



Metro, Inc. Combats the Rise of Meal-Kit Delivery With MissFresh Deal

Description

Meal-kit delivery services are a fast-growing trend that could potentially hurt Canada's grocers. We're moving towards a "stay-at-home" economy where the average Canadian can simply stay at home and get everything conveniently delivered to them with the simple click of a button.

It's not just **Amazon.com, Inc.** ([NASDAQ:AMZN](#)) that investors in Canada's grocers need to worry about anymore; there are many meal-kit subscription delivery services popping up, and as competition picks up, Canada's grocers will need to fight back or risk a gradual reduction in sales.

If you haven't tried a meal-kit delivery service yet, then you probably don't know the huge value it offers to busy consumers who really don't want to take the time to plan meals and hunt for ingredients. Then there are the leftover ingredients that you can't use, and there's usually a tonne of waste. You could go out to eat or order a pizza, but eating out is expensive and unhealthy if you do it too often.

I've used a meal-kit delivery service; it's the best thing since sliced bread, especially if you're a millennial who's a beginner when it comes to cooking your own food. The delivery is free, the cooking experience is fun, and, best of all, you don't have to worry about what you're going to eat for dinner in a given evening. As we move into the future, convenience will be a king; a decade or so down the road, going out to buy groceries may be a thing of the past.

While Amazon and its grocery-delivery platform are years away from breaking into Canada, a lot of meal-kit delivery platforms are serving many Canadians as we speak. Chef's plate, Fresh Prep, One Kitchen, and Prepd are just a few.

Metro, Inc. ([TSX:MRU](#)) recently made a deal to acquire a majority stake in the meal-kit delivery service MissFresh; it's a Montreal-based company which delivers recipes and ingredients on a weekly basis.

Metro is one of the first Canadian grocers to embrace the changing grocery environment, and I believe the management team made a great move by acquiring a meal-kit delivery service which Metro can improve and use to drive huge long-term synergies in the markets surrounding its existing stores.

The management team at Metro is thinking ahead of the game, which is incredibly important if the company is to adapt and thrive in a changing environment. The grocery business is tough, and technology is inevitably going to be a huge disruptor in the industry. Metro knows this, and it's battenning down the hatches before the storm arrives. Amazon's delivery service and many other meal-kit delivery services are becoming popular. The Canadian grocers that fall behind will likely take a one-two punch on the chin.

Bottom line

The management team at Metro knows of the threat, and Metro is well positioned to adapt compared to its peers in the grocery space. I believe Amazon will be coming to Canada eventually with its grocery-delivery platform, but that's years down the road. However, the time to adapt and prepare for Amazon's entrance is right now, and Metro has taken steps to do this.

Going forward, the company is likely to invest a fair amount in innovation, grocery delivery, and its MissFresh platform. For investors, that has to be comforting, especially with all the fears over a changing grocery landscape.

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