Online Grocery Retailing - UK - March 2021

Report Price: £2195 | $2995 | €2600

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This report looks at the following areas:

- The impact COVID-19 has had on the size and the shape of the online grocery market
- The number of consumers shopping online, and the key shifts in demographics using the channel as a result of COVID-19
- Consumer intentions post-pandemic in their online grocery use
- How groceries are delivered and how this may adapt in light of increased demand
- Key leading retailer metrics, including market shares in 2020
- Satisfaction with the retailer used most often as a result of COVID-19

A record 59% of UK consumers shopped online for groceries in 2020, helping to drive record sales in the channel. The COVID-19 pandemic encouraged (in some cases, forced) new customers to enter the market, with 7% of current online grocery shoppers using online services for the first time. However, most of the uptick in demand came from existing users, with 53% of pre-pandemic online grocery shoppers doing more of their grocery shopping through the channel as a result of COVID-19.

The obvious impact of this uptick in consumer engagement in the online channel has been a rapid acceleration in sales, with all online grocery sales growing by 75.2% in 2020 to reach £22.3 billion and account for a record 11.4% of all grocery sales. The January 2021 lockdown and slow roadmap out of the peak of the pandemic will give further opportunities for the online channel to capitalise, and this prolonged period of heightened demand will leave a legacy impact, with the market expected to be £4.9 billion bigger in 2025 than our pre-pandemic expectations.

The major threat for the channel is that this uptick in usage was purely circumstantial; however, the indications are that most currently utilising online grocery services will remain in the channel, with just 5% saying they will stop shopping online for groceries once the peak of the pandemic has passed. The

"Online grocery was not just the leading growth area in the grocery sector in 2020, but across all of UK retail. A combination of consumer concern and greater in-home food and drink demands served to not only see the channel record growth during the periods of lockdown but throughout the year."
– Nick Carroll, Associate Director of Retail Research

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threat to the market leaders is that the legacy boost to the online channel will bring greater interest and new retailers and forms of service into the market, diversifying what it means to trade food and drink online and take a share of spending away from traditional 'big-basket' services.

While a threat to leading players, it is this diversification of missions shopped online which brings the greatest opportunity moving forward. The greater role for businesses like Deliveroo means trading food and drink online is now accessible to all grocery retailers, including convenience, while the pandemic gave a much larger platform to alternative retailers, such as Hello Fresh, and those brands who trade D2C. That will be the legacy of the pandemic – not only opening the channel up to new shoppers but to new services and new thinking about what it means to serve in-home food and drink demand online.

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