



Retailer Preference Index - 2021 global learnings

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dunnhumby



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Foreword

What drives shoppers to choose your store or website over another?

It's a fundamental question, arguably the most important that a Retailer can ask themselves. Unfortunately, it is also becoming one of the hardest to answer.

Today, the range of factors that can influence Customer preference has never been broader. From core issues like price, assortment, and quality, through to emerging concerns such as digital, sustainability, and – in 2020 particularly – safety and wellbeing, Retailers are now tasked with responding to an ever-expanding set of needs as they attempt to win and retain favour.

Since 2018, dunnhumby has been striving to help Retailers around the world gain a greater understanding of what matters most to their Customers. Our inaugural Retailer Preference Index (RPI) focused on the U.S. grocery market, and highlighted the overriding importance of quality, price, discounts, and speed to US-based shoppers.

In exploring those preference drivers, we also discovered a tangible link between meeting Customer needs and ongoing commercial performance. As might be expected, when a grocer's value proposition aligns closely with consumer needs, that Retailer tends to perform better both financially and in terms of the emotional bonds they build.

Over the past few years, subsequent RPI studies have been conducted in locations around the world. From Australia to Spain, we've been able to gain in-depth insight into the issues that truly matter to shoppers in those countries.

For the first time, this report brings those studies together to present a global view of the RPI. It offers a macro view of the factors that drive preference on a global level, and how those issues influence commercial success. Crucially, it offers real examples of how some of the world's leading Retailers have responded to changing consumer demand.

As the world continues to navigate through the Covid era, Customer needs will continue to evolve at pace. With our RPI studies, and through the hard work of our dedicated teams around the world, we're here to ensure that no matter how those changes manifest, you're equipped with a Customer First view of the future.

An Overview of Customer Preference

The data explored in this global overview of dunnhumby Retailer Preference Index reports comes from the detailed reports we have conducted around the world over the last two years.

More detail is included in the local market versions, all of which are downloadable below.

These local reports examine the in-depth country data, giving a clear local picture of the drivers of customer preference in each market today, as well as an indication of the trends and challenges that Retailers need to prepare for in the future.



View the Australia RPI:

A study of 1,500 Australian shoppers, published in December 2018



View the Canada RPI:

A study of 6,000 Canadian households, published in Nov 2019



View the France RPI:

A study of 4,000 French shoppers, published in January 2021



View the German RPI:

A study of 2,500 German shoppers, published in December 2020



View the Italy RPI:

A study of 3,000 Italian shoppers, published in December 2020



View the Korean RPI:

A study of 5,000 Korean shoppers, published in February 2020



View the U.S. RPI:

A study of around 10,000 U.S. shoppers, January 2020



View the Portugal RPI:

A study of 1,500 Portuguese shoppers, published in Sept 2020



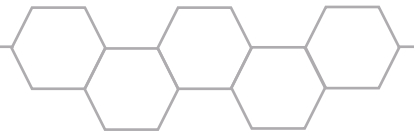
View the Spain RPI:

A study of 2,400 Spanish shoppers, published in November 2020



View the Thailand RPI:

A study of more than 2,000 Thai shoppers, published in January, 2021



Executive Summary

Across all of our market studies, seven key issues appear to have the greatest impact on consumer preference. These “Preference Pillars” are:



Pricing & Promotions



Instore Experience



Assortment



Convenience



Digital



Communications & Rewards



Organic & Sustainable Produce

Of these seven pillars, Assortment, Pricing & Promotions and Instore Experience (which often includes “Quality”) appear repeatedly amongst the most important issues for consumers. These are fundamental needs that must be met by any Retailer, anywhere. We were encouraged by the data in the U.S. RPI to describe the relative balance and weights of price and quality as the ‘Value Core’ in this region. But we have not labelled this relationship of price and quality similarly in other countries because Customers balanced these factors differently against other RPI pillars elsewhere.

Retailers that meet the most important local needs are rewarded with a higher ranking in the RPI. A higher ranking reflects commercial success and a strong emotional connection with Customers.

Customers notice when Retailers go above and beyond to meet their needs. The highest performing Retailers under each Preference Pillar have sustained and highly visible initiatives that showcase their commitment in that area.

However, strong performance in just one or two areas is not enough to win preference. Retailers cannot afford to focus on achieving excellence in one thing alone if it is to the detriment of their broader value proposition – a balanced offering is crucial.



2020: the year that supermarkets stepped up

Responding to changing Customer needs is an integral part of the grocery business; staying ahead of shifts in demand is one of the primary rules for running a successful operation. In 2020, however, that challenge took on greater significance than ever before.

As the Covid pandemic spread, Retailers everywhere were forced to tear up their plans for the year ahead. From supply chain disruption to social distancing, an unceasing flow of new challenges saw priorities changing rapidly – often, quite literally overnight. Stability and safety became the new standards, primary concerns to pursue above all else. Indeed, in the early stages of the pandemic in 2020, 40% of shoppers globally reported that they did not feel safe from infection while shopping.

Against that – often chaotic – background, grocers found ways to adapt. Some changes were forced, but many others were creative responses to incredible adversity, fuelled by an unprecedented desire to do the right thing for Customers and staff no matter what.

In some instances, this translated into pure innovation. To help Customers both stay safer and save money, Shoprite in South Africa bought its Usave store to them. 53-foot long, socially distanced, and highly sanitised trucks began serving more remote communities, offering a limited range of essentials at same-as-store everyday low prices.

In other cases, Retailers opted to supercharge existing operations. Hundreds of thousands of new hires were approved at grocery chains around the world, many of them in positions designed to ease the stress on digital fulfilment. Click-and-collect operations were expanded, giving Customers contactless collection options for a wider range of goods in a greater number of locations. As the pandemic spread, nearly 30% of shopping trips were made online globally. Instore protective measures were implemented and store layouts redesigned, often at substantial cost.

As short-term challenges were steadily overcome, though, growing trends pointed to significant changes in Customer behaviour over a longer period. A renewed focus on issues like value, local shopping, home cooking, health and wellbeing, and digital channels all began to manifest, giving Retailers even more to think about as the year continued.

Throughout it all, the grocery industry delivered. While 2020 will long be remembered, and not altogether fondly, it will also be known as the year that the supermarkets stepped up – not just to demand, or to expectation, but to genuine Customer need.

*Source: dunnhumby Covid-19 Pulse studies.

The dunnhumby Retailer Preference Index methodology

At its core, every RPI study is designed to address one key question: why do shoppers choose one Grocery Retailer over another?

Answering that question, though, requires more than just understanding the issues that drive preference in a market. We also need to know how Customers really behave when presented with a value proposition aligned to their needs. Shoppers may tell us what they're looking for from a Grocery Retailer after all, but that information would be of limited use without being able to make a clear correlation between consumer preference and commercial success.

The RPI methodology was conceived with that specific challenge in mind. As well as in-depth insight into the issues that define consumer preference on a market-by-market basis, each RPI explores the extent to which these "preference drivers" influence both the emotional connection with Customers, and a Retailer's long-term commercial success.

To draw these links, we use a combination of proprietary data and publicly-available information about the Retailers included in each RPI:

- Customised online surveys of thousands of households are run in each territory in which we conduct an RPI. These surveys provide us with a clear view of what we call **Preference Pillars** – clusters of issues that influence where Customers choose to shop, examples of which include Pricing & Promotions and Assortment. We also ask respondents to tell us how well they feel each Retailer performs against those Pillars.
- The online surveys are also used to gauge the emotional sentiment that shoppers have towards banners in their home country. Exploring issues including trust, attachment, and the extent to which they would be prepared to recommend a Retailer, an additional series of questions give us an overview of what we term **Emotional Connection**.
- Finally, we use behavioural data that can include market share, efficiency (grocery sales per square foot), growth, and share of wallet to evaluate a Retailer's **Financial Performance**.

A Retailer's overall position in our RPI rankings is dictated by the combined result of their Emotional Connection and behaviour; simply, the more the brand resonates with Customers, and the more they spend, the higher it will place in our RPI. By cross-referencing these rankings with the Preference Pillars, we are then able to see the extent to which a Retailer's value proposition influences their market standing.

As we'll come to see, when a Retailer's value proposition aligns closely to the issues that Customers care about most, they tend to place higher in our RPI rankings.





Exploring the Preference Pillars in more detail

One of the most important aspects of the RPI is that it is designed to provide an unbiased view of shopper preference on a market-by-market basis. Rather than serving as pre-defined themes unanimous across every RPI study, the Preference Pillars instead act as a reflection of what shoppers in a local market care most about. By way of example, while our most recent study in the U.S. included seven pillars for Retailers to consider, the Spanish equivalent featured just four.

That being said, we do see clear commonalities between each of the studies; across all of our recent global studies, seven Preference Pillars appeared time and time again. While the importance of these pillars varies from region to region, their continued presence creates a template of sorts – a set of Customer needs that any Retailer, wherever they may be located, must be able to address in order to deliver long-term commercial success.

As well as helping us understand the issues that drive consumer preference, the global RPIs also allow us to look at how some of the world's leading Retailers behave when it comes to meeting shopper expectations.

From Assortment to Pricing, the leaders under each Preference Pillar can usually be found going above and beyond to delight their Customers. Whether it's a concept store brimming with luxury produce, or personalised rewards tailored uniquely to a shopper's interests, the top performers under each pillar offer plentiful inspiration for those looking to improve their own offering.

Let's take a look at each of those seven pillars in more detail.





Pricing & Promotions

Whether it's everyday value or the frequency and depth of the discounts on offer, a Retailer's ability to meet Customer expectations on Pricing & Promotions is one of the fundamental contributors to preference around the world. Pricing & Promotions – or some variation of that theme – is the most influential preference driver several of our most recent RPI studies. Generally, two issues tend to define the Pricing & Promotions pillar in our global research; low pricing even when those special offers aren't available and the availability of good discounts and promotions.

Leading retailers for Price & Promotion:

Korea: Costco



The US owned international conglomerate runs membership-based warehouses offering a limited range of bulk-buying options. Accordingly, while it scored very poorly in the Convenience stakes, Costco is the highest performing grocery brand in Korea under the Pricing & Promotions Preference Pillar.

Key to this success is that membership element; utilising the same model as its US equivalent, shoppers must pay for a Costco card before they can shop here. While this requires an upfront payment of ₩38,500 (equivalent to \$35USD / €30 at the time of writing), Customers then have access to a range of goods at near wholesale prices.



What Customers say they love:

"The store has a variety of products, the food is fresh, and the prices are low."

"There are many products that cannot be found elsewhere, the price is reasonable, and the quality is excellent."

"Fruits and vegetables are very fresh. There are many tasting corners where you can taste a variety of products. The price is low as you buy in bulk."

United States: Aldi



In a model that one commentator says is "upending America's supermarkets", Aldi's focus on rock bottom pricing has enabled it to take a significant chunk of the market; the company aims to operate 2,500 grocery stores in the US by the end of 2022, which would make it the country's third-largest grocery Retailer .

Aldi's low pricing model has garnered the attention of those Retailers sitting above it. With shoppers saving "up to 50 percent compared to traditional grocers" according to the Retailer , a fully-fledged price war has erupted in the US – with Walmart determined to win back the low-cost crown .

There is some way for the market leader to go yet, according to our RPI: Aldi was the top performer in the Price pillar in our most recent study, compared to Walmart's seventh-place finish.



What Customers say they love:

"Fantastic selection in a small store"

"Good food, good prices"

"Quick and inexpensive"



Instore Experience

The quality of the experience awaiting a Customer when they venture through the doors of a grocery store has always been an important part of a Retailer's value proposition. In 2020, however, Instore Experience has taken on something of a different meaning – having as much to do with a feeling of safety and wellbeing as it does with the look and feel of a chain.

For the purposes of our RPIs, however, we wanted to keep the focus firmly on the “traditional” definition of Instore Experience. Subsequently, responses about the quality of the store environment, the availability of helpful and friendly staff, the freshness of produce, and good private label products were all used to inform the Instore Experience pillar.

Leading retailers for Instore Experience:

France: Intermarché



One of the giants of the French grocery market, Intermarché is itself part of an even bigger collective; Les Mousquetaires, the global Retail group and parent for Intermarché, is also the owner and operator of sister brands Netto, Bricomarché (home appliances), and Roady (automotive).

In recent times, and testament to its strong performance under the Instore Experience pillar in our French study, Intermarché has been focused heavily on renovation. The successful launch of its “FabMag” concept store in Douvaine in 2019 gave the company the confidence to announce plans to update all of its 2,000 stores in that model over the medium term. This remodel of the existing Intermarché format includes a heavy focus on fresh and local produce, a wider selection of eat-in options, and promotional stations that showcase recipe ideas alongside the constituent ingredients.



What Customers say they love:

“The clean layout and clarity of the store.”

“The stores are simply laid out, and the staff are friendly.”

Spain: Mercadona



The Valencia-based retailer has been the RPI winner in Spain for two consecutive years, with instore experience as a key driver. Mercadona achieved its 25 billion euro in revenue through its 1,600 stores in a very unique way, known inside the organisation as the ‘totaller model’. Stores are set up for the customer to ‘delegate’ their selection process to the retailer, who ‘curates’ its assortment in an appealing, safe and enjoyable way giving the customer trust, satisfaction and ultimately time and energy back.

Mercadona scores highly against the criteria that define a good instore experience – helpful workers, clean stores, and a quick and convenient checkout – and has been particularly well-rated for the ease with which customers find the products they are looking for. This, along with a focus on reducing friction and maximising trust through private brand quality across categories, allows Mercadona to offer the ideal experience for their customers.



What Customers say they love:

“The store is near, clean, tidy and comfortable, and also has great customer service”

“The safety measures that they adopted from the first moment of COVID are impressive, they adapted and changed to provide maximum safety”



Assortment

Assortment has proved an important pillar for many countries in past years. The selection of brands and products on offer, stock levels, and a variety of sizes (i.e. single-serve vs. family) all make a real difference to the preference of today's Customer, and has always been an important part of a Retailer's value proposition.

With global supply chains disrupted and many shoppers forced or choosing to stay home as much as possible, it would be hard to imagine that the pandemic didn't have some impact on the importance of Assortment over the last year. But with our global RPIs conducted at different periods during 2020, it isn't possible to provide a definitive answer about the extent to which these events influenced the importance of Assortment to our survey respondents; all we can say with certainty is that store Assortment remains important to Customers globally.

Leading retailers for Assortment:

Portugal: Continente



Continente is one of the giants of Portuguese grocery, boasting some 22.5% market share at the time of our RPI. Operating both hypermarkets and supermarkets, the chain has around 550 stores across the country. Continente's value proposition aligns closely with its store portfolio, focusing heavily on broad assortment and frequent promotions and discounts; shoppers could reasonably expect to walk away from a Continente location carrying everything from fine organic chocolates to a new pair of hiking boots.

Being able to get everything they need in a single location is essential to Portuguese shoppers, resulting in the presence of a "One-stop-shop" Preference Pillar for the first and only time in our RPIs to date. Continente continues to hit that demand head on: the grocer launched 300 new private label products in 2018, and vastly expanded its organic range (Continente Bio) in 2020.



What Customers say they love:

"It has a big offering, broader than any other hypermarket."

"I can do all of my shopping there."

France: Picard



The French grocery market is different to many other European markets in that it is split quite significantly between specialist and non-specialist Retailers. While larger chains offer a broad selection of goods, French Customers tend to complement their weekly shops with trips to smaller specialists who cater solely for categories like meat, organic, or frozen goods.

Picard falls into the latter of the two camps, offering a dizzying range of frozen produce that has captured the collective heart of the nation. French shoppers legitimately adore Picard, heaping praise on a selection of frozen goods that offer everything from haute cuisine to regional favourites. The company is not resting on its laurels, either; range expansions between 2016 and 2017 saw it add 500 new products across Asian, Italian, and "New York-style" lines.



What Customers say they love:

"Lots of choice, which makes life easier."

"The variety of products, and their quality."



Convenience

A great shopping experience today isn't just about price, the quality of the goods on offer, or the look and feel of the store; it also has to be quick, easy, and frictionless. Convenience is the Preference Pillar under which we group those qualities, with questions here gauging the overall speed and simplicity with which Customers can shop, as well as the amount of time they spend at the checkout specifically.

In some countries, the convenience of store locations could also be found sitting under this pillar. In others, that issue was included as part of Instore Experience. Once again, Covid-19 likely holds some sway over responses under this pillar – making it fast and easy for shoppers to get in and out of bricks and mortar stores has been one of the major demands on Retailers during the outbreak.

Leading retailers for Convenience:

Germany: Lidl



Germany's fourth-largest Retailer, Lidl boasts around 10% market share. The company also has a pronounced international operation, with around 11,000 stores found throughout France, the United Kingdom, United States and a host of other countries.

Convenience is a major element of the Lidl offering; every store follows an identical layout, meaning that a shopper from Germany's southwest is likely to be just as comfortable navigating a branch on the fringes of Berlin. Crucially, its focus on wide aisles and simplicity has likely played a role in aiding its star performance under the Convenience pillar during the Covid pandemic.

The introduction of a free WiFi service in 2020 – LidlPlusWLAN – will have helped further, providing Customers with a quick and convenient way to check ingredients and product information .



What Customers say they love:

"It's clear and has the products I need."

"The large selection, the quick payment, the low prices."

"That you can find things so quickly."

Australia: Woolworths



Now approaching its centenary, Woolworths – or "Woolies", as it is affectionately known – is one of the mainstays of Australian grocery. Unsurprisingly, the company enjoys a significant presence in the market today; combined with Coles, the two Retailers process in excess of 60% of grocery sales here .

In 2018, and in response to new entrants into the sector, Woolworths announced that it would be shifting its focus away from price and towards convenience and range. Since then, the company has experimented with convenience-focused ideas including voice ordering, express delivery, and click-and-collect facilities in remote locations . In 2019, Woolworths partnered with fuel operator Caltex to launch a series of co-branded Caltex Woolworths Metro stores at selected service stations .



What Customers say they love:

"The atmosphere of the store the friendly service and staff, all the products they sell."



Digital

Online grocery experienced an unprecedented surge in 2020, with consumers around the world opting to have their shopping delivered direct to their door rather than venturing to a store. It follows that Retailers who make it easy to buy online, or provide a well-made mobile app will have thrived during this time, and both of those qualities form part of the Digital Preference Pillar.

While the significance of ecommerce in the grocery industry has undoubtedly grown dramatically during the past year, the quality of the Digital experience hasn't yet had an equivalent impact on consumer preference. Digital did factor in some of our global RPIs, but usually towards the foot of the table in terms of its importance; only in the U.S. and Korea is it a significant concern. As online continues to gather pace, though, we expect to see this issue to feature higher in subsequent studies.

Leading retailers for Digital:

United States: Amazon



Born digital, Amazon has a clear advantage over traditional grocery chains in its unparalleled ecommerce infrastructure. In a Preference Pillar that focuses on ease of online shopping and the quality of any accompanying mobile experience, few would expect to challenge what has become not just the biggest online Retailer, but the world's largest Retailer overall.

In the grocery space in particular, 2020 proved to be a banner year for Amazon; the company's online grocery sales tripled in the second quarter of the year as Covid's impact continued to be felt. Recent US-centric grocery initiatives by the giant have included its decision to accept SNAP (Supplemental Nutrition Assistance Programme) benefits from needy families, the expansion of delivery service AmazonFresh, and the introduction of AmazonFresh Pickup – a click-and-collect service available in selected cities across the country.



What Customers say they love:

"Convenient and reliable."

"Great values delivered to my home."

"You can find just about anything."





Communications & Rewards

Equipped as they are with a wealth of information about their Customers' purchasing habits, Retailers have never had a better opportunity to deliver personalised and insight-driven communications that help make shopping faster, easier, and more convenient. This is valued by consumers, too; Communications & Rewards plays an undoubted role in helping shoppers choose which stores to frequent.

While it may not be as powerful as some of the Preference Pillars outlined above in determining store preference, Communications & Rewards does still make an impact. Inspiration, useful ideas, and rewards feature frequently in our recent RPIs, albeit oftentimes as part of other pillars such as Instore Experience and Promotions.

Leading retailers for Communications and Rewards:

Italy: Esselunga



Italy is a market in which the quality of a loyalty programme matters more than most – 77% of the population here are signed up to Retail rewards schemes, compared to a European average of 66%. With data on 77% of spending at Italian grocery stores captured via those same loyalty cards, the opportunity for Retailers to deliver tailored rewards and incentives to their shoppers is pronounced.

Esselunga – which operates a network of more than 150 superstores across Italy – was the top performer on Communications & Rewards in our recent RPI. Fidelity, the company's loyalty card, has a penetration of higher than 90%, and allows shoppers to accumulate "Strawberry Points", which can be exchanged for a range of perks, including personalised offers, donations and prize items from a catalogue. It also provides access to reduced pricing on goods throughout Esselunga stores, and discounted cinema admission. Additionally, the "Scegli il tuo sconto" ("Choose your discount") scheme allows card holders to select six items on which to receive personalised discounts. Esselunga's app was already a market-leader, became even more invaluable in , allowing customers to monitor peaks in store and to book their position in the queue outside the store.



What Customers say they love:

"I can find everything, it's clean, has a good loyalty program and the staff are always helpful."

Canada: Real Canadian Superstore



Part of the Loblaw Companies Group – also the owner of the widely available President's Choice private label brand – Real Canadian Superstore has been part of the Canadian grocery landscape since the late 1970s. The banner follows the traditional superstore format, focusing primarily on groceries with secondary offerings including electronics, homewares, clothing, pharmaceutical services, and more.

PC Optimum, the company's loyalty programme, is explicit about its use of Customer data in the provision of personalised rewards. With the card valid across the Loblaw group (with sister companies including Loblaws, No Frills, and Joe Fresh), offers are generated for shoppers based on their personal spending patterns. Insiders – a supplement to the Optimum programme – is a subscription-based rewards programme that offers 10% back on all purchases, priority pickup, free shipping, and a host of other benefits.



What Customers say they love:

"Has almost everything I need."

"Good availability at a very reasonable price."

"Everything in one place."



Organic & Sustainable Produce

The undoubted outlier amongst the seven pillars, Organic & Sustainable Produce features in only a few of our RPI studies. The strength of sentiment behind this issue is such, however, that it warrants discussion here. As might be expected, this Preference Pillar is about the range of organic goods on offer, the availability of locally grown produce, sustainable business practices, and a Retailer's awareness of its impact on the environment.

Only in Thailand (where it is the most important pillar) France and Germany does Organic & Sustainable Produce gather enough support to warrant a pillar of its own, but there are hints as to its importance in other studies, too – the U.S. and Canadian reports amongst them. As with Digital, with concerns about personal and environmental wellbeing on the rise, we expect to see this pillar enjoy greater prominence in the years ahead. It is also important to note that in some markets (Thailand, France), quality is part of this pillar. So stores that are seen as having good organics/sustainability are also seen as having high quality products overall.

Leading retailers for Digital:

France: Biocoop



Another of France's smaller, specialist grocery Retailers, Biocoop has grown to become a formidable force in the organic goods market. Founded in the early 1980s, the company's growth during the past decade has been pronounced, its revenues doubling from around \$687m in 2012 to a forecast \$1.6bn by 2020.

Its commitment to Organic Produce & Sustainability is unwavering. In 2017, the company sought counsel from the French public on how best to build a more sustainable and responsible society. With suggestions including a reduction in tax on organic produce and a ban on the use of pesticides, Biocoop then presented a 21-item proposal to President Macron. More recently, it has partnered with Vegg'Up – an app that encourages shoppers to reduce their consumption of meat. Vegg'Up allows users to scan vegetable produce in store and receive relevant recipe suggestions.



What Customers say they love:

"A wide range of organic products."

"Organic products and their ethical commitment."

"Product quality and Biocoop's commitment to local products."

Germany: Edeka



Edeka is Germany's largest grocery Retailer, operating some 7,000 stores that generated revenues of €55.7bn in 2019. The Edeka network is made up of seven regional wholesalers and around 3,700 independent business owners – or, EDEKAners, as the company likes to call them.

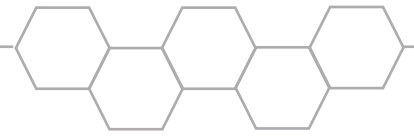
Organic Produce & Sustainability is a big focus for the company, recognised as the highest performer in this Preference Pillar by German shoppers. Edeka has a long-standing partnership with the World Wildlife Fund, which focuses on improving the sustainability and environmental friendliness of products and supply chains. 95%+ of the company's private label packaging has been converted to FSC-certified materials since 2013, and the company has been trialling green hydrogen as a fuel source in an attempt to reduce traffic emissions across its vehicle network.

Edeka also operates Naturkind – a highly regarded and rapidly growing line of organic food stores.



What Customers say they love:

"Very good offers depending on the season. Great own brand, and the vegan Edeka organic products especially are very good."

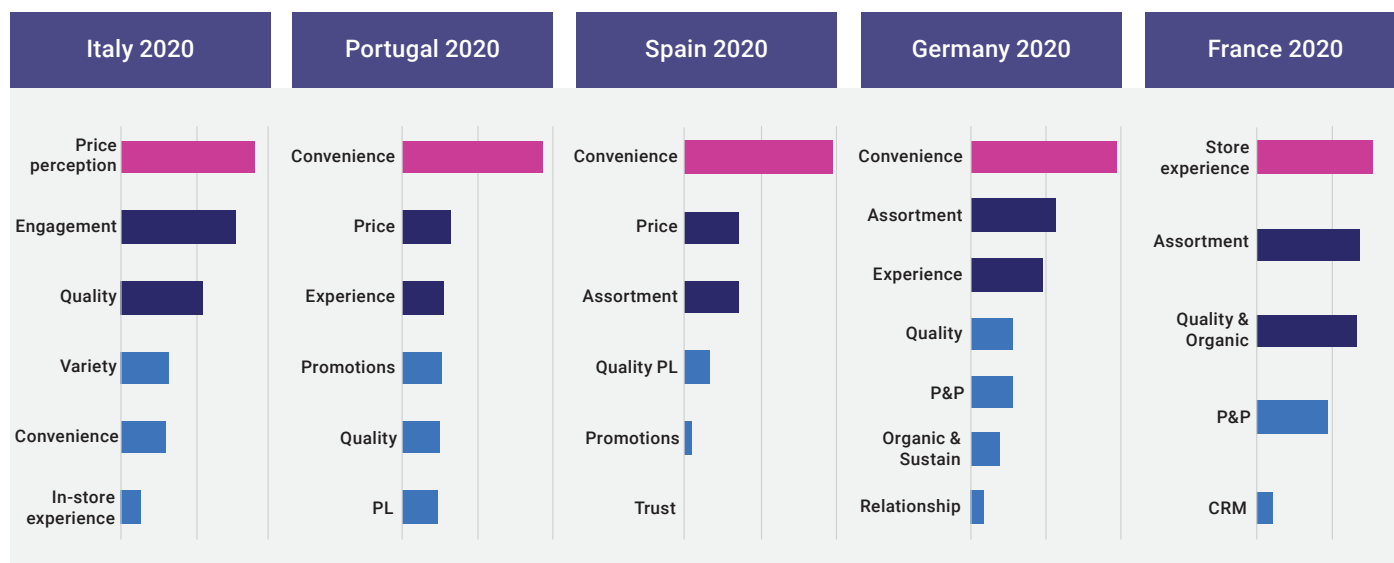


The dunnhumby Retailer Preference Index studies at a glance

Country	# retailers	Highest RPI	Pillar 1	Pillar 2	Pillar 3
Australia	5	Woolworths	Convenience/ quality	Assortment/ Communication/ Promotion	Price
Korea	23	Costco	Price/ promotion	Store Experience	Convenience
Germany	12	Rewe	Convenience	Assortment	Store Experience
France	21	E. LeClerc	Store Experience	Assortment	Sustainability/ Quality
Italy	16	Esselunga	Price/ promotion	Communication	Quality
Portugal	8	Continente	Assortment	Price	Store Experience
Thailand	12	Tesco	Sustainable/ quality	Assortment	Convenience
Spain	15	Mercadona	Store Experience	Price	Assortment
USA	60	Amazon	Price	Quality	Digital
Canada	20	Costco Wholesale	Prices	Product Quality & Variety	Discounts & Rewards



A Focus on Europe



In 2020 we ran the RPI across multiple European markets: France, Germany, Italy, Spain and Portugal, and in comparing the results we have identified 2 main trends:

1. Both convenience and in-store experience are fundamental preference drivers in most market
2. There is an increasingly strong link between price and emotional connection with the retailer.

Convenience and in-store experience are important

The Covid-19 pandemic has had a profound impact on our health and economies, but not only that: some of the most important consequences of the Coronavirus are social.

The spread of the virus around the world, the measures took by the various governments to limit the infection and the widespread sense of fear among the global population have created in a few months new lifestyles, with new shopping habits and new food habits, as well as new ways to find entertainment.

Convenience has become a priority: customers have preferred the stores near home, reducing the number of visits to reduce the risk of contagion. Convenience stores have improved their performance in most of the markets, for instance, +5.8% in Italy, and +8.6% in France.

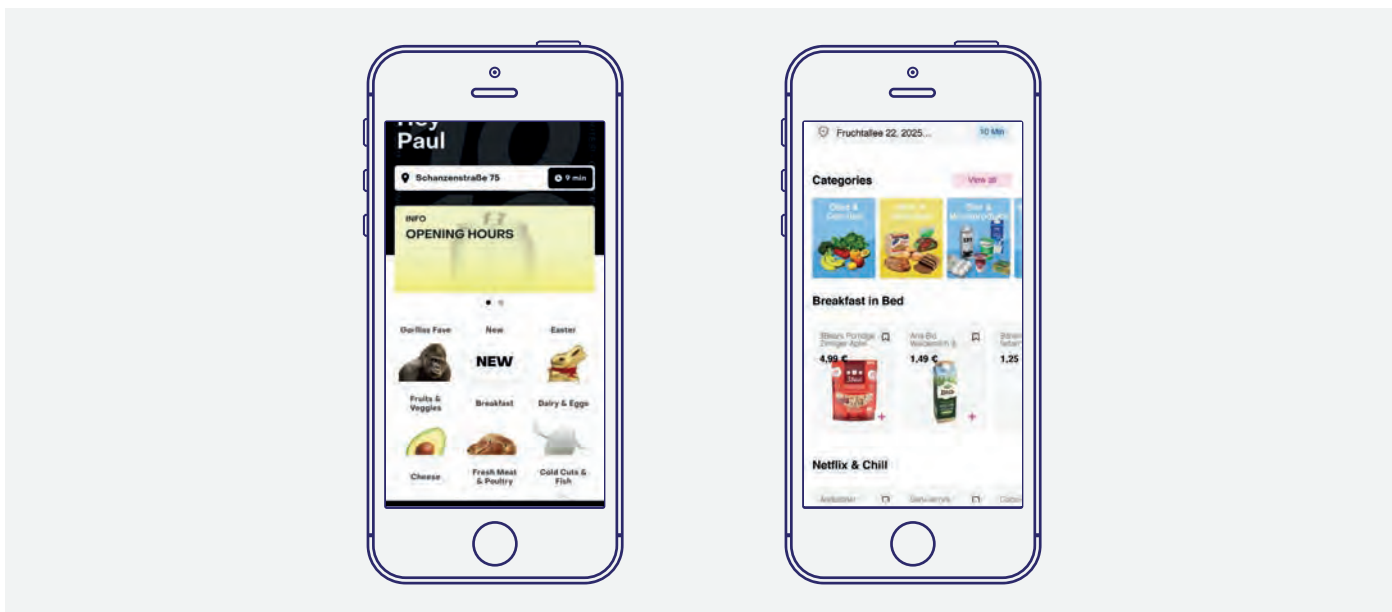
In addition, a large number of customers have tried shopping online for the first time, and grocery e-commerce has hugely increased in all the markets, despite being still relatively small and with strong growth potential.

	ecommerce food penetration	ecommerce growth 2020
France	8.0%	55%
Germany	1.3%	35%
Italy	2.0%	70%
Spain	3.0%	60%
Portugal	2.0%	60%



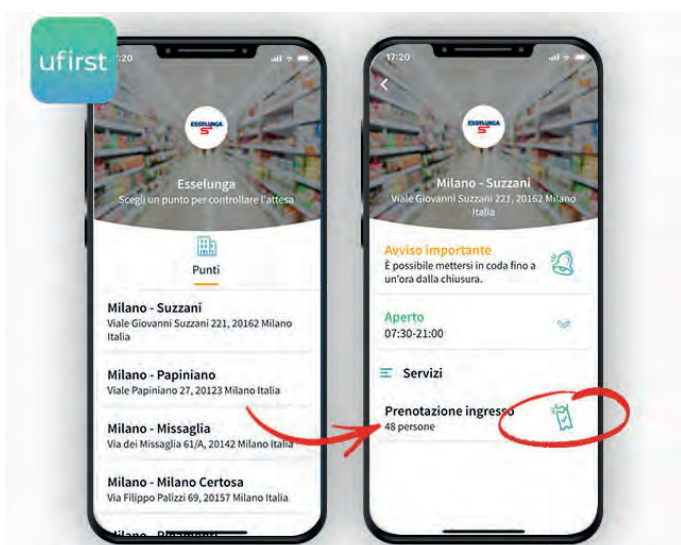
The digital transaction has therefore become a priority that has emerged with force in recent months, to offer customers first of all convenience and speed.

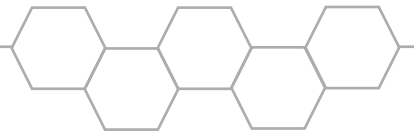
For instance, a trend currently gathering pace since the start of the pandemic is the emergence of the “grocery on-demand” services. Deliveroo is growing in importance, and many grocers themselves now offer services with deliveries within 2 hours. The most extreme versions of this boast 10-minute delivery times in certain neighbourhoods. Gorillas offer this in NL, UK and DE, and Flink also offers the service in Germany.



But digitalization shouldn't offer just convenience, it should also provide information, entertainment and above all safety.

Apps have played a crucial role in this environment, with most of the retailers deploying or evolving their tools. Let's look at a few examples here, starting with Esselunga in Italy. At the beginning of the pandemic, it was not uncommon for customers to queue for hours to buy and leave with their groceries. Now, using their app, you can book your position in the queue and wait comfortably at home.





Lidl and Eroski in Spain represent an example of the evolution of the tool through gamification, aiming to strengthen customers experience through gamification, in-store and at home.

Through Lidl's interactive roulette the client can scan after every shopping and win prices or discounts. After a 30 € shopping at Eroski, you can play and win a gift for your children.

Juego interactivo (Ruleta)

- Juega una vez finalizas la compra y siempre ganas algún premio que aparece en tu sección de cupones.



Juega y gana (Jackpot)

- Compra (€30), consigue participación, y posibilidad de ganar ahorro.



The emotional and empathic component has always had central importance in the relationship between brand and customer. If possible, at this particular historical moment, the bond should be strengthened even more. People, during this period of Covid emergency, need information, support, and assistance almost continuously, in-store and online. Customer care, therefore, becomes part of the shopping experience and is a priority for customers in this period.

We noted that this is the most important preference driver in all markets where we ran the study except for Italy, where the share of convenience stores, including shops such as butchers, bakeries, greengrocers, etc. is among the highest. We, therefore, assume that the convenience driver, which includes store proximity is taken as a given for Italian shopper. In Italy, other factors such as "information and listening" are, however, very important and fall under the second pillar, which is "engagement" in this market.



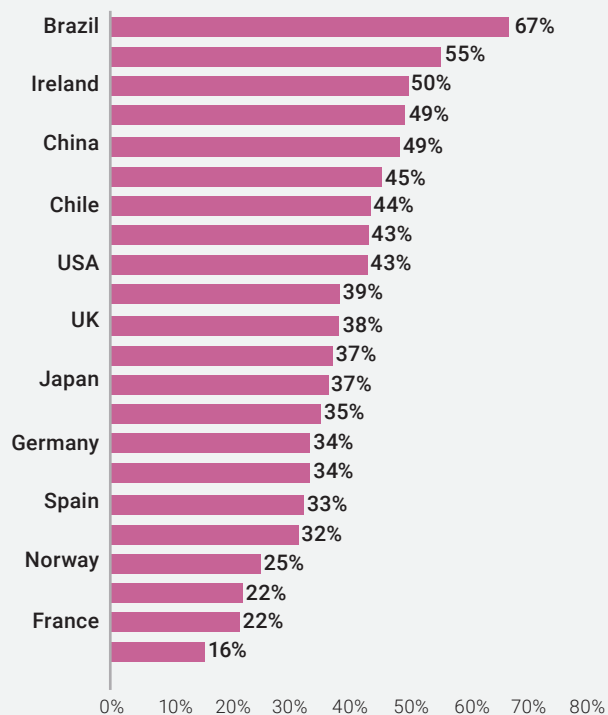
Price perception condition emotional engagement

From the “Covid-Pulse” research that we regularly run, we have noted that three factors are putting pressure on food budgets and pushing value to the forefront of how people make choices:

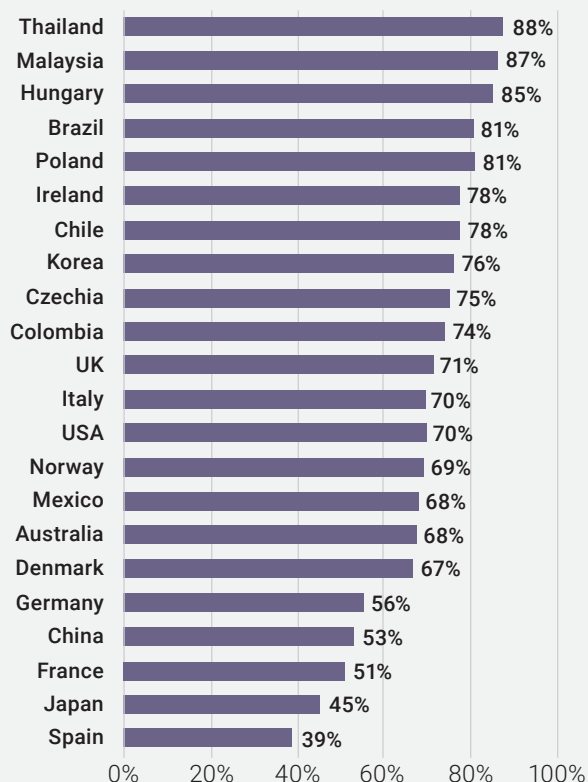
1. They are spending more on food for the home than before the pandemic
2. Many perceive the price of food going up
3. People are concerned about their financial situation as well as their countries’ economies

These remain strong and consistent trends over time and in all markets, as the underlying pressures remain and are leading to value-seeking behaviour among the majority of customers.

% who feel they are spending more on food



% of Value Seekers in each country



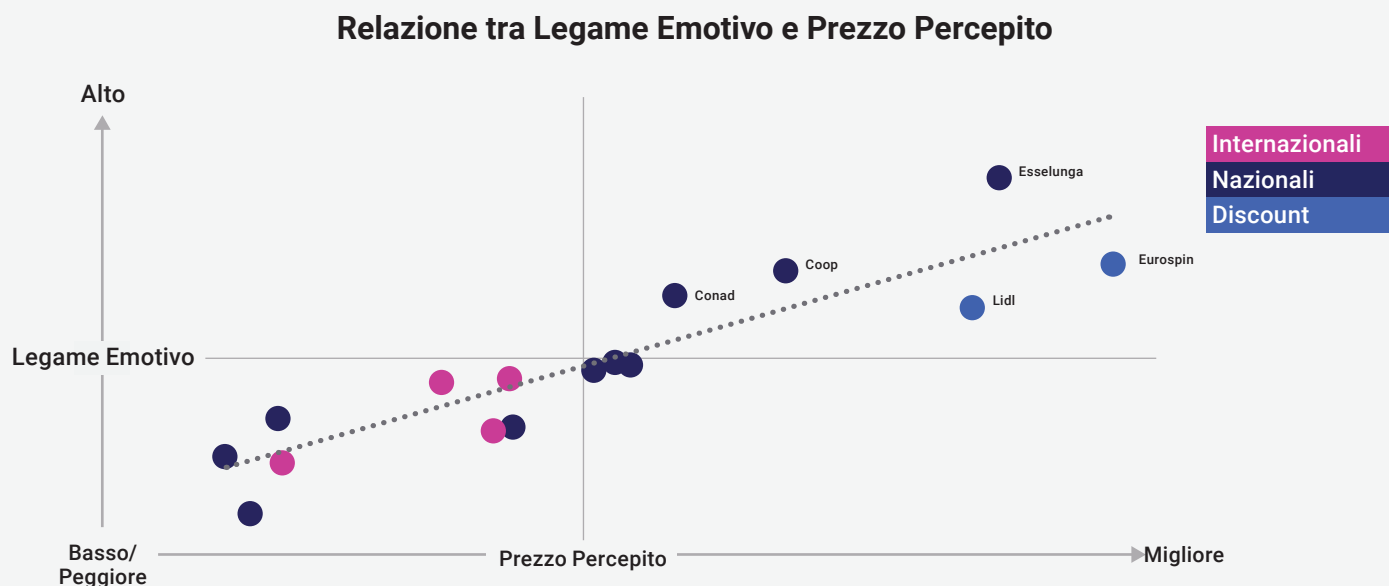
Customers are worried about the future and therefore are trying to save money when they shop. In the past the stronger link was between emotional connection and quality, now it's between emotional connection and value, in the form of:

1. Competitive and stable prices.
2. Good promotions to give them the chance to save a bit and stock up
3. Personalized promotions on their favourite products.
4. A good alternative coming from private label, from which they expect the same quality as the brands with a price of at least 20% cheaper.

Stores that offer a good balance of these four factors generate trust and a willingness to recommend in their shoppers.



This example is from Italy, where the strong correlation between emotional link and value is clear to see:



As a consequence, several discounters achieved especially good results in the RPI. From the chart above you can see the good results for Eurospin (a local player) and Lidl, which is very strong in the other market as well. Mercadona is the winner in Spain, offering a good range of private label and low prices. In Germany, the main discounters Aldi Nord and Süd, and Lidl, scored very well within convenience, promotion and price as well as all falling in the top half of the overall preference ranking.

Improving customers value perception is therefore key to strengthen the relationship, and therefore to win customers' choice.





Conclusion: the global view

The benefit of running a series of global studies that follow the same framework is that we're able to explore Retailer preference in two distinct ways.

The first of these is the micro view, deep dives into the factors that drive preference at local level. These insights help us provide an informed overview of the areas in which Retailers might want to focus in order to win the hearts and minds of Customers in a single country.

The other, naturally, is the macro view. With several RPI studies now behind us, we're able to take an aerial view of the grocery Retail landscape and see what distinctions and commonalities there are around preference at a global level. Below are some of our learnings when taking the global view of Retailer preference.



Price and Quality reign

Across all of our studies, one thing came through loud and clear: more than anything else, shoppers care most about price and quality.

Different markets communicate this in different ways. Sometimes, promotions are part of the pricing mix, sometimes they are not. Quality can refer explicitly to goods or include everything from the instore environment to organic produce. But regardless of the precise elements that define price and quality, only one thing matters – Customers want the best Retail experience possible at the lowest possible price.

In separate – Covid-related – studies conducted by dunnhumby over the past 12 months, we've seen growing concern from shoppers around the world that the price they are expected to pay for groceries is rising, just as their own spending power is shrinking and they spend more on groceries and less on restaurants. This sensation is only likely to deepen as the economic consequences of the pandemic continue to play out. Meeting expectations around Price and Quality will play a vital role in winning and retaining Custom during this time.



Additional opportunities for differentiation

Alternative preference drivers like Digital, Convenience, Assortment, Communications & Rewards – can all be useful amplifiers for improving preference. Retailers must meet primary needs around value, but by understanding which factors are most important to their Customers, they can also bolster their overall proposition.

In the race for preference, our RPI studies point to the need for balance. Banners that do one or two things incredibly well but fail to appeal to wider needs rarely make it to the upper end of the rankings. Knowing which levers to pull – and how far to pull them – is an essential skill.



True Customer insight is invaluable

One thing is certain: there is no universal formula for the perfect grocery experience. Different shoppers care about different things, and that remains the case when we pull back and look at preference on a global scale; no two RPI studies feature the same combination of Preference Pillars in the same order. Retailers truly need to understand their Customers at a local – and ideally, personal – level in order to meet their expectations.

The good news is that there have never been better opportunities to do just that. Retailers have access to some of the richest and most informative datasets on earth, something that the growing trend toward online grocery is only helping to cement. By harnessing that data correctly, and interpreting it effectively, any Retailer can get the definitive answer as to what it is that their Customers truly want.



dunnhumby is the global leader in Customer Data Science, empowering businesses everywhere to compete and thrive in the modern data-driven economy. We always put the Customer First. Our mission: to enable businesses to grow and reimagine themselves by becoming advocates and champions for their Customers.

With deep heritage and expertise in retail — one of the world's most competitive markets, with a deluge of multi-dimensional data — dunnhumby today enables businesses all over the world, across industries, to be Customer First.

The dunnhumby Customer Science Platform is our unique mix of technology, software and consulting enabling businesses to increase revenue and profits by delivering exceptional experiences for their Customers — in-store, offline and online. dunnhumby employs over 2,000 experts in offices throughout Europe, Asia, Africa, and the Americas working for transformative, iconic brands such as Tesco, Coca-Cola, Meijer, Procter & Gamble, Raley's, L'Oreal and Monoprix.



Connect with us to start the conversation

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