‘Online Grocery

- State of Play’

Report
March 2011

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i. Introduction

The latest Consumer Watch report from Ireland's leading independent research company- Behaviour & Attitudes- highlights gauges the usage of online grocery shopping and interest in a mobile form of grocery shopping via an App:-

The survey was carried out using the Behaviour & Attitudes' Barometer Survey. This is a syndicated survey allowing client companies cost effective access to a nationally representative sample of 1,000 adults. The survey is conducted fortnightly, using a fresh sample of respondents each time. The sample is quota controlled by all of the normal demographic variables to reflect correctly the known characteristics of the adult population of the Republic of Ireland.

All interviewing was carried out on a face-to-face basis by trained members of the Behaviour & Attitudes' field force working under supervision and within the guidelines set by the Marketing Society of Ireland and ESOMAR.

The data for this study derive from a Barometer Phase with fieldwork between 25th February and 8th March 2011.

A copy of the questionnaire used for the survey is included as an appendix to this report.

Additional tabular data are available on request from luke@banda.ie

ii. Behaviour & Attitudes

Behaviour and Attitudes is Ireland's largest and most experienced independently owned research company. We have over 30 permanent staff members including 10 directors, the most experienced team in the Irish market. In addition, we have a team of over 150 experienced, fully trained face-to-face interviewers nationwide. Our Dublin CATI (telephone) Unit is based in our offices in Milltown and has a capacity of over 75 interviewers.

Established over 25 years ago, Behaviour and Attitudes provides a full range of market research services, ranging from CAPI (Computer Aided Personal Interviewing), through to standard face-to-face interviewing surveys, CATI (Computer Aided Telephone Interviewing), central location interviewing, as well as an in-house CAWI Unit (Computer Aided Web Interviewing). The company would be well known for having pioneered the development of qualitative research in Ireland.

Despite being the second largest market research company in Ireland, Behaviour & Attitudes has a very well defined and tight company structure which is built around excellent client service delivery principles.

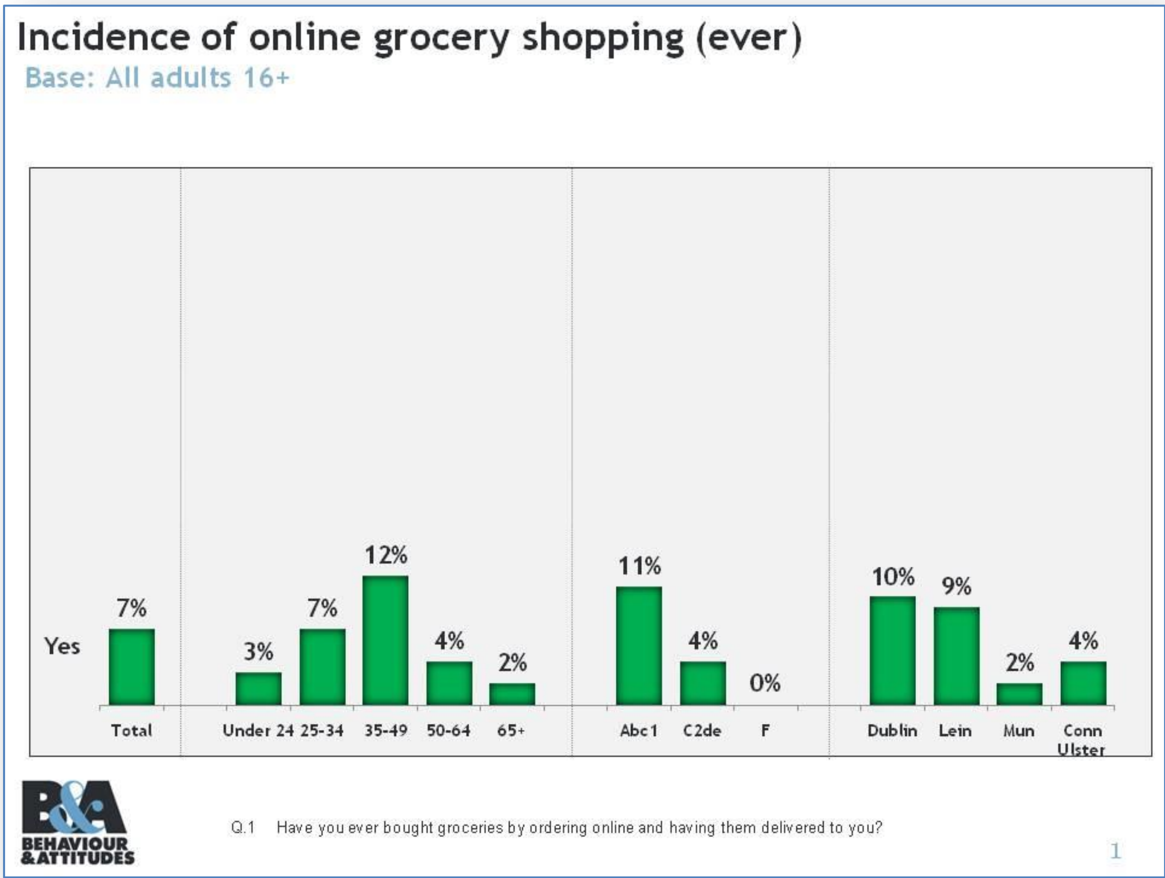
Behaviour & Attitudes is fully owned by its 10 Directors who are continuously involved in day-to-day research on behalf of their clients. Hence, our clients have access to the most senior team in the Irish marketplace.

For more information please visit our website at: www.banda.ie

Findings

“A Snails pace”

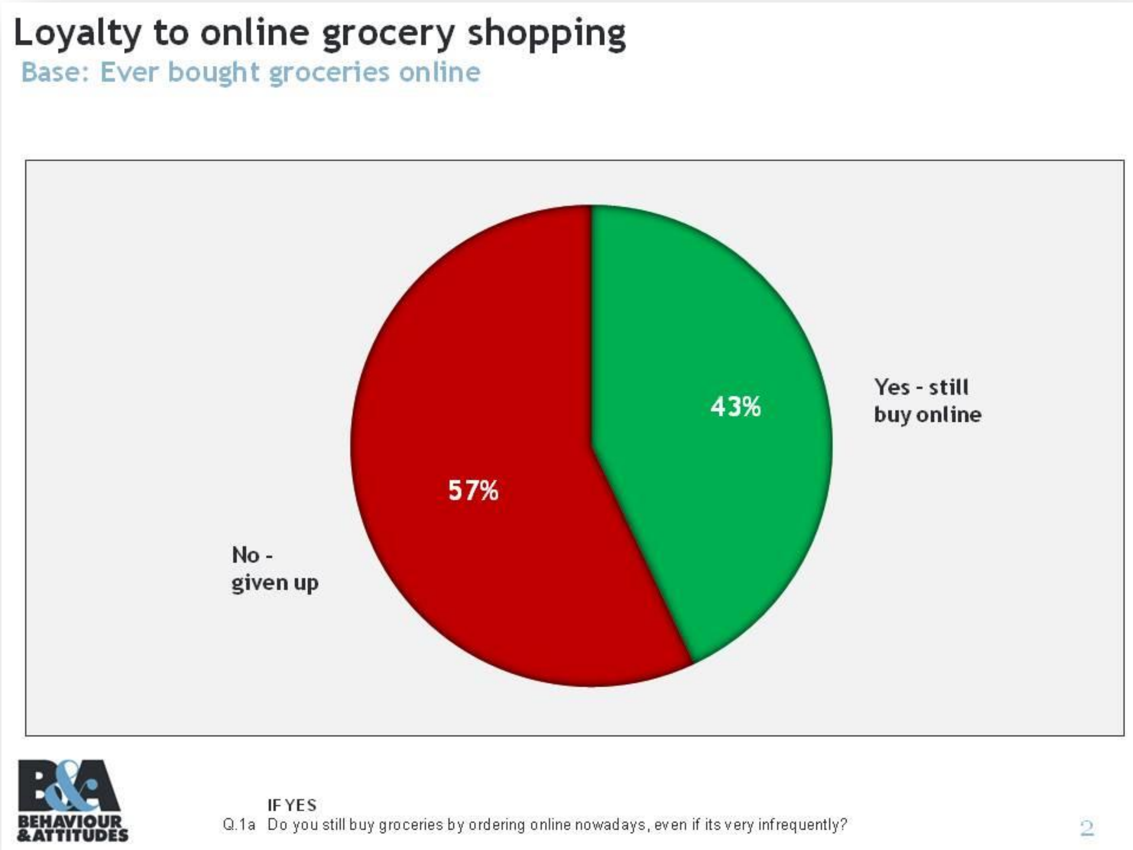
Despite being immersed in a connectivity revolution, with mobile ownership at saturation, home PC/laptop ownership growth, increased and better broadband rollout, etc, online grocery purchasing is still in its infancy in Ireland.



Only 7% of adults aged 16+ have purchased groceries online. Not surprisingly online online adoption I highest amongst those aged 35-49, with children and in the middle to upper market socio-economic bracket. Trial is also an urban past-time, being higher in Dublin and in the Rest of Leinster regions.

“We need to make online grocery shopping stickier!”

Disappointingly over half of online grocery trialists state they have given up on the activity.



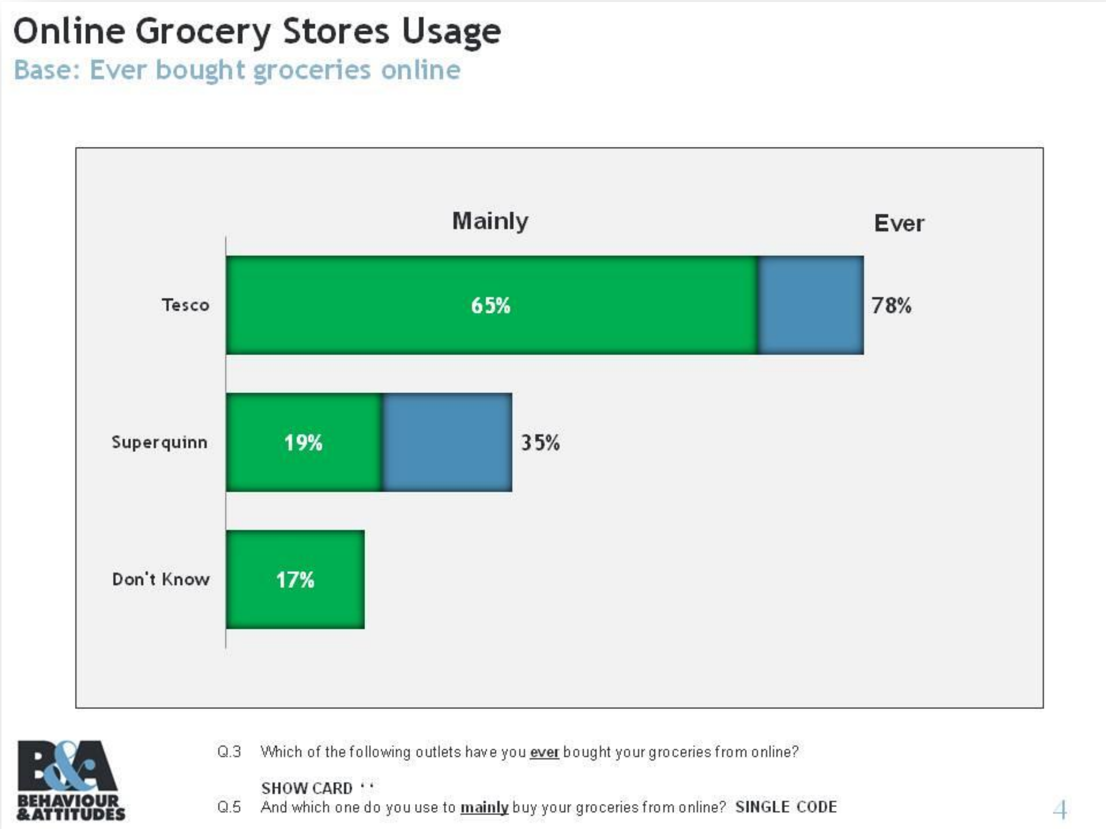
Thus we must question what happened; ‘did we roll online grocery shopping out too fast?’, ‘was it ahead of its time?’, ‘did we sell it in right?’, ‘were there too many bugs at the start?’

Retailers need to learn from previous and re-engage shoppers in this activity. The time is certainly ripe if the interest still exists.

Just over half of those still engaged are purchasing monthly or more often.

“Tesco leads the way”

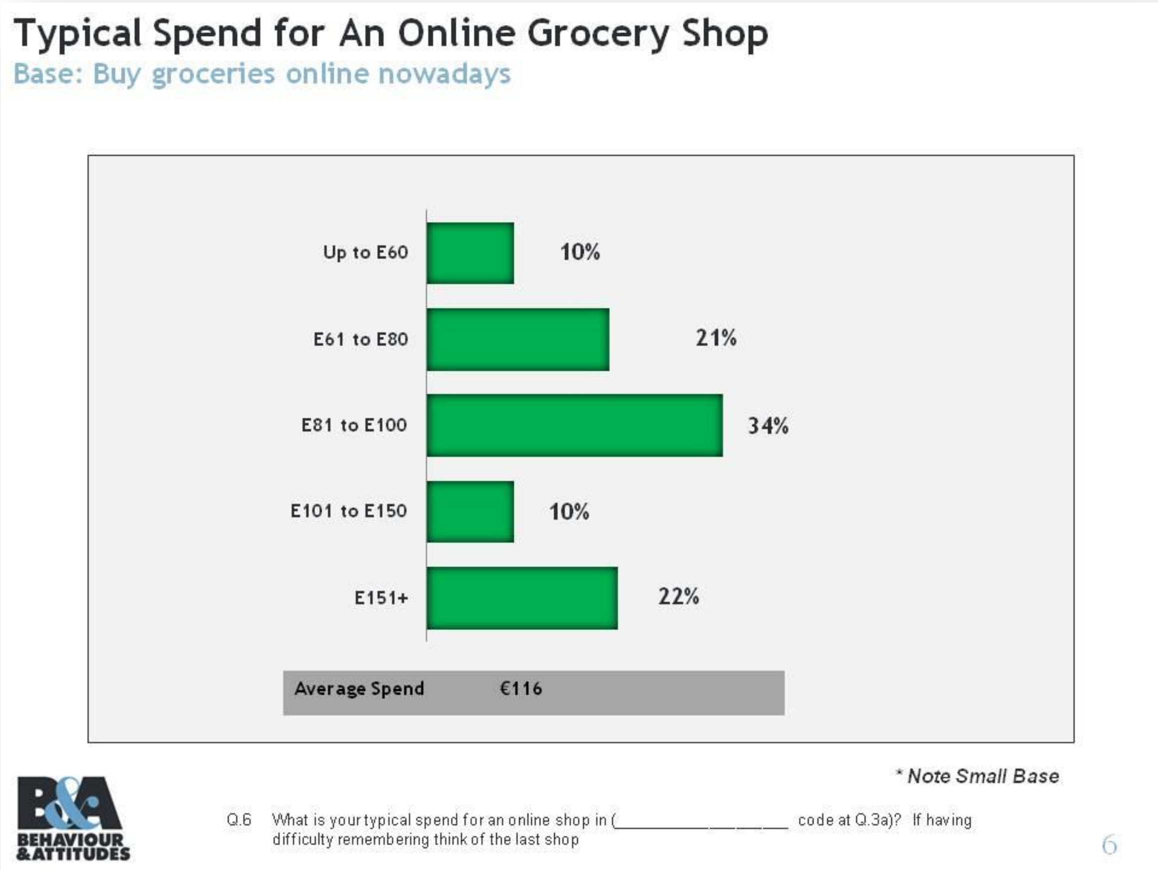
2 in 3 of those online grocery shopping mainly use Tesco, with Superquinn accounting for 19% of main usage online. Overall trial for Tesco stands at 78%, with Superquinn at 35% of all who have ever shopped online.



Main usage for these two multiples showed Tesco at 65% and Superquinn 19%.

“But what is the size of prize?”

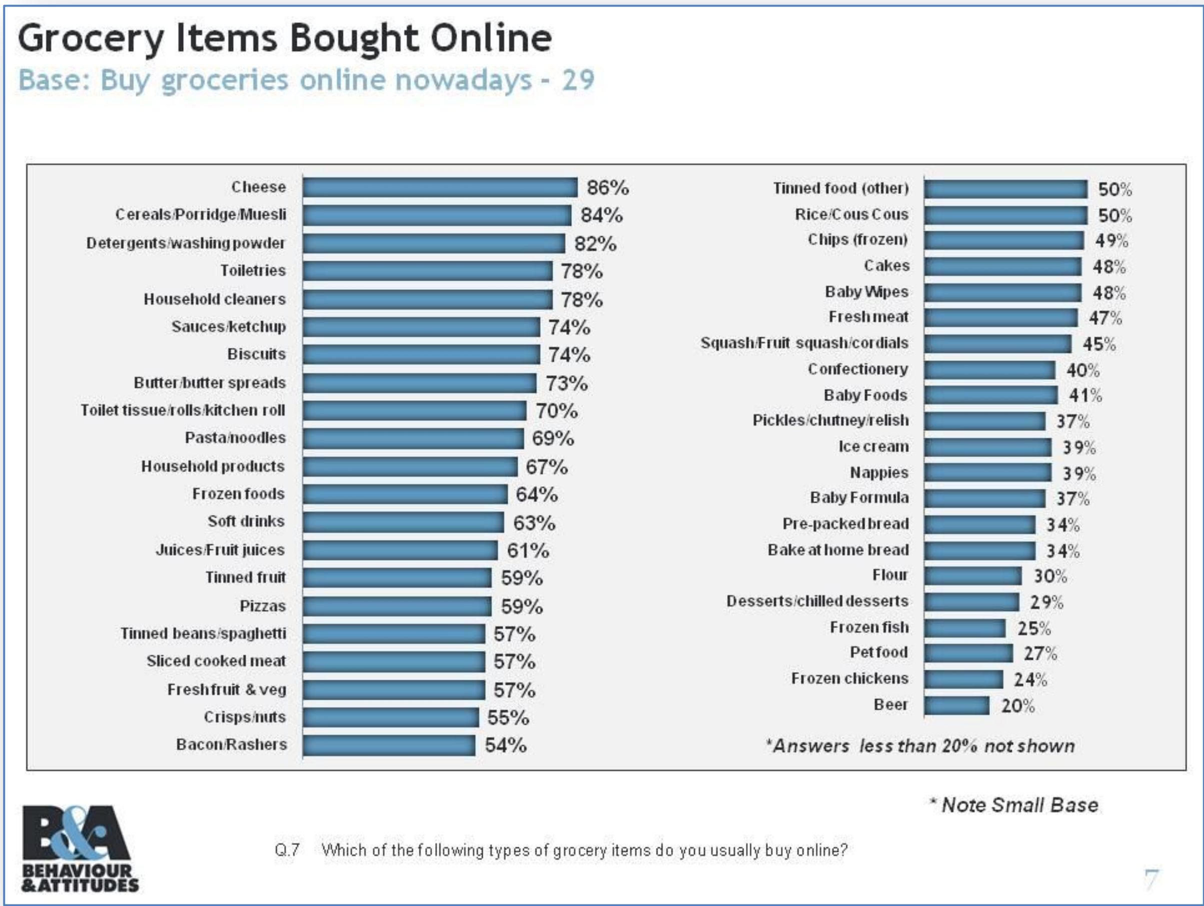
The average spend emerges at €116 per online shop. However, almost one quarter still spend over €150 per online shop.



At the lower end of the scale, almost a third are spending an average of €80 or less.

“Online grocery can be mainstreamed!”

When we look at what groceries people buy online we find that potential exists to mainstream what is purchased. Dairy and ambient products are to the fore as likely purchases.



Work is still needed on reassuring around fresh produce with only 57% and 47% likely to purchase fresh fruit & vegetables and fresh meat respectively online.

“So how do shoppers choose their online grocery outlet?”

The fact that convenience is in the consideration set for online shows that shoppers are not fully in the online mindset.

Two thirds cite the fact that the ‘store near to me delivers’ as a key reason for choice of their online grocery outlet. A further half mention cheaper prices. Could this method of shopping actually be a control mechanic for people wishing to control their spending? This ‘control’ element has emerged in the UK where online shopping is branching into more working class sectors.

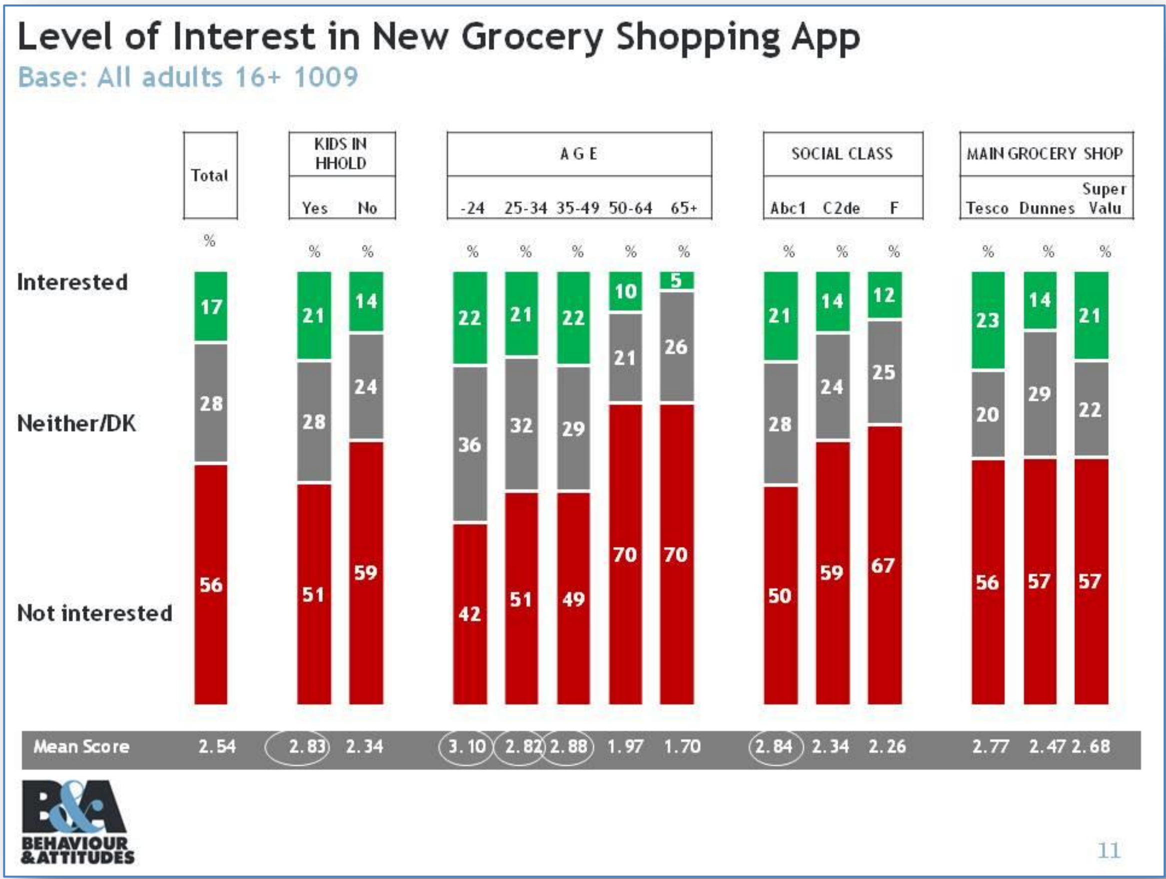
Brand stockage is third most important, at a similar level to the actual website navigate capabilities. Then supermarket points and promotional availabilities emerge. We suspect that website navigation and ease of use would be higher if the survey was conducted closer to the actual joining process as usability is a hygiene factor.

"What does the future hold?"

Finally we asked ….

Q. In other countries, supermarkets are bringing in mobile phone Apps whereby the customer can now, for example, just scan the barcode on the items in their cupboard which they want to buy and the app will register these and add them to your online basket for ordering online. New items can also be added to this list. How interested would you be in such an app to do your grocery shopping if it was free?

At this basic level of description 17% were interested in such a grocery App. Highest interest emanates from under 35s with about 1 in 5 claiming interest. Tesco and SuperValu shoppers registered slightly higher interest.



Given the revolution in Smartphones, certainly this illustrates that grocery retailers have potential to engage customers in new ways to develop interest in the online space. This is still an open playing field – there to be owned. But who will step up?