



BRIEF

Kroger to test online pickup at Walgreens stores

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Dive Brief:

- Kroger announced it will test online order pickup at 13 Walgreens stores located near the grocer's Cincinnati headquarters, according to a news release. The pilot will last several months and will closely track customer feedback.
- The Walgreens stores will also carry a selection of Kroger private label products, including Simple Truth, its \$2 billion natural and organic line.
- "This concept brings together the best of two great brands to rethink convenience and redefine the way America shops for food," Kroger chairman and CEO Rodney McMullen said in a statement.

Dive Insight:

Kroger wants to get its top-performing products and services in front of as many consumers as possible. The company's click-and-collect program — now called Grocery Pickup — has been a success so far, with more than a third of its stores offering the service. But convenience is the name of the game, and Kroger wants to offer pickup options closer to where shoppers live and work.

Across the industry, retailers are eyeing more pickup options for consumers ordering groceries online. Amazon operates two grocery pickup depots in Seattle, while Ahold Delhaize's Giant banner is opening e-commerce hubs that offer delivery and click-and-collect. Walmart has tested pickup-only depots near its Bentonville, Arkansas headquarters and in Louisiana, and plans to build a location for it in Chicago. The company is also running a one-of-a-kind test where self-driving vehicles take shoppers to and from its Chandler, Arizona store to collect their online orders.

In Europe, pickup-only depots are quite common. The most popular in France is a model known as Drive, which offers hundreds of pickup points across the country.

Making Kroger's private label offerings available at Walgreens stores follows other moves Kroger has made to increase its store brand presence. This includes establishing a marketplace on Alibaba's Tmall and launching its own direct-to-consumer service, Kroger Ship. Both initiatives were announced this summer.

Kroger has good reason to get behind its private label offerings. These brands now bring in more than \$20 billion annually in stores and make up more than a quarter of all sales. Simple Truth, which offers 1,400 products and counting and brings in more than \$2 billion, is the retailer's star performer.

As store brands increasingly become a battleground for grocery players, Kroger knows it has some very potent weapons and will continue to utilize them however it can.

"This is where retailers will differentiate themselves going forward," Gil Phipps, Kroger's president of branding, marketing and Our Brands told Food Dive in an interview earlier this year.

Kroger hopes that by experimenting — pushing outside of its stores, its legacy categories and well-worn strategies — it can outmaneuver its competitors and achieve growth. The company

took a hit during its most recent financial quarter, but it remains focused on the long term. Look for the nation's top grocer to continue trying new things — and for the competition to keep turning up the pressure.

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