

IGNITE YOUR PERIMETER

WITH NEW GROWTH STRATEGIES

Grocery stores know their perimeter departments are anything but peripheral, with these areas establishing themselves as crucial differentiators and key profit drivers. While center-store categories increasingly face pricing pressures from online retailers and discount formats, the perimeter gives grocers their most effective opportunity for differentiation, with major brands finding that consumers may be less price-sensitive in perimeter counters, offering a critical way to drive profit.

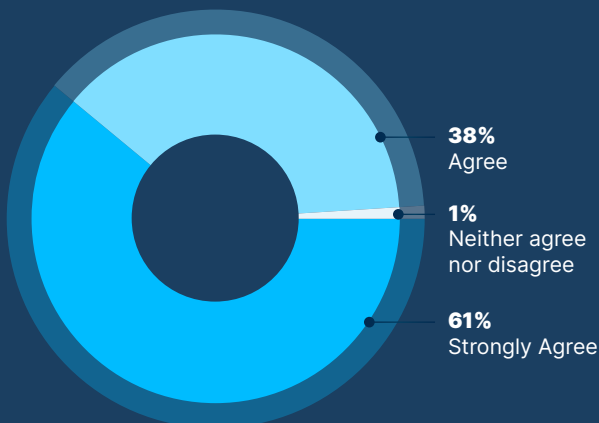
Recent research conducted by Grocery Dive on behalf of FoodStorm by Instacart confirmed this decisively, with essentially all 151 grocery executive respondents agreeing that their perimeter offerings help their stores stand out from competitors.

"It's no surprise the industry recognizes the perimeter as the epicenter of customer loyalty and satisfaction," says Alex Ross, Senior Manager of Market Strategy & Sales. "The truth is that competing on a box of cereal is a losing battle in almost every instance. The fresh perimeter is a top area that makes them uniquely who they are. That alone makes it a differentiator, but when you're executing at the highest level, it also offers a huge stickiness factor, along with a halo effect that spills over into all departments."

However, if everyone views their perimeter as a differentiator, what actually sets you apart?

Read on for the latest insight into the challenges and successes your peers are realizing in their perimeter departments and insight into how you can create measurable business advantages and maximize profits and efficiency in the perimeter.

To what extent do you agree or disagree with the following statement? Having perimeter offerings helps our stores stand out from competitors.



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ALEX ROSS, Senior Manager of
Market Strategy & Sales



Four Insights to Turn Your Perimeter into a Competitive Advantage

01

Tech Drives Margins

Perimeter departments demonstrably drive profit margins, but technology is essential to drive the highest levels.

02

Upgrade In-Store

A true omnichannel ordering experience is the goal, but current in-store methods demand an upgrade.

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Scale Digital Opportunities

With some departments already embracing digitization, stores have the opportunity to benefit from economies of scale.

04

Overcome Tech Training Barrier

The biggest barrier to implementing technology in perimeter counters revolves around concerns related to training and onboarding (but the right partner can overcome this).

INSIGHT 1:

Perimeter departments demonstrably drive profit margins, but technology is essential to drive the highest levels.

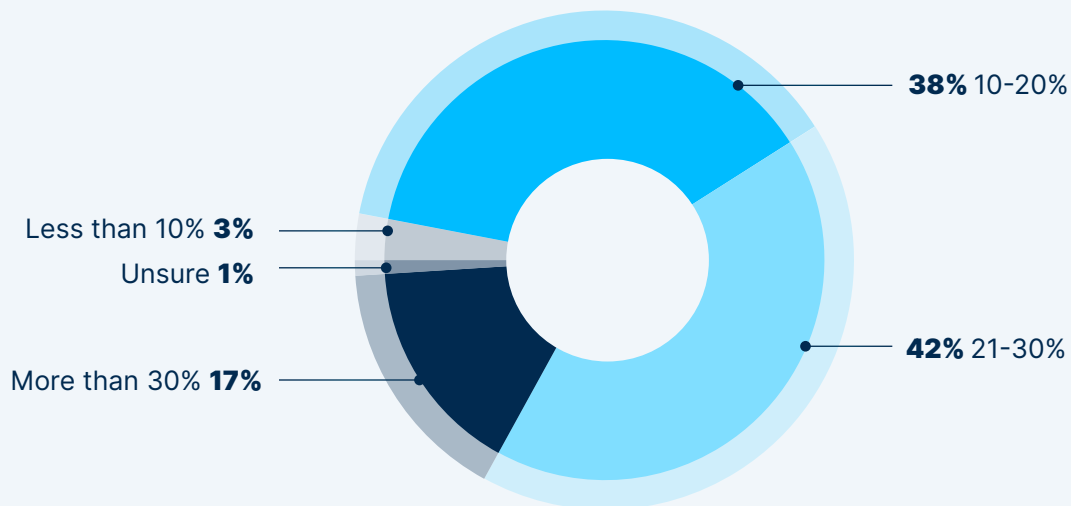
An overwhelming 97% of grocery executives believe it's either "extremely important" or "very important" to scale their perimeter businesses over the next one to five years.

And it's easy to see why: Perimeter counters drive customer loyalty and satisfaction and produce cold, hard cash.

Nearly 60% of grocery executives report that more than 20% of their annual revenue comes from perimeter counters, with an additional 38% saying it accounts for 10% to 20%.



What proportion of your annual revenue comes from perimeter counters?



Perimeter counters achieve an average of 25% profit per year, with nearly half saying it's between 21% to 30%, and 18% saying it's more than 30%.

As grocers continually seek new ways to make these departments more profitable, technology can help them achieve previously unattainable results.

"When you are operating at the scale of a typical grocery chain, you have to identify these highly profitable areas and figure out how to drive more business through them," says Ross. "We see that deploying technology that supports smarter, more accurate order intake processes allows their capacity and throughput to grow and helps them push through the natural cap they would otherwise experience from labor constraints."

He points out how digital ordering opportunities can work as a silent salesperson, especially in situations where a harried associate is swamped at peak periods and may not be able to provide the hospitality and upselling they otherwise would.

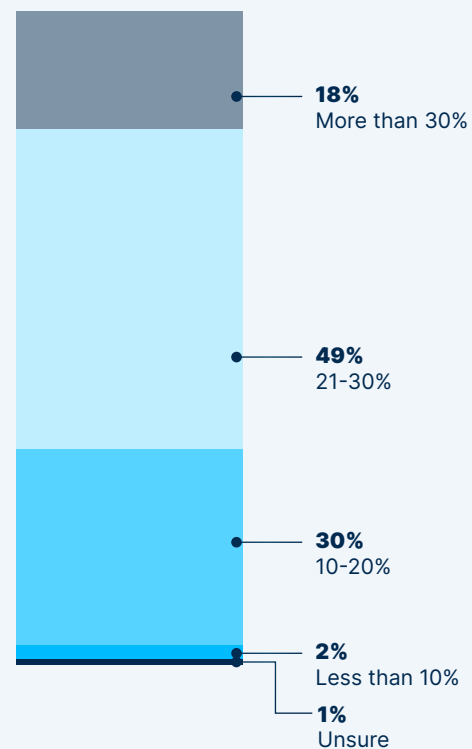
"A kiosk never misses the chance to optimize these natural sales moments and recommend extra cheese or avocado on your sandwich. And frankly, customers want to be tempted by a premium ingredient or fresh-baked cookie or chips added to their order," he says. "By leveraging technology and focusing on margin-rich categories, grocers unlock more buying opportunities for their guests, while capturing more profitable orders."



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What profit margins do your perimeter counters achieve on average per year?



INSIGHT 2:

A true omnichannel ordering experience is the goal, but current in-store methods demand an upgrade.

Grocery stores aim to offer shoppers an experience that suits their needs at any moment of the day, whether that's ordering groceries at midnight for delivery the next morning or thinking ahead to the celebratory cake for next weekend's birthday party.

However, while the digital experience has leveled up overall, most survey respondents report they are still using antiquated methods for order taking. "In-store via associate" leads the pack for all counters except bakery, where it's the second most-used approach.

"To gain the best advantage of the connected store and provide a seamless omnichannel experience for a guest in the truest sense, you want to offer consistency, in that the order process feels identical no matter where it's being deployed," Ross says.



Which of the following order channels do you currently offer at your store?

	Deli	Bakery	Made-to-order counter	Hot, pre-made counter	Cold, pre-made counter	Catering counter	Floral counter	Café/ smoothie bar
In-store, via associate	75%	69%	70%	69%	72%	81%	82%	73%
In-store, via written tickets	54%	55%	54%	60%	58%	57%	56%	62%
Phone	54%	67%^x	64%	50%	56%	58%	71%	60%
Online (owned app or website)	67%	71%	70%	62%	59%	62%	65%	62%
Online (Third-party app, such as Instacart)	61%	51%	58%	49%	58%	54%	49%	42%
Email	29%	26%	26%	25%	23%	28%	33%	37%
In-store kiosk / Counter tablet	47%	44%	42%	43%	42%	41%	33%	44%
Smart cart	18%	25%	22%	24%	18%	13%	13%	25%
QR code, scan in-store and order on personal device	22%	24%	26%	22%	22%	19%	18%	29%

In fact, the convenient and elevated experience of a kiosk can provide an on-ramp for customers to convert to other omnichannel methods. “While the vast majority of a grocer’s volume is still happening in store, we know that the omnichannel customer is significantly more valuable over the long term. We see kiosks and other in-store methods as potential feeders for the single-channel customer to become a more holistic shopper in all channels,” says Ross.

In addition, in-store ordering methods such as kiosks and QR codes ensure customers can place orders anytime the store is open, even if

an associate is otherwise consumed with another high-value task. “Stores don’t even realize how often an empty counter could send the message to the customer that it’s closed, resulting in a lost sale and a poor experience.”

In fact, respondents agree there’s a growing preference for these in-store digital-first ordering methods, with 58% acknowledging the importance of in-store kiosks and counter tablets and nearly half saying the same about smart carts and QR codes—numbers that reveal a gap, given that they are currently used by fewer than one-quarter of nearly all counters.

How important is it for your stores to have each of the following order channels in 2025?

	Unsure	Not at all important	Slightly important	Moderately Important	Extremely important
Online (owned app or website)	0%	0%	4%	30%	62%
Online (Third-party app, such as Instacart)	1%	1%	7%	48%	44%
In-store kiosk / Counter tablet	0%	3%	7%	33%	58%
Smart cart	3%	4%	11%	34%	48%
QR code, scan in-store and order on personal device	1%	5%	11%	36%	48%

INSIGHT 3:

With some departments already embracing digitization, stores have the opportunity to benefit from economies of scale.



While many perimeter counters may be slow to adopt ordering technology, they've seen the benefits of digitizing production and fulfillment, with kitchen display systems (KDS) overtaking hand-written tickets in every department.

In fact, digitization brings clear benefits to perimeter counters, with respondents sharing that they offer faster service, reduced wait times, improved order accuracy, and even an increased number of orders.

Ross emphasizes the economies of scale that can be realized from expanding this technology to all counters. "We see that it reduces lines, increases ticket size, optimizes in-store labor, and reduces mistakes and waste." He encourages stores to prioritize the counters with the highest volume for the greatest and most immediate value, but then consider how rolling out technology to all perimeter counters can unlock greater efficiencies and economies of scale.

What systems or process does your in-store team use to produce and fulfill orders from each of the following perimeter offerings?

	No specific system or process	Hand-written tickets	Kitchen display system (KDS)	Scale with label printer	Other
Deli	6%	23%	29%	40%	2%
Bakery	6%	23%	38%	31%	2%
Made-to-order	7%	20%	40%	31%	2%
Hot, pre-made	5%	17%	39%	38%	1%
Cold, pre-made	8%	16%	38%	35%	3%
Catering	4%	28%	36%	29%	3%
Floral	13%	24%	25%	36%	2%
Cafe/smoothie bar	4%	18%	41%	37%	0%

What systems or process does your in-store team use to produce and fulfill orders from each of the following perimeter offerings?



“At FoodStorm, we want to help grocers create even more value by refining their product mix and devoting a higher level of merchandising and promotion around the products that are either their top margin value or fastest movers to create the sales lift that they’re looking for.”

ALEX ROSS, Senior Manager of Market Strategy & Sales

That’s where FoodStorm’s SaaS subscription can make it easy for grocers to embrace the benefits of a fully connected store. “Literally, at the click of a button, we’re giving them the infrastructure to elevate and personalize their merchandising mix,” Ross says.

For example, instead of a customer grabbing a plain sheet cake on the go, digitized ordering in the bakery would allow this last-minute planner to be a party hero by placing a personalized request as they enter the store, giving associates time to add a birthday message while the shopper checks off the rest of their list.

A connected store also generates richer data that provides insights on where grocers can focus their efforts to maximize profitability. “At FoodStorm, we want to help grocers create even more value by refining their product mix and devoting a higher level of merchandising and promotion around the products that are either their top margin value or fastest movers to create the sales lift that they’re looking for,” Ross says.



INSIGHT 4:

The biggest barrier to implementing technology in perimeter counters revolves around concerns related to training and onboarding (but the right partner can overcome this).

With the benefits of tech-enabled ordering so clear, why aren't more grocery stores taking advantage of them? Many of the top concerns relate to internal hurdles, with the top answer as "concerns about technology support from solution providers for ongoing maintenance," closely followed by "inadequate training for staff" and "concerns about technology support from solution providers for implementation."

That's where grocers need to rely on a technology supplier who is truly a partner, says Ross. "Before we've even earned the right to have their business to implement the technology, we're doing a store walk to understand their operations, isolate bottlenecks and identify areas to enhance what they're already doing, then build all that into our scope of work to solve for those pain points and realize the opportunities."

After the implementation, he emphasizes that the FoodStorm team doesn't adopt a traditional vendor/client model where they do the setup and walk away. "We have ongoing dedicated customer success teams, whose sole responsibility is to ensure our partners are getting the most out of the investments they've made with Instacart," Ross says. "We're more than just an order management system. Our job is to challenge clients and show them how they can do more because we see the next level, based on industry dynamics and their own goals."

That means friendly, knowledgeable human assistance, backed by a spectrum of support: resources, training, self-help tools, he says. "Everything they need to far exceed the expectations they had."

Are You Maximizing the Effectiveness of Your Perimeter?

There's no question the perimeter is a profit driver—it's where fresh, high-margin offerings live and where shopper loyalty is often won. But even the strongest perimeter programs can leave sales on the table without the support of smart, scalable technology. Ross recognizes that change can be hard, which is why Instacart is recognized as such a high-value partner.

"Instacart is the leading grocery technology partner for good reason," he says. "It's great tech to start with, but it's enhanced by people who are looking to solve problems and create change in an industry that has otherwise operated in almost the exact same way forever. We want to help grocers no matter where they are in their journey. We'll keep what works well and make it better, and then we want to figure out what isn't working well and solve that."

Digitization is the next evolution in delivering better service, greater personalization, and larger basket size, and the time is now for grocers to use their power to further transform their perimeter into a competitive advantage.

"Instacart is purpose-built to help grocers operationalize from end-to-end, both in-store and online," says Ross. "As a partner to these retailers, we're invested in their business success because we win together."



Would you like to learn more about how FoodStorm and Instacart can revolutionize your perimeter counter operations? [Visit FoodStorm.com today.](https://www.foodstorm.com)



FoodStorm, Instacart's Order Management System (OMS), is an end-to-end grocery perimeter counter software that digitizes order management, order production and omnichannel customer orderings. FoodStorm is now live in over 2,800 stores across North America with additional launches slated. FoodStorm helps grocery retailers power their order ahead and foodservice businesses from made-to-order to catering, across all perimeter counters including deli, bakery, foodservice, floral and more.

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