

# CLICKS OVER BRICKS

## THE DIGITAL TRANSFORMATION OF RETAIL

In the retail battle this holiday season between “bricks” (traditional brick and mortar retailers) and “clicks” (commerce online), the clicks have been winning. This provides more evidence that the digital transformation of retail has taken hold even further as shoppers embrace the price, selection, and convenience of shopping online.

The spending period from Thanksgiving through Cyber Week marked the longest streak ever for online retail, with 11 consecutive billion dollar days<sup>1</sup>. Holiday season-to-date, almost \$38 billion has been spent online, marking a 12% increase over last year.

Even more amazing is the rapid adoption of mobile as a source of digital spending growth. Cyber Monday sales on mobile devices, such as smartphones and tablets, topped \$1 billion for the first time, a year-over-year increase of 29%.

According to the U.S. Census Bureau quarterly report on e-commerce sales, as of 9/30/16, e-commerce still only comprised 8.4% of total retail sales<sup>2</sup>. Given that online sales are projected to reach \$523 billion in the next five years, that percentage of retail sales is expected to increase to more than 15% by 2020<sup>3</sup>.

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CONSECUTIVE BILLION  
DOLLAR DAYS,  
THE LONGEST STREAK EVER  
FOR ONLINE RETAIL.

### 2016 Holiday Season to Date vs. Corresponding Days\* in 2015 Non-Travel (Retail) E-Commerce Spending Excludes Auctions and Large Corporate Purchases Total U.S. – Home & Work Desktop Computers

	Millions (\$)		
	2015	2016	Percent Change
Season to Date (Nov. 1-Dec. 4, 2016)	\$33,872	\$37,986	12%
Pre-Thanksgiving (Nov. 1-23, 2016)	\$19,206	\$21,263	11%
Thanksgiving thru Cyber Week (Nov. 24-Dec. 4)	\$14,665	\$16,723	14%
Thanksgiving Day (Nov. 24)	\$1,096	\$1,287	17%
Black Friday (Nov. 25)	\$1,656	\$1,970	19%
Holiday Weekend (Nov. 26-27)	\$2,169	\$2,486	15%
Cyber Monday (Nov. 28)	\$2,280	\$2,671	17%
Thanksgiving thru Cyber Monday (Nov. 24-28)	\$7,201	\$8,414	17%
Cyber Week (Nov. 28-Dec. 4)	\$9,745	\$10,980	13%
Cyber Week Mon-Fri (Nov. 28-Dec. 2)	\$7,815	\$8,802	13%
Cyber Weekend (Dec. 3-4)	\$1,929	\$2,178	13%

\*Corresponding days based on corresponding shopping days (November 3 thru December 6, 2015)  
Source: comScore

### Key Shopping Days in 2016 Holiday Season vs. 2015:

Desktop and Mobile Spending  
Non-Travel (Retail) Total Digital Commerce Spending  
Excludes Auctions and Large Corporate Purchases  
Total U.S. – Home & Work Desktop Computers, Smartphones, Tablets

	Millions (\$)		
	2015	2016	Percent Change
Thanksgiving Day (Nov. 24)			
Desktop	\$1,096	\$1,287	17%
Mobile	\$474	\$597	26%
Total Digital	\$1,570	\$1,884	20%
Black Friday (Nov. 25)			
Desktop	\$1,656	\$1,970	19%
Mobile	\$567	\$797	41%
Total Digital	\$2,223	\$2,767	24%
Cyber Monday (Nov. 28)			
Desktop	\$2,280	\$2,671	17%
Mobile	\$782	\$1,009	29%
Total Digital	\$3,062	\$3,680	20%

Source: comScore E-Commerce and M-Commerce Measurement  
Past performance does not guarantee future results.

Furthermore, online retail is a global phenomenon. According to eMarketer, worldwide retail e-commerce sales are projected to exceed \$1.9 trillion this year, and grow at a rate of approximately 20% per year<sup>4</sup>.

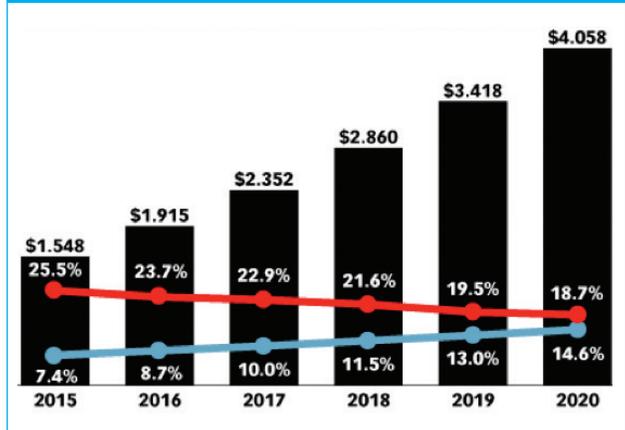
Given its huge growth potential, online retail is an investment theme worth exploring. The EQM Online Retail Index (IBUYXT) is a global index designed to provide a pure-play exposure to online retail stocks. In order to be included in the index, a company must derive 70% of its revenues from online or virtual commerce.

In the ongoing battle of clicks versus bricks in retail, online commerce continues to gain share of retail as shoppers embrace its attributes, such as its low cost, better selection, geographic convenience, and rapid delivery. Online shopping has permanently transformed the retail landscape. ▲



**THIS YEAR WORLDWIDE  
RETAIL E-COMMERCE SALES  
ARE PROJECTED TO EXCEED  
\$1.9 TRILLION<sup>4</sup>**

**Retail Ecommerce Sales Worldwide,  
2015-2020 (Estimated)**  
trillions, % change and % of total retail sales



Note: includes products or services ordered using the internet via any device, regardless of the method of payment or fulfillment; excludes travel and event tickets

Source: eMarketer, Aug 2016

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www.eMarketer.com

**ABOUT EQM INDEXES**

EQM Indexes, LLC is a woman-owned firm dedicated to creating and supporting indexes that track growth industries and emerging investment themes. Co-founded by Jane Edmondson, a former Institutional Portfolio Manager with more than 24 years of investment industry experience, EQM Indexes' index designs spans a wide range of asset classes and financial instruments. EQM Indexes does not provide investment advice, nor offer the sale of securities, but does partner with issuers and works jointly with other index firms to provide benchmarks for Exchange Traded Products (ETPs) such as Exchange Traded Funds (ETFs), Exchange Traded Notes (ETNs), and other similar products.

EQM Indexes is the Index Provider for the Fund. EQM Indexes is not affiliated with the Trust, the Investment Advisor or the distributor. The Investment Advisor has entered into a license agreement with EQM Indexes to use the Online Retail Index. The Fund is entitled to use its Index pursuant to a sub-licensing arrangement with the Investment Advisor.

The EQM Online Retail Index (IBUYXT) utilizes a rules based methodology to select a globally diverse group of companies with 70% or more of revenue from online and virtual sales. For full index methodology please visit [www.eqmindexes.com](http://www.eqmindexes.com). An investment cannot be made directly in an index.

**ABOUT AMPLIFY PARTNER INSIGHTS**

Amplify Partner Insights seeks to deliver access to unique market perspectives from index providers, research and asset management firms that have a business with Amplify ETFs. Opinions expressed are subject to change at any time, are not guaranteed and should not be considered investment advice.

<sup>1</sup> comScore <http://www.comscore.com/Insights/Press-Releases/2016/12/Eleven-Consecutive-Billion-Dollar-Days-of-Online-Desktop-Spending-from-Thanksgiving-through-Cyber-Week-Mark-the-Longest-Streak-Ever>

<sup>2</sup> U.S. Census Bureau [http://www.census.gov/retail/mrts/www/data/pdf/ec\\_current.pdf](http://www.census.gov/retail/mrts/www/data/pdf/ec_current.pdf)

<sup>3</sup> Forrester Research <https://www.internetretailer.com/2016/01/29/online-sales-will-reach-523-billion-2020-us>

<sup>4</sup> <https://www.emarketer.com/Article/Worldwide-Retail-Ecommerce-Sales-Will-Reach-1915-Trillion-This-Year/1014369>

