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Trendspotting: Opportunities, challenges abound for online grocery sales

By

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eGrocery sales for April 2023 totaled \$8.2 billion, up 0.9 percent versus a year ago. Year-over-year performance varied widely across the three key segments as Delivery sales jumped 20 percent, Pickup dipped 3 percent and Ship-to-Home plunged 19 percent, according to the latest Brick Meets Click/Mercatus Grocery Shopping Survey.

The strong gains for Delivery during April were driven by a rebound in monthly active users and a higher average order value. Delivery's MAU base grew 11 percent versus the prior year but finished up only 1 percent on a two-year stacked basis versus 2021 as the segment's customer base fell 9 percent last year.

"A macro view of the eGrocery market can reveal certain opportunity gaps, but it may also obscure key shopping dynamics within a particular segment of the market," said David Bishop, partner at Brick Meets Click. "For example, it's difficult to see how little overlap exists between the households that use Pickup and those that use Delivery services or to know that Pickup grew stronger in Mass during April unless you're able to dig deeper into the segment dynamics as we do in our monthly reports."

Repeat intent scores also trended down in April for two reasons that should be particularly concerning for grocery operators, according to the survey. First, the likelihood that a customer will use the same service within the next 30 days dropped 530 basis points compared to last year, landing at under 58 percent, driven by a dramatic drop from the most-frequent customers (those who completed four or more orders with a service within the past three months). Second, the repeat intent rate for mass declined nearly 300 basis points in April versus the prior year, but the repeat intent rate for grocery fell almost 900 basis points, leading to the largest gap recorded to date between the two formats and surpassing the record gap set in January 2023.

Looking at repeat intent rates by receiving method reveals more concerning news for grocers. Grocery's repeat intent rate for Delivery orders has not only declined more than its rate for Pickup orders, but it has also dropped dramatically compared to mass Delivery services.

"Given that customers vote with their wallet, the expanding gap in repeat intent between mass and grocery should be a red flag that warrants grocers re-evaluate all aspects of the customer experience," said Sylvain Perrier, president and CEO of Mercatus. "Customers' expectations continue to evolve based on past experiences, which means it's vital that grocers continue to improve the execution of various aspects, whether that's a more personalized experience, fewer out-of-stocks or shortened wait times."

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About Craig Levitt | 

When his dreams of becoming a professional hockey player came crashing down due to lack of talent, Craig Levitt turned to journalism. He graduated from Hofstra University in 1992 and has covered various areas of the retail food trade since 1996. Craig joined The Produce News in 2017 and is now managing editor. In his spare time, Craig still plays men's league hockey (poorly) and enjoys walking the aisles of his favorite supermarket with his wife and two daughters.

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