

HEB and the Great Race in the Grocery Stores

There is now a great ongoing race between the supermarkets, a race of technologies to see who will fully automate . . . and who will eventually go out of business.

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It's not a race to win a trophy or a gold star, it's a race to develop the machines to fully automate your grocery shopping and close down those 'dinosaurs' you are presently shopping in called the supermarket. The machines, like any others of automation, are designed to replace all those workers and cashiers you see whenever you walk into the store. You see, whoever is able to replace those workers with machines will be able to drastically cut their operating cost, and therefore be able to sell their groceries cheaper.



To the right, you see a picture of robots gliding along a matrix of tracks with tote bins or boxes below, so a robot is able to drop something in the box just by parking over it, to ultimately be delivered to a customer. You see five robots in the picture, two with blue tops and three with black. Each has two sets of four wheels, where the robot can raise one set and lower the other to change directions, allowing it to easily go back and forth or up and down the track rows at will.

The totes sit on conveyers, so totes can be moved out from underneath the robots to other conveyers allowing the computer to group totes together for delivery to the customer. If you look closely, you can see tote boxes having multiple items in them. Through the controlling computer, robots know which tote is for which customer's order, and so they can go to a tote to drop an item in. This method of using robots for sorting is call 'swarm robots', and much like a nest of ants, you have a large number of individuals working independent, yet together in a common cause, to get a job done.

Walmart and Kroger are doing extensive work with robotic systems to develop online grocery shopping, which is not only more convenient with less shrinkage than traditional retail stores, but also cheaper, a great incentive for shoppers to use the service. Using human labor to fill grocery orders is much too expensive, so robots are needed that can quickly and accurately fill each person's grocery order at a minimum cost. These companies tend to be tight lipped about what

they're doing, nevertheless enough has been said to indicate that great progress has been made to bring automated grocery stores to reality. But such research is expensive requiring strong cash reserves to undertake, so the question is, 'Does HEB have the kind of resources needed to build similar automation?'

The H.E. Butt Grocery Co. of San Antonio, is a long established (1905) grocery retailer that has been very successful over the decades, and now is a large chain of 'super' supermarkets across Texas and several adjacent states. Years ago, when Walmart moved in with their super-stores, including grocery, one company official made a snide remark to the newspaper, that HEB should just give up, because Walmart was going to run over HEB. What the official didn't realize was Walmart's success came from being so highly automated, and furthermore . . . he didn't realize that HEB was just as highly automated. Not only did HEB survive Walmart, but it thrived!

Like the other grocery retailers, HEB has a stopgap shopping service where employees drag these blue wire frame carts around the store filling orders by picking items off the shelves for later pickup. Very labor intensive and very expensive, a cost that HEB cannot absorb, so customers must pay five dollars for this custom service. But a quick peruse across the internet turned up pictures, such as the one above, of Kroger and Walmart's robotic efforts . . . massive expensive technological machines that can automatically fill a person's grocery shopping list and send it on it's way without all that expensive manual labor. However, I turned up very little about HEB. Certainly, no pictures of similar robotic warehouses, just news articles about how HEB is implementing a new in-store inventory-control and payment-processing system to enhance store automation, a second-generation autonomous delivery vehicle for robot delivery trials, the opening of a new Austin technology hub plus the hiring of about 1,500 digital technical people. All needed, but far from what the others are already doing to fully automate grocery shopping and ultimately dispense with all those massive labor hungry stores, and thereby becoming one of the survivors of the Great Race.

These Walmart robots are very expensive to develop requiring large numbers of highly educated and skill technologist to implement and make workable. And while HEB is a big company, I'm left wondering if this race may be a little too big for them to compete, especially the money part. Does HEB have the cash reserves to undertake such a massive technological project? Do they have the corporate culture to take the company so far into the twenty-first century? For the last several years, I've noticed gaggles of middle and low level managers touring the stores, having conference meetings in the aisles. I have the impression that HEB's tooth-to-tail ratio is dropping, and bloated management introduces inertia and resistance to new ways and things. Does HEB have plans for such sophisticated robotic technology or are they just a late starter? In a race, and HEB is defiantly in a race for survival, such a late start can be just as fatal as not making the effort. The whole consumer landscape is changing with forecast of a 100,000 retail stores to close in the next five years, so the whole game is changing for everyone at all levels and segments of all markets. Those who are not fleet footed, will be left behind to wither on the vine. It's happened in the past, so we can expect it to happen again.

The challenges of assimilating new technologies into a business can be daunting, even for small businesses. An example is a favorite Tex-Mex restaurant of mine, El Chaparral of Helotes

Texas, which I frequent . . . a family own business since 1972, that has been a very successful business growing over the years. Like so many other restaurants, El Chaparral decided to compensate for lost coronavirus business by offering takeout, and so they hung out a large banner offering takeout service. I was delighted, and several times called in an order on the way out of town . . . only to have no one answer the phone. So, I sat in rather long takeout lines of other restaurants, for many minutes waiting for my food, but as I drove by El Chaparral I've found no cars waiting. This didn't come as a surprise, because I had also gone to their website for their menu, only to find the 'boob' they hired to do their website wrote code that only works with play phones! (I say 'play phone' because I'm always seeing millennials and generation-Zs sitting on their butts playing with their smart phones while waiting to be replaced by a machine) so therefore, people using real computers couldn't use their website! This only shows the challenge facing so many non-technology based businesses as they try to quickly assimilate technologies they don't have skills at. At a time when survival for so many small businesses is in peril, when every sale is desperately needed, they're at an even greater risk from not being able to quickly assimilate and use technology. You don't have to be a large corporation to stumble in the world of technology.

Several years ago, some politician was going around, crowing about how he wanted to fundamentally change America, but not being a twentieth century person, didn't realize there has already been a fundamental change in America . . . and that change didn't include a large number of Americans. Now that change is becoming readily apparent, as the new social-economic system sluffs off so many people because they are not prepared for the twenty-first century. It's going to be very hard to address problems in a fair and equitable manner. In addition to those 100,000 stores closing in the next five years, it's forecast that technology will eliminate up to 50% of American jobs in the next 15 to 25 years. Everywhere, for everyone, the Great Race is on! So . . .

This is not the time for people or businesses to doddle around.

It will be interesting to watch HEB and others as they struggle to find their place in the twenty-first century. As for me, I look forward to foregoing the weekly chore of grocery shopping, irrespective of who wins the grocery race. More to follow.

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