



Case Study 1: Freshippo

GEE - 1MEICo3

Ana Rita Oliveira - up202004155

André Soares - up202004161

Diogo Fonte - up202004175

Milena Gouveia - up202008862

Luís Cabral - up202006464



1. How would you characterize in detail Freshippo's product-market fit and the way it evolved throughout time?

Answer to Question 1



Beginning:

- Freshippo is a shipping business that pioneered the **online and offline integration** channels, enabling customers to seamlessly transition between digital and physical shopping experiences, which allowed them to convert their physical stores into distribution hubs.
- It's a store operator that stood out from the beginning by focusing on selling fresh food, having fresh seafood as its signature, eventually expanding into a wide range of grocery items, maternal and child supplies, adult products, and daily necessities.
- It originally had the 20-to-45-year-old female who used Alipay as their target audience, and who were seeking healthy and fresh food options, particularly seafood that was not typically available elsewhere.
- This retail player also set itself apart by transforming the groceries shopping experience with a fast 30-minute delivery within a radius of three kilometers.

Answer to Question 1



Evolution:

- As it evolved, they started to introduce new stores, not only to serve new customer segments but also to address limitations of the other previously opened stores.
- F2 micro-stores - were introduced to accommodate office workers,
- Freshippo Cloud supermarket - online business that offers products that are not available at Freshippo's brick-and-mortar stores.
- Freshippo Nanxiang Store - innovated the restaurant and supermarket experiences by having their system mainly managed by robots (automated), making it quick and efficient. However, customers still complained about the long waiting times and stale and lackluster food, compromising Freshippo's prior commitment.
- During this process, with the help of data-driven technologies, Freshippo was also able to determine ordering patterns on customers' consumptions and habits, and later on created promotions to specific groups of customers, for example through video ads specifically appealing to certain customer segments, increasing their loyalty



2. How would you characterize in detail Freshippo's whole business model and the dynamics described in the case among its different components?


Answer to Question 2



- The integration of physical and virtual retail channels, data-driven operations, supply chain management, and an emphasis on the consumer experience define Freshippo's business strategy.
- They use Omnichannel Retail where they operate both physical supermarkets and an online platform.
- They rely on data analytics for their decision-making. Their supply chain is managed with advanced technologies and equipment, supported by the Alibaba Cloud platform.
- They developed private-label brands such as "Daily Fresh" to offer high-quality products at competitive prices. They use a wide range of technologies, including cloud computing, big data analytics, artificial intelligence, and Internet of Things (IoT), to streamline operations and enhance customer engagement

Link to Business Model:

https://drive.google.com/file/d/1E2Bn813LaaYIMQkn7LTylkJo2djl_VYM/view?usp=sharing



3. How did data and emerging technologies drive the innovative business model of Freshippo and the dynamics that were created based on the data-driven competences resulting from those technologies?

Answer to Question 3



- The use of data and emerging technologies made it possible for Freshippo to improve consumer experience, boost operational efficiency, offer personalized marketing, optimized the supply chain and promote ongoing innovation.
- Freshippo was able to seize of opportunities, adjust to changes in the market and keep a competitive edge in the retail sector due to these data-driven operations.
- They also used data analysis to select optimal store locations, tailor product offerings, and streamline operations.
- Another usage was to identify high-traffic areas and customer preferences, which allowed them to do targeted marketing campaigns and efficient inventory management.
- Through QR sensors, temperature, humidity, etc. they were able to make a better analysis and monitoring of the products to be shipped and for an easy interaction between the end customer and the Freshippo app.



4. What operational shortcomings have Freshippo been facing and how can it overcome them, namely by using new technological developments? How should Freshippo leverage emerging technologies to evolve into a more sustainable and profitable business?

Answer to Question 4



- Delivery constraints and ineffective inventory management were among the operational difficulties that Freshippo had to deal with.
- These problems might be resolved by utilizing cutting-edge technologies like blockchain for supply chain transparency and driverless delivery trucks.
- Automation and robotics in warehouses can increase productivity, and the adoption of AI-powered demand forecasting systems helps optimize inventory levels.
- They could also deploy predictive analytics to anticipate customer demand accurately, reducing stockouts and overstocking.



5. Can the customer development process play a relevant role in that evolution? How should Freshippo use it? (Propose your own plan for the next steps of Freshippo)

Answer to Question 5



Freshippo should focus on comprehending changing consumer tastes and behavior through feedback loops and data analysis.

Next steps:

- **Augmented reality app**
 - Virtually visualize products in their home environment
 - Allow to capture consumers that are not sure about a certain product (e.g. clothes)
- **Subscription-based meal kits**
 - Emulate US market
 - Convenient meal solutions
- **Gamified shopping experience**
 - Rewards program with challenges
 - Referral program for customer acquisition
- **Mass deliveries to restaurants**
 - Cultivating business relationships with restaurant owners