

Grocery: Technology Snapshot

HP Industry Snapshots deliver insights on important topics that help technology leaders navigate today and prepare for tomorrow.



~21%

of all Grocery sales will be 'digital' by 2026¹

+5%

growth in grocery sales in 2021 over 2020, signifying continued strong growth for the segment⁵

35%

of grocery shoppers say contactless will remain just as important post-COVID¹

Check-Out Speed

grocery shoppers rate the checkout speed as the #1 pain point in the store experience²

Pandemic transforms the industry, accelerating digital adoption

2020 was an unprecedented year for grocery retail. While sales increased by double-digits, supply chain problems disrupted operations and ecommerce adoption skyrocketed. Previously lagging other retail sectors, grocery online sales grew 3x and are set to make-up ~21% of total grocery retail by 2026. As a result of this shift to digital, the role of the store has changed dramatically. As store-fulfilled digital orders rose 5x, the brick and mortar store has increasingly become a hub for fulfillment. In addition, shoppers' preferences around what makes an ideal experience have changed. **Speed, convenience and cleanliness** now rule the day, resulting in grocery retailers scrambling to adopt new checkout alternatives, digital tools and contactless options throughout the in-store shopping journey. These imperatives also ring true for store associates.

To succeed, retailers must deliver on shopper expectations while simultaneously improving associate productivity. The three pillars of the new experience are:

Mobile First



Mobile will be the main entry point of the shopper experience & associate productivity alike

Contactless



Increase in no-touch experience for shoppers and associates (e.g self-checkouts, payments, picking)

Frictionless



Simple and intuitive processes to enable shoppers and associates to do their tasks easily

75%

of online orders are expected to be fulfilled from the store.²

87%

of shoppers believe that mobile payments are faster than cash or credit payments²

9%

growth in frequency of in-store shopping visits over 2020²

-15%

reduction of average order value (AOV) and frequency of visits in online/digital channels in 2021 over 2020.²

Mobility, Contactless and Frictionless are the core of transforming the shopper experience and store operations.

Transforming the Experience:

Increasing the speed and throughput of the checkout process and empowering store associates to conduct critical tasks (e.g., price check, inventory) is a top priority for Grocery and FDCM retailers. Improving the checkout experience requires grocers to upgrade their technology platform (e.g., self-checkout systems, enabling mobile payments on the POS, etc.). Empowering shoppers requires investment in store technologies (e.g., kiosks, price checking) and supporting an in-store mode for the customer mobile apps. The goal is creating a digitally-enabled, efficient and frictionless experience for shoppers and staff.

Strengthening the Operations:

Grocery digital operations are largely unprofitable, and with digital revenue growing at 3x-5x in-store, margins are under severe pressure. If the increasingly tight labor market is added into the mix, the importance of operational excellence is underscored further.

Improving labor utilization, and store efficiency requires empowering associates with mobile devices so that they can conduct store tasks (e.g inventory, voice-based picking, mobile POS, etc) quickly and with low/no touch. With mobile devices in the hands of the associates, retailers can also optimize store tasks in real-time based on changes in business (e.g curbside volume, store traffic etc.).

#1

Integration with existing systems is the biggest challenge for grocery retailers in implementing new technologies intended to enhance the store experience or strengthen their operational efficiency.⁴

1.8x

increase in deployment of self-service checkouts over the next 24 months³

54%

of grocery shoppers prefer contactless checkout over traditional checkout²

61%

increase in deployment of associate mobile devices over the next 24 months¹

+19%

increase in investment by grocers in store technologies over the next 24 months⁴

There will be rapid investment in store technologies to support the 'new' shopper experience and operations.

Prior to the pandemic, the grocery segment lagged other retail sectors in terms of in-store technology investment as percentage of top-line revenue. However, the last 18-months have given the industry a welcomed revenue surge and forced IT decision makers to look at technology differently.

At the same time, changes in consumer expectations and buying behaviors demand that grocery retailers improve their capabilities in three major areas: Digital/eCommerce Technology, Supply Chain & Fulfillment and In-Store Mobile Tools & Checkout.

The 'new normal' of grocery shopping will continue to blend digital and physical channels. While popularity of eCommerce in grocery will remain higher than pre-pandemic times, the in-store experience will continue to be the primary mode of shopping for groceries and fast-moving consumer goods. However, technology must now drive the store experience. Grocery retailers will need to invest in technologies that bridge online and in-store customer journeys.

To deliver on new customer expectations, leading retailers will also need to invest in staff productivity tools. Majority of improvements will be from transitioning paper-based, inefficient and poorly measured process to digital alternatives administered on tablets and handhelds. Investment in store-owned mobile technology by grocery retailers has increased over 50% and should be considered as a best practice for increasing associate productivity and improving shopper experience alike.

Digital/
eCommerce
Technology



Supply
Chain/Fulfillment
Technology



In-Store
Mobile/Checkout
Technology





Engage Go 10

Built for today's demanding retail landscape, HP Engage Go 10 convertible system easily transitions from an all-in-one to a mobile tablet. It's durable, highly secure and integrates key accessories to support retail workflows. Designed to pass rigorous MIL-STD⁶ testing, Engage Go 10 is IP54 rated⁷ to resist dust and liquid intrusion.

Equipped with an optional barcode scanner and integrated card reader that accepts EMV, chip insert and mobile pay⁸, HP Engage Go 10 is a versatile mobile performer.



Enterprise Mobility in Grocery

Thoughtful implementation of mobile technology helps grocery retailers improve customer experience and increase staff productivity in the wake of challenges brought on by the pandemic.

Leading retailers are digitizing paper-based processes of inventory planning, planogram compliance, health and safety and workforce management. Mobile devices support these new processes throughout the store.

Ability to take payments on tablets provides grocery retailers new options for customer check-out. Managing ecommerce order-pick-up via mobile devices at customers' vehicles and curbside increases convenience, improves store capacity and helps meet social distancing requirements.

Running Windows or Android OS, tablets can support tasks previously done on small handhelds while also being suitable for store management and point-of-sale workflows. Staff can now order from the aisle, check on status of in-bound shipments, look-up product details and check-out a customer on the same device. Managers can check performance against KPIs, review staffing levels and review security footage directly from a tablet.

Ability to utilize the same device for greater number of mobile workflows improves grocery retailers' ROI on mobile technology.

The research and data for HP Industry Snapshots was compiled by Incisiv from the following sources:

1. HP sponsored study prepared by Incisiv to assess the state of technology strategy and execution in the retail and hospitality industries across in North America, 2021.
2. HP sponsored study prepared by Incisiv to assess the state of technology strategy and execution in the retail and hospitality industries across in North America, 2021.
3. [IHL Services / Retail Touchpoints](#) 2021
4. HP sponsored study prepared by Incisiv to assess the state of technology strategy and execution in the retail and hospitality industries across in North America, 2021.
5. US Census Department Monthly Retail Sales Data (<https://www.census.gov/retail/index.html>)

HP Engage Go 10 Disclaimers

6. MIL-STD-810H testing is not intended to demonstrate fitness of U.S. Department of Defense (DoD) contract requirements or for military use. Test results are not a guarantee of future performance under these test conditions. Accidental damage requires an optional HP Accidental Damage Protection Care Pack.
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8. The Moby/5500M for HP Engage Go 10 is available for United States only and excludes integrated battery. No payment, integrated payment and payment readily available. Non-Ingenico One Gateways require Ingenico firmware updates.



Grocery retail is one of the toughest and most competitive retail segments. Customers demand wide product assortments, low prices, frictionless checkout experience and increasingly personalized service. New digital-native competitors are disrupting traditional business models, eroding the bottom line for incumbent FCDM retailers. Hypermarkets, specialty and corner grocers alike must continue to innovate to meet customer demand and stay ahead of competition.

HP Solutions help grocery retailers create modern, efficient and frictionless customer experiences by providing industry expertise and supporting compute use-cases ranging from Point of Sale (POS), Associate Mobility, Self-Check-Out, and Intelligent Edge Solutions.

For More information please visit: www.hp.com/go/retail



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