

# Ecommerce predictions 2024: Prioritizing profit over growth and building customer loyalty





# Introduction

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The past couple of years have taken their toll on the economy; the public spending power has decreased, and inflation rates are at a level we haven't seen in decades. However, as the global economy slowly progresses toward normalization, the situation might not become as dire as some financial experts have feared. Historically, the ecommerce market has stayed resilient, and even though the market might not experience the astronomic growth it has become accustomed to, Patrik Müller, Ecommerce Expert and Marketing Executive at Nets, is not overtly worried about its general health.

The consumer market has always been competitive, and because it will be hard for stores to secure new investments next year, Patrik Müller believes it will be a year for the established ecommerce stores to flourish. Patrik predicts that ecommerce owners will be forced to focus on profitability rather than growth to navigate the financial reality and that consumers will still have less money to spend in 2024.

Fortunately, Patrik also gives his advice on how ecommerce stores can optimize their profitability in 2024 and how they can master the art of resilience and adaptability.



# 1. Slowly but steadily growing businesses will profit the most

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**“ We will see a shift in focus from explosive growth to sustainable profitability, benefiting the profitable, slow-growing stores with a steady income. These are poised to thrive as the more immediate competition will decrease due to lack of funding ”**

**Patrik Müller, Ecommerce Expert**

Even though the financial climate is rough and characterized by inflation and decreased spending power, the global ecommerce growth rate for 2023 is still forecast at 8.9%, cementing the perseverance of online retail. Online shopping continues to grow, but according to Patrik Müller, most ecommerce shops need to focus on profitability rather than growth mainly because the financial climate beckons a changing investment landscape.

Investors, including banks and lenders, will prioritize profitable, slow-growing ecommerce stores over businesses focused on rapid expansion. Patrik Müller believes this will make it harder, especially for new stores, to secure investments in 2024. Without access to funding, ecommerce owners will be pushed toward optimizing their existing resources.

According to Patrik, ecommerce shops should continue optimizing their setups and cutting costs where possible. The key will be to run a smooth business, upsell, expand basket size and land as many orders as possible to ensure the stores are profitable. Moreover, Patrik suggests that now might be a good time for profitable stores to invest more in advertising. The stores that aren't yet making a profit will be forced to cut down on their ad spend, increasing visibility for those that can afford to invest.



## 2. Consumer spending habits: Customer loyalty is key

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**“ As the public spending power decreases, loyalty becomes crucial. Ecommerce stores need to build lasting relationships, and understanding consumer needs and fostering loyalty will be key. ”**

**Patrik Müller**, Ecommerce Expert

Introducing a shift in focus from growth to profit is complex and challenging. Particularly, webshops that have relied on external capital to expand their business will struggle as the costs of new customers, goods and shipping increase. Ecommerce stores built on external investments usually don't see a profit until a few years in, meaning they will struggle more as each customer becomes less profitable and doesn't spend as much as they did only a few years ago.

The increased costs must not only be placed on the customers as they also face financial constraints. Consumers wait for deals, consider cheaper alternatives, and reevaluate the necessity of higher-priced items. Purchases decrease, consumers move towards cheaper brands and generally exhibit more thoughtful buying behavior.

Patrik argues that customer loyalty is critical and that ecommerce stores should focus on returning customers to alleviate these financial losses. Capitalizing as much as possible from each customer and making it easy for customers to return will be the winning strategy in 2024.

### 3. Customer-centric: Rethinking loyalty

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“ The modern consumer sees right through initiatives aimed directly at increasing sales. Ecommerce stores should focus on providing relevant offers and engaging content, ensuring transparency in their communication. ”

Patrik Müller, Ecommerce Expert

The modern consumer knows when offers aren't personalized and when loyalty clubs, customer clubs and other initiatives are based on the store's interests rather than the consumers'. Building lasting relationships and understanding consumer needs will be crucial for ecommerce stores to thrive. However, Patrik challenges traditional loyalty programs, pointing out that many are outdated and may even prevent customer retention.

Patrik believes customer loyalty is actually an expression of laziness rather than brand awareness, which means that customers return to the stores they know are easy to shop from. True loyalty is thus born out of a seamless and customer-centric experience. Therefore, Patrik recommends that online stores prioritize simplifying and enhancing the buying experience instead of depending on points or bonuses that may not meet customer expectations.





## 4. Technology and AI Integrations: Keep it simple

“ Many ecommerce stores are fighting to survive, and they should look at fine tuning their business rather than investing in new platforms and tools. That being said, AI holds a lot of potential for optimizing processes and shouldn't be ignored. ”

Patrik Müller, Ecommerce Expert

During uncertain financial times, Patrik believes that ecommerce stores should be cautious about investing in new technologies. Ecommerce businesses should prioritize optimizing existing processes and enhancing efficiency to weather the economic challenges. However, this is not to say that new technologies should be ignored.

Patrik predicts that AI will become integral to existing ecommerce tools, improving functions such as chatbots and marketing automation. Moreover, Patrik's advice to more established ecommerce shops is clear: Embrace AI to limit time-consuming manual tasks, to enhance the personalized shopping experience, and to stay competitive. If an ecommerce business relies on outdated technology without incorporating new AI possibilities, it should reconsider its tech stack to prevent efficiency setbacks.



## 5. Payment trends: Embrace a mobile-first approach

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**“ Mobile payment options continue to gain traction, and so does Apple Pay, which will probably be the biggest gainer in 2024. Ecommerce stores must let their customers pay however they want, including local payment options such as Swish, Vipps and MobilePay ”**

**Patrik Müller, Ecommerce Expert**

As a general guideline, businesses should test their checkout from search to delivery and return once a month, if not once a week. Patrik argues that this is the best way to identify and avoid minor errors that disrupt the purchase and annoy the consumer.

Something as simple as providing the appropriate payment methods is also critical. Consumers want a wide range of payment methods, and even needing to get up from the couch and retrieve a credit card from your wallet will cause people to abandon their basket.

Ecommerce stores should understand the preferences in their specific market. Some customers will prefer the convenience of mobile shopping and pay with Swish, Vipps and MobilePay, while others will simply pay with a credit card. The key takeaway for ecommerce businesses is to accommodate various payment preferences, ensuring a seamless and convenient checkout experience for customers.



## Conclusion: Ecommerce will persist

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“ The ecommerce market has always shown resilience, and even though it might not experience the kind of growth it has been accustomed to next year, I am sure the market will continue to grow. These past years will only show a slight decline in the overall ecommerce growth trajectory. ”

Patrik Müller, Ecommerce Expert

Despite the current economic concerns, Patrik is hopeful about the long-term growth of ecommerce. He observes a clear trend towards sustained growth, especially for companies with stable financial strategies and a focus on customer loyalty. The key to thriving in the evolving ecommerce landscape lies in a strategic shift towards profitability, consumer loyalty, and technology integration.

To summarize, while the economic landscape presents challenges for the ecommerce industry, Patrik’s insights suggest that strategic adjustments and a customer-centric approach will pave the way for continued growth in the years ahead.

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Now that you know what to expect in 2024 and how you might prepare for the new financial reality, let us know if we can help you optimize your payment solutions. Our online payment service turns more of your website visitors into buyers, all in one simple, integrated solution.

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