



Six Burning Issues For eCommerce in 2022



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It has been another extraordinary year for eCommerce. The growth that the industry experienced in 2020 has continued.

From the outset of the COVID-19 pandemic, when government-imposed lockdowns drove consumers online to buy quite literally everything, eCommerce has never been in greater demand with shoppers continuing to buy online in 2021.

Arguably the most compelling impact on eCommerce moving into 2022 is the simple fact that the trend towards working from home has continued and it appears to be here to stay.

For the eCommerceer that wants a head start, our TradeBridge experts are sharing the Six Burning Issues facing eCommerce in 2022.

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#6 Returns

In 2021 the greatest hidden cost of eCommerce is becoming ever more conspicuous, and the trend will continue if the industry grows. As online sales rise so do returns.

For online retailers the financial impact of returns is now three times more than that of brick-and-mortar retail.

“As global e-commerce continues to grow over the next several years, the amount of eCommerce returns is expected to cost retailers more than a trillion dollars a year.”

[The Future of Commerce](#)

The [ONS](#) reported this year that 19% of consumers bought a minimum of two variations of a fashion item with a view to returning at least one of them.

Firstly, the challenge to the eCommerceer is the list of operational challenges that comes with online retail returns, starting with reverse logistics and internal processes, but sometimes more damagingly with continuing to meet consumer expectations.

The returns process is a challenge for the eCommerceer – there are operational issues, such as reversing the logistics and internal processes but also, and sometimes more damagingly, the need to continue to meet the customers expectations.

According to online retail giant [Shopify](#), 73% of online shoppers suggest that the experience of returning an item, directly informs their decision to use the online retailers again. And now 60% of online shoppers check the returns policy of an online retailer before making the decision to purchase.

As eCommerce continues to grow, so the cost of returns will grow accordingly. The online retailers that manage both the operational challenge and maintain the level of goodwill with their customers, will continue to rise.



#5 Sustainability

Perhaps as significant as the universal culture shift towards working from home, is the arrival of Gen Z into the workforce.

The social media coverage, engagement, and demonstrations around the [COP26](#) summit in November 2021, showed the desire of this new generation of earners and spenders, to be the champions of the green economy.



Consumers have continued to shift their behaviour towards sustainability in 2021 throughout the pandemic. A survey completed by [McKinsey & Company](#) divulged that 57% of shoppers had made significant changes to their lifestyle, to lessen their environmental impact as consumers.

The market's shift towards sustainable practice and products is undeniable and significant. There is wide public support and scrutiny for more sustainable practice and in everything from responsibly sourced or recycled raw materials, to treatment of workers in manufacturing, think of the recent coverage on fast fashion, a particular point of interest to the younger generation of shoppers.

Freight and recycled packaging also play a role in the shopper's decision to buy, so the costs of doing business continue to spiral for the online retailer.

And it does not stop at new products. [eBay](#) has observed an online spending shift towards vintage or up-cycled items.

The rise to prominence of thrift and vintage focussed marketplaces like [Vinted](#) and [Cudoni](#) are also testament to a public engaged in buying more sustainably.

So, the ground swell of change is (let's hope) relentless and an eCommerceer will ignore at their peril.

However, the added costs of environmental responsibilities and sustainability does not immediately mean a negative impact on the profits of the independent eCommerceer. According to [Forbes](#), 54% of Gen Z buyers are content and willing to spend an incremental 10% on purchases to be certain of the sustainable products.

Simply put, the buyers want to know that online retailers care about sustainability, they're even prepared to pay a little extra to support that. The eCommerceer that shows their green side, will be successful in 2022.



#4 Curation

It's in no doubt that a personalised customer experience has been ingrained into many online retailers site function.

But as independent eCommerceers look to compete with large marketplaces like Amazon and Alibaba, the battleground they may need to turn their attention to is the products they sell.

The independents will likely not win on the volume of options they provide, in fact the opposite is where success may indeed lie.



Personalising and curating a line of products is the norm of successful boutique retail. But for consumers the convenience of having every product available at their fingertips has begun to wear off, they now want to find their most desired products in as little time as possible.

According to [Magento](#), curation of your eCommerce site involves choosing a relatively narrow demographic based on intelligence from customer segmentation. And then choosing highly specific items for that demographic with a limited selection.

Of course, it doesn't have to be so prescriptive, curation will be seasonal, or based on the hot trends of the moment. Nor does it mean being static in the approach to procuring and selling those products.

As we've seen in 2021, getting those products will be heavily reliant on the availability of shipping, so while eyes may have been set on a particular product, it may not be available to ship for months from certain suppliers.

This is where the agility and nimbleness of the independent eCommerceer comes into its own.

The right product, in the right place, sold to the right market is the means of maximising the niche market.

For the eCommerceer with ready cash and the will to find potentially creative means to source products and ship them, the possibilities for scale in 2022 are boundless.



#3 Borders

Post Brexit all British businesses are living through the greatest economic transition in living memory, arguably ever.

The economy was at a low following the UK's departure from the EU and in the aftermath of the COVID-19 pandemic, Britain's economy shrank.

According to [Reuters](#), in 2020 alone there was a 10% drop in British GDP.

Fortunately, the UK has led both Europe (and most other countries) in the race to get its population vaccinated, boosted and back to work – we all remember 'Freedom Day' in July 2021.

As a result of this early re-opening, the UK has demonstrated the fastest economic growth of all [G7 countries](#) in the last quarter.

But while the UK maybe hitting her straps, the world is going to be a different place by the time she is back to full speed.

Post Brexit the UK's goal was to [cover 80%](#) of its external trade with new free trade agreements by 2022.

The prospect of a 'Global Britain' championed now by Britain's Secretary of State for International Trade – [Anne Marie Trevelyan](#), will create a world of opportunity for the eCommerceer in 2022 and beyond. The eCommerceer would be well advised to find the opportunities in some of Britain's biggest deals.



The Comprehensive & Progressive Trans-Pacific Partnership

The UK governments big ticket item for 2022 is the prospect of joining the Trans-Pacific Partnership to trade with, Canada, Mexico, Peru, Chile, New Zealand, Australia, Brunei, Singapore, Malaysia, Vietnam and Japan.

Consider that China alone exported [US\\$72.61 Billion](#) during 2020 to United Kingdom, the Trans-Pacific Partnership offers a new raft of supply and supply chain to meet the UK's growing demand.

The Free Trade Agreement (India)

Talks are already underway between the UK and India with both parties striving for an 'Early Harvest Deal' in March 2022.

According to [Deloitte](#), 20% of India's exports to the UK consist of ready-made garments (around £800 million in value). The remainder is made up of everything from footwear to pharmaceutical products, to metals, chemicals, and precious stones.



The Gulf Collaboration Council (Middle East)

Established in 1981 the six members of the GCC are the United Arab Emirates, Saudi Arabia, Qatar, Oman, Kuwait, and Bahrain. Talks between Britain and the group begin in 2022.

[Gov.uk](#) reported that nearly £600m of food and drink exports were exported to the Middle East from the UK in 2020. There is however, a great appetite for UK exports beyond simply her produce.

Technology, life sciences, green energy, digital and financial services are all high on the agenda for middle eastern economies now looking beyond the export of their oil and natural resources.

The EU

Britain and the EU continue to wrestle over trade. The Northern Ireland protocol looms large as the political sabre rattling continues. The debate has intensified over the island of Ireland and the location of the EU's border. To the extent that the Northern Ireland Peace Process is now threatened, and there are rumblings of civil unrest.

With US President Joe Biden watching closely, the Northern Ireland protocol will have a significant impact on the UK's ability to trade with the EU if a resolution is not found.

The Special Relationship (United States)

During the Brexit negotiations, then US President Barrack Obama's assertion that the UK would need to '[join the back of the queue](#)' for a trade deal with the US, did not deter the UK's exit from the single market.

The 'special relationship' was then moved up the agenda throughout the Trump administration with no fewer than five round of talks with Donald Trump and Prime Minister Boris Johnson.

Now President Joe Biden has stepped back from the table and watches sternly on as Britain and the EU contest the Northern Ireland Protocol.

Britain exports more to the US than any other country in Europe, and America is the biggest customer for UK services exports.

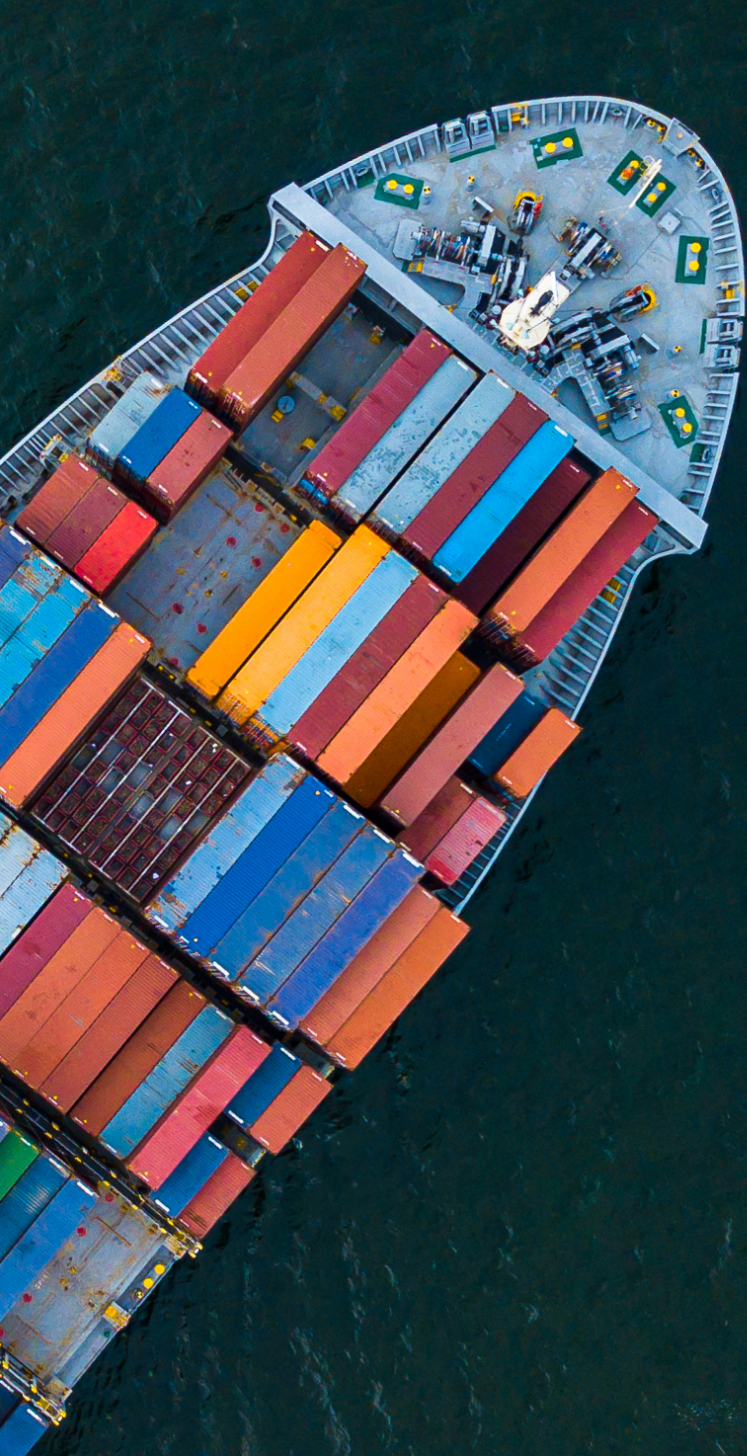
With a deal now unlikely before the US Presidential Election in 2024, [The Guardian](#) reported that relationships will need to be repaired between premiers Biden and Johnson.

With the Prime Minister unwilling to budge on giving the US companies access to the UK Healthcare, or access to the UK market for American producers based on food standards, the negotiations are already in a difficult place.

#2 Supply Chain

In 2021 international supply chains became a mainstay of front-page news.

The now infamous tanker the 'Evergiven' blocking the Suez Canal, Chinese ports shutting down after Covid-19 outbreaks, and the ensuing chaos as container ships backed up for weeks and even months.



Now with 2022 looming, it's becoming evident that the resulting difficulties will be around for at least the next two quarters, if not longer.

Not least because shipping prices are at an all-time high. *Forbes* reported instances of \$6,000 increases in price per container throughout Asia and Europe, between April and August 2021.

For the eCommerce sector, relying heavily on any one specific supplier or product may lead to a lack of stock, particularly in the busiest online retail periods of the year.

The price of toys originating from China rocket by up to 20% this quarter impacting on European retail.

The outlook may seem bleak but tackling these issues could be a little bit easier for the independent eCommerceer.

Nimbleness and agility, typical of the eCommerceer, will be key when diversifying supply chains in 2022. Diversification doesn't necessarily mean sourcing products from alternative international suppliers, the eCommerceer that develops a strong local supply chain can thrive in 2022.

#1 Cash

From the transition of Brexit and the move to new international markets, and the challenges of the COVID-19 pandemic, to the chaos for global supply chains everywhere, in this most turbulent of years change has been constant, and one simple fact remains.

Cash is still king.

The world will continue to change long into 2022, challenges will continue to present themselves and so will opportunities.

For the eCommerceer the cash flow balancing act will become more challenging than it has ever been.

The global supply chain meltdown has meant rising freight costs. Which in turn has led eCommerceers to re-evaluate their previous assumptions around what is prudent and economical in terms of order quantities.

In terms of sourcing products, bigger orders are better (again). There has been a global rush to purchase stock and store it, on the basis that there's no certainty of more being delivered.

The requirement to secure more stock means that the eCommerceer's previous cash flow patterns could be impacted by rising prices in a competitive market, and often changes payment terms.

A ready source of working capital will help create the efficiency between shipment size and profit margin that will drive growth for the eCommerceer in 2022.

The best means the eCommerceer has to find creative solutions with willing suppliers, who have a similar interest in larger orders, is a ready supply of cash to pay for it.

The eCommerceer that can develop relationships with new suppliers, and create a wider supply chain network, will be in the strongest position to scale in 2022.

New relationships require investment. Creating a wide supply chain to fulfil demand, often means tighter credit terms. In the current climate international suppliers will often require deposits or shorter payment terms.

Working capital enables eCommerceers to engage with new suppliers and start building relationships for alternative supply chains.

