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Retailers, consumers adapt as ecommerce continues exponential growth: Adobe

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Consumers continue to spend online at record levels. Image credit: Getty

By SARAH RAMIREZ

The acceleration of online shopping is continuing into 2021, with annual ecommerce sales in the United States expected to pass the trillion-dollar threshold in 2022.

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According to [Adobe Analytics' 2021 Digital Economy Index](#), U.S. consumers are expected to spend between \$850 and \$930 billion online in 2021. As ecommerce approaches \$1 trillion in spending in 2022, retailers and consumers alike are growing more comfortable with different payment methods and fulfillment options which have seen a boost during the COVID-19 pandemic.

Adobe's Digital Economy Index is based on 1 trillion visits to U.S. retail sites and more than 100 million SKUs. Adobe also surveyed more than 1,000 U.S. adults between Feb. 26 and March 2.

Online boom leads to challenges, changes

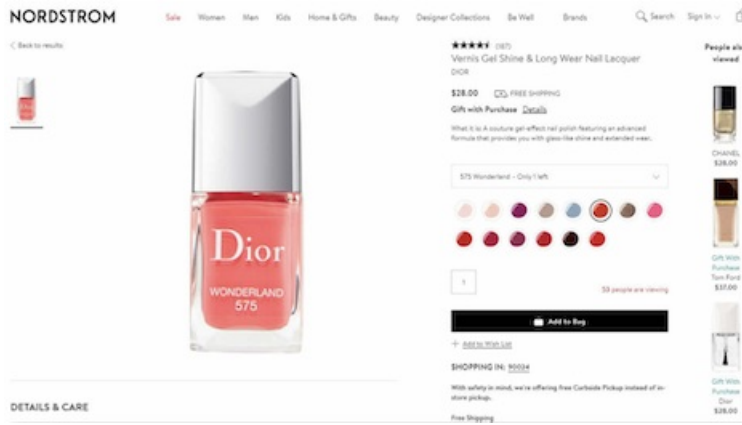
In 2020, consumers spurred by COVID-19 spent \$813 billion online, for 42 percent year-over-year growth from 2019.

During the first two months of 2021, consumers have already spent \$121 billion online, a y-o-y jump of 34 percent from January and February 2020. The COVID-19 pandemic which led to widespread and prolonged closures of nonessential retail stores contributed to a boost in ecommerce starting in March 2020.

Ecommerce spend in May 2020 was up more than 80 percent year-over-year for the month. While online shopping later peaked during the holiday season, the spring saw the largest gap between forecasted online spend and actual online spend.

While ecommerce is not expected to increase as dramatically in 2021 as it did in 2020, Adobe predicts that Q1 2021 will still see about 29 percent growth y-o-y.

Surging online shopping, however, is not without its challenges. By July, shoppers were faced with three times as many out-of-stock items as pre-pandemic, and out-of-stock levels rose after the holiday season.



Nordstrom uses real-time inventory to help avoid confusion over product shortages. Image courtesy of Astound Commerce

Consumers also saw their digital purchasing power as a result of higher prices, increased shipping costs, more stockouts and other inventory issues.

Among the categories that saw the largest online price shifts were electronics and home and garden. Online prices for furniture and bedding also ticked up since the start of the pandemic, while apparel prices have fluctuated dramatically throughout.

Several sectors have seen online revenue growth, to varying extents. While home improvement revenues increased 60 percent from April to October 2020 compared to January 2020, apparel revenues grew 22 percent in the same context.

Another shift is the growing acceptance of "buy now, pay later" options, by both retailers and consumers. This payment method has seen growth of 215 percent y-o-y in January and February 2021, and average order values are 18 percent larger than other payment methods.

Buy online, pickup in-store (BOPIS) has also surged amid the pandemic, particularly as shoppers attempted to use this fulfillment option to avoid shipping delays. BOPIS hit peaks in May and December 2020 and remains on an upswing growing at 67 percent y-o-y in February 2021.

Additionally, 30 percent of survey respondents prefer using BOPIS or curbside pickup instead of delivery.

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