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## **Kroger delivery arrives in Florida**

June 10, 2021

The Kroger Co. announced the opening of the Customer Fulfillment Center in Groveland, FL, powered by Ocado Group, a world leader in technology for grocery e-commerce. This marks Kroger's entry into the Florida market with an e-commerce delivery service that combines vertical integration, machine learning, and robotics with affordable, friendly, and fast delivery of grocery items and fresh food.

"The Kroger Delivery network combines the efficiency of technology with the experience of our associates to deliver fresh, affordable food, and a consistent and rewarding customer experience," said Gabriel Arreaga, Kroger's chief supply chain officer. "We're proud to launch Kroger Delivery in Florida, a new geography for Kroger and a milestone moment in our history to further build on our

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success as one of America's leading retailers and e-commerce companies."

"Kroger is uniquely positioned to transform grocery e-commerce in Florida because of our differentiated offering that brings high-quality fresh groceries directly to our customers' doorstep. The service features fresh food, adult beverage, and personal care products, affordable prices and promotions, and a best-in-class fuel rewards loyalty program," said Bill Bennett, Kroger's vice president of e-commerce. "This innovative, customer-centric offering is delivered by our professionally trained and friendly Kroger Delivery associates, providing our customers with anything, anytime, anywhere and broadening our reach and products to new geographies."

After placing an order via Kroger.com or the Kroger app, customers in regions where a CFC is located have groceries delivered by a knowledgeable Kroger Delivery associate in a temperature-controlled van. The associate delivers industry-leading customer service, including ensuring order freshness and satisfaction, managing order changes, and informing customers of loyalty membership benefits.

As part of Kroger's commitment to provide a differentiated and affordable grocery delivery experience for customers, Kroger Delivery will offer variable delivery fees that do not require customers to provide a tip and are influenced by a number of factors like a customer's loyalty, delivery window popularity, route optimization, and order lead time. Variable delivery fees will allow Kroger Delivery to provide additional discounted options where it has the flexibility, creating a personalized offering and delivering value to customers in ways that matter.

### **Kroger Delivery Operations**

In May 2018, Kroger and Ocado formed an exclusive partnership to introduce to the U.S. for the first-time proprietary technology solutions focused on artificial intelligence, advanced robotics and automation, and creative solutions to create efficient fulfillment and delivery capabilities.

The Groveland CFC measures 375,000 square feet, carries thousands of popular grocery products, and represents one of the models engineered for the flexible Kroger Delivery network, which will also include smaller automated facilities and spoke locations. The CFC can fulfill thousands of orders per day. The Groveland CFC and spoke in Tampa are now open, with the Jacksonville spoke scheduled to open this month. The Groveland CFC joins the Monroe, OH CFC which opened earlier this spring.

Kroger Delivery is a vertically integrated network, enabling coverage of up to 90 miles from the hub location in Groveland and significantly more territory when spoke locations, such as Tampa and Jacksonville, are integrated. In these highly automated Customer Fulfillment Centers, more than 1,000 bots whizz around giant 3D grids, orchestrated by proprietary air-traffic control systems in the unlicensed spectrum. The grid, known as The Hive, contains totes with products and ready-to-deliver customer orders.

As customers' orders near their delivery times, the bots retrieve products from The Hive which are presented at stations for items to be sorted for delivery, a process governed by algorithms that ensures items are intelligently sorted. For example, fragile items are placed on top, bags are evenly weighted, and each order is optimized to fit into the fewest number of bags, reducing plastic use.

Once completed, orders are loaded into a temperature-controlled Kroger Delivery van, which can store up to 20 orders. Powerful machine learning algorithms dynamically optimize delivery routes, considering factors like road conditions and optimal fuel efficiency.

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