



Evolving Online Retail:

Why Shoppers Want the V-Commerce Experience

A detailed guide to understanding the benefits of 3D virtual simulations for online grocery shopping

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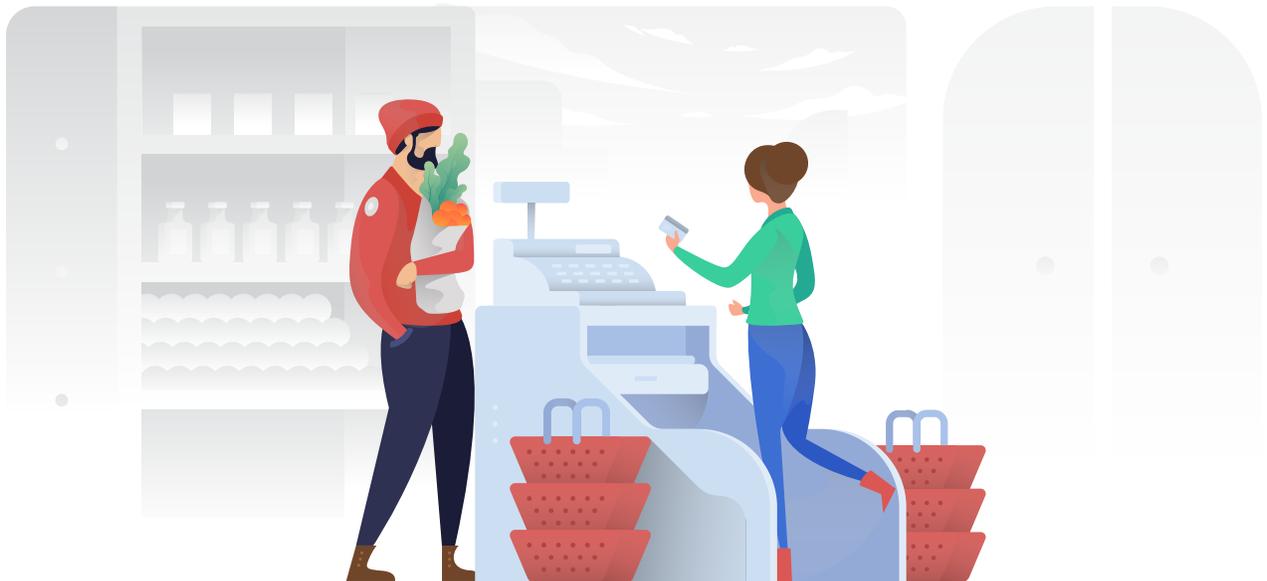
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INTRODUCTION

In the long shadow of COVID, the face of grocery shopping has forever changed. Retail foot traffic plummeted in the spring of 2020, as consumers stocked up and then hunkered down amid stay-at-home measures.

Simultaneously, e-commerce soared. Nearly 80% of polled consumers reported shopping online for groceries soon after the COVID-19 outbreak, up 39% from before the pandemic.* E-grocery sales have only climbed in the years since. By the end of 2022, online grocery sales in the US are expected to reach \$135 billion, doubling by 2025.**

But as we all know, shopping for consumer goods online leaves much to be desired. Many retailers have been in the online fulfillment game—with grocery delivery and pick-up—for years, but the experience for customers hasn't really changed. Success in ecommerce has been all about search, while completely failing on discovery.

Until now.

Two years after InContext's first v-commerce report during the height of the pandemic, we conducted a second, broader study with additional data and insights that reinforce the importance of innovative, and seamless, omnichannel shopping experiences.



3 COMMON ISSUES WITH TODAY'S E-GROCERY EXPERIENCE

Post-pandemic, 90% of e-grocery customers are expected to continue shopping online.** But the competition for brands and retailers is fierce. How do you make sure the people who would shop your store or brand in-store will remain loyal? The experience can make a big difference. Let's consider the current barriers when it comes to buying online:

01. Limited discovery & impulse purchases

Consumers are 10% more likely to add an impulse item to their purchase when shopping in-store versus shopping online.+ From a category or brand perspective, e-grocery sites are limited in how shoppers discover new products, brand line extensions, and promotional offers. Websites and apps don't offer that same opportunity for impulse buys when it comes to displays and promotions in a store aisle.



02. It's frustrating...and boring

Shoppers need to know exactly what they want when they type it into the search bar, otherwise they might not get the results they were looking for. Say you want a certain type of cracker, but can't remember the brand or what it's called. At a store, you might know exactly where on the shelf to look. But when you type in "crackers" in an app, dozens of results pop up. You must then scroll until you find what you're looking for. Plus, shopping online can often feel like... "search, scroll, click" repeat.



03. It's hard to discern sizes & varieties

Product images, especially when viewed on a mobile app, can be hard to see. How big is it? Is this the right flavor? What do the ingredients say? These are all variables that can result in a dissatisfied customer.



Why V-Comm?

Online grocery has its faults, but the global pandemic made it clear that it's a modern-day necessity for many, even as more "normal" activities continue to resume. Shoppers are looking for the fastest, most convenient, and least frustrating place to purchase goods. Will it be your store? Are you brands getting noticed online the same way they are on the shelf?



The way to retain and grow this segment of customers is going to rely on **an innovative, new approach to online shopping**. To meet the increasingly discriminating shopper demands in a highly competitive e-commerce space, InContext is reinventing online shopping with 3D shopping experiences.

The fact is, **more than 20% of U.S. retailers plan to invest in AR or VR** for their company's online store, up from just 8% in January 2020, according to research published by CommerceNext and Exponea.++ For grocers and their CPG partners, leveraging a virtual approach to e-grocery creates unique opportunities for marketing, impulse purchases, and larger basket sizes.

Using shopper-defined occasions, such as breakfast, retailers can offer an engaging curated selection of products, and place them into the known shopping experience of a physical store. This gives shoppers a truer-to-life way to find the products they need, creating a more pleasant, and less frustrating, way to shop.

Let's explore how.

METHODOLOGY

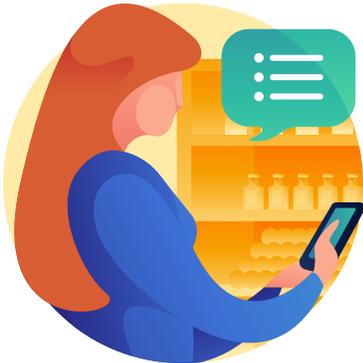
When it comes to shopper research, we've been doing it for over a decade. In this, InContext's 2nd nationwide v-commerce study, we surveyed 1500 primary grocery shoppers to understand how the sentiment toward virtual shopping has evolved over the past year.



Shoppers were brought into a 3D shopping experience as an alternative to a typical 2D site. We asked them to shop for breakfast foods.



The shop provided cross-category solutions that might meet that need.



Then they were asked their perception of the experience.

WHAT SHOPPERS ARE SAYING



Shoppers truly seemed to enjoy the virtual shopping experience. **81% of respondents said they liked the set, and a majority of respondents reported it was a fun experience.**

Simplicity also seemed to come into play, with nearly nine of 10 respondents agreeing the virtual grocery shopping experience was easy to shop. As companies look to engage their shoppers, creating a fun and effortless experience can become a point of differentiation.

Shoppers reinforced that they believed this initiative would save them time, and recognized that the test concept provided more assortment to explore.

More than half of respondents suggested they would be more loyal to a retailer's website or might buy products and product combinations outside a traditional consideration set. This held true from 2020 to 2022.

This leads not only to an improved shopper experience, but also larger basket sizes that could increase profitability for retailers over time.

When digging deeper into what these respondents liked about their virtual grocery shopping experience, three interesting and important themes emerged:

WHAT SHOPPERS ARE SAYING: 3 TAKAWAYS

Consumers are ready for 3D shopping

While overall preference to shop in-store predictably increased (from 15% in 2020 to 29% in 2022) as COVID restrictions eased, 70% of shoppers either favored the virtual store, or were equally as likely to shop in virtual as in the store.

Additionally, we asked survey respondents if they would use the virtual online shopping for their grocery needs if it was readily available today, and more than half confirmed they would. This insight gives us the framework to predict this need in the online grocery market.

Overall, we begin to see a story that suggests that shoppers may be ready for



a more engaging and differentiated shopper experience. Our research supports the theory that this will effectively drive sales for brands and retailers.



WHAT SHOPPERS ARE SAYING: 3 TAKAWAYS

Pay attention to Millennials & households with kids

Looking closer at demographics, it becomes clear that a two groups were especially keen on the notion of virtual shopping. While 21% of overall shoppers preferred the 3D experience, **35% of households with kids** and **30% of Millennials** favored the virtual store.

This pattern continued when it came to other aspects of the shopping experience as well, including how much they liked the shelf set, how easy it was to shop the store, and overall enjoyment.

Retailers and brands will want to pay close attention to these two groups, as they are also the demographic doing much of their shopping online.

“I like seeing the products on the shelves like they would be if I was shopping in a real store. It makes it more fun to shop this way.”



Preferred the virtual store to other forms of shopping



HH w/Kids



Millennials



Liked the set



HH w/Kids



Millennials



Easy to shop



HH w/Kids



Millennials



Fun to shop

WHAT SHOPPERS ARE SAYING: 3 TAKAWAYS

V-commerce is ripe for curated experiences

At the end of the day, we're not looking to create an entire virtual supermarket to shop online. Not yet, anyway. The great thing about v-commerce is that it can be personalized and curated for different occasions.

Our study indicates that shoppers enjoy the curated experience, based on different themes, or "occasions". **Forty-three percent of participants said they preferred shopping by Meal occasions** (examples include On-the-Go Lunches, Snacks, or Entertaining.) Special occasions (like Holidays, the Superbowl, or Summer BBQ) closely followed at 39%. This suggests these two occasions have the greatest future expansion opportunity.

Other popular themes include: Specific categories (baby care, electronics), Health needs (cough and cold, sport recovery), Seasonal (back-to-school, Spring gardening) and Recipes (unique meal concepts with ingredients in one place.)

"Certainly easier to browse the department. More like walking the aisle than online websites."

Occasions Participants Would Shop in Virtual

43%



Meal occasions



39%



Special occasions



ARE YOU READY TO REIMAGINE ONLINE GROCERY?

With this ground-breaking new approach to online retailing, InContext is working with retailers, manufacturers and key partners in the retail ecosystem to truly reinvent what shopping means in the digital space.

We believe the market is ready and shoppers are ready to evolve to new forms of online retailing in the virtual environment. We do not see this as something that tries to imitate a full store shop, but instead focuses on specific and limited occasions to engage shoppers more actively as they shop.

This is a long term evolution of e-commerce, one that will ultimately offer AI-driven and dynamic targeted product SKU merchandising. One that will include rich content to enhance the brand experience, and that will enable a sophisticated trade strategy influencing product assortment, promotion and price.

Contact InContext today to start your journey of reimagining the e-commerce experience with virtual commerce.

www.incontextolutions.com

RESOURCES

* [Nearly 80% of U.S. consumers shopped online for groceries since COVID-19 outbreak](#) - Supermarket News, May 2020

** [ONLINE GROCERY MARKET \(2019-2025\)](#) - Oberlo, February 2022

+ [How to Manage Impulse Grocery Purchases in an Online World](#) - Retail and Hospitality Hub, July 2020

++ [The Pandemic Is Accelerating AR Adoption for Retailers and Entertainers](#) - eMarketer, September 2020

To learn more about how virtual commerce into the metaverse of retail and grocery, watch our webcast "[Exploring the Retail Metaverse.](#)"

