

Big 5 grocery stores win as some smaller stores hit by Covid-19

March was the biggest month of grocery sales ever recorded thanks to Covid-19, but while big shopping chains gained it was the smaller convenience stores that were hit hard.

The latest figures from [Kantar](#) show the Irish grocery market experienced its busiest ever period over the 12 weeks to 22 March 2020 – increasing year-on-year sales by 10.1pc.

Growth in the four weeks to 22 March was nearly three times higher, with shopper spend up 27pc, making March the biggest month of grocery sales ever recorded.

Grocery sales reached €2.8bn in the past four weeks – topping last year by €250m and exceeding the previous peak seen at Christmas 2019.

The average household spent an additional €122 on groceries during the four weeks to 22 March, largely driven by shoppers making bigger trips. Last year, 15pc of households made a shopping trip containing €120 or more of groceries – this year that figure almost doubled to 27pc.

At the top of the list for many shoppers were personal hygiene products and non-perishable foods. “The products demonstrating the strongest growth show a country putting health, hygiene and practicality first,” explained David Berry, commercial director at Kantar.

“Sales of hand soap rose by 300pc and household cleaners were up by 170pc in the four weeks to 22 March. Facial tissues and loo roll were also in demand, with sales up by 140pc and 86pc respectively.

“Looking at our food choices, items with a longer shelf life saw the biggest uplift, as sales of frozen and ambient foods, meaning those that can be stored at room temperature, increased by 32pc. By comparison, demand for fresh food has been more modest – growing by 16pc over the last four weeks. While we’d expect sales to remain strong in the coming weeks and months, there will likely be a rebalancing of sales of fresh and non-perishable items as shoppers with full freezers and cupboards replenish fresh supplies,” Berry said.

Changing behaviours of shoppers

So, has Covid-19 changed shopping behaviours for good?

“The large surge in grocery activity that took place in March was to be expected as consumers completed ‘pantry-filling’ shops – ensuring that they had enough staples to sustain them during the containment phase of the fight against Covid19,” explained Owen Clifford, head of [Retail Convenience sector at Bank of Ireland](#).

“As shoppers we have changed our behaviours from multiple trips to one/two weekly shops over the past fortnight and this is expected to continue throughout April. This type of grocery shopping behaviour benefits the big 5 of the Irish grocery landscape – Dunnes, Supervalu, Tesco, Aldi and Lidl primarily. The biggest challenge for these retailers has been ensuring that their staff and customers are protected from a health and safety perspective and maintaining the robustness of their supply-chain.”

Clifford pointed out that ensuring the health and continuity of the food supply chain during the pandemic has created a new class of “essential worker”.

“The shop assistant, the warehouse operative and the truck driver of a grocery operation are now on the front line. As a result, supply chain security, workforce management and provenance/integrity of the product are now critical not only to grocery retailers but to Government and society as a whole.”

However, Clifford also pointed out that whilst the overall grocery market has seen a significant increase in trading activity in March, many convenience stores have seen a deterioration in foot-fall in their stores.

“These are primarily stores located in city/town centres, commercial parks, adjacent to universities/schools and forecourt operations. These retailers are very dependent on the food/coffee to go market. These retailers have seen their customers switch to the larger grocery stores as we all shop less frequently – this and the significant number of people working from home has greatly compromised their business model.

“The Kantar numbers mask the very real difficulties being felt by many Irish grocery/convenience retailers at present.”

Is online grocery shopping the new normal?

According to Kantar, more households than ever before placed an online order in the four weeks to

22 March 2020, with approximately one in 10 households taking advantage of the service. This represents 25,000 more shoppers purchasing groceries online than last Christmas, the previous peak, and 54,000 more than the same period in 2019.

Kantar said that all of the country's main grocery retailers were simultaneously in growth over the 12-week period as sales were boosted by unprecedented levels of demand.

Clifford, however, believes physical shopping will remain the norm post-Covid-19.

"It will be interesting to see how the online grocery model develops post the Covid19 pandemic," Clifford said. "It has traditionally accounted for around 3pc to 4pc of grocery sales in Ireland. Whilst I do believe that it will accelerate a conversion of more consumers to this channel, I don't expect that we will see a sustained level of online sales in the grocery sector beyond 8pc for a number of years to come. We have seen the practical difficulties that specialists in this area such as Ocado have experienced when demand surged in the UK – refinement of the model is still required to facilitate mass adoption by the consumer.

"Over the next few weeks, I expect that the level of sales growth will flatten and consumers will continue to intersperse their grocery shopping with 'treats' and non-essentials. We have seen significant increases in hair colourant (180pc) and coffee pods (35pc) sales reported last week although some may seek to classify these as 'essential' items during these unprecedented times," Clifford concluded.

***Main image at top: Empty vegetable shelves in a Donegal supermarket during March 2020.
Image: [Lukassek/Shutterstock](#)***

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