

The Return Of Web Retailing

Online grocery shopping makes a comeback as technology and delivery logistics advance.

BY JACQUELINE ROSS LIEBERMAN

Supermarkets that not only deliver to your door but also deliver higher quality food than you might have picked up yourself — sound too good to be true?

Perhaps once, but no longer. Today's online grocery stores offer the ultimate in convenience, service and quality at increasingly affordable prices. Those who gain loyal Web customers during these formative years may just corner the market in what many believe is the future of retailing.

For Malvern, PA-based Acme Markets, a subsidiary of Eden Prairie, MN-based Supervalu, Inc., there's been a spike in online business during the last year, according to Mike Pieciuk, manager of marketing ebusiness. Acme made the 2007 *Best of Philly* list for food delivery service in *Philadelphia Magazine*. Acme delivers from most of its store locations to homes in and around Philadelphia, as well as in the suburbs of New Jersey and Delaware.

"People are becoming more comfortable with not only ordering online but also ordering perishables online," notes Tony Stallone, vice president of merchandising, Peapod, Inc., Lake Zurich, IL. "The produce category keeps growing for us, and it's been our largest category online. We're passionate about our produce. It's the centerpiece of our business."

Peapod, a subsidiary of Amsterdam, Netherlands-based Royal Ahold, was a web-retailing pioneer, selling groceries to about 400 Evanston, IL, customers online as early as 1990. In the days when only academics used the Internet, Peapod sold shoppers the modems they needed to dial directly into the service. Today Peapod is partnered with a number of supermarket chains, including Braintree, MA-based Stop & Shop and Carlisle, PA-based Giant

Food Stores, LLC, both Ahold subsidiaries, offering delivery in key markets in the Midwest and East Coast. "It's a pretty exciting time," says Stallone.

"The penetration of the Internet and the comfort level of users on the Internet is totally different now than from where it was in the late '90s," says Steve Druckman, COO, FreshDirect, Long Island City, NY, a service that began delivering to online customers in Manhattan just over five years ago. Today the company delivers to all five boroughs of New York as well as some of the city's suburbs.

In recent years, computer programs that allow customers to shop online have become easier to use and more like traditional grocery shopping. For example, as shoppers browse the virtual "aisles" of *Peapod.com*, produce specials appear at the bottom of each page, much as if one were wheeling a cart through a physical grocery store and noting the signage. Items on sale are marked with a red flag.

As software becomes more user-friendly, computers are becoming a part of daily life. "Computers have gotten faster," says Stallone, "and have made their way into the kitchen." With many computers left on and connected to the Internet day and night, it's easy to see why the ease of shopping online has begun to appeal to more people.

Today's 20-somethings barely remember a time before the Internet was all pervasive. "The kids are growing up now," says Stallone. "Where do they shop? They shop online."

Eventually, customers may find themselves ordering anytime, anywhere the way some now receive e-mail on iPhones and BlackBerries, although how that will work is yet to be determined. "There's a section on our site called Quick Shop that allows you to order from your past order, and that's more conducive to ordering from your BlackBerry or PDA," notes Druckman.

GETTING PRODUCE RIGHT

Online shops that get it right do at least as good a job bringing you what is on your list as a spouse would — sometimes better. And while that might be an easy task when it comes to boxes of cereal and frozen dinners, getting produce to customers the way they want it can be much trickier.

"Produce is such an important percep-



Photo courtesy of Fresh Direct



Photos courtesy of Acme Markets

