Online Retailing: Inc Impact of COVID-19 - UK - August 2020

Report Price: £1995.00 | $2693.85 | €2245.17

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

"The online channel was already the growth area in UK retail prior to the COVID-19 pandemic and the outbreak will only accelerate this growth in the short and long term."
– Nick Carroll, Associate Director of Retail Research

This report looks at the following areas:

- **The impact of COVID-19 on 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 how COVID-19 has and will shift this.**
- **Devices preference when shopping, including a look at the first 'mobile-first' generation.**
- **The rise in prominence of social media not simply as an influencer but as a trading platform, and how COVID-19 will accelerate this.**

Online demand soared during the COVID-19 lockdown in the UK, with online sales growing by year-on-year 33.1% in April and 59.0% in May. Of course, concerns around the virus and constrains on consumer movement were the major driver of this, but equally the mass closure of non-essential stores also played into this heightened online demand. However surprisingly with stores now open, this demand has not eased – with online sales growing 73.4% year-on-year in June.

This indicates that the boost felt by the online channel will not be limited to lockdown, and Mintel expects that the online retail channel will see the fastest growth (+23.5%) for over a decade in 2020, accounting for a record 24.7% of all retail sales. Naturally, online demand should ease as concerns and infection rates ease – but this forecast expects demand in the second half to remain higher than where we would have expected it to be pre-COVID-19.

As a channel, online was already the growth area in UK retail prior to COVID-19. However, it is not impervious to the challenges faced by other sectors and channels. The heightened expected peak in demand in Q4 will put significant strain on logistical networks. The grocers experienced this during lockdown and were forced, at significant cost, to increase their order capacity. Many non-food players also suffered, with the likes of Next having to take its website down to make working conditions safe, and this pressure will return in Q4 as Christmas spending grows. Retailers will need to prepare for this, spread promotional activity out to minimise chokepoints and utilise click-and-collect networks to ensure they can serve the demand in a critical time of the year.

Longer term, the major opportunity for the online sector is that COVID-19's impact is likely to leave it forever enlarged. Indeed we expect that by 2024 online will account for 27.5% of all retail sales, up from 25.8% in our pre-COVID-19 forecasts. This will be driven not by bringing new shoppers into the channel, as over nine in ten internet users in the UK shopped online prior to COVID-19, but by expanding the repertoire of products purchased online and the frequency at which they are purchased. In particular, this brings an opportunity in categories such as beauty and personal care and home, which have traditionally had a lower penetration of sales online compared to electricals and fashion.

DID YOU KNOW?

This report is part of a series of reports, produced to provide you with a more holistic view of this market

Table of Contents