ECOMMERCE, DELIVERY AND COVID

The adoption curve for ecommerce in convenience was accelerated by years in just 3 months

Presented By:

VROOM DELIVERY

INDUSTRY TRENDS

In 2017, Nielsen's predicted that grocery eCommerce would total $100B By 2025...

In February 2020, that prediction grew to $143B by 2025, a 43% increase over the 2017 Projection...

$1,067

Estimated avg online spend per household per year on Groceries per year in 2025

30%

Of **all** omnichanel food and beverage spending

In August 2020, that prediction grew to $250B by 2025, a 150% increase over the 2017 Projection

$90

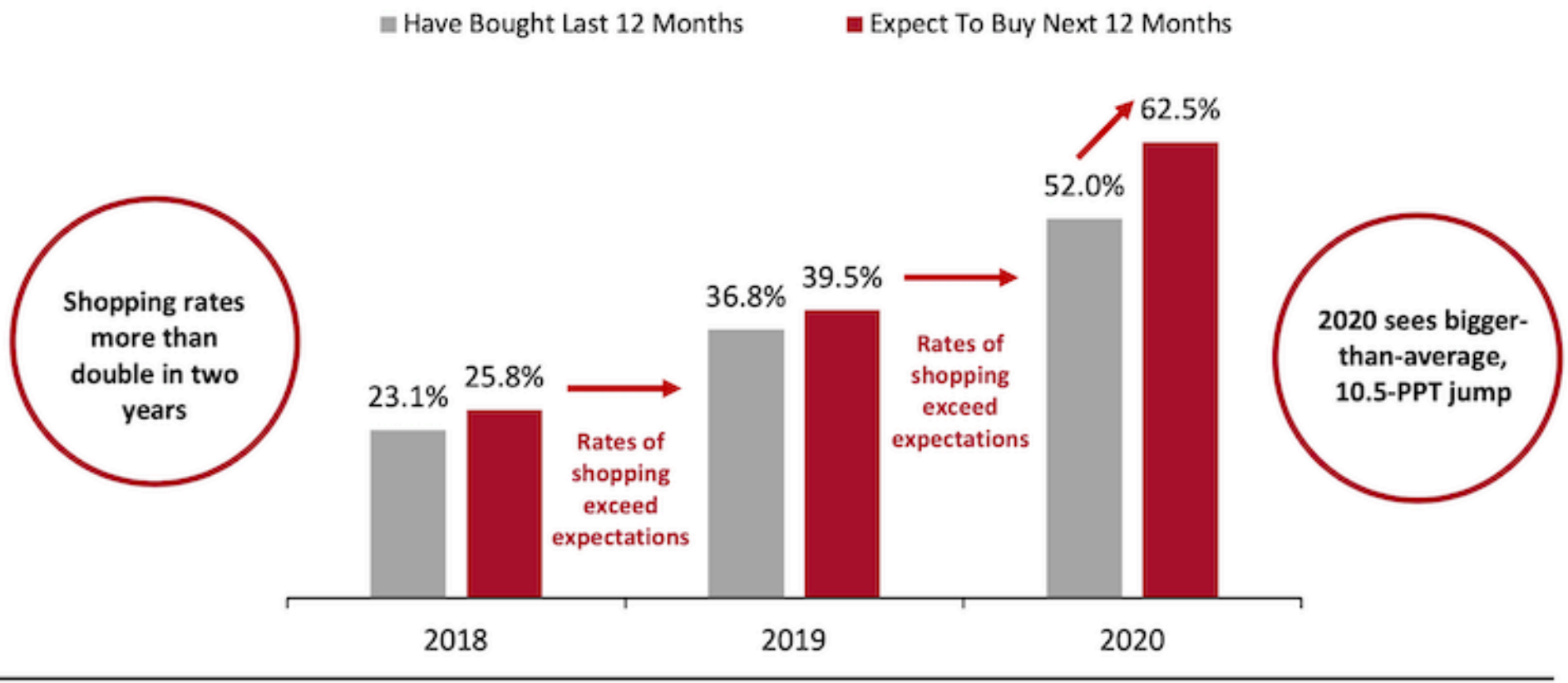
Average Basket Size during COVID

Current Avg monthly online purchases/customer

52%

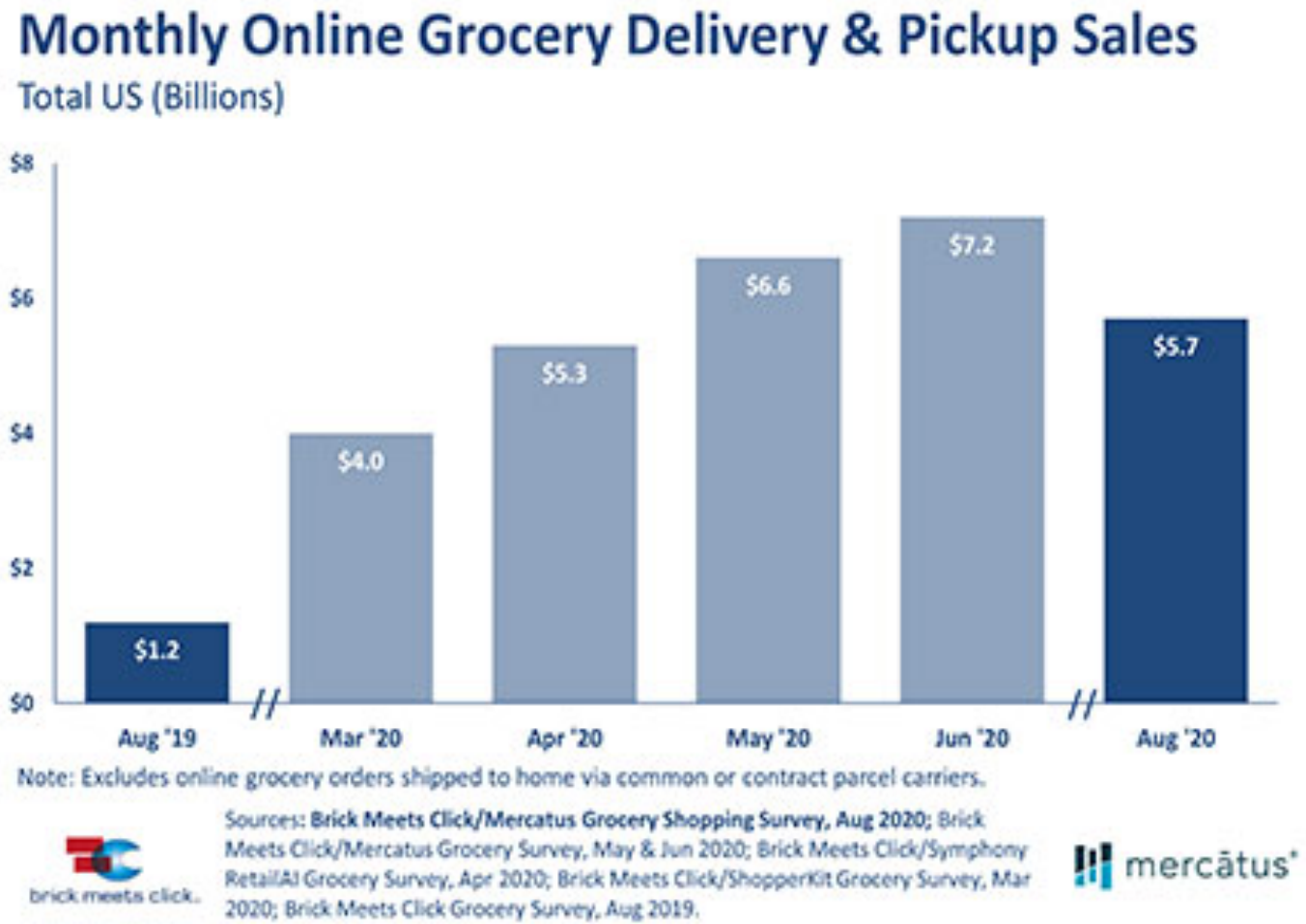
Of people bought groceries online this year

62.5% of People now indicate that they intend to make an online grocery purchase in the next 12 months



Base: US Internet users aged 18+
Source: Coresight Research

Online Grocery Sales are up nearly 5x over same time last year



Big Tech is Redefining Convenience through Dark Delivery Stores, and COVID Has Accelerated this Change

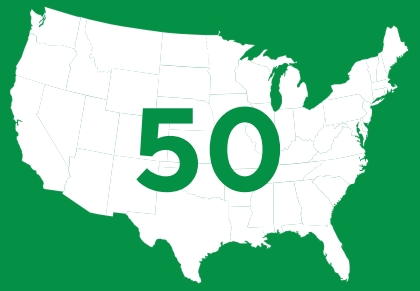
Physical Proximity To Consumers Is No Longer The Most Convenient Solution Where Delivery is Available

THE BEHEMOTH

amazon Prime now

FREE DELIVERY

Now delivering convenience items, including alcohol and grocery, in many large and midsized cities, delivered in under 1 Hour for $7.99, and under 2 hours for Free



Available in over 50 cities nationwide

THE RAPIDLY GROWING STARTUP

goPuff

Set up distribution hubs in strategic locations with up to **3,000** SKUs.

Deliver on-demand for $2 within 30 minutes

No physical retail footprint – delivery only model

CAPEX Light, able to enter markets fast

Target not just big cities but many smaller towns as well, especially those with a college campus nearby

Have raised over $1 billion, and expanding rapidly. Currently in over 500 towns and cities nationwide

NEW ARRIVAL: DOORDASH DARK CONVENIENCE

Launched Doordash-Owned Dark Retail Stores During COVID

No walk-in retail footprint, delivery only, directly competing with c-stores on it's own platform

Used data generated from c-stores to target the top ~2,000 SKUs in each area. Currently operating out of over 40 cities

Expected to expand retail operations nationally

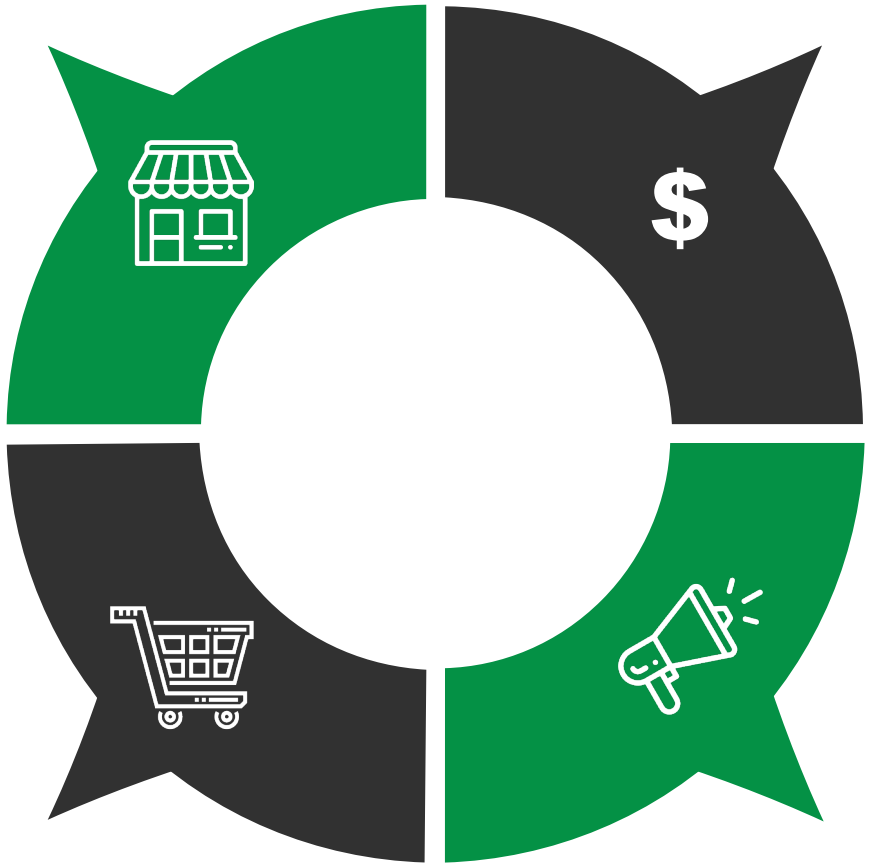
Getting in the Game:

- Advantages You Already Have
- Third Party Delivery or Do-It-Yourself (DIY)?

ADVANTAGES OVER BIG TECH

Already have existing Network of Stores to act as delivery and marketing hubs

Don’t need to invest in CAPEX since network and inventory already exists



Already Have Inventory

Local Brand power and unique products

Third Party, DIY or Hybrid?

THIRD PARTY

PROS

- Don’t Need to Worry about Hiring or Managing Drivers
- The software is very well developed and readily available
- They do much of the marketing for you
- Can quickly implement with low upfront cost

Cons

- Can’t deliver tobacco products, alcohol limited to a few states
- Not designed for chains of stores that are frequently changing pricing and inventory
- Most not Designed for large numbers of SKUs
- Charge margins of up to 30%, limiting which products can be sold without price markups
- No control over the quality of the drivers, lose the ability to brand the delivery service as your own
- Limited access to customer contact info and data
- You compete with every other restaurant in the third party network
- Not available in most smaller towns

Not a Viable Solution for C-Stores

DIY

PROS

- Branded with your business, serviced by your drivers
- Can sell alcohol and tobacco (in most States)
- Can sell ALL categories of products in your store – attracting a wide customer base – without marking up pricing
- Retain Delivery Fees and Tips
- Not reliant on third party coverage areas – can service all of your markets

Cons

- May Need to Hire additional staff
- Increased insurance costs and liability
- You will need to market the service yourself
- *Building the tech infrastructure is very expensive and will likely take over a year to develop plus significant ongoing maintenance costs*

HYBRID (own platform with 3rd party fulfillment enabled)

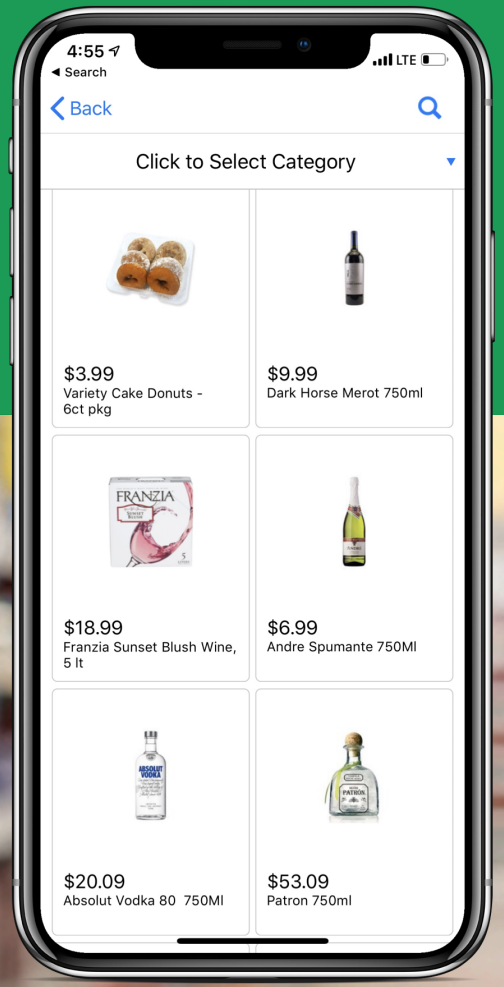
PROS

- Third parties charge fixed fees rather than variable fees and don't charge the customer anything
- Set and Keep Delivery Fees – can offset a large % of the costs
- For stores not served by third parties, can still use own drivers at those locations
- Can "switch" high volume locations from 3rd party to DIY without having to ask customers to change platforms
- Retain control of your data
- Can deliver tobacco (in most States)

Cons

- Still Limited to 3rd party coverage areas
- Alcohol delivery limited to a few States
- No control over the quality of the drivers, lose the ability to brand the delivery service as your own
- *Building the tech infrastructure is very expensive and will likely take over a year to develop plus significant ongoing maintenance costs*

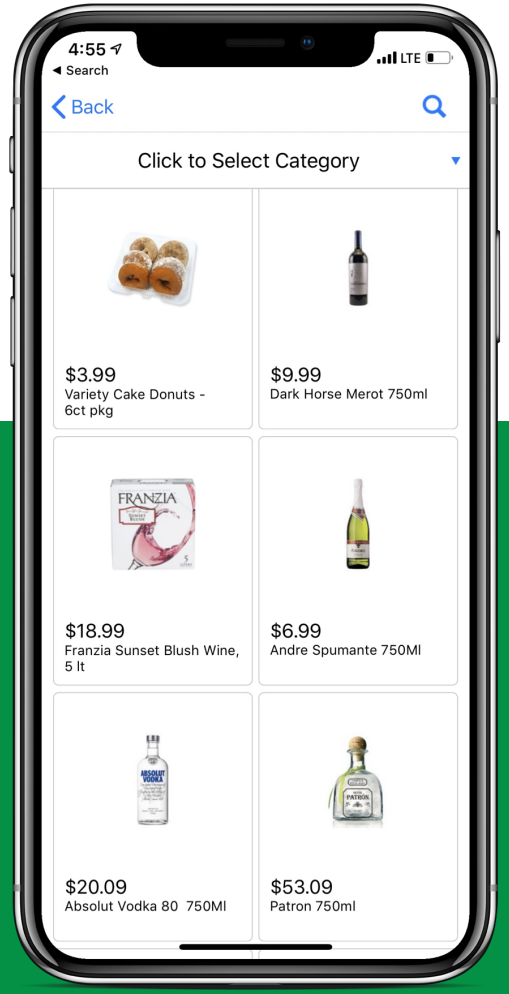
What We Built



Vroom Delivery is the first ecommerce platform designed specifically for chains of convenience stores

Menu/Front End

For Consumers

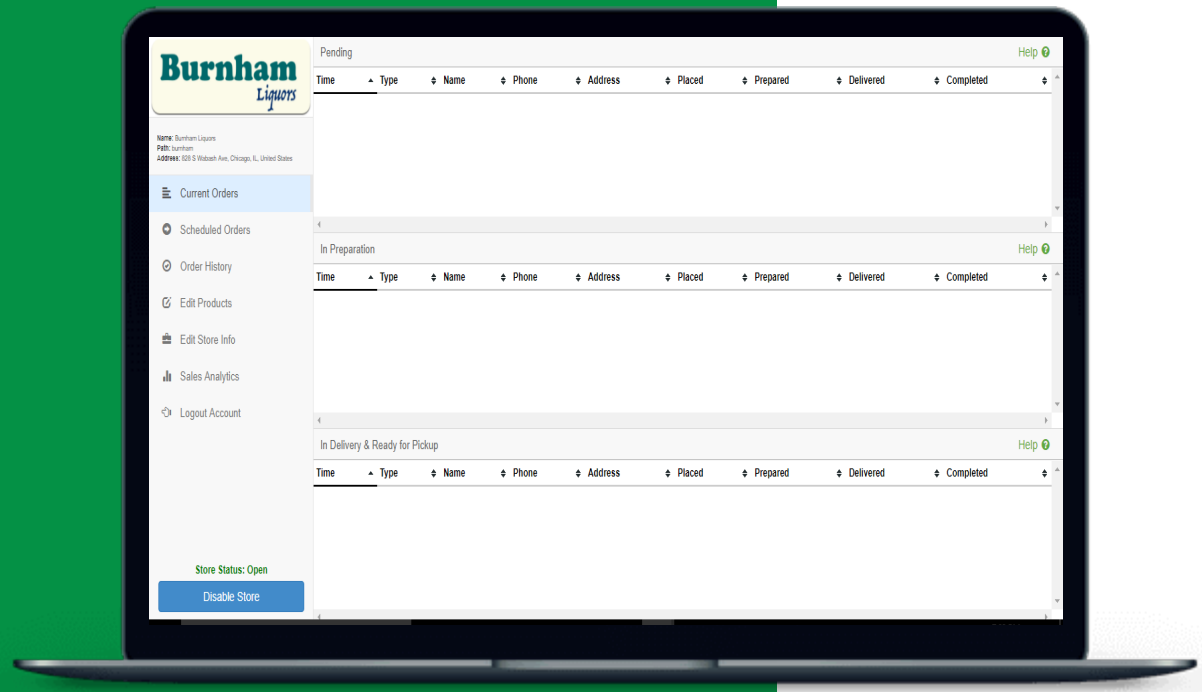


Multiple Points of Entry – website, mobile app, social media

Extensive Product offering – min 1000 SKUs

Order Management

For Stores



Manage Inbound Orders, make changes to Orders

Payment Automation, including full and partial refunds

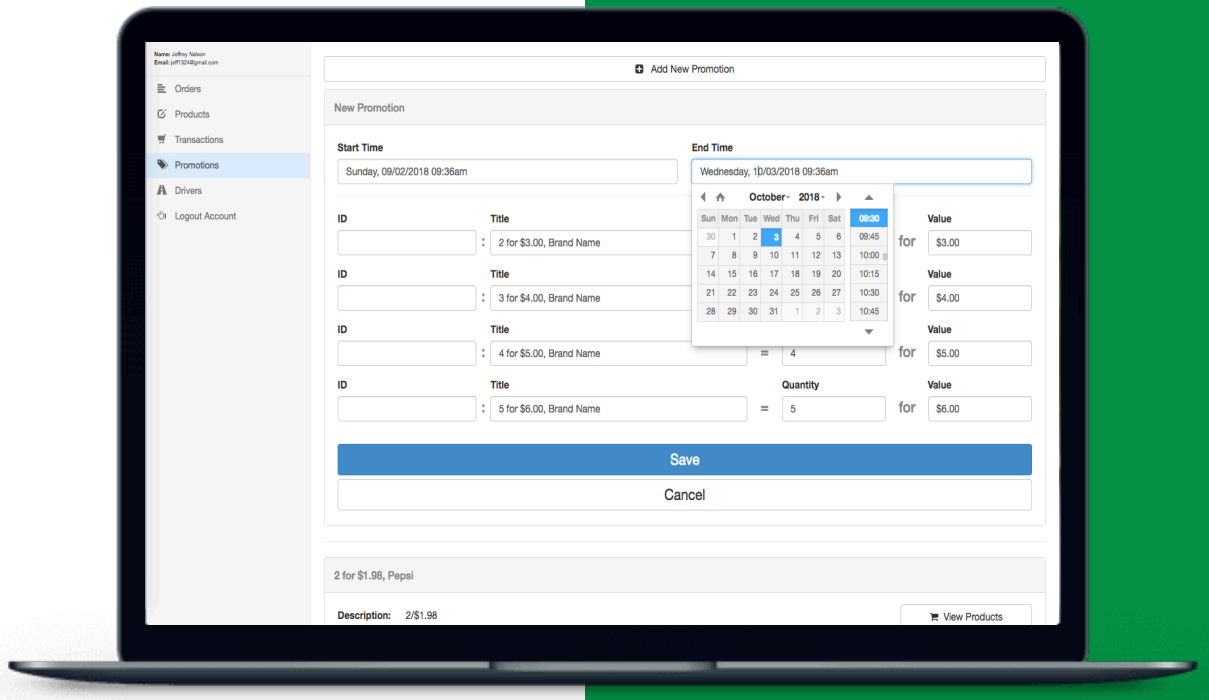
Back-End Management

For Management

View and Access orders at all stores in real time with real time alerting of issues

Easy or automated price book maintenance, including integration with PDI Enterprise

Transaction history and accounting tools

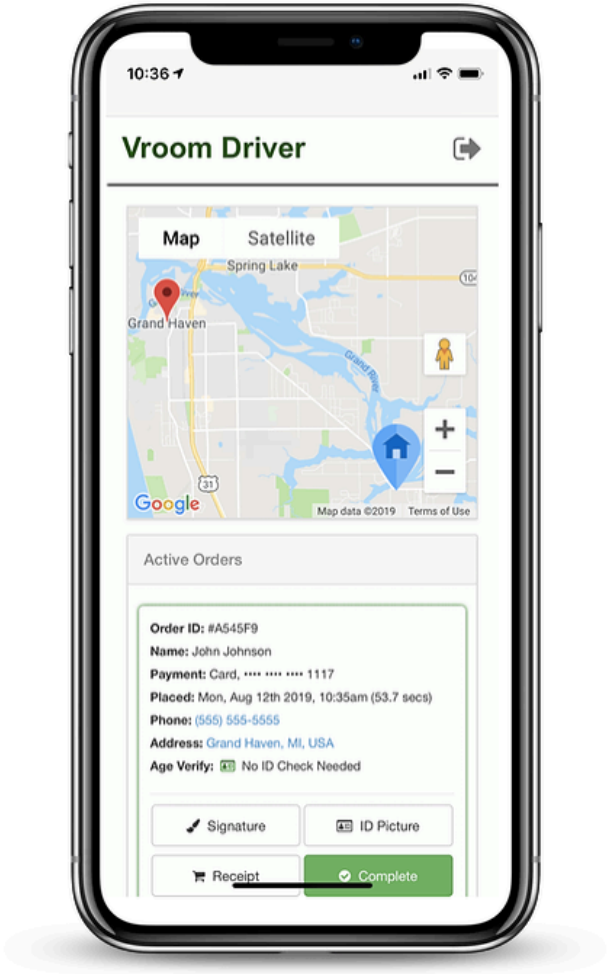


Order Routing/Fulfillment

For Drivers

Record photos of IDs and signatures

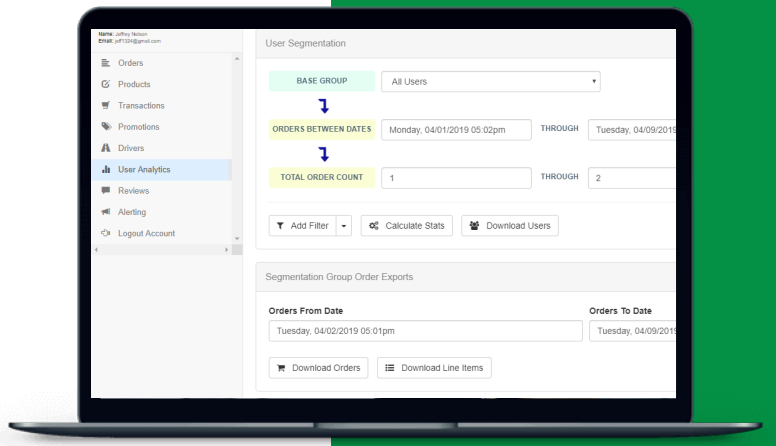
Mapping for assigned orders



CUSTOMER ANALYTICS

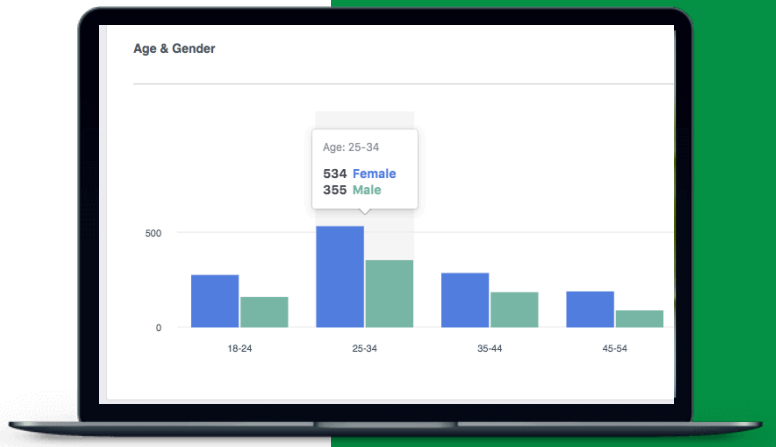
User Data and Segmentation

- Analyze Customer Buying behaviors
- Analyze fee breakdowns and basket composition



Customer Analytics and Social Media Tools (FB PIXEL)

- Directly integrate with your social media accounts, allowing you to learn who your online customers are, what they're doing, how often they're coming back, and more
- Use this information to more efficiently target your highest value customer base



What Are People Ordering And Who Are They?

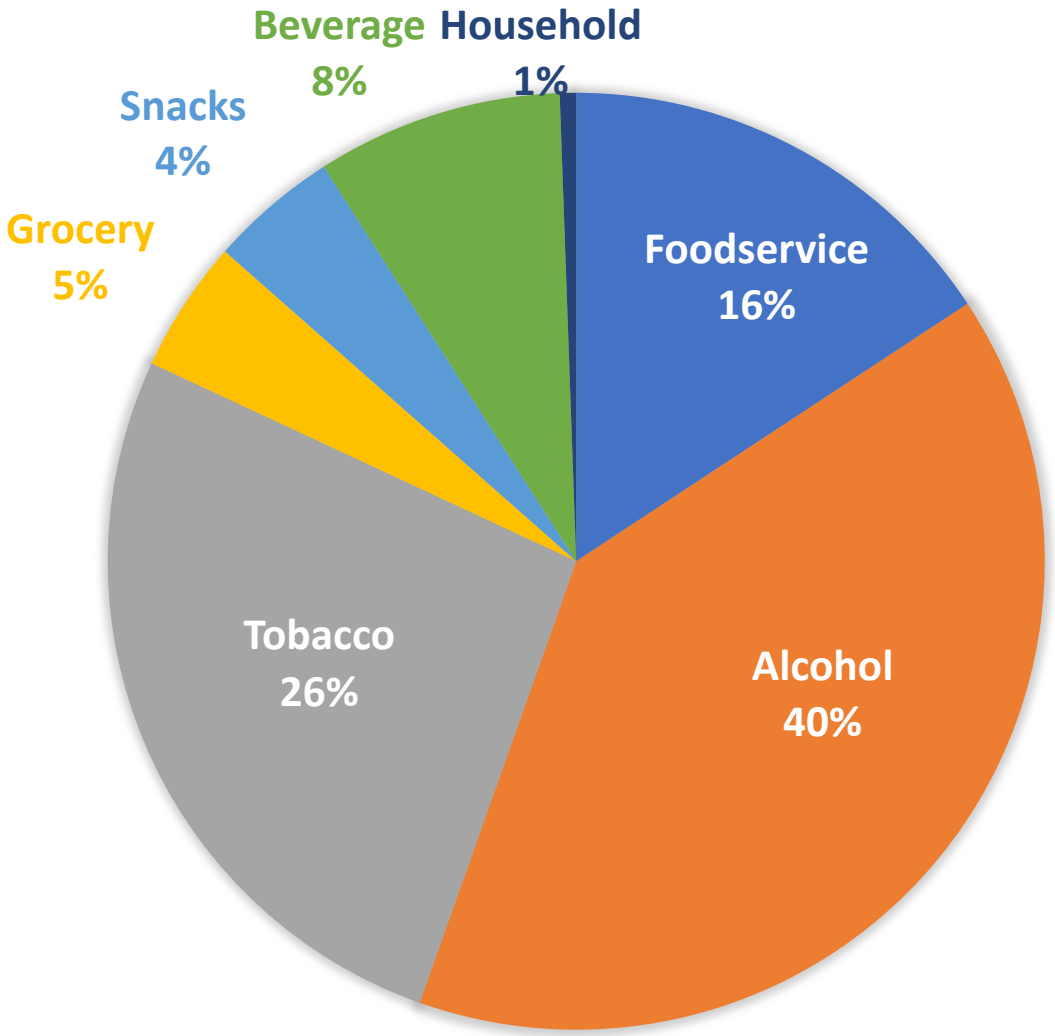
UNIQUE TO OTHER SEVICES

Where else can customers order...

- Fresh Food
- Basic Grocery
- Snacks & Beverages
- Household Items
- Alcohol & Tobacco
- Auto Supplies
- OTC Medicines
- And More!

... online for on-demand delivery, all in ONE order?

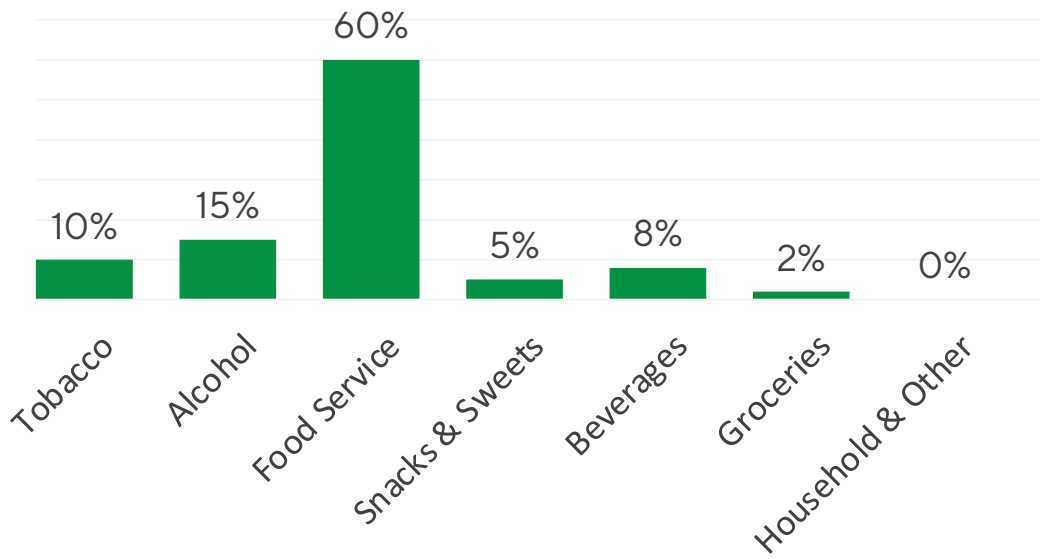
AVERAGE DELIVERY BASKET COMPOSITION*



*In stores where all Categories available

SALES BY CATEGORY

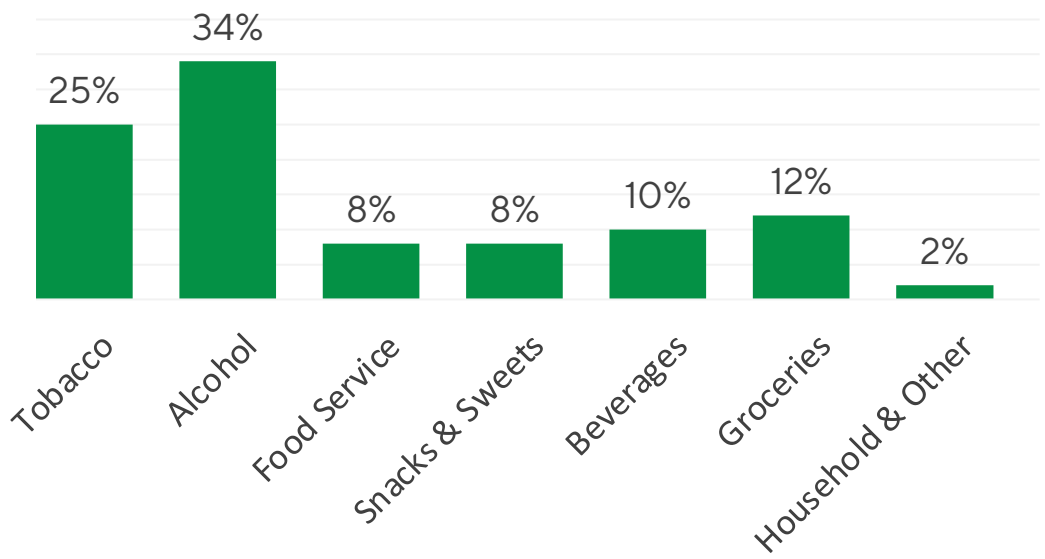
Chain A



Full Kitchen – Made to Order Pizzas and Sandwiches

Smaller, more rural locations spread out over a wide geography

Chain B

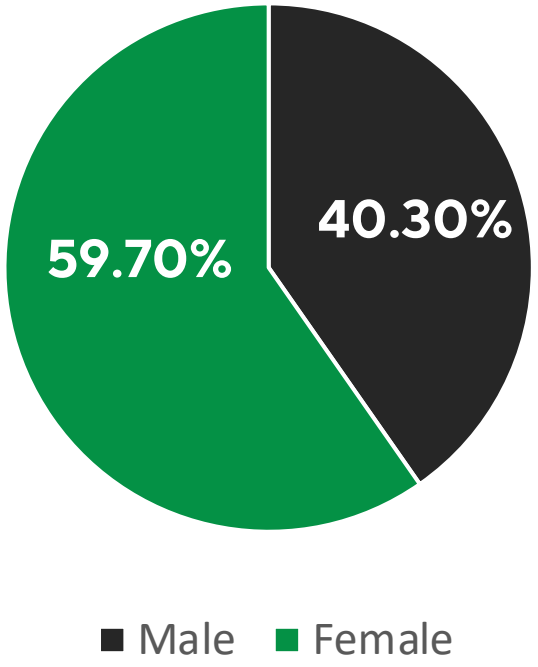


Fresh food is all pre-made in central kitchen and cold

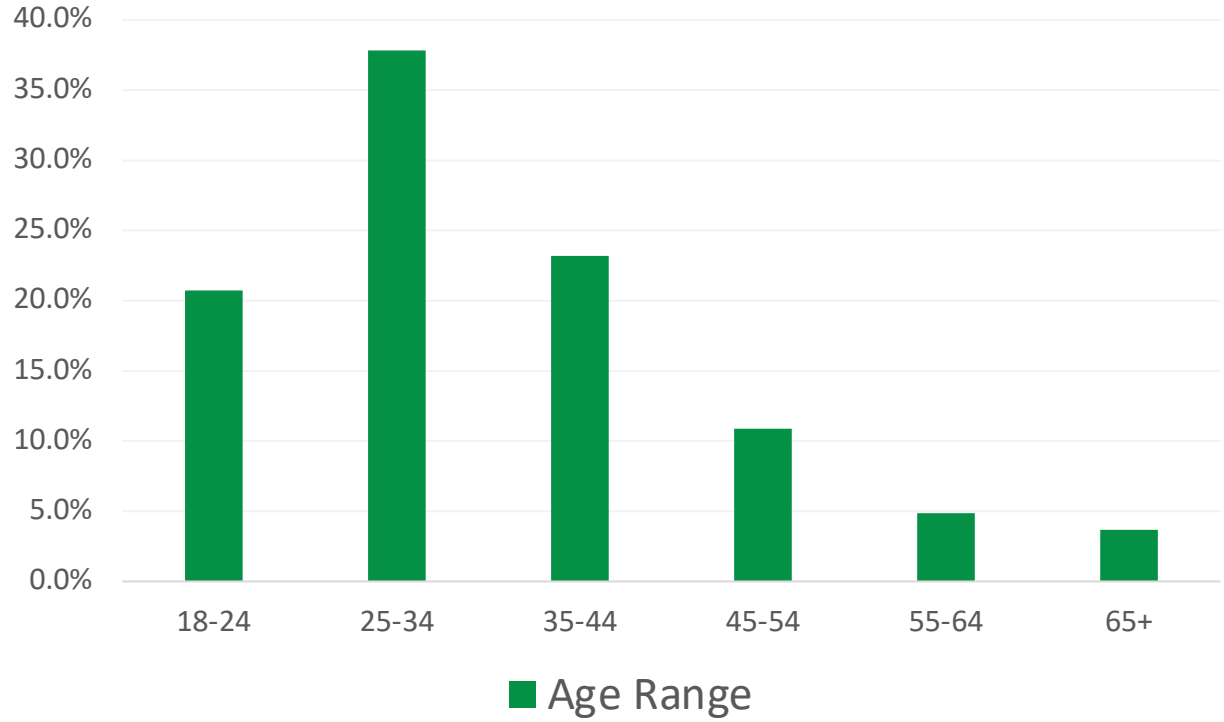
Stores heavily concentrated around a single urban city

DEMOGRAPHIC DATA

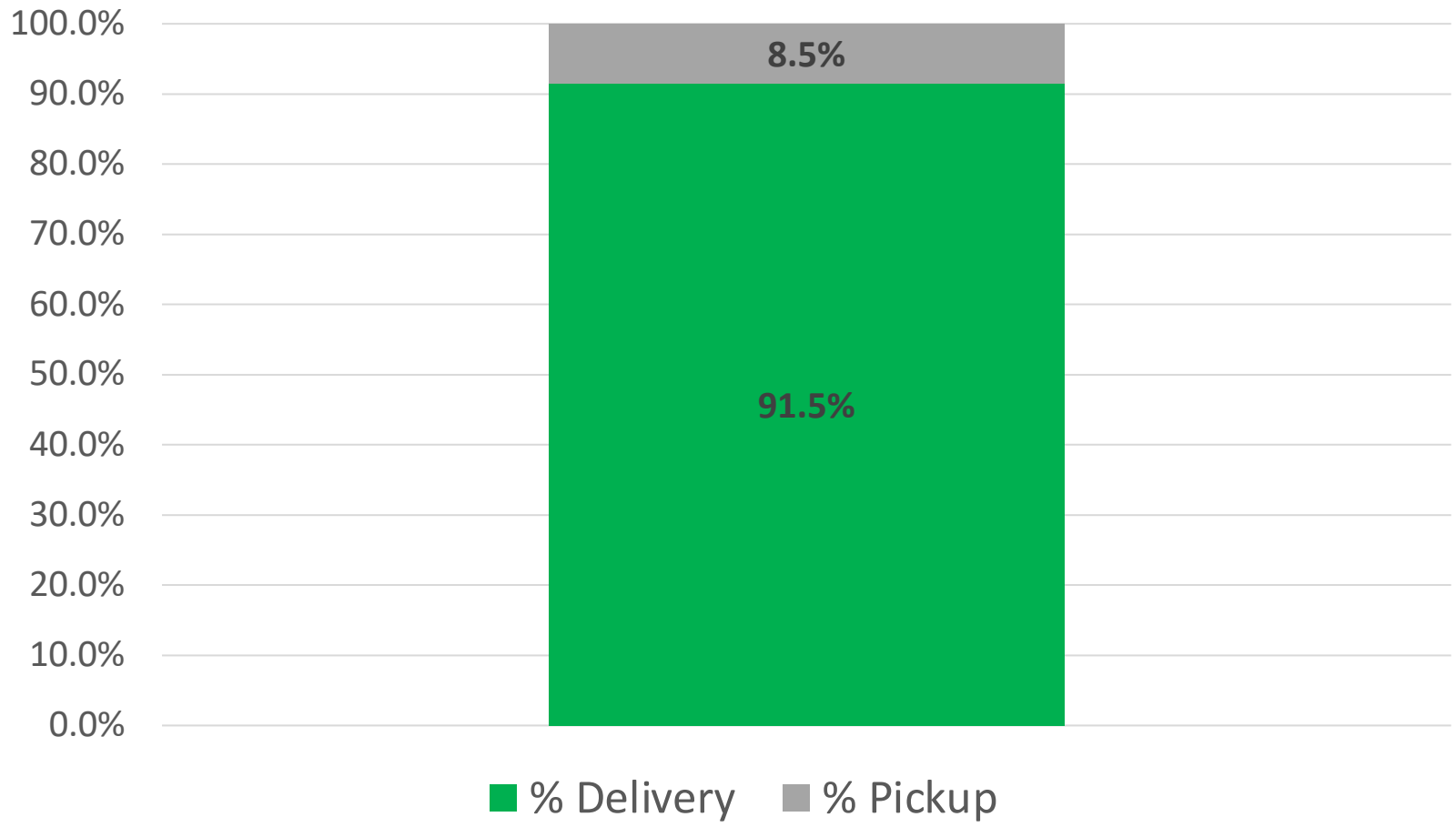
Gender



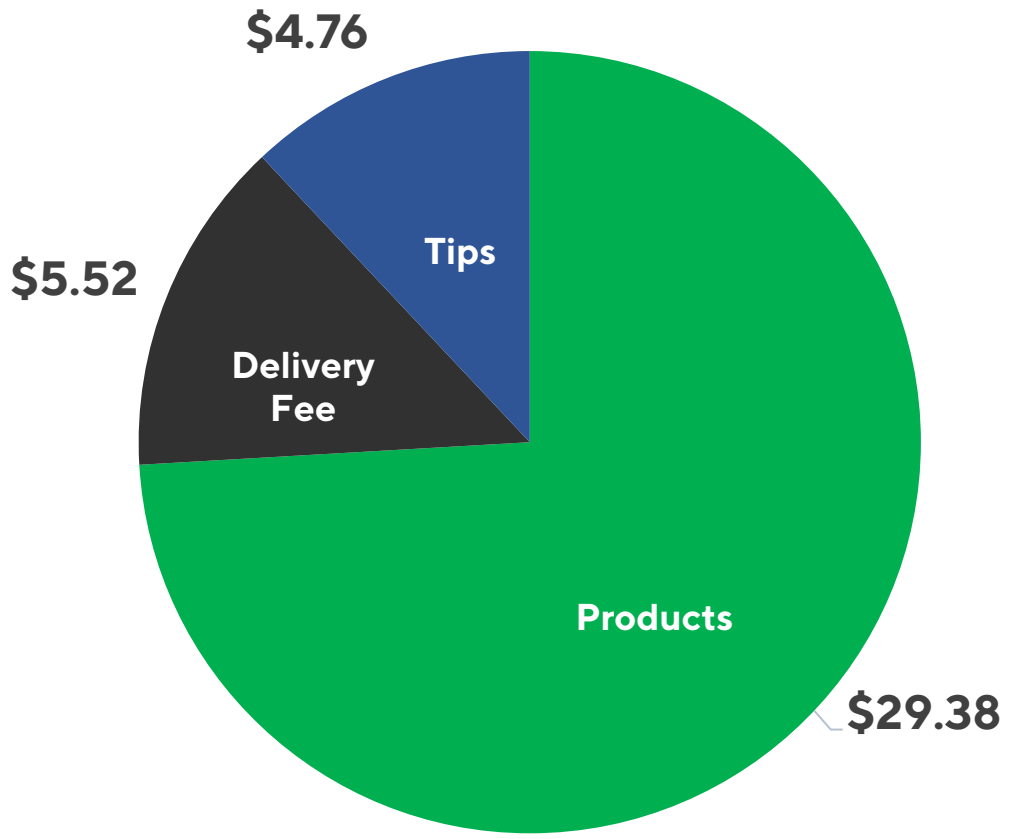
Age Range



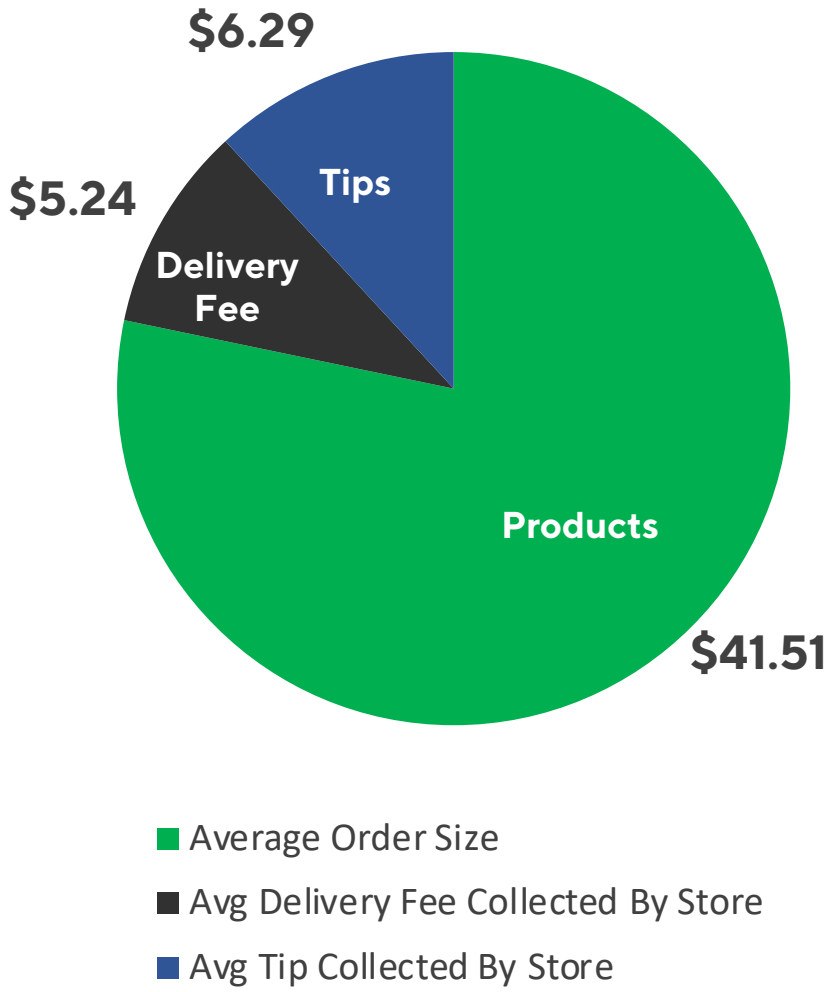
DELIVERY vs PICKUP/CURBSIDE ORDER RATIO



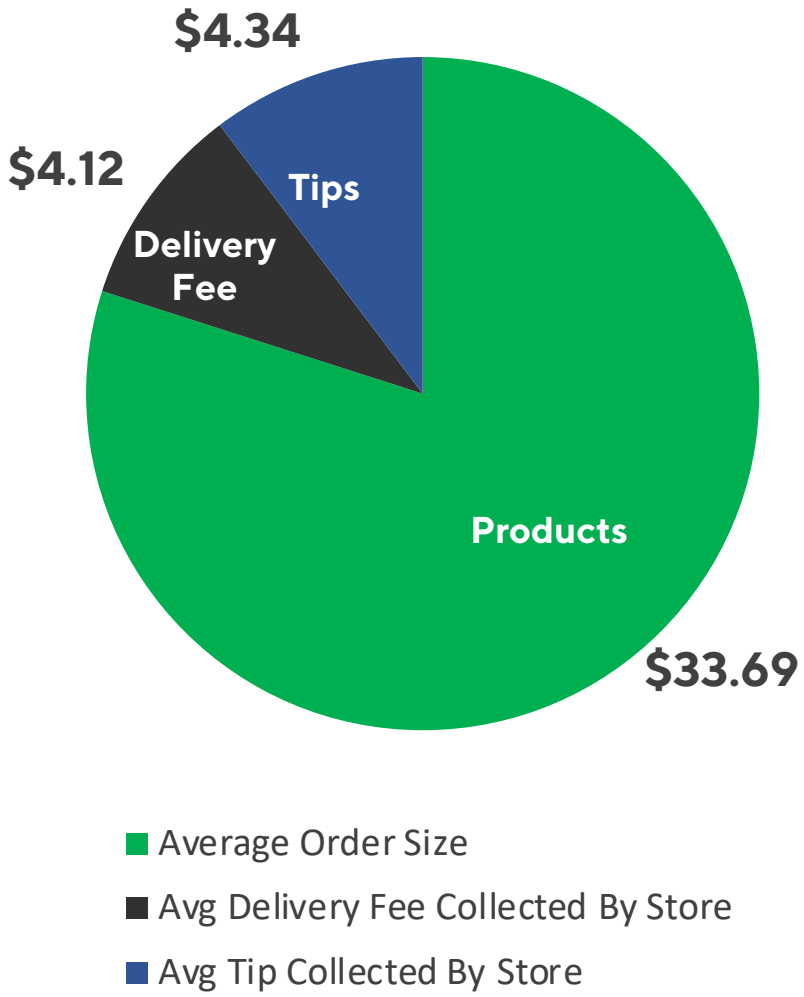
AVERAGE PRE-COVID ONLINE DELIVERY ORDER: $39.67



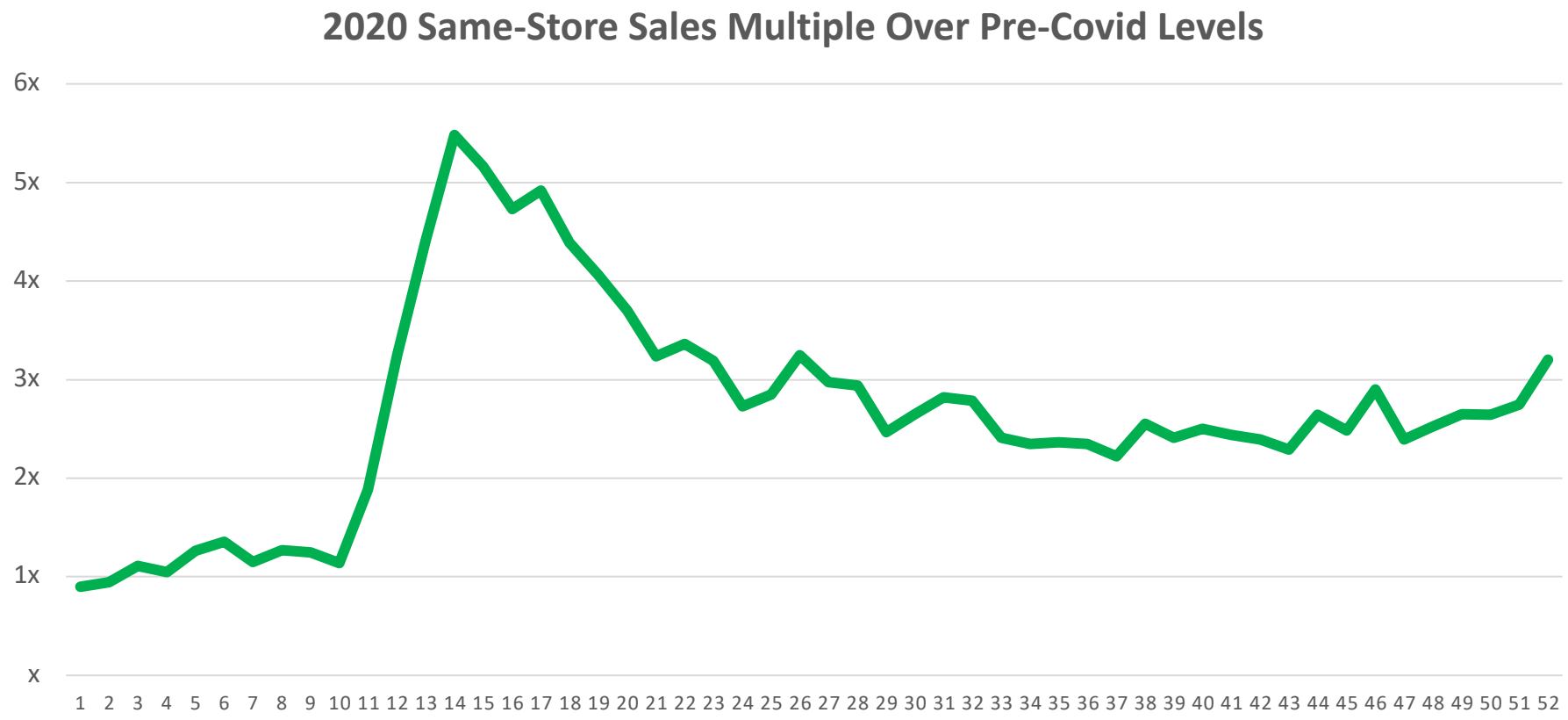
Average Online Basket July: $53.02



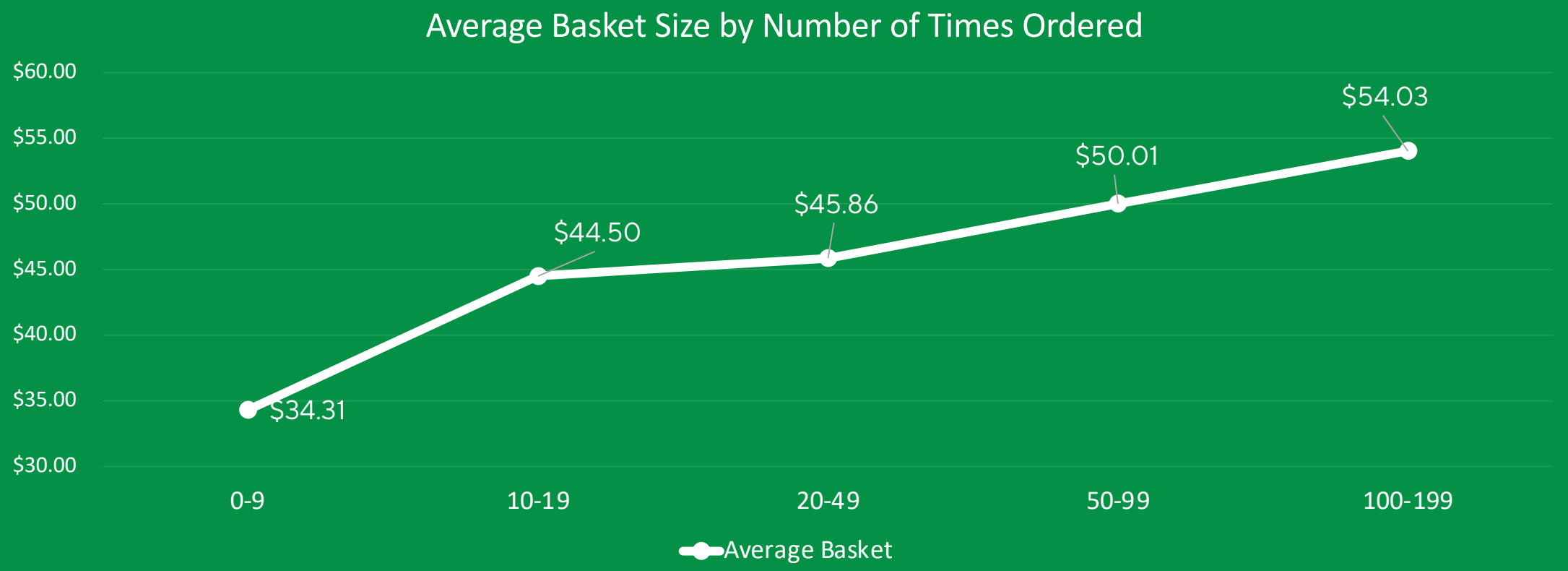
Average Online Basket December: $42.17



SAME-STORE GROWTH



The More a Customer Orders, The More They Spend on Each Order



Thank you

Contact Info: John.Nelson@VroomDelivery.com