

Statistical bulletin

# E-commerce and ICT activity, UK: 2016

Use of information and communication technology (ICT) and the value of e-commerce activity by UK businesses.



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# 1 . Main points

- E-commerce sales by businesses in the UK non-financial sector were £511 billion in 2016, up from £503 billion in 2015.
- E-commerce sales were made up of £236 billion website sales and £274 billion electronic data interchange (EDI) sales (business-to-business sales).
- While 62% of businesses with 1,000 or more employees benefit from superfast broadband, with an internet speed of 100 megabits per second (Mbps) or more, only 5.8% of businesses with less than 10 employees had this internet speed.
- Website sales made up 7.4% of business turnover, while EDI sales made up 8.5%, resulting in 15.9% of business turnover being derived from e-commerce transactions.
- While 58% of businesses with 1,000 or more employees made e-commerce sales, just 8.5% of businesses with less than 10 employees did so.

## 2 . Things you need to know about this release

The [Organisation for Economic Co-operation and Development \(OECD\)](#) definition of e-commerce is used in this statistical bulletin. An e-commerce transaction is defined as “the sale or purchase of goods or services, conducted over computer networks by methods specifically designed for the purpose of receiving or placing of orders.” It is important to note, under this definition, that “the goods or services are ordered by those methods, but the payment and the ultimate delivery of the goods or services do not have to be conducted online.”

These estimates are sourced primarily from the E-commerce Survey of UK Businesses, which covers the manufacturing, production, construction, distribution and parts of the service sectors. Information from the [Annual Business Survey \(ABS\)](#) is also used in the preparation of e-commerce estimates.

Further information on e-commerce and information and communication technologies (ICT) activity is available in the [E-commerce and ICT Quality and Methodology Information](#) report.

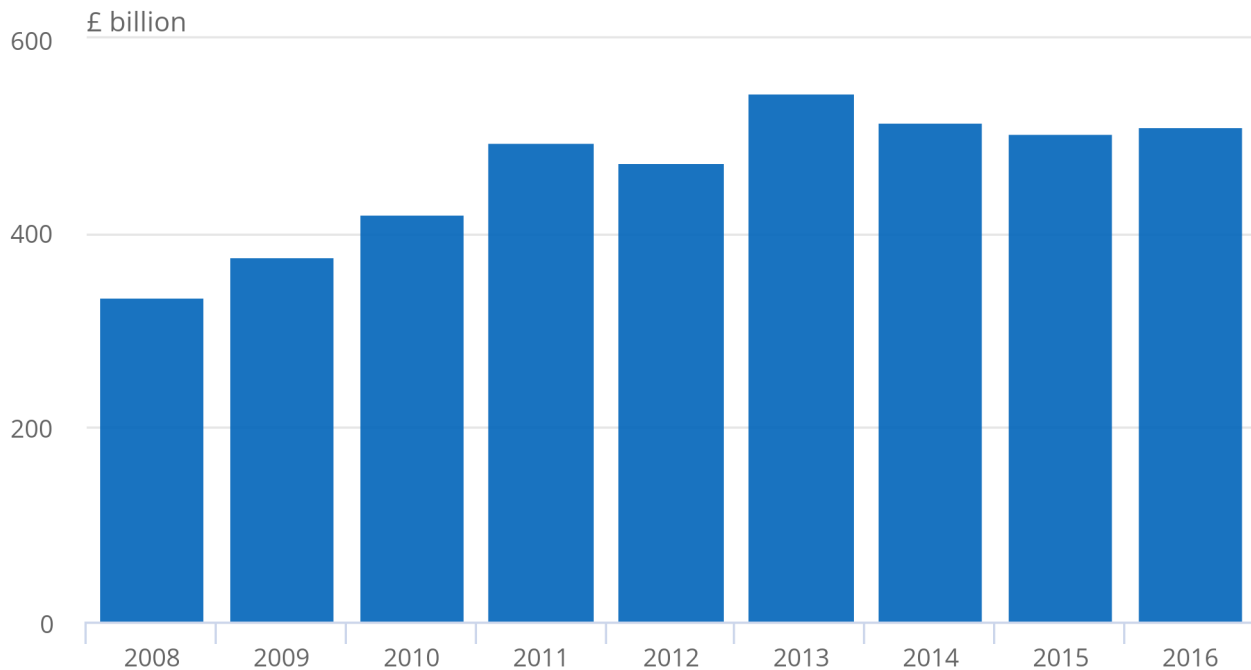
## 3 . Website sales grow while electronic data interchange sales decline

Total e-commerce sales comprise of sales received over a website and sales received over electronic data interchange (EDI). These types of sales are quite different, but both are considered as e-commerce due to their use of electronic communication for transactions.

In 2016, total e-commerce sales were £511 billion, up from £503 billion in 2015. While website sales grew by £9.7 billion since 2015, to £236 billion in 2016, EDI sales fell by £1.9 billion to £274 billion. Coverage of micro-enterprises (those with less than 10 employees) are only available from 2014 and are therefore included in Figure 1.

**Figure 1: UK e-commerce sales, 2008 to 2016 (including micro-enterprises from 2014)**

Figure 1: UK e-commerce sales, 2008 to 2016 (including micro-enterprises from 2014)



**Source: Office for National Statistics**

**Notes:**

1. Differences may occur between totals and the sum of their independently rounded components.

The proportion of businesses making website sales was 9.1% in 2016, while 1.3% of businesses made EDI sales. The larger the business, the more likely it is to make e-commerce sales, with 46% of businesses with 1,000 or more employees having website sales in 2016, compared with 7.9% of those with less than 10 employees. A similar pattern can be seen with EDI sales, with 30% of businesses with 1,000 or more employees having EDI sales, compared with 0.8% of those with less than 10 employees.

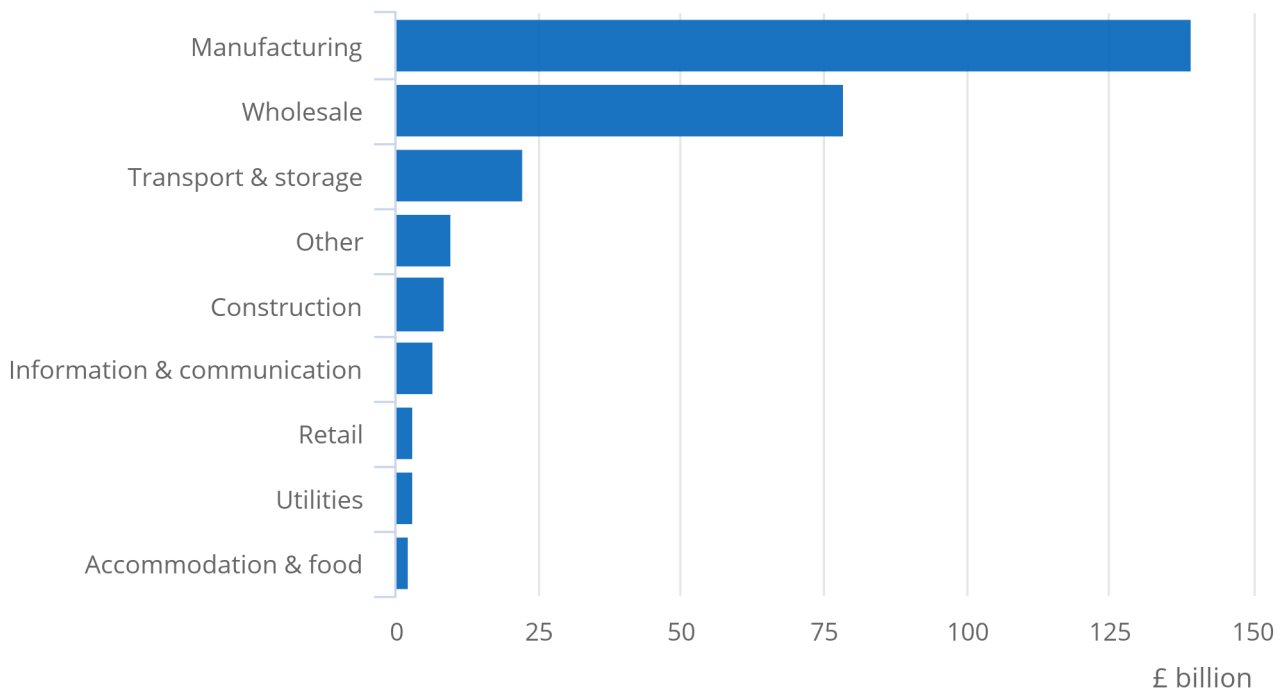
Generally, EDI sales are business-to-business sales, dominated by a relatively small number of businesses with large e-commerce sales values. In contrast, the majority of website sales, by value, are to private customers of £142 billion, compared with £94 billion website sales to businesses or public authorities.

## 4 . Manufacturing and wholesale sectors dominate EDI (business-to-business) sales

The manufacturing sector had the highest value of total e-commerce sales by EDI of £139 billion in 2016, along with the wholesale sector at £79 billion. These sectors comprised three-quarters of the EDI sales in the UK. The level of trade between businesses in these sectors illustrates the gross value added that is developed throughout the production process before products are sold to the final consumer.

**Figure 2: UK ecommerce sales via electronic data interchange (EDI), by Industry sector, 2016 (including micro-enterprises)**

Figure 2: UK ecommerce sales via electronic data interchange (EDI), by Industry sector, 2016 (including micro-enterprises)

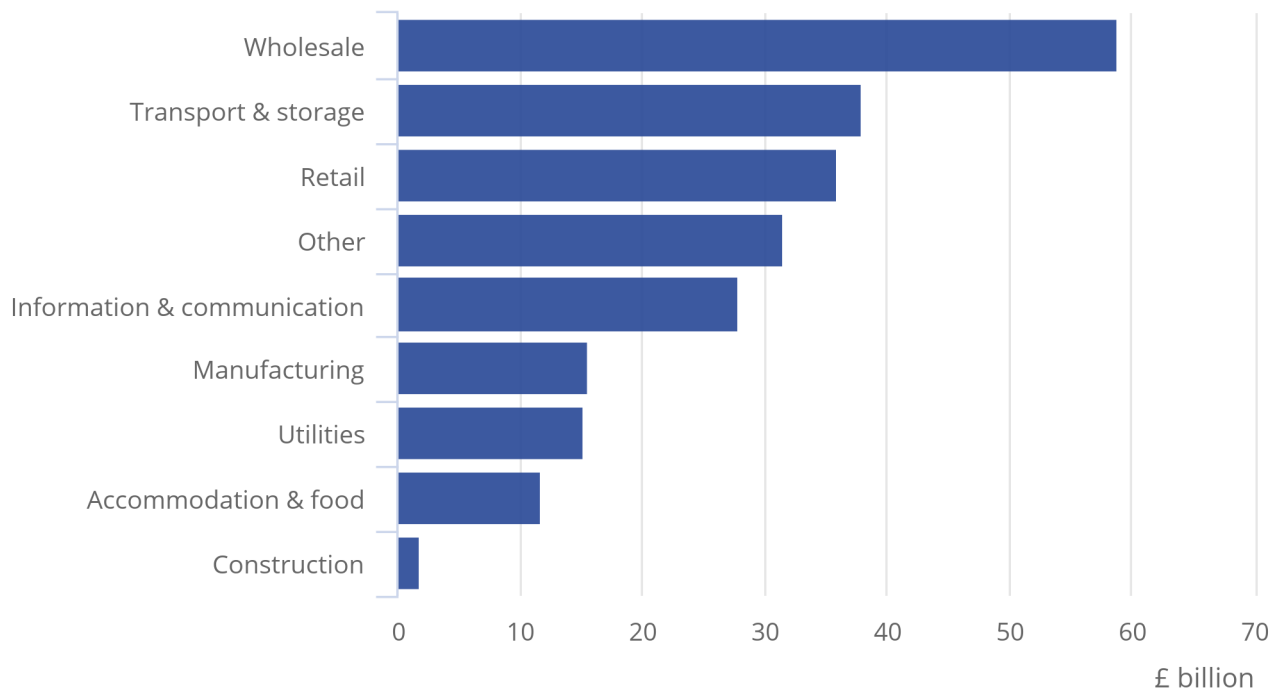


Source: Office for National Statistics

The sector split for sales over a website is comparatively more evenly split, with sales by wholesalers the largest sector at £59 billion. The retail sector at £36 billion, transport at £38 billion and Information and communication at £28 billion, all recorded similar levels of sales, highlighting that website sales are strong across industrial sectors.

**Figure 3: UK e-commerce sales over a website, by industry sector, 2016 (including micro-enterprises)**

Figure 3: UK e-commerce sales over a website, by industry sector, 2016 (including micro-enterprises)



Source: Office for National Statistics

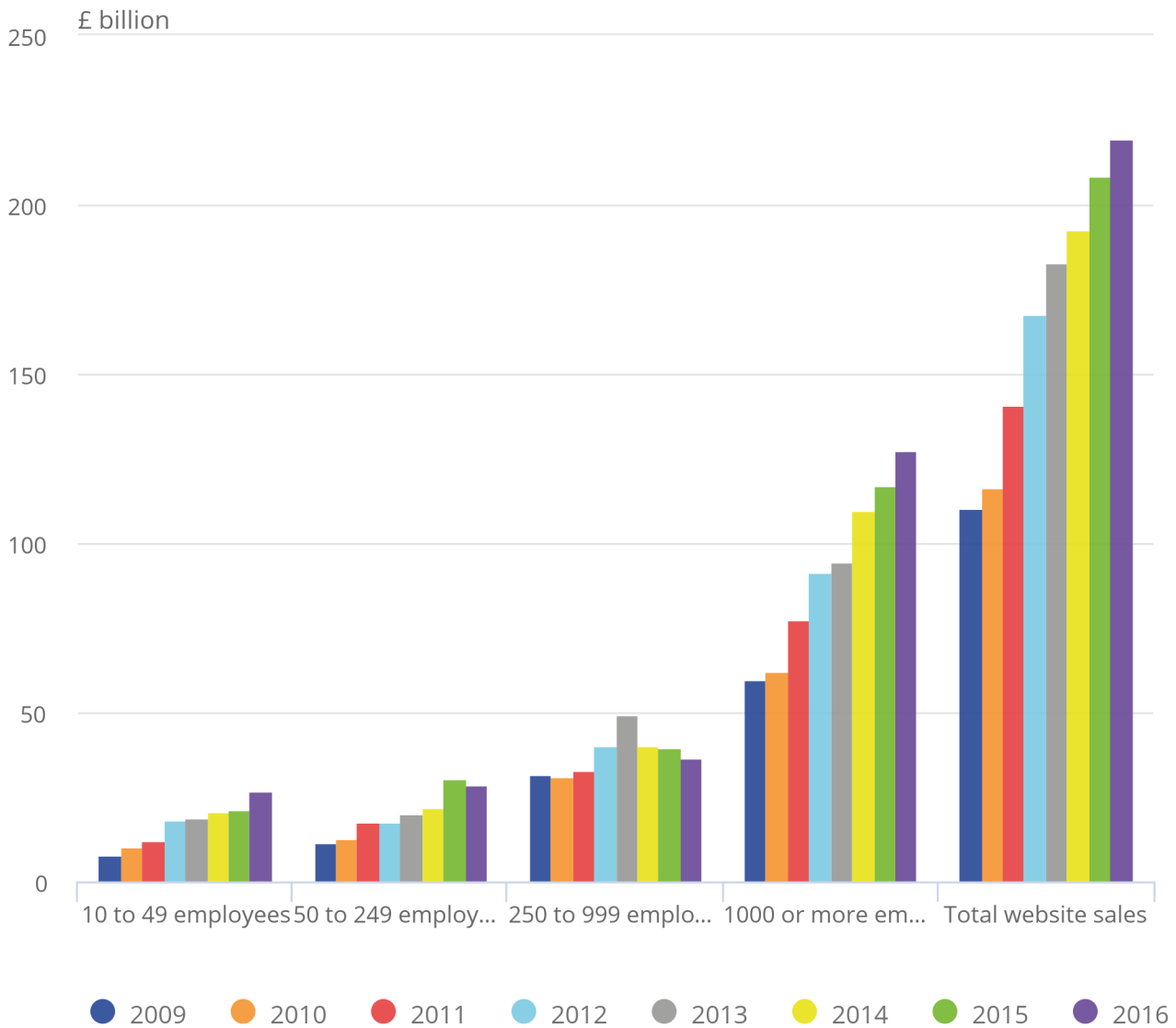
## 5 . E-commerce sales have grown over time (excluding micro-enterprises)

Coverage of micro-enterprises, that is, businesses with less than 10 employees, was introduced for the 2014 E-commerce Survey of UK Businesses. Until this time, the survey covered just businesses with 10 or more employees. This means that longer-term comparisons over time only can be made for businesses with 10 or more employees.

In 2016, website sales by businesses with 10 or more employees were £220 billion. This was nearly double the value of £111 billion website sales in 2009, with growth every year over this period.

**Figure 4: UK e-commerce sales over a website, by size of business, 2009 to 2016 (excluding micro-enterprises)**

Figure 4: UK e-commerce sales over a website, by size of business, 2009 to 2016 (excluding micro-enterprises)



Source: Office for National Statistics

Notes:

1. Differences may occur between totals and the sum of their independently rounded components.

In 2016, the value of website sales, by businesses with 10 or more employees, as a proportion of business turnover, was 8.0%, up from 4.9% in 2009.

There has been growth over time in the proportion of businesses with website sales, with 19.6% of businesses with 10 or more employees having these sales in 2016, compared with 14.0% in 2009.

There has also been strong growth over time in the value of website sales, for all sizes of business. The largest growth has been in businesses with 1,000 or more employees, where website sales grew from £60 billion in 2009, to £128 billion in 2016. Over the same period, website sales by businesses with 10 to 49 employees grew from £7.8 billion to £27.0 billion.

The pattern over time has been different for electronic data interchange (EDI) sales for businesses with 10 or more employees, and the value in 2016 of £269 billion is only £4.2 billion higher than the 2009 value of £265 billion.

## **6 . Growth in business use of superfast broadband**

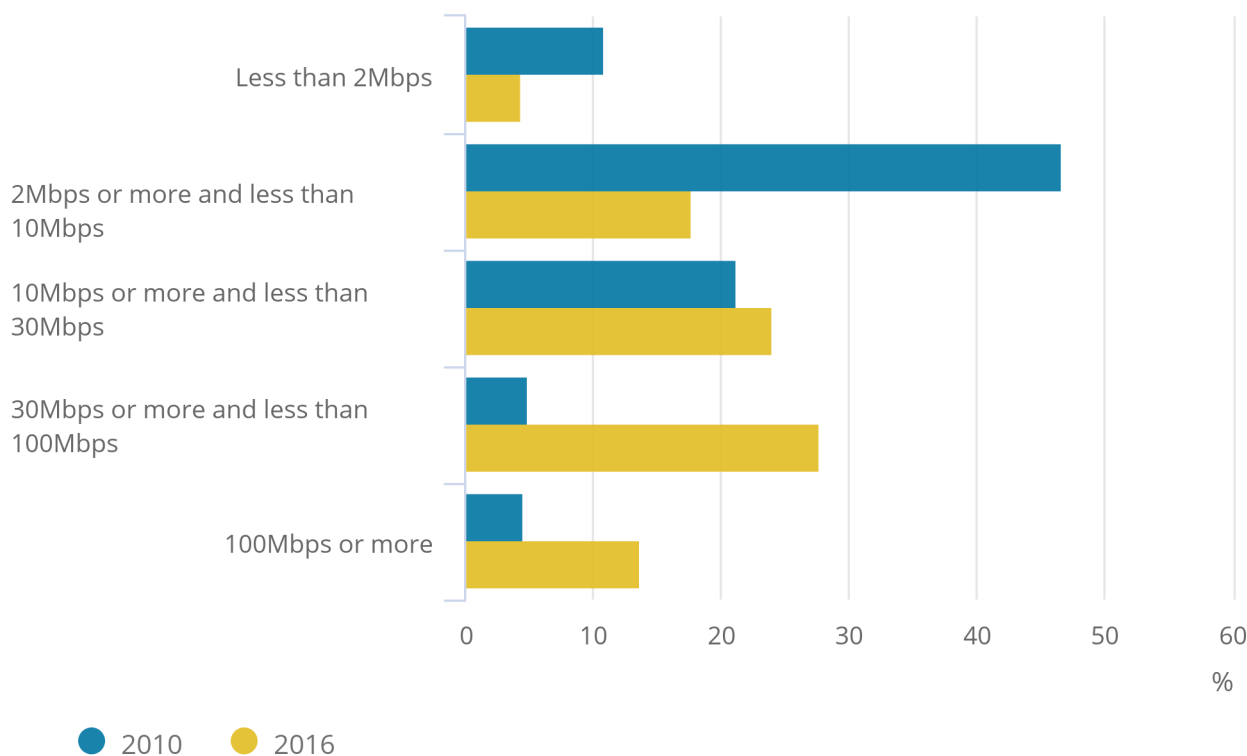
In 2016, 84% of all businesses had internet access, little changed from 83% in 2015. All size bands of businesses with 50 or more employees had levels of internet access of 99% or above, compared with 82% of micro-enterprises having internet access.

The E-commerce Survey of UK Businesses measures businesses' maximum contracted internet download speed in the following bands: less than 2 megabits per second (Mbps); 2 Mbps or more but less than 10 Mbps; 10 Mbps or more but less than 30 Mbps; 30 Mbps or more but less than 100 Mbps; and 100 Mbps or more.

As high-speed fibre optic broadband is rolled out across the UK by providers offering faster internet speeds, there has been growth over time in businesses reporting faster internet speeds, of 10 Mbps or more.

**Figure 5: Proportion of UK businesses by maximum contracted internet connection speed, 2010 and 2016 (excluding micro-enterprises)**

Figure 5: Proportion of UK businesses by maximum contracted internet connection speed, 2010 and 2016 (excluding micro-enterprises)



Source: Office for National Statistics

Only 4.4% of businesses with 10 or more employees had internet speeds less than 2 Mbps in 2016, down from 10.8% in 2010. In contrast, superfast broadband, above 100 Mbps, was used by 13.7% of businesses with 10 or more employees in 2016, up from 4.6% in 2010.

The most common internet connection speed experienced by businesses was 30 Mbps or more but less than 100 Mbps, with 28% of those with 10 or more employees having this internet speed in 2016. Growth over time in this speed is particularly evident, as only 5.0% had this speed in 2010.

The size of a business is related to the internet connection speed it is likely to subscribe to. While 62% of businesses with 1,000 or more employees subscribed to superfast broadband in 2016, only 5.8% of the smallest businesses did so.

In 2016, of all businesses with 10 or more employees, 78% had an internet speed that was sufficient for their business needs, compared with 67% of businesses with less than 10 employees.



## 7 . Website use dominated by larger businesses

In 2016, of all businesses, 45% had a website and there appears to be a clear difference in the use of websites by micro-enterprises, compared with larger businesses. While only 40% of micro-enterprises had a website, more than 80% of all larger businesses with more than 10 employees did so.

Businesses use their websites to offer various products and services, with far higher proportions of larger business offering such facilities than smaller businesses. Links or references to their social media sites were offered by 23% of all businesses, with 84% of businesses with 1,000 or more employees offering these, compared with 19% of businesses with less than 10 employees.

Online ordering or reservation and booking was offered by 8.2% of all businesses, with 49% of businesses with 1,000 or more employees using their website in this way, compared with 6.9% of businesses with less than 10 employees.

## 8 . Larger businesses make better use of social media

Social media can be defined as websites and applications that enable users to create and share content or participate in social networking. In 2016, of all businesses with 10 or more employees, 63% used social media, up from 43% in 2012.

Social networking has enabled businesses to change the way they interact with customers, to promote themselves online and provide new facilities for marketing their business and recruiting staff. In 2016, of all businesses, 33% used social networks such as Facebook or LinkedIn to build and develop relationships with customers.

As with other uses of information and communication technologies (ICT), the likelihood of a business interacting on social networks is related to its size; 90% of the largest businesses (1,000 or more employees) used these networks, compared with 58% of businesses with 10 to 49 employees and 30% of micro-enterprises (0 to 9 employees).

In 2016, of all businesses, 16.7% used blogs or microblogs, for example, Twitter. While 80.0% of businesses with 1,000 or more employees used this type of social media, only 13.9% of those with 0 to 9 employees did so.

## 9 . Links to related statistics

Statistics on adults who are recent and lapsed internet users and who have never used the internet are available in the [Internet users statistical bulletin](#).

Statistics on household internet access and how adults use the internet are available in the [Internet access – households and individuals statistical bulletin](#).

## 10 . Quality and methodology

The [E-commerce Quality and Methodology Information](#) report contains important information on:

- the strengths and limitations of the data and how they compare with related data
- uses and users of the data
- how the output was created
- the quality of the output including the accuracy of the data

## **About the data**

These points should be noted when examining this bulletin or the data tables:

- respondents were asked to make a return for the calendar year 2016 or the nearest 12-month period for which figures were available – data for all years published in this statistical bulletin were collected on the same basis
- there may be differences between totals and the sum of their independently rounded totals
- note that £1.0 billion equals £1,000 million in this release
- the 2014 and 2015 estimates have been revised where necessary to take account of businesses misreporting and late returns