

North America E-Commerce Market - Growth , Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

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Report description:

The current trend of purchasing online is growing because of its convenient access for customers compared to brick & mortar shops. The usage of the internet and smartphones are also helping the market to grow. North America is a developed and technologically advanced region, creating a huge opportunity for the E-Commerce market in the region. The North American E-commerce market is expanding at a CAGR of 12.5 % between 2022 and 2027.

Key Highlights

E-commerce companies have customized mobile applications to showcase their products with all the required specifications, making customers place orders easily. The increased use of smartphones and the implementation of the 5G network for connectivity make the process flexible and flawless. The region has educated and digitally driven audiences. Due to the prominence of social media applications, marketing possibilities are abundant nowadays, which aids in propelling the e-commerce market toward growth trajectories in the region. A lot of mergers and acquisitions are on the trend among the regional companies to increase their capability in the E-commerce business. For example, Descartes, a Canada-based software-as-a-service solutions provider, announced the purchase of XPS Technologies, an e-commerce shipping solutions company, for USD 65 million. Due to less communication and infrastructure costs, established organizations and large corporations are strategizing their operation toward online business. The E-commerce channel allows the organization to reach out to more clients, resulting in essential exposure to the firm. The increasing importance of online marketing tools such as Google advertisements and Facebook ads is also driving e-commerce. For example, Walmart has 4,700 locations across the United States, and 90% of people in the country live within 10 miles of a Walmart shop. The company is now planning its massive store network to expand its e-commerce operation because of its potential. This shows the growth of the E-Commerce market in North America.

E-Commerce platforms create an ample opportunity for relatively small-scale and emerging companies to sell their products. Some niche product company has developed their vertical E-commerce website to reach their clients in the region. The American

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Baker Association has estimated the potential for expansion of e-commerce for bakers. For example, Bimbo Bakeries USA (BBU), a subsidiary of Grupo Bimbo SAB de CV, a Mexican baking conglomerate, has created a direct-to-consumer platform to deliver BBU brands to consumer's doorsteps.

With the increased usage of connected networks, the e-commerce business is growing. Still, it creates security and privacy, breaching malicious threats to the users and companies. Security risks include hacking, data exploitation, financial theft, phishing attacks, unsecured service delivery, and credit card fraud. This is limiting the market growth because users are reluctant to subscribe to the network of comparatively newer e-commerce sites because of the threats of security breaches. A huge e-commerce hack is affecting over 500 stores using the Magento 1 platform. All the sites targeted were still running on the 12-year-old Magento 1 e-commerce platform, which Adobe will no longer support on June 30, 2020. Adobe has asked users to migrate to the latest platform, but approximately 95,000 e-commerce sites still use the older version.

During COVID-19, many people went online to acquire necessities, propelling e-commerce sales to unprecedented heights. Before COVID-19, e-commerce was rapidly expanding. However, the pandemic drove the market even more by encouraging them to spend more money and do so more frequently. Thus, this sector is one of the few that have experienced a positive impact of the pandemic on growth.

North America E-commerce Market Trends

Consumer Interest in Convenient Shopping Solutions is driving the E-Commerce market to grow.

□ In this growing busy working environment, people are interested in preferring online mode. While safety and convenience were the primary drivers of e-commerce development during the pandemic, consumers enjoy the channel's distinctive features, such as product comparisons, assortment, and targeted incentives. However, consumers progressively prefer home delivery and value its product and service benefits, such as speed, reliability, assortment breadth, and flexibility. This is the reason for the e-commerce market growth in North America.

□ E-commerce in the North American grocery business has continued to mature and scale, and the epidemic accelerated the rise of supermarket e-commerce, with much of the industry seeing more than ever. This current trend is impacting the market players in the region to prioritize their E-commerce channels. For example, Avocado is now available in Canada. Avocado now offers its top-rated certified organic mattresses, pillows, and mattress protectors to Canadian residents through its new e-commerce store, AvocadoMattress.ca.

□ E-commerce platform not only enables the customer to have a lot of buying options in all sectors, but it also provides them monetary benefits through cashback schemes to get economies of scale. For example, Rakuten Rewards Canada, the premier shopping site that delivers Cash Back and rewards, today unveiled a first-of-its-kind project that allows Canadians to earn Cash Back while buying or selling a home. Canadians who purchase a home through Rakuten's qualified partners will earn up to USD 25 Cash Back for each USD 10,000 of completed real estate transaction value during this first round of the Make Your Move program. This is the reason for North America's E-commerce market growth.

□ E-commerce in the health sector is also trending in North America because of its ease of patient access. Some of the big market leaders in the region have started their new Health E-commerce channel in the past and planning to expand it by seeing the growth potential in the area. For example, Amazon, a leader E-commerce company, has developed its telehealth service, Amazon Care, across the United States. It has planned to start that side of the business in 20 locations by the end of 2022, including New York City, San Francisco, Miami, and Chicago.

□ The payment options in E-commerce are very easy and convenient for the users in comparison to traditional methods of payment. For example, PayPal, a payment gateway for E-commerce, has developed new cryptocurrency encryption features and

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transfer capabilities for customers in the United States. In addition, according to an announcement made by eBay and FedEx, Canadian sellers will be able to use FedEx shipping services directly through eBay Labels, a proprietary label printing solution. FedEx technology integration gives eBay sellers a streamlined, on-platform experience using FedEx local and international shipping tools and services at discounted rates. This will increase the E-commerce market in North America.

Mergers and acquisitions of companies in the E-commerce market in the region is driving the growth.

Marketing is a bigger prospect for all types of business. E-commerce provides a better platform for companies to showcase their product by which they can increase their brand's reach. E-commerce companies are also exhibiting regional marketing techniques to increase their market share. For example, Today'sEcommerce.com, an e-commerce news and guide website, was recently bought by Kojiki, a media firm. The purchase is part of a series of movements the corporation is making as part of its 2022 development plans. Since their acquisitions, the acquired subsidiaries have seen significant growth under the main company. Today's E-commerce, which is part of the Kojiki umbrella, has recently received a sizable budget allocation for its expansion, which includes strengthening the digital infrastructure and the website's global reach. Today's E-commerce is planning to enter the US market to expand into new international markets.

A lot of merger and Acquisition is on-trend in the region because the companies want to increase their expertise and capabilities in the e-commerce business. For example, Lineage Logistics, LLC, the world's largest and most innovative temperature-controlled industrial REIT and logistics solutions provider, is expanding its Direct-to-Consumer ("D2C") fulfillment solution to become a market leader in perishable e-commerce. Lineage has acquired Perishable Shipping Solutions ("PSS"), the premier e-commerce pick-and-pack order fulfillment service for brands requiring temperature-controlled storage and shipping, as part of its investment in D2C.

To enhance the customer's purchasing experience, companies are developing new features like integration with AI and ML in their product offerings. For example, based in the United States, Pinterest is set to acquire The Yes, an AI-powered fashion shopping platform that allows users to shop a personalized feed based on their active input on brand, style, and size. The Yes team has created a comprehensive fashion taxonomy that combines human expertise and machine learning to fuel a complete fashion algorithm.

The North American region is economically developed and more into technological advancements. That is why companies are implementing technologies into their E-commerce channel to increase sales. For example, Design Holding S.p.A. has completed its first purchase in the United States, purchasing YDesign Group, a San Francisco-based e-commerce platform and lighting retailer that has bolstered its digital capabilities. It intends to improve its e-commerce operations by investing in technology.

Cloud-based software as a service is trending in the region, and E-commerce companies are integrating these services into their business expansion. For instance, Cadence Design Systems, Inc., an American multinational corporation, has launched the Cadence on Cloud SaaS and e-commerce platform, which is powered by Amazon Web Services (AWS), for businesses adopting a "cloud-first" approach to design and analysis solutions that can be accessed from any device, anywhere. Cadence on Cloud is the next big step in Cadence's commitment to cloud-based solutions, building on the company's well-established, comprehensive Cadence Cloud portfolio, which is delivered through Cadence-managed software-as-a-service (SaaS) and customer-managed platforms, simplifying the design process and providing significant productivity, time to market, and scalability benefits.

North America E-commerce Market Competitor Analysis

The E-commerce market is highly consolidated because it consists of a few large players dominating the market. Although two big companies in market share capture the North American e-commerce market, the development of emerging smaller players makes the market more dynamic. The competitive rivalry in the market depends on the product category offerings, best quality with minimum price, and delivery time. New companies are coming up with their niche product offerings, but growth is a challenge to those smaller players in the long run.

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June 2022: PlantX Life Inc has announced that alcoholic beverages will soon be available on its retail shelves in the United States. The license allows PlantX to distribute alcoholic beverages across the United States to fulfill orders placed on its nationwide e-commerce platform and permit same-day alcoholic item deliveries through its partnerships with UberEATS and Instacart.

June 2022: With the inauguration of a new spoke location in Miami, The Kroger Co., America's largest supermarket store, announced that Kroger Delivery now services consumers in South Florida. In cooperation with the Fulfillment Center in Groveland, Florida, the 60,000-square-foot bespoke facility will act as a last-mile cross-dock hub that efficiently expands Kroger Delivery's ability to service additional customers. This growth results from cooperation between Kroger and Ocado, a global leader in food e-commerce technology.

June 2022: Amazon is using augmented reality to appeal to sneakerheads who shop on the site. Customers will be able to see how a pair of new shoes would look on them from numerous angles using their mobile phone's camera, according to a new tool dubbed Virtual Try-On for Shoes, launched this morning by the company.

Additional Benefits:

The market estimate (ME) sheet in Excel format
3 months of analyst support

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