

Article

How our internet activity has influenced the way we shop: October 2019

Comparing the trends and emerging patterns between retail sales data and internet access data, looking specifically at the growth in online sales.

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1 . Introduction

The [Retail Sales Index \(RSI\)](#) is a short-term measure of the changes in the volume and value of sales of goods by retail businesses in Great Britain, providing a timely indicator of economic performance and strength of consumer spending.

The [Internet Access Survey](#) provides information on households' and individuals' use of the internet and other information and communication technologies.

By combining analysis for these two different data sources, it is possible to review how retail shopping habits are changing, which is important because the purchase of retail items online is an ever-evolving part of the retail sector.

In 2019, [PwC commissioned research by the Local Data Company](#), which studied the top 500 British high streets. They found that while the number of new stores opening is decreasing, the number of store closures is increasing. This led to a net decline of 1,234 stores in the first half of 2019¹; this is the highest number since analysis by PwC and the Local Data Company began in 2010. According to the [latest BRC-Springboard Footfall and Vacancies Monitor](#), the number of people visiting bricks-and-mortar stores has fallen 10% over the past seven years. This increase in store closures and decrease in footfall, combined with the [growth within e-commerce sales](#), has led to increased interest in how consumer behaviours are evolving.

We capture store openings and closures through the regular updating of the Office for National Statistics (ONS) business register. Any changes to the type and number of businesses are also reflected in how we collect the data through the survey, ensuring business responses are representative for the sector. The ONS publishes [business demography data](#), and the latest data for 2018 will be published on 21 November 2019. We also publish data on the number of jobs in each retail sector within the [Employment and labour market release](#).

Currently, the RSI provides an "All retailing" and an "Online" series and does not provide "Store only" sales in the [RSI monthly bulletin](#). For the purposes of this article, we have calculated an estimate of store sales from our currently available data, to identify whether there has been a shift in consumer behaviours within the retail industry with the rise in online sales and internet usage in recent years. Data within this article exclude fuel because this sector currently has no online presence.

Notes for: Introduction

1. The number of store closures were 2,868, while the number of store openings were 1,634.

2 . Main points

- Consumers are spending more online than ever before, with the proportion of online spending increasing threefold between 2008 (4.9%) and 2018 (17.9%).
- 87% of adults were daily users of the internet in 2019, up from 49% in 2008.
- The proportion of users shopping online in the last 12 months was 82% in 2019, up from 53% in 2008.
- For adults aged 65 years and over, 2019 was the first year that over half (54%) reported shopping online within the last 12 months.
- Despite the growth in online presence, consumers still spent most of their money in stores in the last 12 months, with just over 80 pence of every pound spent in store.
- 83% of adults who have not shopped online within the last 12 months stated a "preference to shop in store".
- There has been slower growth in online sales within the food sector, where online sales as a proportion of all retailing has remained around 5% since late 2016.
- Over the last decade, clothing and department stores have increased their proportion of online sales to nearly 20%.

3 . More people shop online as internet use has increased

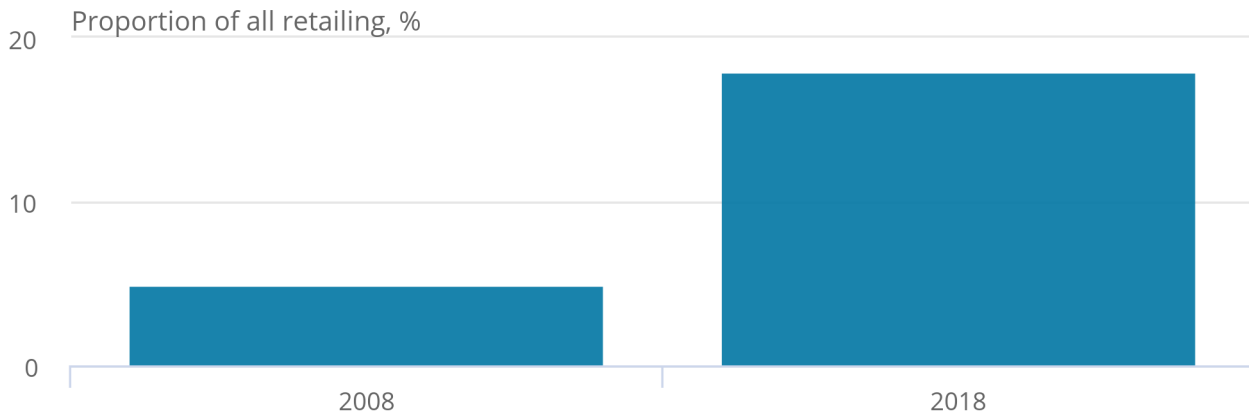
Consumers are spending more online than ever before. The proportion of online spending has increased threefold over 10 years (Figure 1).

Figure 1: Online sales as a proportion of all retailing reached its highest annual proportion in 2018

Seasonally adjusted, Great Britain, 2008 to 2018

Figure 1: Online sales as a proportion of all retailing reached its highest annual proportion in 2018

Seasonally adjusted, Great Britain, 2008 to 2018



Source: Office for National Statistics – Monthly Business Survey; Retail Sales Inquiry

As a proportion of all retailing, money spent online has increased from a monthly average of 4.9% in 2008 to a monthly average of 17.9% in 2018. This means that nearly 18 pence of every pound was spent online in 2018, the highest annual proportion reported yet. The latest figure shows that in the month of October 2019, the proportion reached 19.2% (seasonally adjusted).

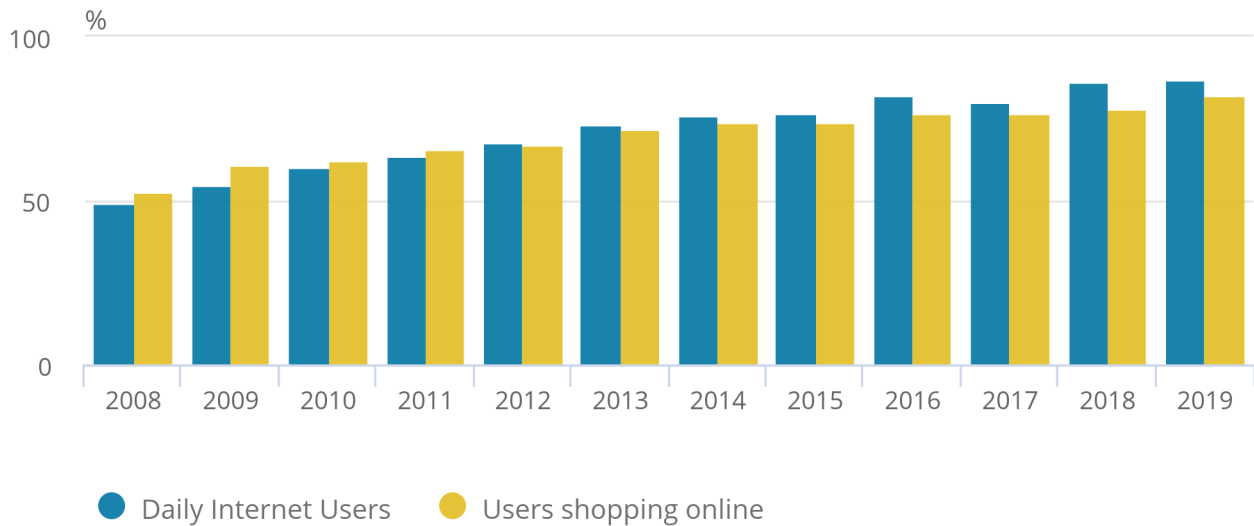
This increase may be aided by the fact that more people are using the internet. Internet access data shows that internet usage in Great Britain is also at an all-time high. This coincides with the percentage of people using the internet to shop online (Figure 2).

Figure 2: The percentage of daily internet users and users shopping online has increased over the last 11 years

Great Britain, 2008 to 2019

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Great Britain, 2008 to 2019



Source: Office for National Statistics – Internet Access Survey (households and individuals)

Notes:

1. Base: Adults (aged 16 years and over) in Great Britain.
2. Users who have shopped online in the last 12 months.

Figure 2 shows that the proportion of adults using the internet on a daily basis has been increasing. The proportion of daily internet users reported has grown to 87% in 2019, from the 49% reported in 2008.

There has also been an increase in the proportion of people shopping online. In 2008, 53% of users reported shopping online, which has increased to 82% in 2019.

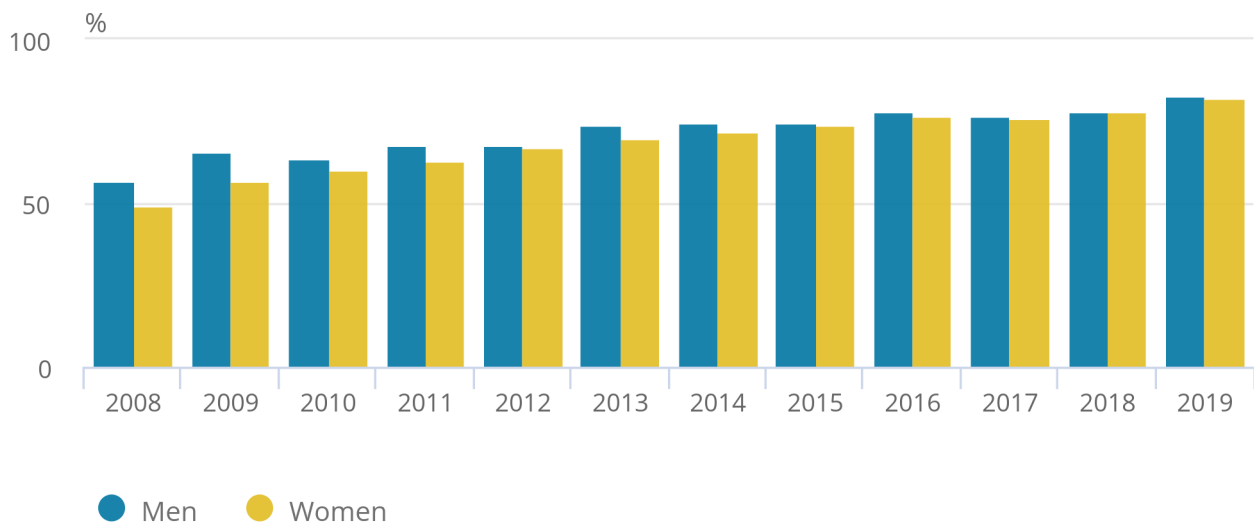
4 . The gap has closed between the percentage of men and women who shop online

Figure 3: The gap has closed between the percentage of men and women who have shopped online in the last 12 months

Great Britain, 2008 to 2019

Figure 3: The gap has closed between the percentage of men and women who have shopped online in the last 12 months

Great Britain, 2008 to 2019



Source: Office for National Statistics – Internet Access Survey (households and individuals)

Notes:

1. Base: Adults (aged 16 years and over) in Great Britain.
2. Reported within the last 12 months.

In 2008, more men (57%) than women (49%) used the internet in the last 12 months for online shopping. Women have been closing the gap with men over the years, despite this difference experienced earlier in the series, resulting in just one percentage point difference in 2019. This is the highest percentage reported for both men and women, at 83% and 82% respectively.

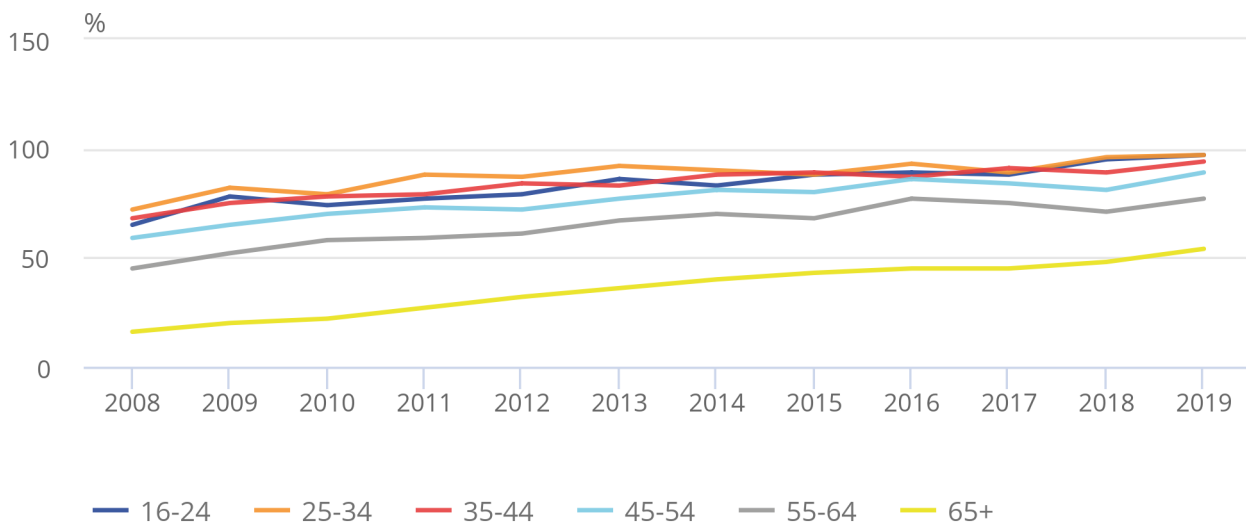
5 . Adults aged 65 years and over see the biggest increase in online shopping from 2008 to 2019

Figure 4: Adults aged 65 years and over show the largest increase in online shopping within the last 12 months from 2008 to 2019

Great Britain, 2008 to 2019

Figure 4: Adults aged 65 years and over show the largest increase in online shopping within the last 12 months from 2008 to 2019

Great Britain, 2008 to 2019



Source: Office for National Statistics – Internet Access Survey (households and individuals)

Notes:

1. Base: Adults (aged 16 years and over) in Great Britain.
2. Reported within the last 12 months.

Figure 4 displays the percentage of age groups that have used the internet to shop within the last year. The younger age groups have remained consistently high throughout the series. Adults aged 16 to 24 and 25 to 34 years have the highest percentage of online shoppers in 2019, with 97% of the adults in these age groups shopping online within the last year.

In contrast, the oldest age group of adults (those aged 65 years and over) has shown the largest growth over the last decade, from 16% in 2008 to 54%. 2019 was the first year that over half of this age group reported online shopping.

Despite this large growth in online shopping, there are reasons why people might not opt to shop online (Figure 5).

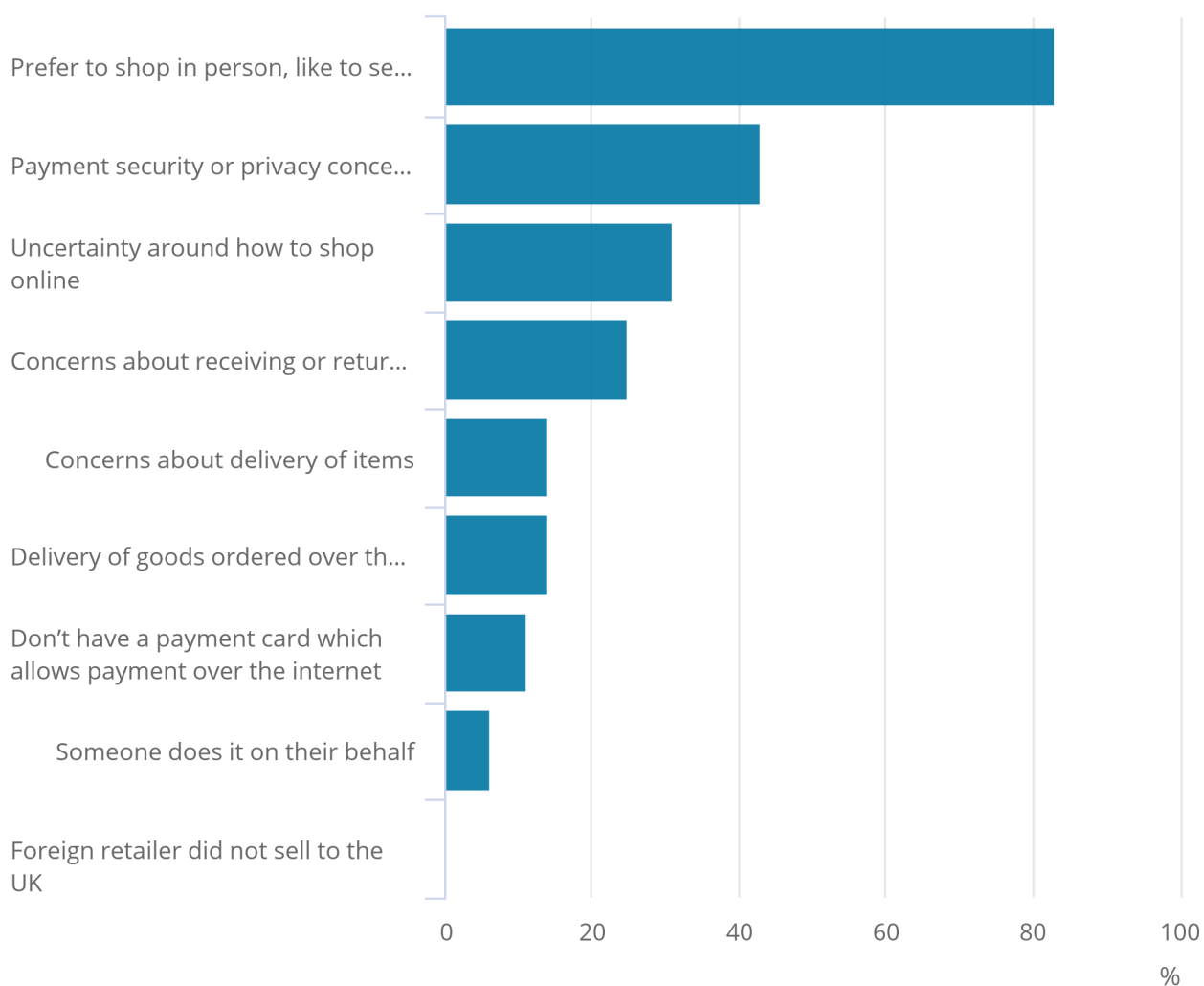
6 . The majority of money is spent within stores

Figure 5: Preferring to shop in store was the most common reason given for not buying goods or services over the internet

Great Britain, 2019

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Great Britain, 2019



Source: Office for National Statistics – Internet Access Survey (households and individuals)

Notes:

1. Base: Adults (aged 16 years and over) in Great Britain who have not purchased via the internet in the last 12 months.
2. Reported within the last 12 months.

Out of the 383 responses, the most common reason for not making purchases online is because people prefer to shop in person, like to see the product, loyalty to shops and force of habit, with 83% of people reporting this. Other reasons include payment security concerns and uncertainty over how to shop online.

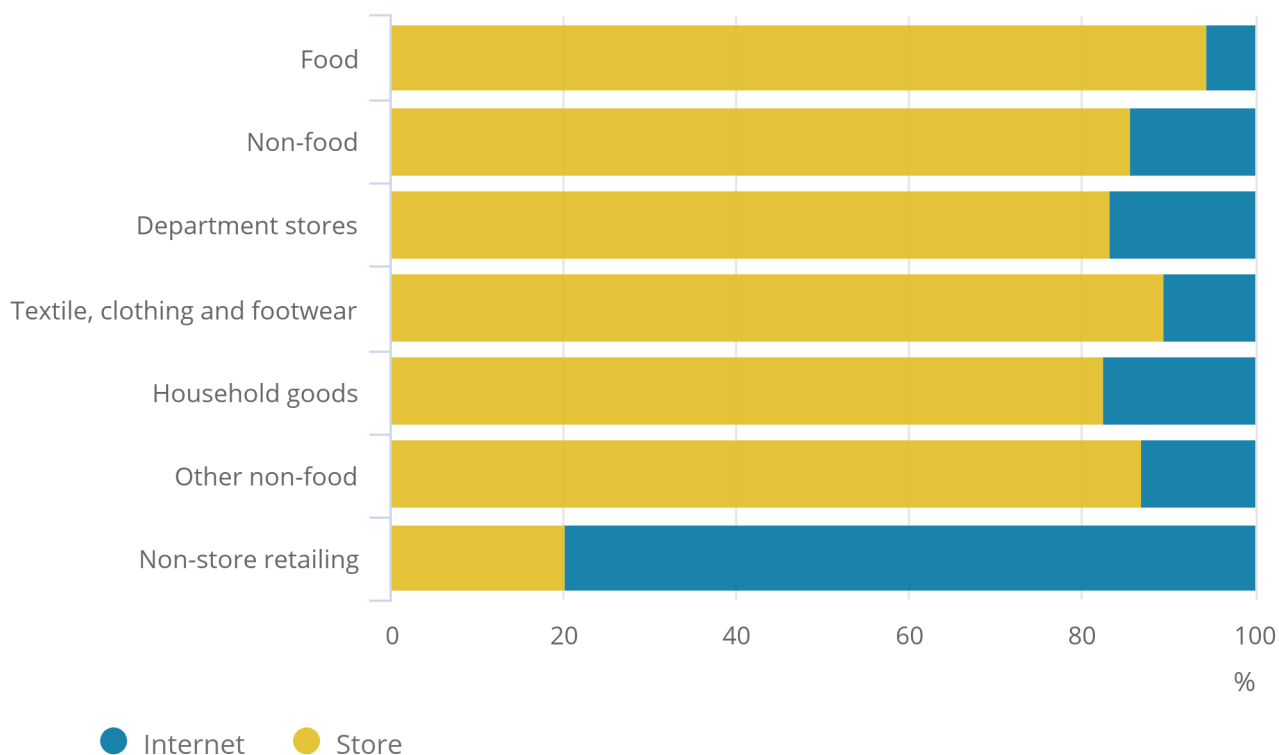
These factors might explain why more money is spent in store and why there may be a limit to the growth we are seeing in online sales (Figure 6).

Figure 6: The majority of money was spent within stores in 2018, with the exclusion of non-store retailing

Non-seasonally adjusted, Great Britain, 2018

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Non-seasonally adjusted, Great Britain, 2018



Source: Office for National Statistics – Monthly Business Survey; Retail Sales Inquiry

When we take a closer look at sales within each of the retail sectors, we can see that in 2018, the majority of money was spent within stores, with the exclusion of the non-store retailing sector.

Non-store retailing refers to retailers that do not have a store presence and mainly consists of online-only retailers, resulting in a large proportion of online trading for this sector. The "store" sales in the non-store sector relate to sales from non-store trading that are not made online, such as markets, temporary trading and one-off trading such as auctions. All other sectors are stores that have a store presence and may trade online.

Figure 6 shows that food stores have the smallest proportion of online trading, with just 5.5% of food shopping carried out online despite the uptake of home deliveries and "click and collect". Research by Mintel shows that [supermarkets have increased their online component in recent years](#), especially with the rise of dedicated online grocery retailers. This suggests that for this type of store, some people prefer to buy their products in person rather than online.

7 . Online shopping has increased across all main sectors

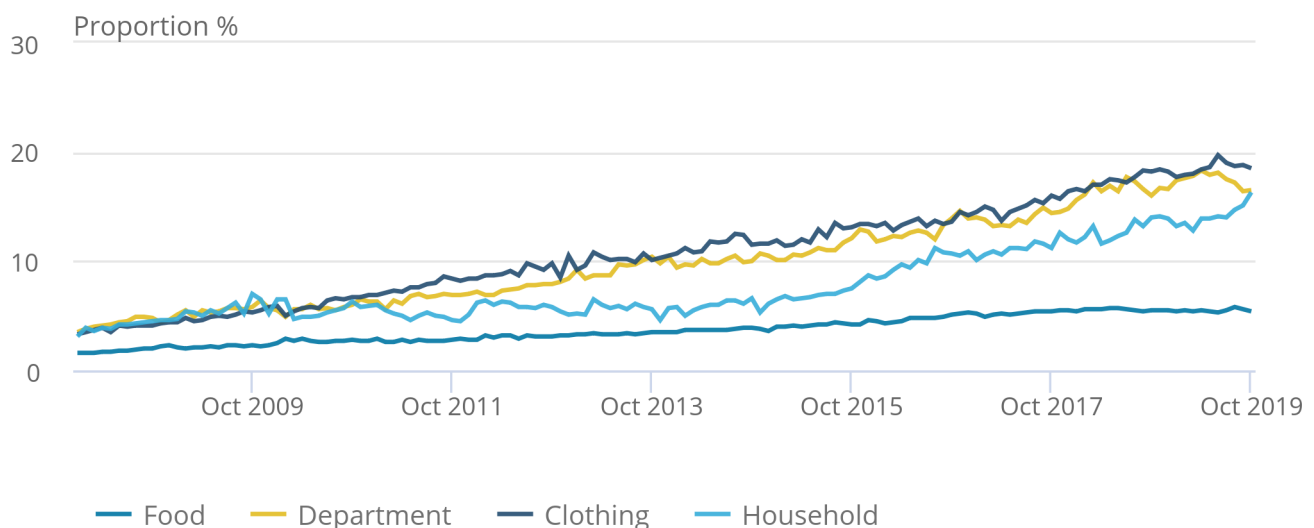
People are choosing to buy more and more of their goods online across all main sectors (Figure 7).

Figure 7: There have been increases in online sales as a proportion of all retailing within food, department, clothing and household stores

Seasonally adjusted, Great Britain, January 2008 to July 2019

Figure 7: There have been increases in online sales as a proportion of all retailing within food, department, clothing and household stores

Seasonally adjusted, Great Britain, January 2008 to July 2019



Source: Office for National Statistics – Monthly Business Survey; Retail Sales Inquiry

In 2008, online sales as a proportion of all retailing for all store types was under 5% (Figure 7). Over the last decade, clothing and department stores have increased their proportion of online sales to nearly 20%. Household goods closely followed this pattern, now reaching proportions of online sales of 16.3% in October 2019.

In contrast, food has reported slow growth throughout this period, where online sales as a proportion of all retailing has continued to be around 5% since late 2016.

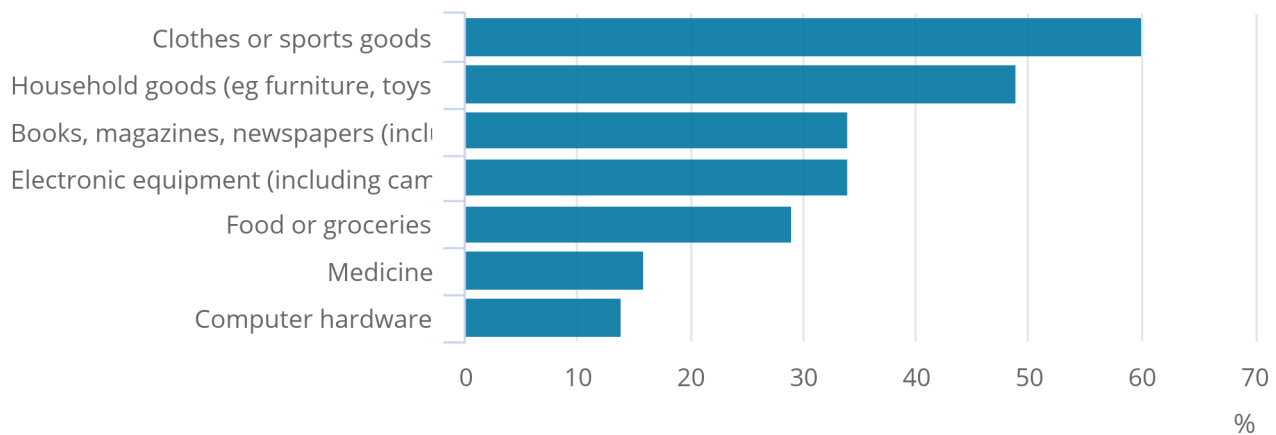
Results from the Internet Access Survey also showed that households preferred shopping online for clothes or sports goods over food (Figure 8).

Figure 8: Clothes or sports goods was the most popular reported retail purchase online in 2019

Great Britain, 2019

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Great Britain, 2019



Source: Office for National Statistics – Internet Access Survey (households and individuals)

Notes:

1. Base: Adults (aged 16 years and over) in Great Britain.
2. Reported within the last 12 months.

Figure 8 shows the percentage of adults who have reported purchasing these goods online in the last 12 months. Items such as clothes and sports goods and household goods were a far more popular choice to purchase online than food or groceries, according to the Internet Access Survey.

However, when we look at where money is spent in retail, nearly 39 pence of every pound is still spent within the food sector. Estimates derived from the Office for National Statistics (ONS) Retail Sales Index (RSI) show that the amount of money spent online in this sector was approximately £9.1 billion for 2018 compared with store sales of £15.4 billion.

8 . Conclusion

There has been large growth in online sales over the last decade, which is likely linked to the increase in internet usage. Despite this growth, more money is still spent in stores with one of the main reasons being that people prefer to shop for products in person.

There has been less prominent growth in online sales within the food sector, whereas the clothing and department sectors have showed strong online growth, which is reflecting changing consumer behaviour for those sectors.

The younger generations (those aged 16 to 34 years) dominate activity in online shopping, but those aged 65 years and over have shown the highest growth over the last 11 years. These changes in spending habits and internet usage have resulted in strong growth in online sales, but there is a natural tendency for people to still buy products from in store.

9 . Annex: Internet Access Survey

The Internet Access Survey results are derived from the Opinions and Lifestyle Survey (OPN). Estimates for the Internet Access Survey are collected in January, February and April from modules of the OPN.

Figures that are the sum of components and calculations of annual increases in this release are calculated using unrounded figures.