

METRO in focus



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Taking a byte into groceries

WHEN Sainsbury's introduced its first self-service store in Croydon, south London, in 1950, customers threw their baskets to the floor in disgust.

One woman, a judge's wife, hurled hers at Lord Sainsbury and swore violently when told she was expected to do the job of a shop assistant.

But supermarkets stuck. They have come to dictate how we shop, eat and cook – killing off the traditional British corner shop in the process.

However, many of us are now shunning vast out-of-town outlets and delegating the job back to the stores with online shopping.

By January next year, Morrisons will have become the final major

In the age of online shopping, is the supermarket set to go the way of the record store and the bookshop? **ETAN SMALLMAN** visits the world's most advanced food warehouse to find out...

supermarket to offer an online service in a partnership with Ocado, which already stocks Waitrose products.

Amazon is also entering the food arena in 20 or so areas in the US before a possible roll-out over here.

The British online grocery market will almost double within five years.

I am in 'the world's largest grocery store' – Ocado's state-of-the-art 'customer fulfilment centre' in Hatfield, Hertfordshire.

This is what a 21st-century British factory looks like. No looms or chimneys – or even any manufacturing. Instead, delivery boxes whizz above

my head as 31km of conveyor belts (more than Heathrow's Terminal 5) process up to 1.4million items a day, across 92,900 sq m (1million sq ft) of floor space – just so you do not have to leave the house for your groceries.

More food passes by in ten minutes than the average person consumes in ten years.

An array of machines along with umpteen algorithms dictate the route each customer's box takes around the warehouse and mean your order goes almost untouched by a human hand. The world's first 'plastic bag machine' places carriers

In 2012, 3.7% of grocery spending took place online, a market share of **£4.7bn**

By 2017, this should increase to 7%. A spend of **£11bn**

86% of Britons do a weekly grocery shop

48% of Britons believe supermarkets 'actively encourage' unhealthy eating, mostly by the placement of treats around the store

The average customer spends more than **one** month (33 days) queuing in supermarkets in a lifetime

Sources: Conlumino, MyVoucherCodes.co.uk, Ocado, Tesco, Waitrose, Sainsbury's, Asda



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Sainsbury's



Annual online grocery sales are almost **£1bn**. They are growing by more than **16%** a year. Delivering **190,000** grocery orders a week, its fleet of vehicles travels **43m** miles per year



ASDA

Most popular products:
 Fresh semi-skimmed milk
 Cucumbers
 Baked beans
 Chopped tinned tomatoes
 Chicken fillets



Top searches this week:



Chocolate digestives
 Hayfever
 Bouncy castle
 Kitchen roll

TESCO

Britain's largest online grocery retailer has seen sales grow by **12.8%** to **£2.3bn** in the past year. It has **150** 'click and collect' locations, with plans to more than double that number in the **year** ahead. **14%** of **weekly** visits to the grocery website take place via a **mobile device**



Waitrose

The number of **customers** placing orders using a tablet **device** has **doubled** in the past year to **20%**



Most popular products

(over past 4 weeks):
 Essential Waitrose strawberries
 Essential Waitrose semi-skimmed milk
 Essential Waitrose cucumber
 Essential Waitrose Fairtrade bananas



ocado

Its **Hatfield warehouse** is the size of **40 mid-size** supermarkets. It can process more than **25,000 orders** a day – about **1.4m** items. **1,450** delivery vans a day or **90 vans** an **hour** are sent out



into crates. The factory's few staff simply wait for boxes of products to arrive before them.

In one part of the warehouse, two boxes arrive in front of a worker simultaneously: one carrying tins of John West tuna steak from the storage area and the other collecting a customer's order as it travels around the factory.

The worker picks up the tuna, scans it and pops it into the customer's box, before both disappear along the conveyor belt and another pair arrive.

Meanwhile, complex formulae guarantee potatoes end up at the bottom of the bag while eggs go to the top. They also make sure non-chilled items are collected first, so they can be combined with the chilled and frozen stuff at precisely the right moment, ready to leave the building promptly.

Computers also ensure each van leaves the factory full. The average customer orders relatively few frozen items – kept cold en route with dry ice.

Ocado's database records which non-frozen items can fill half-empty freezer boxes. Waste across the whole operation – including food and packaging – is at just 0.7 per cent.

Managers have access to simula-

tion software that shows the path of every box. If there's any blockage or breakdown, they use Xbox-like controllers to identify the problem – aided by footage from 2,500 CCTV cameras.

By cutting out the stores, supermarkets remove the high rent and can increase their range further.

But the companies feel they may actually be able to offer better service as well.

LAURENCE Hene, head of retail at Ocado, said: 'We can rearrange our shop for every customer.'

'Instead of making you walk around the store to see everything, we bring to the front what we know you want and what we think you might want.'

'And we should be able to predict a lot more what you're doing.'

'For instance, in the future, we could see from your calendar that you're away this week, therefore you don't need your order. We can see if you've a friend round for dinner on Tuesday – right, well here's a suggestion for that.'

Ocado sends recipe suggestions tailored to the ingredients ordered.

Online retailers could soon try to tempt you with healthier options when you pile junk food into your online trolley. If you think we

might miss the human contact offered by shopping, think again.

The second most-hated aspect of supermarket shopping (behind self-service tills) is 'other customers', a poll by the MyVoucherCodes website showed.

Many of us may want an isolated existence serviced by an iPad, a warehouse and a delivery van.

The physical supermarkets are changing as a result.

Analyst Matt Piner, of retail research agency Conlumino, said: 'The real risk for large out-of-town supermarkets is the transfer of non-food spend to the internet, making large areas for electrical and entertainment products redundant.'

'That is why we're seeing them investigating moving into leisure services, restaurants and sub-letting to smaller specialist retailers.'

'In the future, some of these big out-of-town stores will probably look more like mini-malls.'

However, online shopping may see us all flocking back to shop at our corner shop. Websites offering 'click and collect' services are seeing us pop into neighbourhood shops and petrol stations to pick up our online packages.

While we're there, we're buying milk, bread and a paper. An unexpected boost in the bagging area for Britain's small traders.



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