

Farm-delivery service expands to D.C.

By [Abha Bhattarai](#), Published: September 23

From bagels and peanuts to mayonnaise and trout, the local-food movement is coming to Washington area doorsteps.

Earlier this month, Relay Foods, a Charlottesville-based delivery service, announced it would be expanding into Washington, Baltimore and Philadelphia through its purchase of [Arganica Farm Club](#).

Both Arganica and Relay Foods were founded about four years ago in Charlottesville with one focus: to deliver local goods.

But as the two businesses expanded, they took decidedly different turns. Arganica, which grew out of Dominique Kostelac's 33-acre farm in Virginia, devoted its resources to building and marketing a network of local farms. Relay Foods ramped up its software and distribution mechanisms. By last year, both were struggling with their blind spots.

"Arganica's huge weakness was that we didn't have a technical platform," said Caesar Layton, formerly president of Arganica and now a senior vice president at Relay Foods. "When we began to grow fast in 2011, it was a disaster, to be honest. Going from eight dozen customers to 1,400 customers — that just swamped us."

The company didn't have the software necessary to distribute goods efficiently. All orders were taken manually and added to spreadsheets by hand. Something had to change.

"We started flirting with each other sometime in March or April," Layton said.

The companies had been friendly competitors in the past, but had never considered teaming up.

"As we talked, we realized that we'd developed strengths that were highly compatible with one another," said Zach Buckner, founder and chief executive of Relay Foods. "They had a really good brand and were in some great markets, and we had an appetite for growth."

By mid-July, the two delivery services had forged a deal. Neither Layton nor Buckner would disclose the value of the purchase, but did say that it was an all-stock acquisition.

The local-food movement has gained ground in recent years, leading to a rise in community supported

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agriculture programs where local residents buy into a farm's seasonal crops. Food delivery services, too, have expanded. Washington area Safeway and Giant offer grocery delivery for a fee, and even Web sites such as Amazon.com have jumped into the fresh food business.

“Groceries are the last frontier of online shopping” Layton said. “E-commerce has been on fire for years, but grocery shopping is a very tactile experience, it's very intimate.”

To help ease the transition for consumers, Layton said Relay offers a wide range of products — more than 11,000 — ranging from cans of Campbell Soup to organic soups made from local ingredients.

“Sometimes local food can be billed as elitist, so we have a conventional option and a certified organic option and a local option,” he said. “It's not just slapping food into a truck and shipping it to people. We really want them to be involved.”

By early October, Relay Foods plans to have six drop-off sites in the area — three in Virginia, two in Maryland and one in the District — where customers can pick up orders for free. Home delivery costs \$20 a month.

Relay Foods recently raised \$1.2 million from existing investors. The money is to help fund the company's expansion into new markets, Buckner said. Relay Foods currently has about 20 employees in the region with plans to add 10 or 12 more in coming weeks.

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