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Zach Buckner thinks Relay Foods' online grocery model is ready for the national stage

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Blue Moon Diner



Relay Foods founder and CEO Zach Buckner. Photo: John Robinson

News



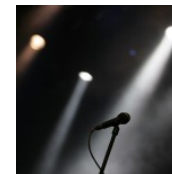
Laura Ingles

12/04/12 at 8:42 AM

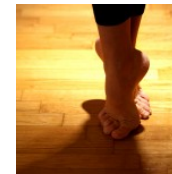
Zach Buckner was on his hands and knees in the crawlspace under his house with a tool belt and the wrong type of screws in his hands when the original idea for Relay Foods was born in 2007. He'd already made several trips to Lowe's that weekend, and had no desire to make another hour-long drive for \$4 worth of hardware. His solution? The serial entrepreneur created Retail Relay, an online hub and delivery system for everything from sheet metal screws and toilet paper to produce and handmade belts.

"It's a totally irrational thing to do," he said. "The odds are against startups."

After months of test runs in his dining room with one employee and a rented delivery van, Buckner narrowed his market to a




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product with higher value density and return purchase rate: groceries. In 2010 Retail Relay became Relay Foods, a startup business that allows shoppers to buy groceries online from dozens of local vendors —it's a grocery delivery service with a twist. The concept is based on a model that failed elsewhere over and over, so the founders came up with a new solution: Cut out the last mile of delivery, and let the customers come to them. Now, after the company bought Arganica Farms Club and became the largest online food marketplace in the Mid-Atlantic, Relay delivers 25 truckloads of groceries each week, employs about 70 people across five cities, and is currently hiring.

Attempts at online grocery businesses have failed all over the country. It's particularly hard to make the model work in the suburbs. Going door-to-door in areas like greater Charlottesville, where homes are more spread out than metropolitan cities, isn't sustainable with gas prices as high as they are. That's where the "relay" concept comes in.



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The Relay Foods distribution center on Carlton Avenue is always bustling with employees sorting groceries, packing and checking individual totes, and loading the trucks for drops and deliveries.

Photo: John Robinson

Relay employees make regular trips to local vendors and stores, which range from Whole Foods and Foods of All Nations to AnnaB's Gluten Free Bakery in Richmond and the Cheese Shop in Afton. They then sort thousands of groceries into row upon row of Rubbermaid totes at the distribution center on Carlton Avenue and load them onto one of 15 trucks. Shoppers can pick up their groceries at any of the 22 drop locations, which are scattered across the city and surrounding counties as far as Afton and Lake Monticello.

“They’re positioned so you don’t have to drive to them,” Buckner said. “You’re driving by that spot anyway, so it’s like we’re passing the baton to you for the final leg of the relay.”

Marc Levinson, author of *The Great A&P and the Struggle for Small Businesses in America*, has spent years studying the history and economics of grocery stores. He said historians have paid far too little attention to the economic impact of changes in grocery distribution. The industry shifted to big box stores after World War II, and he said he expects more changes in the near future.

“We’ll see a very different business model,” he said. “Everyone will be trying to integrate their physical presence with their



online presence.”

Levinson said he thinks the 100,000 square foot grocery stores and the mom and pop local shops can coexist, but there’s no telling for how long.

“Clearly there are still plenty of people who show up at the big box stores. That being said, there aren’t so many being built anymore, and a lot of them are too big and being subdivided,” he said. “I think all retailers in general are searching for an answer.”

The guys at Relay believe they’ve found the answer.

Grocery gurus

A born entrepreneur, Buckner started out selling flowers and opening a computer sales business as a kid. Now a father of four, the UVA graduate has a master’s degree in electrical engineering and five patents. He’s also founded VCMentor.com and Data Mining Advisors, online consulting companies.

Shortly after starting Retail Relay, Buckner met Arnie Katz, an Israeli food lover who, after helping out for a summer and tossing around ideas, became co-founder of Relay Foods.

Katz spent most of his life on a kibbutz in Israel, where fresh, homegrown food was the only option. As the son of a farmer, he grew up eating fruits and vegetables straight from the ground and drinking milk from a cow he could see from his kitchen window. When he came to the U.S. to attend UVA’s Darden School of Business about five years ago, he said he had no idea

where his food was coming from and couldn't get used to the flavors. He met Buckner in 2009 when Relay consisted of one truck and three delivery runs per week, and instead of taking a job with the Boston Consulting Group, he opted to work for Relay with no pay for almost a year. He said he'd hoped to see a successful online grocery model since the 1990s, and was thrilled to join the team.

"I fell in love with the company," he said. "The tastes from my childhood started coming back."

Buckner and Katz said they embraced the mistakes made in previous models like Webvan, the online grocery business that went bankrupt in 2001. After three years, Relay Foods is growing, and the executives at Relay don't plan to rest until the service is available coast to coast.



John Whiteside of Wolf Creek Farm has his local, grass-fed beef distributed through Relay Foods, and says it helps him reach an

entirely new customer base. Photo courtesy Relay Foods

Vendors are thrilled at the opportunity to reach an entire customer base they never had access to before, and city folk can try out products like Wolf Creek Farm's beef without traveling to Madison.

Expanding was an easy decision for the Relay executives. Delivery trucks started making the trek down I-64 to Richmond in 2010, and the online market opened up to D.C. area customers two years later when Relay acquired Virginia-based Arganica Farms Club.

According to Buckner, the company is on the verge of even more expansions. Executives are preparing to close on a round of investments that will enhance and extend Relay's service across all markets. A new version of its website—including mobile and tablet versions—is in the making, he said, and things like fresh, wholesome lunch bento boxes and juicing kits are on the way.

“We started from zero, and our goal is to be a national company,” said Senior Vice President Kevin Kurzendoefler.

“We've grown triple digits in sales every year, and we now have delivery trucks operating every day.”

Watching the bottom line

Kurzendoefler joined Buckner and Katz in 2010 with an MBA and seven years of experience working at Kroger as everything from

bagboy to logistics project manager.

“For me it was less about local food, and more about not going to a grocery store,” he said.

Now that he’s been with Relay for two years, he said he and his wife are much more conscious of healthy, local eating. But he came on board with an interest in getting food from point A to point B as efficiently as possible, and an understanding that cutting out the middleman was going to make grocery shopping easier for everyone.

The scattered drop-off locations save customers the hassle of driving all over town for the perfect assortment of local groceries, Kurzendoefler said. And especially for those who used to travel from Rebecca’s Natural Food for NoBull Burgers to Chandler’s Bakery for a loaf of pumpkin bread, the free pickups save gas and time.

Gas money aside, Kurzendoefler said customers can actually save on weekly grocery bills using Relay because it’s easier to keep track of the cost.

“Every one of us has had sticker shock in the grocery checkout line,” he said. “But when you do it online, it tallies everything for you.”

Skeptics of the company may have a hard time allowing strangers to pick out ingredients for the meals they’re feeding their families. But Kurzendoefler said the concept of someone

else selecting your food is nothing new.

“For as long as people have been going to a grocery store, people have also been going out to eat,” he said. “If you order a steak meal from a restaurant, you don’t know where the cow comes from. You don’t know how the potatoes are prepared. You trust that chef to pick out the best food and prepare it exactly how you would like.”

And for produce lovers with trust issues, who have to find the perfectly un-bruised apples and the right consistency avocados every time, Katz added that Relay’s process actually ensures that as few people handle the fruit and vegetables as possible.

“Most of the waste from a grocery store comes from the fact that people are picking things up, squishing them,” Katz said. “That’s about 20 percent waste. Imagine 20 percent of the milk in the grocery store gets thrown away every day.”

Katz said it’s pretty simple why Relay is the best option for groceries.

“It’s good for the consumer because the prices are better, and it’s good for the environment,” he said. “It’s just good for everyone.”

John Whiteside of Wolf Creek Farm, a grass-fed natural beef producer in Madison, said he’s always loved the outdoors and valued local food. He spent his early adult years in corporate America, using his degrees in geophysics and business from Yale

and Harvard to pursue a career with IBM Global Network. Whiteside found himself in Virginia in the 1980s, and has since devoted his life to raising antibiotic-free, grass-fed cattle.

Buckner approached Whiteside while the concept of Relay was still coming together, and wanted to know what he thought as both a farmer and a businessman.

“I thought the idea was pretty encouraging,” Whiteside said. “The consumer base is very well educated about the local food movement, and the technology allows people to go back to a more personal relationship with whoever’s making their food.”

Whiteside believed the model could work, but said he saw three huge risks on his end: time, money, and branding.

Teaching the founders about his farm alone took up a tremendous amount of time, he said, but it was essential for a successful business relationship.

“I had to educate them on the dimensions of my business,” he said. “For example, it takes two years for me to get an animal to harvest weight. There’s lots of planning, figuring out the demand.”

Financially, entering the partnership was a huge risk for Whiteside. Relay didn’t yet have the capital to buy the beef wholesale and resell it, so Whiteside essentially put his product out on consignment, without a guaranteed sale.

Whiteside had been in the local food market for years and had a loyal following of customers who had high expectations for the beef. Factors like freezer temperatures at the distribution center and inventory dates could affect the meat's quality, potentially tainting the farm's reputation with damaged goods.

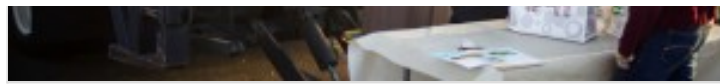
“We confronted those risks head-on,” Whiteside said. “We’ve had an open flow of communication, and it was absolutely worth it. My customers love it.”

Relay Foods doesn't change what farmers do. Whiteside said he is still responsible for educating his customers through farmers' markets and tours. But once consumers know what they're looking for, he said, Relay is a “tremendous distribution mechanism” that allows shoppers to get everything in one place.

Culture of innovation

The company's founders are young—both in their 30s—and their efforts to give even those in entry-level positions a voice in the startup has made it an attractive place for many recent college graduates.





Pickup locations scattered throughout the city and surrounding counties are friendly and less hectic than the lines at grocery store checkouts. Photo: John Robinson

In addition to flexible work hours and competitive benefits, Buckner said educated young people in the area are naturally attracted to an innovative, technological company that is growing so quickly. With recent expansions and more on the horizon, employees in their 20s who started out as drivers are taking on more leadership roles.

UVA graduate Brandon Cline has a bachelor's degree in systems engineering, and started working for Relay just over a year ago.

“We wear a lot of hats around there, which can be a challenge,” he said.

His responsibilities include delivering food door-to-door on morning routes, sorting and loading hundreds of totes at the distribution center, and doing evening drives and drop-offs. Managing so many jobs can be daunting, but he said it lends itself well to a cohesive and collaborative team. Because everyone dabbles in a little bit of everything behind the scenes, he said employees on every level get a say and are encouraged to weigh in and problem solve.

Frozen foods, for example, used to be kept in coolers on the trucks, separate from the rest of the orders. Drivers had to

check the cooler for items every time a customer picked up an order, which Cline said was easy to forget during rushes. So a driver suggested storing the goods in individual freezer bags packed with the rest of the order, which Cline said has been much more efficient.

“Everyone’s opinion matters,” said Cline. “It’s a really great group of people to work with.”

The tractor trailers with giant cows painted on the sides are hard to miss when they’re parked around town, and the atmosphere couldn’t be more different than in a bustling grocery store. The drop-off time windows are about four hours, and Cline said even during the evening rush, he doesn’t usually have a line of more than four or five cars at a time waiting for their groceries.

Moms in minivans and young professionals on bicycles steadily trickled in, chatting with one another in line and thanking Cline profusely for the care he put into loading their groceries.

Mary Wade, a nurse at Martha Jefferson Hospital and a mother of three, has been shopping through Relay for about two years. As a connoisseur of local food who used to go to the farmers’ market every Saturday morning just for free-range eggs, she said it’s been a godsend.

“I actually enjoy grocery shopping. And in a couple years if I ship all the kids off to grandma’s and want to make something crazy, then I’ll go and source all the ingredients myself,” she said. “But right now it’s more about the time, and what I would

rather be doing.”

In the years she’s been buying her groceries online, Wade said she’s come across a few overripe avocados and only one real mix-up. Relay also offers city trash disposal tickets, and when Wade realized at home she’d been given the wrong set, she called customer service and was astounded.

“They came to the house with the right tickets and a box of Gearhart’s chocolate,” she said. “It was amazing.”

After Cline helped her haul four bags to the car and waved to her kids in the backseat, Wade thanked him, slammed the side door shut and climbed in the front.

“See you next week,” she called out the window.

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It's a nice business concept on the local level, but on a national level? Forget it.

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Forest focused: SELC attorney works to protect public lands

BY GRAELYN BRASHEAR | 0

Sarah Francisco first came face to face with the aftermath of clear cutting when she was a kid at a summer camp in the George Washington National Forest. On a hike, she came across a swath of what had once been woods. “The forest was gone, and there was just this tumbled array of logs [...]



The Cure for the Common Job

BY SPONSORED POST | 0

Gotta go to work, gotta have a job! But is it really necessary that our jobs feel like chores? Dare we dream of a work environment that’s relevant, productive, and engaging? That inspires us? For the Millennial generation, which makes up 25 percent of the current workforce, the answers to these



County schools look ahead to looming crowding issues

BY GRAELYN BRASHEAR | 0

As the Albemarle County Public School District works to find a short-term fix to overcrowding at two local elementary schools, parents and officials are eyeing a capacity crunch down the line. The writing is on the wall: When the ever-growing classes of school kids across the county hit ninth



Rivanna Solid Waste Authority faces changes as county makes plans to scale back support

BY GRAELYN BRASHEAR | 1

The Rivanna Solid Waste Authority is at a crossroads. The joint agency was set up 22 years ago to oversee trash disposal and recycling in Charlottesville and Albemarle, but because of heavy competition among private haulers and a steady decrease in trash tonnage, the RSWA's transfer facility in

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In a crowded field of grocery options, loyalty goes a long way

BY LAURA INGLES | 0

From Feast! to Food Lion, Charlottesville is home to dozens of grocery stores, and recent months have brought more to the already crowded field of options for shoppers. The city is packed with small urban markets, specialty shops, and big box stores. Trendy chain Trader Joe's arrived with great



Experts and locals weigh in on the arrest of Boy Scout leader David Brian Watkins

BY LAURA INGLES | 

The arrest of a former Keswick Boy Scout leader last week for forcible sodomy of a young boy has brought a national scandal over sexual misconduct in the organization to Charlottesville. Albemarle County Police arrested David Brian Watkins, 49, on November 28, charging him with assaulting a boy



Search continues for missing 19-year-old Dashad “Sage” Smith

BY LAURA INGLES | 

Latasha Grooms was surprisingly calm and collected last Saturday when she and at least 80 other Charlottesville residents gathered to conduct a search for her 19-year-old son, Dashad “Sage” Smith. The transgender teenager went missing the day before Thanksgiving, and was last seen near the 500



Silverchair Learning Systems to close Charlottesville office

BY LAURA INGLES | 

Silverchair Learning Systems, a local designer of online training products for the senior care industry, announced this week that its Charlottesville branch is closing. According to Mike Mutka, the company will merge with Essential Learning, LLC, and consolidate in Cary, North Carolina. Vista

Cycling Gifts

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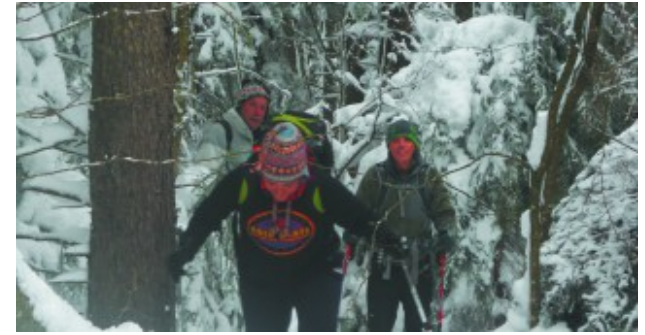
Former Scout Leader charged with forcible sodomy faces bond hearing

BY C-VILLE WRITERS | 0

Police say the former Boy Scout leader they arrested yesterday for allegedly sodomizing a boy in his troop several years ago could be at the center of more charges. The Albemarle County Police Department arrested David Brian Watkins, 49, of Keswick, for forcible sodomy Wednesday, saying the

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Outdoor Adventure Social Club stays busy, even when the mercury drops

BY LAURA INGLES | 0

Charlottesville is crawling with outdoor and nature enthusiasts, and who wouldn't want to be outside when it's 75 degrees and sunny? As the days get shorter and colder, though, it's tempting to stay indoors and save the outdoor action for springtime. One group of local adventurers sees no

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Charlottesville's Facebook page goes viral

BY GRAE LYN BRASHEAR | 0

Every marketing firm and tourism board in the country is searching for social media's magic bullet, and the Charlottesville Albemarle Convention & Visitors Bureau might have found it. With a small budget and a young social media coordinator's instinctive touch, the CACVB's Facebook page has



Veteran Peace Corps volunteer turns attention to recruiting UVA students

BY LAURA INGLES | 6

April Muniz has been back in the U.S. for three months, and she is still readjusting to traffic and iPads. After two years in Senegal with the Peace Corps, she said she wasn't prepared for her return to the never-ending fast pace of American culture. The photos of her students hanging on her



Thanksgiving leftovers: Political odds and ends

BY DAN CATALANO | 0

Believe us, we've been following Virginia's electoral ebb and flow long enough to know that late November is a political dead zone. The polls are shuttered, the voting machines have been put away for another year, and everyone wants to just take off and enjoy the holidays. Sure, a few nuggets

LIVING



Long journey home: A family's experience with hospice care

BY GILES MORRIS | 7

Chronic heart disease and cancer are by far the top killers of American adults, and together with lung disease account for more than half of adult deaths each year, according to recent statistics from the Centers for Disease Control and Prevention. As the population continues to age, the money

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International students share Thanksgiving with local families

BY GRAEALYN BRASHEAR | 0

Martha Wood knows what it's like to be young and far from familiar ground. A military kid, she and her siblings spent part of their youth in post-World War II Japan. The early exposure to a culture vastly different from their native one influenced them deeply. "It was quite an education for all

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'Hoos lose heartbreaker to Hokies in frustrating fashion

BY MACON GUNTER | 0

Antone Exum's interception of Michael Rocco proved to be Virginia's final offensive play of the game – but it didn't have to be. Tied at 14, UVA had two timeouts when Tech's ensuing possession began at the Cavalier 24-yard line with 3:21 on the clock. The Hokies ran six plays before calling



For farmers, crop-hungry stink bugs are more than irritating houseguests

BY GRAELYN BRASHEAR | 1

To most of us, they're just a nuisance: smelly, persistent pests that creep and buzz their way into our homes and go crunch in the night. But for farmers in Virginia and a growing number of states, the brown marmorated stink bug is a thing to fear. An invasive species from East Asia that first [...]



Criticism of TJPDC over \$500,000 grant mix-up continues

BY GRAELYN BRASHEAR | 1

The Thomas Jefferson Planning District Commission executive staff has come under fire after a scathing internal report by a committee of its own board members revealed a \$500,000 budgeting error on a project funded by a Department of Housing and Urban Development grant, and county and city



NEWS



Planning Commission approves permit for an even bigger Plaza on Main Street

BY LAURA INGLES | 1

The Plaza on Main Street, an eight-story, 595-bedroom apartment building proposed for the property between the Hampton Inn and Amtrak station, is seen as the final piece of the West Main development puzzle. But while developers, city officials, and the media have been discussing the project's

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Burden of proof: UVA's sexual assault policy under fire

BY GRAE LYNN BRASHEAR | 20

On September 23, a UVA student was forced into a bathroom at an off-campus party and raped. Five days later, a second student was shoved against a wall near Monroe Hall and sexually assaulted. Last week came details of a violent attempted abduction and rape on Stadium Road. Each incident drew

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