

2023

E-COMMERCE TRENDS

AND

WHAT TO EXPECT

IN

2024



MESSAGE FROM CEO

2023 was a pivotal year, marked by significant developments and major milestones for OPLOG. For the world, it was a year when economic paradigms shifted, businesses innovated amidst inflation, and technology rapidly evolved, reshaping our operational methods.

Celebrating our 10th anniversary, OPLOG achieved remarkable growth. We expanded our presence with new warehouses in the UK, USA, and Germany, building on our existing facilities in Turkey. Expanding our fulfillment network has opened global opportunities, allowing us to extend our reach to diverse geographies. Now, in 2024, we are poised to enhance our facilities with TARQAN, the world's first fulfillment robot developed by a fulfillment company. This innovation, a product of our dedicated team, solidifies our commitment to supporting SMEs and positions us as a preferred partner for global industry leaders, fostering collective growth with all our clients.

As 2024 promises transformative innovations that will redefine fulfillment and logistics, we'll be at the forefront of this exciting journey, ready to harness groundbreaking tech to elevate our services to unprecedented heights. When we look ahead to the new year, we see new growth opportunities, each with its own set of challenges. With each challenge we face, we see a chance to innovate, adapt, and thrive. We hope this report will help you overcome all of your challenges too, helping you navigate the complexities of the year ahead but also inspire you to join us in shaping a future brimming with potential and success.

Halit Develioğlu
Founder and CEO, OPLOG

WHAT AWAITS THE WORLD OF E-COMMERCE AND FULFILLMENT IN 2024?

2023 has been a year of emerging fulfillment trends that reshaped how to imagine and fulfill customer orders. From Subscription services to Personalization, Social commerce, and Augmented/Virtual reality, there were rarely any rest days for brands. Customers continuously pushed and demanded more quality services.

This left businesses with no choice but to better their fulfillment services to keep customers and have an edge over competitors. Adapting quickly to innovative technology and meeting higher customer expectations was crucial to staying ahead.

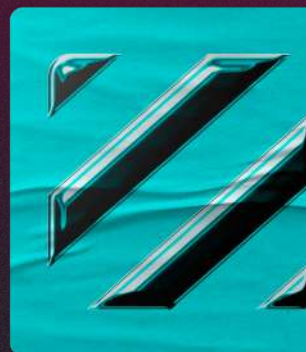
So, with the year winding down, let's review the trends that made 2023 worthwhile in the eCommerce space and what to expect in the coming year.

To get you acquainted with what happened in the year and prepare you for the future, this e-book is in two parts.

Part 1: 2023 eCommerce Trends and Statistics

Part 2: 2024 eCommerce and Fulfillment Outlook

Let's dive in!





PART 1:
2023 ECOMMERCE
TRENDS AND
STATISTICS



Higher Revenue, Lower Profit

The 2023 shopping season was sought after by both businesses and consumers, and it did saw new record highs. Mobile devices played a dominant role as 63% of all eCommerce sales were smartphones and tablets. This meant that, as always, more people found it more convenient to shop on the go.

Online retail sales were valued at \$6.31 trillion worldwide, with Shopping activities for Thanksgiving, Black Friday, and Cyber Monday hitting a record high of 200.4 million USD, surpassing 2022's 196.7 million USD. (NRF)

Keynote:

50% of holiday shopping started in October or earlier, with another 40% in November. This pushed pre-holiday online spending to an all-time high of \$76.8 billion in October — some \$4.3 billion in 2022. (McKinsey & Company)

Shoppers spent 134.2 million USD, increasing by 3.1% compared to 130.2 million in 2022. The average shopper spent an estimated \$321.41 on holiday-related purchases, slightly higher than last year's average of \$319.57. (CNBC)

However, with higher cost prices – the amount the company pays for goods – increased operating costs, and raising inflation, the increased revenue did not reflect growth as most businesses realized less profit during this shopping season. In fact, sales of electronics and jewelry even dropped slightly year over year.

Consumers spent more on apparel and food, while In-store shopping fell somewhat, from 122.7 million people in 2022 to 121.4 million.

A BETTER WAY TO GROW? STAY LEAN, OUTSOURCE TO PROS

In this complex retail environment, efficiency is key. OPLOG offers a smarter way to scale your business: by staying lean and outsourcing to professionals. Our advanced end-to-end omnichannel fulfillment services streamline your operations, helping you keep pace with the evolving market while maintaining profitability. Embrace growth with OPLOG, where higher revenue and lower costs go hand in hand.

More Personalization

Customer-centricity increased, with 74% of consumers expressing a preference for personalized shopping experiences. And eCommerce platforms like Amazon knew how to respond to that!

Amazon leveraged data analytics to curate individualized journeys, using a vast data pool that collects data from user searches, clicks, purchases, reviews, device usage, and even external sources like social media to create a detailed profile of each user's preferences, needs, and buying habits.

With AI and machine learning, powerful algorithms analyze this data to identify patterns, predict future behavior, and make personalized recommendations.

As 2023 was the year we were introduced to new AI algorithms almost in every industry, the beauty and cosmetics industry had some of the best use cases. AI was used not only to predict consumer patterns but to come up with actual personalized products by scanning customers' skin tones and preferences to create customized makeup products like foundation and lipstick.

Zero-Party Data

We talked about more personalization through data, now, let's look into, nothing! Consumer demand for data privacy and control over their digital footprints has grown significantly in recent years. High-profile data privacy violations in Europe have highlighted the need for robust regulations and responsible data practices within the eCommerce landscape, and consumers are increasingly opting for privacy-focused browsers and zero-party data approaches.

Numerous retailers have adopted a zero-party data approach, which involves gathering data directly from relevant customers who consent. At the time of data collection, customers can either opt out, accept all cookies, or choose which cookies to permit and which to restrict. This approach gives customers greater control over their data and helps build trust with the brand.

What to base your processes on? Actual customer feedback! As online surveys are making a comeback, the best time to ask for a customer's review or feedback is right after they've received their order/service. This helps them evaluate the entire process (shopping experience, fulfillment experience, and product/service).

Augmented Reality (AR) and Virtual Reality (VR)

Shopping was more digital than ever in 2023, with brands like Sephora, ModiFace, and Alibaba creating in-store experiences through VR.

Key stat: 61% of consumers say they prefer retailers with AR experiences

(ThreeKit data)

Augmented Reality (AR) merges actual and digital components to enhance the shopping experience, allowing consumers to preview products in a real-world setting. VR immerses the user in a wholly digital environment, such as digital showrooms, enabling customers to “browse” through a store as if they were shopping at a brick-and-mortar location.

As Nike pioneered the VR shopping experience for quite a while, more and more brands have hopped on the wagon. For instance, Sephora allows customers to try on lipstick shades, eyeshadows, and false lashes, through their website. Customers could easily compare different looks, share them with friends, and purchase them online or in-store.

While being able to sample a product in almost real-life conditions helps increase cart conversion rates, it also helps very much with reducing return rates. So much so that, after implementing VR technology to their stores, retail giant Macy’s decreased returns to less than 2%.

The Rise of Omnichannel Fulfillment

In the current market landscape, where external dynamics are unpredictable, companies with robust omnichannel capabilities demonstrate greater resilience. By prioritizing customer experience through convenience and flexibility, these companies can effectively turn brand interactions into sales, even in times of consumer hesitation. The diversification of sales across multiple channels not only broadens revenue streams but also provides invaluable data on customer behaviors and preferences. This data is instrumental in shaping business decisions, offering personalized experiences, and thus driving revenue growth and customer loyalty.

The rise of omnichannel commerce, encompassing everything from physical stores and websites to marketplaces and social media platforms, demands a parallel evolution in the fulfillment sector.

Companies that operate in both B2B and B2C realms and sell across various channels are increasingly recognizing the need to centralize their operations. This centralization is key to streamlining processes and enhancing efficiency. For fulfillment companies, adapting to this shift is no longer optional but a necessity. Effective omnichannel fulfillment not only streamlines operations but also reduces costs, ultimately boosting the net profit per product sold.

Sustainability influenced more buying decisions

With environmental concerns still being a top-of-mind discussion for many, sustainability was a primary concern for many shoppers in 2023.

An IBM survey stated that **73%** of Gen Z consumers would pay more for sustainable products. To trust that the product is truly sustainable, they wanted to know where products were sourced, how they were manufactured, and what the brands did to reduce environmental impact.

Thus, brands became more conscious of demonstrating eco-friendliness by creating projects and initiatives for processes like product sourcing, manufacturing, packaging, and shipping.

More flexible payment methods

The convenience of paying for items is a crucial factor influencing eCommerce, affecting satisfaction, loyalty, and purchasing decisions.

In 2023, a global survey by Statista found that **55%** of eCommerce users desired better, seamless payment methods, driving the adoption of digital wallets.

Digital wallets made up **49%** of the total value of eCommerce transactions globally. Credit cards followed at **20%**. In the United States, digital wallets accounted for **32%** of eCommerce sales, surpassing credit cards at **30%**. The most popular digital wallet options were **PayPal, Apple Pay, and Google Pay**. (FIS Global report of 2023)

In some countries, retailers now accept cryptocurrency as a payment option despite its recent volatility.

Buy now, pay later (BNPL) installment services are also rising, amassing **\$8.3 billion** in transactions in November 2023 per Adobe Analytics. Platforms like **PayPal, Affirm, Klarna, and Afterpay** have also become popular payment options for online shoppers. These platforms allow customers to make big-ticket purchases and spread the costs into affordable monthly payments.

WHAT 2023 LOOKED LIKE FOR US

MOST AND LEAST POPULAR
SHOPPING DAYS OF THE YEAR



TOP 3 MOST POPULAR CATEGORIES

Cosmetics

Shoes

Personal Care



LARGEST ORDER VOLUME

850,000 cm³



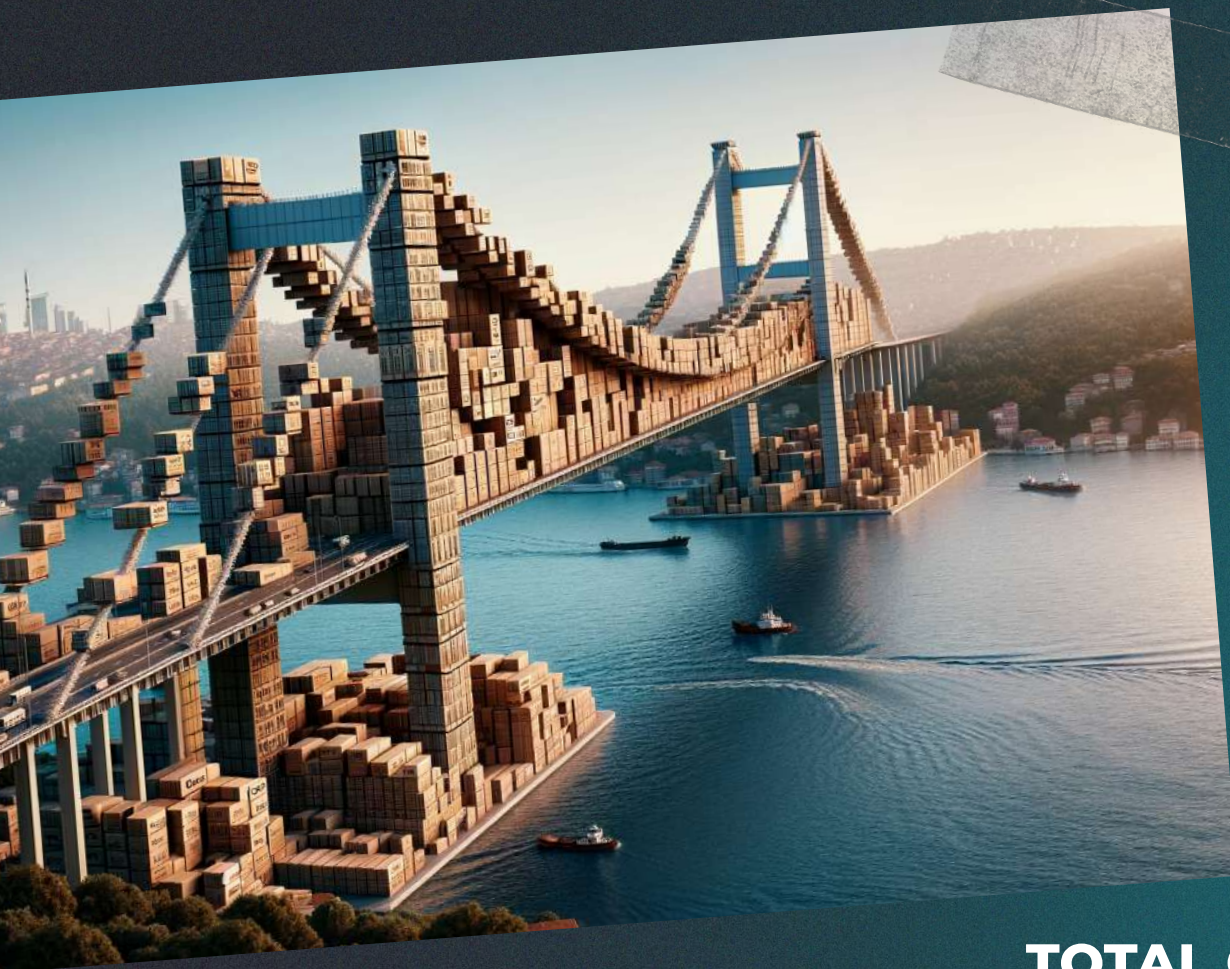
SMALLEST ORDER VOLUME

0,35 cm³

AVERAGE NUMBER OF ITEMS PER BASKET

5.7 items





TOTAL ORDERS SENT IN 2023

Connected two continents with the total orders we sent

INTERNATIONAL SHIPPING

Filled an entire city in Europe with our international shipments





KEY INDUSTRY INSIGHTS FROM 2023

GLOBAL NUMBERS

Amazon accounts for 37.8% of Global e-commerce sales,

57% of online shoppers report shopping internationally

AVERAGE ORDER VALUE

The average shopper spent an estimated **\$321.41** on holiday-related purchases



EMERGING RETAIL TRENDS FORECASTED FOR THE NEXT THREE YEARS

STATE OF T&D RETAIL 2023, GFK

79%

Omnichannel

70%

Mobile Commerce

65%

Marketplaces

64%

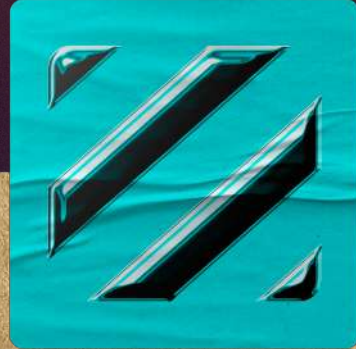
Shopping
experience store

63%

Buy online, pick up
in store

56%

Social
Commerce



PART 2:

**2024 E-COMMERCE
AND FULFILLMENT
OUTLOOK**



As you embark on a journey into 2024, the eCommerce landscape is set to undergo further changes influenced by various factors. These factors will likely significantly shape the trends we'll see in the coming year.

Economic Factors

Understanding vital economic factors and their potential impact can help adapt strategies for 2024. Here are factors to watch out for:

Inflation

Although inflation reduced in 2023 YoY, it influenced prices in the eCommerce sector, which is expected to continue in 2024.

This will affect consumer spending habits, leading them towards value-based purchases, resulting in price sensitivity, an inclination towards discounts and loyalty programs, and a possible shift towards purchasing private label products or second-hand goods.

Geopolitical storms

The delicate balance of global trade can be easily disrupted by international tensions, leading to shortages of products and unpredictable price fluctuations. This can significantly impact businesses that rely on the smooth flow of goods across borders.

In such situations, businesses may adopt alternative strategies such as sourcing goods regionally, prioritizing transparency about the origins of products, and even exploring the option of domestic production to avoid the risks associated with global trade. This can help businesses navigate the uncertain times caused by international tensions and find calmer waters.

Cross-border trade

The rising tide of global disposable income creates a vast ocean of eager consumers looking for unique products and competitive prices. An insatiable appetite for imported goods presents a golden opportunity to reach more customers beyond domestic waters.

Evolving trade agreements, like the CPTPP (Comprehensive and Progressive Agreement for Trans-Pacific Partnership), will empower tariff reductions and smooth customs procedures. These streamlined channels make venturing into foreign waters less challenging, encouraging businesses to set sail for previously uncharted territories.

Currency fluctuations can also present opportunities for products to become competitively priced in a new market, opening a window to making unexpected sales.

Faster shipping and fulfillment would act as enhancers towards cross-border trade.

With fulfillment centers across America, Asia, and Europe, OPLOG simplifies cross-border trade, ensuring faster deliveries of items to expectant consumers.



Consumer trends

It goes without saying, the dynamism of consumer behavior guides the overall direction of the eCommerce and fulfillment space. Businesses must learn to adopt strategies that cater to shoppers' needs while leaving them satisfied. Here are key consumer trends to watch out for in 2024.

Social live shopping

Live commerce is emerging as a new trend in online shopping. Customers increasingly seek interactive experiences, leading to a projected tripling of the livestream commerce market to \$55 billion by 2026 (it was worth approximately \$20 billion in 2022).

Social live shopping combines live video streaming, social media interaction, and online shopping. It allows customers to watch live product demonstrations, chat with hosts and other viewers, and purchase products directly from the stream.

While it's still a growing niche for online commerce, it accounts for about 2% of the eCommerce market and 0.3% of the total retail market, with a conversion rate of up to 30% and 10x higher than conventional eCommerce. (OnlineDasher)

Facebook, YouTube, and Instagram lead the way in social live shopping, with more content creators going live on Instagram than on any other platform.

Keynote:

Nearly 58% of global internet users used Facebook for live-streaming shopping, followed by Instagram with 46% and TikTok with 16%.

2024 will see a growth in the numbers of live commerce, and one of the better ways of improving sales is meeting your consumers where they are actively engaged.

Augmented reality

Experiential marketing has evolved to include digital methods in addition to traditional in-person and online events, stunts, product showcases, and pop-up shops.

As mentioned earlier in our report, recent years have seen augmented reality (AR), virtual reality (VR), and mixed reality (MR) stepping in to disrupt how consumers would like to interact with brands' products.

Although the numbers are still small, the popularity of AR/VR has been growing, with surveys showing higher consumer interest in using the technologies for virtual try-ons, furniture visualization, and product exploration.

To maximize the effectiveness of experiential marketing, it is crucial to ensure that the experience is authentic and aligns with your brand's identity and values. It should also be valuable, relevant to customers, creative, innovative, interactive, and engaging.

Avoid generic or irrelevant experiences that don't offer any benefits or solutions and boring or predictable ones that don't provide novelty or surprise.

Omnichannel fulfillment and market dynamics

In a market where customers demand more convenience, speed, and flexibility in their online shopping experience, embracing omnichannel fulfillment will be a game changer.

By integrating multiple sales channels, such as online marketplaces, websites, and mobile and physical stores, consumers can experience seamless and consistent shopping across all touchpoints.

Optimizing mobile websites and apps and offering mobile-friendly payment options should be a priority, as mobile commerce will account for 40.4% of total eCommerce sales and 10.4% of all retail transactions. (Insider Intelligence)

Keynote:

Companies with the best omnichannel customer engagement strategies turn 89% of buyers into loyal customers. Companies with weak omnichannel strategies retain only 33% of their customers.

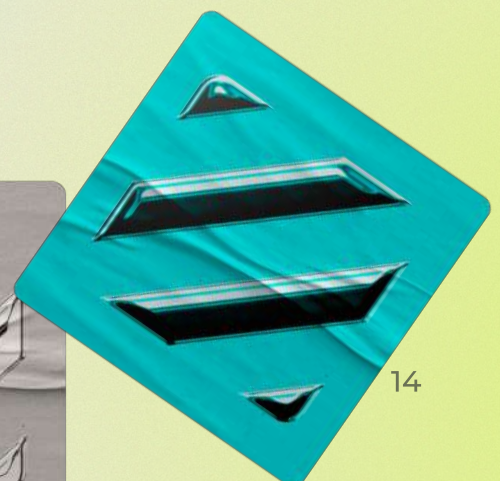
A comprehensive omnichannel fulfillment solution streamlines inventory management and product delivery. It also delivers flexibility to customers, creating more sales opportunities.

Influencer marketing

72% of Gen Z and Millennials follow online influencers on social media and make buying decisions based on their recommendations. 50% of millennials trust product recommendations from influencers, while only 38% trust recommendations made by celebrities. This suggests that micro-influencers will dominate influencer marketing, highlighting the importance of influencers in driving eCommerce sales.

Micro-influencers are individuals with a following of between 1,000 to 100,000. They are known for creating content focused on a particular topic, passion, or niche, which makes them respected experts in their field. They also generate higher engagement and targeted marketing campaigns.

Influencers won't just promote products; they'll co-create them! Collaborating with niche influencers will lead to limited-edition collections and exclusive product lines, fostering community engagement and driving sales.



Network marketing

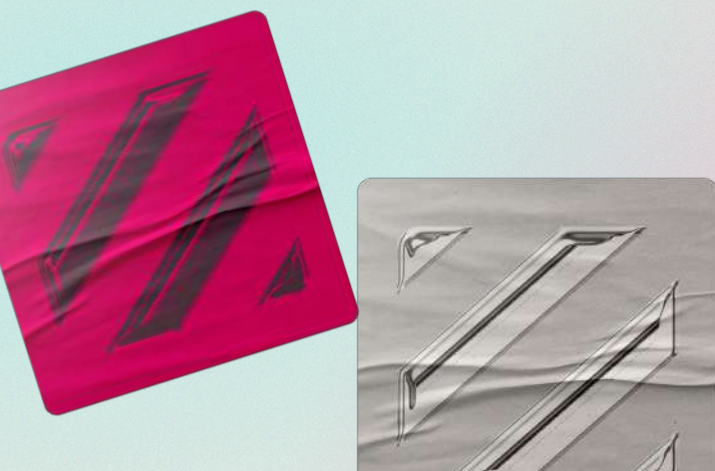
Network marketing is perhaps one of the oldest yet strongest ways to sale goods. They operate through a network of independent distributors or brand advocates who sell products and recruit new distributors, creating a cascading network of sales activity. And they base their success on one of the most important marketing trends, word-of-mouth.

Consumers want to purchase their products based on actual experiences. That's why as influencers get to influence more sales, brand ambassadors foster relationships that drive repeat purchases. Thus, the global Network Marketing Industry has experienced consistent growth over the past several years, with an annual growth rate of around 6-8%.

Brands are taking advantage of this and building networks or partnership programs to tap into new markets, reach more customers, increase sales, reduce marketing costs, and leverage the power of word-of-mouth.

As leaders in e-commerce fulfillment, we at OPLOG are proud to be the trusted partner of renowned network marketing brands such as Tupperware, Herbalife, and Atomy. Our commitment to providing fast and high-quality fulfillment services is at the heart of their success.

Are you ready to boost your network marketing strategy in 2024? Join forces with OPLOG and experience how our tailored fulfillment solutions can accelerate your brand's growth and harness the power of word-of-mouth.



Sustainability

The push for more sustainable and greener business practices will continue influencing consumer choices.

Businesses are feeling pressure to adopt sustainable practices due to rising customer demand. In 2023, 56.8% of consumers stated that sustainable packaging and shipping were important. 69% said sustainable shipping has influenced their past purchases, while 76% of shoppers say they would pay an extra 5% for more sustainable shipping. (Digitalcommerce360)

It is increasingly essential to watch for trends such as decarbonization, renewable energy, and technological innovations that support demand forecasting, route optimization, and energy conservation in warehouses and fulfillment centers.

Explore ways to minimize packaging and adopt eco-friendly materials, such as recycled, renewable, or compostable materials.

Last mile delivery

Fast shipments have always been one of the most important demands consumers have. Let's look into one of the other trends and factors that will shape last-mile delivery in 2024:

Sustainability: As mentioned earlier, customers are becoming more conscious of the environmental impact of their online shopping and are looking for brands that use eco-friendly transportation, packaging, and practices. Electric vehicles, drones, and robots are some technologies that can help reduce the carbon footprint and fuel consumption of last-mile delivery.

Micro-fulfillment centers: Strategically locating warehouses near customers or partnering with local 3PL companies reduces delivery time and cost, enabling faster delivery services like same-day, same-hour, or on-demand delivery.

Personalization: Customers expect deliveries to be timely and convenient. They also want to have more control over their delivery options. It's important to offer flexible delivery windows and preferred drop-off locations to meet these expectations. Real-time tracking is also crucial, as well as providing incentives and rewards to tailor the delivery experience to each customer's needs and preferences.

Technology and Innovation trends

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Robotics and automation

Robotics and automated conveyor systems in fulfillment centers can expedite order picking and packaging, drastically reducing the time between order placement and dispatch. More businesses will adopt robotics in warehouse operations to increase efficiency and limit human casualties.

In retail, **90%** of robotics investments focus on warehouse automation, and **60%** on inventory management, with Europe leading due to high labor costs. The 3PL sector values robotics for efficient, accurate fulfillment processes, anticipating a significant service quality boost in 2024 through these technologies.

Introducing **TARQAN**, our trailblazing logistics robot, launching in 2024. As the world's thinnest yet most powerful robot in its class with a 1-ton lifting capacity, TARQAN redefines efficiency. It ensures **99.99%** accuracy in order picking, speeding up warehouse dispatches by **400%**. This innovation not only boosts efficiency and precision but also cuts labor costs and enhances safety. Developed by our Turkish engineers, **TARQAN** exemplifies Turkey's technological advancements.

Data Analytics

Data will be significant in making precise and informed restocking and purchasing decisions. Working with tech-enabled platforms like OPLOG-One, which employs AI-driven data analytics, will continue to gain brands a competitive advantage.

You can collect, analyze, and leverage large amounts of data from various sources, such as customer behavior, transactions, feedback, and trends.

With the data, you can understand customers' needs, preferences, and expectations and provide them with personalized and relevant products, services, and offers.

Generative AI

The impact of ChatGPT in 2023 cannot be overlooked. It is safe to say that generative AI has come to stay and will be an integral tool in consumer decision-making.

Some of the applications of Generative AI will be in:

- Analyzing customer behavior, preferences, and feedback and generating personalized and relevant product suggestions for each customer. This will drive more conversions and reduce return rates.
- Assisting customers with queries, issues, or requests by generating natural and helpful responses, solutions, or feedback.

Keynote:

A staggering 97.2% of businesses are investing in big data and AI (Zippia)

The impact of generative AI on eCommerce sales is expected to be positive and significant. Integrate AI into your 2024 eCommerce strategy to help improve customer experience, loyalty, retention, and revenue.

Wrapping Up...

2023 was a year of unprecedented growth and innovation in the eCommerce industry, with emerging trends and technologies that reshaped how businesses thought about fulfilling customer orders. From personalization to social commerce, augmented/virtual reality, and more, companies had to adapt quickly to meet the ever-increasing expectations of their customers.

Brands that embraced these trends and technologies saw significant growth and success in the year.

Looking ahead to 2024, we can expect even more disruption and innovation in the eCommerce space, and businesses that remain agile and adaptable will be the ones that thrive.

Meet OPLOG

Founded in 2013 and headquartered in the Netherlands, OPLOG is a leading tech-enabled omnichannel fulfillment company with state-of-the-art warehouses in Turkey, the UK, and the USA. OPLOG's tech-enabled fulfillment service, powered by its proprietary software and cutting-edge fulfillment robot TARQAN, enhances the operations of hundreds of B2C and B2B businesses such as SONY, Atomy, Tupperware, Rossmann, and Herbalife, by providing faster and high-quality fulfillment services. Having raised €11M in funding and employing over 300 staff, including 100 engineers and developers, OPLOG continues to push the boundaries in providing exemplary, tech-enabled fulfillment services on a global scale.

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