



Trendspotting

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Trendspotting: Online sales increase, mass retailers continue to thrive

By

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The new year started strong for the online grocery market as January finished with total sales of \$8.5 billion, up 1.8 percent compared to 2023, according to the most recent monthly Brick Meets Click/Mercatus Grocery Shopper Survey. Despite a jump in the total number of households buying groceries online during the month, January's overall sales growth was moderated year-over-year by a downward trend in order frequency and a composite average order value that was nearly flat compared to the prior year. Monthly results varied by the receiving method and format as mass continued to expand share while supermarkets contracted.

Ship-to-home was the only segment to grow year-over-year as sales climbed to \$1.5 billion in January, up 7.8 percent compared to a year ago. Higher order volume, driven by a surge in monthly active users and a more than 7 percent increase in AOV, helped the segment end the month with 17.4 percent of online grocery sales.

January's delivery sales of \$3 billion slipped slightly, down 0.5 percent versus 2023, as the 3 percent growth in its AOV could not offset the larger decline in order volume. While the Delivery MAU base expanded slightly, the gain was eclipsed by the decline in order frequency among MAUs.

Pickup remained in the top spot, but its sales fell 1.9 percent to \$4 billion for January, mainly due to lower order frequency by MAUs and a 1.8 percent contraction in AOV, despite a moderate expansion of its MAU base. Pickup finished the month with 47.3 percent of online grocery sales.

“When more than 10 percent of households have less money to spend on groceries this year than they did last year, changes in buying behavior are certainly expected,” said David Bishop, partner at Brick Meets Click. “The reduction in SNAP payments that took effect at the end of February 2023 is one of the factors driving the flight-to-value trend, which we’ve observed and tracked since mid-2023.”

The mass format, led by Walmart, continued to outperform the broader market. In total, mass expanded its MAU base by almost 10 percent while it also posted a healthy uptick in AOVs. In

contrast, supermarkets endured ongoing headwinds as key performance indicators all struggled versus last year. The number of supermarket MAUs contracted by more than 5 percent, the average number of orders completed by MAUs during the month fell by a larger rate and the average dollars spent per order pulled back slightly.

Amazon's pure-play online services, which account for the largest share of the ship-to-home segment, also saw improvements in performance compared to the prior year, but those improvements need to be put into context. Given the large MAU drop Amazon experienced in January 2023, this January's MAU surge was driven partially by easier comparable results. Overall, Amazon's year-over-year MAU gains more than offset the drop in order frequency, and moderate AOV gains also helped drive its positive sales results.

"Competing online is only getting more challenging for regional grocers as customer expectations continue to increase," said Mark Fairhurst, global chief growth officer at Mercatus. "So, beyond improving key elements of the experience, like fill rates, wait times and product quality, regional grocers also need to work even harder to identify additional ways to help their customers save money."

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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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