

GROCERY HIT LIST:

4 GROCERY RETAILERS EMBRACING DIGITAL OPPORTUNITIES

The entire retail industry has been impacted by the “big acceleration” to ecommerce, but the grocery sector is experiencing some of the most significant changes.



One year ago, **81% of consumers** never bought groceries online, but during the pandemic, **79% of shoppers** embraced these services.

U.S. online grocery **sales surged to \$7.2 billion** in June 2020, up from \$1.2 billion in 2019.

This Hit List spotlights the grocery brands embracing new digital opportunities, finding creative ways to optimize the omnichannel browsing and buying experience.



01

amazon

Amazon benefited significantly from the pandemic in many ways. Consumers relied more on Prime services to get products quickly, and more consumers also tapped their accounts to receive necessities like groceries. In fact, **Amazon increased its grocery delivery capacity by more than 160%** to accommodate the surge in online orders for its digital and physical properties, including **Whole Foods**.

But the most fascinating development for the Amazon business was the accelerated rollout of its Amazon Fresh concept grocery store. The company announced the first store's opening in summer 2020, as well as plans to open more locations throughout 2021. The Fresh concept has its fair share of innovations, including:

- Same-day delivery and pickup direct from stores;
- Amazon Dash Cart, which allows shoppers to pay using QR code technology and the Amazon app;
- Alexa-powered shopping lists that are accessible via mobile device or the Dash Cart, which ensures optimized travel through the store; and
- Low prices and an additional **5%** cash back for consumers who pay using their Amazon Prime Rewards Visa Signature Card or Amazon Prime Store Card at checkout.

02

Kroger



Kroger saw its digital business exceed more than **\$10 billion** in 2020, Rodney McMullen, Kroger's Chief Executive, shared **in a statement**. In Q4 2020 alone, digital sales were up **118%**. To accommodate this surge, the grocer is investing heavily in its fulfillment operations — specifically its Kroger Delivery services.

Over the past year, Kroger has launched a series of high-tech fulfillment centers in the U.S. that are powered by robotics and technology from Ocado Group PLC. In April 2021, the grocery retailer unveiled its **first Customer Fulfillment Center (CFC)**, which was designed to combine vertical integration, machine learning and robotics, with affordable and fast delivery service for fresh food.

The Ohio-based fulfillment center is **375,000 square feet** and has more than **1,000** bots that are programmed to pick and pack orders in the most efficient way. The bots operate on a series of 3D grids, called “the hive,” and have the intelligence to pack orders so items aren't damaged in transit. Once orders are packed, they're loaded into a temperature-controlled Kroger Delivery van, which receives optimized delivery routes powered by algorithms. Kroger plans to open more CFCs of various sizes across the U.S. to accommodate grocery's continued shift to ecommerce.

Walmart
COOK SHOP

Discover & design your own personalized recipes

03

Walmart
Save money. Live better.



To successfully drive and scale online sales, grocers need to promote their capabilities to consumers and their CPG brand partners. Walmart has focused on getting the word out through a multitude of digital channels and services, including **Walmart Connect**. This retail media network allows CPG brands to reach Walmart shoppers across digital channels, off-site media and even in stores. Its closed-loop environment is designed to help partners stay top-of-mind for consumers as they build their digital shopping carts.

For consumers, Walmart developed a shoppable interactive video hub called **Walmart Cookshop**. Food enthusiasts can access a rich library of unique cooking shows featuring renowned celebrity chefs like Jamie Oliver. It even includes unique segments for kids, developed in partnership with the Netflix show *The Hidden World of Waffles + Mochi*. Viewers can easily shop featured recipes and customize creations for their unique needs.

But Walmart's grocery investments go beyond omnichannel engagement and into the last mile experience. The retailer plans to expand its use of automated systems to pick and pack orders, and plans to **convert more stores** to fulfillment centers as well as create more store real estate for these services. In April 2021, the company even announced its investment in Cruise, an all-electric self-driving car company.

04

target



Target has been lauded for its loyalty program because it is mobile-friendly, omnichannel-ready and includes a multitude of perks. Users can earn **1%** cashback in Target Circle earnings that they can apply toward next purchase. They also can easily add coupons and gift cards to their account, so they can use them across channels.

However, it is the “To Go” feature that adds the greatest value to the mobile app experience because it personalizes available items, including snacks, pantry products and fresh goods, based on preferred fulfillment options. Target has bolstered its fulfillment portfolio to include improved Drive Up curbside services and same-day delivery, so this capability makes it far easier for consumers to browse and buy online. Users immediately see items they previously purchased, which improves retention rates and speed to checkout.

During an **executive announcement**, CEO Brian Cornell and CFO Michael Fiddelke announced a series of strategic investments for 2021. Based on increased demand for grocery and omnichannel fulfillment, the retailer is investing in adding more fresh foods to same-day delivery and is exploring ways to better personalize the pickup experience.

ABOUT THE AUTHOR

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Alicia is an editor-turned-content marketer, with a passion for all things focused on digital-powered experiential retail.

