

Report Price: £1995.00 | \$2693.85 | €2245.17

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.



"Online grocery is still one of the fastest-growing channels of the grocery retail sector, but growth slowed for the third consecutive year in 2018. The number of users is plateauing as retailers struggle to engage new customers onto services that are still predominantly targeting bigbasket shops in a period where more frequent and fluid shopping behaviour has entered the market." – Nick Carroll, Associate Director – Retail

This report looks at the following areas:

- Same-day, tops-ups, sandwiches: What is the next driver of growth for the market?
 Fire, break-up and new love: Ocado's eventful start to 2019

The online grocery market is estimated to have grown by 8.9% in 2018, representing the third successive year of slowing growth in the channel. This is still far ahead of the 4% growth seen in the wider grocery sector in 2018, meaning that the share that online takes of the wider sector grew from 6.7% to 7%, but it is a notable trend nevertheless.

BUY THIS REPORT NOW

VISIT: store.mintel.com

CALL: EMEA +44 (0) 20 7606 4533

> Brazil 0800 095 9094

Americas +1 (312) 943 5250

China +86 (21) 6032 7300

_{АРАС} +61 (0) 2 8284 8100

EMAIL: reports@mintel.com

DID YOU KNOW?

This report is part of a series of reports, produced to provide you with a more holistic view of this market



Report Price: £1995.00 | \$2693.85 | €2245.17

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Table of Contents

Overview

What you need to know

Products covered in this Report

Executive Summary

The market

Online growth slows in the second half of 2018....

Figure 1: Annual % change in the retail sales of food, by all food sales and online grocery sales, January 2017-January 2019

...meaning the market recorded its third successive year of slowing growth Figure 2: Total online grocery market size (including VAT), 2013-23

Online grocery sales claim their greatest share of sales in November

Figure 3: Online grocery sales as a % of all food stores retail sales, January 2016-January 2019

UK facing an ageing population and declining household, throwing up challenges for the sector Figure 4: Population projections, by age, 2013-23

Companies and brands

Tesco the dominant player

Figure 5: Leading online grocery retailers' estimated market shares (excluding VAT), 2018

From same-day to in-home delivery, the online grocery sector continues to be a hotbed of innovation Figure 6: Waitrose While You're Away, October 2018

Of the grocers the Tesco brand is in good shape, but Amazon's brand trumps all

Figure 7: Attitudes towards and usage of selected brands, September 2018

The consumer

Just under half do some online grocery shopping

Figure 8: Use of online grocery services, December 2018

Overall PC/laptops still the devices of choice for compiling orders

Figure 9: Devices used to shop online for groceries, December 2018

Nearly two thirds of users experienced an issue with an order in the past year...

Figure 10: Issues experienced with online grocery orders in the past year, December 2018

...with the most popular way to resolve an issue being to get on the phone

Figure 11: How customers resolved issues experienced with online grocery orders, December 2018

Tesco by far the most popular online grocery retailer

Figure 12: Retailers used to shop online for groceries in the past year, December 2018

A quarter would not be willing to pay for same-day delivery

Figure 13: Amount online grocery shoppers would be willing to pay for same-day delivery, December 2018

Much interest in a 'unified' app-based shopping experience

Figure 14: Attitudes towards shopping online for groceries, December 2018

Hesitancy towards buying fresh online still the biggest turn-off

Figure 15: Why they stopped shopping/have never shopped online for groceries, December 2018

BUY THIS REPORT NOW



Report Price: £1995.00 | \$2693.85 | €2245.17

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Iss	ues and Insights
	Same-day, tops-ups, sandwiches: What is the next driver of growth for the market?
	The facts
	The implications
	Fire, break-up and new love: Ocado's eventful start to 2019
	The facts
	The implications
The	e Market – What You Need to Know
	Online growth slows in the second half of 2018
	meaning the market recorded its third successive year of slowing growth
	Online grocery sales claim their greatest share of sales in November
	UK facing an ageing population and declining household, throwing up challenges for the sector
Ма	rket Drivers
	Rate of online grocery sales growth slower in 2018
	Figure 16: Annual % change in the retail sales of food, by all food sales and online grocery sales, January 2017-January 2019
	Online grocery store sales as a percentage of all food stores retail sales in 2018 same as 2017
	Figure 17: Online grocery sales as a % of all food stores retail sales, January 2016-January 2019
	Average weekly retail sales highest in December
	Figure 18: Average weekly retail sales of all online grocery retailers, January 2016-January 2019
	Food prices down year on year in 2018
	Figure 19: Annual % change in the price of food and non-alcoholic beverages and alcoholic beverages and tobacco prices, January 2017-January 2019
	End-of-year increase in some food prices
	Figure 20: Annual % change in the price of core food categories, January 2018-January 2019
	Broadband internet connection near universal
	Figure 21: Devices used to access the internet in the last three months, 2016 and 2018
	Core online grocery user demographic forecast to decline
	Figure 22: Population projections, by age, 2013-23
	Households downsizing could shrink size and value of online basket orders Figure 23: UK households, by size, 2013-23
Ма	rket Size and Forecast
	Growth slows for the third consecutive year
	Figure 24: Total online grocery market size (including VAT), 2013-23
	Figure 25: Total online grocery market size (including VAT), at current and constant prices, 2013-23
	A small channel, but one that is gaining share
	Figure 26: Online grocery sales as a % of all grocery retail sales, 2013-23
	Store-based players dominate the market

BUY THIS REPORT NOW



Report Price: £1995.00 | \$2693.85 | €2245.17

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

...but store-based sales are slowing

Figure 28: Online grocery sales by store-based grocery retailers (including VAT), 2013-23

Figure 29: Online grocery sales by store-based grocery retailers (including VAT), at current and constant prices, 2013-23

Ocado continues to be the driver for the pureplay market

Figure 30: Online grocery sales by online-only retailers (including VAT), 2013-23

Figure 31: Online grocery sales by online-only retailers (including VAT), at current and constant prices, 2013-23

Forecast methodology

The Consumer – What You Need to Know

Just under half do some online grocery shopping

Those aged 25-34 are key users

Overall laptop/desktops still the devices of choice for compiling orders

Nearly two thirds of users experienced an issue with an order in the past year

Tesco by far the most popular online grocery retailer

A quarter would not be willing to pay for same-day delivery

Much interest in a 'unified' app-based shopping experience

Hesitancy towards buying fresh online still the biggest turn-off

Online Grocery Use and Delivery Pass Ownership

Just under half are online grocery shoppers...

Figure 32: Use of online grocery services, December 2018

...although less than one in 10 do all of their grocery shopping online

Figure 33: Online grocery usage, 2015-18

A quarter (24%) have a delivery pass

Figure 34: Ownership of online grocery passes, December 2018

Demographics of Online Grocery Shoppers

Those aged 25-34 most likely to shop online

Figure 35: Online grocery use, by age, December 2018

Usage peaks among younger consumers of both sexes

Figure 36: Use and interest in online grocery of non-users, by age and gender, December 2018

Those with children in the household more likely to shop online for groceries Figure 37: Online grocery usage, by parental status, December 2018

Convenience comes at a price

Figure 38: Online grocery usage, by socio-economic group, December 2018

Online grocery usage peaks in urban areas

Figure 39: Online grocery usage, by type of location lived in and area lived in, December 2018

Devices Used to Shop Online for Groceries

Most use a laptop/desktop to complete online grocery orders

Figure 40: Devices used to shop online for groceries, December 2018

Younger online grocery shoppers more likely to shop via mobile

BUY THIS REPORT NOW



Report Price: £1995.00 | \$2693.85 | €2245.17

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Figure 41: Devices used to shop online for groceries, by age, December 2018

Device users more likely to use the mobile site

Figure 42: How smartphone/tablet users shop for groceries online, by age, December 2018

Issues Experienced with Online Grocery Orders

Nearly two thirds (63%) have experienced an issue with an online grocery order

Figure 43: Issues experienced with online grocery orders in the past year, December 2018

Just under a quarter (22%) have experienced more than three problems

Figure 44: Repertoire of issues experienced in the past 12 months when ordering groceries online, December 2018

Frequent users experience more issues

Figure 45: Issues experienced with online grocery orders in the past year, by level of online grocery usage, December 2018

Most call to resolve issues

Figure 46: How customers resolved issues experienced with online grocery orders, December 2018

Younger consumers more likely to complain via modern means

Figure 47: How customers resolved issues experienced with online grocery orders, by age, December 2018

Retailers Shopped With

Tesco the most popular retailer to shop with online

Figure 48: Retailers used to shop online for groceries in the past year, December 2018

Asda appealing to the younger and less affluent

Figure 49: Online grocery retailers used in the past 12 months, by age and socio-economic group, December 2018

Most shopped with at least two retailers online in the past year

Figure 50: Repertoire of online grocery retailers shopped with in the past 12 months, December 2018

Tesco also the most popular grocery retailer overall

Figure 51: Retailers used to shop in-store for groceries in the past 12 months, December 2018

Figure 52: Retailers used to shop in-store for groceries in the past 12 months, by where online grocery shoppers shop for groceries

online, December 2018

Same-Day Delivery

The market edges towards same-day delivery

Figure 53: Select metrics of same-day delivery services within the UK, February 2019

Most would only be willing to pay £1-£4.99 for same-day delivery

Figure 54: Amount online grocery shoppers would be willing to pay for same-day delivery, December 2018

Younger customers far more willing to pay for same-day delivery

Figure 55: Amount online grocery shoppers would be willing to pay for same-day delivery, by age, December 2018

Figure 56: Amount online grocery shoppers would be willing to pay for same-day delivery, by parental status, December 2018

Most plan, but most also think getting fresh as quickly as possible is important

Figure 57: Attitudes towards planning and delivery of fresh products, December 2018

Attitudes towards Mobile Apps and Voice

Demand is there for a one-stop app

Figure 58: Attitudes towards online grocery shopping, December 2018

Younger consumers far more in favour of app integration

BUY THIS REPORT NOW



Report Price: £1995.00 | \$2693.85 | €2245.17

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Figure 59: Agreement with attitudes towards online grocery shopping, by age, December 2018

More interest around using voice for assistance than for ordering

Figure 60: Attitudes towards voice and online grocery, December 2018

Why They Don't Shop Online for Groceries

Fresh still the main concern from those who don't shop online for groceries

Figure 61: Why they stopped shopping/have never shopped online for groceries, December 2018

Younger consumers less put off by ordering fresh online

Figure 62: Why they stopped shopping/have never shopped online for groceries, by age, December 2018

Fresh is a key concern for those who have never shopped online for groceries

Figure 63: Reasons for not shopping online for groceries, by previous experience of or interest in using online groceries services, December 2018

Leading Retailers – What You Need to Know

Tesco the dominant player

From same-day to in-home delivery, the online grocery sector continues to be a hotbed of innovation

Ocado the biggest spender in 2018

Of the grocers the Tesco brand is in good shape, but Amazon's brand trumps all

Leading Retailers and Market Share

Market shares: Tesco still dominant, but has lost share

Figure 64: Leading online grocery retailers' estimated market shares (excluding VAT), 2018

Figure 65: Leading online grocery retailers' estimated market shares (excluding VAT), 2016-18

Leading players: revenues

Figure 66: Leading retailers' net online grocery revenues, 2016-18

Leading players: revenue breakdown

Figure 67: Leading online grocery retailers' estimated total online revenues, by grocery and non-grocery, 2016-18

Smaller players

Figure 68: Smaller players, estimated market shares, 2016-18

Figure 69: Smaller online grocery players' turnover, 2016-18

Competitive Strategies – Key Metrics

Coverage and fulfilment

Figure 70: Selected leading online grocers' coverage and fulfilment centres, 2018

Home delivery metrics

Figure 71: Selected leading online grocers' delivery metrics, March 2019

Delivery passes

Figure 72: Selected leading online grocers' delivery pass details, March 2019

Click-and-collect

Figure 73: Selected leading online grocers' click-and-collect details, March 2019

Advertising and Marketing Activity

Total sector advertising spend up 11.7% year on year in 2018

Figure 74: UK online supermarket/grocer/food retailers' total recorded above-the-line, online display and direct mail advertising expenditure, 2014-18

BUY THIS REPORT NOW



Report Price: £1995.00 | \$2693.85 | €2245.17

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Ocado is the sector's highest advertising spender

Figure 75: Leading UK online supermarket/grocer/food retailers' total recorded above-the-line, online display and direct mail advertising expenditure, 2014-18

Majority of advertising spend channelled through door drops

Figure 76: UK online supermarket/grocer/food retailers' total recorded above-the-line, online display and direct mail advertising expenditure, by media type, 2014-18

Only half of the leading advertisers favour door drops

Figure 77: UK online supermarket/grocer/food retailers' total recorded above-the-line, online display and direct mail advertising expenditure, by media type, 2018

Nielsen Ad Intel coverage

Launch Activity and Innovation

I want it now: grocers across Europe embrace same-day delivery

Figure 78: Supermercato24, March 2019

Figure 79: Buymie Ireland and Lidl, March 2019

Alexa, clean up in aisle four: retailers increasingly embrace voice commerce

Mini-supermarkets on wheels

Figure 80: Stop & Shop driverless vehicle, January 2019

Unattended in-home grocery delivery services

Figure 81: Waitrose While You're Away, October 2018

Expanded pick-up points

Amazon France launches La boutique des Producteurs

Developing foodservice offering

Bol.com takes another leap into grocery deliveries

Brand Research

What you need to know

Brand map

Figure 82: Attitudes towards and usage of selected brands, September 2018

Key brand metrics

Figure 83: Key metrics for selected brands, September 2018

Brand attitudes: Amazon provides the best online service

Figure 84: Attitudes, by brand, September 2018

Brand personality: Store-based retailers generally perceived as the most accessible

Figure 85: Brand personality – macro image, September 2018

Tesco seen as reliable

Figure 86: Brand personality – micro image, September 2018

Brand analysis

Amazon innovative, trusted and highly recommended by those who use it

Figure 87: User profile of Amazon, September 2018

Tesco reliable and accessible

Figure 88: User profile of Tesco, September 2018

Sainsbury's trustworthy and ethical, but lacks cutting edge

Figure 89: User profile of Sainsbury's, September 2018

BUY THIS REPORT NOW



Report Price: £1995.00 | \$2693.85 | €2245.17

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Asda offers good value Figure 90: User profile of Asda, September 2018

Morrisons lacks innovativeness and authoritativeness Figure 91: User profile of Morrisons, September 2018

Iceland basic, but offers good value for money Figure 92: User profile of Iceland, September 2018

Waitrose expensive and exclusive

Figure 93: User profile of Waitrose, September 2018

Ocado lowest brand awareness, lowest lifetime usage and lowest brand recommendation Figure 94: User profile of Ocado, September 2018

Appendix – Data Sources, Abbreviations and Supporting Information

Data sources Financial definitions VAT Abbreviations Consumer research methodology Appendix – Market Size and Forecast

Forecast methodology

BUY THIS REPORT NOW