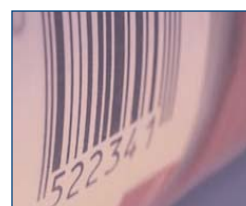
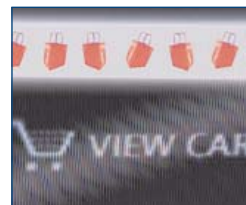
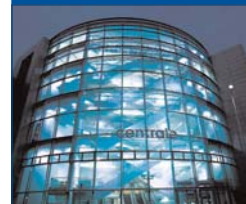


UK e-Retail 2007

Retailer investment and low cost broadband lift online growth to five year high

Location and Channel Report - Published May 2007



Initiatives to create a seamless multichannel operation



Source: UK e-Retail 2007

"When e-Retail was in its embryonic stages, many traditional retailers perceived the channel as more of a threat than an opportunity, but as the scale of the opportunities from developing an online operation became apparent, many have wholeheartedly embraced the Internet. Argos has arguably made the most significant strides of any retailer in the UK on this measure. It has successfully leveraged the benefits of both its channels to deliver a compelling multichannel proposition – evident from 16.4% of its sales ordered or reserved via the Internet and a further 8.1% via text and telephone. A number of other retailers are introducing initiatives to advance the integration of these two channels – including PC World, Currys and Jessops – which have all introduced order online and collect in-store services for customers..."

About Verdict Research...

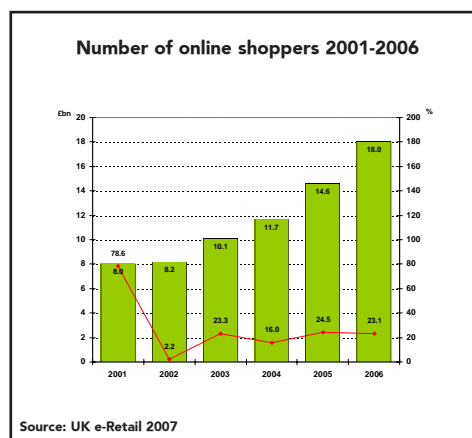
Verdict Research has been producing independent retail analysis and comment on the UK retail marketplace for well over 20 years and is regarded as a key source by BBC, ITV and the leading broadsheets including, the FT, Times, Independent and Daily Telegraph. Many leading trade publications also frequently refer to Verdict's opinion and research including Retail Week, DIY Week, Cabinet Maker and The Grocer.

Products and services include:

- **Consumer Research Reports**
 - How Britain Shops
 - Where Britain Shops
 - Consumer Satisfaction Index
 - Consumer Insights Profiles
- **Sector Reports**
 - Accessories
 - Childrenswear
 - DIY and Gardening
 - Department Stores
 - Electricals
 - Entertainment
 - Footwear
- **European Reports**
 - Furniture & Floorcoverings
 - Grocery
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 - Pharmacy
 - Value Clothing
 - Womenswear
- **European Reports**
 - European Clothing Retailing
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 - European Furniture Retailing
 - European DIY Retailing
- **Location and Channel Reports**
 - e-Retail
 - Mail Order Retailing
 - Neighbourhood Retailing
 - Out of Town Retailing
 - Town Centre Retailing
- **Retail Futures**
 - Quarterly Forecasts to 2009
 - Annual Forecasts to 2011
- **Retail News and Comment**

Some key findings from this report...

- **The UK e-Retail market grew at its fastest pace for three years in 2006.** Despite years of quick growth, there is no sign that the online boom is set to end. In 2006, online retail spending grew by 33.4% – almost 13 times faster than the retail sector overall – to a record £10.9bn. This pushed the sector's share of total retail spending to 4.0%, a 0.9 percentage point jump on 2005.
- **Average annual spend per shopper which reached £606 in 2006, an 8.2% year-on-year advance.** As shoppers have become more confident with using the Internet and retailers' reputations for reliable deliveries have improved so too has the number. However rather than being driven by customers spending more each time they shop, spend has grown because consumers are shopping more often.
- **Electricals is both the largest online subsector and has achieved the fastest growth rate in 2006.** Online sales of electricals grew by an impressive 41.4% to £2.8bn over the year to account for 11.6% of all spending on electricals.



"There are a number of reasons behind this impressive increase ranging from lower prices and more widespread popularity of faster broadband connections to a considerable increase in media coverage of the channel. These factors are in addition to the more common themes associated with online retail including: the convenience of shopping for goods and having them delivered to one's home; and greater exposure to a wide range of retailers and lower prices..."



UK e-Retail 2007

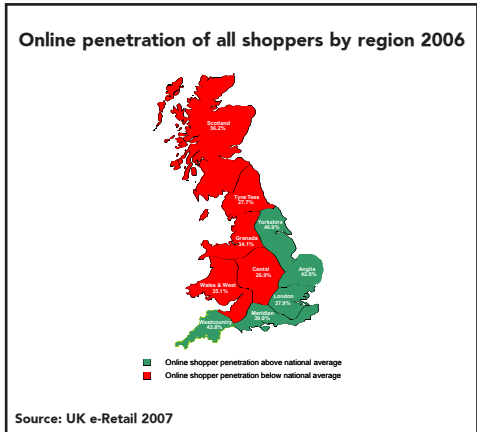
Since its inception the online sector has been the fastest growing sector of UK retail attracting a host of pure play retailers and creating new opportunities for established retailers to sell direct to customers and expand their product offer. Once a shopping method whose appeal was limited to the young and the affluent, online shopping now has universal appeal and no retailer can afford to ignore it.

UK e-Retail 2007 is a new report published by Verdict that examines the factors determining market development and the strategies of online retailers to provide an insightful analysis of the current state of e-retail in the UK and charts its expected development over the next five years. This report profiles internet use and buying behaviour and identifies the strategies that retailers need to adopt to widen their appeal beyond their traditional customer base.

Benchmark the performance of the UK e-Retail market and its key players and understand the key issues and drivers of the market and the strategies needed to succeed with this new report.

This new report will enable you to...

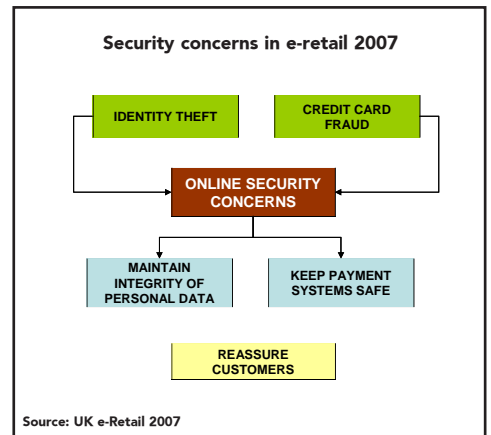
- **Assess the online retail competitive landscape** with this report's analysis of the leading players in the key online retail sectors including books, DIY, electricals, grocery, furniture and floorcoverings, health and beauty, homewares, music and video outlining their online developments and strategies for the future.
- **Tailor your online offering to meet the changing demands of online shoppers** based on this report's profiles of Internet shopper behaviour. This report details the key factors affecting shopper's online retailer preference and their characteristics in terms of age, gender and socio-economic group.
- **Improve your online segmentation and targeting** with the profiles contained in this report detailing online retail demographic groups, spend per head and shopper behaviour derived from our proprietary consumer interviews across the UK.
- **Identify and anticipate future UK online retail trends** using this report's market value and online spending data and forecasts to 2011 for each of the key online retail sectors.





Key issues examined in this report...

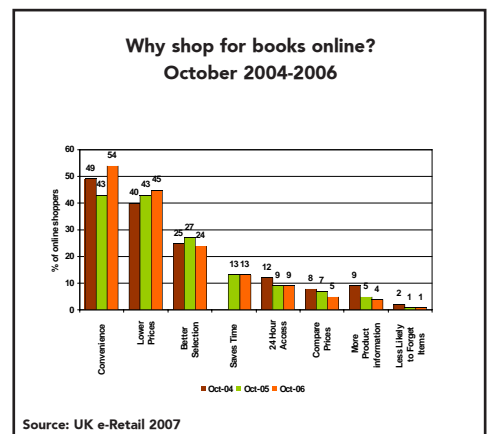
- Online security.** The soaring popularity of e-Retail in recent years has created a wealth of opportunities to exploit the combination of lax security measures put in place across some sections of the online arena and the naivety of consumers.
- Effective marketing of online operations.** The proliferation of retailers developing their online operations in recent years means the impetus for effective marketing has never been more important. Though a wide range of options are available for retailers, many retailers are still not promoting their online operations effectively.
- Developing a seamlessly integrated multichannel operation.** Many retailers have yet to achieve the optimum balance between driving sales through stores and online. Channels need to complement each other and the key to success lies in developing a seamless fusion between both physical and online channels.



"The soaring popularity of e-retail in recent years has created a wealth of opportunities to exploit the combination of lax security measures put in place across some sections of the online arena and the naivety of consumers. The vast amount of sensitive information being passed between consumers and retailers has led to a significant increase in identity theft in recent years..."

Your questions answered...

- What are the key drivers of growth in the UK e-Retail market?
- Who are the main UK retailers in each of the key online sectors?
- What is the average spend per online shopper among various age and income groups?
- How does online shopper penetration vary throughout the UK e-Retail market?
- What developments will encourage more UK consumers to shop online?
- Why will the UK food and grocery market be the fastest growing online sector over the next five years?



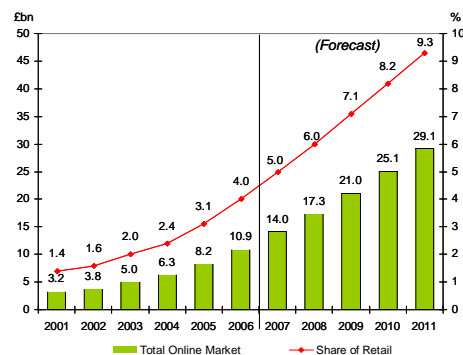
"For the third year running convenience and price, respectively, are the two most important determinants for book shoppers to purchase online. Being able to purchase books from the comfort of one's home is reflective of broader online shopping..."



Sample information from 'UK e-Retail 2007'

Chapter 4: Forecast and Outlook

Figure 8: Value of online retail spending 2001-2011



Source: UK e-Retail 2007

- In 2006 online spending grew by 33.4% to £10.9bn, its fastest growth rate since the 2001 dotcom boom as online shopping surged in response to greater broadband access and the falling cost of broadband packages. Looking ahead the market will continue to post steady growth.
- Over the next five years we expect the market almost to triple. Growth of 167.0% will take its value from £10.9bn to £29.1bn as a result of a growing online shopper population and because online shopping will become much more integral to consumers' lifestyles. In the process online's share of total retail expenditure will increase from 4.0% to 9.3%.
- The fastest growing online market over the forecast period will be food and grocery. Despite being the second largest sector it still has the most potential for growth due to the vast nature of the food and grocery market. Its growth will narrowly beat DIY and gardening and clothing and footwear which will also more than triple in value over the forecast period. By contrast online spending will not even double in books and furniture and floorcoverings.

Order this report today to find out more...



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