

THINK RETAIL THINK VERDICT



UK Remote Shopping 2009

Online leads the way in multi-channel revolution

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Verdict's analysts and consultants work closely with retailers, suppliers, consultancies, investment banks and property companies to identify the key issues, sector and company data and strategies driving the changing retail market.

Our research identifies how retailers can enhance product, store and brand performance as well as the factors that determine future retail success. Our specialist in-store auditing team continuously collects price and product data across locations, brands, fascias, ranges and retail sectors.

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In addition Verdict regularly appears in the international media. News sources quoting Verdict analysts and data include CNN, the International Herald Tribune, The Australian, Los Angeles Times, and New York Times.



"Verdict are the company of choice for any research analysis and insight into retailing"

Sir Stuart Rose
Executive Chairman
Marks & Spencer

UK Remote Shopping 2009

Online leads the way in multi-channel revolution...

Remote shopping has grown nearly three fold in a decade - from £9.7bn to £26.2bn. The UK remote shopping market comprises three main channels, online, mail order and TV shopping, but the influence of the Internet has driven particularly strong growth in the latter part of the decade, Verdict forecasts growth of 18.6% in 2009, the second year of double digit growth.

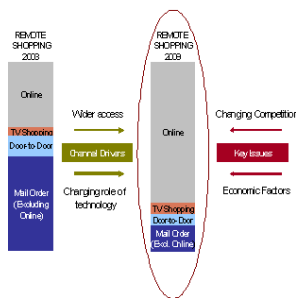
UK Remote Shopping 2009 examines the full range of remote retail channels and retailer types, including direct and agency catalogue retailers, network marketing companies, Internet pureplays, TV shopping channels and store-based retailers that have remote shopping operations. The report includes key data and analysis for individual retailers as well as each market channel to help retailers see emerging trends. It is a vital tool for anyone looking to maximise opportunities in this fast growing market.

14 Key Retailers Profiled

Amazon UK	Ocado
Argos	Otto UK
Avon	QVC
eBay UK	Redcats UK
Findel	Shop Direct Group
N Brown	Sit-up
Next Directory	Tesco.com/Direct

Identify trends and opportunities in the market using market data, channel analysis and market shares with this new report...

Changing face of remote shopping 2009 vs 2003



Source: UK Remote Shopping 2009

"The remote shopping market has changed dramatically over the last five years. The proportion of remote shopping sales via traditional channels has fallen as ordering through mail order players has moved online. This has been coupled with dramatic growth from pureplay online retailers and store-based retailers' own e-commerce operations..."

- **Benchmark your competitive strategies against those of the leading UK remote retailers** using the company profiles contained in this report for Amazon, Argos, Avon, eBay, Findel, N Brown, Next Directory, Ocado, Otto UK, QVC, Redcats UK, Shop Direct Group, Sit-up and Tesco.com/Direct.
- **Quantify key retail trends and future opportunities** using 10 years of market data covering all UK remote shopping channels and analysis of what will happen next.
- **Develop more effective strategic responses** using this report's actionable recommendations for how retailers can cope with the changing UK remote retail market.
- **Understand the key issues affecting leading players** in the UK remote retail market by identifying the winners and losers in the fight for remote retail market share and discover how retailers are adapting their propositions in response to external challenges and changing demand.

UK Remote Shopping 2009

This report answers key questions including...

- How can UK remote shopping retailers defend themselves in tough market conditions?
- What have been the key factors determining UK remote retailer performance over 2008?
- Which UK remote channels are growing and which are declining?
- How are UK remote retailers responding to changes in the market?
- What is the value of each UK remote retail channel?

Key Market Data

Market value of remote retail sales.

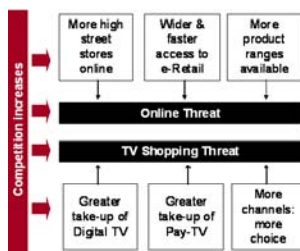
Consumer spending trends.

Value & growth rates by channel:
online, direct mail order, agency,
door-to-door and TV shopping.

Market share data for leading retailers
in each channel

Key issues examined in this report...

Intensifying competition for remote shopping spend 2009



Source: UK Remote Shopping 2009

"Mail order specialists' share of remote shopping has fallen from 95.5% to 36.7% since 1998, despite shifting their business models to harness online growth. Mail order

retailers have traditionally been competing most directly with each other and high street alternatives, to which they offered a clear competitive difference through location convenience. They are now competing more directly with a broad spectrum of at-home shopping alternatives as an increasing proportion of their customers has access to the growing array of Internet retailers and home shopping channels..."

- **Physical retailers are emerging as the powerhouse of remote shopping through their new dominance of online retail.** Their multi-channel offers provide flexibility for consumers while high brand awareness encourages visits and promotes trust. Furthermore, the size of some of these players means a significant cost advantage over most pureplays.
- **Economic conditions favour remote shopping.** Remote shopping retailers can benefit from appealing to consumers' current desire for value and convenience. Internet retail in particular is traditionally associated with opportunities to buy goods at low prices, partly due to retailer cost savings from not needing a store network, but also due to easy price comparisons and the high availability of secondhand goods. This taps into current trends and is likely to benefit retailers with a strong price message.
- **Mail order specialists have also fuelled e-Commerce growth with their own online sales increasing nearly tenfold since 2000.** This is being driven partly by consumers' increasing inclination to shop online, but also by mail order retailers' efforts to engage with new and existing shoppers via better resourced websites and online initiatives.

UK Remote Shopping 2009

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Figures 47

Tables 86

Chapter 4: Outlook - Economic Downturn

Growth Inhibitors

- Consumer spending has been hit by a combination of high inflation, falling house prices, limited credit availability, job uncertainty, rising unemployment, limited bonus expectations and weak consumer confidence. These factors are impacting both ability and willingness to spend, particularly on discretionary and big ticket items. While all retailers are feeling the effects of this attitudinal change to some extent, it varies greatly by retailer.
- The performance of remote shopping retailers over the next 12 months will be highly affected by their product mixes and how well they can adapt their offers to reflect current market conditions. Over 2008, the performance of several key retail categories has slowed dramatically on recent years, and 2009 looks set to be even worse.
- The worst performing categories are home-related impacted by the deteriorating housing market, low number of house moves, and consumers' growing tendency to defer purchases of big ticket items. Furniture & floorcoverings has been the worst affected, followed by DIY & gardening and then homewares. This will impact on sales by retailers such as Next Directory, Argos and Findel's The Cotswold Company.
- Many of the retailers covered in this report have a high percentage of sales accounted for by clothing & footwear, such as Shop Direct Group, N Brown, Next Directory and Otto. Sales growth in this category has also slowed as consumers cut back on non-essential spending, albeit not to the same extent as home-related categories. We forecast that clothing & footwear sales will grow by 2.5% for 2008 and 2.1% for 2009, down from 3.7% in 2007 which will result in intensified competition for the remaining spend and a greater challenge to increase average spend per customer.
- The two sectors that should be least affected are the more essential categories of food & grocery and health & beauty, though this does not mean that conditions will be easy in either of these sectors. The emphasis now is on value for money and ensuring that customers feel they are getting a good deal. This will result in continued price cutting and promotional activity keeping margins tight for many market participants.
- The outlook for remote shopping channels and retailers also reflects the composition of their customer bases. The customer bases of catalogue and TV retailers are typically older than Internet shoppers and more likely to be impacted by higher mortgage costs and the lack of house price growth, and have greater family-related financial commitments. Towards the upper end of the age spectrum, though mortgages will generally have been paid off and there will be fewer dependents, inflation and higher energy prices will be eating into limited incomes, restraining non-essential retail spending.

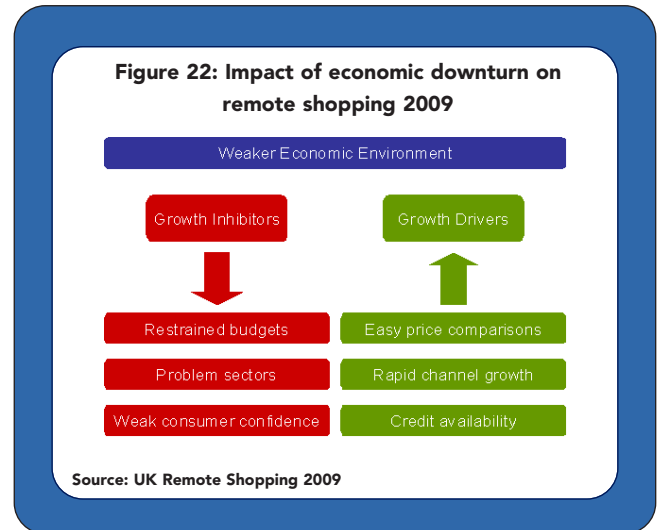


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