FUTURE OF FOOD RETAIL

Abstract

COVID-19 has disrupted industry with the food retail segment in particular feeling the strain. Food retailers have to be prepared to do things differently to reduce the impact on their business. Lockdowns have resulted in closing of businesses, affected the supply chain, and even raised concerns over safety measures.

Customers are also carefully evaluating the situation, and their shopping patterns have changed. With safety a priority, they have become more open to digital channels.

Post COVID-19, consumers have become more open to embracing the 'new normal'.

In this point of view, our experts focus on how food and grocery retailers can engage with their customers through digital channels.

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How consumers' shopping habits have changed post COVID-19 [1]

- **9 of 10** consumers have changed their traditional shopping patterns

- **6 in 10 consumers** fear getting infected if they visited a store

- **42%** of customers prefer to purchase groceries online at least once a week

- **58%** of customers preferred purchasing groceries online using 'contactless delivery'

- The US witnessed the highest growth in grocery spending for packaged foods and beverages

Post-COVID-19, retailers in the food segment need to adapt to changing consumer preferences. Significantly, enterprises should explore new ways to engage with their customers.

How COVID-19 will transform retail business [2]

Experience
Zero-touch channels with consumers and employees

Connected devices
Collaborate and engage in new ways, leveraging the world of connected devices

Digitization
Optimize operations and use augmented reality and machine learning

New business model
Create new business models and new product capabilities

## Food retail industry segment solutions

Food and grocery

The food and grocery retailing segment has witnessed several changes. In-store experiences have evolved as customers become more cautious about their safety. Post COVID-19, retailers have to explore several options:
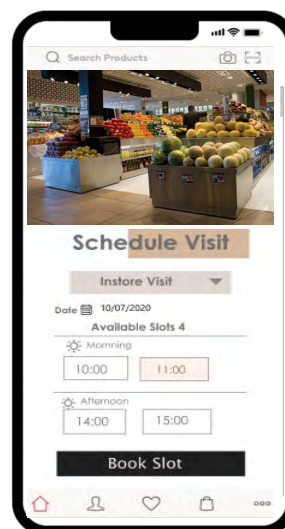
a) Slot booking

b) Curbside pickup

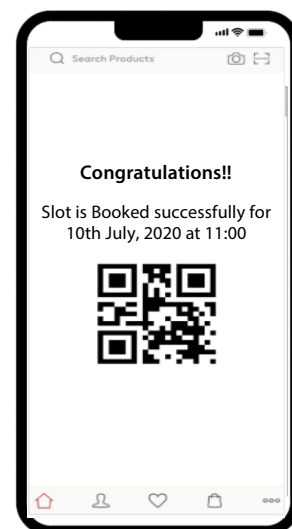c) Digital offerings for grocery stores

Slot booking

Using the slot booking feature, a customer can book in-store visits, schedule delivery, and plan curbside pickups:
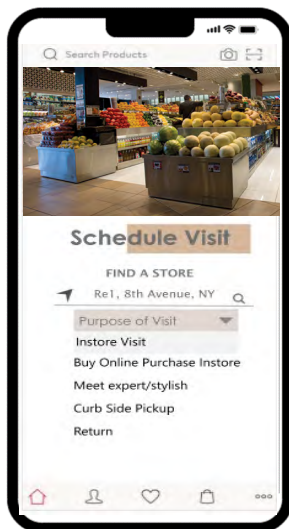
Select store location and purpose of visit from the drop down

Depending upon the purpose of visit the app displays 30 mins/ 1hr timeslots

A message displays successful booking of a slot
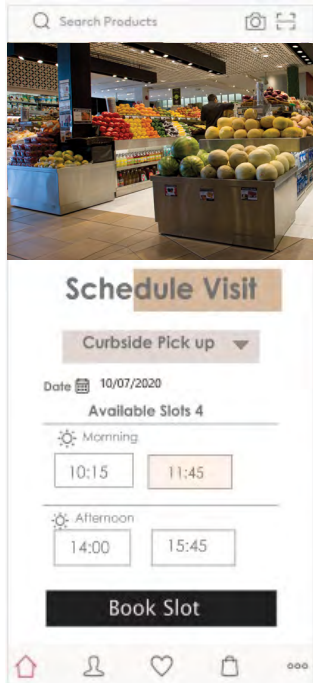
Benefits

- Manage social distancing

- Zero queues

- The store takes the initiative to ensure customer safety

- Enhanced customer experience because of better customer support by store associates

- Delivery overheads are reduced

- Enables retailer to deliver goods on-time every time

Value added feature

- Get real-time notifications via e-mail / SMS for updates on slot booked

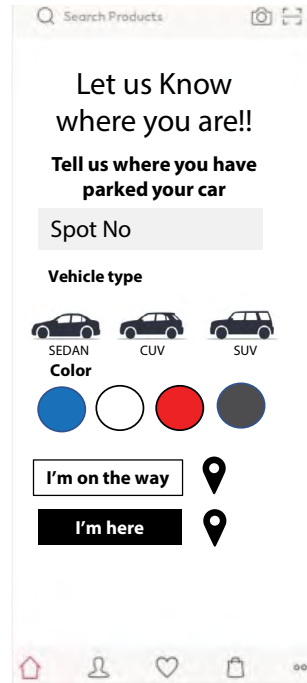- Feature available for e-commerce website as well as mobile application

Curbside pickup

Curbside pickups have increased. These services help retailers to drive sales while providing convenience to customers.
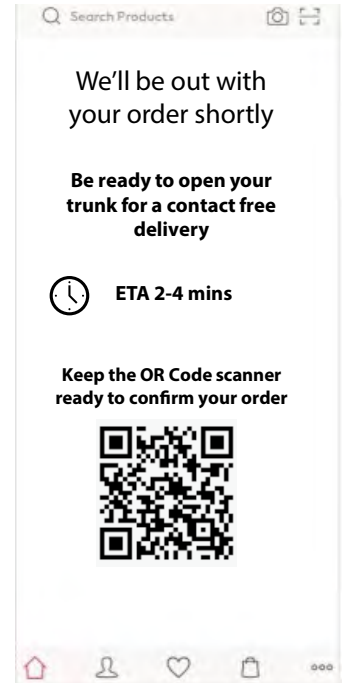

Book Slot for curbside pick up

Congratulations!!

You have successfully booked curbside pickup via car on 10th July, 11:45 AM

Scan the code while entering the parking lot

Success Message

Let us Know where you are!!

Tell us where you have parked your car

Spot No

Vehicle type

SEDAN   CUV   SUV

Color

I'm on the way

I'm here

Notification on the day of pickup

We'll be out with your order shortly

Be ready to open your trunk for a contact free delivery

ETA 2-4 mins

Keep the OR Code scanner ready to confirm your order

Keep the QR Code scanner ready to confirm your order

Benefits

- Ensures customer safety

- 60% of shoppers are more likely to consider alternatives to traditional in-store browsing and checkout, such as

BOPIS (Buy online, pick up in-store), with over 25% extremely likely to consider these alternatives [3]

Value-added feature

- Real-time notifications to customers

- Ensures wait time is reduced

- Contactless delivery

- Personalized experience

Other digital offerings for grocery stores

Leveraging digital channels to stay connected with customers and delivering a consistent user experience.

- **Anticipatory shipping:** The retailer can ensure enhanced convenience in grocery shopping by curating weekly or monthly grocery list based on consumer preferences and ship items to the doorstep.

  - Predict demand based on buying behavior and create personalized recommendations

  - Create a potential identified product list for the customer

  - E-mail the curated list based on customer preferences and purchase history for the customer to confirm

- Customer can:

  - Select the item for delivery from the list

  - Customize the list

  - Approve the list of items for doorstep delivery

- **Subscription model:** Allows the customer to choose a subscription plan based on their needs, giving them more flexibility. This plan cultivates customer loyalty and helps the retailer provide an enhanced customer experience.

- **Delivery feature:**

  - Buy online, pick up in-store options available. It reduces delivery time – the order is prepared in a few hours and delivered the same day

- **Family basket options:**

  - Pre-assembled basket of perishable and non-perishable items for emergencies

  - Children's baskets

  - Mixed assortment of healthy snacks

Benefits

- Understand customer sentiments

- Effort to minimize delivery time to encourage more orders

- Improve recommendations and services from customer feedback and reviews

Virtual market

An app that lets customers walk through the aisle of the store from the comfort of their home. (Think Google Maps Street View in motion)

- Every aisle of the store will be shown in 3D and the customers can walk through them, look up and down the aisle and select products from the racks or benches on which the products are placed.

- Customers can touch the item they see on screen to select it, and then a pop-up lets them select the quantity.

- They can also walk back to the billing counter (recommended) as they would normally do when they visit the store, or they could check out directly after shopping.
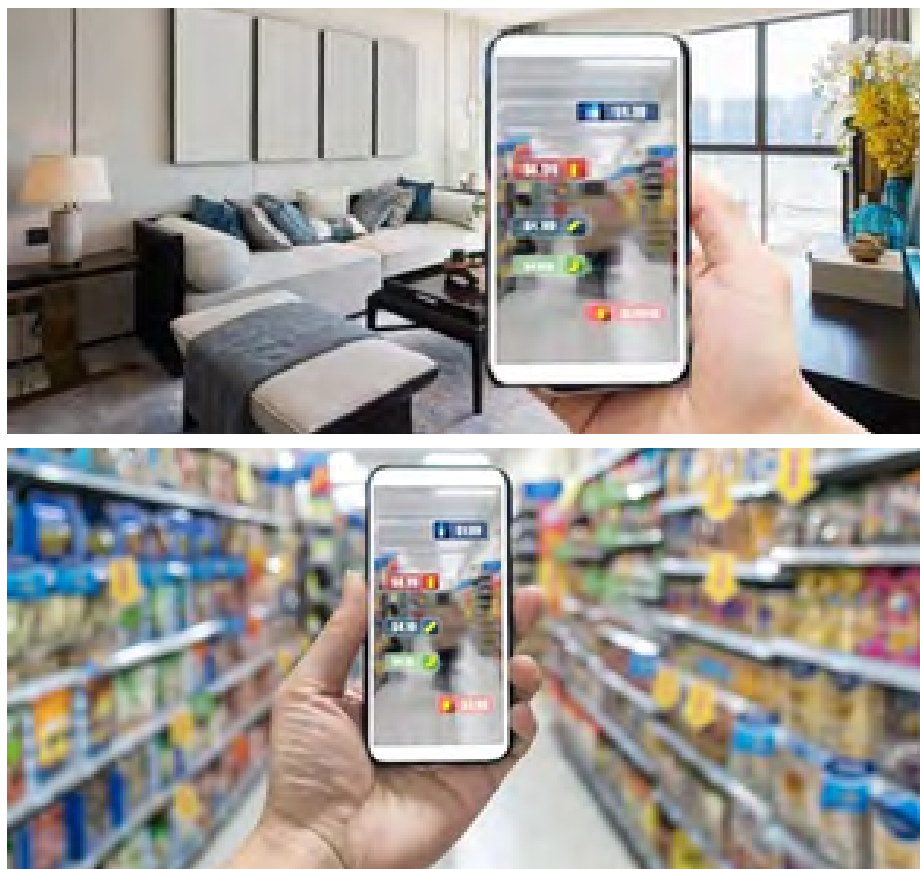
Customers can browse the store through a mobile phone, giving them the experience of being in the store from the comfort of their home. It is similar to the view they would get if they were to use their mobile phone camera to see the aisles when they are in the store.

Benefits of a virtual market

In-shop experience

For many customers, shopping is therapy. Via the virtual market, they get to experience the pleasure of shopping from the comfort of their couch, walking through the aisles of their favorite shops. This also ensures that they don't miss out on anything that they might have bought if they had visited the store in person.

Impulse buys – They are unplanned purchases without prior intentions

- According to a journal by Amity, it accounts for 62% of supermarket sales and 80% of sales in certain product types. [5]

- According to invespcro.com, 84% of all shoppers have made impulse purchases, impulse purchases represent almost 40% of money spent on e-commerce and 54% of US shoppers admit to spend US$ 100 or more on a single impulse buy. The report reveals that 8 out of 10 impulse buys are made in a brick-and-mortar store. [5]

Via the virtual market, buyers can make impulse purchases just as they would if they were to visit a brick-and-mortar store.

After the customer has placed purchases in the cart, the retailer can choose the delivery or curbside pick up feature to deliver products to the customer.

Benefits for the business

- Virtual shopping experience could be used as a marketing touchpoint

- Increased walk-ins through virtual platform

- Increases revenue due to walk-ins and impulse purchases – a virtual platform increases the level of impluse buys considerably

Benefits for the customer

- Social distancing

- Experience the shop around you

- The only customer in the checkout queue

- As you can walk through the aisles and see all the products, you do not miss out on something that you might have otherwise forgotten to buy

- Shop during any time of the day or night

- Customizable delivery or pickup slots

Quick-service restaurants

- **Drive-through / pickup lanes:** Digital kiosks offer buyers a contactless experience, eliminating the possibility of incorrect orders due to human error. Digital menus integrated with CRM and POS software offer personalized experiences, provide menu suggestions, and promote existing offers to maximize sales. Retailers are harnessing technology to enhance the drive-through experience.

- **To-go model:** This model of operations promotes contactless interaction, leveraging technology to enhance the drive-through experience. For example, Chipotle has a lane dedicated to mobile orders, called 'Chipotlanes'.

- **Online and mobile commerce:** This digital-enabled contactless delivery allows customers to browse through their options, place orders, and pay via their mobile applications or a digital kiosk without any human interface. Drone delivery is an option for B2B and B2C, or the customer orders online and fetches orders via curbside, in-store, or drive-through options.

- **Real-time business intelligence:** Restaurants empowered with real-time business intelligence are better positioned to make informed decisions. BI and analytics software offer a trove of insights into a restaurant's performance, based on which the restaurant can quickly adapt to the dynamics of the quick-service industry.

- **Personalized marketing:** Marketing automation platforms enable quick-serves to track customer behavior and purchase trends across platforms. By applying advanced algorithms, brands can mine deep insights to offer personalized products and recommendations and match evolving customer needs.

- **Geo-location:** A combination of geographic information systems (GIS) and location analytics tools enable chains to undertake location-based targeting. It allows identifying customers in the vicinity and push relevant recommendations and offers.

> " Reimagining the food retail experience with innovative solutions will not only help enterprises respond better to customers during the pandemic, but also benefit them in the long term. Adopting advanced technology solutions helps retailers to provide customers with a more rewarding and satisfying experience while offering more personalized customer service. "

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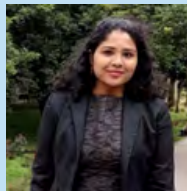Senior Industry Principal, Domain Consultancy Group Retail, CPG, and Logistics Practice

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