

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.

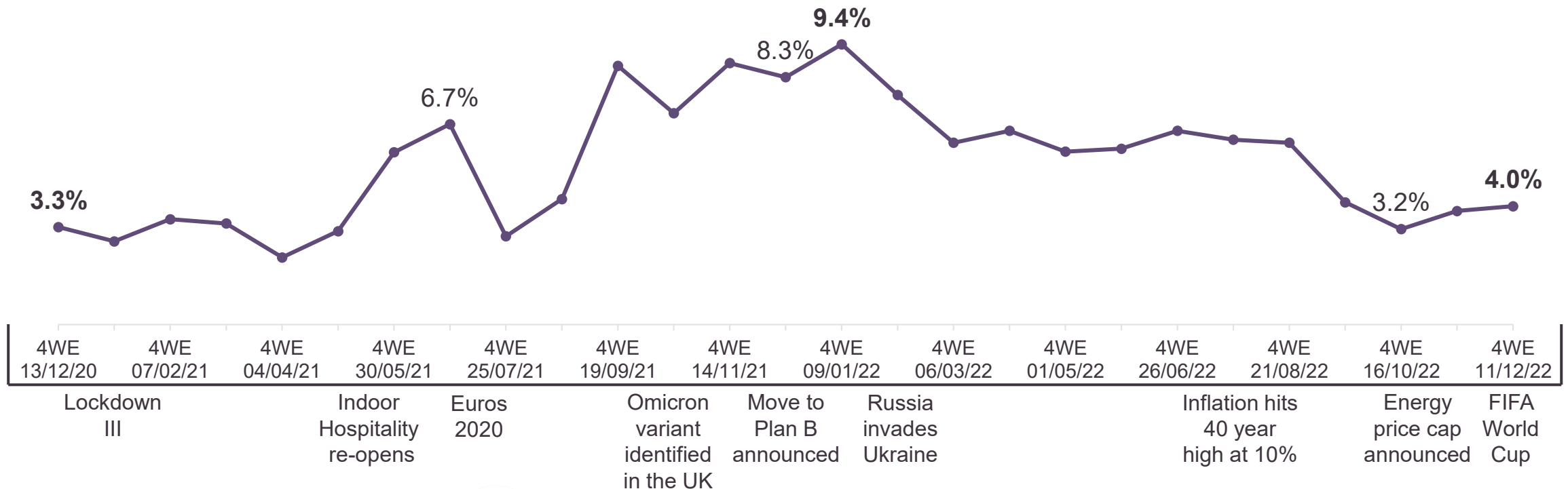


Source: Lumina Intelligence, January 2023

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

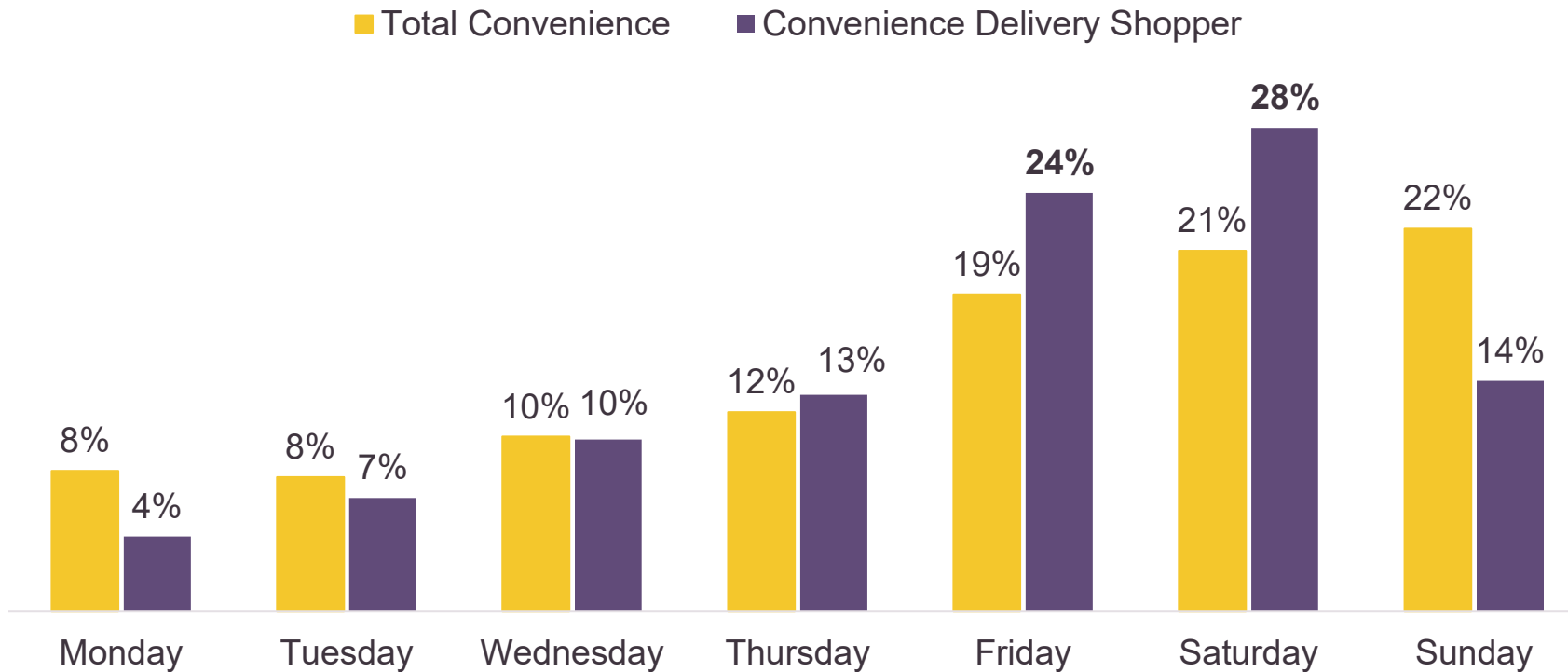


Source: Lumina Intelligence Convenience Tracking Programme, 2021-22

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.

Day of the week – Total Convenience vs Convenience Delivery Shopper (% of delivery occasions)



9am-11am

41%

ix. 130

Lottery days

69%

ix. 120



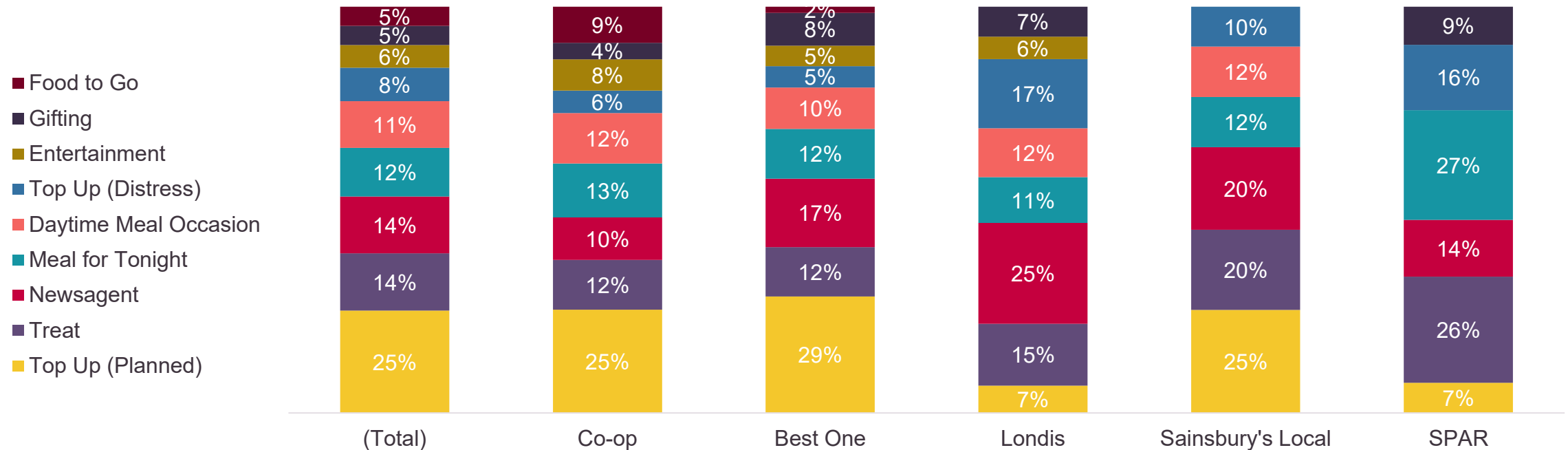
3 for 2 on chilled party food

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

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.

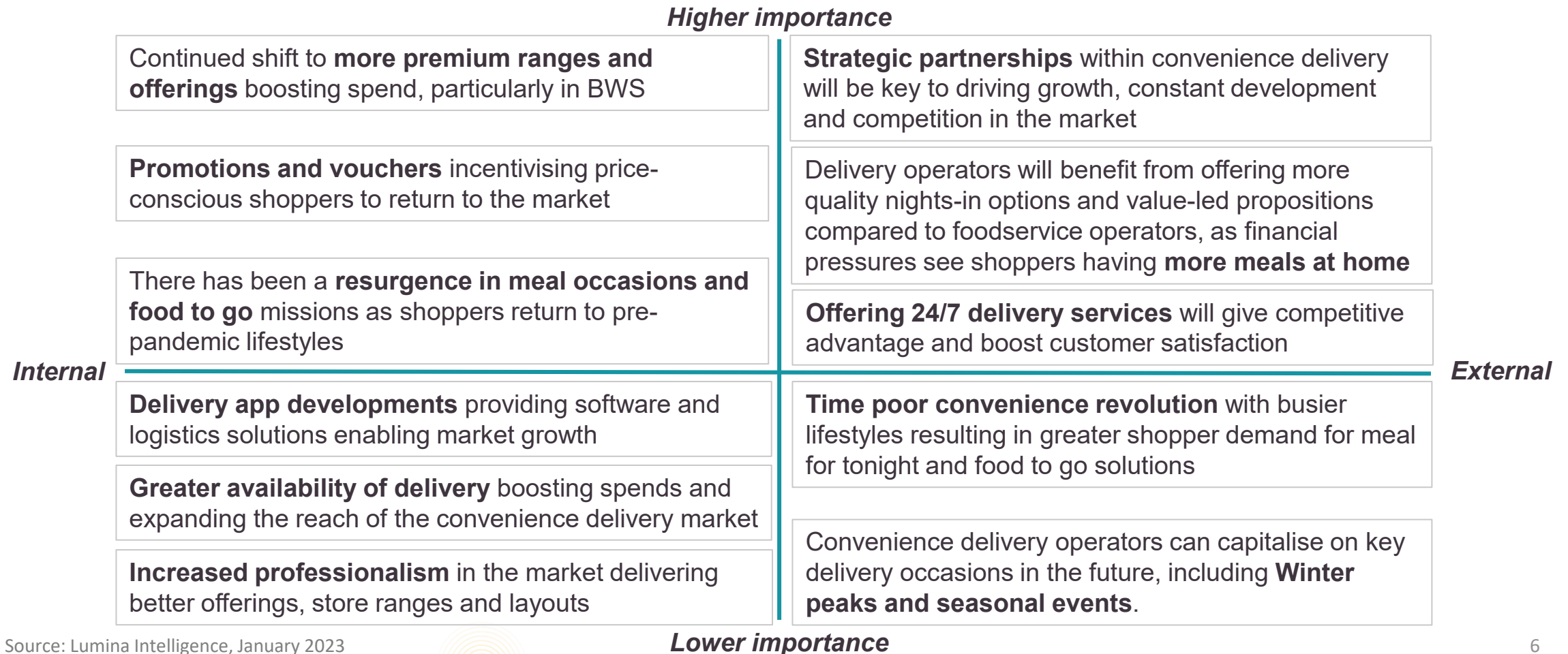
Shopper Missions When Purchasing via Delivery, 12WE 11/12/22



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.



Source: Lumina Intelligence, January 2023

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Executive summary

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

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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

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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

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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

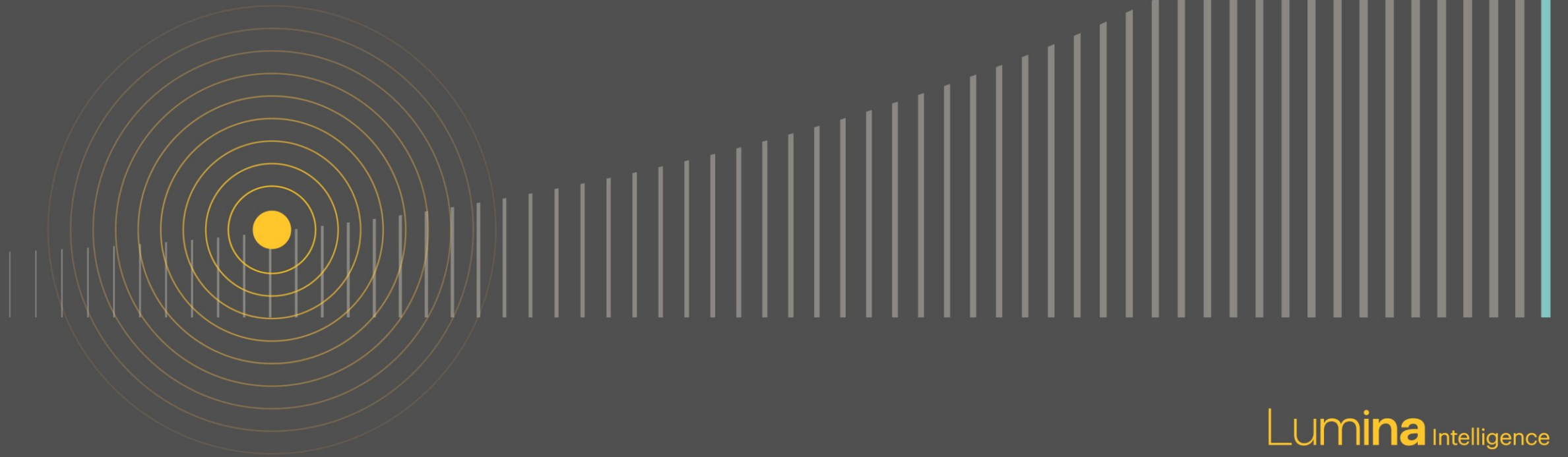
Opportunity to grow chilled food offering in delivery

Operators target growth in premiumisation and NPD

Get in touch

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