

Helping Traditional Grocers Compete in Omnichannel

Motivation / Background

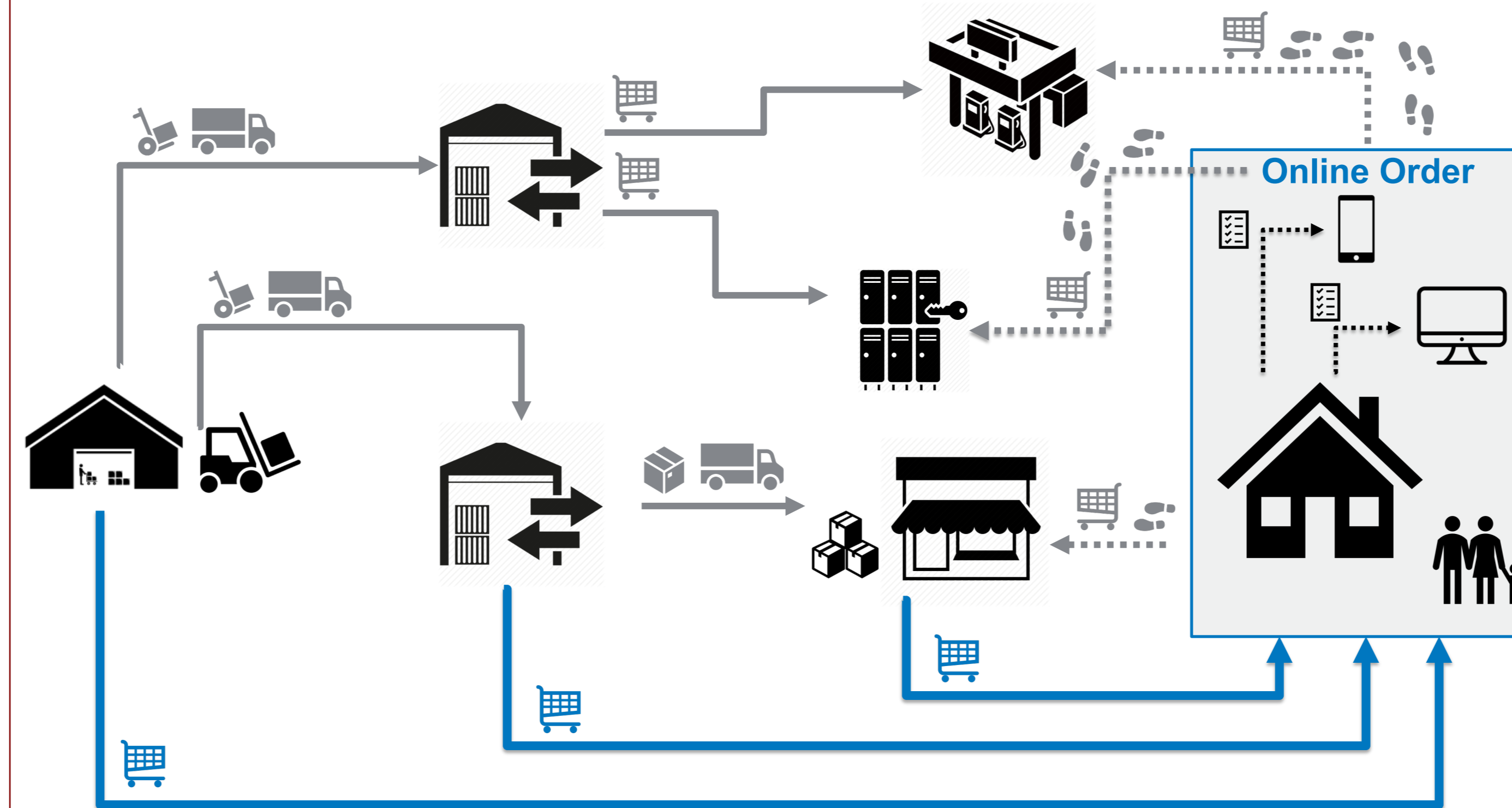
- The grocery industry will not be immune to the growing consumer adoption of digital shopping.
- Channel choice is evolving as customer expectations outpace retailers' ability to deliver cross-channel experiences.
- For home deliveries, customers expect:
 - Fast and reliable service
 - No additional costs
 - Good quality of items delivered

	ONLINE GROCERY SALES*	PERCENT OF TOTAL GROCERY RETAIL
2016	\$20.5B	4.29%
2025 Conservative	\$44.6B	8.51%
2025 Moderate	\$72.6B	13.86%
2025 Aggressive	\$103.3B	19.72%

* Based on the 2017 report by The Nielsen Company and Food Marketing Institute: "The Digitally Engaged Food Shopper"

Driving Questions

- What drives customers toward the home delivery channel?
- Where are the critical US markets for home delivery?
- Where should the client prepare online orders?



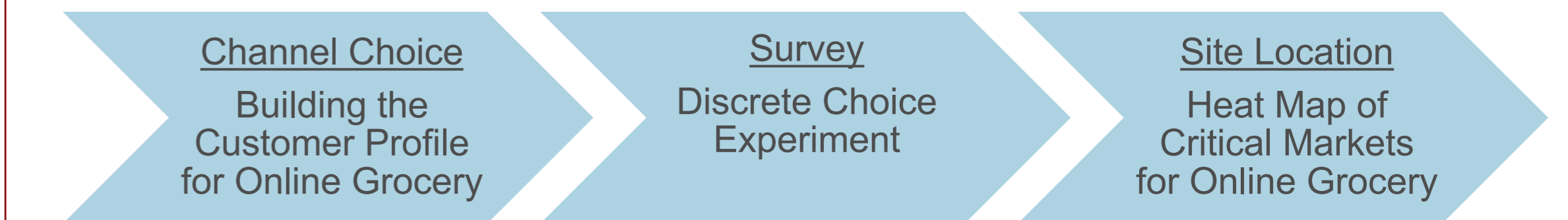
The Problem

- The current research focuses on understanding customer channel preferences in online grocery deliveries to better estimate home deliveries demand of grocery
- The client launched pick-up from store service in ~ 1000 locations
- They are looking to diversify channels by implementing home deliveries in a defined number of locations
- The objective is to maximize home deliveries sales by targeting key markets and customers

Relevant Literature

- The Nielsen Company and Food Marketing Institute, *The Digitally Engaged Food Shopper*, 2017
- Erik Brynjolfsson, Yu Jeffrey Hu and Mohammad S. Rahman, *Competing in the Age of Omnichannel Retailing*, 2013
- Kusum L. Ailawadi and Paul W. Farris, *Managing Multi- and Omni-Channel Distribution: Metrics and Research Directions*, 2017

Methodology



Key Obstacles in Channel Choice:

- Comparing transaction costs
- Measuring implicit thresholds for channel adoption
 - (lead-time, delivery-window, etc.)
- Inferring customer preferences from historical data

Expected Contribution

