For Immediate Release

Media Inquiries
David Bishop, Partner, Brick Meets Click
847-722-2732, david.bishop@brickmeetsclick.com
www.brickmeetsclick.com

January U.S. eGrocery Sales Dip 1.2% from Year Ago to $8.4 Billion

Continued growth for Pickup and largest ever repeat intent gap between Grocery and Mass

Barrington, Ill. – February 14, 2023 – The U.S. online grocery market finished January with $8.4 billion in total sales, down 1.2% compared to last year, according to the monthly Brick Meets Click/Mercatus Grocery Shopping Survey fielded January 30-31, 2023.

The drop in total online grocery sales was entirely driven by Ship-to-Home sales, which declined 15% to $1.3 billion. Pickup posted the strongest gains, increasing almost 3% on a year-over-year basis to 4.1 billion, while Delivery grew less than 1%, holding steady around $3.0 billion.

Collectively, the three segments captured just over 12% of total grocery spending in the month, slightly higher than a year ago and likely buoyed by strong overall grocery spending by U.S. households. Excluding Ship-to-Home, the share of spending attributed to Pickup and Delivery was more than 10%.

Insights from the eGrocery January 2023 results focus on year-over-year shifts in household usage, order activity, and spending patterns, plus causal factors such as intent to repeat and health concerns.
HOUSEHOLD USAGE

The total overall eGrocery user base for January dropped 1.6% versus last year. Pickup was the only receiving method that expanded its respective monthly active user (MAU) base during January, although it was up only by 1%. In contrast, the MAU base for Delivery dipped 2%, and Ship-to-Home plummeted 10% compared to the prior year.

The pullback in total MAUs was driven mostly by the largest user group (30–44-year-olds) which shrank 5% from the prior year, but a 4% decline in the 60-and-over age group also contributed.

Much like in past months, the demand for Mass is strong. Mass saw a surge of more than 20% in MAUs during January versus last year while the Grocery MAU shrank by 6%, likely due to economic conditions and the relative price gap between Grocery and Mass.

Meanwhile, cross-format shopping between Grocery and Mass remained close to 30% for the month and was up slightly versus a year ago, highlighting how 3 in 10 households who shop with a Grocery retailer online also bought groceries online from a Mass retailer.

ORDER ACTIVITY

Overall, MAUs placed fewer online orders for groceries during the month, continuing a longer-term, downward trend since this measure peaked in May 2020. The decline in ordering frequency was driven by a combination of fewer MAUs making at least three orders during the month, and an increase in the number of households completing only one order.

Year over year, order frequency trends varied between MAUs of Mass and Grocery. Mass saw order activity from its MAU base grow 4% versus last year, while Grocery experienced order frequency growth of less than 1%.

SPENDING PATTERNS

The average order value (AOV), which excludes the costs of using the service (charges, fees, tips), were mixed across the three receiving methods.

Ship-to-Home experienced a drop in AOV of over 5% versus last year as monthly active users continued to adjust the role that this segment plays for receiving various types of grocery products. In contrast, Delivery and Pickup reported gains of 6% and 8% respectively over the same period.

Spending trends across the Pickup and Delivery formats were generally positive although Grocery’s increase was less than half of the 11% gain that Mass reported. Conversely, Ship-to-Home formats reported pullbacks in spending per order, including Amazon’s pure-play services whose AOV fell by 4%.

CAUSAL FACTORS

For January, the likelihood that a customer will use the same service within the next 30 days dipped approximately two percentage points versus last year to 60%. The decline in repeat
intent was largely driven by the more frequent customers, which is a troubling sign because they spend considerably more per order than the customer segments who buy less often.

Comparing the repeat intent rates of Grocery and Mass, Grocery trailed Mass by over 14 percentage points in January, the largest gap since measurement started. The Grocery repeat intent rate now hovers just above 50%.

“This large gap in repeat intent is concerning and should raise a red flag for conventional grocers,” said David Bishop, Partner Brick Meets Click. “While our monthly research didn’t examine the causes for the variations between Grocery and Mass, it could be associated with a number of variables, including product pricing, service-related costs, or differences in customer experience, so grocers may want to analyze what are the main culprits driving their respective rates lower.”

When it comes to health concerns, it’s no longer just about COVID as the flu and RSV are now also triggering worries for customers. The research estimated that roughly 7% of the combined Pickup and Delivery MAUs for January 2023 were motivated in part by these concerns.

“Grocers would benefit from focusing on initiatives aimed at driving repeat engagement and loyalty to grow share of wallet with existing customers,” said Sylvain Perrier, president and CEO, Mercatus. “Customers now expect retailers to engage them based on their individual preferences and purchase patterns. A retailer’s first-party data is a great starting point to segment customers and develop a more personalized experience.”

Check out the Brick Meets Click eGrocery Dashboard for January 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 January 30-31, 2023, with 1,735 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 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 Grocery Company, Kowalski’s Markets, WinCo Foods, Smart & Final, Stater Bros. Markets, Southeastern Grocers’ Fresco y Más, Harveys Supermarket and Winn-Dixie grocery stores among others.