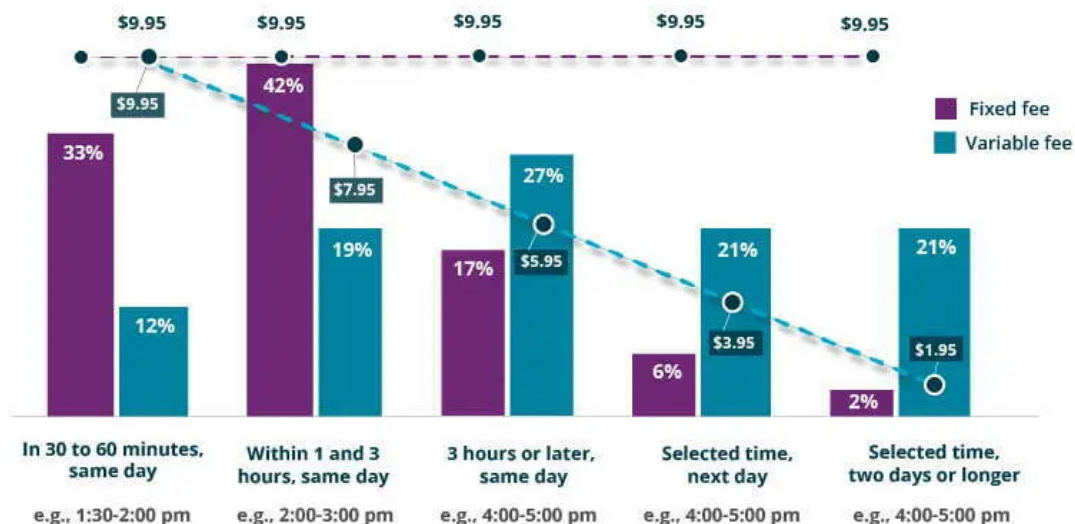


When offered the choice of fixed or variable delivery fees, many customers indicate a willingness to receive a delivery later to avoid paying more than necessary for the service.

Time slot selected for a large grocery order (\$100) at 1:00 pm from Primary Grocer
Share of all households



Source: Omnichannel Shopper Behavior Report 2022, Vol 1, Mercatus



- Advertisement -

Cutting cost and picking produce weigh on grocery delivery shoppers

August 18, 2022

One of the most important reasons shoppers choose not to use a grocery delivery service is that they want to pay no more than necessary, which was tied with wanting to select their own produce, according to new shopper behavior research from [Mercatus](#), fielded June 30 through July 1. Specifically, customers' desire to pay no more than necessary was directed squarely at delivery's additional service-related costs, not the prices paid for the products online.

The research also found that when given the choice, customers are much more likely to select a time slot later the same day, or even the next day, if that meant they could pay a lower delivery fee.

"If you are a grocery delivery customer — especially one using a third-party marketplace — it's understandable that you may want to find ways to pay less given inflation's impact on purchasing power," said Mark Fairhurst, vice president of marketing at Mercatus. "These incremental costs, including delivery fees, shopper service charges, fuel surcharges and even a very modest tip, are some of the last things customers view during the checkout stage, and they can add \$20 or more to the bill."

The new shopper behavior research from Mercatus documented that one in five U.S. households used an online grocery delivery service during the prior month. Among those households that chose not to use a grocery delivery service, the top two reasons tied at 62 percent respectively between "I like to select my own fruits and vegetables" and "I do not want to pay for the extra charges, fees, and tips." The oldest customer group (above 60) was significantly more concerned with picking their own produce versus younger shoppers (75 percent vs. 53 percent), while the desire to avoid paying the service-related costs was the same across all age cohorts.

Only one in seven households (14 percent) cited "the products are more expensive online than in the store" as a reason for not using a delivery service. "These findings reinforce the idea that customers are more sensitive to the added service costs that they can plainly see," said David Bishop, partner at Brick Meets Click. "This makes sense, because accurately perceiving differences in product pricing online versus in-store, even with known value items, requires more effort on the customer's part."

Today most customers only need to choose when they'd like to receive their order as the delivery fee at that point is usually fixed but the research found there is an opportunity for grocers to challenge that practice and consider a variable fee approach based on when a customer would like to receive the order.

When presented with a fixed fee of \$9.95 for a large order (more than \$100), over 30 percent of customers selected to receive their order within 30 to 60 minutes, and more than 40 percent of customers selected to receive it within one to three hours; fewer than 10 percent opted for the next day or later.

When offered a variable fee that scaled down as the time to delivery was extended, the share of shoppers that selected delivery within the 30-to-60 minute and one-to-three-hour windows declined by more than half, and over 40 percent of customers selected to receive the order next day or longer.

“Grocery customers don’t want to pay more than they must, and the explicit fees that come with online delivery are a big speed bump,” said Sylvain Perrier, president and CEO of Mercatus. “Other aspects of this research reinforce that grocery customers shop regional grocers for different reasons than big-box mass retailers like Target or Walmart. Being more convenient is the main reason customers prefer Grocery over a Mass retailer, followed by the quality of the products they want to buy.”

This omnichannel shopper behavior research is the first of a three-volume series. Volume 1 explored other areas of importance for regional grocers, including where households primarily shopped, how the customer demographics varied by retailer type, reasons for selecting a primary grocery store, and more. The next volume of shopper behavior research from Mercatus will focus on what’s driving shopper behavior towards pickup. For information and to download the full volume 1 report, visit [Mercatus](#).

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