

United Kingdom E-Commerce Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

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Report description:

The United Kingdom E-Commerce Market is anticipated to witness a CAGR of 21.76 % during the forecast period (2022- 2027). E-commerce has grown in popularity in recent decades as consumers shift their spending to online outlets. On the supply side, investment from Internet-focused enterprises, paired with sellers whose operations were built by supplying customers through physical channels, has resulted in the expansion of choice to domestic and international markets. While traditional retail sales have remained stagnant, regional revenues from Internet shopping have risen dramatically.

Key Highlights

The growth of online retailing is augmenting a relentless pursuit of value for money. Shoppers continue to look online for the best prices and deals, expanding the proportion of money being spent online. The internet has become the natural place for shoppers to look for fashion, health and beauty, consumer electronics, home and garden, and travel services.

Almost all online businesses based in the UK allow customers to pay with credit or debit cards. Visa and MasterCard are the most accepted, while American Express, Diners Club, and JCB are less. Several websites use Pay Pal or other similar services.

Consumers in the country are becoming much more aware of online identity theft and will generally only conduct financial transactions on secure websites.

With the continuous rise of social networking and mobile internet access, social media marketing is a crucial channel in which firms are most likely to be boosting their investment in e-commerce over the coming years. The advantages and strength of online sales contrast with the gloom in bricks-and-mortar retailing, with physical stores falling into bankruptcy or administration. According to the statistics released by Eurostat, the percentage of the population accessing the internet increased to 98% in 2020, along with a forecasted figure of reaching 99% by the end of 2021. The increasing internet population is also a critical factor in the growth of the e-commerce industry across the country.

The COVID-19 epidemic has had a long-term impact on the retail industry, changing consumer shopping habits and store and

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brand priorities. Most notably, companies see a significant shift to the internet as consumers have become reliant on it due to a slew of store closures. Strong eCommerce businesses, such as Amazon will undoubtedly benefit substantially from this.

UK E-commerce Market Trends

Growing Ease of Using Alternate Payment Methods will Drive the Market

The UK has been turning toward eCommerce like never before, and according to Hootsuite, in 2021, more than 85% of the country's residents were already shopping online. The ease of using alternate payment methods apart from the traditional cash transactions is driving the growth of e-commerce sales in the country.

Similar to most of the developed world, nearly every financial transaction in the country relies on some form of technology. However, unlike its counterparts, the UK market witnesses a considerable percentage of purchases made through an alternative payment method. Consumers in the UK are increasingly making regular payments with contactless, buy now, pay later, and bank transfer services.

Debit and Credit cards are the key form of payment method in the country. According to the Bank of England, the debit card is significantly used in the UK, and the popularity of debit cards has taken over cash in recent years.

An increasing percentage of transactions are inclining toward contactless payments. Moreover, the majority of these consumers use mobile and tap cards. Two of the most popular contactless payment methods include Google Pay and Apple Pay.

Further, the growth of mobile shopping in the country is gradually accelerating the popularity of eWallets. eWallet utilization is growing at twice the pace of cards, with PayPal leading the way. The adoption of eWallets in the UK may accelerate even more as online shoppers embrace more cross-border shopping with the rest of Europe.

Fashion and Apparel Segment to Hold a Significant Share in the Market

The Fashion and Apparel Segment is anticipated to contribute a significant share to the market in 2021. According to Office for National Statistics, The monthly internet retail sales index of textiles, clothes, and footwear products in the United Kingdom (UK) achieved a four-year high in December 2020, when the sales index stood at 217.5. As of January 2022, the internet sales of apparel decreased to 113.6 index points.

Furthermore, according to the Office of National Statistics, Consumers in the United Kingdom (UK) households have increased their spending on apparel and footwear over time, with spending exceeding GBP 68 million in 2021.

According to a survey conducted by Klarna in 2021, Amazon is the most popular online-only retailer for fashion purchasing in the United Kingdom. Moreover, two-thirds of those polled claimed they have visited the Amazon marketplace and shopped there. Meanwhile, 20% of those polled visited Amazon but did not make a purchase. ASOS and Very both had the same percentage of non-buying visits.

Fashion brands and retailers haven't shied away from using eCommerce technology for other, more interesting purposes. When customers see models wearing an entire ensemble, they may click on each item and add it to their cart or read more product information. Fashion retailers have generated great amounts of brand loyalty and delivered brilliant brand discovery experiences that engage consumers and raise average order value, thanks to attractive images, intelligent styling algorithms, and occasionally human stylist input (AOV). Such usage of technology will drive the market in the region.

Finally, fashion customers want to be able to locate a product quickly. An online store's interface benefits from a simple and effective filter system. Customers can simply access additional areas of an online fashion business using the best filtering (for example, 'striped shirts > blue striped shirts'). This allows buyers to find similar products to the ones they were looking for while still having fun shopping. Fashion buyers can also filter for themselves using a variety of outlets.

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UK E-commerce Market Competitor Analysis

The UK e-commerce market is fragmented, with the presence of a significant number of players in the market. However, there are a few large players in the market, such as Amazon UK, that occupy a considerable share in the market. The competitive rivalry in the market is high, with various players trying to increase their revenue in the market. Players such as eBay and Asos are also trying to increase their share in the market. As such, the market players are undertaking various strategies such as enhancing the product portfolio, among various others. Moreover, the growing e-commerce industry in the country is also encouraging the development of distribution centers across the country.

May 2022 - Olsam, a British e-commerce aggregator, announced the acquisition of US-based MarketFleet. Olsam acquired sellers on Amazon and uses its own platform's data, operational expertise, and technology to drive revenue and profit growth. With the capital raised in 2021, it acquired another aggregator named Flywheel Commerce.

October 2021- Forest Essentials, an Ayurvedic skincare product, has established a partnership with Lookfantastic.com, Europe's online beauty retailer situated in London. With the launch in the United Kingdom, the relationship allows the brand to make important inroads toward worldwide expansion. LOOKFANTASTIC is one of the most successful beauty websites in the world, with a portfolio of over 660 premium brands and a revenue share that has increased by 40% year over year in the last four years.

Additional Benefits:

The market estimate (ME) sheet in Excel format
3 months of analyst support

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