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CPG omnichannel myth busting

EBOOK 1 OF 2: ECOMM TRANSFORMATION

Myth busting the CPG omnichannel market

The ongoing combination of the off and online CPG markets is creating some confusion, so we put together this ebook to address 3 common myths...

Today, more than 54% of CPG shoppers are omnichannel. Shoppers, particularly Gen Z, expect a seamless experience between online and offline. To usher in this shift, retailers accelerated their digitization.

This digitization was partly driven by a transfer from the warehouse-based ecommerce model to a store-based model. This trend is occurring in many countries largely because it answers shopper's needs like delivery, a varied and local assortment, and convenience.

Myth #1

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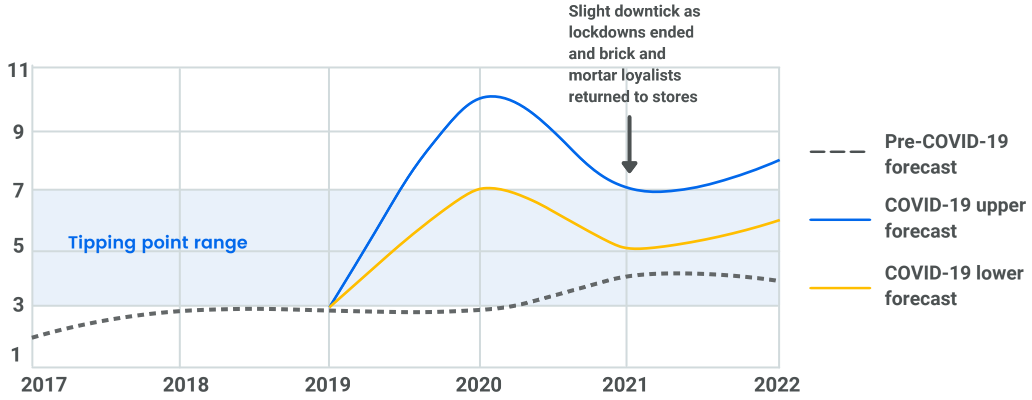
FALSE: Ecomm will displace brick and mortar

TRUE: Brick & mortar remains a mainstay

The convenience, assortment and increasingly positive experience of online grocery shopping has driven a shift towards ecomm and omni shopping, and that trend will continue as it has passed a tipping point.

However, there was a return to physical stores as lockdowns ended, and shoppers will continue to go to stores for a variety of reasons.

Food & Beverage ecommerce sales (% of total market sales)



Source : Forrester eComm share data; Brick meets click March 2020 survey, Company reports, BCG consumer research, March & April 2020, BCG Analysis

Myth #2

FALSE: Ecommerce is profitable for retailers

TRUE: Only the automated channel is profitable for retailers

Delivery and picker costs are expensive for retailers, yet to stay competitive, these services are now essential.

Online grocery fulfillment strategies: comparison of unit economics

Fullfillment method:	Traditional brick-&-mortar self service	3rd party in-store picking, order delivered	In-store picking, order delivered	In-store picking, curbside pickup	Centralized automated picking, order delivered	Automated micro-fulfillment, order delivered	Automated micro-fulfillment, curbside pickup
Basket size	$50	$125	$150	$150	$150	$150	$150
Retailer fees charged to customer	$0	$0	$7	$5	$7	$7	$5
Total EBITDA (including corporate opex)/order	5%	-2%	-7%	-2%	5%	12%	16%
NET $ GAIN or LOSS/ORDER	$2,50	-$2,50	-$10,50	-$3	$7,50	$18	$24

Source : Fabric LTD, 2020

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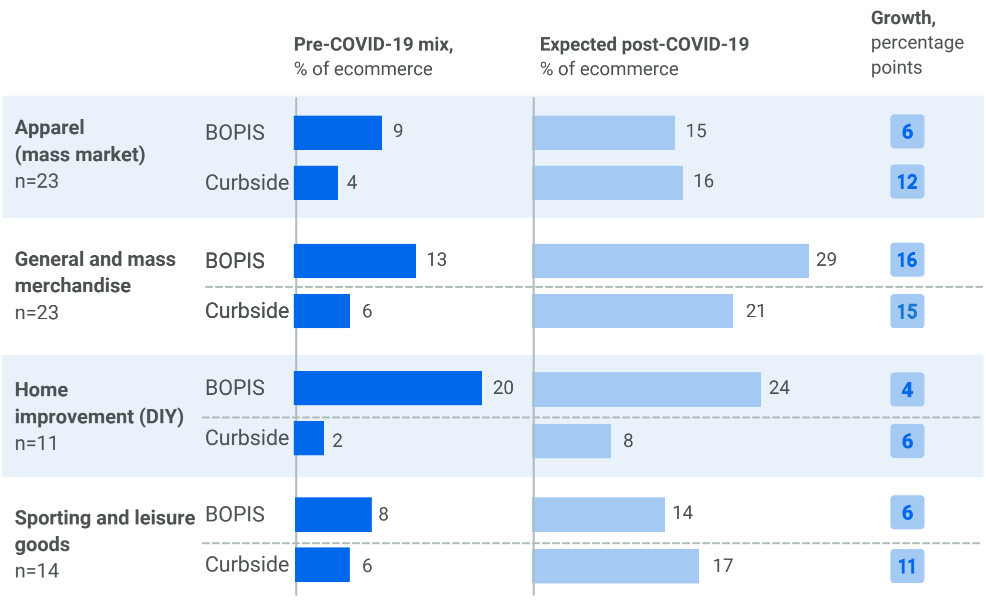
Myth #3

FALSE: Ecomm may recede in importance after the pandemic

TRUE: The online CPG market continues to grow, following the established trend of other industries.

Consumer's adoption of flexible omnichannel fulfillment choices is expected to increase after the pandemic.



Source :McKinsey

If these insights interest you, don't hesitate to let us know.

We'd love to show you more insights that will improve your digital performance.

- Digital shelf analytics
- Eretail media monitoring
- Location-based analytics
- Amazon market share

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About Data Impact

We help manufacturers improve their digital commerce. By collecting over 60 billion data points per day, Data Impact offers the most granular, and therefore insightful, overview of the online CPG marketplace. We collect data at every single online site that major retailers list products, and render it in a simple, clear dashboard with a user experience our clients rate highly.

Our support team accompanies brands in customizing their platform to monitor the KPIs they choose such as share of voice, digital shelf analysis, optimizing availability and pricing, and estimating market share and increasing performance on Amazon.

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