

Groceries On Demand

App helps independent grocers move online

by WILLIAM KENDY

Change might be the only constant in life, and that certainly is true when it comes to the grocery industry. There is more square footage in grocery retail than ever before, the number of available products is increasing, competition for shelf space is keen, profits are consistently pressured and stores are looking for ways to increase market share.

Big players have begun incorporating online grocery shopping, giving customers the ability to place orders and pick up merchandise in-store or via curbside pickup or have it delivered. Now Rosie is giving local food stores the same capabilities.

ACCESS FOR ALL

Rosie began as an epiphany for Nick Nickitas, who struggled to find time to get to the grocery store when he was in

graduate school at Cornell University in Ithaca, N.Y.; he and fellow student Jon Ambrose founded the Rosie app in September 2012. After pounding the pavement trying to drum up interest in the grocery industry for the concept, Ambrose hit pay dirt with independent grocery store P & C Fresh in Ithaca.

Today, Rosie works with more than 100 independent retail locations in 22 states.

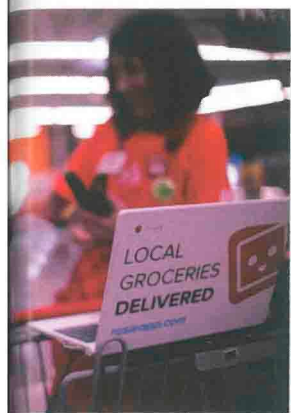
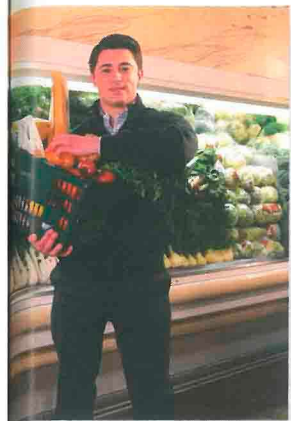
“Nick decided to start Rosie because he knew that for college students, busy moms or individuals who were mobility-impaired, getting to the grocery store was hard,” says David Makar, director of marketing for Rosie. “He wanted to make access to groceries convenient and possible for everyone, regardless of circumstances.”

For independent grocers, the logistical hurdle and technological expertise needed

to put an entire store inventory online — in an easy-to-use free format accessible from a computer, smartphone or tablet — can seem like an extremely costly and almost insurmountable task. Rosie makes it all possible.

Customers simply download the Rosie app and create a free account. They then select their store, choose the products they want and place an order. The grocers are supplied with all the information and logistics necessary to facilitate and execute the transaction.

“Rosie allows independent grocers to remain competitive in an evolving industry,” Makar says. “It also allows them to serve their communities with the same services that national companies



like Amazon and Walmart are offering.”

REMAINING COMPETITIVE

Broulim’s Fresh Foods, a nine-store chain based in Rigby, Idaho, and four-store chain Dash’s Market both decided to jump into the online grocery segment for basically the same reasons.

“We saw the market swinging toward ecommerce and that some of the Krogers and other big guys were starting these type of programs,” says Scott Zahrn, sales manager of Broulim’s, which uses Rosie in five of its stores.

“We looked at our market and geographical area [and] decided to get it started and out in front of our community before others, and take a leadership role.”

According to Mark Mahoney,

Dash’s Market’s executive vice president and general manager, the Amherst, N.Y.-based chain also wanted to be the first independent market in their area to offer online grocery shopping. Dash’s Market has all four of its stores on the Rosie platform.

The companies’ core target demographics are almost identical, even though they are almost 2,000 miles apart.

“Our main demographic is the busy married mom who works all day ... [too] busy running kids around to special events to have the extra time to be in our store shopping,” Mahoney

says. “We also do a significant part of our ecommerce from people who have mobility problems or for some reason can’t access one of our stores.”

“One of our stores is in a 17,000-student college town, and that makes up a strong part of that location’s online business,” Zahrn says. “In addition, being located in Idaho and Wyoming, we have very harsh winters and sometimes people just can’t get out or are uncomfortable trying.”

Retailers can choose from three different tiers, each with different rates and benefits. The basic tier offers the electronic technology and products that a retailer needs to allow customers to shop online, along with links to back-office software for file transfers. The next two tiers offer additional technology options and provide multi-store grocers a “spoke and hub” system that allows them to fill orders at one store and ship them to another for in-store and curbside pickup, saving on labor costs.

In the highest tier, grocers can also integrate loyalty and membership programs, gas or other cards; customers can earn and redeem points and get special deals. It also allows stores to conduct more complex transactions such as “buy one, get one free” programs.

Rosie also gives participating retailers 24/7 support and serves as a portal for customers who may have problems with the app, questions regarding changing an order or other fulfillment issues. It also can accommodate special requests from customers.

“For example, a caller had a friend who was recovering from surgery,” Makar says.

“The caller lived in a different city and wanted to gift an order to the friend. Our support team walked the caller through Rosie’s gifting service and the caller’s friend was able to receive groceries at their home the next day.”

MAKING THE INVESTMENT

Rosie also offers users a platform of marketing and digital solutions.

“We have found that many retailers don’t know how to market to ecommerce

“With Rosie as our partner we get a lot of input and use that information to develop procedures to make it profitable.”

— Scott Zahrn, Broulim’s Fresh Foods

simply because they have never done it before,” Makar says. “To help them out, we provide marketing services including print, digital, in-store marketing and other tools. Over half of our clients participate in the program.”

Both Broulim’s Fresh Foods and Dash’s Market have been on the Rosie platform for about two years.

“We were concerned about making it profitable. With Rosie as our partner we get a lot of input and use that information to develop procedures to make it profitable,” Zahrn says. “Somebody who is getting into ecommerce needs to recognize that they need to invest in the program before they will see new profits, just like they would with a new facility.

“Grocers will have to make a pretty sizeable investment and use good marketing tactics in order to have a decent outreach and commit to keeping it going on a continual basis.”

Mahoney says it took Dash’s Market a full year to decide to throw the switch for Rosie.

“A big challenge was labor costs, and we have been able to adjust labor so that it made financial sense for us,” he says. “We originally thought that delivery would make up maybe 40 percent of the labor but it turned out to be 80 percent. We started out with two drivers and now we have five.”

Mahoney believes that an added benefit to the delivery comes from the store name recognition promoted by the delivery vehicles.

“It doesn’t hurt to have four wrapped vehicles on the road and it looks like we have 20,” he says. “That helps our branding efforts.” **STORES**

William F. Kendy writes, consults and speaks on retail, marketing, advertising, sales, customer service and best practices.