

The Immediate Future of the Supermarket Business — Another Y2K Era?

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What will Congress and the Federal Reserve do to stimulate the economy? Will consumer confidence continue to rebound with America's amazing response to the catastrophe of September 11? What will the Fortune 500 do in the area of capital budgets? And will the individual investors who have been standing firm on Wall Street overcome the institutional lemmings who — as usual — have run for the cliff?

And — closer to our own businesses — what will all this mean to supermarkets?

Obviously there are plenty of questions that will need time, but that last one has the most historically reliable answer: the supermarket business will grow dramatically. Because in the endless battle between grocery stores and restaurants, in uncertain economic times the momentum swings to the grocers as shoppers tighten their budgets and return in droves to the supermarket aisles.

To convince yourself, all you need to do is chart the Leading Economic Indicators against supermarket revenues for the past 50 years. In the best times, when consumers are flush with cash and short of time, the restaurants prosper. But when shoppers are conserving cash they return to the supermarkets. The most recent major occurrence, for example, were the years around the Gulf War a decade ago: supermarkets' biggest issues were keeping enough stock on the shelves and enough checkers to staff the front end.

And a big impact doesn't require a big change: the heavy overhead and basic operating expenses of supermarkets mean that just 2% more shoppers will increase typical profits by 50% — or move a store running below the redline up into profitability.

This growing supermarket prosperity offers grocers a critical opportunity to upgrade their technology. Many have been putting off these necessary investments, waiting for just this kind of business upswing. They will be more interest now than there has been in years.

But besides the general technology upgrades, Independents have specific needs in the short term. A critical example is that grocers *must* take this opportunity to trap information from their new shoppers, since for continued success Independents must to hold onto these shoppers by marketing to them in the future. In the past, grocers could only passively wait for the ebb and flow of shoppers, but for the first time, Independents now have the chance to discover whom these shoppers are, what they buy and how to keep them as shoppers for the long term. An excellent example here would be for your current ISS45 users to put the new upgraded Frequent Shopper Express to work — this system is fast to implement and will trap just the kind of data that Independents need to continue and maintain their prosperity.

To Your Success

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