



## TECHNOLOGY

# RECIPE FOR RECIPROCITY

Fiona Soltes | March 02, 2016

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### Coop Italia's 'supermarket of the future' connects consumers to products — and retailers to data

There was a time when grocery shoppers seeking information about their food could get it straight from the farmer who grew it.

As it turns out, today's consumers are every bit as hungry for the same level of connection and insight — and recent tech advances are only increasing their appetite. Each product has a story to tell, and the data that results from the telling of that story can benefit consumers and retailers alike.

Consider [Coop Italia](#), the largest grocery chain in Italy with 18 percent market share; the system of consumers' cooperatives includes 1,100 supermarkets and 100 hypermarkets stretched across close to 900 cities.

For the [Milan World's Fair Expo 2015](#), Coop took on the creation of the "Supermarket of the Future," a daunting task of incorporating the Internet of Things into the grocery experience. Interactive tables of produce — one of which was on display at the [National Retail Federation's annual convention in January](#) — sat alongside smart vertical shelves, using augmented reality to offer information with a wave of the hand. No special glasses, smartphones or other devices were necessary to view the information: The consumer could simply point, and motion sensors would trigger displays on suspended screens.

At the same time, because the entire 70,000-square-foot World's Fair pavilion was connected, Coop learned how consumers interacted with the products, which products and layouts were most successful, how consumers moved through the store, how they paid and more. The resulting experience, says Gabriele Tubertini, Coop Italia's CIO, exceeded every expectation — including how much information the consumers sought. (The display also was named the event's "Best Use of Technology" by *Exhibitor magazine*.)

"In today's supermarket this information reaches the consumer in a fragmented way," Tubertini says. "But in the near future, we will be able to discover everything

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**"In the near future, we will be able to discover everything there is to know about the apple we are looking at: the tree it grew on, the CO<sup>2</sup> it produces, the chemical treatments it received and its journey to the supermarket shelf."**

Gabriele Tubertini, Coop Italia

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## GAINING INSIGHT

Coop, dating back to 1854, carries the reputation of being “traditional.” Many young Italians consider it the store of their parents’ generation, Tubertini says, so the opportunity to stretch, experiment and create a “wow” factor was limitless. Coop worked with a variety of tech partners and renowned architect Carlo Ratti to pull it off, and over the course of the six-month Expo, 1.7 million admission tickets were sold.



Those visitors asked so many questions and showed such interest that Coop has since formed a task force to turn the prototypes into reality, exploring what particular information is most relevant to its consumers and the best way to deliver it.

“The Supermarket of the Future has been a fantastic opportunity for Coop to play with a new [store] concept, based on innovative

layout and state-of-the-art technologies, because it gave us the priceless possibility of measuring in real time how the customers were reacting to our suggestions,” Tubertini says.

In addition to the technology, the store also harkened back to those early marketplace days with a smaller footprint and fewer items on display, quickly replenished from innovative warehouses directly below.

Almost 35 percent of Coop’s sales are generated from private-label products, Tubertini says, and being able to better connect consumers to growth and supply chain history could be an even greater differentiator. The company is considering, for example, how to provide specific information about the genesis of its high-end olive oil.

Here, the inspiration comes from one of the Supermarket of the Future partners: Barilla Group, the makers of Barilla brand pastas and sauces. For the project, Barilla worked with Cisco, Penelope S.p.A. and NTT Data to develop QR codes that tell the story of specific production batches. Consumers could scan the code on limited-edition boxes of farfalle pasta to learn the region and date of the durum wheat harvest, see photos of farm families and discover the different varieties available. The QR codes were also available on packages of tomato and basil sauce. The new platform, Safety for Food, is powered by ValueGo software and allows for compliance checks and the tracking and tracing of food all along the supply chain.

“By simply scanning the QR code on a box of pasta or jar of sauce, you gain unbelievably deep insight into that box, what’s behind it and perhaps more importantly, the brand,” says Shaun Kirby, chief technology officer of rapid prototyping for Cisco, who leads the company’s pioneering solution efforts.

“Because we’re essentially tracking every grain of wheat from farm to shelf, we can know the percentage of the different grains in that box from the different farms. This may seem like a very minor point. But it is of great interest, more and more, to Millennials, in terms of understanding the products that they’re buying — especially if they’re picking a brand of pasta early in their shopping careers.”

Consumers could scan the code on boxes of farfalle pasta to learn the region and date of the durum wheat harvest, see photos of farm families and discover the different varieties available.



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Beyond that, he says Barilla is using the data for predictive blending, which can help overcome factors like unexpected changes in weather or farming conditions in certain areas that impact the quality of wheat.



Inside the “Supermarket of the Future”, Coop Italia uses technologies, such as this robot, to transform the visitors’ concept of a grocery store.

## TAKING ACTION

Tubertini can easily imagine the presence of such products and packaging in future Coop stores.

In the meantime, Cisco has been working with numerous other retailers to incorporate the Internet of Things into operations, boosting consumer-centric store experiences while at the same time providing valuable insight through the data collected.

At [The Dandy Lab](#), a London-based men’s lifestyle and retail store, interactive mannequins converse with consumers

about individual products and special offers through a smartphone application. The store also features a virtual discovery engine powered by [Snap Fashion](#) that scans clothing and offers accessory suggestions, and cameras at foot level that merge with sales statistics to provide store analytics without the privacy issues of facial recognition.

The connectivity available through the Internet of Things is causing disruption across numerous industries, Kirby says — and retail is near the top of the list of potential impact. The challenge is that technology is advancing so quickly that even taking a “fast-follower” approach can be detrimental. Hyperawareness, informed decision making and fast action will all be required for retailers to survive in the future, he says.

Recent studies by Cisco have shown that [only 24 percent of retailers are taking the necessary action to make it through the “digital vortex” the Internet of Things will bring](#). Cisco forecasts \$506 billion at stake in terms of newly created wealth, and wealth exchanging hands from these technologies and experiences between 2016 and 2018, accelerating to \$2.8 trillion over the following 10 years.

“The world over, retailers are showing acute interest in this, and now we need to empower them to turn that interest into profitable action,” Kirby says.

Of course, being out in front has its unique challenges. In showing consumers what information could be available, Coop was inundated with requests for even more. For many retailers, offering added transparency through the Internet of Things could mean opening a Pandora’s box.

The good news for Coop is that it’s not a “normal” company.

“Because we are a cooperative, we are owned by the customers,” Tubertini says. “Our role in society is to collect the buying power of our customers, to aggregate that and to obtain the best price and quality ... . Being transparent toward our customers is one of the pillars of our mission. Giving all of the information from our ‘secret drawer’ is something our top management is completely invested in.”

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