PINNACLE PAPERS

UK Grocery E-Commerce: Retail Media and the New Economics

INDUSTRY BRIEF

SAMPLE REPORT

AUGUST 2026

EXECUTIVE SUMMARY

The profitable part of UK online grocery is not the delivery

UK online grocery penetration has settled in the low teens, and the rapid-delivery experiment that defined 2021-22 has consolidated to a handful of survivors. What remains is a quieter, more interesting market: the incumbents have stopped subsidising the basket and started monetising the shelf. Retail media, charging brands for placement, search, and audience data inside grocery apps, is now growing faster than online grocery sales themselves.

For consumer brands, that changes the question from where to list to how to buy visibility across four incompatible retail-media platforms. For investors, it reframes the sector: the grocers with the best first-party data and app engagement are becoming advertising businesses with a logistics problem attached. Exhibits 1 and 2 carry the growth divergence at the heart of that argument.

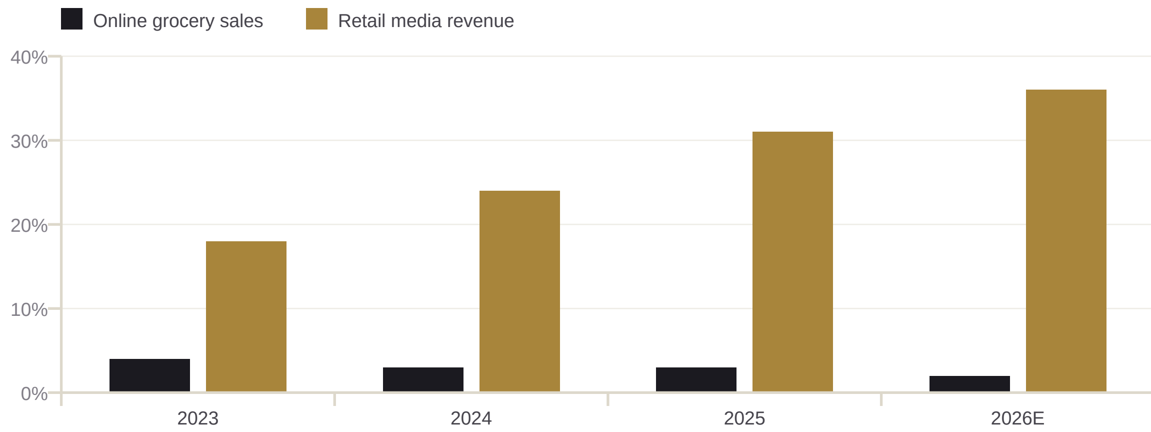
The landscape

Player	Position	What to watch
Tesco	Scale leader; most mature retail-media offer	Clubcard data pricing and self-serve rollout
Sainsbury's	Fast follower via Nectar360	Argos inventory as a media surface
Ocado Retail	Pure-play online; tech licensing parent	Whether media revenue can offset fulfilment cost
Asda / Morrisons	Restructuring under ownership change	Loyalty relaunches as data plays
Getir / Gopuff (rump)	Niche rapid delivery	Convenience-store partnerships over own dark stores

Positions summarised for illustration; the commissioned brief profiles each player in depth with cited financials.

EXHIBIT 1

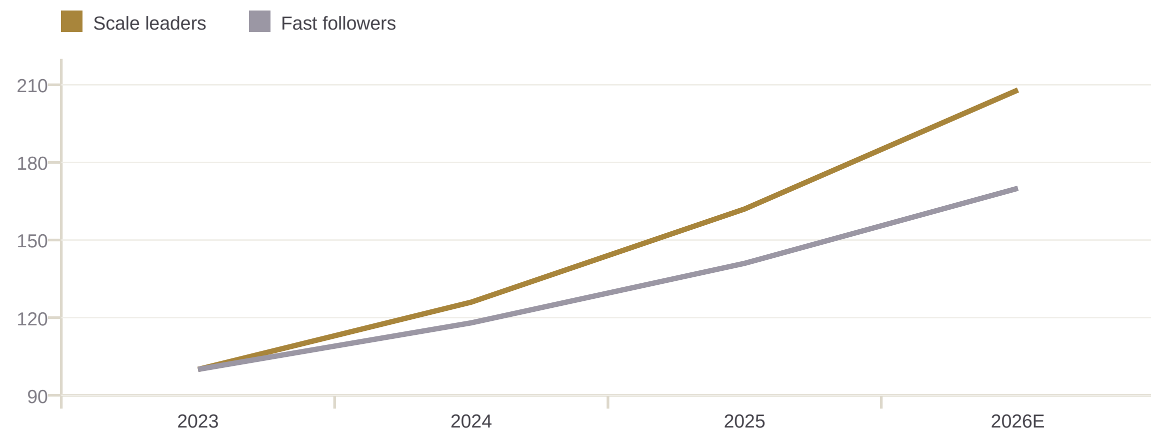
Growth divergence: online grocery sales vs retail media revenue (YoY)



Illustrative sample data; a commissioned report sources and cites every series.

EXHIBIT 2

Retail media revenue index by leader tier, 2023 = 100



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Three forces reshaping the sector

Retail media economics. High-margin media revenue is funding the price war the grocers are simultaneously fighting in-store, which means brands are, in effect, paying for the discounts used against their own listed prices. Brands that treat retail media as a negotiating lever rather than an ad channel are extracting better terms.

Fulfilment cost gravity. Automated fulfilment centres beat store-picking on cost only above a volume threshold most regions never reach. Expect hybrid models, automated hubs for dense metros with store-pick everywhere else, to become the settled answer, and capacity licensing deals to be renegotiated around that reality.

Loyalty pricing under scrutiny. Two-tier pricing keyed to loyalty membership has drawn regulatory attention. Any constraint on it would cut the data flywheel that feeds retail media, the sector's single most important regulatory exposure, and one that is underpriced in current commentary.

OUTLOOK

Where this goes next

The base case for 2027: online penetration grinds up slowly, retail media keeps compounding, and at least one major grocer breaks out media revenue in reporting, at which point the market will start valuing the segment explicitly. The brief's scenario section covers the two credible disruptions: a regulatory cap on loyalty pricing, and a large-scale partnership between a grocer and a general-merchandise marketplace.

About this sample

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