



GERMAN ONLINE GROCERY REPORT 2023

Ultimate Overview of Online Food Retailing in Germany in 2023 and Beyond

Customer buying behavior, brand
perception, and technology in
Europe's biggest grocery market



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Key Take-Aways

- Almost one in two consumers in Germany is already doing some (39%) or most (5%) of their food shopping online. In the 25-34 age bracket, these figures are higher, at 48% and 5% respectively.
- More than a third of consumers (35%) spends between €50 and €100 every week buying food on the internet. Nearly half of this group live in previously underserved medium-sized cities, and this level of spending is most prevalent in the 25-44 segmentation.
- In the next two years, around 20 percent of German consumers can see themselves buying almost all of their groceries online.
- Growth is primarily being driven by users in the 35-44 age bracket, who spend more of their grocery budget ordering online than other age groups.
- Among on-demand delivery companies, Gorillas saw the strongest growth, both in terms of first-time (+13%) and repeated usage (25% occasional, 12% regular) over the past year.
- When it comes to fresh produce, there is still a marked consumer preference for physical stores. Online shopping is best established in categories such as beverages (32%), drugstore products (27%), confectionary and snacks (27%), and dry goods (27%); meat & fish, dairy, and fruits & vegetables – both fresh and frozen – remain weaker.



Introduction

With annual sales volumes of around €300 billion, Germany's food and grocery retail sector is easily Europe's largest market and home to some of the continent's biggest food retailers, including discount supermarket chains with worldwide operations – and some of its most exciting online challengers. It is also attracting new entrants from other European countries with the concepts, resources, and ambitions to try and establish themselves in this strongly competitive, price-sensitive market. Increasingly, attention is shifting from major urban areas such as Berlin, Munich, and Hamburg to as yet underserved medium-sized cities which, in this densely-populated, highly-regional country, offer attractive growth prospects – and which are, in the long run, essential for true market dominance.

As this study shows, a majority of consumers in Germany is now aware of a variety of options for ordering groceries online, and close to half of respondents are now using them to a certain extent. Indeed, a not insignificant minority has already switched to doing the bulk of their shopping on the internet, especially in the all-important working-age segment: almost one in ten consumers aged 25-44 now buy the majority of their groceries online, for instance, with another 48% buying at least some on the internet.

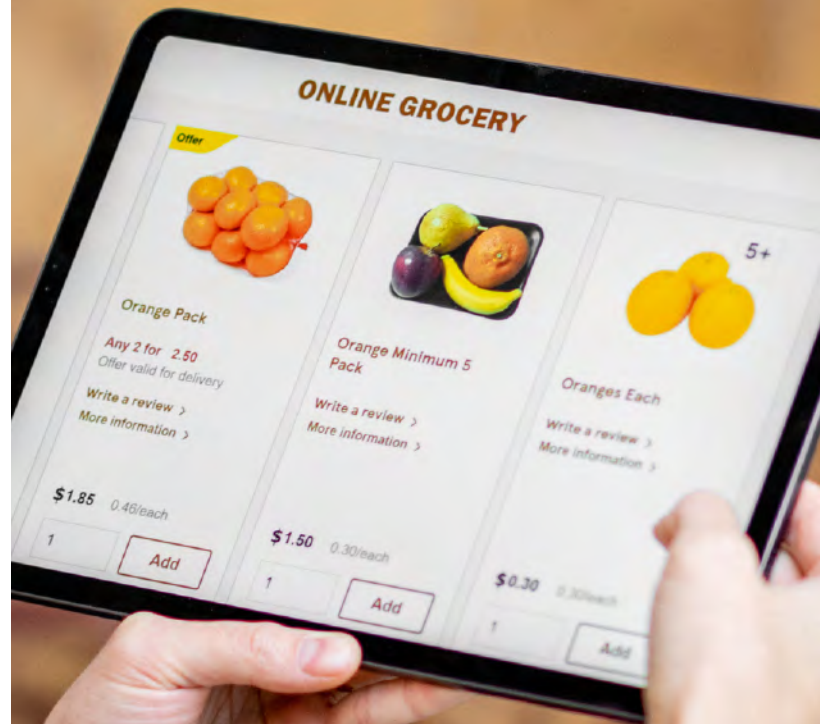
Even if overall online food sales in 2022, at around €4 billion¹, were not significantly higher than in 2021 – and made up a markedly smaller proportion of the total market than in broadly comparable countries such as France or UK², where online affinity is traditionally higher – these figures show that online grocery shopping in Germany was by no means a “Covid blip”. If anything, its position is now cemented as, even in the challenging economic headwinds of 2022, it posted growth both in overall terms and, as our survey shows, in the number and breadth of consumers availing themselves of online food-shopping options.

In this exciting context, we analyze what is now the third set of the most comprehensive market research available on the German market to provide an overview of the 2023 status quo in online groceries. For anyone trying to understand what is happening in this fast-moving sector in Europe's leading economy, our report makes essential reading.

About the research

In a representative nationwide survey, Appinio asked 2,500 end consumers a range of detailed questions about their experiences of online grocery shopping to date and their opinions regarding it. The result is the largest and most detailed set of data currently available about online food shopping habits in Germany. This dataset was collated by Appinio in cooperation with Spryker.

Survey participants were between 16 and 65 years of age (average age: 41) and lived in Germany at the time at which they took part; 49% lived in towns or areas with fewer than 50,000 inhabitants, while 19% were resident in the country's largest cities (population in excess of 500,000). Respondents answered in August 2023. Comparable surveys with the same sample size and make-up were carried out in June 2021, January 2022 and August 2023.



[Open dashboard with entire data set](#)



Chapter 1: Changes since 2022

This online grocery survey is the third set of annual market research conducted by Appinio and Spryker. In the dynamic world of online groceries, even 12 months can be a long time, and the year which has elapsed since our last report has seen several noticeable shifts in this dynamic market. Here is a brief overview of the most striking changes – and continuities.

- **Market size:** The last twelve months have seen the proportion of German consumers buying at least some of their groceries online rise markedly from 33% in 2022 to 48% in 2023.
- **Supermarket paradox:** Although a stable majority still like supermarket shopping and the end of Covid has further strengthened enjoyment of the customer experience, only one in two Germans now buys all of their groceries in-store.
- **Future habits:** There is a continued upward trend in the number of current offline consumers who can envision shopping for groceries online within the next two years, rising from 32% in 2021 and 36% last year to 38% in 2023. Only 16% rule it out (20% in 2022).
- **Price concerns:** As inflation continues to bite, the number of participants who would shop online more if prices were lower is rising further: starting at 46% in 2021, this number rose to 59% in 2022 and 64% this year.
- **Spend growth:** Online spends are rising: as the percentage of users spending less than €20 declined from 24% to 18%, there was a jump in the number spending €50-€100 per week from 30% in 2022 to 35% in 2023.



- **Rewe's renown:** At 39%, the online service provided by supermarket chain Rewe remains the one which most Germans can name unaided. This is, however, down somewhat from 45% in 2022, indicating increasingly stiff competition.
- **Gorillas' growth:** In 2022, two-third of consumers had never used Gorillas; now, only half of respondents had yet to try the service at least once.

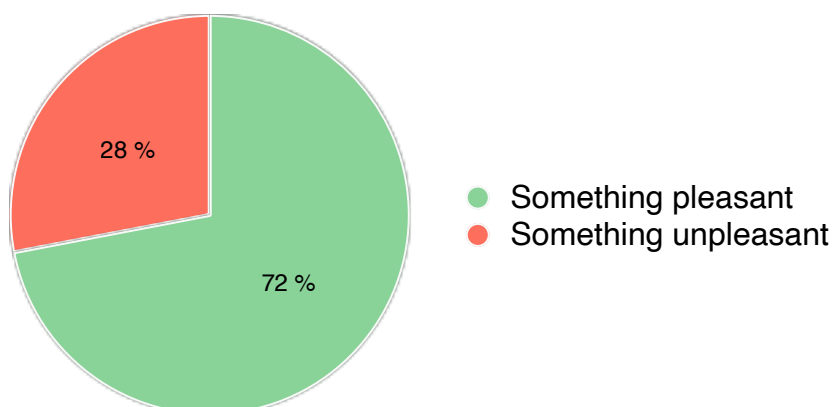


Chapter 2: Consumer preferences and behavior

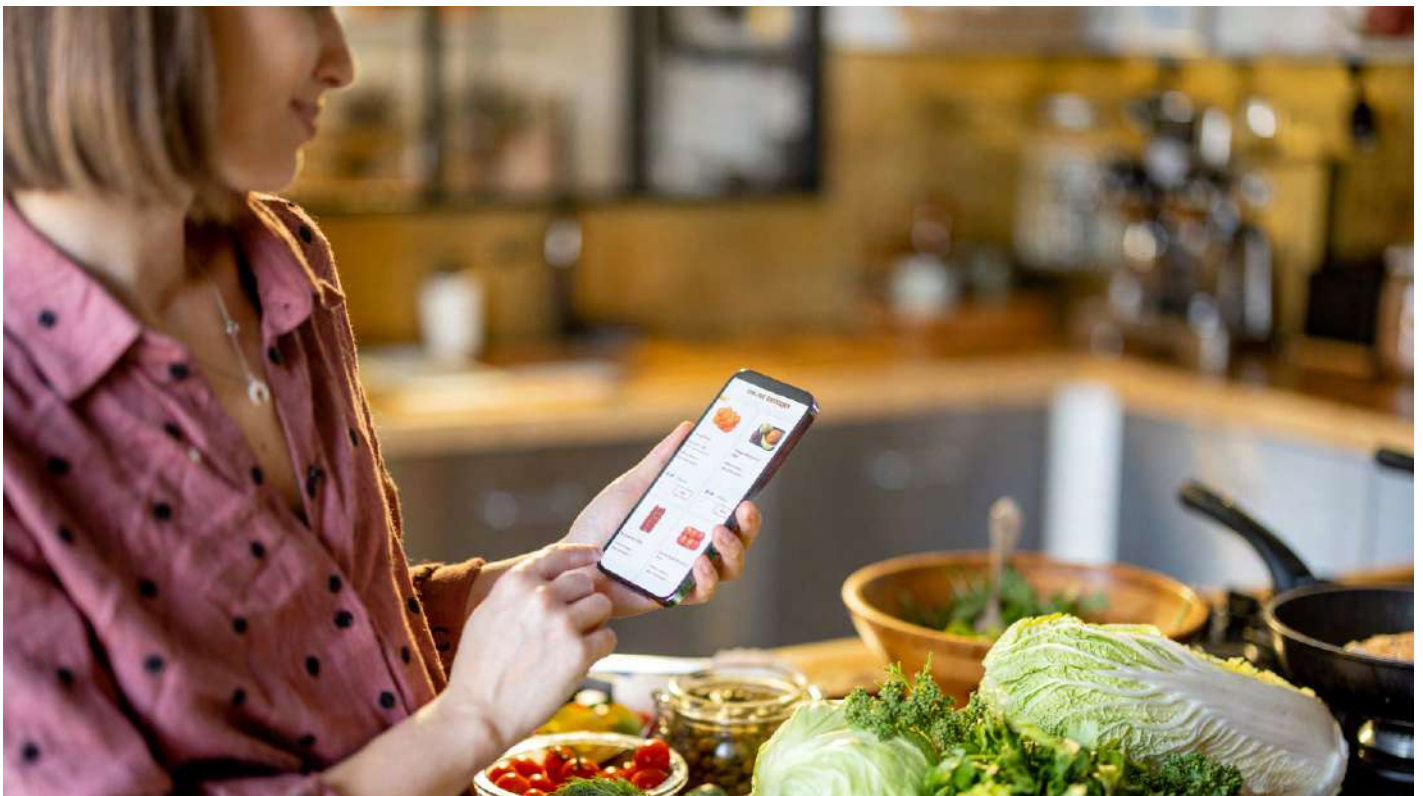
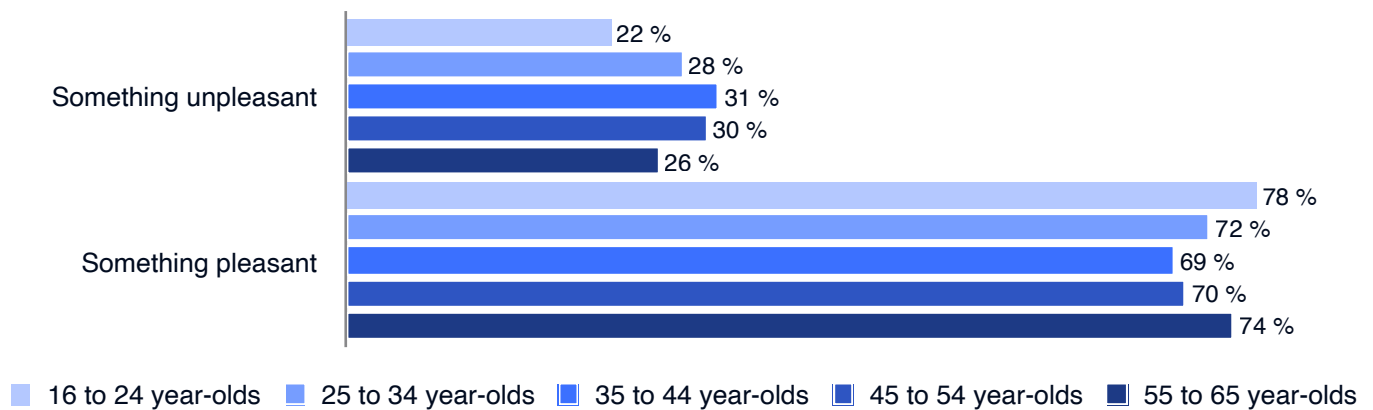
On paper, prospects still look rosy for German supermarkets. In one of Europe's best served markets, four in five respondents (83%) lives within 10 minutes of a store and only 3% are further than 20 minutes away from a major food retailer. Moreover, most Germans like chain food-stores: seven in ten respondents has a generally positive view of supermarket shopping. In other words, the average German consumer can get to a supermarket in less than ten minutes and also enjoys shopping there. Indeed, since the depths of the pandemic in 2021, satisfaction with

supermarkets – already high with 68% – has actually been rising to 71% of respondents who say they enjoy supermarket shopping in 2022. At the time of this most recent survey, the last of the Covid-related public health restrictions still in place in Germany were scheduled to end, public fear of the virus was subsiding, and this figure rose to 72%. Yet this increasing level of satisfaction is only half the story – and cannot account for continuing rises in the level of online grocery shopping. And, more importantly, it is likely to mark a high-point from which things can only go downhill.

„To me, grocery shopping in the supermarket is..." (N = 2500)



„To me, grocery shopping in the supermarket is..." (N = 2500)



High coverage, higher satisfaction – and more people switching

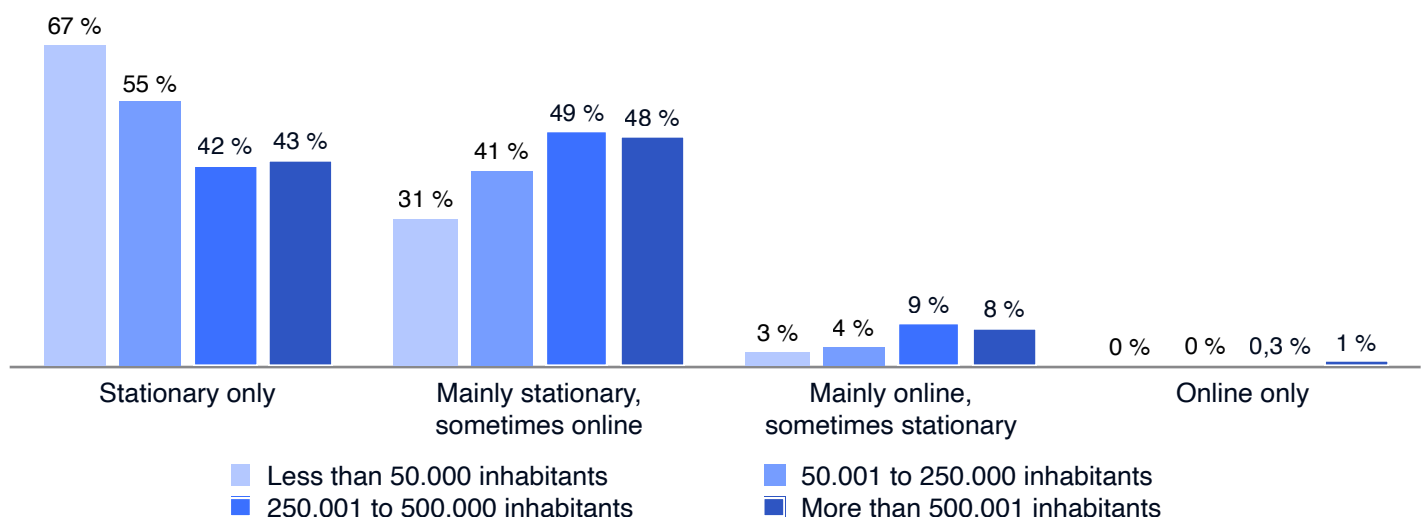
This is not least because, among young professionals aged 25-34, satisfaction with supermarkets is lowest. The first Millennial generation in work in Germany has different expectations to the cohorts preceding them, and a full third of them now dislike supermarket shopping. And while three quarters of consumers overall may be broadly satisfied with in-store grocery options, that means, of course, that one

quarter – a non-negligible minority – do not enjoy shopping in supermarkets. Yes, even now that Covid has passed and bricks-and-mortar shopping has experienced something of a revival, 28% of respondents think of buying groceries in-store as an inconvenient chore. More strikingly, those who profess to like supermarkets are, to an increasing degree, shopping elsewhere regardless: a year ago, 27% of respondents said they bought some food online; in 2023, 39% of respondents are already buying at least some food online – a jump of 11%. However, the number of respondents doing the bulk of their shopping online remains at 5%.

Viewed the other way: a year ago, two thirds of Germans did not shop for food on the internet; just twelve months later, only one in two does no online grocery shopping. This is nothing short of a sea-change. Increasingly, buying at least some food online is the norm. As a general rule, the bigger the town, the higher this percentage. In the smallest category of towns and districts with under 50,000 inhabitants, almost 67% of consumers still do all of their food shopping offline, with only 31% doing some and a minuscule 3% buying most of their groceries online. In the segmentation between 50,000 and 250,000, numbers are already shifting towards online shopping with 55% of consumers shopping offline, 41%

doing some and still only 4% buying most groceries online. However, these figures shift dramatically for big cities of 250,000 to 500,000 inhabitants and 500,001 inhabitants and more. Here, the number of consumers buying groceries online sometimes (49% in cities of 250,000 to 500,000 inhabitants and 48% in cities of 500,001+ inhabitants) exceeds the number of consumers buying stationary only (42% in cities of 250,000 to 500,000 inhabitants and 43% in cities of 500,001+ inhabitants). Moreover, nearly one in ten consumers in bigger cities buys mainly online and even 1% in cities with 500,001+ inhabitants buys online only.

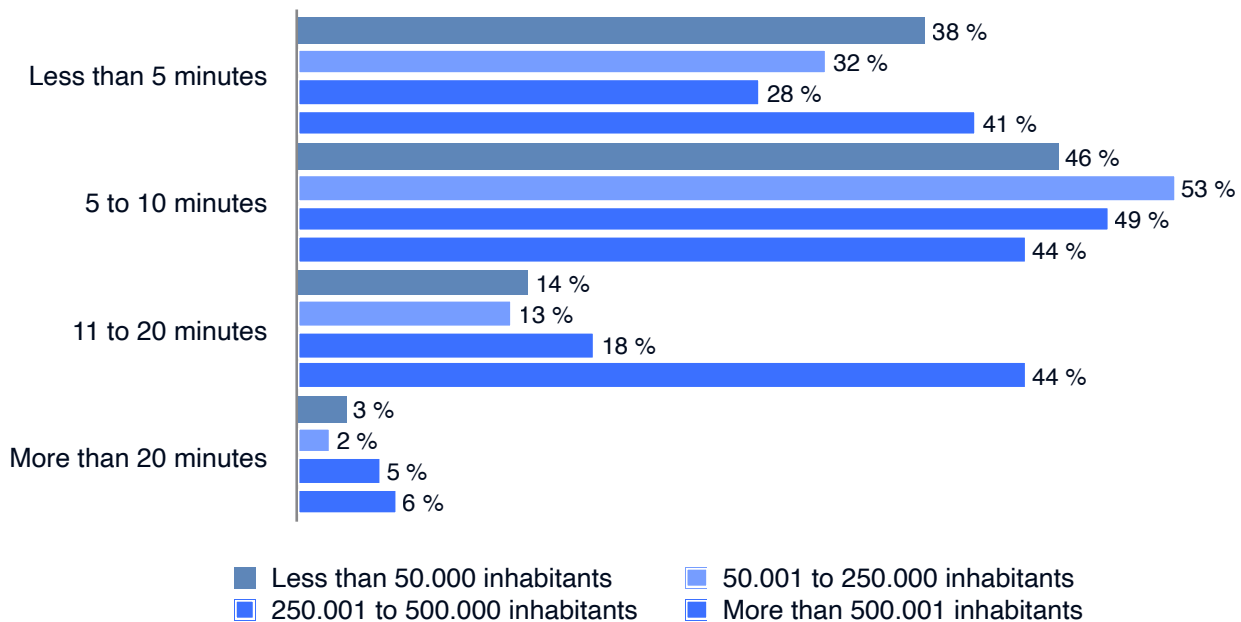
How do you currently buy your groceries? (N = 2500)



This effect is easily explained by the sheer density of supermarket stores in Germany's first-rank metropolises and the unparalleled convenience this represents. In this specific instance, the divide between rural and urban areas becomes particularly salient. It is on both extremes – major cities on the one hand,

small towns and rural areas on the other – that supermarkets are closest: for 38% of both city-dwellers and those in sparsely-populated areas, the nearest supermarket is only five minutes away. Presumably, in big cities, that means five minutes' walk and, in the country, five minutes' drive.

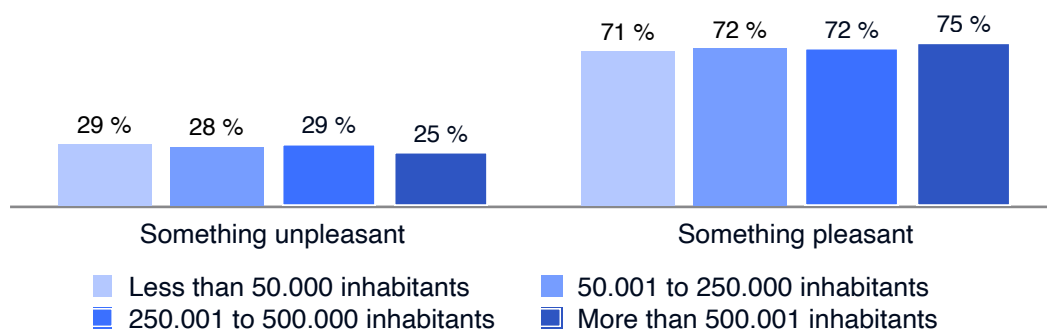
How long does it take you to get to the supermarket where you shop groceries most often? (Whether by foot, car, etc.) (N = 2500)



Yet while 67% of those in areas with under 50,000 inhabitants do not shop groceries online, this only applies to 43% of those in major conurbations. Indeed, it is in big cities that 8% of respondents already do most and 1% all of their shopping online (more than in

any other segmentation), as against 3% and 0.1% in rural areas. And this is despite the fact that it is those in Germany's top-tier cities who post the highest level of satisfaction with supermarket shopping.

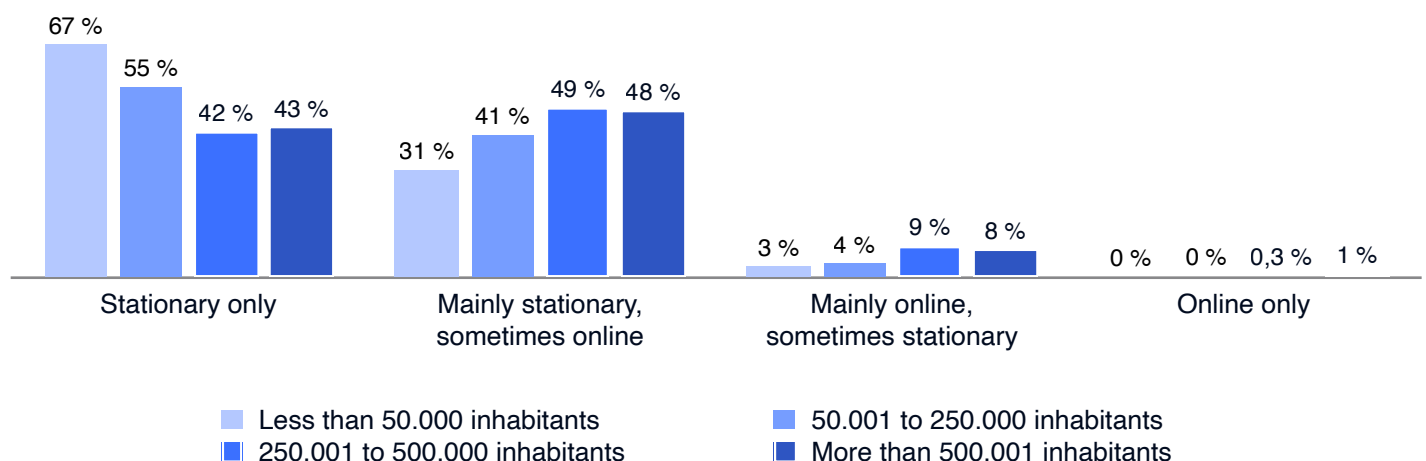
„To me, grocery shopping in the supermarket is..." (N = 2500)



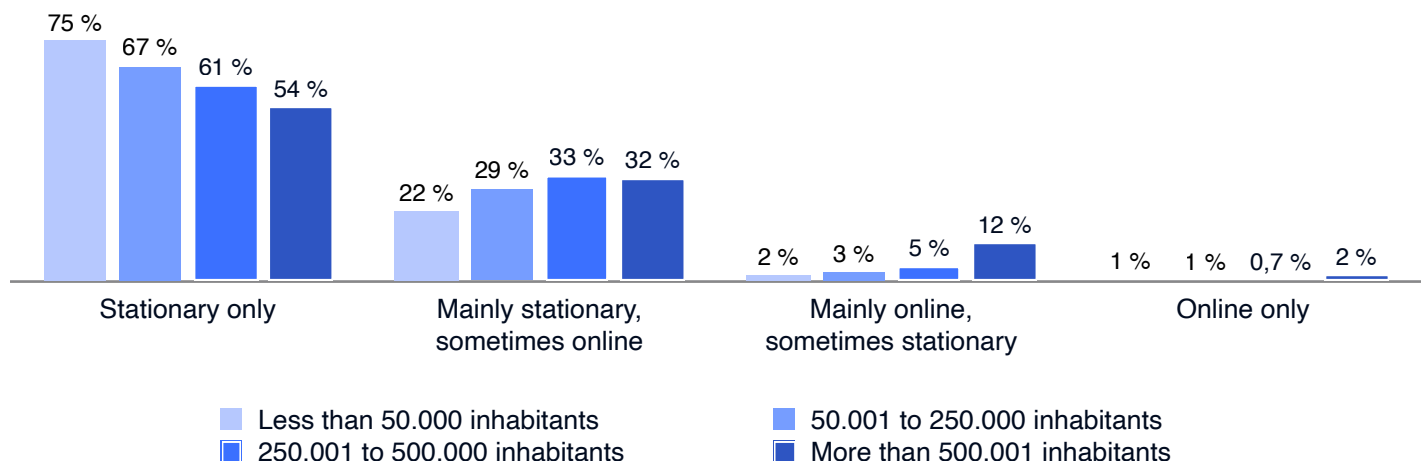
There are several conclusions to be drawn from this mismatch which should be of concern to supermarkets without strong online operations. Firstly, satisfaction does not translate reliably into channel loyalty. Secondly, the younger demographics of Germany's biggest cities mean that online habits are being established now which will likely persist as residents age and move out. Thirdly, both satisfaction and online use are lowest in rural areas, suggesting that, **if there were more options outside of urban areas and medium-sized cities, dissatisfied supermarket shoppers in smaller towns would likely switch to them.**

Indeed, comparing our 2022 and 2023 results offers pressing evidence for this hypothesis. Online take-up has surged most strongly in the 250,001-500,000 and 500,001+ categories, from figures of around 41% doing some or most of their shopping online up towards or even past 57%. In second-tier cities of 250,000 to 500,000, for instance, the percentage of those buying groceries online shot up from 38% in 2022 to 58% in 2023. This coincides with an increased focus by online grocery providers on medium-sized cities over the past twelve months – sizeable, prosperous places like Bielefeld, Karlsruhe, or Münster, which, in the sectors' early years, were lacking in the options available in the likes of Berlin, Hamburg, and Munich.

How do you currently buy your groceries? 2023 (N = 2500)



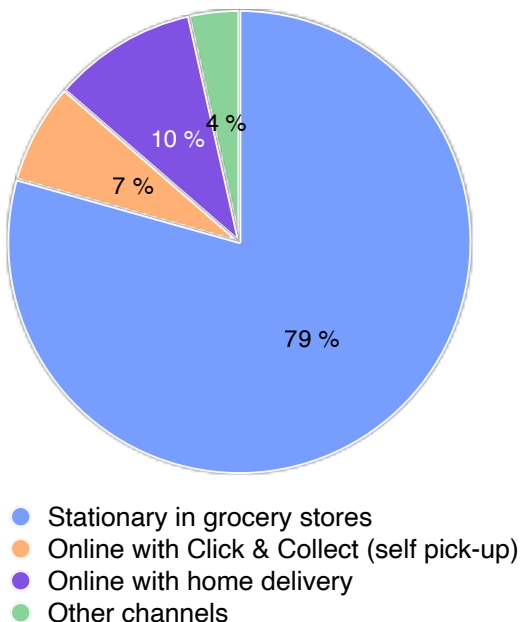
How do you currently buy your groceries? 2022 (N = 2500)



Chapter 3: Consumers spends

Where there has been little change year on year is in the percentage split participants reported in their overall food spend: here, in-store shopping still dominated with 79% (81% in 2022); a further 7% was ordered online, but collected in store, while 10% was ordered for home delivery.

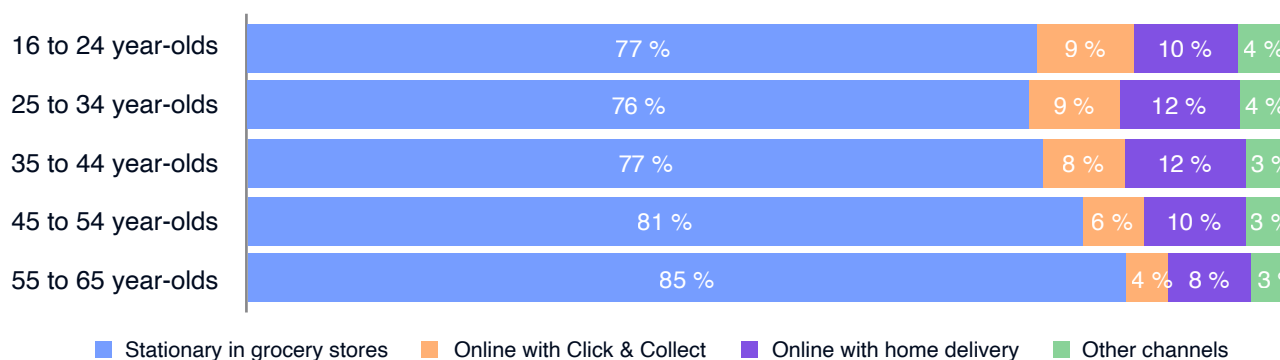
How has your household's expenditure on food been distributed across the following channels in the last 6 months? (N = 2500)



What is striking is the persistently clear age gradation. As in last year's survey, while the youngest and oldest shoppers spent the most in store, in the 25-34 and 35-44 age brackets, respondents who shop online were already spending almost 20% of their food budget in this channel, with over 10% on orders with home delivery; in-store collection is clearly second choice. These working-age households, hard-pressed for time yet with good levels of disposable income, are a key demographic – and, having discovered the convenience of having food shopping delivered to their doors, they are no mood to shift back to offline shopping.



How has your household's expenditure on food been distributed across the following channels in the last 6 months? (N = 2500)

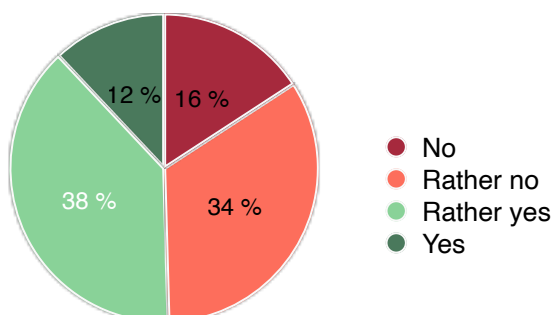
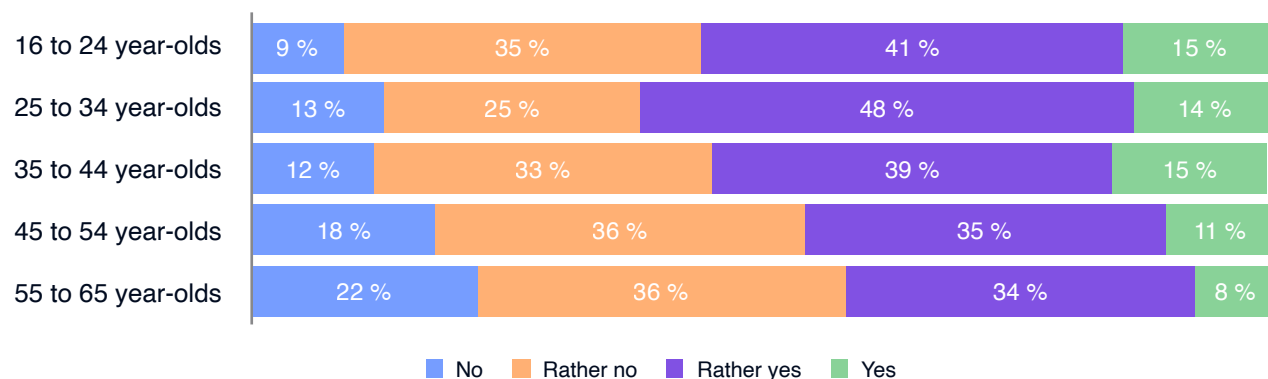


Online spending on the rise: Proportion of offline-only shoppers considering online purchases in the future

The size of the shift ahead becomes clear when respondents who do not yet shop for food online were asked whether they would, in principle, consider ordering groceries on the internet: the percentage of those who answered yes (“definitely” or “quite possibly”)

was, at over 50%, highest in the 25-44 brackets. And across all age groups, a solid majority of offline shoppers answers that they can imagine ordering online in the future: 50% state they would definitely or probably shop online, with 34% unconvinced and only 16% ruling it out entirely.

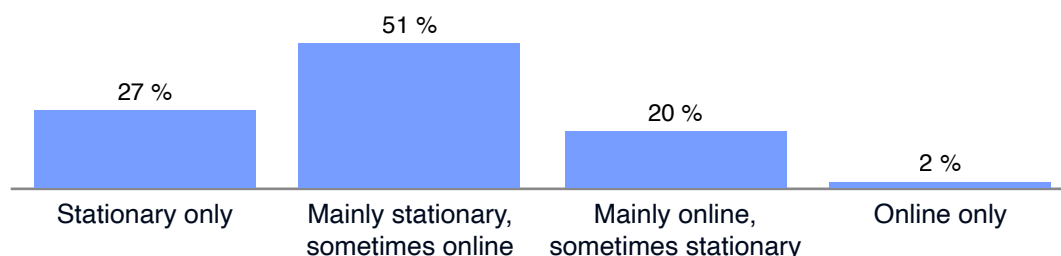
Can you imagine ordering food online at some point in the future? (N = 1396)



In further evidence of a willingness to shift, when asked how they see their food shopping in two years, only about one fourth (27%) of all respondents answered that they would not be doing any food shopping online,

while a full half (51%) see at least some of their spending going online; one fifth see the majority or all of their grocery shopping having gone online by 2024 (20% mostly, 2% exclusively online).

How do you imagine your grocery shopping in 2 years? (N = 2500)

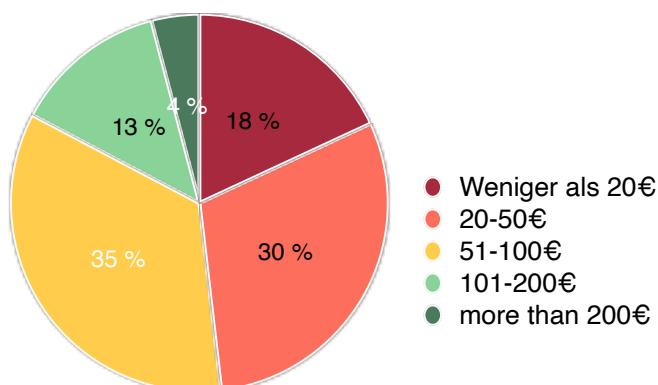


Of those who already do some grocery shopping online, 66% now report spending between €20 and €100 per week in this channel, up from 61% a year ago. This rise of five percentage points appears even stronger when the rise in the number of respondents is

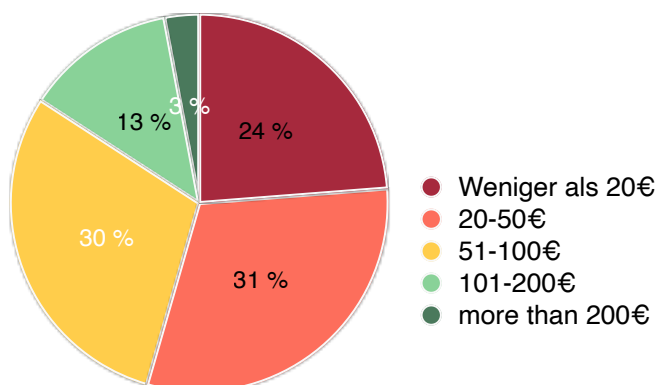
considered: in 2022, only 35% of those taking the survey, 822 people, were already shopping online; now, 44% (1105) were eligible to answer the question. More people are shopping online – and they are spending more.

How much do you spend on average per week on food that you order online?

2023 (N = 1105)



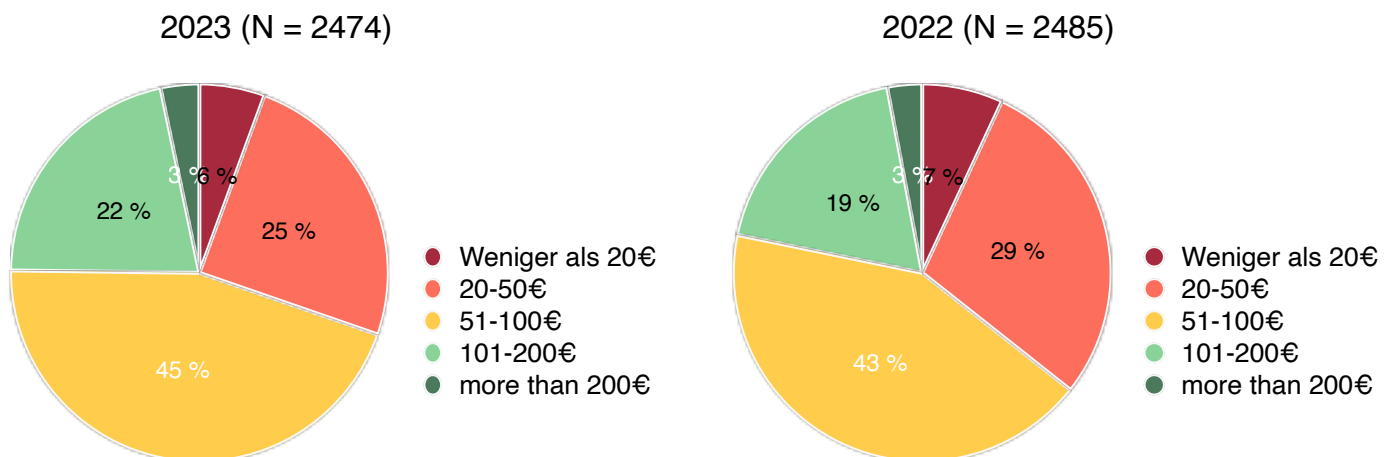
2022 (N = 822)



In granular detail, our survey tells a story of natural progression and consolidation. As consumers new to the channel over the past year dip their toe in the water, increasingly, those who were only buying drinks, specialty food, or supplementary items online are now moving significant portions of their grocery shopping online, and in some cases doing some or all of their weekly shop on the internet. This is reflected in our survey results by the fact that, in 2022, the majority of online shoppers (31%)

was spending €20-€50 per week, whereas in 2023, the majority (35%) are now spending €50-€100. In absolute terms, in the same overall survey sample size, the number spending in this bracket (which represents the lion's share of a food budget for a two-to-four-person household on average earnings) has almost increased from 243 people to 384. Lower down the spending scale, absolute numbers are increasing, too, showing that, as cohorts progress, new shoppers are following.

How much do you spend on average per week on food that you buy offline?

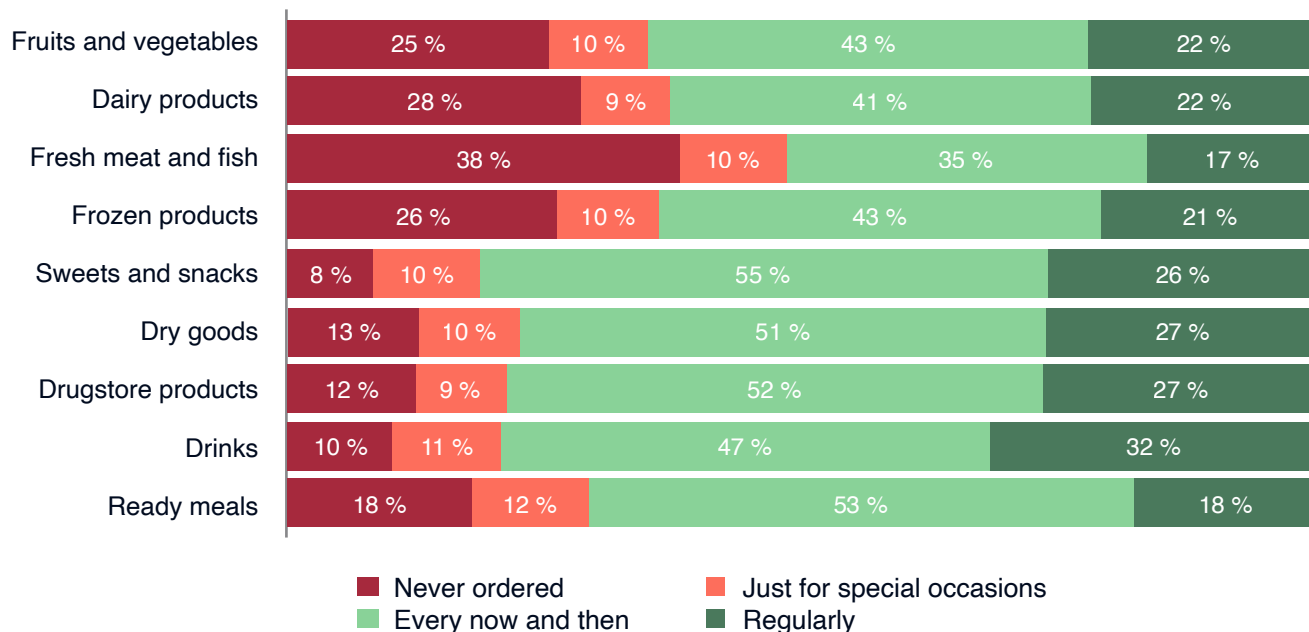


This dynamism is put into stark relief by comparison to offline, where there have been no notable shifts: the percentage of respondents who estimate their weekly spend in stores, at markets etc. at between €51 and €100 is near stagnant, rising minimally to 45% in 2023 from 43% last year. As a result, the gap between the number of consumers who report this level of spending online and offline has narrowed considerably: in 2022, the number who reported spending €50-€100 offline was 13 percentage points above the number of respondents who spent €50-€100 online; now, this lead for offline channels has halved to 6 percentage points. In the not-unimportant €20-€50 bracket (a classic supermarket weeknight-shop basket-size), there is near parity:

25% for offline and 30% for online. In other words: households who do some grocery shopping online are already spending comparable sums there to offline. This is backed up by what these households report buying, with a full range of products landing in virtual baskets. The only category in which more than a third of online shoppers had not yet ordered was fresh meat and fish, with around 38% also reporting that they had never bought dairy, or frozen goods online. If those percentages sound high, it's worth reversing the perspective: two thirds of households who buy at least some groceries on the internet have already placed orders in categories long considered to be the least amenable to e-commerce.



Which of the following product categories do you buy online? (N = 1105)



Nevertheless, there has been little change in these figures since 2022. In fact, if all perishable categories are taken together, there was in a small decline of around 4% in the number order online. Combined with what we see later in the survey (see the third section of this report),

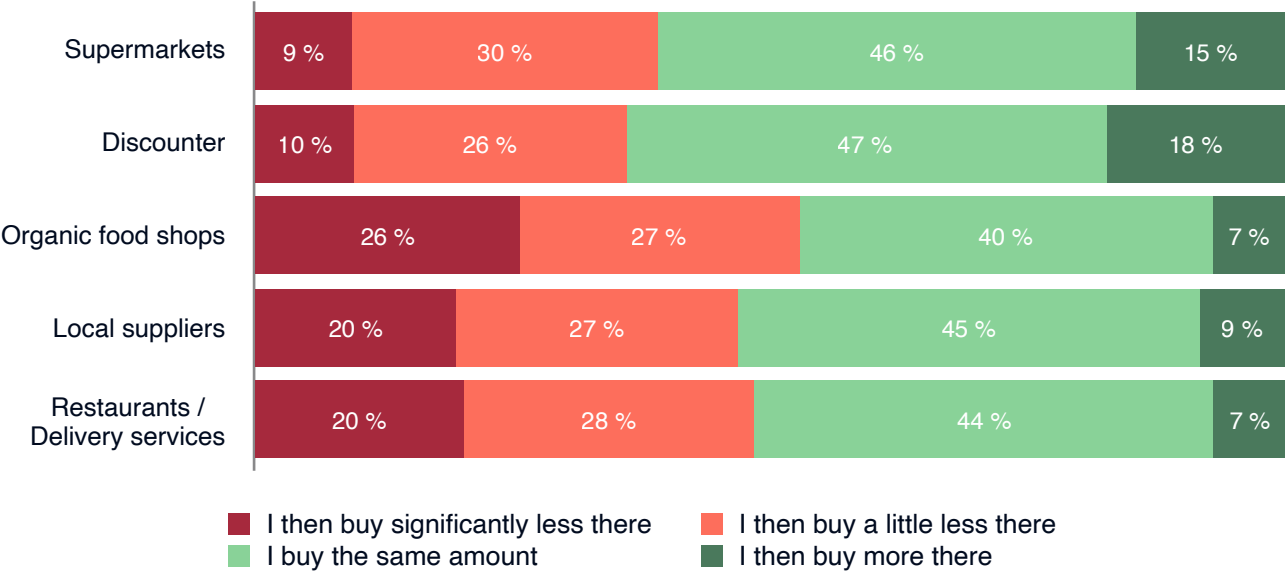
this indicates that some providers are still having trouble getting fresh produce to exacting consumers, potentially putting a break on the speed of expansion – an issue we will examine later in this report.

Effects on offline unevenly distributed

A somewhat surprising result of the survey confirms that, despite a certain reserve with regard to fresh produce, online grocery shoppers are by no means just bulk-buying dried goods or taking advantage of attractive wine deals. When asked which type of food retailer lost out when they spent more than usual online, 26% of respondents reported heavy cuts to their spending in organic supermarkets, and another 20% at their local farm shops and open-air markets as well as

restaurants and delivery services. Only 9% reported noticeably cutting their spending in supermarkets and only 10% bought markedly less at discounters. This is a known effect from previous surveys, demonstrating that anyone looking for evidence of consumers tightening their belts as food inflation rockets would be tempted to see people looking online for low-price alternatives to expensive organic supermarkets and restaurant services.

If you buy more groceries online than usual in a month, how does your buying behaviour change with other suppliers? (N = 1101)



Meet Germany's (squeezed) middle

Taken together, these insights about consumer preferences and behavior in Germany allow us to draw some conclusions about who in Germany is shopping for food online – and who is most likely to buy more in the near future.

The average person ordering groceries online in Germany is aged 25-44 and lives in one of the country's major urban areas – or, increasingly, one of its numerous medium-sized cities. It is quite likely that this person will have children and a busy professional and private life. They probably have a degree-level qualification and relatively high household income; they will also have a preference for high-quality and regional products where possible – a preference balanced by time-constraints, the need for convenience, and, increasingly, a wariness about over-spending.

This person places at least one order for online groceries a week, spending on average €50-€100, and prefers to have orders delivered rather than to collect them in-store – unsurprising given that their primary motivation for ordering is a lack of time. In addition to bulky dried goods or drinks (another reason to opt for to-door delivery!), it is increasingly probable that their orders will also feature at least some fresh produce. They are most likely to split their orders between two online providers – potentially one full-service online supermarket and a supplementary fast-delivery provider; others may use an ultra-fast app and a specialty goods store, preferring to shop for fresh ingredients in store.

Statistically, Germany's online grocery shopper in 2023 is a resident of a medium-sized city and in the middle of their path through life: they are likely to be in the active labor force and, between taking care of children and elderly parents, are probably pressed for time. And, for the first time in years, even these higher-earners are feeling the economic pinch.

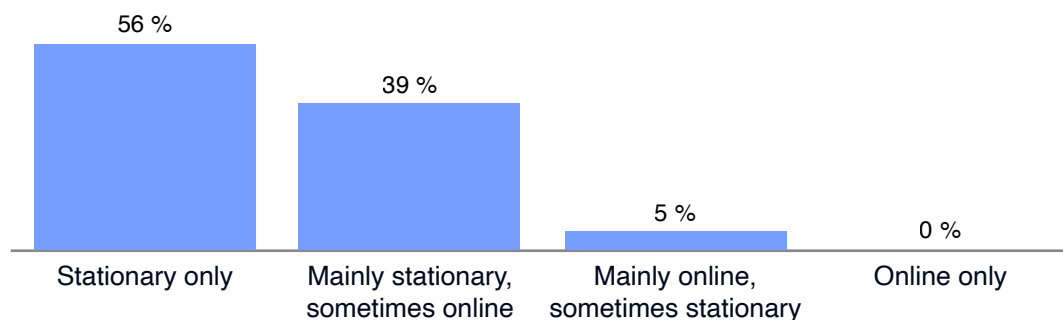


Chapter 4: In-Store supermarket shopping in Germany

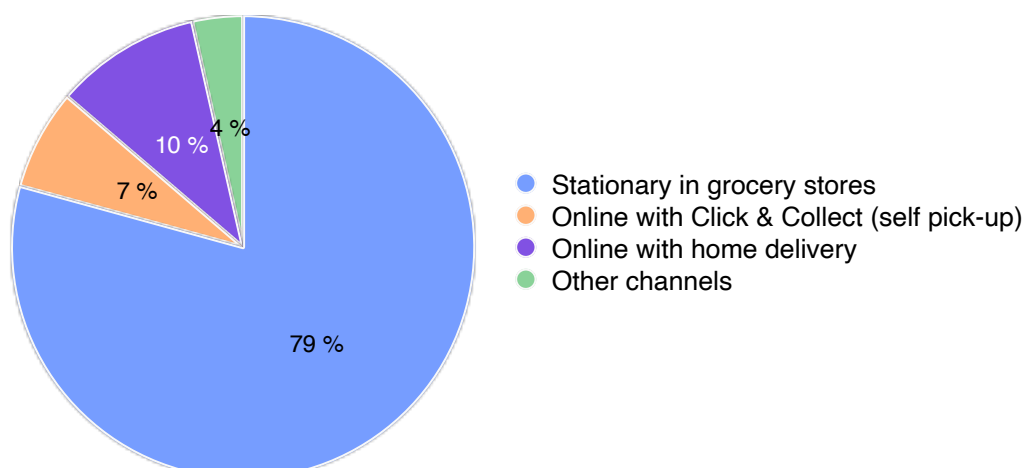
Despite the strong decrease in the number of consumers shopping wholly offline from 67% in 2022 to just 56% in 2023, it should be stressed that in-store supermarket shopping remains the dominant model in Germany – and is likely to remain so for several years to come. One in two consumers still buys all of their food in offline channels, the vast majority at supermarkets and discounters, with sizeable minorities also shopping in organic supermarkets or at farm shops and open-air markets. Moreover, when it comes to reported outgoings, 79% of respondents' grocery budgets are still being spent offline (a minimal decline from 82% last year).

This tallies with the high overall degree of satisfaction with supermarket shopping (72%) and the finding that online shoppers are most likely to cut outlay with other food retailers, but not at the major chain stores. Essentially, many people buying food online are still doing the bulk of their shopping at supermarkets (and/or discounters), indicating that online challengers are still not getting some things right enough to convert the 39% of consumers who shop “mainly offline, sometimes online” into the 5% who shop “mainly online, sometimes offline” – or indeed to lure a larger proportion of the 50% of consumers who are still wholly offline, but can imagine ordering at least some of their groceries on the internet in future.

How do you currently buy your groceries? (N = 2500)



How has your household's expenditure on food been distributed across the following channels in the last 6 months? (N = 2500)

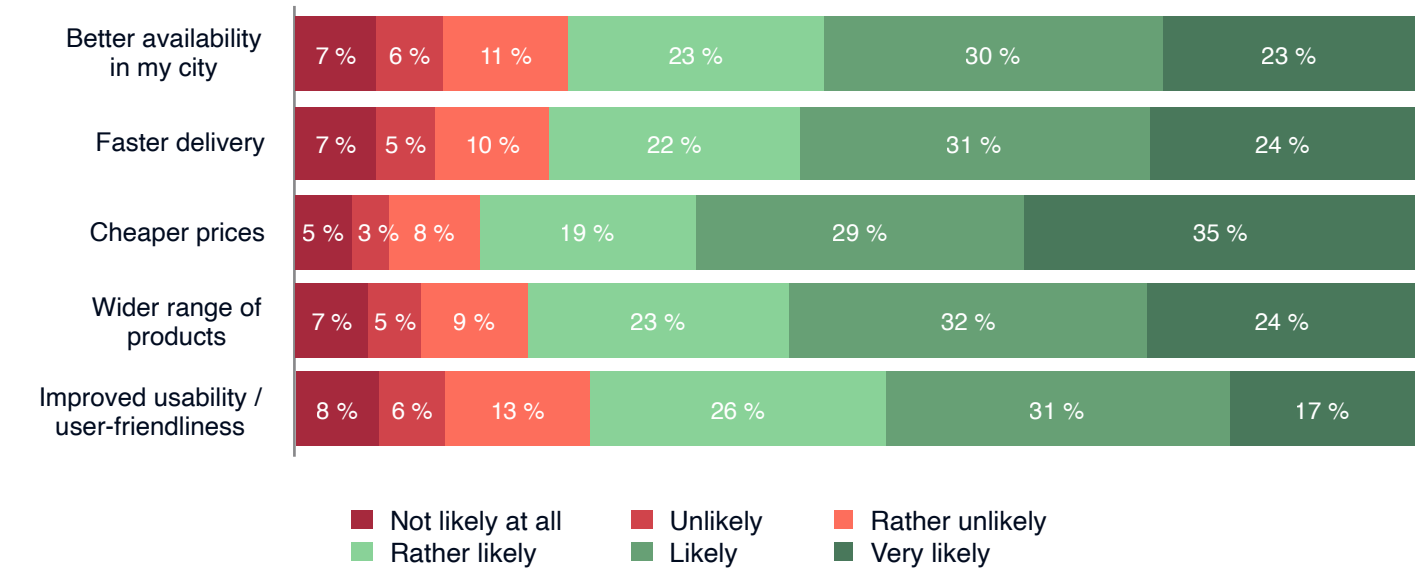


Supermarkets still leading on price, product range, and freshness

So why is supermarket shopping proving so resilient despite the inroads online is making? Why are more consumers not switching more spending? One reason becomes clear, for instance, when respondents are asked how online grocery providers could encourage them start ordering online or increase their existing online spend: one third of respondents said lower prices would be very likely

to have that effect (35%) – an increase of four percentage points on last year and a far greater proportion than cited a larger product range or fast delivery (both 24%), or indeed better local availability (23%). In total, 83% of survey respondents stated that lower prices would, to some degree of probability, increase their online spend or motivate them to start ordering online.

How likely are the following to motivate you to order food online (more often)? (N = 2500)



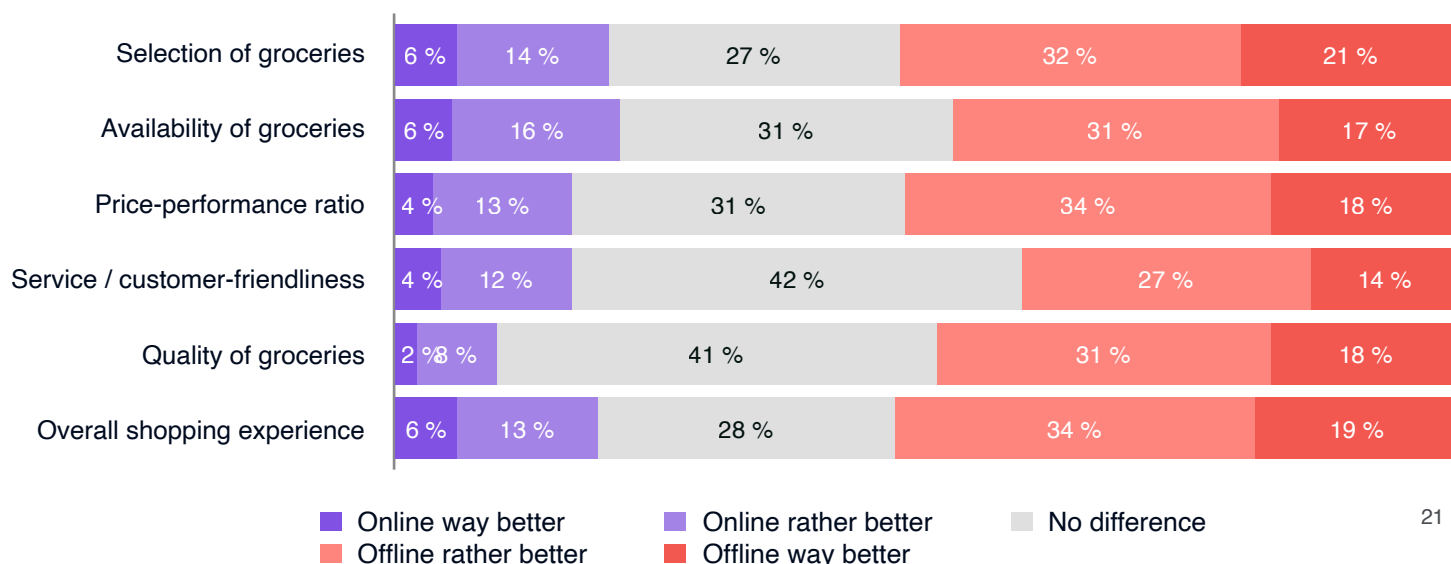
While German consumers' preference for low prices – even at the expense of convenience, experience, and (to a certain degree) quality – is well-documented, this finding is nevertheless a stark indication that, in the cost-of-living crisis, the country's shoppers have become more price-conscious than ever. Moreover, when the responses are segmented according to current shopping habits, it becomes clear that, **for those who shop wholly or mainly offline, price would be the single biggest motivating factor for them to start ordering online or spend more there**: 56% of offline-only and 74% of mainly-offline customers cited lower prices. And currently, **52% of consumers see offline shopping as the better-value alternative, with only 17% of the opinion that online offers more for their money**.

Another area in which offline shopping still trumps online providers is the breadth and quality of produce available. Here, a full 53% of respondents replied that the range and selection of products was better offline than online, with only 20% seeing more choice with internet shopping. Consequently, for three quarters of survey participants, a broader online range would be likely to make them start ordering or order more online. The same is

true of product quality, which is where online providers are rated most poorly: 49% of respondents think groceries bought offline are higher-quality, whereas only 10% say the same about online. This tallies with other findings from our survey dealt with in previous sections: when asked what they look for online, the two criteria shoppers already buying at least some groceries on the internet named most frequently were product range and freshness (both 59% & 58%). Conversely, a quarter of them had already been disappointed in the freshness of produce bought online, and almost a half had yet to order fresh meat or fish.

As such, it is perhaps unsurprising that offline shopping still enjoys the strongest lead in the catch-all category of overall experience: 53% of consumers still rate offline as better, with only 19% preferring the online experience. Stacked up against the 72% who profess to enjoy supermarket shopping, this is another indication that many shoppers are going online not because they dislike buying food in stores, but because ordering groceries on the internet offers them other advantages – time savings (given by 50% of online shoppers as a primary motivation), convenience (37% cite "laziness"), or the desire to avoid crowds (31%).

If you compare online and offline grocery shopping, in your opinion, where are the following criteria overall better addressed? (N=1110)

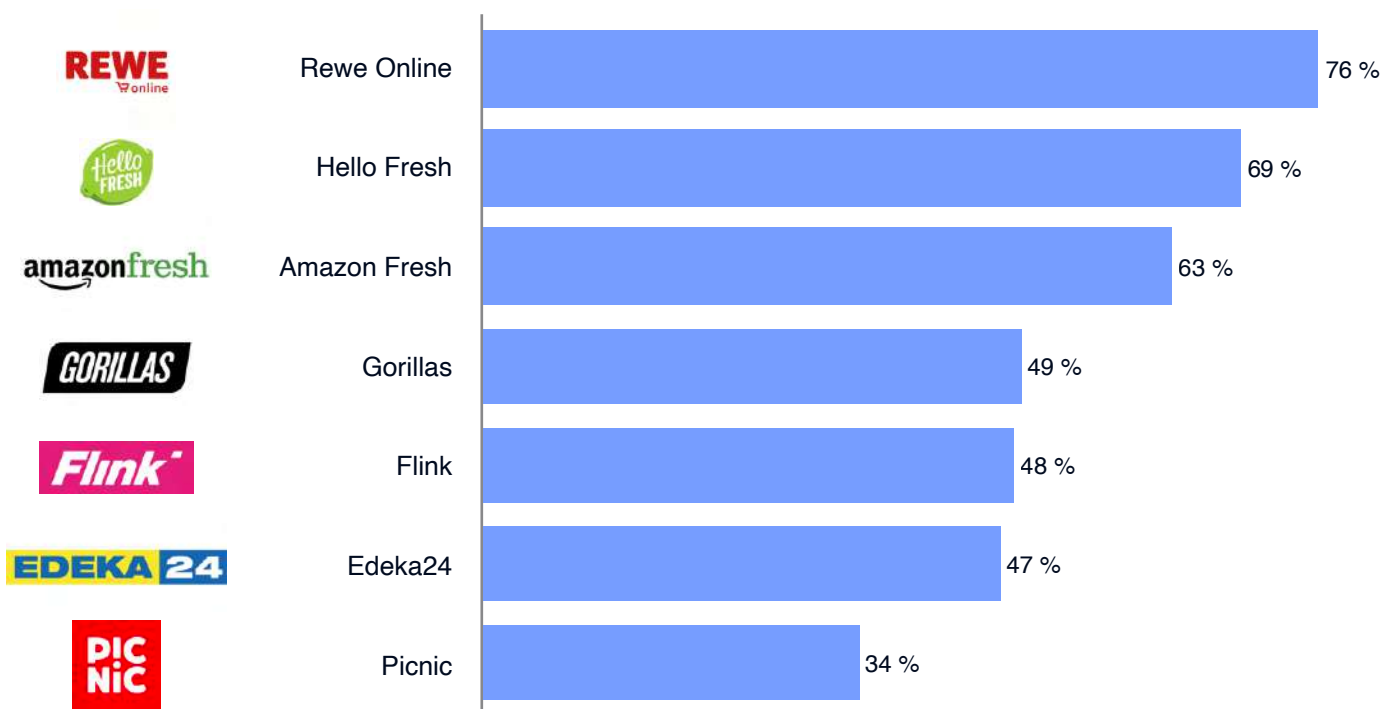


Strong supermarket brands dominate online

In view of this, it is perhaps unsurprising that the big-brand supermarket chains are also top of the charts online: consumers are not particularly dissatisfied with Rewe and Edeka, and so are likely both to know of their online services and to have used them. Leader of the established pack is undoubtedly Rewe. When provided a list of online grocery services and asked which they had heard of, a full 76% of

respondents named Rewe, which puts the supermarket fourteen percentage points ahead of next-placed Hello Fresh (69%) and the third and fourth-placed on-demand services Amazon Fresh (63%) and Gorillas (49%). Rewe is also streets ahead of its segment competitor, Edeka, whose online activities were recognized by fewer than half (47%) of respondents.

We want to know a bit more precisely. Which of these online grocery delivery services do you know, even if just by name? (N=1110)

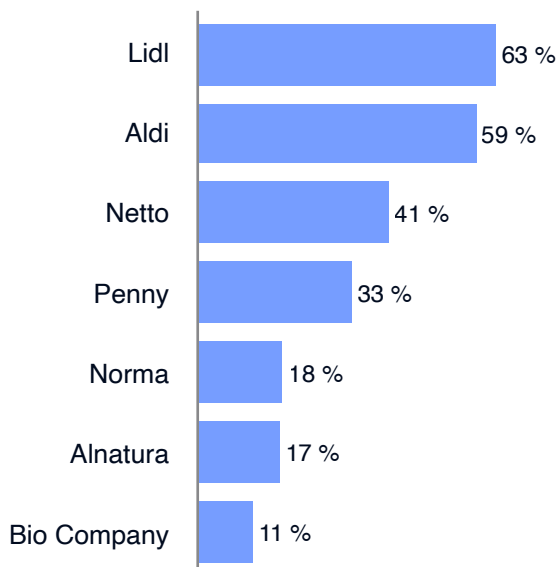


Things look even more disappointing for Germany's largest supermarket chain when consumers are asked to simply name online services they know without being shown a list: here, Edeka is beaten into ninth place behind services such as Picnic, Flink, and Gorillas (which are not present everywhere in Germany); even restaurant delivery service Lieferando is more – and somewhat inaccurately – associated with online groceries than Edeka's 24 brand. Rewe's renown is even clearer here, where 39% unsupported brand-

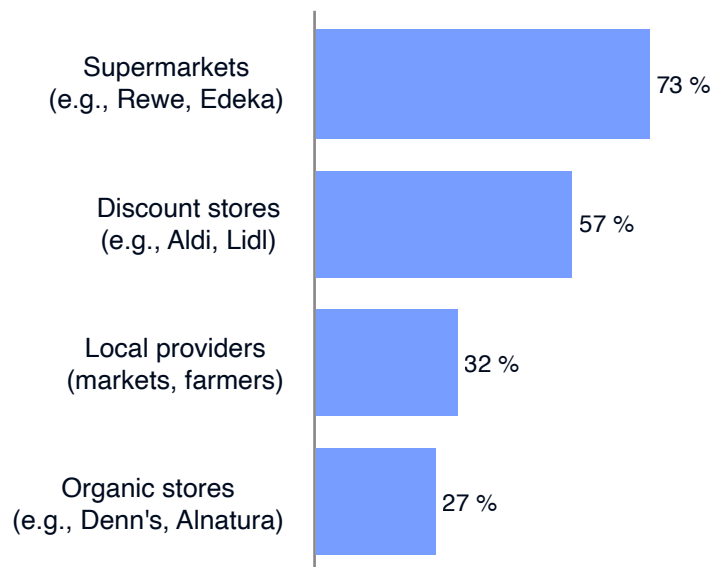
recognition sees it outclass even its nearest rival Gorillas by a factor of three – and Edeka by eight. Nevertheless, Edeka's comparatively strong performance among consumers when prompted is some consolation for the chain – and indicative the strength of the position Germany's supermarket brands have when they opt to provide online shopping options. This is borne out by the fact that 61% of respondents who do some grocery shopping online sometimes or frequently use Rewe, with another 47% reporting the same of Edeka24.

amazon
flink
gorilla
flaschenpost
getir
hellofresh
edeka24
mytime
netto
wolt
dm
knuspr
alldi
bofrost
eismann
de
lidl
fr
lieferheld
online

From which company would you wish to have an online grocery ordering option? (N=2500)



Which providers do you find to have the best online grocery ordering options? (N=1110)





Chapter 5: Online grocery concepts in Germany

It is no exaggeration to state that the last twelve months have been the most important in online grocery provision in Germany to date. After opening fully-automatic warehouses in Cologne and Berlin in 2021/2022, the expansion of its online ordering capacity across the country continues apace, while Picnic's rapid advance across North-Rhine-Westphalia, bringing online options to medium-sized towns and cities not yet served by other providers, shows few signs of slowing down. Now, in 2023, Picnic is also tackling the capital Berlin; Hamburg, Munich, and Frankfurt are rumored to be next on the cards for the milkman-round full-service online supermarket.

Online-grocery battleground Berlin has seen a variety of other new contenders opening up operations of late, most notably Norwegian outfit Oda, already recognized by 7.5% of survey respondents just a few months following its arrival. Meanwhile, Munich-based full-service online supermarket Knuspr, launched in summer 2021, has expanded into Frankfurt, a city thus far underserved by online grocers in view of its hard-pressed professional population and its high purchasing power.

In ultra-fast delivery, the euphoria of the Covid years has dissipated and some consolidation has occurred, yet Gorillas remains, despite a fire-sale to competitor Getir, in a strong operational position across Germany, as does its competitor Flink. The latter has entered into a partnership with Helsinki-based Wolt, which – having consolidated its opening position in Berlin – is visibly expanding its business model away from a focus on online grocery delivery towards a general quick-delivery platform solution.

This move is indicative of the key challenge in the sector in 2023: with the decade of cheap money now firmly past and both businesses and consumers feeling the pinch, already low margins in online grocery are set to go lower; expansion is at once necessary to increase customer share as the steroidal growth of the Pandemic subsides and far costlier than assumed in business plans written prior to 2022.

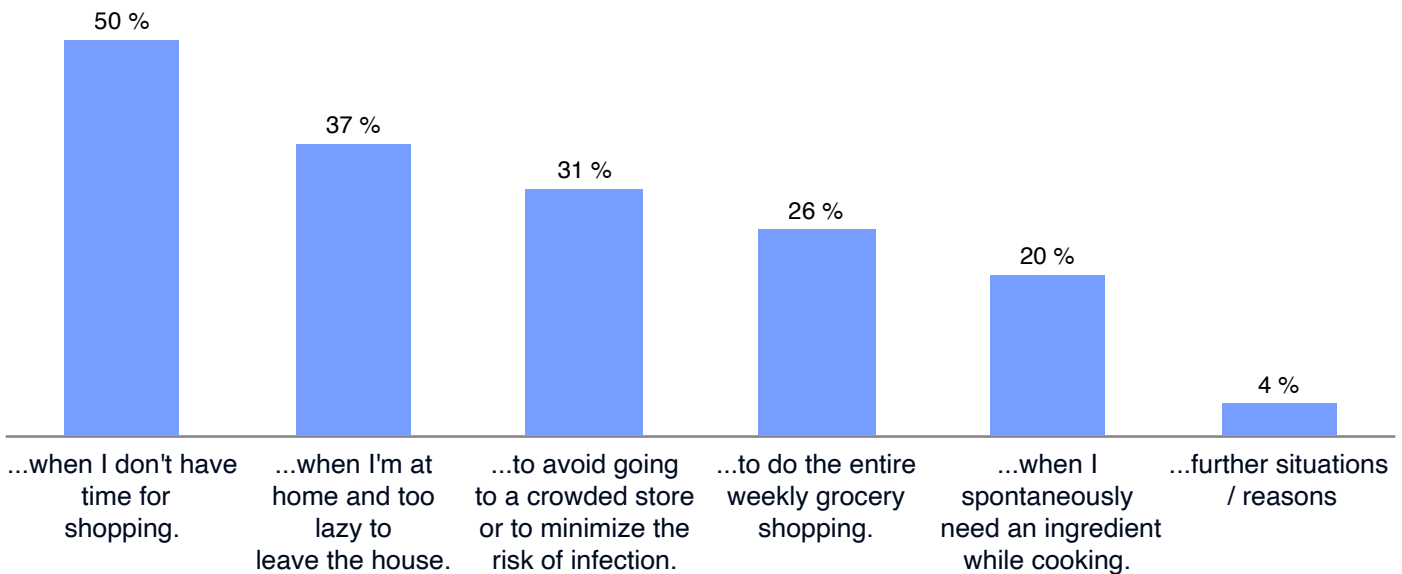
Slower, but sustained online growth

While overall growth rates may have stalled in the headwinds of 2022 and 2023, the market for online groceries is stable and expanding – shown by the fact that 5% of respondents are now doing all or the bulk of their shopping online, and a further 39% now buy at least some food online. This latter figure shows a sharp increase as against 2022, where only 27% answered likewise, yet overall online spending has not expanded at quite the same pace, up to 17% of reported household grocery budgets from 16% in 2022. More customers are going online, but their spending power there is limited.

Of the 17% spent online, 10% is spent on order for home delivery, which consumers clearly prefer to in-store collections. This tallies with the reasons survey participants give for ordering online, with 50% of the respondents who buy groceries online doing so to save time.



When do you order groceries online? (N=1110)



What is more, 37% of respondents admitted to being “too lazy to leave the house” as a reason for buying online, an astonishingly high figure in view of cultural taboos in industrious Germany, showing the importance of convenience. Another interesting figure is the 31% of respondents avoiding in-store shopping to steer clear of crowds and reduce their chances of contracting an infection. This is down only four percentage points since 2022 and shows the lasting effect the coronavirus pandemic has had on the German psyche, even as Covid disappears out of the focus of media and political attention. Meanwhile, although only 26% of those ordering groceries

on the internet stated the ability to do a full weekly shop as their key motivation, this fourth of respondents can be assumed to be driving some of the growth in spending outlined in the first section of this report: 65% of online shoppers now report spending between €20 and €100 per week in this channel, up from 61% a year ago; of them, the majority (35%) are now spending €50-€100 weekly, up from 31% last year. And while ‘the forgotten ingredient’ may still be a minority concern, with only 20% citing this as a reason for ordering online, this further fifth of respondents is partly behind the continued expansion in the ultra-fast delivery segment.

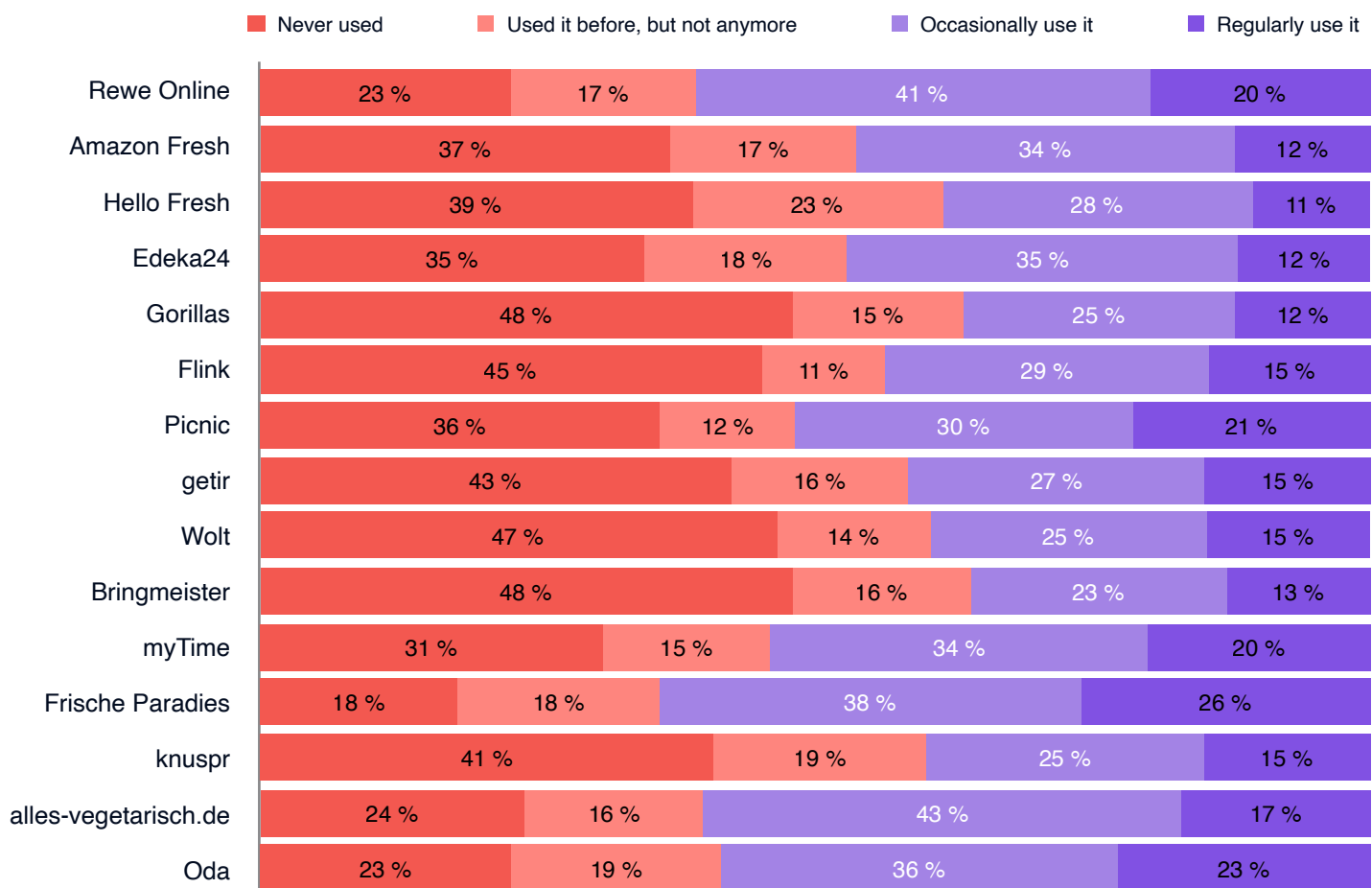


Ultra-fast delivery is here to stay

Indeed, despite set-backs for on-demand providers as the Pandemic subsided and easy funding dried up, their impressive story is by no means over. In the June 2021 survey, only 3% of respondents named Gorillas unassisted, a figure which had, for instance, tripled to 13% just six months later in the 2022 edition; now, in 2023, Gorillas is stable in brand-recognition terms, with 13% of respondents aware of it unassisted (49% assisted). Competitor Flink is also holding its position, increasing slightly from 12% to 13% unaided, but jumping from 36% to 48% brand recognition when listed. Wolt, meanwhile, has more than doubled its assisted recognition from 12% to 31% in the space of a year. In terms of take-up, ultra-fast providers have made strides since 2022. A year ago, their impressive publicity achievements were not yet translating into

sales traction: at 60%, the number of respondents who knew of Gorillas, but had never used it, was particularly striking. One year on, this number has fallen to 48%, meaning that more than half of those who knew the brand had used it at least once. Moreover, 12% have become regular Gorillas users, with a further 25% using it occasionally. Flink also posts improved usage, with the number of respondents who know of the service but have never ordered from it falling from 49% to 45% while regular users are at 15% and occasional users rise from 25% to 29%. This now puts these ultra-rapid services within touching distance of full-service providers such as Rewe Online, which has converted 20% of respondents who recognized the brand into regular and 41% into occasional users.

Please indicate what experiences you have had with the following online grocery delivery providers (N=1099):



Reliability and quality rewarded with loyalty

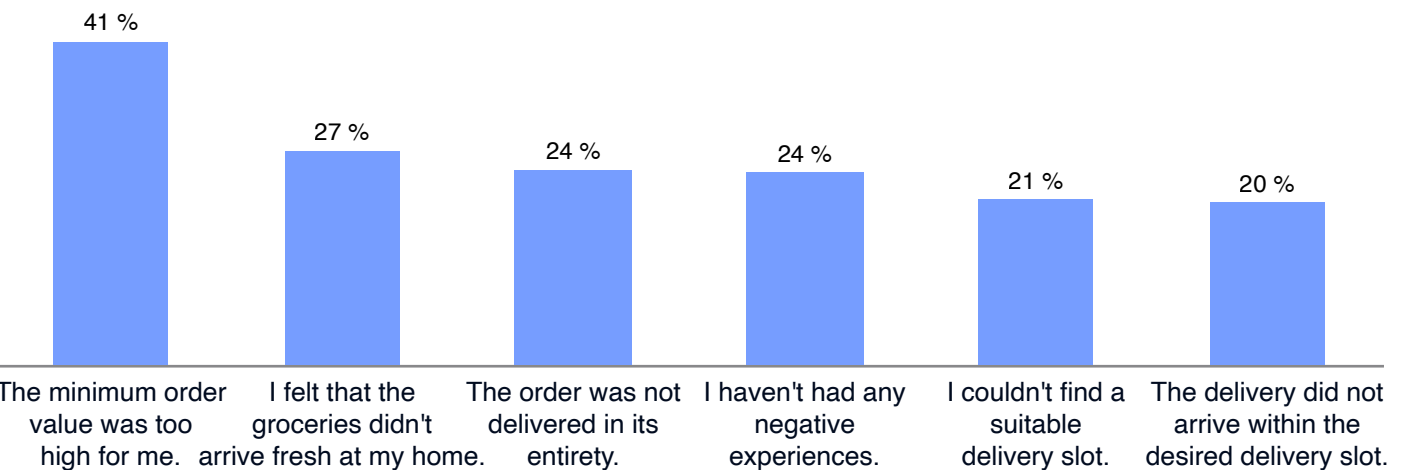
Nevertheless, with 21% of those who know its brand now regular shoppers, Picnic is streets ahead of other providers, with only newcomer Oda besting this figure at 23%. Picnic has maintained this high percentage of regular customers throughout our surveys, and is illustrative of an important fact about online groceries: reliability is key – especially if consumers are to shift the bulk of their food shopping to internet ordering.

Picnic is famed for its rigid milk-round delivery concept, offering shoppers set delivery slots on set days, and proving that, for full-service online supermarkets at least, reliability trumps flexibility. This is demonstrated by the fact that, when asked whether they would rather have their deliveries as fast as possible or later, but at a time and place of their choosing, respondents are evenly split: 43% want their orders ASAP, while 42% are more concerned about slots which suit them. This has changed since the last survey, where more consumers

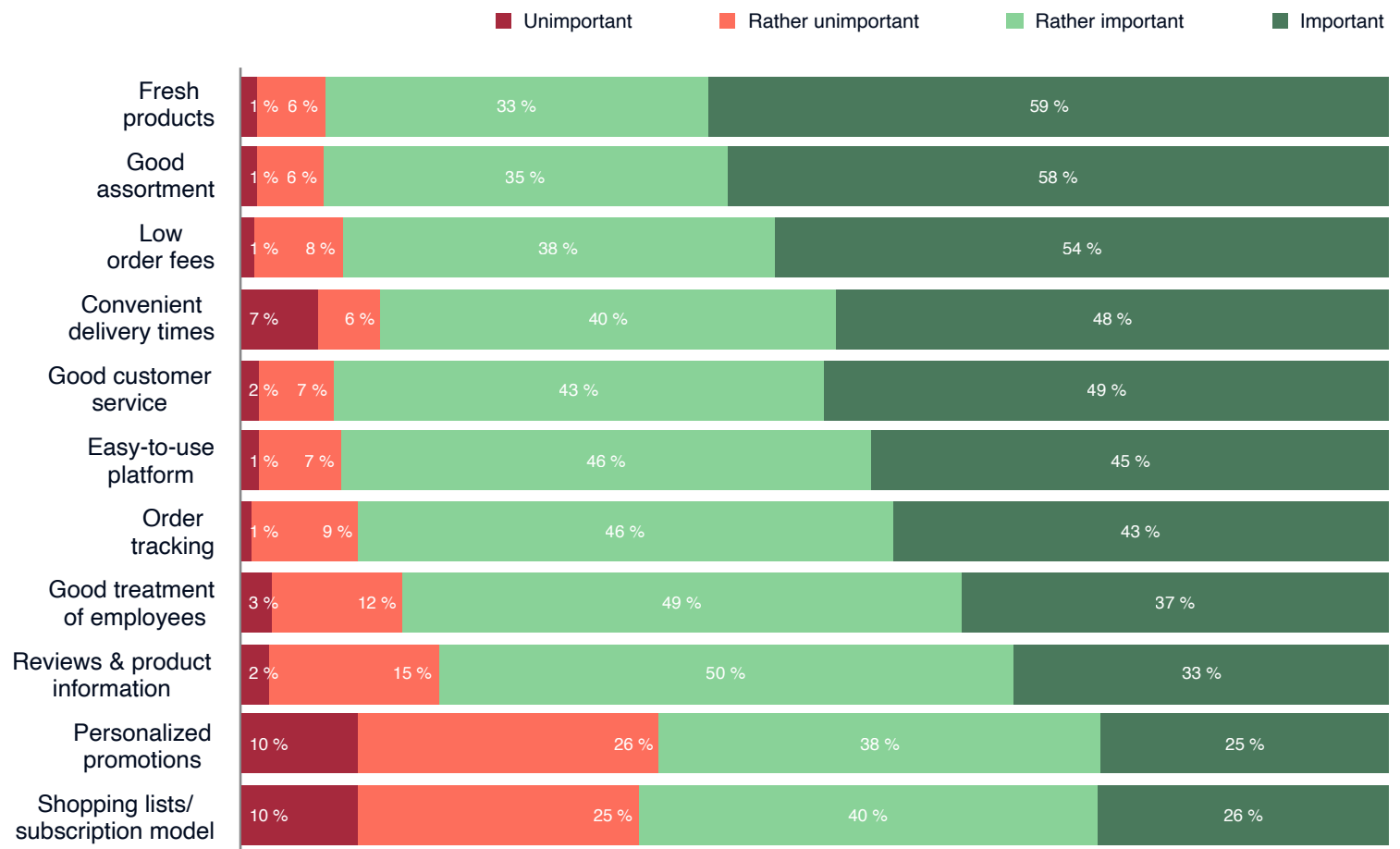
preferred the fastest-possible delivery, and indicates an increased focus on reliability; also, while collecting in store remains, at 15%, the least favored option, its popularity has increased from 13% last year.

The fact that unreliability of any kind, alongside poor quality, represents a strong turn-off for customers is demonstrated by the fact that the two of the most frequently cited bad experiences with online groceries were sub-standard products (27% answered “I got the feeling the products weren’t fresh”) and missing items (24% had not received their whole order). A further 21% couldn’t get a suitable delivery slot and 20% did not receive their order on time. While 24% replied that they had not experienced any drawbacks to online ordering at all, the deep emotional involvement most consumers have with food shopping means that even minor failings are enough to deter swathes of otherwise willing customers from relying primarily on online orders for the bulk of their weekly shop.

Which of the following negative experiences have you encountered while shopping for groceries online? (N=1110)



When ordering groceries online, how important is it to you that the provider offers the following?
(N=1110)



The biggest bugbear of all, however, were order costs: 41% found the minimum order value excessive – a finding which tallies with the fact that one in two consumers (54%) looks for lower minimums when shopping online. Equally or even more important are convenient delivery times (cited by 48%) as well as fresh products and a good product range, which were, with 59% and 58%, the two criteria most respondents named when ordering online.

It is also insightful to take a look at what customers are less concerned about: personalized offers and shopping-list functionality, which a full third of respondents

considered “unimportant” or “not at all important”. By the same token, this of course means that two thirds of customers do look for personalization features, but shows that, contrary to what is often assumed, personalization is not the key to converting and keeping online grocery customers – or, at least, not until reliability, quality, affordability, and service are convincing enough. Consumers in Germany are actually more concerned about staff welfare than personalized services: only 15% found the way providers treat their workers to be unimportant!

Most customers place individual orders on smartphones

If consumers expect reliability on the one hand, they are wary of entering into subscription models on the other: a clear majority (73%) of online customers prefers to place a discrete order each time they shop. This suggests that many consumers fear losing control over what food they are delivered and would prefer a repeat order function to a subscription offer. There has, however, been a jump of three percentage points in the number of respondents receiving regular deliveries since 2022, with 28% now signed up: so increasingly, subscription models are an important part of online groceries, in many cases representing all or part of the weekly shop – an order from a full-service online provider, for instance, or from a regular beverage supplier.

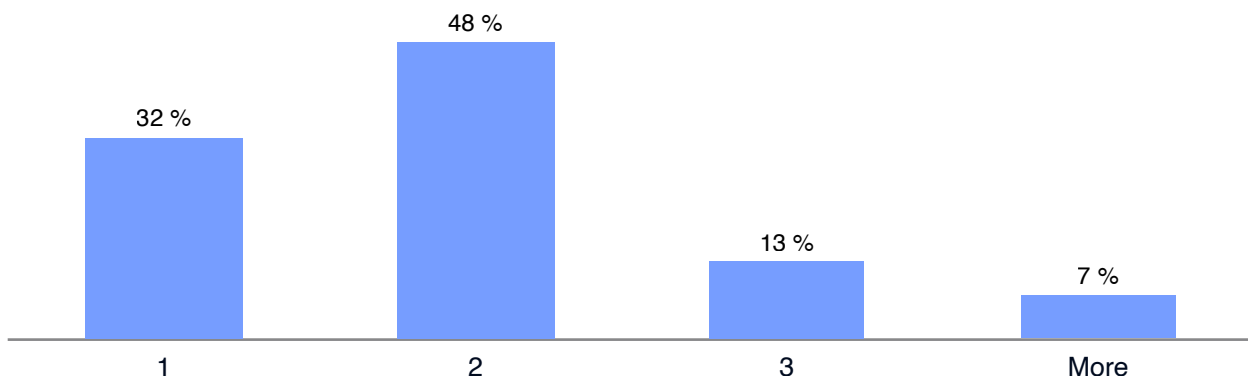
In all likelihood, those in receipt of a regular large delivery – either as a subscription or, more likely, placing their own order on a weekly basis – are also shopping ad hoc, quite possibly with an ultra-rapid delivery service such as Gorillas to top-up and cover unexpected eventualities. This is borne out by the fact that the majority of online food shoppers (48%) currently uses two services, with another 20% using three or more.



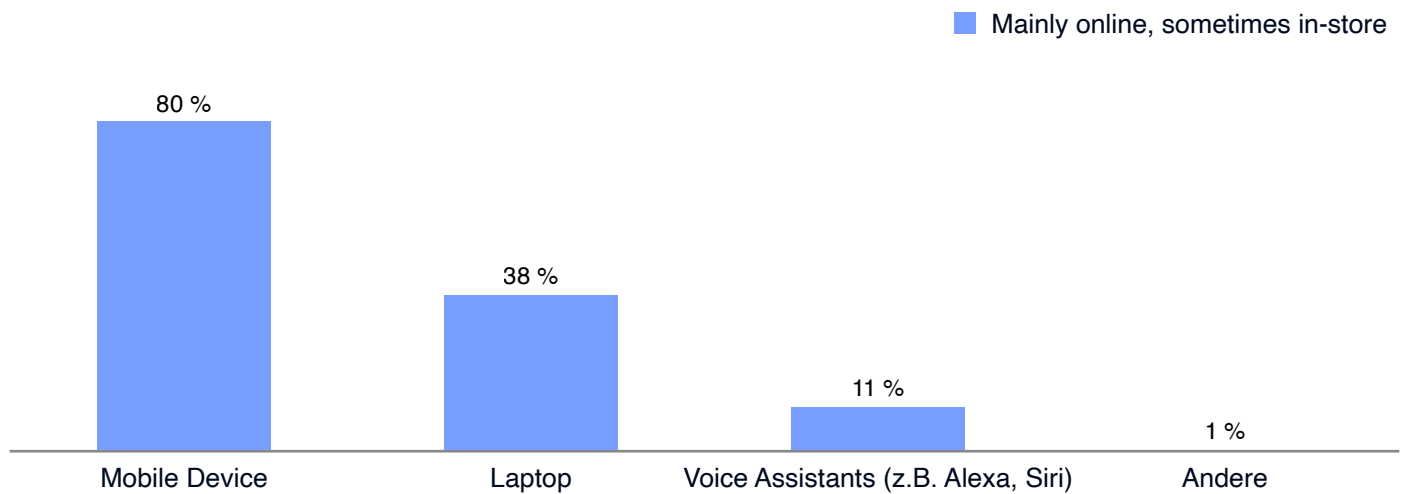
Which of the following statements best describes you? (N=1110)



How many different platforms/services do you use for online grocery ordering? (N=1110)

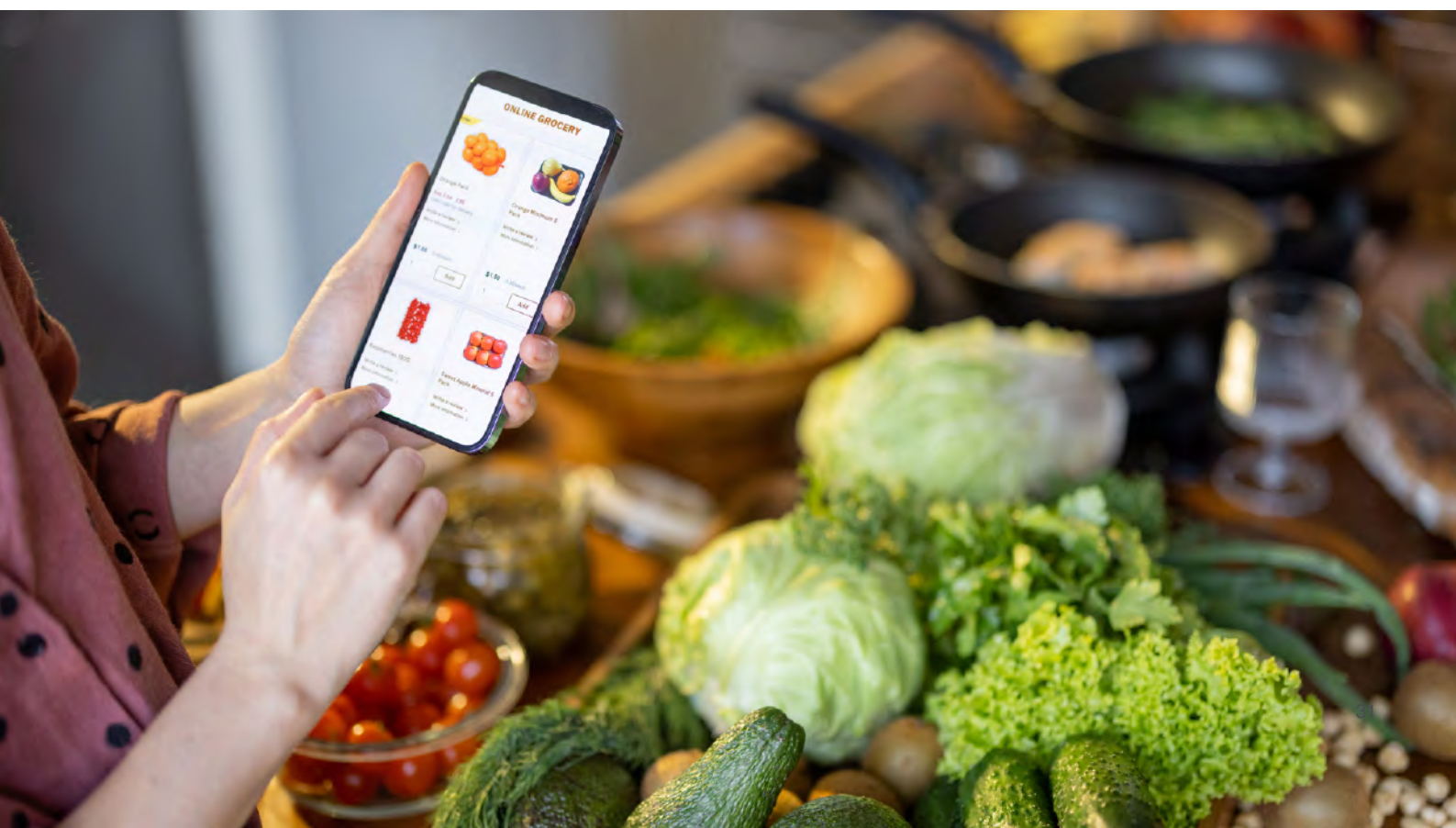


Which of the following devices do you use for online grocery shopping? (N=1110)



In terms of how customers are placing orders online, the situation is less clear-cut than the apparent dominance of mobile applications seems to suggest. While it is indeed the case that 80% of respondents use a mobile device to order groceries online, it is also true that 38% place orders on desktop computers. Given that several responses were possible, many consumers are likely to switch between

these two depending on context: users of ultra-fast delivery services generally have no other option than to order on smartphones and tablets (Gorillas, for instance, is wholly app-based), but these same users may prefer the more methodical nature of desktop ordering – and, not least, the larger display – when doing a more comprehensive shop with a full-service online supermarket.





Conclusion

Despite some reassuring headline figures – “Record numbers of shoppers satisfied with supermarket shopping!”, “Four fifths of all food spending takes place offline!”, and “Rate of year-on-year online take-up slows!” – our survey results ought to make participants in the German grocery still focussing primarily or exclusively on in-store concepts pause for thought. There are two main causes for concern.

Discounters living dangerously

For one, in our survey, the potential for luring consumers on a budget is plain to see – and will be a tempting prize for any provider who can solve the obvious business challenges this entails. When asked, our respondents would most like to see discounters make them an online offer, but currently, beyond limited non-food shopping on Lidl.de and the ALDI Nord and Süd sites, the Big Four are sticking to what they know. As it stands, this is a rational



strategy: online operations are expensive, and, with budget shoppers lacking other options meaning that shifts to online spending are affecting discounters the least, it is Lidl, ALDI et al. who are calling the shots. Yet if a decidedly low-price online grocery concept does emerge, they will left scrambling to catch-up. Discount providers who are not taking first steps into online deliveries (or making good contingency plans) are living dangerously.

Supermarkets in a precarious position

Secondly, as in previous years, our survey reveals a paradox: urban consumers within closest reach of supermarkets and with the highest levels of customer satisfaction are also the ones best served by online concepts and most likely to switch at least some spending to them. This should worry supermarket chains if for no other reason than that commercial rents are highest and competition is strongest in major urban areas, so even small shifts away

from supermarket shopping could be enough to render many stores markedly less profitable – all the more so given that customers who shop for food online are spending more than ever before in this channel. For the moment, supermarket margins are still good (and inflation is helping keep it that way), but change is in the air and could happen faster than expected.



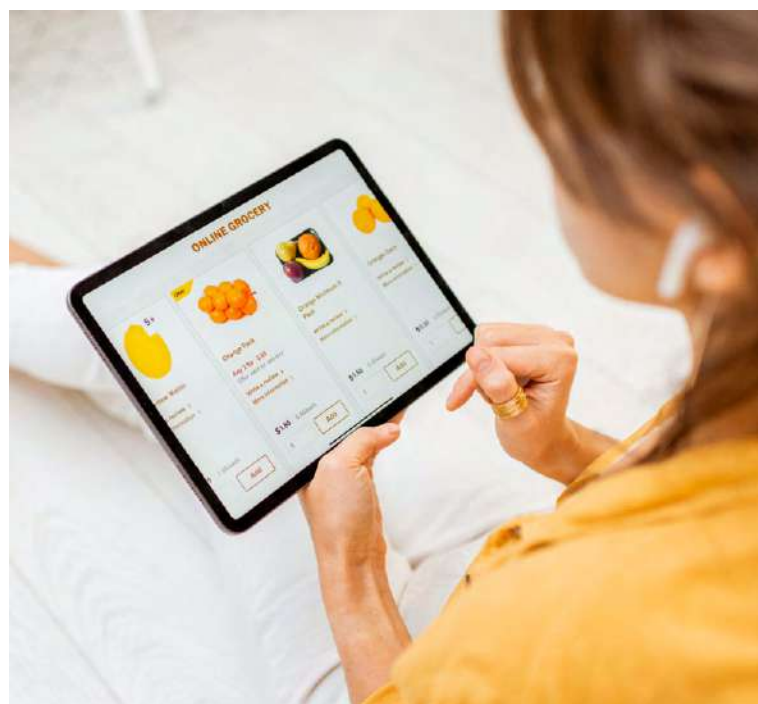


Overall, established supermarkets in Germany have a strong hand: their coverage is extremely good and their streamlined logistics operations allow them to respond to German consumers' price and quality expectations – both in store and, increasingly, online. Rewe's strong performance and Edeka's belated, yet not unsuccessful, market-entry online show the potential of these well-loved brands – and highlight the risk of losing market share for those who neglect this channel.

Meanwhile, the continued growth of online-only operations, from quick-commerce providers such as Gorillas and Flink to weekly-shop full-service outfits like Picnic, Knuspr, and Oda demonstrates that, even in times of stagflation, there is sufficient spending power among German consumers to support growth online. As Europe's biggest economy comes out of its mild recession later in 2023 and inflation starts to subside, we should expect to see sustained growth in all areas of online groceries through into 2024.

Online grocers still have room for improvement

Indeed, although overall spending patterns have changed little since our last survey, the number of consumers shopping online – and spending relevant sums in the channel every week – has risen sharply in under a year. One factor which may still be preventing a stronger shift towards online channels is a strong performance by established supermarket chains – and some difficulties facing primarily web-based challengers. This is particularly true of product quality and order completeness, where consumers continue to perceive drawbacks to online ordering: there is little change since last year in the numbers disappointed in the freshness of the food they receive or bemoaning missing items. Even if they themselves may forget items when shopping in store or encounter “Out of stock” notices there, when ordering online, consumers are unwilling to compromise on quality or completeness.





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Spryker is the leading composable commerce platform for enterprises with sophisticated business models to enable growth, innovation, and differentiation. Designed specifically for sophisticated transactional business, Spryker's easy-to-use, headless, API-first model offers a best-of-breed approach that provides businesses the flexibility to adapt, scale, and quickly go to market while facilitating faster time-to-value throughout their digital transformation journey. As a global platform leader for B2B and B2C Enterprise Marketplaces, Thing Commerce, and Unified Commerce, Spryker has empowered 150+ global enterprise customers worldwide and is trusted by brands such as ALDI, Siemens, Hilti, and Ricoh. Spryker is a privately held technology company headquartered in Berlin and New York backed by world class investors such as TCV, One Peak Partners, ProjectA, Cherry Ventures, and Maverick Capital.

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