E-commerce Snapshot

# Seeing the big picture of e-commerce

The rise of online is disrupting the course of the FMCG industry. This report shows the latest data on e-commerce landscape to help you identify the right strategy and drive deep rewards for your business.

NielsenIQ



## Overview

Agility is key in keeping pace with dynamic changes in the business environment.

In the FMCG retail industry, the disruptions brought about by the pandemic are causing deep transformations. Today, e-commerce has emerged as an indispensable retail channel, fulfilling the concept of "*agility*". It is now a critical engine for business growth and is expected to grow in importance for years to come.

NielsenIQ E-Commerce Snapshot presents a wide view of the e-commerce landscape to help brands and retailers strategize and thrive for success in this ever-changing retail environment.

In this report, you can find answers to how e-commerce is evolving and expanding in regions and markets. You will also learn essential information about the attitudes and behaviors of online shoppers across the globe.

## Content

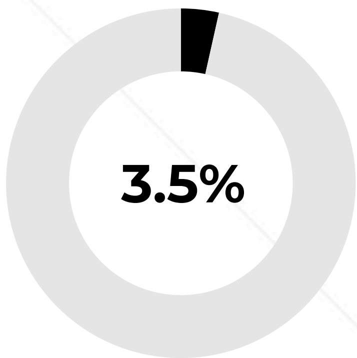
# 1. E-commerce has become the accelerator of retail growth

It was not long ago when trust, shopping experience, payment options and security as well as delivery logistics were among the barriers to e-commerce adoption and growth. Attitude towards these concerns have changed when health safety and mobility issues brought about by the pandemic, triggered dramatic alterations in shopper behavior. This change has effectively pushed brands, financial  and logistics companies to quickly innovate so they can hurdle these roadblocks and answer the consumers' needs.

E-commerce is now in hyperdrive and accelerating the shift to online shopping. Globally, the value growth of e-commerce channel increased by 14.5% versus the year before. Today, e-commerce fuels retail growth around the globe, with online sales rapidly outpacing offline by double digits in many countries across Europe, the Middle East, and Latin America.

**Total FMCG global perfomance**

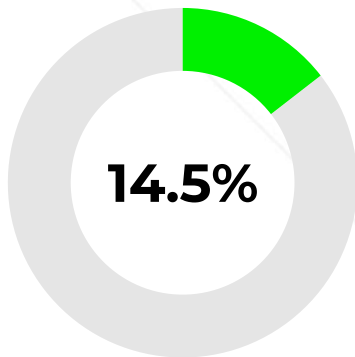
% value growth vs YA




Q4 2021

**E-commerce global perfomance**

% value growth vs YA




Q4 2021

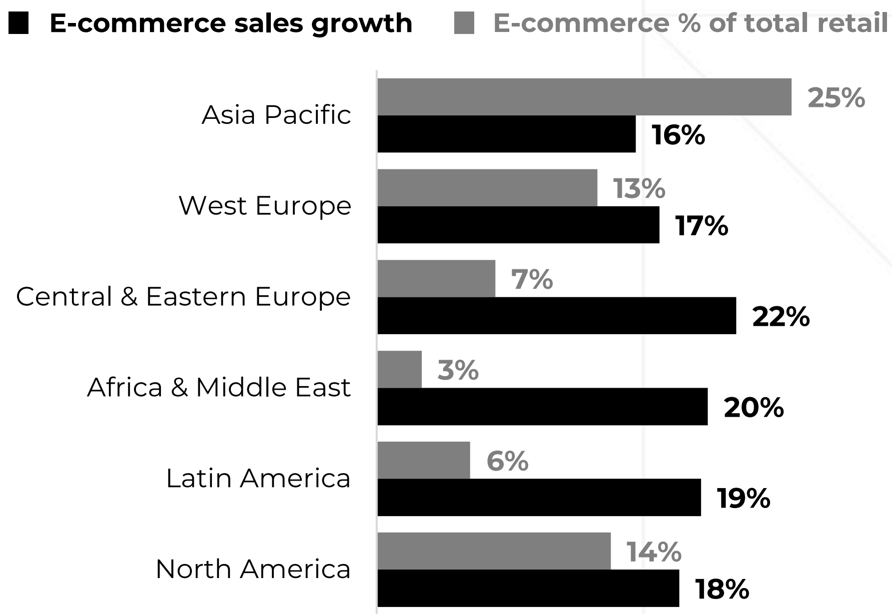
Source: NielsenIQ RMS FMCG MAT Q4 2021

## Diverse regional landscape

Rising global online FMCG businesses generate extreme sales numbers, but ways and trends of the regional markets can differ significantly.

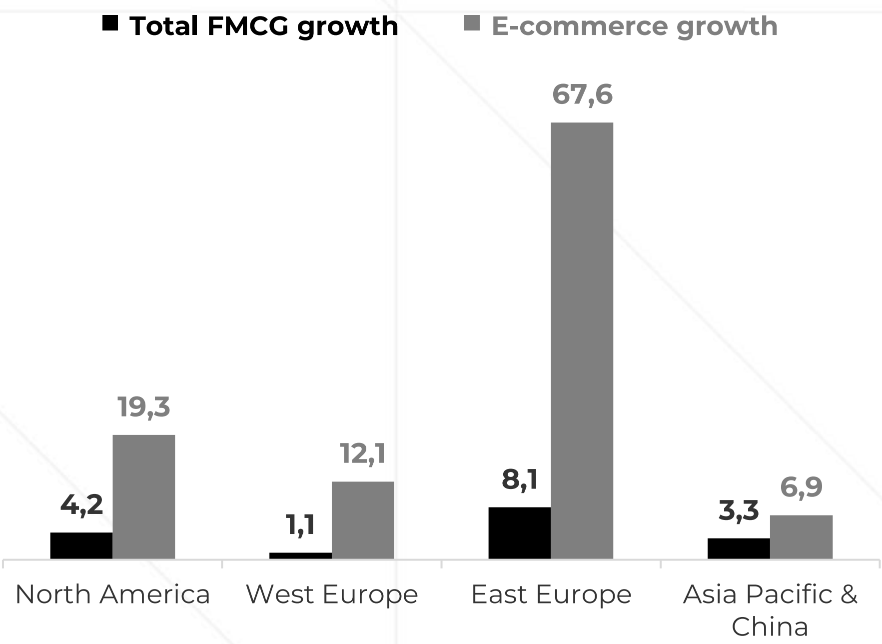
- E-commerce now accounts for nearly 20% of FMCG sales in **Asia Pacific** and it is the second biggest retail channel. In Korea and China, more than 30% of FMCG sales are coming through e-commerce.
- In the **Middle East**, e-commerce is driven by a digital-first approach economy. The changes in shopping behavior are reflected in the pace of online channel growth which almost doubled in UAE and KSA in 2021 compared to 2020.
- Markets in **Europe** have gone through a quick commerce revolution and now face extreme fragmentation, although the growth rate of online FMCG versus offline is remarkable.
- **Latin America** is on a steep growth curve with online consumer goods sales increasing by 35.4% in 2021

### Regional e-commerce contribution & growth in 2020




Source: NielsenIQ eMarketer September 2020 (by Region)

### FMCG e-commere performance across regions in Q4 2021




Source: NielsenIQ RMS FMCG MAT Q4 2021

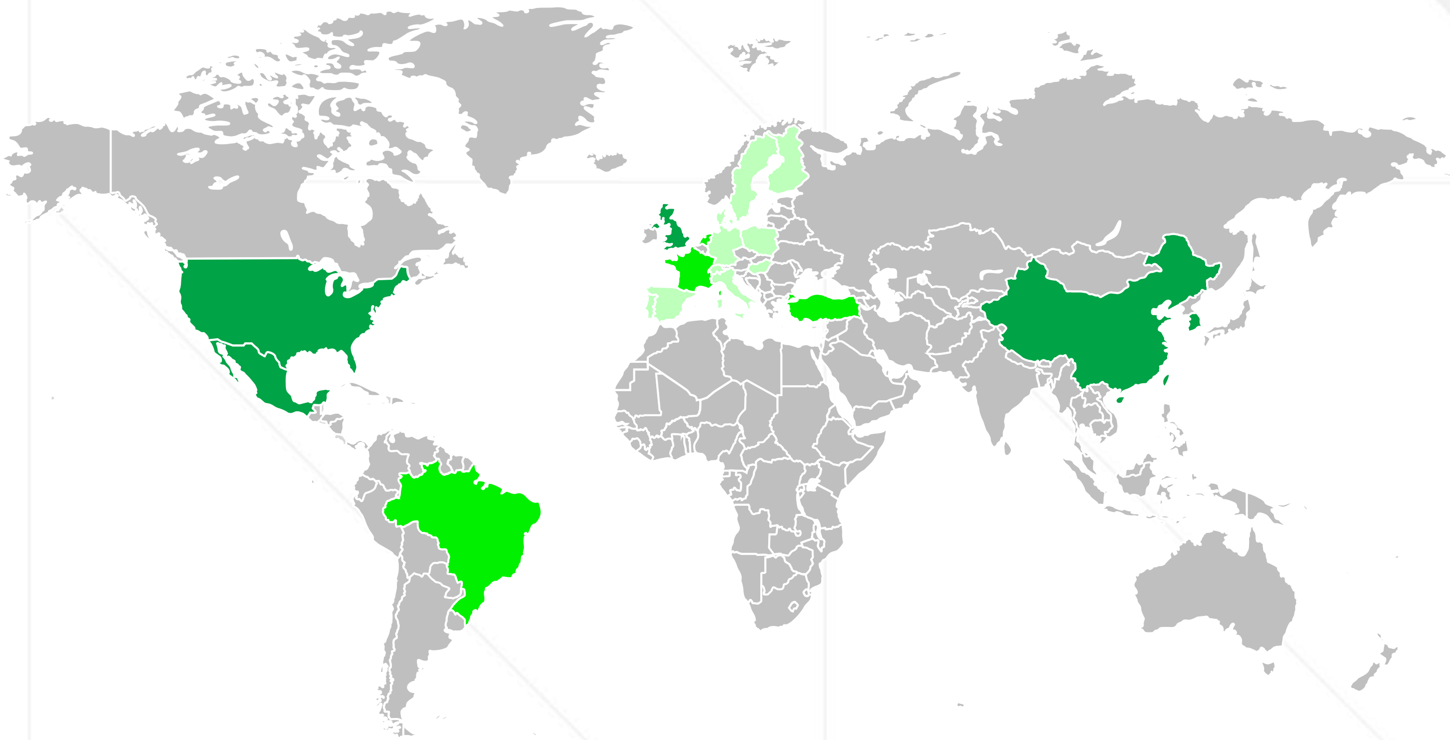
# E-commerce is growing globally with some countries taking the lead

**China** leads the way with 10 trillion yuan (1.57 trillion USD) spend online in 2021, which is almost a quarter of the total retail sales of consumer goods. Following is **South Korea** with predominance of digital wallets and the rising influence of super-apps. The **U.S.** is among the top five e-commerce countries serving 12% of total consumer goods sales for the market and up to 30% of sales in global markets.

The **U.K.** is the most mature European e-market, where fresh food categories have a significant role in online platforms, generating 9.7 billion pounds for digital commerce. Pandemic catalyzed the growth of the online channel, which gained, only during 2020, +8M new FMCG buyers in **Mexico**. Interestingly, that 72% of Mexican online purchases were driven by promotions in 2021.

**E-commerce value split in FMCG sales (%)**

| | YTD 2020 | YTD 2021 |
|---|---|---|
| China* | 25.0% | 30.0% |
| South Korea* | 22.0% | 26.0% |
| U.S.* | 9.0% | 15.0% |
| U.K. | 10.4% | 14.9% |
| Mexico* | 3.0% | 12.0% |
| Taiwan* | 8.0% | 10.0% |
| France | 8.1% | 8.8% |
| Brazil* | 4.0% | 8.0% |
| Turkey | 3.9% | 6.2% |
| Netherlands | 3.8% | 5.6% |
| Sweden | 2.5% | 4.5% |
| Denmark | 2.9% | 4.2% |
| Spain | 2.2% | 2.8% |
| Portugal | 1.6% | 2.6% |
| Italy | 1.8% | 2.4% |
| Finland | 1.5% | 2.3% |
| Hungary | 1.0% | 1.3% |
| Germany | 1.0% | 1.2% |
| Switzerland | 0.6% | 0.8% |
| Poland | 0.3% | 0.3% |



Source: NielsenIQ Retail & Consumer Panels
*China, South Korea, U.S., Mexico, Taiwan and Brazil data belongs to 2020 pre-pandemic & post-pandemic periods


# 2. Shoppers tend to spend more time and money online

Looking deeper into the e-commerce landscape, not only are the markets fragmented, but online shoppers behave quite diversely at different maturity levels. Consumers now seem more comfortable accessing an online assortment of products as the technology of omnichannel services evolve. Shoppers are aware of the breadth of products available at their fingertips digitally and are on the lookout for the best potential deals.

Shoppers around the globe find e-commerce attractive not only because of the need for convenience, but also for the better offers made available online. While some online shoppers still have concerns around trust and delivery, many are taking the buying experience into account: How long it takes to complete a purchase and whether it was a smooth process.

## Online penetration

**Number of new online shoppers in 2020**

| | |
|---|---|
| **+111M** | in China |
| **+17M** | in Brazil |
| **+8M** | in Mexico |
| **+922K** | in South Korea |

Sources: NIQ Consumer Panel Services 2020; NIQ Homepanel Post ECQ Survey Oct 2020; Shopper Trends

Online penetration is on the rise with a significant increase in the number of new online shoppers. Today, the crucial question is no longer whether people are willing to purchase fast-moving consumer goods online, but how frequently they do so, how much they are willing to spend online, and how they use online stores to supplement or even replace their brick-and-mortar purchases.

## Online spending

E-commerce sales expansion is not the only sign that people are spending more online. We are witnessing a trend that shows consumers are willing to pay more online if this the retail channel that meets their needs.

**% online spending growth**

| | |
|---|---|
| Indonesia | **+43%** |
| India | **+36%** |
| Thailand | **+27%** |
| Singapore | **+16%** |
| Brazil | **+5%** |

Sources: NIQ Homescan; Thai Shopper Frequency (Nov-Dec 2019 vs. Feb 2021); Shopper Trends India, 2021, NIQ Ebit 2021

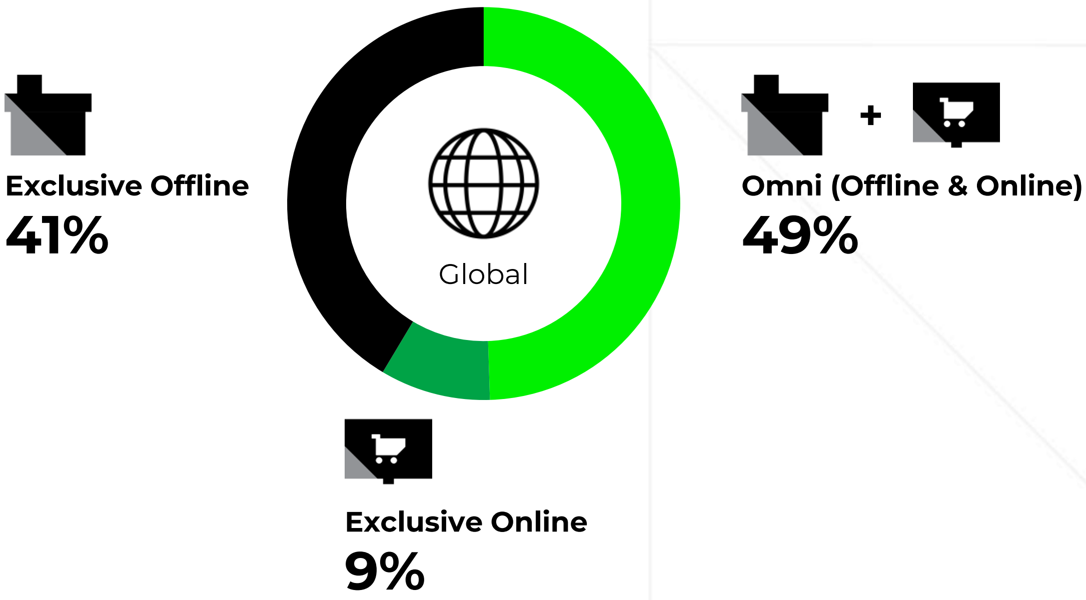
# The rise of omnishopping

It's no longer a surprise to see shoppers walking up and down the aisles of brick-and-mortar stores with their mobile phones in hand as they search for product information, compare the best deals and delivery options. In fact, NielsenIQ found that globally, almost 50% of consumers state that they shop online and offline for their weekly groceries compared to 41% who shop exclusively in offline channels, and only 9% who shop purely online.

The rise of omnishopping can no longer be ignored. Brands and retailers must fully understand omnishopper behavior and invest to create a seamless online and offline shopping experience for consumers.

## Regular weekly shopping channels

% of shoppers who normally visit these channels to do their weekly grocery shopping




Source: NielsenIQ 2022 Consumer Outlook Survey, Dec 2021

## Capture the growth in omnichannel

In the U.S., **40%** of FMCG shoppers are **omnishoppers**

In China, **online-to-offline** channel grew by **78%**

In Thailand, **omnishopper spending** is **2x** higher than offline

In India, average monthly **grocery spend online** is **1.5x** higher than offline

Sources: NielsenIQ e-com panel, 2nd Half of 2020 vs. year-ago, 60 consumer goods categories; Thailand CPS June 2021 ; Shopper Trends, NielsenIQ's Omnishopping Fundamentals Survey


# 3. Key growth factors for e-commerce channel now

Choice is high on the list of purchasing influences. From an online perspective, shoppers are aware of the breadth of assortment available digitally at their fingertips. For example, in the average supermarket or hypermarket across Asia, there are between 75-90K items on the shelf compared to e-commerce super apps which have between 1-1.5M items, available 24/7.

The need for wider variety of products increases and making this one of the main factors for choosing online channel. The statistics show the rise of importance of this factor for online shopper which creates better online experience.

**Importance of online shopping attribute: wider variety of products**
Ranking and shifts year-over-year by market

| | **Rank in 2020** | Rank in 2019 | ▲ |
|---|---|---|---|
| Spain | **4** | 23 | **+19** |
| Denmark | **8** | 25 | **+17** |
| Belgium | **4** | 17 | **+13** |
| Netherlands | **5** | 15 | **+10** |
| Finland | **14** | 22 | **+8** |

Source: NielsenIQ Shopper Trends 2020-2021 vs 2019-2020

Considering shopping experiences globally, more shoppers feel positive about the online shopping experience (53%) than they do about the brick-and-mortar store experience (18%). Consumers also want the ability to choose online or in-person shopping (from the same brands) at any time. As consumers demand more from their shopping experience, pleasing them is a greater challenge, which means growth requires more effort and research.

There is no doubt that e-commerce is an unavoidable factor to future-proof your growth. The question is how manufacturers and retailers respond to the different needs the online shopping era brings their way.

## Categories driving online sales

It is not a surprise that the most popular category for online purchase is non-grocery items, followed by health and beauty products. People are more trusting to buy these kind of products online. Although we are seeing a new trend emerging: historically, shoppers had barriers to buying fresh category online, but it's now becoming evident that shoppers around the world are getting more confident buying it via online channel. The U.K. is leading the way - despite lagging its share of store sales by nearly 10 points, the fresh category makes up 34.9% of total online grocery sales (when it represents 43% of in-store sales).

New behaviors that emerged as pandemic solutions are likely to stick around for good., as some households have changed the way they shop and the way they consider e-commerce. Every manufacturer, retailer, and brand need to understand how to capitalize on these evolving and increasingly complex sales opportunities.

### Global top 3 categories purchased online


Source: NielsenIQ Homescan Total Tracked CPG Sales –52 weeks to July 3, 2021. Omni Shoppers

### Fresh categories boosting e-commerce

| Fresh products performance | Online | Offline |
|---|---|---|
| Buyer % change | **+24%** | +0.2% |
| $ volume % change | **+61%** | -4%17 |
| Frequency | **+26%** | -3%15 |
| Purchase size | **+5%** | +1% |

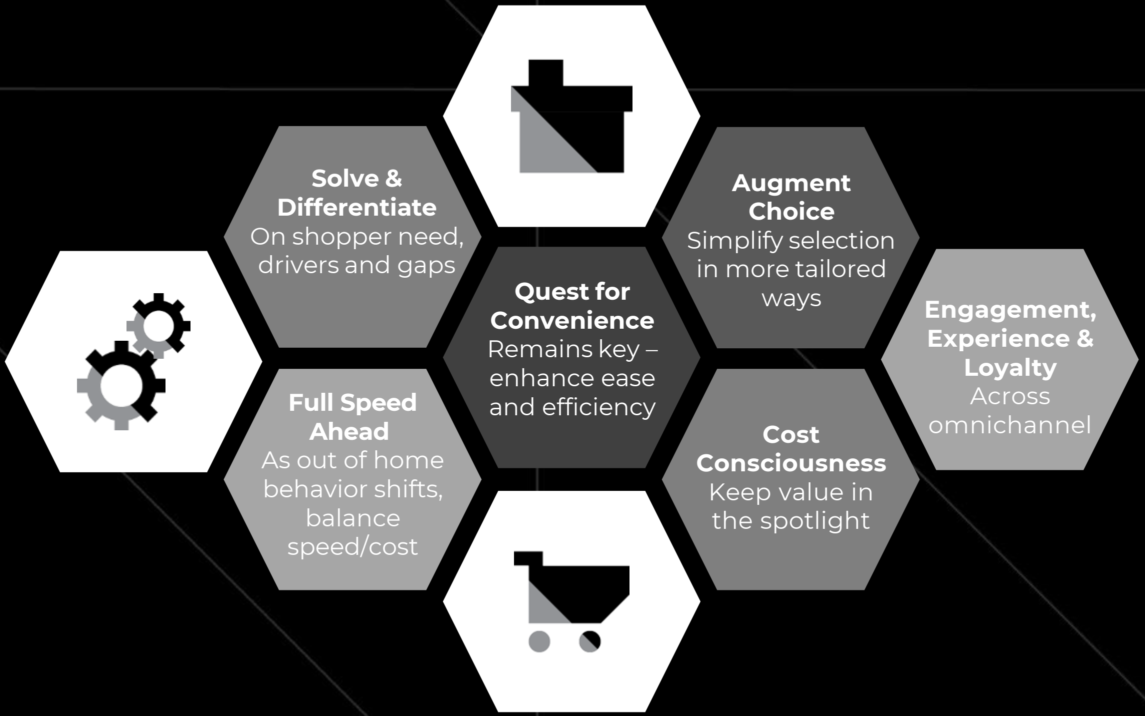
Source: NielsenIQ Omnichannel Shopping Fundamental Survey Wave 4: Vaccine Rollout April 2021

# Power your e-commerce strategy

**Key takeaways**

As online and omnichannel continue to grow in importance, the only path to clarity is understanding consumers' behaviours in line with the ever-changing retail landscape. Here are several recommendations:

- Maximize omnichannel performance by understanding your business in the context of the total omni marketplace
- Refine strategic investments to meet the needs of both current and future omnishoppers
- Make online magnetic by transforming online traction into constant trade




**Let's talk e-commerce!** **Contact us** for accurate data and actionable insights.

## About NielsenIQ

NielsenIQ is the leader in providing the most complete, unbiased view of consumer behavior, globally. Powered by a groundbreaking consumer data platform and fueled by rich analytic capabilities, NielsenIQ enables bold, confident decision-making for the world's leading consumer goods companies and retailers.

Using comprehensive data sets and measuring all transactions equally, NielsenIQ gives clients a forward-looking view into consumer behavior in order to optimize performance across all retail platforms. Our open philosophy on data integration enables the most influential consumer data sets on the planet. NielsenIQ delivers the complete truth.

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