

The inside scoop from Groceryshop

Article

ICYMI: Last week, thousands of consumer packaged goods (CPG) and grocery leaders gathered at Groceryshop 2022, including our own chief content officer Zia Wigder and analyst Andrew Lipsman.

Hear it firsthand: Here are the key takeaways and what they mean for retailers:

Talk of the town: Retail media was this year's biggest trend, hands down.

- "From Instacart to Walmart, the latest digital grocery ad platforms were out in full force," noted Wigder. Both in the exhibit hall and in session discussions, retail media networks were

the star of the show.

- The overall sentiment was that the retail media boom is just getting started. “Few attendees seemed anything but extremely bullish on the future of this advertising tactic,” said Wigder.

Our take: US digital retail media ad spending is exploding; **it will reach \$40.81 billion this year**, more than triple its pre-pandemic total. **And everyone is getting in on it**, from Kroger and Best Buy to Walmart and Sam’s Club. Trust us, this is just the tip of the iceberg.

Making it easy: Grocery retailers and CPGs remain hyper-focused on convenience.

- Wigder said that the “holy ecommerce grail” of price, selection, and convenience were a major focus, with rising prices and inflation playing a particularly big role in the presentations that teed up the event.
- However, convenience was possibly the most discussed of the three, she said. “The convenience track was the only one to run a full two days of the event, and the topic cropped up frequently in conversations with brands, retailers, and vendors alike.”

Our take: People may say “convenience is king,” but price is sitting right alongside it on the throne. If costs continue to rise, many consumers will be trading convenience for a lower price point. But higher-income households may be willing to shell out for an easier shopping experience.

Breaking even: Ecommerce can be profitable in grocery but still depends a lot on click and collect.

- Lipsman quipped that ecommerce profitability “isn’t an oxymoron.”
- “Speakers at the event were clear that delivery economics remain challenging,” observed Wigder. Retailers shared that it’s still challenging to turn a profit on ecommerce without relying heavily on click-and-collect orders.

Our take: **Digital grocery sales in the US are slowing but continue to represent a larger chunk of all grocery sales.** Retailers must continue incentives to drive more dollars online, possibly through options like free delivery or rewards programs.

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