



# Northgate Takes a Bold Cloud-First Step with NCR

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# In the Digital Era, Food Stores Must Transform to Deliver the Customer Experience That Today's Consumer Expects

## Digital Transformation

**More than 45% of food stores are well underway** in applying technology or have gone beyond integration and begun deriving real-time insights as part of digital transformation (DX). **But 36% of food stores have done little to no work** in applying technology as part of DX—or they're just beginning.

## Cloud Adoption

**With just 36% of food stores** describing their cloud approach to replacing existing on-premises IT functionality as “Cloud First”, the majority of food stores are still on a journey to reap the benefits of cloud, a pillar of digital transformation.

## Innovation

When it comes to company culture and innovation, **27.6% of food stores describe their company culture as “highly aggressive” toward innovation. 42% of food stores say they are “highly conservative,” and 9% say they “prefer to follow our peers.”** The “average” grocery store that tries to offer current-state omnichannel capabilities without an adequate commitment to innovation risks alienating customers.

A food retailer experiencing all of these challenges, Northgate Gonzalez Market, has progressed on a journey with NCR to embrace digital transformation, with cloud-based innovation to deliver a better customer experience to a growing customer base.

# Northgate Gonzalez Market Offers Fully Integrated Customer Experience

## Project Snapshot

### Operational Challenge

- Improve the customer experience while increasing point-of-sale (POS) throughput
- Increase efficiency by moving from file-based systems to real-time data integration

### Project duration

- Project deployed first pilot after an inception-to-launch period of about 6 months
- Roll-out will continue into 2020 to 42 stores

### Benefits

- Cashier productivity; time-to-cashier-competency (training cost savings); time-to-value for new services; reduced POS service tickets to 1% of total tickets (15% currently); optimized cash management

Northgate Gonzalez Market is a family-owned organization, founded in 1980, that has grown to 42 locations by going beyond what a typical grocery store provides. Northgate stocks a selection of consumer-packaged goods, but the real emphasis is on selling fresh and prepared foods for the Hispanic market in Southern California. The store also delivers a range of financial services, designed for the “unbanked” and “underbanked.” Having established a distinct identity, Northgate is growing its customer base and seeing heavier store traffic.



*“We identified the need probably about two or three years ago and started looking for a new POS solution. We were looking for things that I thought probably would not be there with a traditional point-of-sale solution provider.”*

**—Harrison Lewis, CIO, Northgate Gonzalez Market**

# Stepping Up to the Challenge

IDC asked how food stores are going to transform their business models over the next 3 years, stores reported the following top 3 priorities:

1. Leverage a partner network to drive new revenues
2. Focus on core activities and processes to improve productivity
3. Improve customer experience to drive new revenues and increase Key Performance Indicator (KPI) scores



## Northgate's biggest challenge

How to provide a faster, more convenient customer experience while also giving Northgate a single view of the customer across the organization, at every customer touchpoint—online and in-store.

Northgate's traditional way of doing business used disconnected systems and processes, which prevented it from knowing customers who had come in through different touchpoints.

Northgate decided that, if it wanted a dramatic change in how customers were known and serviced, the company needed a technology that was a clear departure from its existing architecture and approach to POS.



*"When I look at a technology product, I'm looking at how far has the product progressed into that future state."*

**—Harrison Lewis, CIO, Northgate Gonzalez Market**

# The Need for Better Customer Engagement Drives Northgate's Transformation

Grocery occupies a large part of the total retail market and has become hyper-competitive with changing consumer tastes and rapidly increasing expectations. This is driving grocery and food stores to adopt a culture of continuous innovation.

## Technologies that grocery and food stores should be looking at:

- Self-checkout and other self-service technologies such as kiosks and scan-and-go
- State-of-the-art POS solutions
- Internet of Things (IoT) connectivity
- Computer vision and Artificial Intelligence (AI) technology that allows computers to understand and label images

## Solution Snapshot

Northgate Gonzalez turned to NCR for help. Northgate had been an NCR customer for years but was looking for a bold new approach that Northgate felt only a digital-native startup could offer. Then Northgate discovered that NCR had built a new point-of-sale system from the ground up targeted to Northgate's size and retail segment.



*"It's all about the customer and acknowledging the customer at every touchpoint, whether that's in-store, online, you name it—everywhere."*

**—Harrison Lewis, CIO, Northgate Gonzalez Market**

# Modern Omnichannel POS Technologies Enable Better Cross-Enterprise Integration and Engagement

## POS for greater customer visibility and engagement

Northgate plans to leverage new core POS capabilities to significantly improve its single-view-of-customer across the organization, and better engage customers across touchpoints, leveraging integration with a Northgate customer experience platform.

## POS integrated with Northgate's core financial services offerings

In Phase 2, Northgate will integrate its financial center into the POS system, enabling a customer to blend a financial services transaction with a purchase, leveraging loyalty management as the customer system of record.

## Robust POS Application Programming Interfaces (APIs) enable faster development of new services

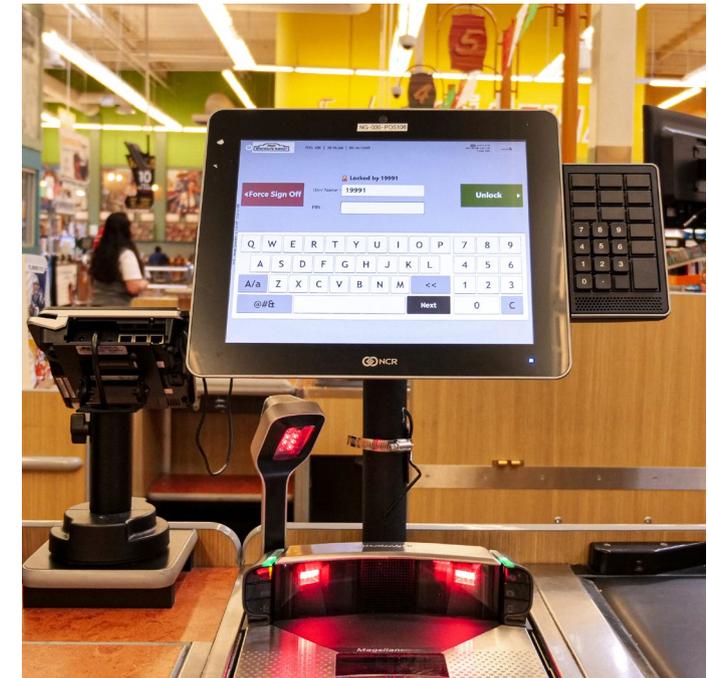
Going forward, Northgate will leverage rich API capabilities to develop other services to offer customers. Innovations around customer experience will take priority.

# Point-of-Sale: Investing in “The Heartbeat of the Store”

Right behind general merchandisers, food stores are the 2nd highest segment investing in POS software in the U.S. These 2 sectors combined dominate the purchase of POS software by a wide margin in the U.S.

POS Software is among the highest priority software focus for food stores – 3rd highest of 23 software spend categories, with **U.S. food store spend on POS forecasted to grow at a CAGR of 7.3% from 2018 to 2023, underscoring POS’s importance.**

Experiential retail has become the critical mission across the retail sector, with a focus on delivering a frictionless, easy, convenient, and memorable experience. As part of this retail dynamic, point-of-sale systems have evolved from transaction engines to the system of customer engagement, providing a single view of customers, orders, and inventory across the enterprise, and supporting an ever-broadening portfolio of omnichannel services.



*“The solution really required a completely different paradigm shift around traditional point-of-sale systems. In fact, I was looking for things I thought probably wouldn’t be there with a traditional point-of-sale solution provider. It would probably be a startup that created it.”—Harrison Lewis, CIO, Northgate Gonzalez Market*

# Transformation Is Not Just About Technology

Change management is critical to the success of digital transformation projects, including transformative POS replacement initiatives.

**Strong leadership is required** in order to understand the transformative and disruptive potential of technology, to assess the potential of cloud-first solutions and commit to bold new directions in technology.

**The introduction of a new technology** is important to an enterprise as the POS system calls for IT and business-process owners to collaborate to understand the business impact of the new technology.

One of Northgate's objectives was to **bring business owners closer to the POS system**, so they understood the disruptive potential of new technology more intimately than business leaders previously did.

# Early Benefits of Northgate's POS Journey

Anticipated benefits include:

Fast deployment - around 6 months from contract to pilot store; fast rollout in 2020 to entire chain

Improved customer experience: faster checkout and seamless consumer personalization

Easier integration across the enterprise

Decrease in POS service tickets

Better store associate experience: unified POS interface, ease of training

Automating non-value-add activities

Embedded capabilities slims down and consolidates need for additional hardware accessories

Increased throughput and back-office productivity

Faster innovation using API-first architecture

Enable customer and employee loyalty programs across banking and grocery platforms

Easier upgrades to latest hardware and software

Increased customer transactions

# Today's Investment in Innovation Creates Tomorrow's Opportunities

Northgate Gonzalez Market has identified 2 key strategic, future-looking dimensions of the new POS solution:

The cloud-based solution allows Northgate to significantly rationalize and simplify its IT environment: No need for servers in its stores, and the cloud enables much better software control, and quicker adoption of changes.

By embracing and standardizing on APIs, Northgate can connect closely with Glory Global for better cash management, and integrate to more partner capabilities faster and better.



*“The way I think about APIs, it’s really up to you, in terms of the artist, what you want to create. You can leverage many different APIs to produce that creation. There are lots of potential areas of differentiation—more than I can say. But those areas are very distinct and there are many of them.”*

**—Harrison Lewis, CIO, Northgate Gonzalez Market**

# Transforming to Deliver a Better Customer Experience

By partnering with NCR, Northgate Gonzalez Market is in the early stages of transforming its business to deliver a better customer experience, operate faster and more efficiently, and build out its portfolio of retail services even further.



*“Our objective is to make sales frictionless and demonstrate to our customers that we value their time, demonstrate to them we value the relationship and their trust in us. Then be able to provide a service from, say, our financial services organization that directly engages the customer at the point of sale—the same customer. That’s something we couldn’t do with the previous POS system.”*

**—Harrison Lewis, CIO, Northgate Gonzalez Market**

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