# BEYOND THE SUPERMARKET SHELF

Connecting Fresh with the Online Australian Consumer

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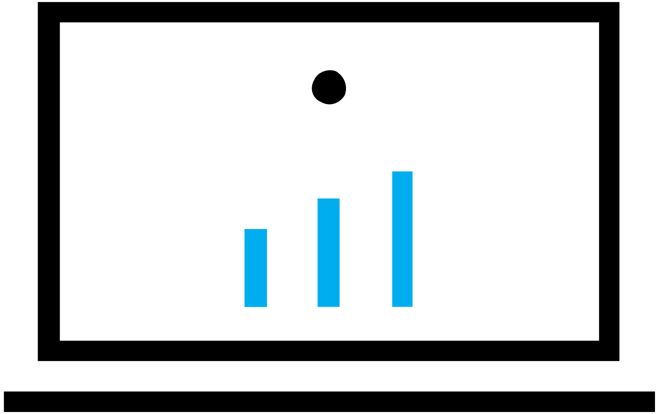
17 May 2017

# CONNECTED COMMERCE INEVITABLE



**"WE ALL SPEND AN HOUR OR TWO A WEEK BUYING THE SAME STUFF. IT'S RIPE FOR TAKEOVER.**

**IF I WAS WALMART, I WOULD BE REALLY SCARED ABOUT WHAT AMAZON FRESH ARE TRYING TO DO.**

Tremblant Capital Group Chairman and CEO Brett Barakett

# EVOLUTION NOT REVOLUTION

**18.4% OF AUSTRALIANS** PURCHASED **ONLINE GROCERIES** IN THE PAST YEAR

**NUMBER OF TRIPS PER HOUSEHOLD**

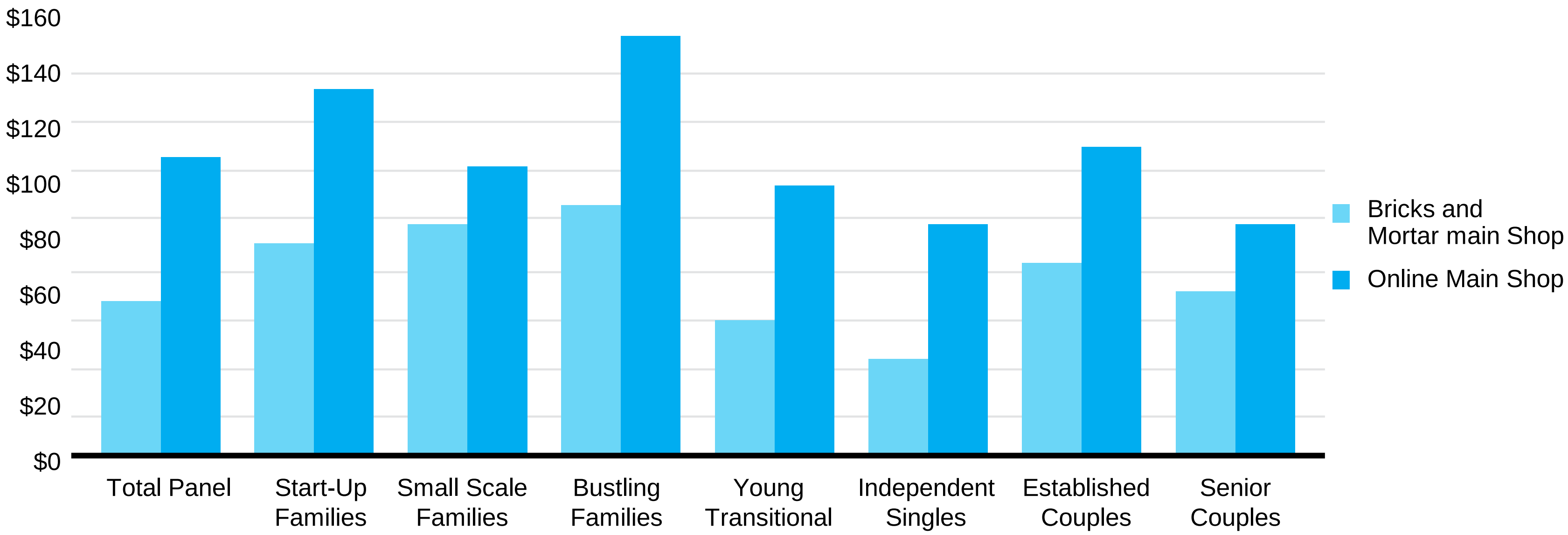
| | Year Ago | Current MAT |
|---|---|---|
| TOTAL AUSTRALIAN ONLINE GROCERY | 6.3 | 7.2 |
| TOTAL AUSTRALIAN GROCERY | 124.7 | 128.0 |

Source: Nielsen Homescan MAT to 25/03/2017

# BIGGER BASKETS ONLINE

## More than double the size of an in-store shop

AVERAGE SPEND PER TRIP

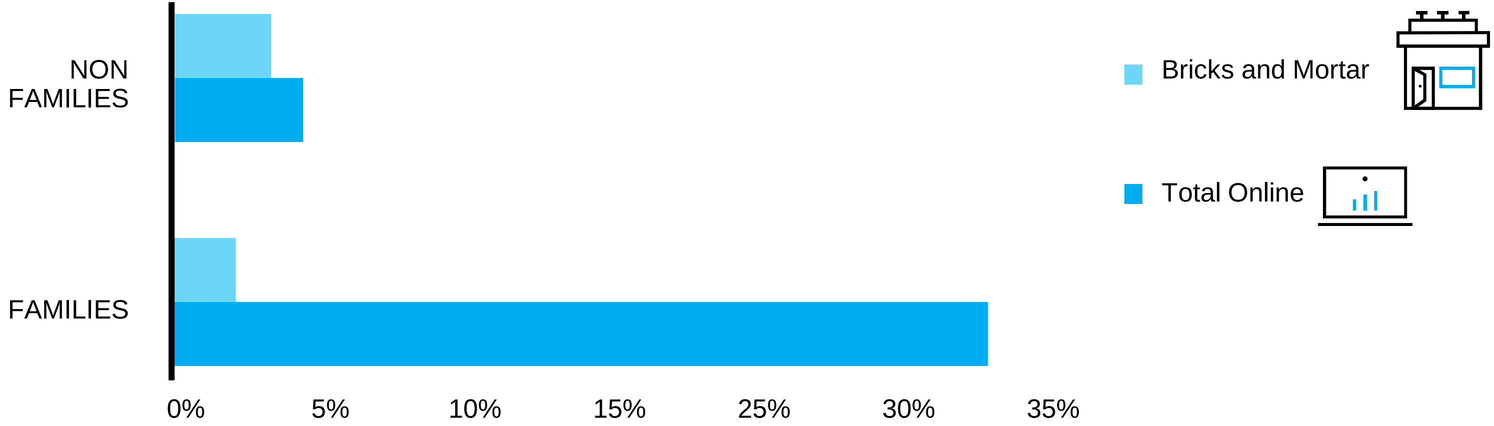



Source: Nielsen Homescan MAT to 01/10/16 vs. year ago

# FAMILIES FIRST

## Biggest spenders and fastest growing demographic group

Total Grocery Spend Growth




Source: Nielsen Homescan MAT to 01/10/2016

# SHOPPERS ENGAGING ACROSS DEVICES

Millennials and Generation X most likely to use a smart phone to purchase

| AGE OF PRIMARY SHOPPER | 0 - 34 | 35 - 44 | 45 -54 | 55+ |
|---|---|---|---|---|
| MOBILE/SMART PHONE | 42% | 40% | 16% | 13% |
| MOBILETABLE /IPAD | 31% | 35% | 33% | 23% |
| PERSONAL COMPUTER /LAPTOP | 86% | 85% | 87% | 88% |

Source: Nielsen Homescan Grocery E-Commerce Survey

# ENABLING THE ONLINE SHOPPING EXPERIENCE CRITICAL

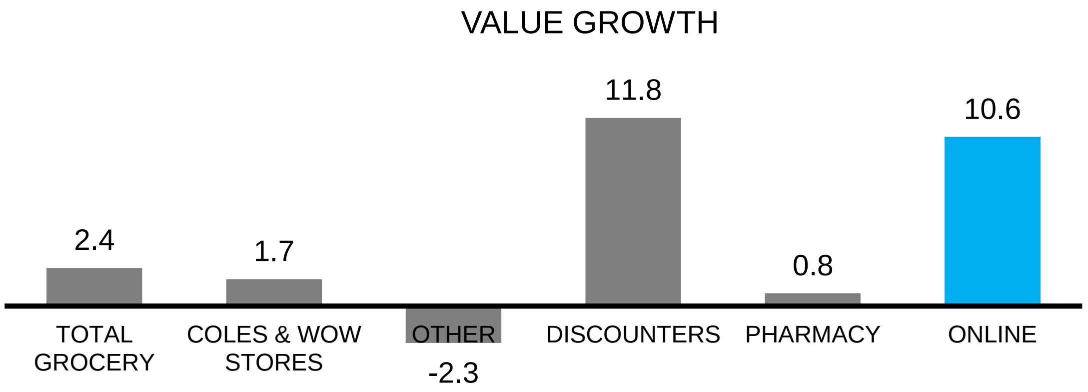
## DISLIKES OF THE ONLINE SHOPPING EXPERIENCE

| ALL ONLINE GROCERY SHOPPERS | | ONLINE GROCERY SHOPPERS AGED UNDER 34 YEAR OLD |
|---|---|---|
| 52% | SHOPPING EXPERIENCE | 63% |
| 25% | PRODUCT | 31% |
| 24% | PRICE/FEE | 24% |

Source: Nielsen Homescan Grocery E-Commerce Survey

# DOUBLE DIGIT GROWTH ONLINE

More than four times faster than total grocery




Source: Nielsen Homescan MAT to 25/03/17 and ScanTrack vs. year ago

# ONLINE 2.5% SHARE OF GROCERY

## Less than half the U.K and France

| Country | Household Penetration (%) | Share of Trade (%) |
|---|---|---|
| U.K | 48.9 | 6.4 |
| FRANCE | 34.8 | 6.0 |
| GERMANY | 18.4 | 0.6 |
| ITALY | 17.4 | 0.8 |
| AUSTRALIA | 18.4 | 2.5 |

Source: Nielsen Homescan Australia: 12 months ending 25 March 2017; Other Countries: 12 months ending June 2016

# $2 BILLION UP FOR GRABS NEXT 5 YEARS

**OF ALL SHOPPERS WHO ALREADY BUY SOMETHING ONLINE, ONLY**

19% BUY GROCERY

CONVERTING A LIGHT E-GROCERY SHOPPER INTO AN HEAVY ONE, WILL MEAN THEIR CURRENT SPEND WILL INCREASE MORE THAN

14 TIMES

Source: Nielsen Homescan Grocery E-Commerce Survey

# WINNING THE ONLINE SHOPPER IN PRODUCE

# FRESH CATEGORIES UNDER-INDEX ONLINE

## Pantry items and shelf-stable items dominate the online basket

WHAT THEY BUY IN-STORE

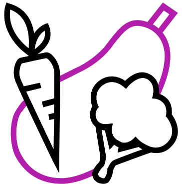
| Top in-store | | Bottom online |
|---|---|---|
| Fresh vegetables | 1 | Cakes, pies & pasties fresh |
| Fresh fruit | 2 | Chocolate confectionary |
| Bread | 3 | Sugar confectionary |
| Chilled meat & poultry | 4 | Fresh salad produce |
| Milk white fresh & long-life | 5 | Fresh fruit |
| Biscuits | 6 | Bread |
| Snack foods | 7 | Beverages flavoured milk |
| Prepacked small goods | 8 | Fresh vegetables |
| Cheese | 9 | Chilled meat & poultry |
| Chocolate confectionary | 10 | Biscuits |

WHAT THEY DONT BUY ONLINE

Source: Nielsen Homescan MAT to 25/03/2017 In-store ranked by occasions, Online ranked by occasions index v. in-store

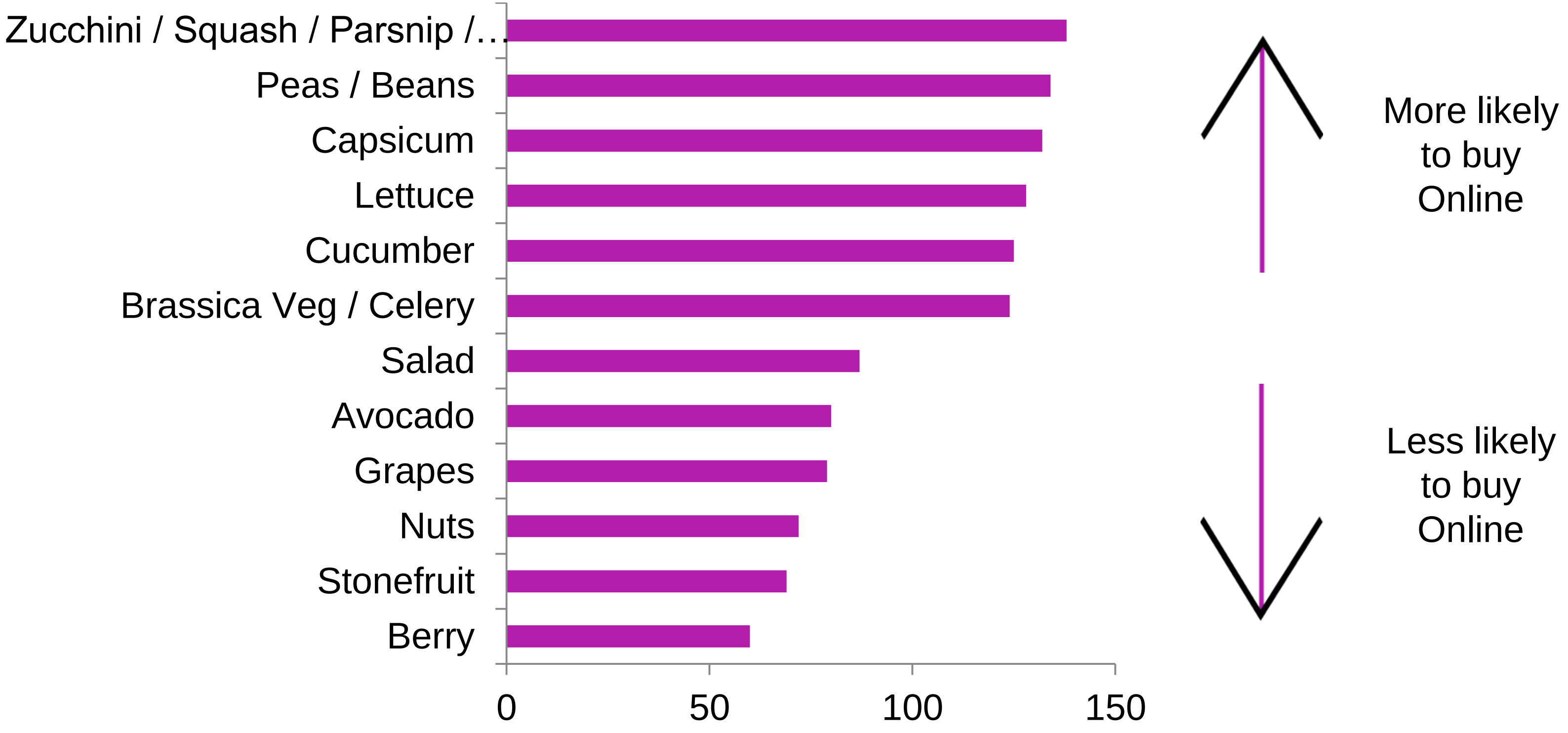
# PRODUCE GROWTH ONLINE OUTPACING TOTAL GROCERY

Produce growing almost twice as fast

| | Value Growth | Spend per Trip | Number of Trips |
|---|---|---|---|
|  | +19% | +6% | +19% |
|  | +10% | +3% | +13% |

Source: Nielsen Homescan MAT 22/04/ 2017 versus YA

# MORE DURABLE CATEGORIES BOUGHT ONLINE




Source: Nielsen Homescan MAT to 22/04/2017

# PRODUCE IS A SENSORY EXPERIENCE

Source: Nielsen Homescan

# BARRIERS TO FRESH A GLOBAL ISSUE

9%

claimed to have purchased
Fresh groceries Online
*(Europe/ North America)*

Source: Nielsen Homescan MAT 22/04/ 2017 + E-commerce – Connected Consumer Report – Global

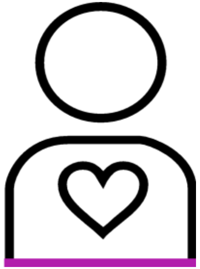
# BUILDING TRUST IS CRITICAL

44% want to inspect, browse & check products before buying, especially produce

1/3 of shoppers would "definitely" be encouraged to shop online if a money back guarantee was offered

Source: Nielsen Homescan Grocery E-Commerce Survey

## BUILDING TRUST IS CRITICAL



## IMPROVE THE EXPERIENCE

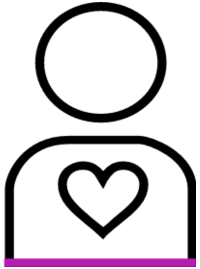
# 67% of shoppers are put off choosing a product if no image is available

Multiple images of a product can generate a 40% lift in sale

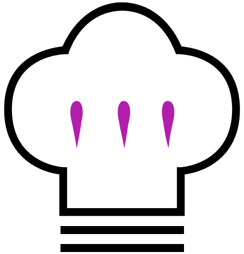
Out-of-pack shots that provide shoppers with an images of the product in use can deliver a 33% uptick

Source: Nielsen Global Connected Commerce

## BUILDING TRUST IS CRITICAL

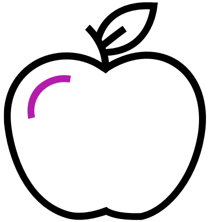


## IMPROVE THE EXPERIENCE



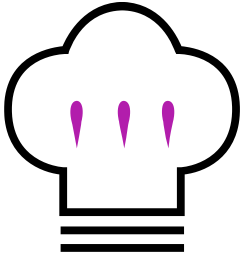
## INNOVATION

# WHILST SMALL – MEAL BOXES GROW



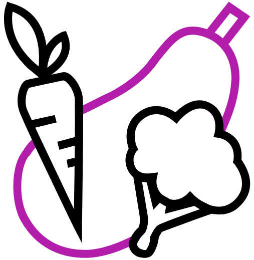
## Healthy, convenient cook at home meals

Likely to be **younger** (<44), **affluent** family or childless, living in a **cosmopolitan** area



## Connected Generation

55% feel as though they don’t have time to get things done



## Alternative retail chain emerging

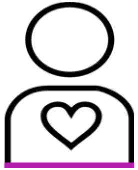
These prepared or Food Box online retailers are now accounting for 1.6% of online

Source: Nielsen Homescan

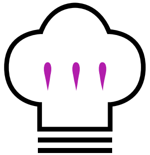
# TAKE AWAYS

Growing sector – convenience, connected

Build Trust



Customer experience



Capture the growth with creativity