

2022 *ECOMMERCE  
PREDICTIONS*

5 TRENDS

THAT WILL SHAPE  
THE FUTURE  
OF DIGITAL RETAIL

## INTRODUCTION

The ecommerce boom of 2020 brought millions of new shoppers to digital platforms, and that growth trajectory continued into 2021. For many retailers, the past year was spent catching up with soaring consumer expectations. Fast shipping, frictionless checkout, quick load times, mobile optimization, personalization at every level — many things that were nice-to-haves before COVID quickly became musts as ecommerce moved even further into the retail mainstream.

Most retailers have now perfected their baseline ecommerce experience, which means 2022 will be the year they get to the new nice-to-haves. The editorial team of *Retail TouchPoints* has taken the biggest news from the last year, as well as key insights gleaned from the leading minds in retail, and boiled it all down into five ecommerce trends set to shape the future, including:

1

### Putting Content at the Center of Commerce

Ecommerce now encompasses so much more than just a website, with livestreaming, social commerce, marketplaces, retail media networks and the metaverse all now part of the digital mix. The common denominator among these varied new commerce channels? Content that creates a meaningful connection with consumers.

2

### Removing 'Bumps' in the Last Mile

The last mile has become the first priority for retailers after two years of unprecedented strain on shipping and fulfillment systems. Drawing on new technologies that employ automation, robots, drones and driverless vehicles, companies will start to build flexible, future-proof last-mile networks that relieve the pressure on the supply chain and store associates.

3

### Creating Spaces of Discovery

Algorithms have become incredibly effective at serving up content that users want, but in the process, consumers are funneled toward what they already know. Innovations in live shopping, top-funnel queries and visual search will make it more possible than ever before to bring the spontaneity of shopping IRL to ecommerce ecosystems.

4

### Looking Beyond Borders

In a fortuitous convergence, new developments in payment and checkout technology will make it easier to reach an international audience, right at the moment when consumers are seeing the benefits of cross-border shopping.

5

### Moving into the Metaverse

More than just a buzzword, the rapidly evolving ecosystems of the metaverse offer real-world opportunities for retailers to connect with and sell to consumers, with even more on the horizon.

# 1



## PUTTING CONTENT AT THE CENTER OF COMMERCE

Alicia Esposito, VP of Content

When people hear “digital” or “ecommerce,” some restrict their thinking to one key property: the branded ecommerce site. But omnichannel has grown up over the past few years to encompass so *much more* than that. It now includes **livestreaming, social commerce, marketplaces, retail media networks** and yep, even the **metaverse**.

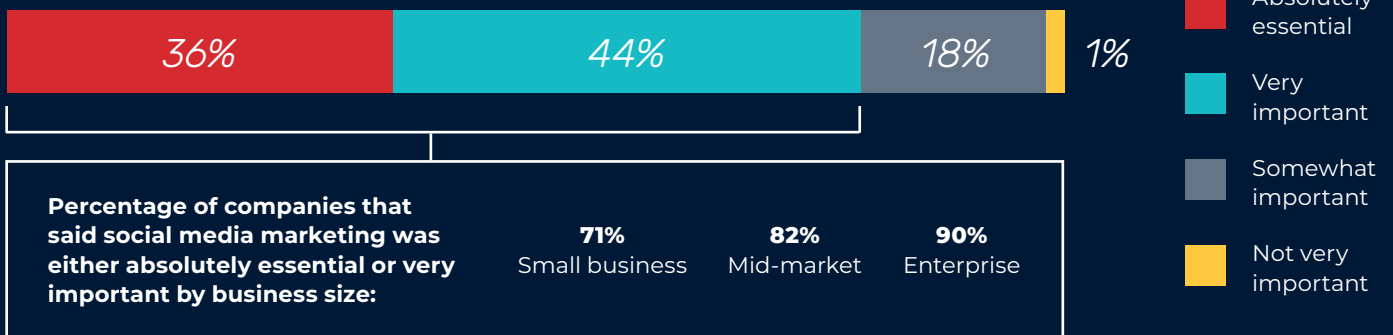
All of these new commerce channels have the same goal as brands and retailers — to accelerate the path to purchase. But what is actually so exciting and valuable about these channels, especially livestreaming and social commerce, is that **they all use content as a driver, an accelerator even, for educating, inspiring and immersing consumers into the brand and its community**. In addition to driving engagement, this content connection helps increase conversions and improve overall brand loyalty.



Diane von Furstenberg (DVF) President and CEO Gabby Hirata (right) hosts a livestream from the DVF flagship in SoHo during Singles' Day with von Furstenberg's granddaughter Talita.

Tap or click on over to Instagram or TikTok to see what opportunities really exist when you put content and community at the center of the commerce experience. Even companies that sell the least flashy or sexy products (think of brands like period underwear **Thinx**) use content to turn product-pushing into moments of meaningful connection. And consumers love it.

### Importance of investing more resources into social media marketing



Source: **Sprout Social**

As a result, marketing and ecommerce teams are doubling down on these new content-driven commerce experiences. For example:

- **86%** of executives say social media commerce is a growing part of their company's marketing-driven revenue plans (**Sprout Social**);
- **79%** expect to use social to sell products and services over the next three years (**Sprout Social**); and
- The livestreaming industry grew by **99%** between April 2019 and April 2020. (**Daily eSports**)

But it's not just about being there; **it's about creating your own unique space on this rented land** that captivates consumers, excites them and encourages them to go deeper into your story and all that your brand has to offer. That's why in 2022 we'll see brands and retailers focus on taking a more strategic approach to social commerce and livestreaming.

They will **invest more heavily in owned and earned content creation** and will become more thoughtful in reusing that content to drive action within new commerce environments. Remember a few years back when brands hired editorial directors and content leads? In the coming years we'll see a similar renaissance — one that is inspired and driven by creatives, and activated and amplified by technology. As a result, in addition to investing in social commerce platforms and capabilities, brands and retailers will allocate more budget toward:

<p>Social media content management</p> 	<p>Influencer research and relationship management</p> 	<p>Content moderation and management</p> 
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**As the commerce ecosystem continues to expand, the very definition of “omnichannel success” will continue to evolve.** At the center of it all will be relevant, timely and branded content that is consistent and compelling across all channels.





## REMOVING 'BUMPS' IN THE LAST MILE

Adam Blair, Editor

It became something of a mantra in assessing COVID-19's initial impact: the pandemic had sped up the steady march of ecommerce penetration by **two, three** or even **five years** in a matter of months. Retailers, along with the entire fulfillment ecosystem, scrambled to deal with both dramatically increased delivery volumes and the **higher return rates** that accompany non-store sales, particularly in key categories such as apparel and footwear.

In 2022, and likely well beyond, retailers will be seeking innovative technology solutions to not just handle these high delivery volumes, but to do so in ways that are both cost-efficient and provide a positive customer experience. That translates into ongoing reliance on **the brick-and-mortar store as an integral node for last-mile fulfillment**, best exemplified by the success **Target** has achieved.



A robot roams the aisles at Walmart checking inventory.

However, relying on physical locations to support last-mile fulfillment creates its own set of challenges, and one of the biggest is the impact on store labor allocation.

According to *Retail TouchPoints' 2021 Store Operations Benchmark Survey*, labor hours devoted to store-based fulfillment, including BOPIS, curbside pickup and ship-from-store, increased in 2021 for a total of **60%** of retailer respondents, with **26%** reporting significant increases and only **5%** reporting decreases. However, if the tight labor market continues well into 2022, retailers will be hard-pressed to continue throwing people at this problem.

**Making greater use of robots** for tasks like order picking is one solution, although they work best in warehouses designed to provide enough room for them to operate safely. Microfulfillment centers, which are often in retrofitted spaces such as converted or dark stores, may be less optimal for robotic technology. According to OmniTalk CEO Chris Walton, robots need to be designed with these unique needs and spatial constraints in mind to maximize their efficiency and value.

Robots, **drones** and **driverless vehicles** also are being used by retailers — notably **Walmart** — to automate portions of the last mile. Additionally, Walmart has **deployed AI-powered solutions to help order pickers make better substitution choices** when an item is out of stock. Solving these types of pain points will be critical to omnichannel retailers' ability to enhance the customer experience for the last mile of ecommerce.



## STREAMLINING THE PROCESS OF BRINGING PRODUCTS TO CONSUMERS

Marcel Hollerbach, Chief Innovation Officer, Productsup

After the world seemed to come to a standstill in 2020, businesses went into overdrive this year to make up for lost time. This accelerated momentum is especially true within the retail industry, where 2021 has been a record year for omnichannel innovation.

For instance, **social commerce received a complete makeover this year**. In 2021 alone, Facebook (now Meta) expanded Shops to the Facebook Marketplace and WhatsApp; Pinterest launched Idea Pins and Pinterest TV; Snapchat acquired several commerce startups including Fit Analytics; and TikTok launched Dynamic Ads.

In theory, these channel advancements provide companies with tremendous opportunities to expand their customer base, stand out from their competitors and scale their business. However, reality has proven that keeping up with the evolution of sales and marketing channels and technology solutions has wreaked chaos on companies' ability to effectively reach consumers. With the possible exception of the hyper-scalers, it's nearly impossible for companies to stay on top of changes to data requirements while also taking advantage of new features introduced by these many shopping channels.

As the commerce ecosystem continues to rapidly change, the gap between the major industry players and everyone else will widen beyond repair. According to Productsup's new report — **The P2C Report: Radically Rethinking Commerce** — nearly half (49%) of U.S. companies are very concerned with their ability to compete with hyper-scalers and online marketplaces.

But the future isn't hopeless for commerce businesses. New **market analysis** from Constellation Research has identified an entirely new industry concept that transforms the way we think about marketing and selling: product-to-consumer (P2C).

The P2C strategy simplifies how companies bring their products to consumers. Instead of operating multiple siloed systems to manage product information across more than 2,500 channels, P2C streamlines the flow of product data between buyers and suppliers. It provides a holistic, one-stop solution to enriching product data, syndicating content across thousands of channels and actively managing products within the commerce ecosystem. Considering that research from **Forrester** found that **62%** of retail business leaders said their organization is looking to replace their current commerce solution, it's time companies stop focusing on optimizing existing systems and take a fresh approach to marketing and selling their products.

With a total addressable market of more than **\$11 billion** in 2021, P2C has great potential to transform how companies operate in the year ahead. In fact, the Productsup study found that **67%** of business leaders believe a P2C strategy will enable them to make better decisions based on data-driven insights, and **58%** think it will drive a higher rate of innovation to help them stay ahead of the competition.

If companies continue to operate with the same mindset they've been using for decades, they stand no chance of keeping up with the retail industry's relentless evolution. Remember when people thought faster horses were the solution? Well, 2022 will be the year P2C becomes the driver of commerce success.

# 3



## CREATING SPACES OF DISCOVERY

Nicole Silberstein, Ecommerce Editor

For the most part online shopping is more functional, and oftentimes less fun, than going to a physical store. Jim Habig of Pinterest described the problem perfectly at **NRF Converge** earlier in 2021: “**So much of the online shopping experience lacks a certain ‘je ne sais quoi’** — it’s find the thing, buy the thing, but where’s the fun in that? [How do we] recreate that experience of popping into a **Crate and Barrel** and saying, ‘That bar cart is exactly what I didn’t know I needed?’”

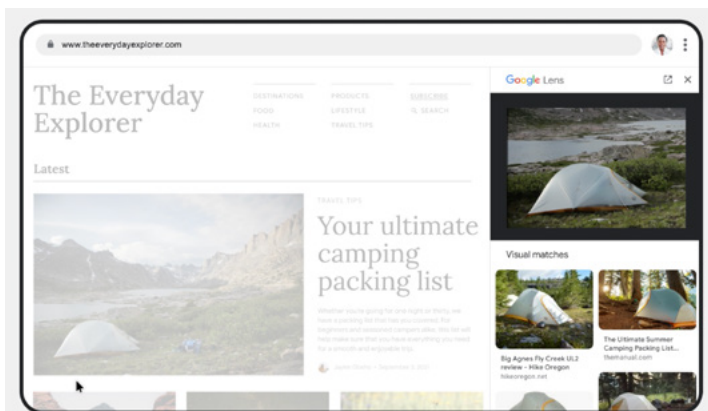
Social media platforms have been trying hard to bring the spontaneity of IRL shopping to the digital world. While few people visit Instagram, TikTok or Facebook with the express purpose of purchasing something, now that product ads and creator content are increasingly intermingled with posts from family and friends, every social media visit has the potential to turn into a shopping trip, much like a walk on Main Street. And given **how much time** people now spend on social media, it’s no surprise that companies are leaping at the social commerce opportunity.



An aisle at a local HomeGoods store.

Ironically, however, the technologies that make social commerce attractive to brands and retailers, notably recommendation algorithms, run counter to the concept of serendipitous discovery. “No matter where you are [online], everything’s being personalized to you,” said Matt Maher of M7 Innovations in a **conversation** with *Retail TouchPoints*. “You may think you’re discovering something, but you’re discovering that something within a bubble. How do you get back to a place of discovery? I call it the ‘HomeGoods Effect.’ Every time I walk into HomeGoods, I never know what I’m going to get — it’s pure discovery created by humans. We’re losing a lot of that with the personalization and algorithms on these platforms.”

While platforms closer to the top of the funnel like **Google** and **Pinterest** are creating spaces where users can discover newness, and **livestreaming** is injecting more spontaneity and personality into online shopping experiences, the most exciting possibility for creating the digital equivalent of window shopping is **visual search**. Tools like Google Lens and Snapchat Scan don’t require actual store windows to shop — the whole world is the window. Whether it be a passerby on the street, a character or set in a TV show or a friend’s living room, with visual search tech you can take a picture of what you like and then buy it online.



Google Lens' new web browser search function lets users shop anything they come across online.

There’s still some work to be done to make the whole world shoppable with a single snap, but Maher envisions a very near future where “literally every touch point in our lives could be shoppable.” What it will take is just a little more ubiquity in visual search tools. In the same way that you used to need a separate app to scan a QR code, but now can just use your phone’s native camera, eventually you’ll be able to use the basic functions of your smartphone to shop anywhere, anytime. For retailers, now is the moment to start preparing so that your products are the ones shoppers find once we get to that point.

# 4



## LOOKING BEYOND BORDERS

Bryan Wassel, News Editor

The web is continuing to make the world smaller as new payment, checkout and fulfillment services make it easier for even small retailers to market and sell their goods to an international audience. Even American shopping holidays present opportunities for cross-border commerce: **15%** of Black Friday sales for Shopify merchants came from cross-border customers. Additionally, **the recent ecommerce boom has led more consumers than ever before to consider purchasing products outside of their domestic market**, with 57% of online shoppers **purchasing cross-border** during the pandemic.

The massive buying power of China's citizens is of particular interest as U.S. retailers **build name recognition, become part of Singles' Day** and **implement high-tech features** to grab a share of this important audience. In fact, China led the world in cross-border commerce growth in 2020 at **24.5%**, according to **eMarketer**.



57%

of online shoppers purchased cross-border during the pandemic.

There is plenty of opportunity elsewhere as well: Brazil came in second to China at **14.2%**, with Mexico at **10.7%** and Italy at **7.5%**. Cross-border opportunities are opening up across the globe in 2022, and retailers should be looking for other countries that offer large, untapped consumer bases.

Selling internationally has historically been a bit sticky, logistically speaking, especially when dealing with different currencies, but **payment innovations** are lowering the cost of transacting internationally and improving cash management capabilities.

U.S. retailers are well-positioned to take advantages of these developments. In fact, they already account for nearly **50%** of cross-border ecommerce purchases in Canada, Mexico, South Korea and Brazil, according to **PPRO**, and the appeal of American brands makes them attractive around the world.

Fully realizing the benefits from these opportunities will require retailers to understand local shopping habits and invest in alternative payment methods. PPRO noted that **77%** of global online purchases are not made with an international credit card, so **retailers interested in cross-border commerce in 2022 should look into payment options that match the regions they're targeting:**

- **23%** of Canadian transactions come from **digital wallets**, with popular local options including paysafecard, paysafe:cash and Hyperwallet;
- **60%** of APAC transactions are made with digital wallets, the highest of any global region, and **72%** of transactions in China are made through wallets like Alipay and WeChat Pay;
- **14%** of transactions in Latin America are bank transfers and **60%** are card-based, including bank cards and payment methods such as Boleto Bancário, PIX and Oxxo; and
- Western Europe is heavily dependent on bank transfer payments.

Long story short, the world is your oyster if you can make it easy for people to pay for it.



# 5

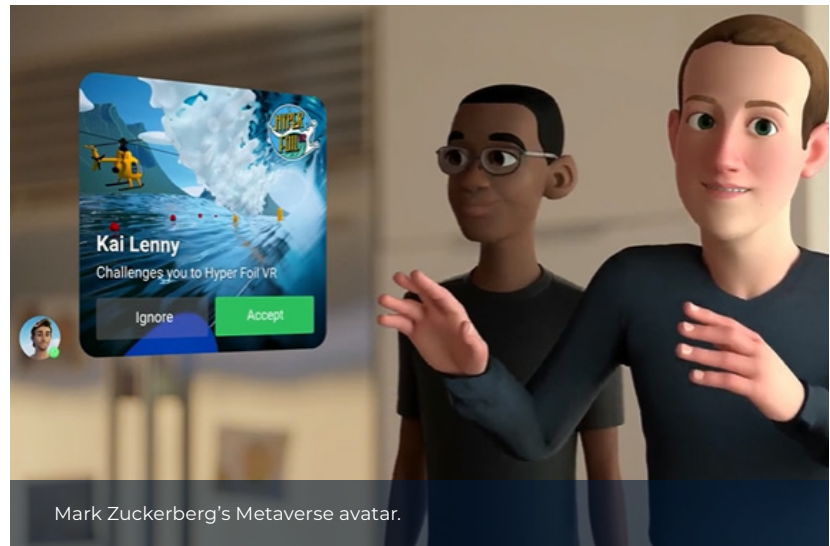


## MOVING INTO THE METAVERSE

Nicole Silberstein, Ecommerce Editor

The metaverse was without a doubt one of the hottest subjects of 2021, and it's safe to say the topic isn't going anywhere in 2022. Save for the very technically literate among us, much of this year was spent trying to get a handle on what exactly the metaverse is.

There is, by the way, no real answer to that question (despite what Mark Zuckerberg **might say**). It's the equivalent of knowing what New York City would become back in the 1600s when a handful of European settlers moved in. Knowing exactly what the metaverse will look like and how it will function 50, heck even 10 years from now is a similarly impossible task — the concepts and technology that form the metaverse's foundation are rapidly and constantly evolving. But don't let that stop you. Because if 2021 was about understanding the idea of the metaverse, 2022 will be all about getting into it.



Mark Zuckerberg's Metaverse avatar.

## WHAT EXACTLY IS THE METAVERSE?

A virtual reality space in which users can interact with other users within a computer-generated environment.

The best way to start to understand the potential for your business is to try it. There isn't any one entry point, but here are a few places to start:

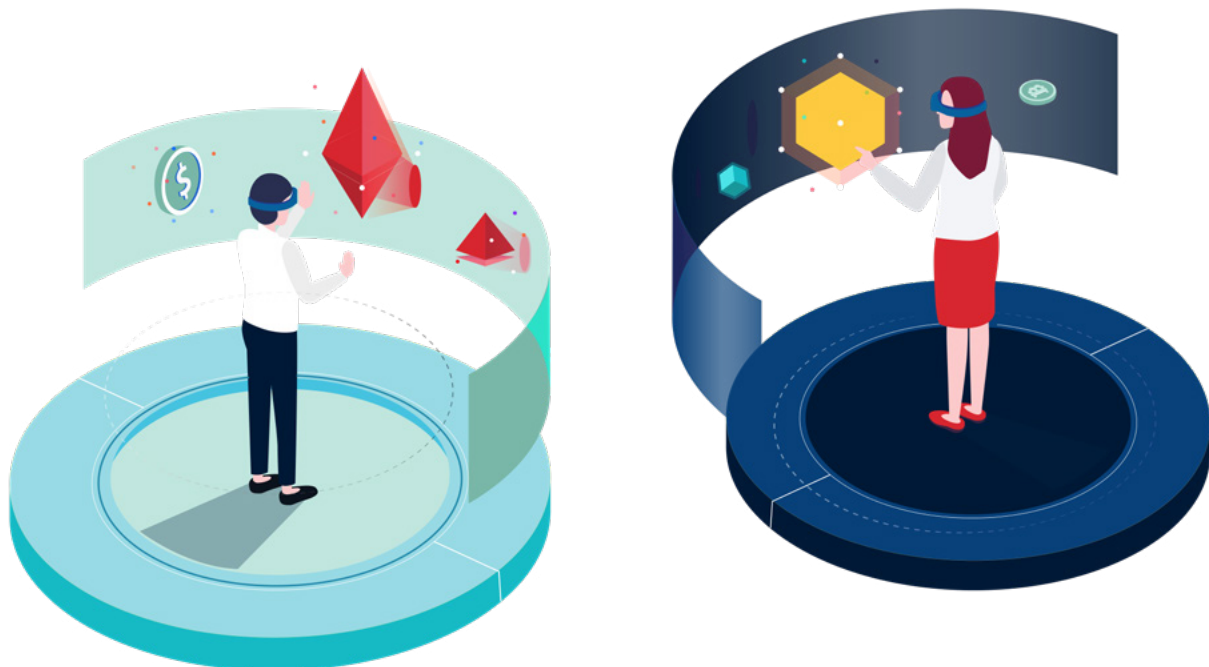
- **INCORPORATE AR AND VR TOOLS:** Start to implement **mixed reality experiences** on your ecommerce platforms, such as **AR try-on** or interactive **3D product models**. Retailers already leaping in include **IKEA**, **Sephora**, **Warby Parker** and **Wayfair**. Not only can these kinds of augmentations offer an **immediate lift** in engagement and conversions, they also serve as foundational elements for building a broader metaverse presence.
- **BUILD A VIRTUAL STORE:** Technology and computing power have advanced enough that you can create an interactive 3D virtual store on your website — one that shoppers can browse just like they do in the physical world. Make the store a replica of one of your real-life locations or develop a completely **new virtual experience** that could never exist IRL. (**American Girl** has great examples of both.) Plus, you're going to need a virtual store for the **virtual mall** that **Boson Protocol** is building.

- **DEVELOP DIGITAL PRODUCTS:** Create digital versions of your real-world products (or design completely new virtual-only items) for users to wear and use in metaverse environments, whether that's gaming platforms like Roblox and Fortnite or **virtual worlds** like Cryptovoxels and Decentraland. **Gucci's collection for Roblox** is a prime example.
- **JOIN THE NFT GANG:** The list of companies that began dabbling in the creation of digital collectibles, a.k.a. non-fungible tokens (NFTs), includes everyone from **Clinique** to **Toys 'R' Us** to **Taco Bell**. Why not join them? Check out this **great primer** on NFTs to get started.



There is one sticking point with many of the metaverse-centric products that exist today — interoperability. For the most part, all of these virtual products exist within single platforms and can't be “carried” across the internet to other platforms. So if you bought a Gucci bag in Roblox, your avatar isn't currently able to carry the same bag in Decentraland.

Making these digital creations portable across ecosystems, and for that matter creating standardized methods of confirming ownership, represent huge technical challenges that will require collaboration across industries and among competitors. (In this regard, the **concept of Web3** is interesting to explore.) However it ends up being accomplished, once this kind of interoperability becomes possible, it will be a watershed moment for the true realization of the metaverse.



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## Productsup

Productsup frees brands, retailers, service providers, and marketplaces from commerce anarchy. The Productsup product-to-consumer (P2C) platform processes over two trillion products a month, empowering long-term business success as the only global, strategic, scalable platform managing all product-to-consumer information value chains across any platform, any channel, any technology. Founded in 2010 and headquartered in Berlin, Productsup has grown to over 250 employees spread out across offices worldwide and works with over 900 brands, including IKEA, Sephora, Beiersdorf, Redbubble, and ALDI. Learn more at [www.productsup.com](http://www.productsup.com).

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## retail TouchPoints

*Retail TouchPoints* and *design:retail* give all members of the retail world access to a vibrant community that combines insights, inspiration and opportunities to interact with their peers. We sit at the intersection of the art and science of retail strategy, providing granular data, high-value commentary, and aspirational success stories to help readers optimize customer experiences across all channels. Touching all facets of the retail ecosystem, including store experience and design, workforce management, digital marketing and engagement, and omnichannel optimization, our editorial content, multi-media resources and events take timely news and trends and transform them into tactical takeaways that meet the unique needs and priorities of our executive readers.

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### ABOUT THE AUTHOR

#### Nicole Silberstein, Ecommerce Editor

Nicole covers the retail industry at large with a focus on ecommerce, looking at digital innovation and the evolution of modern retail.