



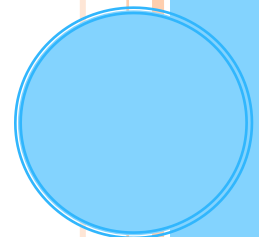
# ONLINE SHOPPING: WHAT'S ALL THE EXCITEMENT ABOUT?

*Monthly Business Report*



COPA

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# ONLINE SHOPPING

## *Monthly Business Report*

Retailing has been a competitive business for over 100 years. Every few years, a new competitor or format comes along and the competition heats up!

## THE BASICS

### Retailers don't grow retail sales; population grows retail sales

In 2013, US retail sales were \$4.5 trillion. In 1900, US retail sales were \$49 billion. After adjusting for inflation, the increase is about equal to US population growth. Retailers can't increase total sales; they can only fight for their share.

US Retail Sales	1900	1900 (adjusted for inflation)	2013	Multiples
Retail Sales (billion)	\$49	\$1,127	\$ 4,500	4.0
Population (million)	76.0		316	4.2
Average Family Income	\$830	\$19,090	\$79,600	4.2

### Retailers aren't product innovators

Retailers aren't product innovators. Product sales grow when new, innovative products are made available at a price customers can afford.

#### *Case in Point: Mass Production*

*In 1900 cars, then hand-made, cost over \$1,000. Henry Ford's original Model-T, introduced in 1908, cost \$850 equal to the average family annual income. By 1924 he was using an assembly line and specialized equipment reducing the cost to \$265. Henry Ford had created the one of the largest retail categories, second only to food.*

*How many homes would have a computer and use the Internet if hardware prices remained at 1971 levels? In 1971, the microprocessor went on sale. Intel's 4004 microprocessor cost just over \$6,000 in today's money. By 1972, Intel had produced the 8008, which was far more powerful than the 4004 but cost a tenth of the price of the original.*

*Are you looking for the next great retail product? Ask the question: what does everybody want but cannot afford?*

### The retailers' challenge is to find customers

In 1860, 81% of the population was rural. Mail order, with the help of an expanding railroad system provided access to rural customers.