2022 eCommerce Trends

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The retail industry as a whole is continuing to experience significant shifts in channel distribution, rooted in consumer preferences and socioeconomic events. As the world shifts to a hybrid environment, consumers are purchasing goods across digital and physical channels, with the lines blurring into one seamless purchasing experience. With that said, pure-play eCommerce brands as well as incumbent retailers see the need to be nimble and push the boundaries when selling in digital channels. As the eCommerce landscape is continuously evolving, we are seeing the following key trends stand out this year:

TREND #1

Digital and Mobile Payment Options

The number of mobile/wireless commerce has grown dramatically in recent years, as evidenced by approximately 51% of American adults now using at least one form of contactless payment. Businesses are expanding their digital and mobile payment options to meet consumer demand for contactless, frictionless, and speedier payments. The growing popularity of digital wallets and QR codes provides a secure transaction and gives the consumer access to multiple forms of payment with the push of a button.

We have seen a permanent behavioral switch to digital that won't be going anywhere anytime soon. The rising adoption of mobile wallets among small and medium-sized enterprises and local businesses is anticipated to boost the market growth in the forecast period as well. Globally, digital banking users are expected to cross the 3.6 billion-mark by 2024. During this rise, expect to see a lot more biometric authentication used to secure digital wallets.

Digital wallets will account for more than half of all eCommerce payments worldwide by 2024.
SOURCE

TREND #2

Social eCommerce on the Rise

Social platforms are the entry point for almost everything we do online – news, entertainment, and communication. Commerce has joined this mix as companies move to social media to increase sales traffic. Some of the most used social media platforms, such as Instagram, TikTok, and Pinterest, are taking advantage of increased screen time by implementing scroll-through advertisements to create an immersive and interactive customer experience. Phrases such as "swipe up to purchase" or "store link in bio" have become extremely popular calls to action, pushing social media users to purchase the items or services they see advertised on their newsfeeds. One study shows that 31% of consumers are using their mobile phones to shop or browse for products each week.

In the U.S., social eCommerce sales are expected to reach $36 billion dollars this year. One example of how businesses can augment their social commerce presence and increase their customer base is through integrating their Shopify platform with a TikTok business account. Instagram has also evolved into a shopping platform, with ad reach skyrocketing past Facebook's right now. This year, Facebook's global advertising reach only increased by 6.5%, while Instagram's grew by 20.5%.

As consumers continue to explore the digital landscape for their shopping and purchasing journeys, we expect to see social platforms continue to grow in popularity and use over the next year.

TREND #3

Buy Now, Pay Later for Purchases

Paying for purchases with tailored, flexible buy now, pay later (BNPL) plans – for even small ticket items – is predicted to be one of the fastest-growing payment trends in 2022.

Purchasing any retail item with the BNPL plan is easier now more than ever, thanks to services like Klarna, PayPal, and Afterpay. Especially popular with millennial and Gen Z consumers (nearly 75% of consumers in these demographics use BNPL solutions), the top reasons users report using BNPL plans are to avoid credit interest payments and to make large purchases that they otherwise couldn't afford.

However, BNPL is a relatively unregulated payment method and requires little information from the consumer signing up. Because of the ease of getting these loans, consumers can quickly rack up more debt than anticipated. In the coming year, we can expect to see more regulation and interest rates on these types of purchases, as the Consumer Financial Protection Bureau (CFPB) has begun an investigation into regulation laws of BNPL solutions.

Businesses looking to be competitive and appeal to consumer preferences should consider the risks and benefits of implementing a BNPL plan. To be successful, BNPL providers must carefully balance their cost of funds with their ability to assess credit risk as well as work with a trusted payments partner to help to navigate regulations that may impact this space over the next year and beyond.

By 2025, the global BNPL industry is expected to grow 10-15x its current volume, topping $1T in annual gross merchandise volume by some estimates.
SOURCE

TREND #4

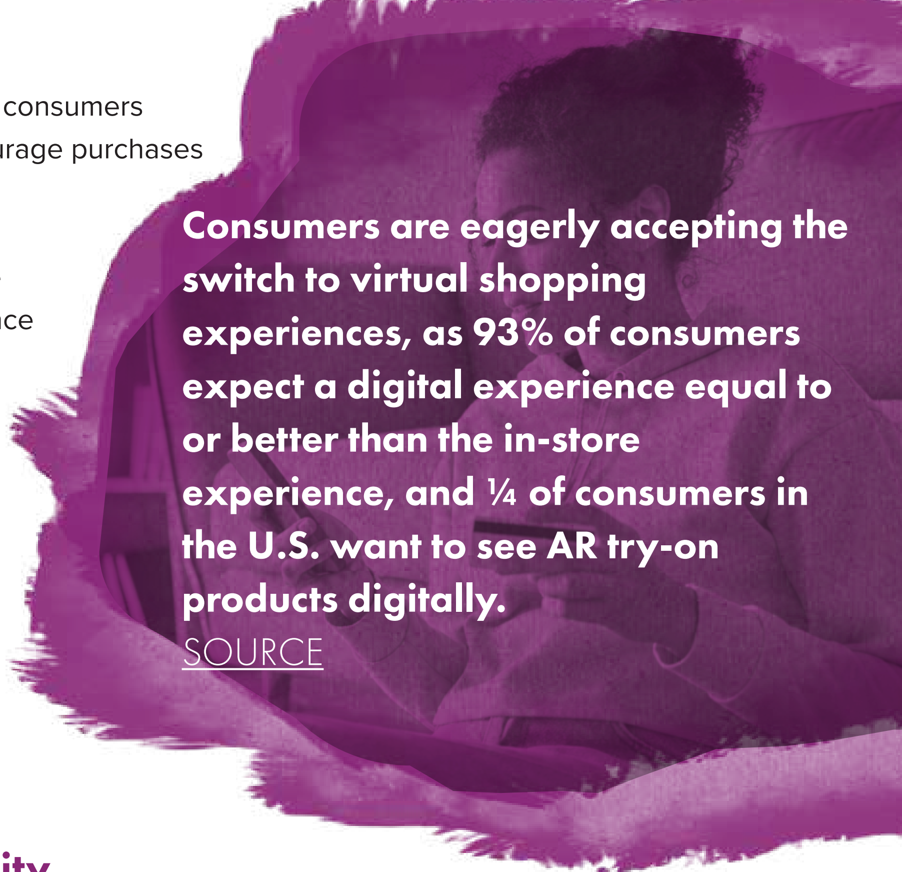
"Try Before You Buy" Continues to Evolve

With the pandemic taking consumers out of stores, brands have adapted in numerous ways to mimic that try-on experience. Snapchat and Instagram provide try-on potentials for brands, with filters for makeup, shoes, clothing, and more.

The eyewear company Warby Parker has a "Home Try-On" program where shoppers can test five frames for five days for free—including free shipping. This model has greatly paid off, as its growth is superseding its competitors and has recently been valued at $540.8 million.

The rise of the Metaverse and NFTs has also created a new channel of opportunity; with that, consumers feel comfortable creating their own avatars and buying goods in this virtual reality. Brands will see success in applying virtual reality (VR) and other tools to fuel consumers desires in the metaverse and subsequently encourage purchases in traditional retail channels.

When used in collaboration with social commerce platforms like Instagram Checkout, VR can influence spontaneous purchase decisions by giving the consumer the ability to visualize products regardless of where they are or the type of product. As VR becomes more accessible, researchers think usage will gain traction quickly, and that number of users will rise to 64 million by 2022. We can expect AR to become more standard for eCommerce and social media platforms across businesses of all sizes.



Consumers are eagerly accepting the switch to virtual shopping experiences, as 93% of consumers expect a digital experience equal to or better than the in-store experience, and ¼ of consumers in the U.S. want to see AR try-on products digitally.
SOURCE

TREND #5

Increased Emphasis on Accessibility

With the ongoing rise of popularity of online shopping, retailers should make digital channels accessible to all potential clients, regardless of their individual abilities or disabilities. Websites with easier accessibility see higher revenues and higher net income than competitors – in fact, 45% of consumers believe an easy to navigate website/app is important when shopping online.

Website inclusivity has the potential to not only enlarge a business's customer base, but also deepen relationships with existing customers and increase the lifelong value of these relationships. For success in 2022, businesses should not only adhere to ADA guidelines, but go beyond this by training staff on writing accessible content and using word-processing software properly. All consumers want a cohesive, easy to navigate shopping experience, which in turn, will make them more likely to spend their money.

Additionally, web accessibility lawsuits are expected to rise significantly in 2022, and in response, we expect to see a focus on creating a more inclusive and accessible eCommerce environment moving forward.

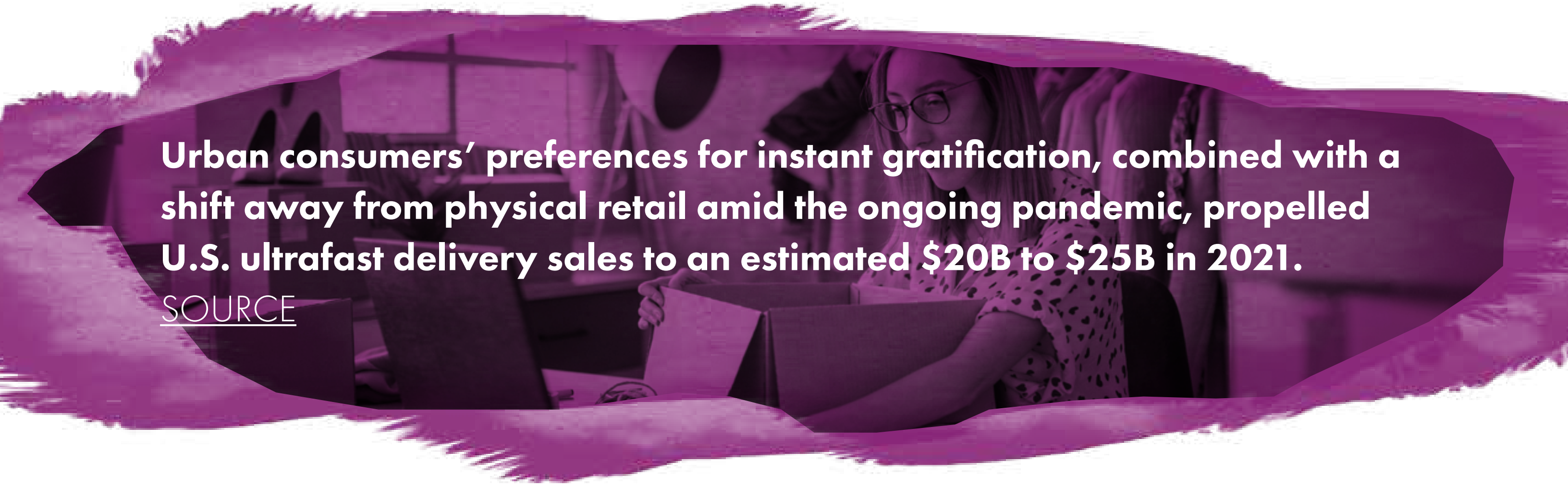
TREND #6

Convenience and Delivery Expectations Pushed to the Ultrafast Limit

Consumers expect instant gratification and have framed expectations for receiving goods and services sooner than 'next day' in some cases. Amazon led the way with Prime shipping, and now FedEx and UPS have followed suit with same-day/one-day delivery options. Increased drone shipping is something to keep an eye on, as well.

Retailers, specifically in the grocery and convenience space, are seeing greatest success through partnerships with small start-ups that have the technology to track real-time supply and demand. With greater visibility of consumer behavior in these smaller scale stores, businesses can fulfill the desire for speedy delivery and completion of orders. If same-day delivery isn't an option, businesses need to provide honest expectations about their delivery, or they risk consumers finding another brand that can meet those lightning-speed delivery expectations instead.

Modern consumers want free returns and shipping, a variety of payment methods, intuitive and responsive websites, and excellent customer service at their fingertips. They will quickly switch customer loyalty if these demands cannot be met.



TREND #7

Community as a Driving Force for Brand Loyalty

The past few years have shown significant uncertainty in product availability, quality, and price. With rising inflation, we expect to see uncertainty in what is sold into the coming months.

However, consumers especially in younger demographics, are more concerned with how products are sold by brands. These consumers care about 1) the social impact made by a brand and 2) the sense of community a brand creates through online and offline engagement, whereas older generations are more concerned with product quality.

Now more than ever, customers seek closer and more authentic relationships with the brands they choose to shop with – not to mention, 77% of consumers feel more motivated to purchase from companies committed to making the world a better place. Brands must focus on creating emotional connections that encourage customers to opt in and show patience when challenges arise, as well as providing personalized incentives that make the consumer feel as if they're buying into a community, not just a product.

Conclusion

The world of eCommerce is rapidly evolving to meet shifts in consumer preferences brought about by the convergence of several technological, economic, and societal forces. We will continue to see rapid growth continuing into 2022 as businesses look to emerging technologies to automate marketing, production, fulfillment, and other parts of their workflows. As a direct result of the pandemic, eCommerce businesses must meet heightened expectations regarding what people want out of their online experiences.

All in all, we see a few themes: retailers are adapting their websites and sales funnels to be more mobile friendly, as well as providing customers with multiple options for individual customization, speed and convenience, and multiple payment options. Additionally, automation and machine learning will likely bring down costs while increasing sales for eCommerce businesses. Customer preferences are also shifting to ecommerce more rapidly than in the past, and omnichannel will engage new technologies like AR, AI, and mobile wallets to deliver consumers a more personalized and convenient experience.

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