

# fresh forward

Envisioning Tomorrow's Fresh Foods at Retail

## 2024 ACTION GUIDE: KEY STEPS TO MOVE THE FRESH INDUSTRY FORWARD

INSIGHTS FROM **FRESHFORWARD** 2024



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# 2024 ACTION GUIDE

## INSIGHTS FROM FMI FRESHFORWARD 2024

Prepared by FMI in collaboration with Deloitte



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#### **About FMI**

As the food Industry association, FMI works with and on behalf of the entire industry to advance a safer, healthier and more efficient consumer food supply chain. FMI brings together a wide range of members across the value chain — from retailers that sell to consumers, to producers that supply food and other products, as well as the wide variety of companies providing critical services — to amplify the collective work of the industry. **[www.fmi.org](http://www.fmi.org)**.

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# INTRODUCTION

## TAKING ACTION TO MAINTAIN FRESH MOMENTUM

**FRESH FOOD IS A DYNAMIC PART OF FOOD RETAIL**— but the fresh journey isn't all smooth sailing.

On the positive side, fresh is driving retail differentiation and engaging a wide range of shoppers. Despite this, the fresh industry is facing challenges that include staying on top of emerging consumer trends; making progress with sustainability and packaging; and optimizing the use of technology such as artificial intelligence.

These were among key topics spotlighted in August of this year at FMI's FreshForward conference in San Diego, our annual senior-level gathering for retailers, suppliers, and other stakeholders. This 2024 Action Guide relays key takeaways from speakers and action



steps recommended by attendees. The action steps were generated from facilitated breakout groups of attendees — including retailers, wholesalers, suppliers, and service providers.

FreshForward is about how the fresh sector comes together collaboratively to push the industry forward. Attendees participate in networking during meals, breaks and special events. Deloitte is FMI's collaborative partner for FreshForward. The conference is driven by FMI's Fresh Foods Leadership Council. The FFLC chair is John Ruane, president, The Giant Company. The co-chairs are Jewel Hunt, group vice president, fresh merchandising, Albertsons Companies, and Kurt Vetter, president, Wonderful Sales.

FreshForward is an important part of FMI's wider fresh industry efforts throughout the year. We hope you find this Action Guide useful in planning strategies for the coming year and beyond. Positive change is accelerated when senior leaders engage with each other to help create the next generation of fresh foods opportunities.

**Thank you,**



**Rick Stein,**  
Vice President of Fresh,  
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**Andrew Brown,**  
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# FRESHFORWARD RECAP: 10 KEY INSIGHTS

Speakers at **FreshForward 2024** presented unique insights and exclusive research to help the industry maintain fresh momentum. Presentations were focused on this year's education tracks — emerging consumer trends in fresh; sustainability and packaging; and technology and AI. Presenters included senior executives from retailers and other fresh industry companies; industry consultants; and leaders from FMI and its FreshForward partner Deloitte. Here are 10 key insights from speakers.



**1-COMPELLING FRESH DATA:** Most food retailers are planning to increase the space they allocate to foodservice aspects such as fresh-prepared grab-and-go options, and about a third plan to increase labor allocation to foodservice, according to FMI's The State of Fresh Foods research presented by Leslie Sarasin, the association's president and CEO. She reported that 42% of food retailer sales in 2023 came from fresh departments.



**2-C-SUITE PERSPECTIVES:** The industry needs to draw inspiration and alignment from the top. That is why each of FreshForward's three education tracks — on sustainability and packaging; tech and AI; and emerging consumer trends — was introduced by a senior retail leader. Oscar Gonzalez, co-president, Northgate Gonzalez Market, outlined his retail company's wide range of sustainability strategies — in areas ranging from waste reduction to transportation. Mike Stigers, president, Wakefern Food Corp., addressed technology and AI and emphasized that “the future of fresh will be enhanced by technology.”



**3-EMERGING CONSUMER TRENDS:** A panel on consumer trends in fresh spotlighted what's important now and how quickly shopper demands are changing. Key trends cited as important include convenience, omnichannel, price and value, health and well-being, and multicultural. The industry was urged to gather trend information from both traditional and nontraditional sources, and to make hard decisions about which trends to focus on. Said panel moderator Rick Stein of FMI, “When you try to be all things to all people, you lose. Pick your lane and execute well.”



**4-CAPTURING YOUNGER SHOPPERS:** The fresh foods sector needs to work harder to gain ground with younger shoppers, including Gen Z and young millennials (i.e. shoppers aged 34 and younger as of 2024), said speaker Jonna Parker, principal II and fresh foods team lead, Circana. Parker said, “Not only do both Gen Z and all millennials spend less on fresh foods than older generations; their fresh spending levels are declining.” Part of the challenge is that fresh is being out-marketed by other segments of the business, such as center store, she explained. FMI's Sarasin, in her keynote presentation, pointed to a “generational power shift” as the influence of Boomers declines and younger generations increases. She emphasized the importance of providing “shopping experiences that are meaningful to all the different generations.”

# FRESHFORWARD RECAP: 10 KEY INSIGHTS

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**5-SUSTAINABILITY AND PACKAGING** The complex nature of sustainability can lead the industry and consumers to become frustrated about making progress. Nevertheless, it's important to push forward on the journey. A panel on this topic cited complexities that include a patchwork of regulations; the difficulties in meeting targets; and the need for collaboration among stakeholders. Panelists pointed to the importance of incentives to help spur progress. "We need to push for incentive structures in food and agriculture," said Irving Fain, CEO and founder of Bowery Farming.



**6-TECHNOLOGY AND AI:** Technology and AI are playing important roles in fresh foods, a point emphasized by a technology panel. These roles include driving how customers interact with fresh; helping associates enhance customer experiences; and boosting operational effectiveness, said Matthew Adams, principal, Deloitte. Speakers underscored the importance of prioritizing applications that are on target for each organization's needs and avoiding the temptation to choose 'cool' tech tools based on a fear of missing out.



**7-AVOIDING THE HYPE:** Don't put the focus on new shiny objects, fear of missing out, and AI hype when making decisions about the use of emerging technology in fresh. That was the guidance from speakers, who urged attendees to focus on strategies that deliver the most value to fresh and retail. "Don't do it because it's cool," said Juri Ljaskin, vice president, supply chain, for SOK/Prisma Peremarket, Estonia. "Build a sensible business case and understand what you are targeting."



**8-MAKING A FRESH COMMITMENT:** There are plenty of challenges facing the fresh industry — ranging from the inflation hurdles of recent years to foodservice competition from restaurants. However, fresh foods are central to the success of this industry and should be prioritized, Bill Artman, CEO, Giant Eagle, told FreshForward attendees. "Trust in the importance that fresh foods offerings have with consumers," he said. "Commit to value-added fresh offerings."



**9-COMBATTING FOOD WASTE:** The sustainability discussion spotlighted the importance of reducing food waste. Consumers want to avoid wasting food and money. Retailers are working to avoid shrink. Many food industry companies are making food donations to avoid waste and battle food insecurity. "We have built out a network of food bank partners and also engage customers around register campaigns to help people in need," said speaker Michael Hewett, director of environmental and sustainability programs, Publix Super Markets.



**10-ECONOMIC SILVER LINING:** FreshForward provided some good news about the economic picture. Leo Feler, chief economist at Numerator, speaking during a keynote session, dismissed the idea of a recession and added, "The consumer basket has actually become more affordable" as incomes have risen.



# ACTION STEPS TO PURSUE EMERGING CONSUMER TRENDS IN FRESH



*Fresh industry leaders can choose from a wide range of action steps to stay on top of emerging consumer trends. These include focusing on the needs of younger consumers; offering convenience; embracing omnichannel; aging multicultural; and enhancing shopper experiences. The action steps were suggested by FreshForward attendees during breakout group discussions. The breakout groups followed a panel on consumer trends featuring speakers from Circana; Cargill Protein North America; Deloitte; and FMI.*

**Here are actionable steps for collaborative partnerships proposed by industry attendees.**

**PICK YOUR LANE:** Know what you do well and rock it. There are so many ways to go to market in fresh — from health and well-being to convenience and from value to multicultural. Organizations can't be all things to all consumer groups.

**FOCUS ON THE WHO AND WHY:** Understand who are your fresh shoppers, what is important to them, and why they chose you versus a competitor.

**EXECUTE IN REAL TIME:** Prioritize the ability to execute quickly on emerging fresh consumer trends. Retailers need to get new products onto shelves rapidly as consumers learn about these items and try recipes that incorporate these products.

**EMPHASIZE STORYTELLING:** Foster sharing of information between trading partners to support fresh storytelling for shoppers. Retailers should share information about their customer bases while suppliers share insights on broader consumer trends.

**PRIORITIZE GEN Z:** Bring fresh to life for younger consumers through digital connections. Reach these shoppers by leveraging apps; websites; social media and other digital platforms.





**ENHANCE EXPERIENCES:** Offer winning in-store experiences that create theatre around fresh foods. Change up the experiences based on seasonality and evolving trends.

**EMBRACE OMNICHANNEL:** Coordinate in-store and online fresh experiences to bring consistency for shoppers. Make sure to replicate your core fresh strategies in all shopper touchpoints.

**ACE MULTICULTURAL:** Gain trust with shoppers by being authentic and on target with fresh multicultural offerings — for taste, flavors and cuisines. Emphasize the sensory appeal of these foods and offer recipes to help promote items.

**MAKE CONVENIENCE EASY:** Ensure that grab-and-go fresh items are convenient, easy to find and easy to prepare. Emphasize quality and variety so shoppers will come back for more.





# ACTION STEPS TO PURSUE SUSTAINABILITY AND PACKAGING



*The fresh industry should consider action steps for advancing sustainability and packaging. These can include prioritizing collaboration; standardizing processes; addressing food waste; and relaying strategies to consumers. The action steps were suggested by FreshForward attendees during breakout group discussions. The breakout groups followed a panel on sustainability and packaging featuring speakers from Publix Super Markets; Bowery Farming; Bunzl Distribution NA; and FMI.*

**Here are actionable steps for collaborative partnerships proposed by industry attendees.**

**MAKE SUSTAINABILITY A JOURNEY:** Don't get paralyzed by a desire for perfection. Sustainability and packaging are highly complex topics, but even incremental improvements make a difference.

**RELAY STRATEGIES:** Food industry companies should focus on storytelling about their fresh sustainability strategies to gain recognition for efforts and build trust with shoppers.

**PRIORITIZE COLLABORATION:** Improve trading partner collaboration to combat misinformation, streamline processes and set measurable goals in fresh foods.



**PUSH FOR INCENTIVES:** Focus on the importance of public and private economic incentives to bring about positive change. Retailers, suppliers, packagers and other stakeholders can benefit from having incentives put in place.

**STANDARDIZE PROCESSES:** There is a lack of standardization in the language used to describe sustainability practices and the information that retailers seek from their suppliers. Driving more standardization can help bring about faster improvements.

**TACKLE FOOD WASTE:** Consumer food waste is a major problem. The fresh industry needs to improve shopper education on how to reduce waste. The strategies should include helping consumers more accurately determine how much to purchase.



**LEVERAGE TECHNOLOGY SOLUTIONS:** Technology can help support accurate forecasting and better visibility to reduce food and packaging waste. This would help improve supply chain strategies.

**EXAMINE COST SIDE:** Retailers, suppliers and other partners need to discuss how to accelerate progress despite the higher costs of many sustainability solutions. Working together can help make progress on this challenge.

**VIEW THE BUSINESS HOLISTICALLY:** Work to avoid conflicts between an organization’s sustainability strategies and overarching company goals. It’s not ‘sustainable’ to decouple sustainability and profitability. Instead, it’s important to find the intersection between the two.

**AVOID GREENWASHING:** Scrutinize your sustainability claims because consumers have become even more skeptical in recent years. They will push back if a retailer or brand makes misleading claims or seems disingenuous.





# ACTION STEPS TO PURSUE TECH AND AI



*The fresh industry can take strategic approaches to making use of technology and artificial intelligence. FreshForward attendees who participated in breakout group discussions suggested action steps. These included optimizing technology for fresh; carefully choosing use case priorities; educating workforces; and creating guardrails for AI use. The breakout groups followed a panel on technology and AI featuring speakers from Deloitte; ReTech Labs (Symphony AI); Upshop; and SOK/Prisma Peremarket.*

**Here are actionable steps for collaborative partnerships proposed by industry attendees.**

**OPTIMIZE TECH FOR FRESH:** Ensure the fresh industry has access to technology that is tailored to its needs. Those needs are often different than for center store categories.

**PICK USE CASE PRIORITIES:** Fresh executives are being offered a wide range of AI solutions and need to narrow down their priorities. They might start by choosing a limited number of key areas of focus — such as operations, workforce and consumer-facing strategies.



**BOOST SHOPPER EXPERIENCE:** Leverage AI to improve fresh experiences for shoppers. The technology can help develop strategies in areas such as personalization, promotions and merchandising.

**GET PREDICTIVE:** Take advantage of tech use cases that foster predictive rather than reactive strategies. Better forecasting abilities can enable retailers and suppliers to improve inventory planning and provide visibility to growers about needs.

**CREATE AI GUARDRAILS:** Work to ensure that AI usage is not only smart but also ethical. Understand the risks involved and the needed controls. Make sure customers retain trust.

**REIMAGINE LABOR STRATEGIES:** Emphasize the use of emerging technology for employee tasks that are repetitive and low-value-added. This approach will free up associates to help organizations accelerate differentiation.



**UNDERSTAND THE TRADEOFFS:** Technology often comes with tradeoffs. It's important to understand which business problems need to be solved and the possible unintended consequences of using a particular solution.

**NAVIGATE REAL-TIME INFORMATION:** Tap into applications that offer timely information to support fresh category buyers — in areas ranging from pricing to SKUS.



**EDUCATE WORKFORCES:** Train associates for the growing number of jobs that rely on engaging with emerging technology. Communicate to workforces that tech isn't a replacement for human employees, but rather that people and technology need to work in tandem to drive the best results.

**INTERPRET TECH LANGUAGE:** Drive improved communication between the technology and business sides of organizations. Technology has a language all its own and it needs to be 'translated' for non-tech executives.

# CHECKLIST

## MAKING PROGRESS ON 2024 ACTION STEPS

*The action steps outlined in this guide provide a lot of avenues for the industry to accelerate fresh success. Following is a short checklist of how leaders can leverage the action steps to make progress.*



**REVIEW** the report's insights and action steps with your internal teams.



**CHOOSE** Choose at least one action step to consider pursuing in the coming months for each of the three areas – emerging consumer trends; sustainability and packaging; and tech and AI.



**EXPLORE** what levels of expertise and collaboration are needed to make progress on each action step.



**CREATE** timelines and measurement strategies.



**EVALUATE** initial results and adapt strategies to optimize outcomes.



**CONSIDER** relaying your journeys on these action steps when FMI revisits industry progress in the near future.



**TAKE ADVANTAGE** of key resources from FMI and Deloitte. These include the following:

- FMI's **web page**
- FMI **FreshForward** web page
- FMI's **The State of Fresh Foods**
- FMI's "Power of" report series on fresh categories
- FMI's **U.S. Grocery Shopper Trends**
- Deloitte's **A Fresh (Food) Take on Grocery Convenience**
- Deloitte's **Grocery Shopping with Personality**
- Deloitte's **Gen AI Goes Grocery Shopping**

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