The Rise of Digital:

“An investigation of the differences and similarities in purchasing behavior between the online and offline shopper”

Erika Hejl
Honors Thesis
Spring 2019
Agenda

- Online Shopping Overview
- Category Specific Data
- Converting Shoppers to Online
- Changing the Online Experience
Online Shopping
Overview
Online Shopping Trends

33% of adults bought groceries online last year

Interest in shopping online doubles actual purchasing behavior

29% have never purchased groceries online but would

Source: Mintel, Online Grocery Shopping, August 2018
Who is the Online Shopper?

Age 18-24
Age 25-34
Age 35-44
Age 45-54
Age 55-64
Age 65+

Source: Mintel, Online Grocery Shopping, August 2018
Who is the Online Shopper?

Source: Mintel, Online Grocery Shopping, August 2018
What Categories are they Shopping?

- Fashion: 61%
- Travel: 59%
- Books & Music: 49%
- IT & Mobile: 47%
- Food & Consumables: 3%

Source: Nielsen, Connected Commerce, November 2018
Why Food and Consumables?

“Why do you shop for grocery versus other categories?”

- Better Prices: 60%
- More Convenient: 59%
- No Shipping Fees: 42%
- Only Available Online: 29%
- Pick-Up in Store: 24%
- Customer Service is just as good: 18%
- Same-Day Delivery: 20%

Source: Mintel, Online Grocery Shopping, August 2018

**Same-Day Delivery** is one of the top reasons consumers shop online for grocery.
Where are they Buying?

71% of consumers prefer to shop in a **physical store**

Source: Nielsen, Connected Commerce, November 2018

**Devices Millennials are using to Shop**

- **60%**
- **40%**
Category Specific Data
Methodology

Received **Syndicated Data** for Online and Brick and Mortar

Used **Online Sales Percent** to Determine Success

Determined **Demographics** based on who was Purchasing Top Products
Coffee Category

Top Brands

One Cup and Cold Brew Items are more popular by online sales percent.

One Cup/Cold Brew

<table>
<thead>
<tr>
<th></th>
<th>Online</th>
<th>Brick &amp; Mortar</th>
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</thead>
<tbody>
<tr>
<td>Starbucks</td>
<td>15</td>
<td>3</td>
</tr>
<tr>
<td>Dunkin' Donuts</td>
<td>5</td>
<td>17</td>
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<tr>
<td>Traditional</td>
<td>20</td>
<td>20</td>
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</tbody>
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Source: 26 wks ending 6/6/18
Online Promotions are Successful

$2 off Coupon

4X sales growth

Source: Online Stores Only, ending 6/17/18
### Demographics

<table>
<thead>
<tr>
<th>Metric</th>
<th>Top 20</th>
<th>Bottom 20</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Household Size</strong></td>
<td>4 Person Households</td>
<td></td>
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<tr>
<td></td>
<td>5+ Person Households</td>
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<tr>
<td><strong>Lifestyle</strong></td>
<td>Health Conscious Family Oriented</td>
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<td><strong>Price Sensitivity</strong></td>
<td>Price Sensitive Least Price Sensitive</td>
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<td><strong>Generations</strong></td>
<td>Millennials</td>
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<td>Generation X</td>
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</tbody>
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Source: 26 wks ending 6/9/18 - indexed to total supermarket
Online Shelf Errors

- Less Descriptive Titles
- Inconsistent Brand Titles
- Misleading Product Photos
Converting Shoppers to Online
What Consumers Want

57% simply prefer the Physical Store

57% are concerned about the Freshness of Products

33% want to See/Try before buying

17% think it is Less Expensive to shop in store

Source: Mintel, Online Grocery Shopping, August 2018
What Consumers Want

I think it is Less Expensive to shop in store

Source: Mintel, Online Grocery Shopping, August 2018
Encouraging Fresh Purchases

- Detailed Product Descriptions
- Freshness Labels
- Product Refunds
- Same Day Replacement
- Daily Freshness Ratings

Source: Mintel, Online Grocery Shopping, August 2018

49% agree
Daily Freshness Rating Example

Fresh Strawberries, 1 lb

$3.17

Add to Cart  Today’s Rating: C
Improving the Online Shopping Experience
Increasing Innovation

1. Leveraging the Physical Store
2. Exploring Other Delivery Methods
3. Streamlining the Online and Mobile Platforms
Leveraging the Physical Store

71% of consumers prefer to shop in a physical store.

The Transition to Online will be a slow process...

Source: Mintel, Online Grocery Shopping, August 2018
Exploring Other Delivery Methods

In-Home Delivery
Deliveries brought to the home when consumer is not there

In-Car Delivery
Deliveries brought to directly to the back of the consumer’s car

Automated Vehicles
Deliveries brought to directly to home by a self-driving vehicle
Streamlining Online Platforms

- Investigate Online Shelf Errors
- Improve Online Shelf Practices
- Order Items based on Individuality
- Detailed Product Descriptions
Thank You!

Erika Hejl
Spring 2019