Opportunities and challenges for online grocery retailers in Finland going forward

A qualitative study based on expert interviews with online grocery retailers in Finland

Johanna Sillander

Master Thesis

International Business Management

2023

Degree Thesis

Johanna Sillander

Opportunities and challenges for online grocery retailers in Finland going forward

A qualitative study based on expert interviews with online grocery retailers in Finland

Arcada University of Applied Sciences: Degree Programme, 2023.

Identification number: 7795

Abstract:

The online grocery landscape is a fast-evolving industry and previously very little research has been conducted from the retailers' perspective. This thesis aims to outline the future opportunities and challenges that the Finnish online grocery retailers are facing in the next 5-10 years. The research questions "What are the perceived opportunities of Online Grocery Shopping (OGS) from the retailer's perspective going forward", and "what are the perceived challenges of OGS's from the retailer's perspective going forward" strive to outline conclusions that can help online grocery retailers' future-proof their business. This study was conducted in the form of semi-structured interviews with industry experts from the online grocery shopping (OGS) industry in Finland. The author interviewed six people in various positions, which means that the sample size is relatively small. The interviews were conducted during the spring and fall of 2022. The empirical study concludes the following opportunities for retailers: investing in initiatives to understand consumers, invest in infrastructure and automation, make use of data in development of digital channels and investigating the space of additional services to find new revenue streams. Inflation, rising food prices, running an online grocery web shop in a profitable way are some of the challenges the retailers will face or continue to face in the future. Additionally, low consumer adoption on online grocery shopping continues to be a challenge for retailers in the Finnish market.

Keywords:

Online grocery shopping, retailer's perspective, future opportunities, future challenges, online grocery adoption

Contents

1 INTRODUCTION

The aftermath of covid-19 has left its footprint largely into most businesses and industries. Digitalization spiked during the pandemic and one industry that largely benefitted from this was the online grocery business, but it also forced the retailer's to really make sure that they were offering their services online. The European grocery market was estimated to be approximately 1.79 billion euros in 2021 (Global Data, 2022), which means that the online grocery business has an enormous potential if executed in the right way. This thesis focuses on the Finnish online grocery business presently and in the future. By future the author means the coming 5-10 years. The Finnish retail grocery business was roughly 21.6 billion euros in 2022 including groceries, drinks and daily consumer goods, out of which online groceries accounted for only 2.7% amounting in 586 million euros. (PTY, 2022). What this means in practice is that even a small percentage of the total market size is still of significant volume and therefore it is crucial to understand the industry well. The grocery business is a very narrow-margin industry, and there are a lot of risks and challenges associated to it, which stresses the importance of understanding the challenges and opportunities the market is facing.

Although online grocery shopping has grown a lot in the past few years during and post the pandemic, the share of it is still very small in Finland. There is a lot of potential for this industry and this thesis aims to discover the opportunities and challenges that the online grocery retailers (OGS) see in the coming five to ten years through an empirical study conducted as a qualitative study in the form of expert interviews during spring and fall of 2022.

Previous research indicates opportunities for retailers for example related to offering more customized services, whereas challenges related to deliveries and logistics from the retailer's perspective have been mentioned in previous studies. What we know very little about is how the online grocery industry will develop going forward as very few studies, if any, have had a futuristic approach to the theme and most studies focus on the consumer angle of the puzzle and not the retailers.

1.1 Research objectives

This thesis looks to understand what the experts representing different companies within the online grocery shopping industry in Finland see as potential opportunities and challenges in the next 5-10 years. The aim is also to try to conclude which opportunities and challenges are vital to keep track of in the fast-developing online grocery business, in order to attract more consumers to use these types of services. Lastly, this study can hopefully provide some kind of recommendations to the online grocery retailers in the Finnish market.

The research questions for this thesis are:

1) What are the perceived opportunities of Online Grocery Shopping (OGS) from the retailer's perspective going forward?
2) What are the perceived challenges of OGS's from the retailer's perspective going forward?

The emphasis in this thesis is to understand how the industry experts, who have been interviewed for this thesis, envision the future opportunities and challenges of the OGS industry overall, but more specifically in Finland.

1.2 Delimitation

The study will look at the online grocery shopping industry specifically from the retailers' perspective. It is a forward-looking study that bases the results on expert interviews, but experts are also limited in their knowledge. This thesis is delimited further to the Finnish market.

2 LITERATURE REVIEW

This chapter will outline relevant literature, newspaper articles and previous studies conducted on online grocery shopping. As the topic of the thesis has not been widely studied from the retailers' perspective, and most of the previous literature has examined online grocery shopping from the consumer perspective to the author's knowledge, the literature review will also present insight and key trends from management consultancy companies like McKinsey & Co. As the thesis is looking into the future opportunities and challenges of online grocery shopping (OGS), the consultancy companies' reports on the market outlook and trends of the industry provide a good foundation on what the online grocery retailers should consider, and which reality they are operating in.

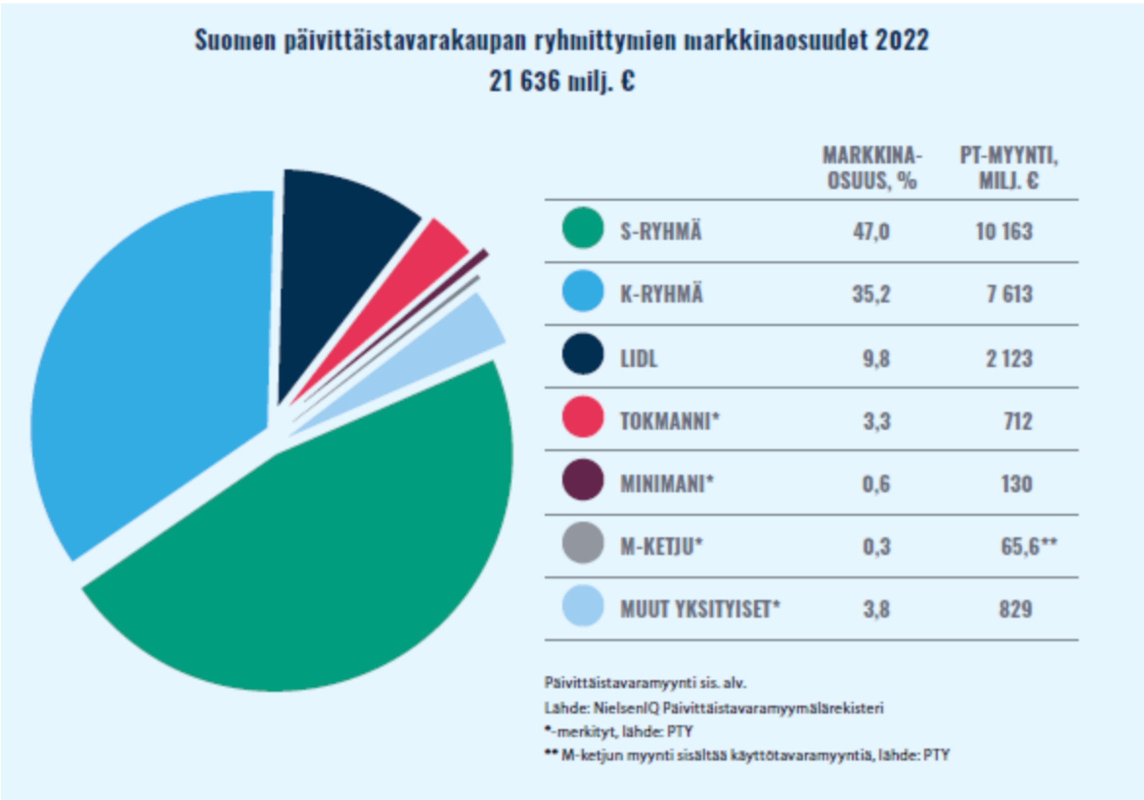
2.1 The online grocery market globally and in Finland

Online grocery shopping (OGS) is defined by Testa (2023) as a "*way of buying food and other household necessities using a web-based shopping service*", whilst Brand (2020) described OGS as the process of buying groceries online using the option to click and collect the purchases or using a home delivery service.

The OGS industry growth in for example Germany skyrocketed in the 2010's from roughly 932M EUR in 2016 to 1.595M in 2020 according to Statista, and it was largely driven by companies experimenting and trying digitization. (Dannenberg et al 2020)

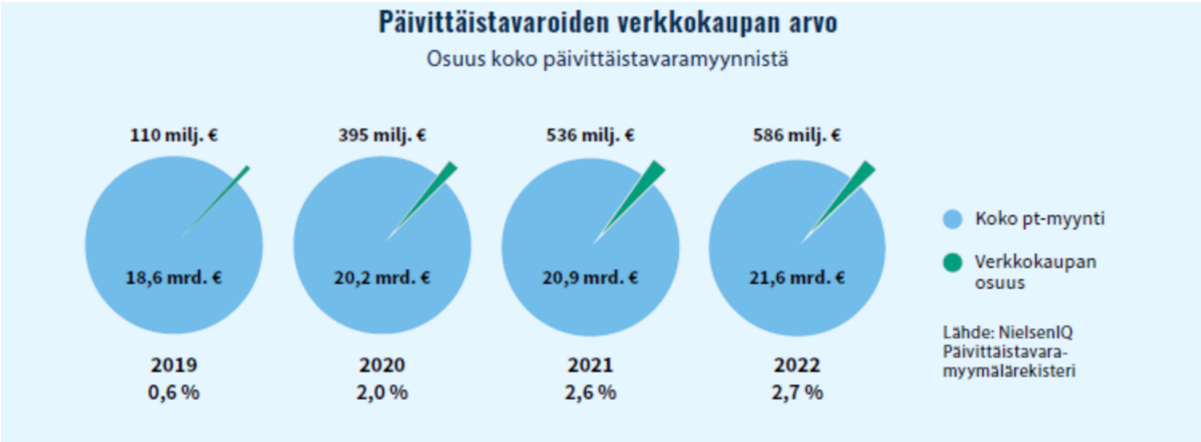
The global online grocery market size was estimated to be around 350 billion USD in 2022 and it is expected to grow up to 2.158 billion USD by 2030 (Research and Market 2022). The Finnish online grocery market size was 586M EUR in 2022 (NielsenIQ 2023), and it accounted for only 2,7% of the total grocery market size in Finland. In 2022, the Finnish online grocery market did however see a strong growth of 9,4% compared to the previous year (2021), but the growth has slowed down compared to 2020. In 2020-2021 the growth was 35,8% as it was largely driven by the Covid-19 pandemic. The Nielsen IQ press releases from 2021 and 2022 also stated that there was a significant growth amongst those players who only operated in the online space, and that Oda was one of the key growth drivers in the Finnish market in 2022. As per a Statista survey on "*Digital shopping behavior*" (2020) made in Finland, only 14% of the respondents purchased groceries online occasionally or often, while an astonishing 76% of the respondents said they never buy groceries online. The remaining 10% stated that they have tried OGS. (Statista, 2020)

Overall, the Finnish grocery market consists of a handful of actors as described in the below image. S group and K group together account for roughly 82% of the total market, and none of the other players hold a market share above 10%. (PTY, 2022)



Picture 1. PTY (2022). Finnish grocery retailers listed by share of market.

The below picture describes the development of the Finnish grocery retail market between 2019-2022. Online grocery shopping saw its peak increases between 2019-2020 (1.4%) and during 2020-2021 (0.6%). As the below picture demonstrates the online grocery shopping market in Finland is still very small and growth post covid has been very modest.



Picture 2. PTY (2022). Grocery retail market development in Finland.

2.2 Previous research

Already back in 2001 Punakivi & Saranen (2001) spoke about the infrastructure related to logistics in the online grocery shopping space as one of the key challenges for online grocery retailers. Back then Punakivi & Saranen (2001) quoted Heiskanen & Nurmi (2000) who estimated that online grocery retail could account for 15-20% of the grocery market in Finland by 2010. It was concluded that the home delivery option is one of the key elements that determine whether the online grocery business is successful or not. Interestingly, the study also concluded that having the goods delivered to your doorstep could be up to 43% cheaper versus the option of the consumer visiting a brick-and-mortar store by car to complete their purchases. (Punakivi & Saranen, 2001)

In a study from 2021 that was focused on the challenges online grocery retailers face by being present online, expert interviews concluded that location of warehouse, in-store collection and the last mile customer experiences were the key challenges for companies operating in the OGS space in France and Germany. It was also found that the retailers who hold storage spaces that are new, either have partly or fully automated centers to make the process as efficient as possible. (Seidel, 2021)

From previous studies it is known that consumers might be interested in or alternatively repelled from buying groceries online due to a number of reasons. These reasons can be comfort, perceived advantages, price and risk, technology affect, time management and making time for online shopping as part of the day-to-day tasks and lastly, social and environmental dimensions on an individual's beliefs and standards. (Brand et al 2020)

Another challenge for retailers operating in the online grocery space is, that quite few consumers are willing to pay for the service of delivery during a special time window. Therefore retailers find it even more challenging to operate the home deliveries in a profitable way. One way to tackle this issue is to give consumers incentives when placing regular orders with the retailer, as it facilitates the retailers planning. Offering consumers same day delivery options puts the online grocer in a challenging situation from a price and planning perspective. When the online grocer has more time at hand, they can plan more efficient routes for the deliveries. Overall, the study concluded that the key challenges the online grocery retailers face are mostly related to operational topics. One interesting point brought up by Seidel (2021) is that the industry is still in a pre-mature phase when it comes to logistics, however, when the sales volumes grow these processes will be enhanced as the retailers also see the point in improving this area. (Seidel, 2021)

Wang et al (2023) argue that consumers value same day deliveries and that offering this as a premium option could be a way for the retailers to differentiate themselves. Consumers are also more ready to pay for same day deliveries. Innovation diffusion is listed as one of the key reasons for a consumer to embrace online grocery shopping. (Wang et al 2023)

Being an advocate for technology, consciousness of the environment, advocate for online shopping and finding pleasure in shopping online (including home deliveries and street side pick-up options), were found to be drivers for individuals to shop groceries online in Florida in a post-pandemic study. (Titiloye et al, 2023)

A consumer's intent to buy groceries in an online space is impacted by the expected usefulness, the perception of receiving value for money, confidence in the service, positive feelings towards the service, subjective standards attitude and lastly that it is easy-to-use. These insights, can help grocery retailers plan their staffing and distribute resources for the further enhancement of online grocery shopping. It may also be a challenge for grocers present in the online space to keep the consumers they acquired during the pandemic. (Tyrväinen & Karjaluoto, 2022)

Dannenberg et al (2020) studied digital transformation caused by Covid-19 in the German online grocery market and their study showed an extreme growth in OGS during the pandemic, however, their results concluded that in the long-term they see very little shift from traditional grocery shopping to OGS. They also concluded that although online retail shopping had seen substantial volumes prior to the pandemic, the OGS sector has remained a niche. According to Dannenberg & Dederichs (2019 in Dannenberg et al 2020) previous study it was quoted that some of the challenges of OGS were related to cold chain and consumers inability to touch and see the products.

Dannenberg et al (2020) divide the online grocery market actors into three different groups, large retailers that have a multi-channel presence both online and offline like Kesko in Finland, pure e-commerce actors like Finnish Oda, and lastly combined e-commerce businesses that have an online platform. For the last-mentioned group it is a little challenging to find an exact match in the Finnish market, however, the closest Finnish equivalent would probably be one of the large retailers' like Kesko and S-group's grocery collection, or the partnership between Kesko and Wolt (Dannenberg et al 2020 p.550) What can be concluded however, is that the third group combined e-commerce, would be a mix of different players in Finland who are potentially a bit more niche in their business model. (Dannenberg et al, 2020)

2.3 OGS trends

McKinsey & Co publish the *"The State of Grocery Retail Report"* on a yearly basis in three different continents, Europe, Asia and North America. These reports outline trends, opportunities, challenges and overall state of the market and makes forecasts of what the coming year will look like, which is why they provide valuable insight for this thesis.

McKinsey & Co's report (2022) highlighted that CEOs of grocery companies anticipated worsened market conditions. They listed five different areas which were expected to shape the European grocery industry in 2022, and one of them was that the growth of online grocery sales would slow down (prior to Russia's invasion of Ukraine), and that the market would see more varied offers. The same CEOs concluded that one of the biggest opportunities for their businesses were ecommerce and having an omni-channel presence. (McKinsey & Co 2022)

Overall, the report mentioned that inflation and the increasing food prices would result in lower revenue for grocery retailers in general during 2022. In relation to online, the report emphasizes that there should be more distinguishable and customized offers, that would create growth in the online space amongst additional consumer segments. Out of these new segments the most salient one is instant delivery also referred to as quick commerce. (McKinsey & Co 2022)

The same report consisted of a survey, which pointed out that having the right knowhow in the company has become a challenge for retailers, and that 39% of the CEOs that participated in the survey, had experienced issues in finding the right profiles for jobs, as they now need workers that not only have the social and emotional skills, but also technical and analytical proficiencies. Lastly, the report stresses the need of taking brave decisions within the retail space and continuing to invest in key initiatives like online, analytics and people to name a few. Although not specifically related to online grocery shopping, but to the whole industry, the report mentions increasing energy prices, inflation and the invasion of Ukraine by Russia as challenges that are in the minds of business leaders as it puts pressures on already tight margins. (McKinsey & Co 2022)

The European grocery market is expected to recuperate during the second half of 2023 after exceptional rise of inflation and increased grocery prices in 2022. McKinsey & Co (2023) estimate that one of the trends this year will be profitable growth in the online space, and that the standstill the online grocery industry has experienced post covid-19, will shift to moderate increase in online sales volumes during 2023. The report predicts challenging times for incumbents operating in the online grocery business, as meal deliveries are becoming increasingly popular. As a result of that, McKinsey & Co also predicts that meal deliveries will take the number one spot in the online space, if calculated by market size in the coming few years. (McKinsey & Co 2023)

According to a survey conducted in the United Kingdom, consumers deem online and offline as two separate channels, which customers choose the best deals of both the online and the offline world. This is an important consideration for retailers that are present in both spaces, as they need to ensure that they have competitive deals in both the online as well as the offline space. Conducting the online business in a profitable way remains a challenge even in 2023, however, more and more players are becoming profitable, or at least reaching the break-even point in the near future. (McKinsey & Co 2023)

Another key driver for growth is technology and automation of storage units. Different kind of automation is likely to be one of the biggest areas where investments will go in 2023, and it is necessary to facilitate the digital transformation of the grocery industry. (McKinsey & Co 2023)

The CEO of ICA in Sweden, Nina Jönsson, was interviewed for McKinsey's 2023 *The State of the Grocery Retail Report*. She explained that out of ICA's total sales online grocery sales accounted only for 3,5% and most of the consumers shopping online preferred to pick up their groceries, as they do not want to pay for having the goods delivered home. She also continued by saying that ICA does not think quick commerce will be a significant driver of growth to ICA. (McKinsey & Co 2023)

In Finland, however, there seems to be a significant demand for quick commerce. According to an article published by Yle (2022), both big retailers S-group and Kesko (K-group) in Finland have seen an increasing demand for quick commerce deliveries. Antti Rajala, director of eCom & digital services at Kesko states that so far one group of customers have been the families who plan well ahead and order food for the whole week and now Kesko is seeing another significant of consumers emerging, mainly the consumers that are characterized by a busy lifestyle. According to Emma Similä from S-group, S-group is seeing similar trends and more often consumers now want to receive their orders already the next day. The article mentions that home deliveries are the most popular option amongst Kesko consumers and S-group sees similar trends in the cities, but in the countryside in-store collection is more popular. (Mannermaa, Yle 2022)

2.4 Diffusion of Innovation

The diffusion of innovation theory is a social science theory that aims to explain how, why and at what speed a new idea or product develops, is adopted and spread amongst the population, and how it reaches the wider adoption. The theory emphasizes on the fact that it matters in which way the innovations are communicated to the group of people that are considered or expected to adopt the innovation, and that the subjective opinions related to the new product or innovation impact how fast the diffusion or wider spread happens. (Investopedia 2021) This theory is relevant for this study largely because the Finnish market is still in very early phases of online grocery shopping and consumer adoption is still quite low.

There are four main points to the diffusion of innovation theory. Firstly, there is ***the innovation*****,** secondly ***the communication channels**,* thirdly ***time*** and lastly ***a social system***.

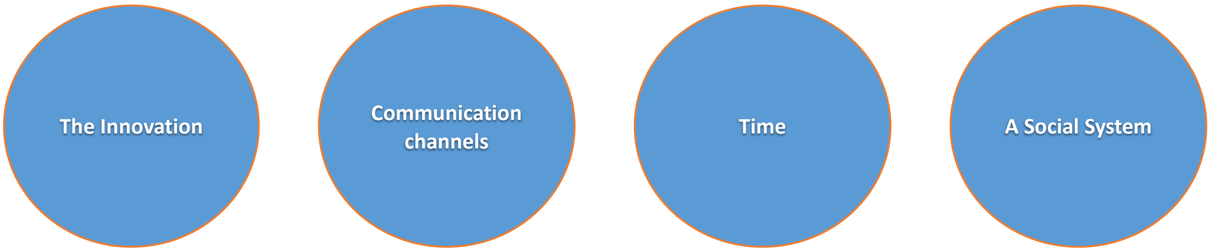


Figure 1. Key elements of diffusion of Innovation theory

An **innovation** is described as an idea, new way of doing something or item which is new to the person experiencing it or seeing it. How the person experiencing the newness of the idea ultimately defines whether it is an innovation or not. An individual can express the "newness" of an idea in three different ways, either as information, persuasion or through the act of adopting it. (Rogers, 2003)

Communication is the process in which people share knowledge with each other with the end goal of reaching consensus. Diffusion is a specific way of communicating where the information that is being shared relates to a new idea. The core of the diffusion process is the knowledge exchange where a person communicates a new idea to one or several different people. A **communication channel** is the way through which knowledge travels from one person to the other. There are several communication channels through which knowledge can be shared e.g., radio, television or other forms of mass media that reach the general public fast. One important communication channel is the inter-personal channels that are characterized by a face-to-face dialogue. This way of communicating is especially effective in situations where an individual would like to persuade another person to adopt a new idea. (Rogers, 2003)

To include the element of **time** is one of the strengths of the diffusion research, as a lot of behavioral science theories do not apply the element of time. In the diffusion of innovation process the element of time is relevant in three different scenarios. First, when a person moves from first finding out about an innovation by either adopting it or rejecting it. Then in relation to how soon or late the innovation is embraced, and lastly an innovation's pace of adoption amongst a group of people (also referred to the system), and how fast they accept it. The innovation decision process also occurs over time. This process is divided into five elements: knowledge, persuasion, decision, adoption and acceptance. (Rogers, 2003)

Diffusion happens inside a **social system**. The social system can consist of people, inofficial groups, organizations and/or subgroups. How the social system is constructed impacts the diffusion in various ways. Things that impact the diffusion from a social system perspective include: the rules on diffusion, the parts opinion leaders and change agents play within the system, the different innovation decisions that are made, and the outcome of innovation. (Rogers, 2003)

The theory also divides the adopters or the population into five different groups:

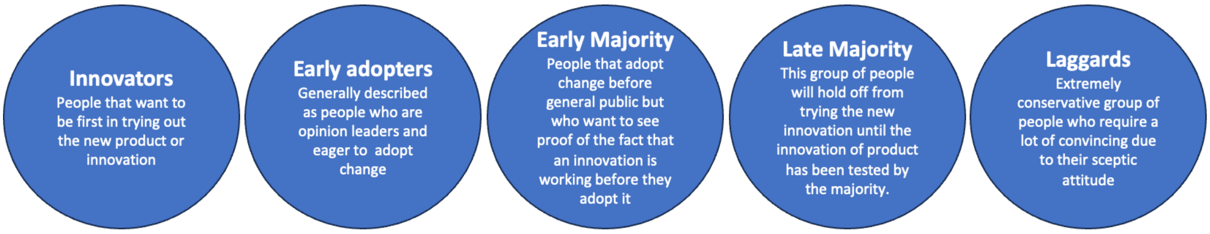


Figure 2. Charachteristics of adopters

The **innovators** are the group of people who want to test the innovation first. They are curious by nature and are not afraid to take chances, which also results in the fact that they often come up with new ideas. This group of people do not need to be convinced as they gravitate towards new ideas easily. (Lamorte, 2022)

Early adopters, also referred to as opinion leaders. They are easy to persuade, and they are very open to the adoption of new innovation as they often have already come to the conclusion that a change is necessary. (Lamorte, 2022)

Unlike the previous group the **early majority** is rarely in a leadership role, however, they do tend to embrace a new idea before the general public. This group tends to want to see proof of the fact that an idea is working before they commit to the change. Success stories are good to share with this group of people as evidence of an innovation's greatness. (Lamorte, 2022)

The **late majority** also referred to as the skeptic bunch embrace a new idea only once it has been tested by most people. They require hard facts on how many individuals have tested the new idea and adopted it into use. (Lamorte, 2022)

Lastly, the **laggards,** who tend to be very conservative in their way of thinking. They are extremely skeptical and old fashioned, which is also the reason they are the hardest group of people to convince and bring onboard to try an innovation. People in this group want to see data related to the innovation and they need to be heavily influenced by people in the other adoption groups. (Lamorte, 2022)

Figure 3 describes which categories the adopters can be grouped into and what the split amongst them usually is, regarding innovation:

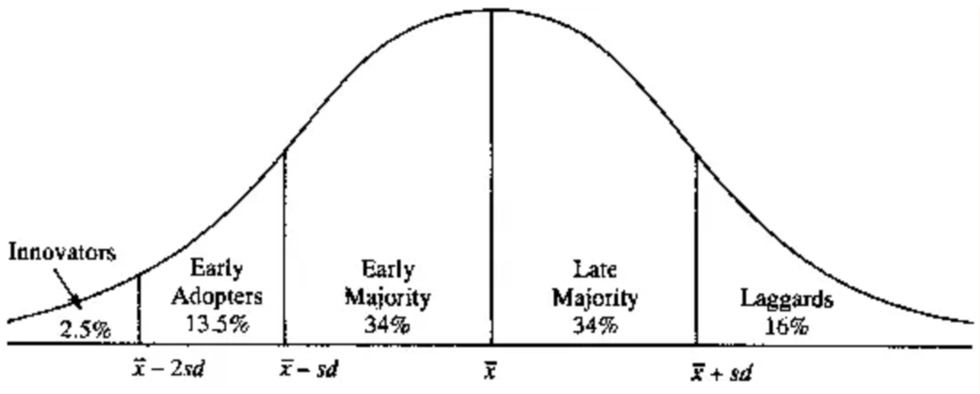


Figure 3. Split between innovation adopters by category.

In an online grocery shopping context, the Finnish market could be in an **early adopter** stage. One reason for this is that the number of the population using the service is still very low, but as the service has been around for quite long already, it is not an innovation anymore. The concept of **time** if the diffusion innovation theory is interesting and one could argue that online grocery shopping has been around for so long already, that it has spread to the **social system** already, because all consumers are aware of the existence of online grocery shopping.

2.5 Summary of literature review

The previous research along with the consultancy reports provide a good overview of what the opportunities and challenges for the online grocery industry are. Online grocery retailers are still struggling to reach the wider consumer adoption in Finland and withing the **social system.** The issue is not that the idea would somehow be unfamiliar for the consumers, it seems to be more dependent on the services being offered.

The good news is that it seems that more company's within this space will reach profitability or break-even in the coming years. Having a multi-channel presence, investing in infrastructure and offering more differentiated services to the consumers, can help retailers acquire more customers.

3 METHODOLOGY

3.1 Research approach

This thesis aims to provide valuable insights regarding the opportunities and challenges within the online grocery business from industry experts in Finland. The specific research questions are:

1) *What are the perceived opportunities of Online Grocery Shopping (OGS) from the retailer's perspective going forward?*

2) *What are the perceived challenges of OGS's from the retailer's perspective going forward?*

The research method for this thesis was a qualitative study in form of semi-structured in-depth interviews and this research method was chosen mainly since the chosen topic required respondents to have experience from the online grocery industry, and since it was a pre-requisite that they work for credible relevant companies within this field of business. A semi-structured interview is characterized by the researcher having a set of specific themes that he or she deems important for the study. The list of questions is commonly described as an interview guide. (Bryman, 2011 s.467)

Semi-structured interviews can largely also be characterized by the following four points. Firstly, it is known that the people who are being interviewed have experience or have experienced a certain type of situation. Secondly, it is expected that the person conducting the interviews has conducted preliminary prior research on structure, processes and the topic. Based on these findings the interviewer has come to certain assumptions, which then forms the base for the interview guide. Lastly, the interviews are directed to the respondents' subjective views on the topic which is studied. (Hirsijärvi & Hurme, 2006)

3.2 Data collection

As a first step the author shortlisted retail companies that operate in the online grocery industry in Finland, to understand which actors would be relevant for this study. Once the companies were identified, the author contacted interviewees by email during the spring and fall of 2022.

A copy of this email can be found in Appendix 1. The interviews were held during the spring and fall of 2022 when respondents were available, and all six interviews were conducted over a Google Meets meeting. The length of the interviews varied quite a lot ranging from 35 to 56 minutes. An interview guide with indications on what questions they will be asked to respond to was shared with the interviewees as soon as they confirmed their availability for an interview. It is worth noting that, none of the respondents had any questions prior to the interview, nor did they mention any limitations regarding what they can speak about. The interviews were transcribed using Microsoft Word's transcription feature, and the author also audio recorded each of the interviews using a mobile device. Recording the interviews enabled the author to check the quality of the transcriptions made by Word, and amend these were necessary. Five out of six interviews were conducted in Finnish, and one interview was done in English. Once the interviews were completed the author collected statements in Finnish, which were deemed important for the topic, and these statements were first categorized as first order codes into an excel file, and then translated into English to the best of the author's abilities. However, there is a slight chance the certain aspects of the interviews related to the language the interviewees used, does not give the reader the full view of the context in which the statements were discussed.

3.2.1 Interview guide

An interview guide was prepared and shared with the respondents prior to the interview (please see Appendix 2). As the study focuses on the future opportunities and challenges of the online grocery shopping industry from the retailers' perspective, many of the questions emphasized on the future. By future the author means the coming 5-10 years. The guide was put together with the aim that the end goal of the questions is to generate responses, that will ultimately facilitate the authors ability to answer the established research questions. According to Kvale 1996, in Bryman & Bell (2011), a good interview guide is constructed of nine different types of questions, namely, introducing questions, follow up questions, probing questions, specifying questions, direct questions, indirect questions, structuring questions, silence and interpreting questions. It is also advisable to rank the questions so that there is a logical flow throughout the interview. The ability to change sequence of the questions during the interviews is deemed as important. (Bryman & Bell, 2011)

3.2.2 Respondents

The author of this thesis contacted all relevant online grocery businesses in Finland and requested to have interviews with relevant profiles from respective companies. The industry experts that were interviewed for this thesis all represented different companies, and they held different positions that in some ways were connected to the online grocery business. Six people were interviewed in total during the spring and fall of 2022 and their positions in the companies' included Chief Executive Officer, Vice President eCommerce & Digital Development, Marketing Director, Chief Data Officer and Chief Digital Officer. One of the respondents was a freelance industry expert, that has had a significant role in bringing a new online grocery business to the Finnish market. The interviewees received an interview guide with the questions prior to the interview, which enabled them to prepare for the interviews if they wished to do so. The interviewees could choose to be interviewed in Finnish, English or Swedish and all interviews were conducted in Finnish apart from one, which was done in English. The interviewees were also offered the possibility to be anonymous, but none of the respondents requested this.

The respondents were coded in the following way:

Table 1. Coding of respondents

Title	Respondent #	Code
Chief data officer	Respondent 1	I 1
Industry expert	Respondent 2	I 2
Director eCom and Digital services	Respondent 3	I 3
Marketing Director	Respondent 4	I 4
Chief Digital Officer	Respondent 5	I 5
Chief Executive Officer	Respondent 6	I 6

3.3 Data Analysis

The author has conducted a thematic analysis, which essentially follows the Gioia methodology, and the author chose this method as it gives a voice to the respondents who can be viewed as "knowledge agents". The Gioia methodology also provides flexibility for the interviewer to ask prompt questions, or adjust the questions from the interview guide, based on the respondent's answers during the interview, and this is something the interviewer deemed as important for this study. (Gioia & Corley, 2012).

The starting point for conducting a thematic analysis using the Gioia methodology is to find concepts connected to the topic that is being studied, and then use them as a base for building the theoretical framework. The methodology follows the assumption *"that the organizational world is socially constructed"* (Gioia & Corley 2012), and the fact that individuals working in their respective companies are aware of what the company is looking to accomplish, and can elaborate on their considerations, operations and actions.

The data structure is divided in to first order codes, in this case the statements the people made during the interviews, second order themes and aggregate dimensions. The second order themes emerge when the researcher observes the first order codes and finds concepts that are somehow connected to each other, and could potentially facilitate the researcher in describing the field that is being studied. Once the second order themes have been established, the researcher takes one last look to see if the data (first and second order codes / themes) can be further grouped into an aggregate dimension. Once this is completed, there is a foundation to build the data structure. (Gioia & Corley, 2012)

For this study two different data structures were done, one for the opportunities the online grocery retailers are facing in the future, and one for the challenges they are facing.

4 RESULTS

This chapter will conclude the results of the interviews and present the key findings. The findings will address the research questions and have been divided into two separate categories. The first category covers aggregate dimensions that can be viewed as opportunities for an online grocery business, and the second category covers aggregate dimensions that can potentially be seen as challenges for the online grocery business going forward. Each of these categories include findings, as well as quotes from the interviewees', that support the statements.

It is also important to mention that several of the statement and findings (even called first order codes) can belong to both categories, as it is heavily dependent on the action or decision the online grocery business decides to take in the future. An example of this is investments. Investing in various initiatives can be an opportunity for the online grocery retailer, whereas failure to do so, can result in challenges for the businesses in the future.

4.1 Opportunities of Online Grocery Shopping (OGS) from the retailer's perspective going forward

The outcome of the research is presented in the below table. These findings address the first research question: "*What are the perceived opportunities of Online Grocery Shopping (OGS) from the retailer's perspective going forward?*"

Table 2. Data structure. Opportunities for online grocery retailers going forward.

First order code	Second order theme	Aggregate dimension
Younger generations of consumers Customer readiness online	Differently ready consumer segments	Investing in understanding customers
Customer interaction Customer journey User friendliness	Customer Experience	
Increased expectations on Finnish web shops	Increased expectations on Finnish webshops	
Experimenting with customers Strategic choice of wide / narrow selection of products Brick and mortar online	Exploring new concepts	Companies strategic considerations
Workforce & Skillset Outsourcing vs inhouse	Access to relevant personnel resources	
Investments in infrastructure, logistics, sustainable solutions, other partners (Unilever, Nestlé etc)	Investments	
Development of digital channels Multi-channel presence Reach of online web shop	Staying relevant and available	Considerations for new customer recruitment
OGS awareness Use of data & AI	Raising consumer awareness	
Partnerships Additional services Quick commerce	New revenue streams	Industry related considerations
Development of logistics industry Improving effectivity & optimizing everything	Future-proofing and optimizing everything	
Competition	Competition	
Flexibility with deliveries Flexibility with orders Flexibility overall Speed of deliveries Different service concepts online	Providing flexibility	Order process related considerations
Recipees Personalized offerings Facilitate product search / selection	Assistance	
Complementing regular purchases	Offer add on sales to compliment regular OGS orders	

4.1.1 Aggregate dimension: Investing in understanding the consumers'

Six first order codes were identified as statements that conclude why the OGS retailers should invest in understanding their consumers. These statements could then be grouped into three second order themes, 1) **Differently ready consumer segments,** 2) **Customer experience** and 3) **Increased expectations on Finnish web shops.** From the second order codes the aggregate dimension ***"investing in understanding the consumers"*** was determined.

Under second order theme, **differently ready consumer segments** first order code ***younger generations of consumers*** and ***customer readiness to buy online*** was mentioned, and the respondents discussed it in this way:

"Then of course when the younger generations reach the age of consumption, they will of course be a huge opportunity for web shops". (I 2)

"How we can attract and teach consumers to try online grocery shopping". (I 3)

Consumer readiness to buy online also came up in a different context:
"All of us [the big online grocery retailers] *could already cater for a larger consumer demand"*. (I 5)

Under the second order theme **customer experience** first order codes *customer interaction, user friendliness* and *customer journey* were highlighted as important considerations.

One of the respondents highlighted the importance of interacting with customers in the following way:
"Things take time, but we want to be agile and reactive, but that requires us to experiment jointly with our consumers". (I 3)

Same respondent stressed the importance of human interaction in connection to deliveries by saying:

"The importance of the human interaction in the buying process between the driver making the delivery, and the consumer will be key in the future". (I 3)

"*The importance of the last mile customer experience will increase in the future".* (I 3)

User friendliness was also highlighted by the same respondent in the following way:
"An important consideration is that it [web shop] *should be easy to use"*. (I 3)

Lastly, first order code and second order theme **increased expectations on Finnish web shops** stated the following on consumer expectations:

"*When international ecommerce web shops and services develop the expectations that Finnish consumers have on domestic web shops and services will also rise"*. (I 3)

4.1.2 Aggregate dimension: Companies' strategic considerations

For this aggregate dimension six different first order codes were found that support the statement of what strategic considerations the companies should consider. These first order codes were ***experimenting with customers, strategic choice of wide /narrow selection, brick and mortar online, investments in infrastructure & logistics & sustainable solutions & other partners (Unilever & Nestlé)*** and ***outsourcing vs*** inhouse. Out of these six first order codes three second order themes were identified, namely, **1) Exploring new concepts**, **2) Access to relevant personnel resources** and **3) Investments.**

The second order theme **exploring new concepts** consists of three first order codes, ***experimenting with customers***, ***strategic choice of wide / narrow selection of products*** and ***bringing brick and mortar online***.

One of the big retailers brought up in the following context related to experimenting with customers: *"Things take time, and we want be reactive and agile in trying new things, but it also requires partnering up with our customers and exploring with them to find the right service models"*. (I 3)

Same respondent continued by saying:
"*We are doing several pilots related to our web shop and we have for example tested together with a startup a service where your groceries are delivered all the way to the fridge, but that was not very successful and there was no consumer demand for a service like this, but then again when we tested quick deliveries there was clearly a demand for it"*. (I 3)

The first order code ***strategic choice of wide / narrow selection of products*** was mentioned by a respondent as follows:

"What we do differently is that we have with our turnover over 20 million euros a very how should I say narrow selection of items". (I 4)

Another respondent said:
" Our goal is to move towards a wider selection of products". (I 6)

Bringing brick and mortar online was discussed in the following context:
"S-group has clearly gotten a lot more volume now when they have also brought the Prisma chain online" (I2) , and another respondent continued by commenting *"as a clarification, although we are currently automizing the collection of items in bigger cities we do think that in store collection will continue to be the predominant way we collect online grocery products for years going forward".* (I 3)

Access to relevant personnel resources consisted of two first order codes namely, ***workforce & skillset*** and ***outsourcing vs inhouse***.

"*We have been doing a lot of work so that we always have three basic roles in each team, so that there is one person who understands the business, one designer and one tech person. The businessperson looks after the business needs, the designer looks at which consumer problems should be solved, and then the tech resource solves the problems by coding".* (I 5)

The change in the skillset was brought up in the following context *"all food companies that previously have been food companies are slowly becoming technology companies"*. (I 6)

Another respondent continued along the same lines by saying:
[Nowadays] *"The personnel needs to have very different skillsets, or you need to have very different kind of workforce* [compared to before] *so that you can run an online grocery web shop. Back in the days the staff was building and moving shelves in the store and building houses, but now the requirements are a little different".* (I 2)

Lastly, second order theme **investments** included first order code ***investment in infrastructure, investment in logistics*** **and** ***investments by other parties***. The investment in infrastructure and logistics were discussed by several of the respondents in this context:

"The enhancement of collection of products requires big investments and logistics centers and developing the services is also expensive. As the market grows and the competition increases it will interest big companies and investors will follow". (I 1)

Another respondent stated: *"abroad big food industry companies like Nestlé and Unilever have made investments in meal kit companies"*. (I 2)

Majority of respondents stated that overall investments are needed.

4.1.3 Aggregate dimension: Considerations for new customer recruitment

To conclude considerations for new customer recruitment five first order codes were identified. The first order codes consisted of the following statements: ***development of digital channels, multi-channel presence, reach of online grocery web shop, OGS awareness*** and ***use of data and artificial intelligence (AI)***. After grouping these first order codes to second order themes two second order themes came up: **1) Staying relevant and available** and **2) Raising consumer awareness.**

Under **staying relevant and available** the importance of ***multi-channel presence*** was discussed as follows:

"We have conducted consumer research on how the consumers see their shopping habits changing in the next five years and from there we can clearly see that consumers claim that they will increase online shopping in the coming five years, but what is interesting is that the amount of consumers who say they will only use online grocery shopping services will not increase in five years' time". (I 3)

With regards to the ***development of digital channels*** same respondent raised an important consideration:

"How we can develop the customer experience in the digital channels related to ordering for example by using data". (I 3)

Another respondent focused on the pros of OGS and having a ***multi-channel presence*** and ***reach of online grocery webshops*** by stating:

"The advantage of web shops is that the physical world plays very little importance for them whereas for physical stores the location of the store plays a huge role. The physical world only comes to importance for online grocery shops in relation to the areas where they do home deliveries. For grocers present both online and offline there is an opportunity to expand the offering in the physical world by using the web shop". (I 2)

OGS awareness came up in this context:
"Wolt and Foodora have an important role in creating "undergrowth" in the market. They are very small compared to Kesko or S group web shops not to even mention their total business, but through these actors [Wolt & Foodora] *new options emerge and consumers can test different things".* (I 3)

Use of data and artificial intelligence (AI) was widely commented by most respondents in different contexts:
"The local Prisma knows quite well when you will run out of something (due to customer data) *as it is very easy to predict how we behave".* (I 2)

"What we are currently looking into with great interest is how we could connect customer data in an even better way to the web shop". (I 3)

"I fantasize of being able to produce recipes with the help of AI that would be exactly according to our customers liking, and where the recipes would consist of combinations of ingredients, which you could with the help of AI determine that people like". (I 6)

Another respondent discussed use of data in relation to being able to provide more sustainable options for the consumers:
"The biggest impact will for sure be in the area of sustainable development, where we can with the help of data bring you eating habits that are more environmentally friendly". (I 5)
Same respondent continued by saying:
"The next phase is that we start doing this online grocery shopping business basing it more on the terms of data and digitalization". (I 5)

4.1.4 Aggregate dimension: Industry related considerations

For this aggregate dimension six first order codes were identified and then grouped into three second order themes. The first order codes were *partnerships, additional services, quick commerce*, which were grouped into second order theme **1) new revenue streams.** Additionally, there were two first order codes *development of logistics industry* and *improving effectivity & optimizing everything* which were grouped into second order theme **2) making business future-proof**. Lastly, first order code *competition* resulted in second order theme **3) competition** as there was no need to group this further.

Under second order theme **new revenue streams** respondents discussed about first order codes *partnerships* and ***quick commerce*** in the following context:

"Another big market is the so called "add on" market when you are missing the chocolate or something else. We are present in the quick commerce market with fast deliveries through partnerships with Wolt and Foodora". (I 3)

Same respondent highlighted partnering with customers in the following way: *"we want to be agile and react fast, but that requires partnering up with our customers to experiment different concepts".* (I 3)

Quick commerce was also mentioned in the following context by respondents:
"I do not think that Finnish online grocery web shops can yet respond to the consumer demand related to fast deliveries. The Finnish market lacks these kinds of actors, or Wolt is aactually the only quick commerce grocery web shop, that actually delivers groceries fast to your door". (I 1)

Additional services was brought up in this context:
"O*ne thing which I see as a big opportunity for online grocery web shops is that the online grocery delivery services start to become a delivery service for other online orders as well, and that they could collect bottles and cardboard and take them back while making the deliveries, so adding new services to the core service".* (I 2)

Another respondent brought up ***additional services*** in another context, *"as an example, if I would like to reduce my carbon footprint the OGS could build the whole view for me so that they would only recommend products to me that have a lower carbon footprint"*. (I 3)

One of the meal kit providers mentioned ***additional services*** as follows: *"from our perspective we want to develop our add on product selection so that on top of the meal kit you can also add other products"*. (I 6)

First order codes ***development of logistics industry*** and ***efficiency enhancement & optimizing of everything*** was grouped in the second order theme **making businesses future-proof.**

Respondents discussed these first order in the following contexts:

"One thing that will develop for sure is the logistics industry and I think logistics has in Finland been one of the barriers for online grocery shopping, as there has not been a functioning infrastructure around it". (I 1)

Same respondent continued by saying *"Even the small brick and mortar stores could do the in-store collection, but the delivery is a little bit of a problem, and they should build the infrastructure around deliveries or then use existing platforms like Wolt"*. (I 1)

Other respondents spoke about ***development of logistics*** by saying:
"But one question is if these companies can make use of the fact that people are not home and use different kind of cold boxes". (I 2)

"*The logistics industry will be revolutionized completely, and we will see a lot things happen in this field and even urban (city) planning needs to start to take into consideration home deliveries as they become more popular"*. (I 6)

In relation to ***efficiency enhancement & optimization of everything*** one respondent said:

"In store collection will be optimized when it is done at the back of the store instead of inside the store, and it is a big question how the actors that are present both online and offline can commercialize the web shop and what kind of service models they come up with". (I 2) "*Well*

for sure like all kinds of automations will take place and that will change the business like, and I am pretty sure we will see the end of handpicked online deliveries pretty soon". (I 4)

Optimization was discussed in this way:

"Customers do not see as many products online and the overall sale of products online is focused on a lot smaller selection of items. This means that online retailers, can have a lot smaller selection of products compared to a physical store and the total sales per product can be higher, which results in cost-efficiency. This is something the big retailers (present both online and offline) have not thought about yet, and that it is not necessarily worth having the same wide selection online that you have in a physical store.". (I 2)

On ***efficiency enhancement*** another respondent continued by saying: *"all actors in this business are probably thinking about ways to improve efficiency and Ica in Sweden has for example started to build a large, centralized storage for collection of products"*. (I 3)

Last second order theme and first order code for this aggregate dimension was **competition,** and it was widely discussed by several respondents in various contexts. The following statements related to ***competition*** were brought up as opportunities for the industry:

"New actors in the market will grow the market and increase the knowledge on OGS". (I 3)

Another respondent continued by saying: *"The challengers, the likes of Ruokaboksi and Fiksuruoka, they all play an important role as they create "undergrowth" in the market and they are very small compared to Kesko and S-group web shops, but they provide different alternatives to the consumer"*. (I 2)

This was echoed by another respondent who mentioned in relation to **competition**: *"I see that anything that happens in the online grocery business is basically having a positive result for us you know, the more happening the more going on the better it is for everyone in the industry"*. (I 4)

It was also mentioned that *"Oda brings competition to the market and to the delivery prices"*. (I 5)

Another person stated:
“International competitors come to Finland from a price competition perspective”. (I 6)

In relation to the international ***competition*** respondent six also mentioned:
“The competition is no longer a competition amongst Finnish companies as there are continuously new international competitors entering the market”. (I 6)

Another respondent was thinking in the same way and said:
“I would say that we we're probably going to see a lot of new companies popping up in the coming years”. (I 4)

4.1.5 Aggregate dimension: Order process related considerations

Nine first order codes were identified for this aggregate dimension, and these first order codes were grouped into three different second order themes; **1) providing flexibility, 2) assistance** and **3) offer add on sales to compliment regular OGS orders**.

First order codes ***flexibility with orders, flexibility with deliveries, overall flexibility, speed of delivery*** and ***different service concepts online*** were grouped into the second order theme **providing flexibility**. The importance and essence of flexibility came up in every interviewee’s response in some context throughout the interviews, and although most respondent emphasized on the overall flexibility and having options for the consumers, ***flexibility with deliveries*** was one of the things that was most highlighted.

“What the quick commerce actors are probably doing to the traditional online grocery retailers like Oda, K-group, S-group is that they put pressure on delivering faster”. (I 2)

“Fast delivery and flexibility like flexible deliveries would be important then”. (I 4)

“Automation and efficiency enabled by data and then on the other hand the development of the customer experience and probably new kinds of delivery models”. (I 3)

Another respondent touched upon how the deliveries are made: *"different kind of option on how the deliveries are transported to the consumer, what kind of vehicles are used and all these kind of things"*.

One respondent brought up the ***flexibility with orders*** and how this is likely to evolve: *"I think we will soon start to see these kinds of models where you can add on features that the customer books a slot, which is already big in England to book a certain day for delivery, every Monday at 8am and then deliveries are free, and the consumers pay for example 5 GBP per month for this service"*.

In relation to how grocers can take advantage of online in the future one respondent mentioned: *"We are still growing the trend that consumers can tailor make any kind of grocery bag to themselves, and we can provide more flexibility around delivery days and when the groceries are delivered"*. (I 6)

Different service concepts online was brought up by several respondents in various contexts. Some of the respondent discussed this first order code from a futuristic perspective of what they see will happen or could be done, while others gave practical examples.

"People are so impatient nowadays in the web shops and they do not have a lot of time always, and I would believe that different kind of packaging will become more common". (I 6)

"I would definitely combine what we are doing in a more personalized way which actually is something that we are launching during next year spring". (I 4)

"As an example, I would like to reduce my carbon footprint and it could suggest to me or it could build in a certain way the whole view of the web shop so that it would recommend products to me that produce less emissions". (I 3)

"Or then when someone wants to optimize that they only wish to spend 300 € per month on groceries, we could optimize your shopping basket so that you only use our private label products and cheaper products. (I 5)

"We should enable consumers to give more (data) *as I also have a nut allergy, I could mark all food that contains nuts so that it is not even shown to me"*. (I 5)

One respondent mentioned the different nature of online grocery shopping in this context. *"Another element is how we can bring up the different nature of a grocery store online, as online grocery shopping is very predictable and there are items that are ordered very regularly, so different kind of service models"*. (I 2)

Second order theme **assistance** consisted of three first order codes, ***recipes, facilitate product search / selection*** and *personalized offering.* These first order codes were commented on in the following context.

"Those kinds of things will augment that you facilitate adding products to the shopping basket and finding products" (I 1)
Same respondent continued by saying *"all kind of innovation around personalized product recommendations for example based on your purchase history".* (I 1)

" Being inspiring and awaking interest so that we bring more ready-made solutions and food ideas to the daily routines e.g., through ready-made recipes". (I 3)

"I would think that the trends are moving in the direction that there are recipes and the ingredients for the recipes can easily be clicked into the shopping basket". (I 6)

Lastly first order code ***complementing regular purchases*** was re-named in the second order theme to **offer add on sales to compliment regular OGS orders**. This second order theme was also widely highlighted in the interviews in varying contexts and has also been pointed out as a challenge for OGS.

"Another market we are active in is the market of add on sales (also called impulse buy) *so when you are missing that chocolate, or you are missing something else we are present with quick commerce deliveries"*. (I 5)

One of the meal kit providers commented on expanding their offering in the following way:

“The goal is to constantly go towards a wider selection to choose from”.

“For us we want to develop our offering related to add on products, so that you get your grocery order but also the recipes you have chosen”. (I 6)

4.2 Challenges of Online Grocery Shopping (OGS) from the retailer's perspective going forward

The outcome of the research is presented in figure xxx. These findings address the second research question: "*What are the perceived challenges of OGS's from the retailer's perspective going forward?*"

Table 3. Data Structure. Challenges for online grocery retailers going forward.

First order code	Second order theme	Aggregate dimension
Inflation & food prices Food crises Development of logistics Quick commerce actors that are more agile Incumbents have been reluctant to move online	Factors that radically affect the OGS industry	Industry related threats
Keeping up with tech development and innovation Workforce & Skillset + industry knowledge	OGS company's readiness to evolve	
Finland's geography and its longdistances Profitability Food storage & infrastructure Ineffcient service models Expensive deliveries Prioritization of tasks	Profitable delivery processes	
Competition	Competition	
Culture of using services Low consumer demand Consumer adoption Consumer trust Customer retention Older generations digital skills	Consumer related challenges	Consumer behavior related considerations
Consumers see less products online Increased expectations on Finnish webshops due to international web shops Customer journey and user friendliness	Inability to improve consumer experience	
Impulsiveness	Failure to cater for impulse buy products	
Pricing in general and for those present both online & offline	Synchronizing in store offering to online	Strategic considerations related to daily operations
Problems related to outsourcing	Outsourcing	
Differentiation of services & staying relevant Commercialization of webs hops	Commercial mindset	Important service related factors
Improving effectivity & optimizing everything	Efficiency enhancement & optimization of everything	

4.2.1 Aggregate dimension: Industry related threats

Fourteen first order codes were identified as industry related threats related to Finnish OGS from the retailer perspective. It is however important to highlight that some these threats are threats for the whole industry globally, whereas other can be more local. The first order codes were then grouped into four different second order themes, **1) factors that radically affect the**

OGS industry, **2) OGS retailer's readiness to evolve, 3) profitable delivery processes** and **4) competition**.

First order codes ***inflation & food prices, food crises, development of logistics, quick commerce actors that are more agile*** and ***incumbents have been reluctant to move online*** were first order codes that were grouped in to the second order theme **factors that radically affect the OGS industry.** Respondents discussed these topics in the following way.

"Inflation is going up and food prices going up so this means again a very new situation and in a situation like this people are not so prompt to try out new services as they were before maybe". (I 4)

"What kind of food crises can we expect in the coming five years, and it might change a lot as a consequence to that and overall, what will happen to food prices (….) inflation and all these things impact the scene in the coming five years." (I 6)

"One big challenge is the in-efficient collection of goods". (I 1)

Some of the respondents looked at the challenges related to ***development of logistics*** from the storage perspective.

"The physical stores are not built for the need of OGS" (1 3)

"It's a very hard business to do successfully because it means that you have to have a big warehouse with a lot of stuff". (I 4)

Agility of ***quick commerce*** actors was commented by two respondents as follows:
"We have started seeing these quick commerce actors and what it does is that it creates pressure on the traditional OGS retailers to deliver quicker". (I 2)

"We see already like the big like the newest thing in the online grocery market has been the quick commerce companies popping up like mushrooms". (I 4)

The first order code **“*incumbents have been reluctant to move online*”** was mentioned by one respondent in the following context:

“The big again like the two big change chains in Finland have been very reluctant to move online and this is something that will have to change”. (I 4)

First order codes ***keeping up with development (tech) & innovation*** **and** ***workforce & skillset + industry knowledge*** were grouped to the second order theme **OGS retailer’s readiness to evolve.**

These first order codes were discussed in the following context:

“If you as a company can’t keep up in this technological whirlwind and you do not do things with a technology first mindset then the future of your company will be challenging”. (I 6)

Same respondent continued by saying:

“Keeping up with the development is a big challenge and how traditional grocers can transform into service companies”.
“The industry desperately needs those tech slash data people of which whom there are very few, compared to how much work there would be available”. (I 6)

Another respondent referred to how they have done in their organization in relation to *workforce and skillset + industry knowledge* by saying:

“We have been doing a lot of work so that we always have three basic roles in each team, so that there is one person who understands the business, one designer and one tech person. The businessperson looks after the business needs, the designer looks at which consumer problems should be solved, and then the tech resource solves the problems by coding”. (I 5)

Profitable delivery processes was the second order theme that concluded these six first order codes: ***Finland’s geography and its long distances, profitability, food storage & infrastructure, inefficient service models, expensive deliveries*** and ***prioritization of tasks***.

The first order codes came up in varying contexts, but all in all they could all be seen as challenges, which grocers need to consider when planning **profitable delivery processes.**

"It is one of Finland's special features or problems that people live so scattered". (I 1)
"Refrigerated transport logistics needs a large population density, which in Finland only exists in these few bigger cities". (I 1)

"And then when you go to my summer cottage in Hirvensalmi, nobody will build and automated collection center there".

Inefficient service models were brought up in two different contexts:

"Especially the traditional actors have the brick-and-mortar stores and for them it is a big temptation to build collection and the web shop around the brick-and-mortar business and there are many challenges related to that, the collection is extremely inefficient, and it costs a lot". (I 2)

"Today's brick and mortar stores were not built for the needs of online shopping". (I 3)

Expensive deliveries were discussed by two respondents who argued the following:

"Some people experience that the delivery prices are so high, and they do not want to pay for the service". (I 5)

"Another aspect is that home deliveries is expensive, and although a warehouse is a lot more effective compared to a store, one of the biggest expenses in having a warehouse set up is the delivery of the goods". (I 2)
Prioritization was discussed by one respondent in relation to the different tasks:
"Probably the biggest challenge is the prioritization when there is a lot of things you could do and you cannot do them all at the same time, so prioritizing those tasks that are most important for the customers and for the consumer experience". (1 5)

The first order code ***profitability*** was discussed as a challenge in the following way:

"Finding efficiency and profitability in this growing and developing market". (I 3)

"They've never been profitable [company X] *whereas we're profitable no matter if we sell like a couple of 100 boxes a week or 10,000 or 20,000 boxes a week. Our business model is still profitable so it's very scalable and that again is because we're very effective so basically every box that we deliver is profitable for us"*. (I 4)

Competition was the most widely discussed topic among the respondents under this aggregate dimension. ***Competition*** was both a first order code and second order theme and naturally competition has been mentioned as both an opportunity and challenge for the industry depending on which angle you look from.

"The competition is not only within the Finnish market anymore. There are continuously coming new international players to the market". (I 6)

"We see already that the newest thing in the online grocery market has been the quick commerce companies popping up like mushrooms". (I 4)

"Now when Oda has entered the market there is at least competition and I assume that in five years we will be in a completely different situation and the big players have made a lot of investments". (I 1)

"Another thing is that Oda brings a lot of competition to the delivery prices". (I 5)

4.2.2 Aggregate dimension: Consumer behavior related considerations

This aggregate dimension consisted of ten different first order codes that then were grouped into three second order theme, **1) consumer related challenges, 2) inability to improve consumer experience** and **3) failure to cater for impulse buy products.**

In the second order theme **consumer related challenges** five first order codes were found. These first order codes consisted of the following statements: ***culture of using services, low consumer demand, consumer adoption, consumer trust,*** and ***customer retention***.

One of the most discussed statements under this second order theme and this aggregate dimension was the first order code ***culture of using services***, and the respondents brought up the following statements:

"Especially before covid when we asked customers why they use these types of services, there was a lot of explaining from the consumers like I have five kids at home or my leg is broken, otherwise I would go to the store myself". Same respondent continued by saying, referring to the time pre-covid 19: *"This is my own kitchen psychology or way of thinking, but in Finland the cultural acceptance was not that approving towards these kinds of services or paying to use services"* [prior to covid-19]. (I 3)

"Now we have those generations that do not have the tradition of using services, but of course now as the share of those who are used to using services grows and who want to pay for them, I think that even though the situation looks like this now, in the coming decades it won't look the same at all". (I 6)

"Some people feel that the delivery prices are so high that they do not want to pay for the service" (I 5)

"Historically it was an issue that not everyone knew how to use or people a certain age did not know how to order online, but that will naturally change when time passes by". (I 1)

Low consumer demand and ***consumer adoption*** were mentioned in the following context:

"How do we teach our customers and lure them into trying OGS". (I 3)

"We are speaking about such a big change in habit and there was a story that it takes nine months for you to change a habit and in shopping it is so entrenched that it takes time for consumers to learn to trust and actively use these web shops". (I 4)

"The pandemic has in one way distorted the [consumer] *demand when the restaurants have been closed and other things so this has created some kind of excess demand in one way"*. (I 5)

In relation to ***consumer adoption*** in the coming five years a few respondents stated the following:
"I do not think it will change significantly. It might be that some people or more people maybe order online more frequently but I don't think anything significant will happen". (I 1)

"Now due to covid a large number of people have at least tried (ordering) *once or twice, so it will slowly transition into that some might order once a month and then after a while it might be twice a month, little by little the routines change"*. (I 2)

Other considerations that were mentioned related to ***consumer adoption:***
"Breaking the myths around online grocery shopping and luring consumers to try it". (I 3)

"I would say that the biggest thing is getting people's mindset to change. Grocery shopping is one of the most automated habits that we have". Same respondent also stated:
" Inflation going up and food prices going up so this means again a very new situation, and in a situation like this people are not so prompt to try out new services as they were before maybe". (I 4)

"The change is slow, but in this market every percent is always 200M €". (I 5)

Consumer trust was discussed in the context of trusting the OGS providers in the simple tasks:

"I remember myself when I used this was the typical thing what people would say that they want to feel the avocado themselves".

One of the meal kit providers discussed importance of ***customer retention*** in the following way: *"For a business like ours, it is almost more important how we can keep the customer, rather than how we can get a new customer"*. (I 6)

Another respondent spoke about ***customer retention*** from another perspective: *"How we can maintain the whole process* [service] *for the consumer so that he or she feels it adds value"*. (I 5)

The second order theme **inability to improve consumer experience** consisted of three different first order codes. These first order codes were ***consumers see less products online, increase expectations on Finnish web shops due to international web shops, customer journey & user friendliness***.
The following statements were made in relation to these first order codes:

"One thing which is an issue in the online grocery shopping services, or the biggest issue is how to find the products that you want. People are used to walk down the store isles and finding their products, but then when you need to find the products on the screen of a tablet the experience is very different". (I 1)

" If you think about how you move inside the supermarket you always like kind of take the same road you take the same coffee package and you tend to take the same breads and you know you're very loyal to the brands that you use and shifting from that to an online model where you must trust someone else to do". (I 4)

"In Finland they (webshops) *will have to evolve maybe through the fact that globally different kind of international web shops develop, the bar is set higher and consumers' expectations on on the domestic services will rise"*. (I 3)

"They re-launched it, and the old foodie's usability was poor to put it mildly and Kesko was able to increase sales simply because they had better" (webpages). (I 2)

"During this time when the world's supply chains are unstable and there are some gaps in our offering as well (…) in the online grocery web shop there really aren't those technical problems and for us who have a lot of customers we want to ensure a good experience to all customers and that is probably the biggest challenge". (I 5)

"What is important is that it [web shop] *should be as easy to use as possible"* (I 3)

The last second order theme for this aggregate dimension was **failure to cater for impulse buy products** and it consisted of one first order code ***impulsiveness***. ***Impulsiveness*** was discussed in the following context:
"After lunch most people remember that they need to eat something in the evening and they go to a store after work, so the web shop should cater for the impulsiveness and that it really would be possible to have the order within a few hours' time". (I 2)

"Currently on a broader scale I can say that there is a big difference from store to store in impulse buy products, but in our web shop's some of the stores do it really well, however, generally speaking impulse buy products maybe are a little underrepresented". (I 3)

4.2.3 Aggregate dimension: Strategic considerations related to daily operations

This aggregate dimension consisted of two second order themes **synchronizing in store offering to online** and **outsourcing.** The first of the second order themes (**synchronizing in store offering to online)** consisted of one first order code ***pricing in general and for those present both online & offline*** and it is perhaps a challenge more to the traditional retailers who are present both online and offline, but still an important consideration in relation to the daily business. This was discussed in the following context:

"They [retailers present online & offline] *use the physical store prices as base for the web shop and that removes the possibility to price the products in a different way online"*. (I 2)

"It's perceived as more expensive to buy food online". (I 4)

"International competitors come there [online] *from a price competition perspective"*. (I 6)

The second order theme **outsourcing,** consisted of first order code ***"problems related to outsourcing"*** and the respondents stated the following:

"That is a good point in relation to outsourcing that technology work is exactly what companies easily outsource nowadays". (I 2)

He also stated the following:
"For the meal kit companies, the storage and other things work as their cycle is so slow so they can easily outsource storage and deliveries, but then again in Oda's case the deliveries are a more critical function because the more the speed of the delivery is emphasized the less you can outsource". (I 2)

Respondent five's company used to outsource, and he stated the following:
"We have been doing a lot of work so that we always have three basic roles in each team, so that there is one person who understands the business, one designer and one tech person. The businessperson looks after the business needs, the designer looks at which consumer problems should be solved, and then the tech resource solves the problems by coding". (I 5)

4.2.4 Aggregate dimension: Important service related factors

The last aggregate dimension for challenges that the online grocery retailers face consisted of three first order codes, ***differentiation of services & staying relevant, commercialization of web shops*** and ***improving effectivity & optimizing everything***. The two first first order codes were grouped into second order theme **commercial mindset,** whereas ***improving effectivity & optimizing everything*** was concluded in second order theme **efficiency enhancement & optimization of everything.**

The first order codes ***differentiation of services & staying relevant*** of the second order theme **commercial mindset** was commented in this way:

"Like I said previously there are more options and a wider offering for consumers, and they can choose services that have a better solution fit (...) consumers have more options to choose from and how they want to buy their food". (I 5)
"The challenge of how to stay in the game and how to differentiate from the mass in a positive way and retaining the customers and growing the customer base". (I 6)

Same respondent continued by saying:” Keeping *up with the development is a challenge and how traditional food service companies can transform to service companies”*. (I 6)

Commercialization of web shops was brought up in this context:

“And online everything changes as the consumer sees less of the products than in a physical store”. (I 2)

“If you think about how you move inside the supermarket you always like kind of take the same road you take the same coffee package, and you're very loyal to the brands that you use and shifting from that to an online model where there is someone else you have to trust to do both”. (I 4)

The first order code ***improving effectivity & optimizing everything*** was renamed as second order theme **efficiency enhancement & optimization of everything** and it was discussed in this way by the respondents:

“I would say that effectiveness is definitely if I have to mention one thing which kind of has to has to improve in the coming years”. (I 4)

“Because it (the physical store) *is not optimized for it whereas Oda has an automated logistics center from where the delivery cards leave to drop off the orders to consumers”*. (I 1)

“Collection of goods will become more efficient when it is taken away from the store isles to the storage or to a warehouse so it is the collection which is the big question for the big actors in the coming years and how they can commercialize the web shops and what kind of service models they are able to find for it”. (I 2)

5 DISCUSSION

This chapter will discuss the results of the empirical study and examine whether the statements made by the experts during the interviews align with previous studies, and/or the market trends that were presented in the literature review section of the thesis.

5.1 Opportunities for online grocers going forward

The study presented several opportunities for online grocers in the future, but a lot of these findings are dependent on which actions the retailer is willing to take. It is also important to keep in mind that the online grocery space consists of various actors, which means that not all opportunities are relevant for all actors. An example of this is having a wide selection of products versus having a narrow selection of products. A meal kit provider might strive to have a wider selection of products in the future, in addition to the recipes they supply products for, whereas a large retailer could reduce costs by not having such an extensive selection online.

This study concludes five aggregate dimensions retailers should focus on as future opportunities. *Investing in understanding the consumers, company's strategic considerations, considerations for new customer recruitment, industry related considerations* and *order process related considerations.*

5.1.1 Investing in understanding the consumers

The first opportunity for retailers is to invest resources in understanding their consumers. An example of this could be experimenting different concepts with a partner, or jointly with the consumers by having focus groups, that would consist of profiles that are deemed as **innovators** or **early adopters**. The diffusion of innovation theory could work as a great tool for understanding consumers better.

Attracting younger generations to OGS is also an opportunity for retailers, as they are often perceived as more tech savvy compared to older generations, and the literature review shows that one of the key drivers for OGS is that the consumer is an advocate of technology.

It is also important that the consumers find the online grocery web shop as something that is easy to use as described by Tyrväinen & Karjaluoto (2022). Based on this the author argues that retailers should invest significant resources in development of the user experience, and co-operating with customers to ensure the service meets consumer expectations.

5.1.2 Companies strategic considerations

Having relevant personnel resources with the right skillset and keeping in mind that the food companies are evolving more and more into technology companies, at least in the area of online groceries, is a key consideration for retailers in the future. This is in line with McKinsey's (2022) report which highlighted the fact of having a workforce with the right skillset e.g., workers with technological and analytical proficiencies.

One of the biggest, if not the biggest finding of the study was related to capital expenditure, which was highlighted by nearly all the respondents in some shape or form, for example in relation to investments in infrastructure or logistics. To be able to automate some of the manual processes, and transform the business to a more digitalized future, investments are needed. This is in accordance with McKinsey's report (2023), where they estimate that most of the investments the retailers make will go into automation.

5.1.3 Considerations for new customer recruitment

Finland seems to be in an "**early adopter**" phase of online grocery shopping. Many consumers have tried online grocery shopping during the pandemic, but only a small group of people has made it a habit to purchase groceries online. This is consistent with Statista's survey from 2021, where 76% stated they never buy groceries online. Interestingly, one or two respondents in this empirical study mentioned, that they do not foresee that the amount of people shopping groceries online in Finland will increase significantly in the next 5-10 years. The literature review also backs up these statements at least partly. We can already see that the Finnish online grocery market growth between 2021-2022 was only 0.1%. The growth that happened during the covid-19 is at a standstill. One way for the retailers to attract more consumers to the online space is to have more distinct and customized offers.

Retailers sit on a huge amount of data and making better use of the customer data is an opportunity for the retailers going forward. The data can be used to develop the retailer's digital channels and in making customized views or recommendations to the consumers for example. Retailers could also use data to attract the "**early majority**", as this group of people tends to want to see some statistics on an innovation prior to using or experiencing it.

The study concludes that raising online grocery awareness is key for retailers. Smaller actors like meal kit companies or food delivery companies like Wolt or Foodora play their part in raising awareness in the market. They can be perceived as the "innovation" in the market and slowly their service diffuses to the wider general public.

5.1.4 Industry related considerations

The online grocery industry has seen a rise in quick commerce actors. Several of the respondents in this study mentioned quick commerce as the "new big thing". The literature review raised that customers value same day delivery, and that they could consider paying for it as a premium option. What was interesting, was that ICA Sweden's CEO did not see quick commerce as a significant driver for growth of sales for ICA, when she was interviewed for the McKinsey (2023) annual report. In Finland however, one of the interviewers stated that they are present in the quick commerce space through a partner, because they saw a high demand from consumers for this kind of service.

In the authors opinion, one of the most interesting thoughts that came up in the interviews was in relation to additional services. One of the respondents brought up the possibility of online grocery deliveries acting as a channel for delivering other online orders, or potentially fulfilling some other kind of function, like collecting cardboard and taking it to recycling. This could be one way for retailers to find new revenue streams and to reduce the cost of home deliveries, which every actor in the online grocery space battles with.

Competition was seen as an opportunity and a challenge, but in the opportunity context it was stated that new actors entering the market do increase the awareness of the whole industry. The diffusion of innovation theme, which was covered in the literature review can be applied to the context. Every time a new actor enters the market there is **communication** around the topic, which then diffuses to the **social system** in example the market. From this perspective retailers should embrace competition. The study also concluded that the competition is no longer within the Finnish market, and that international players are entering the market, often times from a perspective where they compete with lower price.

5.1.5 Order process related considerations

Flexibility in relation to orders, deliveries, product selection etc. was widely highlighted by respondents along with speed of delivery. As mentioned previously, the literature review states that customers value same day deliveries, and could see themselves paying for this kind of premium. One interesting aspect for retailers to take into consideration in relation to the order process, is offering the customers a more customizable view when shopping online. An example of this could be suggestions on products based on previous purchase history or excluding certain products from the view due to allergy. This of course is related to having consumer consent, and a pre-requisite of this is that the consumer has provided this input.

5.2 Challenges for online grocers going forward

The author found four aggregate dimensions in relation to challenges that the online grocery retailers will face in the coming 5-10 years. As stated in the previous section in relation to opportunities, some challenges can also be opportunities. The findings include the following aggregate dimensions: *industry related threats, consumer behavior related considerations, strategic considerations related to daily operations* and *important service-related factors*.

5.2.1 Industry related threats

The results found that key challenges for the overall grocery industry, not only the online grocery business, in the coming year(s) is inflation and rising food prices. The McKinsey reports from 2022 and 2023 both highlighted the same, and in addition to the inflation and food rising food prices, they stated the invasion of Ukraine and high energy prices as threats or challenges for the near future.

For those actors present both online and offline, the study concludes that logistics can be a challenge for retailers, because the traditional brick and mortar stores are not built to serve the online market. By this the author means the in-store collection, which could potentially become a big issue if online grocery volumes would increase a lot. One way to tackle this problem could be for the retailers to build collection centers in centric areas like ICA has done in Sweden, to better serve the online grocery market.

Finally, a challenge for all retailers is to keep up with the technological development, and the dynamic and constantly changing market. McKinsey's (2022) findings conclude the same and one suggestion for retailers is to invest in key initiatives like online and analytics. Failure to do so can have unfortunate consequences.

This study shows that profitability is a key challenge that all online grocery retailers battle with. Although a few respondents stated that their business is profitable today, it remains a key challenge for most. McKinsey's (2023) report, however, states that in 2023 and near future, more retailers will reach profitability or at least break-even. The author is not sure if this is applicable to the Finnish market, as the market is still in a very pre-mature phase.

5.2.2 Consumer behavior related considerations

Consumer adoption in the Finnish online grocery market is quite slow. Covid-19 gave a boost to the market, but overall, the market remains in an **early adopters** phase, where opinion leaders and those who are open to change and innovation have started using online grocery shopping, but they account for very few people of the overall population.

The Finnish culture plays an interesting role in the consumer related considerations. One challenge in the Finnish market seems to be, that people might not necessarily be as open to using services, as the population in other European markets is. This came up in one of the interviews and although there is no theoretical framework presented in this thesis to support this argument, this could very well be the case. The challenge for retailers in the coming years will be to influence consumers in a way, that makes consumers realize that it is ok to pay for convenience.

5.2.3 Strategic consideration related to daily operations

Outsourcing can oppose a challenge for an online grocery retailer. Based on the results presented in this thesis, companies should consider having certain functions in-house. It gives the retailer agility and the possibility to react faster when they have for example the tech resources in house, versus if they are outsourced. The results also show, that the depending on the type of online grocery retailer, certain functions can be more critical to have in-house than others. An example of this could be a meal kit company, which has outsourced home deliveries to a third party, and it works well because the deliveries are planned well ahead. However, for an actor like Oda for example, having own drivers and vehicles is more important, because the volumes are higher and they operate in significantly smaller time windows.

5.2.4 Important service related factors

A challenge for online grocery retailers can also be how they differentiate themselves from the mass, and what they can do to stand out in a positive way. McKinsey (2023) conducted a survey to consumers in the UK which concluded that consumers see online and offline as two separate channels. Based on this the author concludes that differentiation is a key challenge for retailers, because in practice it means that even though a consumer is loyal to a brand in the offline world, this does not necessarily correlate to the online world. McKinsey (2023) concluded that at least in the UK, consumers are after the best deals in the online world and the offline world. It is however, arguable, whether or not the same pattern would occur in Finland, but with the increasing number of actors in the Finnish market differentiation is a challenge for retailers.

Running the online grocery business in an effective and profitable way is probably a challenge for all actors, but especially for those that are present online and offline. These actors should consider moving the collection of goods away from the store aisle to the storage or a warehouse. In the future, ideally the online grocery orders would be delivered from automated warehouses in a central location.

5.3 Limitations and recommendations for future research

The sample size of this study was very small (six respondents), which means that one should not draw any wider conclusions for the overall online grocery market in Finland. The study was a forward-looking study that relied heavily on the expert interviews, and it is worth noting that even experts are limited in their knowledge as well. The market is very dynamic, and it is constantly changing, which also means that the experts can only give their best guesses about what the future holds.

Expanding the study to a wider group of retailers could be an option for future research. On the other hand, as this study only interviewed experts in Finland, it could be interesting to expand it to the other Nordic countries, and focus specifically on one type of online grocery actors, for example meal kit retailers.

6 CONCLUSION

The online grocery retail industry is still very small in Finland, but it has a lot of potential. The opportunities for retailers in the coming 5-10 years include investing in understanding their consumers, investing in key initiatives like automation and development of logistics centers, make use of data when developing the digital channels, investigate the space of additional services, and diversifying revenue streams to name a few. In regard to challenges the future looks a little brighter than a year ago. However, there are industry related threats, like high inflation, rising food prices and the war in Ukraine, which impacts the Finnish online grocery market as well. Future challenges for retailers also include running the online business in a profitable way, and sadly during the course of this thesis project, two actors in the Finnish market have either stopped their operations or communicated that they will end their operations soon. Lastly, a key challenge in the future will be how retailers can increase the awareness of online grocery shopping, and how they can through different initiatives increase consumer adoption.

Ultimately what it all boils down to is that retailers will face both opportunities and challenges in the future, but what is more critical is how the retailers react to them; Will they make bold decisions or be more on the reactive side?

References

Brand, C., Schwanen, T., Anable, J., (2020). '*Online Omnivores' or 'Willing but struggling'? Identifying online grocery shopping behavior segments using attitude theory*. J. Retail. Consum. Serv. 57, 102195.

Bryman, A., Bell, E., (2011). *Business research methods*. 3rd edition. Oxford University press

Dannenberg, P., Fuchs, M., Riedler, T., Wiedemann, C. *Digital Transition by Covid-19 pandemic? The German Food Online Retail.* https://doi.org/10.1111/tesg.12453

Engelmann, C. (2022). Who's an Employee Now? Classifying Workers in the Age of the "Gig" Economy. *Fordham Urban Law Journal*, *49*(4), 959–1001. https://ir.lawnet.fordham.edu/ulj/vol49/iss4/7

Gioia, D. A., Corley, K. G., & Hamilton, A. L. (2013). Seeking Qualitative Rigor in Inductive Research: Notes on the Gioia Methodology. Organizational Research Methods, 16(1), 15–31. https://doi-org.ezproxy.arcada.fi:2443/10.1177/1094428112452151

Global Data. (2022). *Europe Food and Grocery Retail Market Size, Category Analytics, Competitive Landscape and Forecast 2021-2026.* https://www.globaldata.com/store/report/europe-food-and-grocery-retail-market-analysis/

Hirsjärvi, S. & Hurme, H., (2006), *Tutkimushaastattelu – Teemahaastattelun teoria ja käytäntö,* Yliopistopaino, Helsingfors

Investopedia. Halton, Clay, (2021). *Diffusion of innovations theory: Definition and examples.* Available: https://www.investopedia.com/terms/d/diffusion-of-innovations-theory.asp

Lamorte, W. W (2022). *Diffusion of Innovation theory.* Boston University School of Public Health. https://sphweb.bumc.bu.edu/otlt/mph-modules/sb/behavioralchangetheories/behavioralchangetheories4.html

McKinsey, (2022). *State of Grocery retail 2022 Navigating the market headwinds.* https://www.mckinsey.com/industries/retail/our-insights/state-of-grocery-europe-2022-navigating-the-market-headwinds

McKinsey, (2023). *State of Grocery Europe 2023: Living with and responding to uncertainty*. https://www.mckinsey.com/industries/retail/our-insights/state-of-grocery-europe-2023-living-with-and-responding-to-uncertainty

NielsenIQ, (2022). Päivittäistavara myymälärekisteri 2021.
https://www.epressi.com/tiedotteet/kauppa/paivittaistavaramyymalarekisteri-2021.html

Nielsen IQ, (2022). Päivittäistavara myymälärekisteri 2022.
https://www.epressi.com/tiedotteet/kauppa/paivittaistavaramyymalarekisteri-2022.html

Punakivi, M. and Saranen, J. (2001), *"Identifying the success factors in e-grocery home delivery"*, International Journal of Retail & Distribution Management, Vol. 29 No. 4, pp. 156-163. https://doi-org.ezproxy.arcada.fi:2443/10.1108/09590550110387953

PTY (2022). Päivittäistavarakaupan myynti ja markkinaosuudet 2021.
https://www.pty.fi/paivittaistavarakaupan-myynti-ja-markkinaosuudet-2021/.

PTY (2023). Päivittäistavaramarkkinat Suomessa.
https://www.pty.fi/kaupan-toiminta/paivittaistavaramarkkinat/.

Research and Markets, The World's Largest Market Research Store (2022).
https://www.researchandmarkets.com/reports/5595851/online-grocery-market-size-share-and-trends?utm_source=GNOM&utm_medium=PressRelease&utm_code=8bk35k&utm_campaign=1712068+-+Global+Online+Grocery+Market+(2022+to+2030)+-+Size%2c+Share+%26+Trends+Analysis+Report&utm_exec=jamu273prd

Rogers, E. (2003). *Diffusion of Innovations*, 5th Edition. Free Press.
https://www.perlego.com/book/780731/diffusion-of-innovations-5th-edition-pdf

Seidel, S. (2021) *One goal, one approach? A comparative analysis of online grocery strategies in France and Germany*, Case Studies on Transport Policy, Volume 9, Issue 4, 2021, Pages 1922-1932, ISSN 2213-624X,
https://doi.org/10.1016/j.cstp.2021.10.013

Statista 2020. *Have you bought groceries or daily consumer goods online prior to the coronavirus (COVID-19) pandemic?*
https://www.statista.com/statistics/1112497/share-of-people-buying-groceries-online-before-coronavirus-outbreak-in-finland/

Titiloye, I., Sarker, A., Jin, X., Watts, B. (2023)
Examining channel choice preferences for grocery shopping during the Covid-19 pandemic,
International Journal of Transportation Science and Technology,
2023, ISSN 2046-0430,
https://doi.org/10.1016/j.ijtst.2023.03.006

Tyrväinen O, Karjaluoto H. (2022). *Online grocery shopping before and during the COVID-19 pandemic: A meta-analytical review, Telematics and Informatics*, Volume 71,2022,101839, ISSN 0736-5853,
https://doi.org/10.1016/j.tele.2022.101839

Wang, K., Gao, Y., Liu, Y., Habib, K.N. (2023)
Exploring the choice between in-store versus online grocery shopping through an application of Semi-Compensatory Independent Availability Logit (SCIAL) model with latent variables,

Journal of Retailing and Consumer Services,
Volume 71, 2023
https://doi.org/10.1016/j.jretconser.2022.103191

Yle Uutiset, Mannermaa, J. (2022). *Ruoan verkkokaupoista halutaan nyt nopeita toimituksia – jätit arjoavat noutotilauksia parhaimmillaan ilmaiseksi*.
https://yle.fi/a/74-20008518

Figures

Tables

Appendices

APPENDIX 1 - Copy of email that was sent to interviewees.

Hei X,

Nimeni on Johanna Sillander ja ja olen tekemässä lopputyötä ammattikorkeakoulu Arcadan MBA-tutkintoan varten ruoka verkkokauppojen tulevaisuudesta. Tarkoituksena olisi visioida sitä, miltä ruoka verkkokauppojen tulevaisuus voisi näyttää 5-10 vuoden kuluttua ja mitkä tekijät vauhdittavat ja mitkä hidastavat kehitystä yritysten näkökulmasta.

Sain yhteystietosi Niina Ottilta joka työskentelee teillä Ruokaboksilla, ja ymmärsin, että sinulla voisi olla mielenkiintoisia ajatuksia / näkemyksiä tästä aiheesta, minkä vuoksi tiedustelisin mahdollisuutta haastatella sinua.

Kyseessä on laadullinen tutkimus, jota varten pyrin haastattelemaan mahdollisimman monia alalla toimivien yritysten avainhenkilöitä. Lopputyöni on englanninkielinen, mutta haastattelu voidaan tehdä avainhenkilön toivomalla kielellä, olipa se suomi, ruotsi tai englanti. Halutessasi toimitan haastattelukysymykset sinulle hyvissä ajoin etukäteen. Sopisiko haastattelu esim. ensi viikon maanantaina 5.12 mihin aikaan vaan tai 7.12 iltapäivästä? Minun kalenterini on joustava, joten voit mielellään ehdottaa sinulle sopivaa aikaa mikäli edellä mainitut ajat eivät sovi sinulle. Haastatteluun olisi hyvä varata n. tunti aikaa.

Vastaan mielelläni mahdollisiin kysymyksiin.

Ystävällisin terveisin,

Johanna Sillander
0407515412

APPENDIX 2 – Interview guide, English and Finnish

Interview guide in English:

1) Could you briefly tell me about yourself and your work and responsibilities in your organization?

2) Where do you see your organization presently on the larger online grocery scene in Finland?

3) How do you perceive the present situation in the online grocery scene – what is the role and function of traditional brick and mortar stores, and those of online grocery webshops?

4) What opportunities are there for grocers in the online business going forward?

5) How do you see the online grocery market developing in the next 5 years?

6) What are the challenges?

7) How do you see the services for customers developing?

8) What needs to happen for all of this to happen? What challenges might there be?

9) How do you envision that consumer behavior will evolve in the next 5 years in your business?

10) What do you think online grocery offering/market will look like 5 years down the road assuming the major challenges are overcome?

11) If you could create an online grocery shop without limitations, what would it be like?

Haastattelukysymykset suomeksi:

1) Kertoisitko lyhyesti itsestäsi, työstäsi sekä sinun vastuualueistasi yrityksenne organisaatiossa?

2) Mikä asema tai rooli yrityksellänne on tällä hetkellä Suomen ruokaverkkokauppa markkinoilla?

3) Minkälaiseksi näet tämänhetkisen ruokaverkkokauppa ”skenen”? Mikä rooli perinteisillä kivijalkamyymälöillä on, entä miltä ruokaverkkokauppojen rooli näyttää?

4) Millaisia mahdollisuuksia ruokakauppiailla on hyödyntää verkkokauppaa jatkossa ja tulevaisuudessa?

5) Miten näet ruokaverkkokaupan kehittyvän seuraavan viiden vuoden aikana?

6) Millaisia haasteita kehitykseen liittyy?

7) Miten näet asiakaskokemusta parantavien palvelujen kehittyvän?

8) Mitä pitää tapahtua, jotta kaikki tämä olisi mahdollista? Minkälaisia haasteita voi ilmetä?

9) Miten näet kuluttajien käyttäytymisen kehittyvän tai muuttuvan tulevien viiden vuoden aikana?

10) Oletetaan, että haasteista selvitään. Miltä ala näyttää viiden vuoden kuluttua?

11) Jos ei olisi mitään rajoituksia ja saisit kehittää verkkokauppaa miten haluaisit, miltä se näyttäisi?