Cool Vendors in Food Retail: Catering to New Customer Lifestyles

Published 16 October 2020 - ID G00727783 - 16 min read

By Analysts Max Hammond, Robert Hetu, Joanne Joliet, Kelsie Marian, Miriam Burt

Initiatives: Retail Digital Transformation and Innovation

Food retailers are adapting their operating model to realign with consumer values and lifestyles. Retail CIOs should consider these Cool Vendors that enable retailers to make accurate and speedy business decisions, minimize waste, orchestrate fulfillment flexibility and increase customer loyalty.

Overview

Key Findings

- The COVID-19 pandemic has strongly influenced consumers to reconsider their values and priorities and place a higher emphasis on health and well-being.

- Food retailers have been slow to adopt digital solutions that enable better matching of supply and demand for robust waste management.

- Diverse fulfillment options have become an entry-level criteria for retail success.

- The high cost of delivering fulfillment satisfaction to customers is becoming increasingly untenable for grocery retailers.

Recommendations

Food retail CIOs engaged in digital transformation and innovation should:

- Conduct reviews of legacy merchandising, supply chain and operational processes by auditing and reorienting them around a core of meaningful data and analytics.

- Obtain new vendors to diversify the supplier ecosystem to include more local, regional areas or partners in countries nearer the home base to secure the supply chain and improve product availability key performance indicators (KPIs).

- Introduce artificial intelligence (AI) and machine learning (ML) technologies to forecast demand more accurately as well as to offer better targeted recommendations in line with consumer preferences.
Build delivery and fulfillment options using real-time data and a convergence of technologies, such as AI, ML and Internet of Things (IoT), to orchestrate and optimize delivery and logistical operations.

Strategic Planning Assumptions
By 2025, the top 10 retailers globally will leverage AI to facilitate prescriptive product recommendations, transactions and forward deployment of inventory for immediate delivery to consumers.

By 2024, Tier 1 retailers in North America and Europe will reduce inventory carrying costs by 30%, dramatically improving free cash flow for digital investment while revamping balance sheets.

Analysis
This research does not constitute an exhaustive list of vendors in any given technology area, but rather is designed to highlight interesting, new and innovative vendors, products and services. Gartner disclaims all warranties, express or implied, with respect to this research, including any warranties of merchantability or fitness for a particular purpose.

What You Need to Know
The COVID-19 pandemic has strongly influenced consumers to reexamine their values and lifestyles. Customers have refocused their daily activities to prioritize family life, health, well-being and convenience. Therefore, food retailers must instill capabilities that support these within the customer journey.

Noticeably, there has been an acceleration of the prepanademic consumer trend toward the demand for fresh, locally sourced, organic and sustainably produced food as a basic expectation. Social responsibility, with an emphasis on sustainability, has routinely figured in the overarching business strategies across all segments of food retail. However, rarely did it influence the key operational activities of the business in a worthwhile way.

Now, more than ever before, retailers’ commitment to sustainability across the entire retail value chain is being monitored by consumers. As a result, embedding sustainability as part of a retailer's operational fabric is becoming a key requirement. This will be very challenging to implement successfully, given the disjointed business processes, legacy infrastructure and sundry systems commonplace in retailers. Even prior to the global pandemic, Gartner's 2019 Retail Customer Expectations Survey indicated that 25% of U.S. respondents and 28% of U.K. respondents ranked "demonstrates sustainable practices" in their top five basic expectations for what defines a good shopping experience.

One significant area of heightened focus is the reduction in food waste, which in North America alone is estimated between 30% and 40% of the food supply.¹ This has proliferated over the last several years as retailers have been slow to adopt digital solutions that enable better matching of
supply and demand for robust waste management. As a result, retailers must reevaluate and reorient legacy merchandising, supply chain and operational processes to center them around a core of data and analytics. This approach will enable retailers to make more intelligent, data-driven, right-time decisions, fulfilling both their environmental and financial responsibilities.

Consumer perceptions of health and well-being have also accelerated through 2020 due to the profound effect the pandemic has had on their personal and professional lives. Change in consumer behavior is being driven by new personal circumstances, with a higher emphasis on healthy diets, nutrition and healthy lifestyles as consumers reconsider their current values and priorities. Retailers are now leveraging technologies, such as AI and ML, to make more informed and preemptive recommendations in line with consumer preferences, taste and dietary requirements. Importantly, the data is also being used to increase efficiencies throughout the buying, merchandising and supply chain processes.

Consumers’ expectations for flexible fulfillment options remain a basic requirement and a critical one for retailers to satisfy. For grocery retailers, the diverse methods of fulfillment, as well as the costs associated with the last mile, make it exceedingly difficult to protect margins and achieve profitability while, at the same time, meet consumer demands for convenience and flexibility.

As a result, retailers across all categories are scrambling to successfully leverage technologies that can help them offer convenient fulfillment options as well as orchestrate the capabilities needed for efficient and cost-effective operational execution.

**Bringg**

Tel Aviv, Israel ([bringg.com](http://bringg.com))

*Analysis by Joanne Joliet*

**Why Cool:**

Bringg is advancing logistical operations for retailers, restaurants and other enterprise industries through their fulfillment and delivery orchestration platform. Designed to instill optimal operational and cost-efficiencies, its multichannel and multifleet orchestration streamlines delivery and enables excellent customer delivery experiences.

Customer expectations for delivery has become an entry-level criteria for retail success, as many customer purchase decisions are predicated on the speed, convenience and cost of delivery. The COVID-19 pandemic has further accelerated that given the criticality of health and safety in addition to convenience. However, many retailers still struggle with the last mile as permutations of fulfillment choices expanded to include shipping, click and collect, curbside and delivery, all while trying to excel at multifleet management.

The Bringg fulfillment and delivery orchestration platform allows retailers to bring these capabilities to market quickly, effectively and at scale. Digital sales, accelerated by COVID-19, will
remain strong postpandemic, driven by convenience rather than health. However, where the sale occurs is less important than where it materializes. For many retailers, more than 50% of online orders are fulfilled by a physical store. Furthermore, for grocery, that percentage is higher and complicated by balancing the retailers’ workforce and third-party players. The SaaS-based Bringg fulfillment and delivery orchestration platform unifies all aspects required through real-time data, AI and ML to optimize delivery and logistical operations regardless of fulfillment scenario. Additionally, enabling the retailers to scale up and down positions them well for erratic fluctuations in demand due to peak time periods, events and other disruptions.

Challenges:

In its first seven years, Bringg has experienced rapid success with deployments in 55 countries. The company has less than 200 employees, so its extensive network of partners and providers is heavily leveraged for the company’s continued success and additional expansion. Additionally, Bringg is in the final round of funding (Series D). With any company at this investment stage, any activities from a future merger, acquisition or IPO could be potentially disruptive.

Who Should Care:

Retail CIOs, head of store ops, chief human resources officers (CHROs), chief supply chain officers (CSCOs) who are working together to add or enhance customer fulfillment options as part of an excellent unified commerce experience.

Hypersonix
San Jose, California, U.S. (hypersonix.ai)

Analysis by Max Hammond, Joanne Joliet

Why Cool:

Hypersonix is a cloud-based actionable intelligence platform that helps retailers and other consumer-focused industries make better, faster and more confident business decisions through AI and automation.

The platform offers diagnostic, predictive and prescriptive analytics, enabling decision makers to analyze disparate data sources in real time to derive actionable insights and make rapid decisions on the results. Hypersonix leverages AI innovations, such as unified data, augmented analytics, automated machine learning (autoML), natural language programming (NLP), predictive and prescriptive analytics, and deep learning to help make better business decisions without the need for extensive internal teams of data scientists or analysts to recommend actions and drive improvements across the business.

The implementation of AI is a crucial element in delivering digital transformation strategies and building a competitive advantage for Tier 1 global retailers. However, due to legacy systems and
disparate data sources, much of the information required for timely decision making is often siloed, latent, difficult to access, and in many cases, inaccurate.

Hypersonix’s Unified Data Analytics Platform (UDAP) mitigates against many of the current issues by utilizing autoML for data ingestion from existing but disparate sources, including POS, e-commerce, loyalty, merchandising, marketing, labor, finance and supply chain systems. Once ingested, the data is stitched together into a cohesive, unified data fabric and replaces the necessity for a traditional, prestructured data warehouse and removes the need for complex extract, transform and load (ETL) and data mapping processes. Furthermore, through the use of diagnostic, predictive and prescriptive analytics, the Hypersonix platform can measure and monitor business results in real time, clarify why the results are occurring and recommend actions to drive improvements across every business unit. Predictive and prescriptive analytics is also an enabler for AI-powered merchandising, a current focus for the majority of Tier 1 global retailers, and another key function within the overarching solution with demand forecasting, product planning, assortment planning and pricing and promotions all included.

NLP, a form of conversational AI similar in experience to Amazon’s Alexa or Apple’s Siri, is also included within the solution through the personal digital assistant Jarvix. Offering a Google-like experience, Jarvix provides predictive and prescriptive insights to help business users understand not only “what happened,” but also “why it happened” and “what to do about it.” The Jarvix PDA is integrated across several touchpoints, including browser, mobile and virtual personal assistants (VPAs), including Amazon Alexa and Google Home.

Challenges:

Hypersonix has witnessed rapid growth since 2018; however, the company is still relatively small with about 90 employees. Furthermore, most implementations are limited to the U.S. market, which coupled with the relatively low employee count, may inhibit its ability to support on a global scale without expansion of its global presence.

Who Should Care:

Food retail, quick service restaurants (QSR), consumer packaged goods (CPG), CIOs, CSCOs, chief digital officers (CDOs), chief marketing officers (CMOs), heads of merchandising, heads of store operations.

Infarm

Berlin, Germany (infarm.com)

Analysis by Max Hammond, Joanne Joliet

Why Cool:

Infarm is enabling grocery retailers to reduce the supply chain for fresh leafy greens while simultaneously meeting customer expectations for both local organic produce and sustainability.
Part of the growing AgTech movement, Infarm’s modular IoT solution brings vertical farming into physical locations. Increasingly, this is seen as the way forward to produce higher volumes of better-quality products year-round, bringing food production closer to consumers and reducing fulfillment costs for the retailer.

The excessive food waste, and climate change, can also be mitigated through the implementation of vertical farming within the grocery segment. Recent reports from the U.N. estimates annual global food waste at 1.3 billion tons with an estimated value of $1 trillion. \(^2\)

Additionally, the further down the supply chain the food loss occurs, the greater carbon-intensive wastage. For example, food spoiled at the harvesting stage will have a dramatically smaller carbon footprint than spoilage further down the supply chain, once transportation, processing and store deliveries are considered.

Infarm’s solution eliminates the issue of transportation and wastage for leafy greens and premium herbs through its highly efficient, stacked vertical farming units. Each unit, combined with the latest IoT and ML technology, delivers a controlled ecosystem for rapid product growth within a physical location, enabling a perpetual daily harvest in direct reach of consumers.

Each 2m\(^2\) unit is remotely connected and controlled by the Infarm central farming platform, which collects over 50,000 data points in real time to continuously monitor, learn and refine the growing process to ensure continuous improvement for each growth cycle. Collaboration between the AI and human labor is required during cultivation and harvesting, where support processes are carried out by a team of trained “Infarmers,” who attend the farms throughout the week, removing the responsibility from the retailer’s workforce.

Food retailers who have sustainability initiatives and/or climate change commitments also benefit from a reduction in their carbon footprint for the products produced. Each farm uses 95% less water, 75% less fertilizer and zero pesticides throughout the cycle, along with 90% reduction in transportation than traditional soil-based agriculture methods.

**Challenges:**

To date, only a relatively small selection of products is offered to grow within the farm units, currently restricted to herbs, leafy greens and salads. However, due to the nature of hydroponics systems, a selection of vegetables and fruits are likely to be added in the near future. Furthermore, the AgTech market is a highly competitive landscape with a large variety of vendors currently competing for market share.

**Who Should Care:**

Food retail CIOs, CSCOs, heads of merchandising and store operations.

**Spoon Guru**

London, United Kingdom (spoon.guru)
Why Cool:

Spoon Guru’s unique and proprietary AI nutrition platform combines ML and nutritional expertise to provide consumers, retailers and CPG companies detailed product ingredient information. By analyzing data for millions of food products and allocating appropriate attributes to each product, Spoon Guru enables retailers to personalize the suitability of products for every shopper’s individual dietary and health needs.

In addition to product information, the dietary attributes, or “tags,” span allergens, religion, medical guidelines and government requirements to ensure a high degree of accuracy. New health and wellness attributes are continually added to the database to ensure the most up-to-date information is available to consumers. When shopping, consumers use Spoon Guru’s technology to set dietary preferences, and search and scan products to identify suitability for their needs and tastes; for example, gluten free, plant-based or kosher. The platform also provides scoring information to rate the healthiness of both products and recipes, and can suggest healthier alternatives as needed.

Retailers leverage the technology to power personalized shopping experiences and use the data to inform product recommendations and offers as well as spot trends in consumer food preferences and tastes. Today, for many consumers, having a food preference is part of everyday living, and many consumers report being on exclusion diets for medical, wellness or ethical reasons. For example, Spoon Guru allows consumers who need to avoid certain foods to safely and accurately identify specific ingredients while shopping. For consumers, Spoon Guru is simplifying what can be a very difficult process for consumers. For retailers, the ability to spot these trends and provide consumers with transparent, safe and relevant products and information is a point of differentiation. In the wake of COVID-19, trust, transparency and health are top of mind for consumers, who are looking for choices that fit their needs exactly, save them time and keep themselves and family members healthy.

Product attributes can be enriched by this information and used by retail merchandising teams to adjust product assortments to ensure that they are optimizing based on customer needs in local markets. This can be done by selecting different products on the market or leveraged in private brand product development where gaps are observed.

Enriched metadata provided by Spoon Guru can be integrated with shelf edge solutions and category review tools, helping to reduce staff costs as well as increase average order value (AOV) and customer loyalty. When integrated with CRM and campaign management tools, the data can help drive margin increases as well as new customer acquisition, and understand customer preferences in and across store, online and mobile channels.

Challenges:
While Spoon Guru works with several large retailers around the world to support e-commerce experiences, the technology could also be embedded in omnichannel applications, such as retailers’ native apps, smart carts, loyalty programs and CRM, to further personalize experiences. Spoon Guru would also benefit from retailers marketing to consumers via their website and other related product and business sources. Spoon Guru could incentivize retailers, QSR and CPG companies to market the availability of Spoon Guru to shoppers more broadly. This could help educate the market and raise awareness to the fact that retailers are providing consumers trustworthy and transparent information when shopping.

**Who Should Care:**

Retail CIOs, CMOs and merchandising heads seeking to improve the effectiveness of an assortment of personalized offers and promotional activity that is directed to customers individually across all channels. This also assists the retailer to be compliant with local labeling laws when creating products, including prepared foods. Therefore, chief customer officers (CCO) or even legal departments, could leverage if they need to certify and/or defend product contents or production.

**Tastry**

San Luis Obispo, California, U.S. ([tastry.com](http://tastry.com))

*Analysis by Miriam Burt, Robert Hetu*

**Why Cool:**

Tastry brands is a sensory sciences company that matches wine products to people.

Tastry uses an analytical chemistry framework together with ML to analyze the chemistry of the sensory-based products to evaluate the quality and predict market performance of products, such as beverages, fragrances and food. The data is also fed back to producers and manufacturers to enable them to integrate meaningful sensory information during product development. For example, for wine, the vendor’s computational blending process can help to predict the likeability of various blends for retail selection. The ensuing increases in higher wine scorings and ratings, and can boost the retail value of wine bottles.

For wine products, Tastry claims to be able to teach a computer how to taste by employing its unique technology to decode the flavor matrix of individual wines and decipher the palate matrix of individual consumers. The results are used to generate personalized matches to shoppers’ palates.

Shoppers can use Tastry via a consumer mobile device or in-store kiosk, take a simple survey and get highly personalized matches on wines that are specific to their individual tastes and preferences. Consumers can do this in the store as well as place orders through a mobile app.

Lists of curated products that shoppers are most likely to enjoy are presented to them, with more personalization available through various filters; for example, on price, occasion, complementary
pairings with certain foods and matches to friends’ preferences.

Tastry can provide store-specific wine assortments and customers can get real-time wine matches via in-store touchscreen kiosks.

The Tastry system is connected to store inventory, and, through the vendor’s dashboard, retailers can get store-specific data on kiosk usage and sales filtered; for example, by time increments, shopper segments, number of recommendations and wine and food pairings. The system can also report on individual product performance as well as trends in top and bottom wine recommendations. This will help the retailer to create the most profitable assortment and optimal inventory mix of store-specific wines, well-targeted to shoppers’ tastes as well as identify both wine and food products to upsell and cross-sell.

This solution gives retailers the possibility to return very good yields per square foot through AI-led demand forecasting in line with wine lovers’ preferences. Tastry reports that personalized product recommendations have increased customer satisfaction by 45%, while stores using the application report a 20% increase in gross sales, providing a win for both customers and retailers.

Challenges:

Currently, Tastry is available only in the domestic U.S. market. Entry into other markets will require thorough knowledge of consumers’ shopping preferences in the individual markets as well as more internal resources to support and scale in a disciplined way.

Who Should Care:

Food retail CIOs, CMOs, heads of merchandising, heads of store operations.

Acronym Key and Glossary Terms

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>AgTech</td>
<td>agriculture and technology</td>
</tr>
<tr>
<td>ETL</td>
<td>extract, transform and load</td>
</tr>
</tbody>
</table>

Evidence

1. Food Waste FAQ, USDA.

2. Goal 12: Ensure Sustainable Consumption and Production Patterns, United Nations.

Recommended by the Authors

Retail Digital Transformation and Innovation Primer for 2020

Hype Cycle for Retail Technologies, 2020
14 Ways for Retailers to Use IT to Optimize Business Cost
Retailers Must Take COVID-19 Into Consideration and Restructure Their Operating Models

Recommended For You

Cool Vendors in Retail: Meeting Customer Basic Expectations Is More Important Than Ever
Retail CIO New Year’s Resolutions, 2020
Hype Cycle for Retail Technologies, 2020
Market Guide for Retail Assortment Optimization Applications in Merchandising
Market Guide for Smart Robots in Retail

Supporting Initiatives

Retail Digital Transformation and Innovation

© 2020 Gartner, Inc. and/or its affiliates. All rights reserved. Gartner is a registered trademark of Gartner, Inc. and its affiliates. This publication may not be reproduced or distributed in any form without Gartner's prior written permission. It consists of the opinions of Gartner's research organization, which should not be construed as statements of fact. While the information contained in this publication has been obtained from sources believed to be reliable, Gartner disclaims all warranties as to the accuracy, completeness or adequacy of such information. Although Gartner research may address legal and financial issues, Gartner does not provide legal or investment advice and its research should not be construed or used as such. Your access and use of this publication are governed by Gartner’s Usage Policy. Gartner prides itself on its reputation for independence and objectivity. Its research is produced independently by its research organization without input or influence from any third party. For further information, see “Guiding Principles on Independence and Objectivity.”