

STATE OF RETAIL: IN-STORE SHOPPING – UK – 2024

After a long period of greater investment in the online channel, multi-channel retailers need to recognise the importance of stores and ensure ongoing investment to meet modern shopper needs.



Nick Carroll, Director of Retail Insight



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This report looks at the following areas:

- The size and five-year forecast for in-store retail sales, the impact of online growth on in-store trading, and how multi-channel retailers are utilising the respective channels.
- Shopping location visitation, including frequency and purpose, with a focus on what draws shoppers to their preferred shopping location.
- The perceived strengths of shopping in-store versus online, and key areas which shoppers want to see improvement in when shopping in-store, and innovations seen within the in-store shopping experience.
- The features most noticed when shopping in-store, such as cleanliness and availability, and how these impact store choice and willingness to come into store.
- Attitudes towards barriers to shopping in-store, technological integration, service and social shopping.



After a long period of greater investment in the online channel, multi-channel retailers need to recognise the importance of stores and ensure ongoing investment to meet modern shopper needs.

Overview

Despite the rapid growth of online shopping, in-store remains the dominant channel in UK retail, accounting for 71.8% of all retail sales in 2023. In-store sales have suffered from the accelerated maturity caused by the pandemic, with share down from 78.2% in 2019, however, these numbers highlight the enduring importance of physical retail spaces.

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A key challenge facing physical trading is the perception of the convenience of shopping in-store, with online seen by many as the easiest way to shop. An element of this perception is based on accessibility issues, and with 71% of in-store shoppers indicating that free parking would entice more frequent visits, making it easier and more convenient to visit shopping sites is key.

With shopping locations still viewed by the majority of consumers as critical features of their community and important socialising destinations, retail has to first look inward for answers. Poor availability, lacking store-standards and sub-par service has also contributed to the view that online shopping is more convenient. The positive is that with online sales growth slowing, the time is now for retailers to reassert and reinvest in the physical format, creating experiences that are fit for the modern age and highlight to a new generation that retail can be once again the cornerstone of the high street.

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Report Content

EXECUTIVE SUMMARY

Opportunities for in-store retailing

- Embrace the social shopping experience
- The best case for retail needs to be made within the sector
- Create stores that modern shoppers want to spend time in...
- ...and get serious about service standards

Market dynamics and outlook

- Market size & forecast
- In-store sales outpace the market in 2023
 - Graph 1: all estimated in-store retail sales (excluding fuel, including VAT), market size and growth in value terms, 2019-24
- In-store sales forecast to be worth £366.9bn by 2029
- ...by the end of the decade over two-thirds of sales in the retail sector will still come in-store
 - Graph 2: estimated and forecast share of all retail sales, by major channel, 2019-2029
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Market forecast

- Steady but unspectacular growth estimated for UK retail
- All retail sales in the UK to reach half a trillion by 2027
- Non-store to remain the growth area of UK retail
- In-store sales forecast to hit £366.9bn by 2029
- In-store sales worth an estimated £334 bn in 2024
- While share is moving away it is critical to remember....
- ...by the end of the decade over two-thirds of sales in the retail sector will still come in-store
 - Graph 36: estimated and forecast share of all retail sales, by major channel, 2019-29

WHAT CONSUMERS WANT AND WHY

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- ...with younger consumers most appreciative of good service
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- Over a quarter have not come into store due to a lack of live-stock
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- ...but so is a basic of store standards
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- Physical can cut through the noise of digital browsing
- Retail media: who is it serving?

RETAILER ACTIVITY

- The foundations of a successful physical format

In-store services

- In-store services can be a key purchasing driver
- Retailers spotlight sustainability services in stores
- Boots rolls out NHS Pharmacy First service to stores
- Tesco opens salad bar inspired by TikTok
- Personalisation services a stand-out feature for new store openings in 2024
- Selfridges launches dedicated salon for textured hair
- Holland & Barrett trials new barista-made 'H&Bean' drinks in central London store

In-store service

- Leverage expert staff to build trust and loyalty
- Expert-led customer service is a key driver for shopping in store
- Liverpool One launches AI assistant Liv
- Currys becomes first Microsoft retail repair partner in the UK
- Superdrug helps vision impaired customers to read product information
- AI lends a helping hand to grocers

Multi-channel integration

- Mirror online shopping habits in-store for a seamless shopping experience
- Click-and-collect eases stock availability concerns
- Leverage loyalty schemes in store to blend the digital with the physical
- Retailers launch interactive in-store promotions with brands
- Unilever launches #CleanTok in Asda
- QR codes in aisles can inspire and educate shoppers
- Currys expands accessibility trial to London stores

Range

- Spotlight products exclusively available in store
- Retailers spotlight inclusive product ranges in store
- Retailers promote independent brands and local community
- Waitrose launches GAIL's takeaway bakery in store
- Buy Women Built and Whole Foods Market champion female founders in exclusive collaboration
- Retailers expand third-party offering

Store design

- Store layout matters

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- Retailers make shopping in store a sensory experience
- Theft mitigation from grocers
- Asda trials digital touchscreens for its spirits
- Retailers trial digital screens in store
- Retailers design stores with atmosphere at front of mind
- Grocers help make store environments peaceful and safe

Experience

- Create an immersive in-store shopping experience
- Stores become spaces for entertaining
- Retailers roll out beauty experiences
- Innovative and interactive product displays encourage discovery
- Selfridges launches experience-led pop-ups for its Summer of Sport campaign
- EE reveals new Bristol experience store

Shopping location innovations

- Give shoppers more reasons to visit physical shopping locations
- Direct-to-consumer brands open physical stores
- Battersea Power Station opens Botanical Atelier embroidery pop-up
- John Lewis opens 1864 Rooftop Bar & Kitchen at Oxford Street store
- Mango rolls out its teen concept to the UK
- Physical shopping destinations increase access to independent businesses

APPENDIX

Supplementary data

- Consumer spending categorisation
- COICOP classifications

Market forecast data and methodology

- All retail sales: market size and forecast
- All retail sales: market forecast and prediction intervals
- All in-store retail sales: market size and forecast
- All in-store retail sales: market forecast and prediction intervals
- All non-store retail sales: market size and forecast
- All non-store retail sales: market forecast and prediction intervals
- Forecast methodology

Report scope and definitions

- Market definition [example]

- Abbreviations and terms

Methodology

- Consumer research methodology
- Snoop SpendMapper methodology

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