The Omnichannel Roadmap to Success

November 13, 2019
Today’s Speakers

Doug Baker
VP Industry Relations

Bernardine Wu
Founder & CEO
FMI is the trade association that serves as the voice of food retail. We assist food retailers in their role of feeding families and enriching lives.

The Association:

Our members are food retailers, wholesales and suppliers of all types and sizes

FMI provides comprehensive programs, resources and advocacy for the food, pharmacy and grocery retail industry.
Fit for Commerce is a specialized consultancy helping digital businesses accelerate growth. Trusted advisor to hundreds of global companies.

Curated digital innovation tracking and applied market advice to businesses to leverage for growth or problem-solving.

Benchmarking of Top 125 brands and retailers for Omnichannel customer experience and innovation (store, web, mobile, cross-channel).

Methodology based on an investment and due diligence mindset for decision-making and execution to ensure success.

We are the help.

113 IR1000 clients
18 countries served
1500+ engagements helping clients grow
500+ retailer, brand, B2B, manufacturer clients
600+ combined years of experience across 25 verticals
450+ vendor selection projects
2000+ thought leadership pages published
When it comes to digital and omnichannel my company approach is most like …

A.  
B.  
C.  
D.  
E.
Grocery shopping remains a national pastime

Currently in the U.S.

86% of all adults say they have at least half of the responsibility for household grocery shopping (compared to 85% in 2018)

81% 92%
Today’s shoppers have an abundance of options when...
The online grocery channel now reaches Gen X to almost the same extent as it does Millennials.
Many shoppers shop for food online, 1 in 5 do so regularly

today...

43% of shoppers have **shopped for groceries online** in the past year

21% are shopping for groceries **online regularly** (once a month or more often)

only 10% are shopping for groceries **online frequently** (once or more every two weeks)
Who are the frequent online shoppers?

- **MILLENIALS | GEN X**
- **PARENTS**
- **COLLEGE EDUCATED**

- **MALES 55%**
- **HIGHER HHI (36% $100k+)**
- **URBAN**
- **SOUTH**

- MALE
- MILLENNIALS & GEN X
- PARENTS
- COLLEGE-EDUCATED
- HIGHER HHI
- URBAN
- SOUTH
Online shoppers spend more and still shop in-store

<table>
<thead>
<tr>
<th>Budgets</th>
<th>Frequent</th>
<th>Monthly</th>
<th>Occasional</th>
<th>Not at all</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weekly online grocery spend</td>
<td>$59</td>
<td>$35</td>
<td>$15</td>
<td>n/a</td>
</tr>
<tr>
<td>Weekly brick &amp; mortar spend</td>
<td>$108</td>
<td>$99</td>
<td>$96</td>
<td>$102</td>
</tr>
<tr>
<td>Total weekly grocery spend</td>
<td>$167</td>
<td>$134</td>
<td>$111</td>
<td>$102</td>
</tr>
<tr>
<td>Online share of wallet</td>
<td>39%</td>
<td>29%</td>
<td>13%</td>
<td>n/a</td>
</tr>
</tbody>
</table>
Design your omnichannel roadmap around the customer journey and expectations.
How are food retailers delivering on the omnichannel promise?

We mystery-shopped 26 US food retailers to find out!

**GROCERY OMNICHANNEL INDEX**

<table>
<thead>
<tr>
<th>Mystery Shopping</th>
<th>26 Food Retailers</th>
<th>175+ Criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>(online, mobile, in-store)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>22 Regional / National Grocery Chains</th>
<th>4 Clubs / Super Centers</th>
</tr>
</thead>
</table>

**“Best Practices” Criteria Examples**

<table>
<thead>
<tr>
<th>Webstore</th>
<th>Mobile Site</th>
<th>Cross-Channel / Store</th>
</tr>
</thead>
<tbody>
<tr>
<td>Navigation</td>
<td>Product Detail Pages</td>
<td>Services</td>
</tr>
<tr>
<td>Category &amp; List Pages</td>
<td>Checkout</td>
<td>Signage</td>
</tr>
<tr>
<td>Product Detail Pages</td>
<td>Apps</td>
<td>Delivery / Pickup Experience</td>
</tr>
<tr>
<td>Cart &amp; Checkout</td>
<td></td>
<td>Mobile</td>
</tr>
<tr>
<td>Personalization</td>
<td>Mobile optimized site</td>
<td>EXAMPLES</td>
</tr>
<tr>
<td>Content</td>
<td>Saved cart between mobile and web</td>
<td>- Buy Online / Pickup In-Store</td>
</tr>
<tr>
<td>Loyalty</td>
<td>Pre-population of local store</td>
<td>- Curbside option</td>
</tr>
</tbody>
</table>

- Shop from digitized flyers
- Add products from shopping list to cart

OMNICHANNEL
What can we learn from the Index?
So much progress...

So many opportunities

58% average adoption of omnichannel best practices across all food retailers

69% high score

36% low score
Food retailers are responding to consumer demands for convenience

Design omnichannel experiences around customer expectations

Understand customer journeys to determine what convenience factors matter most. If offering both pickup and delivery, make sure that the experience is seamless and consistent across all customer touchpoints.
But the approach differs...

58% manage digital commerce and fulfillment in-house

42% outsource digital commerce and fulfillment (pickup and delivery) to third-party vendor
What is your approach to digital?

a) We leverage a third-party vendor for digital commerce and fulfillment (e.g. Instacart)

b) We manage digital commerce and fulfillment in-house

c) We started with 3rd party but have transitioned to in-house

d) We don’t offer digital commerce yet
Approach has little impact on best practice adoption

<table>
<thead>
<tr>
<th></th>
<th>Average Adoption of Omnichannel Best Practices</th>
</tr>
</thead>
<tbody>
<tr>
<td>Club/Supercenter – in-house</td>
<td>60%</td>
</tr>
<tr>
<td>Retailer – in-house</td>
<td>59%</td>
</tr>
<tr>
<td>Retailer – third party vendor</td>
<td>56%</td>
</tr>
</tbody>
</table>
Most master basic digital best practices

**Bulletproof the Basics**
Do your due diligence. Before you make your ecommerce platform selection make sure that you know what functionality you need to optimize the shopping experience. Ensure that your digital commerce platform includes best practice functionality for navigation, sort, filtering, search etc.
Majority experiment with basic onsite personalization

**PERSONALIZATION - 1ST VISIT**
- Include product recommendations on homepage: 65%
- Update recommended products based on browsing patterns: 62%
- Recognize shopper location or auto-display nearby store: 40%
- Update category pages after browsing: 23%

**PERSONALIZATION - 2ND VISIT**
- Update category page with previously viewed or purchased products: 62%
- Display products on homepage from past visits: 69%
- Display previously viewed items: 80%
- Recognize shoppers by name: 80%
Only **4%** allow shoppers to manage personalization preferences from account section - types of emails to receive, preferred brands, etc.

**Personalize the Shopping Experience across ALL customer touchpoints**

Capture customer data from all platforms and make sure that your information is centralized and actionable – every communication should be relevant and timely. Let your customers be in control – update your account section to allow them to control their preferences.
Food retailers excel at delivering content

Use content to inspire and engage shoppers
Create and deliver relevant content at every step of the customer journey. Ensure that content is optimized for all devices and that brand and ecommerce sites are tightly integrated.
Half take content to the next level by making it shoppable

**Editorial and Shoppable Content**

Shoppable content: 50%

Digitized, shoppable fliers: 38%

**Convert great content into sales**

Make the most of your content – recipes, articles etc. - by making it shoppable. Ensure tight integration between brand and commerce content and optimize for all devices.
Digital shopping lists mostly optimized for in-store shopping

70% offer digital shopping list functionality, but only 34% allow shoppers to move items from list to cart.

Extend the utility of digital shopping tools to all channels

Make it easy for customers to shop! Ensure that your digital shopping tools can be leveraged across all channels and customer touchpoints to optimize sales conversions.
What are you doing to improve the mobile experience?

- Shoppers can shop directly from our app
- Shoppers can add items from shopping list to cart from app
- Shoppers can scan products to get more product info and content
- Shoppers can view and manage loyalty programs from app
- We do not have a mobile app
100% have mobile apps, but fewer than half are transactional

Take mobile to the next level
Include transactional functionality for apps as well. Ensure tight integration between brand site, digital commerce platform and mobile to enable seamless transition between devices and consistent experiences across all touchpoints.
Grocery leads with threshold messaging in the cart

**Threshold Messaging**

<table>
<thead>
<tr>
<th>On PDP</th>
<th>15%</th>
</tr>
</thead>
<tbody>
<tr>
<td>13%</td>
<td></td>
</tr>
</tbody>
</table>

**In Cart**

<table>
<thead>
<tr>
<th>53%</th>
</tr>
</thead>
<tbody>
<tr>
<td>30%</td>
</tr>
</tbody>
</table>

Granify Green Grocery
Granify Yellow Other Verticals

Increase cart size with threshold messaging

Clearly communicate with shoppers to optimize cart size and guide shoppers to complete the transaction. Enable threshold messaging on both product detail pages, cart and checkout.
Opportunities to elevate customer service

FROM THE INDEX

Customer Service Contact Information

On product detail page
- Grocery: 4%
- Other verticals: 27%

In cart and checkout
- Grocery: 15%
- Other verticals: 50%

Live Chat

On product detail page
- Grocery: 8%
- Other verticals: 35%

Anywhere on site
- Grocery: 23%
- Other verticals: 56%

Speak your customers’ [digital] language

Implement the customer service tools digital shoppers are used to on other sites and make sure that your systems are fully integrated. Training is key to great customer service in a digital/omnichannel world...
Double down on convenience and speed

Provide same-day delivery and pickup services to meet customer demands and provide simple tools for ordering and scheduling.
Differentiate through transparency
Offer multiple delivery options and clearly communicate fee structures. Leverage promotions and loyalty to encourage shoppers to complete orders.
Go the extra mile with curbside pickup

Make it as easy as possible and avoid friction
Carry the online experience over to the in-store experience. Make sure that you guide shoppers to pickup areas etc. with ample signage and information. Train in-store associates to be knowledgeable about to process to ensure best possible experience.

FROM THE INDEX

In-Store Pickup Options

Curbside pickup 68%
Reserved pickup area in-store 83%

67% display clear pickup signage
Grocery leads the way for omnichannel signage

Leverage in-store real-estate to promote omnichannel services

Use in-store real-estate to strategically promote omnichannel services including delivery/pickup options, loyalty and rewards, mobile apps, etc.
Have you implemented Scan & Go in your stores?

a) Yes

b) Not yet, but planning to implement in next 12 months

c) No, and no plans to
Food retailers are experimenting with tools to ease in-store checkout.

**FROM THE INDEX**

**In-Store Checkout**

- Self-checkout: 64%
- Scan-and-go: 18%

**Differentiate through exceptional in-store services**

Provide convenient in-store shopping tools and deliver unique experiences to delight shoppers and encourage loyalty.
What’s on your omnichannel shopping list?

- Design experiences around customer journey
- Ace the basic digital best practice functionality
- Personalize across all touchpoints
- Deliver relevant content and make it shoppable
- Integrate digital shopping tools across channels
- Bridge loyalty and transactional apps
- Leverage threshold messaging at multiple stages
- Elevate customer service
- Double down on convenience
- Optimize in-store signage
- Differentiate through experiences
How do you stack up?

GROCERY OMNICHANNEL INDEX

The Omnichannel Roadmap to Success

Introduction

"Any time, any way, anywhere" has become today's shopping mantra, and each day, consumers and new technologies redefine exactly what that means.

The Grocery Omnichannel Index is the industry's first benchmarking study designed to examine how food retailers meet expectations for seamless and convenient grocery shopping experiences. This report is designed to provide an overview of the state of grocery omnichannel retail and help food retailers assess where they excel and what areas they can improve to meet and exceed expectations.

FMI U.S. GROCERY SHOPPER TRENDS 2019:
Consumers show a strong progression in online grocery purchasing (rate of online-only retailers doubled from 16% in 2015 to 33% in 2019), along with the use of apps for the store they shop (up from 11% in 2017 to 26% in 2019).

GET YOUR COPY OF THE REPORT:
www.fitforcommerce.com/groceryindex