Uncovering friction in e-Grocery

Experience as a growth driver

25 November 2021

GfK CPS

Lenneke Schils
Global Insights Director

mobiquity

Danny Groenenboom
Strategy Director Europe

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

POLL

How much of your own food purchase happens online?

a. none
b. 0-25%
c. 25-50%
d. >50%

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

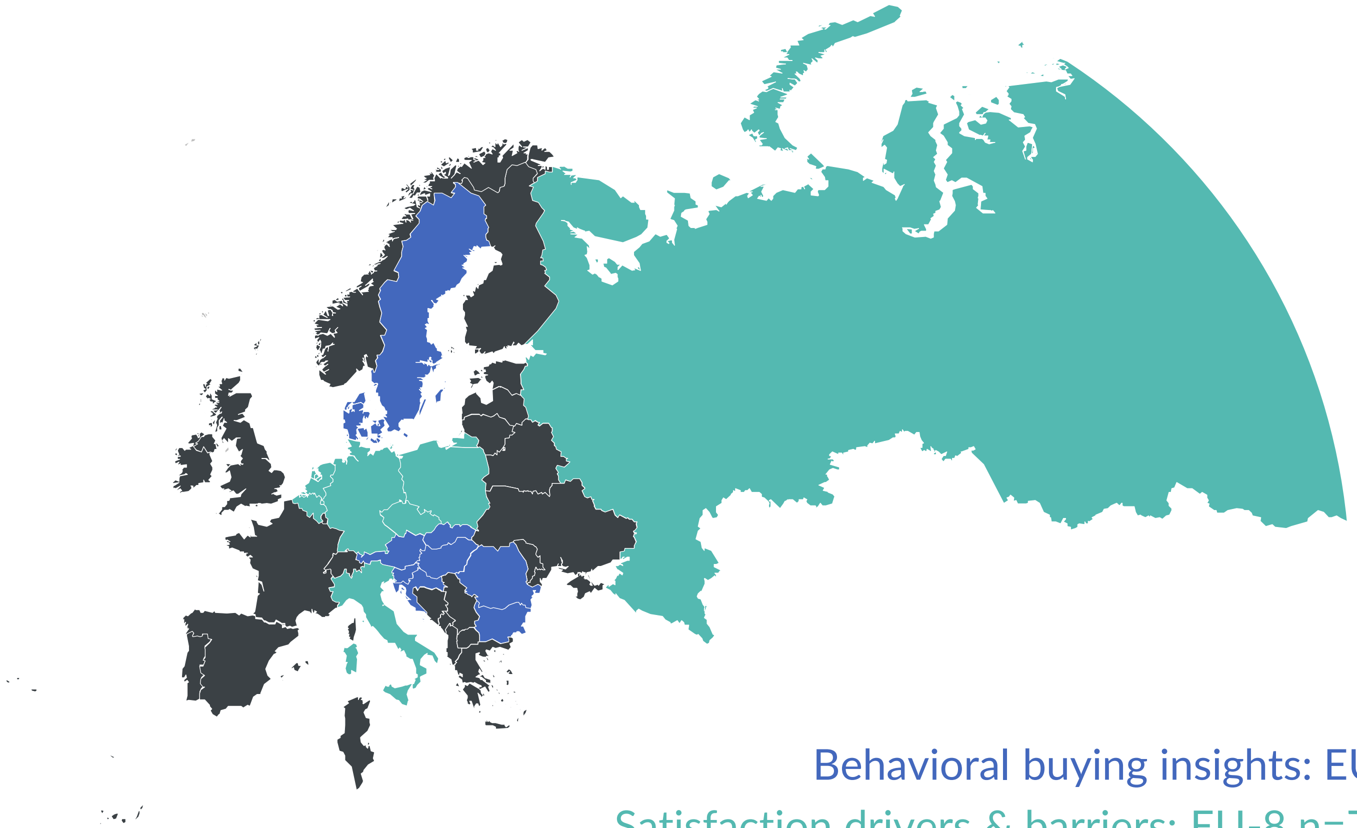
- Structure your way from idea to innovation
- Inspiration for innovation based on GfK insights
- Tricks & tricks to start tomorrow

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

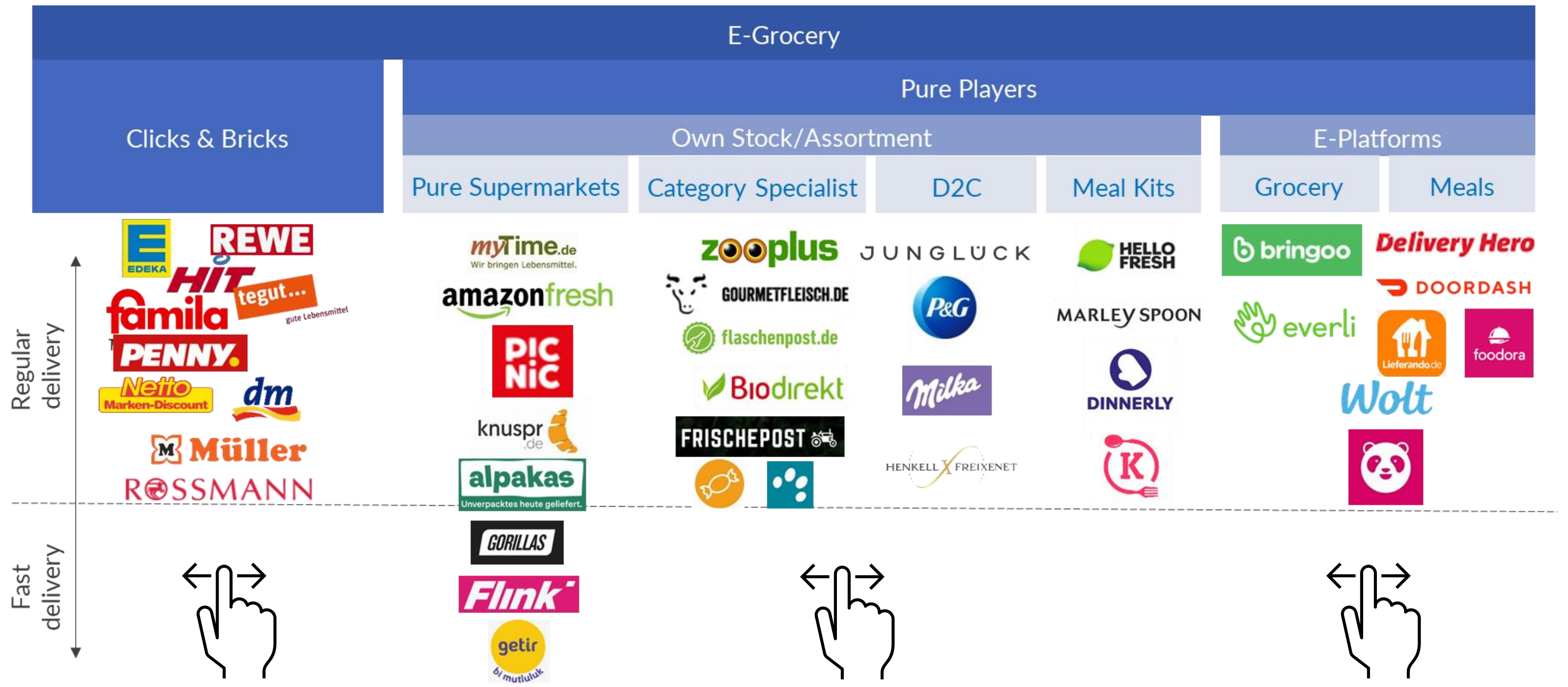
EU-15 *AT BE BG CZ DE DK HR HU IT NL PL RO RU SE SK*

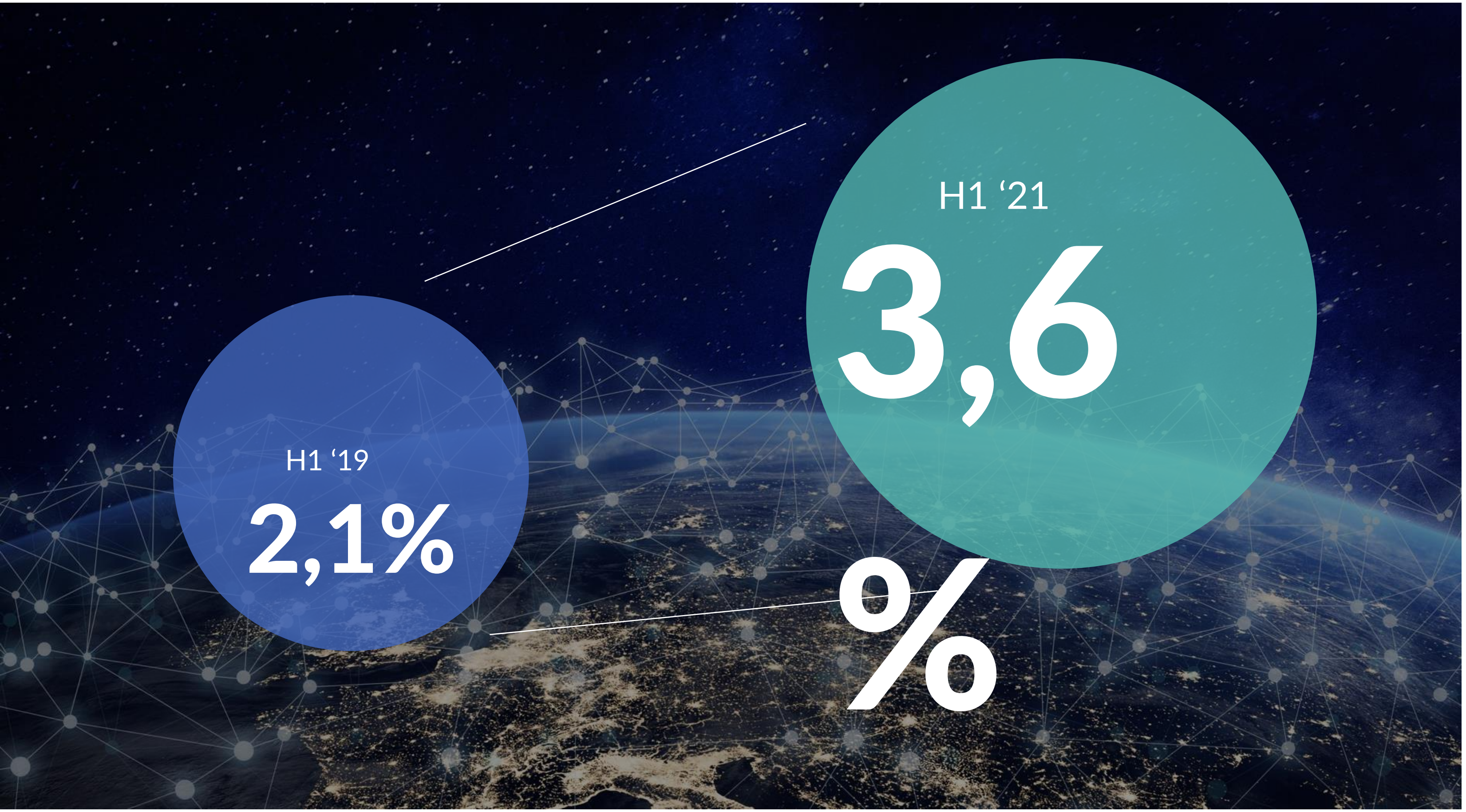
EU-8 *AT BE CZ DE IT NL PL RU*

The e-Grocery landscape

The e-grocery landscape is exponentially expanding

Germany



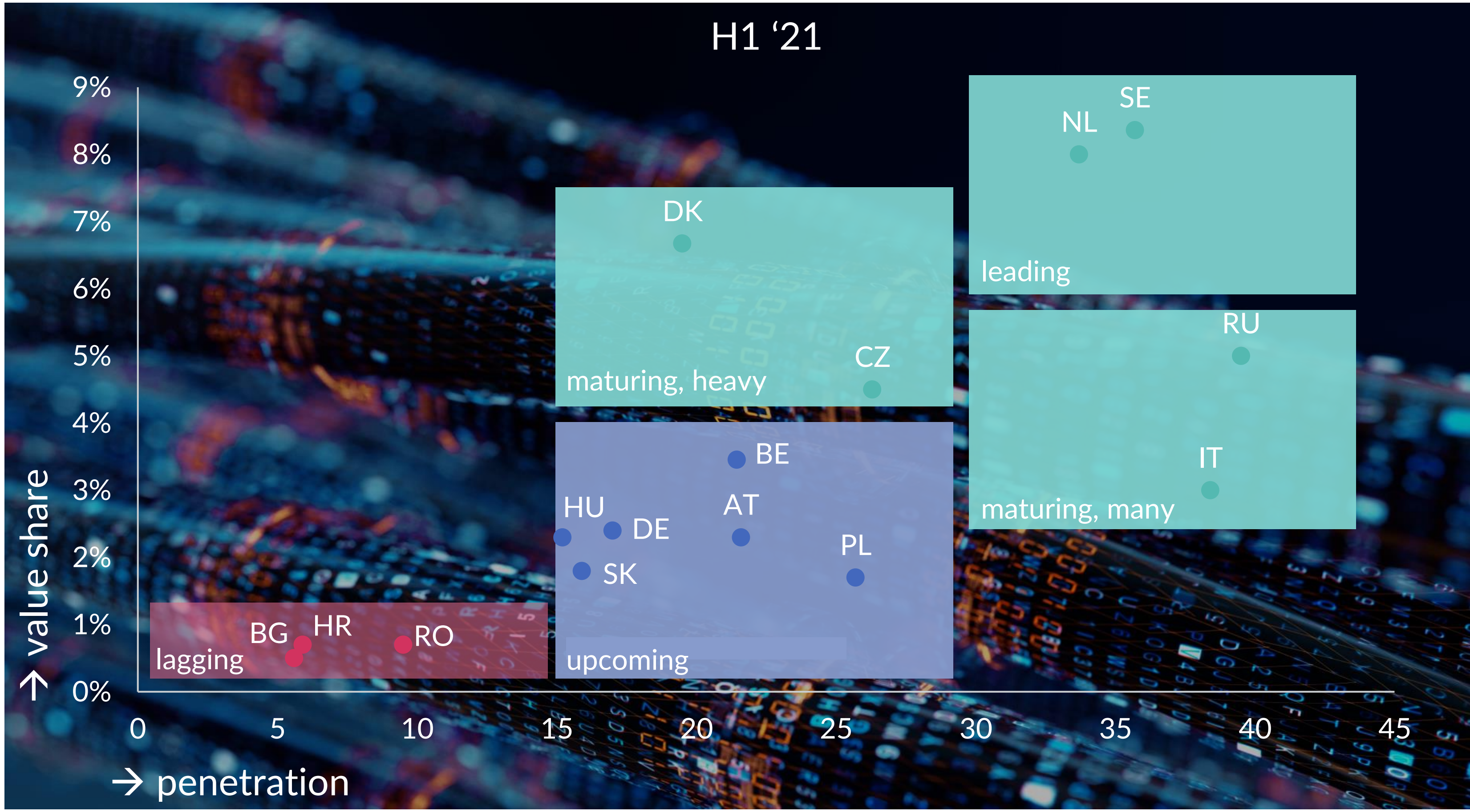


E-grocery value share nearly doubled in 2 years

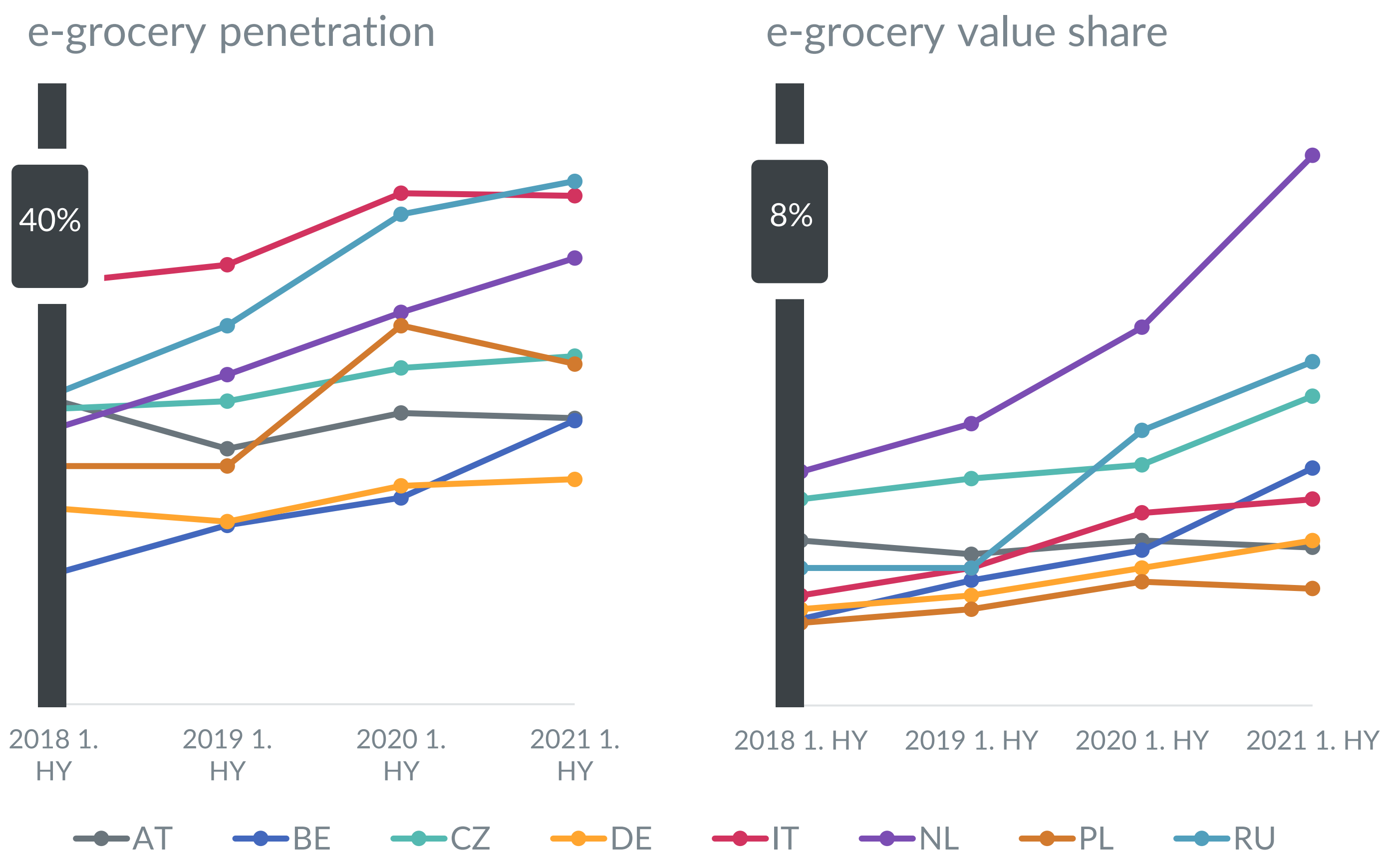
EU-15

The e-Grocery landscape

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

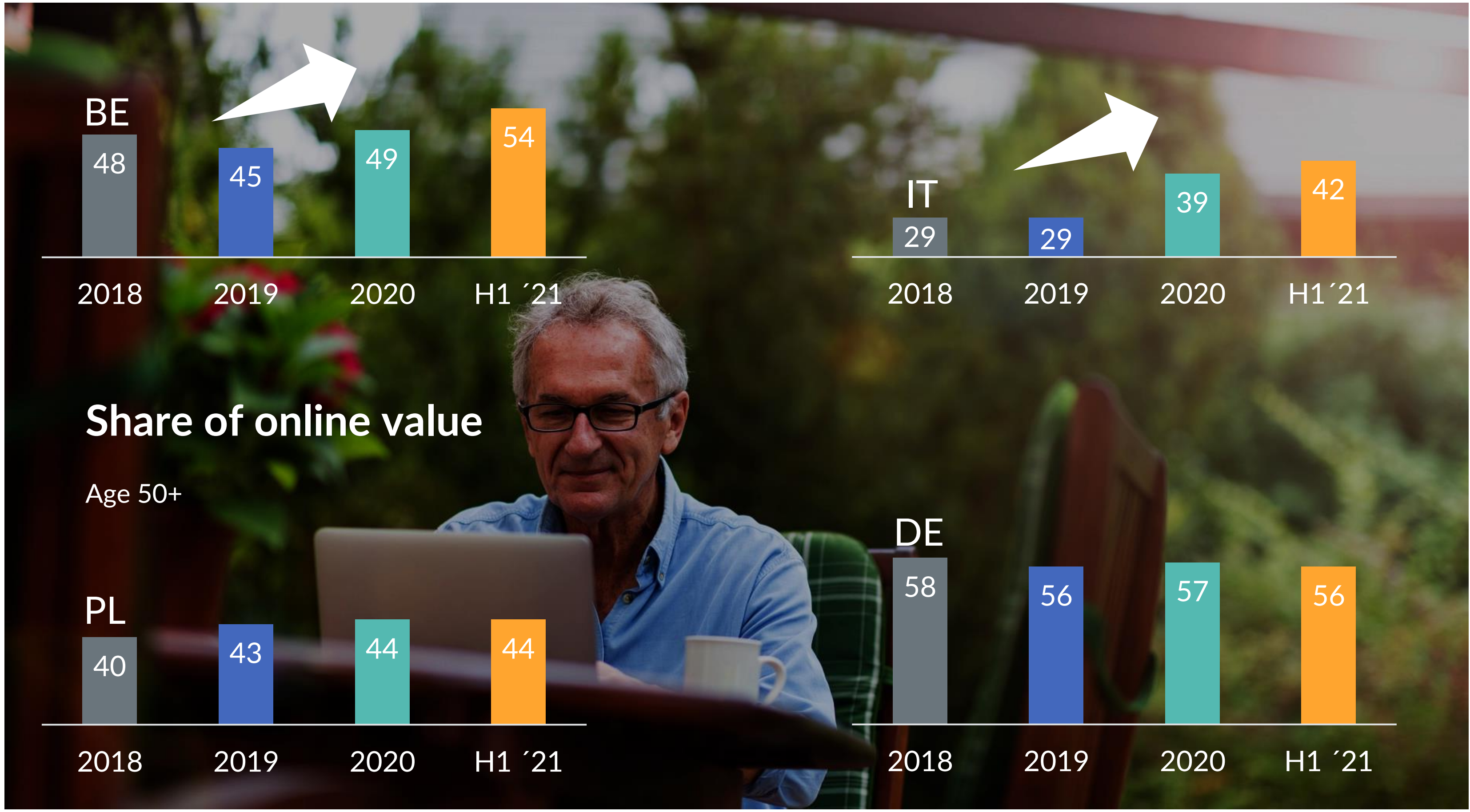


The e-Grocery landscape



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

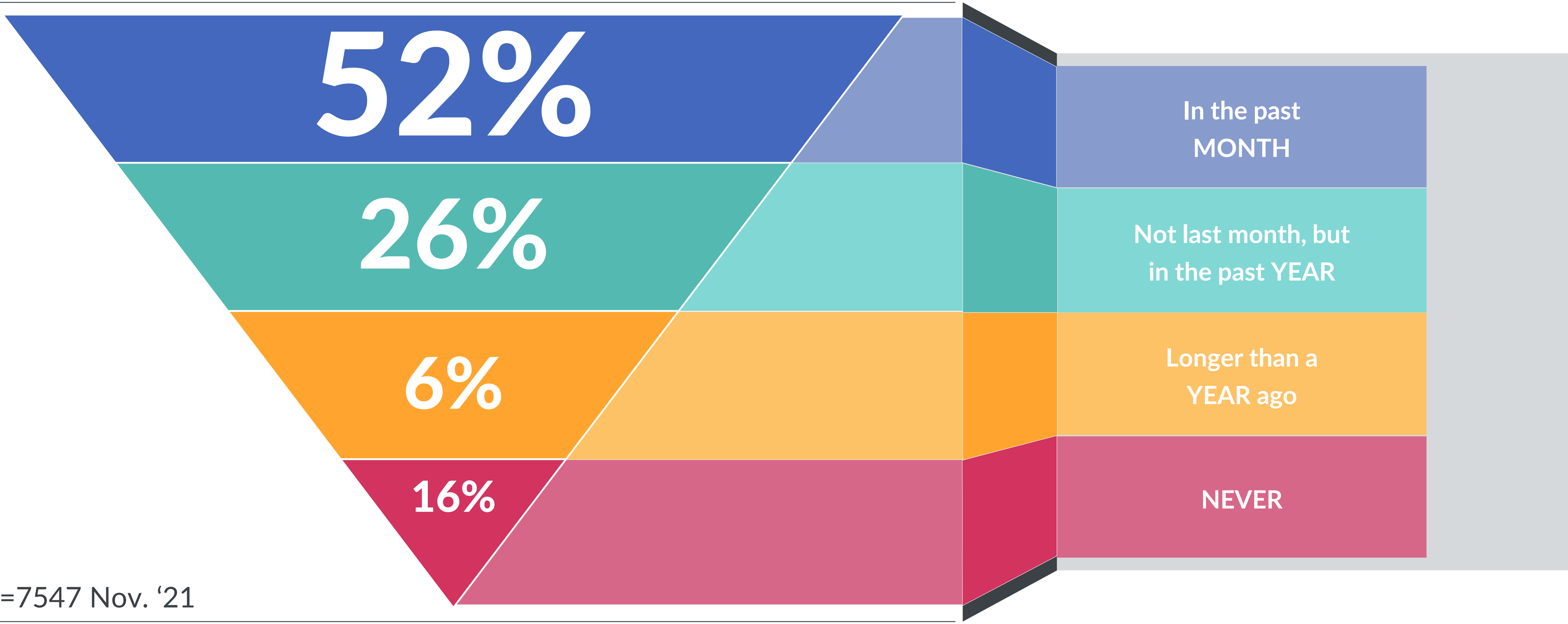
E-grocery ‘maturing’ as it is increasingly attracting valuable shoppers aged 50+



However….

Buying EVERYDAY GOODS online undeniable part of daily life

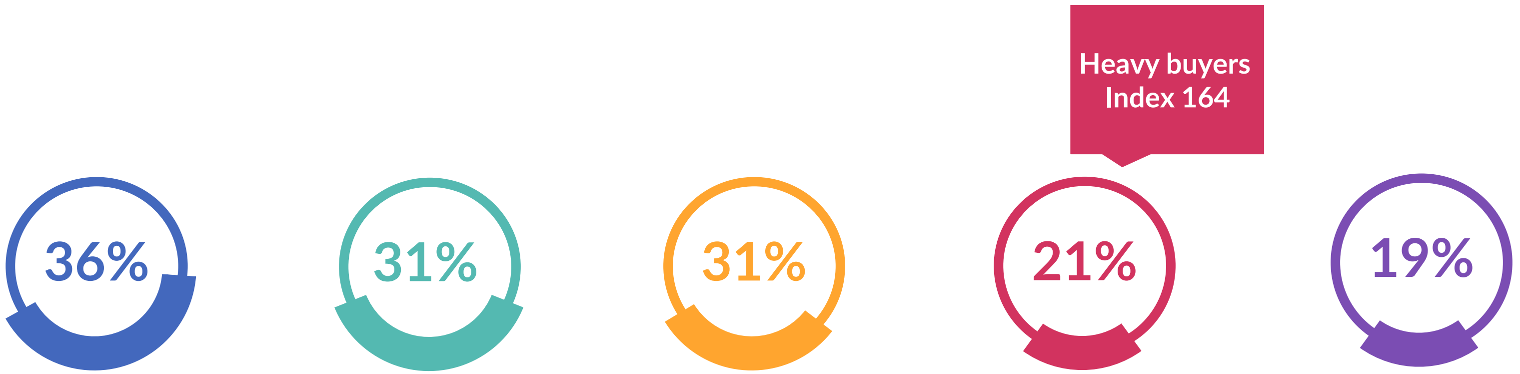
The e-Grocery landscape



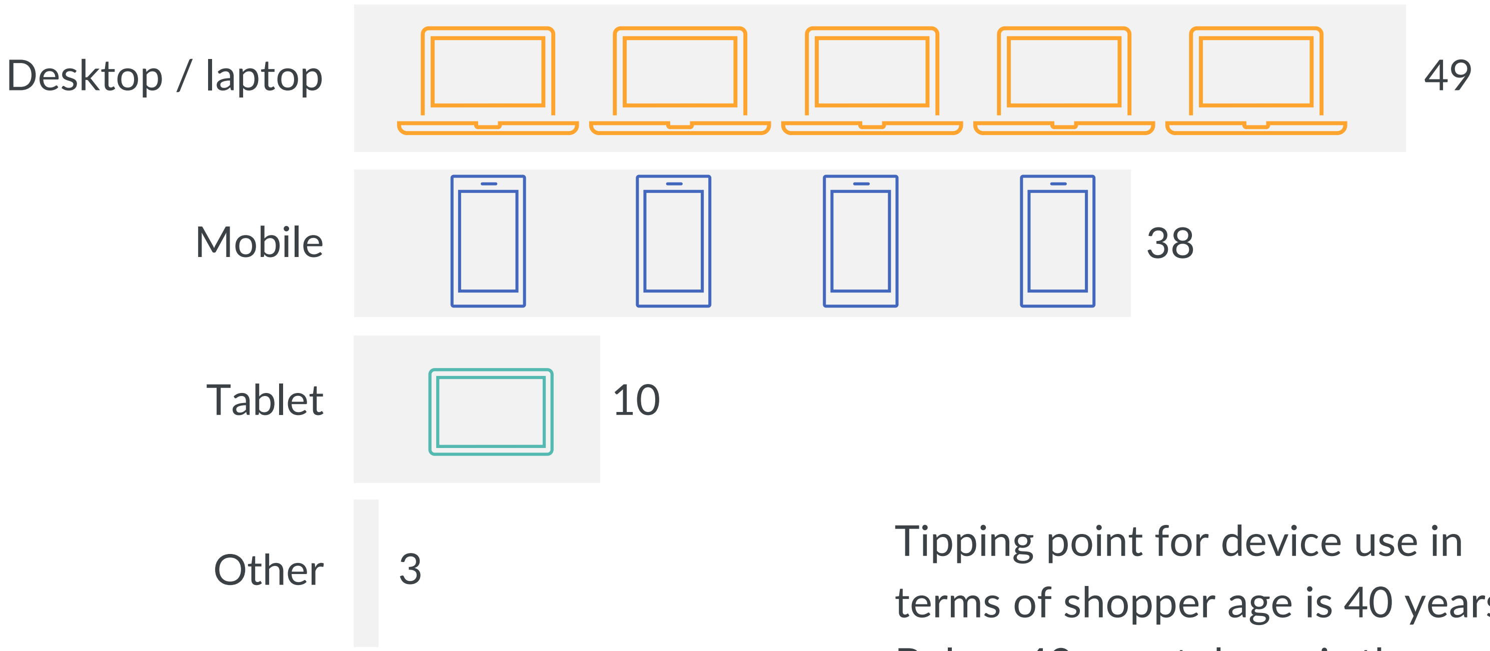
EU-8 n=7547 Nov. ‘21

As shoppers mature, ux increasingly a driver for retailer choice

Top 5 reasons to start



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



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

Attribution of 100 points to devices used to BUY

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

Non-buyer barriers

Preferring physical is emotional

(Social) experience most important barrier

Non-buyer barriers

Appreciate the experience of going to the store

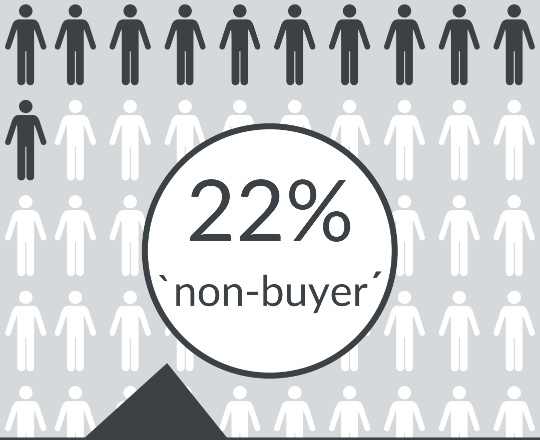
I cannot judge the quality of products

I want to have social contact

I can't buy all products online

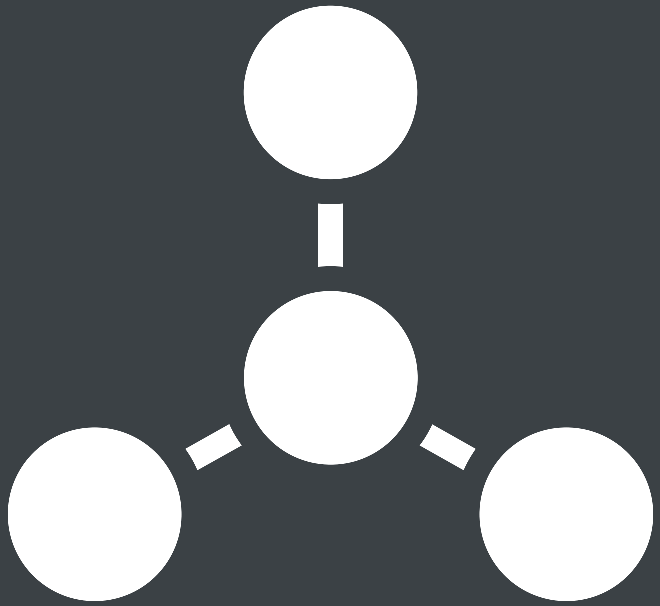
Does not offer me any advantage

Products not immediately available



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

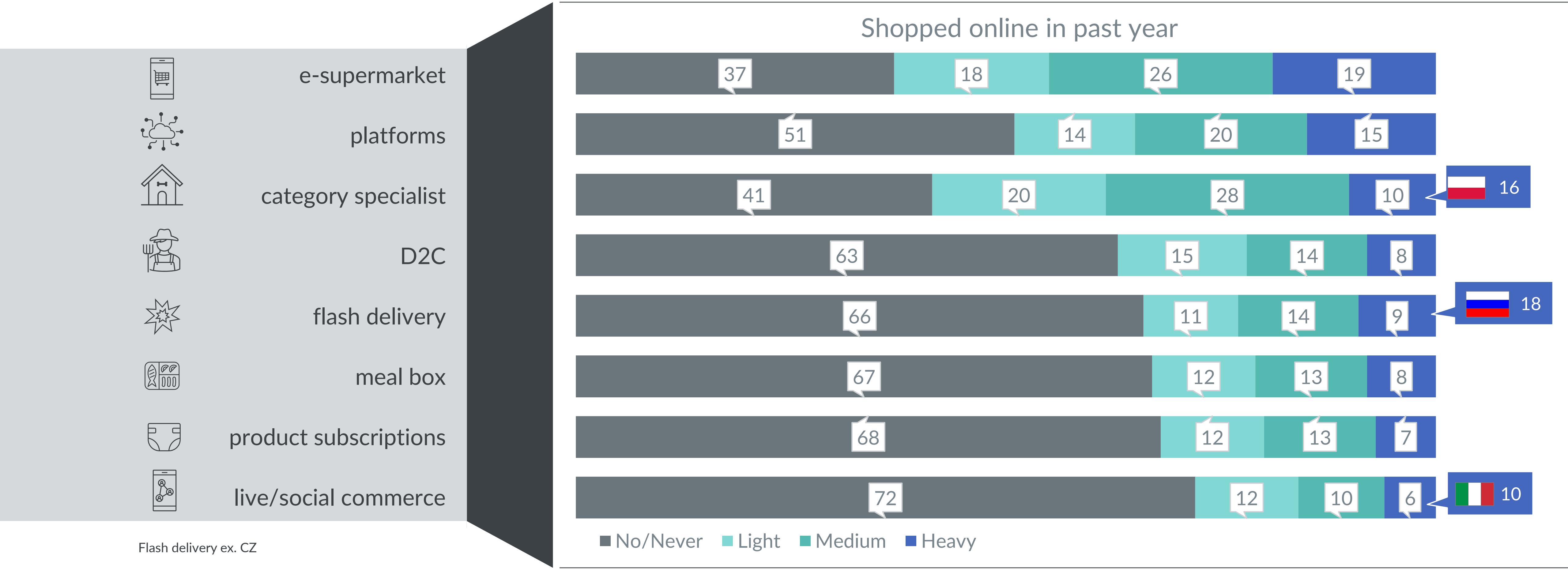
Channel choices now & next



E-supermarkets and specialists most used

Live commerce and flash delivery reach about 30%

Channel choices now & next



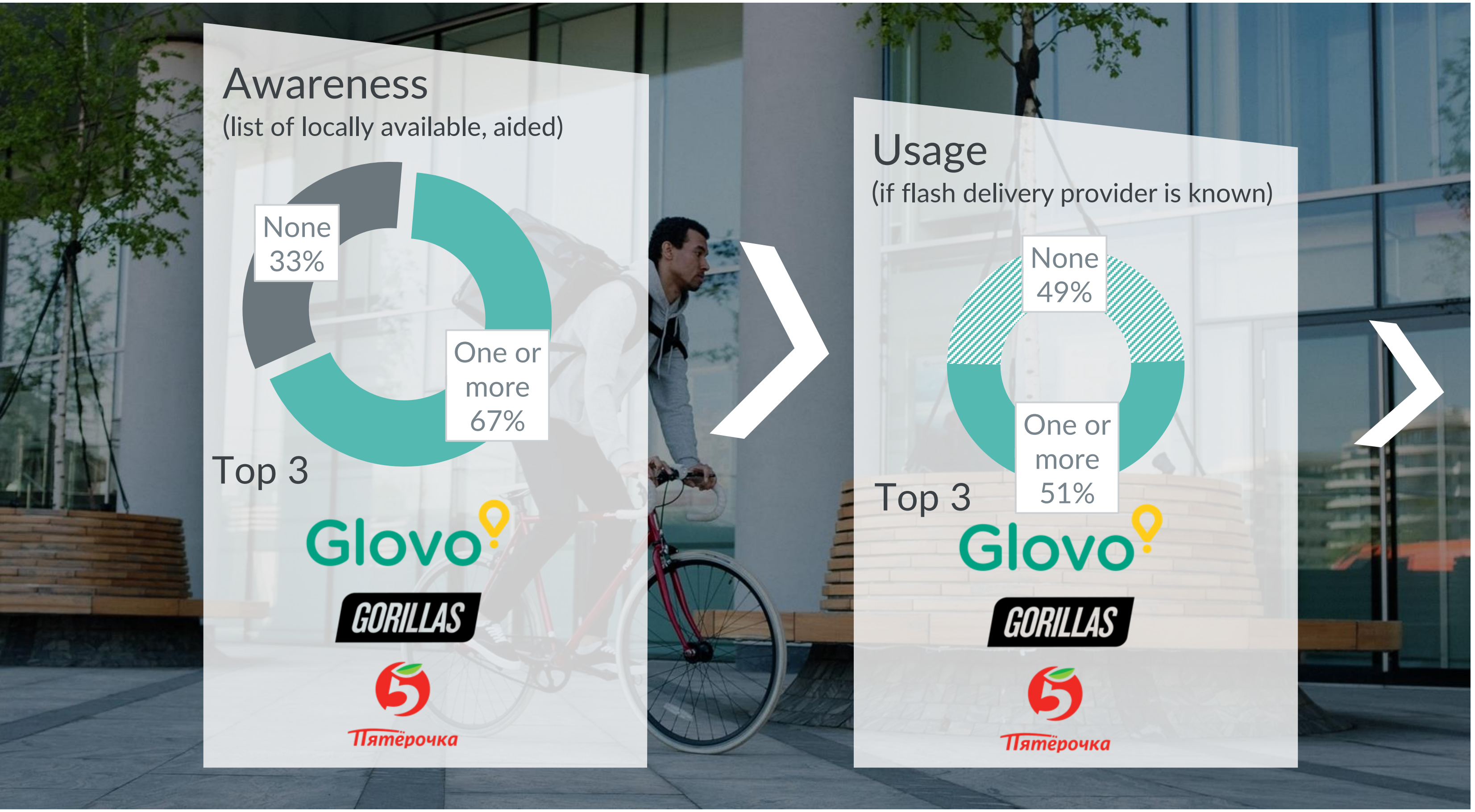
Flash delivery ex. CZ

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



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%

POLL

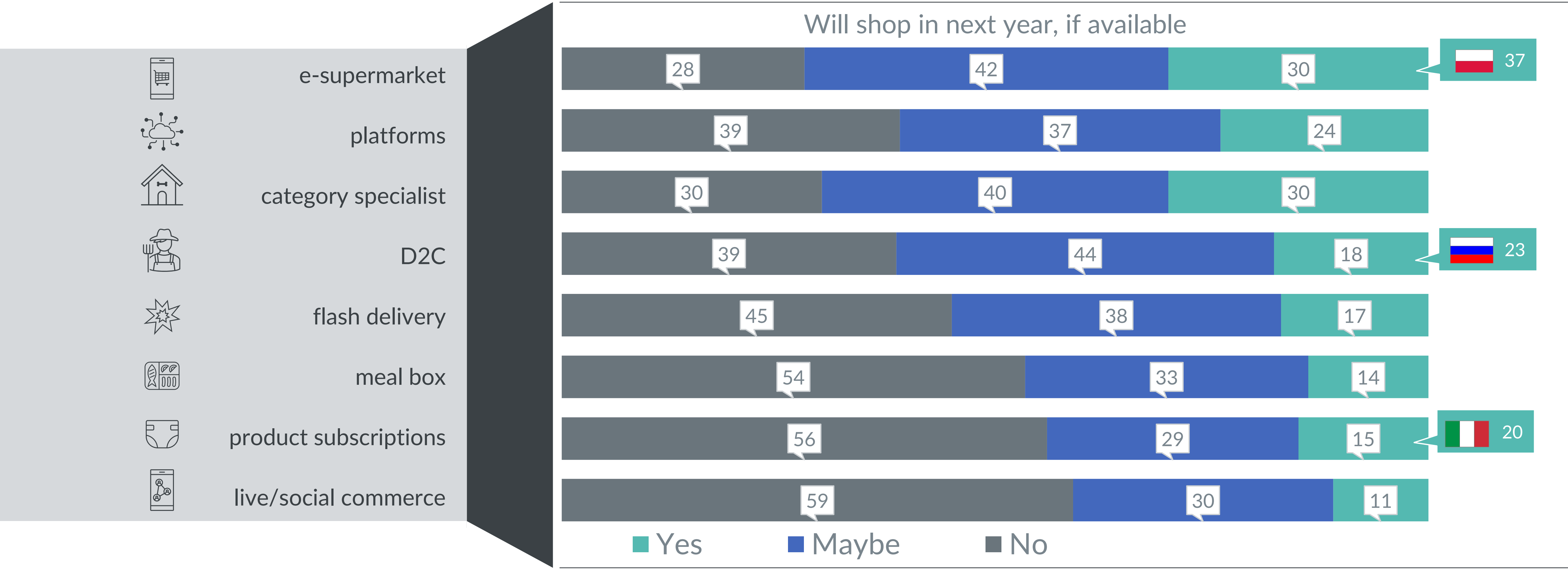
Which channel do you expect to grow fastest for FMCG?

a. Flash delivery
b. D2C
c. Online category specialists
d. Live commerce
e. e-Supermarket

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

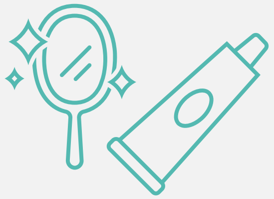
- No. 1 stock up of heavy items / nonperishables
- No. 2 stock up of special product promotions
- No. 3 special one off offer trip

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

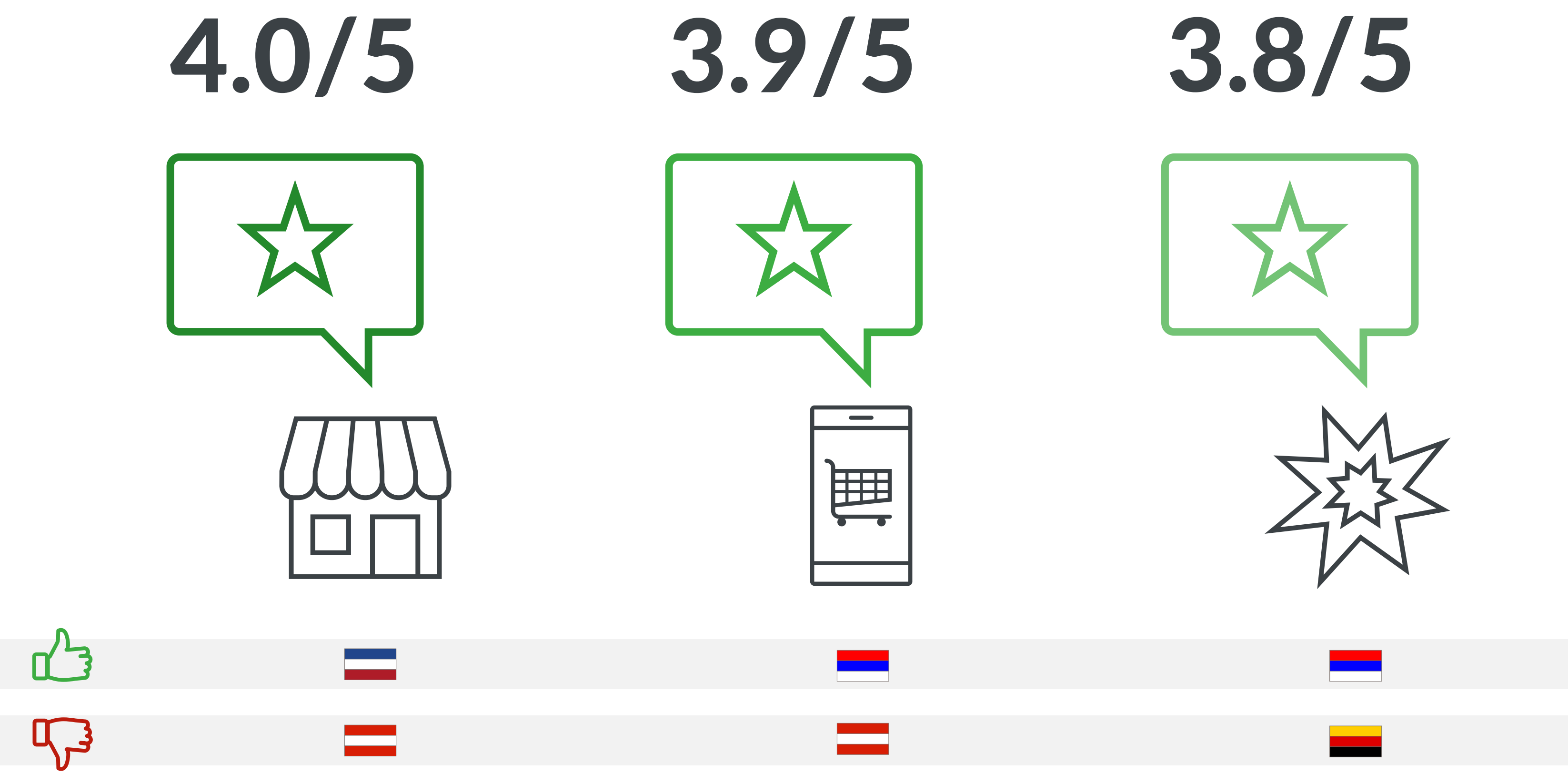
- 33% of non buyers
- 4% of light buyers
- 1% of heavy buyers

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

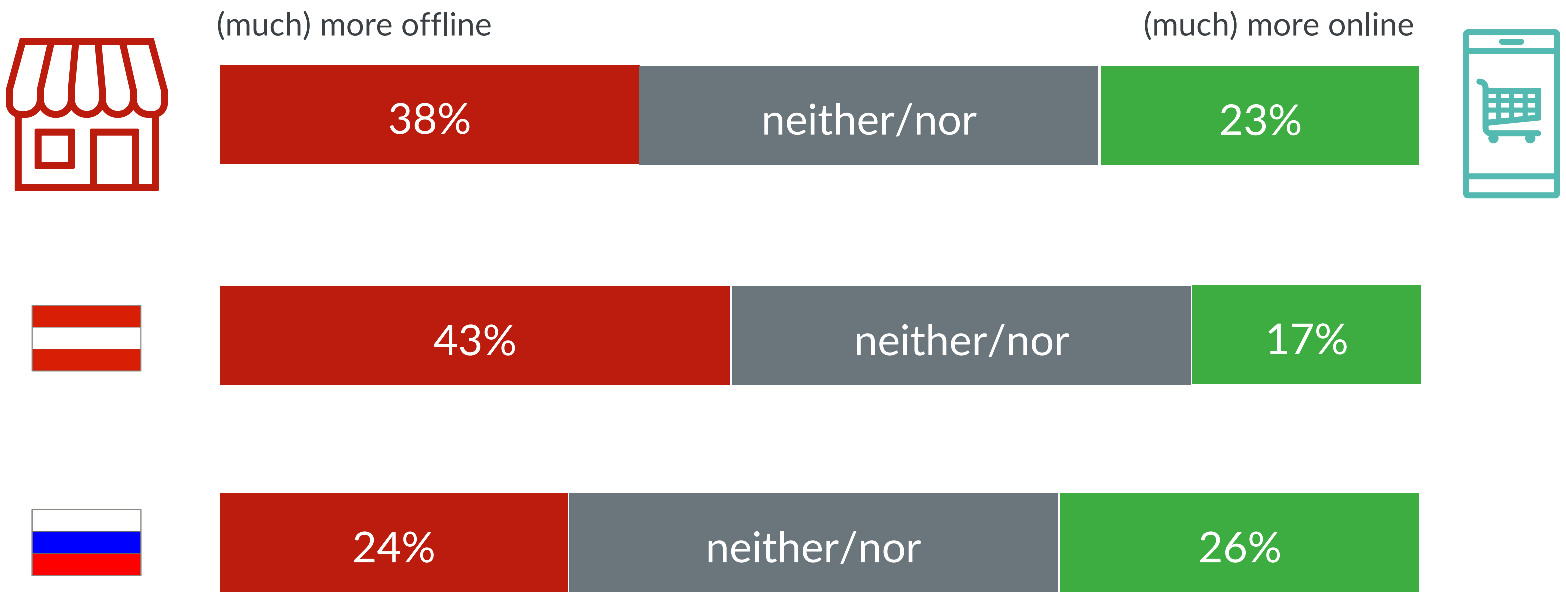
Austrian shoppers least excited about online experience

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

´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

´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

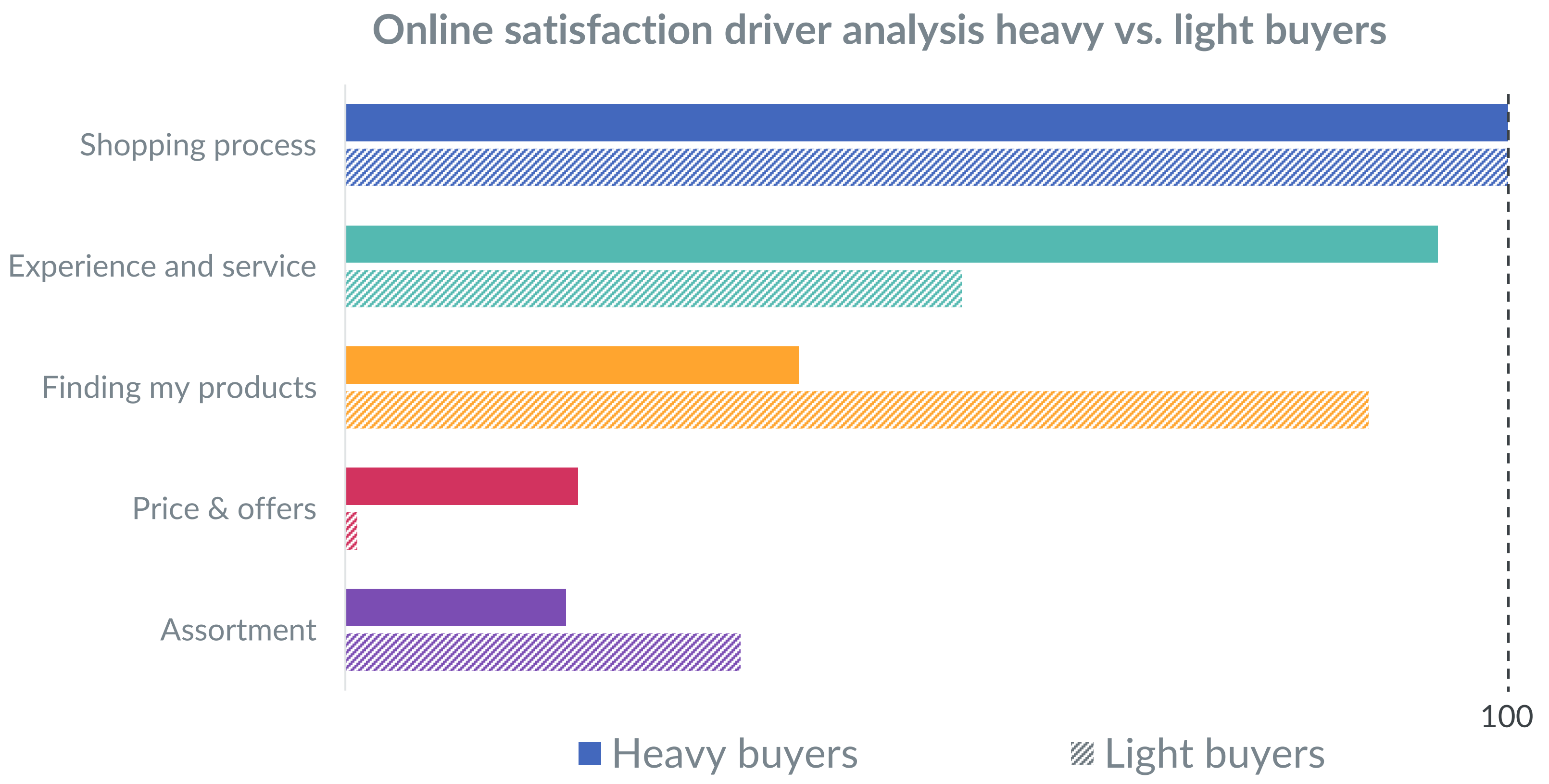
Bottom 5

Drivers of ONLINE satisfaction

Satisfaction drivers @ main online retailer

Findability priority for light buyers

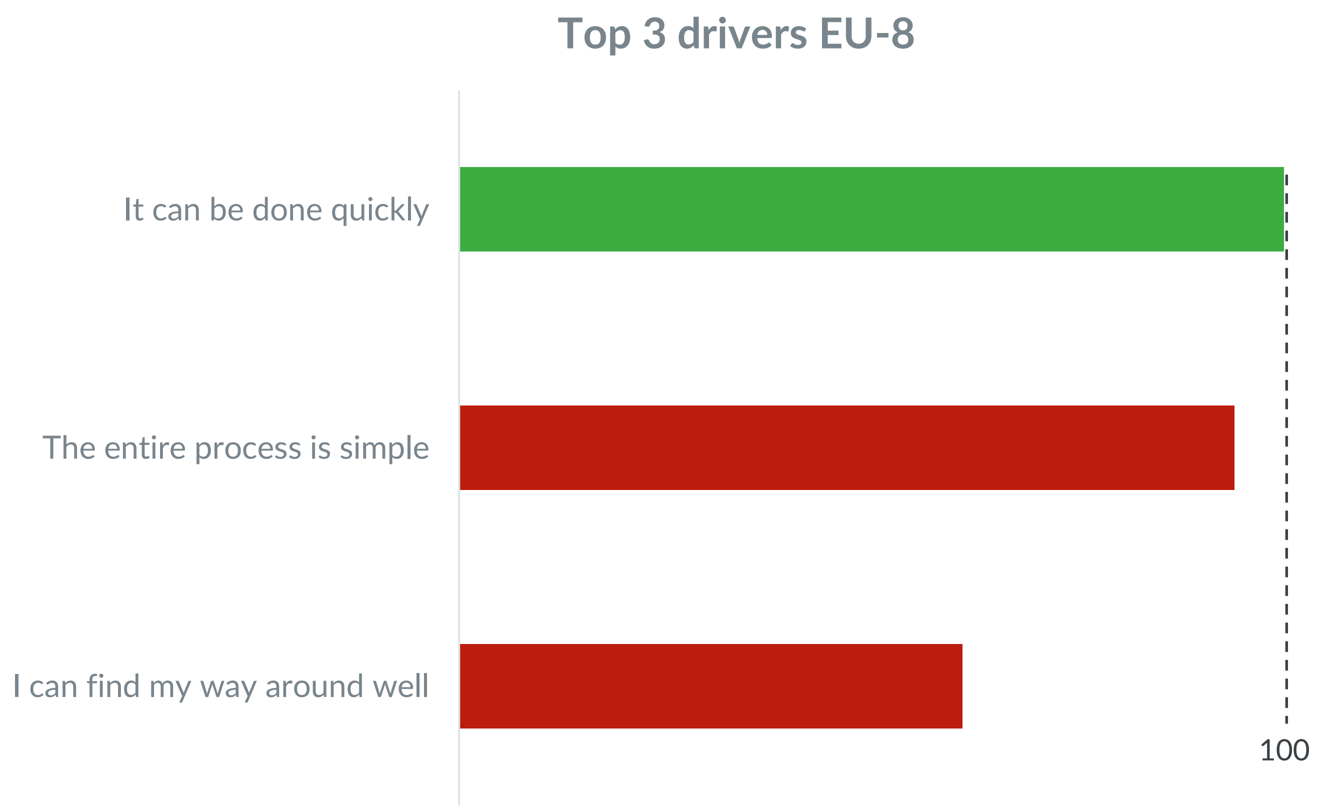
Satisfaction drivers @ main online retailer



Experience decisive later on in the shopping curve

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

Satisfaction drivers @ main online retailer



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

Germany

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

Netherlands

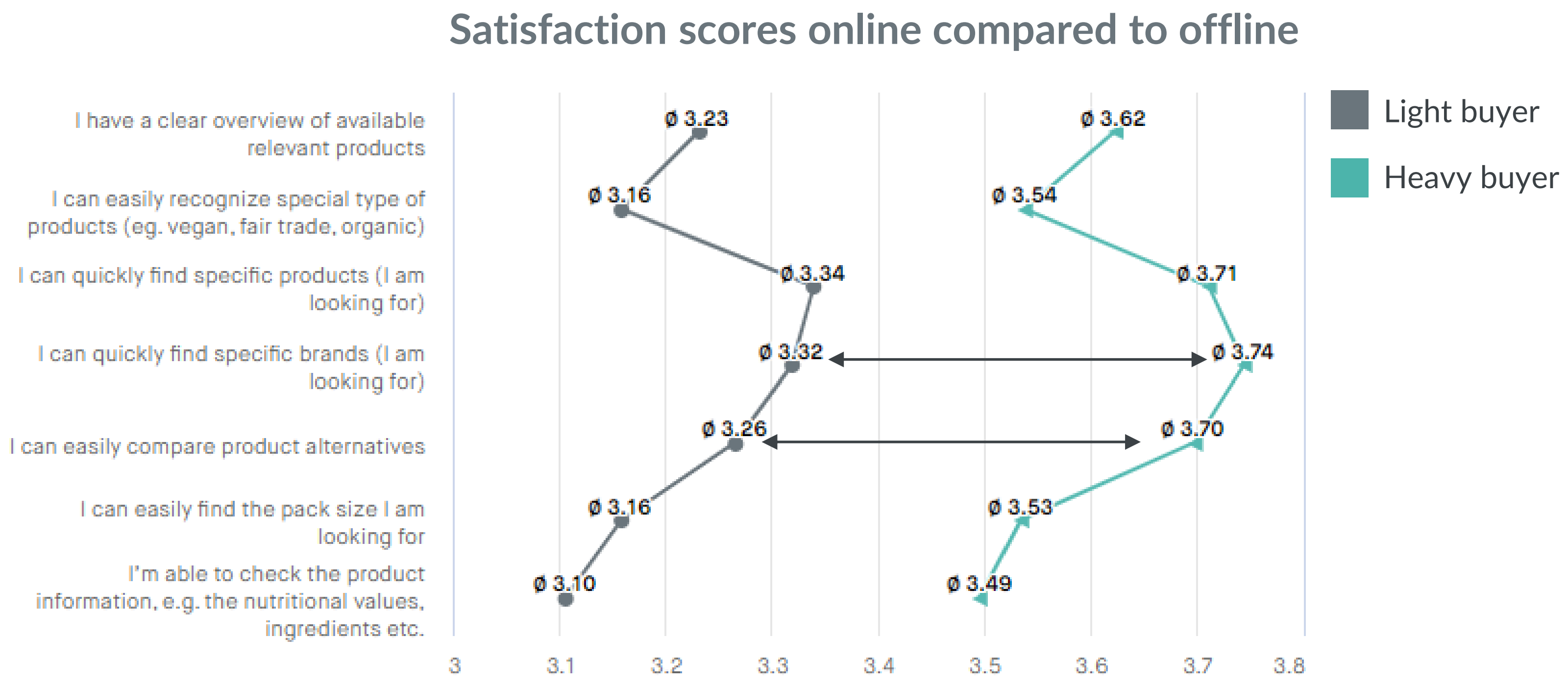
The entire purchasing process is rather simple	100
I find my way around well	86
The products are delivered directly to me	66

Light buyers overall less satisfied

Finding brands and comparing alternatives are differentiators

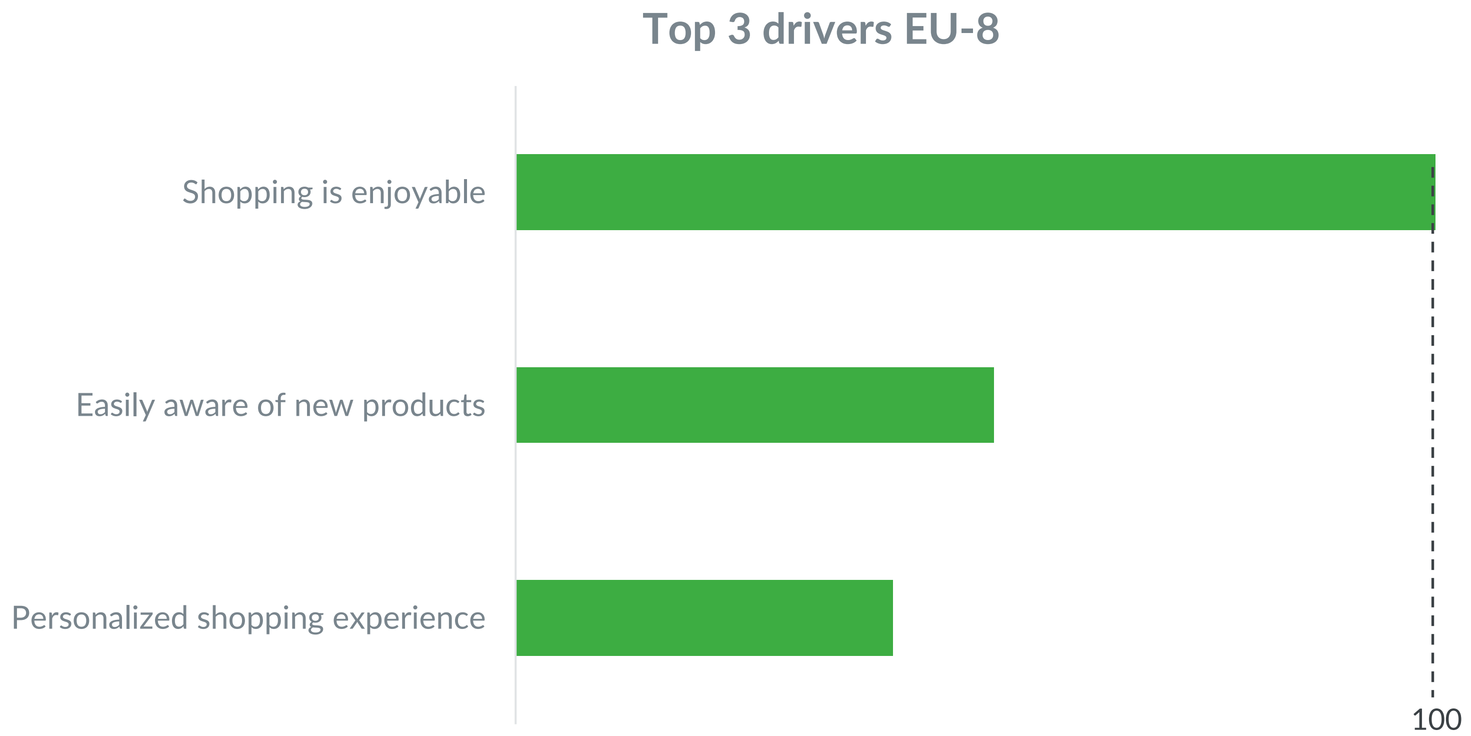
Satisfaction drivers @ main online retailer

Finding my products



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

Satisfaction drivers @ main online retailer

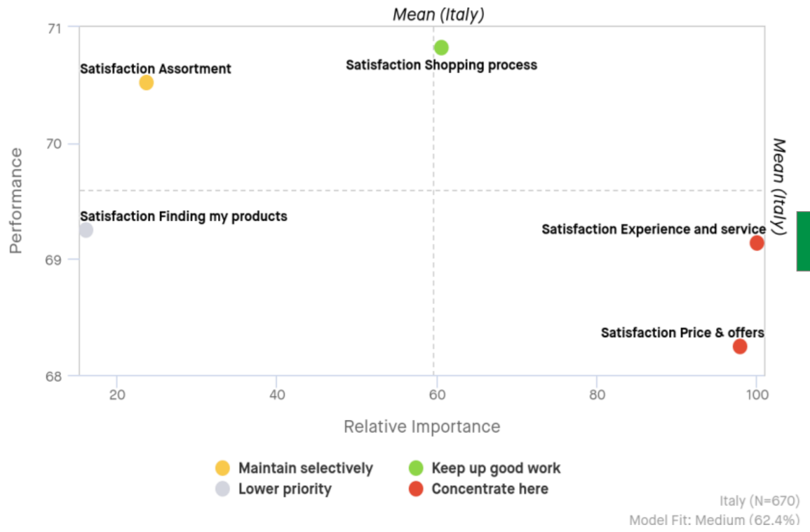


Experience falls behind in Italy

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

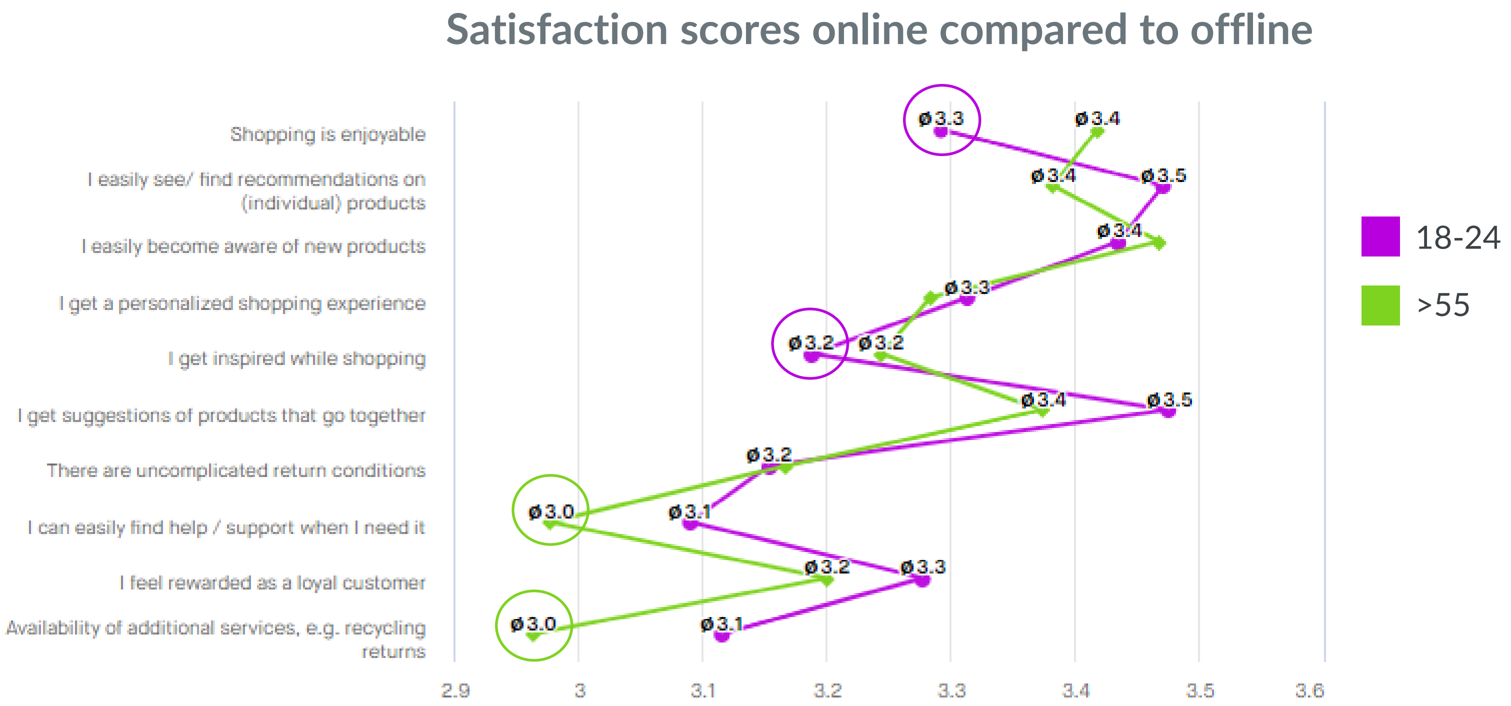
I feel rewarded as a loyal customer

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

POLL

Please vote winning concept

a. ‘Privacy first’ physical stores that guarantee zero personal data usage
b. ‘Data first’ auction model where shoppers share their lifestyle data & household needs on which providers bid with their most fitting basket offer

mobiquity

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

mobiquity

How to convert these GfK insights into tangible digital products?

Simplicity

Findability

Experience

mobiquity

How to convert these GfK insights into tangible digital products?

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

Enjoyable

Inspiration

Personalization

How to convert these GfK insights into exponential growth?

Heavy Shopper

Experience

Enjoyable

Inspiration

Personalization

+6%

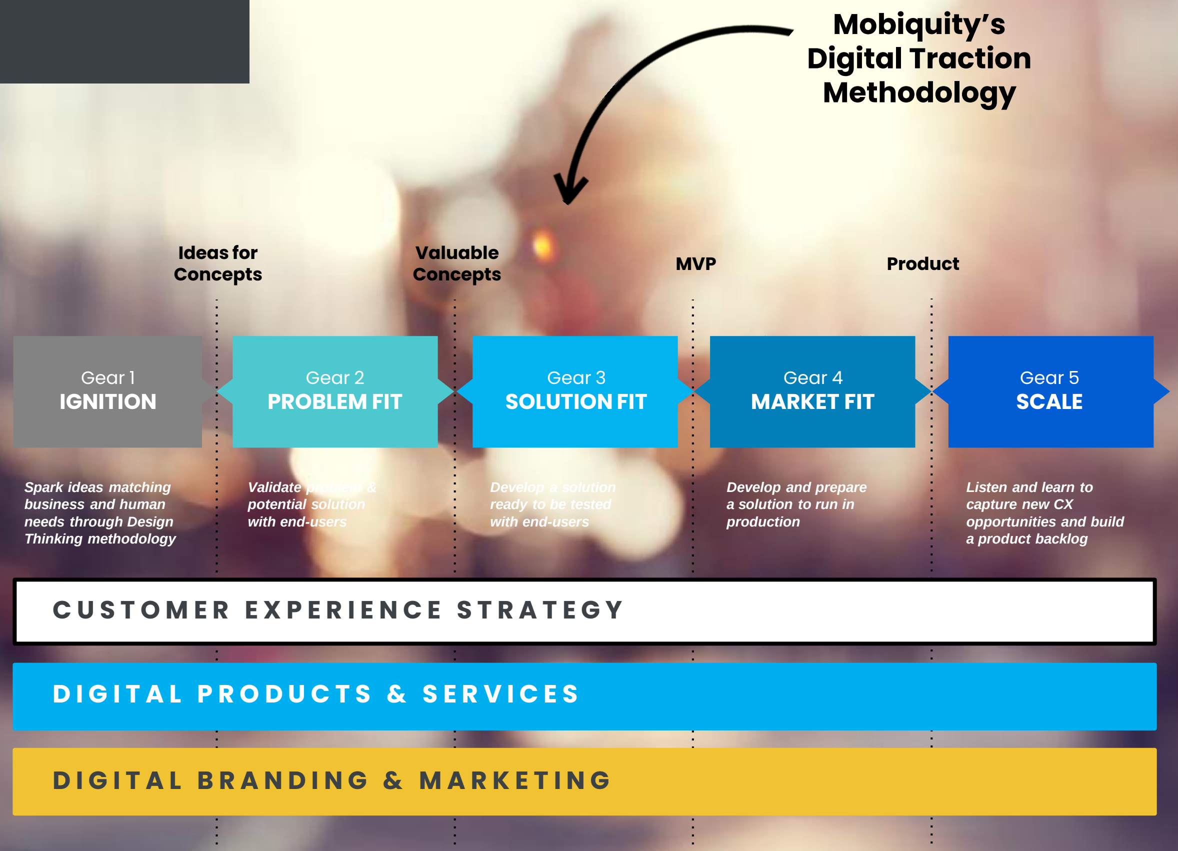
Online Value Growth in 8 core countries

mobiquity

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.



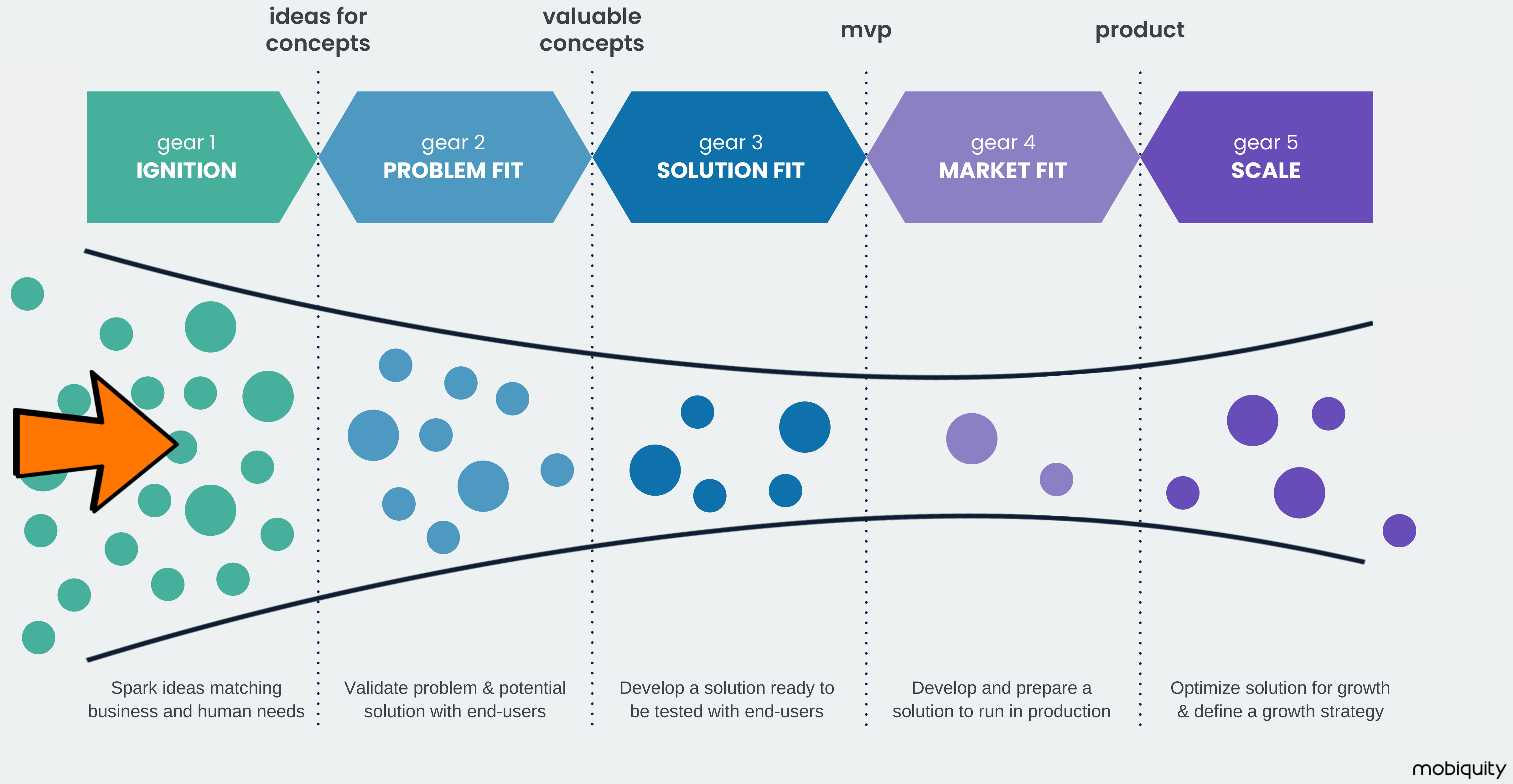
mobiquity

Key Principles for Innovation

mobiquity
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
mobiquity

GEAR ONE

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

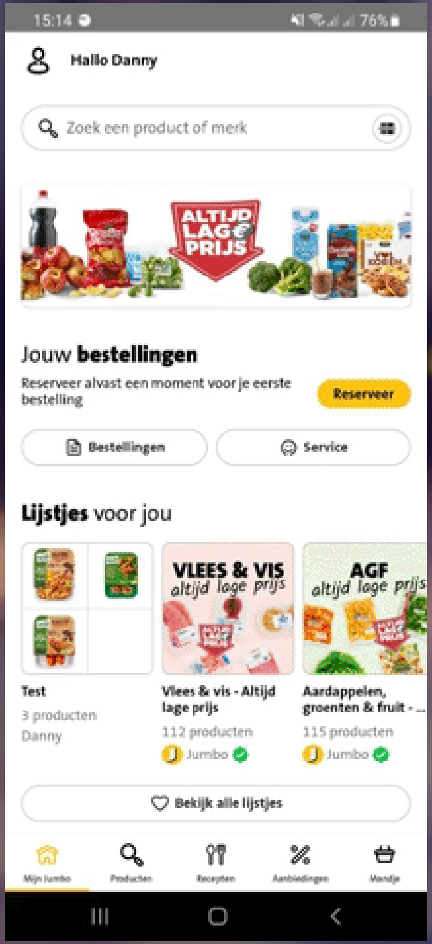
Hypothesis for the heavy buyers ...

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

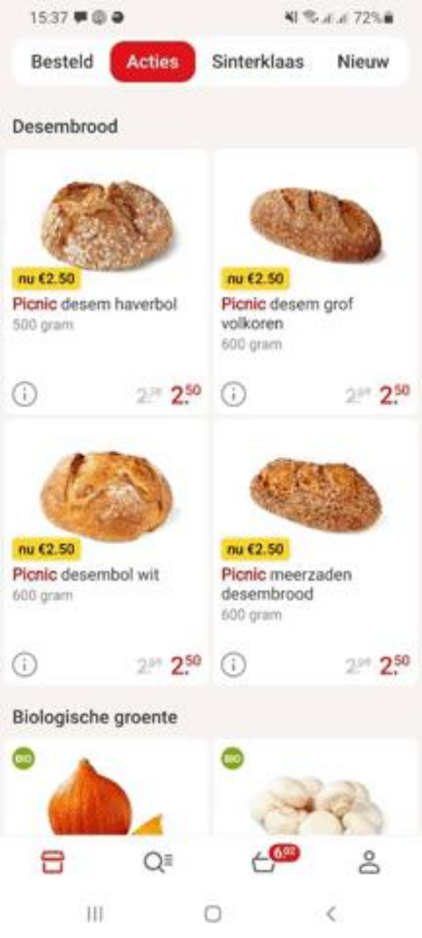
mobiquity

What are the retailers currently doing?

JUMBO



PIC NIC

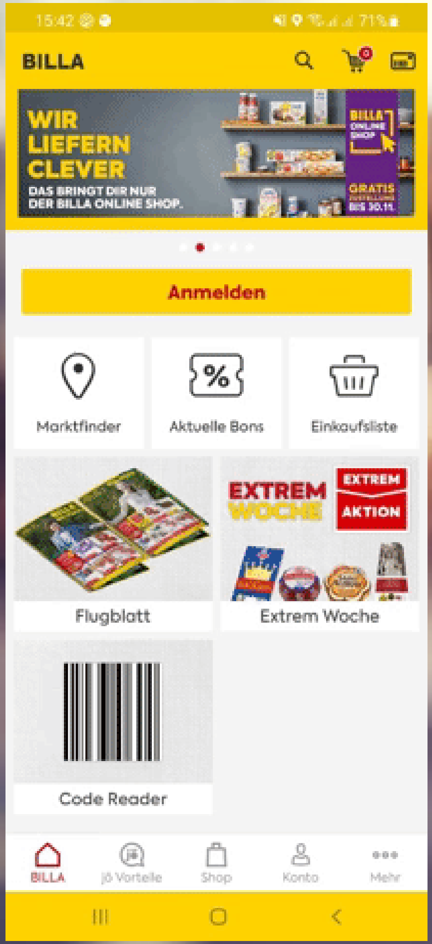


mobiquity

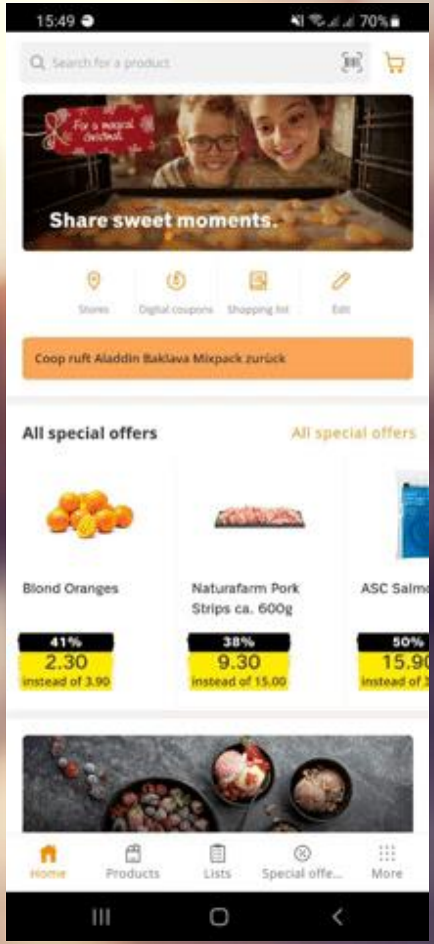
What are the retailers currently doing?

REWE

BILLA



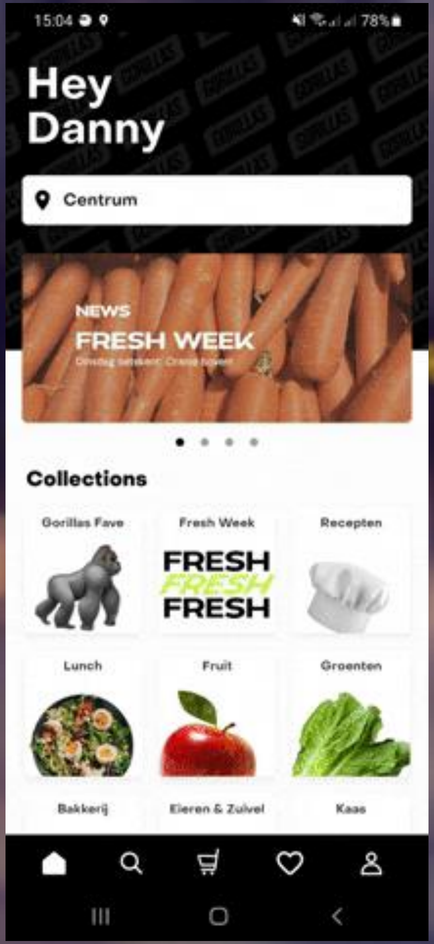
coop



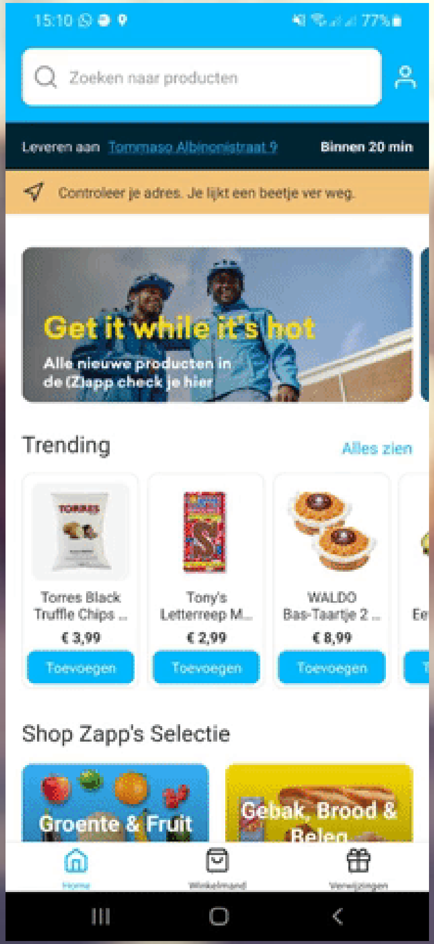
mobiquity

What are the retailers currently doing?

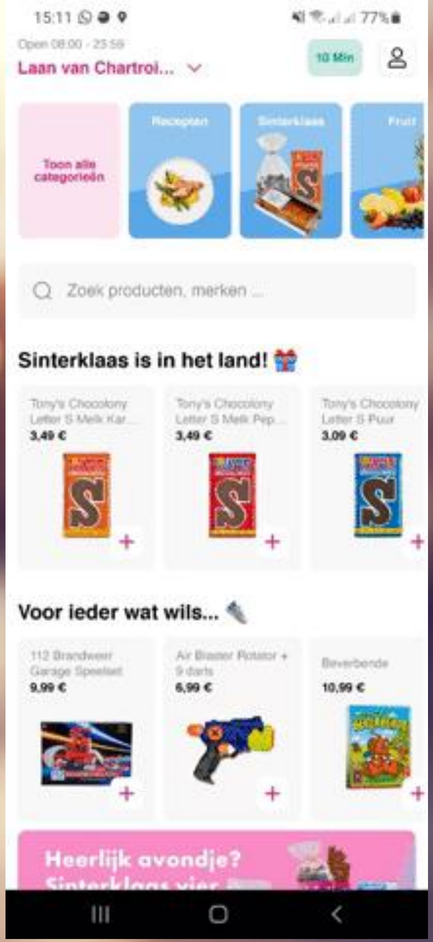
GORILLAS



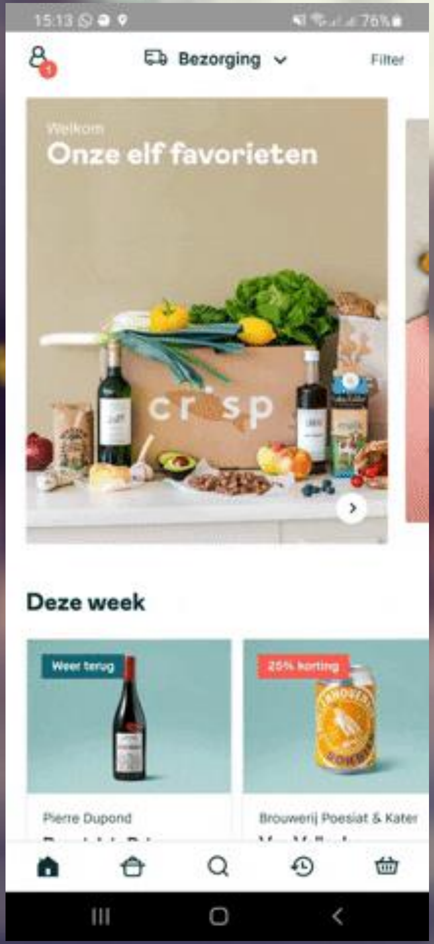
Zapp

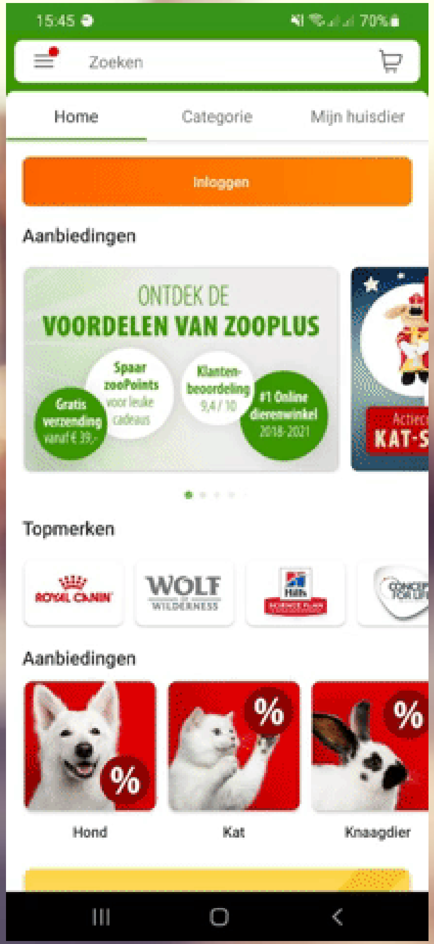


Flink



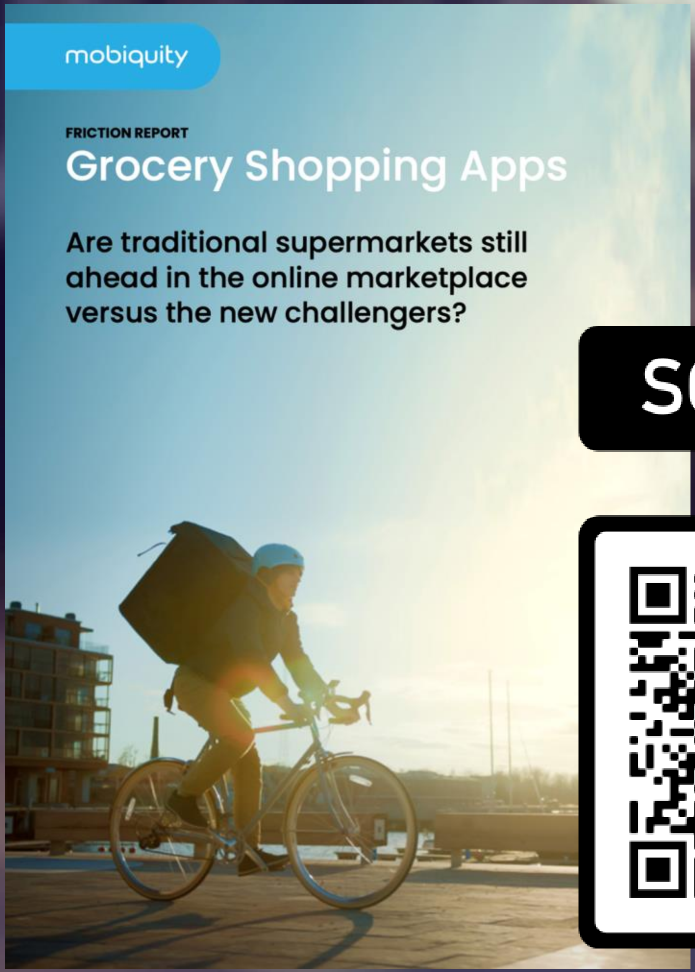
What are the retailers currently doing?



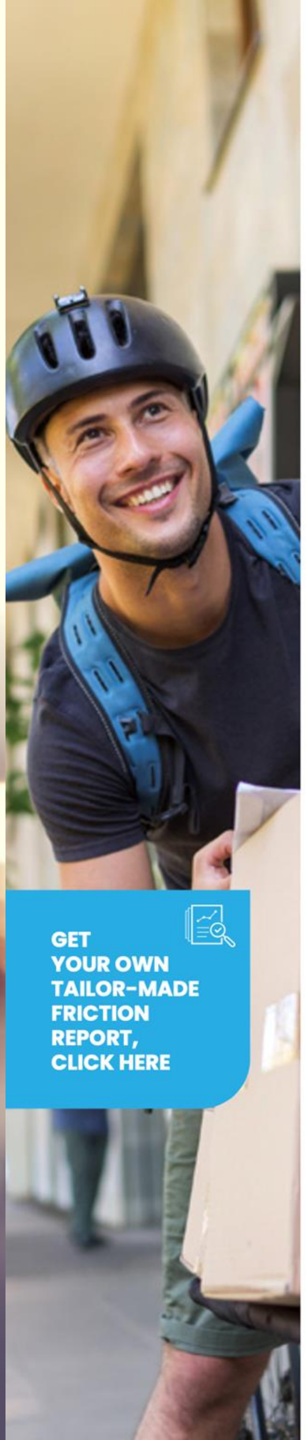


mobiquity

What do app ratings actually say?



SCAN ME



GET YOUR OWN TAILOR-MADE FRICTION REPORT, CLICK HERE

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

	Traditional	Challenger
	~16K Reviews Dec 2020 - May 2021	~5K Reviews 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%
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

mobiquity

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.

mobiquity

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

Bring it to live

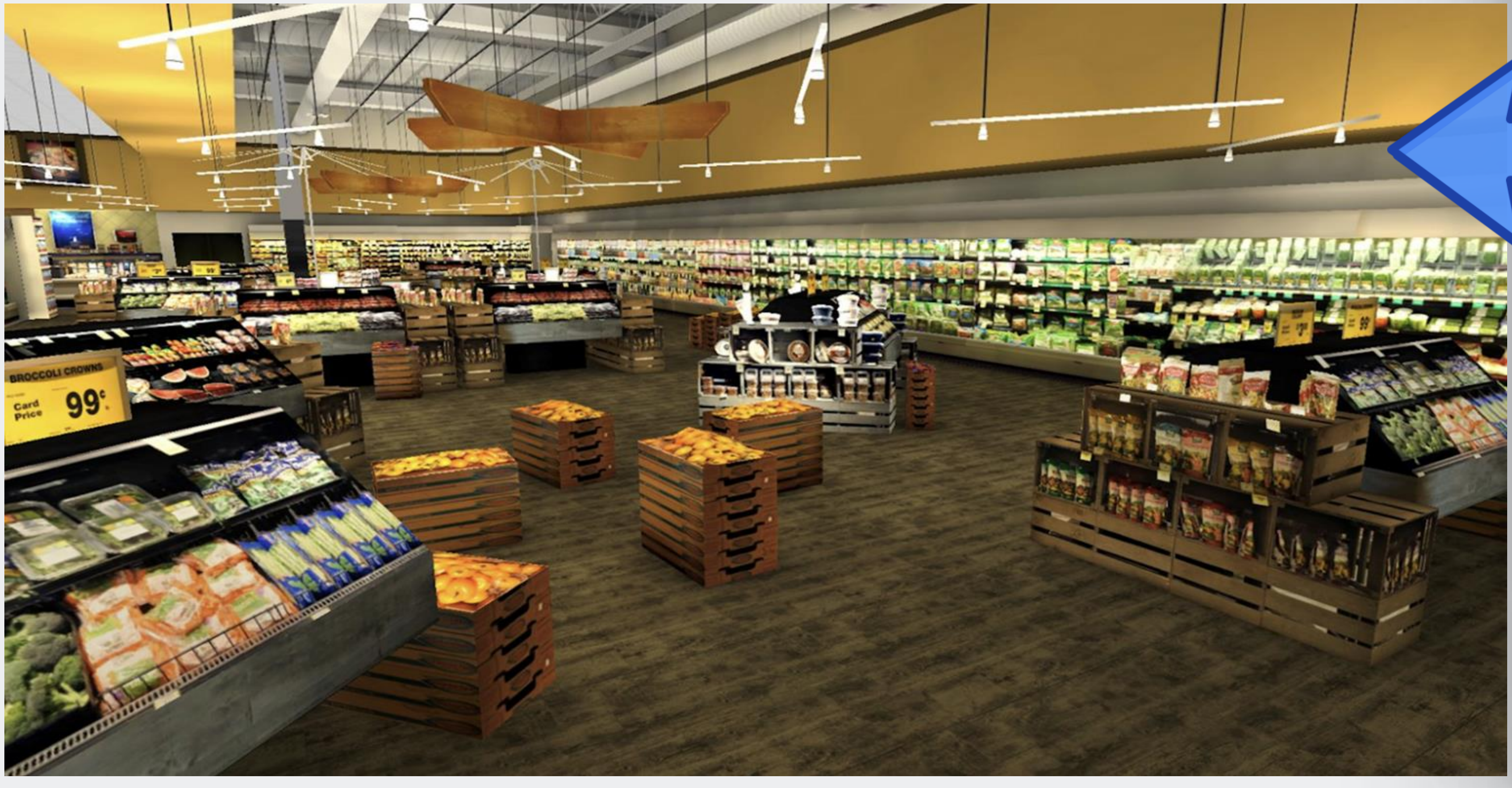
Live Food Commerce

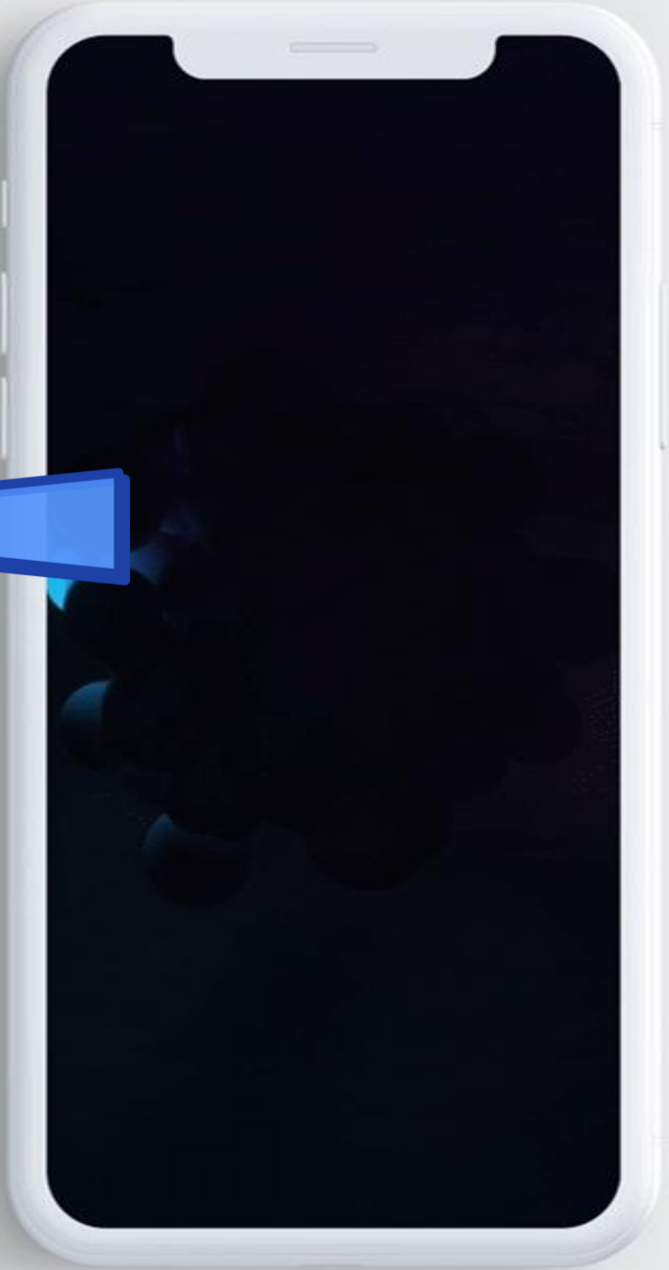
Sharing is caring

Tell me what to make

mobiquity

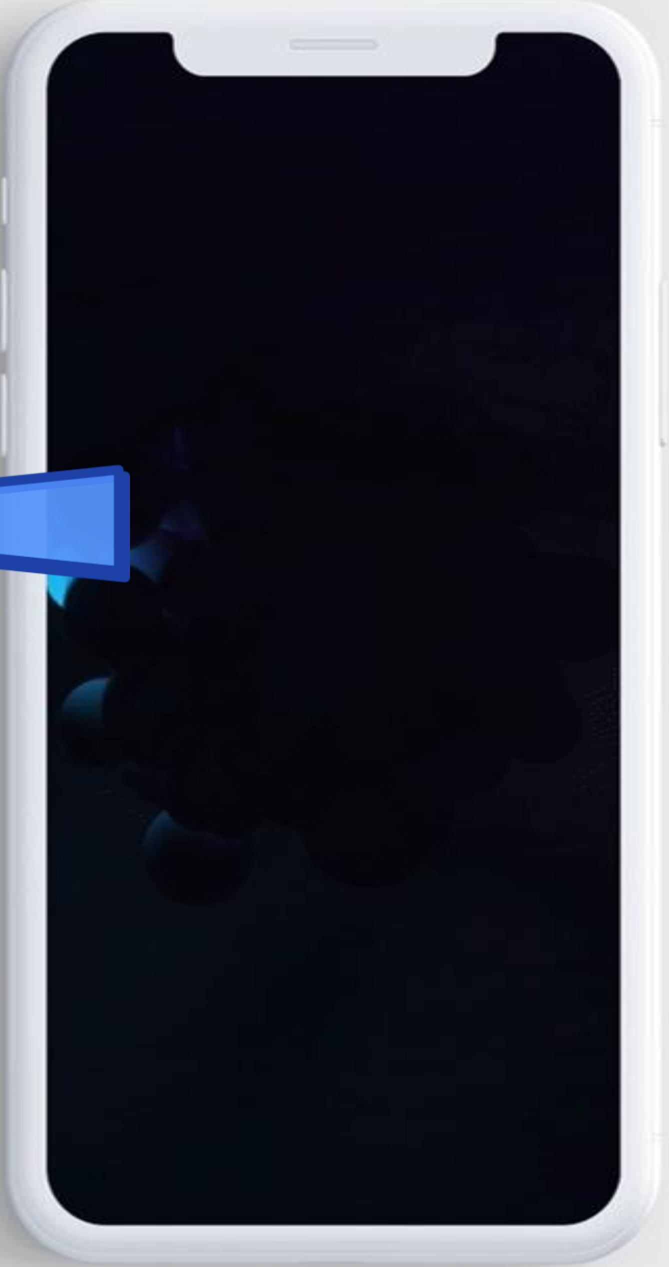
Gear 1 IGNITION: BRING IT TO LIVE





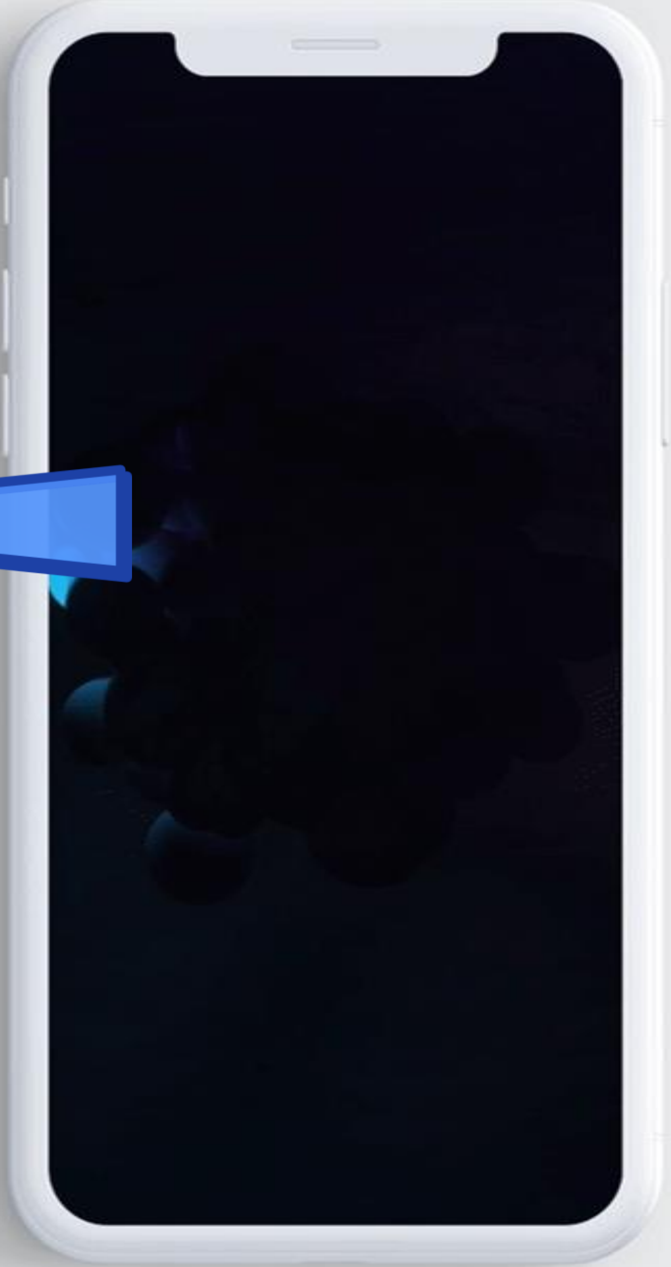
mobiquity

Gear 1 IGNITION: BRING IT TO LIVE



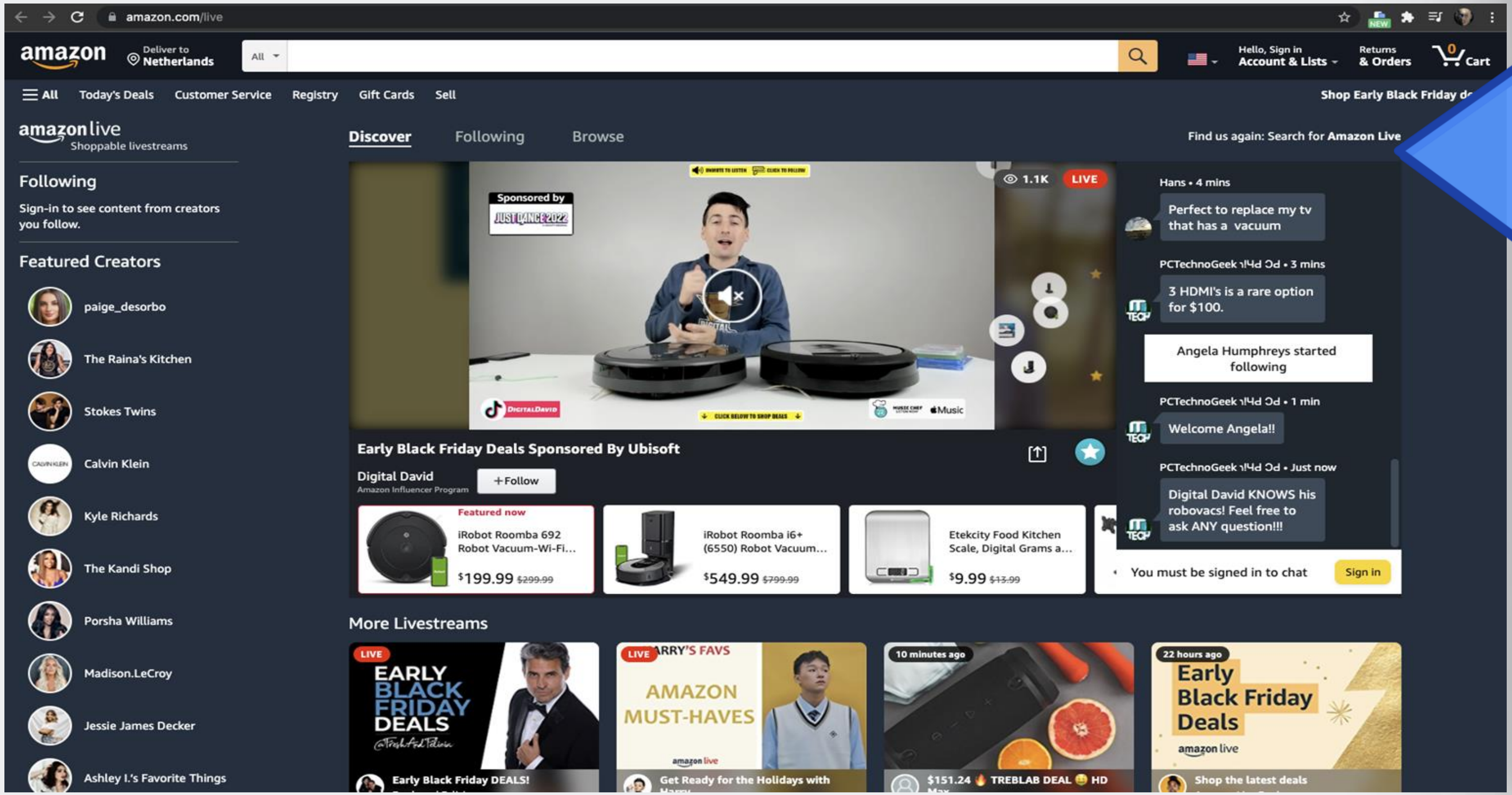
mobiquity

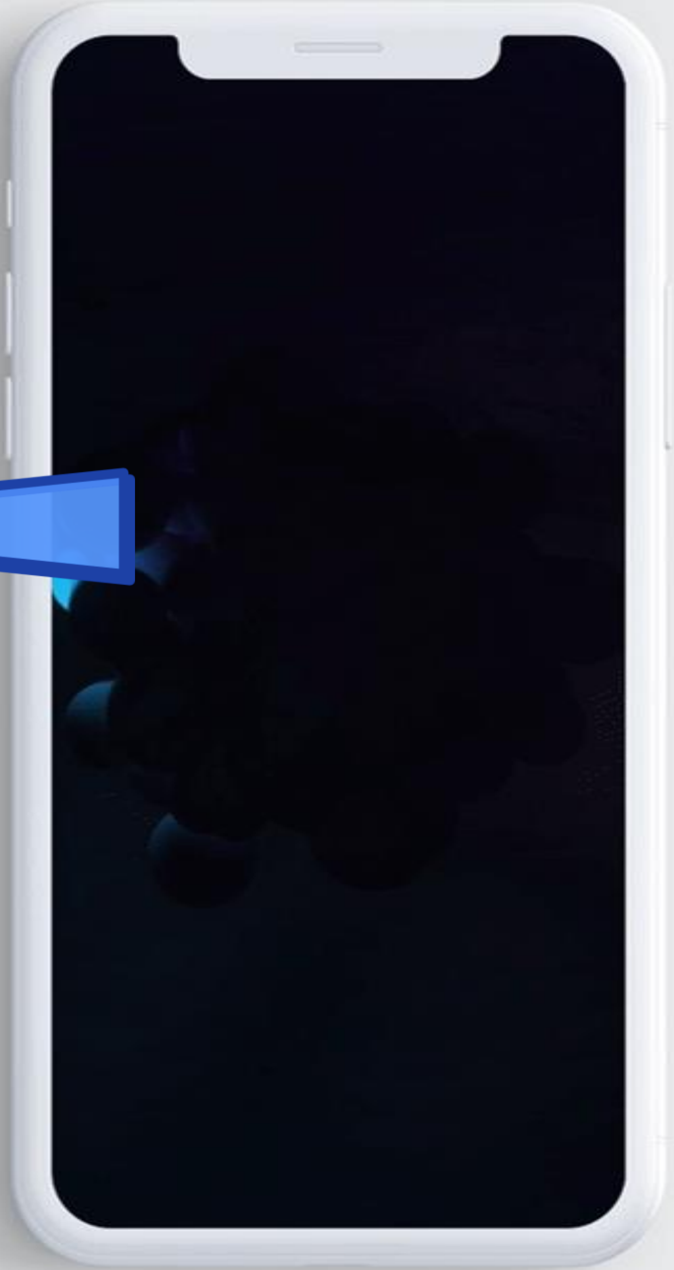
Gear 1 IGNITION: BRING IT TO LIVE



mobiquity

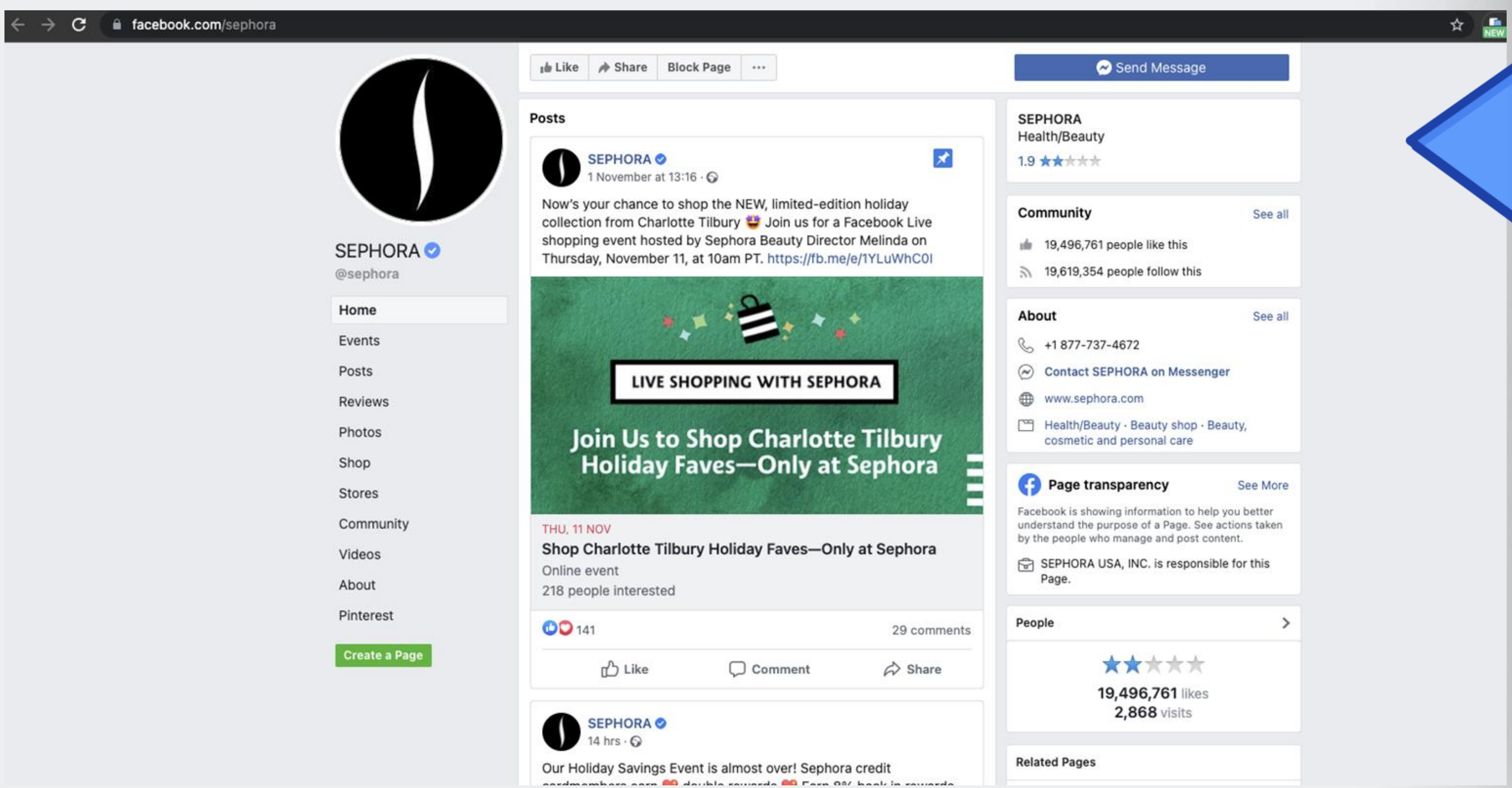
Gear 1 IGNITION: LIVE FOOD COMMERCE

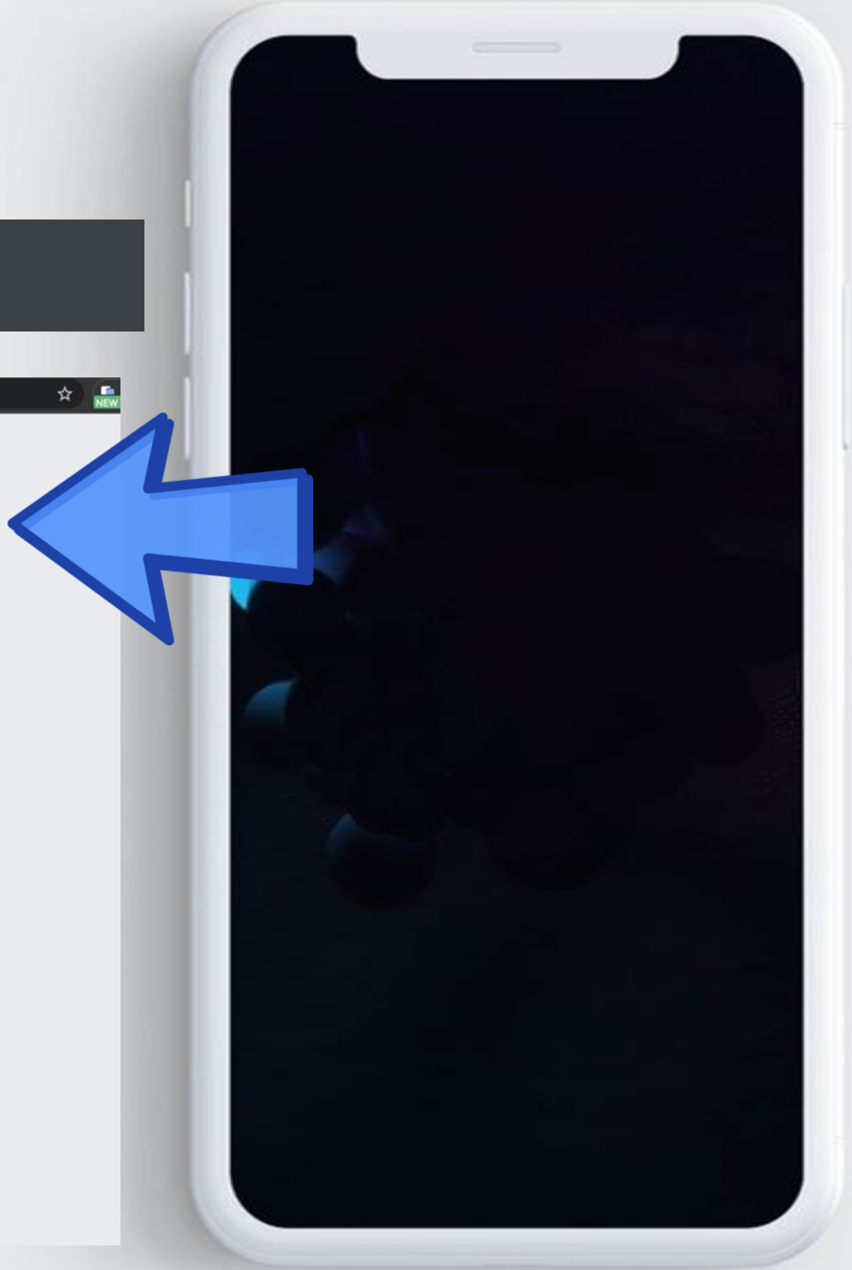




mobiquity

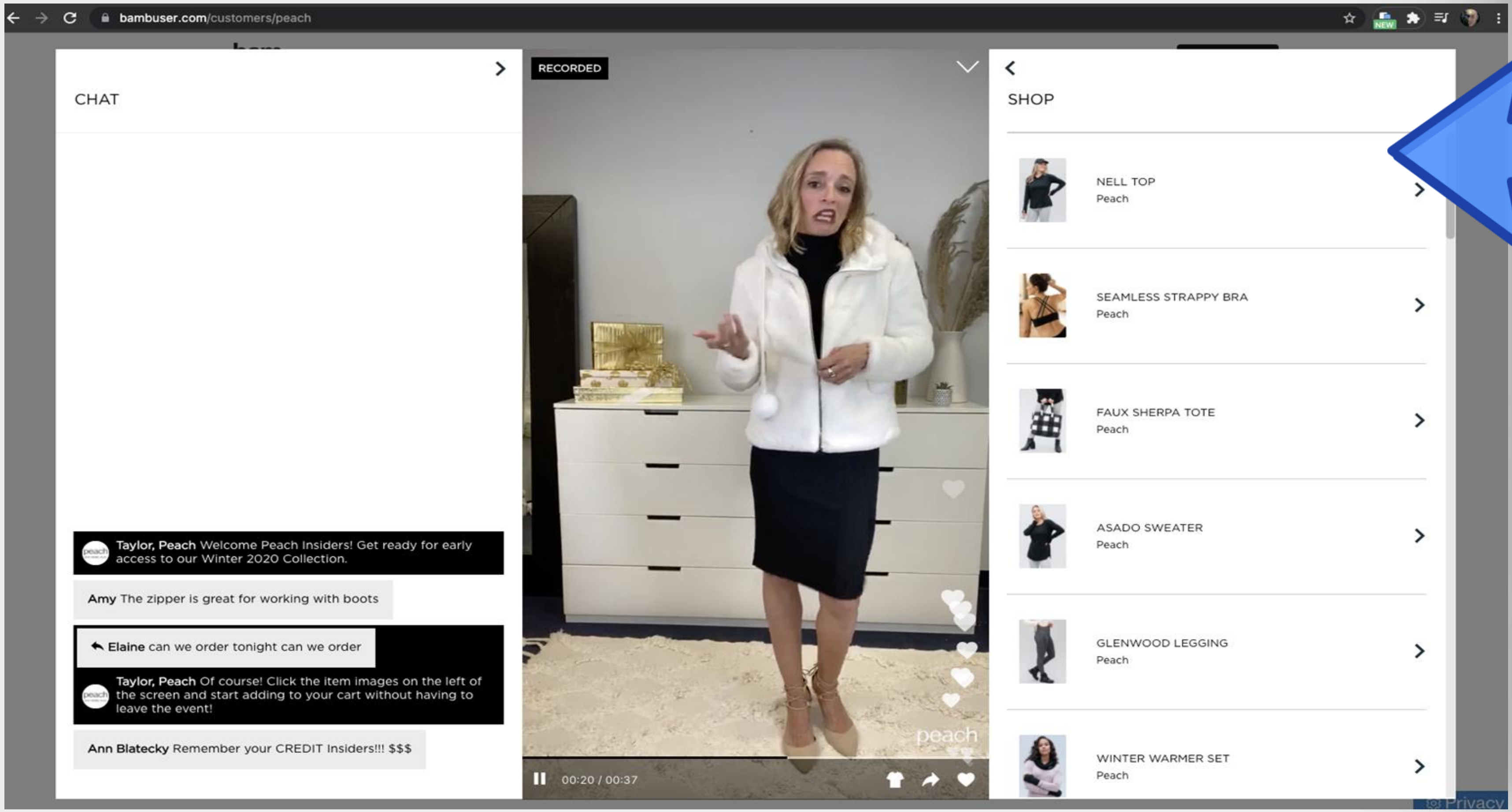
Gear 1 IGNITION: LIVE FOOD COMMERCE

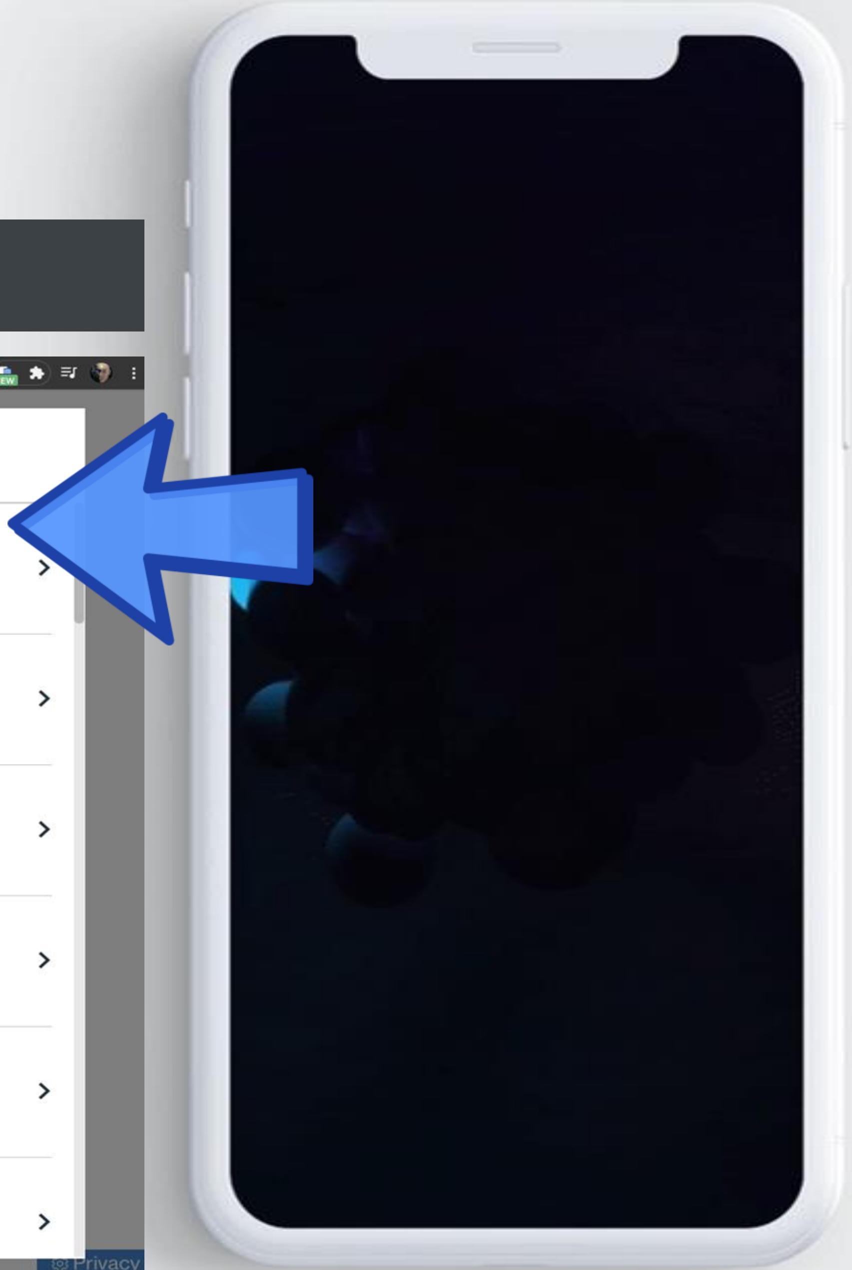




mobiquity

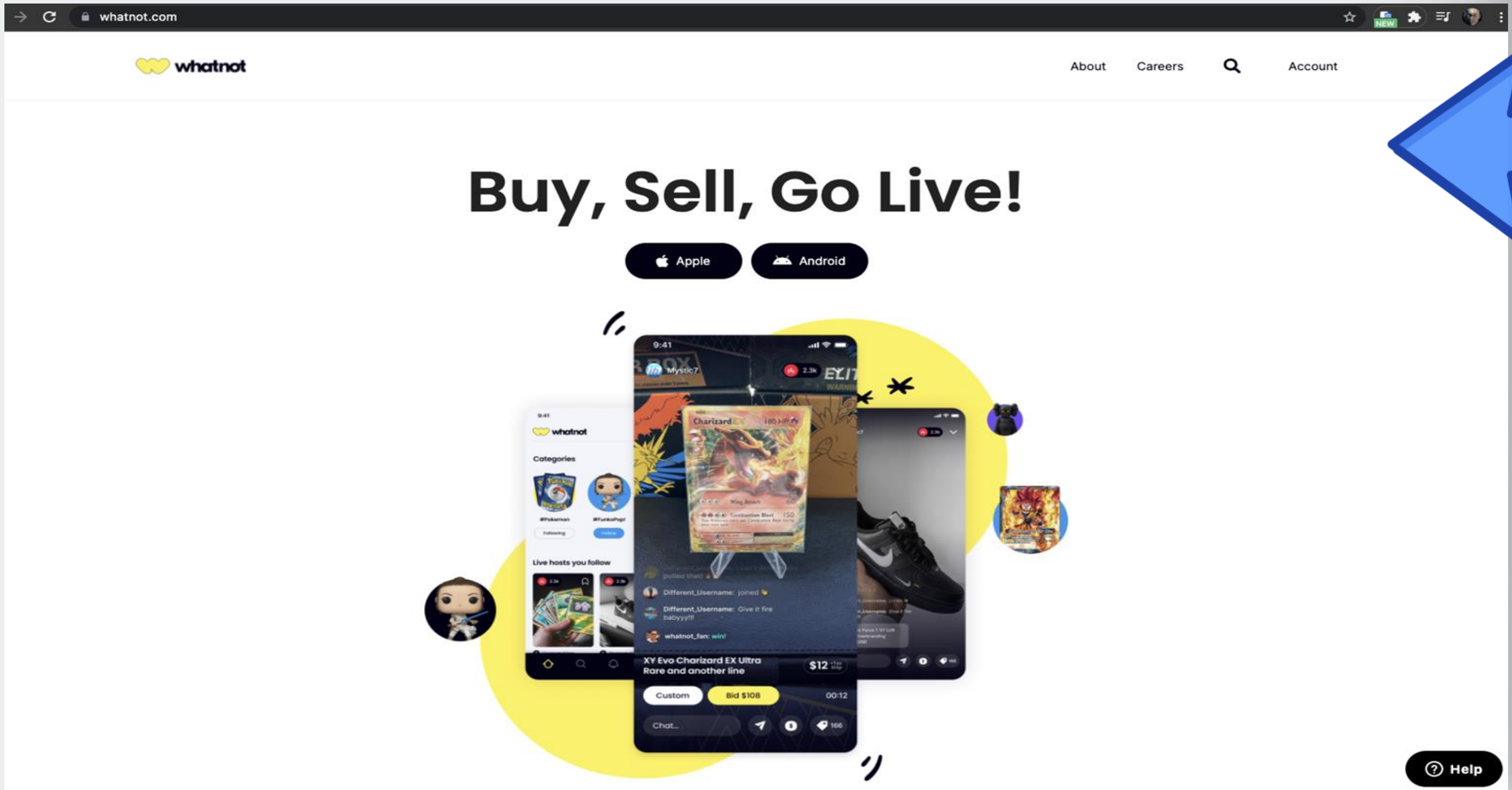
Gear 1 IGNITION: LIVE FOOD COMMERCE

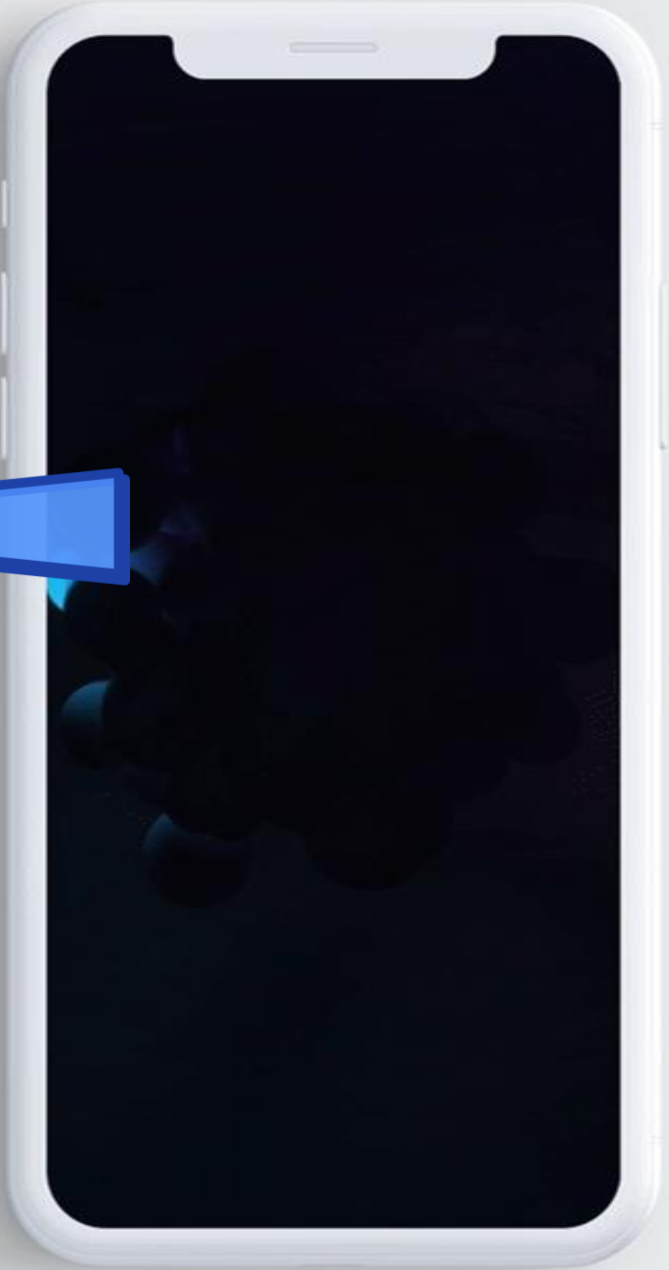




mobiquity

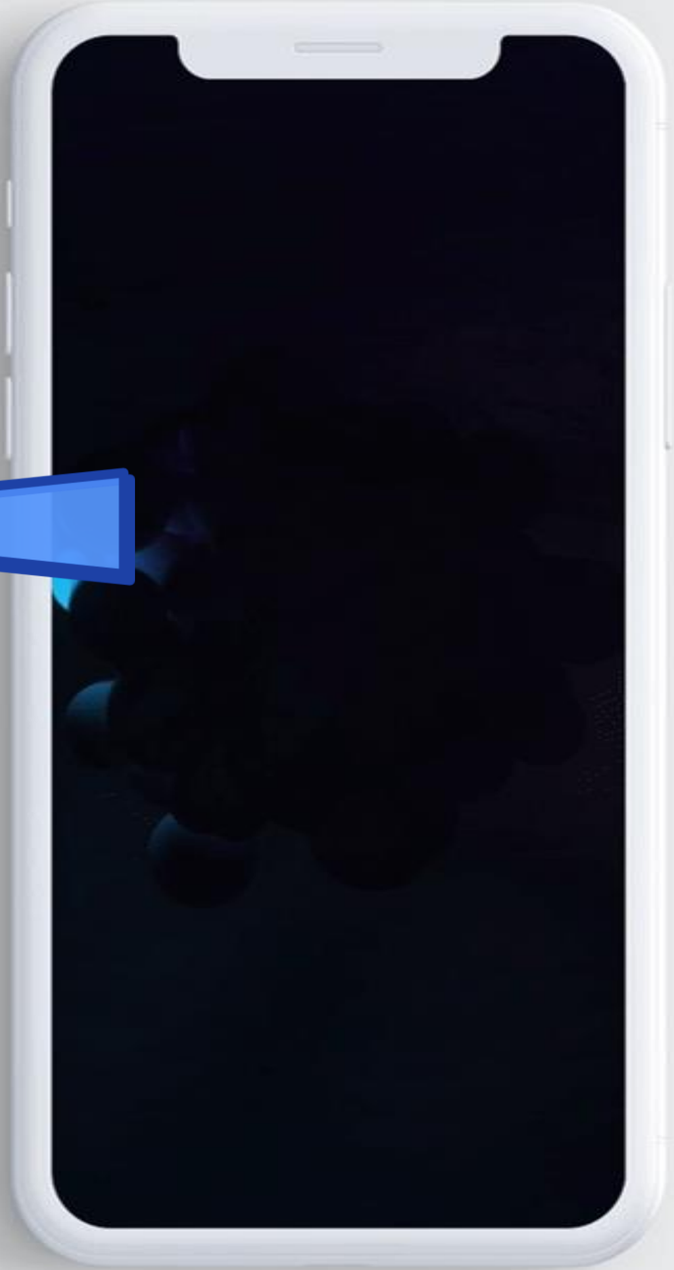
Gear 1 IGNITION: LIVE FOOD COMMERCE





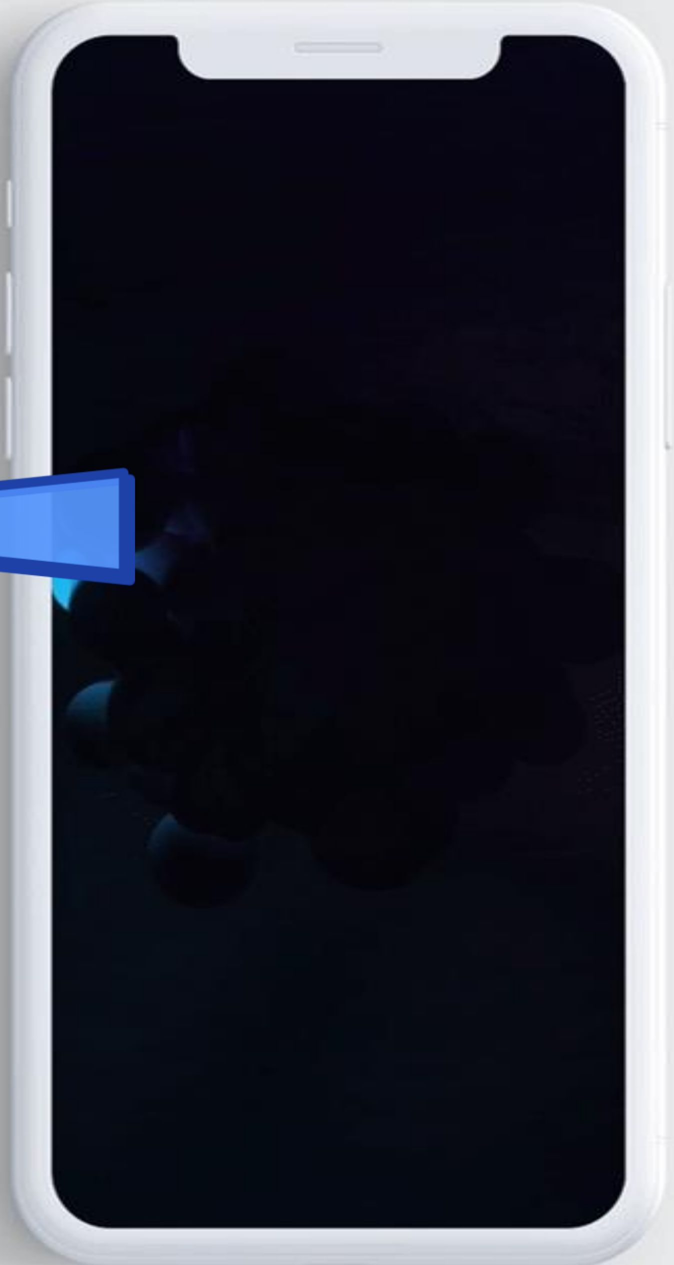
mobiquity

Gear 1 IGNITION: SHARING IS CARING



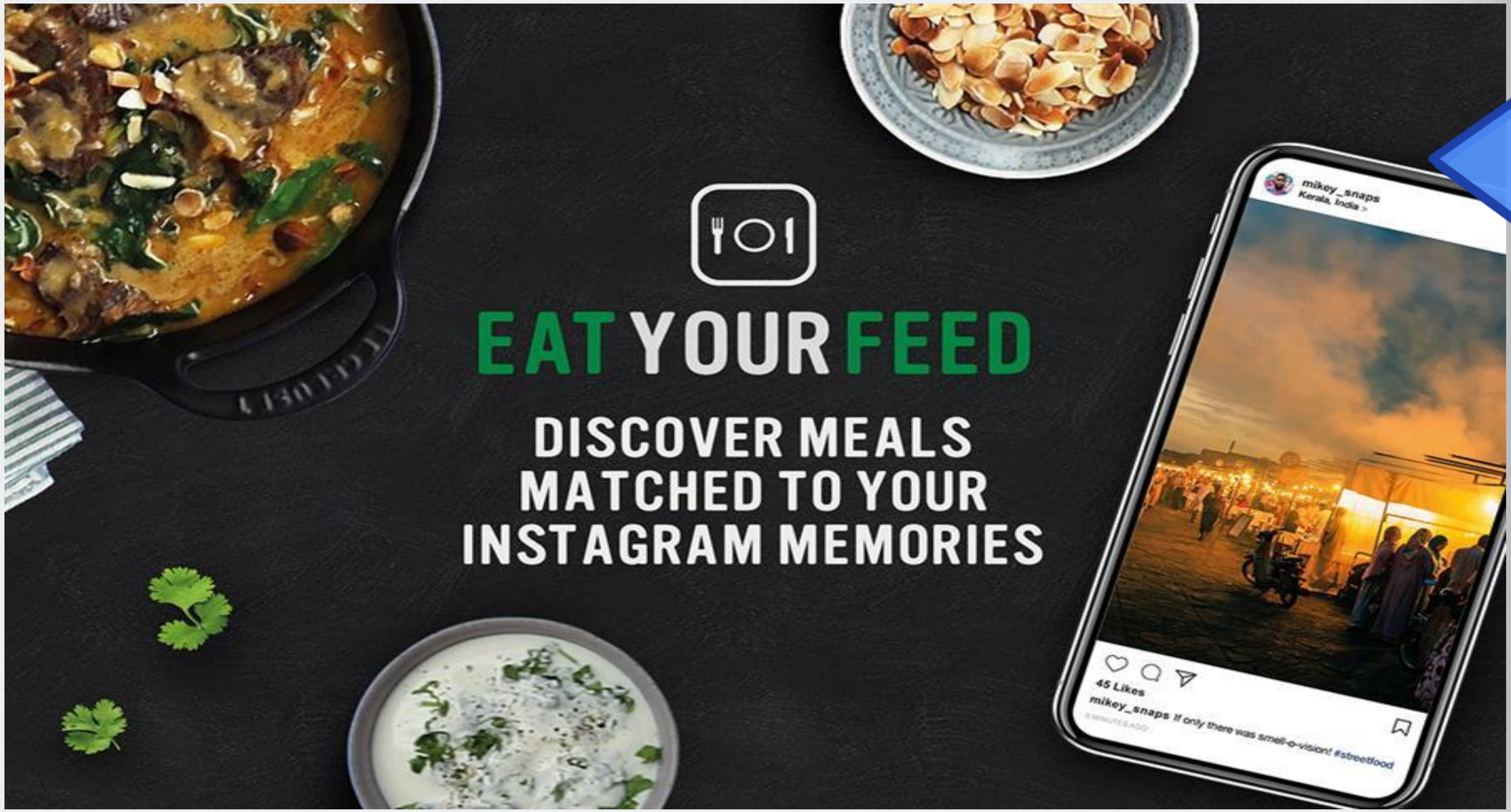
mobiquity

Gear 1 IGNITION: SHARING IS CARING



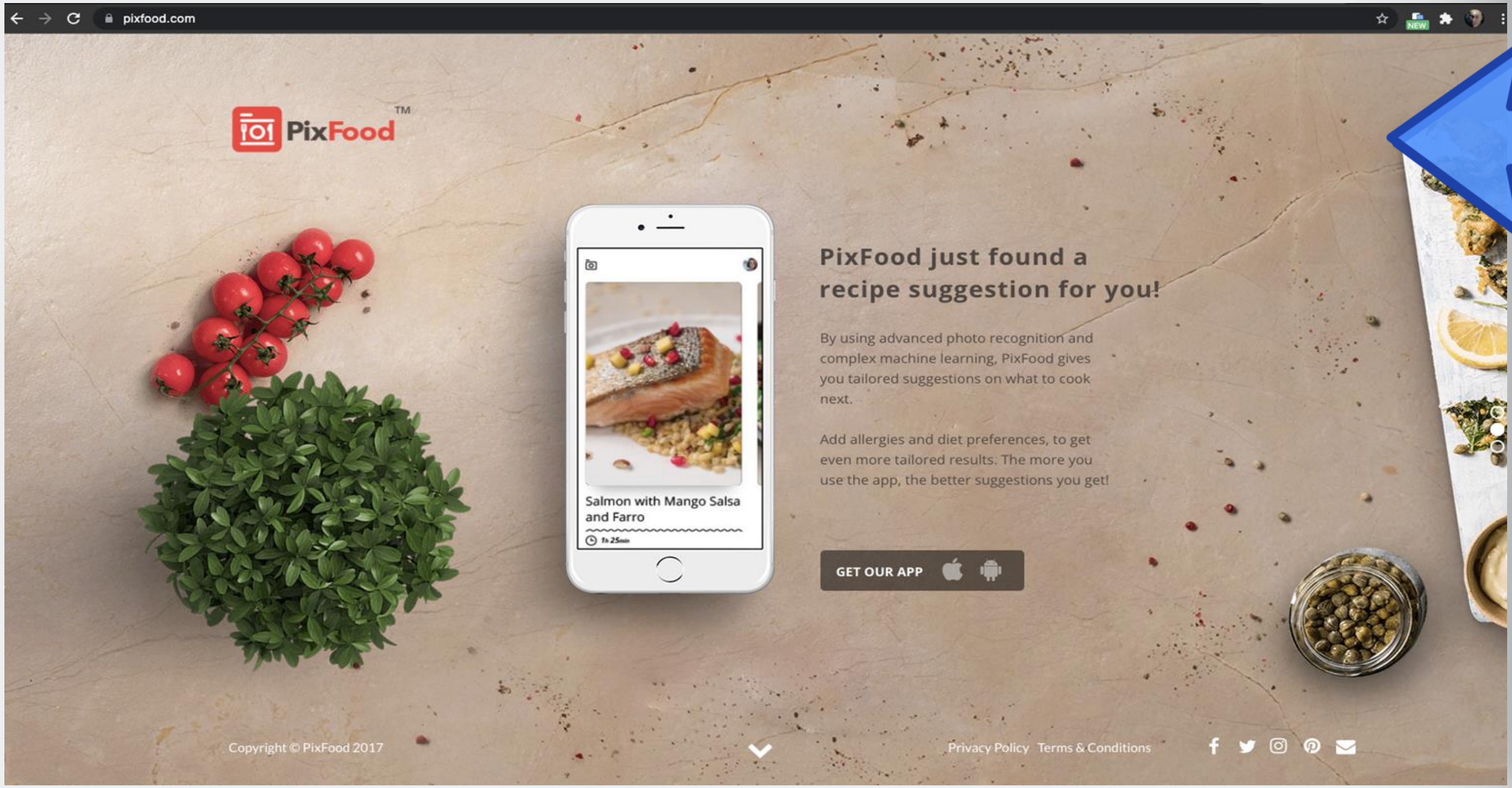
mobiquity

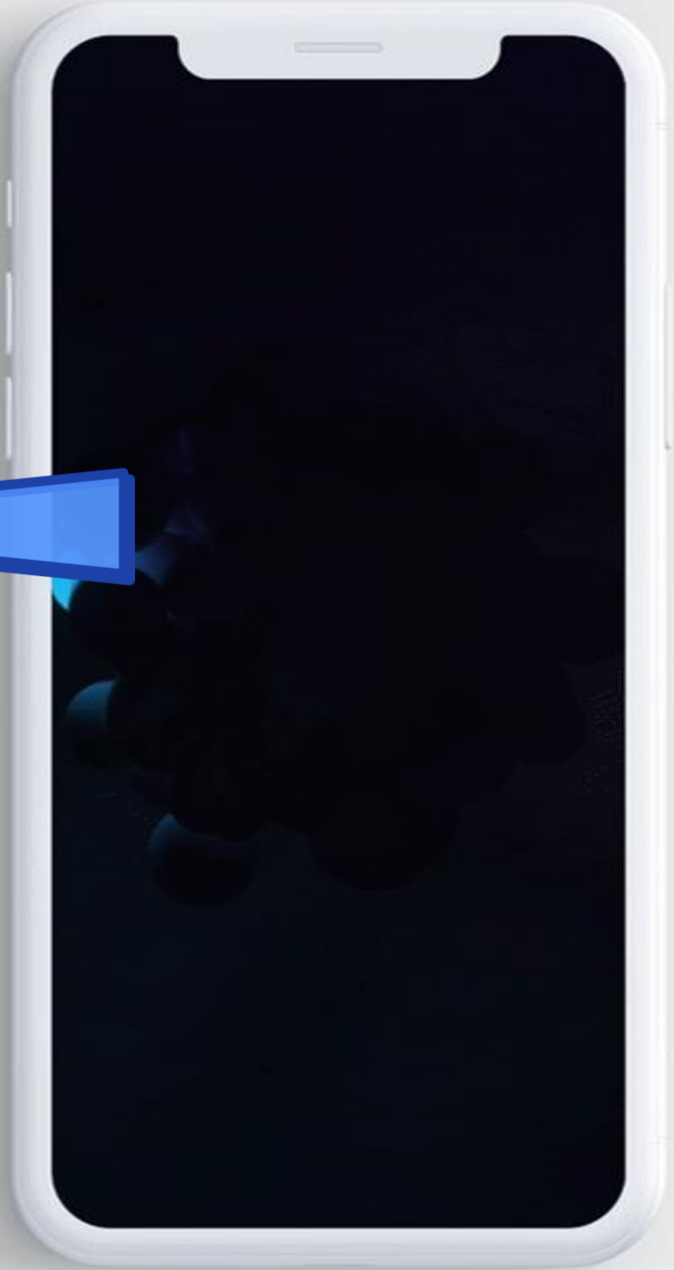
Gear 1 IGNITION: TELL ME WHAT TO MAKE



mobiquity

Gear 1 IGNITION: TELL ME WHAT TO MAKE





mobiquity

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

mobiquity

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 CPS calculations

+ EUR 1.052.000.000 py

mobiquity

What IF you want to start tomorrow?

People

Process

Platform

mobiquity

What IF you want to start tomorrow?

Mobiquity's Digital Traction Methodology

Process

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

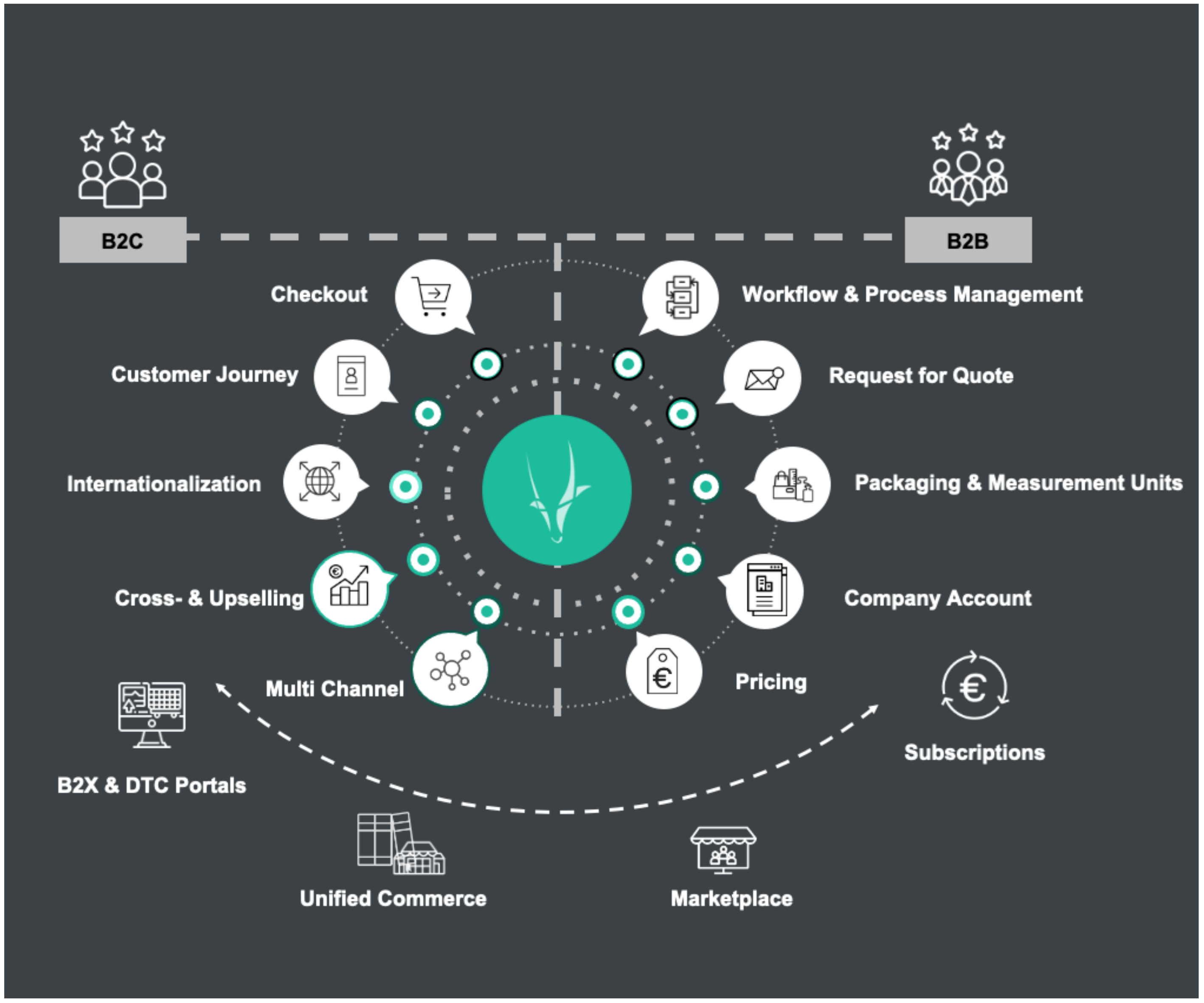
DIGITAL BRANDING & MARKETING

mobiquity

What IF you want to start tomorrow?

~~Platform~~

Composable Commerce



Lenneke Schils
Global Insights Director
lenneke.schils@gfk-cps.com

Danny Groenenboom
Strategy Director Europe
dgroenenboom@mobiquityinc.com

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

E-grocery report available 1/12!

Q&A