In partnership with:

WINSIGHT GROCERY BUSINESS

INCISIV

Grocery Digital Maturity Benchmark, 2020

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Mercatus helps leading grocers get back in charge of their eCommerce experience, empowering them to deliver exceptional branded omnichannel shopping experiences end-to-end, from store-to-door. Our expansive network of 50+ integration partners enables Mercatus powered grocers to work with their partners of choice, on their terms.

FlyBuy®

FlyBuy uses proprietary location technology to help grocers deliver a frictionless customer experience and drive location-based transactions. Our location platform includes FlyBuy Pickup for optimizing customer curbside and in-store pickup; FlyBuy Pay for conducting contactless payments for in-store and curbside transactions; and FlyBuy Drive-Thru for automating the order-ahead, drive-thru pickup process for pharmacies.

ShopperKit

ShopperKit is an in-store order fulfillment platform designed specifically for Click&Collect in the grocery industry. As eCommerce continues its rapid growth, grocers are seeing their physical stores, located close to customers, act as natural distribution centers.

ShopperKit's in-store fulfillment system enables existing brick & mortar stores to receive, prioritize, and process orders from their online counterparts allowing grocers to offer in-store pickup or delivery services to their online customers.

Supporting Sponsors

Alert Innovation is a leader in eGrocery technology based on its breakthrough Alphabot® platform. More than a superior micro-fulfillment center technology, the Alphabot® platform provides a means for grocers to profitably support online ordering today while building toward a new, automated-service supermarket format called Novastore™ that will usher in the next paradigm in food retailing. Headquartered in North Billerica, Massachusetts, Alert Innovation has 35 issued or pending patents on its groundbreaking goods-to-person Automated Storage and Retrieval System (AS/RS) and related technology.

Alert Innovation's Alphabot platform provides a proven solution that is already working for Walmart - and can work for you, too. More information is available at http://www.AlertInnovation.com.

CitrusAd is a world first digital platform that has unleashed the potential of online shelf space. CitrusAd effectively turns online retailer websites into highly targeted and revenue generating digital advertising platforms, and in the process has changed the way in which retailers, advertisers and customers manage and experience e-commerce. For more information visit www.citrusad.com.

Self Point is the leading digital transformation partner for supermarkets, specialty food retailers, and consumer packaged goods brands. Serving as a change agent for the industry, the Self Point team supports food retailers' transition to online, integrating fulfillment methods while elevating the customer experience and loyalty. The Self Point technology suite integrates point of sale and retail catalogs into a mobile-first, custom-branded e-commerce experience within days. Self Point's digital commerce engine combined with Artificial Intelligence, omnichannel marketing tools, and delivery logistics software, result in increased sales and profit, in-store and online. Founded in 2014, Self Point has a growing client and partner base including Unilever, Toshiba, Microsoft and more. Visit Self-Point.com to learn more.

Table of Contents.

This is an executive summary report based on Incisiv's analysis of the digital presence of leading grocery retailers and food banners. The companies benchmarked are based on the **top 90 highest annual revenues in US, Canada and Western Europe.**

90

grocery retailers / banners and delivery providers in US and Europe.

195

digital attributes studied for each banner.

50 million

data points from Incisiv's industry data pool.

48 million

data points from Q3 2020 Grocery Shopper Survey (in partnership with Mercatus).

Chapter 1

The Digital Grocery Outlook: The Year of Irrevocable Inflection

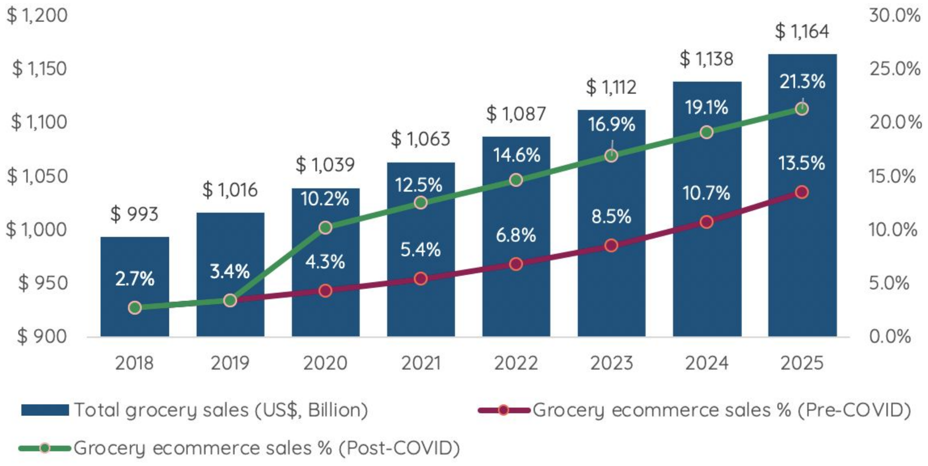
While online shopping in grocery retail continues to lag the overall adoption of online buying across other retail segments, the COVID-19 pandemic has created an explosive growth curve across all areas of digital. While physical supermarkets that stayed open during the crisis fared better than any other retail segment, the industry saw a high percentage of shoppers across demographic and psychographic lines adopt online shopping as a first choice. As shoppers become increasingly comfortable with the process, a new set of defining expectations has emerged. In many cases, the industry was unprepared and had to institute processes or technology just to address the demand and couldn’t account for profitability. With the market poised to grow from 3% of total grocery spend in 2019 to **21%** by 2025, it is imperative that strategies shift to ensure the industry is protecting profits.

$248bn Digital grocery retail sales by 2025 (USA); **60%** higher than 2019 estimates

40% Of online grocery retail shoppers are likely to continue shopping for all of their grocery online

COVID has completely recalibrated the adoption of online grocery. The industry must now set new strategies to manage this shift in the shopper journey.

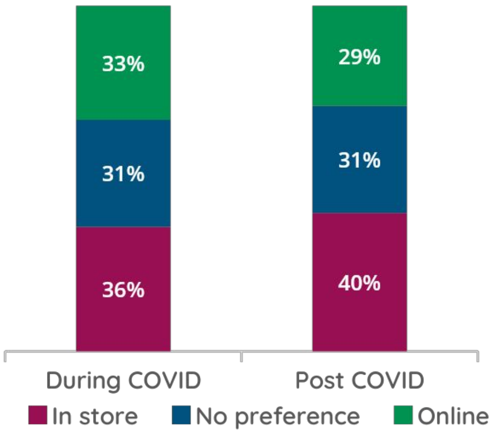
Post pandemic, the growth rate of online grocery retail will stabilize with some people reverting to the long formed habit of in-store shopping. This is particularly true for the 65+ age group. However, grocery retailers are being forced to step up investments across their digital channels to account for this increasingly large piece of their business. In fact, online grocery retail will continue to grow steadily to form ~21% of the industry by 2025, **60% higher than pre-COVID estimates.**



Source: Incisiv Projections

Once the pandemic has subsided, some shoppers are expected to return to stores. However, online will continue to grow with customers going "mobile-first".

Preferred destination of shopping post-pandemic



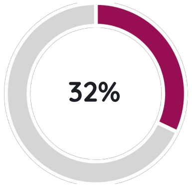
Preferred channel of shopping post-pandemic

	Increase	Same	Decrease
Store	18%	70%	12%
eCommerce desktop site	25%	64%	11%
eCommerce mobile site	26%	65%	9%
Mobile app	32%	59%	9%

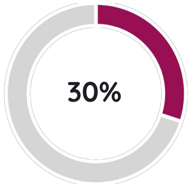
Source: Incisiv-Mercatus customer survey of 60K respondents

Customer satisfaction is still low across many key aspects of the shopping journey. Grocery Retailers must look holistically at how changes in shopping behavior must be addressed from a technology and process perspective.

Research & Discovery

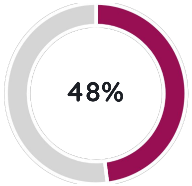


Search and discovery

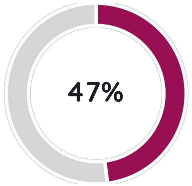


Site navigation and filters / discovery

Online Ordering

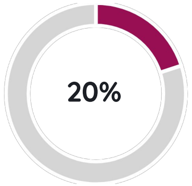


Inventory visibility

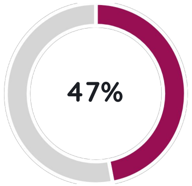


Ability to shop from coupons & promotions

Fulfillment

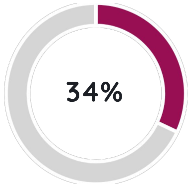


Availability of time slots for fulfillment

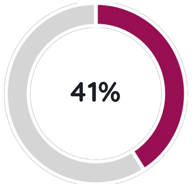


Delivery wait times

Customer Engagement & Service



Ease of contacting customer service



Returns

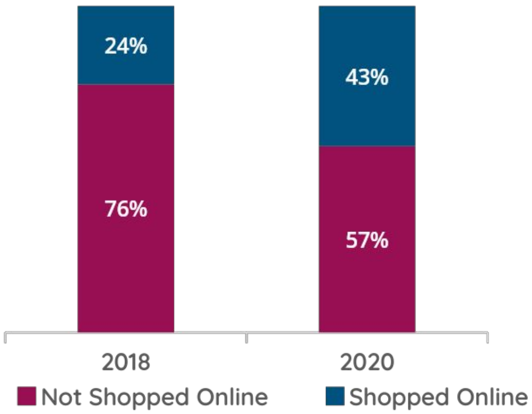
% represents the respondents satisfied or extremely satisfied with the capability
Source: Incisiv customer survey, 2020

While the adoption of online grocery shopping has grown close to 200%, loyalty to preferred brick & mortar retailers' online channel(s) has remained flat. Grocery Retailers need to focus on reducing friction and delivering value to shoppers.

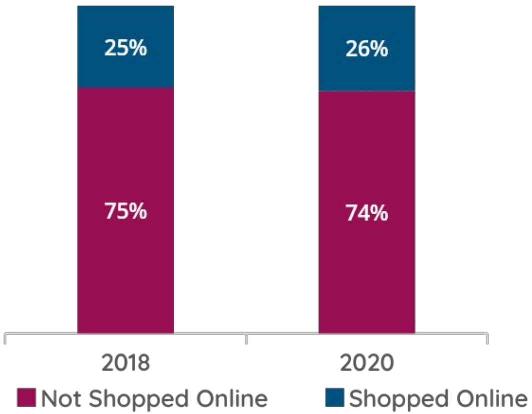
While a total of 43% of shoppers have shopped online in the last 6 months, only 26% have shopped online at their preferred grocery retailers.

This is indicative of a highly competitive marketplace and experimentation by customers, driven by:
- Stock availability
- Shopping experience
- Availability of fulfillment options (curbside, free home delivery by brand or partner)
- Attractive discounts & promotions
- Other freebies or waived fees

Online adoption for grocery



Online shopping for preferred grocery retailers

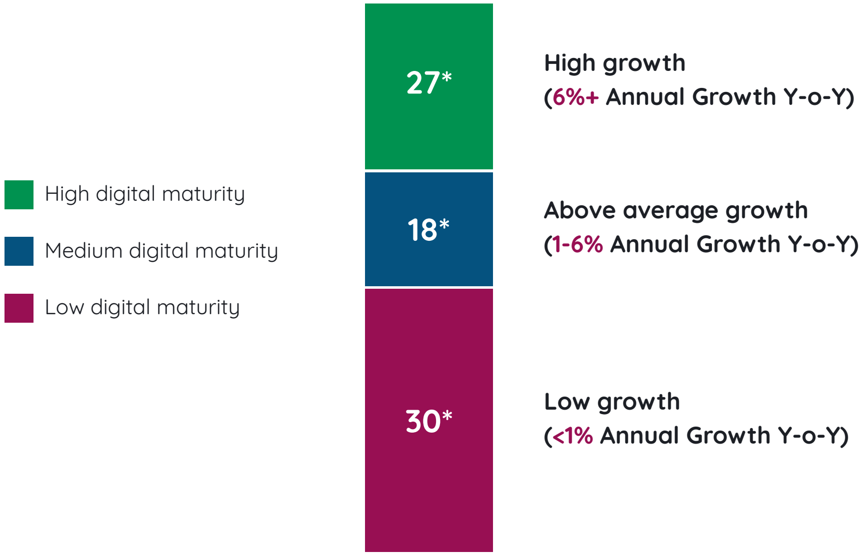


Source: Incisiv-Mercatus customer survey of 60K respondents

Digital leaders in grocery far outperform their peers in overall revenue growth in the last 5 years.

Grocery chains that invested early in digital initiatives are seeing the benefits through stronger growth.

Of the chains analyzed, the **27 most Digitally Mature showed an average annual growth that was 2.2x higher** than their competitors.



Source: Financial statements of publicly listed retailers assessed (list in leaderboard)
Note*: The benchmark data set (n = 75) is divided into three segments basis their digital maturity (high, medium and low). The sample (n) falling within each segment is mentioned inside

The correlation between revenue growth and digital maturity is even stronger during the pandemic. While the overall grocery retail segment grew 8% in Q2 2020 Vs Q2 2019, the most digitally mature retailers grew 19% or about 2.4 times the average.

Bottom 25%ile maturity	50%ile maturity	75%ile maturity	Top quartile maturity
6%	10%	13%	19%

Source: Financial statements of publicly listed retailers assessed (list in leaderboard)

Chapter 2

Digital Grocery Maturity: Right Digital Investments Now Will be the Game Changer for Next 5 Years

With a redefined customer buying journey and large investments by retailers, the digital grocery retailers market has become the new battleground for growth. Grocery retailers must realize that customer loyalty to online channels for grocery retailers remains low. Grocery retailers need to prioritize investments and deliver the best end-to-end customer experience through investments not just in their shopping platform but back end Integration, fulfillment, customer service, and operational excellence.

More than 45% customers are changing their fulfillment preferences, but only

6% of grocery retailers provide filters to view different fulfillment options

With 50% of customer trying multiple online retailers enticed by promotions and other freebies,

<35% of grocery retailers display ongoing promotions & coupons in cart

Customer queries have gone up 3x during the pandemic, but only

38% of grocery retailers offer a live customer service chat on demand

Digital is the next battleground for customer relevance in grocery retailers.

Grocery Benchmark Categories & Formats Benchmarked.

Research and discovery (59 | 20)

Ease of ordering (57 | 36)

Fulfillment (35 | 27)

Customer engagement and service (44 | 27)

Formats Benchmarked

Supermarkets

Large shopping stores that stock huge number of grocery retailers, daily needs and in some cases pharmacy products.

Hypermarkets

Extremely large shopping stores with multiple departments (much larger than a typical supermarket). They are a combination of a department store and a grocery retailers supermarket.

Discount stores

Stores that sell products at a lower price (discounts) compared to a traditional one offering the same product category.

Warehouse clubs

No-frills wholesale and retail stores offering paid memberships for customers. The latter can purchase in bulk quantities at wholesale prices.

Convenience stores

Small, local, easily accessed stores that offer a limited selection of food and staple household products, usually open till late hours.

.

(x | y) - x equals the number of attributes assessed in 2020 and y equals the number of attributes assessed in 2019

Overall, grocery retailers rank lower in maturity for digital functionalities. However, in less than a year, significant improvements have been made across the buying journey.

The biggest gains in maturity were found in search, navigation, convenience, product assortment, delivery, and location services.

Research and discovery

- Onsite Search ▲
- Home Page Layout
- Navigation ▲
- Content
- Social Media and Community

Ease of ordering

- Cart
- Checkout Process
- Communication
- Product Category / Assortment ▲
- Convenience ▲
- Payment

Fulfillment

- BOPIS / Curbside
- Communication
- Home Delivery ▲
- Returns and Exchange

Customer engagement and service

- Account Management
- Helpdesk / Customer Service
- Targeting
- Personalization
- Rewards / Loyalty Program
- Stores and Location Services ▲

Leader | Near Leader | Follower | Near Laggard | Laggard | ▲ At least 1 tier improvement since 2019

Research & Discovery

Research & Discovery

Areas of investment and growth / no growth in 2020.

Functional areas with highest growth in adoption

Attribute	2019	2020	Incremental Adoption
Nuances of search			
Ability to understand misspelled words	62%	79%	+17%
Capability for category specific search	43%	54%	+11%
Basic discovery and navigation			
Availability of a number of filters	37%	47%	+10%
Ability to view deals in primary menu	56%	69%	+13%

Functional areas with lowest growth in adoption

Attribute	2019	2020	Incremental Adoption
Advanced filters			
Ability to hide or filter unavailable products	3%	3%	0%
User generated content			
Ability to aggregate ratings on Product Detail Page (PDP)	25%	29%	+4%
Availability of individual ratings on PDP	25%	27%	+2%
Social media			
Ability to sign in using social media	20%	21%	1%

Prioritization of Feature-Functionalities by Grocery Retailers.

Table stakes that customers expect

1. **Search:** Auto-complete, understand misspelled words
2. **Home page:** Dedicated section for promotions
3. **Filters:** More than 4 filters

Differentiating capabilities that customers value

1. **Search:** Details on search results in search bar (ongoing promotions, availability, etc.)
2. **Filter:** Filters for availability of different pick up & delivery options, dietary restrictions and allergens
3. **Listing:** Inventory and promotion callouts (bestseller, recommended for you, etc.)
4. **Ratings & reviews:** Aggregate and individual customer ratings

Takeaway

Getting research and discovery right isn't just a technology issue, it goes far deeper. Strategies must be formulated and implemented on how content is set up, how it is categorized, what its taxonomy looks like, the integration of multimedia content, and key work linkage. Foundational elements form the basis of greater result relevancy and recommendations. Too many grocery retailers are still using tools that are suggesting very basic recommendations (e.g. more of what someone has just bought.)

Global Leaders in Search & Discovery

#1	#2	#3	#5
TARGET (#1)	coop @home (#8)	TESCO (#13)	BJ's Live Generously. (#3)
		Morrisons Since 1899 (#22)	Brookshire's food & pharmacy (N/A)

(#x)- 2019 rank

Research & Discovery

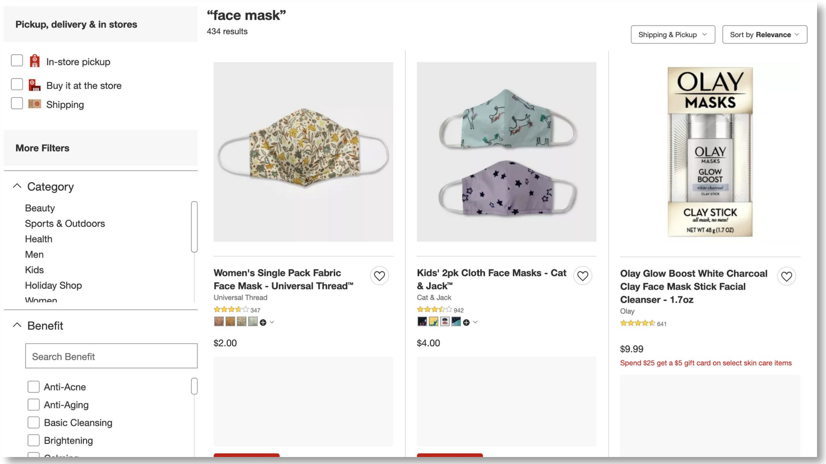
Case examples - Differentiating capabilities adopted by retailers.

Brand: Target

Current Adoption*

6%

Feature: Search filter for in-store pick-up option

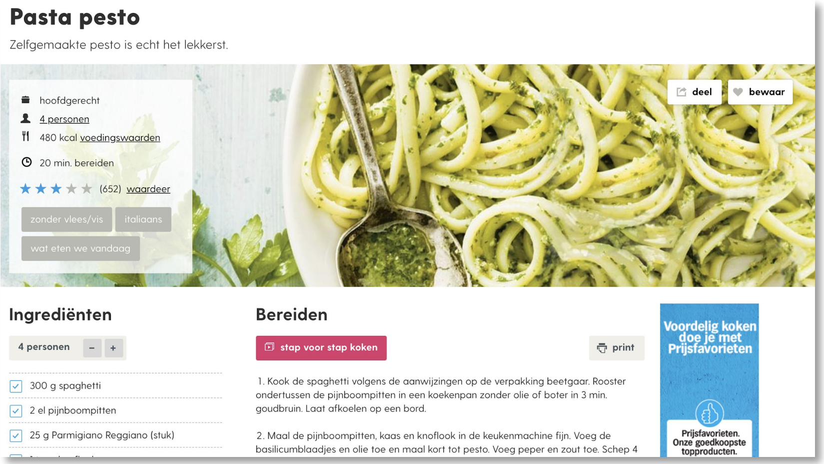


Brand: Albert Heijn

Current Adoption*

16%

Feature: Browse through recipes and ingredients



Current Adoption*- % of retailer sites assessed that have this feature

Online Ordering

Online Ordering

Areas of investment and growth / no growth in 2020.

Functional areas with highest growth in adoption

Attribute	2019	2020	Incremental Adoption
Convenience			
Ability to reorder from previous orders available in history	45%	82%	+37%
Ability to receive digital receipts on email / text	58%	79%	+21%
Promotion visibility			
Show promotions in the cart view	19%	35%	+16%

Functional areas with lowest growth in adoption

Attribute	2019	2020	Incremental Adoption
Delivery / pickup information			
Show delivery timelines on Product Detail Page (PDP) basis destination zip code mentioned	4%	6%	+2%
Provide option to check in-store inventory on PDP	10%	12%	+2%
Product details and customizations			
Show details on expiry dates highlighted / ripeness index for selection	1%	4%	+3%
Coupons and subscriptions			
Recommend available coupons in cart	18%	19%	+1%
Show subscribe and save option (where available)	10%	10%	0%

Prioritization of Feature-Functionalities by Grocery Retailers.

Table stakes that customers expect

1. **Order:** Enabling online ordering across all categories including fresh & frozen food, meat and prepared meals
2. **Order:** Save and use reorder list(s)
3. **Fulfillment:** Option to choose time slots / schedule orders in advance (for next day / others)

Differentiating capabilities that customers value

1. **Cart:** Ability to check in-store inventory in PDP / Cart
2. **Recommend:** Available coupons and promotions on PDP
3. **Product requests:** Ability to make requests for product selection (ripeness, expiry, etc.)
4. **Fulfillment:** Option for express fulfillment (within the next 2 hours)

Takeaway

For grocery retailers, there are two areas of focus that will drive better performance.

1. Offering the right information at every stage of purchase by integrating the product pages and cart with inventory availability, loyalty program, personalization, and fulfillment options to drive speed, urgency of purchase, and product cross-sell.
2. Improving the efficiency of checkout, by upgrading add-to-cart capabilities, reducing the steps required for checkout (one-click, biometric assisted), and contactless payment options.

Global Leaders in Online Ordering

#1	#2	#3	#5
BJ's Live Generously. (#1)	TARGET (#5) Brookshire's food & pharmacy (N /A)	TESCO (#39)	Publix (#30)

(#x)- 2019 rank

Online Ordering

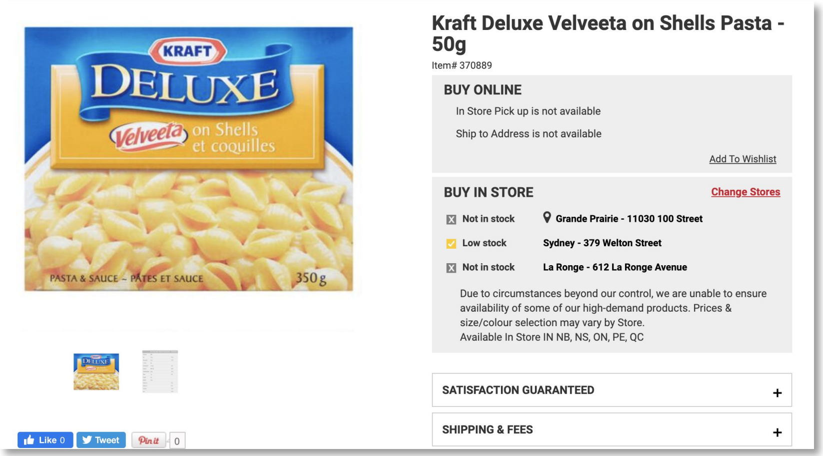
Case examples - Differentiating capabilities adopted by retailers.

Brand: GIANT TIGER

Current Adoption*

12%

Feature: Ability to check in-store inventory on PDP

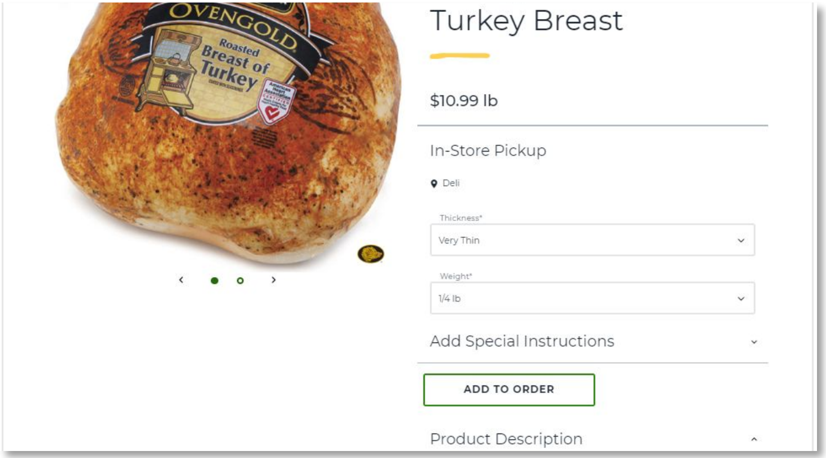


Brand: Publix

Current Adoption*

21%

Feature: Request for customized picking (ripeness, thickness, etc.)



Current Adoption*- % of retailer sites assessed that have this feature

Fulfillment

Fulfillment

Areas of investment and growth / no growth in 2020.

Functional areas with highest growth in adoption

Attribute	2019	2020	Incremental Adoption
Home delivery			
Provide option to avail home delivery	80%	87%	+7%
Provide free delivery on a minimum order value	28%	48%	+20%
Availability to purchase alcoholic beverages online	58%	69%	+11%

Functional areas with lowest growth in adoption

Attribute	2019	2020	Incremental Adoption
Pick-up order communication			
Ability on-site / in-app to update store with 'on-my-way'	2%	6%	+4%
Ability on-site / in-app to update store with 'reached the store'	6%	8%	+2%
Returns			
Option to return online purchases directly to a physical store	41%	45%	+4%
Trust			
Assurance that trained order-pickers will be picking the right quality of produce / fresh products	45%	49%	+4%

Prioritization of Feature-Functionalities by Grocery Retailers.

Table stakes that customers expect

1. **Availability of options:** Home delivery, BOPIS, curbside pickup
2. **Categories:** Availability of all categories including fresh & frozen food, deli, meats and medicines
3. **Order status:** Status visibility and notifications via text / email

Differentiating capabilities that customers value

1. **Safety:** Contactless pick-up & delivery
2. **Payments:** Contactless payments
3. **Notification:** Order status notification from store to customer
4. **Alerts**: Arriving for pick-up alert from customer to store
5. **Tracking:** Ability to track delivery person in real time
6. **Membership:** Special programs for free delivery
7. **Return:** Option to return online purchases in-store

Takeaway

With more than 45% of customers changing their fulfillment preferences, coupled with a whopping 370% increase in curbside pick-up in Q2 2020, fulfillment has moved from being an afterthought to a key differentiator and a winner. While the fundamentals of fulfillment remain the same (minimal wait time and minimal cost / free), customers have additional expectations including timely notification of order status for pick-up, contactless delivery and payments.

Global Leaders in Fulfillment

#1	#2	#3	#4	#5
Walmart	Kroger	Publix	Costco Wholesale	Wegmans
(#3)	(#11)	(#30)	(#33)	(#8)

(#x)- 2019 rank

Fulfillment

Case examples - Differentiating capabilities that have been adopted by retailers.

Brand: Brookshire's food & pharmacy

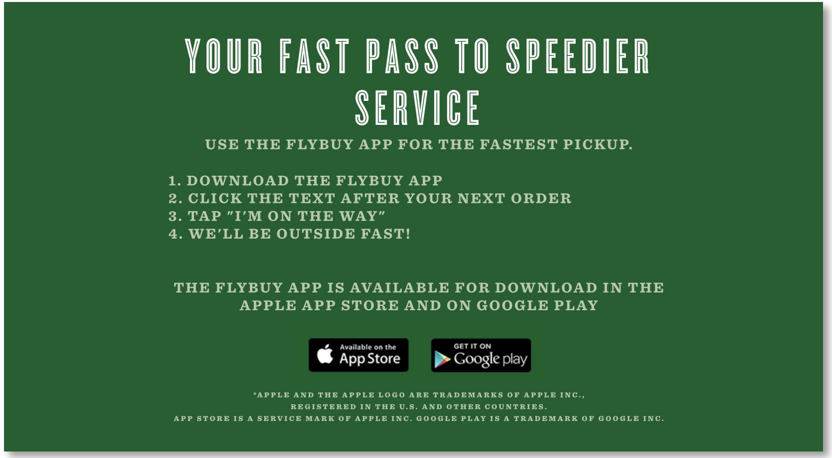
Feature: Curbside pick-up in 2 hours

Current Adoption*
4%

Brand: Lowes Foods

Feature: Location-based functionality for customer location, order status and pick-up alerts

Current Adoption*
21%



Current Adoption*- % of retailer sites assessed that have this feature

Customer Engagement & Service

Customer Engagement & Service

Areas of investment and growth / no growth in 2020.

Functional areas with highest adoption

Attribute	2019	2020	Incremental Adoption
Account features hygiene			
Option to save multiple addresses	65%	75%	+10%
Ability to save payment preferences / card details	56%	74%	+18%
Policies			
Easy availability of returns and refund policy	52%	69%	+17%
Easy availability of in-store pickup policy	24%	35%	+11%

Functional areas with lowest growth in adoption

Attribute	2019	2020	Incremental Adoption
Live chat			
Availability of live chat	32%	37%	+5%
Loyalty program			
Capability to register and manage account	54%	54%	0%
Option to redeem rewards online	37%	42%	+5%

Prioritization of Feature-Functionalities by Grocery Retailers.

Table stakes that customers expect

1. **Store details:** Store locator, timings, events, etc.
2. **Account:** Order history, receipts and ability to save addresses and payment details
3. **Customer service:** FAQs, phone and email availability
4. **Loyalty program:** Ability to register, manage account and earn points

Differentiating Capabilities that customers value

1. **On demand customer service:** Live chat and availability on social channels
2. **Personalized recommendations:** Product suggestions based on past browsing and purchasing history
3. **Shopping assistant:** Integration with virtual assistants

Takeaway

In times of massive uncertainty like the current pandemic, customer service and engagement goes beyond a function - it sets the foundation of trust with customers. Good experiences in bad times results in more than customer satisfaction and more importantly, it leads to customer advocacy and loyalty. Providing high touch options such as live chat is a clear and simple opportunity for retailers to improve their customer service and conversion. Not only does it help in quickly addressing queries, but it also helps convert carts that could be possibly abandoned. In the medium term, grocery retailers should implement tools that allow for a deeper customer profile to drive personalization and recommendations.

Global Leaders in Customer Engagement & Service

#1	#3	#4
TESCO (#46)	Kroger FRESH FOR EVERYONE (#16)	GIANT EAGLE (#11)
Albert Heijn (#2)		Carrefour (#2)

(#x)- 2019 rank

Customer Engagement & Service

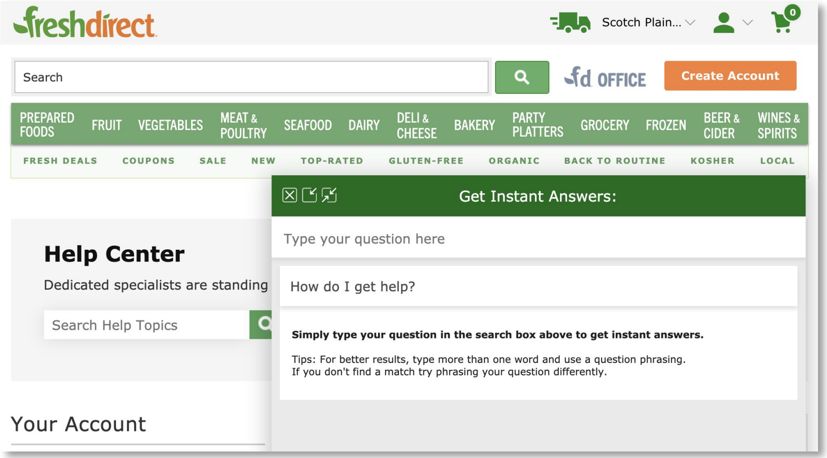
Case examples - Differentiating capabilities that have been adopted by retailers.

Brand: freshdirect

Current Adoption*

38%

Feature: Live chat for customer service



Brand: ESSELUNGA

Current Adoption*

15%

Feature: Integration with virtual assistant

Current Adoption*- % of retailer sites assessed that have this feature

Sponsor Q&A.

What do you expect the next 12 months will look like from a sales and profitability perspective?

Mark Fairhurst

VP Marketing,
Mercatus

We expect that post shelter-in-place due to the pandemic, the market will enter a new growth cycle with a large base of committed online shoppers.
Profitability will depend, in part, on grocery retailers using targeted, native digital advertising to drive additional revenue from their eCommerce storefronts and claim their share of national CPG digital ad dollars. On the other side of the coin, we see grocers taking advantage of operational efficiencies using technology to improve in-store pick and curbside pickup services that improve overall profitability and improve the customer experience.

Jeff Baskin

EVP, Global Partnerships
FlyBuy

Consumers have now experienced digital grocery, and their curbside / delivery habits have formed. Retailers have made more profit in the last 7 months than ever before, and if they invest those profits in technology that facilitates a frictionless operation for both employees and customers, they will continue to increase sales and gain loyal customers. This investment in operational efficiencies will pay dividends down the line.

Jack Record

CEO & Co-Founder,
Shopper Kit

It's a safe bet that online sales will continue to be strong even after the pandemic now that the consumer has gotten comfortable with the idea of ordering groceries online. During the initial waive, grocers were in fight or flight mode and just trying to serve their guests.

As such, profitability was not their primary goal, but this will change soon. Moving forward grocers will look to create and maximize profitability by reducing labor & operational costs, galvanize guest loyalty through real-time communication, and increase basket size by implementing Conversational Commerce techniques during fulfillment.

Sponsor Q&A.

Where are retailers focusing their attention and dollars in the race to offer the best customer experience?

Mark Fairhurst
VP Marketing,
Mercatus

1. Inventory visibility: The inability of shoppers to know what is in stock at their preferred store location is the biggest reason for customer churn
2. A frictionless curbside pickup and delivery experience—shoppers age 45 years old and higher have made the most dramatic shift with 35% ordering groceries online for the first time. Grocery retailers have an opportunity to retain these new customers provided the online and fulfillment experience matches up with shopper expectations

Jeff Baskin
EVP, Global Partnerships
FlyBuy

1. Mobile: The grocery industry is late to the game on adapting to mobile engagement, and providing location technology for curbside pickup via mobile is key. 55% of grocery shoppers prefer curbside pickup to delivery, and curbside is much more profitable for the grocer
2. Seamless last-mile delivery
3. Your employees and customers: Invest in technology to make your employees more efficient and make the shopping experience more convenient and reliable for customers. Take control of the customer journey, and deliver a five-star, personalized experience to the curb

Jack Record
CEO & Co-Founder,
Shopper Kit

The brand is a grocer's most valuable asset. The best online customer experience begins with the realization that grocers are not tasked with inventing a new business. Rather, the goal is to extend the existing in-store brand to the online guest WHILE the order is being shopped. Grocers are becoming hyper focused on real-time communication through Conversational Commerce to make their guest feel like they are part of the fulfillment process at their local store, which results in a familiar customer experience for the guest and increased basket sizes for the grocer via communicating in-store specials, handling substitutions, and generating impulse buys in the aisles and at the curb.

Sponsor Q&A.

How have you partnered with grocery retailers / other partners to help them compete successfully, drive customer loyalty, and grow?

Mark Fairhurst
VP Marketing,
Mercatus

Our core focus is providing our retail partners the ability to deliver the best digital shopping experience possible. We recently partnered with ShopperKit and Radius to allow retailers to offer a seamless fulfilment experience. Benefits include increased time slot availability, real-time two-way communication, contact-free pickup / delivery, and record-low wait times at pickup.
We also unveiled an entirely new capability that combines our integrated eCommerce platform with a scalable and professionally managed native advertising program powered in partnership with CitrusAd, the world's leading retail media platform.

Jeff Baskin
EVP, Global Partnerships
FlyBuy

FlyBuy has partnered with many retailers, including Lowes Foods, Giant Eagle, SpartanNash, and United Supermarkets, to drastically reduce wait times and improve the fulfillment experience.

"In addition to the time-saving benefits for our guests, the geolocation data provided by FlyBuy helps our Personal Shoppers spend their time more efficiently inside the store. This has a dramatic impact on our service levels and efficiency."
-Chad Petersen, VP of eCommerce, Lowes Foods

Jack Record
CEO & Co-Founder,
Shopper Kit

Extending the in-store experience to online guest via the smartphone is the name of the game. Food is personal and guests are loyal to their local stores and the people who work at those stores.

Marketing, Digital, and Operational teams are expanding and/or sprouting inside grocery corporate offices to collaborate and create an experience that replicates the trust & loyalty of a person's spouse being in the store doing the family shopping. We empower these teams to help them achieve this experience in a manner that is financially sustainable and profitable for the grocer.

Chapter 3

Digital Maturity Leaderboard

The US and European Grocery Business: By the Numbers.

As we've referenced throughout this report, the grocery industry has been a laggard when it comes to investments in digital technology. While it's true that not every format requires the same level of digital functionality (e.g. deep discounters or warehouse clubs), grocery retailers need to understand the expectations of their core shoppers and make the right digital investments. One thing is for certain, the migration to digital is not going to slow down amongst shoppers. The pandemic just happened to truncate the necessity to invest in digital from 3-5 years to 3-5 months. Plus, it has been proven that the financial performance of current digital leaders far exceeds their peers that are less digitally mature. The laggards need to wake up and put strategies in place - before it's too late.

80% of top 10 grocery retailers with high maturity are from North America

32 ↑ of grocery retailers display ongoing promotions & coupons in cart

0% of grocery retailers became **less** mature. Banners that dropped year over year was due to others advancing

Digital Leaderboard 2020 (Top 1-22)

2020 Rank	2019 Rank	Banner	Revenue (US$ Bn)	Region	Primary Format	Discovery	Ordering	Fulfillment	Service
1	30	Tesco	$ 71.69	Europe	Hypermarket	3 ▲	4 ▲	16 ▲	1 ▲
2	1	BJ's	$ 13.19	North America	Warehouse Club	5	1	19 ▼	7
3	46	Publix	$ 38.46	North America	Supermarket	17 ▲	5 ▲	3 ▲	8 ▲
4	Not assessed	Brookshire's		North America	Supermarket	5	2	11	13
5	6	Target	$ 78.11	North America	Discount Store	1	2	27 ▼	30
6	9	Costco	$ 152.70	North America	Warehouse Club	11 ▼	6	4 ▲	13 ▼
7	7	Kroger	$ 122.29	North America	Supermarket	27 ▼	15 ▼	2 ▲	4 ▲
8	5	Albert Heijn	$ 74.92	Europe	Supermarket	17 ▲	11 ▼	17 ▼	1
9	35	Schnucks	$ 3.10	North America	Supermarket	11 ▲	18	7	22 ▲
10	52	Whole Foods Market	$ 280.52	North America	Supermarket	7 ▲	14 ▲	9 ▲	35 ▲
11	15	H-E-B	$ 28.00	North America	Supermarket	17 ▼	8 ▲	12 ▲	22 ▲
12	19	Waitrose	$ 14.55	Europe	Supermarket	23 ▼	6 ▲	15	22 ▲
13	50	Morrisons	$ 22.10	Europe	Supermarket	3 ▲	22 ▲	12 ▲	52
14	3	Auchan	$ 52.45	Europe	Hypermarket	23 ▼	11	31 ▼	8
15	41	Prisma	$ 13.24	Europe	Supermarket	17	22	24 ▲	17 ▲
16	17	Coop at Home	$ 32.20	Europe	Supermarket	2	31 ▲	53 ▼	22
17	12	Wegmans	$ 9.21	North America	Supermarket	15 ▼	8 ▲	5	70 ▼
18	20	Sainsbury	$ 40.82	Europe	Hypermarket	7	31 ▲	32 ▼	17
19	2	Carrefour	$ 91.16	Europe	Hypermarket	11 ▲	41 ▼	33 ▼	4
20	42	Save Mart	$ 4.60	North America	Supermarket	37 ▲	18 ▲	20 ▲	17
21	23	ShopRite	$ 16.60	North America	Supermarket	27 ▲	28 ▼	29 ▲	13 ▲
22	10	Walmart	$ 523.96	North America	Discount Store	45 ▼	37 ▼	1	30 ▼

Top Quartile | Second Quartile | Third Quartile | Fourth Quartile | ↑ Indicates significant growth in rank since 2019 | ↓ Indicates significant reduction in rank since 2019

List of companies assessed includes the top 90 grocery retailers (by revenue) in North America and Europe by 2019 revenue

Digital Leaderboard 2020 (Top 23-45)

2020 Rank	2019 Rank	Banner	Revenue (US$ Bn)	Region	Primary Format	Discovery	Ordering	Fulfillment	Service
23	45	Aldi		North America	Discount Store	37 ▲	18 ▲	6 ▲	38 ▲
24	63	Giant Food	$ 45.00	North America	Supermarket	7 ▲	36 ▲	38 ▲	22 ▲
25	18	Cub Foods	$ 21.39	North America	Supermarket	35	8 ▲	22 ▼	38 ▼
26	Not ranked	Weis Markets	$ 3.54	North America	Supermarket	40	28	23	8
27	11	Monoprix	$ 39.14	Europe	Hypermarket	49 ▼	15 ▼	41 ▼	6
28	33	Meijer	$ 19.00	North America	Hypermarket	23 ▲	31	39	17
29	48	Hyper U	$ 23.20	Europe	Supermarket	27	31 ▲	47 ▲	8 ▲
30	8	Rewe	$ 70.85	Europe	Supermarket	49 ▼	11	44 ▼	13 ▼
31	39	Sprouts Farmer Markets	$ 5.63	North America	Supermarket	17 ▲	18 ▲	35 ▼	63 ▼
32	13	SPAR		Europe	Supermarket	15 ▲	22 ▼	58 ▼	38
33	27	Family Fare	$ 8.54	North America	Supermarket	49 ▼	27 ▲	12	38
34	Not ranked	Lowes Foods		North America	Supermarket	49	15	8	63
35	55	Dollar General	$27.75	North America	Supermarket	7	35 ▲	62	52
36	29	Intermarche	$ 51.19	Europe	Supermarket	57	37	18 ▼	22 ▲
37	21	Albertsons	$ 62.45	North America	Supermarket	57 ▼	40 ▼	10 ▲	30 ▼
38	14	Hy Vee	$ 10.67	North America	Supermarket	40	41 ▼	25 ▼	30 ▼
39	49	Pricechopper	$ 3.70	North America	Supermarket	27 ▲	30 ▲	50 ▼	57 ▼
40	43	Giant Eagle	$ 8.90	North America	Supermarket	70	48 ▼	26	3 ▲
41	31	Leclerc	$ 53.98	Europe	Hypermarket	37 ▼	15	77 ▼	17
42	22	Safeway	$ 62.50	North America	Supermarket	63 ▼	48 ▼	21	8 ▲
43	55	BigLots	$ 5.32	North America	Discount Store	27 ▼	72	30 ▼	22
44	33	Iceland Foods	$ 3.75	Europe	Supermarket	27 ▼	48 ▼	28 ▲	63 ▼
45	47	Continente Modelo	$ 7.19	Europe	Supermarket	63 ▼	22 ▲	42	38

Top Quartile Second Quartile Third Quartile Fourth Quartile ↑ Indicates significant growth in rank since 2019 ↓ Indicates significant reduction in rank since 2019

List of companies assessed includes the top 90 grocery retailers (by revenue) in North America and Europe by 2019 revenue

Digital Leaderboard 2020 (Top 46-67)

2020 Rank	2019 Rank	Banner	Revenue (US$ Bn)	Region	Primary Format	Discovery	Ordering	Fulfillment	Service
46	Not Ranked	Smart & Final	$ 4.74	North America	Warehouse Club	49	37	51	30
47	Not Ranked	Save on Foods		North America	Supermarket	49	48	36	22
48	Not Ranked	Metro	$ 16.77	North America	Supermarket	40	56	40	35
49	63	Shop and Stop	$ 45.00	North America	Supermarket	17 ▲	68 ▼	55	38
50	59	Jumbo	$ 9.76	Europe	Supermarket	23 ▲	48 ▼	57 ▼	63
51	61	Konzum	$ 6.18	Europe	Supermarket	27 ▲	63	56 ▼	52 ▲
52	24	SuperValu	$ 4.40	Europe	Supermarket	57 ▼	43 ▼	47	52 ▼
53	54	Ocado	$ 2.20	Europe	Supermarket	11	63	70 ▼	70 ▼
54	40	Loblaw	$ 35.55	North America	Hypermarket	57 ▼	56 ▼	49	38 ▼
55	53	Coop Italia	$ 16.72	Europe	Supermarket	63 ▼	47 ▼	45 ▼	38 ▲
56	16	Eroski	$ 5.14	Europe	Supermarket	73 ▼	45 ▼	34	38
57	60	Winn Dixie		North America	Supermarket	45 ▲	60	59 ▼	38 ▲
58	26	Metro	$ 30.60	Europe	Hypermarket	45 ▼	48 ▼	69 ▼	38 ▲
59	Not Ranked	Chedraui	$ 3.45	North America	Hypermarket	57	65	52	35
60	57	Willys	$ 5.42	Europe	Discount Store	49	48 ▼	63 ▼	52
61	65	Lidl		Europe	Discount Store	27 ▲	65 ▼	75 ▼	38 ▲
62	Not Ranked	Giant Tiger		North America	Discount Store	35	68	60	57
63	37	DIA	$ 7.72	Europe	Discount Store	49 ▼	43 ▲	67 ▼	57 ▼
64	51	Esselunga	$ 9.15	Europe	Supermarket	45 ▼	68 ▼	54 ▲	57 ▼
65	4	Leshop	$ 30.11	Europe	Supermarket	40 ▼	74 ▼	71 ▼	38 ▼
66	79	7- Eleven	$ 112.78	North America	Convenience Store	70	67 ▲	65 ▲	38 ▲
67	62	Sobeys	$ 19.09	North America	Supermarket	63	75 ▼	61	63 ▼

Top Quartile Second Quartile Third Quartile Fourth Quartile ↑ Indicates significant growth in rank since 2019 ↓ Indicates significant reduction in rank since 2019

List of companies assessed includes the top 90 grocery retailers (by revenue) in North America and Europe by 2019 revenue

Digital Leaderboard 2020 (Top 68-90)

2020 Rank	2019 Rank	Banner	Revenue (US$ Bn)	Region	Primary Format	Discovery	Ordering	Fulfillment	Service
68	44	ICA	$ 13.09	Europe	Supermarket	79 ▼	48 ▼	37 ▲	75 ▼
69	74	Coop Mega	$ 4.84	Europe	Supermarket	62 ▲	60 ▲	74	77
70	32	Coop.dk MAD	$ 7.53	Europe	Supermarket	63 ▼	56 ▼	72 ▼	79 ▼
71	66	Mercadona	$ 28.82	Europe	Supermarket	63 ▲	75 ▼	64 ▼	70 ▼
72	28	Edeka	$ 62.94	Europe	Supermarket	78 ▼	45 ▼	67 ▼	70 ▼
73	37	Coop Sweden		Europe	Supermarket	76 ▼	68 ▼	66 ▼	63 ▼
74	58	Kesko	$ 12.05	Europe	Supermarket	84 ▼	60 ▼	46	57 ▼
75	Not Ranked	Soriana	$ 6.81	North America	Hypermarket	63	72	76	75
76	Not Ranked	La Comer	$ 0.96	North America	Hypermarket	83	56	73	70
77	71	Globus	$ 7.47	Europe	Hypermarket	40 ▲	79 ▼	81 ▼	57 ▲
78	67	Winco	$ 7.20	North America	Supermarket	70 ▼	77 ▼	79 ▼	63 ▼
79	36	Coop UK	$ 13.73	Europe	Supermarket	73 ▼	78 ▼	43	85 ▼
80	69	Recheio	$ 21.06	Europe	Discount Store	77 ▼	80 ▼	80 ▼	80 ▼
81	68	Makro	$ 21.66	Europe	Warehouse Club	73 ▼	82 ▼	84 ▼	77 ▼
82	72	Stater Bros	$ 5.20	North America	Supermarket	79	82 ▼	78	85 ▼
83	70	Ingles Markets	$ 4.20	North America	Supermarket	81 ▼	81 ▼	84 ▼	82 ▼
83	77	Circle K	$ 16.54	North America	Convenience Store	85 ▼	84 ▼	82 ▼	82 ▼
85	73	REMA 1000	$ 9.80	Europe	Discount Store	81 ▼	84 ▼	87 ▼	88 ▼
86	76	Save A Lot	$ 3.95	North America	Discount Store	85 ▼	87 ▼	87 ▼	80 ▼
87	74	Trader Joe's		North America	Supermarket	85 ▼	88 ▼	82 ▼	85 ▼
88	24	Market Basket	$ 5.20	North America	Supermarket	90 ▼	84 ▼	84 ▼	84 ▼
89	78	Louis Delhaize	$ 9.79	Europe	Hypermarket	88 ▼	88 ▼	87 ▼	89 ▼
90	Not ranked	OXXO	$ 22.60	North America	Supermarket	89	88	87	89

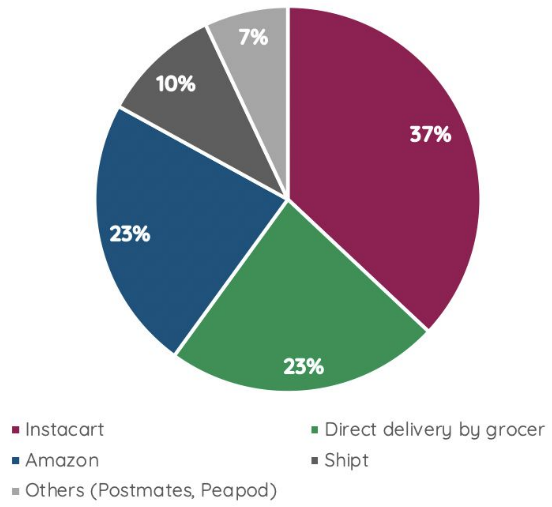
Top Quartile   Second Quartile   Third Quartile   Fourth Quartile   ▲ Indicates significant growth in rank since 2019   ▼ Indicates significant reduction in rank since 2019

List of companies assessed includes the top 90 grocery retailers (by revenue) in North America and Europe by 2019 revenue

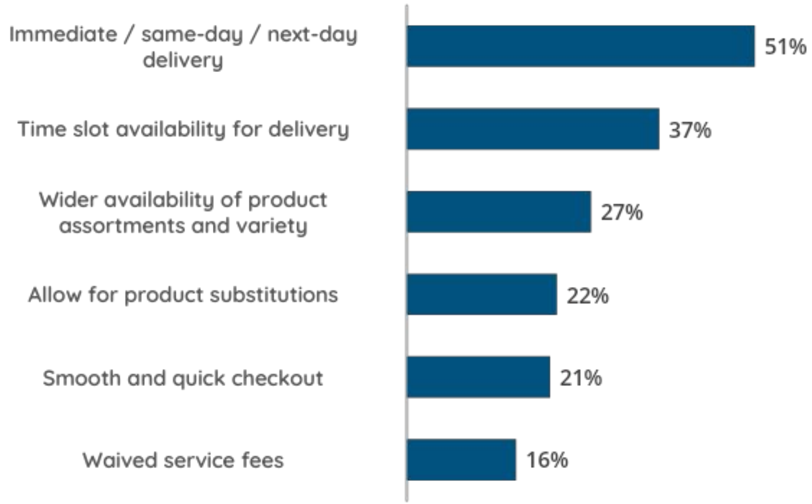
Third-Party Delivery Services

With more than 50% of online orders being delivered by a third-party delivery service, they have become an intrinsic part of the grocery retailers' landscape.

Used delivery service provider for orders in the last 3 months



Reasons why people prefer third party providers



With an unprecedented increase in demand, third-party delivery providers are expanding their services both in partnership with retailers as well as independently.

Expansion of grocery retailers partners

Walmart has partnered with Instacart to pilot same-day delivery in four markets in California and Oklahoma.

Costco has partnered with Instacart to launch same-day delivery from 76 Costco warehouses across Canada.

Expansion of categories offered

Target and Lowe's expanded their partnership with Shipt to include delivery of alcoholic beverages on the Shipt app.

Expansion of players

DoorDash, known for on-demand delivery from restaurants, has added on-demand grocery retailers delivery to its mobile application. It has partnered with retailers including Meijer, Smart & Final and Fresh Thyme, to make more than 10,000 grocery retailers products available for delivery within an hour.

Digital maturity amongst third-party delivery providers is far lower than even grocery retailers.

Online ordering capabilities are the least mature for this group, which could be argued is the most important step in the shopping journey for these companies.

Research and Discovery	Online Ordering	Fulfillment	Customer Engagement / Service
Onsite Search	Cart	Communication	Account Management
Home Page Layout	Checkout Process	Home Delivery	Helpdesk / Customer Service
Navigation	Communication	Returns and Exchange	Targeting
Content	Product Category / Assortment		Personalization
Social Media and Community	Convenience		Rewards / Loyalty Program
	Payment		

Leader   Near Leader   Follower   Near Laggard   Laggard

Research & Discovery

Adoption and prioritization of capabilities by region.

Table Stakes	North America	Europe
Ability to auto-complete suggestions in search	100%	20%
Availability of 4+ filters	50%	20%
Presence of dedicated section on home page for new arrivals and best-sellers	100%	20%
Presence of dedicated section on home page for deals and promotions	100%	20%
Ability to sort search results	83%	40%

Differentiating Features	North America	Europe
Presence of filters for dietary restrictions	50%	20%
Presence of callouts in search listings such as newly-added, bestseller, etc.	83%	0%
Availability of product recommendations	83%	0%
Availability of aggregate product ratings	33%	0%

Online Ordering

Adoption and prioritization of capabilities by region.

Table Stakes	North America	Europe
Availability of categories like pharmacy and liquor	83%	40%
Option to save reorder list(s)	67%	0%
Option to choose time slots / schedule orders in advance (for next day / others)	100%	40%

Differentiating Features	North America	Europe
Ability to view promotions displayed in cart view	33%	0%
Option to modify an order before it is shipped	50%	20%
Option to select a desired store for online ordering in the beginning of buying journey	50%	0%
Option of immediate fulfillment (within 2 hours)	50%	60%

Fulfillment

Adoption and prioritization of capabilities by region.

Table Stakes	North America	Europe
Ability to view order status	100%	80%
Presence of 4+ filters	50%	20%
Option to get contactless delivery	83%	60%
Option for free delivery for orders above a threshold	33%	7%

Differentiating Features	North America	Europe
Ability to track delivery executive in real time	17%	0%
Availability of special membership programs for free delivery	83%	40%
Option to return online purchases in-store	17%	20%

Customer Engagement & Service

Adoption and prioritization of capabilities by region.

Table Stakes	North America	Europe
Option in customer account to view order history and ability to save addresses and payment details	100%	80%
Option to view customer service details with FAQs and telephone number	100%	100%
Ability to register for a loyalty program and manage account	50%	0%

Differentiating Features	North America	Europe
Availability of on demand customer service: Live chat and on social channels	83%	0%
Availability of personalized product recommendations based on past browsing and purchasing history	33%	0%
Availability of shopping assistant: Integration with virtual assistants	33%	0%

Digital Leaderboard 2020

2020 Rank	Banner	Region	Discovery	Ordering	Fulfillment	Service
1	PeaPod	North America	1	4	5	1
2	Boxed	North America	3	1	7	2
3	FreshDirect	North America	2	2	6	3
4	Instacart	North America	4	3	1	4
5	Shipt	North America	4	5	2	4
6	GetNow	Europe	6	6	4	7
7	Cartly	North America	7	8	10	6
8	Deliveroo	Europe	8	7	8	9
9	Glovo	Europe	10	8	3	9
10	Foodora	Europe	9	10	9	7
11	Buymie	Europe	11	11	11	11

Top Quartile Second Quartile Third Quartile Fourth Quartile

The **Digital Maturity Benchmark Report** is an annual analysis of the key steps along the digital buying journey for shoppers.

If you would like more information on obtaining a detailed 1:1 benchmarking report that includes analysis and recommendations on where digital best fits your business, reach out to us at info@incisiv.com.

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