



# **TREND REPORT: THE DIGITAL FUTURE OF THE FOOD AND BEVERAGE INDUSTRY**



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# INTRODUCTION

**Digital transformation isn't a trend: it's our new business reality. Digitization is a continual process that simply cannot be stopped.**

Industry 4.0 is shaping the business landscape worldwide. There's no escaping it: different sectors are entering the next stage of the digital era, and organizations that aren't continually developing risk having competitors overtake them.

The food and beverage industry is no exception, from packaging manufacturers and coffee roasters to bakeries and supermarkets. That's why we're discussing the food and beverage industry's digital status quo and the ways that you can use e-commerce to make the next step in your digital transformation process possible.



# 1

## FOOD AND BEVERAGE'S DIGITAL TRANSFORMATION WHERE ARE WE NOW?

**Digital grocery shopping is nothing new. More and more companies are focusing on online food retail, often referred to as eGrocery. Or, in plain English, selling food online.**

### **100% Digital**

Which organizations will have the biggest market share in this digital world? There's a good chance that honor will be reserved for the most disruptive companies: organizations characterized by continual digital innovation.

Think of companies like Peapod: a supermarket without a single branch;<sup>1</sup> the rise of subscription meal services like Blue Apron and HelloFresh; Or Amazon's smart, hyper-personalized approach.<sup>2</sup> And you can't forget the impact of IoT. With a smart refrigerator, users always know exactly when something needs to be reordered, and they can do so straight away.<sup>3</sup> Online, of course.

**WILL THE LARGEST MARKET  
SHARE BE RESERVED FOR  
COMPANIES FOCUSED ON CONTINUAL  
DIGITAL INNOVATION?**

1. <https://startupjuncture.com/2017/03/29/picnic-online-supermarket-raises-whopping-100-million-euro/>

2. [https://img.en25.com/Web/Forrester/%7B189d2ed3-26d4-4710-88f3-9a02dd2620d9%7D\\_Forrester\\_Amazon\\_Buying\\_Whole\\_Foods\\_Raises\\_A\\_Red\\_Flag\\_For\\_All\\_Retailers.pdf?elqTrackId=df0a980c626a4644bef8699b90f463b9&elqaid=785&elqat=2](https://img.en25.com/Web/Forrester/%7B189d2ed3-26d4-4710-88f3-9a02dd2620d9%7D_Forrester_Amazon_Buying_Whole_Foods_Raises_A_Red_Flag_For_All_Retailers.pdf?elqTrackId=df0a980c626a4644bef8699b90f463b9&elqaid=785&elqat=2)

3. <http://www.wired.co.uk/article/samsung-family-hub-2-smart-fridge>

# 80% OF RESPONDENTS WHO PURCHASED GROCERS ONLINE PLANS TO DO THIS AGAIN

## Growth of Online Supermarkets

While we don't expect a 100% digital food and beverage industry to materialize any time soon, it's actually not as sci-fi as you might think.

Supermarkets have long stopped investing exclusively their physical locations — take Walmart's click and collect option on their web site. It also works the other way around, too. This year, Amazon made waves with their acquisition of Whole Foods in a move that Forbes posits could be "the beginning of the end of retail as we know it."<sup>4</sup>

The move to online sales isn't limited to grocery chains. International beer brand Heineken is also active in e-commerce.<sup>5</sup>

More and more large enterprises understand that you have to be where your clients are. And more and more clients are going (and staying) online. Research by FMI and Nielsen reveals that a massive 80% of respondents who have purchased groceries online plans to do this again (or have already).<sup>6</sup>

## Digitization for B2B

Does this mean that all digital sales in the industry are reserved for the disruptive start-ups, Amazons and Walmarts of the future? Not at all. Digitization is crucial for every organization that doesn't want to fall behind. There is simply no excuse not to embrace digital transformation. In fact, the U.S. saw \$7 billion in sales in 2015, and that's projected to grow to \$18 billion by 2020.<sup>7</sup> Online grocery sales are set to surge.

So if all consumers and professional buyers (such as supermarkets) are online, where are you?



4. <https://www.forbes.com/sites/ciocentral/2017/06/23/amazon-buys-whole-foods-now-what-the-story-behind-the-story/#49c70efde898>

5. <http://www.marketingfacts.nl/berichten/ho-heineken-meters-maakt-in-thuisbezorging>

6. [https://www.fmi.org/digital-shopper/?utm\\_source=Triggermail&utm\\_medium=email&utm\\_campaign=Post%20Blast%20%28bii-e-commerce%29%20Amazon-Whole%20Foods%20deal%20threatens%20food%20brands%20%E2%80%94%20Grocery%20is%20the%20first%20frontier%20for%20delivery%20technology%20%E2%80%94%20Culture%20complicates%20Walmart-Jet.com%20acquisition&utm\\_term=BI%20List%20E-Comm%20ALL](https://www.fmi.org/digital-shopper/?utm_source=Triggermail&utm_medium=email&utm_campaign=Post%20Blast%20%28bii-e-commerce%29%20Amazon-Whole%20Foods%20deal%20threatens%20food%20brands%20%E2%80%94%20Grocery%20is%20the%20first%20frontier%20for%20delivery%20technology%20%E2%80%94%20Culture%20complicates%20Walmart-Jet.com%20acquisition&utm_term=BI%20List%20E-Comm%20ALL)

7. <https://www.statista.com/topics/1915/us-consumers-online-grocery-shopping/>

# 2

## PROFESSIONAL BUYERS AND CONSUMERS AND THEIR PRIMARY DIGITAL PAIN POINTS

**Consumers and professional buyers are increasingly choosing to order online. B2B clients aren't the same as B2C customers, of course, but it we are seeing developments demonstrating that professional buyers bring their consumer expectations to business interactions and purchases.**

This consumerization of online B2B sales is pushing B2B buyer needs more toward those of consumers. Professional buyers want a web store that's attractive, user-friendly and easy to use, for instance. Companies (both B2B and B2C) are also realizing that they don't need to limit themselves to a single target audience. New business models like B2B2C and D2C are growing in popularity.

Finally, consumers aren't as far removed from production in the food and beverage industry compared to many other sectors. This means that consumers are setting the tone and that understanding customer behavior is essential for B2C and B2B.

### **Food and Beverage Industry: the Key Factors**

There are a handful of factors that are essential for consumers. When buying food, they focus on quality (or taste), freshness, nutritional value and price. Trust is also key.<sup>8</sup>

Do any of these factors come as a surprise? Probably not. But they are fundamental, and they're not always easy to translate to a digital world. This means that they can be considerable obstacles for e-commerce.

<sup>8</sup>. [http://www.fnli.nl/wp-content/uploads/2016/04/FNLI-Waarderingsmeter-2017\\_Motivaction.pdf](http://www.fnli.nl/wp-content/uploads/2016/04/FNLI-Waarderingsmeter-2017_Motivaction.pdf)

## Quality and Freshness

Quality (or taste) and freshness are two vital words in the food and beverage industry. They're what it all boils down to, and they're potentially the most complex challenges you'll face when you make your move into online sales.

Most clients base their assessment of taste and freshness on how your products look. So it's little wonder that they prefer to judge products in person<sup>9</sup> — an experience that's not exactly easy to offer in a web store. With the industry's stringent requirements,<sup>10</sup> this sets the digital threshold high for many companies.

Organizations need to find a suitable solution before they can achieve online sales success.

## Healthiness and Price

Another major development affecting multiple industries including food and beverage is customers' growing need for information.

The average buyer is doing more research before making a purchase and giving more thought to the potential consequences of their choice. Access to the right information is a key part of this process. Especially when it comes to assessment of nutrition and price.

Research reveals that more people are reading what's on the package.<sup>11</sup> "Is this the healthiest choice? And am I getting the right deal?" Customers want to be able to answer these questions and be confident in their choice. Professional buyers also need this information, as they need to pass it on to the end consumer.

## Trust and Complexity

Securing the trust of your clients is essential, regardless of your industry or target audience. In today's market, it's a lack of trust that's holding potential customers back from buying online. Particularly when it comes to uncertainty about the ordering process.

This uncertainty is one of the main aspects of online grocery shopping that potential customers worry about. Will my products arrive at the right time? 55% of respondents are afraid that their orders will be delivered when they're not home and 57% are worried that they won't get the right products.<sup>12</sup> This, combined with the complexity of ordering and other company processes, can pose a major problem to a variety of businesses in the food and beverage industry.

9. <http://www.nielsen.com/content/dam/corporate/us/en/reports-downloads/2017-reports/nielsen-global-connected-commerce-report-january-2017.pdf>

10. [https://www2.deloitte.com/content/dam/Deloitte/be/Documents/strategy/POV\\_Omnichannel\\_01.pdf](https://www2.deloitte.com/content/dam/Deloitte/be/Documents/strategy/POV_Omnichannel_01.pdf)

11. [http://www.fnli.nl/wp-content/uploads/2016/04/FNLI-Waarderingsmeter-2017\\_Motivaction.pdf](http://www.fnli.nl/wp-content/uploads/2016/04/FNLI-Waarderingsmeter-2017_Motivaction.pdf)

12. <http://www.nielsen.com/content/dam/corporate/us/en/reports-downloads/2017-reports/nielsen-global-connected-commerce-report-january-2017.pdf>

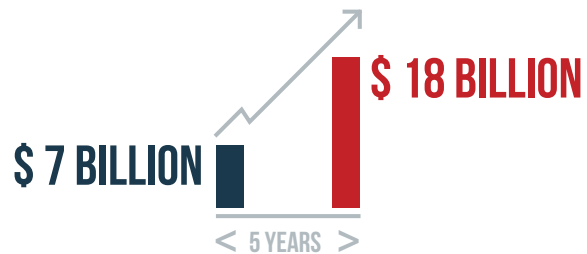
# 3

## OPTIMIZATION THROUGH AUTOMATION RESHAPING OBSTACLES INTO OPPORTUNITIES

### **An Automated Supply Chain**

**You will run into more than just obstacles on your path to digital transformation. In fact, the elements that might seem like obstacles at first glance can prove to be unique opportunities for growth.**

From \$7 billion to \$18 billion in just 5 years: with such explosive growth within the industry, finding the right solutions to new challenges is paramount for any company that wants to avoid falling behind.



The first step? Digitization. An automated and optimized supply chain can remedy your main logistical pains. This opens up the digital playing field and provides space for more growth and returns.

### **Speed and Efficiency**

The margins in the food and beverage industry are low enough as it is.

An unoptimized supply chain will soon lead to significant losses, and a supply chain that isn't automated is slow and inefficient. Delaying optimization poses a significant risk for the freshness of your product.

Automated supply chains are shorter and faster, making it easier to safeguard the freshness of products. With the focus on freshness, a shorter delivery time is a differentiating factor that could draw in a lot of customers, particularly consumers. In addition, a shorter, more flexible supply chain is a more efficient supply chain. After all, that translates to less waste and more economical production, which eventually means higher turnover.





### **Minimal Error Margins and Lower Prices**

Many food and beverage businesses still use paper documentation. Not only does this impact speed, but it also means an increased risk of mistakes. In other words, more costs — costs that are eventually passed on to the end user. An incorrectly entered order can also wreak havoc on (professional) buyers' trust in your brand or company.

Automating minimizes error margins. ERP systems are an excellent example of this. They ensure all company processes are brought together in one place, and that the entire organization has access to the most recent data.

An e-commerce system integrated with your ERP enhances this efficiency even further by using the ERP as the engine that powers the web store. This ensures your ERP remains your single source of truth, allowing you to eliminate even more potential mistakes. Moreover, a fully integrated solution offers myriad possibilities when it comes to cross-selling, upselling, and even personalization.

The cloud will play an important role in this in the future. Cloud-based ERPs, for instance, let you synchronize and automate even the most complex and diverse processes. And it goes beyond internal optimization. An ERP-integrated e-commerce solution gives your clients access to a comprehensive and powerful online portal, while providing you with a 360-degree view of your customer base.<sup>13</sup>

<sup>13</sup>. <http://www.foodlogistics.com/news/12309612/food-and-beverage-distributors-are-ripe-for-business-transformation>

## Information and Transparency

There's more to winning clients' trust than just minimizing mistakes. Information and transparency are essential.

We touched upon clients' need for in-depth information before, but when you have a labyrinth of systems and structures, it can be hard to use to use this data in the right way. Your ERP helps you clear this hurdle by saving your most important information in a single system. An ERP-driven web store leverages this power by making it easy for your customers to access clear overviews of all essential product information — no matter how complex.

This is particularly pertinent when you consider how much clients value transparency around where their purchases come from. If your company can offer customers clarity about the origin of their food, you're one step ahead of competitors who don't have the right tools. Technology (such as smart packaging, sensors, the cloud and IoT) offers many possibilities, such as product tracking.<sup>14</sup>

**IF YOUR COMPANY CAN OFFER CUSTOMERS  
CLARITY ABOUT THE ORIGIN OF THEIR FOOD,  
YOU'RE ONE STEP AHEAD OF COMPETITORS WHO  
DON'T HAVE THE RIGHT TOOLS**

14. [https://www.automation.com/pdf\\_articles/siemens/SFS\\_Whitepaper\\_-\\_The\\_Digitalization\\_Productivity\\_Bonus.pdf](https://www.automation.com/pdf_articles/siemens/SFS_Whitepaper_-_The_Digitalization_Productivity_Bonus.pdf)



# 4

## SMART SOLUTIONS FOR COMPLEX PROBLEMS

The food and beverage industry has a traditional image, which means there are plenty of organizations that aren't making automation and digitization a priority. Contributing factors to this slow adoption include the complexity of logistical processes, but also strict (quality) requirements that organizations must meet and adhere to.

That said, there are also many organizations that do harness the immense power of automation and digitization. Start-ups and various other companies using digital developments to their advantage are disrupting the industry. This group of manufacturers, distributors and other businesses promises to only grow — and grow faster.

Ignore this competitive pressure at your own risk. With the irrepressible advancement of technology, your playing field is anything but traditional. It's a dynamic environment with demanding clients. And these clients are online, regardless of whether they're consumers or professional buyers.

So no matter how traditional or complex the industry is: innovation is key. An organization that stops innovating is standing still, giving competitors a huge advantage. It's crucial to keep moving and keep moving forward. How? By facing challenges head on and focusing on innovation.

**EVEN IN TRADITIONAL AND  
COMPLEX INDUSTRIES,  
INNOVATION IS CRUCIAL**

The right approach lets you change obstacles into possibilities, unlocking your biggest opportunities for growth. Automation and digitization should be the driving force for companies, with smart solutions to answer complex challenges.



## WANT TO KNOW MORE ABOUT E-COMMERCE FOR THE FOOD AND BEVERAGE INDUSTRY?

These trends and developments are just the tip of the iceberg. Want to see what else e-commerce can do for the food and beverage industry?

[DISCOVER MORE](#)



## ABOUT SANA COMMERCE

Sana helps businesses all over the world reach their full potential. We offer the shortcut to e-commerce. How? Through 100% seamless integration with SAP and Microsoft Dynamics. Our e-commerce solution leverages existing business logic and data in powerful and user-friendly web stores. This lets our clients focus on improving customer experience, streamlining sales processes, and increasing sales volume and frequency.

Sana Commerce is a certified partner of Microsoft Dynamics and SAP. Our innovative approach and strong partner network make Sana the driving force behind over 1,200 web stores worldwide. Because of our experience and expertise, we can go all the way, offering not only a product but also supporting services such as online marketing, Search Engine Optimization (SEO) advice, hosting, design and online payment providers.

**Make your business future-proof and join our e-commerce movement.  
For more information, visit [www.sana-commerce.com](http://www.sana-commerce.com).**

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