

The Digital Shopper



Mercato Continues to Innovate Its Online Shopping Platform for Independents

by Lorrie Griffith/editor-in-chief

Online grocery shopping continues its growth trajectory.

The percentage of U.S. consumers who purchased groceries online over the past year grew from about 23.1 percent to 36.8 percent, according to Coresight Research cited by Mercato, an online marketplace for independent grocers.

Mercato also noted that, based on U.S. Census Bureau data, the 2019 percentage of online grocery shoppers equates to about 93 million online grocery purchasers—a gain of nearly 35 million from last year. In addition, eMarketer's "Grocery E-commerce 2019" report says that U.S. grocery e-commerce is estimated to be at \$19.89 billion in 2019 to rank as the fastest-growing product category online.

"My family is in the grocery business and I grew up working in our family store. This experience highlighted to me the real disadvantage independents have when it comes to technology, innovation and marketing. We want to level the playing field and allow these great local businesses to win against their competition, whoever it is," said Bobby Brannigan, tech entrepreneur and Mercato founder and CEO, in a press release announcing an investment in his company by a venture capital firm (see box this page).



Bobby Brannigan, founder and CEO of Mercato.

"Mercato is the only platform that allows consumers to discover the best local grocers and specialty food retailers in their area. Besides all of the traditional pantry staples and packaged foods, customers get access to the freshest produce, fish, meat, ethnic and prepared foods and can have them delivered to their home or business in about an hour," Brannigan said.

Mercato enables merchants to expedite orders, define delivery lead times, communicate directly with their customers and add items and change prices in real time on the Mercato storefront. It also allows merchants to access product and pricing analytics to determine trends and manage inventory. Mercato handles the deliveries through its nationwide courier network and can often deliver up to 15 miles or more.

In an interview with *The Shelby Report* in June, Brannigan said Mercato now has about 750 independent merchants that

are using its platform. It has a presence in most major cities across the country.

"With independent grocers, the value proposition, we believe, is that (the shopper) will get better quality service because the grocers pick the products themselves with care and they also have a large variety of custom-crafted products that are well targeted to their neighborhood," Brannigan said.

Delivery subscriptions on the horizon

Brannigan said Mercato, which launched in late 2015, is "constantly adding new features to help merchants grow their business and improve their product selection and drive more online sales."

But the company doesn't neglect the shopper side: "We are constantly making the user experience better and better in terms of efficiency—quickly finding the products they want, giving them recommendations for other products they might want, giving them special promotions."

The newest feature is a delivery membership program, similar to Amazon Prime, through which shoppers will be able to pay a monthly fee for a designated number of grocery deliveries per month. Mercato will offer two programs: The Neighborhood Plan and the City Plan.

According to Brannigan, the Neighborhood Plan is for deliveries within a two-mile radius of the store. They will get



eight deliveries for \$8 a month.

The City Plan also gives the online shopper eight deliveries a month, but its radius is up to seven miles, so the cost goes up to \$23 a month. That's still less than \$3 per delivery.

The majority of online shoppers—about 90 percent, according to Brannigan—opt for home delivery rather than click-and-collect, or picking up their groceries curbside at the store.

"People's time is worth a lot, so we try to bring the cost down tremendously to make it even easier for them to justify," he said.

While the age of people shopping on the Mercato platform does skew "a little bit younger in terms of people that order frequently, there is a mix of people that buy (that way)," he added.

He said there also are 90-year-old customers buying on the platform. "People that have trouble making it to the store, they don't drive or whatever it might be, we create that convenience for them," he said.

"But it is definitely skewed more towards those Millennial shoppers who are now more and more having kids and families. That is definitely a big driving force here of those types of customers."

The company also currently is in the midst of a beta test on a program called Mercato Green that will offer added incentive for eco-conscious shoppers to use the platform.

"With Mercato Green, we plant a tree with every order placed," Brannigan said. "Our company colors are green, and we believe that working with local merchants and working in the local community are 'green'—keeping communities growing and strong."

Additional benefits to e-commerce model

Brannigan said grocers are seeing their e-commerce sales grow on the Mercato platform, which is a definite plus. But "what we're also seeing is that stores are getting a lot more additional value than the sales they can get through e-commerce," he said. "One of the areas that the stores are seeing huge benefit is with the data."

When customers come in the store, "they don't tell you every product that might be on their mind that they wish you sold," Brannigan said. "You wish they would, right, but they don't. But on the website, people type it in: 'I would like eggs, I would like milk, I would like cheese, I would like bread,' and they might pick out particular brands."

Mercato takes the data from not only its own platform but also the merchant's web page and Google to generate information about what products shoppers are seeking.

"We aggregate all that data and provide it to the stores," he said. "That's an example of how stores are getting massive benefits from e-commerce because they're not just using it to gain sales and be omnichannel, they're also using it to acquire data to make better product decisions."

While missing out on impulse purchases when shoppers shop online has been viewed as a negative with digital shopping, Brannigan says that's not necessarily a valid concern.

"In terms of impulse buys, what you have to think about is it's not very easy to search a store for a product, but on the web you can just type in what you want," he said. "So what we actually see is that when people come to the web, they'll find products they might not even buy in the store. So on one side you do miss out on having a candy bar at the register or some other impulse item, but they might buy something that's way more valuable that they could find because it's easy from the comfort of your home or your office or on the train or on the bus."

As people are walking down the street or wherever they are, they can add items to their virtual shopping cart.

"You can just add it; you don't have to write it down on a piece of paper," he pointed out. "I think that outweighs the loss that they might have in missing out on impulse. It's the ability to search through tens of thousands of products."

He said order frequency also tends to go up with online shopping.

"By creating more convenience, you totally increase frequency. With a lot of our stores, they might double or triple frequency of customer shopping because maybe they couldn't get to the store more than once or twice a month based on where they're located, but then with Mercato they may be shopping four or five times a month," he said.

Food Lion Launches Grocery Pickup Service at Multiple Stores



Salisbury, North Carolina-based Food Lion began offering its "Food Lion To-Go" grocery pickup service at multiple locations June 24. To help introduce customers to this new service, Food Lion is offering shoppers their first pickup for free. Customers can order and pick up their groceries in as little as an hour.

"We are so excited to bring this convenient service to more stores in the Food Lion footprint and enable customers to spend more time on what matters most to them," said Deborah Sabo, SVP of marketing at Food Lion. "With the Food Lion To-Go service, our associates become personal shoppers and are able to hand pick the freshest produce and best cuts of meat, just as they would for their own family. We look

forward to continuing to nourish our neighbors with this new convenient service."

Customers can visit shop.foodlion.com and select the closest participating store based on their zip code. Next, they may add items to a virtual cart. Once they are done filling their cart, customers can check out and pick a day and hour window they want to pick the groceries up in and proceed to check out. A trained Food Lion associate will prepare the order at the store for the customer's designated pickup timeframe. Upon arrival, To-Go shoppers may park in the designated parking area, where a dedicated Food Lion associate will deliver their order directly to their car. Food Lion To-Go is available seven days a week, 10 a.m.-8 p.m.

Food Lion operates more than 1,000 stores in 10 Southeastern and Mid-Atlantic states and employs more than 63,000 associates.

Albertsons Makes Online Shopping Easier for Visually Impaired Shoppers

Albertsons Cos. says it has made significant enhancements to its online shopping websites

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