SEO Based Analysis of Online Grocery Stores During COVID Lockdown

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Abstract: *The coronavirus epidemic forced consumers to purchase their basic food supplies online, which accelerated the penetration of e-grocery store services in Hungary. The survival of online grocery stores depends on how long the pandemic will last and how well they manage to meet growing demands.This study takes a closer look at the developments of e-grocery providers between March and May of the COVID-19 lockdown period through analising their online presence.*
Keywords: *SEO, COVID, online grocery stores*

1 Introduction

The last couple of years we could read numerous articles decrying the slow progress of e-commerce penetration in Hungary. According to GKI's Digital study, online e-commerce represented 6.3% of the total retail industry in 2019, and FMCG was only 9.4% of the e-commerce pie [1]. Last year this time, experts have predicted that the increase in the number of online shoppers will probably slow down because there is not much room for further growth (Figure 1).

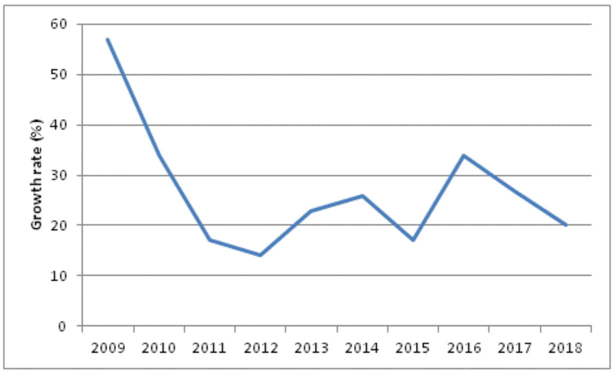

Figure 1
Growth rate of e-commerce revenue in Hungary from 2009 to 2018 (Data: Smart Commerce Consulting)

GKI's Digital survey estimates that adult internet shoppers number around 3.3 million, however most of these, 35.9%, only buys online 1 or 2 times a year. Of these roughly half a million have already ordered food online [1]. eNET's online research in April of 2019 found that the top three categories users bought were mobile phones and accessories; clothing, also toys and presents. 86% of online shoppers have purchased services, where accommodations clearly dominated. Only 22% of shoppers have bought foodstuffs and household goods online. Most of them (67%) used Tesco's, and 27% chose Auchan's online store [2]. This is still a sharp increase compared to the just 8% in the fall of 2015 [3]. Of course at that time there were very few e-grocers on the market compared to today. Even as late as February 2020 one of the major Hungarian dailys ran an article with the title "Home delivery is still a small business" in which, while introducing the newest entrant to the e-grocery market (Kifli), the author deliberated wether this model would work for Hungarian customers? [4]

In early March, most had no idea that consumer habits could be completely upset by the effects of the coronavirus. The pandemic has placed e-grocery shopping, a previously niche industry that was showing potential, in the limelight. Due to the government stay at home orders, customers avoidance of public areas and their continued need for foodstuff and basic supplies, online grocery delivery services became indispensable. According to GKI Digital's measurements, more than 50,000 new customers appeared on the Hungarian online retail market in the month and a half between mid-March and the end of April as a result of the epidemic [1]. Current developments are expected to change consumer behavior on the long term, well after the pandemic subsides, accelerating the industry's penetration in Hungary. How successfully e-grocers are able to meet expectations during the pandemic will decide who the leading online grocers will be after the pandemic subsides.

1.1 The timeline

According to Nielsen, the turnover at the hyper- and supermarket chains in the last week of February was still completely average, with about HUF 39.4 billion. As the epidemic situation in Hungary started to get worse and customers have started to take the epidemic more seriously more and more people tried to replenish stocks and fill up their pantry. Between the 9th and 11th weeks of the year the turnover of supermarkets increased by 34% jumping to HUF 56.9 billion [5].

On the 11th of March, the Hungarian government declares a state of emergency. Consumers rush to the stores in panic mode buying durable food and basic consumer goods. Sought after products quickly run out of stock. Quantitative restrictions appeared soon thereafter. Online sales, however already started rising significantly in mid February. In the first wave, people were buying mostly epidemic related supplies (face masks (a 590% demand increase), hand sanitizers, wipes, antiseptic sprays, disposable gloves, vitamins, bottled water and soap).

From an online survey conducted by Reacty Digital between March 12-15 we can find out that only 17% of respondents ever purchased groceries on line. After the Prime Minister's proclamation on March 13, 2020 announcing the first set of restrictions, consumer attitudes have changed rapidly. Until Friday evening, three-quarters of respondents did not consider online grocery shopping at all, while by the end of the weekend, nearly half of them were contemplating it as a possible solution [6].

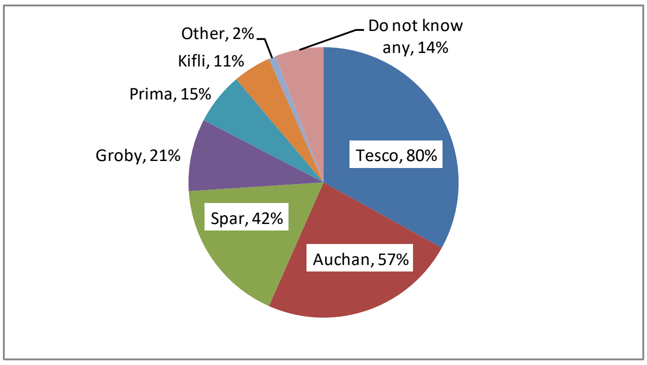

Figure 2
Best known online grocers at the time of lockdown (Data: Reacty digital survey)

As expected, most shoppers would have preferred using, well known grocery chains, or the providers where they would normally purchase food (Figure 2). However, online ordering systems were overwhelmed by increased demand, and by March 17th there was not a single open spot at any of the well-known e-grocers. Inventory shortages were commonplace (flour, yeast, sugar, toilet paper). The curfew imposed on 28th of March further complicated the situation. As of March 23rd, in times of emergency out-of-shop and mail order trading could be performed without registration if the merchant sells daily consumer goods or restaurant food (48/2020. (III. 19.) Government Decree) [7]. This new legislation also allows the seller to deliver goods to customers with the involvement of an off-premises contributor. Within a span of a few weeks, the process in the fresh food delivery market has sped up and several players have entered the market who have not participated or not sold to retail consumers beforehand. By mid April, supply chains were again normalized, stock shortages were eliminated and orders could be placed 1 or 2 days in advance.

2 Materials and Methods

There are a number of Search Engine Optimization (SEO) tools available on the net, of which I utilized two freely available one: SE Ranking and Alexa. SEO is an e-marketing tool generally used to optimize website visibility, but it is also extremely useful for analyzing competition. In my research I incorporated a number of indicators (number of keywords positioned, volume of searches, and inbound links) thus facilitating the comparison of different domains in a more comprehensive way.
First I had to compile those companies that I wanted to include in the survey.

The five types of e-grocers currently present on the market are:

1. Already existing providers
2. Grocery stores adding online presence
3. Wholesalers entering consumer markets
4. Restaurants, bakeries etc. adding grocery delivery
5. Completely new competitors

The companies examined were, either nationally present, delivering in all of Hungary, or present in Budapest and the conglomeration. Providers operating only in the countryside, or in certain localities were excluded. This study looks only at general grocers, that is specialized shops (bakeries, butchers etc.), are not included. Smaller providers did not have enough data to incorporate them into the study. The database thus consists of 7 companies the characteristics of which can be seen in Table 1. The selected company domains were SEO-analyzed for the period of lockdown, that is between March and May of 2020.

Table 1 e-grocer's caracteristics as of May 2020 (Data: Alexa, SE Ranking)

	Alexa Rank		Daily Pageviews	Daily time	Bounce	Referral	Clicks /month		Traffic %
	Golbal	Hungary	per visitor	on site (min)	rate	Sites	organic	paid	from search
tesco	65,472	263	3	2:38	35.90%	374	416475	3700	54%
auchan	78,917	187	2:48	3:01	34.80%	180	227917	12527	30%
spar	106,022	479	3.5	4:19	29.20%	186	85633	1134	50%
Kifli	296941	951	1.7	1:26	82.80%	13	5694	10327	na
prima (cba)	370,102	na	6.7	4:37	22.20%	7	11421	7	na
groby	726,012	na	2	2:51	na	69	19613	883	na
roksh	1,131,017	na	2	na	na	10	1340	1606	na

3 3 Discussion

Keyword analysis run for the expressions "online shopping" and "food delivery" showed a sharp increase within a week of 393% and 374%, respectively, after March 14 (Figure 3). Search interest is graphed relative to the highest point for a given time. In this case, the search for these terms peeked on the week of March 28^{th}.

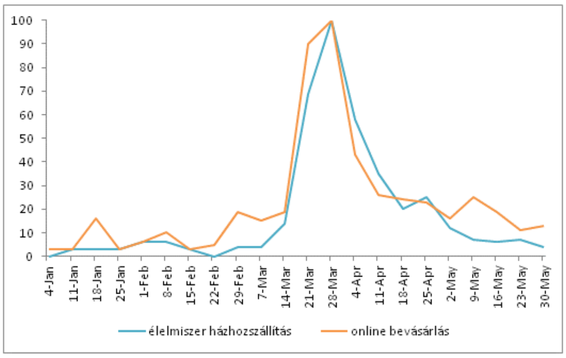

Figure 3

Keyword popularity (Data: SE Ranking)

The foundation of Alexa Ranking is overall web traffic. A site's ranking is based on a combined measure of Unique Visitors and Pageviews. Alexa Rank can act as a tool for SEO audits, especially in comparison to competitors. The lower your Alexa rank, the more popular your website is (the number one ranked site, not surprisingly is Google). From the e-grocers examined, currently only six is ranked by Alexa. Kifli, a new addition to the market, faired the best with a 69% increase in rankings since inception. Tesco, Auchan and Spar changed about the same rising between 40-48%, while gRoby and Prima underperfomed with only 27-28% increase. Although, gRoby's online delivery has been on the market the longest, since 1999, as it can be seen from the graph, it took a pandemic for them to pass a certain treshold in their online presence.

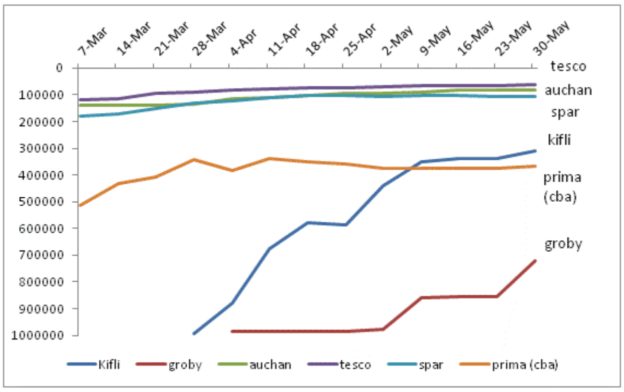

Figure 4

Global internet traffic and engagement over the past 90 days for selected sites (Data: Alexa)

As sites with lower traffic are not tracked by Alexa, additional information was gained through SE Ranking, such as organic and paid traffic and organic and paid keyword usage by site. Based on this data, the competitive e-market place could be visualized (Figure 5 – for better visibility the graph is divided by size of grocers). The begining position is November 2019, that is pre-Christmas shopping rush (for Kifli entry to the market was December and for Roksh January). The number of websites showing up in the SERP (Search Engine Results Page), are basically your online competitors. SERP is unique for each query based upon the keywords used when a consumer is searching for results. It is important because the higher a company's website ranks, the more searchers will click on the website (most searches do not look beyond the first page). Results on a SERP can be organic in nature, or they can be paid (Google Ads). The effectiveness of a keyword is measured by the so called KEI (Keyword Effectiveness Indicator). For example, if I type in "groby" in the search engine, Google will display 2.4 million results, but the number 1. on SERP (both paid and organic) will be the e-grocer GRoby. The KEI of this keyword, based on the overall search volume, is 27.8. The actual traffic for this keyword for the month of May, for example, was 3000 clicks. If I type in "online food delivery", I will get about the same amount of hits

(2.6M), but the KEI of this for gRoby will only be 0.4, and the actual clicks are only 325.

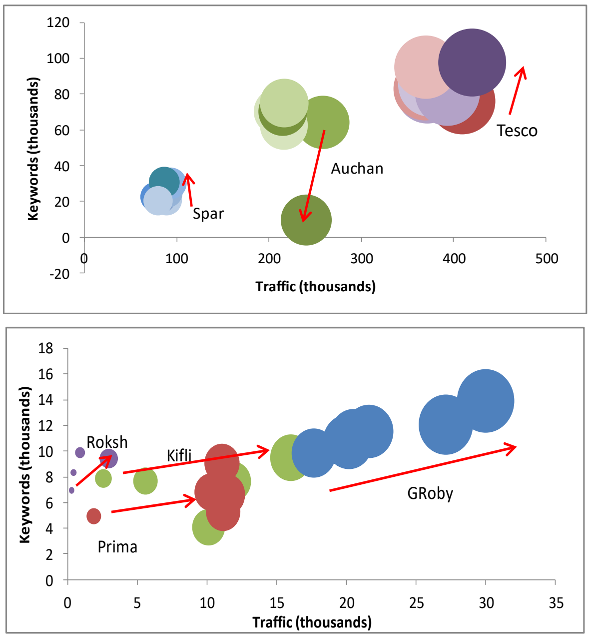

Figure 5
Distribution of competitors (Data: SE Ranking)

As it can be seen on the above graph all of the larger chains experienced setbacks after the Christmas shopping spree but while Tesco managed to improve its positioning with relatively little effort, Spar stayed about the same and Auchan has lost traffic. While Spar has continuously increased its efforts to improve its online presence Auchan has drastically reduced them in May. When shutdown was announced in March only Spar benefited with a 21% increase in traffic, Auchan and Tesco only seen their traffic increase by May (undoubtedly because of the logistics problems). The smaller, established chains (gRoby and Prima) both experienced moderate growth of 2-4%, while the new comers (kifli and roksh) grew over 100%. Kifli, after a good start lost some steam and only managed to make up for it in May. What happens to Roksh remains to be seen, as they have not gained as much popularity and reamained quite small.

Conclusions

Experts predicted an annual growth rate of about 20% in domestic e-commerce traffic for 2020. However, consumer habits changed drastically as a result of the virus in the first quarter which will influence the results for the year with effects probably carrying over. As a result of the crisis, several new e-commerce innovations have emerged, enhancing the online shopping experience and drawing a larger customer base to the monitor. Thus, it is easy to predict that e-commerce is on a faster growth trajectory than intially expected.

Merchants with well-established online channels, after the initial setbacks were able to direct buyers quite easily from their traditional store to online purchasing. Tesco is the best positioned to lead the pack post-pandemic given its massive brick-and-mortar network. The real winners, however, were the smaller e-grocery chains (gRoby and Prima) and the new entrant Kifli. Although, they are and will still be tiny in comparison to Tesco and Auchan, they have strengthened enough where they will be participants of the online grocery scheme on the long term. It is worth pointing out, that out of these stores only Kifli and Roksh are real e-grocers, the rest all have physical stores.

Some grocery stores are not participating in the online market, most notably the discount stores of Lidl, Aldi, Real, Coop and Penny. How much have this affected their profitability for 2020 or their future competitive position could be the subject of a further study. It might not be surprising to see some consolidation in the grocery market in coming years, especially in the e-grocery venue.

Circumstances caused by the epidemic acted as a catalyst for the implementation of new ideas. The big question is to what extent these new players will be able to stay in the market and keep the customer base once the emergency situation goes away.

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