



# Trendspotting

*WITH CRAIG LEVITT*

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**Trendspotting: Shoppers turning to mass retailers for their grocery needs**

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By

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December 14, 2023

The online grocery market posted \$8.1 billion in total monthly sales for November, up 5.2 percent compared to last year's \$7.7 billion, according to the monthly Brick Meets Click/Mercatus Grocery Shopping Survey. While all three eGrocery receiving methods contributed to the year-over-year sales growth, delivery reported the largest gain driven by a significant jump in its monthly users versus the prior year. Also during November, mass retailers surpassed supermarkets to become the primary retail format that most households relied on for their grocery purchases during the month, whether online or in stores.

The headwinds that supermarkets face in their online business parallel many of the competitive forces also challenging their overall business today. For November, the research showed that 42 percent of households used a mass retailer for most of their in-store or online grocery purchases during the month, higher than supermarkets for the same period. This is a reversal from May 2023, when 42 percent of households reported using supermarkets as their primary store compared to 39 percent for mass.

“The current economic realities and omnichannel strategies are aiding mass retailers in attracting more customers today,” said David Bishop, partner at Brick Meets Click. “The price advantage that a mass rival, such as Walmart, enjoys is motivating cash-strapped households to shift where they shop, and mass customer engagement strategies are making it easier for those customers to shop the way they want.”

Delivery's 8.6 percent year-over-year sales growth was primarily driven by strong gains in its monthly active user base, which helped grow order volume by 7.5 percent despite an increase of just 1 percent in average order value. As a result, delivery accounted for nearly 33 percent of all eGrocery sales in November.

In contrast, pickup sales grew only 1.6 percent during November compared to a year ago boosted by AOV growth of 11.8 percent. This was tempered by a modest decline in its MAU base and lower order frequency, which together pulled order volume down 9.2 percent versus last year.

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Ship-to-home sales climbed 7.6 percent driven by solid MAU growth in Amazon's pure-play services. Despite a softened order frequency rate, this MAU growth led to a nearly 3 percent increase in overall order volume, and a 4.5 percent increase in AOV contributed to the balance of the sales gains in November.

In comparing the performance of mass versus supermarket, trends were mixed. Mass continued to see strong growth in its MAU base, which expanded by 14 percent in November, while the supermarket MAU base contracted by 14 percent compared to last year. Both reported lower order frequency among their MAU bases, with supermarket and mass each declining around 5 percent. For AOVs, mass posted a 9 percent increase across its delivery and pickup services while supermarket finished up 5.6 percent across its delivery and pickup services versus the prior year.

"Considering the challenges regional grocers face today in acquiring and retaining customers, it's worth recalling the phrase 'A bird in the hand is worth two in the bush,'" said Sylvain Perrier, president and CEO for Mercatus. "This adage underscores the importance of paying closer attention to current customers' expectations for online services and then delivering the kind of experience they want. While easier said than done, it requires a clear strategy and plan to execute."

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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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