

# Online Grocery in this Labor Market? How?



Independent grocery retailers considering growing online shopping or ramping it up for the first time often cite labor shortages as the major hurdle to expanding or initiating this new facet of their business. As well they should.

The ongoing labor shortage is an unfortunate reality that will be with us for years to come. Here are a few startling facts:

- For Gen Z (born between 1997 and 2012) workers now entering the workforce, there are only **60 available workers for every 100 openings**.
- The pandemic accelerated the retirement of 2.4 million boomer generation workers, further straining labor pool availability.
- Covid-related issues and immigration policies have severely restricted the foreign-born population in the U.S. since 2019, resulting in an estimated 2 million worker shortage. Food-related industries and hospitality have been the hardest hit.

The reality is, this labor shortage isn't something that you just wait out or work around until things settle down. We will all have to work differently and smarter in the post-pandemic reality.



## High-Efficiency Labor Deployment

While retailers must always be diligent about finding, recruiting and retaining the best workers available, the labor shortage problem — and a potentially stalled online shopping decision — isn't going to be solved by finding more, or more affordable labor. It requires a shift in strategy around how to maximize the value of the labor you can obtain, as inadequate as it may be.

The question becomes: in a scarce labor market, how do I deploy my limited labor resources to the most profitable activities — not only bottom-line profitability for the store, but also to strengthen customer relationships and satisfaction for long-term value and local loyalty.

Obviously, core functions must always be staffed: checkers, stockers, meat, produce, deli, etc. But even with current needs and assignments, the question remains: is this the most effective deployment of my people in the store?

## A High Profit Option: Hybrid Shoppers

Many retailers may be unaware of high-value options tied to ecommerce that are capable of increasing the value of a shopper by 2x, 3x and even more, but are currently neglected because of the labor situation.

Recent shopper data analysis reveals a powerful trend emerging among in-store shoppers who begin shopping online on the local store's site or app. Here's the big surprise: rather than reducing in-store purchases, these hybrid shoppers, as they are now called, actually buy more overall than they would if they continued to only shop at the physical store. They become your most valuable customers by a wide margin.

Hybrid shoppers routinely purchase both online and in-store. Grocery Dive reports that they're twice as valuable as in-store-only customers, while Target found that its hybrid customers spent an incredible four-times more than its in-store-only shoppers.<sup>1</sup>

Here's why:

- **40.4% of all shoppers buy more of a brand's goods in total after downloading its e-commerce app.**
- **Rather than cannibalizing in-store visits as you might expect, 45.9% of users also end up visiting the physical store more often.<sup>2</sup>**

Hybrid shoppers can only be cultivated through a strong ecommerce platform and sustained commitment.

<sup>1</sup> <https://www.marmonretailsolutions.com/articles/how-retailers-are-accommodating-hybrid-shoppers/>

<sup>2</sup> <https://jmango360.com/mobile-app-vs-mobile-website-statistics/>



## 2X – 3X Online Average Order Value (AOV)

Another key point that is often overlooked is the average order value of online baskets vs. in-store baskets. Shopping data comparing the two reveals that online baskets are two to three times larger than the average in-store basket. Current in-store baskets average approximately \$30, while online baskets average over \$100.

Bill Rodriguez, partner at Frank’s Market in New York describes it this way:

**“The best thing I can say about online shopping with ShopHero is that our average sale went up about 300%. A \$30 sale would turn into \$90 or more. Customers sit back and see the new products we have there, plus what’s on special. When they see all these things and start clicking away, it’s a great way for them to shop and for us to conduct business.”**



Bill Rodriguez  
Partner  
Frank’s Market

## Optimized Ecommerce Labor Allocation

With any new project it can be challenging to accurately estimate the resources necessary for success. This is especially the case with ramping up a new ecommerce platform in the midst of the tightest labor market in memory.

From our data and experience with hundreds of grocery retailers nationwide, we’ve distilled these key factors that impact ecommerce operations:

30 minutes

- The average online order can be fully processed in about 30 minutes.
- Key variables that impact this time are scope of the activity and order size.
- Break even volume is typically 2 orders per day.
- Total personnel commitment to get a store launched is less than 2 hours/week during the implementation phase.

Many retailers are surprised at the relatively small overall lift required to implement and run ecommerce, particularly compared to the significant upsides online shopping can deliver for both stores and shoppers.

Still, the challenge remains: How to staff even a modest level of additional labor demand. Independent grocer The Market at Park City shares an approach that delivers a high level of ecommerce service with low labor impact.



## Maximizing Labor: The Market at Park City

When the Market at Park City began investigating ecommerce several years ago, a key consideration was how to fill orders and maintain a high level of customer service without expanding staffing levels.

After evaluating several ecommerce options, the store picked a solution that allowed them to meet both service level and staffing level goals simultaneously. Today, the store fills 10–20 orders per day on average (up to 50 during busy holiday seasons) through the ShopHero ecommerce platform without using dedicated staff for ecommerce.

“The basic approach is cross-training and utilizing available labor to fill orders as they come in and are scheduled,” said Rush Hotchkiss, Manager of The Market at Park City. “A key to making that possible is the ShopHero ecommerce platform and fulfillment app.”

The ShopHero fulfillment app — sometimes called the “picking” or shopping app — provides the employee shopper with a simple, intuitive interface that queues up the order and all the items, and presents each with a picture and detailed description, which speeds finding and verifying the items requested. The app can also map the store and present items in order according to store layout to eliminate criss-crossing.

Additionally, customer contact information is easily accessible from the app, so questions and substitutions can be quickly resolved.

**“The app is really easy to use, so we don’t have to hire outside people to shop online orders. We can actually use any number of employees that are already in the store”, said Hotchkiss. “That has been one of the biggest advantages of dealing with labor shortage. I’ll shop orders, the owner will come in and shop orders, a bakery clerk can even shop an online order. So it’s made it very easy.”**

In addition to the simplicity of the app, the fact that it leverages existing hardware is key to managing costs.

“The best part is that it works on any phone,” said Hotchkiss. “Any employee can download the app, and with virtually no training be off and running. We didn’t have to invest in a lot of specialized equipment and training.”

The store has experienced significant growth over the past several years, and enjoys very high customer satisfaction ratings.

“The ShopHero online service opens a new avenue for us, so we don’t have to be a big chain to compete,” said Hotchkiss. “We can guarantee the service that we offer to our customers who shop online, that their experience will be the same as if they came into the grocery store.”



**Rush Hotchkiss**  
Manager  
The Market at Park City

## New Strategy for a New Era

While we all wish we could fix the current labor situation and go back to the way it used to be, we are now dealing with a new reality. But this new chapter in the independent grocery business also holds many new opportunities not available or well understood in years past.

No single solution will erase our current labor challenges. But with the right online shopping platform, strategic labor deployment and long-term commitment, your store can realize the profit and customer loyalty goals that will define the next chapter of your legacy.

### Get the Details

We'd love to dive deeper with you on how to optimize labor allocation toward highest value activities, and how other stores like yours have done it. Call us today, or set up a time with one of our senior account executives.

**(855) 361-9525**

Set up a consultation: [Click Here](#)

## About ShopHero

ShopHero is a pioneering leader in ecommerce and fulfillment solutions for the grocery industry. Our Retail Success Platform provides everything independent grocers need for personalized grocery retail success, including modern, white-labeled web and mobile eCommerce, omni-channel Shopper Engagement, and affordable turn-key Point-of-Sale solutions. Our logistics technology enables independent grocers to cost-effectively provision home delivery services without a substantial investment in either technology or delivery infrastructure. For more information, visit [shophero.com](https://shophero.com) or call **(855) 361-9525**.

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