



Retail Supply Chain Update

September 21, 2020

Online grocery to more than double market share by 2025

- Online grocery will swell to 21.5% of total U.S. grocery sales by 2025, more than doubling its current share of the overall grocery market, a new study by grocery e-commerce specialist Mercatus and research firm Incisiv projects.
- Post-pandemic, e-grocery sales expected to climb from nearly \$35 billion to more than \$250 billion, says new study.
- The five-year growth forecast marks a more than 60% increase over pre-coronavirus pandemic dollar sales estimates for the online grocery space, Mercatus and Incisiv noted.
- Before the COVID-19 outbreak, e-grocery sales were reckoned at 4.3% of the 2020 total grocery market and projected to rise to 5.4% in 2021, reach a double-digit share of 10.7% in 2024 and then hit 13.5% in 2025. However, with online grocery reaching a double-digit share this year, post-pandemic estimates show the channel growing to 12.5% (\$132.88 billion) of the \$1.06 trillion grocery market in 2021 on its way to surpassing a 20% share in 2025.

Grocery basket size up, store trips down 6 months into pandemic

- Six months into the COVID-19 pandemic, U.S. grocery shoppers are settling into a new routine, with the number of monthly store visits declining nearly twice as fast as spending has risen, according to digital marketing specialist Catalina.
- In August, grocery customer spending rose 6% from \$310 to \$330 per month on average, while shopping trips fell almost 11% versus a year ago, Catalina said Wednesday.
- Last month, grocery shoppers made an average of 6.7 retailer trips per month, down from 7.5 trips in Aug. 2019, a decrease of nearly 11%. However, basket size has swelled 19%, with customers spending an average of \$49.28 per trip compared with \$41.38 a year ago, a trend that has been consistent since June, St. Petersburg, Fla.-based Catalina noted.

COVID-19 pandemic brings Mexican toilet paper to US as aftermath of panic buying

- Toilet paper is back on store shelves. But you may not recognize some of the brands.
- Demand for toilet paper has been so high during the pandemic that in order to keep their shelves stocked, retailers are buying up foreign toilet paper brands, mostly from Mexico.
- Stores said they needed to get creative during the pandemic and started working with new suppliers to get shoppers what they needed. But don't worry about popular U.S. brands like Charmin — they aren't going to disappear. Supply chain experts expect the Mexican and other foreign-made rolls to be on store shelves only temporarily, until U.S. manufacturers catch up with demand.

- Americans use much more toilet paper than other countries, according to Patrick Penfield, a supply chain professor at the Whitman School of Management at Syracuse University — which is why Mexico can handle shipping more rolls to the United States.
- Americans, of course, buy products that are made all over the world, but most of the toilet paper they use is made in the U.S. Toilet paper is inexpensive and takes up a lot of space in trucks and ships, making it not worth the cost of importing from other countries.
- “American consumers, in times of plenty, are very picky,” said Erika Marsillac, an associate professor of supply chain management at Old Dominion University in Norfolk, Virginia. “If the shelves are running low or empty you’ll grab whatever you can grab.”

Pine Sol now approved to kill coronavirus on surfaces: EPA

- Clorox wipes are still in short supply due to increased demand as Americans continue to clean off frequently used surfaces to combat the spread of coronavirus, but another household cleaner has been added to the list of effective products.
- Pine-Sol Original Multi-Surface Cleaner received approval from the U.S. Environmental Protection Agency (EPA) "for kill claims against SARS-Cov-2, the virus that causes COVID-19, on hard non-porous surfaces," the Clorox Company announced in a press release about its cleaning product.
- After testing from a third-party laboratory, the disinfectant was proven effective against the virus with a "10-minute contact time on hard non-porous surfaces."