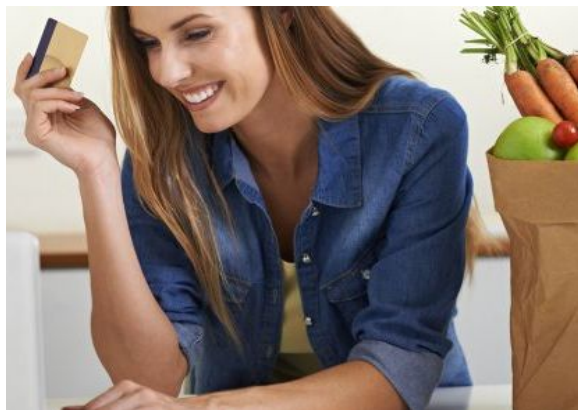


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“Online grocery is the quickest growing grocery channel, but equally the smallest. Once seen as simply a service to replicate the needs of a supermarket shop online, a number of new services came to market in 2016 that have the potential for online grocery to transcend this barrier and adequately serve the more fluid and frequent shopping behaviours seen in the wider market.”

– **Nick Carroll, Senior Retail Analyst**

This report looks at the following areas:

- **Getting Amazon in perspective**
- **Same-day delivery: a necessary evil?**
- **What about click-and-collect?**

The online grocery market continues to be the quickest growing grocery channel, with sales up by an estimated 14.7% in 2016 to reach £9.9 billion. Despite this rapid growth online grocery is still small, accounting for just 6.1% of all grocery retail sales. It is also a market dominated by the leading grocery multiples, with Tesco the largest holding an estimated 35% share, although there are a number of notable online-only players, with Ocado the largest of these holding a 13% share. Amazon also launched its Amazon Fresh grocery service in the UK in 2016, although its limited coverage and high cost to entry means it presently remains a minor concern to major players.

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