How have rapid grocery delivery services changed the FMCG landscape?

Wavemaker

Foreword

Change breeds innovation, and today's world is changing more rapidly and profoundly than ever before. Two years ago, unprecedented global lockdowns meant that the process of food shopping as we knew it was completely turned on its head. We were told to visit the supermarket just once a week. There were shortages of everything from toilet paper to pasta. Supermarket delivery slots became like gold-dust. And even those of us who just wanted to top up on milk suddenly found ourselves unable to do so safely or indeed legally.

It's no wonder then, that out of this real consumer need to easily access groceries with little or no contact, we saw an entire new breed of retailer appear over night. As rapid grocery delivery services emerged left right and centre, offering consumers access to the products they needed, when they needed them, behaviours and expectations transformed at pace.

At Wavemaker, we exist to deliver exceptional growth for our clients. But to do this, we have to run towards change. So to help our FMCG and retail clients stay ahead of this new consumer behaviour, we set out to better understand how our addiction to convenience is disrupting the traditional shopper journey.

We went out and asked consumers about the services they use, when and why they are using them and how their expectations of brands are changing as a result. Then we put our heads together and created an action plan for brands looking to engage this new breed of 'need it now' shopper.

We hope you find it useful.

Paul Hutchison, CEO
Wavemaker UK

The new rapid delivery landscape

Two years on from the first UK lockdown, the rapid grocery delivery sector has grown at a phenomenal pace. According to the ONS, the average weekly sales of online groceries in December 2021 were £372m, with VC funding into the sector already reaching £68m by the end of Q3. And a recent study of consumer spending by Cardlytics found that spend on rapid grocery delivery apps grew by 123% over the last five months of 2021 but decreased by 22% across supermarkets, convenience stores and corner shops.

With speed as its USP, it's no surprise that the sector is consolidating as quickly as it appeared, with Getir's recent acquisition of rival Weezy, and Gorillas and Tesco launching co-located warehouses being two prime examples. Further mergers and acquisitions seem inevitable, although what form these will take we don't yet know.

Our research found that at present, rapid delivery grocery services comprise around 9% of the delivery service landscape. But once we use them, we're hooked. 50% of current users expect to be using fast grocery delivery more, if not a lot more, in 12 months time, and google search data shows a huge upwards trend in searches for 'fast' and 'quick' grocery delivery.

What type of delivery services do you currently use?

Grocery delivery slots, e.g. from Tesco, Sainsbury's, Ocado etc.	42%
Takeaways delivered by local restaurant	38%
Takeaways ordered through and delivered by a delivery service such as Uber Eats, Just Eat, Deliveroo	36%
Fast grocery delivery service, e.g. groceries delivered same day within the hour from ordering	9%
Subscription food boxes, e.g. Gousto, Mindful Chef	8%
Beer/wine delivery services, e.g. Laithwaite's, Virgin Wines, Naked Wines	6%

> "What I love about this isolation/ 'lockdown' period this time around is how convenient things are. I don't have to struggle to get a Sainsbury's delivery time slot, I can just use Deliveroo, Gorillas, WineApp, etc.

Source: Meltwater, Twitter, Organic Conversation, 17/02/21-17/02/22

Which of the following rapid grocery delivery services have you personally used before today?

Uber Eats	50%
deliveroo	44%
amazon fresh	30%
getir	17%
ASDA EXPRESS	16%
TESCO Whoosh.	13%
Sainsbury's CHOP CHOP	11%
GORILLAS	10%
Jiffy	6%

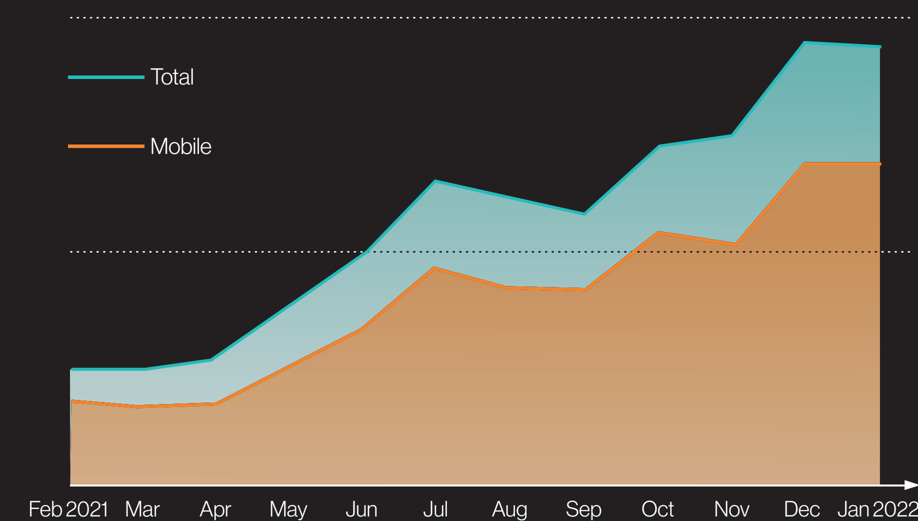
> "Everyone's addicted to Wordle and I'm over here addicted to Getir xox

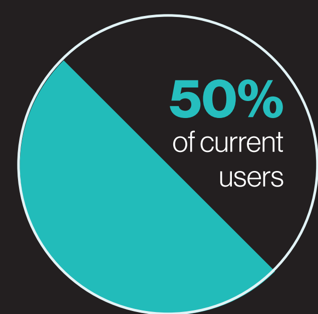
Source: Meltwater, Twitter, Organic Conversation, 17/02/21-17/02/22

Limited supply means on average, users of rapid grocery delivery services have used

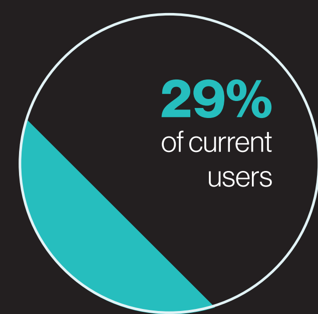
2 brands

Google searches for **'fast grocery delivery'** have increased 182% YOY whilst quick grocery delivery searches have increased 243% YOY.





Expect to be using fast grocery delivery more in **12 months time**



Expect to be using fast grocery delivery a lot more in **12 months time**

How are behaviours shifting?

In a world where covenience is king, consumers favour rapid delivery for its speed and flexibility. Our research found that the new behaviour of shopping for groceries on demand is more than just an indulgence. For 68% of users, it is making our lives easier, and for 53%, our shopping trips better.

53%
of users agree

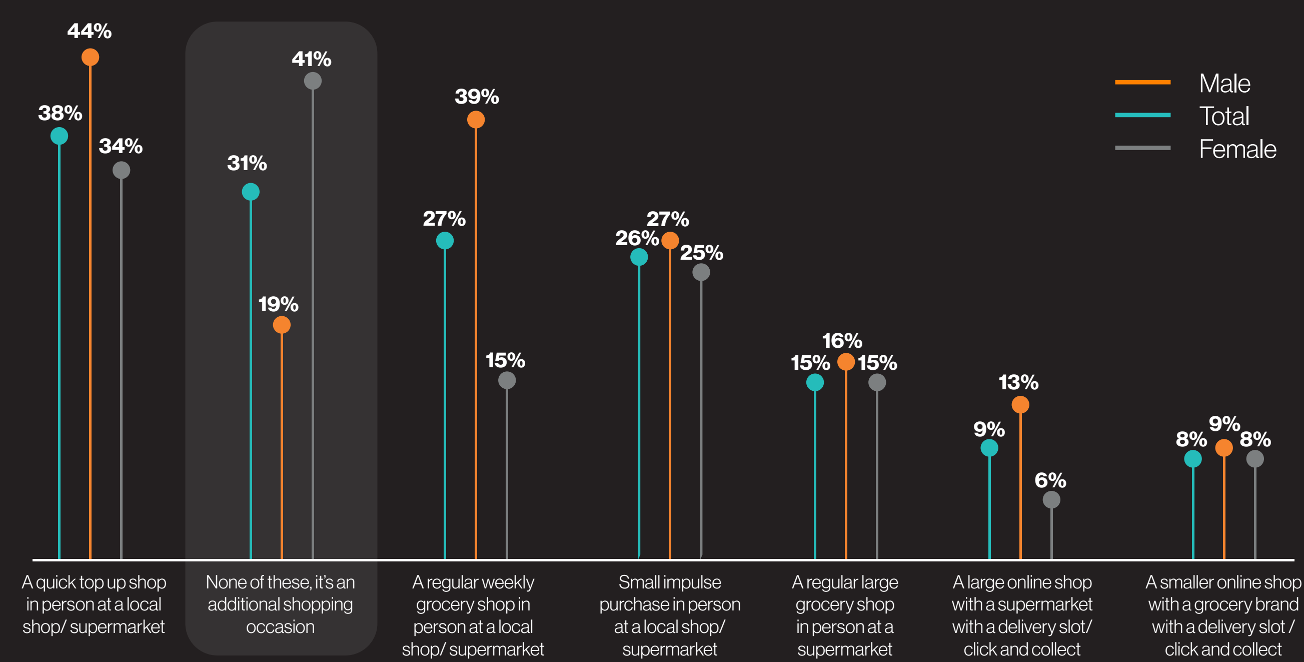
"Fast grocery delivery services have changed the way I shop for the better

68%
of users agree

"Fast grocery delivery services have made my life easier

Rapid grocery delivery is also completely disrupting our shopping routine. It's replaced a quick top-up shop for almost two in five users. For some, it's replaced their main shop. But what's most interesting is that these services are also creating a new additional shopping occasion beyond the main shop and top up shop. This is trumping years of convention regarding our grocery shopping habits (weekends for the main shop, mid-week top up shop time) and represents an interesting new opportunity for brands to engage shoppers.

Has your use of fast grocery delivery services replaced any of the following?



For men, it's about convenience, for women it's about filling in the gaps in the weekly shop.

41% of women
agree it's an additional shopping occasion
(31% all adults)

44% of men
agree they are replacing a quick in person top up shop
(38% all adults)

39% of men
agree they are replacing a regular weekly in person shop
(27% all adults)

Behaviour is different across genders. While almost two in five users have replaced a quick top up shop with rapid grocery delivery services, women are significantly more likely to see it as an additional shopping occasion, whereas men are significantly more likely to use them in place of a regular weekly grocery shop. As a nation who love to cook, the convenience of rapid grocery delivery is also having a knock on effect on takeaway consumption, as 36% of users claim to order takeaway less often as a result of rapid grocery delivery.

"I order takeaways less often as a result of using fast grocery delivery services

36%
of users agree

Younger

56% 18-34

33% 35- 54

11% 55+

Younger time pressured workers are most likely to **be early adopters**

In full time work

Full time workers are **38%** more likely to be users

So, who is the

THE NEED IT NOW

shopper?

40% of users are single

VS

53% of users are married /co-habiting

Parents of young children

Consumers are **2.5x** more likely to be users of rapid delivery if they have a child under 5

25% have kids under 5

14% have kids 11-15 yrs

20% have kids 5-10

14% have kids 16-18 yrs

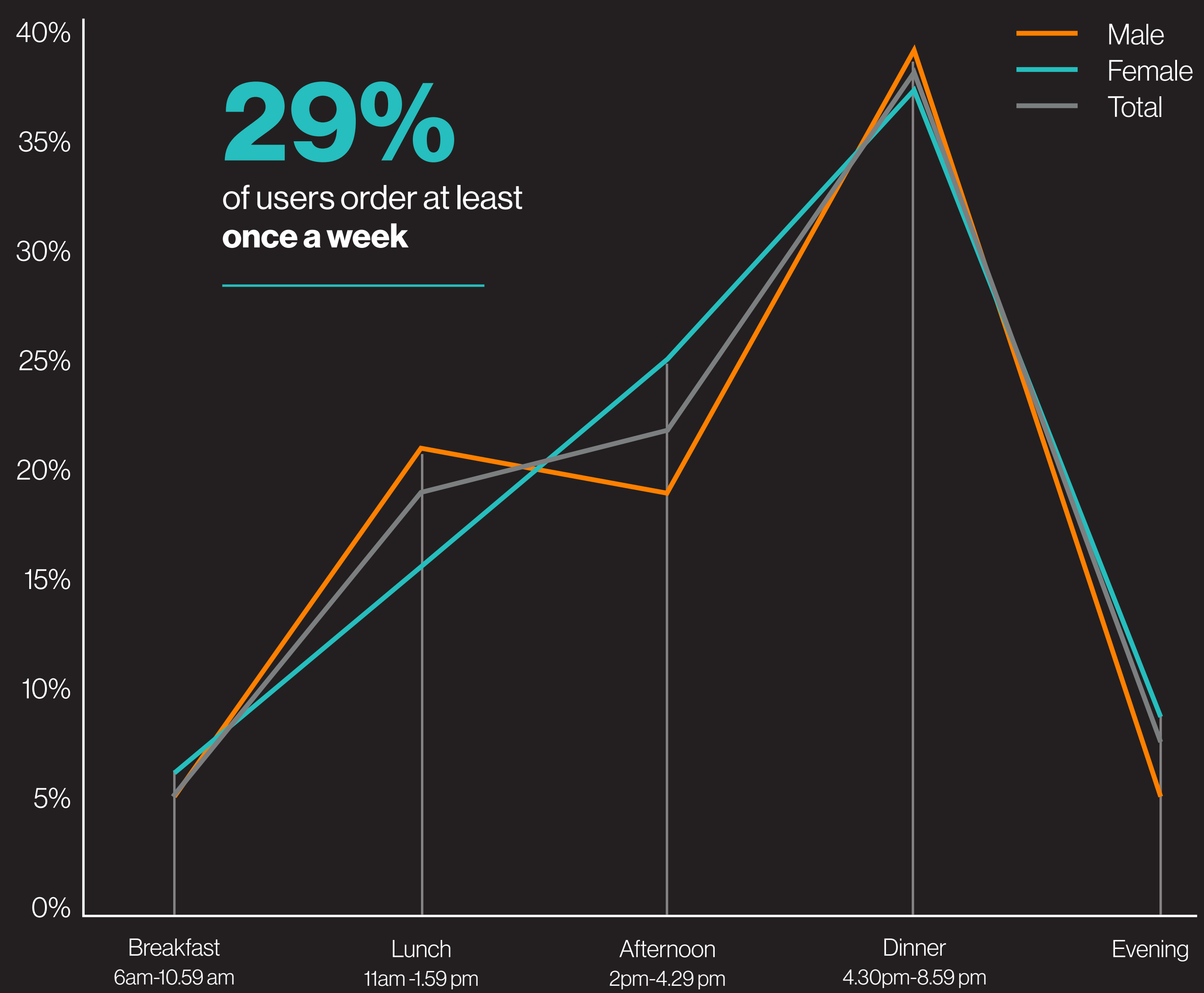
City Dwellers

Most current users are found in...

When are consumers ordering?

At dinner time and at least **once** a week

Time of day that fast grocery delivery services are usually used:



Unsurprisingly, usage of rapid grocery delivery services peaks at meal times, with 29% of users ordering at least once a week.

Interestingly, when we asked users what mattered most to them when ordering rapid-delivery groceries, metrics related to brand such as having 'premium' or 'family friendly' brands available were far less important than discount codes or convenience.

What matters most to them?

When thinking about using fast grocery delivery services which of the following are important to you?

top 5

44%
Low delivery charge

34%
Easy ordering/ easy to use app/ website

33%
Good deals or special offers on products

32%
Offers vouchers or discounts off total order

32%
Quality of delivery (Delivery does not impact quality of groceries e.g. not soggy or damaged)

> **I used the @sainsburys Chop Chop app for the first time today. Forgot some things on the big shop, placed an order and less than 2 hours later someone is handing me my goods at the front door. Lovely stuff. Would highly recommend. A solid 9 out of 10 on the NPS scale.**
>
> Source: Meltwater, Twitter, Organic Conversation, 17/02/21-17/02/22

bottom 5

13%
Family friendly brands available

13%
Premium food brands available

9%
A delivery service subscription (making delivery costs more cost effective)

7%
Ultra-rapid delivery within 15 minutes

11%
Recommended/ hear a lot about it

What are they ordering?

Fresh & frozen food
71%

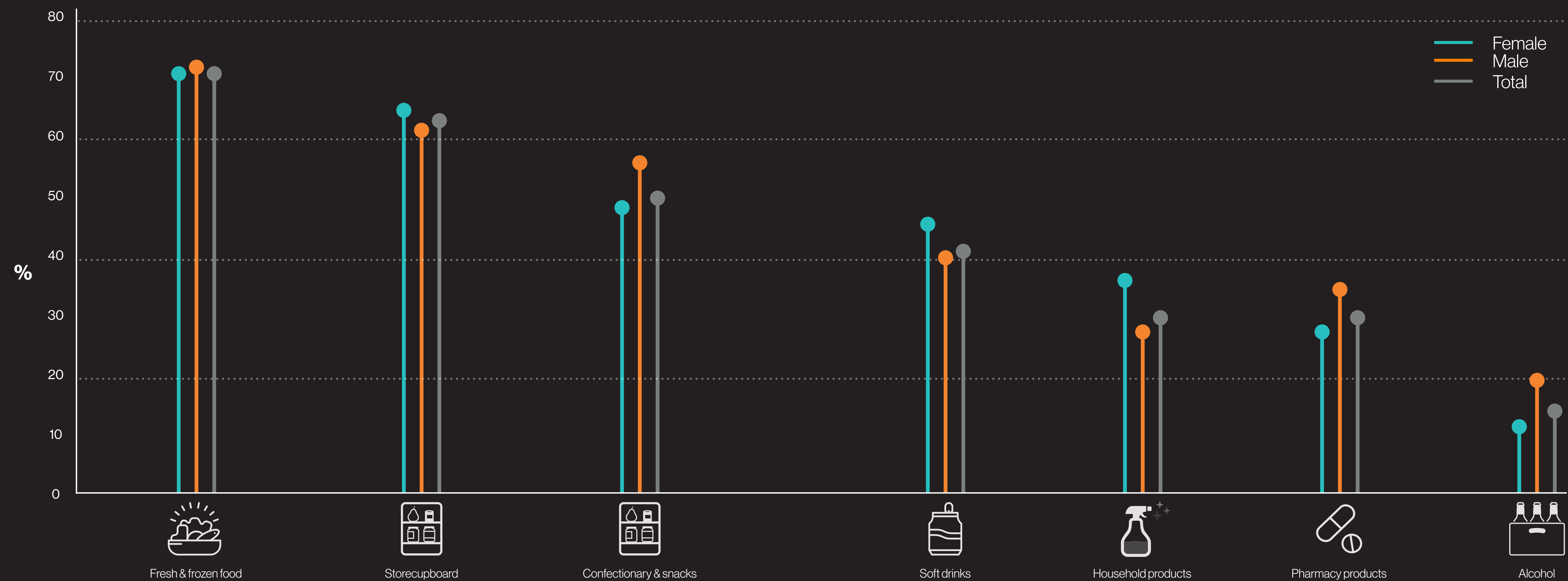
Storecupboard
66%

Confectionary & snacks
53%

> **Getir is amazing when I cba to go to the shops but really need eggs**
>
> Source: Meltwater, Twitter, Organic Conversation, 17/02/21-17/02/22

While you might expect indulgences like confectionary or booze to be the products most favoured by the 'Need it Now' shopper, the most popular food category to purchase using rapid grocery delivery services is actually fresh and frozen food, followed by store cupboard essentials and confectionary and snacks.

Which of these have you bought most often using a grocery fast delivery service?



Considering the portion sizes available on rapid grocery delivery services, this raises interesting questions about our changing notion of value. Often a single potato, onion or tomato is available to buy (which isn't usually the case at the smaller local or metro grocery stores which arguably cater to the same mindset). In the 'Need it Now' mindset, it would appear consumers are more than happy to pay a premium for the items they need when they need them, rather than bulk buy for planned use throughout the week. Especially if that premium price is offset by vouchers or discounts on total spend. This is reinforced by the fact that 50% of users think that rapid grocery delivery services are good value for money.

Women are more likely to buy household products **(38%) compared to men (29%)**

Men are more likely to buy alcohol **(20%)** or confectionary and snacks **(57%)** **compared to women (14% and 50% respectively)**

The NEED IT NOW mindset

> **So last night I forgot to buy coconut milk needed for my dinner recipe - thought I'd try the 'gorillas' app to get it delivered. Only took 6m47s from order to fulfillment - literally the time it took me to chop an onion... #impressive**
>
> Source: Meltwater, Twitter, Organic Conversation, 17/02/21-17/02/22

Two mindsets dominate rapid grocery delivery usage:

01 NEED IT NOW

29% I just thought of something I wanted and decided to order it

27% I forgot to get something earlier and I need it now

21% I ran out of time to go to the shops earlier so I ordered it

02 PLANNED USE

22% I didn't go to the shops earlier as I knew later on I would get it delivered

In the need it now mindset, consumers have thought about an item they needed and ordered it, forgot an item and needed to order it ASAP, or used rapid grocery delivery as a time saver when they've run out of time to go to the shops. In the planned use mindset, consumers are actively replacing a trip to the shop with these services.

...and in the need it now mindset, need state trumps brand loyalty

Our research found that 52% of rapid grocery delivery users are happy to switch if their usual brand isn't available, and an additional 31% end up buying an alternative brand, though they are hesitant to do so.

Why is this the case? When it comes to physical stores, consumers are fighting for mental availability so that when they see 10s of options, they shortcut to one they are loyal to. But mental availability is different in the rapid grocery delivery space – here, it's actually okay, even preferrable, to be a consumer's 2nd or 3rd favourite – as that means if their preferred brand isn't available, they are happy to add in a different brand they recognise.

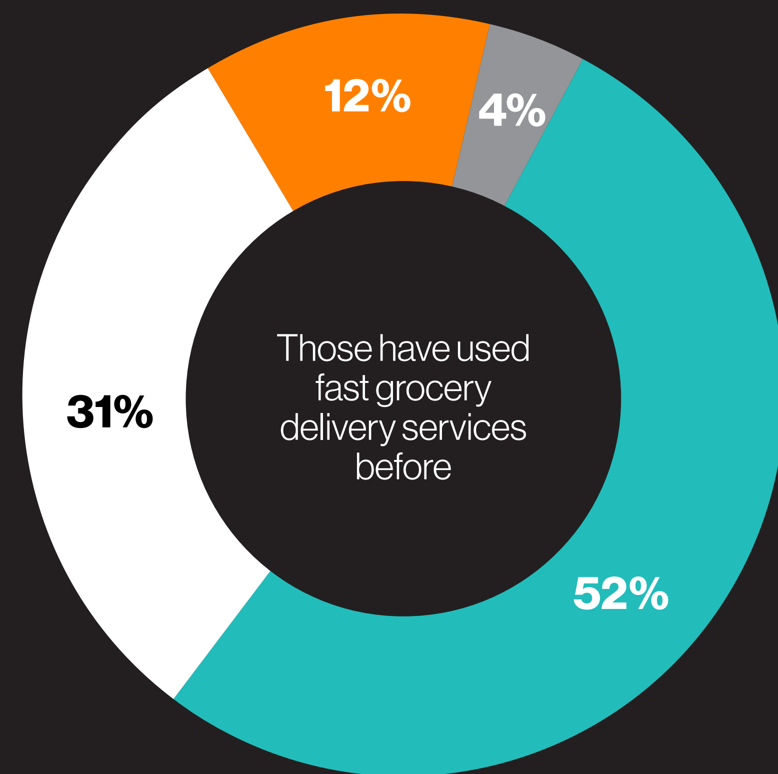
Brand isn't a deciding factor in the NEED IT NOW mindset

> **Credit where credit is due. @tesco Whoosh delivery saves the day. And seriously... 18 mins from order to door. That's quicker that I could have gone to the shop, shopped, checked out and got home myself.... If I was allowed out and not in isolation.**
>
> Source: Meltwater, Twitter, Organic Conversation, 17/02/21-17/02/22

83% of users are willing to switch brands

When using fast grocery delivery services ,thinking about the grocery brands you buy in general, which of these statements best applies to you?

- I'm happy to switch brands if my usual brand isn't available
- I'm hesitant to switch brands if my usual brand isn't available but I do usually end up buying an alternative brand
- I'm hesitant to switch brands if my usual brand isn't available and will only occasionally buy an alternative brand, but I'm happy to go without
- I never switch brands if my usual brand isn't available, I go without the product instead



What does this mean for brands?

1. Rapid grocery delivery is less about indulgence and more about essentials. Fresh produce and store cupboard staples dominate.
2. Rapid grocery delivery services have created a new shopping occasion. On top of the traditional main and top up shop, users frequently partake in an additional shop, creating a new opportunity for brands to engage.
3. Brand isn't an important factor in the need it now mindset where consumers favour convenience and value.
4. Rapid grocery delivery is about need state, not brand loyalty.
5. Commercial partnerships will be key to getting your brand in the hands of rapid grocery delivery users.

Actions

1. It's your chance to break autopilot, as users try new brands based on what's available. In the fight for brand salience, being the 2nd or 3rd preferred brand works in your favour in these quick commerce occasions – as long as there is familiarity and trust, your product will make it in the basket if that item is needed.
2. Building priming stage bias is key, thereby making the brand synonymous with the product category.
3. Think about the moments before that you can intercept marketing wise – the signals that determine that a 'need it now' shopping mission might happen (recipe hunts, 'substitution' searches), to either ensure you are the brand of choice when the orders are being made, or that you offer an alternative or complementary solution.
4. Physical shopping generally needs to be planned, rapid grocery delivery is more likely to be impulsive. So think about how your brand can kick-start that additional shop, not just the part you play in it.
5. Be discerning – it might not be worth winning every shopping mission, particularly the quick commerce mission – since it is driven by immediate need rather than stocking up for the future.

Want to talk to the NEED IT NOW shopper? Talk to us

At Wavemaker, we believe there is a better way to grow.

By leveraging our deep understanding of audiences, Provocative Planning process and the world's largest database of purchase journeys, we deliver exceptional growth for the world's leading brands and businesses.

But exceptional growth requires uncomfortable change. We know the growth models of today will not serve the future—what got our clients there today, won't work tomorrow. That's why our attitude of positive provocation underpins everything we do. Positive provocation brings together specialist knowledge, deep insight, strategic thinking and a fearless mindset to challenge what's gone before and imagine a better way to grow.

We're already positively provoking growth for clients such as Colgate, Henkel and Asahi.

Contact us and we'll help your brand develop a plan to navigate the Need It Now revolution, and drive growth for tomorrow.

James Wilde, Head of New Business
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Methodology

Wavemaker surveyed 2000 UK residents aged 18+, exploring peoples' usage of and attitude towards rapid grocery delivery services. Online fieldwork was conducted 28th- 30th January 2022 by Yonder Data solutions. In addition, we conducted a social media listening study to assess conversation trends online and better understand volume, topics and sentiment of how people were talking about fast grocery delivery services. Data was collected from February 2021 to February 2022 using Meltwater.

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