



2021 Consumer Spending Trends

AN OMNICHANNEL REPORT



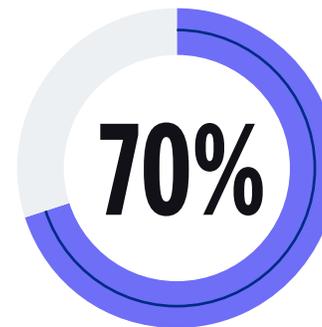
Never before has getting the customer experience right been so vital for success. COVID-19 has impacted retail in a big way, transforming how consumers shop and forcing retailers to adopt new strategies for the future.

But truly successful retailers know that adapting to this new commerce landscape is about more than simply moving an offline business online. It's about meeting your customers where they shop.

Retailers must provide a consistent, yet convenient, shopping experience across every touchpoint — social media, digital marketplaces, in-store, or more likely, a combination thereof.

However, one aspect that sometimes gets overlooked is arguably one of the most important — how customers choose to pay. “The data tells us that 70% of consumers are more likely to spend more at a retailer that offers their preferred payment method¹,” explains Mark Rosales, VP, Business Development, Payments/Banking/Fintech, BigCommerce. “So knowing how customers want to pay, and giving them the right options on every channel is something that retailers can easily implement and quickly benefit from.”

BigCommerce has partnered with PayPal to create this report to help retailers better understand how consumer spending has evolved. We'll dig into where consumers are shopping, which channels they prefer, how they opt to pay and more. Plus, we'll offer insights on the actions retailers can take to help meet ever-changing expectations.

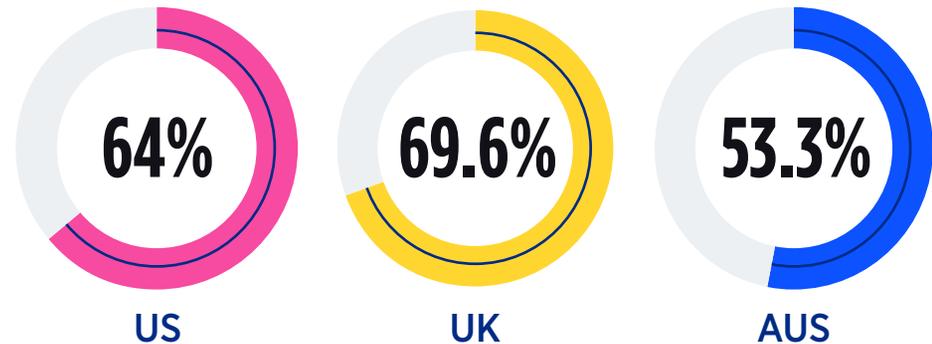


70%
of consumers are more likely to spend more at a retailer that offers their preferred payment method

Where are consumers spending their money?

Shopping more online than in-person

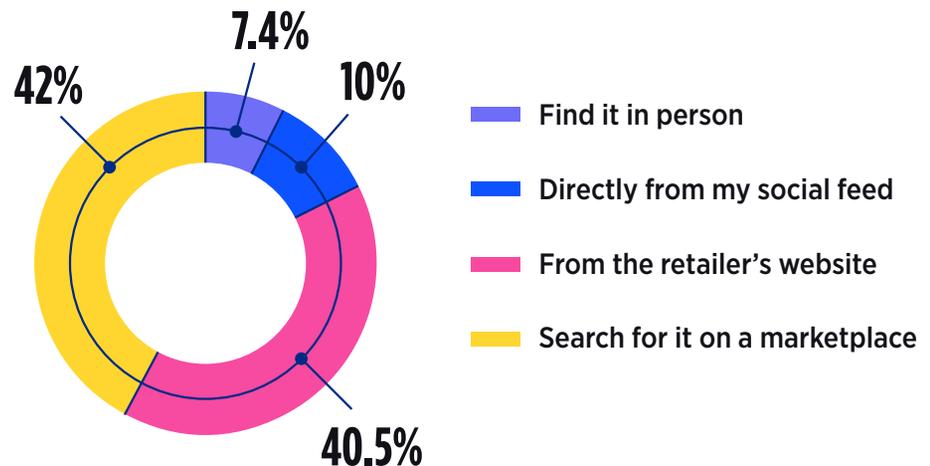
Though this comes as no surprise, COVID-19 has pushed many shoppers across the globe online; 62.5% of all respondents report spending less in person and more online while 19.6% state they are spending about the same in person and more online.



Discovering products on social media channels

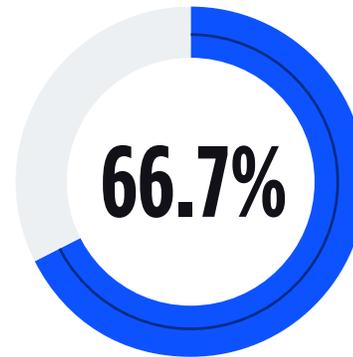
Consumers are also using social media as a way to discover new products. Close to half (54.8%) of those surveyed reported finding new products on social media at least once a month. Although, when they do find a product through social media, they're mainly purchasing through online channels rather than directly in their social feeds.

WHEN YOU DISCOVER NEW PRODUCTS ON SOCIAL SITES, WHERE DO YOU TEND TO PURCHASE FROM?



Using mobile devices to make purchases

They're also relying heavily on their mobile devices to make purchases. In fact, 66.7% of respondents make a purchase on their mobile device at least once a month while 17.9% make a purchase on their mobile device more than once a week.

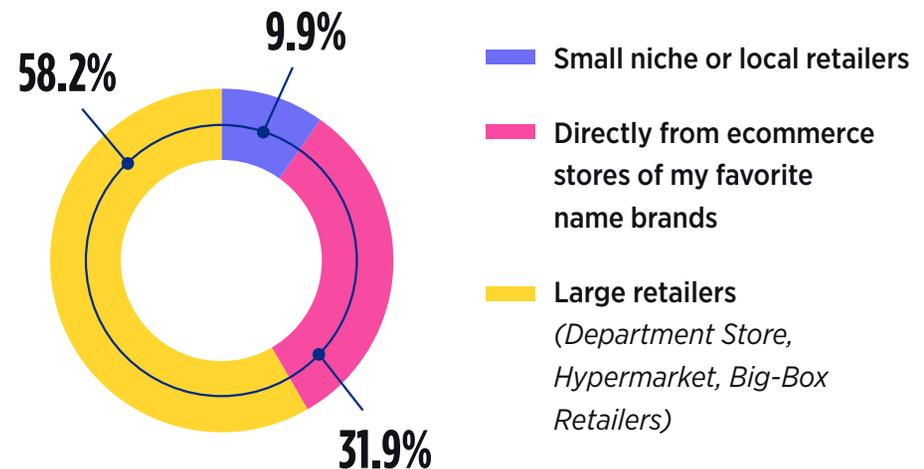


of respondents make a purchase on their mobile device at least once a month

Choosing large retailers and ecommerce stores

Consumers also shop mainly at large retailers or branded ecommerce stores. Interestingly, several respondents also commented that they frequently shop on marketplaces.

WHAT TYPE OF RETAILER DO YOU SHOP AT MOST FREQUENTLY?



Key takeaway: Focus on developing a holistic omnichannel strategy

As you can see, consumers are moving from in-person to online shopping, using their phones to make purchases, and discovering new products on social media. This makes it imperative to have a cohesive **omnichannel strategy that focuses on the four pillars of success**: sales, marketing, operations and fulfillment.

For instance, to provide the best customer experience possible, you'll need to evaluate your sales and marketing mix to ensure they match where your audience is spending.

Particularly for businesses that typically only sell through physical retail stores, now is the ideal time to **launch a direct-to-consumer (DTC) website** and to start selling your products on third-party marketplaces, such as, Amazon, eBay and Wish, as well as Walmart in the US.

Additionally, as more and more shoppers discover products through social media, retailers should add checkout directly on social media platforms, like Facebook and **Instagram**.

Then, once you've identified your sales and marketing mix, ensure you **integrate your point-of-sale system (POS) with your ecommerce platform**. This will allow customers to view real-time stock levels and make it easier for you to fulfill orders across offline and online channels.



“Small businesses need to diversify their channel mix and adapt rapidly to this historic shift in consumer behavior toward digital-first. Access to omnipayement commerce tools will help them compete and meet their customers wherever they are — in-store, online and in-between. Integrated solutions will be key for their future success.”

JACOB DE GEER, VP, SMB PRODUCTS AT PAYPAL

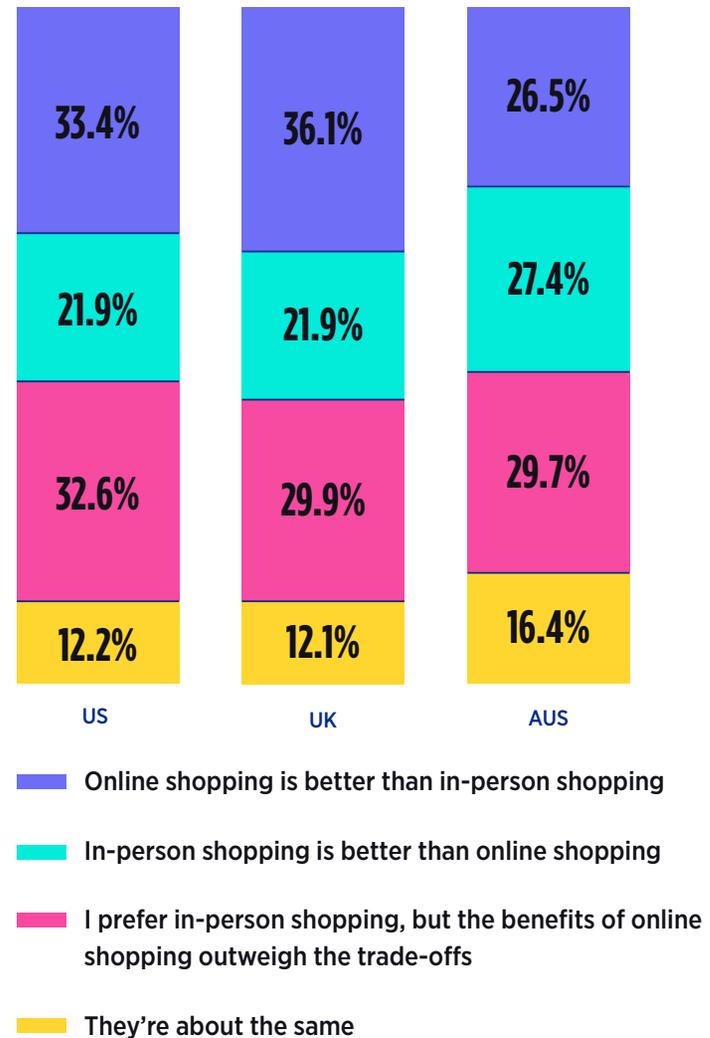
How do consumers feel about shopping online versus in-person?

Even though the majority of consumers surveyed have made an online purchase (95.2%) since March 2020 (widely recognized as the beginning of the pandemic), how do they actually feel about their shopping experiences online versus in-person?

Notably, a slight majority across all regions prefer in-person shopping.

When asked what retailers can do to encourage shopping, one theme that emerged was “easy pickup or delivery options.” Respondents commented:

- “Have lower or free shipping costs or local pick up if possible.”
- “Free shipping or option to pick up conveniently.”
- “Easy to see selection online. Easy pick up options.”
- “Local pick up.”

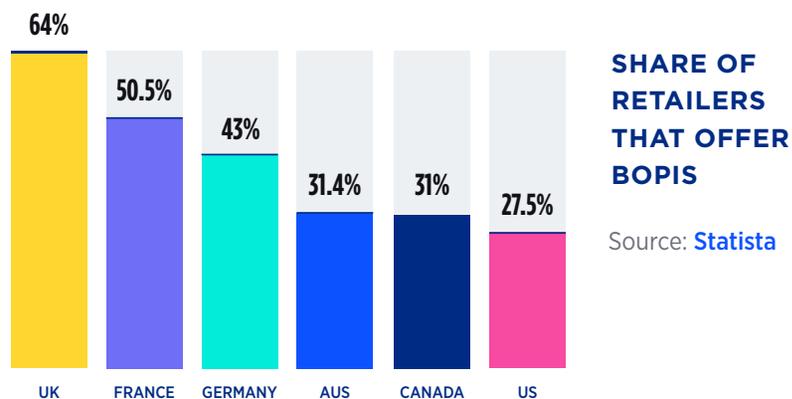


Key takeaway: Use BOPIS to connect online and in-person shopping experiences

Research shows that one of the top three **reasons customers choose to shop in-store** is the immediacy of receiving their order instead of waiting for delivery. Which makes sense considering many respondents indicated they want fast delivery or local pickup options.

So to connect in-person and online experiences, retailers should offer buy online, pick up in-store (BOPIS) — also called click and collect — for order fulfillment. When coupled with curbside pickup, BOPIS provides a safe way to shop by minimizing or eliminating customers' time spent in store.

As a preferred way to buy, BOPIS usage has increased **183%** (from 1.8% to 5.1%) since March 2020. And it's particularly grown across the US at a **373%** increase (from 1.5% to 7.1%).



However, despite the rise in popularity in the US, **data from Statista** shows that US retailers have been slowest to adopt among Western Markets. On the other hand, the UK leads the way in offering BOPIS.

Some of this hesitation could be attributed to retailers fearing that BOPIS popularity might decline once COVID-19 restrictions are lifted.

Similar to the point we made earlier, to make BOPIS work, you need to connect back-office systems, particularly inventory management, with front-end systems, like your ecommerce platform and POS system. Once they do, you can easily optimize BOPIS for customers.

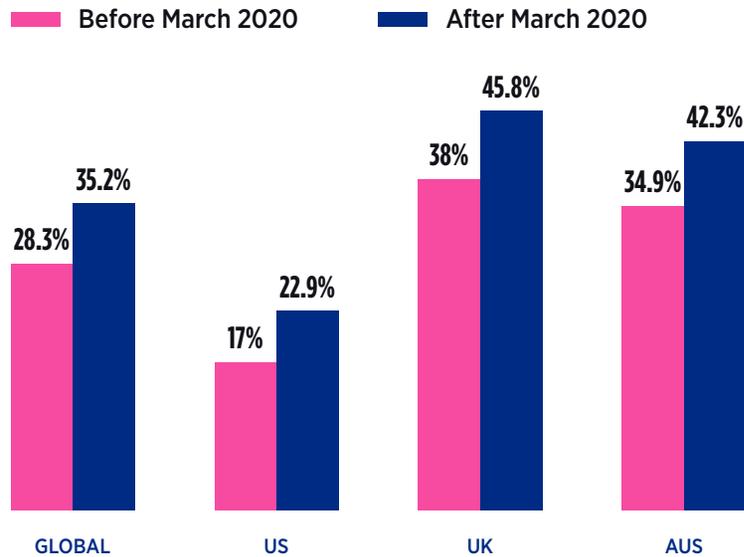
Several reasons consumers will continue to buy items online and pick them up in-store:

- They can see, touch and interact with the products before taking them home
- If they're not happy, they can return the items right away
- BOPIS allows shoppers to counteract shipping fees and thresholds

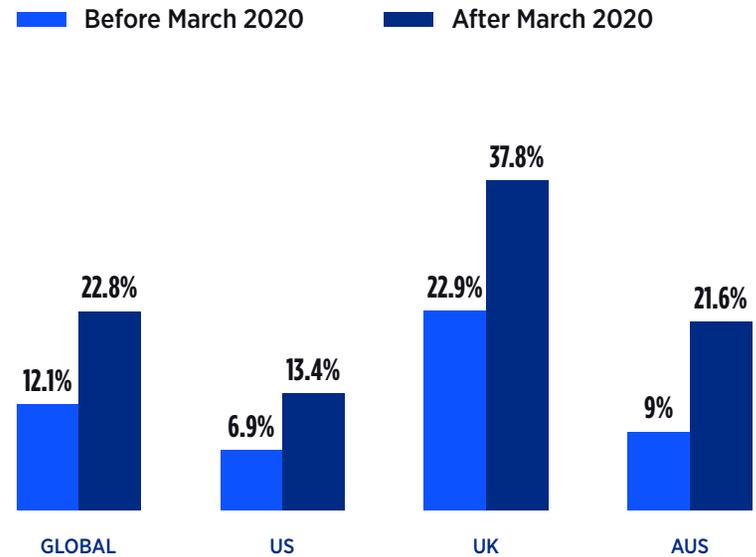
How are consumers paying for their purchases?

Since March 2020, consumers have increasingly used digital wallets for both online and in-store purchases.

Preferred **online** payment method: Digital Wallet



Preferred **in-store** payment method: Digital Wallet



Key takeaway: Give customers the option to pay with digital wallets online and in-store

As digital wallet usage expands in popularity for both online and in-person shopping, they're no longer a nice-to-have option; they're a must have. This is especially true for retailers that sell online internationally in AUS and the UK.

As far as which payment services to offer, PayPal is by far one of the most used in the US and UK, [according to Statista data](#). Additionally, [BigCommerce's 2021 State of Ecommerce Report ANZ](#) found that for AUS and NZ, PayPal is one of the most popular online payment methods.

One of the reasons PayPal is popular with consumers is that they may associate PayPal with trust and security. In fact, in the US, PayPal is one of the most trusted brands across all payment providers.¹ As one respondent stated,

"I like to use PayPal and trust them, especially if there's a problem with my purchase. I have recently wished several businesses allowed PayPal, especially when it makes me feel safe."

However, to make the right choice, retailers should evaluate the breadth of payment options included in a single digital wallet. For instance, can you offer buy now, pay later (BNPL) or local payment methods? Additionally, can your systems, such as your ecommerce platform, integrate with your digital wallet solution?

Once you have a digital wallet, the next step is to let shoppers know their payment options — prior to checkout. Respondents commented:

- "Make it available both online and in-store as some places usually only have one or the other, advertise payment options, send promotional emails and reminders."
- "Make payment options clear before (the) checkout process."
- "Educate people in the process so it's not intimidating at the register."
- "Make these services available and also promote them more to customers."

It's especially important to promote digital wallets in-store because they encourage contactless checkout. For instance, you can take advantage of POS systems, like PayPal Zettle (US, UK only), that lets you accept PayPal and Venmo (US only) in-store as well as other digital wallets like Apple Pay, Google Pay, and Samsung Pay. Plus, it integrates with ecommerce platforms like BigCommerce to help you synchronize and manage your inventory.

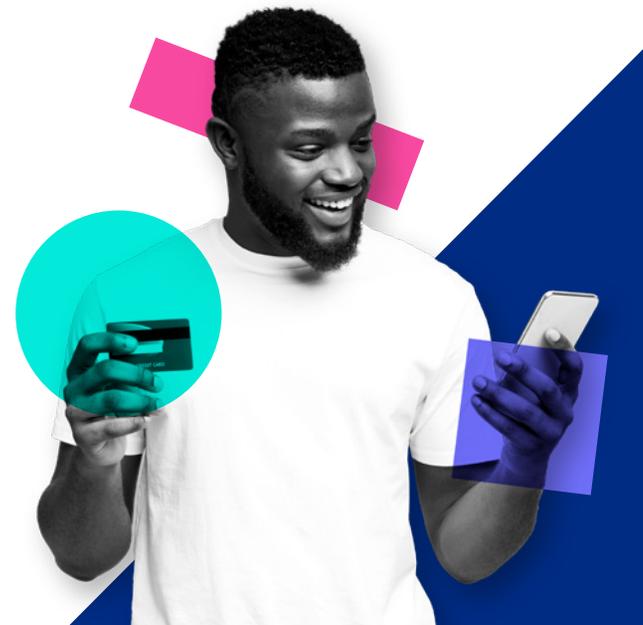
This integration connects front-end systems with back-end systems so that customers can pay how they like while you accurately track inventory.

Additionally, as part of the promotion process, retailers should provide more education about the security of digital wallets. For instance, one respondent stated it was important that, *“the methods are safe and secure to use and that my information will be protected.”*

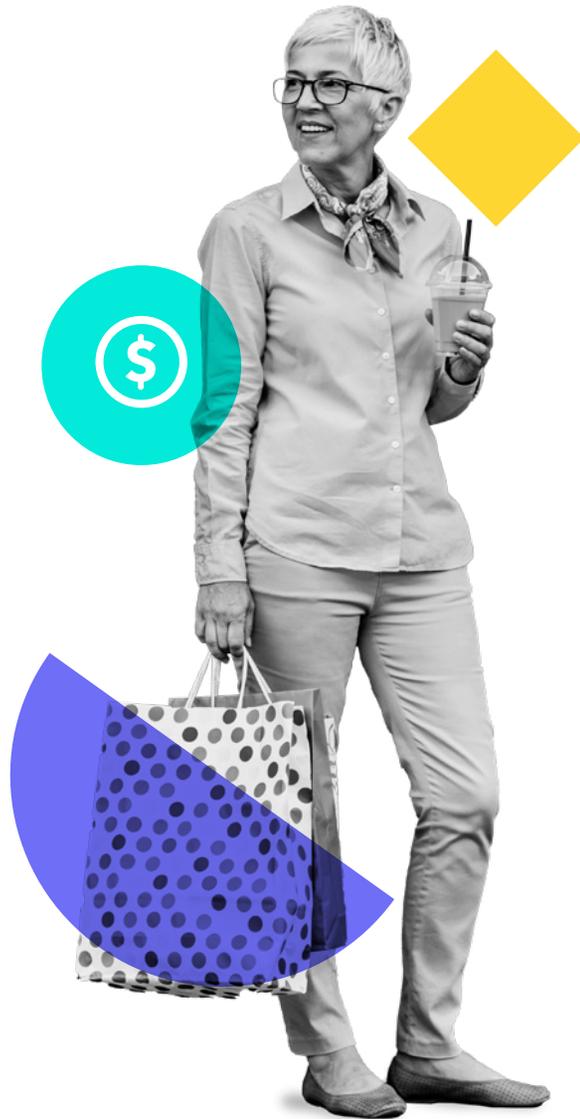
“Different consumers gravitate towards different payment methods, which is why it’s so important for merchants to offer several options at checkout. For instance, merchants with a high average order value – generally \$70 or more – should consider

offering buy now, pay later solutions. For most retailers, the one essential payment solution to offer is PayPal as it makes many different payment methods available through a single wallet. Consumers love that level of flexibility, along with PayPal’s built-in benefits of faster checkout, financial information security, and protection.”

BRENT BELLM, CEO, BIGCOMMERCE



Are shoppers using Buy Now Pay Later (BNPL) solutions?



BigCommerce data from 2020 shows that mid-market merchants are adopting BNPL solutions for their ecommerce stores:



However, order volume remains low, about 1% of overall orders in the US and the UK and 11% in AUS.

Interestingly, when it comes to using BNPL options, consumers seem to fall into two main groups: power users and slow adopters. When asked how often they've used a BNPL solution within the past three months:



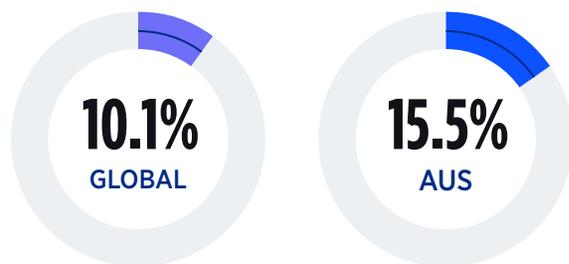
indicated they've used BNPL at least once.

say it's their current preferred method of payment for online shopping (over digital wallets and credit or debit cards)

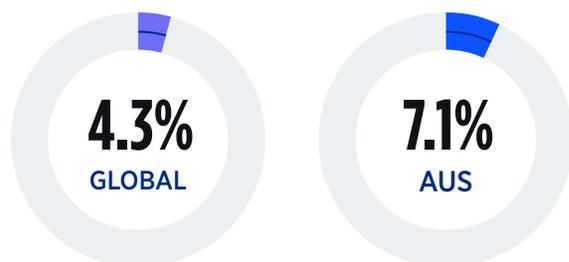


How often have you used a BNPL solution?

5 OR MORE TIMES IN THE PAST THREE MONTHS

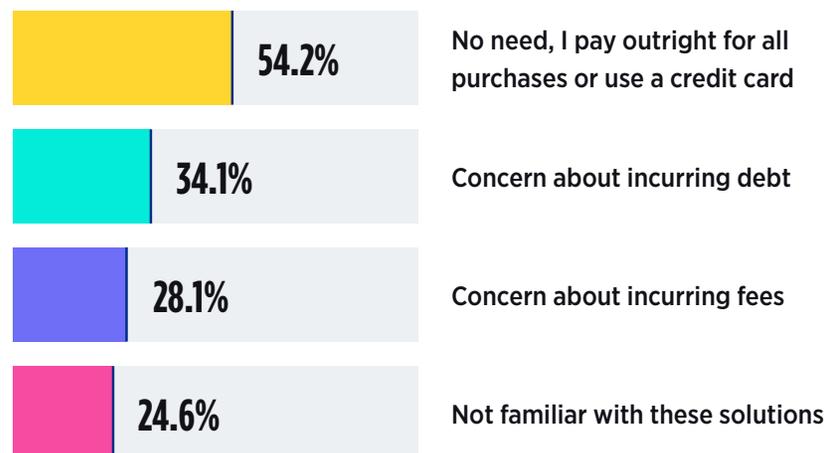


10 OR MORE TIMES IN THE PAST THREE MONTHS



Still, **54%** of global respondents have not used BNPL. And that number is even higher in the US (**60.6%**).

Why have you not used BNPL?

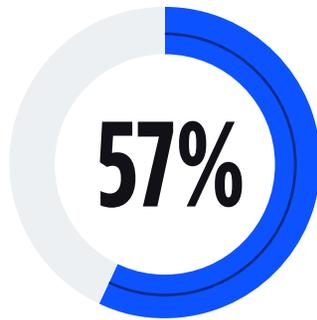


Additionally, some respondents commented that they would only be interested in using BNPL for larger purchases:

- “Buy now pay later would only be beneficial for me if I had a large enough purchase.”
- “If I’m buying a relatively expensive item (or they are selling a relatively expensive item) then it should be advertised as having the payment option.”

Key Takeaway: Educate customers earlier in their journey on how to use BNPL solutions

One of the main benefits of BNPL for retailers is that it has the potential to drive higher average order value (AOV) for single or multiple items. Consumers also increasingly view BNPL as a flexible payment option that can help reduce friction during the online shopping experience.



57% of UK consumers are more likely to make a purchase at a retailer offering interest-free payment options.²

For consumers, **BNPL offers many benefits**, such as:

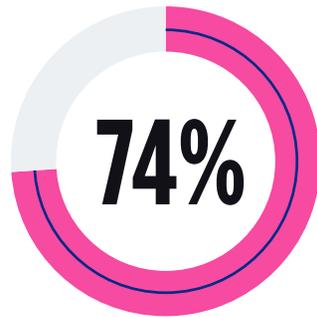
- The ability to have flexible payments without the need for a credit card
- A solution for avoiding credit card interest rates
- To make purchases that fall outside of their current budget

“While we have seen robust repeat usage of our PayPal Pay Later products across all demographics, younger customers, already accustomed to shopping online, are gravitating to pay later services now more than ever. Millennials and Gen Z are already used to a subscription model lifestyle. They’re used to receiving a product or service and having a specific monthly cost. Pay Later financing options represent the lifestyle our customers are already living.”

GREG LISIEWSKI, VP OF GLOBAL PAY LATER PRODUCTS, PAYPAL

To turn the slow adopters into power users, retailers need to provide more education on how BNPL solutions work, and include this messaging in multiple places, such as the homepage, product description page, cart page and checkout page.

Upstream messaging can help increase conversion and drive long-term customer loyalty.



of BNPL users have been prompted to use BNPL by a message early in the shopping experience.³

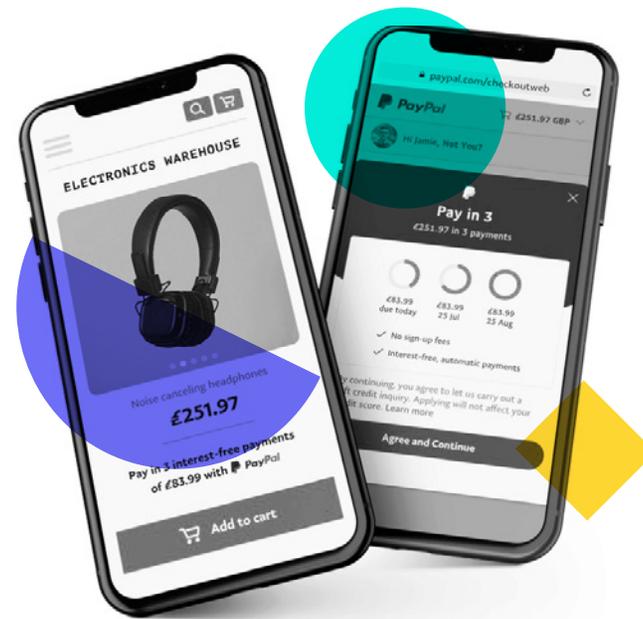
For those who are wary of fees, make sure you're upfront about how the process works if they miss a payment. Consumers appreciate transparency, and this can build trust with those who are interested but haven't yet used BNPL.

Some respondents also mentioned that they prefer to use credit cards to accumulate reward points. Depending on which provider you use, this doesn't have to be a blocker. To illustrate, PayPal Pay Later payments can be automatically deducted from the consumer's credit card (US only).

Furthermore, respondents also stated that discounts, free shipping or some kind of reward could encourage adoption.

Perhaps most importantly, retailers should educate consumers about the lack of interest rates.

For example, [PayPal Pay Later](#) has interest-free options for consumers who make their payments on time.



Conclusion

The pandemic has massively changed the way consumers around the globe shop, including driving them online and accelerating digital wallet usage. For retailers, this shift has created opportunities for innovation: new channels, like DTC ecommerce, fulfillment strategies, like BOPIS, and payment solutions, like BNPL.

With ecommerce on an upward trajectory and continuing to grow, consumer trends and shopping habits are constantly evolving. Will consumers continue with the same behaviors and preferences they've picked up since March 2020?

While consumer spending trends may change, the key to success is to remain agile and adaptable. And savvy retailers know that they can't overinvest in a single channel; they need an omnichannel approach.

However, in order to succeed with an omnichannel strategy, retailers need a fully integrated tech stack, from your ecommerce platform to your payment service providers to your inventory management, and more.

Because once you have a unified system, you can easily meet customers wherever they are — social media, mobile, marketplaces, etc. — and provide them with the convenient options they need to convert from visitors to customers.



Take advantage of the power of BigCommerce, PayPal + PayPal Zettle

BigCommerce's built-in integrations with PayPal and PayPal Zettle helps make selling easy. Improve stock control, streamline reporting and finances, and help increase sales in-store, online and through marketplaces.

[GET STARTED TODAY](#)

SURVEY METHODOLOGY

The survey was administered online via Survey Monkey to 3,000 consumers ages 18+ across the United States, United Kingdom and Australia in December 2020.

Unless otherwise indicated, the report highlights aggregated global statistics. Specific country data has been called out when the results skew against the global results.

DISCLAIMER

The information in this report does not constitute financial, business or investment advice of any kind and does not count as a substitute for any professional advice. Always do your own research on top and seek professional advice if you want to ensure that what you do is right for your specific circumstances.

¹ An online study commissioned by PayPal and conducted by Netfluential in November 2020, involving 1,000 US online shoppers ages 18-39.

² An online study commissioned by PayPal and conducted by RFI Consulting in November & December 2020, involving 2,000 UK consumers.

³ An online study commissioned by PayPal and conducted by Netfluential in November 2020, involving 1,000 US online shoppers ages 18-39 (among BNPL users, n=357).

