

# Spending Monitor Special

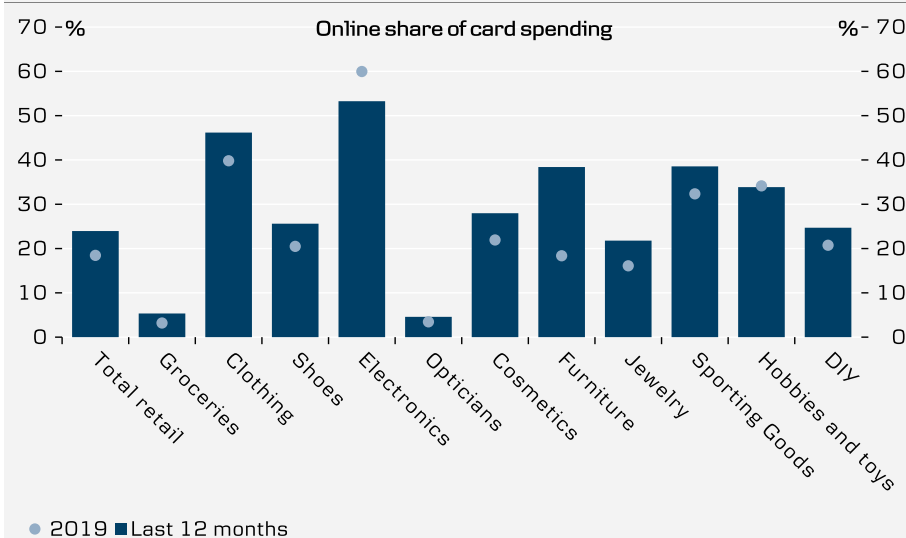
## Online shopping takes up more space in retail spending than it did before Covid

- Online retail spending made up a bigger share of total retail spending over the past 12 months compared to 2019. However, in-store retail spending still accounted for around 3/4 of total retail spending over the past year.
- We observe that a bigger share of spending stems from online trade for most types of goods post Covid. Furniture is the consumption group where there has been the biggest shift from in-store spending to online spending.
- All age groups have increased their share of online spending over the past 12 months compared to 2019.

Danish card data suggests that a bigger share of retail spending took place online over the past 12 months compared to 2019. That said the vast majority of retail trade still takes place in physical stores.

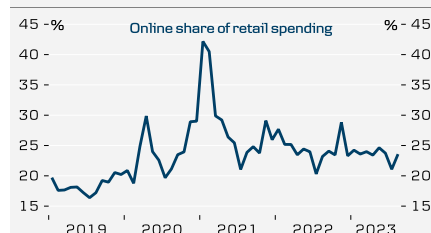
Over the past 12 months 24 percent of retail spending took place online compared to 18.5 percent before Covid in 2019 (see Chart 1). Online consumption shares peaked during the second lockdown in the first months of 2021 (see Chart 2). This is not surprising due to the large-scale lockdowns in 2021, where more retail stores had to remain closed than the first lockdown in 2020. Since data only dates back to 2019, we cannot reject that the increased online spending share is a part of a trend development stemming back from already before Covid.

**Chart 1: Online share of retail spending over the last year is 6 %-points higher than it was in 2019**



Source: Danske Bank

**Chart 2: Online share of retail spending peaked at around 42% under second lockdown in 2021**



Source: Danske Bank

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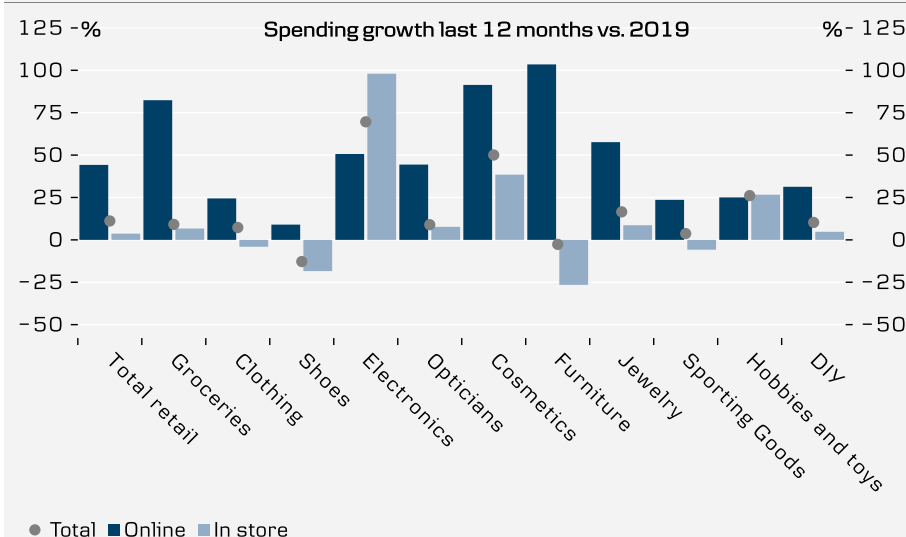
Retail spending is around 11 percent higher over the past year compared to 2019. The main driver of retail spending growth is online spending (see Chart 3). Online spending were nearly 45 percent higher over the past 12 months compared to 2019. In-store shopping only increased by slightly more than 3 percent over the same period (see Chart 5). If we adjust for prices in-store retail spending has dropped, while price adjusted online spending has increased (see Chart 4).

The share of grocery spending executed through online sales increased from 3.1 percent in 2019 to 5.3 percent in the past 12 months. Although we observe an increase, online grocery spending still accounts for a limited share of total grocery spending (see Chart 1).

Furniture is the category, which made the biggest movement from in-store to online spending since 2019. In 2019 slightly more than 20 percent of furniture, spending came from online shopping, compared to nearly 40 percent over the past year. Online furniture sales have doubled since 2019, while in-store furniture sales are down 25 percent over the same period (see Chart 5).

Electronics is the only category, which has increased in-store spending more than online spending. In-store spending has nearly doubled since 2019. A possible explanation is that some Electronics stores have expanded their product portfolio by selling for example kitchens to the retail segment. However, we cannot confirm this hypothesis from this data.

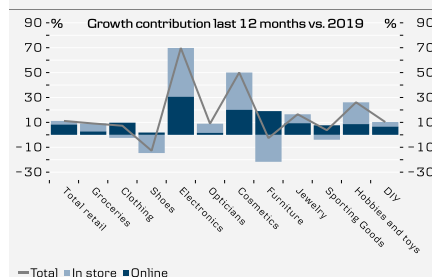
**Chart 5: In-store retail spending is only 3.4% higher over the last year compared to 2019, while online retail spending is nearly 50% higher**



Source: Danske Bank

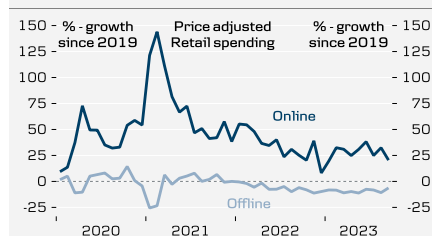
The tendency of higher share of retail spending is present across all age groups as well. Online share of spending has increased between four and eight percentage points since 2019 (see Chart 6). The 25-34 year olds have increased their spending share slightly more than the 18-24 year olds so the two groups now have around the same share of online spending, while in 2019 the share for 18-24 year olds were slightly higher. The 35-54 year olds have increased online share slightly more than younger age groups, but their online share of retail spending still lacks a little behind the youngest groups. Even though the older consumers have increased their share of goods bought online, they have not increased their online spending behaviour more than younger consumers have.

**Chart 3: Online spending is primary driver behind retail spending growth**



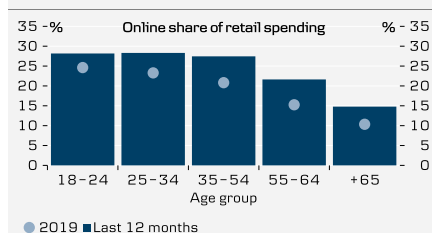
Source: Danske Bank

**Chart 4: Since early 2022 in-store retail spending is lower than in 2019 if we adjust for increasing prices**



Source: Danske Bank, Statistics Denmark

**Chart 6: Increase in online share of retail spending across age groups**



Source: Danske Bank

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This research report has been prepared by Danske Bank A/S ('Danske Bank'). The authors of this research report are Las Olsen, Chief Economist, and Magnus Poulsen, Assistant Analyst.

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