

US Retail Sales to Drop More than 10% in 2020

But US ecommerce will surge 18%, up from prior forecast of 13%

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eMarketer Editors

The US retail sector could take years to recover from the impact of the coronavirus, and the hit could be worse than that of the Great Recession. According to eMarketer's latest forecast on US retail sales (which includes auto and fuel), total retail sales will drop by 10.5% this year, steeper than the 8.2% drop in 2009. Ecommerce is the only bright spot, jumping 18.0% this year, as Americans rely on Amazon and other online retailers for necessities.

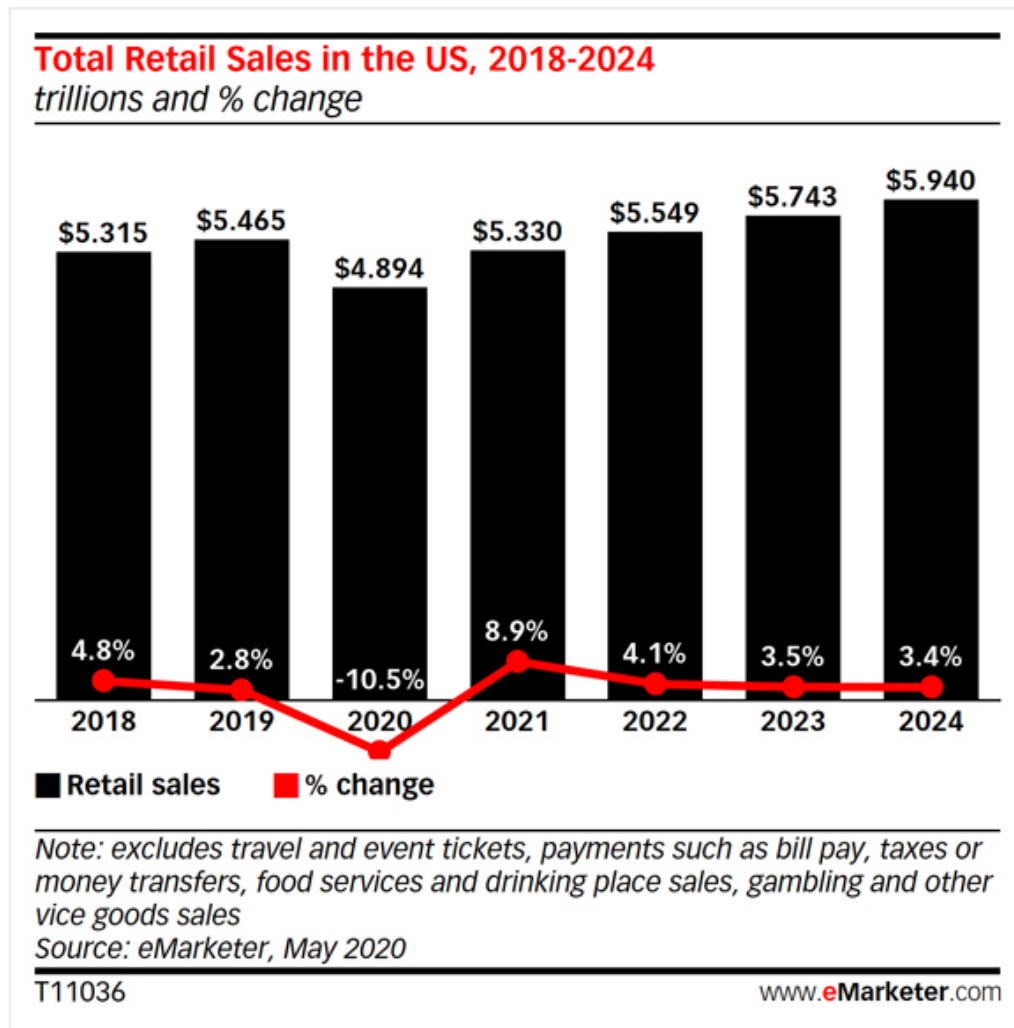
Total Retail

In 2020, total retail sales will drop 10.5% to \$4.894 trillion, a level not seen since 2016.

These estimates assume that widespread social distancing measures, which have gradually been lifted in May, will continue to ease and economic activity slowly resumes in Q3. However, consumer spending will likely remain dampened throughout the year. Total retail sales won't rebound to 2019 levels until 2022, and estimates throughout the forecast period will be lower than previously predicted.

"This is the sharpest consumer spending freeze in decades in the US," said eMarketer senior forecasting analyst Cindy Liu. "In just a couple weeks, as Americans sheltered in place, retail sales fell dramatically in

March. With sales hitting their lowest point of the year in Q2, it will take years before consumer activity returns to normal levels.”



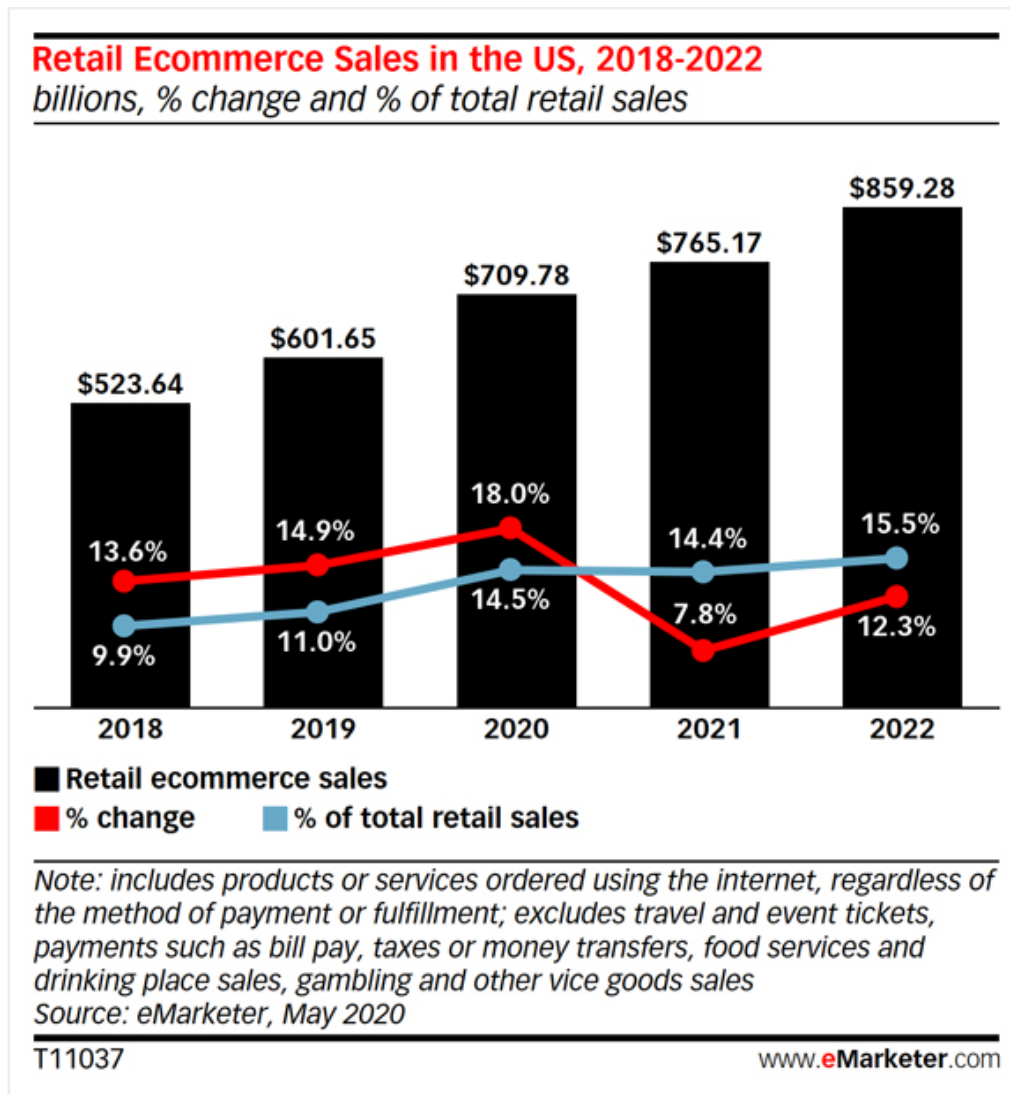
Every category will see a drop in sales except for food and beverage and health and beauty. Total food and beverage sales will jump 12.5% this year to reach \$1.110 trillion, while health and beauty sales will grow 6.9% to \$556.30 billion.

Brick-and-Mortar

Brick-and-mortar sales will weigh down overall retail long term. Brick-and-mortar retail sales will fall 14.0% to \$4.184 trillion in 2020. It will take up to five years for offline sales to return to pre-pandemic levels.

Ecommerce

While ecommerce hasn't been nearly strong enough to offset brick-and-mortar losses, it is mitigating the severity of retail's decline. Ecommerce sales will climb 18.0% to reach \$709.78 billion this year, representing 14.5% of total US retail sales in 2020.



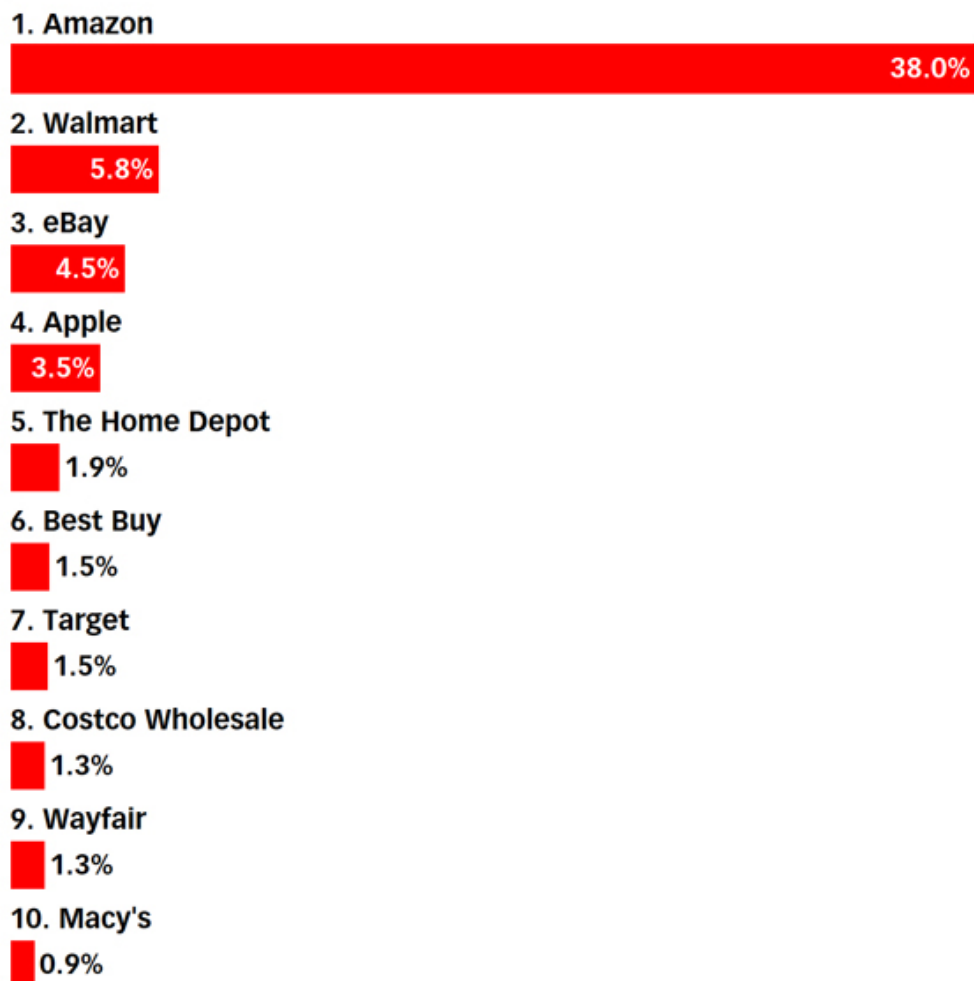
“Everything we’re seeing with ecommerce is unprecedented, with growth rates expected to surpass anything we’ve seen since the Great Recession,” said Andrew Lipsman, eMarketer principal analyst. “Certain ecommerce behaviors like online grocery shopping and click-and-collect have permanently catapulted three or four years into the future in just three or four months.”

The top-growing ecommerce categories will be food and beverage at 58.5% and health/personal care/beauty at 32.4%, as Americans turn to online ordering for household essentials. Apparel and accessories, the second-largest ecommerce category in overall sales, will grow just 8.6% as consumers shift spending from more discretionary, nonessential categories.

For the first time, Walmart will surpass eBay as the No. 2 ecommerce retailer in the US. Here's how the top 10 US retailers (ranked by ecommerce sales) will fare this year:

Top 10 Companies in the US, Ranked by Retail Ecommerce Sales Share, 2020

% of total retail ecommerce sales



Note: represents the gross value of products or services ordered via each company's website (browser or app), regardless of the method of payment or fulfillment; excludes travel and event tickets

Source: eMarketer, May 2020

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"Amazon will increase its ecommerce market share to 38.0% and extend its reign of dominance," Lipsman said. "But big-box retailers are leveraging their click-and-collect models to accelerate their ecommerce businesses. This will push Walmart into the No. 2 position for the first time. Along with Target, Best Buy, The Home Depot and Costco Wholesale, Walmart is expected to grow ecommerce sales more than 35% in 2020."

