



## 1 Major Threat to Canada's Grocers That Isn't Amazon.com, Inc.

### Description

The grocery industry is on the cusp of a major transformation. The rise of technology is opening doors for many competitors that are looking to steal the piece of the pie from traditional brick and mortar grocers. While many grocery investors may be worried about the rise of **Amazon.com, Inc.** ([NASDAQ:AMZN](#)) and its plan to take over the grocery space, there is another rising threat that could hurt grocers over the long term.

The ingredient-and-recipe meal kit service is a new business model that could be another source of pain for traditional grocers. Companies like **Blue Apron Holdings Inc.** (NYSE:APRN) and Chefs Plate provide consumers with a recipe and all the ingredients needed to make a meal from scratch using exact proportions. The service provides free shipping with weekly subscription plans.

Blue Apron has already shipped over eight million meal servings as of September 2016, and with its new IPO hitting the New York Stock Exchange this month, there could be a lot more room to grow for Blue Apron and other meal-kit companies.

The service is extremely convenient for consumers who don't want to spend time looking for recipes and searching for ingredients at their local supermarket. Even after finding all the raw ingredients, the proportions may not be precise, and that leaves more room for waste.

### Is meal-kit delivery the future?

Blue Apron is currently operating in the U.S. exclusively, while Chefs Plate, Fresh Prep, ChefX, Culiniste, and The Jolly Table are available in select Canadian locations. We're in the very early stages of meal subscription services, but the general public has rave reviews thus far, which is a promising sign for the meal subscription businesses and bad news for the grocers.

I believe meal subscription plans are the future because of the convenience it provides for consumers. Looking into the future, there could be a huge database of thousands of meals which a consumer could order and have it on their doorsteps before dinner time arrives. A lot of the meal deliveries are now automated and based on consumers' preferences. A new meal kit can be delivered on a consistent basis without any interaction needed on the consumers' part.

### **What does this mean for Canada's grocers?**

In the short term, meal subscription businesses are unlikely to cause a major impact to the top line of grocers, but as such services become more popular, the grocers could see sales slowly dwindle as the average Canadian opts to automate their meal plans.

### **Can Canada's grocers adapt?**

I suspect Canadian grocers will fight back by creating meal kits subscriptions of their own sometime in the future. The grocery industry is evolving quite fast, and companies that fail to innovate may be left behind.

**Metro, Inc.** ([TSX:MRU](#)) has been quick to adapt to the changing grocery landscape with an online grocery platform in place for customers in Quebec. It's not unreasonable to believe that meal subscriptions could be next on the list of investment initiatives. If successful, the headwinds from rising competitors like Blue Apron or Chefs Plate may be put to rest.

Stay smart. Stay hungry. Stay Foolish.

### **CATEGORY**

1. Investing

### **POST TAG**

1. Editor's Choice

### **TICKERS GLOBAL**

1. NASDAQ:AMZN (Amazon.com Inc.)
2. TSX:MRU (Metro Inc.)

### **PARTNER-FEEDS**

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

### **Category**

1. Investing

### **Tags**

1. Editor's Choice

**Date**

2025/07/07

**Date Created**

2017/07/11

**Author**

joefrenette

default watermark

default watermark