



THE INNOVATION IMPERATIVE:

**HOW EMERGING TECHNOLOGY FITS
IN FOODSERVICE DISTRIBUTION
TODAY AND BEYOND**

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Content Track Legend



**Innovation
Mindset**



**Insights &
Opportunities**



**Lessons &
Case Studies**

INTRODUCTION

Innovation in every form is top of mind for foodservice distribution executives.

Dictionaries offer relatively straightforward definitions of innovation, such as “a new method, product, etc.” (Oxford Language) or “the introduction of something new” (Merriam-Webster).

However, business executives know it’s not that simple. Innovation takes in both concrete tactics and conceptual strategies.

Increasingly one of the top areas requiring innovative thinking is technology adoption. This imperative has grown at a time when emerging technologies such as artificial intelligence (AI) and machine learning are higher profile and widely available. Foodservice distribution leaders need to experiment and learn how new technologies can help drive their business success.

While specific strategies for technology adoption will be part of every business going forward, an innovation strategy may also be in order, as the latest technology will be of limited use in environments that are otherwise mainly legacy-operated.

“With the onslaught of artificial intelligence and automation we’re on a supersonic highway,” said Suzanne Rajczi, CEO of Ginsberg’s Foods Inc., and Chair of IFDA’s Board of Directors. “People and personal relationships will continue to be of central importance in this industry’s workplaces. But we also need to learn how to navigate emerging technology to drive this industry forward.”

This white paper is focused on the symbiotic relationship between innovation in technology applications and innovation in thought and mindset, and why both are necessary for success.

It offers food for thought based on interviews with leaders across foodservice distribution, other parts of the food and retail industries, and technology experts.

This white paper is intended not as legal advice, but rather as a source of perspectives to help foodservice distribution leaders become more aware and better plan strategies.

“With the onslaught of artificial intelligence and automation we’re on a supersonic highway.”

– Suzanne Rajczi, Ginsberg’s Foods

THE INNOVATION IMPERATIVE



GRASPING THE EXPLOSIVE PACE OF TECHNOLOGY CHANGE

The rapid pace of technology change has major implications for businesses of all types and sizes. Leaders need to understand how the exponential growth of data, computer processing power and technology will drive innovation, and how to respond, according to Gary Hawkins, CEO of the Center for Advancing Retail and Technology (CART).¹ CART focuses on driving innovation by connecting organizations to new ways of thinking through education, events and presentations.

“In this exponential world, I can either change and make a leap to the future or go on the path to purgatory by effectively letting the world happen to me,” he said. Leaders need to bring together their teams to identify and document the processes and beliefs that are holding them back from change, he emphasized.

The speed of technology change often catches leaders off-guard, relayed Alan Taliaferro, partner, Supply Chain and Network Operations at Deloitte. Taliaferro is responsible for Deloitte’s Smart Warehouse initiative, an immersive experience that enables executives to visualize the warehouse of the future for their organizations.

“A year or so ago AI was in the background for many executives,” he said. “Maybe they were thinking more about other technologies, such as IoT or 5G. Now AI is top of mind and helping to drive faster innovation. It’s impossible to imagine what the landscape will look like five years from now.”

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THE BIG PICTURE

- The pace of technological change is accelerating rapidly. Business leaders must adapt or risk falling behind.
- It’s essential for leaders to foster a proactive culture of innovation, identifying obstacles to change, and embracing new technologies.
- Innovation doesn’t need to be radical. Leaders should focus on continuous improvement and targeted problem-solving with technology.
- Companies with innovation-focused cultures that support experimentation are best positioned to succeed with new technologies.



EVALUATING THE INNOVATION LEVEL OF FOODSERVICE DISTRIBUTION

Is the foodservice distribution industry taking innovative approaches to using emerging technology? The answer partly depends on who you ask.

We started by asking the question to the AI chatbot ChatGPT, a tool that has been in the spotlight for the past year or so.

Question: Are foodservice distributors innovative in using emerging technology?

ChatGPT Answer: “Yes, many food service distributors are embracing emerging technology to enhance their operations, streamline processes, and improve customer experiences. Some are using technologies like AI and machine learning for demand forecasting and inventory management. Additionally, advancements in robotics and automation are being explored to optimize warehouse logistics and delivery processes. Overall, the industry is gradually adopting innovative technologies to stay competitive and meet the evolving demands of consumers and businesses.”

ChatGPT addressed the topic relatively well at a high level. However, the response only skims the surface in terms of depth and nuance that we can get from humans connected to this industry — including distributors, technology providers and consultants. Here are some key points made by these executives in interviews.

- There’s considerable room for more technology innovation in this industry.
- Some foodservice distributors have more automation than others, but generally not across their operations on a network scale.
- There are often physical limitations to adding automation to a warehouse based on the age and existing parameters of a facility.

Asked to rank this industry on a 1 to 5 technology-innovation scale, with 5 as the highest level, these executives tended to put foodservice distribution as a 2 or a 3. They said that while the industry is behind many other industries, it’s also more complex than many other industries with a wide variety of products sold, and many different temperature zones employed. As a result, technology adoption can be more challenging.



INNOVATION DOESN'T HAVE TO BE TRANSFORMATIONAL

There are examples of innovation that have changed the world. But there are more examples of innovation that drove small, meaningful changes. Either way, innovation requires a willingness to try new things.

“So often people think about innovation as massive, expensive change,” said Jeff Barry, Director of Innovation, Dot Foods. “But it doesn’t have to be that. There are a million cool new things out there in tech and other areas. Technology is usually just a piece of solving a problem. It’s an enabler.”

Added Brian LeDuc, Dot Foods’ Chief Information Officer, “I define innovation in a ridiculously simple way as something we weren’t doing yesterday. It’s a natural extension. It doesn’t matter where it comes from and who gets credit for it. We can all get credit.”

“So often people think about innovation as massive, expensive change. But it doesn’t have to be that.”

– Jeff Barry, Dot Foods





THE IMPORTANCE OF AN INNOVATION CULTURE

A 2023 McKinsey Global survey on digital strategy of more than 1,000 respondents found a “startlingly strong connection” between organizations that have built a strong innovative culture and operating model, and their ability to increase value through the newest digital technologies, including generative AI, the category of AI systems created to produce new content like text, images, audio, or other data, resembling human-created output.²

Fostering a culture of innovation is highly important for leaders, according to Charles Sheppard, a member of the Forbes Technology Council, who is CPO and COO of the fintech firm eCapital. In a Forbes.com article, he urges leaders to identify the challenges customers face, and then put their technology team to work.³

In the article, he says “Ask, ‘How do we solve these challenges with the help of technology?’ Or, ‘How do we expand on existing technologies to better address the challenges our customers are facing?’ To accomplish this as a leader, I set aside one day each week for an innovation day, where we research and brainstorm new ideas, inspirations and concepts.”

Wes Whalberg, an independent consultant on supply chain, automation, and business transformation in big-box and small-box retail, emphasized that organizational alignment is key to having an innovation culture.

“This has to exist on an enterprise level,” he said. “A leader needs to focus on how much innovation will grow the organization, not just how much money it will save.”

INNOVATION PERSPECTIVE: GORDON'S STRATEGIC INVESTMENTS IN TECHNOLOGY



“It’s important for the industry to get out of the moment we’re in today and explore new ideas to help solve customer needs,” said Rich Wolowski, president and CEO — North America, Gordon Food Service.

Wolowski highlighted two examples of how Gordon is creating new technology solutions for customers:

- **Relish Works:** The company made a strategic investment in 2018 to launch Chicago-based Relish Works, which has become its innovation arm under the Gordon Food Service umbrella. “It’s dedicated to scanning the marketplace for new technologies, partners, and ideas to better serve our customers today, and most importantly tomorrow,” said Wolowski. “So it helps us look at the white space of the future and how we should lean into it. It’s been a very good platform for us, and it’s really taught us a lot and taken us to new places.”⁴
- **Atlanta Technology Hub:** Gordon also recently opened a technology hub in Midtown Atlanta to help ensure a pool of top talent, including people connected to Georgia Institute of Technology. “We’ve been able to expand our innovation and our technology by tapping into universities and bright minds within those universities.”

An important driver of technology innovation is staying on top of disruptive developments. This was a catalyst for Gordon to create its Relish Works and Atlanta Technology Hub ventures described earlier in this paper, observed Wolowski.

Wolowski added that Gordon’s culture and history fuel its innovation efforts. “As a 125-year-old private company we have a long view of the business,” he said. “Early on we recognized that as an organization we can’t wait for change. Those companies that are swift at adopting change will win in the marketplace. They need to take risks and sometimes move out of their own way.”

TECHNOLOGY INNOVATION DRIVERS AND PRIORITIES



THE TECHNOLOGY OPPORTUNITY TO ENHANCE FOODSERVICE DISTRIBUTION

There are a wide range of opportunities for technology innovation to benefit the foodservice distribution industry, especially as capabilities continue to advance. Leaders point to areas including overcoming labor challenges, accelerating performance and growth, forecasting demand, supporting operator initiatives, advancing safety, and boosting transportation and warehouse operations.

“There are few areas of our business that can’t be touched by technology innovation,” said LeDuc of Dot Foods. “It’s just a matter of where a company decides to invest.”



SUPPORTING OPERATOR NEEDS

Distributors have opportunities to bring new technology solutions to their customers, according to Wolowski. The company recently partnered with two technology companies to introduce back-of-the-house systems that customers can use to manage their inventories and recipes and control costs with less labor.

“We’ll implement technology where we can automate processes and reduce costs and waste,” he said. “We’ll pilot and roll it out from there if it’s tested and proven.”

“Independent operators in particular are looking at what the landscape offers and what are the possibilities available to them,” he added. “We are focusing on the independent operator segment to help them automate portions of their businesses so they can focus on the food and the dining experience.”

Ginsberg’s Rajczi said independent operators are looking for distributors to help guide them on technology innovation. “Customers are working in their businesses as opposed to on them,” she said. “Many haven’t implemented automation.”

Ginsberg’s is launching a new “service as a strategy” program to help optimize service for internal and external customers. “Every part of that relationship can be connected to some type of technology,” she said.

Jackson Pearce of Ginsberg’s, director of IT, added that many customers have become used to the benefits of technology in their personal lives and want to bring it into their business lives as well. “It’s the Amazon effect,” he said. “When is my stuff coming? Can you make it easy to pay? And so on. We see more of that in customer requests.”

THE BIG PICTURE

- Foodservice distribution leaders see numerous opportunities for technology to solve industry challenges, and drive growth, efficiency, safety, and customer satisfaction.
- Distributors see an opportunity to bring technology solutions to customers, especially independent operators, to help them streamline and automate their businesses.
- Key areas for innovation include using technology to reduce reliance on manual labor, ease difficult tasks, and address ongoing labor challenges.
- Success lies in blending automation with human skills – the “bionic” approach maximizes both technology and people within an organization.

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OVERCOMING LABOR CHALLENGES

Overcoming labor hurdles — including for efficiency and safety — represents a major driver for pursuing technology innovation.

“In foodservice distribution there’s been an increased interest in adopting technology that reduces reliance on labor, or makes difficult jobs easier,” said Luke Nuber, senior account executive, DLN Integrated Systems. The company is an independent systems integrator that provides distribution solutions using equipment and technologies from several manufacturers to meet clients’ precise needs.

“There are challenges in finding people to pick orders in DCs,” he said. “The job of a driver is a difficult one, and these are highly valued individuals.”

He added that these developments represent a generational shift, not a short-term trend, making it important to leverage technology for labor solutions.

“At the end of the day, if people don’t show up to work your quality of delivery goes down, it hurts your business,” he said. “If your competitor has consistent quality delivery over time and you don’t, it will build their share and erode yours. It’s a service-oriented business.”



EYEING “BIONIC” INNOVATION WITH TECHNOLOGY AND PEOPLE

The marriage of automation and human skills will drive future success for organizations, according to CART’s Hawkins, whose most recent book is called *“Bionic Retail: How to Thrive in an Exponential World.”*⁵

He uses the word “bionic” to cite how success can be optimized by melding technology and human capabilities.

“This refers to a digital nervous system that begins to tie all these things together to bring the organization to life. It becomes a ‘bionic’ organism, which is a blend of human and computer capabilities.”

He added, “The secret sauce is how a company is able to blend and bring together all these different elements.”

CAN TECH HELP MANAGE REGULATORY REQUIREMENTS?



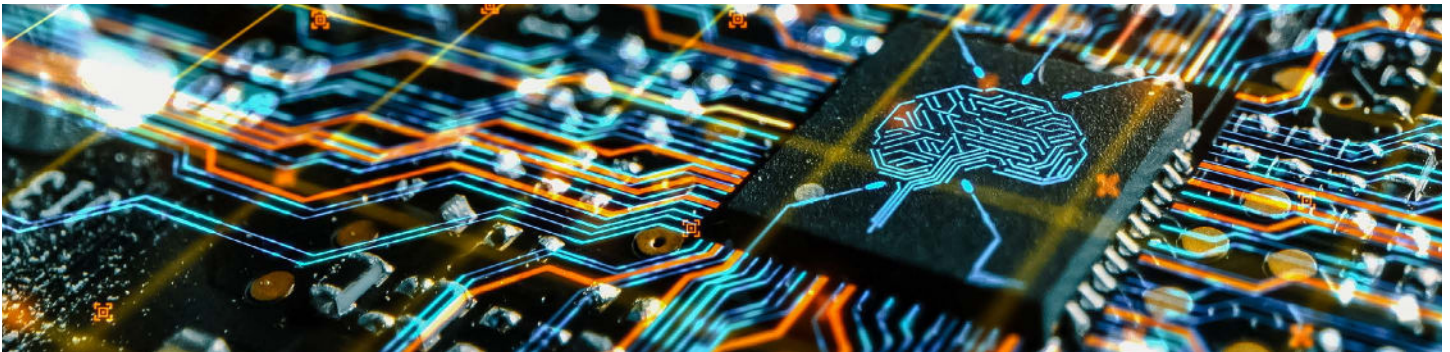
The foodservice distribution industry is interested in opportunities to leverage technology to enhance the supply chain. Executives interviewed for this paper expressed the hope that technology could help prepare the industry for the new requirements under the FDA’s FSMA 204 Rule on Traceability. The rule establishes additional record-keeping requirements for entities that manufacture, process, pack, or hold foods that FDA designates as being “high risk” foods. Businesses have until January 2026 to comply.⁶

“It’s going to be really important for us to collaborate and solve problems together,” said Gordon’s Wolowski. “I think [the food traceability rule] is a big opportunity right now. The industry is going to be tested in terms of how we share data and how new technologies will emerge. It’s important for suppliers, distributors, and customers to come together and look at technology in a different way. This will be critically important in order for us to adhere to these new traceability standards.”

Rajczi of Ginsberg’s said the FSMA 204 requirements “keeps me up at night” because 2026 is not that far off.

“I want to focus on what are going to be those best-in-class technologies or resources that the industry could use,” she said. “If we all pool our resources together and work under the same umbrella, I think we’ll get more compliance from the manufacturers and producers. And then we need to understand how it translates to the operator and their expectations.”

A REALISTIC LOOK AT ARTIFICIAL INTELLIGENCE



WHY AI IS SUCH AN IMPORTANT TOPIC

It is hardly news that AI has become a central part of the emerging technology discussion. But it's useful to fully understand exactly why that is. AI is a technology, but it may be more useful to view it as an enabler.

“For nearly every new technology, capability and innovation coming into the market, AI is woven into it, it's an enabler,” said Hawkins of CART. “AI becomes more powerful with more data. It feeds off data.”

That data, along with cheaper and faster processing power, allows AI to become even more accurate.

“I think of it as this innovation flywheel driving an exponential growth curve that creates more and more new capabilities,” he added.

THE BIG PICTURE

- AI is an enabler that can fuel innovation in many functions of foodservice distribution businesses.
- Understanding how AI can assist with tasks, decisions, speed, scale, and accuracy is key for food-service distribution leaders.
- Among the biggest expected benefits of AI are predictive capabilities, improved efficiency, and problem-solving insights.
- While AI holds promise, it's important for organizations to focus on solving real business problems. Data quality and integration are also critical for success.
- Leaders should develop policies to address AI security, errors, and ethical use.



AI BASICS FOR LEADERS

IFDA collaborated with Cut+Dry on a white paper in late 2023. *Bite by Byte, The AI-Driven Evolution of Foodservice* covers a range of AI-related topics.⁷



Where do Distributors Expect the Largest Gains from AI over the Next 3 Years?⁸

1

Route planning and optimization

2

Customer support

3

Sales and marketing

4

Demand forecasting

5

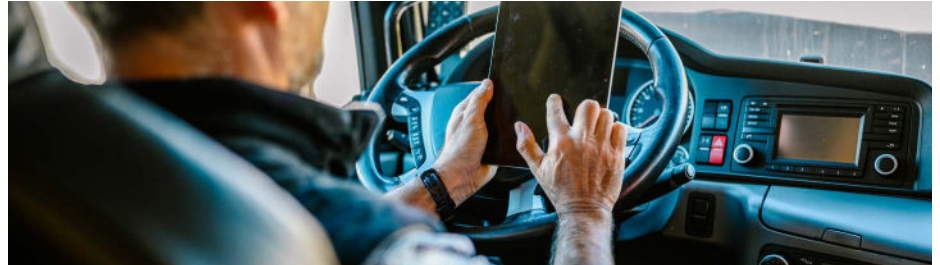
Supply chain optimization

Source: IFDA's 2023 Foodservice Distribution Industry Technology Report



FOODSERVICE DISTRIBUTION ENGAGEMENT WITH AI

IFDA's 2023 *Foodservice Distribution Industry Technology Report*⁸ explored how companies in this industry are using AI and/or discussing how to use it. The research found that details vary by size of company. Larger companies are considerably more likely to engage with AI technology, with 31% already implementing AI and 54% actively discussing its practical applications. In contrast, smaller companies show less involvement.



PERSPECTIVES ON THE PROMISE OF AI

The foodservice distribution industry is focused on better understanding the usefulness of AI and the best opportunities. Here is input from our interviews with executives:

- **AI Front and Center:** AI is a key topic of interest for companies of all sizes in this industry, regardless of their current levels of investment in emerging technology. "Everyone in the industry is trying to figure it out," said Rajczi of Ginsberg's. Added Pearce of Ginsberg's, "With the maturity of the technology we expect nearly every company to invest in this to some extent. We're moving towards AI and AI is also moving toward us."
- **Getting Predictive:** Getting Predictive: Generative AI is all the buzz now, and it will fundamentally change how distributors and customers will order in the future, said Wolowski of Gordon. "We can imagine a future in which AI knows our customers' inventory without having to perform inventory checks. Predictive orders will be placed without human intervention. AI would add a lot of intelligence for the orders. Every company will want to figure out the best use cases to leverage AI; we're already one of those companies."
- **Answering Questions:** Ginsberg's Pearce said the company is testing generative AI opportunities to train AI on its data to help pull information for answering chat-style questions internally. "We could point to a data set like our HR policy handbook, ask a question and get answers based on knowledge from the handbook," he said. LeDuc of Dot Foods cited a recent generative AI test of a tool built internally after a "hackathon." The tool answers dispatch-related questions, such as where is a certain driver and his truck?
- **Improving Vision:** Deloitte's Taliaferro said AI is being used to support "smart vision" systems powered by AI for warehousing and receiving. This leads to benefits such as validating that employees are wearing proper safety equipment, and giving enhanced capabilities to robots at much lower cost. "It's making automated unit picking by robots possible," he said. "These robots have been around for ages, but until now they haven't been able to see what they're doing and distinguish between products in a jumble."



AVOID GETTING CAUGHT IN THE HYPE

For emerging technology such as AI, it's important to stay focused not just on what is new and exciting, but also on what is meaningful for a business. "Have a bit of a cautious mindset," said Dot Foods's Barry. "We do a lot of little experiments and try to avoid getting caught in the hype cycle."

It helps to remain focused on the problem you are trying to solve, emphasized LeDuc of Dot Foods. "What are the problems outstanding in our business that this technology would apply to, as opposed to maybe we should just do some work with this technology because it would be fun and cool."

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– Brian LeDuc, Dot Foods



THE DATA IMPERATIVE

Having good and abundant data is critical for succeeding with AI. One of the biggest pitfalls is failing to pull data out of silos across an organization.

"Having an AI strategy is dependent on having a great data strategy," said Wolowski of Gordon.

"And if you don't have a very robust data lake or data pool that has clean data, it's going to be difficult to leverage AI. This is foundational for a great strategy."



CREATING POLICIES TO ADDRESS AI RISKS

It's important for business leaders to understand the risks involved with using AI, and how to develop the right policies to mitigate these risks, according to a Forbes Council article by Nick Leighton, a best-selling author and motivational speaker who advises business owners. Concern about risks has grown with the development of generative AI platforms. The following is adapted from Leighton's article.⁹

AI concerns include those related to security, errors, unethical use and failure to comply with local laws and regulations. Creating an AI oversight policy doesn't have to be overly complex. It's best to start with simple guidelines that you can expand and adapt as your usage of the technology expands.

- **Support from Company Leadership:** Company leadership should be actively involved in developing and endorsing the AI oversight policies.
- **Disclosure:** Companies need to determine if and how they will disclose the use of AI to their clients.
- **Data Ownership:** A company policy may need to address how the organization expects to maintain rights over the content or proprietary information created using AI. For example, a company may determine that more than 50% of the content must be created or edited by a human to be considered proprietary.
- **Ethics:** A thorough AI oversight policy will ensure the company has safeguards to keep AI use ethical. For example, the policy might address how to maintain transparency or how to address biases in the model.
- **Employee Training and Guidelines:** An AI policy should provide guidelines on how employees will be trained to use AI, including prohibited activities.
- **Update Intervals:** A well-designed plan should include regular intervals to reevaluate the policy to ensure it is still effective and up-to-date.

TECHNOLOGY INNOVATION SUCCESS STRATEGIES



THE BIG PICTURE

- Keys to successful tech investments include thoroughly vetting vendors, selecting trusted partners, prioritizing cybersecurity, confirming ROI potential, and involving stakeholders across the organization.
- Before automating, use data to assess demand, labor challenges, costs, and accuracy to justify the investment. Consider flexible ROI models and RaaS (Robotics-as-a-Service).
- Emerging technologies may have longer learning curves. Consider non-traditional metrics and experimentation to help measure value.
- Smaller-scale investments and trials can reduce risk, prove value to stakeholders, and test solutions before expanding.
- Ask partners about relevant experience and supply chain risks — and explore best practices from around the world to stay ahead.



AVOID MISTAKES THAT DERAIL INNOVATION

Distributors have been learning important lessons in their journeys to date with technology innovation. Here are some key learnings outlined by Rajczi and Pearce of Ginsberg's.

- Don't let your managers sign agreements unless they are fully vetted.
- Make sure you are working with trusted partners with good references.
- Ensure the partners are careful about cybersecurity risks.
- Confirm that a solution is the best for your operation with the quickest ROI.
- Consider if there are other strategies to get a good result without having to go for a "shiny new object."
- Get stakeholders throughout an organization involved in ideation and development to make sure projects don't just become "IT Projects."



DRIVE AUTOMATION DECISIONS WITH DATA POINTS

A move to automate part of a business is one of the most important and potentially expensive steps a leader will make. A case in point involves a decision to automate a warehouse. Federica Stufano, senior principal analyst, Gartner Supply Chain Practice, outlined key considerations in a recent article published in *Supply Chain Management Review*.¹⁰

In an interview for this white paper, she said it's not necessarily true that an organization would lose competitive advantage if it decided to avoid automating at this time.

“You need to look at business cases and return on investment,” she said. “Frontline workers need to be ready to work with automation pieces like robots.”

Here are a few guidelines that Stufano recommends:

- **Estimate Demand:** Organizations facing capacity constraints should utilize their company's projected order and product volume growth predictions to estimate forthcoming demand. Automation can be justified if these growth projections show current operations would not be sufficient to achieve desired business outcomes.
- **Analyze Hiring Challenges:** A good way to evaluate the organization's labor challenges is to look at the time-to-hire recruitment metric. This metric refers to the total time between a warehouse job posting and a candidate's acceptance of the company's offer. If the average time to hire becomes longer and longer and/or overtime hours are increasing, it might be time to think about automation.
- **Evaluate Labor Costs:** If labor costs exceed typical ranges for similar businesses, it might be the right time to automate to reduce that percentage.
- **Consider Picking Accuracy:** Companies generally strive for almost perfect order-picking accuracy by order, with usual targets between 98% and 99%. If the percentage goes below 98%, it might be the right time to consider automating the picking process.
- **Calculate ROI:** Gartner has observed that time to automation ROI — from moving the first item into production to payback on the initial investment — is between three to seven years for conventional automation systems, and between six to 24 months for robots. If time to ROI that extends beyond these times, it may not be worthwhile to automate now. If this is the case, another model to consider is robotics-as-a-service (RaaS), which allows for the rental of robots with a cloud-based subscription instead of directly purchasing the robots.



TAKE A FLEXIBLE VIEW OF ROI

Measuring ROI is important for technology investments. Fifty-four percent of respondents in IFDA's *2023 Foodservice Distribution Industry Technology Report*⁸ said ROI expectations is one of the most important factors influencing new technology decisions. In interviews for this white paper, industry executives gave varied ROI time frames for emerging technology investments, and emphasized that ROI for this type of technology may not always fit into traditional formulas. Here are their perspectives.

- **Expect Longer Learning Curves With AI:** “Bleeding edge” investments that involve AI typically require longer ROI time frames, said Nuber of DLN. “You need to expect a longer learning curve for you and your providers to work out the kinks, and go from a pilot to scale it up to really impact the business,” he said.
- **Look at Emerging Technology Side Differently:** It's helpful to add nontraditional measures to traditional ones when analyzing the benefits of emerging technology, said Wolowski of Gordon, who pointed to the example of online ordering. “Create a digital P&L or a separate way to track purchases through the channels,” he said. “We really look at our digital business almost as a business unit to open up possibilities for e-commerce and marketing that traditional distributors may have not fully tapped into.”
- **Experiment to Help Gauge ROI:** Companies can benefit by doing their own advance experimentation to determine likely ROI levels for emerging technology-based investments, said LeDuc of Dot Foods. “We first run experiments to figure out proof of concept,” he said. “This helps us determine if it's a real solution, what might the value be, and what kind of ROI we can get.”



WHEN IN DOUBT, START SLOW

Some organizations in the business world are making make big investments in emerging technology, while others are starting slow. Sometimes taking a slower approach is a wise decision and foodservice industry executives offer a number of reasons for this.

- Making too big an investment upfront may stifle innovation because of the complexity, time and expense involved.
- It may be hard to convince key stakeholders, such as a company board, that a full investment upfront is worthwhile.
- There are opportunities to start with limited testing. This might involve running trials to see how one segment of the business responds to emerging technology before expanding it further. For example, a company might start with its slow-moving inventory before expanding it to other parts of the business.



LEARN FROM OTHERS — INCLUDING IN OTHER COUNTRIES

Companies need to learn from organizations that have succeeded with technology innovation, said independent consultant Whalberg. Leaders sometimes may need to look farther afield. “If you are a foodservice distribution company wanting to learn more about automation, you might want to get on a plane and head to Europe, the Middle East, Asia or other parts of the world to see what trends are emerging,” he said. “Automation solution providers can help you find companies that are succeeding in other countries.”



OVERCOME INNOVATION PARALYSIS

The fear of engaging with emerging technology can hold back a company. That’s when leaders need to embrace strategies to break the fear.

“Some people are overwhelmed and don’t know where to start,” said Barry of Dot Foods. “They have paralysis on how to begin, but too often that leads to not starting.”

A good entry point is finding technology partners that are highly motivated to engage, said Nuber of DLN. “Take advantage of the fact that many technology companies are now excited to partner and provide good deals for companies that will share their success stories,” he said.



ONCE INNOVATION STARTS, DON’T STOP

It’s very hard for an organization to embrace technology innovation, including automation, if it hasn’t done so in the past. “But once the innovation begins, keep it going, because innovation muscle can atrophy if not used,” said independent consultant Whalberg. “It’s imperative to drive change while you have leadership alignment and buy-in from stakeholders. If you kick back for a couple of years, people will have moved onto other jobs.”



ASK CRUCIAL QUESTIONS OF TECHNOLOGY PARTNERS

Knowing what questions to ask partners can help make the difference between success and failure. Here are a few suggestions from industry executives.

- **Is Your Experience Relevant for Us?** It’s always important to ask about services and price, but also ask for relevant case studies, said Stufano of Gartner. “These should be apples-to-apples comparisons involving past clients similar to your company, in the same industry, or with similar types of processes and complexities.”
- **Where is Your Supply Chain?** There are questions to ask about maintenance, parts and repairs, said Taliaferro of Deloitte. While most of those questions would be similar to those from 20 years ago, a new wrinkle is the more global nature of the supply chain. “It’s important to be aware that more of the parts may be farther away, such as chips and circuit boards that may not be available in the U.S., or assemblies that may only be available in Asia or Europe.”
- **Can You Reduce Our Risk?** If a technology provider is paying for the upfront setup, it might assume the risk of cost overruns, such as if more robots than expected are needed, said Nuber of DLN.

LESSONS FROM OTHER PARTS OF THE FOOD INDUSTRY



TECHNOLOGY INNOVATION PLAYS OUT DIFFERENTLY ACROSS FOOD INDUSTRY SECTORS

The specifics of technology innovation are different across industries — and even across different parts of the food industry. Here are technology innovation perspectives from a restaurant operator and a food retailer. These perspectives spotlight key points about innovation that are relevant across the food industry.



VIEW FROM A RESTAURANT OPERATOR

Restaurants are experimenting with technology innovation for both customer-facing and operational needs. Here are perspectives from an interview with **Anthony Collamati, co-founder and director of the independent, Michigan-based restaurant Block House**, whose innovative strategies include esports leagues, premium gaming and interactive events.¹¹ Collamati underscores the importance of experimentation and testing to enhance innovation.

- **Approach to Technology Innovation:** “Our experimentation with customer-facing gaming experiences also helps us experiment and stay current with technology to support the food and beverage sides. We welcome new tech solutions for applications such as loyalty, ordering and marketing.”
- **Innovation Culture:** “We believe in testing technology and then learning from mistakes. It’s critical to have a leadership that has clear processes for transitioning to new technology and retraining employees.”
- **How We Use AI:** “We’ve started to look into AI-powered engines to help make recommendations for customers based on their orders. That will require us to fine-tune our customer segmentation.”
- **Wish List for Future:** “I am hopeful that AI may help customize the supply chain for operators of our small scale based on factors in their local areas and with their customer demographics. This can help fine-tune strategies, such as in shaping menus or creating food events based on rising and falling prices.”
- **How Our Distributor Supports Efforts:** Block House’s distributor “has tools to help us streamline inventory and ordering and is great at putting new technology solutions and vendors in front of us.”



VIEW FROM A FOOD RETAILER

Food retailers are experimenting with AI to enhance customer experiences and improve performance. Here are perspectives from an interview with **Kevin Stafford, vice president of marketing at Virginia-based K-VA-T Food Stores**, which operates supermarkets — in addition to pharmacies and fuel/convenience stores — across five Southeastern states.¹² Stafford is a K-VA-T veteran who previously spent 19 years on the IT side of the company’s business. He emphasizes the benefits of involving people from across an organization when making decisions about technology innovation and the importance of using AI in secure ways.

- **Approach to Technology Innovation:** “We have cross-functional teams that look at emerging technology to help us evaluate projects and ROI. All of this is supported by our director of emerging technologies, who I work closely with.”
- **Innovation Culture:** “We test applications in one or more stores and either decide to further implement a technology or to discard it. We want to experiment, fail fast and move on — that is our culture. Our focus is on new technologies that can grow sales, cut expenses, increase profitability, and enhance customer experience.”
- **How We Use AI:** “We are experimenting with AI projects and developing polices and guardrails to ensure we use AI securely. As one example of experimentation, we are using AI to analyze self-checkout transactions to help support loss prevention.”
- **Wish List for Future:** “We are hoping AI will help us solve problems faster. For example, we want to reduce the amount of time spent analyzing reports so we can spend more time focusing on action steps.”
- **How Distributors Can Support Food Retailer Efforts:** “In the food industry a lot of warehouses and distribution centers have run the same way for many years. There is now a lot of technology innovation in that space. It can enable distributors to help enhance food retailer efforts.”





CLOSING THOUGHTS:

STEPS TO MAKE PROGRESS ON THE INNOVATION JOURNEY

PROMOTE A DIGITAL MINDSET¹³

A digital mindset is a set of attitudes and behaviors that enable people and organizations to see how data, algorithms, and AI open up new possibilities. Employees with digital mindsets are more successful in their jobs and have higher satisfaction at work. Leaders with digital mindsets are better able to set their organizations up for success. And companies with digital mindsets react faster to shifts in the market, and are well-positioned to take advantage of new business opportunities.

Dig deep to create tools that support and elevate customers' experiences and needs. Listen to their perspectives, understand their pain points and embrace the notion that better solutions exist.

GET IN THE MINDS OF YOUR CUSTOMERS³

LOOK FURTHER DOWN THE ROAD¹⁴

It's tempting to design technology plans to address an immediate challenge, but focusing too much on the near-term will leave an organization with a legacy system very soon. Designing automation and robotics implementation for 5-10 years into the future will serve an organization better.

Companies will face challenges if they wait too long to engage with technology innovation. "In the past, our clients only wanted tried and true solutions," said Deloitte's Taliaferro. "Today, if you wait for that, it will be outdated once implemented. Clients are taking bigger risks in technology than I've ever seen. If you're not on the bandwagon you may be disrupted by someone who is."

DON'T WAIT TOO LONG

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For questions about this publication or other IFDA research, contact Annika Stensson, IFDA's Senior Director of Research & Innovation at astensson@ifdaonline.org.

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