



TOP 12 INSIGHTS

# Understanding online grocery

## 1 Growth & disruption

Fast-growing online grocery is not only a key channel in its own right, it's a major disruptor of other channels too. Offline and online are merging to "create both a better customer experience and better efficiency for the entire supply chain."

## 3 Mobile first

The omnichannel device of choice, brands and e-retailers alike need to ensure mobile is central to their offering. "If it's too complex for mobile, it's too complex." As online, mobile will become increasingly key in stores, providing extra information, personal recommendations and offers, and automated cashless checkout.

## 2 Make it easy

Convenience is the main driver as consumers expect an "omnichannel" experience that's fast, easy and seamless. "Brands that win will provide assistance in the moments that matter: during inspiration and discovery, planning and shopping. Assistance is the new battleground for growth."

## 4 Study China

For insights into the future of omnichannel, look to China, which is leading the world in disruptive innovation in grocery. "China is moving much faster than the West because the Western retail model is built on legacy systems. China does not have the legacy of malls and big-box stores. It has no traditional retail model to defend."



## 7 Going direct

Some brands are reacting to online challenges and opportunities by embracing a direct-to-consumer model – as many as 80% of CPG companies are predicted to try this route by 2025. Personalisation of products and packaging will be key differentiators.

## 8 Be nimble

As products become more personal and niche, brands will need to become more nimble, formulating and producing in smaller batches to meet consumers' changing needs.

## 9 Packaging is key

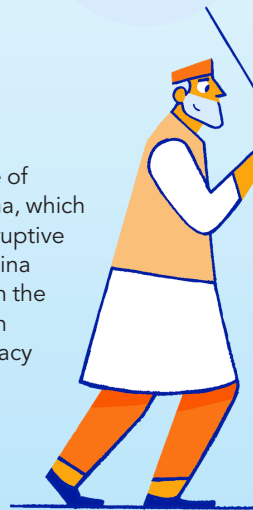
An overwhelming majority of consumers say packaging can have a positive impact – or ruin an otherwise positive purchase experience. Its main use is seen to be preservation and protection, but environmental concerns are growing. Secondary packaging and plastics are already issues, and recyclability is increasingly important everywhere.

## 10 Cutting cost & carbon

Lightweight, logistically efficient carton packaging has a valuable role to play, both in reducing cost and carbon footprint, and this is being used as a differentiator by some brands and e-retailers. E-retailers report that space-efficient packaging can reduce transport volume by 30% to 50%. It also appeals to urban consumers in small homes with limited storage.

## 11 Invest to perform

Supply chains are being transformed by a raft of technologies. Traditional retailers need to invest to stay competitive. "The key to success in e-commerce is winning in logistics and supply chain."



## 5 Little & often

Online grocery shopping today is still largely for stocking up. Expect that to change as delivery becomes faster, prompting the shift to convenience shopping – little and often – that is such a major part of physical retail. As basket sizes reduce, pressure on margins will increase for all players.

## 6 Data is power

Personalisation is key both to communicating with consumers and customising the shopping experience. This is contributing to a shift in power from brands to e-retailers, who possess the most personal data and can therefore "own" the consumer relationship – while developing their private label offering.

## 12 Smart opportunities

Smart packaging has a key role to play, both in the digital supply chain and the consumer experience, creating an interactive one-to-one channel with individual consumers, providing opportunities for communication, marketing and data capture alike.

