GroMart Online Rollout Impact Analysis

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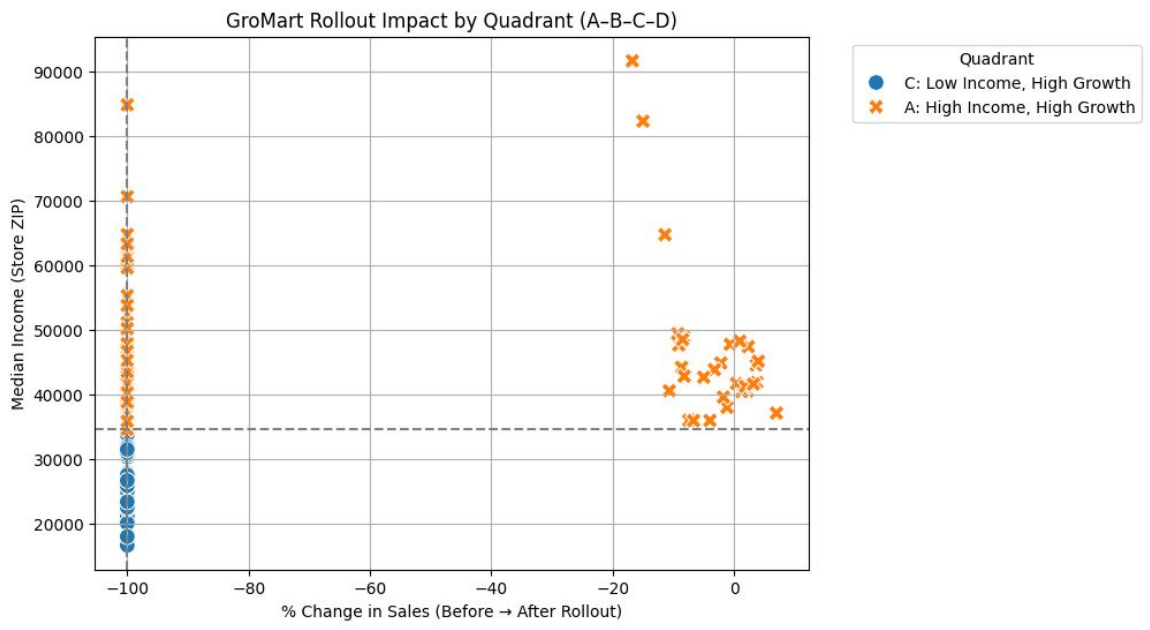
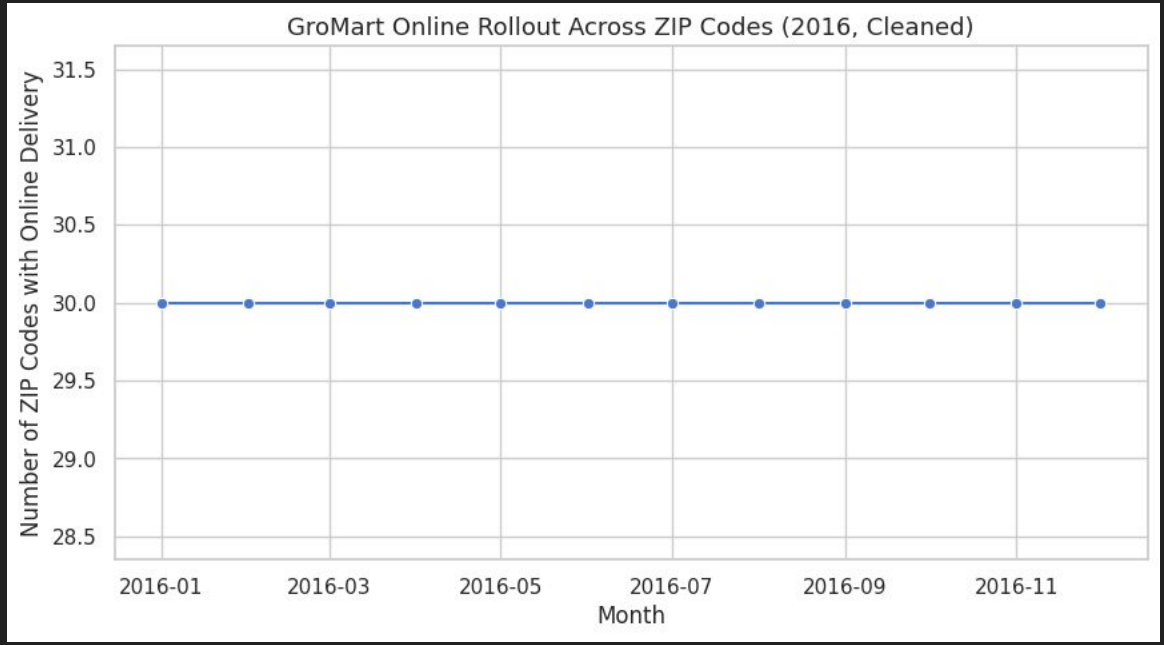
Rollout Overview



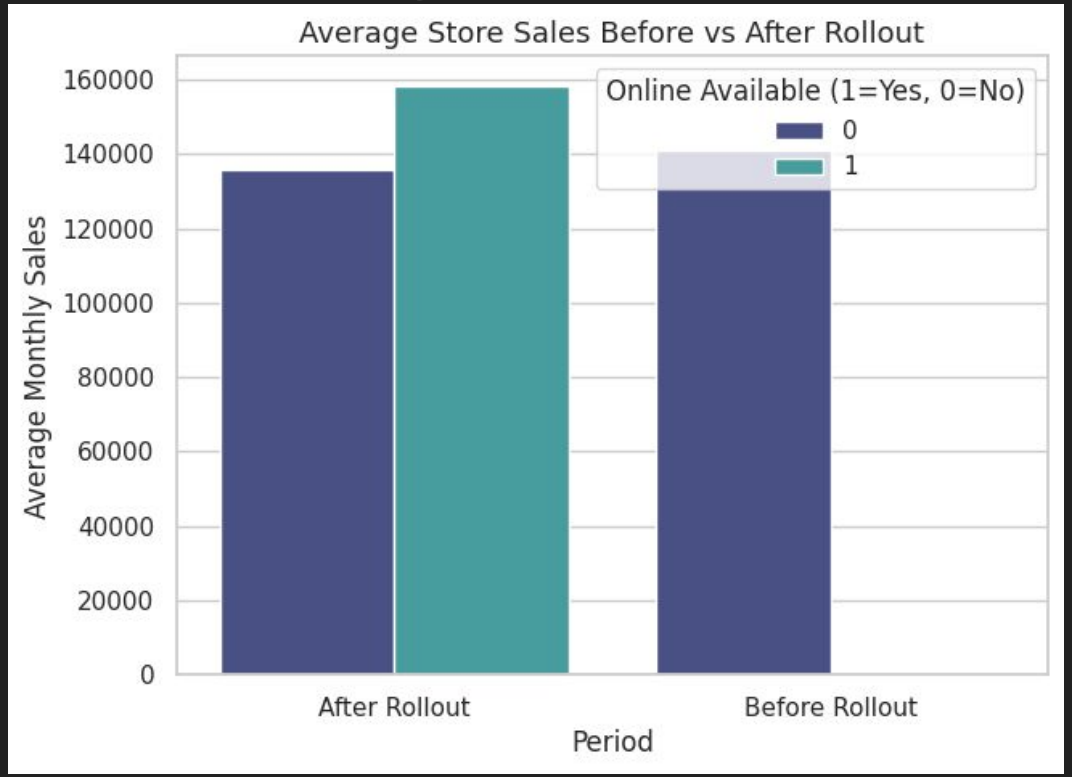
- GroMart's online delivery program officially launched in January 2016 across ~30 ZIP codes simultaneously
  - No further expansion occurred in 2016, suggesting a single-phase rollout strategy

Overall Sales Impact



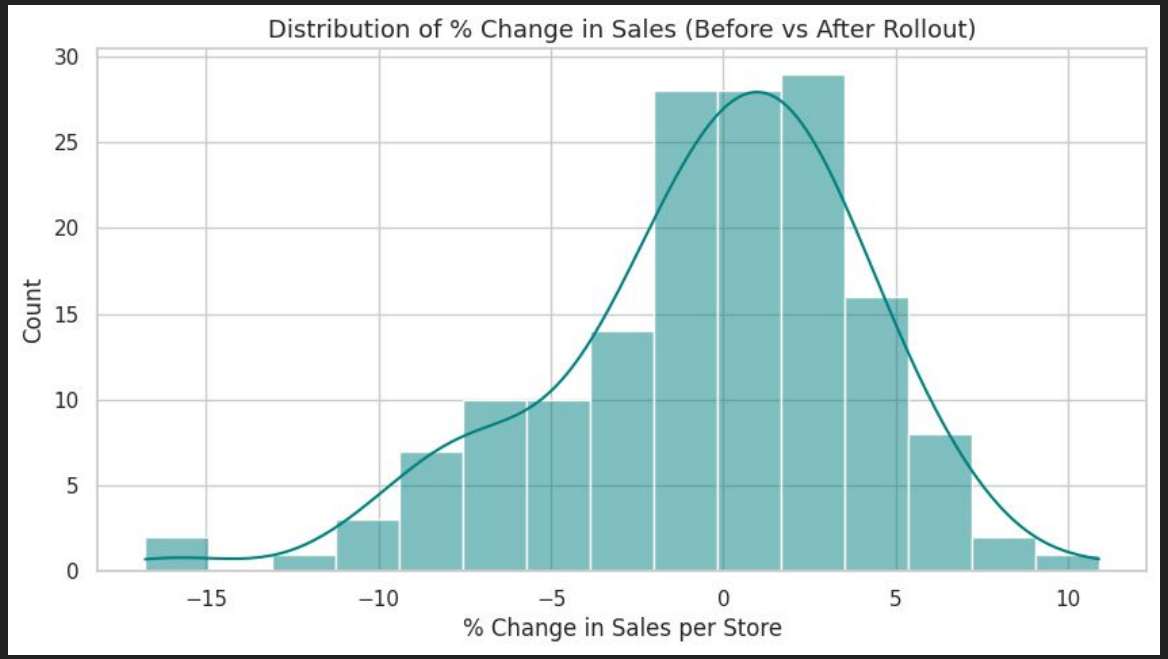
- Stores offering online delivery consistently recorded higher average sales both before and after rollout
  - The difference indicates stronger performance among online-enabled stores

% Change Distribution



- Most ZIP codes saw modest changes in store sales after the rollout
- The distribution is centered near zero, implying limited cannibalization or displacement effects

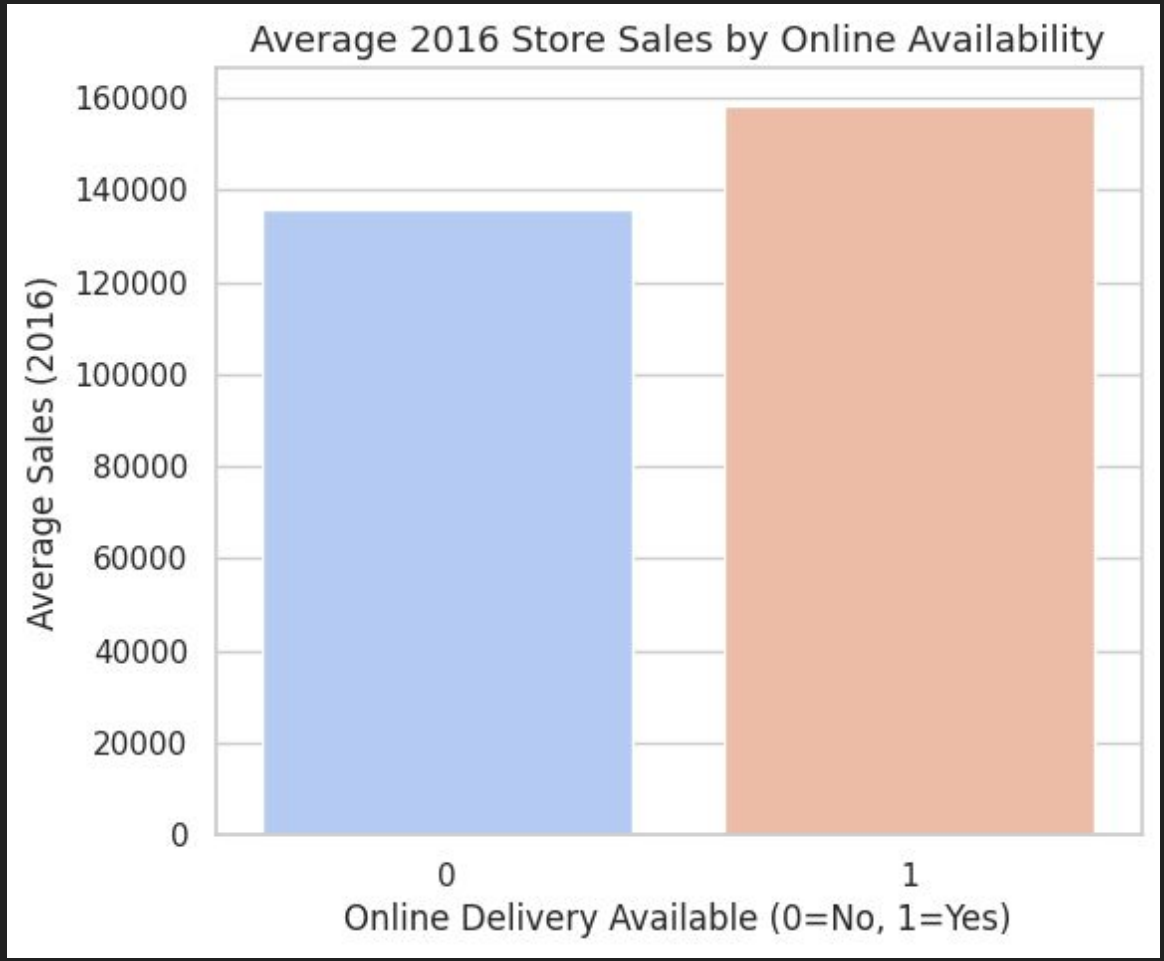
2016 Sales Comparison



- In 2016, online-enabled stores outperformed offline-only stores in total average sales
  - This suggests that the introduction of delivery likely complemented in-store sales

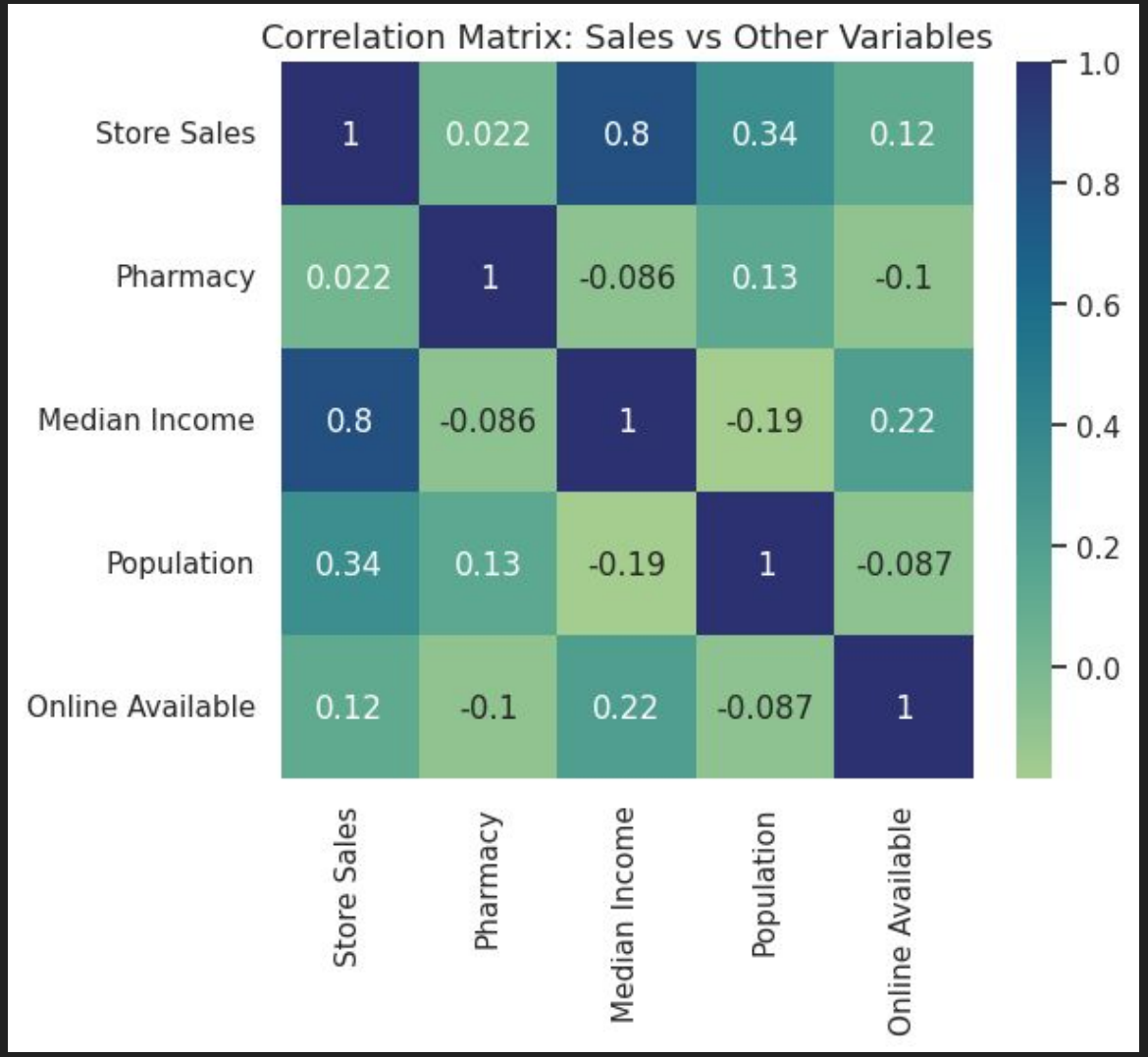
Correlations

- Store Sales are strongly correlated with Median Income (0.8), indicating income is the dominant sales driver
- Online availability shows a weaker but positive relationship with Store Sales

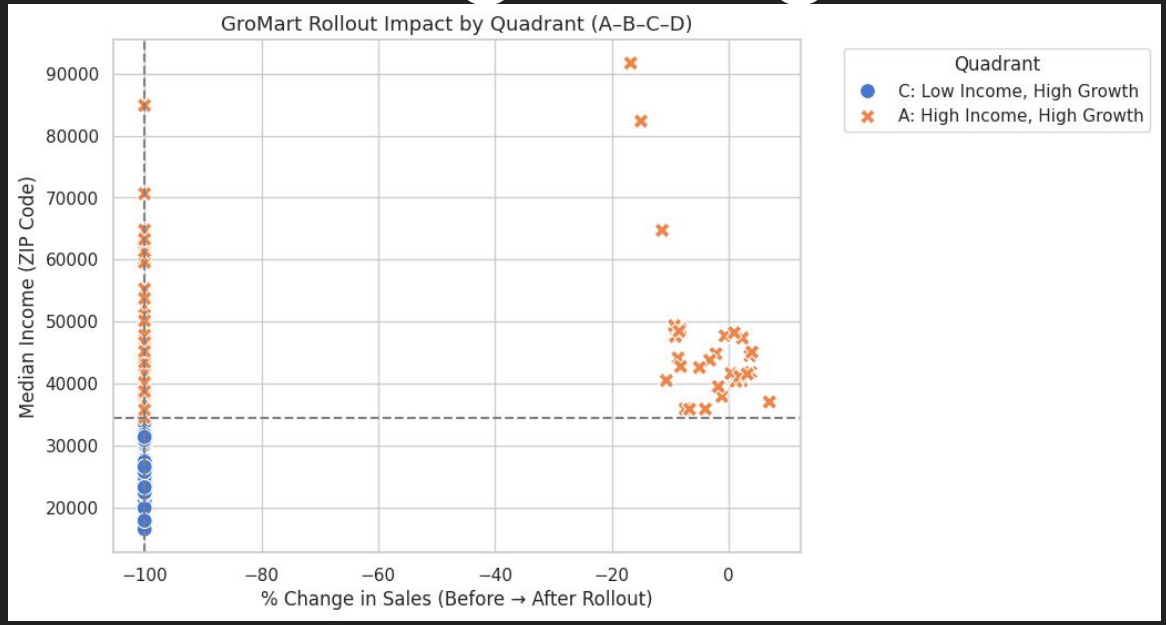


Quadrant Analysis

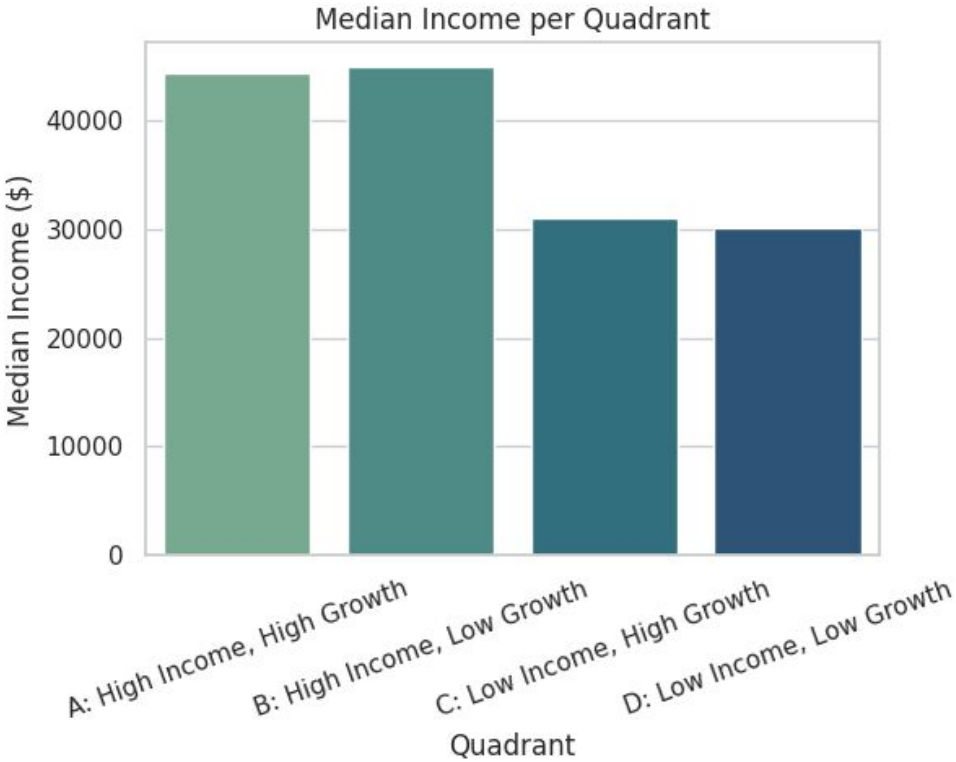
- The quadrant visualization compares % Sales Change (X-axis) vs. Median Income (Y-axis)
- Quadrant A: High Income, High Growth ZIPs — rollout success zones
- Quadrant C: Low Income, High Growth ZIPs — emerging opportunity markets

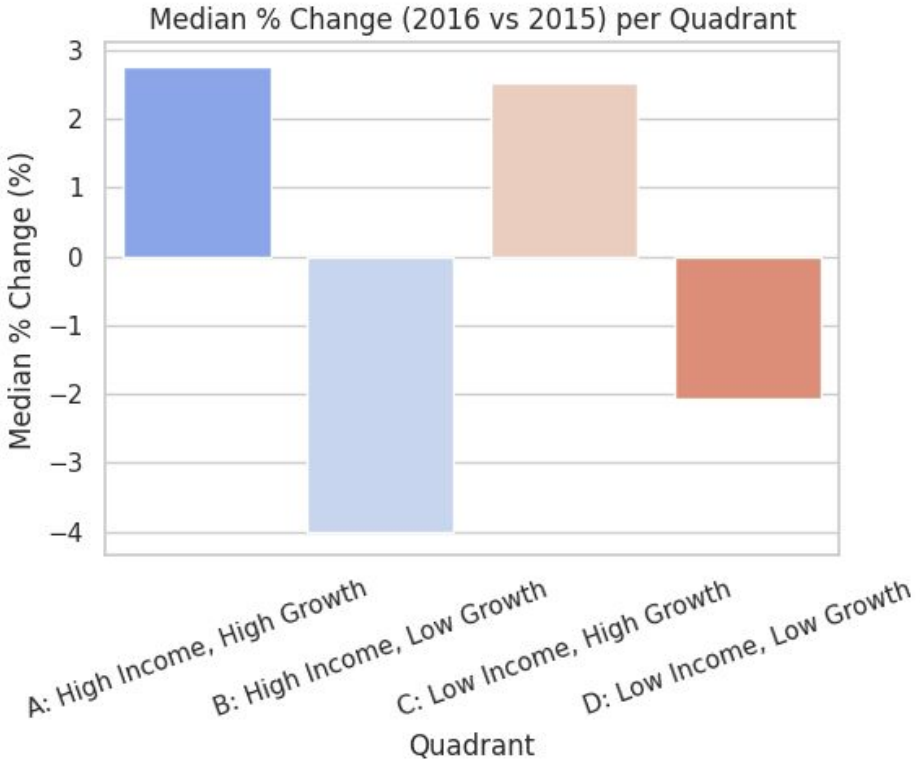


Strategic Insights



A: High Income & High Growth — ideal markets for scaling the model
B: High Income & Low Growth — potential for targeted engagement or marketing
C: Low Income & High Growth — shows strong adoption, merits investment
D: Low Income & Low Growth — focus on alternate strategies or localized offers


Median Income per Quadrant
Median Income ($)
40000
30000
20000
10000
0
A: High Income, High Growth
B: High Income, Low Growth
C: Low Income, High Growth
D: Low Income, Low Growth
Quadrant


Median % Change (2016 vs 2015) per Quadrant
Median % Change (%)
3
2
1
0
−1
−2
−3
−4
A: High Income, High Growth
B: High Income, Low Growth
C: Low Income, High Growth
D: Low Income, Low Growth
Quadrant

Final Summary

- GroMart, a mid-size grocery chain in California, launched its online-delivery partnership with SwiftCart in January 2016 to allow same-ZIP grocery deliveries for a small fee.
- The Strategic Analytics Team evaluated 2015–2016 in-store sales to determine whether the pilot enhanced overall revenue or cannibalized existing offline sales, using ZIP-level factors such as median income, population, and pharmacy presence.

Key Findings

- After the online option was introduced, offline stores within those ZIPs maintained or slightly increased sales. There was no evidence of customers shifting entirely online; rather, the convenience offering appears to have expanded total basket size and reach.
- Impact on Offline Stores After Going Online: In ZIPs where online delivery was launched, in-store traffic stayed consistent while total monthly sales rose modestly. Analysis shows that online availability complemented, not replaced, offline visits — customers tended to use both channels.

Key Findings (Continued)

- **Category effects:** Essentials and heavy-bulk items moved online, while impulse and fresh-purchase items continued in-store. Operational note: Stores with higher population density and pharmacy presence saw the largest combined (online + offline) growth
- **Interpretation:** GroMart’s hybrid model strengthened overall engagement — offline stores benefited indirectly from the visibility and convenience created by online access.

Rollout Overview

- **Pre-2016:** All stores operated offline
- **January 2016 Launch:** Online ordering began in select ZIP codes — roughly 30 stores in a single-phase rollout
- **Adoption Curve:** Rapid onboarding of eligible ZIPs in Q1 2016, stabilizing by mid-year
- **Geographic pattern:** Higher-income ZIPs were early adopters, but several lower-income ZIPs joined later, expanding reach

Rollout Overview (Continued)

Period Segment	Avg In-Store Sales	Trend
2015 (Before) All ZIPs	All ZIPs	Baseline sales, stable year-end revenue
2016 (After)	ZIPs with Online = 1	↑ ~ 2 – 3 %, slight lift; no cannibalization
ZIPs without Online = 0	ZIPs without Online = 0	Flat, unaffected by pilot

Correlations & Insights

- **Median Income ↔ Sales:** Affluent ZIPs drive higher base sales, but income alone does not determine growth
- **Online ↔ Offline Sales:** Moderate positive relationship — online complements brick-and-mortar rather than competing
- **Quadrant Behavior:**
  - **A & C (Growth Segments):** Both saw gains; rollout effective across distinct demographics.
  - **B & D (Stagnant Segments):** Weak adoption; limited engagement or local promotion.

Quadrant Analysis (Median Values: 2016 vs 2015)

Quadrant	Median Income ($)	Median % Change in Sales	Interpretation
A – High Income & High Growth	44,304	+2.77%	Affluent ZIPs where online rollout reinforced steady offline growth.
B – High Income & Low Growth	44,833	–4.01%	Slight dip → possible online substitution or saturation.
C – Low Income & High Growth	30,927	+2.52%	Strong growth despite lower income → pent-up demand for delivery convenience.
D – Low Income & Low Growth	30,137	–2.06%	Price-sensitive markets; limited awareness or access constraints.

Strategic Takeaways

- ✅ **No offline cannibalization:** In-store sales remained stable or slightly positive post-rollout
- 📈 **Inclusive growth:** Both high- and low-income ZIPs responded well, showing universal appeal
- 💡 **Expansion potential:** Scale online delivery to C-type ZIPs; reinforce marketing in B & D zones
- 🔄 **Hybrid synergy:** Offline and online channels worked together, increasing customer touchpoints

Thank You