

These Three Industries Have Huge Potential Online

Article

Food and beverage, personal care and auto parts products have traditionally lagged behind in ecommerce, but when you look more closely, it's easy to see significant growth potential.

Retail E-commerce Sales Share by Product Category

Retail Ecommerce Sales Share, by Product Category

US, 2019, % of total retail sales

Apparel & accessories



Auto & parts



Books music & video



Computer & consumer electronics



Food & beverage



Furniture & home furnishings



Health, personal care & beauty



Office equipment & supplies



Toys & hobby



Other categories



Source: eMarketer, February 2019

www.eMarketer.com

In the food and beverage space, key players are making big ecommerce investments. Amazon was an early adopter, leveraging Whole Foods and its massive delivery infrastructure to offer in-store pickup lockers and same-day delivery. Walmart has invested heavily as well, and saw its ecommerce sales grow nearly 40% in 2018 to \$20.95 billion according to our **latest forecast**. Grocery pickup is key for the big-box retailer, and it recently began working with partners like AxleHire and Doordash for delivery services.

Slow growth in health and personal care products is mostly the fault of consumer packaged goods (CPG) brands, "which have been slow to put products online and tend to rely on traditional marketing methods," said Martin Utreras, vice president of forecast at eMarketer. "However, that's quickly changing as more products are going directly to consumers—either through intermediaries like Amazon that provide the logistics for the brands, or brands that open their own stores online."

Digitally native direct-to-consumer (D2C) brands are also gaining traction, and brands like Glossier and Keeps are working hard to appeal to younger audiences who might be more comfortable buying online than their boomer parents.

Auto parts have similar dynamics to CPGs, and items that don't require a mechanic are moving online into a D2C model. For things that do require installation, click-and-collect models are doing the trick. Cars themselves will likely stay offline for obvious reasons, with Tesla as the exception. "Tesla is breaking the mold with online sales," Utreras said. "This has the potential to disrupt the dealer model that the auto industry has relied on for decades. It empowers consumers with more competitive choices."