"The growth in online retailing, at present, continues unabated. It is still a relatively young channel, with much room to grow particularly in some categories, notable grocery. Awareness of its growth and the impact this is having on the high street equally continues to grow, but it is fundamentally a channel that is well suited to modern life, one that trades on convenience above all else.”

– Nick Carroll, Senior Retail Analyst

This report looks at the following areas:

- The changing retail landscape: Online and the high street
- The Amazon ecosystem is thriving, but are there any ways to combat it?
- Voice commerce: VR 2.0 or the next leap in customer interaction?

Online retail sales grew in 2017. Whilst in pure growth terms this represents a slowing of the exceptional growth seen in 2016, growth in the share that online takes of all retail sales is actually accelerating. It is hard to see anything other than strong growth for the channel in the next five years, with sales forecast to continue to grow in double-digits through to 2023.

With most consumers shopping online, much of the growth within the sector is coming from existing users doing more of their shopping online. This is particularly true of younger consumers (aged 16-34) who were most likely to say they had done more online shopping in the past year. This increasing use of online by this age group is driving growth in smartphone shopping.

Amazon is the dominant player in the online market. Online-only retailers, such as Amazon, now account for a slim majority of all online sales in the UK and the effects of this are certainly been felt on the high street. Consumers are not unaware of this, with many thinking that growth in online is responsible for physical stores closing whilst some think online-only retailers have unfair advantages over those with stores. However ultimately the market continues to grow, with online a channel perfectly suited to modern life, one that promotes convenience over all else. Indeed over half think that online shopping is simply more convenient than visiting stores.
# Table of Contents

## Overview
- What you need to know
- Products covered in this Report

## Executive Summary

### The market
- Online retail continues to grow in the double-digits  
  Figure 1: All online sales and forecast, 2013-23
- Online retail accounts for just a sixth of all retail, leaving much room to grow  
  Figure 2: Online as a % of all UK retail sales, 2008-17
- Pure players growing a little faster than store-based online sales  
  Figure 3: Online pure players’ and store-based retailers’ share of all online sales, 2008-18 (May)

### Fashion the largest category
  Figure 4: Online sales by product, 2017

### Leading retailers
- Amazon dominant...  
  Figure 5: Leading retailers’ share of all online sales, 2017
- ...and its brand is in rude health  
  Figure 6: Key metrics for selected brands, November 2017-May 2018

### The consumer
- Nine in 10 purchased products online in the past year  
  Figure 7: Change in online shopping use, by age and gender, April 2018
- Almost half of online shoppers collected products in the past year
- Clothing, footwear and accessories most popular online  
  Figure 8: Products purchased online in the past year, April 2018
- Smartphone purchasing growing, particularly amongst 16-34s  
  Figure 9: Devices used to shop online in the past 12 months, by age, April 2018
- Voice commerce has potential but needs to avoid the 'gimmick' tag  
  Figure 10: Attitudes towards voice commerce, April 2018
- More shop with online-only retailers than multi-channel retailers  
  Figure 11: Retailers shopped with in the past 12 months, April 2018
- Convenience driving online use, but consumers know this comes at a cost  
  Figure 12: Attitudes towards online’s effect on the high street, April 2018
- Amazon is fostering an ecosystem through Prime and its consumer electronics
- Wide range and low prices staples of online retailing  
  Figure 13: Importance of factors when choosing where to shop online, April 2018
- Majority are concerned about the level of data collected by retailers  
  Figure 14: Attitudes towards data collection and shopping online, April 2018

---

**BUY THIS REPORT NOW**

**VISIT:** store.mintel.com

**CALL:**
- EMEA +44 (0) 20 7606 4533
- Brazil 0800 095 9094
- Americas +1 (312) 943 5250
- China +86 (21) 6032 7300
- APAC +61 (0) 2 8284 8100

**EMAIL:** reports@mintel.com

---

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.
Online Retailing - UK - July 2018

What we think

Issues and Insights

The changing retail landscape: Online and the high street

The facts

The Amazon ecosystem is thriving, but are there any ways to combat it?

The facts

Voice commerce: VR 2.0 or the next leap in customer interaction?

The facts

The implications

The Market – What You Need to Know

Market conditions fertile for online growth

Online retail continues to grow in the double-digits

Pure players growing a little faster than store-based online sales

Digital downloads worth £4.7 billion

Market Drivers

Internet access at near universal levels

Figure 15: UK household internet access, 2008-17

Four fifths own a smartphone

Figure 16: Ownership of mobile phones, January 2012-December 2017

Real incomes begin to climb once more

Figure 17: Real wage growth: average weekly earnings vs inflation, January 2015-May 2018

Confidence takes a hit in 2017

Figure 18: Mintel Financial Confidence Tracker, January 2016-June 2018

Retail sector continues to grow during a tough period

Figure 19: Annual % change in all UK retail sales (ex-fuel), by value and volume, Jan 2016-April 2018

Market Size and Forecast

Further double-digit growth for the online sector in 2017

Figure 20: All online sales and forecast, 2013-23

Figure 21: All online sales and forecast, at current and constant prices, 2013-23

Online accounts for a sixth of UK retail

Figure 22: Online as a % of all UK retail sales, 2008-17

Online claims its greatest share in November

Figure 23: Online retail sales as % of all retail sales, non-seasonally adjusted, January 2015-Apr 2018

Whilst share peaks in November, sales peak in December

Figure 24: Average weekly value of retail sales online, non-seasonally adjusted, January 2015-April 2018

Forecast methodology
Online Retailing - UK - July 2018

Market Segmentation

Online sales – Stores vs online pure players

Figure 25: Online pure players’ and store-based retailers’ share of all online sales, 2008-18 (May)

Figure 26: Online pure players’ and store-based retailers’ share of all online sales, 20014-18 (May)

Online sales by type of retailer chart

Figure 27: Online sales by type of retailers, 2017

Figure 28: Online share of major retail sectors, 2017

Home shopping

Figure 29: Online sales as proportion all non-store retailers’ sales, 2008-17

High street vs online

Figure 30: Growth in sales, non-store retailers vs store-based retailers, 2008-17

Forecasts

Store-based retailers

Figure 31: Store based retailers: online sales and forecast 2013-23

Figure 32: Store-based retailers: online sales and forecast (inc VAT), in current and constant prices, 2013-23

Pure players

Figure 33: Online pure players: sales and forecast, 2013-23

Figure 34: Online pure players: sales and forecast (inc VAT), in current and constant prices, 2013-23

Market segmentation by product

Figure 35: Online sales by product, 2017

Digital spending

Books – A return to hard copy

Figure 36: The book market, 2013-18

Figure 37: E-books as a proportion of all book sales, 2013-18

Music – Growth from streaming rather than digital

Figure 38: Spending on recorded music, 2012-17

Figure 39: Spending on recorded music, by format, 2012-17

Video another sector switching to streaming

Games

The total download market

Figure 40: The digital download market, 2017

The Consumer – What You Need to Know

Nine in 10 purchased products online in the past year

Almost half of online shoppers collected products in the past year

Clothing, footwear and accessories most popular online

Smartphone purchasing growing, particularly amongst 16-34s

Voice commerce has potential but needs to avoid the 'gimmick' tag

More shop with online-only retailers than multi-channel retailers

Amazon is fostering an ecosystem through Prime and its consumer electronics

BUY THIS REPORT NOW

VISIT: store.mintel.com
CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094
Americas +1 (312) 943 5250 | China +86 (21) 6032 7300
APAC +61 (0) 2 8284 8100
EMAIL: reports@mintel.com

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.
Wide range and low prices staples of online retailing
A majority are concerned about the level of data collected by retailers

Who Buys Online and Who is Driving Growth?

Nine in 10 bought online in the past year
Figure 41: All online retail users, by age, April 2018

Market being driven by encouraging users to bring more of their shopping online
Figure 42: Change in online shopping use, April 2018

Young males most likely to have increased their levels of online shopping
Figure 43: Change in online shopping use, by age and gender, April 2018

Products Purchased Online

Fashion the most popular online purchase
Figure 44: Products purchased online in the past year, April 2018

Demographic comparisons
Figure 45: Products purchased online in the past year, by gender, April 2018
Figure 46: Products purchased online in the past year, by age, April 2018

Female online shoppers have a wider repertoire of purchases online
Figure 47: Repertoire of product categories purchased online in the past year, by age and gender, April 2018

Devices Used to Purchase Online

Laptops/desktops remain the most used devices, but smartphones are catching up quickly
Figure 48: Devices used to shop online in the past 12 months, April 2018
Figure 49: Trend data: devices used to shop online, April 2017 and April 2018

Younger consumers far more likely to shop by mobile
Figure 50: Devices used to shop online in the past 12 months, by age, April 2018

Interest in and Attitudes towards Voice Commerce

One in 10 households have a personal assistant
Figure 51: Ownership of smart voice-controlled speakers, March 2018

Amazon has a clear first-mover advantage
Figure 52: Brand ownership of smart voice-controlled speakers, March 2018

There is work to be done to overcome the ‘gimmick’ label
Figure 53: Attitudes towards voice-commerce, April 2018
Figure 54: Attitudes towards voice commerce, April 2018

How They Receive Online Purchases

Almost half of online shoppers have collected purchases
Figure 55: Delivery methods used in the past 12 months, April 2018

Younger consumers more likely to collect
Figure 56: Detailed delivery methods used in the past 12 months, April 2018
Figure 57: Detailed delivery methods used in the past 12 months, by age, April 2018

Most consumers stick to one delivery method
Online Retailing - UK - July 2018

Online and the High Street

More online shoppers use online-only retailers than those with stores
Figure 59: Type of retailer shopped with online in the past year, April 2018

The effect of online growth on the high street
Figure 60: Attitudes toward online's effect on the high street, April 2018

Retailers Used

Nine in 10 online shoppers used Amazon in the past year
Figure 61: Online-only and multi-channel retailers shopped with online in the past year, April 2018
Figure 62: Retailers shopped with in the past 12 months, April 2018

Newer entrants to the market appealing to younger consumers
Figure 63: Retailers shopped with in the past 12 months, by age and socio-economic group, April 2018

Multi-channel shoppers show a broader repertoire
Figure 64: Repertoire of online-only and multi-channel retailers shopped with in the past year, April 2018

Amazon: Prime and Consumer Electronics

A quarter of consumers are now Amazon Prime members
Figure 65: Membership of Amazon Prime, March 2017-18

Two thirds of 16-34s have some experience with Prime
Figure 66: Membership of Amazon Prime, March 2017-18

The Amazon ecosystem
Figure 67: Amazon services used in the past year, March 2018
Figure 68: Amazon device ownership, by Prime membership status, March 2018

Prime membership translates into greater purchasing
Figure 69: Purchases made via Amazon, by Prime membership status, March 2018

What is Important When Choosing Where to Shop?

Wide range a must for those trading online
Figure 70: Importance of factors when choosing where to shop online, April 2018
Figure 71: Select factors which were selected as being "extremely important", by age, April 2018

Free returns drive appeal
Figure 72: TURF analysis – Online retailing, May 2018

Attitudes towards Data and Buying Online

Half of consumers feel the level of data retailers collect is a concern
Figure 73: Attitudes towards data collection and shopping online, April 2018
Figure 74: Agreement with statements around data collection and shopping online, by generation, April 2018

Clear communication about the use of data could ease concerns
Figure 75: Attitudes towards data sharing, December 2017
Figure 76: Companies consumers would share more data with in exchange for incentives, December 2017

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.

BUY THIS REPORT NOW
VISIT: store.mintel.com
CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094
Americas +1 (312) 943 5250 | China +86 (21) 6032 7300
APAC +61 (0) 2 8284 8100
EMAIL: reports@mintel.com
Key Players – What You Need to Know

Amazon dominant
eBay second, but the gap with Amazon is widening
Tesco downsizing
Not as big as rumour would suggest
Amazon brand in rude health
Online players continue to look to make the shopping experience ‘frictionless’

Leading Online Retailers

Amazon and eBay
Tesco and Sainsbury’s
John Lewis
Mail order companies
Fast-growing pure players
Figure 77: UK: Top 30 leading online retailers, 2015/16-2017/18

Market Shares

Amazon accounts for just under a quarter of online retail in the UK
Figure 78: Leading retailers share of all online sales, 2017
Figure 79: Leading retailers: share of all online sales, 2015-17

Brand Research

What you need to know
Brand map
Figure 80: Attitudes towards and usage of selected brands, November 2017-May 2018

Key brand metrics
Figure 81: Key metrics for selected brands, November 2017-May 2018

Brand attitudes: innovation driving ASOS
Figure 82: Attitudes, by brand, November 2017-May 2018

Brand personality: Amazon, eBay and Ikea lead in the fun stakes
Figure 83: Brand personality – Macro image, November 2017-May 2018

Premium position for John Lewis
Figure 84: Brand personality – Micro image, November 2017-May 2018

Brand analysis
Amazon: excelling in the experience stakes
ao.com: low usage impacting perceptions
Argos: universally known but work needed on the experience
ASOS: younger consumers driving a positive brand image
Boots: high trust levels
Currys PC World: lacking trust and customer experience
Debenhams: improvement needed in the customer experience
The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Launch Activity and Innovation

Returns and deliveries
Making returns as convenient as deliveries
Amazon poised to launch its own delivery service
Bus depots as delivery hubs
Amazon and Volvo in unique test drive initiative
Sainsbury’s trialling zero emission bikes for grocery deliveries
New e-commerce venture
Lidl to launch online grocery service in the UK?
Innovative app
Cashing in on unwanted clothes
Augmented and virtual reality
Nike using Facebook Messenger’s new AR try-and-buy tool
Argos launches augmented reality feature on its mobile app
Purchasing options
Try before you buy

Advertising and Marketing Activity

Online retail advertising spend up for a third consecutive year in 2017
Figure 85: UK online retail: recorded above-the-line, online display and direct mail total advertising expenditure, 2014-17

eBay rebranding itself into a shopping destination
Amazon puts fashion and delivery in the spotlight
Notonthehighstreet Christmas campaign
Ocado the leading online supermarket/grocer/food retail advertiser
Pretty Little Thing nationwide taxi TV advertising campaign
Party with the Porters
Figure 86: Leading UK online retailers: recorded above-the-line, online display and direct mail total advertising expenditure, 2014-17
Over half of total advertising spend channelled through TV
Figure 87: UK online retail: recorded above-the-line, online display and direct mail total advertising expenditure, by media type, 2014-17
Nielsen Ad Intel coverage

Amazon.com

What we think

Geographical expansion
Prime
Marketplace
AWS
Profitability
What next?
Food
Clothing
Electricals and others
Company background
Company performance
Published sales and total sales volumes
  Figure 88: Amazon: sales breakdown by source of income, 2015-17
  Figure 89: Amazon: sales breakdown by source of income, 2017

First quarter 2018
Gross merchandise volume (GMV)
  Figure 90: Amazon: estimated group gross merchandise volume, 2015-17

GMV by country
  Figure 91: Amazon.com Inc: group financial performance, 2013-17

UK sales by product
  Figure 92: Amazon UK: estimated sales by product, 2017

Retail offering

AO World

What we think
New markets on the horizon?
New categories for all markets
Addressing the growth in m-commerce
Recycling facility provides competitive edge
Company background
Company performance
  Figure 93: AO World Plc: group financial performance, 2013/14-2017/18
  Figure 94: AO World Plc: UK turnover breakdown by segment, 2016/17 and 2017/18

Retail offering

Argos

What we think
Argos in Asda supermarkets
Bolstering tech team to keep ahead of the competition
Beefed up market-leading Fast Track home delivery service
Local Sainsbury’s collection points
Co-branded ventures bringing Argos and Sainsbury’s closer together

VISIT: store.mintel.com
CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094
Americas +1 (312) 943 5250 | China +86 (21) 6032 7300
APAC +61 (0) 2 8284 8100
EMAIL: reports@mintel.com

BUY THIS REPORT NOW
Company background

Company performance
Figure 95: Argos: group financial performance, 2013/14-2017/18
Figure 96: Argos: outlet data, 2013/14-2017/18

Retail offering

ASOS

What we think
Positive and empowering approach
Try before you buy
Expansion and innovations
Leisurewear launches
Mobile coming to the fore
Seamless service

Company background

Company performance
Figure 97: ASOS: group financial performance, 2012/13-2016/17

Retail offering

Dixons Carphone

What we think
A shift in focus towards delivery
Reducing barriers to online purchasing
Extending online ranges

Company background
Figure 98: Dixons Carphone: retail brands, by country, 2018

Company performance
Figure 99: Dixons Carphone: group financial performance, 2013/14-2017/18

Online performance
Figure 100: Dixons Carphone: estimated online sales, 2013/14-2016/17
Figure 101: Dixons Carphone: estimated online sales, by channel, 2013/14-2016/17
Figure 102: Dixons Carphone: outlet data, 2013/14-2017/18

Retail offering

eBay

What we think
Marketplace
No longer a fast-growing business
Progress in 2017
Shortcomings vs Amazon
What next?
Company background

Company performance
Figure 103: eBay: group gross merchandise volume, 2013-17
Figure 104: eBay: major markets, estimated growth in GMV in local currency, 2014-17
Figure 105: eBay Europe: sales, excluding VAT, 2015-17

Retail offering

John Lewis (Department Store)
What we think
A need for more flexible fulfilment options
Enhancements to app reflect steady shift to m-commerce
Home Solutions broaden range of services offered
JLAB helps keep finger on technology pulse

Company background
Company performance
Figure 106: John Lewis Plc (department store): group financial performance, 2013/14-2017/18
Figure 107: John Lewis Plc (department store): outlet data, 2013/14-2017/18

Retail offering

Next Group
What we think
Clawing back lost ground
Next follows the trend towards personalisation
Increasing range of payment options aims to drive sales growth

Company background
Company performance
Figure 108: Next Group: group financial performance, 2013/14-2017/18
Figure 109: Next Group: outlet data, 2013/14-2017/18
Figure 110: Next Group: average active customers, 2016/17 and 2017/18

Retail offering

Ocado Group
What we think
Ocado and Waitrose
Putting it in perspective
Capacity
Solutions – The second growth arm
What next?

Company background
Company performance
Figure 111: Ocado Group plc: group financial performance, 2011/12-2016/17
Retail offering

**Otto Group (Multichannel Retail)**

**What we think**
- Marketplace development widening product choice and attracting new customers
- ABOUT YOU doubles sales
- ‘Conversational commerce’
- Sports lifestyle hub
- Parcel shops, micro depots and trunk delivery
- Using augmented reality technology to make choosing the right product easier
- Otto Now expanded to include over 100 products

**Company background**

**Company performance**
- Figure 112: Otto Group (Multichannel Retail): group sales performance, 2013/14-2017/18
- Figure 113: Otto Group: major brands within the Multichannel Retail segment, 2017/18

**Retail offering**

**Shop Direct Group**

**What we think**
- Change at the top
- Where next for Littlewoods?
- Very restricting its appeal
- What next?

**Company background**

**Company performance**
- Figure 114: Shop Direct Group: group financial performance, 2012/13-2017/18

**Tesco**

**What we think**
- Closing its non-food website
- Same-day delivered groceries
- Tackling wastage through over ordering
- Exploring new delivery methods

**Company background**

**Company performance**
- Figure 115: Tesco Plc: group financial performance, 2013/14-2017/18
- Figure 116: Tesco Plc: outlet data, 2013/14-2017/18

**YNAP Group**

**Retail offering**

***BUY THIS REPORT NOW***
What we think
Richemont takeover completed
YNAP focuses on m-commerce...
...and expands product range
Sustainability commitments
Company background
Company performance
Figure 117: YNAP Group: group financial performance, 2014-17
Retail offering

Zalando
What we think
Complementary beauty category offering
Pop-up an opportunity to raise awareness of the online style advisory service
Growing role of personalisation
Scaling up logistics network and order fulfilment options
Rising fulfilment costs a sign of things to come?
Local and regional-specific payment options boosting basket size and conversion rates
Company background
Company performance
Figure 118: Zalando: group financial performance, 2013-17
Figure 119: Zalando: key metrics, 2015-Q1 2018
Retail offering

Appendix – Data Sources, Abbreviations and Supporting Information
Data sources
VAT
Financial definitions
Abbreviations
Consumer research methodology
TURF analysis – Methodology
Figure 120: Table - TURF analysis – Online retailing, May 2018

Appendix – Market Size and Forecast
Forecast methodology