

E-Commerce & Online Auctions in the US

In the cart: Increasing internet traffic volume is expected to sustain industry revenue growth

Brigette Thomas | October 2021

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**COVID-19
(Coronavirus)
Impact Update**

IBISWorld's analysts constantly monitor the industry impacts of current events in real-time – here is an update of how this industry is likely to be impacted as a result of the global COVID-19 pandemic:

- Revenue growth for the E-Commerce and Online Auctions industry is anticipated to spike due to a combination of convenience and strict social-distancing rules at many physical retail locations. For more detail, refer to the Current Performance chapter.
- Profit may be affected as many online retailers deal with supply chain issues and offer significant promotions.
- Demand from key markets is expected to be much higher as consumers transition both their essential and nonessential shopping to online platforms.

About IBISWorld

IBISWorld specializes in industry research with coverage on thousands of global industries. Our comprehensive data and in-depth analysis help businesses of all types gain quick and actionable insights on industries around the world. Busy professionals can spend less time researching and preparing for meetings, and more time focused on making strategic business decisions that benefit you, your company and your clients. We offer research on industries in the US, Canada, Australia, New Zealand, Germany, the UK, Ireland, China and Mexico, as well as industries that are truly global in nature.

About This Industry

Industry Definition The E-Commerce and Online Auctions industry comprises establishments that sell merchandise online. The internet is the main selling platform via either a retailer's online store or an auction site. This industry excludes media and software that is streamed or downloaded online.

Major Players

- Amazon.Com, Inc.
- Walmart Inc.
- Apple Inc.
- Ebay Inc.

Main Activities **The primary activities of this industry are:**

Retailing computers, TVs and other electronics online

Retailing clothing and footwear online

Retailing other merchandise online

Operating internet auction sites

The major products and services in this industry are:

Computers, electronics and appliances

Media

Clothing, footwear and accessories

Home and office

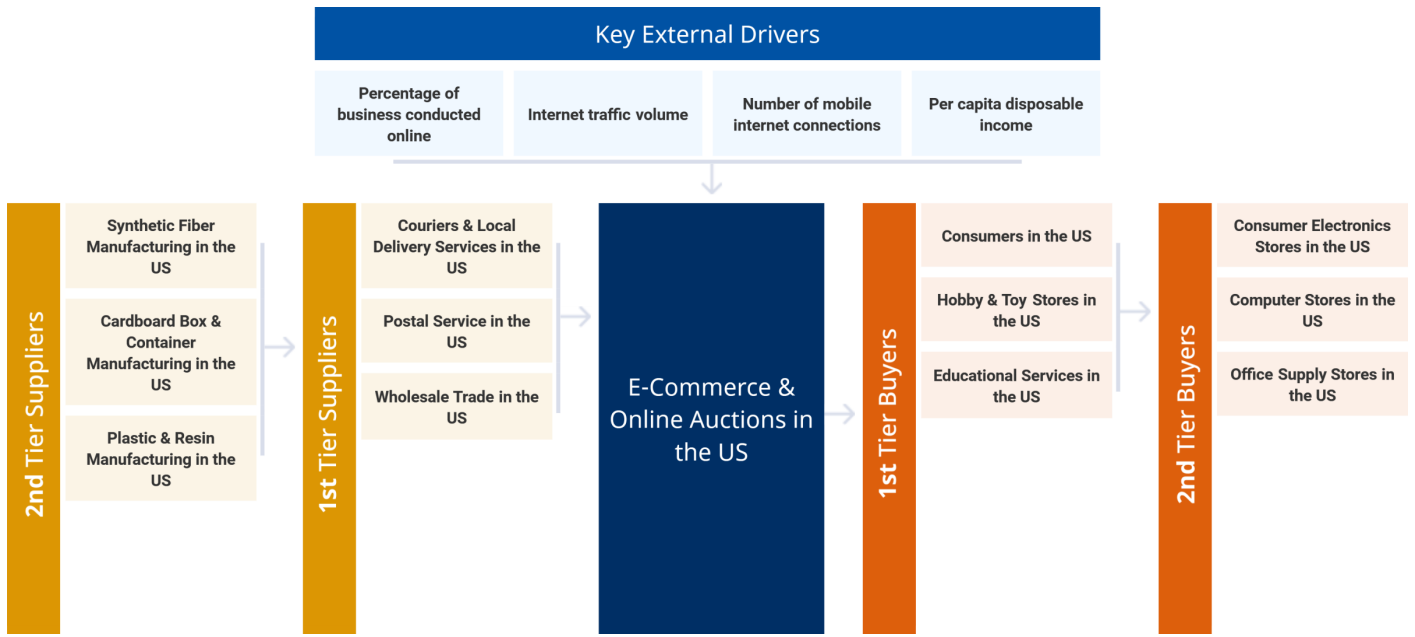
Medication and health aids

Food, beer and wine

Sporting goods, toys, hobby items and games

Other merchandise

Supply Chain



SIMILAR INDUSTRIES

Consumer Electronics Stores in the US



Computer Stores in the US



Pharmacies & Drug Stores in the US



Beauty, Cosmetics & Fragrance Stores in the US



Men's Clothing Stores in the US



Women's Clothing Stores in the US



Book Stores in the US



RELATED INTERNATIONAL INDUSTRIES

Mail-Order & Online Shopping in China

E-Commerce & Online Auctions in the UK

E-Commerce & Online Auctions in Canada

E-Commerce in Ireland

Industry at a Glance

Key Statistics

\$681.5bn
Revenue



\$38.8bn
Profit



5.7%
Profit Margin



282k
Businesses



719k
Employment

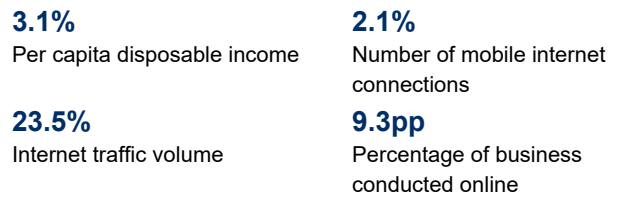


\$27.2bn
Wages



Key External Drivers

% = 2016–21 Annual Growth



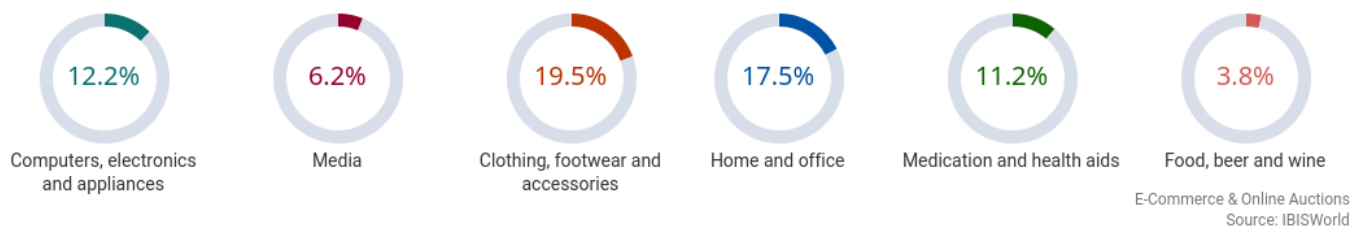
Industry Structure



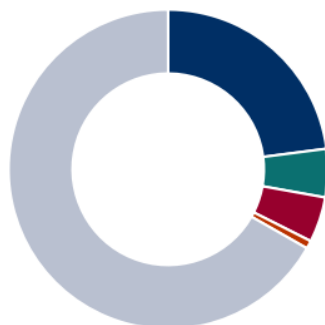
Key Trends

- Relatively unchanged levels of profit are largely due to stable wage expenses
- Large companies have increased investment in AI technology to enhance the shopping experience
- Increased industry competition puts pressure on online retailers to differentiate themselves
- Wage growth will slightly outpace revenue growth, offsetting a stronger dollar
- General consumer spending is expected to continue to rise, aiding revenue growth
- Consumers and legislators have criticized the size of some major players is resulting in anticompetitive practices
- Revenue will likely be driven by increased consumer spending and more internet connections

Products & Services Segmentation



Major Players



- 22.9% Amazon.Com, Inc.
- 4.9% Walmart Inc.
- 4.6% Apple Inc.
- 0.8% Ebay Inc.
- 66.8% Other

E-Commerce & Online Auctions
Source: IBISWorld

SWOT

S

STRENGTHS

- Growth Life Cycle Stage
- Low Imports
- High Profit vs. Sector Average
- Low Customer Class Concentration
- Low Product/Service Concentration
- High Revenue per Employee

W

WEAKNESSES

- Low & Decreasing Barriers to Entry
- None & Steady Level of Assistance
- High Competition
- High Capital Requirements

O

OPPORTUNITIES

- Very High Revenue Growth (2005-2021)
- High Revenue Growth (2016-2021)
- High Revenue Growth (2021-2026)
- Per capita disposable income

T

THREATS

- Low Outlier Growth
- Low Performance Drivers
- Percentage of business conducted online

Executive Summary **In the cart: Increasing internet traffic volume is expected to sustain industry revenue growth**

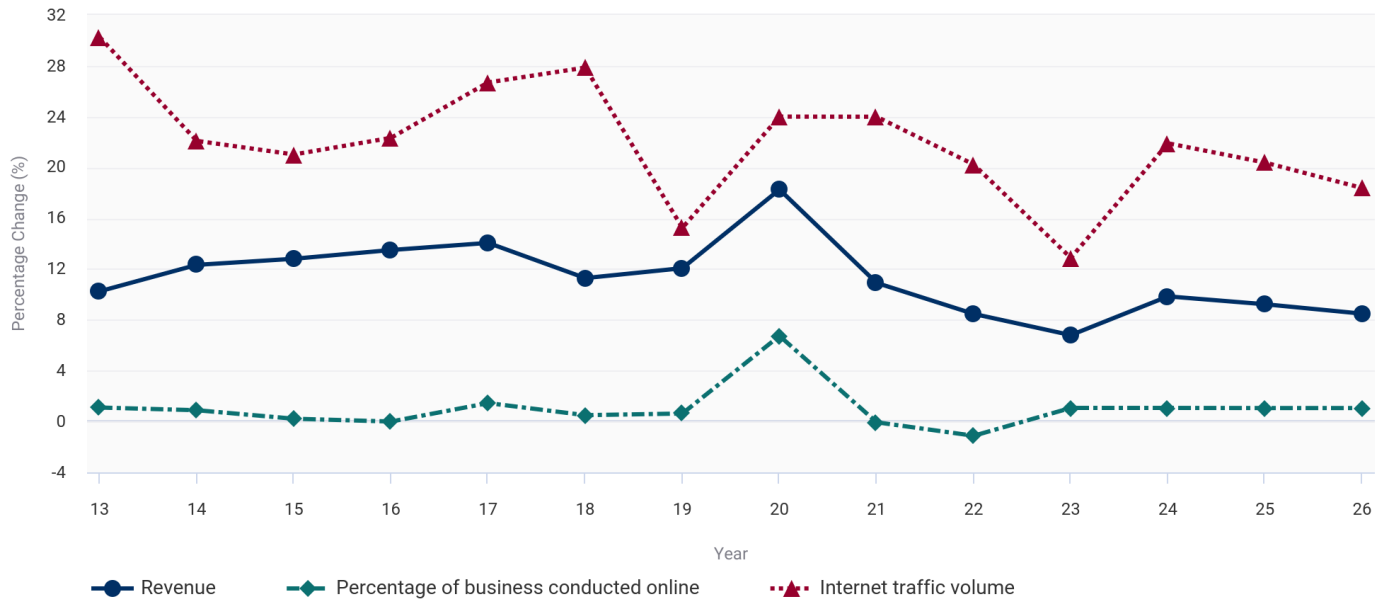
The E-Commerce and Online Auctions industry, which comprises companies that sell merchandise online, is growing rapidly as more time-strapped and cost-conscious consumers are enticed by the convenience of finding, comparing and purchasing products online easily and quickly. From big-box retailers to specific niche stores, consumers can purchase anything from clothing, precooked meals, bulk home goods and collectible antiques from their computer or smartphone. Driven by increased consumer spending and the rapidly growing number of total internet connections, revenue for the industry is expected to rise an annualized 13.3% over the five years to 2021, including an anticipated 10.9% increase in 2021, to reach \$681.5 billion. The industry is expected to perform particularly well in 2020 since the COVID-19 (coronavirus) pandemic has provided consumers with an outlet for socially distanced shopping.

The rapid and continuous rise of the internet has given industry companies the opportunity to reach hundreds of millions of customers without opening even a single store. Faster internet speeds and a surge in mobile device use have contributed to the mainstream adoption of internet shopping, which has contributed to stronger industry operating profit. Economies of scale have also helped large industry companies boost profit, as these companies are able to achieve better purchases and shipping rates. Finally, wage expense has been outpaced by revenue growth, as new technology has increased per-employee productivity, which has reduced the number of hires needed to keep up with rising demand.

Over the five years to 2026, the industry is expected to continue on its current course as internet traffic volume continues to grow and spending further shifts from traditional retailing to e-commerce. The greatest opportunity for growth will come from product categories that were traditionally dominated by brick-and-mortar shopping, including groceries, major appliance products and clothing. Over the next five years, revenue is estimated to increase at an annualized rate of 8.6%, reaching \$1.0 trillion in 2026. As revenue continues to increase, the number of enterprises is also expected to rise. To effectively compete in this increasingly competitive market, companies will need to continue to differentiate themselves from competitors using targeted marketing campaigns, offering a wider range of products and implementing new technology.

Industry Performance

Key External Drivers 2013–2026



E-Commerce & Online Auctions
Source: IBISWorld

Key External Drivers

Percentage of business conducted online

The percentage of services conducted online reflects consumer preferences toward purchasing items and conducting services online. As a growing share of services is conducted online, demand for online retail stores has consequently grown. The percentage of services conducted online is expected to decrease in 2021, posing a potential threat to the industry.

Internet traffic volume

Internet traffic volume reflects the popularity of the internet. As more people have access to and spend more time on the internet, traffic volume increases. Increases in traffic volume indirectly reflect popularity of e-commerce websites. In 2021, internet traffic volume is expected to increase.

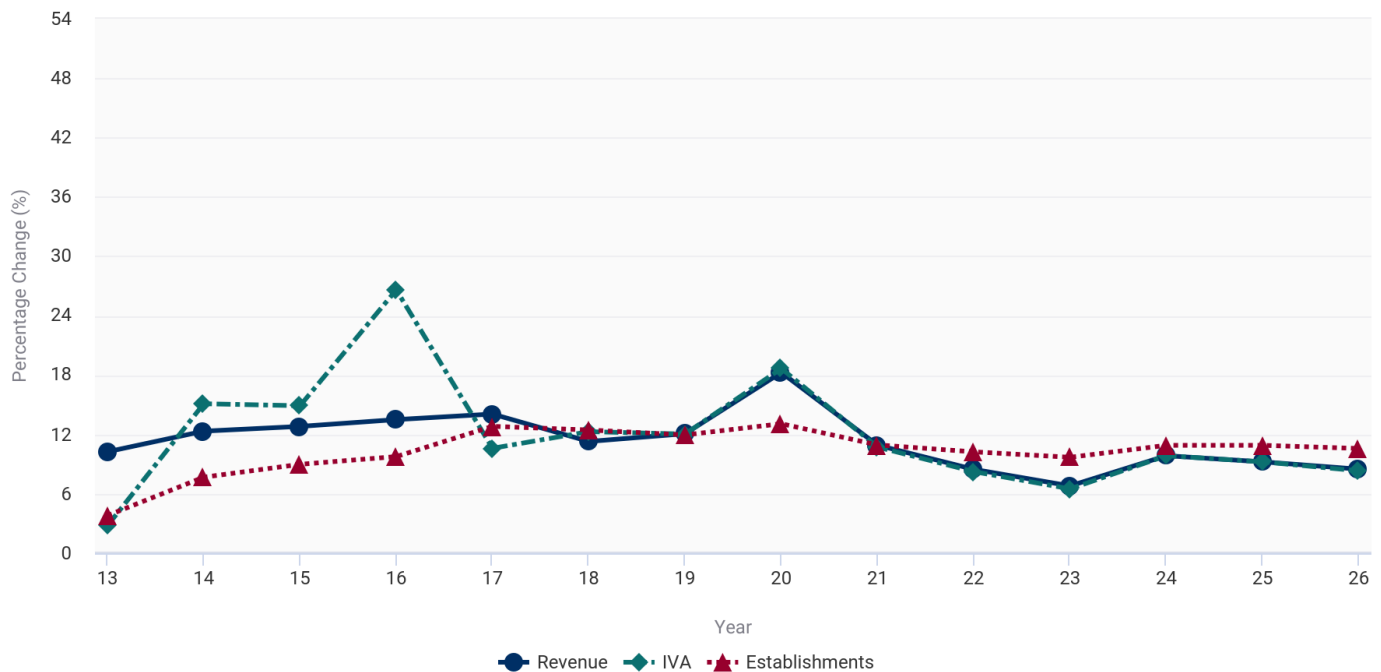
Number of mobile internet connections

Consumers are increasingly leveraging their mobile internet connections to purchase items on the go, enhancing the ease and convenience of online shopping. As more consumers are connected online through their phones, companies will increasingly invest in smartphone e-commerce applications and mobile-responsive websites to boost sales. In 2021, the number of mobile internet connections is expected to increase.

Per capita disposable income

Per capita disposable income is a deciding factor in determining the quantity and quality of online purchases. When disposable income is high, consumers are more likely to purchase discretionary, price-premium goods, therefore benefiting the industry. Per capita disposable income is expected to increase in 2021, representing a potential opportunity for the industry.

Industry Performance 2013–2026



E-Commerce & Online Auctions
Source: IBISWorld

Current Performance

The E-Commerce and Online Auctions industry, which comprises companies that sell merchandise online, has surged over the five years to 2021.

Encouraged by the ease of ordering at home and the ability to quickly compare prices and product reviews among retailers, a growing number of households are choosing to shop online instead of purchasing products at brick-and-mortar locations or via mail-order catalogs. Over the five years to 2021, industry revenue has increased at an annualized rate of 13.3% to \$681.5 billion, including a projected rise of 10.9% in 2021.

Demand for industry products is expected to spike during 2020 as a result of the COVID-19 (coronavirus) pandemic. In 2020 alone, industry revenue is expected to increase 18.3%. Lockdowns and social distancing have caused more and more consumers to shift from in-store shopping to online platforms to purchase goods safely. This has resulted in an acceleration of industry penetration into other markets such as online grocery shopping and deliveries. According to industry research, online grocery sales nearly doubled from March 2020 to June 2020, rising from \$4.0 billion to \$7.2 billion, highlighting the shift in consumer trends. However, as markets normalized, online grocery sales dropped to \$5.7 billion in August.

The average industry profit margin, measured as earnings before interest and taxes, has decreased slightly over the past five years from 5.9% of revenue in 2016 to an estimated 5.7% in 2021. The relatively unchanged levels of profit are largely due to stable wage expenses and higher e-commerce transaction volumes. Over the past five years, wages as a percentage of total revenue have remained relatively steady at 4.0%. Technology continues to increase per-employee productivity; for example, warehouse management systems (WMS) improve efficiency by calculating the best routes for employees to take to pick products in the warehouse. Also, robotic systems are being used in conjunction with warehouse personnel to reduce travel time within the warehouse, and in some cases, automatically retrieve items without the help of humans. Systems include Locus Robotics System, Swisslog CarryPick and Knapp Open Shuttle.

MOBILE DRIVES GROWTH

The proliferation of mobile device connections, such as smartphones and tablets, has further facilitated growth by giving consumers the opportunity to shop on the go.

During the five-year period, the number of mobile internet connections grew significantly, at an annualized rate of 2.1%. As a result, retailers have introduced mobile applications to tailor their shopping experiences to consumers' buying habits. Companies such as Amazon.com Inc. (Amazon), eBay Inc. and Jet.com, now owned by Walmart Inc. (Walmart), all have mobile applications that give customers the ability to purchase products directly from their phones.

Large companies have also increased investment in artificial intelligence technology to enhance the shopping experience. For example, artificially intelligent chatbots are being used to act as customer service agents, where customers can receive immediate answers to questions or even submit orders without being required to browse the internet. Additionally, artificial intelligence is being used to forecast user behavior, sometimes even acting as a personal shopping assistant. An example is Facebook's M, a personal assistant that included features that placed e-commerce orders through Facebook Messenger. M, however, was shut down in 2018. Nevertheless, for mobile users, new technology makes it simpler to accomplish tasks that might be more challenging on a smaller screen.

RISING COMPETITION

Technical barriers to entry and initial capital costs are low for the industry, which gives individuals the ability to create their own e-commerce platform with ease.

Companies such as Squarespace and Shopify Inc. are third-party software tools that provide a variety of templates and themes for new retailers to choose from, eliminating the need to be proficient in web development. The simplicity of launching an e-commerce store has contributed to a rise in industry participation, with the number of industry establishments expected to grow at an annualized rate of 12.3% over the five years to 2021 to reach 283,892 locations. In line with these trends, industry employment is also expected to rise, increasing an annualized 12.8% to 718,632 workers over the five years to 2021.

Increased industry competition puts pressure on online retailers to differentiate themselves from industry rivals. Amazon has become the industry leader by singlehandedly defining and redefining customer expectations. For example, while two-day shipping was once a luxury, Amazon set the new standard by offering free two-day shipping to millions of its Prime members. Then the company redefined customer expectations by offering one-day shipping to select metro areas across the country. However, rival Walmart has responded by increasing investment in its e-commerce business by acquiring Jet.com, a company founded and led by former Amazon employees. Also, Walmart recently announced it would apply discounts to online orders that are picked up in store. In-store pickup is becoming increasingly popular, as chain brick-and-mortar stores such as Walmart, Target, Nordstrom and Macy's can quickly fulfill purchases and have bags ready for pickup that same day, presenting a challenge to Amazon and other e-commerce stores that do not have physical locations. However, Amazon acquired Whole Foods in 2017, which operates more than 400 physical stores in the United States.

SPECIALTY AND NEW ONLINE RETAILERS

As competition rises and companies seek new ways to stand out, many operators have had success by selling niche products for specific customer segments.

For example, Etsy offers handmade, vintage and unique items from a variety of sellers. The internet also provides opportunities for new types of sellers to enter the market. New forms of online retailing known as social commerce have emerged as operators attempt to generate higher sales and reduce costs. For instance, websites such as Groupon and LivingSocial sell products at discounted prices but require group participation, which encourages word-of-mouth promotion and high levels of customer engagement.

Subscription box services such as Birchbox and BarkBox have also become popular during the five-year period, although many are start-ups and smaller in size. Consumers sign up for the service via a company's website and receive a box each month filled with different products to sample; if they like the products in the box, they can purchase it again from the company's e-commerce platform.

There are also different variations on the subscription box business model. For example, companies such as Blue Apron Inc. and Plated let consumers select meals from a weekly menu. The companies then send consumers a box filled with recipes and ingredients to make the chosen meals. Other companies, such as Stitch Fix Inc., send consumers a box filled with products, such as clothing, which customers can try out. Customers send back the items that they do not like and only pay for the ones they want to keep. Businesses like these often appeal to time-sensitive consumers that want to try a variety of products but may not have time to figure out what to buy or go to the store.

Historical Performance Data

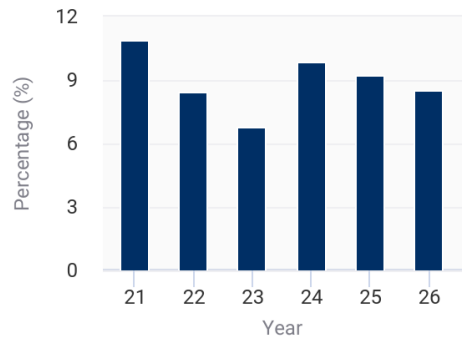
Year	Revenue (\$m)	IVA (\$m)	Establishments (Units)	Enterprises (Units)	Employment (Units)	Exports (\$m)	Imports (\$m)	Wages (\$m)	Domestic Demand (\$m)	Per Capita Disposable Income (\$)
2012	230,236	22,422	119,108	118,546	308,454	N/A	N/A	12,752	N/A	39,796
2013	253,839	23,047	123,645	123,235	301,615	N/A	N/A	12,132	N/A	39,038
2014	285,153	26,528	133,152	132,723	325,893	N/A	N/A	13,125	N/A	40,239
2015	321,703	30,481	145,120	144,671	352,094	N/A	N/A	14,396	N/A	41,537
2016	365,141	38,592	159,287	158,705	394,152	N/A	N/A	14,858	N/A	42,006
2017	416,512	42,683	179,723	178,936	446,652	N/A	N/A	16,859	N/A	42,914
2018	463,568	47,927	202,103	201,354	499,644	N/A	N/A	18,840	N/A	44,133
2019	519,540	53,700	226,262	225,406	560,842	N/A	N/A	21,141	N/A	44,915
2020	614,425	63,720	255,879	254,137	647,117	N/A	N/A	24,515	N/A	47,485
2021	681,517	70,552	283,892	281,950	718,632	N/A	N/A	27,217	N/A	48,719

Industry Outlook

Outlook

Over the five years to 2026, the E-Commerce and Online Auctions industry is expected to continue to grow as the convenience and ability to compare items and prices incentivizes consumers to purchase both everyday items and big-ticket purchases online.

Industry Outlook
2021–2026



E-Commerce & Online Auctions
Source: IBISWorld

Over the five years to 2026, revenue is expected to increase at an annualized rate of 8.6% to \$1.0 trillion. As the number of mobile internet connections approaches saturation, accelerating per capita disposable income growth and the continued surge in internet traffic volume will likely continue to contribute to industry growth. Additionally, the COVID-19 (coronavirus) pandemic is expected to create permanent shifts in consumer behaviors, as people who tried online shopping for the first time out of necessity continue due to the convenience.

Average industry profit, measured as earnings before interest and taxes, is expected to hold relatively constant, decreasing slightly to 5.5% of revenue in 2026, as competition increases. A relatively strong US dollar will aid retailers that purchase inventory from overseas, while revenue growth and wage growth are expected to continue their strong trajectory over the next five years as technology continues to boost worker productivity. However, wage growth will slightly outpace revenue growth, offsetting a stronger dollar.

COMPETITION CONTINUES TO RISE

As revenue continues to rise, so will the number of enterprises.

Over the five years to 2026, the number of industry enterprises is projected to grow at an annualized rate of 10.5% to an estimated 464,523 companies, mainly propelled by continued strong growth of nonemployer companies. Regardless, the number of industry employees is also expected to grow, rising at an annualized rate of 9.6% during the five-year period to an estimated 1.1 million people in 2026, as the need for fast order fulfillment and customer service rises.

Though artificial intelligence is still in its infancy, it will likely play a major role in the industry over the next five years. As large companies continue to implement and improve artificial intelligent technologies, industry-wide estimations can be significantly affected. For example, Amazon.com Inc. (Amazon) and Walmart Inc. are investing heavily in robotic technology to make warehouse processes more efficient, which could eventually reduce the reliance on human employment. Furthermore, companies that implement this technology may be able to lower product prices and improve delivery speeds, which could slowly squeeze out competition that fail to keep up with technology. Small companies are at the greatest risk of being edged out, as they do not have the means to compete with companies that devote millions of dollars to new technology, and are also able to run extensive losses. However, as third-party software companies made it easier for small businesses to launch an e-commerce website, these same types of companies will continue to proliferate in the future.

A DIGITAL FUTURE

The rising success of the E-Commerce and Online Auctions industry is not a result of a significant increase in consumer retail spending; instead, it comes from a significant shift from traditional retail to online retail.

Over the five years to 2026, general consumer spending is expected to continue to rise, aiding revenue growth.

Furthermore, the percentage of business conducted online, a measure of the influence of the internet, is expected to continue rising at an annualized rate of 2.0% during the period. While Americans are not getting significantly wealthier, spending habits are changing away from traditional brick-and-mortar outlets to e-commerce businesses. As processes become more efficient and delivery times quicken, consumers will more frequently flock to online retailers. This theme of convenience is heavily researched by large operators looking for ways to create products that fill a need. Most notably is Amazon's Alexa virtual assistant, which is an internet-connected, voice-activated speaker. Smart products are likely to become more prevalent as they make certain mundane processes automated or even obsolete.

REGULATION

Although talks and discussions are in their preliminary stages, consumers and regulators have been bringing lots of attention to large operators, some of which fall into the E-Commerce and Online Auctions industry.

Consumers and legislators have begun to criticize that the size of some major players is resulting in anticompetitive practices. Arguments that these companies now play too large a role in the economy and politics have increased, and many speculate that the government may step in to regulate them.

Performance Outlook Data

Year	Revenue (\$m)	IVA (\$m)	Establishments (Units)	Enterprises (Units)	Employment (Units)	Exports (\$m)	Imports (\$m)	Wages (\$m)	Domestic Demand (\$m)	Per Capita Disposable Income (\$)
2021	681,517	70,552	283,892	281,950	718,632	N/A	N/A	27,217	N/A	48,719
2022	739,250	76,371	312,985	311,160	787,104	N/A	N/A	29,753	N/A	47,944
2023	789,590	81,336	343,316	341,899	853,711	N/A	N/A	32,173	N/A	49,664
2024	867,376	89,349	380,743	379,408	942,752	N/A	N/A	35,491	N/A	51,451
2025	947,517	97,596	422,279	420,426	1,036,855	N/A	N/A	38,981	N/A	53,361
2026	1,027,995	105,724	466,970	464,523	1,134,478	N/A	N/A	42,579	N/A	55,347
2027	1,121,313	115,191	516,205	513,061	1,244,258	N/A	N/A	46,648	N/A	56,723

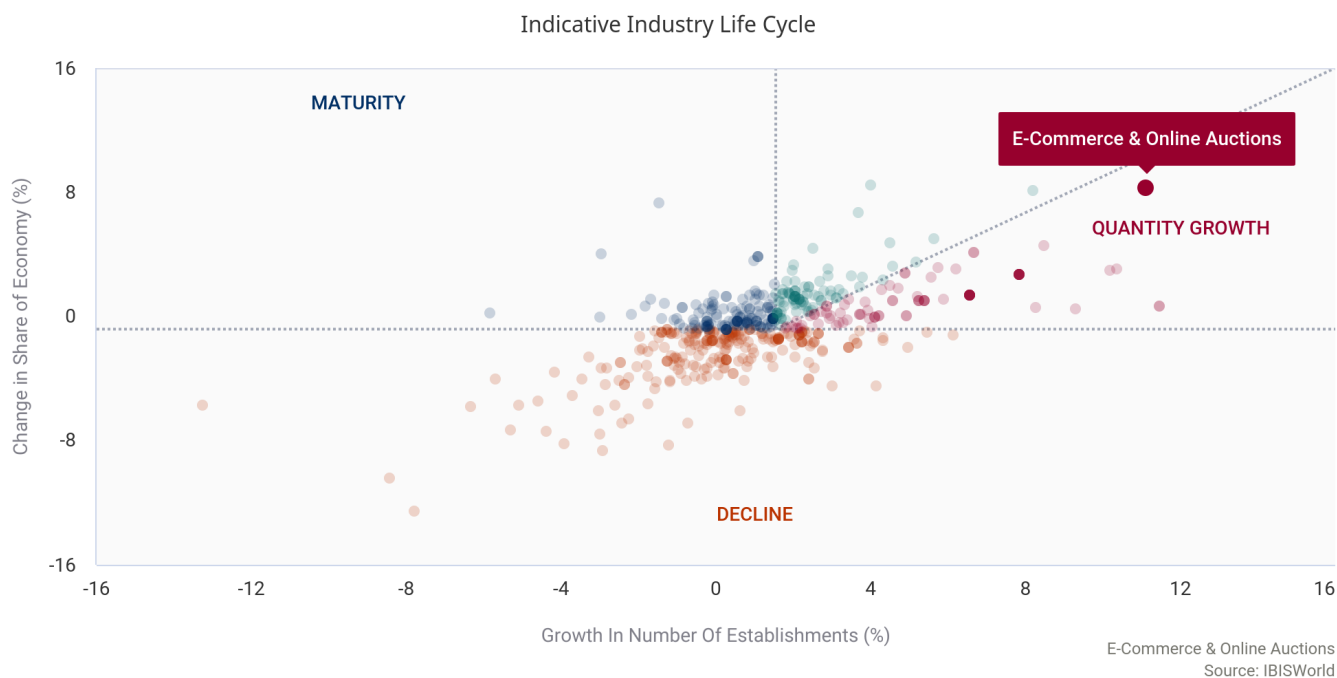
Industry Life Cycle The life cycle stage of this industry is ✔ Growth

LIFE CYCLE REASONS

IVA is expected to outpace GDP growth over the 10 years to 2026

Improvements in technology have positively affected growth

New players are entering the industry



Over the 10 years to 2026, industry value added (IVA), which measures an industry's contribution to the US economy, is expected to increase at an annualized rate of 10.6%. Meanwhile, US GDP is forecast to rise at an annualized rate of 2.1% during the same period. High IVA growth relative to the economy as a whole is highly indicative of a growing industry. Moreover, there are other signs that the industry is in the growth stage of its life cycle.

The E-Commerce and Online Auctions industry is still experiencing the entrance of many new operators and rapid innovation. Over the 10 years to 2026, the number of enterprises is expected to increase at an annualized rate of 11.3%. Consumers' large demand to purchase items online and increasing number of mobile internet connections has spurred enterprise growth during the period. Additionally, low barriers to entry and skill requirements have further contributed to this increase in industry operators.

In recent years, a variety of new e-commerce business models have emerged. These include social commerce sites such as Groupon and subscription-box companies like Birchbox and Blue Apron. Additionally, new technology development over the 10 years to 2026 is expected to spur industry demand as competition increases. Technology development over the 10 years to 2026 include the use of big data by large and small companies to analyze trends, and artificial intelligence to power robots in warehouses.

Products & Markets

Supply Chain

Key Buying Industries

1st Tier

- Consumers in the US

- Hobby & Toy Stores in the US

- Educational Services in the US

2nd Tier

- Consumer Electronics Stores in the US

- Computer Stores in the US

- Office Supply Stores in the US

Key Selling Industries

1st Tier

- Couriers & Local Delivery Services in the US

- Postal Service in the US

- Wholesale Trade in the US

2nd Tier

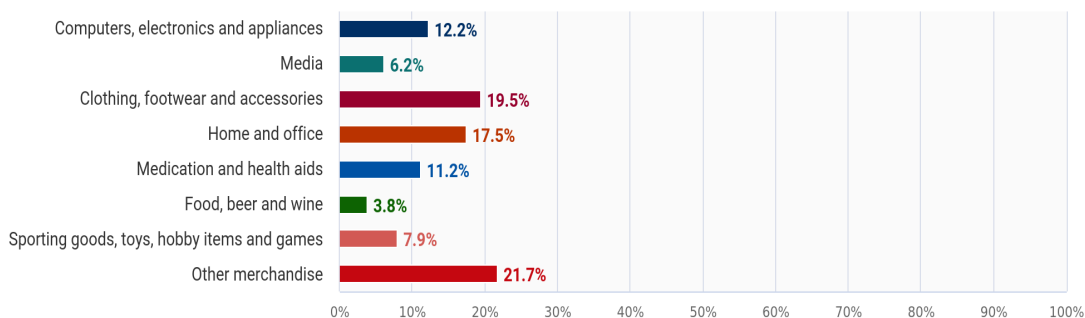
- Synthetic Fiber Manufacturing in the US

- Cardboard Box & Container Manufacturing in the US

- Plastic & Resin Manufacturing in the US

Products & Services

Products and Services Segmentation



2021 INDUSTRY REVENUE

\$681.5bn

E-Commerce & Online Auctions
Source: IBISWorld

COMPUTERS, ELECTRONICS AND APPLIANCES

The electronics segment includes computer hardware and software and other electronics including appliances.

Purchases of items such as computers, TVs and software products through online channels represents 12.2% of all industry revenue in 2021. This segment has decreased over the five years to 2021 primarily because of the increase in other segments. Many electronics products are expensive and easy to deliver, these products are more profitable for online retailers, as they can more easily make up fees charged by shipping companies than from other products. However, growth from other segments have decreased electronics' share of sales. Another rising trend that is contributing to slowing hardware sales is due to the nature that many electronic products that have short lifecycles and previously experienced large upgrades. Now that these progressions have slowed, consumers do not feel the need to upgrade as often since their current product serves most of their needs. In 2020, this segment picked back up again as students across the country switched to remote learning platforms in response to the COVID-19 (coronavirus) pandemic.

CLOTHING, FOOTWEAR AND ACCESSORIES

This segment, which includes, clothing, footwear and accessories (excluding jewelry), is made up of popular goods to buy online because consumers can compare items and prices from many different retailers.

As online shopping increases in popularity, clothing retailers have sought to increase their online sales by offering special discounts or items that cannot be found in stores and are only available for purchase online. Additionally, marketing and technology innovation has also helped drive sales. For example, J Crew uses a data-driven marketing approach to drive sales. As a result of retailers push to increase online sales, the clothing, footwear and accessories segment has grown to account for an estimated 19.5% of total industry revenue in 2021. The coronavirus is expected to increase demand for this segment in 2020 due to the temporary closure of physical stores.

HOME AND OFFICE

Over the five years to 2021, sales of furniture and home appliances have increased to 17.5% of industry revenue thanks to rebounding construction activity and housing start growth.

Also, online shopping is making it easier for the growing urban populace to bring home large appliances by eliminating the hassle of renting a car or truck, or needing to coordinate with third-party delivery services.

SPORTING GOODS, TOYS, HOBBY ITEMS AND GAMES

Another popular product group sold by online retailers includes sporting goods, toys, hobby items and games.

Products in this category are easy to buy online, as these products are relatively basic and do not require much in-store research or inspection. Over the past five years, sales of these items have increased to 7.9% of industry revenue.

MEDIA

Books, magazines, music and video all fall under the media and entertainment segment of products, and account for 6.2% of industry revenue in 2021.

Consumers can purchase physical or downloadable copies of media, but streaming services such as Spotify or Pandora are excluded from this industry's revenue figures.

OTHER

Of the remaining revenue generated through products, more than 10.0% is derived from health and beauty aids, and perishable goods such as medication, food and beverages.

This sector is primed for growth, as new startups are entering the field of perishable goods. Lastly, the remaining 21.7% of revenue is generated through products such as hardware parts, jewelry and antiques, among others.

Demand Determinants

Disposable income has become an increasingly important determinant of demand for the E-Commerce and Online Auctions industry over the past five years.

As the economy recovered from the recession and per capita disposable income increased, consumers felt more comfortable spending on discretionary items, such as clothing and electronics.

The COVID-19 (coronavirus) pandemic caused an increase in online shopping due to social distancing restrictions and temporary closures of brick-and-mortar stores. Consumers are able to do their shopping for clothes and groceries, among other items safely from their homes. As a result, demand for this industry has mostly increased, capturing a larger share of the overall retail industry. While online shopping offers greater convenience and safety, some consumers are putting off non-essential purchases as economic uncertainty increases and as unemployment reaches historical highs.

Clicks over bricks

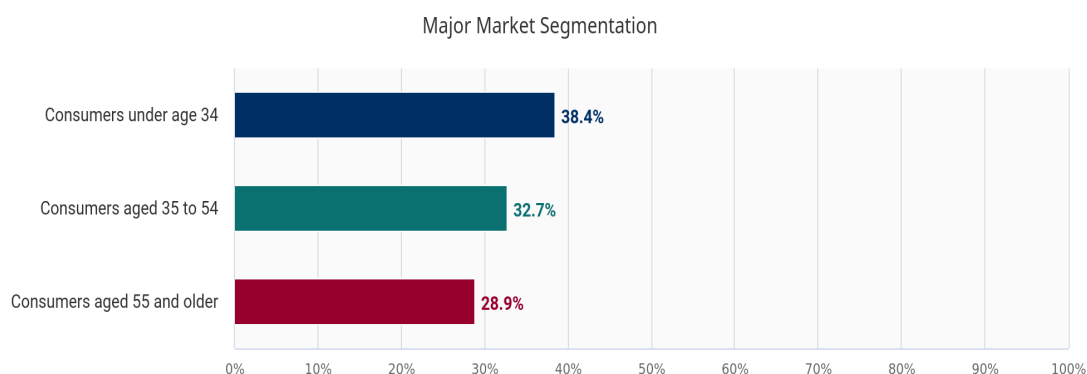
The internet makes it easy for customers to research different products, read reviews from other customers and find the best price for a product they are interested in. This improved customer experience gives online retailers an advantage over traditional outlets, where customers do not have the time or means to do thorough research or find the most affordable products. As demand for online retailers increases, internal competition remains high. To attract customers, online retailers must maintain well-designed websites and mobile applications, or risk losing revenue; consumers may question the validity of an operator if its website or mobile application lacks a clean design or is not using the latest technology.

Product availability

Operators should ensure that their product range is as extensive, if not more extensive, as those found in traditional

brick and mortar stores. This will entice consumers to turn to online retailers for hard-to-find items, driving demand for products retailed online. Additionally, online retailers have the advantage of stocking significantly more merchandise, given that they are not constrained by shelf space. Finally, online retailing gives even the smallest of retailers the ability to compete with larger companies on product segmentation and variety; even if these retailers cannot hold as many types of products as multinational corporations, small companies can still deliver any type of products for customers, by acting as a proxy between the customer and another company. This expands small retailers' product range without any additional investment in actual products or warehouse space.

Major Markets



2021 INDUSTRY REVENUE

\$681.5bn

E-Commerce & Online Auctions
Source: IBISWorld

The COVID-19 (coronavirus) pandemic increased demand from each major market segment.

The temporary closure of physical stores, along with continued social distancing regulations, is expected to cause an increase in online shopping from each age group.

CONSUMERS UNDER 34 YEARS OLD

Individuals aged 34, which comprise the youngest consumer segment, account for 38.4% of E-Commerce and Online Auctions industry activity in 2020.

On average, older members of this group (i.e., individuals between 25 and 34 years old) spend more than younger segment members. As many young members are in school or work at entry-level jobs, they typically earn substantially less than their older counterparts, which decreases their discretionary spending.

CONSUMERS AGED 35 TO 54 YEARS OLD

Consumers between 35 and 54 years old are the second-strongest contributor to the e-commerce industry.

Individuals in this segment make up an estimated 26.0% of the adult population and generate an estimated 32.7% e-commerce shopping. Business Insider estimates the average shopper in this age group spends nearly \$1,800 online, which is the most among the three age groups. However, older members of the under 34 age group spend more on an individual basis than members of this age group, even with lower average income levels. This provides further indication that younger shoppers prefer online shopping.

CONSUMERS AGED 55 AND OLDER

Individuals that are 55 and older comprise the oldest consumer segment for this industry; however, given the larger wealth of the older generation, online spending still remains significant.

This age group represents nearly 30.0% of the adult population and is expected to account for 28.9% of industry revenue.

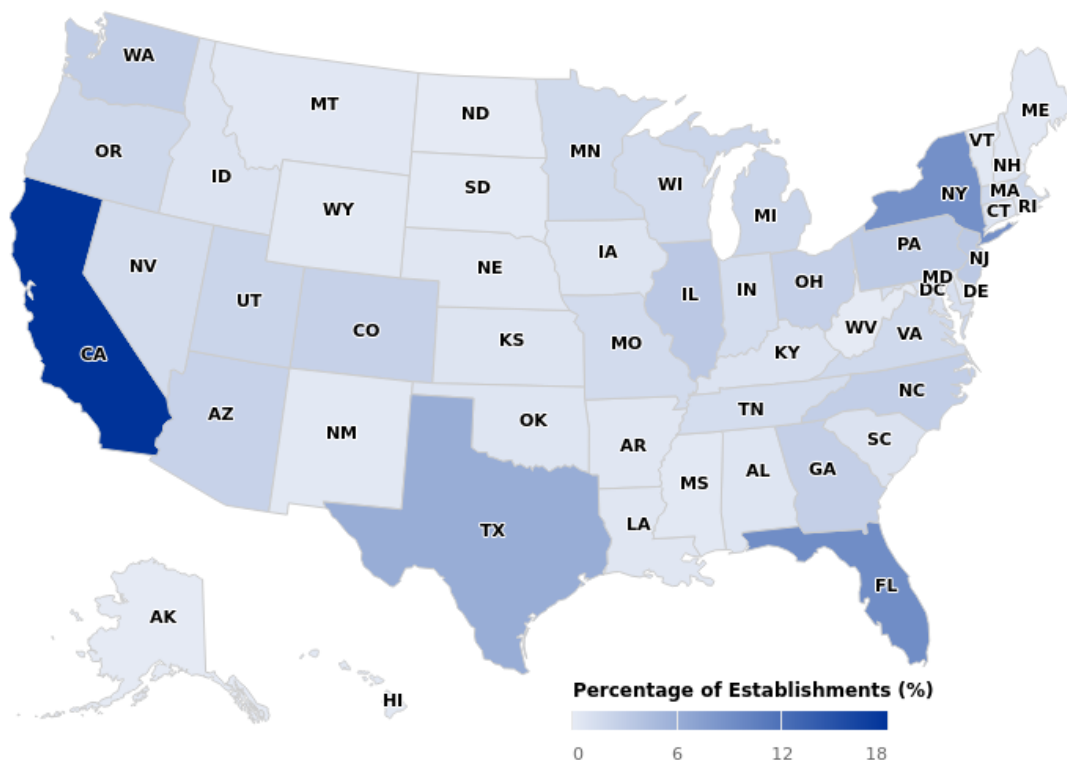
Exports in this industry are 🟢 **Low and Steady**

Imports in this industry are 🟢 **Low and Steady**

Operators in the E-Commerce and Online Auctions industry often purchase inventory items manufactured abroad due to lower production costs in countries such as China and Mexico. Additionally, companies supply the domestic and international market through online websites. However, trade in goods purchased and supplied by retail industries is accounted for at the manufacturing level. Therefore, import and export activity at the retail level is low and steady by convention. Nonetheless, international consumers are able to purchase a range of goods as efficiently as domestic buyers. Furthermore, some websites such as Amazon and eBay have many overseas sellers and buyers.

Business Locations

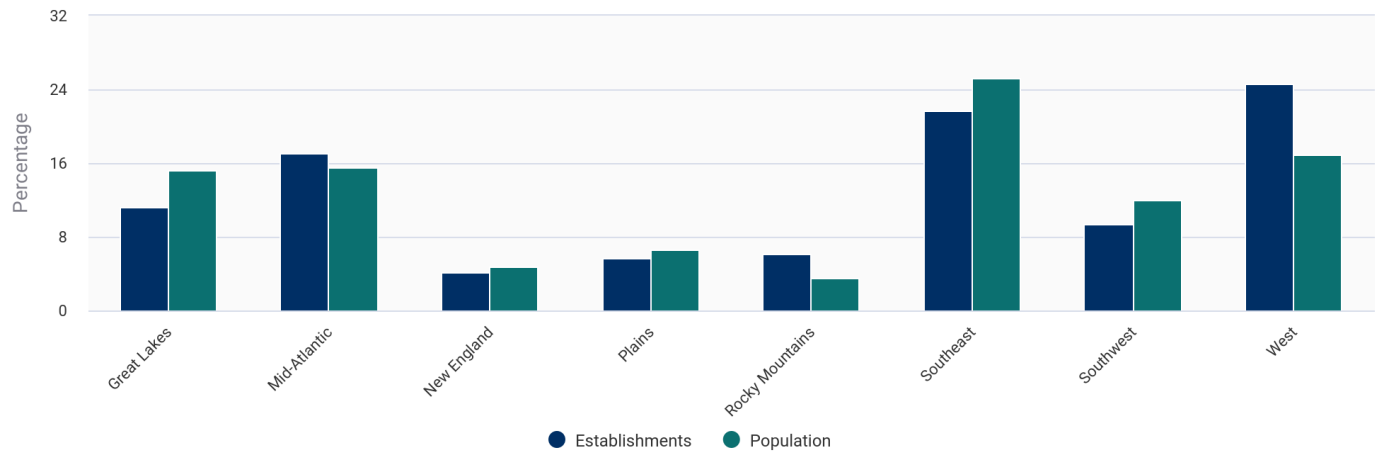
Business Concentration in the United States



E-Commerce & Online Auctions in the US
Source: IBISWorld

Due to the inherent characteristics of the E-Commerce and Online Auctions industry, the geographic spread of establishments is not exactly proportional to the population distribution. While largely populated regions are the most important to the industry, the number of establishments per capita varies considerably across the country. This is dissimilar to the rest of the retail industry, where it is necessary for physical stores to be near customers. Conversely, online retailers only require a warehouse space to store goods, which are then delivered via a postal service to the customer. Location consideration is important, as shipping speed is a factor considered by customers, while shipping costs remain an important expense for companies. Furthermore, companies may also try to house locations near major ports, to better streamline purchases delivery. Major hubs for online shopping include the West (24.7% of establishments), the Southeast (21.7%), the Mid-Atlantic (17.0%) and the Great Lakes (11.2%). Establishment location is important for industry companies to consider.

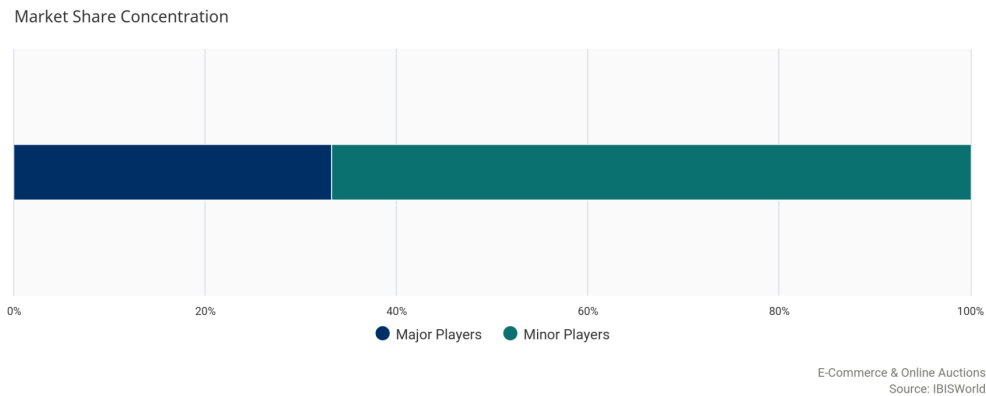
Distribution of Establishments vs Population



E-Commerce & Online Auctions
Source: IBISWorld

Competitive Landscape

Market Share Concentration



Concentration in this industry is ✔ Low

The E-Commerce and Online Auctions industry is highly fragmented with a low-to-medium level of market share concentration. Low barriers to entry encourage nonemployers to enter the industry, depressing market share and increasing competition. Nevertheless, Amazon.com Inc. (Amazon) has managed to capture a considerable share of the market due to its wide variety of products and convenient shipping options, as evident with its recent acquisition of Whole Foods. In an effort to compete with Amazon, other large companies have made similar acquisitions of smaller companies that offer more innovative products or services, or will help in product mix or customer-base expansion. An example of this is Walmart Inc. (Walmart)'s purchase of e-commerce retailer Jet.com in 2016 and Target Corporation's acquisition of online beauty site DermStore just prior to the current period. Market share concentration will rise as large retailers, especially Walmart, continue to devote more resources toward e-commerce.

Key Success Factors

IBISWorld identifies 250 Key Success Factors for a business. The most important for this industry are:

Ability to control stock on hand:

To profit from trends, operators need to be able to control stock on hand to ensure that they have an adequate supply of popular items.

Ability to quickly adopt new technology:

Ever-changing software systems, warehouse technology and personal information security systems require companies to continually update their business to keep pace with recent technology.

Provision of superior after-sales service:

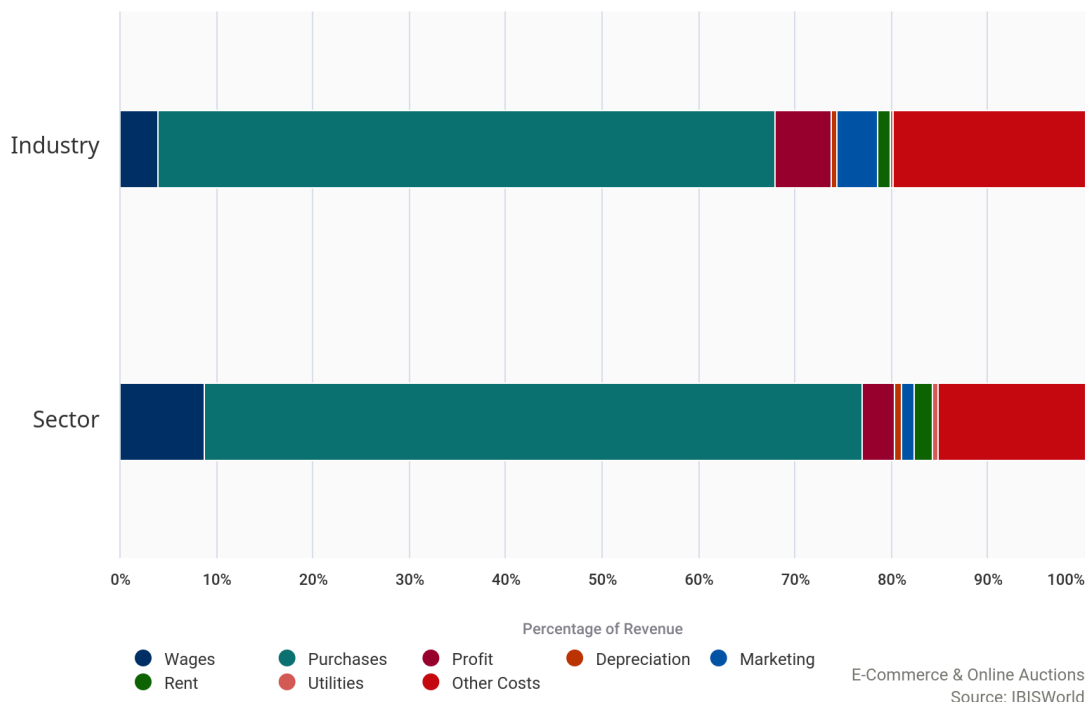
Operators should provide superior after-sales service, including shipment tracking, offering refunds and exchanges and establishing new shopping platforms as technology evolves.

Having a loyal customer base:

Successful operators have a loyal customer base to attract repeat buyers and ensure continued sales. Building a base takes time and success depends on strong before- and after-sales customer service.

Cost Structure Benchmarks

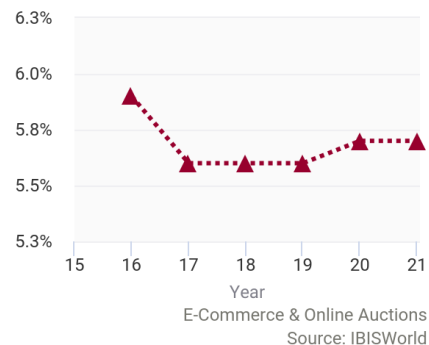
Cost Structure 2021



Profit

Industry profit, measured as earnings before interest and taxes, is expected to account for 5.7% of industry revenue in 2021, a slight decrease from 5.9% in 2016. Profit remained relatively steady during the five-year period as revenue rose and wage costs remained relatively consistent. Expenses such as rent and marketing have also been steady. However, profit has been depressed by industry heavyweight Amazon, which routinely posts lower-than-average profit margins. Profit Margins are expected to be pressured slightly from the COVID-19 (coronavirus) pandemic in 2020 as supply chain issues earlier in the year lead increase operating costs. However, this is expected to improve as businesses adapt to more online platforms.

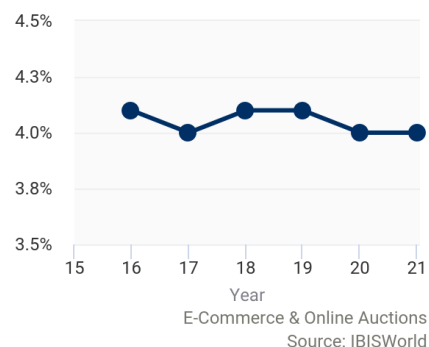
Profit as a Share of Revenue 2016-2021



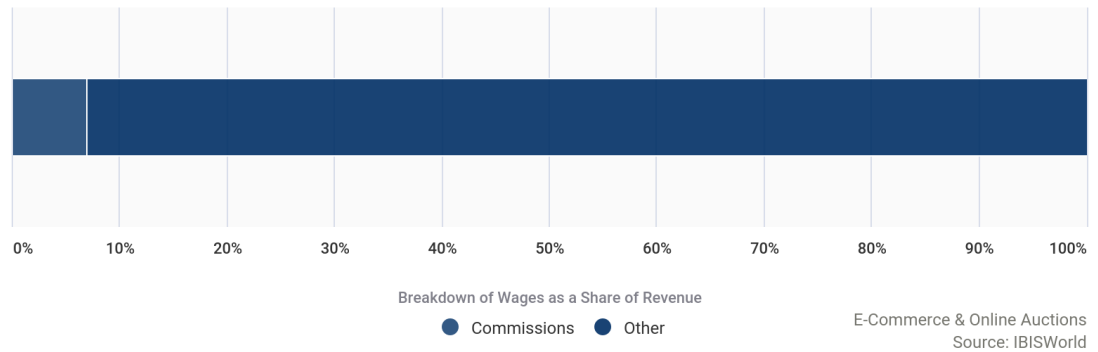
Wages

IBISWorld estimates that wages will account for 4.0% of total industry revenue in 2021, a slight decrease from 2016. Employees of online retailers generally work in fulfillment or sorting locations, as well as in customer service. As many of these jobs are low-skill, advances in artificial intelligence threaten to significantly decrease the supply of many of these positions in the long-term. While technology has not had such an effect just yet, larger companies are employing sophisticated automated systems which has increased employee productivity while contributing to this slower wage growth.

Wages as a Share of Revenue 2016-2021



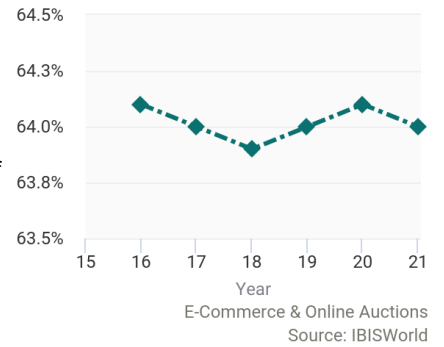
Wages Breakdown (% of Total Wages in 2021)



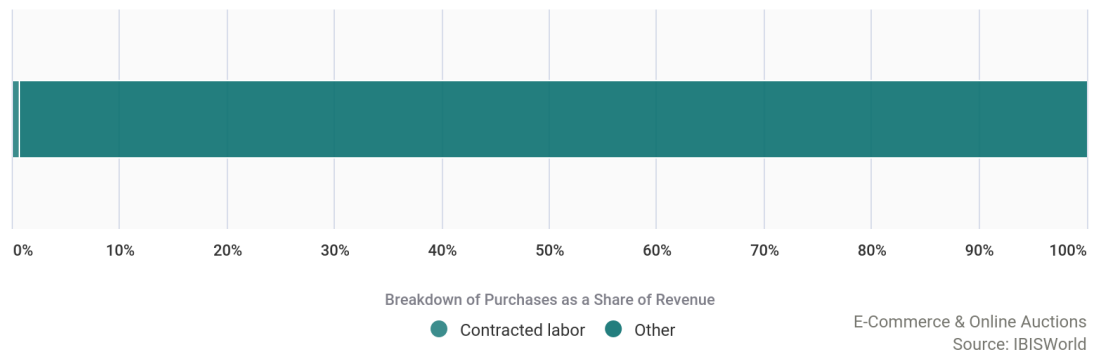
Purchases

As is the case with other retail industries, purchases account for the largest portion of an operator's revenue. Purchases consist of products bought from manufacturers and wholesalers (domestic or international) for resale to consumers. In 2021, IBISWorld estimates purchases to account for 64.0% of industry revenue, which is slightly higher than 2016 levels. Even as the US dollar has gained strength during the five-year period, industry operators are increasing the amount and variety of products they purchase, increasing spending in this category.

Purchases as a Share of Revenue 2016-2021



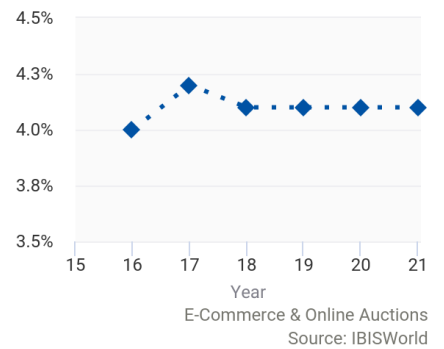
Purchases Breakdown (% of Total Purchases in 2021)



Marketing

Marketing has increased as share of revenue, reaching 4.1% in 2021. Advertisement has become increasingly vital as operators tend to compete on similar products. Methods include online advertisements through social media, printed publications, television and audio streaming platforms. This percentage is likely to increase in the next period as competition from other companies becomes more concentrated.

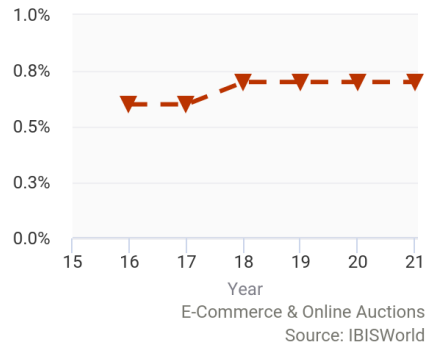
Marketing as a Share of Revenue 2016-2021



Depreciation

Depreciable assets include furniture and fixtures for offices, heavy equipment for warehouses, technology infrastructure, internal-use software and website development; the nature of the industry means there is a need to continuously maintain and update websites and databases. In 2021, depreciation is estimated to account for 0.7% of total industry revenue, relatively unchanged over the past five years. Depreciation for the industry is significantly lower than other retail establishments due to the industry's lack of physical stores.

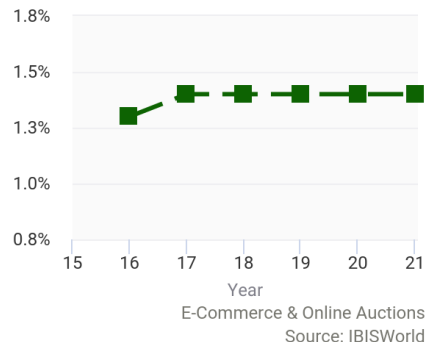
Depreciation as a Share of Revenue 2016-2021



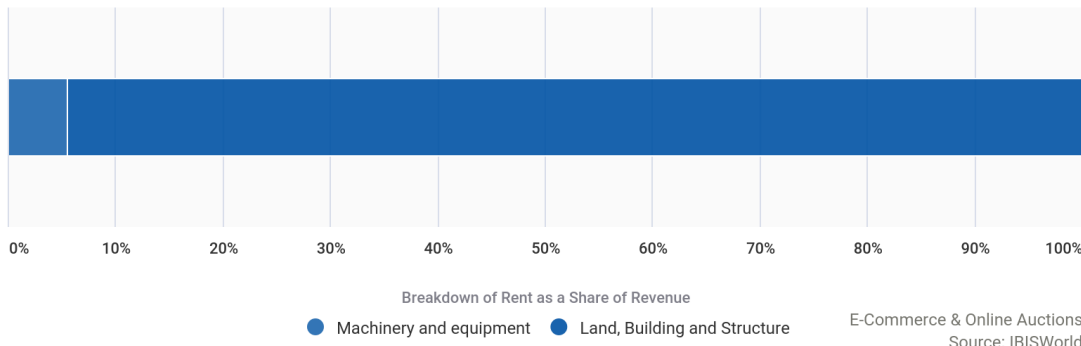
Rent

Rent is expected to account for 1.4% of industry revenue in 2021. Rent for E-Commerce and Online auction operators is typically lower than other retail industries due to the lack of a storefront that is typically in high volume areas, thus costing more to rent. As a result, operators tend to locate their facilities near major distribution hubs to ease transportation and shipment costs.

Rent as a Share of Revenue 2016-2021



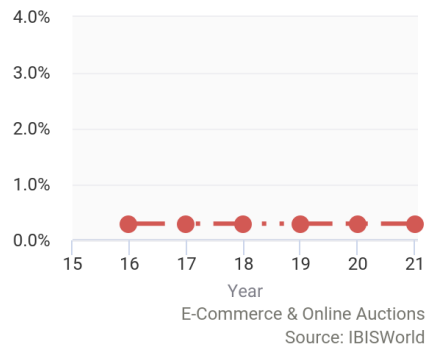
Rent Breakdown (% of Total Rent in 2021)



Utilities

Utilities remain a low percentage of industry revenue at 0.3% as most warehouses only require basic utilities such as electricity and water.

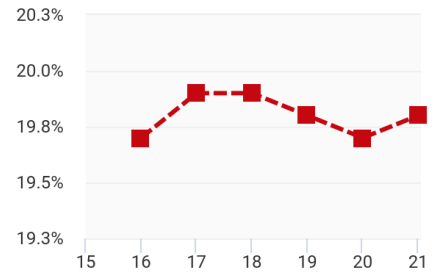
Utilities as a Share of Revenue 2016-2021



Other Costs

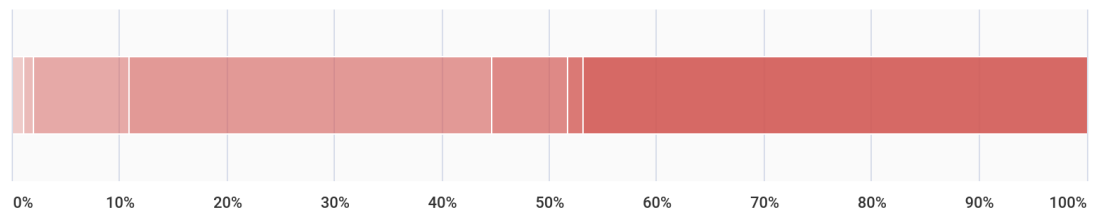
The remaining 19.8% of costs include a variety of expenses, such as shipping costs, credit card fees, insurance premiums, interest charges, administrative costs, selling expenditures and taxes. IBISWorld estimates that the majority of the costs in this category come from transportation and shipping activities, including bringing products to the fulfillment center and sending them to the customer.

Other Costs as a Share of Revenue 2016-2021



E-Commerce & Online Auctions
Source: IBISWorld

Other Breakdown (% of Total Other in 2021)



- Breakdown of Other as a Share of Revenue
- Repair and Maintenance
 - IT services and related spend
 - Distribution & Warehousing
 - Research and Development
 - Professional Services
 - Telecommunications
 - Other

E-Commerce & Online Auctions
Source: IBISWorld

Basis of Competition

Competition in this industry is ▲ High and the trend is **Increasing**

INTERNAL COMPETITION

Operators in the E-Commerce and Online Auctions industry compete primarily on the basis of price, product selection, promotional activity, website features or navigability and the provision of value-added services, which includes free shipping and comprehensive customer service.

Since online shoppers are not able to physically inspect potential purchases, operators must make the decision process as seamless as possible by ensuring every product is accompanied by detailed descriptions (e.g., color, size, material, functionality and quantity) and high-quality photographs. Operators must provide customers with as much relevant information as possible, to best mimic the traditional shopping experience.

Online retailers also must be mindful of shipping prices. Although online store and auction operators cannot control freight charges, an effective marketing technique has been for online retailers to offer free shipping to the consumer. Companies that offer free shipping generally appear more competitive and attractive to prospective customers, even if shipping costs are already built in to the product prices.

While delivery prices remain high on consumers' minds when shopping, mode of delivery is also an important aspect of competition. Purchases such as wine, groceries and large or fragile goods can have very specific shipping instructions, and require shipping services to be willing and able to follow retailers' instructions. Further, shipping operators must be able to adhere to retailers' promise of fast shipping, which has become an industry-wide customer expectation.

While most deliveries are completed on-time and without issue, consumers do not always find the same success with the product they ordered. Therefore, operators' return and refund policy should be clearly outlined to consumers at the time of purchase. As with traditional brick and mortar retailers, consumers should know who to contact in the event a return or refund is necessary. The reputation of an operator has a significant effect on customer retention. Repeat buys spur word-of-mouth recommendations, which are highly important in an industry with stores that typically lack physical location.

EXTERNAL COMPETITION

Online retailers compete with traditional brick and mortar stores,

including department stores, big-box retailers and locally owned niche outlets.

External competition is based on convenience, price and product availability. Online retailers often provide the highest level of convenience, lowest prices and highest product availability. This is evident in the recent surge of the industry, which has forced the decline of traditional brick and mortar department stores, electronics stores, among other types.

In recent years, however, there is a renewed push to attract customers to traditional retail outlets by modernizing the shopping experience. For example, startups Selfycart and Scandit have developed mobile-pay technology that let consumers completely bypass the checkout line by scanning and paying for products from their phone. Amazon has taken this concept one step further with its Amazon Go store in Seattle. Now open to the public, shoppers at Amazon Go can simply walk out with a product; Amazon's Just Walk Out Technology tracks consumer movement and detects when a consumer takes a product off the shelf, charging and sending a receipt to them after they walk out the door. As new technology improves the in-store shopping experience, online retailers facing a new threat must continue to improve the online customer experience to mitigate the possible outflow back to traditional retail industry.

Barriers to Entry

Barriers to Entry in this industry are ▲ Low and the trend is Decreasing

The E-Commerce and Online Auctions industry has a low level of concentration and is highly fragmented, with a large number of small and independent players. These two characteristics are reflective of low barriers to entry. Prospective operators can establish e-commerce sites without much difficulty using a variety of different websites. Additionally, the initial and continuing costs and skill required to establish an electronic shopping site have continued to decrease over the past five years. Online shopping platforms such as Shopify and Squarespace help prospective operators develop an e-commerce site with minimal technical skills. The functionality and features of such sites is expected to continue improving over the next five years, further lowering the industry's barriers to entry.

Product differentiation between a traditional retailer and an online retailer is typically nonexistent because products for brick-and-mortar stores and online stores can be sourced from the exact same suppliers. Additionally, there is no shortage of suppliers for new entrants looking to purchase inventory. The pre-established distribution networks between long-standing operators and suppliers may, in some cases, be viewed as a barrier to entry. Existing operators benefit from the relationships they have built with their suppliers. Consequently, they may be offered better lines of credit and low-priced, high-quality stock compared with players new to the industry. New entrants that choose to match the low prices offered by established online retailers will suffer a decline in profitability and may be forced to exit the market. Some players limit price pressures by selling niche products not retailed by major companies. For example, Etsy sells handmade and vintage items by artists and craftspeople.

Barriers to Entry Checklist

Competition	High ▲
Concentration	Low ☺
Life Cycle Stage	Growth ☺
Technology Change	High ▲
Regulation & Policy	Medium ☹
Industry Assistance	None ▲

Industry Globalization

Globalization in this industry is ☺ Low and the trend is Increasing

Most participants in the E-Commerce and Online Auctions industry are US-owned and earn their revenue domestically. Nonetheless, global connectivity has encouraged many online retailers to expand their services internationally. For example, Amazon.com and eBay both operate on an international scale. Companies aiming to expand internationally must comply with varying regulatory and tax standards in each country, along with managing international shipping logistics. Furthermore, domestic operators must also maintain international relationships, as inventory is usually purchased from international producers due to lower manufacturing costs in countries like China and Mexico. However, such trade is recorded at the manufacturing level, not the retail level.

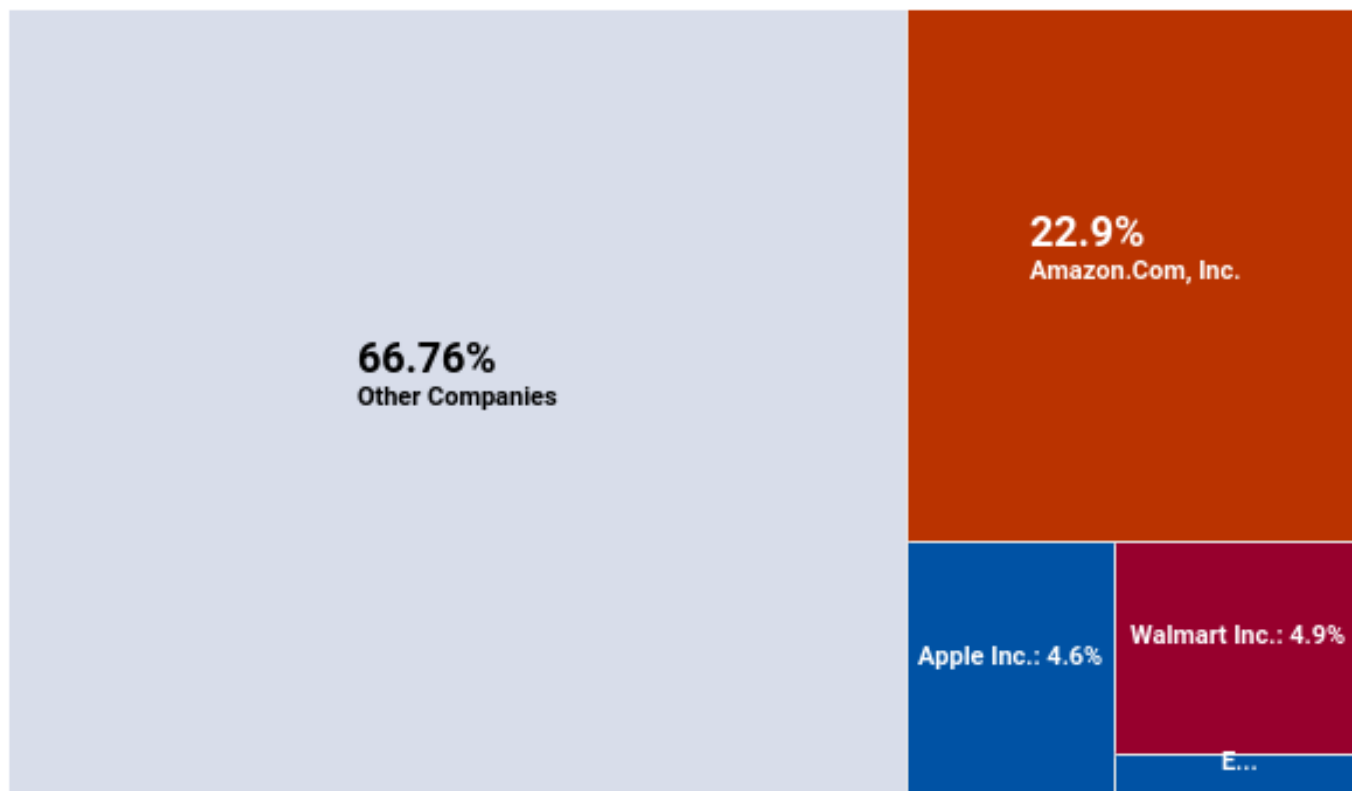
Due to the industry's reliance on foreign facilities, various supply chains are vulnerable to the COVID-19

(coronavirus) pandemic disruption. Many factories are operating at less than maximum capacity and additionally, global trade has slowed due to restrictions. However, as the economy recovers, global trade is expected to rebound.

Major Companies

Market Share Overview

Breakdown of Industry Market Share (2021)



Source: IBISWorld, E-Commerce & Online Auctions

Related Companies

Competitors	Company Type	Employee Segment	Revenue (\$m)	Market Share (%)	Profit (\$m)
Amazon.Com, Inc.	Incumbent	500+ Employees	156,372.8 ▲	22.94 ▲	10,809.6 ▲
Walmart Inc.	Golden Goose	500+ Employees	33,394.3 ▲	4.9 ▲	1,941.8 ▲
Apple Inc.	Laggard	500+ Employees	31,349.8 ▲	4.6 ▲	5,316.7 ▲
Ebay Inc.	Laggard	500+ Employees	5,452.1 ▲	0.8 ▲	376.9 ▲

Companies with 5.0% industry market share are displayed in the PDF version of this report. You can view insights for all companies associated with this industry on my.ibisworld.com

Amazon.Com, Inc.

Company Overview

Brands & Trading Names

6pm.com amazon books amazon studios Amazon.com AmazonFresh AWS EastDane.com Ring twitch Woot.com Zappos.com

Description

Amazon.Com, Inc. is a public company headquartered in Washington with an estimated 566,000 employees. In the US, the company has a notable market share in at least 29 industries: Online Book Sales, Online Hardware & Tool Sales, Online Children's Toy Sales, Online Men's Clothing Sales, Online Pet Food & Pet Supply Sales, Online Computer & Tablet Sales, Online Vitamin & Supplement Sales, The Retail Market for Audio Equipment, Online Shoe Sales, The Retail Market for Toys, Online Small Electrical Appliance Sales, The Retail Market for Outdoor Furniture, Online Large Kitchen Appliance Sales, Online Office & School Supply Sales, E-Commerce & Online Auctions, Online Baby Product Sales, Online Grocery Sales, Online Camera & Camcorder Sales, Online Women's Clothing Sales, Speech & Voice Recognition Software Developers, Online Hobby & Craft Supplies Sales, Online Television Sales, Music Streaming Services, E-Book Publishing, Online Computer Software Sales, Retail Trade, The Retail Market for Headphones, The Retail Market for Home Furniture & Bedding and The Retail Market for Laptop Computers. Their largest market share is in the Online Book Sales industry, where they account for an estimated 81.3% of total industry revenue and are considered an Incumbent because they display strong market share, but lower profit and revenue growth than some of their peers.

COMPANY TYPE	Public Company
TOTAL COMPANY REVENUE	\$156.4bn
EMPLOYEES	566,000

Other Industries

The Retail Market for Headphones
 Online Perfume & Cosmetic Sales
 Online Large Kitchen Appliance Sales
 Online Hardware & Tool Sales
 The Retail Market for Laptop Computers
 Online Children's Toy Sales
 Online Office & School Supply Sales
 Speech & Voice Recognition Software Developers
 Online Shoe Sales
 The Retail Market for Toys
 Online Hobby & Craft Supplies Sales
 Online Camera & Camcorder Sales
 Data Processing & Hosting Services in the US
 Online Pet Food & Pet Supply Sales
 Online Jewelry & Watch Sales
 Online Men's Clothing Sales
 The Retail Market for Home Furniture & Bedding
 Online Small Electrical Appliance Sales
 Online Computer & Tablet Sales
 Online Vitamin & Supplement Sales
 Online Computer Software Sales
 Online Television Sales
 E-Book Publishing
 Music Streaming Services in the US
 Online Book Sales
 Online Grocery Sales
 Online Women's Clothing Sales
 Video Streaming Services in the US
 The Retail Market for Audio Equipment
 Online Baby Product Sales
 The Retail Market for Outdoor Furniture

Analyst Insights

Complaints about subpar labor practices continue to doge the company
 Amazon, which employs more than 1.0 million people or nearly one out of every 500 Americans, has been dogged

Amazon.Com, Inc.

Company Overview

by complaints about its labor practices. Amazon has been accused of substandard labor conditions, especially at its warehouses, and labor groups across the country have accused the company of illegally undermining unionization efforts. In 2021, Amazon defeated a unionization drive at 6,000-person warehouse in Bessemer, Alabama, although additional unionization efforts are expected at other locations throughout 2022.

Competition COVID Labor Product Innovation

Amazon, already dominant in online retail, booms during the pandemic

Amazon has consistently outperformed the industry and other large online retailers, such as Walmart Inc. and Target Corporation. As the coronavirus pandemic continues to alter and reshape the economy, Amazon has been able to significantly increase its online sales. As many brick and mortar stores shuttered in 2020 to stem the spread of the coronavirus, consumers shifted their shopping to online platforms, with Amazon best positioned to benefit. In 2020 alone, Amazon's annual revenue soared upward by 38.0%.

Competition COVID Product Innovation

Innovation primes Amazon for success

In 2015, Amazon Inc (Amazon) released the artificial intelligence technology, Echo, in the United States. The Echo is a voice-controlled unit that enables consumers to have Alexa, a digital assistant, complete a wide range of tasks for them. It was not until late 2016 that Google released the Google Home, a potential rival to the product. However, Amazon still dominates the smart speaker market, according to a Voicebot Smart Speaker Consumer Adoption report from January 2018. Amazon sold over 100 million Alexa devices in 2018 alone.

Competition COVID Labor Product Innovation

Acquisition activity, coupled with innovative technology and scale, allow Amazon to thrive

In 2017, Amazon acquired Whole Foods for \$13.7 billion and vowed to decrease prices at the grocery retailer known for high-prices. Amazon immediately began to decrease Whole Foods' prices, extended Whole Foods discounts to Amazon Prime members and made products available online. This has the effect of making products more affordable and accessible to a larger demographic. Most importantly, the company was able to leverage this partnership and the scale of its online business to grow substantially during the COVID-19 (coronavirus) pandemic, as consumers increased their purchase of groceries, especially online.

Competition COVID Product Innovation

Amazon.Com, Inc.

Company Overview

Industry Market Share, Revenue and Profit

Market Share

22.94% Strong

Current Year (2021)

4.0% ▲

Annual Growth (2017-21)

Change in Market Share



E-Commerce & Online Auctions
Source: IBISWorld

Industry Revenue

\$156.4bn Strong

Current Year (2021)

20.8% ▲

Annual Growth (2017-21)

Change in Industry Revenue



E-Commerce & Online Auctions
Source: IBISWorld

Profit Margin

6.91% Moderate

Current Year (2021)

4.5% ▲

Annual Growth (2017-21)

Change in Profit Margin



E-Commerce & Online Auctions
Source: IBISWorld

Walmart Inc.

Company Overview

Brands & Trading Names Sam's Club Walmart Supercenters

Description Walmart Inc. is a public company headquartered in Arkansas with an estimated 2,500,000 employees. In the US, the company has a notable market share in at least 16 industries: Warehouse Clubs & Supercenters, Online Grocery Sales, The Retail Market for Outdoor Furniture, Discount Department Stores, The Retail Market for Toys, Online Office & School Supply Sales, The Retail Market for Home Furniture & Bedding, BBQ & Outdoor Cooking Stores, Retail Trade, Online Children's Toy Sales, The Retail Market for Seasonal Decorations, E-Commerce & Online Auctions, Pharmacies & Drug Stores, Online Home Furnishing Sales, Online Television Sales and Online Computer & Tablet Sales. Their largest market share is in the Warehouse Clubs & Supercenters industry, where they account for an estimated 64.4% of total industry revenue and are considered an Incumbent because they display strong market share, but lower profit and revenue growth than some of their peers.

COMPANY TYPE	Public Company
TOTAL COMPANY REVENUE	\$33.4bn
EMPLOYEES	2,300,000

Other Industries

- The Retail Market for Seasonal Decorations
- Online Children's Toy Sales
- Online Office & School Supply Sales
- Discount Department Stores
- The Retail Market for Toys
- Pharmacies & Drug Stores in the US
- Online Home Furnishing Sales
- BBQ & Outdoor Cooking Stores
- The Retail Market for Home Furniture & Bedding
- Online Computer & Tablet Sales
- Warehouse Clubs & Supercenters in the US
- Online Television Sales
- Online Grocery Sales
- The Retail Market for Outdoor Furniture

Analyst Insights **The company has partnered with BEAUTYSPACENK to launch a new collection of beauty products**
On March 7, 2022, Walmart announced its collaboration with Britain-based retailer Space NK to offer exclusive, high quality beauty products on its website and more than 200 of its physical stores. The products are expected to launch on March 15, 2022 on its website and during this summer within its stores. According to Walmart, this collaboration will make it even more convenient for shoppers to purchase specialty beauty items, in addition to staple beauty products, all in one trip to Walmart.

New Activity

Walmart Inc. is committed to protecting the environment

Walmart Inc. (Walmart) has implemented numerous sustainable practices and goals concerning issues related to governance, the environment and society. An example of the company's efforts toward protecting the environment involve its objective to restore, renew and replenish the environment. In that regard, the company expects that, by 2025, it will be able to sustainably source at least twenty more of its commodities. Additionally, by 2030, the company expects to reduce its greenhouse gas emissions by an estimated 1 gigaton. Furthermore, by 2030, the company anticipates that it will help restore and better manage 1 million square miles of ocean and fifty million acres of land through its Walmart Foundation. Lastly, another goal of the company is to reach zero emissions by 2040.

ESG New Activity Structural

The company highly values diversity in the workplace

Walmart is a company focused of the inclusion and empowerment of its workforce. In that regard, the company's employees continue to become more diverse, including more people of color, in addition to more Latinx and Asian individuals. Additionally, the company launched its Accessibility Center of Excellence in May 2021 to help advance inclusion and equity for people with disabilities. In fact, the company scored 100% on the Disability Equality Index (DEI) in 2021, for the sixth year in a row. Moreover, the company donated an estimated \$20 million toward furthering equity for Black and Indigenous Canadians.

New Activity Structural

Walmart Inc.

Company Overview

Industry Market Share, Revenue and Profit

Market Share

4.9% *Moderate*

Current Year (2021)

0.8% ▲

Annual Growth (2017–21)

Change in Market Share



E-Commerce & Online Auctions
Source: IBISWorld

Industry Revenue

\$33.4bn *Moderate*

Current Year (2021)

20.4% ▲

Annual Growth (2017–21)

Change in Industry Revenue



E-Commerce & Online Auctions
Source: IBISWorld

Profit Margin

5.81% *Weak*

Current Year (2021)

0.0% ▼

Annual Growth -

Change in Profit Margin



E-Commerce & Online Auctions
Source: IBISWorld

Apple Inc.

Company Overview

Description

Apple Inc. is a public company headquartered in California with an estimated 132,000 employees. In the US, the company has a notable market share in at least 13 industries: Cell Phone Repair, The Retail Market for Smartphones, Music Streaming Services, Operating Systems & Productivity Software Publishing, Online Computer & Tablet Sales, The Retail Market for Laptop Computers, Speech & Voice Recognition Software Developers, E-Commerce & Online Auctions, Online Book Sales, Software Publishing, Computer Stores, Online Computer Software Sales and Internet Publishing and Broadcasting. Their largest market share is in the Cell Phone Repair industry, where they account for an estimated 53.0% of total industry revenue and are considered an Incumbent because they display strong market share, but lower profit and revenue growth than some of their peers.

COMPANY TYPE	Public Company
TOTAL COMPANY REVENUE	\$31.3bn
EMPLOYEES	132,000

Other Industries

Cell Phone Repair
 Software Publishing in the US
 The Retail Market for Laptop Computers
 Speech & Voice Recognition Software Developers
 The Retail Market for Smartphones
 Internet Publishing and Broadcasting in the US
 Operating Systems & Productivity Software Publishing in the US
 Online Computer & Tablet Sales
 Online Computer Software Sales
 Music Streaming Services in the US
 Online Book Sales
 Computer Stores in the US

Analyst Insights

Apple expected to take a bite of Square's market share upon the release of its Tap to Pay feature in mid-2022
 In February 2022, Apple Inc. (Apple) announced its plan to roll out a Tap to Pay feature, which will enable millions of US merchants to securely accept touchless payments on an iPhone via Apple Pay, credit cards and other digital wallets. The platform will be integrated into the existing iPhone operating system, requiring no additional hardware or payment terminals. Expected to launch in mid-2022, Tap to Pay will establish Apple as a major competitor to rival Square.

Balance Sheet [New Activity](#)

Apple's ability to navigate supply chain disruptions led to Q1 revenue growth that exceeded estimates
 For the first quarter of fiscal 2022, Apple posted record revenue of \$123.9 billion, an increase of 11.0% year-over-year. Apple's Q1 performance stifled investor concerns regarding global shortages of chip and semiconductors and its affect on the company's holiday sales. Despite high sales, supply chain disruptions prevented Apple from meeting high consumer demand for its products, costing the company an estimated \$6.0 billion in net sales in the quarter.

Balance Sheet [COVID](#) [Discontinued Activity](#) [New Activity](#)

Apple's continued investment in its service offerings has boosted its number of paying subscribers
 Apple's robust offering of services, including music, TV and fitness subscriptions, experienced strong revenue growth in Q1 2022 as well, rising 24.2% year-over-year. Adoption of the company's seven subscription services was accelerated by the adoption of digital services amid the COVID-19 (coronavirus) pandemic. As of February 2022, the company boasts 785 million paying subscribers across its subscription offerings. Apple continued to expand the breadth of its services through its February 2022 acquisition of London-based AI Music, a startup which utilizes artificial intelligence to generate personalized soundtracks.

Balance Sheet [COVID](#) [Discontinued Activity](#) [M&A](#) [New Activity](#)

Apple Inc.

Company Overview

Industry Market Share, Revenue and Profit

Market Share

4.6% Moderate

Current Year (2021)

0.5% ▲

Annual Growth (2017-21)

Change in Market Share



E-Commerce & Online Auctions
Source: IBISWorld

Industry Revenue

\$31.3bn Moderate

Current Year (2021)

18.5% ▲

Annual Growth (2017-21)

Change in Industry Revenue



E-Commerce & Online Auctions
Source: IBISWorld

Profit Margin

16.96% Strong

Current Year (2021)

0.0% ▼

Annual Growth -

Change in Profit Margin



E-Commerce & Online Auctions
Source: IBISWorld

Ebay Inc.

Company Overview

Description

Ebay Inc. is a public company headquartered in California with an estimated 34,600 employees. In the US, the company has a notable market share in at least two industries: Online Antiques & Collectibles Sales and E-Commerce & Online Auctions. Their largest market share is in the Online Antiques & Collectibles Sales industry, where they account for an estimated 10.8% of total industry revenue and are considered a Laggard because they display lower market share alongside slower profit and revenue growth than their peers.

COMPANY TYPE	Public Company
TOTAL COMPANY REVENUE	\$5.5bn
EMPLOYEES	12,600

Other Industries

Online Antiques & Collectibles Sales

Financial Performance

Ebay Inc. - financial performance *

Year	Revenue \$m	Growth % change	Operating Income \$m	Growth % change
2016	1,494.9	N/C	103.3	N/C
2017	1,976.7	32.2	136.6	32.2
2018	2,563.6	29.7	177.2	29.7
2019	3,243.2	26.5	224.2	26.5
2020	4,277	31.9	295.7	31.9
2021	5,452.1	27.5	376.9	27.5

Source: IBISWorld

Note: * Estimates

Ebay Inc.

Company Overview

Industry Market Share, Revenue and Profit

Market Share

0.8% Weak **0.3%** ▲

Current Year (2021) Annual Growth (2017-21)

Change in Market Share



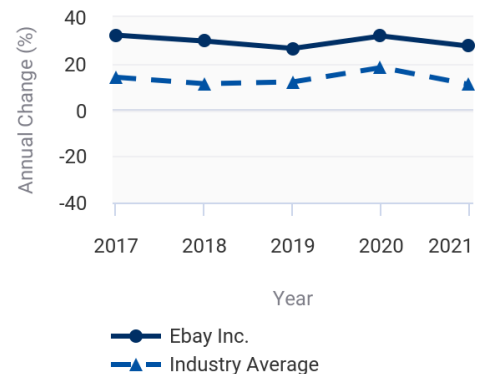
E-Commerce & Online Auctions
Source: IBISWorld

Industry Revenue

\$5.5bn Weak **28.9%** ▲

Current Year (2021) Annual Growth (2017-21)

Change in Industry Revenue



E-Commerce & Online Auctions
Source: IBISWorld

Profit Margin

6.91% Moderate **0.0%** ▼

Current Year (2021) Annual Growth -

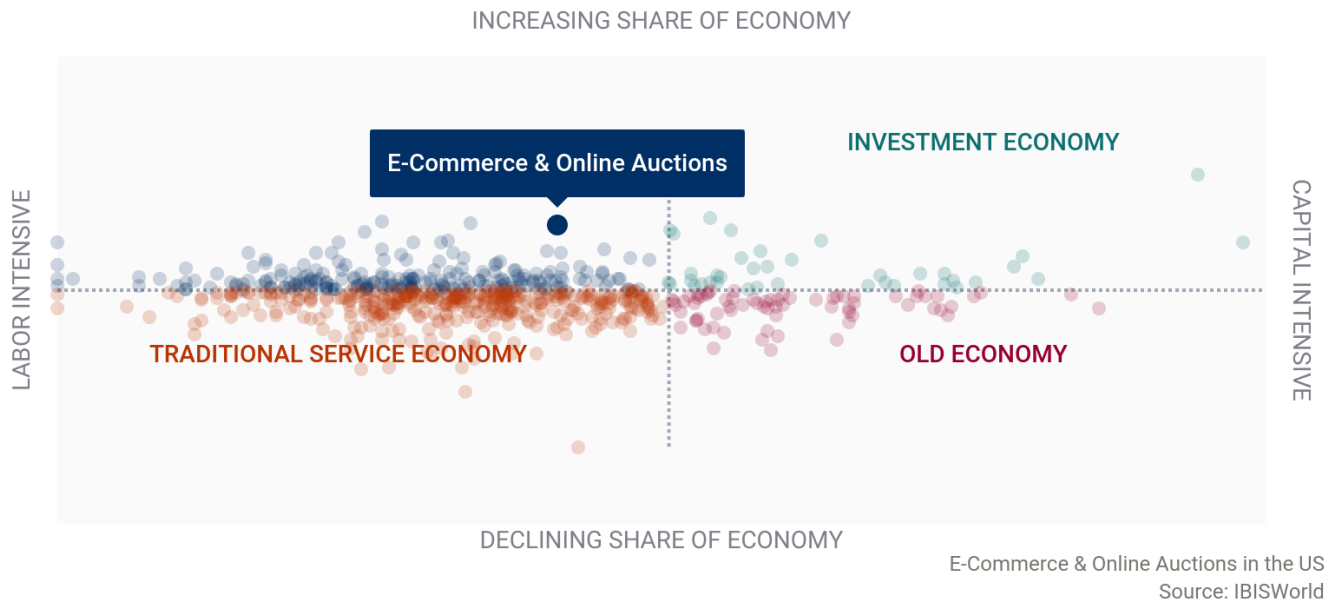
Change in Profit Margin



E-Commerce & Online Auctions
Source: IBISWorld

Operating Conditions

Costs of Growth: Targeting Capital vs. Labor



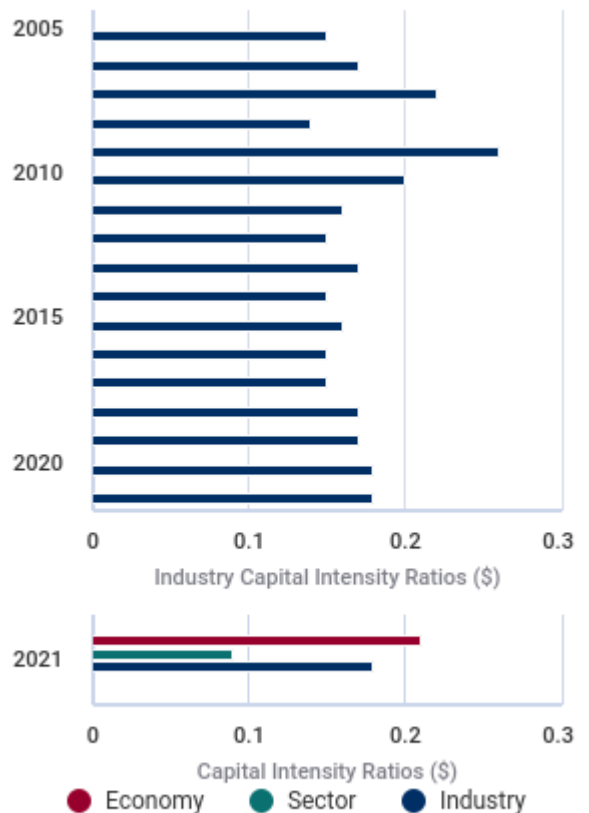
Capital Intensity

The level of capital intensity is ⊖ **Medium**

The E-Commerce and Online Auctions industry has a moderate level of capital intensity. IBISWorld estimates that for every dollar spent on wages, industry operators will spend \$0.17 in capital investment in 2021. Capital investment is mainly in software, warehouse space, computer equipment and warehouse fixtures. Over the past five years, capital intensity has grown slightly, as revenue growth has kept pace with rising investment in software and server expenditures. Additionally, operators have been implementing more technology in their warehouses, such as handheld devices for pickers and voice-to-pick software, which increases pickers' speed and helps company ship their products faster. For more information on these technologies, see the Technology and Systems section of the report. Industry operators also outlay capital on technology to establish, implement and maintain their websites. Requirements for establishing and maintaining databases include computers, printers, software programs for an electronic payment system and firewalls. Operators may also incur capital expenditure though purchasing and maintaining vehicles for delivering goods, although most deliveries are handled by third-party couriers. The level of capital intensity in the industry is depressed by the large number of nonemployers, many of which operate from a home office and sell small product batches and do not require extensive warehouse equipment.

Labor costs are mainly incurred through hiring staff to fulfill orders and corporate workers for larger companies. Usually, only a low level of education or training is required to work in a warehouse. While capital costs are low, wage costs are also relatively low because online stores do not require sales staff to checkout customers. Larger companies require more skilled corporate workers in media, IT and business intelligence to maintain the company. The higher skills of these corporate employees glean a larger salary and inflate the average industry wage.

Capital Intensity Ratios



E-Commerce & Online Auctions
Source: IBISWorld

Technology & Systems Potential Disruptive Innovation: Factors Driving Threat of Change

Level	Factor	Disruptive Effect	Description
✔ Low	Rate of Innovation	Unlikely	A ranked measure for the number of patents assigned to an industry. A faster rate of new patent additions to the industry increases the likelihood of a disruptive innovation occurring.
⚠ Very High	Innovation Concentration	Very Likely	A measure for the mix of patent classes assigned to the industry. A greater concentration of patents in one area increases the likelihood of technological disruption of incumbent operators.
⚠ Very High	Ease of Entry	Very Likely	A qualitative measure of barriers to entry. Fewer barriers to entry increases the likelihood that new entrants can disrupt incumbents by putting new technologies to use.
⚠ Very High	Rate of Entry	Very Likely	Annualized growth in the number of enterprises in the industry, ranked against all other industries. A greater intensity of companies entering an industry increases the pool of potential disruptors.
✔ Low	Market Concentration	Unlikely	A ranked measure of the largest core market for the industry. Concentrated core markets present a low-end market or new market entry point for disruptive technologies to capture market share.

The rate of new patent technologies entering the industry is low, which limits the potential for innovations. A low rate does not mean that innovations cannot occur, just that the likelihood of some innovation materializing as a threat is lower. However, the concentration of technologies is high in this industry. This suggests that industry operators have exposure to potentially unforeseen areas of innovation.

This technology trend is underscored by structural factors that support new entrants. An accommodative structure can create a situation where small entrants can focus on less profitable albeit innovative industry entry points. Or, large operators in other industries can leverage expertise in other areas to enter the industry from a new angle.

Major market segments for industry operators are relatively diversified. The spread of market segments suggests that there are limited entry points other than those already served by incumbent operators.

The E-Commerce and Online Auctions industry itself is a source of technological disruption.

Over the past five years, consumers have significantly increased the amount of retail shopping performed on online websites from physical locations. Companies like Amazon have enticed consumers to shop online with many features like price comparison, customer reviews and quick delivery times. Additionally, as the number of mobile phone connections increases, consumers will likely opt to make purchases through their devices even more due to the industry's enhanced mobility, convenience and streamlined checkout process.

The level of technology change is ⚠ High

The surge in internet penetration and ongoing technological advancements are crucial to the quick and continual rise of the E-Commerce and Online Auctions industry.

There is a positive correlation between the number of people with internet access and online retailers' customer base, both of which have grown as internet and computer access continue to become more affordable. Further, advancements in retail technology has also contributed to industry success. The basic requirements for an electronic retailer, including a selling platform, hardware and the related software, have become more accessible and affordable, giving even the smallest online

retailers technology that was once restricted to large corporations. However, larger retailers still maintain a technological advantage. For example, industry juggernaut Amazon is making significant investments in robots and other artificially intelligent automation systems, to increase efficiency and provide a better customer experience.

As consumers increasingly turn to mobile devices for online shopping, retailers are devoting more resources to developing native mobile applications and improving the customer experience. While large corporations have large teams dedicated to mobile, third-party software has helped small retailers gain a mobile presence, similar to the way such software aided these companies on desktops.

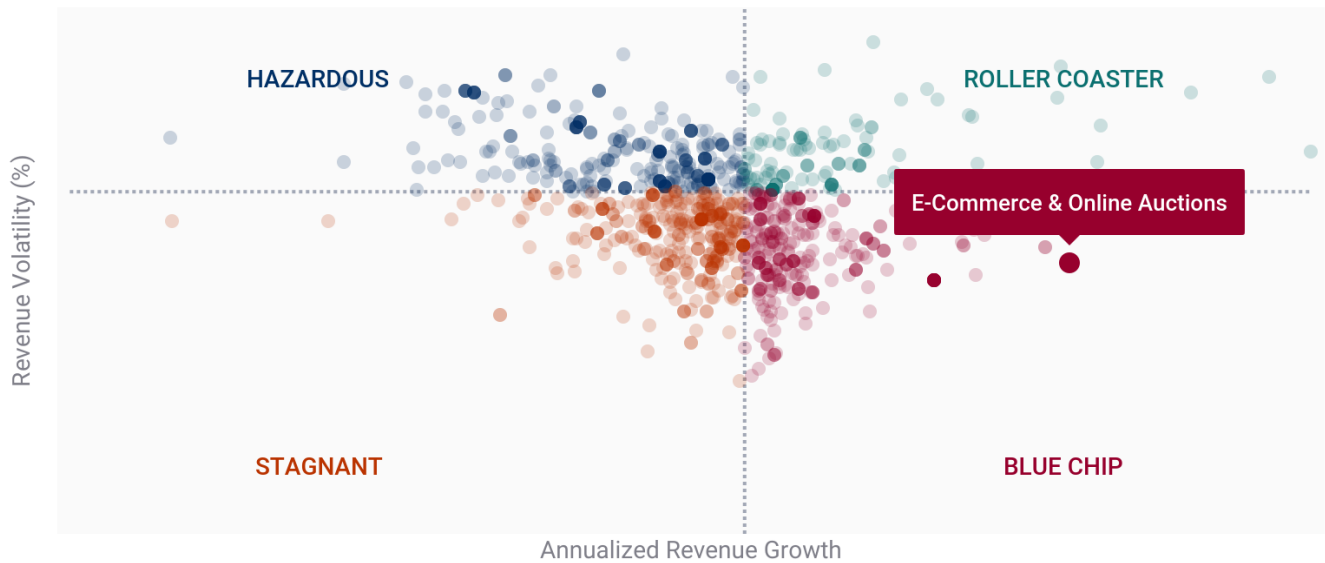
Another important technological element in online retailing is building technology to provide users with the ability to easily pay for merchandise. Google Wallet, Apple Pay and PayPal are examples of payment systems that give users an online account that makes it easy and secure to transfer funds from their credit cards or bank accounts to the retailer. However, bank-connected payment options are not open to the millions of Americans that do not maintain bank accounts or have credit cards. To fill this void, Amazon recently launched Amazon Cash, which lets consumers hold money online simply by depositing cash to participating brick and mortar retailers across the country. This move helps Amazon increase its customer reach by providing an easy and affordable way for these consumers to pay and shop online, while also ensuring online dollars do not go to stores other than Amazon.

Warehouse technology plays a major role in a retailers' ability to quickly and easily manage, sort, pack and deliver merchandise. Handheld scanners, for example, are being used to help workers find items faster, while voice-to-pick software directs warehouse personnel via headsets or mobile devices to specific locations or instructs them on tasks. Additionally, automated packing assembly lines provide seamless product packaging, and help increase the pace of deliveries. While advanced warehouse technology has existed for many years, high costs have prevented many retailers from using it in their warehouses. Today, tablets, smartphones and third-party applications have helped small retailers bridge the technological gap with larger competitors.

Revenue Volatility

The level of volatility is ⊖ **Medium**

Volatility vs. Growth



E-Commerce & Online Auctions
Source: IBISWorld

Revenue volatility has been low to moderate, as online retailers have reported consistently strong growth during the five-year period.

E-Commerce and Online Auctions industry revenue is expected to continue expanding over the next five years. Furthermore, operators in this industry compete for a share of consumers' discretionary income, which is highly dependent on changes in employment levels and consumer confidence, all of which have constantly increased over the past five years. Overall, revenue has increased an annualized 13.3% over the past five years, and the industry grew by double digits almost every year.

Regulation & Policy

The level of regulation is ⊖ **Medium** and the trend is Increasing

The most prominent regulation affecting the E-Commerce and Online Auctions industry in recent years has been the Streamlined Sales and Use Tax

Agreement organized by the Streamlined Sales Tax Governing Board.

The agreement is the result of the cooperative efforts of most states and the business community. It was drafted in hopes of minimizing the costs and administrative burden on retailers that collect sales and use taxes across multiple states. The agreement requires online retailers to collect sales tax from customers living in states that have passed the agreement. With the rising popularity of online shopping and many US states seeking to increase revenue, more and more states have been passing legislation to conform to the agreement in recent years. Currently, 24 states have passed legislation confirming the agreement. In June 2018, the Supreme Court ruled that state-imposed internet sales tax is legal.

Industry operators are also governed by the Federal Trade Commission's Mail, Internet or Telephone Order Merchandise rule, which requires that retailers use methods that enable the shipment of goods within 30 days of a product's order. The rule also requires retailers to notify consumers of any delays that would postpone shipment beyond the 30-day window. The Federal Trade Commission (FTC) also enforces online privacy laws to ensure consumers' sensitive information, such as names, addresses and social security and credit card numbers, are protected. Additionally, online advertising and marketing laws, such as truth in advertising standards, guard consumers against false advertising.

COVID-19

The COVID-19 (coronavirus) pandemic is not expected to significantly affect regulations on the industry, however individual vendors may experience more scrutiny due to the higher volume of shopping.

Additionally, social distancing regulations and mask mandates may affect some aspects of industry enterprises operations.

Industry Assistance

The level of industry assistance is △ **None** and the trend is **Steady**

While tariffs are applicable to goods sold by the E-Commerce and Online Auctions industry, they do not apply at the retail level.

Retail operators purchase goods from importers and wholesalers after the tariff has been applied. A change in the tariff rate of a particular good will generally alter where the good is purchased and the purchase price. For instance, a decline in tariffs for computer parts may result in falling purchasing costs, which can be passed on to consumers as lower prices, helping the retailer to remain competitive.

Additionally, there are various trade associations that promote the industry and disseminate information. The Internet Merchants Association assists in the development, promotion and protection of internet retailers through education and networking. Women in Ecommerce works to provide women with the necessary resources and capabilities to thrive in the world of internet retailing. Finally, the Electronic Retailing Association advocates on behalf of the industry on issues including net neutrality and sales tax; however, this group ceased operations in June 2018.

COVID-19

In response to the COVID-19 (coronavirus) pandemic, the United States government passed the Coronavirus Aid, Relief and Economic Security (CARES) Act and the Coronavirus Response and Consolidated Appropriations Act of 2021. The CARES Act provides economic assistance to American workers and businesses. Within this, the Paycheck Protection Program (PPP) specifically aims to assist small businesses in maintaining their payroll, hiring back workers who may have been furloughed and covering applicable overhead costs. Although these acts are not specific to the industry, they will likely affect industry operators.

Key Statistics

Industry Data

Year	Revenue (\$m)	IVA (\$m)	Establishments (Units)	Enterprises (Units)	Employment (Units)	Exports (\$m)	Imports (\$m)	Wages (\$m)	Domestic Demand (\$m)	Per Capita Disposable Income (\$)
2012	230,236	22,422	119,108	118,546	308,454	N/A	N/A	12,752	N/A	39,796
2013	253,839	23,047	123,645	123,235	301,615	N/A	N/A	12,132	N/A	39,038
2014	285,153	26,528	133,152	132,723	325,893	N/A	N/A	13,125	N/A	40,239
2015	321,703	30,481	145,120	144,671	352,094	N/A	N/A	14,396	N/A	41,537
2016	365,141	38,592	159,287	158,705	394,152	N/A	N/A	14,858	N/A	42,006
2017	416,512	42,683	179,723	178,936	446,652	N/A	N/A	16,859	N/A	42,914
2018	463,568	47,927	202,103	201,354	499,644	N/A	N/A	18,840	N/A	44,133
2019	519,540	53,700	226,262	225,406	560,842	N/A	N/A	21,141	N/A	44,915
2020	614,425	63,720	255,879	254,137	647,117	N/A	N/A	24,515	N/A	47,485
2021	681,517	70,552	283,892	281,950	718,632	N/A	N/A	27,217	N/A	48,719
2022	739,250	76,371	312,985	311,160	787,104	N/A	N/A	29,753	N/A	47,944
2023	789,590	81,336	343,316	341,899	853,711	N/A	N/A	32,173	N/A	49,664
2024	867,376	89,349	380,743	379,408	942,752	N/A	N/A	35,491	N/A	51,451
2025	947,517	97,596	422,279	420,426	1,036,855	N/A	N/A	38,981	N/A	53,361
2026	1,027,995	105,724	466,970	464,523	1,134,478	N/A	N/A	42,579	N/A	55,347

Annual Change

Year	Revenue (%)	IVA (%)	Establishments (%)	Enterprises (%)	Employment (%)	Exports (%)	Imports (%)	Wages (%)	Domestic Demand (%)	Per Capita Disposable Income (%)
2012	13.4	32.0	27.6	27.4	40.5	N/A	N/A	43.8	N/A	2.55
2013	10.3	2.78	3.80	3.95	-2.22	N/A	N/A	-4.87	N/A	-1.91
2014	12.3	15.1	7.68	7.69	8.04	N/A	N/A	8.18	N/A	3.07
2015	12.8	14.9	8.98	9.00	8.03	N/A	N/A	9.68	N/A	3.22
2016	13.5	26.6	9.76	9.70	11.9	N/A	N/A	3.20	N/A	1.12
2017	14.1	10.6	12.8	12.7	13.3	N/A	N/A	13.5	N/A	2.16
2018	11.3	12.3	12.5	12.5	11.9	N/A	N/A	11.8	N/A	2.83
2019	12.1	12.0	12.0	11.9	12.2	N/A	N/A	12.2	N/A	1.77
2020	18.3	18.7	13.1	12.7	15.4	N/A	N/A	16.0	N/A	5.72
2021	10.9	10.7	10.9	10.9	11.1	N/A	N/A	11.0	N/A	2.59
2022	8.47	8.24	10.2	10.4	9.52	N/A	N/A	9.31	N/A	-1.60
2023	6.80	6.50	9.69	9.87	8.46	N/A	N/A	8.13	N/A	3.58
2024	9.85	9.85	10.9	11.0	10.4	N/A	N/A	10.3	N/A	3.59
2025	9.23	9.23	10.9	10.8	9.98	N/A	N/A	9.83	N/A	3.71
2026	8.49	8.32	10.6	10.5	9.41	N/A	N/A	9.23	N/A	3.72

Key Ratios

Year	IVA/Revenue (%)	Imports/Demand (%)	Exports/Revenue (%)	Revenue per Employee (\$'000)	Wages/Revenue (%)	Employees per estab. (Units)	Average Wage (\$)
2012	9.74	N/A	N/A	746	5.54	2.59	41,341
2013	9.08	N/A	N/A	842	4.78	2.44	40,223
2014	9.30	N/A	N/A	875	4.60	2.45	40,275
2015	9.47	N/A	N/A	914	4.47	2.43	40,887
2016	10.6	N/A	N/A	926	4.07	2.47	37,695
2017	10.2	N/A	N/A	933	4.05	2.49	37,745
2018	10.3	N/A	N/A	928	4.06	2.47	37,706
2019	10.3	N/A	N/A	926	4.07	2.48	37,695
2020	10.4	N/A	N/A	949	3.99	2.53	37,883
2021	10.4	N/A	N/A	948	3.99	2.53	37,874
2022	10.3	N/A	N/A	939	4.02	2.51	37,801
2023	10.3	N/A	N/A	925	4.07	2.49	37,685
2024	10.3	N/A	N/A	920	4.09	2.48	37,646
2025	10.3	N/A	N/A	914	4.11	2.46	37,595
2026	10.3	N/A	N/A	906	4.14	2.43	37,532

Figures are inflation adjusted to 2021

Industry Financial Statement

Industry Multiples	2017	2018	2019	2020	Historical Average		
					3-Year	5-Year	10-Year
EBIT/Revenue	10.9	13.0	14.3	14.7	14.0	13.2	12.4
EBITDA/Revenue	16.2	18.3	21.1	22.2	20.5	19.2	17.9
Leverage Ratio	6.3	5.6	4.8	4.6	5.0	5.4	5.7
Industry Tax Structure	2017	2018	2019	2020	3-Year	5-Year	10-Year
Taxes Paid/Revenue	5.4	4.9	5.2	5.6	5.2	5.3	5.5
Income Statement	2017	2018	2019	2020	3-Year	5-Year	10-Year
Total Revenue	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Business receipts	93.0	89.9	86.9	85.2	87.4	89.5	90.8
Cost of goods	31.7	33.8	41.3	43.1	39.4	36.7	35.8
Gross Profit	68.3	66.2	58.7	56.9	60.6	63.3	64.2
Expenses							
Salaries and wages	17.9	16.7	12.7	11.1	13.5	14.9	15.3
Advertising	4.0	2.6	2.4	2.4	2.5	3.1	3.4
Depreciation	3.5	5.3	6.0	6.4	5.9	5.0	4.7
Depletion	0.0	0.0	0.6	0.8	0.5	0.3	0.1
Amortization	1.8	0.4	0.1	0.2	0.2	0.9	0.7
Rent paid	6.6	5.1	3.9	3.1	4.0	4.9	5.5
Repairs	0.4	1.8	1.4	1.0	1.4	0.9	0.6
Bad debts	4.1	1.0	1.0	0.9	1.0	2.2	3.4
Employee benefit programs	3.0	4.1	3.6	3.4	3.7	3.4	3.0
Compensation of officers	5.4	3.3	3.1	3.1	3.2	4.0	4.4
Taxes paid	5.4	4.9	5.2	5.6	5.2	5.3	5.5
Interest Income	6.3	2.2	2.2	2.0	2.1	3.7	5.1
Other Income							
Royalties	5.5	4.1	3.6	3.2	3.6	4.3	4.7
Rent Income	0.3	1.6	1.8	1.7	1.7	1.2	0.7
Net Income	1.7	3.6	3.8	3.3	3.6	3.2	2.3
Balance Sheet	2017	2018	2019	2020	3-Year	5-Year	10-Year
Assets							
Cash and Equivalents	6.4	4.9	5.2	5.2	5.1	5.5	8.5
Notes and accounts receivable	13.3	14.1	14.7	15.3	14.7	13.4	14.2
Allowance for bad debts	0.2	0.2	0.2	0.3	0.2	0.2	0.3
Inventories	4.9	6.1	6.4	6.5	6.3	5.6	6.9
Other current assets	4.3	6.7	6.8	6.8	6.8	5.7	6.2
Other investments	22.4	22.6	21.2	20.2	21.3	21.0	21.0
Property, Plant and Equipment	17.4	23.3	23.9	24.2	23.8	20.8	20.5
Accumulated depreciation	7.9	6.7	6.1	5.2	6.0	6.7	8.8
Intangible assets (Amortizable)	19.1	19.1	18.3	17.6	18.4	18.4	23.5
Accumulated amortization	4.7	3.2	3.0	2.9	3.0	3.6	4.3
Other assets	24.7	9.3	9.2	9.2	9.2	17.7	11.2
Total assets	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Accounts payable	8.8	11.1	11.0	11.0	11.0	9.9	11.6
Liabilities and Net Worth							
Mort, notes, and bonds under 1 yr	4.0	5.5	6.0	6.5	6.0	5.1	4.8
Other current liabilities	6.1	8.9	9.6	10.1	9.5	8.4	9.1
Loans from shareholders	0.4	2.3	2.4	2.3	2.3	1.6	1.3
Mort, notes, bonds, 1 yr or more	20.1	21.1	23.0	24.4	22.8	22.2	22.8
Other liabilities	13.3	14.1	14.7	15.3	14.7	13.9	13.4
Total liabilities	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Capital stock	2.2	6.0	5.6	5.3	5.6	4.1	3.2
Additional paid-in capital	17.1	19.4	22.4	24.6	22.1	20.5	27.6
Retained earnings, appropriated	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Retained earnings-unappropriated	-5.7	-5.2	-6.6	-7.3	-6.3	-6.1	-4.0
Cost of treasury stock	12.1	0.0	0.0	0.0	0.0	2.4	7.0
Net worth	47.4	37.5	33.5	30.6	33.9	39.1	37.0

Liquidity Ratios	2017	2018	2019	2020	3-Year	5-Year	10-Year
Current Ratio	1.5	1.3	1.3	1.2	1.3	1.3	1.4
Quick Ratio	1.3	1.0	1.0	1.0	1.0	1.1	1.1
Sales/Receivables	7.4	7.0	6.7	6.4	6.7	7.5	7.2
Days' Receivables	49.3	52.4	54.5	57.0	54.6	49.8	51.8
Days' Inventory	57.0	66.5	57.9	56.0	60.1	57.2	70.9
Inventory Turnover	6.4	5.5	6.3	6.5	6.1	6.5	5.4
Payables Turnover	3.5	3.0	3.7	3.9	3.5	3.7	3.2
Days' Payables	103.7	121.4	99.3	94.8	105.1	100.6	119.4
Sales/Working Capital	9.6	9.5	8.3	7.5	8.4	9.7	9.6
Coverage Ratios	2017	2018	2019	2020	3-Year	5-Year	10-Year
Interest Coverage	286.1	286.8	265.5	255.3	269.2	284.3	268.1
Debt Service Coverage Ratio	2.3	1.5	1.5	1.5	1.5	1.8	1.9
Leverage Ratios	2017	2018	2019	2020	3-Year	5-Year	10-Year
Fixed Assets/Net Worth	1.0	1.5	1.6	1.7	1.6	1.4	1.6
Debt/Net Worth	2.1	2.7	3.0	3.3	3.0	2.6	2.8
Tangible Net Worth	0.5	0.4	0.3	0.3	0.3	0.4	0.4
Operating Ratios	2017	2018	2019	2020	3-Year	5-Year	10-Year
Return on Net Worth, %	22.6	34.1	42.0	47.3	41.2	34.6	34.5
Return on Assets, %	10.7	12.8	14.1	14.5	13.8	12.9	12.4
Sales/Total Assets	1.0	1.0	1.0	1.0	1.0	1.0	1.0
EBITDA/Revenue	16.2	18.3	21.1	22.2	20.5	19.2	17.9
EBIT/Revenue	10.9	13.0	14.3	14.7	14.0	13.2	12.4
Cash Flow & Debt Service Ratios (% of sales)	2017	2018	2019	2020	3-Year	5-Year	10-Year
Cash from Trading	57.3	3.7	-5.6	3.7	0.6	24.2	30.3
Cash after Operations	38.2	-125.7	-26.4	-125.7	-92.6	-39.5	-32.5
Net Cash after Operations	36.8	-181.8	-18.0	-181.8	-127.2	-60.9	-50.8
Debt Service P&I Coverage	26.2	-17.7	-6.5	-17.7	-14.0	2.2	2.9
Interest Coverage (Operating Cash)	1.0	4.9	-0.2	4.9	3.2	2.5	2.3

Source: IRS SOI Tax Stats; US Census Bureau; IBISWorld

Additional Resources

Additional Resources

Internet Merchants Association
<http://www.imamerchants.org>

Internet Society
<http://www.internetsociety.org>

US Census Bureau
<http://www.census.gov>

Industry Jargon

BIG DATA

Extremely large data sets that are analyzed using software to identify consumer and market trends.

BRICK- AND-MORTAR STORE

Stores that have a physical presence and location, as opposed to online retailers.

CHATBOT

Software that communicates with people via voice or message and is designed to simulate human conversation.

MULTICHANNEL MARKETING

A marketing approach in which companies market to consumers using a variety of platforms, such as email and print advertisement.

PICKER

A person that works in a warehouse finding items that are shipped to customers.

SOCIAL COMMERCE

A subset of e-commerce that involves using social media to assist in the online buying and selling of products and services.

Glossary

BARRIERS TO ENTRY

High barriers to entry mean that new companies struggle to enter an industry, while low barriers mean it is easy for new companies to enter an industry.

CAPITAL INTENSITY

Compares the amount of money spent on capital (plant, machinery and equipment) with that spent on labor. IBISWorld uses the ratio of depreciation to wages as a proxy for capital intensity. High capital intensity is more than \$0.333 of capital to \$1 of labor; medium is \$0.125 to \$0.333 of capital to \$1 of labor; low is less than \$0.125 of capital for every \$1 of labor.

CONSTANT PRICES

The dollar figures in the Key Statistics table, including forecasts, are adjusted for inflation using the current year (i.e. year published) as the base year. This removes the impact of changes in the purchasing power of the dollar, leaving only the "real" growth or decline in industry metrics. The inflation adjustments in IBISWorld's reports are made using the US Bureau of Economic Analysis' implicit GDP price deflator.

DOMESTIC DEMAND

Spending on industry goods and services within the United States, regardless of their country of origin. It is derived by adding imports to industry revenue, and then subtracting exports.

EMPLOYMENT

The number of permanent, part-time, temporary and seasonal employees, working proprietors, partners, managers and executives within the industry.

ENTERPRISE

A division that is separately managed and keeps management accounts. Each enterprise consists of one or more establishments that are under common ownership or control.

ESTABLISHMENT

The smallest type of accounting unit within an enterprise, an establishment is a single physical location where business is conducted or where services or industrial operations are performed. Multiple establishments under common control make up an enterprise.

EXPORTS

Total value of industry goods and services sold by US companies to customers abroad.

IMPORTS

Total value of industry goods and services brought in from foreign countries to be sold in the United States.

INDUSTRY CONCENTRATION

An indicator of the dominance of the top four players in an industry. Concentration is considered high if the top players account for more than 70% of industry revenue. Medium is 40% to 70% of industry revenue. Low is less than 40%.

INDUSTRY REVENUE

The total sales of industry goods and services (exclusive of excise and sales tax); subsidies on production; all other operating income from outside the firm (such as commission income, repair and service income, and rent, leasing and hiring income); and capital work done by rental or lease. Receipts from interest royalties, dividends and the sale of fixed tangible assets are excluded.

INDUSTRY VALUE ADDED (IVA)

The market value of goods and services produced by the industry minus the cost of goods and services used in production. IVA is also described as the industry's contribution to GDP, or profit plus wages and depreciation.

INTERNATIONAL TRADE

The level of international trade is determined by ratios of exports to revenue and imports to domestic demand. For exports/revenue: low is less than 5%, medium is 5% to 20%, and high is more than 20%. Imports/domestic demand: low is less than 5%, medium is 5% to 35%, and high is more than 35%.

LIFE CYCLE

All industries go through periods of growth, maturity and decline. IBISWorld determines an industry's life cycle by considering its growth rate (measured by IVA) compared with GDP; the growth rate of the number of establishments; the amount of change the industry's products are undergoing; the rate of technological change; and the level of customer acceptance of industry products and services.

NONEMPLOYING ESTABLISHMENT

Businesses with no paid employment or payroll, also known as nonemployers. These are mostly set up by self-employed individuals.

PROFIT

IBISWorld uses earnings before interest and tax (EBIT) as an indicator of a company's profitability. It is calculated as revenue minus expenses, excluding interest and tax.

REGIONS

West | CA, NV, OR, WA, HI, AK

Great Lakes | OH, IN, IL, WI, MI

Mid-Atlantic | NY, NJ, PA, DE, MD

New England | ME, NH, VT, MA, CT, RI

Plains | MN, IA, MO, KS, NE, SD, ND

Rocky Mountains | CO, UT, WY, ID, MT

Southeast | VA, WV, KY, TN, AR, LA, MS, AL, GA, FL, SC, NC

Southwest | OK, TX, NM, AZ

VOLATILITY

The level of volatility is determined by averaging the absolute change in revenue in each of the past five years.

Volatility levels: very high is more than $\pm 20\%$; high volatility is $\pm 10\%$ to $\pm 20\%$; moderate volatility is $\pm 3\%$ to $\pm 10\%$; and low volatility is less than $\pm 3\%$.

WAGES

The gross total wages and salaries of all employees in the industry.

The logo for IBISWorld, featuring the company name in a white serif font inside a black rounded rectangle.

WHERE KNOWLEDGE IS POWER

IBISWorld helps you find the industry information you need – fast.

With our trusted research covering thousands of global industries, you'll get a quick and intelligent overview of any industry so you can get up to speed in minutes. In every report, you'll find actionable insights, comprehensive data and in-depth analysis to help you make smarter, faster business decisions. If you're not yet a member of IBISWorld, contact us at 1-800-330-3772 or info@ibisworld.com to learn more.

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