



Opportunities in Fresh: **2022 Report**

Grocers are growing their fresh departments in response to changing consumer demand, but they're still having trouble keeping up with their customers' needs:

The majority of grocers (58.6%) experience out-of-stocks either weekly or more than once per week. In addition, retailers are struggling with staff turnover and the impact of shrink. Investing in improving the technologies underpinning their fresh departments is a key way grocers can address these issues while reducing out-of-stocks and improving customer experience.

Driven by the results of a 2022 survey of 157 grocery leaders ranging from store managers to C-level executives, this report explores how fresh departments operate today, what happens when their processes fall short, and what grocers can do to drive adaptability and success in the future.



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The fresh department is the heart of the grocery store and its importance to consumers is paramount. Walking into a store with a large assortment of produce that looks fresh, 65.3% of consumers say they would be more inclined to shop at that store again.

Grocers understand that focusing on the customer experience in fresh is important and they've been investing in changing their stores. But problems and opportunities remain: Many grocers are relying on pen-and-paper processes in fresh, and as they struggle with frequent out-of-stocks and high levels of staff turnover, they need technology to help them build a stronger foundation for the future.

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Grocers have taken steps to improve the customer experience as they adapt to increased demand in the fresh department.

Consumers have high standards when it comes to fresh — nearly three-quarters expect produce to look fresh and delicious on the shelf and almost 70% expect it to be in stock whenever they need it.

In addition to high standards for quality, grocery shoppers also change their food choices over time. In the past 1-2 years, 93% of grocers have seen an increase in demand for fresh food, creating ample opportunities for transformation. New products, natural and organic options, and grab-and-go solutions are just a few of the trends stores have adapted to. One surveyed grocery leader noted that looking 1-2 years in the future, they would “like more produce brought in that is popular among vegans seeing as we’re seeing an upswing in that lifestyle.” Another noted that “[the amount of] organic foods should be increased.”

As a result of these added pressures, grocers have made changes that enable stores to carry the variety and options their customers want: 84.1% of grocers have invested in growing or expanding their fresh department product offering and 89.8% have invested in improving the customer experience in their fresh departments over the past 1-2 years.



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Fresh departments rely on manual processes that are slowing teams down.

For many grocers, investments in customer experience have taken precedence over digitizing fresh operations. Case in point: 59.9% of grocers use pen and paper (manual) documentation for at least one part of the ordering or forecasting process in their fresh departments. At the same time, grocery leaders are aware of the benefits of digitizing their current analog workflows.

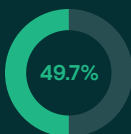
Time-consuming tasks that result from manual processes, including organizing paper documents, transposing data, and dealing with overstock due to inaccurate orders, end up cutting into key tasks that keep products fresh and customers coming back.



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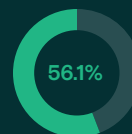
One grocery leader surveyed noted that looking 1-2 years in the future, they wanted to **“attract high-skilled talent to reduce manual ordering processes and free up time for other things.”**



of grocery leaders recognize that intelligent digitization results in **more time to help customers.**



of grocery leaders recognize that intelligent digitization results in **more time to focus on training.**



of grocery leaders recognize that **reducing manual ordering/forecasting processes** would give store teams **more time** to rotate products.



65% of grocers have been affected by higher-than-normal employee turnover in the last 1-2 years.

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Out-of-stocks are frequent and talent is in short supply, with high turnover leading to a constant shortage of fresh expertise.

Finding high-skilled talent isn't easy. As one grocery leader surveyed stated, fresh "is a very difficult department to work in." It's also one in which employee turnover has been exceedingly high, with 65% of grocers experiencing higher-than-normal employee turnover in the last 1-2 years.

Especially in fresh, that level of churn among staff has consequences that can impact operational effectiveness. Employee turnover in fresh over the last 1-2 years has led to a loss of fresh knowledge/expertise for over 52% of grocers, and nearly 80% of grocery leaders say it is extremely difficult (8.3%), very difficult (28.7%), or somewhat difficult (42.7%) to hire and retain qualified individuals to staff their fresh department(s).

Product expertise, understanding of seasonal trends, and insight into customer behaviors are essential for departments, especially those that rely on manual processes for tasks like ordering, forecasting, and inventory. Coupled with disjointed and error-prone workflows, that loss of knowledge may contribute to misjudgments (or mistakes) that lead to both shrink and stockouts; nearly 60% of grocers are experiencing out-of-stocks either weekly (45.9%) or more than once per week (12.7%). One grocery leader surveyed said that 1-2 years in the future, they wanted "a better rotation of fresh food products [so] that we don't have a shortage." Another wanted "improvement in stocking [for] reducing shortages."

Waste also remains a problem, and shrink has a significant impact on bottom-line performance.



71.6% of consumers would be more likely to support a grocery retailer that is committed to reducing food waste.

In addition to empty shelves, fresh departments that rely on flawed forecasting and ordering processes end up dealing with excessive shrink that leads to additional costs for both the company and consumer. Looking to the future, one grocery leader surveyed noted that they “would like to see more products being sold than discarded. This would result in more profits.” Another noted that they would want “less waste and spoilage” from their fresh department in the future. And another set an ambitious goal, stating “I would like to see our shrink hit 0.”

Most grocery leaders agree that shrink matters. Nearly 90% say fresh food shrink has an extremely significant (20.4%), very significant (43.3%) or somewhat significant (26.1%) impact on their organization’s bottom line.

And the problem increasingly affects the customer experience, not just the bottom line. Consumers care about food waste too: Knowing that grocery stores are responsible for 43 billion pounds of food waste per year, 71.6% of consumers would be more likely to support a grocery retailer that is committed to reducing food waste.

Digitizing operations is a key strategy for improving ordering, employee retention, and adaptability in fresh.

Grocery leaders recognize that there's ample room for improvement in how they do things in fresh. Over 91% agree that increasing the accuracy of amounts ordered in their fresh department(s) would improve product shelf life. Nearly 90% also agree that increasing the accuracy of amounts ordered in their fresh department(s) would lead to a lift in sales as well.

Grocery leaders understand that catalyzing long-awaited digitization in their fresh departments plays an important role in solving their challenges and retaining a competitive edge among both customers and employees. When asked what significant changes they would like to see in their fresh department(s) over the next 1-2 years, many grocery leaders mentioned technology in their response. One respondent said they wanted "even more technology and ease of ordering and keeping track of products on shelves." Another said they wanted "technology that makes the processes easier."

The benefits of utilizing updated solutions also extend into other areas. Nearly 92% of grocery leaders agree that using modern technology to manage fresh forecasting/ordering/operations will help them attract and retain talent and a full 65% are considering using improved technology to improve employee retention.



89.2% of grocery leaders agree that increasing the accuracy of amounts ordered in their fresh departments would increase sales.

A woman with her hair in a bun, wearing a brown jacket and dark jeans, is seen from behind, looking at several large wicker baskets filled with green apples in a grocery store. The baskets are arranged on shelves, and the apples are bright green and fresh-looking.

Fresh-first technology is the key to success in grocery

For grocers, staff turnover and manual processing challenges are likely to remain pain points unless they change and innovate how they do things. In order to keep up with changing consumer demand, avoid out-of-stocks, and reduce the impact of shrink, grocers need to embrace tools that help them run their operations more smoothly.

By implementing technology specifically for fresh departments, grocers can achieve greater accuracy in forecasting and ordering while improving customer experience by unlocking better service, fresher food, less waste, and more engaged employees — all of which are essential to success in the future of grocery.

Technology that's purpose-built for fresh can help grocers optimize performance in the heart of their stores. If you're ready to transform your fresh departments, [request a demo](#) from Afresh today.



Afresh is the world's leading fresh technology company. The company's AI-powered solutions optimize critical functions in fresh food, including ordering, inventory, merchandising, and operations. Afresh significantly reduces food waste, improves its partners' profitability, and makes fresher, healthier food more accessible to all. Founded in 2017 with the mission to eliminate food waste and make fresh food accessible to all, Afresh has grown rapidly with grocery customers across the US. Today Afresh has announced partnerships with grocers in over 3,000 stores and 40 states, including Albertsons, WinCo Foods, Heinen's, Save Mart, Bashas, and more. Learn more at afresh.com.

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