Digital Intermediaries & Impact on the Retail Value Chain
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INTRODUCTION TO THE FUTURE RETAIL VALUE CHAIN

Today’s retail industry is the product of many generations of change and the preparation underway for the future retail landscape. Traditionally, the retail value chain started with the supplier (branded manufacturer) that uses a logistics network (or a wholesaler) to bring the product to the retailer and then out to the consumer when she visits the store (*indicated as path 1 on the chart below*).

Suppliers and retailers over the years have concentrated logistics to deliver in larger quantities in an effort to reach scale. Historically, consumers were limited to one primary fulfillment network, the store, and by way of making the trip, the consumer would pick, pack, and deliver (bring home) the products. The retail value chain is changing though, due in large part to the impact of e-commerce and digital marketplaces, and it is causing a reshaping of the entire retail value chain and in turn, the ways in which consumers can receive products.

The introduction of e-commerce and digital led to a fundamental reshaping of the retail value chain as new e-commerce business models enable new fulfillment models. Now, there are 5 other core consumer paths to purchase and the consumer does not visit the store in any of the 5 paths.

The New World 2020

As e-commerce grew, it created the second primary way for consumers to access product, in which the retailer was responsible for picking, packing and delivering the product (*indicated as path 2 on the chart above, e.g., Walmart.com*).

Beyond store-based retailers delivering to consumers, marketplace e-commerce platforms evolved, through
which suppliers and retailers sell products to the end consumer (*indicated as path 3 on the chart above, e.g., Amazon.com*). Marketplaces leverage a technology platform to bring together multiple sellers on one consumer-facing platform. By operating third party marketplaces, the retailer does not have to own the inventory, but instead connect consumers with different third party sellers on their platform.

Brands also are selling direct to the consumer, creating an additional consumer access point to product, where the brand both sells and fulfills the order (*indicated as path 4 on the chart above, e.g., Nespresso.com*).

Shoppers are also now able to access product through digital intermediaries, the other digital operators that are reshaping the retail value chain (*indicated as path 5 on the chart above, e.g., order through buy buttons on Pinterest*). These companies influence and direct consumer demand, and in some instances, sell products. These intermediaries are evolving click to buy models, leveraging their large, aggregated audiences.

The final path to product is consumers selling to other consumers, often through marketplaces (*indicated as path 6 on the chart above, e.g., eBay*).

With these 6 different ways to access product, the retail value chain has been transformed and will continue to reshape in the future. As a result of these new paths, the role of the store and brand both change. As ecommerce shifts retail metrics to not only be sales weighted, but viewership weighted, the value of in-store merchandising is changing as a result. As consumers shift traffic out of the store to online trips, it will impact the total viewership of displays in-store, raising the question will in-store merchandising have the same value in a future viewership weighted world. Retailers and suppliers will need to solve how to merchandise impulse categories, new and seasonal in these non-traditional paths and manage the future of pricing & promotion that is more complex in the future value chain. For both retailers and suppliers, logistics will be a core issue to resolve and will require new capabilities in order to fulfill personal supply chains. Finally, within the value chain, it will be critical to understand the role and influence of digital intermediaries, as these companies will serve as new partners in the future retail landscape.

**Digital Intermediaries**

Digital intermediaries often sit between the consumer and the retailer, brand or marketplace. Digital intermediaries have the following characteristics:

- Operate a digital consumer engagement platform
- Leverage the platform to aggregate and direct demand
- Attract and sustain high viewership and audience reach
- Have the power to influence consumer’s purchase decisions

RNG tracks 10 top intermediary classes, based on the primary role the intermediary has in interacting with consumers. These intermediary types, shown below, represent many of today’s most powerful and fastest growing digital companies. Each intermediary class plays a unique, but important, role in the consumer shopping journey.
Top 10 Global Intermediary Classes

The power of intermediaries lies in their ability to attract and sustain high viewership. With high viewership, the potential for marketing and data collection increases exponentially. In the future digital world, metrics will shift from being sales weighted to viewership weighted. In the same way that an increase in in-store traffic can lead to a lift in sales, the greater unique visitors an intermediary has, the more potential influence it has to its broader audience.

When considering marketing platforms with the largest audiences, the top 10 sites by page views in the US are primarily digital intermediaries (as ranked by Alexa). Only one retailer e-commerce site, Amazon, ranks within the top 10. As retailers and suppliers look for new marketing avenues and consumer touchpoints in the future, these high viewership intermediaries capture a large audience that can be messaged to and targeted.

Source: RetailNet Group research & analysis

Source: Alexa
TYPES OF INTERMEDIARIES

SEARCH / REVIEW ENGINES

Search and Review Engines is the intermediary class that accounts for any digital tool or capability that helps consumers find information or recommendations on a specific query. Google, Bing, and Yelp are prominent intermediaries within this group, but there are others that also are directly related to consumer influence moments in retail.

**Google Shopping**

Google Shopping serves as a comparison tool for product information, ratings, reviews, and pricing, while connecting buyers with retailers to purchase from. Google Shopping rates a number of different categories, within retail and other auxiliary services, including fresh food categories. From a consumer point of view, this tool provides a new level of transparency and ease of access to information. Consumers are directed to the retailers, both physical and digital, that they can buy the product from, the pricing at each retailer, and for some of the store-based retailers, relative real-time inventory levels. Suppliers pay Google to appear on its shopping comparison tool and payment is one factor that determines search ranking. For suppliers, it is critical to have the right content present and to increase viewership (clicks) in order to increase search rankings.

![Google Shopping](image)

*Source: Google*

**Lifesum**

Cumulative health management sources guide and inform consumer lives across eating and exercise. These tools have the health authority (consumer engagement, branding & credentials) to guide everyday consumption decisions. Lifesum is a mobile app that manages calories, protein, and other health attributes to help consumers improve healthy eating.
GoodGuide rates over 250,000 products for nutritional value, environmental impact, and societal influence. The dairy, deli and bakery categories are all rated on GoodGuide, within the Food sub-categories: Breads & Baked Goods, Dairy & Dairy Substitutes, Fresh Meat & Seafood, and Packaged Meals & Sides. Suppliers need to monitor their ratings on health management sites to own the brand conversation and potentially leverage it as a platform to target consumers interested in supporting brands with different characteristics (e.g., health).
Zipongo

Zipongo integrates with employer benefits systems to support healthy eating habits at work and at home, creating a new level of health accountability through the digital tool. Users assign food preferences (e.g., gluten-free, vegan) and have the option to input health data (e.g., blood pressure or cholesterol levels). From there, Zipongo has 3 primary uses:

- Recommend Workplace Meals – Zipongo rates and recommends food inside an employer cafeteria
- Meal Planning – Zipongo suggests healthy recipes to make at home
- Local Sales/Offers – Zipongo provides incentives for healthy eating by linking relevant sale information for local grocers

The program charges an annual cost per employee and 125 companies (including Google and Microsoft) have offered the platform to their employees to date. Early studies suggest that the program improved healthy eating habits and positively impacted participant health metrics. The digital intermediary directs demand based on health recommendation and in turn influences consumption patterns.

Choose MyPlate (ChooseMyPlate.gov)

There are also US government resources available to consumers that can influence consumption of dairy, deli, and bakery products. While these tools are primarily educational today, if the recommendation capabilities expand in these tools, they could have a larger future impact on government regulated food programs such as SNAP/WIC consumer purchasing decisions.
Social media platforms and messaging apps are one of the highest frequency consumer touchpoints among the dairy, deli and bakery relevant intermediaries. These platforms serve an increasingly important role in consumer engagement, as younger generations adopt existing and new social capabilities at a faster rate than previous generations.

Facebook

Facebook provides a platform for suppliers to market new promotions and products, communicate and reinforce their brand story, and educate consumers about product uses. The examples below illustrate these primary Facebook supplier uses:

- Promotions – Jennie-O highlights a new product promotion, linking to their platform to sign-up
- Brand Story – Cabot Creamery’s “Farmer Friday” profiles the work of one of its farmers every week
- Education – Boar’s Head video content shows how to build an antipasto board for Valentine’s Day
Twitter

Suppliers use Twitter for shorter, more frequent communications to followers and also directly to consumers. Primary consumer engagement methods for suppliers using Twitter are shown in the below example from Organic Valley:

- Education – Summarize the latest research, relevant to the category to support consumption
- Reinforce Brand Image – Finding (or encouraging) content produced by consumers that reinforces brand image and product use cases
- Offers – Link to printable in-store coupons
Instagram

While Instagram posts are visible from a browser, the platform is built for in-app engagement. From a supplier perspective, Instagram as a platform allows the brands to communicate with strong visual content and also receive consumer created content that can be leveraged within different social influencer networks. In the examples below, Chobani utilizes Instagram to:

- **Further Develop its Brand Persona** – Highlight the freshness and quality ingredients in its product
- **Product Use Case** – New ways to use its product across meal and snacking occasions
- **Direct User to Relevant Content** – Inform consumers of the locations to buy its product for standard SKUs and limited edition SKUs.

![Instagram Profile](image1)
![Instagram Post](image2)
![Link in Bio](image3)
![Product Locator](image4)

Source: Chobani, Instagram

Pinterest

Pinterest provides users with a tool for life, product and inspiration management and organization. This inspiration and aspiration-centered platform gives suppliers an opportunity to shape consumer sentiment of the brand and the product. As evidenced by the examples below, for suppliers, this platform serves to collect content around topic groups, communicate store information and location, and through user-generated posts, communicate price transparency. Pinterest also enabled buyable pins for some products on its app, allowing consumers to click to buy seamlessly without having to leave the Pinterest app. As intermediaries continue to evolve, the high viewership & high frequency intermediaries will evolve click to buy models in order to participate in the future value chain (in a commerce role vs. an influence role).
Recipe Aggregators

Recipe Aggregators is the intermediary class of websites and mobile apps that collect and recommend recipes for consumers. As these apps become more sophisticated, the digital intermediary facilitates list building and directs demand for food relevant purchases, based on recipe decisions. Suppliers need to be present on the lists, facilitate the building of the list and become the recommended product in the recipe.

Yummly

Yummly leverages its introductory quiz that establishes the user’s dietary restrictions, allergies, and taste preferences to build a personalized in-app experience and food profile. Yummly manages meal planning from recipe to cart, with personalized recommendations leading to new ways consumers interact with deli, dairy, and bakery categories. From a Yummly shopping list, customers can click to have a measured ingredients list sent directly to an online grocery basket in Instacart. While this process is not frictionless (exact) every time, the capability will improve and enable seamless translating of recipes to carts, reducing friction between meal planning and grocery checkout. Suppliers should explore partnerships with intermediaries such as Yummly to identify potential consumer engagement touchpoints relevant to their categories and potentially obtain a new data stream on real-time consumption patterns and food preferences.

Source: Pinterest, Target
Popcart

The Popcart browser plug-in translates recipes from any recipe aggregator online to a consumer’s online grocery basket at FreshDirect, AmazonFresh, or Massachusetts local grocer, Roche Bros. With tools such as Popcart directing consumer choices to a certain list, suppliers need to partner with the retailer and digital operator to ensure that their brand is a top brand suggested by the browser plug-in.

Source: Yummly, Instacart
Offer Engines

Offer engines provide a platform for retailers, brands and service providers to distribute digital offers to consumers. Some offer engines enable the ability to highly tailor the offers that consumers receive, enabling retailers and brands to better target consumers. RetailMeNot and Coupons.com are two of the most prominent digital coupon engines used for consumer price savings. Offer engine business models vary, including those related to digital receipts, and can be either be syndicated across multiple retailers (e.g., RetailMeNot) or captive (e.g., Target’s Cartwheel).

CouponCabin

The crowded field of coupon-scraping sites provides opportunity for brand engagement, but also competition among providers for viewership as consumers receive both brand-sponsored and retailer-sponsored coupons.
Checkout 51 & Ibotta

Receipt-driven offer engines provide cash back for receipt upload, sometimes also requiring consumers to complete an additional task for further brand engagement. In both Checkout 51 and Ibotta, promotions can be branded or unbranded (category/ item specific). Partnerships between brands provides the opportunity to identify adjacencies in consumer purchasing behavior and drive targeted in-store promotions to attract the relevant shopper base.

Source: Checkout51, Ibotta

Delivery Networks

Delivery Networks is the intermediary class that serves as third party fulfillment for retailers, caterers, service providers, etc. These platforms aggregate vendors to enable consumers to shop across retailers on one platform. From a retailer perspective, these third party delivery networks enable improved last mile logistics.

DoorDash

DoorDash operates a platform that links restaurants and catering companies to customers and then also facilitates delivery of orders. While the platform remains restaurant and QSR focused currently, there is potential to expand to grocery stores to deliver specific, curated prepared food orders.
In February 2016, Google Express introduced fresh food delivery across perishable categories (produce, deli, meat, dairy, bakery & frozen) in Los Angeles and San Francisco. Google is interested in this investment to support greater adoption of grocery delivery, higher frequency of trips and larger basket sizes. Additionally, Google Express recently expanded assortment in all markets delivering baked goods and shelf-stable dairy products.

Source: DoorDash

Google Express

New Perishable Assortment – Available in Select Markets

Expanded Fresh Assortment - Available Across Markets

Source: Google Express
Postmates

Postmates delivers perishables including deli, dairy, and bakery items from local grocery stores. Postmates’ value proposition, from a consumer standpoint, is on-demand 24/7 delivery of nearly “anything.” The online and in-app search tool allows users to narrow results to relevant providers (e.g., a search for “deli meats” directs to local deli/grocery providers). While limited product content is available, individual SKU pricing is transparent on the website.

Source: Postmates

Uber

Uber is developing a food delivery network, presenting an opportunity for fresh food suppliers to engage with real-time demand. Uber is driving localized consumer engagement through fresh food delivery programs, on both limited engagement (e.g., Uber Ice Cream, Uber Corner Store) and longer-term platforms such as UberEATS. Supplier engagement with these programs could provide information & learning on supply chain/logistics opportunities, shopper insights, and real-time demand.

Source: Uber
Walden Local Meat

While Walden Local Meat is grounded in a subscription program, it also encourages basket expansion with add-ons to the monthly subscription (e.g., butter and eggs). There are many other examples of digital intermediary companies in this space that enable local farmers to sell products through an e-commerce platform. Terra Organics brings local farmers across categories to aggregate the supply of organic food and sell across one platform. Good Eggs delivers next day orders of local farm goods, though it is limited to the San Francisco Bay Area.

Source: Walden Local Meat

Food Service Aggregators

Food Service aggregators, such as Foodler and Grubhub, are digital intermediaries that operate a platform to connect restaurants and caterers to consumers. On these platforms, consumers are able to find information and reviews on the restaurants, place orders, pay and schedule deliveries. The logistics and delivery model varies by food service aggregator, as some facilitate the delivery of the order and have their own delivery fleets, while others do not take ownership of the delivery.

Foodler

Foodler provides B2B and B2C delivery from restaurants and QSRs, allowing users to view ratings, track orders, and view local specials. Potential engagement points for deli, dairy and bakery suppliers include promoting add-ons like beverages (dairy) to increase the order size, market products with the restaurants and on the platform, and capture new consumer data streams if shared by the food service aggregator.
Online catering is growing as businesses increasingly shift the ordering of meals to an online platform, enabling more seamless, faster transactions. There is room for growth in online catering aggregators, though food service aggregators like Grubhub and Foodler could pose a competitive challenge, given their already scaled consumer audiences.

**ezCater & Cater2.me**

ezCater and Cater2.me offer similar business models to Foodler and GrubHub, but they are focused on the catering market. ezCater connects businesses to nearby catering providers, processes payment and fulfills the orders through its delivery service. Cater2.me provides recommendations for employee meal plans or one-time events.
Another digital intermediary class that is influencing the food service industry is reservation engines. Reservation engines are allowing consumers to reduce friction in the dining experience and are expanding capabilities beyond viewing the menus and making reservations digitally. One key capability that these digital intermediaries are adding is payment. Payment capabilities allow customers to pay via their mobile device.

**OpenTable**

OpenTable allows users to assign tip and payment method preferences before arriving at the restaurant, via Apple Pay. While this is still primarily a food service capability & digital intermediary, in-store cafes and delis would be natural adopters of a similar service within the grocery retail landscape for pre-order.

*Source: OpenTable*
Starbucks

While not specifically a restaurant reservation engine, Starbucks through their mobile app achieves many of the same objectives and provides many of the same benefits, notably enabling a frictionless experience and saving consumers time. In the app, Starbucks integrated different digital intermediary capabilities that allow consumers to order and pay before arriving at the store and skip the line once at the store. This has led to an increase in number of store transactions. Thus far, the average ticket (according to Starbucks in 2015) is in line with that of in-store orders, but could increase with new built-in impulse merchandising techniques such as personalized recommendations.

Source: Starbucks

Marketplaces & Some Verticals

E-commerce marketplaces are building layers of captive networks and technology infrastructure to create a digital ecosystem that enables a seamless experience across retail, content, and other web services. These marketplaces, such as Amazon, are both building their own new digital intermediary capabilities and acquiring companies with innovative technologies to build into their own platform.

Amazon Ecosystem
AmazonFresh, Amazon’s platform for grocery delivery, also delivers from local restaurants and QSR chains. Through this platform, Amazon is able to learn from other fresh food retailers and leverage that information & insight to further building its own capabilities.

Source: AmazonFresh

Amazon Prime Now is Amazon’s on-demand delivery service, offering 2-hour delivery of an assortment of goods and services. This program includes the delivery of fresh foods from restaurants and grocery stores.

Source: Amazon
SUMMARY & IMPLICATIONS

HOW INTERMEDIARIES INFLUENCE CONSUMERS / SHOPPERS

• **High Frequency/Marketing Potential** – Intermediaries are among the highest frequency websites, mobile apps and digital tools for consumers, leading them to serve a highly engaged and influential role in consumers’ lives. Due to their high frequency nature, digital intermediaries are relevant to consumers throughout various critical moments of their day (and overall shopping trip).

• **Reducing Friction** – Intermediaries reduce friction in consumers’ lives by enabling easier and faster check-out / delivery, access to information with enhanced transparency, personalized experiences and recommendations, etc. There is a high value-added potential when intermediaries integrate with each other (e.g., Yummly and Instacart), which further reduces friction for consumers using both platforms.

• **Driving New Consumption Patterns & Purchase Decisions** – Intermediaries aggregate and direct demand. They enable seamless experiences and lead consumers to make different purchase decisions. If the digital intermediary can create a seamless ordering experience, it can direct demand to a convenient digital fulfillment method, in which the consumer shops online, not at the store. These digital intermediaries often direct demand to specific vendor partners (e.g., retailers, restaurants, QSR), which means that consumer desire for convenient order & fulfillment may supersede consumer choice of a specific retailer or vendor as the primary purchase decision factor.

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<th>Impact on Consumers / Shoppers</th>
<th>Pros</th>
<th>Cons</th>
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<tr>
<td></td>
<td>• Offer transparency on product or retailer information – e.g., price, branding, experience</td>
<td>• Some intermediary types / services require additional fees and/or tipping</td>
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<tr>
<td></td>
<td>• Help consumers make more informed choices and provide personalized experiences</td>
<td>• May not always link to retailer loyalty rewards</td>
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<tr>
<td></td>
<td>• Provide convenient, fast fulfillment options – i.e., same-day delivery</td>
<td>• Can require consumers to learn how to engage with new platforms</td>
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<td></td>
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<td>• Suggestions can be limited to or be dependent on the partnerships that the intermediaries have</td>
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HOW WILL RETAILERS AND SUPPLIERS ENGAGE WITH INTERMEDIARIES IN THE FUTURE?

• **Increase Viewership & Audience Reach** – Digital intermediaries capture significant viewership and provide retailers and brands with access to larger audiences.

• **Driving Traffic & Engagement** – Retailers and brands can leverage digital intermediaries to direct demand and traffic to both physical and digital retailers.

• **New Content, Recommendations & Reviews** – Social intermediaries and review / recommendation engines create consumer generated content that suppliers can leverage in addition to their own content. As influence networks expand, suppliers will need to leverage this socially generated content to market products and their benefits.
• **Demand Generation** – The evolution of real-time demand generation will be critical for supplier merchandising and marketing teams. Partnerships (e.g., data sharing) enable real-time demand generation and management, aligned to automated data visualization and recommendation engines.

• **Localization** – Data acquired through intermediaries could support localization strategies in identifying local consumer trends to influence assortment, merchandising, and marketing at the community level.

• **Test & Learn / Seasonal** – Intermediaries are continuing to test and learn their own capabilities (e.g., Uber Ice Cream), in an effort to drive new consumer engagement. Retailers and suppliers should identify their own critical consumer touch-points to engage with intermediaries for insights that can be leveraged for a better in-store and out-of-store experience.

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<tr>
<th>Impact on:</th>
<th>Pros</th>
<th>Cons</th>
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| **Retailers** | • May attract a larger audience than a retailer’s own site or mobile app  
• Build or leverage capabilities with lower investment (e.g., in digital infrastructure)  
• Can be a source of new content or another platform to build brand through own content  
• Can be leveraged as promotional platforms to expand reach  
• Provide real time analytics that can be leveraged across retailer’s broader digital operations  
• Serves as another point of consumer engagement & influence | • Ownership of shopper data and voice to consumer is not always the retailers  
• Crowded space of intermediaries and need to place investment carefully as lifespan and relevancy of all intermediaries will not be the same  
• Can complicate in-store operations, especially regarding labor and in-stock inventory (e.g., if picking from store)  
• Potential to direct consumer demand in a retailer agnostic environment to other retailers |
| **Suppliers** | • Provide an additional consumer influence & selling partner beyond the retailer  
• Offer an additional platform for test & learn initiatives outside of retailers, potentially at lower cost / scale as needed  
• Support the growth of available product content online for shoppers, including organic content created by other consumers | • Drives operational complexity as consumers have new touchpoints  
• Additional platforms to monitor beyond the retailers’ sites to ensure brand perception, quality product content, ratings & reviews  
• Consumer influencers are fragmented and can be not as informed / accurate (e.g., perception vs. facts) |
**Impact of Intermediaries on Deli, Dairy & Bakery Categories**

- **Category Influences: Pre, During and Post Shop** – Intermediaries are relevant throughout the consumer journey across all points of influence (i.e., pre, during, and post shop). Suppliers should leverage intermediaries across these influence moments to manage demand and drive top strategic initiatives.
  - **Pre Shop** - Search / Review Engines and Meta Sites, Social / Messaging, Reservation Engines
  - **During Shop** - Recipe Aggregators, Offer Engines, Food Service Aggregators, Marketplaces and Verticals
  - **Post Shop** - Payment, Delivery Networks

- **Content Development** – High-quality content (e.g., pictures, videos, descriptions and nutritional information) is critical for partnering with and successfully leveraging food relevant intermediaries to be relevant across search engines & to drive engagement overall.

- **Business to Business (B2B)** – Intermediaries are developing better capabilities for B2B ordering, potentially expanding the catering revenue source for deli, dairy, and bakery suppliers.

- **Experiential / Celebrations** – Many intermediaries are well positioned to drive engagement around celebrations (e.g., birthdays, holidays, etc.). Suppliers can leverage these intermediaries to enhance the experience.

- **Metrics / Dashboards** – Intermediaries and their associated analytics will influence retailers to create new real-time dashboards with new metrics (e.g., social viewership).

- **Data Streams** – Suppliers should partner with intermediaries that are willing to share or sell data streams, in order to gain a different perspective / data stream on how consumers interact with their categories in real-time and to support further development of shopper personas.
## Glossary

<table>
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<th>Term</th>
<th>Description</th>
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<tr>
<td><strong>B2B</strong></td>
<td>Transactions between businesses (e.g., retailers or food service providers) and other businesses, not meant to be received by an individual household/consumer.</td>
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<tr>
<td><strong>B2C</strong></td>
<td>Transactions between retailers and individual households/consumers.</td>
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<td><strong>Capital Expenditure (Capex)</strong></td>
<td>Money invested to acquire or upgrade physical, non-consumable assets.</td>
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<td><strong>Click &amp; Collect</strong></td>
<td>Online grocery business model where consumers place their grocery order online, then travel to a store or distribution center to pick-up the order.</td>
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<td><strong>Distribution Center (DC)</strong></td>
<td>Warehouse that stores products temporarily before inventory is delivered to the store or out for individual online grocery delivery orders. Distribution centers sometimes function additionally as a pick-up area for Click &amp; Collect orders.</td>
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<td><strong>Delivery (Home Delivery)</strong></td>
<td>Online grocery business model where consumers place their grocery order online, then receive their basket at their home or business.</td>
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<td><strong>Drive</strong></td>
<td>Online grocery business model where consumers place their grocery order online, then drive to a dedicated standalone warehouse location, and pick-up orders by pulling up into a parking spot and having the order delivered to their car.</td>
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<tr>
<td><strong>GM vs. Full Basket</strong></td>
<td>GM (general merchandise) online orders do not contain any fresh/perishable SKUs – primarily general merchandise, with limited dry grocery, H&amp;B, etc. Full Basket online grocery assortments include all grocery/GM categories, including fresh/perishables.</td>
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<td><strong>Gross Margin Return on Investment (GMROI)</strong></td>
<td>The ratio of a business’ ability to turn inventory into cash above the cost of inventory. It is calculated by dividing the gross margin by the average inventory cost. Also known as Gross Margin Return on Inventory Investment (GMROII).</td>
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<tr>
<td><strong>Millennial Generation</strong></td>
<td>Generation following Gen X, born between 1980 and 2000. Also known as Gen Y.</td>
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<td><strong>National Ship</strong></td>
<td>Home delivery of general merchandise (GM) only, shipped across the country (versus local, last mile logistics models).</td>
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<tr>
<td><strong>Return on Invested Capital (ROIC)</strong></td>
<td>The return generated for those that provided capital to a business. The measure is calculated by divided net income after tax by invested capital.</td>
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<tr>
<td><strong>3P</strong></td>
<td>Either stands for third-party service (i.e. Instacart) that provide a technology that retailers decide not to build themselves, or for third-party marketplace, where goods are sold on a platform by many different vendors (i.e. Amazon 3P).</td>
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