US forecasting shocks 2020: Ecommerce and overall commerce

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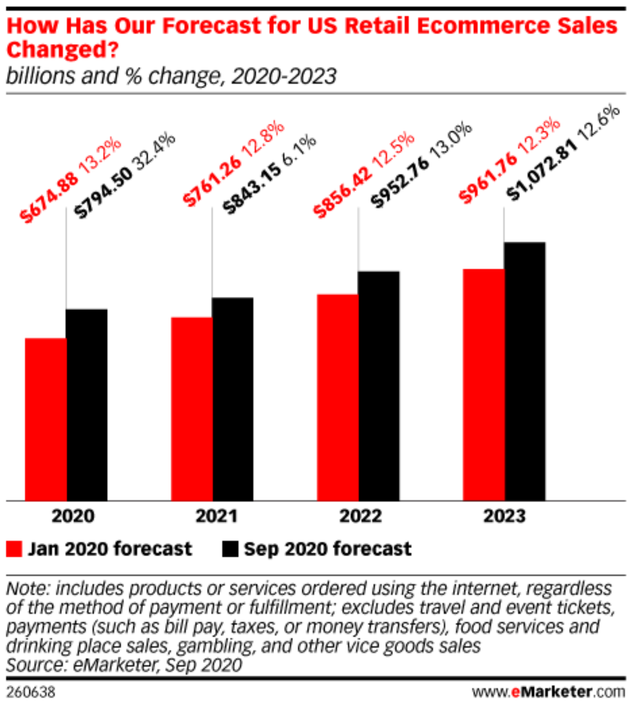
The unprecedented social and economic disruptions that affected all areas of life in the US in 2020 also skewed many of our pre-pandemic forecasts. Valuable insights can be gleaned by examining the difference between what we thought would happen as of February 2020 versus what we now project for this year and the coming years.

Due to widespread commercial lockdowns and quarantine-related personal restrictions, US consumers overwhelmingly reduced spending on services and entertainment this year (restaurants, bars, salons, travel, events, education, etc.). This in turn led to an unexpectedly strong outcome for spending on certain retail goods, as households used the suddenly available cash to splurge on consumer electronics, home furnishings, groceries, and a range of other products. Much of this spending took place online.

Perhaps the most consequential digital story of 2020, the widespread embrace of ecommerce during the pandemic unexpectedly accelerated the channel's progress by almost two years. In January, we forecast total ecommerce sales would be $674.88 billion in 2020; now we have that figure well over $100 billion higher, at $794.50 billion. On the flipside, in-person shopping took a massive hit.



What follows is a highlight-reel glimpse of the data points in the retail and retail ecommerce space that changed the most dramatically in our 2020 forecasts between February and November of this year.

The Booms

These commerce-related forecasts showed the biggest positive shifts compared with our pre-pandemic estimates:

- **Consumer Electronics Ecommerce Sales.** Ecommerce had a banner year across the board, but the consumer electronics industry was particularly well suited to serve the needs of a population suddenly stuck at home managing unexpected work, school, and leisure time. Consumer electronics ecommerce sales were in line to be $150.10 billion but instead will be $179.35 billion. That's $29.30 billion in unanticipated online spending on devices to help us work, learn, and play from home.

- **Furniture and Home Furnishings Ecommerce Sales.** US households also unexpectedly found themselves focused on home improvement this year, even as a lot of big-box furniture stores were closed or less accessible. This led to a big shift in spending from brick-and-mortar to digital in the category. In January, we estimated furniture and home furnishing ecommerce would reach $76.80 billion, but now we forecast that figure will be $92.32 billion—an uptick of $15.50 billion. That's a massive increase given disrupted supply chains during the pandemic.
- **Health, Personal Care, and Beauty Ecommerce Sales.** Not surprisingly, healthcare-related ecommerce also dramatically upshifted in 2020. We previously forecast $58.70 billion for the category but now see it reaching $73.52 billion, equating to $14.80 billion in extra online sales.
- **Food and Beverage Ecommerce Sales.** No ecommerce category saw such a huge percentage leap from our early forecast to our later one—though not as dramatic in absolute terms (because it is coming from a low online base). Food and beverage ecommerce sales were expected to be $32.20 billion, but as a generation of users explored new ways to eat at home, we adjusted our forecast upward by a massive 41.3%. We now estimate $45.47 billion in sales for the category this year.
- **Click-and-Collect Sales.** The final forecast worth highlighting is another that is representative of 2020's social adjustments: the click-and-collect phenomenon. Before the pandemic, we estimated $50.66 billion in sales would transact via the click-and-collect format this year. We now forecast that figure will be $58.52 billion, an increase of 15.5% over our previous estimate.

The Busts

These commerce-related forecasts showed the biggest negative shifts compared with our pre-pandemic estimates:

- **Brick-and-Mortar Retail Sales.** As ecommerce gains, so declines brick-and-mortar. With many consumers unable or unwilling to shop in person, we adjusted our pre-pandemic brick-and-mortar retail sales forecast of $4.946 trillion down to $4.711 trillion. The decline is representative of a relatively small downshift of 4.7% from our previous estimate, but given the gargantuan scale of US retail, this still equates to $234.50 billion less in sales for the nation's in-person stores.

- **Auto Retail Sales.** Although the auto industry has rebounded well in H2 2020, the weeks and months of limited business during the initial coronavirus outbreak will sink the annual numbers. Previously, we forecast $1.329 trillion in auto sales this year, but now we have that figure at $1.225 trillion—an unexpected absence of $103.47 billion in spending.
- **Digital Travel Sales.** The entire ecosystem of travel-related businesses and services will show brutal results in 2020. From hotels to airlines to ad spending, it will be the worst year on record for most travel companies. For digital travel sales—which nowadays is how nearly all travel is booked—we originally forecast $215.74 billion in spending. But that estimate cratered by 46.6% on second look, and now sits at just $115.27 billion. That's almost exactly $100 billion less in revenues for the industry.
- **Apparel Retail Sales.** Apparel sales via ecommerce will have a surprisingly strong year in 2020, all things considered, but not by nearly enough to save the overarching category. Most people still prefer to buy clothing in stores, and these sales will decline precipitously. Apparel was in line for $483.40 billion in sales this year before the pandemic hit, but the final figure will be $88.51 billion less than that, for a total of $394.89 billion.

A stark division between those categories that benefited from the new realities created by the pandemic and those categories that were harmed is apparent across nearly every topic area we cover. The numerical gap between our pre-pandemic forecast and current forecast demonstrates how much the losing side missed out.

For more on the US forecasts we revised most significantly due to COVID-19, Insider Intelligence subscribers can read our recent report:

Report by Ethan Cramer-Flood Nov 17, 2020

2020’s Biggest US Forecasting Shocks