

E-Commerce - UK - February 2010

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What is this report about?

E-commerce has been growing fast, but its rate of growth is slowing, for the simple arithmetic reason that each year the hurdle grows so much more. But the major players online are traditional retailers – either store or catalogue based and they have great advantages in already being known and trusted brands. That has not stopped a number of pure play internet retailers quickly developing a solid reputation, backed up by very high standards of service.

Online has novelty value, but it also has solid advantages in terms of lower prices, though for how long, and an immediacy which catalogue based home shopping retailers could never match.

But there has been a slowdown in the pace of technological development and new exciting ideas are thin on the ground. That comes as a surprise in a sector where we are used to very rapid rates of change.

What have we found out?

- Internet penetration has reached a plateau at around 70% of the population. Shopping is a key activity for anyone with online access – 90% of those with Internet connections say they have bought something in the last year.
- And the popularity of buying online has increased in spite of the recession. Some 42% of consumers say they have bought more than last year against 16% who say they have bought less.
- But the recession has hit the willingness to buy higher ticket price items and there has been a small net reduction in the number of people buying higher value goods.
- The most enthusiastic online shoppers are those in the 25-45 age range. They are the group that is most time pressured and has taken on most commitments. The 18-25 year-olds tend to prefer going to shops.
- Satisfaction with online shopping is high and there is a general perception that the quality of service is very good. But the young (under 25s) are noticeably more impatient than older age groups.
- Delivery ought to be one of the major problems for any form of home shopping. That is why there is a high take up of services such as Argos' which allow customers to reserve goods and then collect them from the store (22% say they do that). But other alternatives, such as collecting from a local C-store, or having goods delivered to work are much less popular (3% and 5% respectively).

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