



CHALMERS



Beyond the Barcode: How Digitalization is Reshaping customer value in the Grocery Industry

Leading in a Digital World - IKA097

Group 8

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Podcast transcript

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INTRODUCTION

Linn: Hi, and welcome to this podcast. This week's host are me, Linn

Lucas: And Lucas.

Linn: And, yeah. Today we are going to discuss digitalization within grocery stores, or more specific, how digitalization is reshaping customer value in the grocery industry. And just to be clear, we have limited this study to Sweden. So Lucas, what do you think about the theme for this podcast?

Lucas: I'm quite interested in it. So I'm a big fan of, you know, self checkouts. Just in my lifetime alone, they've become so commonplace in stores, so I'm usually a bit surprised when there aren't any. But they only have, you know, old fashioned checkouts with cashiers. So I'm quite curious about the future and what might change... Yeah, what might change in the future? You know, what would customers value? Many industry insiders are focused on their area of expertise. It's kind of the definition, but their biases can come in the way of understanding the bigger picture.

Linn: Interesting. And, just to be clear for the listeners, how do you define customer value?

Lucas: I'd like to think of customer value as what makes people buy stuff. Pricing, quality, variety, service, convenience, or something along those lines. So in order to know what the future might hold, I wonder what might affect those factors.

Linn: Yeah. And first of all, I want to talk a little about how we learned about this subject. So our team has done research and conducted interviews with eight different people, where some of them want to be anonymous and it is something that we are going to respect. Further we want to point out the importance of critical thinking since people have different expertise and also different biases. In this podcast we center about PESTEL and what may contribute to these forces. And the rest of our team are here to inform us what they have found out about the industry. And Lucas, can you please describe the structure of this podcast?

Lucas: Of course. Our team has been divided into pairs, which are focused on two forces. They will be introduced later in the podcast and at the end of each segment, the listeners will receive a question to ponder on, before the next part of the podcast is introduced. These questions will hopefully remind our audience to consider how consumers might react to changes.

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PART ONE - LEGAL AND POLITICAL

Linn: The first two forces are covered by us two and we will be talking about political and legal. But first Lucas, can you give us an introduction to this industry and what characterizes it?

Lucas: Of course. So grocery stores are mostly fast moving consumer goods. Profit has traditionally been made from low margins, but very high volumes. For example, consider how many cartons of milk are sold each day, even in a small country like Sweden. And since practically everyone gets their groceries from stores today, it makes sense that it's a competitive market and margins have been driven down. Adrian Magnusson, a member of our parliament, mentioned during our interview how one of the risks with rapid development in digitalization is isolation. In one way we can socially isolate people who still use cash, as Sweden is mostly a cashless society now. For example, many cafes and restaurants do not take cash anymore. And some don't even take cards, but only accept Swish. And for our international audience, Swish is something like Venmo or PayPal.

Linn: You said it's, one way. Did you have another in mind as well?

Lucas: Mm-hmm. Yeah. Cause what I just said is something that I had heard before and that's why I asked Adrian about it. He expanded upon the subject when he mentioned geographical isolation as well. Since public transportation has adopted digital means to pay more and more, the same people who can't shop everywhere might not actually be able to go somewhere where they can. And so, while most grocery stores still accept cash, these non adopters can still survive without any major issues. But I personally feel like it should be more of an obligation by grocery stores to accept cash. Because as far as I know, nothing is really stopping them from just, not accepting cash anymore.

Linn: But, since Swish is so easy to use, it makes sense that it's becoming quite prevalent. Isn't all you need a BankId, a phone number and a bank account?

Lucas: Exactly. But you know how you can use bank IDs, digital identification for many things now, you know, from accessing your online bank to paying taxes to, reading your medical journal. Turns out the government doesn't actually accept it as a legitimate form of identification. So the major bank just created a solution. Now, it's so adopted, you would think it's operated by the government. When Adrian and I spoke about this, he mentioned that since it's ultimately owned by private institutions, there's really nothing stopping a foreign and firm from buying out the banks and therefore owning BankId, hindering everyday life in a country like Sweden. But since BankID was first, it's benefiting from a technological lock-in. So now the government will have to create reactive legislation, to control it, instead of having the forethought to create their own before the banks did.

Linn: Actually, I have not thought about that at all. But would you say it fulfills the criteria to be called a digital transformation?

Lucas: Absolutely. I mean, just look at how we do things differently. How things have changed. I could understand it, you know, if someone argued it was just digitalization. Since you could access online banking before BankID, so it is just an improvement on online banking. However, you know, you can easily do most of your banking errands on the run. I can quickly pay my bills on my way somewhere or you know in a hurry I can transfer balances between my own bank accounts, so I don't really have to carry a lot of cash on my card in case it gets stolen or something. I just transfer over when I need money. I don't have to plan these things. I can do them anytime I want. So, you know, if that's not digital transformation, I'm not sure what is.

Linn: Yeah, Good point. But I actually want to talk a little bit more about bankID and electronic identification since, yeah, the subjects can be connected to the legal aspects. When we had our

interview with Karin Brynell, who is CEO at Svensk Dagligvaruhandel, she mentioned the challenges in implementing identification when online shopping. So yeah, it needs to be done properly but still not remove the flexibility in e-commerce. So these kinds of challenges should not stop the digitalization, but rather come up with solutions that fit the situation.

Lucas: What other aspects are important, you know, in the legal aspect within grocery stores?

Linn: Yeah. Since the grocery stores are part of an industry that is highly regulated by laws and regulations and this is to make sure that the food is safe and that the customers are treated right. So, for example, Sweden follows the regulations set by the European Union. And, two examples from the food safety policies, addresses packaging and labeling.

Lucas: Can you give another example regarding one of the policies?

Linn: Yeah, of course. Labeling, it is important to give the customer the right information about what the products contains. So, for example, if a person has allergies, they need to know that the food they buy, that they can eat it and not get an allergy reaction.

Lucas: Yeah.

Linn: So, labeling is also something that Karin talked about, but labeling in relation to online shopping. Yeah. She said that the government decided that the information about a product should be found in both stores and online. And it is Svensk Dagligvaruhandels, what is the word? It's their...

Lucas: Responsibility?

Linn: Yeah, exactly. It's their responsibility to make sure that the groceries, the grocery stores follow this. And, yeah, they actually achieve this with the help of a company they own to digitize the information and make it easier for companies to get it, but also to make it uniform.

Lucas: You talked a bit about food safety. What can you say about that part? You know, how does that concern treating the customers right?

Linn: Yeah. Customer protection is really important. Actually a fun fact is that almost every one of our interviewees talked about this, or at least mentioned it. And, one of the main things discussed was GDPR. So one of our interviewees said that the requirements, at least in Europe, are really high and that the legislators try to represent the will of the people. Another person mentioned that safety and privacy are one of the most important questions for the future. And this points out the relevance of this subject. And that is that it is critical to continue working with it, but also to be aware of the extent to which the customer wants to share information.

Lucas: I think this might be a good point to round off our segment and give the audience a question before we introduce our next subject, if you agree?

Linn: Yeah. That, that sounds like a plan.

Lucas: All Right. So our question to the audience to get them thinking: How would you react if a foreign agent purchased BankID? Would your usage change? Would you keep using it as today? How

do you think the people around you would react? And with that, we'll take a short break, ponder a bit, pause if you need to, and we'll see you in a moment.

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PART TWO - TECHNOLOGICAL AND SOCIOLOGICAL

Lucas: Let's give a warm welcome to our first team members, Elin and Hannah.

Hannah: Hi.

Elin: Thank you. We're happy to be here.

Hannah: Yeah. This will be exciting.

Lucas: It will. We just talked a bit about how Swedish society has become much more digital in the past years, and some consequences of that. When not everyone is fully converted to this new age, most have, and that has brought along some new challenges. Legal aspects are very important when it comes to technology and data utilization. And GDPR is one such legality for it puts limits on what companies can and cannot do with data.

Elin: Yeah. I mean, in Sweden, like many other countries, we have the idea that the individual owns their own information. And this is great on an individual level, but of course, it can pose a problem for many companies when these regulations change. And I mean, with information, we see it become more and more evident in many ways that we never saw before. So, yeah.

Linn: Yeah, that actually seems quite tricky to, to handle. But why would a company want to use data at all?

Elin: I mean, it's a well-known fact that data-driven decisions are better. Beforehand, like traditionally, it was often more of a one person decision of a hunch or of, you know, recent knowledge or things that they had experienced before. But with data, you can also analyze the background to any decision. And with that, you can get more support from stakeholders who see why you're making a decision, and that it is actually the right decision to make. And I mean, it's also a way of fighting the HIPPO-effect, meaning that the highest person in the room gets to decide. With data you have to and with the culture of data drive decisions, you have to always like build up the background to why you're, you're doing anything.

Linn: Mm-hmm. But is there such a thing, like too much data?

Elin: No, not really. Not too much data. But actually one of our interviewees who is a CIO, raised that there's a risk sometimes that you focus too much on the wrong thing. Maybe too much focus on analyzing and data, and you're forgetting your, and you're forgetting about like the simpler things. So he raised the issue at, he raised the thought that sometimes it's actually more efficient to give customers coffee in the physical stores than to do like a grand gesture or a big shift in a digital, digital,

thing, really. So I think that's interesting to have in mind that data is not the only thing that matters and digitalization is important, but it's not the, the most important thing always.

Lucas: I often hear data and automation, talked about together, but I never really understood what automation is. Can you explain it a bit for me?

Elin: The most common theme we heard in our interviews were the automation of stocks where we have machines instead of humans. Yeah. Handling the stocks basically within groceries. We talked to Petra Albuschus at ICA Group, and she actually describes that e-commerce was one of the factors which has driven the automation of stocks, to the level we have today. And within some of their stocks actually, every step is automated until the very, very last step of putting the groceries in the bag, which is a quite high degree of automation. Yeah.

Hannah: But that's just in some stores, some...

Elin: Yeah, something.

Hannah: Yeah.

Elin: Not everywhere.

Hannah: No.

Elin: But maybe it will be in the future. I mean, Johan Hagberg, a professor we spoke to at University of Gothenburg said that like in Sweden, we have such high costs to employ people that the investment of an automated stock actually will pay off in the long run. So he says that more and more stores will probably automate their stocks, and it will be cheaper for them in the long run.

Linn: Yeah. Well, another aspect within technology is e-commerce, where, yeah, customers can just order what they want from the sofa, and, yeah. Delivery to the door or maybe click and collect. Do customers like this way of grocery shopping?

Elin: I mean, for every customer it's different. This is something that Johan Hagberg, the professor, really highlighted, that sometimes we think of customers as one group, but they're really several groups. And some people like e-commerce. And therefore, by having it as, as an option, of course, customer value is heightened. And it come many customers like the convenience of it. So I would say it's... it's a good thing. And also in specific instances, I mean, like covid, we had a very specific scenario where people were almost forced to try out e-commerce. Yeah. And this is maybe, kind of a custom that many customers will keep on after covid after 2020 that maybe we will continue. And I mean, if you see an increase even, before covid, and we're still at like, decreased after covid, but it's still increased from pre covid, so mm-hmm.

Linn: But would you say that e-commerce increased customer value?

Elin: Yes. Since it increases overall. I mean, some customers get more, and also, I mean, the convenience factor. But now when we see the inflation coming up, it might not add as much value anymore, because as it's often more expensive to shop online and with inflation and less money to move with for customers, more and more customers might, might not get added value from

e-commerce, actually. So it's an interesting trend that we see now with the economic situation. But I mean, Hannah, have you reached the same kind of conclusion? What, I mean, does the customers like e-commerce, is it, is it something that brings value?

Hannah: Yeah, of course. I mean, it's safe to say that this commerce, or this way of commerce is here to stay, but to what extent, that remains to be seen, I guess. So but, according to one of our interviewees, who works within strategy development, he says that e-commerce has changed the grocery industry completely. So how, what and when you shop for food has changed with e-commerce. And this is like a very large shift in the, in the, sociological behavior in society at large. So he mentions that the customers want the benefit of e-commerce, for the same prices as shopping normally in the stores, which as you can imagine, is not possible. Because there's more work behind those processes and you, you can't have the same prices for that. So, but this has led to that the currency that companies trade with has changed. You see that the products, well, you sell the product to gain information and data about the customers and their behaviors, since you no longer make that much of a profit on the product itself, anymore. So, so now it's more about data and how to use that, in your strategies more.

Elin: That's interesting. I mean, to, you kind of get more than only money for your product sells then.

Hannah: Yeah, That's True.

Lucas: It's a really big change that we've seen. And, there are constant changes in almost every field nowadays.

The others: Mm-hmm.

Lucas: And so it's hard to know, you know, what will exist in the future. Do you have any ideas what grocery stores might, what role they might fulfill in the future?

Hannah: Well, of course, yeah. With, with the potential loss of social interaction with digitalization and e-commerce, Petra Albuschus mentions that, she talks a lot about the evolution of grocery stores and their purpose in the future. She mentions that, with more people working from home, for instance, their need of social interaction will change and increase. So for the grocery stores, it will remain important to offer that opportunity for social contact between individuals and to remain an active gathering point in the local society. And so therefore, she, she sees a potential development for the local grocery stores to offer, like a cross-functional service to create more customer value.

Lucas: And what kind of cross-functional service could that be, for example?

Hannah: Well, she mentions like, dry cleaning or dietary advising, hubs where you can work from or cafes in the stores. So like, well, the normal grocery stores becomes more of a shopping center, but, but not, with the shops, but more like a gathering point.

Elin: Interesting.

Hannah: And so, well, in a more digitalized society, the local grocery stores will continue to bring people together.

Lucas: Do you think the inflation, and you know, current economic situation have affected customer behaviors, when shopping in groceries?

Hannah: Yeah, a lot, I think. And one of the interviewees mentions that with, with the inflation, that product gets more expensive, he says that people will get poorer, and when customers have less money, they'll become more conscious on their choices on what to eat, when to eat, how to eat. You, you no longer buy take home or takeout food, for instance. So for the grocery stores, he mentions that the challenge here will be to find more efficient solutions in order to make the food more affordable, on the one hand. But it's also important to consider what's, what is it that people want in their daily life. What do they value, and what, what do they want to spend their money on.

Linn: That's a really good question to think about. And, I think the answer to it, yeah, changes from person to person

Hannah: Yeah.

Linn: And, their behavior. But, yeah, is there anything more you'd like to add on these subjects?

Elin: I mean, there's so much to talk about!

The others: Yeah.

Elin: We could be here many hours, but I think for the technological thing we've also seen interesting is drone deliveries to isolated places, you can deliver groceries with drones.

Hannah: Yeah.

Elin: Very, very interesting thing that you might not have heard about or I hadn't. And then of course, there's so much with, you know, autonomous stores and more automation and data, data driven decisions. So a lot to add, but for now, I think, we'll, we'll leave it at what we have already brought up.

Linn: Yeah. That, that sounds good. And, I know that you prepared a question for the listeners.

Hannah: Yeah.

Linn: So I think it's a good time to ask it now before we continue on to the last two forces in PESTEL.

Hannah: Yeah, okay so the question is, how do you feel, as a listener, working more with machines and computers and less with people in general?

Elin: Hmm. And it's very interesting, not only for the grocery industry, but...

Hannah: In general.

Elin: In general, yeah.

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PART THREE- ECONOMICAL AND SUSTAINABLE

Linn: Now it is time to welcome the last team members, Cecilia and George.

George: Hello!

Cecilia: Hi!

Linn: Welcome to the podcast.

George: Thank you.

Cecilia: We're so excited.

Linn: Yeah, earlier in the podcast we discussed how data can affect the grocery industry. What are your thoughts on that?

Cecilia: Well, I had an interview with Petra Albuschus at ICA group, and she mentioned two positive outcomes from using more data. And that is; the possibility to optimize processes, and to use data to make forecasting easier, which can result in more precise and correct orders. Since food retail is a very fast moving industry, and the products often have low durability, this is really important in order to decrease the amount of food that goes to waste.

I also talked to Jan-Ove Brink, who runs a dairy farm, and he gave me a different perspective of how data can be used. He talked about the way data creates more transparency in all the steps of food production, from farm to fork.

You know, the Swedish dairy company, Arla?

The others: Yeah. Yeah.

Cecilia: They use this technique by collecting data from all his farmers about emissions, and other variables that can contribute to climate change. And then they publish this information to communicate with the customers on the brand's climate impact. This enables better informed consumption, where customers are able to make better decisions because of data collection.

George: Yeah, when I conducted my research, I had some similar thoughts, even though my approach to the subject was more of an economical minded. I mean, according to a report by McKinsey, open data also affects the consumers in their ability to make a better purchasing decision through improved price transparency. So more data online have made it more convenient for the customers to address and compare the differences in prices that the grocery stores offers. And it enables the customers to pick the one, or pick the grocery store that suits them and their needs and values the best. So that's great. Don't you agree?

Cecilia: Yeah, it's true that it is great for the customers that they can compare prices, but from an environmental perspective, to only look at the prices, is... It can be very harmful. And as you probably know, cheap products and eco-friendly ones usually don't go hand in hand.

George: Yeah, okay, that's true as well. When I had an interview with the CEO of Svensk dagligvaruhandel, Karin Brynell mentioned that they see a trend that consumers are now going for the cheap alternatives instead of the eco-friendly ones, during these harsher and more struggling times financially. So that's true. That's true.

Lucas: It's very interesting. And, you know, speaking of the economic situation, right now a lot of people are really struggling financially with inflation rates being quite high, and prices going up drastically for both food and electricity, and almost everything it feels like. Many people are afraid that we are turning towards a quite bad recession right now. How do you think that would affect the grocery store industry?

George: Hmm. Yeah. It's of course really terrible that people are struggling to, with putting food on their tables. And I read that, a survey that was conducted before, before the war in Ukraine, that this, CEOs of the grocery stores industry in Europe, and they, they got a question that was, what do you, what are your thoughts about the major trends in the year of 2022? And already then they, the survey show that, almost two thirds, thought that the high inflationary pressure from the increasing prices that suppliers, suppliers had would be a major trend. And now food prices have increased even further. So, so it's a big issue in the, in the industry. And during an interview with Johan Hagberg, a professor at University of Gothenburg, he mentioned an interesting aspect that affects the normal people that yeah, that shop in the grocery stores. He said that normally when the buying power is decreasing, the part of the sales that comes from e-commerce also usually decreases. So the additional cost of transporting goods home seems not to be worth it for the people. It's a luxury that customers can no longer afford, so to say. And during an interview with, Mikael Edeslätt, a partner at SRB, he mentioned that during harsher financial times, people are turning to stores that have, or that are in the low tier or the low priced tier, as an alternative to the ones they regularly visit. So this is a trend we will see in the future.

Linn: Earlier in the podcast, Elin also mentioned that people will shop less through e-commerce with the current economic situation. What are your thoughts on this from an environmental perspective?

Cecilia: I think it's very unfortunate that this is happening at the same time as the climate crisis is becoming more and more urgent to handle. I talked to someone who works with strategy development within the grocery industry, and he pointed out that we don't have many years left living like this. And that change is inevitable. And at the same time, customers are turning away from sustainable alternatives, which makes the environmental work so much harder for grocery stores. Jan-Ove Brink mentioned that the demand for organic milk has decreased lately and a lot of farmers will probably switch from producing organic milk to produce regular. Because the additional money that they make on organic milk is so low right now. So, of course, this trend is very unfortunate from an environmental perspective.

Linn: Yeah, and that sounds very alarming. And what tactics can grocery stores use to make their business more environmentally sustainable?

Cecilia: Since the increased customer value that customers get through buying eco-friendly products doesn't seem to add up to the increased price in these times, grocery stores have to do more than just provide sustainable alternatives, and there's not one clear solution to this problem.

Lucas: How do you think grocery stores can deal with these problems in the future?

Cecilia: Based on the information I gathered through interviews, I think that the food retailers have to capture the possibilities that digitization has brought, in order to offer sustainable products that don't cost an arm or leg. Optimizing processes as mentioned before, is one way. Other ways could be to try to use the increased communication possibilities. And this could happen in two ways. It could be by influencing people's buying behaviors to buy more after season, or choose more sustainable products, for example, buy beans instead of meat. And the other way is to buy more from local farms, and cooperate more with farms to help diminish their food waste as well. Therefore, it's important for people in the industry to stay informed and to keep learning about new technologies and the possibilities they create.

Lucas: It's a very relevant topic. It has been for a few years, and I think we could fill an entire episode just talking about environmental impacts.

The others: Yeah, yeah.

Lucas: But we'll have to round off these topics here, and then we have a discussion coming up with all our team members. Before that you had prepared a question as well?

George: Yeah, yes, exactly. So, it's a little bit about the topic that we have talked about. So our question to the listeners is, what do you think influence customers buying behaviors in grocery stores, in other ways than through price?

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PART FOUR - DISCUSSION

Lucas: Alright. we've had some great discussions and now we're getting ready to ask each other some questions about the things we've discussed and learned and clear up any misunderstandings perhaps. I heard some people talk about data management during the break, was it Elin?

Elin: Yes, hot topic, which I'm very, very fond of. I mean, it's very interesting now we've talked a little bit about GDPR and the knowledge companies are gaining about their customers. Hannah spoke a lot about companies gaining more knowledge with each product customer purchases. It's very interesting to see how grocery stores and how the grocery industry is gaining more knowledge and maybe how they will improve their processes with the new kind of trend towards data and data driven decisions. And with e-commerce also, it won't only be through the purchase product, but also through a click. I mean, you can see a customer clicked on this product or that product, and through that gain more knowledge. And I think it's also interesting here how they're using this knowledge to do customized ads. And I think this is something we can truly connect to customer value. And as we talked about Johan Hagberg, really raise that, that, I mean, each customer is different. Some customers will say, this is a great add to my value at this store, but other customers will become hesitant, with, I

know, I don't know, but, but the stores knowing with the brands, knowing things about them. I think it's and I mean you mentioned something also George, in the break about, the information asymmetry.

George: Yeah. As when we had the interview with Johan Hagberg, he mentioned that there is some information asymmetry between the customers and the grocery stores. So when a new customer walks in to a store, the customer can know everything about the store. He can know, like all the prices and, what deals are new or what deals the grocery store have right now, but the store, don't have any information on this specific customer. But then has this customer or individual visited the store more frequently. The store has more information and can start analyzing how this customer, its buying pattern in this store.

Elin: So you mean sort of that the data driven, driven part is working against the information symmetry? Or is it?

George: Yeah, I would say. So, as customers are, using a store more frequently, they can create a profile. Then it gets more to, the ball is more at the, the grocery stores...

Lucas: And they have the power.

George: Yeah, they have the power. So we have this, or maybe, people talk about this dream, the companies will, maybe in five to 10 years have so much data that they will be able to foresee and for tell, like, look in this, inside this crystal ball, and know what every individual will, will do and act in certain, situations. But I don't think this will be possible, mostly because of regulations or what do you think Linn, about the regulations in the, about data?

Linn: Yeah it's a hard question and it's hard to say, but as we mentioned earlier, privacy is, very hot topic and digitalization and the technique are evolving, but we also set the regulations, to so the persons and the customers also can get their privacy from it. So like the question, will individuals continue to keep the ownership of their own information is very hard to say, but...

George: Yeah.

Linn: Yeah, I guess, I guess they are going to have a big part in it, and hopefully they are going to have a big part and a big say in it. And, this part is also connected to, isolation and therefore also e-commerce and how we can both strengthen social bonds, through cross-functional stores or isolate people. Which do you think Hannah is more likely?

Hannah: Well, it depends. I mean, I think in itself the e-commerce will lead to more social isolation, because you can do it from home and you won't be as prone to actually get out and go to this shopping mall or so. And so that the cross-functional stores might serve as a way for the grocery stores to compensate for the loss of social interaction. And by doing that, creating more new customer values, that bring people together. It's more like, an effect that they take, because of their development of the e-commerce, perhaps.

Cecilia: That's very interesting. Another aspect of the cross-functional services, together with better communication possibilities, is that local producers can get their own stalls for selling their products directly to the customers in grocery stores.

Hannah: Yeah. So that's another aspect of, of how the cross-functional services might contribute to more to a more gathering point in society.

Lucas: You know, one thing I've noticed through many of the interviews we've had with people is that, a lot of the insights we've gained is that many people are prioritizing cheaper products right now.

The others: Mm-hmm. Yeah.

Lucas: Because, you know, the inflation and recession, everything, do you think it will stay that way?

Elin: I mean, in one way people will always, you know, want their luxury goods. People will want that like cheese for dessert, they will want the specific marmalade. So I'm not sure it's a trend that's gonna stay, maybe it's like a first like scarcities tactic for many people that they save in. But like Hannah mentioned before, people will probably not visit the restaurant so much anymore. So maybe they will like focus their little spend they do have within the grocery stores instead.

George: Yeah, exactly. An interesting, statistics is that during the pandemic, the sales of grocery stores increased a lot because that people couldn't go to restaurants or go to cinemas. So that they put the money on groceries instead. And that could surely happen in the future as well.

Lucas: And a lot of that increase was through, e-commerce also, through grocery stores. One of the things I wondered a bit about is how, because hopefully recession will end sometimes at least. And so things will go back to the way they were at least in some capacity. But I'm wondering about because e-commerce has, as we heard before, lowered a bit during recent years still higher than pre-covid, but lower than peak. And I'm not sure it we'll ever go back since every other e-commerce sector is mostly pressing prices. You go online and you shop for something cheap, while groceries are mostly, you know, a luxury, you don't have to do the work, but you get the same products for a more expensive price. So yes that's a thing I noticed, and that I didn't hear too many people talk about.

Hannah: Yeah. But I think also that, since you will always have the need of social interaction, especially in the grocery stores and in the grocery market, since you are handling like food, that fresh food. There will always be a need for having people working in the stores and so on to handle that food. The amount of e-commerce or the percentage of e-commerce in grocery shopping, it might get higher, but it will not take over entirely.

Linn: Yeah. And I also think that in grocery stores, or if you shop in grocery stores, there you are more flexible. If you forgot to buy something, then you can just go in the store and buy it, and it is really important to not forget that part. And also, to the discussion we had before, about electric identification. You need to keep up that too. If online shopping is getting bigger than maybe these kind of products are easier to buy in the store, instead of online.

Elin: And actually when we discussed with Johan Hagberg. We had a really interesting discussion with Johan, but it was really interesting because he said they have written, they has done a lot of research into retailing and e-commerce and digitalization. And what they noticed actually was that companies that have physical stores, the customers who shop both in the physical stores and online, actually contribute to more of the revenue than a customer who only shops online. And, during our interview, he said basically that, a prominent reason why this might be is because you build the

loyalty by having a physical store. So to go to only e-commerce would be missing an opportunity to kind of build that sort of trust and familiarity probably.

Lucas: Completely agree. I think at least a lot of my question marks have been cleared up now.

Linn: Sadly, all good things must come to an end.

Lucas: We hope that the listeners after this episode will have learned something new and keep our questions in the back of your heads. And we want to thank Benny, Anders, Jan-Ove, Petra, Karin, Adrian, Mikael and Johan. Your time and knowledge is what made this project possible.

Linn: And we also want to thank our listeners for tuning into our podcast. We hope you enjoy listening as much as we enjoyed sharing our thoughts with you. Until next time, keep exploring, keep learning, and keep growing.

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