

On-the-go groceries

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By MMR

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NEW YORK — Food retailers are adding home delivery and store-pickup services in an effort to address the needs of a small but possibly growing contingent of consumers who want the convenience of shopping for groceries online.

Jewel-Osco was set to launch a delivery service in Chicago earlier this month, allowing residents of much of the city to order groceries online and have them delivered to their homes. Orders would be filled from 11 area Jewel-Osco stores, and delivery fees would range from 95 cents to \$9.95, depending on the size of the order and other variables.

Jewel-Osco is a chain operated by Albertsons Cos., which said that its home delivery sales increased 19% in the second fiscal quarter ended September 9, and that it was planning its click-and-collect offerings.

“In addition to our retail footprint, we believe that digital innovation is becoming increasingly important to the success of our company as our customers’ preferences trend toward greater flexibility, convenience, service and personalization,” the company noted in its 10-Q filing.

The past few weeks have also seen Giant-Eagle Inc., which already offered grocery delivery in Pittsburgh and Columbus, Ohio, expand the service to parts of the Cleveland market, and Food Lion pilot a “Food Lion To-Go” grocery pickup service at a store in Charlotte, N.C.

And Costco Wholesale Corp. announced last month that it has introduced a service called CostcoGrocery, free for orders of \$75 or more, that allows members to have nonperishable grocery and other products delivered in two days via UPS. The company said it would also expand the same-day delivery of products, including perishables, via Instacart.

Walmart currently sees its grocery pickup service — which allows consumers to order online and then drive to a store and have their purchases delivered to their car — as the most convenient and viable way to make food shopping more convenient for its customers. The service is now available in more than 1,000 Walmart stores, and the company says it will double the number of pickup locations in the next year.

But Walmart, like e-commerce rival Amazon.com, is also testing other options. Walmart is trying out new delivery ideas with such companies as August Home, a provider of smart locks and other home accessories. In one test, purchases made online are delivered to the home, and if the customer is not there, the delivery associate can enter the house using a pre-authorized, one-time digital passcode.

“As the homeowner, I’m in control of the experience the entire time,” Sloan Eddleston, vice president of Walmart eCommerce strategy and business operations, explained in a blog post. “The moment the Deliv driver rings my doorbell, I receive a smartphone notification that the delivery is occurring and, if I choose, I can watch the delivery take place in real-time. The Deliv associate will drop off my packages in my foyer and then carry my groceries to the kitchen, unload them in my fridge and leave. I’m watching the entire process from start to finish from my home security cameras through the August app. As I watch the Deliv associate exit my front door, I even receive confirmation that my door has automatically been locked.”

Amazon has developed its own door lock and security camera system, called Amazon Key,” that is meant to enable similar kinds of in-home deliveries, although, initially at least, they will not include perishables.

Despite the dramatic growth of e-commerce across a wide range of product categories, however, there is some

question about how much demand there is for online grocery shopping.

According to the Hartman Group's report "Food Shopping in America 2017," about 71% of consumers said they had not placed an online order for grocery items within the past three months. Almost half (48%) of those consumers said the main reason is that they prefer shopping for food products in person. In addition, 33% said they don't want to buy fresh produce, meat or seafood online.

TABS Analytic's fifth annual food and beverage study, released last month, found that regular purchases of consumables from online outlets continued to gain momentum for the second straight year, growing to 13% from 12% in 2016.

TABS did find higher uptake of online grocery ordering in the United Kingdom, though, where online's share is twice as high.