

# Mind the Gap

Grocers must address the disconnect between their omnichannel capabilities and those that consumers expect from them.

By Randy Hofbauer

Omnichannel is a new norm in retail. Consumers today expect to be able to find and get the products they need when, where and however they want — and have a satisfying experience, regardless of the platform.

But while many retailers have invested in some level of omnichannel capabilities, their operations often aren't on par with their customers' growing expectations, creating a false state of "omnichannel comfort," according to a March 2014 report from Chicago-based technology services company Accenture.

"Features that only yesterday seemed game-changing are rapidly becoming the commonplace," the report notes.

The reality remains the same today in the grocery business, and as competition ramps up in this channel, food retailers, too, will need to make sure that they're doing everything possible to keep their omnichannel capabilities efficient and effective. If they don't narrow the gap between their own capabilities and those expected by consumers, they risk losing market share, especially with Amazon now getting more serious about groceries both online and through brick-and-mortar outlets.



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### A Daunting Disconnect

First things first: When it comes to omnichannel, all consumers should be seen as the same, no matter what their preferred method of shopping may be. Keasby, N.J.-based retailer cooperative Wakefern Food Corp., which has operated an ecommerce program since 2002 and brick-and-mortar stores under the ShopRite banner for much longer, acknowledges that its omnichannel success largely comes from the fact that it's category-agnostic with its customers.

“We don't categorize customers as either digital/online or in-store customers,” says Steve Henig, VP of digital commerce and analytics at Wakefern. “Our customers are our customers because they like our brand, and we give them different ways to shop and engage with us. Our job is to make sure those experiences — both online and in-store — are equally engaging.”

It's tough for customers to find consistency across the different ways they interact with a retailer when omnichannel operations are fragmented to begin with, however. For instance, grocers often operate their ecommerce arm today as if it were a separate business, making it a disjointed experience from

both the shopper's perspective and the back-office perspective, asserts Randy Evins, senior principal for food, drug and convenience with Newton Square, Pa.-based SAP Retail, which provides omnichannel software.

“Their general category managers, the merchandisers who really run the show in the grocery business, are oblivious to what's going on in ecommerce — they don't participate in the determination of the product,” he says. “Their ads are maybe used if there is an ad process inside of the marketing strategy for ecommerce, but generally, the context of what the category manager does is invisible to the process, so they're separated.”

Therefore, the ecommerce shopper's experience can differ dramatically from that of the in-store shopper. Promotions, pricing strategies and more are neither the same nor synchronized.

Take ordering online as an example: Grocery ecommerce sites tend to have a lack of integration across the store, website and mobile app, according to Graeme McVie, GM and VP of Precima, a Toronto-based provider of customer analytics solutions. Some grocers outsource their ecommerce site to third parties and manage their ecommerce offering in a separate department.



Further, a number of consumers expect a grocer's mobile app to have ordering capabilities, much like they would via the Amazon app. However, all too often, this isn't an option.

"There are instances of grocers having an app that is not enabled for ecommerce, so the customer cannot edit or place their orders from their mobile app," McVie points out. "Data, analytics and insights need to be integrated across the stores and ecommerce, and not housed in silos, so that customers are understood holistically, and not in isolation by channel."

### Communication Breakdown

But even if apps and websites are fully functional for ordering, incorrect or insufficient information can still make for a bad experience. One out of every 10 items on a grocery list typically will be out of stock on shelves, says Jack Record, CEO of ShopperKit, an Atlanta-based provider of in-store grocery fulfillment software. What's more, Americans are fine with this — it's part of the shopping experience.

What isn't acceptable, however, is when a grocer's online portal doesn't communicate a product's unavailability. If an order is made with a product, but delivered without it or with a substitute, shoppers have every reason to get upset. This creates two different shopping experiences between in-store and online: one where a replacement is easily substituted by the shopper herself, and another where the product and a potential replacement are left out completely.

Then there's the opposite problem: A product actually is in stock, but its status can't be determined through a website or app due to search limitations or lackluster content. If a shopper gets fed up with subpar search capabilities and descriptions, he has every reason to drop an order and shop elsewhere.

"Consumers want a positive user experience similar to the experience they have when on a more typical ecommerce site like Amazon.com," McVie says. "For the most part, grocery ecommerce sites will sometimes have limited search capabilities, incomplete product descriptions, few customer reviews and limited abilities to suggest other products that may be of interest or value."

This isn't limited to strict ordering, either, but also in communicating recommendations, thus hurting incremental sales potential. The products

are there — so why aren't the promotions?

"Many grocery ecommerce sites have a limited ability to communicate relevant offers across all channels," McVie explains. "Consider how Amazon cross-offers with their suggestions driven by 'Customers like you also purchased,' and 'Customers who purchased this item also bought these offer items.' Some grocers have yet to incorporate this type of data intelligence into their ecommerce offerings."

This kind of communication offers shoppers exactly what they want from omnichannel — and exactly what omnichannel is supposed to provide: a personalized experience. ShopperKit's Record notes that one of the main things his company focuses on is communication, which helps not only with substitution orders like those he mentioned earlier, but also with upselling, especially when the customer is essentially shopping by proxy through someone else.

"They're inside the store doing their shopping for you, and when you get a text from them, after the third or fourth shop, you start to recognize your proxy [person] who's doing your shopping for you," he notes. So if a new shipment of peaches comes in, and the shopper has the data and knowledge to know

## Department of Justice Antitrust Division

Take notice that the United States has filed a proposed Final Judgment in a civil antitrust case in the United States District Court for the District of Columbia, United States of America v. Danone S.A. and The WhiteWave Foods Company, Civil Action No. 17-cv-0592-KBJ. On April 3, 2017, the United States filed a Complaint alleging that Danone S.A.'s proposed acquisition of The WhiteWave Foods Company would violate Section 7 of the Clayton Act, 15 U.S.C. § 18. The proposed Final Judgment, filed at the same time as the Complaint, requires Danone S.A. to divest its Stonyfield Farms, Inc. subsidiary, including manufacturing, administrative, storage, and distribution facilities in Londonderry, New Hampshire; trademarks to Stonyfield Farms brands, including Stonyfield and Brown Cow; and certain other tangible and intangible assets. A Competitive Impact Statement filed by the United States describes the Complaint, the proposed Final Judgment, the industry, and the remedies available to private litigants who may have been injured by the alleged violation.

Copies of the Complaint, proposed Final Judgment, and Competitive Impact Statement are available for inspection on the Antitrust Division's website at <http://www.justice.gov/atr> and at the Office of the Clerk of the United States District Court for the District of Columbia.

Interested persons may address comments to Maribeth Petrizzi, Chief, Litigation II Section, Antitrust Division, Department of Justice, 450 Fifth Street NW, Suite 8700, Washington, DC 20530 (telephone: 202-307-0924) within 60 days of the date of this notice. Such comments, including the name of the submitter, and responses thereto, will be posted on the Antitrust Division's website, filed with the Court, and, under certain circumstances, published in the Federal Register.

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the customer has purchased peaches before, she can upsell via text messages or even send a photo.

And the in-store proxy doesn't have to be limited to just the person shopping for the patron. It can even extend to service department experts like the butcher.

“Your proxy in the store is a great butcher, [but] you may not know your butcher's name,” Record says. “Now that you're talking through your smartphone via text, you actually do recognize names, and you know that this guy's a great butcher. So when he recommends the ribeyes that you want for the July 4<sup>th</sup> barbecue, you're willing to take that into consideration and increase the basket size.”

Communication also extends to how shoppers get their deals. Wakefern understands that its customers love its sales circulars and coupons, so it makes them available online, just as they still run in print format, Henig observes.

And even interaction with people such as health experts falls under creating a good omnichannel platform. For instance, Wakefern sees dietitians as part of its omnichannel program, helping to create a seamless experience for customers and make their lives easier, Henig says. This is useful for

customers with specific diets who need someone in the store who can answer their dietary questions, in the same way that a quick search on Google might help when placing an order online.

### Three Tips

There are many ways grocers miss the mark when attempting to deliver a seamless omnichannel experience that customers expect. But there also are many ways they can close the gap between capabilities and expectations. Sy Fahimi, SVP of product at Palo Alto, Calif.-based analytics solutions provider Symphony EYC, offers a few areas where grocers should focus and adopt solutions:

**1 Personalized marketing messages and offers:** Grocers should create a single view of the customer that includes shopping preferences, buying behaviors, order history, contact details, loyalty rewards and other interactions. They can leverage a sophisticated context-marketing engine to deliver timely, personalized offers and messages to consumers.

**2 Omnichannel fulfillment:** It's critical for grocers to work more effectively across functions and channels. For instance, click-and-collect requires coordination and quick decisions across online, the supply chain and brick-and-mortar locations, not to mention planning, merchandising and marketing functions, among others. Additionally, the online channel needs to know that inventory is available in the local store. Stores must be able to receive the order, reserve it and provide top-notch service on pickup. Moreover, the supply chain needs to have visibility into the movement of inventory, while marketing must be involved to effectively showcase the offering to shoppers.

**3 Inventory assortment and visibility:** Food retailers must ensure three things: First, building the right assortment across channels in a way that makes the most of each channel; second, ensuring that back-end functionality is in line with what shoppers see in-store or on digital storefronts; and third, ensuring that demand-driven, suggestive ordering is the foundation for keeping up with customer service levels and ensuring that merchandise is always available for purchase at the right place and time. **PG**