

E-COMMERCE The Grocery Store May Be on Its Death Bed

So-called 'click and collect' may be the future of shopping for groceries

By Brad Tuttle @bradrtuttle | Oct. 08, 2013 | 2 Comments

The need for the weekly 30-minute expedition browsing up and down the aisles of the supermarket is being eliminated. Instead, many shoppers are taking advantage of new services, in which they place an order online and hit a convenient pickup location to retrieve their groceries—often without ever having to leave the car.

Despite the spread of options offering online groceries shipped to customers' homes, consumers have largely been reluctant to jump on board. While the service sounds remarkably convenient, many are uncomfortable letting someone else pick out the meat and produce that'll wind up on their table. Others worry about food freshness or tomatoes being bruised in such an arrangement, plus the need to block off time to wait for orders to arrive. Cost is a factor as well in



grocery delivery (especially for same-day shipping), and since groceries are typically needed at least on a weekly basis, these are costs that can quickly add up.

Many of these issues are eliminated through the emerging option of curbside pickup, in which shoppers place orders online and head to a pickup location at a specified time. There are generally no shipping charges, though there may be a fee for expedited (same-day) pickup. At pickup stations, drivers sometimes don't even have to leave their cars. That may be a bonus for customers with young kids in tow—they can stay securely buckled while dad's order is deposited in the vehicle. The idea is that the weekly supermarket shopping excursion, which can be a time-consuming ordeal, is transformed into a pit stop that's as quick as a trip to the gas station.

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In fact, gas stations are among the pickup locations, alongside mobile stations (the back of a truck), large corporate centers and offices, and actual supermarkets. The *Washington Post's* Jonathan Heath recently detailed his experience visiting a gas station/grocery pickup center run by Giant Food and its partner, Peapod online grocery service. "You drive to the store, where a Giant employee deposits your order, from a loaf of bread to 50 bags of groceries, into the trunk," Heath explained. "You don't even have to unbuckle your seat belt."

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Giant offers pickup at 21 locations in Virginia and Maryland, and its sister brand, Stop & Shop, has been testing pickup in the Northeast. Relay Foods, a Peapod competitor, offers online delivery and "drop spot" grocery services in Virginia and the Washington, D.C, area, and it wants to add prepared (i.e. cooked) foods into the mix. Large grocery sells like Safeway and Walmart also offer various grocery pickup services, as do smaller players like North Carolina's Lowes Foods and Market District, with locations in Ohio and western Pennsylvania. (Beware: Each of these services is different; not all are free, and some require customers to go into stores for pickup rather than wait in the car.)

Zach Buckner, founder of Relay Foods, told the *Washington Post* that the online model "is undoubtedly the future of grocery shopping." He even envisions a day when supermarkets will disappear, just like video stores before them. "Netflix, Apple iTunes and others have wiped the video store category off the map. The same thing is on its way for groceries."

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CNBC's Bob Sullivan noted that drive-thru or "click and collect" grocery services have been popular in Europe for several years, with sales rising at a faster pace than in the U.S. Tesco, the U.K.'s largest supermarket chain, has roughly 200 "click and collect" grocery locations in the U.K., and it has its eyes on pushing into the online retail space even further with the recentintroduction of Hudl, a an Android tablet computer that it will sell exclusively.

The "click and collect" model is hardly limited to groceries. Curbside pickup has been available at chain restaurants like Applebee's and Outback Steakhouse for years, and it is being tested by fast food giants such as McDonald's. Sure, McDonald's already has the drive-thru. But *Bloomberg News* reported that curbside pickup is being tried out at McDonald's in coordination with a mobile payment system, so that no cash or card swiping (or waiting in the drive-thru lane) is necessary. Last year, the Container Store introduced a drive-thru service in which employees bring online purchases out to the customer's waiting car. And virtually every major national retailer has some variation of a buy-online-pickup-in-store option, of course.

Amazon Lockers, in which orders are picked up with a code at a locker inside a store like 7-Eleven, was discontinued at Staples and Radio Shack, but most expect that the program will keep growing. To better compete with Amazon and its lockers system, eBay and the UK's Argos retail chain just announced a trial partnership allowing online shoppers to pick up purchases from 50 eBay vendors at 150 physical Argos stores.

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Overall, the trend is that shoppers can increasingly purchase whatever they want, wherever they want, and they can get it into their hands astonishingly quickly and conveniently—without ever having to resort to what we've traditionally thought of as "going shopping."



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