Online Food Shopping and Grocery Delivery in the U.S.: Future of Food Retailing

Description:

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It's the smallest slice of the food retailing pie – yet it could very well hold the greatest potential for growth and certainly innovation in this highly mature market.

Online food shopping represents a mere 4% of online food and beverage retail sales. But retailers and manufacturers shouldn't be lulled by the small figure into complacency about the opportunity this innovation holds. In our new report, Online Food Shopping and Grocery Delivery in the U.S.: Future of Food Retailing, Packaged Facts projects that online grocery shopping will enjoy double-digit annual growth rates over the next five years and hit the $100 billion market by 2019.

The more consumers click and shop from the comfort of their computer, the more likely it will be that those orders will include milk, bread, eggs and other staples of a food shopping trip. Of course, challenges exist for our adoption of a fully virtual grocery cart. These include how and by whom the orders are picked and assembled, how to deliver the orders to consumers promptly while keeping delivery costs low (all the while, making sure that the proper temperatures are maintained until the groceries reach the consumer), and convincing consumers that buying groceries online is as good as or even better than, shopping in person. For more than a decade, the notorious failure of Webvan scared many potential entrants away from the online grocery business. Now, despite the challenges, the field is swiftly becoming crowded with trials by competitors, although it is not yet clear which models are financially viable.

This new report, Online Food Shopping and Grocery Delivery in the U.S.: Future of Food Retailing, examines the potentials and pitfalls of this burgeoning retail sector. The first chapter presents an up-to-the-minute overview of the business, examining business models and consumer reception, among other factors, while reviewing historical sales and projecting market growth through 2019. The second chapter profiles more than 20 companies vying for a share of this business in the United States, from long-established services like Peapod and FreshDirect, to huge general merchandise marketplaces like Amazon.com (currently in a trial with the U.S. Postal Service to provide delivery of fresh groceries to consumers’ doorsteps), to brash startups like Instacart and Uber. The final chapter profiles the state of the online grocery industry in other countries while exploring possible ramifications in the U.S., specifically, the United Kingdom, France, China, Japan, and Australia.

Sources of information include primary research examining the websites of individual service. Secondary research involved evaluating and comparing data from more than 200 articles and reports found in financial, marketing and industry publications, as well as annual reports, 10Ks, transcripts of earnings calls, and literature from individual companies; government data from the U.S. Department of Agriculture's Economic Research Service; and other reports.

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