

# Digital Grocery Shopping: Potential vs. Reality

## Article

**W**hile online grocery shopping is becoming more mainstream, few consumers buy all of their food digitally.

Whether through partnerships like Kroger and Instacart, or via acquisitions like Target's purchase of Shipt, many traditional supermarkets and multichannel retailers are getting into the online grocery game even though the market is still relatively small.

We forecast only 2.8% of food and beverage sales in the US will occur online in 2018.

Recent data from **Coresight Research** found that 23.1% of US internet users said they had bought groceries digitally in the past year. But retailers are banking on future intent and capturing the undecided shoppers; 25.8% of respondents in the Coresight survey said they expected to buy groceries digitally in the next 12 months, while 20.4% said they weren't sure.

Even for those who do buy groceries digitally, the transactions make up a small share of total grocery purchases. According to Coresight, over 70% of consumers purchased a "small amount" or "almost none" of their groceries online.

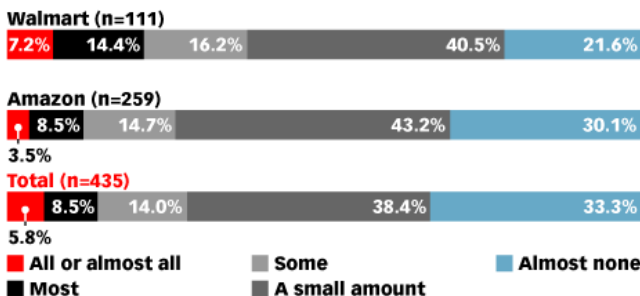
This mirrors a February 2018 **RichRelevance** survey in which 44.5% of US internet users who said they had ever bought groceries digitally (a higher figure because of the longer timeframe) did so rarely (60.0%). Of that group, just 22.8% did so monthly and 9.4% did so weekly. And when these shoppers bought groceries digitally, most tended to buy fewer items (61.8%). Only 16.2% said they bought more.

Not surprisingly, Amazon and Walmart were the leading online retailers shopped by digital grocery buyers, per Coresight. However, Amazon is pulling back its AmazonFresh offerings in some markets and expanding delivery with Whole Foods. Only 12.0% of Amazon grocery shoppers surveyed said they bought from AmazonFresh. Most online grocery buyers used the regular Amazon site for nonperishable goods (54.6%), which in some ways gives Walmart, with a full range of both fresh and nonperishable products, an edge.

When comparing Walmart to Amazon, Walmart attracts shoppers who do more grocery buying digitally. Over 21% of Walmart online grocery shoppers said they do most or almost all of their grocery shopping that way, while 12% of Amazon grocery shoppers said the same.

**Amount of Groceries Purchased Digitally According to US Digital Grocery Buyers, by Retailer, March 2018**

% of respondents



Note: ages 18+ who have purchased groceries digitally in the past 12 months from each retailer; numbers may not add up to 100% due to rounding

Source: Coresight Research (formerly Fung Global Retail & Technology), "US Online Grocery Consumer Survey: Amazon Is the Most-Shopped Retailer, but Not Yet a Full-Order Grocery Destination," April 17, 2018

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As for fulfillment methods, more online grocery buyers pick up their orders (50.8%) than have them delivered (45.3%), which reflects the way US consumers are accustomed to shopping for food and beverages. (Clicking and collecting also circumnavigates delivery charges.) Amazon Prime members expect “free” delivery, and Amazon has been aggressive on that front: The company is **rolling out two-hour Prime Now delivery of Whole Foods groceries** in select cities, while Walmart is charging \$9.95 for grocery delivery.

When Coresight asked respondents who expected to buy groceries online in the next 12 months how much they were willing to pay for delivery, 32.2% said it should be free, while 29.2% said they would pay up to \$5. A fair amount (19.7%) said they would pay up to \$10.