

# Online Retailing - UK - 2023

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## 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

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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.

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