

# Five Charts: The State of Online Groceries

## ARTICLE |

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**T**he online grocery space is immense and fast-growing, with players like Walmart and Target leveraging their sizable brick-and-mortar locations to take on Amazon.

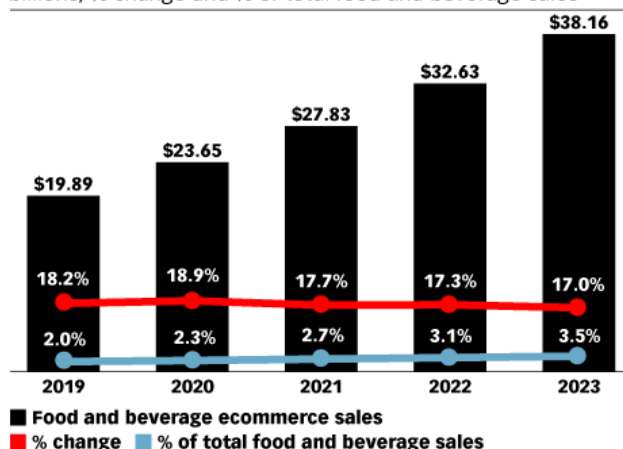
As the landscape continues to shift, here's what marketers need to keep in mind:

### **US Grocery Ecommerce Is the Fastest-Growing Product Category Online**

This year, US food and beverage ecommerce sales will grow 18.2% to \$19.89 billion, according to our estimates. By 2021, that figure will reach \$38.16 billion.

### US Food and Beverage Ecommerce Sales, 2019-2023

billions, % change and % of total food and beverage sales



Note: includes products or services ordered using the internet via any device, regardless of the method of payment or fulfillment; includes packaged foods, fresh foods and beverages; eMarketer benchmarks its retail and retail ecommerce sales figures against US Department of Commerce data, for which the last full year measured was 2017  
Source: eMarketer, March 2019

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“We expect the category to grow at above-average rates for the next few years, but it will remain one of the least-penetrated ecommerce categories for the foreseeable future,” wrote eMarketer principal analyst Andrew Lipsman in his recent report, [“Grocery Ecommerce 2019: Online Food and Beverage Sales Reach Inflection Point.”](#)

### Despite Growth, US Market Still Lags Behind Others

Data from IGD shows that digital grocery sales in the US reached \$23.9 billion in 2018. By contrast, sales in China and Japan reached \$50.9 billion and \$31.9 billion, respectively. Not only is China the biggest digital grocery player in the world, its revenues are set to nearly quadruple by 2023.

**Digital Grocery Sales in Select Countries, 2018 & 2023**  
billions, % of total digital sales and CAGR

	2018		2023		CAGR
	Sales	% of digital sales	Sales	% of digital sales	
China	\$50.9	3.8%	\$196.3	11.2%	31.0%
US	\$23.9	1.6%	\$59.5	3.5%	20.0%
Japan	\$31.9	7.1%	\$46.5	9.9%	7.8%
UK	\$14.6	6.0%	\$22.1	7.9%	8.7%
South Korea	\$9.9	8.3%	\$21.3	14.2%	16.5%
France	\$11.6	4.5%	\$17.2	6.0%	8.2%
Australia	\$2.1	2.1%	\$4.2	3.7%	15.3%
Germany	\$1.3	0.5%	\$3.8	1.2%	23.2%
Canada	\$0.8	0.8%	\$2.1	1.8%	0.8%
Spain	\$0.9	0.7%	\$2.0	1.4%	0.7%
<b>Total</b>	<b>\$147.9</b>	<b>-</b>	<b>\$374.9</b>	<b>-</b>	<b>20.4%</b>

Source: IGD as cited in press release, Oct 29, 2018

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This is largely because of Hema—Alibaba’s all-in-one supermarket, fresh market, restaurant and fulfillment center. [The Chinese conglomerate said](#) it expected to have roughly 100 Hema stores by the end of 2018.

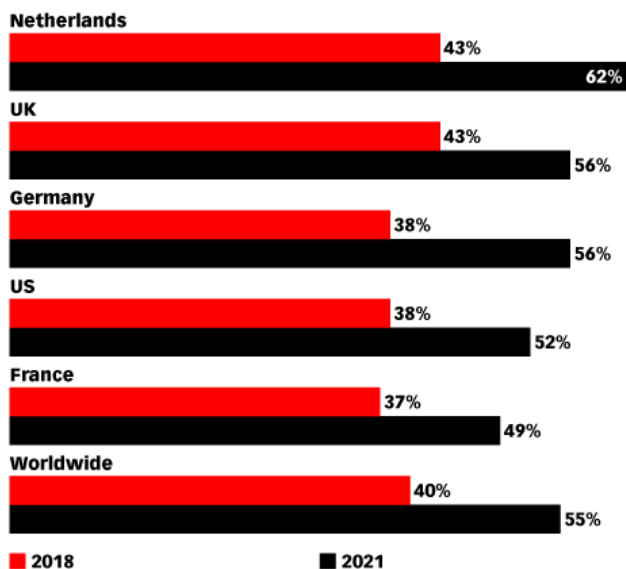
### What About the EU-5?

Both Amazon and Alibaba are gaining clout in key markets across Europe as online grocery shopping continues to grow. “Grocery is just one sector in which Amazon is reshaping the European shopping landscape. In other product areas, it is already a dominant force,” said Karin von Abrams in her report, [“Western Europe Ecommerce Trends in 2019: Holiday Shopping Patterns, Digital Grocery and the Rise of Alibaba,”](#) which published earlier this year. “Alibaba, too, has designs on Europe, but its priorities relate chiefly to its China-based businesses, and to tourists and other travelers from China visiting stores in Europe. The offering for residents of Europe is comparatively limited.”

Nearly one-third of digital grocery shoppers in the Netherlands, the UK, Germany and France had groceries delivered at least weekly in 2018, according to January 2019 data from Capgemini. By 2021, more than half of respondents in the Netherlands, the UK and Germany said they will have groceries delivered once per week, as did 49% of respondents in France.

## Do Digital Grocery Shoppers\* in Select Countries Have Groceries Delivered Once a Week or More?

% of respondents, 2018 & 2021



Note: ages 18+; \*internet users who have purchased groceries online in the past 6 months

Source: Capgemini, "The last-mile delivery challenge," Jan 10, 2019

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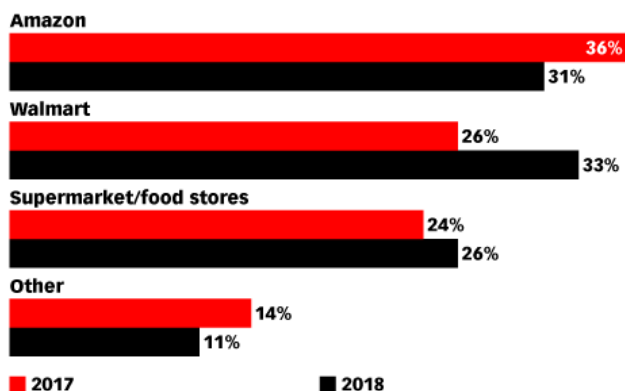
## Amazon's a Key Player ... but So Is Walmart

Amazon grocery ambitions didn't start when the company acquired Whole Foods in 2017. It started years before with the introduction of AmazonFresh, then Prime Pantry and Prime Now. And recently, the ecommerce giant further cemented its position in the market with its cashierless Amazon Go stores.

According to a study from The Retail Feedback Group, 31% of US digital grocery shoppers (who have shopped online for food and groceries in the past 30 days) said they purchased online groceries from Amazon in 2018. That's a 5-percentage-point decrease from a year prior. Conversely, a third of respondents said they purchased online groceries from Walmart in 2018—a 7-percentage-point gain from 2017.

## Where Have US Digital Grocery Shoppers\* Purchased Online Groceries from Most Recently?

% of respondents, 2017-2018



Note: ages 18+; 65% of respondents were female; \*who have shopped online for food/groceries in the past 30 days

Source: The Retail Feedback Group, "2018 U.S. Online Grocery Shopper Study," Nov 6, 2018

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"Although Amazon may still have a larger overall penetration, Walmart could be using its click-and-collect capabilities to gain share among frequent online grocery buyers, which would explain its better performance when the dimension of recency is introduced," Lipsman said.

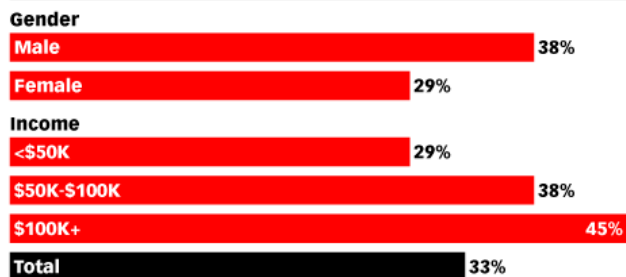
## The Average Online Grocery Shopper Skews Younger and Male

Shocker! Millennials are spearheading online grocery shopping. Data from IRI found that 55% of 25- to 34-year-olds considered themselves very or somewhat likely to purchase groceries online. Some 45% of respondents ages 35 to 44, and 35% of those 45 to 54 said the same.

Meanwhile, a May 2018 study conducted by Morning Consult found that males were more likely than females to have purchased groceries online.

**US Internet Users Who Have Ever Purchased Food and Beverage Products Digitally, by Demographic, May 2018**

*% of respondents in each group*



*Note: ages 18+*

*Source: Morning Consult, "Consumer Trends in the Food and Beverage Industry," May 21, 2018*

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