



## Canadian Grocers: Amazon.com, Inc. Started Delivery in the U.S. This Week!

### Description

The continued onslaught of mobile commerce has changed retail forever.

The once-impenetrable brick-and-mortar store, which, as recently as a decade ago, was seen as the ultimate sign of success in the retail market, has been dethroned by an influx of mobile-armed consumers that browse, select, and shop online from their devices.

This had led some retailers to innovate their business models, some of which have seen [incredible success](#). Others have faltered and failed.

Surprisingly, a third group of retailers exists: those that have, for the moment, avoided the mobile shopping revolution — grocery stores.

Consumers prefer to select their groceries in person rather than have them delivered to their doors. Part of this stems from lack of control we as consumers have in picking our food. We can't currently log in to our grocer's website and pick the exact piece of fruit we want (unbruised apples and green bananas), or inspect each individual egg for cracks. Another factor comes in the form of the fragile nature of perishable food being delivered. Would you want a loaf of bread and your milk to be delivered by your mail carrier?

Major grocers have so far dabbled in delivery services in a limited capacity, either by offering it via a third party or directly having store employees select and deliver the goods themselves for an added fee. And while there are some independent companies popping up, allowing local delivery from other select grocers, the entry of internet heavyweight **Amazon.com, Inc.** ([NASDAQ:AMZN](#)) into the grocery delivery business will no doubt raise some brows.

### Amazon's delivery service: A game changer?

Amazon began grocery delivery in Austin, Cincinnati, Dallas, and Virginia Beach this week, with delivery service expanding across the U.S. slated to occur later this year. Amazon is opening the delivery service to Prime members, who will receive deliveries over US\$35 within two hours. A speedier one-hour window comes with a delivery charge of US\$8.

Shoppers will select and purchase their items through the Prime Now app. The merchandise will then be bagged from Whole Food stores and delivered by drivers.

This latest move is not unexpected for the company, as many saw it as a natural extension following the acquisition of Whole Foods last year. Still, both **Loblaw Companies Limited** ([TSX:L](#)) and **Metro, Inc.** ([TSX:MRU](#)) will no doubt be watching how that service pans out with great anticipation.

Loblaw offers a Click and Collect service, whereby shoppers can select their purchase and then pick up their groceries from a local store. Loblaw has partnered with startup Instacart to offer delivery services, albeit for an additional cost.

Metro has a competing offer dubbed Online Grocery that will similarly allow customers to choose their groceries and then select a pickup or delivery time. The service is still rolling out to selective areas and comes with an additional “assembly” and delivery charge.

Amazon’s entry into the grocery-delivery business shouldn’t be perceived as an immediate threat to both Loblaw and Metro, but both companies should take this as a warning shot of where the internet behemoth is heading and use that as a reason to continue bolstering the delivery and sales offerings of both.

### Looking beyond grocery delivery

Grocery delivery is just the latest incursion in how our shopping habits are changing our traditional views towards retail. Another emerging area where Metro has taken the lead is in the realm of meal preparation.

Working parents and millennials are shying away from, or just lack the time for, traditional meal preparation. When you factor in a healthier lifestyle that discourages frequently ordering take out, an emerging opportunity emerges for services that offer fresh ingredient delivery along with meal preparation instructions.

Metro’s acquisition of MissFresh last year is just one of the reasons why the grocer remains a [great growth opportunity](#).

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