

Amazon tests Prime grocery subscription as it tries to win back market share

Article

The news: Amazon is testing a grocery subscription add-on for Prime members, the company said, as it tries to encourage more frequent grocery delivery orders.

How it works: For the price of an **Instacart+** subscription (\$9.99 monthly), Prime members will gain access to unlimited free grocery delivery on orders of \$35 or more from **Whole Foods** and **Amazon Fresh**.

- Shoppers can also take advantage of unlimited 30-minute pickup on all orders, regardless of size.
- The test is currently limited to Prime users in Sacramento, California; Denver, Colorado; and Columbus, Ohio.

Zoom out: Amazon has been [playing around with its delivery threshold](#) throughout the year as it tries to balance profitability with affordability.

- Free delivery on Amazon Fresh orders above \$35 was standard for Prime members until February, when Amazon hiked the threshold to \$150. The retailer later lowered the threshold in October to \$100, in response to customer feedback.
- While all it takes is two deliveries under \$50 for Prime members to recoup the monthly cost of the grocery subscription, it remains to be seen whether customers will be willing to nearly double the cost of their memberships for the sake of free delivery—especially at a time when fewer shoppers are [ordering groceries online](#).

The big takeaway: Grocery is one of the few areas where Amazon hasn't yet been able to carve out a dominant position, despite its acquisition of **Whole Foods** and the immense resources the company poured into developing that segment of its business.

- In fact, Amazon risks falling even further behind **Walmart** in the [online grocery wars](#): Our forecast expects the latter's share of online grocery sales to grow to 26.9% by the end of 2024, while Amazon's share will fall to 18.5%.
- While its grocery subscription may help move the needle slightly, Amazon faces a difficult battle to win back share as cost-of-living pressures drive consumers to cheaper retailers.

Go further: For more on online grocery trends, check out our [Digital Grocery Buyers report](#) and our latest [Digital Grocery Platform Survey](#).

US Grocery Ecommerce Sales, by Company, 2023

billions



Note: represents the gross value of grocery products sold on the merchant's platforms (browser or app), regardless of the method of payment or fulfillment; includes delivery and pickup; includes sales from third-party delivery services; excludes fuel; Amazon figures include Amazon Fresh and Whole Foods Market delivery and pickup, and include direct and marketplace sales

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