Ten Online Retail Trends
to Pay Attention To

2020 has been a doozy – global pandemic, civil unrest, environmental challenges – the list goes on and on. Each of these items would be enough to throw entire industries through a loop and, combined, their effects on global trade are immeasurable – for both good and bad.

As the online retail industry looks forward to 2021, we examine the top 10 trends that will shape e-commerce for years to come. Some of these trends have been accelerated by the events of 2020. Some result from the natural progression of technology. All will be relevant for online retailers.

1   **Omnichannel Shopping & the New Customer Journey**

If the term "omnichannel" seems to be popping up everywhere these days, it's because the retail landscape is morphing at a remarkable pace to create a seamless experience regardless of how consumers interact with your brand.

It doesn't matter anymore if a customer walks into a shop off the street, clicks on an ad in their Instagram feed or finds your website through an organic search – they expect uninterrupted, harmonious interplay between all channels, all the time.

Providing shoppers with a nonlinear purchase journey is supremely important. Research shows as many as 85% of shoppers initiate their consumer interactions on one device and migrate to another to complete their purchase.

85%
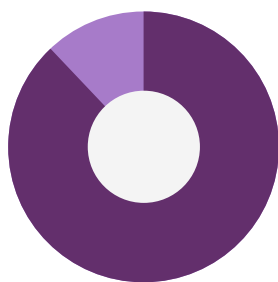
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Source

Consistency is key – from design choices for fonts and the color of CTA buttons to the payment options offered at checkout. Customers should know without a doubt what your brand looks and feels like. From the first marketing touchpoint to targeted advertising, online storefronts, and even post-purchase emails, every piece of content on every channel should precisely and effectively evoke your brand.

When implemented correctly, shoppers barely notice the differences between your mobile storefront, desktop website and pop-up in a neighborhood store. That's the point!

Achieving this flawless omnichannel flow is a massive endeavor for retailers. However, if you're looking for insight on how to start with omnichannel implementation or just want a few pointers to improve your approach, check out our blog post Getting Omnichannel Right — For Your Brand.

2 Click & Collect

Tangential to omnichannel shopping, Click & Collect, also known by the less catchy moniker of "Curbside Pickup," has quickly and fiercely staked its claim in online retail, in large part due to the impacts of COVID-19.

In just the past 6 months, Click & Collect has grown by more than 60% and accounts for almost $60 billion in sales in the United States alone. In the U.K., Click & Collect accounts for 70% of all e-commerce. The speed of this trend has left retailers scrambling to keep up.

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Parents are among the consumer groups driving the Click & Collect trend. In 2020, 47% of parents with children ages 5-18 (as compared with 36% in 2019) would rather shop with retailers that offer a buy-online, pickup in-store or curbside option. The same research sees parents with college-aged children also contributing to this movement. They, too, prefer to make purchases for their children online and will spend 34% of their "for-college" retail budget online this year, up from 28% over the year before.

Online retailers that are able to lean into the Click & Collect craze can substantially increase their value with shoppers. Consumers in the UK that order online and pickup in-store add 14% more to their orders at the time of pickup.

Smaller retailers without physical storefronts can be at a disadvantage with this trend. However, online retailers are supremely creative and have overcome similar challenges. Many online-only stores have already partnered with brick and mortar brands in order to achieve a physical location for customers to process returns. Could the same solution work for Click & Collect? Now is the time to get innovative. Brands that get this right will become industry leaders for this important trend, which will more than likely outlast the pandemic.

3 Try Before You Buy – 'Guideshops,' the No-Inventory Store and Anything to Please the Customer

More and more shoppers are turning to e-commerce to fulfill their needs. Yet there's still something special about the tactile nature of brick and mortar shopping. In fact, 49% of shoppers say that not trying a product is their least favorite part of online shopping.

Shoppers still want to make decisions and compare products. They just would rather do so from the comfort of their living rooms. They want their products immediately. And they also want to try before they buy.

What is an online retailer to do?

Bonobos, one of the first online-only menswear brands, sought to fulfill this customer demand and pioneered the "Guideshop." At a Bonobos Guideshop, every possible tactic to please the shopper is employed:

1. "Swing by a Guideshop location to find your fit and get a personalized experience, tailored just for you."

2. Customers can try on sizes 28-54.

3. Staff are referred to as "guides" and give shoppers "as much attention as you want or don't want."

4. Shoppers can drop by or make an appointment.

5. Purchases from Guideshops are sent directly to the customer's home.

6. Guideshops also handle returns and exchanges.

Bonobos reaps the rewards of putting customers first. Guideshop customers have both a higher average order value and conversion rate than shoppers who don't use the service.

Larger retail brands like Nordstrom have taken notice. Nordstrom Local's "Service Hubs," concept proposes to be a convenient, neighborhood hub for online order pickup and returns, express alterations and more. These locations make sure that customer service is the paramount experience – before and after a purchase has been made.

Will Guideshops and Service Hubs be the retail stores of the future, feeling more like showrooms with personalized stylists and tailoring experiences, packages arriving at shoppers' homes a day or so later? Will shoppers let go of poring through endless racks of merchandise, leaving with bags of items in-hand?

Growing e-commerce brands should consider piloting this concept for themselves in order to activate more shoppers more effectively.

4 · Augmented Reality

"Try before you buy" is a tall order for most online retailers. Augmented Reality (AR) may be the next best thing. AR is best defined as a technology that superimposes a computer-generated image on a user's view of the real world, thus providing a composite view.

The implications of AR for retail are astounding. Shoppers can visualize furniture in their homes, clothing on their bodies, even make-up on their faces. More advanced e-commerce sites such as Wayfair, Nike and Sephora are already offering such features.

At the beginning of 2020, 71% of shoppers said they would buy more often if they used AR. However, only 1% of retailers currently utilize it and 52% are nowhere near ready to implement it. Online retailers take note — 40% of customers will pay more for a product that they can visualize and customize using AR and 61% of shoppers would prefer to shop with a retailer that offers AR.

71%
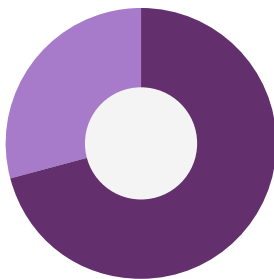
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Source

From a shopper's perspective, AR allows for a tailor-made, individualized experience (and therefore purchase). It lets shoppers try out products before buying them. This increased time on a page (two to three times longer) encourages additional engagement, which can increase sales, average order value, and loyalty.

Online retailers know it's imperative to realize every advantage in order to stay relevant. The more personal and interactive your online storefront is, the better your competitive advantage. Why not implement AR in your online storefront immediately? There's nothing more frustrating to a potential customer than an online experience that doesn't meet expectations.

But be careful with your approach. It's no secret that load times matter – AR apps have been plagued with long load times. They're also prone to poor navigation and difficulty with unnecessary steps. Enabling AR on your online store needs to be done correctly, with empathy for the shopper as the first concern. The shopper's experience and purchase journey should be thought about at every turn of AR implementation.

As this technology is honed, expect to see AR everywhere in the online retail space.

5 Promo Retailing and the Race to the Bottom

It's increasingly challenging to stay relevant as an online retailer. Merchants know they can reliably peak consumer interest by announcing mega sales via email, social media, paid ads, and website banners.

With many brick and mortar retailers closed or operating at reduced capacity due to COVID-19 restrictions, the competition to grab shopper's attention with online promotions is fiercer than ever. It's also out of step with the 'normal' retail promotional cycle.

Sales are traditionally introduced to shoppers during the holidays, in an effort for retailers to gain a competitive advantage during a high-volume shopping season. Discounts are employed again in January to help move unsold holiday merchandise. The prevalence of promotions during March and April is indicative of just how unpredictable 2020 was. However, many retailers don't have any other options – they're desperate to offload unsold inventory and try to drive at least some sales while their foot traffic is drastically decreased.

The boldness of discounts by retailers that traditionally rely on brick and mortar selling has left little room for retailers that sell their goods only online. We're witnessing a race to the bottom as brands try to out-discount one another in an effort to make themselves the most appealing in a wildly overcrowded marketplace. =

Discounts, however, aren't the only way (or, not necessarily the best way) to win customers.

- ✓ How can your brand stand out without cutting prices?

- ✓ What can your online store offer that competitors can't?

- ✓ Can you offer a buy-now-pay-later option to make purchases more palatable to shoppers?

- ✓ Are you able to step into the space where larger retailer chains fall short - by crafting a personalized shopping experience?

Creative answers to these and similar questions will put you on the right track, rather than pushing you further down in the race to the bottom.

6 The Rise of Installment Solutions

Installment solutions have become increasingly common on e-commerce websites and even in stores. Using these innovative ways to pay, shoppers can choose ton pay in several installments over a period of weeks or months.

There are a variety of options within this category. Some have consumer-friendly benefits including no fees, no interest, or no late charges. Others may offer longer payoff periods or easier approval for an additional flat fee, interest charges, or recoup costs by imposing late payment charges.

Unique in this category, Splitit offers all of the consumer-friendly benefits that shoppers value, and in addition, it requires no new credit applications because it uses shoppers' existing credit cards.

Consumer adoption has played a major role in the rise of installment payment solutions. A recent study found 87% of consumers aged 22 to 44 are interested in installment options. It's not even isolated to millennials or younger shoppers. The same research found 57% of Gen Xers have used one of the installment options on the market.

Merchant benefits also have established the business case for offering installments. Splitit's internal research shows that installment options lead shoppers to purchase more expensive items or purchase more items overall. They also drive return visits among as many as 85% of shoppers.

Getting on top of the installments trend now helps merchants capitalize on the growing demand for it — delighting shoppers and boosting their financial results, Rest assured that your competitors are already considering offering them if they haven't done so already.

7   The Dominance of the Ten Ton Gorillas – Universal Storefronts

It's impossible to be an online retailer without acknowledging the dominance of universal storefronts such as Amazon and Alibaba.

The reality is that as of 2021, Amazon's market share of online retail is [expected to rise to 50%](#). Consumers are rewarding Amazon for its ease of 1-stop shopping, reliable delivery and a no questions asked return policy. Amazon Prime is genius in that it encourages customers to keep shopping (Shipping paid for a whole year! Special offers for Prime members only!) and ensures that the company stays relevant in shoppers' minds even during leisure activities.

Prime members enjoy free Kindle downloads and access to thousands of movies and TV shows. All of these "extras" help to keep shoppers coming back again and again.

1   There are more than 100 million Prime members worldwide and they spend approximately $1000 each per year [(1)].

2   In 2018, almost half of all businesses selling goods on Amazon's platform generated 81-100% of their sales there [(2)].

3   About 75% of Amazon's third-party sellers are small businesses with just 1-5 employees.

4   86% of Amazon's 3rd party sellers are currently profitable, with 67% achieving that milestone in their first year [(3)].

Sources:

1. [Reprice Express](#)
2. [Statista](#)
3. [Jungle Scout](#)

Well, if you can't beat them, join them. As an online retailer, you would be remiss to not seriously consider whether an Amazon presence is right for your brand.

✓ Will you be able to sell your products as "Prime" offerings? There are more Prime members than not and selling to this segment is incredibly important.

✓ Do you have inventory or fulfillment logistical challenges that would be impossible or unprofitable to overcome?

✓ Does Amazon already sell a product that directly competes with what you offer? Does this render the entire proposition "not worth it" or could you still realize an increase in sales (and therefore profit)?

✓ Can you maintain price consistency across all of your sales channels?

## 8 Social Commerce – Product as Lifestyle

One of the best ways to stand out as an online retailer is to provide so much added value that it renders all others irrelevant – especially universal storefronts.

How do online retailers accomplish this seemingly impossible feat? By turning their brands into lifestyles. They create and sell a way of life that their products complement and fulfill.

Brands that do this successfully often use social media "coming and going." That is, they create online communities centered around activities, where their products fit in seamlessly AND they utilize user generated content from social media to showcase their products.

Patagonia is an excellent example of a company that's also a way of life. Their website prominently features "Stories" and the community that makes them. Their Social Feeds are full of content about these "Stories" rather than their products. It's almost as if the products are secondary and the goal of selling merchandise is irrelevant.

Bicycle company Canyon fully embraces UGC (user generated content), too. They've been able to ride the wave of consumer engagement as a result. They manage successful Instagram and Facebook presences with user-generated contributions. Canyon riders also have their own Facebook groups where they share their riding experiences and love for the product. It's free advertising of the best kind – 90% of shoppers say that they're more influenced by user generated content than any other form of advertising.

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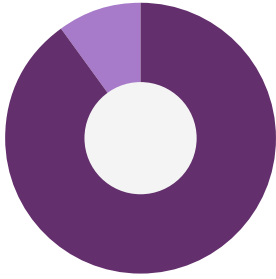
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The benefits of UGC are mind-boggling

1 Shoppers' positive reactions to your brand (either by way of Social Content or Reviews) drastically improve your SEO rankings.

2 Social tags are essentially free publicity. Happy shoppers tag your brand and expand your reach and social following on your behalf.

3 Seeing your brand through the eyes of your customers is invaluable. It allows you to analyze customer opinions and provides insight into which products are working and which aren't.

Tangential to both of these "Product as Lifestyle" routes are Social Media storefronts.

Targeted, personalized ads that appear in users' Social Feeds can be incredibly powerful and effective. When done correctly, an Instagram Ad can fit so seamlessly into a shopper's feed that clicking on it seems like the natural thing to do. It's truly an extension of their lifestyle. With storefronts, accessed via ads, integrated seamlessly into the Social Platform, a purchase is just a few clicks away.

9 Influencers and the Cult of Exclusivity

Celebrities have always influenced popular culture, but "celebrity" looks different now than it did previously. Influencers used to be seen as marketing side hustles. Now, they're the new celebs. Their collective star power on Instagram overshadows the marketing muscle formerly associated with Hollywood movie stars.

[For example](#), Kylie Jenner currently earns $986k per Instagram post, second only to Dwane "The Rock" Johnson. She needs to [post approximately 40 times](#) in order to match Daniel Craig's salary for two James Bond films!

We get it – $986k is a phenomenal amount of money for most brands. But viral marketing, as perpetuated by Influencers, can (and probably should) have a place in your overall marketing campaign even with smaller, more realistic budgets.

Influencers with smaller (under 50,000 followers) followings can have a dramatic impact on your sales. [In an interview with Vox](#), Joe Gagliese, co-founder of the influencer agency Viral Nation, said, "We actually believe influencers are more impactful than athletes and TV stars because they're more relatable and so their audience is more tapped in."

Smaller influencers call for several thousand dollars per post, which can fit into many marketing budgets if the situation is right for the brand. Micro-Influencers can be fantastic marketing partners for niche industries and specific target demographics. Don't underestimate these "smaller" influencers; their followers often have high-quality engagements while the influencers with larger followings don't.

How does this affect your brand and how can online retailers harness the power of influencer culture? Consumers want the feeling of being special and "in" with the right crowd. This exclusivity is a huge draw for many shoppers. Followers (a.k.a. your potential shoppers) trust the influencer and their lifestyle choices. These shoppers logically know that brands pay for content, but purchasing decisions often come from the heart – what feels right.

This is especially true for direct-to-consumer, independent labels. These online retailers are taking over the fashion industry as micro and small influencers have illuminated their products, much to the chagrin of luxury brands. Thanks to influencers, it's suddenly very cool to spend $300 on a handbag, rather than $3000.

Especially during this time of economic uncertainty, influencer posts may be the only reason that many shoppers are making non-essential purchases. Online retailers that take the Social Media "tribe" following into consideration can remain relevant and ensure that shoppers are compelled to purchase their products.

10 Inclusive Retailing and Marketing

Diversity, inclusion, belonging – if these buzzwords sound familiar to you, you're not alone. These words and the ideas they represent have been making their mark on workplace and educational culture for years. It's no wonder that shoppers are responding to these principles in retail as well.

Structuring your marketing and presentation to embrace an all sizes-ages-genders-colors model can be an amazing opportunity for your brand. It's a chance to define yourself as a brand, to show your shoppers who you're as a company and what your core beliefs and values are.

If your question is "will it work for my shoppers," our answer is: Yes. In fact, many companies have paid the price for NOT being inclusive. For example, shopper's disconnection with Victoria's Secret likely led to the rise of more inclusive companies such as Third Love and Skims.

Inclusive retail had its origins in brick and mortar shops; highlighting inventory in gender-neutral displays and grouping all sizes together by style rather than the antiquated "Petite/Women's/Plus" sections. The approach quickly moved into online retail as well. For example, H&M tested the concept by launching an online-only, gender-neutral denim collection. Companies like American Eagle with their Aerie lingerie line truly embraced inclusivity with their ads featuring disabled models and shoppers rewarded them for it.

The movement has evolved from a handful of companies trying to separate themselves from the pack to an all-out movement. Inclusivity isn't a gimmick or a marketing ploy. It's a philosophy for the kind of company you want to be. It also just makes good business sense. Why exclude anyone from buying your products? If shoppers feel like they belong on your website, the better your sales will be.

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Conclusion

Online retailers are the trendsetters – they not only respond to but drive consumer behavior. Their prolific innovation, especially in the face of major industry upheaval, has led to ways to keep us safer during a global pandemic (Click & Collect) and has the potential to enlighten people, changing the world for the better (Inclusive Retail).

We know our e-commerce partners will be among those providing more choices to consumers with buy-now-pay-later options. We look forward to how you embrace today's challenges and provide solutions for tomorrow.

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