

Electrical Goods Retailing - UK - May 2011

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What is this report about?

Electrical products are the most exciting and innovative on offer to consumers at the moment, yet the specialist electricals retailers have lost share of spending on electricals spending over the last 10 years. Why they have done so and what can they do to reverse that trend are the main themes of this report.

What have we found out?

- The electrical retailers have been losing out to the internet for the last decade, but at last they are showing signs of successfully fighting back.
- Having been price driven against competition that was better suited to fighting on price, the retailers have improved their retailing with megastores and they have at last realised that they must invest in service. Only 14% of customers sought the advice of a salesman before buying - that is a huge missed opportunity by the retailers and symptomatic of the fact that they have become distribution depots rather than retailers.
- The consensus among the leaders is that they must also have a strong internet offer, fully integrated into their in-store offer. Already the majority of people search online before buying and after doing the research equal numbers (53% - over 50% because some people buy both online and instore) buy online and in-store.
- With a comprehensive in-store offer, good in-store service and strong online service, they will then be able to fight back against online specialists. And there are some signs that they are already doing so.
- But the market leaders - Currys and Comet - have to fight back after years of underperformance, their brands are weak and they effectively endorsed the online retailers position by treating their products as a commodity. Some 59% of people only buy for replacement. Some 30% wait for special offers before buying . That is the legacy of the retailers' attitude. people need to be reawakened to the fact that these are exciting, rapidly developing products and , to some extent, they are fashion items as well.
- Already some retailers such as Apple are showing the way forward: that it is important that the product looks aspirational; that customers can play with it to appreciate its finer points and just how it works; that there are staff on hand to explain it all and stores become destinations to understand where new technology is going.

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