Retail industry market report

Overview

Shopping is now firmly established as an online phenomenon.

82.1% of UK respondents said they shop online at least once a month, with 62.1% making their first purchase more than five years ago.

This has been fairly consistent over the past three years, although participation has become more common (occurring weekly rather than monthly) according to PWC Total Retail 2017.

Recent industry figures

In-store still remains the most popular way to shop regularly, but is closely followed by PC usage. Tablets and smart-phones are used to shop monthly by 38% and 38.4% respectively. 9.4% of shoppers use wearables monthly to make purchases, which is lower than traditional ordering via catalogues/magazines at 18.6%, and TV shopping at 10.2%. Wearable and phone usage has increased from 2015, when only 6.8% used wearable devices to make purchases monthly and 25.1% used phones.

When asked about why they like to shop online, survey participants identified convenience, price and product choice as their top three reasons. This remains largely consistent from 2015. Male and female priorities differed, men being more concerned about price (37.7% male vs. 28.5% female) and women being more concerned about convenience (52.6% female vs. 42.8% male).

The most important in-store attributes in relation to the UK in-store shopping experience were identified as sales associates with a deep knowledge of the product range and the ability to check stock and extended ranges online and in-store. US shoppers had similar opinions, although Chinese shoppers are very interested in personalised offers and an inviting ambience.

Trends

UK shoppers like to use retailers they are familiar with; 45.7% of respondents said that they use individual retailer websites to find inspiration for their purchases. However over a third use price comparison websites and a quarter use social media for purchase inspiration. Female shoppers are twice as likely to use visual social networks (21% vs. 8.2%) whilst male shoppers are more likely to use price comparison sites (40.4% vs. 29.5%). Although US shoppers follow similar patterns, Chinese shoppers have different habits – with 55% using social media to find out what to buy and nearly half using multi-brand websites to get the best deal.

UK shoppers use social media for a variety of reasons, with 34.9% using it as a place to read product reviews before buying and 26.2% using it to discover new brands people are talking about. Again, Chinese shoppers are a lot more active online and more than one in four use social media sites to see what celebrities are endorsing – a trend which has not yet reached the UK or US.

Price is still the most important factor for determining customer loyalty, with 59.3% of respondents saying they return to a firm because prices are good. Other important reasons to emerge were trust in the brand, 43.3%, and items being in stock, 36.7%. These results were consistent with the 2016 Total Retail survey findings, although trust has increased in importance from the third to the second most important reason.

UK shoppers are increasingly pro-active when it comes to minimising online security risks. 58.9% will only buy from companies they trust, 58.3% will only use credible websites and 56.5% rely on payment providers (such as Paypal).

Although shoppers now use mobile phones for a variety of reasons such as price comparison, 33.5%, product research, 37.1%, and promotional codes, their main function appears to be research and information gathering with several barriers still preventing widespread mobile shopping.

34.6% say that mobile phones don't have large enough screens and 22.3% argue retailers' mobile websites are not easy to use. US shoppers face similar issues, but in China the main obstacles are quite different – consisting mainly of poor security, slow data and no WiFi access.

However, there is still potential for mobile shopping to continue to expand. Over half of UK respondents are happy to receive offers and coupons on their phones and 42.6% are willing to use mobiles to pay. The main issues are therefore technical, not cultural and can be explained by issues such as poor mobile websites and cyber security.

British shoppers feel fairly confident about their economic situation in the next twelve months, with just over half saying their spending will remain the same. However, almost one third (28%) do expect to spend less.

Key factors that are worrying UK shoppers are salary or disposable income at 58.8%, with a further 23.1% concerned about the cost of transportation, including fuel and gas prices. Just over two in ten people expect Brexit to affect their spending plans.

Research into products is now largely done online, with the exception of grocery products.

This shows a slight increase from the 2014 and 2015 studies in some categories; the percentage researching grocery products online by tablet, smart-phone or laptop, has gone up by 5.1% and the percentage researching health and beauty online has gone up by 4%. However other categories, such as consumer electronics, have remained constant.

What lies ahead

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Source PWC Total Retail 2017 - Report on UK findings