



Forget Amazon.com, Inc.! Canadian Grocers Should Fear This Behemoth More

Description

The entire grocery space is a tough place for investors right now, with **Amazon.com, Inc.** ([NASDAQ:AMZN](#)) breathing down the necks of the Canadian grocers. We all know the kind of turmoil that Amazon is capable of, but it's worth noting that there are several retailers out there that could co-exist with the [rise of e-commerce giants like Amazon](#).

For investors in Canadian grocers, I think the Amazon fears are warranted; however, I think there's a lot more to fear than just Amazon. Amazon is causing major competitors to up their game, and that means the grocery business, which is already tough to thrive in with razor-thin margins, could be taken over by a select few behemoths.

Many investors are forgetting the fact that **Wal-Mart Stores Inc.** ([NYSE:WMT](#)) may have a more devastating impact on the grocery scene. Wal-Mart has the ability to fight off Amazon with its e-commerce platform, which continues to improve, and unlike Amazon, it's got a massive head-start in the grocery business with a much larger footprint in select markets across Canada. With a free shipping option for groceries, a direct response to Amazon's Prime delivery service, coming in the near future, I wouldn't be surprised if Wal-Mart leaves a bigger dent in the earnings of Canadian grocers over the next few years.

It's going to be a war for the business of Canadian consumers, and I think there's absolutely no room for error for Canada's grocers. Complex organizational structures and inefficiencies like the ones **Empire Company Limited** ([TSX:EMP.A](#)) experienced before Michael Medline jumped on board could have a devastating impact once Wal-Mart and Amazon start gaining traction in their war for dominance in the Canadian grocery market.

Canadian grocers are battering down the hatches, but will it be enough?

Loblaw Companies Ltd. ([TSX:L](#)) and **Metro, Inc.** ([TSX:MRU](#)) have been making moves to produce a competitive [e-commerce platform](#) with options for home delivery, which I believe may offset the pressures from Amazon and Wal-Mart if everything goes according to plan, but the fact of the matter is, they'll be playing ball with the likes of proven logistics superstars, so there's a huge amount of risk

should the delivery platform come up short of expectations.

Canadian grocers are going to be stepping outside their comfort zones, as e-commerce gradually becomes the preferred method of obtaining groceries for Canadian consumers over the next few years. If you're an investor of Canadian grocers, I'd pay close attention to news relating to home delivery in the coming months.

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