

Eyeing The Future Through The Lens Of Change

Business Best Practices And
Emerging Technologies Conference
Of The UW E-Business Consortium

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2008 U.S Retail Market:

- Total Retail Sales: \$2.706 Billion – 1.4% Growth
- Retail Store Sales: \$2.408 Billion – 1.2% Growth
- E-Retailing: \$178 Million – 4.6% Growth
- Key Take-Away: The Web Is Driving Retailing

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Which Channel Is Driving Growth?

- Top Chain Retailers: \$43.5 Billion, Up 8%
- Web-Only: \$36.8 Billion, Up 21%
- Catalog/Call Center: \$21.5 Billion, Up 5%
- Manufacturers: \$14 Billion, Up 15%
- Key Take-Away: Without Amazon, Manufacturers Are The Fastest-Growing Online Retailers

Shrinking Violet:

- Amazon.com – 10.8% Market Share
- Next 99 Top E-Retailers – 44.6%
- Next 100 E-Retailers – 4.9%
- Top 201-500 E-Retailers – 4.8%
- Key Take-Away: The Online Retail Market Is Consolidating

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The Winners:

- Mass Merchants – Up 20%
- Toys And Hobbies – Up 19%
- Health & Beauty – Up 14%
- Specialty Non-Apparel – Up 14%
- Key Take-Away: It Isn't Always About The Lowest Price

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The Losers:

- Flowers & Gifts – Up 1%
- Jewelry – Up 1%
- Office Supplies – Up 2%
- Housewares & Home Furnishings – Up 2%
- Flowers & Gifts – Up 1%
- Hardware & Home Improvement – Up 7%
- Key Take-Away: Commodity Merchants Must Find Other Ways To Compete

2009: Year-To-Date

- Online Sales In Q2 2009 Were \$30.8 Billion Compared to \$32.2 Billion A Year Ago, Down 4.5%
- comScore Inc. Reports Q2 Online Sales Were Down 1% From The Year-Earlier Quarter
- Total Retail Sales Fell 10.6% On A Not-Adjusted Basis and 10.7% On An Adjusted Basis
- Key Take-Away: Recession Isn't Over

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Ho-Hum Holiday Sales:

- 46% Plan To Spend About The Same As Last Year
- 43% Plan To Spend Less Than Last Year
- Only 6% Plan To Spend More
- As Many As 10,000 Retail Stores Could Close By The End Of 2009
- Key Take-Away: Promote Your Web Site

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Technology Spending Trends Upward:

- 72.4% Of Merchants Expect To Spend More On Advanced E-Commerce Applications and Services This Year
- Replacing An Entire E-Commerce Platform Is The Top Priority
- Key Take-Away: Flexible Technology And Better Pricing Are The Big Reasons More Retailers Are Choosing To Spend Money Now

Out With The Old:

- 38.5% Of Companies Plan To Purchase A Better Content Management System
- 37% Will Implement Customer Reviews And Ratings Or Product Personalization
- 35.9% Will Update Site Search
- 33.9% Will Purchase A New Live Chat Or Order Management System
- Key Take-Away: Retailers Have Multiple Options

More Out With The Old:

- 44% Expect To Update Or Replace Their E-Mail Marketing System
- 41.2% Will Spend Money On A New Site Design
- 30.8% Will Invest In A Better Affiliate Program
- 26.9% Will Invest In A Search Engine Marketing Program
- Key Take-Away: Any Project Will Have To Produce A Superior Return On Investment

In With The New:

- Social Marketing Was The Top Priority For 49.5%
- 35.7% For Video
- 34.1% For Blogs Or Customer Ratings And Reviews
- 22.5% For Live Chat Or Product Personalization
- Key Take-Away: Retailers Need More Horsepower To Deliver What Shoppers Just Naturally Expect: A Very Sophisticated Shopping Experience

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Conclusion:

- Easy Growth Is Over
- Continued Growth Requires Re-Investment
- New E-Commerce Technologies Are Game Changers
- Big Players Focus On Brands And Deep Pockets
- Small Players Stick To A Niche

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