

Press release

Is e-commerce facing its limits?

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Nuremberg, September 4, 2019 – Consumers are giving retailers a clear message when it comes to shopping: “I want it now” is their mantra. The rise of e-commerce to an €80 billion business (January-June 2019 excluding North America) created the need for 24/7 retailing. But GfK is already seeing China and Germany showing early signs of online retail’s share plateauing. These are GfK’s findings for the global technical consumer goods retail markets to be released at IFA 2019 in Berlin.

A borderless shopping experience is more than purchasing online, it’s about providing the right retail formats in any given shopping situation. It offers a vital opportunity for all retailers to retain customers within their traditional and online shopping universe, ideally switching seamlessly from one to the other. In the first half of 2019 a quarter of the total value of all technical consumer goods sold globally was delivered through online sales (€80 billion excluding North America).

Chinese e-commerce growth reaching a plateau

On a regional level, APAC and China are the key markets for online sales. Historically Chinese e-commerce retailers have enjoyed significant double-digit growth, but in the last twelve months, growth rates have fallen. While the total online market for technical consumer goods in China grew by 8 percent, the major domestic appliances and consumer electronics sectors experienced their first negative rates in the online channel. Despite the share of e-commerce reaching another high of 36 percent of the turnover, slowing growth created a plateau effect. Chinese retailers have reacted with partnerships and mergers with traditional retailers. This gives them two advantages: they can grow by reaching the less-developed regions, and they can offer consumers a true omnichannel purchase experience.

In Western Europe*, online retailers have also been steadily growing their share of online, from 20 percent in 2016 to 26 percent turnover share today. Due to such a mature market size of €23 billion, e-commerce is

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starting to see signs of plateauing shares. For instance, in Germany the share has been stable at between 22 percent and 23 percent over the past four years.

The right assortment – the key to retaining business

Offering the right assortment is key to delivering a rich shopping experience. GfK's consumer insights reveal that one third of customers choose a retailer based on the right assortment availability, this reason is second only to price. Comparing assortments, online retailers have the advantage when it comes to size. GfK Point of Sale data demonstrates that the average assortment of online shops is 2.5 times bigger than that of traditional retailers.

Norbert Herzog, GfK expert for retail insights comments: "The omnichannel approach is ideal as it offers the best of both worlds. It allows retailers to direct consumers to the retailer's online channel, should a product be unavailable in-store. Physical outlets help shoppers make up their mind when they cannot easily choose between the more extensive choices online. As an increasing number of consumers believe there are too many choices in the categories they shop, having the option to shop in-store is a real advantage. According to our GfK FutureBuy study, 62 percent of global respondents agreed there was too much choice in 2018, up 8 percent from 2015."

Which retail concepts are the most successful in Europe?

GfK's Point of Sale data reveals the importance of the seamless shopping experience. When the pure play e-commerce retailers are compared with those who also offer traditional retail experiences, GfK sees that the new trend is for proposing the right retail format for the situation in order to deliver the best shopping experience. Over the past four years, sales of omnichannel retailers have grown by more than 60 percent, while pure players grew 25 percent. There are always more opportunities for retailers to improve their offerings. Connecting all channels through marketing and promotions enables retailers to retain more customers than ever before.

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Note to Editors

*Comprises the countries: Austria, Belgium, Denmark, Finland, France, Germany, Great Britain, Greece, Italy, Ireland, Luxembourg, Netherlands, Norway, Portugal, Spain, Switzerland and Sweden.

GfK regularly collects data in more than 75 countries worldwide for technical consumer goods (TCG) sales through its retail panels. The GfK retail panel receives reports from 425,000 individual retailers in over 120 sales channels. All figures are related to the overall TCG online market. All turnover figures in this press release is based on a fixed currency exchange rate.



During IFA 2019, GfK will be publishing press releases relating to IT, TV, Smartphones, Audio, Small Domestic Appliances, Major Domestic Appliances, Smart Home, Borderless Shopping and the Technical Consumer Goods Market. More information is available at <https://www.gfk.com/press-room/>.

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Meet GfK at IFA in Berlin, September 6 - 11, 2019:

Come and chat with our experts at IFA NEXT Hall 26 and in the GfK office at the IFA (Level 4, VIP2, Großer Stern).

About GfK

GfK connects data and science. Innovative research solutions provide answers for key business questions around consumers, markets, brands and media – now and in the future. As a research and analytics partner, GfK promises its clients all over the world “Growth from Knowledge”.

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