

# Walmart Grocery Poised for Substantial Growth

Just a few days before sitting down to write this column, Walmart Canada announced that it would be launching several innovations to make online grocery purchase and pick up easier for Canadians.

Many of us have already seen the wave of orange "Pick-Up" signage taking over the parking lots and interior of Walmart locations across the country. Walmart's most recent announcement includes Mobile Check-In functionality in the Walmart app, which notifies store staff that you are on your way and speeds up your grocery pick-up.

In addition, Walmart will launch Pick-Up Towers in select Ontario locations. These basically act as giant self-serve vending machines for online customers. The shopper arrives at the store, enters their order PIN and the machine dispenses their order all without interacting with one human in-store.

I am confident that given the size of our geography and the overall economics of online grocery sales, that grocery pick-up will be the dominant method for buying groceries online in Canada. It cuts costs and uses the existing physical brick-and-mortar infrastructure and stores are already conveniently located near large pools of consumers. While we haven't seen it yet, the purchase of Shoppers Drug Mart by Loblaw provides over 1,000 convenient pick-up points for grocery orders. Watch this space for more...

Turning back to Walmart, I just returned from almost a week on the ground in Walmart's home territory in Northwest Arkansas. I was able to contrast the history of the world's largest retailer at the company museum in Bentonville, but also the company's future reflected in the amazing shopping experiences delivered by its current stores.

Those orange pick-up signs are every-

where in the area and pick-up is the dominant message that you see as you pass stores on the interstate or as your approach the parking lot. Walmart is "all-in" on pick-up.

When asking locals about pick-up, most I spoke with automatically whipped out their smartphones and gave a brief demo of the app, stated how frequently they use it and how it saves them so much time and effort. Walmart has always been about saving money, but time is money and shoppers believe they are double-dipping when they use Walmart's e-commerce services.

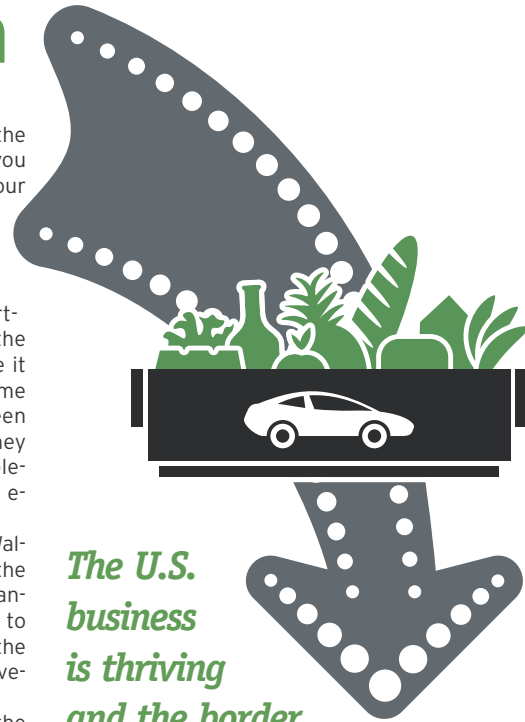
During a guided store tour at a Walmart store we were unable to visit the grocery pick-up area as the store manager told us it was simply too busy to have extra guests in that part of the store as they prepared for the drive-home rush.

Given its success in the U.S. and the recent announcement of \$175 million in store renovations in Canada to allow for a seamless online to bricks-and-mortar store experience, we will definitely see more of a push on Pick-Up in the Canadian market.

One watch-out in the whole online grocery discussion is that despite being exciting, new and driving grocery sales growth for retailers like Walmart, the bulk of the business is still being done by shoppers pushing baskets around in the physical store. It is easy to get caught up in the online frenzy but retailers who ignore the in-store experience do so at their own peril.

Walmart U.S. impresses with the in-store experience as well.

Standing in one of the latest versions of the Walmart Supercenter south of the border, made me feel that most full-service supermarkets in Canada have reason to be concerned. Moving around the store you see excellent produce in a bright and appealing presentation, home meal replacement that offers a wide-range of options tailored to the local market, neat and tidy end cap displays focusing on single items that make an impact, staff that engage with shoppers in a friendly and helpful way and store signage that is at the same time functional and creates an environ-



*The U.S. business is thriving and the border is just a line on a map.*

ment more in-line with Whole Foods than No Frills.

Interestingly pick-up also adds to the in-store experience by diverting a significant amount of shoppers from the checkouts, speeding up the shopping trip for everyone.

The execution of all of this is aided by smartphone tools that give store managers all the information they need to run their stores from the store floor instead of the back office. Store performance, inventory, staffing and even the weather is integrated into a suite of tools that make the store manager a high-tech, real-time decision maker.

Walmart Canada has gained significant market share already, mainly through price leadership. The rapid growth in store count and Supercentre conversions strained the retailer's ability to deliver on the non-negotiables of great perishables, always in-stock and a quick and easy shopping experience. Now that store count growth and conversions are slowing, look to Walmart to refocus on in-store and online experiences to win an even bigger piece of the Canadian grocery market. ●



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