

## Online Grocery Retailing - UK - March 2015

Report Price: £1750.00 | \$2834.04 | €2223.04

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



“Shopping for groceries online doesn’t meet everyone’s needs all of the time and as our consumer research shows, people are clear about the disadvantages as well as the advantages. The important thing for retailers is that they continue to improve the online experience for those that choose to shop this way.”

– Hilary Monk, Senior Retail Analyst

This report looks at the following areas:

- Where next as the online market matures?
- How can grocers improve the shopping experience?
- Delivery is a key battleground
- Click-and-collect – Integration at its best

Our consumer research this year explored people’s attitudes towards possible innovations and improvement for online grocery shopping. The overarching themes of our findings were control and clarity. Customers want more say in how they like their goods, how and when they are delivered and a better two-way dialogue with retailers regarding their order.

BUY THIS  
REPORT NOW

VISIT:  
[store.mintel.com](http://store.mintel.com)

CALL:  
EMEA  
+44 (0) 20 7606 4533

Brazil  
0800 095 9094

Americas  
+1 (312) 943 5250

APAC  
+61 (0) 2 8284 8100

EMAIL:  
[reports@mintel.com](mailto: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 2015

Report Price: £1750.00 | \$2834.04 | €2223.04

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

## Table of Contents

### Introduction

Definitions  
 Market size and market shares  
 Financial definitions  
 VAT  
 Other  
 Abbreviations

### Executive Summary

The market  
 Figure 1: Online grocery sales (including VAT), 2009-19

Segment size and forecast

Market drivers  
 Figure 2: Consumer prices index: Annual % change, January-December 2014

Companies, brands and innovations

Market shares  
 Figure 3: The leading retailers: Online grocery market shares (%), 2013 and 2014

Groceries/general merchandise split  
 Figure 4: The leading retailers' estimated online breakdown, by groceries and general merchandise, 2013 and 2014

The consumer

Consumer usage  
 Figure 5: Usage of online grocery shopping, November 2014

Where they shop online  
 Figure 6: Retailers used for the majority of grocery shopping, November 2014

Disadvantages to online grocery shopping  
 Figure 7: Disadvantages to shopping for groceries online, November 2014

Advantages to online grocery shopping  
 Figure 8: Advantages to shopping for groceries online, November 2014

Attitudes towards online grocery shopping – Innovations and improvements  
 Figure 9: Agreement with statements relating to innovations or improvements, November 2014

What we think

### Issues and Insights

Where next as the online market matures?  
 The facts  
 The implications  
 How can grocers improve the shopping experience?  
 The facts

BUY THIS  
 REPORT NOW

VISIT: [store.mintel.com](http://store.mintel.com)  
 CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094  
 Americas +1 (312) 943 5250 | APAC +61 (0) 2 8284 8100  
 EMAIL: [reports@mintel.com](mailto:reports@mintel.com)

# Online Grocery Retailing - UK - March 2015

Report Price: £1750.00 | \$2834.04 | €2223.04

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

## The implications

Delivery is a key battleground

## The facts

The implications

Click-and-collect – Integration at its best

## The facts

The implications

## Trend Application

Trend: Make it Mine

Trend: Help Me Help Myself

Mintel futures: Access Anything, Anywhere

## Market Size and Forecast

### Key points

Growth continues to slow despite Morrisons entering the market

Figure 10: Online grocery sales (including VAT), 2009-19

Online sales account for 5% of all grocery retailers' sales

Figure 11: Online grocery sales as a % of all grocery retailers' sector sales, 2009-19

Looking further ahead

Figure 12: Online grocery sales (including VAT), at current and constant prices, 2009-19

### Segments

Segment size and forecast: Major online grocers

Figure 13: Online grocery sales by major online grocers (including VAT), 2009-19

Figure 14: Online grocery sales by major online grocers (including VAT), at current and constant prices, 2009-19

Segment size and forecast: Specialist and small online retailers

Figure 15: Online grocery sales by small or specialist online grocery retailers (including VAT), 2009-19

Figure 16: Major online grocers versus small or specialist online grocery retailers' share of the total online grocery market, 2009-19

Figure 17: Online grocery sales by small or specialist online grocery retailers (including VAT), at current and constant prices, 2009-19

Mintel's forecast methodology

## Market Environment

### Key points

Broadband connections

Figure 18: UK household internet access, % of households with broadband access with at least one member aged 16-74, 2007-14

Figure 19: UK household internet access, % of households with broadband access with and without dependent children, 2014

Digital trends – Shopping via device

Figure 20: Percentage of individuals who have shopped online in the last three months, by age, October 2014

Figure 21: Personal ownership of mobile phones, January 2012-October 2014

Click-and-collect market

Figure 22: Last use of click-and-collect: Groceries versus non-groceries, June 2014.

BUY THIS  
REPORT NOW

VISIT: [store.mintel.com](http://store.mintel.com)  
CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094  
Americas +1 (312) 943 5250 | APAC +61 (0) 2 8284 8100  
EMAIL: [reports@mintel.com](mailto:reports@mintel.com)

# Online Grocery Retailing - UK - March 2015

Report Price: £1750.00 | \$2834.04 | €2223.04

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

## Consumer confidence and inflation

Figure 23: Consumer confidence levels, January 2013-January 2015

## CPI

Figure 24: UK: Consumer Prices Index: Annual % change, January-December 2014

## Retail prices index and average weekly earnings

Figure 25: Retail prices index and average weekly earnings: Annual % change, January 2009-November 2014

## Strengths and Weaknesses

### Strengths

### Weaknesses

## Who's Innovating?

### Key points

Tesco launches shopping app for Google Glass

App for pre-ordering deli, lunchmeats and subs

Online recipe delivery service groceries

Home delivery recipe boxes

Sainsbury's to the rescue

Amazon's 'magic wand' that automates the task of creating a shopping list

Ocado's shopping centre click-and-collect service

Innovative grocery service at Helsinki Airport

## Leading Retailers and Market Shares

### Key points

### Market shares

Figure 26: Leading online grocery retailers' estimated market shares (including VAT), 2012-14

### Online revenues: Strong growth from Waitrose

Figure 27: Leading online grocery retailers' net internet revenues, 2012-14

### Online dominated by groceries

Figure 28: Leading online grocery retailers' estimated total online revenues, by grocery and non-grocery, 2013 and 2014

### Contribution to total sales: Tesco nearing 10%

Figure 29: Leading online grocery retailers' online sales as % of their total UK sales, 2013 and 2014

### Smaller online retailers: A small proportion of the market

Figure 30: Smaller online grocery retailers' estimated market shares, 2012-14

### Coverage and fulfilment

Figure 31: Selected leading online grocers' coverage and fulfilment centres, 2014

### Ramping up capabilities

### Click-and-collect – A growing concern

Figure 32: Major grocery retailers offering grocery click-and-collect services, 2014

### Tesco attracts the highest number of visitors

Figure 33: Leading food retail websites, ranked by total unique visitors, December 2014

**BUY THIS  
REPORT NOW**

VISIT: [store.mintel.com](http://store.mintel.com)

CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094

Americas +1 (312) 943 5250 | APAC +61 (0) 2 8284 8100

EMAIL: [reports@mintel.com](mailto:reports@mintel.com)

# Online Grocery Retailing - UK - March 2015

Report Price: £1750.00 | \$2834.04 | €2223.04

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

## The Consumer – Profiling Online Grocers' Shoppers

### Key points

#### Online more popular with female consumers

Figure 34: Customer profiles of leading retailers, online and in-store, by gender, November 2014

#### Younger online shoppers

Figure 35: Customer profiles of leading retailers, online and in-store, by age, November 2014

#### Waitrose more popular with affluent consumers

Figure 36: Customer profiles of leading retailers, online and in-store, by socio-economic group, November 2014

#### Morrisons and Asda more popular in the North

Figure 37: Customer profiles of leading retailers, online and in-store, by geographic region, November 2014

Figure 38: Customer profiles of leading retailers, online and in-store, by type of location, November 2014

## The Consumer – Usage of Online Grocery Shopping

### Key points

#### What we asked

#### Over 40% of consumers shop for groceries online

Figure 39: Usage of online grocery shopping, November 2014

#### Participation dips in 2014

Figure 40: Proportion saying they do most or all of their grocery shopping online, 2011-14

Figure 41: Usage of online grocery shopping, December 2013 and November 2014

#### Frequency of shopping by retailer used

Figure 42: Usage of online grocery shopping, by retailers used for majority of grocery shopping in-store and online, November 2014

#### Younger people greatest enthusiasts

Figure 43: Usage of online grocery shopping, by average age and affluence, November 2014

#### Market skewed to the family shopper

Figure 44: Usage of online grocery shopping, by family type, November 2014

#### Regional

Figure 45: Usage of online grocery shopping, by region, November 2014

## The Consumer – Where They Shop Online

### Key points

#### What we asked

#### Tesco dominates the online arena

Figure 46: Retailers used for majority of grocery shopping, in-store versus online, November 2014

#### Morrisons has a lot of catching up to do

#### Trend data

Figure 47: Retailers used for majority of grocery shopping, online: Selected major retailers, 2012-14

#### Online's contribution to shopper numbers and sales

Figure 48: Online shopper numbers relative to total shopper numbers, and online grocery sales as % of total UK company sales, selected retailers, November 2014

#### Online shoppers are younger

BUY THIS  
REPORT NOW

VISIT: [store.mintel.com](http://store.mintel.com)  
CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094  
Americas +1 (312) 943 5250 | APAC +61 (0) 2 8284 8100  
EMAIL: [reports@mintel.com](mailto:reports@mintel.com)

# Online Grocery Retailing - UK - March 2015

Report Price: £1750.00 | \$2834.04 | €2223.04

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

Figure 49: The consumer: Retailers used for majority of grocery shopping, in-store and online: Selected major retailers, by average age and affluence, November 2014

Tesco online shoppers are from larger households

Figure 50: Retailers used for majority of grocery shopping, online: Selected major retailers, by size of household, November 2014

North West and North East most important region for Asda

Figure 51: Retailers used for majority of grocery shopping, online: Selected major retailers, by region, November 2014

## The Consumer – Disadvantages of Shopping Online

Key points

What we asked

Not choosing in person the greatest disadvantage

Figure 52: Disadvantages to shopping for groceries online, November 2014

Delivery-related issues another drawback

Substitutions

Appetite for Aldi and Lidl to sell online

Sell-by dates

Encouraging more silver surfers to shop online for groceries

Figure 53: Disadvantages to shopping for groceries online, by age, November 2014

'Group buying' for students?

Figure 54: Disadvantages to shopping for groceries online, by employment status of main income earner in household, November 2014

## The Consumer – Advantages of Shopping Online

Key points

What we asked

Saving effort, time and money seen as greatest benefits

Avoiding the supermarket slog

Figure 55: Advantages to shopping for groceries online, November 2014

Time is precious

Financial benefits

Supporting older people

Figure 56: Selected advantages to shopping for groceries online, by age, November 2014

Figure 57: Selected advantages to shopping for groceries online, by marital status and household size, November 2014

## The Consumer – Attitudes towards Innovations and Improvements

Key points

What we asked

Fears over substitutions prevalent

Figure 58: Agreement with statements relating to innovations or improvements, November 2014

Figure 59: Agreement with statements relating to innovations or improvements, by retailers used for majority of grocery shopping in-store and online, November 2014

Figure 60: Attitudes towards innovation and improvements in online grocery retailing, by age and affluence, November 2014

Delivery: Clarity and choice needed

Figure 61: Attitudes towards innovation and improvements in online grocery delivery, November 2014

BUY THIS  
REPORT NOW

VISIT: [store.mintel.com](http://store.mintel.com)  
CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094  
Americas +1 (312) 943 5250 | APAC +61 (0) 2 8284 8100  
EMAIL: [reports@mintel.com](mailto:reports@mintel.com)

# Online Grocery Retailing - UK - March 2015

Report Price: £1750.00 | \$2834.04 | €2223.04

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

Figure 62: Agreement with innovation and improvements in online grocery delivery, by type of location, November 2014

## Interest in click-and-collect via convenience stores

Figure 63: Attitudes towards innovation and improvements in online grocery click-and-collect, November 2014

Figure 64: Agreement with innovation and improvements in online grocery click-and-collect, by type of location, November 2014

## Website improvements: Searching for inspiration

Figure 65: Attitudes towards innovation and improvements in online grocery websites, November 2014

Figure 66: Agreement with innovation and improvements in online grocery websites, by age, November 2014

## An ability to dictate how they like their food

Figure 67: Attitudes towards innovation and improvements in online grocery products/services, November 2014

Figure 68: Agreement with innovation and improvements in online grocery products/services, by retailers used for the majority of shopping in-store and online, November 2014

## The Consumer – CHAID analysis

### Methodology

#### Shoppers want lower delivery charges

Figure 69: Online grocery retailing – CHAID – Tree output, November 2014

Figure 70: Online grocery retailing – CHAID – Table output, November 2014

## Amazon.co.uk

### What we think

UK grocery offer limited

A poor start in own-brand grocery lines

Company background

#### Company performance

Figure 71: Amazon Europe: Group sales performance, excl. sales tax, 2009-14

#### Retail offering

Figure 72: Number of products listed in Grocery on amazon.co.uk, by sub-category, February 2014 and February 2015

## Asda Group

### What we think

Convenient delivery options

Innovative solutions for busy shoppers

See it, click it, buy it...‘shoppable’ online ads

Company background

#### Company performance

Figure 73: Asda Group Ltd: Group financial performance, 2010-14

Figure 74: Asda Group Ltd: Estimated online grocery revenues, 2012-14

Figure 75: Asda Group Ltd: Outlet data, 2010-14

#### Retail offering

## J. Sainsbury

### What we think

Launches its first store click-and-collect service

**BUY THIS  
REPORT NOW**

VISIT: [store.mintel.com](http://store.mintel.com)  
CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094  
Americas +1 (312) 943 5250 | APAC +61 (0) 2 8284 8100  
EMAIL: [reports@mintel.com](mailto:reports@mintel.com)

# Online Grocery Retailing - UK - March 2015

Report Price: £1750.00 | \$2834.04 | €2223.04

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

Rollout of new grocery platform

New shopping app

Click and commute

Launches Tu online

Company background

Company performance

Figure 76: J. Sainsbury: Group financial performance, 2010/11-2014/15

Figure 77: J. Sainsbury: Estimated online grocery revenues, 2011/12-2014/15

Figure 78: J. Sainsbury: Outlet data, 2009/10-2014/15

Retail offering

## Ocado

What we think

Leveraging its market-leading IP potential

Extending its multichannel reach

Expanding its non-food offer

Improving the online experience

Company background

Company performance

Figure 79: Ocado Ltd: Group financial performance, 2009/10-2013/14

Figure 80: Ocado Ltd: Key customer metrics, 2009/10-2013/14

Retail offering

## Tesco

What we think

Profits overstatement

Lewis' turnaround

Cutting back ranges to simplify shopping

Leading the way online

The future

Company background (UK)

Company performance

Figure 81: Tesco UK: Sales growth, 2014/15

Figure 82: Tesco Plc: Group financial performance, 2009/10-2014/15

Online grocery sales

Figure 83: Tesco UK: Estimated online grocery revenues, 2012/13-2014/15

Profitability

Performance by store format and channel

Figure 84: Like-for-like sales growth, by format and channel, Q1-Christmas 2014/15

Outlets

Figure 85: Tesco UK: Outlet data, 2009/10-2013/14

BUY THIS  
REPORT NOW

VISIT: [store.mintel.com](http://store.mintel.com)

CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094

Americas +1 (312) 943 5250 | APAC +61 (0) 2 8284 8100

EMAIL: [reports@mintel.com](mailto:reports@mintel.com)

# Online Grocery Retailing - UK - March 2015

Report Price: £1750.00 | \$2834.04 | €2223.04

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

Figure 86: Tesco sales breakdown, 2013/14

## Wm Morrison Group

### What we think

Freshness and affordability

Early setback, but company claims the service is ahead of its expectations

A differentiator to distinguish itself from already-established online rivals

Delivery coverage weakness

Online price-checker tool and loyalty card

Company background

Company performance

Figure 87: Wm Morrison Group: Group financial performance, 2010/11-2014/15

Figure 88: Wm Morrison Group: Outlet data, 2010/11-2013/14

Retail offering

## Waitrose

### What we think

Changing the way people shop online for groceries

Market-leading click-and-collect trial

Specialist sites

Company background

Company performance

Figure 89: Waitrose Ltd: Group financial performance, 2010/11-2014/15

Figure 90: Waitrose: Estimated online grocery revenues, 2011/12-2014/15

Figure 91: Waitrose Ltd: Outlet data, 2010/11-2014/15

Retail offering

BUY THIS  
REPORT NOW

VISIT: [store.mintel.com](http://store.mintel.com)  
CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094  
Americas +1 (312) 943 5250 | APAC +61 (0) 2 8284 8100  
EMAIL: [reports@mintel.com](mailto:reports@mintel.com)