Uncovering friction in e-Grocery

Experience as a growth driver

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Shopper Data + Strategic Insights + Digital Strategy + Digital Product

#BehaviorChange: e-Grocery

The e-Grocery landscape

Lenneke's grocery purchase in the past month

#BehaviorChange: e-Grocery

The e-Grocery landscape

Danny's food purchase in the past month

Agenda

PART 1: STRATEGIC INSIGHTS

- The e-Grocery landscape
- Non-buyer barriers
- Channel choices now & next
- Categories & occasions now & next
- Satisfaction drivers @ main online retailer

PART 2: DIGITAL STRATEGY

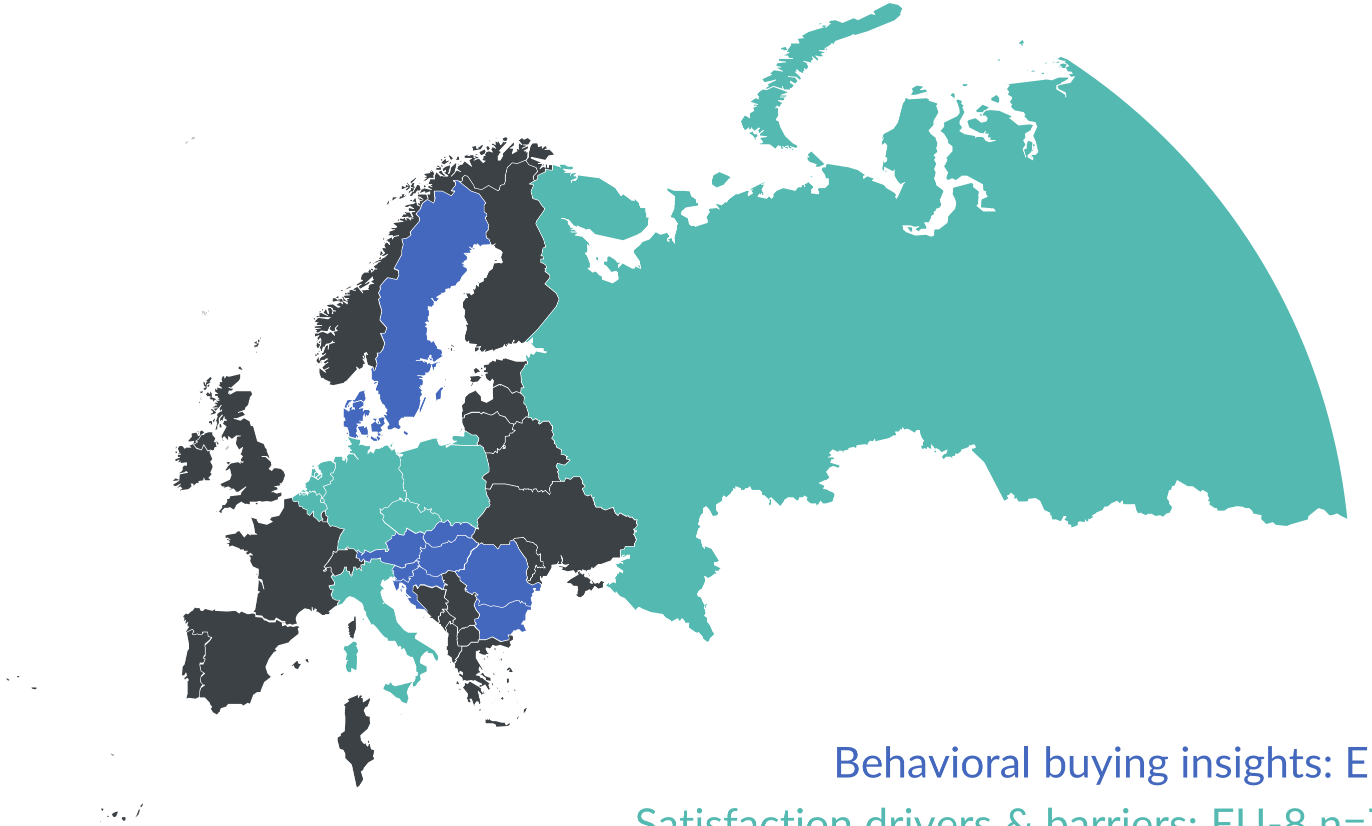
- Structure your way from idea to innovation
- Inspiration for innovation based on GfK insights
- Tricks & tricks to start tomorrow

The e-Grocery landscape

#BehaviorChange: e-Grocery

Countries covered

The e-Grocery landscape



Behavioral buying insights: EU-15

Satisfaction drivers & barriers: EU-8 n=7547

At GfK, we capture and assimilate behavioral data continuously. Be it the scanned FMCG household purchases via our Consumer Panel or the underlying motivations, needs and wants.

>180 million households

EU-15 *AT BE BG CZ DE DK HR HU IT NL PL RO RU SE SK*

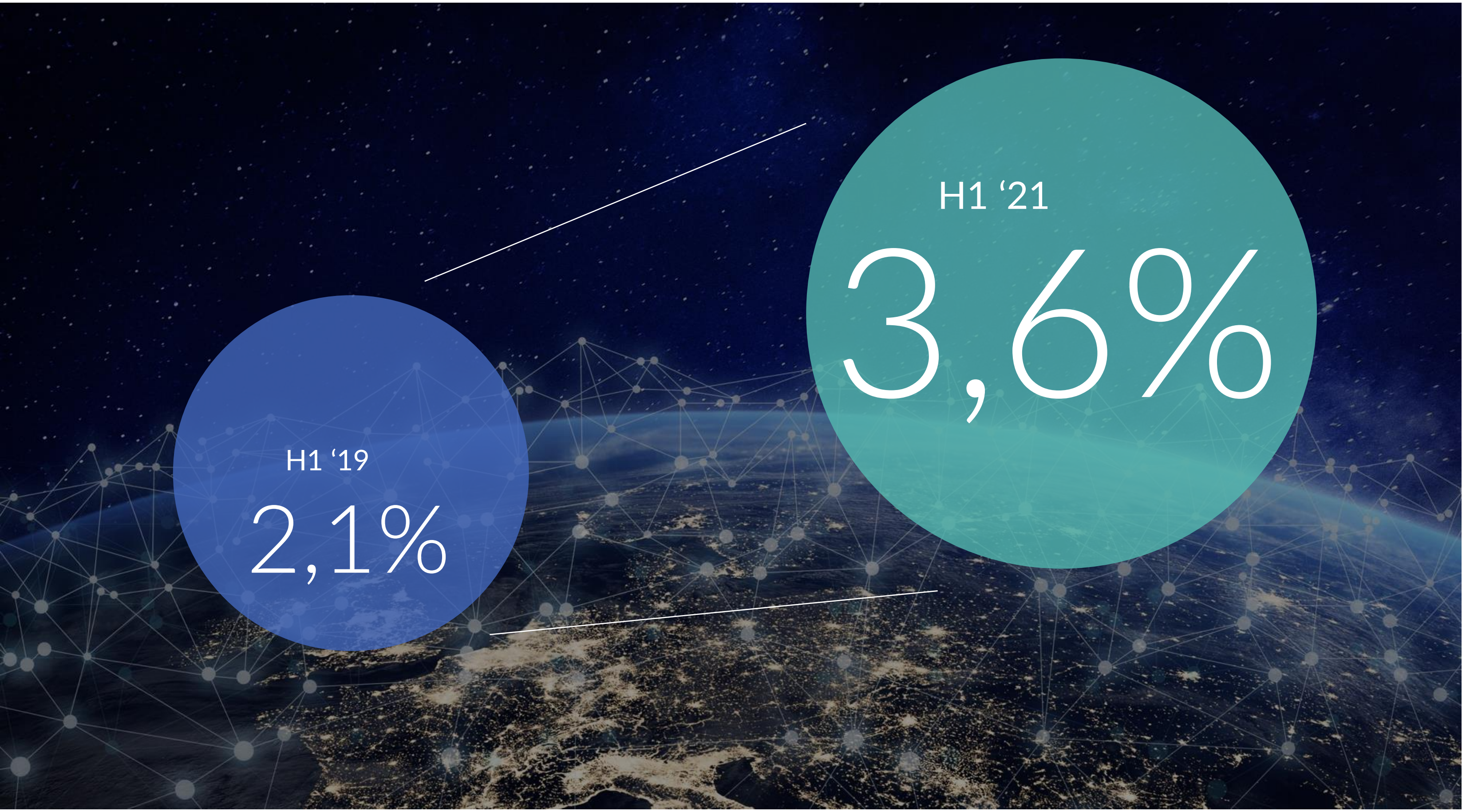
EU-8 *AT BE CZ DE IT NL PL RU*

The e-Grocery landscape

The e-grocery landscape is exponentially expanding

Germany

The e-Grocery landscape

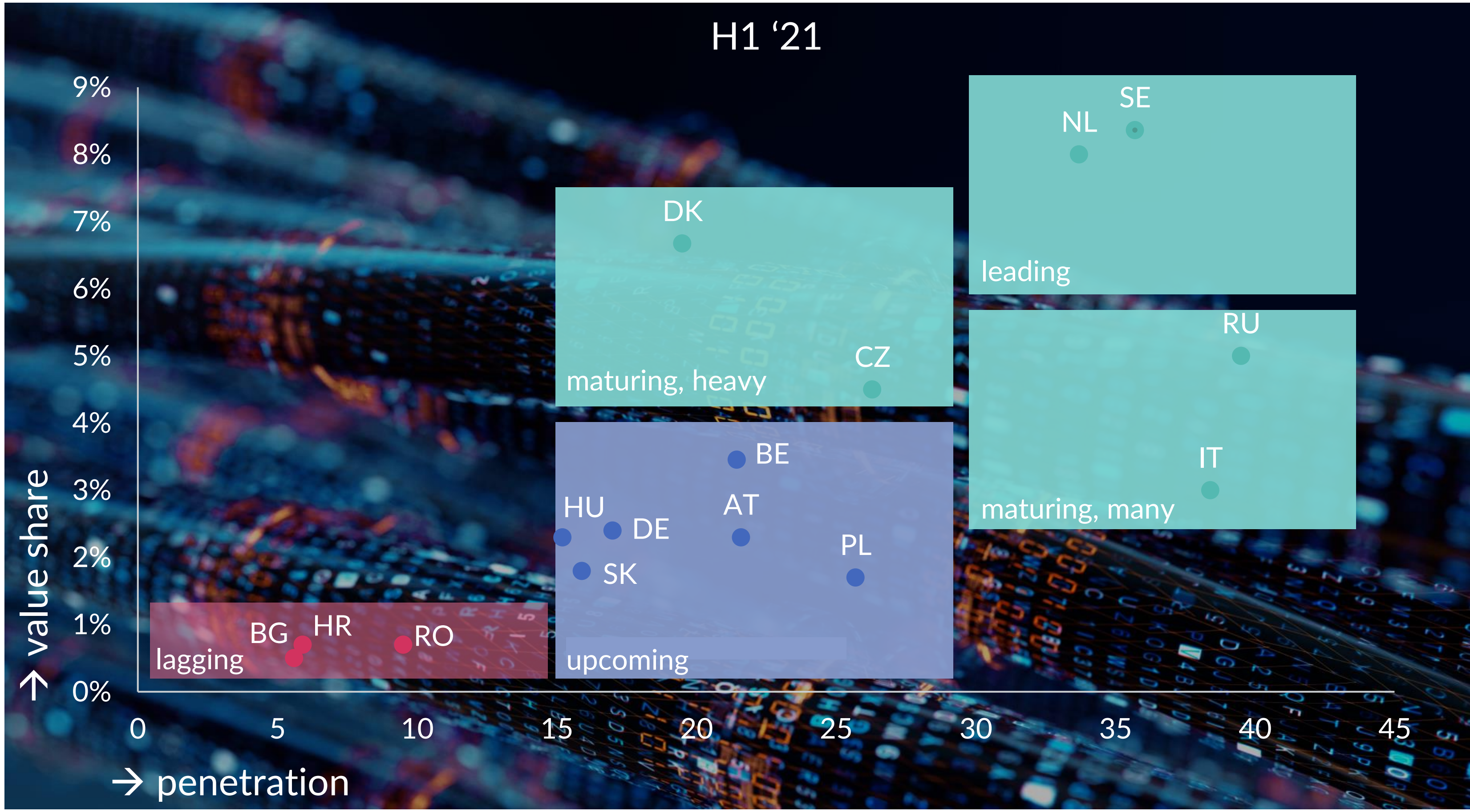


E-grocery value share nearly doubled in 2 years

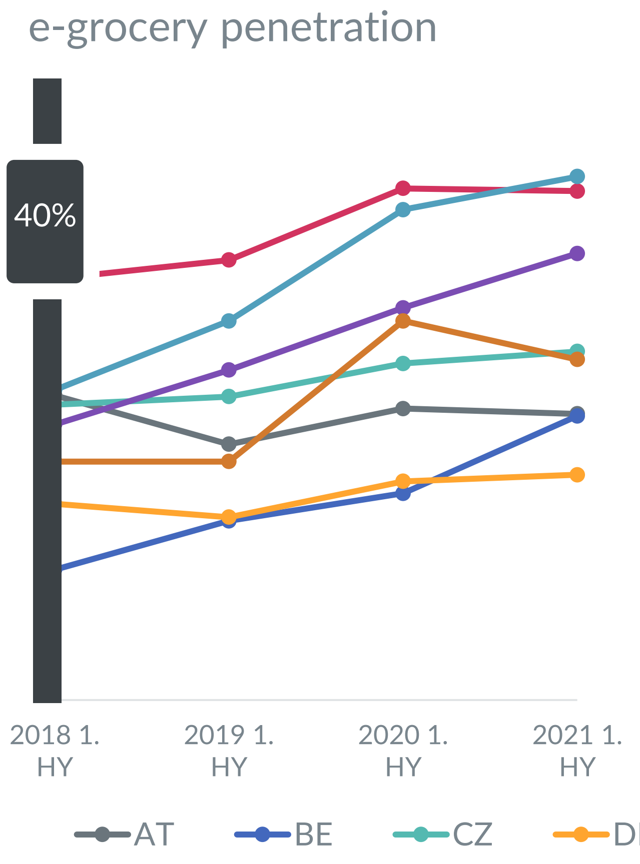
EU-15

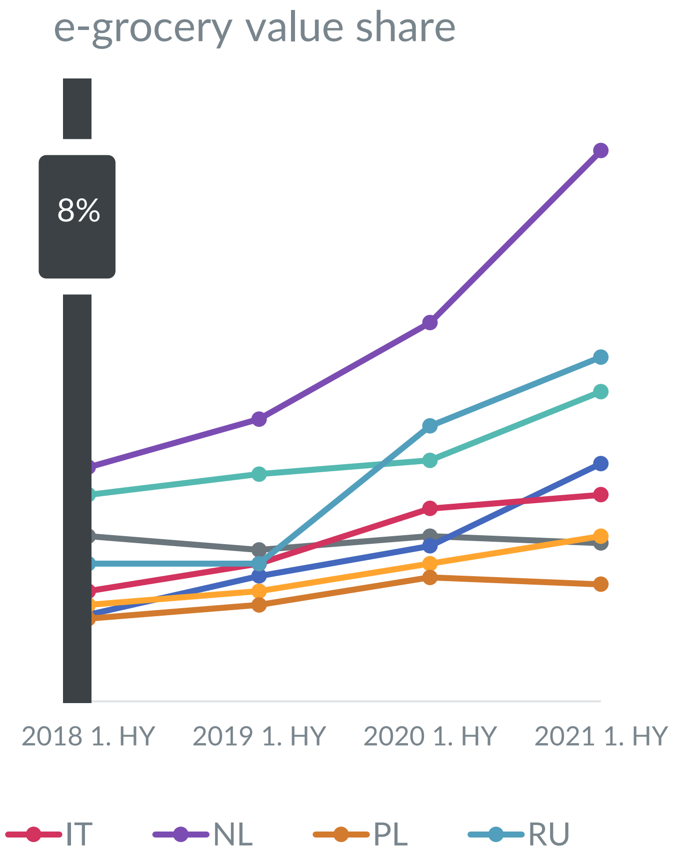
The e-Grocery landscape

Mixed view across Europe. Maturity levels highly differ. SE and NL lead in e-grocery share.



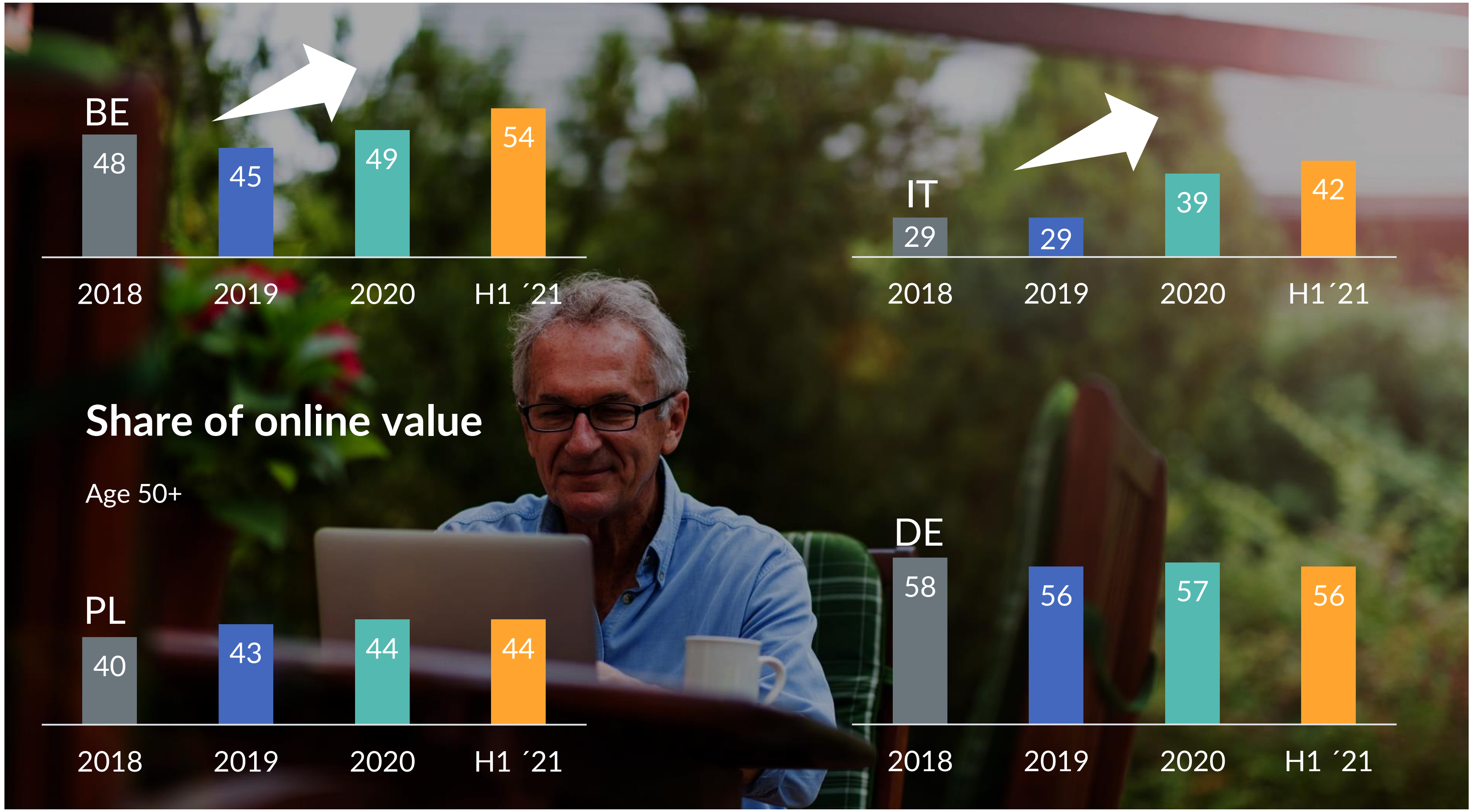
The e-Grocery landscape





Pandemic e-grocery boost not equally strong nor equally sticky across the Europe

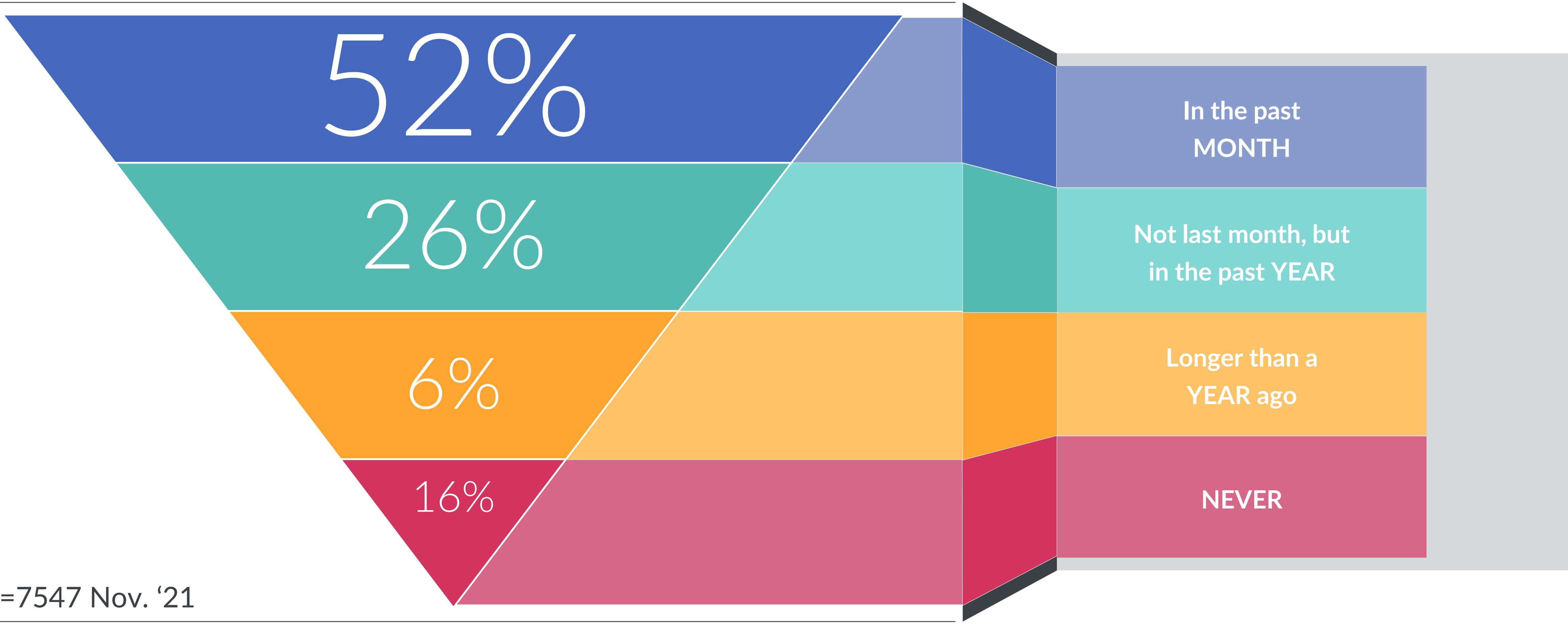
E-grocery ‘maturing’ as it is increasingly attracting valuable shoppers aged 50+



However….

Buying EVERYDAY GOODS online undeniable part of daily life

The e-Grocery landscape



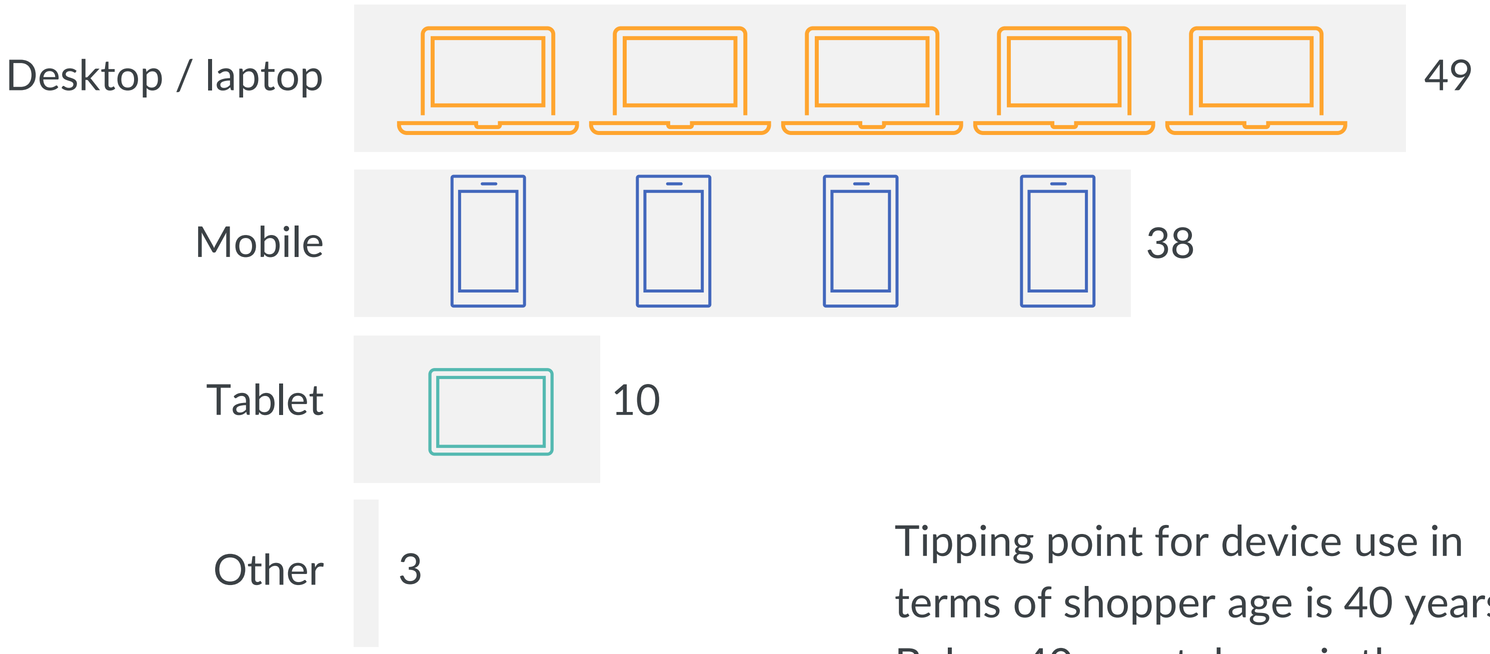
EU-8 n=7547 Nov. '21

As shoppers mature, ux increasingly a driver for retailer choice

Top 5 reasons to start

1	Attractive pricing & promotions	36%
2	Attractive / no delivery fees	31%
3	I can find everything I need	31%
4	User friendly website / app	21%
5	Recommended to me	19%

Heavy buyers Index 164



Attribution of 100 points to devices used to BUY

Tipping point for device use in terms of shopper age is 40 years. Below 40 smartphone is the main device.

Desktop/laptop most used to buy. App only strategy omits large buyer base.

Non-buyer barriers

Prefering physical is emotional

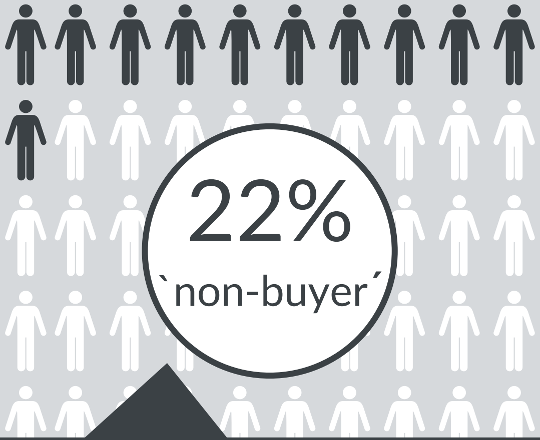
(Social) experience most important barrier

Non-buyer barriers

Appreciate the experience of going to the store

I cannot judge the quality of products	I want to have social contact

I can’t buy all products online	Does not offer me any advantage	Products not immediately available



Of whom:
16% ‘services not available’
17% ‘don’t know about those services’
15% ‘too difficult for me’

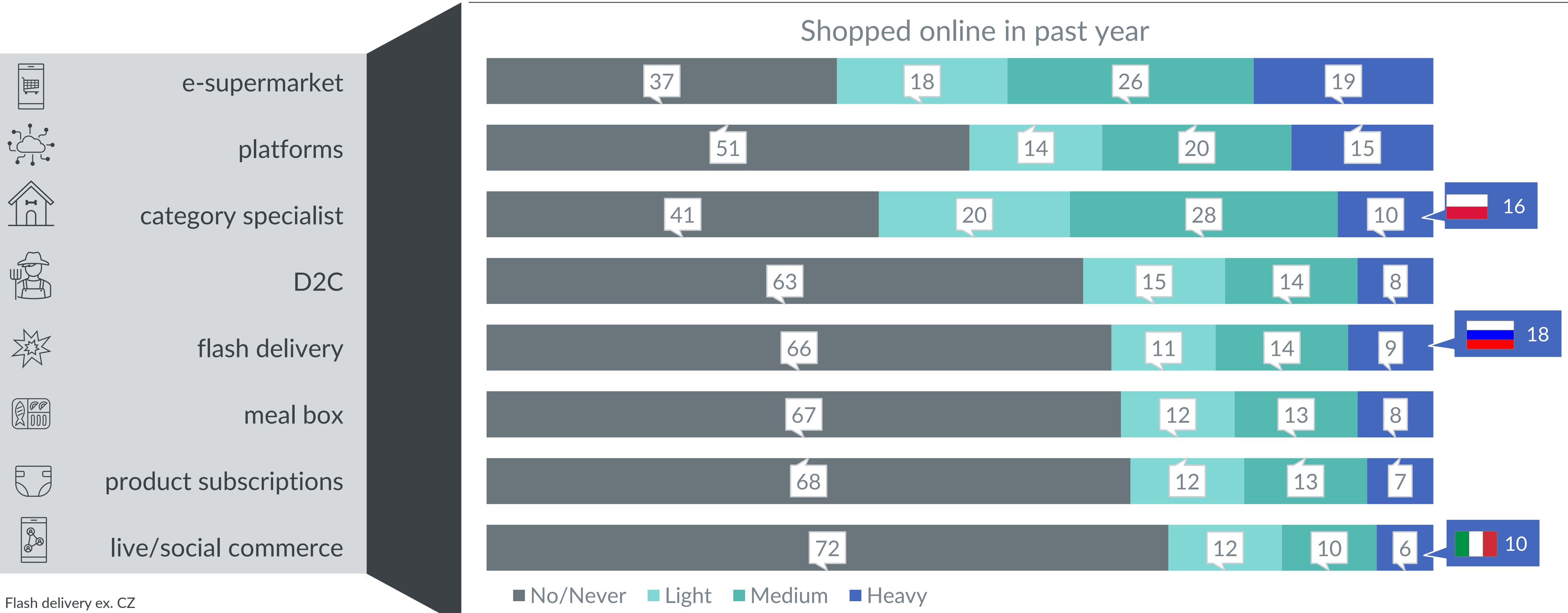
MaxDiff Analysis 20 statements Non-Buyers n=2789

Channel choices now & next

E-supermarkets and specialists most used

Live commerce and flash delivery reach about 30%

Channel choices now & next



Flash delivery ex. CZ

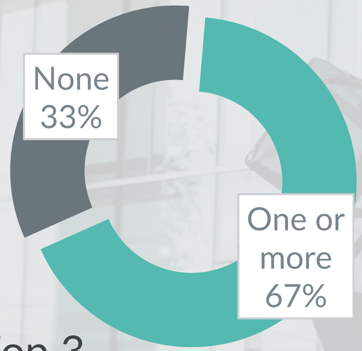
Source: GfK e-grocery ad hoc study n=7547 November '21

Two-thirds knows a flash provider

Half of them have used it, mainly for instant gratification

Channel choices now & next

Awareness
(list of locally available, aided)



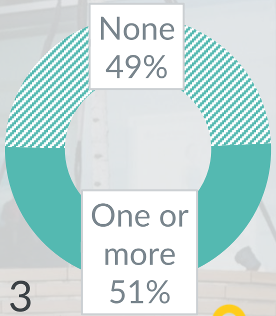
Top 3

Glovo

GORILLAS

Пятёрочка

Usage
(if flash delivery provider is known)



Top 3

Glovo

GORILLAS

Пятёрочка

EU-7 data NA for Czech Republic

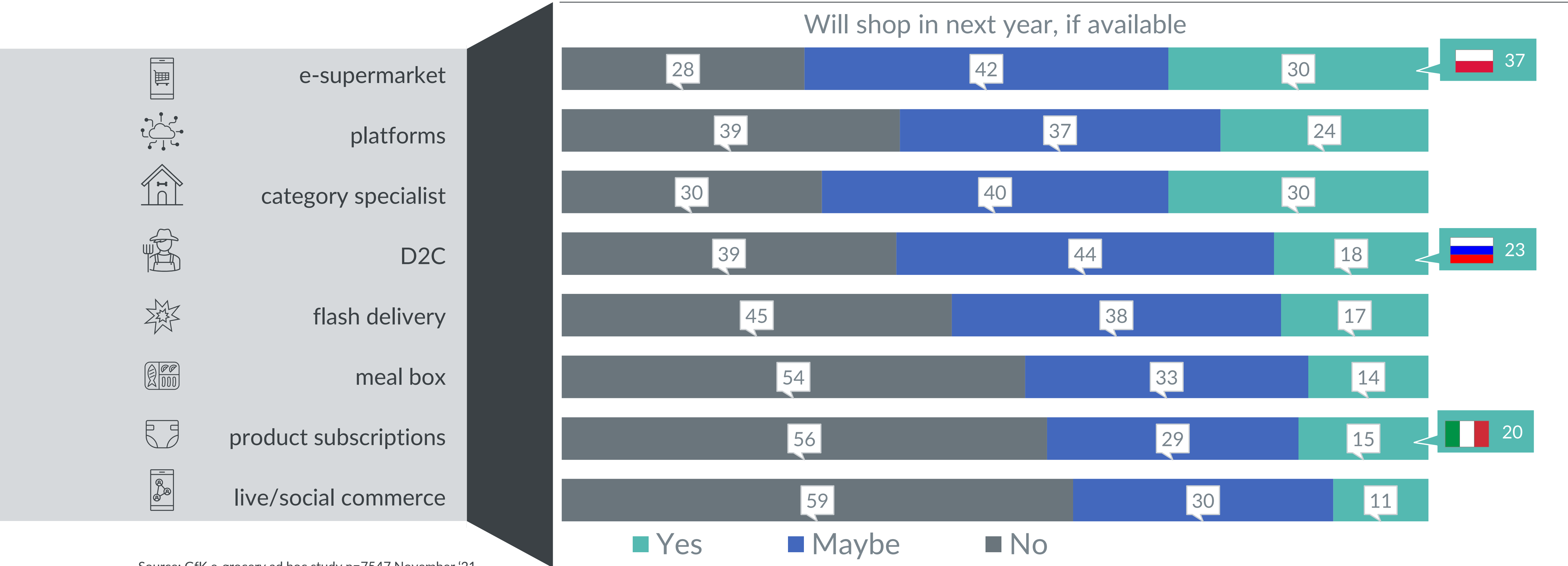
Occasion
(if flash delivery provider is used)

Food / drink for now	36%
Special occasion / party	32%
Small trip for few days	27%
Food / drink for later	25%
Stock up trip	22%
Big trip for few days	21%
Urgent forgotten item	15%

Future services

D2C & flash delivery stand to gain most new buyers

Channel choices now & next



Source: GfK e-grocery ad hoc study n=7547 November ‘21

Categories & occasions now & next

Categories & occasions now & next

37% of light buyers has not shopped for weekly groceries incl. Fresh food

Vs.

13% of heavy buyers has not shopped for weekly groceries incl. Fresh food

Top 3 most frequent occasions

- No. 1 stock up of heavy items / nonperishables
- No. 2 stock up of special product promotions
- No. 3 special one off offer trip

Source: GfK e-grocery ad hoc study n=7547 November '21

14% of all say they will not buy anything

Categories & occasions now & next

Only 2 categories have reached >50% of online shoppers

Categories most likely to be bought – all shoppers

- No.1 Cosmetics 51%
- No.2 Household cleaners 49%
- No. 3 Household items 42%

Categories most likely to be bought – non buyers

- No. 1 Cosmetics (35%)
- No. 2 Household cleaners (29%)
- No. 3 Pet supplies (26%)

14%

won’t by anything

- 33% of non buyers
- 4% of light buyers
- 1% of heavy buyers

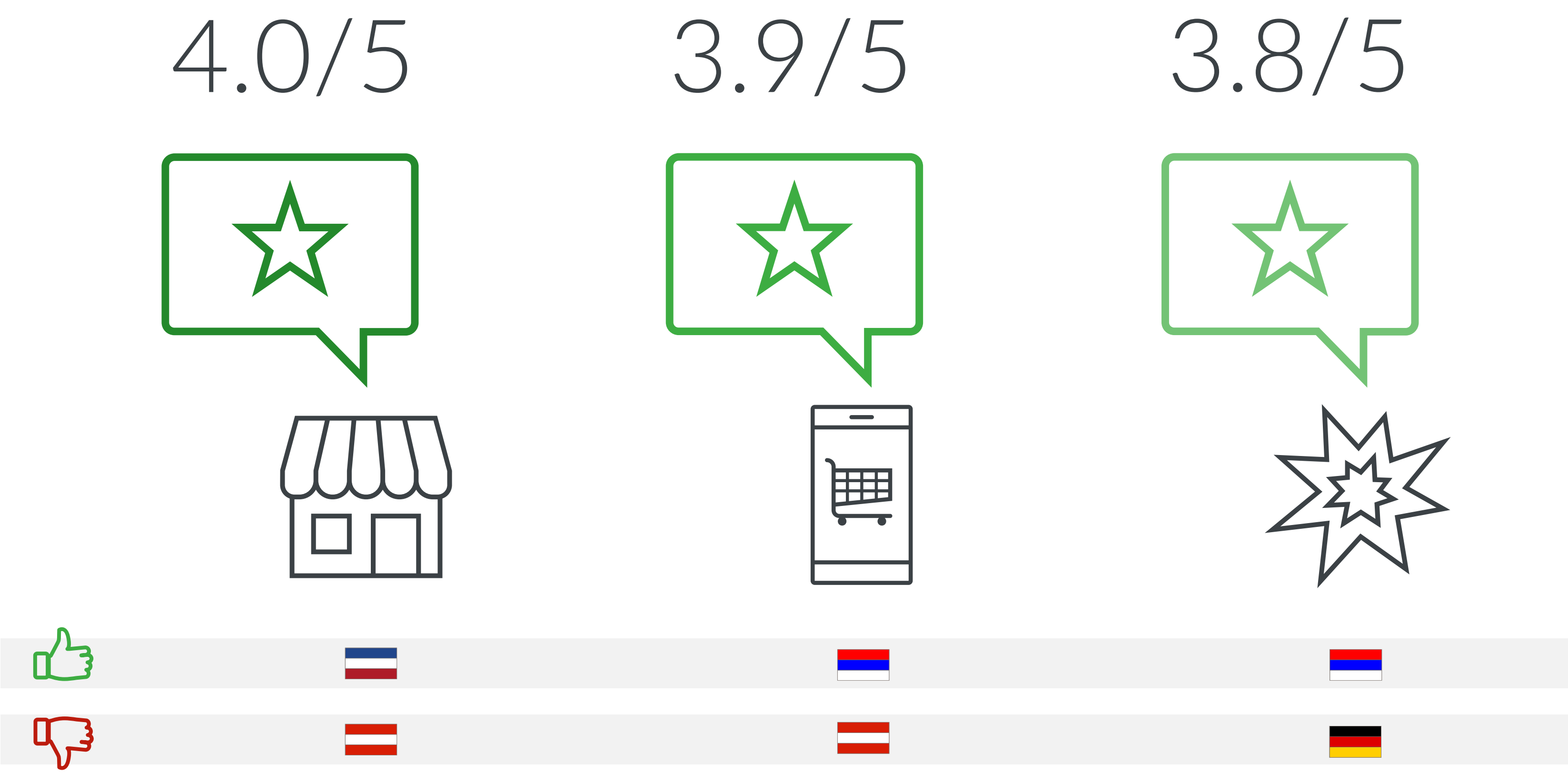
Categories & occasions now & next

Heavy buyers extend to supplements, drinks & frozen foods

Satisfaction drivers @ main online retailer

Satisfaction drivers @ main online retailer

Offline satisfaction still triumphs, except in Russia



Satisfaction drivers @ main online retailer

More people plan to stick than switch, but heavy buyers at risk

Satisfaction scale tips toward offline

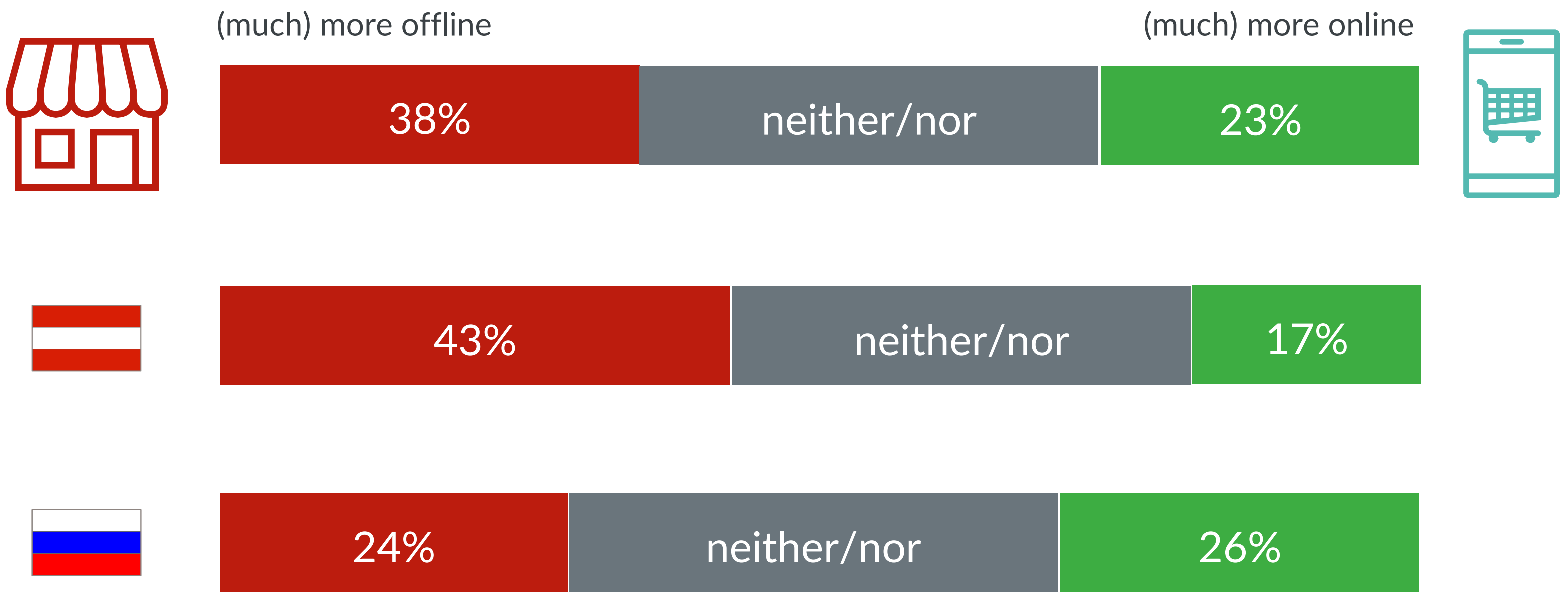
Austrian shoppers least excited about online experience

Satisfaction drivers @ main online retailer

EU-8 satisfaction online compared to offline

digital natives
heavy buyers
big cities

18-24 years old
light buyers
tech challengers



Flexibility is top rated, data safety lowest

Light shoppers least satisfied about fresh offer

Satisfaction drivers @ main online retailer

Top 5

´I can flexibly integrate shopping into my personal life`	3.84
´I can easily keep track of my total shopping cart´	3.80
´Hygenically safe shopping is possible´	3.69
´I become easily aware of new products´	3.62
´I can easily compare prices´	3.60

Bottom 5

´My personal data is safe`	2.86
´I can easily find help when I need it´	2.88
´Good variety of fresh products´	2.89
´Additional services eg. recycling returns´	2.94
´I can find products from local suppliers´	2.95

Satisfaction comparing main online vs main offline retailer

Top 5

Bottom 5

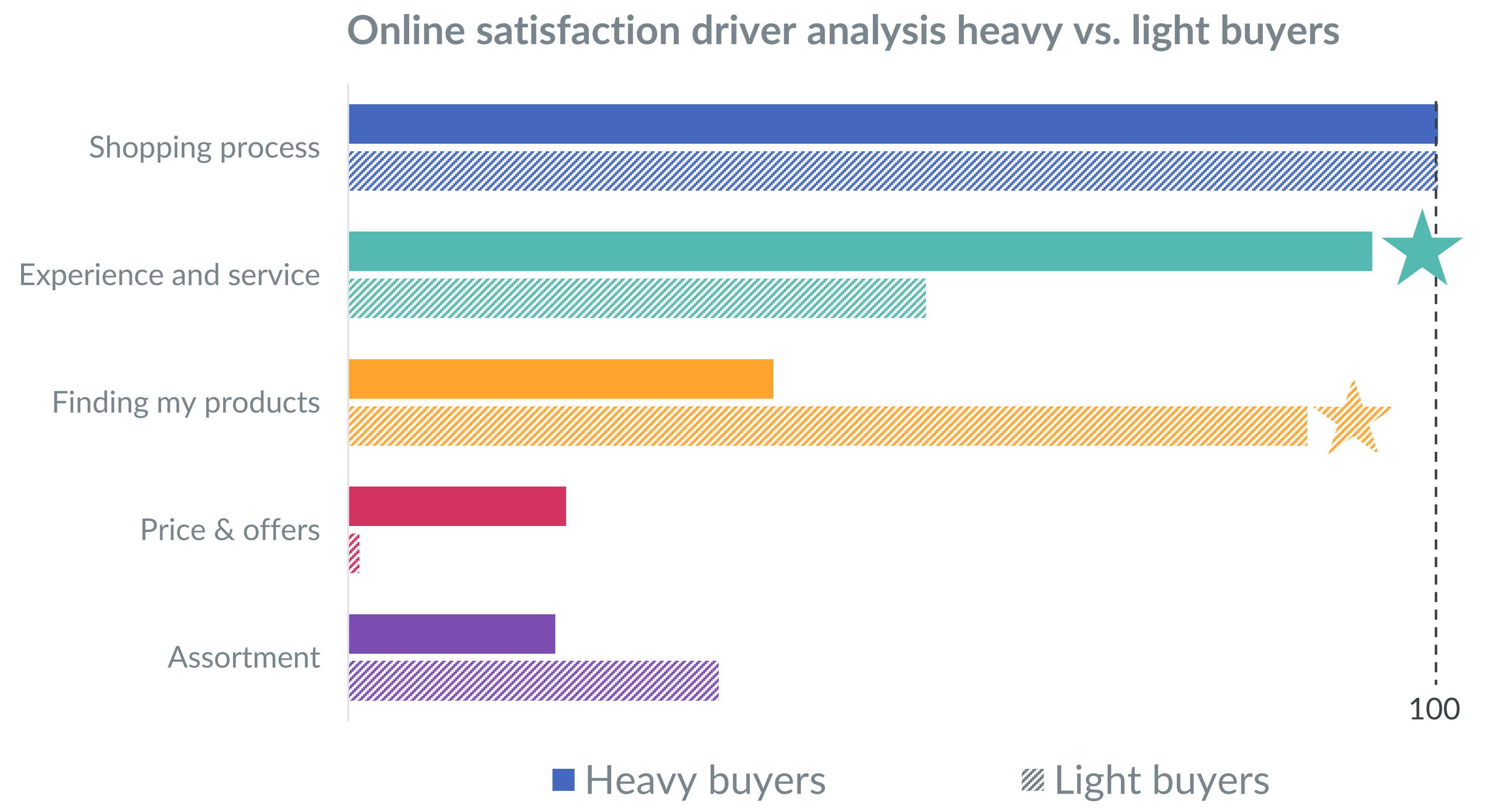
Drivers of ONLINE satisfaction

Satisfaction drivers @ main online retailer

Key Driver Analysis n=4758

Findability priority for light buyers

Satisfaction drivers @ main online retailer

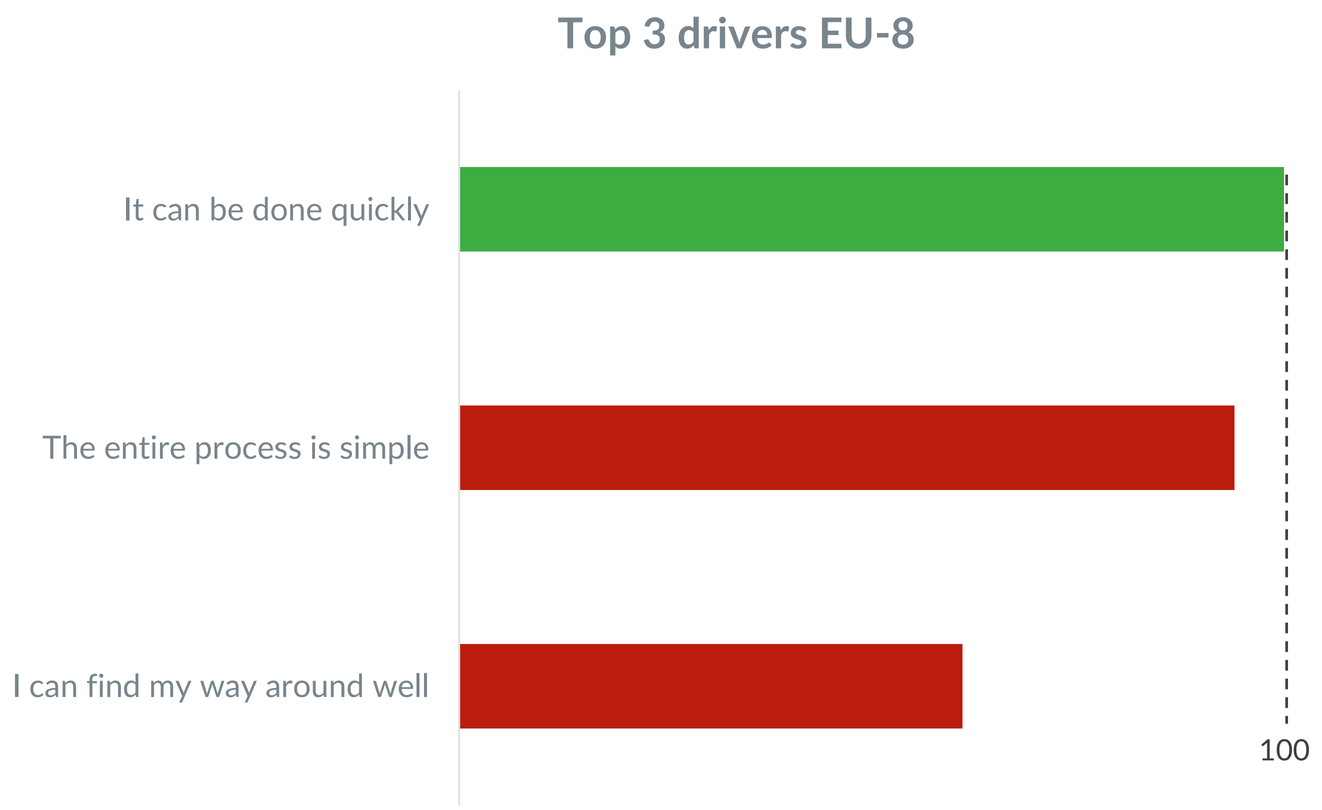


Experience decisive later on in the shopping curve

Key Driver Analysis n=4758

In the shopping process, simplicity and findability are key drivers for (dis)satisfaction

Satisfaction drivers @ main online retailer



Key Driver Analysis n=4758

Basics need to get fixed first

Satisfaction drivers @ main online retailer

In Germany and the Netherlands, the top drivers are underperforming with e-grocery shoppers

I can do the shopping quickly	100
I can easily work through my shopping list	59
I can flexibly integrate shopping into my everyday life	52

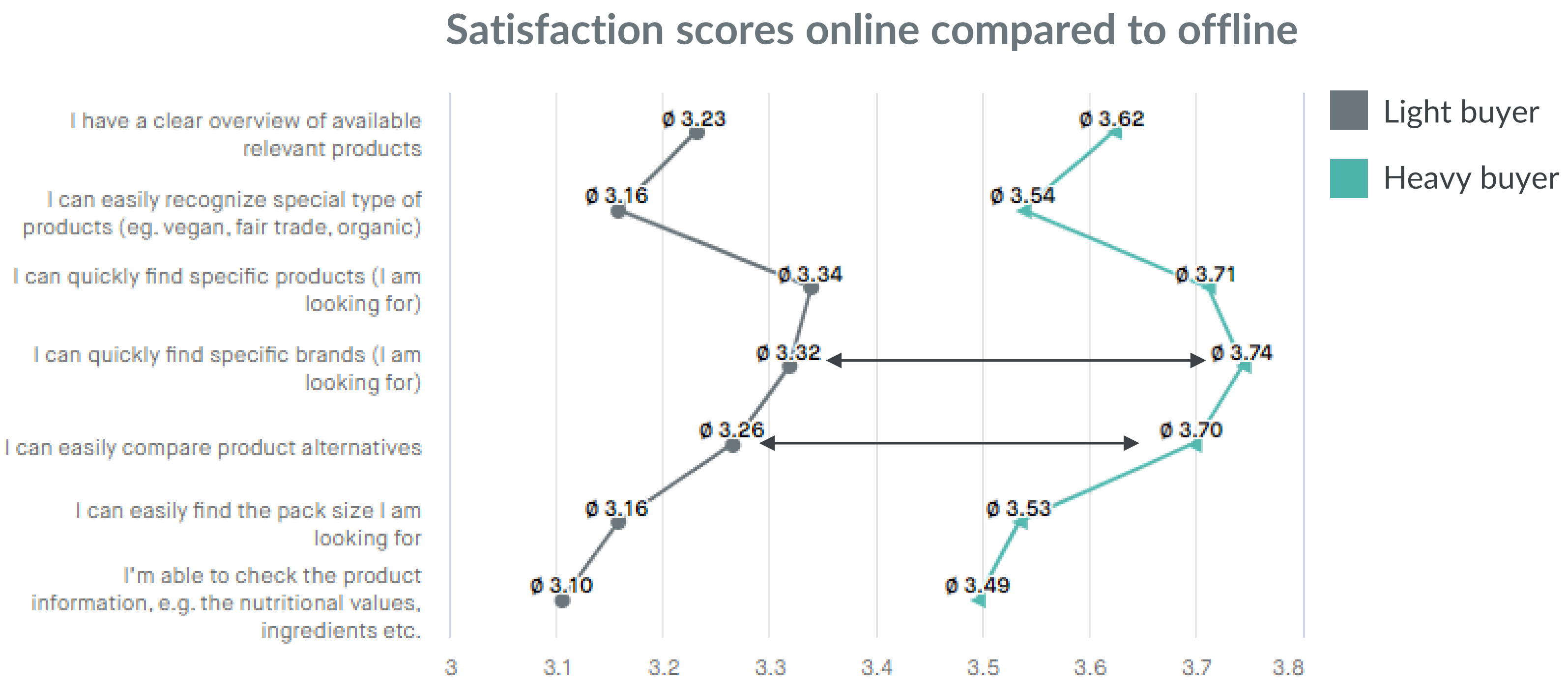
The entire purchasing process is rather simple	100
I find my way around well	86
The products are delivered directly to me	66

Shopping process

Light buyers overall less satisfied

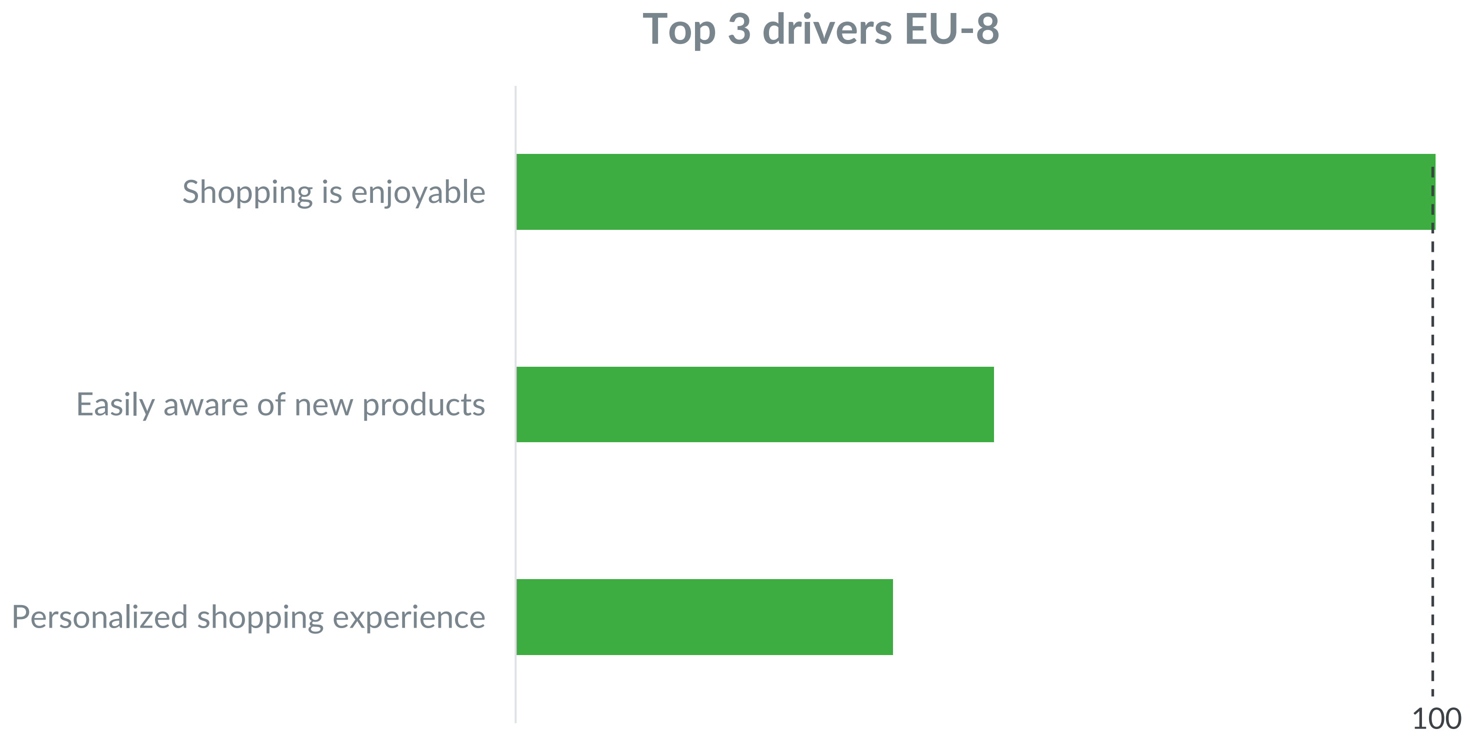
Finding brands and comparing alternatives are differentiators

Satisfaction drivers @ main online retailer



Enjoyment by far the major driver, followed by new product awareness and personalization

Satisfaction drivers @ main online retailer

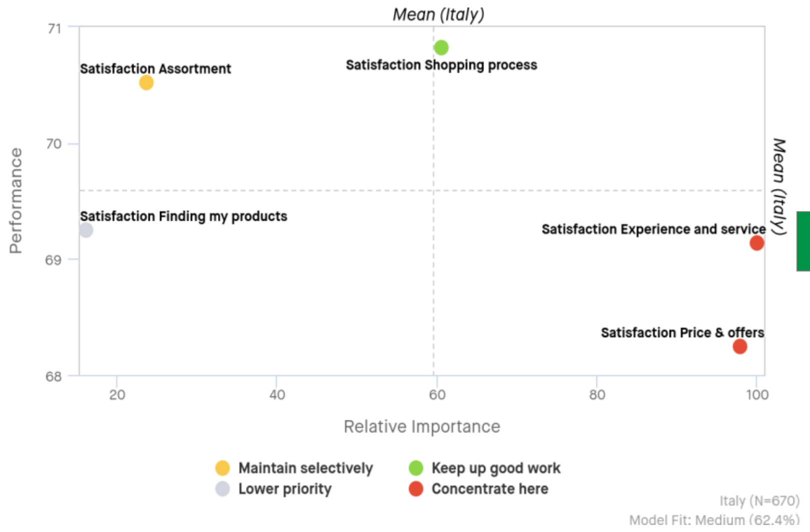


Experience falls behind in Italy

Rewarding loyal customers is a common problem

Satisfaction drivers @ main online retailer

Experience & service



1. Shopping is enjoyable
2. I get product suggestions
3. I feel rewarded as a loyal customer

I get a personalized shopping experience

5 ⟷ OZON

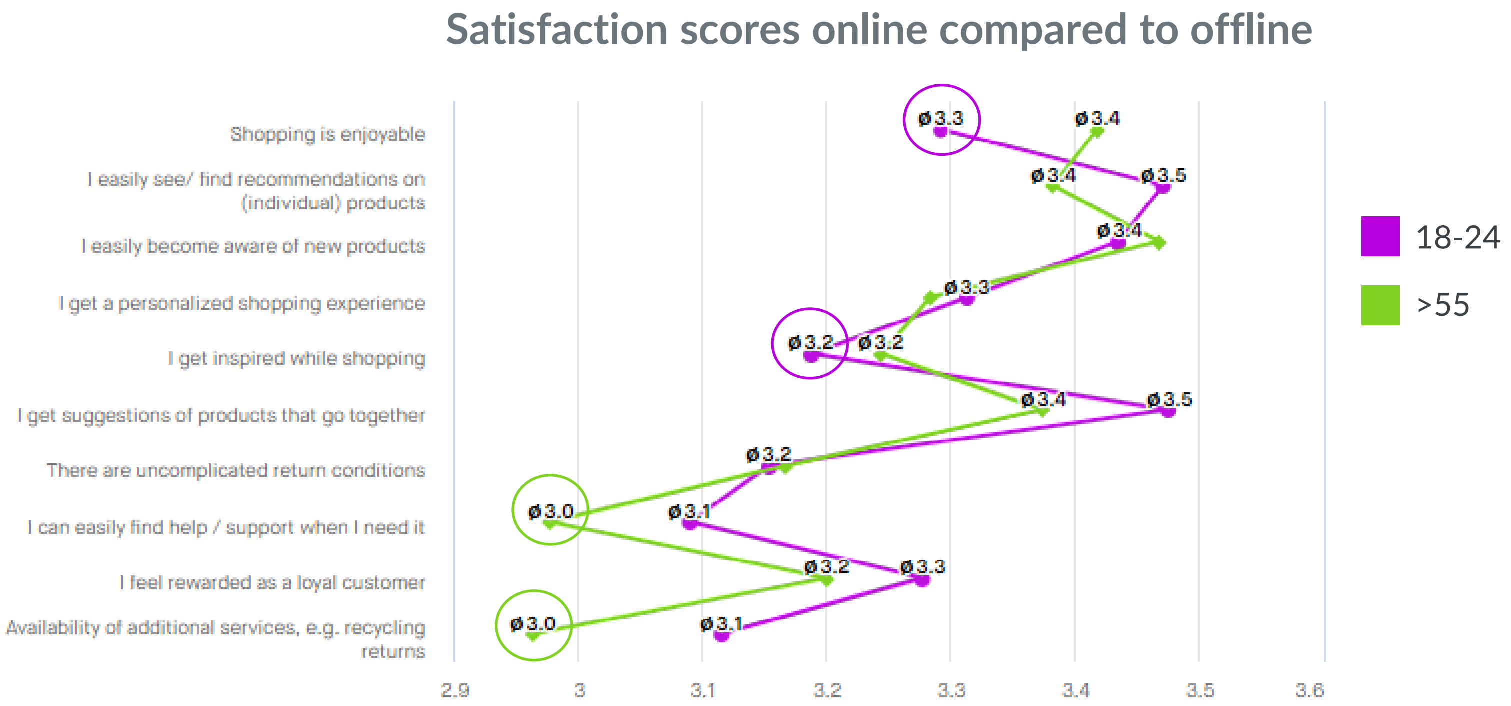
I feel rewarded as a loyal customer

coop ESSELUNGA ⟷ CONAD

Experience ‘needs’ vary

Service and support versus fun and inspiration

Satisfaction drivers @ main online retailer



	Non-Buyer	Light Shopper	Heavy Shopper
Simplicity	✓	✓	
Findability		✓	
Experience			✓

Key take outs

Simplicity

- Instant gratification
- Onboarding
- One-to-many shopping content
- Dare to ask - opt-ins
- Data sharing - what's in it for me?
- App & web strategy

Findability

- One-to-one virtual shopping assistance
- Get your CPT straight
- Predictability feedback loop
- Zoom out for comparability
- Product info as filter and on demand labels

Experience

- Balance between technology and humanity
- Meaningful connection
- Customer loyalty and personalization
- Accessible, social, functional
- Clienteling tools, WebAR – think post conversion
- The power of community

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Our objective for today ...

Structured way from IDEA to DIGITAL product

Based on GfK insights inspiration for new digital innovations

Tips & Tricks to start tomorrow in your own organization

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How to convert these GfK insights into tangible digital products?

Simplicity

Findability

Experience

How to convert these GfK insights into tangible digital products?

	Non-Buyer	Light Shopper	Heavy Shopper
Simplicity	✓	✓	
Findability		✓	
Experience			✓

Enjoyable

Inspiration

Personalization

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How to convert these GfK insights into exponential growth?

Heavy Shopper

Experience

Enjoyable

Inspiration

Personalization

+6%

Online Value Growth in 8 core countries

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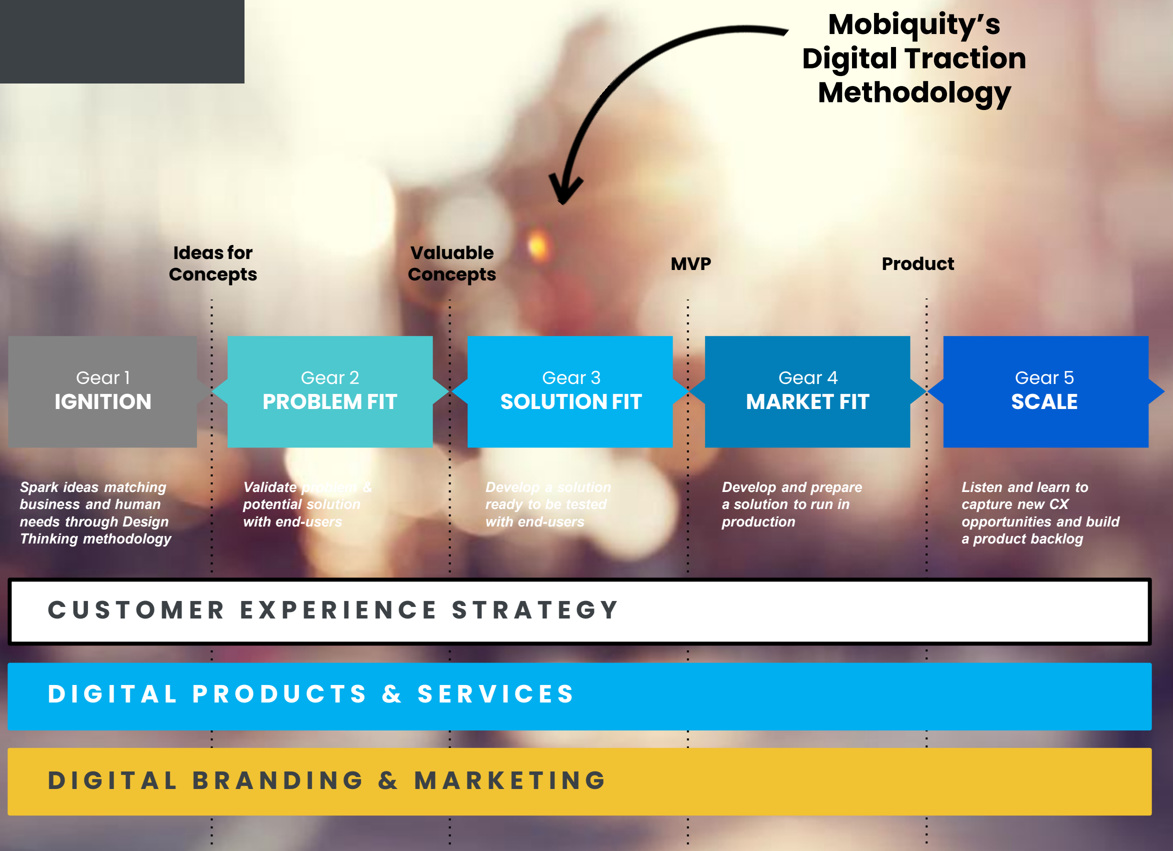
Our Methodology

Digital Traction lets us orchestrate all competences & their deliverables

Representing customer, business and technology needs throughout the entire methodology from innovation and ideation to the development, distribution and marketing of digital products and their experiences.



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Key Principles for Innovation

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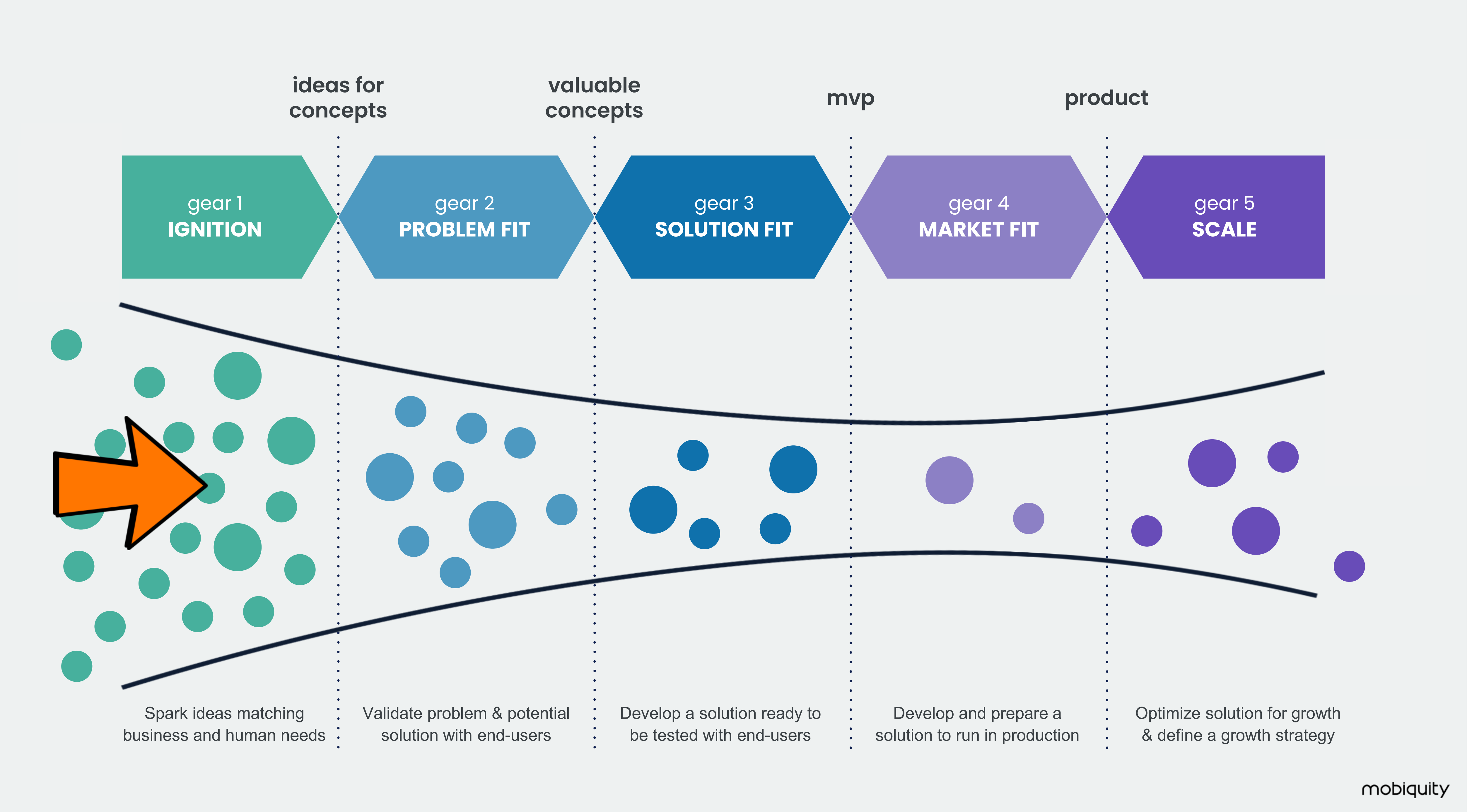
DIGITAL

TRACTION

Based on 5 principles

#1	#2	#3	#4	#5
Human centric	**Industrialised process**	**Hyper-collaborative team**	**Controlled investment**	**Only build what has value**



ideas for concepts
valuable concepts
mvp
product
gear 1
IGNITION
gear 2
PROBLEM FIT
gear 3
SOLUTION FIT
gear 4
MARKET FIT
gear 5
SCALE
Spark ideas matching business and human needs
Validate problem & potential solution with end-users
Develop a solution ready to be tested with end-users
Develop and prepare a solution to run in production
Optimize solution for growth & define a growth strategy
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IGNITION

To discover as many ideas in the shortest amount of time based on the current knowledge.

Random
whatever comes up

Force
ideas on friction points

Steal
improve ideas of others

Inspire
Collect from employees, partners, co-creators

The more the better

Rigorous selection, fail fast

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Hypothesis for the heavy buyers ...

Creating a more **inspirational**, **personal** and **fun** online grocery shopping experience trip will create exponential growth

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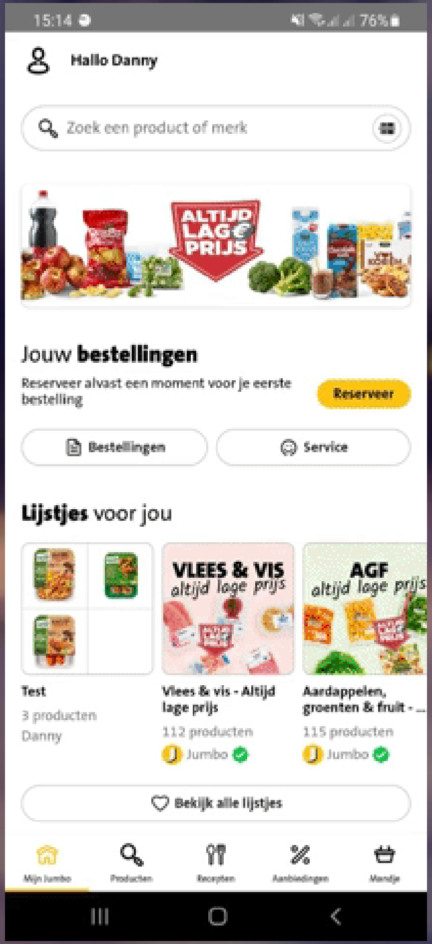
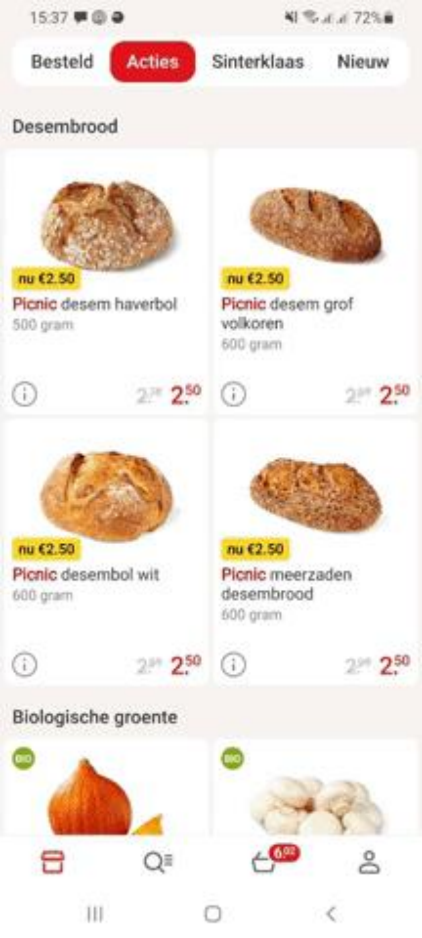
What are the retailers currently doing?

JUMBO





PIC NIC

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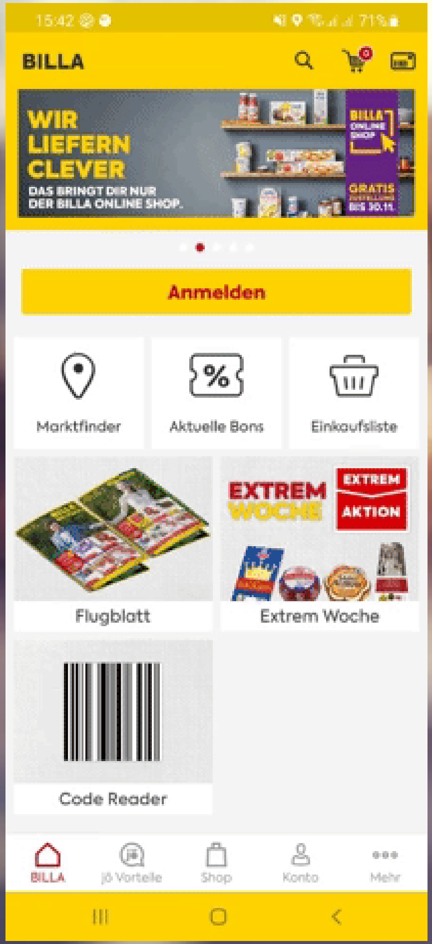
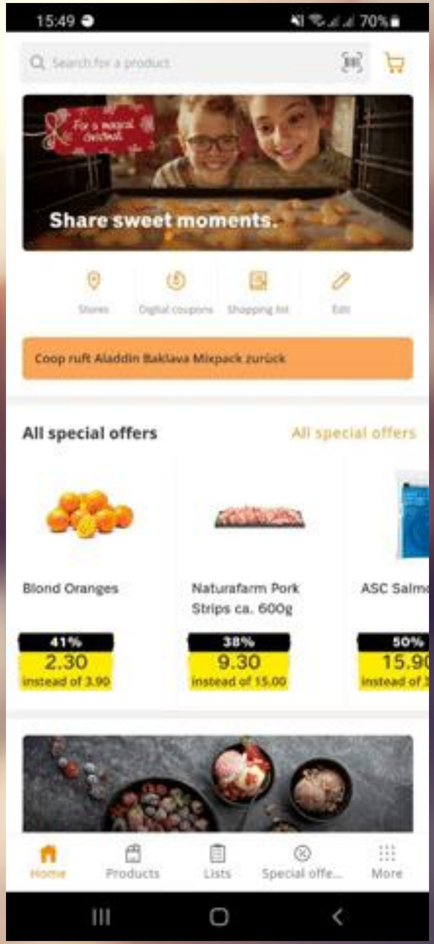
What are the retailers currently doing?

REWE

BILLA



coop



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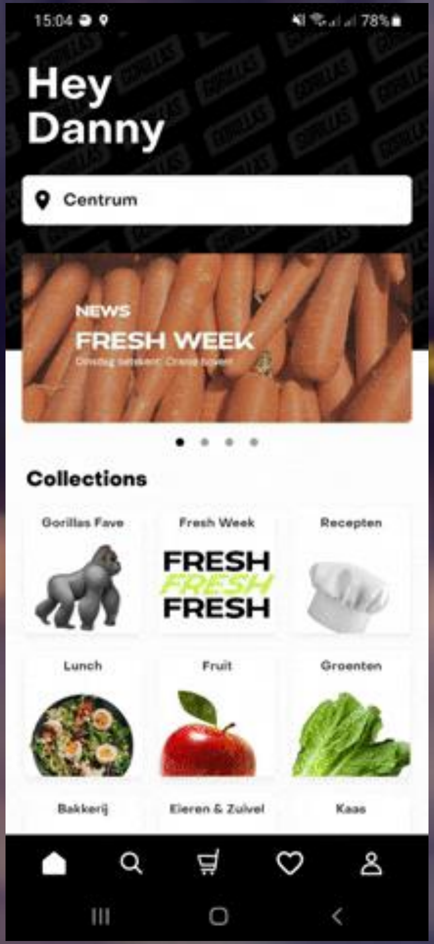
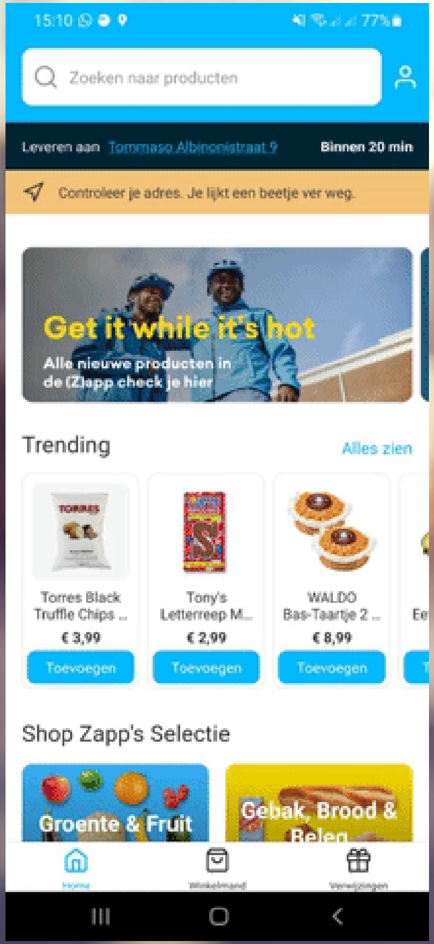
What are the retailers currently doing?

GORILLAS



Zapp



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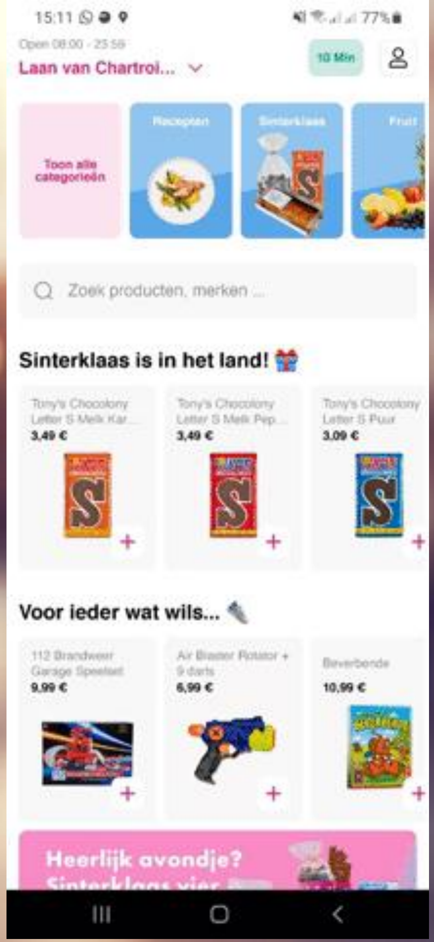
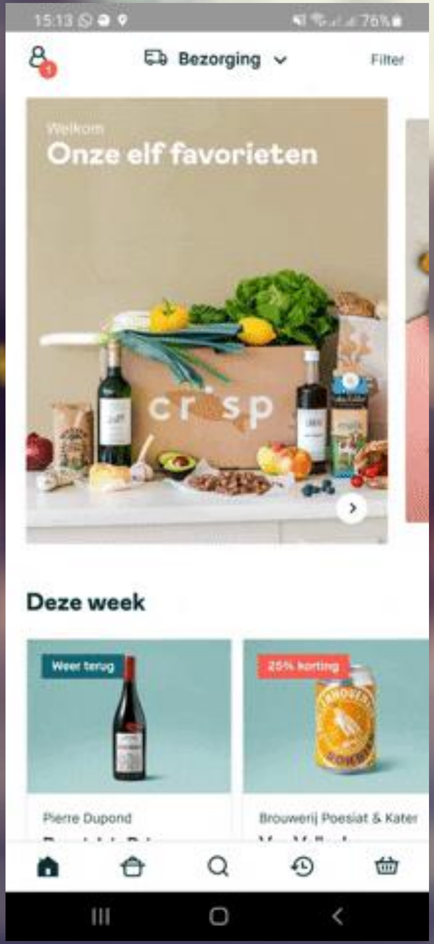
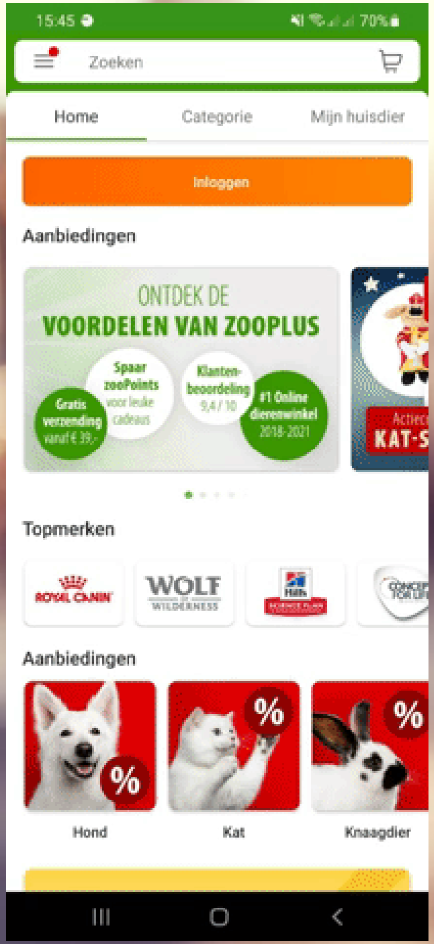


What are the retailers currently doing?





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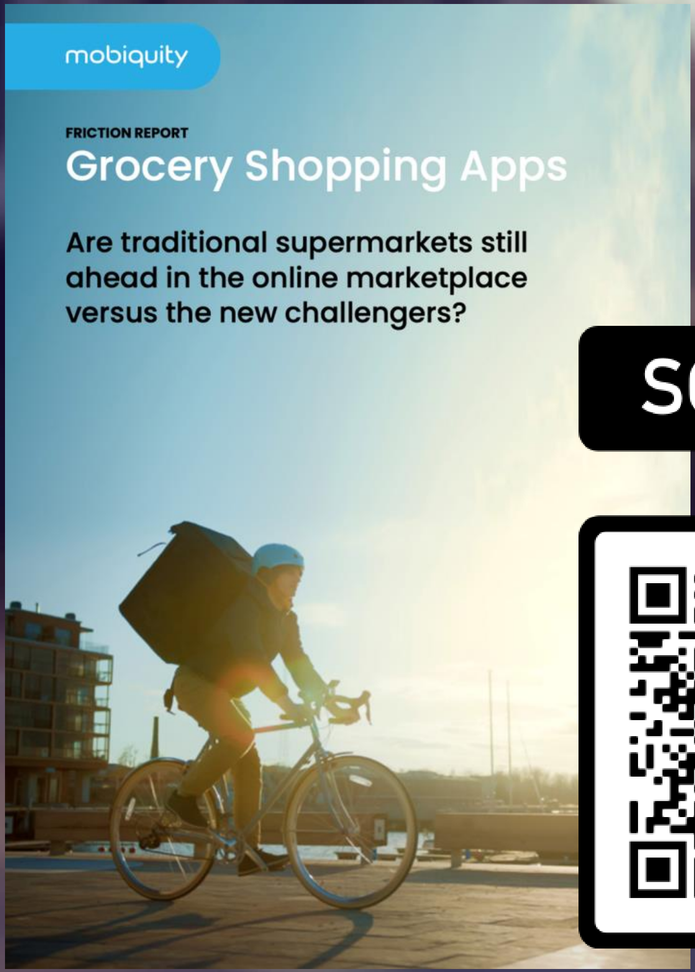
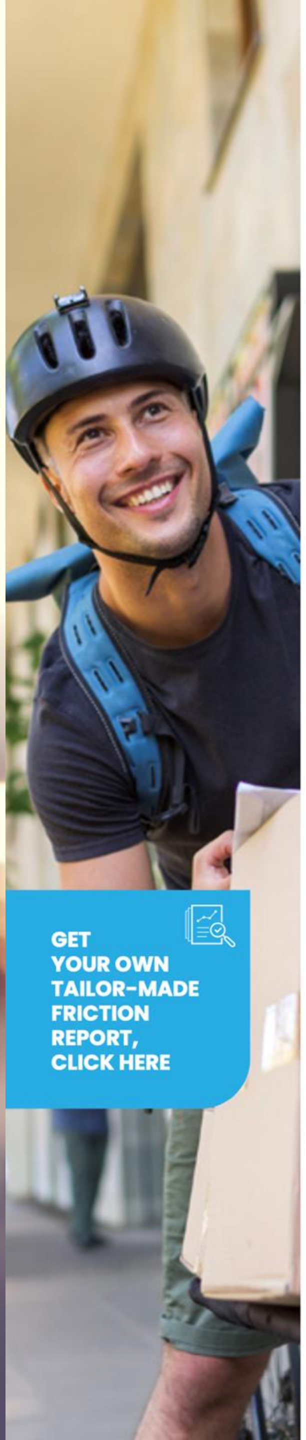
What do app ratings actually say?



SCAN ME



Despite the same app rating, challengers offer far better customer experience than traditional players

	Traditional	Challenger
Reviews	~16K Reviews	~5K Reviews
Period	Dec 2020 - May 2021	Dec 2020 - May 2021
App Rating	4.5	4.5
Feature Rating	3.2	4.1
Reviews citing satisfaction	34%	46%
Reviews citing bugs	16%	8%

	Traditional	Challenger
Customer support	4.0	4.2
Design & UX	4.0	3.8
Delivery	3.5	3.9
Price	3.3	3.8
Order	2.6	3.2
Payments	2.4	2.6
Onboarding	1.8	1.9
Reliability	1.7	1.8

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First conclusions ...

Most apps look the same. Mostly UX differs.

Top ones: Better UX, Content, Semi-Personalized, Recipes & Loyalty program.

New challengers less app friction.

Pure lack of fun & experiences during the in-app journey. Too much focus on conversion only.

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Gear 1 IGNITION: Spark ideas matching the needs of HEAVY buyers

Bring it to live

Live Food Commerce

Sharing is caring

Tell me what to make

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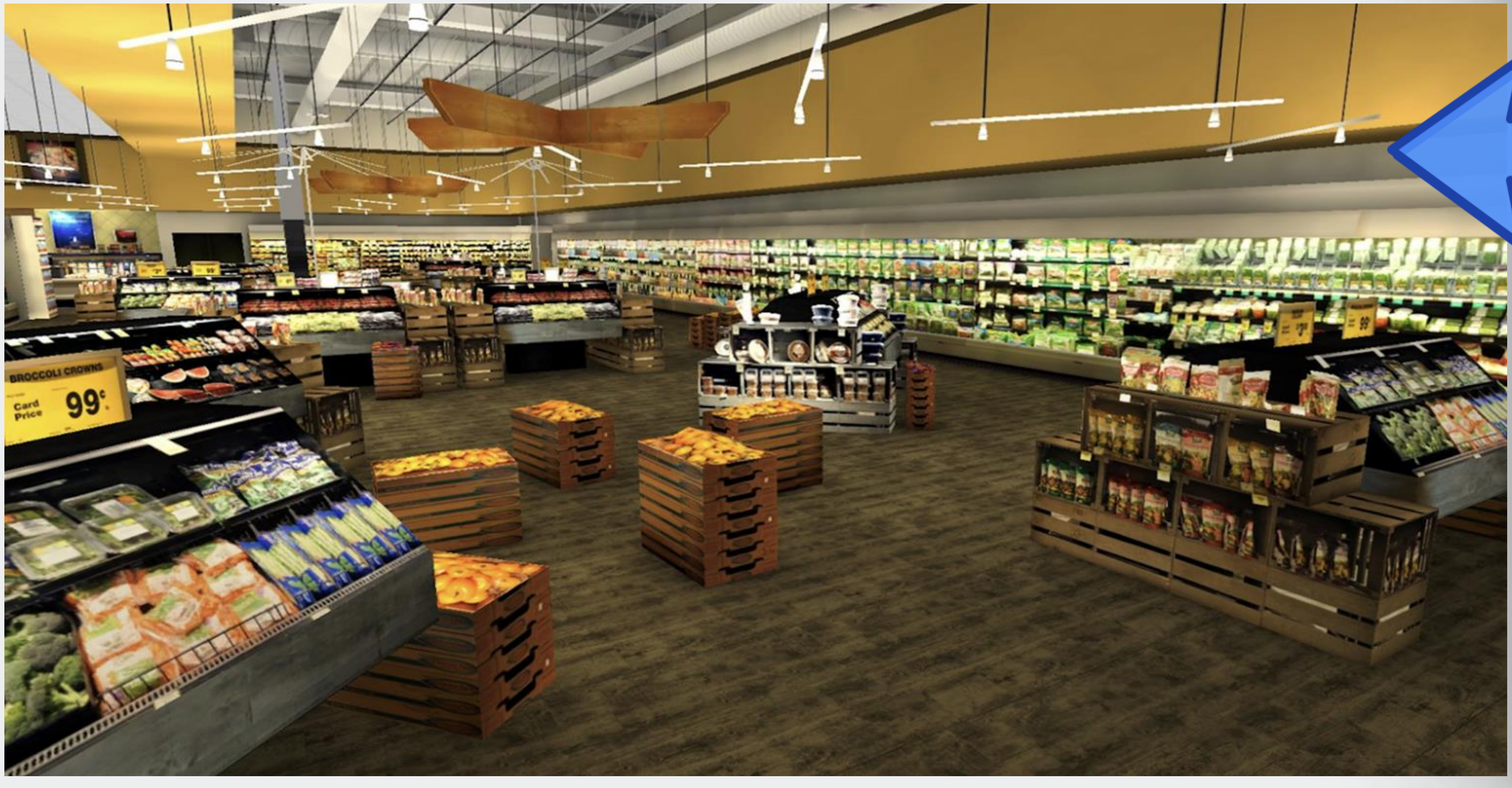
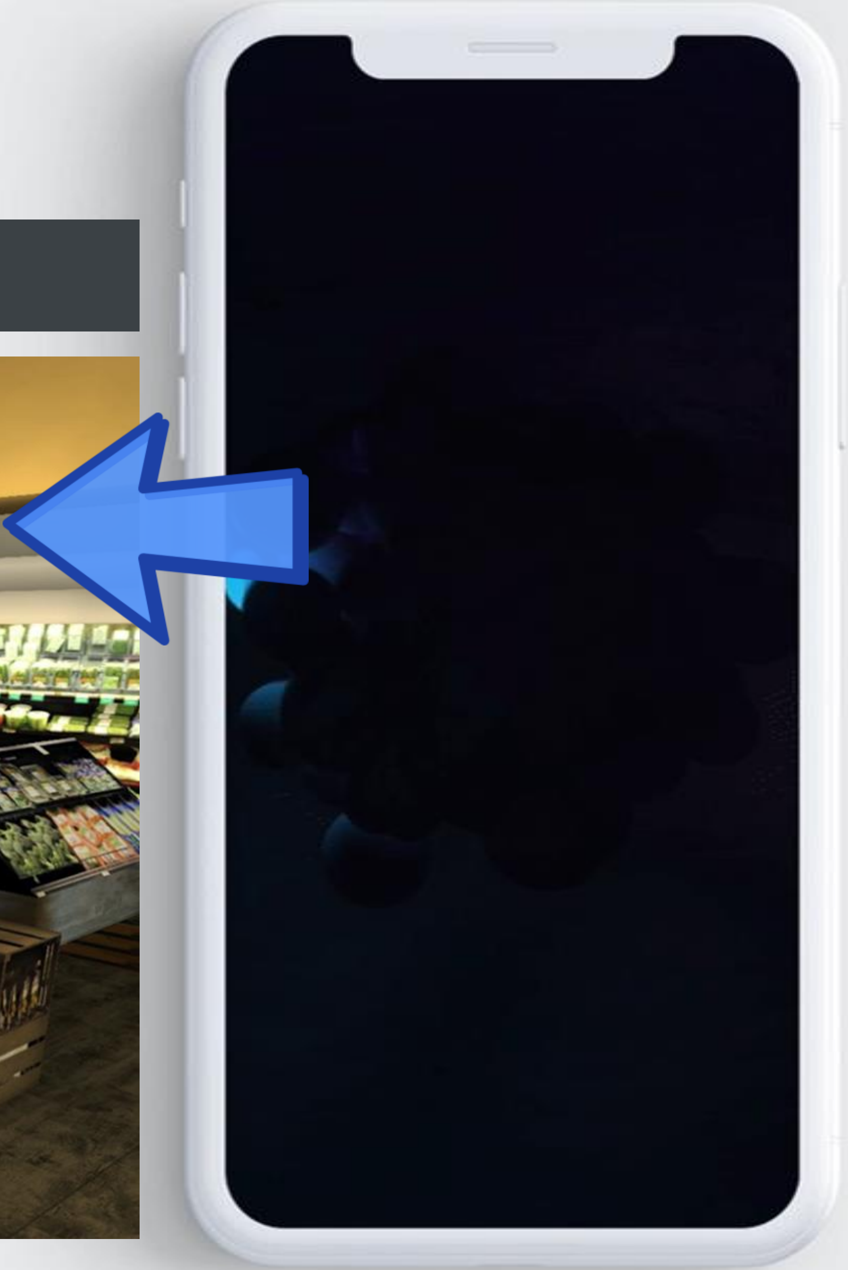
Gear 1 IGNITION: BRING IT TO LIVE





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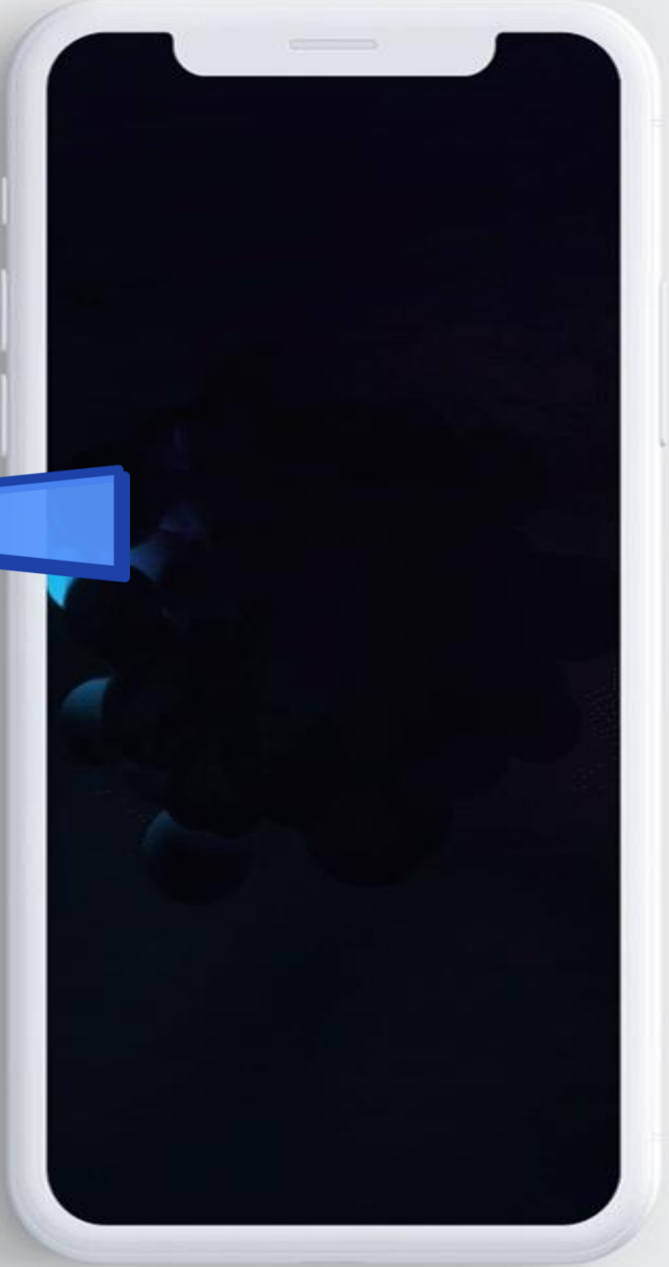
Gear 1 IGNITION: BRING IT TO LIVE



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Gear 1 IGNITION: BRING IT TO LIVE

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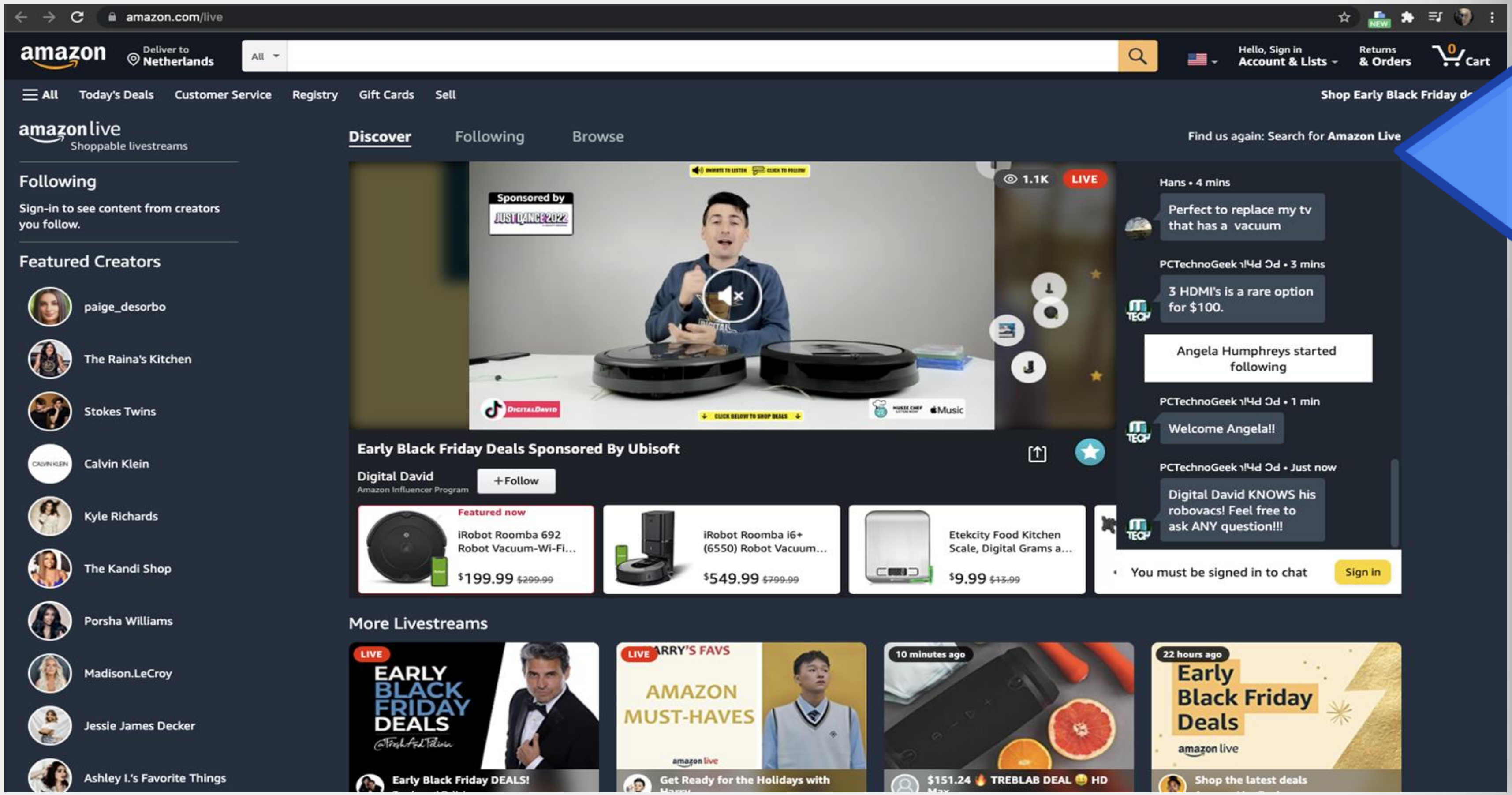
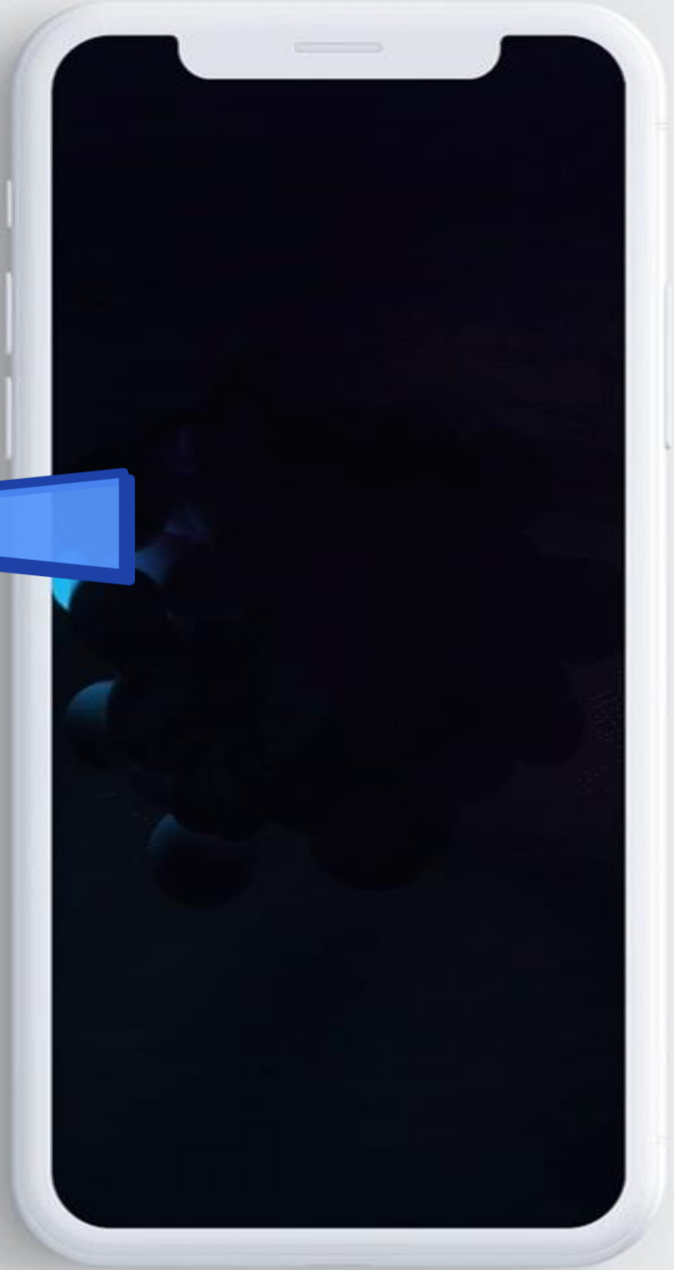
Gear 1 IGNITION: LIVE FOOD COMMERCE





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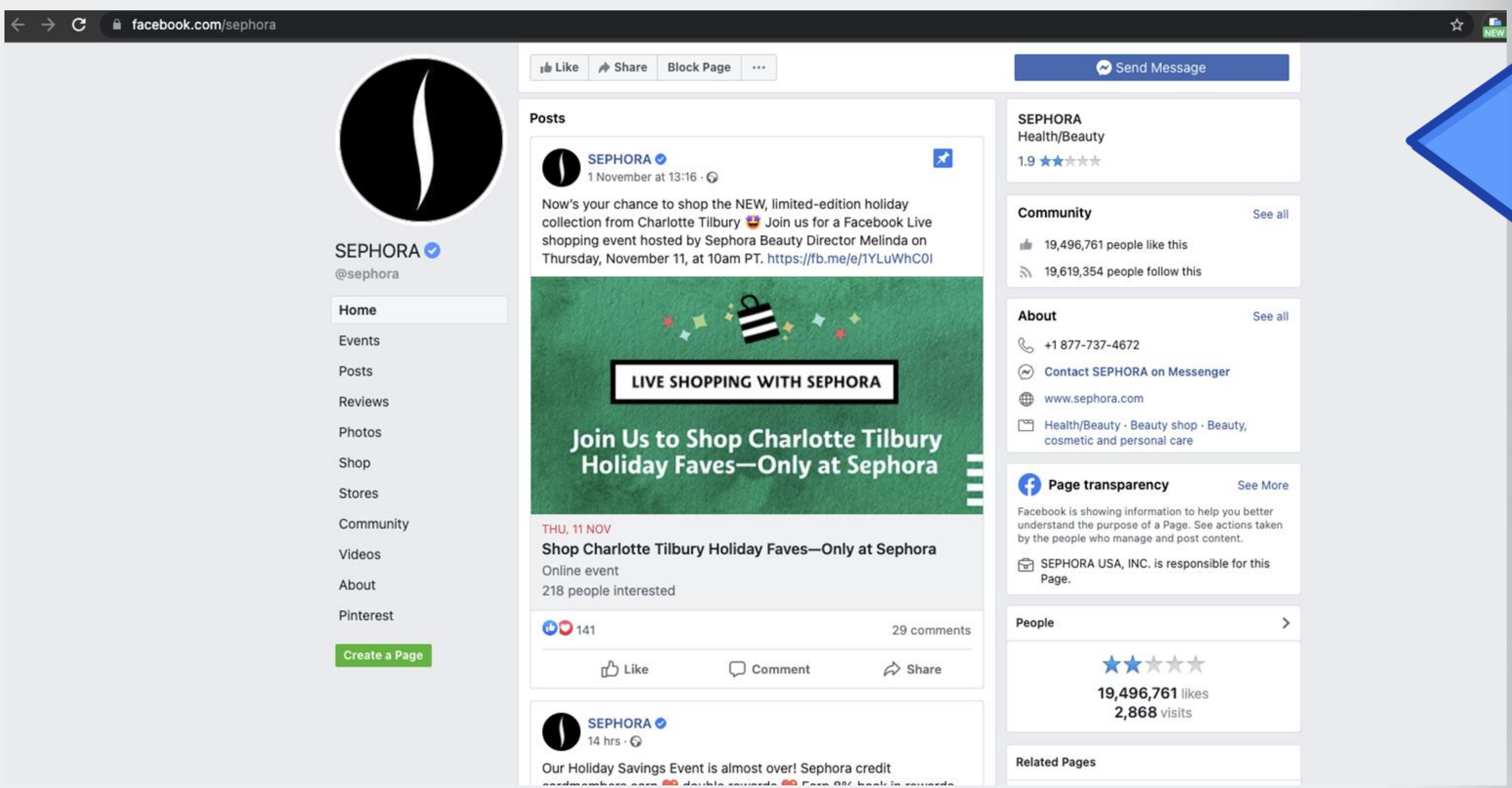
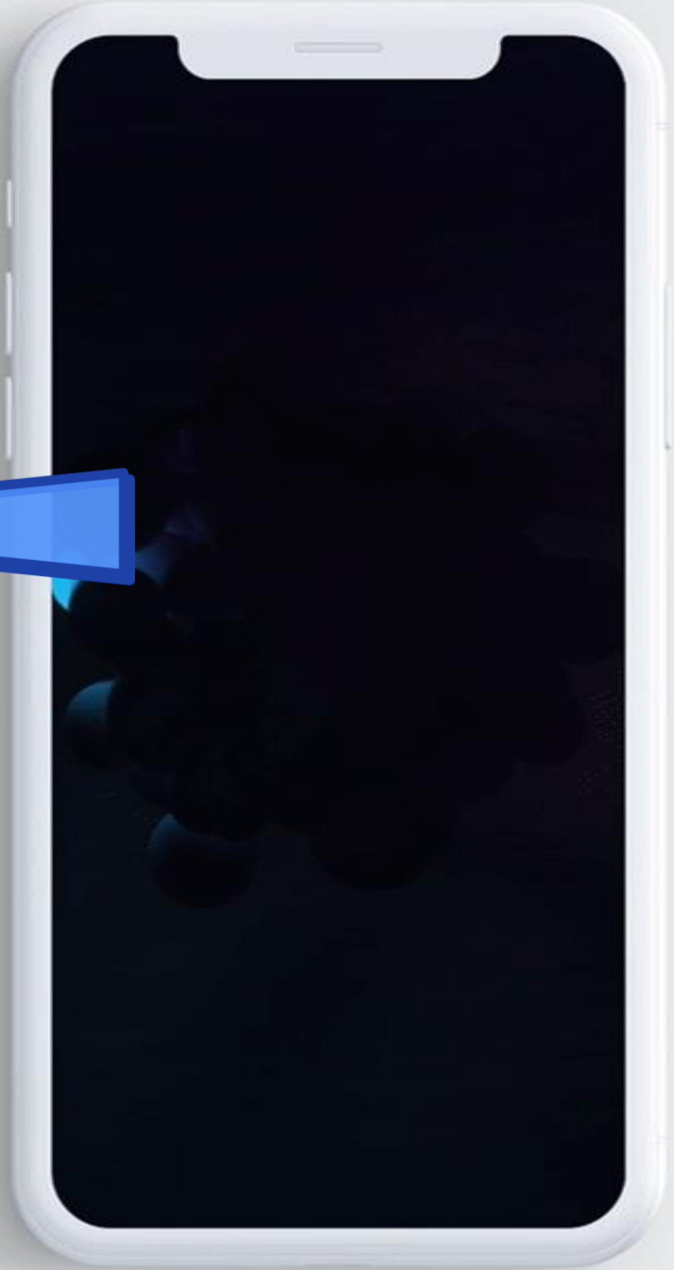
Gear 1 IGNITION: LIVE FOOD COMMERCE





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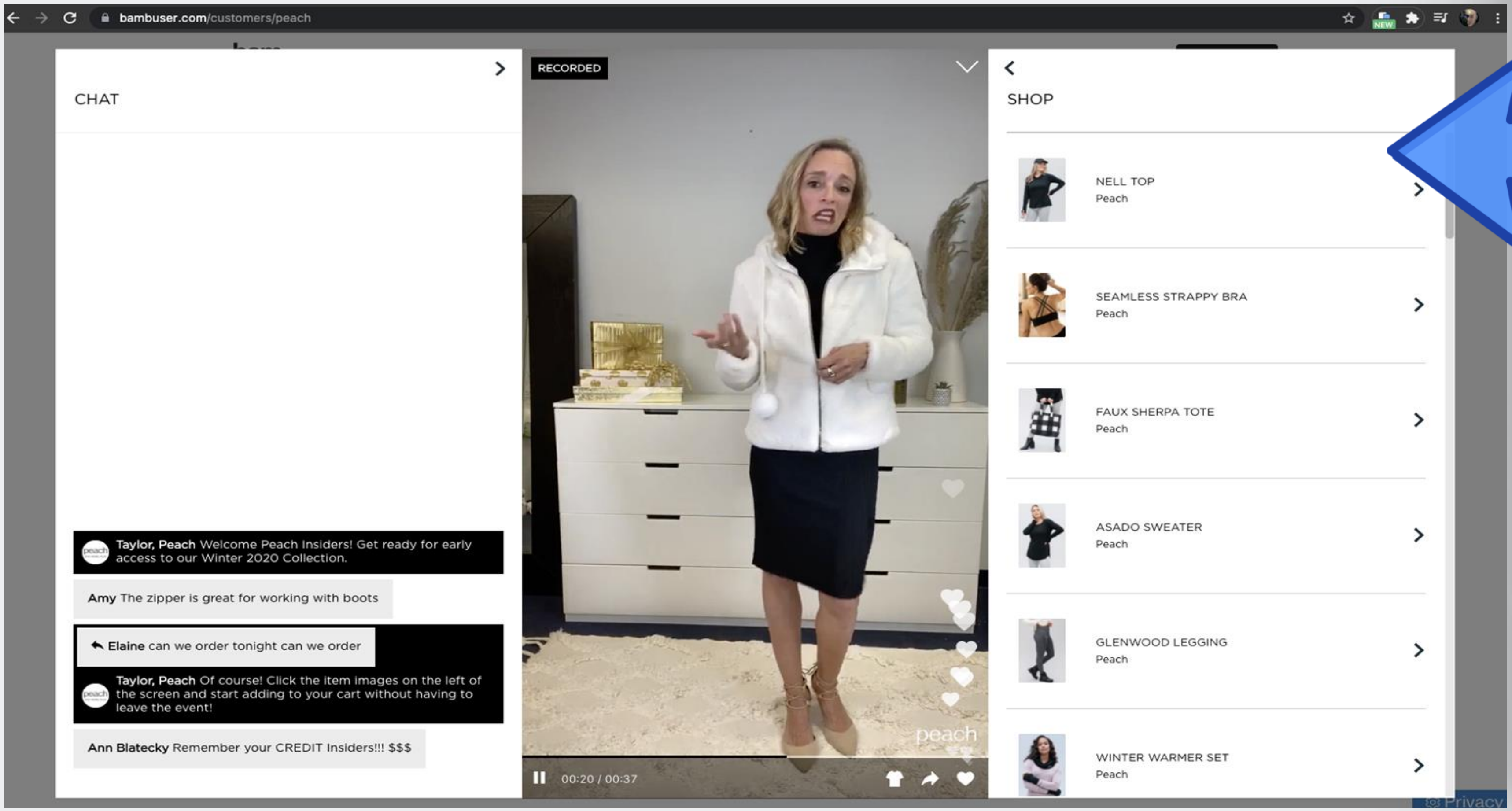
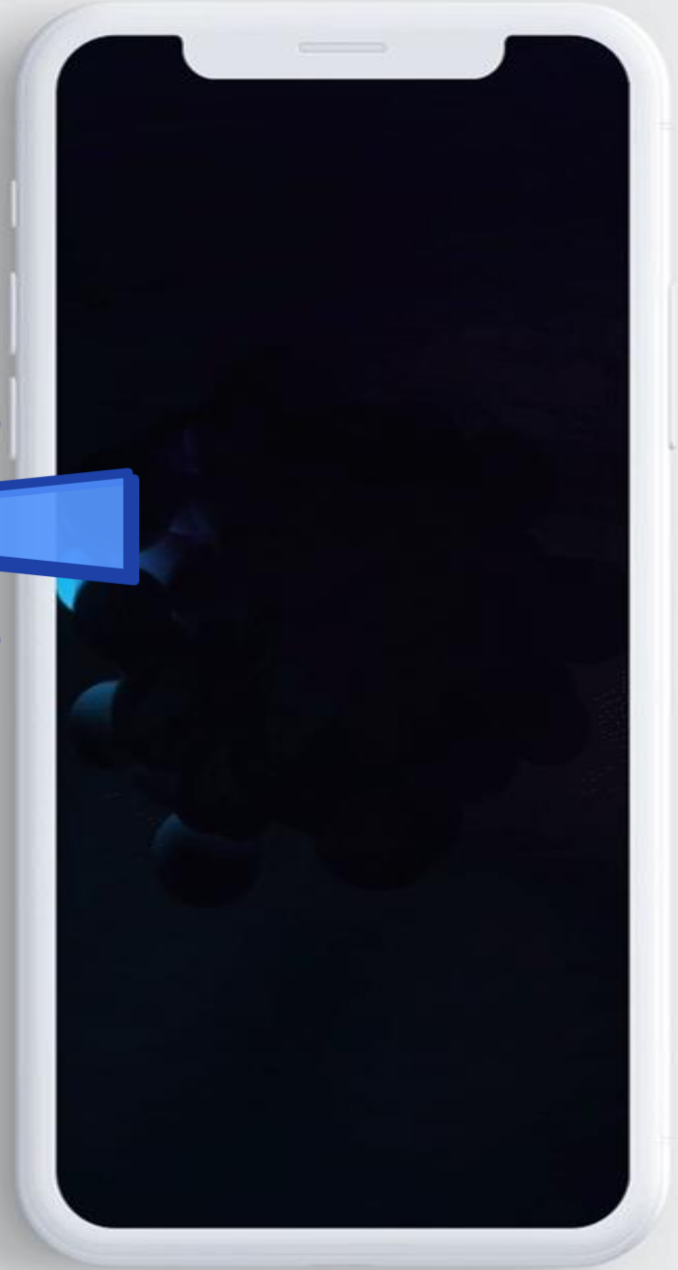
Gear 1 IGNITION: LIVE FOOD COMMERCE





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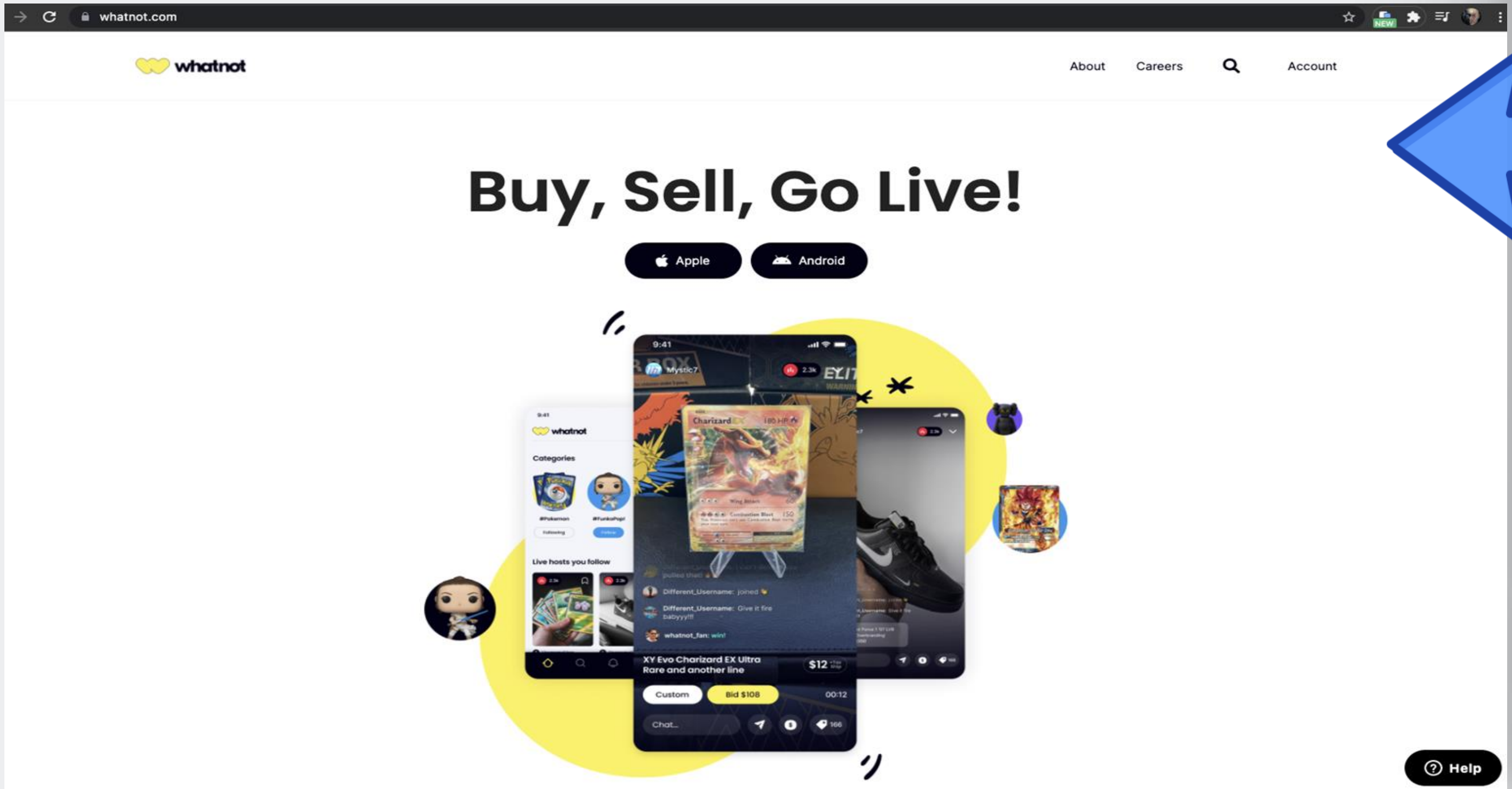
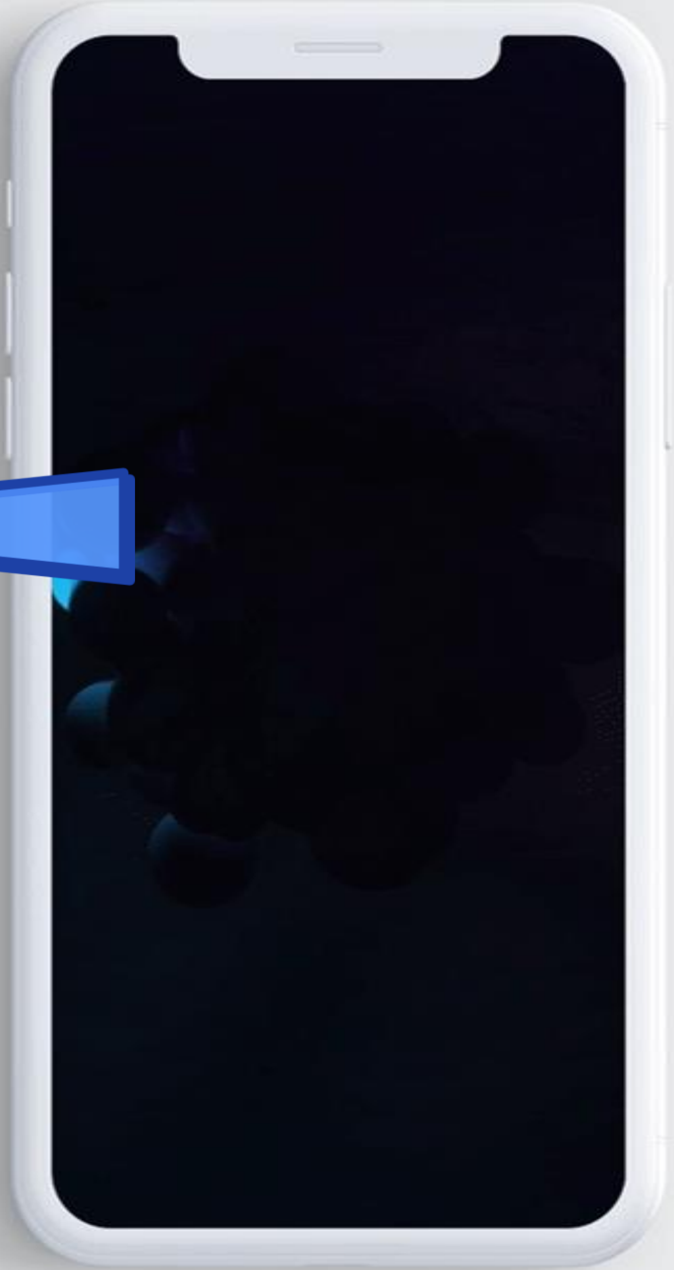
Gear 1 IGNITION: LIVE FOOD COMMERCE





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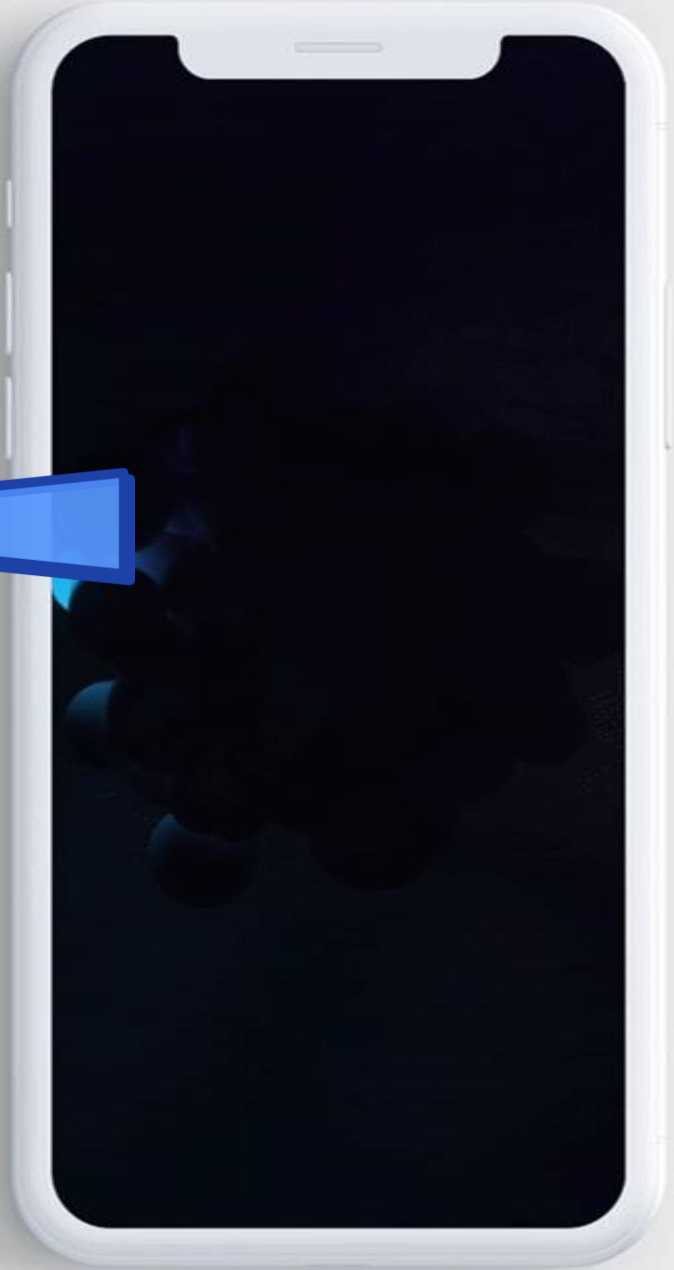
Gear 1 IGNITION: SHARING IS CARING



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Gear 1 IGNITION: SHARING IS CARING

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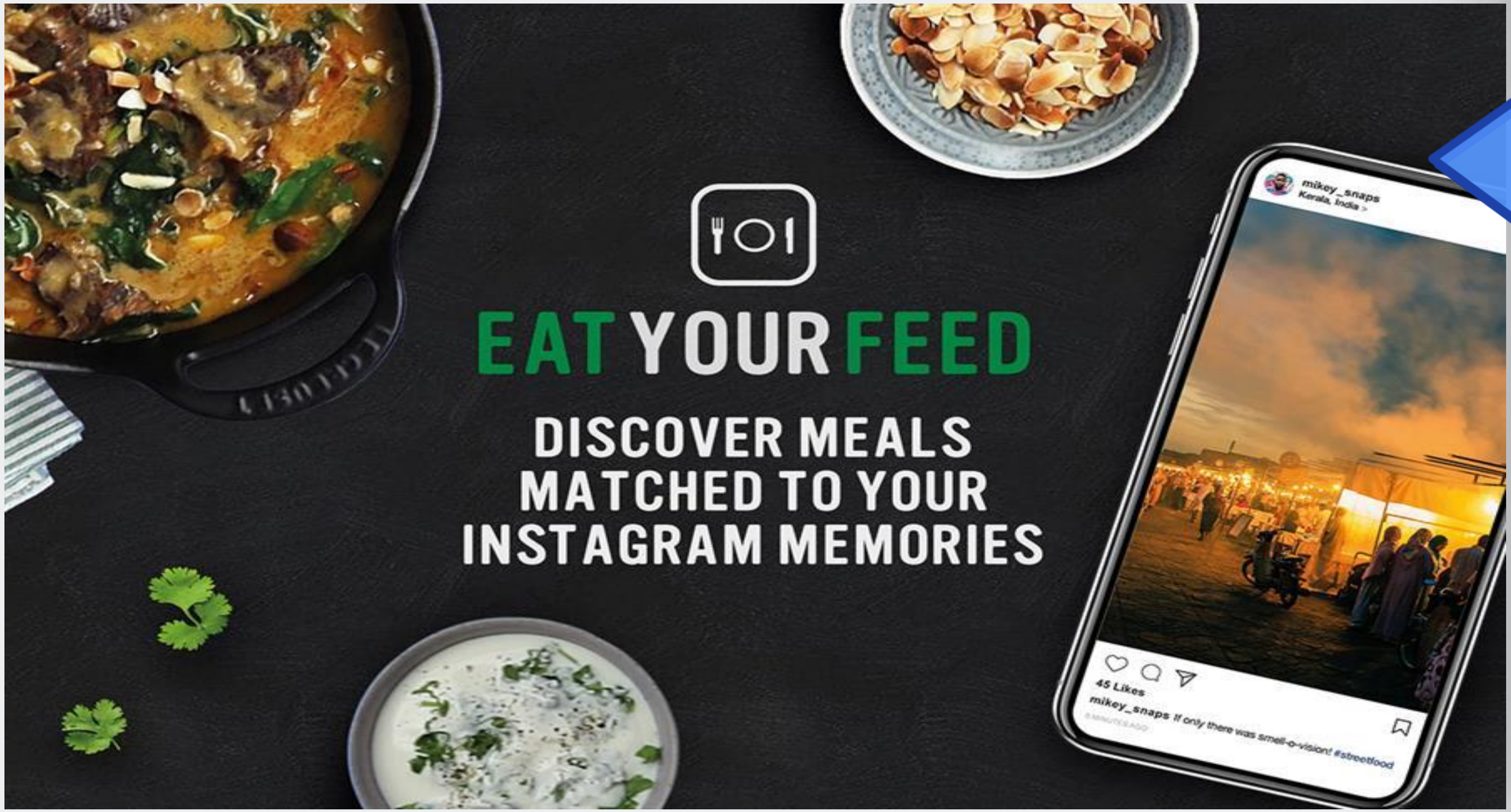
Gear 1 IGNITION: TELL ME WHAT TO MAKE



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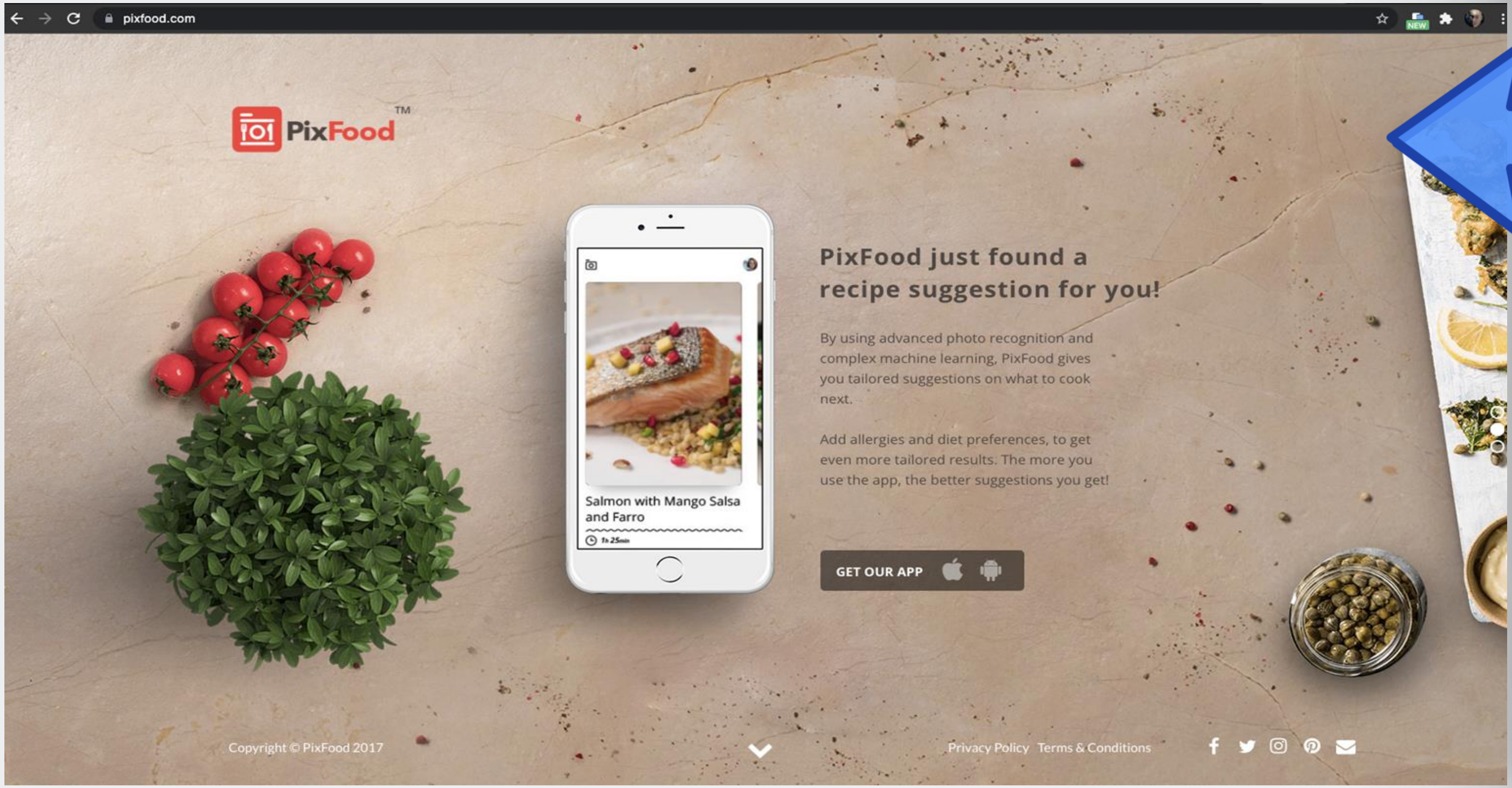
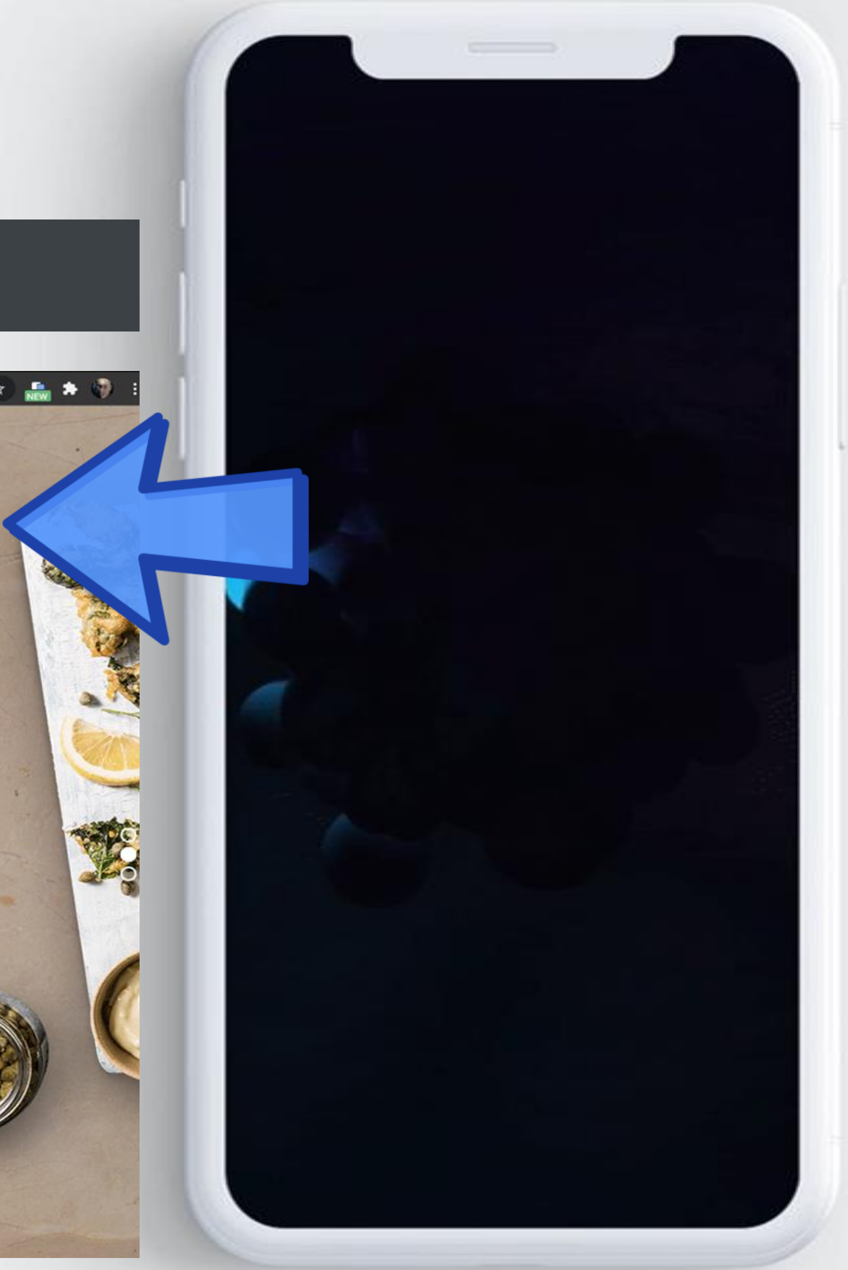
Gear 1 IGNITION: TELL ME WHAT TO MAKE





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Let’s look again at the hypothesis for the heavy buyers …

Creating a more **inspirational**, **personal** and **fun** online grocery shopping experience trip will create exponential growth

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Our **theoretic** assumption is ...

Let all HEAVY buyers buy 1 extra product [EUR 2] per trip

8 core countries: BE, NL, DE, IT, RU, CZ & PL

Based on GfK calculations

+ EUR 1.052.000.000 py

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What IF you want to start tomorrow?

People

Process

Platform

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What IF you want to start tomorrow?

Process

Mobiquity's Digital Traction Methodology

Ideas for Concepts		Valuable Concepts		MVP		Product	

Gear 1 **IGNITION**	Gear 2 **PROBLEM FIT**	Gear 3 **SOLUTION FIT**	Gear 4 **MARKET FIT**	Gear 5 **SCALE**
Spark ideas matching business and human needs through Design Thinking methodology	*Validate problem & potential solution with end-users*	*Develop a solution ready to be tested with end-users*	*Develop and prepare a solution to run in production*	*Listen and learn to capture new CX opportunities and build a product backlog*

CUSTOMER EXPERIENCE STRATEGY

DIGITAL PRODUCTS & SERVICES

DIGITAL BRANDING & MARKETING

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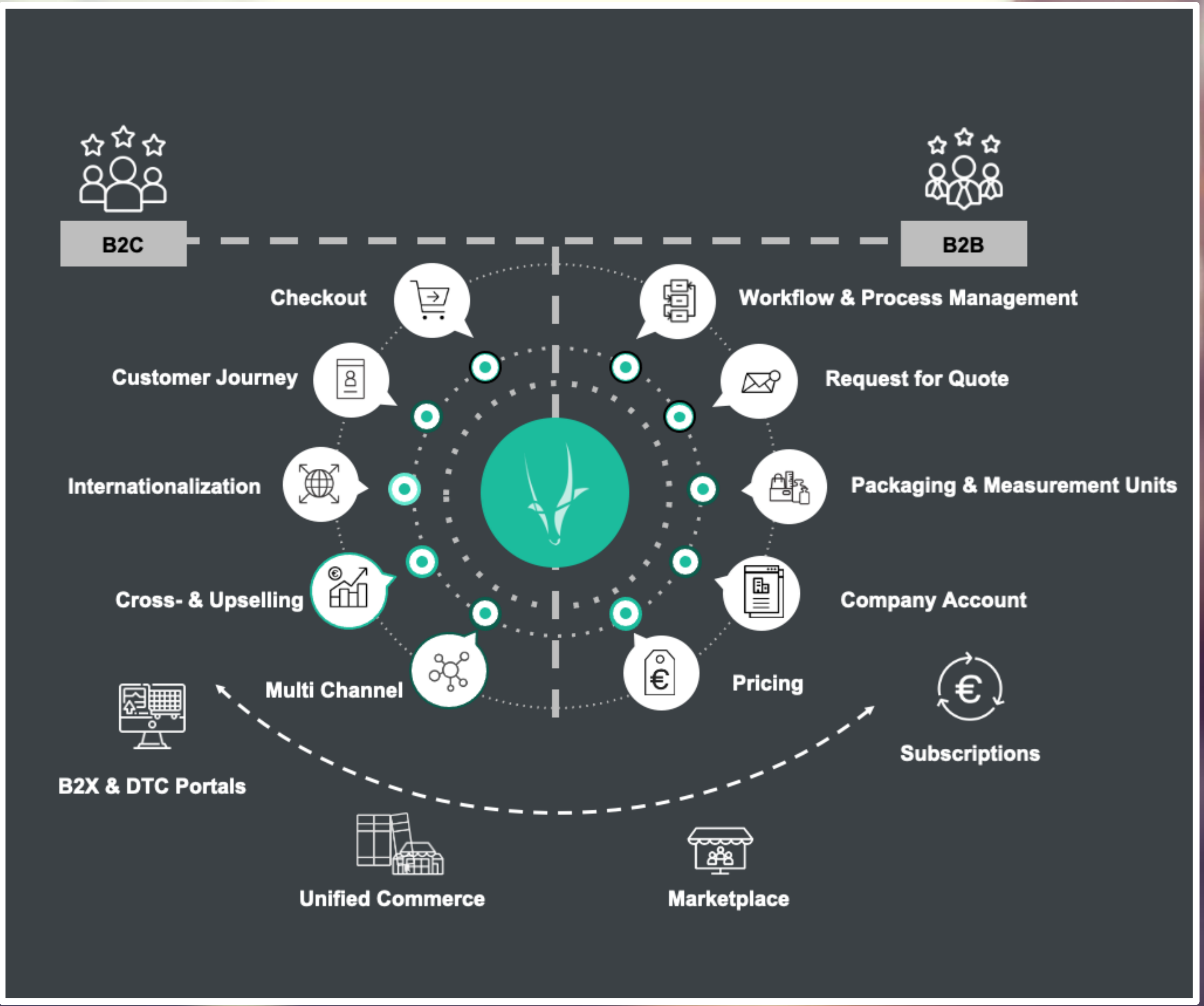
What IF you want to start tomorrow?

~~Platform~~

Composable Commerce



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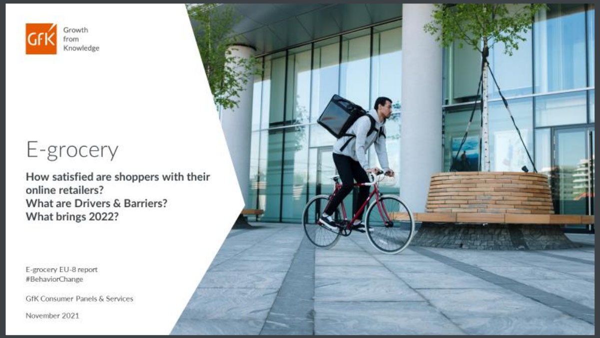
Shopper Data + **Strategic Insights** + **Digital Strategy** + **Digital Product**

E-grocery report available 1/12!

The new GfK E-grocery EU-8 report delivers answers with a special focus on the online shopping experience!



?

- Who shops online, who doesn’t – and why?
- What channels and models are preferred?
- What categories are bought?
- For what occasions are groceries bought online?
- How satisfied are shoppers with their main online retailer?
- What drives shoppers (dis)satisfaction when shopping groceries online?
- What are barriers for e-refusers?
- What are specific differences towards stationary shopping?
- Who is already using flash delivery and where is it heading?
- What is wanted next and how will e-grocery behaviour change in 2022?

#BehaviorChange

Study Design

GfK E-grocery report EU-8 November‘21

SCOPE (EU-8)	**Austria** (n=916), **Belgium** (n=949), **Czech Republic** (n=981), **Germany** (n=942), **Italy** (n=967), **Netherlands** (n=929), **Poland** (n=923), **Russia** (n=940)
SURVEY	Online, access panel LOI: up to 15 minutes Field: November 2021
TARGET GROUP	Age 18+ yrs, (partly) responsible for the purchase of everyday products, n=7.547 • Online buyer (<12 months) • Non online buyer (>12 months, never)
METHOD	• Satisfaction analysis via Key Driver Analysis (KDA) • Barrier analysis via MaxDiff-Scaling
OUTPUT	• Power Point Report • Access to GfK´s insight hub for the detailed answers