

UKOM Insights

Death of the High Street: Department Stores

Last week, Mike Ashley, the Sports Direct retail tycoon, told a House of Commons select committee *'It's not my fault the high street is dying... It's very very simple, the internet is killing the high street'* after claiming he would not be able to save all 59 House of Fraser stores he bought this year.

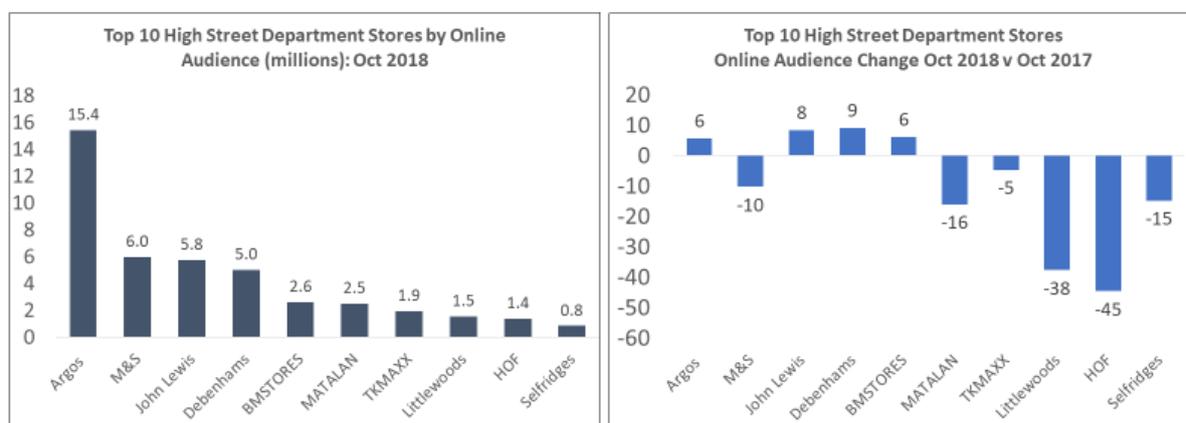
The closure of Woolworths 10 years ago, in part due to the rise of digital downloads impacting cd sales, perhaps marked the beginning of the 'Death of the High Street' and with Debenhams recently announcing it is to shut 50 stores, department stores continue to struggle. Mike Ashley has even suggested that Debenhams, in which he holds a stake, could be merged with House of Fraser (HOF). Combining forces to compete with the online global behemoths could become a trend – we've already seen it in one sector with the UK news brands this year launching The Ozone Project – but could this also extend to department stores? This month UKOM looks at how many people visit the high street department stores online and how this compares with Amazon, the global giant which has had the biggest impact on the sector.

The most popular UK high street department store online ranked by audience in October 2018 is Argos. Argos is also the biggest high street online store in the UK overall, reaching over 15 million people every month or nearly a third (32%) of the UK digital population. M&S, John Lewis and Debenhams all have between 5 and 6 million monthly visitors – just over 10% of all internet users.

Year-on-year audience change for the top 10 department stores has been mixed. The uncertainty surrounding HOF has resulted in an audience decline – it had only 1.4 million online visitors in October, down 45% year on year. However, four of the top five department stores saw their online audience increase – M&S was the only one to see visitor numbers fall.

Argos's 15 million people pales into insignificance when compared with Amazon's reach. In October, Amazon had an audience of 37.3 million reaching 76.2% of the UK online population. Despite such a huge audience, Amazon still increased monthly visitors year-on-year by 6% adding 2.2 million users between October 2017 and October 2018.

Top 10 Online UK High Street Department Stores



Source: comScore MMX Multi-Platform, Desktop 6+ and Mobile 18+, October 2018, UK.



Mike Ashley's speculation that Debenhams and HOF could merge could be one way the traditional department store brands could try to compete with the online giants. This may help them on the high street but even if ALL the top 10 high street department stores were to combine their online audiences, they would still only reach 22 million people or 45% of the UK digital population. It doesn't really make a dent Amazon's 37.3 million and 76%.

Mobile apps now account for 64% of all time spent online and 48% of time for the retail sector but this is much lower for department stores at just 18%. Argos, with its Argos and My Argos Card mobile apps, reaches over 2 million or nearly 6% of mobile app users but the other department stores suffer from relatively low app usage, with only M&S reaching 2% of mobile app users. The Amazon mobile app by comparison has 14.7 million visitors every month, reaches 39% of mobile app users and generates 58% of Amazon's time online.

After Black Friday gave little comfort to the High Street this year, the coming month will give us a better indication of the online health of the high street department stores which will need a strong presence to survive the tough times ahead. Last year, both John Lewis' and Debenham's online audience grew by over 50% between October and December while Argos and M&S increased visitors by 33% and 27% respectively during the festive period. With so much commentary on the death of the high street, it remains to be seen whether this Christmas UK consumers will continue to choose the convenience of the online global corporates like Amazon or switch support to the high street brands and shop closer to home – both online and offline. UKOM will update you on online audience numbers for the retail sector in January.

Notes on Data:

All UK data is based on UKOM industry standard and development level approved Comscore MMX Multi-Platform data. Comscore MMX Multi-Platform includes desktop browsing, desktop video streams, smartphone browsing & apps, tablet browsing & apps.

Data is based on 6+ online unique visitors for desktop and 18+ online unique visitors for mobile devices (tablets and smartphones) in October 2018 and October 2017.

Total audience reach for the top 10 department stores is based on an audience duplication report.