* How To Win In The Digital World of Retail

Leveraging consumers as co-developers to deliver novel mobile applications

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*Better Simpler Cheaper

* We think:
    * "How can we make the experience **better** for the customer?"
    * "How can we make tasks **simpler** for staff?"
    * "How can we make processes and systems **cheaper** for Tesco?"

* We **don't** think: "let's innovate!"

*The Current Online Grocery Shop

- Ordering between 40 and 70 grocery items takes up to an hour.
- Placing orders once a week or once a fortnight.
- Can't get excited about much of it!
- Groceries are mainly 'non-aspirational' products (e.g. toilet rolls, baked beans).
- Perceived as long and laborious task!

*The PERFECT Online Grocery Shop

- To bring about a **step change** in the customer experience online for grocery.

- To aim towards **effortless** grocery shopping.

- Move from long-and-laborious shopping to **little-and-often** shopping.

- To bring grocery home shopping to all kinds of **internet-connected devices**.

- To enable **3rd party websites** to offer the customer the ability to add groceries straight to their Tesco.com basket.

The Current Online Grocery Shop

- Ethnographic research resulted in defining our customers into three profiles:
  - Hunters
  - Gatherers
  - Groundhogs

hunter

shopping profile
Hunters shop from a wide variety of sources and are most engaged at the planning phase of the shopping process.

SPECIFIC PRODUCTS

I know what I want and what I need

SPECIFIC STORES

Targeted search

Tesco

Organic online retailer

Local butcher/grocer

Asda

gatherer

shopping profile
Gatherers may have a loose plan, but mostly rely on the store to inspire them.

They are most engaged at the navigating & selecting phase.

groundhog

shopping profile

Groundhogs rarely have a plan and don't have the time or patience to navigate the store.

They rely on previous orders/recently bought items and are most engaged at the ordering phase.

My shop is always the same, I repeat the same list of items

...which I buy from the same place

groundhog → → Tesco / any one other

Collaboration and Inspiration

- Customers in our ethnographic study were COLLABORATING with members of the family to guide them in decision-making
- They were getting INSPIRATION:

  Advice, recommendations and requests of their family, friends and trusted sources (perhaps a TV Chef, a magazine forum or Tesco).

*Ordering process

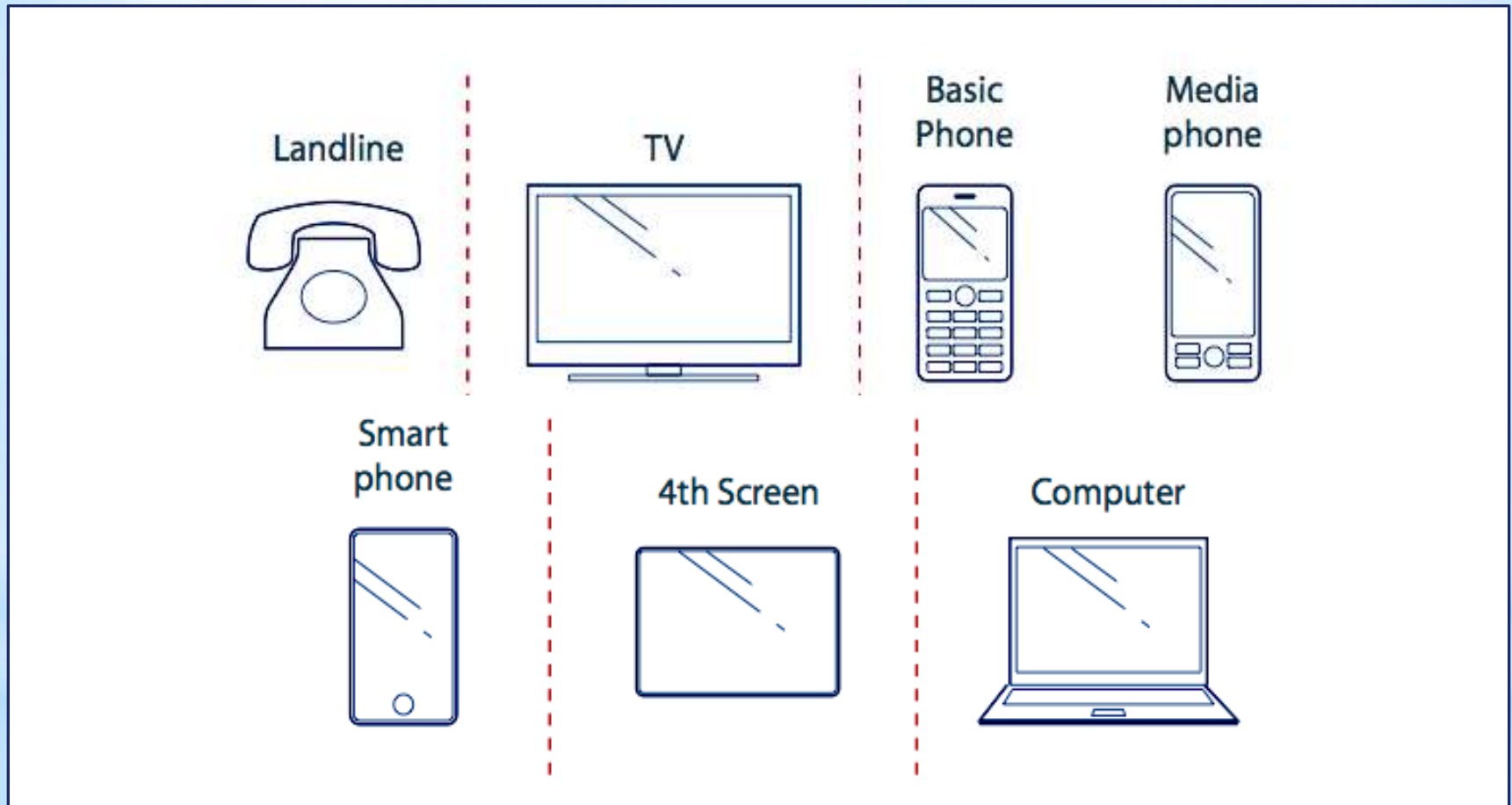| plan	navigate & select	order	delivery
Hunters	Gatherers	Groundhogs	

(most engaged group at each step of the process)

*Device Neutral

*Sources

*You, your friends and family and trusted sources can add items to your shopping lists.

Family   Account owner/s   Friends   Trusted sources
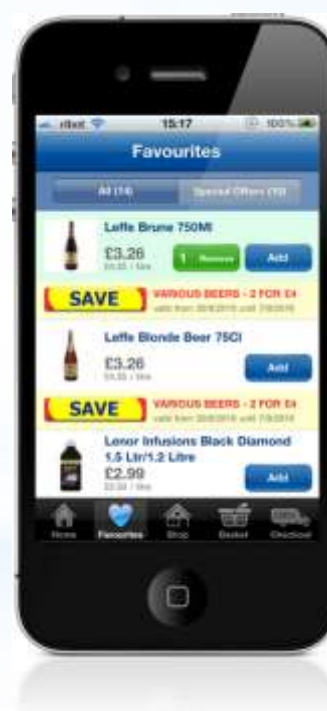
*The Whole Picture

*The List Concept

- A system of evolving lists from basic ideas (e.g. in the "media inbox") that become more definite and detailed (actual products) as the customer moved deeper into the Tesco experience.
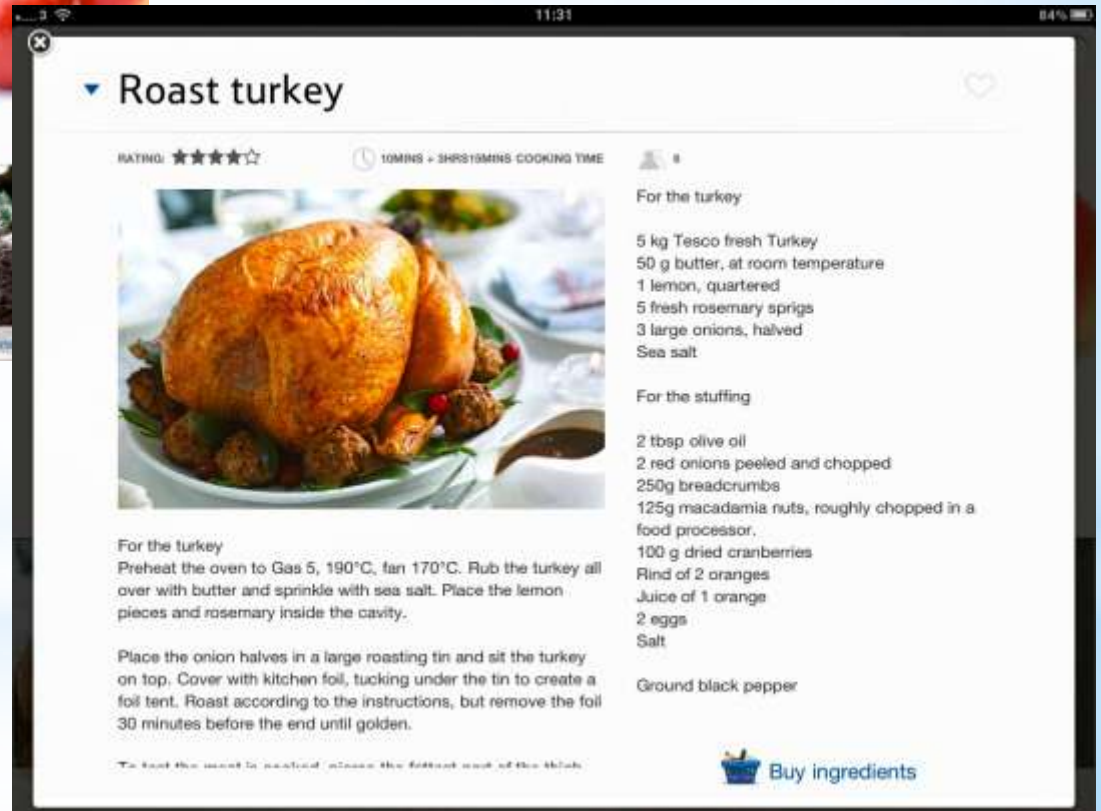
*How are we getting there?

- We've built mobile applications that can do everything from 'capture the moment' right through to a full grocery shop:

*How are we getting there?

*How are we getting there?

- We're taking our online services to an International audience.
  - Already in Republic of Ireland and South Korea

- We are simplifying the picking process for our staff by moving to warehouse-style picking with lots of automation but still with the human touch.

- We've created an Application Programming Interface (API) that gives full 'app' access to our grocery platform.

*How are we getting there?

- We've given access to a third party developer community who are building apps:
  - Mobile phones
  - Recipe sites
  - Facebook recommendations.

- Why do this?
  - We don't have a monopoly of the best ideas!
  - New ideas will evolve from older ones,
  - Developers incentivised to create 'best of breed' apps through affiliates programme.

TESCO API
INNOVATION SUPPORT FORUM

* STOP! You're putting 3rd parties between your brand and your customer?!?

- YES!
  - We have the catalog of products and the means of transacting with the customer BUT we don't have the all the best ideas – incentivized 3rd party developers will!!
  - Process of evolution – better apps will evolve from earlier apps, removing weaknesses and building on strengths of predecessors.
  - These can be apps, web sites, TV widgets, special tablet applications, *anything!*

- BUT:
  - Customers only register via our web site – we own the start of the relationship with the customer.
  - We take payment through our web site using various mobile versions of our payment page.
  - We pick / pack / deliver the goods, so we have the relationship at the customer's front door.

- **Better – Simpler – Cheaper!**
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*Recap: The Innovation Journey