



Success Story

Coop: a personal online supermarket for every customer

AI-based personalization: Swedish grocery chain Coop wants to offer a holistic shopping experience, both online and in-store. To achieve this, the cooperative is relying on artificial intelligence and a high degree of personalization.

Coop is one of those retail chains that can probably only exist in Sweden. As early as the end of the 19th century, consumer cooperatives were founded in the Scandinavian country with the aim of supplying the population without dependence on monopolists. In 1899, Kooperativa Förbundet (KF) was founded, the umbrella organization for a total of 60 such cooperatives, which established a network of grocery stores under the Coop brand. Today, Coop is one of the most important supermarket chains, with over 750 stores (out of a population of just over ten million).

Marianne Stjernvall and her team are responsible for expanding the online channel. Of course, you can now also shop at Coop via the Internet. However, Stjernvall still sees a lot of room for improvement here: “We have

probably reached the tipping point when 15 percent of sales are achieved online, then this channel would be established.” But the company has not yet reached that point; at the moment, the online share is around five percent.

Online shopping often cumbersome

In order to increase the use of Coop’s online offering, Stjernvall is fully committed to the topic of personalization. In her experience, buying groceries online is still often a tedious, time-consuming affair. In addition, there is a lack of inspiration, which is often provided by the goods on sale in a Coop store.

To optimize the shopping experience, Coop is working with Loop54, a provider of AI-based personalization solutions. Since fall 2021, the Stockholm-based software company has been part of Pforzheim-based



Marianne Stjernvall,
Head of Customer Growth & Personalization, Coop

Omikron Data Quality GmbH, better known by the brand name of its flagship product FactFinder. The intelligent onsite search engine for web stores also plays a role in Coop's concept.

For Adam Hjort, Vice President Customer Success at Loop54, personalization in online grocery shopping occurs in various forms.

This includes the content that users see on their PC or mobile device, but also the results of the search. The joint goal of Stjernvall and Hjort was to create a consistent shopping experience for customers, regardless of the device they use to shop at Coop.

The first thing the Coop manager, whose business card reads "Head of Customer Growth & Personalization," did was to declare war on silo thinking. Until now, different departments at Coop had been working with different customer data. A common digital platform has been set up where all the data converges. In the process, Coop benefited from a peculiarity in Swedish customer behavior: cash payments play virtually no role in Sweden anymore; the vast majority of customers have a customer card. Even online orders can only be placed by those who have previously created a customer account.

Good judgement in targeting

When it comes to using customer data, however, Stjernvall not only pays attention to the legal requirements of the GDPR, but also demonstrates a sense of proportion: all customers are informed about how and for what purpose Coop intends to use their data - and asked for their consent. Customers are happy to agree, Stjernvall reports, because after all they also benefit from personalization: "It's like Spotify. You also have to sign up so that Spotify can put together music tailored to your tastes. If you didn't do that, they would just play random music."

Just as Spotify gives each user their own mix of music, each registered Coop customer gets an individual product selection, Stjernvall explains: "When you open the app, you get to see different products than when I do."

Previous consumer behavior plays a role in the selection of products, but also in the results of the personalized search. For example, a customer who always buys a certain type of milk at the supermarket will see that milk displayed preferentially in the app when he or she searches for "milk." But the AI takes into account not only the purchases of the individual customer, but also the shopping carts of comparable customers.

Many online rules don't work

"Many principles that work in online retail do not work in online grocery," Stjernvall has learned in practice. If someone is looking for pasta, for example, it doesn't help if the store shows ten alternatives to the selected spaghetti. It's more important to show the customer things that go with it. For example, based on what the customer already has in his shopping cart, the Coop app suggests a recipe that he could usefully prepare with the products he has already purchased - and recommends ingredients that are still missing.



Adam Hjort,
Vice President Customer Success, Loop54

Stjernvall and Hjort conducted an experiment at the turn of the year: The self-learning search engine was fed not only the product assortment, but also occasions. So, anyone who simply entered the term "Christmas" during the holiday rush was presented with a selection of products

that could be used to round off the festivities in the best possible way. Reward for the effort: Customers' interaction rates with the app increased by six percent after only a short time, "even though the search engine algorithm training hadn't even been completed at the time."

Expansion to branches planned

So far, the Coop app's personalization has almost exclusively affected online orders, even though it incorporates data from offline purchases. In the future, Stjernvall said, the smartphone will also add value in the supermarket. With the Scan & Pay service, customers can scan merchandise as they reach for the shelf and make cashless payments right away. In the future, the smartphone will make suggestions based on what's already in the shopping cart as to what else might go with it - and where it can be found.