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## Relay Marches On Washington: Grocery Delivery Startup Gets \$8 Million For Metro Expansion

Residents of [Washington](#), D.C. no longer have grocery shopping as an excuse for their slow progress on an immigration bill and the sequester. Online grocery marketplace Relay Foods announced major expansion in the Washington and [Baltimore](#) area markets Friday on the heels of a new \$8.25 million funding round.

“We are taking money because our appetite is bigger than our customers,” says founder and CEO Zach Buckner. “It’s huge for the company in that this more than doubles our funding and allows us to expand aggressively into the D.C. and Baltimore markets.”

Relay currently has a strong presence in [Richmond](#) and [Charlottesville](#), VA., where Buckner started the company in 2007. Relay launched in 2009 with the help of legwork from interns from local colleges like the [University of Virginia](#) and Virginia Tech, and then expanded to Richmond. According to Buckner, Relay’s strategy was to prove its viability in a college town and then a small city before moving in on “advanced metropolitan areas” like Washington. The company will be opening its Washington fulfillment center at the end of April and working initially with about 35 local providers, including a local SuperValu location. Relay’s model has been to partner with a local SuperValu and Whole Foods to cover food staples and healthier and organic foods; it also partners with more local stores like bakeries to provide fresh and more artisanal products. According to Buckner, the company is also increasingly partnering with brands directly, such as the eco-friendly cleaning product



Relay founder and CEO Zach Buckner wants to deliver you local treats alongside your grocery staples. (Image credit: Relay Foods)

company Seventh Generation.

Shoppers use Relay by picking their food and vendor options on the Relay site and then selecting a designated pickup location and time. The Relay service offers free pickup from designated locations where shoppers pick a day and window of hours to go get their goods (the most central in Washington to date has been its stop between Adams Morgan and Dupont Circle, with a few in the suburbs). Relay will deliver food to your door on designated days for \$10 per individual order or monthly plans that run \$20 a month in Washington and \$25 in Baltimore. Those individual prices are roughly similar to delivery fees for major services like New York and Philadelphia's FreshDirect delivery service, which charges \$6 or \$7 dollars in Manhattan and \$8 dollars per order in Philadelphia. Peapod, a subsidiary of Royal Ahold and another major grocery delivery service that reaches New England and the mid-Atlantic as well as Chicago, Milwaukee and Indianapolis, charges similar rates (with a small fuel surcharge) in addition to its free pickup.

Much of Relay's savings come in its free pickup, however, and Buckner says that a dozen more trucks will be hitting the streets in Washington shortly, along with a street team that will expand from 7 people to six times that number in the next couple months. Relay also seeks to differentiate itself from large grocery players with its emphasis on local products. Another new player that's gotten recent attention for a similar focus on local is GoodEggs, a startup based out of San Francisco that was founded in 2011 and [launched](#) in the Bay Area several months ago. The company works with about 40 ultra-local vendors, with its own free pickups and delivery for \$3.99. While Buckner wouldn't discuss specific competitors with FORBES, he noted that his own Relay team has noted dozens of efforts across the country. GoodEggs, which is coming soon to Brooklyn, may be the most high profile, but Buckner implied its mission remains more boutique:

"There are a few players who are the Wal-Mart of this business, going after the buy-large category," Buckner says. "Then there are boutique ones who are farmers markets on wheels. Relay focuses on the organic and natural like Whole Foods does, but with the farmers market tacked on the side."

The Series B round announced Friday brings Relay's funding total to almost \$14 million. Battery Ventures and TomorrowVentures remain important backers, but Buckner says Relay has many more family-based smaller shops backing the company; avoiding traditional Wall Street firms has allowed the company to issue only common stock to date.

Relay is confident that the models that have worked for it so far—it says it earns a net positive cash flow per transaction, though the company is not yet profitable—will continue to work in Washington and Baltimore, where the new funding will help build scale, as well as help the company expand its presence on mobile. Then the company plans to look south and creep up to Philadelphia in the next several years. For New Yorkers looking for a new player to shake up the current mix, battle between the delivery grocers will have to wait at least a few months.

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