

Instacart is closer than ever to an IPO

Article

This article was written with the assistance of ChatGPT.

The news: Instacart reported a surge in sales and profits in the fourth quarter of 2022, [per](#) The Wall Street Journal, an optimistic sign as the company prepares to go public.

- The grocery delivery company's revenues rose more than 50% year-over-year (YoY) in Q4, while gross profits grew by more than 80%.

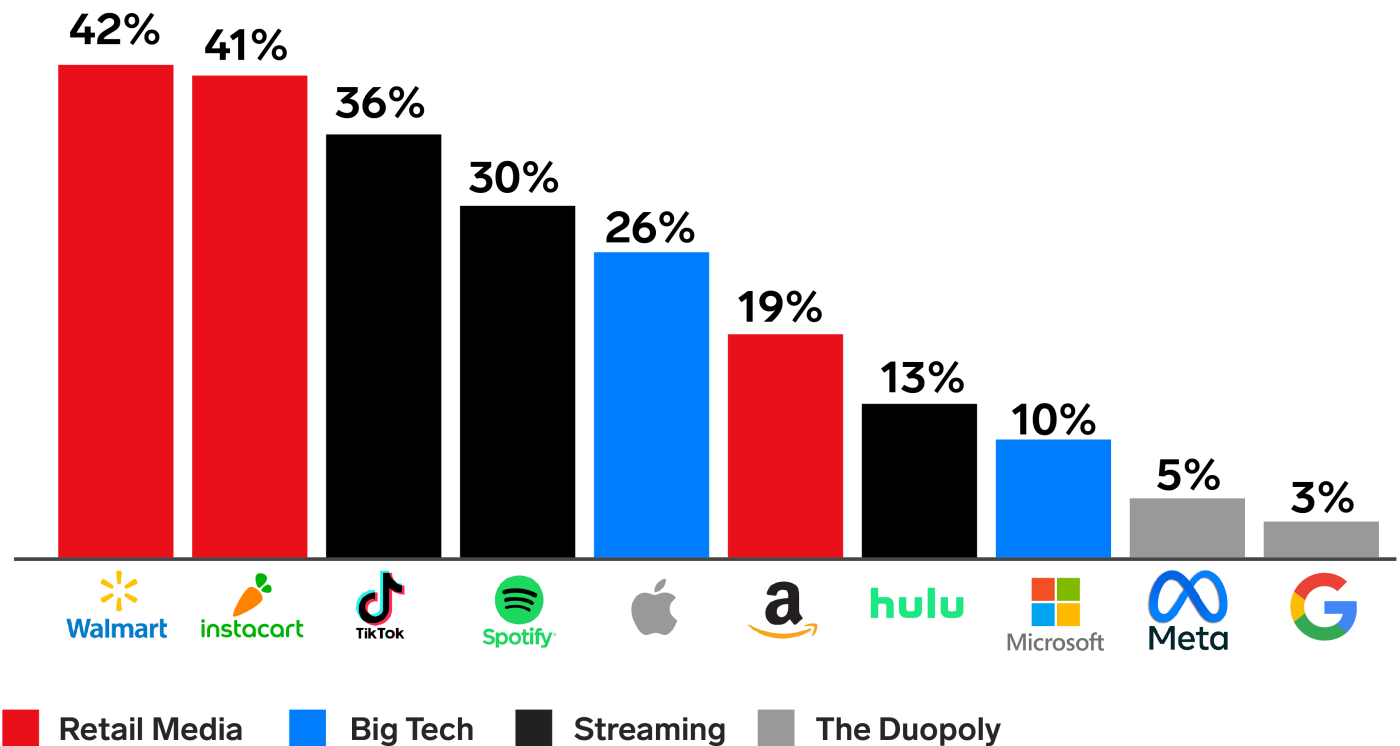
- FY revenues rose 39% to approximately \$2.5 billion, and Instacart processed \$29 billion in gross transaction volumes, roughly 16% more YoY.

How we got here: Instacart's success is largely due to its push into advertising, as well as growth for its Instacart+ membership program.

- While the company's growth has slowed recently, consumers continue to buy more groceries online than before the pandemic. [US digital grocery sales](#) grew by 15.8% in 2022, per our forecast, and will grow another 14.8% this year.
- Over the past year, Instacart added more stores to its platform and began allowing food stamp payments, broadening its appeal to consumers.
- The company also announced initiatives including Instacart Business, its B2B marketplace offering, and [Instacart Health](#), which aims to address food insecurity and expand access to healthy options. Later this year, Instacart plans to roll out a chatbot powered by ChatGPT to answer food-related questions and help shoppers find products, [per](#) The Wall Street Journal.

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

Source: eMarketer, Nov 2022

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The big takeaway: The strength of Instacart's advertising business coupled with steady growth for its delivery arm should smooth its path to an IPO. However, its decision to [cut its internal valuation](#) earlier this year suggests it may have some more convincing to do before investors are fully on board.

Go further: Check out our [US Digital Grocery Forecast](#) for more on consumers' changing grocery-buying behaviors.