

# E-commerce

## Longer Term Investments (LTI)

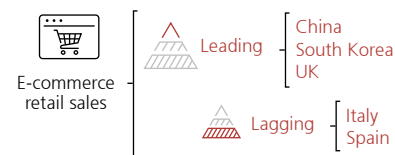
Consumer behavior is changing as goods are increasingly being purchased online. Greater smartphone penetration has dissolved boundaries of time and place, enabling consumers to buy products whenever and wherever they want. The global e-commerce market is already worth almost USD 3trn, but with expected growth of 15%-20% annually over the next 10 years, this theme offers attractive long-term opportunities.



### Projections and opportunities

#### Share of e-commerce retail sales

Share of e-commerce retail sales varies by country. China, South Korea and the UK are leading and Italy and Spain lagging.



Source: eMarketer, UBS

#### Two global leaders

Global e-commerce is dominated by two companies (Alibaba and Amazon) and two regions: China (50%) and US (18%).



Source: eMarketer, UBS, company reports

#### India's potential

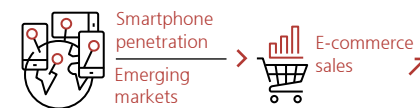
India's e-commerce potential is among the highest worldwide offering a fast-growing online consumer market with a large, young population.



Source: BoAML, UBS

#### E-commerce drivers

Rising smartphone penetration rate in emerging markets drives e-commerce sales.



Source: CS Emerging Consumer Survey 2018

#### Preferred transactions

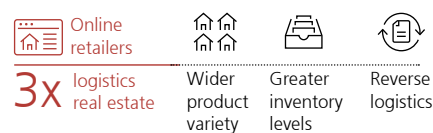
More than two-thirds of the gross merchandise value (GMV) of China's e-commerce market leader stems from mobile transactions.



Source: Alibaba company reports, UBS

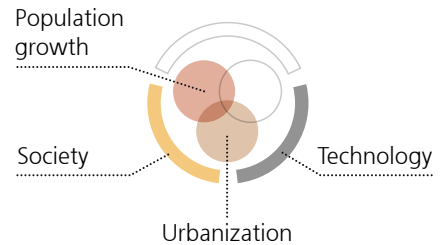
#### E-commerce impact of logistics real estate

Online retailers need 3x the logistics real estate versus brick-and-mortar retailers as e-fulfilment is an intensive use due to wider product variety, greater inventory levels and reverse logistics.



Source: Prologis

### E-commerce investment properties



○ Influencer    ⊗ Key drivers

#### Near-term drivers

- Growing online penetration rate
- Consumer convenience
- Same day delivery becoming the new standard
- Growing product offering
- Technology evolving

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