



## Here's How Grocery Retailers Are Leaning Into the E-Commerce Explosion

### Description

In 2017 North American grocery retailers were delivered a shock when **Amazon** acquired Whole Foods for \$13.7 billion. The prospect of Amazon going into grocery retail had many analysts concerned for traditional retailers. Amazon has disrupted much of the old guard through its revolutionary e-commerce model. Late that year I'd explained why I thought grocery retailers were in a good position to [counter this disruption](#).

According to NPD Group, grocery e-commerce accounts for less than 10% of the overall market. However, it has posted 20% annual growth over the past three years. E-commerce food retail is projected to triple by 2022.

**Loblaw Companies** ([TSX:L](#)) is the largest food retailer in Canada. Shares of the grocery giant had climbed 6.1% in 2019 as of close on April 24. The stock was up 25.1% from the prior year.

In May 2018 Loblaws revealed that it was accelerating its grocery e-commerce push. The company announced plans to "blanket" Canada with grocery e-commerce shopping options by the end of 2018. Loblaws rebranded its Click & Collect program to PC Express and unveiled an expansion to more than 700 stores by the end of last year.

In its recent Q4 2018 report, Loblaws touted its digital sales numbers. Loblaws said that it had grown its digital sales to more than \$500,000 during 2018. The number illustrates just how early we are in the expansion of e-commerce retail in the grocery sector.

### Empire Company ([TSX:EMP.A](#))

Empire Company is a grocery retailer that operates many retail banners including Sobeys, IGA, Farm Boy, and others. Shares of Empire were up 1.7% in 2019 as of close on April 24. The stock was up 20% from the prior year.

Empire is taking a slower approach to rolling out its e-commerce network. The company is waiting for the spring of 2020 to roll out its e-commerce grocery business that it will run in partnership with the

British firm Ocado. Empire's Chief Financial Officer Michael Vels said that the platform would not be immediately profitable. The company expects its e-commerce channel to initially be focused in the Greater Toronto Area.

The company released its fiscal 2019 third-quarter results on March 13. Same-store sales excluding fuel posted 3.3% growth and Empire said that progress was on track for its e-commerce development in the GTA.

## Metro ([TSX:MRU](#))

Metro was my [top ranked grocery stock](#) for 2019 in an article late last year. Shares were up 3.1% in 2019 as of close on April 24. The stock was up 18.5% from the prior year.

Metro entered the e-commerce game earlier than its competition in Canada. However, its initial offerings were only available in parts of its home Province of Quebec. In 2018 and 2019, Metro announced that it would pursue an expansion of its offerings into Ontario. It expects to achieve this by the late spring. Metro was an early adopter of e-commerce, but its sales have still been comparatively small to start out.

The expansion of e-commerce will be a costly but necessary push for Metro and its peers.

### CATEGORY

1. Investing

### TICKERS GLOBAL

1. TSX:EMP.A (Empire Company Limited)
2. TSX:L (Loblaw Companies Limited)
3. TSX:MRU (Metro Inc.)

### PARTNER-FEEDS

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

### Category

1. Investing

### Date

2025/08/18

### Date Created

2019/04/28

### Author

aocallaghan

default watermark