



SHOPPERS' RESPONSE TO COVID-19 AND THE OUTLOOK FOR CHANGE

A detailed report on the impact of the pandemic and economic fallout on Americans' current and future shopping behavior



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EXECUTIVE SUMMARY

“Shoppers’ Response to COVID-19 and the Outlook for Change” is an analysis of the sudden, dramatic changes in U.S. shopper behavior, including how and where Americans shop for food, what they buy and what they value — and how shoppers expect to respond in the weeks ahead.

AMONG OUR FINDINGS:

- As a surge in out-of-stocks drove a majority of shoppers to try alternate brick-and-mortar stores or turn to online options for the first time, their choice was driven by factors such as the ability to purchase all they needed at one location, safety and convenience.
- There are significant differences in the shopper profiles of those who chose to change where they shopped and those who didn’t.
- Changes in shopper behavior are related to where shoppers live and how severely their area was affected by the pandemic.
- Shoppers plan to continue many of their pandemic-era shopping behaviors for months to come. Many of those who embraced online shopping plan to maintain their new online shopping habit or buy even more online in the future.
- Out-of-stocks, retailer switching and changing values have put pressure on brand loyalty and spurred widespread trial of alternate brands and products.
- The likelihood that shoppers switch brands — perhaps permanently — or choose to wait for a preferred product to be in stock or leave the store in search of a similar product is directly related to the brand’s attributes and product category being shopped.
- Store brands are gaining in popularity, including among prosperous Americans.

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Methodology

Between May 13 and May 18, 2020, Advantage Sales’ Analytics, Insights & Intelligence team conducted an online survey of U.S. household primary shoppers and those who shared shopping responsibility. The respondent sample was nationally representative and included 1,804 valid respondents.



COVID-19'S IMPACT ON THE WAY WE SHOP

“Six in 10 survey respondents chose to switch retailers.”

The fallout of COVID-19 — stay-at-home guidance, supply chain disruptions fueled by panic buying and pantry filling, a fear of contracting the virus and the sudden surge in unemployment — has shifted the way Americans shop, where they shop and what they are buying. What's more, according to our survey results, they plan to maintain many of their new shopping habits in the months to come.

Confronted by a plethora of out-of-stocks and looking to reduce trips and avoid crowds, early pandemic shoppers, especially in those areas hardest hit by COVID-19, faced a critical decision: Whether or not to continue to shop at their usual locations or turn to other brick-and-mortar stores or online sites to buy what they want and need. Six in 10 survey respondents chose to switch retailers, either choosing another retailer's brick-and-mortar store or online platform or a pure-play online player like Amazon.

The shopper profile of those who have remained with their preferred grocery retailer's store or the retailer's online platform is very different from those who have changed where they shop, our research shows. (See “Pandemic Shopper Profiles,” Page 4.)

Pandemic Shopper Profiles

The impact of COVID-19 spurred 53% of surveyed shoppers to change where they shopped for food and 52% to change where they shopped for non-foods, with most turning to Amazon as an alternative.

Those Who Changed Shopping Locations

Food and Non-Food



- Age 25 to 44
- White, with high ethnic and multicultural skew
- Live in more urban areas
- Incomes >\$75,000
- Larger households of 3 or more people
- Pet owners

- 53%** Have been financially impacted by COVID-19
- 44%** Switched food brands
- 22%** Expect to switch food brands permanently
- 39%** Switched non-food brands
- 21%** Expect to switch non-food brands permanently

Compared to pre-COVID-19, three months from now:

- 55%** Will care more about promotions
- 67%** Will cook at home more
- 40%** Will eat healthier foods
- 43%** Will spend more on groceries

Those Who Did Not Change Shopping Locations

Food and Non-Food



- Skew female
- Age 45 and older
- White
- Live in less densely populated areas
- Incomes < \$75,000
- Smaller households of 1 or 2 people

- 52%** Don't expect any change in their financial situation three months from now
- 17%** Switched food brands
- 5%** Expect to switch food brands permanently
- 16%** Switched non-food brands
- 4%** Expect to switch non-food brands permanently

Compared to pre-COVID-19, three months from now:

- 78%** Will buy store brands at the same frequency
- 58%** Will care the same about promotions

Why Shoppers Changed Locations

Whether they were seeking food or non-food products, most shoppers who changed retailers did so for the same reason: out-of-stocks.

Though a quarter said price was a factor, sales and promotions had little impact on store choice.



Source: Advantage Sales' Analytics, Insights & Intelligence shopper survey, May 2020



Americans who live in rural areas and small towns and have been less harshly affected by the pandemic — and have fewer shopping options — have been more loyal to their preferred retail banner and to the brands they bought pre-pandemic than shoppers living in larger communities.

Families and younger urban dwellers have been more likely to change their shopping venues and try brands new to them, as safety and convenience considerations have influenced where they shop and led to a willingness to buy alternative products. With more retail locations to choose from, these shoppers have an opportunity to select stores they feel have the best product selection and have made them feel safe. (See “Why Shoppers Changed Locations.”)

Americans who have changed where they shop during the pandemic are more likely to be worried about their finances than those who have remained loyal to their preferred retailer. One in three of these retailer-switching shoppers expect their financial situation to get worse after the health crisis eases. Not surprising, these shoppers care more about promotions than they did pre-crisis and they seek discounts in-store and online.

Looking ahead, store swappers say they will likely order more goods online, use meal subscription kits, cook and bake more from scratch and shift their food focus to eating healthier.

THE MOVE TO ONLINE SHOPPING

While many shoppers turned to other brick-and-mortar locations, guidance to stay at home, concern about contracting COVID-19 and in-store out-of-stocks led to a mass movement to online shopping on retailers' websites or Amazon. Nearly two-thirds (65%) of surveyed shoppers report they have ordered food or non-foods online since the start of the pandemic.

That percentage is even greater among shoppers who said they changed where they shopped during the pandemic: A full 80% of those shoppers have shopped online, compared to fewer than half the shoppers who did not change their preferred retailer.

Future Online Purchases for Delivery to Home

Looking ahead three months



One-fifth of shoppers in large metro areas plan to make more than half of their food purchases online for delivery to their home.

	Percent of Online Food Purchases		Percent of Online Non-Food Purchases	
	None	> 50%	None	> 50%
 Rural or small town	63%	9%	50%	14%
 Small or midsize city	45%	14%	39%	16%
 Small metro area	37%	15%	33%	18%
 Large metro area	39%	21%	33%	22%

Source: Advantage Sales' Analytics, Insights & Intelligence shopper survey, May 2020
 Figures include for-delivery only; do not include online purchases to pick up at store.

Shoppers' Plans for Online Purchases



More than eight in 10 shoppers plan to make the same amount or more online purchases of food and non-food products in the future.

Source: Advantage Sales' Analytics, Insights & Intelligence shopper survey, May 2020

■ Shoppers who changed retailers during COVID-19 ■ Shoppers who did not change retailers during COVID-19

Plan to purchase more online



Plan to purchase about the same



Plan to purchase less online



“15% of U.S. shoppers say more than half of their food expenditures will be made online in the future.”

Even though online shoppers faced website glitches, delivery delays and out-of-stocks, 15% of U.S. shoppers plan to make more than half of their food purchases online in the future. Broken down by location, 21% of large metro shoppers will spend at least half of their food budgets online for home delivery, compared to 9% of rural and small town shoppers. (See “Future Online Purchases for Delivery to Home,” Page 6.)

For those who have switched primary retailers during the pandemic, 35% plan to purchase even more food and non-food items online three months from now than they do now. (See “Shoppers’ Plans for Online Purchases.”)

Shoppers in less-populated areas were less likely to move to online options. Just over half of small town shoppers said they used online ordering, compared to seven in 10 shoppers in all other areas.

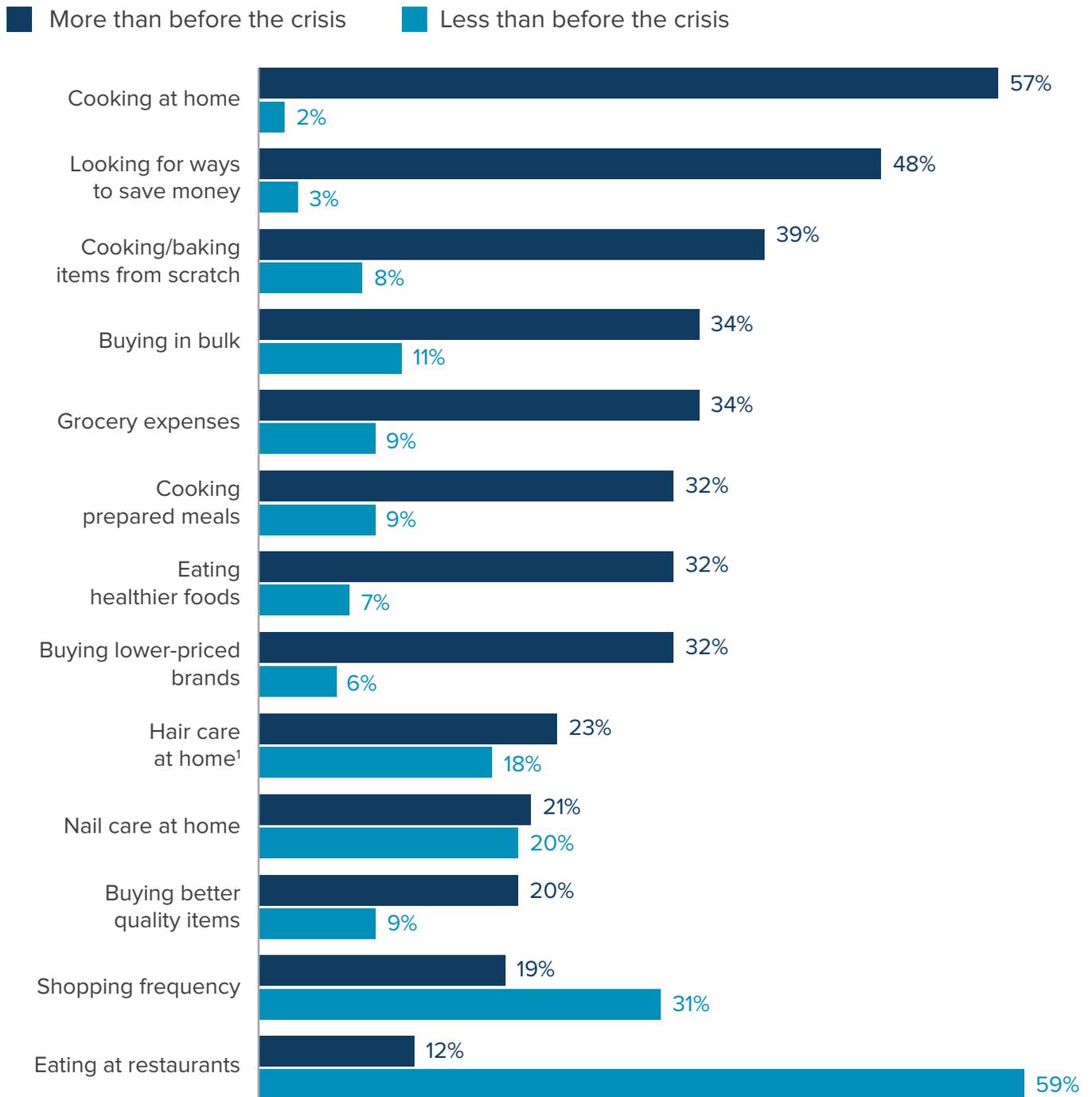
Overall, shoppers report they expect to maintain or even increase the rate of their pandemic-driven shopping habits. For example, more than half will cook more meals at home and nearly one-fourth will take care of their hair themselves more often than they did pre-COVID-19, even as restaurants and salons reopen. (See “Planned Shopper Behavior,” Page 8.)

Planned Shopper Behavior

Looking ahead three months



Six in 10 shoppers say three months from now they'll be cooking at home more often than they did before the health crisis.



¹ Cut and color at home

Source: Advantage Sales' Analytics, Insights & Intelligence shopper survey, May 2020

Looking ahead three months, shoppers said they expect to:

- Spend more on groceries
- Stay close to home
- Continue cooking and baking at home
- Continue buying in bulk
- Continue buying more household essentials and cleaning supplies
- Cut back on indulgences, such as salty snacks and cookies, though some data suggests households watching their budgets may pick sweet indulgences as one place to splurge

Few expect to:

- Go to nail and hair care salons
- Shop more frequently
- Return to their normal habits of eating at restaurants

Shoppers say they're planning to buy more shelf-stable products, including pantry foods, pasta and pasta sauce, and beverages. (See "Purchase Intent by Category.")

Purchase Intent by Category

Looking ahead three months

Shoppers intend to buy fewer indulgent foods like candy, ice cream and cookies than they do now.

PURCHASE MORE



PURCHASE LESS



1 Canned fruits/vegetables, boxed dinners, condiments, shelf-stable seafood, rice, etc.
 2 Soda, water, tea, coffee, sports drinks, etc.
 3 Milk, yogurt, cheese, cottage cheese, butter, eggs, etc.
 4 Broth, dry soup, canned soup, etc.
 5 Flour, sugar, spices, mixes, nuts, oils, etc.
 6 Not from deli or meat counter

Source: Advantage Sales' Analytics, Insights & Intelligence shopper survey, May 2020



BRAND LOYALTY, TRIAL AND SWITCHING

“In food categories, 36% of shoppers said they would switch to a different brand if their preferred brand was not available.”

During this pandemic, out-of-stocks and shoppers' retailer switching, financial concerns and changing values have put pressure on brand loyalty and prompted widespread trial of alternate brands and products.

More than half (55%) of shoppers report switching from their preferred brands. In both a March 2020 survey of shoppers by Advantage Sales' Analytics, Insights & Intelligence team and our May survey, a consistent 28% of respondents who tried alternative brands said they expected to make the switch permanent.

In food categories, 36% of pandemic shoppers surveyed in May said they would switch to a different brand if their preferred brand was not available. One-fourth would wait to purchase their brand at another time at the same retailer, 14% would leave the store to find the product elsewhere.

The percentage of shoppers who have switched brands during COVID-19 varies greatly by product category. Shoppers were most likely to try items they hadn't before in household essentials, pantry foods, bread, household cleaning supplies, packaged meat and salty snacks and make permanent changes in baby items and pantry foods. (See "Brand Switching," Page 11.)

Not surprising, shoppers who changed where they shopped during the pandemic have been more likely to switch brands than those who stayed loyal to their primary retailer. Younger shoppers, Asians, Hispanics and “Growing Families” — where the heads of the household are aged 25 to 44 and household size is three or more — were most likely to have tried a new brand and to say they plan to switch brands permanently.

Still, preferred brand continues to play a key role in purchase decisions. Across categories, the product attributes pandemic shoppers are most influenced by when considering an alternative product are low price, the brand, and serving and package size. (See “Brand Switching by Product Attributes,” Page 12.)

During this time of economic hardship, retail price is playing a key role in brand trial. Nearly four in 10 (39%) shoppers have switched brands for an alternative low-price item and this behavior is likely to increase. More than one-fourth (26%) of price-conscious shoppers waited to purchase their preferred brand when it was not available; 13% left the store to purchase their preferred brand elsewhere.

Shoppers were most loyal to low-priced brands in the baby food, beauty products and pantry foods categories.

Brand Switching

Food shoppers say they’re most likely to permanently switch to a newly tried product in the baby food, baby care, pantry foods and baking categories.

Food Category	Changed Brands	Permanent Change
Baby food	31%	24%
Baby care	32%	22%
Pantry foods	39%	18%
Baking aisle	32%	16%
Bread	39%	15%
Cereal and cereal bars	31%	15%
Nut butters and jam	27%	15%
Packaged meat	35%	14%
Soup	33%	14%
Frozen foods	32%	14%
Salty snacks	35%	13%
Dairy	33%	13%
Ice cream and novelties	29%	12%
Pet food and supplies	27%	12%
Cookies	32%	12%
Candy	26%	11%
Crackers	25%	11%
Pasta and pasta sauce	32%	9%

Non-Food Category	Changed Brands	Permanent Change
Household essentials	47%	14%
Personal care	25%	14%
Household cleaning	36%	13%
Pest control	21%	13%
Beauty products	21%	11%
Batteries	21%	11%
Health products	24%	10%
Food storage	23%	10%

Source: Advantage Sales’ Analytics, Insights & Intelligence shopper survey, May 2020

While still important to the purchase decision, shoppers are more likely to compromise on health claims and the attributes of “natural” and “organic.” Compared to other product attributes, shoppers are more likely to either not care about these traits or are willing to switch to another product if their preferred brand with these attributes is not available. Categories where these attributes are still influential in the purchase decision are baby care, baby food, beauty products, and pet food and supplies.

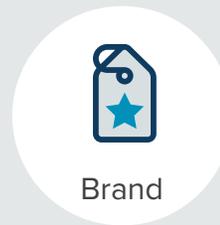
Why a shopper chooses to switch brands or remain brand loyal by waiting for a product to be available at their preferred retailer or by leaving the store to look elsewhere varies greatly by product category. Case in point: Buyers of pet food and supplies and beauty items are most brand loyal — at least half will wait or leave the store if their preferred brand isn’t on the shelf. In other categories, such as pantry foods, a low price will keep shoppers brand loyal. (See “Brand Switching by Category,” Page 13.)

Brand Switching by Product Attributes

Average across categories



Low price



Brand



Serving and package size

Pandemic shoppers have been most influenced by low price, brand and specific serving and package size when faced with out-of-stocks.

Food	Switch	Wait	Leave	No Impact
Low price	39%	26%	13%	23%
Specific brand	36%	25%	14%	24%
Serving size	36%	23%	12%	29%
Premium	39%	21%	11%	29%
Natural	26%	19%	10%	44%
Health claims	25%	19%	11%	45%
Organic	24%	17%	10%	49%

Non-Food	Switch	Wait	Leave	No Impact
Low price	35%	25%	15%	24%
Specific brand	33%	25%	16%	27%
Package size	34%	23%	14%	29%
Premium	35%	23%	13%	30%
Natural ¹	21%	19%	12%	48%
Organic ¹	21%	16%	12%	51%

¹ Not assessed for batteries or food storage

Source: Advantage Sales' Analytics, Insights & Intelligence shopper survey, May 2020

Brand Switching by Category

Product category greatly influences shoppers' willingness to switch brands.

Food Category	Top Attribute	Wait or Leave	Switch	No Impact
Pet food and supplies	Brand	50%	29%	21%
Beverages	Brand	48%	32%	20%
Baby food	Natural	47%	26%	28%
Candy	Brand	44%	35%	21%
Pantry foods	Low price	44%	36%	19%
Cereal and cereal bars	Low price	43%	38%	19%
Soup	Brand	43%	35%	22%
Baking aisle	Low price	40%	41%	19%
Ice cream and novelties	Brand	40%	35%	25%
Dairy	Low price	39%	39%	22%
Frozen foods	Low price	39%	41%	21%
Cookies	Low price	38%	41%	21%
Crackers	Brand	38%	36%	26%
Nut butter and jam	Brand	38%	36%	26%
Packaged meat	Low price	37%	44%	20%
Pasta and pasta sauce	Low price	35%	44%	22%
Salty snacks	Brand	35%	39%	26%
Bread	Low price	30%	44%	25%

Non-Food Category	Top Attribute	Wait or Leave	Switch	No Impact
Beauty products	Brand	53%	27%	21%
Health products	Brand	47%	29%	25%
Baby care	Natural	43%	22%	36%
Personal care	Brand	43%	34%	23%
Household cleaning	Low price	42%	39%	19%
Food storage	Low price	39%	41%	20%
Household essentials	Low price	39%	41%	20%
Pest control	Low price	38%	30%	33%
Batteries	Brand	37%	36%	28%

Source: Advantage Sales' Analytics, Insights & Intelligence shopper survey, May 2020

STORE BRANDS ON THE RISE

All the factors that encourage brand switching — out-of-stocks, channel and retailer shifting, and financial concerns — have contributed to an increase in the purchase of private-label brands during COVID-19. (See “Attitudes Toward Private Brands.”)

A majority of shoppers surveyed agree the pandemic has caused them to:

- Care more about brands they can trust
- Care more about price
- Be more willing to switch from a national brand to a private brand

Attitudes Toward Private Brands



Nearly six in 10 shoppers say they’re more likely to buy store brands than they were before the pandemic.

Food	Strongly Agree	Somewhat Agree
I care more about brands that I can trust	31%	33%
I am more willing to switch from a national brand to a store brand	28%	36%
I am more likely to buy store brands than before	27%	30%
Price matters more to me	30%	32%

Non-Food	Strongly Agree	Somewhat Agree
I care more about brands that I can trust	30%	35%
I am more willing to switch from a national brand to a store brand	26%	37%
I am more likely to buy store brands than before	26%	31%
Price matters more to me	33%	31%

Source: Advantage Sales’ Analytics, Insights & Intelligence shopper survey, May 2020



Nearly one-third (31%) of food shoppers and 27% of non-food product shoppers say, looking ahead three months, they will buy private-label brands more often than they did before the crisis. (See “Plans to Buy Private-Label Products.”)

Younger shoppers, Hispanics and Growing Families — where the heads of the household are aged 25 to 44 and household size is three or more — are more likely than the average respondent to plan to buy more store brands in the future than they did before the health and economic crisis.

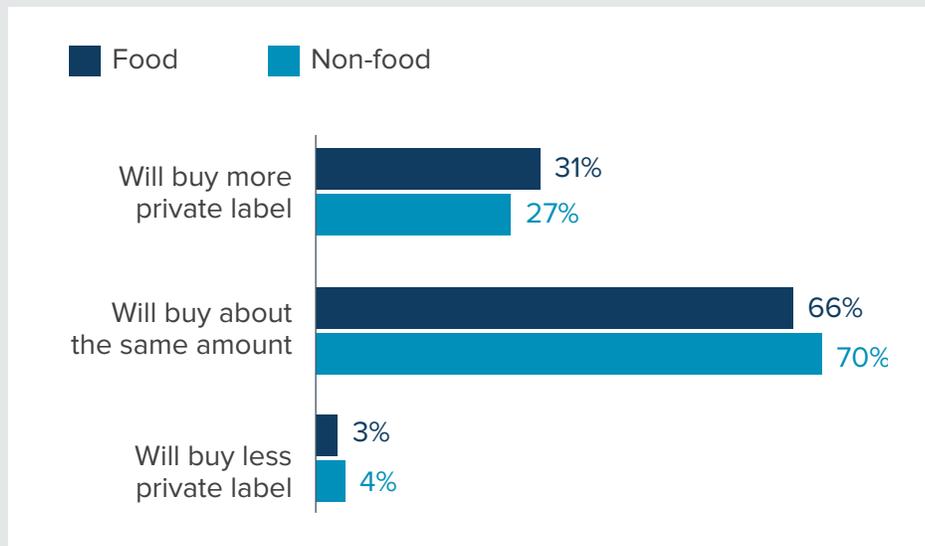
Plans to Buy Private-Label Products

Looking ahead three months



Three in 10 shoppers surveyed say they plan to buy more private brands in the coming months.

Source: Advantage Sales’ Analytics, Insights & Intelligence shopper survey, May 2020





IMPLICATIONS FOR RETAILERS AND BRANDS

What do all of these findings mean for retailers and consumer goods makers as they look to glean lessons from the last three months and position themselves for the future? The Advantage Sales Analytics, Insights & Intelligence team offers key takeaways and guidance.

RETAILER PRIORITIES

MEET IN-STOCK AND SAFETY REQUIREMENTS

- COVID-19 has compelled shoppers to care more about safety and convenience. Retailers who invest in signage and other visual cues denoting one-direction aisles, provide wipes and hand sanitizer for customer use and make changes to the front end of stores to protect shoppers and associates will attract safety-conscious customers.
- Prior to the health crisis, shoppers were increasingly willing to browse and buy grocery products at multiple locations. Now, they're looking for safe options, buying more in one physical location and shopping online. Stores that have been secondary choices will lose market share unless they provide unique choices shoppers want in an environment perceived as safe, clean and convenient.

- While many Americans have experienced financial struggles during COVID-19, price and saving money are not primary factors when making many shopping decisions. Focus resources on having the needed items in stock and providing a safe environment.
 - Shoppers are still stocking up for the time being, but this trend won't continue indefinitely. Still, ensure pantry staples, household essentials and cleaning supplies stay in stock, as those categories will maintain elevated demand.
 - Make it easy for shoppers to shop at your store by providing an easy-to-use list or mobile app to add items to their shopping list.
-

ENTICE AND ENGAGE SHOPPERS

- As shoppers limit the number of stores they visit, many have increased the number of product categories they buy at a single retailer, creating opportunities to build shopper loyalty and prompt trial of store brands. Focus on engaging new shoppers and loyal shoppers who have expanded what they buy at your store.
 - Shoppers plan to spend more money but shop less frequently. Position your stores as your shoppers' primary destination by better understanding what factors are driving customers to cross-shop at competing retailers or in other channels. Consider how many are cross-shopping, where they are cross-shopping and how many dollars other retailers and channels are picking up.
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CONSIDER PROMOTION OPTIONS

- Rural and small town retailers can expect steady sales and shopping from their regular customers. However, retailers in larger communities are seeing new customers, many looking to save money. Identify how these shoppers seek discounts and promote accordingly.
- As shoppers shift to buying more products in bulk, they're looking for bargains that allow them to stock up without breaking the bank. Offering deals on multiple items and cross-promotions will lead shoppers to feel they're saving money while getting all of the products they need or want. With a recession looming, the value proposition offered by private-label brands could be a boon to retailers as financially troubled shoppers seek value in store brands.



RECONSIDER ASSORTMENT TO KEEP CUSTOMERS HAPPY

- Many shoppers' finances are stressed by job loss, wage reductions and a looming recession. Low price is the most important attribute across 13 of the 27 product categories assessed. Assortment across categories should include low-price options. Plan promotions accordingly and minimize unnecessary product duplication.
- Categories with higher walk rates (the percent of shoppers who will wait to buy or leave the store if their preferred attribute is not available) should have wider assortments or risk losing sales. Baby food, beauty products and baby care have the highest walk rates and should have the most comprehensive assortment of products that have the attributes preferred by your shopper base. Categories with the lowest walk rates, where shoppers are most willing to switch, include crackers, household essentials, pasta and pasta sauce, salty snacks and bread.

OFFER ONLINE DELIVERY AND CURBSIDE PICKUP

- Prior to the crisis, non-food buyers shopped at several stores. Walmart held the top spot. The crisis has now shifted buying trends toward more pure-play online retailers. All brick-and-mortar operators should act now to show they can compete online with user-friendly websites, timely home delivery and curbside pickup options, and shopper loyalty programs. Secure shoppers' trust by keeping products in stock and assess the products available online.
- Online shoppers lack the visual cues that prompt impulse buys. Remind shoppers when they are online to round out their purchases.

BRAND PRIORITIES



ENHANCE ENGAGEMENT TO RETAIN SHOPPERS

- Out-of-stocks have forced shoppers to buy alternate brands. Monitor brand loyalty and switching closely. Brands that have gained new shoppers should focus on engagement and prompting repeat purchases, as shopper willingness to make permanent brand changes is high. Brands that have lost shoppers should work on maintaining on-shelf availability and consider promotions to win back customers who made a switch.
- Brighten the shoppers' day with solutions to their everyday worries or desire for change. Digitally savvy buyers are seeking ways to stretch their budget. Suggest money-saving tips. Show how to spice up old favorites with new recipes. Find ways to help them share their experiences on social media.
- Shoppers in larger communities, especially, plan to cook more at home. Some will choose meal kits and prepared meals. Show how your brand can help them improve their meal experience through better quality products, convenience, meal planning, recipes and cooking tips. Make YouTube videos to display in stores and online. Offer cooking advice or suggest how to eat healthier. Explain why your product is the better choice.
- Use digital technology to keep shoppers engaged with mobile apps, text notifications and other online promotions. The heaviest users of mobile devices are younger shoppers, families and Hispanics.

MONITOR SHOPPER LOYALTY DATA

- As shoppers change their habits, use shopper loyalty data to track and understand shopper migration. Be proactive and position yourself as the expert on shopper behavior. Respond to the changing needs of the shopper.
- Track how your shoppers' purchase journey has changed by brand to determine what attributes are more important now than they were before the pandemic.

KNOW YOUR BRAND'S VALUE

- National brands need to prove their value to shoppers, especially in categories with strong private-label offerings. Emphasize points of differentiation, including safety, trustworthiness, quality, and locality and regionality of products where possible.
- Baby food, baby care, pantry food and baking aisle brands must prove their value now or risk losing shoppers, as 16% to 24% of shoppers who have tried new brands plan to make the switch permanently.
- Win shoppers' loyalty with ethical and transparent sourcing and public contributions to fighting the pandemic. Give shoppers a reason to stick with your brand.
- Lean on the value of your brand's familiarity and history in these turbulent times. Share good news stories. Show your brand as a consistent, trusted friend who will always be there and can be relied on.
- Identify your categories' most important attributes and make sure your shopper marketing and promotional messaging convey how your brand answers to these preferences.

EVALUATE PROMOTION AND LOW-PRICE OPTIONS

- Low prices and availability are especially important in the current climate; consider price drops to help your brand compete with private-label's value offering.
- Focus promotional activity in large metro areas, as these shoppers are the most likely to have switched brands. Leverage shopper marketing tactics to entice new shoppers and gain back lapsed buyers.
- As shoppers visit stores less frequently, they may be interested in larger sized packaging or bulk items. Consider offering discounts on multipacks and family-size products. Ensure shoppers see the value with at-the-shelf messaging.

EVALUATE ONLINE OPTIONS

- Buyers are embracing online services. With safety, availability and delivery continuing to be primary drivers for shoppers, online shopping will likely become a new part of their routine long term. Promote products on online grocery platforms and remind shoppers to put your brand in the cart.
- Consider providing a sample pack for online deliveries or curbside pickups. Sampling delights shoppers and is a safe way to try something new.
- Invest to ensure your brand's website is easy to navigate, engaging and a source of information that shoppers need. Online images and descriptions must be high quality and thorough. Provide coupons, store locators and options for buying direct. ●



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