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A woman stands next to a sign that says "We love startups" with heart drawings. The banner is for the "vator splash 2013" event in Los Angeles, May 30, at Hollywood Roosevelt. It describes the event as being for influencers in the high-tech entrepreneur community and offers over \$25K in prizes, with a button to "ENTER to PITCH".

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Relay Foods raises \$8.25M for online grocery shopping



The startup aims to bring farm fresh food to your doorstep. Can they pull it off?

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April 12, 2013 | [Comments](#)

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Grocery shopping sucks. Unless I'm going to Whole Foods to scope out some hot stay-at-home dads carrying babies, I'm bummed about the whole prospect. E-commerce for groceries has been a slow process, with a few large chains offering online orders for pick-up or delivery, but if you want high-quality, artisanal, and farm fresh foods, you're shit-outta-luck most of the time.

One startup that's looking to tackle that problem—[Relay Foods](#)—announced Friday that it has raised \$8.25 million in a round of funding that brings its total raised to \$14.25 million altogether. The investors were not named, but Relay Foods is a portfolio company of Battery Ventures and Tomorrow Ventures.

The company has a pretty ambitious goal: find an economically sensible way to deliver fresh food to consumers. It's harder than it sounds. Remember Webvan? Brilliant idea, but it was like a baby born too soon. The people weren't ready for it, and it went under.

There was also the problem with expenses. Webvan closed its metaphorical doors for good in the summer of 2001, but before it did, the grocery delivery service posted a net loss of \$217 million in the first quarter, which was tacked onto an overall deficit of \$830 million. The process of delivering groceries involves a network of resources, including storage, fulfillment centers, trucks and drivers, and more.

Relay Foods plans to use the new capital from this round to expand its market share in the Washington DC and Baltimore areas, as well as expand into Williamsburg, Virginia. The company is also launching its own dedicated mobile platform and redesigning its marketplace.

The company allows customers to order everything from fresh produce and meat to canned soup and greeting cards and get everything the next day. Customers can arrange to pick up their items at a convenient location, or they can have their items delivered to their homes.

Co-founder and President Arnie Katz says that Relay Foods is adding 15 new vehicles to its fleet,

increasing its cooler and freezer capacity, and launching a commercial kitchen project which will produce Relay branded or co-branded prepared foods. This will be an addition to the company's in-house butcher.

"After spending the last four years developing our supply chain, delivery infrastructure and customer base, Relay has a clear first-mover advantage within the online grocery space, especially in mid-market, highly suburban markets rarely targeted by other online grocer competitors. This is because our business model is uniquely positioned to move rapidly and cheaply into new markets," said co-founder and CEO Zach Buckner.

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