

Ecommerce forecast to grow 14% in 2017

Online retail is forecast to grow at 14% in 2017 following a year in which sales rose by 16%, according to the IMRG Capgemini eRetail Sales Index. The growth rates follow a Christmas which again showed strong growth for online ordering and click and collect. *Emma Herrod reports.*

A MASSIVE £133BN was spent online with UK retailers in 2016, according to the latest figures from the IMRG Capgemini eRetail Sales Index. This was £18bn more than the amount spent online in 2015 and meant that the Index registered growth of 16% in 2016. The results demonstrate an exceptional performance for online retail, exceeding IMRG and Capgemini's forecast of 11% growth for the year and reversing a trend of declining growth rates over the past few years.

Across sectors, looking at 2016 as a whole, accessories and lingerie witnessed the biggest increase in online sales, up 38% and 33% respectively. This was followed by gifts, up 26%, and footwear, up 21%, all of which exceeded the Index's average growth rate. However, the health and beauty sector had a year to forget, with online sales in the category tumbling 3%.

The year ended with a strong Christmas period for many online and multichannel retailers and the now expected Black Friday promotions which in 2016 stretch to a week or longer to alleviate pressure on operations.

IMRG & Capgemini report that £25bn was spent online over the Christmas period, which it counts as the six weeks running from 13 November through to 24 December. This represents an impressive 16% rise on the amount spent in 2015 as consumers continue to shop for presents online.

Multichannel retailers are still seeing an increase in the number of online orders collected in store with Q3 seeing a rise of 23% and Q4 expected to be as

much as 33%. As some retailers have already reported, click and collect accounted for up to two thirds of online orders in the run up to Christmas.

In December, footwear retailer Schuh saw the use of click and collect by customers picking up their order in store within an hour increase by 600% over the previous year's figure. These orders are picked from store stock, explains Sean McKee, Director of Ecommerce and Customer Experience, Schuh. Usually the retailer sees 40% of orders fulfilled from store and 60% from its Distribution Centre.

At John Lewis, online sales were up 11.8% over the six weeks to 31 December as online took 40% of total sales. "Our multichannel capability has again proved its worth," said Sir Charlie Mayfield, Chairman of the John Lewis Partnership reporting that click and collect sales were up 14.5% and accounted for 52% of online orders. "Operationally, our supply chain performed particularly well; on the Saturday after Black Friday our Magna Park distribution centre processed 33% more units than the equivalent in 2015," he said. Across the weekend, an average of 12,000 units per hour were picked across its network.

House of Fraser reported a strong Christmas too with Black Friday coming in as its biggest ever day for online as ecommerce sales increased by 40% on the previous year. CEO Nigel Oddy commented: "Over the period, we have seen a record performance from our market leading Buy & Collect service, increasing by 22% on last year, highlighting the strength of our award winning multichannel business."

Amongst the pureplays, Shop Direct, which operates digital department stores Very.co.uk, Littlewoods.com and VeryExclusive.co.uk, delivered its fifth consecutive record-breaking Christmas. During the 7 weeks to 23 December, it delivered 6.9m parcels via Yodel, Arrow XL and Royal Mail. Over a quarter (1.8m) of the total parcels delivered were picked up from CollectPlus locations – a 20% year-on-year increase in click and collect

Monday 19 December saw a big peak in sales since it was the last day on which many retailers offered guaranteed delivery for Christmas. Pureplays saw a slightly higher peak than multichannel retailers which saw a further peak on 23 December when shoppers chose to collect their orders in store.

However, the increase in online sales and click and collect did not come without operational issues. Around a third of shoppers said that they had experienced issues with an online purchase, according to the JDA/Centiro Christmas Customer Pulse Report. Some 31% of those shoppers experienced late deliveries, 23% didn't receive the ordered items and 22% received damaged goods.

There were issues with click and collect too, but less than had been reported in 2015. Nearly a third of Christmas click and collect shoppers encountered issues with their order (down from 36% the previous year). Amongst the issues listed, long waiting times due to a lack of in-store staff (32%), and staff being unable to locate or taking a long time to locate items in-store (30%), were cited as the primary reasons that had a negative impact on the Christmas click and collect shopping experience.

"While it is encouraging to see a slight reduction in Christmas online delivery and click and collect issues, retailers shouldn't be cracking open the champagne just yet. These findings must be tempered by the fact that Christmas online sales volumes continue to grow," says Jason Shorrock, Vice President of Retail Strategy EMEA, JDA.

