

2020 E-Commerce Outcome

Fourth Quarter and Holiday Trends

Abstract: This article discusses the U.S. Census Bureau's cumulative 2020 and fourth-quarter e-commerce sales figures and delves into the breakdown of online spending by business type. The article also covers Census Bureau's 2020 data that shows how pandemic-related lifestyle changes impacted consumer behavior during the holiday season

Key Takeaways

- Annual e-commerce grew 32.4% in 2020 to \$791.7B, representing 14.0% of total retail sales up from 11.0% in 2019.
- Most significant increases in 2020 were food-and-beverage stores +147.1%, building materials +61.7%, health and personal care +67.6, and sporting goods +60.7%
- Overall quarterly e-commerce sales in Q4-2020 grew by 32.1% compared to the same period in 2019, but down from its peak in Q2-2020 (+44.4%).
- Q4-2020 total e-commerce sales share of total retail sales was 15.7%, the largest quarterly share on record, up 3percentage points from Q4-2019.
- Food-and-beverage store e-commerce sales surged in Q4 by 125.0%.

Across the retail real estate industry, the pandemic presented many challenges, forced necessary business adjustments and altered how consumers shopped in 2020. Many retailers were able to modify their business model to meet the shift in consumer behavior and benefitted from those changes, as evidenced in the U.S. Census Bureau's recently released Q4-2020 data. The bureau's supplemental quarterly e-commerce table, which consists of unadjusted e-commerce sales data by business type, provides insight into the overall 2020 e-commerce sales as well as the holiday season e-commerce retail sales.

2020 E-Commerce Growth and Share of Sales

Overall e-commerce sales grew by 32.4% in 2020 and represented \$791.7 billion in sales (Table 1). The e-commerce share of total store and non-store sales reached 14.0% compared to 11.0% in 2019 and 9.9% in 2018. That growth came at a time when many retailers had to close or limit capacity due to COVID-19-related government mandates.

Total retail sales were strong throughout the pandemic. Whether in store, online or a combination of both, some business types performed better than others. Food-and-beverage stores (supermarket and grocery), the sector that likely had the smallest digital footprint heading into the pandemic, more than doubled the previous year's online sales growth (147.1%) as consumers dined out less and sought safer ways to do their regular shopping (Chart 1). Total retail e-commerce sales for this segment hit \$27.5 billion in 2020, up from \$9.9 billion one-year prior (Table 2).

Due to necessity or a renewed focus on well-being, health and personal care,¹ e-commerce sales surged last year by 67.6% and rose to \$9.6 billion from \$5.7 billion in 2019. Sporting goods and hobby businesses also benefitted as e-commerce sales jumped by 60.7% in 2020, and overall sales in that segment grew by 16.2% in second half of the year.

Table 1
Annual E-Commerce Sales Share of Total Store and Non-Store Sales and Annual Growth (Not Adjusted, Millions of Dollars)

Year	Total Store and Non-Store Sales	Total E-Commerce	Share	Year-over-Year Growth
2018	\$5,269,468	\$519,635	9.9%	
2019	\$5,452,206	\$598,018	11.0%	15.1%
2020	\$5,638,361	\$791,700	14.0%	32.4%

Source: U.S. Census Bureau

Table 2
2020 E-Commerce Sales Levels by Business Type (millions of dollars)

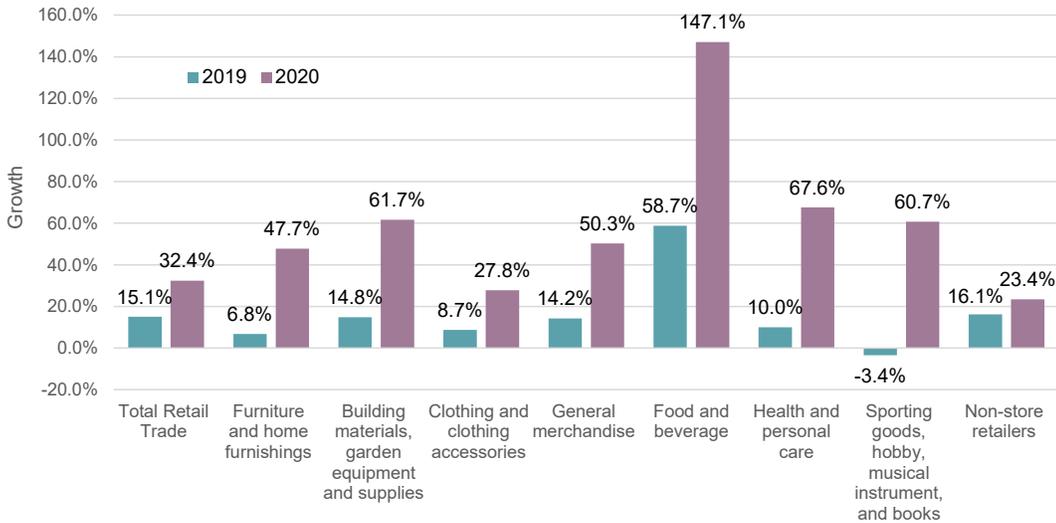
Type of Business	2018	2019	2020
Total Retail Trade	\$519,635	\$598,018	\$791,700
Motor vehicle and parts	\$35,909	\$39,431	\$44,638
Furniture, building materials, and electronics	\$48,809	\$39,595	\$114,198
Furniture and home furnishings	\$10,398	\$11,101	\$16,397
Building materials, garden equipment and supplies	\$13,877	\$15,933	\$25,763
Clothing and general merchandise	\$80,701	\$89,826	\$124,596
Clothing and clothing accessories	\$42,585	\$46,283	\$59,152
General merchandise	\$38,116	\$43,543	\$65,444
All other	\$33,350	\$38,347	\$67,799
Food and beverage	\$6,247	\$9,917	\$24,502
Health and personal care	\$5,184	\$5,701	\$9,554
Sporting goods, hobby, musical instrument, and books	\$7,312	\$7,064	\$11,351
Non-store retailers	\$307,432	\$357,023	\$440,469

Source: U.S. Census Bureau

The building materials sector also had a strong year with double-digit sales growth every month since April. This growth was driven mainly by two key factors: people being home and embarking upon home improvement projects and the historical hurricane season in the U.S. Consumers turned to e-commerce to buy supplies, which led to a 61.7% increase in purchases made online.

¹ Health and personal care: pharmacies and drug stores, cosmetics, beauty supplies and perfume stores optical goods stores, food (health) supplement stores.

Chart 1
Annual Year-over-Year E-Commerce Growth by Business Type



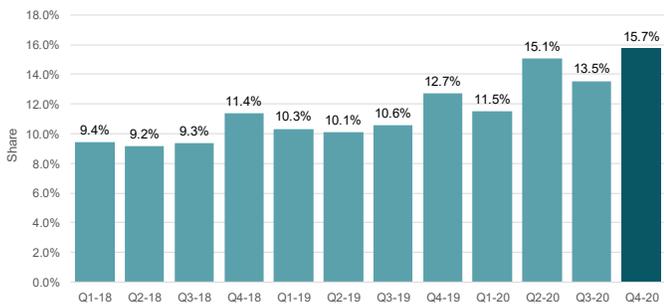
* NAICS code 445: consists of grocery stores, supermarkets and other grocery (except convenience) stores and beer, wine and liquor stores.

Source: U.S. Census Bureau

Fourth Quarter and Holiday Season E-Commerce Growth and Share of Sales

The holiday season is a time when shoppers typically frequent stores; however, last year was a vastly different retail environment nationwide. With some state and local governments mandates still in place and the convenience of e-commerce, online sales surged by 32.1% in the fourth quarter, doubling the 16.2% growth in Q4-2019 (Chart 2). The online sales increase represented \$245.2 million and a 15.7% share of total store and non-store sales, the largest quarterly share on record (Table 3). To further emphasize how the pandemic lifted online sales, Q4-2020 e-commerce sales were \$59.6 million dollars more than the same period a year ago.

Chart 2
Quarterly E-Commerce Sales Share of Total Store and Non-Store Sales



Source: U.S. Census Bureau

Q4 E-Commerce Year-Over-Year Growth by Business Type

Overall, fourth-quarter e-commerce growth by business type was not much different from the trend seen throughout the year (Chart 3). In fact, Q4 non-store retailers' growth was 23.6%, nearly identical to the 23.4% annual growth. However, it is important to look at the actual dollar impact as the category had an increase of \$25.3 million more sales compared to the same period in 2019

Table 3
Quarterly E-Commerce Sales Share of Total Store and Non-Store Sales (Not Adjusted, Millions of Dollars)

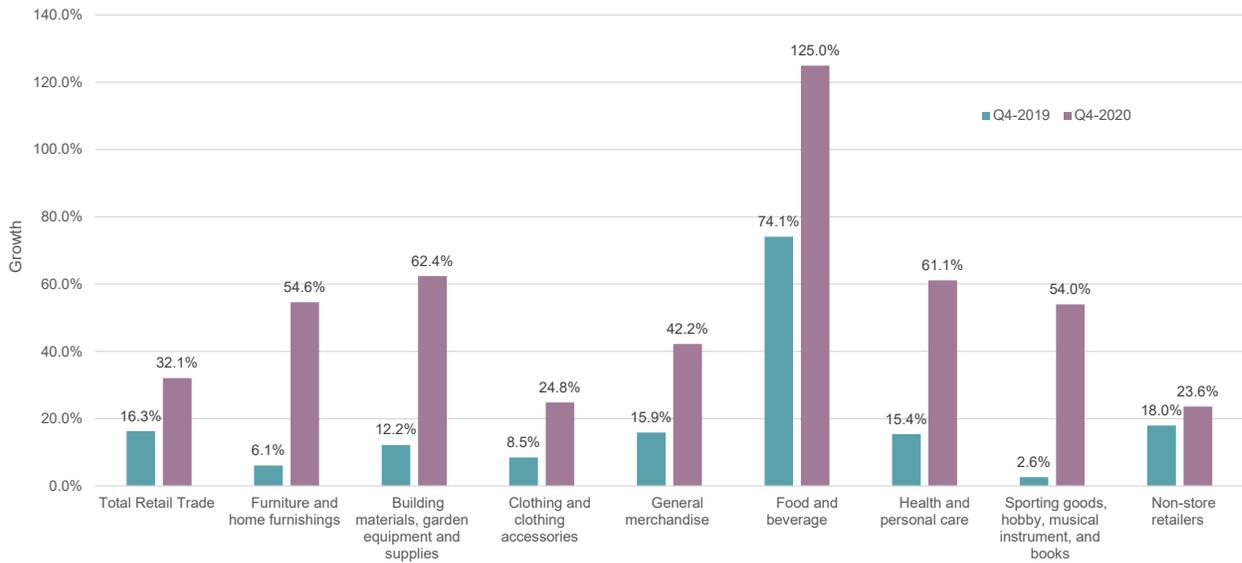
Quarter	Total Store and Non-Store Sales	Total E-Commerce	Share
Q1-2018	\$1,217,263	\$114,694	9.4%
Q2-2018	\$1,331,200	\$121,969	9.2%
Q3-2018	\$1,318,990	\$123,322	9.3%
Q4-2018	\$1,402,015	\$159,650	11.4%
Q1-2019	\$1,237,688	\$127,888	10.3%
Q2-2019	\$1,377,667	\$138,956	10.1%
Q3-2019	\$1,376,996	\$145,474	10.6%
Q4-2019	\$1,459,855	\$185,700	12.7%
Q1-2020	\$1,273,055	\$146,539	11.5%
Q2-2020	\$1,332,066	\$200,646	15.1%
Q3-2020	\$1,473,196	\$199,232	13.5%
Q4-2020	\$1,560,044	\$245,283	15.7%

Source: U.S. Census Bureau

(Table 4). Food-and-beverage stores grew by 125%, which was a step back from growth in Q2 and Q3 when the demand for essential goods was at its highest. Yet, online sales more than doubled to \$7.0 million in 2020.

Building materials also experienced another quarter rising sales, growing by 62.4% in Q4-2020. Typically, as shoppers focus on other purchases, the sector's sales tail off during the holiday season, averaging \$27 billion in overall sales in the three months of the quarter in 2019. However, in 2020, due to home improvement projects and hurricane recovery, building materials averaged \$37 billion with roughly one-fifth of those sales occurring online during the holidays.

Chart 3 Q4 Year-over-Year E-Commerce Growth by Business Type



* NAICS code 445: consists of grocery stores, supermarkets and other grocery (except convenience) stores and beer, wine and liquor stores.

Source: U.S. Census Bureau

Health and personal care (61.1%), sporting goods and hobby (54.0%) and home furniture (54.6%) all had large gains in Q4, with the home furniture category getting a lift from its overall growth for the year (47.7%), as families perhaps transferred traditional holiday purchases to that area and with new furniture purchases for dedicated education spaces that began earlier in the year.

Looking Ahead to 2021 and Post-Pandemic

E-commerce growth from quarter-to-quarter and year-over-year shows notable change this year as consumers across the country have shifted their shopping online out of necessity. As vaccines are distributed and state and local restrictions are lifted, much of this growth is likely to level off; however, consumers still plan to take advantage of online channels. While e-commerce growth has certainly accelerated, the coming year will likely provide insight into a new e-commerce and physical store equilibrium. The retail real estate industry and the world have undergone significant change, and the consumer's desire to return to a sense of normalcy may lead to very different e-commerce trends in 2021.

Table 4
Q4 Sales Levels by Business Type
(Not Adjusted, Millions of Dollars)

Type of Business	Q4-2018	Q4-2019	Q4-2020
Total Retail Trade	\$159,650	\$185,700	\$245,283
Motor vehicle and parts	\$9,270	\$10,436	\$12,550
Furniture, building materials, and electronics	\$19,074	\$22,270	\$33,432
Furniture and home furnishings	\$3,067	\$3,254	\$5,031
Building materials, garden equipment and supplies	\$3,793	\$4,255	\$6,909
Clothing and general merchandise	\$29,564	\$33,140	\$44,274
Clothing and clothing accessories	\$15,140	\$16,421	\$20,494
General merchandise	\$14,424	\$16,719	\$23,780
Food and beverage	\$1,867	\$3,250	\$7,311
Health and personal care	\$1,790	\$2,066	\$3,329
Sporting goods, hobby, musical instrument, and books	\$2,267	\$2,327	\$3,583
Non-store retailers	\$91,609	\$108,114	\$133,651

Source: U.S. Census Bureau

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