

# Online Grocery Retailing - UK - September 2012

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"If our recommendations for the rollout of in-store and drive-through collection are implemented by major grocery chains, then their store estates – including c-stores and hypermarkets respectively – become indispensable for fulfilling online orders.

And given the necessity for grocery stores to be widely accessible and the still-small percentage of sales originating online, there is little near-term risk of a decimation of grocery store estates. We have no expectation that the 'death of the high street' is to be followed by the 'death of the supermarket'."

**– John Mercer, European Retail Analyst**

## In this report we answer the key questions:

- What will the future of grocery retailing look like?
- What innovations do consumers want?
- What opportunities are there for alternative online models?
- Can – and should – digital refuseniks be converted?

Estimated to add an additional £1 billion in sales in 2012, the online grocery sector more than doubled in size between 2007 and 2012. And Mintel forecasts sector sales to increase by a further 79% on 2012 levels by 2017.

However, relative to the total grocery market in the UK, the online sector remains small at less than 5% of all grocers' sector sales in 2012 – a figure that is disproportionately low considering that 10% of consumers surveyed for this report claimed to do all or most of their grocery shopping online.

This report examines the sector's growth and prospects in detail, charts the market shares of the leading operators, assesses the performance of the major online grocers and considers the important issues in the sector.

Our extensive consumer research examines who is shopping online, and asks questions such as what proportion of online grocery shoppers would like innovations such as drive-through or in-store collection for online orders, to what extent issues such as product quality and substitutions deter non-online shoppers from buying groceries online and what percentage of online shoppers switch between retailers for special offers.

The online grocery sector size is defined as the online sales of food and drink for in-home consumption, including store-based grocers' FMCG sales online, food and drink specialist retailers' online sales, online-based grocers' sales and online-based food box delivery schemes.

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