

Pandemic Pushes UK Retail Ecommerce Past 30% of Total Retail Sales in 2020

ARTICLE |

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From midnight on March 23 to June 15, the UK government enforced the closure of nonessential retail stores as part of strict lockdown measures. During the intervening 12 weeks, UK consumers who wanted to purchase anything other than groceries or medications could not do so in-store.

Even when the high street opened back up, things were far from normal: Social-distancing measures meant queues were commonplace and footfall in stores was limited. In-store mask wearing was strictly enforced. Large proportions of the population continued to shelter at home, while many eschewed physical shopping altogether out of an abundance of caution. Little wonder, then, that retail ecommerce looks set for a bumper year.

We forecast that UK consumers will spend £141.33 billion (\$180.39 billion) online this year, up a massive 34.7% from 2019. This significant increase will see ecommerce account for more than 30% of total retail sales in the UK for the first time. In 2019, that share stood at just 21.8%.

UK Retail Ecommerce Sales, 2019-2024

billions of £, % change, and % of retail sales



Note: includes products or services ordered using the internet via any device, regardless of the method of payment or fulfillment; excludes travel and event tickets
Source: eMarketer, Sep 2020

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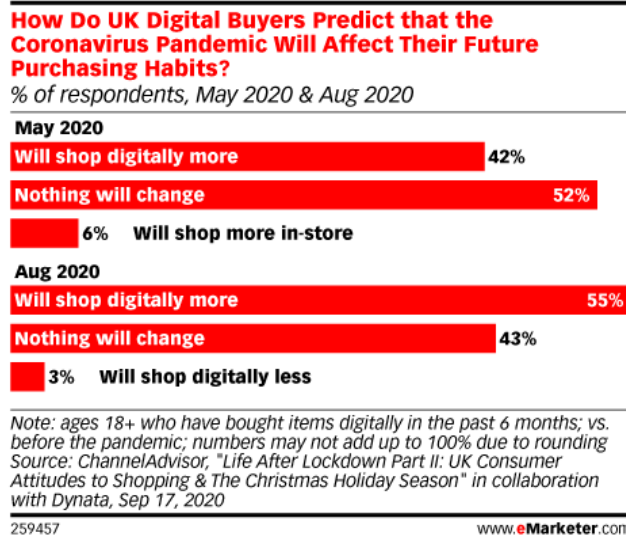
This pandemic bump won't carry over into next year, though, and a more normal cadence will resume through the end of our forecast period in 2024. In fact, as the market rights itself, 2021 will see a 6.3% decline in UK retail ecommerce sales. It will take a few years for the retail ecommerce sales total to reach 2020's height. But when they do in 2023, the numbers will be well in excess of anything pre-pandemic, at £143.51 billion (\$183.17 billion).

Habits that UK consumers formed during lockdown, however, look set to endure.

"There's often reticence, certainly in the over-65s, to adopt new technology and to make changes in behavioral or consumption patterns," said Gemma Spence, CEO of OMG Transact, the ecommerce arm of Omnicom Media Group, when she spoke us in June. "But we've found that it takes six weeks to make or break a habit. During the past three months of lockdown, there has been enough time."

There's been a reinforcement of digital shopping trends among UK consumers, over 65 and otherwise, as the year has progressed. According to a September 2020 report from ChannelAdvisor, this intent to shop digitally strengthened even once shops had opened again. In May of this year, during the height of lockdown, 42% of UK digital

buyers said they'd shop digitally more in future. By August, the month after nonessential stores reopened, that proportion had risen to 55%.



ChannelAdvisor polled those who had bought items online in the past six months, which could have caused response rates for shopping digitally to skew higher. Nonetheless, we estimate that online shopping will be a significant trend in 2020, with 45.4 million digital buyers in the UK this year, accounting for 81.1% of the population.

An accelerated digital shift is clearly underway, and though this shift won't be sufficient to maintain 2020's bumper levels of ecommerce sales, the post-pandemic retail landscape in the UK will be more weighted toward digital than ever before.