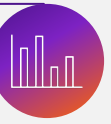


2022 E-Commerce Trends to Watch

The top trends that will impact your business in the year ahead.



About this report



To create this report, we observed the e-commerce landscape and analyzed industry data to share the top trends that will impact your business in 2022. We also surveyed consumers and small and medium businesses to gain their views and behaviors around online shopping.

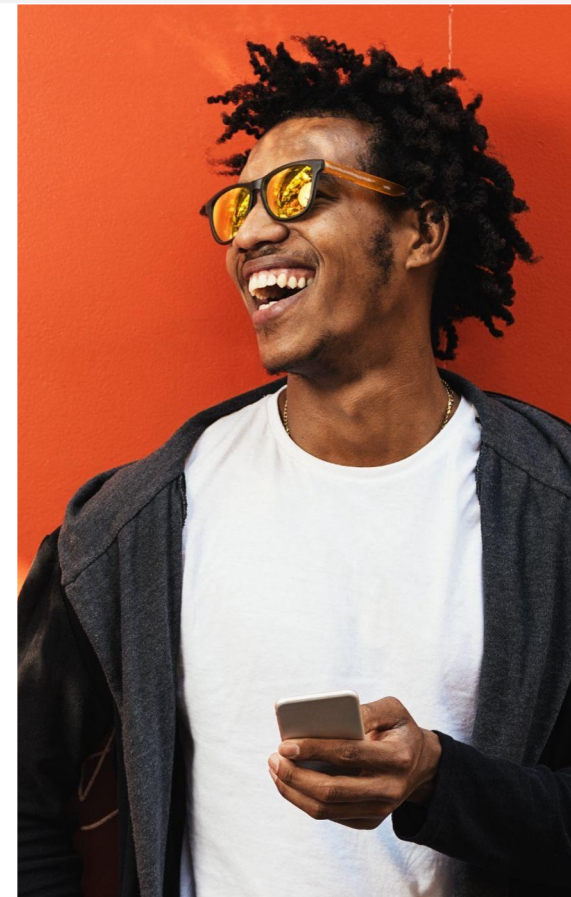
E-commerce has been an area of major growth over the past few years, as many businesses relied on online sales to survive through 2020 and 2021. And a growing number of consumers are adopting online shopping habits that will continue as the experience becomes more and more convenient. This shift has created new opportunities for a business to build connections with consumers and reach more people. It's a space that's quickly evolving, as new technology and services make online shopping easier for your business and your customers. Use the information on the following pages to help inform your strategy and decisions.



Trends to watch in 2022



- 1 Consumers will shop more on mobile devices.
- 2 Businesses will rely more on first-party data for personalized customer experiences.
- 3 Social media shopping will rise in popularity.
- 4 Text messages will grow as a marketing tool.
- 5 More customers will prefer digital payment options.
- 6 More shoppers and merchants will use buy now, pay later (BNPL) services.
- 7 Consumers will want more control over deliveries.
- 8 International e-commerce expansion will continue to increase.
- 9 Returns will grow, and so will the cost of them.
- 10 More businesses will prioritize sustainability.



Forces that are driving trends in 2022



- **Online shopping growth:** U.S. retail e-commerce sales are expected to be \$1.1 trillion in 2022, making up 17.3% of total retail sales.
- **Convenience of digital services:** Consumers have adapted to fast delivery, buy online and pick up in-store, and curbside services.
- **Inflation and rising costs:** With the consumer price index rising 6.8% from Nov. 2020 to Nov. 2021, we can expect continued price sensitivity from shoppers.
- **Supply chain issues:** The average transit time from China to U.S. destinations rose 83% in 2021, and slowdowns will continue throughout 2022.

- **Sustainability in action:** Public concern for environmental protection has risen to its highest levels, forcing businesses to rethink practices.
- **Growing focus on purpose:** Conscious consumerism is growing, as more Americans are being mindful about purchases and aligning them with their values.
- **Waning pandemic:** As global vaccination rates rise, the COVID-19 pandemic may be reaching endemic status, allowing certain restrictions to ease.

"US Retail Ecommerce Sales, 2019-2025," eMarketer, Oct 2021

"12-month percent change, Consumer Price Index, select categories, November 2021," Data table from U.S. Bureau of Labor Statistics, 2021

Pew Research Center, Survey of U.S. adults conducted Jan. 8-13, 2020

"Shipping & Freight Cost Increases, Freight Capacity, and Shipping Container Shortage," Freightos, 2022

Technology enhancements will encourage more mobile shopping

SPENDING



Consumers are finding it easier and more engaging to shop on mobile devices, thanks to brands adopting social commerce, mobile payments, text messaging, and other mobile interactions.

U.S. retail m-commerce sales reached

\$359.32 BILLION

in 2021, and its share of retail sales will double by 2025, narrowing the gap between mobile and desktop.

58%

OF CONSUMERS SURVEYED

said mobile apps are more convenient than other channels for shopping.

"Mcommerce Forecast 2021: What's Driving Growth and What It Means for Retail," eMarketer, August 2021
"New Data Shows 57% of Shoppers Prefer Mobile Apps to Other Channels," Heady, May 2021





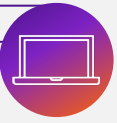
Take Action: Mobile Shopping

There are many ways you can make mobile a part of your retail and digital strategy:

- ✓ **Search:** Optimize your customers' search experience for mobile. If you use a platform management provider, check the features they have available to help your web experience and SEO, so consumers can find you online.
- ✓ **Checkout:** Provide a seamless checkout option for mobile shoppers with services like one-click checkout.
- ✓ **Apps:** Leverage features like in-app push notifications to alert customers of special offers and other reminders.



Businesses will put a stronger focus on first-party data to build loyalty and personalized experiences



With limitations on the use of third-party data to target customers, companies can earn trust and loyalty by taking control over how they collect and manage customers' first-party data.



Brands that effectively employ first-party data for key marketing functions have seen up to a **2.9x revenue increase**, and a **1.5x increase in savings**.

54% of shoppers say they're open to sharing shopping preferences and personal information to get personalized offers.





Take Action: Putting Data to Use

Consider implementing a loyalty program to help personalize communications and build brand favorability. This type of program can create a way to connect with customers and capture data in the form of:

✓ **Surveys**

✓ **Feedback forms**

✓ **Questionnaires**

✓ **Customer profiles**

Make sure your rewards are worth the effort for customers. Shoppers are more open to sharing personal information if they believe the rewards are enticing.



Social media shopping will shorten the path from discovery to purchase

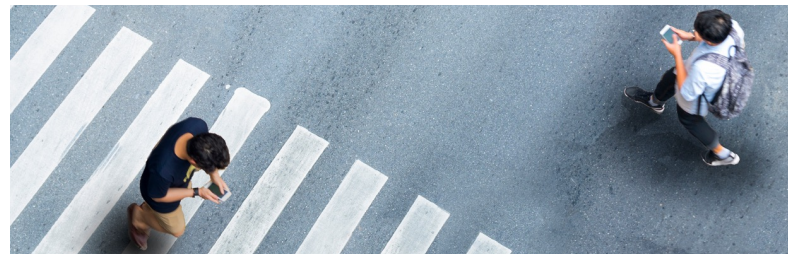
SPENDING



Social commerce has grown significantly with **new shopping features available on social media** platforms like Instagram and TikTok that **are helping brands convert consumers.**

Algorithms used for Instagram's shop tab and TikTok's "For You" feed are gaining traction as a means of **discovery and opening new social commerce avenues** for customers.

TikTok is even **making social commerce go viral** with trends such as #TikTokMadeMeBuyIt, where users post videos of products they discovered on TikTok.



"With social media, we're authentic to our brand on every channel, through and through. You have to be true to who you are and what you are, because that's a part of telling your brand story."

—Dana Donofree

Founder, AnaOno, bras created for people affected by breast cancer or surgery

It's estimated that U.S. retail sales through social media **rose by 35.8%** in 2021, reaching \$36.62 billion.

49% of consumers said they made an online purchase from an ad on social media.

Of those who purchased from a social media ad, **33% said it was an impulse purchase.**

34% of consumers use social media to learn about products, services, and brands.

"Social Commerce 2021: Media and Commerce Convergence Creates Growth Opportunity for Brands," eMarketer, February 2021

FedEx 2021 Trends Survey

"80% of consumers agree brand awareness makes them more likely to buy on social," Sprout Social, November 2021

"Top 10 Trends in 2022," Insider Intelligence and eMarketer, November 2021



Take Action: Social Media

- ✓ Establish your presence on social media to engage with shoppers and build your brand. Consider which platforms would best support your goals:
 - > **Instagram and TikTok:** Connecting with influencers and fans to share love for your brand.
 - > **Facebook and Pinterest:** Building and interacting with a community.
 - > **YouTube:** Using video to share detailed information.
- ✓ Lean into customers' willingness to make impulse purchases by leveraging shoppable features, like Instagram shop and product tags, or a “buy now” button that goes straight to your product page.



Text messages continue to grow as a marketing and customer service tool



Because of their proven effectiveness, more businesses are using text messages to reach customers. **Text messages have an open rate of 98%, with a 6.9 times higher click-through rate than email**, and can increase customer loyalty and revenue.

Only 12% of local businesses use text messaging as a marketing tool, while **66% of customers think texting makes shopping at a local business more convenient**.

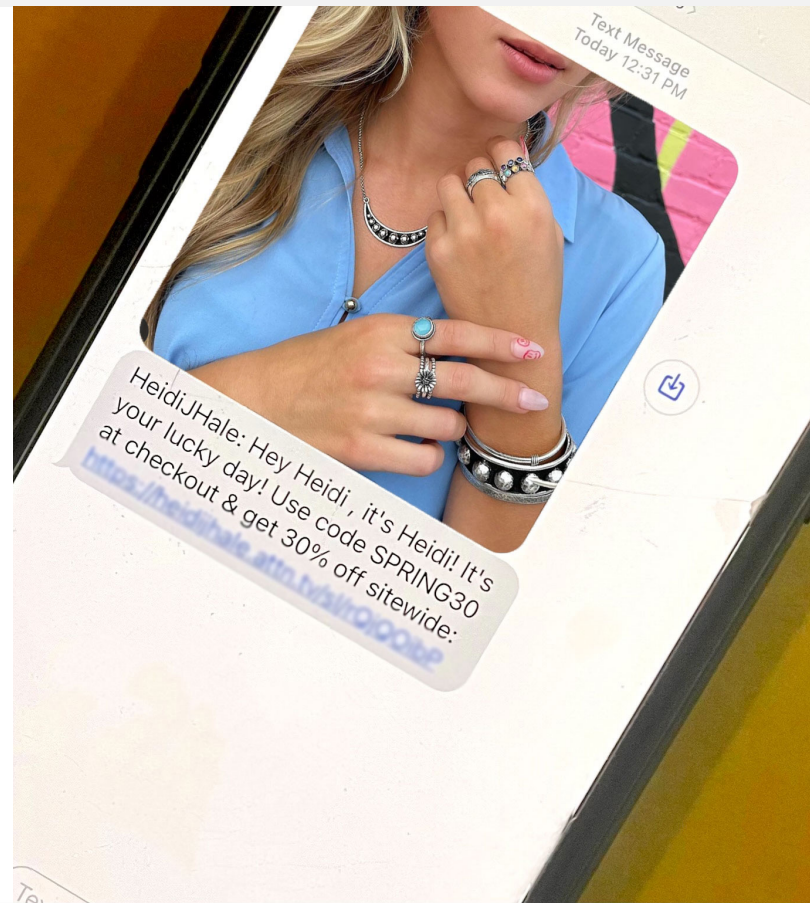
Small businesses have an implied trust with their customers that they can use to collect opt-ins for text messages for well-timed, personalized promotions.



“What we didn’t realize is that there’s a lot of power being held in your current customer base. And that’s where we’re using text messaging.”

—Heidi Hale

Founder, HeidiJHale Designs, custom handmade jewelry and gifts

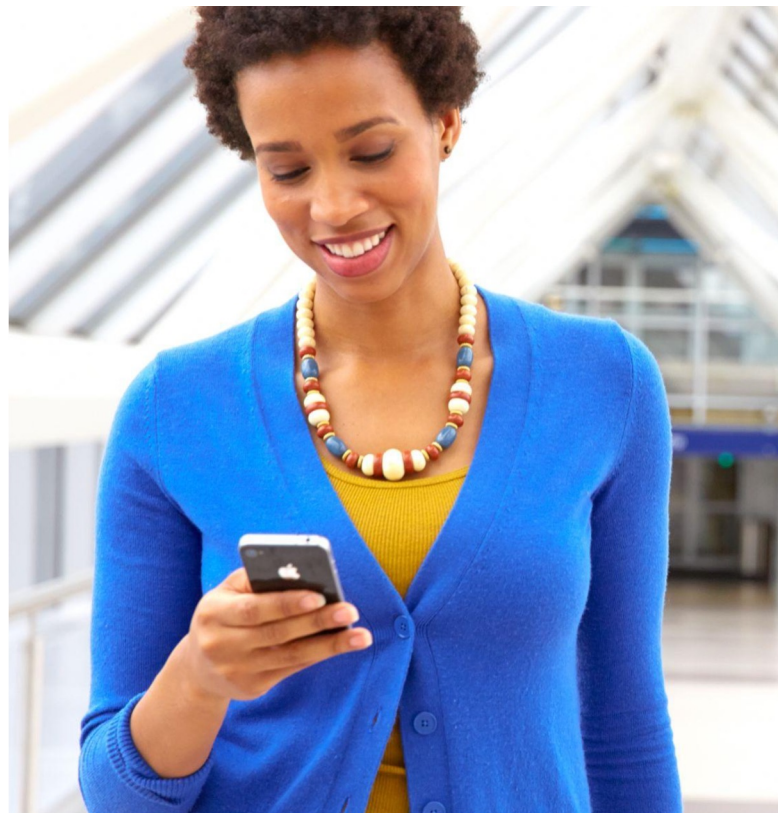




Take Action: Text Messages

Consider investing in a marketing service to automate text messages. This can reduce the time or cost to manage customer service issues and improve customer satisfaction.

- ✓ Use text messages for package tracking and delivery confirmation to enhance the experience and reduce post-sale follow-up.
- ✓ Send customer incentives like coupons, discounts, and “back in stock” notifications using text messages.



Digital payments will increase as consumers demand seamless online shopping



Online payments rose in 2020 as a safe, contactless option. Now, they continue to increase as a fast, easy way to shop online.



The global market for mobile wallets is expected to be worth **\$350 billion by 2026**. These virtual wallets allow shoppers to save payment information on their mobile devices.



Nearly **1 in 4 consumers abandon transactions** entirely when their preferred payment method isn't available.



When shopping online, **35% of consumers said they preferred to use digital wallets, like Apple Pay and PayPal**. In 2020, digital wallets were used more than debit cards, bank transfers, and buy now, pay later options combined.



Gen X, millennial, and Gen Z customers rank “convenient payment methods” as a **major factor** when considering shopping at a local or small business.





Take Action: Digital Payments

Use payments to deliver convenience and win customer loyalty.

- ✓ Check with your platform management provider for options and assess which ones best support your goals.
- ✓ Consider mobile wallets or direct pay platforms to avoid missing out on sales from digital shoppers.



More shoppers and merchants will use buy now, pay later services

SPENDING



The appeal of spreading out and avoiding interest payments has led many consumers, especially Gen Zers, to embrace buy now, pay later (BNPL) options at checkout.

56%

of U.S. consumers say they have used BNPL options for retail purchases—a nearly 50% increase from 2020.

45%

of BNPL users opt for the service to make purchases that don't fit in their budget.

"What the Buy Now Pay Later Trend Means for Retail and Returns," TotalRetail, October 2021

"Study: Buy Now, Pay Later Services Continue Explosive Growth," The Ascent, March 2021

Many retailers are embracing the benefits the services bring:

Customer loyalty: According to a leading BNPL company, retailers that partner with them see a 20% repeat purchase rate.

Higher spending: Customers feel empowered to spend more, with services most often used on items that cost around \$250.

Higher conversion rate: BNPL keeps shoppers from bearing the total cost at checkout, and turns prospective customers into paying customers.



"Buy now, pay later was a no-brainer for us. People want options, and it allows them to budget."

—Heidi Hale

Founder, HeidiJHale Designs, custom handmade jewelry and gifts





Take Action: Buy Now, Pay Later

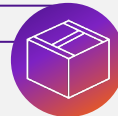
Plan the details before diving into BNPL services.

- ✓ Know how you'll manage returns, since most BNPL providers do not manage shipping and logistics.
- ✓ Understand provider policies to protect your business, as these services are not currently regulated to the same standards as credit card providers.



Transparent delivery information will become table stakes as consumers demand more control

SHIPPING



Consumers have become used to real-time information to manage their daily lives, including how they send and receive packages.

Confusion and annoyance on next steps when a customer is not home to receive a package proved to be a major pain point in 2021. **44% of customers also said that they're careful about what they buy so they won't have to think about returns.**



FedEx 2021 Post Peak Survey
"State of Returns: New Expectation," Narvar, 2020
"Future of Shipping and Logistics," Shopify, 2022

In 2020:

68%

OF CUSTOMERS

said they were influenced by the estimated delivery time when choosing to make a purchase.

————— And —————

70%

OF CUSTOMERS

said they would be less likely to shop with a retailer that didn't communicate delayed deliveries.



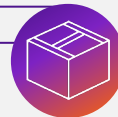
Take Action: Consumer Control

- ✓ Set clear expectations of delivery times that account for fulfillment and shipping.
- ✓ Ensure customers have a way to check package status on demand.
- ✓ Leverage tools like FedEx Delivery Manager® to give customers control over their packages, such as delivery to retail locations in their area.
- ✓ Use tech solutions to integrate tools and provide accurate, timely information to customers.



The rise in cross-border e-commerce will create the need for increased global logistics

SHIPPING



Many businesses are expanding internationally to reach a new customer base and grow their business.



Popular shopping holidays in 2021 saw especially large increases in international shopping.

On Black Friday and Cyber Monday, **international sales made up 15% of Shopify's orders**. Meanwhile, **BigCommerce merchants saw a 40% increase** in international sales during Cyber Week.

25% of global customers cited a long delivery time as the top issue related to cross-border e-commerce.



E-commerce platforms are **expanding intercontinental delivery services** to allow brands to continue growing their e-commerce presence on an international scale.

"By the Numbers: Holiday Shopping 2021," eMarketer, 2021

"GEODIS MyParcel Expands Direct-to-Customer Intercontinental Delivery Service to Canada," GEODIS PR Newswire, January 2021



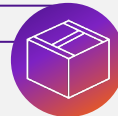
Take Action: Global E-Commerce

- ✓ If you're considering expanding internationally, research the global demand for your product, your target countries' regulations, and potential local competitors.
- ✓ Ask your shipping provider about options that can balance fast delivery with affordability for you and your customers, like FedEx International Connect Plus®.
- ✓ Take small steps when you first expand. Consider small, lightweight items first, and try northern border shipments that don't require travel across oceans.
- ✓ Be sure to set realistic expectations about delivery times and rates for customers.



Returns will grow, and so will an increased focus on customer experience and sustainability

SHIPPING



In 2021, the total returns rate increased to 16.6%, up from 10.6% in 2020.



“We want to capture as much value out of the returns process as we can, because it can be very expensive. And we try to make sure we have an understanding of why something was returned in the first place.”

—Mike Shaughnessy

SVP of Operations, Supply Chain, and Emerging Markets, Balsam Brands, online store for home décor and consumer products



A sound returns strategy is important for gaining customer loyalty, and it's an opportunity to reduce costs to your business...

Surveyed retailers said that offering free returns increased their sales by reducing a customers' resistance to buy.

...and the environment:

74% of customers intend to shop more with retailers that make returns more sustainable. 78% said companies should be doing more to help them make environmentally friendly decisions.

“Consumer Returns in the Retail Industry 2021,” National Retail Federation, January 2022

“The State of Returns: What Today's Shoppers Expect,” Narvar, 2018

“The Returning Conundrum,” IMRG, June 2021

FedEx 2021 Post Peak Survey

“Consumers still care about sustainability amid pandemic, report finds,” Retail Dive, April 2020



Take Action: Returns

Talk to your logistics and transportation providers for returns solutions that balance the customer experience with sustainability goals.

- ✓ Ask about recyclable or reusable shipping materials, like FedEx® Reusable Envelopes or Paks.
- ✓ To decrease waste, consider providing customers with QR codes to print their own labels online when needed.
- ✓ Manage your returns rate by understanding why shoppers are sending back items in the first place. Are product descriptions unclear? Is there an issue with packaging that's causing items to arrive damaged? Addressing potential issue areas can help decrease the number of returns.
- ✓ Work with your carrier to streamline your returns process, increase efficiencies, and save money.



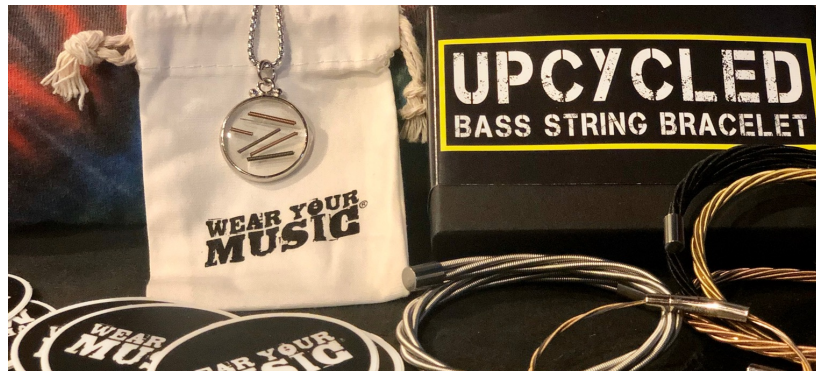


More businesses will adopt sustainable practices

With sustainability as a primary brand consideration for millennial and Gen Z consumers, reuse and resale could play a critical role in retailers' sustainability strategy.

Second-hand apparel is growing 11 times faster than traditional retail, partly because of consumer desire for sustainability and individualism. It's estimated **that the resale market will be worth \$84 million by 2030**, more than double that of fast fashion.

With the resale industry booming, the infrastructure that supports it is also developing quickly—some businesses are using resale platforms like Depop to sell their products.



"Small businesses can use a top-down model to assess their greatest non-sustainable impact. What resources do they use most? We can't do every single thing, but we can work on the place where we'll make the biggest difference."

—**Hannah Garrison**

Founder, Wear Your Music, music memorabilia made from used or donated materials



Take Action: Sustainability

- ✓ Introduce resale, reuse, or even rental practices into your business model and consider existing platforms to make connecting with shoppers easier.
- ✓ Explore how you could incorporate recycled materials into your packaging. **62% of customers say environmentally friendly options are important to them.**



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