INDUSTRY UPDATE: eCommerce

Introduction

In 2024 almost two-thirds of the earth's 8 billion people use the internet—a ratio that has doubled in the past ten years—so it is no wonder that on-line shopping has also become so ubiquitous. [See source.] With that growth in penetration has come lofty consumer expectations regarding on-line shopping to the point that, today, many consumers actually expect a personalized experience—curated to their needs and preferences. We will explore some of the trends and technologies enabling and even driving the fulfillment of consumers' rapidly evolving demands, but first let us consider the size and trajectory of the eCommerce sector.

Worldwide, retail eCommerce sales are now expected to reach $4.1 trillion in 2024, up from $2.2 trillion in 2019, with a forecast of $6.5 trillion by 2029—59% higher than this year. Food tops the list of major categories at $0.68 trillion today but with a projected value of $1.23 trillion by 2029—up 88%. Fashion ($0.77 trillion today, $1.18 trillion forecast in 2029) is also expected to grow exceptionally by some 53%. DIY and hardware, media, furniture, consumer electronics, beverages, beauty and personal care, household appliances—the list of categories enjoying exceptional growth via eCommerce is long and varied. [See source.]

> *Internet sales have played an increasingly significant role in retailing. In 2023, e-commerce accounted for over 19 percent of retail sales worldwide. Forecasts indicate that by 2027, the online segment will make up close to a quarter of total global retail sales.* [See source.]

The phenomenal growth in the sector is geographically diverse as well. In the US, eCommerce sales total $1.2 trillion today with an expected $1.8 trillion by 2029. Europe accounts for about $0.633 trillion in 2024 with a projection of just under $1 trillion by 2029. The Middle East adds another $0.14 trillion today and is expected to almost double to $0.27 trillion by 2029. Although we will not address it further in this Update, the single largest eCommerce market is undoubtedly China at $1.5 trillion in 2024, so it is no wonder that major Chinese players such as Schein and Temu are busily entering these other regional markets to participate in the sector's expected growth. [See source 1, source 2, source 3.]

In the US in 2023, Amazon dominated the eCommerce retail scene with approximately 38% of sales revenue, followed by Walmart (6.4%), Apple (3.6%), eBay (3%), Target (1.9%), The Home Depot (1.9%), Costco (1.5%), BestBuy (1.4%), Carvana (1.4%) and Kroger (1.3%). [See source.] In Europe, here are the largest eCommerce retailers ranked by their estimated European 2023 sales in billions of Euros: Amazon (53), Apple (8.7), Schein (8.4), Temu (7.2), Ikea (6.3), Otto (4.2), H&M (3.9), Trendyol (3.4), Bol (2.9), and Zalando (2.2). [See source.] Beyond Amazon, the list of top players in the Middle East is less well known, including players such as Noon, Daraz, Desertcart, etc. For a list of the regional top ten see this source.

Clearly, the convenience of on-line shopping is one of its major drivers, though the lower overall inventory needs enjoyed by on-line versus bricks and mortar retailers adds up to significant benefits in terms of working capital. And eCommerce players are hardly asleep at the wheel. Instead, they are investing and innovating at a breakneck pace. Here are some of the important trends focused on meeting consumers' needs while also stoking their enthusiasm:

- Augmented reality brings the in-store experience on line
- Turning up the volume with voice search
- AI helps solve customer pain points
- Harnessing customer data for personalized shopping experiences
- Chat marketing humanizes the digital experience
- Mobile shopping is still on the move
- Closing the sale with flexible payment options
- Composable commerce drives digital innovation
- Shopping goes social
- Subscriptions keep customers coming back
- Sustainability becomes top of mind
- B2B shoppers expect a modernized shopping experience [See source.]

We can hardly explore all of these innovations in this Update, so below we have selected a few nuggets to illustrate these trends.

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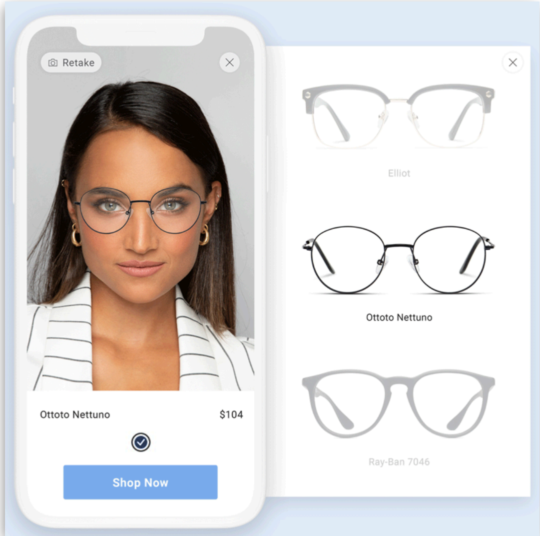
Virtual try on (VTO) is wonderful for consumers, allowing would-be buyers to see themselves in clothing, hats, glasses, etc. from the comfort of anywhere (thanks to mobile apps). It is apparently also very challenging technically, requiring agile and subtle adjustments to image resolution while still holding onto the shape of the consumer's body or face as a sort of stencil around which the product can be wrapped or otherwise applied. [See source.]



In the meantime, beyond clothing, multiple categories have added virtuality to their consumer experience including eyeglasses (see example), cars (see example), realtors (see example), and many others. So far, most of these interactions do not require special equipment as they merely augment reality (combining virtual and real imagery, for example), but there is a subset that necessitates virtual reality (VR) headsets to approach a more immersive experience.

Here's how one industry enthusiast sees the near future as we begin to blend augmented and virtual reality:

> In 2024, AR is expected to contribute significantly to the metaverse by allowing users to overlay digital content in their real-world environments. This integration will enable users to engage in social activities, attend virtual events, and collaborate with others in previously unimaginable ways. [See source.]

What about voice search? How will that evolve in the near term and what does that mean for eCommerce?

In a nutshell, voice assistants are getting smarter very quickly thanks to artificial intelligence (AI). As one example, ChatGPT rolled out enhanced voice interaction capabilities to subscribers in September 2024. "The new features will allow you to either engage in voice conversations with the chatbot or share images to express your thoughts, rather than relying solely on typing out prompts. […] ChatGPT's ability to create synthetic voices and images spell huge creative opportunities, however, they also have some concerning potential uses, such as impersonation and fraud, according to OpenAI. These risks could have huge implications for advertisers." [See source.]

Lastly, let's touch on social shopping:

> *Projected to hit a $1.2 trillion market value by 2025, social commerce enables businesses to sell products and services directly on a social platform (indirect social commerce also enables businesses to drive buyers to their site through social content). With nearly 5 billion users worldwide, that presents a unique chance to establish direct connections with customers and drive significant revenue.* [See source.]

Trust and annoyance remain substantial barriers to the success of this potentially invasive use of social media, however, these vary markedly by age group. One particular recent study…

> *"[…] found that social media more broadly had a big impact on younger shoppers, with more than 80% of Gen Z, and 74% of millennials, influenced by social media in their shopping. These numbers drop significantly when compared to Generation X (58%) and Baby Boomers (41%). In particular, Gen Z is much more influenced by Instagram (44%), Snapchat (21%) and YouTube (32%) than other generations. Millennials, second in each of these categories, matches up at 21%, 11% and 22% respectively, demonstrating how much of an impact social media has with the emerging consumer base.* [See source.]

Some readers may remember when our only advertising channels were print, radio, or TV. Now the marketing to today's fragmented *and* highly differentiated audiences is becoming so complicated that perhaps only AI can figure it out in real time.

Still, all of this positive momentum in eCommerce means opportunity also for the women and men who make it happen, so let us now turn our attention to the executives who will define how and what AI will do next time you search for something on your phone.

The Market for Executives

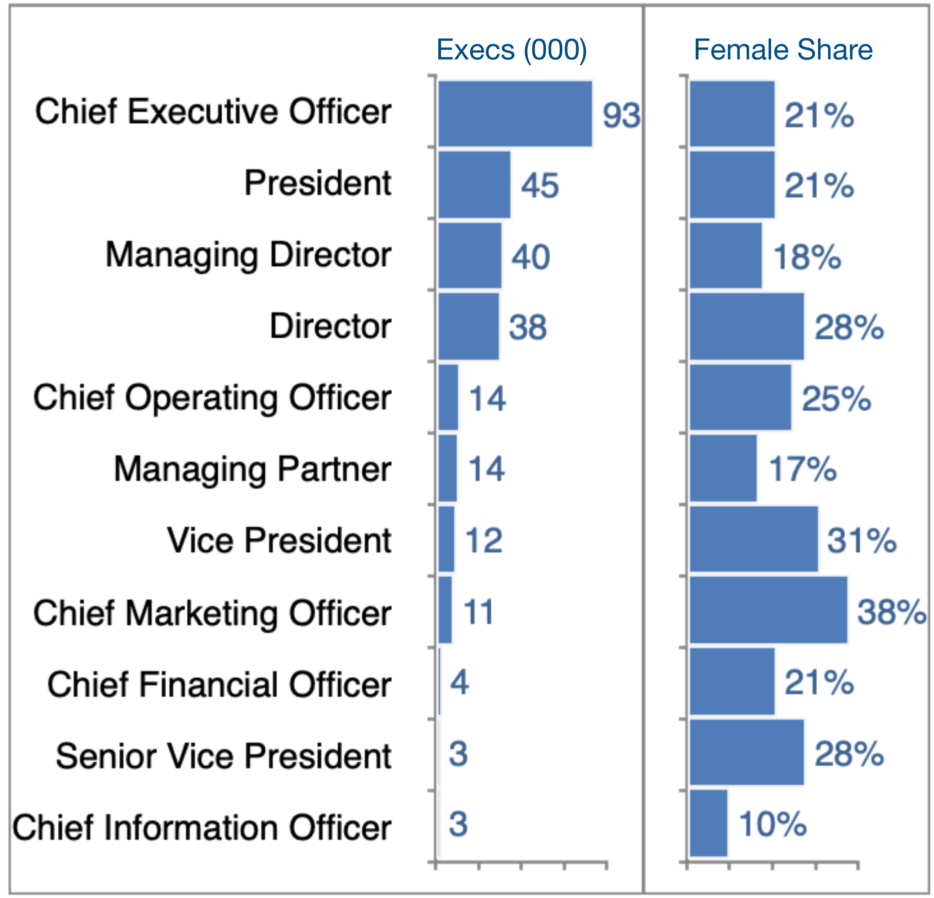
In total about 271,000 executives as we define them (see Editor's Note) have highlighted eCommerce as a key skill on LinkedIn, up 7% year over year (YOY). A further almost 18,000 changed positions in the past year, so the overall executive opportunity in this sector totals about 35,000—13% of the current total population. Comparatively, this is a rather high proportion which suggests that there is a lot of executive movement in this industry.

Some 49% of this executive cohort (134,000) resides in the US and Canada, up 5% YOY, while 45% (124,000) can be found in the EU & UK, up 8%, and the balance of almost 14,000 execs in the Middle East has grown by a whopping 14% in the past year. LinkedIn rates the entire market for these executives as having high or very high hiring demand. Unfortunately, female executives are underrepresented in this industry, making just 23% of the total.

Of course there are also large companies in the space as we will see later in this Update, but on balance the sector is populated by smaller, flatter organizations as is clearly visible in Chart 1 by comparing the number of CEOs to the number of VPs. No one would need so many CEOs if the business were concentrated in a small number of firms. As far as executive opportunity is concerned, the high fluctuation we noted above must necessarily be happening toward the top of the organization given the C-level's share of the total executive population. Unsurprisingly, female executives predominate in the CMO, VP, SVP, and Director roles.

Chart 2 opens up the subject of which industries employing eCommerce are hiring the most executives in this space. Advertising

Chart 1: Executive Titles



Services ranks number one but the segment also shrank in the past year. Contrast that with the heady growth exhibited by the next three: IT Services and IT Consulting (+9.1%), Software Development (+14.1%), and Technology, Information and Media (+20.8%).

Per our Introduction, Retail displayed strong results, too, at +19.2%, as did Retail Apparel and Fashion (+24.1%), Motor Vehicle Manufacturing (+24.5%), and Entertainment Providers (+26.8%) although Venture Capital and Private Equity Principals (+37.3%) and

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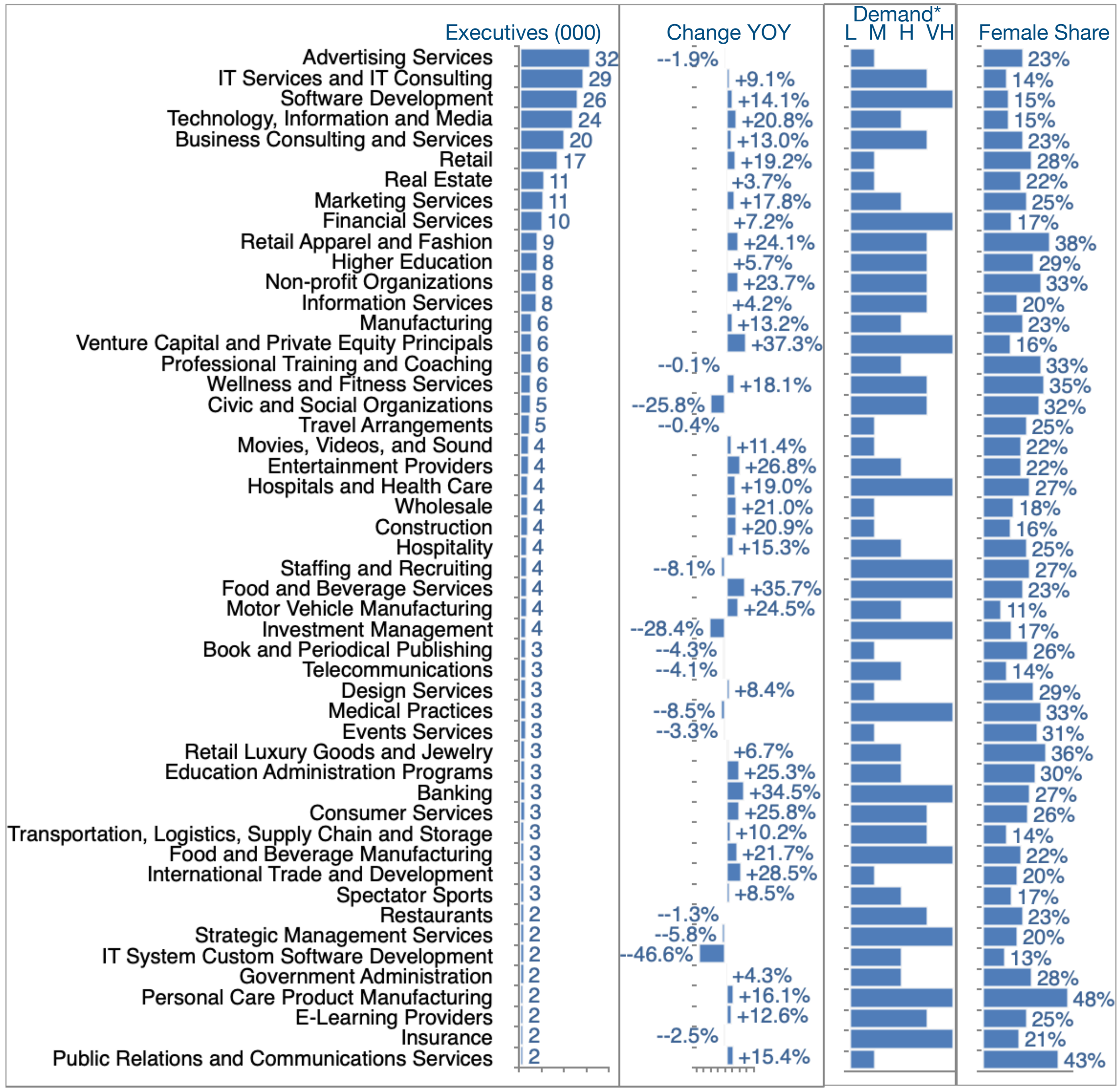
Food and Beverage Services grew the fastest (+35.7%). Some segments are also shrinking, such as IT System Custom Software Development (-46.6%), Investment Management (-28.4%), and Civic and Social Organizations (-25.8%).

Of course, this data is historical, but LinkedIn also provides a forecast perspective about future "hiring demand" which varies considerably from past performance. Take Financial Services, for example. With just average growth of 7.1% this segment hardly stands out until one notices that it also exhibits very high hiring demand. Note that this future demand may be in response to a lack of qualified talent, underlying growth, expected growth, or even industry mechanics such as major mergers, fusions, and/or acquisitions.

In fact, many industries in Chart 2 predict very high hiring demand. We cannot really go into the underlying mechanics in this high-level document, but Barrett Group (TBG) clients receive substantive research support during their career change programs that enables them, for example, to screen a segment to identify the best target companies, or prepare for a specific interview with a deep dive on the target employer—all the way down to a profile of the interviewing executive.

While female executives achieve a modest share of all positions in this segment, there are some industries that stand out. Per Chart 2, Personal Care Product Manufacturing shows the highest share of female execs at 48%. Public

Chart 2: eCommerce Executives' Top Industries



*Low, Moderate, High or Very High hiring demand per LinkedIn.

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Relations and Communications Services (43%), Retail Apparel and Fashion (38%), Retail Luxury Goods and Jewelry (36%), Wellness and Fitness Services (35%) also stand out in this regard.

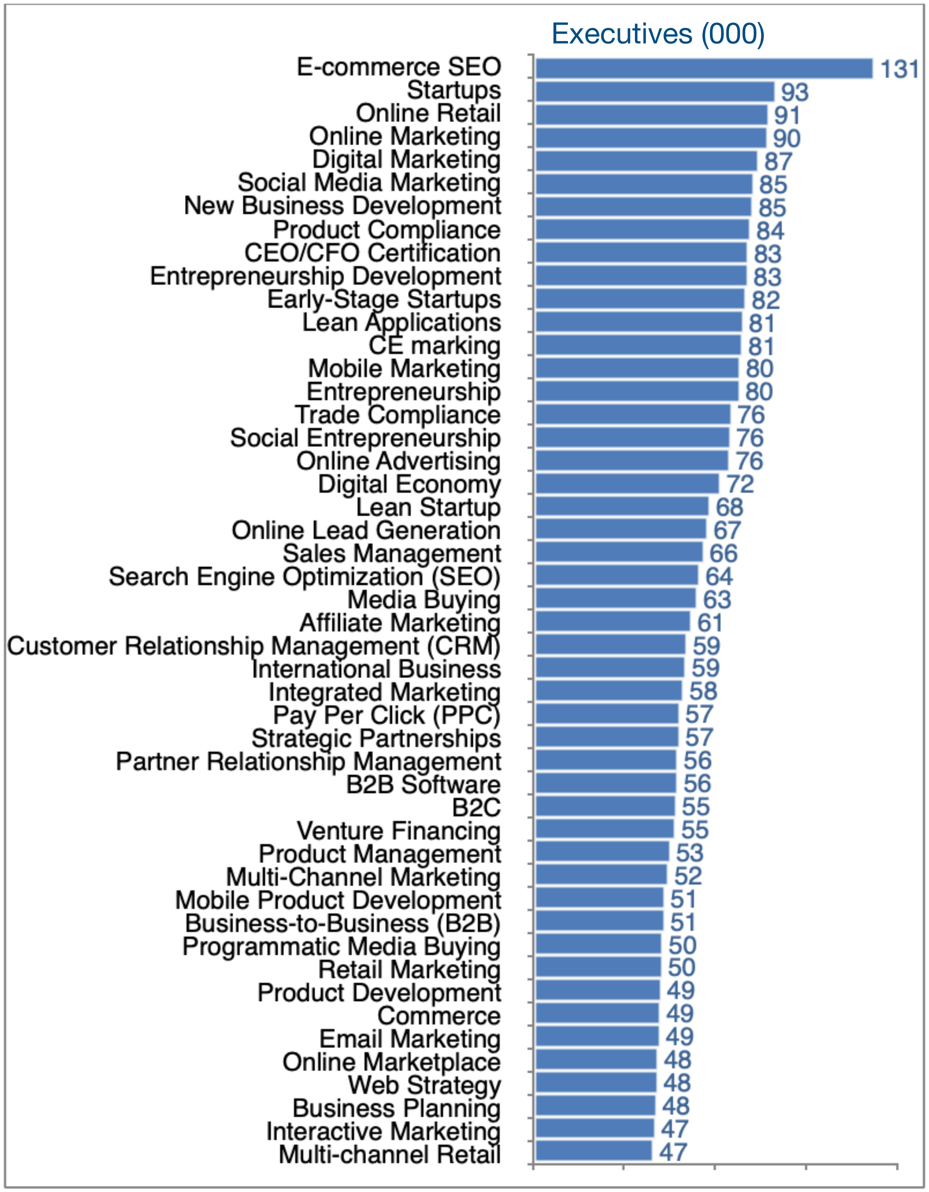
Beyond the question of what title an executive has or what industry he or she serves in, one could reasonably wonder, what does the executive actually do? LinkedIn provides a perspective on this by citing the specializations that execs list, though, of course, most will list more than one special skill. Chart 3 offers an overview of these whereby SEO (search engine optimization) still reigns supreme by a sizable margin, both as it directly applies to eCommerce (131,000) and more generally (64,000). Why is this so important?

> *By leveraging SEO, you can make your website more visible. The #1 result in Google's organic search results has an average CTR [click through rate] of 27.6% (compared to second and third-ranking results getting 18.7% and 10.2%), according to Backlinko research. So, getting that top spot or a place on Google's first SERP page means more traffic and more opportunities for you to convert prospects into customers.* [See source.]

Editor's Note:

In this Update "executives" will generally refer to the Vice President, Senior Vice President, Chief Operating Officer, Chief Financial Officer, Managing Director, Chief Executive Officer, Chief Marketing Officer, Chief Information Officer, Managing Partner, General Counsel, Head, President and Director titles principally located in the US, Canada, Europe, the UK, and/or the Middle East. Unless otherwise noted, the data in this Update will largely come from LinkedIn and represents a snapshot of the market as it was at the time of the research. Is LinkedIn truly representative? Here's a little data: LinkedIn has more than 1 billion users. (See Source.) It is by far the largest and most robust business database in the world, now in its 20th year. LinkedIn Talent Insights data is derived by aggregating profile data voluntarily submitted by LinkedIn members. As such, LinkedIn cannot guarantee the accuracy of LinkedIn Talent Insights data.

Chart 3: eCommerce Executives' Specializations



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As background to Chart 3, the Harvard Business School Online recently highlighted the incredible impact of digital marketing saying, “These technologies completely changed the way consumers connect with brands, how they search for information, and how they buy products[…] They’re the reason digital marketing has become an integral and important part of every company.” The same source went on to list these five top skills as critical to success in digital marketing: Technology Proficiency, Data Analysis, Search Engine Marketing, Search Engine Optimization, Brand Development, Email Marketing, and Social Media [see source.]

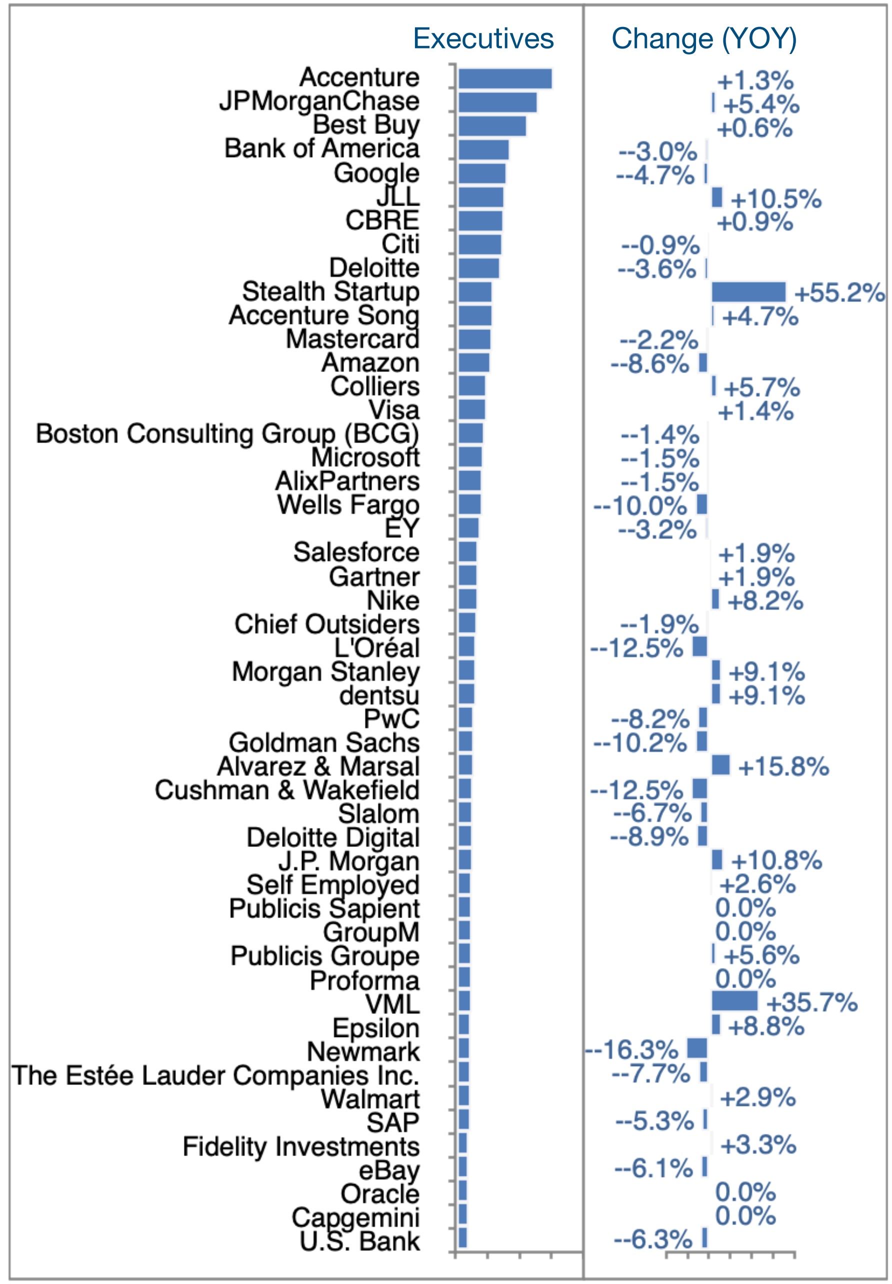
All of these are represented in the specializations listed in Chart 3, though the relative frequency of many niche disciplines may be interesting for those planning to enter this field. Of course, AI is likely to change this landscape as well. “One of the most interesting and useful applications of AI in automation is for ad targeting. For example, dog food company, tails.com used Google’s AI-powered broad match, smart bidding, and responsive search ads to triple conversions leading to an all-time high in trial sign-ups.” [See source.]

One obvious advantage that AI possesses is the ability to efficiently search images. Interestingly, the NYU Library has applied this to detecting whether any given image has been used to create AI copies or derivations. [See source.] This addresses two of the key issues in imagery on the web—authenticity and ownership.

Let us now consider the top employers of executives in this sector as presented in Chart 4. The actual number of executives at any given company is quite small, falling between 25 and 250, which means we are not at liberty to share them specifically in this Update, though our clients, of course, have access to this highly granular information. Nevertheless, readers can easily identify who’s who on the list and their relative size. More important in this context, though, is who is growing and who is not, and, perhaps why.

Take Alvarez & Marsal (A&M), for example, who grew their executive team in this industry by 15.8% in the last year according to LinkedIn. The company describes itself as “a leading global professional services firm that provides advisory, business performance

Chart 4: Top Employers of eCommerce Execs



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improvement and turnaround management services." Their growth was fed by recruits from numerous competitors and adjacent service firms such as EY, KPMG, Boston Consulting Group, and others less well known. [See source.]

Or what about VML, up 35.7%? "VML is a global powerhouse born from the unification of Wunderman Thompson and VMLY&R — two of the world's most powerful and accomplished creative agencies with complementary capabilities and geographic strengths." [See source.]

Newmark finds itself on the other end of the spectrum, down 16.3% perhaps because of the underlying issues in the commercial real estate sector. Here's how the company explains its business model: "Since 1929, we've faced forward, predicting change, and pioneering ideas. Almost a century later, the same strategic sense and audacious thinking still guide our approach to commercial real estate." [See source.]

Cushman & Wakefield (-12.5%), also in the commercial property market, shows a similar declining trend in executive employment. In their second quarter results (July 2024) the company reported a decrease in revenue (-5%) and EBITDA margins versus prior year quarter. [See source.] Restructuring continues, most recently in the form of the sale of a facilities maintenance division (Cushman & Wakefield Facility Solutions) to Vixxo in August 2024. [See source.]

Two other companies share a category as well as similarly disappointing results, L'Oréal (-12.5%) and Estée Lauder (-7.7%), so we looked a little bit more into what is happening in this segment.

> *Despite its size and roster of well-known and well-loved brands, L'Oréal is not immune from the prestige softening that is also weighing on its peers. In its second-quarter earnings last week, LVMH's perfume and cosmetics division grew 4 percent, missing estimates of 5.4 percent, while Unilever's results last week noted a slowdown in its prestige beauty division. Estée Lauder, which with the exception of drugstore skincare line The Ordinary is a prestige pure player, has had well-documented difficulties regrowing its sales post-pandemic.* [See source.]

Apparently the whole category is a little soft right now, particularly in the US and China. Per the same source, L'Oréal seems to be rethinking its assortment and even considering expanding its offering on Amazon.

In a chirpy posting entitled, "How the Health and Beauty Industry Can Leverage Ecommerce to Sell More," BigCommerce has these suggestions for the category (paraphrased from the source):

- website experiences matter (easy navigation and clear product descriptions help);
- frictionless checkout (22% abandon carts due to checkout issues);
- post-purchase optimization (18% abandon carts due to return policy concerns);
- product imagery (allow customers to virtually test skincare products to see if they match skin tones);
- loyalty programs (asking prospects to create an account can often drive away potential sales (26% of sales, to be exact). [See source.]

Digital Marketing Success Story

After building and selling a digital advertising agency, our client B. Randall Willis struggled to find the right next step… until he hired The Barrett Group. "I'm an outside-of-the-box kind of guy," said Randall. "I thought a career coach would try to make me corporate-y but, in the end, working with TBG, I came to understand how to go about a job search that is right for B. Randall Willis. TBG helped me find peace in who I am, who I am not, and then how to craft a suitable job search strategy." [Read his success story.]

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Then, of course, there's Amazon (-8.6%), the granddaddy of eCommerce, who announced a major shake-up in September 2024. "We want to operate like the world's largest startup," CEO Jassy said in a message posted on the company's corporate blog. The objective is to reduce bureaucracy, and as a consequence, "Each major organization within Amazon will be required to increase the ratio of individual contributors to managers by 15% by the end of March 2025." [See source.] At the same time, Amazon is mandating a return to the office, despite the dislocations this may cause for many employees who are enjoying the benefits of being remote.

In this respect, Amazon is swimming upstream because the preference trend is firmly in the opposite direction, per USA Today:

> *Our survey shows that 33% of our respondents work remotely, and 33% work in a hybrid work environment. However, 36% of respondents would prefer working from home full-time instead of having a hybrid schedule, and 41% of respondents would be willing to consider a full-time, remote position if they were looking for a new position.* [See source.]

Which brings us to the subject of location. Chart 5 shows more where executives are employed, not necessarily where they actually work. The fact that the whole industry is growing strongly helps to explain why there is not a single location shrinking in this sector at this time. It is not unusual to see New York, London, Los Angeles, San Francisco, and Paris at the top of the ranking but their rates of growth came in relatively high given their size. And per LinkedIn they all show high or very high hiring demand going forward as well.

The Middle East has also grown exceptionally as we indicated in the Introduction, and we see this reflected in the UAE (+17.5%), Istanbul (+10.7%), and Egypt (+24.8%), though the forecast demand in the locations has fallen off sharply.

Still, so many locations offer both strong historical growth and an expectation of continued high hiring demand that executives in this industry should have a pretty broad set of options geographically.

Chart 5: Executives' Employment Location