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Food And Beverage Retailers Beware: The Window For Needed Change Is Closing

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We're all well aware of the changing brick and mortar retail landscape gradually eroding due to increases in online sales and other factors. This erosion accelerated dramatically during the pandemic and threatens the sustainability of traditional retailers. With every threat comes an opportunity, and today that opportunity is for retailers to jump in and take advantage of the estimated $2.5 trillion in global sales ($500-600 billion in the U.S.) that is up for grabs. This opportunity was created by the closing of various channels during the pandemic and the permanent shift in channels that has now occurred.

European shoppers have always had a different mindset about how they shop, with more frequent trips and the desire for a shopping experience. Changing consumer buying patterns in the U.S. have also now shifted as consumers are shopping weekly and are seeking what others across the “pond” have been doing forever. It is essential that a retailer have a healthy combination of online sales and in-store sales, in addition to other channels, to retain customers and grow sales, especially since many consumers were introduced to ecommerce for the first time during the pandemic.

PepsiCo PEP 0.0% has been analyzing these shifts for the last six years, according to Jeff Swearingen, Senior Vice President, who leads the effort for PepsiCo’s Demand Accelerator. PepsiCo is partnering with its retail customers by utilizing their extensive databases of customers (stores) and consumers to increase partner sales and, as Jeff says, to “put smiles on partner faces.” PepsiCo can drill into its 500,000 store database and its 110 million consumer database, do some computer voodoo (known as AI) and, voila, create a customized planogram and advise its customers what products should be placed in what stores. PepsiCo considers buying patterns, income levels, geography and other relevant factors that address not only its products but the entire store inventory, up to and including total store redesign.

So it’s not business as usual and one-model-fits–all any more. Consider what Loblaws in Canada does by having multiple store formats and multiple brands. It is more important now to partner up with companies like PepsiCo that can assist their retail partners with deep industry and product knowledge to create a win-win-win for manufacturers, retailers and consumers. Of course, there are risks in sharing data, but the risks are outweighed by the potential to increase sales and take a bite out of the sales that are up for grabs. According to Swearingen, this window may not last longer than one to two years, so acting quickly is imperative.

How can retailers do it? They need to identify which customers they want to serve what products, in which stores and online. Then they need to engage customers with social media and other incentive programs to lure them in. The days of paper coupons and print mailers are quickly coming to an end. Digital coupons are now outpacing print. If a retailer does not have the technology to analyze this data, they need partners like PepsiCo to assist them, and the PepsiCos of the world are willing and able to do it.

Notwithstanding the above, stores need to have a contactless delivery and pickup system and offer a frictionless experience to consumers. Stores within stores to make for a better customer experience; private label to offer premium, nutritious and low cost products; technology to provide cashier-less stores; suggested purchases; tracking orders and the like are all the necessary ingredients to make it in these times. Loyalty programs bring the consumer back. Now is not the time to sit idle or approach the marketplace the same way as in the past, as the times they are a changin' and a changin' fast.