Did ‘Clicks’ Really Surpass ‘Bricks’ for Share of US Retail Sales? Not Exactly

ARTICLE

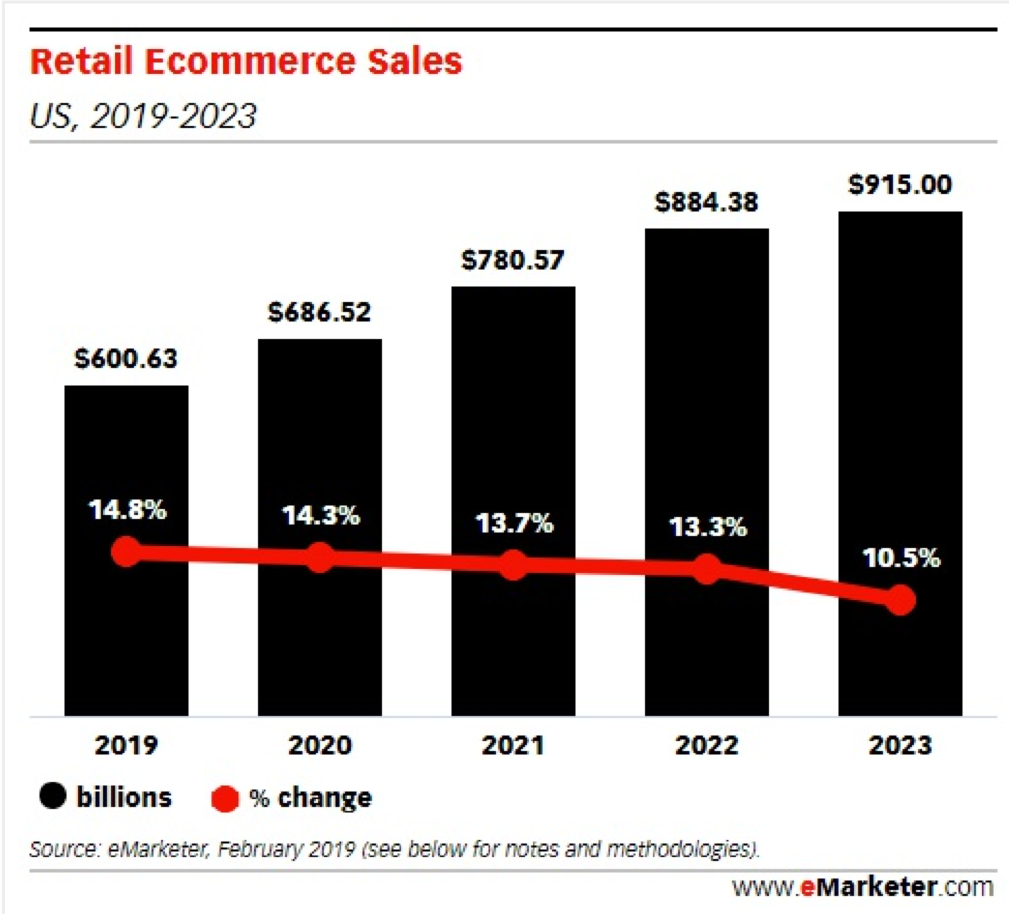
Lucy Koch

A couple weeks ago, headline after headline heralded the moment when US ecommerce (“clicks”) finally surpassed in-store sales (“bricks”), per slightly misconstrued data from the US Census Bureau. This seemed to confirm what many perceive as reality: Brick-and-mortar stores struggle as ecommerce continues to grow at double-digit rates every year.

But the headlines didn’t tell the full story, and many people got the wrong impression as a result. What the stories should have clarified was that online sales across *all* categories accounted for 11.813% of retail spending in February, while sales from *general merchandise* retailers via their brick-and-mortar stores accounted for 11.807%. (And while “general merchandise” sounds like it could account for everything, it actually represents a more specific segment of retail that excludes auto, food, beverage, apparel and accessory sales.

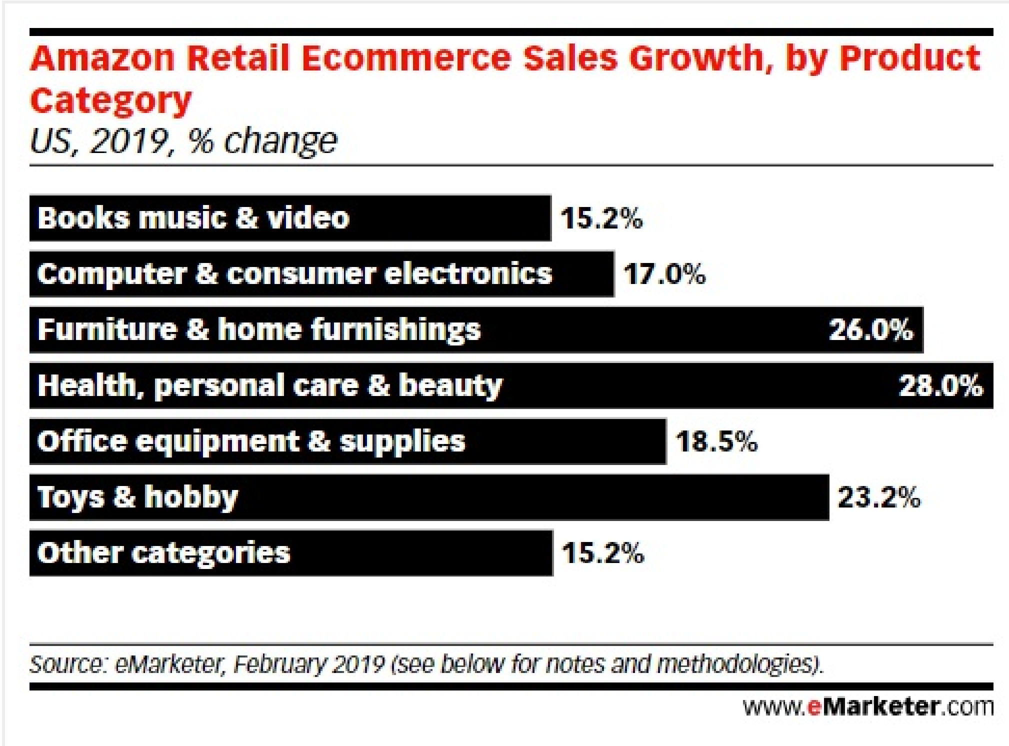
So what’s the reality of ecommerce vs. brick-and-mortar sales overall?

We forecast that retail ecommerce will account for 10.9% of total US retail spending across all merchants in 2019—about one-eighth the size of brick-and-mortar retail. Online sales will increase 14.8% year over year, compared with brick-and-mortar growth of 1.9%.



Within retail ecommerce, general merchandise (if we mirror the Census Bureau's exclusions) will account for about 67% of sales, or $401.63 billion. When looking at total retail sales—both brick-and-mortar and online—that figure drops to around 50% ($2.728 trillion).

Amazon is a major driver of retail ecommerce growth and will account for 47.0% of US retail ecommerce sales. Two of Amazon's general merchandise categories, healthcare/beauty products and furniture/home furnishings, will see growth of 28.0% and 26.0% this year, respectively.



The ecommerce giant's brick-and-mortar expansion is underway, too. Amazon Go is expected to expand to thousands of locations by 2021, and the retailer has plans to roll out physical grocery store locations, distinct from Whole Foods, as early as year-end. Other online-only general merchandise retailers like Wayfair and direct-to-consumer (D2C) brand Casper are moving or plan to move offline as well, illustrating the growing prominence of an omnichannel experience.