

The Modern **Grocer's** **Guide**

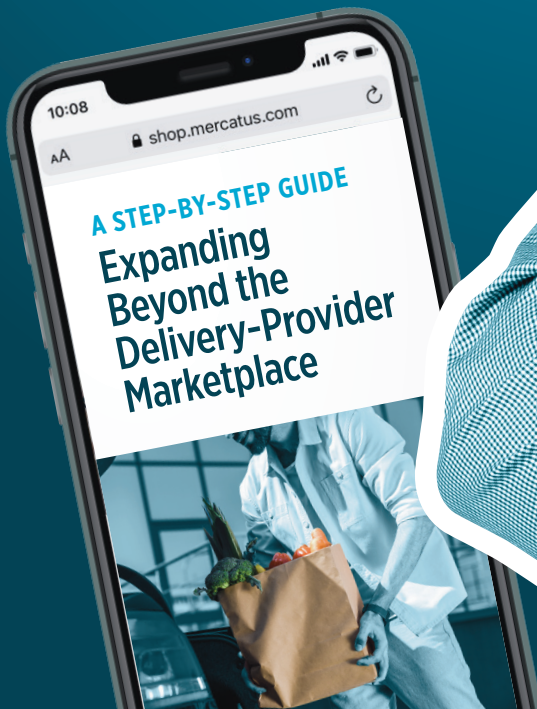
to Winning at eCommerce

HOW TO

PROTECT
MARGIN
GROWTH,

MITIGATE
RISK, AND

REGAIN
CONTROL
OF THE
SHOPPER
JOURNEY





Reclaim your **eCommerce** *Experience*

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Introduction

You've worked hard to build your grocery business over the years. You've heavily invested in your brick-and-mortar presence, and you've recognized the need for an eCommerce solution. And maybe you decided the fastest and easiest way to get into the game was to enlist with a delivery-provider marketplace.

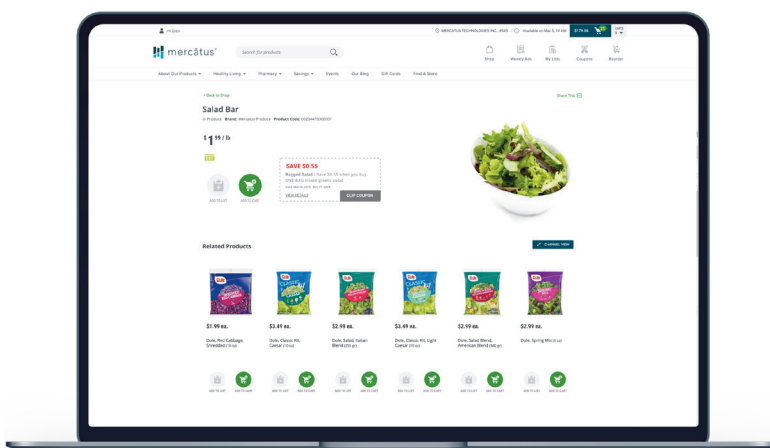
But now, you're having concerns about whether that's really in your best interest. There's a feeling that you're missing opportunities to grow your business, that there's more you could be offering your shoppers to keep them engaged.

We're glad you're reading this, because you are right to have concerns. But it's important to know that even if you're in a relationship with a marketplace, it's not too late to add a better solution into your eCommerce mix, and perhaps, at some point, reduce your dependency on marketplace sales by standing on your own eCommerce solution exclusively. We've put together this seven-part guide to walk you through the key steps of how to do that. We cover everything you need to know, from the strategy and internal planning, to finding and working with a tech partner, to implementation and beyond.

You'll learn how to build and grow an eCommerce experience that you own and control, both today and for many years to come. This is the essence of our “Back in Charge” message, which aims to get grocery retailers like you back in charge of the customer shopping journey by putting your brand at the center of the eCommerce experience. This guide book explains how to make that happen with no risk to your business revenue.

In [Part 1](#) we'll start with a high-level look at the good and the bad of delivery-provider marketplaces, so you have a better understanding of what exactly you could be leaving on the table—and how much you could gain by exploring the alternatives.

Learn how to build and grow an eCommerce experience that you own and control



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How much are you losing to your delivery provider's marketplace?

- You could be losing 14% of your margin or more
- You lose valuable customer data and possibly customers to the marketplace
- Delivery-provider marketplaces disrupt the relationship between retailers and shoppers
- 10 essential questions to ask your marketplace provider



You know you've got to serve your shoppers' thirst for time-savings and convenience with an online grocery shopping experience

You've put a lot of hard work into building your grocery business, maybe several generations' worth of sweat, sleepless nights, financial commitment and love—for the business, for your family and for your customers.

To maintain your hard-earned success, you know you've got to serve your shoppers' thirst for time-savings and convenience with an online grocery shopping experience. Maybe you decided that a delivery-provider marketplace would get you into the game quickly, with minimum inconvenience and upfront costs.

There are certainly a lot of good reasons to enter eCommerce through this channel.

Convenience, of course, is probably the main attraction. The promise of being able to get an eCommerce solution up and running quickly, with a minimum commitment of internal resources or financial investment is an appealing one. Just like your shoppers, you want to go with the simple, easy solution.

The online marketplace gives you discoverability too. You're riding on the coattails of a large platform with search engine optimization (SEO), so customers have a number of different ways to find you online, whether or not they search directly for your name. You're there, side-by-side with other grocers on the virtual block. Maybe you'll even woo some of your competitors' customers over to your offering, just as you often do when your brick-and-mortar store is next door to a similar retailer.

And you're creating happy customers, who now can shop online with you at any time and receive a last-mile solution that's convenient and satisfying.

Over the short-term at least, you'll likely see some impressive gains. You'll grow your eCommerce customer base. You'll see some top-line revenue gains as those shoppers load up their virtual shopping carts and buy in bulk to take advantage of convenient delivery options.

Everything is good. *Or is it?*

The problem with delivery-provider marketplaces

The promise of getting into eCommerce without any hassles or a significant investment is appealing, but it does come with costs. They could be significant, particularly if you're relying exclusively on your delivery provider's marketplace for eCommerce.

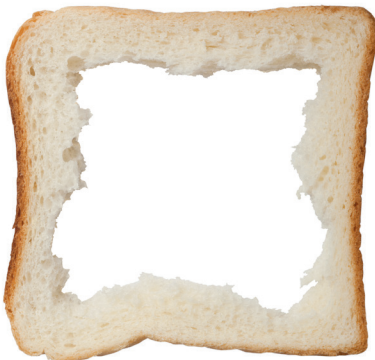
What's at stake? Well for one, you lose control over the relationship with your customer. Because you no longer own all their personal and transaction data, you're no longer in charge of how or why or when you communicate with them.

Then there are the direct financial consequences. For example, margin compression, as the marketplace eats away at your already slim margins and acquires CPG ad dollars that could (and should) have gone to you. And market share erosion as consumers are lured away by other retailers on that same marketplace.

As time goes by, you will likely also experience a gradual hollowing out of your eCommerce and IT infrastructure, as your own capabilities in these areas become less and less relevant and current.

Finally, there is the long-term disintermediation—as you become less essential and relevant, and possibly even face direct competition by the marketplace itself. Think of previous retailers who have gone down the same road, such as Blockbuster and Toys R Us.

Let's take a closer look at how these losses occur and what exactly they mean to your business.



Top Pick

Brittain Ladd, Forbes, Dec. 24, 2018:

“Shakeup on Aisle Five: Will Grocery Retailers Abandon Instacart?”

[View online](#)

How much money are you losing with eCommerce outsourcing?

The financial consequences of relying only on a delivery-provider marketplace are perhaps the most immediate threat, though often the least obvious one. Let's break down a typical order, so you can see just how much is at stake, and just how much the marketplace could be pocketing.

Retailers typically see a margin of around 18% on an in-store transaction. When they use a delivery-provider marketplace, that falls to just 5%. Meanwhile, the marketplace's margin could go as high as 14% on an average online basket.

Take a look at what that could mean in dollar terms on a typical \$88 order once all the expenses are factored in

- A typical grocer using a delivery-provider marketplace pays a 12% fee to the provider.
- On top of that, there's a nominal 5% delivery fee and additional 5% tip on the delivery.
- Don't forget the 3% credit card fee and lost ad revenue of 5%.

Result: the retailer nets \$4.40 on an \$88 order, while the marketplace operator makes \$12.32 on the same order.

\$88
Online order

\$12.32
Delivery-provider marketplace's margin

\$4.40
Grocer's margin

14%

5%

If you include overhead like administration, logistical and labor costs (the last of which is even higher if you are a union operator¹), the retailer likely even **loses money** on this and every order.

The delivery-provider marketplace, on the other hand, earns additional advertising dollars by monetizing access to the retailer's shopper. That takes them up to 14% in revenue on the original \$88 order, putting \$12.32 in the marketplace's pocket.²

With your own eCommerce solution in place, you can take back those margins, keeping up to 16%, depending on which features you incorporate. Not only is this much higher than you could get with a delivery-provider marketplace, it's almost as high as your in-store margins.



Tip the scales back in your favour!

Get your free customized financial analysis to find out **exactly** how much you're leaving on the table with your delivery-provider marketplace.

Contact us

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¹ Digital Grocer Podcast, Interview with Barclay's on "Dissecting the Instacart Addiction" - <https://mct.media/2TImzA9>

² Information and calculations from Mercatus, How Much Money Are You Leaving on the Table? - <https://www.mercatus.com/back-in-charge/>



You might also like

Barclays, “**Dissecting the Instacart Addiction.**” Access the full report, and listen to the podcast here:

Listen online

Are you at risk of losing customer loyalty?

Another risk of working exclusively with a delivery-provider marketplace is losing control over customer data—and possibly your customers, too.

When you drive your customers to use Instacart, for example, they become subject to Instacart rules, not yours. They belong to the marketplace now. When your customer activates their Instacart account, they open themselves up to receiving offers and incentives governed by Instacart’s algorithms. When they log on to the marketplace, they may go there with you in mind, but they’re soon exposed to many other options—namely, your competitors. The shopper you’ve worked hard to cultivate and maintain is now at risk as the convenience factor of being an Instacart customer starts to erode their shopper loyalty.



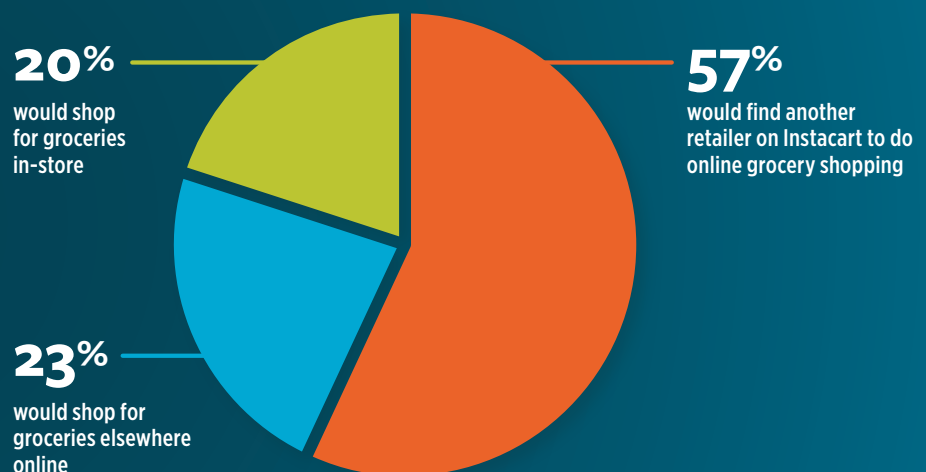
Consider this cautionary statistic: A report by Barclay’s Bank found that **nearly half (43%)** of users on a delivery-provider marketplace said they would stay and **switch to another retailer** if their preferred retailer were no longer available on the platform.³



Morgan Stanley recently conducted a similar food retail survey with even more disturbing results. They discovered that **57% of Instacart shoppers** would **find another retailer** on Instacart if their preferred retailer was not available.⁴

Likely action if retailer NOT available on Instacart

(Among Instacart purchasers)



³ Digital Grocer Podcast, Interview with Barclay’s on “Dissecting the Instacart Addiction. Available at: <https://mct.media/2Tlm2A9>

⁴ Morgan Stanley, Checking Out: Annual Food Retail AlphaWise Survey, February 20, 2020. Access via: <https://mct.media/2TG4xcC>



Meir Fox, "Delivering with Instacart? This post should alarm you." February 24, 2020.

[View online](#)

By owning your own eCommerce journey, you avoid the pitfalls of vendor lock-in



Who owns your customer data?

When you use a delivery-provider marketplace, every marketplace transaction, every product preference, every click is tracked and stored by the delivery provider. They know exactly how and what each customer buys and they control the experience from start to finish. Moreover, they own this and all the data they collect on your customers, data which can be used to model your most valuable customers' preferences and behavior.

As a retailer, you're at the mercy of the marketplace's algorithms, rules and processes. Not owning the shopper experience means up-selling and cross-selling becomes near impossible for your own eCommerce team.

Your customers' data is also used to generate ad dollars which, as noted above, puts a significant amount of money in the pockets of marketplaces. Ad sales are rising with the growth of online shopping, particularly CPG brands. Instacart, for example, reported in the spring of 2019 that their advertising "has seen triple-digit growth over the last year."⁵

Moreover, some industry analysts have expressed concerns that some delivery-provider marketplaces could themselves become retailers and market product directly to customers.⁶ Think about it: they could offer better pricing because of larger order numbers, and meanwhile you've been teaching them not only your business model but your strengths and weaknesses. With that knowledge, plus extensive customer data, it's pretty clear who would have the competitive advantage if that situation were to occur. Already we are seeing this on the Amazon marketplace, where a search for many products will suggest the store brand AmazonBasics option first as a "top pick."

By owning your own eCommerce journey, you avoid the pitfalls of vendor lock-in and start to reclaim your shoppers. At a minimum, you will stop sending them to the delivery-provider marketplace and stem the tide of customer erosion. This shift does not necessarily entail delisting from the marketplace altogether. Instead, it is about gaining leverage: having the freedom to onboard additional delivery providers, reach additional markets, and dictate terms of data ownership and margins rather than executing within the rules and constraints placed upon you by another business.

⁵ Kristina Monllos, Grocery media: Agencies are spending more CPG ad dollars on online grocers, May 29, 2019.

Available at: <https://mct.media/38qzhvD>

⁶ Brittain Ladd, Shakeup On Aisle Five: Will Grocery Retailers Abandon Instacart? Dec. 24, 2018. <https://mct.media/3cy2XT2>

How to make a game plan

The reasons to get back in charge, and recapture those lost profits and reclaim ownership of valuable customer data, are compelling. But how do you do it?

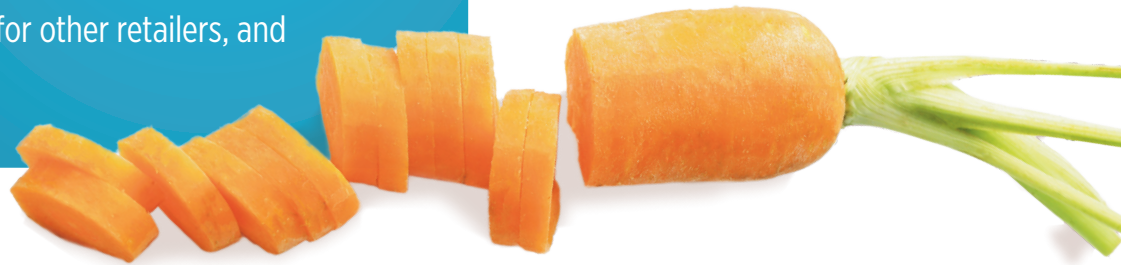
It's important to know that even if you're in a relationship with a delivery-provider marketplace operator, it's not too late to add a better solution into your eCommerce mix. Eventually, you may even decide to cut ties with them completely by delisting. But first, you'll need to reclaim your customers' digital grocery experience. In the following sections, we walk you through the key steps of how to do that.

First, we'll start by building a strategy to develop your own eCommerce solution. [Read Part 2 to learn how.](#)

Q: Can you walk away from a delivery-provider marketplace?

A: 100% Yes.

We've done it successfully for other retailers, and we can do it for you.



Watch out for these GOTCHA's in your delivery-provider contract:

- Did you know that in most cases, your contract auto-renews 90 days before expiry? Don't let this happen!
- Never consent to exclusivity. Keep your options open and maintain control.
- Negotiate standard service level agreements. Hold the delivery-provider accountable when they provide poor service with arbitrary delivery windows.
- Make sure product substitutions are determined by you—the retailer—and not the delivery provider.
- Prioritize delivery orders through your website over orders from the marketplace provider.
- Ensure all customer account and transaction data logged on the delivery-provider platform is returned to you.



Assess your situation

10 questions to ask your delivery-provider marketplace

The first step to getting back in charge is knowing where you stand right now. If you're working with a delivery-provider marketplace (or about to enter a relationship with one), be sure to ask these key questions. The answers will help inform your eCommerce strategy.

1. What insights can you provide me to improve my shoppers' experience, offerings and services, based on what you know about purchase behavior across all retailers you serve?
.....
.....
2. How is data collected from my shoppers being used—to improve the shopper experience for my brand, or that of the marketplace?
.....
3. What access do I have to my shopper data? Do you provide standardized reports only? Or will you run tailored reports at my request? Will you provide a full history of transaction logs and a copy of shopper database, if and when I need it?
.....
4. Do I own all my shopper data? (Including login information, purchase history, profile data, email address and delivery address.)
.....
5. What percent of my margin goes to the marketplace, versus my bottom line?
.....
6. What percent of your revenue comes from CPG ads on my eCommerce experience, targeted at my customers?
.....
7. How are you actively working to differentiate my brand and shopping experience on the marketplace?
.....
8. Whose brand takes precedence when shoppers search for my retail banner online?
.....
9. How does your marketplace empower my private label brand to grow, amidst demands for ad space you sell to CPGs?
.....
10. If I migrate away from the marketplace, what will you do to ensure my brand and shopper loyalty aren't affected? Will you redirect shoppers to my new site?
.....

Develop a grocery eCommerce strategy built around your customers

- Developing an eCommerce strategy is the first and most important step
- Key questions to answer to ensure your strategy is customer-centric
- A concrete strategy keeps you focused on the longer-term plan

“Customer-centricity means enhancing discoverability.”

Sylvain Perrier
President and CEO



Long before you envision what your eCommerce solution will look like, and even before you consider which vendors you might partner with to make it a reality, there's a critical first step you need to take: develop a grocery eCommerce strategy. Many industry leaders who have launched their own digital eCommerce solution stress the importance of doing this up front. As Ed Wong, EVP and Chief Digital Officer at Smart & Final frames it, “Have some strategic framework in place.... a business strategy in terms of how to engage the customer through online.... It will help provide that kind of guiding light in terms of how to differentiate when competing options are available.”¹

Zac Wilson, Manager of eCommerce at Raley's notes the importance of prioritizing customers in the strategic process. “You have to center everything around your customer, your clientele and the areas in which you operate.”²

Creating a grocery eCommerce strategy that goes beyond tactical considerations or a wish-list of features can seem daunting, but it doesn't have to be.

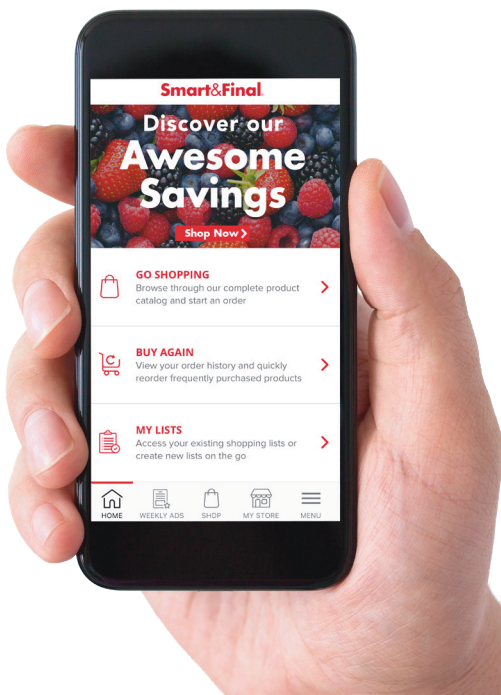
“Have some strategic framework in place... It will help provide that kind of guiding light in terms of how to differentiate when competing options are available.”

Ed Wong
EVP and Chief Digital Officer

Smart & Final.

¹ Digital Grocer, NRF 2020 Interview with Smart & Final: Grocers need to own the eCommerce experience: <https://mct.media/2VMNB74>

² Digital Grocer, Season 2, Ep. 11, Interview with Zac Wilson of Raley's: A retailer's take on grocery eCommerce: <https://mct.media/2TG4yxc>





Developing your strategy

Start by asking and answering questions about your business and your customers—the questions you already have the answers for. Now that you're looking beyond the one-size fits all approach of the last-mile delivery provider's marketplace, you need to find the solution that's tailored to you, and can help you achieve what your customers love about your brand.

In this section, we've gathered some key questions you should be thinking about as you develop your online grocery strategy. Use this as a guide to get you started.

WHAT ARE YOUR BUSINESS GOALS?

- Where do you want to be in one year, five years and ten years, and where will you be on your current trajectory if nothing changes?
- Your business goals typically include cash flow projections, acceptable shrink and inventory turnover rates, revenue growth targets, and gross margin expectations. In an industry that has long been touted as a “penny business” where net profits hover somewhere in the 1% to 2% range, grocery retailers need to continue to invest in innovative ways to drive sales. But not at the expense of long-term market share and profitability. Strategy-minded executives know they need to walk the fine line of monitoring the costs needed to drive revenue while understanding how best to protect their brand for long-term growth.

WHO ARE YOUR COMPETITORS?

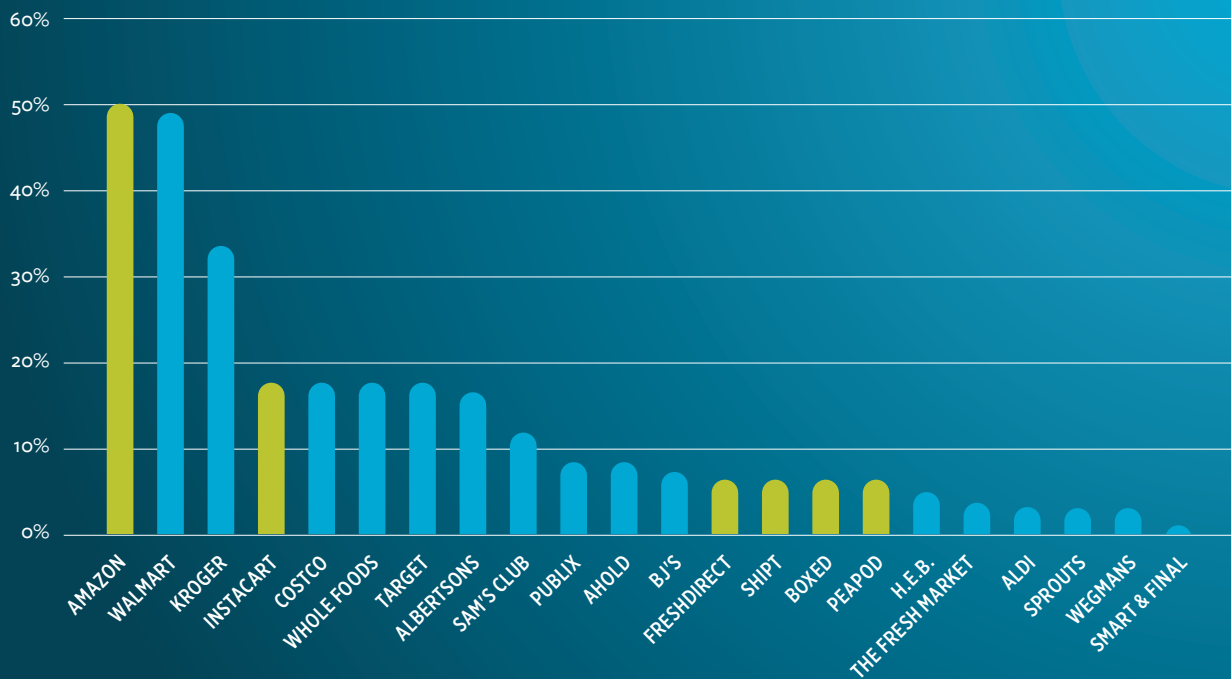
- What kind of a digital presence do they have?
- Keep in mind that your traditional (ie, pre-eCommerce) competitors aren't the only threats to your survival. eCommerce is breaking down geographic boundaries that used to influence which stores served which customers, so your rivals may now include larger national brands, retailers in adjacent verticals like convenience, and new online delivery-provider marketplaces like Instacart. As Meir Fox from Bringg, points out, “Instacart is not a retail grocer yet it has the same market share as Costco and more than Sam's Club, Albertsons, Publix, BJ's, Aldi, and Wegman—all of which employ it.”³

³ Meir Fox, “Delivering with Instacart? This post should alarm you,” February 24, 2020: <https://mct.media/2TG4yxc>

Ordered Groceries Online in Past 3 Months

(Among Online Shoppers)

- Online-Only Retailers
- Brick & Mortar Retailers



Source: AlphaWise, Morgan Stanley Research – <https://mct.media/zTG4xcC>

Consider your logistics

WHAT IS YOUR CURRENT DIGITAL PRESENCE?

- Do you already offer an online grocery shopping experience on your website or through an app?
- Do you offer shopper services like delivery or pick-up either in-store or at curbside?
- Are you using an online delivery marketplace, either exclusively or in conjunction with your own eCommerce activities?

WHAT KIND OF PRODUCT DATA DO YOU HAVE?

- Good quality product data that is both accurate and customer-friendly is critical. This means having product names that are easily understood (rather than obscure labels truncated to fit the 32-character POS limits) and an image library with accurate photographs of each item.
- How deep are product descriptions?
- If you provide searches customized to allergies or health conditions, for example, your product data will need to include ingredient and allergen lists. Product data affects everything from the Search functionality to likelihood of purchase. Finding a technology partner that can help you ready your product data for online selling is critical. Third-party data providers work with eCommerce vendors to collect, audit, enrich and manage your product information to deliver an optimal buying experience.

HOW ARE YOUR STORES (BOTH BRICK-AND-MORTAR AND ONLINE) CURRENTLY ORGANIZED?

- Can you provide planograms and category management documentation for each store? This will form the starting point for your digital stores, which should be a reflection of your brand experience.

WHAT ARE YOUR INTERNAL CORE SKILLS?

- Do you have the capabilities to conduct digital activities, from basic emails all the way up to building an eCommerce site? Recognizing your limitations is as important as knowing your strengths. Look for technology partners that can scale to support the needs of your internal team, and have a successful track record in managing eCommerce implementations.

Consider your shoppers

WHO ARE YOUR CUSTOMERS?

- What demographics and psychographics do you serve?
- Are they households, businesses or both? Is this profile in flux?
- What about the surrounding neighborhood—is it changing?
- If it is, how will this affect customer profile or behaviors, and how will you need to evolve your offering to continue serving them in future years?

WHAT IS YOUR PRODUCT OFFERING?

- This includes fundamentals, like the categories and levels of products you offer. Do you specialize in luxury brands or budget-friendly basics or something in-between?
- Do you offer specialized products such as prepared meals, custom deli orders, pharmacy products or alcohol?

WHAT IS THE IN-STORE SHOPPING EXPERIENCE LIKE?

- Is it a no-frills, get-the-job-done event, or is it a celebration of tastes and foods with demos, events, prepared gourmet foods and entertainment?
- What other services, including delivery, do you offer?
- How friendly, helpful and easy-to-find are store employees?
- Do you have a customer service desk and dedicated phone staff? This customer experience is what you want to translate into the digital world.

WHAT ARE YOUR BRAND STRENGTHS?

- What do you do better than other grocers?
- What do your customers love about you? These are the qualities you want to preserve, even as you transition to online shopping.

HOW ARE YOU CURRENTLY COMMUNICATING WITH CUSTOMERS?

- Do you have an email marketing program (with a database of up-to-date customer email addresses), or do you distribute print flyers only?
- Do you solicit shopper feedback at the in-store POS and do you want to do the same online?
- What kind of communication consent agreements have you been collecting?
- Do you have a Privacy Policy in place?
- Have you considered the implications of a changing consumer rights regulatory environment? Work with an eCommerce partner that understands the implications of legislation like the California Consumer Privacy Act and GDPR in Europe.

DO YOU HAVE A LOYALTY PROGRAM?

- If so, how is it structured?
- What technology is used to run your program? And how effective is it?
- Loyalty program members are your most valuable customers. You will want to ensure your online store can recognize and reward their continued business.
- A note of caution: leaving your most loyal shoppers in the hands of your online delivery provider is risky. Marketplace owners can easily model loyalty purchase behavior and tailor competing offers to entice your most valuable customers. Make sure there are provisions in your agreement with the third-party that clearly spell out your rights to collect all shopper account records and purchase history.

WHAT KIND OF CUSTOMER DATA DO YOU HAVE?

- Data is critical to provide personalization, which is probably the single most important driver in marketing today. If you are moving away from an arrangement with a third-party marketplace, will your agreement allow you to take the customer data with you?
- If not, how old is your previous customer data? You'll need to know what kind of shape your database is in, as it will form the basis for activities such as consent gathering, recommendation engines and personalized flyers.

These are the types of information sets that will help to inform everything in your eCommerce plan, from the partner you choose to work with to the look and feel of your site and the functionality you build into it.

Have a Listen

Interview with Weis Markets' Ron Bonacci: Marketing fundamentals for grocery eCommerce – Digital Grocer Podcast, Season 3, Ep. 2.

[Listen online](#)

Interview with Smart & Final's Ed Wong: Grocers need to own the eCommerce experience – Digital Grocer Podcast, Season 3, Ep. 4.

[Listen online](#)



Have a Listen

Interview with Zac Wilson of Raley's: A retailer's take on grocery eCommerce – Digital Grocer Podcast, Season 2, Ep. 11.

Listen online

Get a big picture view of your eCommerce

Gathering this information will help you identify a partner who has successfully worked with other companies with goals and strategies similar to yours. It will help you make decisions about features and technologies while keeping your eye on the bigger picture: building a solution that meets your needs and those of your shoppers. It will guide you in budgeting decisions, so you can determine which spends are most likely to have a payoff.

The important thing to remember is that the eCommerce journey is both a near-term and a longer-term exercise. Acknowledge that it will be an iterative process, as customer needs change and as technology leaps forward. Don't make cuts and compromises for short-term gain that could cause long-term pain. As Raley's Zac Wilson puts it:

“We look at what's coming in the near-term future and the long-term future to maintain success. Things are changing so rapidly, but I always say, you have to have a plan to execute at the high level now, but also know that what you're doing today is not going to necessarily be what you do 24 months from now, or even three years from now or five years from now.”

Building a proprietary solution that you own will take a little longer than getting set up on an “instant” third-party marketplace solution, but by taking ownership, you will reap many, many more benefits, for years and decades to come.

¹ Interview with Zac Wilson of Raley's: A retailer's take on grocery eCommerce – Digital Grocer Podcast, Season 2, Ep. 11, available at: <https://mct.media/2PNP5dq>

Game Plan

Start building your migration strategy today.

Need help getting started? Give us a call. We can point you in the right direction with a game plan and strategy models to build from.



Get alignment on strategy across the organization

- Building a case for owning your eCommerce solution
- Ensuring everyone is on board with the plan
- Figuring out whether to go it alone or call in a partner

Year-over-year growth in online grocery sales:
75%

1010data, State of Grocery (2018)
<https://mct.media/2PV4Cbt>

Now that you have the basis for a strategy in place, you're ready to share it. To be successful, you need buy-in from your entire organization. How you achieve that is what this section is all about.

Demonstrate the value of owning your eCommerce experience

In your role as eCommerce champion, you may find yourself needing to argue in favor of building your own eCommerce experience. Ron Bonacci, VP of Advertising and Marketing at Weis Markets, says,

"First and foremost, you've got to make sure that all levels of the company from the top executives down understand it and get it, because the reality is in the grocery industry, if you're not in eCommerce... you may perish.... You've got to survive and you can't afford to lose 3, 5, 10, 12, 15% of your business in sales and give that away to your competition and then think that you're going to still survive in this space."



¹ Digital Grocer Podcast, NRF 2020 — Interview with Weis Markets: Marketing fundamentals for grocers in eCommerce:
<https://mct.media/2TG4AoO>

By 2025, online grocery sales are predicted to capture **+20%** of total grocery retail.

FMI – The Food Industry Association, Digital Readiness Assessment
<https://mct.media/2VJvyi5>



Read the Whitepaper

“Regional Grocery: New Digital Pathways to Convenience, Value and Margin Growth”.

View online

There’s no doubt the numbers and forecasts make a strong case for the penetration of eCommerce now and in the years ahead, as well as for an improved bottom line for retailers who adopt it. By 2025, online grocery sales are predicted to capture more than 20% of total grocery retail and reach \$100 billion in consumer sales, according to a study by the Food Marketing Institute conducted by Nielsen.¹ As digital grocery momentum continues post COVID-19, there’s evidence to suggest consumers have changed their shopping behavior and will be relying more heavily on online shopping at a faster rate.

Recently, we worked with Weis Markets to expand online ordering with in-store pickup and home delivery to 173 stores. This resulted in a 33.2% increase in online sales. And overall annual sales increased by 1.2% in just one year.²

Just as important as the numbers is understanding the overall goal of eCommerce. Thom Riley, Senior Director of eCommerce Operations at Mercatus, puts it this way:

“Make sure everyone understands that the end result isn’t to shift more customers from the store to online. The benefits are to provide convenience and time savings that customers crave, maintain customer loyalty by preventing migration to other options, and engage and delight customers wherever they want to shop.”³

With any big organizational change, it’s important that the reason for change is well-understood. As we showed in [Part 1](#), investing in an eCommerce solution that you own and control empowers you to protect, and truly grow, your business for the future.

52% of shoppers have shopped online in the last month.

Mercatus, Regional Grocery: New Digital Pathways to Convenience, Value and Margin Growth (2019) <https://mct.media/2Tnyvn3>

¹ FMI—The Food Industry Association, Digital Readiness Assessment: <https://mct.media/2VJvyi5>

² Sylvain Perrier, June 20, 2019, How Mercatus is leading the way for grocers: <https://mct.media/2TATUYI>

³ Thom Riley, 3 Ways eCommerce is Good for your Grocery Business, <https://mct.media/2VMM7tA>



Read the Blog

“3 Ways eCommerce is Good for your Grocery Business”

View online

Getting alignment—and sharing knowledge

Leaders of grocery companies who have been through the process of developing their own eCommerce solution all stress the importance of getting everyone aligned with the plan. This means eCommerce becomes, not a side project owned and managed by just one department, but instead an integrated part of your overall corporate strategy and goals. The more people who support your strategy with cross-department ownership and accountability, the more eCommerce will become a manageable and successful project to implement.

This is a journey that requires all hands-on deck. A successful implementation requires active input, cooperation and coordinated integration between every branch of an organization, including the C-suite, IT, operations and fulfillment teams as well as front-line and customer-facing staff.

It also requires gathering information from the people who have in-depth knowledge of your systems, workflows, data collection and the shopper journey. That means consulting with everyone from directors to frontline managers, associates, cashiers, food-to-go counter staff, stock people and drivers, and even your shoppers. This will help ensure a seamless execution—and continued success, during follow-up and expansion.

Stores that adopt ecommerce see

+15%

overall weekly shopping revenue and

+7%

shopping trips.

Mercatus, Regional Grocery: New Digital Pathways to Convenience, Value and Margin Growth (2019). <https://mct.media/2Tnyvn3>

What resources can you commit?

What resources do you have who are qualified to take on the various roles required, for all phases and elements of the project? And who will be on your core grocery eCommerce team?

This requires a critical and honest assessment of the number and skillset of your internal resources. Many regional grocers lack the internal expertise to build their own eCommerce solution, which is what leads many to outsource their eCommerce to a delivery-provider marketplace. At this point in the process, you want to consult with the team to identify which parts of the solution require involvement of a partner with expertise in that area, and which parts you can develop in house.

Regardless of who is developing the solution, you'll need to identify key contributors and participants (including from head office, regional support and store levels) who can provide information about current processes and assets that will inform the development and implementation. This will involve people who are knowledgeable at both a high level and tactical, day-to-day level on topics such as product ordering and logistics, store layouts, POS, loyalty program, customer data, product database and delivery.

Keep in mind that monitoring and managing elements of an eCommerce project are quite different functions from development, which requires a specific skill set. Your own digital maturity as an organization will determine your need for third-party expertise.

Allocating resources also means taking a hard look at your overall development budget. You may be tempted to in-source as much as possible, to keep costs down, but this can lead to disruptions, as IT staff are diverted from current responsibilities to development, or slowdowns if your other business objectives are prioritized.

Many companies underestimate the need for an external technology partner, or feel pressured into thinking they should be able to do it themselves, or they think they'll save money doing it internally.



Click-and-collect sales are accounting for more online grocery sales each year, rising from

18% in 2016, to **48%** in 2018.

Hallet, L. "How much are consumers really spending online?" 2018, March 10: <https://mct.media/2PV4Cbt>



Read the eBook

“Click-and-Collect: Steps to Building a Profitable Grocery eCommerce Program”

View online

There are many benefits to working with an external eCommerce partner, including deep industry expertise and perspective. Ed Wong, EVP and Chief Digital Officer, Smart & Final, puts it this way: “Business and customer management teams know what they want to project to the customers—that’s an inside-out perspective.” By working with an experienced solutions provider, you’ll gain valuable perspective that helps you merge these two vantage points. Other benefits include:

- Knowledge of industry standards and best practices for omnichannel solutions
- Advanced technical expertise, from solutioning architectural needs to project managing implementations
- Practical experience of what works—and what pitfalls to avoid
- Continuous research and roadmap development, including those featuring AI and machine learning

What will roll-out look like?

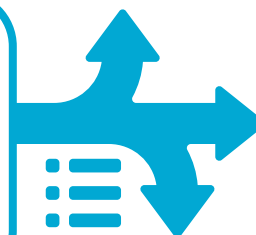
Once you’ve got company-wide buy-in on the need to develop a proprietary eCommerce solution, you’ll need to start thinking about how you plan to implement it.

Many companies launch in a select market or store(s) to start, then follow with successive waves. This has a number of benefits. One is that it can be easier to implement at a single location and you can manage what happens more effectively and with the least disruption. It also provides an iterative approach, enabling you to learn from the first rollout and then make corrections and improvements as you move on to successive implementations. It’s often best to start with stores with the highest shopper traffic. Head office can then learn, adapt and optimize rollout for the next stores or regional areas.

Part of your internal alignment process will involve managing expectations. You want to build excitement internally, while making sure that your team understands that a full out rollout to all stores at once is neither realistic nor desirable. Get them thinking early on about which store(s) should become the pilot.

What’s next?

With your grocery eCommerce strategy developed and company-wide alignment on the strategy, you’re now ready to start thinking about the vendors you want to partner with. Find out how to choose the right eCommerce solution provider for your business needs in [Part 4](#).



Find the right solution provider for your eCommerce needs

- How to find a grocery eCommerce provider who puts your needs first
- The key questions you need to ask a potential provider
- How to avoid moving from one problematic relationship to another

An expansive vendor network gives you flexibility and prevents vendor lock-in



Success depends on finding the right grocery eCommerce provider, one who is invested in helping you succeed by achieving your goals and growing your business.

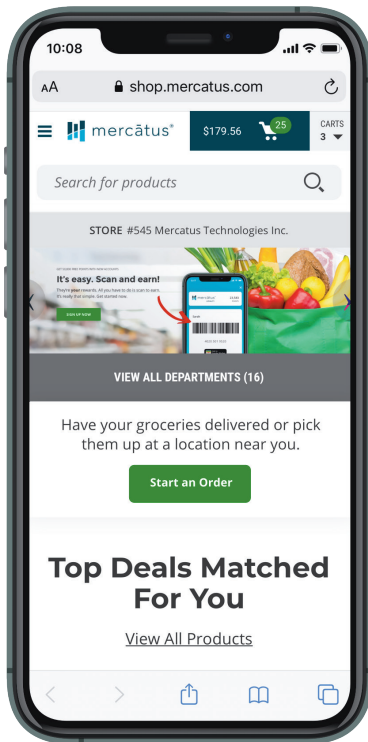
The more complex and ambitious your eCommerce needs, the more vendors you may need to work with. And managing multiple vendors requires more time and creates greater complexity when managing the different aspects of an eCommerce implementation. Alternatively, working with a single experienced eCommerce provider who can pull together and manage other vendors streamlines the process. Because your eCommerce provider will already have worked with other vendors and developed a network of qualified vendors, you don't need to individually vet each one on your own.

If there are specific vendors you want to bring to your new eCommerce implementation, you'll want to work with a solution provider like Mercatus, that offers an expansive vendor network. While most eCommerce providers will restrict your options to their closed network, an expansive vendor network gives you the flexibility to choose the right vendors for your business needs. You'll have the option to keep your current vendors or select from an expanding list of qualified vendors in the network.

“The integrations available to us... along with experience in grocery fulfillment and delivery, were a big factor. By partnering with a platform that operates an [open and configurable architecture](#), we can offer a frictionless eCommerce experience.”

Ed Wong
EVP and Chief Digital Officer

Smart&Final.



Finding the right fit

You'll want to choose a provider who is equipped to meet your eCommerce requirements and has a history of implementing successful eCommerce solutions for retailers like you.

This is where your customer-focused strategy will come into play.

If your customer base is bilingual, you'll need a provider who can provide services in two languages. If you have legacy systems that need to be integrated into a new solution, can the provider accommodate that?

And above all, you need to ensure any potential provider understands the unique requirements of grocery eCommerce and has extensive, in-depth experience in this area to accommodate ALL parts of your business. That includes specialized areas such as prepared meals, custom deli orders, or alcohol deliveries. Will your online customers be able to access your loyalty program? Will their order earn them a discount on fuel if this is an in-store offering? Can the provider support an online couponing program?

Moreover, your eCommerce solution provider needs to be able to build a solution that can connect to and integrate with different systems, transmitting data effortlessly across various platforms. Otherwise, you could be building in inefficiencies that could cause a significant loss of revenue.

Be sure your provider will take an integrative approach that harmonizes:

- **Different data sets**
e.g. on products, shoppers, stores, departments, etc
- **In-house and third-party systems**
e.g. loyalty, couponing and inventory platforms, payment gateways, etc.
- **Your company's processes or workflows**
e.g. specialized processes designed for customer service, order fulfillment, order reconciliation, order tendering, etc.
- **Every individual involved in the shopper journey from end to end**
e.g. shoppers, associates, management, head-office personnel, etc.

To help you select an eCommerce provider, see [Page 12](#) for a list of qualifying questions to ask.

Reminder: You'll want to reflect back on the strategic framework you developed in [Part 1](#) as you evaluate potential vendors.



Read the Blog

“How to Ensure a Successful Grocery eCommerce Delivery Partnership”

[View online](#)

Assessing your own role

You also need to consider which, if any, of the logistical components of the eCommerce shopping experience you'll use your own team or facilities for.

Questions to consider include:

- Will you use existing staff to pick and pack? Or will this function be outsourced?
- Do you have the facilities to accommodate traffic from personal shopper services, including aisle width and parking spaces?
- How will third-party pickers check out? Will they have a dedicated aisle? Will additional checkout staff be required? Or will they scan and go directly, bypassing checkout lanes altogether?
- Will you offer in-store or curbside pick-up? Have you identified a suitable area that won't impede traffic flow? Will you need additional staff to accommodate this service? Have you considered how you want to communicate order readiness to you customer?
- Will you offer prepared foods services? Are there dedicated staff members available to service those orders, especially during busy hours? How have you integrated this service with your other shopper services, like click-and-collect and delivery?
- What about your customer service team? Can they be trained up to deal with questions surrounding online ordering, including technical issues that might arise?

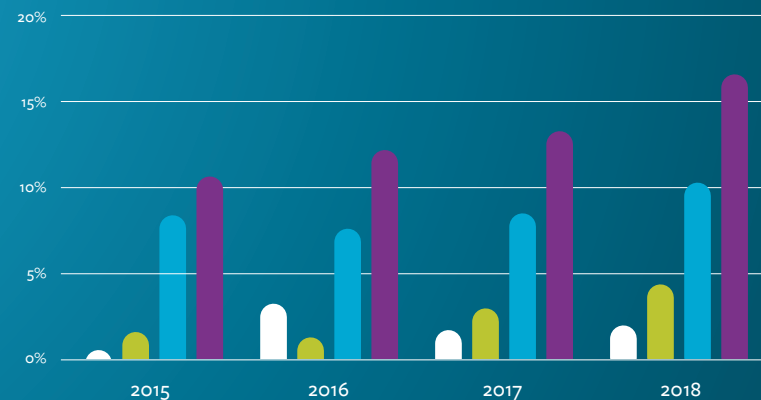
Consider the stats

Not sure about what shopper services you want to offer? Delivery and click-and-collect show impressive uptake among shoppers.

- Both
- Pickup Only
- Delivery Only
- Total

Grocery delivery methods used by US internet users

(% of respondents, 2015-2018)



Note: Ages 18+.

Source: TABS Analytics report titled “6th Annual Food and Beverage Consumables Study” conducted by Kantar TNS, Oct 17, 2018.

US grocery buyers who have used buy online, pick up in-store to purchase groceries

(% of respondents, 2016-2018)



Note: Ages 18+.

Source: Market Force Information, "US Grocery Benchmark Study," June 19, 2018.

Select an eCommerce provider who respects your brand

Your platform, your brand

At the end of the day, it's your brand that you are representing, and you need to ensure that you select an eCommerce provider who respects your brand and will recreate the brand experience in the digital arena. That takes shape in a number of ways.

You want a provider who understands this need and who works with vendors and employees who ensure that you are well represented. Pickers, delivery people, customer care staff and anyone else who comes into contact with customers must be courteous, appropriately dressed and timely and must take care with both food (quality of selection and careful handling) and with personal information such as credit cards and contacts.

You also want to ensure that your branding—from your name and logo, to your colors, to your private label products and access to your loyalty program—is readily apparent. Ensure it's not diluted or displaced by offerings from other brands or competing loyalty programs.

Your partner needs to have a proven history of delivering excellent eCommerce customer experiences (CX) from store-to-door. That includes developing digital assets (sites and apps) with easy to use interfaces and training frontline staff to create a positive CX.



[Return to Table of Contents ↴](#)

Your customer data

Above all, your customer data must be protected. After all, this is the reason you are moving away from outsourcing your eCommerce to a delivery-provider marketplace. Does your new provider facilitate your ability to track and report on your data in the format you need? Do you have full control over all data?

Many third-party logistics and delivery partners, for example, manage the customer relationship on your behalf. If you cut ties with that partner, the customer relationship could be cut off too.

By capturing the many SKUs of products that come in and out of your stores each day along with customer purchase patterns (online and offline), you have an opportunity to understand the needs and behaviors of your customers. That enables you to respond to patterns and to evolve your business to meet changing customer needs.

Your provider should be able to create transactional data that logs single data attributes (such as sales details, customer demographics, psychographics) in such a way that you can use them to gain insights on the order fulfillment cycle. With a provider like Mercatus, you have full access into these data points and reports, so that you can assess and evaluate everything from order levels sales to shopper engagement with your website and mobile app.

Once you've evaluated and selected your potential eCommerce provider, your next step is to begin discovery. In [Part 5](#) of this guide, you will learn how to help both your and your new eCommerce provider get the most out of the discovery process.



Read the eBook

"Up to the Last Mile: The Four Pillars of a Winning Grocery eCommerce Delivery Strategy"

[View online](#)

You have an opportunity to understand the needs and behaviors of your customers





11 Question to ask a prospective partner

1. Will you, as the retailer, have full control of the grocery eCommerce experience from end to end, store to door?
.....
2. Is the solution provider transparent about the costs associated with the platform?
.....
3. Is the solution provider transparent about how shopper data is processed and used?
.....
4. Does the solution provider understand and serve the unique needs of grocery eCommerce? For example, can they support the sale of products by weighted increments? Are they able to generate time windows for orders based on factors like meal prep time, product availability, curbside pickup or delivery?
.....
5. Is the platform flexible and customizable to your needs? Does it integrate with your preferred technology solutions, from POS to CRM?
.....
6. Is the platform flexible and customizable to the needs of your shoppers? Can it accommodate different languages? Can it be tailored to the needs of business shoppers such as capturing tax exemption certificates, creating seasonal lists or providing consolidated purchase histories?
.....
7. Does the platform roadmap show continued innovation and improvements? Is there a company history of ongoing innovation?
.....
8. Can this partner provide your team with support and guidance throughout the entire implementation process, from planning to execution to expansion and beyond?
.....
9. Does the platform meet security, privacy and accessibility guidelines required for your business and the geographical area you serve?
.....
10. In the event that you decide to re-platform, will this provider furnish you with sufficient support in the transition and ensure that all shopper data and information remains with you only?
.....

Bonus Question: Is your solution provider able to provide support to help you migrate away from your delivery-provider marketplace in a way that will cause the least disruption to your customers on that platform?

How to prepare for an eCommerce solution discovery meeting

- How to prepare for an efficient and productive discovery session
- What questions you should be prepared to answer

The grocery eCommerce discovery meeting is a critical flow of information between you and your new provider

Now that you've selected your eCommerce solution provider, the next step is to enter into the discovery process to scope the needs and requirements for implementing your new eCommerce solution.

The grocery eCommerce discovery meeting is a critical flow of information between you and your new provider. It will help your provider efficiently plan the implementation of your eCommerce solution, ensuring important aspects and potential roadblocks are accounted for, from the outset.

Your strategy is the blueprint

Use the eCommerce strategy you developed as a blueprint. It will fuel the discussion, providing the answers that vendors need to determine the parameters of your new eCommerce implementation.

Your eCommerce provider will be looking to you for the information that tells them:

- What functionalities you need in an eCommerce solution
- The overall scale of the project, in terms of number and size of stores and number of customers currently served
- Your internal resources, capabilities and reporting structures
- Ballpark of time frame for development and implementation
- Tech requirements for compatibility with existing systems
- Specialized needs of your customer base

To help you prepare, we've put together a list of specific questions you should be ready to answer at the meeting (see pages 38-39). As you look through the questions, you may find it helpful to look back at previous sections of the guide to where you addressed some of these topics.





What will you be asked?

Be prepared to answer these questions at the Discovery Session, to help your new eCommerce provider understand your immediate needs, business goals and existing technical configurations.

1. **What are your current policies, procedures, terms and conditions?**

They probably will need to be updated to address common eCommerce issues like a return policy template for damaged product, expired dates, product quality issues, etc. Consider how the sale of alcohol and other proof of age products needs to be addressed in your Terms and Conditions. You will also need to work through a new privacy policy for your eCommerce website.

2. **What are your current integrations and partnerships?**

Be prepared to discuss which ones work well for you, why they do, and identify any pain points you're experiencing.

3. **Do your internal teams understand product data requirements needed to support eCommerce?**

This includes customer-friendly item names and descriptions, accurate units of measurement, item selection by store, good quality product images and ingredient lists.

4. **Is your store operations team in alignment with your eCommerce strategy and have they allocated the right resources to support this new program?**

5. **What resources are available to fulfill eCommerce needs?**

This includes personnel in the areas of marketing, data and in-store employee training.

6. **What technology do you have available for eCommerce?**

Do you have mobile devices to power your picking capabilities? Do your stores have the wireless infrastructure to support these devices? Do you have adequate cellular coverage for customers using an app and for multiple cellular providers?

7. **Do you have any unique business needs?**
This includes the desire to offer online shopping services for both B2C and B2B customers, or to serve customers in a second language.

8. **What does your last-mile service look like?**
If you are going to offer click-and-collect (curbside pickup), do you have space in all stores to secure and stage the orders?

9. **Are you actively using social platforms like Facebook, Pinterest, Instagram? Have you included eCommerce into your social media strategy?**
Social media is a powerful tool to enable customer support, press coverage and market launch of your new eCommerce experience and any future expansions or services added.

10. **Where in your organization does (or will) eCommerce report into?**

11. **Does eCommerce have its own line on the store P&L?**

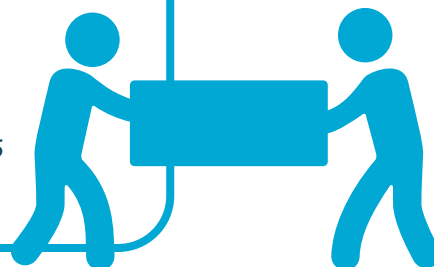
12. **Have you evaluated your customer intake channels (Interactive Voice Response, email, chat, social, etc.) and do you have a reporting mechanism in place to share with key business leaders?**

13. **What kind of time frame are you hoping for?**
Are there any factors deciding the timeframe, such as contract expiry dates or budget planning deadlines? Have you considered what a phased rollout plan might look like?

Gather the answers to these questions, and any additional information you think will be relevant, in advance of the first meeting. These answers, alongside your strategic plan, will help you have a productive conversation with your prospective eCommerce provider.

Game Plan

After you've had a discovery meeting with your eCommerce provider, the next step is to plan for launching your brand new eCommerce experience. This step requires coordination between you and your delivery provider, every step of the way. Read Part 6 to learn how you can prepare for a successful launch.



Key ingredients of a successful eCommerce implementation

- Tips for preparing your team and your customers
- Important metrics to set a baseline and measure your success
- eCommerce implementation checklist

How will you measure success?

As you work with your new eCommerce provider over the next few months, you'll need to consider implementation and beyond. What steps do you need to take to ensure a successful launch? How will you measure success?

In the lead-up to implementation, you'll need to ensure your entire organization functions like a well-oiled digital commerce machine. We mentioned earlier the need for all departments to embrace eCommerce, and this is particularly true as you begin rollout. The two essential ingredients here: training and communication.

Training across your organization

Customer-facing employees will be on the front lines when it comes to your eCommerce platform. Ensure that everyone who interacts with customers understands how your system works and the key features and benefits, whether they are fielding telephone, email or chat inquiries, or scanning items at the checkout counter.

One way to familiarize everyone with your new grocery eCommerce platform is to encourage early adoption among staff before your go-live date. In addition to acquainting them with the ins and outs of your website and apps from a future shopper's perspective, they'll act as a sort of extended beta test, alerting you to any snags and smoothing the way for a seamless rollout to the general public.



Attention and responsiveness will help minimize out of stocks and provide better customer service

Operational staff also need to anticipate how the new commerce platform will affect current practices and processes. For example, your storerooms, aisles, and shelves can accommodate only so much merchandise. Online orders may create greater demand for certain types of products, such as packaged goods and weekly sale items. Attention and responsiveness will help minimize out of stocks and provide better customer service for both online and instore customers.

You can always be smarter about how you negotiate the hard constraints imposed by time and space. If you're looking to maximize your operational efficiency and minimize the cost of doing business, train up your staff on these grocery inventory management best practices.

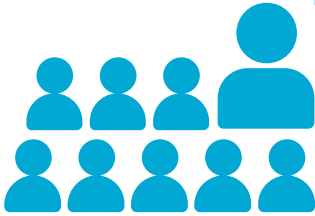
A good eCommerce reporting system will help your staff generate zero mover reports, which are the surest way to identify which products simply aren't selling online. Backed by your platform's analytics, category managers and store directors can make smarter decisions about what to stock, in what quantities, and how to display that inventory to customers online. Again, using the reporting features of your eCommerce platform, you can ensure pricing for random weight items pulled from your POS are accurately reflected at the online point-of-purchase. You can then be confident that when your customers place orders, the right quantities will be recorded, and the correct price will be charged at checkout.

Clear and constant communication is essential

Change is challenging, and it's easy for employees to become overwhelmed, confused, frustrated and resentful. The best antidote is to take them on the journey with you by communicating with them every step of the way, just as if they were valued customers. Good communication is at the heart of team building. Employees are more likely to go the extra mile to ensure a smooth transition when they understand the overall objectives and the role they play, and when they feel like an important and valuable part of the team.

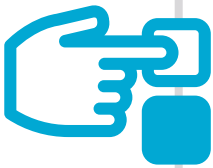


COMMUNICATE POLICIES ON A REGULAR BASIS



- They probably will need to be updated to address common eCommerce issues like a return policy template for damaged product, expired dates, product quality issues, etc. Consider how the sale of alcohol and other proof of age products needs to be addressed in your Terms and Conditions. You will also need to work through a new privacy policy for your eCommerce website.

PROVIDE SPECIFICS TAILORED TO EACH PERSON



- Make sure employees understand their own unique role in the eCommerce implementation, and their responsibilities to help drive success.

BE GENEROUS WITH INFORMATION



- Share your program goals and sales targets. Explain the challenges you're facing and celebrate milestones and victories.

USE THE METHODS THAT WORK BEST FOR VARIOUS TYPES OF EMPLOYEES



- For example, you might send regular email updates to head office staff, and post flyers in lunchrooms or the warehouse. Major announcements and high-level briefings might take place at a group town hall presentation, for example, while smaller details are communicated through emails. Diagrams, videos and other digital signage can explain complex information more effectively than text.

PROVIDE REAL-TIME INFORMATION



- Strive to communicate in realtime to associates across the store network. Encourage associates at store level to monitor inventory levels and product availability. Communicate changing store hours, evolving safety practices, and associate availability. Above all, ensure a mechanism to assign and manage tasks in realtime across the organization, especially at store level.



Take a look

Explore the evolving world of KPIs in our blog, **Navigating the Storm: Are Old School KPIs Enough to Guide Grocery Executives?**

[View online](#)

Take stock of success

As you near completion of your eCommerce solution, you'll start to think about the wins that lie ahead. But how do you measure success?

The challenge for grocers is that many of their traditional KPIs used in brick and mortar shops don't translate well to the online world. And many of the KPIs used in the software and digital arenas don't satisfy the unique needs of grocers.

It's important to track the eCommerce metrics that will help you make a real difference in your returns, rather than vanity measurements that look good on the surface but don't necessarily translate into a better grocery eCommerce ROI.

Here are some of the KPIs that are worth tracking:

- **Traffic source**
The source that led visitors to your site. These include both online and offline channels such as social media, search engines, paid search, print ads, POS and more.
- **Subscriber growth rate**
The rate at which your subscriber rate increases or decreases.
- **Page views per visit**
The number of pages a visitor views while on your site.
- **New vs. returning visitors by page**
The number of new, unique visitors your eCommerce pages receive vs. the number of repeat visitors.
- **Bounce rate**
The number of single-page visits.
- **Conversion rate**
The percentage of visitors who purchased at least one item from your online store during a given period of time.
- **Average order value**
The total net sales from your grocery eCommerce website divided by the number of transactions for a given time period.
- **Cart abandonment rate**
The percentage of visitors who added products to their shopping carts but did not complete the checkout process.
- **Customer Acquisition Cost (CAC) or Cost of Acquisition (COA)**
The amount you spend to acquire a new customer.

The case for CLTV

There's one more KPI you should know about. It's often overlooked by grocers, but has enormous value, particularly as they move into the online world: customer lifetime value (CLTV).

There are many ways that CLTV can be calculated, some more complex than others.

At its simplest, it can be expressed as:

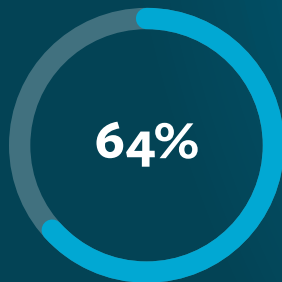
$$\text{Average Transaction} \times \text{Annual Purchase Frequency} \times \text{Expected Years of Relationship} = \text{CLTV}$$

However you calculate it, this KPI measures the total value a customer brings to your company over the lifetime of the relationship. The higher the CLTV, the better the long-term health of your business.

CLTV can also be used in a number of other ways. For example, you can use it to determine how much to spend acquiring new customers (CAC), so that you don't invest an amount disproportionate to what a customer is worth. Or, by measuring the CLTV of specific types of customer groups, you can see which customers bring the most return and more accurately target your acquisition dollars to retain them and attract more shoppers like them.

Organizations saw benefits of monitoring CLTV in...

Increasing customer retention



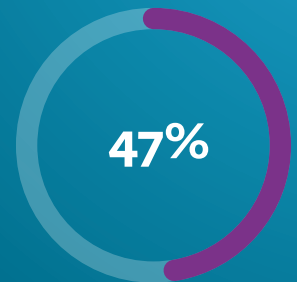
Gaining more sales



Encouraging greater brand loyalty



and improving personalisation.



Source: Criteo, "Is ROI dead? The state of Customer Lifetime Value 2019," <https://mct.media/2lw1BMh>

Encourage increased spend, more frequent purchases and longer-term loyalty

Two of the strengths of the grocery market are the high market penetration and high frequency of household transactions. CLTV helps you keep your eye on the long-term prize and capitalize on these strengths. Activating strategies that encourage increased spend, more frequent purchases, and longer-term loyalty will be the way to realize the true customer lifetime value of your shoppers and improve your bottom line.

The eCommerce metrics and KPIs you use are a reflection of how you view success. In addition to the more established KPIs, for example, think about the aspects of your business that you want to monitor and improve upon. Consider measuring Unique Household Interactions, for example, or Private Label Penetration.

Beyond implementation— a winning solution

Now that you've implemented your new eCommerce solution, it's time to evaluate and identify opportunities to grow this line of business. Learn in [Part 7](#) about what you can do to evolve and further expand your eCommerce into a winning solution.

“At the end of the day, if you don't have good product data, it has a detrimental effect first and foremost on the product categories that products show up in. It affects search engine... It completely affects the discoverability of anything... Consumers are less apt to buy a product if they can't visually identify it with a picture, and that's an issue.”

Sylvain Perrier, NRF 2020
Interview with Weis Markets
<https://mct.media/3avcPea>



Take a look

Read more about the importance and uses of CLTV and the various ways to calculate it at, **The health of your grocery business depends on customer lifetime value.**

[View online](#)



Have a Listen

Listen to our podcast, **“Why grocers need to measure customer lifetime value.”**

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Implementation

Your eCommerce website launch checklist

- **Product data**
Source clean and complete product data to empower the platform in search, discoverability and personalization. You can reach out to a technology partner to help with this task
- **Customer data**
Confirm that you can secure the shopper transaction data from your delivery-provider marketplace. If you are denied access to this, talk to your new provider about alternatives.
- **Last mile options**
Pickup vs delivery—which of these services does your customer base want? Will it be profitable for your business?
- **Delivery-provider marketplace**
To manage the eCommerce migration, maintain your presence on the delivery-provider marketplace, while working with your new provider to implement your new retailer-controlled experience, so the two work in parallel. If you plan to sever ties with the third-party marketplace, discuss when and how you will proceed and develop a communications plan to migrate customers from that platform.
- **Employees**
Be prepared to train staff on your new solution and shopper services. Clear communication will ensure they are aligned with your company's new eCommerce goals and initiative.
- **KPIs/Metrics**
Set your baseline metrics to empower you to measure what success looks like year-over-year, and measure ROI for your investment in eCommerce. Grocers who measure CLTV see a significant increase in revenue, with the right data in hand to make informed and targeted marketing decisions.
- **Search Engine**
Set your eCommerce site up for success by approaching all content with Search Engine Optimization (SEO) and Search Engine Marketing (SEM) in mind. This will ensure that your content ranks high in search engine queries and will significantly impact the cost of ad spend.
- **CPG Ads**
Let ads pay for your eCommerce experience with a digital ad network. Serve up targeted, relevant ads to your shoppers that will increase basket size and increase your bottom line, all while bringing together shoppers and their favorite brands.
- **Launch Plan**
Develop a robust launch plan that includes both online and offline tactics, to ensure maximum adoption of your new online shopping experience.

Futureproof your eCommerce solution

- Putting your KPIs to work
- Evolving your eCommerce offering
- Deciding whether it's time to de-list from your delivery-provider marketplace
- Keeping up with important grocery eCommerce trends

Congratulations! Your new retailer-controlled eCommerce experience is up and running! You've tested and refined your solution, and more shoppers are transacting with your store online every day. So, what's next? How do you sustain—and even exceed—your current level of shopper engagement and order volume?

Monitor success with metrics

Regular review and assessment is needed to ensure your eCommerce solution continues to provide the results you want. This is where the KPIs discussed in [Part 6](#) come into play. Gather all of the in-store and eCommerce performance analytics you've been collecting, and run any reports available to you, to see how you're doing.

You'll want to pay attention to data such as how many new online shoppers you are gaining, shopping cart abandon rate, typical online basket size compared to in-store, and trends in purchase behavior such as items bought and timing of online orders.

By collecting these measurements you'll be able to compare your eCommerce solution against industry benchmarks.

With Mercatus' best-in-class analytics tool, Console, you can easily run detailed reports to measure vital KPIs and benchmarks established in [Part 6](#). Get insights on order level sales (such as AOV and sales volume), item level sales (such as category, brand, product sales, order and item volumes) and shopper engagement on your website and mobile app. Learn more about Mercatus analytics with Console at mercatus.com/solutions.

Learn More



What's next?

Knowing how you stack up against industry benchmarks, you can think about how you might improve or expand your new eCommerce solution.

Here's what to consider when deciding on next steps:

IS THERE AN OPPORTUNITY TO INCREASE REVENUE?

- What does the data tell you about opportunities to increase average order value?
- Are you seeing opportunities to promote your private label brand?
- What are shopper behaviors telling you about the eCommerce experience in general?

ARE THERE GAPS IN YOUR OFFERING?

- This could be product related, such as items that can only be purchased from your stores. It could be service related, such as only offering pickup or delivery, not both, or limited delivery windows or lengthy wait times. Or it could be areas that aren't clear enough to users, such as a confusing checkout process.
- You might also find yourself reconsidering capabilities you didn't build into the initial implementation of your platform, but which would give you a more digitally mature (and profitable) solution if you were to add them. (For a list of eCommerce digital maturity features, see [sidebar, page 53](#)).

IS IT TIME TO DE-LIST FROM THE DELIVERY PROVIDER'S MARKETPLACE?

- The more orders that flow through your eCommerce experience, the less you'll need to rely on the delivery provider's marketplace. Price sensitive shoppers will migrate to your online experience. Those who want to pay the fees and markups for the convenience of delivery will continue to order via your delivery provider's marketplace. By owning your eCommerce experience, you are taking back control over your customers and their purchases. You are gaining leverage against third parties that have no interest other than turning your stores into branded warehouses. Standing up your own online experience controlled by you means having the freedom to say NO to vendor lock-in. You can onboard additional technology providers to diversify your online offering, reach additional markets, and dictate terms of data ownership and margins rather than executing within others' constraints

Enjoy continued grocery eCommerce success

With constant change in the industry, from technology to consumer needs and preferences, your eCommerce solution needs to be adaptive to keep pace. Your trusted eCommerce platform provider should be innovative and considerate of these factors, but it's important that you stay informed as well.

Keeping tabs on what's going on in the grocery retail industry, and in grocery-adjacent verticals is a matter of self-preservation. Subscribe to and read newsletters, articles and research by industry thought leaders and trade media publications. Attend trade shows to see budding technology and hear from leaders and experts, to get first-hand intel on what's to come.



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An easy way to stay on top of emerging trends

Be sure to listen and subscribe to the Mercatus Digital Grocer podcast, where we discuss major trends, news and milestones in the grocery industry. Hear from our special guests, including leading grocery retailers, grocery industry thought leaders and experts, and technology solution innovators.



Doing it right: Best practices in grocery eCommerce

Sometimes compromises have to be made when implementing a grocery eCommerce solution. Certain features might get axed because you need to be up and running quickly, or the budget simply won't allow it. Once you're up and running and you start seeing positive results from your KPIs, it's time to reconsider all the things you left on the drawing board. Here's a list capturing many of the features of a digitally mature grocery eCommerce solution.

If you're thinking of adding any of these to your eCommerce solution, talk to your platform provider to assess the opportunity and develop a roadmap for implementation.



Are any of these next for you?

- Online circulars with geolocation and clickable additions shopping list
- Email marketing with deep linking
- Geolocation (for site and app)
- Digital coupons
- CPG monetization
- Ads relevant to each customer
- Integrated shopping list
- Personalized recommendations based on shopping habits
- Single sign-on/profile unification across channels
- Householding (smart recognition of household members)
- App provides store map with all selected items mapped for in-store shoppers
- Personalized shopper who regularly shops for the same customers
- Interactive pickers who can text shoppers about out-of-stock items
- In-store: dedicated lanes for pickers, self-checkout lane with attendant or scan-and-go technology to eliminate checkout lineup
- Online: seamless checkout, with saved credit card details
- Facial ID recognition to authorize checkout
- Option to choose click-and-collect or delivery
- Order notification emails

Trendspotting: AI Personalization

Personalization is the key to marketing success. A recent survey of US shoppers by digital marketing agency Adlucent suggested that “While shoppers across the board preferred personalization, shoppers aged 34 and under saw personalization as a requirement.”¹ And McKinsey reported that “targeted communications that are relevant and useful can create lasting customer loyalty and drive revenue growth of 10 to 30 percent.”²

When your grocery eCommerce platform incorporates AI technology, you have the ability to provide a highly personalized shopping experience that anticipates shoppers needs for a new level of convenience. For example, basket building suggestions based on staples from previous orders, suggestion engines that recommend products based on preferences, discount opportunities on items already in the shopping cart and searches filtered for dietary preferences.

Our AI-powered personalization solution, AisleOne, has shown incredible results for retailers, with engaged shoppers spending an increase of \$700 more per year, per customer! Visit mercatus.com/aisleone to see AI in action.

[View online](#)

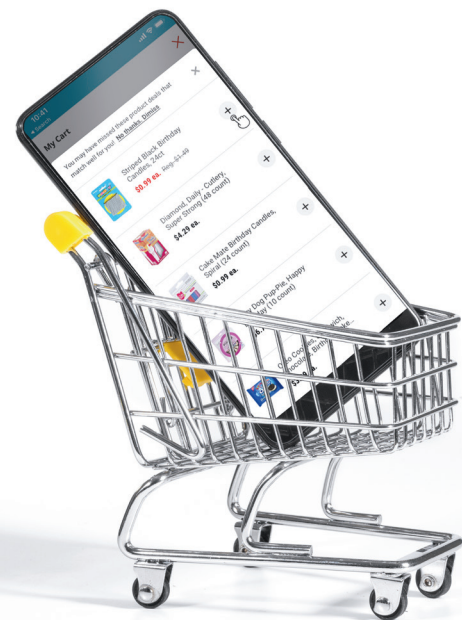
Trendspotting: The Reverse-Amazon model

We’ve coined this phrase to discuss an emerging and important trend, in which grocers can launch their own marketplace to sell grocery-adjacent products to their shoppers.

While this solution may not fit all grocery retailers, it holds great opportunity for some. After all, you’ve already invested in the technology to set up your own eCommerce platform, and you’ve already attracted an impressive number of shoppers. You may already have possible partners who’d like a presence on your website. Consider manufacturers or distributors of kitchenware, patio furnishings, barbecues, party accessories, pet accessories—any business that complements your offering rather than competing with it is a possible addition to your digital enterprise.

¹ Total Retail Report, “The Youngest Generations Demand Personalization: How Retailers Should Respond” February 20, 2020” <https://mct.media/3cwjlhu>

² McKinsey and Company, “What shoppers really want from personalized marketing” October 2017: <https://mct.media/38mVHPL>



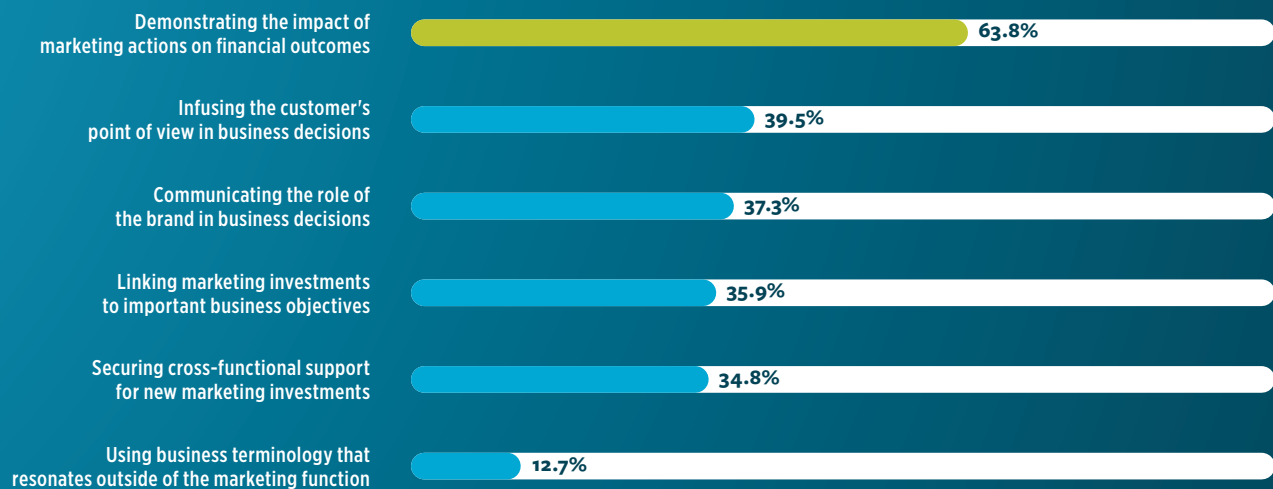
Trendspotting: Let Targeted Ads Pay for your eCommerce

One of the many benefits of reclaiming your eCommerce is that you can take advantage of monetizing your online traffic with retail media advertising.

Because your eCommerce experience tracks shopper activity across the purchase journey, you have unique access to shoppers at vital points of conversion. eMarketer data reports the value of this data, noting that it can both provide insights into shopper buying behaviours and improve reporting by showing direct links between marketing initiatives and sales.

Which Marketing Leadership Activities do US CMOs* Find Challenging to Implement on a Regular Basis?

(% of respondents, Feb 2019)



* 97% of respondents were VP-level or above.

Source: Duke University's Fuqua School of Business, "The CMO Survey: Highlights and Insights Report – February 2019" commissioned by American Marketing Association (AMA) and Deloitte, Feb 27, 2019.

Important Factors to Marketing Performance Success According to US Companies

(% of respondents, May 2019)



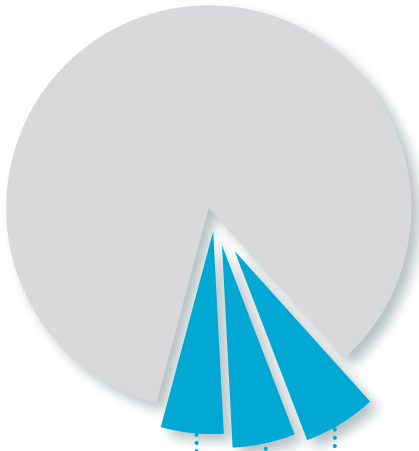
Note: n=409 very important/important.
Source: Forrester Consulting, "Why Marketers Can't Ignore Data Quality", commissioned by Marketing Evolution, Sep 5, 2019

Using this data, you can sell targeted ad placements to CPGs who are looking for exposure at those sales conversion points. With ads paid for by CPGs' national advertising budgets, retail media advertising revenues could amount to—and surpass—the service costs of your new eCommerce solution!

While you benefit from retail media advertising, your shoppers benefit too. With insights from your platform, CPGs can evaluate ad placement performance and adjust to increase relevance and engagement, so that the shopper experience is continually improved.

As mentioned in [Part 1](#), when ads are served to your shoppers on the delivery-provider marketplace, none of these funds are directed to you. When you own the eCommerce experience with an eCommerce provider like Mercatus, you can regain the share of that revenue that's rightfully yours. Find out how you can start claiming advertising revenue with Mercatus today.

Online sales powered by Mercatus



5%
Click and
Collect

5%
Targeted
Ad Revenue

6%
Retailer-controlled
platform

16%
Total Grocer's
Margin

Get Back in Charge

You've learned that outsourcing your eCommerce experience is a strategic mistake. Over-reliance on third-party delivery platforms can have serious negative consequences for the long-term health of your grocery business.

- Loss of control over customer and vendor relationships
- Missing transaction data, and not benefit from CPG ad dollars
- Hollowing out of your IT/tech infrastructure
- Margin compression and market share erosion
- Long-term disintermediation by savvy Silicon Valley tech players

Can you stop the addiction? The answer is yes!

Grocers, stop giving away your customers

In this Guide, we've outlined the steps to develop an effective customer-centric, retailer controlled eCommerce experience. With the Mercatus Integrated eCommerce Platform, curbside pickup and delivery, and our new retail media advertising capability, retailers can reclaim lost contribution margin.

How to Get Back in Charge

1. Put the customer at the center of the experience
2. Focus on frequency rather than greater reach
3. Consistent operational execution is a must
4. Fix your data governance
5. Improve product search experience
6. Find the right labor model for pick & pack
7. Leverage alternative delivery networks
8. Improve conversion at the point of digital interaction
9. Don't let others monetize your shoppers' behavior
10. Tap into your own retail media advertising revenue



We're here to help.

If you have questions and want to learn more, contact Mercatus today!

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About Mercatus

Mercatus Technologies is redefining the digital experience. Our purpose is to empower our clients to create best-in-breed shopping experiences for their customers. We're thought partners dedicated to revolutionizing the way industries approach digital by delivering Mercatus Integrated Commerce®. Based in Toronto, Ontario, Mercatus helps leading North American organizations integrate with multiple technology partners to deliver exceptional in-store and online shopping experiences.

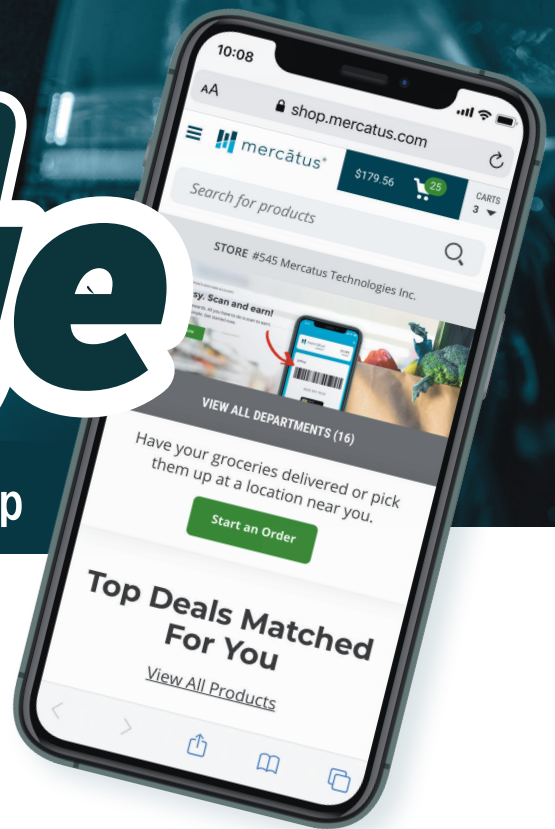
Mercatus would be pleased to partner with your organization. We are confident this partnership will provide value for your organization and shoppers. We look forward to helping you get Back in Charge of your eCommerce experience and shopper journey.





Get Back in Charge

with Curbside Pick-up



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