E-GROCERY

a rapidly growing industry where Amazon
eats the competition for breakfast

amazon pantry

amazon fresh

POSTMATES

O MANY OPTIONS

instacart

freshdirect

HEAVYWEIGHTS IN THE RING

Peapod

- Founded in 1989 and launched website in 1996
- Sold to Royal Ahold in 2001
  - Cancelled contracts with all grocery companies
  - Only partners with chains Stop & Shop and Giant Food

Instacart

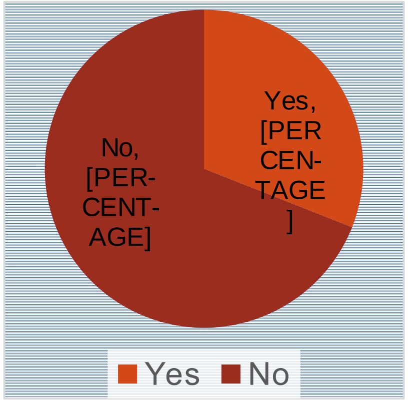
- Founded 2012 by former Amazon employee
- Partners with brick and mortar stores for online orders
- Continues to expand and raise capital as of 2018

Amazon Fresh

- Slow roll out in cities across America and then abroad
- Offered alongside Amazon Pantry and Whole Foods

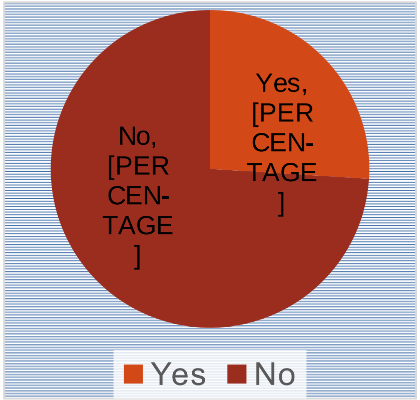
ADAPTATION OF BRICK AND MORTAR STORES

Share of food stores already offering home delivery/store pickup with online grocery ordering services (2017)



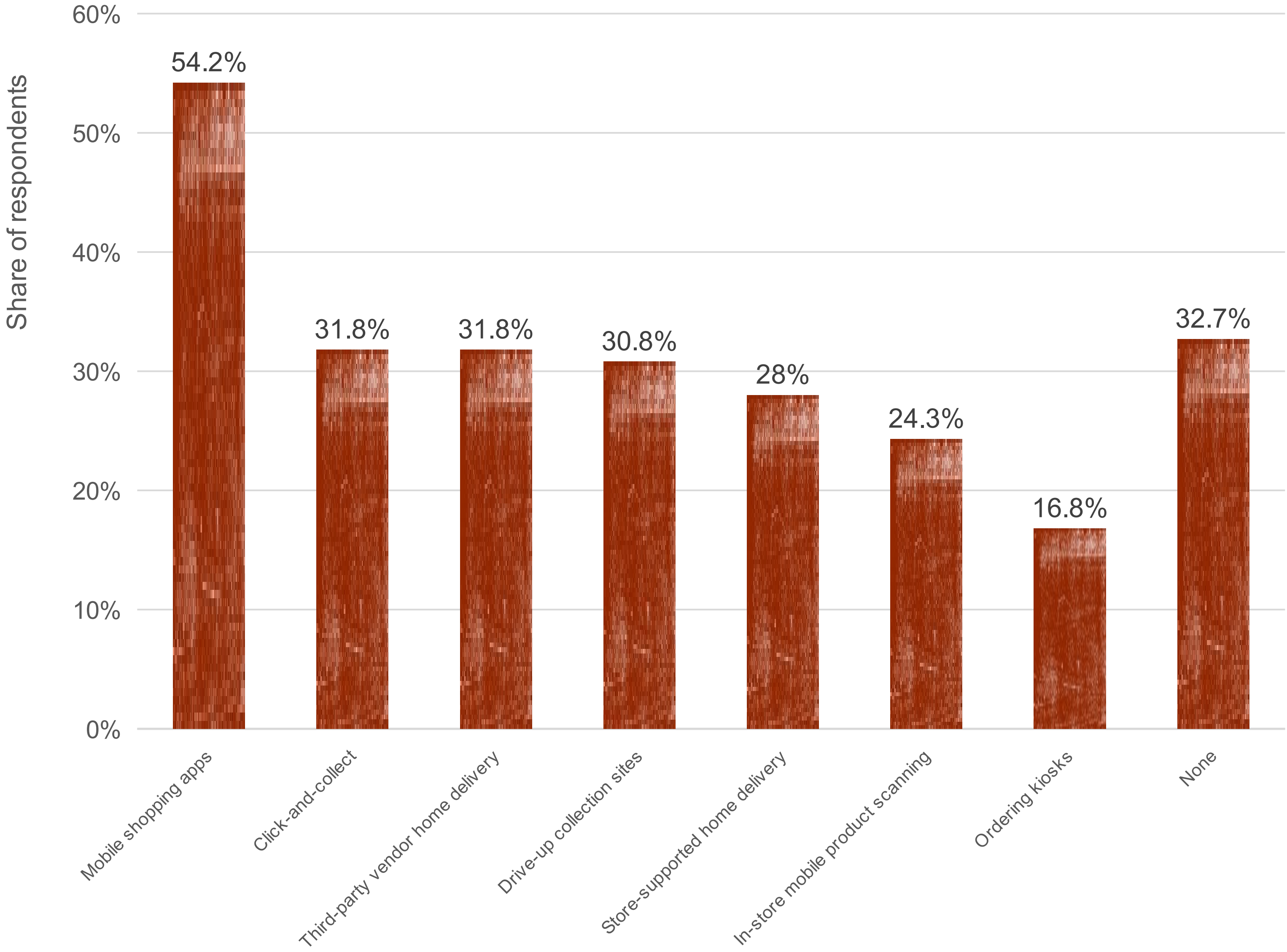
Source: Progressive Grocer (Market Research)

Share of food stores that plan to add home delivery/store pickup with online grocery ordering services in the next year (2017)



Source: Progressive Grocer (Market Research)

Omnichannel services offered by grocery retailers (2018)

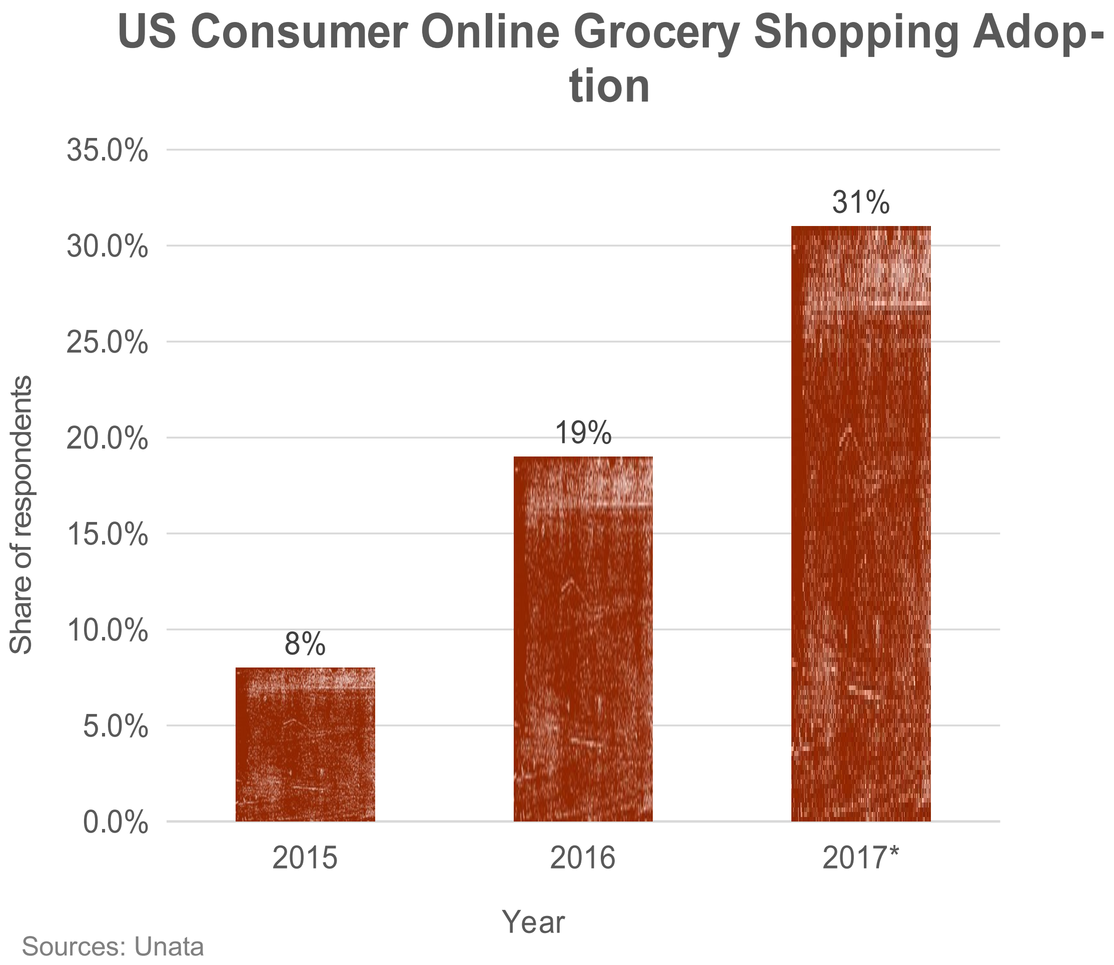


Source(s): Progressive Grocer

THE DISRUPTED INDUSTRY

- **E-Grocery** consists of online grocers who are
  - standalone e-commerce services that include grocery items
  - brick and mortar supermarkets that allow online ordering.
- Some are even starting to blur the lines.

GROWTH OF AN INDUSTRY

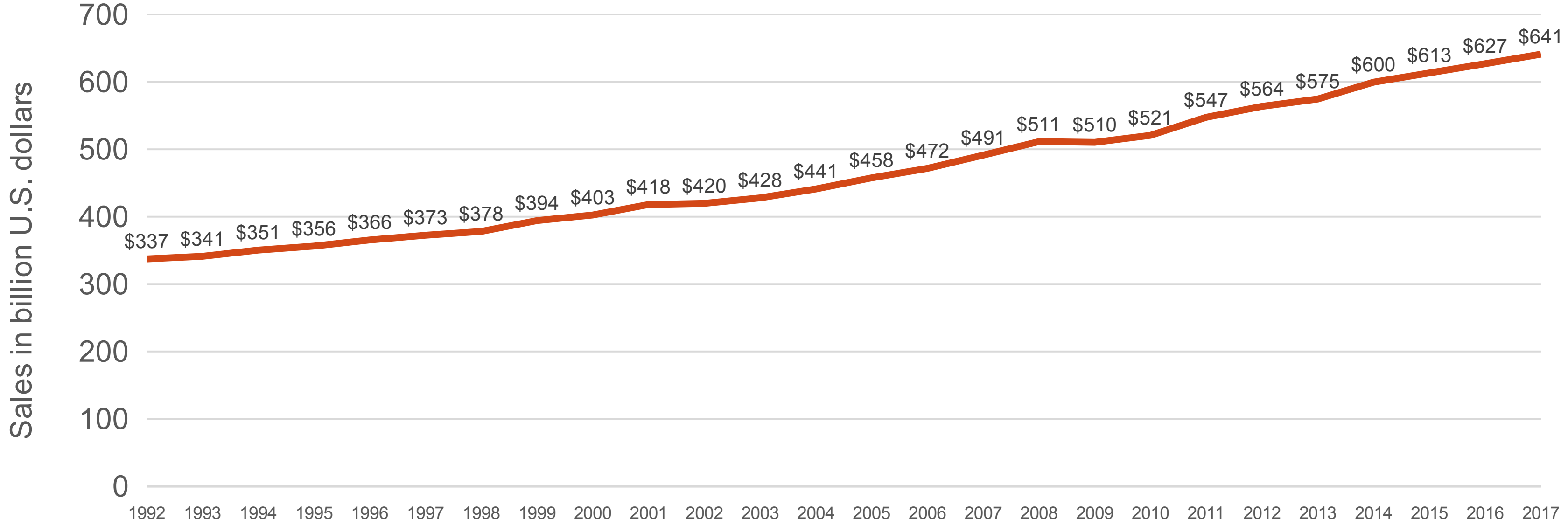


SALES HISTORY

Both industries are on the rise, earning billions of dollars each year.

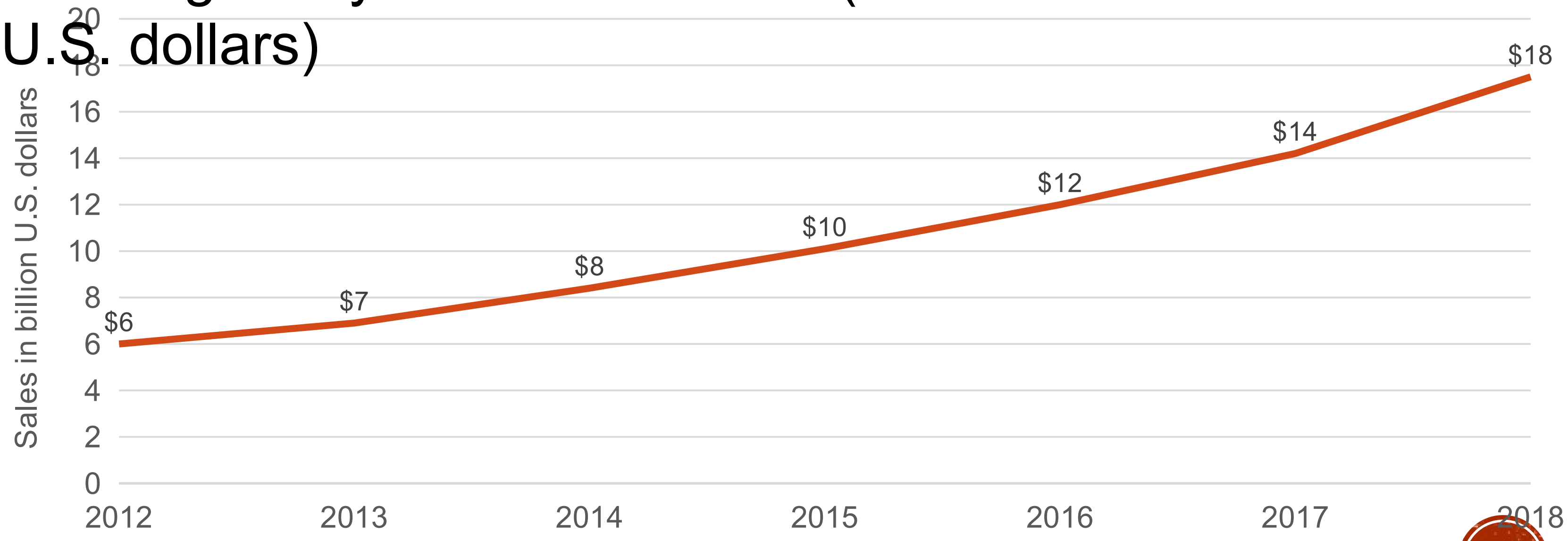
Online grocery sales almost double from 2014 to 2016, and in store sales still continue to grow.

In-store grocery sales 1992-2017 (in billion U.S. dollars)



Source(s): US Census Bureau

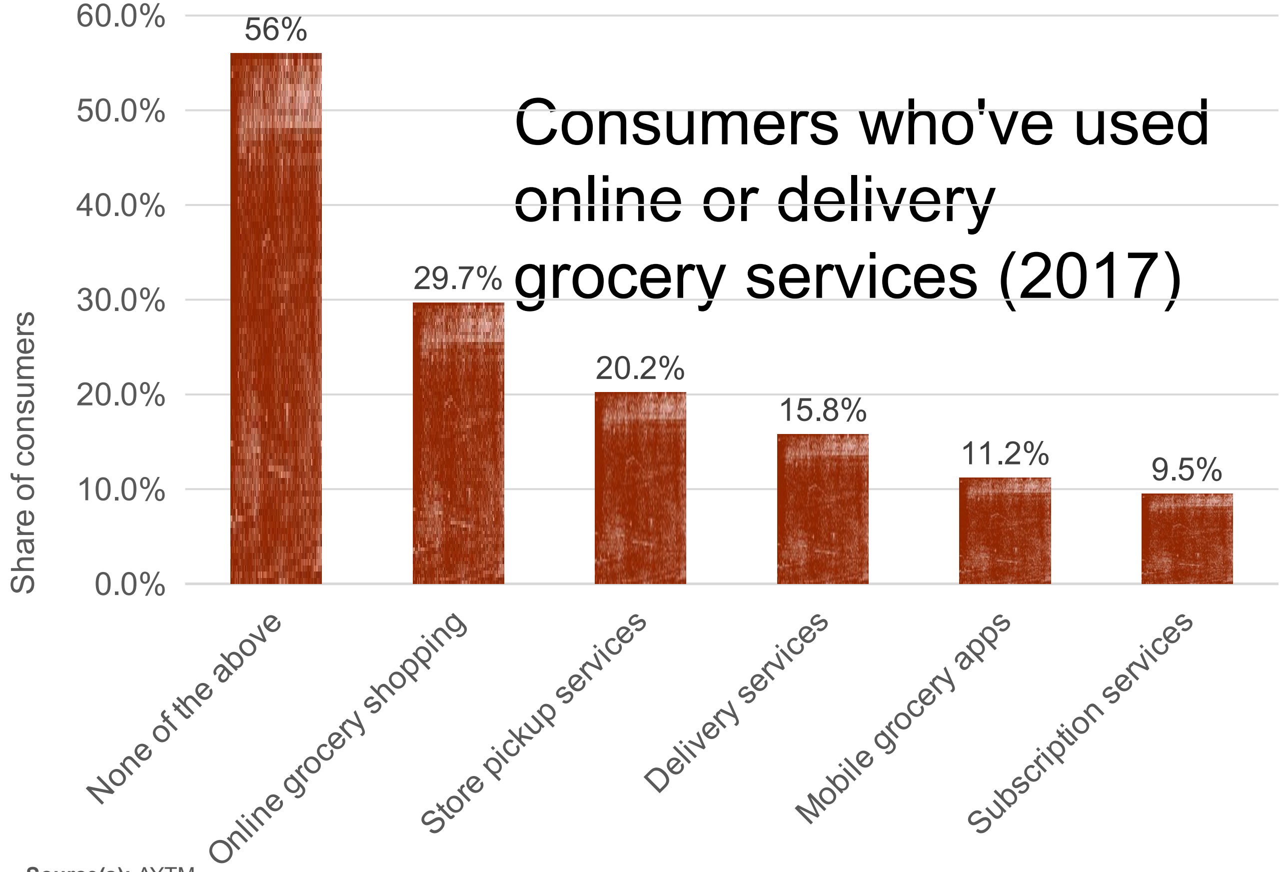
Online grocery sales 2014-2016 (in billion U.S. dollars)



Sources: PitchBook; Morningstar; IBISWorld; Business Insider; Nielsen

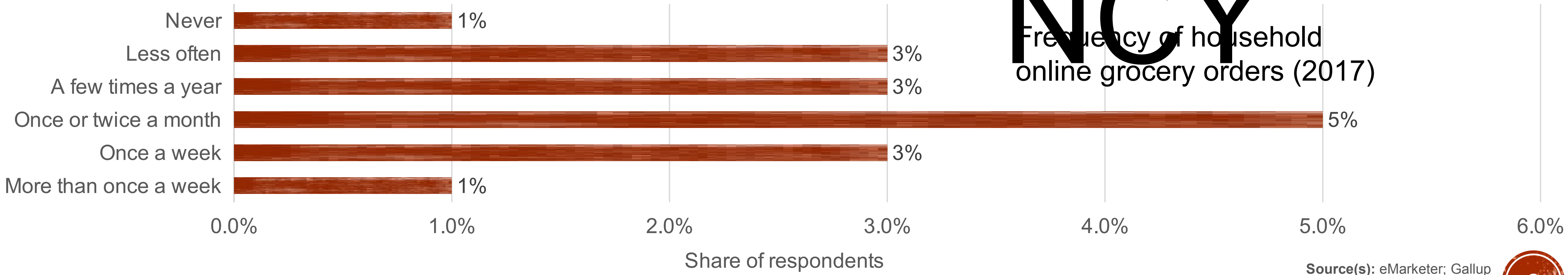
USAGE AND FREQUENCY

Consumers who've used online or delivery grocery services (2017)



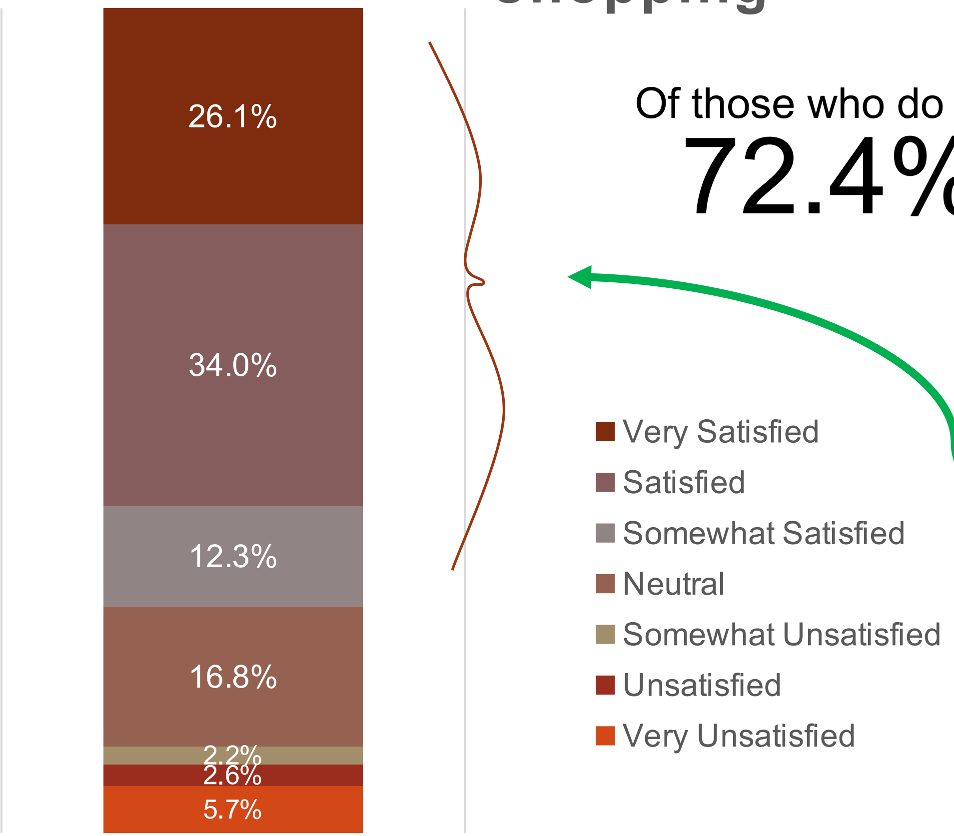
Source(s): AYTM

Frequency of household online grocery orders (2017)



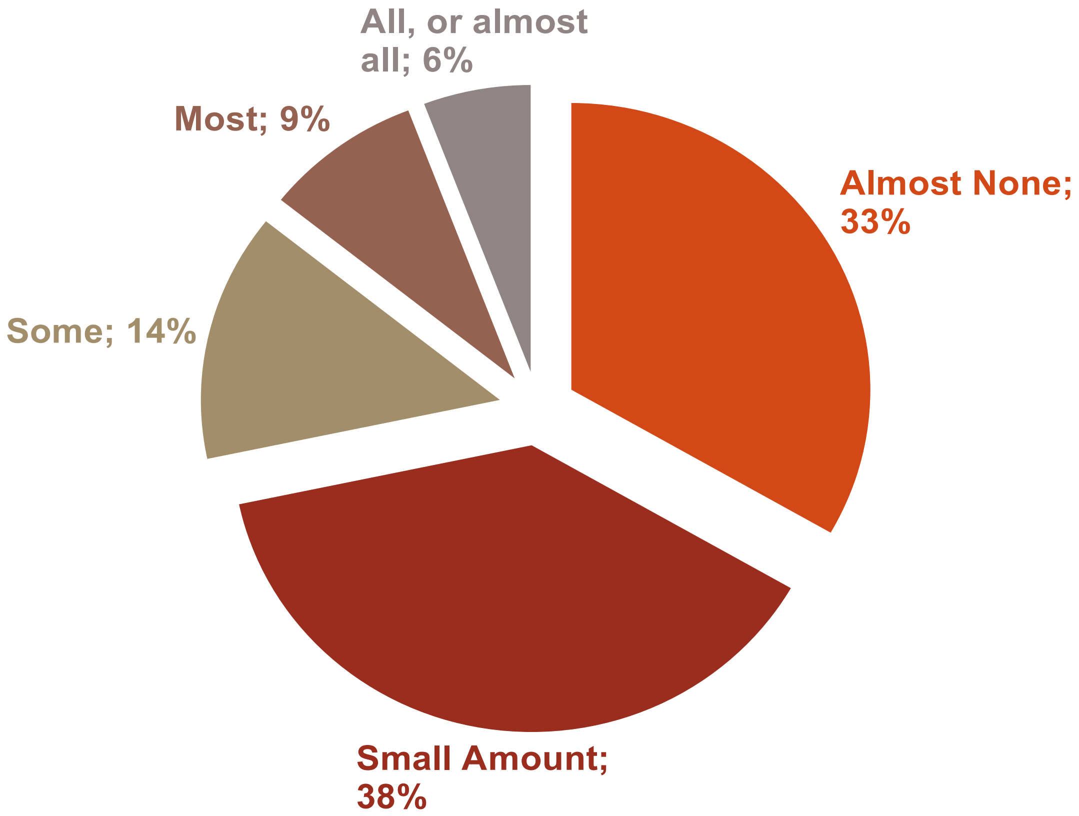
Source(s): eMarketer; Gallup

Satisfaction with Online grocery shopping



Of those who do make purchases, **72.4%** of shoppers are satisfied

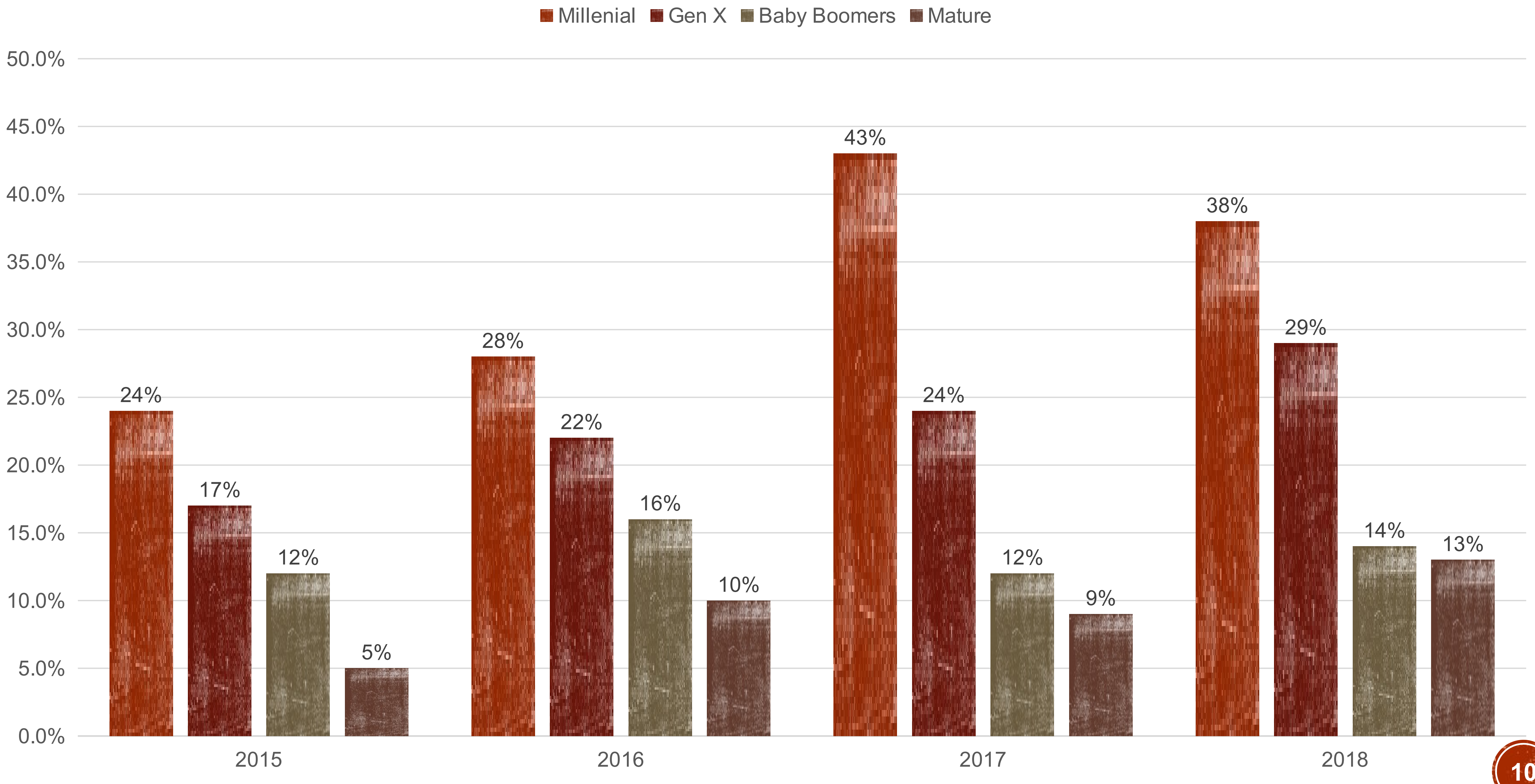
Portion of Grocery Purchases: made Online



CUSTOMER SATISFACTION

Sources: MGO; Coresight Research

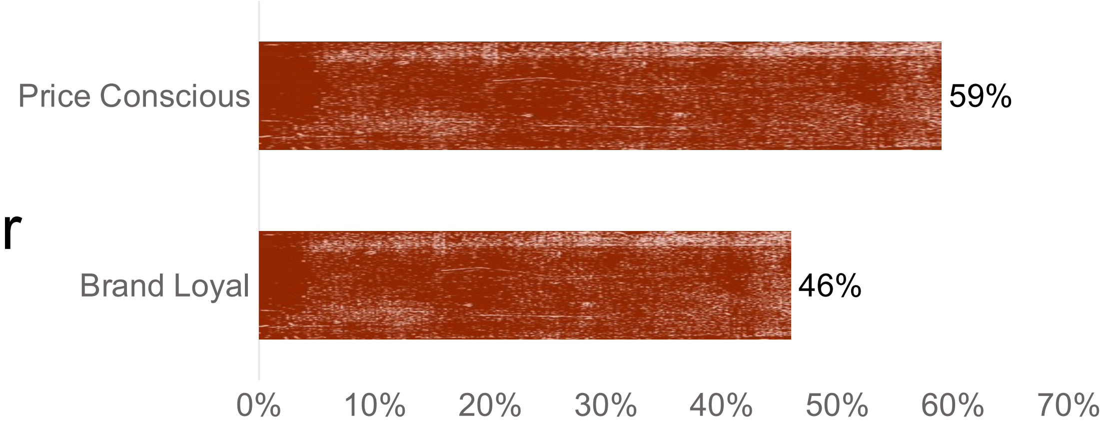
U.S. shoppers who have used an online channel for groceries 2015-2018, by generation



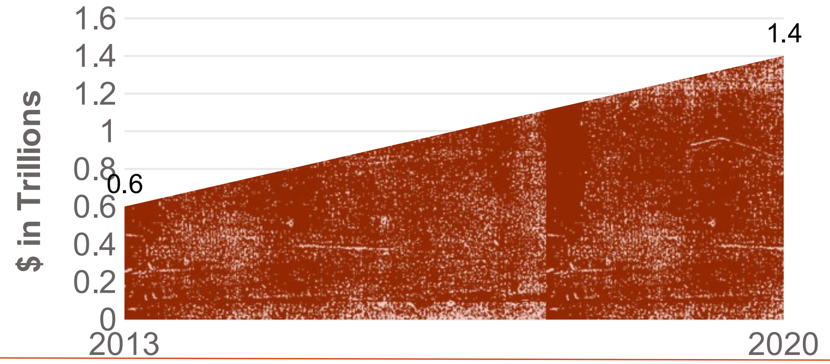
Source(s): The Hartman Group; FMI

PROFILE OF A MILLENIAL

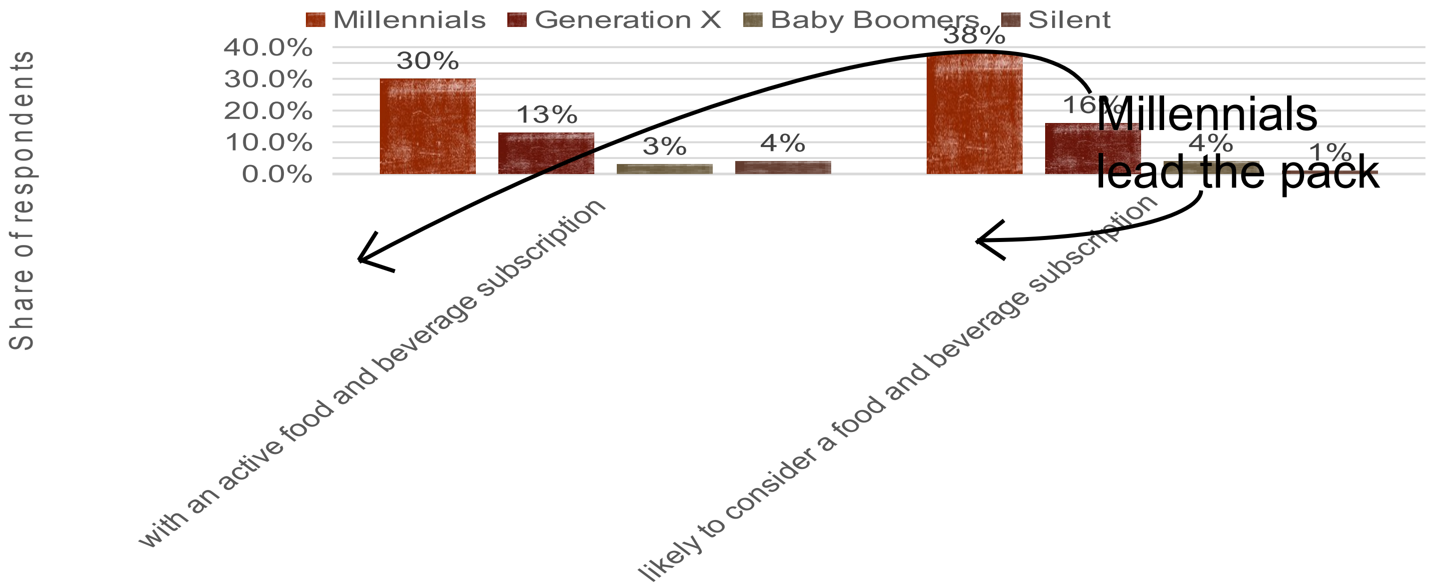
Why do millennials shop at their favorite retailers?



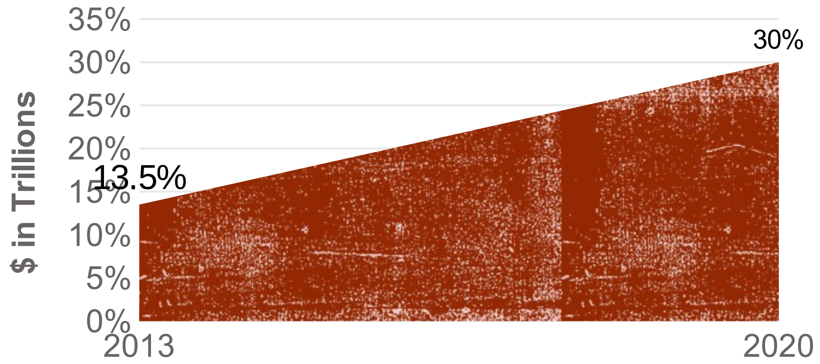
Estimated Annual Expenditure of U.S. Millennials 2013 and 2020



Consumers with a food and drink subscription or considering one, by generation (2017)



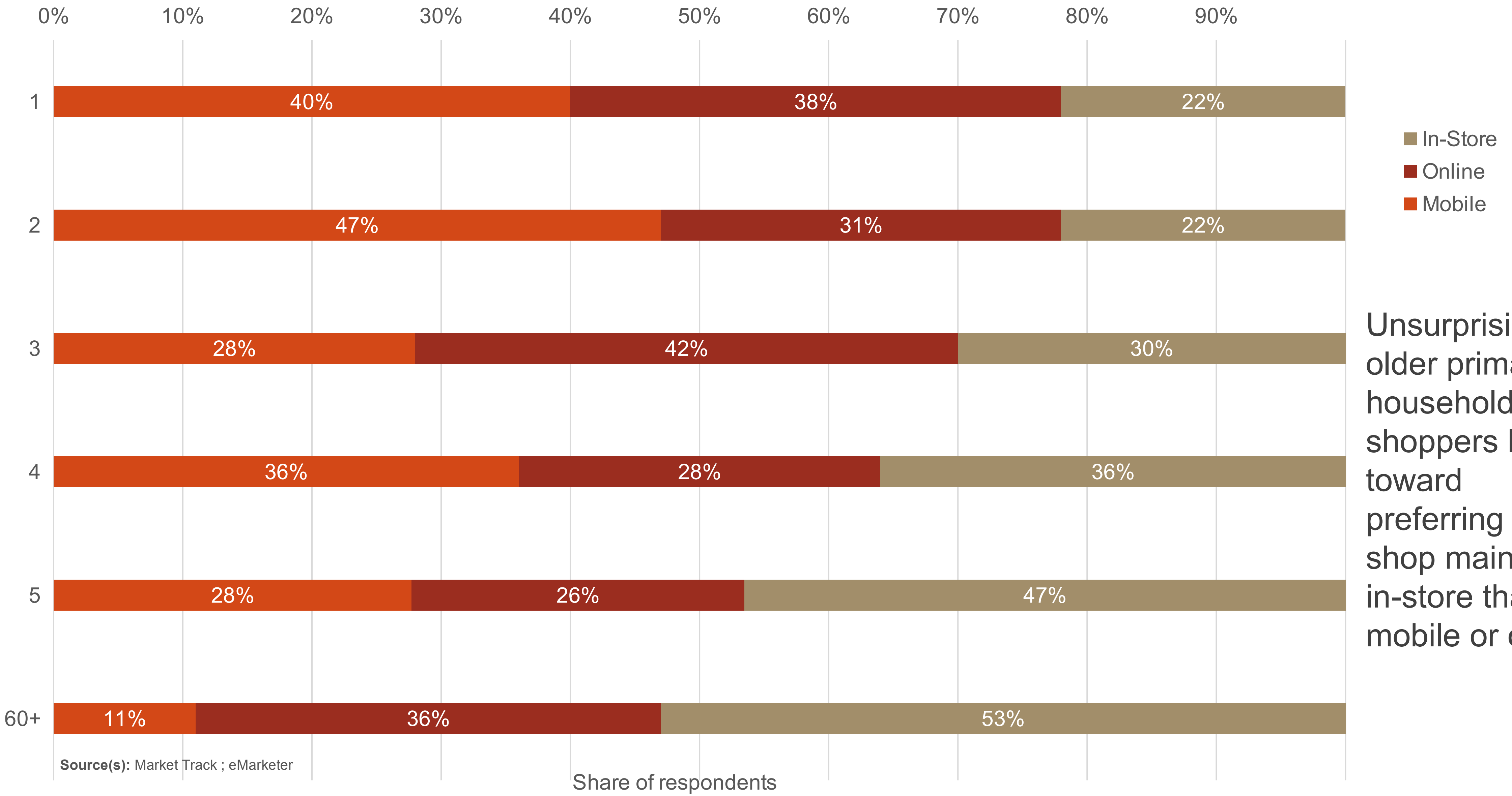
Estimated U.S. Millennials: share of retail expenditure 2013-2020



SPENDING POWER

Source(s): PwC

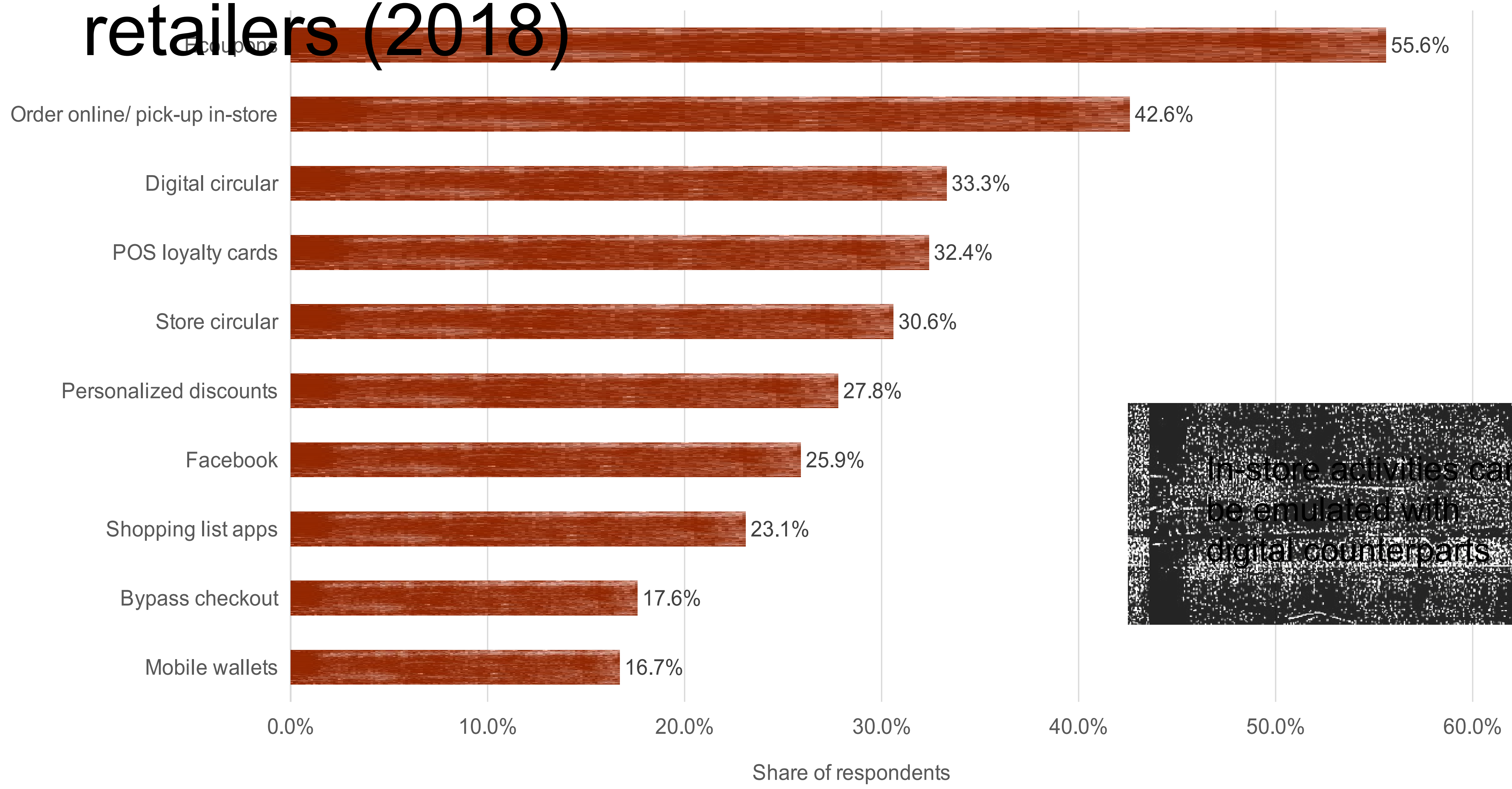
Preferred purchase channels of U.S. shoppers 2017, by age group



Source(s): Market Track ; eMarketer

Unsurprisingly, older primary household shoppers lean toward preferring to shop mainly in-store than via mobile or online

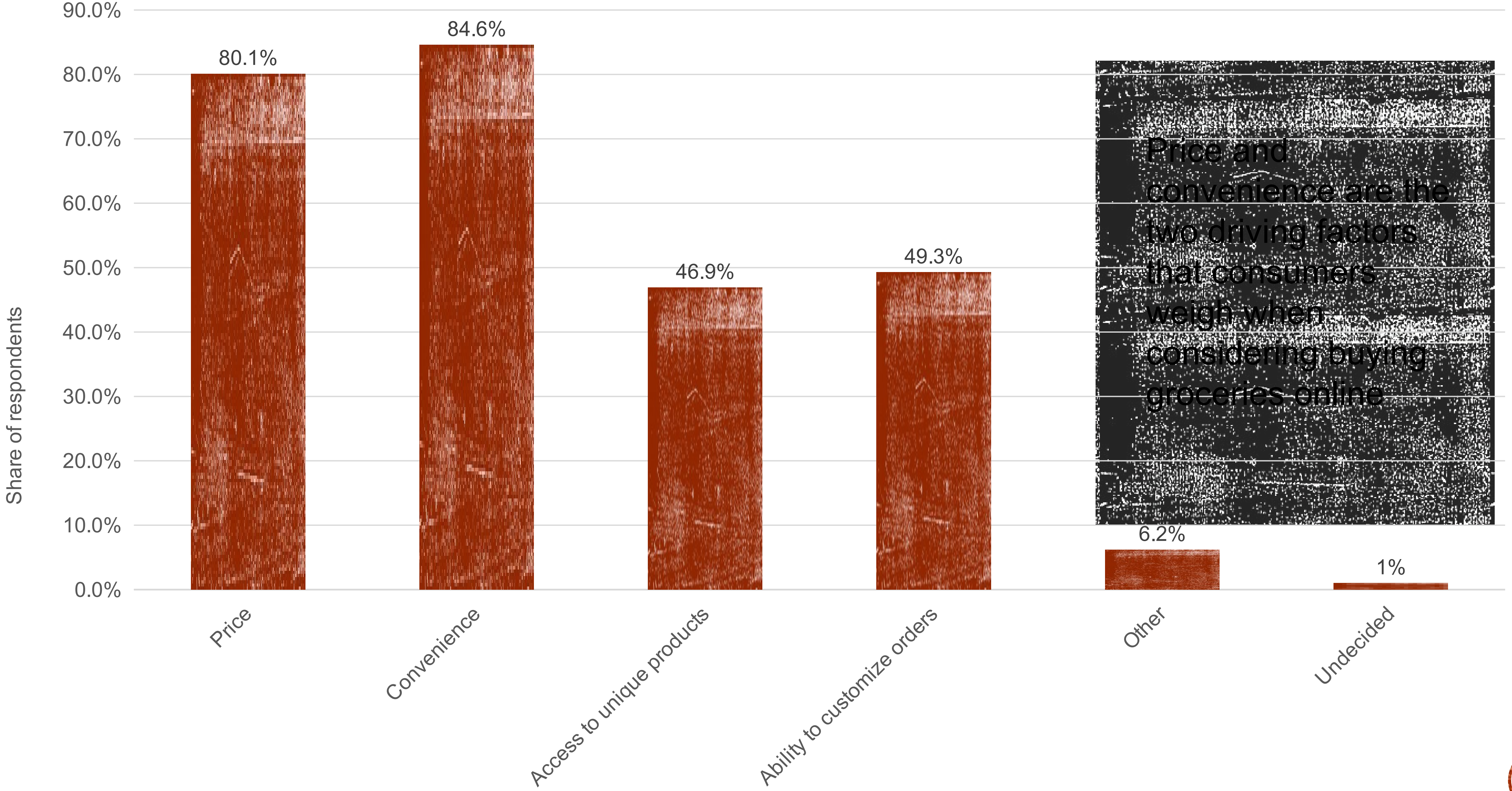
Biggest benefits of mobile devices per grocery retailers (2018)



In-store activities can be emulated with digital counterparts

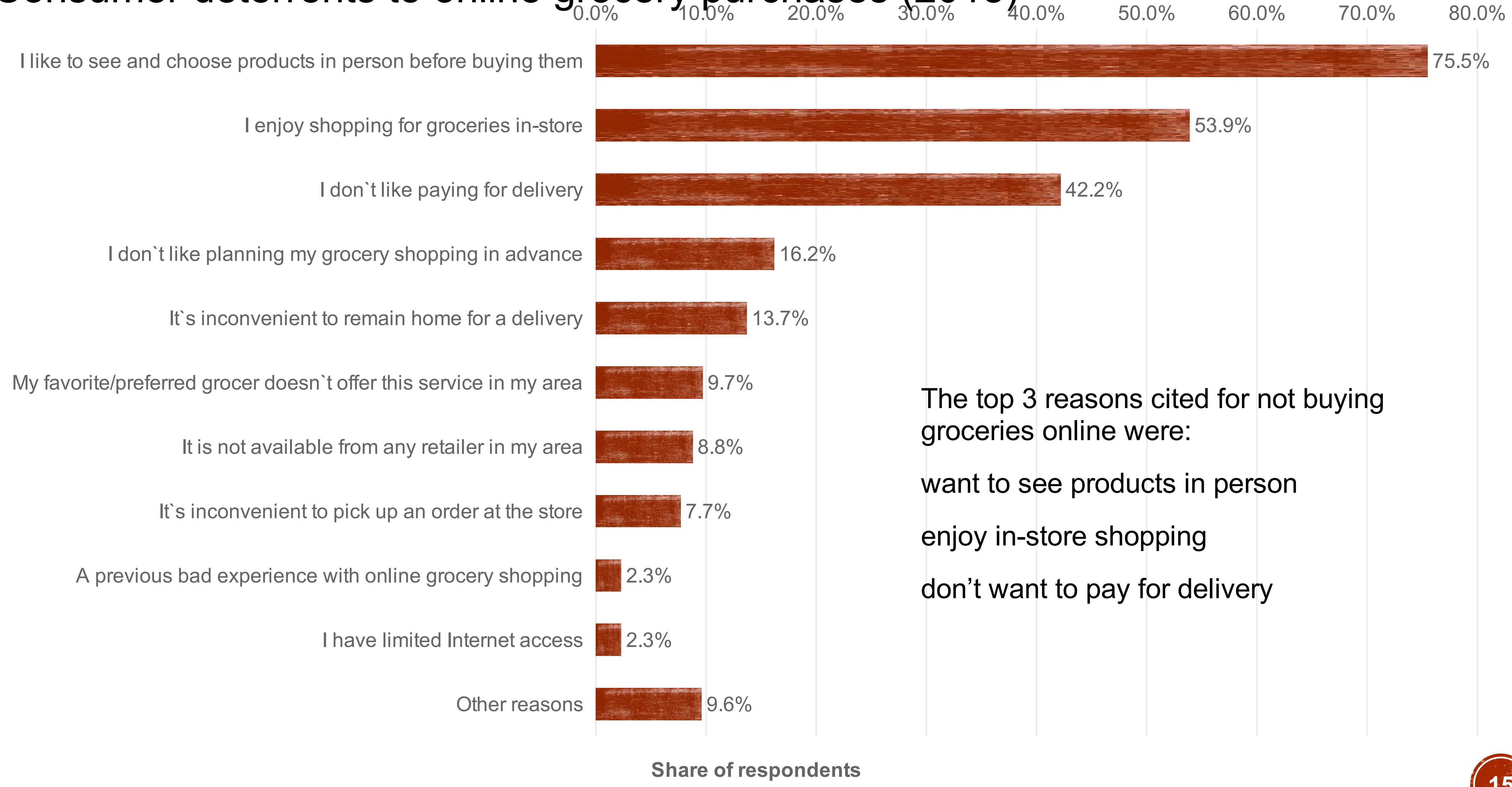
Source(s): Progressive Grocer

Factors influencing U.S. consumers to buy groceries online (2017)



Source(s): AYTM

Consumer deterrents to online grocery purchases (2018)



The top 3 reasons cited for not buying groceries online were:

want to see products in person

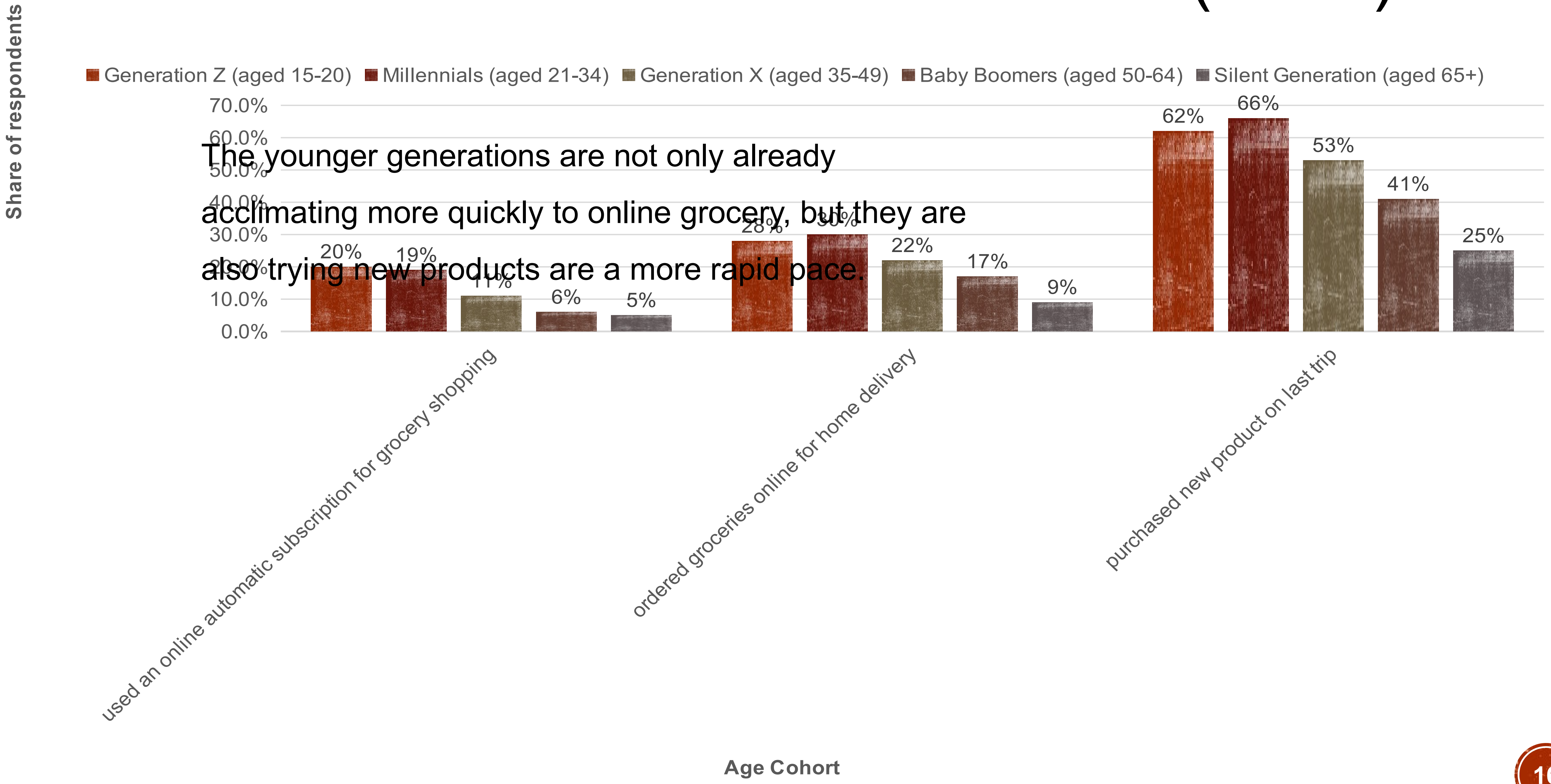
enjoy in-store shopping

don’t want to pay for delivery

Source(s): MGO; Coresight Research

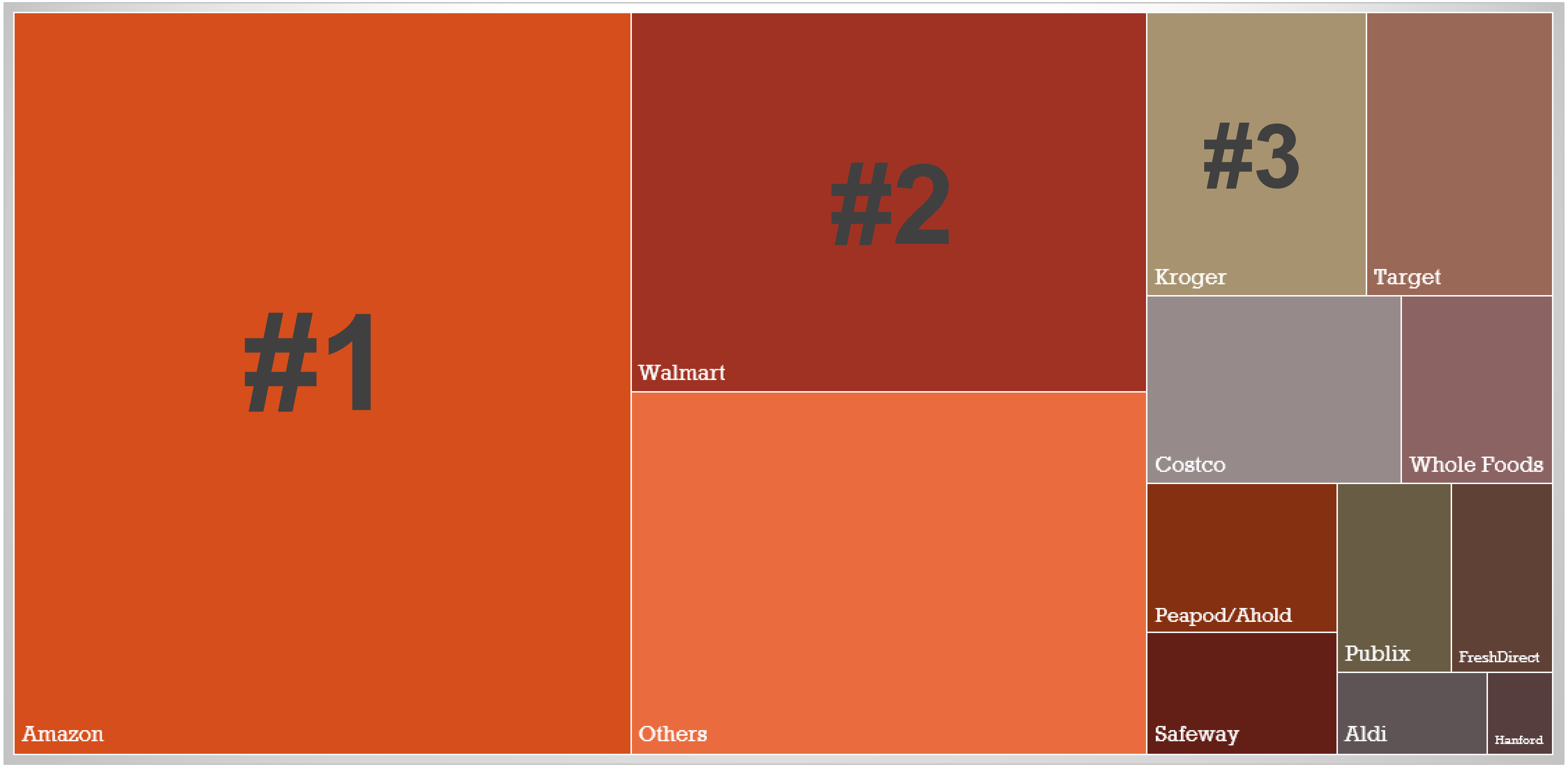
GROCERY SHOPPER BEHAVIOR (2014)

The younger generations are not only already acclimating more quickly to online grocery, but they are also trying new products are a more rapid pace.



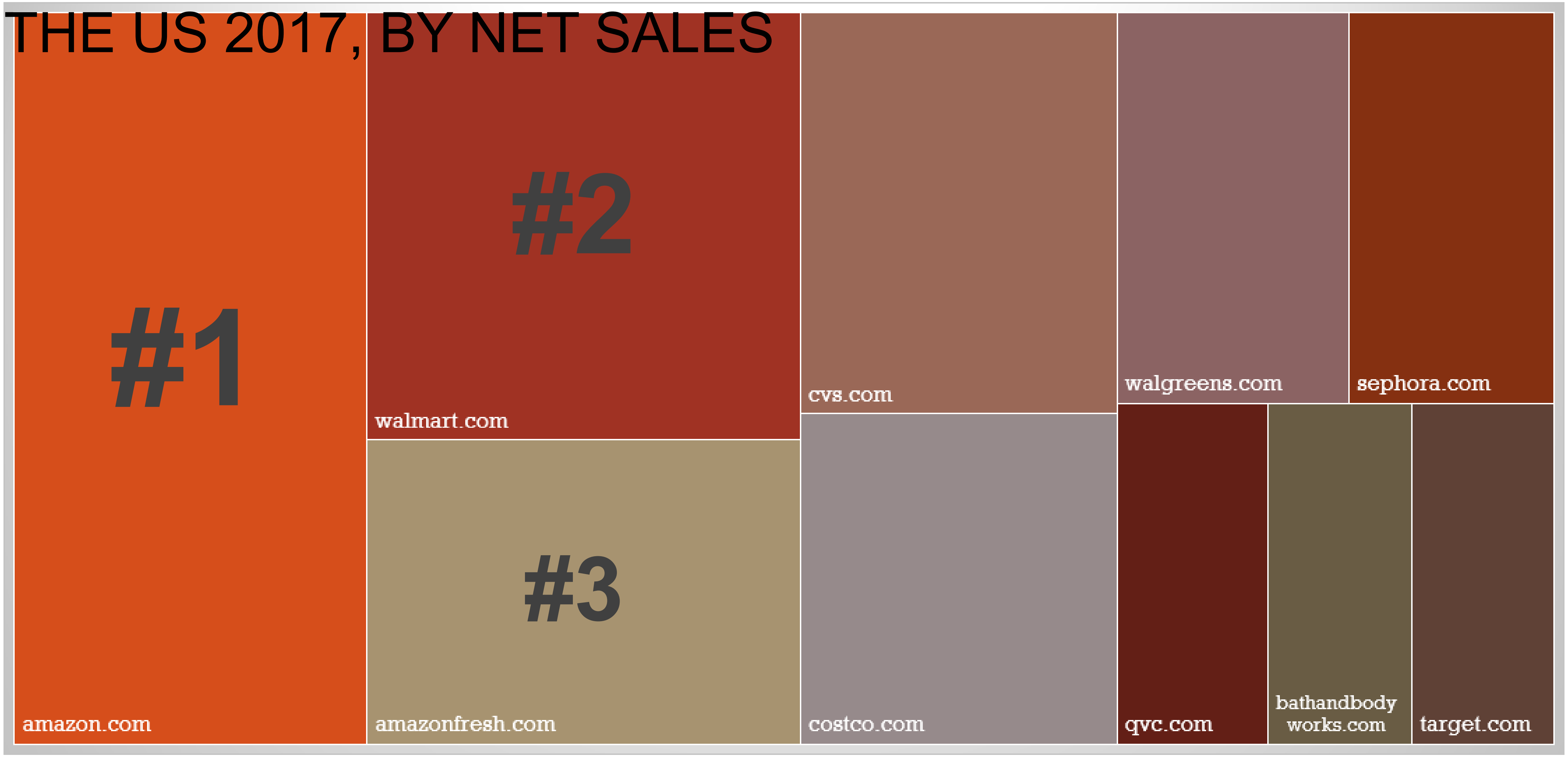
Source: Nielsen

TOP ONLINE GROCERY RETAILERS AMONG U.S. CONSUMERS 2018, BY MARKET SHARE



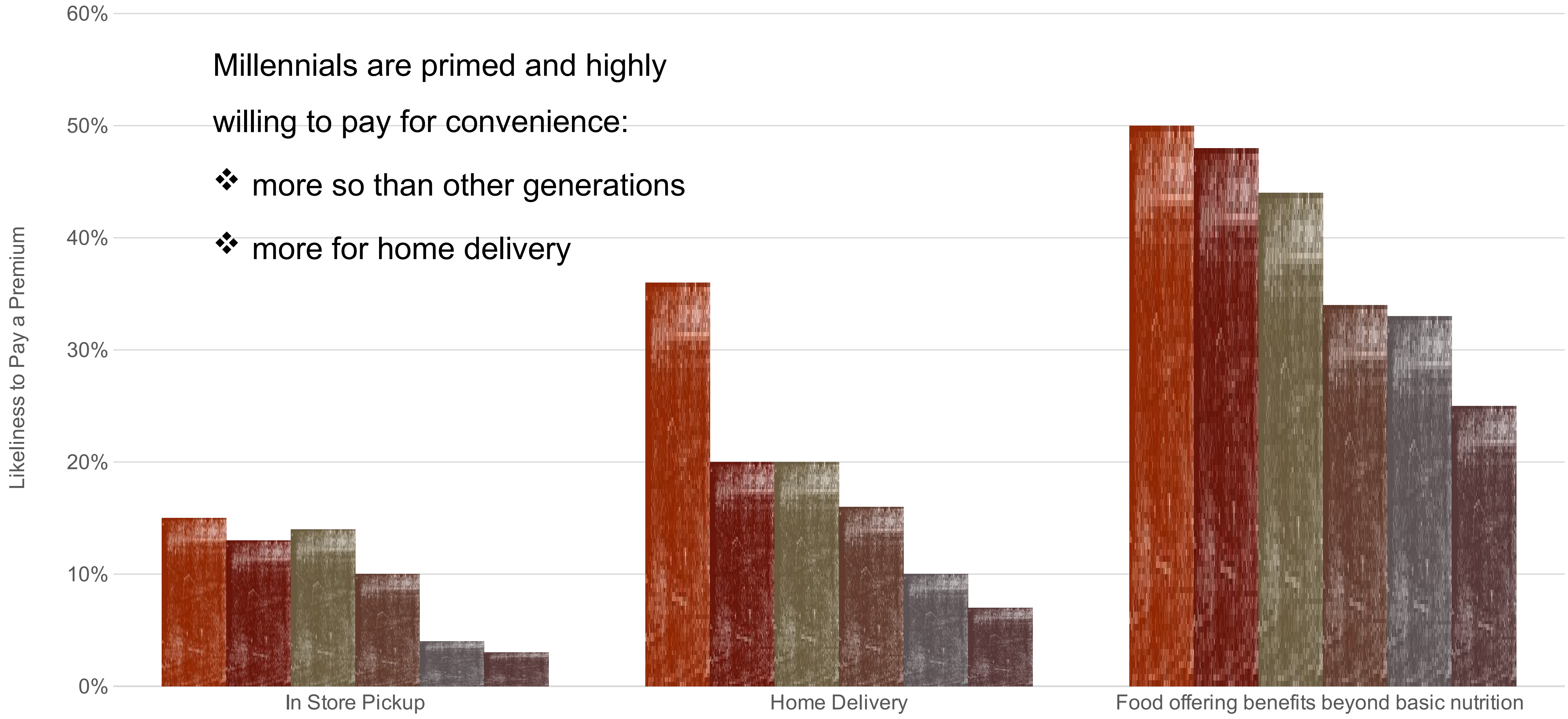
Source(s): MGO; Coresight Research

TOP ONLINE FOOD AND PERSONAL CARE STORES IN THE US 2017, BY NET SALES



Source(s): ecommerceDB.com

LIKELINESS TO PAY A PREMIUM FOR… (2018)

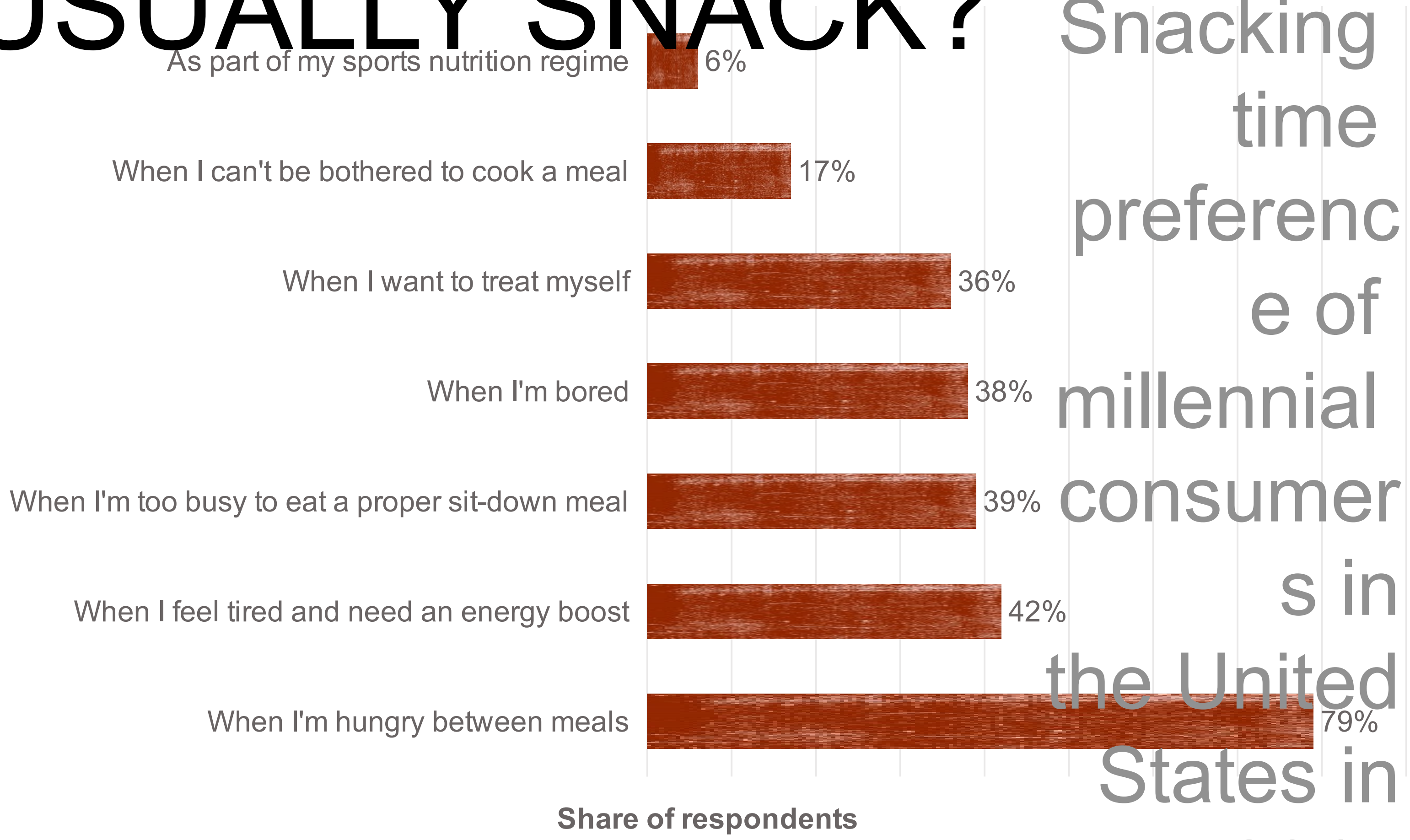


Millennials are primed and highly willing to pay for convenience:

- ❖ more so than other generations
- ❖ more for home delivery

Sources: Winsight Grocery Business; IRI

“WHEN DO YOU USUALLY SNACK?”



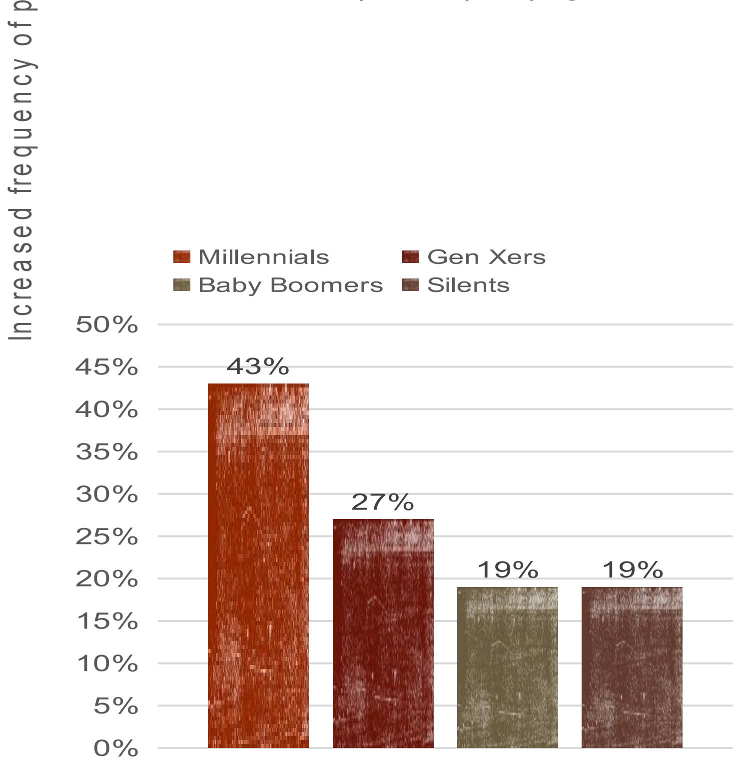
Snacking time preference of millennial consumers in the United States in 2017

Sources: Welch's; Mintel

89%

USE FROZEN FOODS AS A QUICK

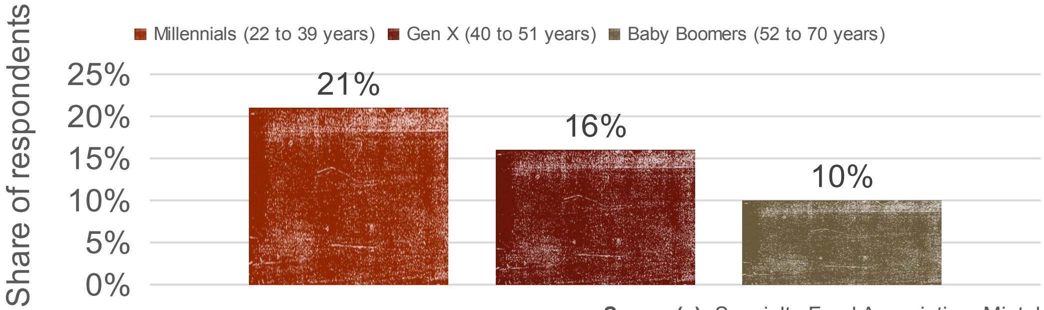
Increase in frequency of US frozen food purchases (2017), by generation



Millennials are both increasingly buying up frozen foods while simultaneously spending on specialty foods.

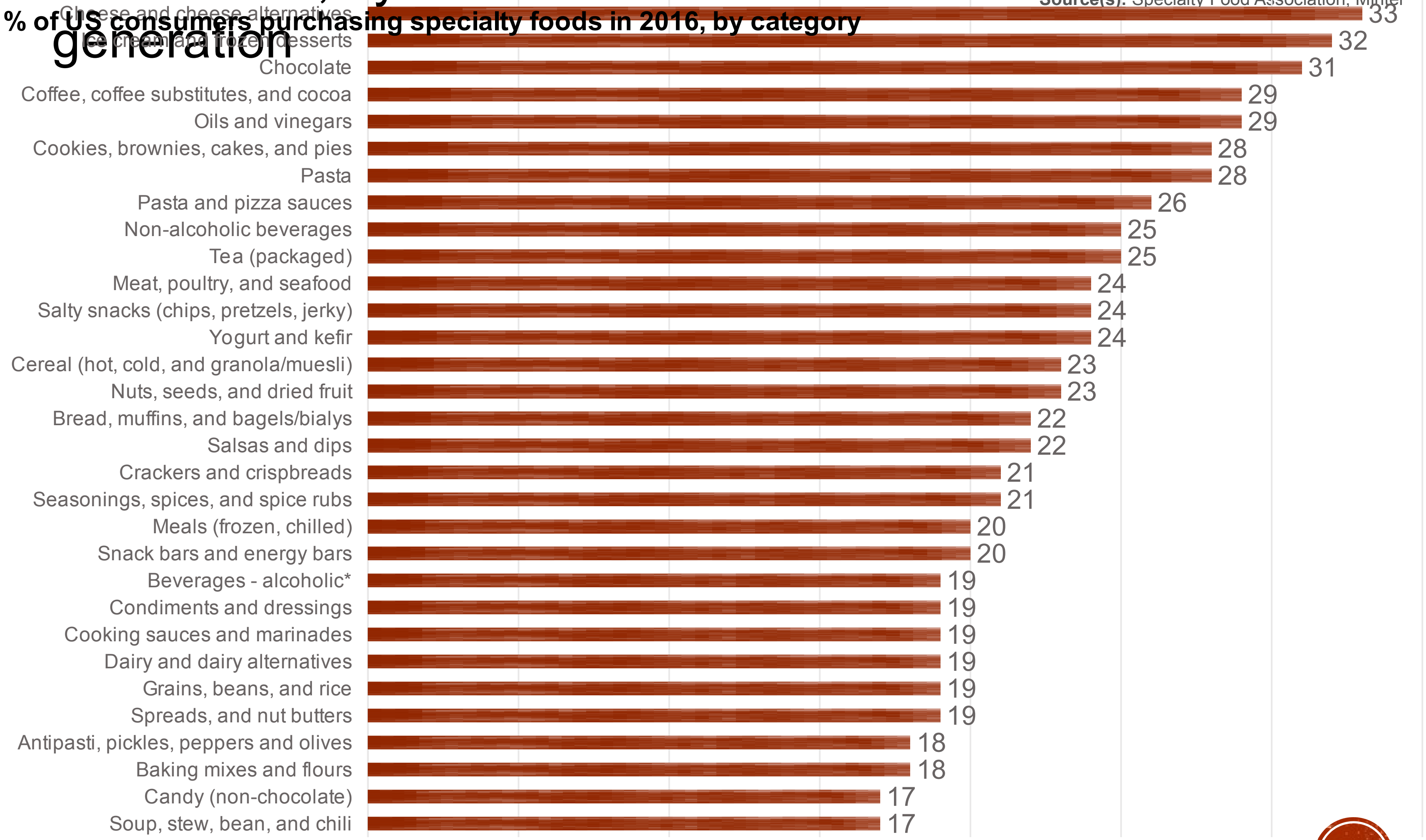
Source(s): Winsight Grocery Business; Acosta

U.S. consumers purchasing any specialty foods online 2016, by generation

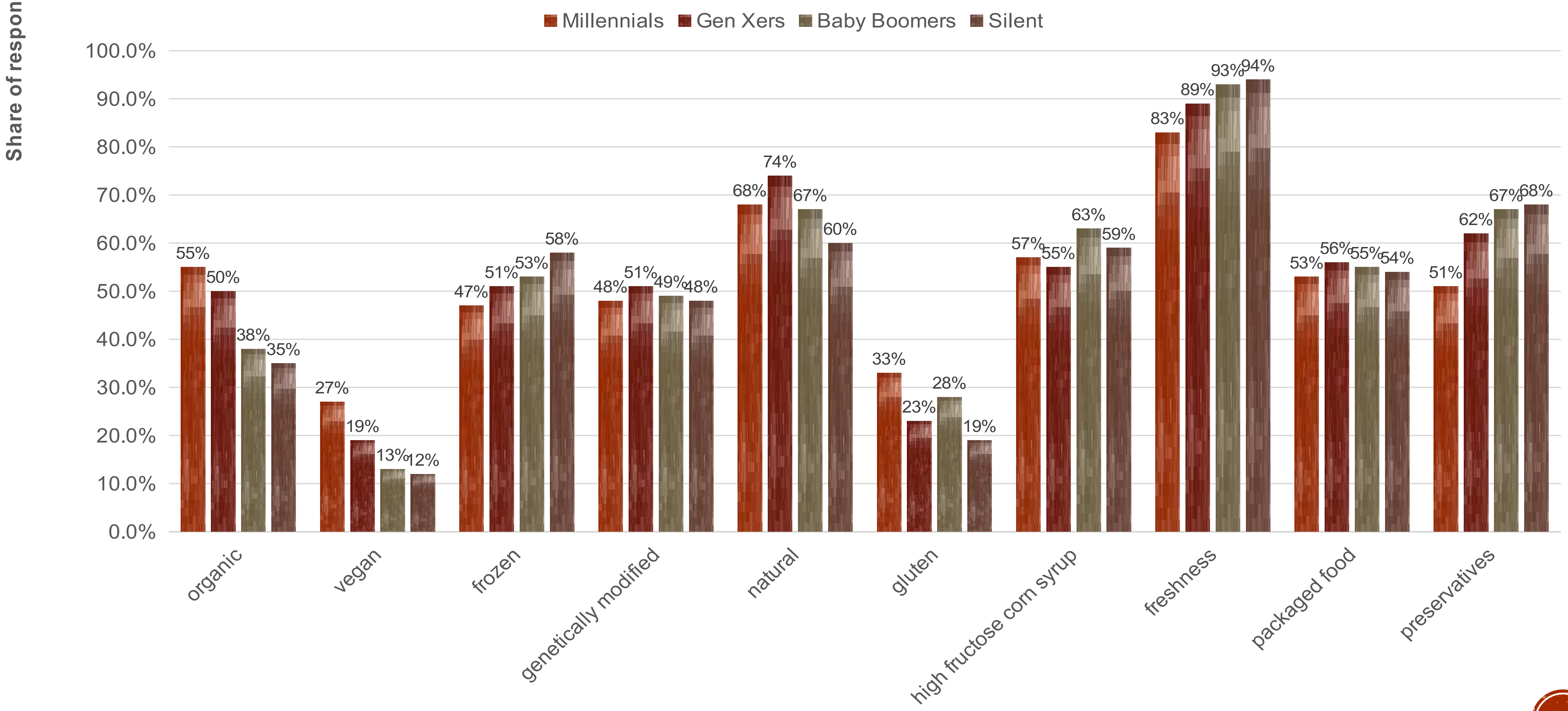


Source(s): Specialty Food Association; Mintel

% of US consumers purchasing specialty foods in 2016, by category

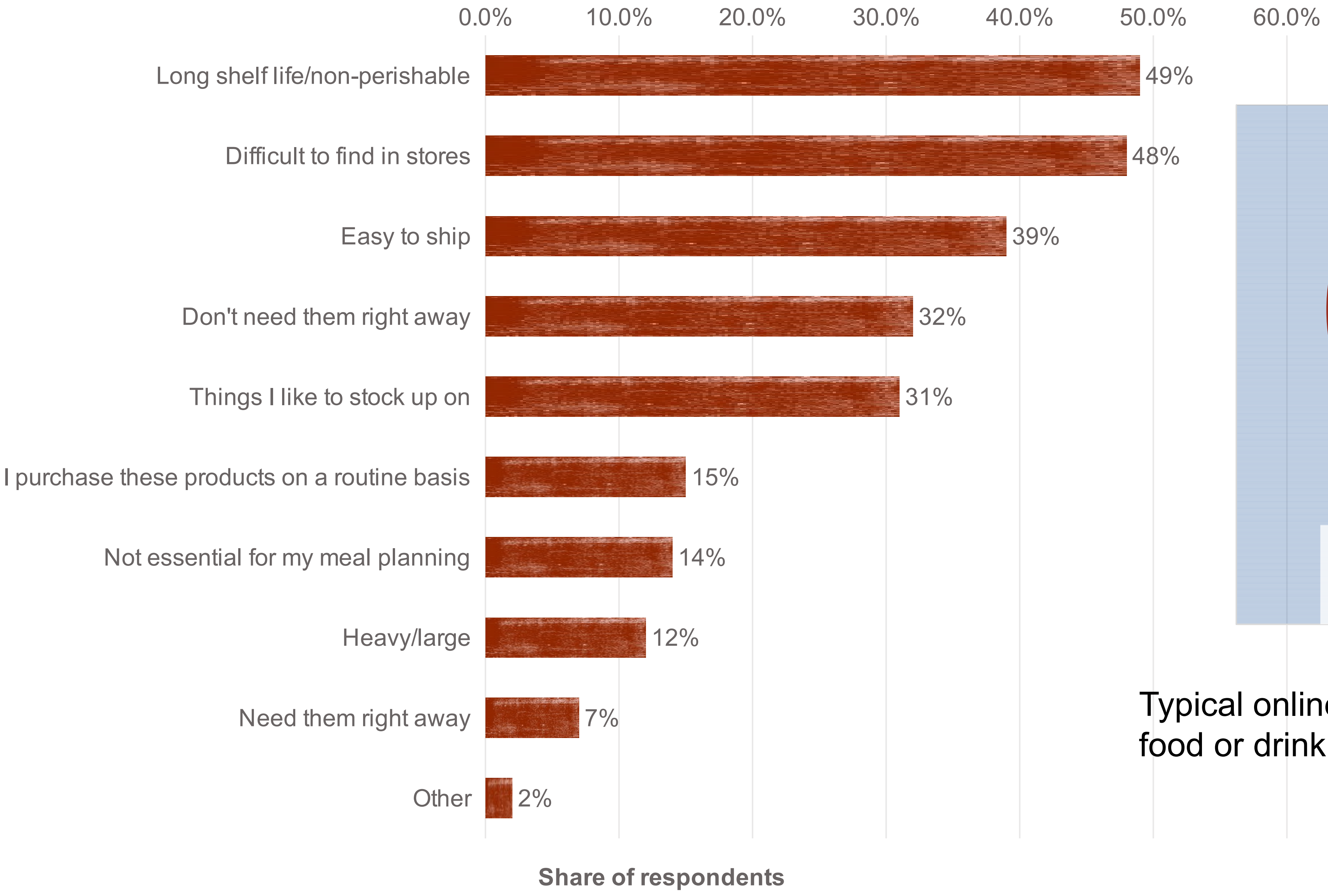


IMPORTANCE OF FACTORS WHEN MAKING FOOD AND BEVERAGE PURCHASES

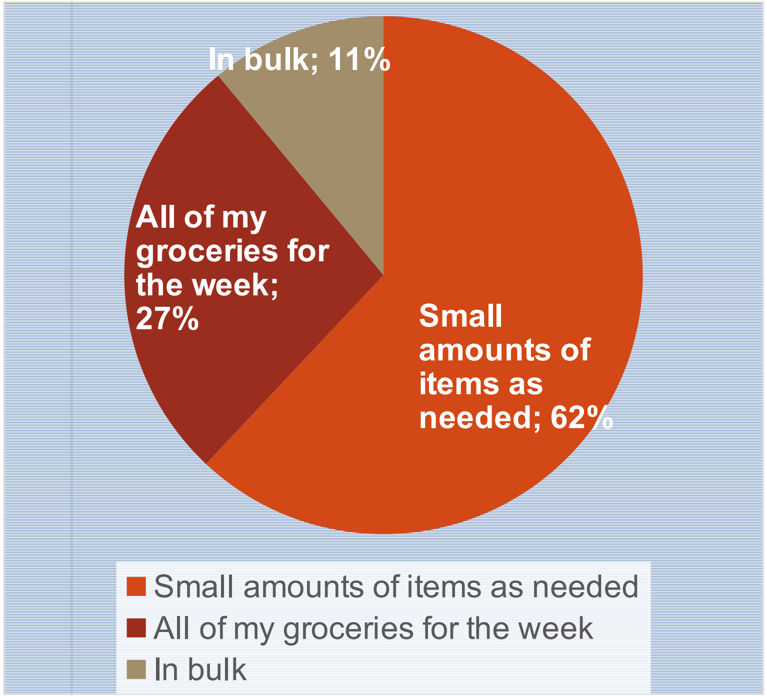


Source: Harris Interactive

Attributes that make a food product a good fit for online shopping



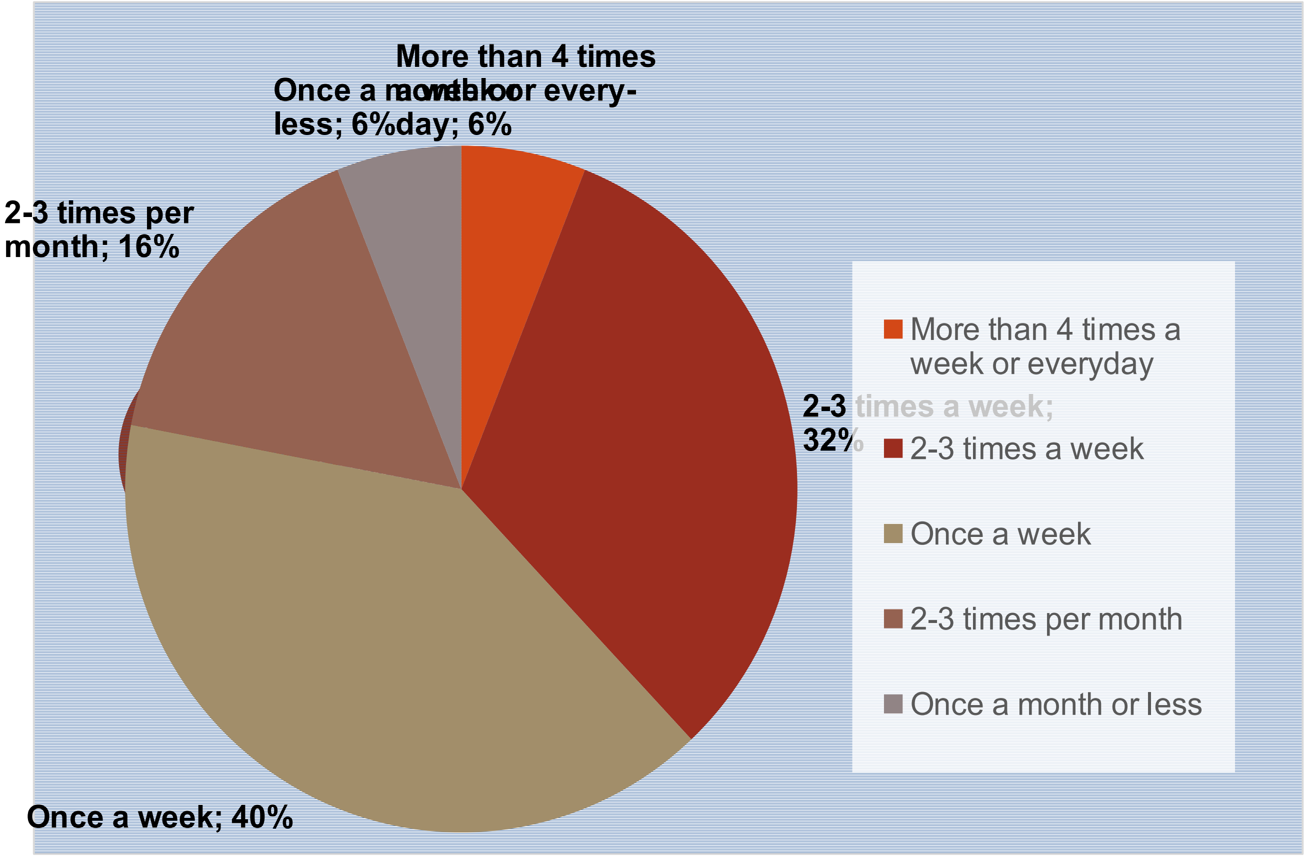
Source(s): Harris Poll



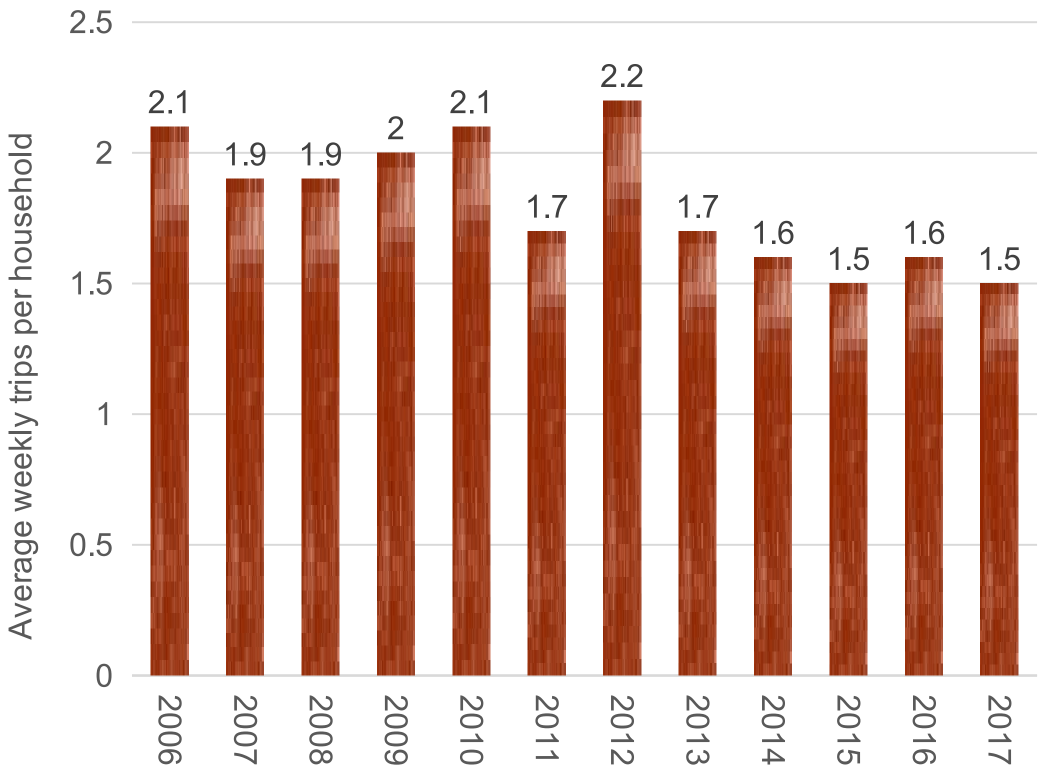
Typical online purchase volume of packaged food or drink among U.S. consumers (2018)

Source(s): Morning Consult

In-store grocery shopping frequency of U.S. households (2017)



Grocery shopping: U.S. consumers' weekly trips per household 2006-2018

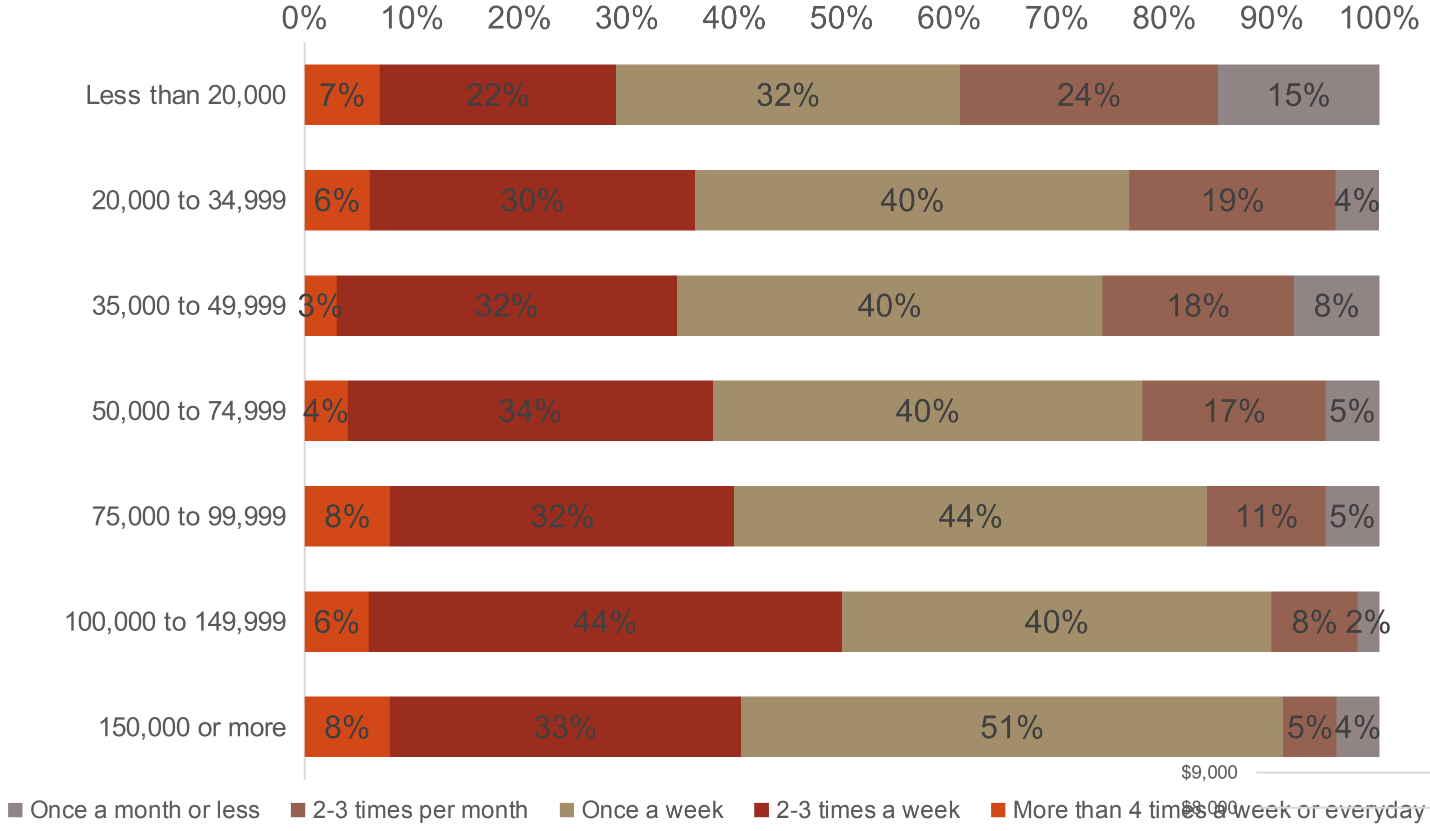


Source(s): Statista Survey

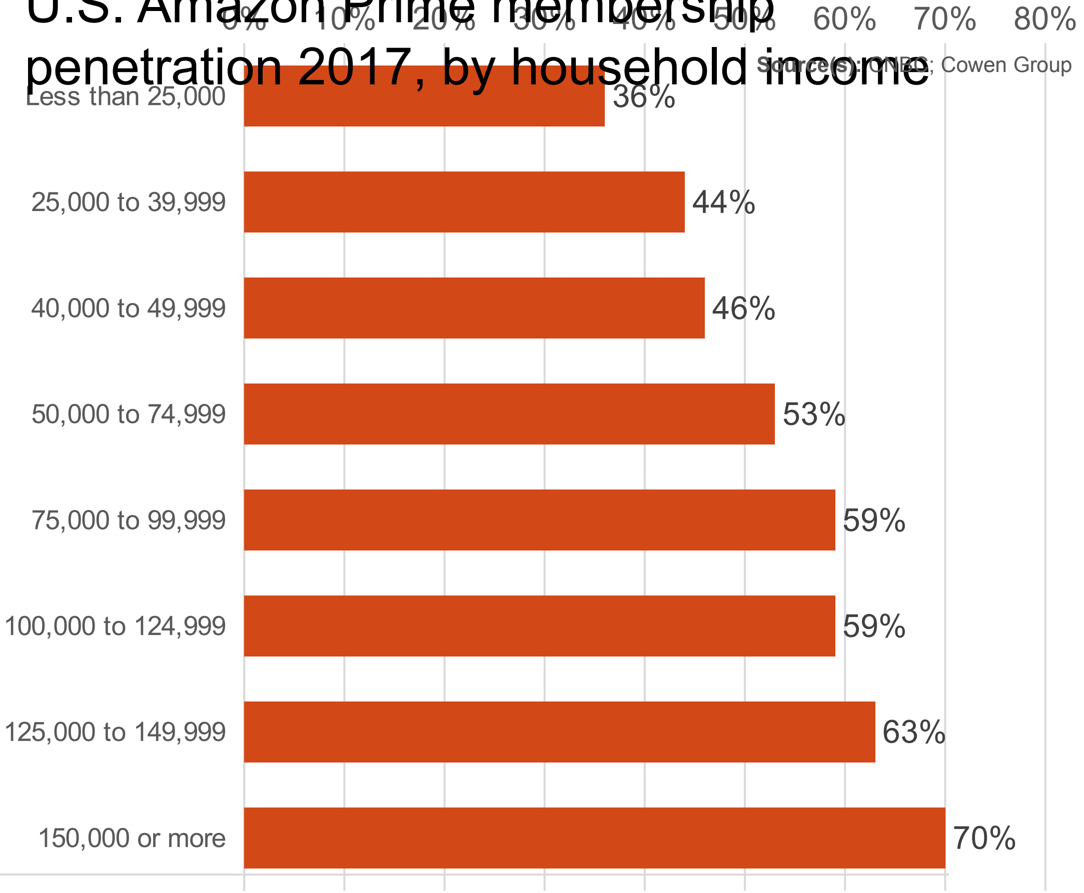
DECLINE IN TRIP FREQUENCY

6

In-store grocery shopping frequency of U.S. households in 2017, by household income

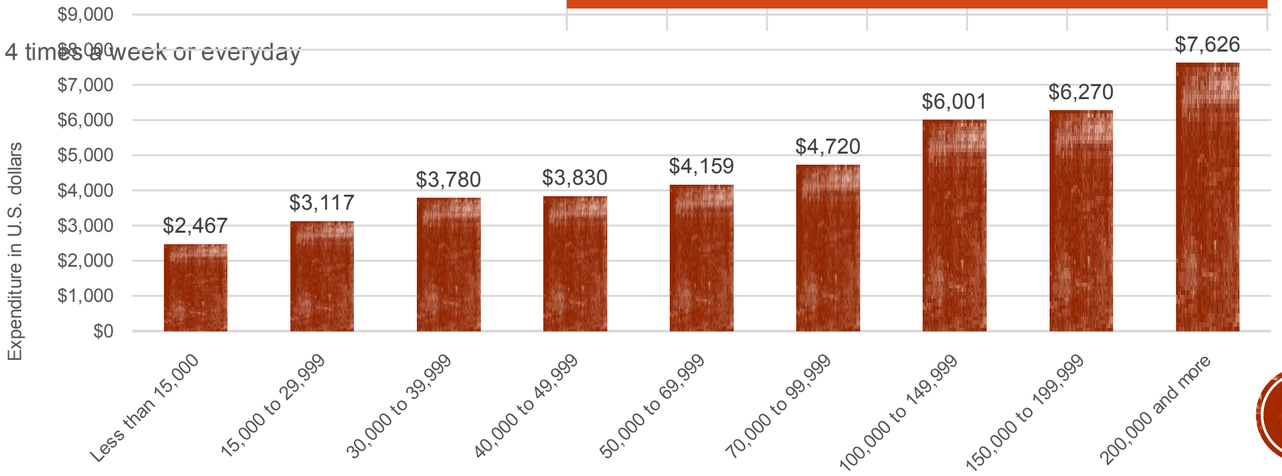


U.S. Amazon Prime membership penetration 2017, by household income

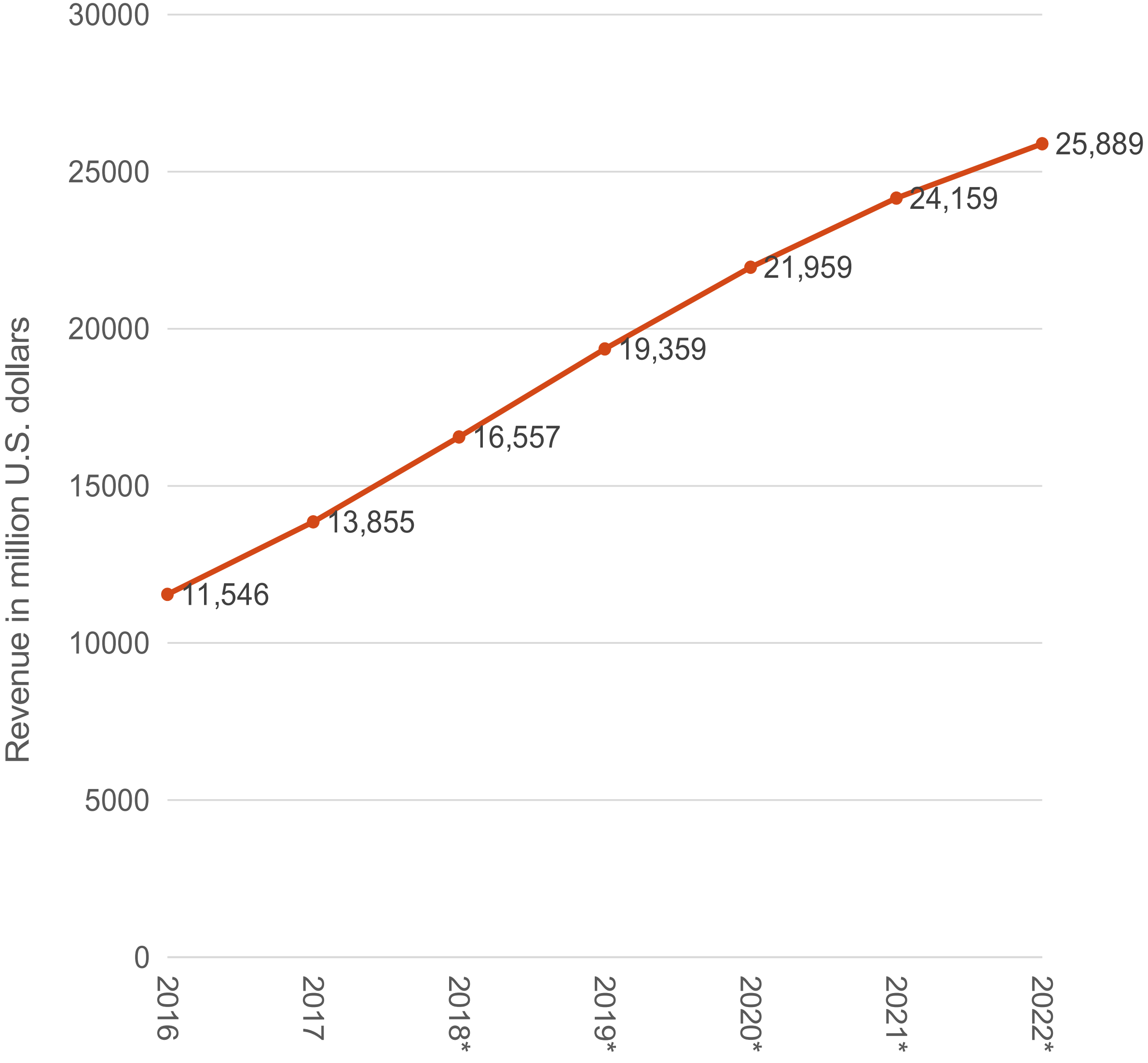


BRINGING HOME EVER MORE BACON

Average food at-home US household expenditure (2017),

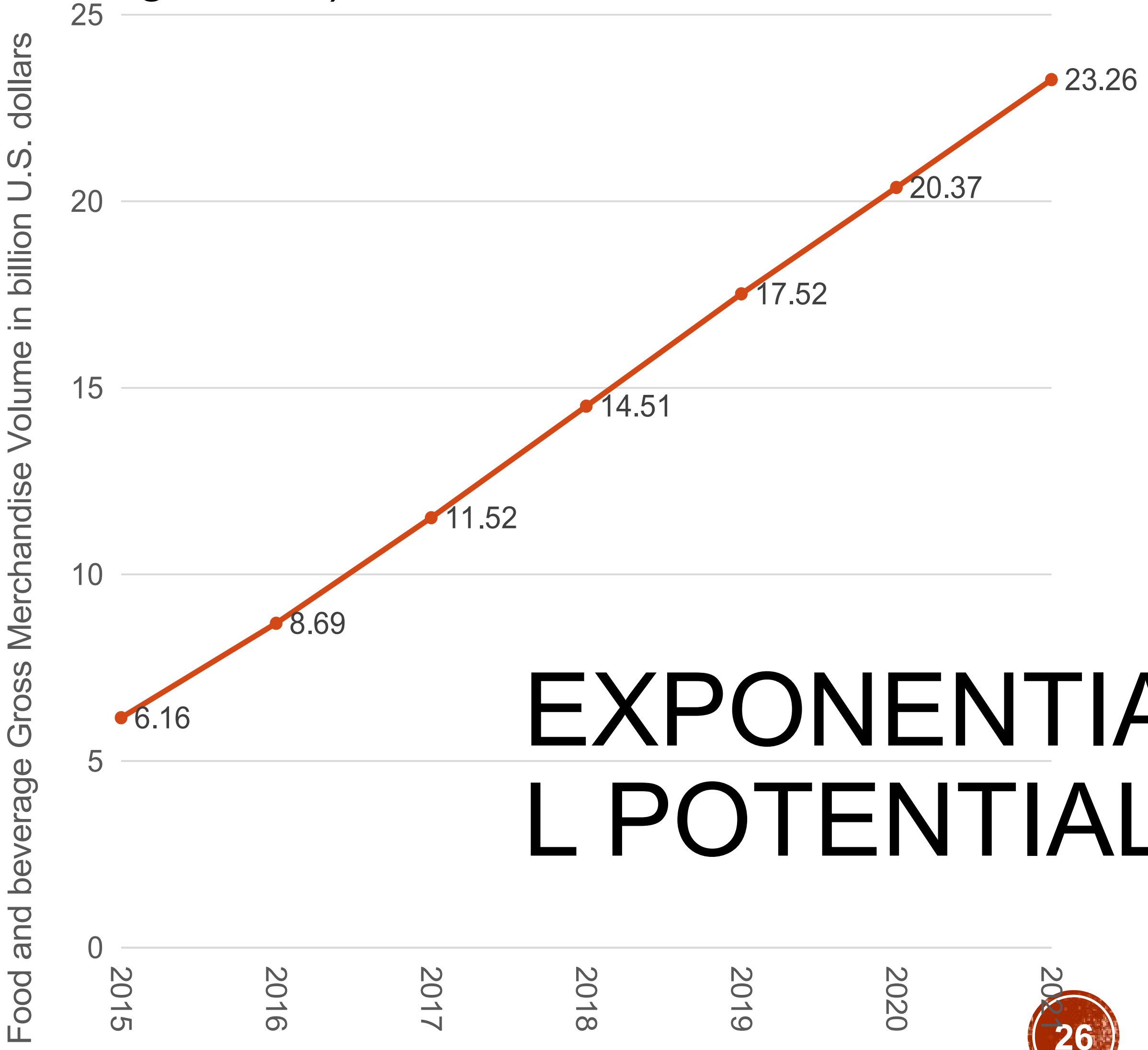


Annual revenue for online grocery (2017-2018, projected through 2022)



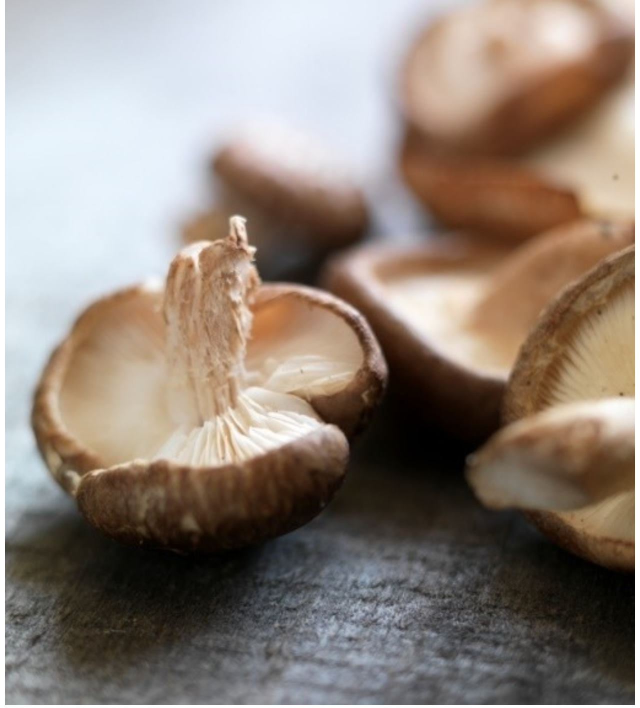
Source(s): Statista; Statista DMO

US online food and beverage gross merchandise sales volume of Amazon (2015-2018, projected through 2021)



EXPONENTIAL POTENTIAL

Sources: eMarketer



TAKEAWAYS

The e-grocery market is growing faster than the brick and mortar market. Amazon also has first mover advantage here.

Millennials are primed for this shift because they hold different perspectives, valuing convenience and prices.

Processed and frozen foods are a great fit. They are not as taboo to this demographic and integrate will to today's lifestyles.