

Defang Zhang

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The Fastest Groceries in Manhattan

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The sidewalk on Amsterdam Avenue on the Upper West Side is always busy, but during morning rush hours, it is bustling. Parents are walking kids to school and delivery drivers are unloading their vehicles. “Don’t worry I got you,” said a young man holding the door when someone passed through the entrance of one of Buyk’s warehouses, also known as “dark stores” because the windows are covered with stickers, on Amsterdam Ave. This is Toneerome Little, an athletic 21-year-old who always carried a pink and yellow backpack painted with “Buyk” in a striking font on the back. He works as a courier at Buyk, otherwise known as a “Buyker.”

Buyk [pronounced “bike”], which opened its first Manhattan store in August 2021, is an ultrafast grocery delivery company that promises to bring items to its customers’ door front within 15 minutes. The company doesn’t set a minimum purchase or include a delivery fee. The founders, Rodion Shishkov and Slava Bocharov, are two businessmen who founded Samokat, one of the leading real-time grocery delivery companies in Europe. Now, they’ve joined the mushrooming development of e-commerce in New York City.



Little has been working at Buyk since the day it opened its first store on West 108th Street and Amsterdam Ave on the Upper West Side. Before that, he had worked at Fresh Direct, the pioneer of New York online grocery delivery services. But he didn't love the job. "It was a lot of walking around," he told me. Fresh Direct delivered its groceries in large trucks, carrying multiple orders at once; Little's job was to pull heavy boxes off the truck, put them on a dolly, and deliver them to customers' doors. It was a lot of lifting and a lot of walking. It was too slow for him. "And now I bike," Little said. He covers the area between 70th Street and 120th Street. Other Buyk stores—or warehouses, really, since they are not open to the public—cover other parts of Manhattan, Brooklyn, and the Bronx. In total, there are 20 dark stores in the city.

The salary for delivery workers, however, is not that competitive. The starting hourly wage is \$16 an hour, but as a devoted and hard-working courier, Little is now being paid \$17 an hour and gets

to keep his tips. He is positive and expects a pay raise in the future. “Because we're still a new company,” he told me. “I think later on down the line that wage should probably come up.”

In the meantime, he was rushing to meet orders. “It gets kind of heavy on Sundays and weekends, basically because of basketball and football games,” Little said. “We'll just be left with, like, orders on top of orders on top of orders. We are like, ‘Come on bro.’ It’s a lot.”

The company promises to deliver in 15 minutes, but there is some wiggle room. “Sometimes if an order is really far, you probably can’t make it in 15 minutes, so we’ll push it for another five minutes, so like 20 minutes,” said Little.

Rushing through the city to get his deliveries on time can be dangerous, and there aren’t a ton of instructions or best practices for how to handle various situations.

“I’m not gonna lie,” Little said. “Because this is a Russian-based company, there is no bible. I had accidents before, [Buyk] don’t know how you are doing at work, and we are in New York City, drivers are crazy here.”

Nonetheless, Little keeps biking, keeps racing to get the deliveries there on time. Meanwhile, Buyk races to establish a foothold in the burgeoning grocery delivery space—despite the competition, despite the evident danger to its employees, and despite mounting resistance from neighborhood groups who don’t actually want a “dark store” displacing New York City’s traditional corner bodegas.

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The \$1 trillion grocery industry has been slower than almost all other retail segments in transitioning to online delivery. For some people, this was as it should be: Customers wanted the chance to see and touch and smell their groceries. But others believed that there was an opportunity.

The earliest movers in the space were WebVan, founded in California in 1996, and Homegrocer.com, founded in Washington State in 1997. After some promising initial growth, the two companies merged, and then went bankrupt. After this experience, it was some time before e-commerce returned to the grocery space in the West.

Meanwhile, in New York, Fresh Direct was founded by a former Fairway partner in 1999. It had its own warehouse in Hunts Point, in the Bronx, and promised fresher food and better prices than other New York grocers. For a long time, it was the dominant player in the New York online grocery space; in 2014, it had annual revenue of \$450k and a 41% share of the New York e-grocery market.

But things were beginning to change. In 2012, a start-up called Instacart was launched in San Francisco; it allowed online shoppers to choose a grocery store and select their groceries for delivery. It quickly started gaining market share across the country, including in New York. PeaPod, an early online delivery startup that was partnered with grocery giant Stop and Shop, was

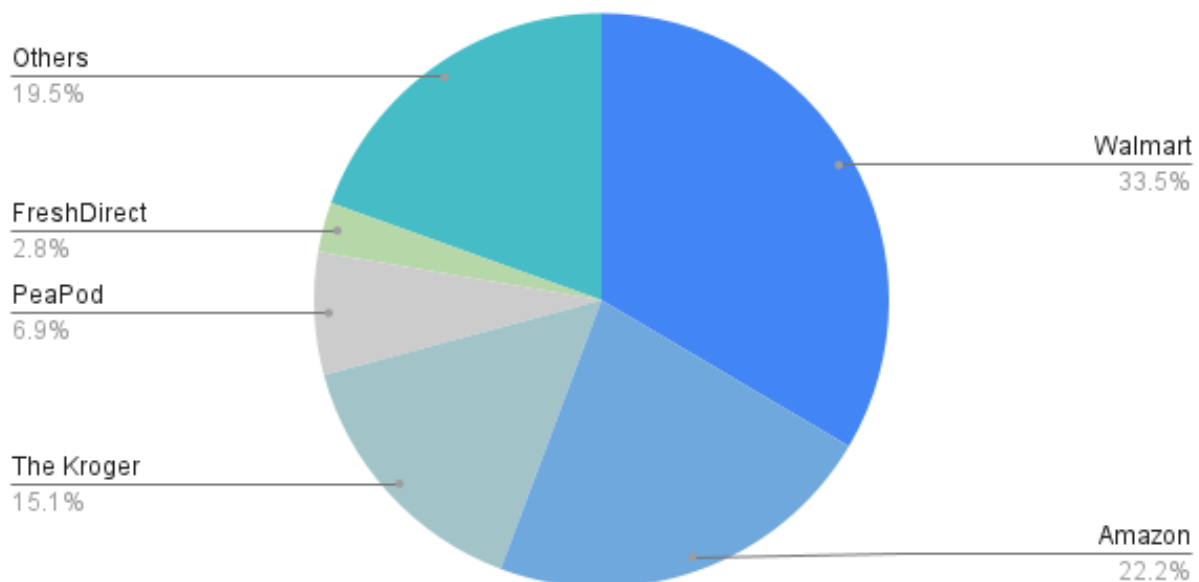
also making inroad on the New York market. And then, in 2017, Amazon bought Whole Foods, clearly signaling its intent to enter the online grocery delivery game.

This competitive but slowly developing market received a jolt when the COVID-19 pandemic broke out in 2020. Suddenly, thousands of New Yorkers began doing contactless grocery delivery for the first time. The online grocery delivery market boomed.

According to a [study](#) conducted by research companies Incisiv and Mercatus in 2021, the overall online grocery shopping adoption had increased 200 percent in the first months of the pandemic. Digital grocery sales were projected to account for 9.5 percent of the total grocery sales, or about \$100 billion, in 2020. Online grocery sales will surpass 20 percent of the overall U.S. grocery retail market by 2026, according to the same study. The above chart shows the major online grocers in the States and their market share in 2021, with Walmart taking the lead as its product selection includes households' essentials in addition to just groceries. The next closest competitor is Amazon, with close to 22.2% of market share.

Major Online Grocery Players and Their Market Share in 2021

Source: IBIS World



Even though critics warn that pandemic-induced caution will not last forever, the research companies projected continued growth. “Even with relaxed restrictions and store reopenings, online grocery adoption rose to 49 percent of respondents in 2021.”

The pandemic has drastically accelerated a race for market share in the online grocery space. In the past two years, New York has been flooded with startups that promise to deliver food within 15 minutes. Gopuff is the largest and oldest, but it is joined by Buyk, Jokr, Gorillas, Fridge No More and Getir. Each of them is desperately scrambling to acquire customers, mainly competing on price. Buyk offers \$20 off on customers’ first orders. Jokr cuts 30 percent from customers’ first orders. Most of these companies have eliminated delivery fees. They are offering exclusive deals and promotions, racing against the clock to gain customers, spending marketing dollars for a lifetime value. Some of these cash-burning startups are losing \$20 per order, according to [The Wall Street Journal](#). None of these companies has disclosed its consumer acquisition cost, but the Journal unveiled that Fridge No More spends \$70 to reach a customer. None of the companies is yet making any money. Jokr stands to lose at least \$159 per order in its US market, as an internal report revealed in August 2021, according to the [Journal](#). Fridge No More is losing \$3.30 on every order; even Gopuff, the industry pioneer, is not making profits before taxes and interest, though it has meteorically expanded across the country in 2021, according to the Journal.

Perhaps even more important, the companies are not making a lot of friends. Unlike Fresh Direct, which sends trucks from one giant warehouse, and unlike Amazon/Whole Foods and Instacart, which delivers groceries from existing stores, the innovation of the 15-minute startups is that they

rent small warehouses in the busiest parts of the middle of the city. This way they can deliver groceries much faster than their competitors. But the costs to the neighborhood are also significant.

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When I biked down the Amsterdam Ave. on a Tuesday morning, I saw Buyk's dark storefront which its door was fast shut. Its windows were blanked in bright pink stickers with QR codes printed on the top, and its check-me-out posters were pressed upright on the glass, labeling a collapsible sign which instructs you to download its mobile app. It is located in urban neighborhoods and crowded city streets, yet, customers are not allowed to step inside.

Little agreed for me to shadow him during his morning shift, thus I was able to rent a Citi bike and followed behind. Slightly after 8:00 a.m. I arrived at the store, but I was only able to hang out at the forefront, while Little constantly stepped in and out, waited for the pickers to pack orders and put into his backpack. The store was not busy on Tuesdays, there was two couriers on site including Little. When an order was received, his working phone received notifications, and he would use the app to guide his route. Little received his first order around 8:30 a.m. and he was geared up with the helmet and ready to hit the road with me as a background sidekick.

The first order was on 121 W Amsterdam Ave, which is not too far from the store. Little took the avenue, and we biked all-the-way North, passing the Mount Sinai Hospital and the Columbia Campus. Yet, the road condition was complicated enough for me, who is a novice at biking. The honking of horns flustered me, as parts of the bicycle lanes were occupied by construction, Little

and I had to use the vehicle lanes that were restricted to motor-vehicles only. Fortunately, within ten minutes, Little and I arrived at the delivery address safely. He strode up to the access and knocked like a pro, while I was trying to find a proper spot to park the bike. This order was delivered on time.

Yet, we were out of luck when the second order came in later that morning. Little and I must rush to 87th Street and we eventually failed to make there on time. We shuttled between traffic on Broadway, dodging cars and construction sites, and this made every moment fraught with tension. Not until we turned to 87th Street, Little's phone, by an odd coincident, went out of power. None of us, remembered the unit number which proved to be a huge mistake. Little first was discouraged and worrying about the clock. It seemed like we had to make a due with what we have here. As we wondered along the street, anxiously, Little tried to restart his phone and magic happened. The phone was back on power. This twist resulted in a delayed order which might hurt Little's tip jar.

On the way back to the store, Little showed me his working bike which is a typical touring bike with a narrow saddle that often bothers him when carrying heavy grocery bags on his shoulder. Bikes vary from each store, depending on a mechanism that rewards fancy electric bikes to a store with a lower number of injuries. As Little recalled, his store manager recently just fired a courier for getting into an accident and not reporting on time.

Buyk does not provide commercial liability insurance for delivery workers, which leaves many workers responsible for paying their medical bills if they were hit by someone while delivering. Similarly, if a person gets hit by a delivery worker, that person covers his or her medical expenses.

“As a new start-up, they are still adding new stuff, probably next week they will add insurance, I’ll ask them that’s a really good question,” said Little.

Despite potential dangers on the job, Little is planning to stay with Buyk for a while.

“This is definitely a job that you could grow from. I didn't really have too many jobs. For me, it is still a learning experience,” said Little.

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According to New York City zoning laws, warehouses can only be placed in areas designated as manufacturing. Buyk “dark stores,” however, are typically placed in mixed-use commercial and residential areas. The Buyk store on the Upper East Side, for example, is centered in a commercial overlay zoning district in a mixed residential and commercial use building. But according to city officials, the startups are skirting these regulations by calling themselves grocery stores.

“Are they a warehouse or a grocery store? That’s what has to be determined,” said Gale Brewer, a City Council member and former Manhattan borough president from 2014 to 2020.

“This falls into one of those loopholes that can be sort of exploited,” said Melisa Checker, who is a professor of urban planning at City University of New York.

Checker added that when the zoning regulations were enacted in 1961, dark stores or fulfillment centers did not exist, therefore there were no corresponding zoning codes.

The lack of regulations has been a mounting concern for the city as critics argue that the dark stores cause negative externalities such as noise and congestion, disrupting a traditional retail ecosystem.

Brewer called for the city to investigate the micro-fulfillment centers in an open [letter](#) last October and launched an interactive [map](#) disclosing dark stores locations at a news conference in March.

“The issue is between the Department of Buildings and the Department of City Planning: Is it or is it not a legal use in a retail area? They need to give us an answer,” Brewer told me.



According to the map, there are close to 115 dark stores in the city, 93 of them were not operating under warehouse zoning codes.

“If they are not following the rules, why are they there?” said Brewer at the conference, “We don’t want disrupters to come to towns and not follow the rules. To the best of my knowledge, they are proliferating without any government action at this point. So we’re calling on the mayor’s office again to enforce the appropriate regulations.”

The Bodega and Small Business Group, a coalition of local bodegas in New York City, has also called on the government to execute zoning regulations. They even held a rally in Lower Manhattan in January.

“We are asking small business leaders to work with us to get some funding for our bodegas to go to the next level of the technologies,” said Francisco Marte, the founder of the group. “We are not against the apps, let’s use our local bodegas to operate your [instant grocery delivery startups] business and when we can stay in the community to better serve the [people] in the community.”

The rally was joined by Comptroller Brad Lander, who supported the bodega owners’ demands. “Our economy will thrive when we share benefits with entrepreneurs, workers and communities,” he said. “I’ll join you in the fight around our zoning and other rules to make sure that we prevent the ‘dark-storization’ of New York City.”

“They're not traditional commercial businesses, but because of the way the zoning works, they can locate in a commercial zone, they haven't been given a specific kind of classification,” Checker said. “Yet you can't just put those businesses in a manufacturing area, because it defeats the whole purpose of the business. They have to be in an area that's going to be able to quickly serve their customers based on the business model.”

Meanwhile, the effects of the “dark store” on the neighborhood have not been welcomed by residents.

“I live around the corner [of the Buyk dark store on the Upper West Side] and I've never walked into that store,” said Amanda Xu, a 33-year-old bank accountant, who has lived in the neighborhood for three years. “It used to be a Duane Reade, but now it looks like a dead place, it's dark and cold. I'd rather go grocery shopping in H-Mart.”

Sheila Levy, a 66-year-old native New Yorker who has lived at West 106th Street and Amsterdam Avenue, around the corner from the Upper West Side Buyk, echoes this sentiment.

“I would never use this service,” Levy said, “They are not open to the public and I can't see what's inside because their windows are covered.”

Levy would much rather shop at the Westside Market at Broadway and 110th Street, which she visits once a week for groceries for herself and pet food for her cat Milo. Westside Market, she added, also does deliveries.

Checker, the urban planning professor, said that, historically, manufacturing zones were mixed up with residential ones so that factory workers could live close to work. But after manufacturing largely left New York City, the zoning remained the same, opening these areas to exploitation.

“People who live in those areas are often low income and people of color,” Checker said. “They're already dealing with all kinds of noxious stuff in their neighborhoods. They're already on top of the Amazon warehouses, and then to put more stuff on top of it is a big burden for them.”

Brewer also pointed out that low-income residents may not have the technology to even take advantage of Buyk, nor does Buyk take EBT, the electronic benefits card used by low-income people to buy groceries. “So I don't know who is going to want these things,” Brewer said.

Not only Brewer has voiced concerns over the dark stores, Christopher Marte who is the Council member representing District 1, also stepped up efforts to rein in these instant grocery delivery apps. Marte is drafting legislation to prohibit the apps from advertising 10-15 delivery times, protecting delivery workers and pedestrian safety.

“There are no possible ways to guarantee public safety and the 15 deliveries at the same time, if you want to do both you have to run against the traffic laws,” said Ian Wang, the legislative director of Marte's office.

Though the bill is yet to be passed, startups like Gorillas had already felt the pressure. The company extracted 10-15 minutes delivery promises from commercial flyers and removed stickers and films on their windows, according to the [Post](#).

Buyk did not respond to requests for comment.

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The pandemic has greatly accelerated the growth of e-commerce in every face of retail. But experts doubt that the surge is sustainable. Mark Cohen, the director of retail studies at Columbia Business School, pointed out that the fast delivery platforms were in vacant retail spaces that had appeared during the recent economic downturn. “I don’t believe that this will be sustainable as the economy improves,” said Cohen.

There is also bound to be increasing push-back from residents who don’t like what the dark stores look like, or how they operate. “It looks like hell in front, ” said Stephen Zagor, an adjunct professor at Columbia Business School specializing in restaurants and food businesses. “There were at least 10 bikes out front every day. Guys hanging out in front with the big delivery bags over their shoulders. Wasn't a very appealing-looking location.”

Furthermore, the companies are spending so much money building a customer base, that they may go bankrupt without ever turning a profit. “It might be a good strategy to get initial users, those companies spend a billion dollars in venture capital money, just building the user base,” Michael Cohen, a visiting assistant professor at Stern School of Business at New York University, said.

But the business won't remain the same once the customers are in, Cohen said. "We're not going to do the 15 minutes thing anymore, if you want the 15 minutes it's gonna cost you extra."

In the worst-case scenario, they might not even be able to make trade-offs with users if they are spending too much on marketing.

"The most expensive thing is to get current customers to spend more and get current customers to come back more. Those are once you already have someone on your hook. That's when you try to maximize the transactions, like getting new people means you got to go out in the marketplace and compete," said Zagor, "Where companies really run into trouble is when they start to spend too much money on customer acquisition to get people to not only come once, but to be regular customers."

Another concern is that the booming landscape of instant delivery grocers might attract behemoths in the e-commerce industry such as Amazon, DoorDash and Uber.

"What's gonna happen if it gets too big," Zagor said, "Amazon's going to get into it now. Amazon already has AmazonFresh. It's a pretty easy leap to go from AmazonFresh where you basically walk in and swipe and walk out something to go home."

Amazon is already driving urban grocery stores into fulfillment centers with ghost kitchens, it is not that hard for them to win customers over with its blindingly instant delivery standards.

Nonetheless, grocery services giants such as Fresh Direct have a much more complete assortment than these startups, which might court customers better than these startups.

On the other hand, the emergence of these companies is forcing people out of local supermarkets like Morton Williams.

“They are not going to survive the server real estate and the format game that Amazon can play,” Cohen said. “So they either need to change or die. I suspect they’ll die along with their customers.”

These community grocery stores will have to find their market niche to stay open. There are still people who like to go to farmers' markets or places like Little Italy or Union Square for a real shopping experience.

“Everything evolves,” Zagor said. “Land-based businesses will become more customized to their local market, they will be known for selling items that are very proprietary to them.”

No matter what, it is apparent that perks of these startups have struck a chord with many New Yorkers, mostly the ones who have no time to waste, or as Zagor referred to “food quick.”

“You can break people down into different buckets,” Zagor said. “The first bucket is people who hate to eat. Second is the people who are ‘food sluts,’ who will eat anything. Thirdly, we call it ‘food quick.’ Everything needs to be done quick: Quick delivery, the minimal amount of effort. Fourth are ‘foodies.’ People that really like to eat and spend way more time talking about food

than any other leisure. And fifth, the ‘food elite,’ people who will spend whatever it takes to get the next great chef talking mushroom or something.” The e-commerce delivery services, he said, were focused on group number 3, “food quick.”

But likely the service will evolve.

“The next step is to actually add in hospitality and add in a relationship-base,” said Zagor. “The internet right now is very transactional, it’s not relationship-building. It’s a relationship for you, but for me not so much because I’m older. You’re used to having a relationship online, I still like to look people in the eye and see someone smile.” The successful quick delivery services will find some way to replicate that human touch—unless it is not something anyone wants anymore.

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“I’ve been staying home for a month,” said Little when I called him up right before noon on a recent Saturday in February.

Little has been on a temporary “sick leave” since January. Buyk tightened its vaccine mandate policy for employees during the spike of Omicron. Little’s store manager demanded that he receive a Covid-19 vaccine.

“She said, ‘You have to either get the first dose or I have to take you off the schedule completely,’” Little recalled.

Little has been struggling to get a Covid-19 vaccine. On the one hand, he is still weighing the side effects against the effectiveness. On the other, he was tested positive for Covid-19 in early January, when he was taken to an Emergency Room for severe chest pain. “I want to wait until I fully recovered,” said Little. “I’m also currently uninsured.”

Little applied for Medicaid after he tested positive for Covid-19 and he is still waiting to hear back from the state Medicaid agency to grant him an enrollment card.

The health insurance for delivery workers at Buyk has been lacking since the company first launched in August, despite the fact that competitor Gopuff announced that it would offer health coverage for its employees in November.

Another factor for Little to hold back from the vaccination is that he feels upset when he is forced to make a decision. “It’s freedom or money,” said Little. This struck him as unfair. Nonetheless, if the mandate stays in place, he will probably get the shot.

“I don’t want to lose my job,” he said.

Postscript

The story began in the summer of 2021. I was walking to campus when I brushed against a delivery worker wearing a bright pink jacket and giant backpack, swooshed by on a bicycle. I soon realized that pandemic-induced grocery delivery services flushed New York City. Delivery workers have been all over the city rushing to bring groceries within 15 minutes. I was deeply intrigued and wanted to look into the industry.

Surprisingly, there has been relatively little investigation of the evolution of grocery stores underlying the relationship between e-commerce and food markets. The purpose of my story is to conduct a more nuanced examination of the transition of grocery stores into digital delivery platforms and to present the neglected externalities that pose fundamental threats to the city.

The initial step of my research was to download their apps and place an order. This is the most obvious way for me to get to know the company and its service. Not surprisingly, I was right. I kicked off a conversation with Toneerome Little, who was working for Buyk as a courier at that time and he was the main character for my story. I conducted many interviews with Little during the initial stage as background information. I eventually shadowed Little for a day to glean new insights for demonstrating a typical working day of a delivery courier and daunting safety challenges in maneuvering through traffic.

Based on my observations and constant conversations with Little, I realized that this industry is at the forefront and companies like Buyk have spent ample dollars on consumer acquisitions, offering

huge discounts. I wondered whether their business model is sustainable enough to achieve the economy of scale? To better understand the financials, I reached out to business professionals in the food industry. They are my primary sources who not only explained the operation mechanisms but also drew concerns that went along with these startups - testifying the legitimacy under zoning codes and traffic laws.

Seeking the answer to that question, I reached out to city council members such as Gale Brewer and Christopher Marte and covered press conferences directly voicing concerns of residents and Bodega owners within the impacted community. In line with these elected officials, I also talked to city planning experts who proved to be crucial for my understanding of zoning policies in New York. One significant challenge is the lack of response from Buyk. Buyk plays a crucial role in the story, therefore getting their response will be an important question for future investigations.

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15. Tonneerome Little, the Buyk courier

