

Thursday, 9 July 2020

## ‘Leakage and larceny’ as supermarkets compete, with online grocery shopping the next big battleground

Australians spent \$94.6 billion in supermarkets in the year to March 2020. It’s an enormous market, which makes the dominance of so few major players all the more remarkable. Data from Roy Morgan’s latest Fresh Food & Grocery Report shows that, between them, the Woolworths Group and the Coles Group took 67.5% of that total.

Woolworths has the larger share of overall spend, but Coles isn’t too far behind. When it comes to online grocery shopping, which is shaping up as the next major battleground, Woolworths also has the advantage, however Coles has closed the gap so far in 2020.

At ease buying many other things online, Australians have long preferred to do their grocery shopping in person. By March 2020, as the COVID-19 pandemic took hold, only 3% of the nation’s total supermarket spend was taking place online.

In the year to March 2020 Woolworths had the lion’s share of all online supermarket spending (57.4%) and this share grew to 60.1% for the first three months of 2020 (March quarter 2020). Coles has shown even faster growth so far in 2020 with their share rising to 33.1% in the March quarter 2020, up from 26.1% over the full year – and increase of 7% points.

The arrival of the pandemic not only saw physical supermarket shelves stripped bare, it turbocharged the move to online grocery-buying to such a degree demand could not be met and services were temporarily restricted. With lockdown no longer in place except in specific Melbourne locations, shoppers have increasingly returned to physical locations throughout Australia, but it is likely that many of those who recently made the move to online groceries will continue to use that option, at least some of the time.

**Roy Morgan CEO, Michele Levine, says:**

*“The competition to retain online grocery shoppers post-pandemic opens up an interesting new front in Australia’s fiercely fought supermarket rivalry.*

*“Our data shows that almost one quarter of grocery-buyers who shopped at Coles, Woolworths or Aldi in a four-week period actually spent money at all three supermarkets. That is a high rate of customer leakage between the brands. It might even be said that rival brands attracting customers away from what they regard as their main supermarket have succeeded in larceny. However online shopping changes the dynamic significantly.*

*“It does this by narrowing shoppers’ options. Aldi and IGA account for 22.2% or more than one-fifth of the overall grocery spend (leaving just over 10% for other supermarkets such as Foodland, Foodworks, local independents and convenience stores). But Aldi doesn’t offer online shopping at all, and IGA has it only on a discretionary store-by-store basis.*

*“Overall, the general lack of competition in the online grocery shopping market leaves the two majors in a dominant position – and both have grown their shares of the market so far this year. In the March Quarter 2020 Coles has grown its share 7% points, and Woolworths is up 3% points, compared to their respective market shares over the full 12 month period to March 2020.*

*“There is no doubt about the growing significance of the burgeoning online grocery market. Roy Morgan will continue to monitor the market closely — watch this space to find out how the various players rise to the challenge.”*

**Roy Morgan CEO Michele Levine is available for interview**

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**For more information about the Roy Morgan’s Fresh Food & Grocery Report or any of the other richly detailed research on consumer behaviour in Australia, call (03 9224 5309 or email [askroymorgan@roymorgan.com](mailto:askroymorgan@roymorgan.com).**

**Note:** This release was updated on Thursday July 9 to include additional current data about the state of the online grocery market.

**About Roy Morgan**

Roy Morgan is the source of the most comprehensive data on Australians' behaviour and attitudes, surveying 1,000 people in a continuous cycle that has been running for two decades. The company has more than 75 years' experience collecting objective, independent information.

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