

Amazon Moves to Leverage Its Brick-and-Mortar Footprint

Article



The Prime perks just keep coming.

One-hour curbside pickup is the latest **Amazon** benefit granted to **Whole Foods Market** shoppers using the Prime Now app. With a minimum order of \$35, you'll get the convenience of parking in a designated spot while someone brings your groceries to your car. If you want your goods in 30 minutes, that will set you back \$4.99.

The service will begin at Whole Foods locations in Sacramento, Calif., and Virginia Beach, Va., but will be rolled out to more cities by the end of the year.

The new service is yet another move by Amazon to set itself apart from competitors like Walmart, its **closest US rival**, as well as grocery chains like **Kroger**. Getting items to shoppers quickly and more conveniently (not to mention cost-effectively) is where the retail battle is being fought.

Same-day delivery has seen rapid uptake, according to **Dropoff**, up from 17% of US internet users in 2017 to 31% this year. Groceries are the most-wanted same-day product category (64%) and the top category delivered same-day (19%).

"The eMarketer Ecommerce Insights Survey," conducted by **Bizrate Insights** in July 2018, found that just 2.6% of US internet users took advantage of curbside pickup in the past month. But nearly 3 times as many respondents ages 18 to 29 (7.5%) had used this method. In an April 2018 grocery-specific survey by **Market Force Information** with a larger timeframe (90 days), **9% of US grocery buyers had used curbside pickup**.

The number of US grocers offering curbside pickup rose significantly between 2017 and 2018. Now, nearly one-third of supermarkets provide this omnichannel option, according to an April 2018 study by **Progressive Grocer**, on par with click and collect and home delivery using third-party services.

**Omnichannel Services Offered at Their Stores
According to US Retail Grocery Executives,
2017 & 2018**

% of respondents

	2017	2018
Mobile shopping apps	29.6%	54.2%
Click and collect	22.5%	31.8%
Third-party vendor home delivery (e.g., Instacart, MyWebGrocer)	16.9%	31.8%
Curbside delivery	18.3%	30.8%
Store-supported home delivery	14.1%	28.0%
In-store mobile product scanning	8.5%	24.3%
Ordering kiosks	2.8%	16.8%
Other	1.4%	32.7%

*Source: Progressive Grocer, "85th Annual Report of the Grocery Industry,"
April 15, 2018*

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The fact that the vast majority of **US consumers still buy groceries in-store** is easy to overlook in all the news about these innovations. A time where US consumers buy all of their perishables digitally might never come—we forecast that 3.1% of US food and beverage sales will occur

online in 2022, up from 2.8% today—but Amazon is banking on reducing friction to change shopping habits.

Even if the added convenience of curbside pickup entices a small number of consumers to start shopping at Whole Foods, Amazon stands to make big gains.