With $5 trillion spent on groceries in the US every year, the opportunity to redefine how groceries are purchased and delivered is incredibly lucrative. Wide-eyed entrepreneurs, investors and innovators have been at it since the dawn of the Internet.

Many may remember the birth of online retail and the excitement that surrounded the opportunity to capitalize on a new sales channel. Webvan, the online grocery delivery business, was the poster child for the .com boom and bust. Webvan failed miserably with the .com meltdown, shutting its doors in 2001 after losing $800 million.

There were many factors leading to the demise of the eCommerce grocery business in the early 2000s. At the time, there was very little infrastructure to support an online grocery ordering and delivery business, requiring Webvan to spend much of its $400 million of raised capital to build warehouses, assemble a fleet of delivery trucks and an army of drivers. These were large upfront costs and barriers that meant that only significant revenue and fast profits would make the model work.

The other big challenge, and perhaps the most important, was that people were not accustomed to buying groceries online.
Today’s environment is drastically different. We’re ready for a grocery business renaissance because both consumer behavior and logistical infrastructure have evolved significantly.

Shopping online has become second nature to nearly everyone. eCommerce now represents 13 percent of all US retail sales and is growing at 16 percent.¹

The emergence of mobile technology and the gig economy has provided a solution for low-cost delivery infrastructure.

Consumers are more comfortable than ever ordering groceries digitally. A 2018 Harris Interactive poll revealed that nearly half (45 percent) of US consumers have ordered groceries online.²

On-demand freelance drivers are available to deliver orders when needed, eliminating the requirement for online delivery services to maintain a full-time team of drivers.

This new environment is driving growth of the online grocery shopping market, currently the fastest-growing sector in the U.S. retail industry. It’s expanding at 25 percent per year and expected to reach $30 billion by 2021.³

Changing shopping habits are a big driver. An April 2017 survey from TrendSource found that 23 percent of shoppers bought groceries online in the three months preceding the study.³ The Harris Interactive report demonstrates that percentage has doubled in just over a year’s time. Online order size is also growing, increasing 5 percent to $148.⁴ Not only are traditional supermarkets looking to online channels to stimulate growth, but Amazon’s aggressive entry into the brick and mortar grocery business is another strong signal that the market is in the midst of dramatic change.

¹https://www.census.gov/retail/mrts/www/data/pdf/ec_current.pdf
²Harris Interactive US Consumer Research Report, TITLE, May 2018
The Big Opportunity is BOPIS

As the online grocery business grows, customers want options and retailers need a new way to compete. Consequently, almost all leading supermarkets are testing or are already offering Buy Online Pick-up In Store (BOPIS) services. For shoppers who don’t want to wait for online delivery but desire products right away or the same day, this option enables them to place an order and pick it up at their convenience. Amazon customers can get their orders in mere minutes using the Amazon Fresh service. With roughly 54 percent of shoppers currently checking inventory online before heading to the store, the move to BOPIS is a logical solution for a shift in grocery shopping behavior.5

Leading national grocery store chains, including Walmart, Amazon/Whole Foods, Giant, Kroger and Wegmans, have already started offering BOPIS options. Kroger Pickup is available at 1,000 of the chain’s 2,800 stores, and the company is adding the service at 400-500 locations a year. The service is already gaining traction. And according to Deutsche Bank analyst Shane Higgins, pick-up already accounts for over 5 percent of sales in some locations.6

While BOPIS options can be great for customers (in particular for those like busy moms who don’t want to carry their children in and out of the grocery store), it also improves sales. Curbside customers spend 40-60 percent more than traditional shoppers, as they tend to stock up on bulky items such as bottled water.7

Curbside pickup is happening. Grocers large and small need to, at the very least, be testing services to avoid losing customers who prefer this option.

5https://marketingland.com/167928-167928

Curbside customers spend 40-60 percent more than traditional shoppers7
Making BOPIS Better with Last Mile Visibility

When customers opt to BOPIS, they place their order online and receive a time window when they can pick up their order at the store. Once their order is ready, customers will receive a call or text to let them know they can come and pick it up.

While the BOPIS option is convenient for many segments of the market, the economics can be tricky, as stores need to pay staff to pick groceries from the shelves and deliver them to customers’ cars. For the model to be sustainable, supermarkets need to maximize convenience while minimizing costs. To optimize this process, they need visibility - specifically, visibility about a customer’s proximity to the store.

Store associates typically only have a general idea when customers will be arriving to collect their orders. Consequently, all orders with the same pickup window have the same priority. With visibility into customers’ location and ETA, customers with the closest proximity to the store can be prioritized. Store resources can be more effectively allocated. For example: no need to rush to get an order ready if the customer is still 30 minutes out. A much better approach is to focus on finishing the order for the customer who is ten minutes from the store.

Knowing precisely when a customer will pull into the parking lot to receive their order also reduces customer wait time, and thus removes any friction and frustration from the experience. Of course, BOPIS is only a strong competitive advantage if it lives up to its promise of convenience and no-hassle shopping.

Instead of requiring a phone call to alert associates that the customer has arrived, associates can proactively ensure the order is ready and waiting. When store employees know exactly where a customer is without the extra step of a phone call, it streamlines the logistics of BOPIS. And customers are much happier, and more likely to return or make BOPIS a part of their normal shopping routine.

Glympse for last mile visibility and grocery curbside pickup

The Glympse location platform enables grocers to create seamless, convenient home delivery and BOPIS grocery order fulfillment. The platform’s unique two-way location-sharing and communication abilities allow grocery customers waiting at home to track their orders in real time, and it gives grocers visibility into customer proximity so they can ensure curbside grocery orders are always ready at the right time. Glympse works with leading national grocery chains to ease friction around the fulfillment of online grocery orders so they can win in an increasingly competitive market.