



READY FOOD

Can grocers get a bigger bite?



Evgeny Raguzin
Jens

Preferences for ready meals are constantly changing in the food market. Indeed, across the world, customers are seeking higher-quality food without having to prepare it themselves from scratch. This has contributed to the popularity of ready-meal takeaways and quick delivery, for which consumers have demonstrated a willingness to pay a premium.

These demand shifts are transforming the supply side of the market, driving cafés and restaurants to adjust their business models. At the same time, this shift opens new horizons for grocers and supermarkets. After all, the ready-meals delivery market can strengthen food retailers' competitiveness, whilst dark kitchen technology (in which meals are prepared for

and customer

aggregators.

These companies, many of them founded less than a decade ago, have become major players as delivery providers, achieving an international presence, particularly in developed countries. Deliveroo, for example, was created in 2013 but has already expanded into 12 markets across Europe, Asia, and Australia.

Retailers entering the delivery market through partnerships with food aggregators

Food aggregators are partnering not only with restaurants and cafés, but also with large retailers wishing to provide ready-meal delivery services. This trend has been particularly successful

Just Eat, a pizza and grocery delivery service, since 2018. The British supermarket retailer has available. Other UK retail players are not far behind. For example, Sainsbury's and Morrisons started a partnership with the biggest UK aggregator, Deliveroo, in July 2019 and October 2019, respectively, to deliver hot food, pizza, and salads.

In the meal delivery market, the competitive advantage lies in retailers retaining the loyalty of its millions of customers. An extended customer base will help retailers adapt to the new market conditions and achieve instant growth in purchases.

Accelerating expansion of e-commerce

services to customers. The UK has always been at the forefront of e-commerce grocery: It has the highest demand density in terms of orders per square meter and achieved more than 7 percent e-grocery penetration by the end of 2019. Other developed markets, though, are catching up. Key US food retail players have upped their e-commerce game over the past few years: Kroger and Walmart, for example, expanded their online-delivery locations coverage, providing same-day delivery from 2,300 and 1,600 stores in 2019, respectively.

Similar trends can be observed elsewhere, with retailers competing over shortest time window of ready meals and other groceries in less than 30 minutes, while Russian online supermarket Yandex Lavka, founded in 2019, is committed to delivering goods within 15 to 20 minutes.

Choose a delivery aggregator or create a delivery network

Signing partnerships with delivery aggregators can be challenging. While using Deliveroo, Just

CONTACTS

Oliver Wyman is a global leader in management consulting that combines deep industry knowledge with specialized expertise in strategy, operations, risk management, and organization transformation.

For more information, please contact the marketing department by phone at one of the following locations:

Americas
+1 212 541 8100

EMEA
+44 20 7333 8333

Asia
+65 6510 9700

Copyright © 2020 Oliver Wyman

All rights reserved. This report may not be reproduced or redistributed, in whole or in part, without the written permission of Oliver Wyman and Oliver Wyman accepts no liability whatsoever for the actions of third parties in this respect.

The information and opinions in this report were prepared by Oliver Wyman. This report is not investment advice and should not be relied on
Oliver Wyman has made every

express or implied. Oliver Wyman disclaims any responsibility to update the information or conclusions in this report. Oliver Wyman accepts no liability for any loss arising from any action taken or refrained from as a result of information contained in this report or any reports or sources of information referred to herein, or for any consequential, special or similar damages even if advised of the possibility of such damages. The

consent of Oliver Wyman.