

# Kroger Drives Sales with Curbside Pickup

## Article

**A**mazon and Walmart have been battling for supremacy in the growing online grocery market, but traditional supermarket chain Kroger is growing too.

According to Kroger's fiscal Q1 2018 earnings report, released last week, the company's digital sales grew 66% over the prior quarter. Credit was given to ClickList, its buy online, curbside pickup program that's available at Kroger and regional subsidiaries like Dillons, Fred Meyer and Harris Teeter.

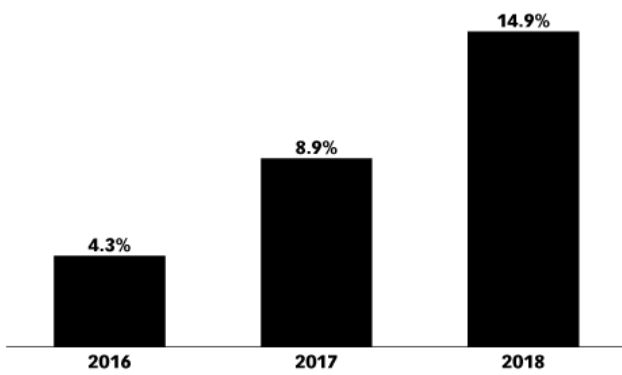
Omnichannel shoppers are more valuable than single-channel shoppers. “When a customer engages with us digitally, we get a higher share of their total household spend. And what we find is the customer still comes into the store, but they come in to it based on when they want to,” Kroger CEO Rodney McMullen said during the company's earnings call.

Kroger's current goal is to reach 75% of its customers with ClickList locations, home delivery through Instacart and other third-parties and ship-to-home capabilities.

Most consumers still prefer to buy groceries in-store. They also don't like paying for delivery, which is why the so-called click-and-collect model stands to gain more traction in the US. In a May 2018 Morning Consult survey, 51% of US consumers said they wouldn't pay extra for grocery delivery, though 29% would pay \$1 to \$5.

In an April 2018 survey by customer experience firm Market Force Information, there were nearly equal amounts of US internet users who had bought groceries online for delivery and curbside pickup in the past 90 days (10% vs. 9%). Consumers ages 35 to 44 were the biggest users of click-and-collect services (13%), followed closely by those 25 to 34 (12%). Nearly 15% of respondents had used click and collect in 2018, a roughly 67% increase over last year.

**US Grocery Buyers Who Have Used Buy Online, Pick Up In-Store to Purchase Groceries, 2016-2018**  
% of respondents



Note: ages 18+  
Source: Market Force Information, "US Grocery Benchmark Study," June 19, 2018

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According to Market Force, satisfaction levels with click-and-collect services were high; 83% gave positive ratings. Walmart had the most shoppers using click and collect (43.4%). Kroger also had a strong showing (18.6%), while H-E-B and Kroger-owned Harris Teeter tied for third, cited by 3.3% of shoppers.

It's hard to say whether click and collect will become the dominant method of buying groceries digitally or if home delivery will become more mainstream when retailers master supply and logistics. On-demand grocery delivery is hard to do right. Even AmazonFresh suspended its services in many markets last year. Kroger invested in UK-based pure play online grocer Ocado in May and plans to use the company's automation technology in three future distribution centers in the US.