July U.S. eGrocery Sales Slide 7% versus Year Ago to $7.2 Billion

Lower order frequency and constrained spending drove the sales decline despite a larger user base versus the prior year.

Barrington, Ill. – August 9, 2023 – The U.S. online grocery market posted $7.2 billion in total sales, down 7.0% compared to last year, according to the latest monthly Brick Meets Click/Mercatus Grocery Shopping Survey fielded July 29-30, 2023. This month’s downtrend was seen across all three receiving methods and was driven by a pullback in order frequency plus constrained spending per order, despite a larger base of monthly active users (MAUs) than the prior year.

For July 2023, the overall MAU base continued to grow as the total number of U.S. HHs that bought groceries online increased nearly 5% versus last year. This growth was driven by a more than 7% increase in the Pickup MAU base, while Ship-to-Home’s base remained flat and Delivery’s contracted 1% compared to July 2022.

Order frequency, which dropped 10% versus last year, was the main contributor to the monthly sales decline, reducing the total number of online orders by nearly 6% for July 2023. Delivery,
which plummeted 13% versus the prior year, accounted for almost three-quarters of the drop in online orders, while Pickup dipped by 3% and Ship-to-Home by 2%.

Constrained spending in July was the other major factor impacting overall sales results. The average order value (AOV) slipped approximately 1.5% versus July 2022. Delivery climbed less than one-half a percent, and Ship-to-Home, with the smallest AOV, posted a 1% gain year-over-year; however, neither of these gains was large enough to significantly offset the 2% dip in Pickup’s AOV.

“July’s results reflect the growing financial challenges many consumers are facing today,” said David Bishop, partner at Brick Meets Click. “These challenges along with evolving expectations, driven by experience engaging with Mass, are contributing to the growing gap between conventional grocers and their Mass rivals.”

The share of sales shifted versus last year. Pickup and Ship-to-Home expanded, while Delivery contracted. Pickup finished the month with a 45% share of eGrocery sales, up more than one point compared to July 2022 as its sales slipped 4.5%. Ship-to-Home gained over one share point in July, ending with a 19% sales share and a 1.0% dip in sales. And Delivery ceded nearly 2 and one-half points, completing the month with just under a 36% share as its sales fell 12.8%.

The Mass and Grocery formats continue to perform very differently. Mass experienced a surge in customers while Grocery experienced only a modest gain in MAUs during July, similar to the trend observed last month. Order frequency also declined for both formats, although the drop for Grocery was much greater than for Mass. In addition, the average order value for Grocery dipped by more than 5% while Mass finished up very slightly.

Although the overall repeat intent rate of 63% was down just 50 basis points (bps) for July versus the prior year, the repeat intent rate for Mass was nearly 18 points higher than for Grocery. The gap between the two widened by 730 bps resulting in the largest gap since the surveys started tracking this metric in January 2021. Much of the monthly gain for Mass can be attributed to a strong improvement in its repeat intent rates for Delivery. Mass also made slight gains in the already large gap it has historically enjoyed associated with Pickup.

Online’s share of total grocery spending declined 130 basis points in July to 13.2% versus last year. Excluding Ship-to-Home, since most conventional supermarkets don’t offer it, the adjusted contribution from Pickup and Delivery finished at 10.7%, down 120 basis points compared to a year ago, due to Delivery’s dramatically weaker performance for the month.

“To drive continued engagement, regional grocers need to offer their customers value for their money and more convenient ways they can save, such as encouraging repeat purchases with promotional offers and easy-to-use digital coupons,” said Sylvain Perrier, president and CEO, Mercatus. “Loyalty programs should be thoughtfully integrated so that rewards are easily accessed and prominently positioned to remind customers of the monetary value they’re receiving.”
Check out the Brick Meets Click eGrocery Dashboard for July 2023 or visit the eMarket/eShopper page for additional insights and information about the full report.

About this consumer research
The Brick Meets Click/Mercatus Grocery Shopping Survey is an ongoing independent research initiative created and conducted by Brick Meets Click and sponsored by Mercatus. Brick Meets Click conducted the survey on July 29-30, 2023, with 1,795 adults, 18 years and older, who participated in the household’s grocery shopping.

The three receiving methods for online grocery orders are defined as follows:

- **Delivery** includes orders received from a first- or third-party provider like Instacart, Shipt or the retailer's own employees.
- **Pickup** includes orders that are received by customers either inside or outside a store or at a designated location/locker.
- **Ship-to-Home** includes orders that are received via common or contract carriers like FedEx, UPS, USPS, etc.

Results were adjusted based on internet usage among U.S. adults to account for the non-response bias associated with online surveys. Responses are geographically representative of the U.S. and weighted by age to reflect the national population of adults, 18 years and older, according to the U.S. Census Bureau. Brick Meets Click used a similar methodology for each of the surveys conducted in 2023 – June 29-30, 2023 (n=1,769); May 30-31 (n=1,792); Apr. 28-29 (n=1,746); Mar. 30-31 (n=1,742); Feb. 26-27 (n=1,745); Jan. 30-31 (n=1,735); in 2022 – Dec. 28-29 (n=1,715), Nov. 29-30 (n=1,749), Oct. 28-29 (n=1,732), Sept. 29-30 (n=1,752), Aug. 29-30 (n=1,743), July 29-30 (n=1,690), June 29-30 (n=1,743), May 28-29 (n=1,802), Apr. 28-29 (n=1,746), Mar. 28-29 (n=1,681), Feb. 26-27 (n=1,790), and Jan. 29-30 (n=1,793); in 2021 – Dec. 29-30 (n=1,836), Nov. 29-30 (n=1,785), Oct. 29-30 (n=1,751), Sept. 28-29 (n=1,728), Aug. 29-30 (n=1,806), July 29-30 (n=1,892), June 27-28 (n=1,789), May 28-30 (n=1,872), Apr. 26-28 (n=1,941), Mar. 26-28 (n=1,811), Feb. 26-28 (n=1,812), and Jan. 28-31 (n=1,776); in 2020 – Nov. 11-14 (n=2,067), Aug. 24-26 (n=1,817), Jun. 24-25 (n=1,781), May 20-22 (n=1,724), Apr. 22-24 (n=1,651), and Mar. 23-25 (n=1,601); and in 2019 – Aug. 22-24 (n=2,485).

About Brick Meets Click
Brick Meets Click is an analytics and strategic insight firm that connects today's grocery business with tomorrow's needs. Our clear thinking and practical solutions help clients make their strategies and customer offers more compelling and relevant in the changing U.S. grocery market. We bring deep industry expertise and fact-based analysis to the challenge of finding new routes to success.

About Mercatus
Mercatus helps leading grocers get back in charge of their eCommerce experience, empowering them to deliver exceptional retailer-branded, end-to-end online shopping, from store to door. Our expansive network of more than 50 integration partners allows grocers to work with their partners of choice, on their terms. Together, we enable clients to create authentic digital shopping experiences with solutions to drive shopper engagement, grow share of wallet and achieve profitability, while quickly adapting to changes in consumer behavior. The Mercatus Digital Commerce platform is used by leading North American retailers, including Weis Markets, Save Mart brands, Brookshire’s, Kowalski’s Markets, Buehler’s Fresh Foods, WinCo Foods, Smart & Final, Stater Bros. Markets, Southeastern Grocers’ Fresco y Más, Harveys Supermarket and Winn-Dixie grocery stores among others.