

The 2017 Grocery eCommerce Forecast

The Time is *Now* for eGrocery



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INTRODUCTION

eGrocery Definition

noun | e-gro-cer-y | ee-groh-suh-ree

The use of online devices (computer or mobile device) to order groceries for pickup at the store or delivery.

The grocery landscape is changing quickly. Amazon has opened physical supermarkets, Walmart is heavily investing in eCommerce, and many regional players now offer either curbside pickup or delivery. What were once considered futuristic technologies like drones, robots, and Artificial Intelligence are now merging with grocery retail to expand and re-shape the shopper experience. In addition, shoppers are getting more comfortable with online shopping and expect more from all of their digital experiences.

As competition heats up and shoppers demand more, regional grocery players are being forced to take a hard look at their digital shopper offering and ask themselves questions like: *Where should we focus our efforts? What do shoppers expect when it comes to digital grocery? What would entice them to try grocery shopping online, or better yet, to switch supermarkets? Most importantly, how fast do we need to move?*

In order to provide timely answers to these questions, Unata surveyed over 500 shoppers in December 2016 from across the U.S., qualifying the adoption of online grocery shopping in 2016 and the appetite for eGrocery in 2017.

The findings indicate that eGrocery has moved from a differentiator to a critical method of doing business. Not only are far more shoppers turning to digital for their grocery shopping needs, but once they try it, they are extremely likely to keep using it. They also expect a lot more from the online shopping experience and will flock to retailers that do it best.

This report will explore the three things you must know heading into 2017 in order to stay competitive:

1



1 out of 3
will order groceries
online in 2017

2



eGrocery will
determine if you **grow**
(or shrink!)

3



How to win with
eGrocery - 5 things your
customers want

1 IN 3 WILL ORDER GROCERIES ONLINE IN 2017

In 2016, eGrocery adoption more than doubled

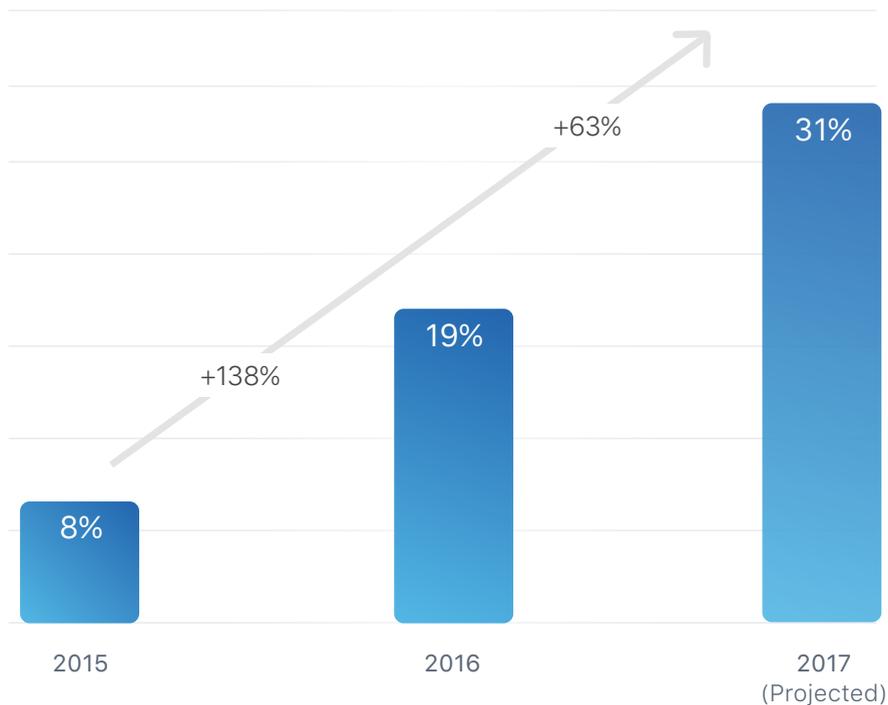
The number of U.S. shoppers who bought groceries online in 2016 more than doubled to 19%, up from 8% in 2015.

This exceeds Unata's 2016 eGrocery Forecast prediction, where 17% of respondents said they were "very likely" or "somewhat likely" to buy groceries online in 2016, qualifying Unata's annual eGrocery Forecast an accurate predictor for the year ahead, and showcasing an accelerating pace of adoption.

eGrocery adoption will continue to accelerate to one-third of shoppers in 2017

The number of U.S. shoppers who buy groceries online will grow by more than 60% this coming year, with 31% saying they are "very likely" or "somewhat likely" to buy groceries online in 2017.

2015-2017 eGrocery Adoption



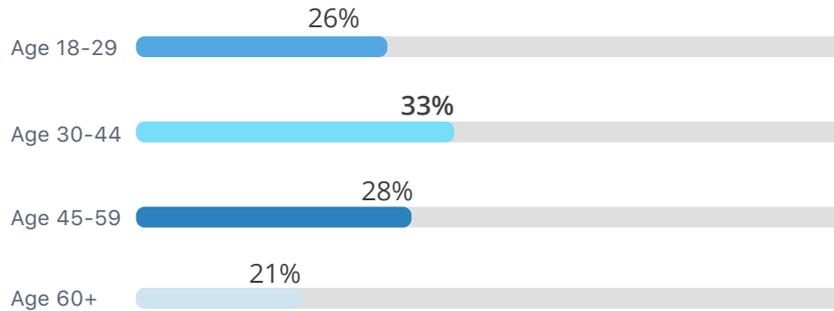
Source: Unata's 2017 Grocery eCommerce Forecast

eGrocery is for everyone!

Shoppers across every age, gender and income bracket are similarly likely to shop for groceries online next year.

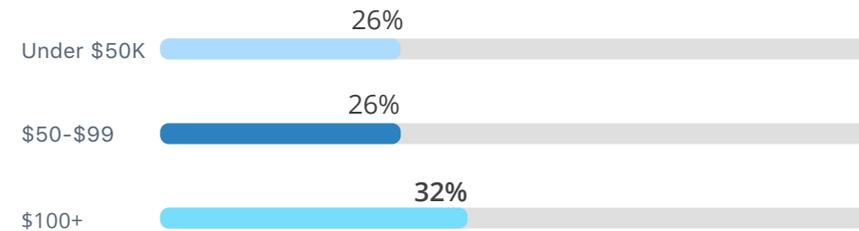
Age:

% 'Somewhat Likely' or 'Very Likely' to purchase groceries online in 2017 per age group



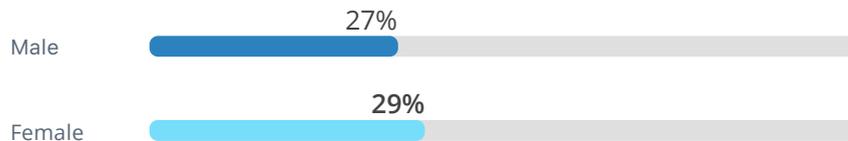
Income:

% 'Somewhat Likely' or 'Very Likely' to purchase groceries online in 2017 per income group



Gender:

% 'Somewhat Likely' or 'Very Likely' to purchase groceries online in 2017 per gender



Source: Unata's 2017 Grocery eCommerce Forecast

Retention is through the roof: Once shoppers try it, they keep doing it!

For shoppers who tried eGrocery in 2016, 80% did so more than once.

Have you ordered groceries online more than once?



Source: Unata's 2017 Grocery eCommerce Forecast

Retention is projected to be just as high in 2017, with 80% who shopped online in 2016 planning to order again this coming year.

The numbers speak for themselves: there is a rapidly growing percentage of consumers who want to grocery shop online. And once they have tried it, most keep doing it. Retailers cannot afford to ignore the digital shopper experience anymore or they are at risk of losing this rapidly growing segment of shoppers.



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Our studies show several reasons for the rapid growth in the percentage of households shopping eGrocery.

COMPELLING CONSUMER BENEFITS. eGrocery saves shoppers time and makes it easier for them to find and buy the products they want anywhere, anytime – often right from their mobile device.

OPPORTUNITY IS DRIVING TRIAL. The eGrocery investments made by large players and specialized websites are exposing more and more shoppers to the opportunity to shop online, driving trial.

DIVERSITY OF FEATURES. As the breadth of features such as curbside pick-up, home delivery and shopping list builders offered by retailers in a given market grows, so does the pool of shoppers who will find something they like about it and use the services.

Unless supermarkets take action, they won't capture share of the online grocery business.



eGrocery WILL DETERMINE IF YOU **GROW** (OR SHRINK!)

If you don't have eCommerce, you are losing share of wallet

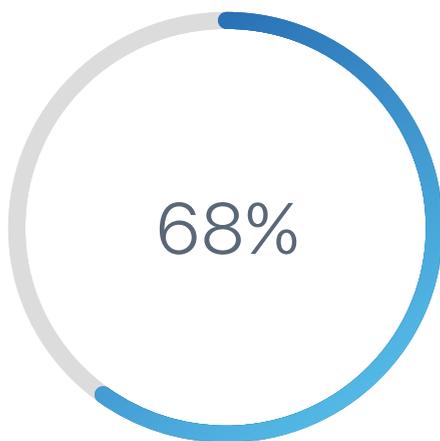
23% of those who shopped online in 2016 said their current grocer does not offer eCommerce, meaning they went elsewhere for those online purchases.

Looking ahead to 2017, of shoppers who said their current grocer does *not* offer eCommerce, 36% said they are likely to order online, meaning they will shop with another grocer.

1 out of **3** If you don't have eCommerce, 1 out of 3 of your shoppers will spend their online dollars with another grocer in 2017

Source: Unata's 2017 Grocery eCommerce Forecast

Shoppers will switch grocers for a great online experience

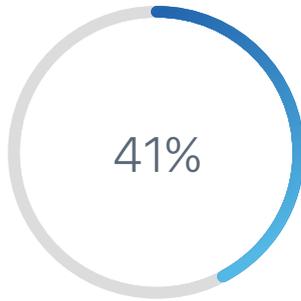


68% of consumers that shopped online last year said they are somewhat / very likely to switch grocers for a better online shopping experience (quick, easy, convenient, enjoyable).

Source: Unata's 2017 Grocery eCommerce Forecast

More than two-thirds of online shoppers feel that the digital experience is core to where they shop.

Already have eCommerce? Your shoppers might not know!



Of those consumers who didn't shop online last year, 41% said that they did not know if their grocers offered it. This highlights a major missed opportunity!

Source: Unata's 2017 Grocery eCommerce Forecast

It's simple: an eGrocery offering is key to growing and defending your market share. Once shoppers have ordered online, the quality of the online experience becomes a critical factor in deciding which grocer will get their dollars. As more and more shoppers adopt online grocery, the digital shopper experience will become the most important factor that determines whether or not you grow your market share.



To learn more about creating a seamless shopping experience, [download our whitepaper.](#)



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Shopper expectations increase each time they have an exceptional online experience, wherever it takes place; it's natural to think "If somebody can do it, why can't my supermarket?"

Whether your customers are shopping online for just a few items or stocking up for the week, you want them to know you care. Every trip is a must-win occasion for traditional retailers and there has to be the flexibility to serve a range of shopping occasions.

A great shopping experience strengthens connections and builds shopper loyalty because it highlights the retailer's customer-centric approach to their business.

Putting the customer's needs and experience first is a proven way to grow the business. It is an essential digital grocery shopping offering.

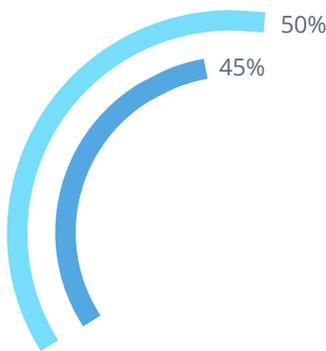


5 THINGS YOUR CUSTOMERS WANT - HOW TO WIN WITH eGrocery

Aside from a state-of-the-art eGrocery experience, here are the five things your shoppers value most (and expect!) from a digital grocery experience in 2017:

1 Easy-to-find Products & Deals

To understand how to improve eGrocery retention, we asked shoppers who only made a single online purchase why they never made a second one.



- In 2016, 50% of all shoppers who never made a second online grocery order said it was because they couldn't easily find the products they were looking for.
- In 2016, 45% of all shoppers who never made a second online grocery order said it was because they couldn't find as many deals online as in store

Source: Unata's 2017 Grocery eCommerce Forecast

How to create a winning navigation: Browsing tens of thousands of products online can be very daunting for your shoppers, so you need to make it as easy as possible for them to find the products that they love. Design your experience so that the shopper is a single click away from the major features and sections that they are most likely to use, and make sure that they can get to products from the homepage with as few clicks as possible. Provide catalogue filters for item attributes such as Local, Gluten-Free, Organic and On Sale.



 Explore More
Ways to Shop
See More >



Products on Sale
Shop Now



New Products
Shop Now



Local Products
Shop Now



Gluten Free Products
Shop Now



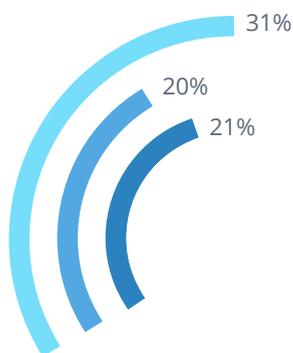
Organic Products
Shop Now



Previously Purchased
Shop Now

To learn more about creating a seamless shopping experience, [download our whitepaper.](#)

2 Personalized Offers, Sales and Product Suggestions



- 1 in 3 (31%) said they would switch grocers for personalized offers based on what they buy
- 1 in 5 (21%) said they would switch grocers for a personalized version of the weekly ad
- 1 in 5 (20%) said they would switch grocers for personalized product suggestions based on preferences

Source: Unata's 2017 Grocery eCommerce Forecast

Use 1-to-1 Personalization to create relevance and inspire. Right from the homepage your shoppers should feel that the experience has been tailored specifically to them. They should see their previous orders, have access to their most frequently purchased items, and be shown products and specials that are relevant based on their shopping history. 1-to-1 Personalization should extend to search results, the products displayed at the top of each department, product recommendations in the cart, the weekly ad and digital coupons. The personalized experience should continuously evolve as you collect more data about each shopper's behaviours.



To learn how to create a 1-to-1 personalized shopper experience, [download our whitepaper.](#)

3 A Digital Weekly Ad

30%

30% of shoppers said they would enjoy viewing the weekly ad online in 2017.

Source: Unata's 2017 Grocery eCommerce Forecast

Build your weekly ad for digital and connect it with eCommerce. Shopper interactions and expectations are different online, and your weekly ad needs to reflect that. Rather than a PDF of your print version, design your weekly ad to capitalize on all that digital has to offer -- personalization, omni-channel support, measurability and interactivity -- and ensure it can support all of your most exciting content like complex offers, videos, recipes, collections, and more. Connect it to your eCommerce so that shoppers can easily take advantage of savings via an online order.

4 Digital Coupons



29% of shoppers said they would enjoy browsing and clipping digital coupons online in 2017.

Integrate digital coupons with your eCommerce so that coupons are found and redeemed. Allow your shoppers to easily find, clip and redeem coupons related to products they are already buying or are likely to buy while they shop online with you. You can do this by connecting your coupons to product pages and the catalogue so that as coupons are clipped, the cart total adjusts in real time, allowing your shoppers to more accurately budget their online shop and never miss another deal online.

5 “Fast Food”!



25% of shoppers said they would switch grocers for 1-day delivery and 24% said they would switch grocers for same-day delivery.



24% of shoppers said they are unlikely to shop online in 2017 because they don't want to wait for their groceries.

Offer fast and affordable pickup and delivery options. Make the pickup and delivery part of the online shop feel easy and fast for your shoppers by giving them options for both fulfilment type (curbside pickup versus same-day delivery versus next-day delivery) and pickup/delivery times. Explore external partnerships and “asset-light” delivery integration options to make delivery possible.



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“ To win more than their fair share of online spending and to create strong digital connections with their customers, supermarkets need to build on these new learnings. Here are four ways to do that.

EASY SHOPPING. Offer a well-designed navigation system in order to deliver a great experience. No one wants to sort through every pasta sauce the store sells when they just want the one they buy all the time.

COUPONS, COUPONS, COUPONS. Make it easy to find and apply coupons to online orders. This is an area where our research shows supermarkets have a leg up on other competitors in eGrocery.

LEVERAGE PERSONALIZATION. There is magic when a customer first realizes that their store knows them well enough to serve up only relevant products and offers.

PROMOTE YOUR ONLINE OFFERING. This needs to be done both digitally but in-store as well to drive maximum exposure and trial. ”

CONCLUSION

2017 is going to be a big year for digital grocery, with 31% of shoppers planning to grocery shop online in 2017, and 80% of those who've shopped for groceries online before planning to do so again in 2017.

An eGrocery solution is crucial for US grocers to defend market share, with 36% of shoppers whose current grocer does not offer eCommerce planning to order online in 2017.

More importantly, the strength of your eGrocery shopper experience will determine whether your current shoppers turn to you, or your competitors, for their online grocery shopping needs, with 68% of online shoppers likely to switch grocers to one with a better online shopping experience.

In order to stay ahead and stay relevant, make sure to:

- 1 Invest in an eCommerce solution
- 2 Create a top-of-the-line user experience
- 3 Offer what your shoppers want, from personalization to offers to fast delivery

For more information or questions,
contact research@unata.com

About Unata

Unata powers industry-leading digital experiences for North America's most well-respected grocers, with the mission to innovate the future of the grocery shopping experience. Unata enables 1-to-1 eCommerce, eCircular and eLoyalty experiences, powering the entire digital grocery experience through a single platform. Unata's award-winning work is featured by retailers including Lowes Foods, Raley's, Longo's and more.

To learn more, visit www.unata.com or follow Unata on [Twitter](#) or [LinkedIn](#).

About Brick Meets Click

Brick Meets Click is dedicated to creating cutting-edge thought leadership on how consumer technology use is influencing the future of shopping, changing retail business models, and realigning trade partnerships. To promote discussion and idea-sharing about the increasingly multi-channel shopping experience, BMC publishes a wide variety of content at www.brickmeetsclick.com. To assist companies who are navigating the new environment, BMC offers information and advisory services.

