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## **Online grocery sales hit \$9.3 billion for January**

February 23, 2021

The total U.S. online grocery market posted \$9.3 billion in sales during January as more than 69.7 million U.S. households placed on average 2.8 orders across delivery, pickup and ship-to-home, according to the Brick Meets Click/Mercatus Grocery Shopping Survey fielded Jan. 28-31. The delivery and pickup segment captured \$7.1 billion in January 2021, accounting for 77 percent of all online grocery spending during the month.

Total sales grew 15 percent in January 2021 vs. November 2020, driven largely by a 16 percent increase in the number of households buying online. Among the total household monthly active users, 78 percent engaged with either a delivery or pickup service – up from 64 percent in November. The ship-to-home usage rate dropped from 56 percent to 46 percent during the same period. Even

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with this growth, January's overall usage rate fell short of the record 76.7 million households who shopped online in April 2020 when much of the U.S. was living under stay-at-home orders.

While the average number of total online grocery orders placed by monthly active users for January 2021 remained at 2.8, essentially flat versus November 2020, the delivery and pickup segment collectively gained nearly six percentage points of order share, accounting for 66 percent of all online orders completed during January 2021. The average order value decreased nearly 11 percent in January 2021 versus November 2020 when analyzing the aggregated spend rates across all three segments (pickup, delivery, and ship-to-home).

The strong gains in the total number of households shopping online during January were tempered by sharp declines in the leading indicator "likelihood to use a specific service again," which measures the share of customers who are extremely or very likely to place another online order with the same provider within the next month. The overall satisfaction metric dropped to 56% in January, down more than 32 percentage points from the record high ratings level in November 2020; the pickup segment had the greatest decline (35 points) during the period.

"Even though many grocers remain capacity constrained – especially with pickup – others are growing market share as they staff up or expand pickup to a larger store base," said David Bishop, partner, Brick Meets Click. "While throwing more labor at the issue isn't ideal, this, along with improving assembling productivities via enhanced pick and pack practices, is vital to remaining competitive in the near term and not inadvertently giving your customer a reason to shop elsewhere."

January's drop in repeat intent scores can be partially explained by shifts in the customer mix, but retail conditions are also a factor. Compared to November levels, the share of first-time customers climbed by 3 percentage points overall and more than 6 points for pickup in January 2021. This first-time customer group has consistently reported lower intent rates in past surveys.

In addition, retail conditions are causing a decrease in satisfaction levels among even the more experienced customer cohort; intent-to-repeat for this group dropped by almost 18 points in January compared to November. Brick Meets Click defines first-time customers as shoppers that place their first order with a specific service within the last three months, and "experienced" customers as those who made at least four orders with a service over the last three months.

"It's clear from the data that retailers will face a challenge in holding on to a lot of online shoppers as experience is not meeting expectations," said Sylvain Perrier, president and CEO, Mercatus. "To remain competitive with mass merchandisers, regional grocers need to enhance the digital shopping experience so as not to give their customers a reason to spend their money elsewhere. Grocers have to look at where they can improve operationally, how they can efficiently scale to meet online demand, and which services will be most effective at revenue protection going forward."

Brick Meets Click conducted the survey on Jan. 28-31 with 1,776 adults, 18 years and older, who participated in the household's grocery shopping. 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 represented of the U.S. and were weighted by age to reflect the national population of adults, 18 years and older, according to the U.S. Census Bureau.

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