

Electrical Goods Retailing - UK - February 2021

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“Spending on electricals fell by 7% as it was hit by COVID-19 in 2020. This was underpinned by a sharp decline during the initial lockdown, a polarisation of demand and sales losses beyond household and personal care appliances. Accordingly, sales dropped despite the surge of new opportunities amid extended periods inside and the rise of flexible living.”

– Marco Amasanti, Retail Analyst

This report looks at the following areas:

- The impact of COVID-19 for spending on the electricals.
- How this disruption will change demand in the short, medium and long term.
- Opportunities for retailers amid this disruption and extended periods inside.
- The future of the purchasing journey and the growing role of online-only retailers.
- How multichannel retailers, and particularly specialists, can boost market share, and revive the role of the store moving forward.
- The opportunity for wellbeing and sustainability in the market.
- Technological innovations to bridge the gap between multichannel retailers and housebound consumers.
- The opportunity for increased engagement on mobile apps.

Spending on electrical fell by 7% as the market reacted to the impact of COVID-19 disruption in 2020, thereby ending five years of consecutive growth. This decline was underpinned by: the sharp decline in sales in April and May, in both household appliances (-21.6% and -10.2%) and computers and telecoms (-69.3% and -64.2%), respectively; continued decline in the latter throughout the course of the year; and a growing polarisation of demand within the marketplace.

These conditions combined to contract the market, even amid the surge of new opportunities since the outbreak in March. Much of this resulted from extended periods inside, and the rise of flexible living, as sales surged with the rise of home-cooking, baking, mounting interest in wellbeing, the shift to increased childcare and working from home, and more broadly from increased wear and tear, and the renewed focus on capacity and performance.

Moving forward, the prioritisation of the home amid extended periods inside, redirection of demand online and the polarisation of demand within the marketplace, are set to remain, not least given the third national lockdown in January 2021. However, the past year will also hold longer-lasting implications. Perhaps the most stark legacy from this will be in the surge of online penetration, with a net-long-term benefit for the channel in the past year, although this will also raise questions for multichannel players, both in-store and online, in coming years.

Ongoing disruption will maintain the polarisation of demand, with the unequal impact of this fallout disproportionately hitting less affluent consumers. However, alongside denting total expenditure, this polarisation will offer new opportunities to electrical goods retailers. At the lower end of this split, the introduction of more savvy shopping behaviours will open up opportunities for more circular business models, such as in-store exchanges and second-hand ranges, while at the other end, the upscaling of purchases, buoyed by that money redirected from other non-essential sectors, the housing market and increased uptake of major renovations will open avenues for more premium goods and retailers at the higher end of the marketplace.

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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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Table of Contents

Overview

Key issues covered in this Report

COVID-19: market context

Impact of the January lockdown and the vaccination roll-out

Economic and other assumptions

Products covered in this Report

Executive Summary

Impact of COVID-19 on electrical goods retailing

Figure 1: Short-, medium- and long-term impact of COVID-19 on electrical goods retailing, 1 March 2021

The market

Figure 2: Consumer spending on all electrical products: market size and forecast (including VAT) [prepared 28 February 2021], 2015-25

Specialist sales hit as online pure players grow market share

Companies and brands

Amazon leapfrogs Dixons Carphone as leading electrical goods retailer

20% year-on-year increase in online electrical sales in 2020

The consumer

Four out of five consumers made a purchase in the past year

Figure 3: Types of electrical products purchased in the past 12 months, November 2020

A year of unprecedented growth online

Figure 4: Channels of purchase, November 2020

Consumers still turn to the security of computers when purchasing online

Figure 5: Channels of purchase, November 2020

Mobile websites remain paramount in purchasing

Figure 6: Means of mobile purchasing, November 2020

Pure players extend their lead online

Figure 7: Retailers used online, November 2020

Supermarkets come to the fore on the high street, as department stores stutter

Figure 8: Retailers used in-store, November 2020

Electricals again top Black Friday purchases

Figure 9: Black Friday purchases, December 2020

COVID-19 has seen a fundamental shift in shopping behaviours

Figure 10: Changes in shopping behaviour, 19 February-1 March 2021

Extended periods inside opens a wealth of new demand

Figure 11: Purchasing behaviours since the outbreak, November 2020

Issues and Insights

The short-term impact from COVID-19

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Opportunities from polarised demand
 The long-term impact from COVID-19
 Ensuring the appeal of multichannel moving forward

The Market – Key Takeaways

COVID-19 disruption sees sales drop by 7%...
 ...despite a wealth of new consumer opportunities
 Ongoing polarisation of demand
 Specialist sales hit as online pure players grow market share

Market Size and Forecast

Sales fall despite new consumer opportunities

Figure 12: Short-, medium- and long-term impact of COVID-19 on electrical goods retailing, 1 March 2021

COVID-19 disruption sees sales drop by 7%

Spending falls sharply in initial lockdown

New opportunities amid extended periods inside

A polarisation of demand

Before recovering from 2022 onwards

Ongoing polarisation

The net-long-term benefit for online will advantage pure players

Continued COVID disruption

Figure 13: Consumer spending on all electrical products: market size and forecast (including VAT) [prepared 28 February 2021], 2015-25

Figure 14: Consumer spending on all electrical products: market size and forecast (including VAT), current and constant prices, 2015-25

Segment forecasts

Figure 15: Core electrical goods segments as a % of the total market, 2015-20

Figure 16: Total spending on core electrical goods segments, 2014-20

Market drivers and assumptions

Figure 17: Key drivers affecting Mintel's market forecast (prepared 15 December 2020), 2015-25

Learnings from the last recession

Figure 18: Consumer spending on the home, 2007-12

Market Drivers

The impact of the 2021 lockdown

Household appliance sales recover momentum but computing remains in the red...

Figure 19: Annual % change in all retail sales, electrical household appliance specialists and computers & telecoms equipment specialists, non-seasonally adjusted value series, January 2019-January 2021

...which is largely mirrored in volume sales

Figure 20: Annual % change in all retail sales, electrical household appliance specialists and computers & telecoms equipment specialists, non-seasonally adjusted volume series, January 2019-January 2021

Largely stable inflation eases potential disruption

Figure 21: Price inflation: annual % rate of change in core electrical categories, by month, May 2020- January 2021

House moves fall by 56.8% in April 2020...

...before picking up sharply

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Report Price: £1995.00 | \$2693.85 | €2245.17

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Figure 22: Number of residential property transactions with a value of £40,000 completed in the UK, January 2019-January 2021

Home-cooking and baking surges with restrictions

Figure 23: Changes to home-cooking, 26 March-16 April 2020

Uptake of credit falls amid uncertainty

Figure 24: Monthly consumer credit, excluding student loans, January 2018-December 2020

Christmas sales

Figure 25: What consumers give as Christmas gifts, 2018-20

Specialist Sector Size

Specialist market share hit by disruption

Figure 26: Electrical goods specialists' sector sales (including VAT), 2016-20

Figure 27: Electrical goods specialists' sector sales (including and excluding VAT), 2016-21

Store numbers fall in 2020 with closures

Figure 28: Electrical specialists' number of retail outlets, 2015-20

Channels of Distribution

Online-only sees sharp gains due to the redirection of demand

Supermarkets come to the fore

Figure 29: Estimated distribution of spending on electrical goods, 2019 and 2020

Companies and Brands – Key Takeaways

Slumping mobile-phone revenues hold back specialist leader Dixons Carphone

Significant uptick in online-only non-specialists' electrical revenue

Amazon leapfrogs Dixons Carphone as the leading electrical goods retailer

20% year-on-year increase in online electrical sales in 2020

Amazon outperforms all others when it comes to usage and customer experience

Livestream shopping and drive-thru click-and-collect to combat impact of COVID-19 disruption

Retail advertisers of electrical product adspend dives 15.1%

Leading Specialists

Slumping mobile-phone sales hold back Dixons Carphone performance

Services and wearables boost Apple Retail revenue growth

AO UK sales driven by more consumers shopping online during lockdown and expanded product offering

Euronics UK (C.I.H) optimistic about future sales

Repair and refurbishing acquisition helps drive Buy It Direct revenue growth

Falling store sales hit Hughes Electrical revenue

BrightHouse call in administrators

Figure 30: Leading specialist retailers of electrical goods net revenues, 2015/16-2019/20

Revenue growth momentum with online specialists

Figure 31: Leading specialist retailers of electrical goods, CAGR of net revenues, 2015/16-2019/20

Falling sales and diminishing footfall force store closures

Figure 32: Leading specialist retailers of electrical goods, outlets, 2015/16-2019/20

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Report Price: £1995.00 | \$2693.85 | €2245.17

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Store-based sales expected to be hit hard by COVID-19 restrictions

Figure 33: Leading specialist retailers of electrical goods, estimated sales per outlet, 2015/16-2019/20

Pressure on prices and infrastructure investment drag down Dixons Carphone and Ebuyer profitability

Figure 34: Leading specialist retailers of electrical goods, operating profits, 2015/16-2019/20

Cost savings and revised pricing bolster Hughes Electrical and AO UK operating margin

Figure 35: Leading specialist retailers of electrical goods, operating margins, 2015/16-2019/20

Leading Non-Specialists

Significant uptick in online-only retailers' electrical revenue

Boost in gaming console sales benefit Game Digital

Digital sales drive supermarket and department-store electrical revenue during COVID-19 crisis

Figure 36: Leading non-specialist retailers' estimated sales of electronic goods (excluding VAT), 2016-20

Predominantly store-based non-specialist electrical revenue growth lag online-only retailers

Figure 37: Leading non-specialist retailers of electrical goods, estimated CAGR of net revenues, 2016-20

Figure 38: Estimated Amazon and eBay total GTV/GMV electrical sales, 2016-20

Scaling back store presence

Figure 39: Leading non-specialist retailers of electrical goods, outlet numbers, 2016-20

Market Share

Amazon and AO UK the biggest gainers in COVID-19 pandemic-driven market

Figure 40: Estimated market shares of the leading specialist and non-specialist retailers of electrical goods, 2020

Figure 41: Estimated market shares of the leading specialist and non-specialist retailers of electrical goods, 2018-20

Mobile-Phone Specialists

The market

Network providers rethinking role of stores as sales migrate online

Figure 42: Estimated store numbers of the Big Four network providers, 2020

Falling service revenue drags on network providers' performance

Figure 43: Leading network providers, financials, 2016-19

Carphone Warehouse sales slump

Figure 44: Dixons Carphone financial results, by trading segment, 2017/18-2019/20

Online

COVID-19 pandemic accelerates online share of electrical goods sales to nearly 74%

Figure 45: Estimated online sales of electrical goods (including VAT), 2016-20

Online the dominant sales channel

Figure 46: Channels of purchase, November 2020

Amazon near-40% of all online electrical sales

Figure 47: Leading online retailers' estimated share of online spending on electrical goods, 2020

Launch Activity and Innovation

Comet relaunches as an online-only brand

Chinese ecommerce giant considering UK store launch

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Online electrical specialist AO launch physical stores
 Sky launches its first ever bricks-and-mortar retail shop
 Livestream electricals shopping
 Giving unwanted devices a second life
 Currys PC World's 'Go Greener' tech initiative
 Zero-contact one-hour drive-thru click-and-collect service

Advertising and Marketing Activity

Total sector adspend falls 15.1% year on year in 2020

Figure 48: Total recorded above-the-line, online display and direct mail advertising expenditure by UK retail advertisers of electrical products, 2016-20

DSG Retail is the sector's biggest advertising spender for a fifth consecutive year

Figure 49: Leading UK retail advertisers of electrical products: total recorded above-the-line, online display and direct mail advertising expenditure, 2016-20

Sector adspend highest around Black Friday and Cyber Monday

Figure 50: Total recorded above-the-line, online display and direct mail advertising expenditure by UK retail advertisers of electrical products, by month, 2019-20

TV accounts for the biggest share of sector advertising spend

Figure 51: Total recorded above-the-line, online display and direct mail advertising expenditure by UK retail advertisers of electrical products, by media type, 2016-20

Nielsen Ad Intel coverage

Brand Research

What you need to know

Brand map

Figure 52: Attitudes towards and usage of selected brands, December 2020

Key brand metrics

Figure 53: Key metrics for selected brands, December 2020

Brand attitudes: Amazon and AO provide a great online service

Figure 54: Attitudes, by brand, December 2020

Brand personality: Currys PC World ethically minded, Argos accessible

Figure 55: Brand personality – macro image, December 2020

John Lewis stylish

Figure 56: Brand personality – micro image, December 2020

Brand analysis

Amazon: an excellent customer experience and recommended by those that have used it

Figure 57: User profile of Amazon, December 2020

Apple Store innovative and a brand worth paying more for

Figure 58: User profile of Apple Store, December 2020

John Lewis & Partners trustworthy and reliable, but lacks excitement

Figure 59: User profile of John Lewis & Partners, December 2020

AO.com untrustworthy and not a retailer worth paying more for

Figure 60: User profile of AO.com, December 2020

Argos good value for money and accessible

Figure 61: User profile of Argos, December 2020

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Currys PC World authoritative and ethically minded but an unenjoyable experience

Figure 62: User profile of Currys PC World, December 2020

The Consumer – Key Takeaways

The surge in flexible living opens a wealth of new demand

But demand has polarised

A year of unprecedented growth online

Strengthening online pure players but also raising questions over multichannel

The need for more engagement via mobile apps

Impact of COVID-19 on Consumer Behaviour

Anxiety eases off slightly following third lockdown spike

Figure 63: Extremely worried about exposure to COVID-19/coronavirus, 8 December 2020-1 March 2021

A fundamental change in shopping behaviours

Older consumers lead the shift in behaviour

Figure 64: Changes in shopping behaviour, by age, 19 February-1 March 2021

The sector could be buoyed by redirected spending

Figure 65: Spending, by sector, 19 February-1 March 2021

Electricals Purchased

Four out of five consumers made a purchase in the past year

Figure 66: Electrical products purchased in the past 12 months, November 2017-20

Phones still lead the way despite decline

Extended periods inside underpin new growth

The focus on wellbeing moves within the home

Figure 67: Types of electrical products purchased in the past 12 months, November 2017-20

Older shoppers turn to appliances

Figure 68: Types of electrical products purchased in the past 12 months, by age and socio-economic group, November 2020

In-Store vs Online

A year of unprecedented growth online

But decline on the high street raises questions of the future of stores

Figure 69: Channels of purchase, November 2020

Online dominates in every product category

Figure 70: Purchases by channels of purchase, November 2020

Channel of Purchase Online

Consumers still turn to the security of computers

Figure 71: Channels of purchase, November 2020

Older shoppers look to the security of computers online...

...while younger shoppers are happy using smaller devices

Figure 72: Channels of purchase, by age, November 2020

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The Continued Rise in Mobile Purchasing

Mobile purchasing varies by price

Figure 73: Purchases by channels of purchase, November 2020

Mobile websites remain paramount

One third bought via mobile apps

But this was hit by disruption in the past year

Figure 74: Means of mobile purchasing, November 2020

But retailers must boost engagement with apps

Attracting new customers

... and re-engaging lost ones

Younger consumers spearhead app use

Figure 75: Means of mobile purchasing, by age, November 2020

A renewed opportunity for social media

Figure 76: Sources of inspiration/alternative purchasing platforms, April 2020

The pivot from influence to direct consumers...

...could see social-media companies become major players in the market

Retailers Used Online

Pure players extend their lead

But specialists continue to offer an important alternative

Figure 77: Retailers used online net, November 2020

Amazon's dominance grows

Figure 78: Retailers used online, November 2020

Retailers Used In-Store

Supermarkets come to the fore...

...as department stores stutter

Figure 79: Retailers used in-store net, November 2020

Currys PC World remains king of bricks and mortar

Figure 80: Retailers used in-store, November 2020

How to ensure the continued relevance of the store post-disruption

First-person advice

Serving newer areas of interest

Online shoppers migrate across retailers

Figure 81: Repertoire analysis of retailers used in-store net, November 2020

Black Friday

Two fifths made a purchase during promotions

Figure 82: Black Friday methods of purchase, December 2020

Electricals topped total purchases

Figure 83: Black Friday purchases, December 2019 and December 2020

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But promotions continue to displace demand

Figure 84: Attitudes towards Black Friday 2020, December 2020

COVID-19 and Electrical Goods Retailing

Two thirds have made a purchase since the outbreak

Figure 85: Purchasing since the outbreak, November 2020

Extended periods inside opens a wealth of new demand

Figure 86: Purchasing behaviours since the outbreak, November 2020

Technological innovation remains limited to younger buyers

Figure 87: Purchasing behaviours since the outbreak, November 2020

Purchasing behaviours reveal the polarisation of demand

Figure 88: Purchasing behaviours since the outbreak, by socio-economic band, November 2020

Appendix – Data Sources, Abbreviations and Supporting Information

Abbreviations

Consumer research methodology

Appendix – Market Size and Forecast

Forecast methodology

Figure 89: UK value of spending on electrical products: best- and worst-case forecasts [prepared 28 February 2021], 2015-25

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