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Kroger enters Northeast, expands in California and Florida

October 13, 2021

The Kroger Co. will offer more customers Kroger Delivery through the addition of new Kroger fulfillment centers powered by the Ocado Group, combining vertical integration, machine learning, and robotics to provide an affordable, friendly, and fast fresh food delivery service. The company will also enter the Northeast for the first time, offering Kroger Delivery enabled by a customer fulfillment center. The facility will meet the need for same-day and next-day grocery delivery demand. Additional CFCs will allow the company to expand its reach in California and Florida.

"Kroger Delivery is a thriving part of our dynamic ecosystem and is transforming grocery e-commerce and meeting a range of customer needs through the introduction of first-of-its-kind technology in the U.S. developed by Ocado," said Rodney McMullen, Kroger's chairman and CEO. "Kroger's growing seamless ecosystem continues to scale, and we're committed to doubling both our digital sales and profitability rate by the end of 2023 and Kroger Delivery will help us reach this target.

"We feel great about the momentum we're experiencing with Kroger Delivery and our partnership with Ocado and are strategically leveraging our assets to expand our operations in existing regions as well as enter new geographies on the East Coast that leverage facilities across a growing range of sizes," said McMullen.

Kroger will expand its existing operations and boost capacity in California with the addition of two CFCs. The medium and smaller-sized facilities will meet the need for same-day and next-day grocery delivery demand.

Kroger Delivery launched in central Florida earlier this year, and the operation has ramped up faster than expected, unlocking additional ways of executing and operating and resulting in high customer repeat rates and net promoter scores.

To continue driving momentum, Kroger will enter south Florida and introduce two smaller-sized fulfillment facilities. These will join the already live CFC in Groveland as well as "spoke" sites in Jacksonville and Tampa. It will also mark the introduction of two automated local fulfillment centers with Ocado, enabling Kroger Delivery to serve customers as fast as 30 minutes with a selection of 10,000 fresh food items and essentials, and to deliver same-day and next-day orders with 35,000 items.

"The acceleration of Kroger Delivery continues with these new facilities and our continued focus on creating career opportunities and serving customers through interconnected, automated and innovative fulfillment models that cater to different and accretive grocery shopper missions in both new and existing geographies," said Gabriel Arreaga, Kroger's senior vice president and chief supply chain officer. "We have a pipeline of sites in development across the U.S., with several scheduled to open next year, and we're excited to continue delivering the Kroger experience to more doorsteps."

"I am delighted that we're bringing Ocado's world-leading technology to Kroger customers across the U.S.," said Luke Jensen, CEO of Ocado Solutions. "The Northeast is another new geography for Kroger, and we're excited to enter it with them. Moreover, with the addition of fulfillment centers in Southern California, our partnership is truly revolutionizing the U.S. grocery online landscape from

coast to coast.

Kroger Delivery currently operates CFCs in Groveland, FL, and Monroe, OH, and in addition to the newly announced five facilities, Kroger Delivery is slated to open previously announced sites in Dallas; Forest Park, GA (Atlanta); Frederick, MD; Phoenix, AZ; Pleasant Prairie, WI; Romulus, MI (Detroit); and sites in the South, West and Pacific Northwest.

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