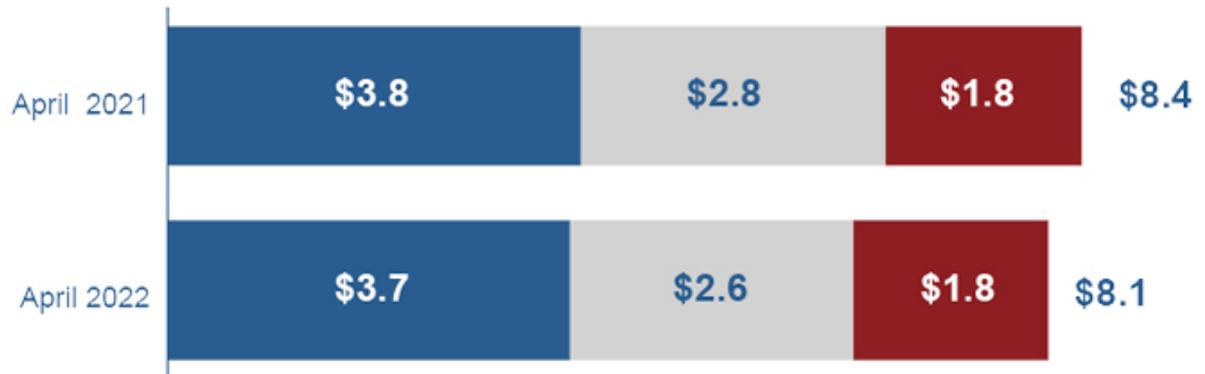


Total U.S. Online Grocery Sales: April YOY

Total spending past 30-day periods - Billions, USD



Pickup includes in-store, curbside, lockers, and drive up

Delivery includes first- and third-party providers (e.g. Kroger, Instacart, Shipt, and FreshDirect)

Ship-to-Home includes common (e.g. FedEx, UPS, USPS) and other parcel carriers

*Monthly total may not be equal due to rounding.



Sources: Brick Meets Click/Mercatus Grocery Shopping Survey, April 2021 and April 2022.



- Advertisement -

Online grocery sales dip with steep delivery decline

April online grocery sales pulled back 3.8 percent versus last year, finishing at \$8.1 billion, as total order volume dropped 5.8 percent driven by lower order frequency and a slightly smaller monthly active user base, according to the [Brick Meets Click/Mercatus](#) Grocery Shopping Survey fielded April 28-29.

Delivery-related sales, which accounted for almost one-third of total online grocery sales during April, dropped nearly 6 percent versus a year ago and contributed nearly half of the decline in total sales year-over-year. The segment's average order value jumped 6 percent to \$84 versus April 2021, helping to mitigate an 11 percent decline in order volume that was mainly driven by an MAU base that contracted nearly 9 percent over the past year.

Ship-to-Home, the smallest segment with just over one-fifth of the sales in April, fell over 3 percent versus last year. Order volume drove the decline, dropping nearly 6 percent versus April 2021, while the AOV increased by almost 3 percent to \$47. The decline in order volume was the result of a contraction in the MAU base of more than 2 percent as well as MAUs receiving 4 percent fewer Ship-to-Home orders during the month.

Pickup, the largest eGrocery segment with almost half of total sales, declined by less than 3 percent versus the prior year. Unlike the other two segments, Pickup reported a nominal drop in AOV of approximately 70 basis points to \$81; this, combined with a 2 percent drop in order volume, contributed to the year-over-year decline in sales. Versus April 2021, Pickup's MAU base shrank by less than 3 percent and order frequency among its MAUs was essentially unchanged.

"It's no surprise that inflation is affecting where and how people shop online for groceries," said David Bishop, partner at Brick Meets Click. "Some customers may now find pickup a more attractive service since it can help them avoid the higher incremental costs associated with delivery, and others may choose to simply move more of their transactions back into the store."

The evidence suggests that today's customers are more likely to be concerned about the impacts of inflation than contracting COVID-19. Analyzing responses from March and April 2022 related to an MAU's most recent online order found that Mass customers were 34 percent more likely than Grocery customers to indicate that cost (i.e., not paying more than necessary) was the most important factor in deciding where to buy groceries online. When it came to how online grocery orders were received, Pickup customers who used Grocery or Mass were 18 percent and 11 percent respectively more likely to cite cost as the primary consideration when compared to Delivery customers.

Despite the year-over-year drops in both order volume and the MAU base, the degree of cross-shopping between Grocery and Mass rose just over 40 basis points versus April 2021. The share of Grocery's MAU base that also shopped online with Mass for groceries during the month finished at 24.2 percent.

The likelihood for an online grocery shopper to use the same service again within the next month increased during April, coming in at almost 63 percent, up almost 8 percentage points on a year-over-year basis. Analyzing month-over-month results showed that April's repeat intent rate for Mass

providers slid nearly 3 points while it climbed 50 basis points for Grocery.

“With budget conscious consumers naturally gravitating towards lower cost online services like pickup, grocers need to find ways to offer these services profitably and remain competitive,” said Sylvain Perrier, president and CEO of Mercatus. “Conventional grocers can take advantage of more efficient pick and pack practices. They can also use tiered pricing models and variable fee structures to offset the cost to serve while still providing a compelling Pickup experience to customers.”

In terms of share of wallet, total eGrocery finished April at 12.3 percent, down slightly from last year’s 12.7 percent. Excluding Ship-to-Home (since most conventional grocers don’t offer this service) the combined Delivery and Pickup segments finished the month at 9.6 percent, down about 30 basis point versus 2021.

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