

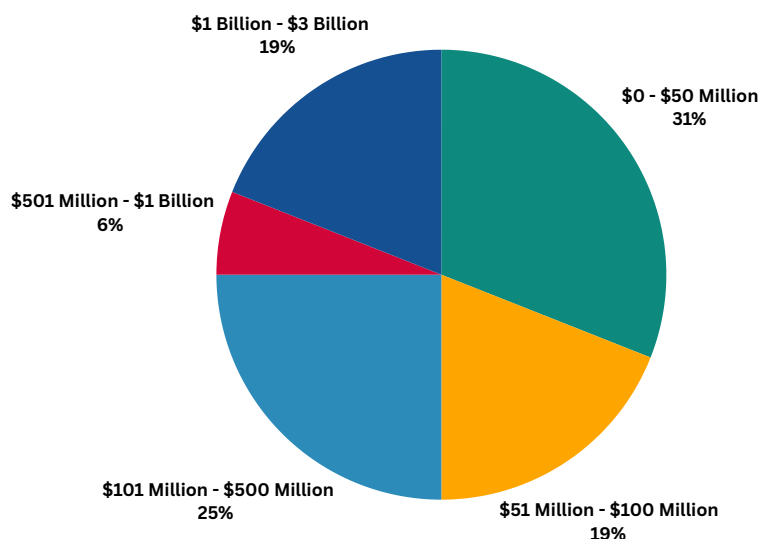


GROCERS' TECHNOLOGY STUDY EXECUTIVE HIGHLIGHTS AND FINDINGS

According to responders from a recent (Q1, 2025) survey of National Grocers Association Retailer members, Columbus Consulting uncovered the grocery industry's key trends and technology needs. The study focused on current and future technology investment levels, technology priorities, the age and condition of systems, expenditure plans, roadmap status and duration, key selection and implementation insights and overall plans to leverage Artificial Intelligence.

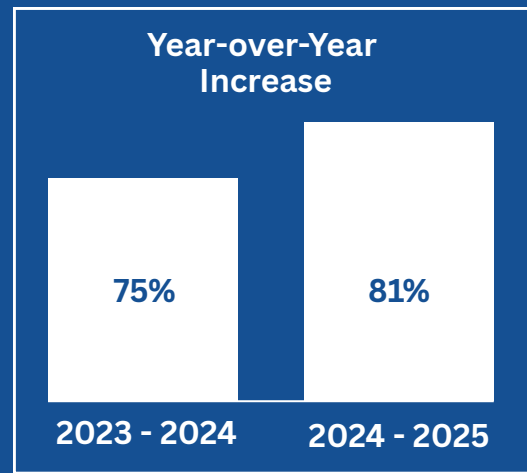
Responders were comprised of senior-level leadership (56% presidents and technology professionals), who were traditional grocers (87%) with half located in the Midwest. The majority of responders noted having 1-3 banners and 1-25 stores.

Annual Sales Range



Overall, grocers are faced with older systems, increasing consumer demands and growing competition. New pressures have emerged from same-day/hour delivery, inflation/global economics, demands for organic and pre-prepared foods, and on-going lean margins. Online shopping/apps and digital-physical services have further complicated the industry. Grocers are responding with increasing investments in technology to address short-term demands and provide a scalable roadmap for continued relevancy and success. In general, survey responders noted that they are currently spending 1-4% of their sales on technology with 75% stating that they increased spending YOY from 2023-2024 and 81% confirming additional increases from 2024-2025.

Technology Spend 1 - 4% Sales



While grocers are facing necessary updates to many legacy systems, the top 3 areas of focus are as follows:

1. Point of sale systems
2. E-commerce, computer generated ordering, digital loyalty (tied for second)
3. Merchandise planning, retail media, assortment/space optimization (tied for third)

Limitations of dated technology are inhibiting grocers from leveraging new solutions to optimize performance, efficiency and accuracy. From perpetual inventory to pricing/promotions and labor management, the industry is focused on utilizing technology to solve for many of the current service, loyalty and unified commerce needs.

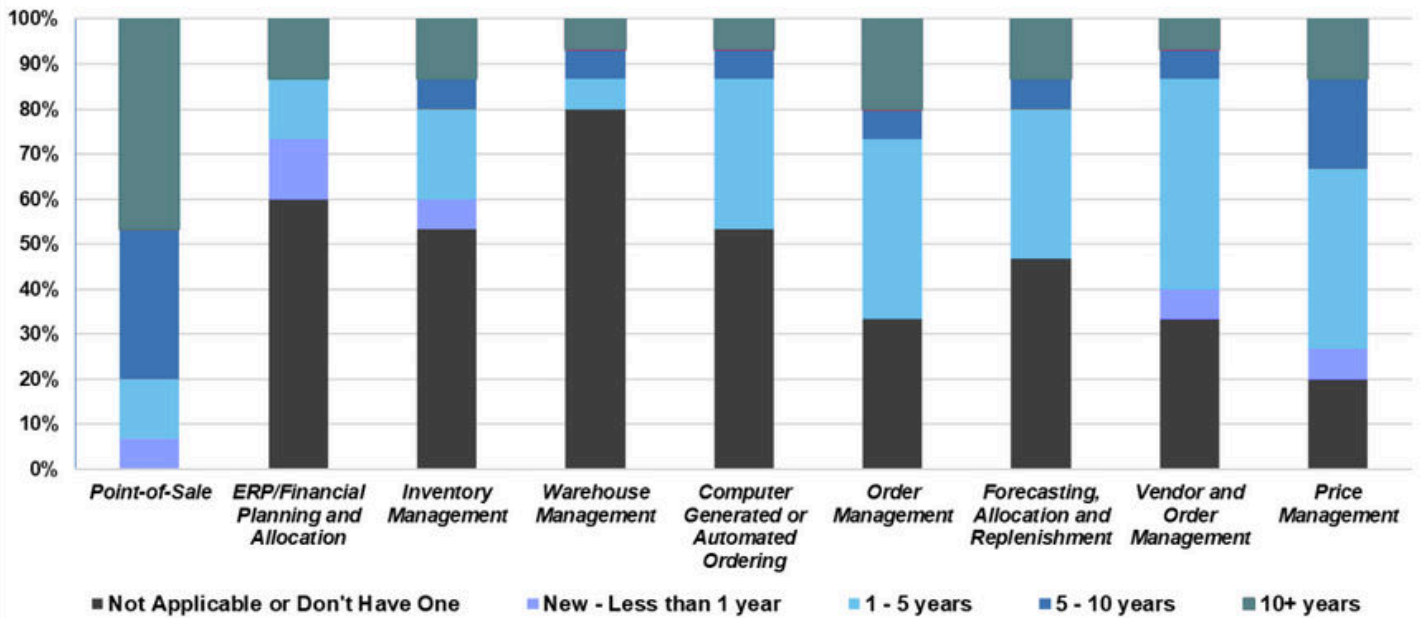
How old is some of the technology?

44% said their POS, 19% claimed their ERPs, and 12.5% noted that their inventory management systems are all 10+ years old.

Top systems already in place are business analytics/reporting (47%) and CRM (44%). Top voids include promotion optimization (80%) and MDM (80%).



How Old is Your Technology?



In addition to identified systems, responders commented on their overall category strategies and staffing roles (with 50% not having updated them in more than 5 years). The majority also state that the retail operations team is most likely the group to require technology investments short-term. Though a clear topic of priority, most grocers (57%) only have a one-year roadmap and over 31% state that they do have regrets for prior technology investments.

Primary areas of concern/regret for prior technology investments included:

- Did not meet ROI expectations
- Cost more than expected
- Implementation took too long

Biggest impediment to committing to technology investments were:

- Lack of expertise
- Not enough financial resources
- Void of change management practice



Responders further noted that while technology is a priority for their organizations, less than 8% have a CIO or a CTO in place. The highest level of technology talent in their organizations were Directors or Senior Directors.

The topic of Artificial Intelligence was split with 50% saying they planned on implementing AI functionality into their organization and 50% saying that they had no plans on doing so.

Perhaps AI implementation is mixed due to the voids in the industry's technology and systems. In order to leverage AI and start to leverage the benefits of automation and scalable intelligence and accuracy into decision making, grocers must have the right tech stack and the right team in place. The industry has long relied on legacy talent and software to maintain a "business as usual" approach to their plans. Increasing price sensitivities, supply chain complexity, larger more efficient competition (like big box and discounters) and omni-channel consumer demand for services are only a few of the reasons why grocers are escalating their technology needs. Order apps, new payment methods, expanding category management (fresh food, deli, catering, bakery, prepared, etc) and continued margin pressures are all forcing the industry to think differently. But most grocers either don't know where to start, don't have the resources to manage technology evolution and/or don't have the means to ensure that their investments are efficient and effective. Regardless, the needs are outweighing the challenges and grocers are making critical technology decisions and investments now.



Want to find out more about our study or how your organization stacks-up to our findings? Contact us for a systems/organizational health check. We can help you minimize your risk and optimize your outcomes from advancing your technology evolution.

LEARN MORE ABOUT COLUMBUS CONSULTING'S GROCERY SERVICES: www.columbusconsulting.com/grocery-convenience-store-retail-spotlight/

LEARNING

IMPLICATION

1

Grocers are increasing their technology investments, but many still rely on outdated systems and struggle with long-term technology roadmaps.

The need for technology upgrades and strategic planning is urgent. Grocers must prioritize system modernization and develop comprehensive multi-year roadmaps to remain competitive.

2

Primary concerns and regrets about past technology investments center around ROI, unexpected costs, and lengthy implementation times. Key impediments to committing to new technology include lack of expertise, insufficient financial resources, and a lack of change management practices.

Grocers must carefully evaluate potential investments, focusing on realistic ROI, accurate cost projections, and streamlined implementation processes. They should also address internal skill gaps, secure adequate funding, and implement effective change management strategies.

3

Grocers have a mixed approach to Artificial Intelligence implementation, and many lack high-level technology leadership positions like CIO or CTO.

To fully leverage AI and other advanced technologies, grocers may need to reassess their organizational structures, potentially adding or strengthening leadership roles dedicated to technology. They should also develop a clear strategy for AI adoption, considering their current technology stack and team capabilities.



ABOUT COLUMBUS CONSULTING

Columbus Consulting delivers solutions that drive true value and have been transforming the retail, grocery and CPG industries for over two decades. We are a retail consulting company of industry experts. Our approach is simple, if you do it, we do it. We are more than consultants; we are experienced practitioners who actually sat in our clients' seats. We understand the challenges, know what questions to ask and deliver the right solutions. Columbus offers a unique, consumer-centric approach with an end-to-end perspective that bridges functional & organization silos from strategy to execution. Our specialties include: unified commerce, merchandising & category management, planning & inventory management, sourcing & supply chain, data & analytics, accounting, finance & operations, people & organization and information technology. Let us know how we can help you. To learn more, visit COLUMBUSCONSULTING.COM.

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