For Immediate Release

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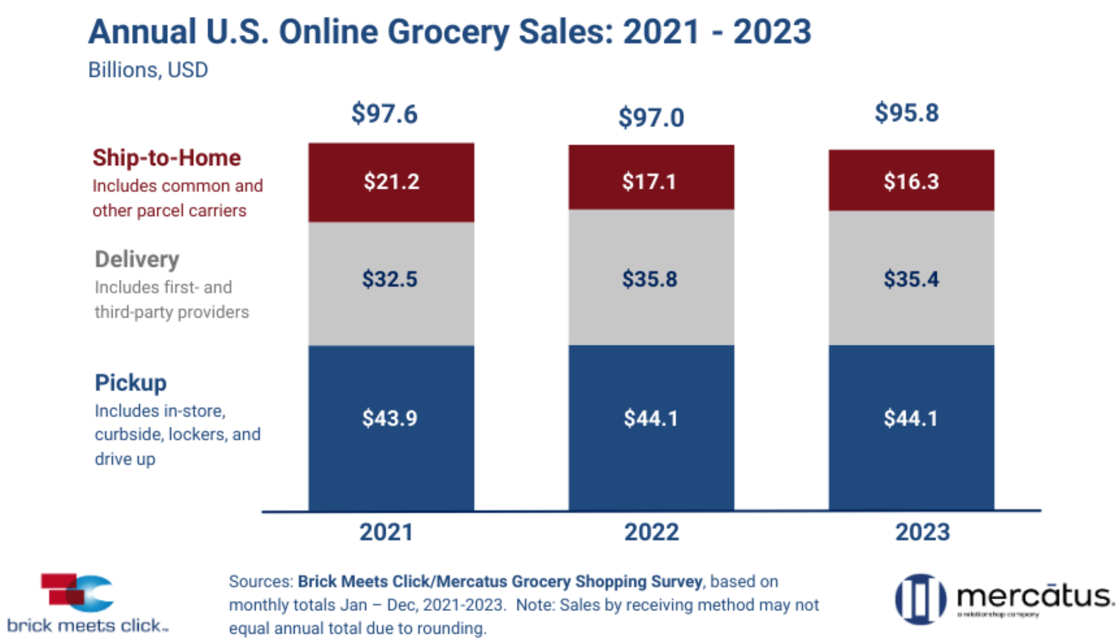
2023 U.S. eGrocery Sales Total $95.8 Billion, Slipping 1% versus Prior Year

The year-end results highlight the challenge facing regional grocers in growing eGrocery in today's economic and competitive environment.

Barrington, Ill. – January 11, 2023 – The U.S. online grocery market finished 2023 with $95.8 billion in total sales, down 1.2% compared to 2022, according to the annualized results from the monthly **Brick Meets Click/Mercatus Grocery Shopper Survey**. A decline in order frequency by online grocery shoppers was the primary factor driving the lower sales in 2023. The multi-year analysis is based on more than 21,000 survey responses collected each year during 2021, 2022, and 2023 from adults, 18 years and older, who participated in the household's grocery shopping.



Order frequency among monthly active users (MAUs) contracted for the second year in a row in 2023. The average number of monthly online grocery orders completed (including all receiving methods) fell 6% versus 2022 following a 4% decline in the previous year. Contributing to the year-over-year contraction was an increase in the share of MAUs who made only one eGrocery order per month, which rose over 300 bps to 34% in 2023.

Average order value (AOV), not adjusted for price inflation, rose 3.0% in aggregate in 2023 versus the prior year. Each receiving method posted year-over-year increases: Delivery AOV grew by 3.0%, Pickup increased by 2.6%, and Ship-to-Home rose 1.7% over 2022.

The overall MAU base, which includes all three receiving methods, climbed 2.0% compared to the previous year. However, there was a 172-bps increase in the share of MAUs who used one method exclusively (Pickup, Delivery, or Ship-to-Home) to receive their online grocery order(s), and 70% of MAUs fell into this single-method user category in 2023.

In terms of sales performance, the largest of the three segments, Pickup, finished the year relatively steady versus 2022, growing its share of eGrocery sales by 56 basis points (bps) to 46.0% in 2023. Delivery, despite expanded availability due to increased competition among third-party marketplace providers, experienced a sales dip of 0.9% in 2023 versus the prior year but gained an additional 11 bps of sales share ending the year with 37%. Ship-to-Home continued its annual contraction as sales slipped 4.9% on a year-over-year basis, leading to a 66-bps drop in sales share to 17%.

“These annual results show that 2023 was very challenging for grocery retailing as higher prices chipped away at household purchasing power even though inflation has slowed considerably since its peak in 2022,” said David Bishop, partner at Brick Meets Click. “Despite the challenges, Pickup continues to prove its appeal to shoppers, even without the benefits of expanded availability and/or aggressive promotions that aided Delivery in 2023.”

Across the U.S. eGrocery market, price-value formats like Mass and Hard Discount experienced strong expansion in their respective MAU bases during 2023; in contrast, the Supermarket format experienced a contraction. The average number of MAUs increased by 15% for Mass and 12% for Hard Discount versus 2022 while the Supermarket MAU base shrank by 4%. On average, 50% of MAUs engaged with Mass in 2023, up 559 bps compared to 2022; 5% of MAUs engaged with Hard Discount, up 42 bps; and 32% of MAUs engaged with Supermarkets, down 194 bps.

Due to these shifts in buying behaviors, Mass expanded its share of overall eGrocery sales by 460 bps in 2023 to 45% versus the prior year driven by the strong growth in its MAU base. Meanwhile, the Supermarket format’s sales share contracted by 390 bps to 29% due to declines in both its MAU base and order frequency.

Cross-shopping rates between Grocery and Mass formats continued to increase in 2023. The percentage of households who bought groceries online from both Grocery (Supermarket plus Hard Discount) and Mass during the same monthly period rose 150 basis points versus 2022. As a result, 30% of the Grocery MAU base also shopped for groceries online with a Mass retailer’s service during the same month in 2023.

The composite repeat intent rate for Pickup and Delivery services associated with Grocery and Mass formats slipped by 63 bps to finish at 61% in 2023, and that downturn was due solely to declining repeat intent for Grocery services, not Mass. The share of MAUs who were extremely or very likely to use the same service again within the next 30 days climbed 48 bps to 66% for Mass while it fell 311 bps to 54% for Grocery.

"As Walmart grabs market share through its price leadership and omnichannel strategies, regional grocers find themselves in a precarious position. To remain competitive, they must intensify their efforts in improving customer engagement, offering tailored personalization, and building loyalty. This strategic shift is not just about weathering the storm of price inflation and intense competition, but about thriving in it," said Mark Fairhurst, Global Chief Growth Officer at Mercatus. "By providing a shopping experience that is both seamless and highly personalized, grocery retailers can retain their existing customer base and gradually attract a wider audience."

In terms of share of wallet, online's share of total grocery spending in 2023 pulled back by 18 bps versus the prior year to 12.5% based on the last week of spending in each month of the year across all retail formats. Excluding Ship-to-Home, as most supermarkets don't offer this service, the combined Pickup and Delivery segments fared slightly better, falling just 6 bps compared to 2022 and finishing the year with a 10.4% share of total grocery spending.

For more information about December 2023 results, check out the Brick Meets Click **eGrocery Dashboard** or visit the **Monthly State of the eGrocery Market** report page for information about subscribing to the full monthly 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. 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 – Dec. 29-30 (n=1,745); Nov. 29-30 (n=1,814); Oct. 30-31 (n=1,790); Sept. 28-29 (n=1,754); Aug. 30-31 (n=1,704); July 29-30 (n=1,795); June 29-30 (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).

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.

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 60 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.