

Mastercard report reveals massive pandemic-driven shift to ecommerce

Article

Mastercard's Recovery Insights [report](#) highlighted the scale of the pandemic-driven digital shift in 2020—as well as what to expect going forward.

Here are the big takeaways:

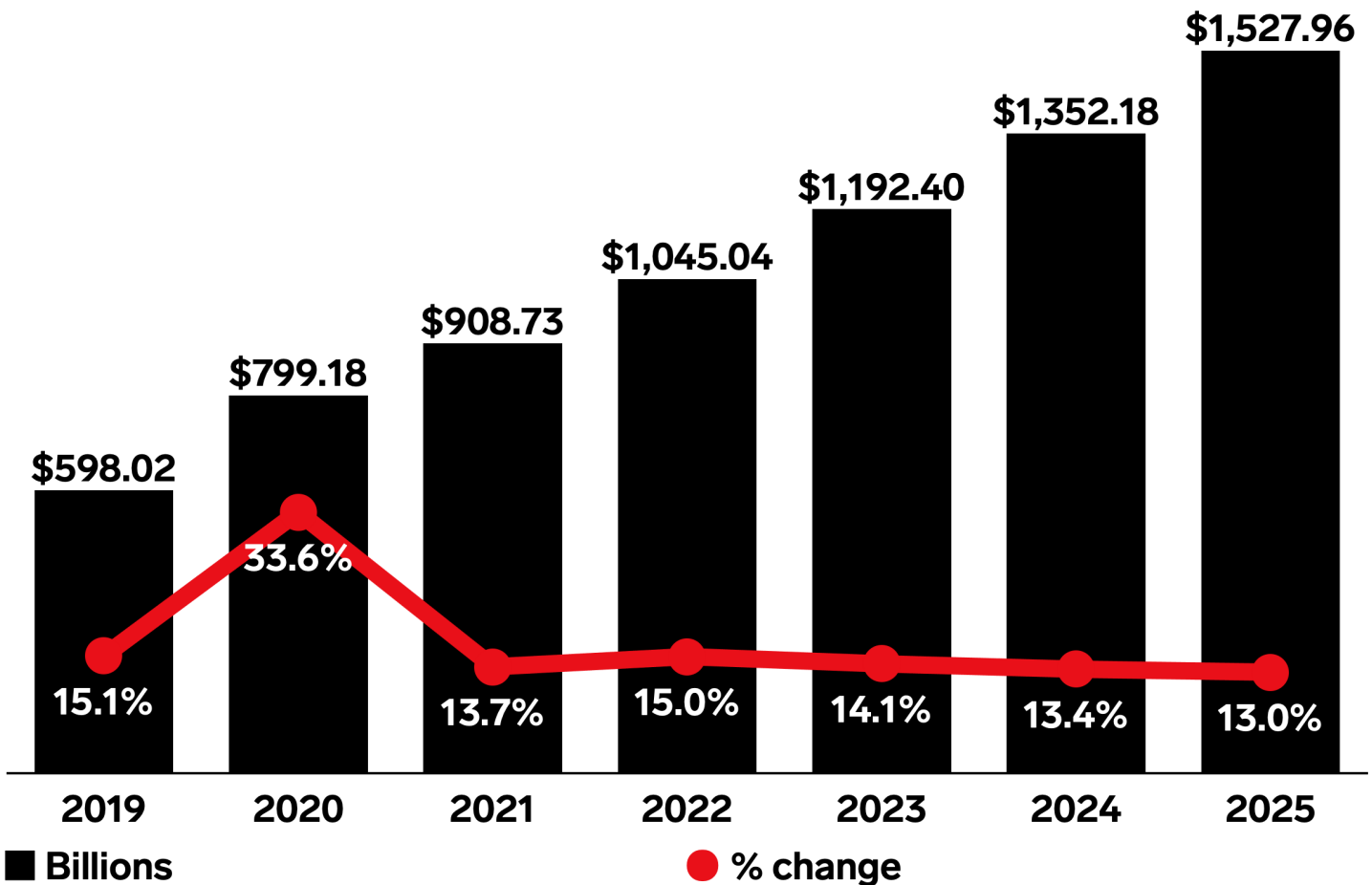
- **Global consumers increased online spending by \$900 billion in 2020.** This translates to ecommerce making up \$1 for every \$5 spent on retail in 2020, compared with \$1 for every \$7 in 2019. The surge in ecommerce spending was driven by pandemic-induced [lockdown measures](#) and brick-and-mortar store [closures](#). Mastercard expects that 20%–30% of global ecommerce growth experienced during the pandemic will be permanent.
- **The online grocery sector experienced one of the biggest growth spurts.** Currently, 9% of grocery shopping takes place online—up from 7% before the pandemic. Moving forward, Mastercard estimates that more consumers will shift to [online grocery](#) shopping, with 10% of grocery sales taking place online post-pandemic. Mastercard also expects that between 70% and 80% of the pandemic's online grocery spike will be permanent.
- **Digital payments grew rapidly and will probably continue their ascent.** Before the pandemic, the share of [cash use](#) as a portion of all sales declined roughly 2.5% per year. After pandemic restrictions took effect, noncash payments jumped an additional 2.5 percentage points beyond the trend—accelerating the shift from cash to digital payments by a full year.

The coronavirus pandemic has changed the face of retail, with brick-and-mortar seeing the biggest declines. Many consumers shifted to online shopping as a result of the pandemic, which hit brick-and-mortar retail [hard](#): In 2020, approximately 15,542 US stores [closed](#) for good—well above the 9,879 and 5,700 stores that closed in 2019 and 2018, respectively. To make up for in-store losses and maintain overall sales volume, many retailers put significant effort toward ramping up their digital presence—increasing online product assortments, making digital returns [easier](#), adding faster and [expanded](#) delivery capabilities like [curbside pickup](#), and [investing](#) in digital partnerships.

Going forward, ecommerce and brick-and-mortar retail might hold equal weight in creating a shopping experience that consumers desire. The shift to online shopping might be permanent for some consumers: 81% of consumers who have used a new digital shopping method during the pandemic intend to continue using it. But the online shift doesn't mean that brick-and-mortar retail should go away anytime soon: Retail foot traffic is already [climbing](#) back up and will likely continue to recover—[62%](#) of consumers say they plan to shop in-store at least once per week this spring. This means that retailers might want to focus on both in-store and online retail in order to maximize overall sales as the pandemic phases out.

Retail Ecommerce Sales

US, 2019–2025



Note: Includes products or services ordered using the internet, regardless of the method of payment or fulfillment; excludes travel and event tickets, payments (such as bill pay, taxes, or money transfers), food services and drinking place sales, gambling and other vice goods sales. eMarketer benchmarks its retail ecommerce sales figures against US Department of Commerce data for which the last full year measured was 2020.

Source: eMarketer, 2021

Methodology: Estimates are based on the analysis of data from benchmark source US Department of Commerce, estimates from other research firms, historical trends, reported and estimated revenues from major online retailers, consumer online buying trends, and macro-level economic conditions.

1035218734062

eMarketer | InsiderIntelligence.com