



FedEx 2021 Trade Trends Report

Spotting opportunities amid the uncertainty

Need-to-know insights on the sectors and
markets poised to underpin global trade





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Executive summary

Welcome to our 2021 Trade Trends Report. We all know just how extraordinary 2020 was, with the COVID-19 crisis bringing economic and personal uncertainty. But as the new year gets underway, it's time to reassess and look for new opportunities.

We hope this report will play a part in that and bring you a little more optimism around what the future holds.

Reflecting on the impact of COVID-19

At a macro-level, the pandemic was hugely disruptive to global trade. Some industries faced more demand than others (e.g. manufacturers of personal protective equipment, medical supplies and hygiene products), or were able to react faster. Meanwhile, sectors such as vehicle and machinery manufacturing experienced high supply and demand pressures.

No matter what industry, businesses had to adjust, from implementing new processes to offering new products or services that reflected changing spending behaviours.

Probably the most long-lasting response was the shift to e-commerce. Adopting an online presence became key to serving customers – and even to reaching new ones – and this continues to be true today.

Looking ahead

It's tricky to predict what lies ahead, but one thing we can be certain of is the importance of adapting. The businesses that can adapt, strengthen their resilience, digitise rapidly and increase their flexibility will likely be best placed to thrive.

It's also clear that globalisation is the genie we can't put back in the bottle. It will continue to be important in order to give small businesses easy access to new markets, driving innovation, employment and opportunity.

Today's world, with its revolutionary tech, global supply chains and widespread connectivity, is making that more possible than any other time in history. So it's up to us as leaders to lean into this, and to support growth in our communities – for our people and for our businesses.



Global trade growth
is forecast to rise by

5.3%

in 2021

6.4%

Estimated growth of
GDP in 2021,³ after a
4.8% fall in 2020⁴



The global trade outlook

While trade prospects may seem uncertain in the wake of the COVID-19 crisis, there is evidence of recovery and growth across the globe.

According to Statista, global trade growth is forecast to rise by 5.3% in 2021.¹ This is following what the World Trade Organization expects will be a 9.2% decline in 2020 when final figures are published later this year.²

Despite the fact growth will be below pre-pandemic levels, these projections – coupled with the major coronavirus vaccine breakthrough – show there may be reason to have hope for a quicker-than-expected recovery.

Some sectors experience continued demand...

Certain sectors have outperformed in recent months and could carry on doing so as governments continue to manage the fallout of the pandemic.

These sectors include those selling crisis-proof products such as **vital food and medical supplies**, or products suited to a world in which the home is now not just a place to live, but also to work and work out.

...while export values rebound

The same goes for nations that have most effectively contained the pandemic while protecting jobs and investment. Between April and July 2020, the largest rebounds in the value of exports were in **South Africa, Nigeria, India and the UK**, though all were recovering from steep drops at the outset of the crisis.⁵

In fact, **China** was the world's only major economy to surpass 2019 exports in July 2020.⁶ That said, exports lagged behind 2019 levels by just 4% in the **European Union** and **Australia**, compared to 17% in the **U.S.** and a drop of 22% in **Latin America**.⁷

¹ Global growth in GDP and trade from 2007 to 2021, Statista

^{2,4} Trade shows signs of rebound from COVID-19, recovery still uncertain, WTO

³ 2021 Global Economic Outlook: The Next Phase of the V, Morgan Stanley

⁵⁻⁷ EU import and export data to August 2020 (Excel), Eurostat. Please note: this is based on figures from the EU27 member states



COVID-19 impacts the global PMI

The global Purchasing Manager Index (PMI) for new export orders – a leading indicator for the trajectory of exports where any reading above 50 indicates growth – registered 51.2 in October 2020, up from August's reading of 49.9.⁸

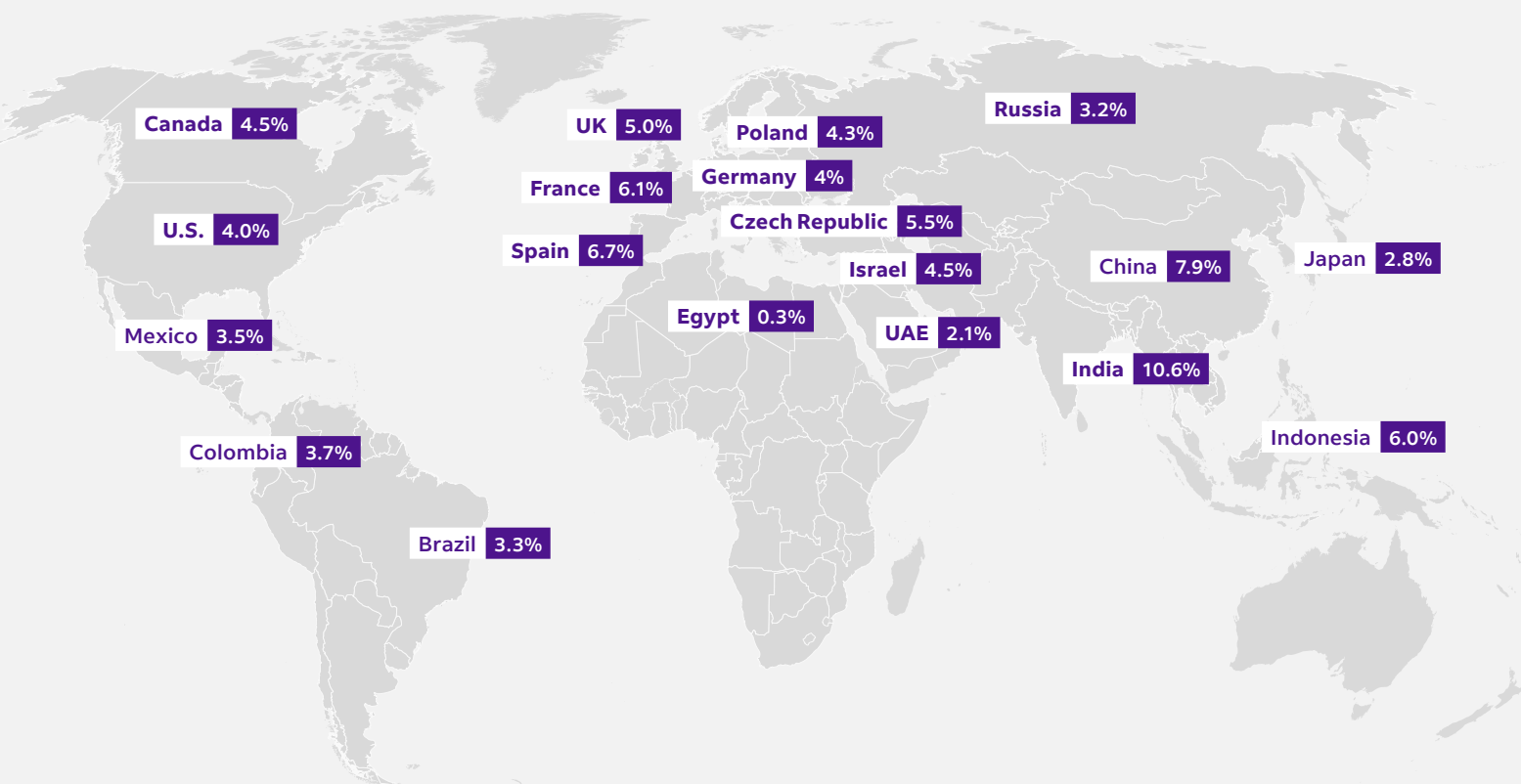
That means, in the near future at least, exports are likely to remain resilient in the face of measures to contain the pandemic and the lingering impact of the trade war between China and the U.S.

How do growth forecasts compare across the world?⁹

During 2021, higher growth is predicted in Asia-Pacific, and Indonesia is even set to become the world's fifth largest growth economy. However, in the Latin America-Caribbean region and Middle East, some economies face greater uncertainty and the prospect of a tougher recovery.

Top 3 growth forecasts for 2021

- 1 India 10.6%
- 2 China 7.9%
- 3 Spain 6.7%



The above data represents growth forecasts for 2021 compared to a year earlier.

⁸ Global Purchasing Manager Index (PMI) for manufacturing and new export orders from October 2017 to October 2020, Statista

⁹ Passport, Euromonitor International

Sector trends

A number of sectors are performing better than expected – largely driven by the pandemic and the longer periods of time both businesses and consumers spent at home.

The fashion, consumer electronics, fitness and DIY sectors performed well during 2020, partly due to their suitability to life spent at home. However, growth in these sectors is set to continue well into the coming decade.

Here are some of the top trends we're seeing emerge across the different industries.

Fashion

China to lead growth in the world's largest B2C sector

The global fashion e-commerce market is forecast to grow at 8.6% a year until 2025, with China fuelling growth at an annual rate of 9.8%.¹⁰ That will make it twice as large as the U.S. market by 2025. Return rates are rising to an estimated 20% as customers order multiple sizes, increasing requirements on warehouse space, manpower and supply chains.¹¹ Apparel, bags and accessories are the fastest growing categories with forecast revenue growth of 54% by 2025, followed by footwear at 36%.¹²



Electronics and media

Wearable technology to fuel growth

Europe will lead growth in electronics and media e-commerce in the coming years, with revenues growing at an annual rate of 7% by 2025, followed by the U.S. at 6.4% and China at 5.4%.¹³ Germany will lead growth in Europe, followed by the UK and Italy.¹⁴ Virtual/augmented reality devices and wearables are expected to create new categories and be one of the driving forces of growth in what is already a mature e-commerce market.¹⁵





Trends at-a-glance...

- Global fashion e-commerce revenue is set to grow by 8.6% a year by 2025
- Germany leads demand for consumer electronics, while wearable tech is predicted to fuel growth over the coming 5 years
- The pandemic accelerated growth in DIY and home fitness. However, growth is set to continue through to 2025, led by demand from China

Fitness

Home workouts become the norm

When gyms closed and training moved to the home, global brands such as Nike began offering home workout content via fitness apps. For Nike specifically, that resulted in an 80% increase in users and a 30% increase in digital sales.¹⁶ Indoor exercise bike sales soared in the U.S. to nearly triple 2019 levels,¹⁷ while in the UK, internet searches for 32kg kettlebells and barbell weight sets surged by 21,175% and 3,361% respectively.¹⁸ E-commerce revenue in sports and outdoor equipment is now forecast to grow 46% to \$758 billion by 2025, led by growth in China.¹⁹

DIY

Sales rise in home improvements

Consumers are spending more on their surroundings, with home and garden purchases across Europe, Asia-Pacific and the U.S. averaging 28% year-on-year growth in early August 2020.²⁰ Global DIY e-commerce revenues will climb by a third by 2025, led by China, then Europe.²¹

¹⁶ [Stats roundup: coronavirus impact on marketing, ecommerce & advertising](#), Econsultancy

¹⁷ [Sporting Goods, Home Fitness, and Cycling Sales Surge in the U.S., Reports The NPD Group](#), NPD

¹⁸ [Biggest year-on-year growth of fitness related Google search terms during the COVID-19 outbreak in the United Kingdom \(UK\) 2020](#), Statista

^{19,21} eCommerce report 2020: Statista Digital Market Outlook – Market Report, Statista

²⁰ [Report: The State of Ecommerce 2020](#), Nosto

50%

Almost half of consumers shop online more frequently now than they did before the pandemic²²

“

Consumer spending behaviours

Against the odds, many consumers are shopping more often. Not only that, but there are significant shifts underway in what, how and where they buy.

Consumer spending via e-commerce soared after the pandemic prompted seismic shifts in demand for certain goods and services. From computer accessories in Spain to nutrition and dieting in India, here are some key consumer spending trends.

What consumers search for

Looking at the shift in consumer search traffic since pre-COVID-19 levels, we can see that:

In Europe, interest in tech, cars & DIY is high²³

- **Spain** – increased search traffic for computer accessories
- **UK** – rise in searches for home improvement products
- **France/Italy** – higher search traffic for vehicle dealers

While fitness, health & home improvements are gaining traction overseas

- **Brazil/China** – a marked increase in fitness-related search queries
- **India** – above-average search traffic for nutrition and dieting products
- **U.S.** – search traffic for home improvement products has seen a sharp rise



What consumers buy

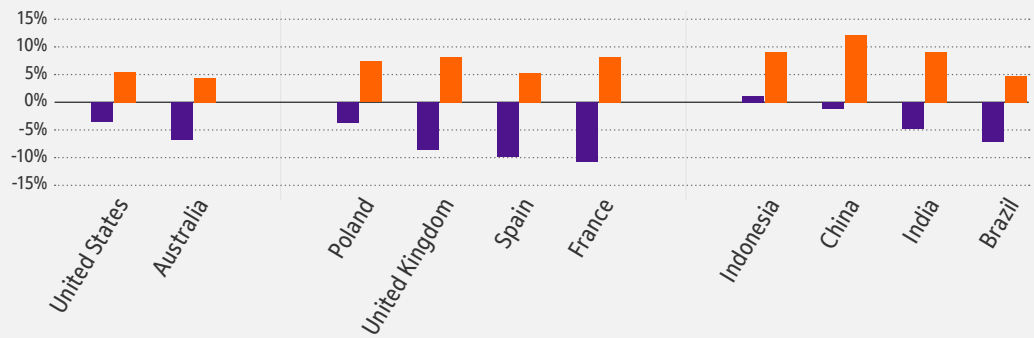
Across the globe, we're seeing spending forecasts for 2021 grow in four key categories.²⁴

Volume growth forecasts in 2021 compared to 2020

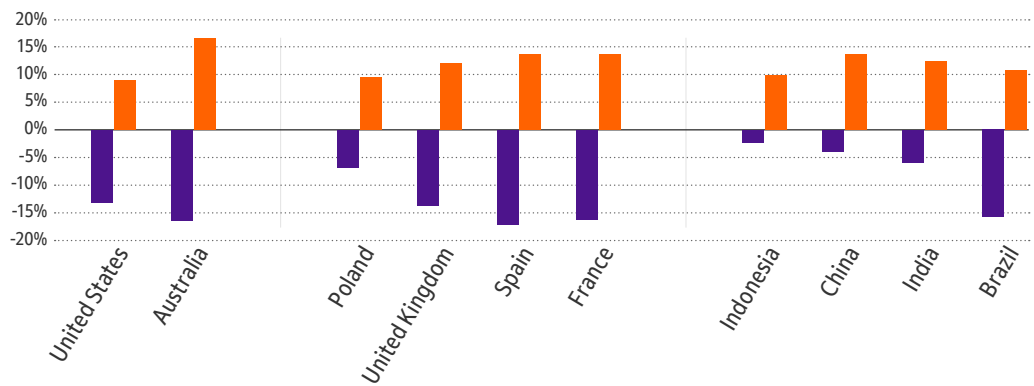
■ 2020 ■ 2021



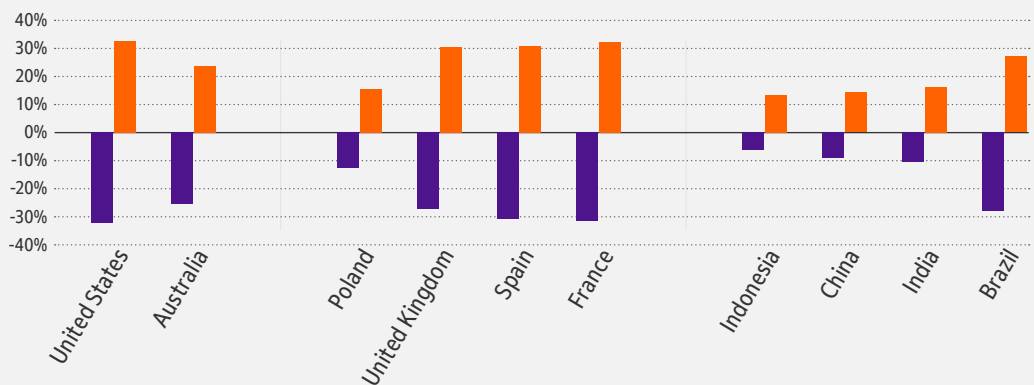
Household goods and services



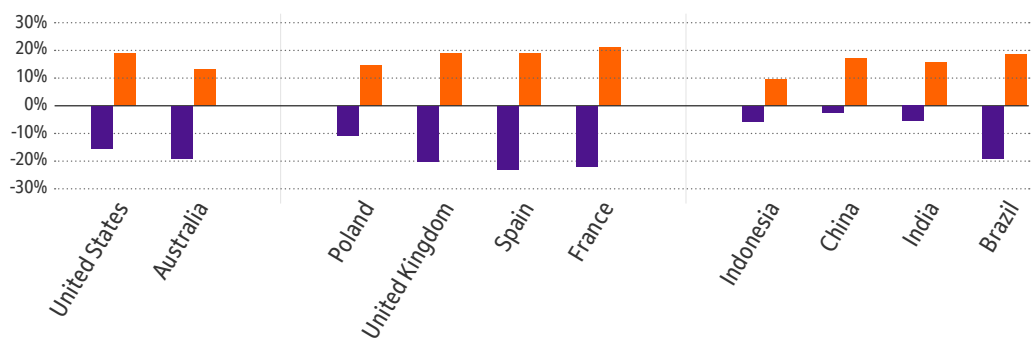
Beauty and personal care



Clothing and footwear



Vehicle purchases





Consumer spending
remains the highest in
the U.S.

“

How consumers buy

Demand for safe and convenient payment methods has powered the growth of digital wallets.

- Digital wallets accounted for 42% of global e-commerce transactions in 2019...²⁵
- ...and this is forecast to climb to 52% by 2023...
- ...making them the most popular online payment method worldwide

Where consumers buy

Consumer spending remains the highest in the U.S., and on a per capita basis remains more than 11 times higher than China.²⁶ The UK is the second largest market for consumer spending on a per-capita basis, followed by Germany, France, Italy and Spain.²⁷ However, India is forecast to see the highest annual growth in consumer spending by 2021, as economic development fuels growth in living standards.²⁸



Accelerated consumer trends

Four key fast-tracked trends and what they could mean for your business:

1

Increased engagement in health and wellbeing

The pandemic, climate change and a drive for healthy living means consumers are more interested in health and wellbeing than ever before.²⁹ Forecasts for e-commerce growth across fitness, sports and outdoor products suggest demand for wellness related products is likely to accelerate further over the next five years.³⁰

2

Price sensitivity

Amid elevated levels of economic uncertainty, consumers are increasingly engaging with digital tools such as comparison sites to help them spend smarter.³¹ Pressure for brands to compete on price will tighten, in particular providing a challenge to those selling products with ethical credentials.

3

Brands in the spotlight

Another trend accelerated by the pandemic is consumers increasingly making statements about their ethical values through their purchases.³² Businesses perceived to have followed scientific guidelines – while behaving compassionately towards customers and employees – have an opportunity to build brand loyalty.

4

Safer spending

Consumers cut back on human contact during the pandemic.³³ Banks across Europe responded by increasing purchase limits for contactless payments, to cut down on physical contact at the point of payment. So, businesses that invest in online channels and payment platforms stand to gain from what was a long-term move to digital, further fuelled by COVID-19. The data suggests this is already happening – during the third quarter of 2020, PayPal's net revenue was around \$5.46 billion, up from \$4.38 billion in the same quarter of 2019.³⁴

Trends at-a-glance...

- Digital wallets are forecast to become the most popular online payment method globally by 2023
- India is set to see the highest annual growth in consumer spending by 2021 as economic development fuels growth in living standards
- Consumers are increasingly engaging with digital tools such as comparison sites to ensure they spend smarter

81%

of consumers intend to purchase products from a DTC brand during the next 5 years³⁵

“

B2B at-a-glance...

75%

of business customers want to buy from an Amazon-type platform⁴⁰

46%

of B2B purchases are conducted online⁴¹

43%

of businesses still find buying online more complicated than buying offline⁴²

42%

of businesses have changed supplier due to an inability to deliver during lockdown⁴³

How businesses are adapting

A look at how businesses have evaluated and adapted their processes in response to the disruption caused by COVID-19.

A 5-year digital transformation – in months

As governments acted to stem the spread of the virus, companies across Europe began shifting entire businesses online. Digital transformations that would usually take five years were squeezed into months.

Web hosting provider GoDaddy has seen a significant rise in the number of companies subscribing to its e-commerce products – between February to April 2020, this jump was as high as 48%.³⁶ Online payment platform providers are growing as a result of the shift to online, and the valuation of Stripe, one of the largest providers, has even hit \$36 billion.³⁷

Supply chains shift away from just-in-time and the cheapest providers

Businesses are rethinking their supply chains following the pandemic. Use of just-in-time manufacturing models is likely to decrease, and 70% of companies say they are likely to lessen their focus on sourcing products from the lowest cost suppliers. That includes a shift away from supply chains in China.³⁸

Long term stability of supply chains is now a top priority

The cost of diversifying supply chains might be higher, but that is being outweighed by faster speed to market and a resilience against future disruption. Reassuring customers that they can maintain a supply of goods no matter what has become critically important for businesses, and many are investing in supply chains they feel will provide stable, long-term supply.³⁹

35 What is D2C Marketing and Why Do Millennials Love It So Much? Fundera

36 Many businesses are using e-commerce for the first time thanks to the pandemic, Fortune

37 Stripe, Silicon Valley's most valuable startup, raises new capital at \$36 billion valuation, CNBC

38 Supply Chain Management Shifts Due to COVID-19, MH&L News

39 Building resilience: how COVID-19 could change supply chain strategies – and the steps to take now, Cranfield School of Management

40-43 Covid 19: Coronavirus pandemic speeds up growth in B2B eCommerce, Essential Retail



Direct-to-consumer is gaining prominence

Direct-to-consumer (DTC) brands operating without the complexity that can come with department stores and online marketplaces have proved particularly resilient.⁴⁴

UK-based flower delivery brand Bloom & Wild, for example, now sources all flowers from within the UK.⁴⁵ The adaptability of DTC companies that has been enabled by simple supply chains is likely to encourage other businesses to review their own processes in order to compete, particularly with 81% of consumers intending to buy from a DTC brand in the next five years.⁴⁶

New growth opportunities for your business

Our report reveals large pockets of resilience and opportunity across a number of markets and sectors.

Though the outlook is challenging, it's clear global consumers are reassessing how and where they want to live and work, which has resulted in major shifts in demand for various goods and services. Companies that understand these shifts and are able to position their businesses and supply chains to suit them will be more resilient in the future.

The need to shape a consistent, simple customer experience has never been greater. And this extends up to the moment of delivery. At FedEx, we have the knowledge, experience and shipping capabilities to help you capitalise on the opportunities emerging across the globe.

Visit [fedex.com](https://www.fedex.com) to find out more.

^{44,45} 6 ways Covid-19 is changing business (for the better), The Drum

⁴⁶ What is D2C Marketing and Why Do Millennials Love It So Much?, Fundra