Online Retailing - UK - 2021

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This report looks at the following areas:

- **The impact of COVID-19 on the size of the online market and online shopping behaviour.**
- **The breakdown of the online market by category and an overall forecast of sales including the expected impact of COVID-19.**
- **Who shops online and how frequently and the impact COVID-19 has had on this behaviour.**
- **Changes in purchasing levels for key product categories.**
- **The use of digital service methods since the pandemic began.**
- **The leading retailers shopped with online, including market shares, as well as use of social platforms and other alternative platforms, such as Wish and Depop, for online purchasing.**
- **Attitudes to shopping with independents, buying second-hand products online and sustainability concerns when shopping online.**

54% of online shoppers have done more shopping online, helping online sales soar 44.9% to reach £111.1 billion in 2020, with online sales taking a record 27.6% of all retail sales. While some growth came from new customers in the market as 1% of current online shoppers had not shopped online prior to the pandemic, the real driver of growth was an increased frequency and dependency on the channel, with 45% of online shoppers now shopping at least once a week online compared to 36% pre-pandemic.

The pandemic drove growth across almost all product categories and for all retailers operating in the online channel. Most major store-based specialist categories saw growth of over 50%, with particular growth at specialist food and drink retailers (+109.4%), household electricals (+92.6%), and furniture (+61.4%). This broad-based growth served mixed-goods retailers particularly well, with the UK being the quickest growing of Amazon's core regions in 2020, helping to take the leading online player's market share to an estimated 28%.

"The online channel has been one of the main benefactors of the pandemic. While the market will naturally see some rebalancing over the next two years, we expect the extended period of reliance caused by the pandemic will have been habit forming and lead to a legacy boost for online retailing within the UK."
– Nick Carroll, Associate Director of Grocery and E-commerce Research

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The reopening of stores, and latterly the removal of all legal restrictions in the UK that aimed to suppress the pandemic, is perhaps the biggest threat to the continued growth of online in the short term. Indeed, we forecast the market will rebalance across the next two years with marginal growth (+0.3%) in 2021 and a decline in online sales in 2022 (-4.4%). The pandemic has also served to put some potential downsides of online shopping in a starker light, with the number of online shoppers saying they are concerned around the environmental impact of shopping online growing from 41% to 52% in the past 12 months.

However, despite this rebalancing in the market, we expect the extended period of heightened online purchasing caused by the pandemic to give a legacy boost to the online channel. By 2025 we expect online sales to account for 30.0% of all retail sales, compared to 27.2% in our pre-pandemic estimates. There will be opportunities for all within the online channel during the period, but we expect to see particular growth in marketplaces, D2C and alternative platforms.

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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.

All Mintel 2020 reports contain specific COVID-19 related research and forecasts. The world's leading brands rely on Mintel reports for the most complete, objective and actionable market intelligence.

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