E-COMMERCE GROWTH BY INDUSTRY

Ironbridge Software

MINIMAL GROWTH
MODERATE GROWTH
RAPID GROWTH

INDUSTRY	ONLINE SALES	PREDICTED GROWTH	GENERATIONAL DATA	INSIGHTS
APPAREL	Online sales could grow 20% by 2020, compared to just 10% from 2010-2016 (Goldman Sachs)	RAPID GROWTH	Millennials are 3x more likely than other generations to turn to social media for product purchasing advice. (Accel + Qualtrics Millennials Study 2017)	GENERAL: More brick and mortar stores are projected to close in 2017 than in 2015-16 combined. (Credit Suisse)
				RETAILERS:Focus on creating in-store experiences to draw the customer in. Consider offering free in-store pickup for online purchases.
				MANUFACTURERS: Since online sales generate more returns than in-store transactions, use real-time data to carefully track inventory.
AUTOMOBILE	Online sales are projected to grow 16% in 2017.	MODERATE GROWTH	The idea that millennials don't want to own cars is a myth. Nearly 80% of millennials own cars and 75% of the remaining millennials aspire to own one. (Accel + Qualtrics Millennials Study 2017)	GENERAL: U.S. auto sales only grew by 1% in 2015, but aftermarket sales grew by 7%. Online retailers, such as Amazon, are jumping into the aftermarket auto industry to capitalize on American's aging cars. (Hedges & Company)
				RETAILERS: AutoZone, Advance Auto Parts and O'Reilly Automotive will find it difficult to compete with Amazon. They need to pivot and offer in-store experiences that can't be found online. (Hedges & Company)
				MANUFACTURERS: Amazon has already secured deals with the largest auto parts makers in the country. To stay relevant, manufacturers should consider selling directly to Amazon.(New York Post)
ELECTRONICS	Online sales of electronics make up 17.7% of all e-commerce sales for 2017. This is projected to rise to 20% by 2020. (Statista)	RAPID GROWTH	Nearly 60% of millennials check their phone first thing in the morning and young millennials check their phones on average 150 times per day (Qualtrics)	GENERAL: Electronics have been at the forefront of e-commerce sales for years with no signs of slowing.
				RETAILERS: 56% of in-store sales involve a mobile device (Deloitte). Retailers need to seemlessly blend the online and in-store experience.
				MANUFACTURERS: Diversify your inventory to accommodate both online and brick and mortar sales.
ENTERTAINMENT (MOVIE, THEATRE, CONCERTS, SPORTING EVENTS & HOME ENTERTAINMENT)	"Second screening" is watching something on one screen and checking a mobile device at the same time, usually Facebook. An estimated 80% of mobile device users do this at least once a month. (Weaveability.com)	MODERATE GROWTH	Millennials acount for 29% of ticket sales at movie theatres according to the film anaylitics firm, Movio. This solid percentage is contrary to widely held assumptions that millennials don't go to the movies. (thewrap.com)	GENERAL: While streaming services (like Netflix) are certainly growing, they aren't cutting into the profits of movie theatres, concerts and in-person events.
				RETAILERS: Offer technology as an enhancement to the in-person experience: mobile page, reserved seats online, etc.
				MANUFACTURERS: Tangible products have to be made somewhere. Whether it is a concert ticket or a movie ticket apps had to be made in order for us to have easy conveniences
FAST FOOD	Mobile order ahead in the fast food industry is projected to be a $38 billion industry by 2020. (Business Insider)	RAPID GROWTH	Domino's has positioned itself as an "ecommerce company that sells pizza" by letting customers order via a voice assitant named Dom, Amazon's Echo, Facebook Messenger and their app. (Digiday)	GENERAL: Fast food poses unique e-commerce challenges due to the quick turnaround and short shelflife of product.
				RETAILERS: Harnessing mobile technology to bring in customers is what will set apart the successful from the stagnant.
				MANUFACTURERS: The similarities between manufacturing and fast food are so strong that one can argue that fast food is now a manufacture in its own right.

GROCERIES		The top three retailers going into 2016 all had a food market element in their physical stores. This may be one reason that grocers haven't pushed technology in the same way as other retailers--their sales aren't suffering. (National Retail Foundation)		MINIMAL GROWTH	Millennials are less likely than any other generation to clip coupons. They also prefer convenience to the typical supermarket trip--meaning they're more likely to stop at a Walgreens for milk and bread than other generations. Finally, they are eating out more than they're buying groceries, which is on pace with a larger trend across all generations in America. (Gallup)	GENERAL: The grocery industry has remained insulated from e-commerce growth due to the unique nature of selling fresh goods. That being said, the industry has been slow to adopt technology and should look ahead to stay relevant.
						RETAILERS: Brands that are seeing success have created "destination" stores with bars, fast food options and events. Incorporating technology geared at increased store efficiency and customer convenience will also put stores ahead.
						MANUFACTURERS: Grocery stores are one of the few places where consumers still want to visit the physical location. But more and more, stores are adopting mobile apps and online ordering. Manufacturers should take note and work with stores to feature their products in technology with the same prominence they'd be featured on the store shelf.
HOME IMPROVEMENT & APPLIANCES		Home Depot's online sales rose by 23% in Q1 of 2017. This is indicative of rising online sales for the home improvement sector in general. While other retailers are struggling to meet numbers in 2017, the home improvement sector is seeing an uptick due to rebounding housing prices. Homeowners see their houses as a sound investment and are willing to spend money on improvement projects (Bloomberg News).		RAPID GROWTH	Millennials are becoming homeowners and are spending more money than any other generation on online home improvement.	GENERAL: The rapid growth of online sales in home improvement is due to an overall increase in sales. Both retailers and manufacturers can expect home improvement projects to continue due to a healthy and growing home market.
						RETAILERS: "The pace at which e-commerce is gaining acceptance among home improvement consumers emphasizes the need to understand how consumers are utilizing online and in-store shopping options, and how to make them work together," -Joe Derochowski, executive director and home industry analyst at The NPD Group, Inc.
						MANUFACTURERS: Due to a substantial increase in online sales, manufacturers should closely monitor inventory and be ready to make quick adjustment.
HEALTH, BEAUTY		Online beauty became accounted for $6.2 billion in sales, or 8 percent of the industry, in 2015 (Fung Global Retail & Tech). This number is projected to rise steadily with the growth of the industry as a whole. Amazon leads the pack, accounting for about 1 in every 5 online beauty purchases in 2016 (1010data).		MODERATE GROWTH	Social media advertising via Instagram, Youtube and blogging, has become a way for consumers to buy products online without seeing them in person. Nevertheless, millennials are still drawn to the in-store experiences of retailers like Ulta and Sephora. Both factors contribute to relatively stable growth in online beauty sales.	GENERAL: Online beauty sales are increasing, but not at a rapid pace. The industry as a whole is focused on innovation and should continue to leverage technology and new marketing strategies to increase overall sales.
						RETAILERS: In-store experiences that create "destination stores" are working well for retailers to draw customers in. They should also look for ways to integrate online and in-store experiences to blend the two markets.
						MANUFACTURERS: Given the moderate growth, there's no need to make big supply chain adjustments. Monitor the market, but be patient.
HOME GOODS, FURNITURE, DECOR		"Retail ecommerce sales of furniture and home furnishings will grow 16.4% in 2017 to reach $35.95 billion, and will total $62.36 billion by 2021." (emarketer.com)		RAPID GROWTH	This category's ecommerce growth is benefiting from millennials coming of age, settling down and buying homes (emarketer.com). Ecommerce sales have also seen a boost as Baby Boomers become more and more comfortable making online purchases.	GENERAL: As online sales increase for this category, the homegoods industry has to adapt via omnichannelled sales. Not all homegoods are practical to sell and ship online, so consumers are using a mix of online and in-store experiences to outfit their homes.
						RETAILERS: In-store experiences that play off of social media marketing and leverage technology are crucial. This category also benefits from shoppers craving in-store test experiences (like sitting on a sofa). Retailers should play off of these experiences and offer custom options to create a unique, in-store experience.
						MANUFACTURERS: It's important to weigh the different products in this category. If something easily fits in a box and retails for enough to justify shipping and warehouse costs, it's suited for online sales through giants such as Amazon or Wayfair. On the other hand, large pieces of furniture are sometimes better-suited for brick and mortar stores.

OFFICE PRODUCTS		From 2016-17, the entire office supply industry grew just 1%. Brick-and-mortar sales slowed while ecommerce jumped 12%. Still, this was smaller than past years. (The NPD Group)		MINIMAL GROWTH	Generational data is not as relevant in this category.	GENERAL: “Continued industry consolidation via mergers, exits, and store closings has not only reduced the number of physical store locations, but has also led to fierce competition, both in stores and online, among office supplies brands and retailers,” -Leen Nsouli, director, office supplies industry analyst, The NPD Group. RETAILERS: With brick-and-mortar stores closing, retailers need to focus their online presence. Overall, the category isn't growing, but online sales are. Retailers need to offer incentives like fast shipping to compete with Amazon. MANUFACTURERS: Since consumers aren't going to stores to seek out products, manufactures should focus on exposure. They need to work with ecommerce sites and a strong marketing team to make sure their products are seen.
PET SUPPLIES		In 2017, PetSmart acquired Chewy.com for $3.35 billion, the largest e-commerce acquisition in US history. This is telling of the pet supplies landscape and what's to come. In 2016, Chewy.com posted $900 million revenue in just their fifth year.		RAPID GROWTH	3/4 people in their 30s have a dog and 51% own a cat (Mintel). Millennials are also more likely to buy clothes, costumes and strollers for their pets. Characterized as the generation that delays home ownership, marriage and children, millennials lead other generations in pet ownership (Washington Post).	GENERAL: Millennials have proven themselves as pet owner who will spend money on their furry friends. This is a cue to all retailers to adjust their marketing to this group to boost future sales. RETAILERS: Pet stores need to differentiate themselves via specialty products, advice and a local, independent vibe in order to draw customers. The success of Chewy.com has proven that pet owners don't need a physical store to purchase name brand pet supplies. MANUFACTURERS: This group is conflicted with adjusting prices so that independent pet stores can compete with chains, and marketing products for online retailers like Chewy.com and Amazon. Manufacturers need to walk a fine line here because this industry is rapidly moving online and there's no reason to miss out on that distribution.
PROPERTY		In response to seeing rents rise as much as 9 percent (in 2015) for industrial real estate that deals with e-commerce: “We’re in the early innings of e-commerce right now, so there’s still a lot of opportunity there for growth,” says Chris Caton, senior vice president of global research for Prologis. “But e-commerce is only part of the story, and there’s a lot of diversity within our industry.” (REIT.com)		MODERATE GROWTH	E-commerce has had its greatest impact on industrial and commercial real estate. The impact on personal property has been small and much less defined, meaning generational research hasn't been much of a factor.	GENERAL: The outlook for real estate in the face of e-commerce is mixed. Industrial real estate stands to gain a lot from the needs arising from e-commerce sales and the quick shipping expectations set by Amazon. But commercial real estate is taking a hit as brick and mortar retailers grapple with store closings and shopping malls see major declines. INDUSTRIAL: There has been a huge jump in the need for "last-mile" facilities, or industrial real estate that is located near the last leg of a package's journey once it has completed its e-commerce delivery cycle. This has made for higher rents and more sought-after real estate on the industrial side. COMMERCIAL: The US commercial real estate market saw its largest rise in delinquencies in 2017 that it has in the previous six years. Retailers are closing brick and mortar stores to cut costs and focus on online sales.
SERVICE (BANKING, INSURANCE, FINANCE, HOSPITALITY)		The use of mobile apps and online technology for banking, investing and wealth management, continues to rise. Now, if banks don't have an easy-to-use mobile app, they are behind the times. (biztechmagazine.com)		RAPID GROWTH	Millennials dominate the use of online and mobile banking features, but each generation is quickly catching up. With so many customers comfortable with technology, banks are looking to perfect the online experience. Expect the coming year to see upgrades in payment features, chatbots and security measures (especially in the wake of the Equifax breach).	GENERAL: "As the banking industry responds to the “Age of the Individual”, big data and advanced analytics will define the winners from the losers." (TheFinancialBrand.com) RETAILERS: One major trend/advantage of online banking and financial services is being able to translate websites into multiple languages and serve previously untapped markets (The Future of Customer Engagement and Commerce). Banking institutions can find new customers by leveraging online technology to offer services in native languages. MANUFACTURERS: N/A

SOFTWARE, APPS & GAMING		In 2009, 20% of all video game sales were online. By 2016, 74% of video game sales were online. This number continues to rise and it's becoming rare for consumers to buy physical video games since the digital is so convenient. (Statista. com)		RAPID GROWTH	While millennials are largely responsible for the rise of gaming, generation Z is catching up. On the software side, older generations are becoming more comfortable with purchasing and downloading software online.	GENERAL: Since gaming and software are both digital media, it's safe to predict that this industry could go all digital in the near future. There is no perk or necessity to visiting a store for these products. RETAILERS: Focus on the online sales portion of the business because that is what will be left when physical stores shutter. MANUFACTURERS: the makers of games and software have an opportunity to work with online retailers, sell direct to consumer and also work with the gaming systems. Juggling the diversity in the point of sale will take careful research and a keen understanding of the manufacturer's own data.