



Directing Digital Transformation



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This is an edited version of IRI's Growth Insights [C-Suite Conversations](#) series, featuring Chris Rupp, executive vice president and chief customer and digital officer of grocery giant Albertsons Companies, Inc. Here we discuss the retailer's digital transformation, the critical nature of quick, accurate delivery, and the power of technology to drive change and efficiency.

IRI: Transforming to Meet Needs

Chris Rupp: Albertsons Cos. has had an e-commerce business for a couple of decades. So it's not new in terms of having e-commerce services for customers, but we realized that we wanted to expand those services even before going into the pandemic – make them more accessible to our customers, ship faster, get much better at delivering exactly what the customer expects.

Then, going into the pandemic, people needed access to their groceries and didn't want to have to go into stores. We needed to really accelerate. And so that's where I think you really test the mettle of yourself and the executive team.

First and foremost we just wanted to reach more customers. We have been increasing delivery hubs and also making sure that we have DriveUp & Go services available in many of our stores. Starting from a few hundred, now we have over 1,500 of our stores with both DriveUp & Go services and delivery.

But underneath the covers of that there's so much more. The technology wasn't working well, it was getting disconnected a lot; it was very difficult to serve the customer's needs.

Second, we weren't being very directive with the pickers in the stores about how to serve the customer's order, leaving a lot of it up to judgment – the individual judgment of the shopper, and the shopper in this case doesn't know the customer.

So some of the things that we had to do underneath the covers were things like reinventing picking software so that we could really examine what an excellent job is in serving the customer. We were re-creating the systems underneath that are connected in a way and allow us to fully meet the needs of the customer.

IRI: Quick Turnaround

CR: Historically, we had been fulfilling orders in about 22 hours, and we thought we needed to get much better at being able to turn around an order a lot faster because of a customer's convenience needs. We engineered the software that we were building in a way that would allow us to change those delivery turnaround times – we call those click-to-deliver times.

We went from 22 hours in many of our major markets down to two hours, in terms of the amount of time it would take us to serve customer orders. That's an example of customers having immediate needs to fulfill and having a strong desire for convenience. Because technology is helping us enable these solutions, we can have a very, very quick ability to serve a customer's order and get it right.

IRI: Cost of Transformation

CR: One of the reasons I love digital transformation is because what you're using to get that done is technology and data. So the idea is that you don't have to change your cost structure or what you charge customers to get this done, if you're leveraging the use of technology. We are looking for technology to do the heavy lift in those situations.

IRI: Speed and Selection

CR: People like convenience with a very broad selection. We are offering the variety available within the four walls of the store at the two-hour promise. Because we think it's both things – both broad selection and a quick turnaround time – for customers.

We've done some experiments to offer a much more narrow selection for a much faster speed, and it's so much less appealing to customers. Customers like a one-stop shop.

IRI: Marketplace Learnings

CR: I think a marketplace can be a great way to broaden selection, to make a broader offering to customers, but we tried a marketplace a couple of years ago and we learned a lot. We didn't approach that marketplace in the right way, primarily because we offered it as a standalone store as opposed to embedded in the shopping experience for the customer.

That's a key learning for us – you can't set up separate apps and expect customers to have to navigate their way across a complex ecosystem. It has to be really simple and intuitive. I don't know what we might do in the future, but for now we've decided to focus on the aspect of what is within the four walls of our store and how to make sure the breadth of that selection is available very quickly.

IRI: Maximizing an App

CR: It's just another aspect of thinking like the customer – you put all of those apps together in one, and now anything they want to get done with you, they can get done in one place. It's another version of a one-stop shop. I think it's important that at every turn you're thinking just like the customer is so that you're making it easier.

We have millions, millions of loyalty members that are regularly coming to the app and shopping with us. One of the side benefits of putting this all together and organizing it in a way that a customer can access everything about the relationship with us is that those millions of customers who have been loyal customers for decades using our coupons are now getting exposure to e-commerce and seeing how easy that is to use as well. We're getting a lot of movement within the ecosystem because of putting those things together.

IRI: Partnerships

CR: Over the past 18 months, we've been working with a variety of partners. When we were going through the pandemic, we were eagerly awaiting whether a vaccine would be developed. Everyone wanted to understand the implications of that. We really wanted to help by offering vaccinations to our customers, and so we were thinking about how to get out in front of this to make sure customers would know it's available. Because this was new for everyone on the planet.

This is a great place where Google helped us get our message out. They have developed some new features for Google Maps that allow you to put pins in different locations where you have stores and help customers in that local area understand the services available in those stores. We worked with them to launch the capability to inform customers about where they could get vaccinations.

Pinterest is another really exciting relationship. One of their top search items is "what's for dinner?" There's a lot of things that we can do with that to help inspire customers in what they might want to find – new meals, hard-to-find items, all kinds of things that we want to make sure that we're sharing.

For each of these partners, there is a space that they are experts at, something that they do extremely well. I think great partnerships, like in life, are about what does this entity do well, what do you do well, and how does that one plus one equal something more than that?

IRI: Albertsons Media Collective

CR: This is an opportunity for CPGs to deliver their advertising, their content, their messages to our customers. That's also a great match because customers, when they come into our environment, are at the last few seconds of the purchase journey. It can be a powerful moment for a CPG to be able to tell their story at the moment of conversion.

Many retailers are working on what they can do to provide these content channels for customers, and that's what our retail media network is as well. It requires you to build a marketing stack that's robust, and it requires you to have knowledge of customer needs at scale: millions of customers need this; millions of customers are searching for that over the course of this week. And when you're capturing all that data, you can start to find ways that you're talking to those customers just at the moment of conversion.

IRI: Supplier Partnerships

CR: Our suppliers are great partners to us and definitely on the journey with us. We learn things from them all the time. They learn things from us all the time. Some of the greatest conversations we have are ones where unexpectedly you learn about a trend or something coming from a supplier.

IRI: Successful Digital Transformation

CR: Digital transformation is about change, and change management is something that is always hard. It's hard because there's so many competing priorities. Helping the people around you to see the need for change and getting people aligned around a specific objective to begin with is really important.

Another really critical aspect of this digital transformation is about the use of technology in order to get more efficient, do more for customers, offer more services, have a better understanding of your business. Digital transformation requires a really excellent use of technology.

IRI: Digital Challenges

CR: One thing that's hard about digital transformation is that there are no sure bets. We had an unlimited delivery club. It had some traction with some customers, but nowhere near what we thought it should have. So we felt that we needed to redesign it, take a step back and relaunch it. So now we have a new implementation, and we're really pleased with it. I don't know if this is the final implementation or if we'll continue to make changes, because what we want to do is put it in front of customers and then listen to what they have to say.

I think the tenacity to continue to learn from customers [drives change]; being willing to be flexible on the details of how you're going to market, but really staying true to what you're trying to do for the customer. It's that tenacity that typically gets you over the line because you're going to have to try several different ways to get there. 

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