December U.S. eGrocery Sales Reach $9.1 Billion Up 2.4% from Year Ago

Positive trends for Pickup and Mass drove December year-over-year gains

Barrington, Ill. – January 10, 2023 – The U.S. online grocery market finished December with $9.1 billion in total sales, up 2.4% compared to a year ago, and only 2% lower than the record high of $9.3 Billion last seen in Q1 of 2021, according to the monthly Brick Meets Click/Mercatus Grocery Shopping Survey fielded December 28-29, 2022.

December’s strong monthly sales results and year-over-year gain was driven by a combination of more households buying groceries online during the month and slightly higher average order values (AOVs) although these still trailed grocery price inflation. The AOV gains were partially offset by lower order frequency among monthly active users (MAUs) in December.

Sales by receiving method and format were mixed versus last year. Pickup was the only method to gain sales during December, up 14.7%. Delivery declined very slightly, down 1.8%, and Ship-to-Home dropped more dramatically, down 16.2%. As with November trends, orders placed with Mass retailers contributed more significantly to the growth of total online grocery sales than orders placed with Grocery retailers, driven by changes in the two formats’ MAUs, order frequency, and AOVs.
More than half of all U.S. households ordered groceries online during December, up 4% versus year ago. Pickup benefited the most from this increase in demand as almost 5% more MAUs opted to use this receiving method in December. Delivery was slightly positive, and Ship-to-Home experienced a drop of more than 8% in MAUs. By format, while the Grocery MAU base climbed nearly 7% versus the prior year, the Mass MAU base expanded nearly three times faster and attracted almost half of the total MAU base in December.

“The investments that Mass retailers have put into their Pickup services are a significant driver of the format’s gains,” said David Bishop, partner at Brick Meets Click. “And while lower prices are a contributing factor in the growth of the Mass MAU base, being able to more consistently execute at the store level is also helping to strengthen retention and engagement with existing customers, especially when compared to Grocery.”

The level of cross-shopping between Grocery and Mass remained elevated for the second month in a row, likely driven by persistent inflation and/or a more acceptable experience driving Mass’ customer expansion. During December, more than 30% of MAUs bought groceries online during the month from both Grocery and Mass, about 130 basis points higher than a year ago.

From a top-line perspective, the composite repeat rate (the likelihood that customers will use the same service again within the next month) dropped 670 basis points to 56% for the month versus year ago. The majority of the year-over-year decline was driven by first-time users; however, customers who used a service four or more times in the past month also contributed, although their rate dropped by about half as much as the first-timers’ rate. While repeat intent rates were down for both Mass and Grocery in December, Mass continues to outperform Grocery on this metric. Compared to December 2021, Mass has gone from parity with Grocery on this measure to more than a 10-point advantage for December 2022 due to Grocery’s significant drop during the month.

Overall order frequency, defined as the number of orders received by an MAU on average during the period, slid 7% versus December 2021 at the aggregate level. By service method, Ship-to-Home’s order frequency contracted twice as much as the aggregate; Delivery’s drop wasn’t as severe but still a double-digit decline; and Pickup saw order frequency grow slightly among its MAUs. By format, order frequency continued to show divergent year-over-year trends as it decreased by 7% for MAUs of Grocery and increased 3% for MAUs of Mass.

For December, spending per order across the three receiving methods grew about 6% versus last year on an aggregate basis, which is below grocery-related price inflation. Pickup’s AOV for the month was slightly above the aggregate average while Delivery matched the aggregate and Ship-to-Home posted a mid-single digit decline. By format, Grocery reported a gain in AOV of 4% versus last year while Mass AOV grew three times faster with a year-over-year increase of 12% for December.

Total grocery spending during the last week of December climbed nearly 15% versus the same period last year. As a result, the online share of total grocery spending fell slightly versus the
prior year, finishing at 13.2%. Excluding Ship-to-Home, since most conventional supermarkets don’t offer it, the adjusted contribution from Pickup and Delivery was 11.0% for the month.

“Regional grocers have many opportunities to improve the customer experience and the profitability of operating an online grocery service today,” offered Sylvain Perrier, president and CEO at Mercatus. “From our ongoing work and research into online customer behavior, we’ve learned how important it is to develop a strategy that makes sense both financially and operationally, and that builds on how a grocer is positioned in the market and with their core customers.”

Check out the Brick Meets Click eGrocery Dashboard for December 2022 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 December 28-29, 2022, with 1,715 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 – 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.