The faster, more flexible network for the digital-first grocer

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While a few major grocery chains offered pickup and delivery before March 2020, the COVID-19 pandemic forced grocers to prioritize these options or add them if they weren't yet available. And although grocers likely expected this to be a temporary measure, 34 percent of consumers buy at least one of their grocery staples online, and 17 percent say they're buying more groceries online now than they did at the start of the pandemic.[1] The truth is, the digital-first grocery trend isn't going away, and grocers have to modernize their networks to keep up with demand.

What is a digital-first grocer?

Digital-first grocers take current and future technology into account to more rapidly adapt to changes and provide a better experience for consumers. Since the COVID-19 pandemic, this has typically meant offering online ordering, pickup, delivery and incorporating sales and coupons within the digital environment to drive customer loyalty.

Along with the technology needs in support of the growth of digital grocery channels, grocers have been turning to technologies such as the Internet of Things (IoT) to better manage inventory, storage and delivery, among others. IoT is a big part of the modern grocery store, controlling freezer conditions, enabling self-checkout and displaying item prices and inventory levels. For example, Walmart uses so many IoT devices across its various stores that in total, its connected devices send approximately 1.5 billion messages per day.[3] IoT devices automate repetitive tasks in grocery stores, reducing human error and allowing employees to focus on more complex tasks.

It is more important than ever to have a high-performing network to support increased demands that are driven by these strategic technologies. Hybrid WAN technologies can help grocers ensure their network can easily and securely scale to meet these new demands.

Requiring more from grocers

First-time buyers of online groceries rose 42.6 percent year-over-year (YoY) in 2020 in response to the pandemic.[4] When COVID-19 hit, grocery stores needed to pivot quickly to protect their workers and honor lockdown restrictions and still grant consumers access to the groceries they needed. Pickup and delivery were the obvious choices for transformation, considering that many chains had already started implementing those options prior to the pandemic.

However, adding pickup and delivery to in-store options required accurate, real-time inventory counts to ensure customers weren't ordering items that were no longer in stock. Meanwhile, many grocers contracted with third-party applications, such as Instacart®, to reach a wider audience or offer delivery without increasing their staff size. They require a network infrastructure that can support these new connections and ensure a positive customer experience.

42.6%
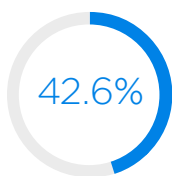
increase in first-time buyers of online groceries in 2020.[2]

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The good news is that grocers now have a template for how to prepare for disruptions in the future. Whether from natural disasters near suppliers or cyberattacks, grocers will need to be able to quickly pivot to address whatever comes their way. Modern networks that support WiFi 6 and SD-WAN can help provide this flexibility.
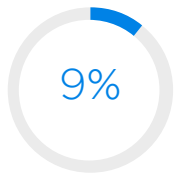
Grocers must be agile to succeed

Grocers need to pivot to meet the new demands of their customers. They have to consider what their buyer experience looks like, both in-store and with online ordering. How long do customers have to wait in pick-up spots before they get their order? What do delivery times look like? The online ordering experience is an opportunity for differentiation, as only nine percent of shoppers were able to place their orders with no issues in March 2020.[5]

In order to support the rising demand for online shopping, along with in-store technology use, grocers need to ensure they have a network that can support the growing and competing bandwidth demands on their network. One way to accomplish this is through network technologies, such as SD-WAN, that support traffic prioritization. For example, while many stores offer guest WiFi, their point-of-sale (POS) systems and IoT devices have to take precedence. Otherwise, checkout times will be much longer and food might spoil, leading to poor customer experience and potential product loss.

Business agility demands a modern network

Network modernization is key to creating a flexible, future-ready grocery store. Implementing the latest network technologies creates a more nimble network to support the ever-growing and changing digital needs of today's grocery stores.

Network security
The growing number of connections (from IoT devices, for example) exposes the modern grocery store to increased cyber threats. A secure network, along with technologies, such as distributed denial-of-service (DDoS) protection, can protect grocers from incidents such as malware and targeted volumetric attacks.

Grocers need to have a plan to block cyberattacks aimed at online transactions. Unfortunately, many grocery stores lack in-house cybersecurity expertise. Because of this, they should consider modern network solutions that include a managed component, allowing them to shift some of the security responsibilities to their network provider. This approach takes much of the burden off of already stretched in-house IT resources, while automatic updates help ensure security policies are up to date.

New technologies
Software-as-a-solution (SaaS) technology and cloud environments are overtaking on-premises servers for many organizations because they are more flexible and scalable. Grocers can add connected POS systems that provide

9%

of shoppers were able to place their orders with no issues in March 2020.[6]

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more accurate inventory management, enable self-checkout and don't have to be manually updated with correct information. Additionally, the influx of IoT devices reduces the amount of manual labor and tedious tasks employees have to manage.

And with the addition of online and mobile shopping options, grocers need a modern network that can support a highly connected enterprise resource planning (ERP) system to track omnichannel sales, inventory counts and maintenance needs.

Modern solutions can provide direct, private connectivity to cloud service providers to help ensure secure, high-performance connectivity.

Multi-site connectivity

With a modern network, grocery chains can provide shoppers with consistent experiences at different stores. The POS systems will behave similarly at each store and their online options will remain the same. A consistent shopping experience across locations adds to a positive customer experience and deepens brand loyalty.

Additionally, grocers can keep inventory counts accurate across the business as a whole, so if a product is out of stock at a customer's neighborhood store, they can see where else it might be available in their area. However, the website must update inventory counts in real time to keep customers from showing up to a store only to find the item isn't really available. A fast, high-performance network is critical for grocery chains that rely on real-time access to data. For grocery chains that need a way to easily add new locations to their existing network, SD-WAN is an excellent choice. This reliable network technology can quickly and securely turn up new locations, prioritize network traffic and provide network visibility and control through an online portal.

Virtualization, agility and scalability

Networks have to be scalable as grocers add more devices and locations. Otherwise, they'll miss out on features that new technology could provide because they can't access as much data simultaneously. Without real-time data, grocery stores can't proactively adapt to changes in the market. Instead, they'll have to react, causing them to fall behind competitors that have prioritized virtualization, agility and scalability.

Additionally, consumer behaviors will continue to change as new disruptions occur. And those behaviors may become mainstream if they can make grocery shopping more convenient for consumers. For example, online grocery sales are likely to continue rising and grocers have to adapt early to these changes in order to keep current customers loyal and acquire new ones.

High performance and speed

Modern networks allow grocers to automate tedious tasks, but automation requires more network resources. Additionally, stores are operating more connected devices on their networks, which could cause latency and poor performance. These latencies disrupt the customer experience and might drive them to competitors. In fact, approximately 33 percent of consumers say a bad customer experience will affect their loyalty.[8]

33%
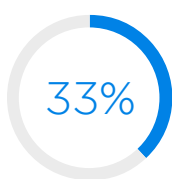
of consumers say a bad customer experience will affect their loyalty.[7]

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Grocers should look for network providers that offer uptime guarantees and low-latency performance to keep their digital-first stores running smoothly. This will improve the customer experience, decrease churn, reduce shrinkage with better product management (e.g. correct temperatures in refrigerator and freezer sections) and improve loss prevention through connected security systems.

A hybrid WAN provides flexibility without full technology replacement

A hybrid WAN is a great option for grocers looking to modernize their network because it provides a cost-effective solution for grocery flexibility and agility. A hybrid WAN allows you to continue to leverage your current networking investments while building upon them with newer ones. It maintains older connectivity options, such as MPLS or TDM, while adding VPN support and SD-WAN connections, giving stores an avenue for upgrading connectivity and adding new locations without completely replacing their current infrastructure.

A hybrid WAN can also limit the burden on internal IT resources with co-managed or fully managed options. Agility is the key to a successful grocery and that starts with the right network.

Learn more about a hybrid WAN solution for your digital-first grocery.

1.   "NEW DATA: Digital Features Can Help Grocers Win Over 43 Percent Of Shoppers," PYMTS.com, September 2, 2021.
2.   "The Supply Side: Walmart using IoT on food quality, sustainability efforts," Talk Business & Politics, February 17, 2021.
3.   "Digital grocery will be a $243 billion market in the US by 2025: Here are the stats and trends you need to know," Insider Intelligence, April 15, 2022.
4.   Ibid.
5.   "Online Grocery in the Age of COVID-19: More Shoppers Have Had Issues Than Not," Civic Science, March 24, 2020.
6.   Ibid.
7.   "Survey: The Effects of Bad Customer Service and How Brands Can Fix It," Replicant, February 16, 2022.
8.   Ibid.

About Spectrum Enterprise

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