

A Work Project, presented as part of the requirements for the Award of a Master's degree in  
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ADAPTING COMPETITIVE STRATEGIES IN THE GERMAN ON-DEMAND GROCERY  
DELIVERY MARKET

From hype to reality: How on-demand grocery delivery firms in Germany  
adapted their strategies

SELIN ABERT  
55924

Work project carried out under the supervision of:

Steffen Hoernig

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## Abstract

This work project investigates the strategic evolution of Gorillas, Flink, and Getir in Germany's on-demand grocery delivery market, focusing on their shift from the initial market hype, characterized by rapid expansion and customer acquisition, to adapting to a new reality marked by declining customer numbers and challenging market dynamics. This work combines secondary research and primary research implemented by interviews, revealing a transition towards business models prioritizing customer retention, profitability, and competitive strategies. This adaptation reflects the critical need for flexibility and strategic foresight in dynamic markets, highlighting how these businesses must evolve in response to changing realities.

## Keywords

On-demand grocery delivery service, Gorillas, Flink, Getir, e-commerce, change management, strategic change, adapting strategies

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## 1. Introduction

Due to many factors, Germany's on-demand grocery delivery industry has experienced an impressive evolution in recent years. The COVID-19 pandemic has strained healthcare systems, impacted businesses, and dramatically altered consumer behavior. The inability to meet the heightened demands during the pandemic catalyzed an e-commerce revolution, leading to increased acceptance of online ordering (EV 2022; Schu 2021; Roland Berger 2021). This trend has notably contributed to expanding the on-demand grocery delivery sector, as it aligns closely with the consumer's new expectations for an immediate shopping experience. This market segment initially underwent rapid growth in Germany, propelled by technological breakthroughs and evolving consumer behaviors (Diebner et al. 2020; Chesbrough 2012). The idea of on-demand grocery delivery emphasizes a prompt delivery of grocery products shortly after an order is placed (Huang et al. 2021; Nelson 2021). Initially driven by rapid technological advancements and changing consumer preferences, the sector first saw a surge in customer popularity and attracted significant venture capital investment (Begley et al. 2020; Schweidler 2021; Kroker 2022). However, as with many rapidly expanding industries, the initial excitement has gradually given way to the need for more sustainable strategies (Simmons et al. 2022). This work project investigates how on-demand grocery delivery firms in Germany, such as Gorillas, Flink, and Getir, have adapted their strategies to evolving consumer behaviors, technological advancements, intense competition, and external influences in a market characterized by thin margins and high operational costs. It focuses on pivotal moments that necessitated these strategic shifts, examining how these companies have altered their operational strategies, business models, and value propositions in response to the transition (Abbu et al. 2021; Delberghe et al. 2022; Levitt 2023).

This work project utilized secondary research of the industry evolution through relevant news sources, such as academic articles, industry reports, and market studies, alongside primary

research through expert interviews to thoroughly understand the market progression over the years. Examining these strategic adaptations provides valuable insights into the ongoing strategy transformation in the market. It highlights the significance of understanding these changes within the context of future industry trends, offering a comprehensive analysis of how companies navigate from initial market hype to current market realities.

## 2. Theoretical Framework

### 2.1 Overview of On-Demand Grocery Delivery Services

The on-demand grocery delivery market is an emerging sector within the e-commerce industry that has experienced rapid expansion. What is known as instant grocery delivery refers to the fast delivery of supermarket items to consumers, often within a matter of minutes. Before on-demand grocery delivery services, the standard grocery delivery model offered customers a set delivery time window, usually scheduled for the next working day. Consequently, consumers could not spontaneously purchase everyday essentials without significant planning (Beckmann 2021; Schu 2021; Roland Berger 2021; Schäfer 2021). The emergence of the German company Gorillas in 2020, which replicated the business model of the Turkish company Getir, the world's pioneer of high-speed delivery services founded in 2015, effectively catered to the consumer demand for online grocery buying, hence establishing a new market in Germany (Cuofano 2021; Osterhold 2021; Curry 2023). The market under consideration exhibits a business model wherein clients can order groceries such as fresh foods, frozen goods, and personal care items through a user-friendly smartphone application. Market participants in the industry operate their urban warehouses, where they quickly pack and dispatch orders to drivers for direct delivery, eliminating the customer's need to visit a grocery store (Staple 2022). Subsequently, clients can track the advancement of their order until its final arrival at their residence (Bovermann et al. 2021; Menzel 2022). Without sufficient warehouse coverage in urban areas, the riders, predominantly utilizing bicycles, could not fulfill the

promised expeditious delivery times (Staple 2022). The rapid increase in demand led on-demand grocery companies to recruit many riders quickly, hiring numerous foreign drivers. Gorillas riders faced significant challenges as they suffered from physically demanding working conditions, such as heavy backpacks and dangerous delivery conditions, unpaid wages, unjustified dismissals, tight shifts, and obstacles in forming works councils, leading to various conflicts and protest actions (Ewen et al. 2022; Meaker 2023; Supermarkt-Inside 2021).

## 2.2 Market Dynamics and Overview of Evolving Market

Germany's on-demand grocery delivery industry has seen significant growth due to rapid digital adoption and changing consumer habits, transforming the food sector by offering convenient and quick access to supermarket choices (Lohmeier 2023; EV 2022). During the first phases of the 2020 pandemic, there was a substantial surge in demand for on-demand grocery delivery services, driven by customers seeking convenient, digital solutions for grocery procurement due to health and safety concerns. This led to the industry's expansion, fueled by increased customer demand and substantial investments, enhancing the value of these services (EV 2022; Statista 2021a; Wali 2022). Driven by rising consumer demand, the industry rapidly evolved, leading two German firms to become the all-time fastest companies in Europe to achieve a valuation of over 1 billion euros (Beckmann 2021; Ahrens 2022; Muttenthaler et al. 2021). Post-pandemic, on-demand grocery delivery companies had to adapt to reduced demand as people returned to in-store shopping (OECD 2020), posing challenges in maintaining customer loyalty and driving operational efficiency (Jacobides et al. 2020; Meaker 2023). Furthermore, the supply shortage caused by the blockade of a large part of the supply chain during the COVID-19 crisis, combined with a money surplus, led to inflation, which resulted in introducing a high-interest rate policy, directly influencing the operations of lending and investing. Rising inflation is intensifying market pressures, prompting 39 percent of Germans, especially those with lower incomes, to plan on reducing their food spending (Dullien 2022).

Increasing interest rates correspond to increased borrowing expenses, leading to a sense of caution among corporations and investors, thus leading to a reduction in their investment activities (Cupkovic 2022; Milstein et al. 2022). Investors preferred preserving capital and pursuing investments with lower levels of risk, as opposed to allocating funds towards new and potentially unpredictable company models. The fast delivery services and e-commerce operations were not excluded from the impacts of these transformations (Himanshu et al. 2021). COVID-19 has transformed business operations and the economic landscape, requiring on-demand grocery delivery firms to adapt and innovate to maintain and grow their customer base in an uncertain global economy (Jacobides et al. 2020).

### 2.3 Implementation of Strategic Change

Strategic change is essential for organizational development and success, involving assessing current and future environments, setting objectives, and making decisions to achieve desired outcomes and goals (Lauer 2020). In a rapidly changing business landscape, companies must adapt their strategies to respond to market shifts and technological progress. A flexible strategy is key to maintaining efficiency, fostering innovation, and quickly addressing evolving customer needs and risks, thereby securing competitive advantages and success in a dynamic market (Page 2010). Strategic management refers to the practice and knowledge of developing, executing, and assessing choices that include several functions within an organization. These decisions are aimed at helping the firm accomplish its long-term goals, considering both its internal capabilities and external market circumstances (Barney et al. 2019). Implementing strategic objectives and change management requires a comprehensive approach in technical parts of the business model change that aligns with changes in human resources management (Appelbaum et al., 2018). Effective change management in business model innovation hinges on managerial leadership, providing clear frameworks, and engaging the organization (Groskovs et al. 2019). Successful implementation requires effective communication,

especially across international borders, and motivational leadership to overcome employee resistance and ensure operational success (Iskan et al. 2015; Finkelstein et al. 2009; Balogun et al. 2015). A proactive approach in management is essential to respond timely to market shifts, with engaged employees, flexibility, and adaptable strategies being essential to navigating new market conditions effectively.

In the dynamic on-demand grocery delivery market, strategic adaptability is key for firms to address rapidly changing consumer trends, technological advancements, and intense competition (Kirzner 1978). This involves flexible strategies, integrating new delivery options, catering to evolving customer needs, utilizing technology effectively, and swiftly adapting to regulatory, logistical, and sustainability challenges. Being agile in responding to unforeseen events, like health crises or shifts in customer numbers, is crucial for managing demand and maintaining competitiveness. To summarize, effectively implementing change management at the strategic scale and integrating it into the organization's structure and business model necessitates a comprehensive approach that includes strategic management, employee communication, business model innovation, and employee motivation.

### 3. Case Study

#### 3.1 Method and Sample

##### 3.1.1 Selection of Interview Participants

For my primary research, potential Interview participants from the companies Gorillas, Getir, and Flink were screened based on their responsibilities, experience, and ability to understand strategic shifts in each organization. The selection process considered employees tenure, familiarity with the companies strategic direction, and participation in decision-making. It was intended to let participants provide viewpoints on company strategic growth based on their experiences and observations. I had the opportunity to conduct an interview with two employees from Gorillas and Getir and with one employee from Flink.

### 3.1.2 Interview Process and Structure

The interviews aim to thoroughly examine and understand the strategic changes implemented by on-demand grocery delivery firms in Germany throughout their development, characterized by market hype, followed by future market realities and their positioning in the present market environment. This interview assignment explores the evolution of adapting strategies and market dynamics used by on-demand grocery delivery firms, including market entry and expansion, marketing and advertising, pricing strategy, product management, customer service, technology and innovation, customer retention and loyalty, as well as future challenges and opportunities.

## 3.2 Company Profiles and Strategic Model

### 3.2.1 Overview of On-Demand Grocery Delivery Firms

The emergence of the on-demand grocery delivery market in Germany started when Gorillas was established at the beginning of the pandemic in 2020 by Kağan Sümer, who wanted to change access to groceries and lead a transformation, facing a more sustainable and responsible consumption, inspired by the Turkish company Getir (Gorillas 2023b; Beckedahl 2021; Osterholt 2021) In June 2020, Gorillas started their first delivery service in Germany's capital, Berlin, with its guarantee to deliver groceries at retail prices, within 10 minutes (Gode 2021; Ksienzyk 2020). Due to the rapid success of Gorillas, they were quickly followed by imitators. Oliver Merkel, Christoph Cordes, and Julian Dames acquired the delivery app Pickery at the end of 2020, which was renamed Flink in January 2021 and started in Hamburg, challenging Gorillas with the same business model (Rest 2022; Flink SE 2023). "We are on a mission to give people back some of their valuable time during their hectic days and impress them with our service every time they order." said Flink CEO Oliver Merkel (Luden 2021). In just a month, Flink remarkably expanded to five German cities, including Berlin, by setting up warehouses and sourcing products and drivers. The success of Gorillas and Flink in the German

market soon aroused curiosity for numerous new firms, whose goal was to compete against the two fast-moving companies. Just five months after Flink entered the market, Getir, the Turkish company that had launched its business model in 2015 in Turkey, entered the German market (Schäfer et al. 2021; Browne 2021a; Osterhold 2021; Beckedahl 2021). Upon entering the market in Berlin, Getir, therefore possessed a significant amount of knowledge and capital, which enabled rapid expansion into other German cities and leveraging their financial resources for marketing campaigns, quickly establishing themselves as a formidable competitor to German market leaders Gorillas and Flink (Berliner Zeitung 2021; Meaker 2023; Curry 2023). During that period, various smaller on-demand delivery firms emerged in the thriving market, achieving growth and success by targeting specialized niche markets. Among these, Bringoo commenced in Hamburg, Bring in Berlin, Getfaster launched in Düsseldorf (Schader 2021d; Ermisch 2022; Getfaster 2022), while Grovey initiated services in Frankfurt before strategically expanding to untapped Eastern European cities (Nickel 2022; Prague Morning 2021; Neuhetzki 2022).

Although many firms entered the market in this short timeframe, the leading firms in the industry remained Gorillas, Flink, and Getir, as they were backed by immense capital and raised hundred millions of dollars in several funding rounds during this period (Knieps 2021; Curry 2023; Ksienryzk 2021; Gillner 2021; Statista 2021b; Crunchbase 2022; Hüfner 2021). Astonishing enough, Gorillas became Europe's fastest unicorn after just ten months, in March 2021, with a value of 1 billion dollars (Holzki et al. 2021). Flink, however, broke the record of its competitor Gorillas and became a unicorn in September 2021, after just eight months (Knieps 2021).

Gorillas successfully raised a further fundraising round of \$950 million in the same month, resulting in a total value of 2.1 billion dollars. At the end of 2021, Flink raised 750 million

dollars and had a company valuation of 2.85 billion dollars, exceeding Gorillas (Lunden 2021; Kluge 2021b).

Intense competition existed between the startups since the differentiation is very limited in the industry. Despite not being profitable, large funding rounds were essential for massive marketing campaigns, a phenomenon never before seen in the European start-up scene (Holzki et al. 2021; Meaker 2023; Delivery Hero 2021). With the ongoing competition, at the beginning of 2022, Gorillas wanted to fund another 700 million dollars, which soon after, due to the inflation and the declining customer numbers, was more challenging to collect and ended in summer, when they started to cut hundreds of staff members. This even led Gorillas to renounce markets such as Italy, Spain, and Belgium due to their decision to shift their attention from rapid expansion to a more defined strategy aimed at achieving profitability (Bradshaw 2022; Aull 2022).

After burning millions of euros monthly, ongoing protests from the riders, bad press, and troubles in finding new investors, Kagan Sümer, the founder of Gorillas, started to look for a buyer for the company. Gorillas early role model and competitor, Getir, bought Gorillas for approximately 1.2 billion dollars in December 2022 (Kläsger 2022; Meaker 2023; Levingston et al. 2023; Kluge 2021a). Even though Getir had acquired Gorillas, they decided to retain both brand identities and their individual apps. The fusion of both companies meant that the German market now consisted of two big players, one being Getir and Gorillas and the other one being Flink (Gorillas 2023a; Getir 2023; Meaker 2023). Following its merger with Gorillas, Getir announced, in August 2023, a strategic shift to concentrate primarily on the German and Turkish markets, leading to its complete withdrawal from Spain, Portugal, and Italy and the elimination of approximately 2500 jobs due to declining customer numbers. Gorillas currently operates in over 20 German cities, while Getir delivers in ten German cities (Berliner Zeitung 2023; Dillet 2022; Business Insider 2021; Gorillas 2023c). In response to economic challenges,

Flink implemented cost-cutting measures, including resignations or not refilling 8000 positions, affecting all areas except the tech sector, which expanded. The company refocused on primary markets in Germany, the Netherlands, and France, altering its expansion strategy and halting plans to expand in Belgium, Italy, Denmark, and Spain (Ksienrzyk 2023).

### 3.2.2 Competitive Landscape

The on-demand delivery market is marked by a very competitive landscape, where companies must constantly evolve to meet consumer demands and outpace the competition (Ahuja et al. 2021). A critical factor in the market dynamics is the low entry barriers for competitors, partly due to the low consumer switching costs. Switching costs represent the barriers customers face when transitioning from one service provider to another, significantly influencing consumer choice and competitive strategies. The on-demand grocery delivery industry has low switching costs due to the reduction in search costs and information barriers caused by digitalization. This enables customers to assess and compare various services easily (Bakos, 1997). Significant low switching costs appear when consumers download and create an account at a competitors app since the account setup is straightforward, similar, and quick, eliminating the need for customers to relearn new systems (Bhasin 2019; Singh 2020). In the on-demand grocery delivery market, despite customers not prioritizing uniqueness, competitors still need to offer a comparable product range to remain competitive (Remote Canteen 2021). To position themselves in the industry, Gorillas, Flink's and Getir's competitive strategy was to raise hundreds of millions of dollars and scale up as fast as possible, with major marketing offensives, to reach the highest possible brand awareness and reduce the motivation of new competitors to enter the market (Rielinger 2021; Campillo-Lundbeck 2022). Due to these high marketing investments, any serious competition would have required considerable marketing costs to reach the same brand awareness Gorillas and Flink built in such a short period, which therefore increased the entry barriers (Spiegel 2021; Sutton 1992). It was not unexpected that market

analysts were discussing a phenomenon referred to as a "marketing war" when the three startups engaged in massive online and offline marketing campaigns, stunning social media offers, and coupon and promotion codes (Gassmann et al. 2021; Rielinger 2021; Campillo-Lundbeck 2022). Due to low entry barriers and despite the proactive marketing and expansion strategies undertaken by these three companies, it is noteworthy that more companies have also entered the market with relatively limited financial backing, focusing on specific key cities and niche markets in Germany (Schäfer et al. 2021; Nickel, 2022; Knieps 2021). This dynamic landscape underscores the intense competition and the constant need for innovation in this sector, where market dominance is as much about strategic marketing and rapid expansion as it is about understanding and adapting to consumer behaviors and preferences.

### 3.3 Adapting Strategies in Practice

#### 3.3.1 Market Entry and Expansion

The entry and expansion strategies of Flink, Gorillas, and Getir in Germany's on-demand grocery delivery market have undergone significant changes since their inception in 2020. When Gorillas entered the market, there was no competition for their minutes-fast delivery concept. The innovative rapid delivery approach has significantly boosted word-of-mouth, turning satisfied customers into brand ambassadors who share their positive experiences, thereby playing a pivotal role in their strategic growth. Gorillas implemented a simple but effective Go-To-Market strategy, focusing on operating small warehouses in urban areas (Expert 3; Schwär 2022; Staple 2022). In its early market entry, Flink had to adopt this aggressive expansion strategy and establish a dense network of urban distribution centers to counter Gorillas slight first-mover advantage (Expert 1; Flink SE 2023). Getir, which entered the market around one year later than Gorillas, could expand quickly because of their experience and financial power in the Turkish market (Osterholt 2021; Curry 2023; Afp 2021; Spiegel 2021). During this phase, all three companies aggressively opened new locations and

expanded their delivery zones to cover as many areas as possible, prioritizing market penetration over profitability, which proved to be a costly strategy (Nelson 2021). Gorillas shifted to a more flexible strategy, focusing on delivery within minutes instead of a strict 10-minute window (Expert 2; Gorillas 2023a). As Flink aimed to enhance profitability, they discontinued their 10-minute delivery service, as they discovered that customers were still content with delivery times of 30 to 40 minutes. This led to an expanded delivery area, longer driving times, fewer locations, and reduced rent and personnel costs, all without sacrificing customer satisfaction (Expert 1; Klug 2022). Gorillas required a strategic shift to handle rapid team growth, sustain motivation, and maintain operational excellence, which involved tackling challenges in securing real estate, sourcing suppliers for product diversity, and addressing logistical issues in urban areas (Expert 3; Schwär 2022; Schader 2021a).

Post-COVID-19, companies like Gorillas, Flink, and Getir faced the challenge of retaining customers amid declining numbers, rising competition, and market shifts, leading to a transition from rapid expansion to a more strategic focus on consolidating their presence in existing markets (Welt der Logistik 2021; Holzki et al. 2021; Goel 2022; Aull et al. 2022). Due to global economic changes triggered by the war in Ukraine, Gorillas, Getir, and Flink slowed down their pace of opening new locations, focusing on improving profitability and customer experience in their existing markets (Spiegel 2022). As mentioned, the focus shifted from aggressive expansion to a more strategic direction, closing locations, reducing staff, and optimizing processes to achieve profitability and reduce costs quickly (Expert 1; Grollmann 2022; Meaker 2023; Nelson 2021).

### 3.3.2 Marketing and Advertising

In Germany's on-demand grocery delivery market, firms have not only evolved their marketing and advertising strategies from focusing on creating a solid brand presence and hype during their initial market entry but also adapted these strategies to the changing dynamics of the

market (Grassmann et al. 2021; Nelson 2021). Their simple yet impactful marketing strategies, characterized by aggressive digital marketing campaigns and leveraging social media platforms to generate buzz about their fast delivery times, aimed to build their community and raise brand awareness (Expert 1; Expert 3; Holzki et al. 2021; Shubber 2021). This led to many people talking about the business and wanting to test the service, which increased user numbers rapidly in the first month (Expert 3). Initially, when expansion was the focus, Flink concentrated not primarily on customer acquisition but on the recruitment of riders as a marketing strategy that directly responded to the intense competition for delivery personnel created by competitors such as Gorillas and similar services like Uber Eats (Expert 1). A key marketing strategy, as mentioned was distributing coupons and promotion codes, offering discounts from 10 percent to over 20 euros per order. This approach, aimed at attracting new customers and retaining existing ones, represented a substantial financial investment in their marketing efforts (Kastenhuber 2022, Expert 1; Expert 3).

As market saturation increased and competition grew fiercer, these companies began to pivot their strategies from simply establishing a presence to actively differentiating themselves. Marketing campaigns became more sophisticated, emphasizing brand values, sustainability, and community engagement (Schwär 2022; Expert 3). Despite the growing competition, Gorillas sought to distinguish itself and capture attention by adopting eye-catching launch campaigns, such as skydivers, to announce its start in London (Expert 3; Browne 2021b). Similarly, both Flink and Gorillas strengthened their brand identity by launching exclusive and unique local offerings on their respective platforms, including bread from nearby bakeries and juice from local juice businesses, aiming to enhance brand recognition and loyalty (Büchs 2021; Expert 3). In 2021, Flink initiated the sale of its merchandise exclusively through its application, marketed under the brand name "Flink's Finest" (Campillo-Lundbeck, 2022; Schader 2022). Getir's marketing focused on customer satisfaction, using a friendly communication style on

social media, responsive customer service, and data-driven strategies to personalize marketing messages and offers (Eken et al. 2020; Shubber 2021).

In 2022 and the beginning of 2023, when market challenges such as competition and changing consumer preferences accrued, Flink, Gorillas, and Getir had to adapt their strategies further. As part of their revised marketing strategy in this phase, the companies shifted from issuing numerous coupons to a more profitability-oriented approach, focusing on building long-term customer relationships through trust and quality, aiming to engage customers by emphasizing the quality of their product range and addressing their needs, rather than just concentrating on speed (Expert 1; Expert 2). After Getir merged with Gorillas, from a marketing perspective, they decided to maintain their original brand identities and retain their unique apps, with Getir taking over management and customer information from the Gorillas app. The companies are already utilizing each other's delivery networks, merging and closing some of their dark stores, with current plans to maintain both the Getir and Gorillas brands separately despite the associated costs (Arjan 2023; Heuberger 2023). Following that, many employees were laid off as the consolidated operations shifted to function primarily under Getir's brand (Partington et al. 2023)

### 3.3.3 Pricing, Products, and Service Offerings

To study the pricing, product, and service strategies of Flink, Gorillas, and Getir in Germany's on-demand grocery delivery market since the beginning, it is crucial to recognize the dynamic nature of this industry, which significantly influenced the pricing and product strategies of these companies' strategic decisions. All three companies initially prioritized rapid growth and client acquisition, using assertive pricing tactics, often using free delivery, substantial discounts, and promotional incentives to attract to a diverse customer base. During the first phases, the firm's offerings were very constrained, primarily emphasizing fundamental food products (LZ 2021; Gode 2021; Schader 2021b). Initially, Gorillas focused on matching retail prices and

competitors with a minus to plus ten percent fluctuation range, depending on the product category. Through Flink's cooperation with the supermarket Rewe, they could purchase goods under conditions similar to those of giant supermarkets, affording them a pricing advantage over their competitors (Expert 3; Gode 2021; Rewe Group 2021; Schader 2021b). Flink, like Gorillas, focused on the quality of fresh products, like fruits, vegetables, and meat, to gain customer trust, as customers typically prefer to select these products personally in supermarkets (Expert 1; Ariker 2021; Rewe Group 2021).

Over time, these three companies have expanded and diversified their offerings. They now provide a broader range of groceries, prepared foods such as sandwiches and sushi, and various non-food products to meet diverse customer needs (Expert 1; Schader 2022; Getir 2023). Gorillas introduced budget-friendly, unbranded options for cost-conscious consumers while maintaining transparent pricing for local and branded products and openly communicating any additional costs due to factors like packaging (Expert 3). Flink's pricing strategy notably included discounting key products like Coca-Cola or Nutella, using these popular items as incentives to attract customers and influence the perception of pricing across their other offerings (Expert 1; Tewes et al. 2023). The firm has modified its pricing strategy to balance client acquisition and financial sustainability by reducing the frequency and scale of discount rates and coupons and introducing delivery charges. Gorillas and Flink implemented a strategy to increase the average shopping cart value, offering free delivery for orders over 40 euros to encourage customers to purchase more. They shifted from their initial promise of ten-minute deliveries to a more sustainable model through the careful selection and positioning of warehouses, which allowed for variable minimum order values and delivery fees based on the customer's proximity, thereby fostering a more realistic and sustainable service experience (Expert 1; Expert 2; Gorillas 2023a; Bradshaw et al. 2021; Schader 2021c). Furthermore, Flink

introduced the option for scheduled deliveries, allowing customers to plan their orders for a specific time in advance (Expert 1).

### 3.3.4 Technology and Innovation

At Gorillas, Flink, and Getir, technology and innovation were crucial, especially for their service of delivering groceries within an exceptionally fast timeframe (Expert 1; Expert 2; O’Hear 2021). Gorillas employed advanced tracking technologies to monitor their drivers, ensuring prompt and efficient deliveries. They adeptly leveraged innovative technological solutions to manage complex aspects of the supply chain, demonstrating their commitment to integrate technology into their operational framework (Expert 2; Kroker 2022). This period saw heavy logistics and technology infrastructure investment for all three companies to ensure mobile applications with user-friendly interfaces, Global Positioning System tracking, logistics optimization, and efficient order processing systems were critical components of their strategy (Am et al. 2020). They introduced software solutions, including sophisticated driver apps for efficient navigation and simultaneous order management, powered by algorithms designed to optimize delivery efficiency and enable them to handle multiple orders simultaneously. Moreover, Flink advanced their warehouse operations with cutting-edge technologies for product scanning and navigation alongside custom apps that streamlined the packing process. These apps prioritized heavy or non-fragile items first, optimizing order assembly and routing. This technological focus was instrumental in reducing handling times and increasing the rate of order processing, which was a key factor in Flink’s progression toward profitability (Expert 1; Kroker 2022). Before its acquisition by Getir, Gorillas had a more localized approach, focusing intensely on specific urban markets and tailoring its technology to suit these environments. Post-acquisition, Getir seems to be consolidating technology platforms from its acquisitions, aiming to create a more unified and efficient operational model (Meaker 2023). When the market matured, and competition intensified, these companies shifted their focus

again and started investing more in customer experience and retention strategies. This phase saw enhancements of in app functionalities, personalized marketing, and improved customer service. Data analytics became more pronounced, helping these companies better understand consumer patterns and preferences, leading to more targeted and efficient service offerings (Expert 3; The Brand Hopper 2023). Furthermore, on-demand grocery delivery firms today employ data management techniques to implement buy recommendations for their consumers, leveraging historical purchase patterns to customize their offerings (Schader 2021b).

### 3.3.5 Customer Retention and Loyalty

The customer retention and loyalty strategies of Gorillas, Flink, and Getir have evolved, mirroring their adaptation to market dynamics, competitive challenges, and changing consumer expectations. Gorillas gained initial market traction by emphasizing rapid delivery as its unique selling proposition, attracting customers with the promise of convenience and speed (Expert 2). Gorillas customer satisfaction and loyalty strategy hinges on adapting product offerings and aligning services with expectations and needs, using promotional codes for effective customer retention and acquisition, and securing its market position through sustained engagement and loyalty (Expert 2). Flink's initial strategy focused on expanding reach and accessibility, which is essential for establishing a broad customer base (O'Hear 2021). From the beginning, Getir offered a wide range of products, positioning them as a one-stop solution, thereby increasing customer stickiness (McKinsey & Company 2022; Getir 2023).

As competition grew, Gorillas shifted focus to quality assurance and a local approach to deepen customer connections through tailored services, enhancing loyalty and embedding customer retention within their marketing and brand reputation strategies, crucially aligning their product range with customer preferences (Argyle 2022; O'Hear 2021). Flink secures customer satisfaction by promoting brand identification and satisfaction, focusing on timely deliveries and high-quality service. They stand out by fostering brand identification, encouraging

customer-driven choices over discounts, and offering a varied product range at prices competitive with major retailers (Expert 1). Getir has focused on enhancing its app experience and providing consistent promotional offers to keep customers engaged and promote repeat purchases (Wallop 2021; Getir 2023). All three companies have developed retention and loyalty strategies, including adjusting offerings to meet customer needs, enhancing service quality, and providing value through technology and promotions.

### 3.4 Future Challenges and Opportunities

Gorillas, Flink, and Getir have navigated a complex array of challenges over the years and are now facing a new set of future challenges, particularly accentuated by post-Covid and declining customer numbers as well as the fluctuating landscape of investor interest due to inflation and market uncertainties (Aull et al. 2022). Initially, these companies faced the challenge of surpassing early competitors, building brand recognition, navigating regulatory environments, managing logistics delivery costs, and maintaining customer trust in product quality (Expert 2). However, the biggest challenge is still to achieve long-term profitability (Expert 1). Gorillas, Flink, and Getir will need to balance the high costs associated with quick delivery logistics against the need for financial sustainability, especially after the pandemic, where investor and customer scrutiny is higher and retaining the customer base acquired during the pandemic has become challenging. They also face the challenge of attracting new customers in a market where physical stores are gaining renewed popularity (Expert 1; McKinsey & Company 2022). The challenge for on-demand grocery services lies in balancing necessary price adjustments with German consumers' sensitivity to price changes, especially during inflation (Bohm 2023). The future strategy focuses on increasing the average order value to more than 40 euros, targeting demographics such as families and older individuals who tend to make larger purchases, thereby improving efficiency and profitability (Expert 1; Grollmann 2023). For Getir and Gorillas, the challenge lies in successfully merging the two companies and effectively

integrating their business models, corporate cultures, and operational processes to establish a stronger position against all competitors. Flink's future success depends on its ability to differentiate itself in a market where main competitors, such as the now unified Gorillas and Getir, present a dynamic and evolving challenge. The market is becoming more competitive with new entrants and similar business models, intensifying the industries dynamics and competitive landscape (Levingston 2023). There are also future opportunities for this market, such as to capitalize on consumer behavior shifts, leverage technology for operational efficiency, and explore partnerships to expand their offerings (EV 2022; Expert 2; Simmons et al. 2022). Additionally, focusing on sustainability initiatives and diversifying services, such as implementing eco-friendly practices and introducing new offerings like meal kits, can provide unique differentiation and growth in this sector (Expert 2; Simmons 2022).

#### 4. Discussion

##### 4.1 From Market Hype to Market Realities: Takeaways

When the on-demand grocery delivery market emerged in 2020, the first mover Gorillas encountered a market environment characterized by high demand, driven by the appeal of convenient and fast deliveries, a demand further amplified by the COVID-19 pandemic (Expert 2). Gorillas, Flink, and Getir rapidly entered and embarked on a rapid expansion journey during the initial market hype, aiming to establish a strong market presence across extensive geographical areas to capture a significant market share. This expansion was driven by intensive marketing efforts to create brand buzz and quickly build a substantial customer base (Expert 1; Expert 3). They employed competitive pricing and attractive promotions to capture the market, appealing to a broader demographic (Schader 2021b). Central to their value proposition was the promise of rapid delivery, supported by significant technological investments to optimize logistics and delivery systems, making this promise a reality (Am et al. 2020). However, this focus on rapid expansion and customer acquisition often led to losses, as the strategy involved

quickly building a large customer base at the expense of immediate profitability. This approach was a strategic gamble, betting on a solid market presence and a large customer base for long-term success (Nelson 2021).

As the market began to stabilize and the initial excitement subsided, these companies faced the challenge of adapting to new market realities. Due to declining customer numbers and the market environment, the focus gradually shifted from aggressive expansion to sustainable growth (Bradshaw 2022). This change in strategy involved optimizing operations, closing unprofitable locations, and concentrating efforts on areas with high demand (Expert 1). Marketing strategies shifted from aggressive customer acquisition to fostering brand loyalty and engagement, focusing on quality service, community involvement, and sustainable practices. Concurrently, pricing strategies were refined to balance competitiveness with financial sustainability, while product offerings expanded to meet a broader range of customer needs (Expert 1; Expert 3). Ongoing investment in technological innovation remains crucial, improving operating efficiency and boosting customer experience in response to changing market circumstances. The analysis shows that the market has notably evolved, requiring companies to constantly adapt their strategies to changing market dynamics. The transition from initial hype to current realities in Germany underscores the importance of agility and strategic adaptability to changing market conditions. This shift from gaining initial market share to adapting to new conditions demonstrates strategic resilience, providing valuable insights for businesses in dynamic markets.

#### 4.2 Managerial Implications

The research on the German on-demand grocery delivery market, focusing on companies like Gorillas, Flink, and Getir, provides a comprehensive understanding of strategies that are essential not only in this sector but also in other rapidly evolving markets. This research reveals several key lessons for effective management in dynamic business environments. One of the

most crucial lessons is the importance of agility in strategy development and execution. The on-demand grocery delivery market, characterized by rapid changes, underscores the need for managers to develop flexible business models and strategies that can quickly adapt to external market forces. This agility is not only vital in responding to immediate market opportunities but also in maintaining long-term viability and success. The adaptability of business models is another key takeaway. The research shows that companies must be prepared to pivot their strategies in response to changing market dynamics, consumer behaviors, and external factors. This adaptability, coupled with strategic foresight and continuous market analysis, is crucial for staying relevant and competitive in fast-changing markets. Understanding market trends, customer preferences, and the competitive landscape enables businesses to anticipate changes and adapt proactively. A customer-centric approach has also emerged as a vital aspect of business strategy. The shift from aggressive marketing and customer acquisition to focusing on customer retention and loyalty in the on-demand grocery market highlights the importance of understanding and meeting customer needs, ensuring high service quality, and building brand loyalty. This approach is particularly crucial in markets with low switching costs, as seen in the examined market, where sustaining a customer base is essential. The role of technology in gaining a competitive edge is another significant finding from this study. Investing in technology to optimize operations, enhance customer experience, and improve efficiency is essential. Companies need to continually innovate and leverage technology to stay ahead in competitive markets. Moreover, navigating regulatory and economic challenges is a critical skill for managers. Developing strategies that are compliant with local regulations and resilient to economic fluctuations is necessary. This includes preparing for changes in consumer spending patterns and adapting pricing and marketing strategies accordingly. Strategic partnerships and collaborations are highlighted as valuable tools for growth and expansion. Managers should explore collaborations that can enhance their service offerings, expand their

market reach, or improve operational efficiency. This approach has been shown to be beneficial in evolving market dynamics. The research also emphasizes the importance of crisis management and organizational resilience. The effect of external events, such as the pandemic in 2020, underlines the need for effective crisis management. Managers should develop contingency plans and maintain operational flexibility to respond quickly to unforeseen challenges. Adaptability, customer focus, technological innovation, strategic partnerships, and robust crisis management are critical strategies for success in any fast-paced industry, not just in the on-demand grocery delivery market. These concepts serve as a framework for businesses to effectively navigate change and maintain a competitive edge in various rapidly evolving markets.

#### 4.3 Limitations

Researching the on-demand grocery delivery industry involves acknowledging potential limitations in this work project due to its young and rapid evolution. Challenges include limited data availability and reliability, difficulty obtaining comprehensive, up-to-date information, and the industries reluctance to share confidential details. The on-demand grocery sector's rapid technological evolution could lead to gaps between the research and current industry practices. Influenced by diverse factors, the variability of consumer behavior challenges the drawing of long-term conclusions.-Although the interviews in this work project provided precious insight into the market and the firms strategies, they may alter the representativeness and objectivity of the data, as the perspectives from interviewees at the companies Gorillas, Getir, and Flink might not fully represent the broader German on-demand grocery market. Consequently, another limitation is the focus exclusively on Gorillas, Flink, and Getir, despite the presence of other on-demand grocery companies in Germany. This selection is made to maintain a manageable scope, as including a broader range of companies, which would be mainly smaller firms, that operate in niche markets would exceed the practical limits. In addition, focusing on

the on-demand grocery industry may not be universally applicable due to the industries diversity and operation across various contexts. Focusing solely on the on-demand grocery delivery market in Germany presents a limitation due to the small sample size compared to the global online food delivery sector. Consequently, the conclusions drawn are specific to the unique characteristics of the German market, limiting the applicability of these findings to the broader online food delivery industry. Another limitation is the inherent uncertainty of the market, where future trends and developments are unpredictable since it challenges the ability to draw definitive conclusions about the market's future trajectory. Despite certain limitations, the project extracted precious insights and analyses, offering crucial knowledge applicable to managers across various industries.

## 5. Conclusions

This work project examined the strategic adaptations of on-demand grocery delivery firms in Germany, focusing on Gorillas, Flink, and Getir. It combined secondary and primary research, including interviews with company employees, to understand how these firms adjusted their operations, marketing, and business models in response to evolving market dynamics.

The central question of this work aimed to uncover how on-demand grocery delivery firms in Germany have adapted their strategies in response to the shift from the initial market excitement to the current market conditions. The findings revealed a significant transformation in these companies strategic approaches. Initially, the focus was on rapid expansion and customer acquisition, driven by the market hype and the unique opportunity presented by the pandemic. Nevertheless, once the market reached a more developed stage and the initial rapid increase in demand slowed, these firms altered their approaches. They moved towards more sustainable business models, emphasizing operational efficiency, customer retention, and financial prudence. This transition was marked by a strategic shift from aggressive expansion and marketing to a more balanced approach, focusing on long-term customer relationships, quality

service, and adapting to evolving consumer preferences and market dynamics. The interviews with industry experts provided valuable insights into these strategic shifts, highlighting the companies' agility and adaptability in navigating the changing landscape of Germany's on-demand grocery delivery market. The managerial implications derived from this work project, particularly in change management, highlight the necessity for strategic flexibility and adaptability in this sector. It must be noted that Gorillas, Flink, and Getir were forced to undertake these strategic adjustments, partly driven by declining customer numbers and inflationary pressures. Managers must adeptly navigate shifts in consumer preferences, technological advancements, and competitive dynamics. Emphasizing operational efficiency, customer-centricity, and financial prudence is crucial. Effective change management is key, requiring alignment of organizational strategies with market changes, fostering a culture receptive to change, and transparent internal communication. This adaptability is vital for sustaining competitiveness and long-term success in this rapidly evolving industry.

Despite some limitations, that have been identified, this work project offers a detailed analysis of strategic adaptations in the German on-demand grocery delivery market, focusing on industry leaders Gorillas, Flink, and Getir. The firsthand insights from interviews add depth, providing a unique perspective on decision-making in this competitive sector. Exploring strategic shifts and adaptability offers broader business management lessons relevant to various dynamic industries. This makes this work project significantly contribute to understanding strategic management in rapidly evolving market contexts.

In the on-demand grocery delivery industry, considerable uncertainty stems from rapidly changing consumer behaviors, technological advancements, fluctuating economic conditions, and the evolving competitive landscape. This ongoing uncertainty continues to make the market evolution particularly fascinating, leaving ample opportunity for further research in the future.

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## Appendix

As part of my work project, which focuses on analyzing modern business models in the online grocery sector, I had the opportunity to conduct interviews with key figures from the companies Gorillas, Getir, and Flink. These interviews were a crucial component of my research, providing valuable insights into the strategies and challenges in this rapidly growing sector.

Below, I have meticulously transcribed the three interviews I conducted. These transcriptions offer a detailed account of the conversations and are a central part of my analysis. They shed light on the diverse perspectives and approaches that Gorillas, Getir, and Flink pursue in their endeavor to revolutionize the market and meet consumer needs. Additionally, the sources cited in the text above can be found within these transcripts, providing a comprehensive and verifiable basis for my research findings.

Due to confidentiality reasons, I am unable to disclose the names and positions of my interview partners. Therefore, in my thesis and the accompanying transcripts, they are referred to as Expert 1, Expert 2, and Expert 3.

## **Interview with Flink**

**Topic: Adapting competitive strategies in the German on-demand grocery delivery market**

**From hype to reality: How on-demand grocery delivery firms in Germany adapted their strategies**

**Date: 18.11.2023**

**Interview type: online call**

**Duration: 35 minutes**

**Interviews ID:**

**SA: Selin Abert**

**E1: Expert 1 – Flink**

*SA: [...] To start with, a small introduction from my side. The concept of the on-demand grocery delivery industry, commonly known as the prompt delivery of products within a relatively brief period after placing an order, has garnered substantial attention on a global scale. The market segment in Germany initially underwent an enormous rise in popularity, driven by a combination of technical breakthroughs, changing consumer preferences, and an increase in venture capital investments. Nevertheless, similar to numerous sectors that have seen swift expansion and alteration, the original enthusiasm has progressively transitioned into a requirement for realistic and lasting approaches. Companies participating in the on-demand grocery delivery industry in Germany have been compelled to modify their business models, operational strategies, and value propositions in response to the complicated demands of a developing market.*

*The significance of comprehending these strategic changes should be considered, particularly within the framework of upcoming industry trends. As a crucial part of my work project conducted at Nova SBE, my objective is to thoroughly examine these transformations by investigating the concrete methods via which on-demand grocery delivery firms in Germany have restructured their strategies in reaction to evolving market dynamics.*

***SA:** I have prepared a series of questions that I'd like to begin asking you now, marking the start of our interview. Firstly, I will ask a set of questions that will focus on the topic of market entry and expansion.*

*My first question is, can you describe the initial entry strategy adopted by your company in Germany and what outcomes or impacts you anticipated from this approach in the market?*

**E1:** So, the initial strategy of Flink was essentially a fast-follower strategy. After Gorillas had already entered the market, they quickly followed suit. Then, it was all about aggressive expansion initially to capture as large a market share as possible. At that point, profit wasn't the focus, it was really all about growing as quickly and as much as possible to gain a substantial market share.

***SA:** Thank you. How did the actual market dynamics in Germany's on-demand grocery delivery service sector at Flink differ from initial expectations, and how did Flink alter their strategies in response to these realities?*

**E1:** So, what was definitely realized after a certain period was that brand loyalty wasn't particularly strong. Therefore, the competition with Gorillas and Getir was essentially a battle of vouchers or coupons, which cost an insane amount of money and made it impossible to achieve profitability. This meant that, at some point, we had to pivot and move away from these

coupons, looking at other strategies to retain and attract customers without always giving them 5 or 10 euro vouchers.

Initially, we assumed that we needed to always deliver within 10 minutes, thinking that this was the unique selling point that made people buy. Eventually, we realized that customers didn't really care whether it was within 10 or 30 minutes. Somewhere between 30 to 40 minutes was the limit. In the beginning, we set up our locations so that we could reach all our customers within 6 to 7 minutes of pure driving time. Eventually, we moved away from this and made the delivery areas of each warehouse larger, which meant that sometimes the drivers were on the road for 15 minutes one way, and it took more like 30 to 40 minutes for customers to receive their products. As a result, we closed many locations, which logically led to lower rental costs and fewer employees, but customers were still satisfied.

***SA:** Can you please identify and describe these exact pivotal moments that necessitated a change in strategy?*

**E1:** Yes, definitely, there were crucial moments when the strategy changed. This was certainly linked to the war initiated by Russia, which changed the global economic situation, leading investors to become much more cautious. Previously, companies like Flink were continuously pumped with money, meaning they could burn through a lot of cash and invest heavily in growth. It was more of a long-term bet that if Flink eventually dominated the European market, they could become profitable. However, with the changed strategy of the investors, Flink was also forced to alter its approach. Instead of expanding, we started to downsize closing locations, and the focus shifted clearly toward profitability. A lot of staff was consolidated, processes were optimized, and it was much more about saving money and becoming profitable quickly. So, the strategy shifted from rapid growth to focusing on profitability.

*SA: Thank you. Moving forward in our interview, the next question will revolve around Marketing and Advertising.*

*Can you please tell me to what extent Flink's marketing strategy and actions have changed as a result of your revised market strategy?*

**E1:** At the beginning, when expansion was the focus, our first really big out-of-home campaigns weren't actually about acquiring customers but rather about recruiting riders. With competitors like Gorillas, Lieferando, Uber Eats, and others all needing drivers, the market was incredibly tight. That's why our initial campaigns were targeted at attracting drivers. This then changed, as I mentioned earlier, to primarily focus on acquiring or reacquiring customers. Therefore, a lot of new customer discounts or reacquisition discounts were launched, constantly offering 5 or 10-euro coupons to achieve the largest possible market share.

And then, when the shift towards profitability occurred, far fewer coupons were distributed. Instead, we adopted more standard marketing strategies to keep customers engaged, highlighting our product range and addressing the customers' needs more directly. You know, really focusing on oh, sorry, you know what I mean.

*SA: Thank you. Suppose you are able to comment on this, I would like to ask about Flinks pricing, products, and service offerings. Could you maybe provide insights into the pricing of your products in the on-demand grocery delivery market at Gorillas in Germany, including the evolution since Gorillas market entry, the factors influencing your pricing strategy, your approaches to dealing with price competition, and the introduction of various pricing models or offers to target different customer segments?*

**E1:** Yes, regarding the pricing strategy, I'm afraid I can't say too much. However, I can mention that through our cooperation with Rewe, we were able to purchase goods at the same conditions as Rewe. This meant that we could buy quite cheaply compared to our competitors. And one

thing that was always noticeable is that there were a few products that were almost always discounted, like Coke or Nutella. These products tend to trigger a buying decision in customers. For instance, if Nutella is cheaper than usual, it encourages customers to make a purchase, and then the cost of other products becomes somewhat irrelevant. That's a bit of a simplistic way to put it, but that's the general idea.

*SA: How has your product range evolved since your market entry, particularly compared to your early days, and have there been any specific product innovations or partnerships you've employed to differentiate yourselves from competitors?*

**E1:** The product range definitely expanded as our warehouses grew larger and we were able to utilize the space more efficiently. Since we had all customer data digitally, we eventually knew quite a lot about our customers and could tailor our segments to them. A significant portion of our inventory included chilled beverages, alcoholic drinks, and fresh items like fruits and vegetables. It was crucial to gain the customers' trust in our ability to deliver good quality fruits and vegetables, as normally, when you go to a supermarket, you want to pick the best apples and avocados yourself. It was important for us to only distribute good quality products so that customers would trust us in this regard, which was a major aspect.

Then, at some point, 'ready to eat' items were added, and this became a very large segment. This included sandwiches, wraps, sushi, and items that could be heated in the microwave, essentially lunch options. This category grew increasingly popular and definitely constituted a significant portion of our offerings.

*SA: My last question about this specific topic would be: How has your service offering evolved, particularly regarding delivery times and options, and what strategies have you pursued to*

*enhance the efficiency of your services while addressing challenges related to increased demand and timely delivery?*

**E1:** Yes, I touched on this earlier as well. Initially, we promised deliveries within 10 minutes, and for the most part, we managed to achieve that. However, we eventually realized that this approach would never be profitable. Moreover, we found that customers didn't really mind whether their orders arrived within 10 minutes or within 30 minutes. As I mentioned, somewhere around 30 to 40 minutes seems to be the limit. Accordingly, we adjusted our delivery areas. Previously, we ensured that drivers wouldn't take longer than 7 minutes to reach a customer, but eventually, this increased to 15 and sometimes even 20 minutes. We also paired this with different models, meaning if you lived 15 minutes away from the warehouse, you had a higher minimum order value and higher delivery fees compared to someone living 3 minutes away from the hub. We experimented with various models, and now Flink introduced scheduled delivery. For example, right now it's 12:00 PM in Cologne, and I could specify that I want my delivery at 4:30 PM. This is now possible, whereas it wasn't an option before.

*SA: Thank you very much. Moving on an important part was also technology and innovation in the on-demand grocery delivery.*

*Can you please discuss the role of technology and innovation within your strategic planning and operations?*

**E1:** Yes, technology and innovation definitely play a huge role in this market. All the apps used by the drivers, those utilized in the warehouse, and any in-house software were either developed by Flink or executed in-house. There are numerous programs that interconnect. For instance, we had an app that navigates the bike, and then at some point, we developed our own app that allowed a driver to take on 2 or 3 orders simultaneously and deliver them. This was based on a

specific algorithm, making the process much more efficient. In the warehouse, we used custom apps that instructed the pickers on the order in which they should pack items. This also involved different logic working in the background, like picking heavy items first and fragile or light items last, and ensuring the quickest possible route is used. So, definitely, a lot of work went into this, and it was a very important aspect to operate as efficiently as possible.

*SA: And how has adopting and integrating new technologies enabled Flink to navigate the shift from initial market hype to current market realities?*

**E1:** Yes, this ties in with what I just mentioned about constantly exploring new technologies, especially those that enable warehouse workers and drivers to work more efficiently. There are various technologies for faster scanning of products or more efficient navigation through the warehouse so that the handling time is minimized. This has a huge impact on how many orders a warehouse worker can process in an hour – whether it's 20 orders or 40. Therefore, experimenting with different technologies was definitely a crucial point in becoming profitable.

*SA: Customer retention and loyalty have played a crucial role in on-demand grocery delivery services. How do you retain customers in a market where users frequently switch between delivery services?*

**E1:** Yes, it's a mix of various factors. Firstly, there's the Flink brand itself – it's about customers being able to identify with it and perhaps preferring it over competitors like Gorillas or Getir. Then there's customer satisfaction, which includes the service level and adhering to the agreed delivery times. That's very important. As I mentioned earlier, we're working less with reacquisition discounts, meaning the customer must be genuinely motivated to order from Flink. Another factor that plays a significant role is the variety of products we offer, setting us

apart from others and ensuring we are competitively priced, even compared to markets like Rewe.

*SA: The last set of questions is about the current market challenges and opportunities. My first question is what strategic adjustments have been made to address both the challenges and opportunities in this dynamic market environment?*

**E1:** Yes, I've mostly covered this already. It was about the strategic shift from very aggressive expansion across Europe to a clear focus on profitability, including closing some markets. We withdrew from some countries we had originally expanded into because we realized we wouldn't be profitable there in the foreseeable future. Also, in Germany, the number of locations was significantly reduced. So, there was definitely a clear shift towards profitability.

*SA: Thank you. Maybe looking back at the pandemic, how has the Covid-19 pandemic influenced consumer behavior and market dynamics, and how have those trends evolved post-Covid?*

**E1:** Covid-19 definitely had a very positive impact on the entire market. The market was virtually untouched before Corona, and then Gorillas was pretty much the first quick commerce provider to enter the market. Of course, the Corona pandemic made customers aware that this service was now available. Naturally, if people were reluctant to go out, didn't want to go to the supermarket, or perhaps weren't even allowed to, it's clear that they would be more likely to try out the service. And then they might find it totally cool and be surprised at how it's possible to have their order delivered in just 7 minutes. The likelihood of trying it out and then continuing to use it is much higher than if the pandemic hadn't happened. However, I think that, in the medium to long term, it would have settled at the same level as it is now, pandemic or not.

*SA: We are nearly at the end of the interview, and my last question is, given the current market realities, what are the significant challenges and opportunities you foresee for on-demand grocery delivery in Germany?*

**E1:** It's difficult for me to say, as I'm not an absolute expert in this area. In my opinion, what will be super important is increasing the average value of the shopping cart. Orders that are under 10 euros will never be profitable. So, the clear goal should be to have an average cart value of 40 to 50 euros, covering not just emergency purchases but actual weekly shopping. The focus might shift from targeting only students or affluent students who can afford to order for 15 euros from Flink to young families or older people for whom this service can make life a bit easier by saving them a trip to the store. This way, you might have carts worth 100 euros, which, of course, makes the use of drivers much more effective. That would definitely be a major lever for long-term profitability.

**SA:** [...]

## **Interview with Gorillas, Getir**

**Topic: Adapting competitive strategies in the German on-demand grocery delivery market**

**From hype to reality: How on-demand grocery delivery firms in Germany adapted their strategies**

**Date: 20.11.2023**

**Interview type: online call**

**Duration: 30 minutes**

**Interviews ID:**

**SA: Selin Abert**

**E2: Expert 2 – Gorillas, Getir**

*SA: [...] To start with, a small introduction from my side. The concept of the on-demand grocery delivery industry, commonly known as the prompt delivery of products within a relatively brief period after placing an order, has garnered substantial attention on a global scale. The market segment in Germany initially underwent an enormous rise in popularity, driven by a combination of technical breakthroughs, changing consumer preferences, and an increase in venture capital investments. Nevertheless, similar to numerous sectors that have seen swift expansion and alteration, the original enthusiasm has progressively transitioned into a requirement for realistic and lasting approaches. Companies participating in the on-demand grocery delivery industry in Germany have been compelled to modify their business models, operational strategies, and value propositions in response to the complicated demands of a developing market.*

*The significance of comprehending these strategic changes should be considered, particularly within the framework of upcoming industry trends. As a crucial part of my work project conducted at Nova SBE, my objective is to thoroughly examine these transformations by investigating the concrete methods via which on-demand grocery delivery firms in Germany have restructured their strategies in reaction to evolving market dynamics.*

**SA:** *I have prepared a series of questions that I'd like to begin asking you now, marking the start of our interview.*

*As we begin our interview, the first set of questions will focus on the topic of market entry and expansion. Can you describe the initial entry strategy adopted by your company in Germany and what outcomes or impacts you anticipated from this approach in the market?*

**E2:** Gorillas was initially founded in Berlin, Germany, and their entry strategy was first implemented within Germany. And then following this initial phase, there was a rapid expansion across Europe, ultimately reaching, I believe, nine additional countries.

**SA:** *How did the actual market dynamics in Germany's on-demand grocery delivery service sector differ from initial expectations, and how did your company alter its strategies in response to these realities?*

**E2:** That is a good question. The expansion team experienced a significant boom, with launches in a new country occurring almost every two weeks. The dynamics were intense, I mean involving extensive planning for market entries, and also searches for new warehouses, and an accurate setup for each expansion. However, there were instances where the expansion plan was abruptly revoked.

*SA: Can you please identify and describe these exact pivotal moments that necessitated a change in strategy?*

**E2:** Of course, one day, my colleague and I were instructed to expand our warehouse search to Switzerland and Austria. We meticulously planned attractive areas, contacted a lot, numerous brokers, and scheduled trips to Switzerland and Vienna for property viewings. We were fully geared up for this expansion, with all our focus on it. However, just a week after organizing everything and informing all the brokers, we were informed that the expansion was halted and stopt, and the focus would shift to other countries.

Our task was then to quickly communicate this change to like all the brokers and everyone else who was involved. While I understood the fast-paced decision-making in this, in a hyper-growth phase, where strategies are reevaluated, decisions can be reconsidered, and a dynamic culture is expected, I personally sometimes felt it was too rapid. It created an impression of acting unprofessionally, especially in my role where I had direct contact with other external stakeholders. It was challenging, I mean, as I felt personally associated with this perceived unprofessional and unreliable behavior, which sometimes made me struggle.

*SA: Thank you for these personal insights. Moving forward in our interview, the next question will revolve around Marketing and Advertising. Can you please tell me to what extent have Gorillas marketing strategy and actions changed as a result of your revised market strategy?*

**E2:** I'm really aware that my company, with that I mean Gorillas, let me say greatly benefited from its robust and effective marketing initiatives. We all know, and we all saw that obviously, the overall impact and also of course, the success of the marketing efforts were evident in Gorillas company's performance. I think there is a lot online about that, and I don't have anything to add.

*SA: Thank you. Yes, indeed, Marketing tactics were really present online. Suppose you are able to comment on this could you tell me some insights about the pricing, products, and service offerings. My question would be: Could you maybe provide insights into the pricing of your products in the on-demand grocery delivery market at Gorillas in Germany, including the evolution since Gorillas market entry, the factors influencing your pricing strategy, your approaches to dealing with price competition, and the introduction of various pricing models or offers to target different customer segments?*

**E2:** In the beginning time, I was part of the expansion team because it was the most important, focusing on real estate within the 'Dach' region, you know, and searching for new warehouses, I didn't have really specific or how do you say maybe particular insights into the pricing strategy of the company.

*SA: Okay, no problem. My last question about this specific topic would be: How has your service offering evolved, particularly regarding delivery times and options, and what strategies have you pursued to enhance the efficiency of your services while addressing challenges related to increased demand and timely delivery?*

**E2:** I mean one key marketing strategy at Gorillas was the commitment to delivering orders within 10 minutes. It was our responsibility to identify suitable warehouses in strategic locations to fulfill this promise. Also, as Gorillas expanded, maintaining this 10-minute delivery pledge became challenging. I personally recall that the marketing strategy was subsequently adjusted to a more flexible which was then called "delivery within minutes". And the approach to better align with the company's evolving scale and capacity.

*SA: Thank you very much. Moving on an important part was also technology and innovation in the on-demand grocery delivery.*

*Can you please discuss the role of technology and innovation within your strategic planning and operations?*

**E2:** I'd say that technology and innovation were crucial in our company at Gorillas, especially considering the remarkable service of delivering groceries within 10 minutes; technology made that also possible. I mean, of course, not just that, not just technology, but it was important. Smart technologies tracked our drivers or riders to ensure timely deliveries, and the company used innovative technology to manage the challenging aspects of the supply chain effectively.

*SA: Customer retention and loyalty have played a crucial role in on-demand grocery delivery services. How do you retain customers in a market where users frequently switch between delivery services?*

**E2:** I believe that strong marketing and brand reputation are integral components of customer retention and loyalty. Also, another crucial aspect is, of course, aligning the product range with customer preferences. Understanding the customer's needs is a cornerstone of the strategy here at Gorillas, and yes, consistently adjusting product offerings to meet those needs it is a key approach to maintaining customer satisfaction and loyalty.

*SA: The last set of questions is about the current market challenges and opportunities. My first question is what strategic adjustments have been made to address both the challenges and opportunities in this dynamic market environment?*

**E2:** I believe one of the most significant strategic adaptations, particularly within my team, involved the integration of proper processes. This was aimed at streamlining the growth trajectory and establishing a robust alignment process for all pivotal decisions. This encompassed engaging with all key stakeholders to sidestep any unprofessional behavior and ensure a cohesive decision-making framework.

*SA: Maybe looking back at the pandemic, how has the Covid-19 pandemic influenced consumer behavior and market dynamics, and how have those trends evolved post-Covid?*

**E2:** In this scenario, the COVID-19 pandemic was a blessing for the company, which was founded in 2020. We entered the market at a time when there was a disproportionately high demand for home grocery delivery. Personally, I had COVID twice during that period, and having just moved into the city without knowing many people, I couldn't imagine what I would have done without this at-home grocery delivery service. And it highlighted the vital role our company played in meeting the increased demand and providing a crucial service, and, particularly for individuals facing similar challenges.

*SA: We are nearly at the end of the interview, and my last question is, given the current market realities, what are the significant challenges and opportunities you foresee for on-demand grocery delivery in Germany?*

**E2:** The sector probably faces challenges such as fierce competition, regulatory complexities, and the need to manage logistics and delivery costs efficiently. Maintaining customer trust, especially concerning product quality, is a continual priority.

On the flip side, opportunities lie in the changing consumer behavior post-COVID-19, advancements in technology for operational optimization, and potential partnerships to expand product offerings. Sustainability initiatives and diversification of services, including eco-friendly practices and additional offerings like meal kits, present avenues for differentiation and growth, I guess.

**SA:** [...]

## **Interview with Gorillas, Getir**

**Topic: Adapting competitive strategies in the German on-demand grocery delivery market**

**From hype to reality: How on-demand grocery delivery firms in Germany adapted their strategies**

**Date: 14.11.2023**

**Interview type: online call**

**Duration: 30 minutes**

**Interviews ID:**

**SA: Selin Abert**

**E3: Expert 3 – Gorillas, Getir**

*SA: [...] To start with, a small introduction from my side. The concept of the on-demand grocery delivery industry, commonly known as the prompt delivery of products within a relatively brief period after placing an order, has garnered substantial attention on a global scale. The market segment in Germany initially underwent an enormous rise in popularity, driven by a combination of technical breakthroughs, changing consumer preferences, and an increase in venture capital investments. Nevertheless, similar to numerous sectors that have seen swift expansion and alteration, the original enthusiasm has progressively transitioned into a requirement for realistic and lasting approaches. Companies participating in the on-demand grocery delivery industry in Germany have been compelled to modify their business models, operational strategies, and value propositions in response to the complicated demands of a developing market.*

*The significance of comprehending these strategic changes should be considered, particularly within the framework of upcoming industry trends. As a crucial part of my work project conducted at Nova SBE, my objective is to thoroughly examine these transformations by investigating the concrete methods via which on-demand grocery delivery firms in Germany have restructured their strategies in reaction to evolving market dynamics.*

***SA:** I have prepared a series of questions that I'd like to begin asking you now, marking the start of our interview. Firstly, I will ask a set of questions that will focus on the topic of market entry and expansion.*

*My first question is, can you describe the initial entry strategy adopted by Gorillas in Germany and what outcomes or impacts you anticipated from this approach in the market?*

**E3:** The Go-To-Market strategy was quite simple. Initially, it wasn't more than having a tiny warehouse stocked with a few groceries, delivering snacks, drinks, and necessities within an incredibly short amount of time, delivering by e-bike to cut the time spent in traffic, and making this service reliably faster than anyone could expect. To wow customers and make them your ambassadors, there's no better brand strategy than friends telling you they found something they love, word of mouth was a key factor.

***SA:** And how did the actual market dynamics in Germany's on-demand grocery delivery service sector at Gorillas differ from initial expectations, and how did Gorillas alter their strategies in response to these realities?*

**E3:** We grew faster than anyone could keep up with, two of the biggest challenges were identifying and closing real estate deals as well as finding a supplier to strengthen our assortment. And analyze availability while withstanding logistic challenges such as small driveways and delivering to stores located in city centers. We grew during COVID-19

restrictions, later and as restrictions were lifted, we had to find reasons for customers to stick with us, also with more direct competitors being on the rise and investors pumping insane amounts of money into Quick-Commerce all over the world. Customer stickiness was encouraged by a mix of assortment, personalized push notifications, an app relaunch, competitions, and mixing in influencer marketing and brand deals. We tested menu bundles, recipe downloads with fixed baskets, and diversification by adding cheaper alternatives and local hero brands such as for example fresh baked goods by Zeit für Brot.

*SA: Can you please identify and describe these exact pivotal moments that necessitated a change in strategy?*

**E3:** Strategically, we saw we needed to grow our team radically faster and keep motivation high. Operational excellence was our key focus, and we needed to change the strategy to achieve it. Sarcasm on: Personally, when I was going on shopping tours every weekend and weeknight. One of the cofounders and I were always front of line.

*SA: Thank you for also sharing such personal experiences. Moving forward in our interview, the next question will revolve around Marketing and Advertising. Could you please tell me to what extent Gorillas marketing strategy and actions have changed as a result of your revised market strategy?*

**E3:** The first approach was tuned back and in line with our simplistic approach to the market. Highlight the incredibly fast delivery to get people, including Influencers, to talk about it within their community. To create our community. Later, we faced similarly well-funded competitors and had to stand out. We kept the simplistic approach mostly and decided against using our staff as walking billboards, but added crazy launch campaigns such as skydivers announcing our start in London. Overall, we focused more on the unique partners we had, included local

heroes in our communication strategy, and created an exclusive assortment, which is easy to promote.

*SA: Suppose you are able to comment on this, maybe you can give me some insights about the pricing, products, and service offerings. Could you maybe provide insights into the pricing of your products in the on-demand grocery delivery market at Gorillas in Germany, including the evolution since Gorillas market entry, the factors influencing your pricing strategy, your approaches to dealing with price competition, and the introduction of various pricing models or offers to target different customer segments?*

**E3:** Overall in the beginning, match retail and competitor pricing up to plus and minus ten percent, depending on the category. Most important categories include ultrafresh groceries such as fruit and vegetables and meat and chilled fresh products including milk and eggs. We offered cheaper, no-name alternatives where we assumed that customers weren't focused on specific brands. Local heroes and brands were important, and we used transparent pricing if the products were more expensive, for example, we mentioned that products don't have the same price because packaging is included. Later, we then introduce white-label products and negotiate deals with generic and no-name brands.

*SA: That is really interesting. How has your product range evolved since your market entry, particularly compared to your early days, and have there been any specific product innovations or partnerships you've employed to differentiate yourselves from competitors?*

**E3:** As I mentioned earlier, we've diversified our product range since our market entry. This includes introducing menu bundles, recipe downloads with fixed baskets, and adding more affordable options alongside premium ones. Notably, our partnership with local brands like 'Zeit für Brot' for fresh baked goods has helped us stand out from competitors.

*SA: My last question about this specific topic would be: How has your service offering evolved, particularly regarding delivery times and options, and what strategies have you pursued to enhance the efficiency of your services while addressing challenges related to increased demand and timely delivery?*

**E3:** The ten-minute delivery resulted in high staff demand accompanied by classic recruiting and quality control and staff issues. That's why we changed this approach and delivered within minutes, which meant that it could take longer than 10 minutes.

*SA: Thank you very much. Moving on an important part was also technology and innovation in the on-demand grocery delivery. Can you please discuss the role of technology and innovation within your strategic planning and operations?*

**E3:** Gorillas was founded as a tech company, specializing in last-mile logistics. I think that speaks volumes! While we started as a bootstrapped and running-on-a-million-excel-sheets business, as most do and keep for a long time, we invested in roles within IT and Tech very quickly and started building our own ERP very early on. While the first focus was on optimizing logistics, we were quickly invested in solutions for stock-keeping and vendor relations.

*SA: Customer retention and loyalty have played a crucial role in on-demand grocery delivery services. How do you retain customers in a market where users frequently switch between delivery services?*

**E3:** We knew that our customers wanted to use multiple apps, most importantly to compare prices and assortment. Classic tools such as push notifications, newsletters and promotions were retaining a high percentage of customers. Customer loyalty was mostly built by impeccable service, fast delivery, a high response rate to claims, and the offering of exclusive partner deals in our assortment. Whenever possible, we matched competitor prices for similar products.

*SA: We are nearly at the end of the interview, and my last question is, given the current market realities, what are the significant challenges and opportunities you foresee for on-demand grocery delivery in Germany?*

**E3:** The biggest opportunity, and in some cases the only one, is consolidation. Especially with retailers that are partially invested already, such as REWE, but also potentially Amazon too. I guarantee Lidl and Co will want to have a piece of that cake in Germany, too. But this will also mean that the business model changes drastically and needs to be profitable. Innovation and the initial drive to drastically change the game will die and be replaced by solid operations within existing big company structures, which favor security.

**SA:** [...]