ONLINE SHOPPER INTELLIGENCE - UK

Grocery
What You’ll Gain from this Report

This report focuses on the online grocery shopping market in the UK based on research completed from May to July 2012. It will provide you with a clear sense of what is going on in the online retail landscape by examining key metrics - derived from Kantar Media Compete behavioural data - to provide a snapshot of UK online grocery shoppers’ behaviours.
CONVENIENCE ENCOURAGES SHIFT TO MULTI-CHANNEL GROCERY HABITS

According to Kantar Media Compete’s behavioural clickstream data, 20% of the UK Internet population visit the leading grocery retailers’ websites each month, with an average of 1.3m consumers purchasing groceries online in the same period. Online shoppers cite the flexibility to shop at any time and the convenience of having items delivered to their door, consequently avoiding carrying heavy items home or making a trip to the store, as the top reasons for adopting the online channel. The growth of online grocery shopping signifies a consumer shift to a multi-channel model within grocery retail, rather than an outright substitution of one channel for another. The majority of online grocery shoppers still make most of their grocery purchases in traditional stores. However, as many as one-third indicate that 60% or more of their grocery purchases are made online.

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Source: Kantar Media Compete Clickstream panel (May-July 2012) *UV’s = Unique Visitors

**ONLINE GROCERY MARKET**

- **Total Online Population**
  - 37,493,977 UV’s

- **Total Online Grocery Visitors**
  - 7,019,292 UV’s

- **Total Online Grocery Shoppers**
  - 5,116,316 UV’s

- **Total Online Grocery Purchasers**
  - 1,298,540 UV’s

Source: Kantar Media Compete Clickstream panel (May-July 2012) *UV’s = Unique Visitors

**TOP 5 REASONS FOR BUYING GROCERIES ONLINE**

- I can shop online at any time: 60%
- It is convenient to have groceries delivered to my front door: 58%
- I don’t have to carry heavy items home: 55%
- Shopping online saves me from having to make a trip to the store: 50%
- Shopping online saves time: 47%

Base: Online Grocery Shoppers: Make an online grocery purchase every 2-3 months or more often (n = 469)
Source: Kantar Media Compete Online Shopper Intelligence Survey Q3 2012

**PROPORTION OF GROCERY PURCHASES MADE ONLINE**

- Less than 40% of purchases: 45%
- More than 60% of purchases: 6%
- 40% of purchases: 11%
- 50% of purchases: 12%
- 60% of purchases: 24%

Base: Online Grocery Shoppers: Make an online grocery purchase every 2-3 months or more often (n = 469)
Source: Kantar Media Compete Online Shopper Intelligence Survey Q3 2012
To fully understand online grocery consumers, Kantar Media Compete looked specifically at the behaviours of heavy, medium and light shoppers. **Heavy online grocery shoppers spend the most time online and are most likely to shop online overall.** More than half of their groceries are purchased online, and their average basket size almost doubles that of medium and light shoppers. While heavy shoppers represent an attractive segment to online grocery retailers in engagement and spend, they represent only 3% of online grocery shoppers. **Online grocery retailers would do well to focus efforts on capturing a greater share of monthly purchases among both the heavy and medium shopper segments.**

<table>
<thead>
<tr>
<th>HEAVY SHOPPERS</th>
<th>VS.</th>
<th>MEDIUM SHOPPERS</th>
<th>VS.</th>
<th>LIGHT SHOPPERS</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Shop for groceries online at least once a week)</td>
<td>(Shop for groceries online less than once a week but at least once a month)</td>
<td></td>
<td>(Shop for groceries online less than once a month)</td>
<td></td>
</tr>
</tbody>
</table>

### General Online Behaviour

<table>
<thead>
<tr>
<th></th>
<th>UNIQUE VISITORS</th>
<th>AVERAGE WEEKLY HOURS ONLINE</th>
<th>AVERAGE WEEKLY ONLINE SHOPPING HOURS</th>
<th>AVERAGE WEEKLY HOURS SOCIAL NETWORKING</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Heavy shoppers</strong></td>
<td>490,486</td>
<td>13.43hrs</td>
<td>3.13hrs</td>
<td>3.39 hrs</td>
</tr>
<tr>
<td><strong>Medium shoppers</strong></td>
<td>3,393,013</td>
<td>9.62hrs</td>
<td>1.80hrs</td>
<td>3.03 hrs</td>
</tr>
<tr>
<td><strong>Light shoppers</strong></td>
<td>10,805,884</td>
<td>7.27hrs</td>
<td>1.10hrs</td>
<td>2.64 hrs</td>
</tr>
</tbody>
</table>

### Grocery Behaviour

<table>
<thead>
<tr>
<th></th>
<th>% OF GROCERIES PURCHASED ONLINE</th>
<th>% OF GROCERIES PURCHASED OFFLINE</th>
<th>AVERAGE WEEKLY ONLINE GROCERY SHOPPING HOURS</th>
<th>AVERAGE ONLINE BASKET SIZE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Heavy</strong></td>
<td>62%</td>
<td>38%</td>
<td>1.73hrs</td>
<td>£144</td>
</tr>
<tr>
<td><strong>Medium</strong></td>
<td>44%</td>
<td>56%</td>
<td>0.54hrs</td>
<td>£76</td>
</tr>
<tr>
<td><strong>Light</strong></td>
<td>28%</td>
<td>72%</td>
<td>0.12hrs</td>
<td>£82</td>
</tr>
</tbody>
</table>

*Source: Kantar Media Compete Clickstream panel (May-July 2012)*
TESCO ATTRACTS THE LARGEST SHARE OF ONLINE GROCERY PURCHASERS

Among the 1.3m consumers that purchase groceries online during the month, over half are observed to make a grocery purchase on Tesco – this represents a greater share of grocery shoppers than its bricks-and-mortars equivalent. Asda ranks second with one-third of online grocery purchasers converting on its site. With a narrow competitive set online, it’s perhaps no surprise that these two retailers dominate the online grocery market. However, Morrisons is but one retailer that has plans to go live with its online shop in 2013. As competition increases, online grocery retailers will need to strive harder to distinguish themselves and retain their competitive edge.

Source: Kantar Media Compete Clickstream Panel (May - July 2012)

SEARCH IS INSTRUMENTAL IN DRIVING TRAFFIC TO ONLINE GROCERY RETAILER SITES

Search is the leading referral source to the top grocery retailers. A review of the actual search terms typed in by online grocery shoppers reveals a clear intent to shop, as 7 in 10 searches are retailer-specific. Another one-third are for fresh food items such as produce and meats. Recipes rank third, with many shoppers searching for specific dishes before going to grocery retailer sites to look for the necessary ingredients. This, along with the fact that 24% of all online grocery shoppers visit recipe sites, highlights their potential as a complementary category.

Source: Kantar Media Compete Clickstream Panel (May - July 2012)
USER-FRIENDLY SITE TOOLS ARE ESSENTIAL TO SALES

40% of online grocery shoppers leverage the internal search function on grocery retailer sites overall, whilst over half of Tesco and Asda grocery site shoppers conduct searches within their sites. A large majority look up non-branded items rather than specific brand names. Interestingly, half of Ocado shoppers search for specific brands, more than any other competitor. This is likely linked to the company’s extensive product portfolio that includes many specialty and international lines.

Source: Kantar Media Compete Clickstream panel (May - July 2012)

‘Favourites’ (or ‘recently purchased items’) pages are a common feature of online grocery retailer sites. One-third of survey respondents that shopped online claimed that the favourites page heavily influenced their shopping carts. Kantar Media Compete’s behavioural clickstream data indicates this feature plays an even greater role than consumers might realise with 57% of all online grocery purchasers visiting their ‘favourites’ or ‘recently purchased items’ page before checking out. Given that convenience is king for online shoppers, it should come as no surprise that features that can ease and quicken the check-out process are embraced by time-sensitive consumers.

Among online grocery retailers that offer recipe pages, Waitrose visitors are the most avid users, thanks to the retailer’s collaborations with some of the UK’s most renowned chefs.

Source: Kantar Media Compete Clickstream panel (May - July 2012)
We help the world’s top brands, agencies and publishers improve their performance based on in-depth insights into consumers’ online behaviour.

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Only with our granular data is it possible to uncover new metrics and insights that chart the entire path to purchase, monitor how key metrics change over time and attribute ROI to marketing campaigns.
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