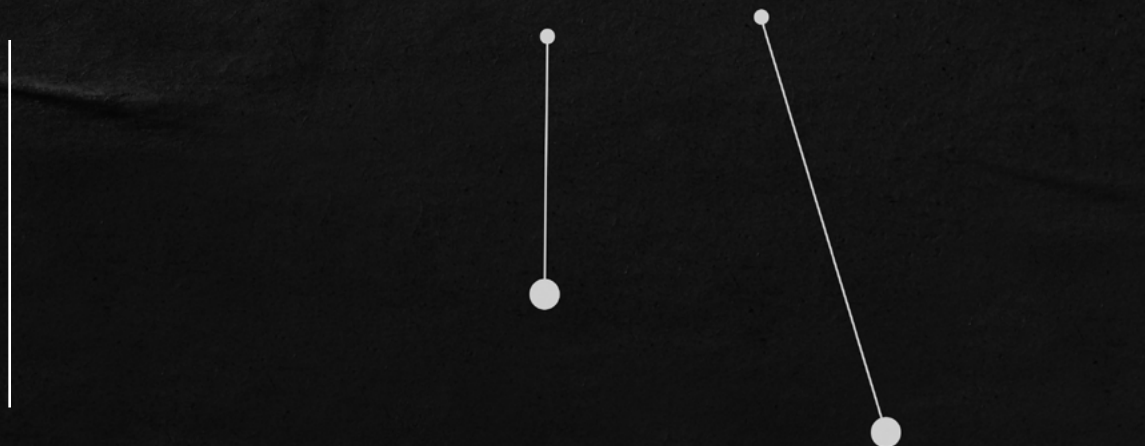


Unlocking hidden value in grocery

Understand existing processes, optimise them — and build revenue



Introduction

McKinsey research suggests online grocery sales will double by 2030. While this is positive news for the grocery industry – an industry that’s faced supply chain shortages, a shift to online shopping, and increased competition over the past few years – it also poses a threat.

How can you scale your existing processes and operations to meet double the demand from consumers?

In this whitepaper, we explore the challenges facing the grocery industry, what it means for scalability, and the solutions to unlock and enable sustainable growth.

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1

The changing landscape for grocers

The grocery industry has seen huge disruption over the past few years, which has drastically changed how consumers interact with grocers, and how grocers sell to consumers.

If you're in doubt, remove yourself from the business bubble for a second. Think about how you, your children, or your parents shop, and how that's drastically changed over the last few years.

Consumers are switching downmarket, moving away from their favourite premium brands in favour of lower-cost alternatives and private-label products. They're making more regular trips to the supermarket but are buying less, as fluctuating prices require a more keen attention to detail and a renewed awareness of how much they should spend.

The knock-on effect in the grocery industry has been significant:

1.1 Industry trends

1. **A turbulent economic situation** is seeing costs continue to rise, putting pressure on already tight margins
2. **Online shopping** now accounts for 11.6% of grocery sales, and is predicted to make up 25% by 2030
3. **Consumer downtrading** is resulting in shoppers switching to cheaper brands, private-label products, or lower product volumes
4. **Food shortages** are making it harder to source products, stock shelves, and develop private-label products.

1.2

The fallout for cohesion

The fallout for the industry is clear; supply chains are becoming more complex to account for multiple points of sale, delivery options, and delivery locations, resulting in process disruption.

The knock-on effects are felt across the entire grocery experience – from suppliers and vendors to customers and employees.

Most notably we're seeing:

1. **Inventory issues** across multiple points of sale, meaning retailers are only able to account for 75% to 85% of stock
2. **Eroding customer satisfaction** as orders are cancelled, or replaced with substitute items, to account for stock-outs
3. **Contract prices violated** resulting in missed discounts for customers
4. **Manual intervention** required for too many orders, wasting valuable employee time and reducing productivity

The challenge for grocers is twofold. Not only is money lost through inventory issues, manual intervention, and contract violations, but customers are becoming frustrated and switching to competitors.

Thankfully, there's a solution for remaining resilient in retail; gaining full **visibility of your operations with process mining.**

2

Solutions for the grocery industry

Although many grocers think they have a firm grip over business processes, the reality is often vastly different. Sometimes, even the most well-documented processes have variations that can elude the eyes of those accountable and slip out of control.

Lack of transparency is an age-old problem, with only 13% of companies reporting full visibility of their supply chain, and 71% of companies having limited or no visibility beyond their 'tier 2' suppliers, according to [Deloitte](#).

71%

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suppliers

To combat these persistent challenges, you need end-to-end visibility across everything, from order management and logistics, to accounts payable and receivable. Here's why.

2.1

The value of visibility

Whether you're using Oracle, SAP, Blue Yonder, or a home-grown system, as a grocer you're running thousands – if not hundreds of thousands – of transactions and processes across multiple systems daily. Now, imagine if you could bring all those systems together to get a 360° view of your business execution. That's called data integration.

Data integration matters because, with access to all of your data, you can uncover previously 'concealed' inefficiencies within your processes and systems – issues you didn't even know existed.

Once you know where issues lie, you can start to fix them. Align all the different moving parts of your grocery operation to eliminate inefficiencies and improve the customer experience.

In practice, data integration and process mining acts like an MRI scan. It combs through millions of data points and gives you a complete picture of how your grocery processes run, highlighting areas of inefficiency and identifying hidden value opportunities.

2.2

The power of process mining

Here's a quick run-down of what process mining actually looks like:

1. **Data ingestion:** Data is provided to the process mining tool, either manually or automatically from all of your native tools
2. **Process discovery:** Process mining uses these event logs to create an end-to-end visualisation of all the different ways a specific delivery, account, purchase, or sales business process can happen – as well as the most common variant
3. **Process analytics:** Allows you to understand the inefficiencies within these processes and their impact on your KPIs
4. **Process benchmarking:** Helps you compare processes from across your grocery business, understand best practices, and set a standard across teams, geographies, and departments
5. **Conformance checking:** Enables you to identify where your processes deviate from your preferred pathway, as well as the impact for the business, and how to improve it

2.3

Process Mining in action: Carrier Performance

Let's use carrier performance as an example. Imagine you're experiencing performance issues during shipment that are impacting delivery times and the customer experience.

Process mining can dig into the root cause as well as highlight the carrier's behaviour that results in increased transportation costs, capacity constraints, expedited shipments, unplanned in-transit delays, and demurrage/ accessorial fees.

After evaluating key metrics such as On-Time Delivery Rate, Delays, Carrier Capacity, Availability, instances of Rescheduled Appointments and Carrier No-Shows to identify the root cause of the issue, you can start asking yourself questions that will truly transform carrier performance:

- › What carriers are underperforming and for what KPIs?
- › What is the impact of underperformance in terms of affected volume of deliveries, rejected tenders, and spend?
- › Did a carrier's performance truly improve after they completed corrective actions?
- › If not, do you need to review performance with carriers on a quarterly cadence with scorecards?

3

Driving Intelligent Execution with Celonis

Trusted by over 1,400 customers worldwide – including Ocado and ALDI SÜD – Celonis is the global leader in process mining technology.

What does that mean for you? Our Execution Management System can support your entire grocery value chain:

- › **Connect your systems:** Whatever native systems you use, Celonis can connect your existing tech stack together so you have complete visibility across all of your processes from a single dashboard
- › **Fulfil omnichannel sales, everytime:** Get a real-time view of your orders across multiple systems to better understand the risk of late deliveries, and take pre-emptive action to fulfil gaps
- › **Access real-time inventory management:** Improve product availability, reduce operating costs, and free up working capital by analysing downstream impact in real-time, then take action based on true consumption and replenishment patterns
- › **Improve cash flow:** Centralise accounts payable across source systems to reduce operating costs, and prioritise actions
- › **Monitor procurement and supplier performance:** Measure execution capacity across your processes and proactively intervene to resolve gaps before they impact margins, compliance, and the business
- › **View logistics and transportation:** Improve customer satisfaction by getting full visibility of product logistics and transportation

By focusing on 'business intelligence and execution', rather than 'functionalities', we can help you proactively identify inefficiencies in your business and take action. Action that will improve the customer experience and bottom line.

Typical solutions cover functionality

Predict future demand

By relying on historical sales data and grocery trends

Rely on manual inputs

To automate activities like inventory and stock management

Provide visibility

Into stock levels, delivery speeds, and order fulfilment

Use forecast models

To prioritise products at risk of shortages

Get a current view

Of your stock levels and when products have become obsolete or in excess

Celonis drives Intelligent Execution

Consider how to meet demand

- > By incorporating interdependencies into your grocery supply chain/processes

Take corrective action

- > Based on real-time inventory and stock management data

Act on visibility

- > By identifying opportunities to improve stock management, delivery speed, and order fulfilment

Use actual consumption

- > To replenish products before they become low in stock

Get a future view

- > Proactively identify stock at risk of excess or products that are becoming obsolete

Don't just take our word for it. Here's what our customers have to say.



4

Grocery case studies

4.1

Powering digital transformation for ALDI SÜD

Challenge: ALDI SÜD were undergoing a huge transformation, redesigning more than 400 business processes.

Solution: Celonis has helped optimise all new processes to ensure each one was running as efficiently as possible.

Results:

- › 23 processes and use cases in Celonis
- › Over 2 billion transactions handled through Celonis

€3.1m

in value realised and costs avoided

4.2

Cutting costs for Ocado

Challenge: With nearly a million active customers frequently making last-minute changes, getting groceries to those who order them is no small task. With a single warehouse generating 75 billion daily data events, analysing and taking action on the data that comes with every purchase is a significant burden.

Solution: Since Autumn 2022, Ocado has used process mining to help drive their partner's success, optimise processes, and unlock cash value – with a projected hundredfold return on investment.

Results:

- › In procurement, process mining revealed excess inventory, waste, and cost caused by blocked barcodes, which was forcing teams to scan them manually
- › Optimising barcodes proved to be a quick win, and when multiplied at scale, made a huge difference to the business
- › Lessons from the UK have now been passed on to partners globally, ensuring the whole industry gains from Ocado's learnings

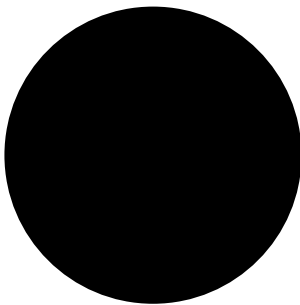
So far, we've framed value of at least

100x

the investment we've made in Celonis.

Given this strong outlook on ROI, Smith and his team are hoping to deploy Celonis end-to-end across the platform, optimising commerce, fulfilment, and logistics.

“We’ve never managed to implement a new software system at Ocado so smoothly. Celonis is the right tool if you want to view your process end-to-end. There’s no other platform we can do this with.”



Matt Smith

Head of Analytics, Ocado Group

5

5 steps to success

We know adopting a process mining solution requires buy-in from across the business to be truly successful, and we know that can feel daunting.

That's why we've put together a handy checklist to help you get stakeholders onboard, so you can start streamlining your processes, improving performance, and realising value:

Your checklist for process mining success



Secure active sponsorship from business executives that can see the value of process mining



Identify real business problems/use cases tied to KPIs where process mining could demonstrate ROI and cost savings



Set cross-department targets for what you want to achieve with process mining, and review them regularly with the team



Leverage an early access or quick win to build momentum and interest from other departments and stakeholders



Identify other use cases for process mining in the business and forecast ROI to get buy-in for expanding the programme

6

Conclusion

The grocery landscape is volatile and always changing. And to keep ahead, you need end-to-end process visibility to stay resilient in the face of industry challenges and heightened customer expectations.

For thousands of companies worldwide, Celonis process mining is the key to maximising performance, revealing opportunities, and capturing the hidden value tucked away in inefficient processes.

Celonis works on top of existing technology systems, meaning we continue leveraging your existing technology investments. What that means for you is, there's no need to 'rip and replace' any existing tools – saving you time and money compared to other ground-up process overhauls.

So, what's holding you back? When you're ready to experience the power of Celonis process mining, we're here to help you every step of the way.

Get in touch and book a live demo with a Celonis expert.

Unlocking hidden
value in grocery

celonis