

E-grocery

Evaluation of the fastest
growing channel within FMCG

Dr. Marc Knuff
Global Retail Director
GfK Consumer Panels & Services



Agenda



E-grocery

Evaluation of the fastest growing channel within FMCG

1. **Market:** Global development of E-grocery channel
2. **Offering:** Differentiation of E-grocery channel
3. **Trends:** Upcoming trends in E-grocery

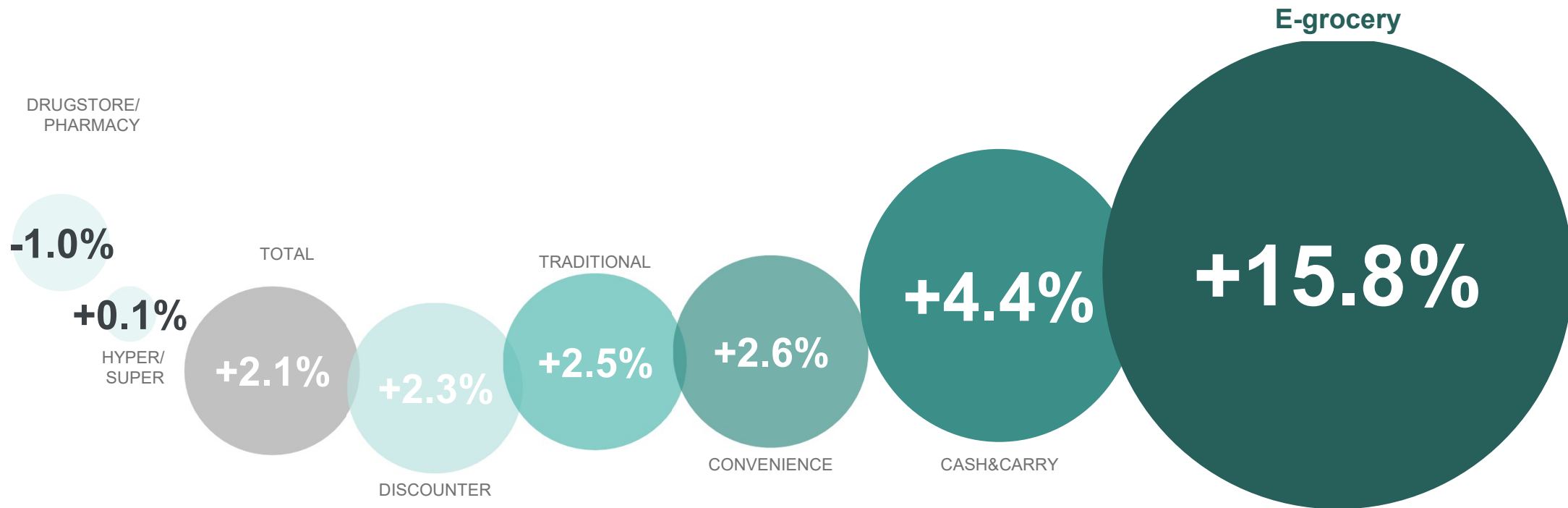
1.

Market: Global development of E-grocery channel

E-grocery remains the most dynamic channel in the FMCG world



FMCG Global Annual Value Growth in % - 2021 vs. 2020



Source: Kantar, GfK, Intage

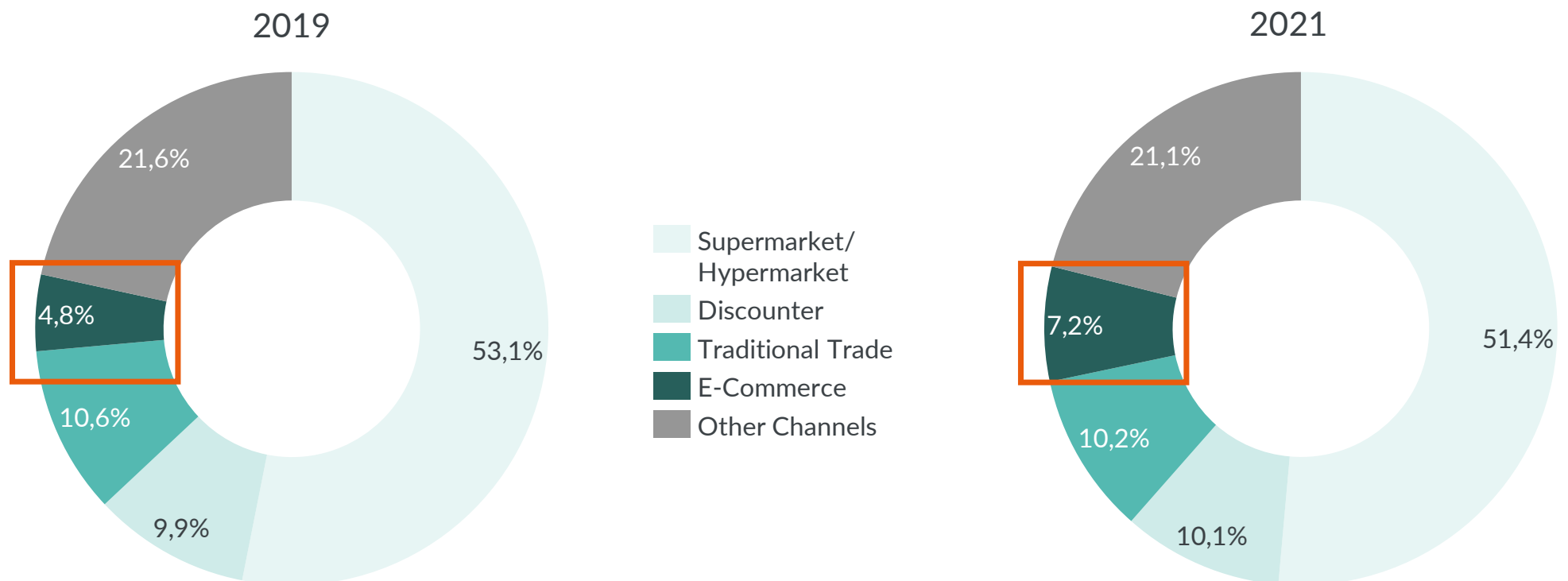
■ ECR Community | E-Grocery - Evaluation of the fastest growing channel within FMCG

© GfK

E-grocery increased its market share by 50% in the last two years and reached 7.2% of global FMCG spend in 2021



FMCG Global Value Share in %



Source: Kantar, GfK, Intage

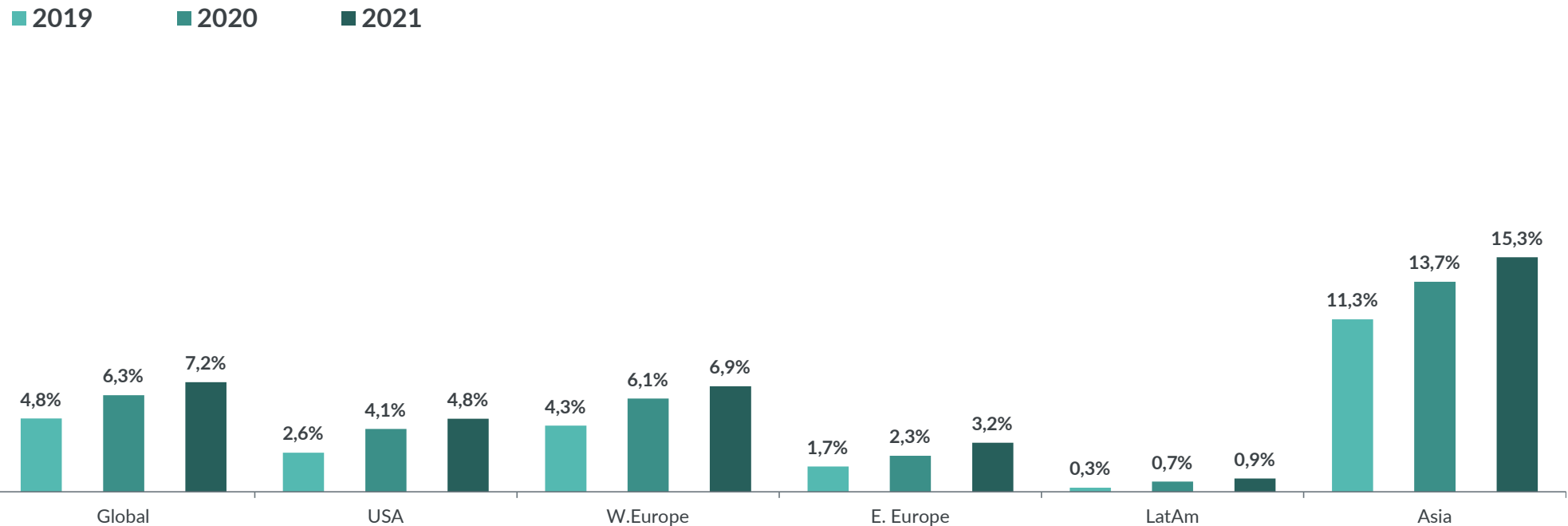
ECR Community | E-Grocery - Evaluation of the fastest growing channel within FMCG

© GfK

Asia represents 45% of the overall e-grocery business, still huge potential in LatAm and Eastern Europe



E-grocery Value Share in %



Source: Kantar, GfK, Intage

■ ECR Community | E-Grocery - Evaluation of the fastest growing channel within FMCG

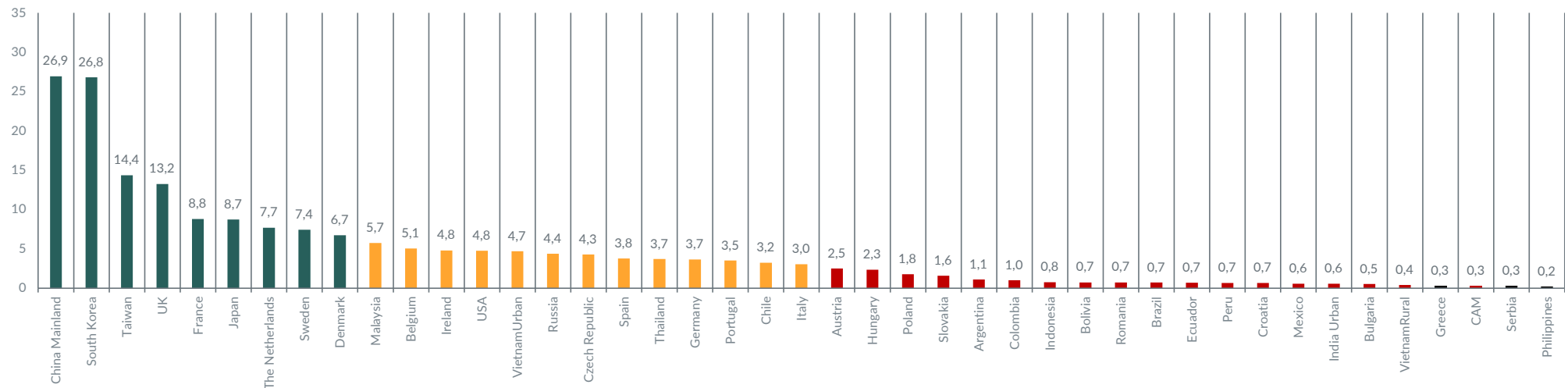
© GfK

Asian and Western European countries with the highest E-grocery market shares

E-grocery Value Share 2021 in %



Market leader + ← Sizable share → Limited share -



Source: Kantar, GfK, Intage

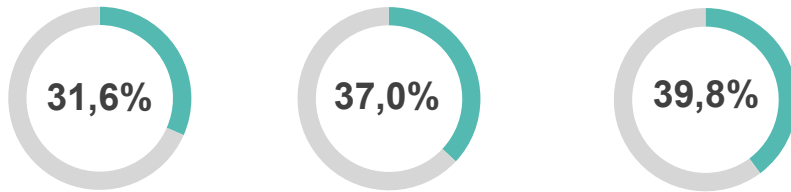
■ ECR Community | E-Grocery - Evaluation of the fastest growing channel within FMCG

© GfK

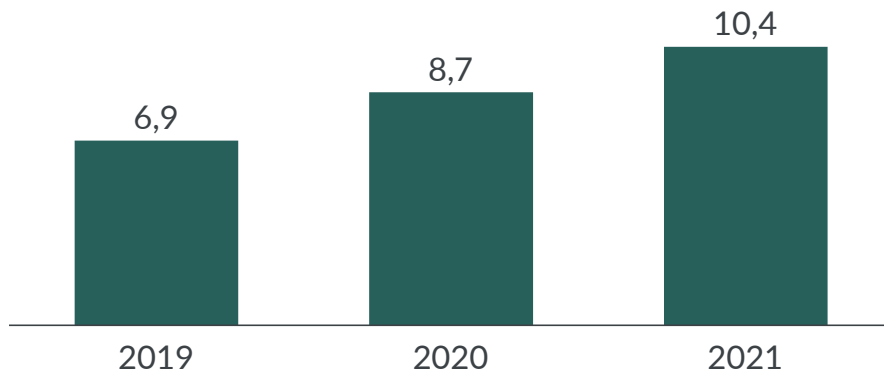
A shift in dynamic of the value drivers to more frequent purchases



Global E-grocery penetration %



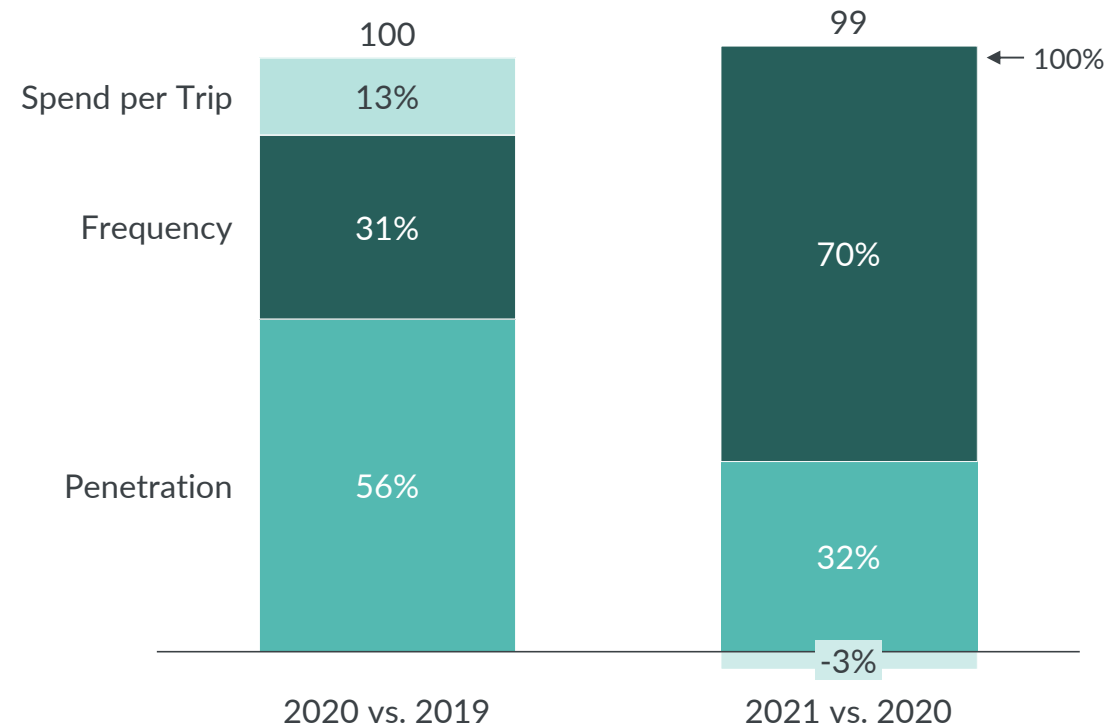
Global E-grocery frequency per year



Source: Kantar, GfK, Intage

■ ECR Community | E-Grocery - Evaluation of the fastest growing channel within FMCG

Contribution to global E-grocery value growth in %

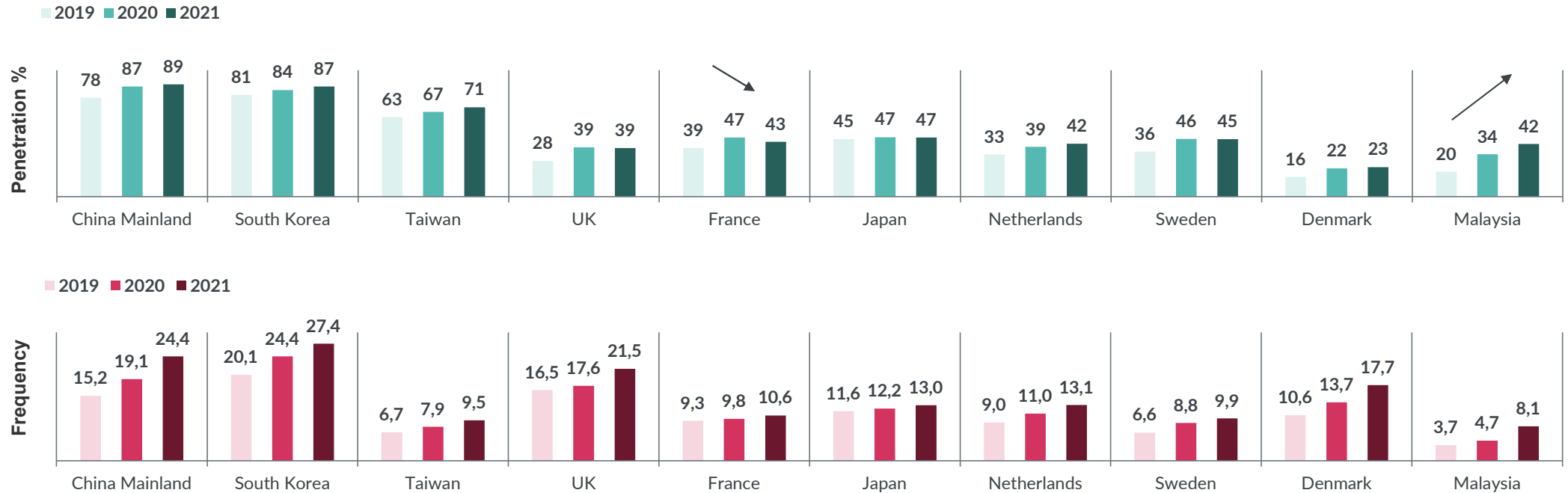


© GfK

Penetration plateaus in key countries, while frequency grows everywhere



Countries where ecommerce has more than 5% of value share

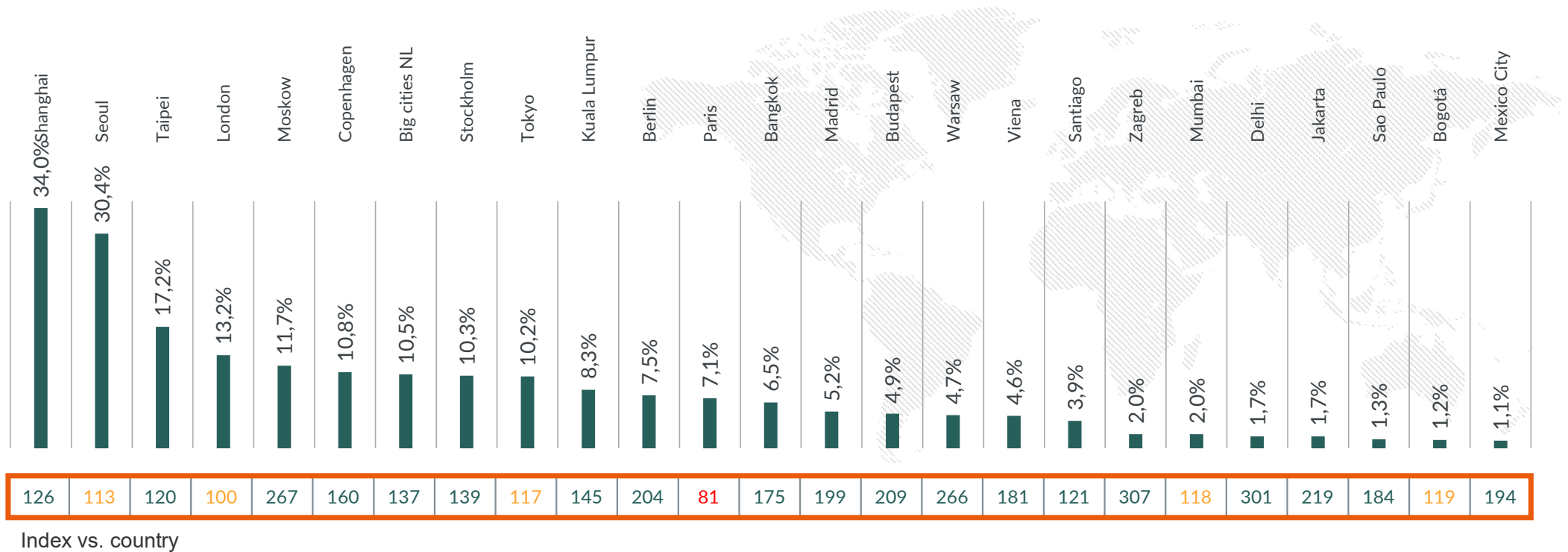


Source: Kantar, GfK, Intage
ECR Community | E-Grocery - Evaluation of the fastest growing channel within FMCG

Big cities are prone to E-grocery



E-grocery Value Share 2021 in %



Source: Kantar, GfK, Intage

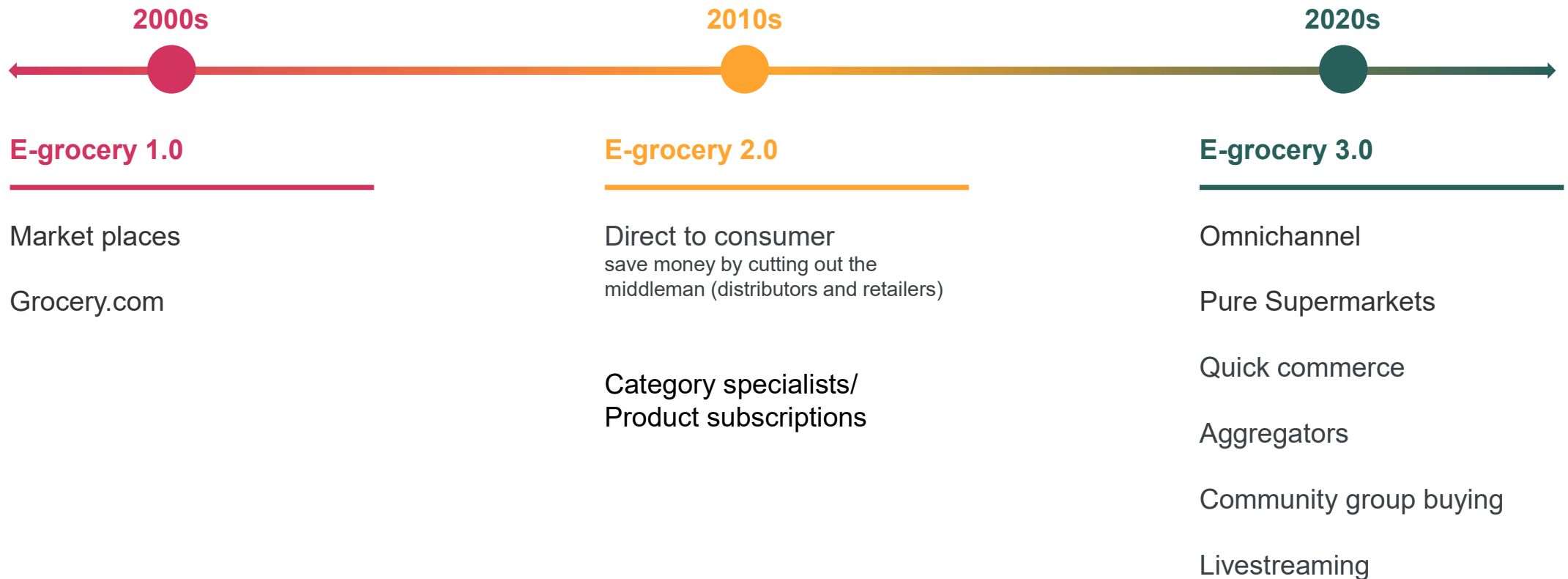
■ ECR Community | E-Grocery - Evaluation of the fastest growing channel within FMCG

© GfK

2.

Offering: Differentiation of E-grocery channel

New e-grocery models emerge, more segments and more shopping missions covered

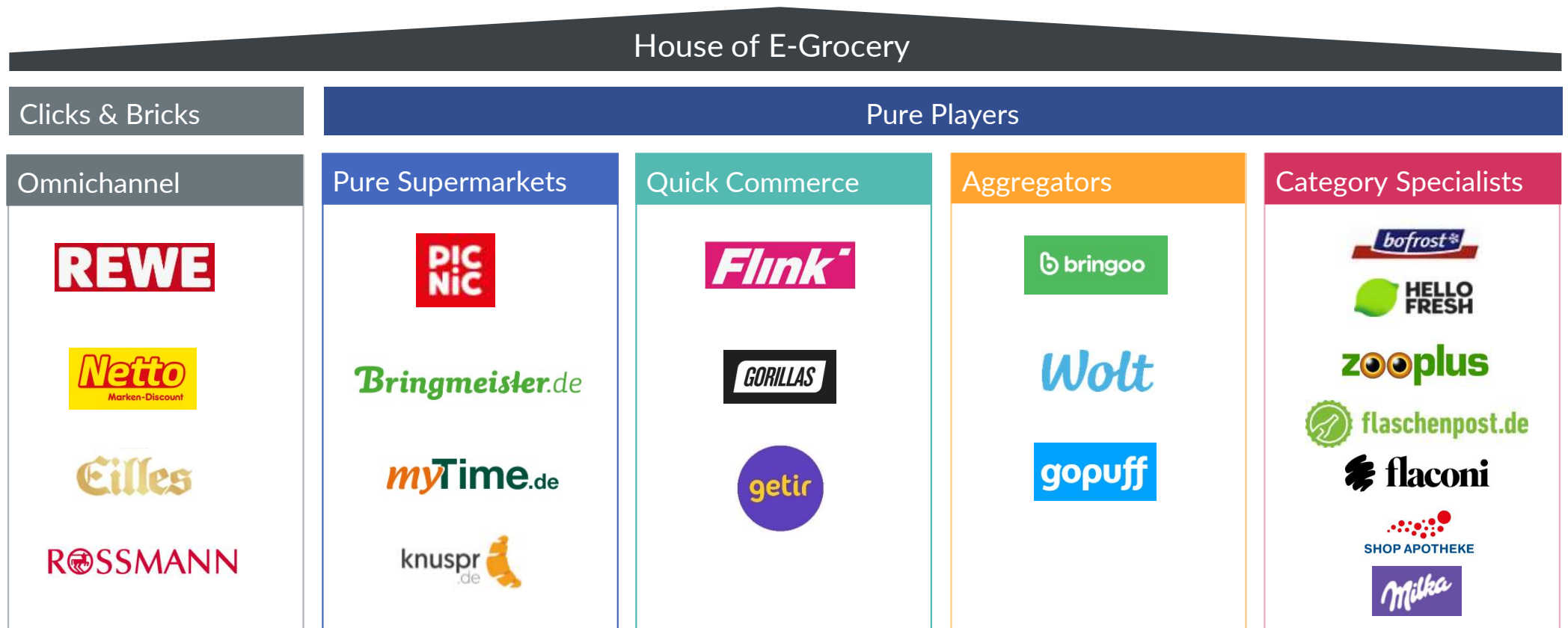


E-grocery in Germany: Same, same, but different

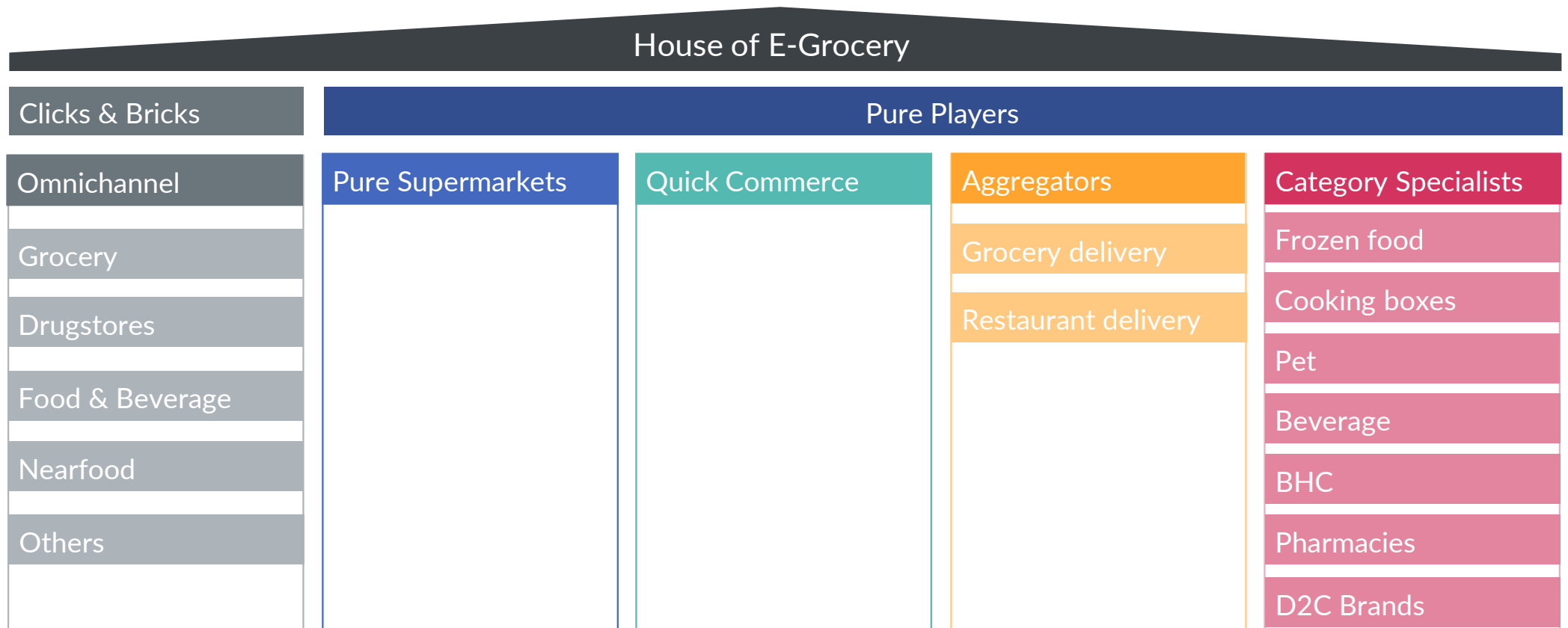


A lot of competitors with different assortments and delivery concepts characterize the E-grocery market in Germany

Only most important business models

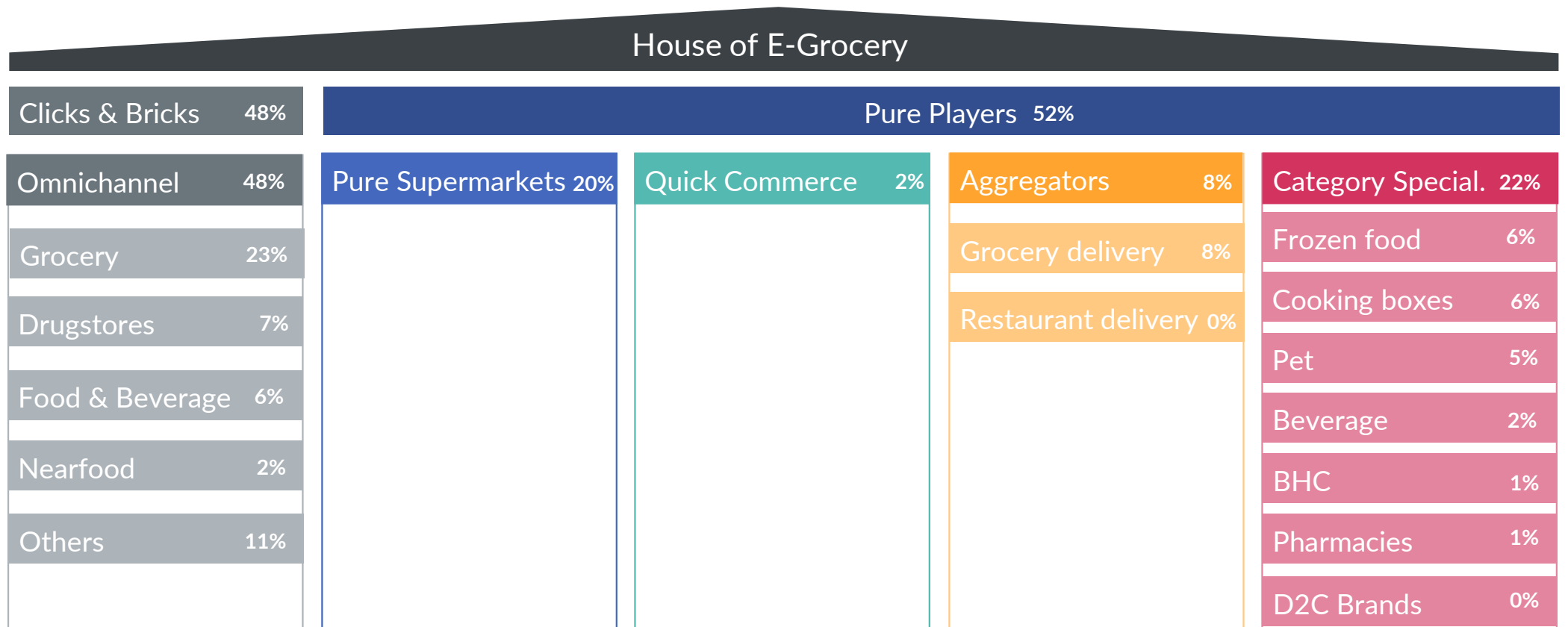


It's worth taking a look at the details



Pure Supermarkets and Category Specialists have so far occupied the pure player segment

Value Shares in %, Q1 2022



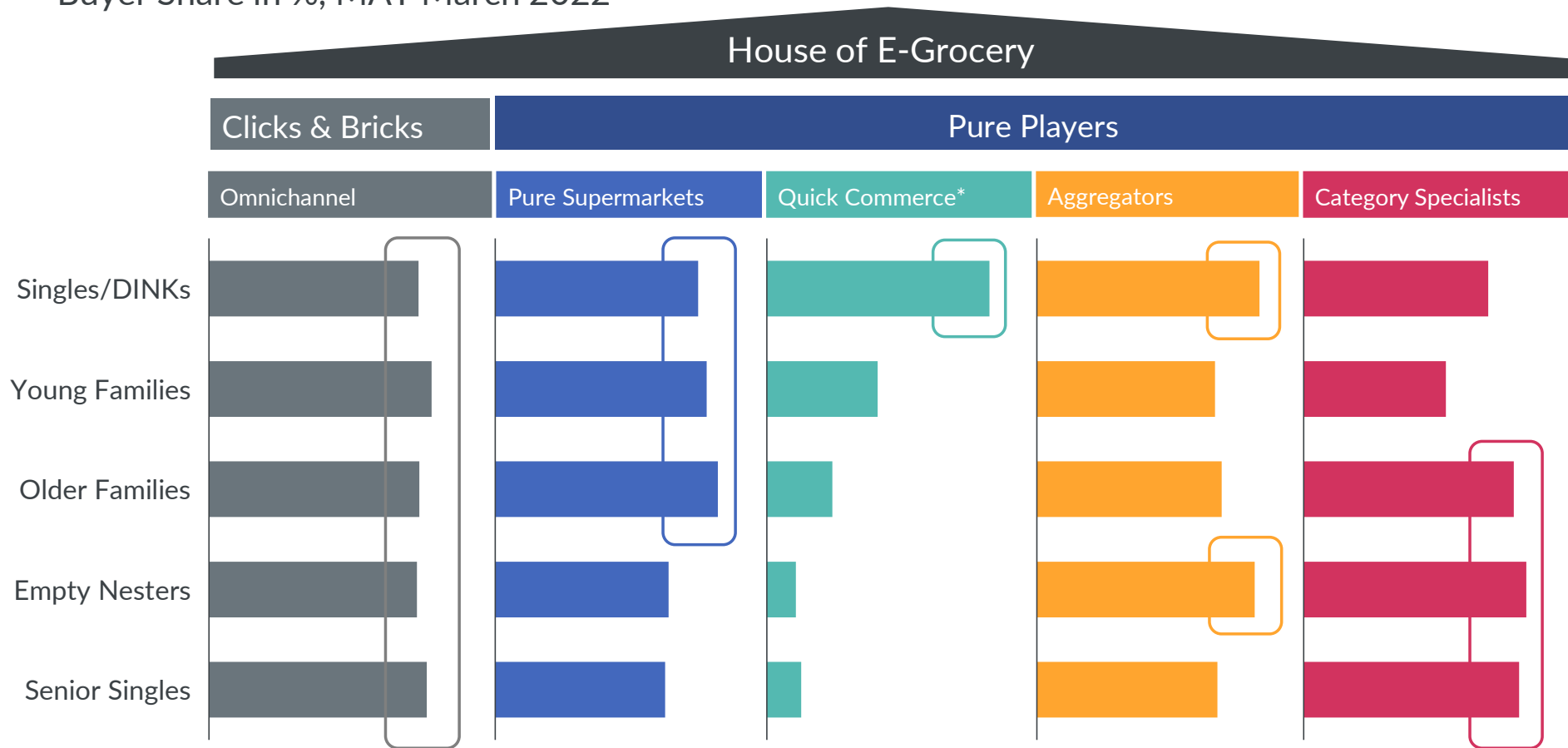
Quelle: GfK Consumer Panel CP+ 2.0 FMCG | FMCG

▪ ECR Community | E-Grocery - Evaluation of the fastest growing channel within FMCG

Different offerings service different target groups



Buyer Share in %, MAT March 2022

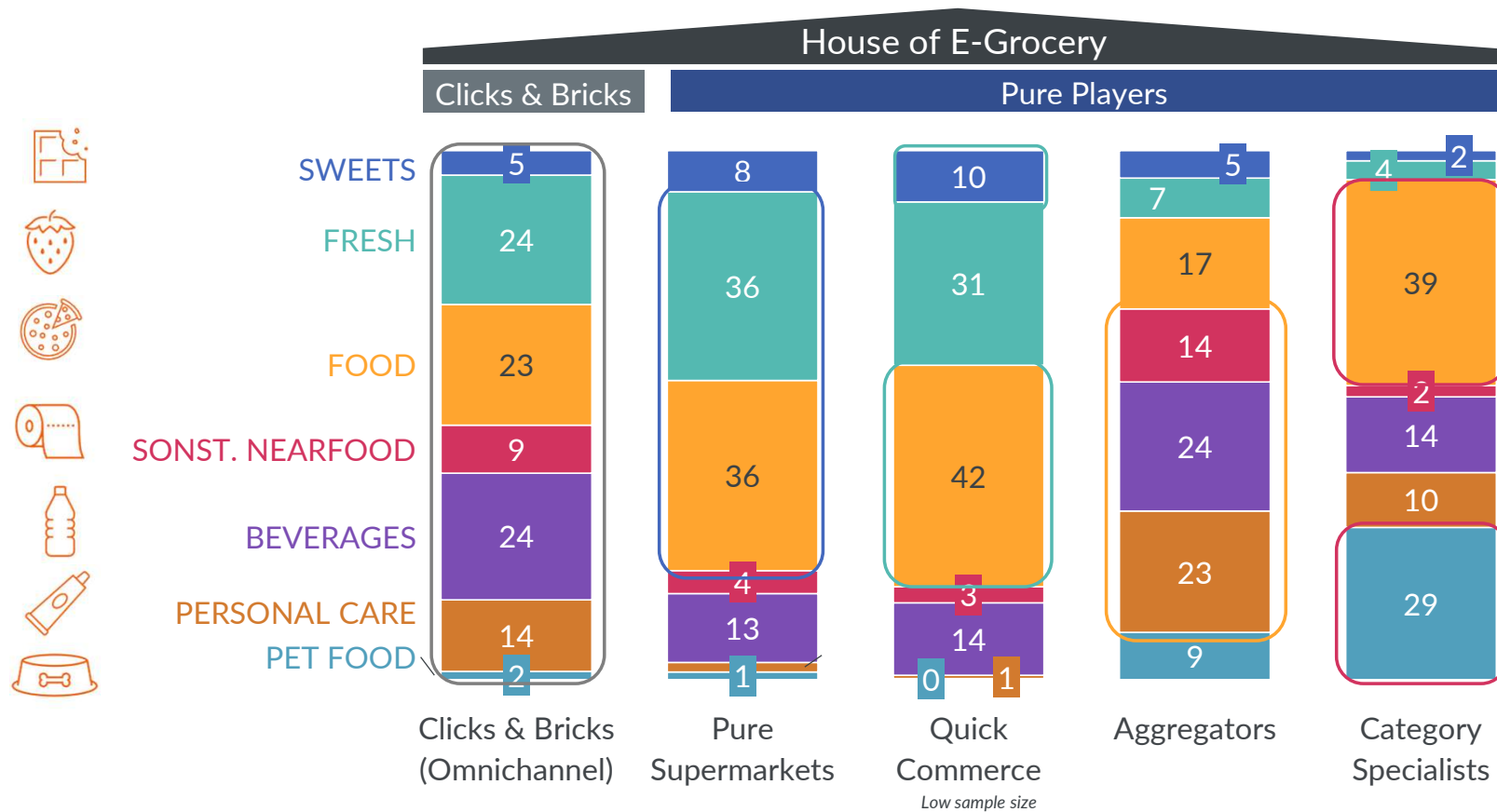


Quelle: GfK Consumer Panel CP+ 2.0 FMCG | FMCG * kleine Fallzahlen

■ ECR Community | E-Grocery - Evaluation of the fastest growing channel within FMCG

Different offerings service different shopping missions of the targeted groups

Value Share of categories in %, MAT March 22



Quelle: GfK Consumer Panel CP+ 2.0 FMCG | FMCG

■ ECR Community | E-Grocery - Evaluation of the fastest growing channel within FMCG

3.

Trends: Upcoming trends in E-grocery

1. Trend in E-grocery: Blending of E-grocery business models



Clicks and Bricks try to integrate quick commerce services in their omnichannel strategy

Tesco to roll out Whoosh one-hour delivery service to 600 stores



Tesco and Gorillas join forces to test 10-minute delivery service



Source: <https://www.thegrocer.co.uk/tesco/tesco-to-roll-out-whoosh-one-hour-delivery-service-to-600-stores/663492/article>,
<https://www.theguardian.com/business/2021/oct/28/tesco-and-gorillas-join-forces-to-test-10-minute-delivery-service>

Meal delivery players are entering the e-grocery market

Wolt prepares to deliver groceries too



Wolt

Tallinn-based Bolt lands €600 million to launch new grocery delivery, Bolt Market, in 10 European countries



Bolt

Source: <https://www.ekathimerini.com/economy/1158539/wolt-prepares-to-deliver-groceries-too/>
<https://www.eu-startups.com/2021/08/tallinn-based-bolt-lands-e600-million-to-launch-new-grocery-delivery-bolt-market-in-10-european-countries/>

First e-grocery market places are opening up

Amazon is about to shake up grocery delivery

New Instacart-like service will expand in Europe and US



Source: <https://www.freightwaves.com/news/amazon-is-about-to-shake-up-grocery-deliver>,
<https://www.thinkspain.com/news-spain/26494/amazon-spain-launches-online-grocery-shopping>

- E-grocery in Europe - New competitors & operating models entering the European market

2. Trend in E-grocery: Cooperation of E-grocery and traditional retailers



Quick Commerce players
cooperate with trad. retailers
(PL) sourcing and/or sales hubs)



Sometimes trad. retailers are
even investing in pure players

German delivery startup
Flink raises \$240 mln,
partners with Rewe



Edeka to double its stake in Picnic



Source: <https://www.reuters.com/technology/german-delivery-startup-flink-raises-240-mln-partners-with-rewe-2021-06-04/> <https://www.retaildetail.eu/en/news/food/edeka-double-its-stake-picnic>

Sometimes trad. retailers are
trying to find ways to start
omnichannel offers

Aldi Nord partners Glovo to expand into Spain and Portugal and test delivery service

Hungary: ordering ALDI products online
in Budapest

Discount Retail Chain ALDI Magyarország Élelmiszer Bt. (privately owned) has signed a cooperation with the Hungarian e-commerce platform startup, ROKSH, which provides an online shopping service.

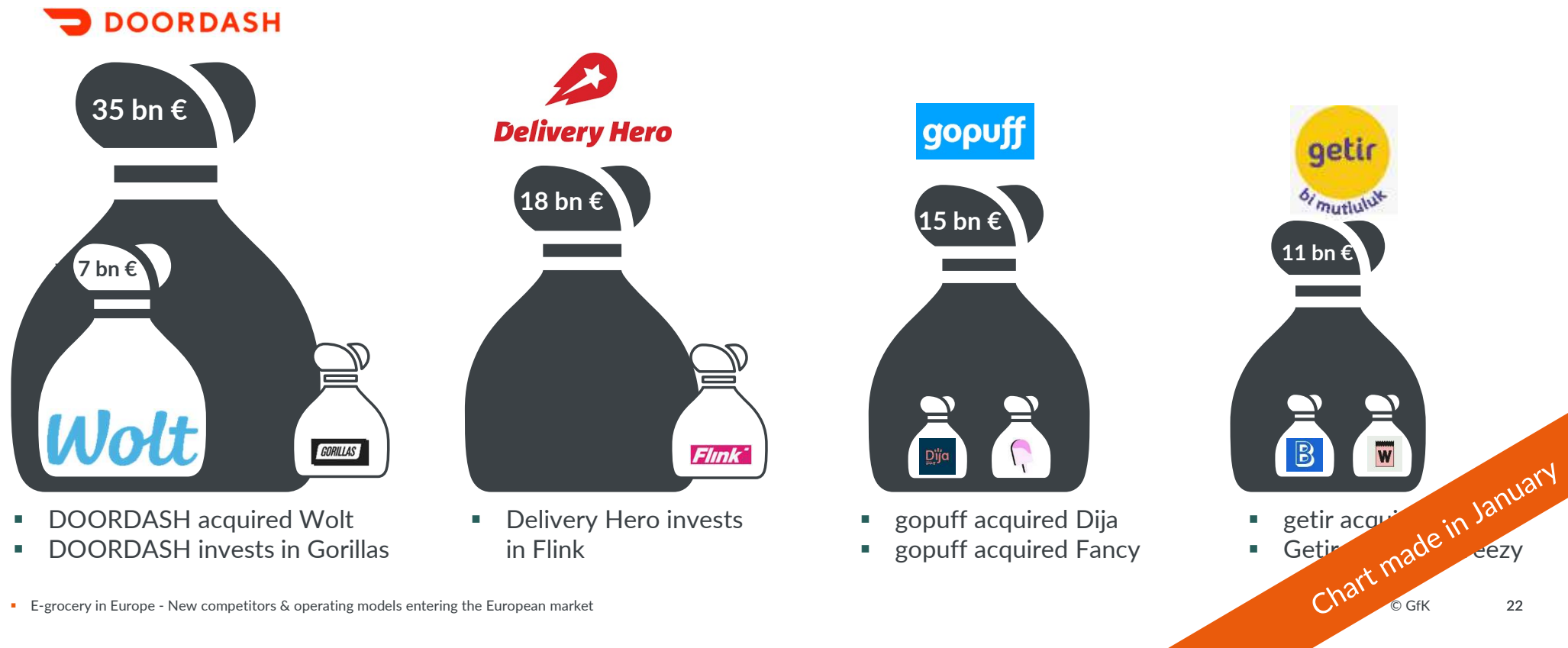
Aldi ends Deliveroo partnership



Source: <https://thepayers.com/e-commerce/aldi-nord-partners-glovo-to-expand-into-spain-and-portugal-and-test-delivery-service-1248354>;
<https://www.discountretailconsulting.com/post/hungary-ordering-aldi-products-online-in-budapest>; <https://www.talkingretail.com/news/industry-news/aldi-ends-deliveroo-partnership-24-01-2022/>

3. Trend in E-grocery: Consolidation of the E-grocery market

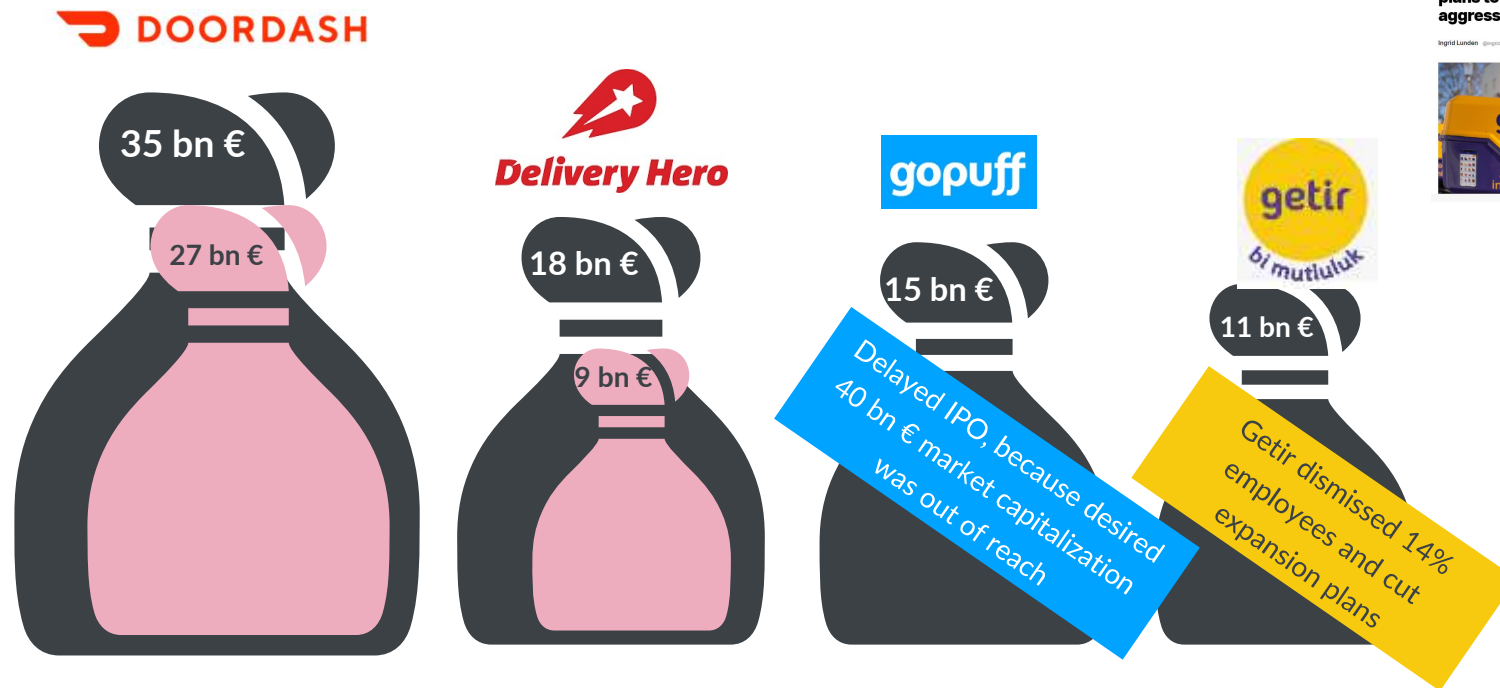
Example: Consolidation of Quick Commerce Market



■ E-grocery in Europe - New competitors & operating models entering the European market

3. Trend in E-grocery: Consolidation of the E-grocery market

Example: Imploding Quick Commerce Market



Getir, the \$12B instant delivery startup, plans to axe 14% of staff globally and cut aggressive expansion plans



Market values of delivery apps like Gopuff, Gorillas plunge as losses pile up



Gorillas fire 300 workers: Is time running out for the delivery company?

Not long ago, Gorillas raised \$1 billion. Now they're firing workers and running out of money. How did it come to this?



Source: <https://nypost.com/2022/03/03/market-values-of-delivery-apps-like-gopuff-gorillas-plunge-as-losses-pile-up/>; <https://www.exberliner.com/politics/gorillas-fire-300-workers-is-time-running-out-for-the-delivery-company/>; <https://techcrunch.com/2022/05/25/getir-the-12b-instant-delivery-startup-plans-to-axe-14-of-staff-globally-and-cut-aggressive-expansion-plans>

- E-grocery in Europe - New competitors & operating models entering the European market

E-grocery outlook - next E-grocery business models wait in the wings



Full automated Click & Collect ¹



Ochama - go pickup

This innovative business model combines the preparation, packaging and delivery of orders ordered online through the use of robots.



REWE- Snack Mobil

First self driving kiosk in Europe. Guided by cameras and sensors, the snack mobile can be stopped simply by waving, but also pauses at predefined stops. On board assortment: soft drinks, sweets and healthy snacks

Social and Livestream Commerce ²



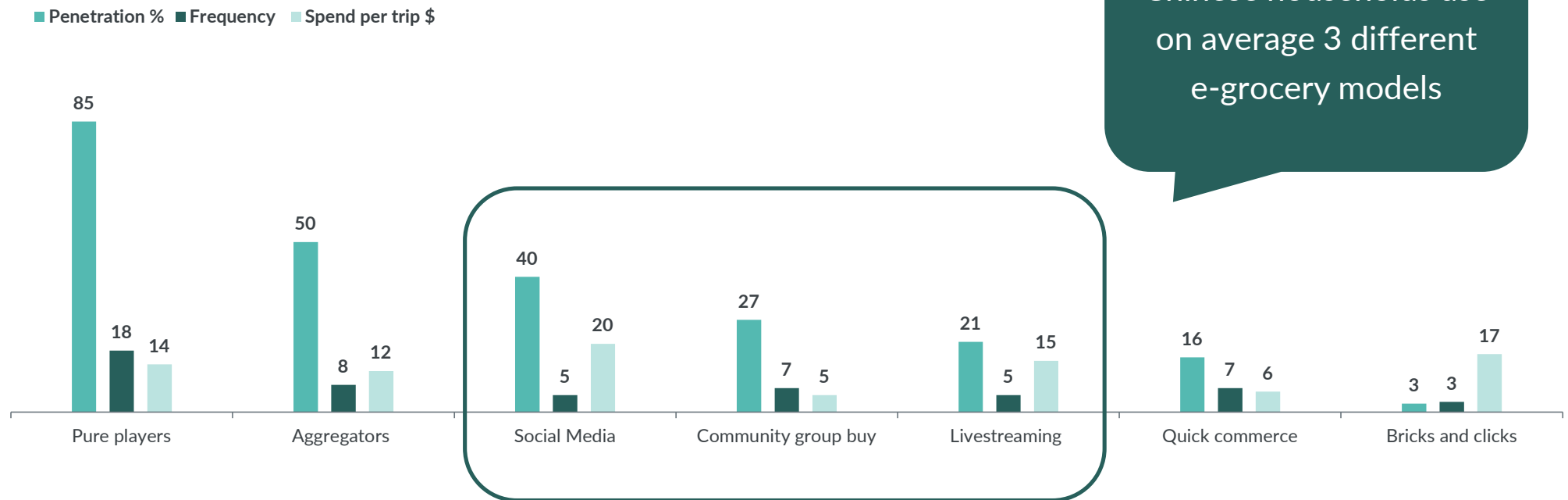
- **Shoppable livestreams on social media:** Business model in which retailers, influencers, and/or celebrities sell products and services via online video streaming where the presenter demonstrates and discusses the offering and answers audience questions in real-time

Source: 1 <https://codelist.biz/2022/01/11/a-chinese-company-opens-its-first-fully-robot-operated-smart-stores-in-europe/> 2 <https://retailtechinnovationhub.com/home/2021/11/22/walmart-enlists-jason-derulo-for-first-shoppable-livestream-on-twitter>

- E-grocery in Europe - New competitors & operating models entering the European market

3 new E-grocery business models have in China Mainland already more than 20% penetration

Value Share in %, MAT March 22



Source: Kantar

■ ECR Community | E-Grocery - Evaluation of the fastest growing channel within FMCG

© GfK

Summary: E-grocery will be same, same but different in the second half of the 20s



E-grocery is by far the **fastest growing FMCG channel**



Same, same but different: There are a lot of different E-grocery business models in market with different offerings for different shopping missions



Category Management has always to reflect the specific offerings and shopping missions of the E-grocer



Category Management needs to find specific category strategies and tactics that fit to the specific offerings and shopping missions of the E-grocer



As the market is fragmented and as specific category management concepts are needed, suppliers have to chose and prioritize those business models which are the most important for their products and categories

