1. Low prices and discounts, increase in eCommerce and the customer’s expectations, relating to speedy delivery and product availability – these are the ways in which digitization is transforming the grocery industry.

Walmart spent $11.7 b on technology investments and Amazon acquired Whole Foods for $13.7 b.

As the proportion of online spending was increasing, it was expected 10% of the overall market (online) by 2025 and some analysts even predicted it to be 21.5%, which includes the impact on key stakeholders.

From Exhibit 3a, we could see that Earnings per share started increasing for Kroger from the year 2018 (digitization started) and reached 3.47 in 2020 which directly impacted positively on key stakeholders and investors (the growth % YoY 58.5 in 2020). Also, the number of Employees were increased in 2020.

As per Exhibit 3b, revenue and gross profit were increasing every year from 2018 for Walmart, Albertsons, etc. but the number of stores decreased which may mean online shopping increased.

1. McMullen implemented the digital transformation through Restock Kroger initiative using the four key pillars as follows -
   1. Redefining grocery customer experience - Data personalization, Use of AI to predict and signal where staff should be in store, personalized offerings, Scan-Bag-Go app.
   2. Partnership to expand - Collaboration with Ocado to automate warehouse rather than building its own in-house product, to cut down development time by half. Partnered with Nuro for driverless delivery method. Collaborating with Microsoft to develop Retail as a Service (RaaS), Scan-bag-Go, EDGE shelf, Contactless shopping and payment, dropdown shopping list and activating once in the store, directing shopper to the items in store, Virtual store manager, inventory management (Video-based AI).
   3. Develop talent - It equally developed the talent as they provided consulting services, AI-driven precision marketing services to other companies.
   4. Live our purpose - Kroger successfully implemented “live our purpose” by providing customers as per their convenience anything, anytime, anywhere.

Thus, I do think that it mostly aligned with the core competencies which were cost control and management, supply chain and inventory management, real estate management.

But the outcomes were not as expected, as it reported a retention rate of 98% for customers.

It also failed to partner with some of the companies due to its conservative culture.

The expected success was not materialized after the Restock initiative as revenue and profit were less in 2018-19 than in 2016-17.

1. I do think that the transformation efforts of Kroger are sustainable provided they keep on transforming as and when needed, according to the market and consumer needs, but has some loops and holes too. To assess the success, I used the data provided in exhibit 3a where Kroger has shown increase/growth (figures) in Revenue, Net Income, Earnings per share from the years 2018-2020.
2. Kroger focused on digital partnerships and advanced technologies like EDGE smart shelves, Scan-Bag-Go app to make consumers convenient in shopping, AI technology to personalize the shopping experience. Whereas Alibaba focused on other things as well like integrating everything in one store – Market, Food Store, Warehouse and Fulfillment Centers. It also came up with “Don’t want to Cook, Hema will cook it for you” where customers can buy seafood and get it cooked within the store. They also focused on quick delivery and integrating online and offline retail experience with the help of personalized and customized shopping app. They also helped other local retailers through their app.