



CONSUMER AND RETAIL GROUP

# MASTERING FRESH OPERATIONS: TACTICS FOR GROCERS TO WIN THE NEXT DECADE

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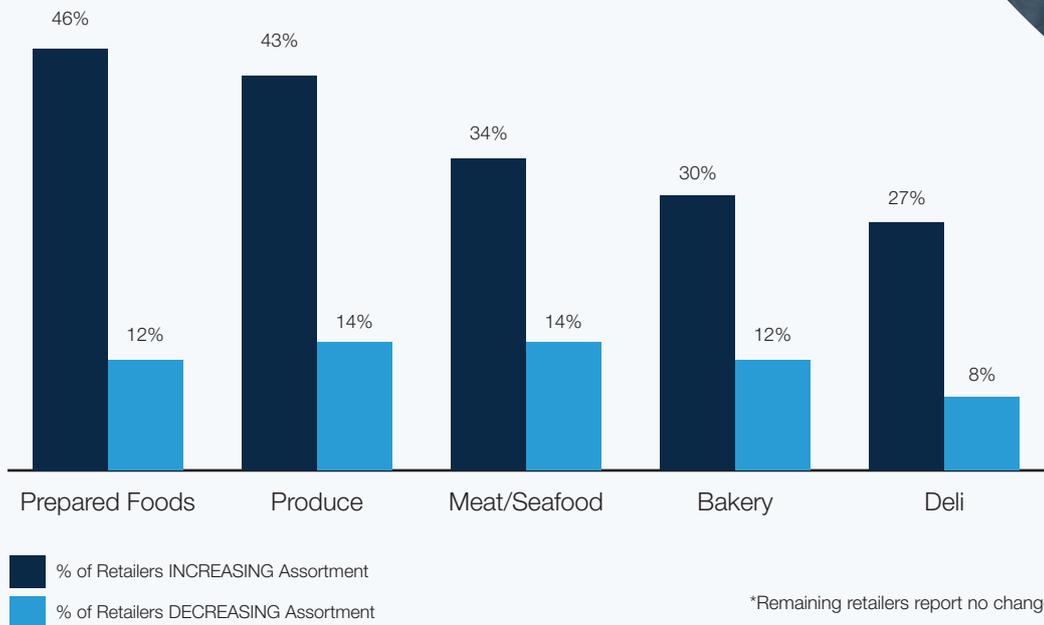
# Fresh: The soul of the grocery store... and the key to the bottom line

For decades, the fresh departments, produce, meat, bakery, deli, seafood and prepared foods, have defined the identity of the grocery store. As center-store offerings blur and price competition grows, fresh remains the most tangible expression of a retailer's identity. Shoppers may forget where they bought a box of cereal, but they remember the strawberries that actually tasted like strawberries or the deli that knew their order by heart.

The importance of fresh is not just emotional, it's financial, with Fresh sales reaching an unprecedented **42% of total grocery revenue**<sup>1</sup>. Recent surveys show grocery executives cited Fresh as a top priority as they increasingly recognize that **the future will be won or lost in fresh**<sup>2</sup>. As Fred Meyer President Todd Kammeyer recently noted in Progressive Grocer, "Any project we invest in starts with: How do we improve fresh?"<sup>3</sup>

## Retailers are expanding assortments in fresh departments

In the Next 12 months do you plan to change your assortment of items offered across these areas?



Source: 2025 Supermarket News Fresh Foods Survey

1. Simbe Robotics
2. Supermarket News
3. Progressive Grocer



# An unprecedented opportunity for traditional grocers

Crucially, Fresh is also where traditional grocers hold their most defensible advantage. Unlike big-box and discount competitors, traditional supermarkets excel in the capabilities that matter most in Fresh: customer service, product quality, and localized assortments. H-E-B's *Texas Proud* program<sup>4</sup>, for example, differentiates through locally grown produce and specialty items that national chains struggle to replicate at scale. Publix similarly wins through service-led fresh departments, consistently earning top scores in the American Customer Satisfaction Index<sup>5</sup>.

## Consumers rank traditional grocers highest in the areas critical in Fresh

	Product "Offers highest quality products"	Customer Service "Staff makes me feel valued"	Local "Wide variety of local product"
1	<i>Wegmans</i>	TRADER JOE'S	<i>Big Y</i>
2	H-E-B	Publix	H-E-B
3	Publix	H-E-B	<i>Wegmans</i>

Source: Dunnhumby, Retailer Preference Index (RPI)

After years of intense competition, traditional grocers are poised to regain momentum by leaning into what others cannot replicate: the power of fresh to drive loyalty and sustained growth.



4. H-E-B  
5. American Customer Satisfaction Index

# Winning fresh: Four fresh operations imperatives

Fresh can be a powerful differentiator but it can just as easily become a grocer's Achilles' heel. Unlike center-store categories, fresh operations are inherently complex, requiring skilled associates to cut, prep, cook, rotate, and merchandise products multiple times a day<sup>1</sup>, with little margin for error. These labor-intensive processes now collide with rising wage pressure, as labor costs are forecasted to increase by up to 20% over the next five years<sup>6</sup>, far outpacing food inflation. In this environment, operational efficiency is paramount. Without disciplined execution, Fresh drives waste, margin erosion, and inconsistent shopper experiences. With it, Fresh becomes a durable engine of loyalty and trust.

**Winning in Fresh therefore requires more than a compelling strategy, it demands operational excellence at scale.**

A successful fresh operations strategy must take a holistic, enterprise-wide approach anchored on four strategic imperatives. In the sections that follow, we outline those imperatives and the practical tactics grocers can deploy today to execute Fresh efficiently and consistently, store by store, day by day.

## Four fresh operations imperatives

# 01

### Build a winning Fresh workforce

Attract, train, and motivate a best-in-class fresh team that delivers excellence day-in and day-out.

# 03

### Enable precision scheduling

Deploy the right people, in the right place, at the right time, matching labor with demand to maximize execution and customer service.

# 02

### Drive Fresh process excellence

Standardize and streamline core fresh processes to ensure consistency, quality, and efficiency across every department.

# 04

### Strengthen the Store-HQ Partnership

Foster a two-way operating rhythm where HQ equips stores with clear tools and expectations, and stores fuel innovation through frontline insights.

1. Simbe Robotics

6. Wharton School of the University of Pennsylvania



# 01

## Build a winning Fresh workforce

Attract, train, and motivate a best-in-class fresh team that delivers excellence day-in and day-out.



### 1.1 Optimize store organization structure to deliver on Fresh

Designing the store organization structure with a lens towards fresh is essential to creating a high performing team. Ultimately, the goal is to ensure the most qualified (and highest paid) resources are deployed where they are most valuable in fresh.

This can include having a fresh focused assistant store manager or strategically allocating more full-time roles in departments with the highest production complexity or customer service needs.

### 1.2 Invest in fresh training academies

The technical skill required to trim meat, rotate produce, or bake consistently is non-trivial. Build structured, visual, engaging training pathways from onboarding and beyond, using modern features like gamification and personalization. A single associate who knows how to cut fruit efficiently can deliver a superior product while offsetting significant weekly waste. Some retailers simply need to more fully utilize training tools already implemented, while others will need to tap one of the many solutions in the market.

### 1.3 Design fresh specific incentives for store management

To drive sustained performance, store managers must be measured, and rewarded, on metrics that reflect fresh excellence. Introducing fresh-specific KPIs into incentive programs ensures that leaders stay focused on this critical differentiator. Whether it's fresh department sales comps, gross margin, production accuracy, or shrink reduction, aligning store leadership incentives to fresh performance embeds accountability across the entire team.



# 02

## Drive Fresh process excellence

Standardize and streamline core Fresh routines to ensure consistency, quality, and efficiency across every department.



### 2.1 Relentless process standardization to deliver freshness

Operational excellence in complex fresh departments starts with codified, repeatable processes for store associates. This is especially critical in production, where tasks are time-intensive and quality can vary. Each department needs direction not only on how to perform these tasks, but also when to perform these tasks, aligned with the customer demand patterns unique to that department. The donuts must be ready for the morning rush, and the hot bar must be full by lunch. The best operators translate these standards into visual cues, prep sheets, and other tools that make standards unambiguous. Additionally, shifting work upstream through product engineering (e.g., replacing in-store baking with prebaked, frozen products) further reduces store workload and drives standardization.

### 2.2 Double-down on ordering and production planning

Managing the flow of inventory into the store and onto shelves, is make-or-break in fresh. Modern AI-driven tools can dynamically adjust order quantities, batch sizes, and prep schedules to boost productivity and sales while minimizing waste. Managing the flow of inventory into the store and onto shelves, is make-or-break in fresh. Modern AI-driven tools can dynamically adjust order quantities, batch sizes, and prep schedules to boost productivity and sales while minimizing waste. Poor production planning is often the root cause when shrink spikes in high production areas like deli or bakery. Yet meaningful improvement is possible even before adopting new technology such as Afresh or other similar tools. When shrink is increasing, this is often a critical lever to address it. Driving greater discipline and compliance with existing systems can deliver immediate impact, especially where local teams still rely more on experience and intuition than on data.

### 2.3 Keep backrooms and storage areas organized

Storage areas, from the backroom to coolers and freezers, are the backbone of an effective store. Every item should have a defined home, and these spaces must be systematically organized, labeled, and maintained. A disciplined setup streamlines movement, reduces time spent searching for product, and supports proper rotation for freshness and food safety. More importantly, a clean, well-structured environment lifts morale, promotes accountability, and signals the standards expected of store associates.

# 03

## Enable precision scheduling

Deploy the right people, in the right place, at the right time, matching labor with demand to maximize execution and customer service.

### 3.1 Leverage cross-trained “fresh labor pools” to create flexibility

Demand in fresh departments fluctuates by season, day of the week, and even hour. A rigid staffing model leaves labor stranded in one area while another scrambles to keep up. Cross-training associates unlocks coverage flexibility, reduces downtime, and keeps service counters fully staffed when it matters most. Leading grocers are formalizing this approach through “fresh labor pools,” shared teams that shift between perishable departments based on real-time needs. The result is a more resilient operation that absorbs daily disruptions without compromising freshness or service.

### 3.2 Design “customer-based” scheduling rules and make them specific to each department

Scheduling should be designed so each department and its products are at their best when customers are in stores and shopping. When labor is aligned to customer traffic and production needs, shoppers experience fresher product, such as the aroma of fresh bread throughout the day and consistently full displays during peak hours. Too often, stores overstaff 5am shifts while understaffing weekends and other critical periods. Achieving optimal staffing requires a department-specific approach that reflects the nuances of each area, including unique customer expectations, meal patterns, and production demands. When deployed thoughtfully, customer-based scheduling ensures teams are set up to successfully deliver freshness and service where it matters most.

### 3.3 Drive discipline and enforce Fresh scheduling standards

Establish routine audits to ensure schedules align with labor standards, demand forecasts, and policy requirements. Regular reviews reveal issues such as key associates scheduled outside peak periods, understaffed service windows, or excessive last-minute edits. These audits equip field leaders to coach managers, drive consistency, and uphold the scheduling discipline required for these key departments.





# 04

## Strengthen the Store-HQ Partnership

Foster a two-way operating rhythm where HQ equips stores with clear tools and expectations, and stores fuel innovation through frontline insights.

### 4.1 Tap stores for local fresh innovation

Fresh is the most local part of the grocery business. Store teams see first-hand what sells in their neighborhoods, from regional produce preferences to emerging meal trends. Formal processes that encourage stores to test small innovations, like rotating local suppliers or introducing seasonal prepared items, helps retailers learn faster and stay connected to their communities. A culture of local experimentation can turn everyday observations into a competitive advantage.

### 4.2 Create a feedback loop between stores and merchandising

Top retailers create structured feedback loops so store teams can share what truly does and does not work on the sales floor, from packaging that fails under real conditions to planograms that drive shrink or recipes that slow production. When those insights flow back to merchandising and inform future resets, execution improves, store teams feel invested, and strategies become both more practical and more profitable.

### 4.3 Rethink what should be made in-store, and what should not

Define where labor truly adds value and where centralization or supplier prep can deliver consistency and savings. Decisions such as whether bread is baked in store or arrives fully baked frozen; whether fruit is cut in-store; or which meat items are as case-ready directly impact freshness, margins, labor needs, safety, and shrink. Best-in-class retailers regularly revisit these choices and monitor product innovation to balance quality, efficiency, and the customer's perception of "made fresh".

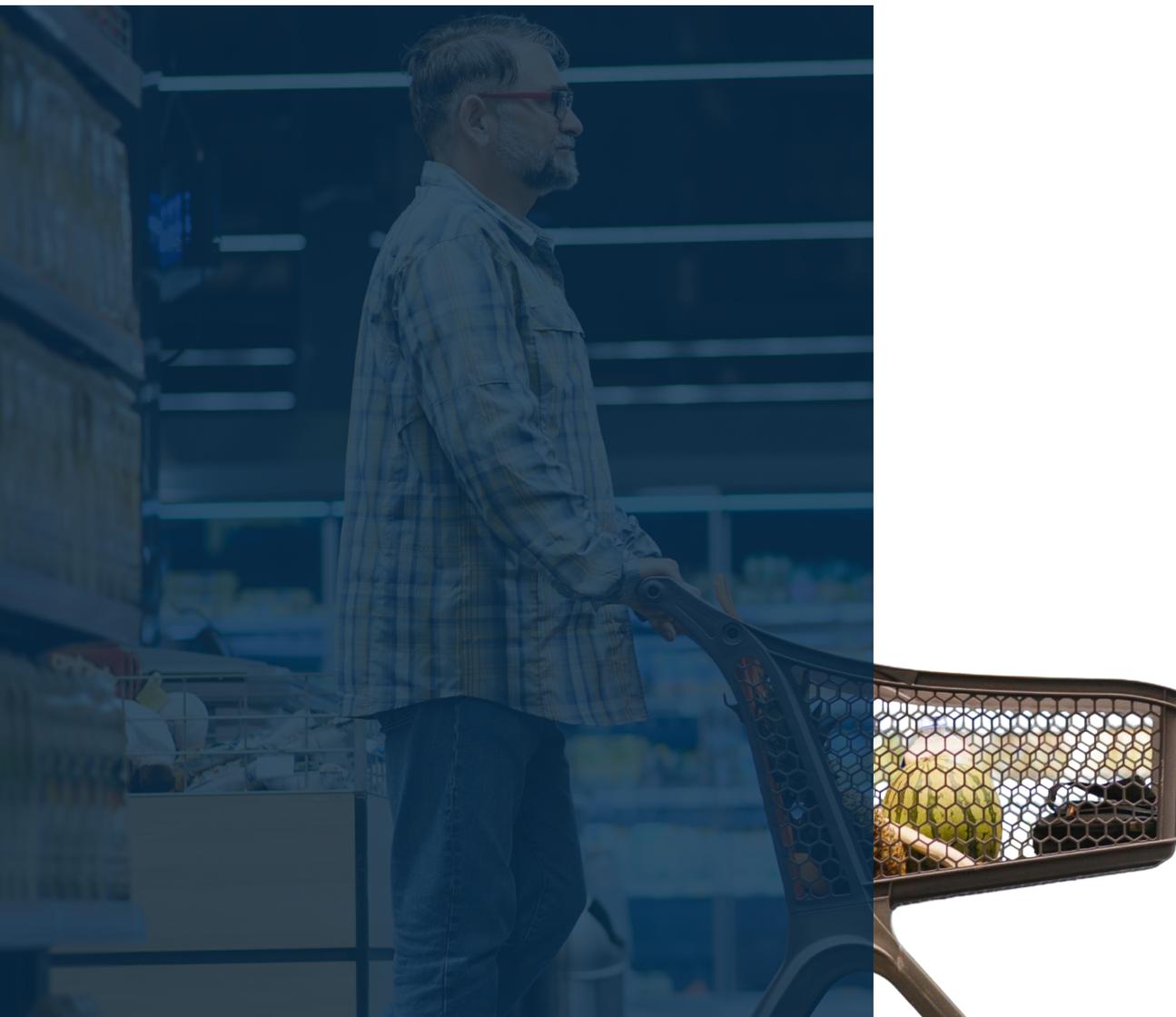


# A&M Consumer & Retail Group has unique expertise to support grocery leaders on the journey to fresh success

Fresh trends represent a historic opportunity for traditional grocers to unlock sustained differentiation in an increasingly competitive industry. Yet the operational intensity that makes fresh so powerful also makes it vulnerable. Rising labor costs and margin pressure<sup>5</sup> will separate the retailers who merely survive from those who win on fresh. **Executives who act now can turn this challenge into an advantage**, redesigning store operations to protect their economics and elevate customer experience.

A&M's Consumer & Retail Group (CRG) brings a unique mix of consultants and seasoned operators who take a hands-on approach to quickly assess, design, and implement Fresh operations strategies. Our teams have led comprehensive Fresh transformation programs for national and regional grocers, delivering measurable improvement in sales, labor productivity, and shrink. With CRG's **battle-tested tools and proven methodologies**, we're best equipped to help retailers capitalize on this moment and write the next chapter in their brand's success story.

The grocery industry has spent decades perfecting cost discipline in center store. The next era of competition will be decided in fresh, at the cutting board, the rotisserie and the donut fryer, and we're here to help you win.



5. American Customer Satisfaction Index



**MARCO VALENTINI**  
MANAGING DIRECTOR

[Marco.valentini@alvarezandmarsal.com](mailto:Marco.valentini@alvarezandmarsal.com)



**JEREMY LEVINE**  
SENIOR DIRECTOR

[Jeremy.levine@alvarezandmarsal.com](mailto:Jeremy.levine@alvarezandmarsal.com)



**KENDALL LOSEFF**  
DIRECTOR

[Kloseff@alvarezandmarsal.com](mailto:Kloseff@alvarezandmarsal.com)



**AMALIE ZARD**  
ASSOCIATE

[Azard@alvarezandmarsal.com](mailto:Azard@alvarezandmarsal.com)



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