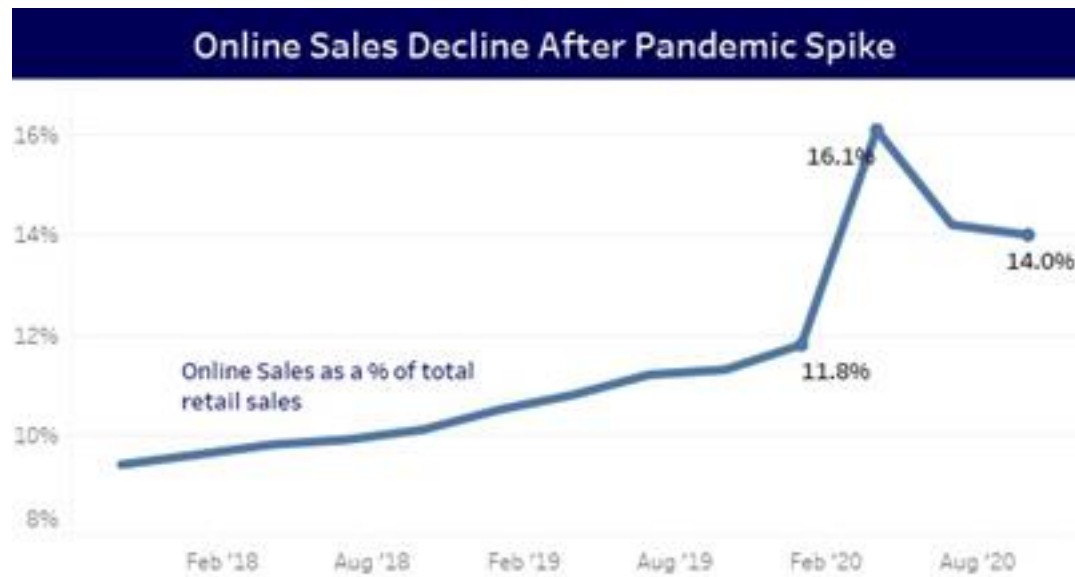


## Will Online Retail Sales Growth Stick After the Pandemic?

The Census Bureau recently released the [data for online sales for the fourth quarter of 2020](#). It shows Americans have changed how they shop during the pandemic. We are now buying much more from online retailers than we did before, but less than we were when the pandemic was at its worst and we were tethered to home.

**What happened?** Online sales share of total retail sales has been rising for years. Back in 2010, after the Great Recession, online sales were just over 4% of all retail sales. That share had risen over a decade to about 12% prior to the pandemic (it is somewhat surprising, given the ubiquity of large online sellers the share was not larger). In the second quarter of 2020 when lockdowns were widespread that share spiked to over 16%. Then it fell to about 14% in the third and fourth quarters of last year.



Online retail was going to continue growing regardless of the pandemic, but the virus accelerated the trend – at least for the time being. The pullback since the height of the pandemic is interesting because it raises the question of whether the shift to online will cause a one-time shift, or whether we will return to the previous trend.

**It is hard to predict consumer behavior.** Right now, it seems likely that there will be more of a reversion to the prior trend, but maybe not all the way. There is pent up demand to get out of the house and back to more what-used-to-be normal behavior. That may drive down the share of online shopping more as we move past the virus. However, some of the new online shopping habits are likely to stick.

**Why it matters:** Brick-and-mortar stores that do not have a large online presence have known for years they need to adapt, and many of them have plans to do so. But if COVID permanently accelerates the amount of online shopping, those plans may become inoperative because of the

faster timeline. This matters for the businesses, their employees, their shareholders, other financiers, vendors, landlords, and the financiers of the landlords.

In the aftermath of COVID, this will be one of the more interesting economic stories to watch. One that could have far-reaching ramifications.

—Curtis Dubay, Senior Economist, U.S. Chamber of Commerce