



Supporting your grocery store customers through COVID-19

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The effects of COVID-19 on grocery stores

Near-term effects

Grocery stores have shifted operations as they try to respond to the COVID-19 crisis. They're scrambling to provide quality service while keeping customers and staff safe amid panic-buying and empty shelves.

What's the bullwhip effect?

The bullwhip effect happens when companies significantly cut or add inventories. Even small increases in demand can cause large waves in the need for parts and materials further down the supply chain.

For example, if it's forecasted that customers will want a certain number of packs of toilet paper, the store will order more to be prepared in case demand is higher. Distributors and manufacturers will increase their toilet paper orders to keep costs low. Stores, distributors, and manufacturers will end up with more supply than they need when demand falls.

- Trucks are delivering goods to certain stores, and demand for specific products is emptying shelves. The CNN article [How grocery stores restock shelves in the age of coronavirus](#) illustrates the strain on the supply chain and how the bullwhip effect can have lasting impacts on grocery stores.
- According to the National Public Radio story [One Type Of Business That's Thriving During Coronavirus? Locally Owned Grocery Stores](#), small and midsize business (SMB) grocery stores are seeing increased

traffic to their stores as shoppers think small businesses are safer. The article also notes the strain on the owners who are helping stock shelves and run the cash register.

- Even with increased traffic to their stores, grocery stores still operate on a razor-thin margin. Utility bills are some of the highest monthly costs for rural grocery stores, as stated in the report [Rural Grocery Stores: Importance and Challenges](#) (PDF) from the Center for Rural Affairs.
- As most stores are running on altered hours, some appliances and power loads are affected more than others.
- Grocery stores are also worried about their employee base. They're trying to keep their staff safe and healthy, and they have to figure out what to do if any of their employees get sick. The New York Times article [When Stocking Grocery Shelves Turns Dangerous](#) illustrates the fear, frustration, and stress that grocery store employees experience.
- More people are shopping and cooking at home, which increases grocery shopping and residential loads.

Grocery store customers don't have time to learn about energy-efficiency programs or services right now. Instead, reach out with thoughtful advice on load control and how they can maximize their efficiency with the energy they're using.

Show your commitment to the community. Encourage your staff to volunteer to pick up and deliver groceries to at-risk populations, such as the elderly and quarantined victims, to relieve some of the strain on grocery store employees. Try partnering with local grocery stores to offer recipes that not only are healthy and budget-friendly but also use less power.

Long-term effects

- Supply chains for SMB grocery stores are disrupted, and stores need help getting the items they need. The disruption can affect their budgets when larger shipments of specific products come in now but demand slows down later.
- Staffing SMB grocery stores is already difficult, and it may become a bigger problem when the epidemic slows and employees look for other jobs.
- Most SMB grocery stores don't have the technology to offer online shopping or apps, and the trend in virtual grocery shopping will continue past the epidemic.

Support SMB groceries so they can serve their vulnerable customers and communities and aren't cannibalized by larger chains and food delivery businesses after the pandemic. The bullwhip effect in the supply chain can affect future revenue, so focus on offering cost-savings efforts.

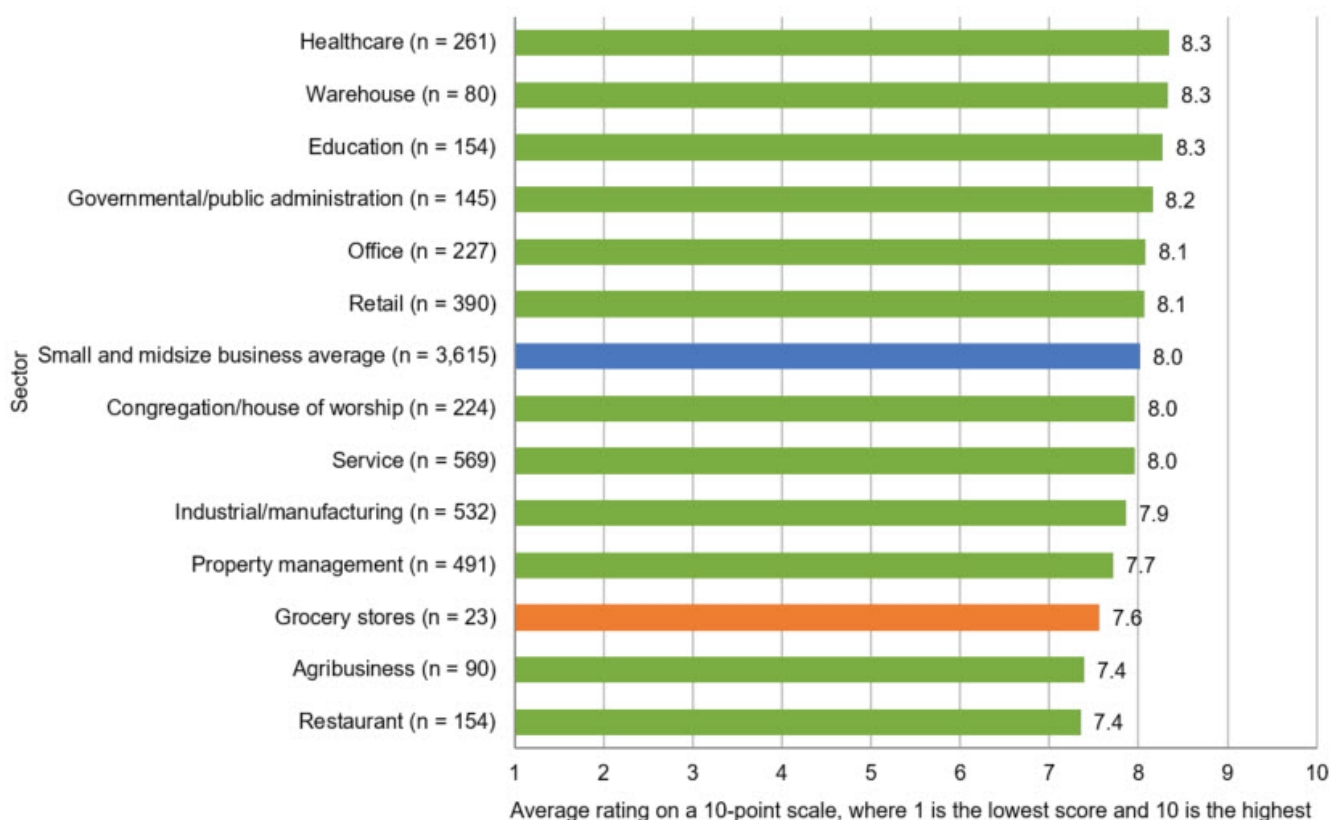
The Forbes article [The Impact Of COVID-19 On U.S. Brands And Retailers](#) analyzes the long-term effects the epidemic will have on grocery stores. Effects include changes in supply chains, online shopping habits, and brand loyalty.

Customer service insights for grocery stores

Our market research shows SMB grocery store customers regularly give low satisfaction scores to their utilities. In the 2019 [E Source Small and Midsize Business Customer Satisfaction Survey](#), grocery store respondents gave some of the lowest satisfaction ratings (**figure 1**).

Figure 1: SMB utility customer satisfaction by sector

In the 2019 Small and Midsize Business Benchmark Study, we asked respondents to rank their overall satisfaction with their utility. Compared with other sectors, grocery stores are the third least satisfied with the overall service received from their utility.



Base: Small and midsize business customers included in the 2019 benchmark (n = 3,615, sector bases vary). **Question S1_3:** How satisfied are you with your utility? **Note:** Use caution when sample size falls below 30. © E Source (2019 Small and Midsize Business Gap and Priority Benchmark)

Grocery store customers also give low scores to their business customer representatives (BCRs). Conversations with BCRs are often the only interactions SMB grocery store customers have with your utility. Our 2019 study shows that SMB grocery stores gave their BCRs lower satisfaction ratings (5.4 out of 10.0) compared to other reported industries.

Improve their impression of your BCRs, and show your customers that you're here to support them throughout this crisis and beyond. The biggest gaps in importance and performance for BCR attributes are "Effectively communicates during energy emergencies," "Is easy to reach," and "Resolves my issues on first contact."

Address these attributes to improve satisfaction and build trust with your SMB grocery store customers.

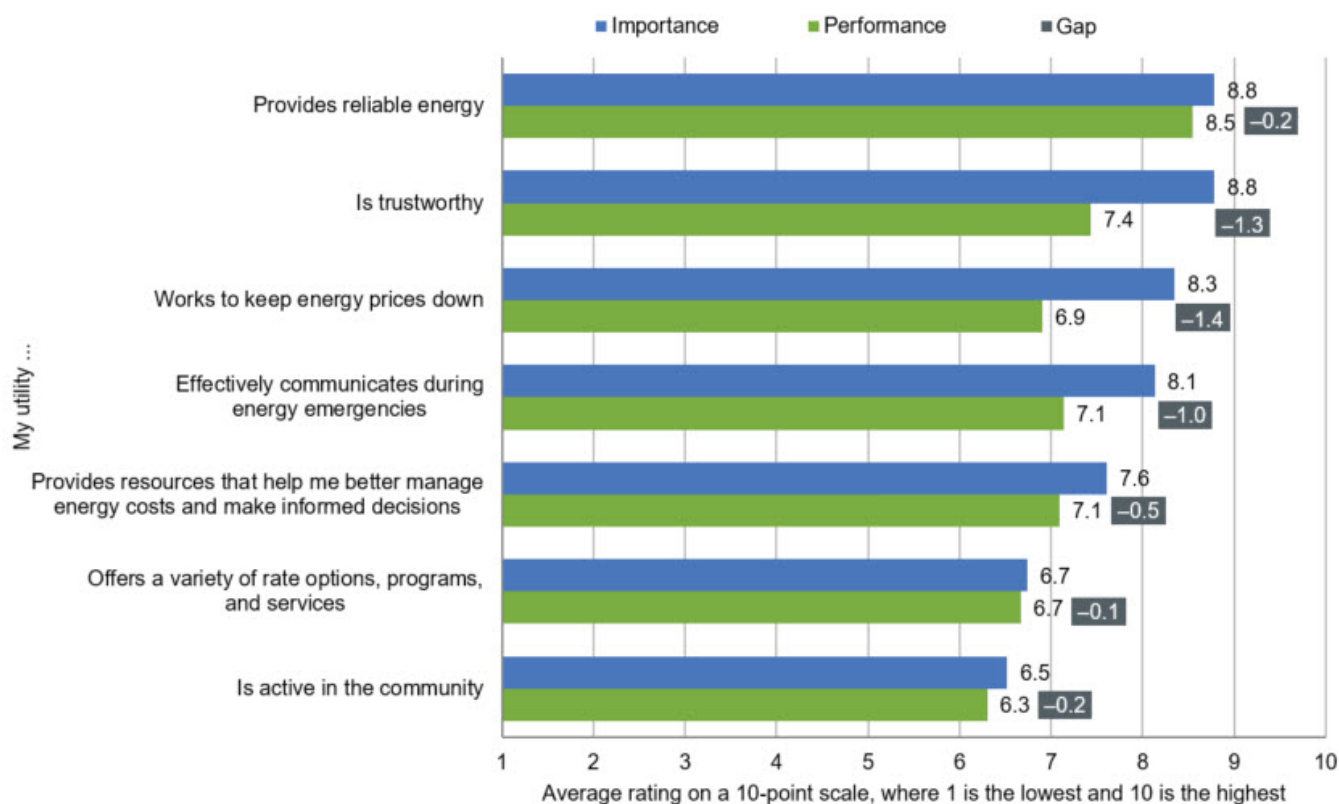
In the Gap and Priority Benchmark, SMB respondents rank the importance of certain attributes associated with their utility service as well as the utility's performance on those attributes. The gap between those two scores shows us where the utility is underperforming.

The two main areas where utilities fall short of the expectations of grocery store customers are (**figure 2**):

- Works to keep energy prices down
- Is trustworthy

Figure 2: SMB utility attribute gaps by sector

While grocery store respondents rated “Provides reliable energy” as the most important attribute, “Works to keep energy prices down” is the utilities’ largest area of underperformance, with a gap of -1.4.



Base: Grocery store customers included in the 2019 benchmark (n = 23). **Question S1_1:** How important is it for a utility to have the following attributes? **S1_2:** Now please rate how well your utility performs. **Note:** Use caution when sample size falls below 30. © E Source (2019 Small and Midsize Business Gap and Priority Benchmark)

We also asked respondents what utilities can do to better serve them. Here are some themes from respondents in the grocery store industry:

- The utility needs to initiate proactive communication and rapid response around outages and emergencies. Grocery store customers want to talk to a human being when the power goes out. They

find it frustrating to navigate an interactive voice response system before getting to talk to a BCR.

- Customers want to reduce their utility bills and be proactive partners with their utility on how they can reach their energy-savings goals.
- Customers voiced frustration over scammers claiming to be from the utility trying to sell them new contracts or programs. Don't try to sell new products and services when the COVID-19 crisis has brought an onslaught of scam calls, and grocery store owners are on high alert.

Technical needs and challenges for grocery stores

Any utility communication that's not focused on the customer's immediate survival and success during the COVID-19 crisis will be poorly received. Be proactive and send sector-specific information.

Grocery store customers are mostly concerned with their building's energy reliability, particularly since they're running on altered schedules. Give SMB grocery store customers industry-specific recommendations on how to reduce energy consumption and cost. We've opened a public version of the Business Energy Advisor website to help you assist your business customers during this time. The tool includes tips on how to make appliances and machinery more energy efficient, such as:

- *Plugged-in devices.* Shut off computers, cash registers, bar-code readers, deli scales, and deli cooking equipment when not in use. Smart power strips with built-in occupancy sensors can shut off plugged-in devices after a set interval of inactivity.
- *Lights.* Turn off lights when they're not in use. Occupancy sensors can serve as a low-cost, easy-to-implement solution. Install them in rooms that aren't constantly in use, such as bathrooms, maintenance closets, offices, walk-in freezers, and storerooms.
- *HVAC temperature setbacks.* When the store is closed, turn temperature settings down in warming seasons and up in cooling seasons. Make sure that HVAC settings in warehouses, stockrooms, offices, and other special-use rooms are at minimum settings whenever possible.
- *Adjust refrigerator temperature settings.* Set refrigerator temperatures between 35° and 38° Fahrenheit (F) and set freezer temperatures between -14° and -8°F. Energy is wasted if refrigeration temperature settings drift too low, so check periodically to verify that the appropriate temperature settings are specified.

Show your SMB grocery store customers empathy. They're dealing with frustrated, scared, and tired employees; a disrupted supply chain system; and high utility costs. Send them an email or call them to show them that you're there to support them with anything they need. Also, thank them for their service during this time. Start using a contact method now that you'll use with your grocery customers even after the pandemic is over. Build trust that your utility will be there whenever they need you.