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**Amazon retains top spot in dunnhumby Retailer Preference Index**

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By

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In the fifth annual dunnhumby Retailer Preference Index, a comprehensive, nationwide study that examines the approximately \$1 trillion U.S. grocery market, Amazon cemented its leadership position. H-E-B followed in second place and Market Basket leapfrogged three retailers to take the third spot away from Trader Joe's. Wegmans held onto the fourth spot for a second year in a row.

"The pandemic has massively accelerated changes in how customers buy their groceries, and their behaviors are continuing to evolve," said Grant Steadman, president of North America for dunnhumby. "2021 was the year that grocery retail became truly omni-channel. Retailers who delivered on their customers evolving needs in-store and online performed best. This was mostly the larger players, who used their advantages to consolidate their positions. The challenges for most other retailers are significant, but a number of mid-size grocers gained momentum by understanding their customers better and differentiating their offering accordingly."

**Key findings from the study include:**

- Price and quality are no longer head and shoulders above all other customer preference drivers in securing superior, long-term sales growth and emotional connection with shoppers. Price now sits alone at the top in importance with digital and quality tied for second.
- Retailers in the first quartile have long-term sales growth that is nine times higher than retailers in the fourth quartile, two times higher than retailers in the third quartile, and one and a half times higher than retailers in the second quartile. They also have superior short-term momentum to those in the other three quartiles, managing solid gains in 2021 surpassing even the height of the 2020 COVID-19 boom, while some other retailers struggled to tread water.
- Second-quartile grocers have opportunities to also rise rapidly in the rankings by reinventing their relationships with their customers. Brookshires, Hy-Vee, Food Lion, the Giant Co. and former second-quartile retailer BJ's Wholesale made the biggest move up the rankings in 2021.
- BJ's Wholesale, the Giant Co. and Food Lion focus on personalization of the customer experience, through promotions, rewards and the right assortment helped them rise rapidly in the rankings. All three also delivered well-run operations that minimize out-of-stocks and maximize price consistency and logic. Most importantly, these three retailers delivered all of the above attributes without letting base price perception get too far behind Walmart, Costco and Aldi.

Additionally, Brookshires and Hy-Vee also made big moves in the rankings due to their leadership in the omnichannel experience that saves customers' time. They are among market leaders in both ease and customer service in eCommerce and speediness of the in-store shopping experience.

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- Digital is king in driving momentum as Amazon has demonstrated over the last two years by being ranked as the top U.S. grocery retailer. Amazon is the top digital grocer followed by Amazon Fresh, Target, Walmart and Sam's Club. These retailers clearly set themselves apart from the 2nd – 4th Quartiles in their omnichannel transformation journey.

- Grocery retail is now truly omnichannel, as digital's share of total grocery sales more than doubled during the pandemic, from 5 percent to 10 percent of sales, yet half of the U.S. grocery shopping population does not buy online and has no plans to.

- Retailers that use their own eCommerce platform, versus using Instacart or other third-party platforms, have better customer perception of both the eCommerce shopping and delivery phases and performed better financially.

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