What attracts consumers to online shopping?

Exploring emerging opportunities and ways to engage more consumers in a new era of digital technology

A Hartman Group National Syndicated Research Report
THE ONLINE GROCERY SHOPPER 2013

Exploring emerging opportunities and ways to engage more consumers in a new era of digital technology

A Confusing Marketplace to Navigate

For a number of years now, brick and mortar food retailers have cast a wary glance over their collective shoulders, ever mindful of the Satchel Paige quote, "Don't look back, something might be gaining on you." That something in this case is the e-commerce grocery business, a concept that looks great on paper but in reality has yet to yield a profitable mass-market business model. Nevertheless, one can’t ignore the sizeable number of U.S. online sales of foods and beverages (which Forrester Research estimates will reach more than $15 billion in 2013).

From Amazon to Walmart, consumers now shop for grocery essentials from the digital platform of their choice—anywhere, anytime, any day. Yet, while consumers have rapidly and dramatically embraced digital technologies—especially mobile devices—the migration of online grocery shopping will likely occur at a much slower pace. So, for food and grocery retailers, both Web-based and brick-and-mortar companies with an online presence, the questions are classic textbook marketing: how to attract consumers to online grocery shopping; how to keep consumers grocery shopping online; and how to motivate consumers to increase their online grocery shopping. For manufacturers who rely on food retailers for sales, the challenge and potential upside opportunity are significant as well.

The Report

The Online Grocery Shopper syndicated research report provides the in-depth understanding about food culture and shopper engagement in digital technologies to help companies seize the evolving opportunities and navigate the emerging challenges posed by the growth of grocery e-commerce in the United States. Areas of exploration include:

- The new competitive landscape
- The online grocery shopper
- The online shopping trip and basket
- Use of mobile and technology platforms
- The future of online grocery retailing

Methodology

Using a three-phase quantitative and qualitative research approach: 1) A nationally representative online survey conducted among 1,595 respondents reflecting U.S. adult (ages 18-69) primary household grocery shoppers. 2) Ethnography: 12 in-home interviews and online shop-a-longs with current and potential online grocery shoppers in Seattle. 3) Online qualitative virtual ethnographies with 8 current and potential online grocery shoppers in New York and Chicago.

About The Report


Market Coverage: U.S. market

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EXECUTIVE SUMMARY

Today’s Online Grocery Shopper

All the Right Conditions

We live in a world where the divisions between online and offline are increasingly blurred. Online grocery shopping represents a natural evolution in how consumers are living their lives simultaneously in both the physical and digital world. A confluence of cultural conditions – busy, urban lifestyles, site awareness, and technology integration – along with situational triggers (often unexpected changes in circumstances) propels the trial of online grocery shopping.

Future growth of the online grocery channel will be driven by two key factors:

1) Breaking well-entrenched habits associated with in-store shopping (both emotional and physical) and
2) Being ready to help customers find and navigate the online grocery channel when situational triggers arise.

The Online Grocery Shopping Experience

First-time users’ existing in-store habits shape their assumptions about the potential benefits and limitations of online grocery shopping. As such, the first-time experience is often riddled with questions as shoppers stumble through the online sites, raising their anxiety and spending most of their energy figuring out the system. Over time, users form new habits that allow them to move seamlessly between the store and online. Retailers and manufacturers who are ready to deliver the right trial experience for these newcomers will ultimately have the greatest opportunity to gain share in the online channel.

The Online Grocery Shopper

Today’s Online Grocery Shopper, representing 14% of U.S. households, is more likely to be young, urban, a user of mobile technology, in a multi-person, high-income household, and within walking distance to a grocery store. Online Grocery Shoppers perceive three ‘types’ of stores in the online grocery landscape: the grocery store, the mass merchant, and the category specialist, each with its own distinct characteristics and use by the shopper.

Online grocery shopping appears to be accretive to, not a detriment to, in-store shopping. The Online Grocery Shopper is a high-value customer, spending more and shopping more every month than those who do not use the online channel. Retailers and manufacturers who are able to build loyalty programs with these behaviors in mind will be well-positioned for overall growth.

Tomorrow’s Online Grocery Shopper

What Attracts Consumers to Online Grocery Shopping

The current population is composed of various types of primary household grocery shoppers: the fully adopted, center-aisle and dabblers, all who currently shop for groceries online; those who do not currently shop for groceries online; those who may do so within the next year; those who may shop sometime in the future; and those who are unlikely to ever shop for groceries online.
The greatest potential for new shoppers lies with those most likely to shop online within the next year (32%) by addressing the negative perceptions that inhibit trial. Key online opportunity categories for this group are: personal care products, tissue products, and snacks/sweets.

For all current and potential online grocery shoppers, it is important to rethink the role of online versus in-store, and reimagine how their strategic interplay might capture greater engagement and purchases. Consider how to create experiences that don’t simply mirror each other but are complementary and guide shoppers to patronize both channels.

With more consumers shopping online and shelf space in-store getting tighter, manufacturers should consider creating partnerships, or a consortium, that empower them to go direct to consumer.

What Keeps Consumers Shopping for Groceries Online

Current frustrations with site usability and functionality should be addressed to make the experience more in line with the tactile and spontaneous, fun nature of shopping at the store.

Develop unique, dual interfaces tailored to the expectations and needs of the first-time user versus the experienced users. For first-time shoppers, consider a comprehensive interactive tutorial that guides the journey—showing where to start and directing progress through each department/category. Provide ways for experienced users to take shortcuts and personalize their experience.

Grow distribution networks to satisfy desire for near-term delivery. Create local partnerships that can help facilitate fresher merchandise, local items, and quicker turnaround to compete for more spontaneous shopping and usage occasions.

The Hartman Group

The Hartman Group is a consumer culture consultancy serving consumer packaged goods companies, retailers, and organizations in foods and beverages, foods service, personal care, pharmaceutical, shopper marketing, and other businesses that comprise the consumer marketplace. Powered by primary qualitative, quantitative, and trends research, we know how consumers live, shop, and use brands, products, and services within the contexts of real life. We specialize in understanding how consumer attitudes, lifestyle, and behaviors lead to purchase. If you are looking for competitive distinction, consider our expertise to understand consumers, identify growth opportunities, reinvent or reignite brands, develop new products, and fuel strategic thinking.
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