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Coronavirus Catapults Grocery Ecommerce in the UK, but Online Grocers Struggle to Meet Demand

ARTICLE

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A mid the countless (mostly unpleasant) surprises brought on by the coronavirus pandemic, one development was entirely predictable: the surge in online ordering of groceries and other essential items.

Online food shopping is well-established in the UK. According to a Deloitte survey conducted by YouGov, one in five UK internet users ages 18 and older polled in Q3 2019 were buying groceries via websites.

Which Channels Do UK Internet Users Use for Grocery Shopping?
% of respondents, Q3 2016-Q3 2019

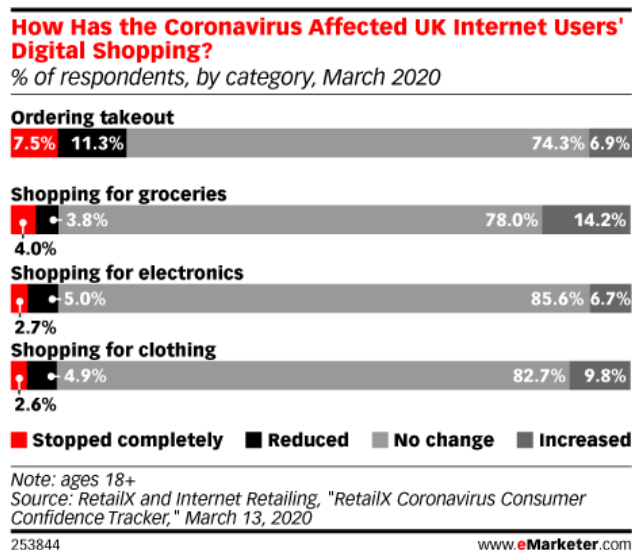|	Q3 2016	Q3 2017	Q3 2018	Q3 2019
Large supermarkets	65%	65%	66%	62%
Discount supermarket	29%	31%	33%	33%
Websites	19%	17%	15%	20%
High street or town center supermarket	22%	22%	22%	19%
Convenience store	8%	7%	5%	6%
Specialist food/drink store	6%	5%	6%	5%

Note: ages 18+
Source: Deloitte, "Signs of a consumer slowdown: The Deloitte Consumer Tracker Q3 2019" conducted by YouGov, Oct 21, 2019

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But the COVID-19 pandemic has catapulted grocery ecommerce to a new level. From early March, UK supermarkets have been swamped with internet orders, mostly from consumers avoiding busy and overcrowded stores.

According to the RetailX Coronavirus Consumer Confidence Tracker published by Internet Retailing, 14.2% of UK internet users ages 18 and older polled on March 11 said they had increased their online grocery shopping, and 6.9% of respondents said they ordered more takeout online.

How Has the Coronavirus Affected UK Internet Users' Digital Shopping?
% of respondents, by category, March 2020

	Stopped completely	Reduced	No change	Increased
Ordering takeout	7.5%	11.3%	74.3%	6.9%
Shopping for groceries	4.0%	3.8%	78.0%	14.2%
Shopping for electronics	2.7%	5.0%	85.6%	6.7%
Shopping for clothing	2.6%	4.9%	82.7%	9.8%

Note: ages 18+
Source: RetailX and Internet Retailing, "RetailX Coronavirus Consumer Confidence Tracker," March 13, 2020
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Few websites are coping with the surge in demand. On March 19, omnichannel retailer Waitrose & Partners informed site visitors that they were in a "virtual queue" behind thousands of customers; the service was also barred to new users. As of March 23, no delivery spots were available, though existing customers could amend current orders.

Similarly, the UK's leading online-only supermarket Ocado saw its website and app crash multiple times on March 13. Some customers who managed to place orders found that they couldn't book a delivery sooner than a week away. Several tumultuous days later, the firm temporarily suspended access to Ocado.com and refused all new orders to concentrate on work behind the scenes. A March 19 statement confirmed that the grocer is "fully booked and at full capacity,

and will be delivering to over 170,000 households in the next four days." As of March 20, Ocado site visitors were greeted with an update: "The website is currently only available for customers with a delivery booked for this Saturday and Sunday."

Backroom staff weren't just working to boost efficiency in order fulfillment. They were also addressing the issue of panic buying evident online and in-store. A mid-March Ipsos MORI survey of adults in Great Britain found that more than 40% were buying more supermarket items than they normally would.

"The decision to close was not because we could not cope," Ocado's finance director, Duncan Tatton-Brown, told The Guardian. "The website closed so we could make changes to the code that supports it to enable us to share our capacity in a more fair and accessible way. You can imagine some people are ordering a much larger basket, and it's only right for us to consider a fairer allocation. We need to find a way to make it fairer." Ocado has already capped individual consumer orders to about 500 products, but that list is likely to grow.

On that front, UK online stores are facing the same problems as supermarkets generally: Can supplies of groceries and other key products be sustained? While producers and retailers have assured that fresh and preserved food, toilet paper, household disinfectants and other key items will not run out if consumers buy responsibly, not all shoppers are heeding that advice.

The shift to online food buying is also propelling new market entrants into the limelight. This can be a mixed blessing if customer numbers suddenly outstrip capacity. Oddbox, a small UK firm that provides selections of locally grown fruit and vegetables too irregular to be sold in supermarkets, has seen requests for its weekly deliveries skyrocket. As of March 23, its website too was closed to new business, but it promised to notify by email when service was restored.

Several restaurants now closed to in-person diners are moving online, too. Leon, a UK chain serving healthy fast food, planned to unveil a new ecommerce platform in late March, offering a "direct-to-home delivery service of chef-quality prepared meals." Orders continue to be available for delivery via Deliveroo and Uber Eats. Leon's current online shop,

which is separate from the upcoming ecommerce platform, sells a limited range of bottled goods like chili sauce and vegan mayonnaise.

As April approaches, it's clear that the coronavirus will devastate many UK businesses. But online grocers have a better chance to weather the storm and prosper in its aftermath.