



by Sara Banfi,  
CSIL International Market Research

# SELLING LUMINAIRES ONLINE IN TIMES OF COVID-19

E-commerce for lighting fixtures is expected to increase its share in the coming years. Still, the performance of e-commerce varies across segments. CSIL estimates that the e-commerce channel amounted to US\$ 3.6 billion of the lighting market, accounting for 4.5% of its 2019 value (see the 2020 edition of CSIL report “LEDs and the worldwide market for connected lighting”).

Over the last five years, the segment registered an average growth rate of over 35% per year. For the US home improvement giant Home Depot, online sales increased by +19.4% during fiscal year 2019; as a result, e-commerce accounts now for around 9.3% of the company's overall sales. During fiscal year 2019, IKEA introduced e-commerce in nine new markets. Around 2.8 billion people visited the IKEA website, and e-commerce sales grew by 43%.

## THE PANDEMIC'S EFFECTS

In 2020, the outbreak of COVID-19 has further accelerated this trend. With the COVID-19 pandemic continuing to spread across the world, potential new restrictions and lockdowns pose further uncertainties to the economic conditions worldwide. Different lengths of the lockdowns and restrictions have been applied across countries and geographical areas.

Well over 100 countries worldwide had instituted either a full or partial lockdown by the end of March 2020, affecting billions of people. This resulted in an inevitable decrease in retail sales, especially for brick-and-mortar stores.

However, when considering the lighting market, we should distinguish among segments.

The growth of online sales, spreading across major and emerging markets in 2019 and, even faster, during the 2020 months of lockdown, has mainly concerned the consumer market.

During fiscal year 2020, online retail sales for IKEA increased 45% and their website welcomed four billion visits. E-commerce expanded to



A distribution centre of Amazon

## COVID-19: Number of days of lockdown in a selected group of countries in 2020

	Number of days		
	Level 1	Level 2	Level 3
United States	85	140	0
Mexico	7	204	0
Canada	230	0	0
India	56	180	43
Philippines	60	80	82
Indonesia	11	185	0
China	41	0	224
Japan	141	0	0
Spain	112	102	0
France	42	61	0
United Kingdom	180	52	0
Italy	84	50	21
Germany	12	46	0

### Legend:

Level 1: recommend not leaving house

Level 2: require not leaving house with exceptions for daily exercise, grocery shopping, and "essential" trips

Level 3: require not leaving the house with minimal exceptions (eg allowed to leave once a week, or only one person can leave at a time, etc)

Source: Oxford University (update Oct 30, 2020)

three new markets, including China - an important milestone. On the contrary, leading players like SLV and Ledvance stated that e-commerce is not suitable for sales of technical lighting, thus their performance does not improve during 2020. Actually, it is becoming a more and more struggling topic because of the poor quality of many products that are available online.

### NEW OPPORTUNITIES

For another perspective the growth of e-commerce could create new opportunities for the lighting players, especially those operating in the professional market.

COVID-19 has accelerated the e-commerce industry's growth and more businesses are joining the e-commerce business revolution than ever before. Companies that previously embraced the e-commerce trend have already experienced expansion, in the midst of retail shrinking.

By the end of 2020, global e-commerce sales are expected to reach

USD 4.2 trillion, as stated in a report by the e-commerce behemoth Shopify. To keep up with increasing demand from e-commerce channels and meet the expectations of consumers, organizations will need to invest in their warehouses and distribution centers and increase the development and implementation of advanced supply chain and logistics processes.

### AMAZON'S EXPANSION IN ITALY

In 2020 Amazon set up new distribution centres in Italy, namely: Castelguglielmo-San Bellino, in

Veneto; Colugna (the second centre opened in Friuli Venezia Giulia); Colleferro, located in the Rome metropolitan area and one of the largest centres in Italy (80,000 square metre with 2,000 employees); Catania, Sicily (10,000 square metres with 30 full-time jobs).

With these new openings, Amazon further expanded its logistic networks to face the increasing demand of Italian customers and enlarged its offer in term of products coming for the small and medium enterprises that rely on its distribution system for the online sale of their products.

Coming soon: the 2021 edition of CSIL Report "E-Commerce for the Lighting Industry".

The report analyses the development of e-commerce sales in the lighting fixtures industry to nowadays and future prospects considering the diffusion and the new possibilities opened by digital technologies and providing market data on the incidence of e-commerce sales in the lighting fixtures industry, by country/geographical area (Europe, America, Asia) and by segment (Residential, Commercial, Industrial and Outdoor lighting).

Stay tuned for more info: [www.lighting.csilmilano.com](http://www.lighting.csilmilano.com)