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eCommerce Trends and Insights for 2021

Introduction

Online shopping or **eCommerce first became possible** with the arrival of the open internet in 1993. Amazon was one of the first companies to introduce widespread sales, and **since then millions of new sites have been born**. eCommerce has grown to the point that it accounted for **$4.2 billion in sales in 2020**, and this number is expected to reach **$6.5 billion by 2023**.

The year 2020 was undeniably a watershed year for business. eCommerce, in particular, flourished as a result of the enforced restrictions caused by the coronavirus pandemic, achieving **10 years' worth of growth in just 3 months**. Heading into 2021, the only certainties are that we have no idea what the outcome of the pandemic is going to be for the economy. In the meanwhile, companies are doing their best to adapt to the changing environment.

Based on the opinion of multiple experts, here are the eCommerce trends and insights you can expect to see in the next 12 months.

eCommerce and Online Competition Trends

Competition among eCommerce providers is at an all-time high after the massive growth experienced at the start of the pandemic. While progress is expected to slow in 2021 as brick-and-mortar businesses enjoy some recovery, the competition online is stiff and likely to increase. Reasons for this include:

More companies are advertising than ever before in their effort to compete in the virtual space. eCommerce allows for companies of any size to maximize ad spend using search engine optimization techniques, pay-per-click, and programmable social media advertising. The more visibility a product or service enjoys, the more sales it generates, so it's in everyone's interest to join the bandwagon.

Online competition has gone global since geographic location is no longer an issue for many suppliers. With the increase in delivery options that accompanied the pandemic, companies located anywhere can fulfill orders from all over the globe. **While the U.S. still leads cross-border commerce according to McKinsey**, companies are typically competing with providers in Mexico, China, or even Europe for the same customers.

eCommerce success depends on the user's experience. This makes user experience (UX) a critical factor in getting an eCommerce store operating effectively. Users need to have easy navigation, simple instructions for using the site, and a clear view of the product's value. Having an immersive, omnichannel experience provides a real competitive edge for companies.

In the face of current levels of competition, it's important for companies to focus their eCommerce site around the way consumers experience their brand, product, or service. This requires a substantial investment in technology to ensure they offer an intuitive user experience combined with a fast, efficient online store, a variety of payment options, and a robust returns policy.

Consumer Behavior Trends

Consumers are buying more items online than ever before. Most people have discovered there are advantages to not having to go out to a store amidst the COVID-19 pandemic. Staying out of public places helps them to avoid exposure, while the proliferation of eCommerce providers in every industry means nearly any products can be ordered from the comfort and safety of their own home.

Wide Range of eCommerce Products

The market for books, clothing, and furniture has expanded to include everything from groceries to health and hygiene products. Gone are the days when a visit to a bank or mortgage broker was an integral part of buying a home. **Customers can even choose and purchase a new car online** now and have it delivered directly to their door.

The Need for "Showrooming"

Just because shopping has largely moved online doesn't mean consumers no longer want to touch, feel, fit, and otherwise try products before they buy. **Before the pandemic, the habit of going to a store to examine a product before ordering it online for delivery gave rise to the term "showrooming"**. In 2021, companies that cater to this desire by offering a truly immersive experience based on **virtual and augmented reality (AR)** will have the highest success rates. A study by BigCommerce shows **61% of consumers would rather buy on sites offering AR technology, while 70% would be more loyal to brands offering the option**.

The Future of Retail

One of the few things we can be certain about is that the retail experience has changed irrevocably, and it will continue to do so for the immediate future. **Mall traffic**, which had already dropped prior to COVID-19, partly because of the shift to online shopping, is unlikely to bounce back to pre-pandemic levels. Retail companies that want to have a future need to reinvent themselves dramatically or face a slow, painful extinction.

Redirecting Investment

It simply makes no sense to spend high sums of money on premises, storefronts, merchandising, inventory holding, and management when the majority of customers are shopping online direct from company warehouses. Retailers can rather **i**nvest the savings gained from downsizing into additional shipping options, widespread advertising, and an improved user experience.

Driven by Data

More than anything, the **future of retail will be driven by data**, and the more a company knows about its consumer base, the better-placed it will be to capitalize on the knowledge. Personalization, engagement opportunities, and customer insights will continue to combine with predictive analytics to determine the right methods of selling the right products to the right people at the right time.

The Subscription Model

Subscription services are proving to be a big drawcard in the world of eCommerce and a good way to **retain customers while offering exclusive products**. From meals to apparel, subscription boxes enable retailers to capitalize on their customer networks to generate return business. The concept is popular because it makes shopping easier, since products are sent automatically to consumers according to a predetermined timeline.

Research by Paysafe shows **69% of Americans have signed up for several subscriptions**, and **28% acknowledge having at least four**. This trend might see some post-COVID-19 decline when consumer movement is less restricted, but since consumers have now discovered the convenience and pleasures of this model, **it's unlikely the dip will be more than temporary**.

The Environmental Aspect

It's a fact that more people care about enviromental sustainability now than ever before. Research by Nielsen in 2018 showed consumers around the world were making adjustments to their shopping habits. Up to **81% of respondents** across gender lines and generations **looked for companies that helped to improve the environment**. E-tailers that **support ethical manufacturing methods, reduce transportation distances, and make use of sustainable materials** are likely to benefit from this increasing trend.

For retail of any type to be successful in the future, companies will need to invest in new technology that makes them both cost-efficient and attractive for consumers.

Fulfillment as a Competitive Advantage

Fulfillment has long been a competitive advantage in B2B supply chain management, but the pandemic-encouraged shift to eCommerce has brought it sharply into B2C focus. Moving into 2021, it's imperative for companies offering eCommerce options to be able to deliver quickly.

Same-Day Delivery: Immediate gratification might not always be possible, depending on the product or service, but Amazon has set a high bar with its overnight shipping and, in some cases, free same-day deliveries for Prime members.**Companies large and small are now trying to figure out how to offer rapid order fulfillment options before they lose business to competitors**.

Speed and Accuracy: The speed and accuracy with which a company offers fulfillment of online orders are important to remain competitive. Those aren't the only criteria, however. Equally important to most consumer bases are:

- the types of packaging used, and whether they are both attractive and sustainable,

- the distances covered during transportation, and

- methods of transportation used and the type of emissions they discharge.

To achieve success on these issues, eCommerce providers will have to rethink their strategy with regard to their network. The location of physical buildings will matter, as well as the allocation of inventory between premises in ways that will speed up delivery and reduce transportation time and cost.

Companies will also need to be open to trying new fulfillment methods and processes and implementing new technology to allow for options such as later order cut-off times, faster order processing, wider geographical reach, and just-in-time, "knife-edge" inventory control.

The Importance of Branding for Online eCommerce

Despite what many people think, eCommerce is not only about sales. It's about projecting a company's brand to the online world. As with offline selling, branding enables a company to share its story and to position itself in the eyes of its target market. Beyond price and quality, brand loyalty is a major reason behind customers' choice of provider, and that hasn't changed during the recent eCommerce revolution.

The emergence of online marketplaces like eBay, Amazon, and Etsy, where multiple brands can be purchased using a single point of sale, has shown that consumers typically search for solutions rather than brand. It's very convenient for users to shop on these marketplaces, comparing multiple competing products without having to click away to another site.

While this feature encourages eCommerce because of the simplicity, it makes it even more vital for brands to stand out among the listed sellers. As a result, providers are looking for new ways to differentiate their brand from others in their industry.

One way to do this is to create a socially-responsible profile, cause, or purpose. Another option is to ensure the company's marketplace presence offers a rich, immersive customer experience.

Using novel ways to redirect users to your own website can draw them to your unique offerings in a way that will resonate with them and cause them to remember your brand.

eCommerce Retention Trends and Insights

Customer retention has always mattered, because it increases the customer's lifetime value to the brand, boosts revenue, and helps build strong relationships with consumers. In the competitive eCommerce environment, where users can access similar products from other suppliers at the tap of a key, retention is arguably even more challenging than before. Simultaneously, the cost of acquiring a new customer is higher than ever, with online advertising rates rising in response to saturation.

To combat this, retention trends we expect to see in 2021 include better rewards and incentives for customers to spend and more ways to facilitate easy access. **Voice commerce**, for example, is voice-powered functionality that can be used by anyone with a smartphone or tablet equipped with a virtual assistant like Siri or Google Assistant.

The Take-Away for Online Retailers

Online retail, or e-tail, is on the threshold of a tremendously promising period. As the pandemic retreats and the economic recovery gathers momentum, online retailers need to focus on providing what customers want. This includes:

- **A great digital experience using AR, VR, or 3D that offers many of the advantages of in-person shopping**
- **The option to choose a blended shopping experience that combines in-store and online**
- **Easy point-of-sale without the necessity for a separate shopping cart**
- **The ability to do business wherever the customer is, using any type of mainstream device**

- **Fast, secure checkout integrated with all mainstream payment options**
- **Simple, low/no-cost credit or installment payment choices**
- **Automated fulfillment options including free pickup or shipping**
- **Frictionless return policies**
- **Buying incentives and promotions**
- **Robust loyalty programs**
- **Live assistance for online shoppers**

All this is possible with the right technology, developed and customized to drive revenue, growth, and value. Get the competitive edge in your industry with high-quality software deployed in record time to enable you to optimize the transition to eCommerce. Outsource your development needs to a reliable technology partner for the best results in the fastest timeframe. As your technology partner we're confident we can build that kind of relationship with your organization. **Contact us today**, to learn more how we can support your business growth.