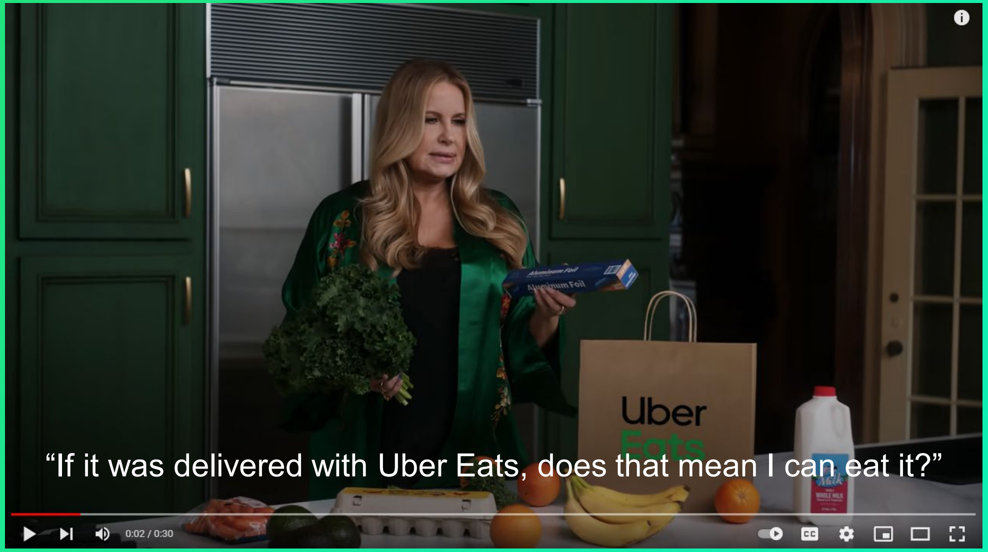
Numerator

The Future of Grocery Delivery on Food Service Apps

A SINGLE DATA SOURCE. INFINITE INSIGHTS.

With millions of users and a large network of drivers, grocery delivery* is a natural extension for food delivery service providers.

The Uber Eats commercial was rated as one of the most effective Super Bowl ads of 2022**.



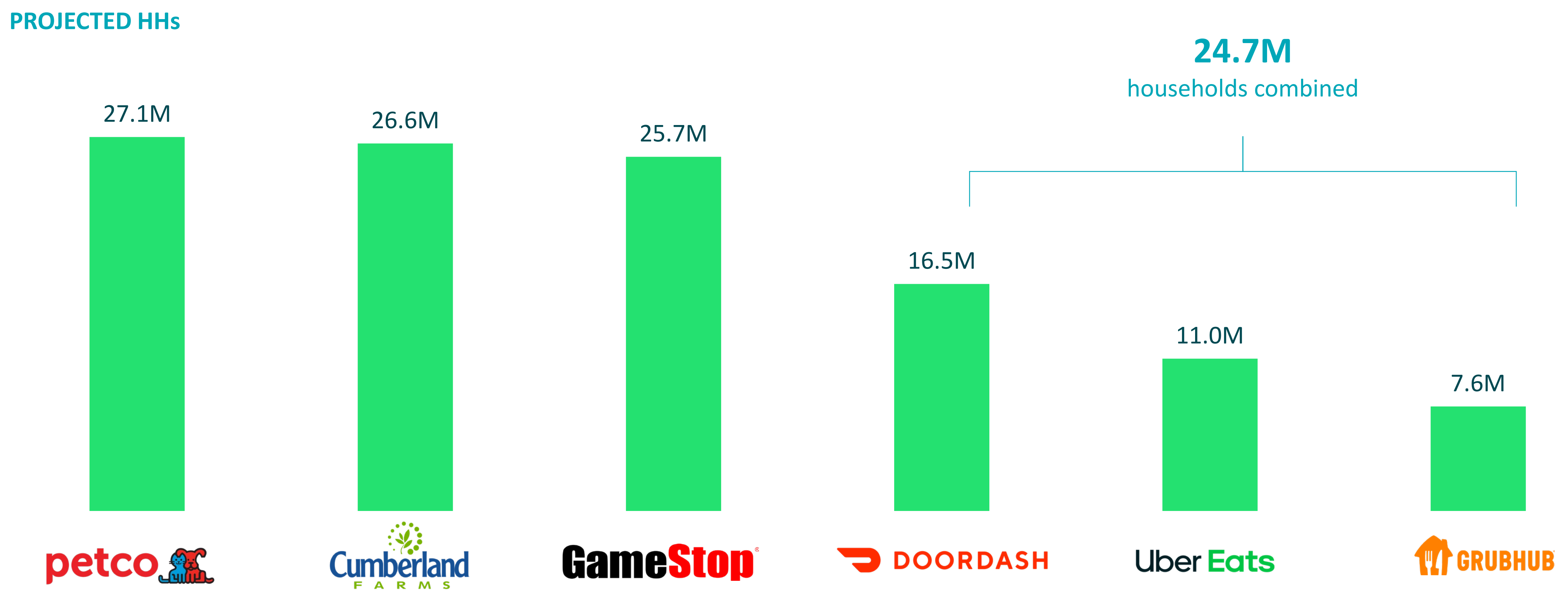
Aug 20, 2020
DoorDash expanded Grocery partnerships to bring more everyday essentials straight to shoppers’ doors

July 19, 2021
Uber Eats devours ride-share business as company doubles up on groceries

Feb 15, 2022
Grubhub expands convenience channel goods nationwide

*In the whole analysis, grocery delivery refers to all non-restaurant delivery orders on food service apps;
**Source: the ADPLAN ratings of the Kellogg School of Business MBAs

Did you know the market size of Doordash, UberEats and Grubhub (DUG) is comparable to those of the leading specialty retailers, such as PetCo, Cumberland Farms and GameStop?



Source: Numerator Insights; 52W ending 4/17/2022

Who are the DUG users?

DUG reaches young, affluent and urban communities…

% DUG HHS (INDEX TO TOTAL US HHS)

52% (164)
Gen Z + Millennials

42.6% (134)
Ethnic Group

22.9% (115)
Higher Purchase Power

46.4% (140)
Urban

and have a higher preference for non-traditional channels.

	% CPG* SPENDING	INDEX TO TOTAL US
Online	17.3%	148
Gas & Convenience	7.0%	114
Liquor	3.8%	114
Drug	3.4%	117
Pet	1.1%	117

Source: Numerator Insights; 52W ending 4/17/2022; *CPG includes Baby, Grocery, Health & Beauty, Household, and Pet

How loyal are DUG users to their respective app?

Shoppers are switching across apps, with Grubhub attracting the lowest level of loyalty.

% USE MULTIPLE FOOD APPS

4 in 10 DoorDash users

5 in 10 Uber Eats users

6 in 10 Grubhub users

Given the similar spend per trip across different apps, shopper retention is key to drive revenue growth.

	BUY RATE	SPEND PER TRIP	PURCHASE FREQUENCY
DoorDash	$372.64	$26.58	14.0
Uber Eats	$316.99	$29.89	10.6
Grubhub	$190.30	$25.74	7.4

Membership program* is a great way to increase stickiness of the app.

	DOORDASH DASHPASS	UBER EATS PASS	GRUBHUB+
% Exclusive Doordash HHs	**16.5%**	2.9%	3.3%
% Exclusive Uber HHs	6.9%	**11.8%**	4.1%
% Exclusive Grubhub HHs	4.3%	4.2%	**11.9%**
% US Pen	4.6%	2.8%	2.5%

How to read: of shoppers who subscribe to DashPass, 16.5% are exclusive to DoorDash and do not use Uber Eats or Grubhub

Source: Numerator Insights; 52W ending 4/17/2022; *CPG includes Baby, Grocery, Health & Beauty, Household, and Pet
*From Numerator Premium People Group

We looked at three potential indicators of future success.

1 **DESIRABILITY**

How desirable is grocery delivery on food service apps?

2 **MOBILITY**

Are shoppers ordering grocery across categories, channels, and usage occasions?

3 **VIABILITY**

How likely are shoppers to order grocery items through food service apps in the future?

Will grocery delivery be the next growth driver for your business?

In the following analysis, we will focus on **DUG (Doordash, Uber Eats, and Grubhub)**, which represents a total of ~95%* of the food services $ volume.

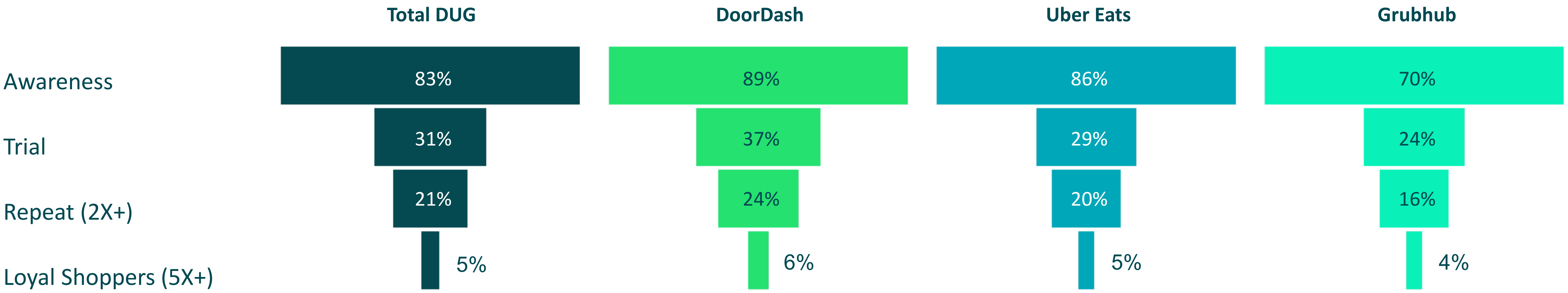
*Source: Numerator Insights; 52W ending 4/17/2022

Despite high awareness of grocery delivery via DUG, shoppers haven't integrated in their everyday grocery shopping regimens.

Two Significant Drops In Conversion: 1) Awareness to trial, 2) Repeat to loyal

GROCERY DELIVERY USAGE FUNNEL

% Total DUG Users



Source: Numerator Food Delivery Custom Survey; Fieldwork: 3/31/22 to 4/6/22; Base: Total (1,026), DoorDash (456), Uber Eats (303), Grubhub (267); Question details in the note section

B&M still dominates shoppers everyday grocery regimens.

Shoppers have other grocery delivery options. And don't forget, B&M still dominates.

2 in 3

of the DUG users have tried retailer grocery apps

"

I usually purchase those items through other apps.

Not what I associate with the app, do not hear many people ordering non-restaurant food items through UberEats.

Just haven't needed to order groceries. I go buy them myself.

I plan to buy other, non-restaurant items in the grocery store on my weekly shopping trip.

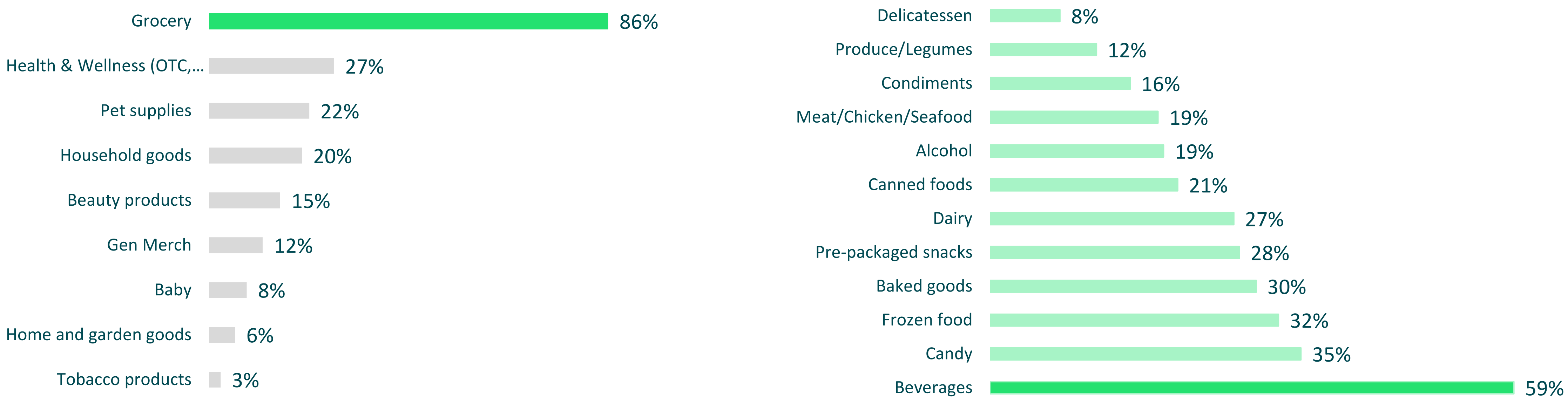
Source: Numerator Food Delivery Custom Survey; Fieldwork: 3/31/22 to 4/6/22; Base: Total (1,026), DoorDash (456), Uber Eats (303), Grubhub (267); Question details in the note section

ARE SHOPPERS ORDERING GROCERY ACROSS CATEGORIES, CHANNELS, AND USAGE OCCASIONS?

DUG grocery orders were swamped by beverage trips, aside from Grocery being most commonly ordered.

TYPES OF PRODUCTS ORDERED THROUGH DUG

% of Grocery Delivery Users

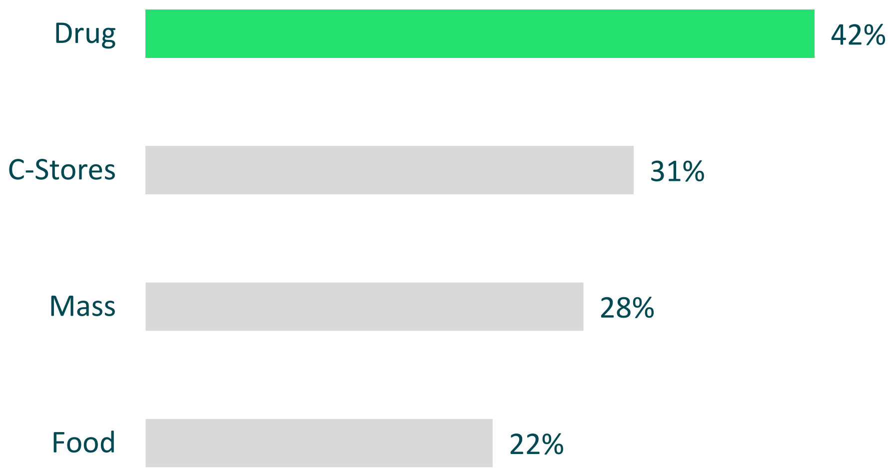


ARE SHOPPERS ORDERING GROCERY ACROSS CATEGORIES, CHANNELS, AND USAGE OCCASIONS?

Are we talking about a "mobile bodega"? DUG grocery orders were most common through Drug or convenience channels when shoppers were busy, feeling lazy or tired.

CHANNEL DISTRIBUTION WHEN ORDER GROCERY ON DUG

% of Grocery Delivery Users



USAGE OCCASION OF GROCERY DELIVERY ON DUG

% of Grocery Delivery Users

Busy
(40%)

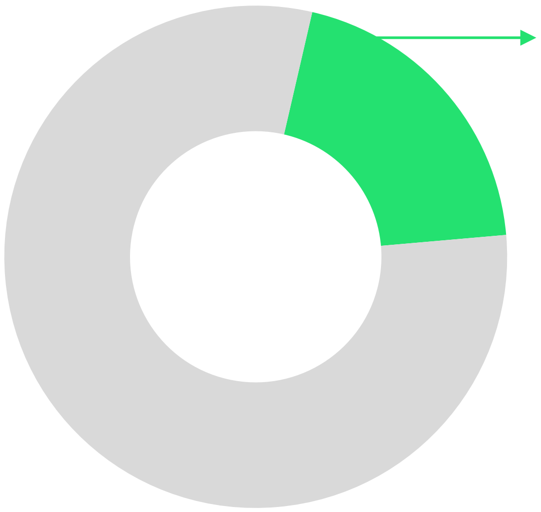
Lazy
(36%)

Tired
(36%)

Delivery fees and services charges created a high entry point.

FUTURE PURCHASE INTENT ON GROCERY DELIVERY ON DUG

% of Total DUG Users



20%

are extremely likely/very likely to order in the future

> Price would have to be affordable.

> Discounts, guarantee that food from restaurant will still be correct temperature.

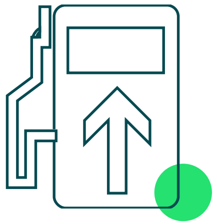
> Frankly, discounts/promotions/deals are the primary thing that would entice me to order non-restaurant food items using Grubhub. If there's a significant-enough discount on my total order, especially to where it would cost me less to use Grubhub than it would to purchase the items in-person myself, then I would absolutely use Grubhub for such orders!

ARE SHOPPERS ORDERING GROCERY ACROSS CATEGORIES, CHANNELS, AND USAGE OCCASIONS?

However, the new fuel surcharges recently added by Uber could potentially turn away consumers who are already sensitive to inflationary pressure.

FUTURE USAGE OF DUG

% of Total DUG Users



If gas prices continue to increase…

16%

will reduce delivery apps usage frequency

If delivery apps add fuel surcharges…

56%

will reduce delivery apps usage frequency

How to interpret: the increase in gas prices wouldn't have a drastic impact on DUG usage as it's more of a passive factor. However, the fuel surcharges on DUG would be a direct reminder and potentially repel users.

Source: Numerator Food Delivery Custom Survey; Fieldwork: 3/31/22 to 4/6/22; Base: Total (1,026); Question details in the note section

Executive Summary

DELIVERY PROVIDERS HAVE HEADWINDS…

Lacking Strong Desire From Consumers
Grocery delivery on DUG has two hurdles: one is converting awareness to trial, and the other is converting occasional shoppers to loyal users. Promotion plays a pivotal role in driving top-of-the-funnel conversion. However, the more significant challenge is building a long-term relationship with users when promotion wears off and how to integrate DUG into their grocery shopping regimens.

Lean Use Cases
Currently consumers are taking advantage of the quick and convenient nature of DUG and treat DUG like a mobile bodega store. This could be a unique and right-to-win proposition for DUG to compete with other online grocery delivery providers.

Inflationary Pressure & Elevated Gas Prices Might Limit the Likelihood of Future Purchase Intent
There’s risk that fuel surcharges could turn away consumers who are already sensitive to inflationary pressure and frustrated by the burdens of delivery fees and tips.

HOWEVER, COMPLETELY DISREGARDING WILL PUT BRANDS AT A DISADVANTAGE.

Delivery providers like Uber Eats continue to invest and expand on-demand delivery business*.

The young and affluent urban shoppers are valuable to your business .

Quick and on-schedule, which aligns with shoppers’ expectation on eCommerce in the post-pandemic world.

WAYS TO ACTION

People: Leverage Numerator to identify the platform that is best aligned with your existing shoppers.

Product: Focus on promoting small-formats and instant-consumption type of products on DUG platform.

Place: Partner with retailers (especially Drug and C-Store) to reconsider space & assortment in-store to put the most popular items at the most convenient location for the drivers to pick up.

Promotion: Personalized promotion strategy with local popular restaurants to drive B&M engagement.

There’s more to know.

For custom insights, reach out to us at
hello@numerator.com

Numerator

www.numerator.com