

The Consumer Really Can Be King

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Price comparison sites mean the consumer really can be King

Latest research from MINTEL finds Britain moving towards a retail world where the consumer really can be King. Consumers are now striving for 'perfect information', where all prices are transparent and the Internet is the ideal information medium for this. As a result almost two in five (36%) Internet users now visit price comparison sites, where shoppers can compare prices and product features before buying on-line.

"With consumers now using the Internet so avidly to compare prices this can only lead to lower prices and retailers becoming less able to exploit ignorance amongst buyers. Such pricing mechanisms suggest that the Internet is at the forefront of a drive towards 'perfect information'™ where all prices are transparent and consumers simply choose the cheapest option available to them," comments Neil Mason, senior retail analysts at MINTEL.

Ironically, it is those adults in the more affluent AB socio-economic group and those with household incomes above £30,000, who show the greatest interest in using price comparison sites. Not only are they likely to spend more than their less well-off counterparts, but these findings suggest that they spend it more wisely as well by hunting around for the best prices.

Internet penetration reaches new plateau

At the start of this year, Internet penetration fell by one percentage point to some 55%, a decline which equates to an estimated half a million British adults. As a result there are now 26.8 million Internet users in Britain. But this recent plateau follows a long period of growth, where the proportion of adults with Internet access has risen at the rate of half a percentage point per month since January 2001.

"Common sense suggests that penetration levels will be subject to some natural growth ceilings and it could well be that we have arrived at such a point. But, such apparent ceilings have been reached before only for Internet penetration to then show further growth once a new enabling technology or application comes along. Last time it was the Internet-enabled mobile phone that caused penetration levels to pick up from a plateau and this time broadband will be a major factor in encouraging greater Internet usage," explains Neil Mason.

Purchasing on-line: Auction websites see great increase

At the start of the year, as many as 64% of Internet users actually made a purchase on-line. While Internet users are most likely to buy something on book websites, the largest increase in popularity where purchasing is concerned, has been on auction sites. Between November 2002 and January 2005 the proportion of Internet users buying on auction sites grew by 7 percentage points, to stand at 12%. This amounts to an impressive 140% increase.

Despite the use of the term auction sites (in the plural), it should be noted that in fact this market consists of only a few big players, most notably eBay, which dominates the market, and the likes of Amazon, which offer an auction facility.

Email and search engines are most popular activities

By far the two most common uses of the Internet are for email and using a search engine to find information. Almost 90% of Internet users at home send or receive emails, with almost as many (83%) using a search engine. These are closely followed by using the Internet to browse for information (77%).

Interestingly, the fourth most popular activity involves using the Internet to help organise and run one's™ life. Over two in five (44%) adults have paid a household bill or made a financial transaction online. This is a true measure of the extent to which the Internet is making the humdrum activities of daily life that much easier.

When it comes to browsing for information, travel remains the most popular category, with 52% of Internet users having browsed such sites. What is more, over one in five (22%) had visited a reunion website, a similar proportion (19%) had sent an e-card and one in ten (10%) adults had taken part in an on-line chat room.

Broadband edges ahead and dial-up posts expected fall

As expected, narrowband usage rates have slipped appreciably of late to around three in ten (31%) and broadband (26%) is now only 5 percentage points behind narrowband access. Indeed, broadband is now the primary form of Internet access for new users.

"For some time, the concern has been that the ongoing rise in broadband popularity will only serve to deepen the digital divide by facilitating the establishment of a three-tier digital divide; the 'have-nots', the 'Internet middle classes', who are using slow, narrowband access and the 'upper classes' with broadband access. To a large extent these fears have been eased by the high level of competition in the market, which has led to low installation costs and low monthly charges. As a result, broadband access now costs little more than dial-up access, yet provides a much superior service," comments Neil Mason.

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