



FTI Consulting Projects U.S. Online Retail Sales Growth Will Slow to 12.3 Percent in 2019

July 15, 2019

WASHINGTON, July 15, 2019 (GLOBE NEWSWIRE) -- U.S. online retail sales growth year-over-year has slowed for four consecutive quarters for the first time since 2012 and may have reached an inflection point that could result in slowing growth moving forward, according to the [2019 U.S. Online Retail Forecast](#) released today by FTI Consulting, Inc. (NYSE: FCN).

The [Retail & Consumer Products](#) practice at FTI Consulting expects U.S. online retail sales of \$575 billion in 2019, a 12.3 percent increase over \$513 billion in 2018. That compares to a 14.2 percent increase in 2018, when the market grew from \$450 billion and topped \$500 billion for the first time, and a 15.6 percent increase in 2017.

Online sales growth has slowed to 13.3 percent in the most recent four quarters from 16.1 percent a year earlier, and it has weakened further to the low-12 percent range in the two most recent quarters. However, the online channel still captured nearly 43 percent of total retail sales growth in 2018, the Retail & Consumer Products practice estimates, with continued market share growth of approximately 1 percentage point expected annually through 2022.

"While several negative developments in late 2018, including a government shutdown, the escalation of trade tensions and a sharp sell-off in the financial markets, could have contributed to consumers' skittishness, no single event could explain why shoppers curtailed spending growth in the second half of the year and continue to do so," said [Christa Hart](#), a Senior Managing Director in the Retail & Consumer Products practice at FTI Consulting. "There may be nothing wrong with the online sales channel except for the fact that it is beginning to experience an inevitable slowing of sales growth. For omni-channel retailers, recognizing an inflection point for their product categories should impact business planning decisions. Failing to do so could result in over-investment in costly online expansion projects, such as distribution centers and logistics support, under a potentially erroneous assumption that high growth rates are sustainable for a prolonged period."

The forecast projects that online retail sales will reach \$645 billion in 2020 (a 12.1 percent increase) and will top \$1 trillion by late 2025. Online retail sales will achieve a market share of total retail sales (excluding auto and gas) of 21 percent by 2025, compared to 15 percent in 2019, and will approach an expected ceiling of 25 percent near the end of the next decade, or 30 percent if the grocery category is excluded.

Amazon.com continues to maintain a significant presence in the online retail space, with its online market share expected to increase to 43 percent in 2019 from 41 percent in 2018, eventually topping 50 percent in 2024, according to the forecast. The online retailer's sales growth rate may mirror the overall slowing trend in e-commerce sales, with growth easing to 19 percent in 2019 from 30 percent in 2018, the forecast projects.

The enduring popularity of Amazon.com's Prime Day also highlights the company's dominance in the online retail market. Amazon.com reported \$14 billion in subscription fees in 2018, mainly from its Prime service, more than the total sales of some department store chains. Several large retailers have launched their own competing deals in recent years to compete with Prime Day sales.

"Not many retailers, especially in this age, can say they have created their own shopping holiday," said [J.D. Wichser](#), Leader of the Retail & Consumer Products practice at FTI Consulting. "The migration of retail sales to the online channel is still a story in progress, with growth remaining in the low double-digits. However, with a notable slowdown in online sales growth for the first time since the end of the recession, it is time to consider whether an inflection point is at hand and how e-commerce and omni-channel retailers will respond. While a slowdown in online sales growth will impact the channel as a whole, it may matter less for established online leaders, such as Amazon and Wal-Mart, as they focus their efforts on getting existing customers to spend more with them."

About the 2019 U.S. Online Retail Forecast

FTI Consulting's U.S. Online Retail Forecast is a bottom-up logistic growth curve (or S-curve) that best fits estimated historical market shares for various product categories since 2000. Those categories include: music and videos, books and magazines, toys and hobby, consumer electronics, sporting goods, apparel, grocery and other product categories.

About FTI Consulting

FTI Consulting, Inc. is a global business advisory firm dedicated to helping organizations manage change, mitigate risk and resolve disputes: financial, legal, operational, political & regulatory, reputational and transactional. With more than 4,700 employees located in 28 countries, FTI Consulting professionals work closely with clients to anticipate, illuminate and overcome complex business challenges and make the most of opportunities. The Company generated \$2.03 billion in revenues during fiscal year 2018. For more information, visit www.fticonsulting.com and connect with us on [Twitter \(@FTIConsulting\)](#), [Facebook](#) and [LinkedIn](#).

FTI Consulting, Inc.
555 12th Street NW
Washington, DC 20004
+1.202.312.9100

Investor Contact:
Mollie Hawkes
+1.617.747.1791
mollie.hawkes@fticonsulting.com

Media Contact:
Matthew Bashalany

+1.617.897.1545

matthew.bashalany@fticonsulting.com



FTI Consulting, Inc.