Online Grocery Report 2015 - Europe

Description: Unlike in the US, where new start ups such as meal solution providers, takeaway delivery services and online farmers markets such as Plated, Grub Hub and Good Eggs or the delivery start ups Instacart and Postmates are challenging the status quo, in the EU, where online grocery is much more developed, the multichannel retailers have another thing to fear altogether: the discounter surge.

And unlike in the past, the discounters have started to offer a full grocery shop, including chilled and frozen products, not just the wine or non food options of yesterday – but a proper basket at discounter prices no less.

From the likes of Colruyt, Mercadona to Leaderprice and Dia to Lidl and even Aldi now considering entering the space, the discounters' entry into the sector will change the economics of online grocery beyond all recognition once again – through brutal price deflation for a start.

The multichannel retailers have to react and already there is a model – and like the drives innovation it comes once again from France. The standout operators of this business model are Casino and another online grocery pioneer, Ahold in the Netherlands.

Both have started to follow customer expectations by offering food and non food online in a much more combined way (a reality also reflected in the UK, where the players are finally merging their various standalone sites) exploiting cross-sell opportunities.

Casino's Cdiscount is clearly the outstanding player, with its highly successful C le Marche operation, its harnessing of cross sell opportunities and driving cross promotions in Casino's hypermarkets, (such as online prices in offline environments, one off long tail promotions etc), and of course the click & collect execution.

However the real crucial element in the strategy is opening up to 3P players, so in effect operating a marketplace model not too dissimilar to Amazon. For both Casino and Ahold the GMV from 3P players is growing rapidly and much faster than the 1P business.

Another growth opportunity for online grocery is much deeper embedding into consumers' lives through connected kitchen devices such as Amazon dash, Chronodrive's Izy, Waitrose's Hiku or Carrefour's device launched into the Belgian market.

These devices are a supreme loyalty and ecosystem tie in tool and disable much price comparison. In future we expect the software to move onto the Apple smart watch and other wearable devices. However for now they will necessarily remain rather niche.

Other opportunities for future growth across the EU include the B2B opportunity, with canteens, kindergardens, factories identified as new clients – especially as food service in general has seen such a transformation towards food trucks, premiumisation and fragmentation.

Now that online grocers' B2C operations have been set up, the investment and logistics footprint and assets can be made to work harder by competing with the traditional wholesale trade as well as with food service providers.

This report serves two purposes. On the one hand, it is a discussion of the various key markets and players operating in the EU space and on the other, it gets readers to consider the direction in which online grocery is heading: Will the discounters succeed at e-commerce? Are the connected kitchen devices a serious glimpse into the future or just a gimmick? Could grocery retailers be tempted to adopt an Amazon-style 1P and 3P business model?

Looking ahead, the intersection between online and food will create new business models that are set to disrupt the multichannel grocers and their sometimes still fledgling offerings. There is undoubtedly much more to come going forward.
Executive summary

The context: EU Grocery Retailing in 2014

Grocery sizes: EU 27, 2009-2014 in '000 ?bn, e

Grocery sizes: shoppers cut back, shop around and go to hard discounters

Grocery sizes: EU 27, 2008-2014 growth in % p26

Grocery sizes: EU 27 2008-13 growth in %, rankings & analysis

Grocery per capita sizes: EU 27 in 2013 in ?, from Finland to Bulgaria

EU Grocery Retailing in 2015 – Online sizes

Online grocery sizes: EU 27, 2009-2014 in ?m e

Online grocery sizes: the transformation of the sector, analysis

Online % share of total grocery 2011-14: EU 27, UK, France, Benelux

Online grocery sizes: Scandinavia a hotbed of development, tough German market

Online grocery sizes: CEE the opportunity, driven by Auchan, Tesco et al

Online grocery sizes: Top 3 account for more than 4 in every 5 spent

Forecast for EU online grocery

Online grocery sizes: EU Growth rates and forecast to 2017, when will AMZN Fresh arrive?

Forecast 2009-2019: data, EU Online grocery in ?m, exponential growth

Benelux – Netherlands

Albert Heijn: the online grocery opportunity, from BOL.com to PUPs

Albert Heijn: cannibalisation versus loyalty, real incremental investment in BOL

Ahold: the BOL acquisition and the transformation to a 3P marketplace platform

Ahold: 3P marketplace accounting for 16% of GMV, the AH overlap

Offering an integrated solution, Ahold & BOL

Recent key developments: BOL's 3Ps hit ?100m in sales

Ahold: Online grocery stats at Ahold, no impairment charges on store estate

Belgium: Jumbo's c&c providing some much needed competitive pressure

Benelux – Belgium

Belgium: Delhaize Group – under pressure from the discounters

Belgium: Delhaize offering home deliveries and click & collect

Belgium: Louis Delhaize launches wink, a standalone drive model

Colruyt: Collect & GO, Collishop and Collivery, 5k new customers per collection point

Colruyt: Collect & GO, second DC to serve pick up demand, 650,000 orders p.a.

Colruyt: Collect & GO drive opened, a model for Aldi and Lidl?

Colruyt: Collishop workshops and Collivery targeting the B2B opportunity

Belgium: Carrefour's connected kitchen, a great step forward in food retailing?

France: the invention and innovation of le drive, the golden age is over

France: the home of the drives, 603 new openings in 2014

Drives: Outlet numbers per retailer, Q1 2015 France

Drives: the difference between pure drives and pick up points, Nielsen figures

France: 2014 drive sales per retailer, Auchan Aubagne with ?19.4m in sales

France: the drive phenomenon is running out of steam, a new era

France: 3 point growth difference between a drive and no drive at supermarkets

France: investments in stand alone drives are down

Company profiles – France's leading players

E.Leclerc: drive market leader, ?1.9bn in sales in 2014, rapid growth

E.Leclerc: innovation from a rather conservative player

E.Leclerc: testing new models, central commissioning, non food, drive hybrids

E.Leclerc: the pizza and sushi drives, updating and combining the offer, highways

E.Leclerc: slowdown and closures ahead, a drive for downtown

Carrefour: still playing catch up in online grocery

Carrefour: Ooshop and electric cars trials in the old town of Lyon

Carrefour: drawing daisies petal loops around de-central and local depots

Carrefour: using the Seine for online grocery deliveries, sharing loads in Paris

Dia: the first discounter to launch a click & collect service

Dia: cheaper than in store, faster than drives and ?30 average baskets

Dia: catering to pedestrians, trial widened out, France only for now – now closed

Casino: Casino, Cdiscount and drives, the best French omnichannel player

Cdiscount/Cnova: Cdiscount going 3P, GMV growth, internationalising, the IPO

Cdiscount/Cnova: 6th largest international listed player, 22 sites in 11 countries

Groupe Casino: the French online grocery offer, home delivery, drives, click & collect

Offering an integrated solution Casino & Cdiscount

Casino/Cdiscount: FBA equivalent, logistics in house, C le Marché` runaway success

C le Marche´: local commerce, stats
Cdiscount: going offline, launching a tablet, building an ecosystem, DIY
Cdiscount: leveraging its marketplace model and 3P sellers in food too?
Leaderdrive: the first discounter with a drive, operational in just 3 days
Auchan: the innovator, the e-commerce structure, Auchandirect, Auchan.fr, Grossbill
Auchan: ?1,154m in 2014 for Auchan.fr, Auchandirect, GrosBill, 1 hour slots
Auchan Direct: “drives” for pedestrians in Paris, trolley hire
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Chronodrive: As no trading permits were needed, a boom in the format followed
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France: the Loi Du?ot and Tascom curtailing the boom
France: shift from expansion driven growth to ?, pureplays benefit
Germany: all eyes on AmazonFresh's arrival
Germany: Online grocery going head to head with Lidl and Aldi, Amazon.de
AmazonFresh: Fresh rolled out to Germany first? Rewe say so...
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Amazon: Germany has become Amazon's most important foreign market
Amazon: Amazon 1P and 3P delivery issues
Amazon: expansion of grocery ranges, will $299 prime fresh fee work in Germany?
Amazon: stats and the crucial importance of the 3P sellers on the marketplace
Amazon: Amazon PL grocery product in Germany, first market launch
mytime: Buenting pioneering national online grocery coverage
mytime: focus on the B2B opportunity, target of 50%, efficiency and utilisation
mytime: going into niches, cooperating with both DHL and DPD
Lidl: online operations, huge branded non food presence online, international
Lidl: tackling the non food issue, easier at Lidl than at Kauf?nd
Lidl: online relaunch in Germany, coffee world, wine, pet foods, nappies etc
Lidl: online turnover figures in Germany
Lidl: online health & beauty launch, private label and FMCG A brands, multichannel
Lidl: the future potential, h&b online
Real: Real's online grocery sales – strong growth from a tiny, tiny base
Real: drive only as an experiment, while Globus has closed one down already
Rewe: Online grocery sales have quadrupled since 2011, investment and incubator
Rewe: the drive options, internal expectations and forecasts have not been met yet
Rewe: transparency drive, website relaunch and big data application
Rewe: cancelling price parity and heavy couponing, Tengelmann's Bringmeister
DHL: German post invest big into working underutilised capacity harder
DHL: DHL trials parcel boxes and rolls them out nationwide
Allyouneed: DHL backed start up, a partner to the FMCG industry
DHL: second DC in the Czech Republic, opening the CEE markets too
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dm: launching its transactional site in 2015, click & collect opportunity
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Esselunga: market leader, delivery charges waived for old age pensioners, turnover
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Condis: regional player lowering online grocery prices
December 2014: Lidl launches Deluxe online in Spain
Niche players: Online pure-plays
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Tudespensa.com: the pantry with price comparison
Ulabox: Unilever’s attempts at online grocery, FMCG muscling into the space
HiperDirect: start up with a focus on fresh produce
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The Nordics: a hotbed of development
Nemlig.com: from pure play start up to market leader, 150% growth in 2014
Nemlig.com: backing of Denmark’s richest man, Dagrofa cooperation
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Aarstiderne: organic box scheme, second biggest player
Aarstiderne: vertical integration, 45 different kinds of boxes
Finland: HOK Elanto opens the first Finish dark store, drive and airport pick up
Finland: Kesko expands its online grocery service, pureplays entering the market
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The multichannel opportunity – marketplaces and non food
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Non-food marketplaces: Grocers transforming into true multichannel players
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3P model in online grocery: what is in it for the grocer? 14 reasons to get involved (9 - 14)
Outlook
Outlook: online as share builder, click & collect, discounters to enter
Outlook: Online grocery as strategic weapon, marketplaces
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