KPMG

The future of Retail:

A deep dive into grocery Retail in Greece

#FutureofRetail

The Retail sector in Greece and our focus on grocery Retail

The Retail sector in Greece generated €54.15b in 2021 and is the 2nd largest employer of all sectors. Thus, the Retail sector undoubtedly plays a very crucial role in the Greek economy, both in terms of production and employment.

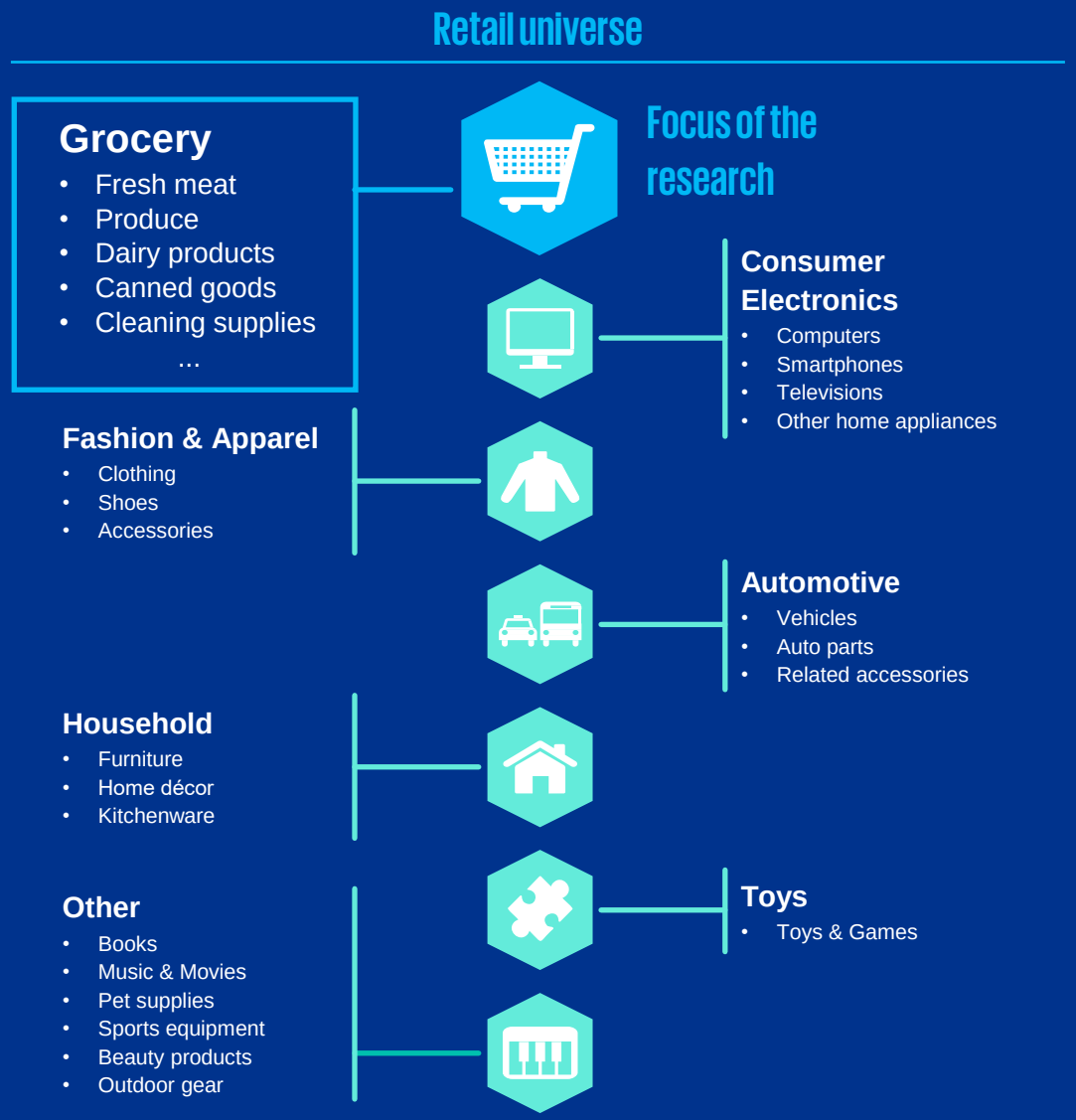
The Retail sector consists of companies that sell products to end-users in relatively small quantities; these goods are usually not manufactured by them. The sector can be split into sub sectors, based on the type of products sold. The main sub sectors of Retail are Grocery, Consumer Electronics, Fashion & Apparel, Automotive, Household, Toys and Other (e.g. Books, Retail Fuel, Car Parts etc.).

The grocery Retail consists of stores that are dedicated to products which typically include categories such as: fresh meat, fresh produce, fresh dairy products, baked goods, toiletries, baby food and diapers, cleaning products, paper towels and toilet paper, beverages, canned vegetables and fruits, cooking oils, flour, sugar and frozen foods.

The organised grocery Retail in Greece generated €13.1b in 2021, which corresponds to 7.2% of the Greek GDP for the same year, having also investments of over €300m.

The focus of this survey will be on the organised grocery Retail, especially in Greece, which includes convenience stores, supermarkets and hypermarkets. The companies that consist the universe of this research in Greece, are all the national grocery retailers and the majority of local supermarket chains with a turnover above €1m for 2021.

Source: Hellenic Statistical Authority report, 23 February 2022



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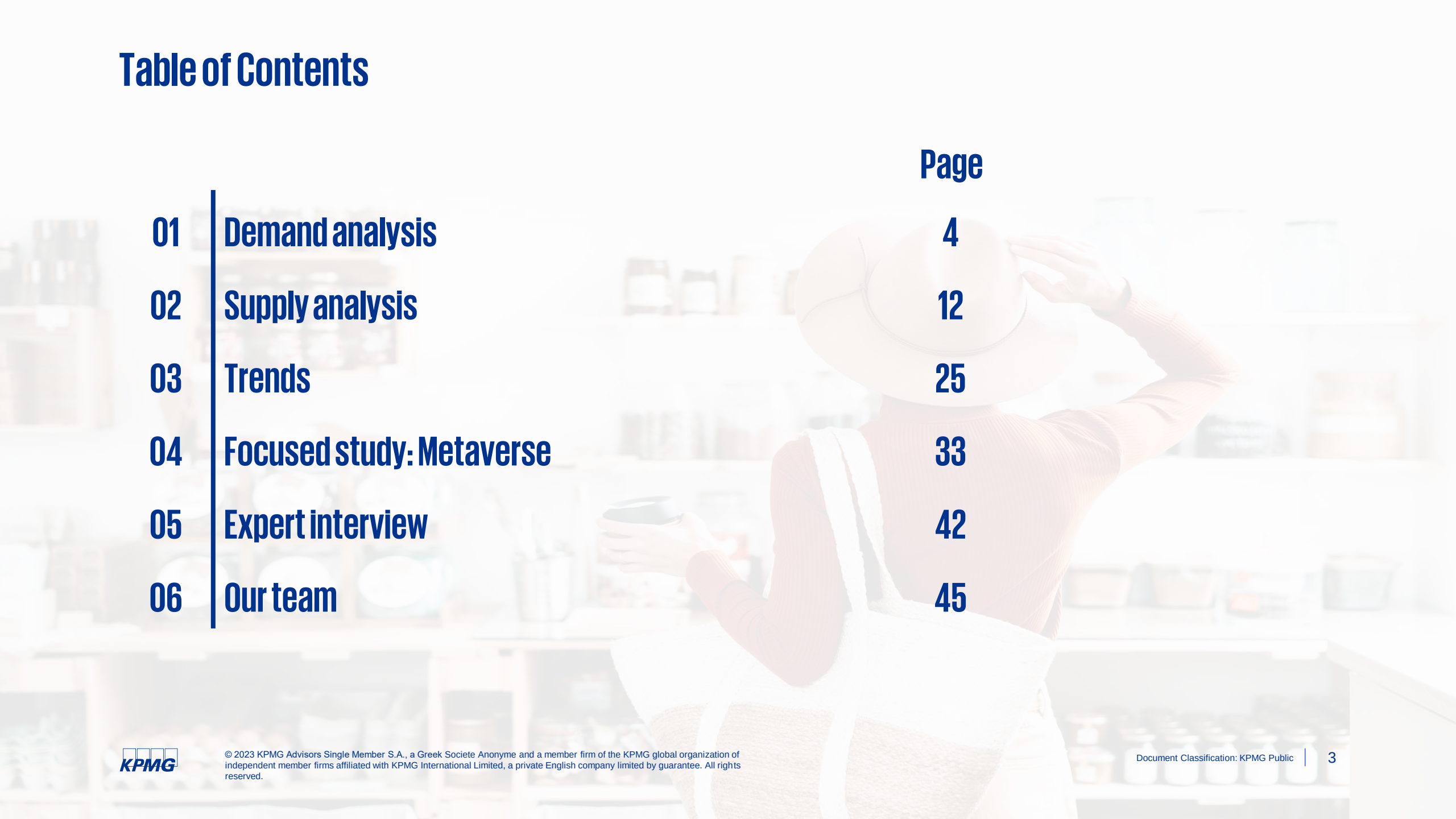

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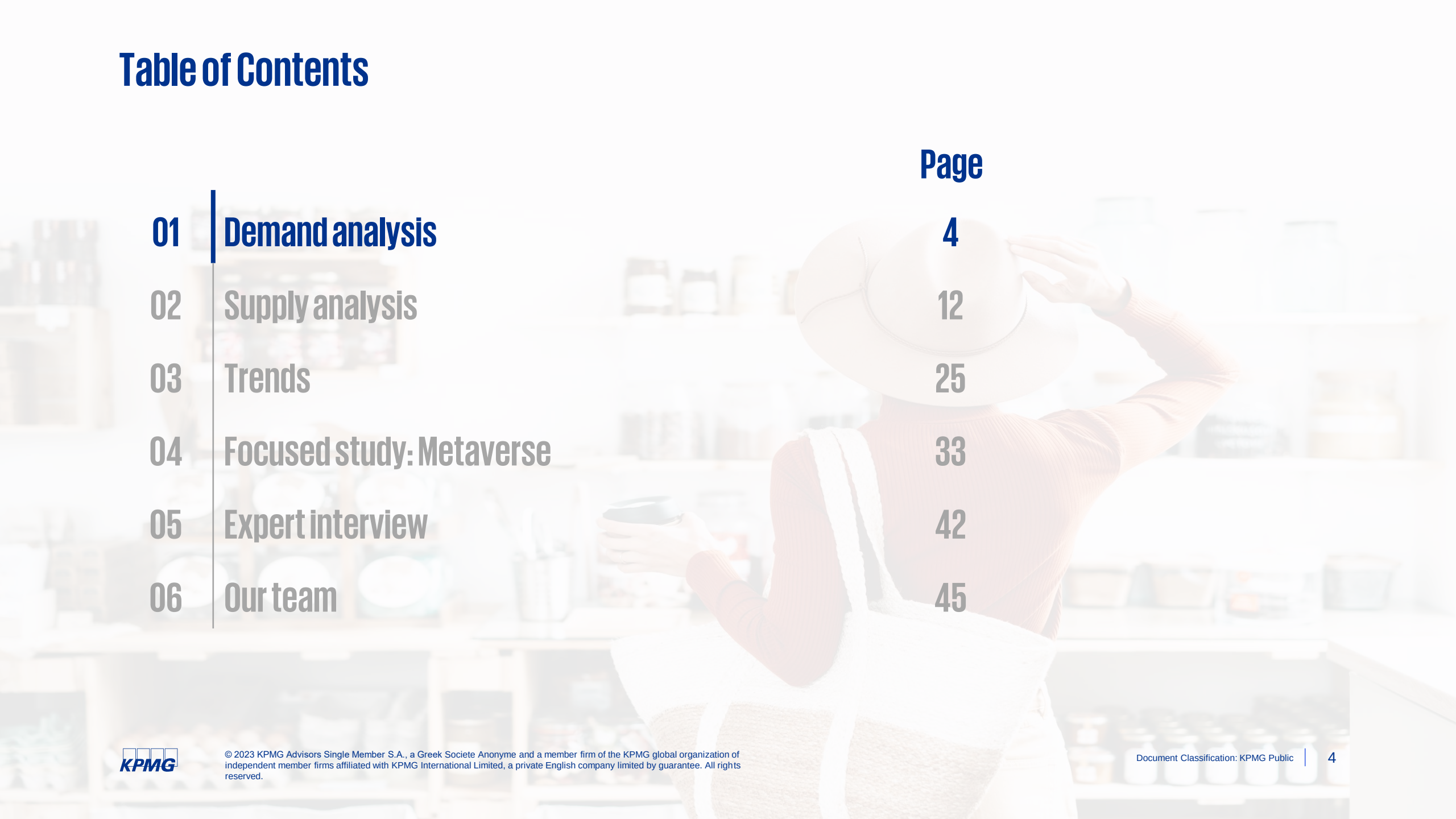

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Retail sector overview: size and growth

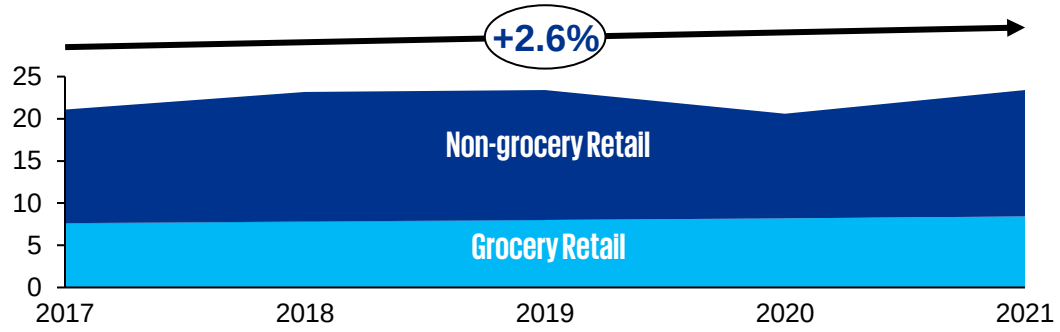
Global

Retail turnover : €23.4t (e)

Grocery Retail turnover : €8.4t (e)

- The global Retail in 2021 has reached the revenue levels of 2019. In 2020, the pandemic year, the Retail recorded a noticeable decline, as a result of a decrease in the non-grocery Retail.
- The grocery Retail in particular, increases steadily over the last five years with a revenue CAGR of 2.5%, very close to the 2.6% revenue CAGR of the total Retail.
- In 2021, the grocery Retail constituted approximately 1/3 of the Retail turnover, with the non-grocery Retail to be responsible for the rest 2/3 of the Retail turnover.

Global Retail and grocery Retail revenue evolution 2017 - 2021 (in trillion €)



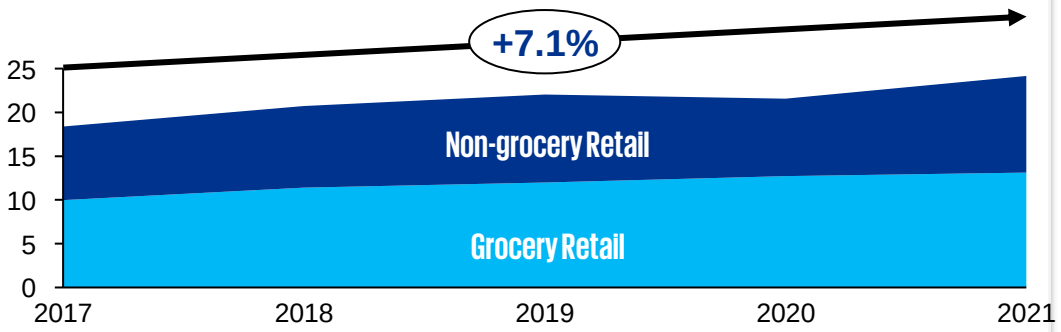
Greece

Retail turnover : €24.1b

Grocery Retail turnover : €13.1b

- The Geek Retail has a relatively steady increase over the last five years with a revenue CAGR of 7.1%. The respective revenue CAGRs for both grocery and non-grocery Retail are the same.
- Following the global trend, in 2020, the revenue of the non-grocery Retail declined.
- In 2021, the grocery Retail constituted almost 1/2 of the total Retail turnover.
- The turnover volume of the global Retail is approximately 1000 times than that of Greece.

Greek Retail and grocery Retail revenue evolution 2017 - 2021 (in billion €)



Sources: Hellenic United Nations Conference on Trade and Development (UNACTAD), Companies' published financial data; KPMG in Greece analysis
Notes: (e): Estimation, CAGR: Compounded Annual Growth Rate, Retail and grocery Retail sales in Greece include an estimation of Lidl's annual turnover equal to €2b, according to internet search

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Greek grocery Retail shows improving profitability and positive outlook

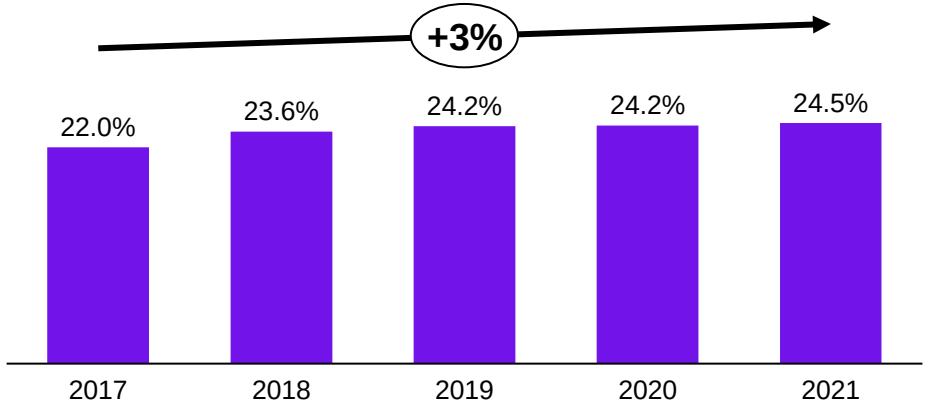
The blueprint of the Greek grocery Retail can be derived from a series of basic measures of financial performance. We will analyse some of them to further understand the current financial position of the grocery Retail companies, starting with profitability margins.

Gross Profit margin

Gross profit margin (GPM) measures a company's profitability by determining the percentage of revenue that can be used to cover other expenses and generate profit.

GPM % = 100 x (Revenue - Cost of Goods Sold) / Revenue

- The grocery Retail has seen a consistent increase in the gross profit margin with a CAGR of 3% from 2017 to 2021.
- In 2020, the grocery Retail maintained its gross profit margin levels at 24.2%, demonstrating its resilience during the pandemic.
- Even though marginal, the continued increase in the gross profit margin in 2021 signifies the grocery Retail's strong performance.

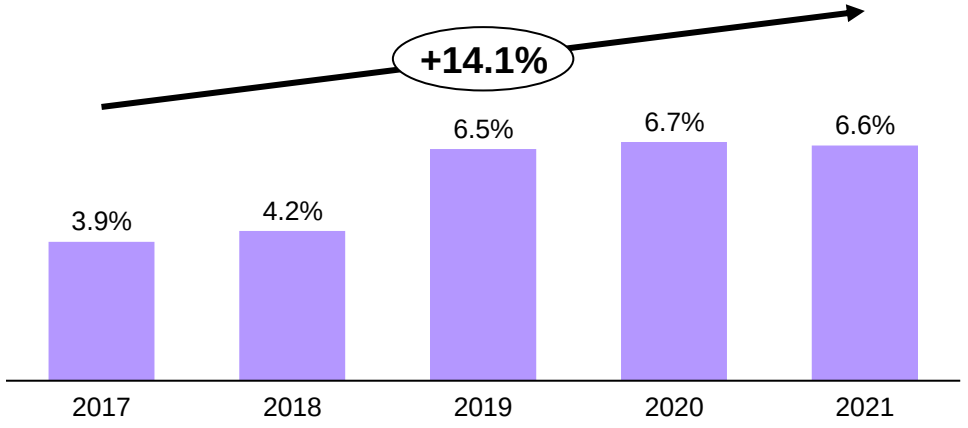


EBITDA margin

EBITDA margin measures a company's operating profitability, by showing how much cash flow the company can generate, without taking into account its capital structure or tax implications.

EBITDA margin % = 100 x EBITDA / Revenue

- The grocery Retail sector has experienced a significant increase in EBITDA margin % over the past few years, almost doubling in value from 2017 to 2021.
- The great jump of the EBITDA margin % took place in 2019 with a margin increase of 2.3 percentage points. Since then, EBITDA margin has remained stable, taking its highest value in 2020 with 6.7%.



Source: Companies' published financial data 2017 – 2021; KPMG in Greece analysis
Notes: CAGR: Compounded Annual Growth Rate

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The decrease of the Net Debt to EBITDA ratio and the increase of ROCE in the last three years reflect the improving financial performance of Greek grocery Retail

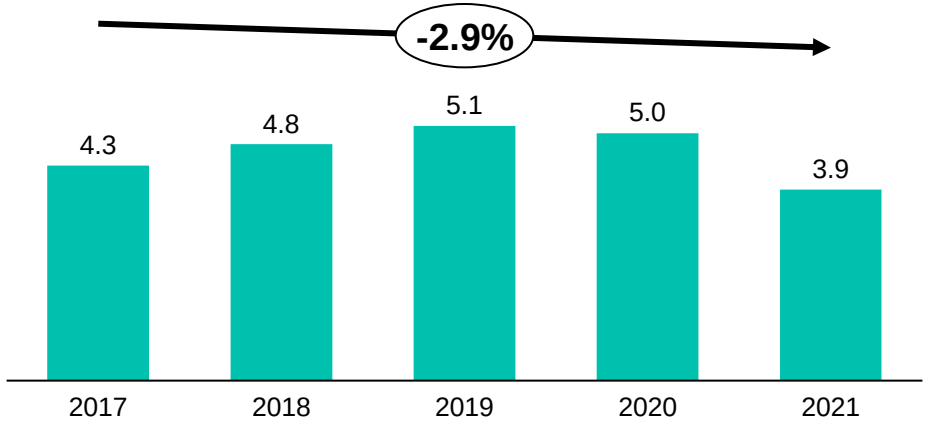
In terms of debt exposure and return on investment, we analyse the Net Debt to EBITDA and Return on Capital Employed (ROCE) of the grocery Retail in Greece.

Net Debt to EBITDA

The Net Debt to EBITDA measures a company's ability to pay off its debt, indicating how many years it would take for a company to repay its debt.

Net Debt to EBITDA = Net Debt / EBITDA

- The Net Debt to EBITDA ratio has been decreasing in the last two years, indicating that grocery retailers were able to generate more earnings than debt level.
- The highest Net Debt to EBITDA value can be found in 2019 with 5.1 and the lowest value in 2021 with 3.9. The ratio's CAGR for the last five years is -2.9%.

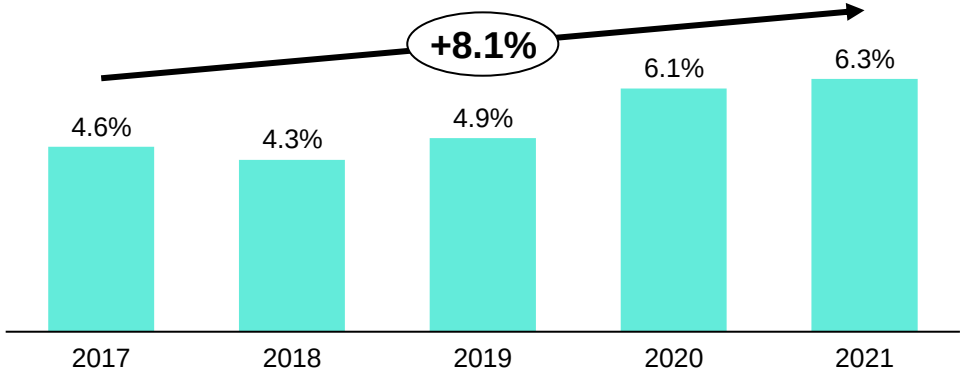


Return on Capital Employed (ROCE)

ROCE measures a company's efficiency in generating profits from the capital it has invested, indicating the percentage return a company is making on its capital investment.

ROCE = EBIT / (Total Assets - Current Liabilities)

- The ROCE of the Greek grocery Retail in the last five years has been increasing, with a CAGR of 8.1%. In particular, in 2017 and 2021, its value was 4.6% and 6.3% respectively.
- This increase suggests that the sector has been able to improve its profitability and generate higher returns on the capital invested.



Source: Companies' published financial data 2017 – 2021; KPMG in Greece analysis
Notes: CAGR: Compounded Annual Growth Rate, Net Debt: Short-term Debt + Long-term Debt – Cash & Cash Equivalents. Leasing liabilities are included in the Net Debt calculation.

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In 2022, inflation rate in Greece increased sharply, following the global trend

Between 2016 and 2020, inflation was relatively stable in the EU and globally. In the same period, inflation in Greece was declining, reaching negative values in 2020. This was also the case for all regions in 2020, where inflation reached one of its lowest points.

In 2021, inflation had a steep increase and in 2022 skyrocketed worldwide, reaching a rate of 8.8% globally and 9.2% in EU and Greece. This peak represents the highest value of inflation rate since 2016 and it was – to an extend – a result of the considerable increase in Energy prices worldwide.

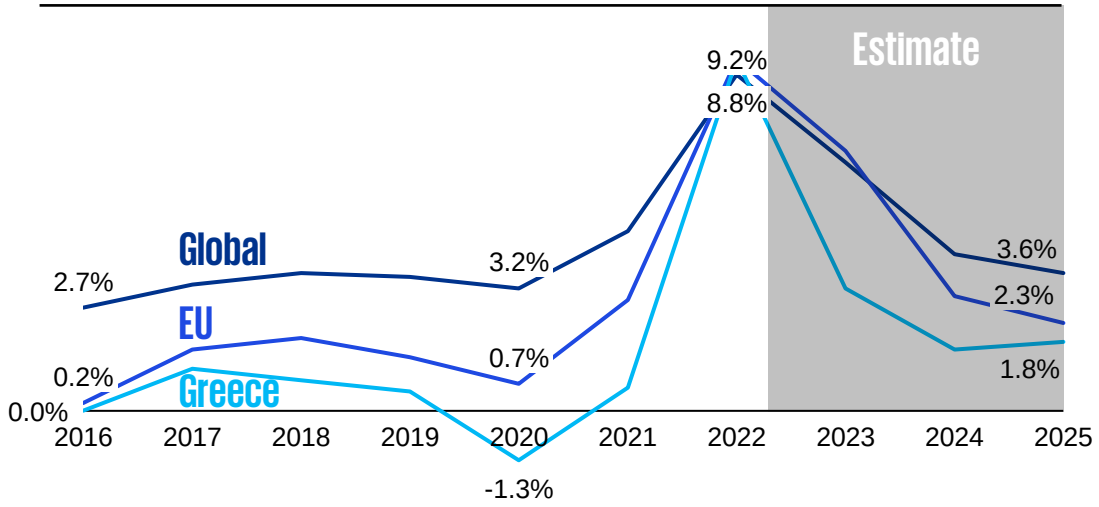
Projections for 2023 and onwards estimate a sharp decrease of inflation in Greece, while in the EU and globally, inflation will probably decline with a lower pace.

Focusing on 2022, inflation in Greece and EU followed similar trends. Compared to Greece, the EU had a slightly lower inflation rate in January and followed an upward trend until October, when it surpassed the relative rate for Greece. In the last two months of 2022, inflation decreased in the EU, reaching eventually the 10.4% in December.

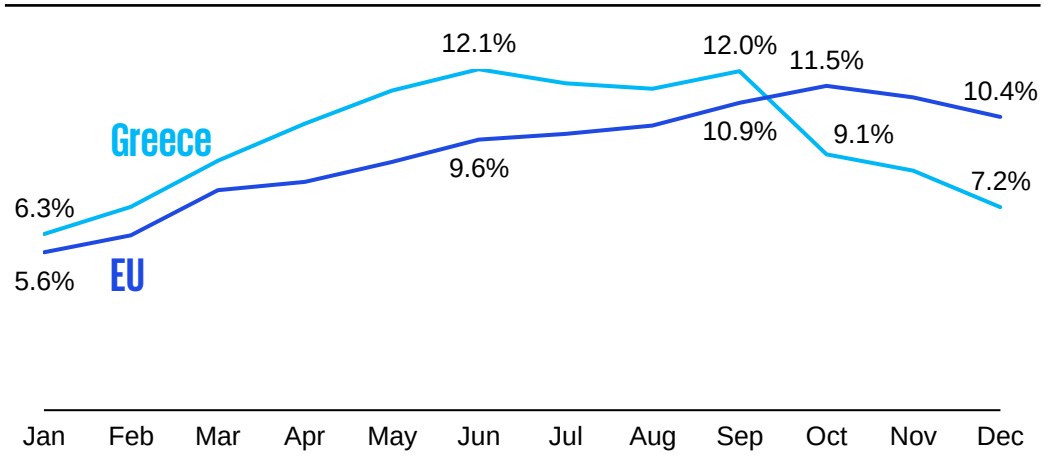
In Greece, inflation in January was at 6.3%, and peaked in June with 12.1% and then again in September with 12%. Since then, it started declining with a higher rate than that of the EU, reaching the 7.2% in the end of 2022.

The last two months of 2022 place Greece in the countries with an inflation rate lower than EU's average and with a positive outlook for an additional decrease in 2023.

Global inflation rates 2016 – 2025(e)



Monthly inflation rates for EU and Greece in 2022



Sources: Hellenic Statistical Authority, Eurostat, IMF
(e): Estimate

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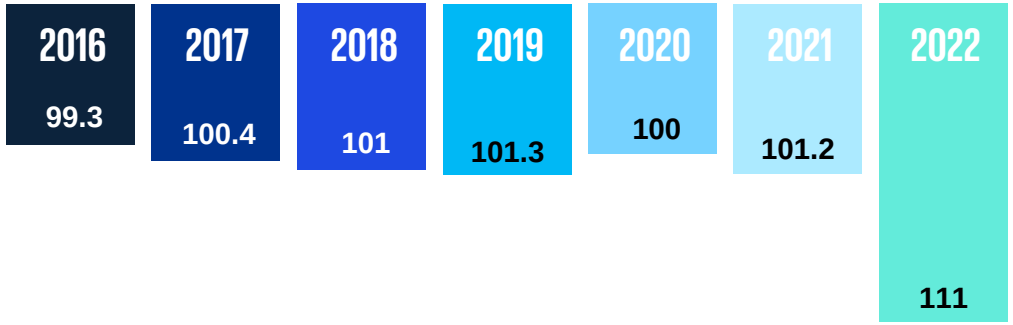
Both CPI and the Retail Trade Turnover indices in Greece reached a 6-year maximum value in 2022

Consumer Price Index (CPI)

The Consumer Price Index (CPI) measures the monthly change in prices paid by consumers. It is a measure that examines the weighted average of prices of a basket of consumer goods and services such as transportation, food, and medical care. It is calculated by taking price changes for each item in the predetermined basket of goods and averaging them.

From 2016 to 2021, the CPI is relatively stable, with a maximum value of 101.3 in 2019. More specifically, in 2016, CPI was equal to 99.3, reaching 101.2 in 2021. In 2022 though, CPI increased sharply, reaching 111, reflecting the overall increase in the cost of goods and services in the same period.

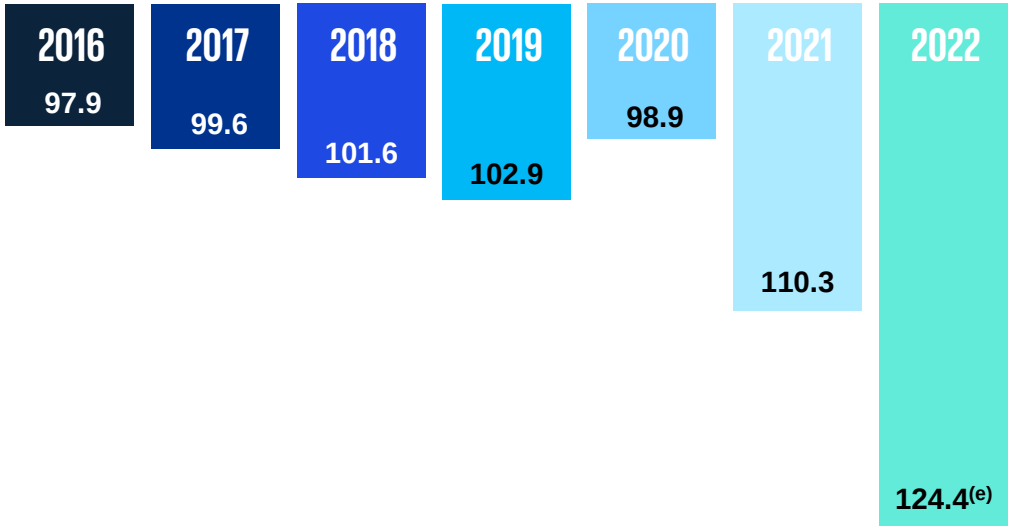


Retail Trade Turnover Index

The index of the Retail trade is a business indicator which measures the monthly changes of the deflated turnover of Retail trade.

From 2016 to 2019, the index showed a gradual increase, starting at 97.9 and rising to 102.9 by 2019. In 2020 though, the index declined, reaching the 98.9.

The last two years, the index increased sharply, taking the highest values of the last seven years. More specifically, in 2021 the index jumped at 110.3 and in 2022, skyrocketed at 124.4.



Source: Hellenic Statistical Authority
(e): Estimate

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Pricing in the grocery Retail is mainly driven by cost-based factors, micro and macroeconomic as well as regulatory drivers

Cost-based factors

Cost of raw materials and energy

The energy crisis affected the prices of the final products, resulting in a continued appreciation of raw and packaging materials. According to ELSTAT the food price index jumped at 15.5% in December 2022, twice as much as its value in the beginning of the year. The prices of products such as dairy, oil, meat, cereals, vegetables and sugar, increased significantly in 2022, with dairy experiencing the greatest percentage rise of all.

Supply chain

During the previous two years, the pandemic disrupted the trade of goods. Furthermore, the war in Ukraine and the relative geopolitical tensions, did not facilitate in the on-time delivery of products and raw materials, both for the B2B trade and for the B2C trade.

Micro/macroeconomic drivers

Inflation

The consumer price index increased significantly in 2022, reflecting the existing inflationary pressures. This caused the reduction of households' purchasing power, despite the increase of their annual available income. More specifically, according to GSEE Labour Institute, the loss of purchasing power of households with monthly income of less than €750, reached the 40%.

Price sensitivity

Currently, more than half of consumers switch to substitute brands if the price of their preferred choice increases. Consequently, retailers who want to keep their customer base and attract the price sensitive ones, should try to retain or reduce their operational costs to be able to apply the least possible price increases, to better align with demand.

Regulatory drivers

Price monitoring

Supermarkets with annual turnover greater than €90m, are required to daily update their shelf prices on a dedicated platform. Thus, consumers and market institutions are able to observe the evolution of the average price of basic goods over time. The platform is called e-Katanalotis, the e-Consumer platform of the General Secretariat for Trade and Consumer Protection. Consequently, off-promo price of products is set daily and cannot fluctuate within the day.

Price caps and transparency in prices

In addition to the existing price caps for basic products (e.g., bread, milk, bottled water etc.), regulatory authorities in Greece took initiatives in the late 2022 to provide transparency in the pricing fluctuations of specific basic consumer products.

Source: Hellenic Statistical Authority

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The “Household basket” observes the prices of basic goods, to help consumers deal with inflation

Due to the inflation, high prices in basic necessities are bearing down on the Greek consumer. In order to help the consumers, the Greek Ministry of Development and Investments launched the initiative of the "Household Basket" in November 2022. The initiative aims to observe the prices of specific products to prevent excessive price increases by providing transparency in pricing fluctuations.

The "Household basket" initially consisted of 31 product categories and approximately 50 basic products that consumers use on a daily basis. In the future, the product range is anticipated to increase, with the main goal being to provide quality products in affordable prices. The popularity of the measure is high, such that in some occasions it may affect the sales of products which are not included in the basket.

The prices of the products in the basket are published every week and remain stable during this week. Although prices of the products within the basket may fluctuate from week to week, the price changes are small. Estimates indicate that households that purchase their products from the "Household basket" will save at least €80 per month.

The top Greek grocery retailers and many of the smaller ones have embraced this effort by participating in the initiative. Nevertheless, incidents of non-compliance have been observed by some retailers, who were fined for applying higher gross profit margins to products which – among others – participated in the “Household basket”.

Supermarket participants

AB Vassilopoulos	Bazaar	Pente (Galaxias)	efood market	e-Fresh.gr
Discount Markt	K Kantzas	Kosmoplus	ANEDIK Kritikos	Lidl
Masoutis	Market In	Mymarket	Pitsias	Sklavenitis
	SYNKA	Wolt Market	Halkiadakis	

Note: Number of suppliers as they appear on e-katanalotis.gov.gr during the week 22/03/2023 - 28/03/2023.

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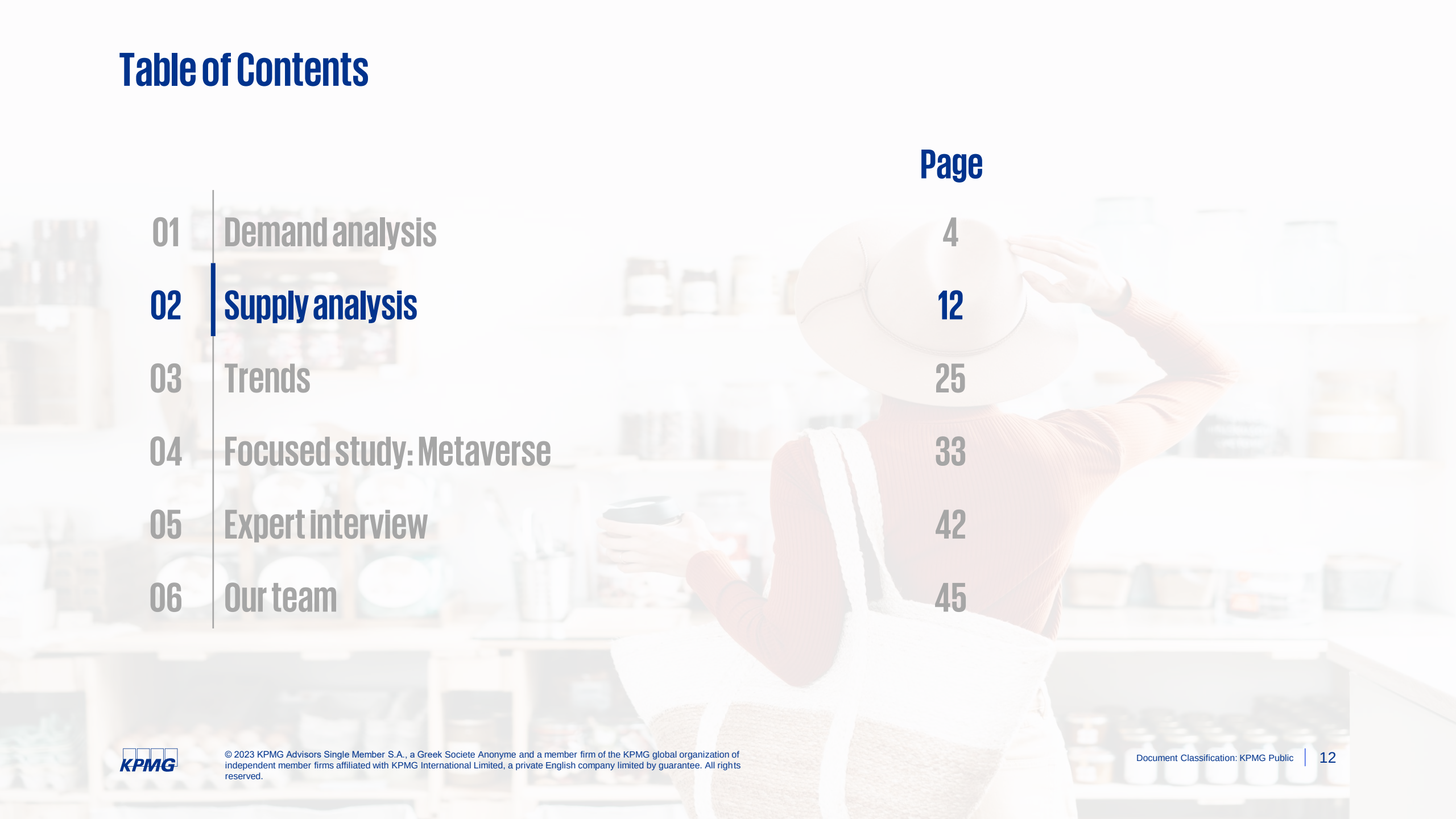

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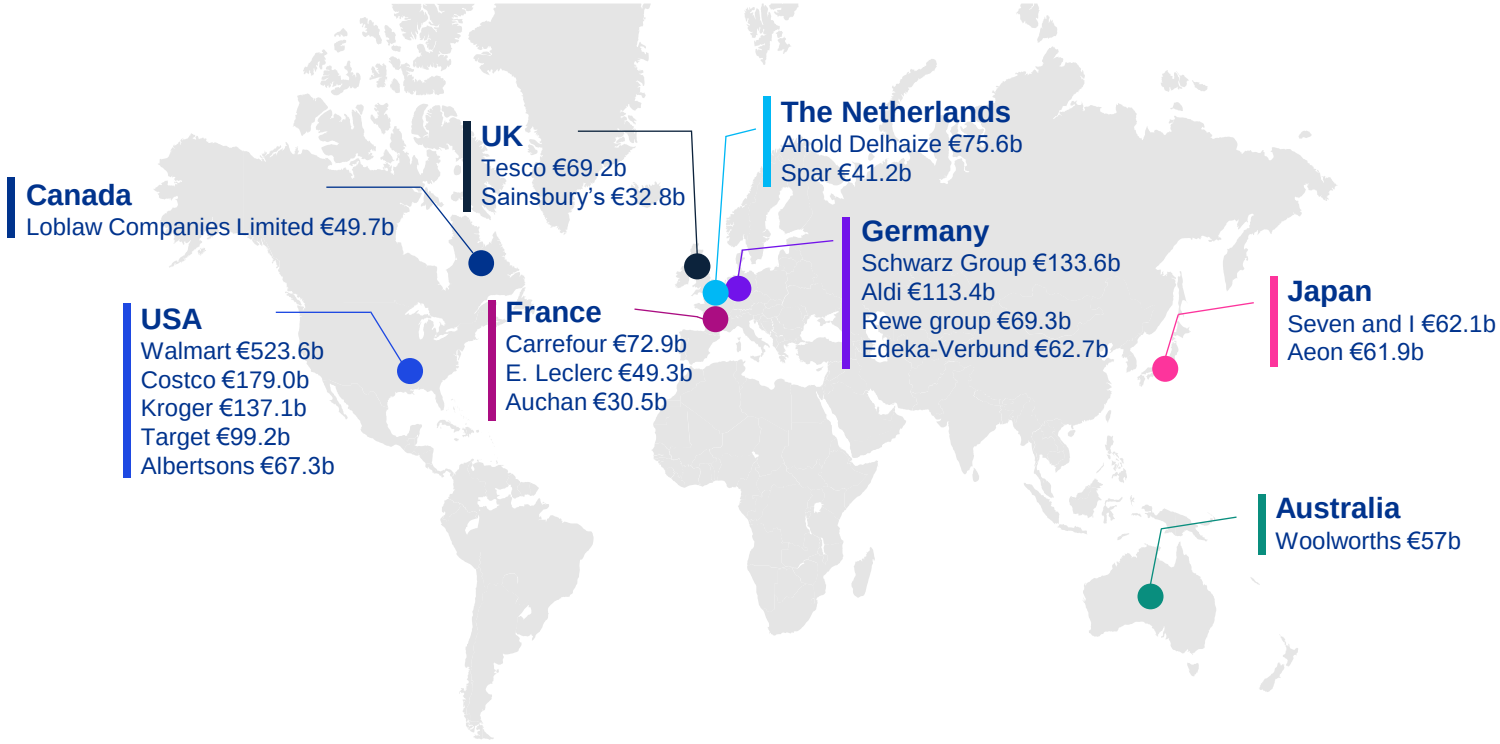
Five US retailers account for 51% of the revenue of the top 20 grocery retailers worldwide

- The top 20 grocery retailers around the world obtain a significant portion of the global grocery Retail revenue and are located across four continents.
- The United States have the largest representation of grocery retailers among the top 20, including Walmart – the world's leading grocery retailer – which generates 26% of the total top 20 revenue.
- The top five US grocery retailers generate 51% of the revenue of the top 20 major grocery retailers globally, which ranks the USA as the market with the highest grocery Retail revenue.
- The top European grocery retailers generate 38% of the revenue of the top 20 grocery retailers globally, making Europe the market with the second highest grocery Retail revenue.
- Regarding the rest of the world, Japan and Australia have a representation in the top 20 grocery retailers as well, with two and one retailer respectively.

Top 20 grocery retailers worldwide in terms of turnover in 2021



€2 trillion appr. revenue of the top 20 grocery retailers

Source: Companies' published financial data for 2021
Note: Financial data are based on FY 2021 and calculations based on 31/12/2022 exchange rate

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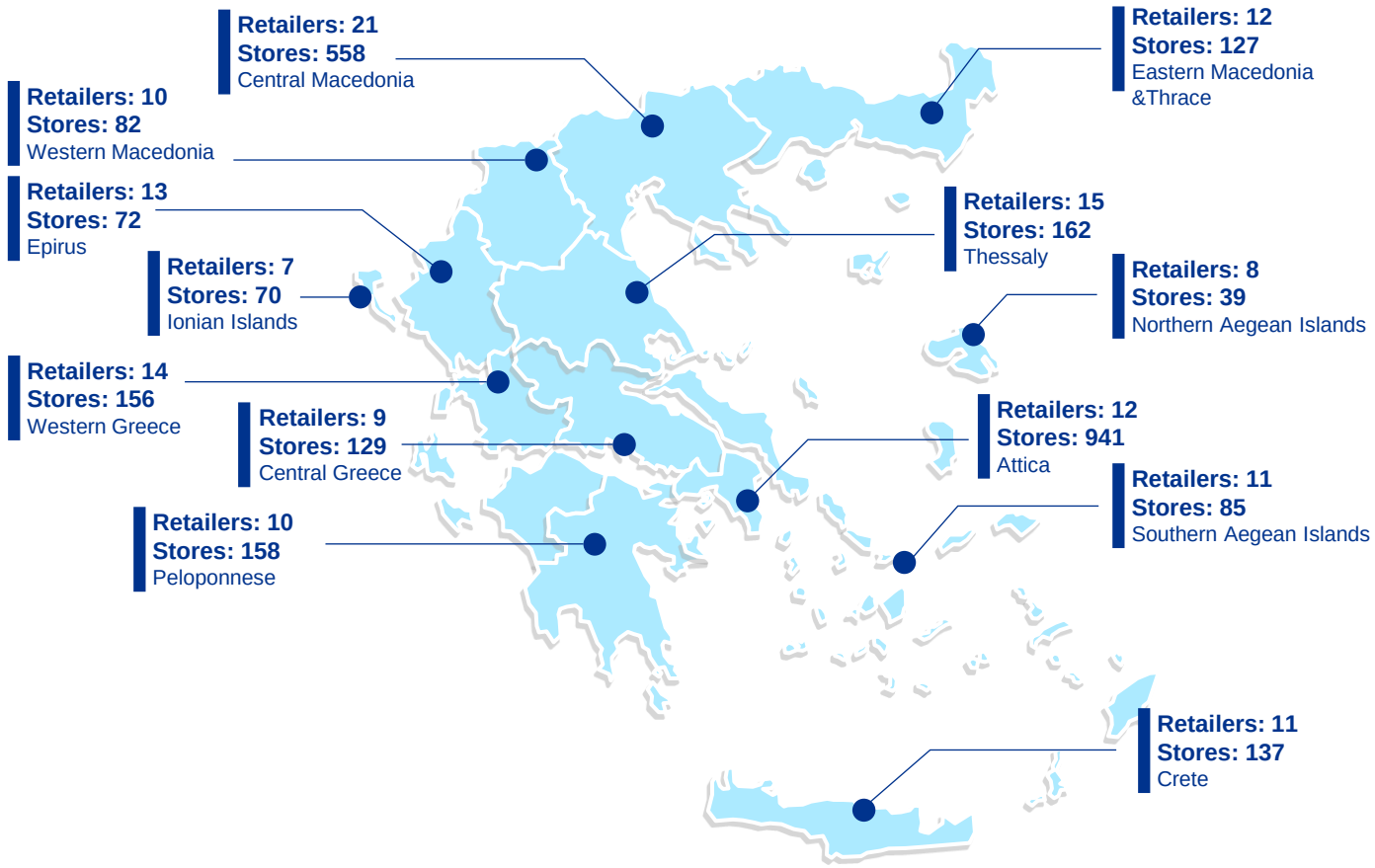
There are 2,705 grocery stores in Greece owned by 53 retail chains

Number of grocery retail chains and stores by region



- Grocery stores are scattered around all Greek regions, with a very strong presence in Attica and Central Macedonia.
- More specifically, Attica has the highest number of stores – 941 stores – followed by Central Macedonia and Peloponnese with 558 and 158 stores respectively.
- In Attica, the majority of grocery stores are owned by major national supermarket chains, while in other regions of Greece, local grocery retailers have a noteworthy representation.
- As a result, the highest number of retailer chains can be found in Central Macedonia with 21, followed by Thessaly with 15 and Western Greece with 14.
- The region with the lowest number of stores is the Northern Aegean Islands with 8 retail chains and 39 grocery stores in total.

Source: Panorama magazine, December 2022
Note: The mapping does not take into account some small local grocery retailers

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Convenience stores in Greece open with the highest rate in the first 9 months of 2022

Store formats by size

Hypermarket (above 2500 m^2)

A hypermarket store combines a department store and a grocery supermarket, with a variety in products such as clothes, electrical appliances and groceries, offering one-stop shopping experience. The store follows a grid or loop layout, with the grid being as clusters of aisles that are densely packed for customers to browse.

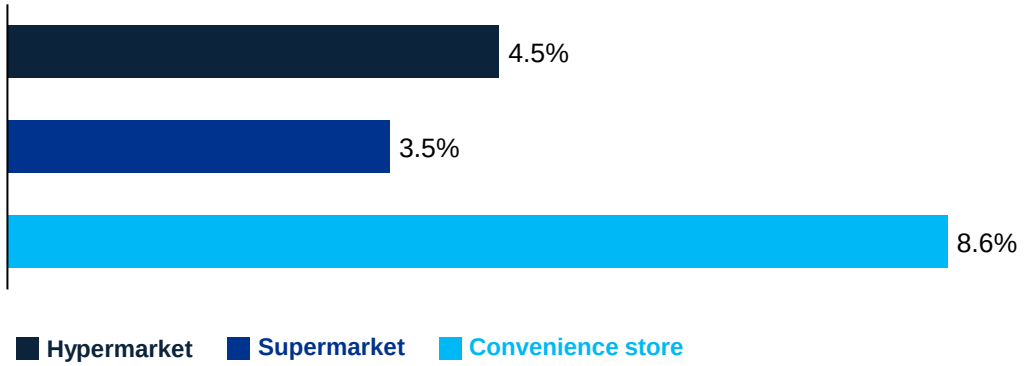
Supermarket (401 – 2500 m^2)

Supermarket is a self-service shop offering a wide variety products, organised into sections. It is smaller and limited in range than a hypermarket, with a typical size between 1100 m^2 and 2600 m^2, while there are also smaller micro-stores in urban areas with size between 401 m^2 and 1100 m^2. Supermarkets typically follow the loop layout format, with one defined main aisle to circle the entire store and smaller lanes in the center.

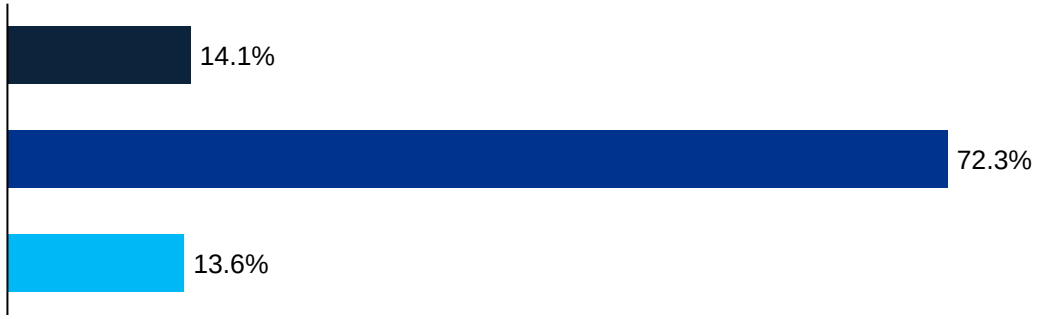
Convenience store (up to 400 m^2)

Convenience store is small in size and offers “quick trip” experiences in convenient locations and extended hours of operation. They follow a diagonal or straight store layout. There are six convenience store formats: Kiosk, Mini Convenience Store, Limited Selection Convenience Store, Traditional Convenience Store, Expanded and Hyper Convenience Store.

Growth rate of the number of new grocery stores by store size January – September 2022



Turnover share of grocery stores by store size January – September 2022



Source: IRI; KPMG in Greece analysis

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Greek grocery Retail sector milestones

1962

- Marinopoulos opens the first supermarket called “Self-service Marinopoulos” in the heart of Athens.
- In the same time period, Thanopoulos established an «experimental» self-service supermarket in Kypseli, Athens.

1968 – 1971

- AB Vassilopoulos opens its first store in Psychiko, Athens.
- After its foundation in 1954, Sklavenitis operates in 1971 its first supermarket in Peristeri, Athens.

1973 – 1977

- In 1973, Pente (Galaxias) and Veropoulos open their first super market stores in Athens.
- Metro Cash & Carry was established in 1976 and in 1977, opened its first retail store in Korydallos, Athens.
- Simultaneously, in Thessaloniki, Masoutis operated its first supermarket.

1991 – 2000

- In 1991, Carrefour entered the Greek market by investing in the 'Continent' hypermarket.
- In 1999 Lidl started operating in Greece.
- Later, in 2000, Carrefour formed a joint venture with Marinopoulos to introduce Carrefour Marinopoulos.

2012

In June 2012, Carrefour exits from the Greek market.

2016 – 2017

- Metro acquired Veropoulos. One year later, in 2017 Sklavenitis acquired Marinopoulos.
- E-fresh, the first online super market, starts operating in Athens.

2019 – 2021

- Quick Commerce is introduced.
- E-food launches a new grocery retail service, the efood market.
- Wolt introduces Wolt Market.
- InstaShop started to operate in Greece.
- Pop – Market operates for the first time in the Greek market.
- Mere started to operate its first 4 supermarkets.

2022

- Carrefour returns back in the Greek market, opening its first 5 stores in tourist areas.
- Rabbit launched with two dark stores.

Source: Companies’ published data

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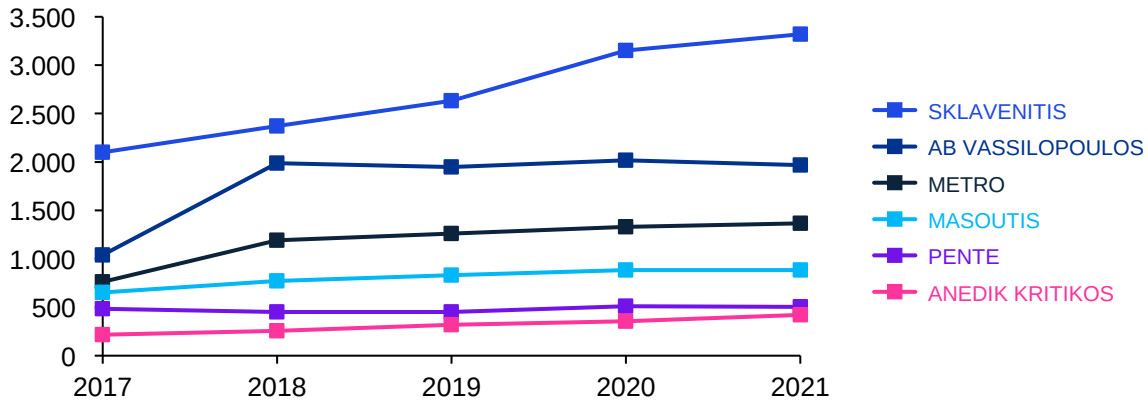
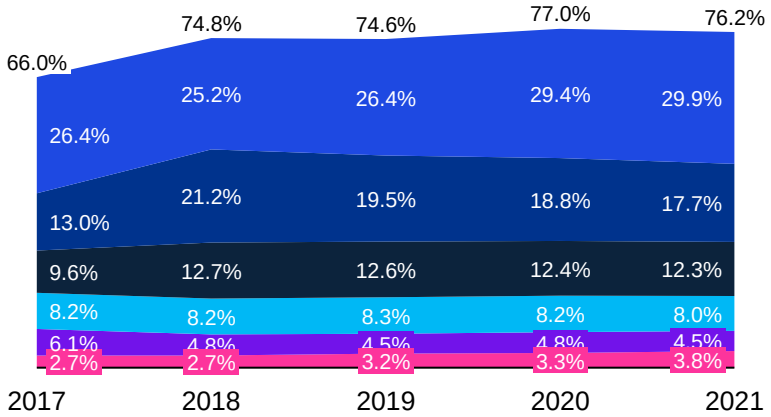
Financial overview of the top six Greek grocery retailers for the last 5 years

Turnover of the top 6 grocery retailers (in million €)



Market share of the top 6 grocery retailers



Sklavenitis leads the Greek grocery market with a turnover of €3.32b in 2021

- The top six Greek grocers generated approximately €8.46b in 2021, an amount increased by 61% compared to 2017.
- Sklavenitis leads the market, with a turnover increase from €3.15b in 2020 to €3.32b in 2021.
- AB Vassilopoulos had a 2.6% turnover decrease in 2021, resulting to €1.97b.
- Metro and Masoutis rank 3rd and 4th respectively, with an increased turnover of €1.36b and €883m.
- Pente (Galaxias) turnover declined by 1.5% in 2021, reaching the €503m, while Anedik Kritikos achieved an increased turnover, reaching the €419m.

Sklavenitis and Anedik Kritikos increased their market share in 2021

- The top six players account for 76.2% of the organised grocery Retail market in 2021.
- In 2021, Sklavenitis and Anedik Kritikos increased their market share, while AB Vassilopoulos, Metro, Masoutis and Pente experienced a slight share decrease.
- Sklavenitis and Anedik Kritikos have a steady upward trend over the last four years as opposed to AB Vassilopoulos and Metro who experience a steady share decline from 2018 and onwards.
- Masoutis and Pente (Galaxias) have had fluctuating market shares over last the years, but their share has remained relatively stable.

Source: Companies' published financial data; KPMG in Greece analysis
Note: Lidl has not been taken into account since no data is available

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Hellenic Hypermarkets Sklavenitis (Sklavenitis)

Financials FY2021

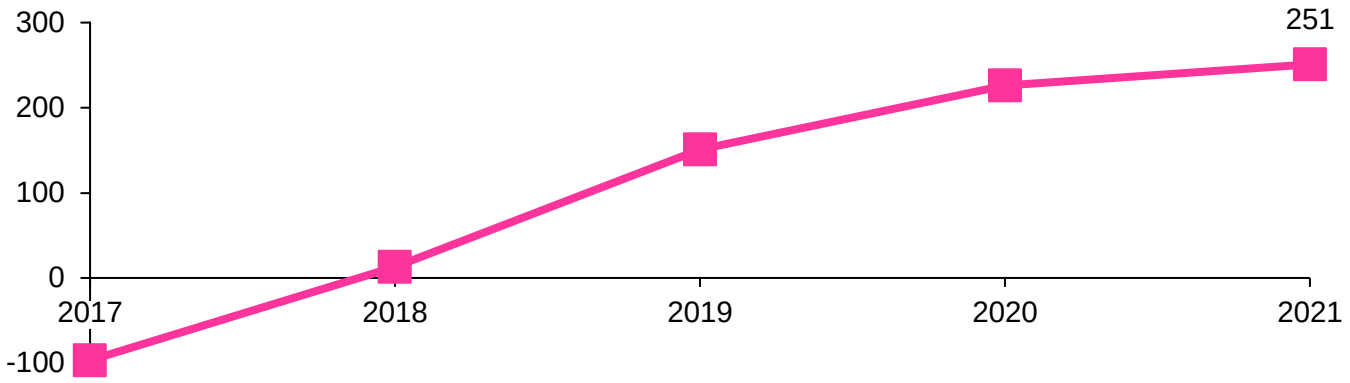
€3.32b
Turnover

€903m
Gross Profit

€251m
EBITDA

€56m
Net Profit

EBITDA evolution 2017 – 2021 (in million €)



Basic financial ratios

27.2% Sector average 24.5%
Gross Profit margin

7.6% Sector average 6.6%
EBITDA margin

8.0% Sector average 6.3%
ROCE

Recent highpoints

- **2022**:
  - Acquired 9 stores of the local supermarket SEP Papadopoulos in Ioannina.
  - Acquired also 4 stores of the local supermarket chain Gegos, in East Attica.
  - Operated the 33rd hypermarket, located in Nea Philadelphia, Athens and created an e-hub in Kifissia.
- **2023**: Plans to open two stores – in Glyfada and in Mytilene – and to develop the eMarket.

General information

1954
Foundation year

27,462
Employees in 2021

445
Stores in Greece

2
Channels
- Brick-and-mortar
- eMarket

-
Loyalty scheme

Source: Company's published financial data under International Financial Reporting Standards (IFRS); KPMG in Greece analysis
Note: Figures in grey refer to the grocery Retail's average in Greece

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AB Vassilopoulos

Financials FY2021

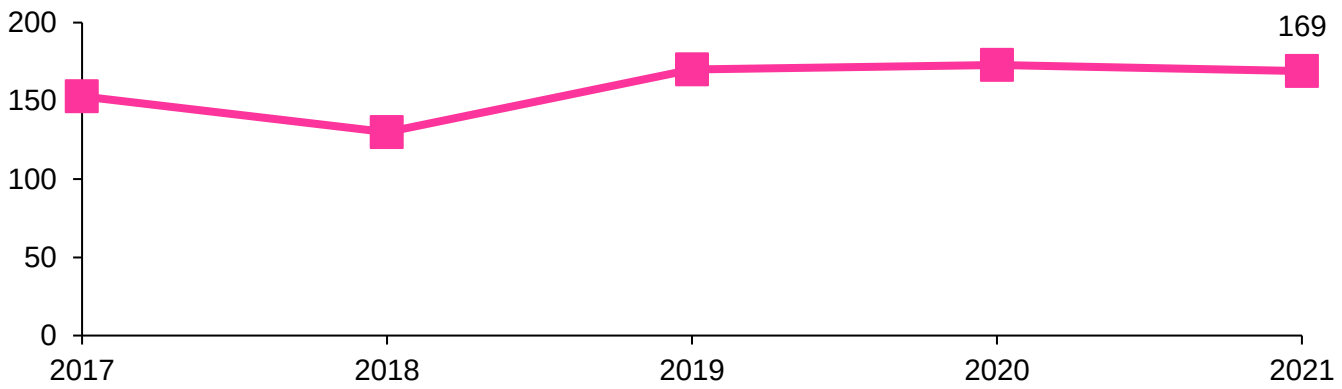
€1.97b
Turnover

€538m
Gross Profit

€169m
EBITDA

€31m
Net Profit

EBITDA evolution 2017 – 2021 (in million €)



Basic financial ratios

27.3% Sector average 24.5%
Gross Profit margin

8.6% Sector average 6.6%
EBITDA margin

8.0% Sector average 6.3%
ROCE

Recent highpoints

- **2022**: Opened a new store in Chalandri.
- **2023**: Plans to open 10 new company-owned stores and 50 new franchise stores.

General information

1969
Foundation year

14,774
Employees in 2021

600
Stores in Greece

2
Channels
- Brick-and-mortar
- AB Eshop

Yes
Loyalty scheme

Source: Company's published financial data under International Financial Reporting Standards (IFRS); KPMG in Greece analysis
Note: Figures in grey refer to the grocery Retail's average in Greece

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Supply analysis

Metro

Financials FY2021

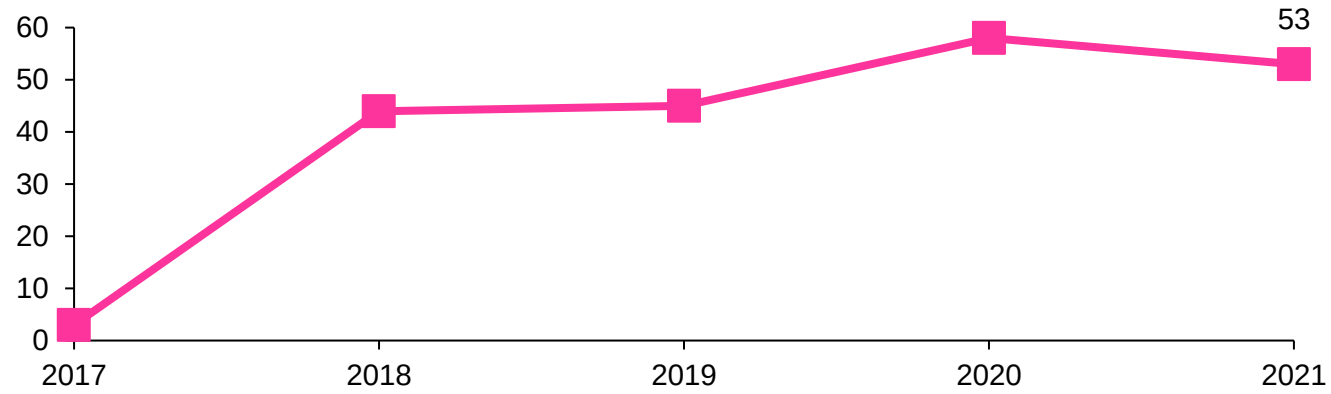
€1.36b
Turnover

€201m
Gross Profit

€53m
EBITDA

€20m
Net Profit

EBITDA evolution 2017 – 2021 (in million €)



Basic financial ratios

11.2% Sector average 6.6%
EBITDA margin

14.7% Sector average 24.5%
Gross Profit margin

6.0% Sector average 6.3%
ROCE

Recent highpoints

- **2022**: Completed the construction of a distribution center of about 40,000 m^2 in Thessaloniki.
- **2023**:
  - Implemented Speedy, a fast delivery service to the customer's premises, providing delivery speed of 1 hour at most.
  - Plans to open 20 new stores, including My Market Local formats and 2 Metro Cash & Carry stores. Also plans to renovate 3 My Market and 2 Metro Cash & Carry stores.

General information

1976
Foundation year

11,219
Employees in 2021

281
Stores in Greece

2
Channels
- Brick-and-mortar
- My Market Eshop

-
Loyalty scheme

Source: Company's published financial data under Greek Generally Accepted Accounting Principles (GAAP); KPMG in Greece analysis
Note: Figures in grey refer to the grocery Retail's average in Greece

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Masoutis

Financials FY2021

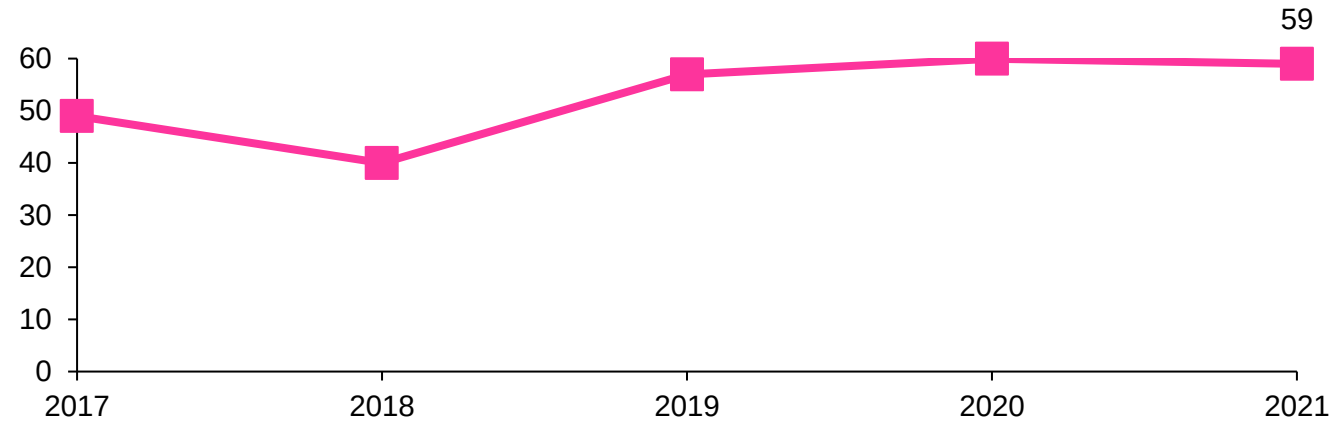
€883m
Turnover

€231m
Gross Profit

€59m
EBITDA

€12m
Net Profit

EBITDA evolution 2017 – 2021 (in million €)



Basic financial ratios

26.2% Sector average 24.5%
Gross Profit margin

9.9% Sector average 6.6%
EBITDA margin

7.0% Sector average 6.3%
ROCE

Recent highpoints

- **2022**:
  - Acquired part of Family Super Market in northern Greece. Acquired stores from other retailers such as Gegos, Deneksas Bros, Galaxias – Dimitra Markets and Markatos.
  - Participated in SYNKA supermarket, expanding its presence in Aegean, Ionian islands and Crete.
  - Operated a dark store in Athens.
- **2023**: Plans to implement the Grand Masoutis concept in four key locations in Athens.

General information

1976
Foundation year

9,146
Employees in 2021

389
Stores in Greece

2
Channels
- Brick-and-mortar
- E-shop

Yes
Loyalty scheme

Source: Company's published financial data under International Financial Reporting Standards (IFRS); KPMG in Greece analysis
Note: Figures in grey refer to the grocery Retail's average in Greece

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Pente (Galaxias)

Financials FY2021

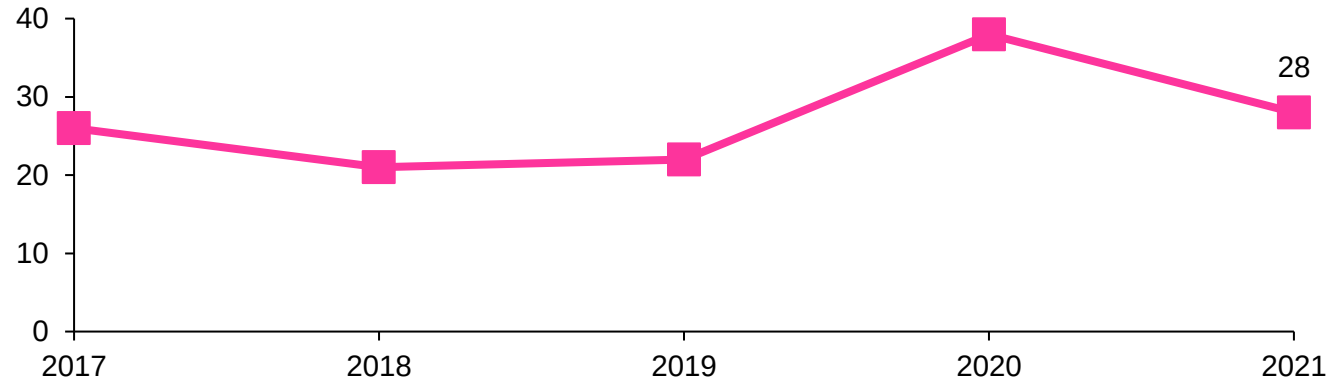
€504m
Turnover

€105m
Gross Profit

€28m
EBITDA

€13m
Net Profit

EBITDA evolution 2017 – 2021 (in million €)



Basic financial ratios

20.9% Sector average 24.5%
Gross Profit margin

5.3% Sector average 6.6%
EBITDA margin

8.0% Sector average 6.3%
ROCE

Recent highpoints

- **2022:** Operated a new store.
- **2023**: Plans to open 4 new stores and to operate an e-shop.

General information

1971
Foundation year

5,108
Employees in 2021

171
Stores in Greece

1
Channels
- Brick-and-mortar

Yes
Loyalty scheme

Source: Company's published financial data under Greek Generally Accepted Accounting Principles (GAAP); KPMG in Greece analysis
Note: Figures in grey refer to the grocery Retail's average in Greece

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ANEDIK Kritikos

Financials FY2021

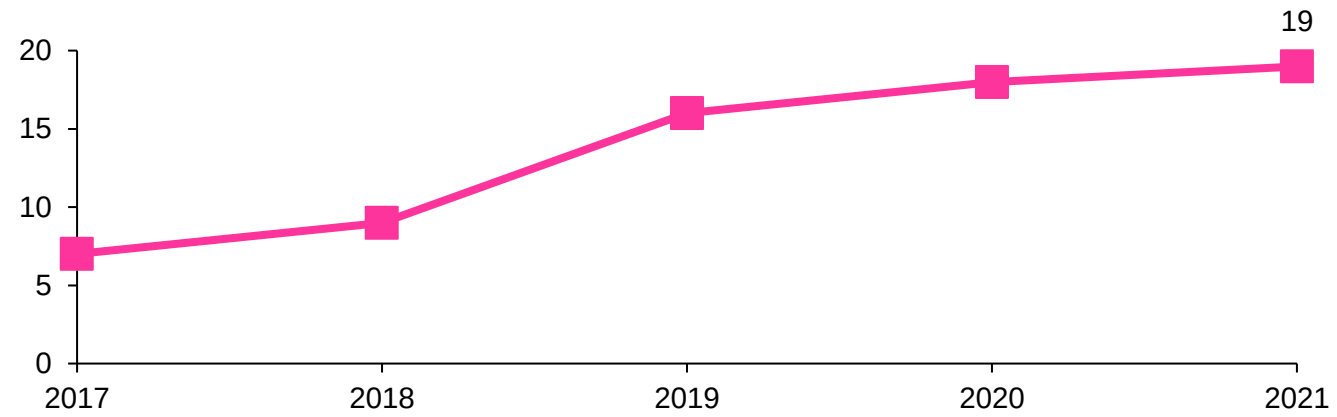
€420m
Turnover

€94m
Gross Profit

€19m
EBITDA

€2m
Net Profit

EBITDA evolution 2017 – 2021 (in million €)



Basic financial ratios

22.4% Sector average 24.5%
Gross Profit margin

4.6% Sector average 6.6%
EBITDA margin

2.0% Sector average 6.3%
ROCE

Recent highpoints

- **2022**: Operated 35 new stores and acquired 17 stores of Mathioudakis Super Market, enhancing its presence in Crete.
- **2022**: Acquired SynEmporio, adding multiple stores in its current network, mainly in northern Greece.

General information

1948
Foundation year

2,460
Employees in 2021

450
Stores in Greece

2
Channels
- Brick-and-mortar
- E-shop

Yes
Loyalty scheme

Source: Company's published financial data under International Financial Reporting Standards (IFRS); KPMG in Greece analysis
Note: Figures in grey refer to the grocery Retail's average in Greece

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New entrants in the Greek grocery Retail market

Mere

- Mere operated its first stores in Greece in 2021, starting from Larissa, Lagadas, Tripoli, Korinthos and Agrinio.
- In the first year of operation in Greece, Mere achieved a turnover of €2.24m, recording losses of about €995k.
- In the beginning of 2022, the branch in Lagadas experienced infrastructure problems and is closed ever since.

Carrefour

- In 2022 Carrefour opened 18 new stores in Greece. One of which is a company-owned store in Piraeus, while the rest 17 are franchise stores.
- Carrefour Flash 10/10 is an innovative type of store which is fully automated and has small surface area, mainly located within urban centers. The key feature of these stores is the absence of cash registers and the possibility for the customer to be served quickly, following the 10/10 philosophy. Under the 10/10 philosophy, the customer has only 10 seconds available for choosing products and 10 more seconds for paying for them.

Wolt market

- Wolt Market started its operations in 2021 to provide q – commerce services to their customers. The first Wolt Market store opened in the center of Athens. Within the last two years, Wolt Market's presence expanded to multiple areas of Attica, Thessaloniki and Patra, with a total of 10 stores.
- Wolt Market operates daily from 08:00 to 00:00 and customers can receive their products in 20 minutes.
- Wolt Market in 2021 recorded annual revenue of €1.85m and losses of €595k.

Rabbit

- In 2022, Rabbit opened two dark stores in Athens, to support their q – commerce operations.
- Rabbit enables users to purchase their products using a mobile app.
- They deliver daily from 08:00 to 00:00 and customers can receive their products in less than 15 minutes.
- The company aims to operate in other regions of Greece, as well as in foreign countries.

Source: Internet search, extracted in March 2023

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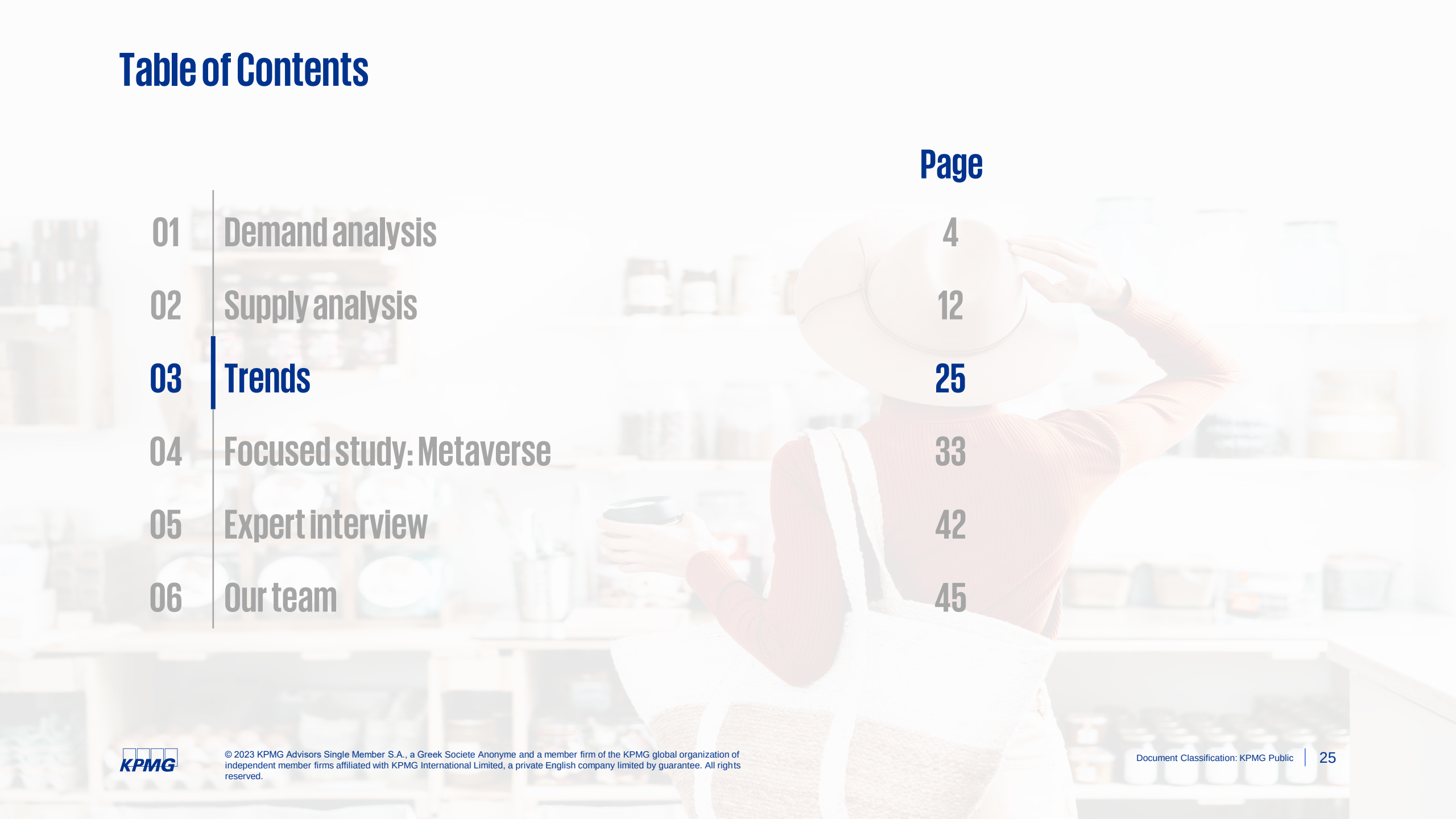

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Mega trends are shaping the future of the global grocery market

Metaverse

Metaverse is an evolving virtual universe, allowing people to interact and share social experiences, having their own digital personality, called avatar. Virtual reality (VR), augmented reality (AR), extended reality (XR), and non-fungible tokens (NFTs) transform how consumers shop and interact with brands. Indicatively, companies can use these technologies for:

- Visual commerce
- Customisable shopping experiences
- Immersive advertising

AI Technologies

AI powered machines are revolutionising the grocery Retail sector, providing retailers with the ability to analyse and interpret customer data in new innovative ways. There are some indicative applications that AI technology can help retailers implement to reduce costs, increase profits and improve customer experience. AI can be applied – among others – in:

- Demand forecasting
- Supply chain planning
- Store operations
- Customer intelligence
- Fraud detection
- Chatbots
- Price optimisation

Autonomous Delivery

The increased demand of on-time product delivery has spurred companies to explore innovative alternatives to address this challenge. By adopting autonomous delivery systems, companies can realise a number of potential benefits which include cost reductions, time accuracy, customer satisfaction and productivity optimisation. The autonomous delivery systems can include a variety of disruptive innovations such as:

- Sidewalk robots
- Autonomous vehicle
- Aerial drones

Partnerships and Ecosystems

In grocery Retail, partnerships offer a number of benefits for businesses such as access to new markets, sharing of expertise, cost savings, access to new technologies, etc. In addition, ecosystems help companies to fulfill a variety of needs in one integrated experience. Initiatives that can help companies grow through partnerships and ecosystems include:

- Co-branding
- Strategic alliances
- Supplier partnerships
- Logistic partnerships
- Digital partnerships
- Local ecosystem partnerships
- Joint ventures

Next Generation Supply Chain

Advanced technologies and data driven strategies are used to optimise the efficiency of the supply chain. Collaboration and transparency among stakeholders improves the effectiveness and reduces the risk of disruption. Innovative technology is used for real-time tracking and visibility of products, helping to deliver products timely and efficiently. Such technologies include:

- Automation of processes
- Robotics for picking operations
- Use of RFID chips for tracking
- IoT for real-time information
- Blockchain for verification

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Trends

What's happening in the global grocery market

AI scanning technology

Grocery shoppers will soon have the opportunity, at self-service check-out, to no longer wait to navigate on a digital list of non-barcode fresh products to scan them. An AI-powered technology will be able to recognise the products and their information automatically, saving shoppers' time. The innovation was tested in grocery stores in Europe and will become available in many retailers later this year.

AR Maps

AR maps provide customers with real-time interactive view of the store layout, allowing them to easily navigate the aisles and find quicker the products they need. Grocers can benefit since they can gather valuable data on customer behavior, such as product search frequency and order, and can optimise store layouts and promo initiatives for maximum efficiency.

Shelf-Scanning robots

Shelf-scanning robots are automated machines that scan the shelves of a grocery store to track inventory levels and pricing accuracy, as well as to identify out-of-stock items. By using these robots, grocery retailers improve the accuracy and efficiency of their inventory management and reduce labor costs.

Virtual Reality (VR) shopping

VR shopping in grocery retail enables customers to experience a virtual store tour and purchase groceries using a VR headset. VR technology allows retailers to showcase products in a visually appealing and interactive way, leading to higher customer satisfaction. VR shopping technology is an emerging technology that has the potential to revolutionise the grocery retail, since it can integrate rich digital information with the physical space.

Autonomous mobile robots (AMRs)

AMRs move products from shelves to checkout areas in grocery stores. They navigate autonomously, scan barcodes or RFID tags. AMRs improve inventory management, reduce manual labor, and allow employees to focus on other value-adding tasks. AMRs also help grocery retailers to adapt to changing consumer demands by tracking purchasing patterns to identify popular products and also to improve the shopping experience by alerting shoppers and store employees for potential hazards such as spills.

Cashier-less purchases with smart carts

Smart carts are designed to enhance the shopping experience by allowing customers to effortlessly add products to their cart without the need for a cashier. Instead of waiting in line to pay, customers can simply leave the store and the store's built-in camera system will recognise the items in the cart and charge their account automatically.

Face payment shopping

Face payment shopping is a cutting-edge technology that allows consumers to make purchases, without having to reach for wallet. This process involves the use of cameras and advanced algorithms to scan the shopper's face and authenticate their identity, making shopping easier and convenient.

Drone delivery

With drone delivery, grocery retailers can offer faster and more convenient delivery options. They can reduce transportation costs and improve delivery times, particularly in rural or hard-to-reach areas. Additionally, drone delivery can also help reduce the carbon footprint of grocery delivery, as drones emit fewer emissions compared to traditional delivery vehicles.

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Case studies of grocers adopting high tech solutions

Amazon Go

Cashier-less purchases with smart carts

Amazon's cashier-less grocery stores use a combination of computer vision, deep learning algorithms, and sensor fusion technology to enable customers to walk in, grab what they need, and walk out without having to wait in line to pay.

Kroger

Drone delivery

Kroger has been exploring drone delivery as a way to improve the speed and efficiency of its delivery services. The drones used in Kroger's pilot program were capable of flying up to 25 km roundtrip from the store and delivering items weighing up to 2.3 kilos.

Walmart

Shelf-Scanning robots

These robots use a combination of sensors, cameras, and machine learning algorithms to navigate the store aisles and scan the shelves for inventory and pricing data. The robots can capture data quickly and accurately, and can provide retailers with real-time insights into product availability, shelf organisation, and pricing discrepancies.

AI scanning technology

Walmart's system uses computer vision technology to identify items and determine their weight as they are placed on a scale. This allows customers to quickly and easily purchase fresh products without the need for manual input or assistance from a store employee.

Alibaba's Hema

Scan for information

Customers can use the Hema app to scan product barcodes in-store for detailed information, such as product origin, nutritional content, and cooking instructions. The app also allows customers to place orders for delivery and pay for their purchases.

Autonomous mobile robots

Hema stores use robots to deliver products from the store shelves to the checkout area. They can also be programmed to automatically restock shelves and track inventory levels.

Face payment shopping

Hema Smile to Pay customers can pay for their purchases by smiling at a camera at the checkout counter, which then scans their face and links to their Alipay account to complete the payment.

Virtual Reality (VR) shopping

Hema has been experimenting with VR shopping, where customers can use VR headsets to virtually explore products and make purchases. This technology allows customers to interact with products in a more engaging way, and can be particularly useful for products that are difficult to showcase in-store.

Augmented Reality (AR) map

An AR map is available through the Hema app, which customers can download on their smartphones. The app uses the phone's camera and sensors to scan the store and create a virtual map that shows the customer's current location and the location of different products in the store.

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What keeps Greek grocery retailers up at night

Uncertainty in an inflated economy

The state of the Greek economy is one of the biggest concerns grocery retailers are facing today. Major sources of uncertainty steam from:

- The rising inflation and – in some cases – the constrained resources. These factors lead to reduced consumption and profit margins, as well as increased operational costs.
- Concerns associated with the upcoming national elections. Greek grocery retailers might be reluctant to proceed in investments unless they feel confident for the next day.

Design of a competitive supply chain strategy

Developments in the supply chain at global level are affecting the design of the strategy of Greek players since:

- E-commerce and quick commerce surge, making retailers think about investments in central distribution centers to better serve their customers.
- Technological advancements in the industry are putting pressure for further investment in supply chain digitalisation, using smart systems to optimise logistics, warehousing and supply chain.

Increasing energy costs

- Greek grocery retailers are becoming increasingly concerned about the rising energy costs, which increase their OpEx and reduce their profit margins, making it difficult for them to remain competitive.

- Grocery retailers are trying to overcome energy efficiency problems with investments in renewable energy sources and usage of net metering. However, the upfront investment required for such projects is often prohibitive for small and medium-sized businesses.

Liquid customer expectations

Consumer behavior has undergone rapid changes in the recent years, and grocery retailers must take these shifts into consideration to ensure the success of their businesses. Product assortment, customer service and loyalty programmes are some of the things grocers must adapt according to customers' demand for:

- Focus on sustainability, health and well-being.
- Convenience and quick delivery.
- Omnichannel experience and presence in social media.

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Trends

What's happening in the Greek grocery market

Expansion through acquisition of convenience stores

The contribution of convenience stores in the grocery Retail turnover is becoming more and more significant, especially in tourist areas of Greece, serving the need of consumers for quick and easy shopping experiences.

Big supermarket chains have been expanding their networks with smaller, urban-format stores either by acquiring small chains or by engaging into franchise agreements with partners.

The return in private label products

Greek consumers are turning to private label products due to the high inflation and their relatively limited price. Many of these products are also included in the "household basket", further increasing their demand.

According to IRI[1], private label sales in Greece rose from 14.8% in 2021 to 16.3% in 2022.

As a result, supermarkets are expanding their private label offerings, making them an increasingly popular and affordable option for consumers.

ESG goes mainstream

There is a growing interest for ESG issues among grocery stores in Greece. Consumer preferences are shifting towards healthier, locally-sourced, and more sustainable products, leading to increased demand for organic and natural foods.

On the other hand, many retailers respond to customers' preferences and have started adopting environmentally sustainable practices, including carbon footprint reduction and waste management.

From takeaway to Quick commerce

The business life-style, the urbanisation, small households, aging population and the pandemic outbreak changed the consumer behavior and led to e-commerce deliveries at home. Customers favour fast deliveries and convenience, preferring same-day deliveries over food takeaway.

Grocers have started adopting last mile services in response to the growing demand for q – commerce, as part of their omnichannel strategy.

Source:1 IRI; KPMG in Greece analysis

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The six segments of sustainable customers and the Greek consumer

Segmentation of customers based on sustainability[1]

Moderates
- Think and – where possible – act sustainably. Balance price and sustainability.
- 26% of global population
- High value

Price constrained
- Not sustainability focused and prioritise financial situation.
- 9% of global population
- Low value

Pragmatists
- Think and – where possible – act sustainably and believe that government and businesses are mainly responsible for sustainability.
- 21% of global population
- Medium value

Activists
- Act sustainable as a lifestyle and feel deeply concerned and responsible to take action.
- 17% of global population
- High value

Realists
- Act sustainable as a lifestyle and prioritise sustainable purchases.
- 17% of global population
- Medium value

Collectivists
- Act sustainable as a lifestyle and believe that individual efforts are important but not sufficient to change without the government's actions.
- 11% of global population
- Medium value

92%

Of Greek consumers are willing to change some of their daily habits to adopt more sustainable choices

91%

Of Greek consumers believe that companies should use packaging that is recycled many times[2]

67%

Of Greek consumers decide to buy a product influenced by how recyclable is the packaging[2]

Consumers in Greece are becoming more aware of the environmental issues and are looking for products and services that are environmentally friendly and socially responsible.

Greek consumers are particularly concerned about sustainability in the food and agriculture sector. Many of them want to ensure food is produced in a sustainable and environmentally responsible manner. As a result, there is a growing demand for organic and locally produced foods, as well as for products that are free from chemicals and other harmful additives.

Retailers take under consideration this growing trend and adopt business practices focusing on sustainability to maintain and expand this segment of consumers.

Sources: 1 Me, My life, My wallet, KPMG survey 2022;
2 ECC X LUCID survey 2022

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Initiatives of Greek grocery retailers on sustainable development

01
Reduction of plastics

Grocery retailers have started using alternative materials such as paper and biodegradable plastics.

AB Vassilopoulos: Aims to reduce plastic by 50% by 2025 and has introduced biodegradable and compostable alternatives to single-use plastics, such as bags, straws, and cutlery. Furthermore, Vassilopoulos offers reusable shopping bags and containers for customers to use.

02
Energy efficiency

Energy efficiency and renewable energy investments are prioritised.

Metro: Has invested €62m in electromechanical equipment for low energy refrigerator systems, led lighting, air conditioning and solar panels for energy management. This has resulted in a 48% reduction in energy consumption per store.

03
Sustainable sourcing

Focus on sustainable sourcing, by partnering with local suppliers who use environmentally friendly practices.

Sklavenitis: Works closely with local farmers and suppliers to source high-quality products that are produced using sustainable and environmentally friendly practices.

04
Incentives for recycling

A deposit return scheme is a system where consumers pay a deposit on a product which is refunded when the product is returned for recycling.

AB Vassilopoulos: In-store recycling machines enable consumers return empty glass bottles. The consumer will receive a voucher worth of €0.11 up to €0.27, depending on the packaging of each product.

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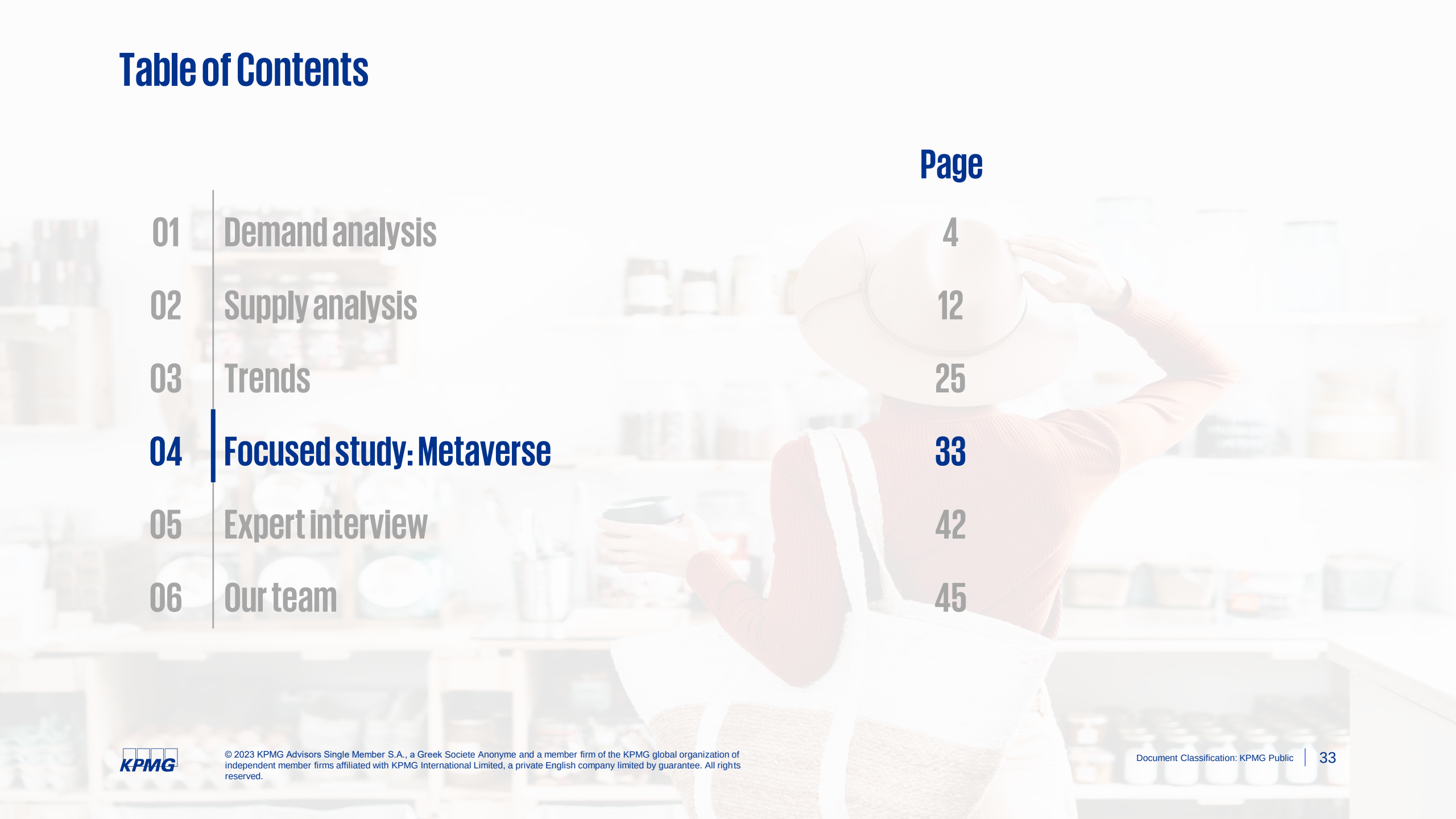

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Focused study: Metaverse

Metaverse is shaping the future of retail brands

How companies use metaverse to engage with customers?

Luxury apparel brands

Luxury apparel brands are the most active in metaverse. They choose metaverse to expand their reach and engage with younger, tech-savvy audiences, presenting high levels of activity. Launching NFT's and collaborating and partnering with gaming platforms are some of the ways they use to interact with their audience. These brands see metaverse as a way to create unique experiences for their customers, presenting their products in digital environments that are both immersive and interactive. They have very high customer reach and are able to generate significant revenue.

Mass-market retailers, Food & Beverage and Beauty manufacturers

Mass market retailers and some Food and Beverage manufacturers are filing for metaverse-related trademarks, as well as exploring and entering in partnerships with gaming platforms. As the virtual world becomes more immersive and engaging, there is an increasing demand for virtual food and drink experiences that can provide users with a sense of satisfaction and enjoyment.

Beauty manufacturers are entering the metaverse, going beyond virtual try-ons. Key elements of beauty in the metaverse revolve around consumer engagement, consumer happiness, and establishment of healthy communities.

What's in it for brands?

- **A way to attract the next generation of customers:** Gen Z who are digital natives and already accustomed to spending significant time online, is a target segment for companies. Their physical and digital lives have equal prominence.
- **A new revenue steam:** Metaverse could help brands expand their total addressable market. It is a digital item that does not need purchases on raw materials and there is no leftover inventory that must be discounted, donated, or destroyed. Using cryptocurrencies, digital transactions can be made without the need to connect to personal accounts, while the blockchain allows for maintaining order and creates decentralised ledger with records for each transaction.
- **Visual e-commerce evolution:** E-commerce will become more natural and more social. Technology is driving a more futuristic e-commerce, adjusting to what happens in real life. Shopping in a 3D, photorealistic virtual store, with a few pals providing real-time advice via live video about a particular product, soon will become a norm. Shoppers and avatars will be able to see, hear and follow each other throughout virtual stores providing inspiration and feedback to one another.

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Case studies of retailers' metaverse entry strategies

01 Teaming with gaming platform

- Nike has teamed up with Roblox to create a virtual world called Nikeland.
- Ralph Lauren launched it's digital apparel and accessories collection in the Fortnite Shop, as well as partnered with avatar simulation app Zepeto, to create a virtual fashion collection.
- Walmart enters the metaverse with Roblox.

02 Partnering with digital fashion platform

- Dolce Gabbana unveils NFT Collection in collaboration with UNXD (a marketplace for digital luxury and culture).
- Farfetch has marked the launch of pre-order collections on its e-commerce platform by partnering with fashion startup DRESSX.

03 Buying virtual land

- Carrefour and Adidas have acquired a plot of virtual land in Sandbox, to offer exclusive branded content, experiences and items.
- Gucci announced land purchase in Sandbox as well.

04 Partnerships

- Bulgari opened its first exclusive BVLGARI WORLD in partnership with Zepeto.
- RYU Apparel partnered with Web3 Technologies that is going to take consumers on a digital journey, providing them an end-to-end brand experience that connects, educates and entertain.

Source: KPMG Consumer & Retail opportunities in the metaverse, December 2022

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The future of grocery Retail could be in the metaverse

The future of grocery stores with metaverse

The concept of metaverse in grocery stores is still in its early stages, but some major players globally have started to explore its potential.

In the future, consumers may have the opportunity, to enjoy AR displays, wearing AR glasses, enjoying more immersive and hands-free shopping experiences. These tools will allow customers to see digital information, usually found in mobile phones, displayed in front of them, without having to hold a device.

However, there are some key considerations about metaverse that should be analysed and taken into account.

Key considerations

Consumer behavior

- Are shoppers more likely to buy groceries if they can experience them in a virtual setting?
- Do they prefer virtual shopping experiences over in-store experiences, making supermarkets unnecessary?

Sales and revenue

- What are the potential sales and revenue opportunities for grocery retailers in the metaverse?
- How can retailers leverage the metaverse to increase sales and reach new customers?

Competitive landscape

- How will the metaverse impact the competitive landscape of grocery retail?
- Will new players emerge, or will existing players adapt and incorporate the metaverse into their operations?

Operations

- How will grocery retailers need to adapt their operations to incorporate the metaverse?
- What new skills and technologies will be needed to succeed in this new environment?

Professions

- Which are the professions that will thrive with the rise of metaverse? What kind of skills do they require?
- Are there any professions that will be irrelevant in the future?

Ethical considerations

- What are the ethical considerations of using the metaverse in grocery retail?
- Are there risks of exploiting vulnerable consumers, or creating unrealistic expectations for products?

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Virtual shopping may appeal to some consumers, while others may still prefer in-store shopping

Consumer behavior in metaverse is an evolving topic. However, as far as metaverse is concerned, there are three types of customers who can be classified into the following categories: Metaverse enthusiasts, Hybrid customers and Traditional customers. The characteristics and potential of each customer profile suggest the need for different business models to cater for each type of customer.

Metaverse enthusiasts

Metaverse enthusiasts are often highly engaged and passionate about the virtual world. Metaverse represents a new frontier for self-expression and creativity, allowing them to customise their experiences.

Grocery retailers can seize the opportunities to create increasingly immersive and engaging virtual shopping experiences. These experiences may allow consumers to interact with virtual representations of products, customise their shopping experiences, and even socialise with other shoppers in a virtual setting.

Hybrid customers

The hybrid consumer will want to switch between the metaverse and the physical world. These consumers will enjoy the convenience of shopping in virtual spaces, while they will also crave the physical shopping experience of visiting a brick-and-mortar store, browsing products, and interacting with sales associates.

This presents a unique challenge for retailers who must find ways to provide an integrated experience across both virtual and physical spaces. As the metaverse continues to evolve and expand, hybrid consumers are likely to become an increasingly important demographic.

Traditional customers

It is important to note that many consumers may still prefer the tactile experience of physically shopping in a store, and may not be that interested in virtual shopping experiences.

For these consumers, the ability to touch and feel products, compare prices in-person, and interact with knowledgeable store employees is more important than the ability to shop in a virtual environment.

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Grocery retailers are unlocking revenue opportunities in the metaverse...

Millennials and Gen Z leading the way in Metaverse

65%
Of consumers are aware of metaverse[1]

81%
Of **millennials** are aware of metaverse[1]

86%
Of **Gen Z** are aware of metaverse[1]

68%
Of **Gen X** are aware of metaverse[1]

43%
Of **Baby Boomer+** are aware of metaverse[1]

Virtual events

Grocery retailers can host virtual events such as cooking classes, tastings, and product launches in the metaverse. This can create a sense of community and engagement with customers, which can lead to increased loyalty and sales. In addition, the benefits for groceries range from increased brand exposure and cost-effective marketing to enhanced customer engagement and access to valuable customer data.

Virtual advertising

Grocery retailers can advertise their products in the metaverse through virtual billboards, pop-up shops, and product placements. Grocers could partner with influential metaverse users, such as chefs, to promote their products to their followers and reach a highly targeted audience. This can provide new revenue streams for retailers, increase brand awareness and reach of new customers.

Virtual product development

Grocery stores could use metaverse to collaborate with suppliers and manufacturers on product development. Using virtual tools, they can test new products and gather customer feedback before launching them in physical stores. This can reduce the risk of launching unsuccessful products and increase sales in the long run.

Sources: 1 KPMG Consumer pulse survey report, Spring 2022

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...adapting their operations in order to succeed

Virtual storefronts

Grocery retailers may need to create virtual storefronts within the metaverse to allow customers to browse and purchase products in a virtual environment. This could involve creating 3D models of products and designing virtual shelves and displays that mimic real-life stores. Retailers may need to hire skilled designers and programmers to create these virtual storefronts.

Supply chain management

As grocery retailers incorporate the metaverse into their operations, they may need to update their supply chain management processes to account for virtual products and distribution.

This could involve the use of blockchain technology to track the virtual inventory and ensure that customers receive their virtual purchases in a timely manner.

Creation of custom avatars

As more consumers interact with the metaverse, grocery retailers may need to create custom avatars that represent their brand and interact with customers in virtual spaces.

This could involve:

- Designing virtual clothing and accessories for these avatars.
- Training customer service representatives to interact with customers in virtual environments.

Advertising and marketing

Grocery retailers may need to create new advertising and marketing campaigns that target consumers in the metaverse.

This could involve:

- Creating virtual billboards and advertisements within virtual environments.
- Partnering with influencers and other virtual personalities to promote products.

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New professions will flourish while others will become obsolete

01

With the rise of virtual shopping experiences, retailers will need to create compelling digital marketing campaigns and advertisements to attract customers to their virtual stores. Digital marketers and advertisers who are skilled in creating engaging content for online audiences will be in high demand.

02

Retailers are going to focus more on virtual environments, limiting the need for physical store designers and architects.

03

As virtual shopping experiences become more prevalent in grocery retail, the need for professionals who can design & develop virtual products will increase.

04

Traditional retail workers who are accustomed to physical stores and in-person interactions may not have the necessary skills to succeed in a virtual environment. Similarly, supply chain and logistics workers who specialise in physical transportation and handling of goods may see a decline in demand as more products are sold virtually.

05

Data analysts and scientists will be in high demand as the metaverse grows, with retailers needing their expertise to interpret and analyse the vast amounts of data generated by virtual shopping experiences. Customer behavior, preferences, and purchasing habits are some examples of these data. These professionals will provide valuable insights to help retailers optimise their virtual shopping experiences and better serve their customers.

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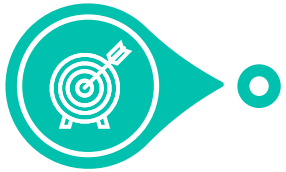
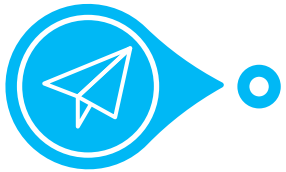
The use of metaverse in grocery Retail rises potential ethical considerations



Exploiting vulnerable consumers

Metaverse could be used to exploit vulnerable consumers. Retailers may use virtual environments to market products to children or target consumers with personalised advertising, based on their online behaviour. This could raise ethical concerns around privacy and consent.



Unrealistic expectations

Metaverse could create unrealistic expectations for products. For example, virtual models of food products may look more appealing or appetising than their real-life counterparts, which could lead to disappointment or disillusionment among consumers who purchase the real product.

Accessibility

The metaverse may not be accessible to all consumers, which could create ethical concerns around inclusivity and equity. For example, consumers with disabilities or those who lack access to high-speed internet may be excluded from virtual shopping experiences, which could exacerbate existing inequalities.

Data privacy and security

The metaverse relies heavily on data collection and analysis, which raises ethical concerns around data privacy and security. Retailers must be transparent about how they collect and use consumer data, and they must take steps to ensure that data is secure and protected from cyber attacks.

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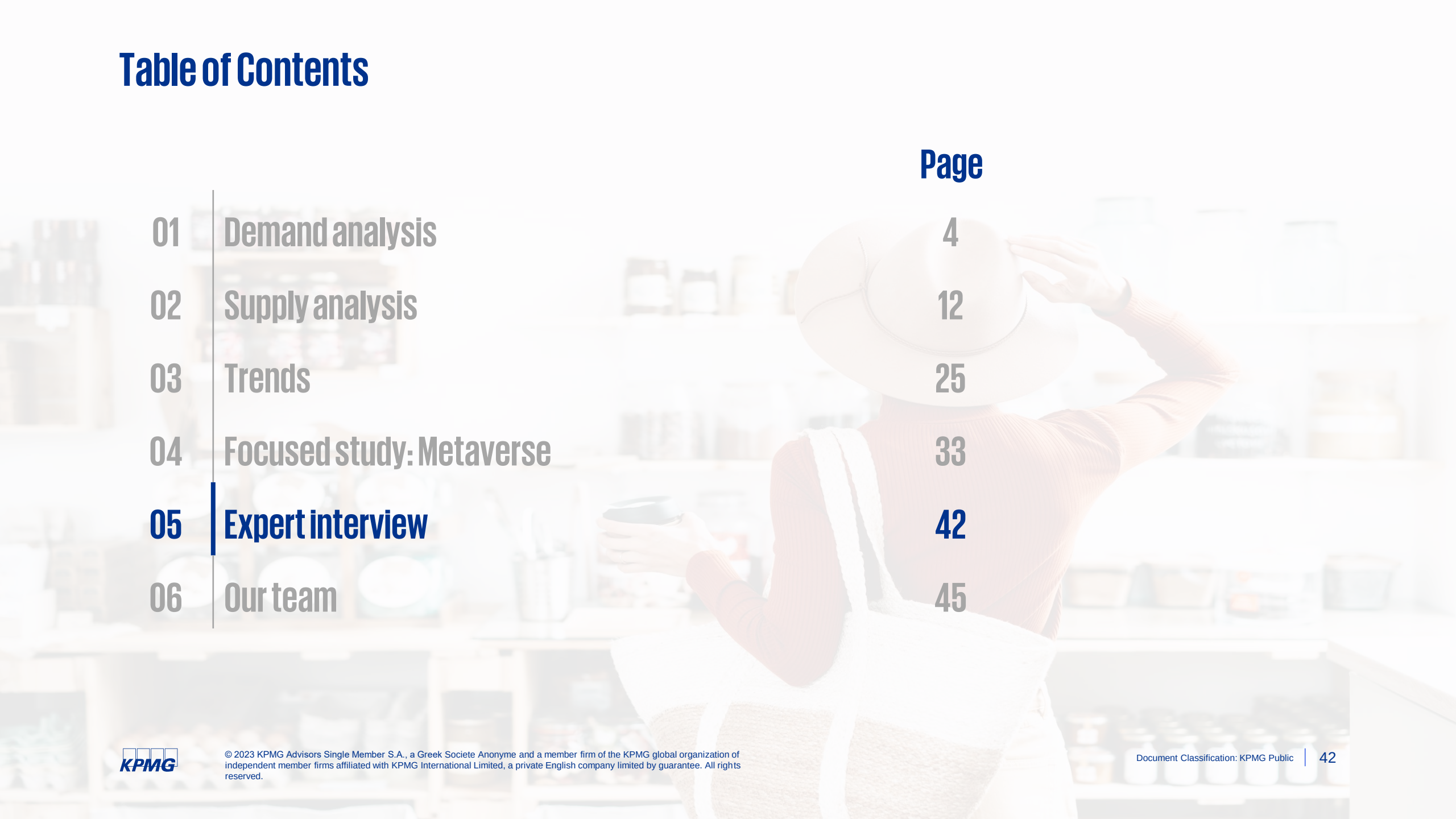

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Expert interview

Interview with Professor George Doukidis

Interview conducted on April 4, 2023

“The utilisation of technologies for the automation of time-consuming back-office processes, as well as the use of digital channels for creating a user-friendly multi-channel environment, are crucial for the competitiveness of grocery retailers.”

George Doukidis

Professor of eBusiness, Department of Management Science and Technology, Business School, Athens University of Economics and Business (AUEB).

Founder of ELTRUN: the eCommerce Center at AUEB.

Scientific Advisor of IELKA (Research Institute of Retail Consumer Goods).

Question: We can see that consumer behavior is constantly changing. What factors do you believe influence the consumer behavior today?

George Doukidis: In the last few years, consumer habits have been constantly changing due to sudden major disruptions that have occurred globally such as Covid, problems in international supply chains, inflation, energy crisis, etc. Consequently, the factors that have greatly influenced the consumer habits are among others: the inability to buy from physical stores, the compliance of food stores with health standards, the possible lack of specific product codes and finally, the high cost and inflationary trends. For example, based on IELKA’s recent annual consumer survey, 43% of consumers report that money is the main driver when choosing products, 51% state that discounts is the main reason for choosing a store, 33% have changed their primary supermarket chain in the last year and 30% have purchased a product online, that they used to buy in brick–and–mortar stores. Five years ago, these percentages were much lower.

Question: How do you see the sector adapting to meet the changing needs and preferences of consumers?

George Doukidis: I believe that the supermarket industry has made a substantial effort to respond successfully to these changes. For example, in 2022, the intensity of promotions – in collaboration with suppliers – remained at the same high levels, resulting to average savings of 12.9% on the cost of purchases for the Greek consumers. Additionally, supermarket chains have modernised their online stores, they have created dark stores for online order preparation, and have partnered with new innovative e-commerce platforms for better service. Finally, they have invested in advanced systems and processes in their supply chain, resulting in a marginally undisrupted customer service during the lockdowns, in contrast to the empty shelves and long queues that consumers experienced in supermarkets of organised markets in Central and Northern Europe.

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Expert interview

Interview with Professor George Doukidis

Question: The Greek grocery Retail sector is affected by macroeconomic factors, which can have a significant impact on its growth and profitability. What are, in your opinion, the main macroeconomic drivers that are affecting the Greek grocery sector?

George Doukidis: Retail, as an intermediary in the supply chain, is affected by demand and supply. According to a recent study of SELPE/ELTRUN, the Consumer Climate Index is at its lowest point in the last three years, while utility bills are now the biggest household expenditure, representing 33% of the total expenses, compared to only 29% for product purchases. Although food purchases are usually inelastic, we saw limited decrease in purchase volumes in 2022 – and in the beginning of 2023. Regarding the supply of products, inflationary trends due to the increase in the costs of energy and raw materials are expected to continue in 2023. Since supermarkets have absorbed part of the increased cost, their profitability is expected to be impacted. On the other hand, we should not forget the expected significant increase in the number of tourists, which is anticipated to positively affect food demand in specific tourist areas.

Question: As competition intensifies, what are the core capabilities Greek grocery retailers should have to remain competitive today?

George Doukidis: Due to inflationary trends, companies have focused on the improvement of their productivity, efficiency, rationalisation, and reduction of general expenses. Customer-centricity is also an important strategy that involves product variety and quality, minimisation of shelf shortages, one-stop-shop service, appropriate store location, and comfort in shopping. A well-trained and committed personnel plays a very important role, which due to their shortage, will most probably evolve into a major challenge in the future. Finally, the utilisation of technologies for the automation of time-consuming back-office processes, as well as the use of digital channels for creating a user-friendly multi-channel environment, are crucial for the competitiveness of grocery retailers.

Question: The leading grocery retailers are acquiring local supermarket chains. Do you believe that the market concentration will continue? How will it affect the end consumers?

George Doukidis: Supermarkets in Greece represent only 60% of the total food market, while the corresponding percentages in Europe are around 80% – 90%. This suggests that we operate in a fragmented market that would inevitably consolidate over time. At the same time, difficult economic conditions create pressure of survival for smaller retail chains. These two factors highlight that market concentration is likely to continue. Of course, complementary channels (e.g., small specialised stores, farmers markets, etc.) will continue to exist, as well as the intense competition among big retail chains will persist. Let us not forget that alternative food channels and healthy competition among suppliers and among retailers benefit the Greek consumers and the overall economic development.

Question: Leading global grocery retailers are investing in advanced technology. Based on your opinion, what technologies are more probable to be adapted by the Greek retailers?

George Doukidis: Supermarkets are big and highly complex organisations that require automation of their back-office processes, making technologies such as robotics in warehouses and electronic invoicing in accounting essential. We live in a society of data and knowledge exploitation therefore, big data and artificial intelligence technologies can enrich the knowledge of consumer trends and the personalisation in services offered, while also supporting management in effective complex decision-making. Finally, digital channels offer a supplementary and necessary means for the support of sales and communication with customers. Thus, we expect the significant investments in digital technologies to continue, linked to strategies for high productivity, efficient management, customer-centricity, and omnichannel presence.

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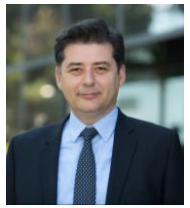
Our team

Our local team of dedicated professionals



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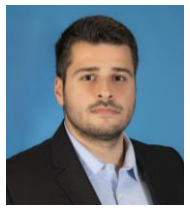

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