



HOW LESSONS OF THE PANDEMIC WILL ACCELERATE GROCERY'S FAST ARRIVING FUTURE

CAROLINE MASULLO | JANUARY 25, 2022

TODAY'S AGENDA

1. eCommerce Overview

Brief overview of trends happening within eCommerce and the impact to the grocery industry

2. Introduction to Ahold Delhaize USA & Peapod Digital Labs

Introduction to Ahold Delhaize USA, Peapod Digital Labs, and my role

3. Case Study

Walk through an opportunity we came upon this past year and how we capitalized on it

today's presenter:

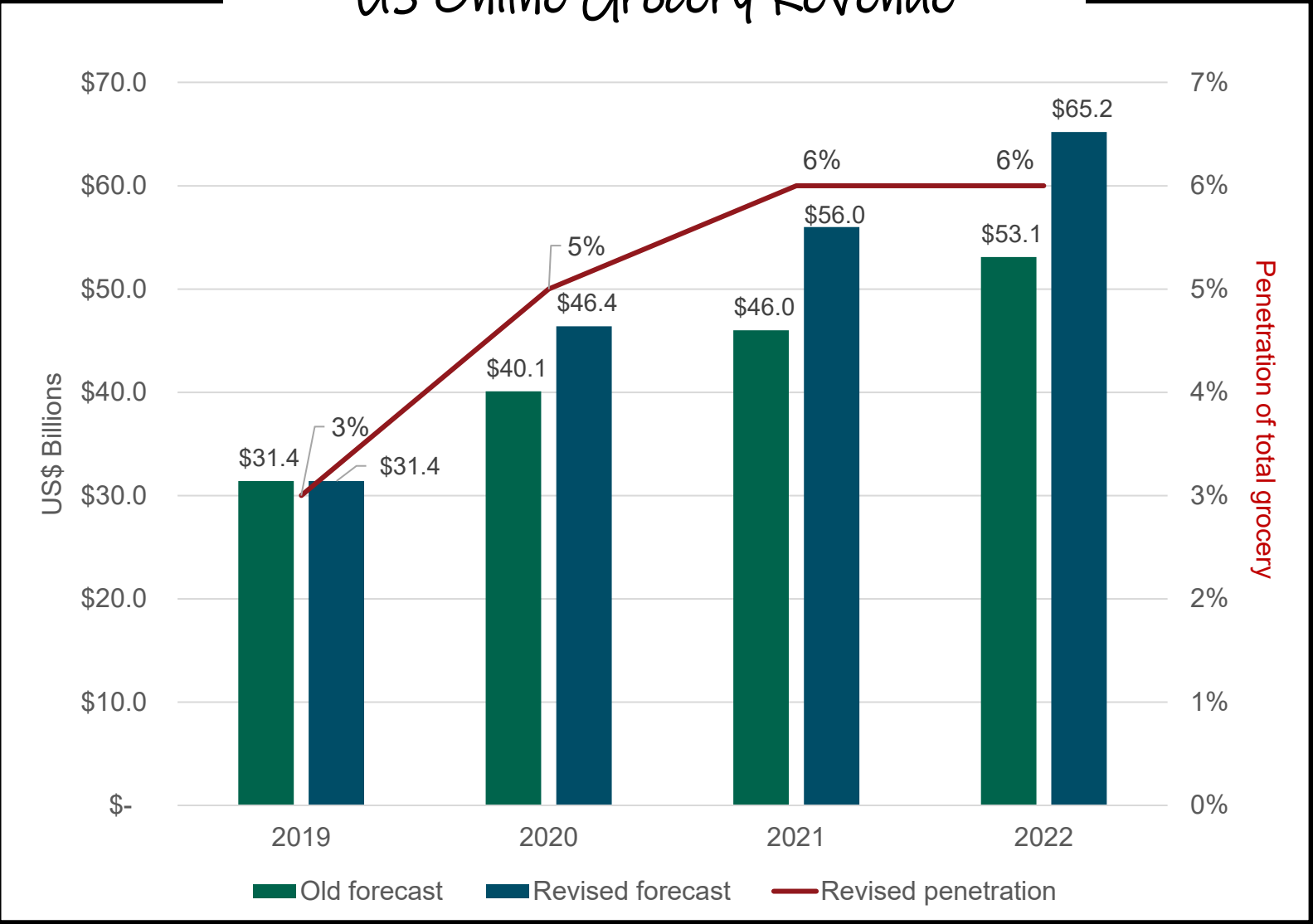


Caroline Masullo

VP, Head of eCommerce Marketing
Peapod Digital Labs

ECOMMERCE GROCERY PENETRATION HAS RISEN SIGNIFICANTLY SINCE THE ONSET OF THE PANDEMIC

US Online Grocery Revenue



- Online grocery sales will account for 21.5% of total grocery sales by 2025 – an estimated \$250B, which is more than a 60% increase over pre-pandemic estimates
- Nearly \$1 in every \$5 spent on retail purchases came from digital orders

ECOMMERCE HAS PROVEN TO BE QUITE STICKY



Adoption **accelerated significantly in demographics not typically considered tech-savvy**, such as baby boomers, as they sought fulfillment channels that limited health risk



Shoppers have been pleased with experiences provided by grocers for both **click-and-collect and delivery**



Across categories, consumers indicate a continued preference for shopping online, **even in traditionally hard-to-crack categories such as fresh meat and produce**



Shoppers indicate that their interactions and experiences with **grocers' digital interfaces** will meaningfully affect their primary grocery choices in the future: **ease of selection and checkout, quick access to past orders and reordering, and transparency into in-stock products** will be the most important factors to consumers

THIS IS IMPACTING TRENDS WE'RE SEEING ACROSS THE INDUSTRY

- As grocery marketplaces evolve, **convenience and one-stop shopping** will continue to attract consumers
 - Expect to see **click & collect's growth continue as retailers innovate to improve and differentiate** the experience
 - **Fulfillment will be a focus** – from automation to dark stores to autonomous vehicles, expect to see innovation, acquisition and investment continue
- Grocers and big-box retailers continue to **form partnerships to create entertaining ways to engage shoppers and attract new ones**



More about this trend in the coming slides...



AND HAS CHANGED THE CUSTOMER VALUE PROPOSITION

Hyper-personalized shopping



Customers want offers & recommendations that are customized and truly relevant to them

Quick and convenient is the priority



The “convenience of immediacy” in grocery has accelerated both the use of online shopping for groceries as well as the use case for the traditional grocery store

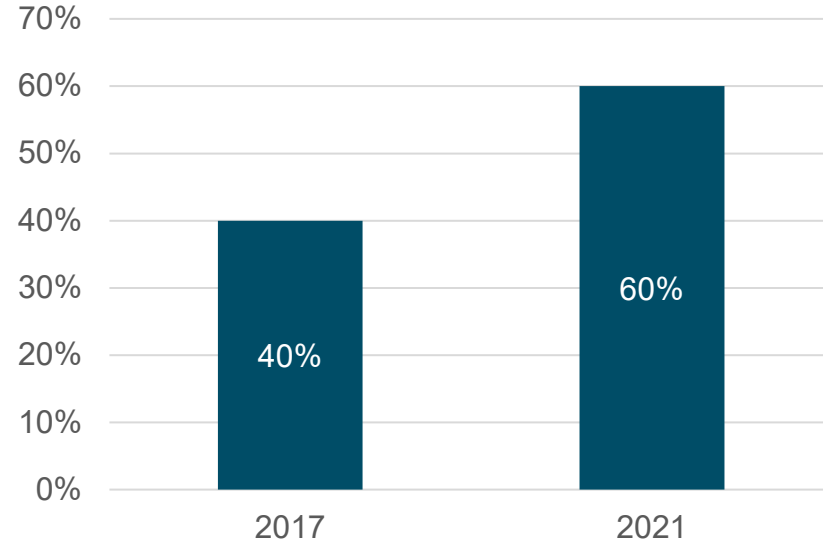
Seamless omnichannel experience



Customers want a frictionless, seamless shopping experience, on their terms

CUSTOMERS VALUE A HYPER-PERSONALIZED SHOPPING EXPERIENCE

How likely are you to become a repeat buyer after a personalized shopping experience?



More than half of consumers are more likely to spend more with brands that create a personalized experience -- and when brands fail to deliver relevant personalized experiences:

56%

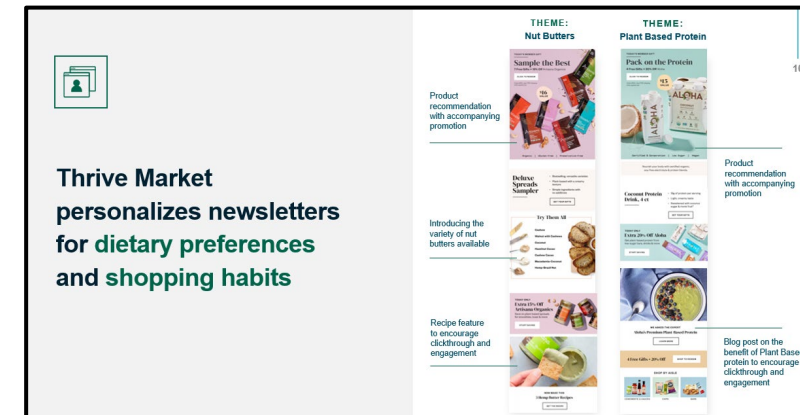
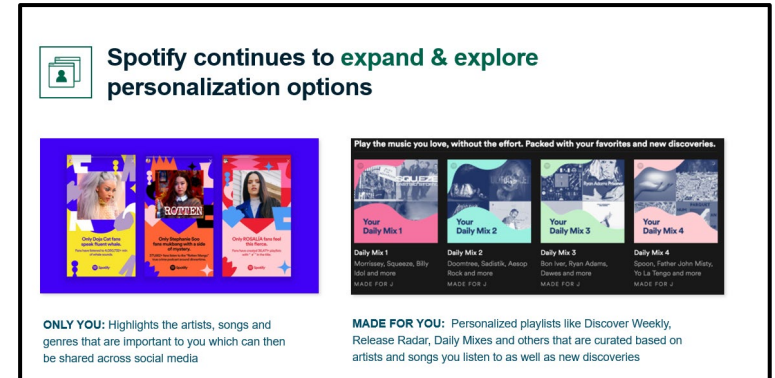
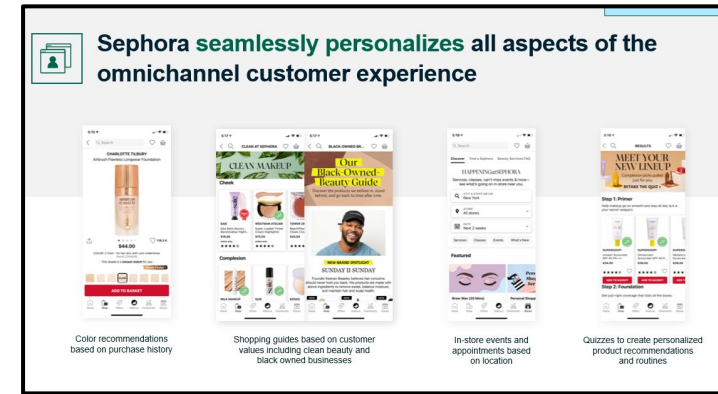
of consumers are **more likely to unsubscribe from email lists**

36%

of consumers are more likely to **switch to a competitor** who provides a more personalized experience

28%

of consumers are more likely to **stop shopping** at that website



QUICK AND CONVENIENT IS A CUSTOMER'S TOP PRIORITY

Ultrafast Delivery

15-minute grocery delivery Buyk doubles NY dark store footprint

November 4, 2021 - General News

Fifteen-Minute Grocery Delivery Has Arrived. Do We Need It?



FOXTROT



CUSTOMER PERKS

- ✓ Delivery within 10-15 min.
- ✓ No to low delivery fee
- ✓ No minimum order value
- ✓ First order incentives and promotions

Subscription Programs

Kroger launches Boost, a grocery delivery subscription service

Albertsons Cos. launches membership program in digital refresh



CUSTOMER PERKS

- ✓ Unlimited free delivery (with no MOV)
- ✓ Fuel discounts
- ✓ Savings on prescription drugs
- ✓ Access to digital coupons, weekly specials and member over perks

In-store healthcare services

Hy-Vee launches nationwide telehealth and prescription delivery service

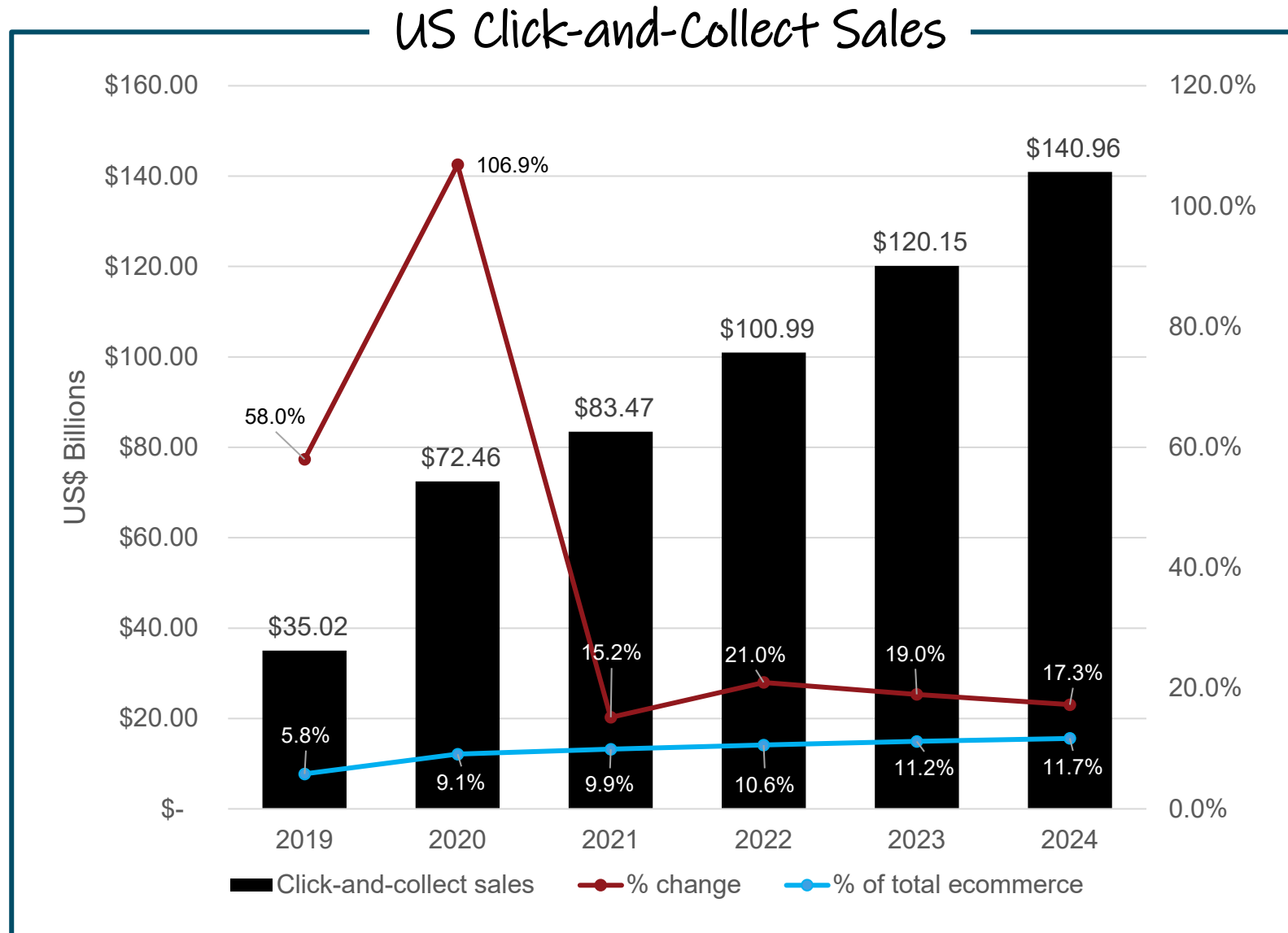
Will a trip to the doctor soon mean a trip to CVS?

CVS to close stores and create new formats in health push

Kroger Health administers 10 millionth COVID vaccination

Recently, in addition to grocers providing the COVID vaccine and subsequent boosters, many are expanding their health and pharmacy related services to differentiate from the competition, meet changing consumer buying patterns, and address future population health needs

CUSTOMERS WANT A SEAMLESS OMNICHANNEL EXPERIENCE



Click-and-collect (buy online, pickup in store) options

- In-store pickup
- Curbside pickup
- Contactless pickup options such as pickup lockers or automated kiosks

Convenient checkout options

- Contactless payment methods
- Mobile self-checkout

Engagement across all channels

- Website
- Applications
- Social media

The local brands of Ahold Delhaize USA

Comprise the Largest Grocery Retail Group on the East Coast

~2,000
stores

across all brands
in the U.S.

#1

U.S. food retailer
on Dow Jones
Sustainability Index

105%

online sales growth
reported for full-year
2020

\$51.8B
in sales

in 2020

30M

active loyalty card
members

1,300+
Click & Collect
locations in U.S.
(Q3 2021)

230K
associates

across ADUSA
companies

90%

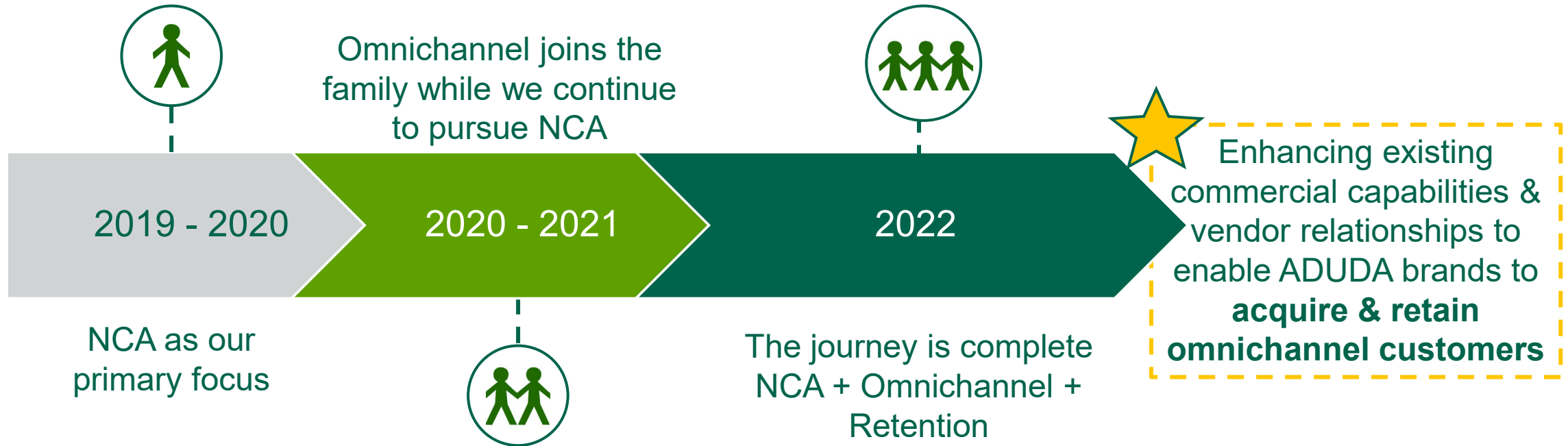
consumer reach
through e-commerce
coverage with Click &
Collect and delivery
(Q3 2021)

12B

personalized offers by
end of 2021



THE SCOPE OF PDL MARKETING SERVICES HAS EVOLVED TO INCLUDE THE FULL CONSUMER JOURNEY



PDL PROVIDES COMPREHENSIVE ECOMMERCE MARKETING SERVICES



MY BACKGROUND



VP, Head of eCommerce Marketing

CAROLINE MASULLO

- Background in true integrated marketing communications
- Come from really big marketing-led organizations
- BUT... even though I've worked with big companies, working media budgets are never big enough
- Have always leaned into earned-first campaigns to drive the heavy-lift of awareness and relevance

EXAMPLE BRANDS I'VE WORKED WITH



TGI Fridays App Adds Alcohol Delivery

The chain restaurant is also introducing "Everything But the Booze" to allow customers to mix up Fridays' signature drinks at home.



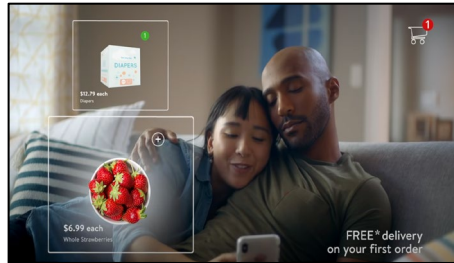
WE SAW RETAILERS INVEST IN OMNI-MESSAGING STRATEGIES AND EARNED FIRST CAMPAIGNS

High visibility of Ecommerce offerings
via all available channels

Walmart + campaign



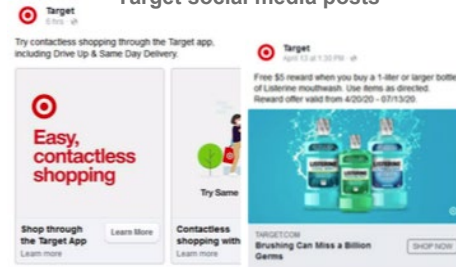
Instacart TV commercial



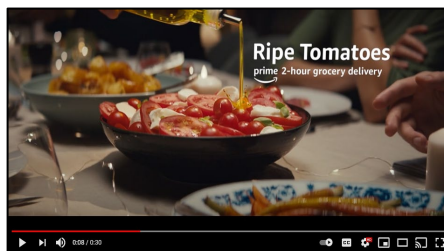
Kroger's animated videos



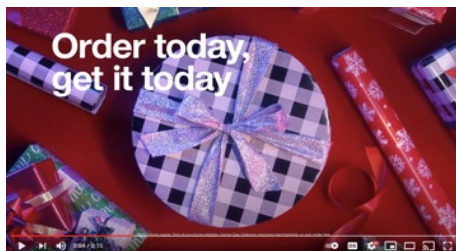
Target social media posts



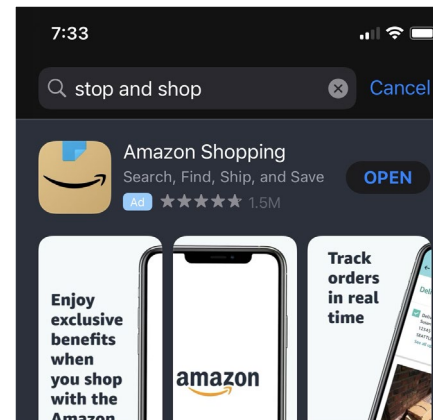
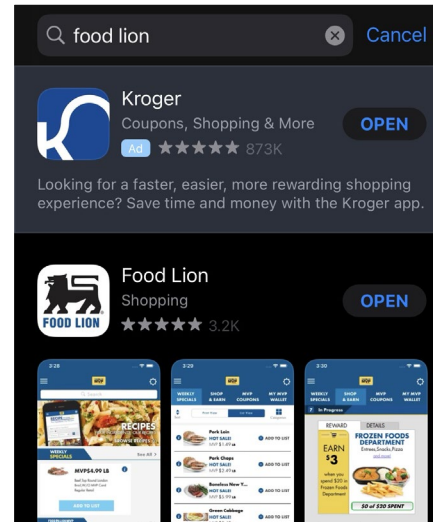
Amazon's 2-hour delivery TV commercial



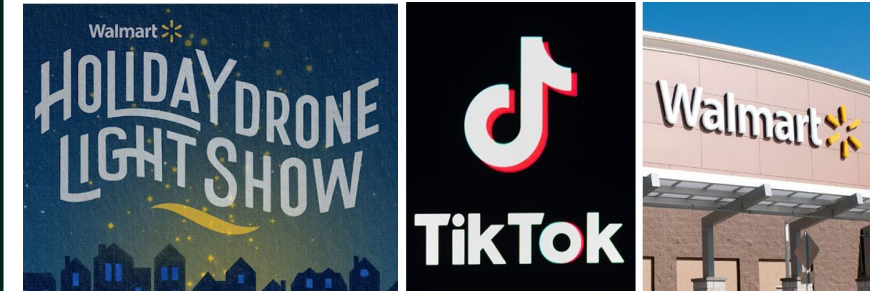
Target's TV commercial



Conquering
customers



Eye-catching news
& innovation



Amazon's Jeff Bezos to Focus on
'Going Into Grocery'

Instacart hired 300,000 workers in a month.

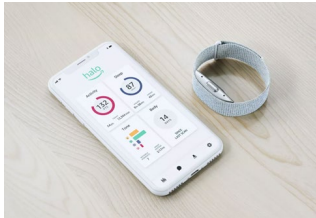
COMPANIES ACROSS VERTICALS FORMED UNEXPECTED PARTNERSHIPS AND ARE SEEING BIG RESULTS



Walmart's \$37.5B acquisition of Humana, enabled it to deliver and provide an array of combined medical, pharmaceutical, and retail capabilities, such as Walmart on-site clinics.



Walmart is testing autonomous delivery with partners including Cruise, a Chevy vehicle that runs entirely on renewable energy and Gatik, an autonomous truck delivering items from a Supercenter to a pickup point.



Amazon launched Halo Health & Wellness AI-Powered band and membership in August 2020. The band tracks an array of health metrics: activity, sleep, body fat, and tone of voice



Target prioritizing guest-centric experiences with Ulta partnership – in addition to newly announced store within store deals with Apple and Disney.

Target and Ulta's Tie-Up brings Target user base 30M Ulta Rewards members – instant access to new customers

Kohl's says it added 2 million new customers in 2020, thanks to Amazon

The Apple Card, powered by Goldman Sachs and Master Card, had the most successful credit card launch in history – extending \$10 billion of credit in first two months

Chipotle's Whole30 Lifestyle Bowls aided its digital sales growth to hit a \$1B milestone

A WHITE SPACE WAS IDENTIFIED ACROSS AHOLD DELHAIZE USA BRANDS



The Landscape...

Amidst Covid, consumers more than ever have a heightened need for feel-good experiences – and are looking to brands/retailers to deliver them



The Problem...

Our vendors and category are outpacing us with first-to-market, buzz-worthy announcements AND by simply leveraging their existing toolkits (products, physical assets or partnerships)



The Insight...

The average customer comes back to edit or review their online shopping cart **6-7 times** before conversion

This presents a **huge opportunity** to create more interactions and content to engage shoppers **pre-conversion**

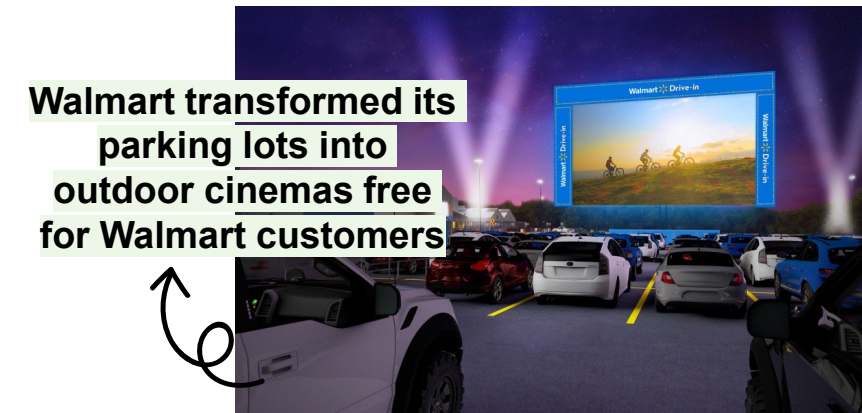
My team calls this “**EXPLORABILITY STRATEGY**”



For the first time, Kraft replaced “dinner” with “breakfast” on their iconic blue box as part of a balanced breakfast campaign

BRIEF

Roku teams with Kroger to integrate shopper data and streaming TV ads



Walmart transformed its parking lots into outdoor cinemas free for Walmart customers

OUR MISSION: MAKE SOME NOISE BY CREATING COMPELLING, OMNICHANNEL EXPERIENCES WITH OUR TOP CPG PARTNERS

Areas of focus:

- First to launch opportunities
- Exclusive products & offers
- Sponsored-by opportunities
- Pass-through rights for celebrity/influencer endorsers

Key pillars reflect the priorities of the brands of Ahold Delhaize USA and our CPG partners:

Cultural Trends	Sports / Entertainment	Philanthropy	Monthly Themes	DEI
				

IT WAS TIME TO TRANSFORM DIGITAL MARKETING

To deliver:



Buzzworthy News

We need new news to attract new customers and build brand loyalty



Innovation

We need to do something atypical, amazing and unexpected to combat the competition's ongoing investment and innovation



Growth

We need a game-changing partnership to take our business to the next level

In alignment with:



Mission

In alignment with the AD mission



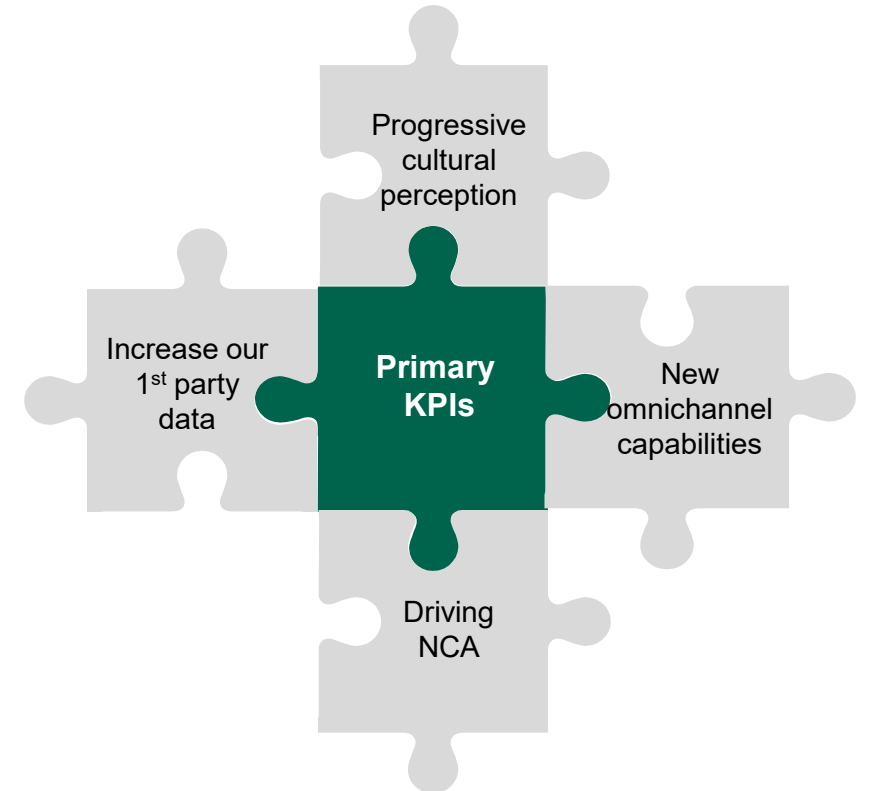
Growth Drivers

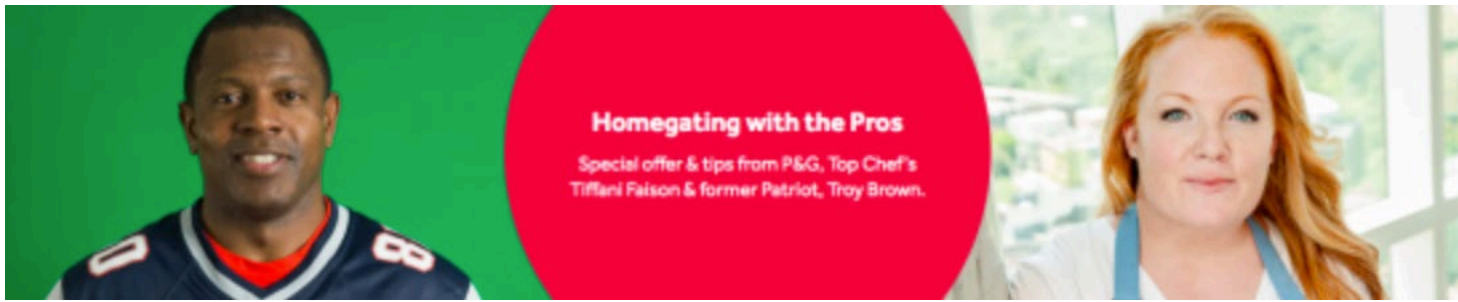
In alignment with our growth drivers



Guiding Principles

With *Eat Well, Save Time, Live Better* as our guiding principles





2021 INTEGRATED MARKETING CAMPAIGNS

FEBRUARY 2021: WE BROUGHT THE BIG GAME HOME WITH P&G HOMEGATING

An immersive shoppable experience included a celebrity chef, exclusive recipes, NFL talent, pump-up playlists and local influencers



which resulted in



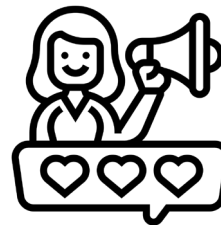
Delivery basket increase



Delivery pickup increase



>50M PR impressions
release pickup



>100K blogger and
influencer impressions



**RESTAURANT
STRONG** FUND

**FEEDING
AMERICA**

FEBRUARY/MARCH 2021: WE PARTNERED WITH CAMPBELL'S TO SAVE THE SNOW DAY

This turnkey program was designed to capitalize on snow day seasonality and home-schooling fatigue to offer consumers a fun way to get off screens and get outside with everything needed for snow day fun

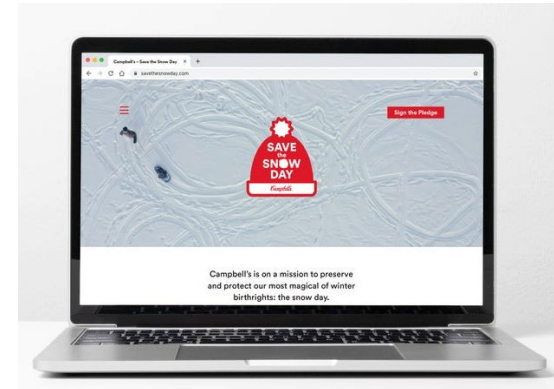
Key components included:

A Chatbot offer
— the first of its
kind

An e-comm bundle to
create the perfect
snow day experience,
inside and out

Snow Day
Activity Kits

Paid social



Which resulted in



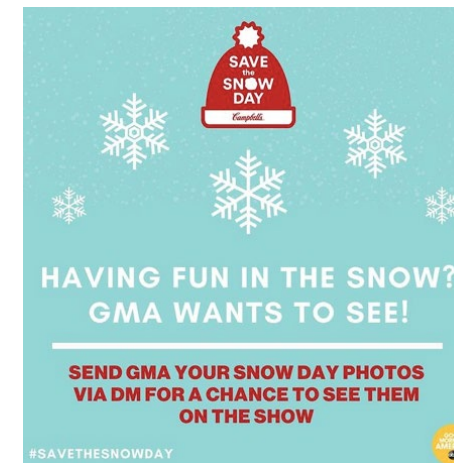
Delivery basket
increase



Delivery pickup
increase



>25K landing page
impressions

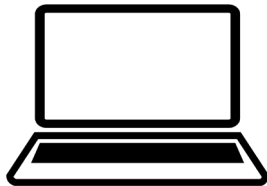


JUNE 2021: PARTNERSHIP WITH P&G AND KELLOGG TO SUPPORT PRIDE MONTH

A digital, shoppable Pride experience to complement planned in-store support with P&G and Kellogg and deliver a best in class ecomm experience -- including special ecomm offers and exclusive recipes from celebrity chef Elizabeth Falkner for our banners, customers and employees



which resulted in



>30K landing page impressions



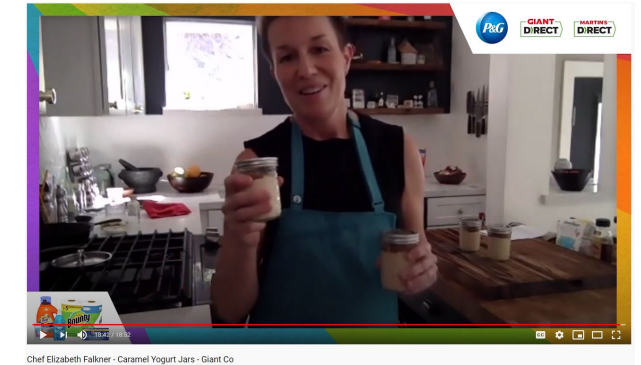
>35M PR / earned media impressions



Increase in sales for participating CPG products



Money raised for LGBTQ charities



JULY 2021: OLYMPICS PARTNERSHIP WITH

P&G

Mondelez
International

Coca-Cola

HERSHEY'S

4 week program was the first immersive, multi-media, omnichannel Olympic experience for our brands

1 Featuring 2 videos with three-time Soccer Olympic gold medalist Christie Pearce



- Race for the Gold highlights the ease and convenience of our e-comm sites
- Share the Gold leverages Refer A Friend to allow consumers to share an offer

2 Olympic Viewing Party Recipes from our CPG sponsors:



Which resulted in



>25K landing page impressions



Significant sales increases for our CPG partners; in some cases, even double-digit lifts



Thousands of offer redemptions



Best Refer a Friend results; >175% higher than normal

SEPTEMBER 2021: KICKING OFF FOOTBALL SEASON WITH COKE

An inspirational and shoppable consumer experience including food pairings and recipes from Celebrity Chef Robert Irvine, cook-along videos with a Paralympian and an Olympian, special offers and free samples of the new Coke Zero Sugar.



Which resulted in



>10K redemption of free pickup or delivery



>800K impressions



Increase in Coke Zero Sugar sales for participating ADUSA brands



Get Gameday Ready with Chef Irvine!

Click to see Chef Irvine's full bio & his take on Beef Nachos to pair with New Coke Zero Sugar!



Cook with Paralympian Roderick Townsend & His Wife, Olympian Tynita Butts

Rod and Ty are self-proclaimed foodies, click to see their full bios & their easy gameday recipes to pair with New Coke Zero Sugar

Free* Delivery or Pickup

When you buy \$20 of select Coke products. Min purch req'd. Other terms apply.



*Free delivery or free pickup when you spend \$20 on participating Coca-Cola items. Items must be purchased in a single transaction. Minimum overall order purchase of \$30 for delivery or \$0 for pickup. Savings applied to your grocery order before taxes and after all other coupons and savings are applied. Order calculation excludes alcoholic beverages, pharmacy, gift cards, and other purchases prohibited by law. Valid for residential customers only. Fuel charges may apply. Offer is not transferable. Giant Pass members or customers with a Tuesday, Wednesday or Thursday delivery will receive a \$3.95 credit toward their delivery order or \$2.95 credit toward their pickup order with qualifying purchase. Limit 1 per household. Offer expires 9/30/2021.

Claim Your Free* Coke Zero Sugar 20oz!

Click ADD TO CART to the right to add a free* 20oz Coke Zero Sugar to your basket! Discount will be taken at checkout.

*Offer good for 20oz Coke Zero Sugar bottle only. Valid for residential customers. One offer per customer. Must add item to cart. Offer expires 9/30/21.

WHAT WE LEARNED & WHAT'S NEXT

2021 Key Learnings

- ✓ Non-conversion-based content converts
- ✓ Earned media drives ROI
- ✓ Leveraging partners expands audience and new customer reach



2022 Implications / Innovation Roadmap

- ☐ Personalization
- ☐ Third party partnerships – health and wellness focused
- ☐ Off-site shopability

A person's hands are holding a smartphone, with the right hand touching the screen. The background is a blurred image of a store aisle with shelves full of products. Overlaid on the image is a network of white circular icons connected by lines. The icons include a location pin, an airplane, a globe, a house, a shopping cart, a person, and a document. The text "THANK YOU!" is written in large, bold, white capital letters across the center of the image.

THANK YOU!