



 Allume Group

eCommerce
Insider Quarterly
| EIQ Report

Q1 2022

Allume Group Quarterly Report

About the Author



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eCommerce educator & writer



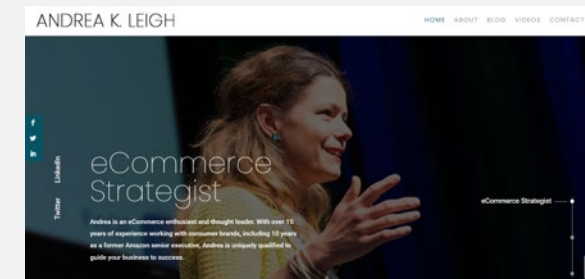
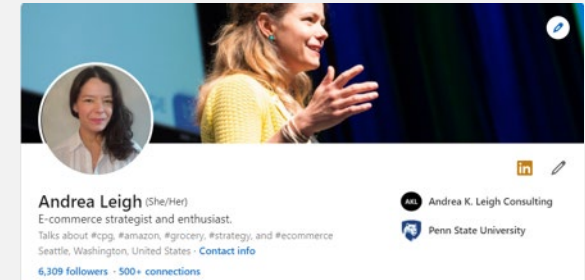
- Founder & CEO, Allume Group
- Former VP of Ideoclick, an Amazon managed services agency
- 10-year former Amazon Category Leader
- Top 100 Retail Influencer, eCommerce writer, speaker, and podcaster (CPG Guys)

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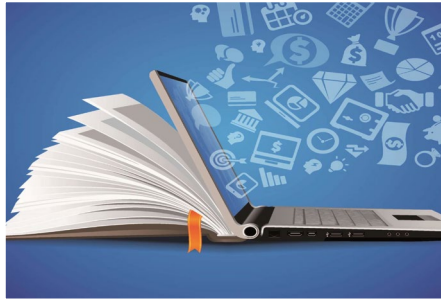
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Manufacturer and retailer share groups



"I loved the thought leadership and the "predictions" piece. It really gave me some ideas to think about in working with Amazon (what's in it for them? what are their underlying goals, outside of beauty)?" - L'Oreal

Agenda

Summary

Trends & Predictions

L.E.A.P. into the Future

Suggested Reading List



Summary



2021-2022 Trends

- Brand and retailer transformations
- New habits for consumers
- Digital-first everything
- What's next?



Question for Reflection

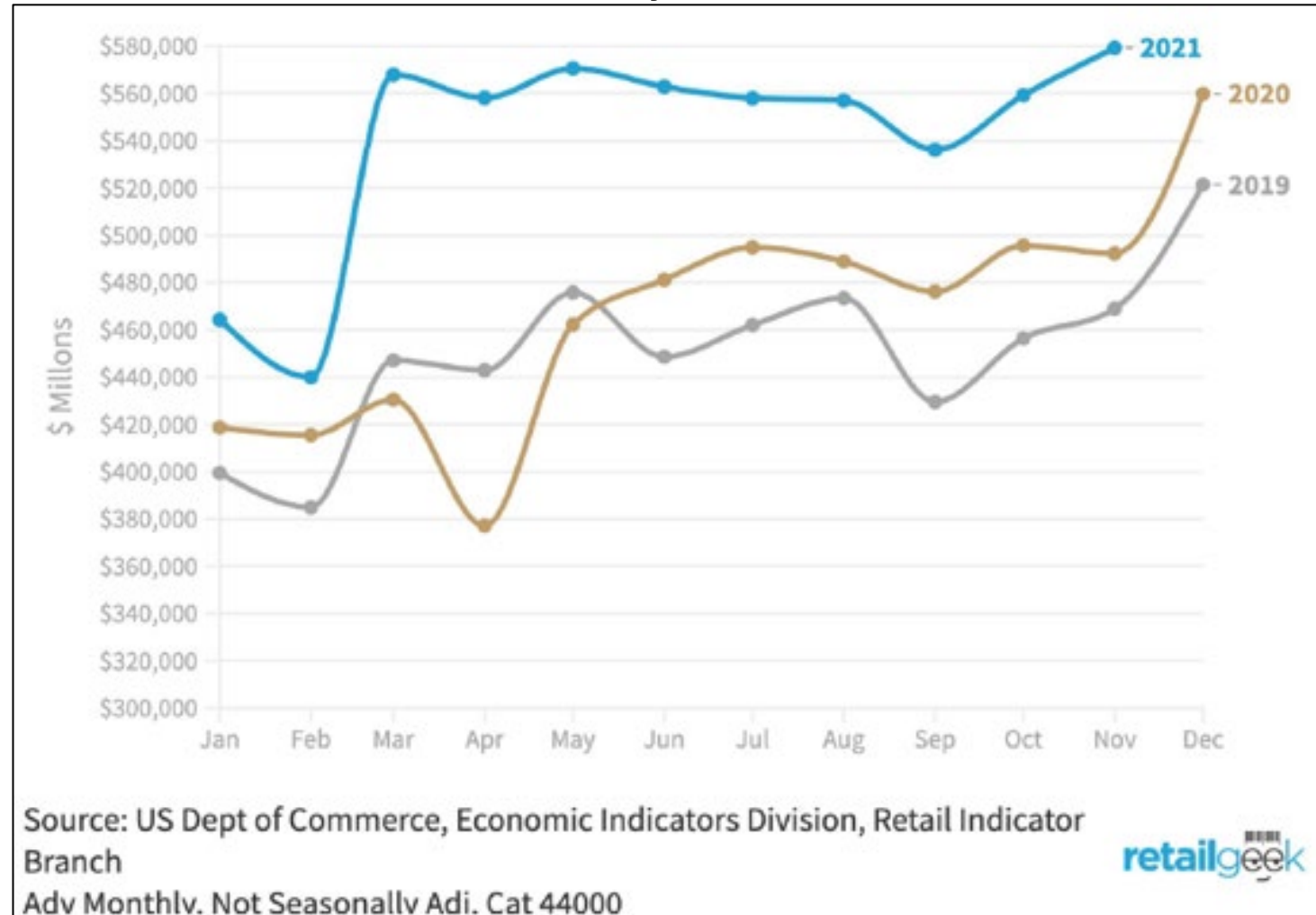
What was the hardest part of 2021
for your organization?

Demand Summary

HOLIDAY DEMAND DRAWN FORWARD

2021 holiday demand carried forward into October with less of a Q4 spike

2021 Monthly Retail Sales

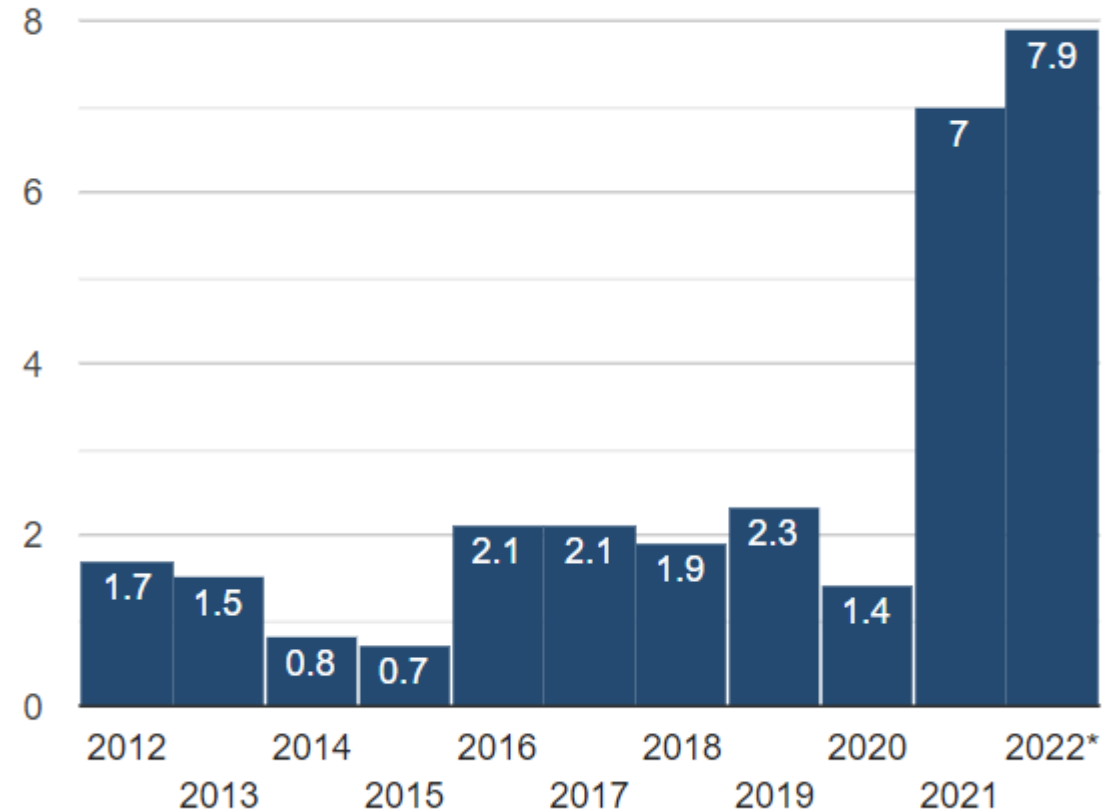


More Inflation Ahead

INFLATION AHEAD

November 2021 inflation (6.7%) was the highest y/y inflation since 1982 (7%). Experts expect more inflation ahead in 2022.

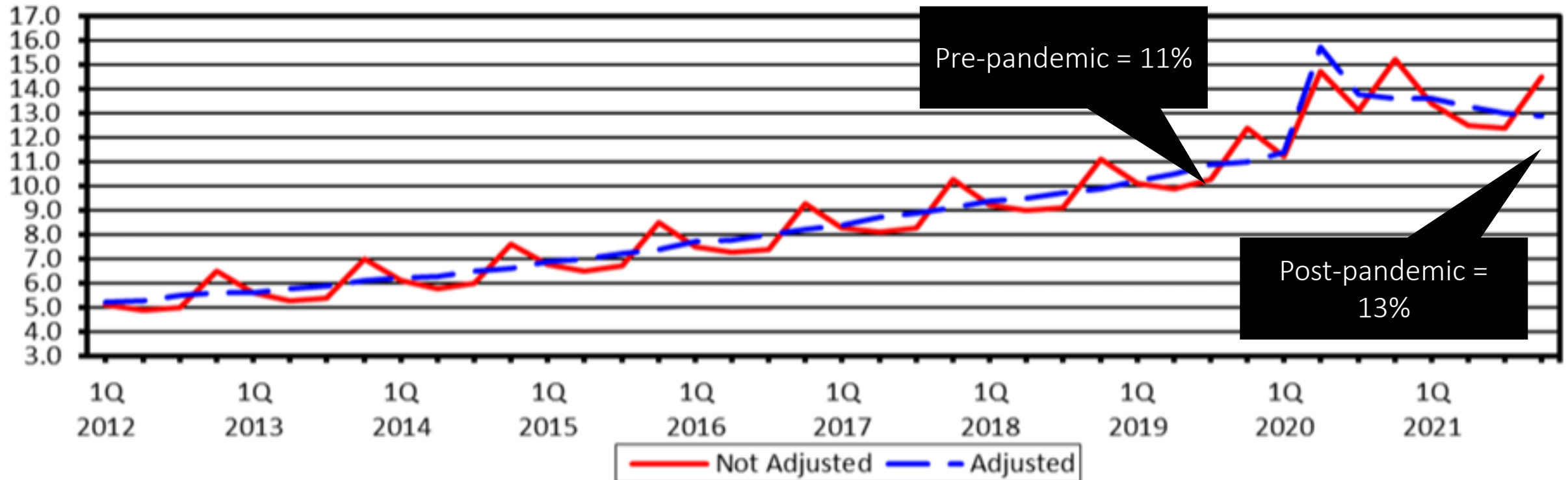
Chart: United States Annual Inflation Rates (2012 to 2022)



Not a Lot Has Changed, eCommerce-Wise

Estimated Quarterly U.S. Retail E-commerce Sales as a Percent of Total Quarterly Retail Sales:
1st Quarter 2012 – 4th Quarter 2021

Percent of Total

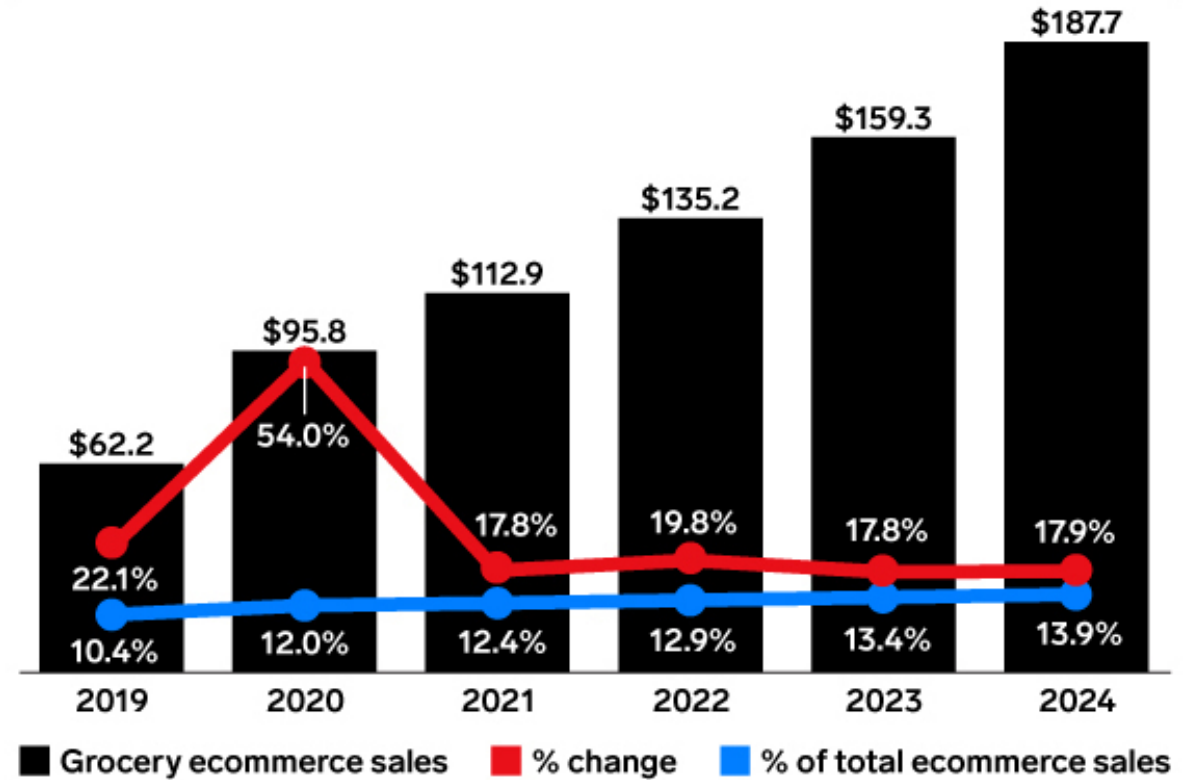


But Grocery Saw Massive Growth

19-21% y/y growth projected in 2022

43% of millennials shop for most of their groceries online

US Grocery Ecommerce Sales, 2019-2024
billions, % change, and % of total ecommerce sales



Note: includes products or services ordered using the internet, regardless of the method of payment or fulfillment; grocery products include food and beverage (both perishable and nonperishable items) and household consumables such as cleaning, personal care, and pet products that you would typically find at a grocery store; excludes food services and drinking place sales

Source: eMarketer, March 2021

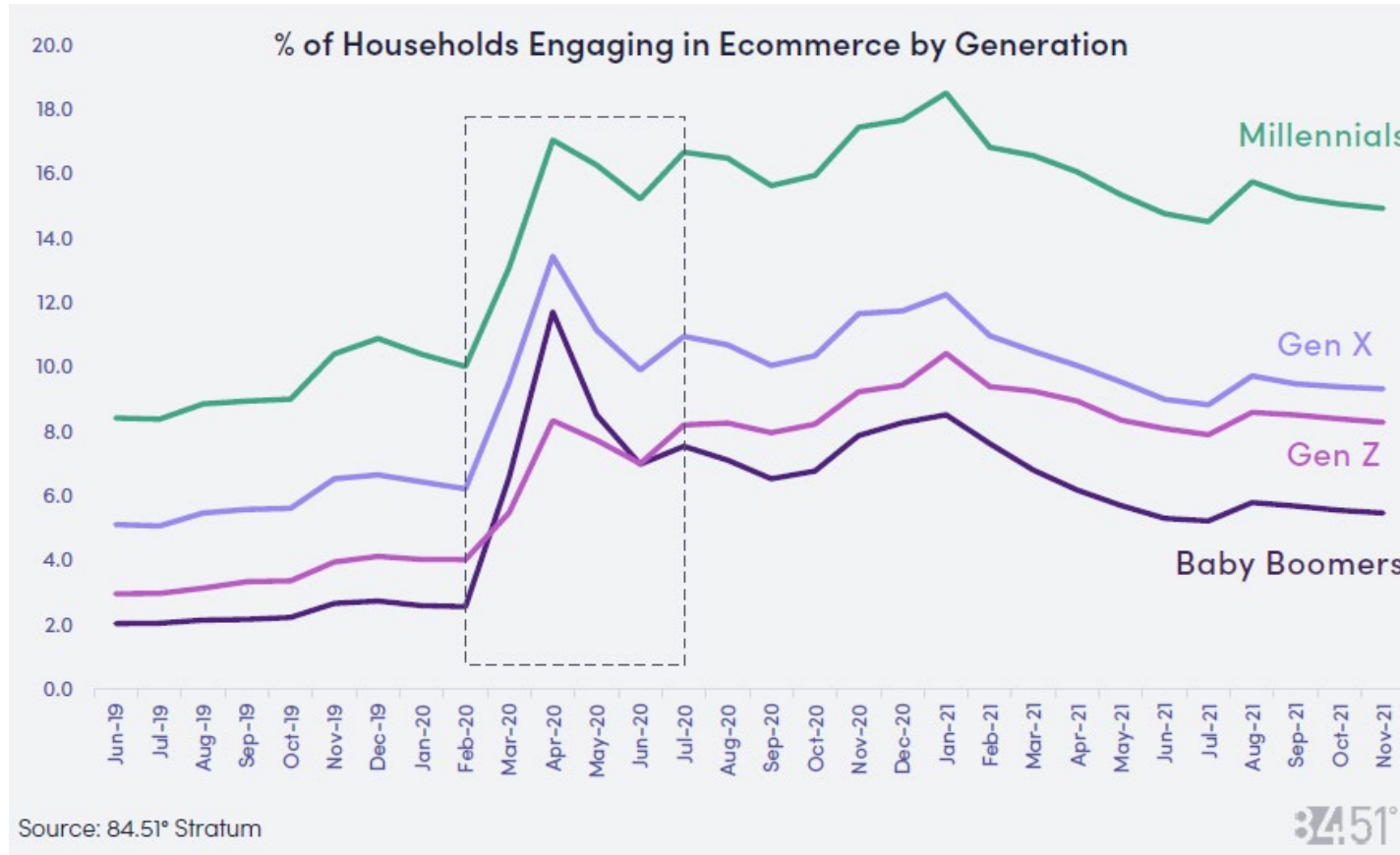
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eMarketer | InsiderIntelligence.com

Was the shift to eCommerce "sticky?"

Baby Boomers boomed with ecommerce... then busted

Most Sticky

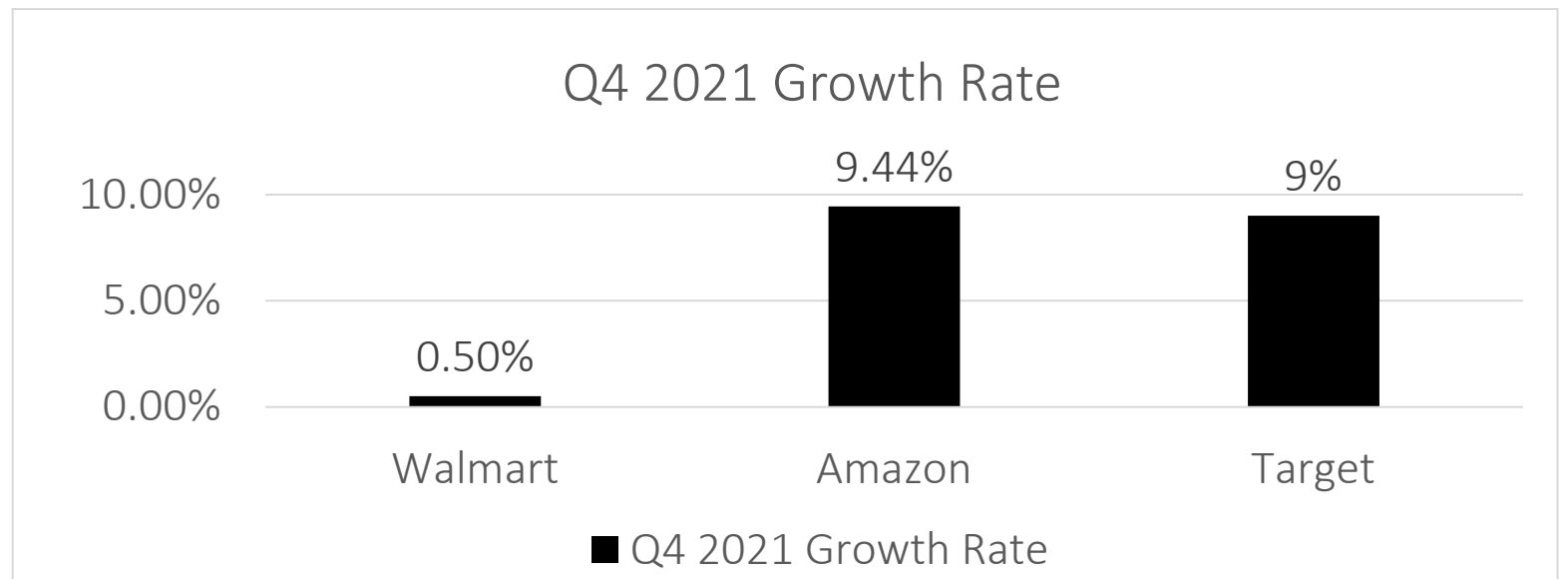
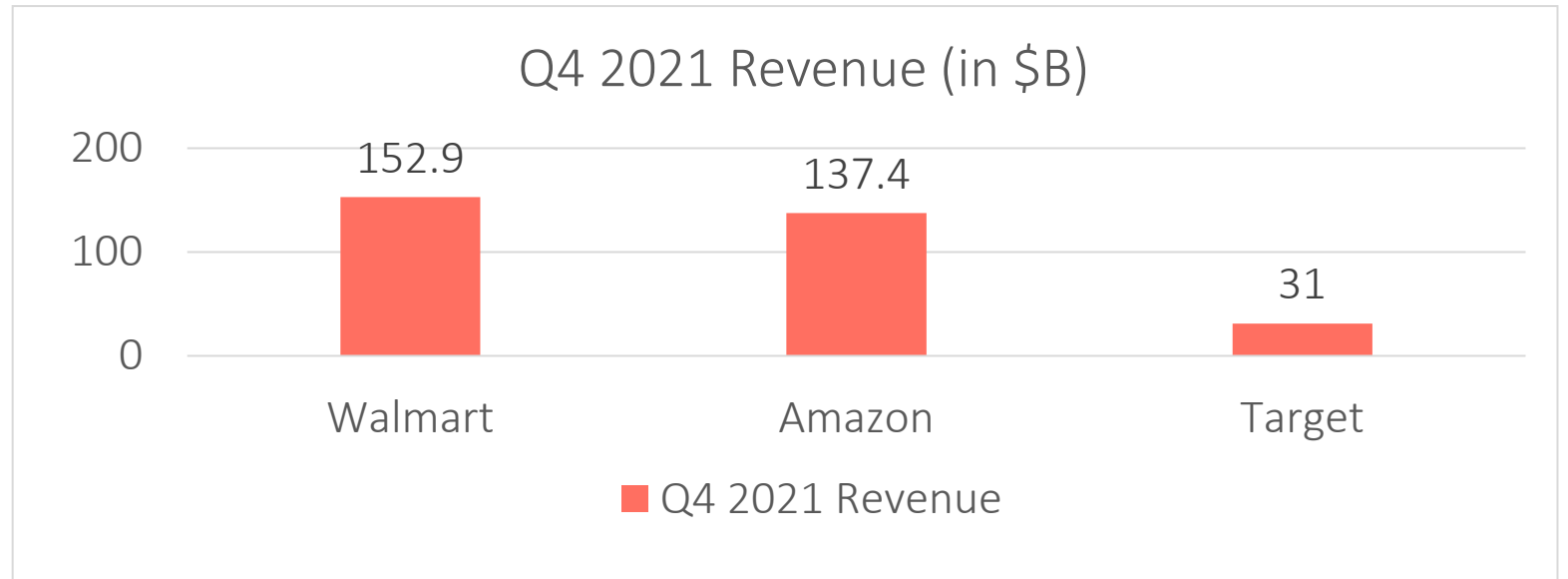


The Big Three Summary - US

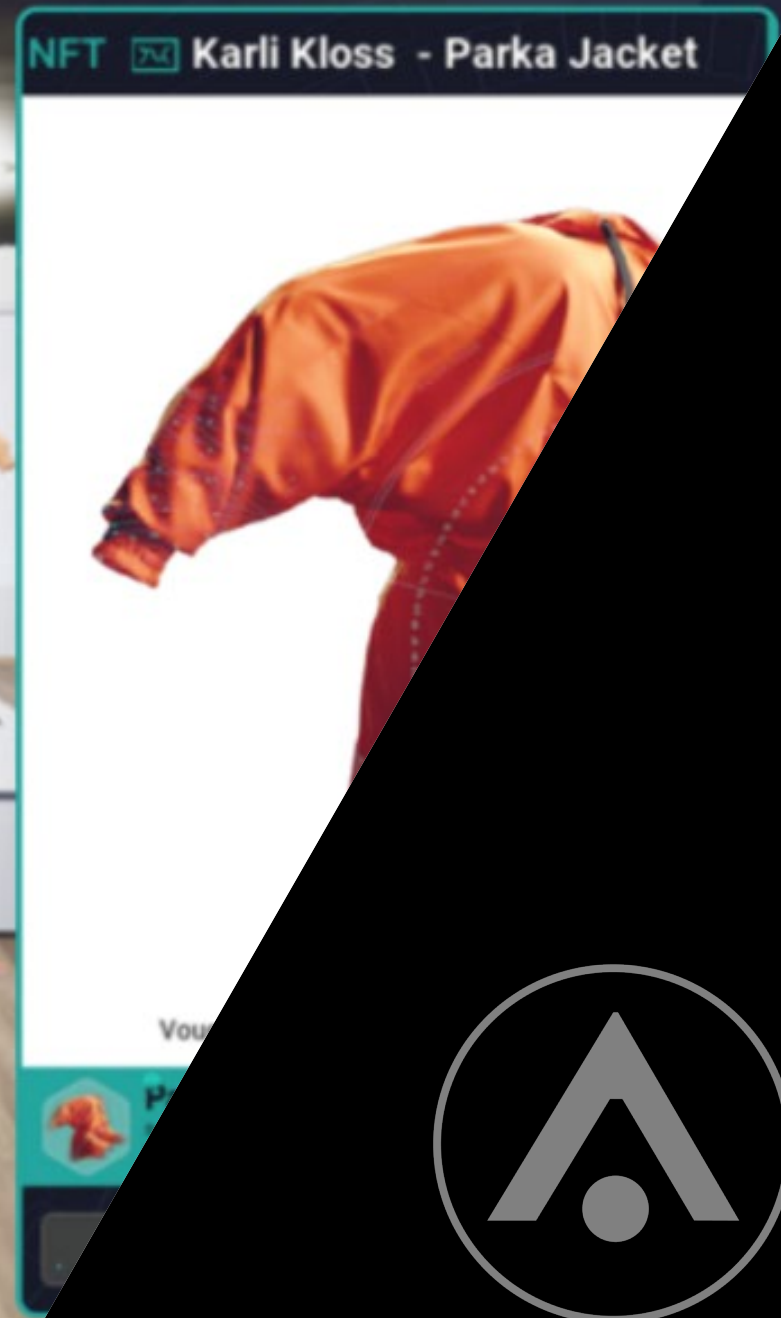
Walmart remains the revenue leader

Amazon's y/y growth slows significantly

All three companies cite covid-related headwinds



Trends



Shopper Trends



Corporate transparency is “the” new value
Whose responsibility is the environment?
Be honest



The great life refresh
Consumers re-consider what matters to them and take control to make it happen



The “attention economy”
Competition for consumers’ finite online attention grows fierce

“*The attention recession is already here.*”

—GWI’s Consumer Trends Report 2022



REFRESH

eCommerce Trends



Ultra-fast delivery

Delivery becomes a hero moment.
Retailers face a reckoning of costs



The metaverse is the new marketplace

The spatial environment feels convincingly real. First movers are rewarded







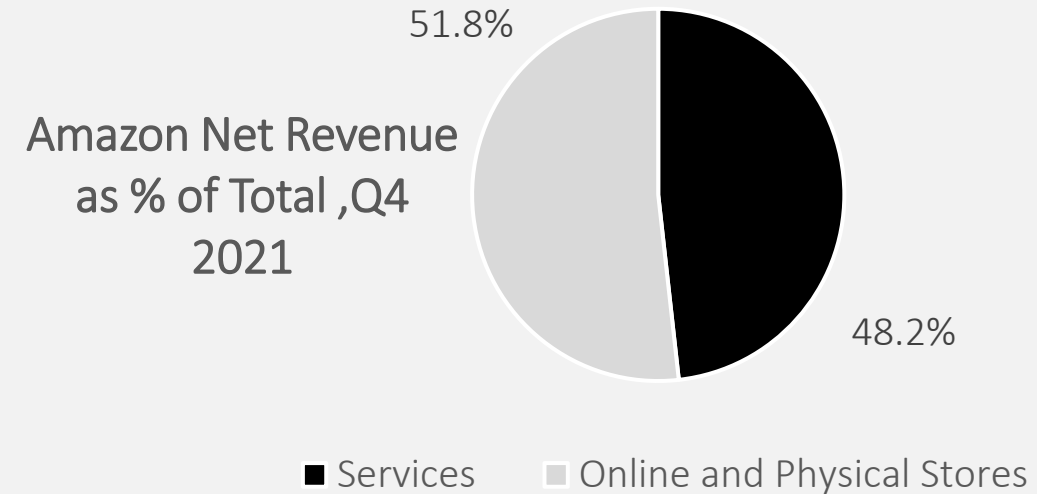
Reverse logistics nightmares

The supply chain wasn't meant to go backwards. Retailers grapple with billions of dollars of returned goods as eCommerce surges



Amazon Trends

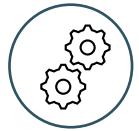
-  **2nd largest private employer**
Amazon navigates intense scrutiny on labor practices
-  **Disrupting the gaming industry**
No console? No problem. Amazon Luna provides online subscription gaming
-  **Amazon Prime fee hike**
Amazon raises the price of Prime from \$119/year to \$135/year.
-  **Shuttering the doors on physical stores**
What are you planning, Amazon?



Manufacturer Trends



Hiring and developing-
Building internal
eCommerce centers of
excellence



Cross-platform
eCommerce strategies,
DTC

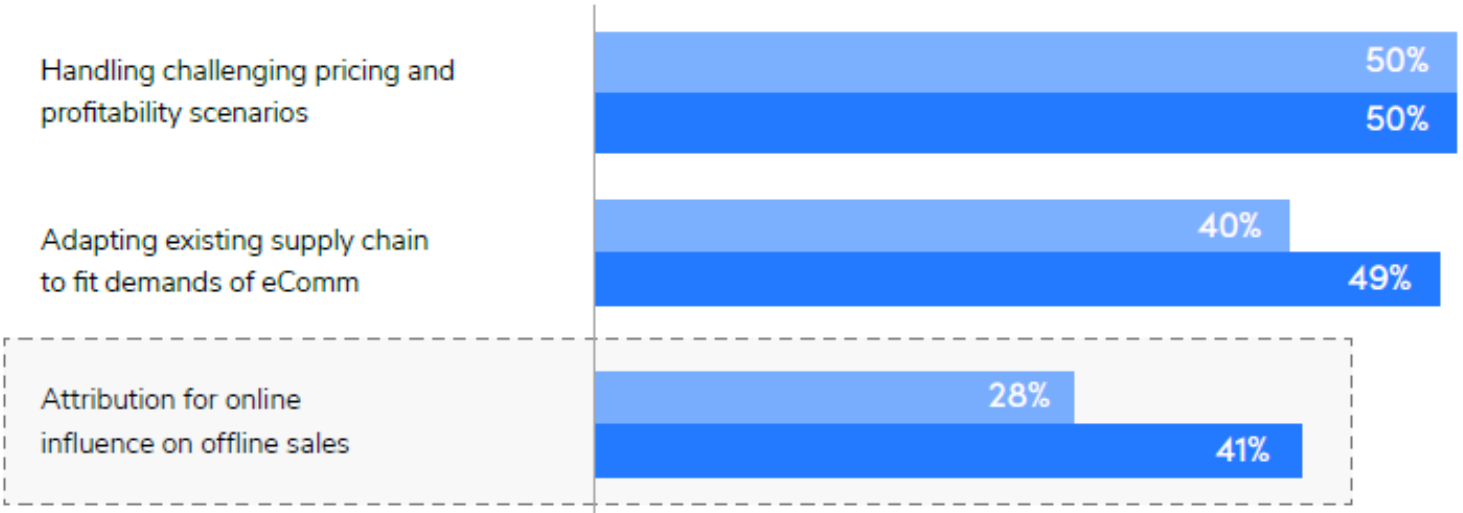


Data...but also insights

Q: What are the top 3 challenges that you have around organizing for eCommerce?
(Rank top 3)

Source: Profitero eCommerce Benchmark Survey

● Pre-COVID (late 2019) ● 2021



*“The explosive growth in eCommerce has created a mismatch between supply and demand for **experienced digital talent**, resulting in a **land grab** for high-demand roles.”* - Profitero’s 2021 eCommerce Benchmarking Survey

Question for Reflection

What trends have you observed in 2021?

Predictions



Industry Predictions



Ultra-fast delivery providers fallout

As the market matures, ultra-fast delivery providers will begin to consolidate or be purchased by large retailers bringing capabilities in-house.



The Metaverse goes commerce

The line between virtual and physical worlds blur as virtual world merchandise turns physical



Amazon will enter the fitness ecosystem

Fitness digital programs are the “Consumables category” of digital content, and Amazon wants in

Peloton surges on reports of buyout interest from Amazon, Nike

Reuters

Figure 2. Recent Funding Raised by Instant-Needs Companies in the US, as of September 2021

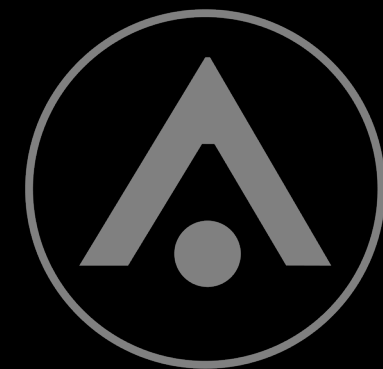
Operator	Headquarters	Recent funding	Month of recent funding	Total funding	Total valuation
Buyk	US	\$46 million	June 2021	\$46 million	N/A
Fridge No More	US	\$15.4 million	March 2021	\$16.9 million	N/A
Getir (set to launch in the US soon)	Turkey	\$550 million	June 2021	\$1.0 billion	\$7.5 billion
Gopuff	US	\$1 billion	July 2021	\$3.4 billion	\$15 billion
Gorillas	Germany	\$950 million	September 2021	\$1.3 billion	\$3 billion
JOKR	US	\$170 million	July 2021	\$170 million	N/A
1520	US	Unspecified seed funding	N/A	N/A	N/A
Total Funding	\$5.9 billion				

Source: Company reports/Coresight Research

Question for Reflection

What do you predict for 2022?

Takeaways



L.E.A.P. Into the Future

Lead with Transparency

The shopper needs to understand your sustainability journey

Experiment

Plant seeds and tend to your (virtual) garden

Apply insights

Data on its own is not enough

Prevent friction

Tighten up your flows...and profits

“When it comes to scaling an Amazon advertising line of business, winners will be determined by the strength of their data strategies.”

Sreenath Reddy | CEO, Intentwise

Suggested Reading List



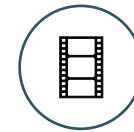
Articles

- [Shopping in the Metaverse](#)
- [From Quick Commerce to Instant Needs: Exploring Business Models in Rapid Delivery](#)
- [A growing number of shoppers are 'bracketing' their online purchases, creating a logistical nightmare for retailers](#)
- [Playbook: Livestreaming E-Commerce—A Guide for Global Brands and Retailers](#) (Coresight Research)
- [The 2021 eCommerce Organizational Benchmark Report](#) (Profitero)
- [5 ways to build an eCommerce team when talent is in short supply](#)
- [The 'Dark' Stores In Retail's Future: Prepare To Be Ghosted](#)
- [96% of Target's Q4 Sales Fulfilled in-Store, Retailer Invests in Ease and Convenience](#)
- [Peloton/Amazon: sale would be healthy exercise for zeitgeist peddler](#)



Podcasts & Videos

- Jason & Scot Show episodes [283 \(Year End Review\)](#) The CPG Guys – The Omnies Awards for [Consumer Brands, Retailers, and Marketplaces](#)
- and [284 \(2022 Predictions\)](#)
- [eCommerce Trends and Shopper Expectations](#)



Data & Reports

- [WSL Strategic's New Shopper Truths Report](#)
- [Coresight Research's Grocery Delivery Study](#)
- [RetailGeek Q4 recap](#)
- [GWI's Annual trend Report](#)
- US Department of Commerce



Thank You

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