



Trendspotting

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Trendspotting: Last year's online grocery sales \$95.8 billion, continue downward trajectory

By

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January 16, 2024

The online grocery market finished 2023 with \$95.8 billion in total sales, down 1.2 percent compared to 2022, according to the annualized results from the monthly Brick Meets Click/Mercatus Grocery Shopper Survey. A decline in order frequency by online grocery shoppers was the primary factor driving the lower sales in 2023.

Order frequency among monthly active users decreased for the second year in a row in 2023. The average number of monthly online grocery orders completed (including all receiving methods) fell 6 percent versus 2022 following a 4 percent decline in the previous year. Contributing to the year-over-year contraction was an increase in the share of MAUs who made only one eGrocery order per month.

Average order value, not adjusted for price inflation, rose 3 percent in aggregate in 2023 versus the prior year. Each receiving method posted year-over-year increases: delivery AOV grew by 3 percent, pickup increased by 2.6 percent and ship-to-home rose 1.7 percent.

In terms of sales performance, the largest of the three segments, pickup, finished the year relatively steady versus 2022. Delivery, despite expanded availability due to increased competition among third-party marketplace providers, experienced a sales dip of 0.9 percent, while ship-to-home sales slipped 4.9 percent.

“These annual results show that 2023 was very challenging for grocery retailing as higher prices chipped away at household purchasing power even though inflation has slowed considerably since its peak in 2022,” said David Bishop, partner at Brick Meets Click. “Despite the challenges, pickup continues to prove its appeal to shoppers, even without the benefits of expanded availability and/or aggressive promotions that aided delivery in 2023.”

Formats like mass and hard discount experienced strong expansion in their respective MAU bases while supermarket format experienced a contraction. The average number of MAUs increased by 15 percent for mass and 12 percent for hard discount versus 2022, while the supermarket MAU base

shrank by 4 percent. Cross-shopping rates between grocery and mass formats continued to increase in 2023.

"As Walmart grabs market share through its price leadership and omnichannel strategies, regional grocers find themselves in a precarious position. To remain competitive, they must intensify their efforts in improving customer engagement, offering tailored personalization and building loyalty. This strategic shift is not just about weathering the storm of price inflation and intense competition, but about thriving in it," said Mark Fairhurst, global chief growth officer at Mercatus. "By providing a shopping experience that is both seamless and highly personalized, grocery retailers can retain their existing customer base and gradually attract a wider audience."

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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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