IMPACT OF COVID-19 ON ONLINE SHOPPER BEHAVIOR AND ECOMMERCE SALES

03/11/2020



AGENDA

ABOUT NETELIXIR

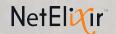
HOW HAND SANITIZERS PROMPTED THIS RESEARCH

RESEARCH OVERVIEW

IMPACT OF COVID-19 ON ONLINE SHOPPER BEHAVIOR

IMPACT OF COVID-19 ON ECOMMERCE SALES

CHECKLIST FOR DIGITAL MARKETERS









130+ **TEAM MEMBERS** **GLOBAL OFFICES**













FEATURED PARTNERSHIPS





























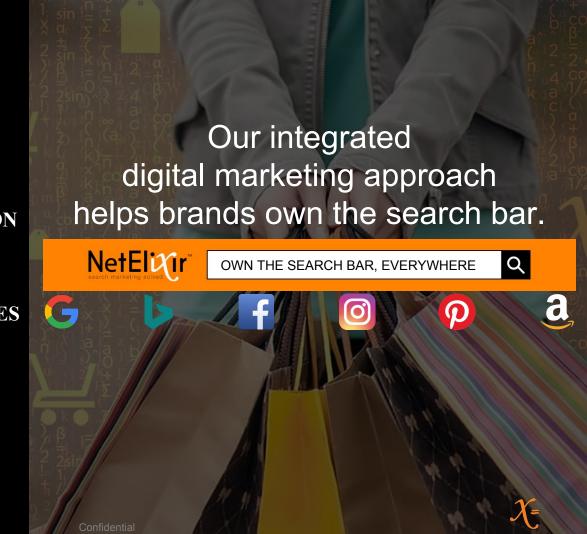






OUR SOLUTIONS

- PAID SEARCH & SHOPPING CAMPAIGN MANAGEMENT
- SEARCH ENGINE OPTIMIZATION
- PAID SOCIAL MANAGEMENT
- AMAZON MARKETING SERVICES
- ANALYTICS CONSULTING
- ECOMMERCE TECH
 DEVELOPMENT



ABOUT UDAYAN BOSE

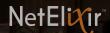


in linkedin.com/in/udayanbose

Founder & CEO of NetElixir
Founded partybingo.com (partygaming)

Guest Lecturer:

- Johnson School of Management,
 Cornell University
- City University of New York, Baruch
- Indian School of Business





The coronavirus outbreak is first and foremost a human tragedy, affecting hundreds of thousands of people. With lives at risk, we hope that conditions improve quickly.

The outbreak is also having a growing impact on the global economy. This presentation is intended to provide retail industry leaders with a perspective on the evolving situation within United States and implications for their company's marketing programs.

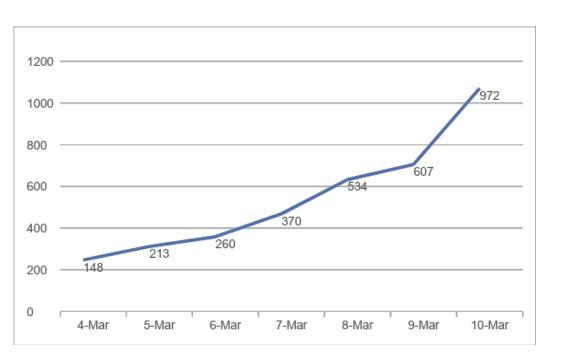
The outbreak is moving quickly, and some of the perspectives in our presentation may fall rapidly out of date. This presentation is based on first hand ecommerce sales data for a select data set of online retailers as of March 7, 2020.

We will continue to closely track the category-level shopper latency and ecommerce sales data to identify any significant trends that emerge as the outbreak evolves.





CORONAVIRUS IS A BLACK SWAN EVENT



The black swan theory or theory of black swan events is a metaphor that describes an event that comes as a surprise, has a major effect, and is often inappropriately rationalized after the fact with the benefit of hindsight. It was first proposed by Nassim Nicholas Taleb in his book, Fooled by Randomness.





Digital Marketers need to have a close tab on their customers' shopping patterns and align their marketing mix accordingly. This will enable them to tap into the ecommerce opportunities that arise as a result of changing market conditions.

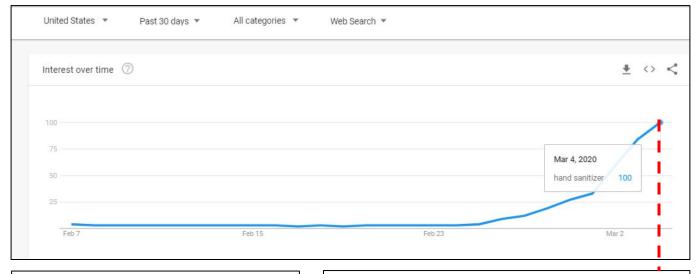
We firmly believe marketers that are agile and have access to the right tools and, internal and external resources can find themselves in a position of competitive advantage and gain market share.







SPIKE IN INTEREST FOR HAND SANITIZERS & HOW THE SEARCHES ARE EVOLVING (GOOGLE TRENDS)



Hand sanitizer for corona virus Sanitizers that kill corona virus Where can I find hand sanitizers







THE COST PER CLICK (CPC) ON GOOGLE FOR THE KEYWORD HAND SANITIZER HAS SHOT UP BY 8X

Keyword (by relevance	e) ψ Avg. monthly searches	Competition	Ad impression share	Top of page bid (low range)	Top of page bid (high range)		
Keywords you provided							
hand sanitizer	40,500	High	_	\$1.28	\$8.97		





QUESTIONS OUR RETAIL INTELLIGENCE TEAM ASKED

- Is the coronavirus outbreak impacting the online sales for other categories, yet?
- Is the coronavirus outbreak influencing the online shopper behavior? How?
- How can the retail marketers prepare for this Black Swan event?



RESEARCH OVERVIEW: KEY METRICS THAT WERE ANALYZED

ANALYSIS SEGMENT	KEY METRIC	WHY WE BELIEVE IT IS IMPORTANT	
Online Shopper Rehavior	Latency (# of days between 1 st website landing and 1 st purchase)	Are shoppers taking longer to complete their purchase?	
Online Shopper Behavior	Latency (# of website landings prior to first purchase)	Are shoppers visiting the website more number of times prior to purchasing?	
	Average Order Value (AOV)	Has the basket size increased?	
Online Sales	Conversion Rate (CVR, %)	Are shoppers exhibiting a higher propensity to buy?	
	#Online Orders	Are the retailers experiencing an increase in website orders?	





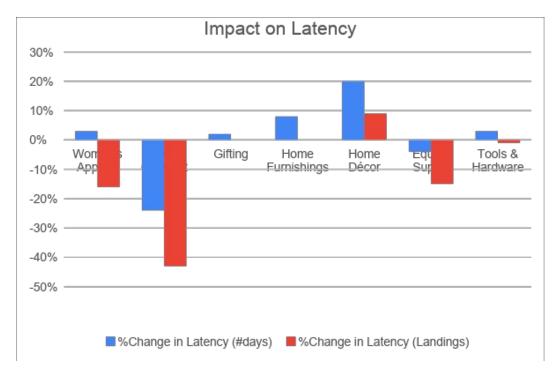
RESEARCH OVERVIEW

- We aggregated and analyzed daily online sales metrics for 7 retail categories over two 21-day periods (from January 26-February 15 and February 16-March 7). We compared the daily data from 2020 to 2019 over these two 21-day periods.
- The categories considered for our research: Women's Apparel, Home Improvement, Tools and Hardware, Food & Gourmet, Gifting, Equine Supply and Home Furnishings.
- For analyzing the Online Shopper Behavior metrics we used our proprietary customer analytics platform, LXRInsights™. The latency data for each category was also split into the aforementioned 21 day periods (1/26-2/15 vs. 2/16-3/7).
- For our latency study we considered only the first time customers to minimize any loyalty effect of returning customers.



IMPACT OF COVID-19 ON ONLINE SHOPPER BEHAVIOR





OBSERVATIONS

- Food & Gourmet category shoppers spent less time (24%) between landing on the website and completing a purchase. Also, the number of website landings prior to the first purchase went down by 43%.
- On the other hand, for the home décor category, shoppers were taking 20% more time to complete the purchase and also visited the website 9% more times.



DISCLAIMER: This presentation provides an informative overview based on data collected from a select set of NetElixir's clients belonging to the retail categories discussed. It does not purport to be a comprehensive analysis of all retailers within any particular category. Before acting on any information, you should consider its appropriateness to your particular circumstances and marketing objectives. Accordingly, NetElixir assumes no liability for the information

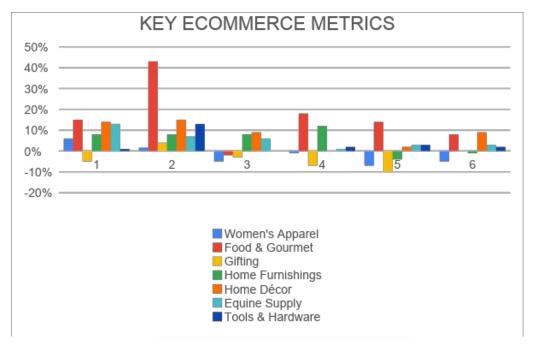
ONLINE SHOPPER BEHAVIOR: COMMENTS

- Based on the analysis, in the food and gourmet category, a significantly lower latency may indicate the possibility of potential substitution of in-store purchases with online purchases.
- Though for the home décor category, the latency was higher, it may be too early to conclude the precise reason for the same.
- We will continue to closely track the category-level latency trends to identify any
 potential behavioral shifts that may have an impact on online sales. We will also be
 tracking the top purchase dayparts to identify potential changes therein.



IMPACT OF COVID-19 ON ECOMMERCE SALES





OBSERVATIONS

- Food & Gourmet category Y/Y increase in total website orders and CVR has been strong in the 2/16-3/7 period.
- Basket Size (AOV) has stayed more or less the same across categories.
- There are no clearly identifiable trends in the other categories.

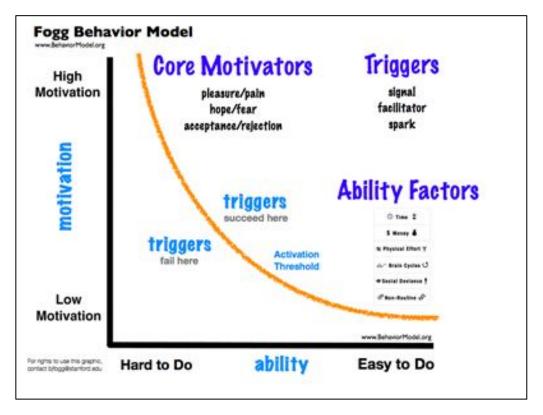


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ECOMMERCE METRICS: COMMENTS

- Based on the analysis, during the 2/16-3/7 period the food and gourmet category experienced a significant increase in Y/Y ecommerce sales as well as conversion rate (compared to the previous 21 day period).
- The new visitor (to customer) conversion rate during the 2/16-3/7 period increased by 34.68% (over the prior period) vs. existing customer conversion rate increase of less than 10%.
- We were unable to detect any such significant trend across the other categories.
- We will continue to closely track the category-level Y/Y ecommerce data to identify any prominent trend that may arise over the following weeks.

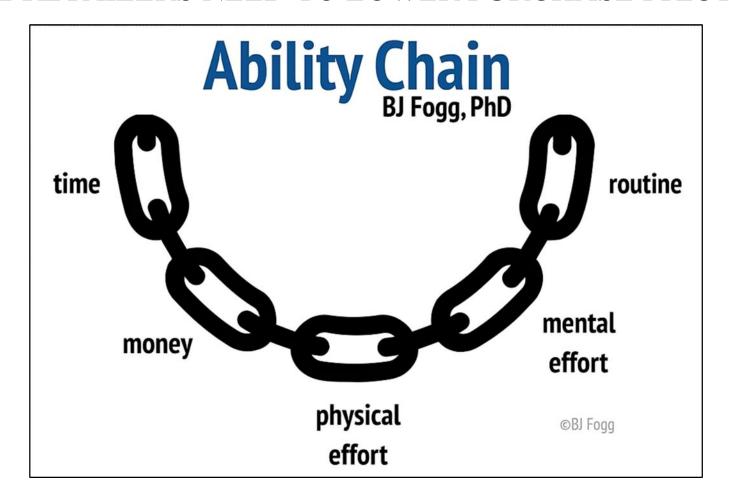
MARKETING DURING A BLACK SWAN EVENT



Source: BehaviorModel.org



ONLINE RETAILERS NEED TO LOWER PURCHASE FRICTIONS







CHECKLIST FOR DIGITAL MARKETERS

MINIMIZE
FRICTION TO
GROW YOUR
ONLINE SALES

- Implement a <u>daily tracker</u> to keep a tab on any shifts in buyer behavior and online sales.
- Review the 4Ps (Product, Price, Promotion, Place) of your marketing mix based on the above information.
 - What categories and SKUs will you focus on?
 - Can you offer an incentive for your new customers?
 - Does a differential pricing strategy make sense?
 - Are you running location-targeted campaigns?
- Increase the focus on your existing customers. How can you <u>earn</u> a higher share of their "online time"? And, strengthen your engagement?



ADDITIONAL QUESTIONS THAT WE ARE TRYING TO ANSWER

ONLINE SHOPPER BEHAVIOR: When are the shoppers making their purchase? Is there a change in the % of all website landings that each channel is driving. Is there a change in the % of mobile orders? What % of all paths to purchase are now starting on mobile?

ECOMMERCE SALES:

- What's the Y/Y increase in new customer orders vs. existing customer orders?
- Is there a correlation between the daily tweet volume and ecommerce sales for that specific date?

KEYWORD SEARCH:

- What's the %spike in impressions for top keyword searches?
 - How's the CPC fluctuating?



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COVID-19

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