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Grocery ecommerce is gaining momentum in the US but declining in the UK. Here's why

Article

US grocery ecommerce sales will grow 17.4% in 2024 to total $219.04 billion, according to our forecast. Meanwhile, UK grocery ecommerce sales will grow only 5.1% to total $37.06

billion in 2024.

Both markets saw major bumps in grocery ecommerce adoption during the pandemic, but while this trend is still on the rise in the US, adoption is lower in the UK. Here's why.

Blame inflation

The main reason for the UK's in-person grocery habits is the cost-of-living crisis. "We've had very high prices for food, fuel, household energy, interest rates have gone up, and that means that people are really having to prioritize cost over convenience," said our analyst Carina Perkins on a recent episode of our "Behind the Numbers: Reimagining Retail" podcast.

As a result, people have switched to shopping in-store to avoid delivery costs and are shopping at discount stores like Aldi and Lidl, which have a minimal ecommerce presence.

Why aren't these trends the same in the US?

On a smaller scale, they are. "There has been a little bit of a pullback, particularly around grocery delivery over the last couple of months, and I do think that that is a result of persistent inflation, particularly for the price of groceries online," said our analyst Blake Droesch. In fact, 2023 US grocery ecommerce sales grew at 18.4% compared with the 17.4% we forecast for 2024.

"I think this temporary pullback in delivery is going to be short-term," said Droesch. "Once people feel a little bit more confident about the price of groceries, that allure of the convenience of delivery is going to come back and people are going to continue to use that option," he said.

Grocery ecommerce sales will remain high in the US because the shoppers who already are buying groceries online are spending more, and because Walmart and Amazon are incentivizing online shopping.

Different strokes

A lot of US trends in grocery ecommerce are a result of Walmart and Amazon offering cheap delivery options and making their membership programs really valuable, but Droesch and Perkins both attribute some ecommerce trends to shopper habits.

“At the end of the day, consumers in the US enjoy the conveniences of delivery, but they’re not necessarily willing to pay an exorbitant fee,” said Droesch, emphasizing the perceived value of Walmart+ and Amazon Prime memberships to these shoppers.

“People just prefer shopping in stores in [the UK], and I don’t think that’s going to drastically change anytime soon, but it will start ticking up again in the future,” said Perkins.

Listen to the full episode.

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