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## Thomas Heath Columnist

### Value Added: Grocery store pickups could be next business disruption

By Thomas Heath, Published: October 6 [E-mail the writer](#)

My wife and I pulled up to a Connecticut Avenue gas station a couple of weeks ago, and I was surprised to see that it was owned by Giant Foods.

I knew Giant operated 170 grocery stores in the Washington region. But I didn't know the supermarket chain was in the gasoline business. Then I noticed something even stranger.

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(John Robinson/Relayfoods.com) - Maddy Hall, a Relayfoods.com employee, hands groceries to a customer at one of the company's mobile pickup locations at the Arlington Arts Center.

Giant had turned the former Sunoco station into a drive-through grocery store for online ordering. It is part of Giant's new pickup service. Instead of its traditional Peapod home delivery, 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.

You don't even have to unbuckle your seat belt.

Giant's 20-store pickup offensive is part of a broader invasion into the Washington region by grocery businesses disrupting the current big-box model by offering an online alternative to the weekly grocery store trip.

Starting last fall, Charlottesville-based Relay Foods, founded by entrepreneur Zach Buckner, has established 35 pickup locations around Washington, with a goal of hundreds eventually. Safeway, the other dominant Washington grocer, has started a pickup business. New York-based FreshDirect and Seattle-based Amazon Fresh, owned by my new boss, Jeff Bezos, may not be far behind.

"This is undoubtedly the future of grocery

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shopping,” said Buckner, who predicts that grocery stores will go the way of the video store. “Netflix, Apple iTunes and others have wiped the video store category off the map. The same thing is on its way for groceries.”

Buckner, 35, is a Baton Rouge native with electrical engineering degrees from the University of Virginia. He had a “flash of insight” while fixing the dehumidifier at his Charlottesville home six years ago.

“I had to go back to Lowe’s for the third time for sheet metal screws, and it was 20 minutes away.”

He thought there might be a business in delivering the stuff instead of constantly going to the store. Buckner then decided that food was the sweet spot for the delivery business because you had to keep buying it.

“If I sell you an \$8 block of French cheese,” he said, “it doesn’t take much space, it’s got a big margin, and you eat it and you’re going to buy it again.”

He wrote a business plan and in 2008 won a \$2,000 award from U.Va.’s Darden School of Business. He used the money to buy a laser printer and make a down payment to lease a rental truck. He borrowed from his 401(k) investment fund.

The business, like many start-ups, had its beginning in his house — in his dining room, to be exact, which he converted into inventory holding area. He used a church parking lot next to his home to sort customer orders. He worked on the business through 2008, using systems engineers to help him fine-tune the software for the online ordering. He opened the business to the public in Charlottesville in early 2009.

By the summer of 2009, he was making enough money to cover the truck lease and then some.

Relay Foods has 110 employees, and the company has raised \$14.5 million from venture capital firms, including investments from Google Chairman Eric Schmidt’s investment vehicle, Tomorrow Ventures, and from Massachusetts-based Battery Ventures. Buckner said the firm has about \$10 million in revenue.

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**RossEmery** wrote:  
8:48 AM EDT



The term "business disruption" is a little generic. "Digital disruption" is more to the point.

I've tried home delivery of groceries a couple of times, and it's definitely a convenience. But I still prefer to select my own fresh fruits, vegetables and meats at the neighborhood grocery store. Organic qualities still have their value.



**choqokat** responds:  
9:24 AM EDT

I see organic farmers selling their entire lots...within a consortium. An incentive to improve, if necessary. Not a huge gamble, even for the Buckners, since some organic farms tend to be smaller. A slightly higher price for that convenience - for both you and the farmer who doesn't have to keep staff standing at a stall all day - and for the comfort of knowing a local farmer is kept in business. It's a win-win. The tracking of produce in real-time is key, but this is not new, right? Farms are already barcoded to stop the spread of nasties like E. coli. Just some thoughts on my simplified version.



**Corn\_Laden** responds:  
9:30 AM EDT



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Gold Dec13	1,325.10 USD/T Oz.		↑ 1.16%
Corn Dec13	446.25 USd/Bu.		↑ 0.68%
Soybeans Nov13	1,292.75 USd/Bu.		↓ 0.17%

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