

(More) digital trends for 2021: The future of grocery is digital

Article

We recently released our “10 Key Digital Trends for 2021” report, which spotlighted the rise of Disney as a streaming powerhouse, the enactment of a federal privacy law, first-party data reigning supreme, and more. But which major trends narrowly missed the cut?

Here’s our fifth in a series of *additional* transformative developments that ought to be on your radar throughout 2021.

Read about the fourth runner-up, nostalgia marketing, in [our recent article](#).

In online grocery, first-time adoption evolves into consumer habit

Online grocery took off dramatically in 2020 as a result of the pandemic; that's no surprise to anyone. According to our estimates, food and beverage was by far the fastest-growing ecommerce category in the US in 2020. Given its low penetration and high sales growth, digital grocery is the next big opportunity in ecommerce.

Of course, just because a behavior took off during a once-in-a-century pandemic doesn't mean it will stick around. In this case, however, we believe many consumers will buy groceries online more frequently in 2021, for a number of reasons:

The length of the pandemic. Had COVID-19 been merely a blip, it'd stand to reason that behavior changes would not become permanent. With the US rapidly approaching the one-year anniversary of its pandemic shutdowns, consumers have had time to hone their new habits, such as making purchases on the likes of Instacart, FreshDirect, Shipt, Cornershop, Postmates, and Blue Apron. According to an October 2020 study by Acosta, 58% of US grocery shoppers reported being comfortable using digital tools to assist with grocery shopping. While this comfort level varies by generation (from 71% among Gen Z and millennials to 35% among seniors over 75), these numbers are favorable for category growth.

Ease of use. While digital grocery has its drawbacks, the experience is positive enough for the typical consumer: It's a timesaver, it's perceived as safer, and when delivery is involved, it allows the shopper to skip the gas and parking expenses. "With a growing number of stores offering curbside pickup, and with grocery delivery apps offering an increasing number of features, consumers now have a variety of incentives and options for ordering their groceries online," said Whitney Birdsall, eMarketer senior forecasting analyst at Insider Intelligence. "A large portion of consumers who became first-time online grocery buyers during the pandemic now prefer this mode of grocery shopping due to its convenience."

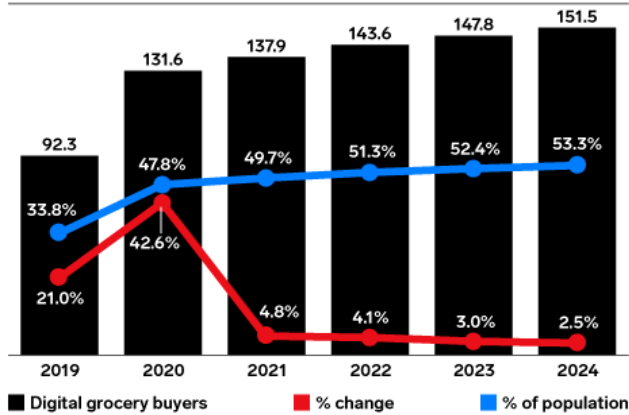
Category awareness. Given the pleasant customer experience for many, positive word-of-mouth should encourage consumers who are on the fence to give online grocery a try in 2021. And quite a few major retail players are throwing big dollars at the category in anticipation.

According to our latest figures, the number of US digital grocery buyers will grow from 131.6 million in 2020 to 137.9 million in 2021. That's 4.8% year-over-year growth, which might not seem like much, but that figure needs to be taken in context: The number of internet users

who made at least one grocery order via any digital channel grew by 42.6% between 2019 and 2020, a growth rate that would be difficult to sustain as things return to normal.

US Digital Grocery Buyers, 2019-2024

millions, % change, and % of population



Note: ages 14+; digital grocery buyers are defined as internet users who have made at least one grocery order via any digital channel during the calendar year regardless of method of payment or fulfillment; includes grocery delivery and pickup
Source: eMarketer, March 2021

263842

eMarketer | InsiderIntelligence.com

We expect US grocery ecommerce sales will increase by 17.8% year over year in 2021, meaning that digital grocery shoppers will buy about 11% more than they did in 2020. This growth will occur despite the average consumer having fewer anxieties about their health as the pandemic gets under control later this year.

To see which trends made the final cut, Insider Intelligence subscribers can read our report:

Report by Jeremy Goldman Dec 09, 2020

10 Key Digital Trends for 2021

