

Overview for 2017

With continuing high street blues and reports that shoppers went online at Christmas this year from the payment processors, the year on year shift in shopping visits through search suggests a much more nuanced picture than 'clicks good, bricks bad'. Overall the index suggests that visits to online stores were just over 2% higher than in December 2016 and only about 0.5% higher than November.

That doesn't quite suggest the online bonanza proclaimed by the likes of Barclaycard, however a closer look suggests that there have been winners, or at least there is one very big winner and this may explain why the increase in transaction values looks significantly ahead of shopper visits.¹

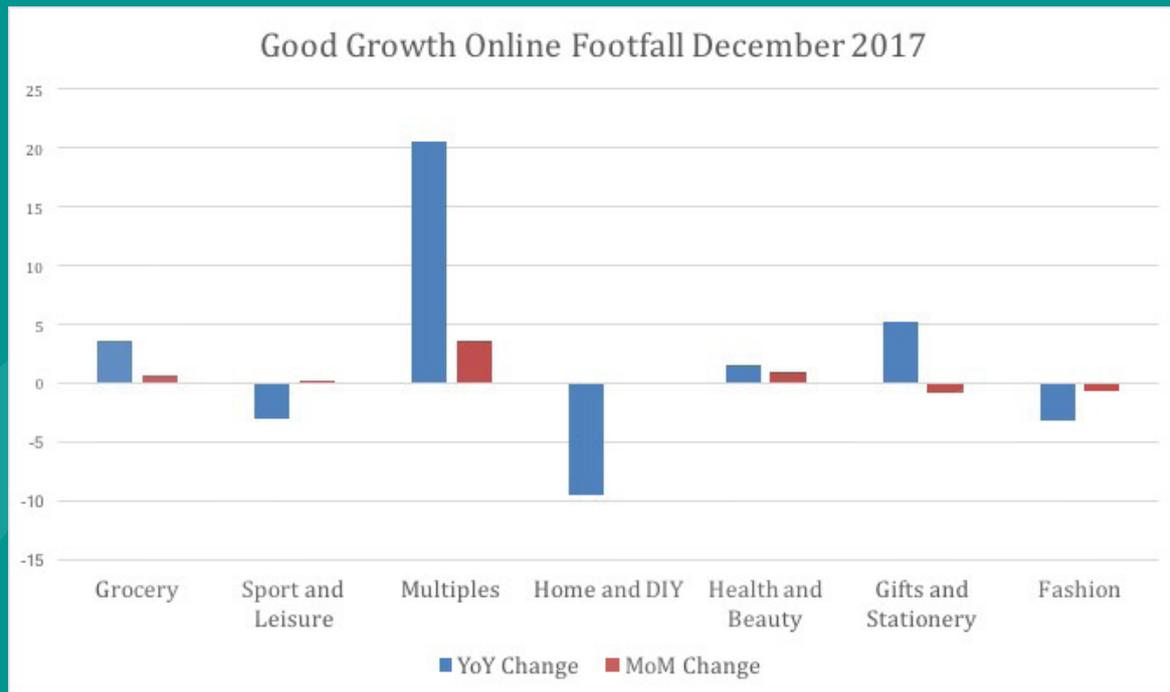


Figure 1: Online Footfall comparison Year on Year and Month on Month

A caveat as always before we start – as with any externally available data, this data is indicative not definitive but tracking it against definitive data available to us, the direction of travel has to date been reliably consistent with actuals.

The data for December 2017 shows some growth in grocery – a sector that has continued to grow month and month and has been tracking nearly 30% ahead of June 2016; the seasonal uplift in gifts being slightly higher than last year and an explosive increase in the multiples sector (omni-channel and online-only department stores such as Marks & Spencer, John Lewis, Debenhams, Amazon and eBay).

Post November with its Black Friday bump, shopping visits through search to most sectors in December, with the exception of multiples, have hardly changed.

A look at the multiple sector trends over the last 12 months shows that since September shopping visits through search have begun to accelerate significantly where traffic to most other sectors has moved between +5% and -10% since last December:

¹ <https://www.home.barclaycard/media-centre/press-releases/Consumer-spending-grows-4-per-cent-in-December-as-Brits-embrace-the-Christmas-spirit.html>

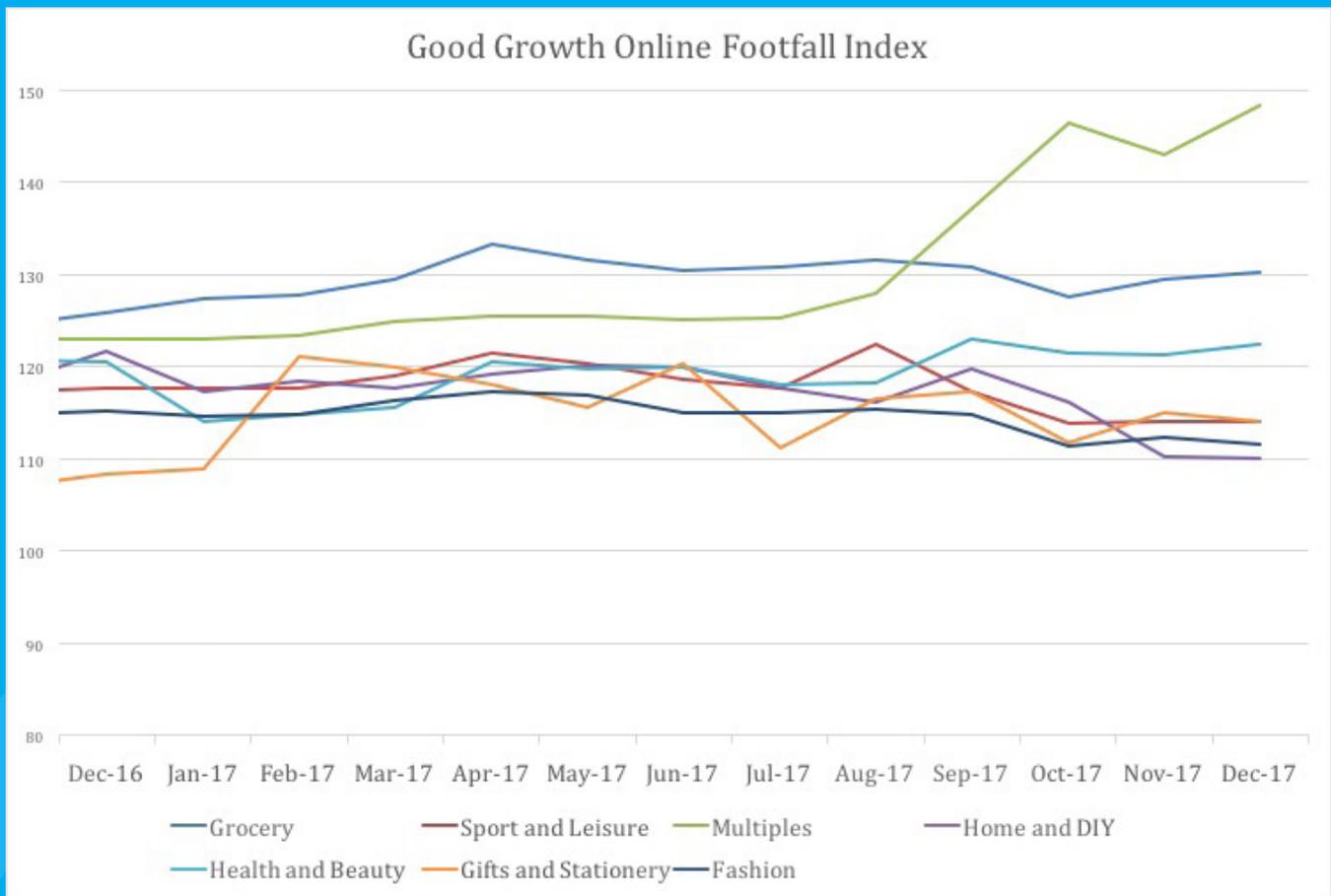


Figure 2: Online Footfall trend across 2017

The sector has seen an increase of 21% in shopping visits from search. The data presents the vast majority of this as coming from paid search (paid search was responsible for 82% of the year on year increase) – in other words, there has been a significant investment in buying the attention of search shoppers in the last four months of the year.

Superficially this would suggest that the multiples would be reporting a strong performance over the last 15 weeks of the year, but with Debenhams and Marks and Spencer already disappointing, and online growth in both being reported as single figures - where did the shoppers go? The answer suggested by the data is that they went to Amazon. Amazon's paid traffic performance accounts for 88% of the growth reported by the online index for the multiples from September through to December. In fact, if you stripped Amazon out from the sector the movement over the last twelve months falls from 21% to 6.57%.