

SMACK<sup>BANG</sup>

A quarterly  
insight into the  
trends shaping  
our future.

1.22

# Trend Paper



# The future of

## ■ TREND REPORT

How experiences are the new social currency and agility is king.

# E-COMMERCE



## A seismic shift has been felt across the e-commerce landscape in recent years with Australians purchasing online at a rate never seen before.

Collectively, we've leaned heavily into digital platforms to simply stay social and connected, maintain work and productivity and upskill in both our personal and professional lives.

The forced agility we've adopted in recent times will not only forever change how we work, it has also accelerated the merging of both professional and personal for many Australians. This fusion will provide opportunity for market share growth across multiple categories, as consumers cross-pollinate their personal and

professional brand choices and relationships. As an agency, we have witnessed numerous adaptations and changes gain momentum within the e-commerce space over the past 24 months. Some have become much more than a pandemic pivot, and cemented themselves as industry-shaping, well-documented trends here to rewrite the e-comms rule book. These trends have not only had an astounding impact on the way we as consumers interact within the e-commerce space, but have paved a prosperous new path of opportunity for brands to reconnect and engage with their audience on a much deeper, more meaningful level.

# The e-commerce landscape is more competitive than ever before.

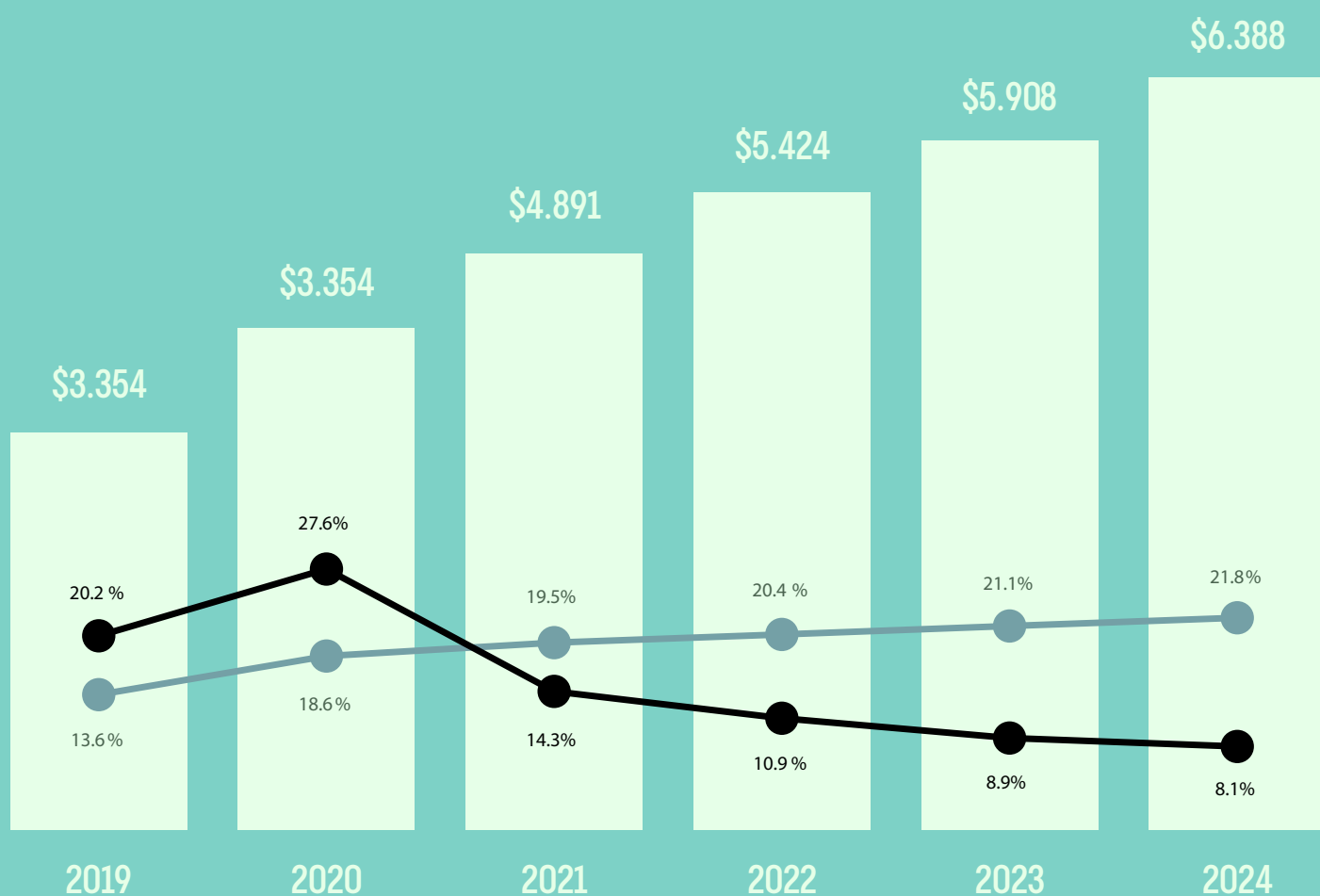
According to Shopify, global e-commerce sales are expected to reach \$5 trillion in 2022, and \$6 trillion by 2024.

The rapid expansion of e-commerce can be attributed to a multitude of factors — Covid-19 being the primary instigator. In times of uncertainty, stay-at-home orders have driven changes in consumer behaviour, pushing offline footfall into online stores. As a result, large numbers of e-commerce businesses have emerged in accordance with consumer demand.

Online stores are opening daily, with an estimated 12–24 million ecommerce sites across the globe. Forecasts indicate that by 2025, the online segment would make up close to a quarter of total global retail sales. Although retail business doors have now reopened, ecommerce sales most certainly aren't looking at slowing and we are seeing an influx of direct-to-customers

# Global Retail eCommerce Sales Worldwide, 2019-2024

trillions, % change, and % of total retail



- Retail eCommerce
- % change
- % of total retail

ActiveCampaign >



# Buying behaviour has seen a notable shift.

A business needs a strong and relevant brand to earn their place in the hearts and minds of consumers.

We've seen a re-evaluation from consumers with their purchase behaviour and the convergence of both less and luxe. Many consumers are buying far less but investing far more in higher quality items. This changed behaviour and greater focus on product longevity and sustainability has seen explosive growth within the luxury goods market. 58% of Australian consumers say they are prioritising quality over quantity when purchasing goods online since the start of COVID.

Emotional exhaustion and a heavy mental load has taken a toll on people in recent years.

Consumers are fatigued and surrounded by a sea of saturation. Early data suggests consumers are now placing far greater priority on 'feel-good' purchases with 92% of consumers admitting they have made a purchase to boost their mood in recent times or as a distraction from impending doom.

This paves a solid foundation for amplifying positive, 'feel-good' messaging as a strategy for brands to foster connection with consumers in 2022.



## Experiences are the new social currency.

Brands are still working overtime to encourage word-of-mouth referrals and build, or earn social awareness and attention. As the advertising landscape becomes more stifled, earned media and word-of-mouth also become more lucrative to achieve. Brand experiences have become the new social currency and we're seeing the agile players shifting focus to create a positive user experience at every single brand interaction to earn this kind of highly-favoured attention.

# Rising acquisition costs are forcing brands to be agile and invest in long-term relationships with consumers.

It's not all sunny skies for shareholders, in the flooded market, e-commerce incumbents and new entrants are all vying to gain consumers' attention. The result is increased costs of advertising and reduced return on ad spend. For example, advertising on Facebook now costs 47% more than the year prior.

Following Apple's advocacy for privacy, cross-app data sharing is now prohibited unless users choose to opt in themselves. Against this challenging backdrop (where ramifications are felt harshly and immediately), e-commerce

companies have started exploring new and unsaturated marketing channels. We've seen brands dip their toes in Snapchat, TikTok and Podcasting pools to further expand their reach and engage with their audiences.

Focusing on efforts to foster customer retention is the only way forward in this market. Businesses are outshining the competition by investing considerably in brand building, which increases customer lifetime value — boosting conversion rates in the short term and attracting buyers from other markets in the long term.



# Consumers will gravitate towards brands that align with their identity.

Consumers continue to demand a more personalised and engaging shopping experience online, even as data tracking regulations make things more difficult for merchants. Some brands innovate with first-party data, but personalisation just isn't enough to create long-term relationships. Consumers expect and demand more than ever now. They are only willing to share personal information with brands they identify with and feel aligned to, ethically.

If businesses want access to consumers data, they must obtain it in a highly-considered, honourable way that builds trust and champions longevity. 85% of brands believe they're offering personalised consumer experiences, while only 60% of consumers actually agree. A brand's community is the crucial lifeline to building trust, brand equity and converting one-time-shoppers into brand loyalists.



## Reorientation fully around the customer experience.

With customer experience being a catalyst to ensure a brand's success, brands and marketers are completely reorienting their operations around consumers wants and needs.

This is especially applicable in the digital landscape, with brands building a more sophisticated and holistic view of these behaviours and preferences. Brands are moving with impressive pace to translate collected consumer data into workable insights that work for them. We are seeing brands move with unwavering agility to prioritise personalisation, innovation and embrace experimentation. To close the gap on competitors, brands need to build a deeper understanding of their evolving audience and adjust their offering accordingly. Brands need to reconsider and rebuild processes and culture around the consumer's constantly shifting needs, motivations, expectations, preferences and behaviours.

In this new era, shaped by customers' digitally-rewired expectations and dictated by their new behaviours, businesses that get on the fast track, reorganise around the customer, empower their teams, instil trust and prepare the foundations for personalisation at scale will be the ones that thrive.

## Adobe Digital Trends 2022





## More e-commerce businesses are expanding globally to overcome growth bottlenecks.

Total addressable market is a common limiting factor of growth and as brands reach their growth limits within the domestic market, we will see more and more e-commerce brands expanding boldly onto the global stage.

The global movement is motivated by consumer demand, a recent survey documented that 76% of online shoppers have made purchases on a site outside their own countries.

The path of international business expansion will not be frictionless for all brands, limited funding will be a major pain point for many in relation to growth opportunities. In addition, cross-border supply chains could be problematic to manage in an international market

# Proving sustainability efforts has become the expectation.

Recent political and natural events teamed with increasing awareness around climate change have put sustainability at the forefront of people's minds. According to Shopify's Future of Commerce report, in the past year, almost 50% of consumers chose to buy from brands that have a clear commitment to sustainability.

As more brands start pushing their sustainability messaging, it will become more challenging for consumers to determine which ones are truly planet positive, and which are simply greenwashing.

As a result, the need for brands to show transparency with their audience is becoming a non-negotiable.

It's simply no longer enough to say you're a sustainable brand, consumers want to see every step of the supply chain — where products are made, who by, and how they're delivered.

Brands are looking to gain deeper connection with consumers across sustainability, publishing social conscience reports and engaging in initiatives that follow the journey of their products.

# One-click checkout is a major thing for e-comms.

One-click checkout makes buying fast and easy, reduces fraud, and creates a branded experience throughout the whole customer journey. Shopping cart abandonment is a challenge for all retailers, and one of the most cited reasons for this is having a complex checkout process. One-click checkout mitigates this and offers more than just convenience. Allowing shoppers to complete checkout with one click generates up to 60% higher conversions. One-click checkout will likely be one of the most adopted trends in the e-commerce evolution.





## New commercial opportunities are presenting across powerful social platforms.

E-commerce activity congregates on social media platforms, from brand marketing to customer service to shoppable advertising.

Brands build loyalty, not products. They need to strategise their own direct-to-consumer model to build a memorable, independent brand. Diverse platforms and rapidly evolving social media features lend themselves to create unique customer experiences, thus encouraging brands to reimagine consumer engagement. Video and live chat is making social commerce more sociable and is in turn proving key to unlocking social interaction. A number of successful brands are focused on social-first approaches — sharing content behind-the-scenes and engaging in live streams.

According to TechCrunch, a combination of faster internet, the boom in live video and the rise of influencers has seen live shopping become a major (if not a primary) channel for consumers.

In summary, all of these emerging trends have a clear common thread — they're focused on elevating the consumer brand experience and making it more positive, accessible, engaging and a far more simplified process.

Sources: Forbes.com  
The Future of E-commerce: Shopify  
Google Retail Report  
Aus Post: Inside Australian Online Shopping  
Forbes: Personalise or Perish  
TechCrunch  
Adobe Digital Trend 2022 Report

For more insights, head to The Paper.

↗ [www.smackbang.co/blog](http://www.smackbang.co/blog)

To learn more about Smack Bang,  
visit us.

↗ [www.smackbang.co](http://www.smackbang.co)

SMACK<sup>BANG</sup>



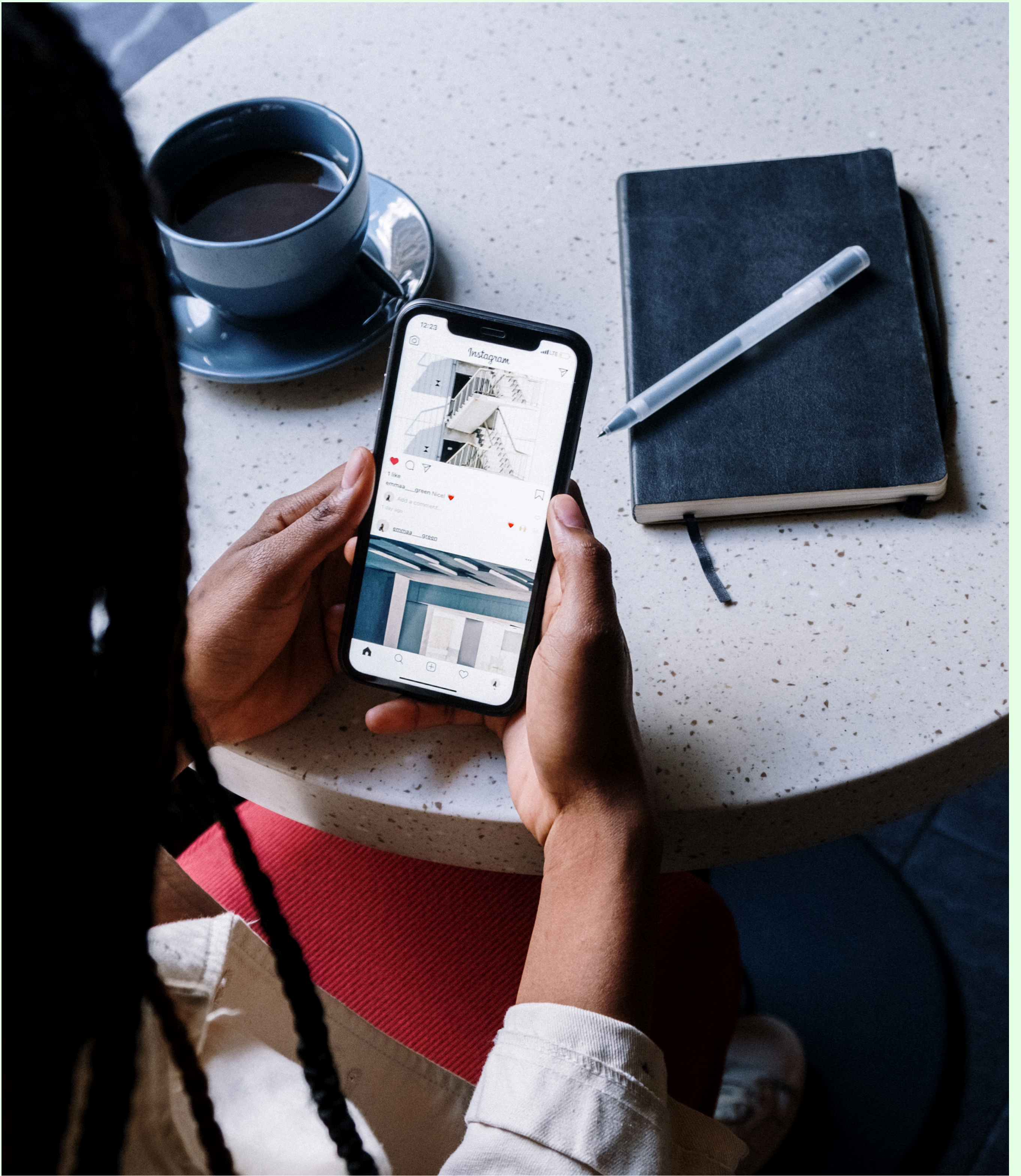
# Trend Paper

Quarterly insights  
into the trends  
shaping our future.

# Trend Paper

Quarterly insights  
into the trends  
shaping our future.





Read more at  
**[smackbang.co](https://smackbang.co)**