

TRENDS



The newspaper for online retailers.

ADAPT OR DIE

It's no longer good enough to just be online. Retailers need to stand out against competitors and do more with less.



Josh McGregor
Chief Marketing Officer
Salesfire

We have just lived through the single-largest migration to eCommerce in history. In 2020, eCommerce growth in the UK increased 4.5x.¹

With an estimated 12-24 million online retail stores worldwide, competition in eCommerce is fierce.²

Alongside this major growth, evolving consumer behaviour

and increasingly uncertain financial landscapes mean that retailers must adapt their strategies to the needs of modern shoppers in order to remain competitive.

It's no longer good enough to just be online. Retailers need to think strategically about how they can achieve sustainable, profitable growth.

This starts with understanding the state of the industry, modern consumers, and where it goes next.

Continued on page 2

As many businesses learnt first-hand during the height of the pandemic, one of the key ways to survive during a crisis (and, in some cases, thrive) is to listen and rapidly respond to changing needs.

Retailing Through a Recession
by Visualsoft

Page 6

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ADAPT OR DIE

Continued from page 1

Shifting Gen Z consumer habits

Gen Z accounts for 40% of the world's consumers representing an estimated spending power of about £301 billion.^{3,4}

These consumers are becoming more conscious of sustainability and the environmental impact of their purchases, popularising second-hand shopping and renewed eco-consciousness.

Gen Z consumers want more sustainable products, requiring brands to pull away from the old rhetoric of fast, trendy, and cheap items.

Only one in ten UK consumers say that they aren't concerned about environmental sustainability when choosing a product.⁵

eCommerce retailers, especially those in Fashion, can appeal to this segment by investing in 'recommerce' opportunities - being present on marketplaces or offering discounts in exchange for used items.

Only one in ten UK consumers aren't concerned about environmental sustainability when choosing a product.⁵ With eco-conscious concerns at the forefront of most shoppers' minds, retailers across all industries can promote their sustainability and tailor brand messaging reflecting a clear, positive stance on environmental issues.

The influence of social media algorithms

In an ever-changing digital landscape, social media is the primary engine for product discovery.

Algorithms focus on delivering the most relevant and personalised content to users at every point, leading to a never-ending stream of inspiration and recommendations.

80% of consumers have purchased products as a result of their interaction with social media content.⁷

Social trends and content generated by peers and influencers on social is highly trusted by Gen Z consumers and drives eCommerce sales.

Modern consumers are exposed to a plethora of social platforms to discover products and the relevant content - 80% of consumers have purchased products directly after an interaction with social media content.⁸

Retailers should prioritise engagement on social platforms and create robust strategies to increase the visibility in order to appeal to a new generation of customers.

The fallout from a cost of living crisis

Rampant inflation, rising interest rates, strikes, and global supply chain shortages have driven up consumer prices.

This is having an unfortunate impact on business optimism and making customers less loyal to any one business - the cost of living crisis is also affecting eCommerce businesses as a result of this. The increasing cost means that consumers are prioritising their spending and are



diverting more funds into gas, electricity, and fuel — all of them more expensive in recent months.

Customer appeal lies in nurturing existing customer bases with value-driven content that focuses not only on promotions, but bringing your brand to the front of their mind.

Increasing customer acquisition costs

Customer acquisition costs are on the rise. Steep competition in the eCommerce industry during the pandemic increased the digital advertising spending of online shops by an average of 12.2%.⁹

Online retailers must optimise how their customer acquisition is achieved to see substantial profits and growth.

The growing number of online retailers has led to increased competition, which, in turn, drove up advertising costs. This made it harder and more expensive to drive traffic to a website and acquire customers.

Any experienced marketer will tell you that the best customers are the ones you already have. Retailers are encouraged to look towards investing in customer retention strategies, re-engaging previous shoppers and increasing their customer lifetime value, as well as focussing on building brand loyalty, with a clear brand identity.

Return to brick-and-mortar shopping

Although eCommerce has seen major growth over the past few years, recent stats show online retail is dropping as consumers are getting back to physical stores.

This is especially affecting industries with strong in-person tradition, such as the Clothing & Accessories and the Gifts, Gadgets & Toys industries.

To get ahead, it's crucial for retailers to personalise their customer journey and support shoppers at each turning point - take advantage of operating in a digital space by utilising email and social marketing to nurture shoppers and keep them engaged with your brand.

Navigating the future of eCommerce

Online shopping is here and eCommerce retailers need to find ways to continue their growth and capitalise on new traffic.

eCommerce businesses that want to grow in the coming year should reassess their strategies to keep up with the latest trends and drive results. Retailers should focus on engaging their customer base with content that focuses on adding value to the customer journey, building brand loyalty, and driving a customer's lifetime value.

Josh McGregor
Chief Marketing Officer
Salesfire



Access the full report to discover how the latest trends are shaping eCommerce and how you can adapt accordingly.



NOTE FROM THE EDITOR

Welcome to the first edition of the Trends newspaper. I'm thrilled to introduce you to this new resource for eCommerce retailers, sharing the latest insights from our analytics platform and showcasing eCommerce retailers and partner companies who are using our data to push boundaries and drive innovation. We believe that data is the key to driving successful eCommerce campaigns, revenue and ultimately, growth. In this publication, we're going to deliver key findings from our vast network of data, pulled from over 659 million user journeys, directly into your hands.

Rich Himsworth, CEO

Rich Himsworth



2022 IN NUMBERS

The numbers speak for themselves. We've looked at Salesfire Trends data from 2022 for a quick picture of how industries performed year-on-year.

TRAVEL
+24.18%



Holidaymakers took advantage of the further loosening of travel restrictions and weren't deterred by the ongoing disruption and delays, with Travel seeing a 24.18% conversion rate uplift year-on-year.

GAMING
+24.75%



Online communities created in the pandemic have gone from strength to strength in 2022, with revenue in the Gaming industry up 24.75%.

FOOTWEAR
+3.95%



Following a predictable lull in 2020, revenue in the Footwear industry was up 3.95% in 2022 as in-store footwear sales decrease in favour of the convenience, wider variety and cheaper prices available online.

MUSIC
+9.97%



Could the return of festivals have spurred on window shoppers to finally take the plunge and invest in a new instrument? This may have contributed to the Music industry's 9.97% uplift in conversion rate in 2022.

The lockdown renovations seem to have come to an end as consumers favour travel over home decor with revenue in the Home and Living industry down 14.9%.



HOME & LIVING
-14.9%

Now consumers are spending time out and about, they're spending less on their gardens than the previous two years with revenue down 23.65%.



GARDENING
-23.65%

Could supply chain issues have affected the gift-buying industry? With revenue down 17.31%, shoppers may be looking to the high street to secure presents in time for special occasions.



GIFTS
-17.31%

2022 saw the return of activities we couldn't enjoy in previous years. With no opportunity to eat out for almost a year, consumers are making up for lost time. Due to consumers spending less on food and drink at home, revenue in this industry decreased by 22.85%.



FOOD & DRINK
-22.85%

We compared Trends data from 1st January 2022 - 5th December 2022 to 1st January 2021 - 5th December 2021.

¹ How e-commerce share of retail soared across the globe: A look at eight countries | McKinsey ² Useful e-commerce statistics you must know in 2022 | WP forms ³ The influence of 'woke' consumers on fashion | McKinsey ⁴ Gen Z Has \$360 Billion to Spend, Trick Is Getting Them to Buy | Bloomberg ⁵ UK consumers embracing more sustainable behaviour | Consultancy.uk ⁶ 37% of Consumers Trust Social Media Influencers Over Brands | Cision PR Newswire ⁷ IAB Releases Internet Advertising Revenue Report for 2020 | IAB

HOW TO GET ECOMMERCE PERSONALISATION RIGHT

74% of customers feel frustrated when content on an online store isn't personalised towards them, making it essential for modern retailers to tailor their websites to their customer's individual needs and provide bespoke user journeys on-site.¹⁰

Personalisation tools have evolved over the years and are now crucial to maintaining a competitive advantage and keeping up with the eCommerce giants.

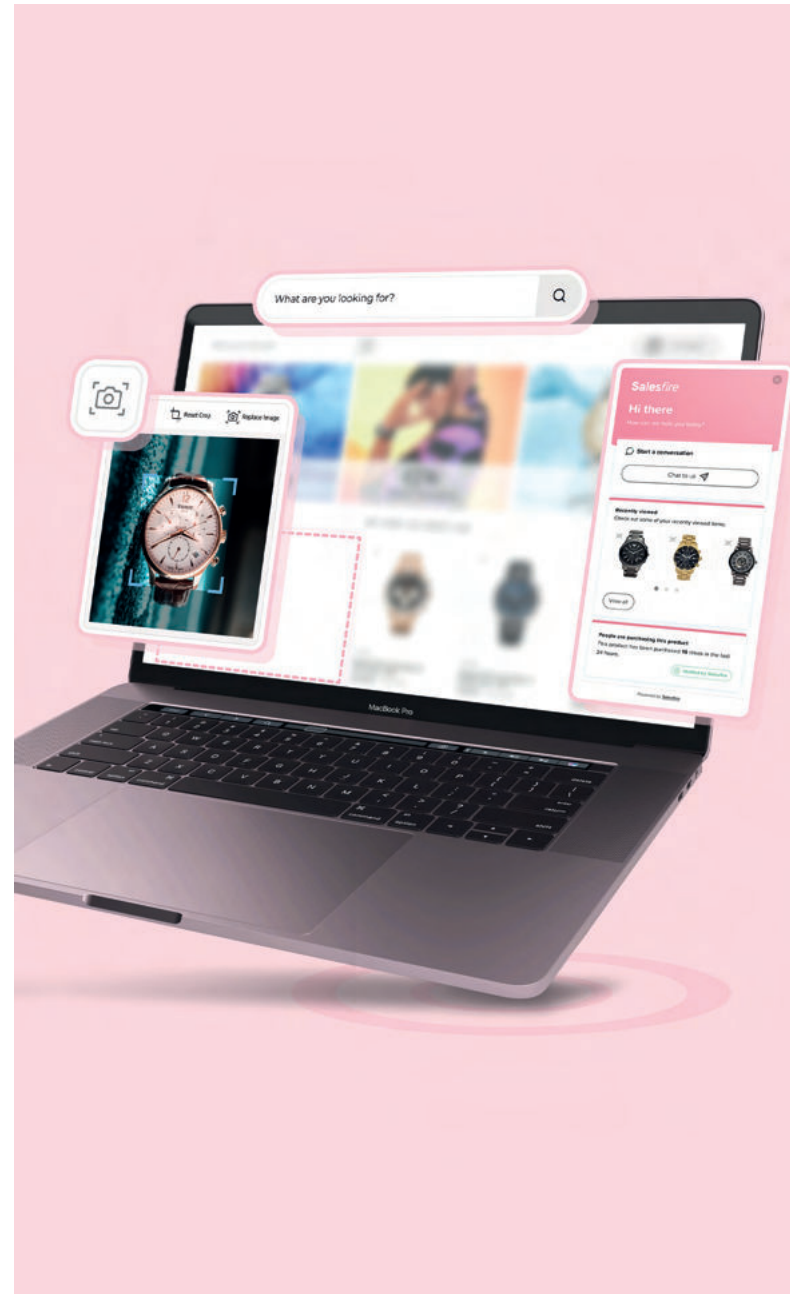
Retailers can effortlessly utilise the existing customer data they collect from visitors to provide a tailored on-site journey and build loyalty amongst shoppers.

WEBINAR (30 min watch) - Scan to watch
Watch our free webinar where our experts discuss how you can get eCommerce personalisation right.



Emma Foster
Head of Brand & Comms
Salesfire

Kelly Aitkin
Product Marketing Manager
Salesfire



THE ULTIMATE ECOMMERCE CHECKLIST

If you're an online retailer, your biggest goal will likely be increasing revenue and driving growth.

To improve eCommerce performance, brands need to create robust conversion rate optimisation strategies to maximise the value of every visitor.

These strategies should focus on increasing the number of users who take the desired action whilst on-site and utilise existing traffic.

Online stores need to optimise their website and its functionalities in order to provide experiences that support shoppers at every turning point and seamlessly guide them through their purchases.

ARTICLE (2-3 min read) - Scan to read more
To learn more about Salesfire's complete checklist for improving your eCommerce conversion rate, take a look at the full article.



Courtney O'Riordan
Content Marketing Executive
Salesfire



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RECOMMENDATIONS



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NEW CONSUMER SPENDING TRENDS AND THE RISE OF REFUND FRAUD

The current economic crisis has seen a steep rise in energy bills and a noticeable shift in consumer spending habits.

Energy-efficient appliances such as air dryers, and air fryers are selling well as shoppers search for ways to save money. We've also seen growth in digital subscription services and the takeaway food sector, as financially savvy consumers favour cheaper nights in at home.

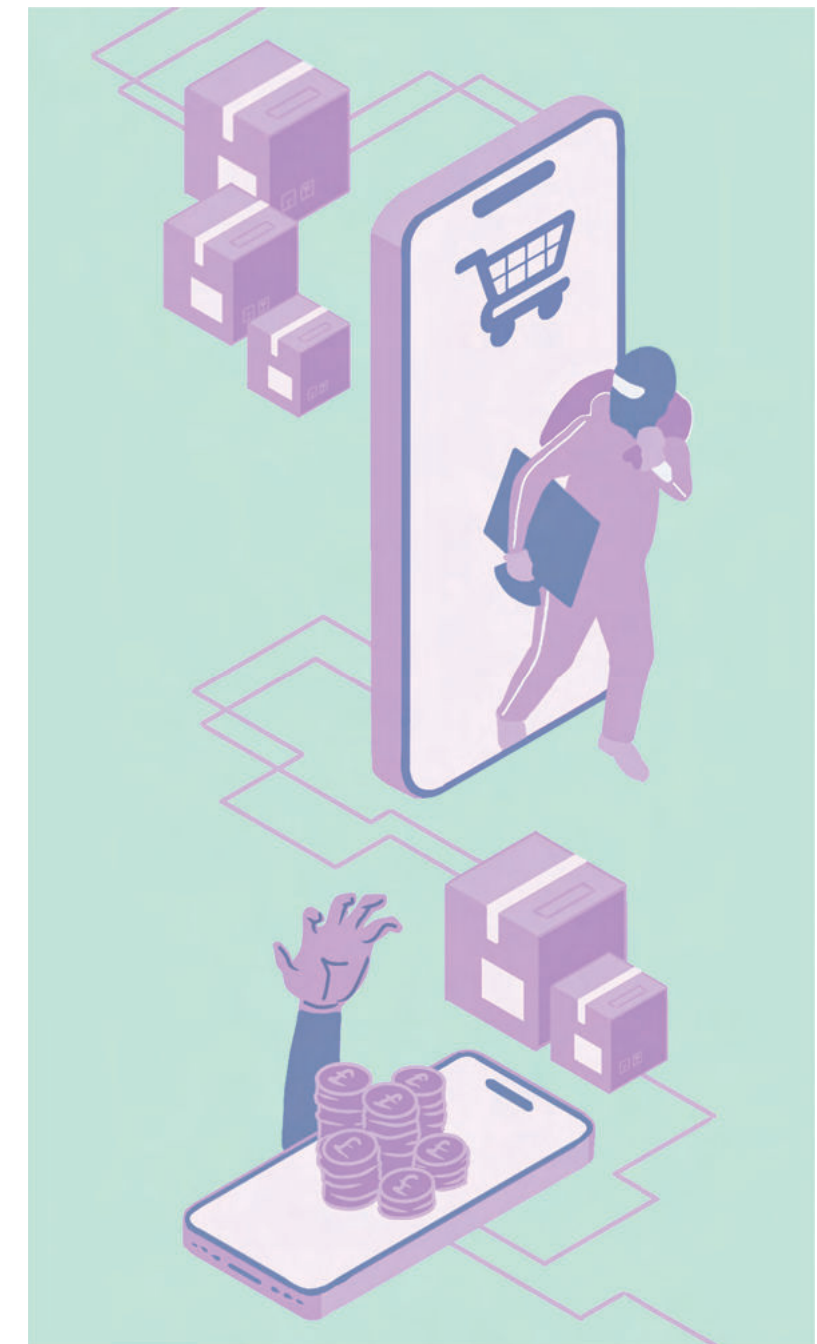
eCommerce is also facing the ever-increasing challenge of refund fraud, with so-called refund fraud-as-a-service costing online businesses more than \$25 billion annually.¹¹

Retailers are searching for ways to protect themselves by looking for data patterns that may indicate fraudulent activity.

VIDEO (3 min watch) - Scan to watch
Watch our full Salesfire Trends Roundup to keep up to date with the latest eCommerce news.



Sophie Walker
Content Marketing Executive
Salesfire



HOW TO USE TRENDS AND DATA TO STRENGTHEN THE CUSTOMER EXPERIENCE

With competitors only one click away, customer satisfaction is crucial to driving sales in a saturated online space. Analysing data and trends allows retailers to monitor performance and address any pain points in their strategy.

Data-driven insights can help identify opportunities for further optimisation and personalisation on-site. Personalisation solutions utilise existing data to match up similar customer journeys to display the most relevant content and enhance the customer journey.

To further drive conversions, retailers should keep an eye on industry trends and data to create reactive strategies across platforms and reach new audiences.

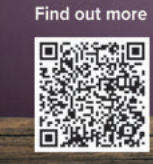
VIDEO (3 min watch) - Scan to watch
Watch the full video to find out more about using data and trends to strengthen the customer experience.



Bethany Llewellyn
Content Marketing Executive
Salesfire



Salesfire Trends
DON'T WORK IN THE DARK
Get the latest eCommerce insights and benchmarking data from Trends.



¹⁰ 29 eCommerce personalisation stats every marketer should know for 2021 | Octane AI ¹¹ Refund fraud on the rise | LinkedIn News

RETAILING THROUGH A RECESSION

Partner feature



Maximise Sales During an Economic Downturn

Faced with rising operational costs, tighter margins, and the lowest consumer confidence levels since records began, it's undoubtedly a tough time for retailers. As the current spending downturn is expected to last until 2024, it's essential that merchants strengthen sales strategies and fully leverage the ongoing growth of eCommerce, which now accounts for around 30% of all retail sales in the UK.¹

As many businesses learnt first-hand during the height of the pandemic, one of the key ways to survive during a crisis (and, in some cases, thrive) is to listen and rapidly respond to changing needs. With that in mind, at Visualsoft we recently commissioned YouGov to survey over 2,000 UK shoppers on how their spending habits are likely to adjust in the coming months, and here we share some of the most notable findings along with actionable advice for online retailers.

Value is king

Amid such financial uncertainty, it's unsurprising that over 51% of surveyed shoppers intend to either spend less or place fewer online orders and that 71% are now more likely to take their time looking for the best value. This mirrors the reality of current spending figures, and as a result, we expect to see price slashing across several sectors, however, there are alternative ways to increase value perception without eating into your profits.²

As well as reviewing your online store's bundles, discounts and offers to ensure that you're well positioned against your competitors, it can be crucial to provide a better shopping experience - at every step of the journey - and clearly convey your brand's USP. What differentiates you from other businesses can encourage customers to convert rather than search elsewhere for savings, so look for ways to amplify the benefits and advantages of your products and service, whether that's quality, expertise, exclusivity, durability, sustainability, aesthetics, or convenience. Sell the hole, not the drill.

Creating dialogues with your customers via reviews, surveys and feedback groups can also help you identify friction points, implement improvements, and continue to meet evolving needs and expectations.

Additionally, our survey found that over half of the respondents are expecting to rely on methods of delayed payments for purchases - such as credit cards, split payments, and buy now, pay later schemes - which means that offering diverse payment options may be critical to reducing checkout abandonment.

Customers aren't just for Christmas

Although winning new customers is vital for growth, during a recession it's important to focus on converting and keeping the shoppers who are already engaging with your store. Customer retention is significantly cheaper than acquisition. In the current climate, it can be much more effective as brand familiarity and trust tend to be higher priorities for consumers. This is reflected in our survey results, as 74% of participants confirmed that during a cost of living crisis, they're more likely to purchase from a brand they've previously placed an order with.

For online retailers, there are multiple tried and tested ways to encourage shoppers to return to your store, including personalised marketing campaigns, retargeting ads, and basket recovery systems. Exit intent overlays are also proven to boost conversions, particularly when coupled with unique discounts, and 68% of our surveyed consumers confirmed that they're currently more likely to look for voucher codes when making online purchases.

Reward schemes are also widely recognised as tools to build customer loyalty, however, to be truly effective, they must deliver tangible value to shoppers. Today's consumers are much savvier when it comes to incentives, often expecting more than just points. This is perhaps why only 46% of surveyed shoppers confirmed that rewards can persuade them to place an order. This suggests that while reward schemes are still very much an important part of the mix, they should be specifically designed to appeal to your customer base.

Be prepared to pivot

As well as reviewing your store's value proposition and customer experience, focus on your marketing strategies to ensure you're reaching the right people at the right time with the most appealing brand messages. While

some retailers may look to dramatically cut marketing budgets during a downturn, some studies show that this short-term measure can have long-term repercussions, as many businesses that continued with marketing campaigns during previous recessions were much more likely to survive.³

Instead, we recommend that you adjust campaigns to reflect your customers' current needs, optimise product feeds, regularly review advertising setups, carefully define your buyer personas, and reallocate spending to channels that are most effective for your brand. On top of paid services, also consider relatively inexpensive ways you can build brand awareness, such as word of mouth marketing - 46% of the shoppers we surveyed agreed that they're more likely to make referrals in exchange for rewards as the cost of living increases.

Ultimately, the key is to ensure that you can quickly adapt to changing conditions and priorities. By closely monitoring performance, listening to what shoppers want, and adjusting plans along the way, your business can not only navigate its way through a recession but also build a stronger customer base and core offering for when the economy inevitably recovers in the near future.

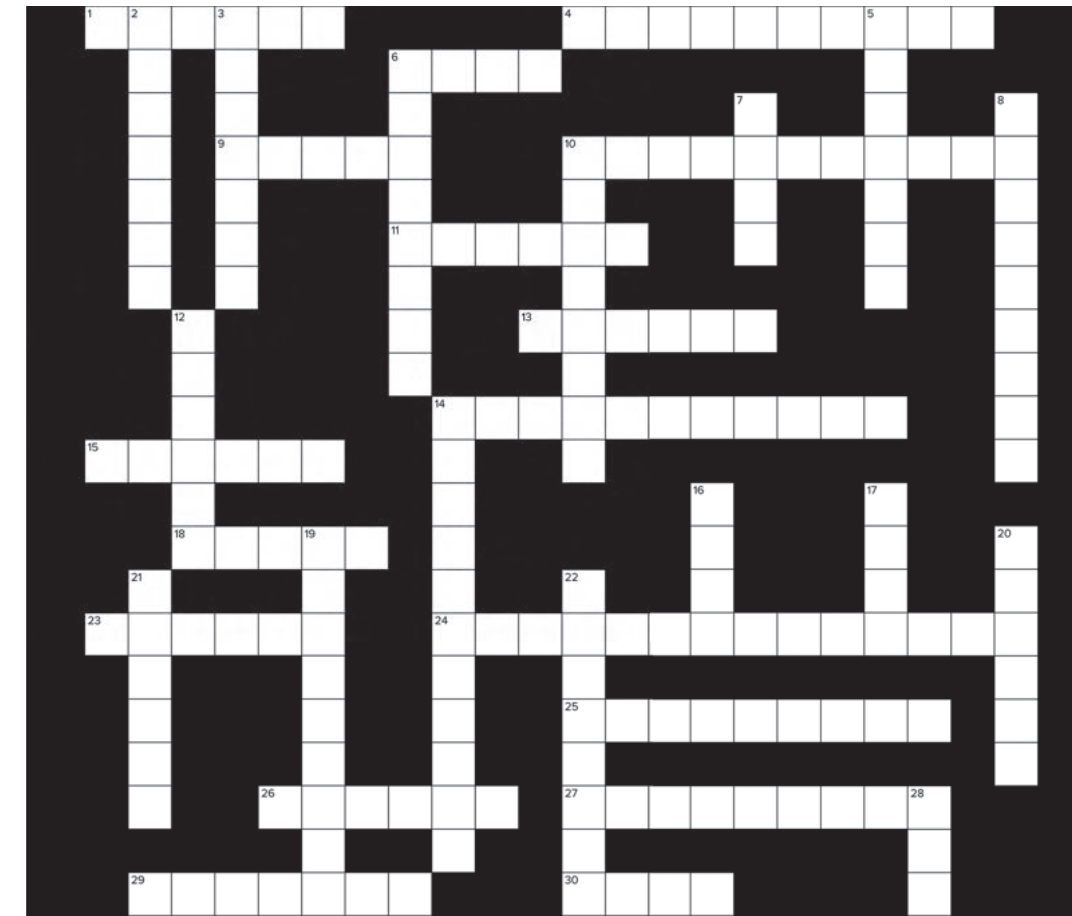
For the full results of the Visualsoft survey conducted by YouGov, along with expert insights from the UK's leading eCommerce provider, go to www.visualsoft.co.uk

Trusted by thousands of retailers, Visualsoft offers everything you need to scale your business online. Alongside its complete eCommerce platform - which powers some of the world's best known brands - it delivers award-winning store designs, proactive growth strategies, and multi-channel marketing campaigns that attract, engage and retain shoppers.

As one of the UK's leading providers for more than two decades, Visualsoft has a wealth of industry expertise and experience, and is partnered with digital pioneers including Google, Meta, and Salesfire. It also offers a range of value-added services and products to help retailers strengthen conversion and boost revenue, including its recently launched payments solution, VS Pay.



Chris Fletcher
VP of Operations
Visualsoft



Across

- The process of increasing in size. (6)
- To make or become stronger. (10)
- Salesfire Trends tracks this. (4)
- A retailer must make these to be successful. (5)
- Due to the rapid expansion of eCommerce, this has increased amongst stores and industries. (11)
- When you are browsing the internet, you are _____. (6)
- The _____ chain handles the production flow of products. (6)
- Brochures, billboards and commercials are all examples of this form of marketing. (11)
- A synonym for increasing. (6)
- A large shop that sells many different types of goods. (5)
- To make more money than you have spent is to make _____. (6)
- Brands are reducing packaging waste and highlighting eco-friendly products to support this cause. (14)
- A process or set of rules to be followed in calculations or other problem-solving operations, especially by a computer. (9)
- The name of 2022's fastest-growing social media platform. (6)
- The trading of goods and services on the internet. (9)
- An online event that is hosted by an organisation/company. (7)
- The name given to the time taken by the earth to make one revolution around the sun. (4)

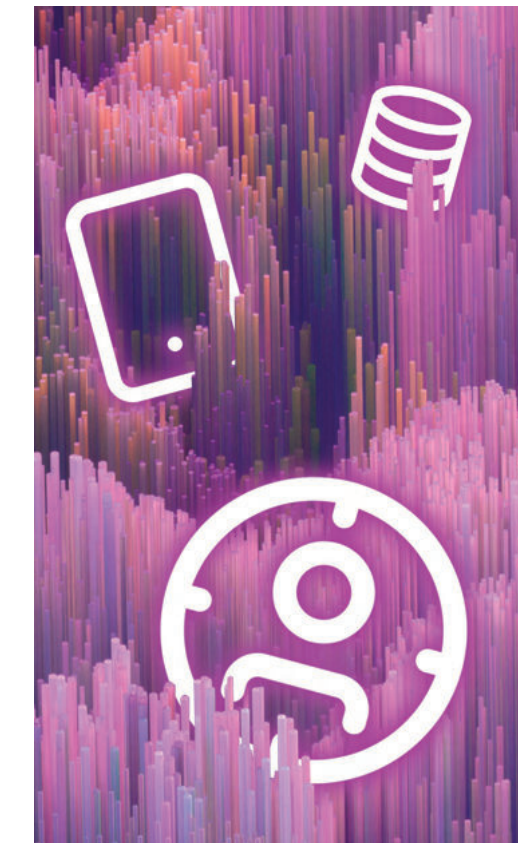
Down

- The money generated from normal business operations. (7)
- Online brands exist on a _____. (7)
- The study of past events. (7)
- Otherwise referred to as a reduction or markdown. (8)
- Bloomberg and BBC are examples of _____ organisations. (4)
- In the past year, the UK has experienced a record-breaking rise in _____. (9)
- A person who intends to order or purchase goods. (8)
- A time of intense difficulty or danger. (6)
- An _____ strategy will help an eCommerce store gain new customers. (11)
- From a higher to a lower point of (something). (4)
- Coal, gas and oil are all examples of this. (4)
- The continued use, existence or possession of something or someone. (9)
- A machine or device for drying something. (6)
- The name of this newspaper. (6)
- A plan of action designed to achieve a long-term or overall aim. (8)
- The organ of the visual system. (3)

Need a hand?
Every answer is featured in this newspaper. Have a flick back through the pages to refresh your memory! Think you've cracked it? Find the answers on the back page.

WHAT TO LOOK OUT FOR IN 2023

- Prioritising mobile shopping**
Smartphones will continue to drive massive sales for retailers as optimised mobile experiences become a priority. Shoppable social media and optimised mobile experiences should be priorities for retailers with goals of growth and success.
- Rising acquisition costs**
On-site personalisation will be the difference between a loyal customer and a one-time buyer. With rising acquisition costs, engaging customers with unique journeys will be crucial to saving costs and increasing profits.
- Actioning big data**
Gathering actionable insights from past and real-time data will prove essential for retailers this year. Integrating these findings into their strategies will be essential in maintaining a competitive advantage in an evolving eCommerce landscape.



HOT OR NOT

A 2022 roundup

What would you add to our list? Let us know @salesfireuk

HOT



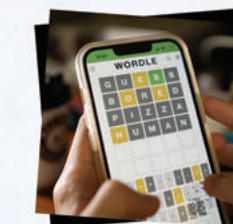
History was made when **Patagonia** announced their decision to donate profits to fight the climate emergency.



HBO's **House of the Dragon** was on our TV screens and in our search bars as it charted highly in Google's 'Year in Search 2022.'



The groundbreaking chatbot, **ChatGPT**, generated millions of signups within days. Will its momentum continue?



Despite being the most searched word of the year, **Wordle** is a pastime that should remain in the past.



The world may not have been ready for the **Metaverse** in 2022.



In the first year back to abroad holidays after Covid, the **travel chaos** in the summer proved too much to handle.

NOT

¹ Internet sales as a percentage of total retail sales | ONS ² UK household spending trails industrialised world as cost of living bites | Financial Times ³ Five Rules for Retailing in a Recession | Harvard Business Review

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ABOUT SALESFIRE TRENDS

Salesfire Trends manages the identification, analysis and communication of market trends and insight.

Collecting data from across 28 industries, Salesfire Trends analysed 659 million user journeys in the last year; that's 3.65 billion events. With its incomparable placement to track transactional and behavioural data across hundreds of online retailers in a range of industries, Salesfire recognises its unique view into eCommerce which few have the privilege of.

Salesfire uses this enriched data to inform its AI and machine learning to even greater lengths. The Trends

platform provides evidence and data that feeds back into our client recommendations and AI-led personalisation products, supporting decision-making and reinforcing strategies.

The Salesfire Trends newspaper is here to start debate and conversation on eCommerce, a champion of insights within the industry.

And in an environment so dynamic that decades of change can happen over a quarter, being able to read and respond to the market is what we believe to be fundamental to future success.

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Crossword answers:

Across 1: Growth 4: Strength 6: Data 9: Sales 10: Competition 11: Online 13: Supply 14: Advertising 15: Rising 18: Store 23: Profit 24: Sustainability 25: Algorithm 26: TikTok 27: eCommerce 29: Webinar 30: Year Down 2: Revenue 3: Website 5: History 6: Discount 7: News 8: Inflation 10: Consumer 12: Crisis 14: Acquisition 16: Down 17: Fuel 19: Retention 20: Dryer 21: Trends 22: Strategy 28: Eye

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