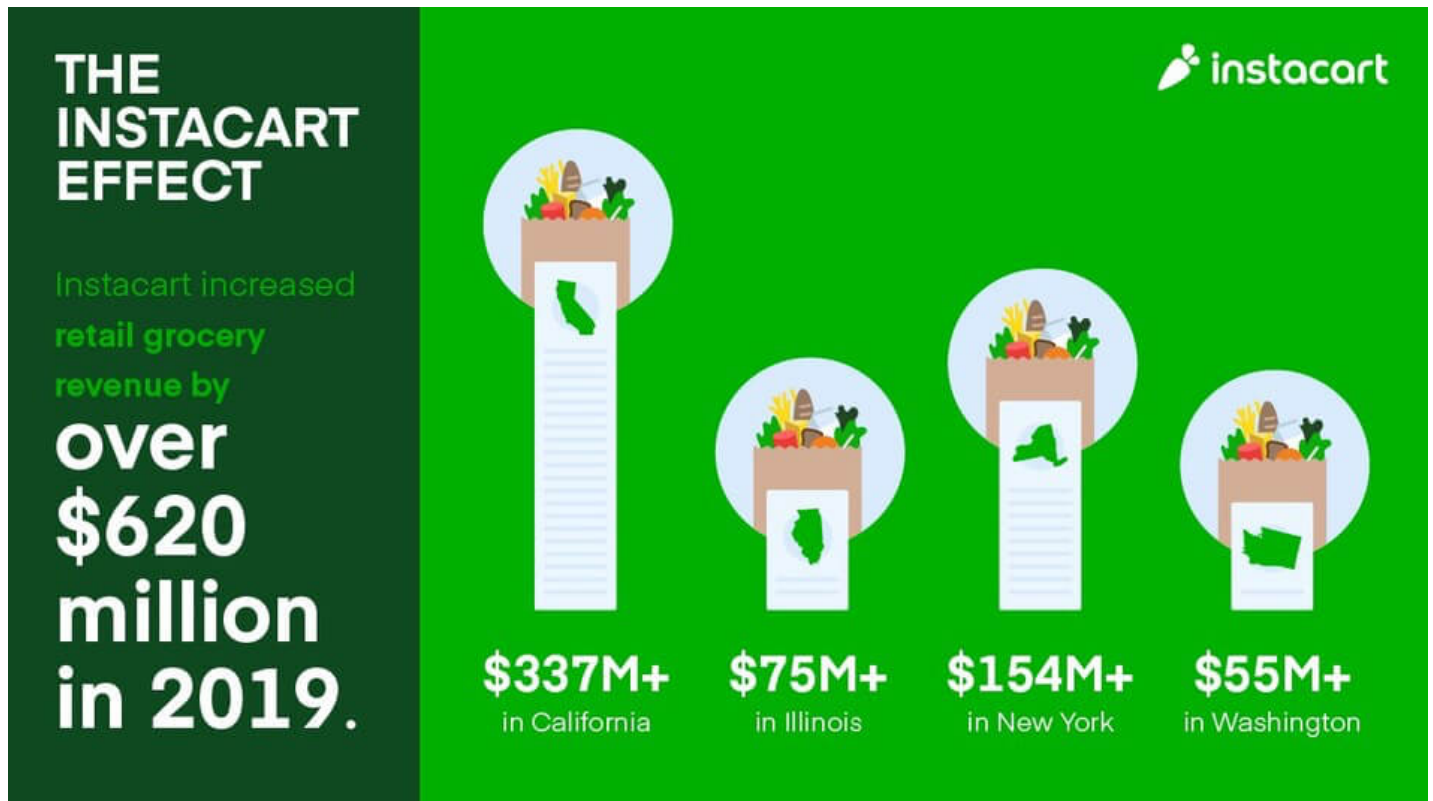




## Instacart Drives Job Creation And Revenue Growth For Grocery Industry, New Data Shows

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*"THE INSTACART EFFECT" CREATED 23,000 RETAIL GROCERY JOBS & \$620 MILLION IN INCREMENTAL REVENUE ACROSS 4 STATES IN 2019, ACCORDING TO STUDY BY NERA ECONOMIST*

*"The Instacart Effect" Drives Average 4% Increase in Grocery Industry Job Growth for New Markets*

SAN FRANCISCO — A new study by Dr. Robert Kulick of NERA Economic Consulting released today reveals the positive economic impact that Instacart, a North American leader in online grocery, has on the broader U.S. retail grocery industry. The study leverages statistical analysis to quantify Instacart's role — deemed "The Instacart Effect" — in driving significant increases in retail grocery employment and revenue.

The study found that by creating additional customer demand for grocery stores, Instacart increased retail grocery employment by 23,000 net jobs and drove significant incremental revenue across four states. According to the study, the entry and expansion of Instacart into local markets acts as an economic complement to grocery store employment, bringing incremental business to the store while creating an e-commerce footprint for retailers.

"Instacart is changing the way customers engage with grocery stores by creating a complementary online service that would be prohibitively expensive for traditional retailers to offer on their own. The result is increased grocery demand, which translates into higher grocery store employment and revenue. The data indicates that in 2019, "The Instacart Effect" was responsible for an increase of more than \$620 million in revenue and over 23,000 jobs in the grocery sector in California, New York, Illinois, and Washington. These findings demonstrate that Instacart has played an important role in helping the grocery industry compete in a challenging economic environment," said Dr. Kulick. "It is often assumed that disruptive innovations necessarily displace traditional modes of commerce and employment. However, with Instacart the opposite is true. While Instacart is changing the way customers interact with grocery stores, it is an example of how innovation can benefit industries and their workers."

Using rigorous statistical methods and analyzing data from California, Illinois, New York, and Washington, the study demonstrates a robust relationship between Instacart adoption in local markets and employment and revenue in the grocery industry.

Key findings of the study include:

- **Grocery Employment Increases When Instacart Enters a Market** — When comparing retail grocery employment prior to and following Instacart's entry into a metropolitan statistical area (MSA), there is a direct connection between Instacart's entry and employment. On average, Instacart's entry is associated with a **4% increase** in retail grocery employment in an MSA, as grocers add employees to support the increased business at their store. These roles are direct employees of grocery stores and include jobs such as cashiers, stocking associates, and deli counter clerks, among others.
- **Instacart Creates Net Grocery Jobs** — In 2019 specifically, Instacart's adoption was directly responsible for more than **23,000 jobs** across MSAs in the four states studied. These are net retail grocery jobs that would not have existed had Instacart not entered and expanded in the market.
- **Instacart Drives Significant Incremental Grocery Revenue** — As online grocery grows, so does the revenue it drives across the grocery industry. Across MSAs, Instacart increased incremental grocery revenue by over **\$620 million** in 2019 alone.
- **"The Instacart Effect" is a National Phenomenon** — The results indicate that the magnitude of "The Instacart Effect" is statistically equivalent for each state. Thus, the findings suggest that "The Instacart Effect" is a national phenomenon.

At the state level, the study finds:

- In California, "The Instacart Effect" created over 11,500 additional jobs and \$337 million in incremental revenue.
- In Illinois, "The Instacart Effect" created over 3,400 jobs and \$75 million in incremental revenue.
- In New York, "The Instacart Effect" created over 6,600 jobs and \$154 million in incremental revenue.
- In Washington, "The Instacart Effect" created over 1,900 jobs and \$56 million in incremental revenue.

The study provides strong evidence demonstrating that "The Instacart Effect" is causal. "The Instacart Effect" is apparent in the results of three distinct statistical models, each of which is validated by seven placebo tests involving other retail industries. In comparison to retailers such as bookstores, sporting goods stores and clothing stores, Instacart showed no effect on growth for any non-grocery

retail industries. This further confirms that "The Instacart Effect" directly impacts retail grocery growth and is not a false positive driven by confounding factors in the broader retail industry.

"Investing in an online retail experience is critical to the success of grocers competing for consumer attention today. The technology and fulfillment needs are complex, and the cost is prohibitive for many. But, with Instacart's support, more than 75 California retailers across 3,500 stores are now online, offering delivery and pickup services that meet the growing needs of their customers," said Ron Fong, California Grocers Association President and CEO. "What Instacart is bringing to the state of California and the rest of the U.S. is a growth runway for brick and mortar grocers that deserve the opportunity to continue to serve their local communities for many generations to come."

"Today in the U.S., grocery is almost a \$1 trillion industry — but it's only now going through its first big wave of tech innovation. Change in a business sector often comes at the detriment of incumbents, and we've seen this play out again and again across industries. But, it doesn't have to be that way. Since day one, our goal at Instacart has been to lift up our brick and mortar grocery partners and give retailers of all sizes an edge in an increasingly competitive industry," said Nilam Ganenthiran, President of Instacart. "While we've long seen in our own internal data that Instacart can incrementally boost retail partner sales between 50% to 80%, this study shows that when Instacart enters a market the tides turn and 'The Instacart Effect' drives meaningful job creation and increased revenue for the grocery industry."

The retail grocery industry represents 17% of retail employment and 13% of retail sales. The study highlights the increased competition facing grocers, which has led to significant economic pressure on the industry. More grocery retailers are turning to delivery solutions like Instacart to compete — and this data provides statistical evidence that the partnerships are helping with retailers' overall growth.

Instacart today partners with more than 350 beloved national, regional and local retailers to offer delivery from more than 25,000 stores across more than 5,500 cities in the U.S. and Canada. Instacart delivery is currently available to more than 85% of households in the U.S. and more than 70% of households in Canada.

To read the full study, click [here](#).

#### **Methodology**

The study, conducted by Dr. Robert Kulick of NERA Economic Consulting, applies a broad array of rigorous statistical methods using data from California, Illinois, New York, and Washington to evaluate whether Instacart increases grocery employment by creating incremental demand for the retail grocery industry and quantifies Instacart's effect on incremental grocery sales. The findings are based on the results of three distinct statistical models, with multiple statistical techniques applied to each model to rule out alternative explanations for the relationship. The evidence for a causal relationship is further supported by the application of seven falsification — or "placebo" — tests to the results of each model.

#### **About Dr. Robert Kulick**

Dr. Robert Kulick is an Associate Director at NERA Economic Consulting, specializing in the economic analysis of competition, regulatory, intellectual property, and labor and employment issues. Much of his work involves the use of econometric analysis to evaluate the effects of technological innovation, entrepreneurship, entry of new firms, and competition on labor market outcomes, including employment, wages, and productivity. Dr. Kulick holds a PhD in economics from the University of Maryland, College Park, and a BA in economics with high honors from Princeton University.

#### **About NERA**

NERA Economic Consulting is a global firm of experts dedicated to applying economic, finance, and quantitative principles to complex business and legal challenges. For half a century, NERA's economists have been creating strategies, studies, reports, expert testimony, and policy recommendations for government authorities and the world's leading law firms and corporations. NERA serves clients from more than 25 offices across North America, Europe, and Asia Pacific.

#### **About Instacart**

Instacart is a North American leader in online grocery and one of the fastest growing companies in e-commerce. Instacart's same-day delivery and pickup services bring fresh groceries and everyday essentials to busy people and families across the U.S. and Canada in as fast as an hour. Instacart has partnered with more than 350 beloved national, regional and local retailers, including Albertsons, ALDI, Costco, Kroger, Loblaw, Publix, Sam's Club, Sprouts, Walmart Canada, and Wegmans, among others, to deliver from more than 25,000 stores across more than 5,500 cities in North America. Instacart's delivery service is available to more than 85 percent of U.S. households and 70 percent of Canadian households. The company's cutting-edge enterprise technology also powers the e-commerce platforms of some of the world's biggest retail players, supporting their white-label websites, applications and delivery solutions. Instacart offers an Instacart Express membership for unlimited free delivery on orders over \$35. For more information or to start shopping, visit [www.Instacart.com](http://www.Instacart.com).