



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

APRIL 9, 2020

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#stayathome

AGENDA

INTRODUCTION

IMPACT OF COVID-19 ON INSPIRATIONAL GIFTING INDUSTRY

RESEARCH OVERVIEW

IMPACT OF COVID-19 ON ONLINE SHOPPER BEHAVIOR

IMPACT OF COVID-19 ON ECOMMERCE SALES

GOOGLE AD INVESTMENTS & COST PER CLICKS (CPC)

ADVICE FOR RETAIL MARKETERS

Q&A WITH OUR RETAIL SUPERHERO - UPS

OUR SOLUTIONS

- PAID SEARCH & SHOPPING
- SEARCH ENGINE OPTIMIZATION
- SOCIAL MEDIA MARKETING
- AMAZON MARKETING SERVICES
- ANALYTICS CONSULTING
- ECOMMERCE TECH DEV

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PARTNERS



CLIENTS



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X=

TODAY'S SPEAKERS



Gerard Gibbons

UPS's President of SMB and US Marketing



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Udayan Bose

Founder & CEO of NetElixir



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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The outbreak is moving quickly, and some of the perspectives in our presentation may fall rapidly out of date.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 **April 4, 2020**.

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

IMPACT OF COVID-19 ON INSPIRATIONAL GIFTING INDUSTRY

faith
over
fear

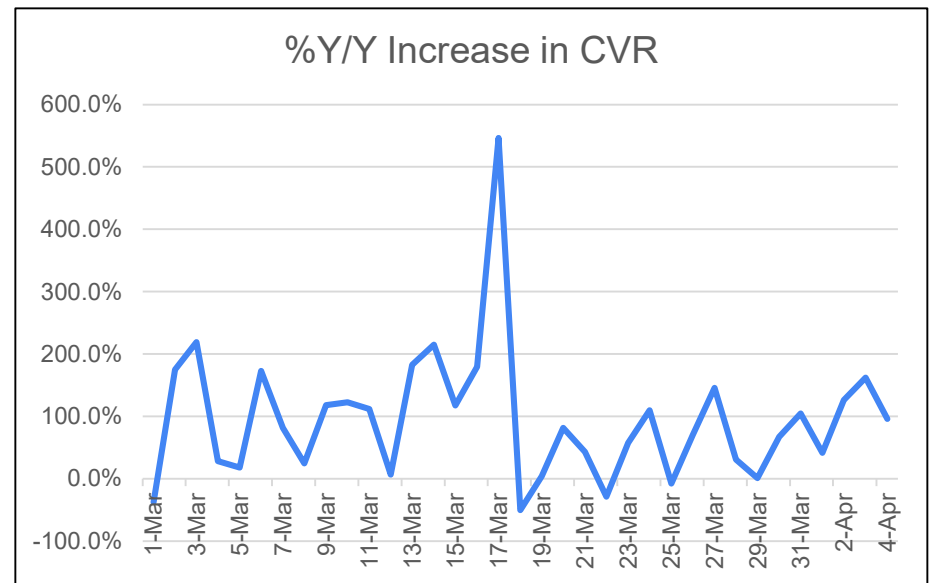
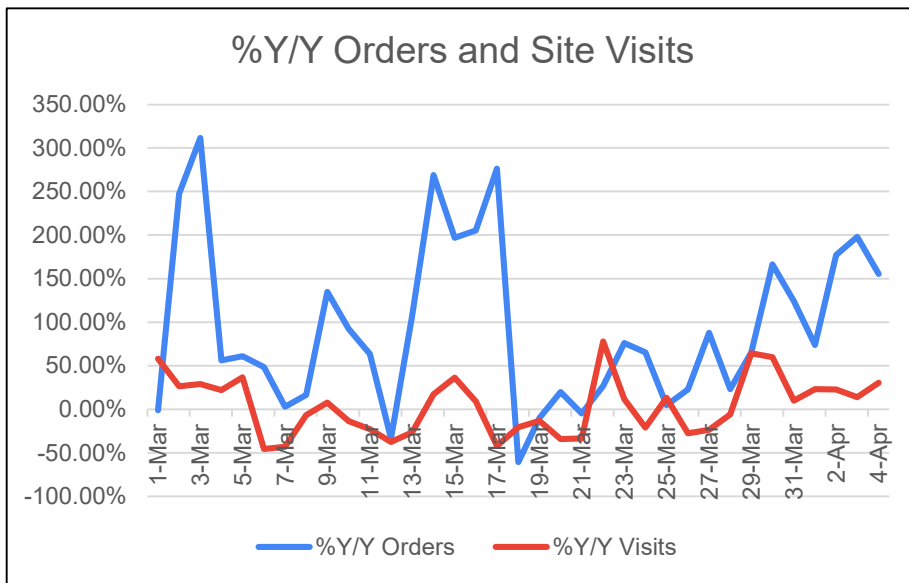
DON'T MAKE ASSUMPTIONS
GET THE REAL DATA ON COVID-19

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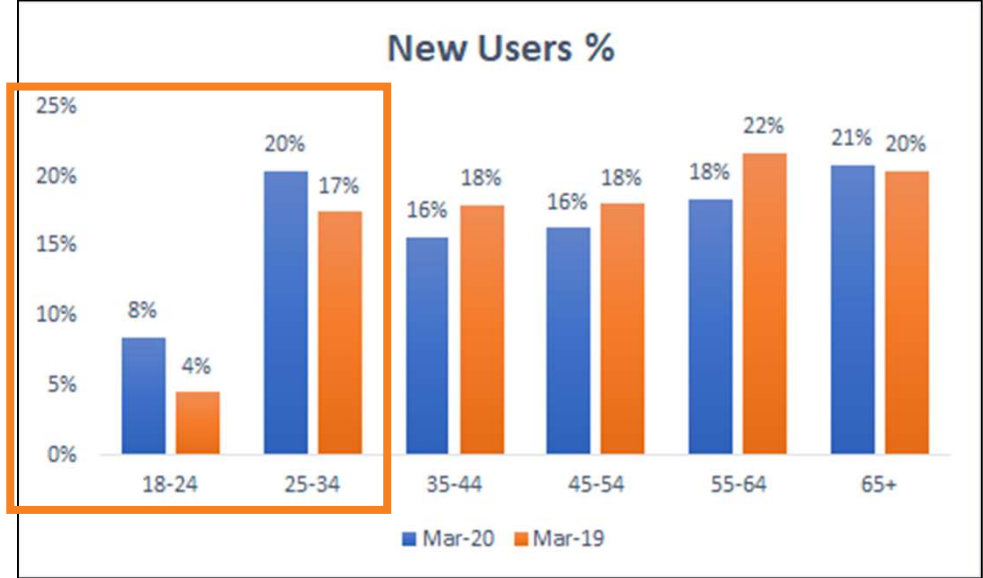
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INSPIRATIONAL GIFTS & GREETING CARDS: Y/Y ECOMMERCE SALES ARE UP 80%+ (MARCH 1- APRIL 4)



+90%

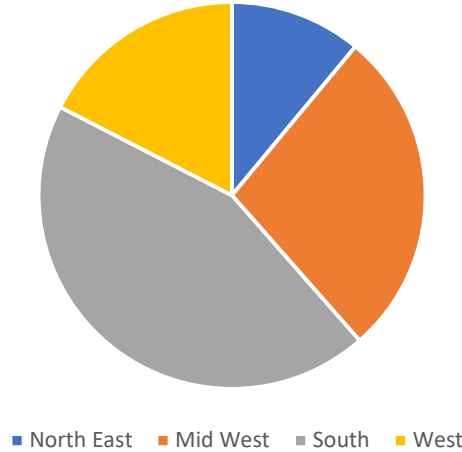
THE COMPASSIONATE GEN Z AND MILLENNIALS



DATE	LATENCY (HOURS)	% PATHS ENDING w/MOBILE
2/9 - 2/22	37	27%
2/23 - 3/7	33	32%
3/8 - 3/21	32	42%
3/22 - 4/4	27	45%

Latency: Time between first website landing and purchase

% ECommerce Sales by Region



ELEMENTS OF VALUE PYRAMID

Source: Elements of Value, Bain & Co, 2015

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Social impact



SELF-TRANSCENDENCE

Life changing



PROVIDES HOPE



SELF-ACTUALIZATION



MOTIVATION



HEIRLOOM



AFFILIATION/BELONGING

Emotional



REDUCES ANXIETY



REWARDS ME



NOSTALGIA



DESIGN/AESTHETICS



BADGE VALUE



WELLNESS



THERAPEUTIC VALUE



FUN/ENTERTAINMENT



ATTRACTIVENESS



PROVIDES ACCESS

Functional



SAVES TIME



SIMPLIFIES



MAKES MONEY



REDUCES RISK



ORGANIZES



INTEGRATES



CONNECTS



REDUCES EFFORT



AVOIDS HASSLES



REDUCES COST



QUALITY



VARIETY



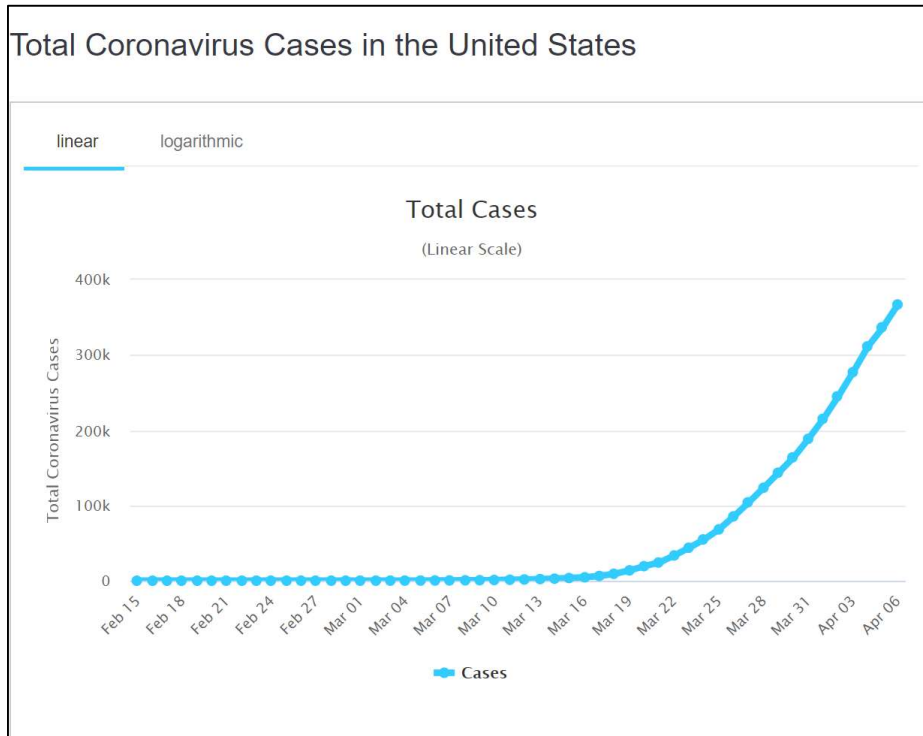
SENSORY APPEAL



INFORMS

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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*.



3 QUESTIONS

MARKETING DURING A BLACK
SWAN EVENT

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How is the Covid-19 outbreak redefining the Consumer Value Pyramid across categories?

Will this crisis lead to permanent shifts in consumer behavior?

What should I do as a marketer to adapt to the new normal?

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RESEARCH OVERVIEW

DON'T MAKE ASSUMPTIONS
GET THE REAL DATA ON COVID-19

RESEARCH OVERVIEW: KEY METRICS THAT WERE ANALYZED

ANALYSIS SEGMENT	KEY METRIC	WHY WE BELIEVE IT IS IMPORTANT
Online Shopper Behavior	Latency (# of hours between 1 st website landing and 1 st purchase)	Are shoppers taking longer to complete their purchase?
	Conversion Rates	Are visitors converting to customers at a higher rate?
Online Sales	% New Orders	Are new shoppers contributing to a higher % of total orders?
	#Online Orders	Are the retailers experiencing an increase in website orders?
Google Ad Investments	Y/Y Increase in Media Spend	Are retailers increasing/lowering their Ad Spends?
	Y/Y Increase in CPC	Has the competitive intensity increased?

RESEARCH OVERVIEW

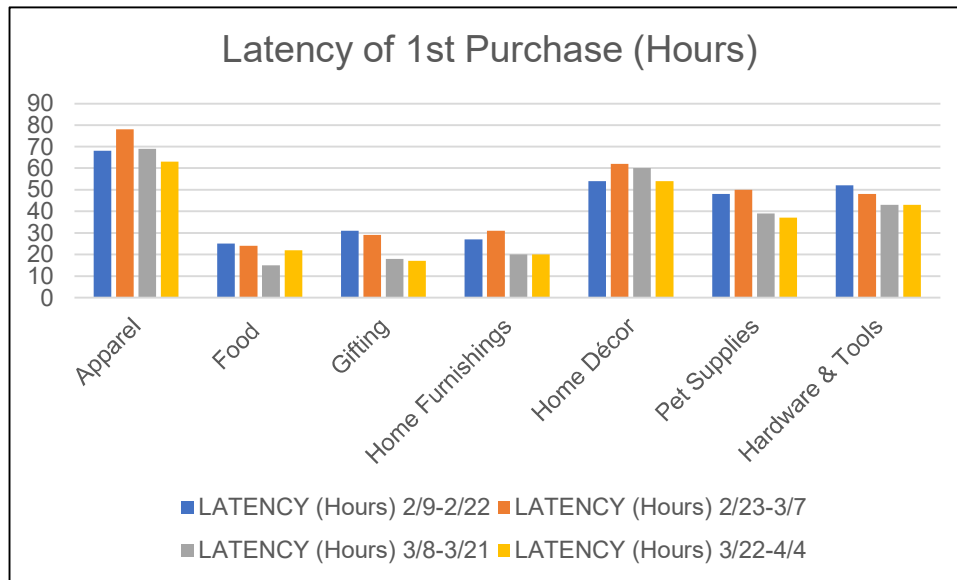
- We aggregated and analyzed daily online sales metrics for 7 retail categories over four 2-week periods
 - **Period 1 (The Beginning):** 2/9 - 2/22
 - **Period 2 (The First Spike):** 2/23 - 3/7
 - **Period 3 (The Outbreak Spreads):** 3/8 - 3/21
 - **Period 4 (The Second Spike Starts):** 3/22 - 4/4
- We compared daily data from 2020 to 2019 over these four time periods.
- The retail categories considered for our research: Apparel, Home Decor, Tools and Hardware, Food, Gifting, Pet Supply and Home Furnishings.
- For analyzing the Online Shopper Behavior metrics we used our proprietary, real-time customer analytics platform, **LXRInsights™** (<https://www.netelixir.com/lxrinsights>)



IMPACT OF COVID-19 ON ONLINE SHOPPER BEHAVIOR

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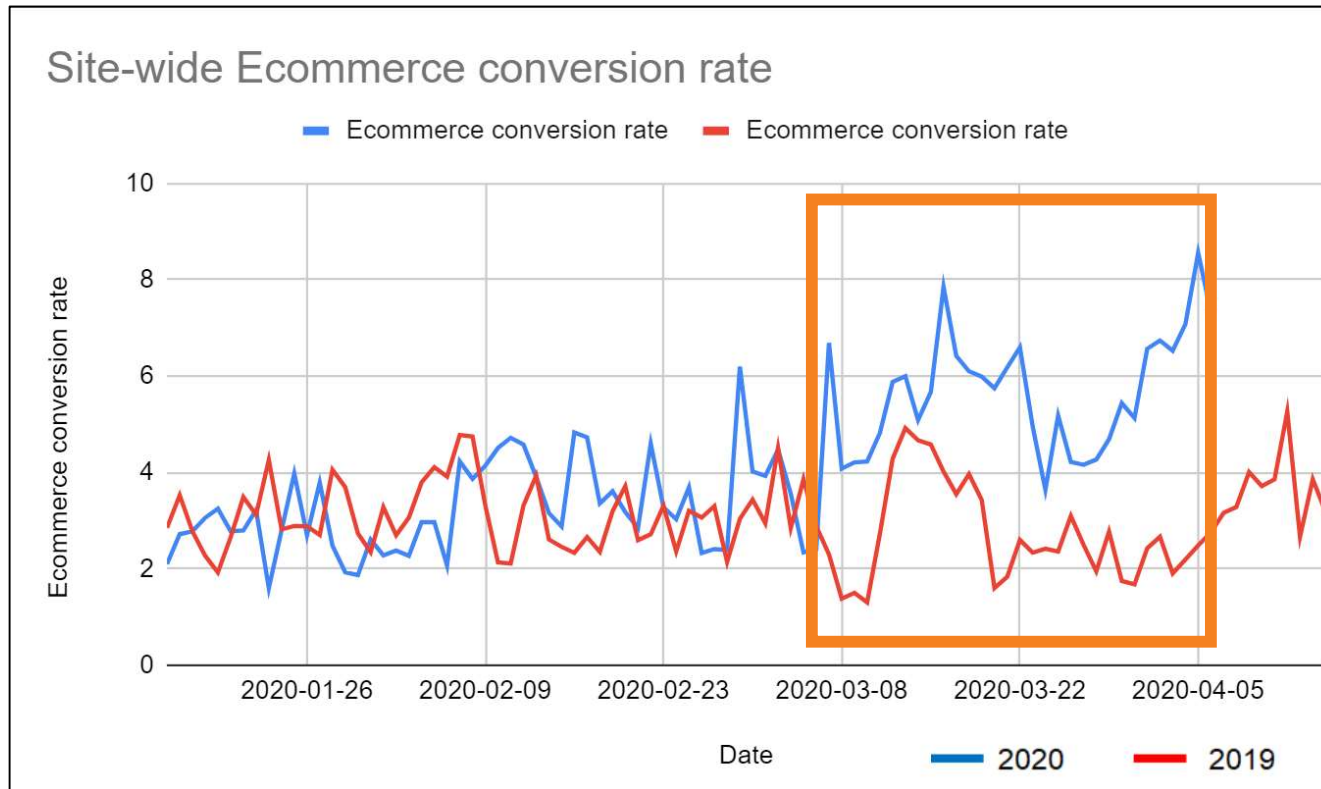
SHOPPERS ARE SPENDING LESS TIME TO COMPLETE A PURCHASE



OBSERVATIONS

- First time online shoppers across categories took less time to complete their purchase as the outbreak intensified.
- Shoppers not just purchased “quicker” but also visited the website fewer times for research and comparison prior to making a purchase.

CONVERSION RATE FOR FOOD CATEGORY HAS INCREASED 2-4X



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 presented.

CONVERSION RATES ARE SOARING ACROSS CATEGORIES

(WITH THE EXCEPTION OF APPAREL CATEGORY)

DATE	AVERAGE CONVERSION RATE (%, 2020)	AVERAGE CONVERSION RATE (%,2019)
Gifting	2.8%	1.6%
Home Furnishings	2.8%	1.9%
Home Decor	1.9%	1.5%
Pet Supplies	4.1%	2.4%
Tools & Hardware	2.5%	1.7%
Apparel	1.5%	2.5%

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IMPACT OF COVID-19 ON ECOMMERCE SALES

DON'T MAKE ASSUMPTIONS
GET THE REAL DATA ON COVID-19

April 6, 2020

Wayfair skyrockets 41% after saying revenue doubled in March as coronavirus drove online furniture shopping (W)

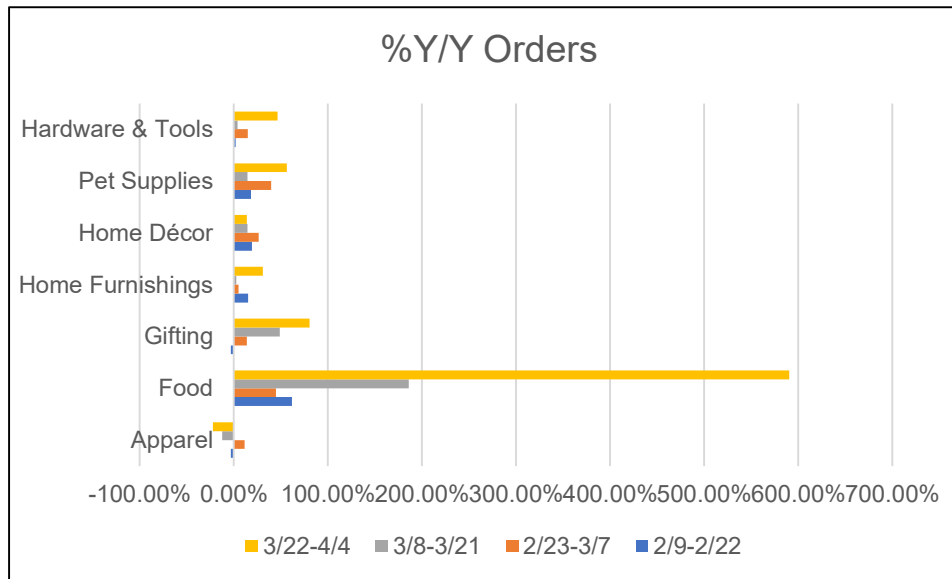


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Source: CommerceIQ analysis of 5,000 products across 50 categories on Amazon



ECOMMERCE SALES CONTINUES TO GROW ACROSS CATEGORIES



OBSERVATIONS

- Ecommerce Sales is growing at a rapid pace across categories. The only exception being apparel.
- Online sales for the food category continues to explode.
- Gifting, Hardware and Tools and Pet Supplies categories are experiencing mid to high double digit growth.

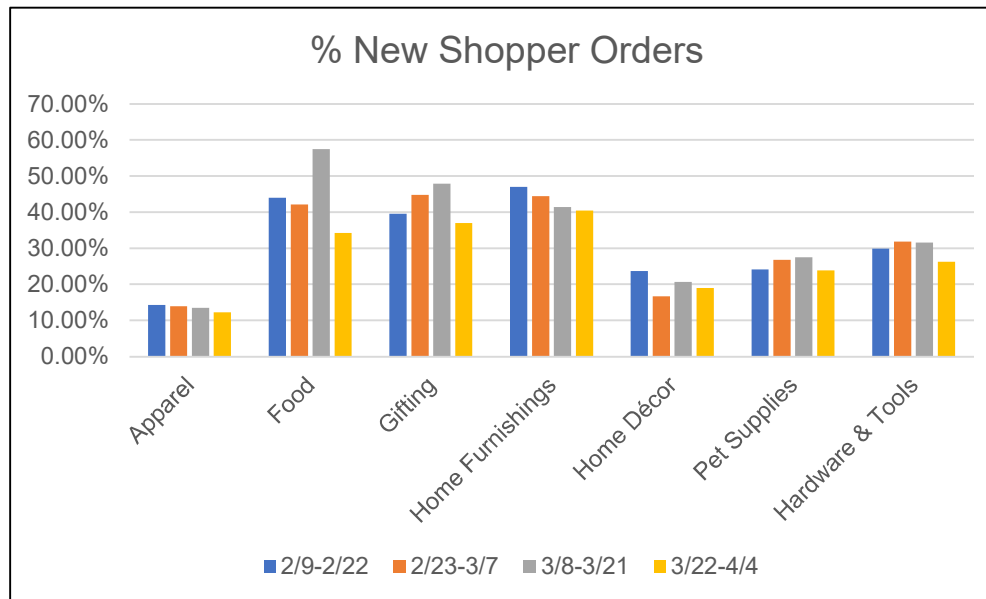
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AS SHOPPERS ADAPT TO THE NEW NORMAL, MOST CATEGORIES ARE EXPERIENCING DOUBLE DIGIT %Y/Y ONLINE SALES GROWTH

RETAIL CATEGORY	%Y/Y GROWTH IN ONLINE ORDERS (MARCH 1-25)*	%Y/Y GROWTH IN ONLINE ORDERS (APRIL 1-30) NETELIXIR ESTIMATES	%Y/Y GROWTH IN ONLINE ORDERS (APRIL 1-6), ACTUAL
Apparel	-6%	+5%	-18%
Food	+183%	+150%	+430%
Gifting	+63%	+60%	+74%
Home Furnishings	+18%	+30%	+32%
Home Decor	+24%	+30%	+21%
Pet Supplies	+25%	+25%	+42%
Hardware & Tools	+17%	+30%	+37%

* Our dataset comprises ecommerce retailers with annual ecommerce revenue of \$20 MM- \$300 MM. The above data pertains exclusively to our dataset and the forecasts may not be applicable for the entire category.

% NEW SHOPPER ORDERS REMAINED MORE OR LESS CONSTANT



OBSERVATIONS

- % of orders coming from new to the website shoppers showed continued increase for most categories – food, gifting, home décor, pet supplies and hardware & tools until March 21. However, in the last period (3/22-4/4) the % has been fairly steady.
- Based on our data, most categories may have had the highest % of brick and mortar store shoppers switch to online shopping during the 3rd period (3/8-3/22). These 2 weeks may get counted among the most important weeks for US ecommerce, ever.



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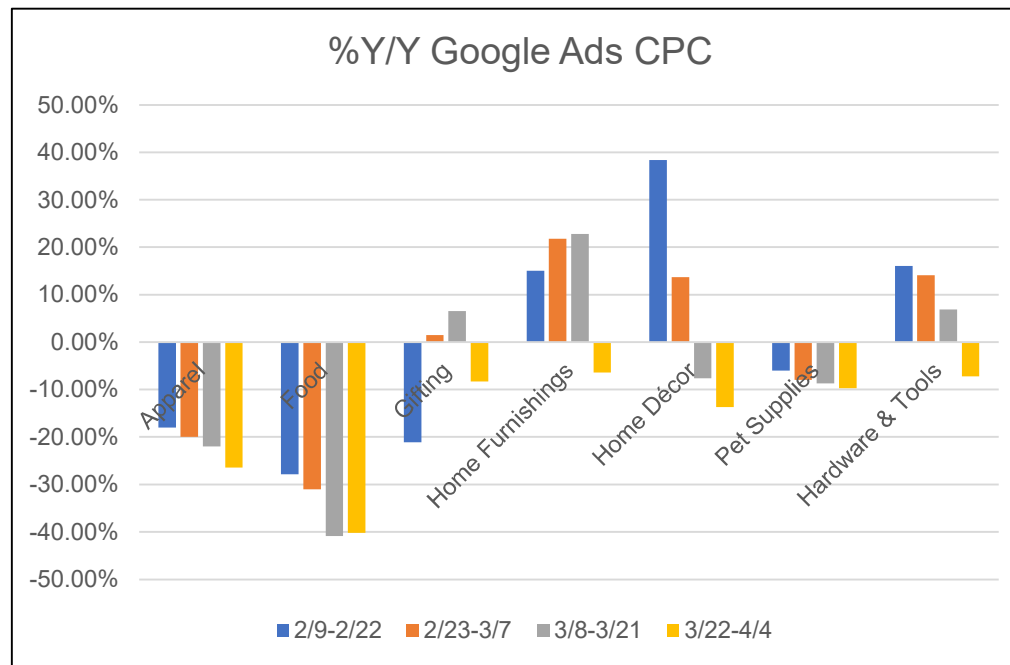




IMPACT OF COVID-19 ON GOOGLE AD INVESTMENTS & CPC

DON'T MAKE ASSUMPTIONS
GET THE REAL DATA ON COVID-19

CPC'S FOR MOST CATEGORIES ARE IN CONSTANT DECLINE



OBSERVATIONS

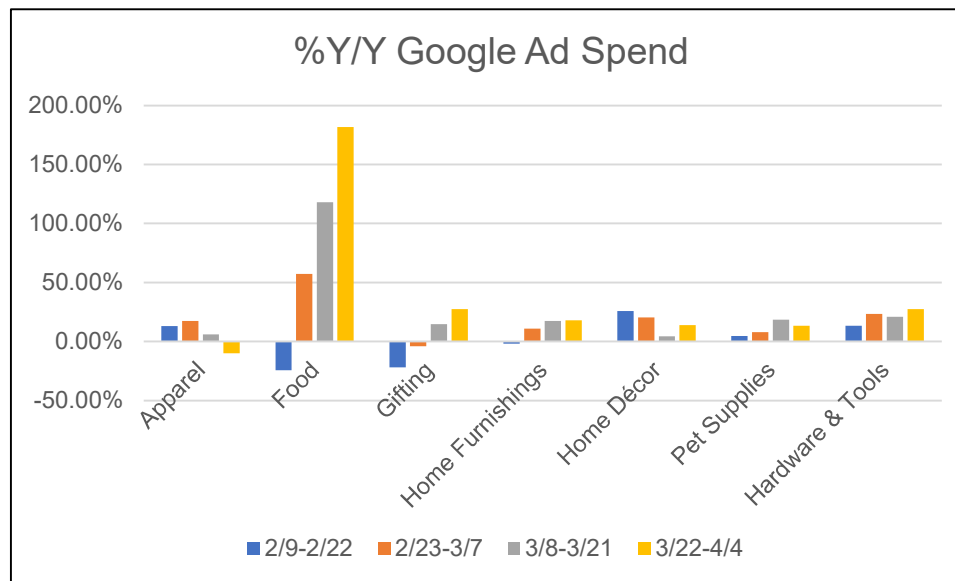
- The CPC's across categories declined during the 4th time period (3/22-4/4). There are fewer advertisers per category.
- Increase in online demand along with a lower CPC presents an attractive opportunity for businesses in food, home furnishings, home décor, pet supplies and hardware & tools categories to gain precious share of voice on Google.



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DATA-DRIVEN MARKETERS USE REAL-TIME INSIGHTS TO INCREASE AD SPEND



OBSERVATIONS

- With the exception of apparel, marketers are continually increasing their Google ad spend to take advantage of the low CPCs and incremental online demand.
- Due to low CPC's and substantially higher conversion rates, ROI from Google Ads has experienced a sharp increase for most categories.



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ADVICE FOR RETAIL MARKETERS

MINIMIZE FRICTION TO GROW YOUR ONLINE SALES

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Be Nimble: Keep a regular tab on any shifts in buyer behavior and online sales and adapt your marketing programs accordingly.

Win New Customers: Strengthen your digital marketing initiatives to win new customers at a lower cost per acquisition. Create a plan to engage new customers so that they stay on with you after things are back to normal.

Review the 4Ps (Product, Price, Promotion, Place) Constantly:

- What categories and SKUs will you focus on?
- Can you offer an incentive for your new customers?
- Does a differential pricing strategy make sense?
- What's the most optimal channel mix?

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IS PROUD TO PRESENT OUR
RETAIL SUPERHERO



Gerard Gibbons

President of SMB and US Marketing
at UPS



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ups.com/us/en/services/knowledge-center/resources/coronavirus.page



SUPPORTING RETAILERS DURING COVID-19 MOVE YOUR BUSINESS ONLINE IN ONLY 10 DAYS WITH A FULLY FUNCTIONING E-COMMERCE SITE

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netelixir.com/move-your-business-online



COVID-19

RETAIL ANALYTICS UPDATES
EVERY MONDAY, WEDNESDAY, & FRIDAY

[NETELIXIR.COM/BLOG](https://netelixir.com/blog)

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IF YOU ARE INTERESTED IN LEARNING MORE ABOUT
CATEGORY SPECIFIC INSIGHTS

EMAIL US @
SHAREINSIGHTS@NETELIXIR.COM



The background of the image features a person's hands holding several shopping bags of various colors (brown, yellow, and patterned). The background is a light beige color with a pattern of mathematical formulas and symbols in a golden-yellow hue. Overlaid on this background are several shopping-related icons: a yellow shopping cart, a yellow price tag, and a yellow shopping bag. The text "THANK YOU" is prominently displayed in the center in a large, bold, black font.

THANK YOU

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