DATAWEAVE

How Consumer Brands Can Thrive on Delivery Intermediaries with Digital Shelf Analytics

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The Emerging World of Quick Commerce

In recent years, the retail landscape has witnessed a significant transformation with the emergence of quick commerce.

Quick commerce, also known as instant commerce, refers to the ultra-fast delivery of goods and services, allowing consumers to have their desired products delivered within a day or even a few hours. This rapid delivery model has gained immense popularity, reshaping consumer expectations and presenting new opportunities for businesses.

Quick commerce has experienced explosive growth in the past year alone. According to industry reports, the global quick commerce market is estimated to reach US$123.00bn in 2023. Revenue is expected to show an annual growth rate (CAGR 2023-2027) of 13.11%, resulting in a projected market volume of US$201.30bn by 2027. This trend is expected to continue, with the number of users expected to amount to 788.60m users by 2027. *(Source: Statista)*

The quick commerce landscape is primarily composed of **two distinct categories of players**. The first category is the vertically integrated instant-needs segment. These companies function similarly to e-retailers, albeit on a relatively smaller scale, and effectively address the daily needs of consumers via their own fulfillment centers, or dark stores. Some of the most notable companies in this category are **Gopuff** and **DashMart (by DoorDash)** in the US, **JOKR**, **Getir**, and **Gorillas** in the EU, and **Swiggy Instamart** and **Zepto** in India.

The second category is represented by aggregators or delivery intermediaries. These players consolidate orders for products from local, third-party retailers and subsequently facilitate the delivery of these items to buyers in close proximity to the respective stores. Prominent names within this segment include **Instacart**, **Uber Eats**, **Shipt**, and **DoorDash** in the US, **Just Eat** and **Delivery Hero** in the EU, and **Grab** in South East Asia.

The delivery intermediary market has experienced a surge in demand since the onset of the COVID-19 pandemic. In fact, **there are indications** that Instacart, the largest player in this sector, is poised to proceed with its IPO this year. This decision comes on the heels of Instacart's earlier postponement of the IPO, originally announced in 2022, owing to market volatility.

Overall, quick commerce has revolutionized eCommerce and grocery delivery by leveraging technology, optimizing logistics, and focusing on customer satisfaction. For consumer brands (especially CPG brands), the growth of quick commerce companies, particularly delivery intermediaries, has made it easier to tap into a larger consumer base and acquire a diverse set of repeat consumers. However, this phenomenon also ushers in a set of challenges.

How the Growth of Quick Commerce has Impacted Consumer Brands

For consumer brands, online marketplaces like Amazon, Walmart, Target, and others have been the dominant eCommerce channel over the past decade. Serving as a cornerstone of brand revenue, enhancing sales within these online marketplaces has persistently remained a primary strategy for brands. To this end, solutions such as Digital Shelf Analytics have emerged as crucial in providing brands with a competitive advantage in the online landscape.

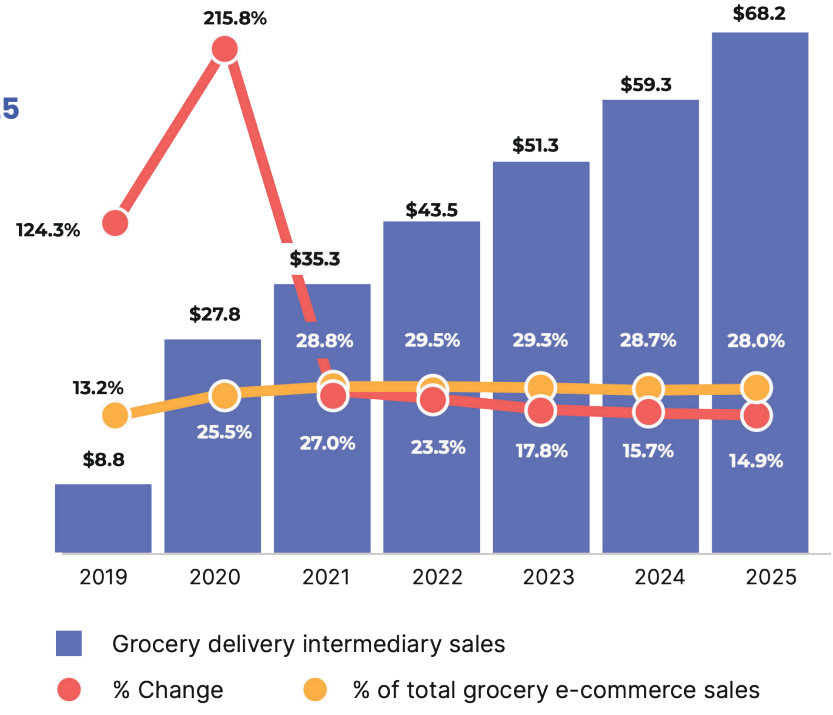
Yet, recent years have witnessed the growth of quick commerce, securing an increasing share of eCommerce sales. This growth trajectory gained momentum due to the transformative shifts in eCommerce brought about by the COVID-19 pandemic.

Delivery intermediaries, in particular, fortified by their expansive network of retail stores and large customer base, offer brands a platform to tap into a wider audience. They serve as a nexus for access to all stores in proximity. This means that consumers can now seamlessly search for and purchase a brand's products, regardless of the specific store's location where the product is available.

According to Insider Intelligence, since 2021, nearly a third of total grocery eCommerce sales have been channeled through delivery intermediaries. This proportion stays consistent with the rapid expansion of the grocery eCommerce sector.

US Grocery Delivery Intermediary Sales, 2019-2025

Billions, % Change and % of total grocery e-commerce sales



Source:
Insider Intelligence (eMarketer)

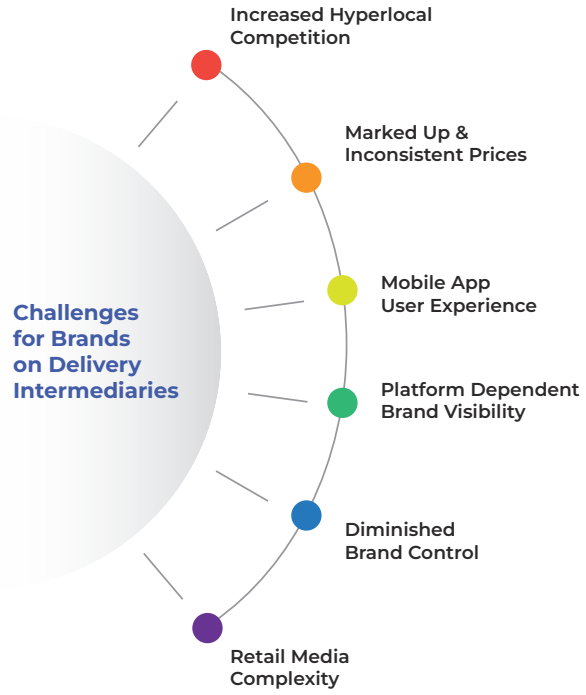
In addition, delivery intermediaries offer a true hyperlocal shopping experience by integrating smaller-scale retailers, including mom-and-pop shops, that possess a more modest footprint compared to retail giants. Many of these major delivery intermediaries have also introduced their own dark stores, catering to hyperlocal demands. Most brands strive to nurture relationships with retailers. But now, they also need to establish relationships with delivery intermediaries. As a result, new dimensions of brand engagement have emerged. For example, brands can collaborate with these intermediaries to enhance hyperlocal experiences. The emergence of retail media networks on these delivery intermediaries also opens doors for brands to extend their reach to a broader audience of consumers.

Instacart, in its recent S1 filing, said:

> As grocery spend shifts online, advertising budgets will follow. Given the data-driven ability to reach customers at the point of purchase and within hours of consumption, CPG brands now have a meaningful opportunity to grow their customer base. Online represents the fastest growing channel for CPG brands, which are some of the largest advertisers in the world. Nearly 70% of advertisers say their performance in retail media is significantly or somewhat better than in other channels.

Hence, it is imperative for brands to meticulously monitor their presence and performance on delivery intermediary platforms, and capitalize on opportunities for growth, engagement, and expansion, thereby ensuring a stronger competitive stance in eCommerce.

However, the increasing influence of delivery intermediaries has posed several challenges for brands. While several of these are challenges that brands face even on conventional online marketplaces, they are often amplified in unique ways on delivery intermediaries.



Increased Hyperlocal Competition

Within delivery intermediary platforms, competition isn't confined solely to other brands within the same store; it extends to brands across nearby stores accessible to the buyer. Delivery apps are designed to provide buyers with alternative and substitute choices, intensifying the pressure on brands to establish a robust hyperlocal presence.

Marked Up and Inconsistent Prices

Prices for products on delivery intermediary platforms are often marked up compared to prices in the physical retail stores. This is separate from the extra delivery fees that are added to the final cart value.

The mark up is applied usually by the retailers to offset the fees that they pay to the delivery intermediaries. As a result, not only are a brand's products more expensive on these platforms, but there is also inconsistency in pricing across different stores due to varying markups. This leads to compromised brand perception and higher friction for buyers.

Mobile App User Experience

An overwhelming majority of consumers using delivery intermediary services place their orders through mobile devices, particularly mobile apps. This starkly contrasts with consumer behavior on most online marketplaces, where desktop usage remains predominant. This shift to mobile app usage brings a distinct set of challenges for brands. The performance of brands on these apps is significantly impacted by the extent to which their visibility is optimized and content is tailored for the mobile interface and user experience, given the limited visual real estate.

Platform Dependent Brand Visibility

Brands often rely on the algorithms of delivery intermediaries to determine product visibility and ranking. Due to the limited space available on mobile screens, only a select number of products are visible at any given time. Brands that are not prominently displayed might not get noticed by buyers, leading to decreased visibility and potentially lower sales.

Diminished Brand Control

Brands need to consider how their products will be presented on third-party platforms. Product images, titles, and descriptions on delivery intermediary apps are sourced through retailer feeds. This poses a challenge in keeping the content fresh, appealing, and adhering to the brand's compliance matrices. For example, food brands need to track if the nutritional information of their products are present on every platform and accurate. With the onset of delivery intermediaries, the number of online platforms that brands need to keep a track of has increased. Inconsistent and subpar product content can adversely impact consumer engagement and conversion rates.

Retail Media Complexity

Delivery intermediaries are swiftly embracing the world of retail media, rolling out advertising avenues that empower brands to amplify their visibility and bolster sales. **Reports indicate** that utilizing advertising services on Instacart has resulted in a sales increase of as much as 15% for brands using the platform. However, the adoption of retail media by brands across the eCommerce landscape is still in its nascent stages. As brands allocate additional resources towards advertising on delivery intermediary platforms, they will need to cope with the increasing complexity of media management and optimization.

With the increasing importance of delivery intermediaries, brands are proactively exploring ways to make the most of these channels and get better results from their investments. As delivery intermediaries increasingly become a critical part of the retail delivery ecosystem, it is crucial for brands to measure and optimize how they are represented, discovered, and sold on these platforms. This is where Digital Shelf Analytics comes in, providing a solution designed precisely for this purpose.

What is Digital Shelf Analytics?

Digital Shelf Analytics is the systematic measurement of Key Performance Indicators (KPIs) that influence a brand's online discoverability and conversion. It is accomplished via periodic tracking and gleaning of publicly displayed eCommerce data on retail websites and apps. Brands can use digital shelf analytics to obtain a holistic view of their digital shelf performance and gain actionable insights to win sales in eCommerce.

Brands measure their digital shelf performance via KPIs such as:

- **Availability:** are their products listed and in stock?
- **Share of Search & Category:** what is the proportion (or share) of their products in the top search results for specific keywords or category pages?
- **Pricing:** are their products competitively and consistently priced?
- **Content Quality:** what is the quality of the online content of their products?
- **Ratings and Reviews:** how well received are their products by consumers?

Several of these KPIs are applicable for brands aiming to enhance their performance on delivery intermediary platforms, albeit with certain variations that address the unique challenges that brands encounter on these platforms. KPIs such as availability, search placement, and content guidelines adherence help in discoverability, while pricing, content quality, ratings, and reviews help in driving conversion.

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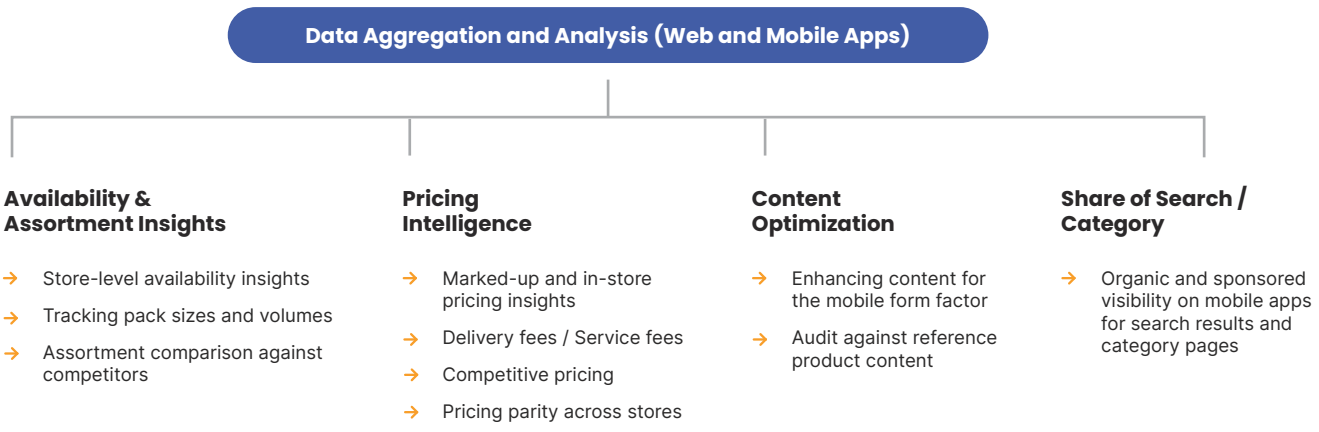
Leveraging Digital Shelf Analytics to Optimize Performance on Delivery Intermediary Platforms

Brands aiming to address the challenges encountered on delivery intermediary platforms can effectively harness key modules within Digital Shelf Analytics. These modules encompass Availability and Assortment, Pricing Intelligence, Content Optimization, Share of Search, and Share of Category, contributing to an enhanced overall performance.

However, the impact of Digital Shelf Analytics is dependent on the accuracy, granularity (variants, unit-level prices, etc.), and geographical coverage of the acquired data. This poses a formidable hurdle in the case of delivery intermediary apps, given the intricate nature of capturing public data from mobile apps. It requires the use of a highly sophisticated data aggregation engine.

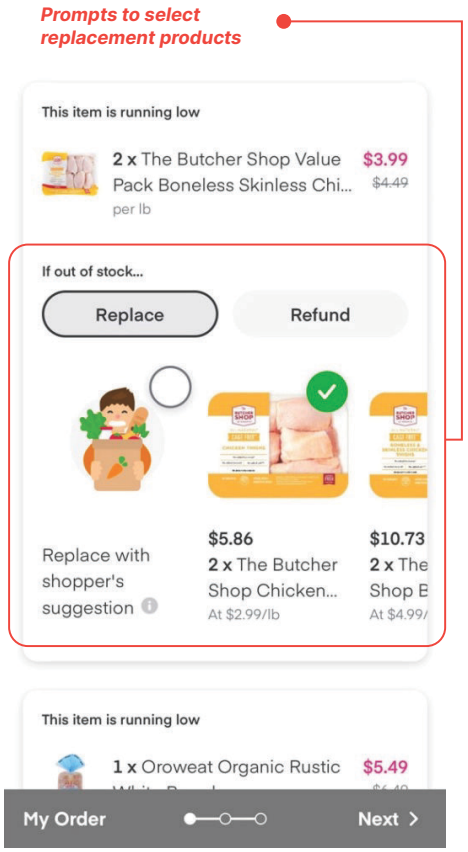
At the forefront stands DataWeave's **Digital Shelf Analytics solution**, which is powered by the world's best data aggregation and analysis platform. This engine seamlessly harnesses data from both websites and mobile apps, furnishing brands with the insights they need to grow their online channel.

Digital Shelf Analytics for Brands on Delivery Intermediaries



Availability and Assortment Insights

Helping brands better manage increased hyperlocal competition



With so many brands competing for attention at nearby stores on delivery intermediary platforms, having products in stock at each store has a significant effect on sales for brands. When products are out of stock, it can lead to customers choosing other options not just from the same store but also from different stores at nearby locations. Brands should focus on their availability not only in well-known and larger stores, but also in smaller, less recognized ones. In addition, delivery apps are designed to make it easier for customers to select alternative products when their initial selections are not available in the store. For example, Instacart prompts buyers to proactively opt for replacements or a refund soon after they purchase their cart.

This makes in-store availability extremely important for brands on delivery intermediaries, perhaps more so than on traditional online marketplaces. However, it's not easy to get timely information on a brand's stock availability, especially for specific stores.

Digital Shelf Analytics helps bridge this gap for brands by providing store-level insights on their stock availability. With timely email alerts and insights on their availability on a daily basis, key account managers of brands can enhance their supply chain operations to quickly replenish stocked out products across thousands of stores nationwide.

Availability insights are critical for brands even on vertically integrated quick commerce platforms like Gopuff, Getir, and Gorillas, which serve consumers via dark stores. These platforms often hold a relatively small inventory of 1500-3000 SKUs and limited quantities of each SKU. Therefore, instances of stock outs are more common, prompting brands to keep a closer eye on their availability on these platforms.

In addition to availability, brands need to pay attention to their assortment, ensuring they offer a differentiated range of products compared to their competitors. Especially in CPG, an analysis of their assortment in terms of pack volumes and sizes is important. Brands need to understand if they offer sufficient pack volumes and sizes for customers to choose from compared to their competitors, and that these SKUs are competitively priced on a per-unit basis.

Because the delivery intermediary ecosystem tends to support and serve immediate needs too, brands will sometimes have to experiment with unique products and prices for specific regions. This can lead to changes to their market share that can be tracked and attributed to specific actions.

Due to the nature of the delivery intermediary ecosystem, which also caters to instant needs, brands should sometimes experiment with unique products and prices for specific regions. This approach can result in shifts in their market share, which can be tracked and attributed to specific actions. Overall, analyzing competing brands and their behavior by region is extremely critical.

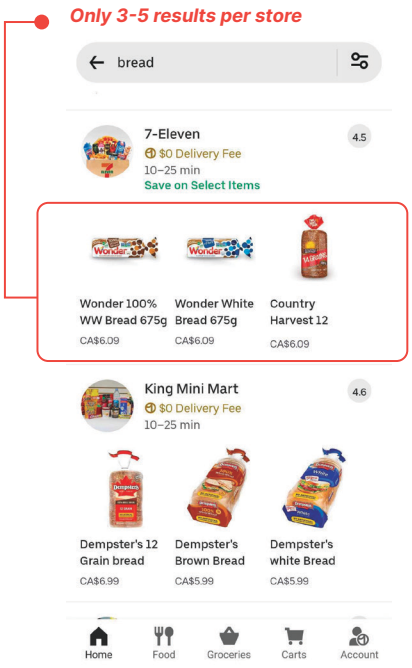
Digital Shelf Analytics can enable these actions and more, empowering brands in their assortment planning and offering the most competitive and attractive selection of products on delivery intermediaries.

Share of Search (SoS) and Share of Category (SoC) Insights

Enhance brand visibility organically and via sharpened media spend

Much like their presence on online marketplaces, brands are engaged in a competitive race for visibility on delivery intermediary platforms—a race that profoundly impacts their sales outcomes.

On delivery intermediary platforms, a buyer's purchases products within
a selected retail store. The buyer browses through one of the present-ed nearby stores or, alternatively, searches for a specific product and is shown a list of retailers that are likely to have the searched product available.

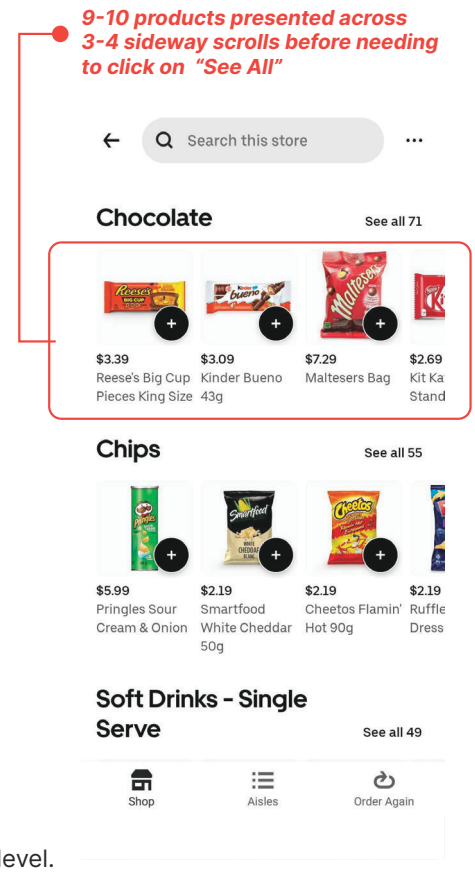


For a brand, securing a spot among the top 3-5 search results becomes pivotal, especially for high-volume, non-branded search keywords like "milk," "eggs," "breakfast cereal," etc.

The distinctive shopping behavior observed on delivery apps revolves around quick decision-making. In contrast to categories like electronics, apparel, or furniture, where consumers tend to meticulously research options before committing, grocery shoppers lean toward swift selections. Coupled with the limitation of showcasing only a handful of products at a time on delivery apps, this results in brands having very little time and space to capture customer attention.

Further, brands are dependent on the dynamic algorithms of delivery intermediary platforms, which shape search outcomes, even within specific stores on the app. Search algorithms are fundamentally different here. Some platforms prioritize search, while others prioritize browsing through stores. Therefore, the complexities of brand discovery tends to vary across apps.

Additionally, once customers select a store, they're presented with a range of product categories to explore. The top 5-10 products featured under each category are curated by the delivery platform's algorithm, drawing from an array of factors. It's common for consumers to limit their exploration to these results before making a decision. Finally, the uniquely hyperlocal nature of keyword based bidding on delivery platforms (via their retail media networks) adds another dimension of complexity in tracking and enhancing a brand's discoverability.



Given these considerations, brands require granular insights into their visibility within search results and category sections on delivery intermediaries. Digital Shelf Analytics features modules designed precisely for this purpose. The Share of Search (SoS) module furnishes insights into a brand's product presence relative to competitors on search results pages, both in aggregate and within specific stores. Similarly, the Share of Category (SoC) module provides insights into a brand's product presence compared to competitors within category listings, both in the overall context and within specific stores. These results also incorporate sponsored listings, enabling brands to refine their media strategies at a hyperlocal level.

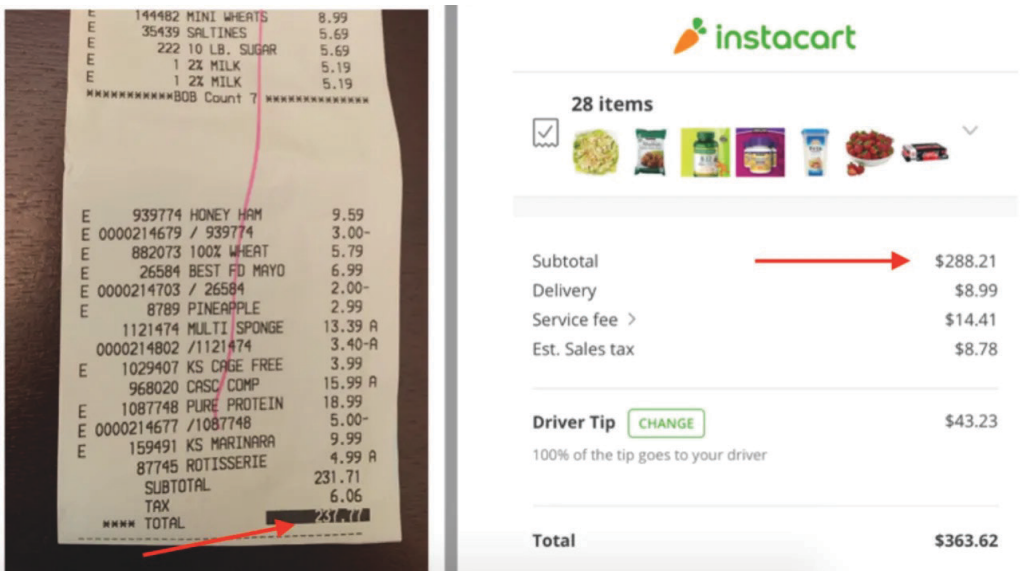
Identifying notable gaps within SoS and SoC equips brands with actionable intelligence for corrective action. For instance, brands can leverage these insights to strategically allocate their retail media spend to specific keywords and categories where their visibility is lagging. This can also unveil opportunities to integrate platform-specific best practices, such as better content and images, to organically enhance rankings on delivery apps. For example, a brand selling milk products should consider including phrases like "fat free"

Pricing Intelligence

Ensuring brands offer competitive and consistent prices on delivery intermediaries

By now, most brands have systems in place to maintain the competitive pricing of their products on online marketplaces like Amazon. However, the landscape shifts when it comes to delivery intermediary platforms. Unless a retailer has a direct relationship with the delivery intermediary, the prices are usually marked up on the platform, often by up to 15%. This is in addition to the delivery and service fees that platforms typically charge.

The following is an example shared by a customer in **this article**.



Since competition isn't limited to a single store, buyers that encounter these inflated prices may end up purchasing more competitively priced products of other brands at other stores. Adding to the complexity is the fact that delivery intermediaries, especially the vertically integrated instant needs segment, tend to have their own unique pricing strategies, which need to be tracked and understood by brands.

In addition, pricing parity is a crucial consideration for brands in this scenario. When the same product displays multiple prices across different stores, which is likely to happen when different stores apply varying mark-ups, it erodes the brand perception for potential customers. Also, different stores often sell the same product at different volumes, quantities, or weights. For example, a cheese brand might have a product weighing 500g listed on one site and a product weighing 750g listed on another. Brands require the ability to normalize these weights before comparing prices.

With Digital Shelf Analytics, brands can track the pricing of their products as well as their competitors' across individual stores nationwide, even at a unit-level. This enables them to gain timely insights on marked up prices at specific stores on delivery platforms, how their pricing compares to their competition across locations and price ranges, as well as the level of pricing disparity for their products across locations.

Armed with these insights, brands can work with their retail partners to ensure their products are accurately priced on delivery apps. They may choose to partially cover the merchant fees charged by delivery apps to incentivize retailers to offer more competitive and consistent prices. This could be done via targeted promotions or trade spend. Alternatively, they may collectively urge retailers to partner directly with delivery apps.

In summary, with Digital Shelf Analytics, brands can better drive how competitively and consistently their products are priced on delivery intermediaries, resulting in higher sales and lower pricing disparity.

Content Optimization

Enabling brands to improve how their products are represented online

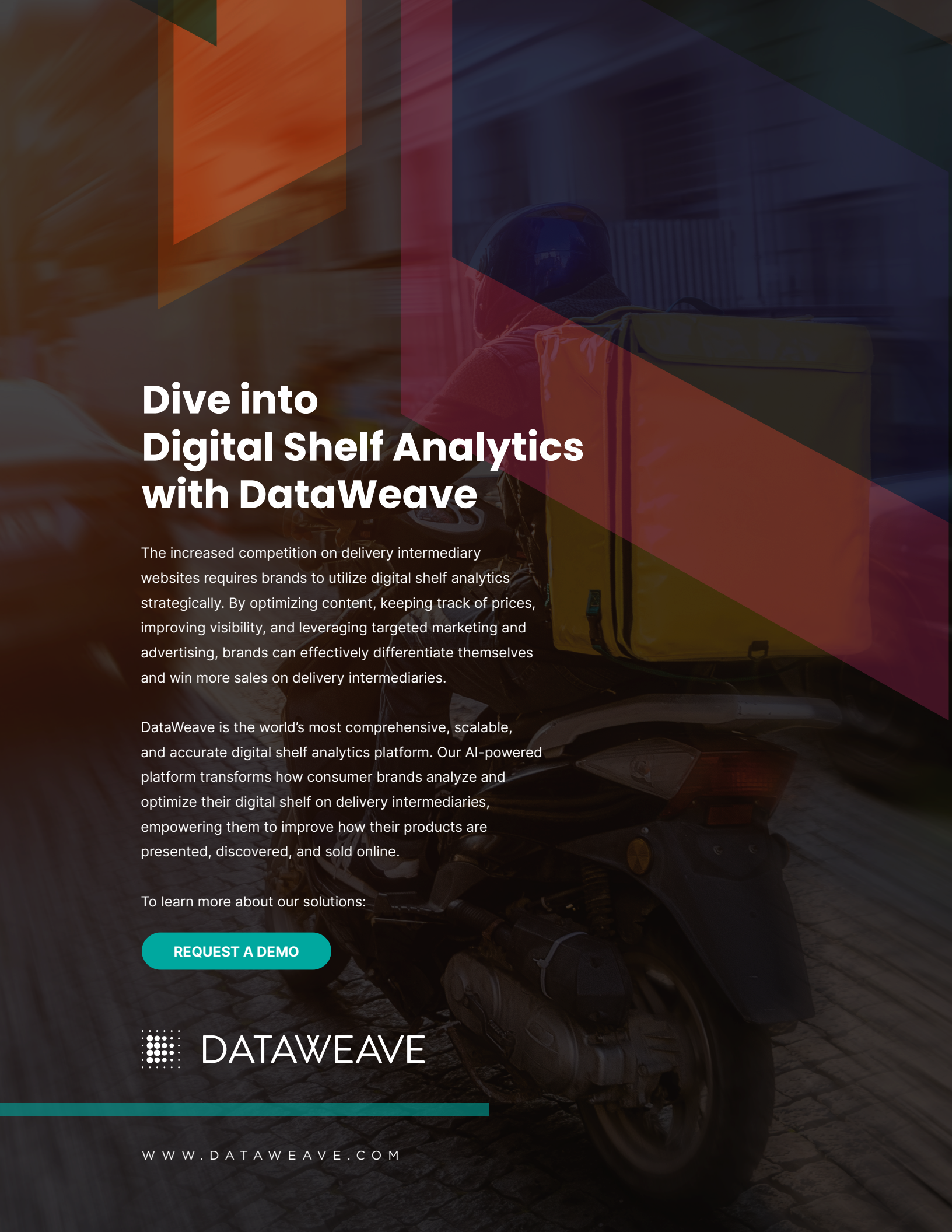
On online marketplaces, navigating the intricacies of managing product content, such as images, titles, and descriptions, poses significant challenges for brands. Many rely on a combination of Product Information Management (PIM) tools and Digital Shelf Analytics solutions to maintain the integrity of their product content. A product's images, titles, and descriptions are fed to retailers via the brand's PIM solution.

Delivery intermediaries, however, primarily source product content from retailer feeds. This means any outdated or inaccurate content present across retailers can potentially propagate to the delivery intermediary platforms as well. Often, major retail chains have well-optimized content for each product on delivery intermediary platforms. However, the situation differs for smaller, less familiar retailers. There is an opportunity for brands to audit and optimize their content in smaller stores in partnership with the delivery intermediary. While brands have the option to directly update content on delivery intermediary platforms via select Content Service Providers (CSPs), monitoring and managing suboptimal content still presents a formidable hurdle.

This is where Digital Shelf Analytics emerges as a valuable solution. It aids brands in meticulously tracking their product content across various delivery intermediaries. By doing so, it identifies gaps and opportunities for enhancement. To begin with, the solution can compare a brand's ideal product content against the content on the delivery platform and present any deficiencies that need to be fixed. In addition, it can provide recommendations to better tailor a brand's content to the mobile form factor.

For example, the limited visual real estate on delivery apps means product titles need to be much shorter than usual. Also, the first few words or characters need to be carefully chosen to attract consumers and provide them with the information they need to click on the product. Similar best practices need to be applied to product images and descriptions.

Through a concerted effort to optimize product content on delivery intermediaries, brands can foster heightened visibility, improve click-through rates, and ultimately drive better conversions.



Dive into Digital Shelf Analytics with DataWeave

The increased competition on delivery intermediary websites requires brands to utilize digital shelf analytics strategically. By optimizing content, keeping track of prices, improving visibility, and leveraging targeted marketing and advertising, brands can effectively differentiate themselves and win more sales on delivery intermediaries.

DataWeave is the world's most comprehensive, scalable, and accurate digital shelf analytics platform. Our AI-powered platform transforms how consumer brands analyze and optimize their digital shelf on delivery intermediaries, empowering them to improve how their products are presented, discovered, and sold online.

To learn more about our solutions:

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