkets have used this bonus to up their meal kit offerings. The meal kit delivery service industry also took advantage and [Grand View Research](#) shows that the market could reach nearly \$20 billion by 2027, a compound annual growth rate of almost 13%.





# THEFT ROSE DURING THE PANDEMIC

Shoplifting rose during the pandemic due to factors such as long-term unemployment making it hard for people to afford to buy.

Starting in 2019, according to the [National Retail Federation](#) (NRF), losses from theft, fraud and other retail shrink reached \$61.7 billion, up from \$50.6 billion in 2018. Various sources review figures for theft. These include organized retail crime (ORC), which grew in 2020, according to the [16th annual ORC study](#) released by the NRF. 75% of loss prevention executives in mid- to large retailers said it had increased in 2020, compared to 68% saying that was the case in 2019. Losses worked out at \$719,548 per \$1 billion in sales, a 2% increase over 2019. Over \$13 billion worth of merchandise is stolen from retailers each year, which amounts to approximately \$35 million each day.



# USING TECHNOLOGY TO ADAPT TO CHANGES IN CUSTOMER BEHAVIORS

Sensormatic Solutions helps retailers **deliver frictionless, personalized experiences** by having access to operational insights across loss prevention, shopper behaviors and inventory intelligence.

# LOSS PREVENTION MEASURES FOR RETAILERS

**Self-checkouts** are becoming a norm in many supermarkets. Investments in this area and consumers' preferences have accelerated this change during the pandemic.

It is very convenient for customers, but it can also become a hotbed for shrink as a potential theft pain point for external shrink when people admit to stealing at the self-checkout, by either directly taking something or by scanning a lesser value item. Nonetheless, self-checkout momentum will continue, with global installations expected to triple by 2025 to surpass 1.1 million, reports [Progressive Grocer](#).

Retailers can integrate loss prevention measures in this area to help prevent such issues, while still providing an enhanced shopper experience.





# MONITORING IN-STORE TO PREVENT THEFT

**EPVMs** (enhanced public view monitor) provide an eye-level deterrent to help retailers make shoppers aware they are being monitored. By creating a level of awareness, video monitoring acts as a loss prevention tool used to help drive down theft.

**EPVMs can be used as a theft deterrent** in multiple areas of the store – especially high-theft departments and less trafficked locations – and thanks to their built-in camera, can provide live video to monitor activities throughout the store.



# MONITORING STORES TO ENHANCE ENGAGEMENT AND THE CUSTOMER EXPERIENCE

A **video solution** is a dedicated ally for retailers to deter shrink. Enhancements in video technology can help retailers raise their investments in this area to not only protect assets and staff, but also improve engagement and the customer experience through:



Occupancy control



Facial mask detection



Audience measurements



Traffic analytics



Queue monitoring

## Additionally, video heat mapping will:

- Help retailers improve store layout and increase conversions
- Increase the conversion rates serving segmented ads in-store and visibility



# PROTECTING ASSETS FROM SHRINK AND PROTECTING YOUR ASSOCIATES

Sensormatic Solutions offers a wide variety of solutions to protect goods stolen from supermarkets/hypermarkets, both in AM/RF varieties:

## Food safety labels

Utilize for high-end meats, cheese and shellfish. This label can endure low temperatures without losing its efficacy and is microwave safe.

## Bottle cap tags

Specifically for wine and spirits. It helps provide a strong visual deterrent for theft without interfering with merchandising or brand promotion.

## Safers and wraps for small items

Ideal to protect high-theft items, such as batteries or razor blades. These products are designed to protect small merchandise. Helps retailers to confidently open merchandise without impacting the shopping experience, while also being helpful for increasing sales and optimizing labor costs.

## PENN Connected Digital Food Safety

This cloud-based platform helps retailers monitor and manage all aspects of food safety within a food/grocery environment. This solution can help retailers improve compliance, digitalize food safety records, and gain access to enterprise-wide visibility and data.

Check out for more in [experience.sensormatic.com](https://experience.sensormatic.com)

# PENN CONNECTED – DIGITAL FOOD SAFETY

This new cloud-based platform helps retailers monitor and manage all aspects of food safety within a food/grocery environment. This solution can help retailers improve compliance, digitalize food safety records, and gain access to enterprise-wide visibility and data.

PENN Connected – Digital Food Safety replaces clipboards with digital tools to help retail organizations adapt to the Food and Drug Administration (FDA) proposed Food Safety Modernization Act (FSMA) and protect their customers, brands, and bottom line.

The intuitive platform improves HACCP compliance, saves time and money, and provides enterprise-wide insights that can be generated with just a few clicks of a button.

PENN Connected – Digital Food Safety features an end-to-end system made up of three components that work together to monitor, record, and report food safety compliance data:

- **Refrigeration sensors and Bluetooth thermometer:** Compatible with a Bluetooth thermometer and battery-powered refrigeration sensors – with a GSM Gateway – for around-the-clock refrigeration monitoring.
- **Cloud-based platform:** Records and stores compliance data captured by battery-powered refrigeration sensors or a Bluetooth thermometer.
- **Mobile application:** Allows staff to record temperature and tasks while staying connected to the Bluetooth thermometer and features a wide range of capabilities, including reminders and alerts to ensure tasks are completed correctly and on time.

Together, these components allow an organization to go paperless, resulting in improved compliance, increased operational efficiencies, and enterprise-wide visibility. This leads to more accurate data, time and money savings, and a redirection of valuable labor.



# DATA TO IMPROVE OPERATIONS AND OVERALL CUSTOMER EXPERIENCE

## SMaaS: Stopping loss before it happens

With global retail shrink on the rise, according to the annual 2020 National Retail Security Survey, the retail landscape is rapidly changing and smart loss prevention technology is more critical than ever.

Sensormatic Shrink Management as a Service (SMaaS) is our cost-effective, cloud-based loss prevention solution that provides device management and predictive analytics to help reduce shrink, improve sales and optimize staffing. SMaaS delivers insights to help identify root causes of shrink and helps by providing retailers with the information needed to help stop loss before it happens.

**SMaaS helps provide supermarkets and hypermarkets with the tools to:**



**Get Connected:** Merge traditional loss prevention strategies with today's data and digitally driven store



**Manage Devices On-site and Remote:** Leverage retailers new or legacy EAS systems and provide different connectivity options for what works best for your stores



**Access Insights and Analytics:** Change retailer loss prevention approach from reactive to preventative and predictive



# ACCESS TO DATA AND INSIGHTS:

It is difficult to manage what you can't measure. Without a reliable and accurate data source to help understand traffic, retailers are just guessing how many visitors enter and exit their stores each day. Solutions for grocery retailers include:

## Traffic Analytics

Convert real-time data as a traffic counting solution to offer visibility and insights through intuitive dashboards and reporting to help retailers:



Measure and benchmark traffic



Identify best opportunities for traffic



Predict when sales will occur



Anticipate peak store performance

## Consumer Mobility

Retailers can expand their understanding of shoppers beyond the supermarket doors to help make more informed decisions about the business. To do so, consumer mobility insights help provide multi-dimensional views of shoppers to drive:



Effective marketing campaigns



Merchandising strategies



Operational decisions





## Here and Now: Retail and Digital Transformation

The global pandemic accelerated digital transformation, especially for essential retail such as grocery. It has also accelerated the adoption of a service-based model for grocery stores, which has in turn provided an opportunity for greater personalization of customer experiences to provide a competitive edge.

Sensormatic Solutions provides what is needed to help retailers meet shopper demands in today's hyper-connected world.

To learn more about our supermarket solutions for grocery retailers, [click here](#) to visit our Innovation Experience Center.

### VISIT THE INNOVATION EXPERIENCE CENTER

#### About Sensormatic Solutions:

Sensormatic Solutions is the leading global retail solutions portfolio of Johnson Controls powering operational excellence at scale and enabling smart and connected shopper engagement.

Our intelligent digital operating platform – Sensormatic IQ – combines the full Sensormatic Solutions portfolio, including unmatched insights into retail inventory, shopper behavior, and loss prevention and liability, and Retailer and third-party solutions with advanced technologies, like AI and Machine Learning. This enables retailers to act on prescriptive, data-driven outcomes and confidently move into the future. Our retail portfolio features the premier Sensormatic, ShopperTrak and TrueVUE brands. Please visit Sensormatic Solutions or follow us on LinkedIn, Twitter, and our YouTube channel.

For more information, visit [www.Sensormatic.com](http://www.Sensormatic.com), or follow us on [LinkedIn](#), [Twitter](#) and our [YouTube](#) channel.

#### About Johnson Controls:

At Johnson Controls (NYSE:JCI) we transform the environments where people live, work, learn and play. As the global leader in smart, healthy and sustainable buildings, our mission is to reimagine the performance of buildings to serve people, places and the planet.

With a history of more than 135 years of innovation, Johnson Controls delivers the blueprint of the future for industries such as healthcare, schools, data centers, airports, stadiums, manufacturing and beyond through its comprehensive digital offering OpenBlue. With a global team of 100,000 experts in more than 150 countries, Johnson Controls offers the world's largest portfolio of building technology, software as well as service solutions with some of the most trusted names in the industry. For more information, visit [www.johnsoncontrols.com](http://www.johnsoncontrols.com) or follow us [@johnsoncontrols](#) on Twitter.



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