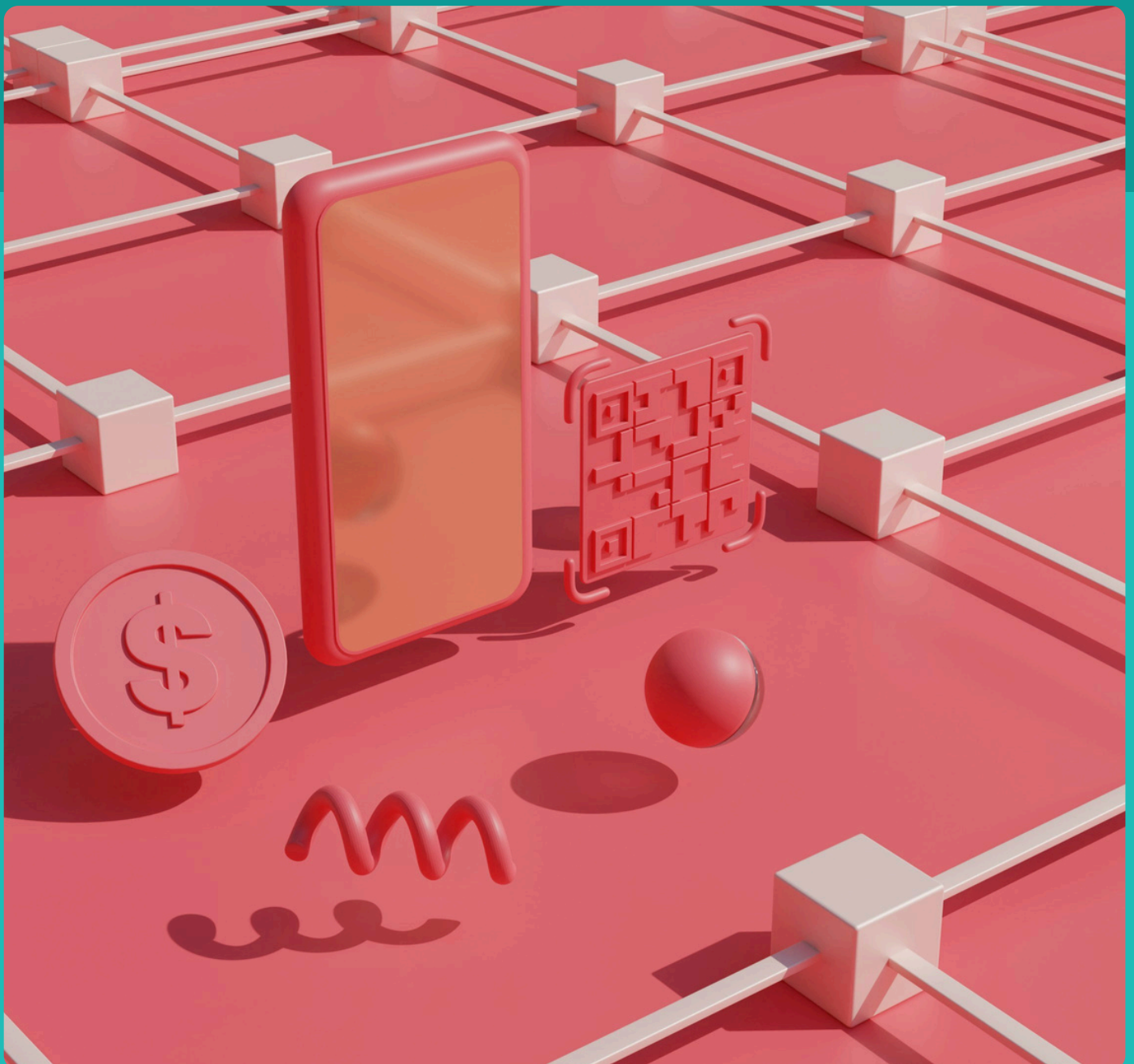


2025 and beyond!

eCommerce and Digital Trends & Predictions



Incoming ... Mini Trends



Teresa Sperti

Founder & Director
Arctic Fox

‘Tis the season for predictions.

At this time each year, a plethora of content is released touting the trends and predictions for the upcoming year. But the truth of it all is, that many of these predictions are not new, some of them are in their infancy, others are in a growth stage on the maturity curve and others still are reaching maturity and saturation.

This year, we are pleased and excited to publish our mini trends report, outlining six key trends in the digital and eCommerce space. In this report we take a look back to look forward, to understand the trajectory of some of the key predictions and trends and paint a picture of what might be in store for 2025 and beyond.

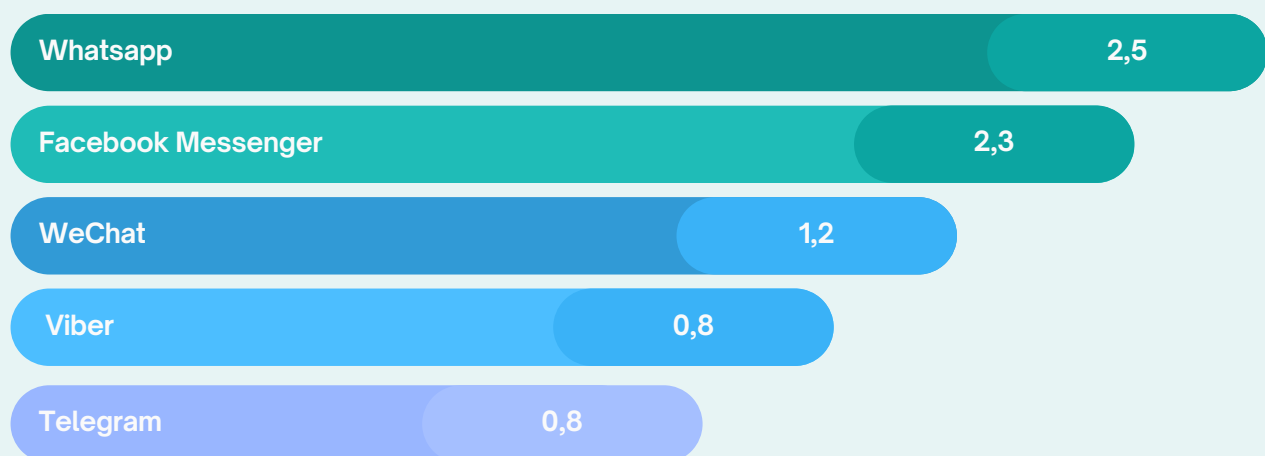
We hope you enjoy the read!

01. Conversational commerce is gathering momentum

Maturity: Growth

The mass adoption of messaging apps worldwide, combined with the capability of conversational AI to serve customers in a more authentic way through chat, SMS and more is giving rise to the trend of conversational commerce.

MESSAGING APPS MONTHLY ACTIVE USERS 2024 (IN BN)



SOURCE: STATISTA

Where we are

Chat and messaging apps have become a strong force in the mobile app sector. Already leveraged by a large proportion of the global population, messaging and chat app users are anticipated to grow to 4.6bn by 2026 ([Statista](#)). Whilst TikTok is the current darling of the social media world, and much is written about the growth in audience, WhatsApp has amassed 2.5bn active users in 2024 and Facebook Messenger rivals similar numbers. And it isn't just active users that are growing, so too is the usage of these apps. According to the 2023 Infobip's [Messaging Trends Report](#), WhatsApp messaging in APAC grew by 421%, whilst they observed an 18x increase in mobile app messaging in North America.

But it isn't just platform adoption by consumers and business professionals alike that we are seeing. In the 2024 Digital, Marketing and eComm study by Arctic Fox and Six Degrees Executive, 7% of brands stated conversational commerce was one of a series of channels they are leveraging as part of their eCommerce strategy. However, 20.8% of brands were planning to start to trial the channel in 2024, which demonstrates it is increasingly on the radar for many organisations to test and trial.

Where do you plan to focus energy and invest at a channel level over the next 12 - 18 months?

	DECREASE INVESTMENT AND FOCUS	START TO TRIAL AND LEVERAGE	MAINTAIN INVESTMENT AND FOCUS	INCREASE INVESTMENT AND FOCUS	N/A
Our eCommerce channel (site)	3.1%	3.9%	36.4%	47.3%	9.3%
Retailers and e-Tailers	2.3%	5.0%	34.1%	30.1%	28.5%
Social commerce	2.5%	17.2%	32.0%	24.6%	23.7%
Marketplace and aggregators	6.8%	16.1%	25.4%	25.4%	26.3%
Conversational Commerce	7.5%	20.8%	18.9%	10.4%	42.4%
Quick commerce	6.5%	16.7%	17.6%	14.8%	44.4%

Source: [Digital, Marketing & eComm in Focus: 2024 Report](#)

Looking ahead to 2025 and beyond for conversational commerce

With vast audience numbers on messaging and chat apps, and the capabilities of conversational AI, the conversational commerce space is one to watch closely in 2025 and 2026 for a few reasons:

01

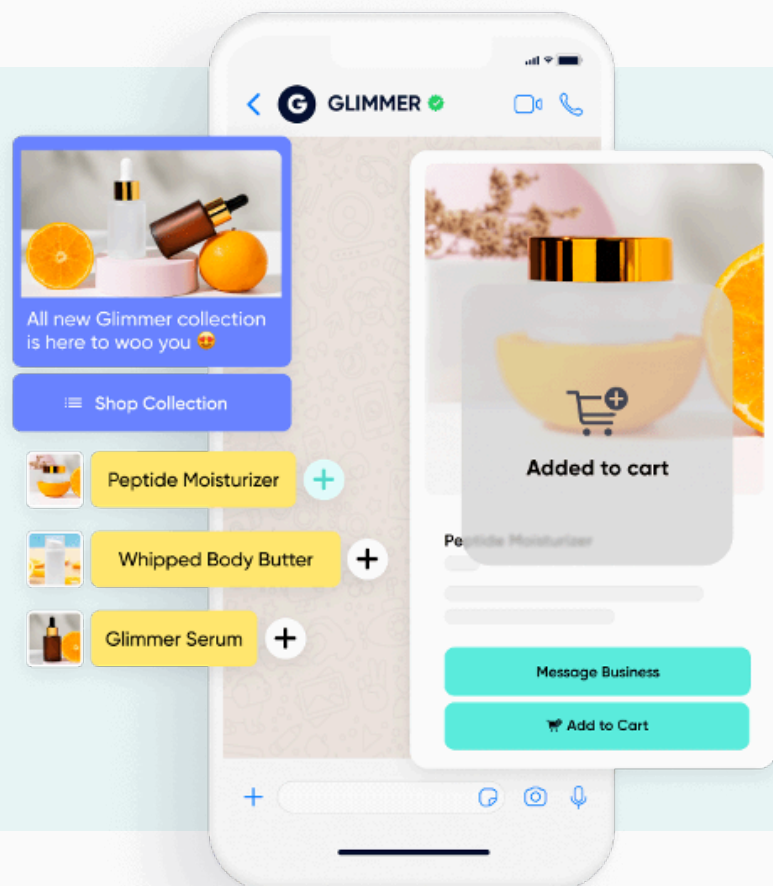
Interface Innovation: Conversational commerce interfaces through chatbots, and messaging apps are shifting to become more interactive environments that enable shopping to occur within the interface. In 2023, WhatsApp introduced WhatsApp commerce, which enabled the ability for consumers to browse, add to cart and buy through the app. This has been a game changer for the industry but we are just getting started. Expect key platform leaders to continue to innovate with shopping tools and features that empower brands to deliver seamless shopping experiences through conversational commerce.

02

Cost Efficiency: The cost to acquire customers through more traditional digital media routes is becoming cost prohibitive for many, which will drive brands to think outside the box and test and trial new channels to drive eCommerce sales and acquisitions.

03

Shifting Preferences: As conversational AI becomes more widespread and chatbot experiences improve, customers are more likely to shift their service and shopping needs to occur through conversational experience channels.



02. Global marketplaces become a dominant force in Australian retail











Maturity: Maturing



It only feels like yesterday that Amazon started its local operations, but nearly 8 years on and they, as well as Temu and others are increasingly becoming the first place to buy online, as opposed to a place to buy online.


According to the IPSOS ranking report for retail & commerce in May 2024, Temu boasted the 5th largest audience in Australia and Amazon took out the top position for the largest audience in the May period. Fast forward to July, and Amazon Prime Day also reached new heights down under, recording 19% growth, one of the highest amongst its global market. And the juggernaut also acquired 1.2m new customers during the process.



Amazon Australian Sales Figures 2024

Rank on audience	Type	MEDIA		CURRENT MONTH	PREVIOUS YEAR	AUDIENCE
		Total internet population (14+)		AUDIENCE (000S)	AUDIENCE (000S)	% CHANGE
		Total internet population (14+)		21,449	21,037	2.0%
1	BRAND GROUP	Amazon		15,356	14,207	8.1%
2	BRAND GROUP	Apple		13,017	12,151	7.1%
3	BRAND GROUP	Woolworths		12,738	11,932	6.8%
4	BRAND GROUP	eBay Australia		11,880	12,357	-3.9%
5	BRAND GROUP	Temu		11,324	8,104	39.7%
6	BRAND GROUP	Everyday Rewards		10,759	10,266	4.8%
7	BRAND GROUP	Flybuys		10,663	9,602	11.0%
8	BRAND GROUP	Coles Group		10,380	8,738	18.8%
9	BRAND GROUP	Google		9,251	9,064	2.1%
10	BRAND GROUP	Bunnings Warehouse		8,939	8,328	7.3%

Source: Ipsos Iris Online Audience Measurement Service Current Month May 2024, Previous Year May 2023, Age 14+, PC/Laptop, Smartphone, Tablet, Text Only, Brand Group, Audience (000s), AVG Mins PP
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In May 2024, Amazon released its Australian sales figures, punching through the \$3bn revenue mark – although not all of this was driven by retail sales – the increasing popularity of Amazon Prime is a key driver of revenue. According to The Australian, Amazon is believed to account for 10% of all online retail spend in Australia.

Whilst Temu and Shein also managed to close out \$3bn in annual sales in Australia, last financial year.

Looking ahead to 2025 and beyond for global marketplace adoption

Unlike markets like the US and the UK, Amazon's dominance locally is not nearly as strong, but we believe 2025 / 26 will be a real tipping point for the market based on three key indicators.

01

Prime subscribers indicate future growth: With more than 4.1m Australian Amazon prime subscribers (half of Amazon's customer base), it is hard to see how local marketplaces will slow down the growth of the global juggernaut. Kogan and OnePass are estimated to have approximately ~500k in members each which pales in comparison to the global leader. Delivery subscribers are a key lead indicator of future sales and impact the flow of web traffic | sales online. What's more however, Amazon Australia launched free same day delivery in Sydney – something that we believe will be replicated across other major metro centres across the Eastern seaboard.

02

Amazon is increasingly one of the biggest retail sales channels for CPGs: Whilst we can't name and shame, our sources indicate that for an increasing number of large CPGs in categories such as beauty, baby, personal care and more, Amazon is now the second largest seller of their products, outstripping sales from major retailers.

03

Expansion plans a plenty: Buoyed by its growth, Amazon is investing heavily into its local footprint and has its eyes on expansion of range. It has announced plans to move into “big box” retail – furniture and large-scale electrical appliances and is constructing a purpose build warehouse in Sydney which is set to start in 2026. Amazon also unveiled plans for a \$490m investment into two new fulfilment centres in Sydney's west earlier in 2024, which followed announcements in August 2023 that it will build a fulfilment centre that spans around 209,000 square metres across four levels, equivalent to 11 Melbourne Cricket Grounds, or five times the size of Federation Square, making it the largest warehouse ever built in Australia.

As for Temu, it's likely that the meteoric rise is also set to continue locally as consumers increasingly become embedded and wedded to the platform as a way of navigating household budget pressures.

03. The privacy pivot gathers pace

Maturity: Emerging in Australia | Maturing in other markets

Where we are

The review of Australia’s privacy laws is already 4 years in the making, and in 2024 we saw the first tranche of privacy legislation enter parliament. Whilst in places like the EU, stringent privacy legislation has been in place for years, Australia is signalling significant change but the answer is by when.

If consumer sentiment is anything to go by, it is not a minute too soon, with Australians increasingly concerned about their data privacy in a wake of serious data breaches from high profile brands. Exploding Trends shows a 94% increase in Australians searching on Google related to privacy over the past five years and countless reports from Deloitte and others suggest that consumers want increasing control and rights to decide when and how their data is utilised.

This means brands should not simply be addressing privacy concerns in the wake of legislative change, but rather be adapting in order to build greater trust with their customers.

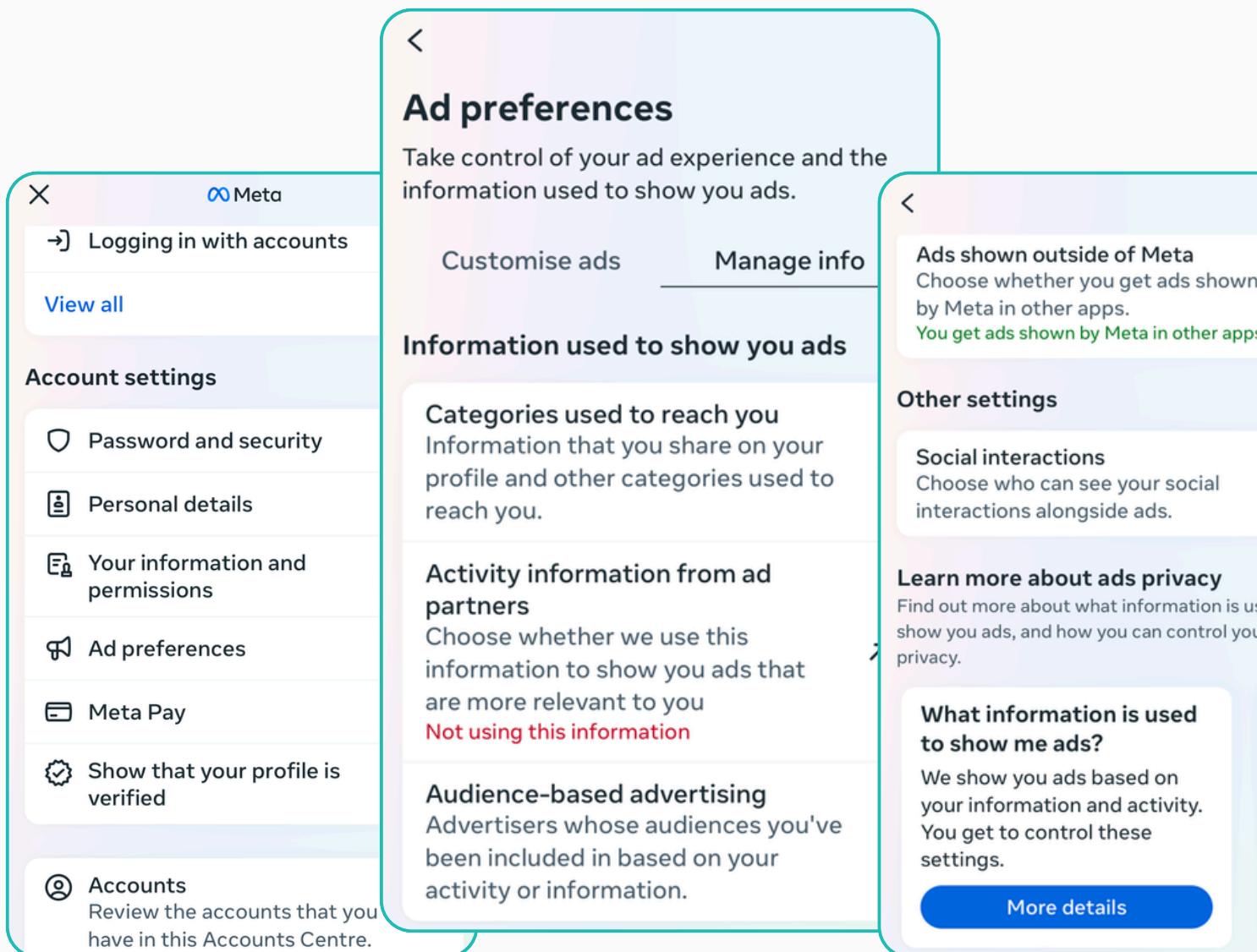
Unfortunately however, too few Australian leaders today understand the change that is upon them. The 2024, Arctic Fox & Six Degrees Executive, Digital, Marketing & eComm in Focus study, highlighted only 38% of executive groups understand the importance of adapting to privacy changes and see it as a key strategic priority to address.



Looking ahead to 2025 and beyond for privacy

Big Tech is already innovating in the privacy space, with the likes of Meta, Google, Apple and others declaring their commitments to a safer privacy first web. Increasingly putting the power in the hands of the user to decide how their data is being leveraged, these brands are re-shaping experience delivery and expectations of consumers. From being able to choose to not be tracked, to the ability to determine how much and how often data is used to deliver an experience, these brands and other global leaders are using privacy to innovate, not simply deliver to a compliance need or standard. And this will challenge brands locally and globally to adapt and innovate.

In Australia specifically, we feel we are on the precipice of change, as more legislation is rolled out, we believe this will re-focus brands attention on privacy issues and the importance of privacy for consumers and that will mean 2025 | 2026 will be significant in terms of a mindset shift of brands down under, with many starting to embrace the opportunities that privacy affords to innovate and demonstrate their commitment to customers.



04. Brands going green on digital

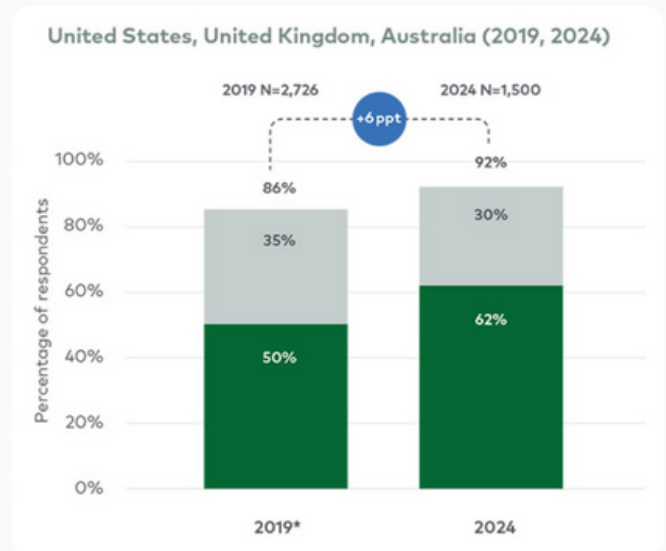
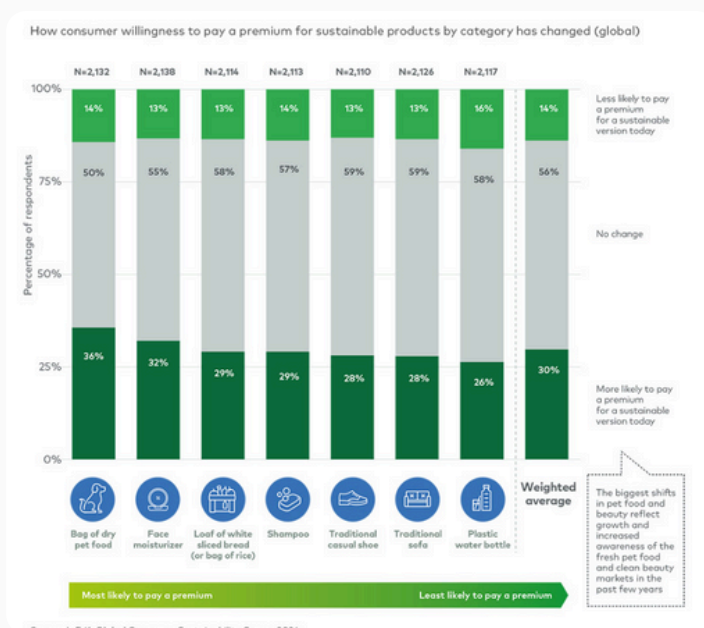
Maturity: Emerging

Where we are

Over the past several years, sustainable and environmental credentials have become an important priority for brands, as consumers are increasingly looking to flex their corporate responsibility muscles.

A NielsenIQ survey in 2023 revealed that 46 per cent of consumers expect brands to lead in creating sustainable change and this is increasingly influencing the purchase decisions that consumers make.

What's more, the 2024 Consumer Sustainability Report compiled by global strategy firm L.E.K. Consulting found that 62% of consumers in Australia now consider sustainability a core value up from 50 per cent in 2019. Despite a cost of living crisis, there is a cohort of customers globally who are willing to pay a premium for sustainable products.



However, despite a focus on sustainability, most brands are yet to lean into the environmental issues on their doorstep generated by digital media and the marTech | adTech industry.

Recent research released by Gartner suggests that by 2030, when a lot of ESG and net zero promises are due, AI will be eating through 3.5 per cent of the world's total electricity pie and renewables aren't necessarily going to solve the problem.

Programmatic display is also a big carbon emitter, with programmatic display advertising alone generating 3.8 million metric tons of CO2 every year (the equivalent of 17.2 billion kilometres driven in the average car).

Looking ahead to 2025 and beyond for digital sustainability

In September 2024, the House of Representatives voted to pass the Treasury Laws Amendment bill. This will introduce new mandatory climate reporting requirements for large and medium-sized companies, including greenhouse gas emissions across the value chain, starting as soon as 2025 for the largest companies. Like any regulatory change, this brings focus and attention to key issues for organisations and will likely see brands begin to pay far more attention to their carbon footprint across programmatic, AI and more.

The focus on reporting (not just locally but globally) will not only see brands adapting, but will also see the entire industry across marTech and adTech investing heavily to reduce carbon emissions | footprint, to be the provider of choice to lower emissions. The shift is likely to have a material impact on the way procurement decisions are made for media, technology and more and will require marketers and digital professionals to better understand what to look for to ensure the value chain is supporting an organisation's overall commitments to climate and ESGs.



05. Personalisation everywhere

Maturity: Growing

Where we are

It's been 30 years since Amazon introduced its recommendations engine and the industry has been grappling with personalisation ever since, with many still falling short on delivering on their promises to customers. The 2024 Arctic Fox & Six Degrees Executive [Digital, Marketing & eComm in Focus study](#) found that 59% of brands, still feel they are lagging the market when it comes to personalisation. An inability to operationalise marTech, data literacy and more are all contributing to brand woes in delivering personalisation. Much of the personalisation delivered today is also via digital channels, even though more traditional channels make up such a big and important part of experience delivery.

Customers and consumers, however, don't think in channels, they think about the experience with the brand, and therefore as digital and physical increasingly blend and blur, it heightens the expectation of consumers that personalisation is embedded across the brand experience and is essentially everywhere.

How strategically important are the following strategies to your overall marketing/digital strategy over the next 12 - 24 months?

	NOT IMPORTANT	SOMEWHAT IMPORTANT	IMPORTANT	VERY IMPORTANT
Personalisation	5%	23%	29%	43%
* B2B	4%	26%	44%	26%
* B2C	6%	23%	21%	50%

How mature is your digital and/or marketing team's capability in the following areas?

	LAGGING THE MARKET	MEETING THE MARKET	EXCEEDING THE MARKET
Personalisation	59%	36%	5%
* B2B	59%	37%	4%
* B2C	57%	35%	8%

Source: [Digital, Marketing & eComm in Focus: 2024 Report](#)

Looking ahead to 2025 and beyond for personalisation everywhere

There are a series of technological innovations that will drive the ‘personalisation everywhere’ trend from 2025 onwards. The first is the widespread adoption of digital screens. [6W research forecasts that the Australian digital signage market will expand at a compound annual growth rate of 4.1% between 2024 and 2030](#), attributing this growth primarily to the ongoing shift towards digital transformation within businesses. In days gone by, digital screens and signage were still in their infancy and were still delivering more static experiences, however capability has dramatically improved overtime. Digital screens are increasingly embedding facial recognition to verify a customers gender, age, stature and more, which will enable the ability for brands to deliver more personalised and contextual experiences. Digital screens are also increasingly adopting advanced targeting and segmentation capabilities and enabling the ability to serve content more dynamically, which all allows greater personalisation in physical stores or shopping centre environments.

AR & VR adoption is also on the rise, with Apple, Sony, and Samsung all showcasing their latest capabilities and innovations at CES in 2024. As more tech leaders enter the space and the tech matures, we will see greater consumer adoption and in turn see brands increasingly embrace it to enhance personalisation in physical environments by blending digital and physical into one experience. From virtual try-ons in physical stores, to way finding and navigation, the blending of physical and digital will further lend itself to delivering personalisation everywhere. Finally, the rise of genAi and augmented intelligence, will enable greater automation, scalability and precision in personalisation, further supporting the ability for brands to personalise across the full end to end journey, more than ever before.



06. MarTech rationalisation is in and monolithic is out

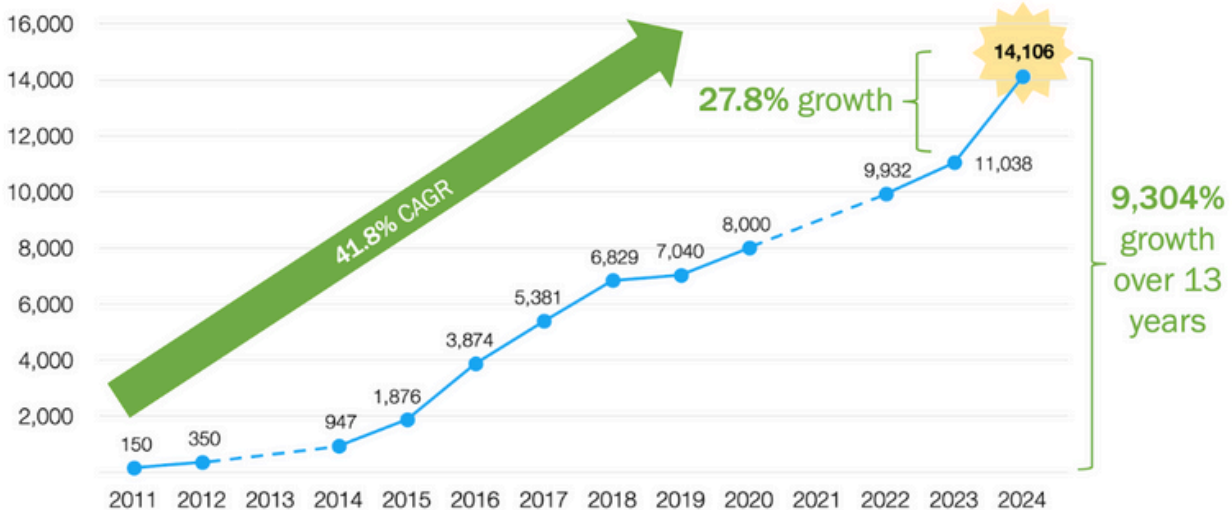
Maturity: Maturing

Where we are

Despite the billions of dollars being invested in MarTech, utilisation levels are at historic lows. The Digital, Marketing & eComm in Focus study for 2024 found that only 19.5% of Australian brands report semi strong or strong utilisation levels of marTech, and Gartner's 2023 Marketing Technology Survey revealed that MarTech utilisation has plummeted to 33% at a global level.

Recent research out of the UK also reinforced the conundrum facing marketing teams. With 66 per cent of businesses reporting overlapping functionalities, and more than half (53 per cent) saying these redundancies directly undermine their marketing performance and bleed their budgets dry. Bloated stacks, a heightened need to demonstrate return, greater scrutiny from finance and an inability to effectively implement and integrate platforms are all plaguing brands. In 2023 and 2024, we have seen early examples of brands rationalising their marTech stacks and beginning to consider if the monolithic tools they have invested in are the right solutions for their brand.

MarTech platform growth since 2011



Source: [Marketing Platform Growth, Chief Martec, 2024](#)

Looking ahead to 2025 and beyond for MarTech rationalisation and best of breed solutions

A fundamental MarTech mindset shift is upon us and there is now no looking back. The [Digital, Marketing & eComm in Focus study for 2024](#) found that when it comes to selection and procurement of software, 57% of brands are now leaning towards best of breed solutions, whilst only 14% are preferring single vendor. This provides us with the strongest indication yet, that the markets approach to procurement has turned. Composability is all the rage and as brands adopt a best of breed approach, we will see a shift away from enterprise leaders in market, in favour of solutions that can be operationalised and deliver greater value. As brands look to review and re-consider their MarTech ecosystem, we will also continue to see further rationalisation of the tech stacks across 2025|26 as brands adopt more of a less is more approach to MarTech, to free up marketing budgets and demonstrate return to the business.



About Arctic Fox

Arctic Fox is a digital and eCommerce strategy and training organisation that partners with leaders to help them navigate the changing marketing and digital landscape.

Arctic Fox specialises in digital transformation, eCommerce, organisational design, MarTech and customer data. We partner with some of Australia's best-known brands in retail, FMCG and CPG, B2B, and the services space to drive and embed sustainable change.

We also provide specialist training and programs to help leaders and their teams build desired skills and expertise in digital, eCommerce, CX, data and more. Our independence and hands on experience leading and driving change within organisations enables us to provide relevant solutions and advice based on our clients' business maturity and capability.

**For more information, visit arcticfox.io
or follow [@ArcticFox](https://www.linkedin.com/company/ArcticFox) on LinkedIn.**


Thank you





ARKTIC FOX


Thank you for taking the time to read this report.

If you have any questions or would like to discuss our findings further, we would love to hear from you.

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