

# Buying for the Home Online - UK - April 2011

Report Price: £1500 / \$2310 / €1793



## What is this report about?

Online shopping has arrived and is here to stay. Almost every major retailer has embraced online shopping, while at the same time a handful of pure-play internet retail brands have emerged and become substantial businesses. But, even though online shopping growth has been significant, how much has it helped the businesses that have developed it? There is little doubt that it can cannibalise existing business by taking customers away from the stores, as well as opening up opportunities for attracting a host of new shoppers from elsewhere. So what are the key advantages for retailers to sell online and how is this affecting the business model of these businesses?

## What have we found out?

- Consumer spending online for the home grew by almost two thirds over 2005-10 to reach £2.9 billion. This translates to some £108 per household per year. Growth has been driven by improvements in e-commerce as well as by rapid growth of broadband access. Over the next five years, 2010-15, online sales of home goods are forecast to grow to £4.59 billion, +58%.
- Online sales are taking a greater share of all retailing these days and one reason is that more people are opting to shop online. Some 18.7 million online adults feel they are doing more shopping for the home online these days. In 2006 online share of consumer spending on goods for the home was 4.2% and by 2010 this had risen to 6.5%.
- Research for this report shows that online browsing or purchasing affects 65% of large household appliances, 51% of small appliances and some 30-40% of many other goods for the home. So retail companies need to invest in online shopping developments or else risk being left behind in tomorrow's retail landscape.
- By the third quarter of 2010 almost nineteen in twenty internet users had a mobile phone and within this 28% of internet users had a smart phone, more than double a year earlier. The increasing use of smart phones is beginning to influence the way consumers look for information and will revolutionise possibilities for online shopping.
- Social networking is playing a bigger role in online shopping for the home these days and 42% of online shoppers in our survey agree that they like to read customer reviews before deciding what to buy. So a customer review section is a must for retailers in the online shopping landscape.
- Some 43% of consumers like to check the availability of stock before going to the shops and almost as many (35%) want to check and reserve an item to collect at a store. So multi-channel retailing is hugely important in the market place for home goods and separate evidence shows that multi-channel customers appear to be the highest spenders.

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**EMEA:** +44 (0)20 7778 7151  
**Americas:** +1 (312) 932 0600  
**APAC:** +61 (0)2 8284 8100