2021 ECOMMERCE TRENDS

CLARKSTON CONSULTING

The 2021 eCommerce trends reflect the gargantuan impacts the global COVID-19 pandemic has left on consumers, shoppers, and businesses. As shoppers were forced online, businesses across multiple industries were forced to rapidly evolve their eCommerce model to address the growing demand. Many of these trends were already on the horizon, only now exacerbated by the pandemic. Looking forward to 2021, businesses must be prepared to weather and adapt with the continuing disruption in order to compete effectively.

TREND #1:

The Post-Buy Experience

Amid the uncertain retail world that COVID-19 has created, it's essential that retailers go the extra step to appeal to consumer preferences. eCommerce has become the stage for most shopping, as many people have ditched the in-store experience.

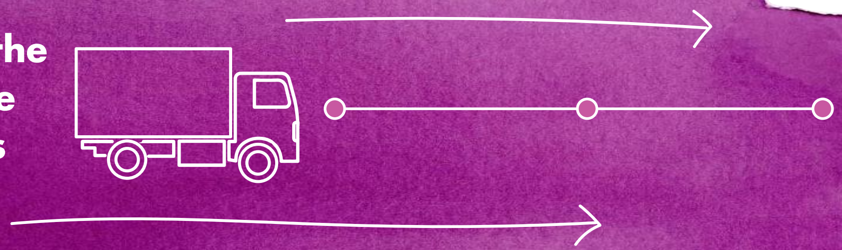
Quite obviously, consumers look at the site layout, organization, and appealing features before buying, and the summation of that experience is essential to the outcome. What isn't so obvious is the importance of the post-buy experience as well.

The post-buy experience entails everything that takes place after the 'buy' button is hit: tracking, shipping, delivery, and returns. Many consumers prioritize these proactively, sometimes veering away from purchasing from eCommerce stores that do poorly in these areas. Very few consumers feel comfortable going into shopping malls regularly at this point, so this will make the online shopping market extremely competitive.

The best way to rise above competitors will be to prioritize both the pre- AND post-buy consumer experiences for a well-rounded approach to a consumer-first strategy. Making returns seamless can be as simple as sending the return label when the package ships.

Retailers can enhance their post-buy experience by making their efforts and policies explicit. Accessibility of information is crucial to maintaining consumer satisfaction and attention and can spark the continued communication between parties. One way to maintain strong communication is through excellent customer service; instant chat programs and post-buy satisfaction surveys are two effective retention methods for retailers. Implementing these changes can increase the likelihood of a repurchase or engine of viral growth.

Nearly 70% of consumers said the ability to track delivery was one of their top three considerations when buying a product online.



SOURCE

TREND #2:

Enhanced Data Security and Fraud Management, Device-Based Authentication

As many businesses enter the eCommerce space, the risk for data breaches heightens and poses a massive threat to both consumers and companies. **Digital commerce fraud** is streamlined through the flow of breached or stolen data on the black market. A large sum of payment card data, account number, CVV, expiration date, and address can be bought on the dark web for only $1 per account. This data is then spread through sophisticated fraud rings that pose a massive threat to consumer identities. **Cookie deprecation** is also a possibility that requires active fixing. Preserving and protecting the single view of the consumer is necessary to enable continued engagement after third-party cookies are fully deprecated.

Another issue that has arisen with booming online ordering is fraudulent purchasing, which has taken a variety of forms. Inventory shrinkage is at an all-time high and is very problematic in terms of a company's profitability. This, coupled with an already low inventory, is posing a significant loss to available inventory and therefore negatively impacts both the retailer and potential buyer.

With this increased focus on issues regarding cybercrime, it's expected that preventative measures will follow. Having a fraud management solution is necessary to decrease the number of fraudulent orders experienced by eCommerce companies. Touchpoints within checkout, fraud checks, and the dispute process are all important aspects of this solution that strongly impact success in eCommerce today. Fraud directly impacts the companies' profits, posing an ongoing threat especially in the pandemic situation. Though improving fraud filtering to protect against future disputes can come at the price of future revenue, it contributes to an overall **better customer experience.**

It is important to note that the solution to fraud management is not straightforward and free of risk; in dealing with any type of threat, there is always the possibility of failure or mistakes. Digital authentication, a crucial aspect of the fraudulent safety practice, frustrates many consumers as they forget one time used passwords and get flagged mistakenly as a threat.

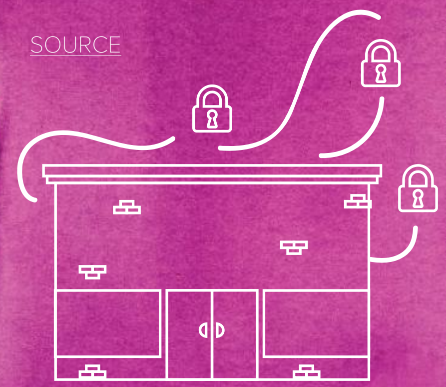
Device-based authentication may be the saving grace for companies struggling with authentication protocols. This form of fraud protection determines the identity of the device's user by analyzing the strength of linkages between **three sources:**

1. The user's offline data—identifiers such as name, home address, phone number, and email;
2. The user's online data—such as IP address, cookie ID, or a mobile advertising ID; and
3. Data from the user's device—such as prepaid status, IP behavior, and the presence of a VPN or the Tor browser in the IP address.'

This type of authentication is imperceptible to consumers and therefore extremely convenient.

82% of brick and mortar retail apps "actively" leak sensitive data and 92% of online retail apps do.

SOURCE



TREND #3:

Augmented Reality Brings Hints of the In-Store Experience Home

The transition to an online retail world has altered consumer expectations and brought about an emerging modern consumer. These consumers expect authenticity, flexibility, innovation, and modernity. The key? Augmented reality.

The most powerful benefit of AR for eCommerce companies are **product previews.** This feature takes the best part of the in-person buying experience and makes it digital, replicating the offline experience almost seamlessly. Incorporating AR into digital engagement strategy will boost customer conversions and sales in the following quarters.

Close to 6 in 10 respondents (59%) said they hesitate to buy online because they don't know whether items will fit.

SOURCE

Consumers have historically valued brick-and-mortar stores for the "try before buying" experience that is not as transferrable online. Traditionally, this has been a struggle for online retailers as they grapple with the hefty return process and complaints about unusual sizing. With **AR**, users can try on items virtually and visualize actually wearing or seeing it in person. This also caters to younger consumers' preferences and balances the online experience with the human. Nike dipped their toes in the virtual waters with the launch of their AR add-on in 2019. A more recent example of this trend was **Amazons Luxury Stores** launch, which offers virtual dressing rooms with different models to show how clothing would fit on different people.

Pivoting to meet the expectations of the emerging modern consumer is necessary to retain loyalty and growth during the pandemic and beyond. VR and AR technologies will become useful in helping shoppers engage with products virtually and safely.

TREND #4:

Omnichannel Approach to Seamlessly Integrating Across Platforms

The retail world is rapidly evolving, and customers are demanding that it meet their high standards and expectations. This entails complex technology that will continue to hold smaller retailers back from making larger scale progress in the area.

The **five** most strategic operational areas needed to address and deliver a seamless experience include strategic inventory management, intelligent order routing, comprehensive store fulfillment, customer care tools, and built-in business intelligence.

An area that especially requires attention is integration across platforms. The initial part of the consumer experience can be what sparks engagement, potentially through social media platforms and digital video. Instagram has announced that they will be expanding shopping capabilities to Reels, as tests on

By 2021, 82% of global internet traffic from consumers will be to stream and interact with video.

SOURCE

IGTV will start later this year. Instagram has even incorporated a direct checkout feature. Its parent company, Facebook, may be better situated against mobile competitors like TikTok that have also taken the stage for platform integration. This opportunity for flexibility and convenience that will spark continued growth and competition among social media platforms.

Fulfillment optimization is also necessary for brands moving forward as creativity is essential to thriving amid this uncertainty. Though the lowest cost option is to stick with one provider and network, it's imperative that companies seek to diversify channels and partners. This shift will lower the logistical risks associated with booming eCommerce growth. Many retailers are also implementing automation as a mode for capitalizing on efficiency.

TREND #5:

Sustainable Shopping: ReCommerce and Recyclable Packaging/Ingredients

Sustainability is emerging as a top priority among both retailers and consumers. In eCommerce, this has been reflected in the shift to recycled packaging materials and abundance of items now in the resale market. The move towards secondhand apparel is growing, as it reflects a growing desire for sustainability and cheaper fashion. With eCommerce stores such as Poshmark showing growth, the market for secondhand goods is expected to spike in years to come.

Generation Z is becoming increasingly aware of the impact that fast fashion has on the environment and is currently driving a growing resale market that is expected to reach **$44 billion** by 2029. Sellers on Poshmark have been uploading over $175 million worth of inventory every week, and the RealReal has seen unprecedented success since the pandemic hit.

Wardrobe is an up and coming peer-to-peer fashion rental platform backed by Airbnb cofounder Nate Blecharczyk. The digital platform, launched in September 2020, has launched in-person hubs at 40 dry cleaning locations where users can exchange and borrow clothes without the usual concerns of cleanliness and value.

Consumers looking for bargains as they shop from home will contribute to secondhand's 27% growth rate in 2020.

SOURCE

Consumers preferences for environmental safety are reflected in many companies shift to recycled products. Ulta has started a sustainable packaging initiative, pledging that **50%** of all packaging sold by 2025 will be recyclable, refillable, or made from recycled or bio-sourced materials. It's imperative that eCommerce companies make the **transition to sustainable packaging** to support the protection of the planet, following through to ensure that efforts are effective, in order to engage the modern consumer.

TREND #6:

Buy Now/Pay Later: Flexibility in Payment Options

The biggest generation of shoppers, Gen Z, are reshaping the way retail works as they demand that their preferences be met. One of the largest areas of emphasis is on financial flexibility.

Afterpay specifically released a **report** detailing Gen Z's preferences and feelings surrounding financial activity. They found that this population prioritizes flexibility, values happiness over wealth, and maintains a saving mindset; all of these are reflected in their spending habits and preferences.

Buy now, pay later is becoming increasingly popular and can increase both sales and customer loyalty. The trend is becoming normalized as a preference for all demographics, with the average age of customers being early 30s. It's boosting sales for many retailers as consumers are more likely to add more items to their shopping carts and gradually pay it off over time.

Afterpay has recently introduced a service called Pulse, which helps reward younger consumers for their financial decisions and use of debit cards for purchasing. It targets millennials and Gen Z's by offering special deals and promotions and in turn creating opportunity for retailers that also reach this audience.

With growth in buy now, pay later services like AfterPay, Klarna, Affirm, and Sezzle, established businesses have taken note as demonstrated by online financial giant PayPal's launch of "Pay in 3" in the United Kingdom in 2020.

Retailers offering Afterpay see a conversion of approximately 20-30% higher than other payment methods, and significant new customer acquisition coming from Afterpay's owned channels.

20-30%

SOURCE

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