According to the financial data and software company PitchBook, surging consumer demand created a “wild west” situation in the space last year, with several start-ups securing “mega-rounds” of investment totalling $100 million or more. According to Bloomberg, rapid delivery companies around the world attracted US$9.7 billion in venture capital (VC) funding last year, even though many are increasingly resorting to deep discounting to attract and retain customers.

But it’s not just upstart companies that are investing heavily in the online space. In 2020, Empire, which counts the Sobeys, Longo’s and IGA grocery banners among its assets, launched Project Horizon—a three-year plan that specifically counted “Win Canadian grocery e-commerce” among its objectives.

Empire, which last year closed on its $357 million acquisition of the Toronto-area grocery chain Longo’s—and whose nearly 23-year-old online service Grocery Gateway was a pioneer in Canada’s online grocery space—has said that it expects to add $500 million in annual earnings to its bottom line as a result of its investment in the online space.

At the heart of that online strategy is Voilà, a service powered by technology developed by the British company Ocado, which also has partnerships with grocers around the world, including Kroger in the U.S., Morrisons in the United Kingdom and Coles in Australia. It uses vast customer fulfillment centres (CFCs) to warehouse items, with robot pickers allowing it to promise 99.6 per cent order accuracy and 98.6 per cent on-time delivery.

Voilà debuted in the GTA shortly after the pandemic hit in June 2020 and has been a success story in its early days. Empire announced the Ottawa launch of Voilà in April 2022, adding to its existing offerings throughout Ontario and Quebec. It also signalled its commitment to the online space earlier this year, announcing that it is building a new fulfillment centre in the Vancouver area—its fourth facility in British Columbia—promising online groceries will be available to B.C. residents by 2025.

Empire says that its fulfillment centres in Ontario, Quebec, Alberta and B.C. will enable it to reach 75 per cent of Canadian households and have access to 90 per cent of grocery e-commerce spending. “We strongly believe that central fulfillment is the most profitable solution at scale and that Voilà will be the top ecommerce grocery retailer in Canada,” said the company.

Walmart Canada also announced a $3.5 billion investment in its operations that includes beefing up its e-commerce capabilities. That includes a new 430,000 square-foot delivery hub set to open just outside Calgary in September, which it says will expand its two-day delivery capabilities to 61 per cent of Canadians.

The largest grocer in the U.S., Walmart has the capability to completely upend the grocery category in Canada, says Winder. “They’re definitely looking at grocery as a must-win category in Canada.” And that’s to say nothing of the 800-pound gorilla of online retail: Amazon. While the e-commerce behemoth has mostly restricted its grocery activity in Canada to dry goods, Winder says that any move into fresh by the e-commerce giant has the potential to be a “game-changer” for the category.

According to a 2021 report by Edge Retail Insight (the market research arm of e-commerce consultancy Edge by Ascential), Amazon is expected to nearly double its online food and beverage sales globally over the next five years. Amazon’s edible grocery sales are expected to grow by 13 per cent a year through 2026, reaching $26.7 billion. That’s second only to the Chinese online giant Alibaba at $34.2 billion.

While supermarkets and neighbourhood stores will remain the largest channel in the sector, accounting for a projected 40.3 per cent of chain retail global category sales in 2021, their share is expected to decline to 39.2 per cent within the next four years, as channels such as e-commerce and discount gain momentum.

The pandemic's impact on students may have long-lasting effects

David-Alexandre Brassard, CPA Canada's chief economist, on the many lessons from the past two years that will help us to move past COVID-19's collateral damage.

There is every indication that the Canadian economy has largely recovered from the pandemic. Economic activity is comparable to pre-pandemic levels and the job market is doing well. As the country emerges from crisis mode attention will have to turn to other pressing issues if a resilient economy is to be achieved.

The past two years have seen a dramatic transformation in the education sector, with a massive shift to online learning (30 per cent of the school calendar between March 2020 and March 2022), extended school closures in some provinces and disruption of extracurricular activities.

The impact? Declines in achievement for many students and student disengagement. While the magnitude of the impacts may vary, we can expect to see similar findings in Canada as in the United States, where declines in reading and math in "pandemic" cohorts can be seen in grades three through eight. Those most impacted, compared with pre-pandemic cohorts, are marginalized and economically disadvantaged students, and the lack of face-to-face education has been most detrimental to students with specific learning difficulties.

Working-age students must also carefully weigh the benefits associated with abandoning education for a current job market in which openings are high and wages are climbing due to a scarcity of labour. Choosing work could leave those individuals vulnerable down the road.

Prioritizing work over education is often not beneficial in the long term because of the many advantages associated with obtaining a diploma: increased employment rates, higher incomes (and the resulting increase in taxes paid), better health and greater civic engagement.

The return to normal must include renewed efforts to narrow achievement disparities among students and to support their educational perseverance and success. We need to pay particular attention to the mental health of young people, which has suffered due to the pandemic.

In terms of health care, the pandemic has strained the system and exacerbated existing problems, such as limited hospital capacity, which in some cases has compounded the need for public health restrictions. Added to that is an aging population and the pressure it will put on health infrastructure. To prevent our hospitals from overflowing year after year we would do well to improve access to decentralized front-line services by improving access to home services, for example. Let's also hope that digital solutions put forward during the pandemic, such as telemedicine, will be among the technologies adopted.

A quick scan of our economy shows that many business sectors have yet to return to their pre-pandemic revenues. Two areas that have been especially hard hit are arts and entertainment, and accommodation and food services which were shut down several times because they were considered less safe. As the risks decrease it will be up to us as consumers to support them and prioritize local consumption of goods. Increasing Canadian economic nationalism would benefit all businesses in this country, particularly SMEs.

It will take courage, especially political courage, to meet all these challenges while also investing in innovation, productivity and the energy transition. It requires vision and detailed planning in addition to adequate budgets. In sum, there is no shortage of priority issues that need tackling both at home and around the globe.

These stories first appeared on CPA Canada's online news site.

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