InContext

The Natural Next Step in Online Retail:
The V-Commerce Experience

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

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INTRODUCTION

In the shadow of COVID, the face of grocery shopping has been forever changed. In late March and April of 2020, retail foot traffic plummeted, 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 after the COVID-19 outbreak, up 39% from before the pandemic.* Post-pandemic, e-grocery sales are expected to climb from nearly $35 billion to more than $250 billion, and by 2025, online grocery shopping is expected to double.**

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.

Until now.

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 we slowly move toward in-person activities once again. Shoppers will head to the fastest, most convenient, and least frustrating place to do that. 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.
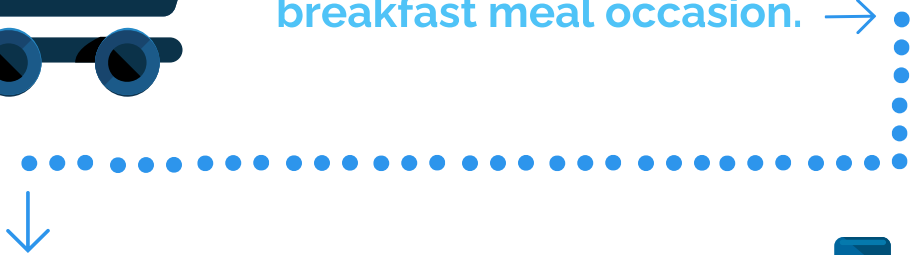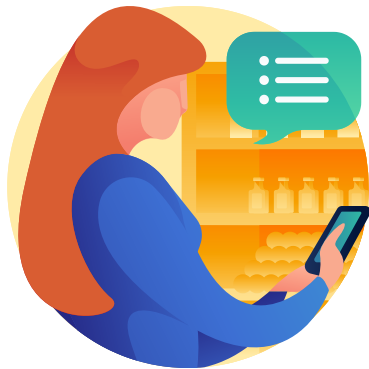
Let's explore how.

METHODOLOGY

When it comes to shopper research, we're not beginners. We conducted a nationwide study of **400 primary grocery shoppers** to understand if v-commerce truly had legs.

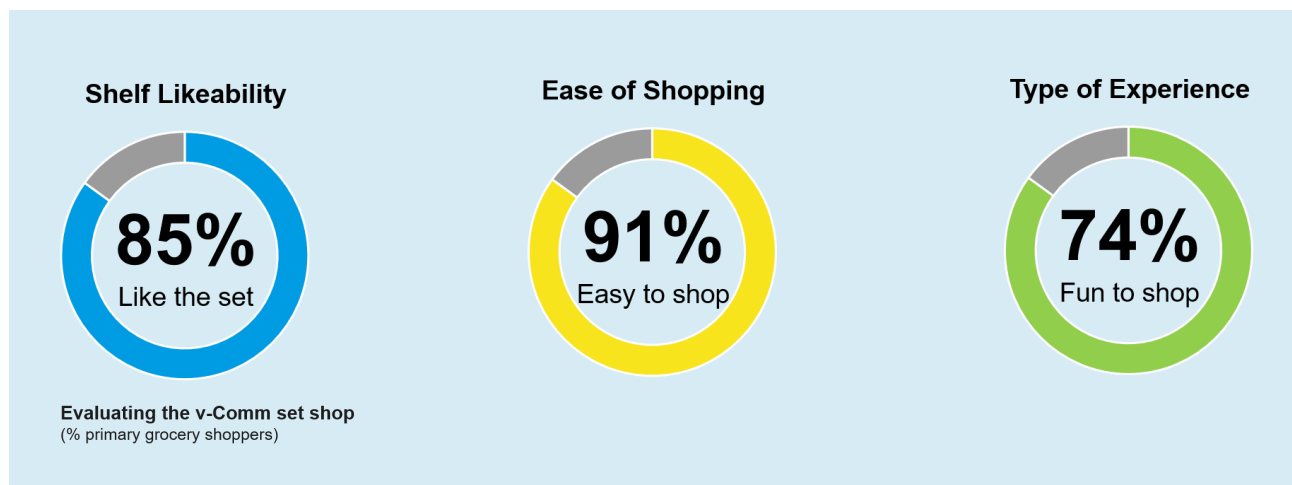Shoppers were asked to complete an online virtual shopping trip for the breakfast meal occasion. →

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

Then they were asked their perception of the experience.

WHAT SHOPPERS ARE SAYING

Shelf Likeability

85%
Like the set

Ease of Shopping

91%
Easy to shop

Type of Experience

74%
Fun to shop

Evaluating the v-Comm set shop
(% primary grocery shoppers)

Shoppers truly seemed to enjoy the virtual shopping experience. **85% of respondents said they liked the set, and three of four respondents said the experience was fun to shop**.

Simplicity also seemed to come into play, with 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.

When digging deeper into what respondents liked about their virtual grocery shopping experience, we

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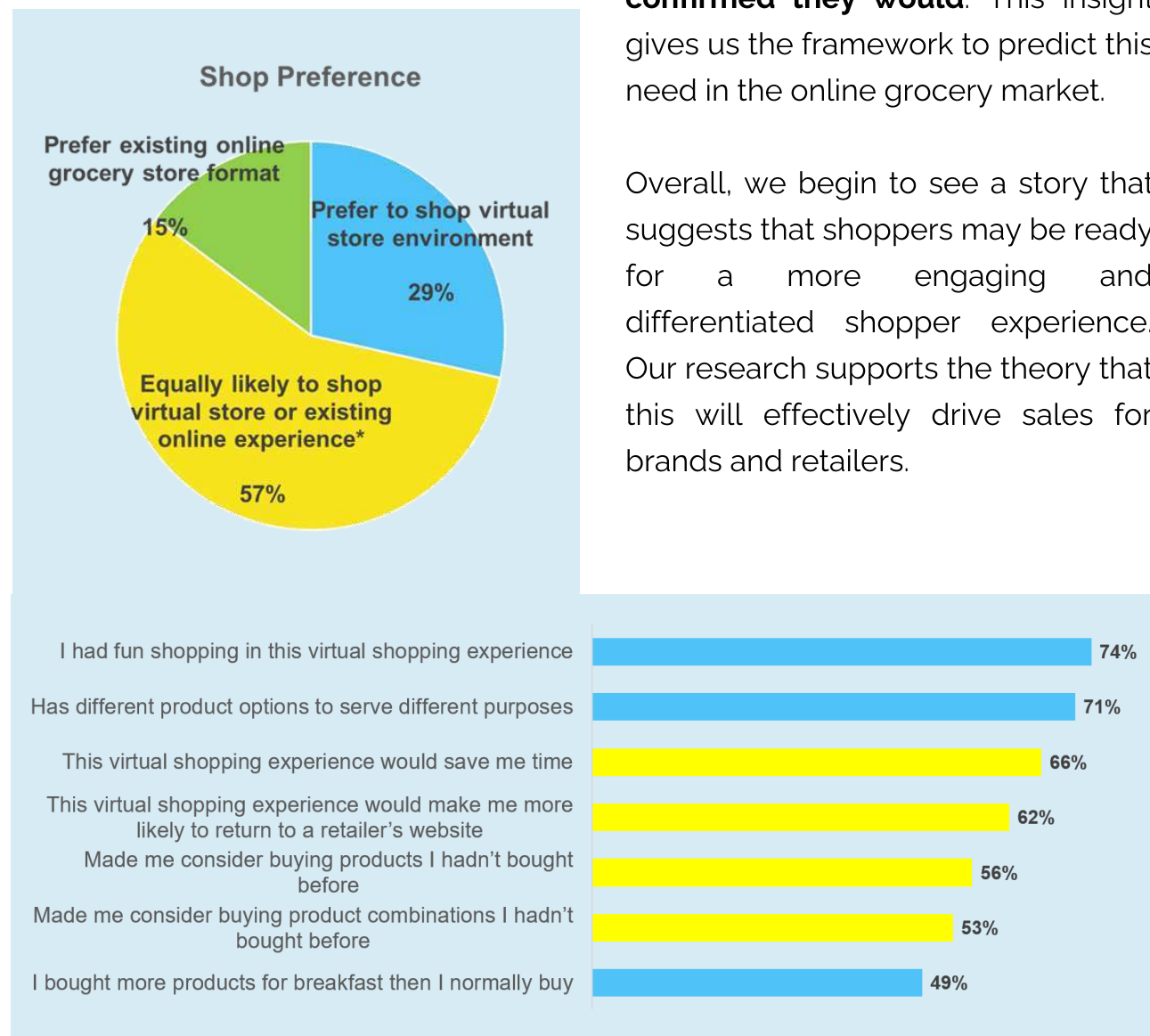
This leads not only to an improved shopper experience, but also larger basket sizes that could increase profitability for retailers over time.

WHAT SHOPPERS ARE SAYING

We also found that shoppers were two times more likely to prefer the v-commerce shopping experience to their existing online grocery experience.

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.

Shop Preference

Prefer existing online grocery store format
15%

Prefer to shop virtual store environment
29%

Equally likely to shop virtual store or existing online experience*
57%

I had fun shopping in this virtual shopping experience	74%
Has different product options to serve different purposes	71%
This virtual shopping experience would save me time	66%
This virtual shopping experience would make me more likely to return to a retailer's website	62%
Made me consider buying products I hadn't bought before	56%
Made me consider buying product combinations I hadn't bought before	53%
I bought more products for breakfast then I normally buy	49%

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.incontextsolutions.com

RESOURCES

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

** Online grocery to more than double market share by 2025 - Supermarket News, September 2020

+ 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