RetailEconomics

# UK Omnichannel Retail 2023

## Understanding consumer segmentation for in-store & online market trends

# Report overview



## Executive summary

The UK Omnichannel Retail report reveals a prevailing trend towards physical channels, with 61% of consumers favouring in-store shopping, while 39% shop mostly online. However, the report delves deeper into the complexities of channel behaviour and identifies key demographic factors that drive variations in consumer preference, including:

Age:

- Almost one in two (45%) Millennials shop mostly online – the highest of any age group. In contrast, 69% of Boomers shop primarily in-store.

Income:

- Nearly two thirds (63%) of low-income households shop mostly in-store, while higher-income households have a stronger inclination towards online.

Place of Work:

- Around half (48%) of work-from-home consumers shop primarily online, compared to 38% of commuters.

Retail Sector

- Electricals and Fashion are the only sectors where a majority of consumers shop online. Food & Grocery (77%) and DIY & Gardening (69%) have the highest proportion of in-store shoppers.

## About this report

Our UK Omnichannel Retail report provides a unique analysis of the social and demographic factors that influence channel preference, making it an invaluable resource for businesses looking to understand changes in consumer behaviour and the impact on online and in-store market trends.

This report helps businesses gain a deeper insight into which channels are most popular among different retail sectors and consumer segments, allowing them to tailor their strategy to reach their target customers more effectively.

**Note**: the report only provides a snapshot of the data and insights available. All Retail Economics members can access comprehensive datasets for this report, with channel behaviour trends split by:

- Age
- Gender
- UK region
- Household Income
- Employment Status
- Living arrangements
- Work environment
- Consumer sentiment
- Sustainability credentials

Contact us here to find out more!

## Methodology

The findings are based on a nationally representative consumer survey of 2,000 UK households conducted in January 2023 to assess the extent to which consumers engage in online and in-store shopping, and the factors that drive their channel choices.

Descriptive statistics were used to describe the overall distribution of channel priorities, while cross-tabulations were used to examine the relationship between channel behaviours and demographic variables.

How to read our Swingometer


The swingometer represents the net balance of consumers favouring shopping in-store over shopping online.

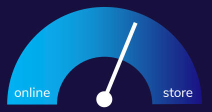
Net balance calculations are performed by subtracting the percentage of respondents who shop more in-store from the percentage of consumers who shop more online. For example, if 60% of consumers shop more in-store and 40% shop more online, the net balance would be 20% (60% - 40%) in favour of in-store.

# Online vs. In-Store

Consumer channel preferences

**Online-First**
39%
of shoppers

**Store-First**
61%
of shoppers




**Net store**
22%
of shoppers

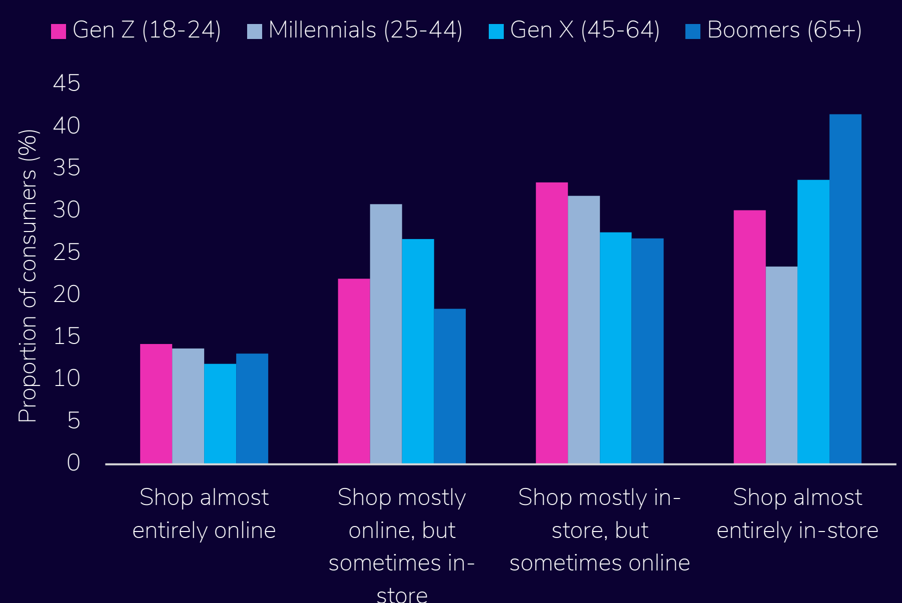
Overall, 61% of shoppers prefer shopping in-store, while 39% shop more online, resulting in a net balance towards in-store of +22%.


Source: Retail Economics. N=2000. Net in-store = % of consumers that shop more in-store minus % that shop more online

# Generational differences

| | Online-First | Store-First | Net in-store |
|---|---|---|---|
| Gen Z (18-24) | 36% | 63% | +27% |
| Millennials (25-44) | 45% | 55% | +10% |
| Gen X (45-64) | 39% | 62% | +23% |
| Boomers (65+) | 31% | 69% | +38% |

**Channel preference by age group:**




**Analysis:**

**Millennials (25-44) most likely to be 'Online-First' shoppers,**

**Gen Z (18-24) favour in-store over online.**

**Boomers (65+) show clear preference for in-store.**

Source: Retail Economics. N=2000. Net in-store = % of consumers that shop more in-store minus % that shop more online

# Income variations

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| | Online-First | Store-First | Net in-store |
|---|---|---|---|
| Least affluent | 37% | 63% | +XX% |
| Middle income | 39% | XX% | +23% |
| Most affluent | XX% | 55% | +10% |

## Channel preference by household income:


## Analysis:

The correlation between household income and channel preference is pronounced, with higher income households exhibiting a greater propensity for online shopping, while lower income households tend to prefer in-store shopping.

**Low-income households prefer physical channels**

**Most affluent show strongest inclination towards online**

Source: Retail Economics. N=2000. Net in-store = % of consumers that shop more in-store minus % that shop more online

| | Online-First | Store-First | Net in-store |
|---|---|---|---|
| Work from home | XX% | 52% | +4% |
| Commuters | 38% | XX% | +24% |

### Channel preference by place of work:


### Analysis:

Working from home can impact shopping behaviour, as evidenced by the higher propensity for online shopping among work-from-home consumers.

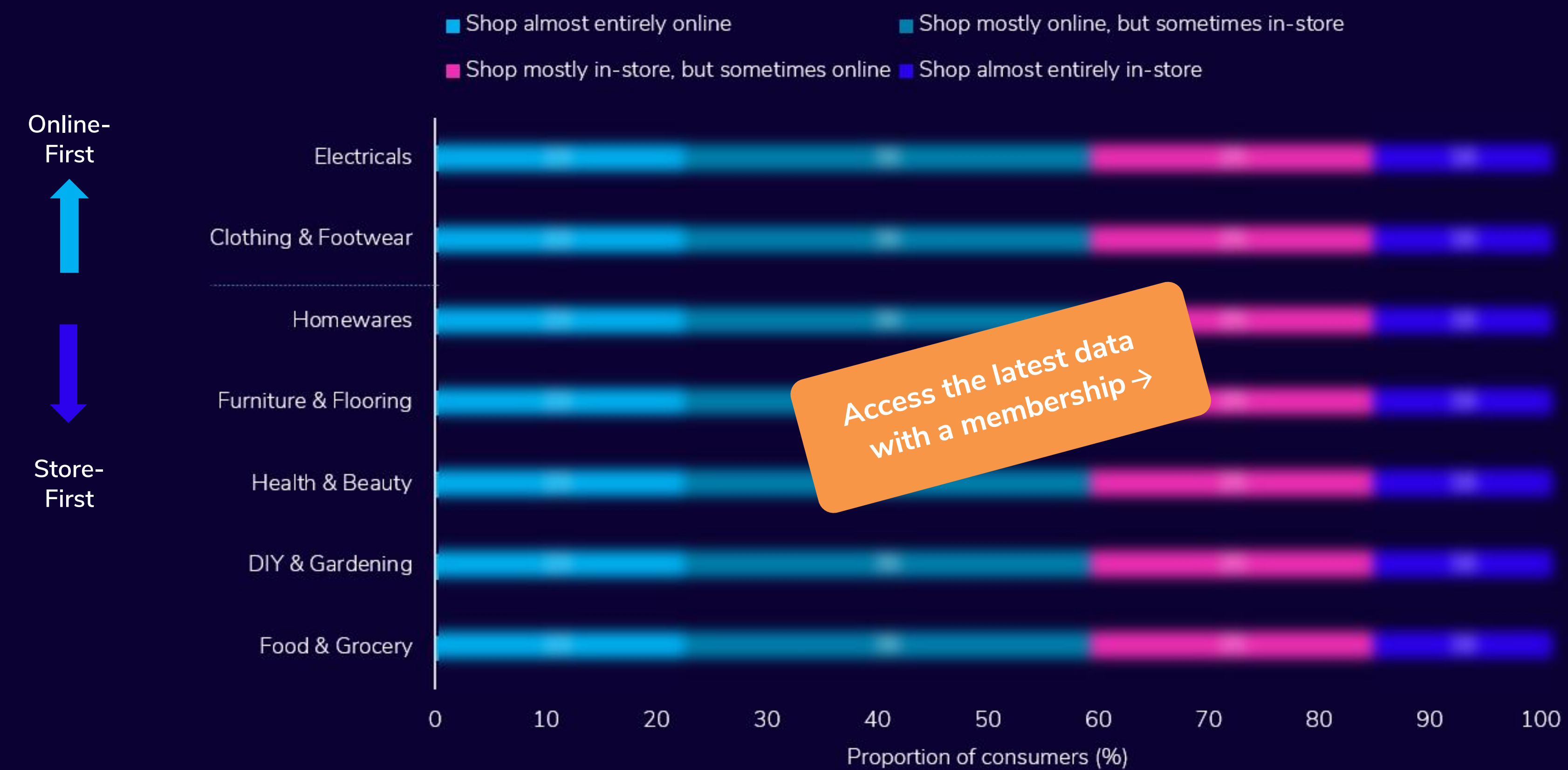
**XX% of Work-from-home consumers primarily shop online, compared to 38% of commuters.**

Conversely, **over a quarter (XX%) of commuters shop almost entirely in-store.** Those who commute to their place of work spend more time outside of their home and have greater exposure to physical storefronts, which can drive their preference for in-person shopping. The convenience of being able to pop into stores on their way home from work is also a factor in their choice.

Source: Retail Economics. N=2000. Net in-store = % of consumers that shop more in-store minus % that shop more online

# Sector comparison

## Channel preference by retail sector:




### Analysis:

**Electricals & Fashion are the only sectors that are 'Online-First'** - where consumers shop more online than in-store. 59% of Electricals shoppers and XX% of Clothing & Footwear shoppers opt for online over in-store.

**Food & Grocery is the sector with the highest proportion of physical shoppers**, with just over half (XX%) shopping almost exclusively in-store and 26% shopping occasionally online but mostly in-store.

Channel behaviour in different sectors reflects varying customer journeys, influenced by factors such as price point, frequency of purchase, ease of delivery, the significance of "try before buy", and more. Further sector-specific channel trends are explored on the next pages...

Source: Retail Economics. N=2000. Net in-store = % of consumers that shop more in-store minus % that shop more online

# Furniture & Flooring Channel preferences

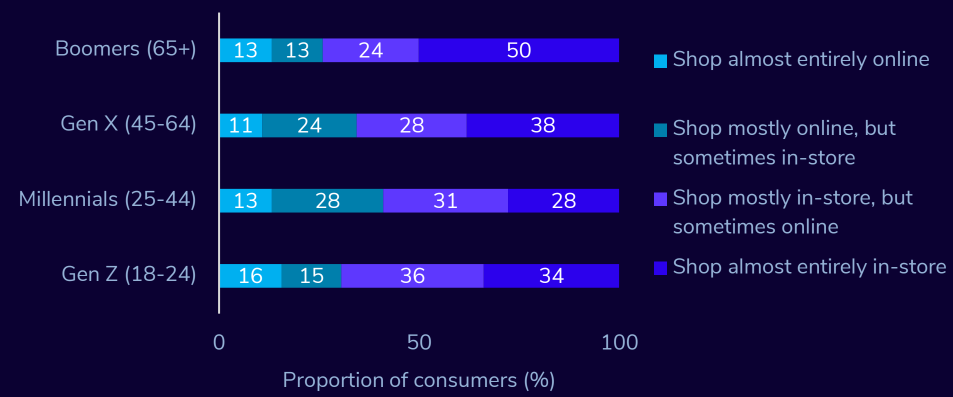
**Online-First**
34%
of shoppers

**Store-First**
66%
of shoppers

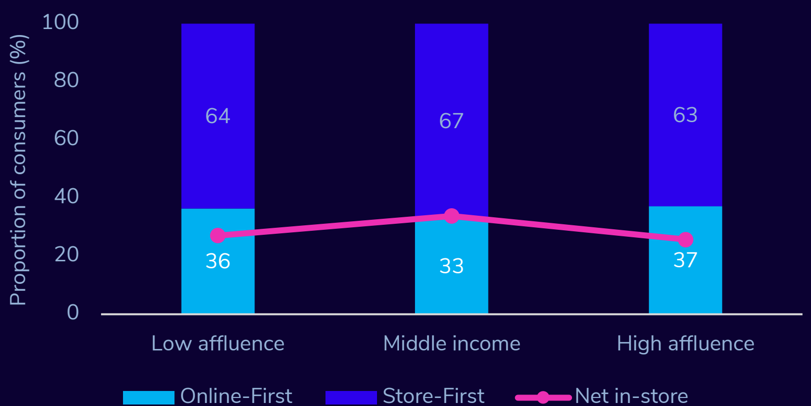

**Net store**
+32% of shoppers

Three quarters (74%) of Boomers prefer to shop in–store for Furniture & Flooring, compared to only 59% of Millennials.

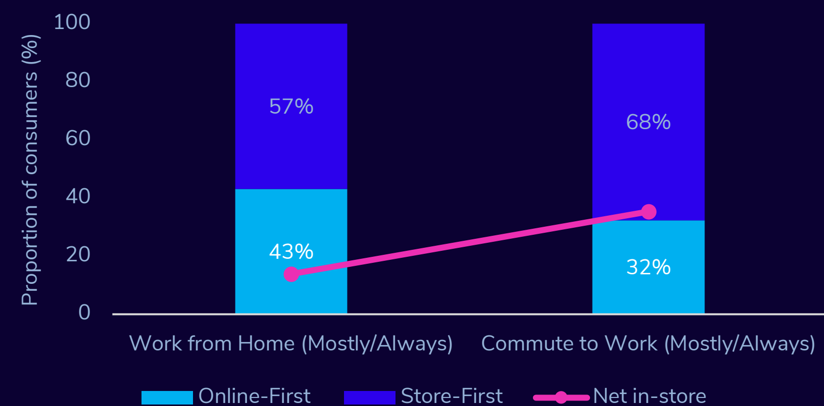

**Age**: Younger generations more open to shopping online for furniture




**Income:** Clear preference for physical furniture shopping across all incomes




**Work location:** Net 35% of commuters prefer in-store, more than double WFH consumers




Source: Retail Economics. N=2000. Net in-store = % of consumers that shop more in-store minus % that shop more online

# Food & Grocery

## Channel preferences

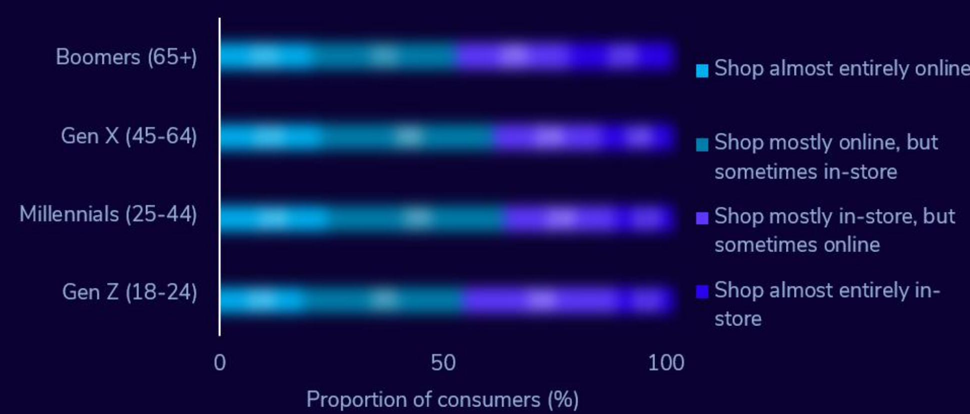
**Online-First**
XX%
of shoppers

**Store-First**
XX%
of shoppers

online store
**Net store**
XX% of shoppers

Over (XX%) of UK consumers shop almost entirely in-store for their groceries, with just X% shopping almost entirely online.


**Age**: Millennials & Gen Z are online-first, Gen X & Boomers are store-first




**Income:** Least affluent shop more in-store, Most affluent shop more online





Source: Retail Economics. N=2000. Net in-store = % of consumers that shop more in-store minus % that shop more online

# Clothing & Footwear Channel preferences

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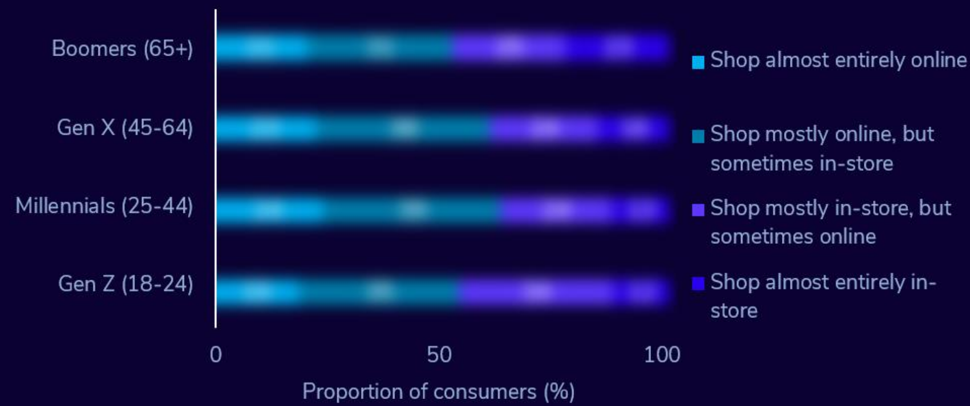
**Online-First**
XX%
of shoppers

**Store-First**
XX%
of shoppers

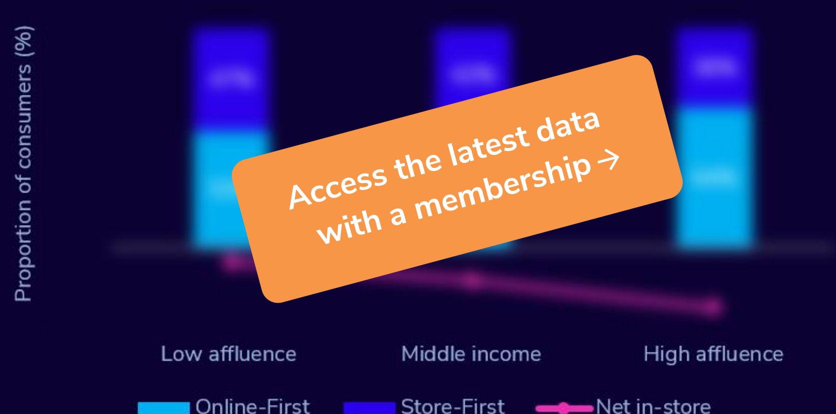

**Net store**
XX% of shoppers

Consumers (XX%) are Omnichannel shoppers when buying apparel, regularly switching between online and in-store.


**Age**: Millennials & Gen Z are online-first, Gen X & Boomers are store-first




**Income:** Least affluent shop more in-store, Most affluent shop more online




**Work location:** Even split between online and in-store for commuters




Source: Retail Economics. N=2000. Net in-store = % of consumers that shop more in-store minus % that shop more online

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# Become a member and get access to...

## 1 Shopping channel behavioural insights in all these categories:

- Food & Grocery
- Clothing & Footwear
- Homewares
- Furniture & Flooring
- DIY & Gardening
- Electricals
- Health & Beauty

## 2 Data splits for deeper insights into channel shopping behaviour by:

- Age
- Gender
- UK region
- Household Income
- Social Grade
- Employment Status
- Living arrangements
- Work environment
- Consumer sentiment
- Sustainability credentials

✓ Make better data-led decisions

✓ Better understand your customers' channel preferences

# UK Omnichannel Retail 2023

This report provides in-depth analysis of consumer channel behaviours and priorities to understand the fast-evolving Omnichannel retail landscape. Based on a survey of 2,000 households, our report sheds light on shifting channel behaviours by retail sector and the impact of demographic variables such as age, income, region, place of work and more. Make data-driven decisions with the UK Omnichannel Retail 2023 Report. Please contact us for information concerning the methodology.

Retail Economics is an independent economics research consultancy focused on the UK consumer and retail industry. It analyses the complex retail economic landscape and draws out actionable insight for its clients. Leveraging its own proprietary retail data and applying rigorous economic analysis, Retail Economics transforms information into points of action. Its membership service provides unbiased research and analysis on the key economic and social drivers behind the UK retail sector, helping to inform critical business decisions, giving you a competitive edge through deeper insights.

Membership trials can be accessed here providing you with an opportunity to experience our insight support.

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