

Future Perspectives in Online Grocery Shopping – An Online Marketplace for Manufacturers, Retailers and Consumers

While online grocery shopping (OGS) is increasing over the last years (Grashuis et al. 2020; Yelamanchili et al. 2021; Brüggemann & Pauwels 2022) it is not yet clear to what extent it will (partially) replace brick-and-mortar retail (Brüggemann & Olbrich 2022). OGS seems to be limited especially due to limited assortments and availability. Moreover, fierce and ruinous competition rages here. For example, Gorillas attracted customers providing deep discounts (Bloomberg 2022). This strategy led to Gorillas having to lay off many employees (Gorillas 2022) and being acquired by Getir (Financial Times 2022). Another player, Flink, is currently looking for new investors, as they need fresh money (Handelsblatt 2023). To my knowledge, there is no provider that is able to operate OGS economically. While a large number of market entries, only few of them will survive in the long term. Thus, an increasing concentration in OGS will take place in the coming years. This will lead to a high retail concentration, analogous to the present situation in German brick-and-mortar retailing (Olbrich et al. 2016). As a consequence, retailers will probably push their own private labels (PLs), which increasingly puts pressure on manufacturers of national brands (NBs) (Olbrich & Grewe 2013). Problematically, this can lead to negative effects on consumer welfare (Olbrich & Buhr 2007). Accordingly, here is a need for novel ideas for the future of OGS. Figure 1 outlines an overarching online marketplace as a national or international ecosystem for OGS to bring together manufacturers, retailers, and consumers. Previous research criticized that consumers can only meet a portion of their needs through OGS. As a result, even those consumers who already use OGS frequently (have to) continue to shop in brick-and-mortar stores (Brüggemann & Olbrich 2022). The level of attractiveness of OGS may increase by an overarching online marketplace offering NBs and PLs from both retailers and industry. Thus, this approach can overcome current obstacles by enabling consumers to meet all of their food needs through one online marketplace. In addition, the ability to optimize shopping baskets and delivery costs could provide consumers with greater convenience.

Furthermore, offering products and distributing them via such a digital ecosystem can strengthen the industry's position. The need for this has been discussed frequently in Europe in recent decades (Olbrich & Buhr 2004, 2005). For retailers, this online marketplace might be an opportunity to combine online and offline retailing.

Taken together, an online marketplace may help to reduce current drawbacks of OGS (e.g., limited assortments and delivery availability, high delivery costs, or questionable practices like umbrella pricing). However, it should be emphasized that even if an overarching online marketplace could be economically beneficial, such an approach may still fail, for example, due to high complexity, conflicting interests of industry and retail, or consumer acceptance. However, the use of such an online marketplace for food retailing should be investigated in further research and concretized and tested in practice.

References upon request

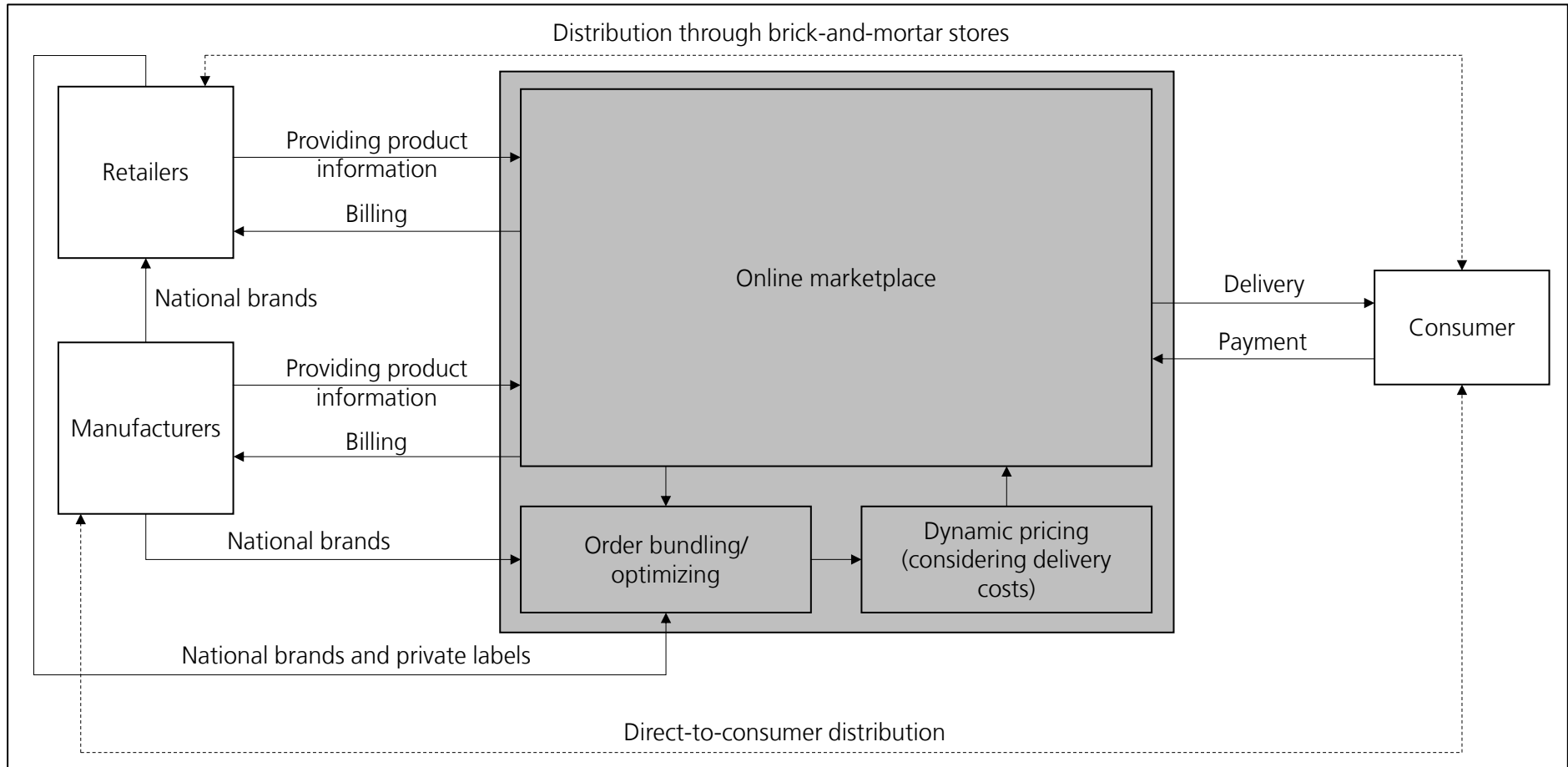


Fig. 1: Online marketplace for OGS (Brüggemann 2023)