

RESEARCH

## US ecommerce sales to hit \$370B by 2017, pushed by mobile: Forrester

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By LAUREN JOHNSON

Driven by the proliferation of smartphones and tablets, ecommerce sales in the United States are expected to grow at a compound annual growth rate of 10 percent in the next five years, according to a new report from Forrester Research.

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Forrester's "U.S. Online Retail Forecast, 2012 To 2017" report projects the growth of digital commerce in the next five years. In particular, mobile will play a stronger role in influencing sales rather than contributing to direct sales.

"Mobile's effect is largely to influence sales in other channels," said Sucharita Mulpuru, New York-based principal analyst at Forrester Research.

"Conversions are small and likely will be small for most sites into the foreseeable future," she said.

Shop on mobile

**Forrester's** projected \$370 billion in U.S. ecommerce sales by 2017 will represent 10 percent of retail sales.

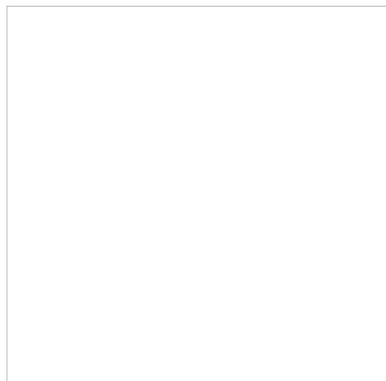
In addition to the growth in the next five years, Forrester predicts for ecommerce to contribute \$262 billion in 2013 in the U.S. This represents a 13.4 percent year-over-year

growth from \$231 billion last year.

Additionally, ecommerce will generate 8 percent of retail sales in the U.S. this year, per Forrester.

Interestingly, the increase will be from existing online shoppers. Forrester predicts that only 4 million new consumers are expected to begin shopping online this year.

The existing shoppers will increasingly make bigger purchases online, while the newer shoppers will buy smaller items, such as music downloads or apps.



In Western Europe, ecommerce will hit approximately \$165.5 billion, representing a 14.3 percent growth from \$114 billion in 2012.

By 2017, \$247.1 billion will be driven from ecommerce in Western Europe. This represents a compound annual growth rate of 10.5 percent.

Britain is leading the charge in the Western European market, according to the study. Ecommerce currently contributes to 13 percent of total sales and is expected to represent 15 percent by 2017.

Spain and Italy, on the other hand, are lagging behind. Only 2 percent of total sales are coming from ecommerce in each country this year. Ecommerce is predicted to reach 3 percent of retail sales in Italy, and 4 percent of sales in Spain by 2017.

#### Cross-channel success

The growth will be fueled by retailers who are placing big bets on cross-channel strategies that blend online and offline commerce, with smartphones and tablets playing a key role.

#### *New face of retail*



For instance, retailers such as Sephora and Office Depot are embracing the idea of endless aisle, which arms store associates with kiosks and mobile devices to order out-of-

stock items.

Retailers have also been boosting their mobile strategies with the threat of showrooming and shoppers comparison shopping via their devices while in-store.

In-stock pick-up is also fueling mobile and Web commerce as a payment option that bridges online and in-store commerce.

Forrester claims that 400,000 individuals in the U.S. are employed by ecommerce companies. Given the expected boom, it is forecasted that more than 500,000 consumers will be employed by ecommerce jobs by 2017.

The report also points to the growth of couch commerce as a catalyst for mobile's growth.

Shoppers nowadays are swapping out their laptops with smartphones and tablets as their go-to device to shop from at home.

Retailers and brands are also increasingly using digital to ramp up their loyalty programs, which are lucrative in driving sales, per Forrester.

When it comes to mobile payments, the key is making the transaction as seamless as possible.

“Easy mobile payments are critical, but there are just some types of sites and retail businesses that make sense – Amazon, eBay and the flash sale sites, for instance,” Ms. Mulpuru said.

“But most sites that sell physical goods and have a relatively low penetration online to begin with aren't going to see huge volume on mobile devices,” she said.

Final Take

*Lauren Johnson is associate reporter on Mobile Commerce Daily, New York*