

fresh forward

Envisioning Tomorrow's Fresh Foods at Retail

2023 ACTION GUIDE: KEY STEPS TO MOVE THE FRESH INDUSTRY FORWARD INSIGHTS FROM **FRESH**FORWARD 2023



2023 ACTION GUIDE

INSIGHTS FROM FMI FRESHFORWARD 2023

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**.

About David Orgel Consulting LLC

David Orgel Consulting LLC delivers strategic content and thought leadership focused on the quickly transforming food retail and CPG industries. Clients include associations, industry companies, and other organizations. David Orgel, principal, is a well-known writer, consultant, journalist and industry expert who was the longtime chief editor of Supermarket News. For more information visit **www.davidorgelconsulting.com**

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INTRODUCTION

TAKING ACTION TO MAINTAIN FRESH MOMENTUM



THIS IS A GREAT TIME TO BE IN THE FRESH FOODS BUSINESS, considering strong consumer demand and increased industry investments.

Despite the positives, the industry needs to focus on strategies that can overcome challenges and grow fresh momentum over time — because trends and developments are always changing.

This 2023 Action Guide spotlights key takeaways from speakers at the FreshForward Conference, held in Denver in August, and action steps recommended

by attendees for each of the FreshForward presentation tracks. Those tracks were Ecommerce, Meal Planning, and Gen Z.

The action steps were generated from facilitator-led 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 participated in networking during meals, breaks and a special offsite event.

Deloitte is FMI's collaborative partner for FreshForward. The conference is driven by FMI's Fresh Foods Leadership Council, chaired by John Ruane, president of The Giant Co. FreshForward is an important part of the association'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,
FMI



Barb Renner,
Global Lead Client
Service Partner,
Deloitte

FRESHFORWARD RECAP: 10 KEY INSIGHTS

Speakers at FreshForward 2023 presented exclusive research and unique insights to help the industry maintain fresh momentum with presentations focused on ecommerce, meal planning and Gen Z. Presenters included senior executives from retailers and service providers; industry consultants; and leaders from FMI and its FreshForward partner Deloitte. Here are 10 key insights from presentations.



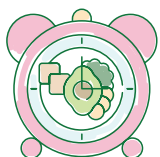
1-TOP EXECUTIVES DRIVE ACTION: “Leadership starts at the top” is a widely used phrase in business. The power of top leaders to inspire and drive alignment on strategies is the key reason that each of FreshForward’s three educational tracks — ecommerce, meal planning and Gen Z — was introduced by a senior retail leader. A case in point is the introductory remarks for the Gen Z track. “Today Gen Z represents approximately \$44 billion in spending power,” emphasized Tony Sarsam, president and CEO, SpartanNash. “Earning their loyalty is table-stakes for the future of businesses like ours.”



2-THE STATE OF FRESH: Fresh Foods is one of the most popular and profitable sections of the grocery store, said Leslie Sarasin, FMI’s president and CEO, in outlining the association’s latest State of Fresh research. Forty one percent of food retail sales in 2022 came from fresh departments, she said. Meanwhile, 74% of retailers expect to devote more space to fresh grab and go selection and 40% to fresh produce.



3-ECOMMERCE OPPORTUNITIES: The fresh foods industry eyes ecommerce as a strategy to drive sales growth and lift omnichannel efforts overall. That means ecommerce supports brick and mortar retail business as well. Jonna Parker, Circana’s principal II, fresh foods team lead, said ecommerce in many categories in fresh foods is increasing consumption in those categories. Another speaker, Instacart’s Bryce Daigle, senior director, market strategy and planning, said a key strategy is to “nail the basics” of ecommerce by increasing image coverage and improving clarity around units and pricing.



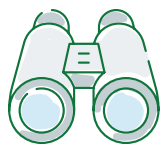
4-MEAL PLANNING STRATEGIES: Taking a store-wide approach to meal planning helps engage customers, said Calvin Mayne, president, Dorothy Lane Market. The retailer focuses on presenting clean and beautiful stores that inspire consumers and is known for its signature items. It romances food with stellar marketing content; holds sidewalk events and cookouts; merchandises meal solutions with dedicated fixtures and demos; sells restaurant-quality items; offers prepared meals in the deli; and conducts culinary classes for customers.



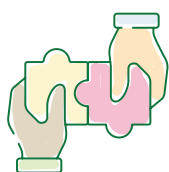
5-ADDRESSING GEN Z: The food industry is working to meet the needs of Gen Z shoppers, who are known for their skeptical natures, short attention spans, and preferences for fresh and less-processed foods, said Melissa Abbott, vice president of syndicated studies, The Hartman Group. Barb Renner, global lead client service partner, Deloitte, emphasized the importance of attracting and retaining Gen Z associates, which requires “being authentic and flexible as an employer” and “enhancing employee skill sets.”

FRESHFORWARD RECAP: 10 KEY INSIGHTS

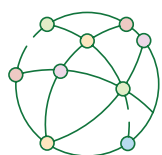
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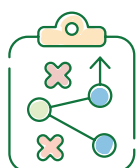
6-THE MACRO OUTLOOK: From the economy to weather events, macro forces are having an impact on consumers and the food industry. In a panel about future trends, Leo Feler, chief economist, Numerator, cited a gradual easing of inflation and offered an encouraging assessment on the outlook for recession. “Stop worrying about a recession,” he urged attendees. “If it happens, it is likely to be mild.” The panel was moderated by Mark Baum, FMI’s SVP of industry relations and chief collaboration officer.



7-COLLABORATION IMPERATIVE: Many of the FreshForward speakers urged attendees to identify strategies that can overcome hurdles. The key role of the conference’s breakout groups was for attendees to discuss solutions, many of which will require collaborative efforts with partners. Here’s how Kroger’s Stuart Aitken, chief merchant and marketing officer, encouraged conference attendees to make progress with ecommerce and fresh. “I’d like to challenge us to think about how we can all work together collaboratively to overcome the challenges and seamlessly deliver a fresh experience.”



8-CONNECTING THE DOTS FOR CONSUMERS: Helping shoppers with meal planning is a crucial activity for the food industry, said Neil Stern, CEO of retail operator Good Food Holdings. Stern relayed important strategies to help fresh food retailers gain in the battle with restaurants for share of stomach. These include elevating the offers with signature products; cooperating across store departments to bring meal ideas together for customers; and presenting recipe ideas while making it easy for shoppers to find the ingredients.



9-WORKFORCE STRATEGIES: The workforce topic was spotlighted in several ways at FreshForward. Speakers emphasized the importance of attracting employees to the food industry and the fresh sector. Presenters underscored the role of training in driving employee retention. Speakers also spotlighted the potential of technology to ease labor shortfalls over time and to improve the working experiences of employees.



10-THE ROLE OF TECHNOLOGY: The accelerating capabilities of artificial intelligence (AI) and predictive analytics will alter how companies run their operations, said Kasey Lobaugh, chief innovation officer, consumer industry, Deloitte. Traditional organizational management strategies typically begin with a scientific method-type approach in which a human observes, creates a hypothesis and tests. But this framework is giving way to newer methods that skip these steps. The new approaches can enhance decision-making for this industry in areas ranging from assortment planning to supply chain optimization and store placement, he said.

ACTION STEPS TO PURSUE ECOMMERCE



The fresh industry can take strategic approaches to enhancing ecommerce. FreshForward attendees who participated in breakout group discussions suggested action steps - including enhancing online product images and content; designing packages for ecommerce logistics; and making shopper experiences consistent across omnichannel platforms. The breakout groups followed presentations on ecommerce from Kroger, Circana, Instacart and Deloitte.

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

TRANSLATE IN-STORE EXPERIENCES FOR ECOMMERCE: Emphasize the role of signature fresh offerings and personalized experiences for ecommerce. Make ecommerce more experiential by adding recipes and videos. Consider how to mimic sensory cues. Create more optionality when selecting certain products, such as cut and thickness of meats. By using features similar to other online platforms, we are providing the consumer an interactive experience by giving item information, showing comparable items and ratings and reviews.

EMBRACE FRESH STORYTELLING: Success in ecommerce requires storytelling, shoppable recipes, and educational resources for meal planning and nutrition — all supported by supplier information.

PRIORITIZE PRODUCT IMAGES: Ensure imagery is optimized and up to date. Determine which stakeholders need to be involved to make this happen — from suppliers to in-store teams.

ENSURE OMNICHANNEL CONSISTENCY: Merchandising teams should make sure that products are presented consistently from in-store to ecommerce.

EMPOWER ASSOCIATES: Become known for “expertly selected” fresh items from associates trained in high-quality selection. Empower associates by providing them with handhelds to give scores for fresh product quality.

BE STRATEGIC ABOUT ECOMMERCE SCOPE: Limit what you choose to execute to avoid stretching ecommerce efforts beyond capabilities. Retailers don’t have to incorporate all facets of ecommerce.

DESIGN FOR ECOMMERCE LOGISTICS: Design SKUS that are ideal for ecommerce needs, in aspects including packaging, pack size and durability for logistics.

COLLABORATE TO OVERCOME OPERATIONAL CHALLENGES: Step up collaboration with fresh suppliers, third-party fulfillment providers other partners to overcome hurdles related to inventory,



ACTION STEPS TO PURSUE

MEAL PLANNING



Fresh industry leaders can choose from a wide range of action steps to advance meal planning strategies. These include playing up meal value; breaking down store department silos; romancing food offerings; and leveraging input from suppliers. The action steps were suggested by FreshForward attendees during breakout group discussions. The breakout groups followed conference presentations on meal planning from Good Food Holdings, Deloitte, Hussmann, and Dorothy Lane Market.

Here are actionable steps for collaborative partnerships

GET ON THE RADAR: Focus on communication strategies that make retail foodservice top of mind for consumers. Too often, consumers do not think of the supermarket when it comes to what's for dinner. The supermarket industry needs to focus on communication strategies that taps into the consumer's mindset.

LEVERAGE DIGITAL APPS: Consider offering a digital app to help customers pre-plan weekly meals. Apps need to be easy to use and work well.

BREAK DOWN STORE SILOS: Consider an associate role such as “meal manager,” which goes beyond category manager by taking into account shoppers' total meal needs. Incorporate strategies such as cross-merchandising, KPIs and incentives.

DON'T REACH BEYOND CAPABILITIES: Focus on areas in which you can execute meal planning at a high level in ways that improve your foodservice reputation. Establish third-party relationships to enhance quality and consistency.



BRAND IDENTITY: Create reputational item or items that become synonymous with your organization's brand identity.

EMPHASIZE VALUE: “Do the math” for customers. Relay the savings for a family meal at food retail vs. restaurants.

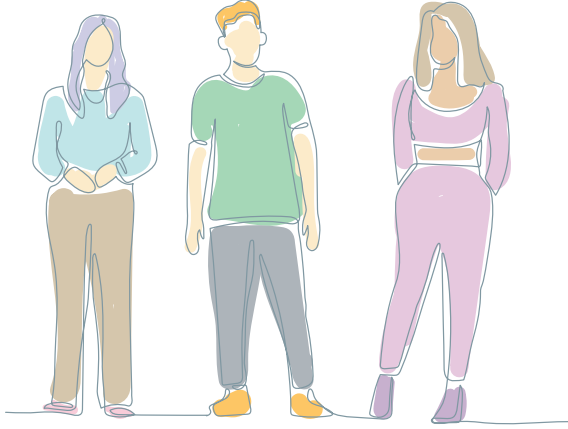
ROMANCE FOOD OFFERINGS: Create an in-store “theatre of food” to showcase meals, supported by optimal store design, lighting, fixtures and placement.

PRIORITIZE HEALTH AND WELL-BEING: Involve registered dietitians at all stages to elevate the topic of nutritional value.

SHARE INFORMATION WITH CUSTOMERS: Use QR codes and labels to direct customers to solutions. Message to shoppers about value, quality, taste and nutrition.

TAP INTO SUPPLIERS: Collaborate with a range of suppliers to curate meal solutions and bundles.

ACTION STEPS TO PURSUE GEN Z



The fresh industry should consider action steps for improving Gen Z engagement that include making the store into a Gen Z shopper destination; reimagining training methods for Gen Z employees; and emphasizing transparency and authenticity. These steps and others were suggested by FreshForward attendees who participated in breakout group discussions. The discussions followed speaker insights from companies including SpartanNash, Kroger, The Hartman Group, and Deloitte.

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

MAKE THE STORE INTO A GEN Z DESTINATION: Emphasize store experiences geared to this cohort — including community spaces, tech integrations, and in-store theatre.

EMPHASIZE TRANSPARENCY: Transparency will drive trust from Gen Z shoppers and employees.

GET WORKFORCE RIGHT: Gen Z is the future of the food industry’s workforces. Companies need to offer flexibility when possible, mentor, make their cultures “cool,” and support employee advancement.

ENCOURAGE FOOD EXPLORATION: Understand that Gen Z consumers are very open to trying new cuisines. Make it convenient for them to learn about new items and to make quick purchase decisions.

CUSTOMIZE CONTENT: Understand your Gen Z audiences and the different communication platforms they favor, from TikTok to food ordering apps. Consider tapping into social influencers.

BE AN AUTHENTIC COMPANY: Recognize that members of Gen Z admire authenticity and organizations that take stands on causes — as long as it doesn’t seem like a marketing ploy. Ensure that company core values are authentic and shared with stakeholders.

RETHINK TRAINING: Training Gen Z associates requires leveraging digital tools these workers are familiar with and teaching in bite-size modules. Adopt easy-to-use task management tools and reward systems.

GENERATE INTEREST IN EIGHT SECONDS: Gen Z attention spans run about 8 seconds, versus 12 seconds for millennials, according to one FreshForward speaker. Retailers need to tell succinct stories about their brands and products — including how the food is produced.



CHECKLIST

MAKING PROGRESS ON 2023 ACTION STEPS

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



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



CHOOSE at least one action step to consider pursuing in the coming months for each of the three areas – ecommerce, meal planning and Gen Z.



EXPLORE what levels of internal and external 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 actions 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**
- Deloitte's **The Future of the Consumer Industry**
- Deloitte's **The Future of Grocery Retail**
- Deloitte's **Gen AI Goes Grocery Shopping**

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Envisioning Tomorrow's Fresh Foods at Retail

See you next year!



August 5-7, 2024 Loews Coronado Bay Resort San Diego, Calif.



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