

INTERNET SHOPPING – SOME KEY DATA

Market data	
Internet sales to consumers totaled £18.1bn in 2004.	<i>In 2004 the value of internet sales made to households by UKⁱ non-financial business was £18.1bn, up from £10.8bn in 2003 - an increase of 68 per cent in nominal terms.ⁱⁱ In the same period total household consumption increased by only 4.9 per cent.ⁱⁱⁱ Household internet spending represented around 2.5 per cent of all household spending in 2004.^{iv}</i>
And the retail part of internet sales is growing quickly.	<i>UK online retail sales increased by 356 per cent in the five years to 2005 and are now estimated to be £8.2bn.^v</i>
Online retail sales growth far outstrips growth in total sales.	<i>This increase in e-retail sales compares with an increase in total UK retail sales of just over 20 per cent in the same period.^{vi}</i>
Online retail sales forecast to continue increasing, though at a slower rate.	<i>Online shopping is forecast to increase by 163 per cent by 2010; with the value approaching £21.5bn per annum.^{vii}</i>
Purchases online to account for a higher proportion of total sales.	<i>In 2005, 3.1 per cent of all retail sales took place online. This compares with 0.1 per cent of all retail that took place online in 1997. This is forecast to increase to almost 6.8 per cent by 2010.^{viii}</i>
Businesses	
Over one-third of businesses now have a website.	<i>In 2004, 34 per cent of businesses reported having a website, up from 31 per cent in 2003.^{ix}</i>
An increasing number of businesses are trading online.	<i>The number of businesses selling online rose by 24 per cent between 2003 and 2004, to around 7 per cent of UK non-financial businesses^x, equivalent to around 130,000 UK non-financial businesses.^{xi}</i>
Consumers	
Increasing numbers are using the internet.	<i>In October 2005, 64 per cent of people in Great Britain had used the internet in the three months prior to being interviewed, compared with 40 per cent in 2000.^{xii}</i>
And increasing numbers are shopping online.	<i>In October 2005, 61 per cent adults who had used the internet in the previous three months had used it to buy or order goods, tickets or services compared with 36 per cent in October 2000.^{xiii}</i>
And online shoppers are	<i>In 2005, the typical online shopper spent £560 online,</i>

spending increasing amounts.	<i>compared with £436 in 2002. Forecasts suggest that spend could grow to over £860 per year by 2010.^{xiv}</i>
Electrical goods, music, travel and online auctions are among the most popular websites to buy from.	<i>In January 2006, electrical goods, music, travel and online auctions were among the most popular websites to buy from. All these sectors came within the top ten in terms of proportions of internet users who had made a purchase from one of them in the three months to January 2006, with at least ten per cent of internet users having done so in each sector.^{xv}</i>
Past research suggests that convenience is a major reason for shopping online; and that many internet shoppers are satisfied when shopping online.	<i>One study found that of those who shopped online in 2005 the most popular reasons given for doing so were convenience, followed by competitive cost.^{xvi} In a 2004 survey, 66 per cent of respondents who shopped online in the last year reported that they were very satisfied with the experience.^{xvii}</i>
However, some research suggests that there are consumer concerns about issues such as online security and aspects of delivery.	<i>In a 2003 survey, almost 6 in 10 internet shoppers said that security of payment was of concern when shopping online.^{xviii} In 2005, ten per cent of internet users said that they never bought goods and services online because of security concerns, with a further 19 per cent reporting that they are deterred from buying online to a large extent because of such concerns.^{xix} The 2003 survey also found that aspects of delivery (including damaged goods, delay and non-delivery), were reported to be of concern to 34 per cent of respondents in the UK who had shopped online.^{xx}</i>

ⁱ The figures refer to UK unless otherwise stated.

ⁱⁱ ONS – Annual E-Commerce Survey. The ONS asks a sample of UK non-financial businesses the value of internet sales of goods and services to households (including sales to non-UK households).

ⁱⁱⁱ ONS – Blue Book 2005.

^{iv} ONS – Blue Book 2005.

^v Verdict e-Retail 2006. The Verdict report asks a sample of UK consumers about their internet purchases of retail goods (so will include purchases from non-UK businesses, but excludes spending on some services). Note that the ONS figures for internet sales include all sales made by the UK non-financial sector (so includes services), whilst the Verdict figures are just for purchases of retail goods.

^{vi} ONS – Retail Sales Index.

^{vii} Verdict e-Retail 2006.

^{viii} Verdict e-Retail 2006.

^{ix} ONS – Annual E-Commerce Survey.

^x ONS – Annual E-Commerce Survey.

^{xi} OFT calculations using ONS Inter Departmental Business Register figures.

^{xii} ONS – Omnibus Survey.

^{xiii} ONS – Omnibus Survey.

^{xiv} Verdict e-Retail 2006.

^{xv} Mintel – Internet Quarterly, March 2005.

^{xvi} Welsh Consumer Council - Internet Shopping: the consumer perspective, 2005

^{xvii} Royal Mail - Home Shopping Tracking Study, Winter 2004.

^{xviii} The European Opinion Research Group (EEIG) - European Union Public Opinion on issues relating to business to consumer E-Commerce.

^{xix} Mintel – Internet Quarterly, June 2005.

^{xx} The European Opinion Research Group (EFIG) - European Union Public Opinion on issues relating to business to consumer E-Commerce.