

Online Retailing - UK - July 2016

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“Online retailing is very young and the rise in online sales seems inexorable. But it isn’t. There are developments which will perhaps add to the growth potential of the pure players, such as in social media. But we do not think that online retailers can undercut the high street on price. We also think that the most powerful option going forward is stores plus online.”

– Richard Perks, Director of Retail Research

This report looks at the following areas:

- Are there limits to growth for the pure players?
- What should the pure players compete on?
- Online in the retail scene
- Online and social media

Online is growing fast, but to treat online retailing as a single homogeneous channel of distribution would be misleading. This report puts online in context. It shows the difference of between store based retailers and pure players and it argues that online is now fully integrated into the way that people shop. But it also makes the point that online is still very young – it is only in the last ten years that most people have started buying online and both consumers and retailers are, to some extent, still feeling their way.

Online is maturing, not just in the sense of market share, but in recognition of what its strengths and weaknesses are. For example, we think that it is no longer possible to expect to generate growth by undercutting stores. Pure player online retailers need to focus on their breadth or range and the convenience of shopping from them. Store based retailers can make online and bricks and mortar stores work together if they focus on everything that makes shopping in store attractive – such as being able to try out / try on the merchandise, retail theatre and service by knowledgeable staff. Stores and online complement each other and consumers will choose the one that suits them best at the time.

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DID YOU KNOW?

This report is part of a series of reports, produced to provide you with a more holistic view of this market

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