

# GROWTH STRATEGIES

## InstaBuggy plans to fill Canadians grocery and liquor orders on a single web page

[Mary Teresa Bitti](#) | October 17, 2016 | Last Updated: Oct 17 10:00 AM ET



Laura Pedersen/National Post Julian Gleizer, co-founder and CEO of Instabuggy, at Summerhill Market in Toronto, one of the e-grocery platform's independent grocer partners.

With global e-commerce sales expected to grow to US\$3.4 trillion in 2019 (up from US\$1.55 trillion in 2015), and the consumer packaged goods market looking for growth after several years of conservative spending among shoppers, bringing the the two together seemed a good idea.

Serial entrepreneur Julian Gleizer hopes to create a better online grocery shopping experience that will achieve this. Gleizer and Zachary Kaplanov launched Toronto-based online grocery delivery service, **InstaBuggy with Sobeys's FreshCo in April 2015, revenue has been growing at a rate of 37 per cent a week.** InstaBuggy now delivers across the greater Toronto area and is about to launch in Ottawa. In addition to FreshCo, the service has also partnered with independent grocers in Toronto such as Summerhill Market, Coppas and Galanti Fresh Market.

**Kaplanov's experience in the food manufacturing space complements Gleizer's expertise in digital and marketing.** Before launching InstaBuggy, he had a startup in the daily deal arena, which he sold in May 2014 to LiveDeal, a publicly traded company on Nasdaq. **"I realized everything is being sold online except for groceries."**

**Well, not quite. It's estimated less than 1 per cent of total food purchases in Canada happen online. That is expected to grow to 3% by 2018 and Canada's total online grocery market is projected to grow to \$3.6 billion by 2019. Loblaws and Walmart currently offer an online pickup model. And Longo's has Grocery Gateway, which does provide home delivery.**

InstaBuggy is more of a marketplace for grocers and customers. It has integrated all the real-time inventory of its grocery partners into its geo-location-based platform. Customers are acquired through its own marketing initiatives. Once you enter your postal code on Instabuggy.com via browser or mobile app, you can choose to shop at any or all of its partner stores in your area. In-store pickers and packers fill the order and **InstaBuggy's drivers deliver. Customers can schedule orders up to three days in advance or have it delivered in as little as an hour.**

**"So if you want your produce from Sobeys Urban Fresh and your pantry items form FreshCo and gourmet prepared meals from Summerhill Market, you can do all that in one order," said Gleizer. "It's all about consumer choice and convenience. We are the last mile delivery solution for the retailers to the customer. Because we acquire these customers and have a relationship built on trust, we want to make sure they have choice and service so they come back." That means investing in a dedicated team of full- and part-time drivers (no crowdsourcing), who operate within specific pockets, much like the Pizza Pizza delivery model.**

The current business model requires a \$35 minimum order value, customers are charged a convenience fee of between 10 and 15 per cent of the order and delivery fees for orders under \$80. Gleizer is looking to eliminate convenience fees and move to in-store prices in the near future thanks to the next phase of growth: expanding nationally within the next year, with the first push into Western Canada, and entry into multiple verticals beyond grocery.

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InstaBuggy has already joined forces with consumer packaged good companies and is working with Unilever to sell meal kits. “Users can go to InstaBuggy and check out recipes by Knorr. All the ingredients are there, you can add the ones you need to your cart, or with one click get them all and check out,” Gleizer said. The company has also obtained a liquor delivery licence and will be launching an alcohol delivery service.

“Grocery delivery is one of these hugely attractive markets that makes fundamental sense but no one has been able to do it consistently and grow it,” said Brad Cherniak partner in Toronto based business advisory firm, Sapien Capital Partners.

“[InstaBuggy] has upped the complexity because by adding multiple suppliers and putting so much responsibility on the drivers to be problem solvers to meet tight delivery deadlines. Toronto traffic alone could lead to chaos. The entrepreneurs are playing ten-dimensional chess. They’ll have to learn on the fly, see what works and what they have to let go of. Execution is critical.”