



Reach  
COUNTRY PROFILE

# United Kingdom |



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## Country Facts



**66,834,405**  
TOTAL POPULATION

**CURRENCY**  
**GBP**  
British Pound

**GDP**  
**\$48,330 USD**  
Per Capita PPP

**AVERAGE INCOME**  
**£31,461 GBP**

**NET-ADJUSTED**  
**DISPOSABLE INCOME**  
**\$28,715 USD**  
Per Capita

**URBAN POPULATION**  
**83.7%**

**RURAL POPULATION**  
**16.3%**

**MEN**  
**49.3%**

**WOMEN**  
**50.6%**

**MEDIAN AGE**  
**39.0**



### ETHNIC ORIGINS

The UK's population is mostly made up of people with European origin at 87%. Other large ethnicities in the UK include African (3%), Indian (3%) and Pakistani (2%). The remaining 5% consists of various ethnic groups from Asia and Africa.

### LANGUAGES

The official languages of the UK are **English and Welsh in Wales**; other less frequent dialects are Scots, Scottish Gaelic, and Irish Gaelic.

### TYPE OF GOVERNMENT

The United Kingdom's government is a **constitutional monarchy with parliamentary democracy**. It is a unitary state made of four countries: England, Scotland, Wales, and Northern Ireland.

### TYPE OF ECONOMY

The UK is a **high-income open economy** which is a member of both the OECD and G8. This economy is thought to be the second strongest in the world.<sup>1</sup>

### IMPORTANT SHOPPING HOLIDAYS

- Jan 18 Blue Monday
- Jan 25 Robbie Burns Day
- Jan 26 Australia Day
- Feb 12 Chinese New Year
- Feb 14 Valentines Day
- Mar 14 Mother's Day
- Mar 17 St. Patrick's Day
- April 10 Siblings Day
- April 21 National Tea Day
- April 23 St. George's Day
- May 1 International Workers Day (May Day)
- June 20 Fathers Day
- Nov 29 Cyber Monday
- Nov 5 Guy Fawkes Night
- Nov 26 Black Friday
- Dec 25 Christmas
- Dec 26 Boxing Day

\*Dates are based off of 2021 calendar. Specific dates may vary based on year.



## Consumer Profile & Behavior

81% of people 25-64 have completed upper secondary education.<sup>7</sup>



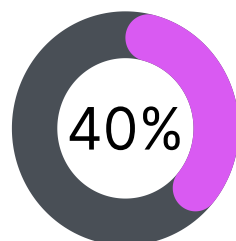
75% of the population between 15-64 have paid employment, which is higher than the OECD average of 68%UK is a mass consumer society.<sup>6</sup>



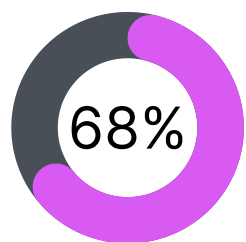
The main factors in the population's purchasing decisions are price, quality and brand.<sup>5</sup>



6 out of 10 people state that a product being from the UK is just as important as the price.<sup>4</sup>



UK consumers **respond well to advertising campaigns**, especially on social media. 40% of those who've interacted with a brand online spend more as a result.<sup>3</sup>



68% of British consumers consider **brands' ethical behaviour** before shopping with them. That includes how you treat employees, supply chain logistics and animal welfare.<sup>2</sup>

## THE IMPACT OF COVID-19

For many, the pandemic has affected consumer buying behavior, with 63% of the population changing brands or stores to save money. Another 50% of consumers have decreased overall discretionary spending as consumer confidence dropped in 2020.

British consumers are hopeful about a quick economic recovery in keeping with the vaccine rollout. Younger and high-income consumers are expected to drive spending, especially in travel, dining, and personal care. Digital purchasing behaviors and online alternatives to entertainment are likely to maintain post-COVID-19.



# WHERE

## British Consumers Place Value



### CONVENIENCE

Convenient shopping experiences are at the forefront of UK values. They include the availability of products, home delivery, and accessible communication/support.



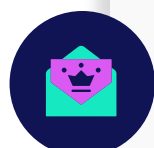
### SUSTAINABILITY

A brand's stance on sustainability or social issues is essential to shoppers, with **62% saying that they cared about at least one sustainability aspect when purchasing online in 2020**. From fair working conditions and diversity and inclusion to environmentally friendly production — the sustainability factors that impact a shoppers purchase decision are wide-ranging.<sup>8</sup>



### PRICE

Price is a critical deciding factor for 59% of British shoppers. So it's not surprising that price comparison is widespread — **35% of UK shoppers use comparison sites** for that purpose.<sup>9</sup>



### LOYALTY PROGRAMS

73% of 18-24-year-olds in Britain think they're a good way for brands to reward customers. 59% think all brands should offer one. It's not all about discounts, though cashback, gift cards, and physical rewards are all more popular types of rewards.<sup>10</sup>

## British Consumers Spend Their Money



CONSUMER  
ELECTRONICS



CLOTHING &  
ACCESSORIES



HOME &  
GARDEN



BOOKS



FOOD &  
BEVERAGE



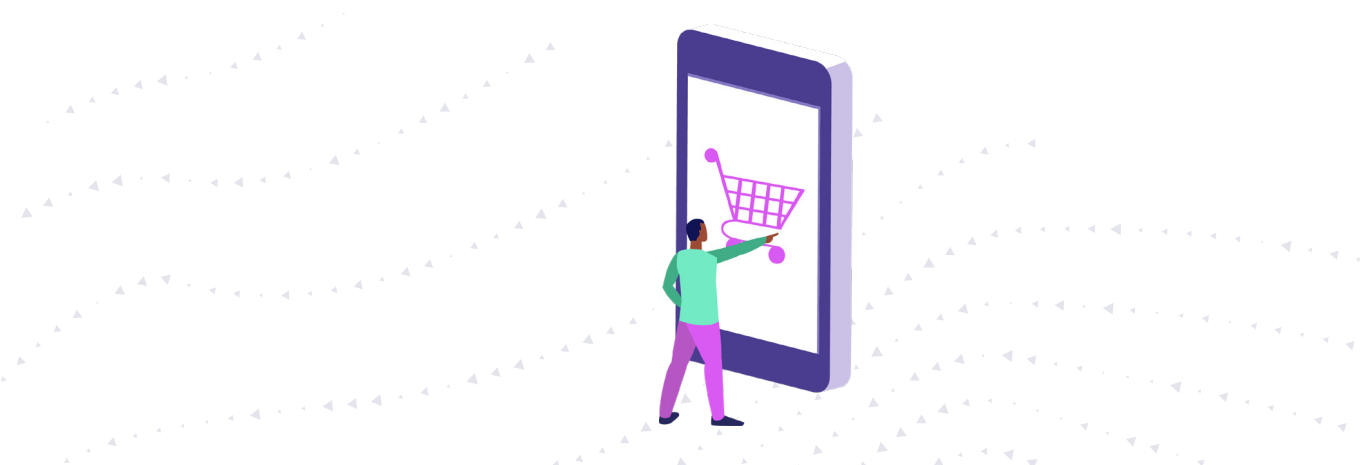
ENTERTAINMENT  
& MUSIC



SPORTING  
GOODS



CLEANING  
PRODUCTS<sup>11</sup>





## British Shoppers Find Out About New Brands

### British Consumers Shop Online

#### MOBILE COMMERCE

Mobile commerce reigns as the dominant UK online shopping channel.

Overall, the UK is a mobile-first population when it comes to ecommerce, with 60% of sales taking place on mobile devices. This has caused the UK to become acclimatized to using chatbots and AI for customer service. Six out of every ten online transactions are carried out on a mobile device.<sup>12</sup>

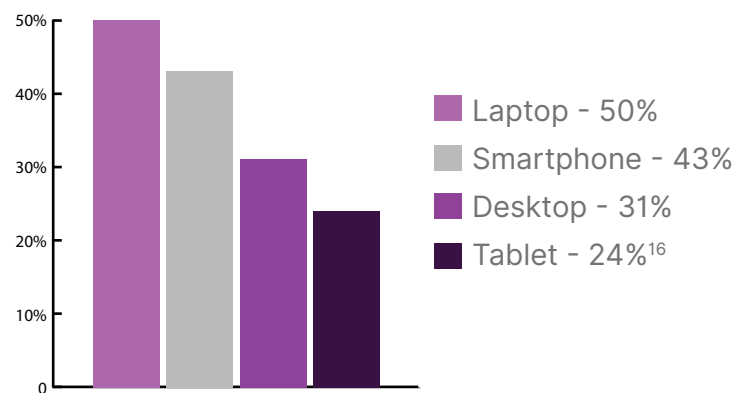
#### MOBILE APPS

Mobile apps are rising in prominence and could soon topple browsers' dominance. They take 45% of completed mobile transactions.<sup>13</sup>

#### SOCIAL COMMERCE

Much of the younger generation uses social platforms like Facebook to review and find new products. The older generation is adopting ecommerce too, with a usage rate of 54% of people over 65 shopping online. Shoppers are acclimatizing to using chatbots powered by artificial intelligence for customer service queries, both in-app, on desktop sites and when shopping via social media.<sup>14</sup>

#### DEVICES USED TO SHOP ONLINE, 2019



#### ONLINE RESEARCH

Online research increased in 2020, with 84% of shoppers using online sources to support their purchases. This shift was primarily driven by shoppers over 45 years old, with 80% of those between the ages of 45-54 doing online research, vs. 68% in 2019.<sup>18</sup>

#### IN-STORE SAMPLING

Although there is a shift to ecommerce, in-store experiences remain valuable to many UK consumers. 44% of shoppers say that shopping at a brick-and-mortar store is how they feel connected to brands. 47% said that the most significant value of shopping in-store comes from touching, seeing, and trying on products.

When asked about product sampling, 87% of UK respondents said they would like to receive free samples, 51% said they would be willing to write a review of the free products, and 28% said they would post about their purchases on social media.<sup>19</sup>

#### SOCIAL MEDIA

23% of UK-based shoppers are using social media to discover new products to buy, with Bazaarvoice contributing this to the ability to shop on mobile from home.

In the UK, 33% of consumers are purchasing through social media, compared to 28% in France and 30% in Germany. This trend is predicted to increase according to Bazaarvoice.<sup>20</sup>

#### TRENDING ECOMMERCE PLATFORMS<sup>15</sup>



#### TOP SEARCH ENGINES USED IN THE UK<sup>17</sup>





# HOW

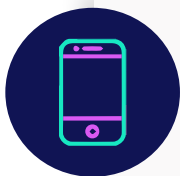


## UK Shoppers Prefer to Pay



### DEBIT & CREDIT CARDS

The preferred method of payment the UK's population uses are cards with 53% of the payment split in 2019.



### MOBILE WALLETS

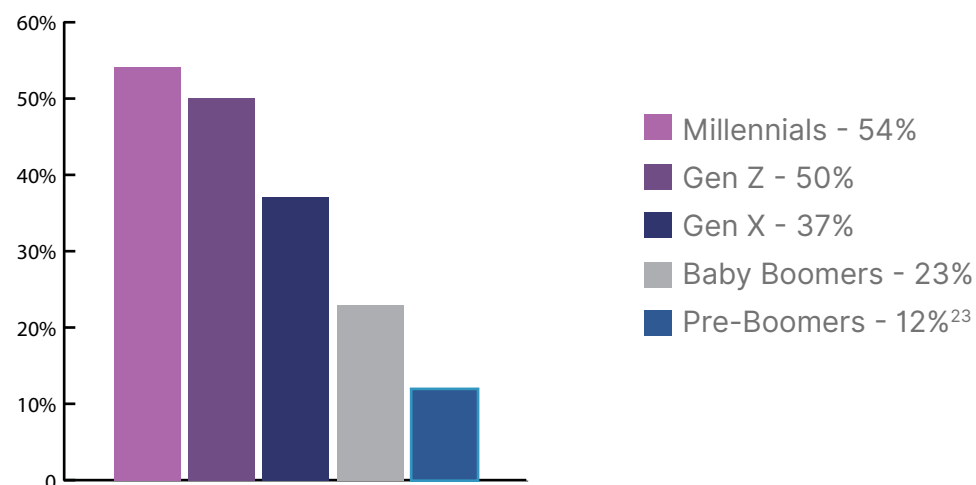
The mobile penetration rate has increased the use of these digital wallets. The use of digital wallets is growing at a compound annual rate of 23%. Digital wallets will soon take more than a third of ecommerce sales.



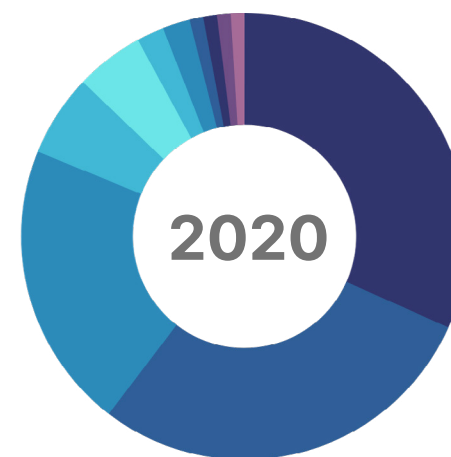
### BUY NOW PAY LATER

BNPL is also becoming a popular method of payment within the country, especially in the clothing segment. Specifically, Klarna has become a popular method of BNPL payments, with over 7M customers across the country.<sup>21</sup> Monthly Klarna users grew 200% YOY in the start of 2021.<sup>22</sup>

## SHOPPERS WHO USED BNPL METHODS IN THE UK FROM JANUARY TO JULY 2020, BY AGE GROUP



## SHARE OF ECOMMERCE PAYMENTS



- Digital Wallet- 32%
- Debit Card- 29%
- Credit Card- 21%
- Bank Transfer- 6%
- BNPL- 5%
- Cash on Delivery- 2%
- Invoicing- 2%
- Pre-pay- 1%
- Direct Debit- 1%
- Prepaid Card- 1%
- Other-1%<sup>25</sup>

## POPULAR PAYMENT METHODS



## BANKS IN THE UNITED KINGDOM

- HSBC Holdings
- Barclay's PLC
- Royal Bank of Scotland
- Lloyds Banking Group
- Standard Chartered PLC
- Santander UK
- Nationwide Building Society
- Schroders
- Close Brothers
- Coventry Building Society<sup>24</sup>



# WHY

## Merchants Should Tap Into the UK Market



In terms of ecommerce, the UK is the 3rd largest market in the world.<sup>26</sup>



The UK population is well versed in online shopping. The country's total ecommerce value is worth USD 238.5B.<sup>27</sup>



The total retail spend on ecommerce in 2020 accounted for 30.7% of all sales, in comparison to the 19.3% before the pandemic in 2019. This, however, has created sophisticated online shoppers with high demands and standards of ecommerce channels.<sup>28</sup>



User penetration is estimated to be 86.2% for 2021 and is expected to hit 89.6% by 2025.<sup>29</sup>



Cross-border ecommerce is gaining popularity even though the population is fond of buying locally. Cross-border ecommerce sales make up a decent amount of overall ecommerce at 18.6%. They will continue to grow as the population gains more confidence in buying from international retailers as they try new non-local brands.<sup>30</sup>



Textiles, clothing and footwear made up nearly one third of the countries online purchases in 2020.<sup>31</sup>



The ecommerce market size in the UK is expected to reach 58.8m users by the end of 2021.<sup>32</sup>





# WHAT

## Merchants Should Know Before Tapping Into the UK Market



### REGULATIONS & TRENDS

With card use being very prevalent in the UK, technologies such as biometrics are being developed to authenticate transactions.<sup>33</sup>

Effective January 1st, 2021, all businesses selling goods into the UK are required to:

- Collect 20% VAT on all low-value orders (total of goods  $\leq$  £135)
- Register for a VAT number with HMRC
- Remit the collected VAT quarterly to HMRC

There will be penalties and fines if businesses are not compliant within the UK.





# Merchants Can Do To Optimize



## OPTIMIZE MOBILE ECOMMERCE

The UK is a mobile-first nation so merchants must ensure they offer sites that are fully optimized for this access method.<sup>34</sup>



## UTILIZE SOCIAL MEDIA MARKETING

Social commerce and influencer marketing is important to include in your marketing strategy to attract and drive conversions for British consumers.



## CREATE EMBEDDED SOCIAL MEDIA ECOMMERCE

Embedded social media selling is becoming increasingly popular amongst younger demographics. Consumers enjoy the simplicity of being able to shop without leaving their favourite apps.<sup>35</sup>



## Ready to expand your business to the UK? Reach can help.

In the excitement about sharing your brand with the world, it is easy to forget the critical part global payment solutions play in the success of your business when entering new markets.

Reach understands global consumers and how changes in their shopping experience affect your business. Our experienced legal, financial, compliance and local-market experts provide in-depth global analytics for your business, as well as duty and tax calculations so that you can expand your business to new markets with certainty and ease.



**WEBSITE**  
[withreach.com](https://withreach.com)



**CONNECT**  
[withreach.com/connect](https://withreach.com/connect)



**FAQ**  
[withreach.com/faq](https://withreach.com/faq)



**BLOG**  
[withreach.com/blog](https://withreach.com/blog)





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