instacart

Protecting Promotions, Discounts, & Loyalty Programs

At Instacart, we're always looking for new ways to make online grocery shopping more affordable, accessible, and transparent. As a leading grocery technology company, we partner with retailers and brands to connect them with customers.

We've been clear: Instacart does not and will never use personal information (protected characteristics, demographic data, or individual shopping behavior) to determine item prices, membership prices, or fees.

We do offer targeted discounts and promotions based on shopping behavior.

Sometimes conflated, these practices are fundamentally different: One may increase the cost for a customer. The other only lowers it. We want to share more about how these discounts work and why they matter.



A Win for Customers. A Win for Local Businesses.

Discounts, promotions, and loyalty programs are common tools we use to expand access and improve affordability for customers. They are also how retailers and brands of every size compete for new business. Targeting these offers to a specific group of customers – such as first-time buyers or lapsed customers – gives retailers meaningful ways to grow, particularly when they have limited resources.

For customers: This means access to more relevant coupons and savings, and more attractive coupons from brands seeking to earn or retain their business.

For retailers and brands: Especially for small grocers and emerging brands with limited resources, this provides an important way to attract new customers, win back former customers, and compete with larger players.

DID YOU KNOW?

In the last few years alone, Instacart has helped customers save more than $3 billion on groceries through Instacart+ membership benefits, targeted promotions, digital flyers, and loyalty integrations — an average savings of more than $5 per order.

If retailers or brands were required to offer a particular discount to every single customer, many simply could not afford to offer a discount at all. That would be bad for competition, bad for small businesses, and bad for customers who count on these savings to help them afford the food they need.

How do these discounts work?

Retailers, brands, and platforms use a variety of tools to deliver unique savings offers to consumers based on their loyalty status and past experiences with the product or the service. Consumers would suffer if they lost these valuable savings.

Here are some examples:

Loyalty programs

Grocers have offered loyalty pricing for decades. It's simple: Members of a store's loyalty program pay less for certain items at certain times than non-members. Customers see savings, and retailers encourage loyalty. On Instacart, retail partners can offer those same loyalty prices to their members shopping online. This is one of the most common and universally accepted forms of personalized discounts.

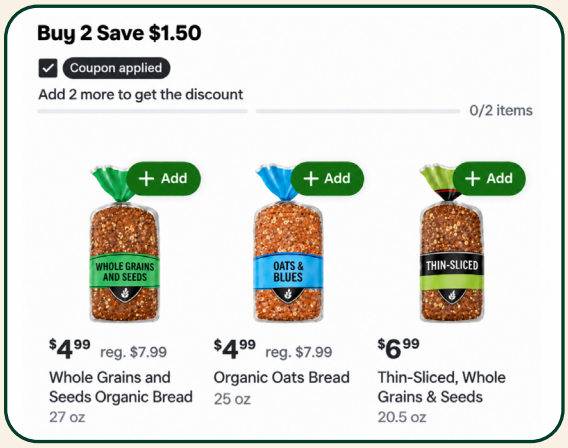


A parent does the same grocery shop — milk, eggs, the same loaf of bread, the same brand of coffee — scanning in-store or inputting online the same loyalty card as a part of their routine. Over a year, that membership saves them hundreds of dollars, because the store wants to retain its most loyal customers.

Personalized coupons — “Try Something New” Discounts

One of the most common ways customers save money on Instacart is through personalized digital coupons – offers matched to what you’ve already bought.

Customers may also be offered an introductory discount to try a new store or product. For example, if a customer has never ordered from a regional grocery chain nearby, that retailer may partner with Instacart and offer $15 off a first order from their Instacart storefront. Similarly, a brand may offer a 50% discount on a first purchase to entice a customer to try a product that’s being introduced to a new region.

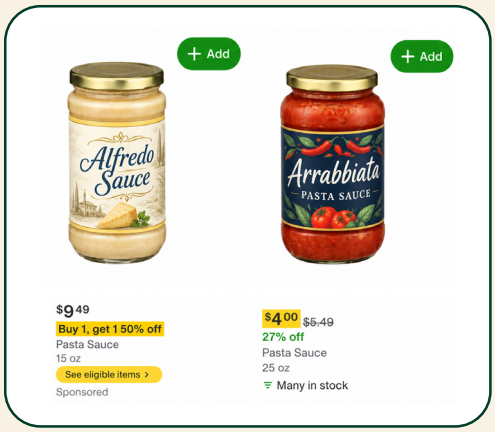


These offers require knowing that a customer has not shopped from that retailer or brand before. In the latter case, it may also mean, in the example above, knowing which region of the country a customer is in. This strategy is often used by smaller grocers and newer brands, who have a limited budget and cannot afford to offer promotions to every single customer as they try to grow their business.

A small, family-run bread company is trying to get noticed next to five big, national brands. To incentivize a customer to try their product, rather than the customer’s usual go-to, the small brand offers a “Buy 2 and Save” coupon. The small brand can’t outspend larger, well-known companies, but they can offer this coupon to the customers they need to reach most, within their limited budget. In the end, the customer saves on bread and the bread company gains a potential new customer.



Personalized coupons — “Become a Weekly Customer”



Similarly, a “Buy it Again” deal on a frequently purchased item requires knowing that a customer has purchased that item previously.

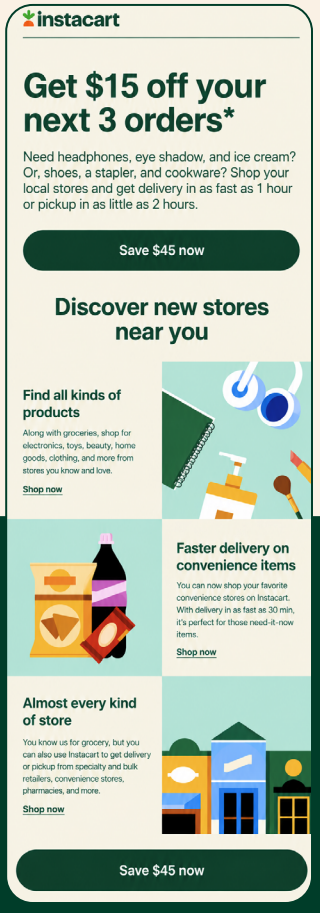
With personalized offers, brands are able to compete for that customer – whether it’s to try to move a customer from one-time purchaser to loyal customer, or, for example, a situation where competing brand “B” releases a new product line and brand “A” offers discounts to their regulars to prevent a drop in sales. Here again, customers are the ones who benefit from the competition between brands to win or maintain that customer’s business.

One week, a customer buys a new pasta sauce for the first time. The next week, the new pasta sauce brand might offer that customer an in-app coupon to try to turn that customer into a loyal, repeat buyer. These deals save the customer money and allow brands of every size a way to compete for those customers.

Personalized coupons — “Win You Back” Offers

Another similar use case: When a retailer wants to bring back (or “re-engage”) a lapsed customer, it may offer a “win-you-back” discount to encourage the customer to order again. That requires knowing the customer hasn’t shopped recently, or that they recently bought a competing brand.

The result is a lower price in the moment and a more competitive and robust grocery marketplace in the long run, as retailers of all sizes use targeted discounts to earn a customer’s business – both of which benefit the customer in the form of savings, access, and affordability.



A new discount grocery store opens a location across town and a family decides to try it out for a month. Their neighborhood go-to store feels this new competition in its sales and offers some customers a “$10 off your next $50 order” offer.

The family has an opportunity to save on next week’s grocery run, and the retailer has an opportunity to win back a former customer.



Membership discounts & incentives

Platforms like Instacart also sometimes offer discounts to certain consumers to encourage them to join membership programs like our Instacart+ program. For example, we might offer 50% off for one year to a consumer who placed multiple orders without having joined our Instacart+ membership program. Without the incentive, this engaged consumer might miss out on the additional savings that come with Instacart+ membership.

Platforms like Instacart also offer incentives to consumers to try new retailers or purchase new products using their platform. These incentives can take many forms, say $15 off a customer's first order from a retailer that sells seasonal items, or $10 off a category of goods available to members only.

Offering them to every customer across the platform means they either happen less frequently, or at a lower savings amount.





**Examples have been edited and anonymized, including using AI tools.*
They are representative of types of offers available on the Instacart marketplace.

The Bottom Line

The common theme across all of these examples? Retailers, brands and platforms use relevant information to offer a lower price at checkout for customers.

All these discounts are common, longstanding tools used by retailers, brands, and platforms like Instacart to help them stay competitive. By offering **lower** prices for some customers in a way that would be cost prohibitive to offer uniformly to all customers, we create a more competitive grocery & retail marketplace. The result? More lower prices for customers and new growth opportunities for businesses.

This is what competition looks like. This is how it should work.

These tools are more important to affordability than ever right now, and policymakers and regulators must protect them. Legislation that fails to distinguish between using information to unfairly raise prices and using information to lower prices doesn't protect customers. We agree that discounts shouldn't be based on protected characteristics like race or income, but blanket restrictions on unique discounts would take away real savings, and that hurts families and local businesses alike.

Instacart supports banning surveillance pricing, and we're eager to work with anyone who shares that goal. As we do, we'll continue to work hard to protect promotions, discounts, and loyalty programs that help families afford the food they need.

