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Online grocery sales in the U.S. to grow 15% in 2019
Brick Meets Click reveals why delivery and pickup will grow even faster and what it will take for brick and mortar operators who offer these to win in the coming year.

Barrington, IL, December 19, 2018
U.S. consumer spending online for groceries is forecasted to grow 15% versus the prior year, increasing the overall share captured by online in 2019 to 6.3%; however, providers that offer delivery and pickup are expected to grow their online sales between 25% and 30%, according to Brick Meets Click.

Although the forecast indicates that a larger share of online spending for groceries will shift toward the brick and mortar retailers offering these services, the gains will not be evenly distributed as winning more sales depends largely on how well providers are improving the shopping experience.

What factors are driving the shift toward delivery and pickup grocery services?

- **Households are still gaining access to the delivery and/or pickup options.**
  
  Even though any US household with internet access has been able to buy groceries from Amazon for many years, Brick Meets Click documented that in 2017 only 69% of the addressable U.S. market had access to at least one home delivery or pickup grocery service. Since then, however, national, regional, and local food retailers have continued to invest heavily in capabilities and aggressively roll out their respective services. In 2018, 81% of households had access and that figure is predicted to reach 90% during 2019.

  “Increasing the number of households who have access to online grocery shopping services with home delivery or pickup could add almost two points to the percentage of U.S. households who buy groceries online, pushing the 2019 monthly rate past 25% at the national level,” explained David Bishop, partner at Brick Meets Click. “At the same time, this will offer a meaningful boost to particular providers in those market areas, as we expect that most of the sales generated by new households going online for groceries will flow toward the brick and mortar delivery or pickup providers.”
• **Households receive more benefits from a delivery or pickup service than other options.**

While Amazon may help customers buy those hard-to-find favorite items or get recurring orders of some essential groceries and receive them in two or three days, a delivery or pickup service can dramatically improve shopper outcomes when it comes to satisfying a broad range of overall household grocery needs.

Brick Meets Click has found that, compared to households that use Amazon, households that use an online grocery delivery or pickup service: a) place more frequent orders (1.9 vs. 1.6 orders per month), and b) spend considerably more money per order (an average of $105 vs. $46). This equates to households spending almost three times more with a delivery or pickup service vs. Amazon on a monthly basis ($200 vs. $74 respectively).

“Whether an online grocery shopper uses delivery or pickup, both services offer shoppers greater convenience, more control, and better ability to accomplish more of the household’s grocery shopping than providers who ship orders to the home in two or even three days,” noted Bishop. “Where else can a grocery shopper receive an order in one hour or less, select a specific time slot for receiving the order, and get almost all the same things as when shopping in the store?” he added.

While these factors are driving top-level shifts, for specific retailers offering delivery or pickup to capture a larger share of the online grocery market in 2019, they will need to do a better job at improving shopper outcomes.

Bishop explains, “It ultimately comes down to creating an experience that customers perceive as a more valuable alternative to shopping – one that better fits the way they want to select and get their groceries. While the implications are straightforward, excelling at execution is more challenging. Providers have to understand whether winning more sales depends on simply improving execution, requires refining elements of the strategy, or some combination of both.”

**About Brick Meets Click**

Brick Meets Click is a strategic advisory firm with unparalleled experience and perspectives on the US grocery industry. It was founded in 2011 to focus specifically on how technology and new competitors are changing food marketing and sales. Today, its guidance helps retailers and manufacturers adapt and find new sources growth. Visit [www.brickmeetsclick.com](http://www.brickmeetsclick.com) to learn more about its expertise, services and thought leadership.