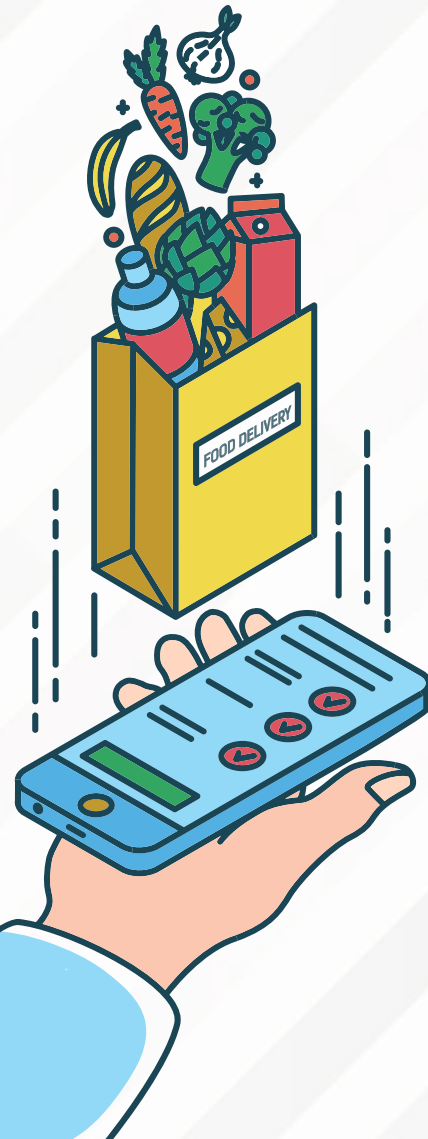


What U.K. Consumers Expect From Their Grocery Shopping Experiences, a PYMNTS and ACI collaboration, draws from a survey of 2,501 U.K. consumers conducted from Sept. 14 to Sept. 17 about their preferences for buying groceries both online and in-store. We sought to learn how shoppers adjusted their grocery shopping habits as the pandemic progressed and how retailers responded to hold their loyalty.



■ NOVEMBER 2021

WHAT U.K. CONSUMERS EXPECT FROM THEIR GROCERY SHOPPING EXPERIENCES

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FROM THEIR
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SHOPPING
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What U.K. Consumers Expect From Their Grocery Shopping Experiences was produced in collaboration with ACI Worldwide, and PYMNTS is grateful for the company's support and insight. [PYMNTS.com](https://www.pymnts.com) retains full editorial control over the following findings, methodology and data analysis.

INTRODUCTION

THIS IS THE SECOND PART OF A TWO-PART STUDY FOCUSED ON PAYMENTS IN THE GROCERY INDUSTRY.

Digital trends that have been building momentum for years received an unexpected and unprecedented boost in the past 20 months. Online shopping has been steadily eating into most retailers' floor traffic for years. When the pandemic swarmed the global economy, the grocery business, like most industries, was upended too.

In the United Kingdom, consumers' appetite for online grocery shopping peaked in response to the pandemic and has settled more recently into a steady stream. Britons' continuing interest in shopping online for food, paper goods and other groceries has attracted a host of new competitors eyeing the U.K. as a golden opportunity. Companies as far afield as Russia's Yandex, Turkey's Getir and Germany's Gorillas are launching rapid grocery delivery services in London with promises to make deliveries within 15 minutes of an order's placement. The new entrants are part of a global trend that has grocery delivery specialists competing aggressively for customers willing and able to spend on premium services.¹



Shopping for groceries online was on the rise for years before the pandemic hit, but that trend has accelerated in the last 20 months and reached a new level of acceptance. Many consumers in the U.K. abruptly switched to online grocery shopping during lockdown out of health concerns. They are now continuing to do so as a matter of convenience and to save time. Grocers are responding to the increase in online shopping by adding more nongrocery items to their shelves, including clothing and pharmaceuticals. They are also enhancing the value proposition they offer shoppers with loyalty programs that reward repeat customers.

What U.K. Consumers Expect From Their Grocery Shopping Experiences, a PYMNTS and ACI collaboration, draws from a survey of 2,501 U.K. consumers conducted from Sept. 14 to Sept. 17 about their preferences for buying groceries both online and in-store. We sought to learn how shoppers adjusted their grocery shopping habits as the pandemic progressed and how retailers responded to hold their loyalty.

This is what we found.

¹ Browne, R. London's ultra-fast grocery delivery war heats up with the arrival of Russian tech giant Yandex. CNBC. 2021. <https://www.cnbc.com/2021/10/14/russias-yandex-launches-rapid-grocery-delivery-service-in-london.html>. Accessed November 2021.

CONSUMERS IN THE UNITED KINGDOM ARE 41% MORE LIKELY THAN CONSUMERS IN THE UNITED STATES TO BUY GROCERIES ONLINE.

WHAT U.K. CONSUMERS EXPECT FROM THEIR
GROCERY SHOPPING EXPERIENCES

British consumers have been increasing their usage of online shopping for groceries for close to two years. Forty-eight percent of consumers who buy grocery products currently do so online, with 46% of U.K. consumers using a laptop or desktop when buying groceries online, and 46% shopping with a mobile device like a smartphone or tablet.

Online grocery shoppers in the U.K. use a wide array of methods for purchasing and delivery. Forty percent buy groceries online and have them delivered to their homes, while 11% pick them up at the grocer after shopping online. Four percent buy online via a subscription service, and three percent use curbside pickup after purchasing online. An additional 3% buy online through a third-party reseller.

Our research finds a broad disparity in how consumers pay for the five methods tracked. Forty-five percent of the consumers who buy groceries online with a subscription service do so with a mobile device, and 36% use a laptop or desktop. Sixty-three percent of consumers use a mobile device to buy groceries with a third-party subscription service, and 22% use a laptop or desktop, which is the widest disparity for any of the five purchase methods. The narrowest disparity is with using curbside pickup after buying online. For this method, 36% of consumers use a mobile device, and 40% use a laptop or desktop.

48%

OF CONSUMERS WHO BUY GROCERY PRODUCTS CURRENTLY DO SO ONLINE



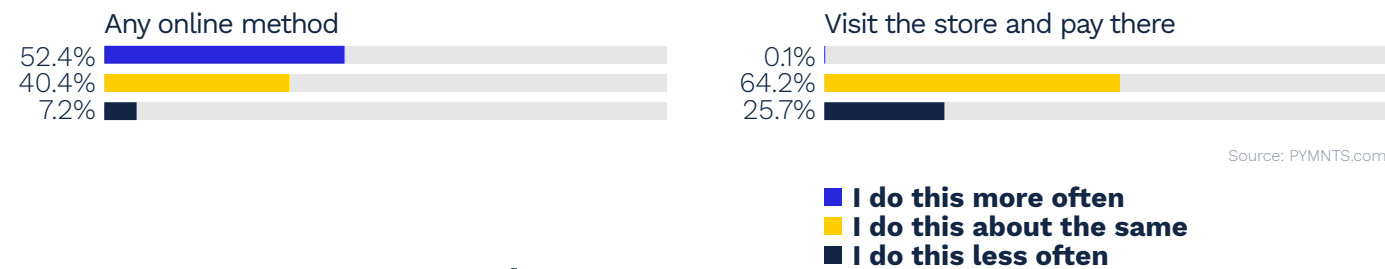
In the case of click and collect, or picking up groceries purchased online at the store, 50% of consumers use a mobile device, and 41% use a laptop or desktop. With buying online and having the groceries delivered, 45% use a mobile device, and 52% use a laptop or desktop.

The proportion of U.K. shoppers who buy groceries online is 41% more than the share of U.S. grocery shoppers who buy groceries online. Fifty-two percent of U.K. consumers are still shopping for groceries online more frequently than they were before March 2020.

Thirty-two percent of U.K. shoppers prefer to shop for their groceries online, while just 18% of U.S. consumers prefer to do the same. Most consumers in the U.K. and the U.S. prefer shopping at brick-and-mortar supermarkets and grocery stores, but to different extents. Sixty-eight percent of U.K. consumers still prefer to go to the store and pay for their groceries, which is less than the 82% of U.S. consumers who do the same.

FIGURE 1: Pandemic-related increase in U.K. consumers' online grocery shopping

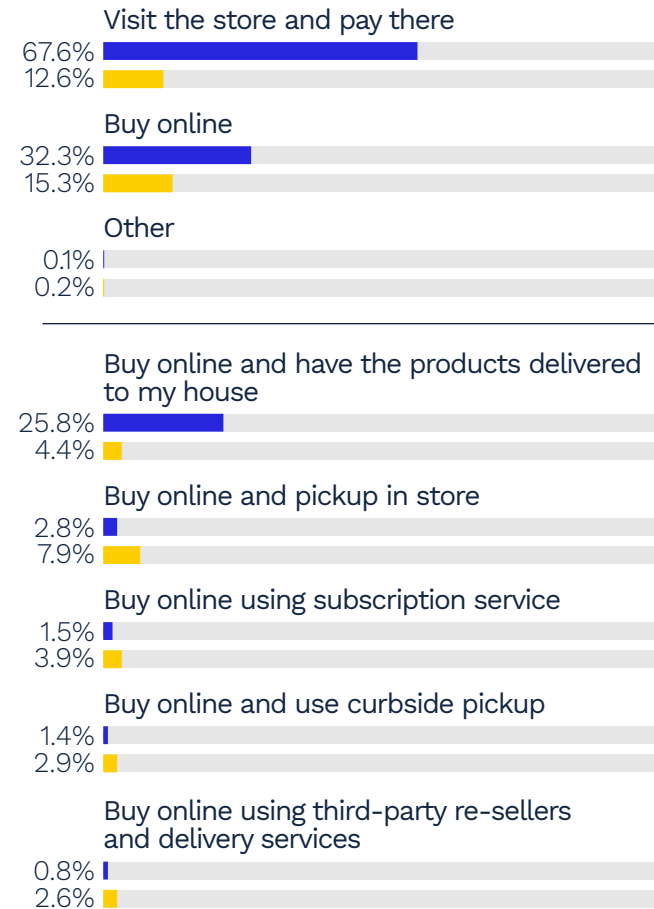
1A: Change in U.K. consumers' grocery shopping habits since March 2020



■ I do this more often
 ■ I do this about the same
 ■ I do this less often

FIGURE 1: Pandemic-related increase in U.K. consumers' online grocery shopping

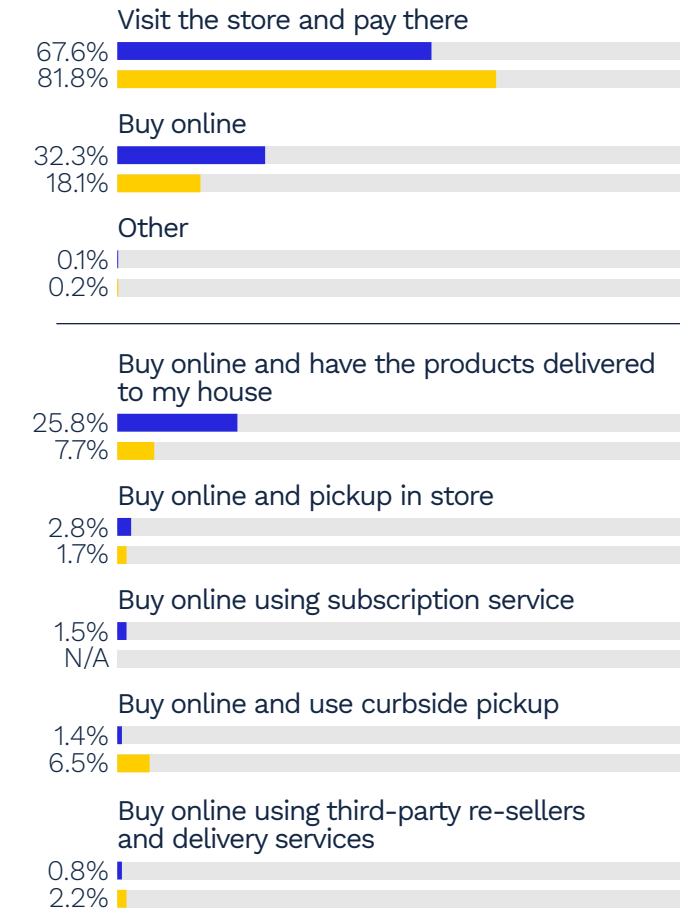
1B: Grocery shopping method typically used in the U.K.



Source: PYMNTS.com

■ Most preferred
 ■ Used, not ranked first

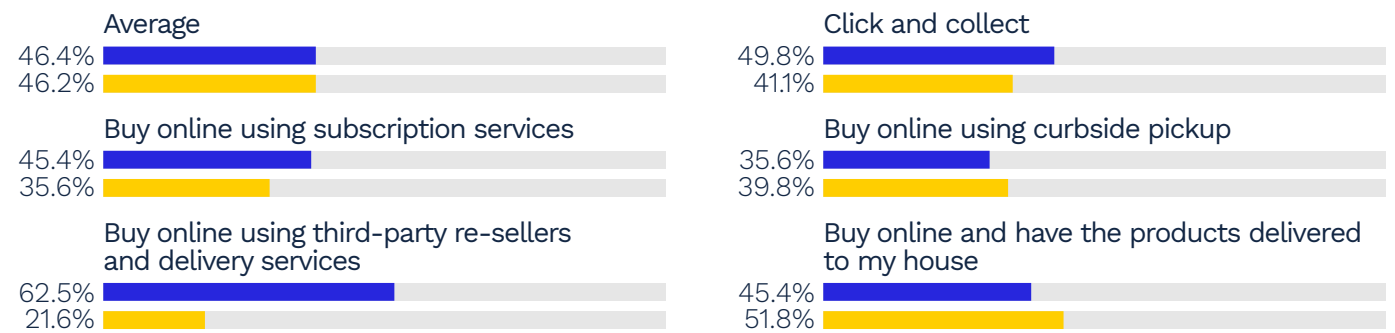
1C: Most preferred grocery shopping methods, by country



Source: PYMNTS.com

■ U.K.
 ■ U.S.

1D: Online method used to purchase groceries: laptops and desktops versus mobile devices



Source: PYMNTS.com

■ Using a mobile device
 ■ Using a laptop or desktop computer

TWO-THIRDS OF U.K. CONSUMERS SAY THEY ARE DOING MORE GROCERY SHOPPING ONLINE BECAUSE OF EASE AND CONVENIENCE, BUT ONGOING HEALTH FEARS ARE ALSO A KEY MOTIVATOR.

WHAT U.K. CONSUMERS EXPECT FROM THEIR GROCERY SHOPPING EXPERIENCES

Consumers want shopping methods that are easy and convenient, and 66% of consumers report doing more online grocery shopping for these reasons. Forty percent and 49% of consumers cite good online shopping experiences and speed, respectively, as reasons why they continue to buy groceries online. Even so, the pandemic's influence is still very strong. Sixty-four percent of grocery shoppers in the U.K. say they are continuing to buy groceries online because they fear infection.

Shoppers' interest in buying groceries online because of ease and convenience or because of their COVID-19 fears varies with age. Seventy-four percent of Generation Z consumers cite ease and convenience as a reason for shopping for groceries online — a higher share than is seen in any other age group. Seventy percent of Gen X consumers say the same thing. Sixty-six percent of bridge millennials and 62% of millennials cite the importance of ease and convenience. The proportion of baby boomers and seniors is 65%.²

64%
OF GROCERY SHOPPERS IN THE U.K. SAY THEY ARE CONTINUING TO BUY GROCERIES ONLINE BECAUSE THEY FEAR INFECTION

² Generation Z consumers are younger than 25, while Gen X consumers are aged from 41 to 56. Bridge millennials are 33 to 43, and millennials are 25 to 40. Baby boomers are 57 to 75, while seniors are older than 75.

Seventy-seven percent of baby boomers and seniors say their fears about contracting COVID-19 cause them to shop for groceries online — a significantly higher share than other age groups. Gen X follows this group at 62%, and 57% of bridge millennials, 52% of millennials and 53% of Gen Z consumers cite the same fears.

FIGURE 2:
Consumers' reasons for shopping online
Reasons for increasing online grocery shopping



Source: PYMNTS.com

TABLE 1:
Consumers' reasons for shopping online
Reasons for increasing online grocery shopping, by generation

	Baby boomers and seniors	Generation X	Bridge millennials	Millennials	Generation Z
• It's easier and more convenient	65.4%	69.6%	65.8%	61.9%	74.0%
• I worry about contracting Covid-19 when shopping in stores	76.7%	62.0%	56.5%	51.8%	52.6%
• It is faster	41.4%	49.1%	45.8%	57.5%	55.7%
• I had a good experience and want to continue shopping online	39.1%	40.0%	35.6%	35.6%	58.9%
• My data is more secure and there is less chance of fraud	5.7%	11.0%	11.6%	21.4%	3.8%
• Other	5.8%	6.7%	5.9%	6.1%	7.9%

Source: PYMNTS.com

MOST U.K. GROCERY SHOPPERS STILL PREFER GOING TO STORES TO BUY PERISHABLE FOOD ITEMS.

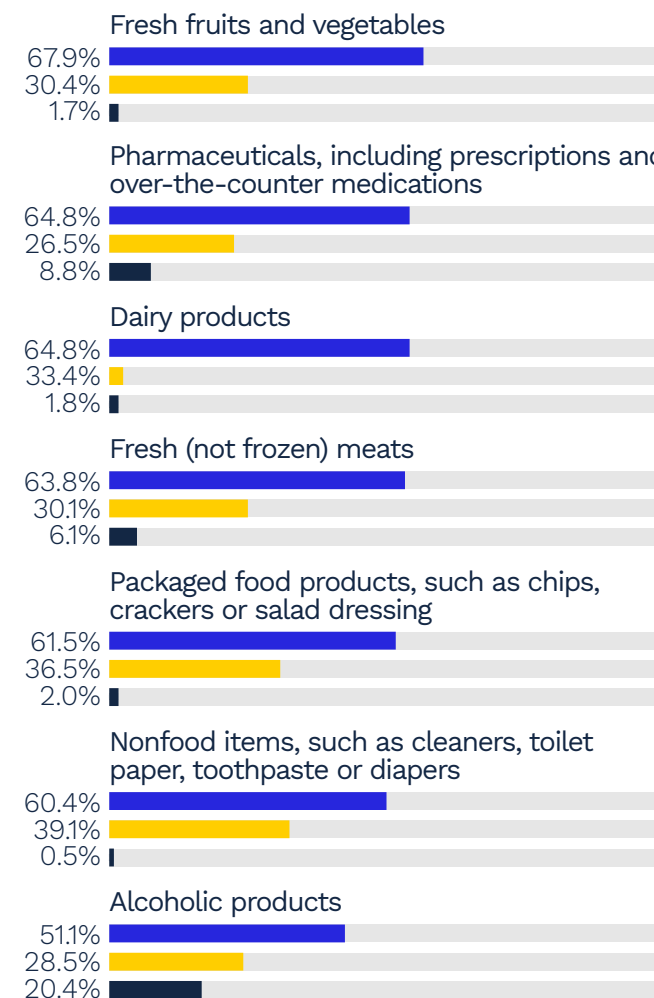
WHAT U.K. CONSUMERS EXPECT FROM THEIR GROCERY SHOPPING EXPERIENCES

Most people still want to see for themselves the meat and produce they plan to buy for dinner. That is why 64% of grocery shoppers prefer going to the store to buy meat, 68% to buy fresh fruit and vegetables and 65% to buy dairy products. Even when purchasing packaged foods, with which spoilage is not as much of a problem, 62% of consumers still prefer to do so in store.

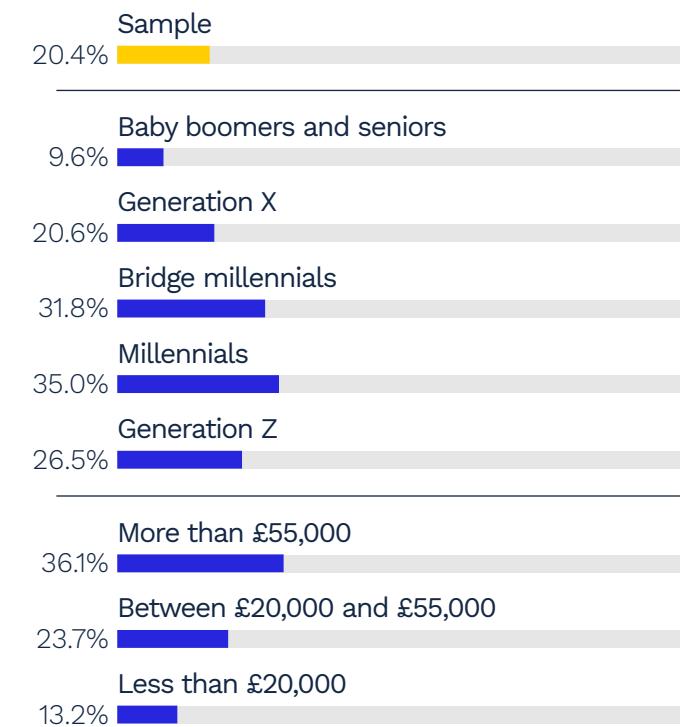
Twenty percent of U.K. grocery shoppers who buy nonfood items at grocery stores say the availability of these items convinced them to go grocery shopping more frequently during the pandemic. Shoppers in both the U.K. and the U.S. say they are interested in seeing products such as clothing and accessories, cosmetics and prescription medicine at grocery stores.

FIGURE 3: Shopping at brick-and-mortar grocery stores retains its appeal

3A: Preferred ways to shop for listed grocery products



3B: Share of respondents who visited the grocery store more often in the last 18 months due to availability of nonfood items in the U.K.



Source: PYMNTS.com

■ I visit the store to pick out my products and I pay in the store
 ■ I buy online
 ■ I do not buy these types of products

U.K. SHOPPERS USE DEBIT CARDS MORE THAN ANY OTHER PAYMENT METHOD WHEN BUYING GROCERIES.

WHAT U.K. CONSUMERS EXPECT FROM THEIR GROCERY SHOPPING EXPERIENCES

Sixty-two percent of online grocery shoppers in the U.K. pay with debit cards, but just 36% of online grocery shoppers use debit cards exclusively, and 26% use them along with at least one other payment method. By comparison, 57% of U.S. shoppers use debit cards when buying groceries online, 16% use them as their only payment method and 41% regularly use debit cards in addition to other payment methods.

Credit cards are the second-most common payment method for online grocery shopping in the U.K., and their use follows a similar pattern: 17% of online grocery shoppers use them exclusively, while 14% use them in conjunction with other methods. The percentages are slightly different in the U.S., where 28% of online grocery shoppers use credit cards exclusively and 38% use them in conjunction with other methods.

PayPal is the third-most common method for buying groceries online in the U.K., with 19% of digital grocery shoppers using the method. The fourth- and fifth-most used payment methods among online grocery shoppers in the U.K. are card on file (14%) and Apple Pay (8%).

By comparison, 31% of American consumers who make online purchases use PayPal, making it the third-most common method. Apple Pay is the fourth-most common method, used by 17% of U.S. online shoppers for groceries.

Sixty-eight percent of U.K. online grocery shoppers use debit cards to pay when they go to the store,

making them the most commonly used payment method in these transactions. Cash is the second-most common in-store payment method at 32%, and credit cards are ranked third at 28%.

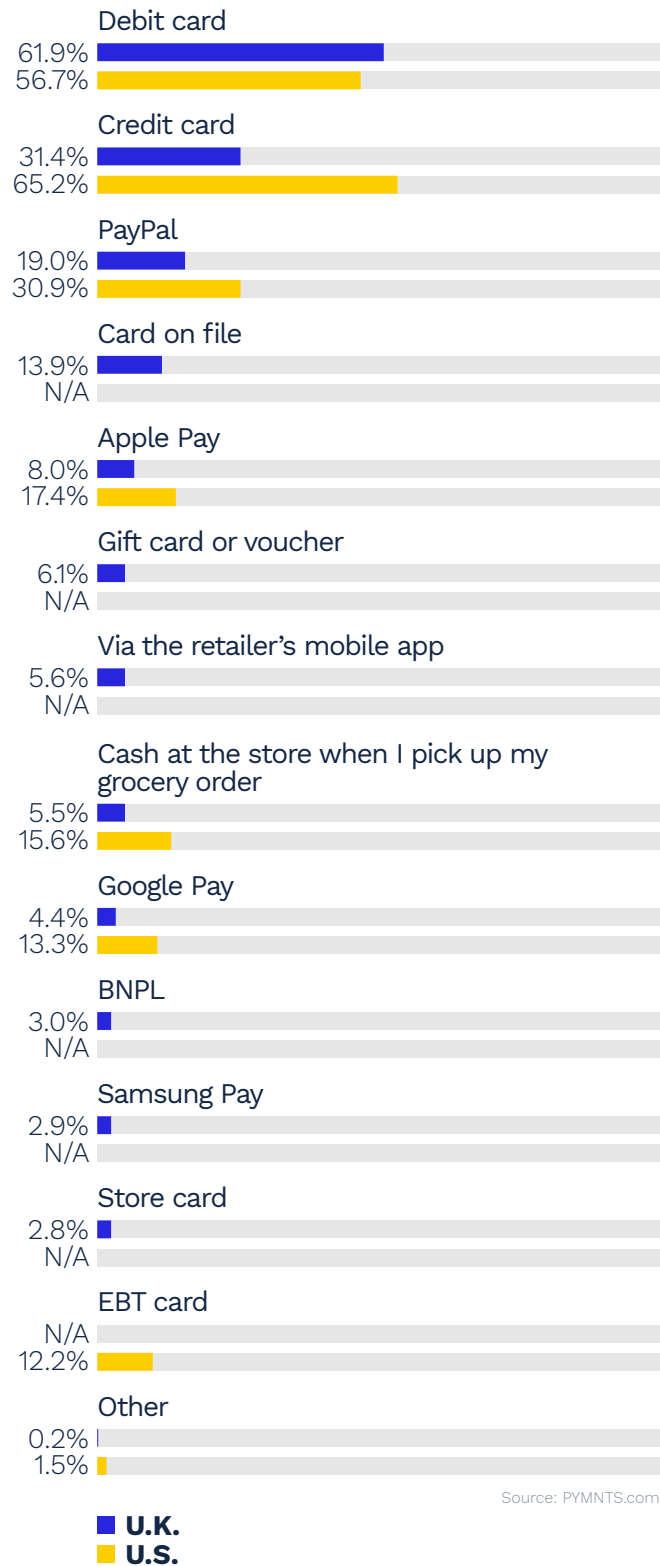
Debit cards are the most common method for in-store purchases of groceries in the U.S. and are used 58% of the time. Credit cards, at 53%, are the second-most popular method for U.S. shoppers. Cash ranks third and is used by 43% of U.S. grocery shoppers.

U.K. consumers tend to stick to one payment method for buying groceries both online and in store, especially compared to their U.S. counterparts. The disparity may reflect the distinctive features of retail banking in the U.S., where many consumers have multiple credit cards. U.S. consumers, as a rule, tend to use more payment methods than their international counterparts. Sixty-six percent of U.K. consumers use one payment method for online grocery shopping, and 58% use one method when buying groceries in store.

Most U.S. consumers use more than one payment method for both online and in-store grocery purchases: 49% of U.S. consumers use one method to buy groceries online, and 46% use one method to pay in store.

FIGURE 4:
Payment method usage among U.K. and U.S. shoppers

4A: Payment methods for online grocery shopping, U.K. versus U.S.



4B: U.K. consumer payment method usage for online grocery shopping, by number of methods used

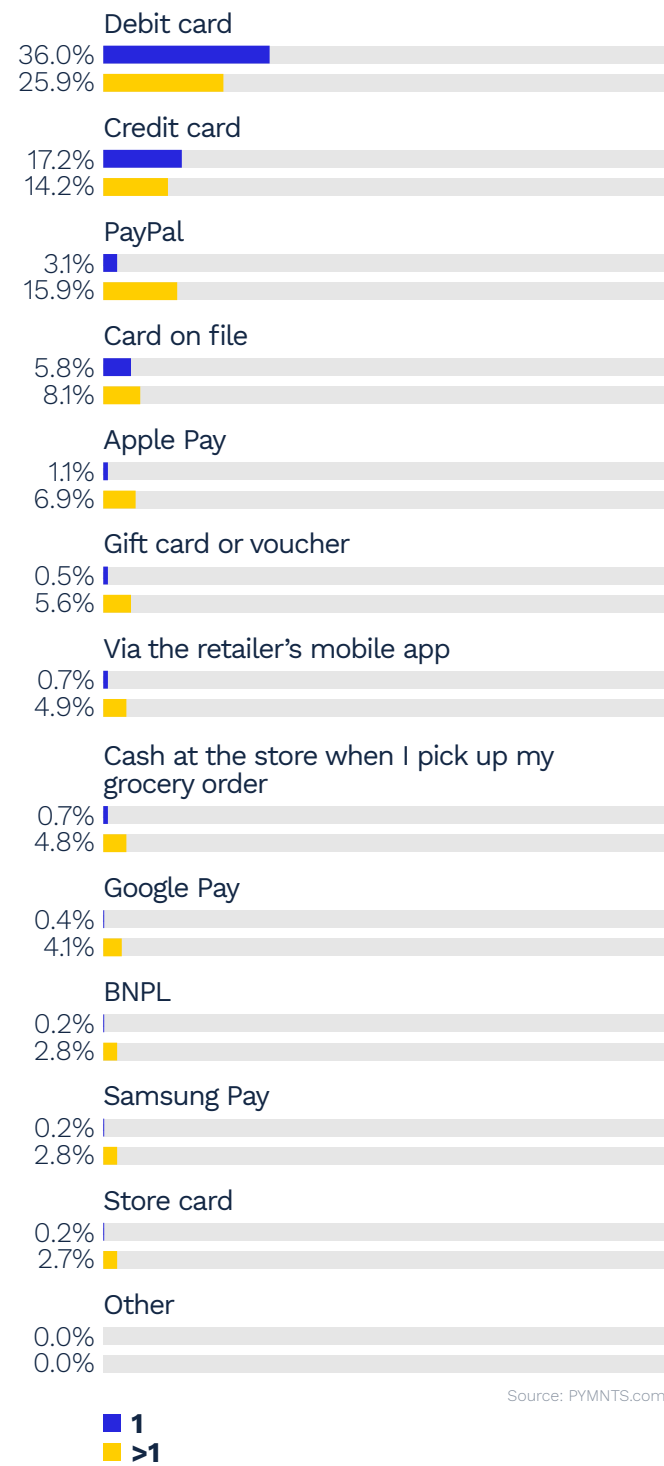
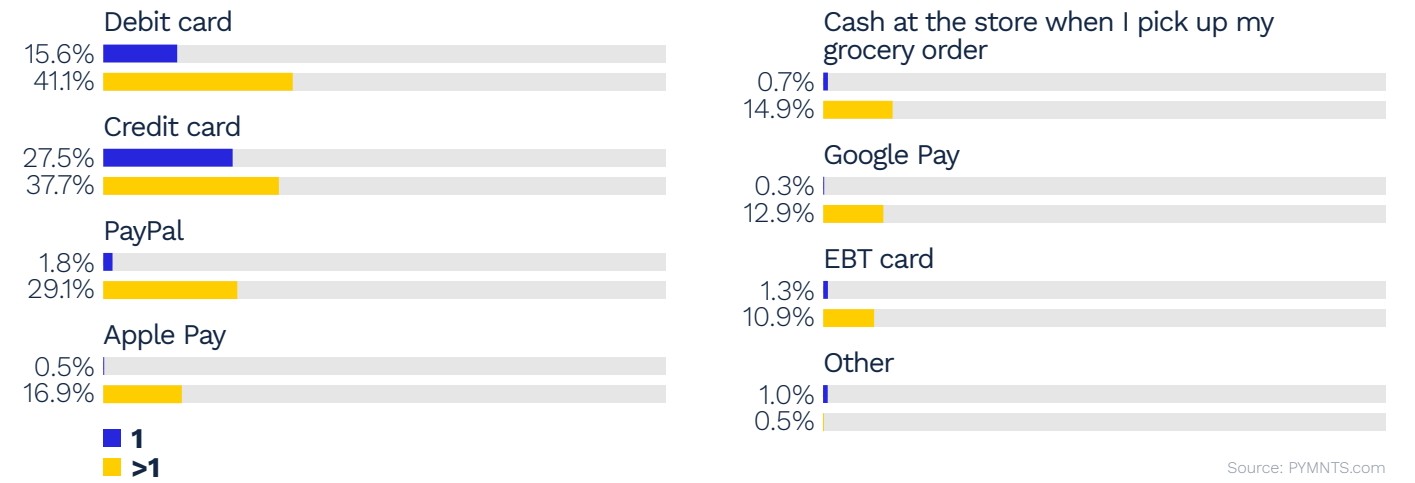
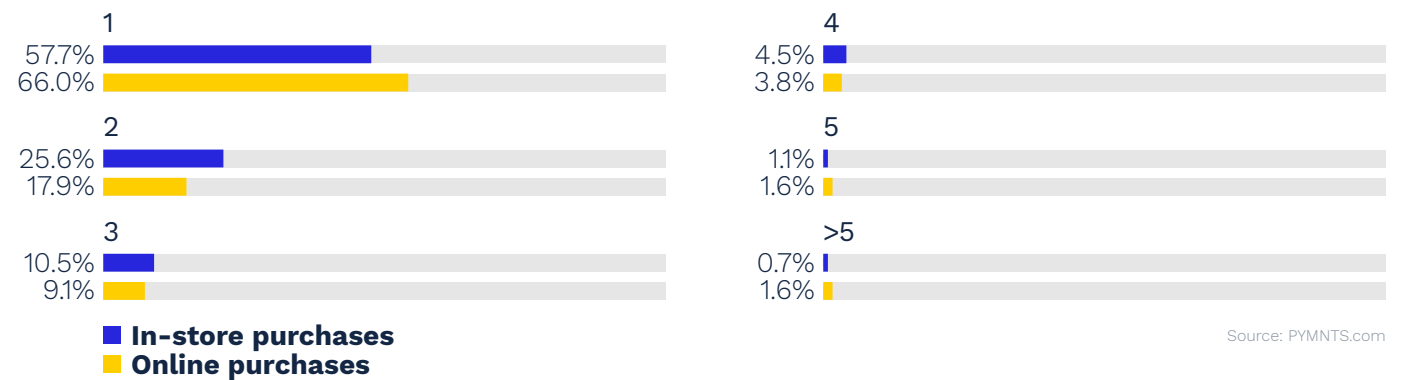


FIGURE 4:
Payment method usage among U.K. and U.S. shoppers

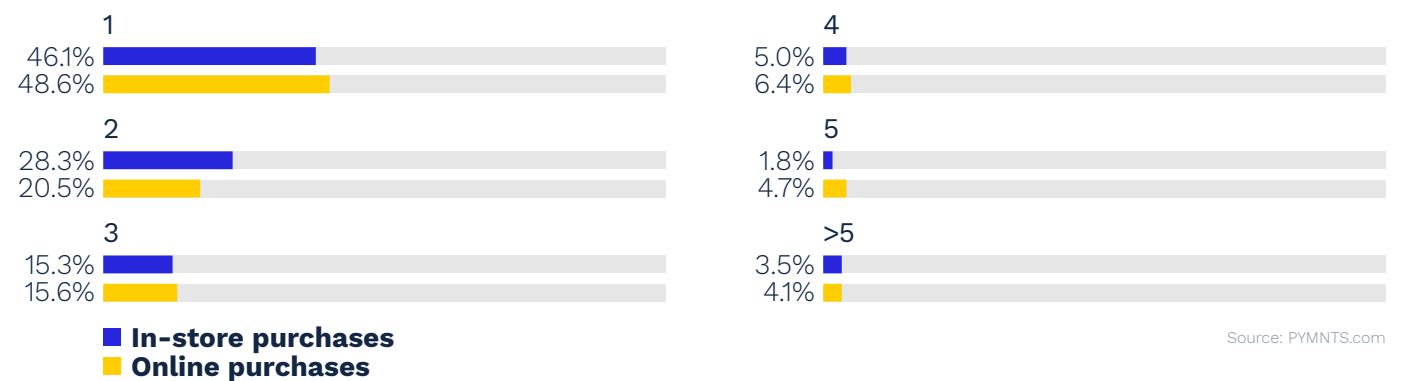
4C: U.S. consumer payment method usage for online grocery shopping, by number of methods used



4D: Number of payment methods used when purchasing groceries in the U.K.



4E: Number of payment methods used when purchasing groceries in the U.S.



FORTY-FOUR PERCENT OF U.K. GROCERY SHOPPERS SAY THEY SPEND MORE AT GROCERY STORES WITH LOYALTY PROGRAMS, AND 45% SAY THE PRESENCE OF A LOYALTY PROGRAM PLAYS A ROLE IN WHERE THEY SHOP.

WHAT U.K. CONSUMERS EXPECT FROM THEIR GROCERY SHOPPING EXPERIENCES

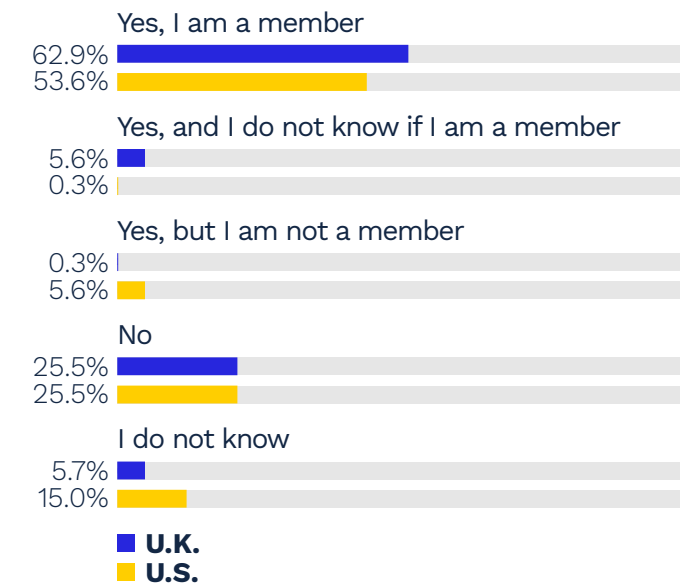
Forty-four percent of U.K. grocery shoppers say they spend more at grocery stores with loyalty programs, and 45% say the presence of a loyalty program plays a role in where they shop.

Approximately 27 million U.K. grocery shoppers, or 40% of the U.K.'s 67.1 million people,³ belong to grocers' loyalty programs, and the tendency of so many shoppers to spend more at the stores where they are program members is welcome news for grocers. Grocery loyalty programs are also more commonly used in the U.K. than in the U.S. U.K. shoppers are 17% more likely to belong to grocers' customer loyalty programs than U.S. shoppers, with 63% of British shoppers using at least one grocer's loyalty program.

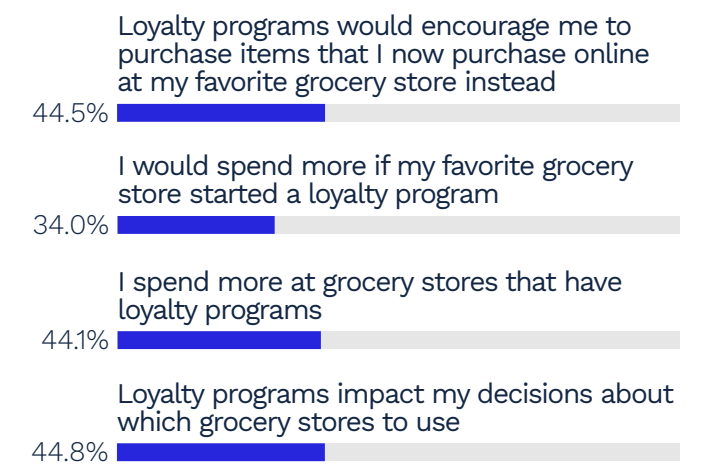
Forty-four percent of U.K. grocery shoppers say loyalty programs encourage them to purchase items they typically buy online at the store, and 34% of those with a favorite store without a loyalty program say they would spend more if it did.

FIGURE 5: Use of and spending habits with grocers' loyalty programs

5A: Respondents whose favorite grocery stores offer loyalty programs and whether or not they are members, by country



5B: Share of respondents who agree with select statements about grocers' loyalty programs



Source: PYMNTS.com

³ Author unknown. Population estimates. Office of National Statistics. 2021. <https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationestimates>. Accessed November 2021.

CONCLUSION

As the pandemic drags on, online grocery shopping continues to grow in popularity among U.K. consumers. These consumers may still prefer to shop in store, particularly when buying perishables, but they have grown accustomed to mixing online and in-store shopping. Grocers in the U.K. must adapt to consumers' changing behaviors by allowing them to shop both online and in store while also offering fast, reliable and convenient shopping experiences regardless of how they buy their groceries. Grocers with loyalty programs seem to have an edge over those without them as well. Loyalty programs give customers a reason to become repeat shoppers and spend more each time they visit, whether at the store or online.

METHODOLOGY

What U.K. Consumers Expect From Their Grocery Shopping Experiences, a PYMNTS and ACI collaboration, is based on findings from a survey of 2,501 U.K. consumers and was conducted from Sept. 14 to Sept. 17. We surveyed consumers about their preferences for buying groceries both online and in store. We also sought data about shoppers' adjustments to their grocery-buying habits as the pandemic dragged on and how retailers have responded to retain customers' loyalty.

WHAT U.K. CONSUMERS EXPECT
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