



deliveroo



# Grocery Seminar

18 July 2023



## Today's presenters



**Eric French**  
*Chief Operating Officer*



**Suzy McClintock**  
*VP, Grocery, Hop and Editions*

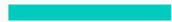


**Sam Hancock**  
*VP Product, Grocery & Catalogue*



# Agenda

1



**What is  
on-demand  
grocery?**

2



**Why is  
on-demand  
grocery attractive?**

3



**What is the future  
of on-demand  
grocery?**

4



**Why will we  
win in on-demand  
grocery?**

**What is on-demand  
grocery?**

**1**



# We pioneered 'on-demand' grocery in 2018...

## Small basket

up to £30

On-demand

Milk, fruit, eggs, bread,  
chocolate, wine



## Weekly shop

£90+

Next day scheduled

Full grocery  
basket

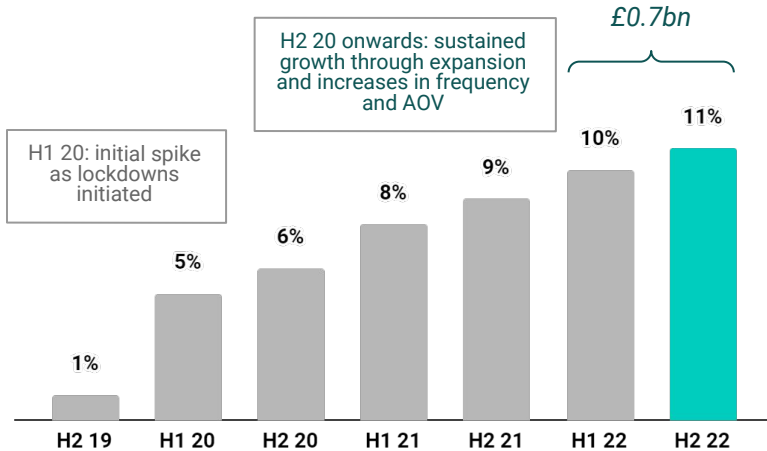




# ... and have built a very large business already

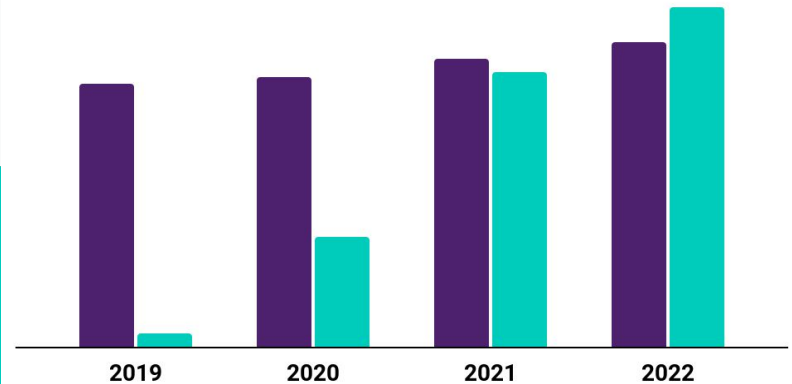
## Grocery reached £0.7bn GTV in 2022

Grocery as a % of total GTV



## We deliver more grocery orders per week than Ocado in the UK

Deliveroo UK  
Ocado Retail (UK)



**Why is on-demand  
grocery attractive?**

**2**



# On-demand grocery represents a huge global opportunity

## Grocery TAM is large and online is continuing to take share

Total Grocery<sup>1</sup>  
~£600bn

Online Grocery<sup>1</sup>  
~£35bn

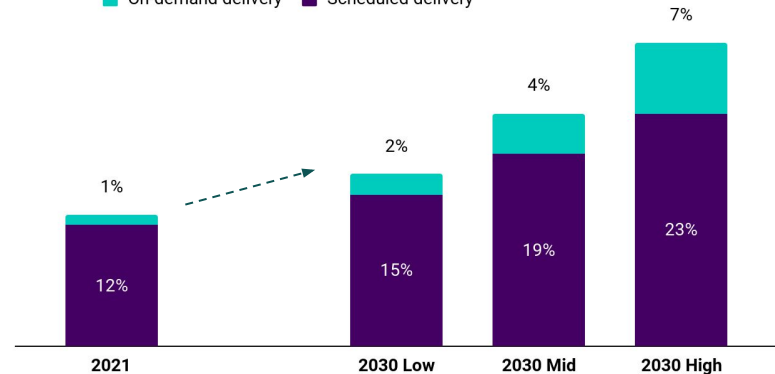
Deliveroo Grocery GTV (2022)  
£0.7bn

Not to Scale

## On-demand expected to be an increasing part of online grocery

Share of online grocery in the UK food-at-home market<sup>2</sup>

■ On-demand delivery ■ Scheduled delivery

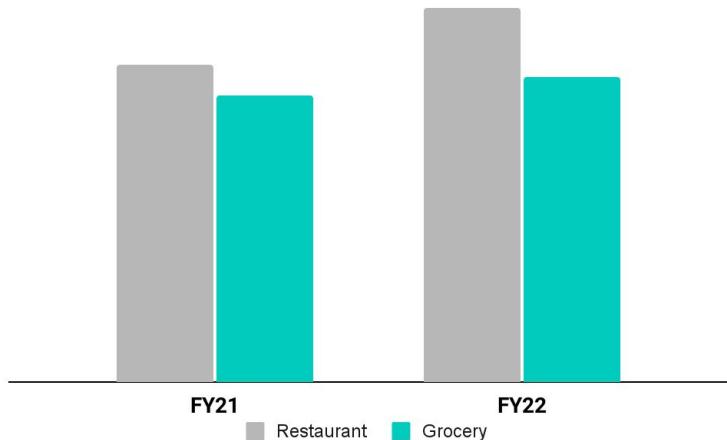




# The standalone long-term economics are attractive

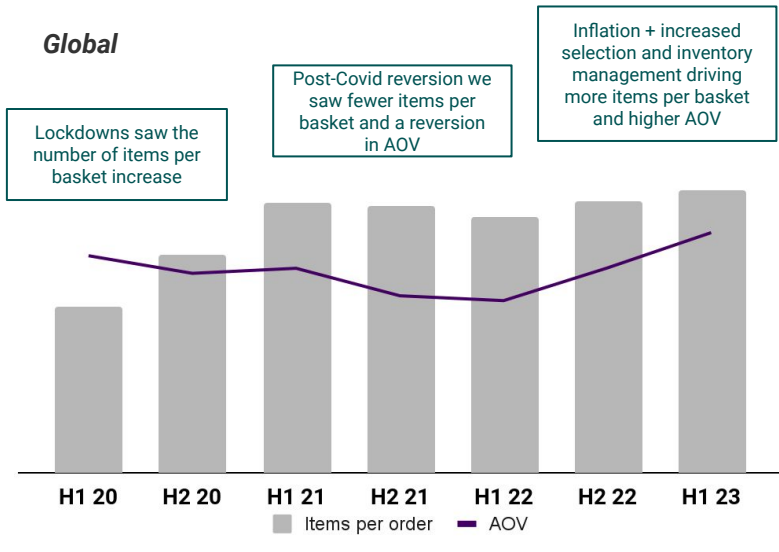
## Grocery economics only slightly behind restaurant, and both have improved

UKI, gross profit per order (£)



## Increasing items per order and AOV drive improved unit economics

Global





# On-demand grocery has wider strategic benefits for Deliveroo

Powerful synergies with core platform - spinning the flywheel faster

## Incrementality

Grocery orders are incremental to restaurant orders

**+0.5**

orders per month

## Frequency

Consumers acquired through grocery place more orders

**+40%**

more orders

## Retention

Users of grocery & restaurant have higher retention than restaurant only

**+4ppt**

retention

When an existing restaurant user places their first grocery order, they go on to place 0.5 incremental orders per month vs a comparable restaurant-only cohort in the first 3 months

Customers acquired through grocery generate 40% more orders in the 12 months after acquisition compared to customers acquired through restaurants

In the 12 months after a user places a first grocery order, these users have a 4 ppt higher month on month retention compared to users that only placed a restaurant order

**What is the future of  
on-demand grocery?**

**3**



# Expanding missions add to growth opportunity



**Small basket**

up to £30

On-demand



**Mid-size basket**

£30 - £60

On-demand/  
same day



**Weekly shop**

£90+

Next day  
scheduled





# Further differentiated with launch of Hop and Hop as a Service

	<b>Store pick</b> <i>Launched 2018</i>	 <i>Launched September 2021</i>	 <i>Launched June 2022</i>
<b>Speed</b>	<ul style="list-style-type: none"><li>• Typically 20-40 mins</li></ul>	<ul style="list-style-type: none"><li>• Typically 10-25 mins</li></ul>	<ul style="list-style-type: none"><li>• Typically 10-25 mins</li></ul>
<b>Selection</b>	<ul style="list-style-type: none"><li>• 2,500+ SKUs (up to 10,000)</li></ul>	<ul style="list-style-type: none"><li>• 1,800 - 2,500 SKUs</li></ul>	<ul style="list-style-type: none"><li>• 1,500+ SKUs (based on space)</li></ul>
<b>Availability</b>	<ul style="list-style-type: none"><li>• Orders picked from “on-floor” stock; no real-time inventory view</li></ul>	<ul style="list-style-type: none"><li>• HOP-dedicated stock, meaning very high inventory accuracy</li></ul>	<ul style="list-style-type: none"><li>• HOP-dedicated stock, meaning very high inventory accuracy</li></ul>
<b>Location</b>	<ul style="list-style-type: none"><li>• Any existing grocery store</li></ul>	<ul style="list-style-type: none"><li>• Dedicated warehouse</li><li>• Densely populated areas</li></ul>	<ul style="list-style-type: none"><li>• Hop section in existing grocery store</li><li>• Dense / semi-urban areas</li></ul>
<b>On-site operations</b>	<ul style="list-style-type: none"><li>• Items picked by grocer staff</li></ul>	<ul style="list-style-type: none"><li>• Dedicated Deliveroo HOP staff</li></ul>	<ul style="list-style-type: none"><li>• Items picked by grocer staff</li></ul>
<b>Revenue model</b>	<ul style="list-style-type: none"><li>• Commission</li></ul>	<ul style="list-style-type: none"><li>• Product sales</li></ul>	<ul style="list-style-type: none"><li>• Commission</li><li>• Technology licence fee per store</li></ul>



# Multiple drivers support long-term economics



More items per basket from improving selection and inventory management



Further increasing AOV from more personalised upsell features



Increased utilisation of existing rider fleet



Non-commission revenue (e.g. FMCG advertising)

**Why will Deliveroo  
win?**

**4**



# We have multiple strategic assets to differentiate our proposition



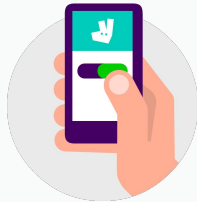
Industry leading collection of grocers and specialists



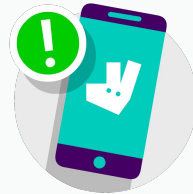
Large engaged consumer base regularly visiting the app



Existing rider network keeping delivery costs low



Consumer app innovation - driving customer experience



Grocer-facing product innovation - enhancing experience and service



Format innovation - with Hop and Hop as a Service

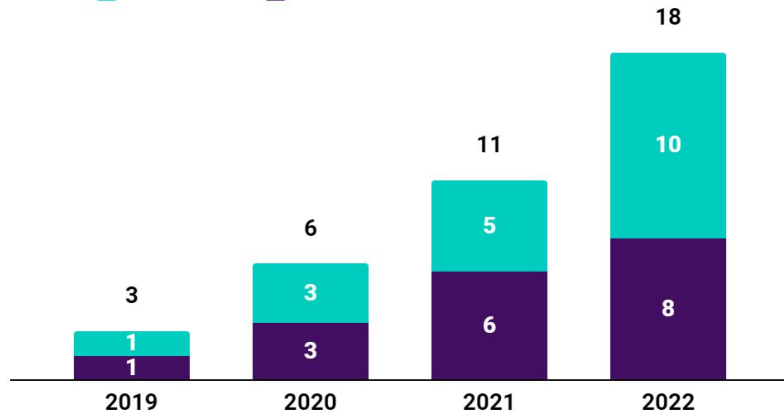


# We have established deep partnerships with major grocers, consistently expanding selection over time

## Number of grocery partner sites has grown materially...

000's, as at the end of the period

International UKI



Note: Numbers may not sum due to rounding

## ...including many of the biggest brands

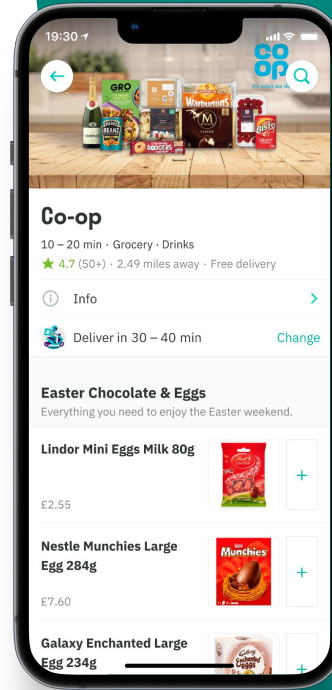
UK&I	
France	
Italy	
Hong Kong	
UAE	

# Consumer app innovation - driving customer experience

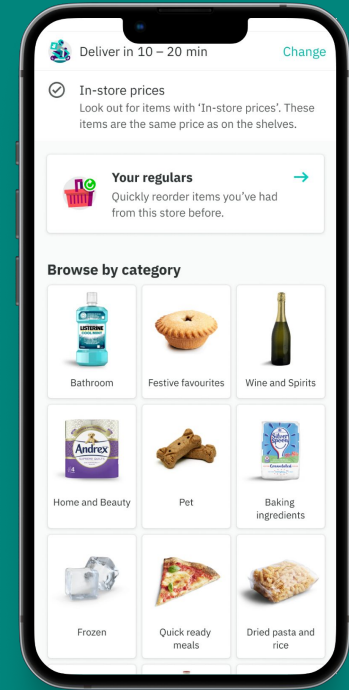
## Discovery experience

Launched category navigation, creating a home for grocery that anchors discovery

Created three column aisle-shopping menu format



Original



Three column & global imagery

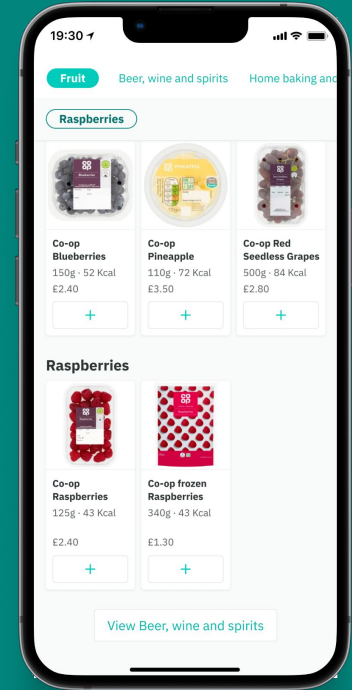
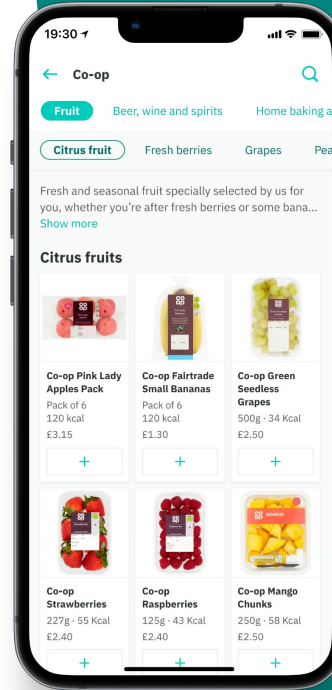
# Consumer app innovation - driving customer experience

## Range expansion

Offering up to 10,000 SKUs with selected merchants

Driving higher basket sizes, reduced amended orders and increased substitutions

Piloting more finely grained menus with sub-categories



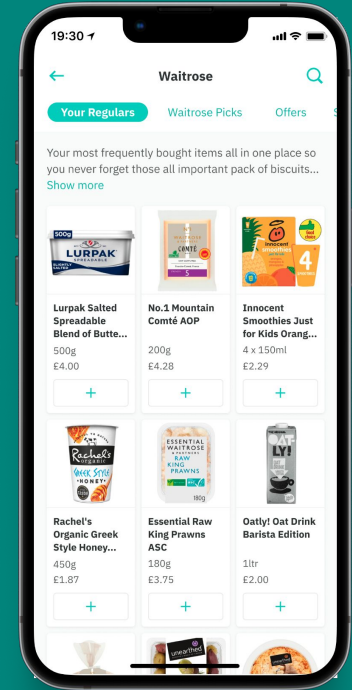
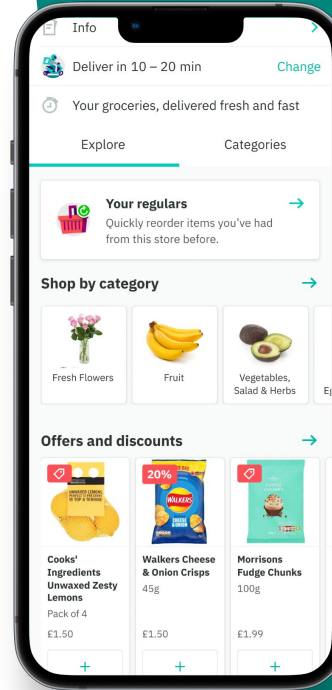
# Consumer app innovation - driving customer experience

## More personalisation

Added “Your Regulars” to aid basket building

Actively surface top picks, offers and discounts

Upsell opportunities at checkout



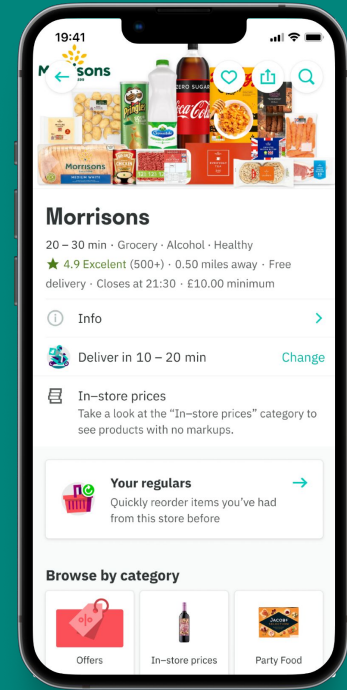
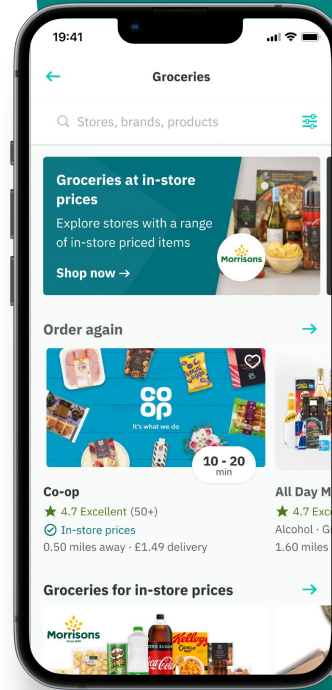
# Consumer app innovation - driving customer experience

## Driving value

First in-store price-match campaign on selected items with Morrisons

Since rolled out with Asda, Co-op, One Stop and others

Driven incremental order volume and improved value perception





# Deepened our integrations with partners

## Picking API

We can integrate Deliveroo orders into partner systems when they have their own picking software and hardware in stores

We now have this technology live in 1,500+ sites

## Availability API

Stock availability integration is the single biggest improvement we can do with a partner to improve customer outcomes

Most of our large partners across all markets now share information about stock availability at least once a day



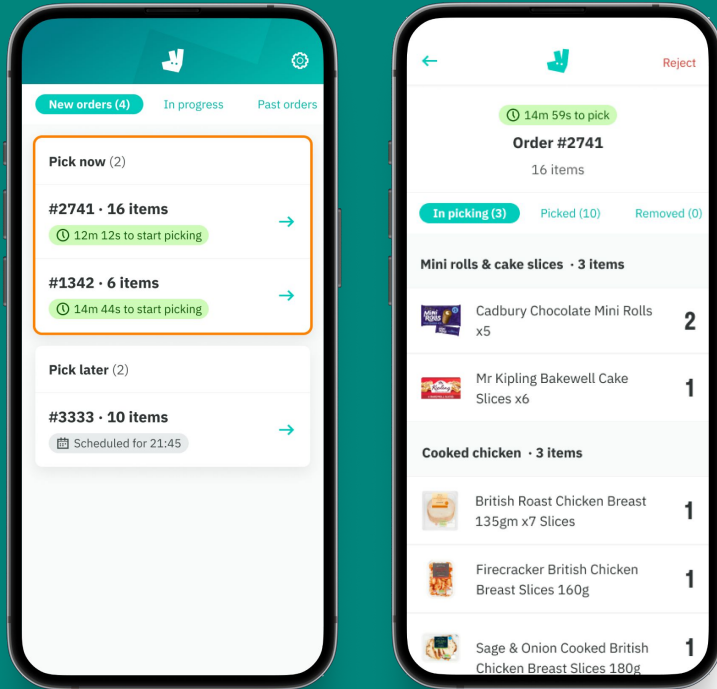
# Grocer-facing product innovation - enhancing grocer experience and service

## Picking app

Live with Co-op, Waitrose, Sainsbury's and Carrefour

Led to reduced pick time per unique item

Improves consumer and partner experience, with fewer missing items



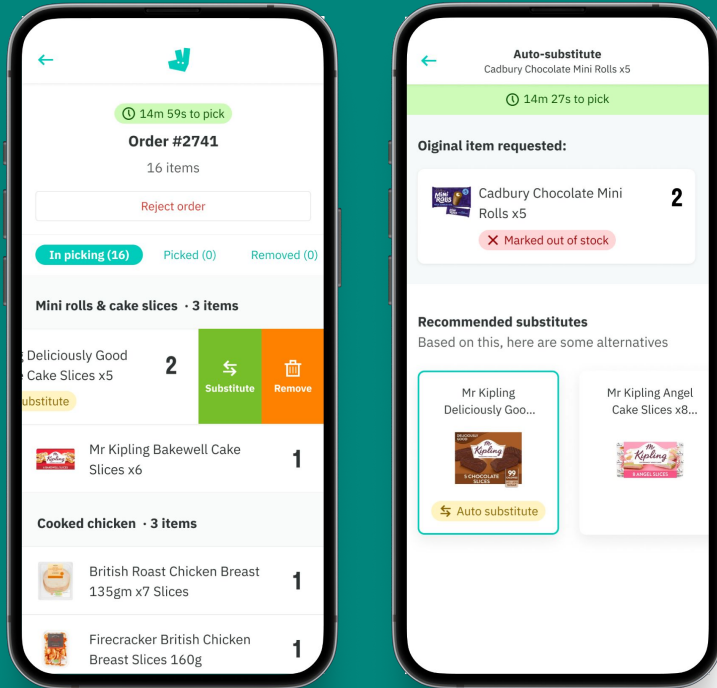


# Grocer-facing product innovation - enhancing grocer experience and service

## Substitutions

Technology live in 6,000+ sites with all strategic partners

Improves consumer experience, while generating additional revenue for partners





# Recap

1



**What is  
on-demand  
grocery?**

2



**Why is  
on-demand  
grocery attractive?**

3



**What is the future  
of on-demand  
grocery?**

4



**Why will we  
win in on-demand  
grocery?**



# Key takeaways

1

We have built a large on-demand grocery business, serving a **clear customer need**

2

On-demand grocery offers a **large growth opportunity** from a secular **shift towards convenience**

3

The long-term **economics are attractive** and we have **multiple profitability levers**

4

We are **well-positioned to win** thanks to our strategic assets and **exciting innovations** to come in the near future

# Q&A



deliveroo

