The Jumpshot eCommerce 25

A Report Card on the Largest U.S. eCommerce Sites –
Who's Up, Who's Down, and Why

jumpshot®

Executive Summary:

Insights from the 25 Largest US eCommerce Sites

Jumpshot analyzed over 1.5 billion U.S. digital transactions spanning the first nine months of 2019, to identify who's up, who's down, and why. Key take-aways include:

Amazon on Top: Amazon unsurprisingly tops the list by an order of magnitude. Their growth rate of 3.1% is accelerating, and translates to 40 million more transactions than a year ago.

The Big Five: Amazon is the first of a "Big Five" – sites that routinely top our lists of transaction volume. eBay ranks second, but is the only one of the Big Five that is significantly declining. Walmart, Etsy and Target round out the Big Five – each is growing by pursuing distinct strategies and target markets that minimize their head-to-head competition with Amazon.

Digital Darlings: Beyond the Big Five, three of largest percentage gainers are digital natives, and focused on categories where Amazon is relatively weak: Chewy (pets), Wayfair (furniture), and Aliexpress (top categories include apparel and jewelry).

Omnichannel Masters: Several retailers in the Top 25 are best known for their large brick-and-mortar footprint, including Home Depot, Costco, Kohl's and Macy's. Far from suffering from the "retail apocalypse," these brands are leveraging their physical presence as part of broader omnichannel strategies.

Struggling Retailers: The connecting thread among struggling retailers – including Zulilly, QVC, JCPenney and Victoria's Secret -- is being out-of-step with broader consumer trends.

The Top 25

Site (.com)	Q1-3 2019 Transactions (millions)	YOY Growth
Amazon	1,412.2	3.1%
Ebay	295.8	-11.0%
Walmart	70.8	-0.2%
Etsy	35.3	21.8%
Target	21.3	29.6%
Kohls	17.8	8.4%
HomeDepot	17.2	10.3%
Chewy	15.9	38.0%
QVC	12.8	-15.5%
Gap	12.2	-6.9%
Walgreens	12.0	7.7%
JCPenney	11.2	-8.8%
Costco	11.1	10.2%
Macys	10.2	8.4%
Wayfair	10.1	26.2%
Zulily	8.4	-26.5%
Aliexpress	8.3	15.3%
Lowes	7.3	-0.2%
BestBuy	6.4	3.1%
HSN	6.0	1.5%
Staples	5.6	7.1%
VictoriasSecret	5.5	-8.1%
Zappos	5.2	-11.9%
Sephora	5.2	0.3%
Sams Club	4.9	13.1%

About This Report

Unless otherwise noted, data are from the U.S. in Q1-3 2019 (January 1 – September 30). The data reflect transactions on desktop computers and mobile web on Android phones. iOS devices and app usage are not included in this analysis. "YOY growth" refers to percentage change from Q1-3 2018.

Inside Amazon:

How the eCommerce Giant Keeps Growing

Amazon tops our list by an order of magnitude. Their 1.4 billion transactions through the first nine months of 2019 is more than 4X eBay, 20X Walmart, and 66X target. In absolute terms, their growth is huge and accelerating.

Known for their experiment-and-refine philosophy, they continue to identify and double-down on the most potent strategies, including increasing their already industry-leading conversion rates, and increasing advertising revenue with more sponsored listings.

+3.1%

+3.1% Growth = 41.9 million more transactions
Amazon's 3.1% growth is substantially greater than the 2.2% we saw for the full of 2018 (vs. 2017). On its base of 1.4 billion transactions, that amounts to growth of more than 40 million transactions -- more growth than virtually every retailer sells in an entire year. Amazon continues continues to position itself as a default starting point for many shoppers.

8.5%

8.5% Coverstion Rate:
Amazon's conversion is 2-3 times greater than its competitors, and hit a new high of 8.5% in September 2019, up from 7.8% just since January. Their conversion rates are particularly high in categories such as household essentials and personal care – CPG categories where Amazon still has tremendous room to grow.

11%

11% Of page views are sponsored
More than one-in-ten product page views on Amazon are sponsored, a figure that has doubled in the past two years. This has fueled Amazon's highly-profitable advertising business. Brands will increasingly have to pay for placement, particularly given that more than 90% of product views on Amazon start with searches, and the vast majority of clicks are concentrated in the top few listings.

+27%

+27% YOY sales of private label/exclusive brands
Amazon's transition from marketplace to brand-creator and advertising platform have been well–documented. As their private label business has remained modest in size, they have pivoted toward exclusive brands – recognizing the difficulty of new product development, and the continuing ability of brands to resonate with consumers.

Beyond Amazon:

Four of the "Big Five" Growing

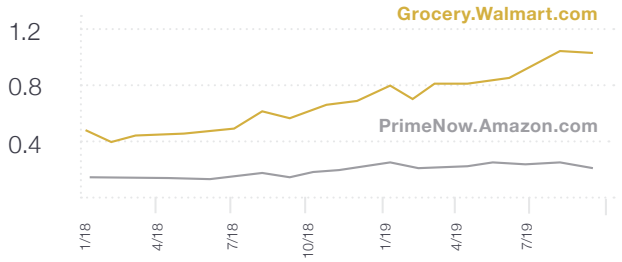
Four of the "Big Five" sites that top our list have been growing consistently. In a digital world of "winner-take-all" markets these dominant players are becoming more dominant, in part by minimizing direct competition with each other: Amazon skews affluent, Walmart skews value-oriented, Etsy is the "anti-Amazon," and Target leverages its design strengths and distinct brand portfolio. Only eBay is shrinking – a generalist player in an evolving, increasingly niche-focused category.

	Q1-3 2019 Transactions (millions)	YOY Growth
Amazon	1412	3.1%
Ebay	296	-11.0%
Walmart	71	-0.2%
Etsy	35	21.8%
Target	21	29.6%

Walmart

- This relative stability understates Walmart's strong growth in grocery, its app strength, and its solid #2 position in 14 of the 22 major ecomm categories.
- Their advertising business lags: Walmart's sponsored listings rising in number, but constitute <2% of product views and CVRs are falling.

Monthly Grocery Transactions



Etsy & Target Growning Consistently

Monthly Online Transactions (millions)

Etsy

Etsy calls themselves "the antidote to commoditized commerce"; 20% of product page views are sponsored

Innovative DTC partnerships include Harry's, Casper, Quip, and Barkbox

Rising Retailers:

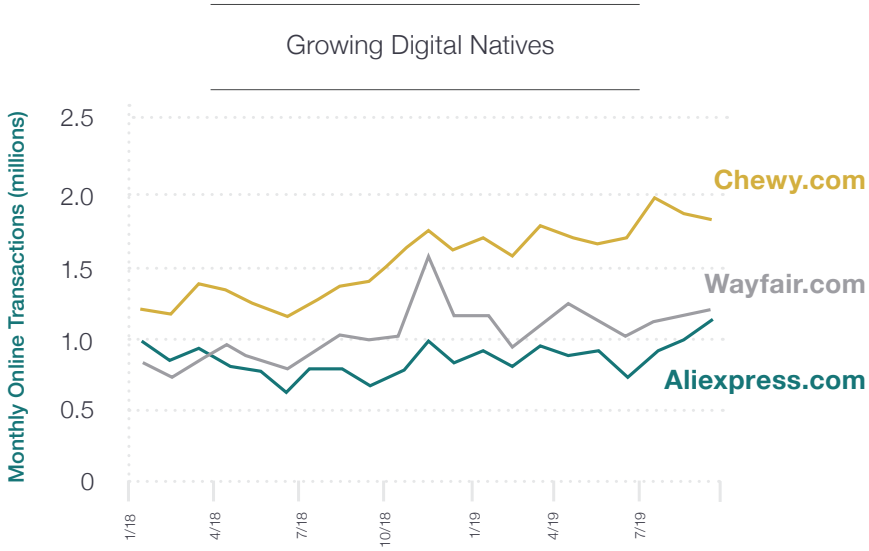
Digital Natives & Omnichannel Masters

Beyond the “Big Five,” the rising retailers on our list fall into broad categories: digital natives and omnichannel masters.

Growing Digital Natives

Chewy and Wayfair exemplify the thriving digital natives. Both focus on categories where Amazon is weak. Both get significant paid search traffic (~4X more than their organic search traffic), and spend significantly on branding campaigns, both online and offline. Both have appealed to mobile-first Millennials in the midst of “adulting.”

Chewy and Wayfair succeed with similar playbooks despite dissimilar categories. Chewy sells low-priced items (average $22), has a high conversion rate (5.7%), and leverages brand appeal among pet enthusiasts. Wayfair sells higher-priced items (average: $166), has a lower conversion rate (1.2%), and competes in a category where brands have less resonance.

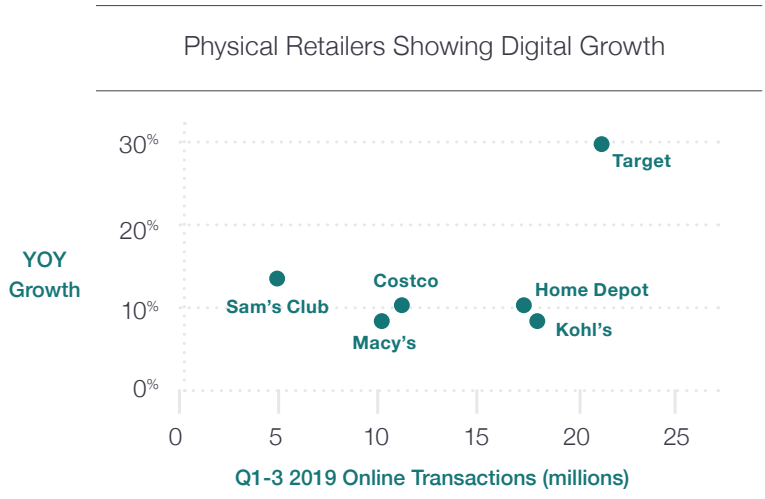


Omichannel Masters

While physical retail transforms, several retailers known for brick-and-mortar footprints grew significantly. In Q1-3 of 2018, Kohl’s was essentially tied with Target for fifth on our list, and Home Depot was not far behind. Target pulled away with nearly 30% YOY growth, but Kohl’s (8.3%) and Home Depot (10.3%) grew as well.

These omnichannel masters have distinct strengths. Home Depot doesn’t get the dramatic holiday spike of other retailers, but has several smaller seasonal boosts (garden/patio in the summer, tools/décor during the holidays). Costco (10.2%) and Sam’s Club (+13.1%) similarly benefit from the “smoothing effect” of diverse product selections, as well as partnerships with known brands (their onsite search is more branded than Amazon’s, for example).

Kohl’s and Macy’s (8.4%) have seen growth in apparel, another category of relative Amazon weakness, but have different approaches. Kohl’s brings a low-price unbranded approach; Macy’s top onsite search terms skews relatively branded (inc. Michael Kors, Coach, Polo and Nike).



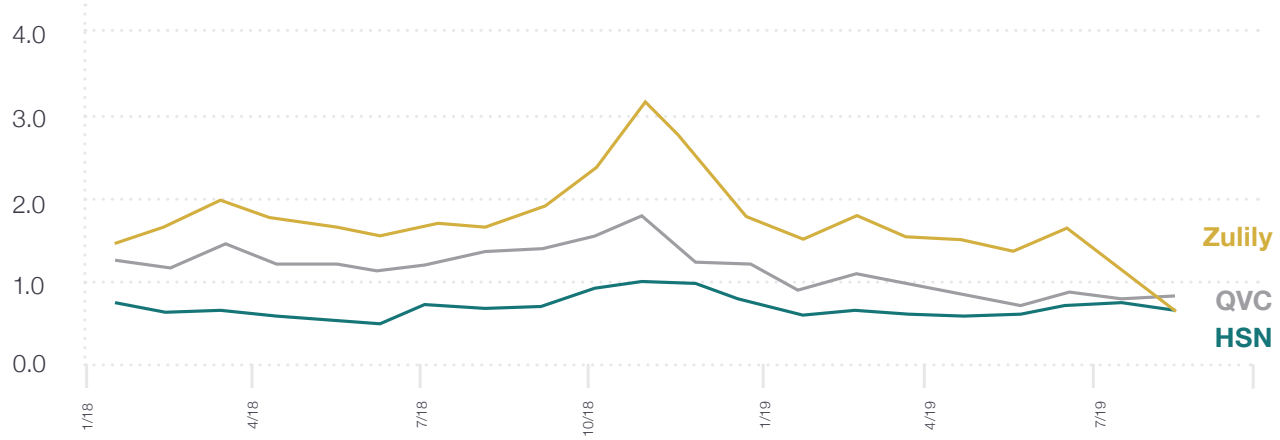
Struggling Retailers:

Out-of-Step With Consumer Trends

Virtually every category still has room to grow in the digital space; in fact, the U.S. Commerce Department reports that only 11% of retail sales are online. Given that, sites with declining online transactions in growing markets likely face serious challenges. Sometimes this reflects transactions shifting to a retailer's app, (which is not reflected in this particular analysis), but more often, it reflects a more systemic problem of being out of touch with consumer needs and trends.

Consider, for example, the Qurate Retail Group, which owns three retailers our list, but all are struggling: QVC (-15.5%), HSN (1.5%) and Zulilly (–26.5%). For HSN and QVC, it's been the perfect storm of changing media preferences and changing tastes: both have struggled with transitioning from their TV-based heritage to digital media, and to connect with younger consumers, and to leverage trends toward higher-quality or more personally-crafted products. Zulilly's challenges are more distinct but equally out-of-step: a business model that emphasizes daily sales and unpredictable inventory, a web experience that aggressively requires an email opt-in, and long delivery times.

Qurate Properties Struggling

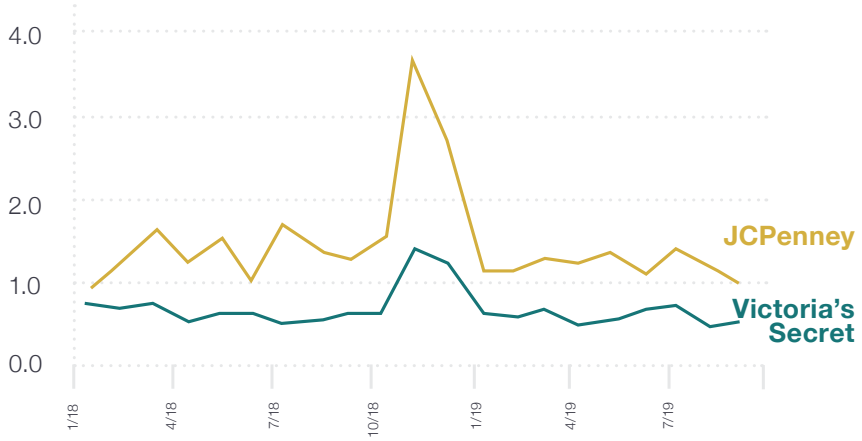


JCPenney (-8.8%) and Victoria's Secret (-8.1%) both exhibit long-term slides (despite big holiday spikes).

JCPenney is often considered a "poster child for the retail apocalypse," but as we've seen, physically-based retailers can thrive. JCPenney has suffered from a shifting brand identity, an over-reliance on sales, and a failure to adjust to the shrinking/ weakening of the middle class.

Victoria's Secret is seen by some as out-of-step as fashion pivots to athleisure, and beauty standards pivot toward health/ fitness. Their reintroduction of swimwear has helped and been well-received.

JCPenney & Victoria's Secret Losing Traction



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