Online Grocery Retailing - UK - 2022

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

This report looks at the following areas:

- **The impact COVID-19 has had on the online grocery market and the impact the household squeeze will have moving forward.**
- **The number of consumers shopping online, including demographics, and how this has changed pre- and post-pandemic.**
- **How groceries are delivered and perceptions around speed and planning of orders.**
- **Leading and alternative retailers used and their market shares.**
- **Types of products purchased online.**
- **Barriers to encourage more online shopping and barriers to beginning shopping online for groceries.**

The online grocery market grew by 17.1% in 2021, defying expectations that a natural decline would be seen in 2021 following the rapid 74.4% growth seen following the onset of the pandemic. Consumer engagement in the channel remained high, with 58% of consumers doing some online grocery shopping, broadly the same level recorded in 2020.

Moving into 2022 and the household squeeze does present challenges for the online grocery channel, with it being perceived as being a more costly way to buy groceries. Indeed, 35% of those who don't shop online for groceries say this is because they can find better prices/promotions in-store and 31% say it is because delivery charges are too high. This may mean that some active in the channel currently will move away as inflation bites, but as a market with a skew towards higher-income households many will remain for the convenience that online services afford them.

A long-term threat for the sector is how the perception of the environmental impact of ordering groceries online develops. 50% of current online grocery shoppers already worry about the environmental impact of grocery shopping online, and we have seen this grow during the pandemic. While convenience currently outweighs such concerns for most, it is important that retailers

"The online grocery market defied expectations in 2021 by putting on further growth following the monumental uptick in demand caused by the pandemic in 2020. Rebalancing between stores and online will come in 2022, but it is clear the legacy boost to the online channel will be larger than first expected. In particular, growth is coming from new ways to shop online and a diversification of the missions and basket sizes coming through the channel."

Nick Carroll, Associate Director of Grocery and Ecommerce Research, March 2022

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communicate environmental credentials to customers and build sustainable models for the future, with 71% of online grocery shoppers saying that they think grocery deliveries should be made more sustainable.

A key reason the online grocery market defied expectations and put on growth in 2021 was that the diversification of services and missions shopped in the online channel continued. The arrival of rapid delivery grocers, such as Getir and Gorillas, was a key story in 2021 and 26% of online grocery shoppers have used such retailers in the past year. These retailers, along with delivery players like Deliveroo and retailers' own initiatives like Tesco Whoosh, give the channel a credible way of tapping into small-basket demand and will be a significant growth area over the next decade.

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