October 2021

The U.S. E-Commerce Industry

An Organic Search Research Report

BRIGHTEDGE RESEARCH

Introduction

Worldwide e-commerce sales grew dramatically in 2020 driven by changing consumer shopping habits in the midst of a global pandemic. Compared to 2019, retail e-commerce sales in 2020 grew more than 25% to $4.213 trillion and accounted for 17.8% of total retail sales. That upward trend continues in 2021 with worldwide e-commerce expected to grow 16.8% to $4.291 trillion while accounting for 19.6% of total retail sales.

The U.S. e-commerce industry grew at a rate of 12.4% in 2020 and is expected to grow another 12.2% in 2021. While the gains in 2020 were lower on a percentage basis compared to worldwide e-commerce growth, the gains are significant given the greater maturity of the U.S. e-commerce market. In 2020, U.S. e-commerce sales were more than one quarter of global e-commerce sales.

As a percentage of total retail sales, e-commerce jumped nearly 38% from 11.4% of total retail sales in Q1 2020 to 15.7% in Q2 2020. The proportion of e-commerce sales dropped modestly after Q2 2020, but at 13.3% through Q1 2021, still remains elevated from its prior peak of 11.4% in Q1 2020.

A reported 87% of shoppers begin their product searches online. With search driving a vast majority of purchases and a greater percentage of consumers turning to e-commerce to make those purchases, search offers an increasingly important window into consumer intent for e-commerce retailers.

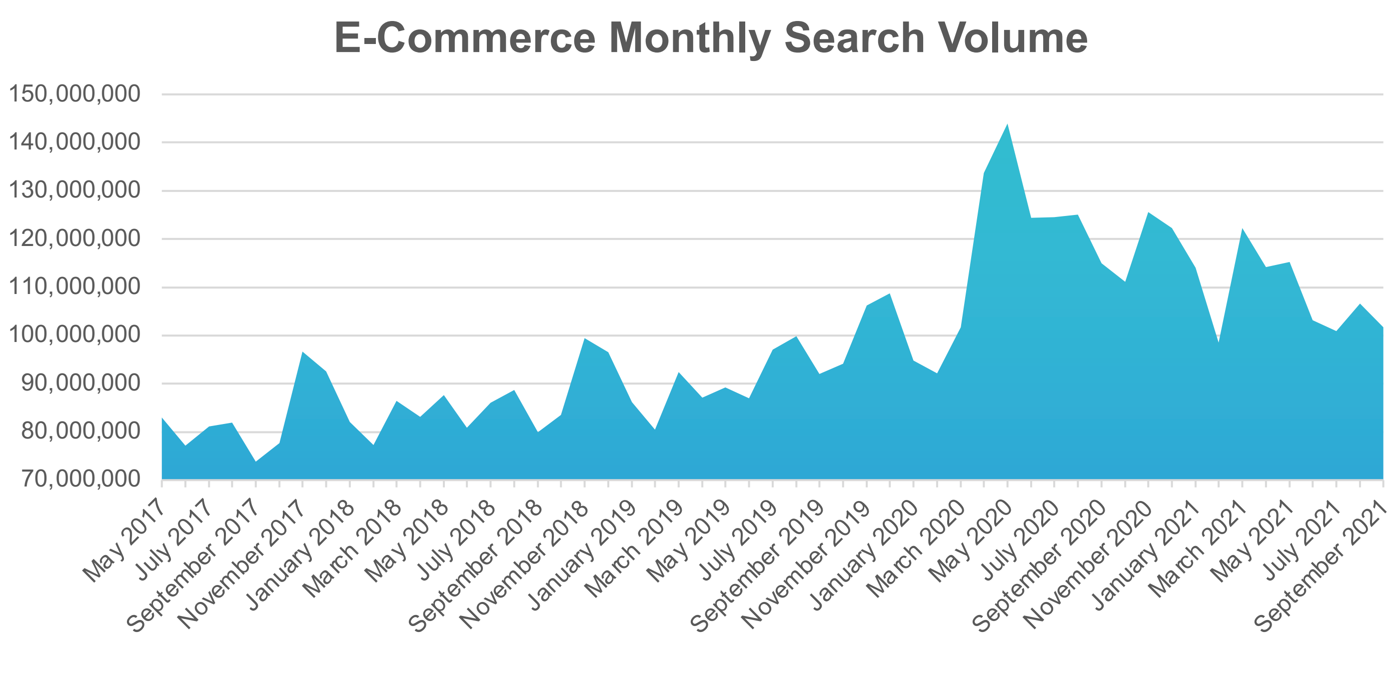
To better understand the nature of growth in the e-commerce space and the dynamics of consumer interest, we conducted an analysis of organic search trends related to e-commerce using BrightEdge Data Cube.

We began by looking at search volume trends for approximately 6,500 keywords related to the U.S. e-commerce industry. We analyzed the broad set of terms to determine the makeup of search result types (regular web listing, people also ask, local 3-pack, etc.), which domains are earning the lion's share of ranked search results and clicks, and then we dug in to assess the nature of the searches. The analysis offers insight into the areas of opportunity, broadly across the e-commerce industry.

Market Overview

Overall, e-commerce as an industry segment has grown steadily in the U.S. over the four years in the study.

From May 2017 through June of 2021, we see consistent year-over-year growth. For each year up until 2020, the holiday shopping season represents the biggest spike in e-commerce search volume. Significantly, while the 2019 holiday shopping season similarly represents the highest level of search volume in that year, a spike in July 2019, which correlates with Amazon Prime Day, roughly equals the e-commerce search volume from the prior holiday shopping season.

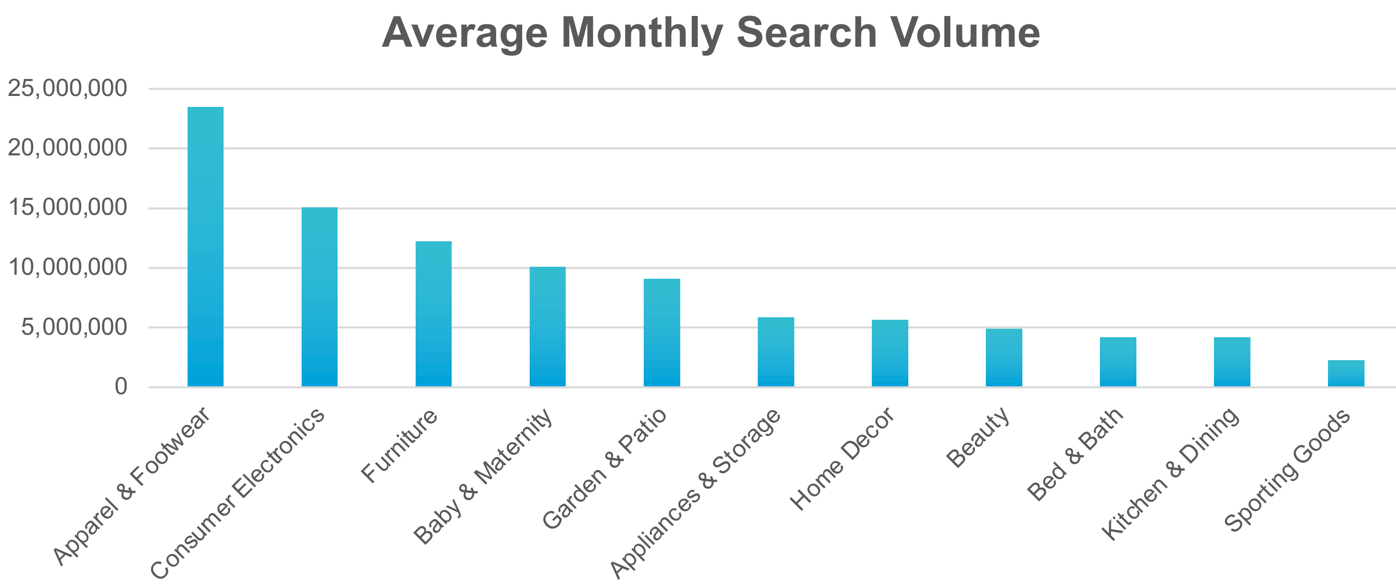


The search patterns in 2020 upend the model established in the 3 prior years. After a traditional dip in January and February of 2020, e-commerce search interest spiked dramatically in March and April as the country reckoned with the beginnings of a global pandemic that necessitated rapid and significant lifestyle changes. With many people fearing shortages of basic necessities, unable to shop in person for many items, and needing to adapt to homeschooling and work-from-home arrangements, e-commerce took on increased importance as a consumer supply channel.

To put the early pandemic search interest volumes in perspective, consider that the record-breaking 2020 holiday shopping season, traditionally the biggest period of e-commerce search interest in any year, still came up short of the search volume demonstrated in the early days of the pandemic.

Search Volumes by Segment

To better understand how search volume is distributed across and affects various market segments, we first identified the top ten segments by volume. To do this we calculated average search volumes for 10 industry segments for the 48-month period from October 2017 through September 2021. This process revealed the top ten segments:



Even among the top ten segments of e-commerce search interest, there is substantial range in volume from the number 10 segment, Sporting Goods, at 2.3 million average monthly searches, to the top segment, Apparel and Footwear, at 23.5 million searches. Perhaps more interesting, however, is the dynamics of the search volume – how it compares to established trends, how the events of the past year impacted the volume and so on.

For classification and comparison purposes, we can organize the top ten segments into the following groupings:

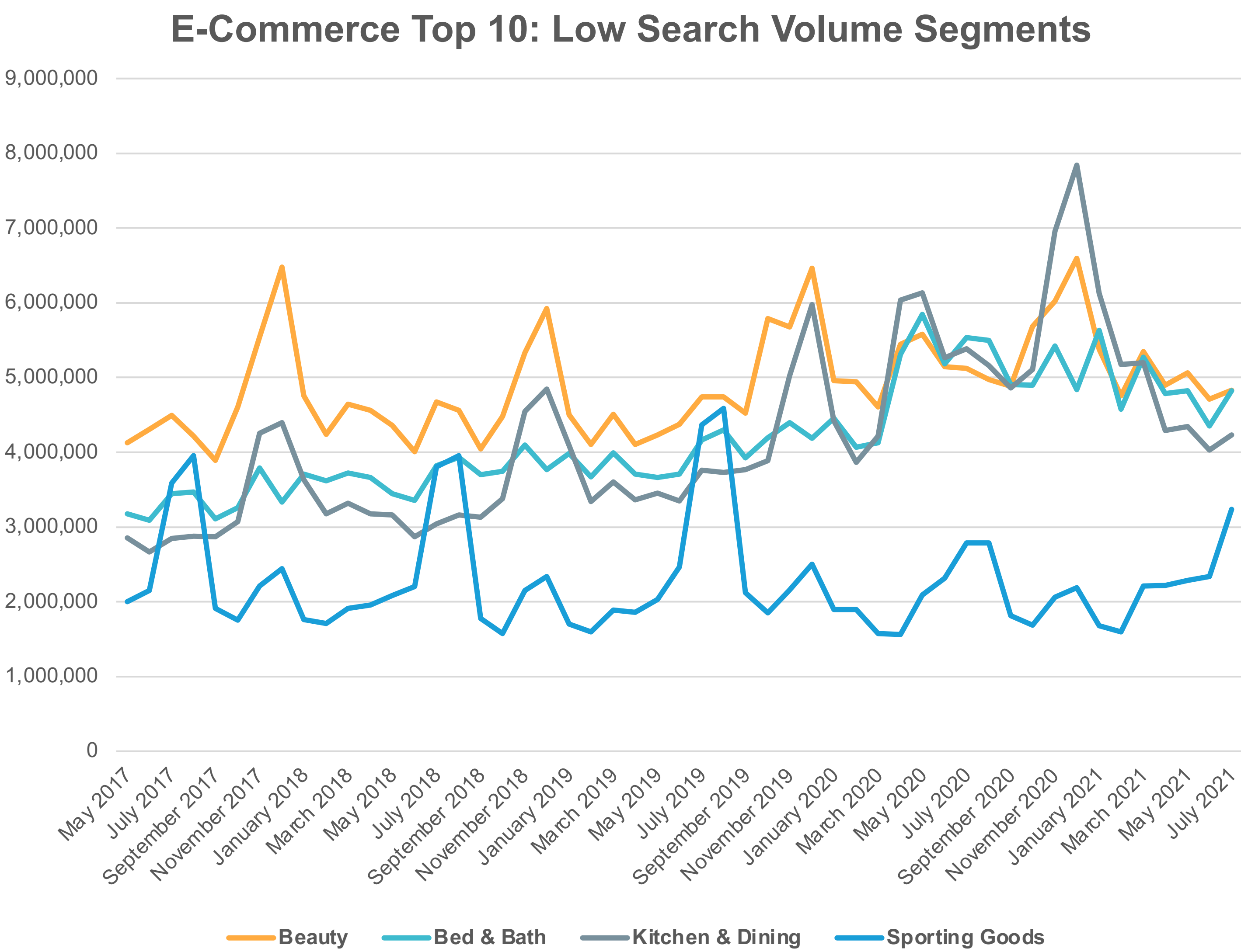
1. **LOW:** Less than five million average monthly searches

2. **MODERATE:** Between five and ten million average monthly searches

3. **HIGH:** More than ten million average monthly searches.

We will examine the search volume curves of all three groups, then delve deeper into the search insights surrounding the high-volume segments.

Top Ten Segments: Segments with Average Search Volume Less Than 5 Million



While the four e-commerce industry segments in the graph are grouped solely based on their average monthly search volumes, shown together they help to demonstrate how search data can help a brand or industry trade organization understand patterns in consumer behavior.

As noted previously, the broader trend across e-commerce is that it 1) has grown steadily and 2) experienced significant disruption beginning with global acknowledgement of the COVID pandemic in early 2020, disruption that is still ongoing for search interest related to e-commerce as a whole.

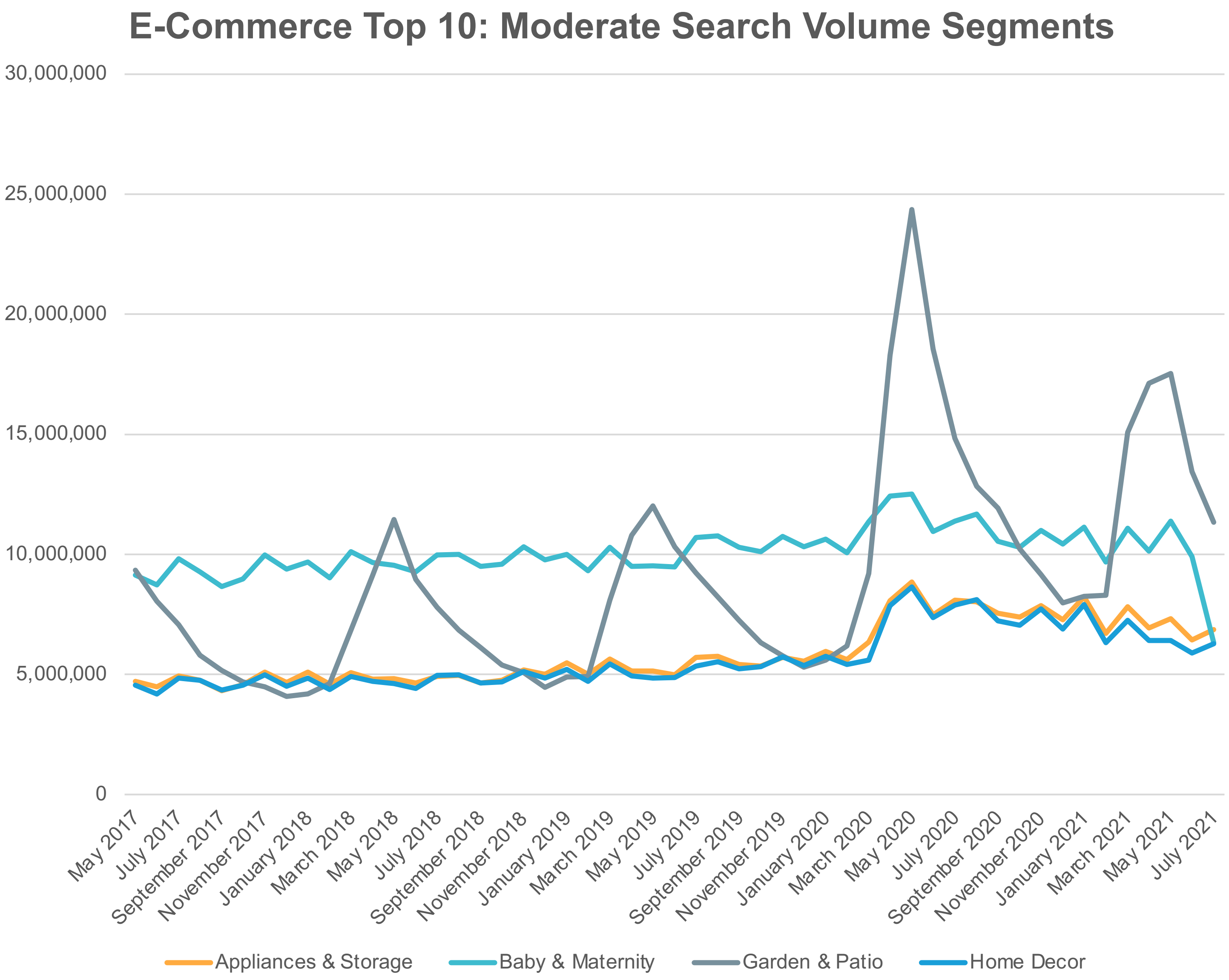
However, digging into individual product and service categories, the broader trends do not necessarily carry over. From the trend graph we can see that:

Sporting Goods saw very consistent search interest patterns and modest growth from 2017 through 2019, but inverse to the broader trend, declined in 2020. With lockdowns in place across the country in the summer of 2020 when search **interest** traditionally peaks, many youth, intramural and collegiate sports were canceled or curtailed.

Beauty saw a modest bump in interest at the start of the pandemic – perhaps as office professionals became more beauty-conscious from staring at themselves on Zoom calls throughout the workday – but returned fairly quickly to predictable search levels. Also defying the wider trend, e-commerce search interest in the beauty category has largely remained flat across the four-year period.

Bed and Bath, Kitchen and Dining: By contrast, the Bed and Bath and Kitchen and Dining segments largely mirror the wider trend of e-commerce search. Both demonstrate steady growth, predictable seasonality and both enjoyed a healthy bump in search interest during the early days of the pandemic. This parallels what we now know about consumer behavior during the period: as people spent more time living and working at home, the need and desire to outfit or improve the home grew. Notably, the pandemic bump for Kitchen and Dining did not dampen the traditionally high level of search interest during the holiday shopping season.

Top Ten Segments: Segments with Average Search Volume Between 5 and 10 million



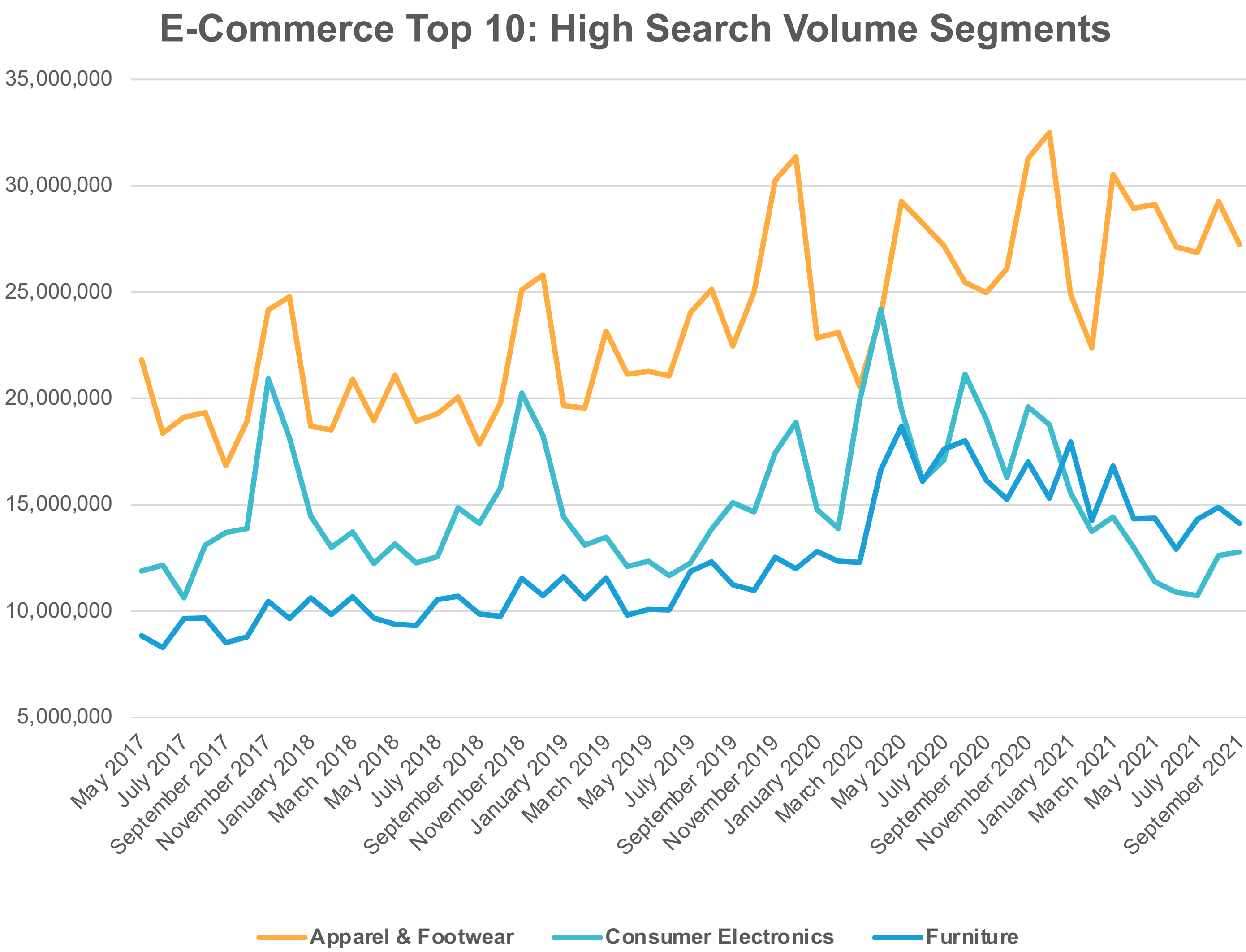
The top ten e-commerce segments falling into the moderate volume cohort track more closely with macro e-commerce search behaviors. All demonstrated measurable growth over the four-year period we studied, all have maintained loose patterns of seasonality, and all experienced a bump in interest at the start of the pandemic.

A couple items of note:

Appliances and Storage, Home Decor: Though distinct in their applications and offerings, these segments map so closely together in their search interest volumes and patterns that it may behoove any brand exclusively in one segment to study the other. While the search patterns may be coincidental, they also may indicate alignment worthy of product line expansions, partnerships or cross-brand promotion.

Garden and Patio may best represent the realities of Americans spending more time at home coupled with a residential real estate frenzy. While the pandemic did little to affect seasonality, that may have more to do with the coincidental timing of the two. What did occur during the pandemic was a doubling of search interest in Garden and Patio during the segment's peak season, and while search interest in the segment cooled in 2021, the peak season still exceeded 2019 levels by nearly 50%.

Top Ten Segments: Segments with Average Search Volume Greater Than 10 million



The top three segments in terms of average monthly search volume will be our focus as we drill deeper into each segment for consumer insights. The patterns each segment shows are mostly consistent with what we have observed with e-commerce as a category more generally.

There are a few anomalies, however:

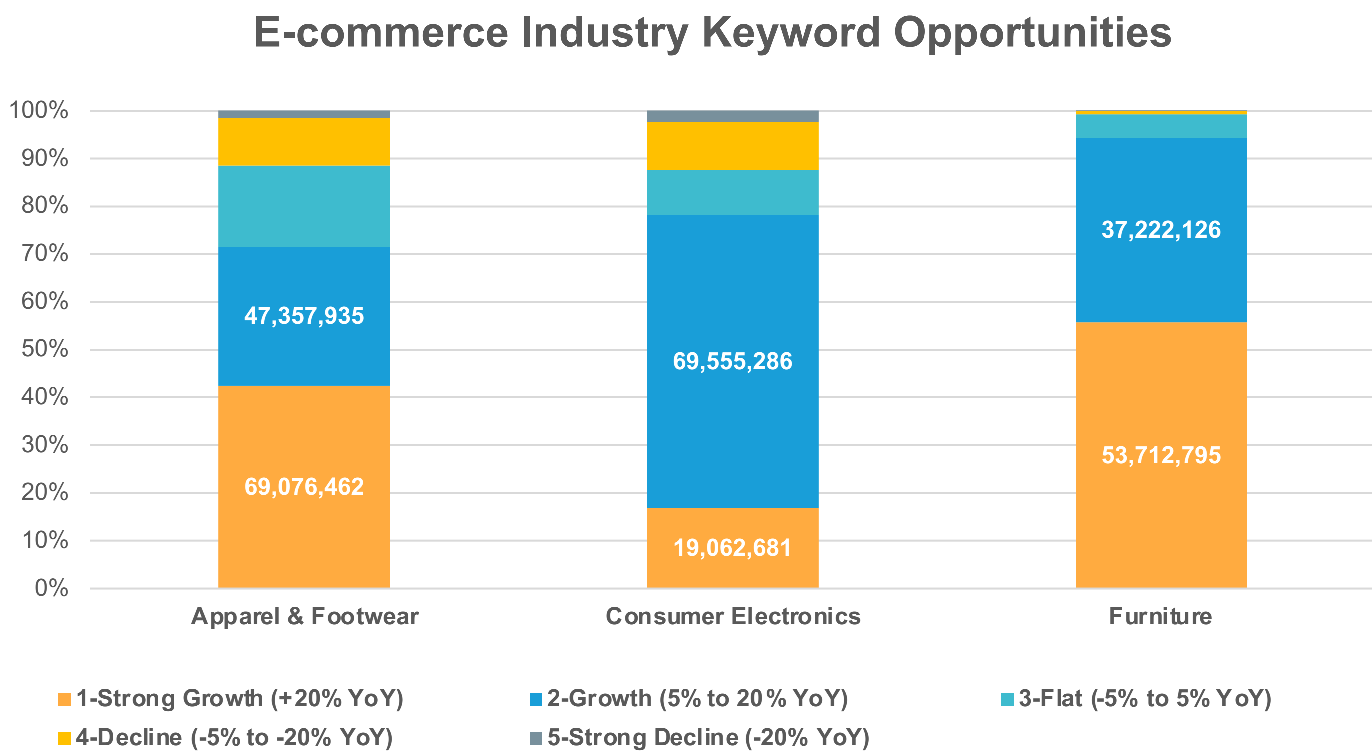
Apparel and Footwear: The Apparel and Footwear segment shows mixed results. It shows a consistent and predictable pattern of interest through 2019. In 2020, it saw a spike at the beginning of the pandemic, but the 2020 holiday season remains the peak of interest for the year as in past years. An anomalous bump in March 2021 merits further exploration for brands and retailers in this space. It's unclear whether the bump represents an event-related growth spike or instead marks a new standard measure in the segment's growth trajectory.

Consumer Electronics similarly saw a spike in interest at the start of the pandemic as consumers set up makeshift classrooms and workspaces and developed new video gaming habits. A declining trajectory in 2021, however, may indicate some consumer fatigue, or perhaps saturation indicating electronics needs have been, at least temporarily, met.

Furniture may be the smallest of the big three categories, but an initial explosion of growth that it has maintained over the last 18 months or so may have set a new bar for the segment. It certainly seems to mirror the current realities of more time spent at home for many Americans and a booming residential real estate market.

Search Insights

By looking at the three top e-commerce segments by average monthly search volume, we can begin to glean some insights about consumer behavior from the search data.



Top Three Segments: Search Growth Prospects

Tracked over time, keywords tell us a story about interest in the category and its growth prospects. They can tell us very specific things, of course, like how many people are interested in "sofa sectionals," for example. Taken in aggregate, they can also tell us about the prospective growth trajectory of a keyword, topic or category or, in this case, a segment of industry.

Here we have the current top three segments by search volume. While they have that in common, looking closer, we can see the nature of the search interest is not the same. In this analysis, search keywords are coded along a spectrum from "strong growth" to "strong decline." The designations indicate how interest is changing for a given keyword. Grouped together as they are in the graph, we get a better sense of whether a category is growing and to what extent.

Here’s what we can observe about consumer search interest in the three segments:

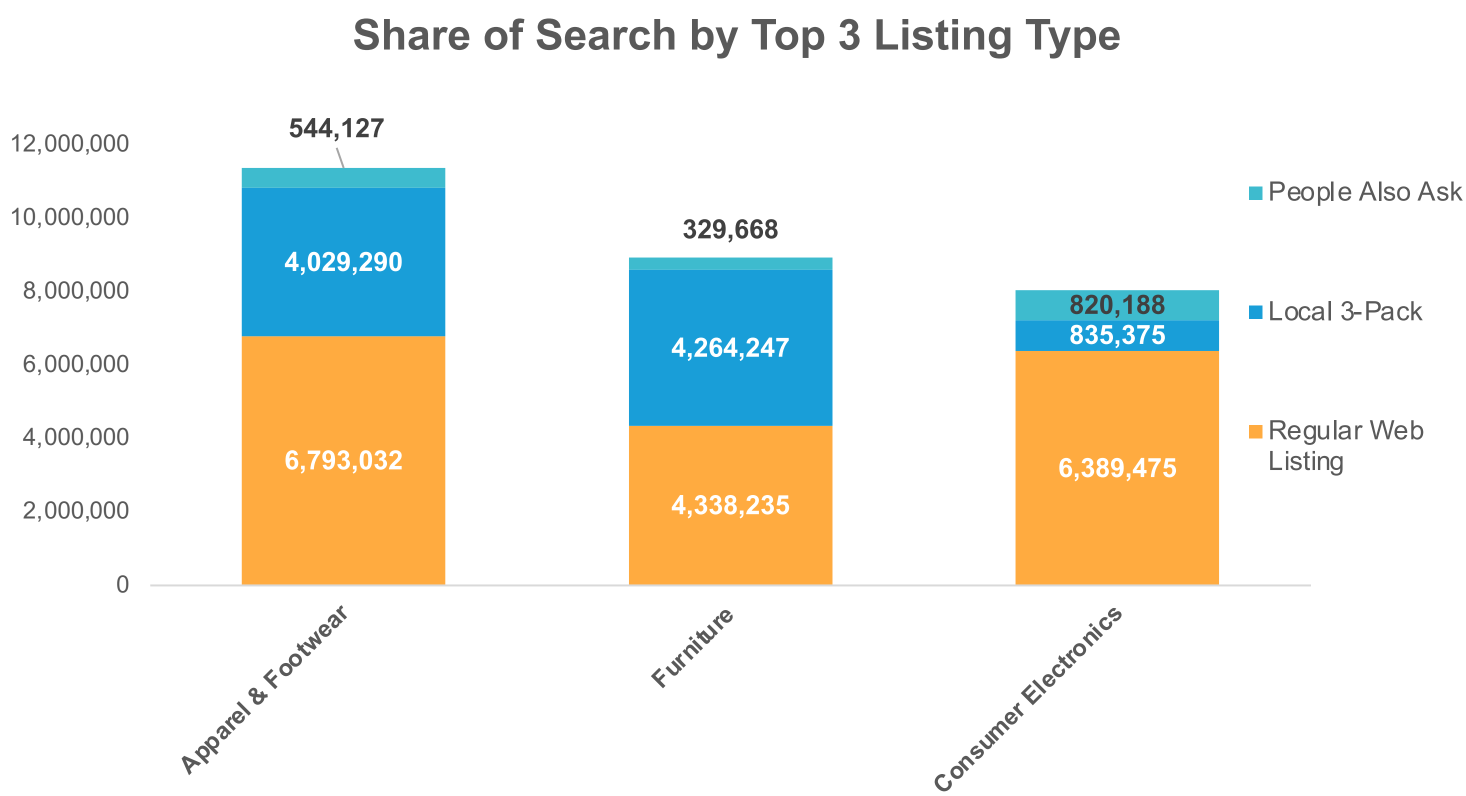
Apparel and Footwear: While not at imminent risk of losing its status as the number one search segment by volume, Apparel and Footwear ranks lowest in growth keywords compared to the group. For 30% of its keywords, interest is flat or declining. In and of itself, that reality may or may not be of any real concern. It could very well reflect the fickle nature of the industry where styles and tastes change rapidly, or it could represent a shift in consumer spending priorities. Either way, this type of analysis provides a valuable benchmark for gauging the overall health of the segment.

Consumer Electronics: Most significantly, analysis of the Consumer Electronics search category shows a high proportion of growth keywords, but also indicates a comparatively low proportion of strong growth keywords. Taken together, this is still good news for the category, but may also suggest that it may simply be a “slow and steady” segment or may be cooling off somewhat.

Furniture: The Furniture segment shows a tremendous growth trajectory. With a negligible volume of keyword in any state of decline and more than half of related keywords showing strong growth and over 90% of all related keyword in a growth state, search interest in furniture is booming.

Top Three Segments: Share of Search

The types of search results that garner clicks are helpful to understand the nature of a searcher's interest and what types of content to create and optimize to capture that interest.

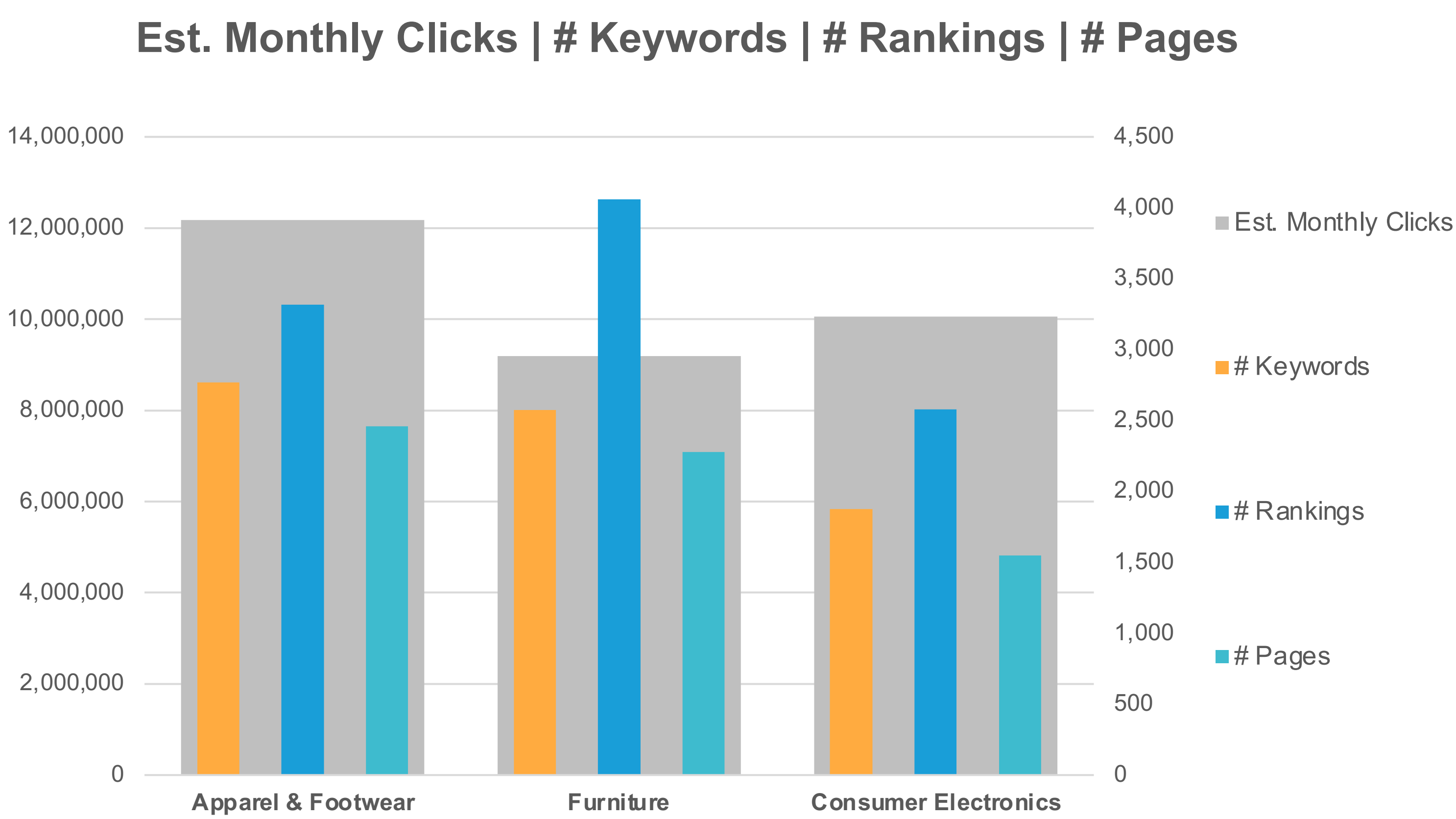


Here, we can see the share of search for each of the top three categories by listing type, which gives us a better indicator of search intent.

For example, "Local 3-Pack" listings connect people to retailers and service providers by geography and can be largely viewed as having a close connection to purchase intent. The large proportion of traffic to "Local 3-Pack" listings for Apparel and Footwear and Furniture, suggests healthy purchase interest. However, the relatively low proportion of "Local 3-Pack" listings for consumer electronics does not necessarily represent a lack of purchase interest. Instead, it may indicate that a greater proportion of consumer electronics purchase transactions occur entirely online. Alternatively, it may suggest that consumers already have a preferred brick and mortar electronics retailer, and purchase-related searches are conducted mainly to research the products they will then buy in-store at their preferred retailer.

While Share of Search does not provide simple self-contained answers, it does provide a valuable perspective when looked at in combination with sales data and other key metrics.

Top Three Segments: Estimated Monthly Click Distribution



The volumes of keywords, rankings and pages for each of the top three segments, charted here, gives better perspective on how the segment is getting clicks, such as how broad or narrow the audience is or how entrenched the segment is. For example, Furniture is earning a comparatively smaller number of clicks from a fairly large set of keywords and ranked pages. It is possible the segment's content is fairly specialized where the audience for any piece of content or sub-topic is small, but the number of sub-topics is large. By contrast, Consumer Electronics is earning more click traffic on a substantially smaller set of keywords, rankings and pages. In this case, a narrow set of sub-topics likely has broad appeal and can capture a larger audience.

Either way, this type of analysis for your own domain and your closest competitors' domains can provide valuable perspective on your overall opportunity in the market.

Now, let's take a closer look at the top three segments individually.

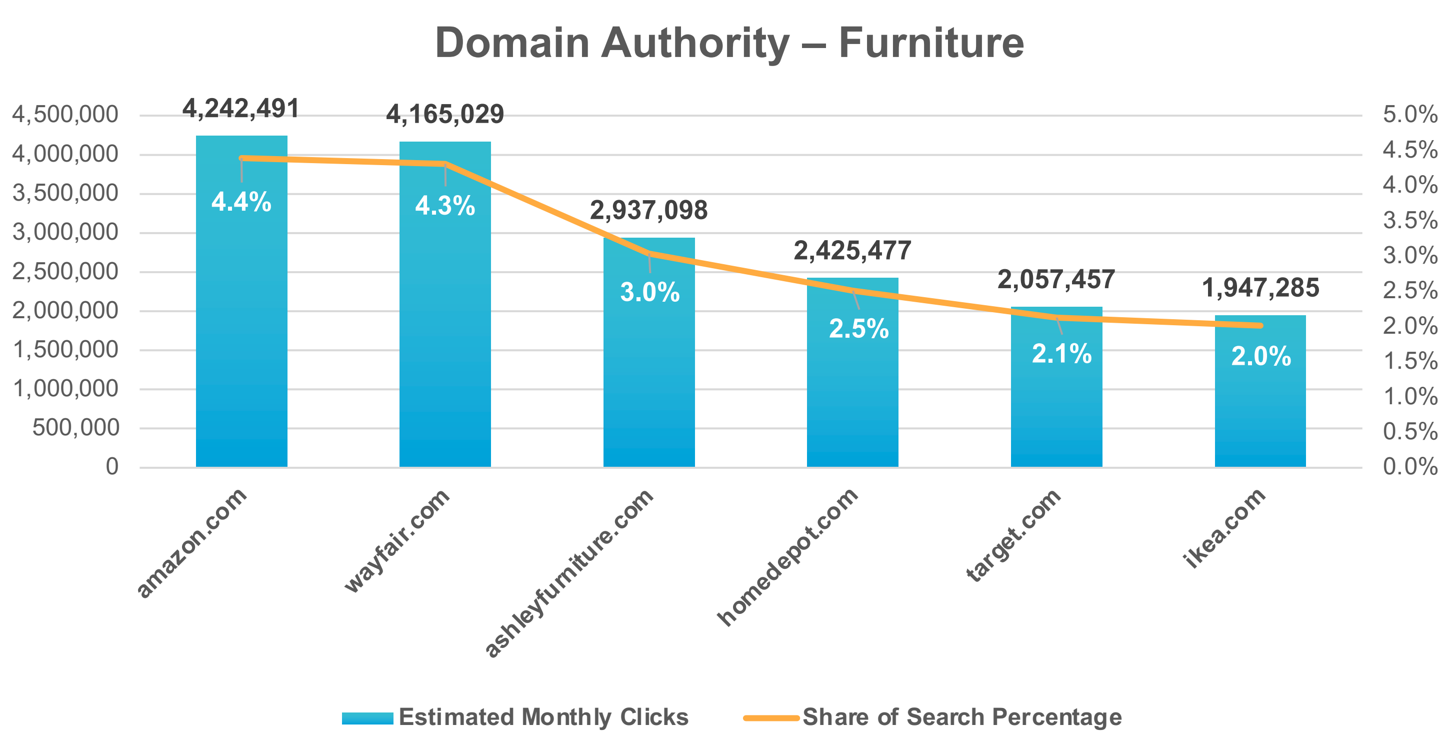
Domain Authority

A look at the top domains for each of the three top e-commerce segments reveals, to an extent, the opportunity for organizations and brands to capture search share. When examining the list of top domains, it is important to understand that while a particular domain on the list may not represent direct competition for an organization, it does represent competition for searches that are relevant to an organization's offering.

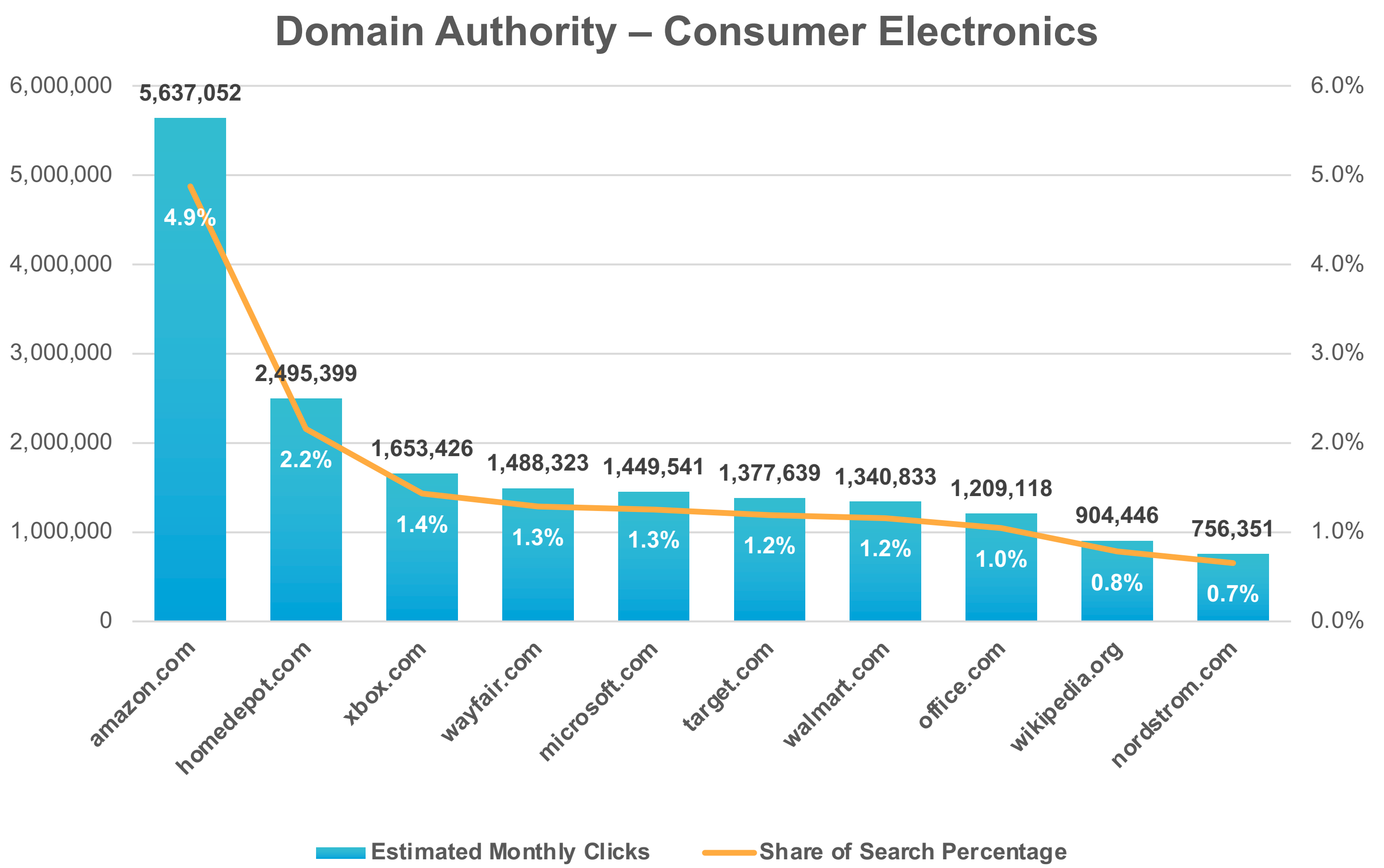
Domain Authority: Furniture

The top domains for furniture in terms of search show some interesting contrasts that demonstrate the democratic nature of search. Three of the six top domains are exclusively furniture retailers: wayfair.com, ashleyfurniture.com and ikea.com. Only one of these, ikea.com, is a single-brand retailer. The other three top domains are multi-product, multi-brand retailers. Two of the top domains, amazon.com and wayfair.com, sell exclusively online (as of the publishing of this report, Amazon does not sell furniture in any of its brick-and-mortar locations.) Perhaps, most interestingly, the top domains are all retailers, with no informational sites in the mix.

Less democratic is the distribution of authority with the top two domains capturing more than 47% of clicks among the top domains. That dominance only becomes more pronounced when more domains are included further down the long tail of domain authority.



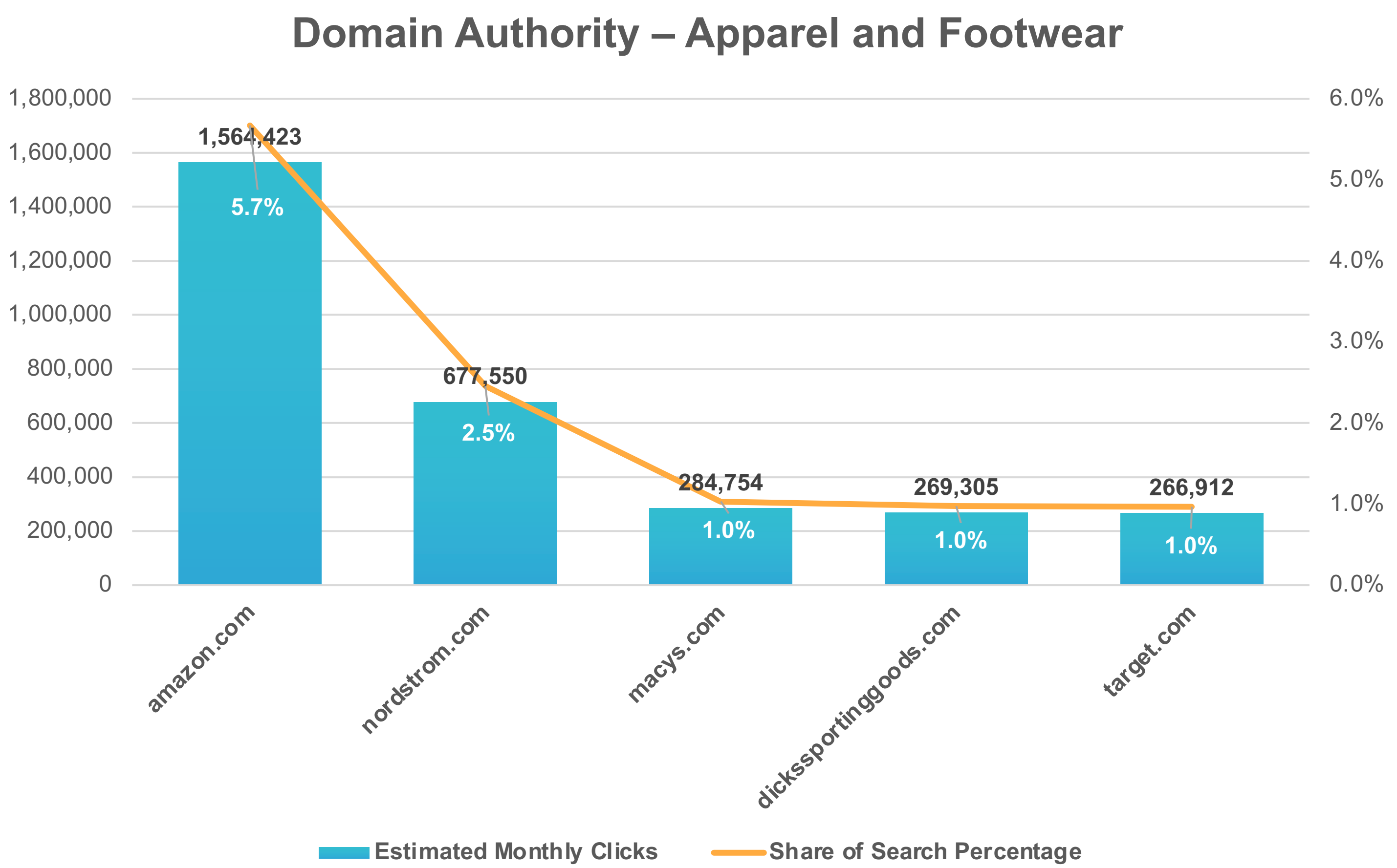
Domain Authority: Consumer Electronics



Domain authority within the consumer electronics category is more evenly distributed among a greater number of domains. It is the only one of the top three categories where amazon.com is not the top domain nor even the second-most authoritative domain. In this case, bestbuy.com and walmart.com take the top two spots, respectively. This may speak to a better product offering or, perhaps, the availability of brick-and-mortar locations to browse products in person or pick up and return online orders – these may be valuable considerations for electronics purchasers.

The presence of four non-retailers in the top consumer electronics domains – techradar.com, laptopmag.com, pcmag.com and cnet.com – speaks to the importance of an informational support ecosystem for consumer electronics shoppers to research purchases, learn how to use products and troubleshoot issues.

Domain Authority: Apparel and Footwear



With Apparel and Footwear, we return to a retailer-exclusive list of top domains. The least balanced of the top three segments, amazon.com receives more clicks than the other top domains combined.

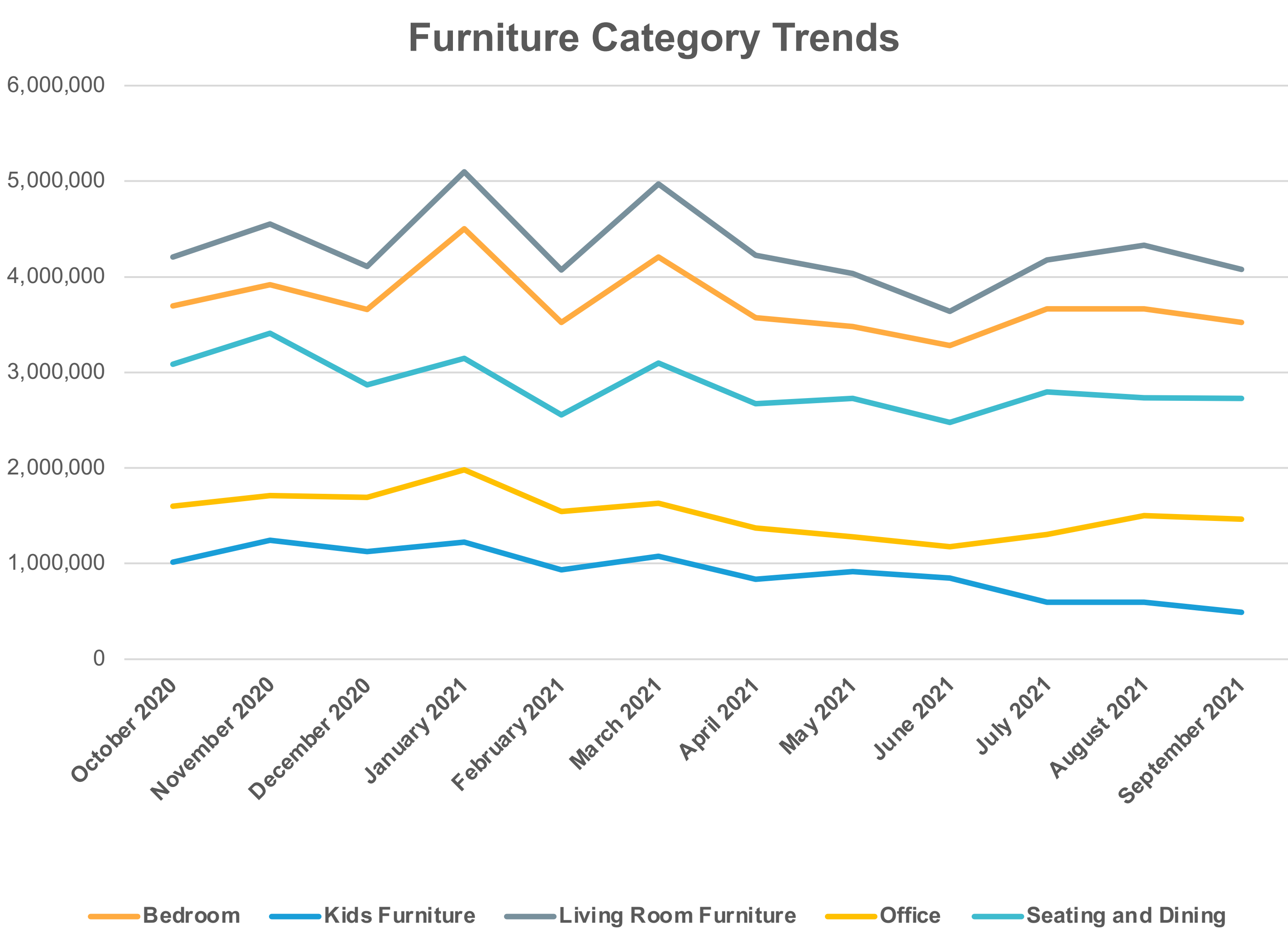
The retailers represented cover a broad swath of apparel and footwear brands, styles and price points. A strong showing from dickssportinggoods.com may be due in part to growth in sporting and leisurewear as preferred attire for Americans during the pandemic.

Interestingly, the top domains are all multi-product, multi-brand retailers, with only amazon.com not featuring an extensive network of brick-and-mortar stores. This fact, paired with amazon.com's dominance among the top domains, reflects a shift away from a general consumer preference to see, touch and try on apparel and footwear before buying it. Certainly, a case can be made that Amazon's generous return policies help mitigate consumer concerns about purchasing clothing and shoes online, but whatever the reasons, the behavior change is a net positive for apparel and footwear e-commerce retailers.

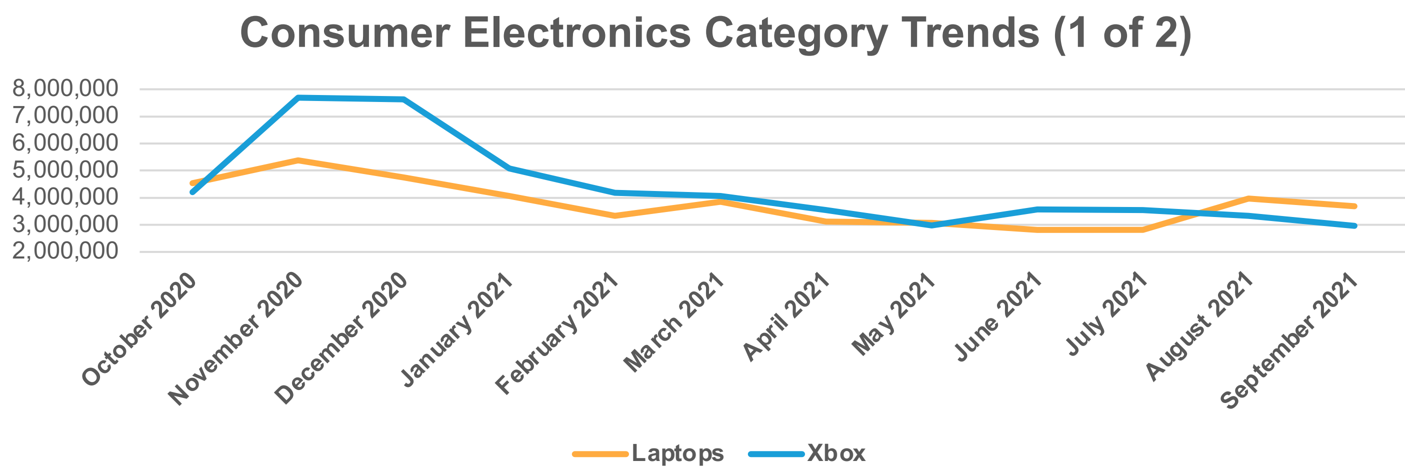
What Are Consumers Searching For?

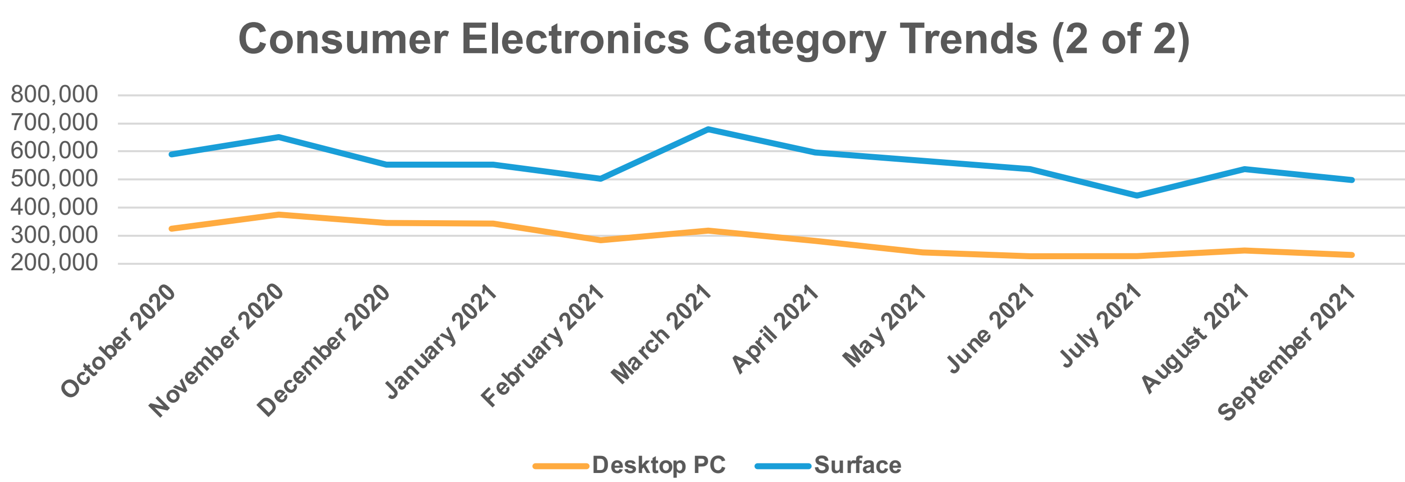
The most-searched sub-topics for each of the top three segments over the last year give us some further insight into consumer interests and behaviors. Despite the increase in people working or schooling from home, Furniture shoppers are still primarily interested in the furniture they need to relax, sleep and eat.

What are consumer searching for?: Furniture



What are consumer searching for?: Consumer Electronics





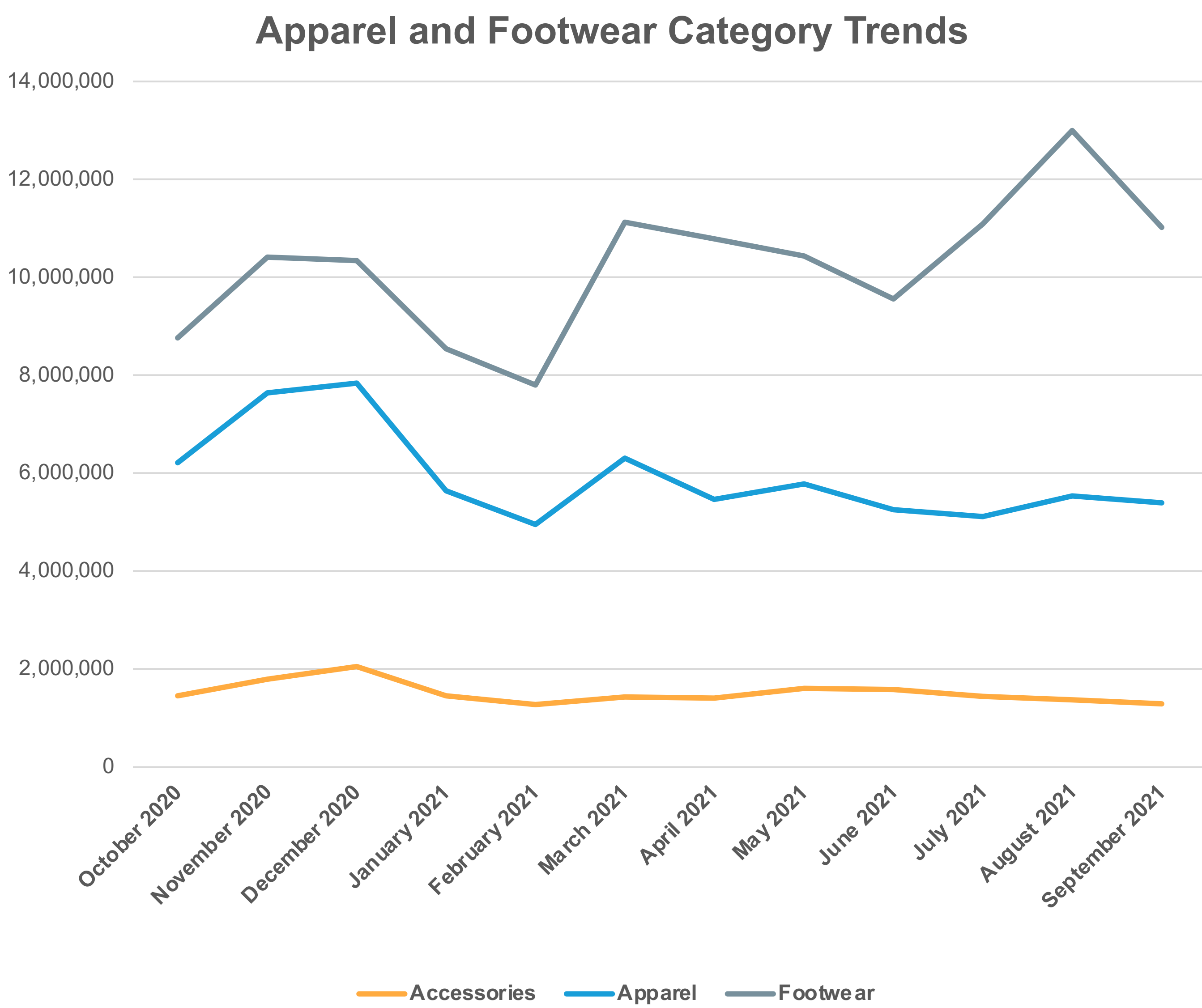
Four sub-categories stand out in the consumer electronics e-commerce segment: Laptops, Xbox, Desktop PC and (Microsoft) Surface. A spike in interest in Laptops in August 2020 correlates with back-to-school and may be further pronounced by needs to support remote schooling.

A sustained jump in searches for Xbox coincides with both the normal spike in interest during the 2020 holiday season and the release of two new Xbox consoles. Scarcity of the new consoles may have driven an additional increase in search volume as early adopters scoured the internet in an attempt to secure a new Xbox.

The other top topics, Desktop PC and (Microsoft) Surface received a substantial amount of interest though on a much smaller scale than laptops and Xbox. Search interest in both topics followed a fairly flat and even slightly declining curve over the time period. An important security and firmware update in March 2021 may be responsible for the (Microsoft) Surface uptick in that month.

What are consumer searching for?: Apparel and Footwear

Based on search volumes, consumers appear more interested in shoes than clothing. Both sub-categories follow similar seasonal demand trends. A third sub-category, Accessories, rounds out the top three sub-topics. An increase in search demand in accessories during the 2020 holiday shopping season is the only outlier of note in a remarkably flat curve.



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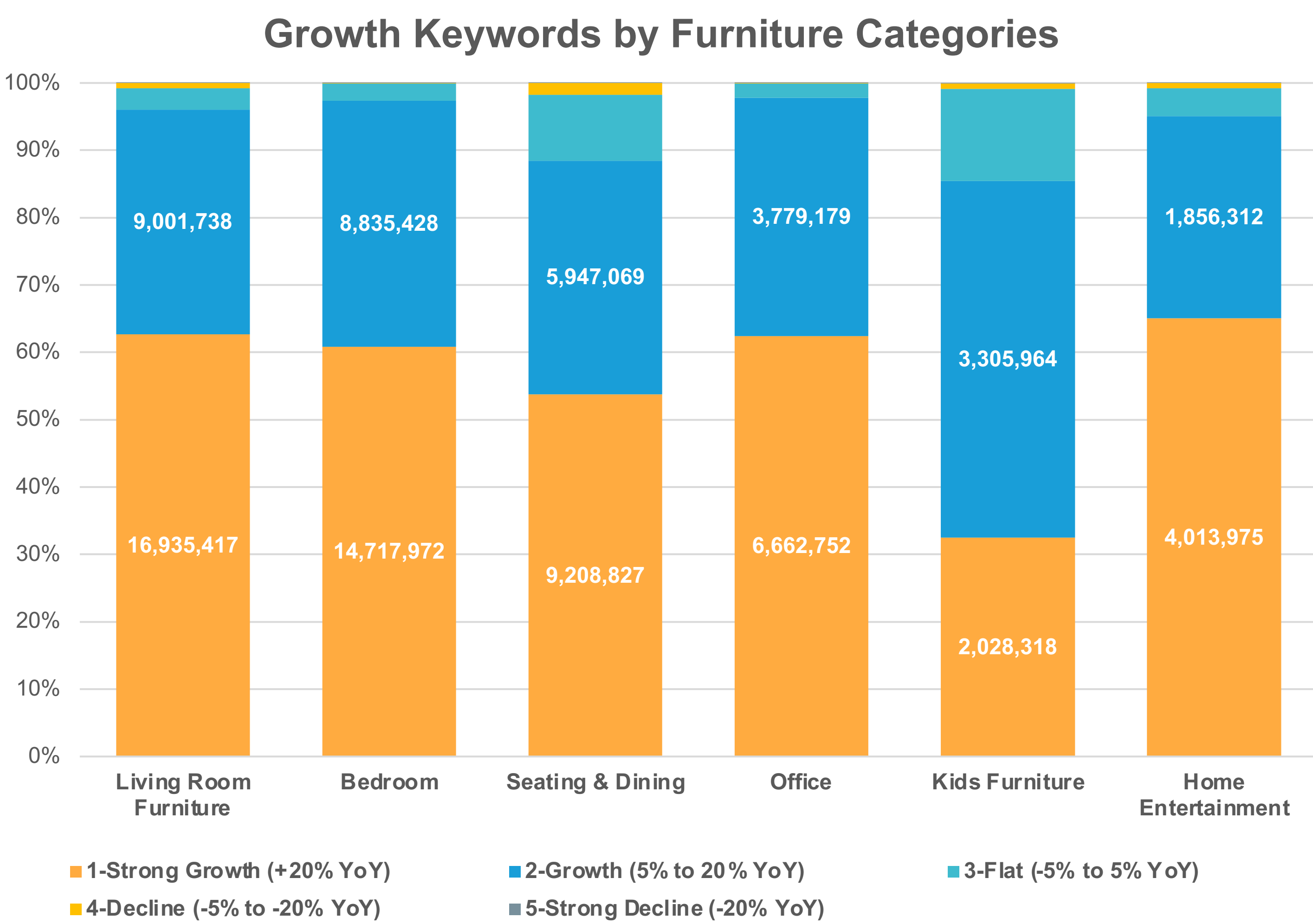
Category Growth

An analysis of the volume and distribution of keywords along a growth curve, offers some perspective on the growth prospects for key sub-topics within each category.

Category Growth: Furniture

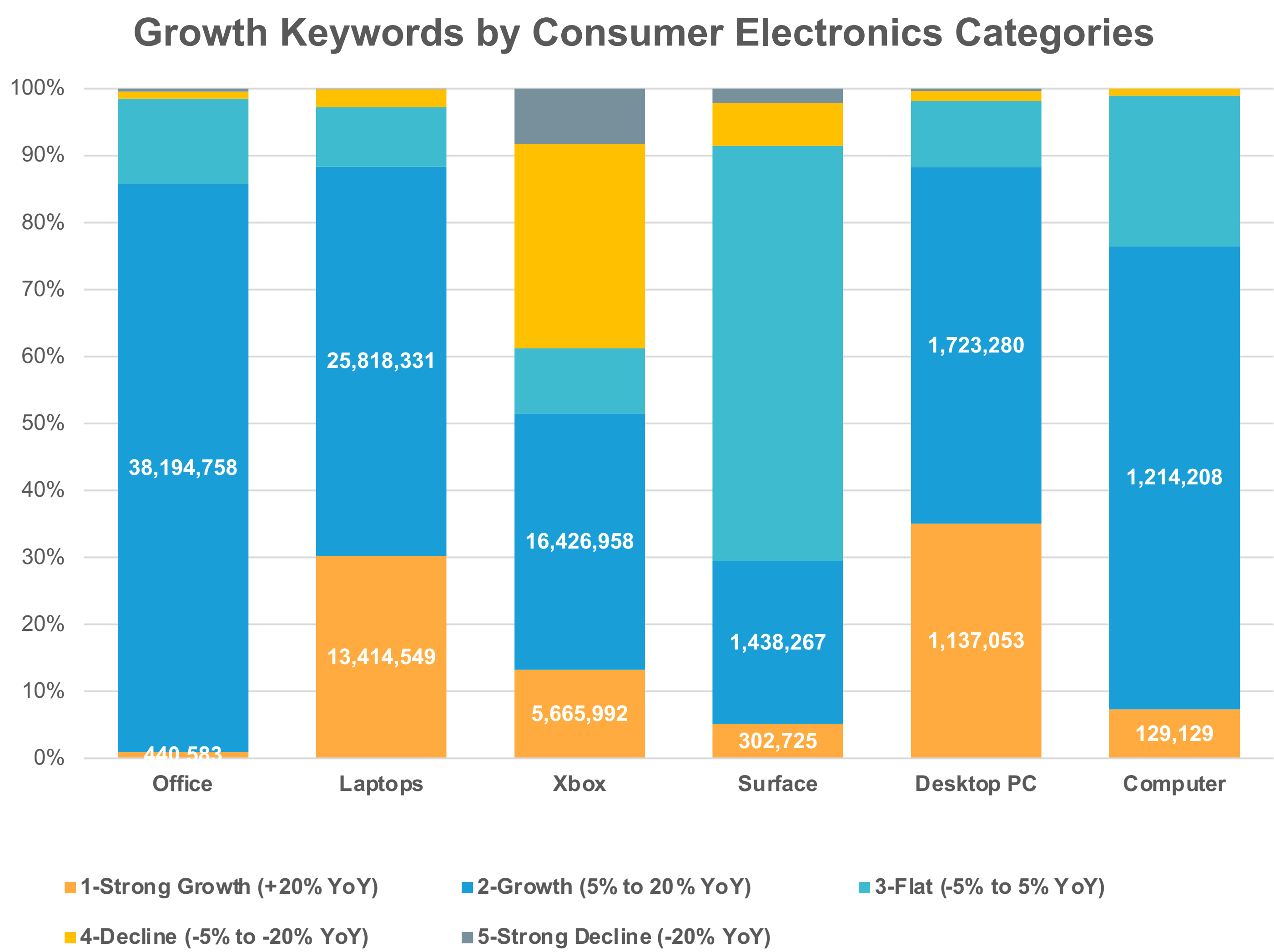
With one exception – Kids Furniture – all of the sub-topics we analyzed within the Furniture segment are populated by a majority of strong growth keywords (greater than 20% year-over-year growth). When combined with growth keywords (5-20% growth YoY), we can see tremendous growth within the category, with no sub-topic experiencing less than 85% growth year-over-year.



Category Growth: Consumer Electronics

In comparison with the Furniture category, Consumer Electronics shows much greater variability in growth among its sub-categories along with more moderate growth overall. However, the data also serves as a valuable reminder that, when performing keyword growth analysis, any insights need to derived alongside other knowledge about the category.

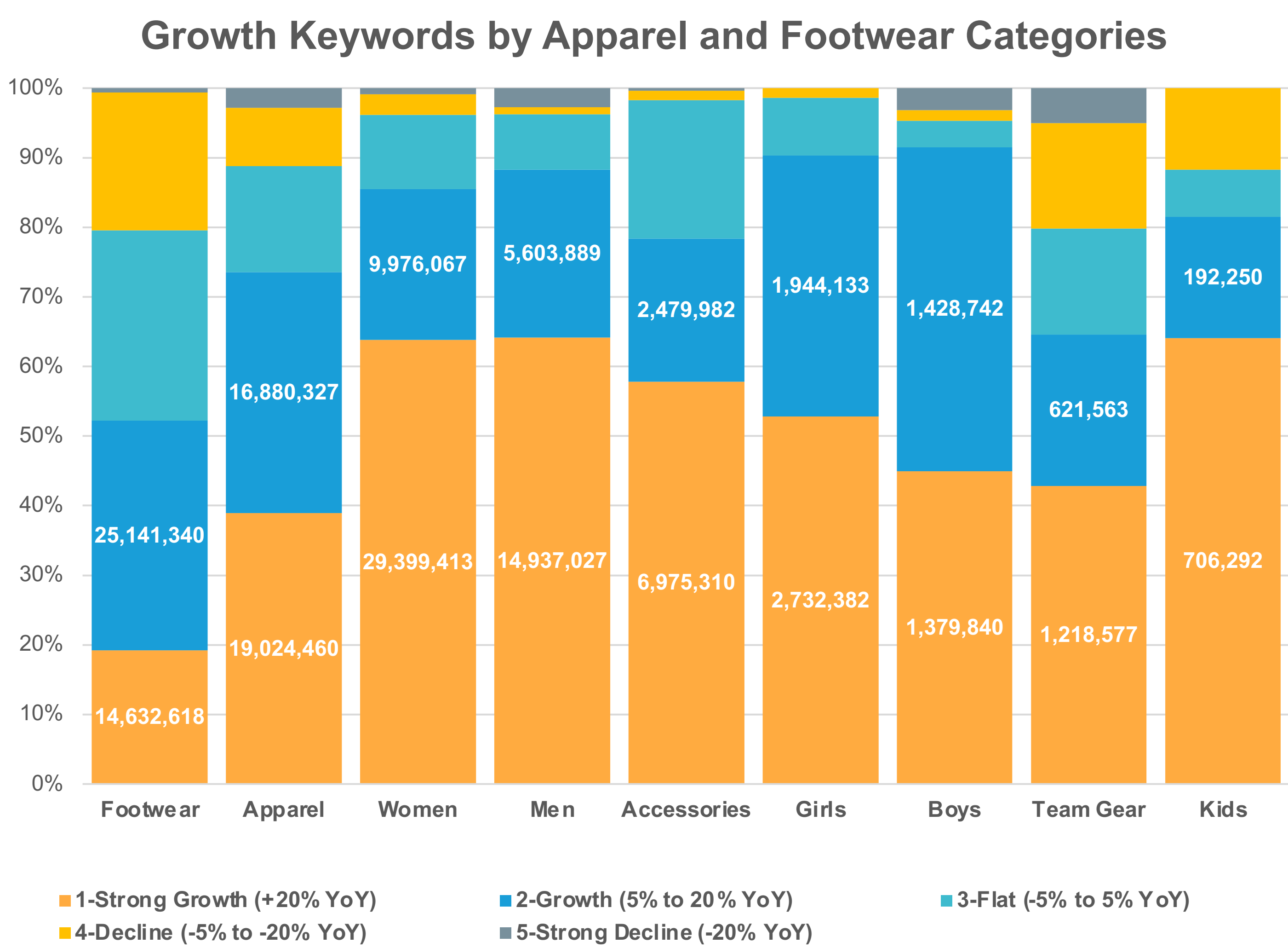
The "Xbox" sub-category, for example, shows significant decline in search interest for roughly half of its relevant keywords. Does that mean consumers have lost interest in the Xbox? Possibly, but it's more likely that one or more other factors are impacting the decline of those keywords in conjunction with the release of a new generation of consoles in 2020, including, 1) the new consoles are cannibalizing interest in keywords related to the previous generation consoles and 2) an initial burst in search volume for keywords related to the new consoles has begun to taper off.



Category Growth: Apparel and Footwear

As noted above, as an overall category, Apparel and Footwear is the most-searched category within e-commerce. A further look at key sub-categories within Apparel and Footwear, shows a significant growth trajectory.

Two items of note are the footwear and team gear sub-categories. Earlier, we observed that among Apparel, Footwear and Accessories, Footwear garners the most search interest. Contrast that with the growth keyword data here, which indicates that Footwear may be losing ground within the larger category with interest in nearly half of relevant keywords remaining flat or declining. Also of note is the team gear sub-category, which shows flat or declining growth for roughly 35% of its relevant keywords. This may be, in part, a result of tight COVID restrictions over the last year on attendance at professional sporting events.



Key Takeaways

The aim of this analysis is to offer a macro perspective on the e-commerce market as informed by organic search. Overall, the market is growing and should continue to grow for some time. The impact of the pandemic on e-commerce cannot be overstated. While it is too early to say for certain, the effects of the pandemic on consumer behavior are not yet fully played out and may, in fact, be lasting.

Retailers will need to examine how behavior has changed among consumers, competitors and search engines within their unique categories to know how and how much they need to adapt. This, perhaps, is the most important takeaway. Organic search can tell us more than just what content to create and optimize. It can point to larger trends, opportunities, and threats that can be used to inform marketing and operational strategy.

The type of analysis used here becomes vastly more informative when it is focused in a highly contextualized way on a specific business, brand or product. If you would like to better understand how you can use search data analysis to better understand your market opportunity, **contact us to schedule a demo today.**

REQUEST A DEMO

Thank You

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