January U.S. Online Grocery: Pickup Defied Downward YOY Sales Trend

Ship-to-Home drove vast majority of the 8% drop in total sales while Delivery also contracted

Barrington, Ill. – February 14, 2022 – The U.S. online grocery market generated $8.5 billion in sales and accounted for nearly 12% of total grocery spending during January, according to the Brick Meets Click/Mercatus Grocery Shopping Survey fielded January 29-30, 2022.

Total January sales were down 8% versus the prior year with mixed results across the three receiving methods (Pickup, Delivery, and Ship-to-Home). Only Pickup made sales gains, growing almost 2% to $4.0 billion. Delivery contracted 7% to $3.0 billion and Ship-to-Home sales plummeted 30% to $1.5 billion, driving nearly two-thirds of the total YOY sales decline.

“These sales results show that circumstances connected to COVID continue to disrupt the way people shop, but in different ways than earlier in the pandemic,” said David Bishop, partner at Brick Meets Click. “Increases in COVID case rates no longer have the same effect on buying patterns due in part to progress with vaccinations. The loss of financial assistance is another factor since the economic impact payments and child tax credits that many households received in 2021 have ceased. And, if that’s not enough, many retailers altered store operations in January to address the labor shortages associated with COVID-related absences and a tighter labor market.”
In terms of market share for January 2022 versus year ago, Pickup’s share of online grocery sales grew nearly five percentage points to 47% due to gains in its monthly active user (MAU) base and order frequency, and Delivery’s share grew just under one point to 35% due to increases in order frequency and spending per transaction. In contrast, Ship-to-Home’s share of online sales fell over five points from January 2021 to 18%, setting a record low that is more than 20 points lower than pre-COVID levels (August 2019).

The number of U.S. households that bought groceries online during the month remained relatively steady at 69.0 million, dipping just 1% versus last year. Even so, the way in which households receive online grocery orders continues to evolve. For instance, the number of MAUs receiving an online grocery order via Pickup grew 6% while Delivery decreased by 2%, and Ship-to-Home fell by 8% year-over-year at the national level.

January finished with an average of 2.7 orders per month placed by MAUs, 5% fewer than January 2021 but still 33% higher than pre-COVID levels (August 2019). The year-over-year drop was entirely due to a pull-back in Ship-to-Home’s order frequency, which contracted by 36% while Pickup and Delivery expanded by 26% and 10% respectively.

The weighted average order value (AOV) across all three receiving methods in January 2022 remained essentially flat, declining less than 0.5% versus one year ago, but the results for each receiving method varied. Spending on Ship-to-Home orders shrank the fastest during the period as its AOV dropped almost 11% compared to a 3% reduction for Pickup and a 2% gain for Delivery.

For cross-channel shopping, the share of Grocery’s MAU base that also shopped online with Mass during the month pulled back two percentage points from a year ago and finished at more than 26% for January. The likelihood for an online grocery shopper to use the same service again within the next month jumped almost four percentage points on a year-over-year basis, coming in at 61% for January 2022. And, while that’s a positive trend, Grocery trailed Mass by seven points, giving up most of the gains it experienced in December as its repeat intent rate dipped back down to 58%.

“Grocers have a clear opportunity to drive stronger repeat purchase behavior,” said Sylvain Perrier, president and CEO, Mercatus. “In addition to providing a great customer experience, they also need to understand which loyalty drivers are unique to their customers and brand. When it comes to online grocery shopping, consider adding perks that cater to behavioral and emotional triggers, like offering a wider range of preferred pickup times or more frequent pickup time slots.”

For information about access to the research and the reports, go to brickmeetsclick.com.
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 29-30, 2022, with 1,793 adults, 18 years and older, who participated in the household’s grocery shopping. This research is scheduled to run monthly through 2022; then the cadence will be reevaluated to best suit the industry’s needs.

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** (aka curbside) 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 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, knowledge of what's coming next, 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 brands, WinCo Foods, Smart & Final, Stater Bros. Markets and others. Mercatus is headquartered in Toronto, Canada.