

Key trends set to disrupt UK e-commerce retail in 2022

The outbreak of the global pandemic had a profoundly disruptive impact on e-commerce retail activity.

Following on from the first national lock-down, e-commerce trading in the UK reached new heights, peaking at more than 30% of total retail sales by the end of 2020. While the lifting of many social restrictions saw a slight decline, there's little doubt that e-commerce channels will continue to play an increasingly important role in retailers' strategic operations going forward.

We've seen significant investment in digital transformation across the retail sector since the onset of the pandemic with a number of new trends emerging that will impact on consumer activity.

Growth in social commerce

The growth of both brands and retailers selling on social channels is one of these key trends.

When the UK entered its first full lockdown in March 2020, and through the subsequent lockdowns which followed that, we've seen a huge spike in home working where people have spent more time on social media platforms. Social media has now become more than just a platform for brand marketing and consumer interaction - shoppers now purchase many products directly through a channel's app.

Many retailers grasped this opportunity and began targeting these channels where consumer spending has risen by over 13%. According to Statista, this activity is set to rise by a further 8.2% over the course of 2022. It's not surprising that a recent survey by Shopify reported that nearly half of all brands plan to increase their investment in social commerce throughout 2022.

The impact of Augmented Reality

A further consequence of social restrictions and lockdowns was the increased development of Augmented Reality (AR) within e-commerce and apps, which has grown significantly over the past year and a half. With non-essential shops closed and consumers confined to their homes, many retailers developed innovative AR-driven solutions to give their customers an improved shopping experience.

The use of AR is helping bridge together the substantial increase in online shopping with the growing demand from consumers to try before they buy. According to Google, six in 10 shoppers want to visualise where and how a product could fit into their lives – the increasing sophistication of AR technology is making this possible with growing numbers of retailers grasping this nettle.

Research by Shopify found that products advertised with Virtual Reality (VR), or AR content saw a 94% higher conversion rate compared with those advertised without such content.

Further focus on Personalisation

The use of Artificial Intelligence (AI) in driving a more personalised shopping experience is a further trend developing within UK e-commerce and one we can expect to grow over the course of 2022. With 80% of online shoppers now buying on the back of personalised recommendations, AI-driven algorithms are becoming a necessity for e-commerce retailers.

Amazon has been largely responsible for this trend, leading the adoption of recommendations throughout an individual's shopping journey that are based on products they have bought or viewed in the past. Consumers have now come to expect a level of personalisation to support them in making e-commerce purchasing decisions.

We are also seeing an increase in the use of gamification from retailers to better engage with more tech-savvy groups, including Gen Z's and Millennials, to further enhance the online shopping experience.

Chatbots and voice search selling

The use of chatbots as a customer service tool has been on the rise for over a decade and they're increasingly becoming a daily feature in our lives.

Chatbots are providing retailers with an efficient and quick means of resolving minor customer problems. Evidence suggests that consumers are comfortable with them - a recent report by Forbes suggested that 80% of those who have used chatbots report the experience as positive. You can therefore expect a further increase in their use across e-commerce operations. Gartner predicts that 47% of organisations will use chatbots for customer service while 40% will deploy virtual assistants within the next year.

Meanwhile, a PwC study found that 65% of consumers aged 25-49 years are now talking to voice-enabled devices every day. Gartner reported on the growth in voice search selling highlighting that 30% of web browsing sessions were screenless in 2020 with the figure expected to grow even further. Having effective SEO in place is key for retailers that are hoping to successfully utilise this technology and translate it into further sales.

The rise of Omnichannel retailing

With e-commerce forecast to account for a third of all sales by 2024, retailers are seeking to promote an omnichannel strategy to leverage the advantages of in-store shopping with the convenience of online purchasing to deliver a superior customer experience.

Research shows the overwhelming majority of consumers expect consistent interactions across channels so the key challenge for retailers is to remove friction and ensure a seamless experience for their customers whether they're shopping online or in-store.

Achieving 'channel agnosticism' is also critical for brands to make their customers feel they are treated in the same way regardless of which channel they choose to shop. Nearly 50% of retail brands say unifying online and in-store operations and data will be their biggest challenge over the next year.

Fast delivery solutions

From the early stages of Covid lockdown, partnerships between major grocery and convenience retailers and fast delivery specialists increased dramatically. While established players like Deliveroo and Just Eat were the initial beneficiaries of this trend, a new breed of businesses offering super-fast 10–20-minute delivery slots have now emerged. This includes the likes of Tesco-backed operator Gorilla, which pledges a 10-minute delivery time, and Getir, which is about to invest £100 million and create 6,000 jobs in the UK.

This growth and investment underline the further potential within this market as retailers look to enhance their competitiveness and deliver on their omni-channel strategies.

Fast delivery, along with the other trends identified above, are all set to play a significant role across e-commerce over the year ahead. The challenge for retailers is how they effectively leverage these developments within an increasingly competitive marketplace.



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