

US Is Playing Catch-Up in the Online Consumer Good Sector

Article

Online sales of fast-moving consumer goods (FMCG)—food, beverages, personal care, beauty, household cleaning supplies and over-the-counter drugs typically bought at grocery and drugstores—are growing fast in the US. But those sales are increasing from a relatively low base.

According to Kantar Worldpanel, US online sales of FMCG (excluding fresh food) grew 29% in 2017 to \$20 billion. By comparison, total sales growth for the category last year was nearly flat, at 0.5%. Part of the reason for the rapid growth is that the US has a lower FMCG ecommerce penetration rate than most other geographic regions. Kantar pegged it at just 1.9% last year, compared with the worldwide average of 5.8%.

FMCG Retail Ecommerce Sales Share Worldwide, by Region/Country, 2017

% of FMCG retail sales in each region/country



Source: Kantar Worldpanel and Europanel as cited in Kantar Worldpanel, "Winning Omnichannel: Finding Growth in Reinvented Retail: Issue 2" as cited in company blog, June 20, 2018

239374

www.eMarketer.com

Kantar forecasts the online share of FMCG sales in the US will rise to 5.4% by 2021, or \$59 billion. Channel share is also starting to tip in the direction of convenience stores and discounters like Aldi, with this growth coming at the expense of traditional supermarkets.

Nielsen values the US FMCG market (including fresh food) at just over \$1 trillion, up nearly 3.5% year over year as of May 2018. Ecommerce is responsible for much of that growth (82%), and nonfood items make up 87% of ecommerce dollars. This reflects the small amount of online groceries bought in the US.

So, what do the 57% of US internet users who've ever bought food online actually buy? According to Nielsen, 42% of consumers have purchased snacks online at some point, making it the biggest category. In 2017, online sales of salty snacks reached \$207 million (out of \$1.14 billion total). And while online sales of wholesome snacks were lower (\$149 million), that figure represented nearly 43% of total sales in that category. Nielsen did not define "wholesome," but it's fair to assume there are a lot of power bars and jerky being bought online (nuts are a separate category).

In "The eMarketer Ecommerce Insights Report," conducted in June 2018 by Bizrate Insights, among the 36.4% of US internet users who had bought a grocery product online in the past month, slightly more bought dry food goods (21.4%) than snacks (20.5%). But respondents

ages 30 to 49 purchased things like candy and chips online more than they did pasta and beans.

Grocery Products that US Female Internet Users* Have Purchased Digitally, by Age, June 2018

% of respondents in each group

| | 18-29 | 30-39 | 40-49 | 50-59 | 60+ | Total |
|--|-------|-------|-------|-------|-------|-------|
| Dry food goods | 29.1% | 28.0% | 21.9% | 21.2% | 14.2% | 21.4% |
| Candy, prepackaged cookies & snack foods | 27.4% | 28.9% | 22.8% | 17.5% | 12.7% | 20.5% |
| Soft drinks & nonalcoholic beverages | 16.2% | 16.0% | 14.6% | 13.8% | 8.7% | 13.2% |
| Fresh fruit & vegetables | 17.9% | 17.8% | 13.2% | 12.0% | 7.5% | 12.7% |
| Frozen foods | 14.5% | 16.0% | 10.0% | 12.9% | 7.5% | 11.5% |
| Fresh meat & poultry | 16.2% | 14.7% | 10.5% | 11.1% | 7.8% | 11.3% |
| Eggs or dairy | 13.7% | 14.7% | 11.9% | 11.5% | 7.2% | 11.2% |
| Baked goods | 11.1% | 12.4% | 10.0% | 10.1% | 5.1% | 9.2% |
| Perishable prepared foods | 14.5% | 12.4% | 7.3% | 8.8% | 5.1% | 8.7% |
| Alcoholic beverages | 11.1% | 9.3% | 7.3% | 6.0% | 4.5% | 7.0% |
| Fresh fish & seafood | 5.1% | 4.9% | 5.5% | 3.7% | 2.7% | 4.1% |
| Ice | 2.6% | 1.8% | 3.2% | 2.3% | 1.2% | 2.1% |
| None of these | 56.4% | 56.0% | 58.4% | 63.1% | 75.0% | 63.6% |

Note: in the past month/30 days; *at least 65% of respondents were female and at least 50% were ages 50+
 Source: "The eMarketer Ecommerce Insights Survey" conducted in June 2018 by Bizrate Insights, June 8, 2018

239185

www.eMarketer.com

Interestingly, snack buyers are no more impulsive in-store despite being faced with enticing displays. According to Nielsen, 36% of in-store snack purchases are unplanned, compared with 34% online. However, online snack shoppers are more open-minded: 22% had no particular brand in mind, whereas just 14% of in-store snack shoppers said the same.