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Albertson's Weighs In — Again

NOW that every other major bricks-and-mortar retail category has moved online, it's about time for the historically slow-to-change grocery trade to get serious about this dot-com business. And sure enough, Albertson's — the Boise, Idaho-based company that is the nation's second-largest grocery chain — has signaled its intention to do so with a 31,000-square-foot hybrid Internet fulfillment center and supermarket operation in the Seattle suburb of Bellevue, Washington.

The prototype clicks-and-mortar store is about half the size of Albertson's regular stores. It allows customers to either roll real carts down real aisles between real gondolas of real food — or stop by a computer terminal in the store and order their groceries for delivery within an hour and a half, or sometime later. (Why consumers would stop by this physical store instead of ordering from the comfort of their own dens, the company didn't say.)

Albertson's believes that whatever trouble it's going to in order to make the concept work in Bellevue, and presumably elsewhere in the U.S., is worth it to make its presence felt in the online market. Unlike its pure dot-com rivals, the company already has an infrastructure in place for procuring, storing, distributing and marketing groceries, notes Patrick Steele, an Albertson's executive.

All of this generated considerable excitement, of course. Albertson's is trying to outpace competing mega-chains like Safeway Inc., which has been learning from the collaborative business model it operates with online-grocer Peapod Inc., which is based in Chicago. Not to mention all the dot-com companies that have been hacking away at the Internet-grocery business for a couple of years now, including not only Peapod but also, Boston-based Streamline, Foster City, Calif.-based Webvan Group Inc. and Kirkland, Wash.-based Home Grocer.

And, in fact, Bellevue is Albertson's second market for e-commerce — its first is a little-discussed project in Dallas-Ft. Worth that is more than 15 months old. And the company also recently announced an online retailing strategy for its Sav-On drug-store chain in test markets in Kansas City and Las Vegas.

Lest you are convinced that Albertson's interest in online retailing is newly founded, consider this seldom-told tale: The company is said to have made acquisition overtures to Peapod a couple of years back, invited the management team in and studied the business model intensely before a change of heart. A half-year later, Albertsons launched its test in DFW.

Companies referenced in this edition:

<http://www.albertsons.com>

<http://www.safeway.com>

<http://www.streamline.com>

<http://www.webvan.com>

<http://www.homegrocer.com>

<http://www.peapod.com>

Best of the press:

"Supermarket Giant Albertson's to Test Online Grocery," Reuters, Nov. 10, 1999

Albertson's press release (Nov. 19, 1999): "Albertson's Launches its First Full-Service .com Store Servicing Customers Needs by Linking E-Commerce and Traditional Stores"

<http://www.albertsons.com>

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James Tenser, Founding Editor & Publisher

Dale Buss, Managing Editor

Email: Editor@VStoreNews.com

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