Online Grocery Sales to Grow 10 Times Faster than In-store

*Brick Meets Click forecasts online will capture 8% of the U.S. grocery market within the next 5 years*

Barrington, IL, May 2, 2018 –

Online grocery sales are projected to reach more than 8% of the total grocery sales in the U.S. by the end of 2022, according to the newest Brick Meets Click online grocery forecast. Given that the online share of industry sales was under 5% at the end of 2017, the forecast projects a 5-year compound annual growth rate of 13% as compared to 1.3% for sales originating in-store (excluding the effects of inflation).

“This illustrates the impact that online is having on how grocery retailing is conducted,” says Brick Meets Click partner David Bishop. “Our forecast numbers show steady growth, and this supports the case for two important points. First, online grocery is already important and will become even more important in the near term, and second, the store will continue to be the place where grocers make most of their sales – but the growth of ecommerce puts even greater pressure on retailers to find ways to make this part of the business more profitable.”

Brick Meets Click’s forecast is generated using a market model developed over the past 5 years that incorporates market, competitor, and shopper elements from its grocery insights platform, *Grocery IP*. The forecast covers all departments sold by brick-and-mortar grocers across fresh and packaged goods, excluding only pharmacy. The forecast for online sales is driven by a framework that divides the market into two distinct types – pure-play vs. in-market providers – and accounts for key growth drivers related to accessibility, attractiveness, and acceptability.

“It’s critical that retailers understand how far, how fast, and where online grocery will grow in their markets so they can more effectively adapt their strategic plans and make investments decisions. Analyzing online sales by provider type while leveraging drivers of growth helps us more accurately and confidently gauge the direction and speed of growth for the different online types over the next five years – whether at the national market level or in specific metro areas,” said Bishop.
The forecast is based on the reality and complexities related to understanding U.S. online grocery today, and shows that the two online provider types are at different stages of their life-cycles.

- In-market providers still have room to grow.
- The pure-play type is more mature and faces stiffer headwinds.

“Brick Meets Click expects that in-market provider growth rates will vary from market to market, depending on the mixture of competitive options that are available. In the top 50-markets, which account for 55% of the population, our assessment reveals that there are already 10 in-market services available on average,” Bishop explained.

Growth rates will not just be impacted by the total number of online grocery rivals, but also the range of value propositions offered by different trade channels like club, grocery, and pet, as well as the various fulfillment options like delivery or pickup. “As a market develops in this way, it attracts an expanding online shopper base; however, it will also trigger switching from one provider to another among existing active shoppers as they look for a service that better fulfills the promise of a better shopping experience,” says Bishop.

For more information on this new 5-year online grocery forecast, click here to read a post that takes a look behind the numbers. Brick Meets Click will discuss how the forecast will affect in-market providers and their strategic initiatives via a live webinar on Thursday, May 10 at 1:00 pm CDT. To request access to this insightful and interactive event, click here to register. (Please note: Attendance will be limited to grocery retailers and select suppliers.)

**About Brick Meets Click**

Brick Meets Click has been deeply engaged in tracking and modeling U.S. online grocery growth since 2011. The strategic advisory firm focuses on how technology and new players are changing grocery shopping and food retail, and on identifying ways retailers and manufacturers can respond to drive new sources growth. Visit brickmeetsclick.com to learn more about its expertise and specialized offerings.