



Actinic Ecommerce Report 2006

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1. Introduction

This document summarises the main conclusions from the fifth Ecommerce Survey, carried out on behalf of Actinic Software by pfa Research in late 2006.

The survey was based on telephone calls to a random sample of 1196 small to medium-sized UK retailers (less than 250 employees). Of these, 581 agreed to be interviewed, 129 had web sites, of which 43 had a full ecommerce facility.

A further 17 companies with ecommerce web sites were also interviewed. Results are based on the full sample of 146 companies with web sites and 60 with ecommerce.

2. Summary

2.1. Ecommerce profitability

- Profitability among online traders rose to an all-time high in 2006. 90% of companies with ecommerce sites reported that their sites were profitable.

2.2. Ecommerce adoption and perceptions

- The proportion of companies with a web site remained unchanged from 2005, at 25%. But the proportion of companies with a full ecommerce site rose from 8% to 11%.
- Companies that adopt ecommerce find that it costs less than expected. On average, the price paid for ecommerce sites was 40% lower than the price anticipated.
- After making significant gains in 2005, adoption of server-based ecommerce solutions remained unchanged at around 27%.
- Use of packaged ecommerce solutions grew from 13% to around 30% at the expense of bespoke development.
- Three quarters of retailers who accept mail and telephone orders still do not have an ecommerce facility.
- Retailers see the main advantage of ecommerce for their customers as convenience rather than price.
- One in ten retailers think online shoppers are lazy.

2.3. Future plans and intentions

- 20% of companies without an ecommerce facility are planning to implement one, compared with 15% in 2005.
- 10% were previously not planning to implement it, but are now unsure.

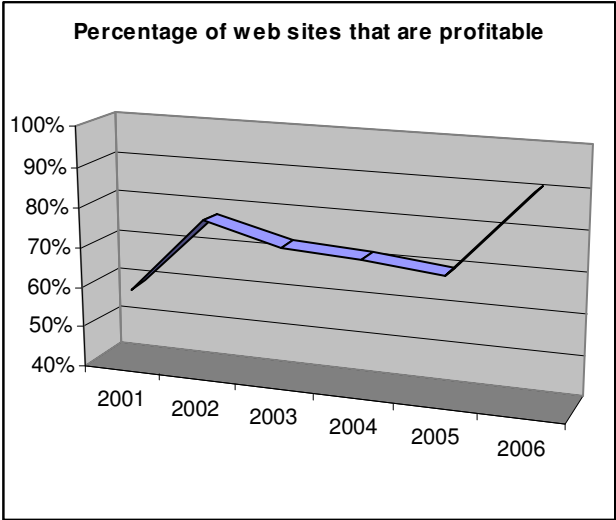
2.4. Sources of advice and construction

- Site building and deployment was evenly split between companies that built their own sites, and companies that employed a web designer.
- Over 90% of companies adopted one or other of these strategies, with very few using other third parties such as systems integrators, IT resellers or consultants.

3. Ecommerce profitability

3.1.1. In 2006, profitability among online traders rose to an all-time high.

After 3 years of relative stability, the proportion of company web sites that are profitable rose sharply, from 70% to 90%.



Is your web site profitable?

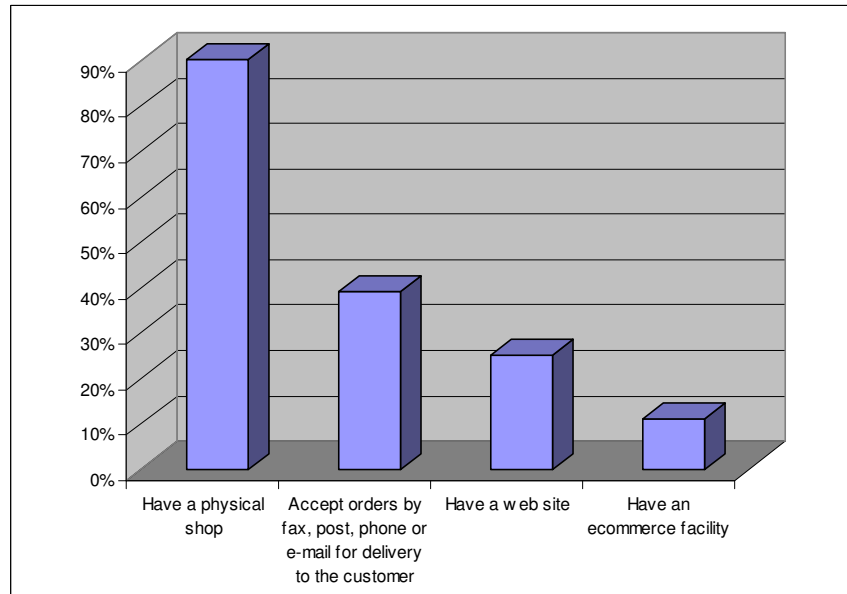
	2001	2002	2003	2004	2005	2006
Yes	59%	78%	73%	72%	70%	91%
No	41%	22%	27%	28%	28%	9%

4. Ecommerce adoption and perceptions

4.1.1. The proportion of companies with an ecommerce facility grew by more than a quarter compared with 2005, from 8% to 11%.

4.1.2. The proportion of companies with a web site remained unchanged at 25%.

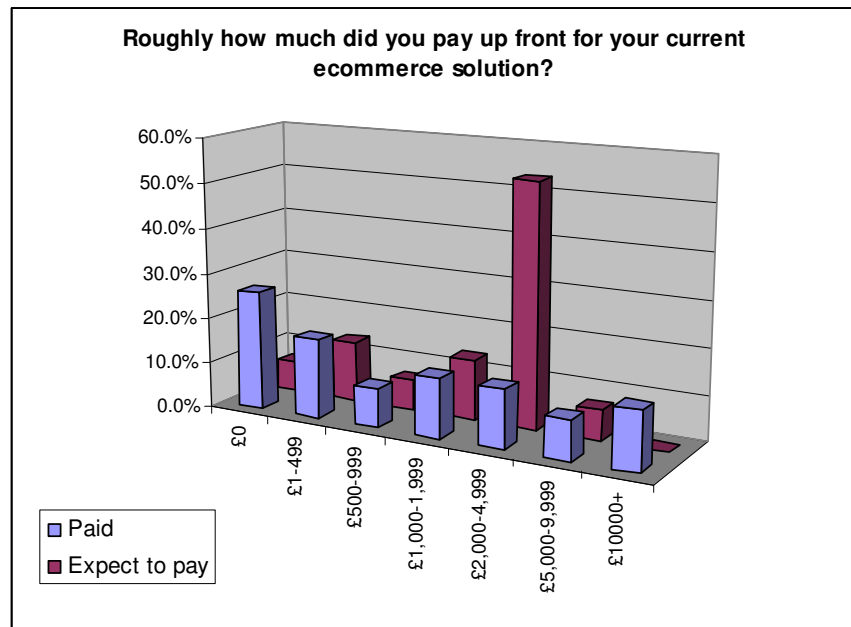
4.1.3. Three-quarters of retailers who accept mail and telephone orders still do not have an ecommerce facility.



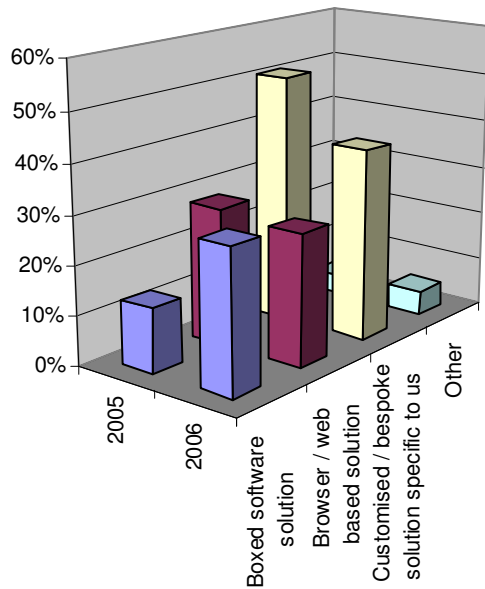
Have a physical shop	90%
Accept orders by fax, post, phone or e-mail for delivery to the customer	39%
Have a web site	25%
Have an ecommerce facility	11%

4.1.4. On average, companies paid 40% less than expected for their ecommerce solution.

4.1.5. The average anticipated cost was £2416, whereas the average price paid was only £1585.



Which of the following best describes the eCommerce solution you have?



4.1.6. Over a quarter of eCommerce sites were built using a boxed software solution, up from 13% in 2005.

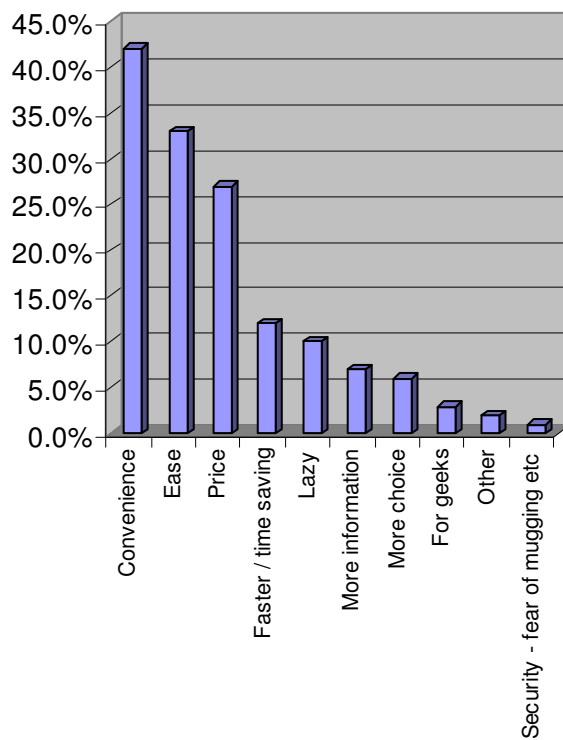
Server-based, ASP-type solutions were in use on just over a quarter of eCommerce sites - unchanged from 2005.

	2005	2006
Boxed software solution	13%	29%
Browser / web based solution	28%	27%
Customised / bespoke solution specific to us	51%	39%
Other	4%	5%

4.1.7. The primary advantage of internet shopping is perceived to be not price, but convenience - named by 75% of retailers as the main reason why customers shop online.

4.1.8. 10% of retailers think that online shoppers are basically lazy.

Why do you believe people buy goods and services online?

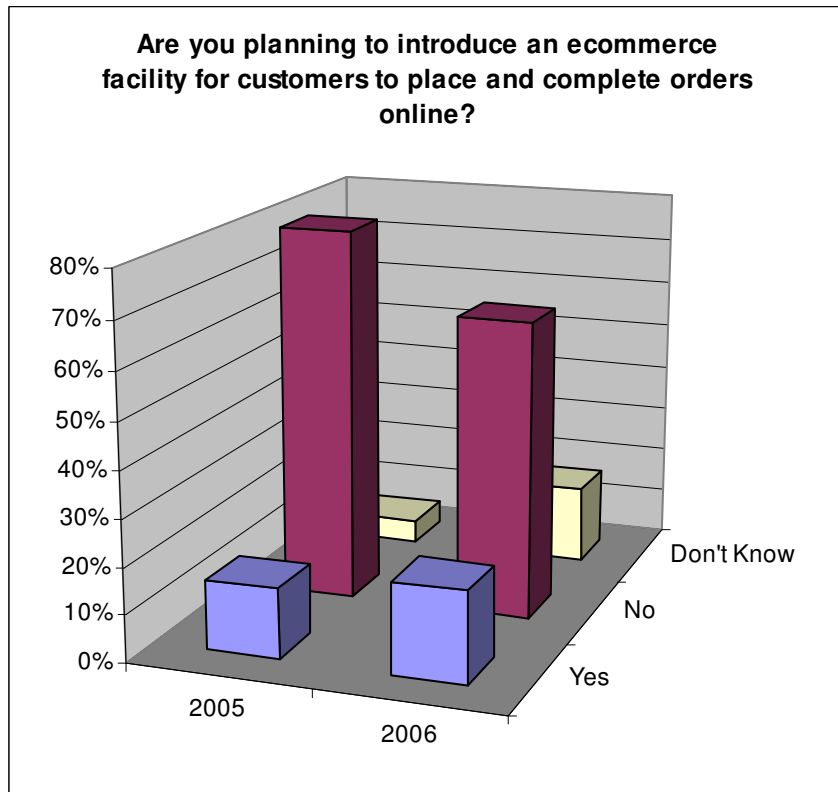


5. Future plans and intentions

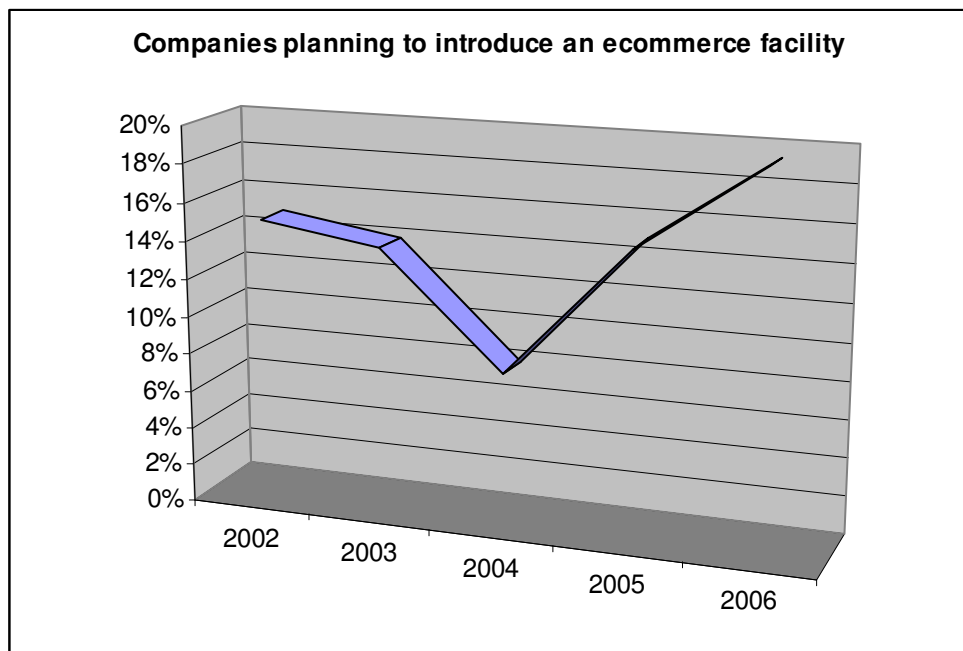
5.1.1. Among companies that do not have an ecommerce site, there continues to be a softening of attitude towards ecommerce adoption. The percentage planning to implement ecommerce rose by another 5% compared with 2005.

Two-thirds have no plans to introduce ecommerce, compared with over three quarters in 2005.

10% were previously not planning to implement it, but are now unsure.

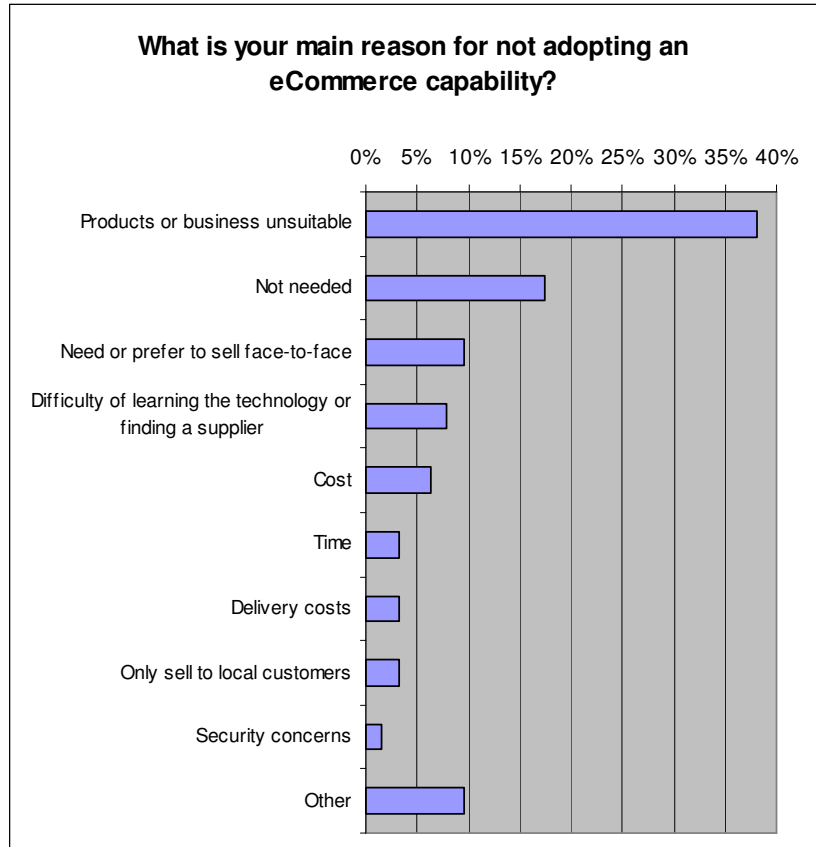


	2005	2006
Yes	15.0%	19.5%
No	80.0%	63.6%
Don't know	5.0%	16.9%



5.1.2. Most non-adoption was for business reasons, such as unsuitability of products or lack of demand.

However, one in five non-adopters were influenced mainly by cost, lack of time, lack of expertise or concerns about security.



6. Sources of construction

6.1.1. 45% of companies built their own ecommerce sites.

6.1.2. Of the remainder, 85% used a web designer. Very few used other third parties such as consultants or IT resellers.

Who took the primary role in implementing your ecommerce facility?

Ourselves	45%
Web designer	47%
Another 3rd party	8%

