

# ONLINE GROCERY SHOPPING

In the UK, the growing trend of online grocery shopping has been accelerated due to the COVID-19 pandemic. With the emergence of 'online only' delivery services and new technological developments it is expected that consumer shopping habits will continuously shift towards more convenient methods.

Shopping for groceries online may lead to increased screen time and sedentary activity, as well as exposing shoppers to targeted marketing, which may encourage them to make more frequent purchases of promoted products than usual.

We must ensure that any restrictions on promotions, advertising and marketing applied in-store are also consistently applied to online shopping environments, in order to provide a level playing field for business, and generate the biggest health benefits.

In 2019, 29% of the UK population used an online grocery platform at least once; the highest national proportion in Europe for that year.<sup>1</sup> The 2020 COVID-19 pandemic and the national lockdowns that have accompanied it led to a significant increase in online grocery shopping behaviour in the UK:

- » Between March and April 2020, online shopping use in the UK shot up by 83% as the first national lockdown was put in place.<sup>2</sup>
- » This trend continued throughout the rest of the year with online grocery sales in September 2020 going up by 76% compared to September 2019.<sup>3</sup>
- » In 2020, 74% of over-55s used online shopping at some point (increase of 26% from 2019), while almost twice as many 35-44 year olds shopped online at least once per week compared to 2019.<sup>4</sup>
- » Online shopping can easily become habitual<sup>4,5</sup> and 69% of people in the UK said their move towards digital grocery platforms during 2020 would last beyond the pandemic.<sup>6</sup>
- » Overall, 39% of UK households now buy groceries online, with one out of every £9 spent on total groceries going through the online channel.<sup>7</sup>

This online shopping trend shows little sign of slowing with the UK online market share expected to grow from 6.2% in 2019 to 8.9% in 2022 (adjusted for impact of the pandemic).<sup>8</sup>

Initially, the UK's four main food retailers made up the online grocery shopping market: Tesco, Asda, Morrisons and Sainsbury's.<sup>9</sup> In recent years, new 'online only' grocery retailers and delivery services have emerged, such as AmazonFresh and Ocado. The mass movement towards digital grocery shopping during the pandemic also caused other popular food retailers such as ALDI to begin rolling out an online service in order to keep pace.<sup>10</sup> While traditional supermarkets still hold the largest market share, it is expected that as technology continues to develop, and consumer needs grow, shopping habits will continue to change towards more convenient methods at the expense of traditional supermarkets.<sup>11</sup>

An analyst from Kantar highlighted that, going forward, the online grocery sector will receive increasing financial backing as the growth opportunities available make it an attractive area for investment.<sup>9</sup>



## CONVENIENCE

Convenience is a powerful driver of online sales. However, health and safety has now become a top priority for customers as well.<sup>12</sup> A One Poll survey<sup>4</sup> of UK shoppers found that the top 3 reasons for using online grocery platforms in 2020 were:

- » Don't want to go to the shops
- » Avoid heavy lifting of bags
- » It's simple

Furthermore, an article by Nielsen Insights highlighted that the rapid uptake of digital shopping in 2020 will result in consumers demanding the same levels of convenience that they would find in physical stores. This includes aspects such as a wide product range, instant gratification, and speed of service. Big grocery retailers will continually aim to make their online service as simple and easy to use as possible in order to keep hold of customers.<sup>13</sup>

## CONCERNS ABOUT ONLINE GROCERY SHOPPING

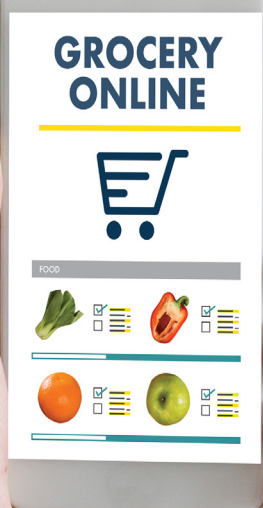
Carrying bags of shopping home from the supermarket is one of the simplest ways to maintain strength, however; there is a worry that the rise of online shopping has removed this as an easy source of strength exercise.<sup>14</sup> In 2017, a survey by the Chartered Society of Physiotherapy found that 24% of people aged 65 and over in the UK do no strength exercises, despite it being vital to maintain strength as we age in order to avoid falls and poor health.<sup>14</sup> Adults are also reported to spend the equivalent of more than **one day per week** online.<sup>15</sup> Furthermore, online grocery shopping only adds to weekly screen time, potentially leading to a more sedentary lifestyle.



## TARGETED MARKETING

Online shopping retailers have access to data regarding individual customers' purchasing patterns.<sup>16</sup> This means that ads can be specifically targeted towards customers who may have searched for a food item in the past or shown an interest in a particular brand by previously clicking on an advert. For some of these products, customers may only be looking to purchase occasionally, however; personalised ads online can prompt customers to make more frequent and impulsive purchases than they otherwise would.<sup>5</sup> A 2021 report from The Grocer quotes a UK retail manager; "More customers are shopping online now meaning we can market specific offers to these customers."<sup>12</sup>





## ONLINE PROMOTION OF UNHEALTHY FOODS HIGH IN FAT, SUGAR OR SALT

Both the Scottish and UK Governments have consulted on the restriction of promotions on products high in fat, sugar or salt (HFSS), by price and location. Although the Scottish government confirmed plans to tackle HFSS promotions in 2020, the action was paused due to the pandemic. This inaction is concerning given the uptake of online shopping over the last year and the subsequent exposure to online promotions consumers face. A survey by Public Health Scotland found that 66% of Scottish people believe unhealthy foods should not be allowed to be placed at checkout points.<sup>17</sup> Both the UK and Scottish government have asked for views on also applying restrictions online. There are three important arguments in favour of it:

- » Applying the same restrictions to online shopping environments would provide a consistent and fair approach for retailers and avoid any 'displacement' effects of not applying the restrictions across all channels. For example, if HFSS multi-buy promotions were allowed in online stores, this may move customers online, reducing the potential impact of the restrictions.<sup>18</sup>
- » In Scotland, there is a precedent for restricting the sale of food and drink produce online, with the restriction of alcohol multi-buys already in place.
- » Restricting HFSS promotions within online grocery platforms would be quick and easy to implement due to the digital format and relatively small number of market players. It is likely that the benefits of such

restrictions would also be seen quickly due to the high and growing usage rates of these platforms.

Intriguingly, some studies suggest that online grocery shopping has the potential to decrease purchases of less healthy food:<sup>19,20</sup>

- » Consumers might be less exposed to marketing strategies that are seen in traditional stores, such as placement of products high in fat, sugar and salt at end-of-aisle displays that encourage impulse buys.<sup>21</sup>
- » Viewing foods as a picture, rather than in their physical form, might reduce the desire to make 'instantly gratifying' purchases, leading to a healthier shop online than traditional brick-and-mortar stores.<sup>20</sup>
- » Customers living in areas with limited access to healthy foods may also benefit from shopping online, as there may often be greater access to healthy food.
- » The wait time for delivery following an online grocery shop can make customers think about their choices more carefully which can result in fewer unhealthy foods being ordered.<sup>22</sup>
- » Online shopping lists can be repeated from trip to trip, which might mean fewer opportunities for unplanned purchases.

However, in order to preserve sales and profits, retailers have been advised by the industry to focus on generating more impulse buys online.<sup>23</sup> Intensive online marketing of profitable HFSS foods also seems likely. Solutions such as shopping basket suggestions or voice recognition technology (i.e. Amazon's Alexa) that allow real-time, spontaneous decisions are strategies that could increase impulse buys and potentially increase purchases of unhealthy products.<sup>18</sup>

### KEY RECOMMENDED ACTIONS

- » Consumers deserve to be protected from targeted marketing of HFSS products, by ensuring all retail restrictions on advertising and marketing also apply to the online environment.
- » To ensure a 'level playing field' for businesses, and maximise health benefits, any in-store restrictions on HFSS promotions must also be applied to online shopping environments.



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