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### E-Commerce Industry Spotlight

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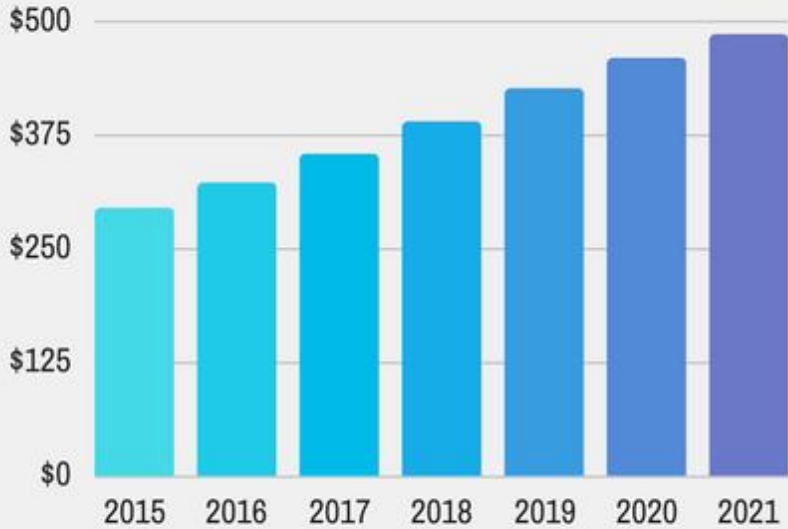
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# E-Commerce Spotlight

Retail e-commerce sales in the US from 2015 to 2021 (in billion US dollars)



*In 2016, e-commerce sales in the U.S. were at \$322.17 billion. According to Statista, sales are projected to continue to increase by 50 percent over the next five years.*

*Amazon accounted for 53 percent of U.S. e-commerce growth in 2016*

Growth in 2016



## DROPSHIPPING MODEL

Consumer



Places order with online retailer

E-Commerce Retailer



Places consumer's order with supplier

Supplier



Ships ordered product(s) directly to consumer

## Industry Spotlight: E-Commerce

By Krista Johnson

Imagine your life without e-commerce – life without the simplicity of Amazon Prime and one-click ordering or making payments through PayPal. Can you bear the thought?

To live in a world without e-commerce would be unthinkable for the many consumers who have adjusted to the luxury of online shopping and same-day shipping. E-commerce has simplified the way of life and business – for consumers, retailers, and suppliers alike.

### History & Growth

The e-commerce industry has been growing since its creation. Many consider “the beginning” to be the founding of Amazon and EBay in 1994. Over the years, sales have continually increased. In 2016, e-commerce sales in the U.S. were at \$322.17 billion. According to Statista, sales are projected to continue to increase by 50 percent over the next five years<sup>1</sup>.

### Major Players

The obvious leader in e-commerce is Amazon with its sales at \$79,268 million, and 74.1 percent of its share of total sales in e-commerce<sup>2</sup>. In fact, Amazon accounted for 53 percent of U.S. e-commerce growth in 2016<sup>3</sup>. Most of the other leaders in e-commerce sales are more traditional brick-and-mortar retailers that have focused their efforts on increasing their online presence including Walmart, Macy’s, Nordstrom, and Target.

### A New Trend in E-Commerce

The term “e-Commerce” brings various thoughts to mind: the internet, Amazon, online shopping, etc. However, a more unfamiliar term - “dropshipping” - seems to be making its way to the forefront of many e-commerce retailers’ minds.

Dropshipping is redesigning the traditional e-commerce retail model. Rather than warehousing and managing the physical

inventory themselves, dropshipping allows retailers to simply order from their supplier and have the product shipped straight to their end customer. Refer to the dropshipping process as shown in the visual on page x.

Retailers experience various benefits by utilizing the dropshipping model. Meshell Long, a former employee of Overstock.com and currently the vice president of marketplace success at Doba (a dropshipping solutions company), states that “many of the larger e-commerce players are moving to a majority drop-ship model to cut costs and keep their assortment fresh.” She continues, stating that it is much easier for retailers to connect directly with the supplier. No “middle-men” involved. The traditional method requires the retailers to handle the logistics of both acquiring and shipping the products themselves. Thanks to advanced technologies, all parties within the supply chain are enabled to stay better-connected and make smarter decisions such as implementing a dropshipping model<sup>4</sup>.

As thousands of retailers are able to conduct business in a way that is more simplified than ever before, opportunities are arising. The e-commerce industry is constantly growing. Opportunities to improve processes and to develop new systems are continually becoming available. No matter what your area of expertise might be, it would be smart for all of us to keep an eye on the e-commerce industry and how we can ride its wave of growth.

### Notes

1. Statista. *Retail e-commerce sales in the United States from 2015 to 2021*. Retrieved March 2, 2017, from <https://www.statista.com/statistics/272391/us-retail-e-commerce-sales-forecast/>
2. Zaczekiewicz, Arthur. *Amazon, Wal-Mart Lead Top 25 E-commerce Retail List*. March, 2016. Retrieved March 1, 2017 from <http://wwd.com/business-news/financial/amazon-walmart-top-ecommerce-retailers-10383750/>

3. Gustafson, Krystina. Feb 2017. *Amazon captured more than half of all online sales growth last year, new data shows*. Retrieved March 2, 2017, from <http://www.cnbc.com/2017/02/01/amazon-captured-more-than-half-of-all-online-sales-growth-last-year.html>
4. Long, Meshell. Personal Interview. February, 27, 2017.