

What's Driving the Top Five Retail Ecommerce Markets Worldwide?

ARTICLE |

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Global retail ecommerce sales will reach roughly \$3.563 trillion this year, we estimate, and the top five retail ecommerce markets will account for more than 82% of that total. By the end of our forecast period in 2022, these markets will represent more than 85% of retail ecommerce sales worldwide.

China's retail ecommerce sales will grow more than 30% to nearly \$2 trillion in 2019—over half of the worldwide total. Behind China, the retail ecommerce market in the US will reach \$600.63 billion in sales, growing nearly 15% year over year.

Top 5 Countries, Ranked by Retail Ecommerce Sales, Feb 2019 billions

1. China*	\$1,989.45
2. US	\$600.63
3. UK	\$137.08
4. Japan	\$113.63
5. South Korea	\$86.59

*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 good sales; *excludes Hong Kong*

Source: eMarketer, March 2019

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In the UK, sales will reach \$137.08 billion—up nearly 11% over 2018. Retail ecommerce sales growth in Japan and South Korea will rise 4.0% and 11.1%, respectively.

Each of these countries' current share of global retail ecommerce is influenced by growth in exports, as well as heavily entrenched methods for online payments—Alibaba with Alipay in China, Amazon with high credit card use in the US, and Rakuten with Rakuten Pay in Japan. Additionally, the continued expansion of luxury goods being sold online has played a supporting role.

But what's driving the individual growth of each country?

China has the highest ecommerce share of total retail sales worldwide, at 55.8%. This is partly due to its large population of 1.4 billion and the explosive growth of its middle class. China's recent growth is driven predominantly by rural shoppers coming online as their incomes rise.

"China's ecommerce landscape is dotted with powerful pure-playetailers like Alibaba and JD.com, as well as traditionally offline players such as Suning and Gome," eMarketer senior forecasting director Monica Peart said. "Across the country, each ecommerce platform attracts different customers looking for specialization in certain product categories, or consumers from the more or less urbanized regions, making for a very diverse field."

Growth in the US will be driven by high-performing retail ecommerce categories like computer and consumer electronics as well as apparel and accessories. This year, computer and consumer electronics will reach \$130.29 billion in retail ecommerce sales and account for 21.7% of total retail ecommerce sales. Figures for the apparel and accessories category will be \$122.76 billion and 20.4%. By the end of our forecast period, computer/consumer electronics and apparel/accessories will reach \$190.31 billion and \$181.20 billion in sales, respectively.

Retail Ecommerce Sales, by Product Category

US, 2022, billions

Apparel & accessories

\$181.20

Auto & parts

\$81.64

Books, music & video

\$60.76

Computer & consumer electronics

\$190.31

Food & beverage

\$32.63

Furniture & home furnishings

\$92.69

Health, personal care & beauty

\$75.01

Office equipment & supplies

\$24.44

Toys & hobby

\$57.03

Other categories

\$88.67

Source: eMarketer, February 2019 (see below for notes and methodologies).

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In the UK, sales growth will come from Amazon's burgeoning presence in the country's neighboring markets. As Amazon gains more traction across Europe, it is likely the platform's sales will ultimately benefit overall consumerism in the UK.

Prime is at the core of Amazon's European expansion. Periscope By McKinsey found that more than half of internet users in Italy, Germany and the UK have a Prime account as of July 2018.

Japan's 4.0% growth this year is the smallest of the top five retail ecommerce markets, largely because of the country's slower domestic demand from its aging population. However, Japan is famously an export market of some of the world's top electronics brands like Sony, and the nation's upward movement in export demand has potential to push retail ecommerce growth.

South Korea's retail ecommerce market has been well established by both domestic sales and exports of its beauty products and electronics. But with domestic demand-based limitations similar to those in Japan, South Korea can expect continued growth in exports to its Southeast Asian neighbors. This will occur as incomes rise in those countries and buyers there become more comfortable with online shopping.

"Retail ecommerce growth is still very robust globally, growing at roughly four times the rate of overall retail sales," Peart said. "Incomes will continue to rise across the globe, which will fuel online shoppers' appetite for not only a greater variety of goods, but also more expensive goods online. This will push retail ecommerce to represent a higher and higher share of retail spending."