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IFPA Town Hall: Retail technology touted as game changer

By

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A panel of retail experts discussed how cutting technology is and will be driving produce sales both online and in the store in the coming years. The overarching theme of the [International Fresh Produce Association](#) virtual town hall held Wednesday, Aug. 31, was that technology is already significantly changing the world of retailing, but there are so many more advance coming down the road that will be game changing.

The panel was populated by Jonna Parker, principal at IRI Fresh Foods; Heather Paquette, vice president, Retail Innovation Center of Excellence at Retail Business Services, an Ahold Delhaize company; Dave Steck, vice president of information technology at Schnuck Markets; and Dorn Wenninger, senior vice president of produce for United Natural Foods Inc. IFPA Chief Membership Officer Miriam Wolk served as the moderator.

Parker kicked off the hour-long discussion with a review of data tabulating the significant impact that technology has already had on retail sales. She revealed that in 2019, 5.6 percent of U.S. food and beverage sales were purchased online, which showed that technology was already playing an impactful role. The pandemic accelerated that trend. To date this year, almost 12 percent of food and beverage sales is being purchased online.

Those online purchases are spread out among a mix of retailers, including traditional brick and mortar supermarkets, online only sellers, small retailers and third party providers, such as Instacart. Importantly, that online category is driving growth in the retail sector, accounting for more than 20 percent of total growth, which far outflanks its impact on total sales. And while online sales shot up in 2020, the first year of the pandemic, they have maintained an elevated position for more than three years now. "Ordering online is commonplace and it's growing exponentially," Parker said.

It is also important to note, according to Parker, that Gen Zs and Millennials, who index higher than their population when it comes to online purchases, will make up half of the consumer population in less than a decade. That points to faster-paced growth in the coming decade. Parker said that is good news for produce sellers as those under 40 spend more online, are more willing to upgrade their purchases and can be influenced by social media. She mentioned that "watermelon and mustard is a thing" because the pairing went viral on social media and sales spiked.

Parker's opening remarks focused on digital technology and its impact on food sales. In their initial comments, the other panelists also talked about how the technological revolution in general can impact food retailing.

Paquette said Ahold's research has shown that customers want choices, which has led Ahold to improve its array of offerings through many channels. The company wants to appeal to online shoppers who are looking for delivery as well as those who shop online but like the pickup option,

which gives the retailer another opportunity to up the ring. And of course, the traditional in-store shopper still represents most sales. In that regard, Paquette said research shows that shoppers like to have more interactions with the store associates. Ahold is using technology to free associates from routine work to give them more time for customer-facing activities. In that toolbox of tech advances are automatic bathroom cleaning devices, self-checkout stands and meat-slicing machines in the deli department. Each of these time-saving activities gives the associates more time to spend with customers. This has the added advantage of creating better and more interesting jobs for the workforce, which is extremely important in today's tight labor market.

Later in the seminar, Paquette shared several other technologies that can be impactful in the years to come. She said there are a lot of advancements being made in scales at the checkout stand that can identify the produce placed on top, weigh it and price it accurately. Eliminating the mundane task of keying in PLUs will again free up time for more shopper-friendly interactions.

At Ahold, the company is also trying to equip its associates with better tech tools to interact with shoppers. Paquette said produce clerks were reporting using their own cell phones to find how-to videos on produce for their customers. The company loves the initiative but wants to better equip those workers with the proper tech tool for the all-important customer interaction.

Wenninger said that technology advances behind the scenes, downstream, can create efficiencies that allow for the delivery of a better product upstream. And he said there is nothing like an excellent product at retail to increase sales. A great peach experience will result in repeat sales. He added that the supplier community has been quick to adopt quality assurance/quality control (QA/QC) systems that utilize data to take variability out of the equation for the retailers. Retailers, he said, have not been as quick to adopt those systems for the shopper. For example, Dorn said retail checkout systems should automatically prevent a product from being bought if it is past its sell date.

Later in the seminar, on the same theme, he said there are many, less sexy technologies, that are not being utilized throughout the supply chain to create a more efficient system and ultimately a better experience for the consumer. On the supply side, automated pallet machines should be utilized everywhere to speed up the process. He said the onus is on everyone along the supply chain to remove the variability and give the consumer the best taste experiences, whether it is in the store or online.

During his several opportunities on camera, Steck also pointed to many technologies in use today or those that may not come along for many years that can help drive produce sales. He pointed to the Amazon Go store where cameras and sensors allow consumers to just pick up their produce and walk out of the store while their credit card is being charged. Steck said grocery carts can be equipped with scales and cameras that can automatically weigh and price produce before reaching the check stand. He also said bar codes should be on every product and electronic pricing on every display to minimize mistakes and speed up the process.

Looking a bit further in the future, Steck can envision a time when shoppers can sit at home in their Virtual Reality goggles and virtually move through a grocery store picking out the products they want, which would then be boxed and delivered in short order. "That would be in-store shopping without going to the store," he said.

He also touted live stream shopping where the third party shopper could have a camera attached to her head as she moved through the store allowing the home shopper to pick out what he wanted.

And years down the road, Steck hopes to see multi-spectral cameras that can see inside produce to determine their suitability for purchase.

While Parker applauded these potential technological advances that are seemingly reproducing the in-store feel at home, she also said it isn't necessary. She argued that the digitally mature shopper — also known as Gen Zs and Millennials — is not looking to create an in-store experience. They are very comfortable purchasing a peach without the aromatics that might hit you in your supermarket. This group of techno-friendly consumers grew up with a different sensory appeal via their smart phones and computers. The smell isn't necessary, she said. "The online shopper is not in that same mindset."

She did note that online grocery shopping hasn't reached that sweet spot that digital retailers like Amazon have perfected, wherein they can upsell with suggestions based on the purchase. She believes when online food retailers have gathered enough data, and new technology allows it, suggestive selling at food retailing operations will unlock a multitude of sales opportunities.

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About Tim Linden |

Tim Linden grew up in a produce family as both his father and grandfather spent their business careers on the wholesale terminal markets in San Francisco and Los Angeles.

Tim graduated from San Diego State University in 1974 with a degree in journalism. Shortly thereafter he began his career at The Packer where he stayed for eight years, leaving in 1983 to join Western Growers as editor of its monthly magazine. In 1986, Tim launched Champ Publishing as an agricultural publishing specialty company.

Today he is a contract publisher for several trade associations and writes extensively on all aspects of the produce business. He began writing for The Produce News in 1997, and currently wears the title of Editor at Large.

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