

ECOSYSTEM PREDICTS

The Top 5 Trends for Retail & eCommerce in 2022

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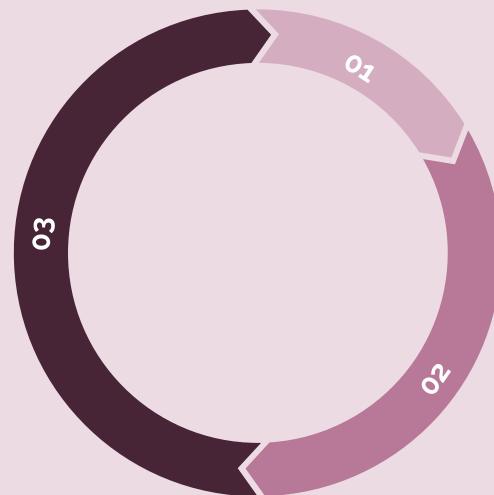
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Introduction

Over the last 2 years the primary focus for Retail & eCommerce organisations has been on creating the right customer experience and digital engagements – mainly to survive.

In 2022 the focus will be on creating market differentiation. This will extend to business strategies and process optimisation. The Retail & eCommerce industry will explore ways to leverage data to empower multiple roles across the organisation and engage with customers irrespective of where they are on their customer journeys.

TECHNOLOGY USE ACROSS THE CUSTOMER JOURNEY IN RETAIL & eCOMMERCE



01

EXPLORE

The customer is searching for the right product or service for them

02

EXPEDITE

The customer has decided to purchase and wants the product delivered or the service made available – immediately

03

EXPERIENCE

The customer is using the product or service for the purpose it was intended



Ecosystem Rates the Retail & eCommerce Predicts for 2021



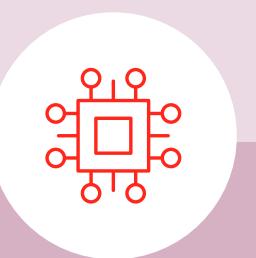
There Will Only be Omnichannel Retailers

Very few physical-only retailers survived through 2021. But on the flip side, the move from eCommerce into the physical world (started by eBay and Amazon a few years ago) has been limited although many are expanding pick-up and delivery to more physical locations.



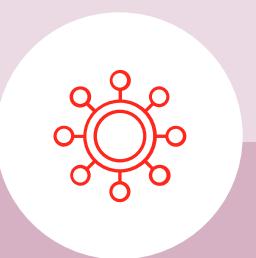
COVID-19 Will Continue to be an Influence Forcing Radical Shifts

More than we knew and more than we hoped for! New rules, regulations, health requirements, check-in apps etc. have meant that retailers are constantly changing their processes and systems dictated by governments and their customers.



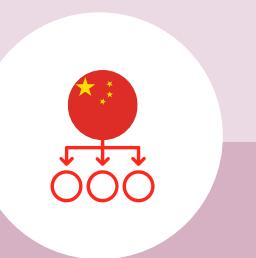
The Industry will See Artificial Intelligence in Everything

AI is certainly creeping up on retailers. Retail systems and platforms – particularly SaaS-based ones – get smart in the background without much intervention. But AI-led personalisation continues to lag expectations.



Distribution Woes Will Continue

Well – they continued and got worse. Who knew that going into 2021 the computer chip shortage would affect everything from cars to toys? And that lumpy demand for products would cause massive logistical problems in distributing products around the globe?



China's Retail Models Will Expand into Other Markets

China's retailers have continued to invest and grow outside China despite government actions to realign the domestic tech sector. As domestic growth has slowed due to a slower growth in the economy, international expansion has become more important.



#1 Companies with Clear Brand Values Will Replace Omnichannel with Optichannel

Optichannel is like omnichannel – the main difference is that optichannel businesses optimise the experience for specific channels or touchpoints. It is an acknowledgement that the experience is not identical for every touchpoint – and that some touchpoints offer some elements of the customer journey more effectively than others.

While the drive towards omnichannel experiences will continue, brands that have a well-defined brand experience will push towards an optichannel approach. Apple is a great example of this. They know that repairs and product support is usually best experienced in-store – so they drive customers to their stores for this outcome.

The key to optichannel investments is when customers expect a specific experience from the brand. Companies that have not defined their brand will be less likely to optimise experiences for specific touchpoints or channels.

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Optichannel is a different approach to creating a lens to prioritise investments in Customer Experience technologies. It helps businesses create unique experiences in certain channels – with the knowledge that they won't need to replicate that experience across every touchpoint.



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#2 Retailers Will Differentiate a Customer's Experience Through Their Products and Services

Retailers remain focused on customer interactions in the Explore and Expedite phases, but this only allows them to differentiate up to delivery.

Growth is achieved by increasing the frequency of customer visits and adding one more item to their baskets. Stores are using AI-powered recommendation engines to select that one extra product. Sources of growth and differentiation will be harder to achieve as SaaS-based AI services mean the cost of entry is having quality data.

The battle for differentiation will shift to the experience of the customer in using the products. The value of products will be increased by integrating sensors into products and providing relevant information. Take the Amazon Smart Oven as an example. The oven has Internet access with voice control by Alexa. Adding cooking instructions for a range of products adds to the consumer's quality of experience and convenience.

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Retailers will expand their differentiation efforts into the customer's experience post purchase. Products using embedded IoT sensors and internet connected appliances will start to be the norm.



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#3 Physical Retailers Will Reinvent the In-store Experience

The pandemic has impacted Retail more any other sector (with the possible exception of Travel & Tourism). Retailers were closed, then open with social distancing, then pick-up only, then closed again, then open without any social distancing, then check-ins were required, then they were not. And it goes on. Every change has involved significant re-training of staff, the implementation of new processes and re-arranging of stores.

2022 will see retailers reinvent their in-store processes for a period of regular change. Electronic displays will be used more effectively to inform (instead of the many pieces of paper stuck to windows and outside the store!), displays will be easier to re-purpose (e.g. using product shelves or displays to actively separate customers), hygiene will be a design feature, and staff training will be simplified through better use of collaboration platforms (such as the elearning capabilities being built into Teams).

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Physical retailers are constantly redesigning the in-store experience in response to a litany of new rules and regulations. 2022 will see retailers create a system to easily re-orchestrate in-store processes without having to start from scratch.



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#**4** B2B Commerce Will Drive Growth as Online Retail Flatlines

After a huge spike in 2020, online retail has already started to level off in 2021 – and is likely to either flatline or drop slightly as social restrictions are removed. Also, devices and appliances went through a forced refresh; the demand for these categories will fall impacting both eCommerce and brick and mortar stores. This will partially course correct for the pandemic-driven growth spurt.

Meanwhile B2B eCommerce is clearly growing. The demands of putting a B2B business online are different; it took longer for B2B portals to come up. However, B2B companies realise the power of having a platform. Online can add many feet on the street; using digital tools in conjunction with the salesforce. There is a clear opportunity for marketplaces and portals that can service the needs of small businesses – both as sellers and as buyers.

Additional services to meet B2B needs are also springing up and that will be a space worth watching. For example: How does one negotiate a deal on a platform? How can one provide solutions for a small supplier to offer credit to a buyer on a different continent?

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2022 will break the online retail growth jump curve with flat or even negative growth. B2B eCommerce is on the cusp of rapid expansion. New services to meet the needs of this market are a large opportunity area.



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#5 Retailers Will Focus Their Most Talented People to Strategic Imperatives

The shift to hybrid working has shown that retailers can run just as effectively with people off-site. Some will use this knowledge to shift non-strategic activities to specialist service companies as the war for talent escalates. Retailers will focus their best people on their strategically important activities.

For those with effective digital integration platforms, migrating services to external specialists will be simplified and accelerated. The platform will make the technical integration faster and smoother where the specialist provides cloud-based services using APIs. Depending on the complexity of the service, these integrations will be completed in weeks not months.

These specialist capabilities will improve the retailer's offer as well as allow the retailer to shift parts of its cost base to a variable basis. The specialist companies are more likely to attract and retain experts in their area as they will form the core of the offer, rather than being part of a cost centre in a retailer.

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The war for talent will force retailers to find specialist suppliers for non-strategic activities. Investments in digital integration platforms will be essential for this shift.



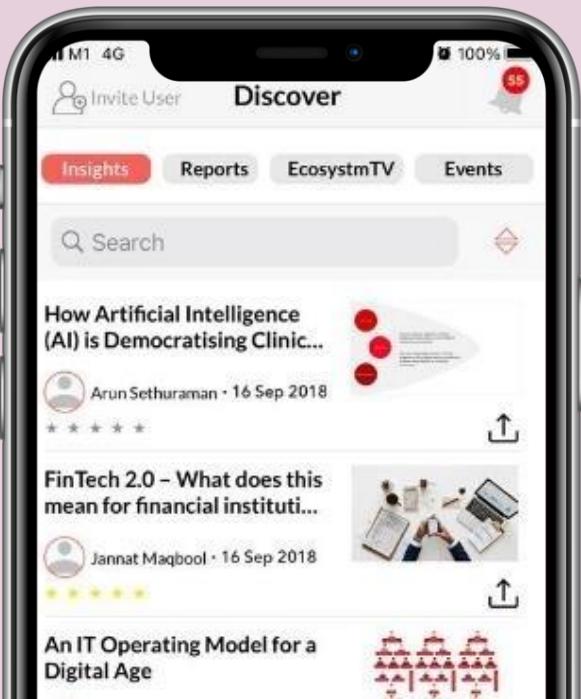
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