

# שופרסל

Over the past year Shufersal has experienced a steep growth in demand for its e-commerce channel. The company has continued to invest in improving customer-experience during the pandemic through product innovation, technological and logistic advances. Shufersal upgraded its chain of supply, converted branches into online fulfillment centers and expanded its employee lineup to support Israel's residents during this crisis

Shufersal, Israel's leading retail chain, opened its first shop on Ben Yehuda Street back in 1958. Today the chain has 379 branches throughout the country and employs some 17,000 people. It also owns Shufersal Online shopping site and mobile app that serve hundreds of thousands of customers a month, a number that is constantly growing.

Shufersal has a range of retail formats and sub-chains: Shufersal Deal – a discount chain of large stores offering year-round low prices and a wide range of products; Shufersal Sheli ('My Shufersal') – urban and neighborhood branches; Shufersal Express – a chain of urban convenience stores; Cash and Carry – a new format designated for business and institutional clients; Yesh Hesed – a chain targeting large families and the religious community; and Green – a chain of stores offering organic products. In addition, Shufersal owns the Be drugstore chain and Shufersal Travel, a tourism company. As a result of expanding its private label, Shufersal is now the fourth largest food producer in Israel.

The company's Customer Club is one of the largest

## Things You Didn't Know About Shufersal

- Shufersal Online is a worldwide leader in percentage of revenue out of the chain's total turnover.
- Shufersal's first branch opened in the summer of 1958 on Ben Yehuda Street in Tel Aviv, and exists to this day.
- On the day the Ben Yehuda branch opened, it attracted some 2,500 customers, and generated 20,000 lira in revenue.
- Shufersal was the first retail chain in Israel to introduce computerized cash registers and self-service checkout devices.
- Shufersal is running a pilot program in Tel Aviv for a store without cash registers – customers take products off the shelves and leave the store. Billing is automatically sent to the application.

in the country with over two million members. Of these, over half a million members hold Shufersal's non-bank credit card, which it offers in collaboration with Visa Cal, and as such they are entitled to special offers and individually tailored benefits.

## The Competitive Environment

Shufersal is a one-stop-shop, offering customers a range of solutions in different content spheres. This means it competes in several arenas including groceries, drugstores, finance, real estate, and tourism. The chain's primary competitors are national grocery retail chains and online companies selling grocery, drugstore, and household products. Shufersal continues to be Israel's leading player with a 20% market share. It also heads online sales which are increasing steadily and account for over 18% of its turnover.

## The Marketing Challenge

Shufersal's primary marketing challenge this past year was the need to provide customers with solutions to the Covid-19 crisis and to continue, throughout the crisis, to provide the Israeli public with food and drugstore products at the branches and via its online channels. The new financial and health situation and its resulting restrictions drive customers to online shopping. As a result, Shufersal had to contend with a significant leap in online and mobile app acquisitions and provide solutions for customers throughout the country by exhibiting retail flexibility and expanding its employee lineup.

## The Creative Solutions

**Digital leap.** The circumstances of the past year have caused many customers to utilize online services – in the first half of the year Shufersal's online sales amounted to some 18.7% of the chain's sales as opposed to 14.8% in the same period last year. This high demand created many challenges and required a speedy response. To meet these challenges Shufersal hired 3,500 thousand new employees for both its branches and online services.

The chain also converted some branches to exclusively online service branches. Shufersal also took various steps to provide solutions for populations at risk, such as offering them early deliveries.

The increased demand for online services was expressed in the company's financial results: the group's income in the first half of the year reached an all-time high of 7.4 billion NIS, compared with some 6.6 billion NIS last year – an increase of some 13%.

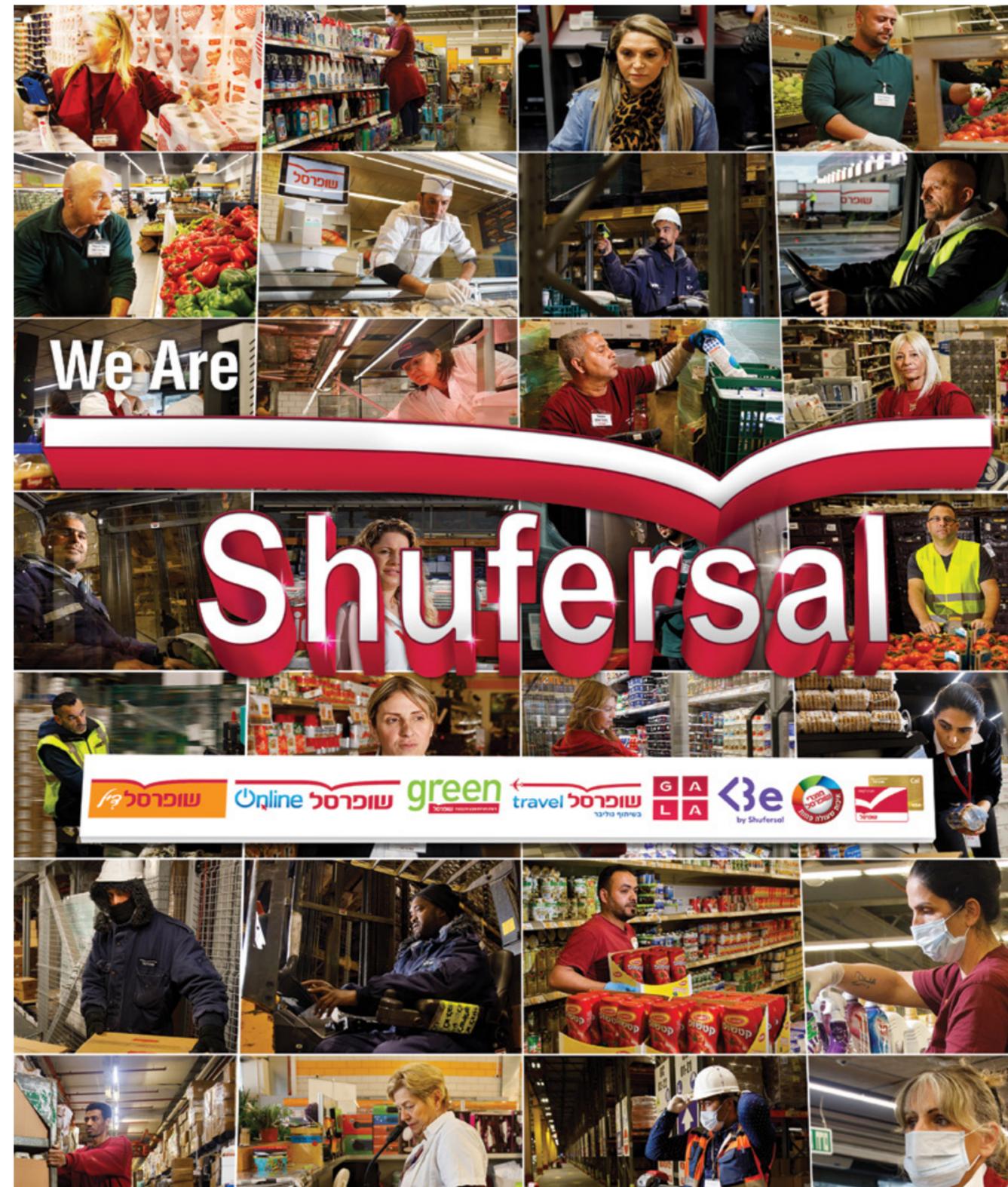
This is attributed mainly to the company's investment in its online channel over the years, which proved itself during the Covid-19 outbreak.

In parallel with the challenges caused by the virus, the chain continued to improve the online shopping experience and develop new features individually adapted to customer shopping habits – benefits and coupons for products usually purchased by each customer, a personal shopping advisor, and other tools to help customers save time and money.

**The company's employees are on the front lines of the fight against Covid-19.** Since March employees have been on the front lines of the fight against Covid-19 and have worked full-steam even while the country was in lockdown. The extra effort required of employees throughout the lockdown periods, in both the branches and customer service, was greatly appreciated by the public. Their efforts to continue to provide speedy and efficient service were publicized by the chain through various media channels.

**Continued growth of the private label.** Shufersal's private label continues to grow – in the first half of the year, the private label accounted for 25.4% of sales as opposed to 25.1% in the same period last year. Shufersal's private brand is one of the five largest food suppliers in Israel and one of the chain's primary growth engines. In parallel, the chain is acting to increase consumer awareness of it as a One Stop Shop – a chain in which you can get everything – groceries, electric appliances, dog food, garden furniture, etc.

**Continued development of the Be drugstore chain.** Shufersal's drugstore chain continued to expand this year. Be offers a unique shopping approach offering exclusive brands such as The Balm, Morgan's, Chill, and Pretty at attractive prices. The diverse range of products, beauty treatments offered at the branches, and advanced technological solutions all combine to offer a unique shopping experience. These include how-to-make-up and grooming videos, smart mirrors, tips for optimal results and time-saving self-service checkout devices. The Be chain boasts 81 branches and aims to reach 100 within two years. Be, as part



of the Shufersal group, contributed to the Israeli economy during the Covid-19 crisis by its availability to supply essential medicines and products.

**Customer Club facelift.** Shufersal's Customer Club, with over 2 million members, continuously acts to improve the benefits it offers its members. This year the Club underwent a significant process that will

result in an upgraded value package to members.

**Automated gathering and shipping centers.** In order to handle the increasing number of online customers, Shufersal is setting up two new automated fulfillment centers, in Modi'in and in Kadima. One of the two centers is scheduled to begin operations in 2021. The centers are being built in collaboration with Knapp,

and will span tens of thousands of square meters. The unique and advanced technology integrated in the centers will enable fully automated pick and pack processes during the order process. This will not only enable increased delivery intake but also significantly improve delivery times and transform customer experience.