For Immediate Release

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February U.S. eGrocery Sales Rose 1.5% from Year Ago to $8.8 Billion

Growth in user base and spending per order offsets lowest order frequency since pre-COVID

Barrington, Ill. – March 14, 2023 – The U.S. online grocery market finished last month with $8.8 billion in total sales, up 1.5% compared to last year, according to the monthly Brick Meets Click/Mercatus Grocery Shopping Survey fielded February 26-27, 2023. Excluding Ship-to-Home sales, the core eGrocery segments of Delivery and Pickup slipped 1.2% compared to last year which reflects a drop of almost 9% in Delivery sales and a gain of nearly 5% for Pickup during the month.

The year-over-year growth in eGrocery sales was partly driven by an increase in monthly active users (MAUs), which climbed more than 5% in February compared to the same period in 2022. This marks the second straight year-over-year expansion of the user base as it grew over 10% between February 2021 and February 2022.

“The expanding user base for online grocery illustrates its growing reach, but the changing role it plays is evident from contractions in the use of multiple receiving methods and average order frequency, which mostly muted the gains in reach,” said David Bishop, Partner, Brick Meets Click.
The research showed that more U.S. households used only one of the three receiving methods for online orders in February, jumping nearly 8 percentage points versus last year and returning to levels similar to February 2021 which hovered around 72%.

In addition, the number of orders completed by MAUs fell to its lowest level since the onset of the pandemic in March 2020, finishing the month at 2.49 and down almost 9% on a year-over-year basis. While all three receiving methods experienced this downtrend to some degree, Delivery posted the largest and most dramatic drop in order frequency.

Spending per order was higher across all three receiving methods in February versus year ago, but only Ship-to-Home posted an average order value (AOV) increase that exceeded the rate of grocery inflation. The combined AOVs for Pickup and Delivery gained just over 5% versus February 2022 while Ship-to-Home’s 14% growth in AOV was boosted by an easier comparable period as last year’s AOV which was one of the lowest recorded to date for Ship-to-Home.

Looking at specific formats, Mass continued to attract more customers on a year-over-year basis while Grocery contracted again. The Mass MAU base surged more than 20% versus 2022 in February after a similar surge last month. In contrast, the Grocery MAU base contracted in the mid-to-upper single digits for at least the second straight month.

“The changes in the Mass and Grocery user bases illustrate what could be characterized as a ‘flight to value’ as shoppers deal with persistently higher grocery prices,” explained Bishop. “Another sign of inflation’s impact on eGrocery ordering patterns is the continued growth that Pickup has experienced over the last few months while Delivery has encountered a pullback in users.”

Since December 2022, Pickup has steadily posted gains in its MAU base while Delivery has reported declines. In February 2023, Pickup service was used by 1.5 times more households than Delivery.

Meanwhile, cross-format shopping between Grocery and Mass remained near 30% for the month and was up 300 basis points versus a year ago. The share of Grocery MAUs who also bought groceries online from Walmart in the month climbed nearly 5 percentage points to almost 22%; in contrast, cross-shopping with Target declined by nearly 3 points.

For February, the likelihood that a customer will use the same service within the next 30 days finished at nearly 65%, an improvement of over two percentage points compared to last year and nearly seven points higher than February 2021. Even so, repeat intent rates among first-time customers has declined each February since 2021, highlighting a continued opportunity to better retain new customers. Grocery’s repeat intent rates trailed Mass by 5 percentage points in February, which was an improvement compared to January but a drop of over 5 points versus February 2022 when Grocery last posted a rate higher than Mass.

Online’s share of total grocery spending fell 30 basis points to 12.9% in February. Excluding Ship-to-Home, since most conventional supermarkets don’t offer it, the adjusted contribution from Pickup and Delivery dropped 60 basis points and finished at 10.5% for the month.
“Given that ongoing price inflation is clearly influencing shopping behaviors, grocers should promote ways customers can save more money,” said Sylvain Perrier, president and CEO, Mercatus. “Grocery retailers can consider highlighting store brands, offering pricing promotions, creating personalized digital coupons, and implementing variable fee structures that lower fees for customers and reduce the cost to assemble.”

Check out the Brick Meets Click eGrocery Dashboard for February 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 February 26-27, 2023, with 1,745 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 – 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.