

Online Grocery Retailing - UK - March 2018

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.



“The smallest and quickest-growing aspect of the grocery market, online grocery is a sector that has seen a vast number of innovations in the past year as it strives to evolve to cater not just for big-basket supermarket-style shops but also for smaller top-up-based shops.”

- Nick Carroll, Senior Retail Analyst

This report looks at the following areas:

- **Taking time to talk: finding a place for voice in the online grocery market**
- **Food for tonight: can online grocery compete with foodservice takeaway?**
- **Online grocery shopping without the retailer: could a direct-to-consumer model work in the grocery sector?**

The online grocery sector continues to be the fastest-growing aspect of the UK grocery market, with sales advancing 13.5% to reach £11.3 billion in 2017, far ahead of the 2.5% growth seen in the wider grocery market in 2017. It is also a sector that is well engaged with, with some 47% of consumers saying they do some online grocery shopping. Despite this it is also the smallest segment of the wider market, accounting for just 6.7% of all grocery retail sales in 2017. In part this is because the vast majority of online grocery shoppers combine online and in-store grocery shopping, with just 8% saying they do all of their grocery shopping online.

**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

APAC
+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

Online Grocery Retailing - UK - March 2018

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 grocery continues to be the fastest-growing segment of the grocery sector...

Figure 1: Total online grocery market size (including VAT), 2012-22

...but is equally the smallest

Figure 2: Online grocery sales as a % of all grocery retail sales, 2012-22

Online grocery sales peak in December, but take their greatest share in November

Figure 3: Average weekly retail sales of all online grocery retailers, January 2015-January 2018

Companies and brands

Tesco the dominant player

Figure 4: Leading online grocery retailers' estimated market shares (excluding VAT), 2017

The Amazon brand is strong

Figure 5: Attitudes towards and usage of selected brands, September 2017

The consumer

Just under half do some online grocery shopping

Figure 6: Online grocery usage, December 2017

Young families a key audience

Figure 7: Online grocery usage, by parental status, December 2017

Convenience an obvious driver

Figure 8: Why users shop online for groceries, December 2017

Bulky items most popular

Figure 9: Types of products typically purchased when shopping online for groceries, December 2017

Tesco the most popular retailer

Figure 10: Online grocery retailers used in the past 12 months, December 2017

Voice commerce could be limited by lack of visual representation

Figure 11: Attitudes towards online grocery shopping, December 2017

What we think

Issues and Insights

Taking time to talk: finding a place for voice in the online grocery market

The facts

The implications

Food for tonight: can online grocery compete with foodservice takeaway?

The facts

**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

APAC +61 (0) 2 8284 8100 |

EMAIL: reports@mintel.com

Online Grocery Retailing - UK - March 2018

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.

The implications

Online grocery shopping without the retailer: could a direct-to-consumer model work in the grocery sector?

The facts

The implications

The Market – What You Need to Know

Online grocery market grows by 13.5% in 2017

A small but significant part of the make-up of the grocery sector

Store-based players dominate the market

Online grocery sales peak in December, but take their greatest share in November

Changing household dynamics could force the industry to switch strategies

Market Drivers

Online growth slows down over 2017

Figure 12: Annual % change in the retail sales of food, by all food sales and online grocery sales, January 2015-January 2018

Online takes its greatest share in November...

Figure 13: Online grocery stores as a % of all food stores retail sales, January 2015-January 2018

...but higher average weekly spending is seen in December

Figure 14: Average weekly retail sales of all online grocery retailers, January 2015-January 2018

Prices rise over 2017

Figure 15: Annual % change in the price of food and non-alcoholic beverages and alcoholic beverages and tobacco prices, January 2016-January 2018

Prices rise across all food categories

Figure 16: Annual % change in the price of core food categories, January 2017-January 2018

Smartphones and tablets used to access internet

Figure 17: Devices used to access the internet in the last three months, June 2014-September 2017

Growing 25-34 age group will boost sales...

Figure 18: Population projections, by age, 2012-22

...but smaller household sizes will prove to be a negative influence

Figure 19: UK households, by size, 2012-22

Market Size and Forecast

Online grocery continues to grow in double digits

Figure 20: Total online grocery market size (including VAT), 2012-22

Figure 21: Total online grocery market size (including VAT), at current and constant prices, 2012-22

A growing but small sector

Figure 22: Online grocery sales as a % of all grocery retail sales, 2012-22

Store-based players still dominate the market

Figure 23: Share of total online grocery market, by type of online grocery operation, 2012-22

Three players dominate the store-based online grocery market

Figure 24: Online grocery sales by store-based grocery retailers (Including VAT), 2012-22

Figure 25: Online grocery sales by store-based grocery retailers (including VAT), at current and constant prices, 2012-22

**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

APAC +61 (0) 2 8284 8100 |

EMAIL: reports@mintel.com

Online Grocery Retailing - UK - March 2018

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 the driver for the online-only segment, but smaller players are growing quickly

Figure 26: Online grocery sales by online-only retailers (including VAT), 2012-22

Figure 27: Online grocery sales by online-only retailers (including VAT), at current and constant prices, 2012-22

Forecast methodology

The Consumer – What You Need to Know

Just under half do some online grocery shopping

Young families a key audience

Convenience an obvious driver

Bulky items most popular

Tesco the most popular retailer

Satisfaction levels generally high but work could be done on recommendations

Voice commerce could be limited by lack of visual representation

Online Grocery Use and Delivery Pass Ownership

Just under half do some online grocery shopping

Figure 28: Online grocery usage, December 2017

Trends in online grocery use

Figure 29: Online grocery usage, 2014-17

Nearly a quarter have a delivery pass

Figure 30: Delivery pass ownership levels, December 2017

Demographics of Online Grocery Use

25-34s most likely to shop online for groceries

Figure 31: Online grocery usage, by age, December 2017

Gender plays a role in use amongst younger shoppers

Figure 32: Use and interest in online grocery of non-users, by age and gender, December 2017

Online peaks amongst those with young families

Figure 33: Online grocery usage, by parental status, December 2017

Price premium means usage peaks amongst more affluent consumers

Figure 34: Online grocery usage, by socio-economic group, December 2017

Online grocery usage peaks in the capital

Figure 35: Online grocery usage, by type of location lived in and area lived in, December 2017

How They Shop Online for Groceries

Desktop/laptops the most used device for online grocery shopping

Figure 36: Devices used to purchase groceries online, December 2017

Younger consumers more likely to shop via smartphone

Figure 37: Devices used to purchase groceries online, by age, December 2017

25-34s most likely to use multiple devices

Figure 38: Repertoire of devices used to purchase groceries online, by age, December 2017

Why They Shop Online for Groceries

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

APAC +61 (0) 2 8284 8100 |

EMAIL: reports@mintel.com

Online Grocery Retailing - UK - March 2018

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.

Convenience a clear driver for online grocery

Figure 39: Why users shop online for groceries, December 2017

Stocking up on bulky items more common with older online grocery shoppers

Figure 40: Leading reasons why users shop online for groceries, by age, December 2017

Higher socio-economic groups more convenience-focused

Figure 41: Reasons why users shop online for groceries, by socio-economic group, December 2017

Store experience an issue for those who do the majority of their shopping online

Figure 42: Reasons why users shop online for groceries, by how much grocery shopping is done online, December 2017

Types of Groceries Purchased Online

Bulky goods most popular

Figure 43: Types of products typically purchased when shopping online for groceries, December 2017

25-44s more likely to buy fresh

Figure 44: Types of products typically purchased when shopping online for groceries, by age, December 2017

16-24s more likely to buy from a single category

Figure 45: Repertoire of products typically purchased when shopping online for groceries, December 2017

Online Grocery Retailers Used

Tesco the dominant player online

Figure 46: Online grocery retailers used in the past 12 months, December 2017

Recipe boxes are targeting younger, more affluent consumers

Figure 47: Online grocery retailers used in the past 12 months, by age and socio-economic group, December 2017

Over half used two or more online grocery retailers in the past year

Figure 48: Repertoire of online grocery retailers used in the past 12 months, December 2017

Figure 49: Online grocery retailers used in the past 12 months, December 2017

Strong crossover between store and online

Figure 50: Retailers shopped with in-store in the last 12 months, December 2017

Figure 51: Online grocery retailers used in the past 12 months, December 2017

Satisfaction with the Buying Process Online

General high levels of satisfaction from online grocery shoppers

Figure 52: Satisfaction with factors relating to online grocery process online, December 2017

Key Driver Analysis: Recommendations an area to monitor

Figure 53: Key drivers of overall satisfaction with online grocery retailers, December 2017

Figure 54: Overall satisfaction with online grocery retailers – key driver output, December 2017

Shopping aisles or mission-based categorisation?

Figure 55: Attitudes towards online grocery websites, December 2017

Key Driver Analysis – Methodology

Attitudes towards Voice and Same-day Delivery

Voice commerce has potential but first wave of devices don't lend themselves to grocery ordering

Figure 56: Attitudes towards online grocery shopping, December 2017

**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

APAC +61 (0) 2 8284 8100 |

EMAIL: reports@mintel.com

Online Grocery Retailing - UK - March 2018

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.

Voice commerce has the potential to tap into new areas

Figure 57: Agreement with the statement "The ability to order groceries through voice command whilst on the move appeals to me", by working status, December 2017

The cost of quick delivery services is off-putting for some

Figure 58: Attitudes towards same-day delivery services, December 2017

Younger consumers more put off by quick delivery charges

Figure 59: Agreement with attitudes towards same-day delivery services, by age, December 2017

Leading Retailers – What You Need to Know

Tesco the dominant player...

...but others are growing quickly

Voice, recipe boxes and foodservice all areas of innovation in 2017

Amazon scores best on brand metrics

Leading Retailers and Market Shares

Market shares: Tesco accounts for a third of the market

Figure 60: Leading online grocery retailers' estimated market shares (excluding VAT), 2017

Figure 61: Leading online grocery retailers' estimated market shares (excluding VAT), 2015-17

Leading players: revenues

Figure 62: Leading online grocery retailers' net internet revenues, 2015-17

Leading players: revenue breakdown

Figure 63: Leading online grocery retailers' estimated total online revenues, by grocery and non-grocery, 2015-17

Smaller players

Figure 64: Smaller online players, estimated market shares, 2015-17

Figure 65: Smaller online grocery players' turnover, 2015-17

Competitive Strategies – Key Metrics

Coverage and fulfilment

Figure 66: Selected leading online grocers' coverage and fulfilment centres, 2017

Home delivery metrics

Figure 67: Selected leading online grocers' delivery metrics, March 2018

Delivery passes

Figure 68: Selected leading online grocers' delivery pass details, March 2018

Click-and-collect

Figure 69: Selected leading online grocers' click-and-collect details, March 2017

Advertising and Marketing Activity

Total sector advertising spend down 26.9% year on year in 2017

Figure 70: UK online supermarket/grocer/food total recorded above-the-line, online display and direct mail advertising expenditure, 2013-17

Leading online supermarket/grocer/food retailers advertising spenders

Figure 71: Leading UK online supermarket/grocer/food retailers' total recorded above-the-line, online display and direct mail advertising expenditure, 2013-17

Door drops attract the biggest percentage of total sector advertising spend

Figure 72: UK online supermarket/grocer/food total recorded above-the-line, online display and direct mail advertising expenditure, by media type, 2017

**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

APAC +61 (0) 2 8284 8100 |

EMAIL: reports@mintel.com

Online Grocery Retailing - UK - March 2018

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.

Nielsen Ad Intel coverage

Innovations and Launch Activity

Voice-enabled shopping

Ocado is the first to join Alexa's party...

Figure 73: Ocado/Amazon Alexa marketing image

... swiftly followed by Gousto and Morrisons

Figure 74: Morrisons/Amazon Alexa marketing image, December 2017

Tesco launches on Google Home

New delivery methods

Ocado trials self-driving grocery truck

Figure 75: Oxbotica autonomous van, June 2017

Grocery delivery service for tourists

Carrefour lets customers deliver groceries

Sainsbury's trials 30-minute click-and-collect

Bringmeister launches in-home delivery...

... as does Amazon

Recipe boxes and foodservice

Sainsbury's trials pizza delivery service

HelloFresh

... launches in Sainsbury's stores...

...opens pop-up store in London...

...launches Christmas dinner recipes

Figure 76: HelloFresh Christmas dinner recipe box, November 2017

Waitrose launches recipe box subscription

Same-day gathers pace

Sainsbury's expands one-hour delivery

Convibo becomes Home Run

Amazon expands its food offering in Europe

Aldi to begin offering online groceries in the US

Co-op trials online deliveries with Deliveroo

Marks & Spencer launches online groceries with one-hour delivery trial...

...and joins Dropit to allow for home delivery of goods from stores

Robinsons trials home delivery service

Brand Research

What you need to know

Brand map

Figure 77: Attitudes towards and usage of selected brands, September 2017

Key brand metrics

Figure 78: Key metrics for selected brands, September 2017

**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

APAC +61 (0) 2 8284 8100 |

EMAIL: reports@mintel.com

Online Grocery Retailing - UK - March 2018

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.

Brand attitudes: Online-only retailers perceived as more innovative

Figure 79: Attitudes, by brand, September 2017

Brand personality: The big four supermarkets perceived as the most accessible

Figure 80: Brand personality – macro image, September 2017

Amazon considered trendsetting and cutting edge

Figure 81: Brand personality – micro image, September 2017

Brand analysis

Amazon innovative and cutting edge

Figure 82: User profile of Amazon, September 2017

Tesco trustworthy and accessible

Figure 83: User profile of Tesco, September 2017

Sainsbury's reliable, good customer service but perceived as fairly expensive

Figure 84: User profile of Sainsbury's, September 2017

Morrisons lacks differentiation and uniqueness but value for money

Figure 85: User profile of Morrisons, September 2017

Asda trusty, reliable but lacks vigour

Figure 86: User profile of Asda, September 2017

Waitrose exclusiveness and worth paying more for

Figure 87: User profile of Waitrose, September 2017

Iceland good value, but largely unappealing and disappointing

Figure 88: User profile of Iceland, September 2017

Ocado innovative and stylish, but suffers low brand awareness

Figure 89: User profile of Ocado, September 2017

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**

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

APAC +61 (0) 2 8284 8100 |

EMAIL: reports@mintel.com