

Online retail records its strongest Q1 since 2011, driven by more online shoppers and more spending per visit

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The latest figures from the IMRG Capgemini [IRDX VIMR] e-Retail Sales Index has revealed that the UK online retail sector has experienced its strongest Q1 growth in three years, representing an estimated £23.1 billion spent online – and online shoppers are spending more per shopping spree, rather than there just being more online shoppers.

During the first three months of 2014, the Index recorded a growth of 17% over the same period last year, which matches IMRG and Capgemini's growth forecast for the year. These results further support the ongoing stability of the e-commerce sector, which in March alone saw an annual growth of 18% and a 15% increase on February (excluding Travel sector). Britons spent approximately £7.8 billion online last month, up from £6.7 billion in March 2013.

In terms of sector performance, a number of key retail segments stood out during the first quarter of the year, each recording huge growth:

- Accessories (up 34%)
- Footwear (up 22%)
- Health and Beauty (up 23%) and
- Home and Garden (up 21%).

Over the three month period, garden products saw a surge of 40%, while items for the home have seen an equally respectable increase of 18%. The sale of items for the garden were particularly strong in March, during which the sector grew 109% on February 2014.

Clothing and alcohol sales also saw a strong month-on-month performance in March, recording a growth of 21% and 31% respectively.



Rather than the upswing in sales being credited to simply more people shopping online, it has been determined that internet shoppers are spending more per purchase. The average basket value (excluding travel) hit £86 in March, making it the highest rate recorded since September last year and compares with £77 in February 2014 and March 2013.

Sales via mobile devices continue to grow unabated, with m-commerce recording a year-on-year increase of 53% (65% excluding travel) in March. Conversion rates are also on the rise with the average rate recorded last month reaching a five year high of 4.2%.

Tina Spooner, Chief Information Officer at IMRG, comments: "This solid growth represents the strongest Q1 performance since 2011 with sales up 17% year-on-year. Following the exceptionally wet weather in February, it appears gardening enthusiasts were making the most of the March sunshine, with sales of garden products surging over 100% between February and March." She continues: "With online transaction values reaching the highest level recorded in six months, and the average conversion rate for March at pre-recession levels, these results not only demonstrate an overall increase in consumer confidence, but also that online shopping is becoming a larger part of our everyday lives."

Chris Webster, VP, Head of Retail Consulting and Technology at Capgemini, adds: "This month's Index is a good indicator of the current strength of the UK economy. It is interesting to see that spending over the last three months was not limited to just one sector or the result of one particular influence. Rather, Britons are in good spirits, have regained confidence in the economy and using online as a means to spend across the board. The sustained high conversion rate in March also demonstrates the huge strides retailers have made in their online platforms and are continuing to focus on improving the customer experience."

Link: <http://internetretailing.net/2014/04/online-retail-records-its-strongest-q1-since-2011-driven-by-more-online-shoppers-and-more-spending-per-visit/>