



# THINK FORWARD

THE COMMERCE REPORT

REPORT TWO / THE NEW BUYING & PAYMENT EXPERIENCE





### 03: Introduction

### 04: Synced services

Charting the rise of the super app

### 07: Everywhere commerce

As pandemic habits become the norm, demand for hybrid shopping grows

### 11: Crypto commons

Are you ready for this?

### 14: Payments: regenerated

As alternatives go mainstream, new options emerge

### 18: Business as social

The evolution of commerce: from convenience to community

### 22: Summary

# Online shopping was supercharged by the pandemic.

Although that growth has slowed, more consumers are shopping online – retail sales in the UK were +16.1% higher in February 2022 when compared to February 2020.<sup>1</sup> But headwinds, including rising inflation and energy prices and ongoing supply chain disruptions, mean that nothing is guaranteed. Retailers will need to do more to retain shoppers. Short-term e-commerce hacks won't be enough.

What's the secret to getting it right? From frictionless and seamless experiences, to omnichannel there's plenty of buzzwords when it comes to shopping online. Many of these will help retain customer loyalty.

But there are new considerations too, including the continued growth of super apps, new payment methods and options, and the rise of the hybrid retail model. In 2021, 34% of global consumers used their smartphones to enhance IRL shopping (up from 28% in 2020).<sup>2</sup>

In this report, explore key trends that are shaping the buying and payment experience, and discover how you can turn disruption into opportunity.

<sup>1</sup> IMRG Capgemini Online Retail Index, published March 2022

<sup>2</sup> The 2022 Global Digital Shopping Index, PYMNTS and Cybersource, published February 2022





## Synced services

### Charting the rise of the super app

Convenience-seeking consumers are embracing super apps that offer multiple services such as chat and payments, but also shopping, restaurant reservations – even utility bill payments. As these apps become more integrated into day-to-day life, consumers will expect to outsource more mundane tasks to them, creating a virtuous digital cycle.



# Synced services

Companies in Asia took an early lead in the super app story where mobile wallets like AliPay and WeChat quickly expanded their functionality. Now, integrated mini apps, developed by third party providers, meaning WeChat users can easily switch between paying bills, taking out a loan, and booking a doctor's appointment. WeChat's mini programs have an average of 450 million daily active users.<sup>3</sup>

Social media platforms are pivoting to offer similar functionality – and Snap's in-app 'Minis' are just one example of that. PayPal launched an all-in-one financial super app in the US and the UK that offers access to high yield savings, in-app shopping tools, deals and rewards, up to two-day early access Direct Deposit, and bill pay, alongside Buy Now, Pay Later services, buy, and the ability to hold and sell crypto (for more on cryptocurrency see page 8).

## At their core, super apps are about convenience and simplicity.

And consumers *will always* have time for services that combine those two basic imperatives: 67% of US consumers would like to see at least two of their activities integrated in one place, while around 11% would like one app for managing their entire digital lives.<sup>4</sup> In 2022 and beyond, how can you help consumers consolidate?

## Innovations

WhatsApp users in Brazil can send and receive payments through the messaging app with no fees applied. In September 2021, the company began trialling a business directory that allows users in São Paulo to find local shops and services with a presence on the app. **99% of smartphone owners in Brazil have WhatsApp installed on their device;** 85% use the app daily.<sup>5</sup>

Starbucks' integrated partnership with super app Grab now spans six Asia-Pacific markets, including the Philippines, Thailand, and Singapore. Customers across these markets can earn Starbucks Rewards benefits on purchases through Grab, have more ways to order and pay in stores, and enjoy faster delivery fulfillment through Grab's network.

In Q4 2021, Lydia partnered with Bitpanda to bring **stock and crypto trading to the financial super app's 5.5 million users.** The France-based app also raised \$100 million in a Series C funding round.

Launched in 14 US cities in March 2022, Uber Explore allows users to browse, book and pay for experiences like dinner reservations and live events via the Uber app. **Payments are made through the Uber Wallet.**

<sup>3</sup> Weixin via Reuters, published January 2022

<sup>4</sup> The Connected Consumer In The Digital Economy, PYMNTS, published November 2021

<sup>5</sup> Messaging in Brazil ,Panorama, MobileTime and Opnion Box, published February 2022

## Key takeaways

Super apps are well established but, thanks to the continued fragmentation of the online experience, there's still plenty of opportunity in this space. That will include shopping hubs, experience hubs, travel hubs... and more.

Social media platforms and tech giants like Apple and Google are *already* expanding the services they offer and will compete for market share with fintech super apps. Vast networks and product ecosystems could give Big Tech the edge – but regulation could stymie growth.

Before you dive in, think beyond standalone products and services and consider how you'll build and scale an ecosystem. The more integrations, the more durable your super app will be.







# Hybrid shopping

(a mix of digital and in-person channels) is the primary buying method for **27%** of consumers and **36%** of Gen Z—more than any other generation.<sup>6</sup>

<sup>6</sup> Consumers want it all: hybrid shopping, sustainability, and purpose-driven brands, IBM Institute for Business Value, published January 2022

# Everywhere commerce

As pandemic habits become the norm, demand for hybrid shopping grows

The shift to e-commerce only heightened expectations when it comes to omnichannel: 64% would like to see retailers personalising in-store and online experiences based on online preferences and behaviours.<sup>7</sup> Online savvy shoppers increasingly demand a seamless shopping experience that spans multiple digital and physical touch points. Their main priority at every touch point?

**Using the shopping method that's most convenient for them at any given moment.**



# Everywhere commerce

COVID-19 accelerated digital transformation, with years of progress crammed into 18 months.<sup>8</sup>

And while that growth isn't sustainable, the resulting consumer behaviours are here to stay – 87% of senior executives believe customer expectations have been digitally rewired.<sup>9</sup>

When it comes to retail the line between online and offline commerce is blurrier than ever, with many consumers opting to shop across digital and IRL channels. As this hybrid retail model gains traction, it will be more imperative than ever for retailers to offer a truly seamless experience that maps every consumer interaction.

Consumers returning to in-person retail will bring the conveniences they're used to when shopping online to their IRL experiences. And they expect brands to be there every step of the way. In 2022 and beyond, how can you supercharge your everywhere commerce strategy?

## Innovations

Zara's in-app Store Mode option gives consumers greater flexibility when purchasing in store. The Click & Go feature allows shoppers to see, in real-time, which stock and sizes are in their nearest store. Customers then purchase in-app and bring their QR code to a store where a robotic system retrieves the item. Click & Find uses geolocation to quickly navigate them to items in-store via an on-screen map.

Danish fashion brand Ganni is using the NewStore platform to improve sales and returns in physical stores. Associates can use iPhone apps to view customers' past purchase history across channels and countries and access customer, order, and store inventory information.

Chinese retailer and technology company JD.com recently opened two shops in the Netherlands under the brand name Ochama. Customers can order online (via the website or app) and pick-up in-store or select next-day home delivery. At the store, shoppers scan a QR code on the Ochama app at the checkout, then wait for orders to appear on a conveyor belt. The store also features displays of Ochama's range of products.

The MagicBand – a wearable that allows visitors to enter their Disney World hotel room, pay for things around Disney parks and more – is getting an upgrade for the brand's 50th anniversary. The updated MagicBand+ will include colour changing lights, haptic vibrations, and gesture recognition.

<sup>8</sup> McKinsey, published March 2020

<sup>9</sup> 2022 Digital Trends Report, Adobe, published January 2022



## Key takeaways

There's no such thing as 'online' and 'offline' retail. There's just retail! Can you create a seamless on and offline experience that creates loyalty, drives retention and improves the consumer experience?

How well do you know your customer and their needs? The user experience doesn't stop when a shopper checks out. Whether they're online or in store, that's just the beginning! What's the *next* thing they're looking for?

JD.com is bringing Jack Ma's New Retail concept – the blending of online and offline commerce through the digitization of the entire retail value chain – to Europe. And while Ochama is less evolved than the concepts both JD.com and Alibaba have already established in China, it will show European shoppers that online and offline *aren't* mutually exclusive.

Shopper preferences are changing faster than ever. Put systems in place to monitor these changes, and be prepared to adapt as those behaviours evolve.







## Crypto commons

Are you ready for this?

Dominating half-time ads during Super Bowl LVI. Bitcoin gift cards available at up to 50,000 retail locations and digitally throughout Europe. Just two signals highlighting how crypto is making the leap from niche to mainstream. Despite this progress, roadblocks remain. Whether it's to help educate on the risks and volatility of crypto, build trust or help drive financial literacy, brands and retailers could define this new landscape.



# Crypto commons

The global cryptocurrency market is predicted to reach USD 2.2 billion by 2026, growing at a CAGR of 7.1%.<sup>10</sup>

And with VC firms like Sequoia Capital and Andreessen Horowitz looking to expand in this space, crypto innovation is likely to increase in the coming year.

Beyond the headline hype, are consumers interested? Data suggests interest is on the rise: customers made \$2.5 billion in payments with Visa's crypto-linked cards in the fiscal first quarter of 2022, with payments spanning retail goods and services, restaurants and travel. Digital currencies have entered mainstream conversation across Europe, but awareness isn't always synonymous with investment. In the UK, 66% of surveyed adults said they're familiar with crypto (the second highest in Europe), but just 29% had purchased any form of cryptocurrency.<sup>11</sup>

## **The cryptocurrency landscape is fast-paced and dynamic.**

Consumers will need help navigating the volatility and risks involved with crypto, the new languages and concepts in this space. Time to consider crypto innovations that open the door to everyone?

### **Innovations**

Got crypto and want to spend it? Purse allows Amazon shoppers to spend Bitcoin (with a 15% discount). Independent Etsy sellers can opt into crypto payments; it's also an option for Swiss AXA Insurance customers; and payments and bids at Sotheby's auction house. Smaller brands are getting involved too – check out Yemio in Avilés, Spain where patrons can exchange Bitcoin for beer.

Adidas Originals announced a partnership with Coinbase in November 2021. Fan token platform Socios has a sponsorship and licensing deal with UEFA for the Champions League and related tournaments. Expect these sorts of partnerships to increase in the coming months.

In Japan, LINE Pay (a subsidiary of messaging app LINE) is trialling crypto payments. Users can use Line's LINK token at LINE Pay online merchants just like LINE Points, without any commission fees. The trial will run until December 2022.

Crypto payments infrastructure provider MoonPay launched a checkout solution that gives brands, creators, and marketplaces an option to allow their customers to buy and sell NFTs using a credit or debit card, Apple Pay, Google Pay and other options. Previously, anyone that wanted to purchase an NFT had to first buy cryptocurrency, then exchange it for the NFT.

<sup>10</sup> Markets And Markets, published April 2021

<sup>11</sup> Coinbase & Qualtrics, published December 2021





## Key takeaways

It took over a decade for crypto to reach 100 million users. The next 100 million will likely arrive much more quickly, but they'll most probably have very different needs to the enthusiasts that made up much of the first cohort.

Awareness of cryptocurrency looks to be on the rise but consumer confusion and a lack of knowledge on the risks, volatility and key concepts remain common barriers to entry. It is likely that more players such as Rainbow, and Ethereum mobile wallet with a strong focus on UX, will enter the market. Rainbow raised \$18 million in Series A funding in February 2022.<sup>12</sup>


Men in the US are twice as likely to say they've used a cryptocurrency than women (22% versus 10%).<sup>13</sup> New communities like My BFF are seeking to reverse that pattern. How can you drive inclusivity?

Although a full realisation of the metaverse is some way off, cryptocurrency is already being adopted for in-game currency and tokens and alt-coins are being used to trade digital goods within games. Gaming is an innovative use case for crypto. Crypto exchange FTX is launching its own gaming unit, which is likely to encourage studios to adopt crypto and NFTs.

<sup>12</sup> TechCrunch, published February 2022

<sup>13</sup> Pew Research Center, published November 2021





The majority of European consumers would feel comfortable with contactless transaction limits of up to **€150** – that's three times the current European Union limit of €50.<sup>14</sup>





## Payments: regenerated

As alternatives go mainstream,  
new options emerge

When it comes to payments, consumers demand fast, efficient and secure options. And with COVID-19 helping make what were once considered alternative payment options the norm, the market is booming with some new – and crazy options (keep reading to discover them!). They won't all be successful. But they should be on your radar because they will set new expectations around those consumer imperatives. Are you ready for the *new* payment alternatives?



# Payments: regenerated

While COVID-19-related safety concerns accelerated the shift to contactless payments, this new behaviour is here to stay – two in three European consumers say they now use contactless payments more often than they did before the start of the pandemic and now prefer to pay using this method.<sup>15</sup>

And let's not forget another pandemic success story – the humble QR code! By 2025, QR-code payment users are expected to exceed 2.2 billion, equating to 29% of all mobile phone users globally.<sup>16</sup> And although the uptake of both electronic payment methods and contactless varies across the region, the direction of travel is clear.

## Payment wearables also saw a surge of interest.

People looked for ways to pay without any contact – many people are now used to paying with their phone, smartwatch or Fitbit. According to data from CB Insights, the global wearable payment device market (valued at USD 285 billion at the end of 2019) could soar to USD 1.3 trillion by 2028.<sup>17</sup>

## Innovations

BNP Paribas was the first bank in France to offer a biometric card to its customers, in June 2021. After registering the client's fingerprint at a branch, the card allows secure contactless payments above the usual EUR 50 limit.

In January 2022, Samsung introduced an all-in-one fingerprint security chip (IC) for payment cards. The new chip reads biometric information via a fingerprint sensor, stores and authenticates data with a tamper-proof secure element and analyses it with a secure processor.

Taipei residents can wield a magic wand to ride the subway. The wand, a replica of the Moon Stick that Sailor Moon used in the classic '90s anime series, was released by contactless payment provider EasyCard, which is accepted at many retailers throughout Taiwan. Priced at EUR 57, the wand was available for pre-order in January 2022.

Shoppers in the EU and the UK can now make contactless payments using Walletmor. The battery-free NFC (Near-Field Communication) implant is embedded under a user's skin and is linked to a preloaded online account.

<sup>15</sup> The Evolution of the European Payments market, Payments Europe, published November 2021

<sup>16</sup> QR code payments: key opportunities, regional analysis & market forecasts 2021–2025, Juniper Research, published November 2021

<sup>17</sup> The Future of the Wallet, CB Insights, published February 2022



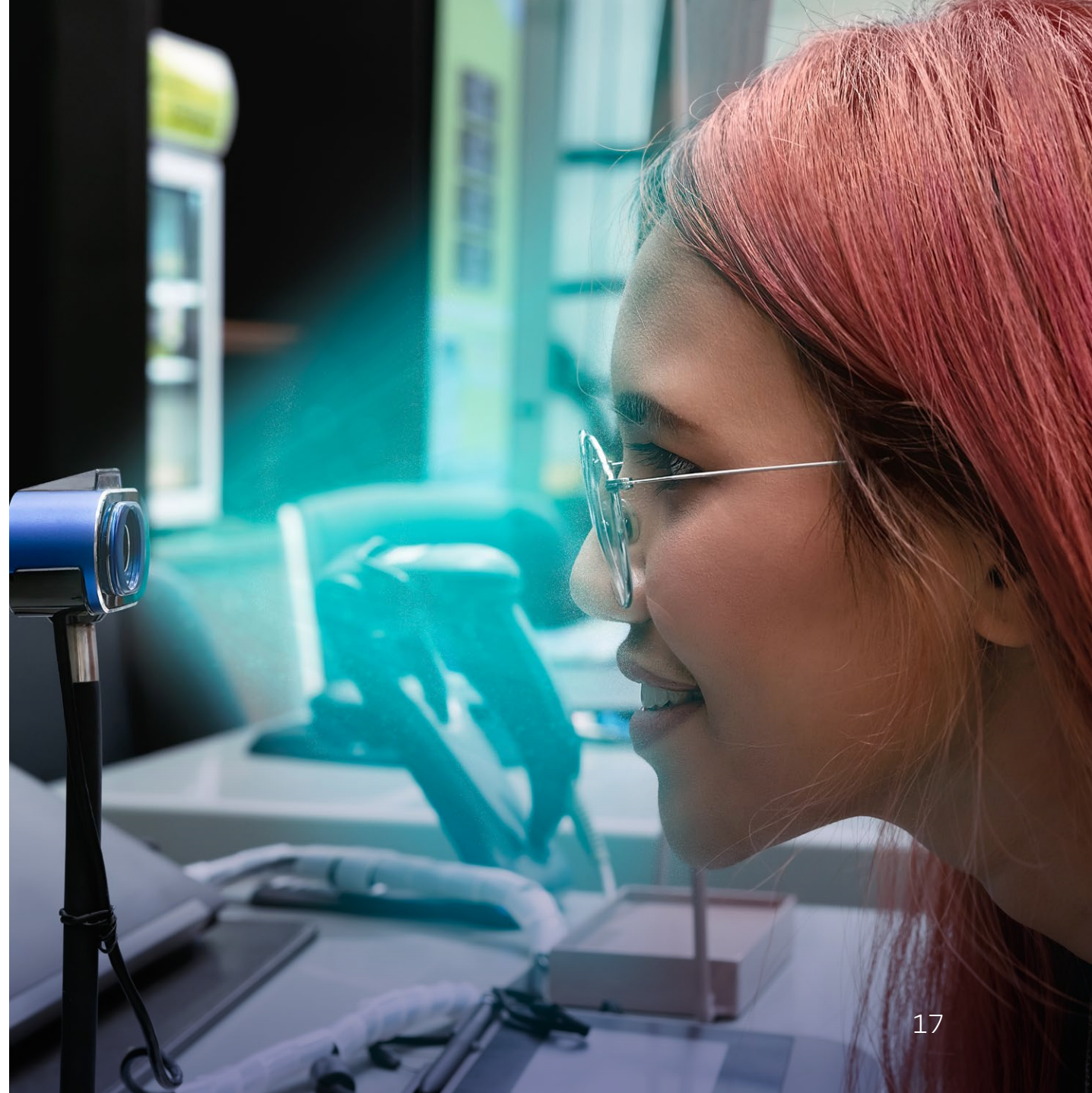
## Key takeaways

Not everyone will want an NFC implant. But in a world in which consumers know this level of convenience is possible, how do your payment solutions compare?

EasyCard's magic wand is a cute gimmick, but it was a popular one – the limited-edition item quickly sold out. Could the right partnership help you promote your underlying payment infrastructure?

As the shift to contactless during the pandemic shows, consumer's payment preferences can change rapidly. Use insights and analytics to understand your customers' needs. Can you quickly respond when you identify new preferences?

Consumers might not be willing to pay for new wearables. After all, many shoppers are already comfortable tapping their phone to pay. How does your new solution improve on that experience? Biometric options – such as pay-with-palm technology – could see success simply because they eliminate the need to carry any additional device.





# 64%

of social media users surveyed said they made a social commerce purchase in the last year – that's almost 2 billion social buyers globally.<sup>18</sup>





## Business as social

The evolution of commerce:  
from convenience to community

Social commerce is driving global expectations for e-commerce that's convenient, but also communal and experiential. It's time for brands to move beyond 'transactions' and instead think about building communities where shopping is the side show, not the main show. In 2022 and beyond forget business as usual — it's time for *business as social*!



# Business as social

This is another trend that has roots in China, where Tabao, Xiaohongshu and others pioneered a social commerce model that blended entertainment with instant purchase. In 2021, these platforms generated more than \$400 billion in sales.<sup>19</sup>

The market in Europe and the US isn't as advanced – comprising just 4.6% of total retail e-commerce sales in the US, compared to 14% in China<sup>20</sup> – but it represents significant potential. If China's experience is any guide, live commerce sales could account for as much as 20% of all e-commerce by 2026.<sup>21</sup>

Social media platforms are pivoting to offer commerce alongside news and entertainment, and they're taking their audience – one that's already spending an average of almost two and a half hours a day using them<sup>22</sup> – along for the ride. It's particularly appealing to younger consumers, who are keen to buy products and services based on recommendations and inspiration from people they trust and make purchases from smaller brands.<sup>23</sup>

## Innovations

A shopping lens debuted by Snap in January 2022 allows users to swipe through multiple products and browse details on pricing, colour, sizing, and similar items from retailers, using Snap's camera. Ulta Beauty and MAC Cosmetics were the first to trial the tech, trials generated \$6 million in sales for Ulta Beauty and a 17-time lift in purchases among women for MAC.

Brut. and Carrefour are partnering to develop BrutShop where users can make online purchases while participating in video events broadcast live on social networks. Brut. has 70 million users and claims to represent 39% of the media market of social networks in France.<sup>24</sup>

Developed by US-based e-commerce software platform Obsess, the Shop with Friends feature allows groups of friends to shop virtual stores together, in real time. Beauty brand Charlotte Tilbury was one of the first to trial the feature.

Instacart is launching Shoppable Recipes via integrations with TikTok and Tasty, as well as publisher Hearst (Hearst owns Delish, Good Housekeeping and others). Food creators on TikTok can link to shopping lists, and viewers can purchase via Instacart. The hashtag #FoodTikTok has more than 60 billion views.

<sup>19</sup> Accenture, published January 2022

<sup>20</sup> Insider Intelligence & eMarketer, published February 2021

<sup>21</sup> McKinsey, published July 2021

<sup>22</sup> Digital 2021, DataReportal, We Are Social and Hootsuite, published October 2021

<sup>23</sup> The State of US Social Commerce, Forrester, published January 2022

<sup>24</sup> Brut., published February 2022



## Key takeaways

This trend goes far beyond adding a ‘buy now’ button to a social media post. How will you build digital commerce solutions that are communal and experiential? Start with the content, and then add the commerce element.

Although social media networks are pivoting to commerce, it’s not the only option – there’s a thriving ecosystem of third-party platforms including Bambuser, PopShop, and NTWRK. One option is to host a livestream and simultaneously broadcast to other social media platforms.

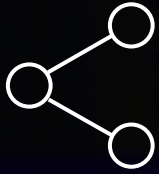
An influencer isn’t a shortcut to success. Create more authentic connections by turning your staff and associates into ambassadors – people more closely tied to the brand and product are often much more effective sellers.<sup>25</sup>

At its core, this trend is about making digital commerce more social. How do your shoppers already interact with your brand? How can the interactive elements on IRL shopping be replicated in digital spaces?

<sup>25</sup> Coresight, published October 2021







### Synced services

In the ongoing quest for maximum convenience, consumers will continue to embrace all-in-one super apps. As social media platforms offer add-ons, familiarity with the super app concept will grow and demand will rise.

The online space remains fragmented, meaning there's still a chance to build the next super app. Brands looking to jump in should start by thinking beyond standalone products and instead focus on how to scale an ecosystem. The more services that are integrated, the stickier these apps will be.



### Crypto commons

Crypto is moving from niche to mainstream, but many consumers are overwhelmed or cautious. Retailers and brands can help educate about the volatility of the market, build trust or improve financial literacy.

Identify the barriers to entry when it comes to crypto, then start to dismantle them. That could mean providing education, untangling jargon or simplifying processes. Keep in mind that the next 100 million crypto users will have different needs to the enthusiasts that paved the way.





### Everywhere commerce

The shift to online shopping during the pandemic created new expectations for a hybrid shopping experience, with seamless integration across digital and physical touch points. Retailers need to adopt an everywhere commerce mindset... or risk getting left behind.

Does your buying journey suit the needs of the hybrid consumer? This could mean incorporating digital tools into in-store experiences, or offering an IRL component to e-commerce. It's important to monitor shoppers' on and offline preferences and quickly respond to changing demands.



### Payments: regenerated

COVID-19-related safety concerns helped drive a new era of payment innovations. Over the past two years, consumers have embraced contactless payments, QR codes, and payment wearables. This has set the scene for a host of new payment alternatives.

Although consumers are open to new payment solutions, they'll want to know that these solutions offer enhanced convenience, improved efficacy or better security. So, before you rush to develop an alternative, start by asking how you can use technology to serve those imperatives.



### Business as social

As social media platforms continue to make the shift into e-commerce, it will drive new expectations for online shopping that's communal and experiential. This will particularly appeal to younger demographics seeking to purchase from brands (and individuals) that they trust and feel an affinity towards.

This isn't just about incorporating commerce into social media channels. Instead, think about how a digital shopping experience can incorporate the best elements of social media. That starts by understanding how shoppers interact with your brand, and translating elements of IRL shopping into the digital space.



## About PayPal

PayPal has remained at the forefront of the digital payment revolution for more than 20 years. By leveraging technology to make financial services and commerce more convenient, affordable, and secure, the PayPal platform is empowering more than 400 million consumers and merchants in more than 200 markets to join and thrive in the global economy.

To learn more, visit [paypal.com/uk/think-forward](https://paypal.com/uk/think-forward)

Questions? Our sales and support experts are here to help.

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## About TrendWatching



As one of the world's leading consumer trend firms since 2002, TrendWatching is purpose-built to guide, inspire and empower business professionals – whether they be marketers, creatives, strategists, entrepreneurs or innovators – to bring to market more sustainable and impactful innovations that benefit all, not the few.

To achieve this, we deliver world-class content and insights to over 100,000+ trend-driven professionals worldwide. Our in-house teams in Amsterdam, Berlin, London, Barcelona and beyond relentlessly scan the globe to spotlight countless trends, innovations and meaningful opportunities – supported by a network of 300+ spotters in more than 80 countries.

