grocery doppio

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State of Digital Grocery Performance Scorecard

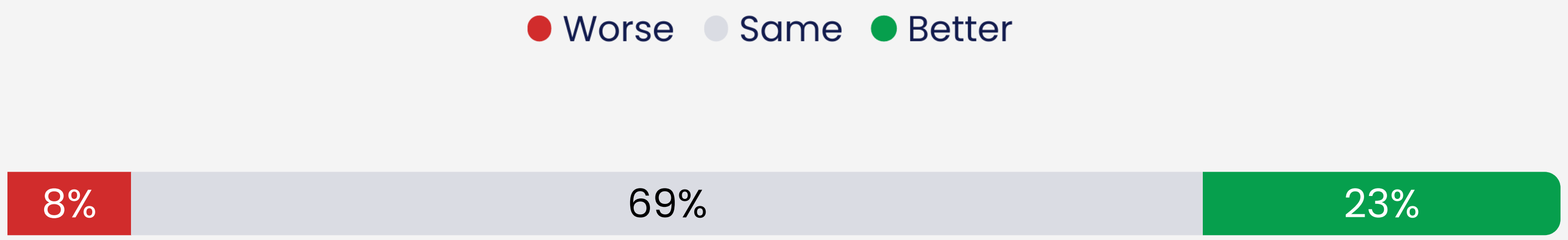
Q1 2024

In partnership with

wynshop

State of Digital Profitability: Improved, Yet Unprofitable.

#1 Digital profitability has improved.



Q. Compared to last year , how has the profitability of your digital business changed?

#2 But grocers are still losing money.

89%

of grocers are dissatisfied with the profitability of their eCommerce / digital business

-13 cents

average margin loss / order in Q1 2024

#3 Low efficiency and rising costs are inhibiting performance.

1	Cost of picking / fulfillment	83%
2	Cost of logistics / delivery	73%
3	Volume of digital orders (Customers buying in-store)	71%
4	Cost of customer acquisition	66%
5	3rd party marketplace fees	63%
5	Pricing and promotional strategy	63%

Q. What are your the biggest challenges in increasing digital profitability?

#4 Grocers are identifying paths to improve profitability.

1	Improve picking efficiency	86%
2	Reduce 3rd party dependence	77%
3	Re-negotiate logistics / delivery costs	69%
3	Monetize retail media (Retail media networks)	69%
4	Increase private brand (label) presence	65%
5	Introduce membership models	41%

Q. What are your the biggest focus areas to improve digital profitability?

State of Digital Grocery: Q1 2024 Digital Performance Summary.

Overall grocery sales continue to be robust.

$230

billion in grocery sales in Q1 2024

+6.7%

year over year growth
(Q1 '24 vs Q1 '23)

Digital grocery sales were up.

$31.4

billion in digital grocery sales in Q1 2024

13.7%

of all Q1 2024 grocery sales were digital

5.2%

year over year growth
(Q1 '24 vs Q1 '23)

Basket sizes went up due to price and volume.

$177.2

average digital grocery basket size in Q1 2024

6.1%

increase in price for the same basket Q1 '24 compared to Q1 '23

+2

items increased in basket in Q1 '24 compared to Q1 '23

Inventory availability has improved, larger retailers have done better.

2.1%

of items ordered were substituted by grocers in Q1 2024

1.7%

of items ordered were substituted by large (>$10 billion) in Q1 2024

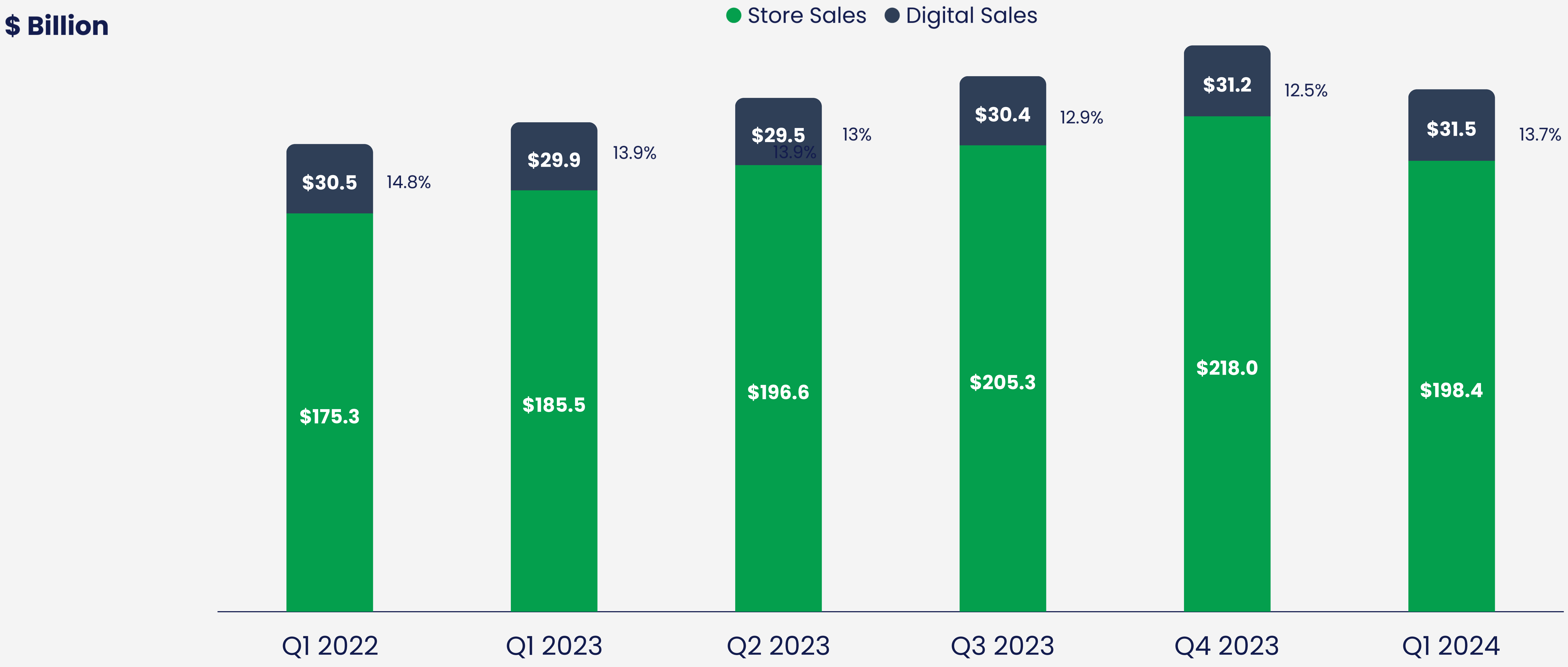
72%

of grocers reported better inventory performance in Q1 2024 than Q1 2023

Key Performance Metrics: Q1 2024.

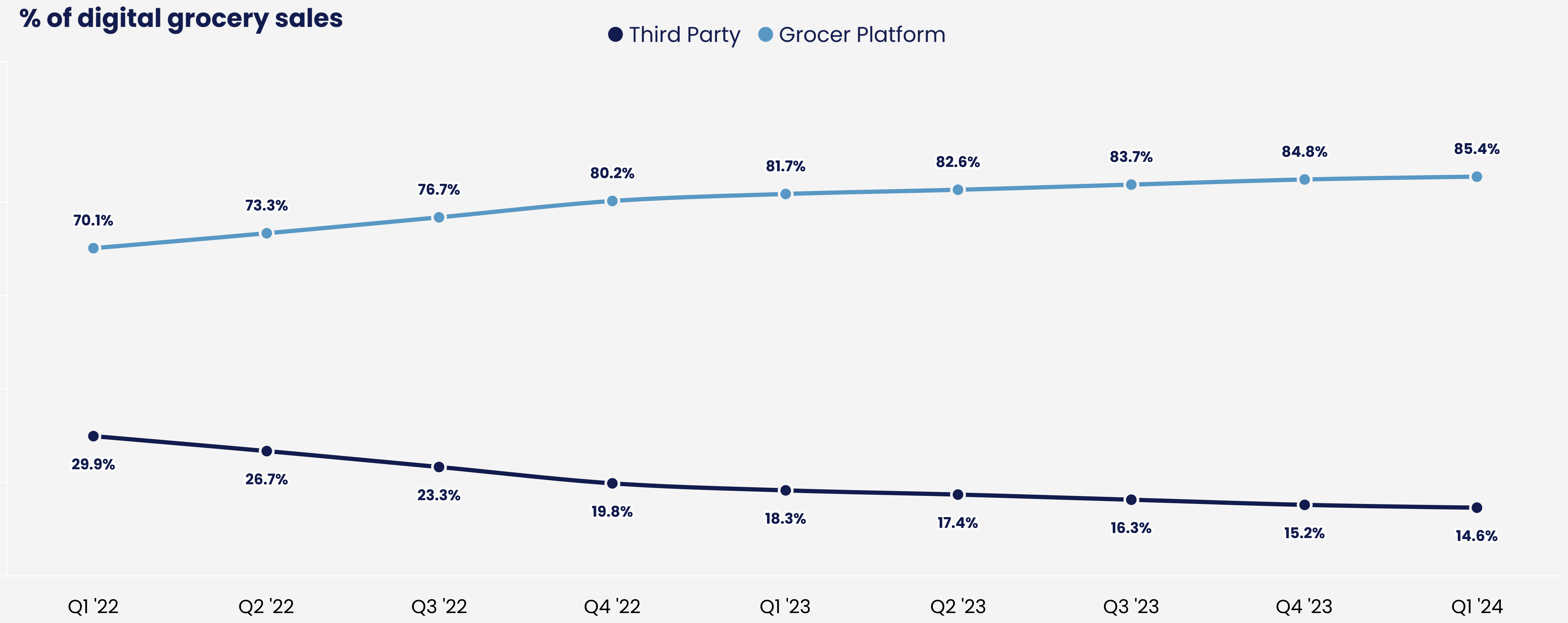
Grocer Size	Digital Grocery as % of Overall Sales	% Delivery Sales	% Pickup Sales	Average Basket Size
< 1 billion	0.4%	71.5%	28.5%	$ 36.9
$1 - $5 billion	3.6%	37.2%	62.8%	$ 61.7
$5 - $10 billion	8.9%	45.9%	54.1%	$ 115.0
>$10 billion	14.8%	51.0%	49.0%	$ 184.5
Overall	13.7%	50.5%	49.5%	$ 176.7

Overall grocery sales continue to be robust, '24 digital sales are projected to be in the 12% - 13% range.



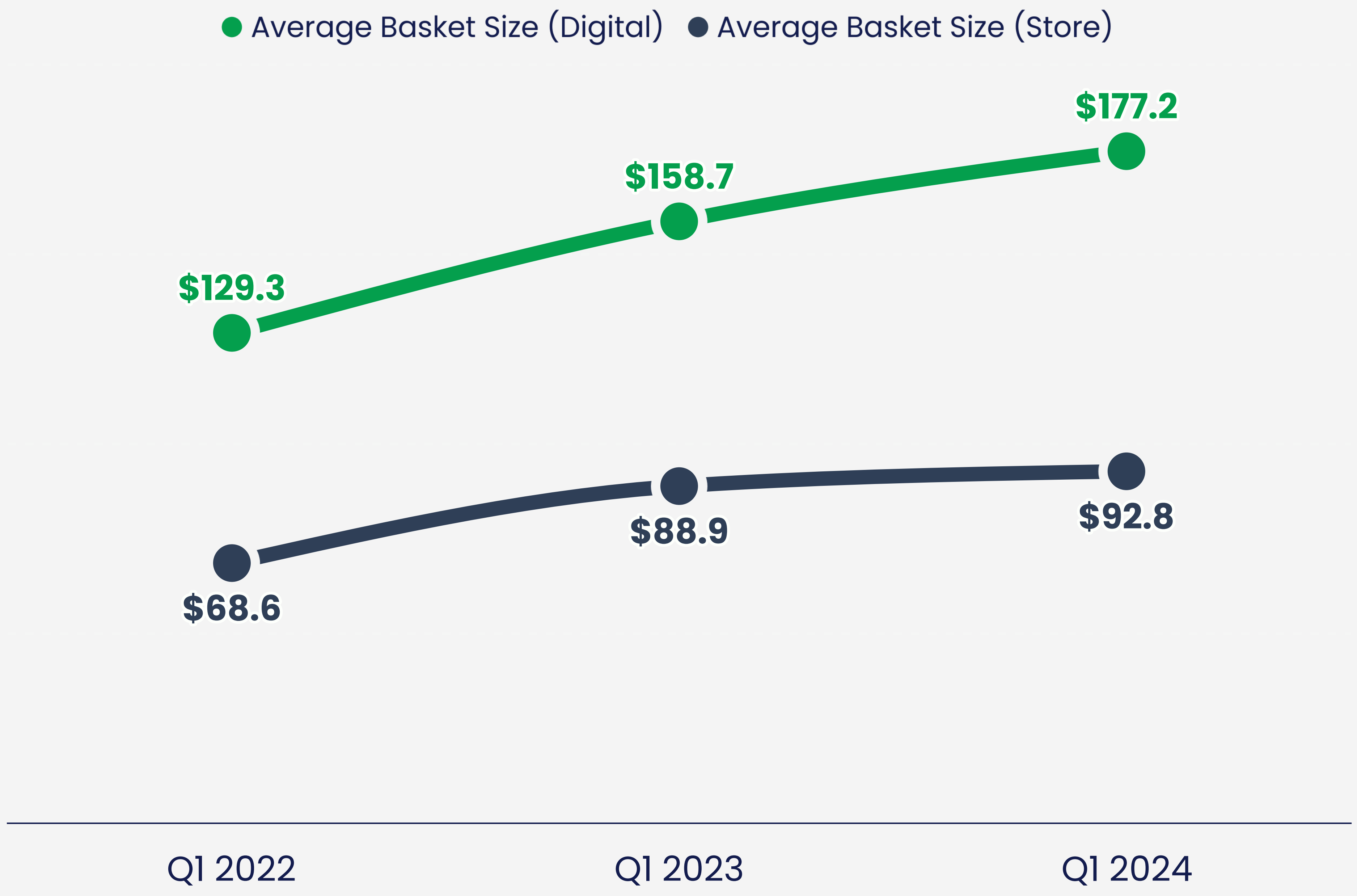
- Overall grocery sales in Q1 '24 were up 6.7% compared to last year
- Digital grocery sales in Q1 '24 were up 5.2% compared to last year
- Digital grocery sales in March 2024 rose 12.8% compared to Feb 2024

Third-party platform sales continue to trend down, '24 projections are the 13% - 14% range.



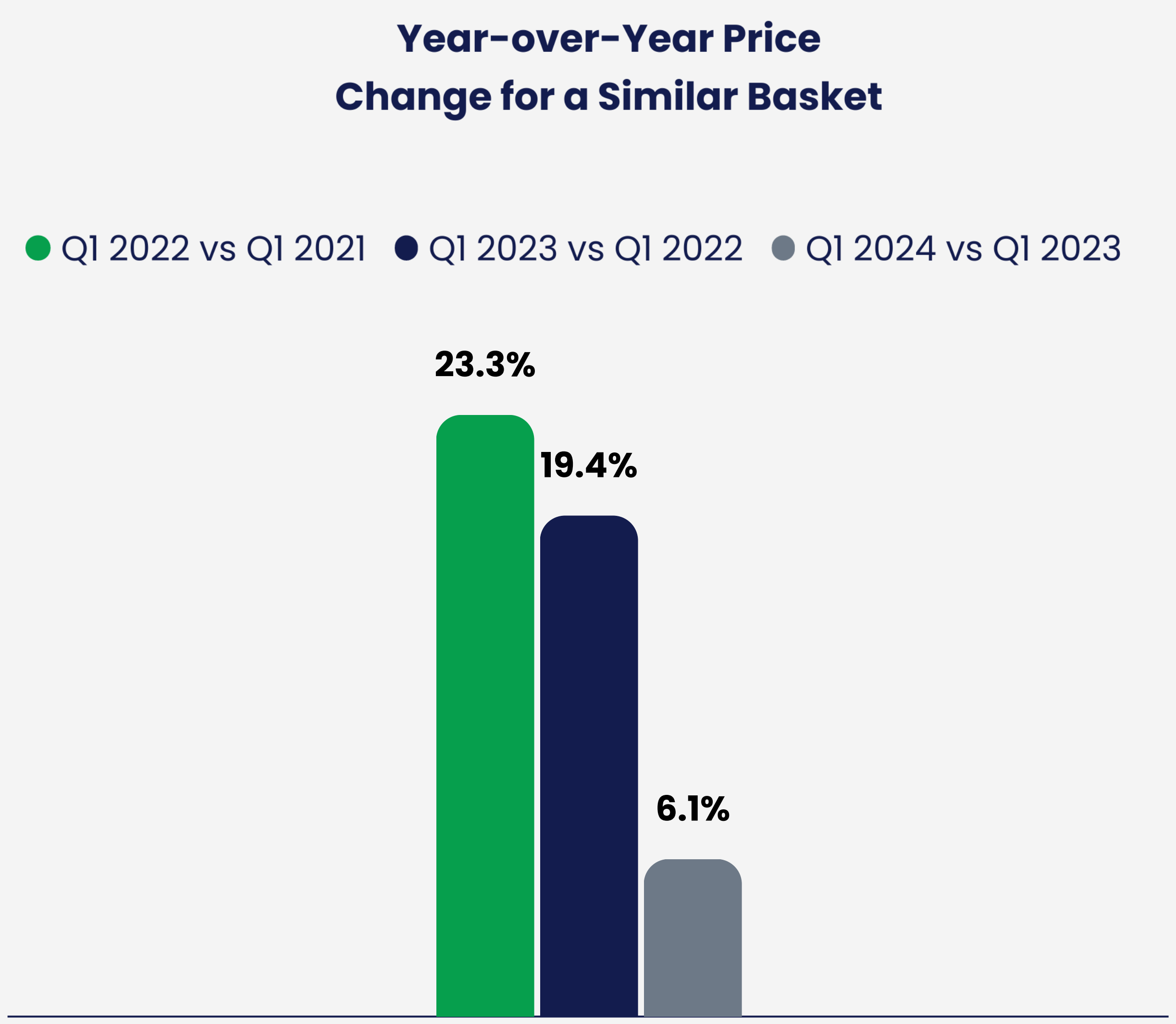
- Third-party sales in Mar '24 were 14.6% of digital grocery sales
- Third-party sales in Mar '24 were up 15.2% compared to Feb 2024
- Our survey data continues to indicate strong loyalty to third party delivery services amongst certain pockets of customer segments. (Will be added to the H1 scorecard)
- We are seeing sales of media/advertising increase in third party platform. (Will be added to the H1 scorecard)
- Most grocers still view third party partnerships as strategic, but change in competitive dynamics and business models will impact partnerships

Average basket sizes continue to increase, '24 projections are in the $177 - $179 range.



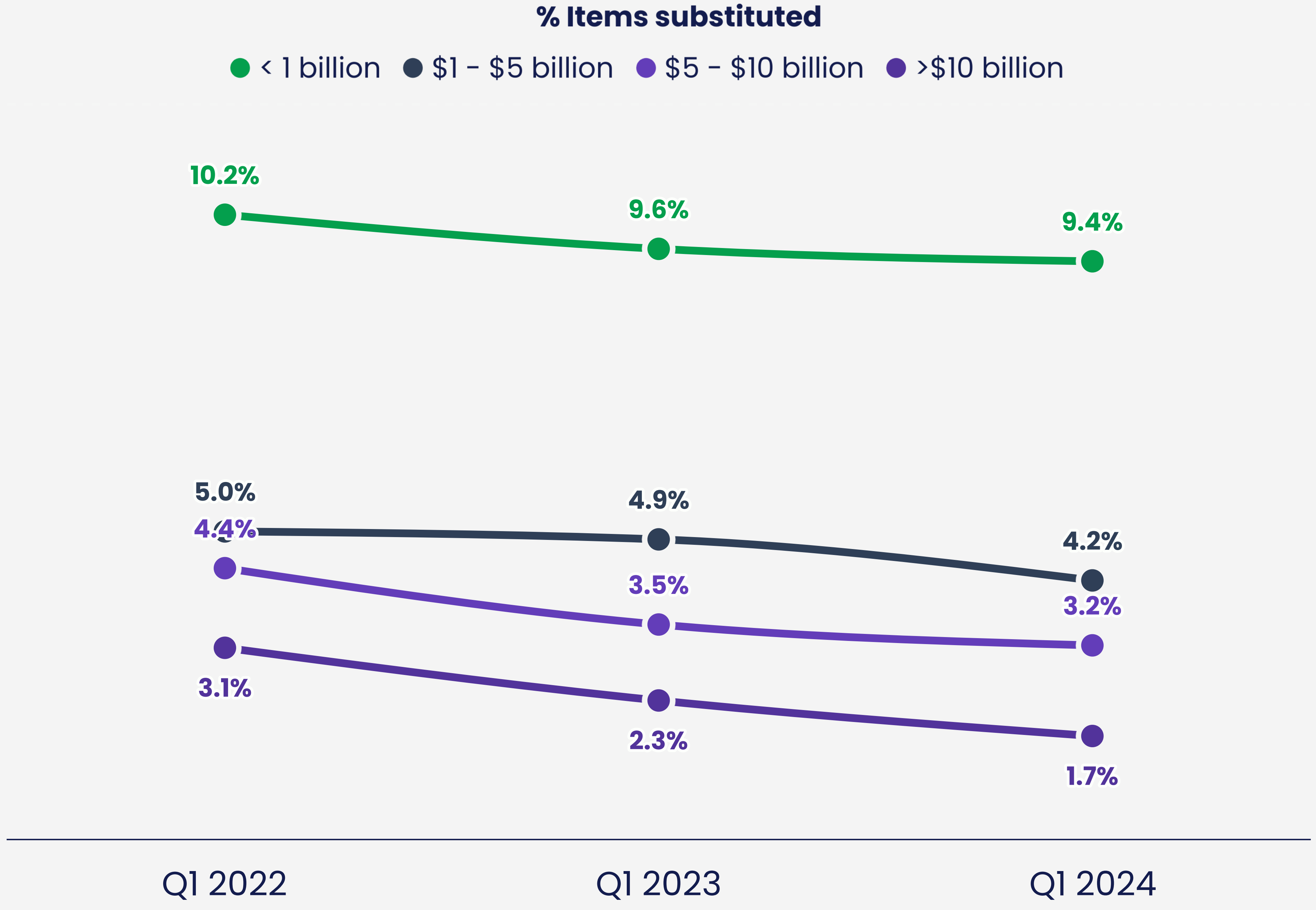
- Note: Methodology and data collection methods have changed since the data collection program began. 2022 and 2023 are re-stated figures
- Average basket size in March 24 rose 41% for in store purchase and 39% for digital purchase compared to Feb 2022

Prices are still high, but the rate of price increase has reduced.



- Note: Methodology and data collection methods have changed since the data collection program began. 2022 and 2023 are re-stated figures
- Prices skyrocketed in 2022 and have only now stabilizing
- Our survey data continues to indicate that both Grocers and Shoppers expect prices to be steady or increase through H1 2024.

Item substitutions have gone down, as item availability has improved.



- Note: Methodology and data collection methods have changed since the data collection program began. 2022 and 2023 are re-stated figures
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Methodology

~2.5 million	US shopper orders analyzed from January 1, 2022 - Apr 4, 2024
46,778	US shoppers surveyed from January 1, 2022 - Apr 4, 2024 2022: 23,910 2023: 18,357 2024: 4,521
4,410	US grocery executives surveyed from January 1, 2022 - Apr 4, 2024 2022: 2390 2023: 1691 2024: 329
250+	attributes used for the forecast model
Monthly	review and calibration of the forecast model

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ABOUT GROCERY DOPPIO

Grocers have experienced a generational shift in eCommerce adoption within a condensed period of time, giving rise to both - new growth opportunities and unfamiliar threats.

Grocery Doppio is an independent source of insights and inspiration designed to help grocers jumpstart, accelerate and sustain growth in this dynamic new environment.

www.grocerydoppio.com

ABOUT INCISIV

Incisiv is a peer-to-peer executive network and industry insights firm for consumer industry executives navigating digital disruption.

Incisiv offers curated executive learning, digital maturity benchmarks and prescriptive transformation insights to clients across the consumer and technology industry spectrum.

www.incisiv.com

ABOUT WYNSHOP

Wynshop is an ambitious team of digital innovators helping grocers and other local store-based retailers grow wildly successful online businesses. Wynshop's easy-to-use digital commerce platform enables efficient in-house picking, reduces fulfillment costs, and gives retailers control over every facet of the digital shopping experience.

www.wynshop.com.

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