



WHERE KNOWLEDGE IS POWER

|| BUSINESS ENVIRONMENT REPORT F318

# E-commerce sales

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December 2020

**Key Statistics**

Estimated value in 2021: \$722.64 billion

2016-2021 Compound Growth: 14.06%

Forecast value in 2026: \$1,160.53 billion

2021-2026 Compound Growth: 9.94%

**Current Performance**

E-commerce sales have increased every year since 1998. The Dot Com boom of the late 1990s catapulted online shopping to a national phenomenon, bringing the value of all sales over \$1.0 billion for the first time ever. Online ordering offers several advantages over going to a brick-and-mortar store, such as the ability to find desired products quickly, a wider selection and convenient delivery. Retailers of myriad products, from food to automotive parts to electronics, have increasingly relied on e-commerce to conduct business. Furthermore, as online platforms become more sophisticated, consumers find buying some products online easier than traveling to a local brick-and-mortar retailer. The proliferation of mobile devices has also supported this trend, and in some product categories, online sales via mobile devices have surpassed PC sales.

Moreover, many retailers have increasingly expanded their online presence to target and influence particular customer bases, notably with the use of interactive content, videos and Instagram sponsorships, among other methods. In particular, mobile purchases are consistently rising as a share of total e-commerce sales, which has incited some retailers to tailor their digital content for mobile viewers. As a result of the proliferation of cellular phones with internet connections and nearly ubiquitous Wi-Fi hot spots around the country, e-commerce sales experienced double-digit growth every year, with the exception of 2008 and 2009, when the recession suppressed all retail sales. While the strong growth in e-commerce sales is expected to continue, the trend will somewhat taper off as online shopping becomes the norm.

Similarly, online only and direct to consumer retailing has grown substantially over the period. Consumer, especially in Urban areas are increasingly relying on online shopping. The variety of products offered online has expanded to allow many consumers to have everything delivered straight to their door step. Many companies, such as Amazon, allow consumers to place reoccurring online orders for household items that you need on a monthly basis. This retail platform has accelerated in its adaptations from consumers.

In 2020, the COVID-19 pandemic and social distancing measures have generated a surge in e-commerce sales. Physical retailers, both large and small, are scrambling to protect their revenue streams by investing in the necessary infrastructure to shift some of their business models online. Meanwhile, existing e-tailers are experiencing surges in demand, mostly due to high demand for essential goods. As a result, e-commerce sales are expected to increase as a share of total retail sales to a higher level than was previously anticipated. Overall, e-commerce sales are projected to increase by 32.4% in 2020, despite an overall decline in retail. However, a significant portion of this growth is in a sense borrowed from 2021, as the eventual full reopening of the economy during the second half of 2021 will likely result in a temporary surge of brick-and-mortar retail sales and relatively away from e-commerce. Even so, e-commerce sales are expected to account for about 14.9% of total retail sales in 2021, with e-commerce sales projected to grow just 2.9%, primarily due to elevated 2020 levels.

This driver measures the value of retail sales conducted online in the United States. Data is sourced from the US Census Bureau and is presented in 2012 dollars.

**Outlook**

Over the five years to 2026, e-commerce sales are forecast to continue the trend from the prior five-year period excluding 2020 and 2021. Following this slight correction, e-commerce sales are expected to continue their growth, both in value and as a share of total retail sales. This will likely be driven by growth in consumer spending and improvement in the labor market over the next several years. As was the case previously, e-commerce sales are expected to grow faster than physical retail sales. Notably, the latter half of the five-year outlook period is expected to see annual growth dipping below double digits, a sign of increasing adoption and saturation of e-commerce.

## Data Volatility



Year	\$ billion	% Change	Year	\$ billion	% Change
1998	6.62	N/A	2013	257.79	11.7
1999	18.97	186.6	2014	290.80	12.8
2000	35.11	85.1	2015	329.45	13.3
2001	42.76	21.8	2016	374.29	13.6
2002	54.81	28.2	2017	424.20	13.3
2003	68.97	25.8	2018	469.56	10.7
2004	85.35	23.8	2019	530.44	13.0
2005	104.16	22.0	2020	702.09	32.4
2006	125.20	20.2	2021	722.64	2.9
2007	146.92	17.3	2022	820.19	13.5
2008	150.46	2.4	2023	912.60	11.3
2009	152.55	1.4	2024	1,006.21	10.3
2010	175.99	15.4	2025	1,082.59	7.6
2011	202.92	15.3	2026	1,160.53	7.2
2012	230.77	13.7	2027	1,240.23	6.9

The logo for IBISWorld, featuring the company name in a white serif font inside a black rounded rectangle. The background of the entire advertisement is a teal-tinted image of a person in a white lab coat working at a desk with a laptop and various documents.

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