

E-Commerce

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The UK is driving the European online revolution

Latest research from MINTEL finds that the UK is streets ahead of other European countries when it comes to buying online*. MINTEL's new E-commerce report, which looks at internet retailing in the UK, Germany, France, Italy and Spain, finds that in the UK online sales were worth 18.5 billion Euros last year, compared to just 13 billion Euros in Germany, the next largest market. France (7 billion Euros), Italy (1.1 billion) Euros and Spain (1 billion Euros) follow some way behind the top two.

But not only does the UK have the largest online retail market it has also seen the fastest growth of the five countries. Between 2005 and 2007 alone the UK saw sales soar by 75%, a performance matched only by the French market (75%).

"The UK has by far and away the most developed online market in Europe," comments Richard Perks, director of retail research at MINTEL. "The main reason for this, is the sophisticated online offering of the UK's food retailers and the fact that so many of us now more than happy to turn to the Internet to do our weekly shop. The consumer boom of the last few years has also undoubtedly played a key role, when British shoppers were always keen to spend their hard earned cash."

Growth predicted across the board

Looking to the future, Spain will see the largest growth, with sales growing from just 1 billion Euros last year to 4,2 billion Euros by 2012. Meanwhile, France will jump three-fold (206% growth) from 7 billion Euros to 21.4 billion Euros over the same five year period and the UK will see similar growth (199%) hitting 56 billion Euros by 2012.

Although Germany is the largest European country, the German market is expected to see the slowest rise in sales over the coming five years, but at 69% growth it is still impressive.

"E-commerce in Germany has not developed quite as quickly as expected, even though Germans are generally quite open to spending their money online. Although mail order companies have done well online, most high street retailers here have done very little to improve their presence online and the fact that credit cards are not widely used in Germany has also hampered progress," explains Richard Perks.

Mail Order businesses reap the rewards of going online

The largest online retailer is Otto Group in Germany, which has successfully moved a large portion of its catalogue mail order business online. Amazon is the European number three (after Otto Group and Arcandor), thanks to the continued expansion of its inventory at its three European businesses.

"Amazon is the only pureplay Internet retailer in the top 10, while five of the top ten retailers are mail order groups that have developed their e-commerce operations as a means of stemming the decline of traditional big book mail order and reducing overheads," explains Richard Perks.

Tesco is the largest online food retailer in Europe with the vast majority of tesco.com's turnover coming from groceries. tesco.com is more than twice the size of its nearest rival ooshop.fr run by Carrefour.

eBay is not included as it technically does not sell products itself, but acts as a conduit for one consumer to another.

* These figures are based on retail sales only, so do not include travel, financial products or cars.