

Consumers spent \$900bn more at online retailers globally in 2020

Covid-19 accelerated e-commerce around the globe and forced retailers to shift to digital. As the pandemic kept consumers around the world at home, nearly everything from groceries to gardening supplies was purchased online.



Credit: Getty

According to Mastercard's latest [Recovery Insights report](#), this amounted to an additional \$900bn being spent in retail online around the world in 2020. Put another way: in 2020, e-commerce made up roughly \$1 out of every \$5 spent on retail, up from about \$1 out of every \$7 spent in 2019.*

For retailers, restaurants and other businesses large and small, being able to sell online provided a much-needed lifeline as in-person consumer spending was disrupted.

Roughly 20-30% of the Covid-related shift to digital globally is expected to be permanent, according to Mastercard's Recovery Insights: Commerce E-volution. The report draws on anonymised and aggregated sales activity in the Mastercard network and proprietary analysis by the Mastercard Economics Institute. The analysis dives into what this means by country and by sector, for goods and services, and within countries and across borders.

"While consumers were stuck at home, their dollars traveled far and wide thanks to e-commerce," says Bricklin Dwyer, Mastercard chief economist and head of the Mastercard Economics Institute. "This has significant implications, with the countries and companies that have prioritized digital continuing to reap the benefits. Our analysis shows that even the smallest businesses see gains when they shift to digital."



E-commerce to account for half of global retail growth by 2025

25 Mar 2021



Key trends

While the digital transformation has been neither universal nor consistent – due to geographical, economic, and household

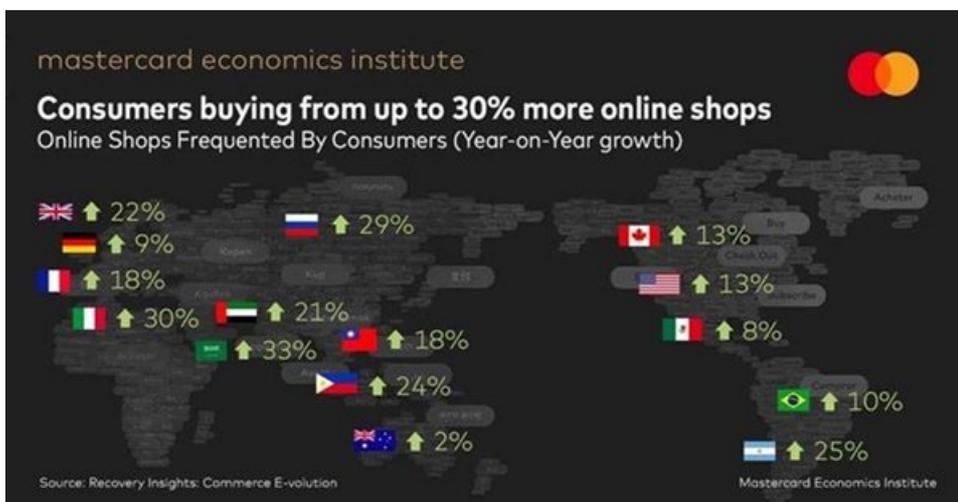
differences – the report uncovers several key overarching trends:

- **Early digital adopters go into overdrive:** Economies that were more digital before the crisis – such as the UK and US – saw larger gains in the domestic shift to digital that look more permanent than the countries that had a smaller share of e-commerce before the crisis. In MEA, the e-commerce share of retail sales pre-crisis was 2.2%, rising to 4.6% at the peak of the crisis. The current level stands at 2.4%.
- **Grocery and discount store digital gains look sticky:** Essential retail sectors, which had the smallest digital share before the crisis, saw some of the biggest gains as consumers adapted. With new consumer habits forming and given the low pre-Covid user base, we anticipate 70-80% of the grocery e-commerce surge to stick around for good.

The Mastercard study on consumer spending asserts this, as it revealed that 68% of South African consumers are shopping more online, with 54% buying groceries online since the onset of the Covid-19 pandemic.

- **International e-commerce rose 25-30% during the pandemic:** International e-commerce got a boost both in sales volume and the number of different countries where shoppers placed orders. With infinitely more choices at their fingertips, consumer spending on international e-commerce grew around 25-30% year over year from March 2020 through February 2021.

In countries that face isolation challenges when it comes to international shipping logistics for direct-to-consumer sales, like South Africa, Australia, and Brazil, there has been less international e-commerce.



- **Consumers increase their e-commerce footprints, buying from up to 30% more online retailers:** Reflecting expanded consumer choice, our analysis shows that consumers worldwide are making purchases at a greater number of websites and online marketplaces than before. South African consumers are supporting their favourite local small businesses, with 63% saying that they are making a conscious effort to shop online at these stores.

• **Shift to electronic payments accelerated:** Even in store, Covid-19 accelerated the transition to digital – with more consumers moving from plunking down cash to touch-free payments. The Mastercard contactless study last year revealed 75% of South African respondents use contactless payments with 71% preferring to shop at merchants where contactless is accepted.

Mastercard launched Recovery Insights last year to help businesses and governments better manage the health, safety and economic risks presented by Covid-19. The initiative draws on Mastercard's analytics and experimentation platforms, its longstanding consulting practice and data-driven insights to deliver relevant and timely tools, innovation and research.

** The Mastercard Economics Institute drew on activity within the Mastercard network and modeled global retail e-commerce across all payment types to determine the additional retail e-commerce spending based on the deviation from the trend.*

For more, visit: <https://www.bizcommunity.com>