# Online Grocery Retailing - UK - 2023

**Report Price: £2195 | $2995 | €2600**

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## This report looks at the following areas:

- The impact of the cost of living crisis on use and reliance on the online grocery channel
- The size of the online grocery market within the UK and segmentation of the market by type of retailer and delivery method of orders.
- Leading players within the sector, including estimated sales, market shares and customer demographic breakdowns.
- Number of consumers shopping online, including demographic breakdown, and how this has shifted over the past three years.
- Products typically purchased as part of an online grocery shop, reasons for shopping online for groceries from users, and barriers to shopping online for groceries from non-users.
- Attitudes to savvy shopping (eg flexible payment terms, loyalty schemes), sustainability and hygiene when shopping online for groceries.
- Use of and attitudes towards alternative online food and drink retailers, such as rapid delivery retailers (eg Getir), food box retailers (HelloFresh) and alcohol specialists (eg Naked Wines).

A fifth (20%) of online grocery shoppers say they use the channel as it allows them to keep better track of spending, rising to 28% of those aged 16-24. As a channel where there are inherent barriers to use due to a premium price perception, the ability to see live itemised baskets as they are created is something that should be promoted by retailers in the current climate to reassure customers that online grocery services can help them meet their need for value.

Overall, the number of consumers using online grocery services fell to 55% in 2022, and the value of the market declined by 12.6%, with a further 3.8% decline forecast for 2023. While a significant part of this decline is a natural rebalancing following the heights reached in 2020-21, and the market is still 82.1% larger than it was pre-pandemic in 2019, the cost of living crisis also played its part. 36% of those who have moved away from the online channel

“As expected, sales within the online grocery channel were in consistent decline in 2022 as the market rebalanced post the peak use of the channel in 2020-21, with further declines forecast for 2023 before longer-term growth returns.”
**– Nick Carroll, Category Director, Retail Insights**

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say it is because they can find better prices/promotions in-store, while 34% said it was because delivery charges are too high.

In the short term, the perception of online grocery services as being 'more expensive' is the biggest threat to the market, and it is critical that retailers continue to challenge this. Delivery pass schemes, of which 37% are members, can address some concern around delivery cost and it is important that awareness is heightened that those other value incentives, such as loyalty/reward schemes and price-matches, that have been so successful at store level are also available within the online channel.

While the online grocery channel is currently still rebalancing and in the short term does face added pressure due to the drive for value, it is forecast to remain one of the key growth areas of the wider grocery sector over the next five-year period. What the pandemic has accelerated has been the diversification of mission that can be completed within the online channel. While there is uncertainty around the stability of some players within the rapid delivery space, this will continue to be a growth area, while there is still much growth opportunity within the subscription, food box and D2C space.

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