

**OMNICHANNEL**

**TECH CREEP**



**O**n the omnichannel front, the number of grocers with a full-fledged program in place inched up compared with the year prior (three points to 12 percent), although there's still a long way to go. The majority of grocers remain at work on development here, albeit at different areas in the process: Some 71 percent of respondents either are just getting started or have a strategy that they're in the process of executing, about the same number as last year.

Click-and-collect growth has been robust over the past year, with 23 percent of respondents saying that they have a program in place, up from 15 percent a year ago. This corresponds with the numerous stories of food retailers building out click-and-collect over the past year, from nationals such as Walmart and Kroger to regionals like Meijer and Strack & Van Til — even to independents, which made up a large chunk of the survey's respondent base.

It's no wonder that click-and-collect is so big. First, young families and affluent couples — grocers' most important customers — are "especially ready" to take

advantage of online grocery shopping, according to a March 2016 report from the Grocery Manufacturers Association and The Boston Consulting Group. And when they do make purchases online, they're likely to spend far more across all channels than they would have done shopping in the traditional manner, with uplift often ranging from 30 percent to 50 percent.

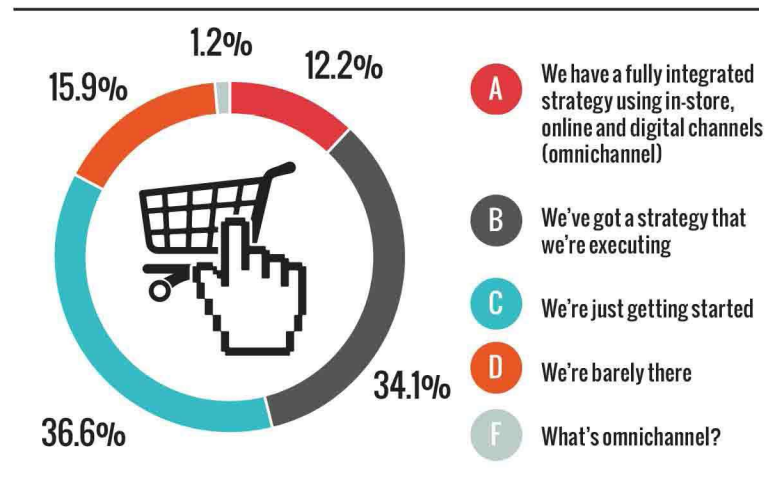
Second, click-and-collect already has proved popular abroad in markets such as France and the United Kingdom, and geographic considerations, coupled with current consumer shopping patterns, indicate that such a service would be even more favorable in the United States — a powerful fit for consumers here, considering the automotive mobility of U.S. consumers and their extreme time constraints.

Of course, there also has been much development on the third-party-delivery front, with respondents using such companies for home delivery doubling from 8 percent to 17 percent. This corresponds with the growth of partnerships between grocers and third-party delivery providers over the past year, particularly with Instacart

**OMNICHANNEL SERVICES OFFERED**

<b>Any Omnichannel Service (Net)</b>	<b>53.5%</b>
Mobile Shopping Apps	29.6
Click and Collect	22.5
Curbside Delivery	18.3
Third-party Vendor Home Delivery (e.g., Instacart, MyWebGrocer, etc.)	16.9
Store-supported Home Delivery	14.1
In-store Mobile Product Scanning	8.5
Ordering Kiosks	2.8
Other Mentions	1.4
None	46.5%

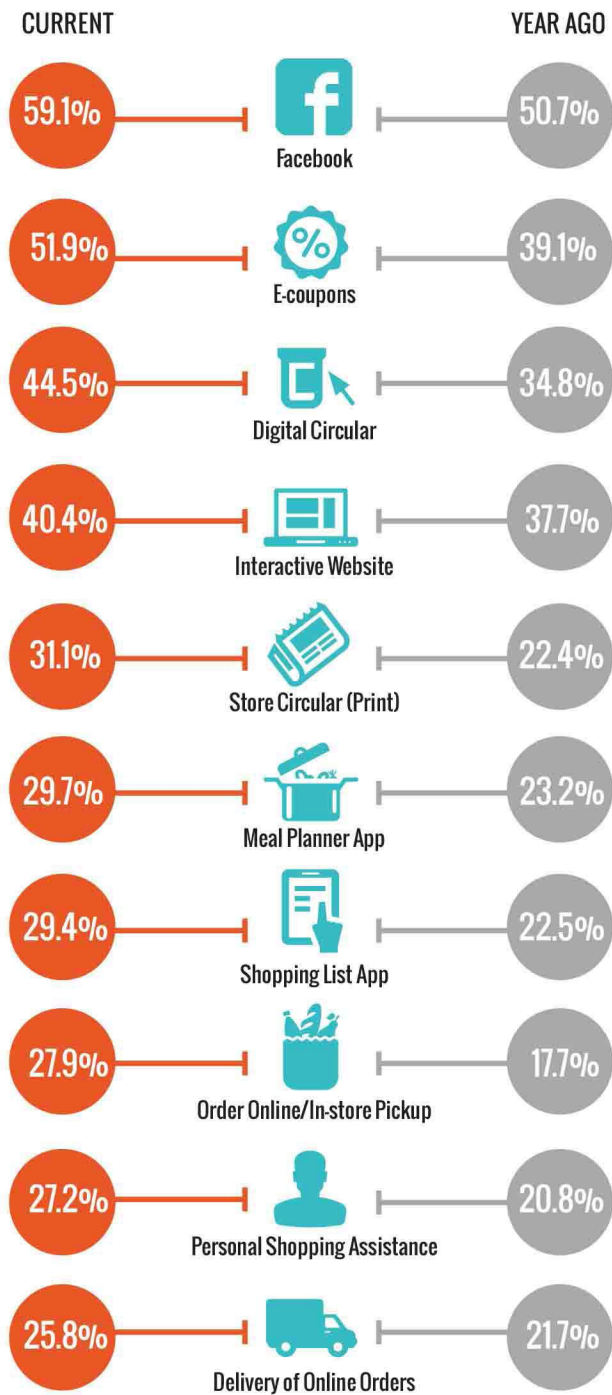
**GRADE OF COMPANY'S STRATEGY FOR CONNECTING WITH CONSUMERS**



Source: Progressive Grocer Market Research, 2017


Source: Progressive Grocer Market Research, 2017

# BENEFITS OF MOBILE DEVICES/SMARTPHONES



Source: Progressive Grocer Market Research, 2017

## TOOLS USED TO ENGAGE WITH CUSTOMERS



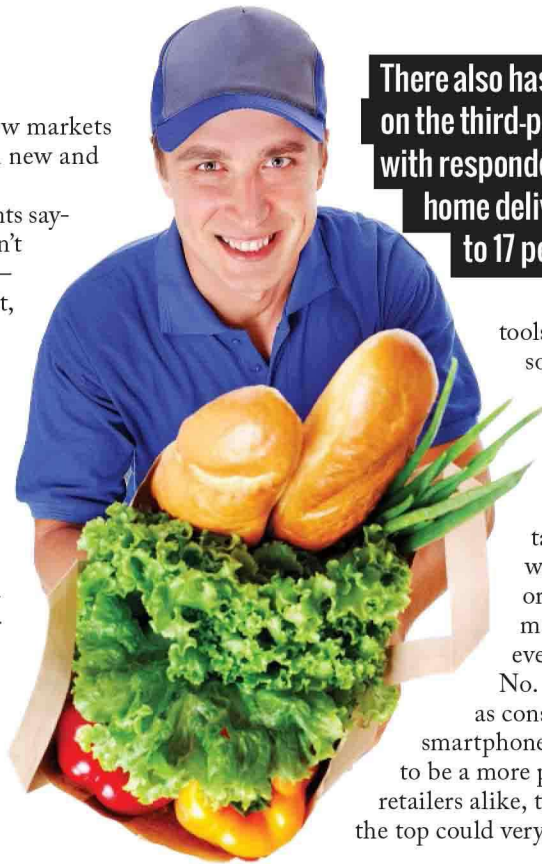
	USE	PRIMARY USE		
		TO ENGAGE WITH CUSTOMERS	TO CHANGE THE WAY WE DO BUSINESS	NOT APPLICABLE
Social Networks	92.0%	88.0%	4.0%	8.0%
Associate Feedback	82.4%	33.8%	48.6%	17.6%
Electronic Communications/Digital Surveys	55.7%	41.4%	14.3%	44.3%
Loyalty Card Data	53.6%	33.3%	20.3%	46.4%
Third-party Data Provider/Vendor	42.4%	15.2%	27.3%	57.6%
Focus Groups/Intercepts	37.7%	14.5%	23.2%	62.3%
Customer Service Hotline	35.8%	22.4%	13.4%	64.2%
Outside Agency	34.8%	10.6%	24.2%	65.2%

Source: Progressive Grocer Market Research, 2017

and Shipt, which have entered new markets and expanded their business with new and existing grocery partners.

While the number of respondents saying that they have mobile apps hasn't changed much over the past year — rising only two points to 30 percent, a small number when considering how many grocers are expanding their ecommerce — this could simply suggest that grocers are developing responsive websites for ordering, rather than full-blown mobile apps. New research from Aptaris and Dunnhumby shows far more grocers with or working on a mobile-friendly website (86 percent) than those with or working on an app (59 percent). This is anticipated to change, however, as the same report shows that nearly three-quarters (72 percent) of respondents believe grocery stores need an app.

As for the most important



**There also has been much development on the third-party-delivery front, with respondents using such companies for home delivery doubling from 8 percent to 17 percent.**

tools used to engage with customers, social networks bumped up to the top ranking from No. 2 last year, swapping places with associate feedback, both far ahead of other tools listed. This showcases the value and effectiveness that retailers find in direct communication with their patrons, whether online or face to face. Facebook took top mention again for interaction, with even more respondents saying it's the No. 1 benefit that mobile devices offer, as consumers continue turning to their smartphones in-store. As Facebook grows to be a more powerful tool for consumers and retailers alike, the number of grocers ranking it at the top could very well grow, too. ●