

Solving the technology crossword in fresh foods

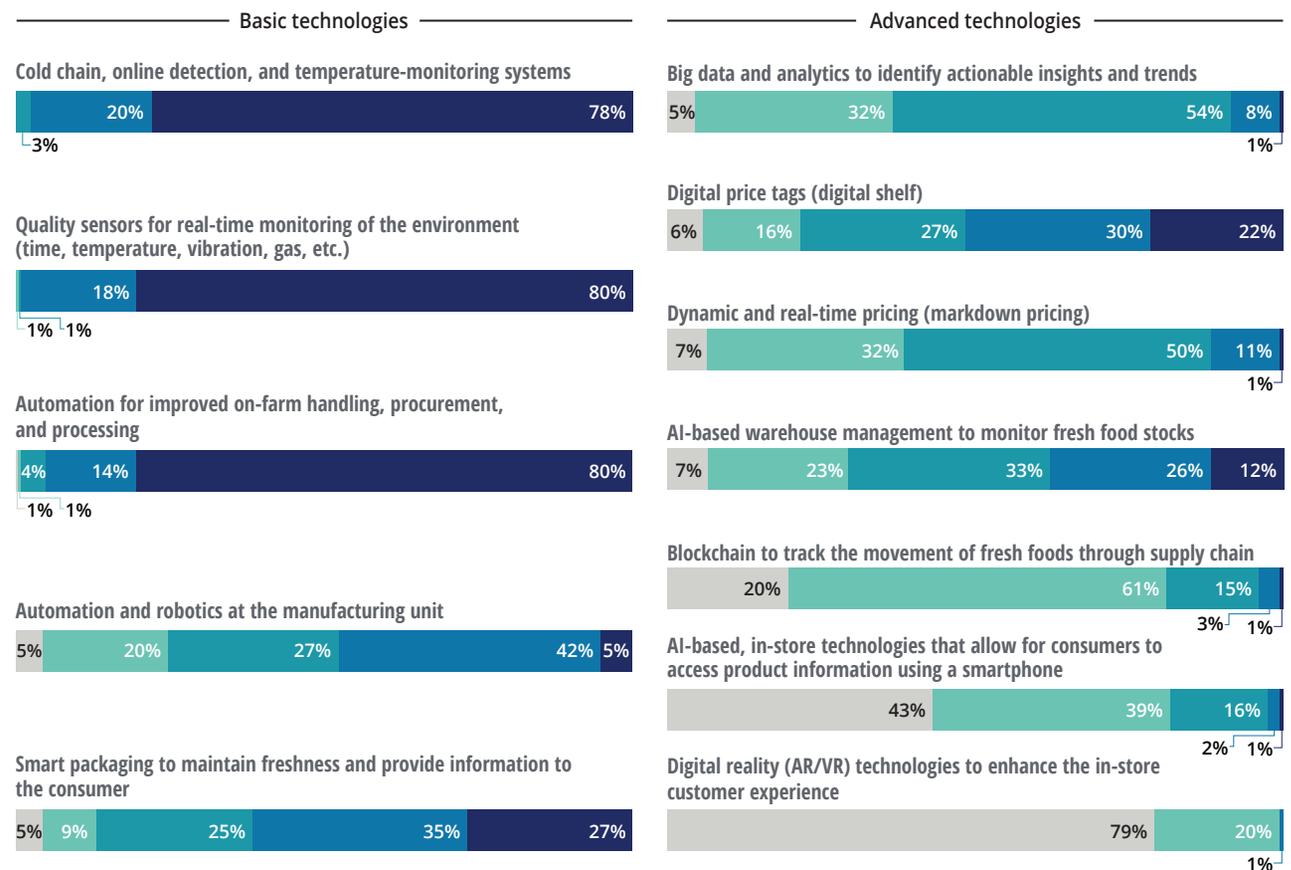
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DELOITTE'S RECENT SURVEY of US fresh food producers and retailers revealed they're implementing a spectrum of technologies¹ and, they're implementing more basic technologies than advanced (see figure). We found that while 8 out of 10 companies have fully implemented on-farm automation, quality sensors, and advanced cold-chain management, implementation of big data and analytics, digital price tags, and artificial intelligence (AI) is low. But does aggressive implementation of advanced technologies guarantee growth and success?

Survey findings also revealed that effectiveness of technology implementations can only be determined by how well technology is integrated in core business strategy. We compared the percentage of revenue from fresh foods and the annual budget for technology and supporting processes and calculated companies' effectiveness in applying technologies to fresh food operations—enter “Leaders” and “Learners” of the technology maturity curve. While both Leaders and Learners matched in their implementation of basic technologies and were in early stages of adopting advanced technologies, there were nuanced differences. Leaders had a more integrated approach—they had smaller, centralized, and efficient teams to manage their *focused investment* in fresh food technology. Also, they focused their efforts on fresh foods than on a diversified portfolio.

Implementation of technologies by fresh food producers and retailers

■ No plan ■ Planning phase ■ Starting phase ■ Partially implemented ■ Fully implemented



Note: Percentages may not total 100% due to rounding.

Source: Deloitte analysis of the 2019 Future of Fresh Survey data.

Based on current market conditions, it will likely become increasingly important for fresh food producers and retailers to identify and invest in technologies to improve efficiency and the ability to respond to consumer needs quickly. For example, digitizing the core operational processes can pave the way for easier implementation of AI-based warehouses and smart supply chain management technologies, helping companies

derive decisive insights through data analytics and much more. Technology can be instrumental in helping fresh food companies predict and model various demand scenarios and shorten response time. In an unprecedented business environment such as today's, with spikes in demand within certain categories and not others, being nimble can be a foundational requirement to survive and thrive.

Endnote

1. Barb Renner et al., *The future of fresh: Strategies to realize value in the fresh food category*, Deloitte Insights, November 12, 2019.

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