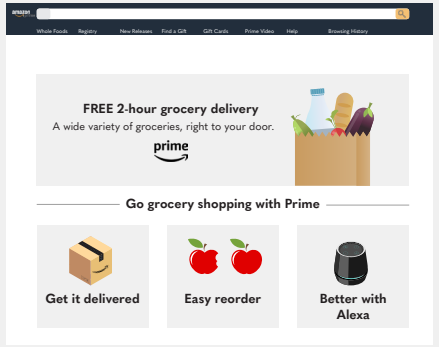


All About Grocery on Amazon

The online grocery wars have taken more time than initially expected to ramp up; during the delay, massive investments have been made in shipping, logistics, and BOPIS services. While Walmart wins with groceries overall, Amazon has greater e-commerce market share (for now). As for how brands can capitalize on the momentum, Amazon Advertising expanded Sponsored Ads to Amazon Fresh last year, a major step for brands in that category seeking to gain exposure. In addition, brands in all categories should develop strong A+ content pages and curated brand stores.



RECENT MOVES: A RECAP

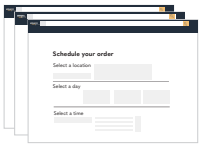


In 2017, Amazon purchased Whole Foods for \$13.7B. In October 2019, Amazon did away with Whole Foods delivery fees for Prime Members and **seamlessly integrated Whole Foods** products into search results

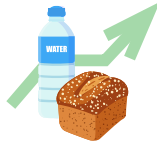
Amazon launched its cashierless **Amazon Go** convenience store last year and there are now 25 locations

In February of 2020, Amazon opened a 10,000-square-foot cashierless **Amazon Go Grocery store** in Seattle

SUCCESS SO FAR



Amazon **doubled its fulfillment of grocery orders** in Q4 2019, following the Prime member delivery fee deletion



Estimates place Amazon's U.S. food and beverage sales for 2019 at **\$6.15B**, a +25.1% YoY increase, making it the fastest growing category on Amazon



Amazon's share of online grocery is **23.7% of all e-commerce sales for the category**

ENTERING 2020



Online grocery sales were only about 4% of the market in 2019

Projections place that number increasing to over **10% by 2025**

AT A TIPPING POINT

The current moment is pivotal in the online grocery wars as Amazon, Walmart, and others seek ownership of the **\$900B U.S. grocery industry**

Only **15%** of consumers enjoy grocery shopping in person, insinuating they are highly receptive to delivery

The percentage of online shoppers who **purchase groceries online regularly doubled** between 2018 (17%) and 2019 (37%)

PRIORITIZING PROFITABILITY



For non-Whole Foods items on the platform, **Amazon often optimizes by shipping weight**; Amazon's Choice badges have been awarded to the lightest ASIN in a category, rather than the best-selling one

UNDERSTANDING THE OPTIONS

amazonfresh



prime now

prime pantry

Vendors and Sellers have myriad **different ways of selling grocery on Amazon**, depending on whether the products are refrigerated or shelf stable

Source: Vox, "Amazon is opening a supermarket with no cashiers, is Whole Foods next?" 25 February 2020, Winsight Grocery Business, "Grocery Deliver Orders Double as Amazon Sales Soar in Q4," February 2020, eMarketer, "Amazon vs. Walmart: Who's Really Winning Online Grocery?" 27 January, 2020, "L2 Gartner 2018, Marketplace Pulse, "Whole Foods Selection is Now on Amazon," 11 October 2019, McKinsey & Company, "Digital disruption at the grocery store," February 2020