

Top Deal: The Grocery Store Of The Future



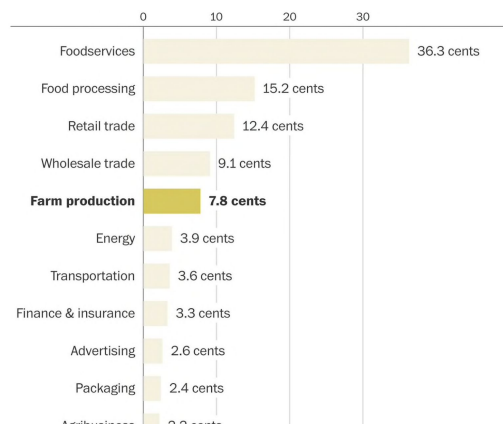
Key Deal Stats:

- Raising Platform: Wefunder
- Valuation Cap: \$25M
- Raise Type: Seed
- Security: Custom SAFE
- Raise Completion Date: April 30th, 2019
- The company is officially launching in 6 days, but you can complete your reservation now.

The Problem:

Have you ever wondered why that almond butter from Whole Foods is so expensive?

About 85% of the money you spend at the grocery store goes to separate firms to package, wholesale, distribute, and finally sell the food to you. Each



middleman sells the product to the next, resulting in the price of the product to increase, while decreasing the quality.

This significantly hurts the consumer. For every dollar you spend on food, the farmer really only gets about 7.8 cents.

In addition, supermarkets often have a surplus of food. They are forced to order a wide variety of goods, many of which go unsold and are left to expire. Grocery stores are responsible for [13 billion pounds of food waste per year](#).

Moreover, in the era of Amazon Prime and two-day shipping, why is it still the norm to have to drive to the nearest Trader Joe's to buy produce? Many people in the more rural areas of the US have to drive 5 or more miles to get to the nearest supermarket. Areas like these are known as "food deserts," a major inconvenience.

These factors are evidence of an inefficient supply chain in need of a reorganization.

The Solution:

[Move](#) takes products directly from the world's highest quality artisan suppliers, and sells them direct-to-consumer under its own brand.

This digital supermarket completely does away with the middleman, resulting in a 25% decrease in price for products of similar quality found in food stores. A few high-end examples of products shown on the Move website include: avocado honey, organic grass fed beef, and imported coconut cold brew coffee.

A premium supermarket without premium markups

Award-winning staples, shipped straight from the source.
No middlemen or markups. Coming soon.

Reserve Membership



The company focuses on “staple” products, which include everyday items that don’t cost too much, and the consumer would not likely care about the brand itself. Self-branding takes away the need for marketing costs (which is huge for supermarkets), and allows for an increase in volume to a few key, quality suppliers.

Through reinventing the supermarket supply chain, Move will only order food that they intend to sell. The product will simply ship to one of their warehouses when it is ordered, will briefly go through processing, and is sent off. The result is that there is little to no waste for the over ordering of products from a grocery store, and a quick warehouse turnover period.

Move relies on building a multi-channel distribution network with four warehouses across the country (California, Wisconsin, Delaware, and Louisiana) in order to access people within 2 days of any factory maximum. This effectively takes care of the food desert issue in rural areas.

The Move Business Model:

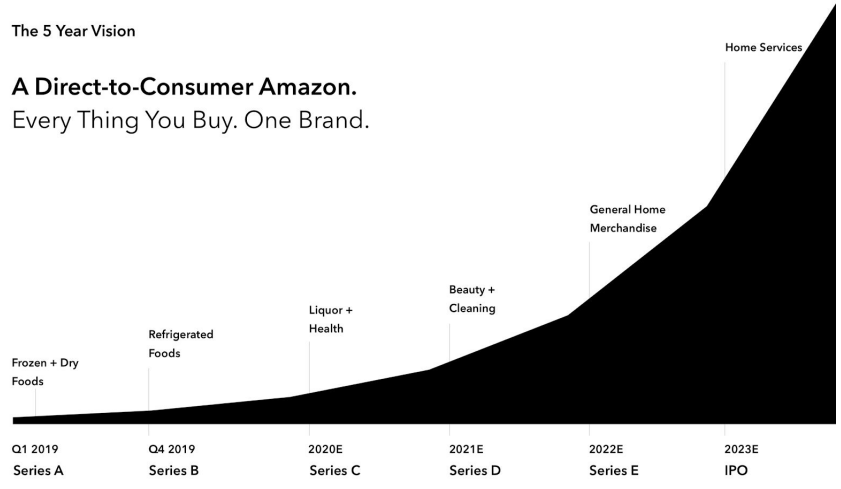
Move intends to make money off of a \$199 yearly membership fee, similar to Costco. This is put in place to keep the cost of products low enough to

satisfy the consumer and the supplier, while also making a profit. Unlike Costco, Move will launch by offering only 250 products in the store. Considering the store doesn't need competing brands, they can strip the grocery selection down to the essential goods with the best quality.

A members-only store lets Move heavily invest in a personalized customer experience, and build relationships with a community of customers. According to the company data, the value of a Move customer is 7x more than the cost of acquiring them.

The startup claims to have three target consumers, ranked by their demand. The first is the young, urban, professional female who makes a salary of at least \$75K /YR. Second is an older woman, between 35 and 60, living in a secluded suburban or rural area far from supermarkets. Third is the urban male working in finance, tech startups, or marketing spaces looking to try a new, convenient way to get quality groceries.

How does Move compete with the big supermarkets? They price their goods at 10-15% lower than Whole Foods for most products, and around 30% cheaper than the average grocery store for products of the same quality. This might just let them avoid competition altogether, assuming consumers don't actually care about branded food.



The Online Supermarket Industry:

The online supermarket industry is becoming more relevant and is estimated to be a [\\$100B industry by 2025](#). Some even expect that number to be achieved by 2022. That would mean that nearly 20% of all grocery sales, which is a [\\$600B market](#) will come from online shopping, up [from 5.5% in 2018](#).

So what is driving this torrid pace of growth in online grocery shopping? Millennial shopping behavior is one major factor. This age bracket is 5x more likely to shop online, and tends to [spend \\$2.3K more on goods like groceries](#) than their older counterparts on a yearly basis.

They are also twice as likely on average to shop across stores/ brands reducing the need to get that certain brand or shop at that one store.

Move is not the first to recognize this new trend. [Brandless](#), has taken an early position as a market leader with an eCommerce grocery-like store where they sell everything from food, to kitchen supplies, to beauty products. Their most recent [Series C funding round provided them with \\$240M of funding](#).

Less directly competitive in nature, Thrive Market provides easy online shopping of organic products at a lower price point to retail and has raised over \$160M to date.

The one behemoth in grocery e-commerce is obviously Amazon since their acquisition of Whole Foods. Regardless, they are still at the high end price point.

Move differentiates by offering higher quality products at low cost and allow for full dependence on their grocery store. This means that a user would be

able to buy all of their non-perishable and perishable goods like meat products in one place and have it shipped directly to their door with guaranteed freshness.

With a \$100B+ market opportunity in front of us, Move is still an early entrant in the grand scheme of things, and should capitalize on the continued torrid growth of online grocery shopping!

The Move Team:

Founder and CEO [Chai Mishra](#) was born in India to a trading company owner. After dropping out of UC Berkeley he worked around the world building supply chains for hardware startups. Through field research, he learned how much money is actually lost to middlemen in the coffee bean supply chain, and developed a solution.

This led to his Silicon Valley startup Move. Mishra is a passionate entrepreneur with no intention of selling his company, instead ambitiously seeking a long term IPO.

[Robert Davidorf](#), the CFO, attended Wharton business school. He has co-founded other ventures such as Jam Music and Playlist.com. He has experience as an executive, board member, fundraiser, manager, and entrepreneur.

Head of Distribution & Supply Chain, [Thaddeus Duprey](#), had also attended UPenn, obtaining a Master's degree in religious studies. His experience as a chef allows him to provide culinary insights for Move products. Further, he worked as a Director of Quality at Blue Apron prior to working for Move.

Why We Like It:

1. **Stripping Down the Supply Chain:** By stripping the supply chain down to its essential components, Move is positioned to win customers over on price. Large established grocers will struggle to compete as their rigid and established supply chains are extremely hard to change and likely won't.
2. **Room to Scale:** Move's ambitious business has the opportunity to become an integral player in the fast growing \$100B+ online grocery market.

As more shoppers move online for groceries, Move stands to benefit. Additionally, the team's 5-year vision includes a series of funding rounds leading to the addition of several new product lines.

At the end of 2019, they will roll out frozen foods. In 2020, the focus is liquor and health goods. Then beauty and cleaning, general home goods, and finally home services. Expanding product lines while expanding the customer base provides ample room for upside.

3. **Ethical Model:** Move's efforts to reduce overall waste in the supply chain process is better for the consumer and producer. Further, their intention to do away with both food surpluses and food deserts indicate a commitment to corporate social responsibility. Lastly, the company has goals to use environmentally friendly methods of packaging and transporting goods in the future.
4. **Early Beta Success:** After Move beta tested their service, they found that the average Move user spends about \$135 per week, which indicates significant interest in their products. They see a \$54 profit on each order of this size, with a 40% gross margin, and a 40% service retention rate.

Their total sales was around \$200K during the beta period, and they are now able to ship to all 50 states. Move currently has 80K customers on the waitlist. Clearly the business hits a chord with customers and we think they are already showing meaningful product market fit!

The Rating: Top Deal

This Y-Combinator graduate Move is a Top Deal. By upending the traditional grocery model with a new streamlined, more cost effective and better quality consumer experience, Move stands to become a massive company.

While the team can benefit from hiring more seasoned grocery professionals, they have surrounded themselves with value-add investors including FJ Labs, Kima Ventures, Y Combinator, and even the founder of Caviar.

This team is putting all the right pieces in place to become a stalwart in this newly emerging ecosystem of online grocery stores. With product market fit right out of the gate, a growing waitlist, a brand that screams millennial appeal and a market that has seen not one but two multi-hundred million dollar raises recently all bode well for Move going forward.

Seeing how large Brandless has become so quickly suggest the IPO market at the right time could become quite appealing for Move and provide a nice exit opportunity for Move.

If interested in investing in this game changing company, you can invest [HERE](#).

