

UK Grocery Pricing Wars in 2022! A quick look at Pricing Data we gathered from 5 Grocery retailers in the UK

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BY VARUN

Grocery sales in the UK are dominated by the “big four” – Tesco, Asda, Sainsbury’s, and Morrisons. A [Statista report](#) on these Grocery Giants as of May 2022 indicates that Tesco, Sainsbury’s, and Asda own approximately 27%, 15%, and 13% market share of grocery stores in the UK. Whereas Ocado and Symbols & Independent have the lowest market share, 1.8% each.

However, the grocery delivery market is seeing a major shift because of new-age Quick Commerce companies that have swooped into the already crowded grocery space offering super-speedy home delivery! These new entrants added to the already competitive Grocery market & price wars intensified. Customers today rely on ultra-fast delivery services for their grocery requirements. For example, Berlin-based Gorillas charges £1.80 to deliver anything from a £7 pizza to a 30p apple — with no minimum order value.

Investors funded over **£5B** in grocery delivery apps such as Getir, Gorillas, Zapp, Fancy, Dija, Weezy, Jiffy, and Beelivery, in the UK. These rapid grocery delivery apps offer shorter delivery times, as low as 10 minutes, along with deep discounts to attract customers. For example, [Gorillas, Weezy, and Getir](#) all claim a 10-minute delivery time and offer promotional codes for the first couple of orders. Customers also get discounts for inviting friends and family.

To get more insight into the Grocery space in the UK, we tracked 5 Grocery retailers & Q-Commerce companies to try and understand trends wrt pricing

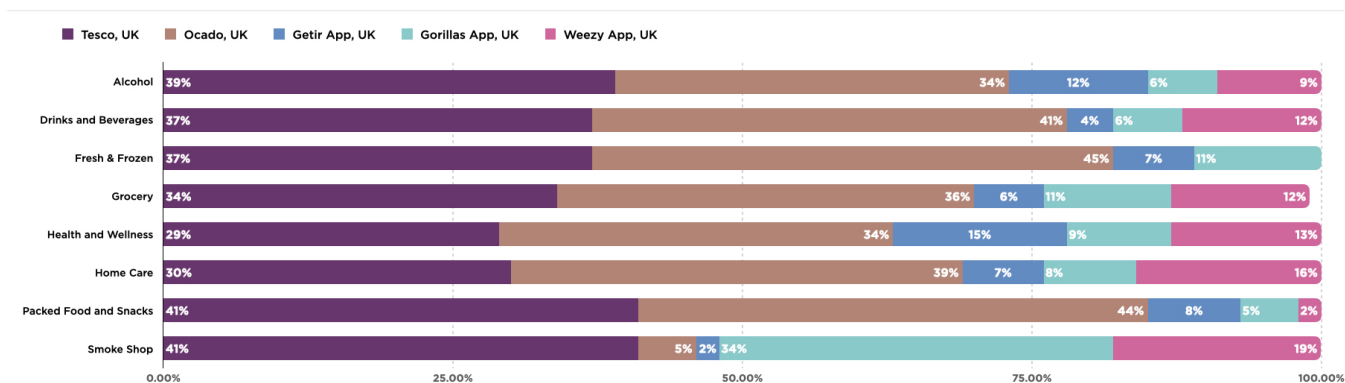
in this competitive environment. Let's take a look at what our data found & which retailer won the competitive pricing tug of war.

Methodology

- **Data Scrape time period:** January 2022 – June 2022
- **Grocery Retailers tracked:** [Tesco](#) & [Ocado](#)
- **Grocery Apps tracked:** [Gorillas](#), [Weezy](#) & [Getir](#)
- **Categories tracked:** Alcohol, Drinks & Beverages, Fresh & Frozen, Grocery, Health & Wellness, Home Care, Packed Food & Snacks, and Smoke shop.

Grocery Giants v/s Grocery Delivery apps – who was the Price Leader?

Price Leadership by Category

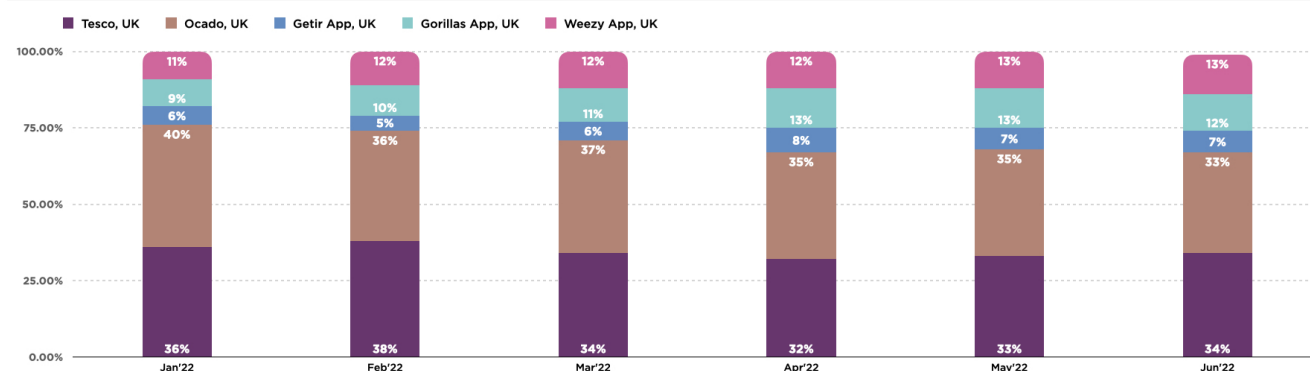


Source: DataWeave, January 2022 - June 2022

DATAWEAVE

Price leadership by category

Price Leadership Across Months By Retailer



Source: DataWeave, January 2022 - June 2022

DATAWEAVE

Price leadership across months by Retailer

We wanted to track and see which retailer was the Price Leader – i.e., had the most number of lower-priced items in a particular category. *Our data clearly showed that the Grocery Giants Ocado & Tesco won hands down!*

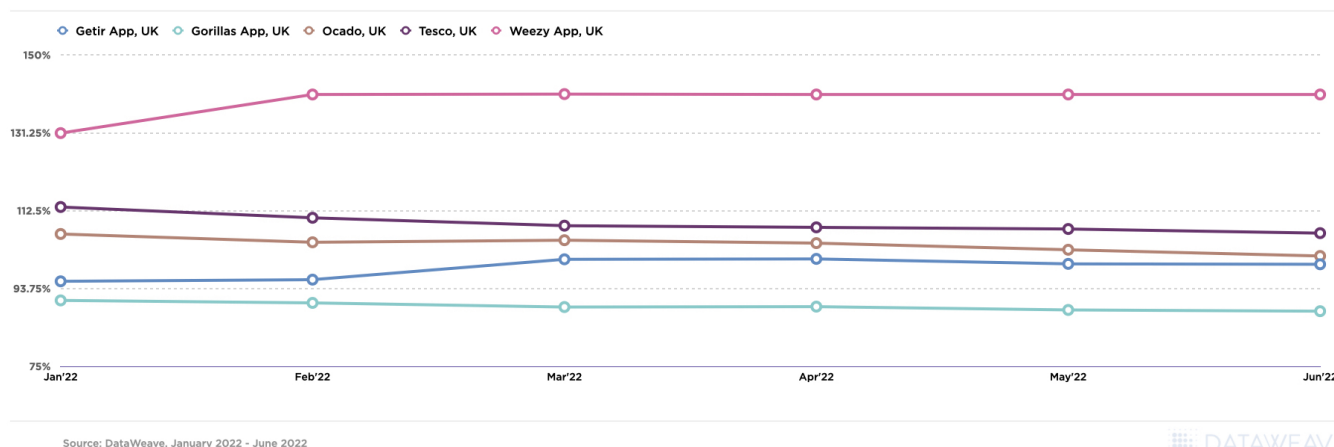
Interestingly, Ocado launched a new Ad Campaign earlier in Jan this year about bringing value to the table for customers with **quality products at affordable prices** – seems like they're taking this new promise very seriously!

➔ Tesco and Ocado were price leaders in maximum categories when compared to Gorillas, Weezy, and Getir.

- Between Tesco & Ocado, Ocado enjoyed price leadership across all these categories for 4 out of the 6 months we tracked pricing for. Tesco occupied the top slot for just the balance 2 months.
- Tesco was the price leader in the **Alcohol** category, with close to 40% of products priced the lowest compared to other retailers. They were also price leaders in the **Smoke Shop** category.
- Ocado won price leadership for the remaining 6 categories, with a marginal gap between both retailers.

Watching Price Index Trends as inflation soars!

Price Index Across Months By Retailer



Price index across months by Retailer

The Guardian reports that **Grocery inflation** has hit a 13-year high in the UK, and **food price rises could hit 15%** by this summer – the highest level in more than 20 years. Meats, cereals, dairy, fruit & vegetables are likely to be the worst affected. Keeping this in mind, we tracked the Price Index (PI) across these 5 retailers to measure how prices changed over a 6 month period from Jan – June 2022.

Note: Retailers selling at the 100% mark were selling at an optimal price & did not undercut the market. The pricing sweet spot is 95% – 105%. Anything lower would compromise margins, and higher would mean the retailer was not competitive.

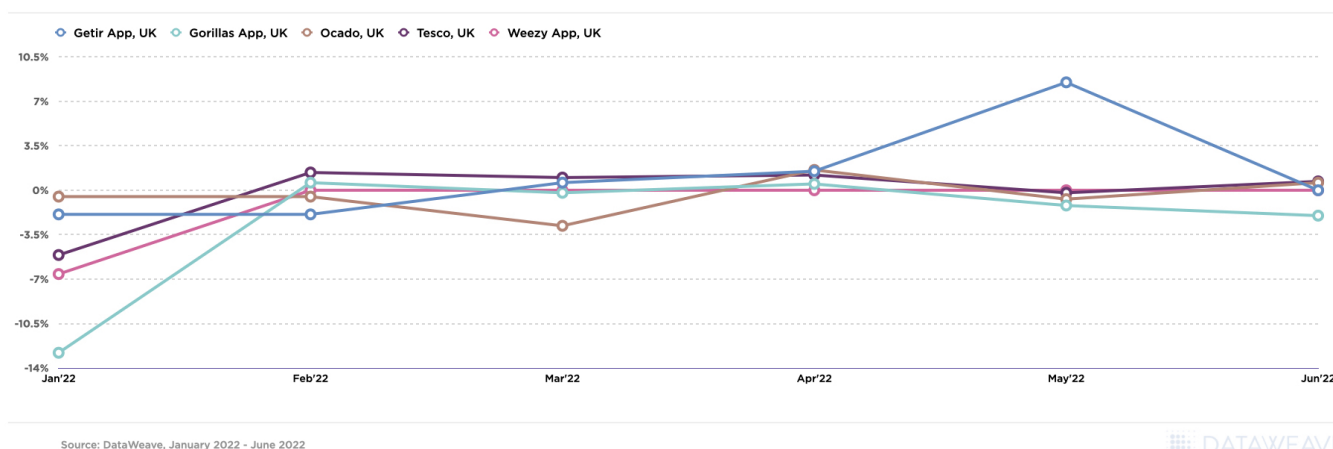
- Getir & Ocado had a Price Index that was the most optimal, sitting in the 95% – 105% range.
- Gorillas had the lowest Price Index, between 88% – 90%.
- Weezy has the highest Price Index – they were selling at a minimum 30% – 40% premium over other retailers! Perhaps it's their quick delivery

service that justified these super high prices? Unlike other apps with a lower delivery fee but longer delivery times, Weezy offers a 15-minute delivery service & customers seem to be willing to pay for convenience! Weezy also has a delivery fee of £2.95, which is at least £1 more than other platforms.

Supermarkets like Ocado are now playing catch up to compete with Q-Commerce and quick delivery services. **Ocado has launched a new “Zoom” service** promising delivery in 60 minutes, and Amazon is now delivering “same day” groceries (but both have a minimum spend of £15)

Which Retailers were the quickest to make price changes?

Average Price Change Across Months By Retailer



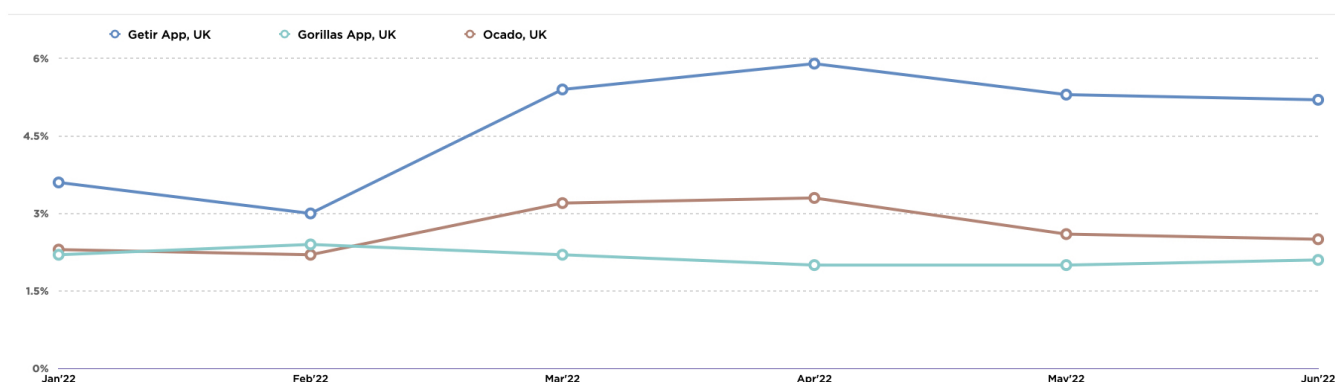
Average price change across months by Retailer

Competitive pricing is critical to winning the eCommerce race. Competitive pricing involves tracking your competitor's pricing & strategically tweaking your own prices without hurting margins. We tracked the month-wise average Price change from Jan – June across all 5 retailers to see which retailer was making price changes and at what frequency.

- The main observation was – across all 6 months, all retailers were likely tracking each other's prices and making minor price changes accordingly – the need of the hour in this hyper-competitive environment.
- Gorillas made significant changes to prices between Jan & Feb. And Getir in the May/ June time period.

Discounts & Promos in a turbulent UK Grocery Market

Average Discount Across Months By Retailer



Source: DataWeave, January 2022 - June 2022

DATAWEAVE

Average discount across months by Retailer

Although customer acquisition starts with building awareness, **discounts** are a proven way to attract customers quickly. When approached with the right strategy, promotional discounts can promote long-term customer loyalty, drive customer acquisition, and improve customer lifetime value. However, deep discounting can risk margins and create more problems than benefits. We wanted an insight into discounting trends in the Grocery space, so we looked at our data. Here's what we saw:

- Getir offered by far the highest discounts compared to Ocado & Gorillas. In fact, in most cases, they offered discounts close to 2-3% higher than the retailer with the 2nd highest discounts!
- Our data showed that Gorillas offered the lowest discounts. As reported in **The Sun** & other sources, newer Q-Commerce players like Gorillas have been showering users with discount codes, and that is why this data surprised us!

We went & looked back at the Price Index earlier in this blog, we noticed that Gorillas had a low price index overall, with most products priced at a 90%, way below other retailers. Perhaps this already lower price is why they're offered very few discounts?

Conclusion

The UK grocery delivery market saw a huge rise in new retailers who are currently fighting for better discounts, competitive prices, and quick delivery. Although Tesco and Ocado were the price leaders in our findings, new players like Gorillas, Weezy, and Getir are attracting customers with quicker delivery times and low delivery costs.

- Varun Sharma

Varun leads Business Enablement at DataWeave. He works exclusively with Grocery Delivery & Food Delivery businesses across the globe to help them optimize their pricing & assortment strategies to drive more online revenue., 24th Jul, 2022

