

Kale to go: Amazon to roll out delivery at Whole Foods

February 8 2018, by Joseph Pisani



Amazon Prime Now bags full of groceries are loaded for delivery by a part-time worker outside a Whole Foods store, Thursday, Feb. 8, 2018, in Cincinnati. Amazon, which owns Whole Foods, plans to roll out two-hour delivery at the organic grocer this year to those who pay for Amazon's \$99-a-year Prime membership. Amazon.com Inc. said deliveries started Thursday in Austin, Texas; Cincinnati; Dallas; and Virginia Beach, Va. (AP Photo/John Minchillo)

Amazon is bringing its speedy delivery to Whole Foods.

The online retail giant plans to roll out two-hour delivery at the organic grocer this year to those who pay for Amazon's \$99-a-year Prime membership. It is the company's biggest move since it bought the organic grocer last year.

It's also precisely the action rivals have been preparing for since the day Amazon—with the Prime program that's been so successful in cementing customer loyalty—announced plans to buy Whole Foods.

Amazon shoppers can order meat, seafood and other Whole Foods grocery items through the Prime Now app and website. Deliveries started Thursday in Austin, Texas; Cincinnati; Dallas; and Virginia Beach, Virginia; and will expand nationwide this year.

One of the biggest hurdles for the growth of grocery delivery is that many people want to pick out their own eggs or fruit, said Darren Seifer, a food and beverage industry analyst at NPD Group.

"There are always going to be people who want their bananas a little green," he said.

Ade Ogbomo, a teacher in Dallas, said she orders everything from Amazon—except food.



A sign promoting the Amazon Prime Now delivery service is displayed outside a Whole Foods store, Thursday, Feb. 8, 2018, in Cincinnati. Amazon, which owns Whole Foods, plans to roll out two-hour delivery at the organic grocer this year to those who pay for Amazon's \$99-a-year Prime membership. Amazon.com Inc. said deliveries started Thursday in Austin, Texas; Cincinnati; Dallas; and Virginia Beach, Va. (AP Photo/John Minchillo)

"I like to get it myself," she said outside a Whole Foods store. She worries about the possible mishaps: "Maybe the bananas are bruised or the cookies are all broken up, and you can't really complain because you asked for it."

About 7 percent of U.S. households bought groceries online last year, according to NPD Group. Most of those—about three-quarters—get their orders delivered to their door; the rest pick it up at the store. NPD Group said it expects online grocery shopping to grow quickly, especially among young adults, who are more comfortable shopping

online.

And grocery chains don't want to miss out when that happens.

Walmart, the country's largest grocer, is making it easier for customers to order groceries online and pick them up at the store. Target bought grocery-delivery company Shipt late last year. Kroger, the largest traditional supermarket chain, has been promoting store pickup for online orders and doing trials of home delivery.



In this Aug. 28, 2017, file photo, customers shop at a Whole Foods Market in Tampa, Fla. Amazon plans to roll out two-hour delivery at the organic grocer this year to those who pay for Amazon's \$99-a-year Prime membership. Amazon.com Inc. said deliveries will start Thursday, Feb. 8, 2018, in Austin, Texas; Cincinnati; Dallas; and Virginia Beach, Va. The service will expand nationwide this year. (AP Photo/Chris O'Meara, File)

For Amazon, items will be pulled from Whole Foods stores, bagged and then delivered by Amazon drivers. Amazon, based in Seattle, said there's no extra fee for two-hour deliveries above \$35, but one-hour delivery will cost \$8. The company isn't saying where delivery will expand, but its Prime Now service is in more than 30 cities, including Chicago, Milwaukee and San Diego.

The announcement gives Amazon yet another way to get groceries to customer's doorsteps.

It already does so through AmazonFresh, but that requires a \$15-a-month fee. And Prime Now delivers groceries from its facilities, but it has also offered grocery delivery from other physical stores, including Whole Foods rival Sprouts Farmers Market.

Whole Foods also offers delivery in some cities through a partnership with delivery service Instacart, which will continue.

Buying Whole Foods was the biggest part of a push into physical retail for the chain known for online shopping. Right after taking over Whole Foods, Amazon made a splash by cutting prices on bananas, yogurt and other items. It also began selling Kindle e-readers in some of its 470 stores, and started selling Whole Foods-branded food on its site.



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In this Nov. 9, 2017, file photo, Laila Ummelaila, left, a personal shopper at the Walmart store in Old Bridge, N.J., helps customer Vicky Soler verify her order at an online shopping pickup location. Amazon plans to roll out two-hour delivery at Whole Foods this year to those who pay for Amazon's \$99-a-year Prime membership. Rival grocers have been preparing for the day Amazon would expand Whole Foods grocery delivery. Walmart expanded its online ordering and store pickup service. (AP Photo/Julio Cortez, File)



In this Aug. 28, 2017 file photo, a sign at a Whole Foods Market greets shoppers in Tampa, Fla. The online retailing giant plans to roll out two-hour delivery at the organic grocer this year to those who pay for Amazon's \$99-a-year Prime membership. The move is the latest by Amazon to put its stamp on its recent purchase of Whole Foods. (AP Photo/Chris O'Meara, File)

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