

Online Food Shopping: Gradually Becoming a Mainstream Shopping Mode during Uncontrollable Terrible Events

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Abstract: Some uncontrollable events may occur and become a global concern for customers, businesses, and public policymakers, thus leading to spontaneous or government-mandated nearly years-long bans on everyday events such as dinners, shopping and sporting events. During this period, there were significantly fewer opportunities to eat out, and China's restaurant industry was severely hit, including both chains and individual businesses. However, online grocery stores and online food shopping is one type of service that has undergone rapid growth. In this paper, we analyze the reasons, phenomena, and potential outcomes of consumers switching from offline to online shopping. Courier services are growing rapidly while avoiding direct contact with customers and giving them the goods they desire. An extensive amount of capital is pouring in, and Internet giants such as Alibaba, Jingdong, and Suning have established online grocery shopping platforms, launching sub-brands such as Hema Fresh, 7Fresh and Su Shengxian. Stable supply chains, strong capital reserves, and using offers to attract customers are all feats that only big companies are capable of accomplishing. When it comes to 2021, online supermarkets have become a major phenomenon.

1. Introduction

Online food shopping platforms can provide consumers with ordering and delivery services for fresh food products such as vegetables and fruit, meat, eggs, seafood, as well as dairy products ^[1]. Fresh products are one of the most important items in Chinese people's daily lives and have strong consumer demand. As Chinese people's disposable income increases, China's post-90s generation is gradually becoming its main consumption force.

2. Background and Introduction of Online Food Shopping

The market size of China's online grocery platform industry grew from 45.32 billion yuan in 2015 to 254.38 billion yuan in 2019, with a compound annual growth rate of 53.9%, indicating an explosive growth trend ^[2].

As for some uncontrollable or severe situations even exerting an impact on the whole world, such as pandemics, economic crisis, or disasters, most governments around the world, including the

Chinese government, would act to close the retail outlets that many people rely on for food - including restaurants, cafes, bars, and traditional British 'pubs' - with a huge impact on the service sector, and more specifically, the restaurant, hospitality, and food retail industries, as well as their broader supply chains. Similarly, in China and elsewhere, governments have implemented social distancing and self-quarantine measures, the severity of which vary greatly throughout the world. Yet the food system that remains functioning is and will remain a free market operation, even if it has long been apparent that home delivery is not cost-effective for retailers. In cases of food hoarding or overbuying, as has occurred in much of Europe, Australia, and other Western economies, retailers and not national governments are responsible for curbing it. An important finding of this study is that an important consumer response has been for Chinese people to shift their food shopping habits to online channels, and a trend that has been replicated in other places where Internet shopping and home delivery are viable options.

Online food shopping services are also in the public health interest because they reduce contact between shoppers in retail food stores, which may help slow the spread of those terrible events and protect at-risk consumers with pre-existing conditions ^[3]. Online grocery platform business soared during the early 2020 outbreak. This outbreak's highly contagious nature has made Chinese people vulnerable to severe pneumonia and even death if infected. During the outbreak, Chinese people have turned to online grocery platforms. Here, they can buy fresh food and reduce their time spent in crowded areas such as supermarkets and grocery stores so they can avoid contracting the virus. This has led to a surge in business for China's online grocery platforms.

Therefore, it is important to understand the extent to which consumers shift to online food shopping during a pandemic and this shift's impact on the retail food market.

3. Current Situation of Online Food Shopping

The first impact of the terrible events was a significant increase in the number of food hoarders ^[4] and online food consumers who preferred to maintain social distance and safely obtain food through this channel without having to deal with long and potentially dangerous queues at supermarkets and other stores.

According to an American University study, the habit of eating more at home and solely relying on online food delivery or take-out may persist even if the pandemic measures have been loosened. Even though the pandemic's initial stage has ended, Chinese people's fervor for online shopping has not significantly waned. It has been said that only 21 days are necessary to change a person's habits. After nearly a year and a half, from Chinese people accepting that they cannot shop in physical stores, to shopping online, to having the pandemic largely under control and once again being allowed to shop in physical stores, they have experienced the benefits of shopping online - less time and effort, consistent prices, and the same quality as shopping offline. These advantages have convinced some Chinese people to give up offline shopping and rely only on online shopping.

An extensive influx of capital has prompted Alibaba, Jingdong, Suning, and other Chinese Internet giants to establish online grocery shopping platforms and launch sub-brands such as Hema Fresh, 7Fresh, and Su Shengxian. Stable supply chains, strong capital reserves, and using special offers to attract customers are all feats only big companies are capable of accomplishing. In 2021, a year and a half after a specific virus invasion and outbreak, online supermarkets have become a major phenomenon.

These capital-initiated platforms often offer 'seconds', 'promotions', 'coupons', 'buyouts', and so forth. Promotions are also highly discounted. Moreover, the price of 'seconds' is even lower than that of supermarkets, and the quality of these goods is also guaranteed. As these offers' prices have generally encouraged consumers to shift towards online shopping, they have tended to not typically

consider offline shopping.

During a pandemic, the main concern should be whether commodity prices increase. In this situation, as people's demand remains the same or may increase, companies are strongly motivated to raise prices during this period to make greater profits. Businesses' primary goal is to make profits, so this should occur during a pandemic. Surprisingly, the price of some essential goods such as dairy products, meat, vegetables, and hygiene products did not increase, while overall prices did not fluctuate significantly as compared with last year. Not even high-demand pantry staples or convenience products, was significantly more expensive compared with the previous year^[5].

One possible explanation is that as a result of the pandemic, people have focused their shopping habits on just one method - online shopping. Platforms do not need to pay high advertising costs to attract customers because they are a necessary presence in their market. In addition to saving on these costs, large companies have stable supply chains and can greatly reduce their logistics costs, giving them more cost savings. When not losing money or facing intense competition, firms can gain a greater market share instead of making more money. This is since only companies such as Amazon that have expanded and become more popular among consumers can gain more profits. In some parts of the United States, food prices have risen during the pandemic. Nationwide, meat in particular became more expensive, with prices rising 10% year-on-year in May 2020. In contrast, Amazon Fresh's meat and seafood prices decreased compared with 2019, most notably during the lockdown period that primarily occurred during April and May, when the median price was 2.5% lower than the previous year.

Furthermore, Chinese consumers were also able to compare prices on a variety of platforms. Following the outbreak, the prices of food products such as rice, flour, and meat, hygiene products such as napkins, toothpaste, and toothbrushes, or alcoholic beverages were identical to last year. Major platforms also used discount-focused promotions and other means of attracting consumers. Offline prices are generally flat, so when consumers have opportunities to benefit from discounts, they may still prefer to shop online after the negative effects brought by bad events have ended.

4. Conclusion

One of the reasons that the Chinese diet has not significantly changed during the specific virus invasion is that the convenience of online shopping has helped Chinese people meet all of their daily needs. For example, they can still get what they need easily and inexpensively, such as rice, flour, oil, meat, and meat products, which is why online shopping has become a good option for them^[6].

Chinese people who prefer online shopping do not have to leave home for the goods they need. Online-based businesses do not have to pay rent or utilities for a physical facility, which helps them lower the costs. Moreover, the stable supply chains of online shopping and large inventories further lower costs, so they can offer the same prices to their customers as would be available offline.

In conclusion, online shopping will continue to gain momentum in the future. More Chinese people will go shopping online. In other words, the combination of online and offline shopping will create a new type of shopping where consumers go offline to buy necessities and online to buy luxuries.

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