UK Online Grocery Market
by Quarter 2010-2013, Sales, active customers, orders

Tesco, Asda, Sainsbury's, Ocado, Waitrose, M&S and exclusive analysis on the Ocado pivot

ResearchFARM

INCLUDED:
Access to our online database with 700+ retail pictures

August 2013

UK ONLINE GROCERY MARKET 2013: INTRODUCTION

The UK online grocery sector is highly innovative and disruptive - and it provides a template to the rest of the world.

Online is - hard discount and convenience apart - also the only meaningful growth driver in UK grocery at the moment.

While the sector is dominated by Tesco, Asda and Sainsbury's, start ups such as Ocado, which have made a huge bet on the future, are finally beginning to mature. With the recent pivot to turning tech provider and sharing its Intellectual Property with Morrisons, the sector is seeing a new entrant with a new business model (as the only multi channel grocer using a centralised hub and spoke system rather than utilising its store estate footprint) further driving competition for shoppers and their loyalty.

Moreover 2013 has seen a number of interesting entrants into the sector, such as Iceland, new start up models from outside the retail sector and of course Amazon. Providing the most professional platform the pureplay and its marketplace will become the choice of route to market for most FMCG companies and has the potential to truly change the nature of the game once again.

"Online grocery UK 2013" features in depth analysis and data on online grocery sales, orders, and customers for each of the UK's main grocers (Tesco, Asda, Sainsbury's, Ocado, Waitrose and M&S). It also features exclusive analysis on the Ocado pivot and tie up with Morrisons and our analysis on the rest of the sector and a forecast.

- How many orders and customers have the six profiled retailers on a quarterly basis? What are their average basket sizes and frequency? And should delivery fees really be included in the sizes?
- Who has the highest number of customers/orders? Who currently shows fastest and slowest growth? Whose customers shop most frequently with their online retailer? Who has the greatest churn and most of the promotion chasers as shoppers?
- At which retailer is average basket spend highest/lowest? Who has the best frequency?
- Who is leading the competition in fulfillment options, click & collect, lockers, drive throughs?
- Who is furthest ahead in exploiting data for advertising purposes, personalisation, a single view of the customer and selling this on to suppliers?
- With the business model competition between using dark stores and mixed models on the one side and Ocado and centralised picking on the other developing into an epic race, we ask: Is it better to fulfill from the store estate and leverage the property footprint or to have a centralised hub and spoke model?
- Who is profitable now, how will this change in future?
- What numbers of orders and customers will £500m capacity translate into for Morrisons, when benchmarked against the figures of the competitors?
- What is the future outlook and the forecast for each of the retailers?

KEY QUESTIONS ANSWERED

- How far is Tesco ahead of the competition? What does the retailer do about its non food online proposition and the cross sell opportunities? What about the marketplace operations of Tesco and the recent click & collect integration?
- Who is the fastest growing online grocer? Asda or Sainsbury's? Or is it someone else entirely? Who is the number two in the sector? Why is Asda the template for Walmart's online grocery operations abroad?
- What is the big challenge facing Sainsbury's? What should be done about TU? Will Nectar and Aimia be the trump card for Sainsbury's to finally overtake Asda? Will Sainsbury's model have to evolve to dark store picking plus store based fulfilment in future?
- What is the impact of the Ocado pivot and the tie up with Morrisons? When will Ocado become profitable? What is the current trajectory pointing to?
- What does Waitrose get exactly right in online grocery? Why should it in principle be easier for Waitrose to reach profitability than for some of its more downmarket competitors? What will 24hr access lockers at the stores enable the retailer to do?
- What will happen with online grocery at M&S after the break from the Amazon platform? Is there an opportunity beyond party foods, hampers and the wine club, even though management denies it at the moment? What about cross selling with non food and health & beauty? And how much money can you make with party foods online?
- Will Amazon, as the most professional online outlet, become the direct route to market for the major FMCG suppliers, will this transform the sector?

FEATURES

- Quarterly sales, customer and order data, average basket sizes and frequency for the six leading UK online grocers from 2010 to 2013, annual sizes and growth rates
- Our forecasts for the sector
- In depth analysis on the respective models and paths to profitability, including non food and fulfilment developments
- Exclusive analysis on the Ocado pivot and the tie up with Morrisons
- Analysis of the rest of the sector

BENEFITS

- For FMCG: CPG companies are given the necessary tools to assess the real size of the key retailer operations and decide who it makes most sense to partner up or even compete with, where to launch new product developments and how to influence pricing levels
- For retailers: the report provides competitive analysis into strengths, weaknesses, opportunities and threats of rivals by providing hard, difficult to obtain data and in depth insight
- The report helps industry players to understand the importance of the data opportunity in online grocery and advertising on the retailers' websites, serving up personalised dynamic and relevant content to online grocery shoppers and shows the respective reach of the players
- Highlights the strengths and weaknesses of different approaches to reach profitability in online grocery and an expert future outlook on where the sector is headed

Methodology

The data in the report is based on:

- One on one conversations with key retailers and FMCG players including some data sharing agreements, annual reports, quarterly updates, published accounts, trade press
- Market research providers for background on total grocery and online grocery and for annualisation coefficients

The figures are broken down into quarterly performance, the data also include forecasts for 2013

TABLE OF CONTENTS (1/4)

TABLE OF CONTENTS (2/4)

TABLE OF CONTENTS (3/4)

TABLE OF CONTENTS (4/4)

SAMPLE PAGES

TESCO

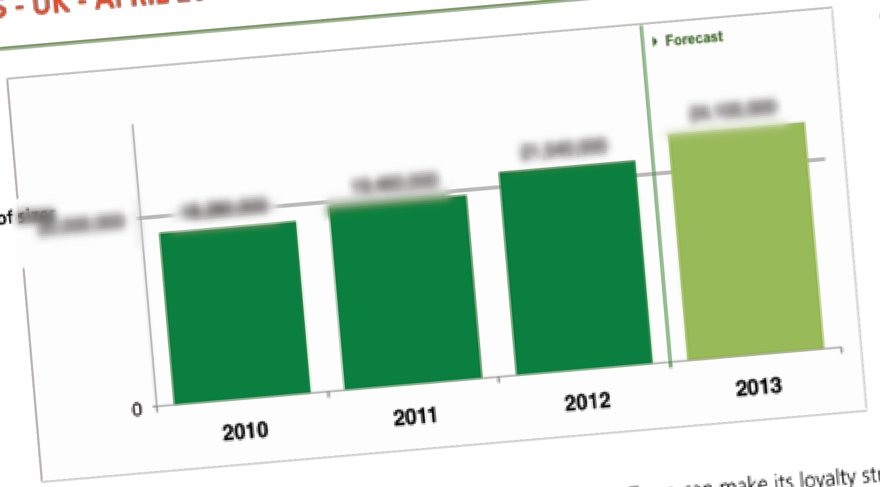
QUARTERLY FIGURES - UK - APRIL 2013

Chart 2

Online grocery

UK orders

Annual historical and forecast of sing



Quick summary

Tesco also leads the competition in terms of quarterly and annual orders. This represents another opportunity for Tesco to exploit existing customer relationships, from advertising to new product launches to loyalty and the like. There is a huge potential in linking up club card points and benefits across its marketplace for example. In its 2013 annual report Tesco breaks out how much more its Tesco bank customers spend with Tesco in comparison to shoppers using other banking providers, this principle could be transposed ... Rakuten provides a best in class example

customers. Again Tesco can make its loyalty strengths (club card) count and this is something Amazon for all its strengths – even through prime – does not possess and cannot compete with.

Currently only Dunnhumby looks set to be able to offset Amazon's knowledge advantage about the online shopper, and we predict an epic battle to commence around algorithms, big data, conversion rates and ultimately sales and profit growth.

QUARTERLY FIGURES - UK - APRIL 2013

ocado

Online grocery

UK orders

Quarterly trend

Quarter	Number of orders	Growth %
Q1, 2010	1,096,428	---
Q2, 2010	1,272,879	---
Q3, 2010	1,243,976	30.81
Q4, 2010	1,336,529	28.01
Q1, 2011	1,382,974	26.13
Q2, 2011	1,520,856	19.48
Q3, 2011	1,486,663	19.51
Q4, 2011	1,515,741	13.41
Q1, 2012	1,567,626	13.35
Q2, 2012	1,701,974	11.91
Q3, 2012	1,614,620	8.61
Q4, 2012	1,688,011	11.37

Table 14

Notes

Growth measures year-on-year growth (i.e. on same period last year).

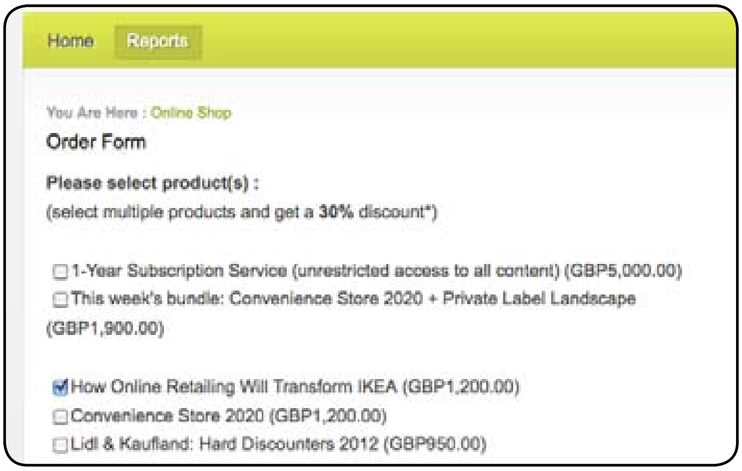
HOW TO ORDER THIS REPORT

PRICE OF THIS REPORT

This report is priced **GBP1,500** (63 pages, delivered as a PDF file). Or instead, get yearly access to all our publications with our Subscription Service (£5,000/year).

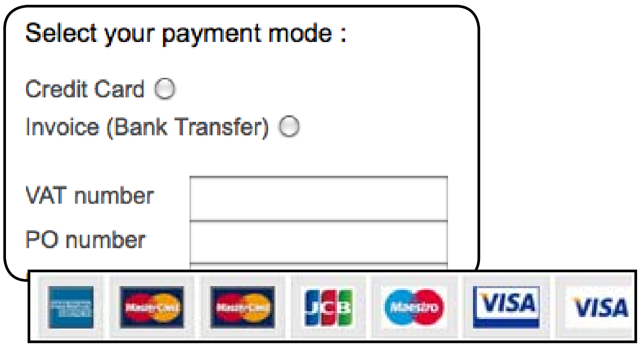
VISIT OUR WEBSITE: STORE.RESEARCHFARM.CO.UK

Select the report(s) you want to purchase:



CHOOSE YOUR PAYMENT METHOD:

You can pay for your report(s) via a bank transfer or with your credit card. We will send you an invoice when we receive your order. If you have a purchase order number, you can mention it on the order form.



RECEIVE YOUR REPORT BY EMAIL

We will send your report as soon as we have received your order!

Visit our online store now

CONTACT

ResearchFarm Ltd
Suite 12154 - 2nd Floor
145-157 St. John Street
London EC1V 4PY (UK)

Phone +44 (0)845 052 1168
Email sales@researchfarm.co.uk
Web **www.researchfarm.co.uk**