

UK Convenience Delivery Report 2023

January 2023



THE EVOLUTION OF THE UK CONVENIENCE DELIVERY MARKET

The UK Convenience Delivery market has evolved rapidly in the past few years, with the pandemic accelerating the growth of rapid delivery. Technology and models have developed at a fast rate to drive efficiency for companies and convenience for consumers.

1990	2000	2010 2020				
	eration vertically rated models	Software and logistics models and retail one-hour delivery	Second generation vertically integrated models, partnerships and rapid delivery			
TESCO direct	ASDA Sainsbury's	amazonfresh Sainsbury's 	TESCO getir Zapp			
		TI JUST EAT				



DELIVERY IS PICKING UP DRIVEN BY THE COLDER WEATHER

Delivery occasions reached the highest share over the festive season at 9.4% in 4WE 09/01/22. Since then shoppers have opted for less delivered convenience shopping as cost takes priority over convenience amid the current economic outlook. Delivery usage increased in the 4 weeks ending 11/12/22, with colder weather and the start of the FIFA World Cup prompting more delivery occasions.

% share of occasions which were ordered online and delivered



4WE 13/12/20	4WE 07/02/21	4WE 04/04/21	4WE 30/05/21	4WE 25/07/21	4WE 19/09/21	4WE 14/11/2			4WE 06/03/22	4WE 01/05/22	4WE 26/06/22	4WE 21/08/22	4WE 16/10/22	4WE 11/12/22
Lock	down		Indoor	Euros	Omio	cron	Move to	Russ	sia		Inflat	ion hits	Energy	FIFA
I	II	Н	ospitality	2020	vari	ant	Plan B	invad	es		40	year	price cap	World
		r	e-opens		ident	ified ar	nnounced	Ukrai	ne		high	at 10%	announced	Cup
					in the	e UK								

Source: Lumina Intelligence Convenience Tracking Programme, 2021-22

DELIVERY USAGE IS SKEWED TOWARDS THE WEEKEND

Convenience delivery usage is skewed towards the weekend, with shoppers being more likely to order on a Friday or Saturday than total convenience. Suppliers can target the weekend meal occasion with new product development aligned with shoppers' weekend entertainment and nights-in needs. Tesco Express introduced the "3for2 chilled party food" in December 2022, to target cosy nights-in and festive parties.



Source: Lumina Intelligence Convenience Tracking Programme, data collected 52WE 11/12/22

Lumina Intelligence

TOP UP AND TREAT ARE KEY FOR DELIVERED RETAILERS

Treat is the most common mission when ordering via delivery for Spar and Londis, with Sainsbury's also over indexing compared to the market average. Delivered retailers should target treat missions by clearly signposting treat led products such as confectionery and other indulgent items. Planned top ups are the largest mission for Co-op, Best One and Sainsbury's, so ranges should include staple grocery items.

Shopper Missions When Purchasing via Delivery, 12WE 11/12/22



Source: Lumina Intelligence Convenience Tracking Programme, data collected 12WE 11/12/22

CONVENIENCE DELIVERY MARKET DRIVERS, 2023F-2026F

Leveraging delivery services at certain times and internal innovations including expanded services and product coverage will be key drivers in the convenience delivery market in 2023 and beyond.

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Internal	Continued shift to more premium ranges and offerings boosting spend, particularly in BWS	Strategic partnerships within convenience delivery will be key to driving growth, constant development and competition in the marketDelivery operators will benefit from offering more quality nights-in options and value-led propositions compared to foodservice operators, as financial pressures see shoppers having more meals at home			
	Promotions and vouchers incentivising price- conscious shoppers to return to the market				
	There has been a resurgence in meal occasions and food to go missions as shoppers return to pre- pandemic lifestyles	Offering 24/7 delivery services will give competitive advantage and boost customer satisfaction			
	Delivery app developments providing software and logistics solutions enabling market growth	Time poor convenience revolution with busier lifestyles resulting in greater shopper demand for meal			
	Greater availability of delivery boosting spends and expanding the reach of the convenience delivery market	for tonight and food to go solutions			
	Increased professionalism in the market delivering better offerings, store ranges and layouts	Convenience delivery operators can capitalise on key delivery occasions in the future, including Winter peaks and seasonal events .			
Source: Lumir	na Intelligence, January 2023	portance	6		

Higher importance

Convenience Delivery grows through seasonal events The evolution of the UK convenience delivery market Snapshot of key players in convenience delivery Fewer shoppers using convenience delivery year-on-year Delivery is picking up driven by the colder weather Missions reveal key opportunities for growth Top up, treat and meal for tonight missions in growth Good prices drive delivered convenience shop Delivery usage is skewed towards the weekend **Delivery attracts younger, more affluent shoppers** Younger shoppers need re-engaging amid cost-of-living crisis New indulgent items are key to win younger shoppers Hot drinks and frozen foods are key for delivery Price is increasingly important when choosing items Category focus: cigarettes & tobacco Satisfaction scores revealing areas to improve

Executive summary



Operators need to adapt to target delivery Opportunity for delivery to target specific missions Delivery is most common for gifting missions Spend is highest for delivered entertainment Younger, affluent males drive top up delivery Indulgence and snack drive top up delivery Price and promotions important to top up delivery Friday & Saturday are the most common delivery days Display online and health are key areas of focus Tinned, packaged, and chilled products popular Young, affluent males drive meal occasion delivery Indulgence, lunch, and snack are the top occasions Friday and Saturday are most popular delivery days Price and choice are key drivers for retailer choice Online display and brand are driving purchasing Shoppers purchasing tinned, packaged and bakery Younger, affluent males are purchasing treats

3 ways to win treat through delivery RTMS Gifting driven by younger, affluent males 3 ways to win gifting through delivery RTMS Entertainment delivery skews towards young males 3 ways to win entertainment through delivery RTMS Differences exist between delivered retail and delivery apps Co-op partners with multiple platforms to drive growth A quarter of best one purchases are delivered Co-op and best one grow in popularity this year Shoppers perceive co-op as local and trustworthy Top up and treat are key for delivered retailers Awareness of retailers varies across the country Market leader co-op has the highest value perception Co-op ranks highly for promotions Deliveroo is the market leader Deliveroo peaks alongside co-op expansion Uber eats over indexes on all key attributes

Missions vary across delivery apps **Delivery companies vary across demographics** Availability of promotions contribute to value **Delivery companies run regular promotions** Collaborations will be key to driving growth in 2023 Recession forecast for the first half of 2023 Convenience delivery market drivers, 2023F-2026F Convenience delivery market inhibitors, 2023F-2026F Partnerships are key to driving growth in 2023 Leading brands strengthening delivery offering **Operators can capitalise on higher spends at Easter** Opportunity for premium alcohol offering in delivery Opportunity to grow chilled food offering in delivery **Operators target growth in premiumisation and NPD**



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