

Kroger Fulfillment Network Expands with Facility in Cleveland Region

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Hub creates new geography for retailer and up to 400 jobs

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CINCINNATI, March 2, 2022 /PRNewswire/ -- The Kroger Co. (NYSE: KR), America's largest grocery retailer, today announced it will offer more Americans delivery through the addition of a [Customer Fulfillment Center \(CFC\)](#) in a new geography – northeast Ohio. The facility will be powered by the Ocado Group (LSE: OCDO) and combine vertical integration, machine learning, and robotics to provide an affordable, friendly, and fast fresh food delivery service as part of the company's seamless ecosystem.



"Kroger is incredibly excited to expand our delivery business in our home state and provide northeast Ohioans access to thousands of fresh and popular products, including our industry-leading Private Selection™ and Simple Truth™ brands, through our Customer Fulfillment Center," said

Gabriel Arreaga, Kroger's senior vice president and chief supply chain officer. "The Cleveland region facility is an accelerant to our strategy to achieve the doubling of our digital sales and profitability rate by the end of 2023, and we're eager to provide a rewarding experience for our new customers in northeastern Ohio and Pennsylvania and create new jobs for individuals passionate about technology, engineering, operations, logistics and transportation, inventory and quality management, and customer service and engagement."

"We are excited to bring Kroger and Ocado's second automated warehouse to Ohio. As this site develops and goes live, it will be instrumental in delivering fantastic grocery experiences and exciting job opportunities to households across Cleveland, Pennsylvania and beyond," said Luke Jensen, CEO of Ocado Solutions. "Today's announcement marks another milestone to developing Kroger's seamless fulfillment ecosystem across the United States. Ocado's proven technology will allow Kroger to achieve the lowest cost-to-serve in the market, combined with the best freshness, accuracy and service in grocery delivery."

The CFC will measure 270,000 square feet and is expected to create up to 400 new jobs. It's expected to become operational 24 months after the site breaks ground and will service areas in northeastern Ohio and Pennsylvania. Kroger appreciates its partnerships with JobsOhio and Team NEO to deliver this project.

"Kroger Fulfillment Network's cutting-edge facility will utilize the latest robotics and logistics technology, helping improve access to fresh food in communities without physical stores while creating 400 good-paying jobs," said JobsOhio President and CEO J.P. Nauseef. "This will be Kroger Fulfillment Network's second hub distribution facility in the state, demonstrating the advantage Ohio provides to build out the U.S. supply chain."

"Kroger Fulfillment Network's decision to create a new state-of-the-art facility in northeast Ohio demonstrates that the region has favorable logistics and talent to connect technology with retail," said Team NEO CEO Bill Koehler. "Along with our local partners, ODOD and JobsOhio, we look forward to continuing to work with the company's leadership to ensure their sustained success in northeastern Ohio."

Kroger Delivery Explained

The expansion in the Cleveland region represents an extension of a partnership between Kroger and Ocado, a world leader in technology for grocery e-commerce. In 2018, the companies announced a collaboration to establish a delivery network that combines artificial intelligence, advanced robotics, and automation in a bold new way, bringing first-of-its-kind technology to America. Kroger Chairman and CEO Rodney McMullen said Kroger Delivery "underpins the permanent shift in grocery consumer behavior and elevates our position as one of America's leading e-commerce companies." Through the hub-and-spoke delivery network, the company now serves customers in Florida, as an example, without traditional brick-and-mortar stores.

The delivery network relies on highly automated fulfillment centers. At the hub sites, more than 1,000 bots whizz around giant 3D grids, orchestrated by proprietary air-traffic control systems in the unlicensed spectrum. The grid, known as *The Hive*, contains totes with products and ready-to-deliver customer orders.

As customers' orders near their delivery times, the bots retrieve products from *The Hive* and are presented at pick stations for items to be sorted for delivery, a process governed by algorithms that ensures items are intelligently packed. For example, fragile items are placed on top, bags are evenly weighted, and each order is optimized to fit into the lowest number of bags, reducing plastic use.

After being packed, groceries are loaded into a refrigerated delivery van, which can store up to 20 orders. Powerful machine learning algorithms optimize delivery routes, considering factors such as road conditions and optimal fuel efficiency. Vans may travel up to 90 miles with orders from the hub and spoke facilities respectively to make deliveries. Associates at the spoke facility will deliver orders within their service area, adding ZIP codes as demand grows.

Kroger unveiled its Monroe, Ohio customer fulfillment center in April 2021, its first, followed by centers in Groveland, FL and Forest Park, GA (Atlanta). The Dallas fulfillment center is slated to open this spring with additional customer fulfillment centers slated for California, Frederick, MD, Phoenix, AZ, Pleasant Prairie, WI, Romulus, MI (Detroit), as well as South Florida and the Northeast and West.

Media Assets

To download Kroger Delivery video and photography, please visit [here](#).

About Kroger

At The [Kroger Co.](#) (NYSE: KR), we are dedicated to our Purpose: to Feed the Human Spirit™. We are, across our family of companies, nearly half a million associates who serve over nine million customers daily through a seamless digital shopping experience and 2,800 retail food stores under a variety of [banner names](#), serving America through food inspiration and uplift, and creating #ZeroHungerZeroWaste communities by 2025. To learn more about us, visit our [newsroom](#) and investor relations [site](#).

About Ocado Group

Ocado Group is a UK based technology company admitted to trading on the London Stock Exchange (Ticker OCDO). It provides end-to-end online grocery fulfilment solutions to some of the world's largest grocery retailers and holds a 50% share of Ocado Retail Ltd in the UK in a Joint Venture with Marks & Spencer. Ocado has spent two decades innovating for grocery online, investing in a wide technology estate that includes robotics, AI & machine learning, simulation, forecasting, and edge intelligence.



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