

Auto Mercado boosts ROI through better online shopping experience

Although the official language is Spanish, a lot of people speak a mixture of Spanish and English — Spanglish. Customers don't enter technical product descriptions when they do a search. Algolia helped us bridge the gap between the words that our category managers use and the actual terms that people enter into a search field when they look for a product. We love that kind of functionality.

– *Felipe Alonso Valverde, Head of E-Commerce, Auto Mercado*



Headquarters:
San Jose, Costa Rica

Use Case:
E-Commerce

Customer
Since 2020

Feature Usage:
Search API
Recommend
Dynamic Synonyms
Sorting
Dynamic Re-ranking
Insights API and
Analytics
Rules
Personalization
Visual Editor
A/B Testing
Instant Search
Autocomplete



- Larger check out grocery basket sizes since implementation
- Improved customer experience
- New revenue streams from CPG search and banner promotions

The Challenge

- Solve customer frustration from poor search
- Create a customer experience like the brick and mortar stores
- Handle the surge in demand caused by the Covid-19 pandemic
- Create scalable and integrated processes that do not require an external development team

The Solution

- Implemented a full slate of Algolia technology throughout the e-commerce site to improve search, personalization and online visual merchandising solutions
- Improved functionality for hybrid Spanish/English language users
- Developed new revenue streams by offering online promotional opportunities to suppliers

The Results

- Online grocery sales estimated double that of other national competitor
- 50%+ increase in conversion rates after search
- Larger check out grocery basket sizes
- Improved customer experience + conversion rate
- New revenue streams from CPG search and banner promotions

Auto Mercado is a family-run supermarket chain based in San Jose, Costa Rica. In its 60 plus years in business, it has grown to 44 stores nationally, split between 22 traditional big box stores and 21 smaller convenience stores.

A premium grocer, like Whole Foods, Mariano's, or Wegmans in the U.S., Auto Mercado is focused on providing customers with high-quality fresh products. As an established and well-known brand in Costa Rica, it sets itself apart with great customer service and the attention paid to improving the in-store and online shopping experience.

Like many businesses deemed essential, the COVID-19 pandemic put tremendous pressure on the company to keep their customers' fridges and pantries well-stocked, while

shops were forced to limit in-person shopping and people migrated online to buy their groceries.

Auto Mercado gave customers several options: buy online and pick up in-store (BOPIS), standard home delivery, and an express delivery option for small orders. As Felipe Alonso Valverde, Head of E-Commerce for Auto Mercado, points out, "Demand for online orders increased 1500 percent overnight!"

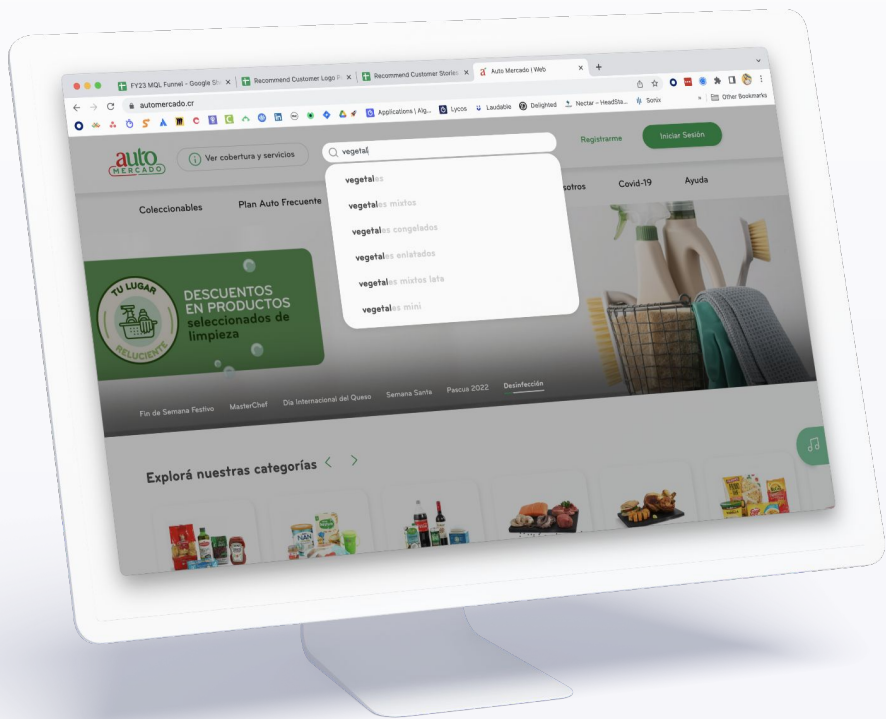
Auto Mercado had an e-commerce site when the pandemic hit, but it was built on outdated technology and was difficult to modify and scale. The grocer had launched its e-commerce site in March 2019, but to meet the extreme demand brought on by public health measures it revamped the platform the following March.

Getting shoppers to the products they're looking for

Auto Mercado customers are used to a high level of personalized service in the brick-and-mortar stores, and the e-commerce site had to match that in-person experience. With the number of delivery channels available and the strict timelines, speed and efficiency are important at all touchpoints in the shopping and delivery cycle. An ongoing problem for the Auto Mercado team was search. Customers were frustrated by not finding the products they were seeking and seeing search results that didn't make sense. It selected Algolia Search to improve search capabilities and functionalities throughout the e-commerce site.

"Before we had Algolia, search was the major issue in the customer journey," Alonso notes. "At one point, we had a text box where people could describe what they wanted to buy. It didn't make life easy or efficient for our staff or customers."

Algolia's AI Synonyms and Dynamic Re-ranking helped Auto-Mercado's e-commerce team get a better understanding of how people were searching for items on the site. The technology allowed the team to match people's specific search terms to the right product, bridging the gap between the description labels used by the category managers and the words that customers entered in the search field.



Visual Editor and Rules made it much easier to improve the store's promotional efforts online and benefit its suppliers. Assigning a keyword search that generated a top search result for a specific product and modifying product description pages (PDP) both became faster and more efficient.

These upgrades to Search also opened new B2B possibilities behind the scenes. "One thing that many people don't know is that suppliers pay for display space and visibility in grocery stores," Alonso points out.



Auto Mercado began charging consumer product goods (CPGs) suppliers for top placement in keyword searches, banner ad placements and where products were "stocked" on its virtual shelves.

For Alonso and his team, selling ad space and visibility on the e-commerce site became a valuable new revenue stream.

Because of this, at the end of the day, the cost of Algolia ends up being compensated by the revenue provided from our suppliers.

"Not only does Algolia pay for itself by enabling us to offer visibility to our CPGs, it also makes it easier for us to promote our higher-margin private label brands and include personalized impulse products on checkout."

— Felipe Alonso Valverde, Head of E-Commerce, Auto Mercado

Working with algolia for long-term success



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Since working with Algolia, Auto Mercado has improved the quality of search on the site, fine-tuned the accuracy and relevance of product recommendations, and increased the overall customer basket size at checkout. Even with the return to more in-store shopping, the benefits of the investment have helped ensure the long-term success and ongoing development of its e-commerce business.

By reducing latency, Algolia has improved search speeds. It was also easy to implement, Alonso says, offering a range of features not available from the competition. He and his team developed new iterations and changes without needing to call on an external development team, and they were able to integrate Algolia's full functionality into their e-commerce platform in less than two months.

Following the improvement in search, **user conversion rates have gone up by over 50%**. They are now integrating a new platform to share recipes with customers and continue improving their customer experience. The focus moving forward is on providing new personalized features that improve the overall customer experience.

Auto Mercado continues to invest in its online business and improve its relationships with suppliers. In addition to the work done in 2020 to improve its e-commerce site, 2021 saw the launch of a new mobile app incorporating the search features and functionality found on the website.

As Alonso notes: "In our business, I believe it's fundamental to have a great search experience, so shoppers can find exactly what they are looking for, and more." And the grocer is giving its customers more. With double the online market share of their closest competitor, automercado.cr is now Costa Rica's leading online grocery and delivery platform.

Algolia experts can help you take your site experience to the next level.

Get a customized demo from our search experts today.

Schedule a demo

www.algolia.com