

How has Covid-19 changed online groceries shopping

Insights for the periods before, during and post COVID-19

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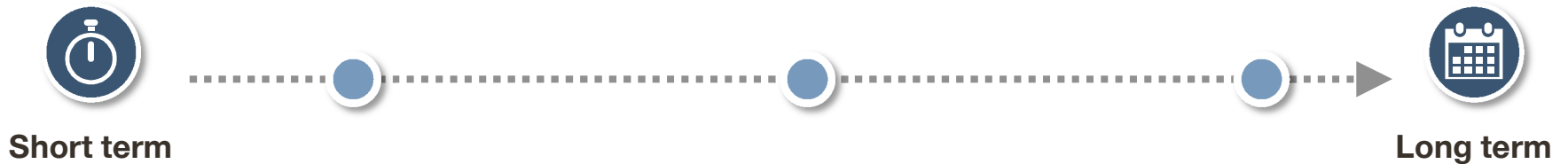
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Social distancing amidst COVID-19 has dramatically re-shaped shopper behavior – which effects are here to stay?

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Impact to shopper behavior

Contingency Purchasing:

Stocking up for home lock down from go-to retailer's online portal

Exploration of Online Retailers:

Re-consideration of go-to retailers and exploration of other online options

Acclimation to Online:

Seeking convenience of e-commerce as a first choice for retail needs

Impact to omnichannel experience

Contraction of Physical Retail:

'Stay-at-home' measures limit ability to shop at physical stores

Marketplaces Advance:

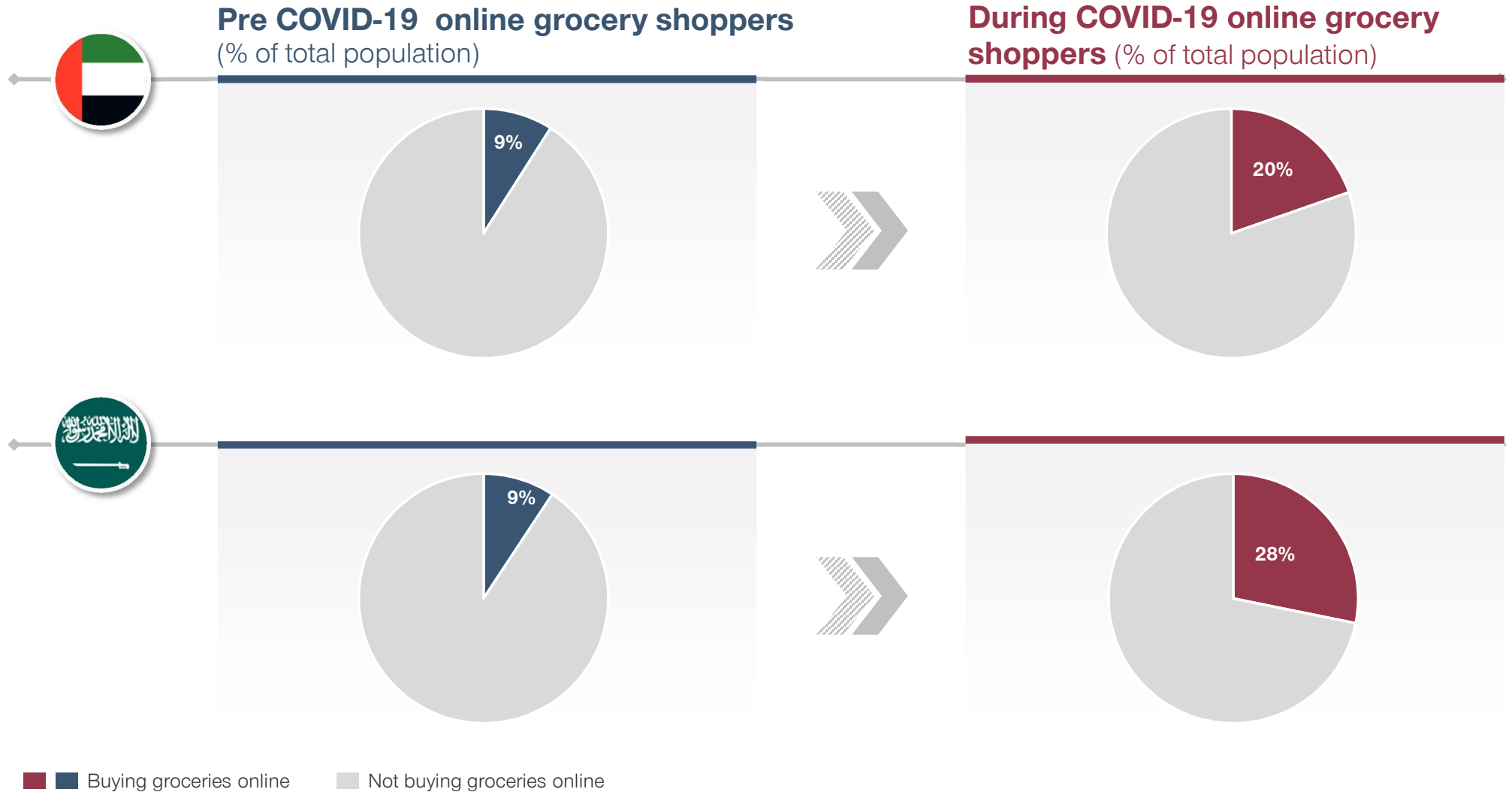
Online market places with access to 3rd party inventory capture consumers who were delaying purchases

Deeper Integration of Formats:

Higher contribution of online channel to total sales leads to greater integration of omnichannel retail

Online grocery shopping: KSA and UAE penetration significantly increased during COVID-19

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Source: Simon-Kucher & Partners, study of 300+ consumers currently buying groceries online split equally between UAE and KSA, conducted in mid April 2020
E-Commerce Survey | Online Grocery Shopping Behavior

As more consumers adopt online grocery shopping, changing behavior lends itself to various implications

Observations



Higher penetration of online grocery shopping and **more economization measures**

Retailer **market share** affected by **increased market size**

Prioritization of delivery speed, product range and accuracy

Fresh meats is the **biggest winner** among product categories

Consumer sentiment towards **decreasing** online grocery spend **post COVID-19**

Short-term implications



Revision of **bundling** strategy for higher cross and upselling

Retention of increased market share and sustenance of **customer loyalty** and satisfaction

Assessment and **quick fixes** of logistical bottle necks

Boost of **communication and promotions** for winning categories

Analytics on data collected during COVID-19 to inform **longer-term e-commerce strategy**

Long-term implications



Evaluation of online and offline **assortments** due to product substitutions

Development of full **e-commerce strategy** to enhance customer online experience

Optimization of **supply chain strategy** to rise to new consumer expectations

Price optimization measures for winning categories to incentivize **continued online purchase**

Enhancement of **online customer experience** to change the declining online spend sentiment

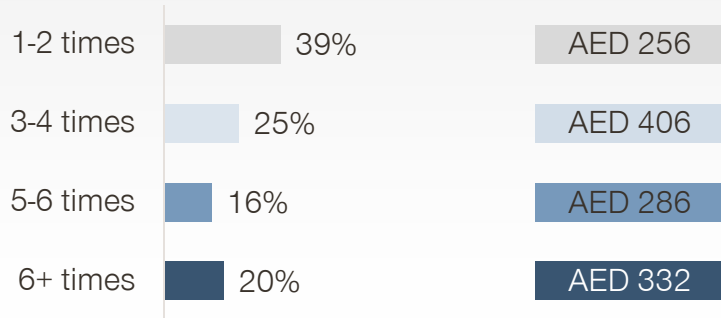
Online spend on groceries increased during COVID-19 but uncertainty encouraged economization measures

Shopper spending pattern and expected changes

UAE (pre COVID-19)



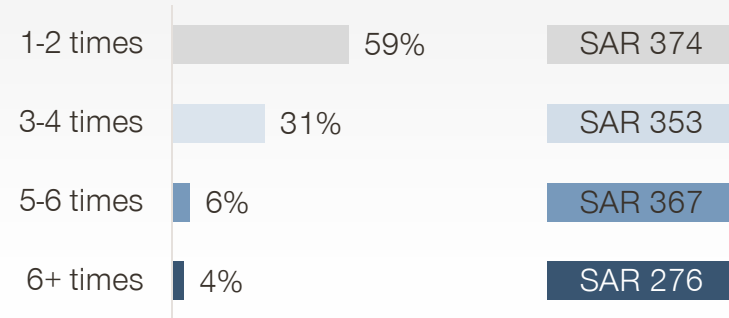
Frequency of online grocery purchases per month (# of times) **Avg. Spend per order**



KSA (pre COVID-19)



Frequency of online grocery purchases per month (# of times) **Avg. Spend per order**



Change of online grocery spend during COVID-19

Spend change
(UAE & KSA)

49%

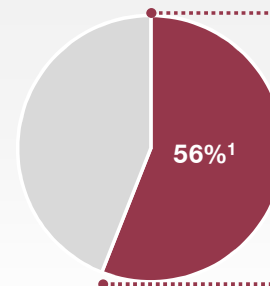
Most cited reason for spend change

- 1 Staying at home out of fear of COVID-19 risk
- 2 Cooking at home more frequently

17%

- 1 Purchasing only the necessities
- 2 Seeking less expensive alternatives

Economization measures amid COVID-19 uncertainty



■ Economizing
■ Not economizing

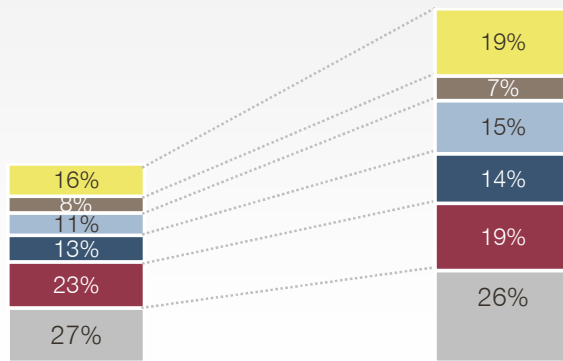
- 1 Buying groceries on promotion
- 2 Deal hunting online for lowest price
- 3 Buying value pack items

Note: 1) of total respondents for each of KSA and UAE
Source: Simon-Kucher & Partners, study of 300+ consumers currently buying groceries online split equally between UAE and KSA, conducted in mid April 2020
E-Commerce Survey | Online Grocery Shopping Behavior

Market size of online grocery shopping doubled in UAE and tripled in KSA

Market share of top used platforms and main selection / change criteria

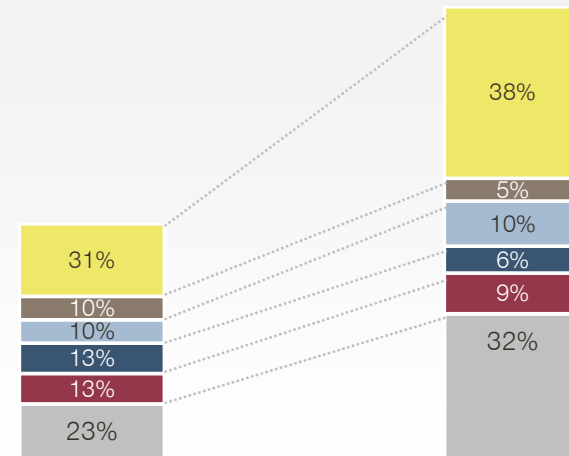
UAE



2x market size increase

■ Carrefour Website ■ Amazon ■ Instashop ■ Noon ■ Lulu Website ■ Other

KSA



3x market size increase

■ Marsool ■ Danube website ■ Souq ■ Carrefour website ■ Lulu website ■ Other

Top 3 criteria for selection of used platform

1 Fast delivery

2 Product availability

3 Lower prices than other platforms

Top 3 criteria for changing used platform

1 Fast delivery

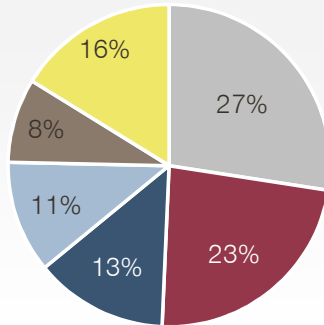
2 Bigger product range

3 Higher number of delivery time slots

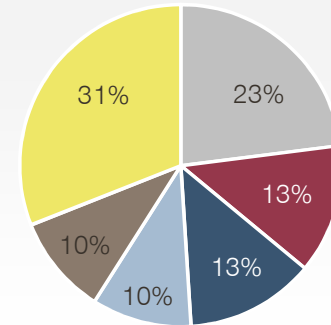
Increased penetration for online grocery shopping resulted in changing market shares for main players

Market share of top used platforms before and during COVID-19

UAE (Pre COVID-19)



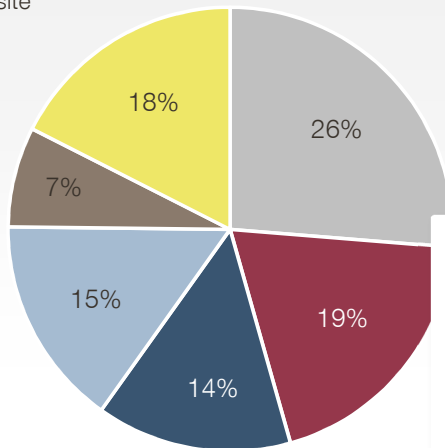
KSA (Pre COVID-19)



UAE (During COVID-19)



- Carrefour Website
- Amazon
- Instashop
- Noon
- Lulu Website
- Other

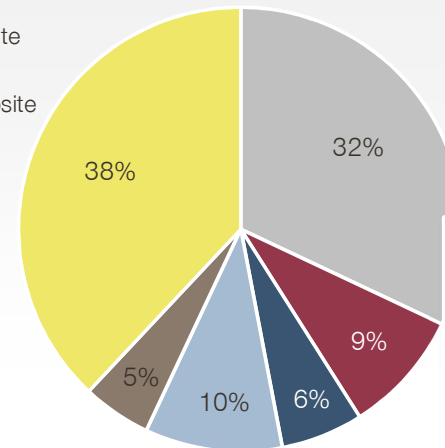


2x increase
in market size
while market
shares remained
mostly
unchanged

KSA (During COVID-19)



- Mrsool
- Danube website
- Souq
- Carrefour website
- Lulu Website
- Other



3x increase
in market size
→ market shares
exhibited
significant
changes

Consumers prioritize delivery speed and product range resulting in adoption of different platforms

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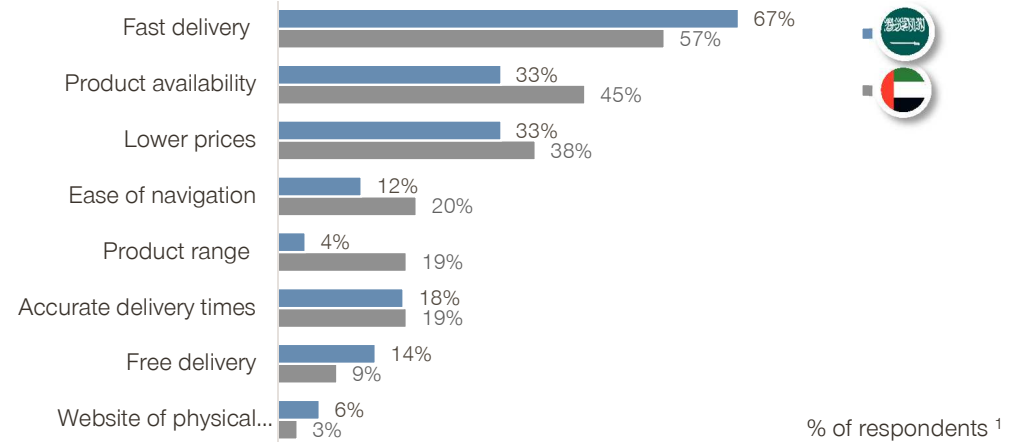
Top selection and change criteria for preferred platforms

UAE & KSA (Pre COVID-19)



Top 3 criteria for choosing preferred platforms

- 1 Fast delivery
- 2 Product availability
- 3 Lower prices than other platforms

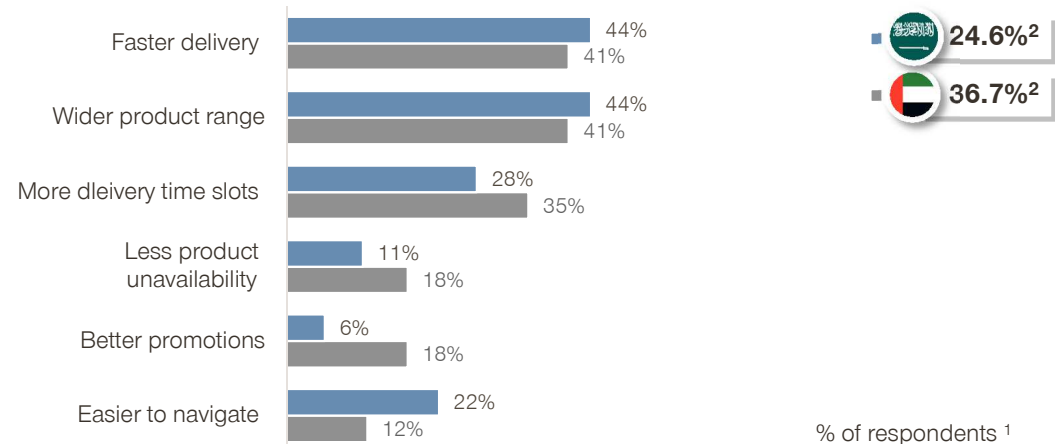


UAE & KSA (During COVID-19)



Top 3 reasons for changing preferred platforms

- 1 Faster delivery
- 2 Bigger product range
- 3 Higher number of delivery time slots



Note: 1) Respondents who shopped for groceries online pre COVID-19 ; 2) % of respondents who shopped online for groceries pre COVID-19 and switched to another platform during the pandemic
Source: Simon-Kucher & Partners, study of 300+ consumers currently buying groceries online split equally between UAE and KSA, conducted in mid April 2020

In the UAE, fresh meats is the biggest winner amongst the grocery categories currently purchased online













Grocery products purchased online	Pre COVID-19	During COVID-19	Change
Fresh meat, fish, poultry	11%	45%	+300%
Personal Care	15%	49%	+217%
Beverages	13%	42%	+215%
Dry Foods	22%	61%	+179%
Dairy products	21%	59%	+178%
Bread	15%	40%	+173%
Homecare	25%	67%	+170%
Confectionary	13%	35%	+165%
Fresh Fruits and Vegetables	29%	75%	+157%
Canned Food	19%	45%	+139%

XX% % of total respondents (UAE)
Source: Simon-Kucher & Partners, study of 300+ consumers currently buying groceries online split equally between UAE and KSA, conducted in mid April 2020
E-Commerce Survey | Online Grocery Shopping Behavior

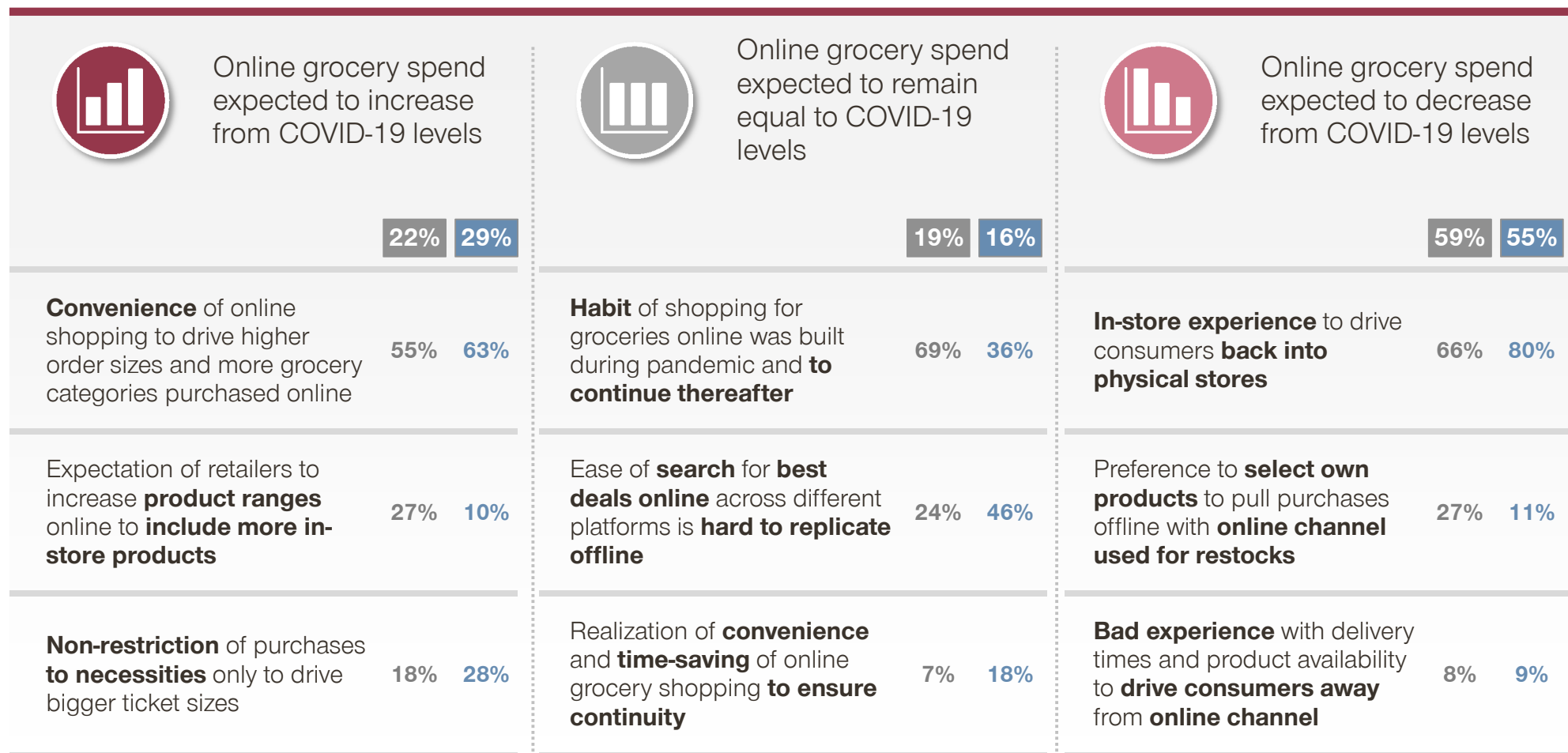
In KSA, fresh meats is also the biggest winner amongst the grocery categories currently purchased online



Grocery products purchased online	Pre COVID-19	During COVID-19	Change
 Fresh meat, fish, poultry	9%	44%	+408%
 Dry Foods	10%	50%	+400%
 Canned Food	10%	46%	+360%
 Dairy products	15%	65%	+341%
 Bread	8%	33%	+317%
 Personal Care	7%	26%	+290%
 Fresh Fruits and Vegetables	16%	59%	+267%
 Beverages	13%	43%	+242%
 Confectionary	12%	34%	+183%
 Homecare	14%	39%	+176%

XX% % of total respondents (KSA)
Source: Simon-Kucher & Partners, study of 300+ consumers currently buying groceries online split equally between UAE and KSA, conducted in mid April 2020
E-Commerce Survey | Online Grocery Shopping Behavior

However, consumer sentiment reflects intention to partially decrease online grocery spend post COVID-19

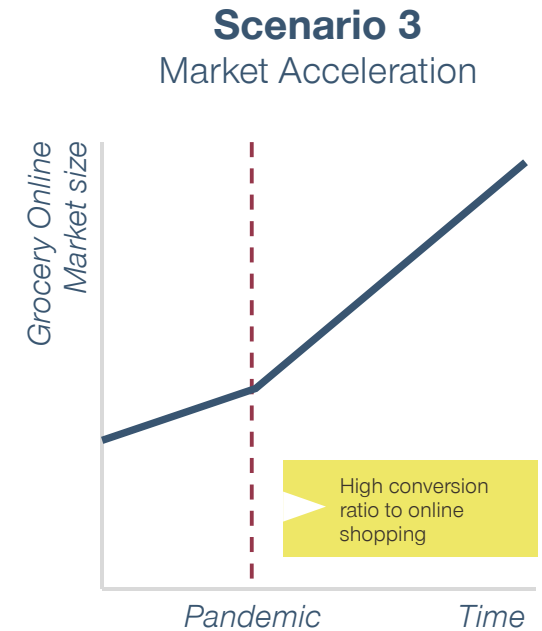
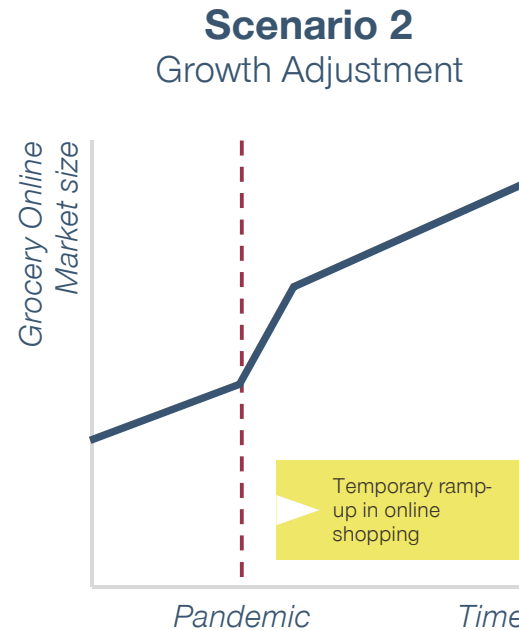
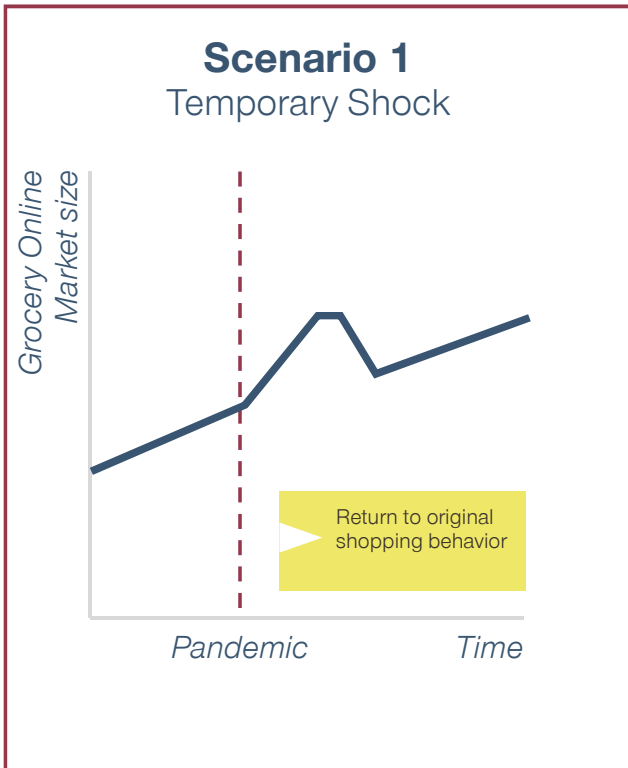


X% % of Total respondents (UAE) X% % of Total respondents (KSA) X% % of respondents per expected scenario (UAE) X% % of respondents per expected scenario KSA

Source: Simon-Kucher & Partners, study of 300+ consumers currently buying groceries online split equally between UAE and KSA, conducted in mid April 2020

How would you position yourself to sustain your current online channel penetration ?

Illustrative



Consumer sentiment indicates that the **post COVID-19** landscape will reflect **Scenario 1** outcome

Positioning ?

Channel focus?

E-commerce Strategy ?

Your contacts

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