

# Co-ops race to keep up as technology transforms the landscape - Co-operative News



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Customers are increasingly keen to shop little and more often – and stores are trying to provide a different retail experience to match this change. Some supermarkets are trying to appeal to customers by using the latest technology while others are innovating by launching new shop formats. Another concern for retailers is growing their online business by integrating their online platforms into their branches.

A [Total Retail Survey](#) by PwC describes a “revolution” in terms of how consumers shop, and how retailers try to remain relevant. The survey of 23,000 shoppers around the world reveals that convenience is very important but price and affordability are still the main concern across all ages.

Another key lesson from the survey is that customers want a more personalised in-store experience. This trend is also mentioned in Deloitte UK’s [analysis on retail trends for 2016](#). The international accountancy firm highlights that consumers increasingly expect a personal experience.

So how are co-operative retailers responding to these trends?

## **Coop Italia: Scan as you shop**

In Italy, Coop Italia is looking at how it can use software to enable customers to obtain more information about the products they buy. Dating back to 1854, Coop Italia has grown to become the largest food retailer in the country, with a 10% market share. It includes over 100 co-operatives of different sizes, and forms part of Coopernic, a European buying group that includes other co-operatives.

[According to IGD Retail](#), Coop Italia worked to strengthen its convenience strategy in 2015, and this will remain a key objective for the future. Coop Italia president Marco Pedroni told IGD the retailer would continue to focus on convenience and its own-label products. Last year Coop Italia launched the store-of-the-future format at the Future Food District Expo in Milan. The retailer aims to use the technology to understand and influence customer’s behaviour while achieving a real integration of online with physical stores.

This new generation of stores displays 1,500 products below digital mirrors that provide information including where products come from and the ingredients used. The smart shelves and interactive food display tables aim to boost customers' shopping experience.

Designed by architect and designer Carlo Ratti, the supermarket of the future format uses Microsoft Kinect sensors to detect shoppers' movements and interact with them at the shelves. Around 1.7m people visited the test store during the six months that Expo Milan was open.

Customers can get information about products simply by pointing at them; motion sensors trigger a display of information, including ingredients, potential allergens, the origin of the product and its carbon footprint.

The retailer can use the data gathered to optimise layout of stores, change displays and improve marketing.

The concept was also showcased at Microsoft's Envision conference in April 2016. Gabriele Tubertini, Coop Italia's chief information officer, said the retailer would use the lessons drawn from the experiment to implement new layouts and digital solutions in its stores later in the year.

"People really appreciated the intuitive aspect of the experience, where no additional cumbersome technology was required to operate the new innovative features. We wanted to create an experience that was as seamless as possible, without any physical intermediary," said Mr Tubertini.

The future store format has won the [Gold prize for communication design at the European Design Awards](#), which highlights excellence in the fields of print, web and exhibition design, illustration, packaging, mobile apps and motion graphics.

### **NTUC's electronic shelf labelling, Scan2GO and iCash**

In Singapore, [FairPrice NTUC](#) co-operative is using some of the latest technology to improve customers' shopping experience. The largest grocery retailer in the country, NTUC has a network of over 120 outlets, comprising FairPrice supermarkets, FairPrice Finest and FairPrice Xtra. Its has a network of more than

160 FairPrice Xpress and Cheers convenience stores across the island which serve over 100,000 customers daily.

NTUC is also the first retailer to introduce SCAN2GO to Singapore. This service allows customers to scan, self-bag, and track their purchases as they shop. Customers can register at the store and successful registrants will be issued with a personalised card to activate the system when they shop at the store. The scanner is linked to the cardholder's personal features and enables FairPrice to trace it if required.

The co-op uses 100 such scanners and has two dedicated checkout counters for SCAN2GO payments. The scanners enable customers to view details of items such as the regular price, the promotional price and the total number of items scanned. They can also track their total spend and savings and bag groceries while shopping. The scanners enable them to add or remove items easily. The SCAN2GO transactions currently account for 10% of all transactions, with a customer buying close to 30 items and an average transaction of SGD \$120.

Another important technology initiative at the co-op has been iCash, a closed-loop cash management system. The first outlets with iCash went live in May and September 2015. The system eliminates the need to handle cash by automating the acceptance and dispensing of cash for customers and cashiers. This enables cashiers to save about 35% of their time spent on performing reconciliation tasks. Chief cashiers save about 50% of their time previously spent on reconciliation.

iCash also helps increase accuracy in accepting and dispensing change, which, in turn, improves customer satisfaction. With time saved on previous manual tasks, cashiers can now be redeployed to assist in other supermarket duties like stock management and merchandising. They also are cross-trained to perform multiple tasks.

Currently, the iCash system has been installed in 11 FairPrice outlets and 19 Cheers outlets. FairPrice aims to roll out the system to another 15 FairPrice and 11 Cheers outlets by the end of 2016.

Gerry Lee, deputy chief executive (Operations), NTUC FairPrice, said: "iCash was initiated to complement FairPrice's efforts in addressing manpower challenges in the industry. It is a crucial investment to increase efficiency and optimise manpower resources so customers enjoy smoother checkouts with accurate payment handling and better service.

"Overall feedback from customers have been positive though we do recognise there will be some initial hesitation in using the system, which is expected of any introduction of new technological systems. The system also frees cashiers to focus on interacting with customers to serve them better while the system automatically handles the payment process."



NTUC's iCash system (c) SNCF

The co-op has also been leading the way in terms of electronic shelf labelling, which Fairprice introduced in 2011. The system is available in 126 of their stores and will feature in all new stores. Each store will have between 4,000 to 20,000 electronic labels, depending on its size.

The system replaces the lengthy process of manually searching for and replacing paper shelf labels for items on a weekly basis depending on promotions and price changes. It also improves pricing accuracy, minimising customer complaints and enhancing the overall shopping experience.

“A typical supermarket carries between 10,000 to 15,000 products and product prices consistently change due to price fluctuations and regular promotions,” said Mr Lee. “With ESL, all prices are automatically updated from a central system, thereby reaping tremendous savings in manpower as opposed to manually replacing the price tags daily.

“Overall, customer satisfaction has also improved due to higher levels of accurately displayed prices. The manpower savings also frees staff up from the laborious process of manually changing price tags and focus more on serving customers at the store.”

### **Conceptual innovation: Waitrose's new store formats**

Waitrose is responding to the growing tendency of UK shoppers to dine out and shop online more. The retailer, part of employee-owned John Lewis Partnership, plans to open 14 new stores in 2016. The shops will include wine bars, juice bars and grazing areas. The first shop in the new format was opened in Salisbury in 2014, covering 55,000 sq ft and showcasing Waitrose's latest concepts, with a wine bar a smoothie bar, a cookery school, a dry cleaners and flower wrapping. While in store, customers can also use tablets to order Waitrose products online.

On 30 June Waitrose opened another refurbished shop in Worcester. The 38,000 sq ft branch is among the top ten Waitrose stores in the UK, employing 130 people, who own a stake on the business.

At the wine bar customers can enjoy beer and wine alongside deli platters and tapas. The branch is one of the six Waitrose shops to offer a sushi bar, selling fresh products prepared by chefs in front of customers throughout the day. The shop also has a café, eat-in bakery, and fresh meat and fish counters. Other services include Waitrose Quick Check, so customers can scan as they shop, online shopping and John Lewis click-and collect.

Another new addition is a community room, which provides free space for local not-for-profit organisations and groups. The room is available for use whenever the store is trading.

Branch manager Scott Whittaker said: "We are really proud to be opening in Worcester, to have generated new employment opportunities for local people and to be adding to the investment the city continues to attract. Waitrose Worcester will be among our largest in the UK and a real flagship for our brand."

Retail analysts at IGD highlighted the retailer's desire to "grow itself in new locations" and select sites capable of delivering its "differentiated retail experience".