

Unpacking the Online Grocery Market

To better understand the paradigm shift in our consumer habits, Fifty and Guerillascope deep dived into the audiences behind the companies leading the change in the food delivery market culture.

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Based in London, Guerillascope is a full-service media agency with one lofty aim: give ambitious businesses what they really want, on their terms. This means bespoke media planning, agile media buying, access to great rates, and the peace of mind that comes with knowing your brand is a priority.

fifty.

Fifty is a digital advertising company that specialises in media activation. We are on a mission to revolutionise digital marketing through unrivalled human understanding, media execution and sustainable technologies.

Introduction

With a series of lockdowns flipping daily routines on their head, some interesting changes began to marinate as restrictions forced businesses and consumers to adapt.

Supermarkets, which have long held dominion over how and where we buy our groceries, were now required to enact social distancing measures that led to long queues snaking down the high street.

Though known for our queuing etiquette, this proved one inconvenience too far for many Brits, who were already being forced into DIY haircuts and walks around the park that felt more akin to day release.

The likes of Deliveroo and Uber Eats were soon dining on this frustration; acting as vanguards, they paved the way for new brands to enter a market that, until the pandemic, had been seen as somewhat of an indulgence by many. Online orders were now viewed as the safest and most convenient way of buying groceries.

Yet, as is often the case with a market that enjoys accelerated growth, a new challenge emerged: saturation. Weezy, an early trailblazer, soon got bought out by Getir, while Jiffy was incorporated into Zapp as the more established or better funded players eyed room to expand in a cluttered space.

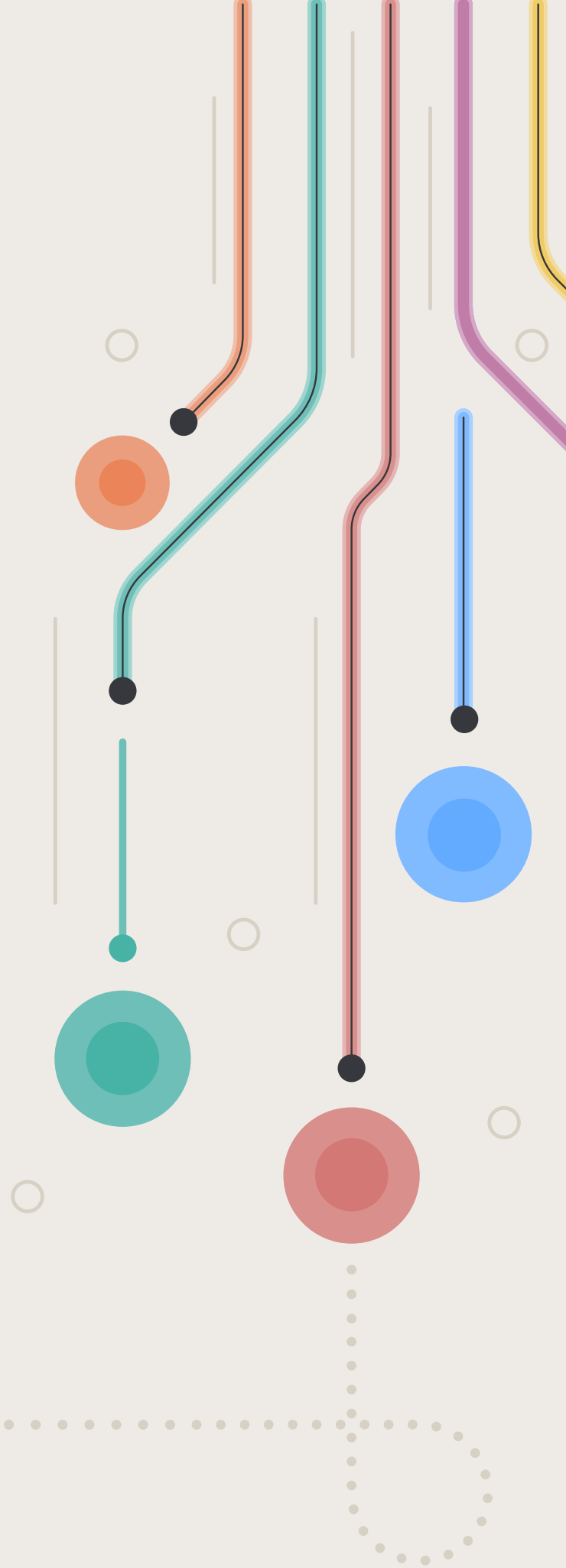
So, with so much going on in this market, partners Guerillascope and Fifty teamed up to explore a few key insights in greater detail.

How We Conducted The Study

Using Fifty's cutting-edge social insights platform - which organises social media users into segments based on a detailed web of connections and shared interests - we set out to develop a comprehensive understanding of the followers and advocates behind six key players in the online groceries market: Zapp; Gorillas; Zoom by Ocado; Getir; Amazon Fresh; and Uber Eats.

Some are powered by household names with considerable market traction and budgets to match; others are start-ups that have carved their own unique visions and paths toward meeting modern needs.

So, without further ado, here are **five key insights** that emerged through our analysis of this large dataset.



i. The market has moved beyond early adopters

Every nascent market is initially driven by early adopters, and online grocery brands have depended on this same stimulus. However, there are now clear signs of mainstream cut-through, with the Early Adopters tribe being supplanted by Middle-Class City Dwellers as the most prominent audience across the brands we analysed.

Families and older social media users are also becoming more engaged, which suggests marketing activity has had the desired effect of amplifying brand visibility and driving acceptance.

“There are now clear signs of mainstream cut-through.”



ii. Brand partnerships are reaping rewards

Another fascinating insight gleaned from our study is the emergence of London Sports Fans as a sizeable audience segment. With Getir teaming up with Tottenham Hotspur and Zapp with Chelsea over the past year, this suggests that such partnerships are successfully raising the profile of online grocery brands among followers of sport. And it's a formula that others have long been aware of, too: Uber Eats is the headline sponsor of France's Ligue 1, while Hull City FC, Derby County and Aberdeen FC are also partners.

Beyond sport, Gorillas has sought out innovative partnerships and experiences to keep them relevant in a post-lockdown world. The company's year-long partnership with the London-centric millennial recipe platform, Mob Kitchen, is a prime example of adapting a market strategy to suit current times in a way that appeals to hard-to-reach audiences.



iii. Trendy millennials show their appetite

Perhaps not so surprising is the fact that digitally native millennials are fully on board with the brands we tracked. Our analysis revealed a real taste for rapid grocery deliveries among younger adults working in the tech, marketing and creative industries, with Zapp, Gorillas and Amazon Fresh all indexing particularly well.

This insight appears to underscore the value of convenience, integration and inventiveness as commodities to an audience that counts The Drum, Wallpaper Magazine and Soho House among its key influences. Indeed, 25% of Zapp's entire social audience falls into this tribe, which reflects well on the brand's credentials in all three areas.



25%

OF ZAPP'S ENTIRE SOCIAL AUDIENCE FALLS INTO THE TRENDY MILLENNIALS TRIBE

iv. For foodies, it's all about who you know

One audience that has been slow in shifting away from supermarkets is Sophisticated London Foodies. Yet, read between the lines and it's clear what this boils down to: brand confidence.

Among those we analysed, Amazon Fresh holds a larger share of this segment than Zapp, Gorillas, Getir, and Uber Eats combined; tellingly, Zoom by Ocado ranks second. This indicates that, for foodies, what you know and who you know is important - they're less likely to take a chance on brands they are not familiar with. Guarantees around quality of service and produce are key for this audience - and the quickest way to develop rapport is through brand building.

“*Guarantees around quality of service and produce are key to Foodie tribes.*”

v. There's a clear gap in the market for sustainable brands

Sustainability Advocates place twelfth in terms of the biggest audience segments interacting with online grocery brands on social media, suggesting there is a gap to be filled by businesses with strong green credentials.

This is highlighted by the fact that Gorillas, the highest-ranking brand among Sustainability Advocates and the only one that holds any real traction, has partnered up with Too Good To Go, an app that helps restaurants reduce food waste. According to The Grocer, this collaboration has so far prevented more than 100 tonnes of good food ending up in the bin.

And Zapp is another brand making inroads here; the platform has partnered up with The Felix Project, a London charity fighting hunger, while its vehicle fleet has now gone fully electric.

Such moves are expected. The space is there to capitalise on, conversations are waiting to be had, and an impassioned legion of potential customers is primed to engage. It's time for online grocery brands to place sustainability higher up the agenda.

GORILLAS AND TOO GOOD TO GO'S COLLABORATION HAS SO FAR **PREVENTED MORE THAN 100 TONNES** OF GOOD FOOD ENDING UP IN THE BIN.



A Market At A Crossroads

It's clear from our analysis that the online groceries market has broken free from its infant chrysalis to mature and breach the mainstream. From Keen Gamers and Hip Hop Fans - both of whom form part of a strategy aimed at Gen Zs by Getir in particular - to Informed Senior Professionals and Household Shoppers, the brands we tracked have gained strong footholds across a broad range of audience segments and eclectic interest groups.

10k+

**NEW PASTA EVANGELISTS
CUSTOMERS**

The next step is to, first, use this cut-through as a launchpad for further brand building, fuelling growth with multi-faceted marketing strategies focussed on the benefits that are likely to be important to each

key audience. And second, think laterally in terms of expansion.

For example, Guerillascope's client, Mindful Chef, launched as a recipe box brand with a focus on healthy, sustainably sourced ingredients. After a concerted period of growth, the company has now pivoted to sell frozen meals and cereals through a partnership with Waitrose.

Additionally, faced with an uncertain consumer landscape due to the pandemic, Pasta Evangelists worked alongside Fifty to gain a greater understanding of their audience and utilise this insight to implement a media strategy that would meet the moment.

Fifty performed a thorough audience insight into the brand's social audience, and further ran an enrichment project into the company's existing customer base. This insight revealed both social and real-life audiences, identifying key groups such as 'Sophisticated London Foodies', 'Italian Food Addicts' and 'City Culture Vultures'.

The results of this strategy speak from themselves, with Pasta Evangelists acquiring tens of

thousands of new customers and Fifty delivering a 66% improvement on the cost per new customer.

The online groceries market has by no means reached its zenith; as touched upon with sustainability, there are gaps to be filled, while the value of partnerships is yet to be fully harnessed.

Similarly, Guerillascope was entrusted with the planning and execution of a cross-media strategy by Mindful Chef, to raise brand visibility and engage new customers during the pandemic.

With Hello Fresh and Gousto dominating Share of Voice in the market, Guerillascope sought to increase Mindful Chef's reach and share of voice. Having previously trialled a regional campaign direct with ITV London, the media agency decided to scale up its strategy to reach a national audience. This would be supplemented with radio advertising spots.

The channel mix was crafted based on which channels profiled best against 20-35 ABC1 adults. From Guerillascope's analysis of Mindful Chef's ITV London Activity, they found

216%

INCREASE IN ATTRIBUTED
WEB VISITS

that game shows, lifestyle and reality programming performed particularly well. Consequently, they targeted spots in the likes of Celebrity Great British Bake Off and Premier of Greatest Showman on CH4. The TV activity was a blend of DRTV and Peak placements to ensure that they hit Mindful Chef's target Cost per Acquisition as well as achieving their awareness objectives. As TV rates were so low, they were also able to buy Peak airtime at the fraction of the usual price.

The campaign ultimately reached 72% of all UK adults and 56% of those are the core target for Mindful Chef aged 20-35, with an average frequency of 3.2x. This, allied with the radio activity, drove a 216% increase in attributed web visits and improved the Market Share by 6%, contributing to Mindful Chef's 2020 sales figures rising 230% from the previous year.

No resting on laurels

There are, however, some warning signs that require a response. Despite heaps of investment over the past couple of years, a decline in app downloads and a raft of staff cuts have unsettled some of the market's key players.

And with the cost-of-living crisis now exerting further constraints on our purse strings, companies working in the online groceries space may need to think of new ways to add value and cut-through to wary spenders.

Street Fleet, the Berlin-based company owned by Gorillas, recently had to lay off 150 staff as its parent company - in a tacit acknowledgement that brands must now pivot - cited a "recent change in strategic direction from operational activities to a focus on its five core markets and brand," amid "growing market uncertainty," as reasons for the cuts. Gorillas has since launched its own-brand products across eleven categories - including water, snacks and household items - in a bid to increase profitability.

Gorillas also agreed a partnership with Tesco last year that allowed it to

take up unused space in three stores to use as dark kitchens, while adding Tesco products to its available in-app purchases. This helped the company save on rent and labour costs.

Meanwhile, Zapp has become the end-delivery face of the now erstwhile Jiffy, which has pivoted to become a dedicated "speed-of-service" software provider to its former competitors.

And Amazon Fresh, with its 12% stake in Deliveroo, now aims to leverage the latter's network of riders to expand across the UK.

Other options are on the table. Dynamic pricing, for example, could encourage shoppers based on the time of day, while automation and relaxing the obsession around rapid delivery could help companies cut costs; there is, after all, conjecture among industry commentators over just how much people care about 15-minute deliveries.

This piece shows that, whether you're a unicorn darling such as Gorillas, or an established powerhouse like Uber, the volatility of the market demands that all players are constantly seeking ways to evolve. Sometimes, to reach new heights you not only have to aim up, but sideways and diagonally, too.

Thank you for reading!

To learn more about how Fifty can help you better understand and reach your current and future customer, **get in touch with us here.**

Get in touch with Guerillascope **here.**



Insights by Ben Montagu-Scott.

