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When it comes to price, Walmart has always delivered, but consumers these days want more than low cost and many choices. In the age of Amazon and a pandemic where curbside and delivery became “essential,” consumers want convenience. As part of its effort to provide quick, cheap delivery and compete with Amazon, Walmart recently expanded an alliance with Instacart. So far it’s a relatively narrow partnership, but it’s a big deal, because it involves big players in the growing delivery space. And it’s only a small part of Walmart’s expansion beyond bricks to clicks.

As first reported in The Wall Street Journal, Walmart expanded a delivery pilot with Instacart to include parts of New York City, where Walmart doesn’t have stores. The same-day-delivery pilot started last year in Los Angeles, San Francisco, San Diego and Tulsa, Oklahoma, and has grown to include Brooklyn, Queens and the Bronx.

Manhattan isn’t included. Convenience is becoming the new king in retail amid Covid-19 – or maybe it always was, although now it’s being defined differently. Retailers have to be where the customer wants – and that increasingly means delivery.

The Walmart/Instacart deal is the latest in a world where the walls between brick-and-mortar and online retail are coming down, including in food and beverage. Amazon, of course, bought Whole Foods for $13.7 billion in 2017. Now delivery companies are taking the Amazon approach. DoorDash is opening brick-and-mortar DashMart stores to sell groceries and other products typical in convenience stores, according to The Food Institute. Companies are refining and sometimes “redefining” their business models to better compete with Amazon. Walmart is at the forefront of those vying with Amazon, leveraging strong supply lines and adding speed and service.

Amazon CEO Jeff Bezos in testimony before a House committee in July described “new competition from the likes of Shopify and Instacart” that “enable traditionally physical stores to put up a full online store almost instantaneously and to deliver products directly to customers in new and innovative ways.” He also cited Walmart, which he called “a company more than twice Amazon’s size” whose online sales grew 74% in the first quarter, during the peak of the pandemic. Sure, Bezos was testifying regarding anti-trust, but there was some truth there: Walmart is looking beyond brick-and-mortar just as Amazon looked beyond online.

“Customers are increasingly flocking to services invented by other stores that Amazon still can’t match at the scale of other large companies, like curbside pickup and in-store returns,” Bezos said.

If Amazon is keenly aware of brick-and-mortar retailers growing e-commerce, Walmart is not simply waiting and watching. Walmart, which has 10,500 stores and clubs and employs 2.2 million (including nearly 1.6 million in the United States), has been investing in and growing e-commerce for years—and is upping the pace. Walmart.com attracts 100 million unique visitors a month and growing, according to comScore. The company offers online grocery pick up the same day and shipping the next day. It rolled out apps from Walmart Pay to Mobile Express Returns, “while reimagining how digital and physical shopping work together,” as the company says. Walmart’s newest e-commerce fulfillment centers can ship millions of items, giving it a leg up on logistics.

While Walmart grows online, restaurants with their own delivery service face challenges – and successes – in delivering product and profit. Domino’s recently grew profit margins to 24.5 percent at company-owned stores, largely by having fewer employees amid a labor shortage, while increasing wages, according to QSR magazine. The magazine said Domino’s grew comps and implemented “modest menu price and delivery fee increases,” while the Domino’s CEO Richard E. Allison, Jr. said it has been adding “a minute or two” to average delivery time. Still, Domino’s lives in a world where minutes matter. It’s using GPS software to increase speed and artificial intelligence to predict sales, matching employees with demand. And it’s seeing what QSR calls “the comeback of carryout” as the Covid-19 pandemic recedes from its peak.

As delivery becomes essential far beyond pizza, government is getting involved in monitoring delivery services. Big cities like New York City and San Francisco capped delivery fees, putting price pressure on delivery companies, making it tougher to turn a profit as demand soars. The City of Chicago in late August filed a lawsuit against DoorDash and Grubhub, accusing both of charging high fees and deceptive practices, claims that both companies said are “baseless.” Regardless of the outcome, delivery is growing in demand and scrutiny. While groceries are essential, delivery is too. And companies need to comply with new regulations, as well as provide efficient service.

Delivery is difficult, leading companies like Walmart to test out various strategies. Walmart bought Jet.com in 2016, using it to deliver in New York City, where it discontinued that arrangement four years later, according to Grocery Dive. But Walmart has been growing grocery and online sales, as it focuses on delivery. Walmart in its August earnings call said second quarter grocery and e-commerce sales grew 6%, and grocery is helping drive overall growth. Part of it is the pandemic and a shift in shopping patterns, but Walmart CEO Doug McMillon said the company is shifting to “more of a digital-first mindset.” When Walmart talks about “digital first,” that’s a big deal. The company in September launched Walmart+, widely seen as Walmart’s answer to Amazon Prime. Shoppers who pay $98 a year get unlimited free deliveries on orders over $35 as well as fuel discounts and mobile scan-and-go.

Walmart itself is getting into the delivery business, helping companies that want to outsource delivery. The company said it will provide its delivery platform, Walmart GoLocal, to other companies. “We’ve worked hard to develop a reliable last mile delivery program for our customers,” Tom Ward, senior vice president, last mile, Walmart U.S., said. He described Walmart GoLocal as designed for “merchants of all sizes and categories so they can focus on doing what they do best, leaving delivery speed and efficiency to us.”

Some other delivery services are expanding rapidly. Grocery delivery company Shipt, owned by Target, recently announced its “biggest expansion in three years,” adding nearly 1,000 stores and more than 2 million households that had been outside its coverage area. "Shipt has launched one city at a time or rolled out a new retail partner nationwide,” said Bridget Fruit, Shipt’s Chief Operating Officer, in a written statement, adding this “coast to coast expansion is unlike anything we've done before.” The expansion will help about 40 of Shipt's partners reach new customers, including 200 additional CVS locations. The demand is driving expansion of services as well as partnerships.

If Walmart’s deal with Instacart is part of this brave new delivery world, a lot has been going on in delivery. DoorDash had one of the nation’s biggest IPOs in 2020. Uber acquired Postmates and is seeking to grow by launching a grocery delivery business and piloting same-day delivery with Costco. Meanwhile, Starbucks has a deal with Uber Eats and Taco Bell, and KFC teamed with Grubhub as Instacart grows by not only one individual customer, but one big partnership, at a time. Instacart, which already partners with retailers such as Kroger, Target, Albertsons and Aldi, is now living in Walmart's world – or vice versa.

So who will win the delivery wars? It could be Amazon, Walmart, Instacart, other delivery services, the consumer or all of the above. However it works out, companies seeking to deliver sales and profits will have to solve the delivery dilemma in a world where convenience, as well as cost, is king.