

# Instacart Idea Proposal

## Can Instacart get back to double-digit transaction volume growth in the face of increasing competition?

**Report Available:** November 1, 2023

**Blueshift Research will assess Instacart's growth outlook and its ability to jumpstart transaction volumes. How happy are its retail grocery store partners? Are retail partners looking to build out their own shopping and delivery services with an eye on replacing Instacart? How difficult a task will that be? To what extent are restaurant delivery services encroaching on Instacart's turf? How worried should Instacart be about grocery delivery from the likes of Amazon, Target, and Walmart? What advantages does Instacart have against direct competitors? How do CPG brands perceive the advertising opportunity on Instacart? What are their ad spending plans going forward? To answer these and other questions, Blueshift will interview Instacart retail partners, CPG brand advertisers, competitors, retail technology developers, and other industry specialists.**

### Observations

1. Maplebear Inc.'s Instacart (CART), which went public in September, is one of the leading online grocery shopping and delivery services in the United States. [More than \\$29 billion](#) in gross transaction volume (GTV) flowed through Instacart's platform on 263 million customer orders for the 12 months ending June 30. The company generates most of its revenue—about 72%—through transaction fees paid by consumers and its more than 1,400 retail partners, a group that collectively operates 80,000 stores representing about 85% of the U.S. market. The rest of Instacart's revenue comes primarily from digital advertising by consumer packaged goods (CPG) brands.

If you are interested in seeing this Blueshift Research report, please contact Bill Jenks at (617) 244-4960 or [billjenks@blueshiftideas.com](mailto:billjenks@blueshiftideas.com). You can find more Idea Proposals on our website: [www.blueshiftideas.com](http://www.blueshiftideas.com).

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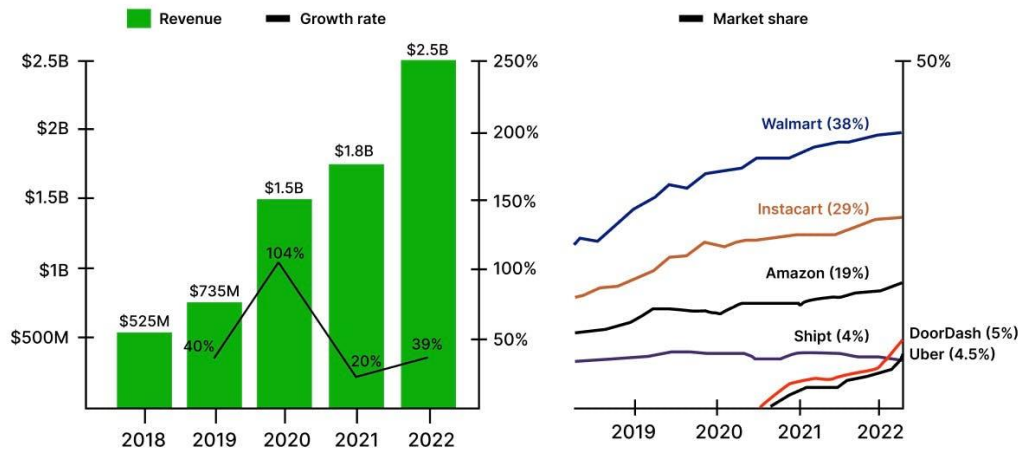
- Despite its industry-leading position, shares of Instacart have lost more than 30% of their value since opening for trading at \$42 per share at the company's September 19 IPO. [Investors appear concerned](#) about the company's growth prospects: after a pandemic-related surge that saw GTV skyrocket from \$5.1 billion in 2019 to \$28.8 billion in 2022, GTV growth slowed to 4% on flat order volumes for the six months ended this June. Company executives have said that once they are past the difficult COVID-era comps, they believe they can get back to 10% GTV growth. Instacart is banking on increased prevalence of online grocery shopping: overall online grocery sales have quadrupled since 2019 but still account for only about 12% of all grocery sales, far below many other sectors.

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## instacart revenue & growth

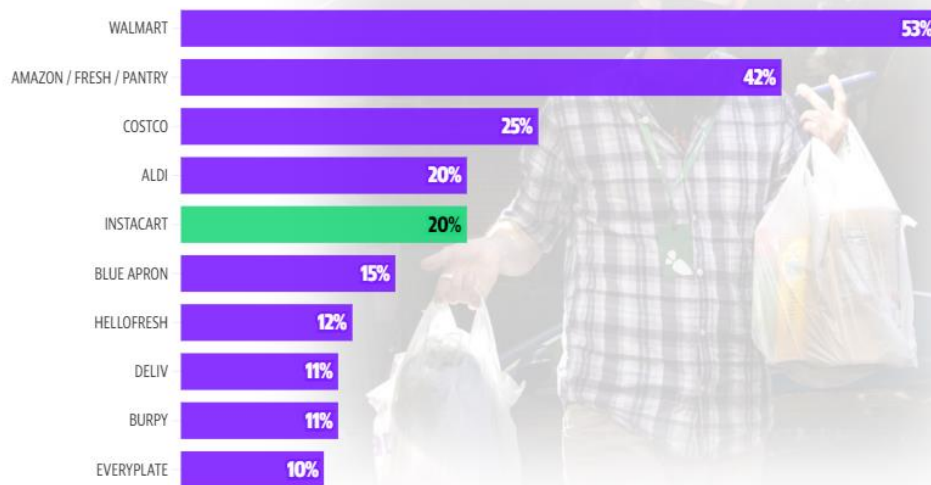
Source: sacra.com  
All estimates made by Sacra



3. One of the key issues for Instacart is increasing competition. Restaurant food delivery services like Uber Technologies Inc.'s (UBER) Uber Eats and DoorDash Inc. (DASH) are increasingly moving into the grocery market. In September, DoorDash unveiled a list of [new grocery partners](#), adding around 100,000 non-restaurant stores to its operations. Other worrisome competitors include Target Corp. (TGT), which owns same-day delivery platform [Shipt](#); Amazon.com Inc. (AMZN), owner of the [Whole Foods Market](#) grocery chain; and Walmart Inc. (WMT), whose monthly subscription plan includes free grocery deliveries. Further, some of Instacart's own retail grocery partners continue to build out their own shopping and delivery services. More than 40% of Instacart's total GTV comes from [just three of its retail partners](#), so losing any one of them to an in-house solution could be a major blow.

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% of respondents who said they've used delivery service within the last 12 months



SOURCE: Statista Consumer Insights Global (as of August 2023) • N=5821, among grocery delivery users  
PHOTO: Getty Images



4. With such pressure on its shopping and delivery operations, Instacart is focusing resources on a growing opportunity around digital advertising. The company's revenue from ads placed by CPG brands like Campbell Soup Co. (CPB), Nestlé S.A. (NSRGF), and PepsiCo Inc. (PEP) grew 24% year-over-year to \$406 million during the first half of 2023. Instacart touts its [wealth of data](#) on consumer shopping habits and its ability to provide advertisers with direct attribution as product ads are placed in front of buyers when they are shopping on Instacart's website. The company claims its ads deliver a 15% incremental sales lift on average. However, in one of its pre-IPO filings, Instacart said macroeconomic conditions may be [pressuring ad sales](#) and that brands may be disappointed in their returns as the company's GTV has stagnated.

**Companies:** Maplebear Inc. (CART), Amazon.com Inc. (AMZN), DoorDash Inc. (DASH), Target Corp. (TGT), Uber Technologies Inc. (UBER), Walmart Inc. (WMT)

**Research Begins:** October 16, 2023