

E-commerce

Longer Term Investments (LTI)

Consumer behavior is changing as more goods are 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 worth an estimated USD 5tr worldwide, but with expected growth of over 10% 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, the UK, and South Korea are leading. Brazil, Switzerland, and Italy lagging.



Source: eMarketer, UBS as of January 2021

Two global leaders

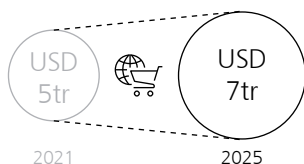
Global e-commerce is dominated by two companies (Alibaba and Amazon) and two regions: China (52%) and US (19%).



Source: eMarketer, company reports, UBS, as of January 2021

Global growth

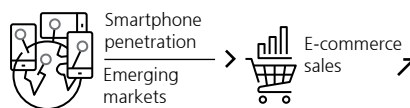
We expect the global e-commerce market to grow to USD 7tr by 2025.



Source: eMarketer, UBS, as of June 2021

E-commerce drivers

Rising smartphone penetration in emerging markets is driving e-commerce sales.



Source: CS Emerging Consumer Survey 2018, UBS

Social media impact on e-commerce

Livestreaming social commerce is growing strongly in China and is expected to account for more than 50% of social commerce by 2022.



Source: eMarketer, UBS, as of September 2021

E-commerce impact on logistics real estate

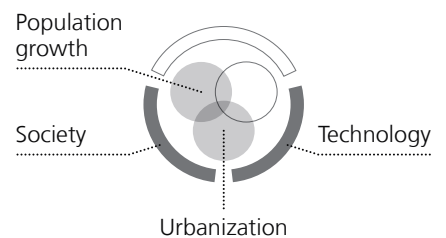
Online retailers need 3x the logistics real estate of brick-and-mortar retailers as e-fulfilment requires large spaces due to wider product variety, greater inventory levels, and reverse logistics.



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
- AI, VR and AR, data analytics, metaverse
- COVID-19 pandemic has accelerated e-commerce growth

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