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Adriana Nunez

Payments predictions we got wrong in 2021

Article

Looking back: Last year, we made five predictions for 2021. And while we were onto something with a few, we ended up missing the mark on others.

Our mPOS prediction: We predicted that in 2021, a major mobile point-of-sale (mPOS) player like **Square** or **Clover** would launch and scale a full software-based point-of-sale (softPOS) product in the US.

The logic behind it: We expected softPOS innovation in foreign markets like India would foreshadow similar products in the US, especially since last year, **1 in 5 small businesses did**

not accept digital payments, per a Visual Objects survey.

- We projected that players like Square would serve this demographic because it makes up a large portion of their overall business: In Q3 2020, **nearly 40% of Square's sellers** processed less than $125,000 in annualized gross payment volume.
- We also thought that offering a softPOS solution—which lets businesses use technology they already have—could prevent mPOS providers from losing market share to competitors that offer more cost-effective solutions.

What happened instead: Although no major mPOS firms introduced a softPOS offering, smaller players like **MagicCube** and **PayMob** stepped in to meet small-business demand amid the backdrop of declining cash use. Visa also took advantage of the rise in contactless payments by expanding its Tap to Phone offering in 2021.

Our ecommerce prediction: We thought that **Walmart** and **Target** would accelerate how quickly they stole US online shopping market share from Amazon thanks to their same-day ecommerce fulfillment strength.

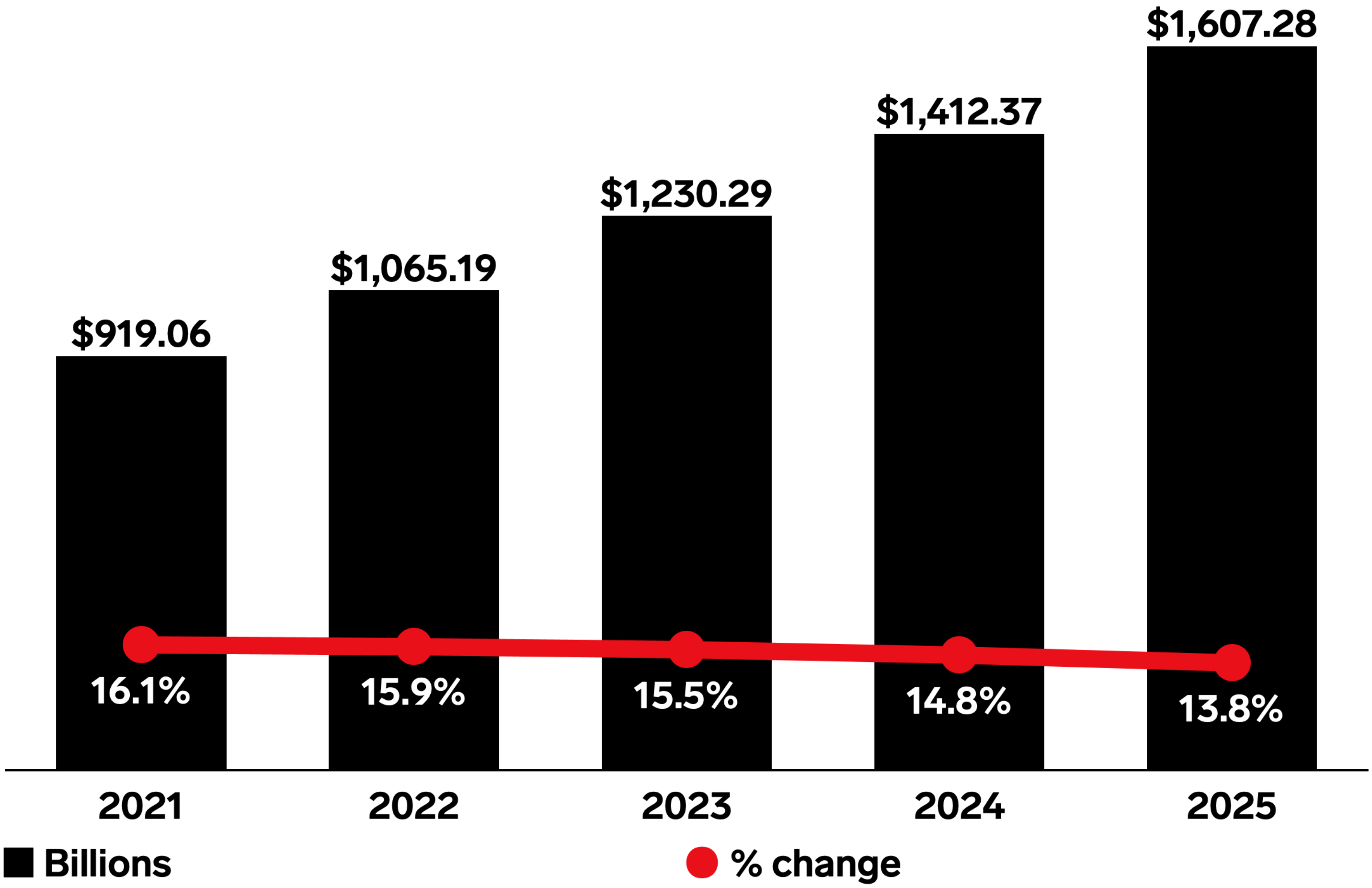
Our reasoning: Last year, both retailers went on a major ecommerce growth tear and took a bite out of Amazon's share of online sales. Their brick-and-mortar presences let them offer fast, competitive fulfillment.

- At the start of the pandemic, Target and Walmart were quick to ramp up their retail capabilities by offering same-day services like curbside pickup. In Q4 2020, Target's same-day services, which includes Order Pickup, Drive Up, and Shipt, **increased 212%** year over year.
- Amazon, meanwhile, occasionally struggled to meet delivery times, which opened a pathway for Target and Walmart to swoop in and fulfill customer demands faster and often for less. (There are no delivery charges for same-day services.)
- We also thought that brick-and-mortar fulfillment solutions would pose a larger threat to Amazon's ecommerce kingdom because the etailer lacked the physical presence to replicate Walmart's and Target's success.

What really happened: Amazon's customer loyalty proved to be stronger than we thought—allowing the etailer to gain market share while Walmart and Target both lost some. And Amazon recently enabled alternative payment solutions like **Venmo** and **Affirm**, so its share is likely to keep growing into 2022.

Retail Ecommerce Sales

US, 2021–2025



Note: Includes products or services ordered using the internet, regardless of the method of payment or fulfillment; excludes travel and event tickets, payments (such as bill pay, taxes, or money transfers), food services and drinking place sales, gambling and other vice goods sales. eMarketer benchmarks its retail ecommerce sales figures against US Department of Commerce data for which the last full year measured was 2020.
Source: eMarketer, October 2021
Methodology: Estimates are based on the analysis of data from benchmark source US Department of Commerce, estimates from other research firms, historical trends, reported and estimated revenues from major online retailers, consumer online buying trends, and macro-level economic conditions.

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