

BI INTELLIGENCE



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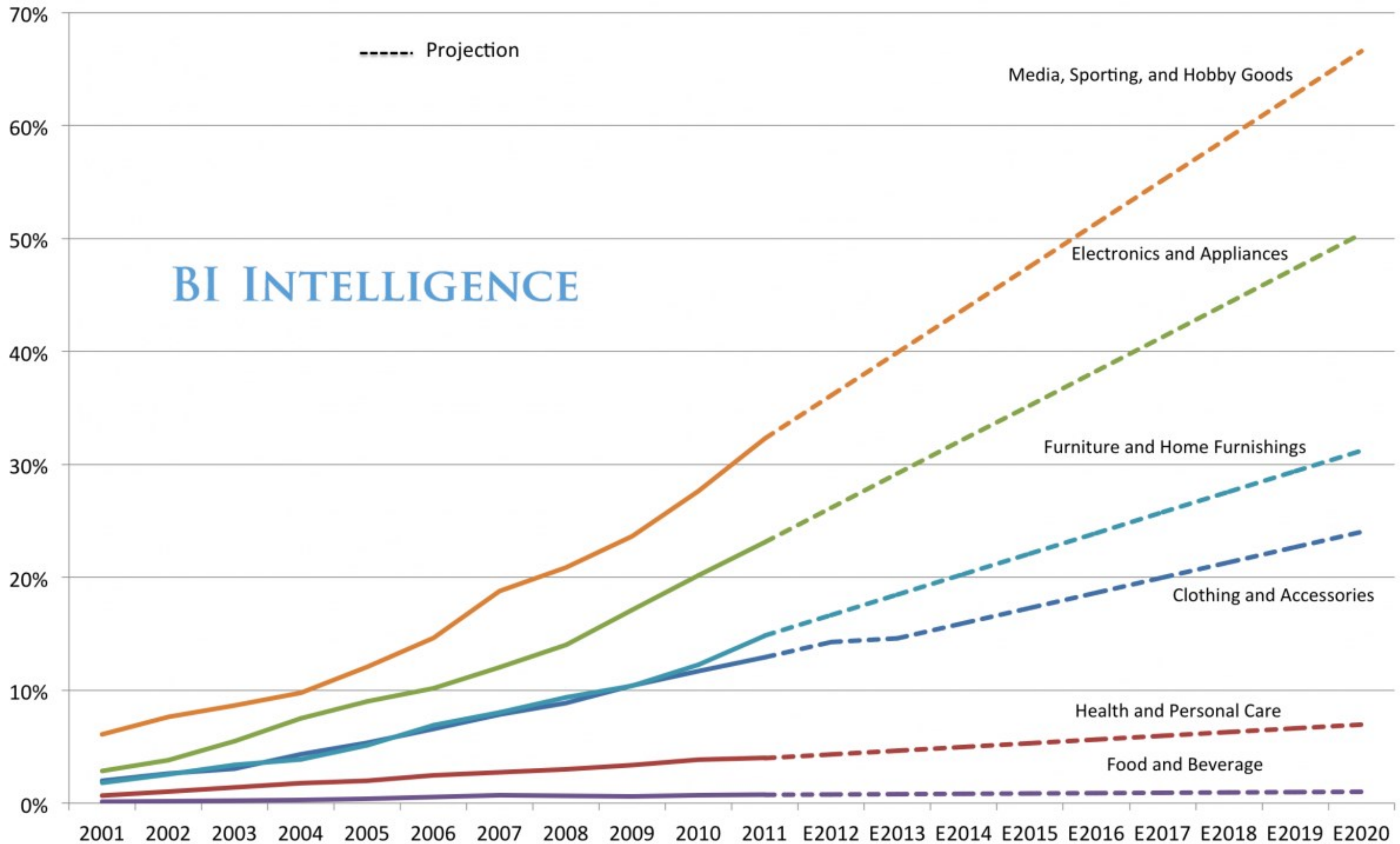


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BI Intelligence is a subscription service from Business Insider that provides in-depth insight, data, and analysis of digital industries.

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Percent Of Retail Sales Attributable To Online In Selected Merchandise Categories (U.S.)



Is This How People Really Like To Shop?



Or This?



Let's Face It — The Old Retail Model Is Dying



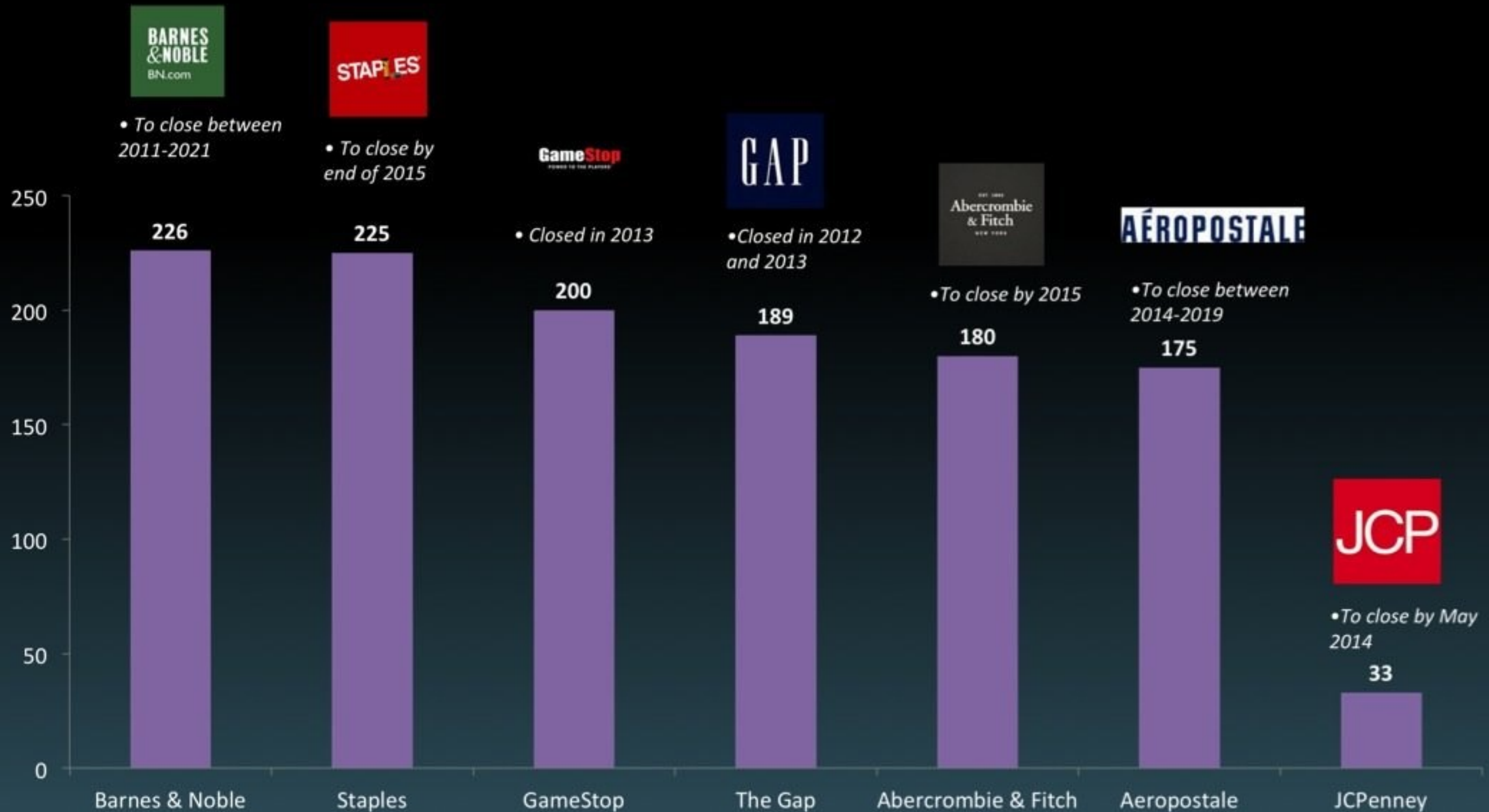
Fast



Hundreds Of Retail Stores Are Closing

U.S. Retail Store Closings

• Denotes Time Frame



Source: 24/7 Wall St., Company Earnings, SEC Filings, News Announcements

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Because Store Sales Are Tanking

Offline Sales Growth For Top Retailers

Global

*Includes Wal-Mart, JCPenney, Best Buy, Gap

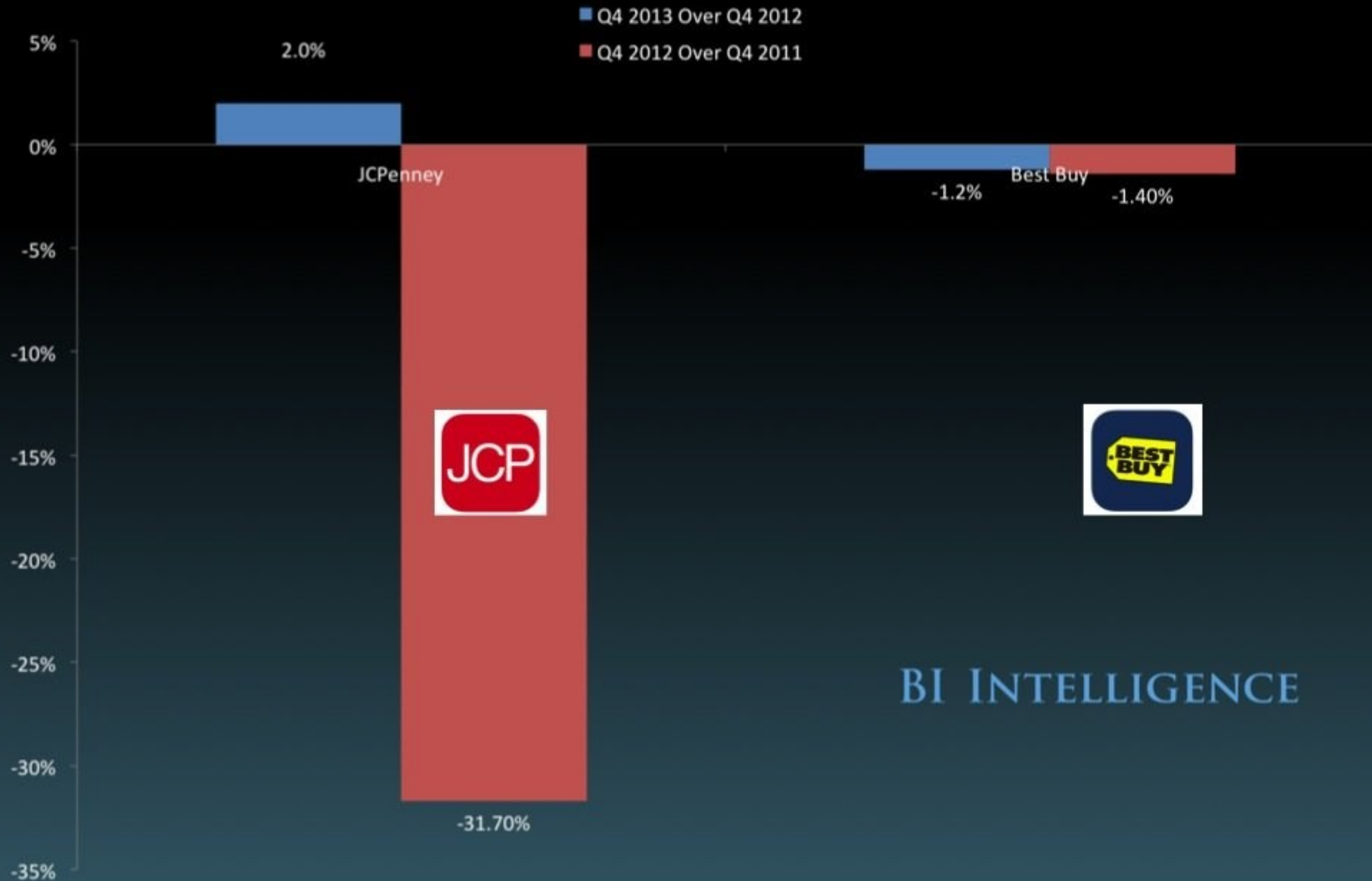


Source: Company Filings

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Holiday Quarters Have Been Terrible For Physical Retail

Same-Store Sales Growth



Source: Company Filings

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Where Are Shoppers Going?



GILT



Rakuten



blue Nile

Alibaba Group
阿里巴巴集团

BIRCHBOX



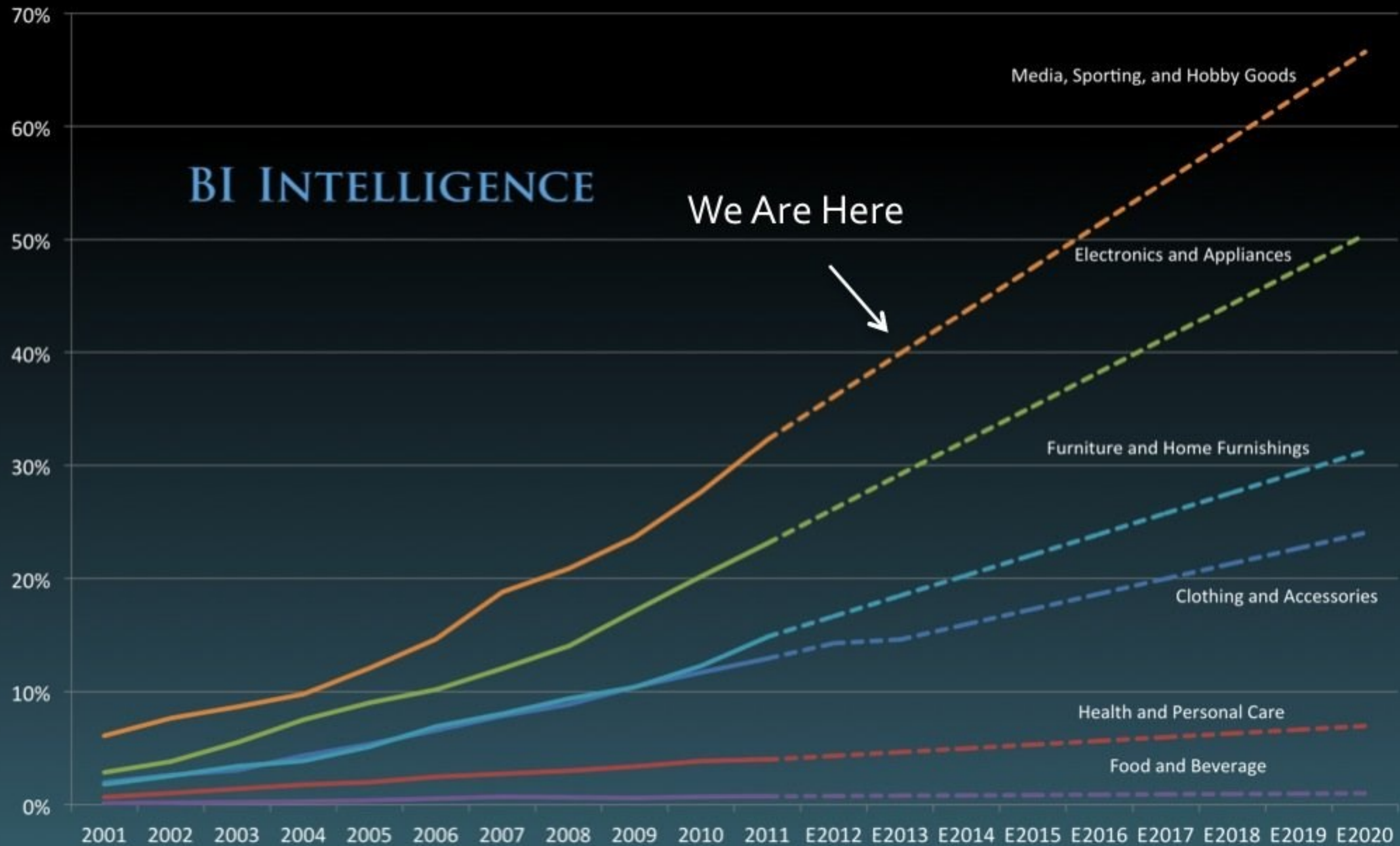
snapdeal.com



WANELO

Online!

Percent Of Retail Sales Attributable To Online In Selected Merchandise Categories (U.S.)



Source: U.S. Census, Internet Retailer, BI Intelligence Estimates

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“We’re in the midst of a profound structural shift from physical to digital retail ... it’s happening faster than I could have imagined.”

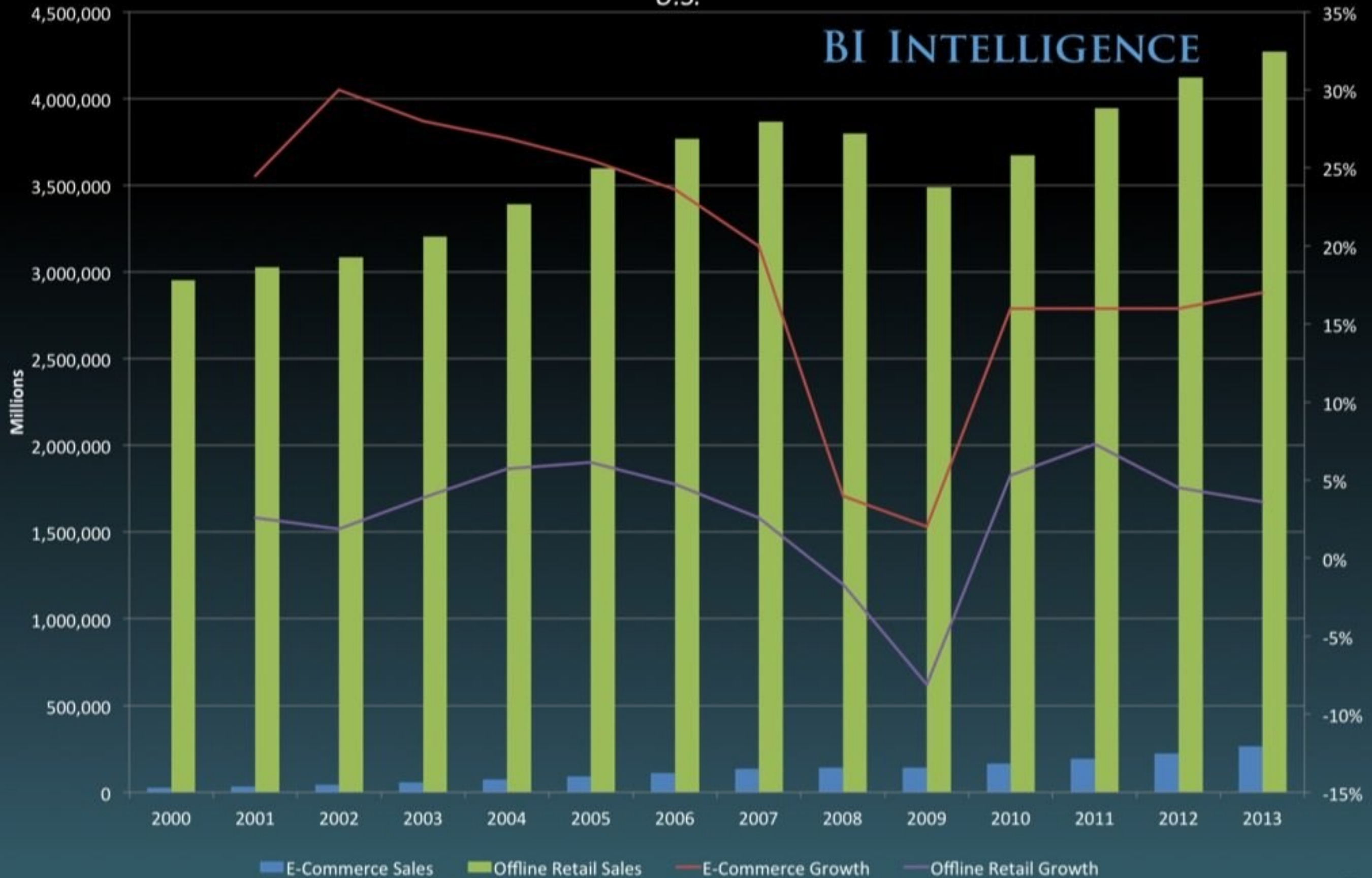
— Jeff Jordan, partner at
Andreessen Horowitz, January
2014

E-Commerce Is Driving Nearly All Retail Growth In US

Retail Industry Sales Growth: Online vs. Offline

U.S.

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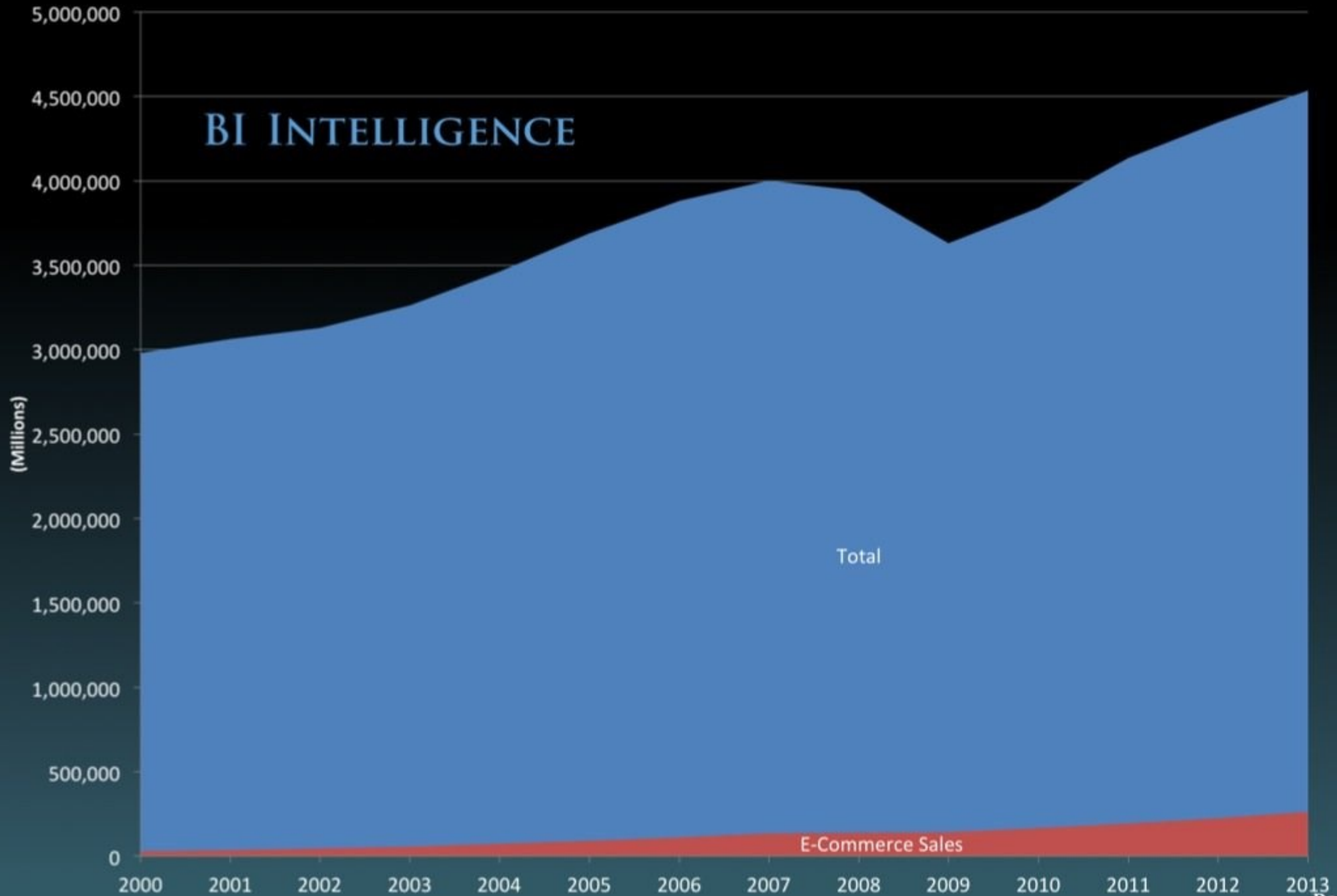


Source: U.S. Department Of Commerce

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1 In 20 Retail Dollars Are Already Online

Online Share Of U.S. Retail Sales



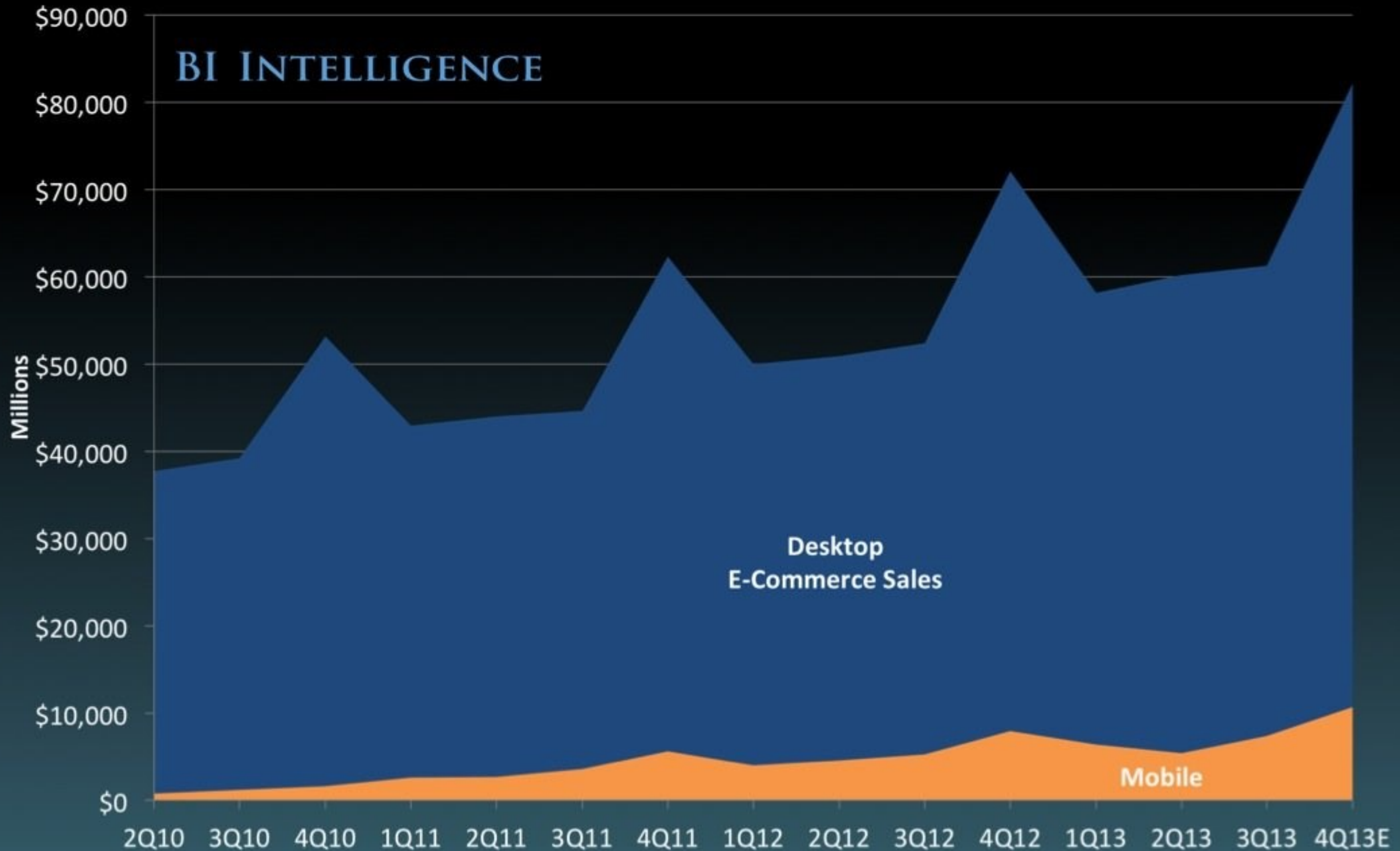
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Total

E-Commerce Sales

Mobile Is Also Gaining Fast

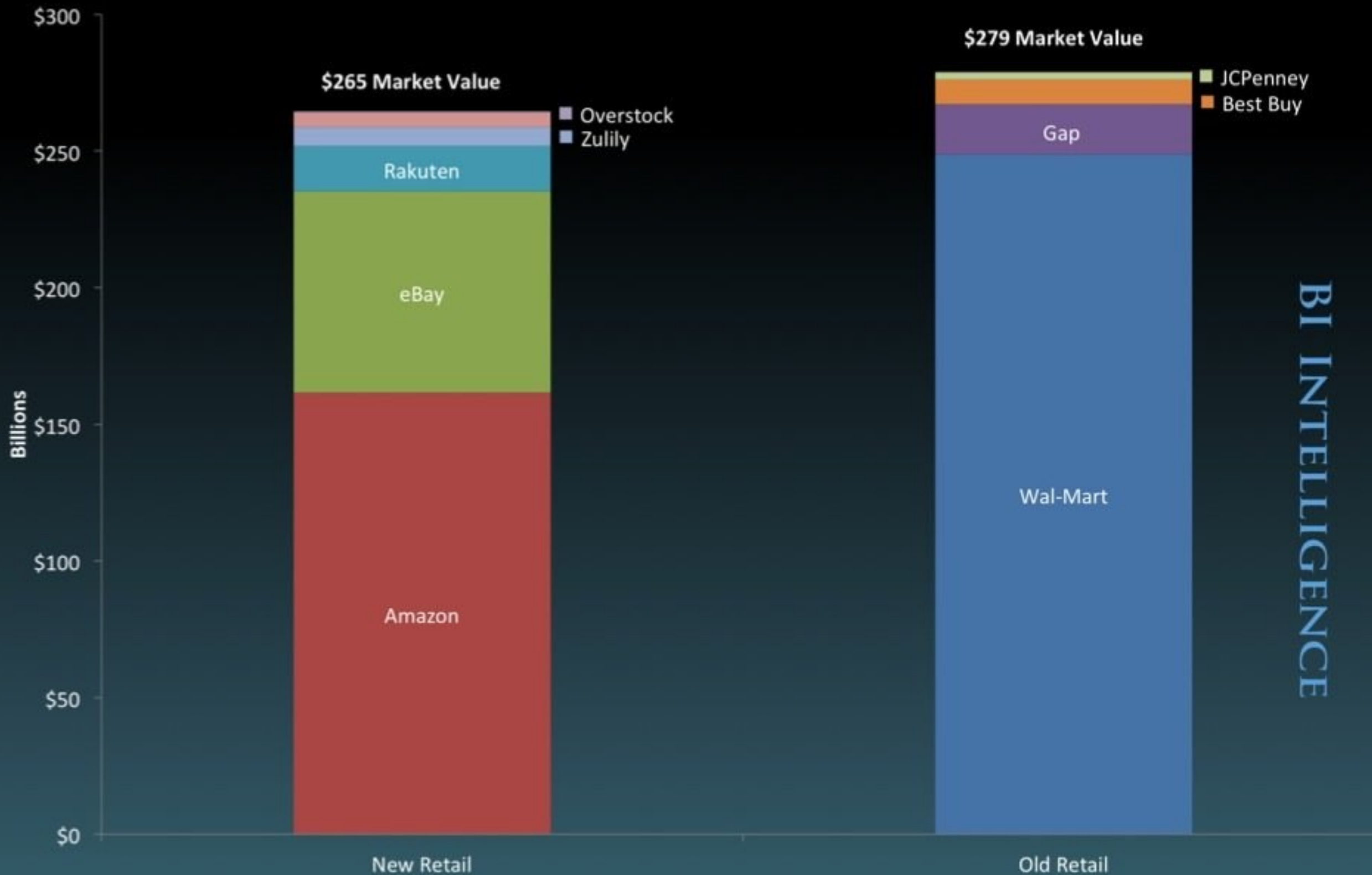
U.S. E-Commerce Retail Sales



Source: BI Intelligence, comScore, Federal Reserve Economic Data--St. Louis Fed

'New Retail' Is Nearly Equal To Old Guard In Market Value

Market Cap Of Selected Retailers
March 24, 2014

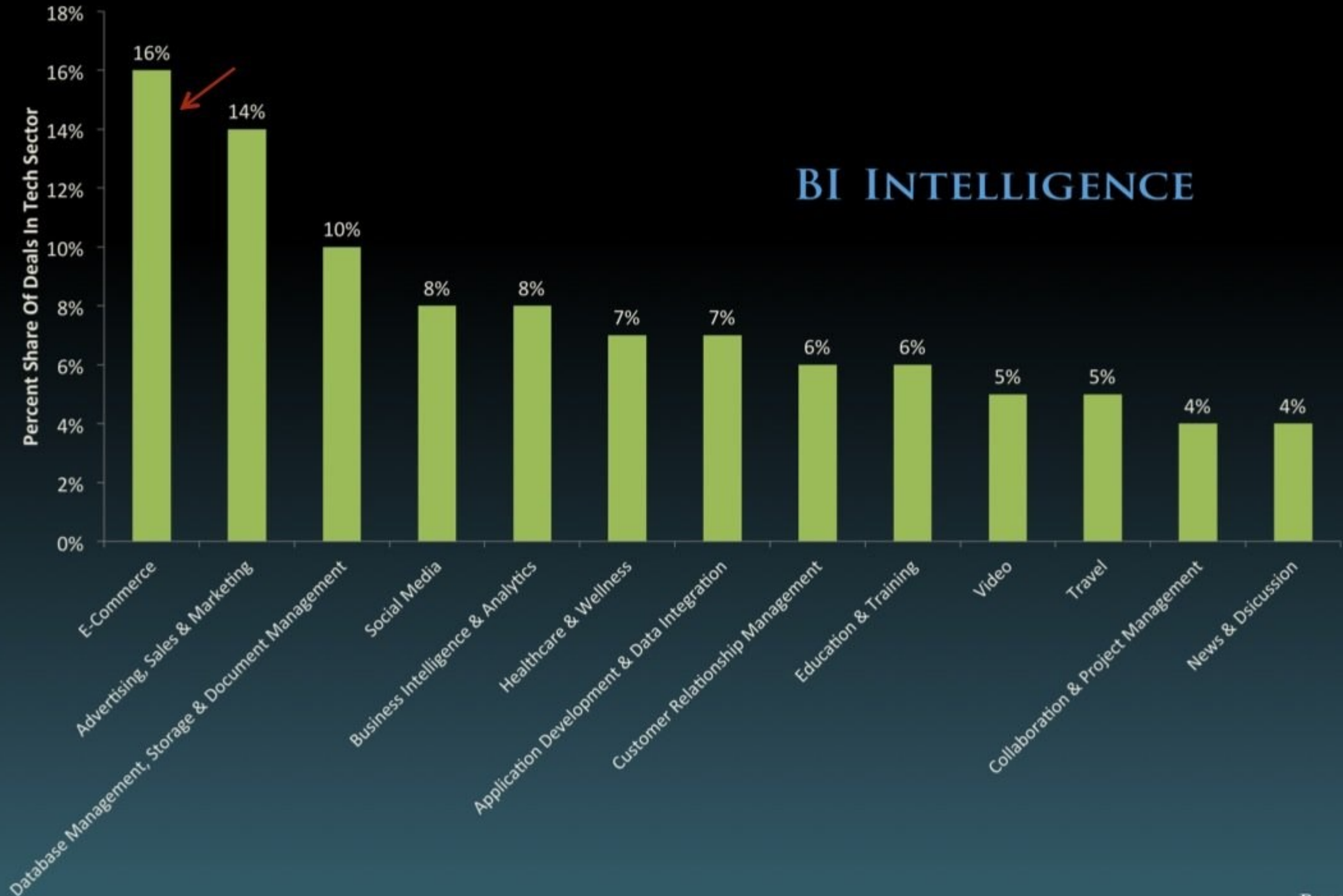


Source: Yahoo and Google Finance

Venture Capital Is Cashing In

E-Commerce Led Venture-Capital-Backed Exits In 2013

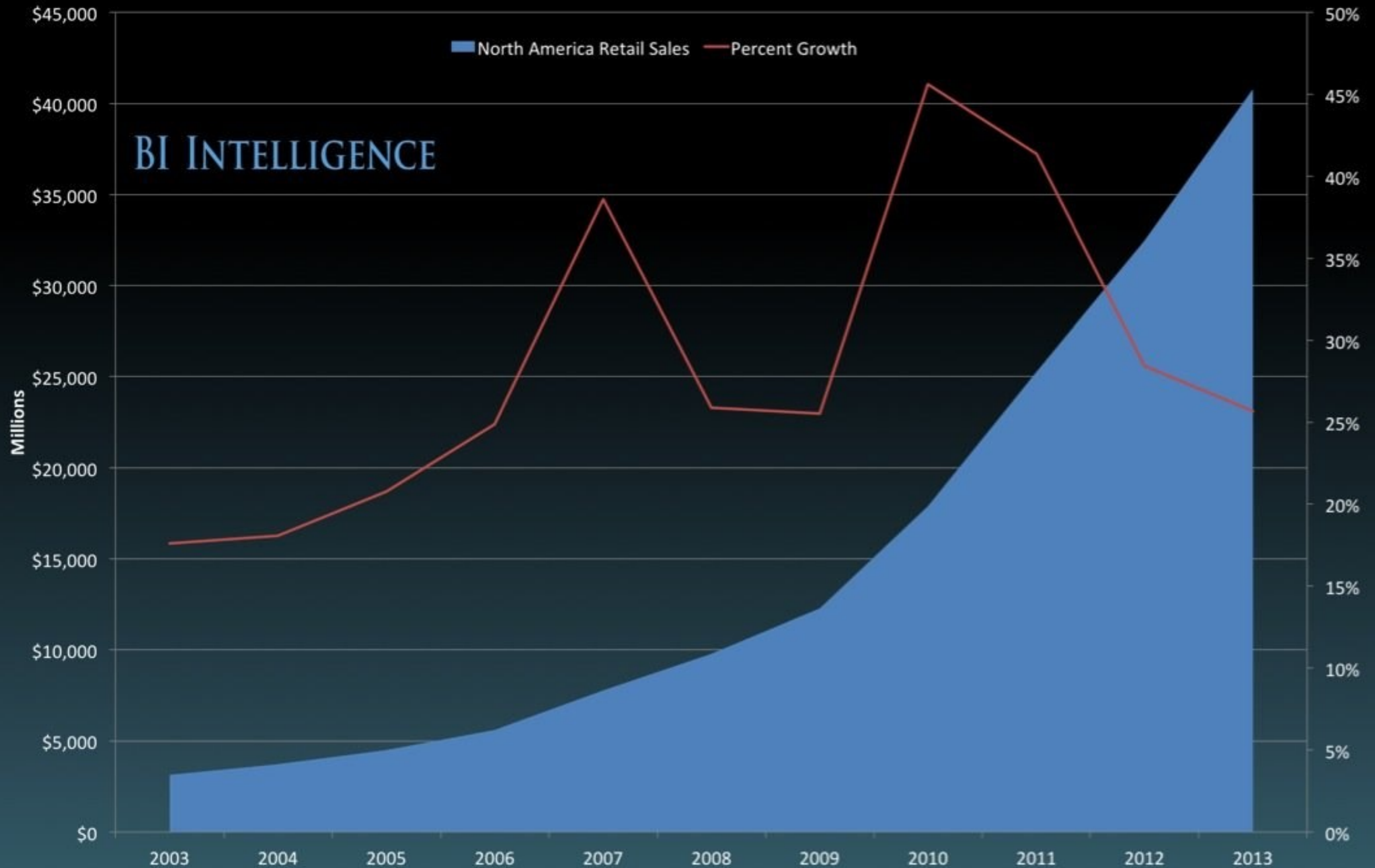
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Source: CB Insights

Amazon Continues Growing Very Quickly

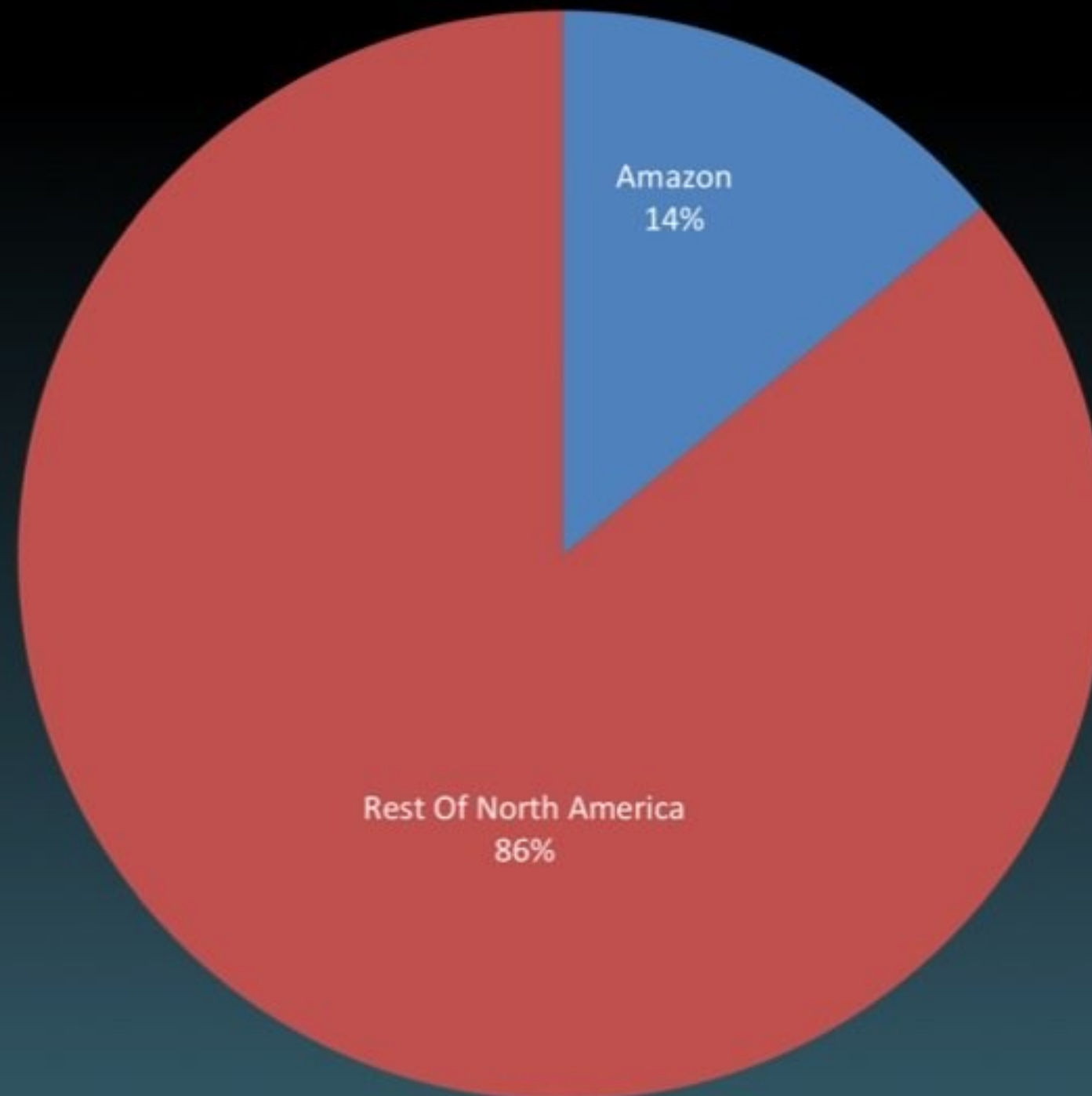
Amazon North America Retail Sales



Amazon Got Started With Media Sales Amazon Is Now ~14% Of All E-Commerce

Amazon Market Share Of North America E-Commerce

2013

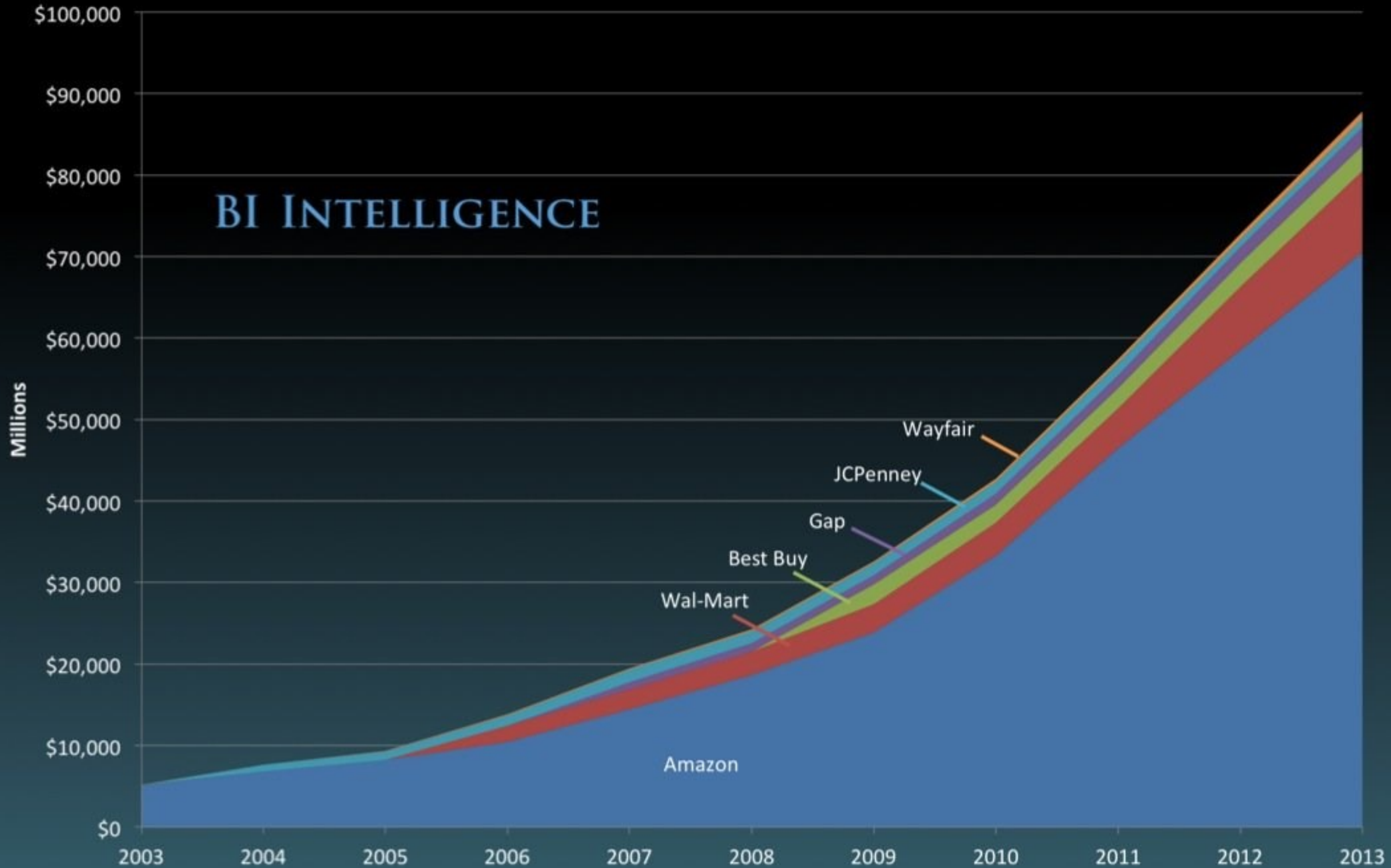


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But Other Retailers Are Also Growing Online Sales

Annual Online Sales Of Selected Retailers

Global



Source: Company Filings, Internet Retailer, BI Intelligence Estimates

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The Signs Are Clear — E-Commerce Is Booming.

Shippers Were Overwhelmed By
The Massive Volume Of
E-Commerce Orders Over Christmas 2013

HOME PAGE TODAY'S PAPER VIDEO MOST POPULAR U.S. Edition ▼

The New York Times **Business**

WORLD U.S. N.Y. / REGION BUSINESS TECHNOLOGY SCIENCE HI

Search International DealBook Markets

Gifts Sent by U.P.S. Miss a Big Deadline

By ELIZABETH A. HARRIS and DAVID GELLES
Published: December 25, 2013

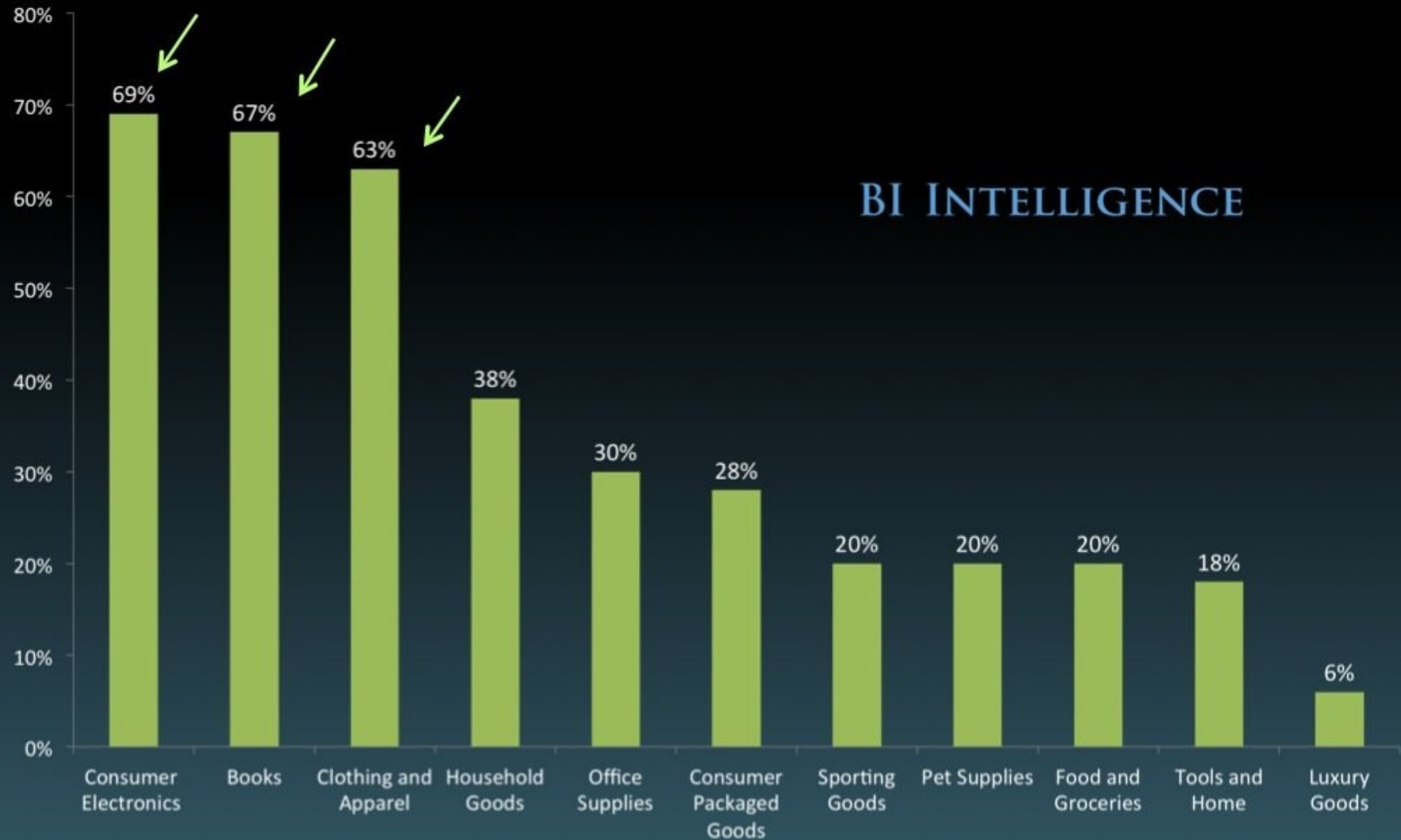
Santa delivered sacks stuffed with i.o.u.'s this Christmas.

FACEBOOK TWITTER



The Top Categories — Electronics, Media, Clothing

Percent Of U.S. Consumers Who Purchased The Following Merchandise Online in 2013



Source: Walker Sands

Let's Look At Some Of The Retail Categories Individually

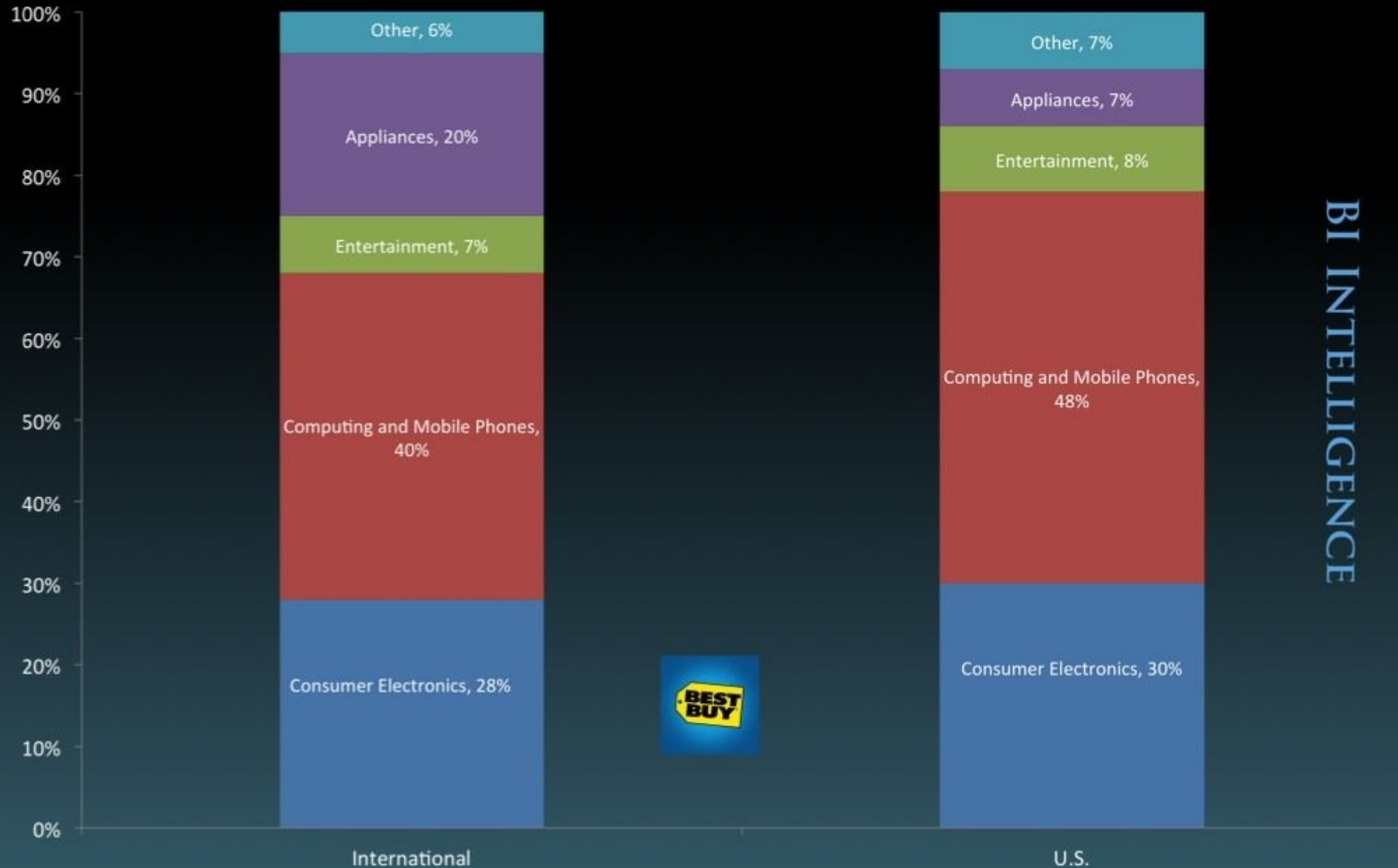
ELECTRONICS



Best Buy Is Vulnerable. 85% Of Sales From Electronics.

Breakdown Of Merchandise Sold By Best Buy

2013



Source: Best Buy

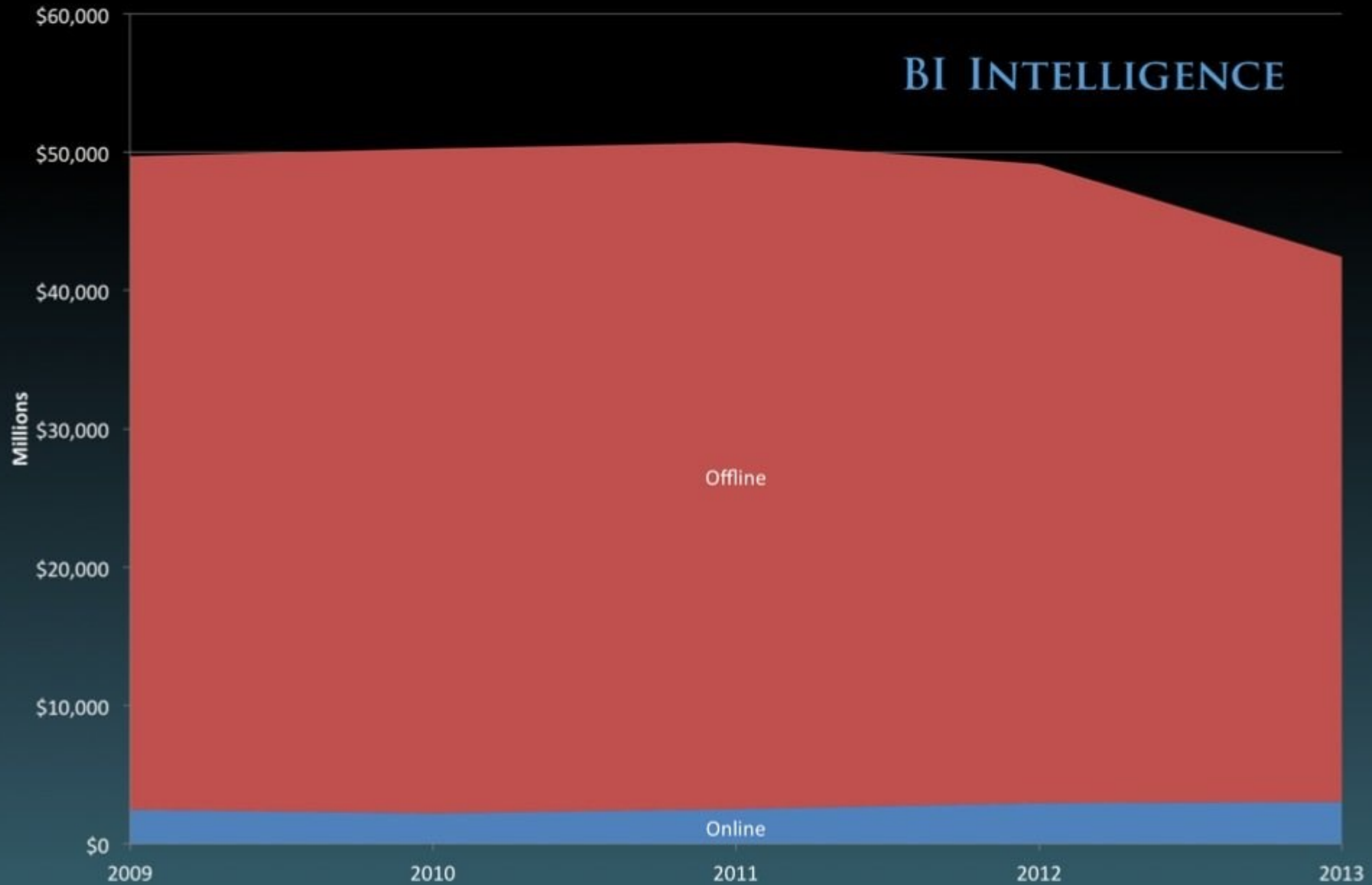
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Best Buy Offline Sales Plummeted 15% Last Year

BI Intelligence Estimate

Best Buy Annual Retail Sales

Global



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Source: Best Buy, Internet Retailer, BI Intelligence Estimates

All Of Best Buy's Growth Is Online

BI Intelligence Estimate

Best Buy Annual Sales Growth

Global



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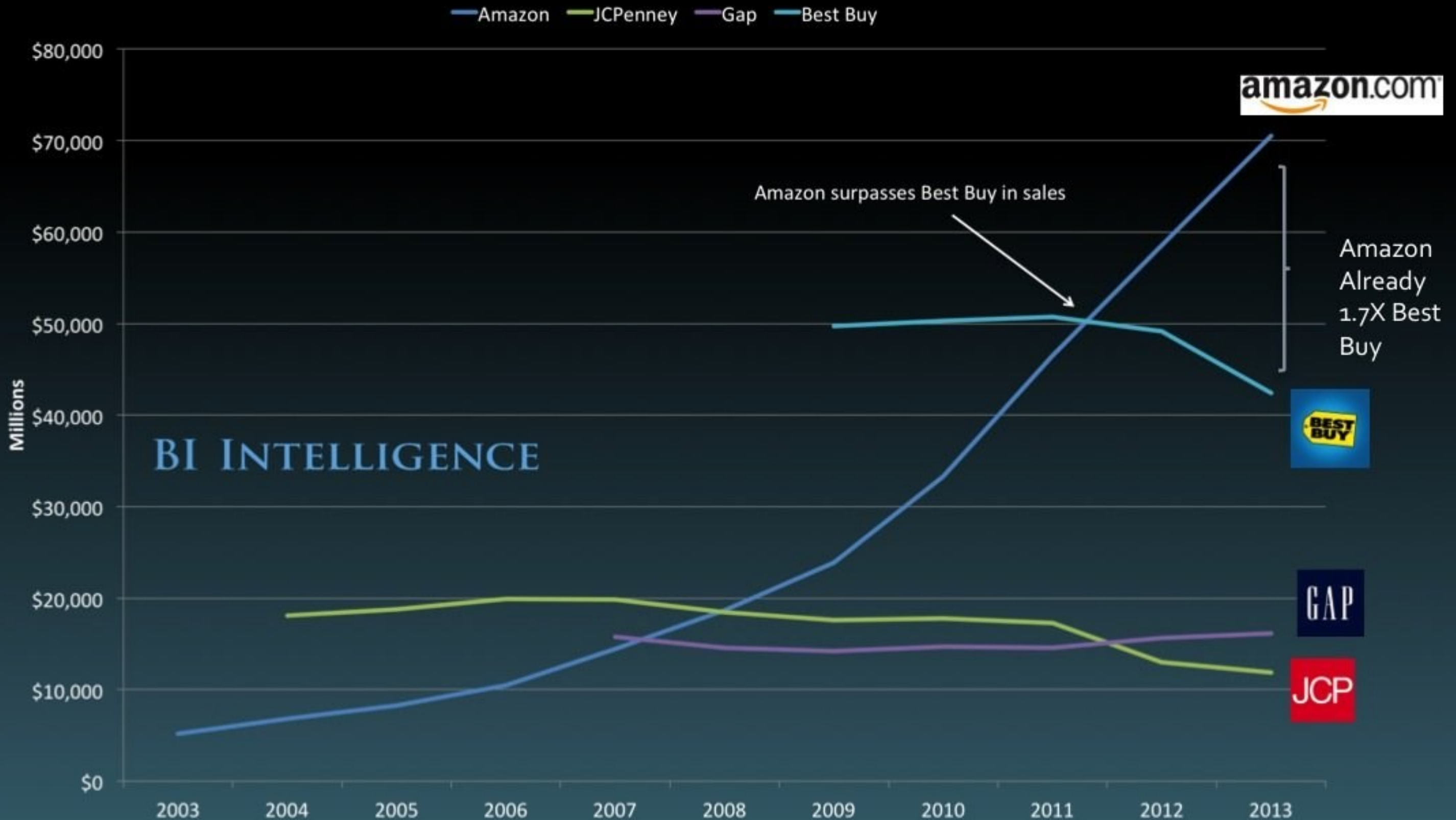
Source: Best Buy, Internet Retailer, BI Intelligence Estimates

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Amazon Was Once Smaller Than Best Buy. Not Anymore.

Total Retail Sales: Amazon vs. Top Retailers

Global



Source: Company Filings, Internet Retailers, BI Intelligence Estimates

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MEDIA

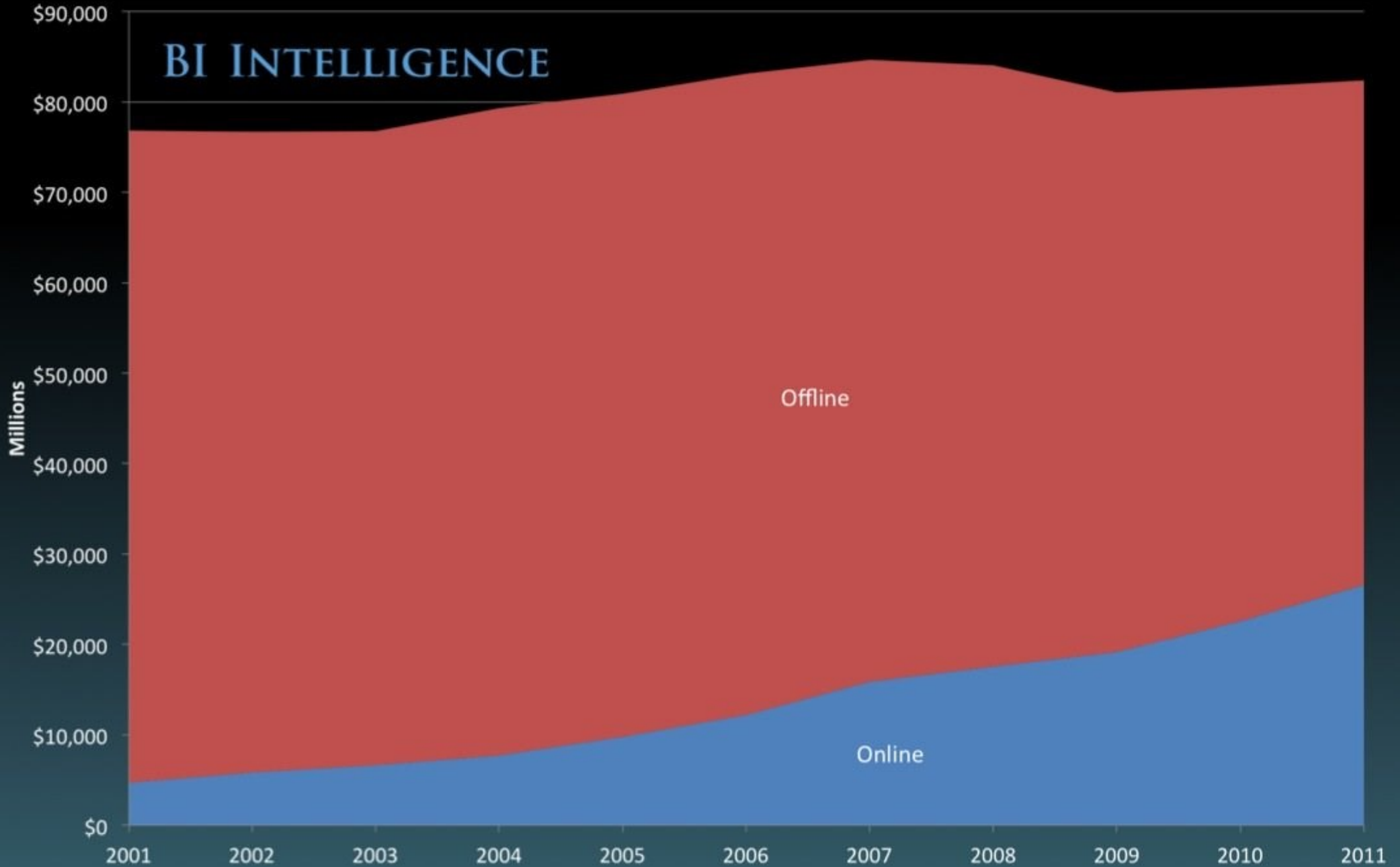


Image: Reuters

Media Is Still The Top E-Commerce Category ~\$25 Billion

Retail Sales Of Media, Sporting, And Hobby Goods

U.S.



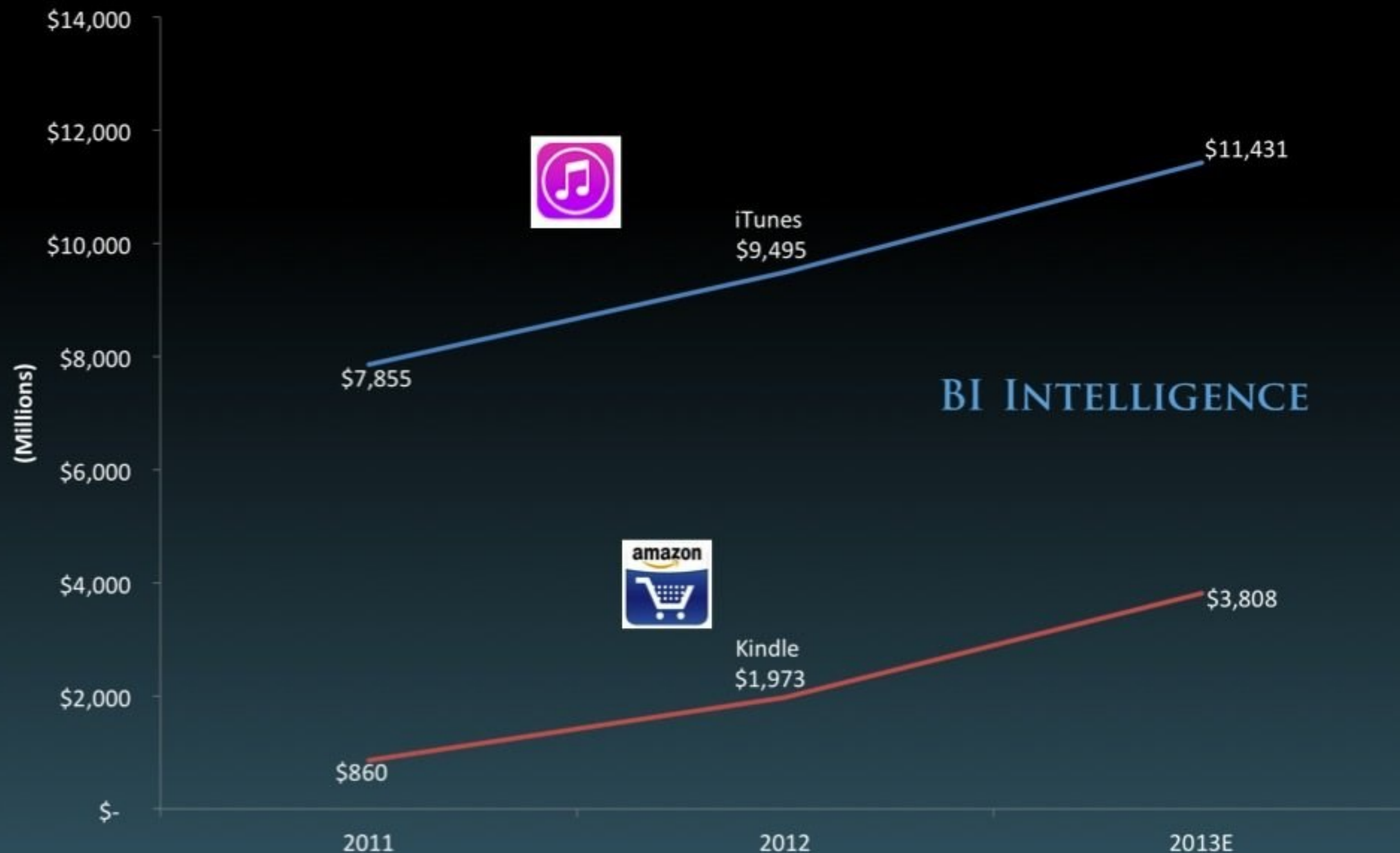
Source: U.S. Census, BI Intelligence Estimates

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Media Sales Are Going Digital

iTunes Vs. Amazon Kindle Digital Media Revenue

Global, Annual Data*



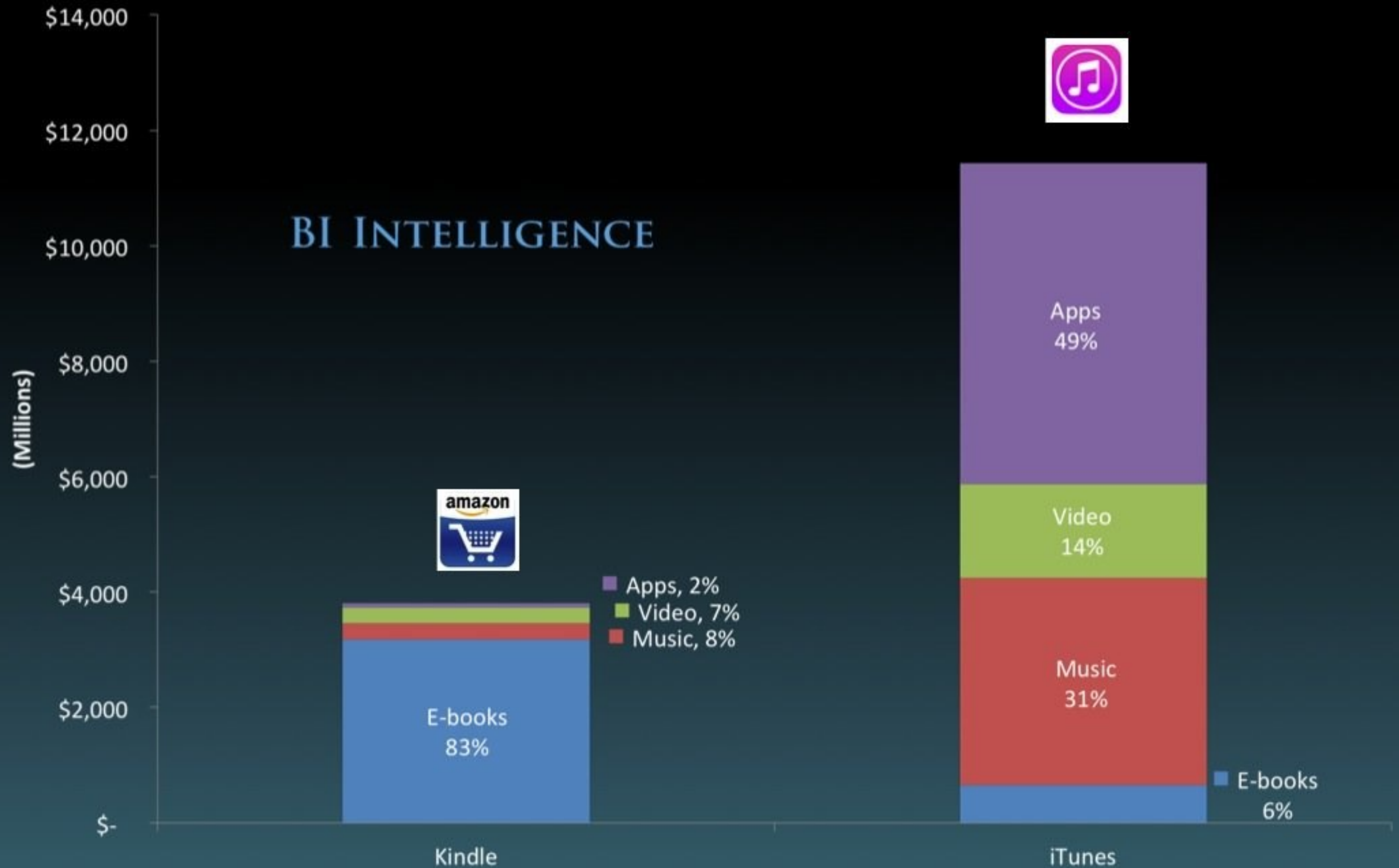
Source: Apple Company Filings, Morgan Stanley Amazon Research 2013, BI Intelligence Estimates

*Data includes revenue for apps, e-books, music, and video content categories

Benefiting Apple And Amazon

iTunes Vs. Amazon Kindle Digital Media Revenue

Global Data, By Category, 2013 Estimate



Source: Apple Company Filings, Morgan Stanley Amazon Research 2013, BI Intelligence Estimates

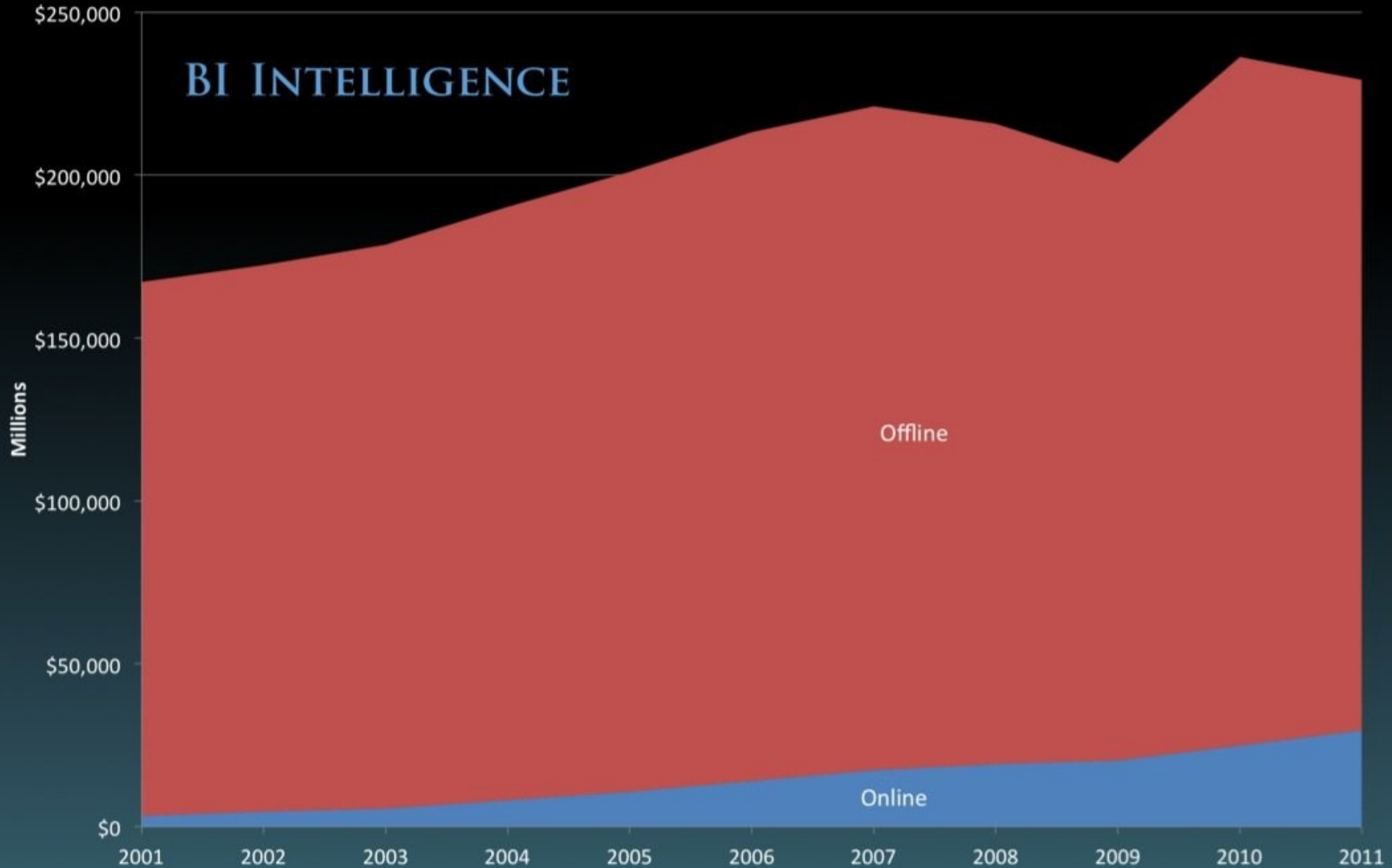
CLOTHING AND ACCESSORIES



More Than 13% Of All Clothing Sales Now Occur Online

Retail Sales Of Clothing And Accessories

U.S.



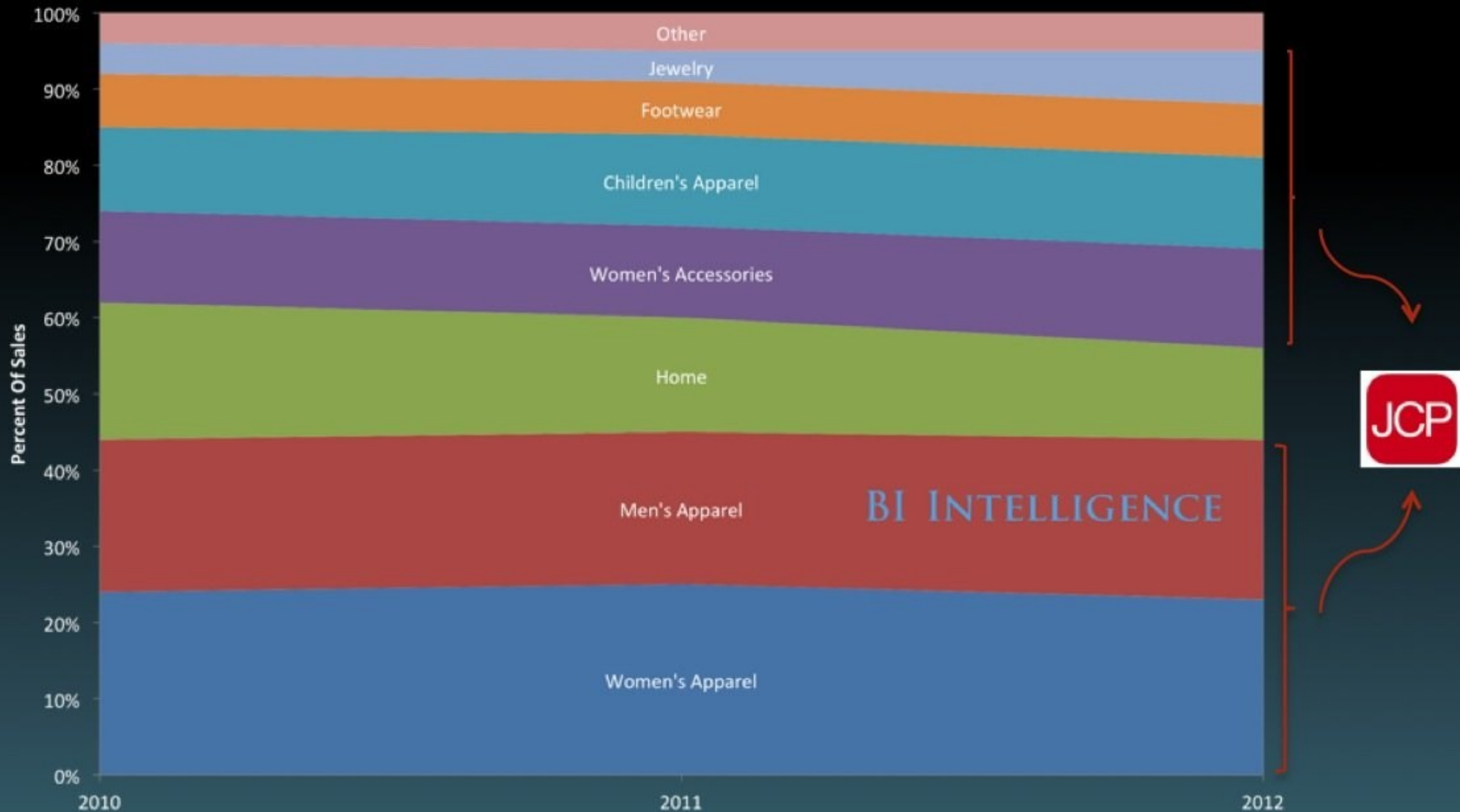
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Offline

Online

JCPenney Is Vulnerable. 83% Of Its Business Is Clothing And Accessories.

Breakdown Of Merchandise Sold By JCPenney *Global*



Source: JCPenney

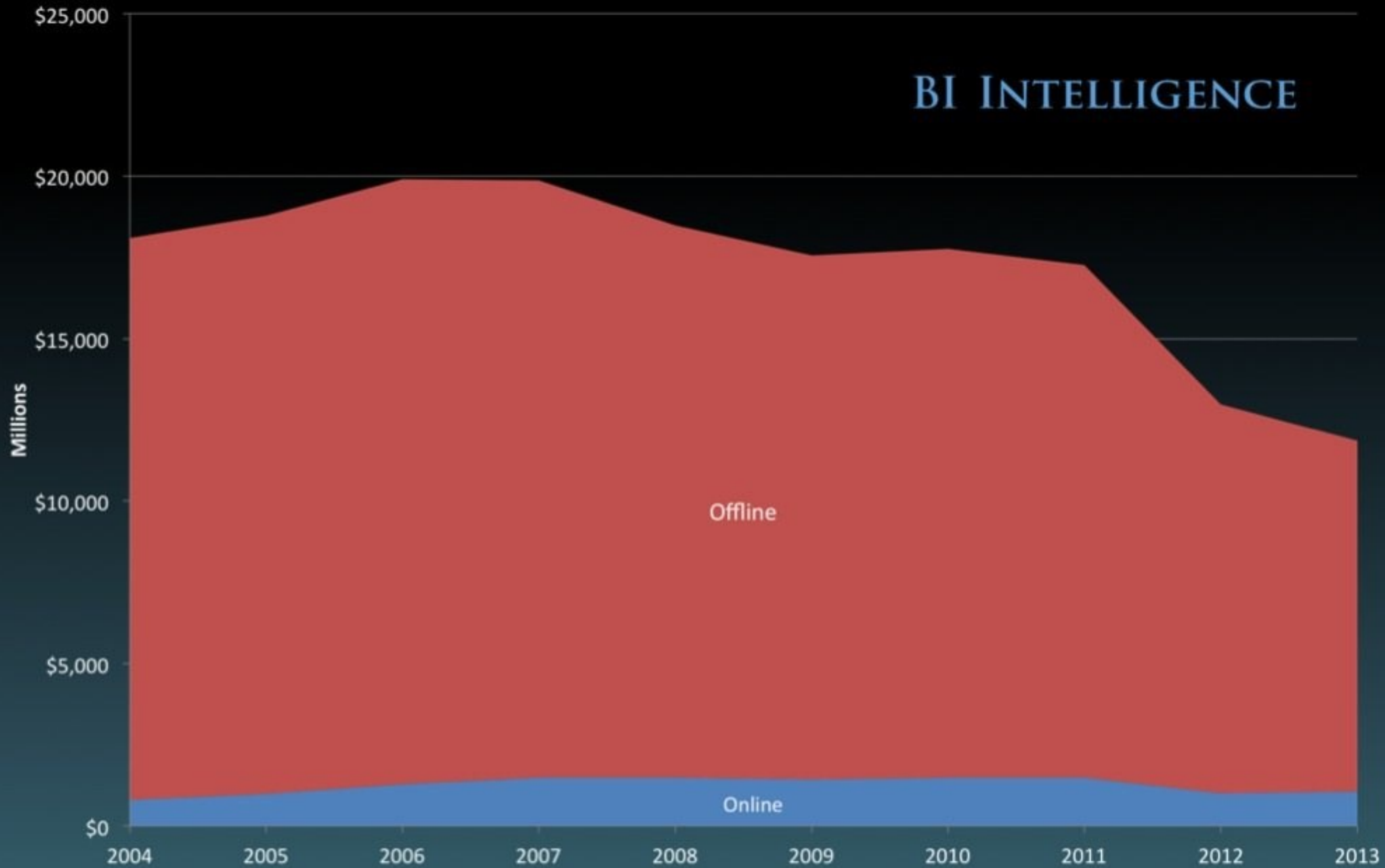
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In-Store Sales At J.C. Penney Declined 10% Last Year

BI Intelligence Estimate

JCPenney Annual Sales

Global



Source: JCPenney, Internet Retailer, BI Intelligence Estimates

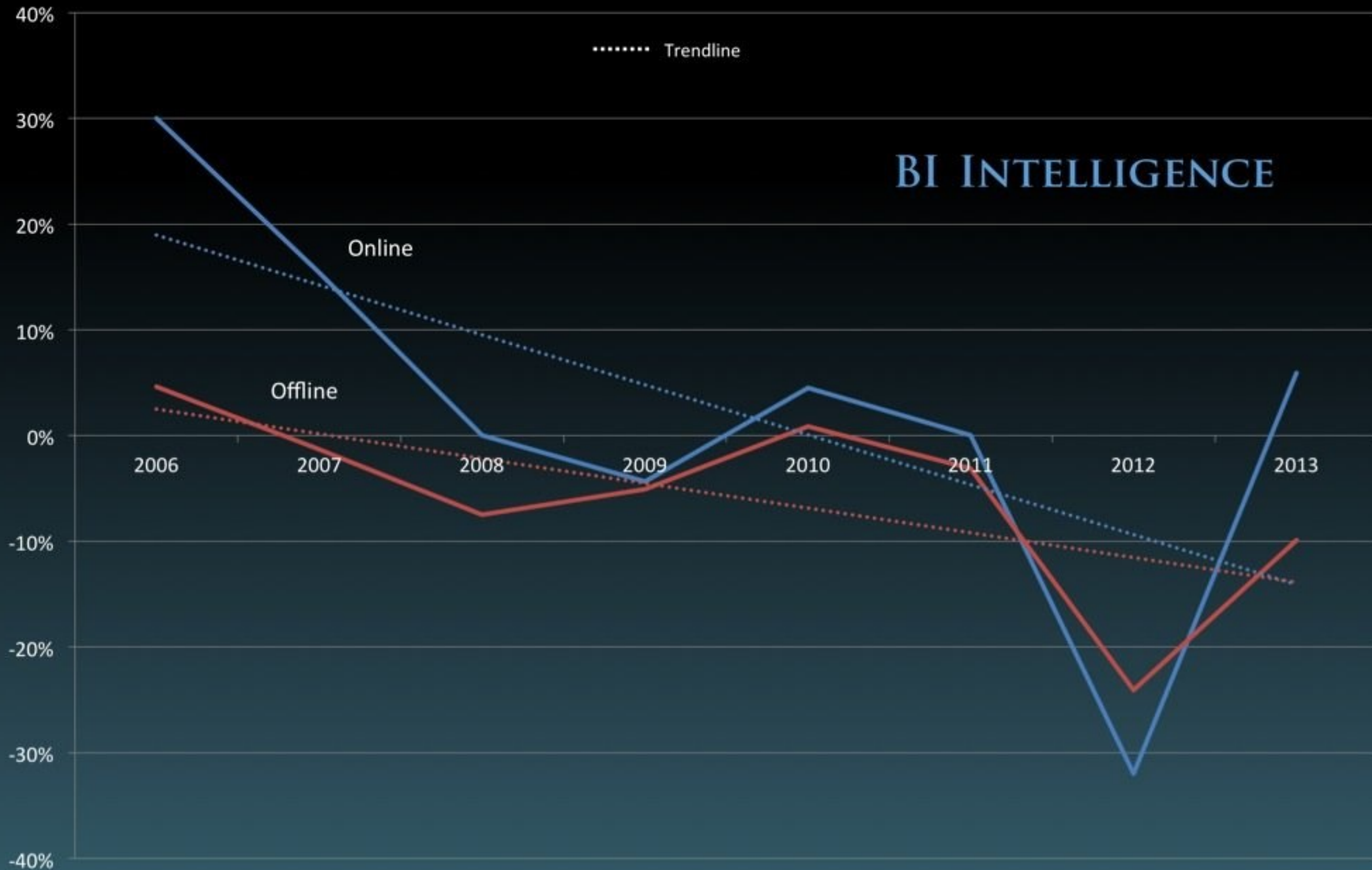
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Online Is Growing, But Overall J.C. Penney Still In The Red

BI Intelligence Estimate

JCPenney Annual Sales Growth

Global



BI INTELLIGENCE

Source: JCPenney, Internet Retailer, BI Intelligence Estimates

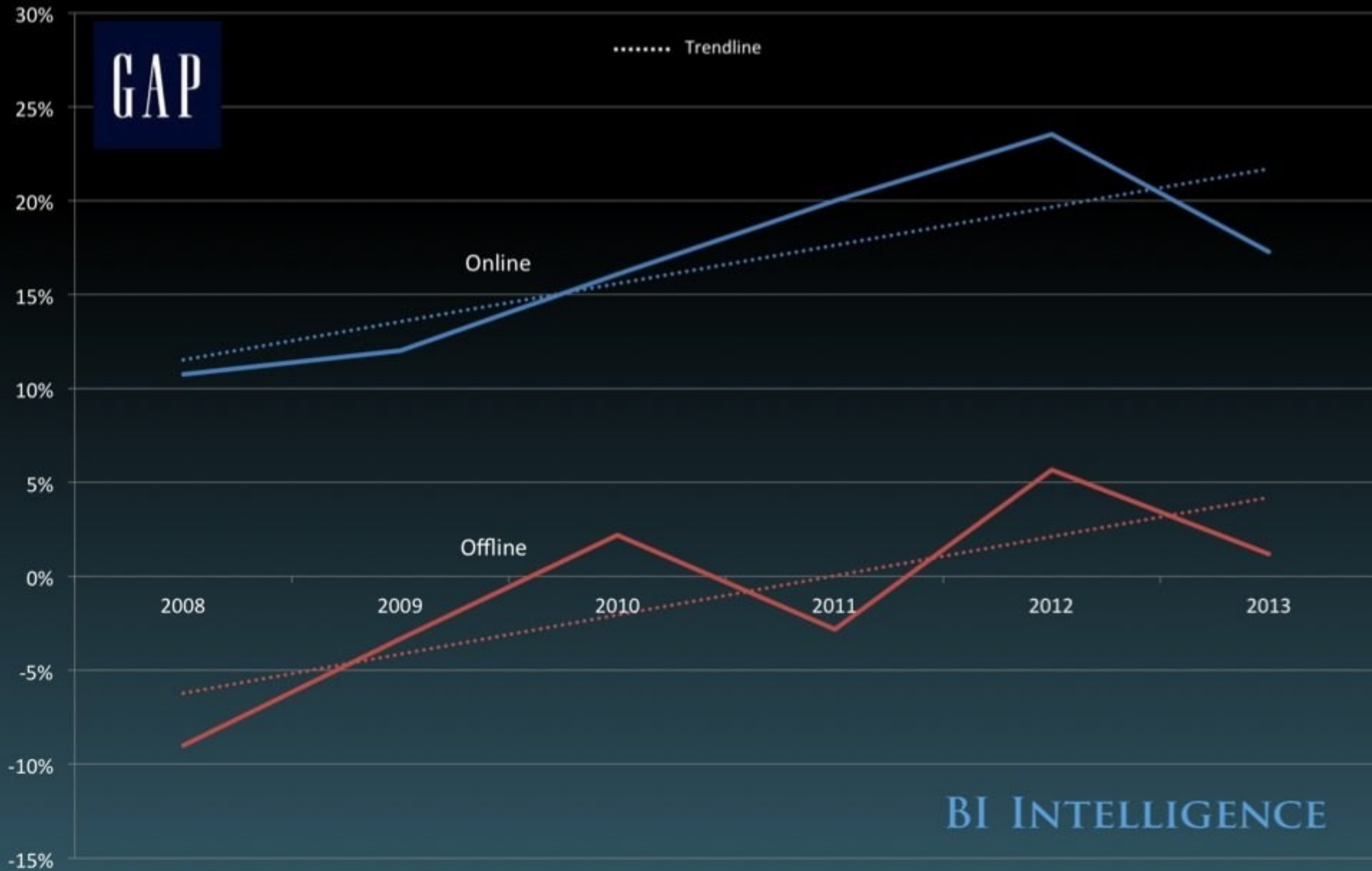
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Gap Has Done Better

BI Intelligence Estimates

Gap Annual Sales Growth

Global



Source: Gap, Internet Retailer, BI Intelligence Estimates

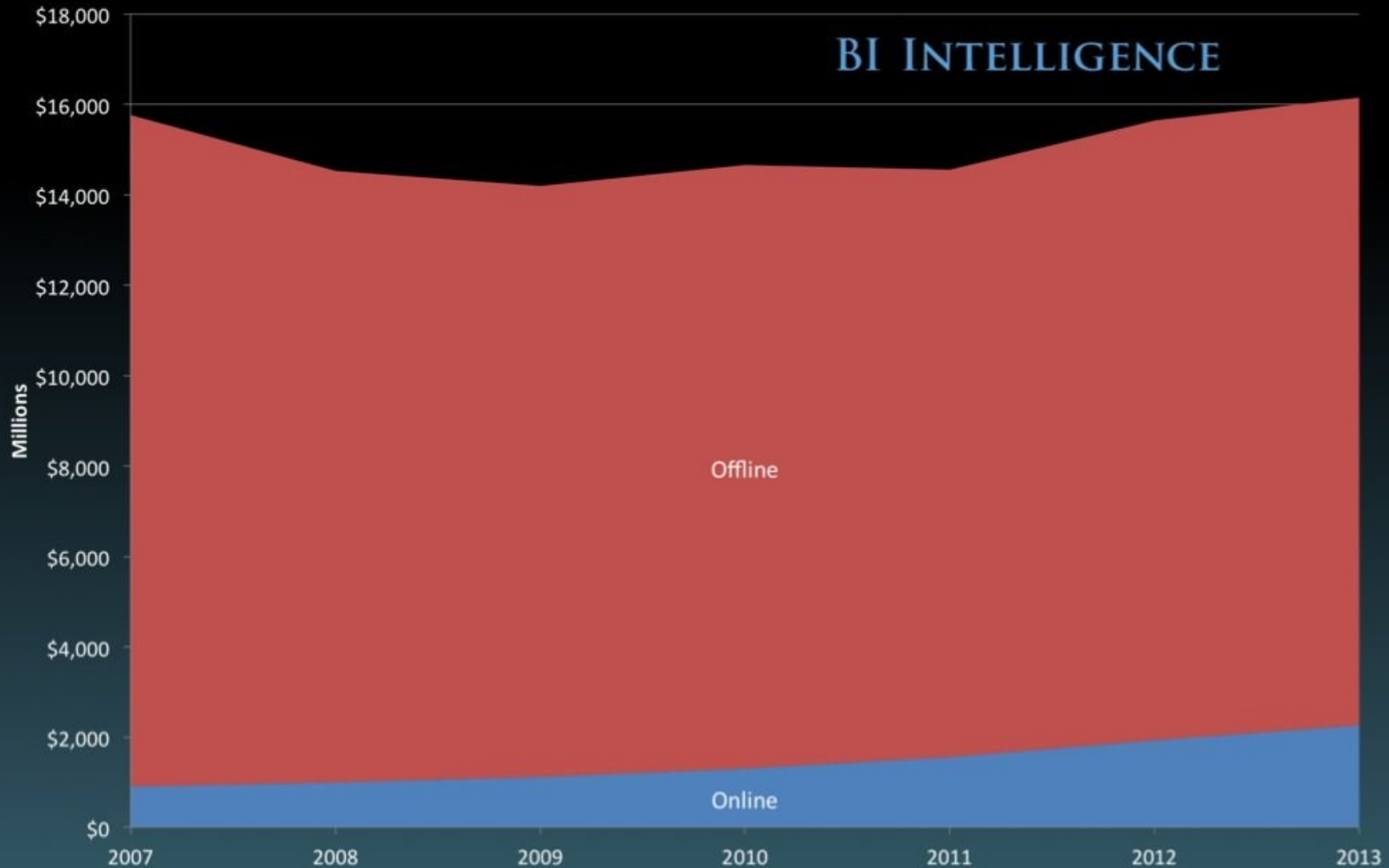
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16% Of The Gap's Total Retail Sales Are Now Online

BI Intelligence Estimates

Gap Annual Retail Sales

Global



Source: Gap, Internet Retailer, BI Intelligence Estimates

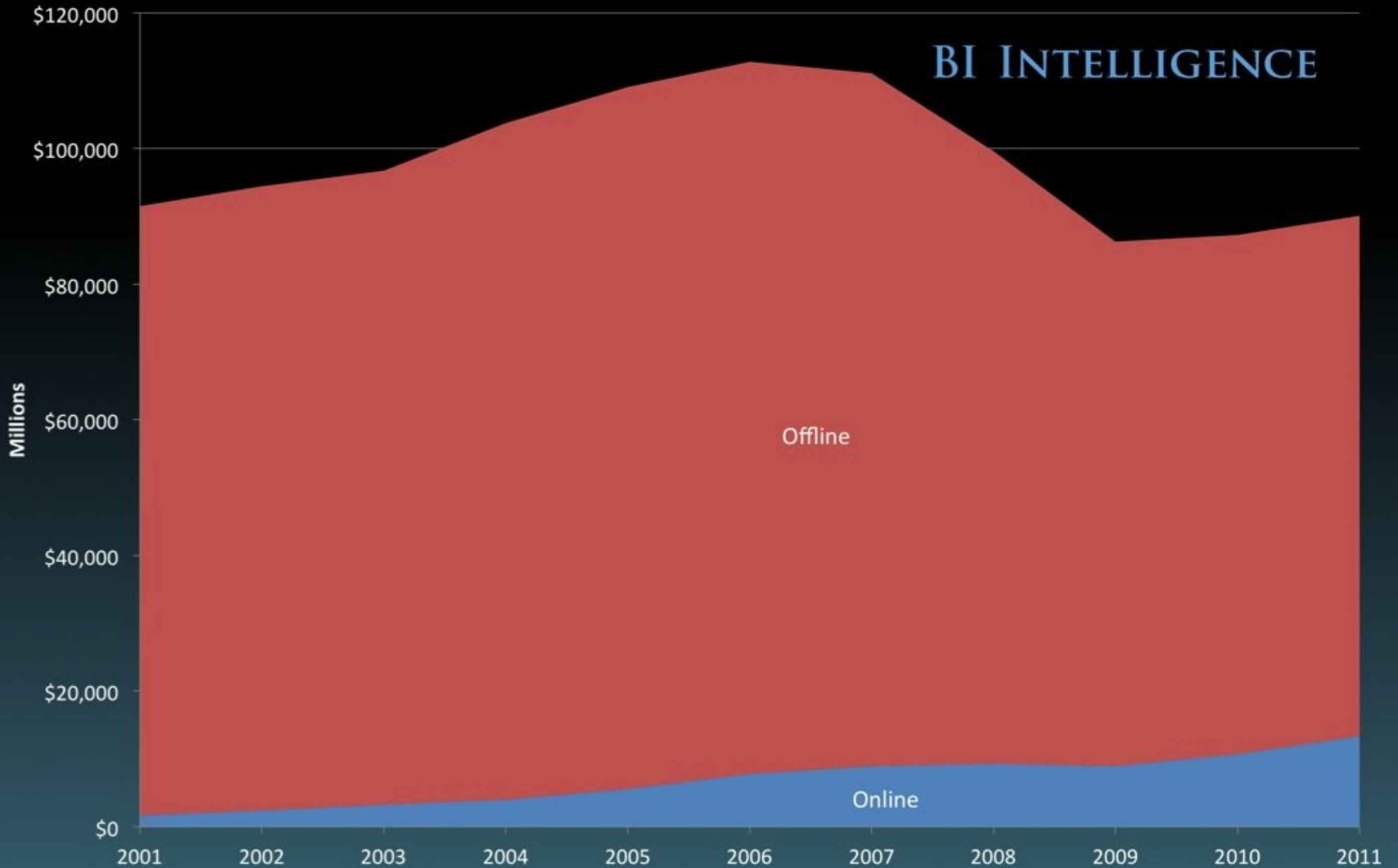
HOME AND FURNITURE



15% Of All Furniture Sales Now Occur Online

Retail Sales Of Furniture

U.S.

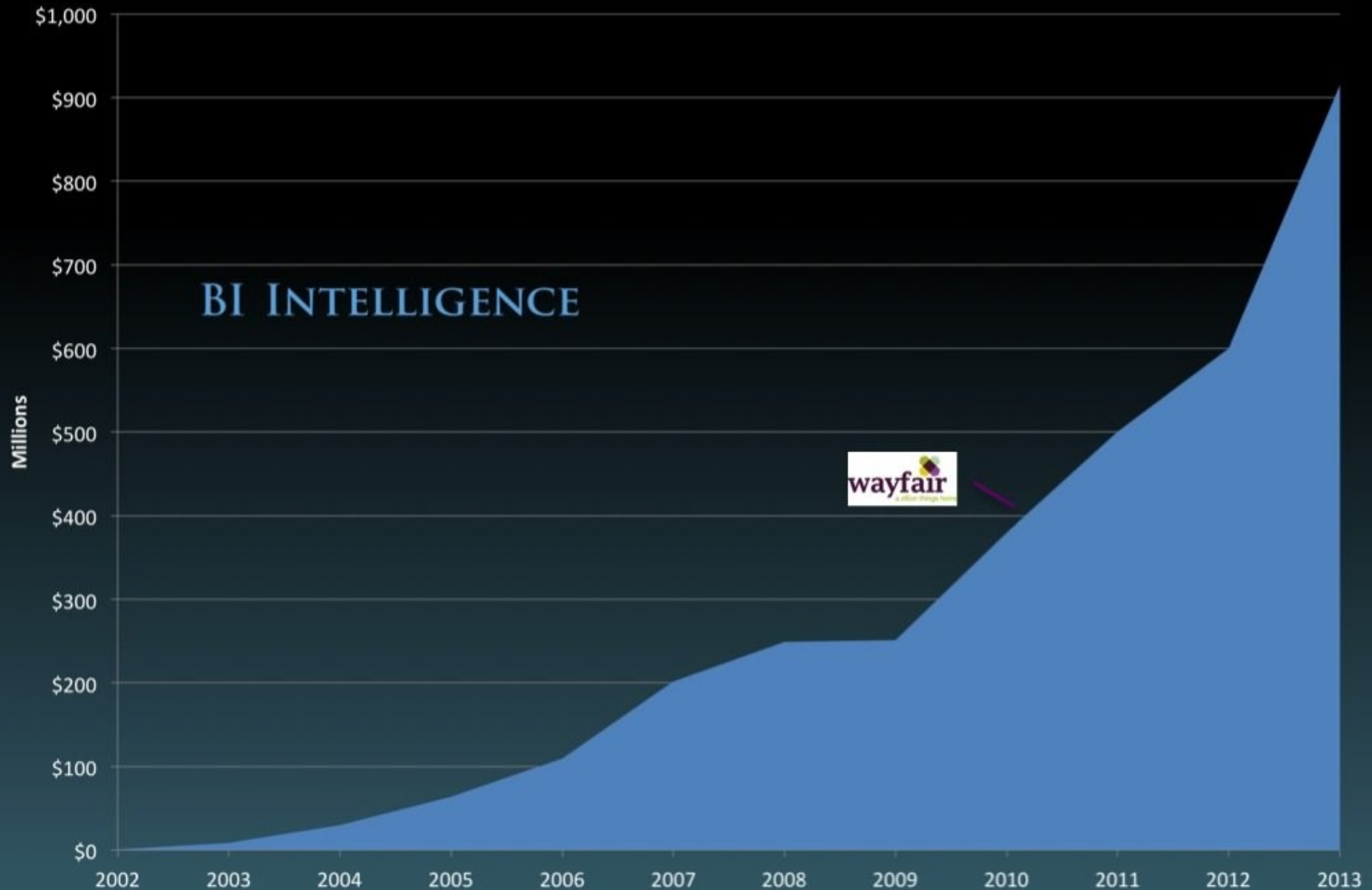


Source: U.S. Census, BI Intelligence Estimates

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Helping Fuel The Rise Of Home Goods Online Retailers

Wayfair Revenue



Source: Wayfair

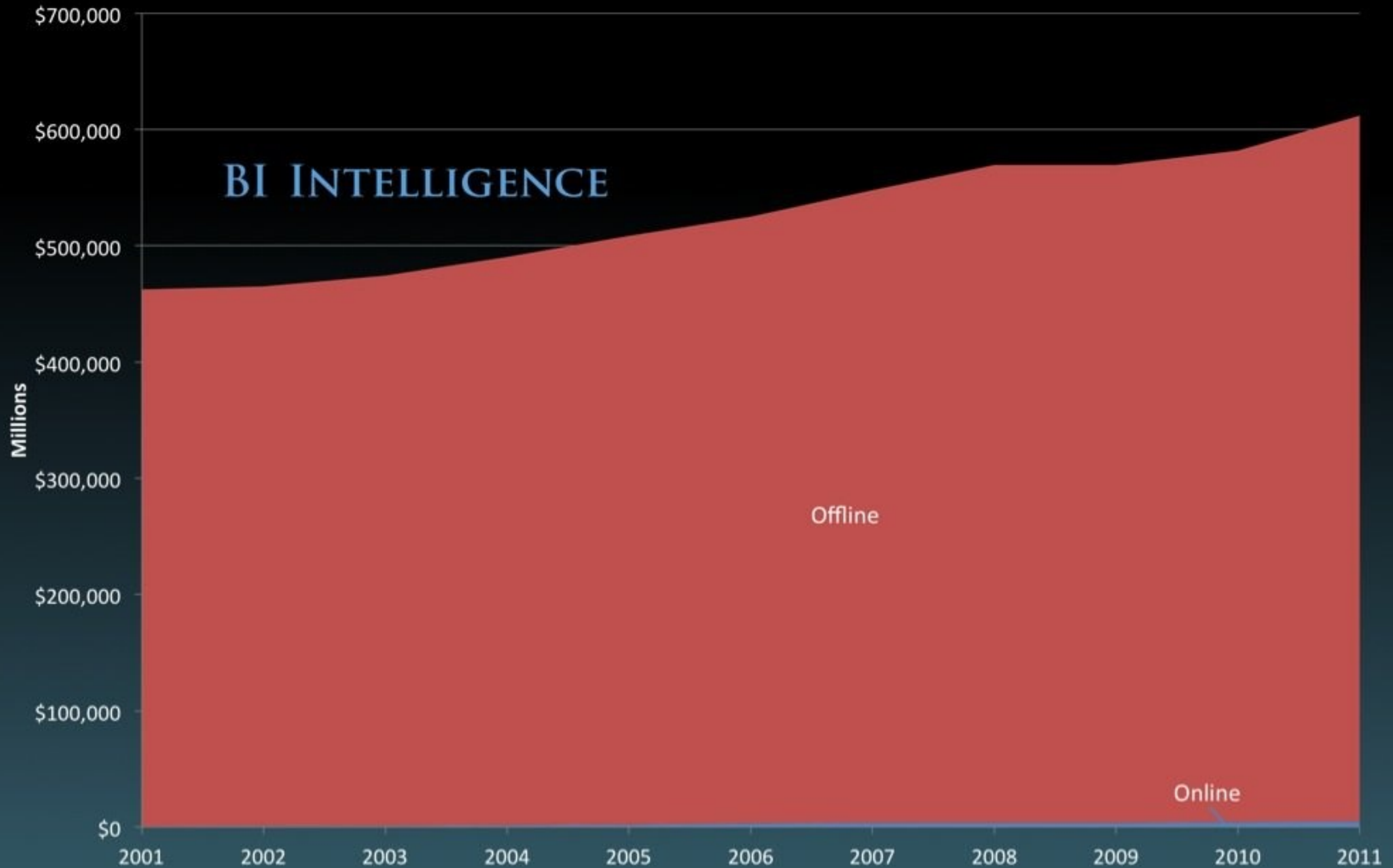
FOOD AND BEVERAGE



For Groceries, Online Sales Are Still A Blip

Retail Sales Of Food And Beverage

U.S.



Source: U.S. Census, BI Intelligence Estimates

Despite The Early Efforts Of Amazon And Others



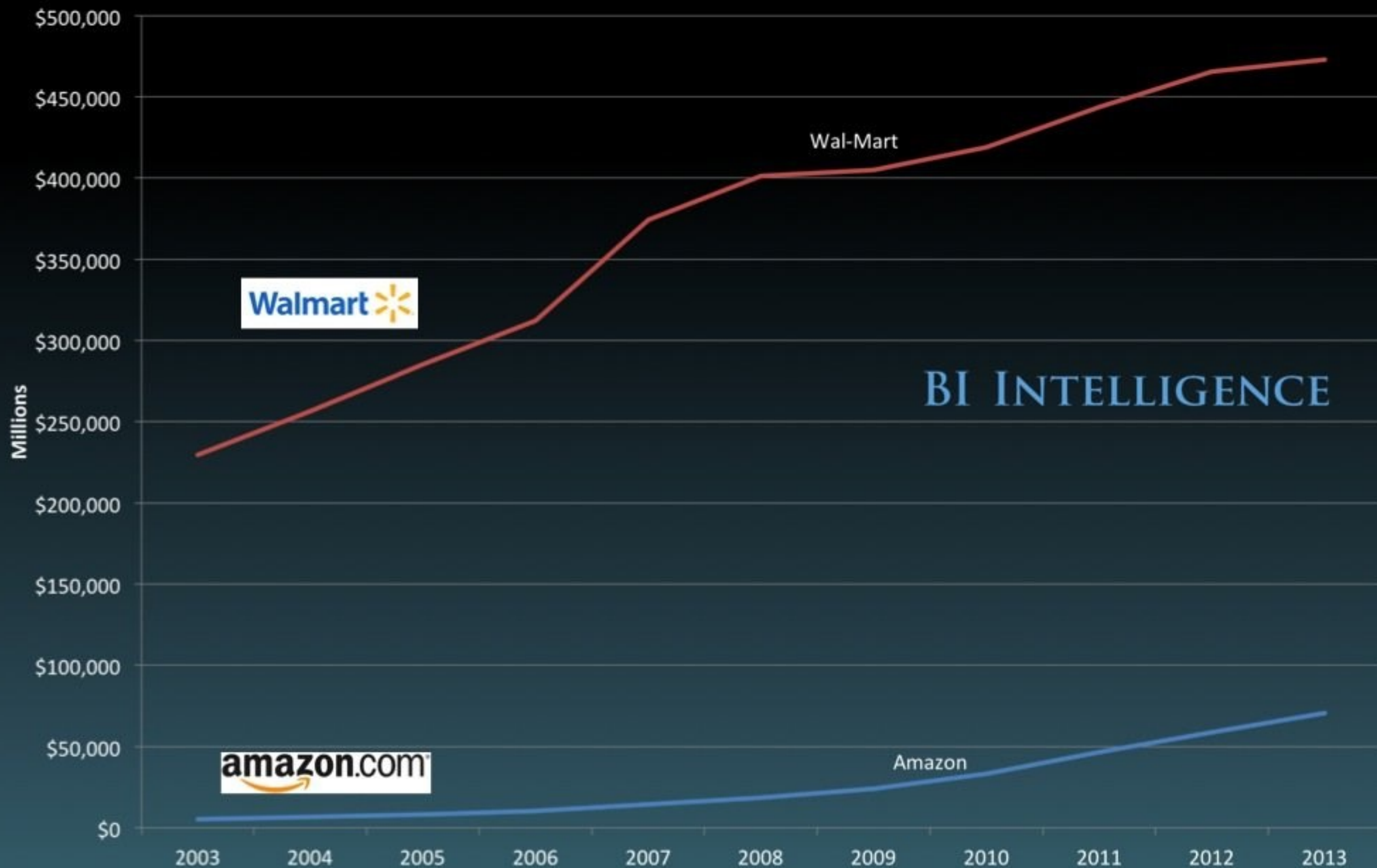
What About The 'Everything Retailer,' Wal-Mart?



Some Perspective. Wal-Mart Is Still Much Bigger Than Amazon.

Total Retail Sales: Wal-Mart vs. Amazon

Global



Source: Company Filings

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Wal-Mart's Advantage Is Still In Physical Retail

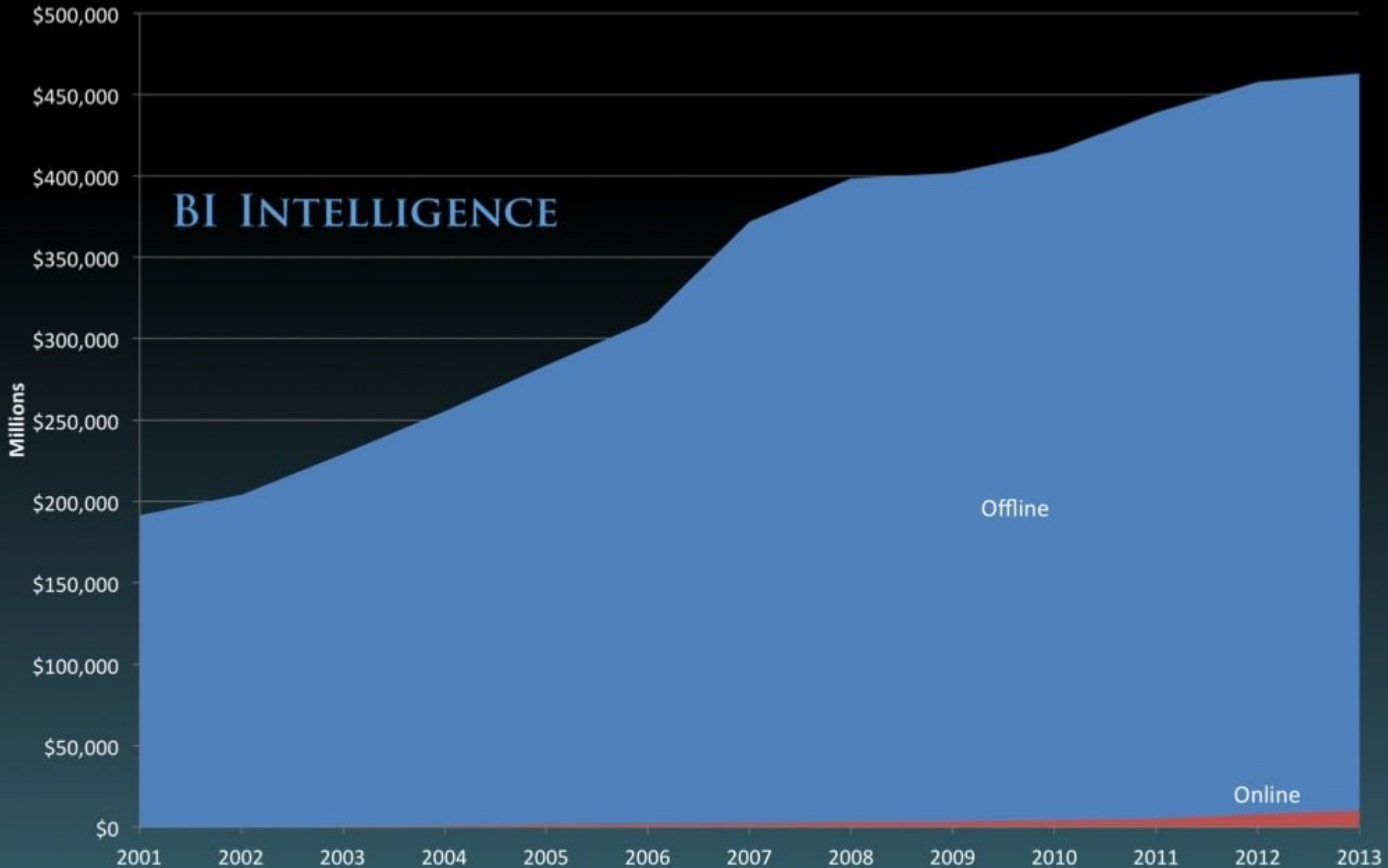
*Wal-Mart still has 4,100 stores within five miles of two-thirds of the U.S. population —
The Wall Street Journal, October 2013*

Online Is Still Just 2% Of Walmart's Total Sales

BI Intelligence Estimates

Wal-Mart Annual Sales

Global



Source: Wal-Mart, Internet Retailer, BI Intelligence Estimates

But Sales Growth Is Coming From Online

BI Intelligence Estimates

Wal-Mart Annual Sales Growth

Global



Source: Wal-Mart, Internet Retailer, BI Intelligence Estimates

And Walmart Is Investing In Social And Mobile Tech R&D

Walmart **Save money. Live better.** Online Specials to stretch your tax refund! New customer? Sign In | Help
Value of the Day | Weekly Ad | Store Finder | Registry | Gift Cards Track My Orders | My Account | My Lists

See All Departments Search All Departments Search Go My Cart (0) Choose My Store

spark Studio Inspiring ways to shop See more on Pinterest

Inspirations

Get inspired by Walmart shoppers on *Pinterest*

@WalmartLabs

Walmart

Search Shop by Dept

Value of the Day
Xbox 360 Sleek Ultimate Bundle
From \$269.00

Rollbacks
Low prices just got lower

Local Ad
Oakland, CA 94621

Find a Store

Scan & Go^{Beta}

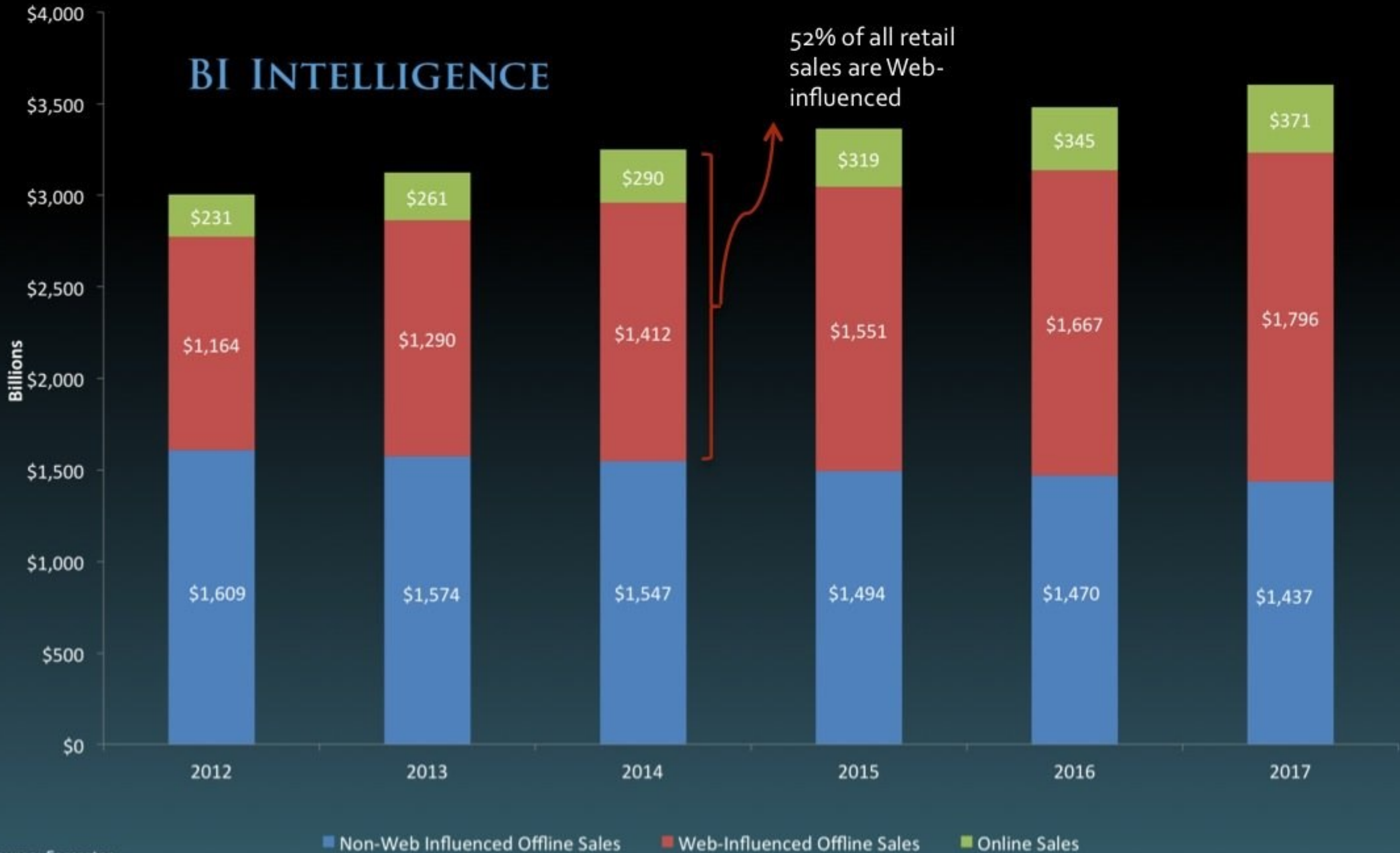
Smart shopping at your fingertips.

Learn how Scan & Go works
Now you can use your smartphone to check out in stores.*
It's as easy as 1-2-3.
[Watch the Demo >](#)
[View FAQs >](#)

**Retail Is About Offering People The Services
And Products They Want — *On The Devices
And Media They Use***

The Web

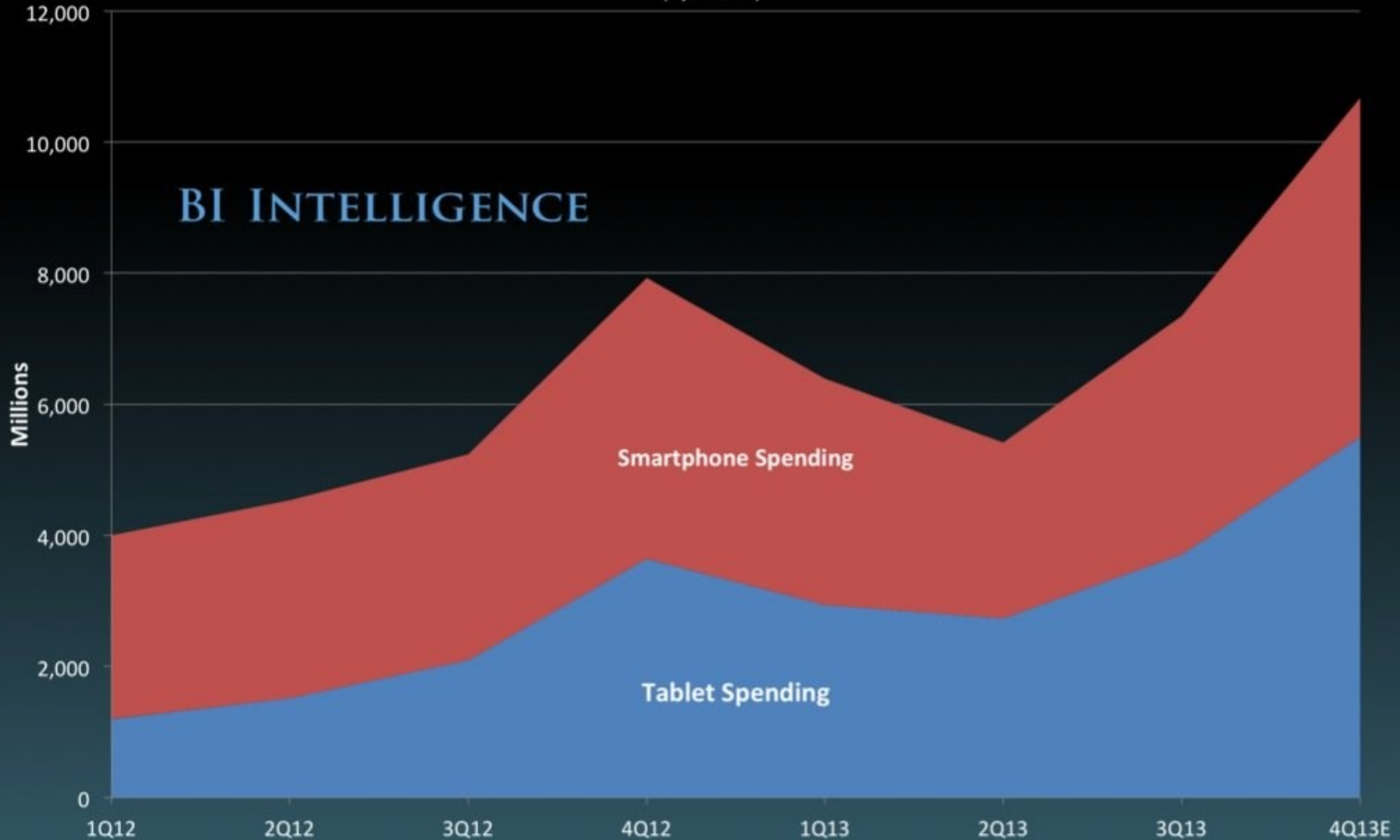
U.S. Cross-Channel Retail Sales



Smartphones And Tablets

U.S. Mobile Commerce Spending

(by device)



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Smartphone Spending

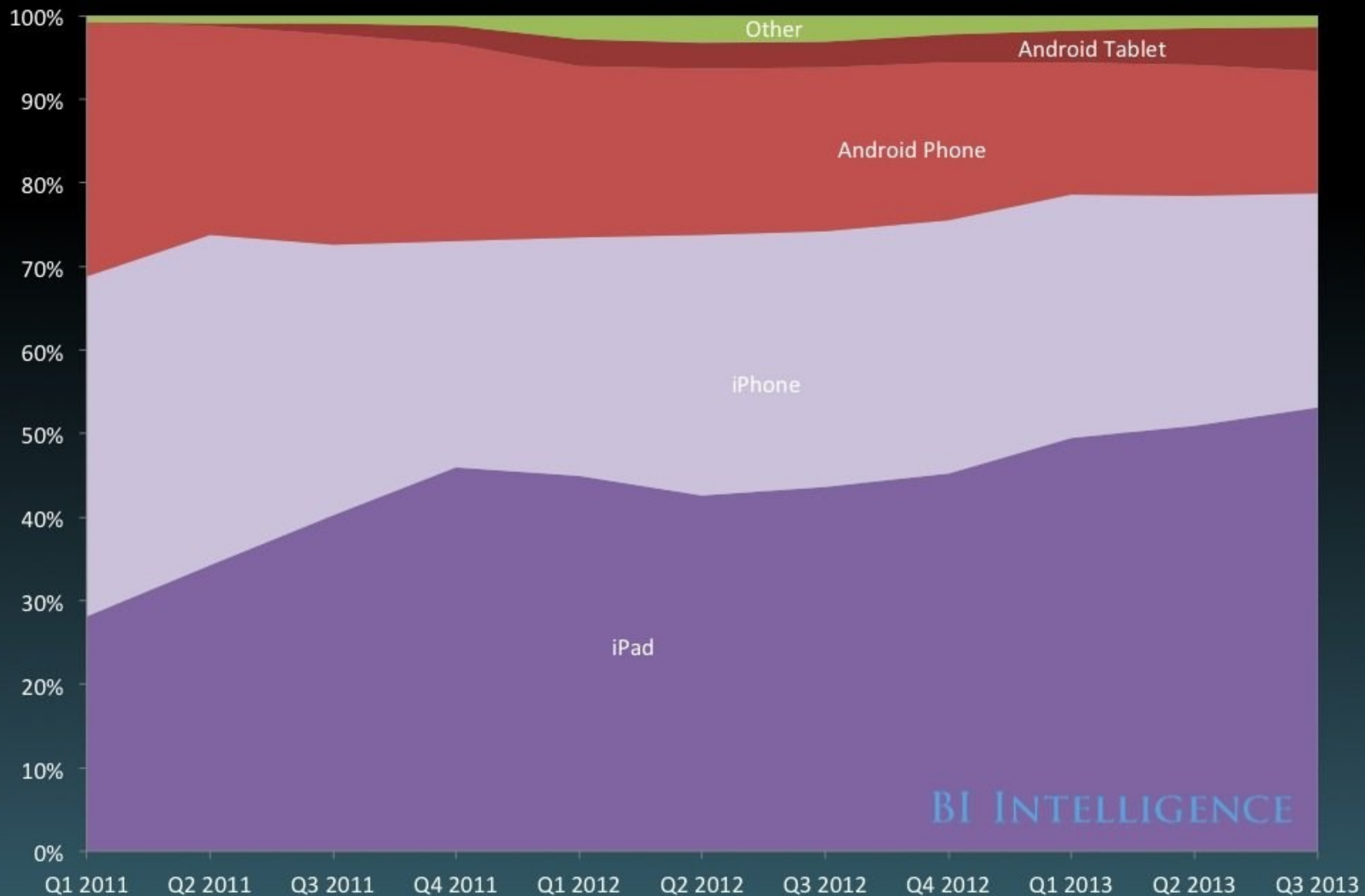
Tablet Spending

Source: BI Intelligence

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Especially iPhones And iPads. ~75% Of Traffic.

Ecommerce Website Traffic By Mobile Platform

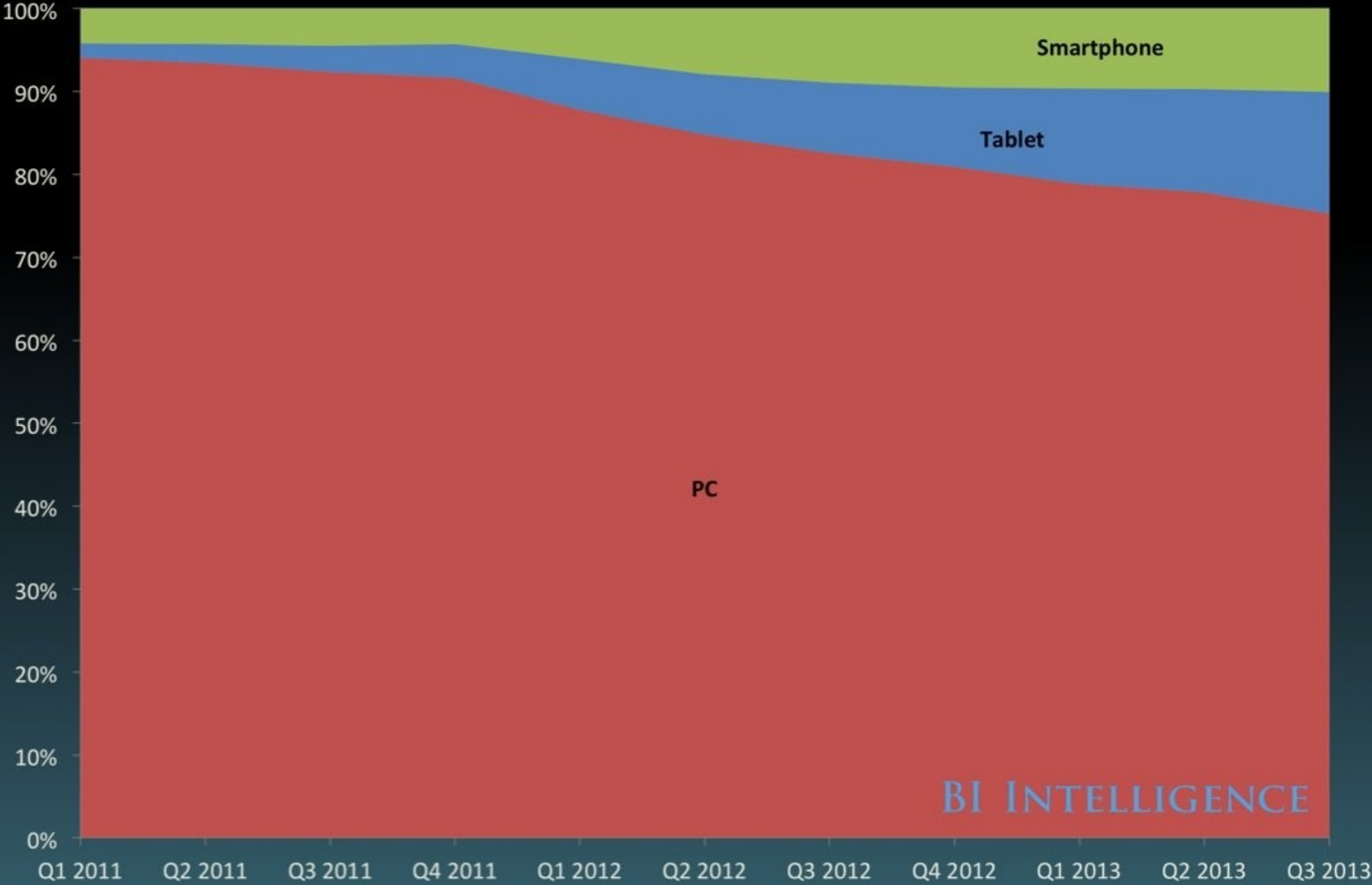


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Source: Monetate

Mobile Is Now 1/4 Of All E-Commerce Traffic ...

E-Commerce Website Traffic By Device

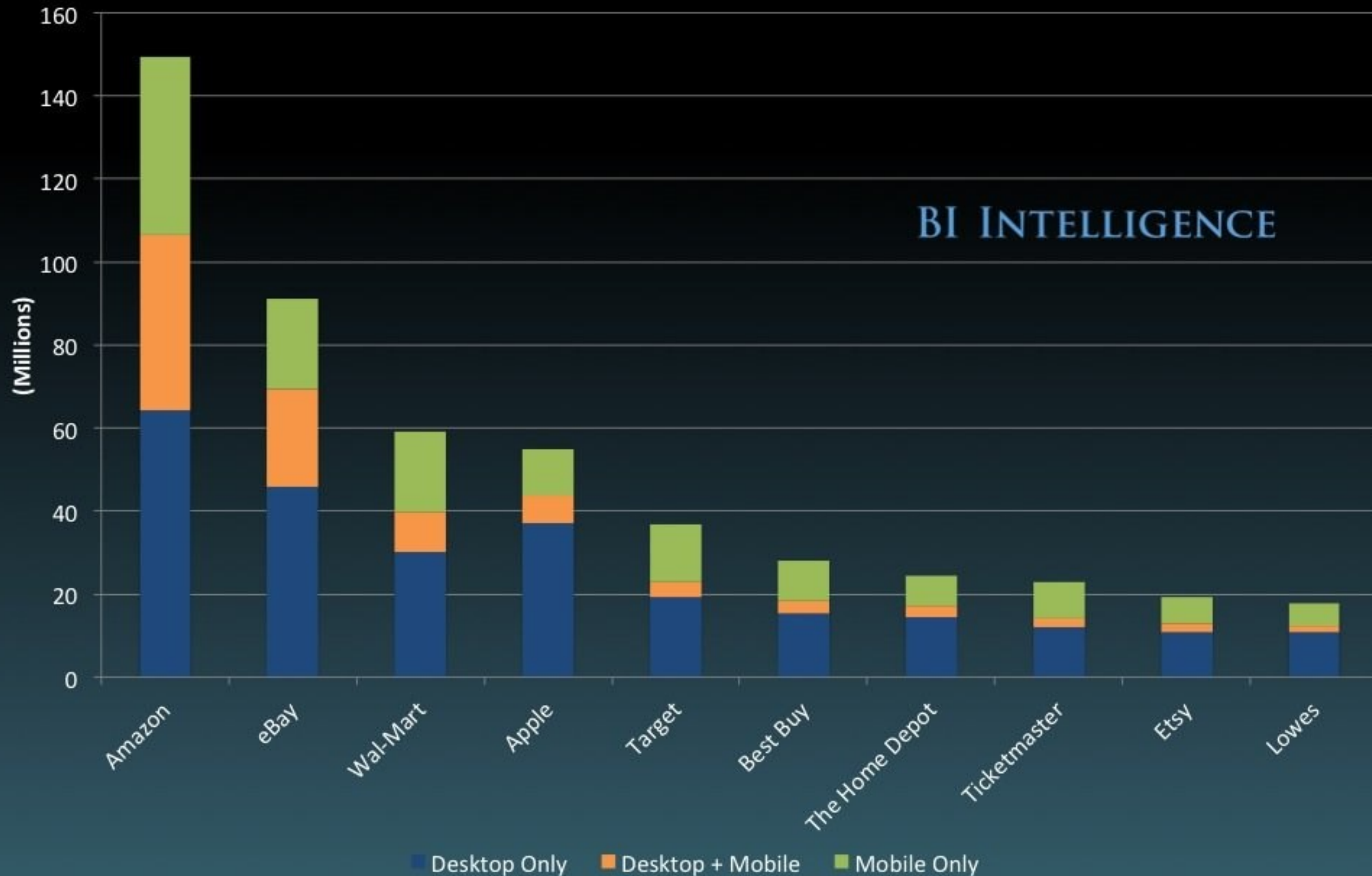


Source: Monetate

Retailers Are Finding Huge Audiences On Mobile ...

Leading Retailers' Digital Audience Population

By Device

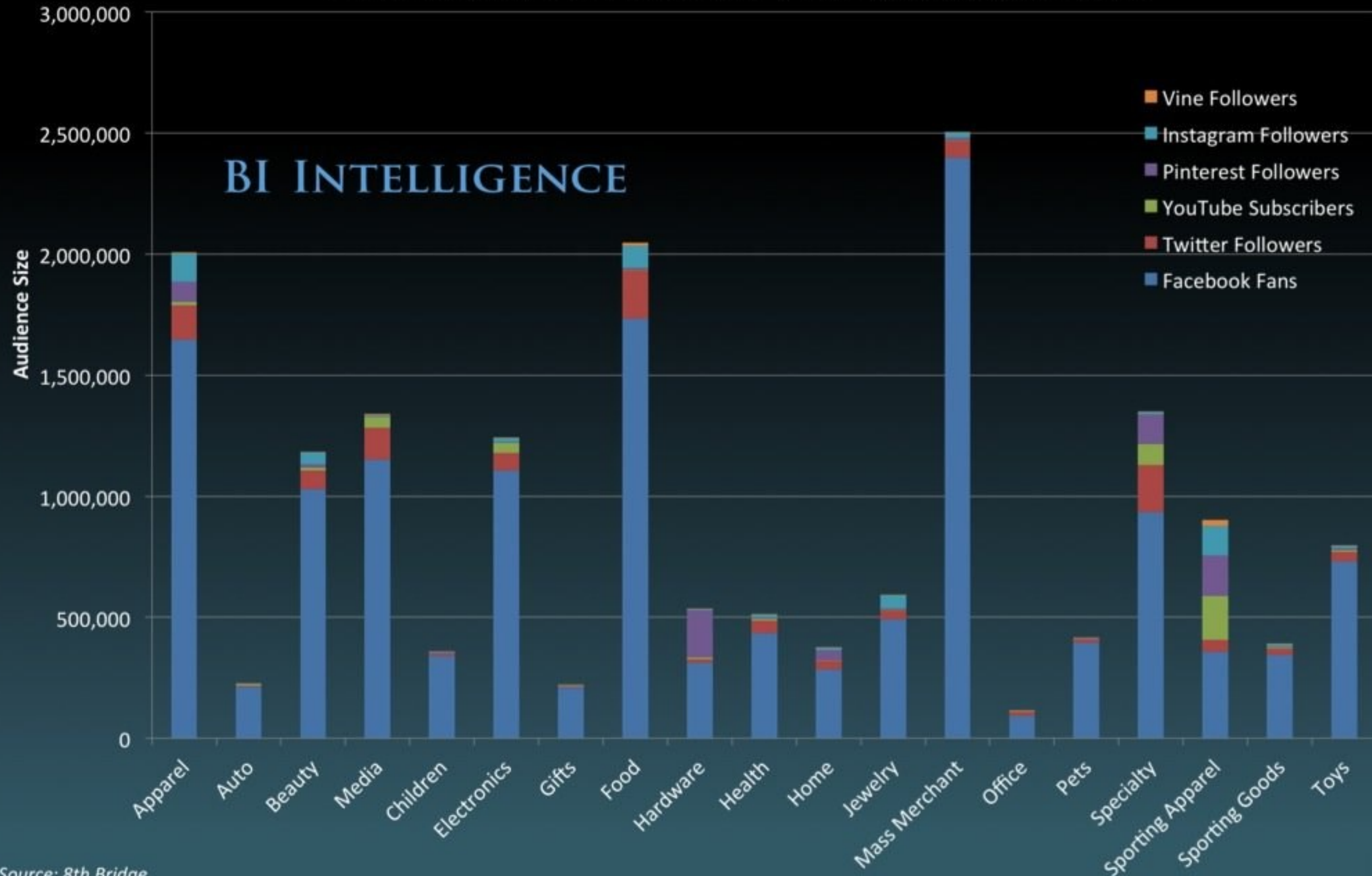


Source: comScore

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... And On Social Networks

Average Audience Size For Retailers (By Category) On Different Social Networks *(U.S.; As Of Nov. 2013)*



Source: 8th Bridge

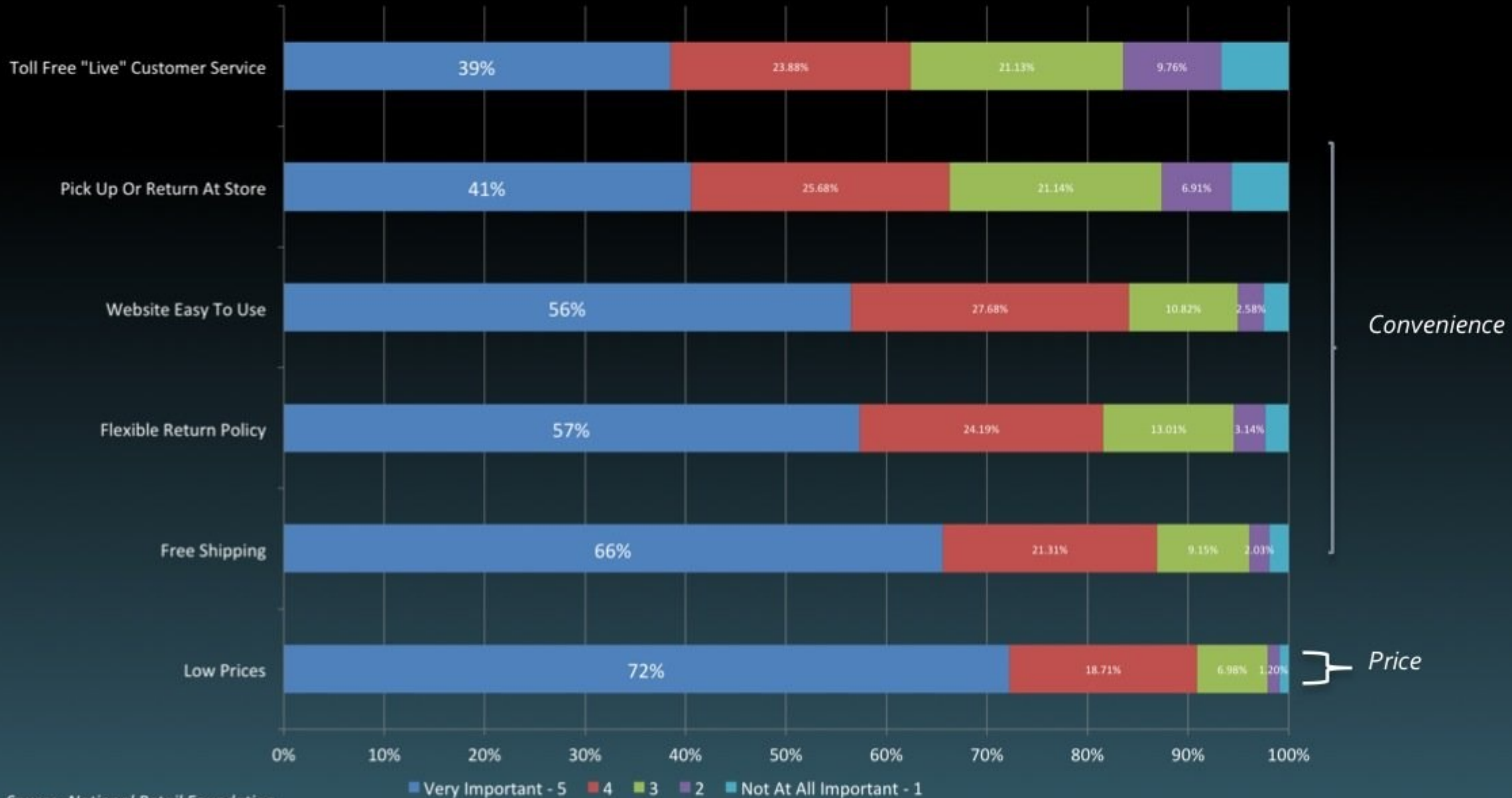
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What Do Today's Customers Want?

They Want Price *And* Convenience

Factors That Are Important To Online Shoppers (U.S.)

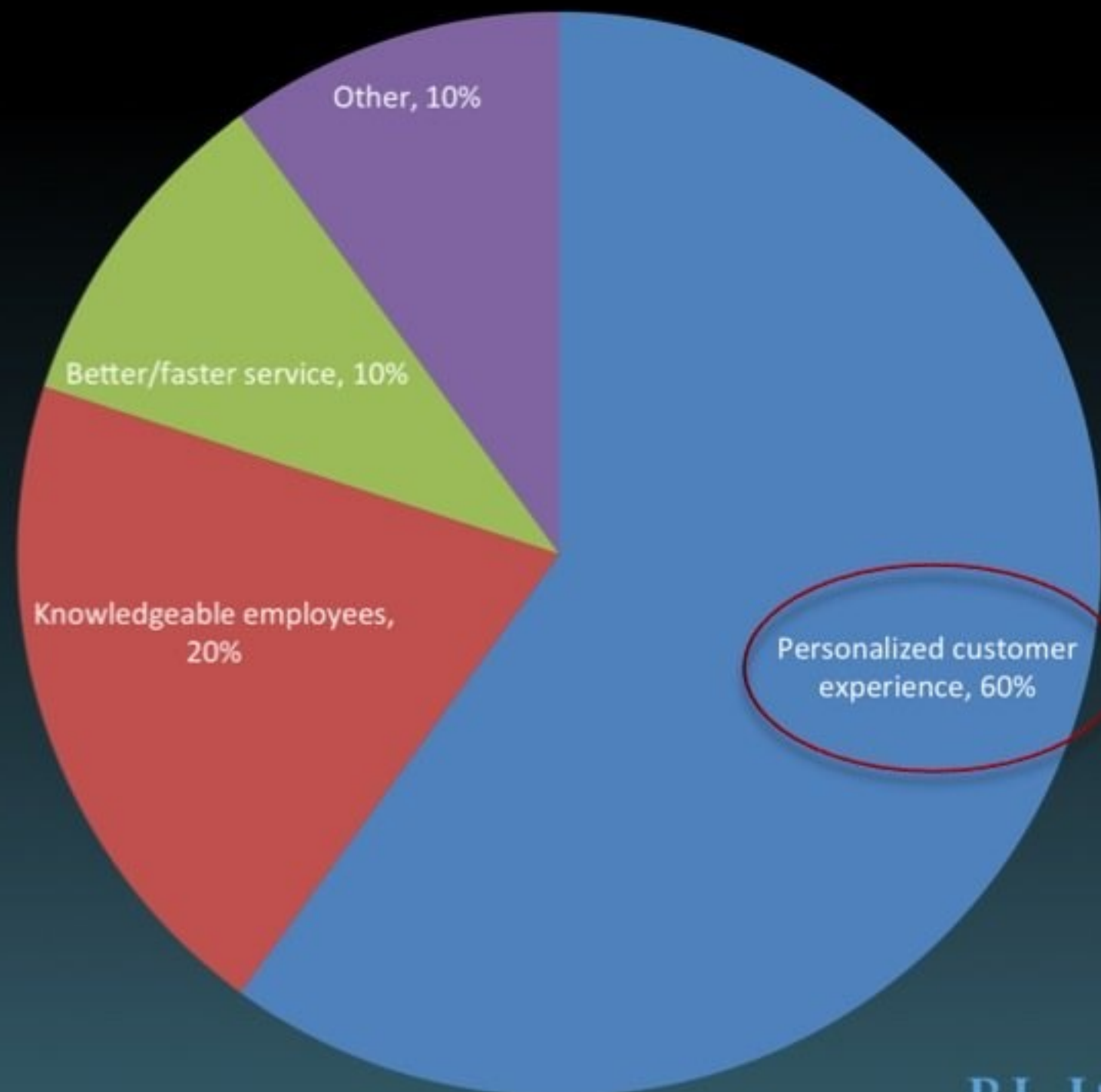
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Source: National Retail Foundation

And They Want Individualized Services And Offers

Shopping Factors That Retail Executives Say They Are Missing (U.S.)

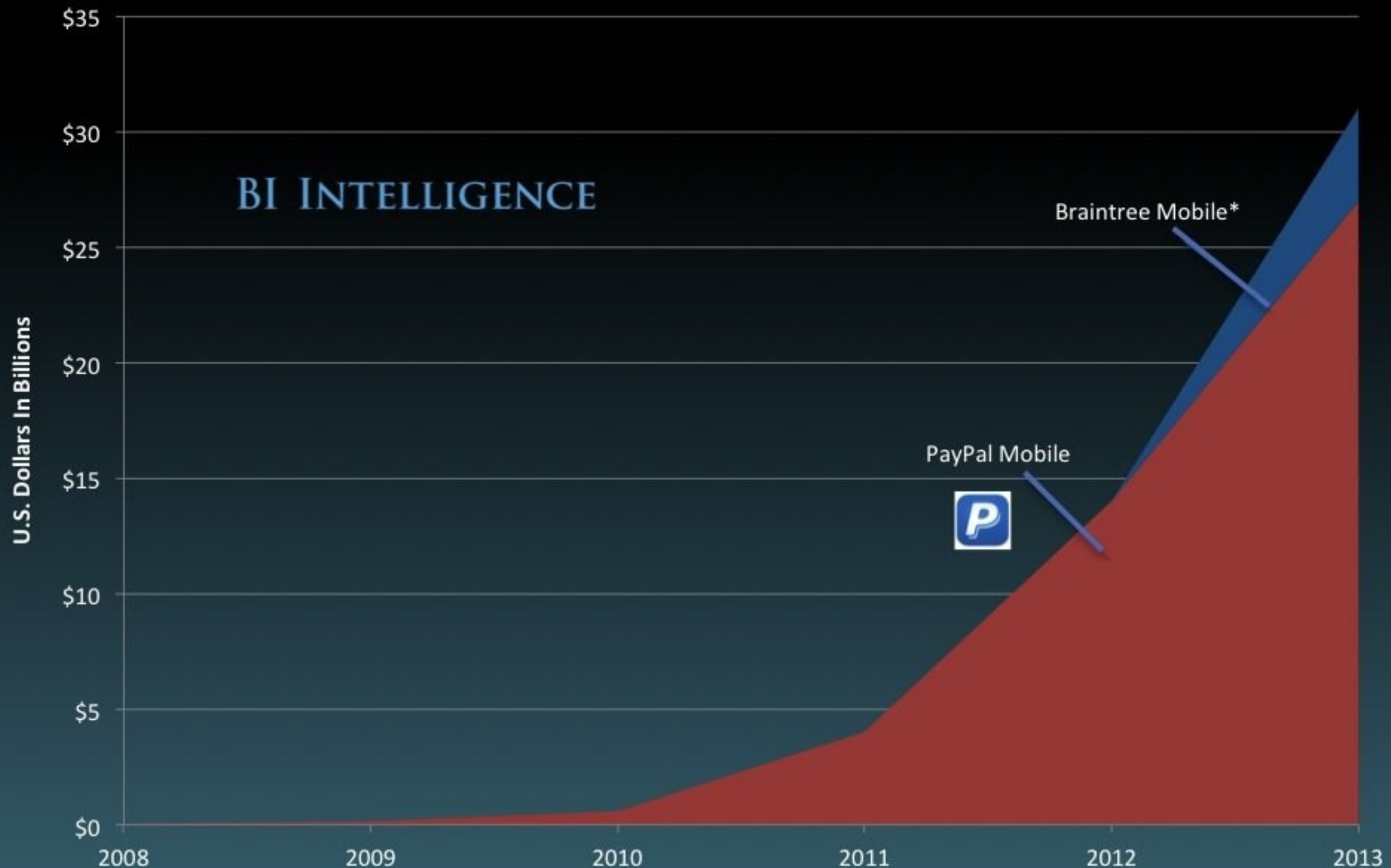


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They Want To Buy Things On Mobile! PayPal Does ~\$30 Billion In Mobile Transactions

PayPal Mobile Transaction Volume

(Including Braintree 2013)



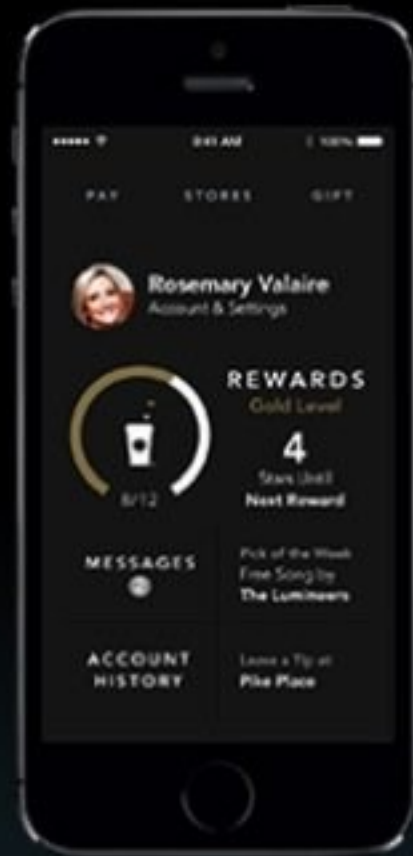
*PayPal counted a small portion of Braintree's transaction volume as its own in the last 12 days of Q4 2013.

Source: PayPal

PayPal purchased Braintree in late 2013.

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Starbucks Payments App Does It All

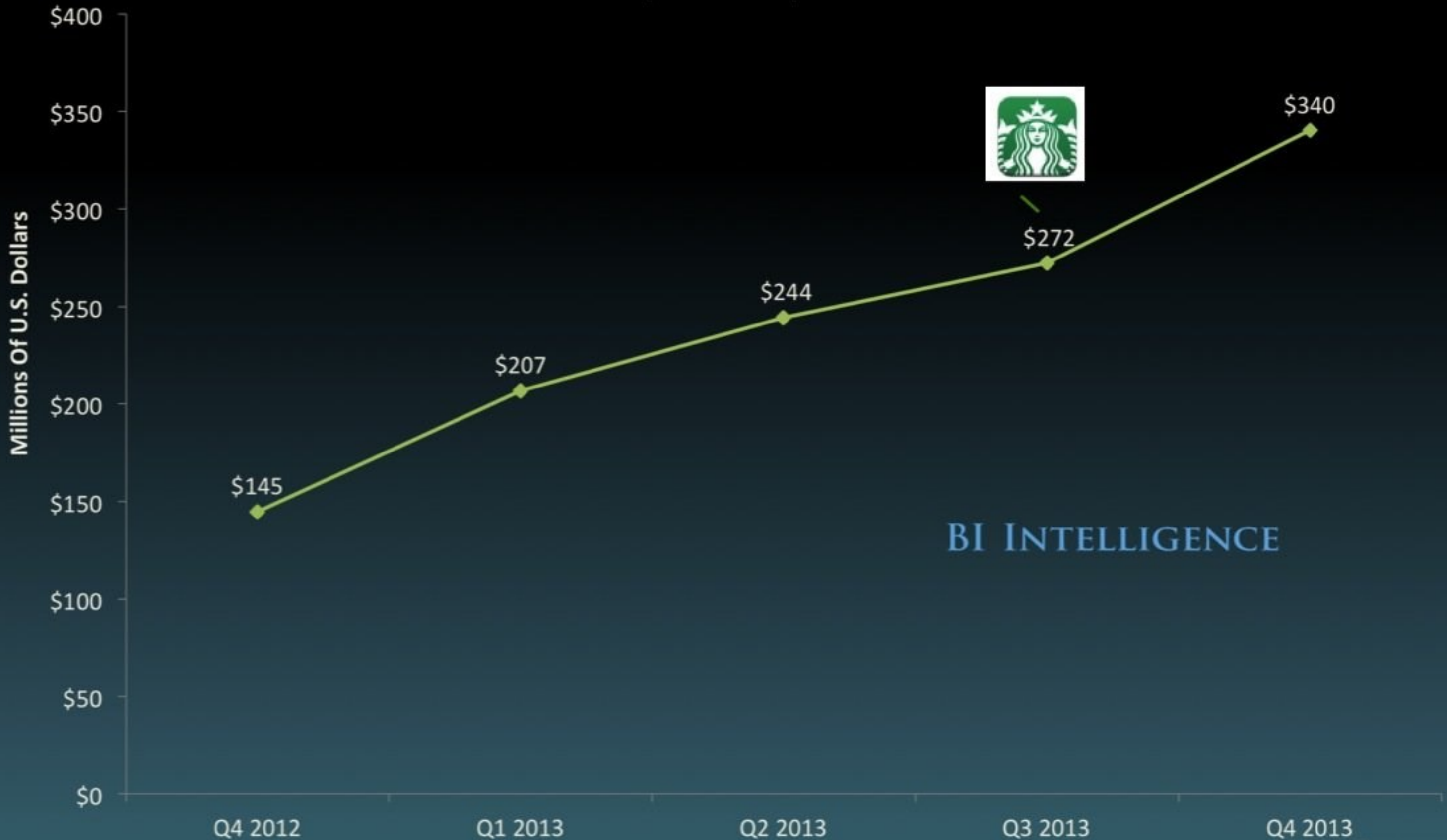


Images: Starbucks And Square

Which Is Why It Is So Successful: \$1 Billion In Annual Volume!

Starbucks Mobile Payments Volume

(United States)



Source: Starbucks's Statements, BI Intelligence Estimates

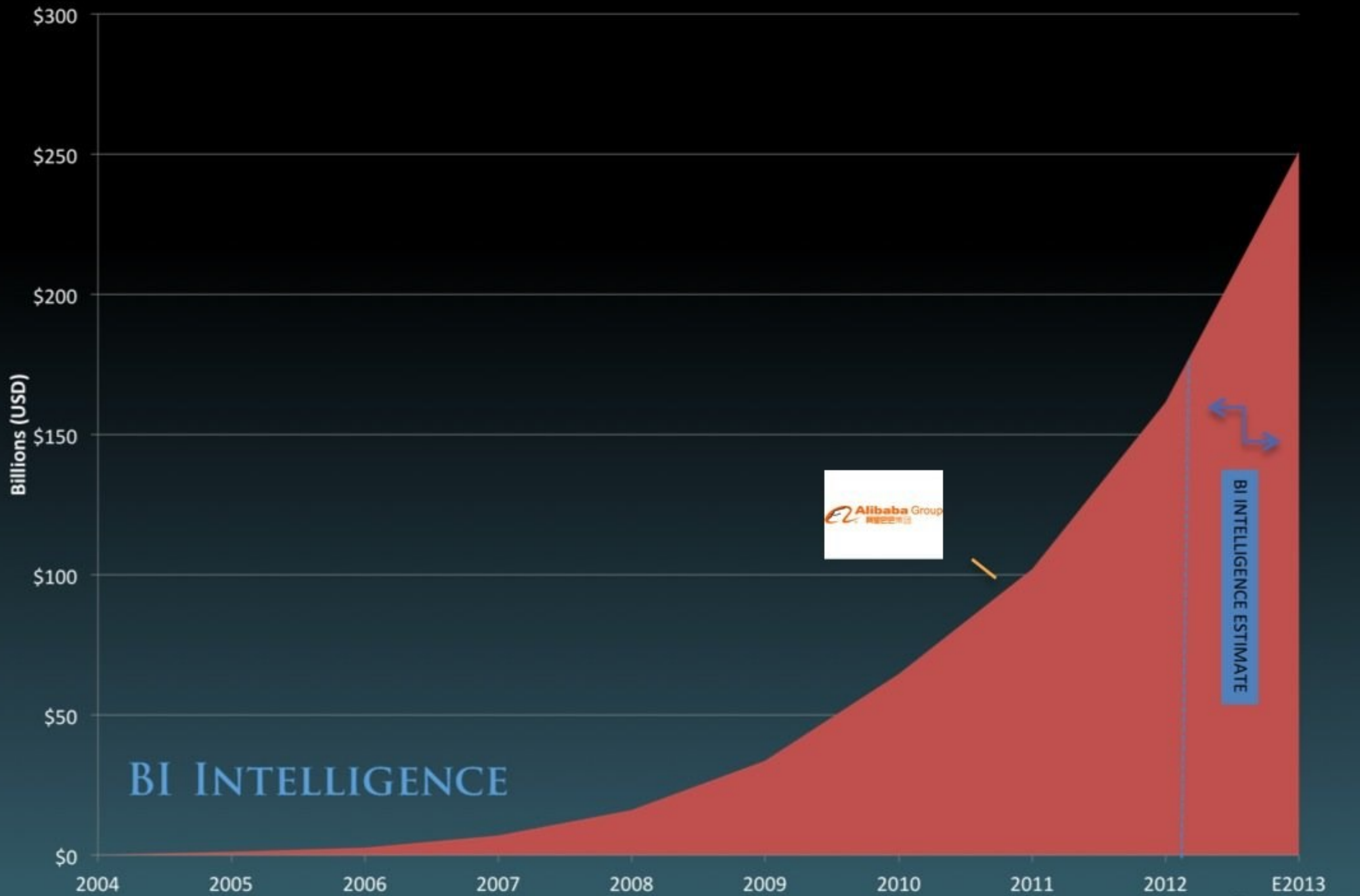
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The Shift To Online Retail Is Global



Alibaba Drives \$157 Billion In Gross Merchandise Value

Taobao And Tmall Annual Retail Sales Volume

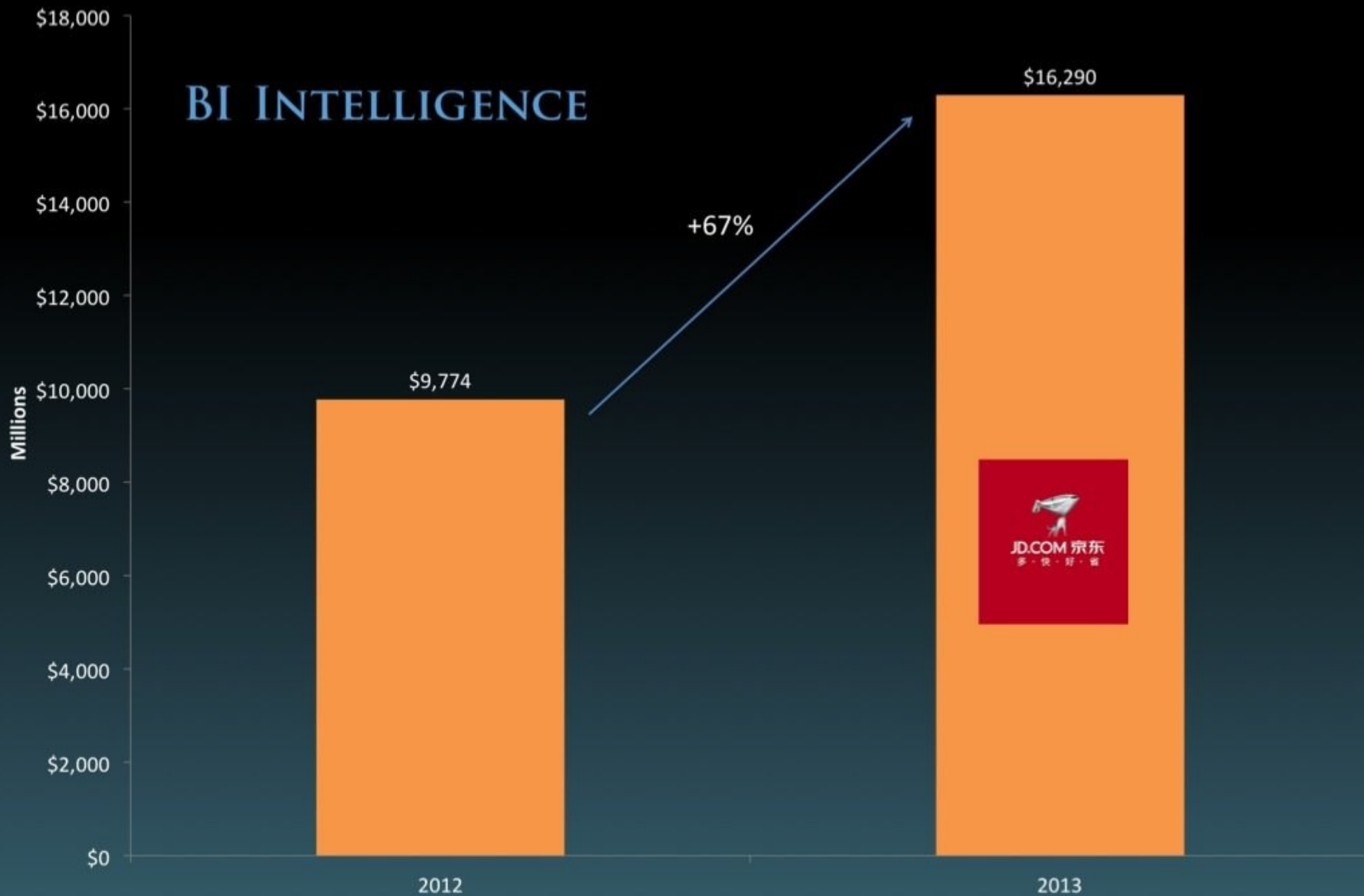


Source: Alibaba, BI Intelligence Estimate for 2013

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China's JD.Com Saw Sales Boom Last Year

JD.com E-Commerce Sales

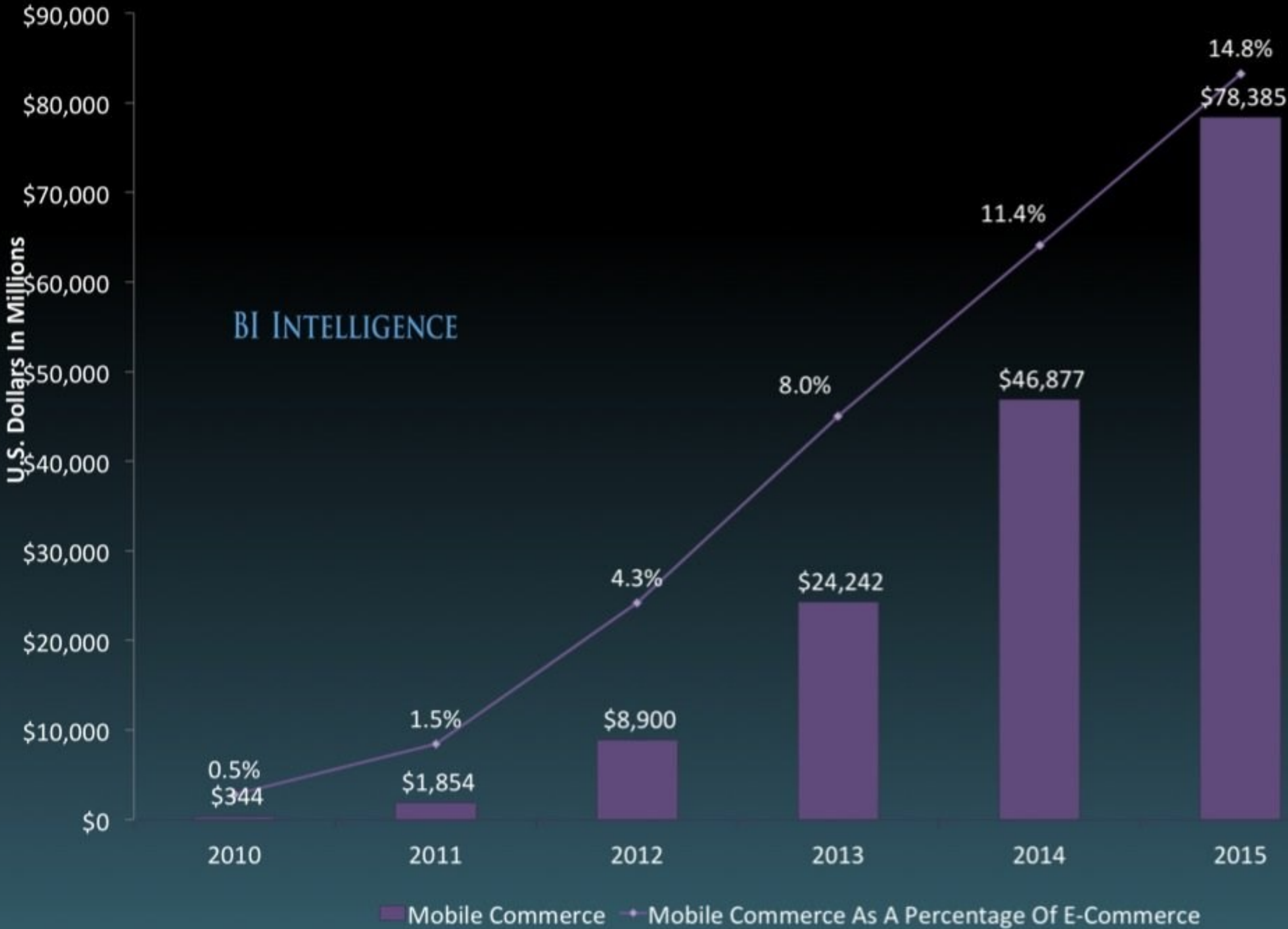


Source: JD.com

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Mobile Will Account For 15% Of Chinese E-Commerce Sales

Mobile Commerce In China



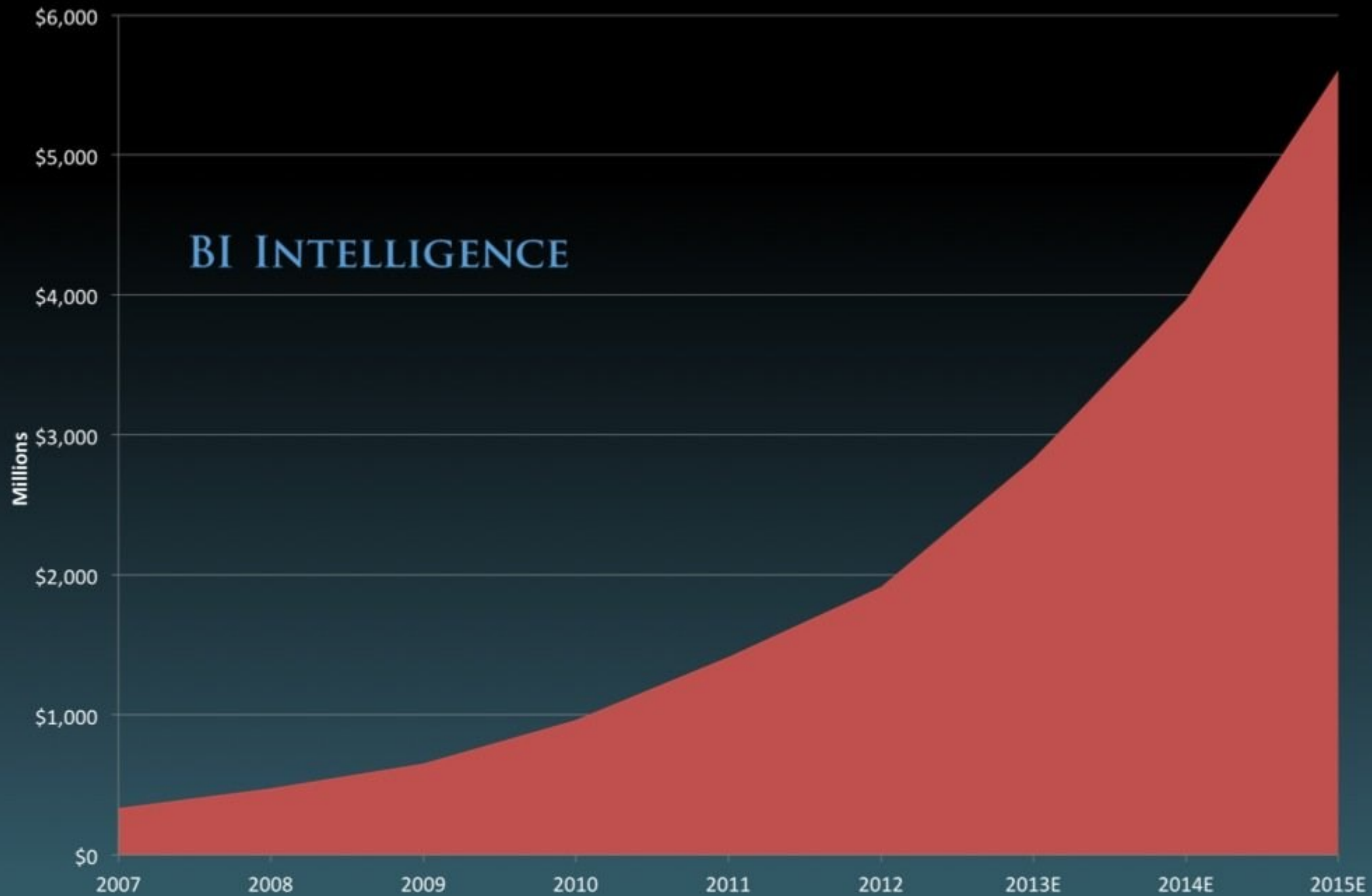
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Mobile Commerce — Mobile Commerce As A Percentage Of E-Commerce

Source: Credit Suisse September 2013, Morgan Stanley 2013, BII Analyst Estimates

E-Commerce Is Taking Off In India, Too

India E-Commerce Sales



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THE FUTURE OF RETAIL: 2014

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