Grocery shoppers in search of convenience shift spending to online channels

Article



The trend: Brick-and-mortar's stranglehold on grocery sales is loosening, as more shoppers gravitate toward the convenience that digital channels offer.





- Less than half—44%—make the majority of their grocery purchases at physical stores, compared with 63% in early 2020, per a survey by PYMNTS.
- Nearly two-thirds (62%) of **DoorDash** users are currently ordering consumables—which include groceries, alcohol, pet care, personal care, and household products—more often than they did last year, the company said.

Convenience wins out: While cost concerns continue to inform shoppers' grocery habits, convenience is also becoming a key purchase consideration.

- Over six in 10 consumers (61.6%) said that convenience was an influential factor in their decisions to purchase more grocery items from digital channels, compared with 53.9% who cited the high costs of in-person shopping as the reason for the shift, per PYMNTS.
- The ease of ordering groceries on platforms like DoorDash and Uber Eats is also driving sales. DoorDash's grocery business doubled year-over-year (YoY) in Q3, while Uber CEO Dara Khosrowshahi noted in Q2 that the company's expansion into the grocery sector is driving incremental sales as shoppers add on items like ice cream or alcohol to their restaurant orders.
- Our own research indicates that early adopters of online grocery shopping are more likely to be frequent <u>digital grocery buyers</u>; as a result, most of the growth in digital grocery sales is coming from existing buyers spending more.

The big picture: The shift in favor of digital grocery underscores what DoorDash CEO **Tony Xu** calls "the macro trend of convenience increasing in the direction of greater convenience"—or, in other words, the growing tendency for consumers to shop more often and spend more with companies that can deliver on speed and convenience.

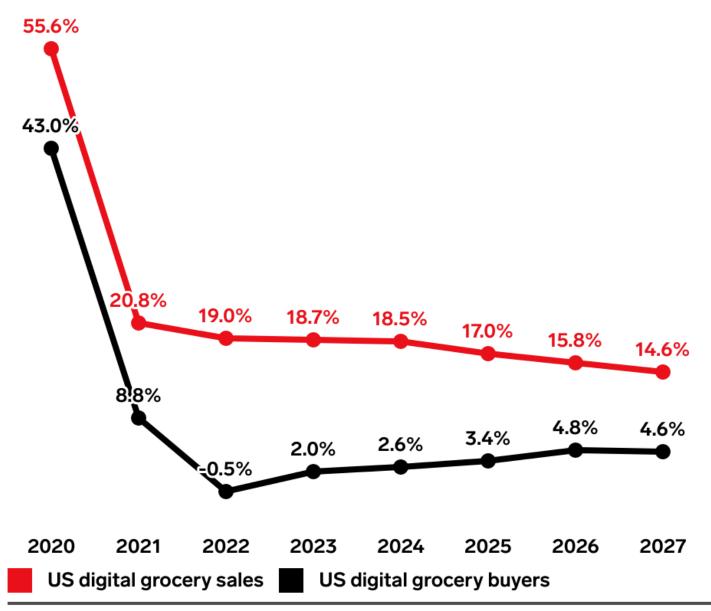
That's one reason why <u>Amazon and Walmart</u> are ramping up their efforts to speed up last-mile fulfillment; Amazon noted that it sees an increase in sales, order frequency, and the types of items purchased in areas where it offers faster delivery.

Go further: For more on digital grocery trends, check out our reports on <u>Digital Grocery</u> <u>Buyers</u>, <u>Digital Grocery Platforms</u>, and <u>CPG and Grocery Product Discovery</u>.



Consumer Adoption

% change



Note: includes food and nonfood grocery products ordered using the internet, regardless of method of payment or fulfillment; grocery items are products that people regularly buy from a grocery store, including food and beverages, pet food, household cleaning products, personal care products, and other household consumables; excludes restaurant sales; digital grocery buyers includes ages 14+; internet users who have made at least one grocery order via any digital channel during the calendar year regardless of method of payment or fulfillment; includes grocery delivery and pickup.

Source: Insider Intelligence | eMarketer, Feb 2023

