

RETAIL



GROCERY E-COMMERCE IS DRIVING GROWTH

ONLINE SALES OF FMCG PRODUCTS ON A RAISING TREND IN EUROPE. THE OPPORTUNITIES FOR BRANDS AND DISTRIBUTORS. AND EIGHT TRENDS TO WATCH IN 2019. THE ANALYSIS FROM **IRI**.

by Federica Bartesaghi

Though traditional supermarkets remain the most popular destination for grocery shoppers, the scenario is changing fast. Online sales still account for a small share on the sector's total turnover, yet they are showing interesting growth rates all over Europe, with double-digit growth in Italy (+42%) and Spain (+29%) and dynamic performances also in France and Germany. This is shown in a new report from **IRI** that highlights new growth opportunities for FMCG retailers and manufacturers online, and reveals eight key trends in FMCG e-commerce, including one-click ordering, shopping by smart home device and the power of geo marketing.

Pierluigi Carlini Solutions & Innovations,

IRI comments: "The traditional grocery landscape is being disrupted as influential online players reinvent the food and drink shopping experience, and smaller specialists offer a more personalised approach to consumers. But we believe there are huge growth opportunities for FMCG retailers and brands to use their online platforms and data to help meet the demands of today's younger shoppers who expect a seamless, effortless online experience, combined with value for money, product choice and availability."

According to **IRI**, EU sales of food and personal care in particular are overperforming in e-commerce, and are set to jump +54% in the next five years.

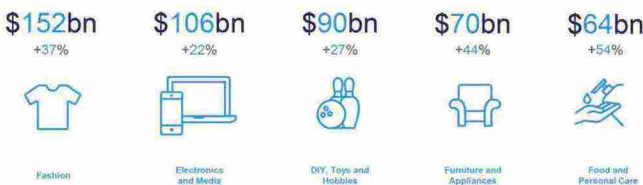
Cresce l'e-commerce nel grocery

*Benché gli europei continuino a preferire il supermercato come luogo fisico in cui fare la spesa, il panorama del mercato grocery tradizionale si sta modificando velocemente. Le vendite online, sebbene abbiano un peso ancora contenuto sul volume d'affari, mostrano segno più in tutta Europa, con una crescita a doppia cifra in Italia (+42%) e in Spagna (+29%) e andamenti significativi anche in Francia e Germania. Secondo le stime **IRI**, inoltre, nei prossimi cinque anni le vendite online di prodotti alimentari e beni per la cura della persona registreranno una crescita del 54%. È quanto evidenzia uno studio firmato **IRI** che evidenzia le nuove opportunità di crescita per gli operatori del Largo consumo confezionato (Lcc) nel canale online e delinea otto trend dell'e-commerce da tenere d'occhio nei mesi a venire.*

E-commerce in Europe is projected to grow strongly across the major industries, none more so than in food and personal care

Online contribution to global food sales also expected to rise over the same five year period to 2022 from 2.7% to 3.7%

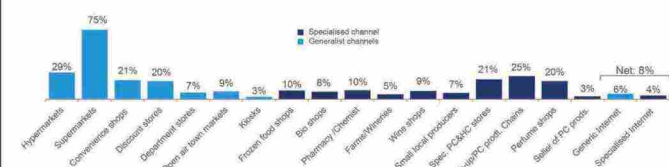
E-commerce sales split by key industry: Sales forecast to 2022 and growth (2018-2022)



Source: Statista Digital Market Tool Europe Outlook 2018

Supermarkets are still the main destination for groceries in Europe. Online by comparison accounts for an average of 8% of **IRI** European shopper purchases

% of shoppers who buy products for grocery shopping in these channels – Total Europe



Note: All channels are not implemented in every country. Channels for personal and home care, make-up/personal care products, perfume shops, sellers of personal care products have been considered only for personal care macro category. Frozen food stores have been considered for frozen food and beverages macro categories only. Kiosks has been considered for beverages macro category only.

Q.1 Where do you currently buy products for your grocery shopping?

Source: IRI European Shopper Survey 2018. Respondent's basis: total sample

8 TRENDS IN E-COMMERCE TO WATCH IN 2019



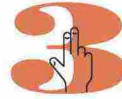
BIG DATA MANAGEMENT

Big data management facilitates detailed understanding of individual shopper journeys and buying habits, leading to personalised recommendations and design studios, greater convenience and loyalty.



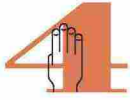
GEO-MARKETING

Geo-marketing pulls in on-the-go consumers or encourages impulse online spend for those in transit. Promotions to prompt in-store footfall or impulse spend online.



THE ONLINE SHOPPING CART

Amazon's one-click ordering patent expired in 2017. The quest for online retailers to alleviate shopping cart abandonment will see players FMCG and non-FMCG focus on a shorter path to purchase.



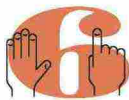
PURCHASES FROM SMARTPHONE USERS

Over half of UK shoppers prefer using retailers' smartphone apps ahead of their actual website.



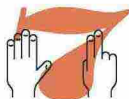
TARGETED, INSTANTLY REDEEMABLE REWARDS

Strengthening the retailer's quest to drive loyalty and win share of wallet.



VOICE ORDERING

Voice ordering via smart home devices brings convenience for shoppers. Integration of new platforms will be essential to ensure seamless, omnichannel experience.



VERSATILITY, SPEED AND CONVENIENCE

Ability to pivot between click and collect and home delivery in less time is high on retailers' agendas.



DIRECT TO CONSUMER (D2C) DELIVERY

Direct to consumer (d2c) delivery has ushered fast growing FMCG brands (Graze, Dollar Shave Club). Start-ups and larger players can in-part remove retailers in a bid to drive loyalty, personalised offers and repeat purchase.

