

# Instacart delays IPO plans to focus on broadening services, including its retail media network

Article

**The news:** Instacart is delaying its IPO plans as it looks to accelerate some of its services for grocery retailers, per The Information. That includes going beyond delivery, something the provider has centered its brand around.

**Behind the numbers:** Instacart's full-year revenues should rise 10% over its robust 2020 pandemic-fueled growth, hitting at least **\$1.65 billion**, per The Information's reporting.

- Q3 revenues jumped 20% compared with the same period last year, according to insiders, with orders increasing 15%.
- 51.5% of the US population will make a digital grocery purchase this year, according to our [US Digital Grocery Forecast 2021](#) report. US digital grocery sales rose 63.9% year over year (YoY) in 2020, and we expect them to grow another 12.3% this year to reach a total of **\$122.39 billion**.
- Instacart has been a huge beneficiary of this growth, generating 73.8% of third-party intermediary grocery sales in 2021. And these third-party delivery services will make up 28.8% of total digital grocery sales this year.

**A rising ad player:** Advertising revenue coming from Instacart's retail media network also made a significant contribution to its Q3 revenues and will continue to be [a major focus](#) going forward.

- Instacart is one of a growing group of companies, including Walmart, Kroger, and Albertsons, that is managing its own retail media network. Like those retailers, Instacart has a lot of data on shopping habits, which makes it attractive to advertisers.
- Last year, Instacart debuted a self-service advertising platform that enables brands to promote their products in search results, attracting advertisers such as PepsiCo, Procter & Gamble, and Unilever.
- Instacart's most significant 2021 hires have been Fidji Simo and Carolyn Everson, both former Facebook executives with deep experience in the advertising space.
- The company sees an opportunity to generate as much as \$10 billion to \$20 billion in annual revenues from advertising.

**Building a brand:** As Instacart adds revenue streams, it continues to build its brand publicly.

- This week, the grocery service launched its [first integrated brand campaign](#), "How Homemade is Made," which includes shoppable QR codes in both digital and out-of-home

(OOH) advertising in select markets.

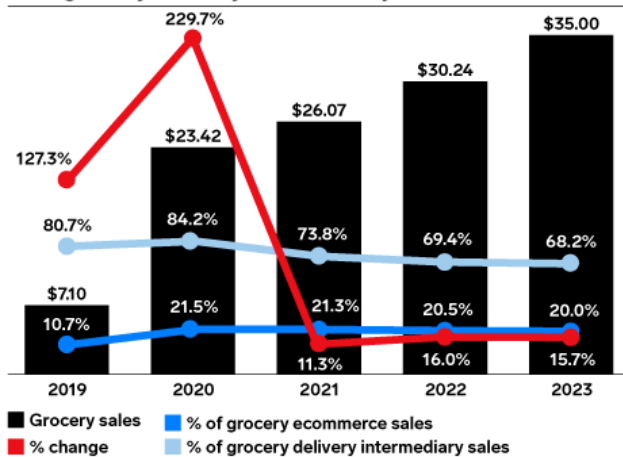
- The QR codes link to seasonal recipes with ingredients that are shoppable from landing pages within the Instacart app.

**Obstacles to growth:** While Instacart's success has rendered it profitable, the easing of pandemic-related restrictions and rising vaccination rates may have reduced grocery delivery's growth trajectory.

- The company is facing competition not only from established rival services like Amazon Fresh, DoorDash, and Uber, but also from well-funded startups like [Gorillas](#), Gopuff, and Jokr.
- "Existing Instacart partners like Walmart and [Kroger](#) are expanding their own delivery capabilities, which could slow growth coming from grocery delivery," noted Blake Droesch, analyst at Insider Intelligence.

#### US Instacart Grocery Sales, 2019-2023

billions, % change, % of grocery ecommerce sales, and % of grocery delivery intermediary sales



Note: sales of grocery products ordered via Instacart's site/app; excludes taxes and tips; includes pickup and delivery  
Source: eMarketer, Aug 2021

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