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**ALAIN DUMAS HAS SPENT
20 YEARS BUILDING IGA
QUEBEC'S ONLINE BUSINESS.
AND HE'S NOT DONE YET**

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**ALAIN DUMAS
HAS SPENT
TWO DECADES
BUILDING
& TWEAKING
REBUILDING
IGA QUEBEC'S
ONLINE SALES**

By Mark Cardwell
Photos by Gabrielle Sykes

AS BAPTISMS BY FIRE GO, ALAIN DUMAS' INTRODUCTION TO THE world of online shopping, in 1996, was a doozy. A self-described "project guy" who worked in the operations department of Hudon et Deaudelin, the Quebec business unit of the Oshawa Group (which was to be acquired by Sobeys in 1998), Dumas was tapped to lead a new initiative with the futuristic-sounding name of the IGA Cyber Market Project. "It was really a leap of faith," Dumas recalls. "The decrypting of the Internet and the advent of the browser Netscape had just happened. There was no high-speed Internet, no software. We had to pretty much develop everything on our own."

Launched in August 1996, the original version of IGA.net was a transactional site that let IGA customers in Quebec order items, but not pay for them. "People paid when they picked up their orders or had them filled and delivered from any of the 10 stores that were first connected to the system," says Dumas. Sounds clunky by today's standards. Then again, the entire Internet itself was brand new, futuristic and unproven. In 1996, the granddaddy of all Internet retailers, Amazon, was just two years old. British grocery giant Tesco had just launched its own online grocery store. No other major grocery chain in Canada was selling online, and companies like YouTube, Google and Twitter were years away from setting up business.

IGA.net hardly broke sales records in its first few months. "Online shopping was so new, and only something like 20% of Canadians were even using the Internet, so we got more media coverage than we did orders the first few weeks," says Dumas.

Fast-forward 20 years, and seven website updates, to March 2016, when Sobeys Quebec launched its new mobile app, built by Montreal-based Mirego. Free to download and compatible with Android and iOS platforms, the app provides consumers with meal-planning ideas and tips, as well as the ability to shop for groceries using lists generated around previous orders and to add produce and meat from inventory at their local store. Orders can be picked up in-store or delivered from more than 200 IGA stores across La Belle Province.

"The app is an additional benefit to our digital offering and an extension of the IGA in-store experience," says Dumas, now senior director of public affairs and digital strategy for Sobeys Quebec. "We spend a lot of money on our stores. But we describe ourselves as a foodservice banner, so from the beginning we've seen the Internet as service plus."

Though he declined to divulge numbers, Dumas says online grocery purchases have been growing at an annual rate of about 20% for the past several years. Average order amounts have also increased to more than \$150, which is four times more than typical in-store purchases.

"People are using it more now to do their weekly orders than for quick visits during the week," Dumas says. Orders in urban areas represent roughly three-quarters of all IGA online grocery sales; and deliveries, which 90% of IGA stores offer (for no charge up to a fee of \$10) are more popular than click and collect, which carries a flat fee of four dollars.

Today, it's all about the app. "Our focus is on how our customers use mobile technology," Dumas says. "We have tried giving them what they need to facilitate how they can plan and make their weekly meals."

That is just one of the many lessons learned over the years by one of Canada's oldest online grocers. As online grocery sales in Canada begin to take off, and all of the major food chains, from Loblaw to Walmart to Metro, begin to offer the service, it's worth taking a look at how the first major

online supermarket got off the ground and how it has evolved.

The original business model for IGA.net was for a phone-free, standalone online service that would send orders directly to stores. "I remember meetings at headquarters where we decided not to go through a distribution centre," says Dumas. "We didn't want to compete with our IGA owners, so we set it up so orders for items offered at the same price as in-store went directly to stores for filling."

But almost immediately there were surprises. Perhaps the biggest was the customer base. Instead of the young, upwardly mobile professionals that the system's architects expected would be its biggest users, it was young families using the service from the get-go. "That was a discovery for us," Dumas says. "Turns out that young families love to order from home when they have free time or when the kids are in bed."

In recent years, retiring baby boomers with the technological know-how and money, people with mobility issues (which will include growing numbers of baby boomers), and small businesses that put in regular orders for office supplies, such as water, coffee, fruit and even beer, have also become important ecommerce customers.

Another unexpected source of online orders is from Quebec's far north. "The price of food up there is driving it," says Dumas. Two IGA stores near north-serving airports in Montreal and Val d'Or now specialize in packing and delivering food orders for northern customers. Some of these are same-day orders of fresh foods. "We don't have any stores up north, so we're not stepping on any of our merchant's toes," says Dumas.

According to Dumas, one of the biggest lessons Sobeys Quebec has learned about online shopping came with the launch of the second version of IGA.net, in 1998.

Built around a wish list of customer-driven ideas for online services, it contained such far-sighted but user-complicated and download-cumbersome features as meal calendars and a cyber pen to scan and download information on touchscreens.

"We overcomplicated the process," Dumas says. "It wasn't a bad idea because everyone is doing those things today. But back then we were ahead of the mainstream. It made us realize you can go only as far as your customers, and that many people don't want to be trained to use your system. It needs to be intuitive."

Another problem Dumas and his team discovered early on was that Microsoft Explorer had supplanted Netscape as the world's No. 1 browser. "Our website was designed around Netscape, which 85% of people used when we first launched," says Dumas. But by 1999, most people were using Explorer, "and those people couldn't access our website. So we learned a valuable lesson: develop a system for simplicity, not for a browser."

Since then, subsequent versions of IGA.net have employed technological advances such as high-speed Internet and social media. "A big advantage is that online solutions are more mature now," says Dumas. "Twenty years ago, we had to customize everything, which meant we had trouble keeping up. And then once we caught up, everything had changed again. Nowadays you can reinvest in what you have and evolve your solution without having to rebuild from scratch."

Seven years ago, Jordan LeBel, professor of marketing and director of the John Molson executive MBA program at Montreal's Concordia University, delivered a keynote at the annual convention of the now-defunct Canadian Council of Grocery Distributors. At one point during his speech, he pulled out his smartphone and told the audience: "Very soon

this is going to either be your best friend or your worst enemy."

Today, LeBel's prediction certainly rings true. More than half of Canadians now own a smartphone. More and more of our time is spent online and—finally—Canadians are starting to do more of their shopping online. Even grocery is starting to pick up, thanks to home delivery and pickup and click-and-collect services.

Loblaw recently expanded its pickup service to some of its stores in Winnipeg. Pickup is already available at dozens of Loblaw stores in cities such as Toronto and Vancouver. After testing an online order and pickup program in Ottawa last year, Walmart just expanded the service to some of its stores in Toronto. Overwaita is also adding online to its stores as it expands across the Prairies this year.

Ecommerce still represents only a small fraction of Canada's \$120-billion grocery market, perhaps just 1%, but experts believe that figure will now take off. "In Canada, we're just getting started" with online grocery, Vishwa Chandra, a former vice-president at U.S. grocery delivery service Instacart, said in June at the Retail Council of Canada's Store conference, in Toronto. By 2018, 3% of grocery sales in Canada could be online, the consulting company Profitero estimated last year.

Thanks to its lengthy head start in Quebec, Sobeys is likely the most advanced ecommerce grocer in the country, says LeBel, with Loblaw a close second. Canada's other Big Three grocery chain, Metro, plans to launch its own ecommerce initiative later this year, in Quebec. That'll mean new competition in the online space for IGA.net.

The challenge for both Sobeys and its competitors, says LeBel, will be making the online experience as intuitive as shopping in a store. "Grocers have these massive real estate holdings that are expensive to maintain, but provide the perfect environment for impulse buying." Can they recreate that in a way that makes people believe buying groceries online is more convenient, and perhaps more fun, than a trip to the supermarket around the corner? That's Dumas' challenge.

In Quebec, IGA is certainly trying to inject convenience and enjoyment into its ecommerce business. Last year, it launched the latest version of IGA.net. The site displays flyer items, promotions and offers at the locations shoppers identify as their preferred store. In addition, a grocery list function allows users to personalize their orders. For example, if a shopper buys avocados and makes a special request that they be ripe, this comment will be passed on to a personalized shopper who then collects the products in-store.

Users can also access previous orders and reorder basic items instead of having to search and add them to their list again. As Dumas noted, shortly after the website launched, "70% of the grocery items people buy are the same week in, week out."

To up the fun quotient, last year IGA also launched a meal

counselling service on social media. It's called the Gourmet Squad and features five virtual cartoon characters with food-fanciful French names such as baker Micheline Painchaud and butcher Jacques Leboeuf. Customers can get expert advice and ideas from the Gourmet Squad via Twitter and Facebook about everything from nutrition and novelty foods to healthy foods and recipes. The team is available to answer questions daily from 8 a.m to 10 p.m.

Another important factor in growing sales is the IGA franchise dealer network and the people who fulfil online orders

in those stores. Last year, ahead of the launch of the new site, Sobeys met with owners and managers at several regional information sessions where they saw, among other things, demonstrations of upgraded pick-and-pack systems. Some two dozen classroom training sessions were also held across Quebec for IGA managers and store employees who act as personal shoppers for online orders. One IGA dealer, Julien Gagnon, told *Canadian Grocer* last spring that his IGA Extra in Laval was doing 300 home deliveries a week via online and phone-in

orders. Those orders, he added, are "never less than \$75 to \$80. The biggest has been about \$500."

IGA's new app simplifies grocery shopping and meal planning by providing such features as ecommerce and product scanning to create shopping lists. A barcode scanner lets customers go through the products they buy weekly and to put them in a personal list. In its first two days the app was downloaded 10,000 times by customers on Android and iOS platforms. Today, more than 2,000 shoppers use the app each day.

Though he considers ecommerce to be a mainstay on the Canadian retail food landscape, Dumas thinks the success or failure of the various ecommerce business models being developed by grocers will be determined by two fundamental market realities: population density and car parking.

"Our experience is that people expect online shopping services, so whether or not you have one is not a question of if, but when," says Dumas. "But the No. 1 challenge here will continue to be that, unlike in the U.S. and Europe and some parts of South America, you can count the number of big Canadian cities on one hand."

But Dumas says his company's long ecommerce experience has shown there are benefits beyond the bottom line. One is added oomph and extended life to marketing initiatives like IGA's Joy of Eating campaign and its Gourmet Squad cartoon characters, as well as the interactions with customers on social media and the web in general.

"It helps to differentiate us from discounters in terms of services," says Dumas. "For me, online shopping is the last mile of the digital experience. You can read a lot about it, but you have to live it and experience it as a business to really understand it." **CG**

HOW SUCCESSFUL WAS IGA'S ONLINE STORE WHEN IT LAUNCHED? "WE GOT MORE MEDIA COVERAGE THAN WE DID ORDERS," SAYS DUMAS