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# Features






## New online grocers put local food a click away

WHITNEY PIPKIN | TUESDAY, MARCH 05, 2013



COURTESY RELAY FOODS

Elissa Parker came home from a vacation to the Florida Keys last month to find a box of groceries waiting on her D.C. doorstep. She had placed her weekly order — for organic vegetables and a few items for her meat-eating husband — on [Relay Foods'](#) website a couple days before.

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"I tell all my friends who work that they should do this," says Parker, who pulls long hours at an environmental think tank.

"You literally come home from work or travel to fresh food at your door."

The Charlottesville-based online grocer recently expanded into the District, Baltimore and Philadelphia with its acquisition of the delivery service Arganica Farm Club, which already had a growing fan base in the city.

The merger was made public in September and — after raising \$8 million from investors at the end of last year — Relay Foods is primed to expand its market share in the city.

"You literally come

Relay Foods launched in 2009 alongside a new wave of online grocers who see food purchases as "the last frontier of e-commerce," says Caesar



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Chez Hareg Organic Market to open at 806 H St NE in April; warehouse in Trinidad coming around the same time.



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MicroGreens started last year in one D.C. school, teaching 10 middle-schoolers to cook for a family of four for under \$3.50 a meal. But founder Alli Sosna has big plans, and she won't stop until every student in America knows how to wield a knife, julienne carrots, and roast a chicken.



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Hundreds of D.C.-area chefs are boarding boats on the Chesapeake Bay to see firsthand how the local fare is harvested, and what makes it menu-worthy.

home from work or travel to fresh food at your door."

Layton, Relay's senior vice president of marketing and sales.

As buyers move more of their purchases online and away from brick-and-mortar buildings, food is perhaps the last retail sector left largely untapped by Internet sales. Research firm IBISWorld estimates that online sales account for just 2 percent of packaged food purchases in the U.S. each year.

But the firm also predicts that such online grocery sales will grow by nearly 10 percent each of the next five years to more than \$9 billion as more eaters become comfortable with buying food online.

Relay is not the only company looking to capitalize on that growing market, joining others like Fresh Direct and Amazon Fresh, Giant's Peapod delivery service and Washington Green Grocer.

But Relay's niche falls somewhere between the Peapods and the Green Grocers of the market, as it sells conventional grocery store products alongside a smattering of locally grown and created offerings — available for pick-up or delivery.

"We are capitalizing on a couple of trends: the local food trend and that people are becoming more comfortable with buying food online," says Layton, who was hired in July to help Arganica transition to Relay Foods. Relay, he says, had the technological and physical infrastructure the family-owned Arganica needed to grow and expand in D.C.

Jed Fox, a Relay Foods customer and executive chef at Tommy Joe's Restaurant in Bethesda, started receiving Arganica products as a gift. He says the transition to Relay has gone off without a hitch, as he's continued receiving a weekly box of vegetables, along with whatever else piques his interest.

"I work six days a week and shopping was kind of difficult, so it was interesting to find people that would deliver to me and I could take that step out of my life," says Fox.



As a chef, Fox says the quality and locality of the products is key to his buying decisions and had kept him from opting for grocery deliveries in the past.

But not everyone comes to Relay Foods for access to local products. Layton says several customers use the service out of sheer convenience. (Orders can be changed throughout the week, but must be finalized by midnight two nights before the delivery or pickup day.)

That's where the for-profit's quasi-nonprofit side comes in. As a newly minted [B Corporation](#) — which certifies that the company exists to not only make money but also to benefit the public in some way — encouraging local food purchases is actually part of Relay's mission.

"We try to ease people into eating

While it makes the conventional products available, Relay's website also suggests to customers the local or organic alternatives — like



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A former beauty salon in 16th Street Heights will become a small grocery store stocking Ethiopian staples and more.

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## local without bashing them over the head."

Amazon.com suggesting a book you may like, based on your purchase history — subtly guiding customers toward more sustainable purchases.

"We try to ease people into eating local without bashing them over the head," says Layton.

The company uses products like the Pennsylvania-produced Trickle Springs milk — and its creamy, old-world taste — as a sort of "gateway food" to get convenience shoppers aboard the buy-local train.

Its website features bios and photos of local producers that draw customers in until, suddenly, their carts are full of items they didn't know they needed (locally-laid quail eggs, anyone?)

But what saves customers from trekking to the grocery store does come at a higher price. Layton likened Relay's prices to Whole Foods' for similar products, but says the costs are "competitive" with other stores on conventional items like milk or bananas (online grocers have their "loss leader" products, too). Convenience items like ready-to-cook meals curated by D.C. chefs cost about \$45 and feed a family of four. It costs \$20 a month to have the boxes delivered to your door each week, or they can be picked up at various locations for free.

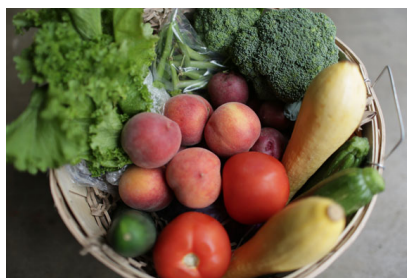
History has shown that not adding a premium for the delivery services, which are subject to variables like gas prices, can be the end of such online grocers.

The first wave of grocery delivery companies started in 2000 and ended abruptly when the industry's biggest name, Webvan, went bankrupt, laying off 2,000 workers within a year of raising nearly \$400 million for a too-fast expansion.

"That killed online grocery for a while," Layton says.

But several trends are converging today for a possible comeback — especially among a D.C. audience with less time for shopping and more expendable income. Besides the growing urge among consumers to find and eat locally sourced or organic foods, the delivery services also benefit from a slightly greener image than their storefront counterparts.

A 2010 case study of Relay's Charlottesville operation by MIT's Center for Transportation and Logistics Center found that a delivery truck driving to several locations or to a pickup spot once a week left a smaller carbon footprint than several customers driving to and from the grocery store.



But even the online grocer's green, convenient and locally oriented image may not be enough to make people change their long nurtured food-buying habits.

"One of the major obstacles to online grocery is quite simply that customers are happy with how they get their groceries now," Mirko Warschun of research firm A.T. Kearney wrote in a paper about the market.

So far, there's at least one Relay convert in D.C. who couldn't be happier.

"I think they're superb and I totally depend on them," Parker says.



Read more articles by Whitney Pipkin.

Whitney Pipkin is a freelance journalist who covers food, agriculture, and the environment and lives in Alexandria, Va. She writes about food, etc. at [thinkabouteat.com](http://thinkabouteat.com).

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**Kaitlyn North Watkins** · Rockville, Maryland

Hometown Harvest ([www.hometownharvest.com](http://www.hometownharvest.com)) is a local MD-DC-VA delivery service that works directly with area farmers to distribute produce and local products to customers based on what's in season. All orders are placed online and delivered weekly, with a much lower markup on items than Relay Foods, so far.

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**Caesar Rodney Layton** · Senior Vice President at Relay Foods

Hi Kaitlyn...thanks for the information regarding your company. Your support for the local food movement is important and we wish your company the biggest success possible. Please note that one of the central tenants of Relay's mission is to maximize the value that goes directly to our local farming partners. We pay above market rates to our local farmers to ensure that they have a thriving and permanent local market to build the future of their farms off of. We are happy that your company is focused on a similar mission and we look forward to building the local food movement together.

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