

Checking out Instacart in 5 charts

Article

In October 2022, **the company scrapped its plans to go public**, citing turbulent market conditions. Additionally, Instacart **cut its valuation a few times**, trimmed its workforce, and explored other cost-cutting measures.

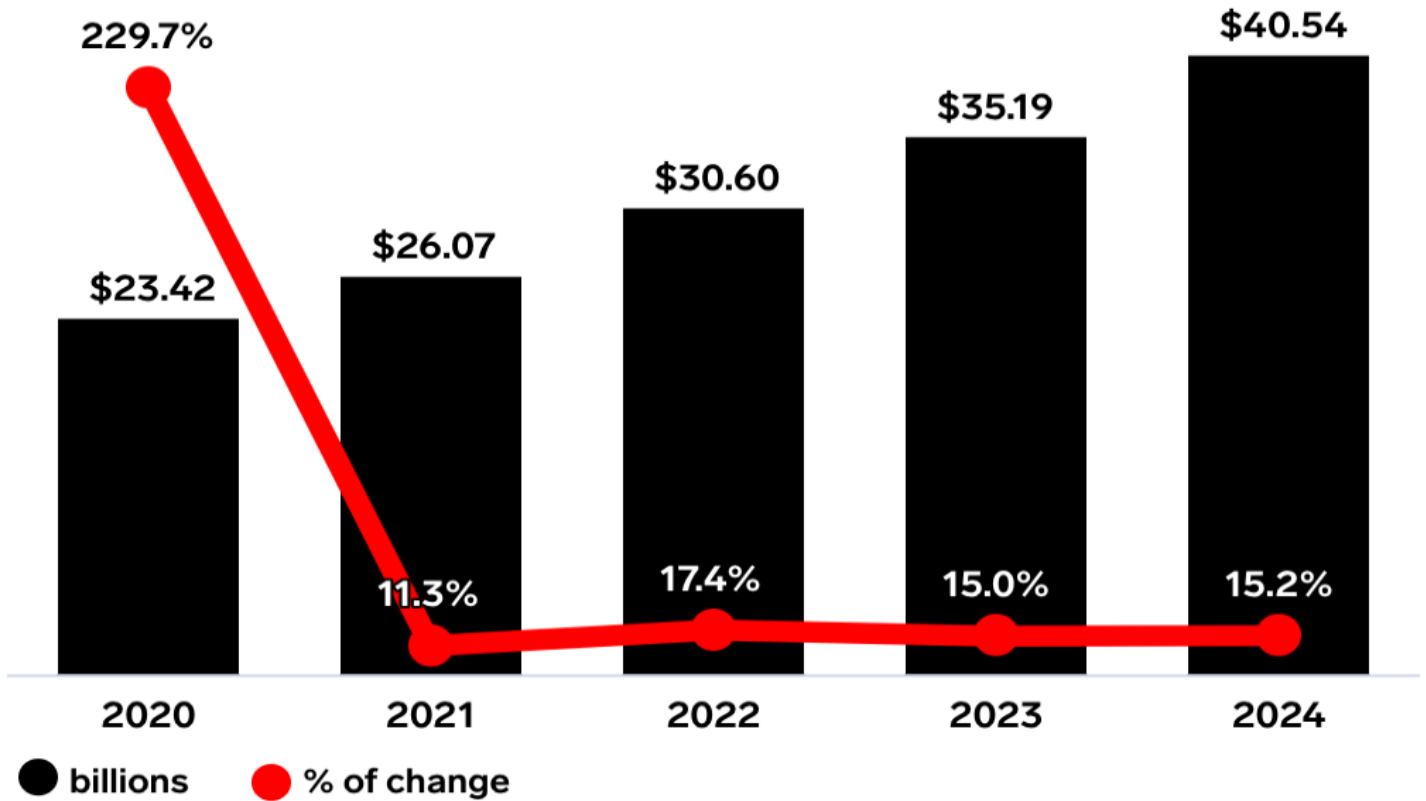
But it hasn't been all bad news: Instacart has also made investments to bolster business, including new technologies for merchants and expanded **retail media offerings**.

Let's take inventory.

1. Growth remains steady

Instacart Grocery Sales

US, 2020-2024



Note: sales of grocery products ordered via Instacart's site/app; excludes taxes and tips; includes pickup and delivery

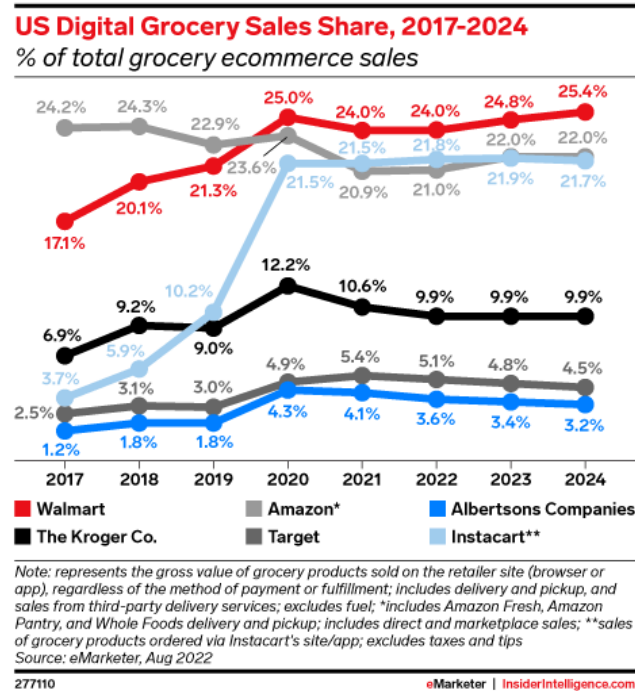
Source: eMarketer, August 2022

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Nothing can compare to the sky-high growth of 2020, but Instacart has managed to achieve double-digit grocery sales growth over the past two years, a trend we expect will continue into 2024.

Though still a small fraction of total grocery sales, we predict Instacart's share will grow from 1.9% in 2020 to 2.7% by 2024.

2. The battle for market share is on



Instacart is still slightly behind Walmart when it comes to share of US digital grocery sales, according to our data, but it has managed to jump from the bottom of the pack to the top in just a few years. While it's unlikely Instacart will overtake Walmart for first, the company is battling with Amazon for second.

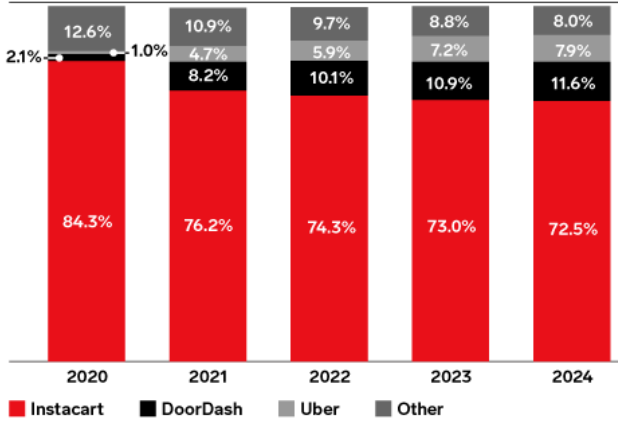
Amazon put a **pause on its Amazon Fresh grocery store expansion**, but its partnership with **Whole Foods Market helped** the ecommerce company grow its brick-and-mortar business 5.7% in Q4 2022.

Instacart, in return, is using technology to drive more retailers to use its platform, including out-of-stock insights and smart shopping carts.

3. Competition comes from all sides

US Digital Grocery Sales Share Among Delivery Intermediaries, 2020-2024

% of grocery delivery intermediary sales



Note: sales of grocery products ordered via site/app; excludes taxes and tips; includes pickup and delivery; numbers may not add up to 100% due to rounding
Source: eMarketer, Aug 2022

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Instacart is still king in the delivery intermediaries space, but it is losing some share to DoorDash and Uber, which both reported robust growth in their delivery businesses in Q4 2022.

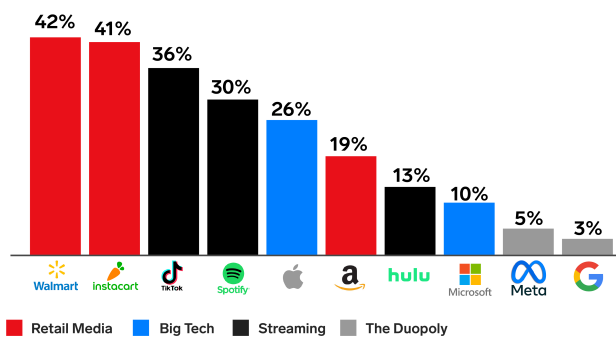
DoorDash's growth was driven in large part by its engaged DashPass member base (more on that below), while Uber is able to use ride-sharing to drive users toward its delivery service.

Instacart's strength lies in its core delivery model, which it should continue to invest in to stay ahead of the competition.

4. Retail media offers room to grow

US Digital Ad Revenue Growth, by Company, 2023

% change



Note: includes advertising that appears on desktop and laptop computers as well as mobile phones, tablets, and other internet-connected devices, and includes all the various formats of advertising on those platforms; net ad revenues after companies pay traffic acquisition costs (TAC) to partner sites; Google includes YouTube advertising revenues; Meta includes Facebook and Instagram advertising revenues; excludes revenues reported under Meta's "Facebook Reality Labs" segment; Microsoft data from 2016 forward includes LinkedIn ad revenues
Source: eMarketer, Oct 2022

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This year, Instacart's US digital ad revenues will grow faster than TikTok, Amazon, and Apple, according to our forecast.

The reason is retail media. As advertisers **pivot from the duopoly of Google and Meta**, they're putting their dollars into retail media, which gives them **more bang for their buck**.

We expect US retail media ad spending to grow by double digits through 2024, suggesting that Instacart has plenty of room to grow its digital ad business in the coming years.

*Learn more about the opportunities in retail media at our **"Attention!" summit March 3**. Our keynote features Rich Lehrfeld of Walmart Connect.*

5. Leaning into membership may provide a leg up

Which Retail Membership Services Do US Adults* Pay for?

% of respondents, by demographic, Dec 2022

	Female	Male	18-34	35-54	55-65	Total
Amazon Prime	63%	58%	59%	65%	57%	60%
Sam's Club	27%	30%	28%	27%	25%	26%
Costco Wholesale	21%	27%	21%	25%	25%	24%
Walmart+	16%	29%	43%	26%	9%	23%
DoorDash DashPass	9%	14%	19%	12%	4%	11%
Best Buy	7%	20%	21%	15%	5%	13%
Nike	8%	20%	28%	14%	1%	14%
Instacart Express	5%	10%	11%	12%	2%	8%
Shipt	3%	4%	8%	3%	1%	4%
FreshDirect DeliveryPass	2%	5%	7%	3%	0%	4%
Other	3%	1%	1%	2%	3%	2%
None	19%	14%	11%	14%	23%	16%

Note: *or any member in the household

Source: "The Insider Intelligence Ecommerce Survey" conducted by Bizrate Insights, Dec 15, 2022

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Another big growth area for Instacart is its membership service, Instacart+ (formerly Instacart Express). As of December 2022, only 8% of US adults reported paying for the service, far behind similar offerings from Amazon, Walmart, and DoorDash, according to Insider Intelligence and Bizrate Insights data.

Right now, **Instacart+** benefits include free deliveries for orders over \$35 and reduced service fees. If Instacart were to beef up its offering by introducing tiered levels or exclusive member benefits (e.g., promotions, priority deliveries, or support), it may be able to increase Instacart+ adoption.

The bottom line: Will 2023 be the year that Instacart goes public? Maybe.

But the bigger question is: Can Instacart hold onto its competitive advantage in 2023? Our bet is it will, especially if the company continues to shore up its business with retail media revenues and merchant offerings.

This was originally featured in the Retail Daily newsletter. For more retail insights, statistics, and trends, [subscribe here](#).