

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.



"In 2019 growth slowed for the fourth consecutive year in the online grocery market, as the sector continues to struggle to reach new customers with much of the growth in the market coming from existing users."

> - Nick Carroll, Associate Director of Retail Research

This report looks at the following areas:

The start to 2020 has seen growth rapidly accelerate due to the COVID-19 outbreak, the legacy of which will be opening up the online grocery market to large numbers of customers who may not have shopped for groceries online before.

- The impact (and legacy) of COVID-19 on the online grocery sector
- D2C: Death by 1,000 cuts?

BUY THIS REPORT NOW

VISIT: store.mintel.com

CALL:EMEA
+44 (0) 20 7606 4533

Brazil 0800 095 9094

Americas +1 (312) 943 5250

+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



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

Growth in the online grocery market slows to just 2.9%

Figure 1: All online grocery retail sales, (inc. VAT), 2014-24

Store-based players account for the majority of the market

Figure 2: Split of all online grocery retail sales, by type of retailer, 2014-24

Online accounts for just 7% of the wider grocery sector

Figure 3: Online share of all grocery retail sales (inc. VAT), 2014-24

Online grocery takes its greatest share in the winter months, but sales peak in December

Figure 4: Store-based online grocery retail sales, average weekly sales, Jan 2018-Jan 2020

Companies and brands

Tesco is the market leader

Figure 5: Leading online grocery retailers' estimated market shares (excluding VAT), 2019

Tesco recognised as a grocer which provides a great online service

Figure 6: Key metrics for selected brands, October 2019

Leading players invest significantly in advertising in 2019

 $Figure \ 7: \ UK \ online \ supermarket/grocer/food \ retailers' \ total \ recorded \ above-the-line, \ online \ display \ and \ direct \ mail \ advertising \ expenditure, \ 2015-19$

The consumer

Half of consumers do some online grocery shopping

Figure 8: Online grocery usage, December 2019

Younger parents the key online grocery users

Figure 9: Online grocery usage, by parental status and age of children, December 2019

Significant growth in smartphone shopping

Figure 10: Devices used to shop online for groceries, 2018 and 2019

Ambient products continue to overindex online

Figure 11: Types of products purchased through online grocery services, December 2019

Online key to new brand discovery

Figure 12: Attitudes towards shopping for groceries online, December 2019

What we think

Issues and Insights

The impact (and legacy) of COVID-19 on the online grocery sector

The facts

The implications

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



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.

D2C: Death by 1,000 cuts?

The facts

The implications

The Market - What You Need to Know

Growth in the online grocery market slows to just 2.9%

Store-based players account for the majority of the market

Online accounts for just 7% of the wider grocery sector

Online grocery takes its greatest share in the winter months, but sales peak in December

Market Drivers

Online growth comes into line with the wider market

Figure 13: Annual % change in all grocery retail sales and store-based online grocery retail sales, Jan 2018-Jan 2020

The outperformance of online-only players is not confined to the grocery sector

Figure 14: Share of all retail sales, by type of retail operation, 2015-19

Online grocery takes its greatest share in the winter months...

Figure 15: Share of all grocery retail sales accounted for by store-based online grocery retail sales, Jan 2018-Jan 2020

...but average weekly sales hit the peak in December

Figure 16: Store-based online grocery retail sales, average weekly sales, Jan 2018-Jan 2020

Food prices edge up in 2019

Figure 17: Inflation, year-on-year change in food and non-alcoholic beverage and alcoholic beverages and tobacco prices, Jan 2018-Jan 2020

Mobile devices moving to be the dominant device for online shopping

Figure 18: Other digital activity in the last three months, April 2017 and September 2019

Growth in older consumers and smaller households presents challenges and opportunities for retailers

Figure 19: Population size and age structure, 2014-24

Market Size and Forecast

Market growth slows to just 2.9% in 2019

Figure 20: All online grocery retail sales, (inc. VAT), 2014-24

Figure 21: Total online grocery retail sales (including VAT), 2014-24

Online continues to grow its share of all retail sales

Figure 22: Online share of all grocery retail sales (inc. VAT), 2014-24

Online-only players gaining influence in the market $% \left(1\right) =\left(1\right) \left(1\right) \left$

Figure 23: Split of all online grocery retail sales, by type of retailer, 2014-24

Store-based sales decline in 2019

Figure 24: Online grocery sales by store-based grocery retailers (inc. VAT), 2014-24

Figure 25: Online grocery sales by store-based grocery retailers (including VAT), at current and constant prices, 2014-24

Online-only players slowing but outperforming store-based retailers

Figure 26: Online grocery sales by online-only retailers (including VAT), 2014-24

Figure 27: Online grocery sales by online-only retailers (including VAT), at current and constant prices, 2014-24

Forecast methodology



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



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 Consumer - What You Need to Know

Half of consumers do some online grocery shopping

Younger parents the key online grocery users

Significant growth in smartphone shopping

Ambient products continue to overindex online

Online key to new brand discovery

Online Grocery Usage

Half of consumers do some online grocery shopping

Figure 28: Online grocery usage, December 2019

Growth in the number doing most of their shopping online

Figure 29: Online grocery usage, December 2017-19

Figure 30: Changes in online grocery use, December 2019

Demographics of Online Grocery Shoppers

Key demographics summary

25-34s most likely to shop online for groceries

Figure 31: Online grocery usage, by age, December 2019

Usage peaks among those with young children

Figure 32: Online grocery usage, by parental status and age of children, December 2019

Those in full-time work more likely to shop for groceries online

Figure 33: Online grocery usage, by working status, December 2019

Online use still peaks among higher earners

Figure 34: Online grocery usage, by household income, December 2019

Cities a hotbed of online grocery use

Figure 35: Online grocery usage, by location, December 2019

Retailers Shopped With

Tesco the dominant player online

Figure 36: Retailers used to shop for groceries online, December 2019

Figure 37: Repertoire of retailers used to shop online for groceries, by retailers shopped with, December 2019

Partnership with Amazon proving fruitful in attracting younger shoppers for Morrisons

Figure 38: Retailers used to shop for groceries online, by age and socio-economic group, December 2019

Tesco winning the battle for parents, but there is significant use of food-box services among this group

Figure 39: Retailers used to shop for groceries online, by parental status and age of children, December 2019

Delivery Pass Ownership

Over a quarter have a delivery pass

Figure 40: Delivery pass ownership, December 2019

Ocado converting more of its shoppers to delivery pass owners

Figure 41: Delivery pass ownership, July 2019

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



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.

Devices Used to Shop Online for Groceries

Significant growth in the number shopping via smartphone

Figure 42: Devices used to shop online for groceries, 2018 and 2019

Younger online grocery shoppers more likely to shop via mobile than PC/laptop

Figure 43: Devices used to shop online for groceries, by age, December 2019

Over half shop on mobile via apps

Figure 44: Method used to shop via mobile device, December 2019

What They Buy Online

Ambient products continue to overindex online

Figure 45: Types of products purchased through online grocery services, December 2019

Most online grocery shoppers are full-basket shoppers

Figure 46: Repertoire of types of products purchased through online grocery services, December 2019

Factors Impacting Online Grocery Usage

Convenience still the major driver for online grocery

Figure 47: Reasons why more grocery shopping has been done online, December 2019

Discounters still drawing customers away from online

Figure 48: Reasons why less grocery shopping has been done online, December 2019

Attitudes towards Shopping Online for Groceries

Discovery of new brands a key part of the online grocery experience

Figure 49: Behaviours of online grocery shoppers, December 2019

There are concerns around the environmental impact of shopping online

Figure 50: Behaviours of online grocery shoppers, December 2019

Foodservice courier firms could provide the solution to tap into top-ups

Figure 51: Behaviours of online grocery shoppers, December 2019

Leading Retailers - What You Need to Know

Tesco is the market leader

Ocado grows strongly despite warehouse fire

Tesco recognised as a grocer which provides a great online service

Leading players invest significantly in advertising in 2019

Leading Retailers and Market Share

Tesco the market leader

Figure 52: Leading online grocery retailers' estimated market shares (excluding VAT), 2019

Figure 53: Leading online grocery retailers' estimated market shares (excluding VAT), 2017-19

Leading players: revenues

Figure 54: Leading retailers' net online grocery revenues, 2017-19

Leading players: revenue breakdown

Figure 55: Leading online grocery retailers' estimated total online revenues, by grocery and non-grocery, 2017-19

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



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.

Smaller players: revenues

Figure 56: Smaller online grocery players' turnover, 2017-19 Figure 57: Smaller online grocery players' turnover, 2017-19

Brand Research

What you need to know

Brand map

Figure 58: Attitudes towards and usage of selected brands, October 2019

Key brand metrics

Figure 59: Key metrics for selected brands, October 2019

Brand attitudes: Waitrose seen as a brand that is worth paying more for

Figure 60: Attitudes, by brand, October 2019

Brand personality: The big four have accessibility on their side

Figure 61: Brand personality - macro image, October 2019

Tesco size boosts it sense of reliability

Figure 62: Brand personality – micro image, October 2019

Brand analysis

Amazon's brand excels on most metrics

Figure 63: User profile of Amazon, October 2019

Tesco: A highly ubiquitous but trust brand

Figure 64: User profile of Tesco, October 2019

Sainsbury's: still carries a higher price perception compared to nearest rivals

Figure 65: User profile of Sainsbury's, October 2019

Asda: strong price credentials, but this leads to some negative connotations

Figure 66: User profile of Asda, October 2019

Morrisons: online credentials still in doubt from non-users

Figure 67: User profile of Morrisons, October 2019

Waitrose: a premium brand image

Figure 68: User profile of Waitrose, October 2019

Ocado: lower usage, but high service levels

Figure 69: User profile of Ocado, October 2019

Iceland: reliable but also most likely to be seen as basic

Figure 70: User profile of Iceland, October 2019

Launch Activity and Innovation

Faster and more convenient grocery shopping services

Targeting office lunchtime delivery market

Click-and-collect robotic grocery parcel system that saves time queuing in stores

Figure 71: Cleveron 501 Grocery pick-up

'Grab and go' digital grocery shop

Grocery voice ordering service

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



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.

'Referrals' discount for online grocery purchases

Last-mile delivery solutions

AI-driven online grocery solution

Advertising and Marketing Activity

Total sector advertising spend up 61.9% year-on-year in 2019

Figure 72: UK online supermarket/grocer/food retailers' total recorded above-the-line, online display and direct mail advertising expenditure, 2015-19

Ocado remains the sector's highest advertising spender

Figure 73: Leading UK online supermarket/grocer/food retailers' total recorded above-the-line, online display and direct mail advertising expenditure, 2015-19

Door drops account for the biggest percentage share of advertising spend

Figure 74: UK online supermarket/grocer/food retailers' total recorded above-the-line, online display and direct mail advertising expenditure, by media type, 2015-19

Leading advertisers prefer door drops over other media types

Figure 75: Leading UK online supermarket/grocer/food retailers' total recorded above-the-line, online display and direct mail advertising expenditure, by media type, 2019

Nielsen Ad Intel coverage

Appendix - Data Sources, Abbreviations and Supporting Information

Data sources

Financial definitions

Abbreviations

Consumer research methodology

Appendix - Market Size and Forecast

Forecast methodology