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Media Inquires

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## **Amazon and Supermarkets Neck and Neck in Race for Online Grocery Sales in U.S.**

*How long will Amazon continue to dominate? That depends on how well it's able  
to change the way Americans shop and how supermarkets respond*

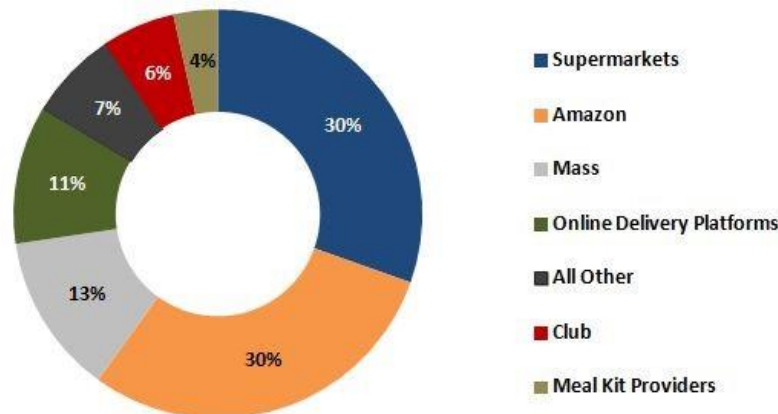
**Barrington, IL, October 2, 2018**

Amazon captured 30% of online grocery spending in the U.S. by the start of summer this year, according to Brick Meets Click's May 2018 consumer survey of 4,855 adults, 18 years and over, who participate in grocery shopping for the household.

No other company comes even close to Amazon's dominant position relative to online grocery retailing – in aggregate, the Supermarket channel captures about the same share of this market.

### **Share of Online Grocery\* Sales - U.S.**

By Retail Segment



\* Includes: alcohol, bakery, dairy, deli, frozen, general merchandise, grocery (food & nonfood), health & beauty care, meat & seafood, and produce departments.

Note: Third-party providers (Instacart, Shipt, etc.) are captured under the respective retail channels that the consumer shopped using this service.

Source: **Grocery Shopper IP research**, Brick Meets Click, May 2018.

Amazon has captured this leadership position by transforming how households shop for groceries over time by launching services like Subscribe & Save, AmazonFresh, Prime Pantry, Prime Now, and acquiring Quidsi and more recently Whole Foods.

Even with Amazon's dominance, how consumers shop online for groceries with Amazon versus the Supermarket channel reveals improvement opportunities if it wants to maintain, let alone grow market share. According to Brick Meets Click research,

- Even though 77% of the households that are online buy products or services from Amazon, only 11% bought any groceries from it during the past 30 days.
- Households who buy groceries online from Supermarkets turn to those retailers over 2 times per month as compared to 1.7 times for Amazon.
- The average grocery order for customers buying from Amazon is \$45, which significantly trails what customers spend online at Supermarkets (\$116) or even Online Delivery Platforms like Fresh Direct and Peapod (\$143).

“Until recently, Amazon's success relied heavily on leveraging its ability to overcome the physical constraints that limit the reach and the breadth of assortment brick and mortar retailers can offer,” said David Bishop, partner at Brick Meets Click.

“To grow grocery market share, Amazon needs to strengthen its physical presence and persuade consumers to buy highly perishable products from it,” Bishop continued. “Whole Foods connection to Prime Now and exclusive Prime membership benefits will help to varying degrees, but more moves are clearly needed,” he added.

Currently Supermarkets do have an advantage: They outperform Amazon in terms of both purchase frequency and sales per order according to the research. To protect their shopper base and attract more online trips, Supermarkets will likely leverage these strengths – plus their physical locations – to make online grocery shopping even easier while also reinforcing the value of the in-store shopping experience.

### **About Brick Meets Click**

Brick Meets Click is a strategic advisory firm with unparalleled experience and perspectives on the US grocery industry. It was founded in 2011 to focus specifically on how technology and new competitors are changing food marketing and sales. Today, its guidance helps retailers and manufacturers adapt and find new sources of growth. Visit [www.brickmeetsclick.com](http://www.brickmeetsclick.com) to learn more about its expertise, services and thought leadership.