

Brexit Hits the High Street, but Ecommerce Proves Resilient

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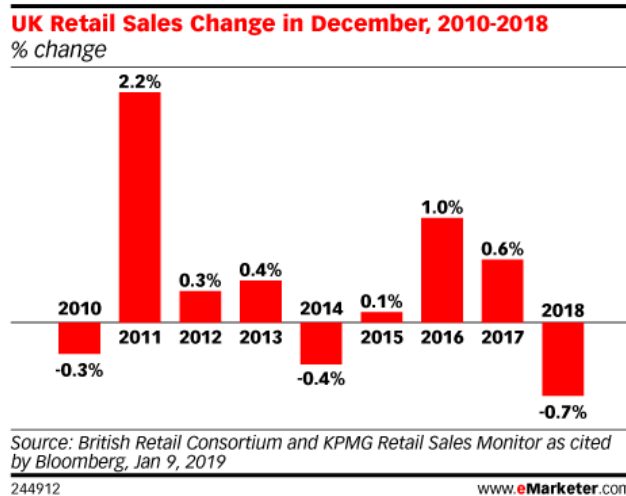
eMarketer Editors

Brexit and its aftermath are very much top of mind for UK companies this year. Retail is feeling the uncertainty as consumers remain circumspect about their discretionary spending and retailers face increasingly tighter margins.

"The British high street has come under threat in recent years from digital competition," said Bill Fisher, senior analyst at eMarketer and author of our recent report: "[UK Ecommerce 2019: Click and Bricks Are Important for Retailers Grappling with Brexit Effects](#)." "Allied with an often unhelpful real estate landscape and governmental hurdles yielding high rentals and business rates, the position for many physical retailers is proving untenable."

In an April 2019 press release, research from PwC and the Local Data Company indicated that 16 stores closed per day in the UK in 2018, as increasing cost of occupancy, shift to online and subdued consumer spending took their toll. The research went on to say that the gap between openings and closures had reached its highest level since the beginning of the decade. A record net 2,481 stores disappeared from the UK's top 500 high streets in 2018.

Dampened consumer spending, largely a result of the uncertainty around Brexit, is having an impact. December 2018 had the largest ever like-for-like monthly drop in retail sales since 2010—a contraction of 0.7%, according to data from trade association British Retail Consortium and KPMG Retail Sales Monitor.

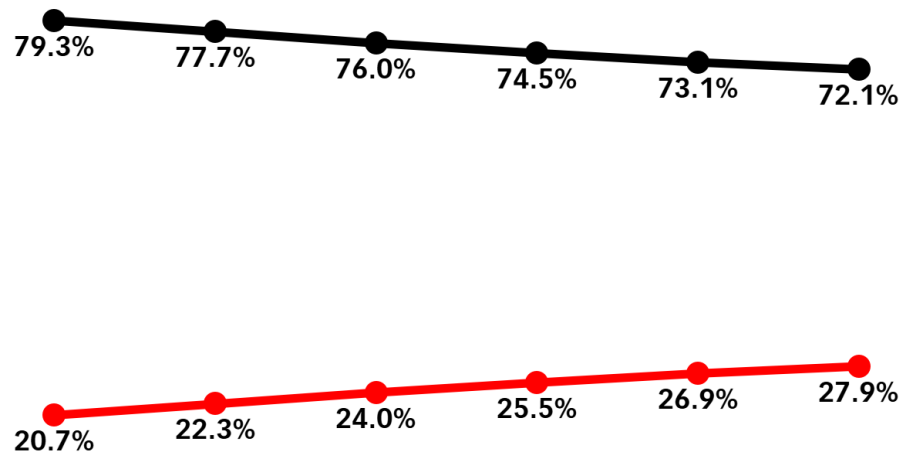


Our own forecast—heavily influenced by Brexit—indicates a rise of just 2.6% this year, with growth then dropping to a little more than 1% through 2022. And we, too, recognize the pressures faced by physical retail. From 2020 onward, nonecommerce retail sales will fall year over year.

This all points toward an ever-increasing digital retail reality for the UK market. Physical retail will still make up the lion’s share of the total, at 77.7% in 2019, with digital making up 22.3%. However, by 2021, we predict retail ecommerce will pass one-quarter of the total for the first time, and by 2023 will account for 27.9%.

Retail Ecommerce vs. Noncommerce Sales Share in the UK, 2018-2023

% of total retail sales



2018 2019 2020 2021 2022 2023

■ Noncommerce retail sales

■ Retail ecommerce sales

Note: excludes travel and event tickets, payments such as bill pay, taxes or money transfers, food services and drinking place sales, gambling and other vice good sales

Source: eMarketer, May 2019

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China and South Korea aside, these are the largest digital proportions among all countries we track. "The UK has always anticipated and created trends in the EU," said Michele Marzan, chief strategy officer at ad-tech company MainAd. "From fashion, to music, to ecommerce, younger generations are more open to new ideas. It starts with the younger audience, then [moves out to] the majority of the population."

"The UK consumer is well-informed and tech-savvy," said Andrew Banis, senior director, operations and finance, commerce at ad-tech firm Sovrn. Such a well-informed and demanding consumer leads to demands for a better digital retail experience. "Competition within UK retailers is driving innovation. They must look to ways of staying competitive and standing out in a crowded and highly competitive marketplace."

For detailed breakdowns of the ecommerce market in the UK, eMarketer PRO subscribers can access our new report:

Report by Bill Fisher Jun 27, 2019

UK Ecommerce 2019



For a more global perspective of the ecommerce market, eMarketer PRO subscribers can access our full "Global Ecommerce 2019" report collection:

Report by Andrew Lipsman Jun 27, 2019

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