

MAKING THE MOST OF DIGITAL SALES CHANNELS

DIGITAL READINESS IN GROCERY

What did 150 ecommerce decision-makers in large organisations tell us about the current and future role of digital commerce in their industry and business?

DIGITAL COMMERCE:

The use of the Internet, mobile networks and commerce infrastructure to execute transactions with consumers or businesses (Gartner)

The grocery market accounts for 51.3p in every £1 of UK retail sales, making it the most common shopping experience for UK consumers. But it is not one which they generally look forward to doing and is seen more as a necessity than a fun experience. This makes digital commerce a potentially vital way of engaging with and selling to the public. It should offer improved convenience and ultimately encourage people to spend more money.

Yet bringing digital sales channels into grocery is not that easy. The sector is set-up for in-store shopping, with much of the grocery experience about walking into a store and being guided from section-to-section, encouraged by in-store displays to make impulse purchases. It is difficult for retailers to mirror this in digital commerce, whether that's desktop ecommerce or mobile.

So how can grocery retailers make full use of digital commerce? Can brands really utilise emerging technologies such as wearable technology and the Internet of Things (IoT)? Indeed, should they even be trying to, or should they instead stick to exploring multichannel options that retain in-store as the central sales hub?



KEY STATS AT A GLANCE



47%

of grocery retailers currently use mobile commerce



83%

of grocery retailers already utilise Click and Collect



83%

of grocery retailers have experienced challenges in making mobile a more central sales channel



69%

of grocery retailers have seen benefits as a result of mcommerce



58%

of grocery retailers either already invest in the **Internet of Things (IoT)** or plan to do so within five years

It is clear that grocery retailers view the future of their industry as very much multichannel – a true combination of the ease and convenience of digital with the face-to-face interaction only stores can offer. Brands such as Sainsbury's, which saw online sales hit £1 billion in 2014, and online supermarket Ocado which announced annual revenues of £948.9 million for 2014, have made it clear that adopting a multichannel approach to the grocery market can bring success.

As digital commerce develops and newer innovations like the Internet of Things (IoT) become more common, we are likely to see another shift in focus for sales channels. Our study paints a picture of an industry comfortable with ecommerce, but one keen to move forward and make newer channels such as mobile more central to sales. While 97% of grocers already use ecommerce, only 47% use mcommerce as a direct sales channel.

Yet all grocers surveyed stated that face-to-face sales still generate most sales and all have experienced challenges in developing ecommerce, with the top challenge (cited by 47%) being managing product distribution.

Mobile has been more clearly beneficial. While 83% experience challenges in making mobile a more central sales channel, the main problem being lack of interest and investment from the board (23%), over two-thirds (69%) have seen benefits as a result of mobile commerce. The top benefit that mcommerce brings to retail grocery specifically is an additional sales channel to drive revenue (73%).

As with any sector which has been quick to adopt digital technology, grocery has seen some benefits but is struggling to make digital a leading sales channel. And yet the sector is confident enough in the digital channel to be looking at how to expand. Over half (58%) are either already investing, or plan to invest, in the Internet of Things (IoT). With new innovations on the horizon, it will be crucial to the future of digital commerce for grocers to invest wisely and ensure that the overall needs of their customers are core to decision making.

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Salmon is a global digital commerce consultancy that defines and delivers market-changing solutions and customer journeys for the world's leading brands.

Established in 1989, with operations in London, New York, Sydney and Beijing, Salmon clients include AkzoNobel, Argos, Audi UK, DFS, Halfords, GAME, Premier Farnell, Sainsbury's and Selfridges.

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