



IS HOME DELIVERY HERE TO STAY AFTER THE PANDEMIC?

Many people who tried to secure well-appointed supermarket delivery slots when coronavirus hit found they were as scarce as hand gel and toilet paper. Tom Fender, development director at data and digital specialist TWC, says: "C-stores stepped in to fill the void when all supermarket home delivery slots filled up during Lockdown One." The House of Commons Food and Rural Affairs committee's Covid-19 and Food Supply report said in July that more than 46,000 c-stores had either launched home delivery services or ramped up existing ones.

The Association of Convenience Stores' Covid-19 Impact Survey reported that same month that local shops had provided more than 600,000 home deliveries each week in their communities since the start of the pandemic. Its chief executive, James Lowman, told Independent Retail News he expected a further increase during England's second lockdown. Dawood Pervez, managing director at Bestway Wholesale, says: "The

growth of home delivery across 2020 has been rapid, with Covid understandably providing the catalyst for rapid change."

Telephone ordering

Giles Morrell, who owns a Spar store in Stourport, Worcestershire, began with a telephone-based order system, as he told the 2020 AF Blakemore Spar Retail Show in October. He was getting 30 to 50 calls a day almost from the off. Before long, he concluded he had long-term opportunities and decided to link with third-party delivery solution Snappy Shopper, which provides retailers with an e-commerce home-delivery and click-and-collect system. "The supermarkets couldn't supply people locally. The word spread. We got busier and busier," Morrell recalls.

Snappy Shopper gave him an online and app-based platform that enabled him to have a digital store front. "It was exactly the digital platform I was looking



Giles Morrell

TOP TIPS FROM BESTWAY

Dawood Pervez, managing director at Bestway Wholesale, offers the following advice to independent retailers running home delivery:

- Advertise on leaflets, in-store, and on Facebook.
- Produce a store flyer advertising delivery to care homes, local communities and by hand to customers.
- Create a customer database you can contact, whether by email, social media, or telephone.
- Work with suppliers to promote home delivery by offering freebies, such as "order over £25 and get free biscuits, cakes or muffins".
- Set a minimum order value of £20 or 10 items, which will help retain margin.
- Upsell on deliveries through promotions and innovative products, and through getting to know your customers and their preferences.

Source: Bestway Wholesale

for – the ability to pull data and quickly add, delete or modify products was a lot simpler than I had thought."

Costcutter Supermarkets Group launched a partnership with Uber Eats more than a year ago and it recently signed a new partnership with Appy Shop, not to be confused with another third-party, Shop Appy. Appy Shop will provide Costcutter independents with another route to offer home-delivery and click-and-collect services or build on a local operation they may already have in place. Costcutter group marketing director Sean Russell says:

"Centralised partnerships also enable us to offer retailers access to a favourable package, including discounted sign-up costs and superior margins."

Scale and complexity

Many retailers have made mistakes with speed of implementation. Scott Annan, founder of consultancy Blue Ananta, says independents should remember that home delivery is less than 5% to 10% of total business. Lowman says the scale and complexity of their operations is one of the main reasons the multiples have struggled with profitability. "Local shops have the advantage of being able to focus deliveries on a small geographic area, and independents in particular have the flexibility to manage delivery costs smartly: for example, doing delivery runs on the way to the cash and carry."

Philippe Rondepierre, marketing director of Snappy Shopper, says the key is to invest in building repeat trade, which he says is achieved through excellent service such as availability and on-time delivery as well as incentives such as free deliveries for new users until they become reliant on the service. "We know shoppers expect a small charge for deliveries. What our model



Philippe Rondepierre

allows is for retailers to deliver at in-store prices and that is incredibly important as it helps generate a basket spend that is four times that of an average bricks-and-mortar convenience store, which means the cash profit potential is also higher."

Deliveries are habit-forming for shoppers, Rondepierre explains. "Once they have »

CASE STUDY: SPAR PARKFOOT

David Charman, of Spar Parkfoot in Kent, says: "We see this as an extension to our business that will be here to stay.

"We can be better than the supermarkets, because we can be more flexible, communicate with customers, and give them exactly what they want.

"People can order fillet steaks and they can

select whether they want them thick or thin. We offer a next-day service.

"We turned over £2,000 to £3,000 a week during the first lockdown. That continued at £1,500 to £2,000 a week outside of lockdown.

"We built our own platform. I didn't want to be with a third party, because I wanted to be in complete control."



CASE STUDY: TAYLOR'S OF TICKHILL

Nisa retailer Chris Taylor, of Taylor's of Tickhill near Doncaster, says: "We are servicing roughly 100 people a week, but since lockdown we've done more than 3,000 deliveries just in Tickhill. It's not as profitable as having the doors open and people walking in. But we've also found that

footfall's dropped off."

Staff pick goods for delivery when the shop is closed early morning, but Taylor says it is worth it. He levies a charge of £3.25 for the service. "We've learnt how to make it more efficient, so it really is remarkable what we can put through in an hour in the morning."



experienced the opportunity to order a meal for a night in without leaving the comfort of their sofa, they tend to find real value in a small delivery charge. Delivering for free helps build loyalty and repeat trade, but it doesn't have to last for ever."

Amazing volumes

Consultant John Heagney, a founding partner of the C-Store Collective, cautions: "Without naming specific platforms, there are some huge fees levied and consumers may assume that the retailer is pocketing the extra costs and that will generate a negative view." The only model he has seen that works "extremely well and is doing amazing volumes, making large profits and with a low-cost base" is Justin Whittaker's MJ's Premier, in Royton, Greater Manchester. "MJ's is turning over £20,000-plus a week from scratch in a relative short time, delivering to a three-mile radius within 30 minutes in two Smart cars. They wrote the software in conjunction with Premier and pay only minimal hosting charges. They lead the field by miles," Heagney says.

Data is everything. Pervez says: "Retailers also need to be conscious of the fact they will want to own their own customer data and information – so would need to be reassured as to where the ownership of this data fundamentally lies." John Kinney, sales and marketing director at Unitas Wholesale, agrees: "There are numerous providers of home shopping platforms, some better than others. Retailers should ensure they do their homework and make sure they protect their data if they do embark on this journey."

Fender says investing time in analysing the data to identify trends or



John Heagney

patterns can lead to even higher sales. "Making a home delivery service work is all about knowing your customer and what matters to them on an individual level. And data has a central role to play." Order history is hugely valuable, Fender says, and investing time to set this up in the right way will pay dividends and increase profitability. "For example, take upselling against items ordered: if someone orders gin, do they need tonics? Pizza – a dessert? A snack – do they need a soft drink? If you can see someone loves rosé wine, let them know if you have a new selection in, and ask if they would like to try? Promote product lines with the specific aim of upselling," Fender suggests.

Return to normality

With promising vaccines on the horizon, dare we look beyond Covid? Not all experts agree on the outlook. "Looking forward to post-Covid, when normality returns, the current spike in home shopping from local stores will wane, so my advice is tread carefully," warns Heagney. But Spar UK format proposition manager Ross Stoddart disagrees. "We have seen huge growth in the number of stores offering the service this year and while this may plateau briefly when life goes back to 'normal', there will be continued growth in online food retail. Home delivery will not have the same profitability as sales through a store. However, by offering the service, retailers can grow and protect top-line sales."

David Charman, who owns Spar Parkfoot, in Kent, says: "People will get used to having their goods delivered and they won't want to go back." Do not try to compete with the multiples on price, urges Fender. "There's just no point." Instead, focus on developing a unique approach all of your own, he suggests.

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