

Amazon, Walmart and Kroger Lead US Grocery Sales Online—How Do They Do It?

Hint: BOPUS plays a key role

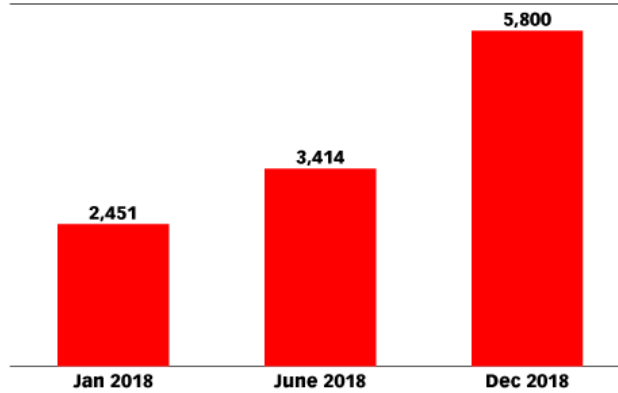
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US grocery ecommerce is the fastest-growing product category online, and we estimate that US food and beverage ecommerce sales will grow roughly 23% in 2019 to \$22.63 billion. Buy online, pick up in-store (BOPUS) is one of the key drivers of this growth.

According to data from CommonSence Robotics, the number of retailer locations offering BOPUS nearly doubled last year among US grocery retailers like Walmart, Kroger and Target, which brought their collective number of click-and-collect locations from 2,451 in January 2018 to 5,800 by December.

Number of Click-and-Collect Locations for Select Major US Retailers*, Jan-Dec 2018



*Note: company data analyzed by CommonSense Robotics; *includes Walmart (and various third-party partners), Kroger (and Instacart), Target (and Shipt), Ahold and Albertsons*
 Source: CommonSense Robotics, "Crossing the Grocery E-Commerce Rubicon," Jan 2, 2019

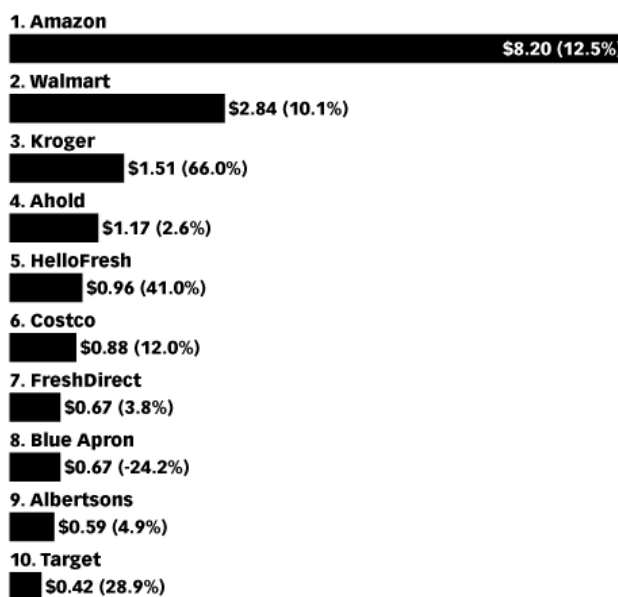
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The expansion of BOPUS also likely helped Walmart and Kroger secure their spots as the No. 2 and No. 3 digital retailers for US online grocery sales in 2018. But Amazon still takes the cake, according to a June 2019 report from [Edge by Ascential](#). So, what exactly do these players bring to the table, and how do they plan to stay on top?

Top 10 Digital Retailers, Ranked by US Retail Ecommerce Grocery Sales, 2018

billions and % change vs. prior year



Source: Edge by Ascential, "Digital Top 10 List" as cited in Supermarket News blog, June 10, 2019

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Amazon

According to the report, Amazon sold \$8.2 billion worth of groceries online in 2018, growing 12.5% year over year. This increase is fueled by the retailer's evolving omnichannel grocery strategy. In May 2018, Amazon expanded its same-day Whole Foods delivery service Amazon Prime Now to 88 US markets and will open thousands of Amazon Go stores by 2021.

In April 2019, the ecommerce giant announced its **in-garage delivery program**, "Amazon Key for Garage," to Prime members in select US cities. This follows Amazon's other Key offerings: in-home delivery (launched in 2017) and in-car delivery (launched in 2018).

Walmart

Second to Amazon, Walmart saw sales of \$2.8 billion last year—a 10% annual increase. These sales were fueled by Walmart's large brick-and-mortar footprint and subsequent BOPUS and curbside pickup capabilities. According to omnichannel intelligence company **Numerator**, 76% of US shoppers preferred Walmart's curbside pickup, compared with just 14% of respondents who said they preferred to shop in-store.

To compete with Amazon, **Walmart recently introduced its most intimate delivery offering, "InHome,"** in which a Walmart employee delivers groceries directly to a shopper's fridge. But early data from consumer research platform **CivicScience** shows that nine out of 10 consumers are "not at all interested" in this delivery option.

"Amazon and Walmart are clearly looking at each other as they build out their online grocery operations," said eMarketer principal analyst Andrew Lipsman. "At the moment, the availability of click-and-collect and curbside pickup has probably been the biggest demand driver for online grocery orders—and that's currently a big advantage for Walmart with its much larger store footprint and expanded availability."

Kroger

Though Amazon and Walmart are the two biggest players right now, major grocery retailer Kroger actually saw the biggest year-over-year

gain of 66%. With an ecommerce-focused strategy, Kroger expanded home delivery to 91% of households and rolled out its online grocery pickup to 1,581 of its 2,764 stores in 2018. In a recent letter to shareholders, Kroger CEO Rodney McMullen noted company plans to expand its pickup offering to more stores in 2019, as well as its goal of reaching the entire nation with the Kroger Ship delivery service.

“So much of the online grocery discussion can get dominated by Amazon and Walmart, but everyone should be paying attention to what Kroger is doing,” Lipsman said. “They have been very aggressive in expanding and innovating in every aspect of their online grocery supply chain, from warehouse automation to click-and-collect operations to last-mile delivery. As the country’s largest grocery chain, Kroger’s influence on the development of this category will continue to be felt.”