

# 2020 Online Retail Forecast

## Retail e-commerce and the pandemic: one-time windfall or game-changer?



Online sales increased by **546.5 million** or **26.4%**



### HOW HAS RETAIL IN AUSTRALIA RESPONDED TO COVID-19?

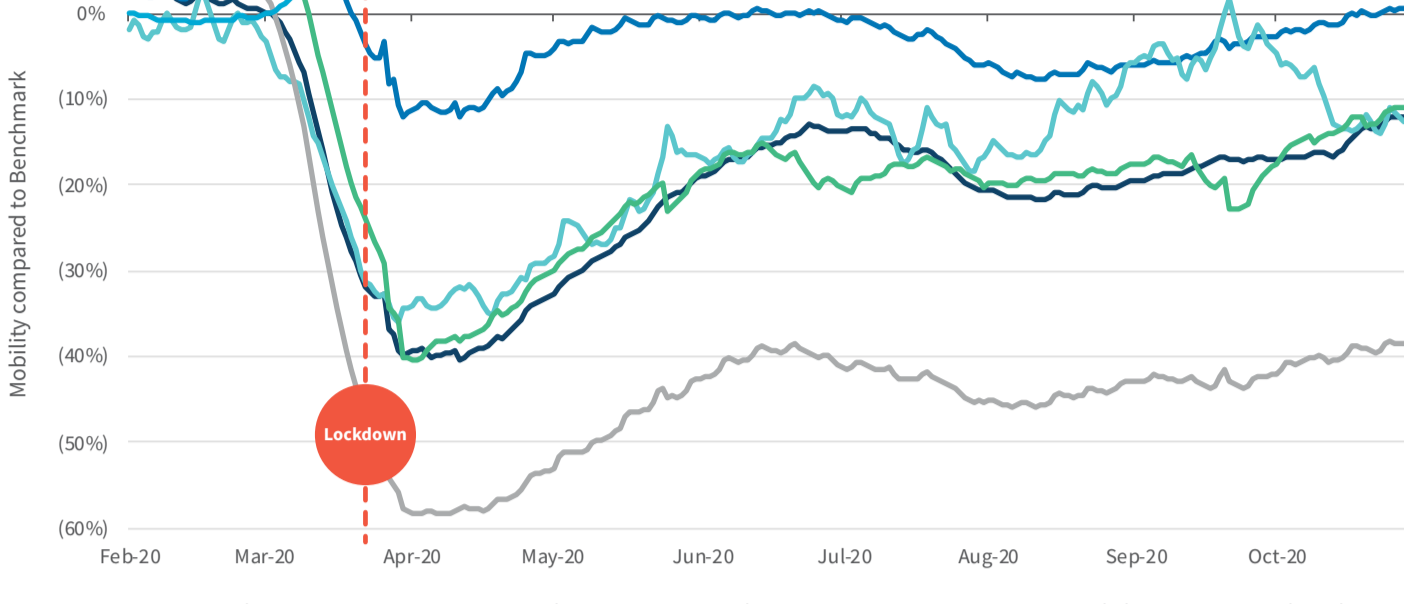
This has been an unexpected banner year for online retail sales. Australia has been impacted by business shutdowns and social-distancing practices, restricting mobility and forcing shoppers to adapt.

**In April, as retail and recreation visitation plummeted to 76% below its baseline, online sales increased by 546.5 million or 26.4%.** This development has profound implications for the retail sector, not just in 2020 but for the decade ahead, as many shoppers won't completely go back to their old spending ways in a post-COVID world.

Further to our analysis on how retail in Australia has responded to COVID-19, our U.S. 2020 Online Retail Forecast Report breaks down how consumer spending has changed as a result of these impacts and how it may change in the future.

## COVID-19 Australian Retail Trends

### Australian Mobility



Source: Google LLC "Google COVID-19 Community Mobility Reports". <https://www.google.com/covid19/mobility/> Accessed: <18 November 2020>. Exponential smoothing applied (Alpha: 0.9)

Mobility around the country has been severely inhibited with the implementation of social distancing restrictions designed to reduce the spread of the pandemic. This has resulted in a unique opportunity for online retailers.

**Retail and recreation visitation at 10 April 2020 was 76% below baseline, however by 23 October 2020 recovered to 17% below its baseline.**

### Online Retail Sales as a % of Total Retail Sales



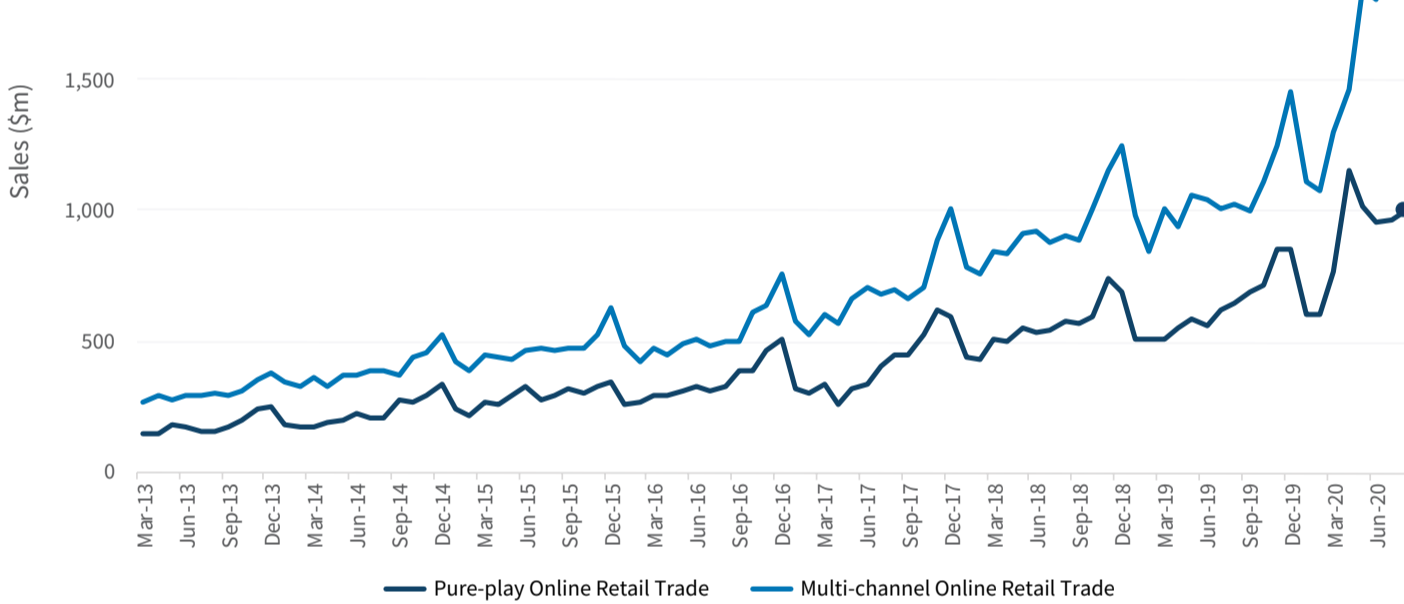
Source: Retail Trade, Australia, September 2020, Australian Bureau of Statistics



**\$3.1 billion** in June.

**Online sales in June 2020 were the highest on record at \$3.1 billion.** Online sales as a percentage of total retail sales increased by 390 basis points between April and May.

### Pure-play Online Sales vs Multi-channel Online Retail Sales



Source: Retail Trade, Australia, August 2020, Australian Bureau of Statistics

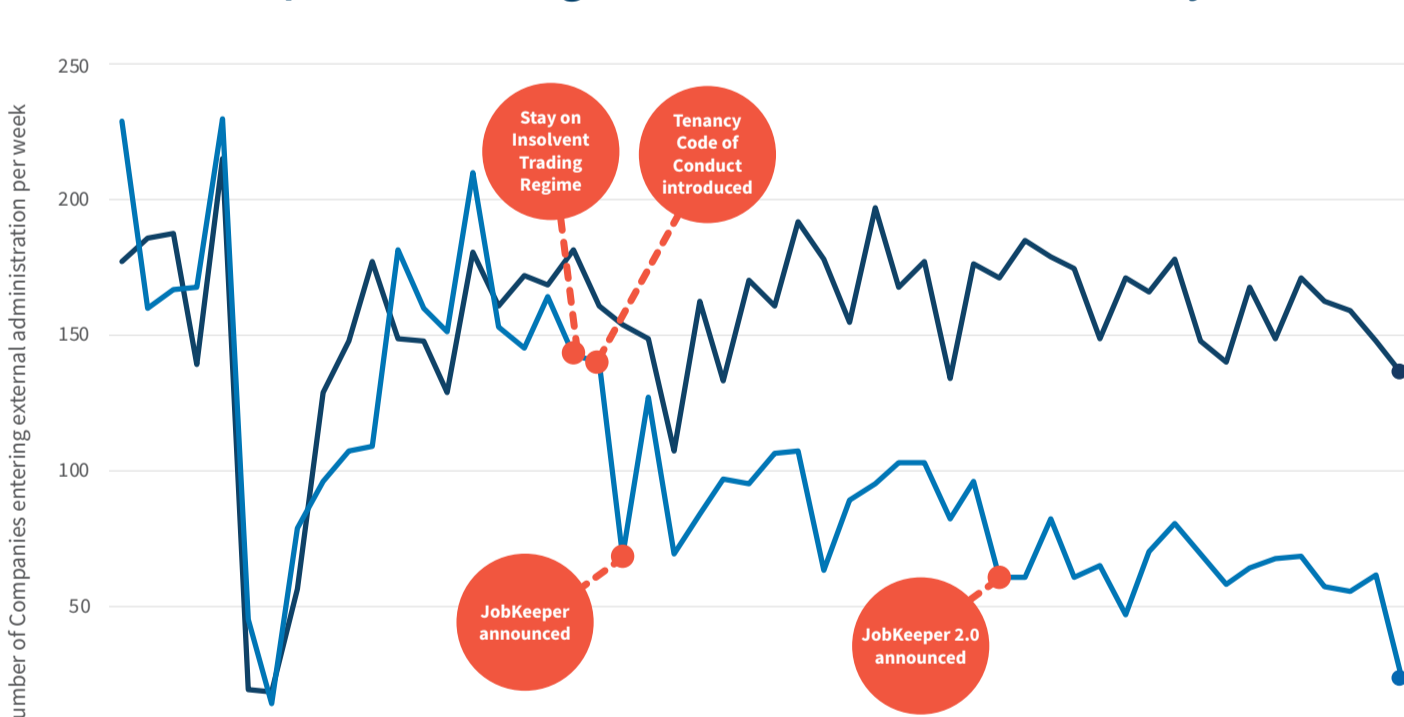


Multi-channel retailers **68%**

**Multi-channel retailers have outperformed their pure-play counterparts,** as traditional bricks and mortar stores are forced to expand or accelerate their online offering.

Services such as click and collect have been favoured by consumers who would otherwise shop in store, resulting in **multi-channel retailers accounting for 68% of the online market.**

### Companies entering external administration (weekly)



Source: ASIC, Insolvency statistics: Companies entering external administration and controller appointments - Weekly, 16 November 2020

Companies entering external administration **83% REDUCTION**

During a period of economic uncertainty, rivalled only by the GFC, **insolvency appointments have fallen off a cliff** – largely as a result of stimulus measures employed by state and federal government.

**The number of companies entering external administration for the week ended 11 November was down 83% on the same time last year.**

## We do not expect a return to 2019 trade levels until at least 2022

Retail in Australia will continue to be challenged throughout 2021 as Australia emerges from the health crisis and focus is directed to the economic crisis caused by COVID-19.

We do not expect a return to 2019 trade levels until at least 2022, with the speed of the recovery to be dictated by:



**Australia's ability to avoid second and/or third waves of the virus**



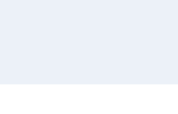
**The broad availability of a vaccine**



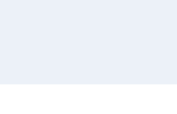
**The recovery of industries that drive consumers discretionary spend capacity – that is, mining, manufacturing and construction to name a few**

## 2020 U.S. Online Retail Forecast

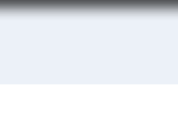
If you would like to access the U.S. Online Retail Forecast Report to learn more about how the U.S. retail sector has been impacted by COVID-19, please [click here](#).



**KATE WARWICK**  
Head of Retail & Consumer Products, Australia  
kate.warwick@fticonsulting.com



**BEN SHRIMPTON**  
Senior Managing Director  
ben.shrimpton@fticonsulting.com



**DREW FORBES**  
Managing Director  
drew.forbes@fticonsulting.com