



Putting Heart Before Basket: Q&A With Supermarket Guru Phil Lempert

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By [Lisa Biank Fasig](#), Senior Editor, COLLOQUY

Technology may be upending the grocery cart in some circles, but it will not eliminate the need for the human touch, supermarket expert Phil Lempert declares. Claiming otherwise would be like offering coupons for expertise, or discounts on smiles.

"It's not just about filling our bellies, it's about filling our desires and needs!" said Lempert, the founder of [SupermarketGuru.com](#) and contributing editor of Supermarket News.

Lempert, also author of several books including "Being the Shopper," is among the keynote speakers who will present at the [2015 COLLOQUY Loyalty Summit](#) in October. He spoke with COLLOQUY about some unexpected retail formats, his upcoming Food and Retail Forecast and his one beef with Instacart (hint: it's not about watermelons). Edited excerpts follow.

COLLOQUY: Describe the state of the grocery industry today.

Lempert: There's never been more change. There's never been more evolution. There's never been more revolution. What we're starting to see is smaller stores than ever before, and a wider variety of the types of stores. Stores that just sell raw food or gluten-free or frozen food. The typical store with 40,000 items in it is frankly a dinosaur. It doesn't meet the needs of consumers.

Do you mean the one-stop-shop is passé? That people are willing to hit more stores?

Consumers want the retailer to be more of a curator; to be able to go out there and not have 100 different varieties of olive oil on their shelves, but to have 10 that truly have points of differentiation between them.

How well are today's retailers prepared to make these shifts?

That's the perfect question. Some retailers understand it and other retailers are just sitting there, saying 'Our strategy is to pile it high and sell it cheap.' Those are the ones that continue to lose market share.

If you look at the trends, consumers want smaller stores. Walmart has seen this and has known it for a while as it has explored smaller formats. People do not want to spend half a day shopping. And when they leave a store, they want to feel good about what they bought.

How does a supermarket today determine what our desires and needs are?

The old model was, I am going to have (thousands) of stores and they all are going to stock the same thing. We now have the technology and intelligence to meet the needs of each market. Chain A who has a store in New York City and one in the suburbs in New Jersey needs to merchandise differently if it wants to be in touch with those consumers.

You've got to understand what your consumer needs are. Even though food prices are higher, price is less a barrier than ever before if you satisfy that consumer need.

What tools can they use to identify these differences?

First, there's no replacement for getting out into stores and talking to consumers. Number two, loyalty programs. For any retailer, being able to capture in real time data from your most valuable shoppers is critical to look at the future. (But) what you need to do is add credibility to the loyalty program. A great example is those retailers that use their programs to reach out to consumers when products are recalled – to avoid people from dying. This is a major benefit (for consumers) – to understand that a loyalty program can be your voice; a two-way street.

And number three, empowering your employees on the sales floor to communicate with shoppers and learn to listen to shoppers. If a shopper says, 'I am looking for gluten-free,' (the employee can) work internally with the buyer and merchandiser to see whether that consumer is giving you a hint into what is coming up next.

Online grocery shopping is becoming increasingly available among non-traditional grocers such as Amazon. How do grocers compete?

Let me give you a personal example. I am in New York for two weeks. I get on Instacart. It has access to Zabar's, Whole Foods, Fairway (Market), Costco. I go to the first screen and it says groceries are delivered in an hour. But Whole Foods comes up and it says it's available in two hours; and I go to Zabar's and it's available the next day. I like Instacart a lot; but the reality is that immediately before I start shopping my experience is damaged. They said to me I am going to get everything in an hour, but then when I go to the supermarkets, they say two hours or the next day.

We need to be realistic with what is possible. I think there's a place for online, I think there's a place for delivery-pickup in supermarkets and I think there is a place for in-store shopping.

What role can loyalty marketing/rewards play across these channels?

You need to understand what the occasions are for each of those kinds of distributions. As stores get smaller, (stock) will disappear. So we're going to see more online curators pop up where you (can) buy this very esoteric ketchup. But that won't be in the store, so retailers really need to understand all elements of how people are acquiring food and be able to satisfy them – either totally by themselves or by aligning with another service.

Take us inside the aisles. What are the greatest opportunities for grocers in the store?

To be human. To reach out. Every produce manager and employee is taught that when you see a shopper who is looking at a product to go over and offer them a taste. Nothing is more powerful when it comes to food than people tasting. I believe strongly Whole Food's success, up until Wall Street got involved, was based in its employees really understanding what healthy or better-for-you foods were. That's what people are looking for from food. People want to have a relationship with their food. We need to be honest and upfront if we want to meet this need for transparency.

What are the biggest mistakes grocers make in terms of their loyalty initiatives?

Not knowing your customer. There's no way you can create a loyalty program when you don't understand your customers and what they want.

Some grocers are still steeped in the 30-year-old idea that loyalty is 'cents off.' It's not. There are retailers that have for years been smart – just wishing me a happy birthday or somehow using the loyalty program to get closer to me; to build a relationship with me. From there some of the tactics are certainly cents off, but number one on the list is building a relationship.

You will release findings of your 2016 Food and Retail Trend Forecast at the COLLOQUY Summit. Can you give us a small hint of what is inside?

I see a major shift from delivery being about convenience to (being about) concierge. It's more about the services; about having a relationship with someone – a personal supermarket shopper who you might ask questions on the phone or online.

We (can) have an army of really educated supermarket shoppers who on my behalf are curating and buying my weekly groceries. They're not brand specific, they are for hire and frankly they are more educated than the average shopper. I need someone to pick a better watermelon than I can pick, otherwise what am I paying for?

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