



Albertsons' COVID-19 Approach Feels Local



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This is an edited version of IRI's Growth Insights [C-Suite Conversations](#), featuring **Vivek Sankaran, president and CEO of Albertsons Companies**, talking about finding some positives in the tumult of COVID-19 – family meals and remote working – as well as increasing opportunities for transforming CPG retail with technology.

IRI: [Strategies for succeeding through pandemic, IPO, recession and civil unrest.](#)

Vivek Sankaran: I believe the notion that Albertsons is locally great and nationally strong. When the two companies, Albertsons and Safeway, came together in 2015, they were two very different cultures that came together. One was the Albertsons culture that wanted the store operator to be like a CEO locally, and the Safeway culture believed in leveraging scale. The team has managed, over the years, to bring the best of both together. I'll give you an example: One of the challenges for us in the early days of COVID-19 was getting our hands on supplies. While we were orchestrating relationships with some of the largest distributors for restaurants who had food, our teams were building local relationships with a whole host of other distributors. We keep learning how to leverage the scale; how to maintain entrepreneurship. That is the essence of our cultural challenge.

LOCAL

IRI: [Leverage your CPG background.](#)

VS: We need to bring what we're seeing with our customer base to our CPG partners early on for input that will make a difference, because we have people who understand shoppers at the local level. It's where innovation and what CPGs can bring

matters a lot. Starting with that customer and what happens with the demand signal points to so much opportunity in making our supply chains more efficient.

At Albertsons we recognize that how we leverage our scale can make the interface with our CPGs even better for our customers, and that's the journey we're on.

IRI: [Joint business planning.](#)

VS: You have to be more nimble about acting in shorter-term windows, and those who react faster will do better. In the longer term there's a real paradox, because we have this heightened level of demand, but I can empathize with a CPG leader who is thinking, "Do I add capacity now or not?" But I tell all our CPG partners that they were innovating in the past for a reason. And that reason was the customer; the reason was the diversity in America's customer. I hope they continue to bring the innovations to retail that were such an essential part of their growth and our growth and the vibrancy in retail that we had pre-COVID-19.

IRI: [Pandemic trends likely to last.](#)

VS: The single biggest shift I'm seeing: less on-the-go, more of that prepared trip where I'm going to shop for the week. It's bigger basket trips and more complete baskets in one store. We're all realizing, too, that working remotely is not such a bad idea.

LOYALTY

IRI: Retain new buyers.

VS: Clearly our objective is to retain these customers and a higher baseline business that we've added because of this of pandemic. We have the loyalty program and other things, so we understand customers at a granular level and we're working to keep them shopping with us. Foodservice grew 70% between 2009 and 2019, to \$771 billion. And away-from-home food spend overtook in-home food dollars to become the leader. Now that happened in the greatest economic expansion we can all remember in a long time, without COVID-19, and without work from home as context. Even in the best scenario, let's say now we're down 10% that shifted the other way. It's going to be slow just getting back to pre-COVID-19 levels. But you have a recession, you have work-from-home policies, and you still have a pandemic and worries around it. We're all going to be trying to provide people with more convenience, prepared meals and so on in our stores, too.

IRI: Leverage technology.

VS: We in business have accepted this notion that mediocrity is OK in technology. Companies have to embrace that if technology is helping us in our personal lives, it should help us even more in our professional lives. There isn't a part of the business that I look at where my first question isn't, "What are you going to do with technology for growth and productivity?"

IRI: Opportunities for technology.

VS: Customer-facing is a huge opportunity. Whether it's getting more granular with the loyalty engines we have, getting more granular about the demand signals that we're getting into our stores and into

e-commerce, being able to predict the order patterns that are occurring on e-commerce. And when I say technology, I'm including data in it. Having the demand signal so you're better in-stock, sending it all the way through the supply chain, all of those things are one part of it. There's technology and productivity. It's automation of all of the work that we do in our distribution centers; it's automation in our stores. There's so much that is productivity-centric that I am thinking robots; I'm thinking of the types of physical activity that you can do more efficiently with robotics. The lens I'm always putting on it is that it has to be helping a growth priority or a productivity priority.

TECHNOLOGY

IRI: "Make it easy" or "make everybody better?"

VS: If you're trying to change the behavior of 200,000 people every day, 10 times a day, make it super easy. If you want to change 200 people on a very important topic, then the technology should enable fundamental change. And we have a little bit of both going on.

IRI: Own brands.

VS: Today, there's a role for own brands as an opening price point, yes, but the consumer is not going to compromise on quality. The bigger excitement about own brands is the innovation we bring. Our fastest-growing brands among our own brands are O Organics and Open Nature. They're the fastest growing because they give our customers some sort of differentiation, something special.

IRI: Advice to your CPG self.

VS: If I had a chance to go back in time to be the CPG leader I was, I would spend more time in stores, and I would spend more time in stores beyond my category.

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