

eCommerce:

## A Mixed Bag for Grocery Brands and Marketers



### OVERVIEW

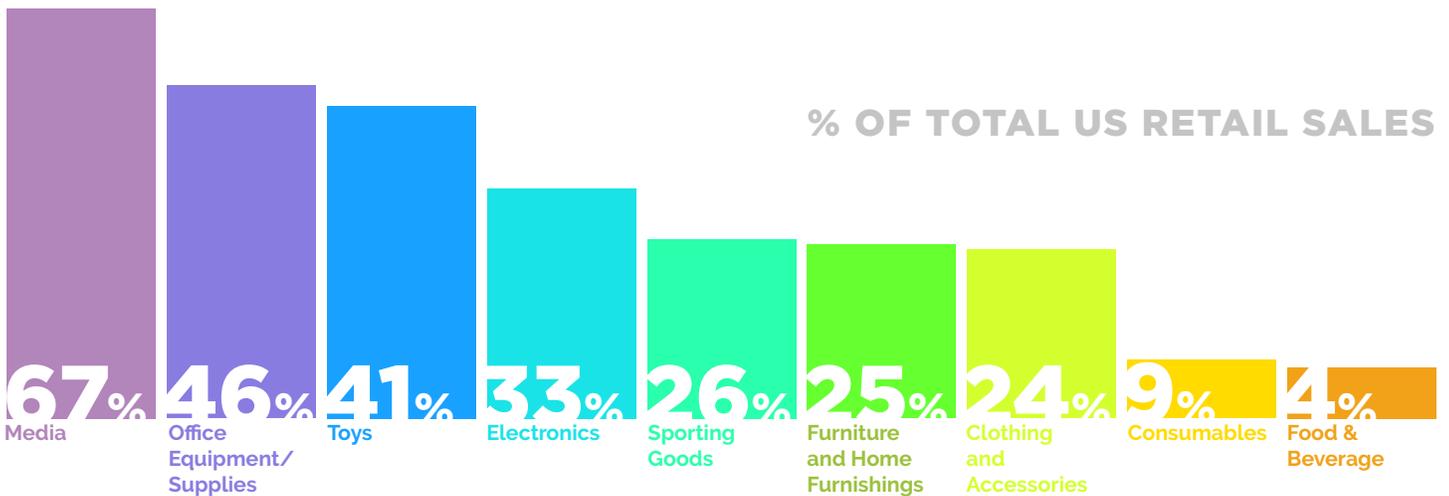
**The state of eCommerce for grocery is not where it should be.**

Food and Beverage only accounts for 4% of the total US eCommerce sales and household goods (inclusive of Food and Beverage) account for 29% in Canada. Despite impressive digital grocery sales projections and increased consumer adoption of eCommerce, there are four main obstacles that grocery brands have to contend with. These challenges also present strategic opportunities to delight and retain core consumer segments. Savvy grocery marketers will need to use a wide range of marketing tactics to meet the demands of eCommerce and stay ahead of the competition.

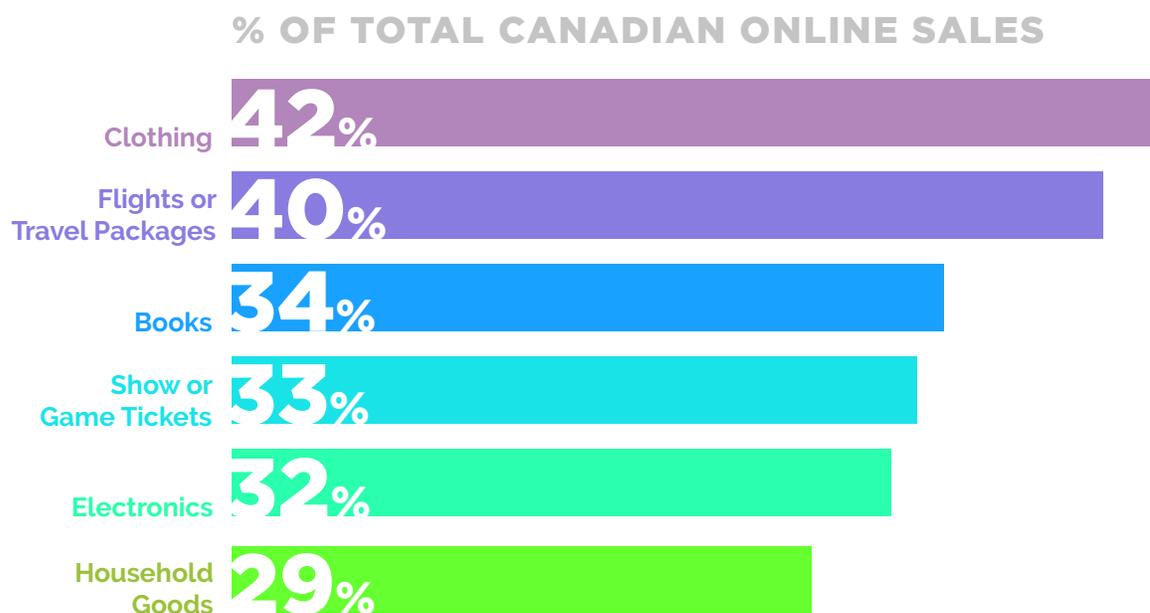
# State of eCommerce (by Industry)

The Food and Beverage industry is still finding its feet when it comes to eCommerce capabilities. This vertical only accounts for 4% of the total US retail sales, trailing behind other industries according to this recent 2017 eMarketer report:

["eCommerce In the Grocery Sector: Retailers and Brands Innovate To Propel Growth"](#). A meager number considering the eight categories ahead of it:



**The state of affairs are similar in Canada.** In ["The State of eCommerce in Canada"](#), a research study conducted by the Canadian Internet Registration Authority (CIRA), "Household Goods" only accounts for 29% of what Canadians are buying online, trailing behind five other categories like:



**eMarketer estimates that in 2017, grocery eCommerce will total \$71 billion,**

(6% of total grocery sales in the US) and is expected to double by 2020 reaching \$177 billion (accounting for 12% of grocery sales). North of the border, Canadians have not only embraced eCommerce, they are also predicted to spend \$39 billion online by 2019 [according to Forrester](#).

# Reasons for eCommerce's Growing Popularity

- **CONVENIENCE**

There is no doubt that the 24/7 availability of online shopping is appealing to a convenience-driven generation of consumers. The ability to schedule deliveries, pick ups and purchase at the touch of a button are the main reasons consumers are shifting to online grocery shopping.<sup>1</sup> With this shift is an increase in purchasing on Smartphones, which now accounts for 53% of digital purchases.<sup>2</sup>

- **BUYING FREQUENCY OF MILLENNIALS**

Millennials are having a profound effect on the adoption of eGrocery. eMarketer has 65% of American's 18–35 buying groceries "at least once a month," outpacing other demographics: Gen X (51%) and Baby boomers (17%).<sup>2</sup>

- **STOCKING OF NON-PERISHABLE ITEMS**

A Nielsen global report highlights the stocking of non-perishable products – specifically, those with a steady consumption rate and long shelf life – as an instigator for online grocery shopping.<sup>3</sup>

## Obstacles Facing Online Grocery Shopping

- **BROWSING ONLINE IS TIME-CONSUMING**

A chief hurdle is the [amount of time it takes to go through the digital aisle](#). Shopping for groceries online is said to be time-consuming: "there are not only a great many items to consider, but also a number of options for each item." This is similar to the grocery store, but eCommerce lacks the ability to quickly compare the products on display in an aisle.

- **A LACK OF CHOICE**

In Canada, [limited selection](#) appears to be a concern. Customers don't seem to find what they typically purchase in the brick-and-mortar grocery stores.

- **SELECTION PREFERENCE**

Consumers do not trust retailers to choose products that will live up to the consumer's expectations. Beyond product selections, consumers are still hesitant about how products are handled behind the scenes.

- **PRODUCE INSPECTION**

The delicate nature of produce presents another obstacle. Consumers want to purchase and inspect produce based on specific ripeness levels and personal preference. This makes the impersonality of online shopping challenging for produce.

## Opportunities for Brands and Marketers

- **USE PERSONALIZATION STRATEGIES**

Remodel your eCommerce platforms to create personalized experiences (using available website data and analytics from past purchasing habits). This shows you understand your consumers' needs.

- **TRANSLATE IN-STORE VALUE ONLINE**

Ensure frictionless user experience online just as you would in-store. Brands should treat every online touchpoint the shopper encounters as an opportunity to delight and not distract them from their path to purchase.

- **MIX THINGS UP**

Grocers should ensure that their online platforms reflect the width and breadth of their in-store merchandise. This way consumers have a variety of options to choose from.

- **USE ONLINE RECIPES TO ENCOURAGE TRIAL**

Including online recipes as part of your eCommerce offering is a strategic tactic for increasing online sales, capturing market share and offering consumers a value-add.

- **STAY NIMBLE**

Marketers in all verticals should keep monitoring, measuring and optimizing based on the results collected from their eCommerce activities including the consumers' path to purchase online.

<sup>1</sup> - Is Online Grocery The Rising Star On Canada's eCommerce Horizon? – Canada Post (February, 2016)

<sup>2</sup> - eCommerce In the Grocery Sector: Retailers and Brands Innovate To Propel Growth – eMarketer (April, 2017)

<sup>3</sup> - The Future of Grocery: eCommerce, Digital Technology and Changing Shopping Preferences Around the World – Nielsen (April, 2015)

# How Marketers are Encouraging Trial Online

Top marketers know that standing out online means sparking curiosity and trial along the path to purchase.

How do these brands stand out? Great content! The more customized the content is for your core consumer segments, the better. With THP you can create content 100% On Demand. No minimum orders, no retainers and no long term contracts. Buy only the content you need, when you need it to help you boost engagement and purchase online. Whether you need photography, video, cinemagraphs, recipe development, graphic design or copywriting-our team is here to help create custom high quality content that is actually affordable.

The logo for THP, consisting of the letters 'THP' in a white, sans-serif font centered within a solid orange rectangular background.

## Get in touch!



[hello@thpagency.com](mailto:hello@thpagency.com)



647.529.0141



[www.thpagency.com](http://www.thpagency.com)