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FreshDirect Updates Delivery Service

Online grocer is making a play for more last-minute shoppers with delivery in as little as one hour



A taco 'bundle' from FreshDirect's FoodKick, a new on-demand delivery service launching Thursday. PHOTO: FOODKICK

By **SOPHIA HOLLANDER**

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With competition heating up among food-delivery services in New York City, FreshDirect is making a play for more last-minute shoppers.

On Thursday, the online grocer will launch a new service called FoodKick that it said will be able to deliver meals, ingredients and alcohol in as little as an hour after the order has been placed. FoodKick will be available in some Brooklyn neighborhoods and Queens's Long Island City, with plans to expand to other parts of the city and possibly nationally, the company said.

FreshDirect, which began delivering groceries in 2002, has until now required customers to place orders at least a day before delivery. But in interviews with customers it became clear that "the vast majority of the marketplace actually aren't planners," said its chief executive, Jason Ackerman.

That includes working couples coming home to an empty fridge but tired of takeout, or friends getting together and deciding to stay for dinner.

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—Jason Ackerman, chief executive of FreshDirect

The company will offer free FoodKick deliveries for the first 30 days, then \$3.99 for delivery within a two-hour or longer window and \$5.99 for one-hour delivery. Food and other merchandise will be priced similarly to what is on FreshDirect's main site, Mr. Ackerman said.

Customers can place orders through a mobile app and get items delivered to their current location, not just their home, FreshDirect said.

Online groceries are estimated to have done \$13.1 billion in business last year, with sales projected to nearly double to \$24.4 billion by 2020, according to industry-research firm IBISWorld.

In New York City, FreshDirect's new service comes in an increasingly crowded market.

Amazon launched its AmazonFresh food-delivery service in Brooklyn in 2014 and has since expanded to three other boroughs, as well as parts of northern New Jersey. It more recently began Prime Now, which offers one-hour delivery of selected items, including food from local stores, to Amazon Prime members.

Instacart, another online service that lets customers get groceries delivered from Whole Foods, Zabar's, [Fairway Market](#) and other stores, began service in the city in 2014.

The company operates in 18 U.S. metropolitan areas, but New York is where it faces the largest number of competitors, spokesman Nikhil Shanbhag said. Still, its New York sales quadrupled in the last year, he said.

Peapod, another online grocer, began its first citywide marketing campaign last March, after opening a warehouse in Jersey City.

"There are a lot of food dollars in New York," said Peg Merzbacher, vice president of regional marketing at Peapod.

New York is particularly appealing for online grocers because of its dense population of time-strapped consumers without cars, as well as its relatively small grocery stores.

When Peapod conducted its own market research, the company found that New Yorkers didn't envy their suburban counterparts except for one thing: supermarkets.

"No line. Everything is in stock. The prices are better. That was the only kind of reference to suburbia that was positive for them," Ms. Merzbacher said. "We feel that's what we can offer."

Peapod and other grocery services are also looking at companies like Blue Apron and Plated, which send packages of pre-measured ingredients that customers prepare themselves.

FoodKick's offerings will include an on-site sushi chef making rolls to order out of its warehouse in Williamsburg, and croissants from New York City bakery Mille-Feuille.

It will also sell suggested "bundles," like for taco night, in which customers can pick their rice, beans, protein and wraps, and cocktail kits, like a margarita one that comes with agave, limes, fresh-squeezed lime juice, sea salt and a recipe card. (The tequila is sold separately.)

Other packages might be seasonally tailored, like a winter package of chicken soup, orange juice and cold medicine.

"We're about helping you be a hero in the kitchen tonight, as opposed to eating out a lot," Mr. Ackerman said.

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