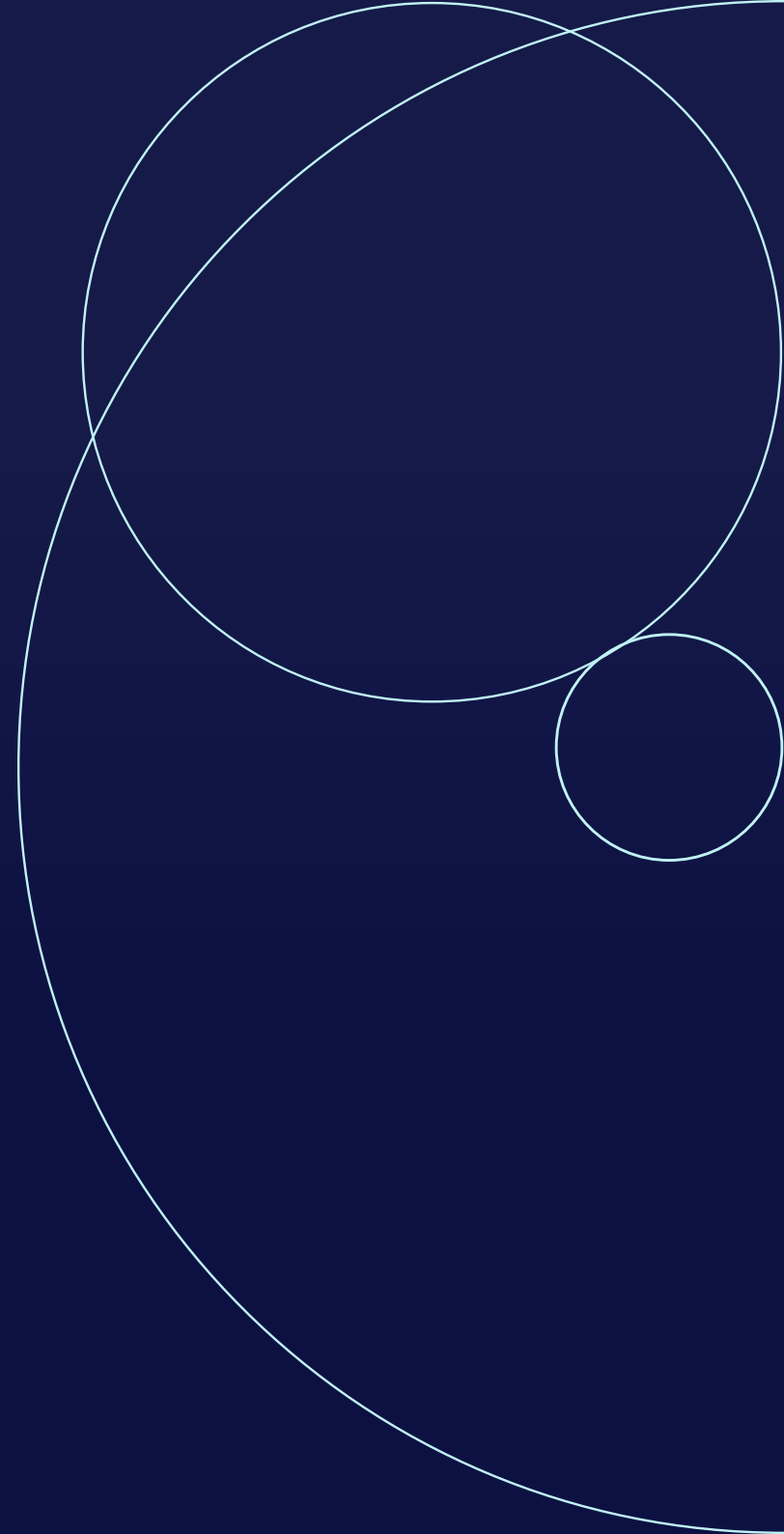




The ecommerce
trends brands
are forecasting
for 2022



Introduction

56% of merchants expect to see significant growth in 2022

Ecommerce is preparing for a year of growth fueled by new, digitally enabled, business models. Merchants are thinking expansively about the world in which they operate. From opportunities offered by new tech to challenges posed by the climate crisis, the industry anticipates a dynamic year in which competition is fierce, innovation is critical and the potential gains are significant.

As the world continues to digitize at pace, payments sit increasingly at the heart of the digital economy and remain key to unlocking innovation at scale. From digital wallets in the mobile commerce revolution to digital currency in the metaverse, how consumers are able to pay underpins the wider experience that merchants can deliver. Increasingly brands are grasping this and building creative new models and revenue streams, around a strategic understanding of digital payments.

We asked 1,000 ecommerce merchants across Europe what they think will be the biggest opportunities, priorities, challenges and threats in 2022. By consolidating this data alongside our survey of more than 8,500 European consumers, we have distilled five powerful trends which are set to shape the sector in 2022.

Top challenges and opportunities in 2022



Most important megatrends shaping ecommerce:

1. Sustainability
2. Social media
3. Personalization and AI
4. Buy now, pay later (BNPL) and microcredit
5. Digital payments and preparing for digital currencies



Biggest challenges to tackle:

1. Fraud and cyber risk
2. Macroeconomic and geopolitical risk
3. Loss of market share to marketplace platforms
4. Reputational risk associated with social media
5. Regulation



Top plans to execute:

1. Increase sustainability credentials and communications
2. Increase investment in social commerce
3. Sell more products via third party marketplace platforms
4. Increase personalization of products, services and CX
5. Divest from physical stores and invest in online-only growth



Top revenue opportunities to prioritize:

1. Adopting subscription models
2. Growth into new markets
3. Improved payments optimization
4. Embedded finance
5. Selling digital products or NFTs and establishing a presence in the metaverse

1

Environmental sustainability



Trend 1 Environmental sustainability

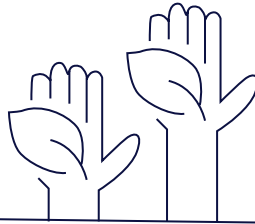
In line with country-led initiatives towards environmental sustainability, this year has seen merchants pledge to implement more eco-friendly practices in an effort to better meet their customers' expectations.

At the United Nations COP26 climate summit in November, 130 retailers including Burberry, H&M and Nike committed to cutting their emissions by half in the next decade compared with 2019 levels, an increase on their previous commitment of 30%¹.

And it seems the industry is aligned, with 41% of merchants putting environmental sustainability and ethical supply chains at the very top of their 2022 priority lists.

With the majority of millennials (73%) preferring to purchase from sustainable brands, merchants are acting in everybody's best interest by prioritizing sustainability going into the new year².

And those who fail to make significant strides towards more sustainable models risk losing customers to brands that have both chosen to focus on it and communicate their progress to shoppers.



54%

of consumers say they will seek reassurance that brands are doing their bit before buying

30%

of merchants say securing ethical supply chains is a priority

41%

of merchants say environmental sustainability is a priority

Trend 1

Environmental sustainability

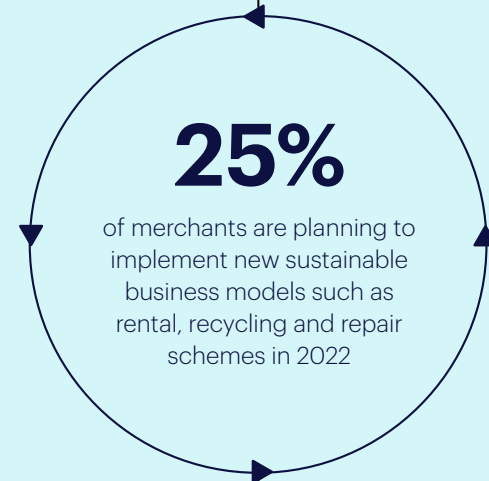
So, what could this progress look like for merchants?

While many are investing in carbon offsetting and other large-scale projects, there are also tactical tweaks ecommerce brands can implement to powerful effect.

For example, merchants are increasingly looking to join the resale and rental market to ensure their products are in circulation for longer. Checkout.com's The New State of Retail Report forecasts a significant increase in rental subscription models, while Apple is set to introduce their self-serve repair program during 2022³. Merchants are also utilizing buy now, pay later (BNPL) to make ethical and sustainable products — which often come with a price premium — more affordable to all⁴. And a quarter of merchants say they will be increasing their use of AI and VR solutions. This will allow consumers a more accurate sense of product fit, reducing return rates thereby cutting the emissions associated with additional shipping.

But whilst climate-conscious buyers are spurring retailers to innovate and streamline, there is another motivation to consider. The climate itself poses a significant threat; a fifth (20%) of the sector in Europe said climate risks such as a fire or flooding could pose very real threats to their businesses in 2022.

Supply chains, arguably the bedrock of retailers' operations, are typically designed for stable climates. The incentive for merchants has gone beyond that of mitigating reputational risk and has become one of operational and financial risk too. There is every reason to assume that the environmental task at hand sits at the top of merchants' list of priorities, not merely as a 'trend' but as an imperative.



³ Checkout.com, [New State of Retail](#), 2021

⁴ Checkout.com, [Digital Payments for the Circular Economy](#), 2021



2

Winning at social commerce

Trend 2

Winning at social commerce

50%

of merchants think social commerce will be one of the most important trends impacting ecommerce in 2022

40%

of merchants are investing in improving their social commerce offering in 2022

When it comes to social commerce, vast opportunity comes with some increasingly apparent risks. Therefore success will require knowledge, skill and careful consideration.

As more buyers find out about merchants' services via social media — be that through ads or content creation — sellers are realizing the way people interact with their products is changing. Some 40% of merchants said they are investing in improving their social commerce offering for the coming year.

As highlighted in Checkout.com's Innovation from the Global Frontier Report, social commerce has skyrocketed in APAC⁵. Livestream demonstrations of products, real-time influencer marketing and live product launches have all set China alone on a path towards \$363 billion in social commerce sales in 2021⁶.

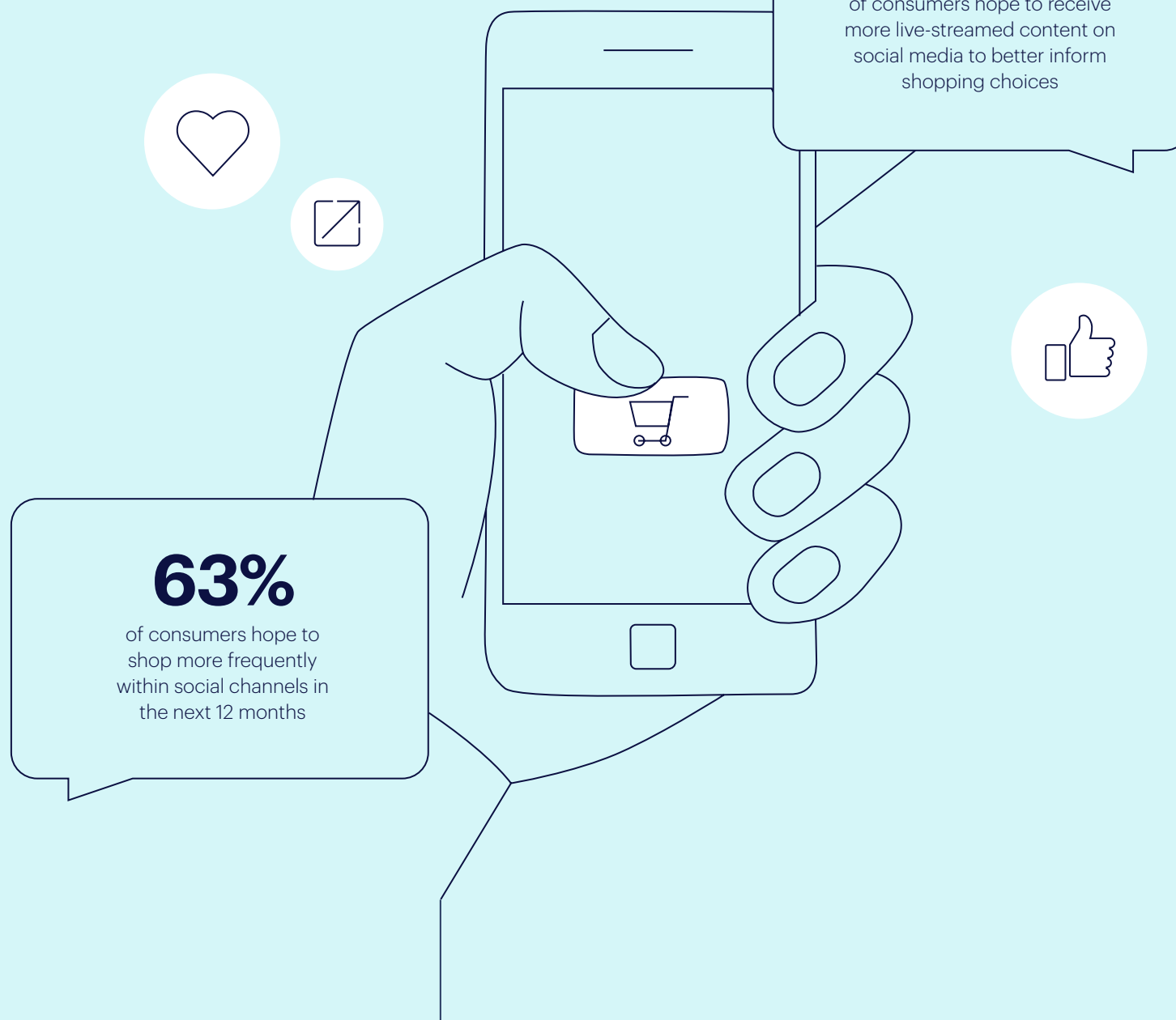
It is little wonder then that investors and merchants in Europe continue to ramp up their social commerce engagements, especially given that all the signs are that with a little cultural tweaking there is huge appetite from European consumers too.

Increasingly, brands are maintaining active social media presences in order to drive prospective buyer engagement. The likes of Instagram and TikTok now serve as major discoverability tools for brands. They empower sellers to publish regular content, such as reels, live Q&As and stories, showcasing both their products and their people.

The human face of ecommerce is paramount, as is the seamless experience which social platforms strive to deliver. This is why shopping integrations, as well as pay-by-link options, are increasingly favored by brands to convert prospective buyers into paying customers through a smooth and secure in-app experience.

Trend 2

Winning at social commerce



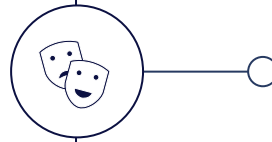
Trend 2

Winning at social commerce

However, 27% of large enterprise merchants said the 'reputational risks' associated with social platforms' pose a key threat to their businesses going into 2022. Consumers agree. Whilst they do want merchants to focus on social selling, they also think it's right that brands should remain cautious.

Where there is a great opportunity, there will also be opportunists. And with the flurry of growth in social commerce has come a creeping sense of skepticism felt by consumers about the veracity of brands paraded on their feeds. Many will ask: do the influencers really believe in the products they're endorsing? Are my payment details safe on third-party platforms? Will this company sell my data? In short, the big opportunity comes not so much with risks as with rules. Merchants can maintain consumer trust within social channels, but they will need to be cognizant of how they do this.

To win over the skeptics, brands will need to think carefully about which individuals represent them online and why. They will need to work with trusted partners and invest in robust technical capabilities to ensure every part of the transaction is secure. And they will need to communicate clearly with customers at each step of a transaction to minimize the risk of drop-offs and refunds.



51%

of consumers worry about fraud when making a purchase from a brand they've seen on social media

27%

of merchants are concerned about 'reputational risks' associated with social platforms pose a key threat to their businesses in 2022



49%

of consumers do not trust influencer recommendations on social media

35%

of consumers do not trust that the products seen on social media will look the same in real life

3

Payments optimization and diversification



Trend 3

Payments optimization and diversification

The task of optimizing and diversifying payments will encompass many big objectives for merchants in 2022.

Nearly a third (31%) of large enterprise merchants cited losses in revenue during 2021 due to poorly optimized payment solutions. Meanwhile, a fifth (20%) of merchants see this as a key challenge yet to be overcome in 2022.

Rather than stand by, 68% of brands are actively investing in new and improved payments technologies that capture more sales at the digital checkout, while also protecting the bottom line from fraud and chargebacks.

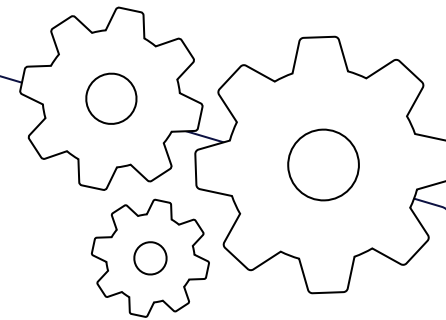
Merchants also see payments as core to their ambitions to grow into new regional markets — a priority 25% of brands told us was high on their list. Since 60% of consumers will abandon their cart if they cannot pay with their preferred payment method, localizing payments across Europe remains central to merchants' expansion plans in 2022.

25%

of merchants are investing in improving the checkout and payment experience for consumers

20%

of merchants cite loss of revenue due to poorly optimized payments as a key challenge in 2022



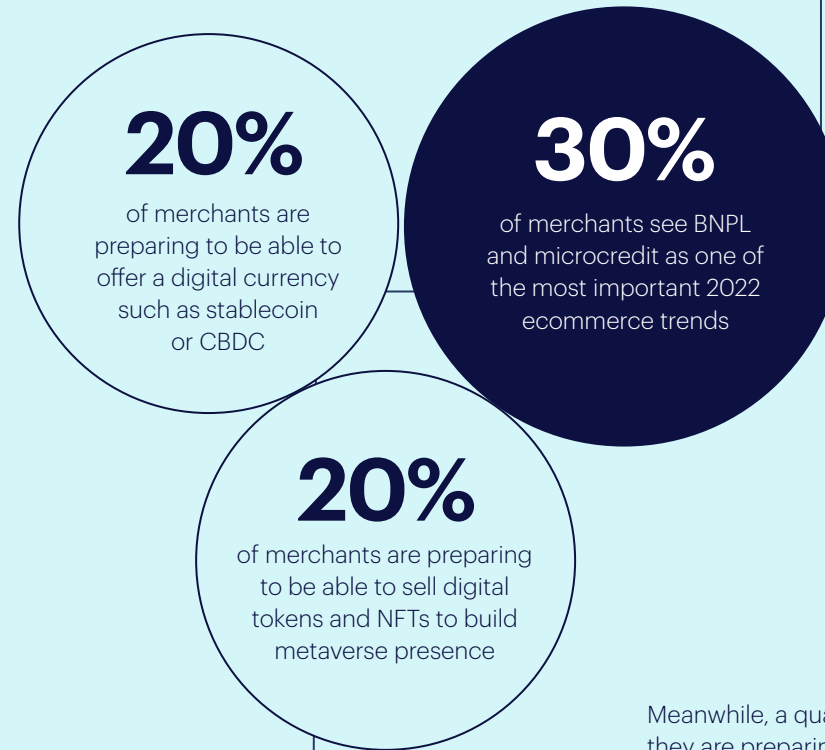
68%

of merchants are investing in new and improved payments technologies to support ecommerce growth

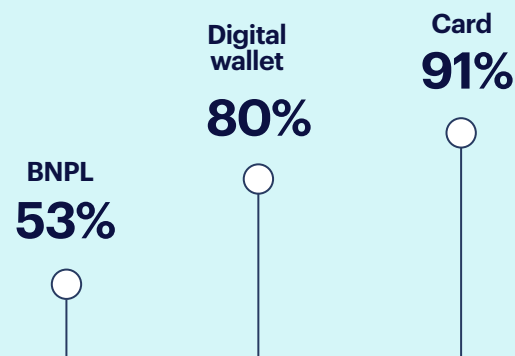
Trend 3

Payments optimization and diversification

Payment diversification strategies are vital if brands want to convert more sales. As well as local payment methods, merchants are also prioritizing the addition of BNPL options, digital wallet integrations — including ones that are crypto-friendly — and QR code scanners. Indeed, 30% of merchants consider BNPL, now a \$100 billion industry⁷, and microcredit — lending small amounts at low interest — to be key trends for the retail ecommerce market in 2022.



How consumers plan to pay for ecommerce in 2022



Meanwhile, a quarter of merchants say they are preparing to offer payments via digital currencies or even to sell digital assets such as NFTs. Goods that can be traded in the 'metaverse'⁸, a term used to refer to virtual reality environments, are an area that merchants are focusing on developing in the coming year.

As the world changes, and as the nature of what people buy changes in line with the popularity of digital assets such as NFTs⁹, payment methods used to facilitate these sales will also need to change and merchants are very aware of this fact.

⁷ CNBC, [How buy now, pay later became a \\$100 billion industry](#), 2021

⁸ Reuters, [What is the "metaverse"?](#), 2021

⁹ Economist, [NFTs are not just for digital art—and their popularity is growing](#), 2021

4

Combating fraud and cyber risk

Trend 4

Combating fraud and cyber risk

Another important trend will be the implementation of best-in-class cyber security and fraud tools. As fraudsters only get better at their criminal trade, brands will strive to mitigate the risks of fraud and cybersecurity breaches through better technology and data analytics.

It's no wonder they are making this a priority. In 2020, card-not-present fraud cost ecommerce merchants an estimated \$35.54 billion globally¹⁰ – a staggering amount in real terms for brands across the board. This type of fraud was already rising quickly prior to the pandemic¹¹, but that trajectory has since been turbo-charged. In the past 12 months, 25% of ecommerce merchants have experienced a significant spike in costly chargebacks¹².

In total, sellers lost \$42 billion globally due to all types of fraud in 2020. This means card-not-present fraud is by far the most problematic and threat-posing fraud scheme merchants face going into another year, making up 85% of total fraud cases recorded last year¹³.

With fraud figures growing over the past 12 months¹⁴, ecommerce brands are focusing on a number of solutions to defend against fraud. Small changes, such as encrypting your website, regularly updating software, and ramping up authentication, can all make a huge difference.

Whilst fraud is difficult to wholly avoid, it can be reduced. As competition intensifies, how brands strategize against fraud will become critical to their position in the wider retail ecommerce market.



¹⁰ First Data, [The Future of Fraud Report](#), 2021

¹¹ Aite Group, [The Global Chargeback Landscape Report](#), 2018

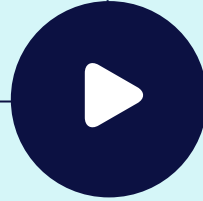
¹² Checkout.com, [The New State of Retail Report](#), 2021

¹³ *ibid*

¹⁴ NuData Security, Mastercard, [2021 H1: Fraud Risk at a Glance Report](#), 2021

Trend 4

Combating fraud and cyber risk



“2022 is going to be a really tough year as it relates to fraud. The criminals have got a lot more sophisticated and have a lot more tools, so this will be the year merchants need to be at the top of their game.”

Julie Fergerson, CEO, Merchant Risk Council | [Watch the interview](#)

5

Getting a foothold in the marketplace hype

Trend 5

Getting a foothold in the marketplace hype

Marketplaces are only getting hotter. And merchants have growing concerns over their ability to be heard above the marketplaces buzz that is dominating the retail industry.

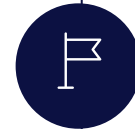
Experts predict 50-70% of digital commerce to be conducted on marketplace platforms by 2025¹⁵. Indeed, even before the pandemic, marketplaces were eating up half of global online sales — with the top 100 sites alone racking up \$2 trillion¹⁶.

Every kind of marketplace from luxury¹⁷, to discount, to re-sale, has seen an uptick in sales and popularity. In the case of luxury marketplaces, for example, their ability to aggregate boutique products has attracted affluent consumers unable to cross physical borders during the travel bans imposed by the pandemic¹⁸. Similarly, marketplaces that can aggregate deals or one-off items sold second-hand are seeing the benefits of some exciting use cases for which there is high demand. These include the drive towards a more circular economy, the growing popularity of collectors' items and memorabilia¹⁹ — now easy to source from the sofa — or indeed simply the desire to identify the best possible savings out there.



1.8 billion

monthly visits to Europe's top five marketplace platforms in 2021



\$2 trillion

sales made by the top 100 global marketplace platforms in 2021



65%

of consumers ranked marketplace platforms number one on their list of where they most prefer to shop for 'nonessential' items

¹⁵ McKinsey, [The 2021 McKinsey Global Payments Report](#), 2021

¹⁶ McKinsey, [How to win with digital marketplaces](#), 2020

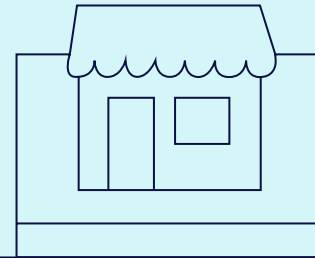
¹⁷ Checkout.com, [Seizing Opportunity in MENA and Pakistan](#), 2020

¹⁸ Forbes, [Growth Of Online Luxury Marketplaces Continues In 2021](#), 2021

¹⁹ The Independent, [Over half of Britons consider themselves collectors](#), 2019

Trend 5

Getting a foothold in the marketplace hype



25%

of merchants cite the threat of losing market share to marketplace platforms as a top challenge in 2022

35%

of merchants plan to sell more products via 3rd party marketplace platforms in 2022

20%

of merchants see the introduction of new loyalty schemes as a key priority for 2022

And ecommerce merchants are feeling the squeeze. The threat of losing market share to these platforms was cited by 25% of ecommerce merchants surveyed as they look into the new year. But perhaps the challenge is in fact more of an opportunity. Over a third (35%) of brands are planning to sell more of their products on third-party marketplace platforms in 2022.

Many retailers have found that it is best not to rely on one platform alone. As competition between independent sellers vying for the same customers on these marketplaces heats up, brands are looking to spread their presence across multiple platforms in order to maximize their reach. Some brands have looked to their own core strengths, focusing on improving their own services in a bid to retain loyal customer bases — be that through unrivaled customer service, price matching or dedicating more resources to online sales support in order to convert a greater number of prospective customers.

But even if brands do make self-improvements — which are always welcome — the future power of marketplaces in the ecommerce industry is undeniable. If brands don't have a marketplace strategy in mind they risk putting themselves at a serious disadvantage. Looking inward will only stretch so far. Merchants also need to be looking outward, towards where the most consumer traffic is gathering because as every business leader knows, the market is always right.



At Checkout.com we'll be keeping an eye on key ecommerce trends all year long, sharing fresh interviews and insights from some of the smartest leaders in the industry as well as continuing to conduct extensive surveys with consumers and merchants.

So whether the trend that's top of mind for you is environmental sustainability, social commerce, payment optimization and diversification, combatting fraud and cyber risk, marketplaces, or even something completely different, visit checkout.com/blog for the latest perspectives and research.