

DESIGN AN OPTIMAL E-GROCERY EXPERIENCE



Easycoop's evolution into Italy's most innovative and advanced e-commerce service

Background

Coop Alleanza 3.0, the largest consumer cooperative in Italy, launched EasyCoop, its online shopping service, in 2016. For its development and management, Coop Alleanza 3.0 partnered with external professionals specialized in digital solutions for retail, and created the investee company Digitail, which specialized in digital solutions for retail. **EasyCoop stood out for being an entirely new channel, with dedicated dark stores and a delivery service guaranteed by Milkman's partnership.** The project debuted in the cities of Rome, Padua and Bologna with an initial investment of €50M, and it's now operative in the most populated areas of Central and North-Eastern Italy.

ABOUT EASYCOOP

EasyCoop is the online shopping service of Coop Alleanza 3.0, the largest cooperative of Italian consumers, born in early 2016 from the merger of Coop Adriatica, Coop Consumatori Nordest and Coop Estense. It has 2.3 million members, 21 thousand employees, about 450 sales points and about €5 billion turnover

Early key decisions

When building a large-scale grocery distribution operation, there is a key decision to make regarding the cart fulfilment model. Most players will choose one of the three following models: Fulfillment at the retail location, Personal shopper, or a Dark-store. **Marco Di Falco, Co-Founder & Chief Operating Officer at Digitail s.r.l. (EasyCoop)**, further explains: "Fulfillment from the physical store doesn't require many extra investments to start with but the operational costs are much higher because picking is structurally slower in a place conceived for selling (not for fast-picking), and hourly cost is typically higher if you use in-store personnel. Regardless of the hourly cost however, adding people can be risky as it may be challenging to make them 100% productive; in fact, given the limited number of orders that can be fulfilled in a store, they could remain idle for quite some time. The number of orders that you can prepare in a physical store is minimal, which limits your potential growth and reduces your ability to optimize the delivery routes. The personal shopper model is the easiest and quickest one to implement and has the important advantage not to worry about scale (as the unitary delivery cost remains constant regardless of volumes), but in my opinion offers the worst service, when it comes to the completeness of the order, price control, refrigerated transport, and shelf-life control. Combined with the gig-economy ethical implications and potential regulatory challenges, we did not find this model attractive at all. Thinking about the growth goals for our online business and the quality promise of our brand drove us towards the dark-store model that carries the best long-term economic potential."

ABOUT MILKMAN

Milkman is a last-mile delivery platform company, offering technology and expertise for designing optimal delivery experiences to logistics teams and organizations. We help meet and exceed customers' expectations cost-effectively.

Milkman is operative since 2015 and now counts €35 million in funding and offices in Italy and the USA.

In 2019 **Milkman** partnered with Poste Italiane (Italy's National Post) to provide same-day and scheduled deliveries services to their clients at the national level.

Among its Clients are Internationally famous Brands such as:



Winner of LinkedIn TOP Startups 2020 - Italy, Tech 5 Country Winner 2020: Hottest Scale-Up in Italy, Tech Tour Mobility Award 2019 for Top Presenting Company, Innova Retail Award 2019 - Best Startup, Netcomm Award 2018 - Best Service, Netcomm Award 2017 - Best Innovation.



Challenges and lessons learned

The early stages' biggest challenge was striking the right balance between speed and stability of the service. Speed was the obvious choice because Digitail wanted to be the first mover but later was better balanced with refinement and customization of systems and processes. Since the beginning, however, the goal was to provide an excellent service with an unparalleled degree of flexibility and customization. Mr. Di Falco explains: "Not long after launching the service we decided to change our tagline from - 'Easy Convenient at Home' - to - 'EasyCoop EasyLife' - as we wanted to convey a more direct message about the broader value that our service was meant to unlock for our customers. **And a crucial element of such value, a crucial piece of what EasyLife stands for, is that it precisely allows customers to personalize the delivery slot and balance convenience and cost for each and every order.** We achieved that by enabling a wide range of delivery dates and time-window width options, but equally important has proved to be the real-time visibility on the expected-time-of-arrival (ETA) that customers can monitor through the delivery tracking page. We have never thought that our shoppers care only about ultra-fast delivery. Our service is built on assortment, extreme quality, care, and flexibility. Many of our customers complete their carts - typically with lots of stuff - over multiple days. Our App gets installed by different family members who populate it during the week." No less important was the impact on costs. Mr. Di Falco illustrates: "Enabling our customers to choose from a wide range of delivery windows and relevant prices, generated a wider average delivery time window. And this was crucial to generate much more optimized and efficient delivery routes."

Positioned for future growth and success

The EasyCoop online grocery business journey was not just about making the right strategic decisions; it was more about testing, learning, and putting the organization on a continuous improvement path.

"When you set up this sort of operations, there is this fantastic competitive advantage that you build over time. As the old saying goes, retail is detail, but this is even more true for e-grocery, as customers put on much more trust than in a typical store. And that's normal, as you pick fresh food and transport it to their door. The tough implication is that **mastering details is the rule of the game**: shopping experience, product availability and quality, on-time delivery, and drivers' courtesy are all equally important to customers, but all are made of some minor aspects each of which can dramatically affect the customer experience. Over time, we learned it quite often the hard way, even if our starting point seemed very advanced. Thanks to obsessive measurement and relentless focus on quality, we have improved and are still improving so much daily, and that is making the difference".

Milkman's Last-mile delivery orchestration platform

- Commerce and logistics integration at the point-of-sale is enabling dynamic choice of convenience and cost.
- Deep business insights are driving better planning of last-mile logistics and transportation.
- Effective communication based on the customer's unique needs and preferences drives a better experience from purchase to delivery.



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