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By Mike Knowles

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Ocado and Kroger to build online network



Used by Ocado for its own UK retail business, Ocado Smart Platform is designed enables retailers to control and operate their own online business

Latest deal brings Ocado Smart Platform to the US following similar deals in France, Canada, Sweden and the UK

UK-based online grocery specialist Ocado has added to its recent list of high-profile partnerships with the news that it has signed a major collaboration agreement with US group Kroger, the world's third-largest food retailer, to build new ecommerce infrastructure.

The deal, which follows recent similar deals with Groupe Casino in France, Sobeys in Canada, ICA in Sweden and Morrisons in the UK, means Kroger can make exclusive use of Ocado's Smart Platform technology for what the British firm described as "grocery and other food distribution-related activities".

According to Ocado, the partnership aims to allow Kroger to "redefine the grocery customer experience" in the US by establishing a centralised, automated model of online retailing.

It also said that Kroger, which recorded

sales of US\$122bn during 2017, making it the largest grocery retail chain in the US in terms of revenue, was best placed to retain that market-leading position.

Ocado will discontinue discussions with other US-based retailers, in return for Kroger paying exclusivity and consultancy fees on a monthly basis ahead of a more permanent financial agreement in the future. Kroger will also take a 5 per cent stake in Ocado.

Rapid expansion plan

According to a press release issued by Ocado, it is already working with Kroger to identify three sites in the US for new, automated warehouse facilities.

That figure could rise to 20 during the first three years of the partnership, it added.

Ocado chief executive Tim Steiner said working with Kroger to transform the

way in which US customers bought groceries represented "a huge opportunity to redefine the grocery experience" for Kroger customers.

"Ocado's unique, proprietary and industry-leading technology is set to transform the shopping experience of consumers around the world," he commented.

"Our success as a retailer shows that we can offer customers unrivalled choice, quality and convenience, efficiently and profitably.

"As we work through the terms of the services agreement with Kroger in the coming months, we will be preparing the business for a transformative relationship which will reshape the food retailing industry in the US in the years to come."

Rodney McMullen, chairman and chief executive of Kroger, said: "We see Ocado

as an innovative, exciting and

in pursuit of our Restock Kroger vision, to

The retailer's efforts to create a "seamless

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transformative partnership

serve America through food inspiration
and uplift.”

digital experience” for customers would
speed up as a result, he added.

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