Online Retailing - UK - 2023

Report Price: £2195 | $2995 | €2600

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

This report looks at the following areas:

- **The size of the online retail market, including forecasts through to 2028**
- **Market segmentation by retail category and market shares of the leading players**
- **Who shops online, how frequently and products purchased online**
- **Leading retailers shopped with, and demographic profiles of customers**
- **Use of credit, cashback, price comparison sites and other value-led behaviours**
- **Use and interest in rentals online as well as purchasing of second-hand/ refurbished products**
- **The impact of the cost of living crisis on shopping behaviour in the channel and perceptions of value when shopping online**

75% of online shoppers believe the best prices are found online, and it is this strong value perception that has ensured consistent demand into the online channel during a period where the market looks to find its new equilibrium between online and physical shopping.

The cost of living crisis has naturally placed value high on the agenda. The online channel does not just excel on its perception of offering the 'cheapest' prices but also in a host of other areas. From factors like price-comparison tools, of which 64% of online shoppers regularly use, to greater options in the second-hand, both buying and selling, and refurbished markets, the online channel more easily facilitates a host of value-led behaviours which are heightened in light of the current market conditions.

The accelerated maturity of the online channel caused by the COVID-19 pandemic has created tougher conditions for those retailers which rely solely on the channel. Multi-channel players have invested significantly in the channel, with share of sales between online-only and store-based retailers now more evenly distributed and unusually a number of big name online-only brands,

"The online market is still finding its new equilibrium following the COVID-19 pandemic, but its role in all aspects of browsing and buying behaviour remains significantly heightened. The strong value credentials of the channel mean that it has overall gained in a market where shoppers are looking for value."
– Nick Carroll, Category Director – Retail Insight

Buy this report now

Visit	store.mintel.com
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

including Made.com and Missguided, either failing or needing to be saved and others performing less well than they did in the 2010s.

However, the online channel is forecast to continue to grow through to 2028, with an additional £28.7 billion in sales coming through the channel by this point compared to 2023. Increased personalisation and convenience, driven by AI, is a significant opportunity over the coming period and if integrated correctly and its early promise realised this will become a key driver of demand to the channel over the next decade.

Online Retailing - UK - 2023

Report Price: £2195 | $2995 | €2600

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

Table of Contents

What's included

- Executive Summary
- Full Report PDF
- Infographic Overview
- Powerpoint Presentation
- Interactive Databook
- Previous editions

Did you know?

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.

Buy this report now

Visit	store.mintel.com
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

- **Shein has quickly become one of the most popular online-only players**
  Figure 11: Online retailers shopped with in the past year, 2022 and 2023
- **Credit use on online purchases jumps as cost of living crisis bites**
  Figure 12: Use and types of credit used to purchase products online, 2021-23
- **Cashback use flat highlighting missed opportunity…**
  Figure 13: Use of cashback sites in the past year, 2021-23
- **…amidst rising use of new wave promotional tools**
  Figure 14: Use of automatic voucher sites in the past year, 2023
- **15% have rented products online, but majority show little interest**
  Figure 15: Use and future interest in renting products online, 2023
- **Value credentials still critical to drive traffic to the online space**
  Figure 16: Online shopping behaviours, 2023

ISSUES AND INSIGHTS

- **In the current market value credentials bring opportunity for the online channel**
- **Renting and other alternative purchase models: do they have legs?**
- **Will the introduction of AI be a step-change in service expectations?**

MARKET DRIVERS

- **Inflation will continue to eat into consumer spending power for the rest of 2023**
  Figure 17: Inflation, overall index (CPI) and core categories, 2022-23
  Figure 18: Real wages growth, wage growth versus inflation, 2016-2023
- **Consumers' financial wellbeing has fallen from the highs of 2021…**
  Figure 19: Household financial wellbeing index, 2016-23
  Figure 20: Household financial confidence index, 2016-23
- **Consumers cut back in the face of pressure and uncertainty**
  Figure 21: Retail sales growth in value and volume terms, non-seasonally adjusted and excluding fuel, 2022-23

MARKET SIZE AND PERFORMANCE

- **Online sales expected to return to inflation-led growth in 2023**
  Figure 22: Market size for online retailing, 2018-23
  Figure 23: Market size for online retailing, at current and constant prices, 2018-23
- **Following further declines, growth returns to the online channel in early 2023**
  Figure 24: Online retail sales growth, all online sales, 2022-23
  Figure 25: Online retail sales growth, by major category, 2022-23
- **Stores reclaim the majority of non-food demand but online penetration remains inflated**
  Figure 26: Estimated share of all non-food sales, split by store and non-store, 2021-23

MARKET FORECAST

- **Underlying demand to be broadly flat in 2023 before growth returns**
  Figure 27: Category outlook, 2023-28
- **Online sales to grow by 24% between 2023 and 2028**
  Figure 28: Market forecast for all online retail sales (including VAT), 2018-28
- **Online share unlikely to hit 2021 levels in the next five years**
  Figure 29: Online sales as a percentage of all retail sales, 2018-28
- **Learnings from the last income squeeze**
  Figure 30: All online retail sales (including VAT), market size and growth, 2009-18
- **Forecast methodology**

MARKET SEGMENTATION

- **Online-only players claim back share following the return of store trade**
  Figure 31: Online sales, by type of retailer, 2020-22
  Figure 32: Share of online sales, by broad type of retail operation, 2019-23
- **Penetration of category sales ease, but most have seen a step change since 2019**
  Figure 33: Estimated detailed store-based retail online market sizes, by value and as a proportion of total category sales, 2019 and 2021-22
- **Detailed breakdown of online-only players**

Figure 58: Percentage of consumers who have either rented in the past year or are interested in doing so in the future, by type of area lived in, 2023

ATTITUDES TOWARDS SHOPPING ONLINE

- **Value credentials still critical to drive traffic to the online space**
  Figure 59: Attitudes towards shopping online, 2023
- **Extended product guarantees a stronger driver of behaviour for lower income households**
  Figure 60: Attitudes towards shopping online, 2023

LEADING ONLINE RETAILERS AND MARKET SHARE

- **Amazon the dominant market leader**
  Figure 61: Top 10 online retailers within the UK, by estimated market share (excluding VAT), 2022
- **Grocers remain in an elevated position**
- **Marketplace and platforms driving strong growth for key players**
- **Mixed-goods: Frasers shifts investment focus into the online space**
- **Fashion: Shein already in the top 25 of online retailers**
- **Leading Online Retailers: Revenue**
  Figure 62: Top 30 leading online retailers revenues, 2019/20-2022/23
- **Leading Online Retailers: Market Shares**
  Figure 63: Leading online retailers: estimated market shares, 2019-2022

BRAND RESEARCH

- **Key findings**
- **Brand map**
  Figure 64: Attitudes towards and usage of selected brands, 2023
- **Key brand metrics**
  Figure 65: Key metrics for selected brands, 2023
- **Brand attitudes: value critical to the brand image of eBay and Shein**
  Figure 66: Attitudes, by brand, 2023
- **Brand personality: Ethical questions surround the Shein brand image**
  Figure 67: Brand personality – macro image, 2023
- **Etsy has created an aspirational brand image**
  Figure 68: Brand personality – micro image, 2023

- **Brand analysis**
- **Shein: Work to be done on addressing consumer's ethical concerns**
- **Amazon: Trust created through reliability of service**
- **eBay: Value perception remains key as competition in the C2C market grows**
- **Boohoo: Strong performance with younger consumers**
- **Very: Strong brand view among older shoppers**
- **ASOS: Work to be done on improving online service**
- **Etsy: Retains ethical perception amongst consumers, while helping independent and SME sellers to thrive**

LAUNCH ACTIVITY AND INNOVATION

- **Enhancing the consumer shopping experience through AI**
  Figure 69: Klarna ChatGPT plugin, 2023
  Figure 70: Zalando ChatGPT powered fashion assistant, 2023
- **Brands are implementing 'circular' initiatives to be more sustainable**
- **Growth in repair and resell marketplaces**
- **Brands partner with rental platforms**
- **Helping consumers make fast and efficient purchasing decisions and payments**
- **New online retailers**
  Figure 71: New online grocer Motatos, 2022

ADVERTISING AND MARKETING ACTIVITY

- **Above-the-line advertising spend drops year-on-year but remains elevated against pre-pandemic levels**
  Figure 72: UK online retail: Total recorded above-the-line, online display and direct mail advertising expenditure, 2019-22
- **Amazon remains the biggest above-the-line advertising spender**
- **Amazon's Christmas message focus' on generosity and giving**
  Figure 73: Amazon's 'Joy is made' Christmas campaign, 2022
- **'Bargain Hunters'. 'Style Seekers'. 'Experts'. eBay characterises its shoppers in advertising campaign**
- **Ocado celebrates the British summertime**
  Figure 74: Leading UK online-only businesses: Total recorded above-the-line, online display and direct mail total advertising expenditure, 2019-23
- **Spend on digital advertising remains dominant**

What's included

- Executive Summary
- Full Report PDF
- Infographic Overview
- Powerpoint Presentation
- Interactive Databook
- Previous editions

Did you know?

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.

Buy this report now

Visit	store.mintel.com
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

APPENDIX – DATA SOURCES, ABBREVIATIONS AND SUPPORTING INFORMATION

APPENDIX – FORECAST METHODOLOGY

About Mintel

Mintel is the **expert in what consumers want and why.** As the world's leading market intelligence agency, our analysis of consumers, markets, product innovation and competitive landscapes provides a unique perspective on global and local economies. Since 1972, our predictive analytics and expert recommendations have enabled our clients to make better business decisions faster

Our purpose is to help businesses and people grow. To find out how we do that, visit **mintel.com.**