

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

APRIL 23, 2020

NetElixir™

AGENDA

INTRODUCTION

IMPACT OF THE OUTBREAK : FASHION APPAREL CATEGORY

QUESTIONS RETAIL MARKETERS ASK US

RESEARCH OVERVIEW

IMPACT OF COVID-19 ON ECOMMERCE SALES

GOOGLE AD INVESTMENTS & COST PER CLICK (CPC)

Q&A WITH KAKI ZELL, AMES WALKER

OUR SOLUTIONS

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

PARTNERS



CLIENTS



TODAY'S SPEAKERS



Kaki Zell

Vice President & Co-Owner, Ames Walker



<https://www.linkedin.com/in/kaki-zell-0224864/>



Udayan Bose

Founder & CEO of NetElixir



[linkedin.com/in/udayanbose](https://www.linkedin.com/in/udayanbose)

AFTER THE WEBINAR ENDS, PLEASE TAKE A MINUTE TO COMPLETE OUR

SHORT SURVEY

JOIN THE CONVERSATION AND
SHARE YOUR THOUGHTS
USING #NXINSIGHTS



@netelixir



@netelixir



@netelixir



@teamnetelixir



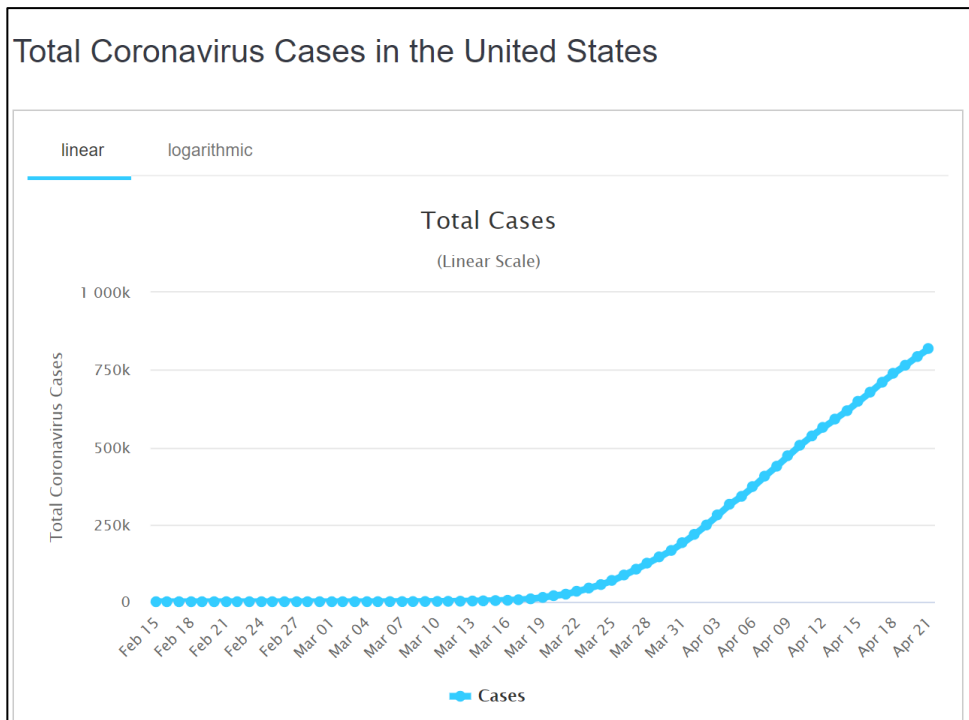
The coronavirus outbreak is first and foremost a human tragedy, affecting hundreds of thousands of people. With lives at risk, we hope that conditions improve quickly.

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The outbreak is moving quickly, and some of the perspectives in our presentation may fall rapidly out of date.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 18, 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.

CORONAVIRUS IS A BLACK SWAN EVENT

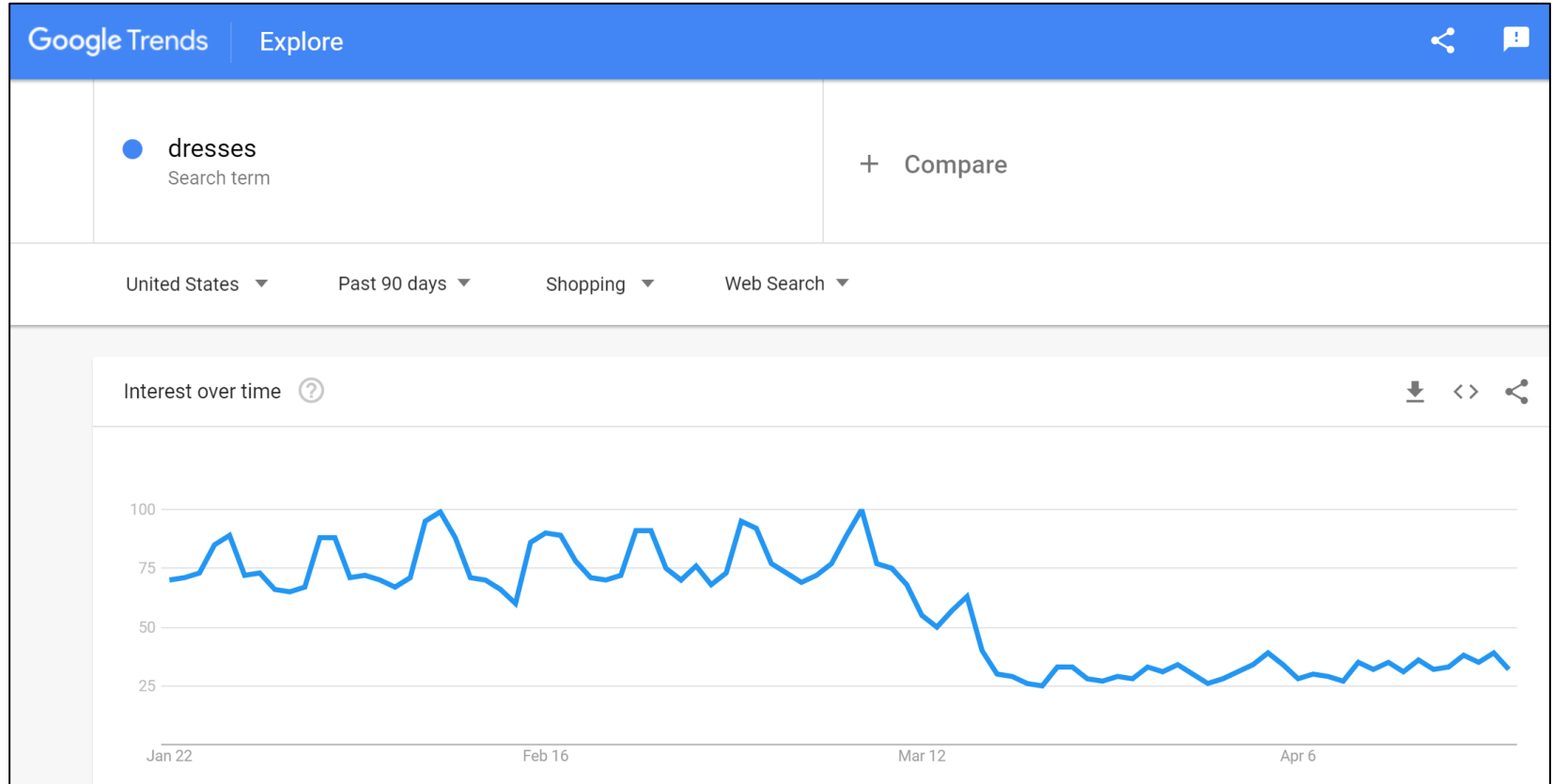


The **black swan theory** or **theory of black swan events** is a metaphor that describes an event that comes as a surprise, has a major effect, and is often inappropriately rationalized after the fact with the benefit of hindsight. It was first proposed by Nassim Nicholas Taleb in his book, *Fooled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

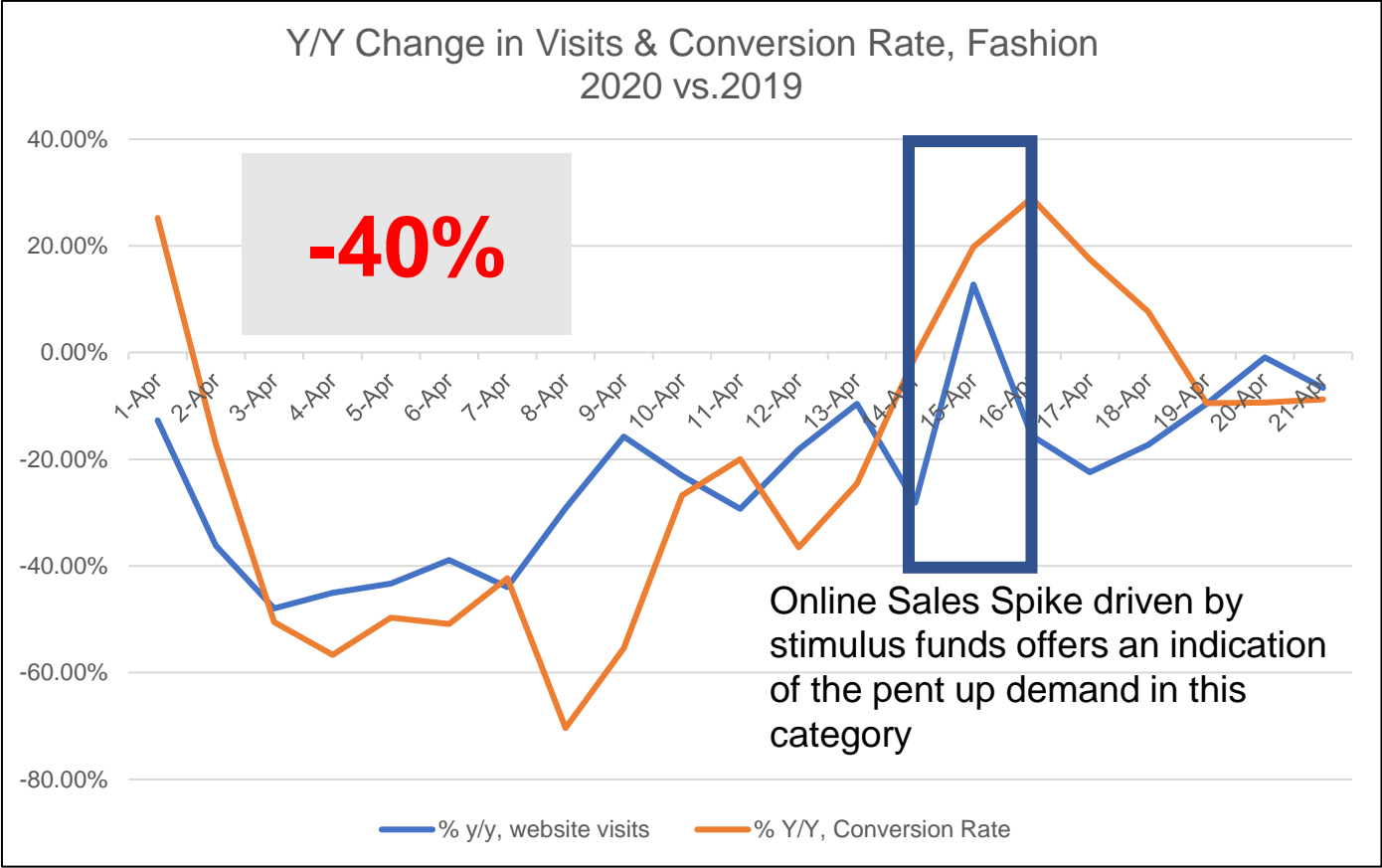


THE BLACK SWAN & FASHION

THE FASHION APPAREL INDUSTRY HAS BEEN HIT HARD



VISITS AS WELL AS SALES HAVE DRASTICALLY DECLINED



Once the Dust Settles

Once the dust settles on the immediate crisis, fashion will face a recessionary market and an industry landscape still undergoing dramatic transformation. We expect a period of recovery to be characterised by a continued lull in spending and a decrease in demand across channels. As noted in our previous reports with themes on “Getting woke,” “Radical Transparency” and “Sustainability First,” the consumer mindset was already showing signs of shifting in certain directions before the pandemic.

The coronavirus also presents fashion with a chance to reset and completely reshape the industry’s value chain — not to mention an opportunity to reassess the values by which we measure our actions.

**WE BELIEVE POST-PANDEMIC
THE FASHION APPAREL CATEGORY
WILL EXPERIENCE A V-SHAPED
RECOVERY**

**DRIVEN BY THE PENT-UP DEMAND AND A
GREATER DESIRE FOR SELF EXPRESSION.**

QUESTIONS

MARKETERS ARE ASKING US

- Will this outbreak lead to permanent shifts in consumer behavior?
- Will the new customers continue to shop with us after the pandemic is over?
- How should I calculate the Return on Marketing Investment when I am not sure of the LTV of the new customer?
- How should I adapt our marketing mix?
- Should I adopt a new set of KPIs?



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 Sales | % Y/Y Increase in Ecommerce Orders | Are the retailers experiencing an increase in website orders? |
| | Conversion Rates (%) | Are visitors converting to customers at a higher rate? |
| | % New Orders | Are new online shoppers driving the sales growth? |
| 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? |

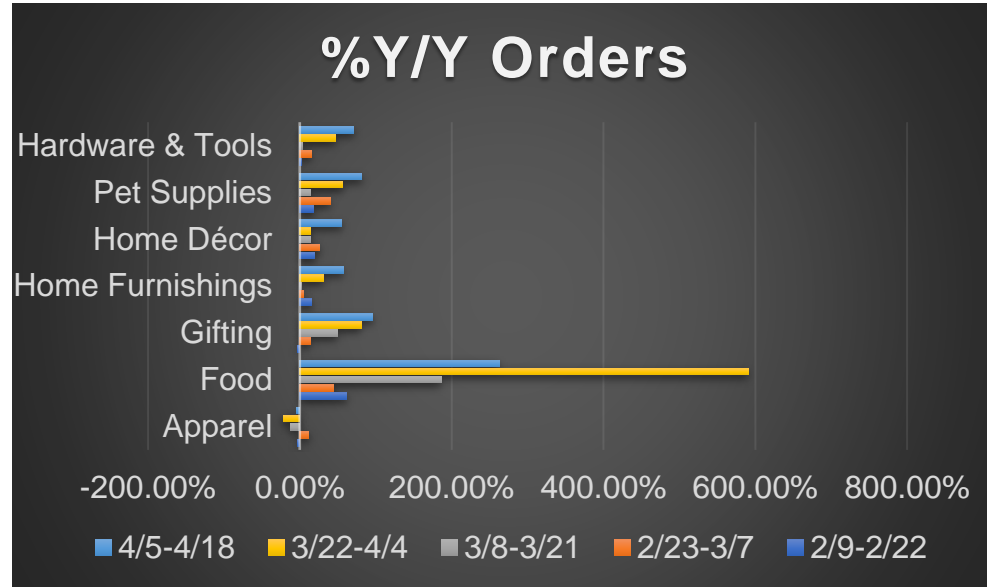
RESEARCH OVERVIEW

- We aggregated and analyzed daily online sales metrics for 7 retail categories over five, 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
 - **Period 5 (The Second Spike Continues):** 4/5-4/18
- 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 ECOMMERCE SALES

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

Y/Y ONLINE SALES CONTINUES TO GROW & GROW



OBSERVATIONS

- Ecommerce Sales is growing at a rapid pace across categories.
- Online sales Y/Y increase for the food category came down from previous week.
- Apparel sales registered a Y/Y increase for the first time in our research after almost 2 months.
- Aggressive sales promotions being run by retailers during a week when people got their stimulus money may have led to this shopping surge.

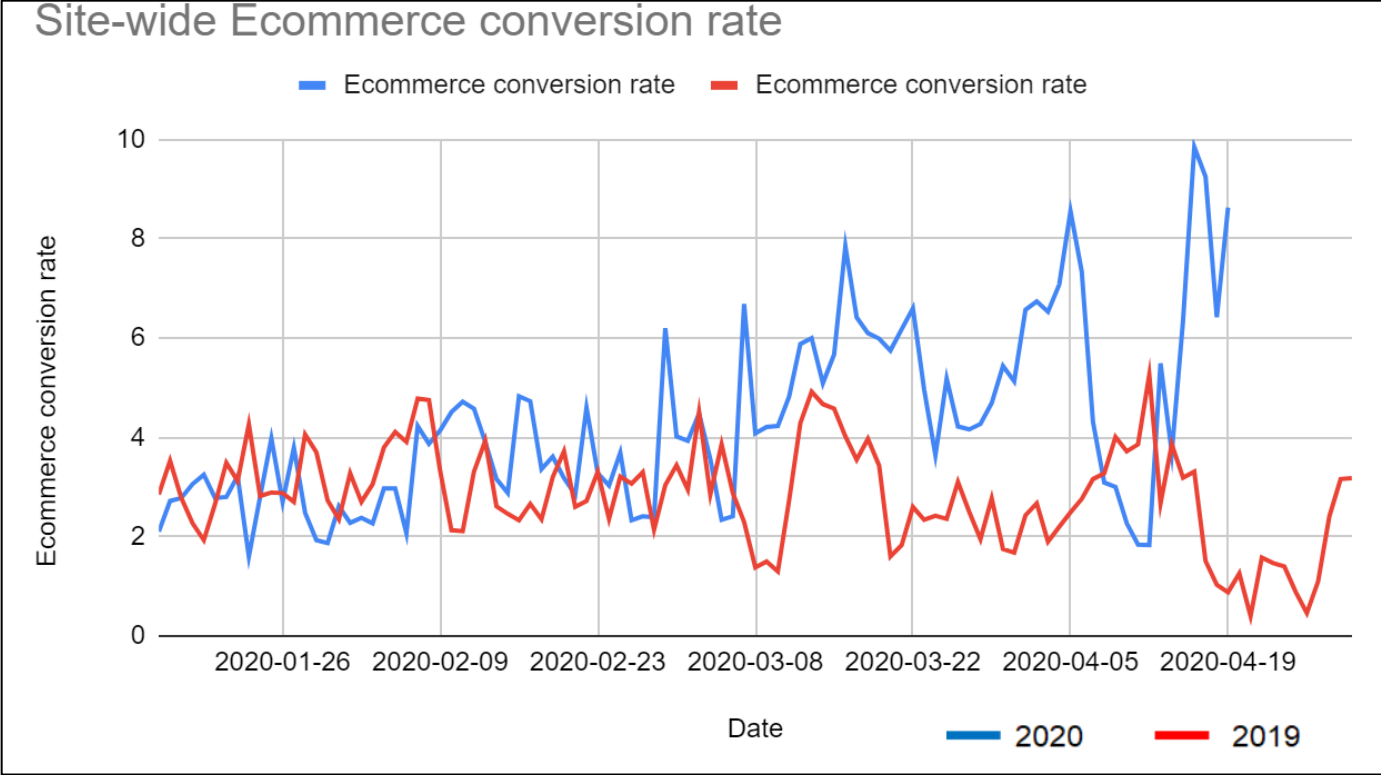
DISCLAIMER: This presentation provides an informative overview based on data collected from a select set of NetElixir's clients belonging to the retail categories discussed. It does not purport to be a comprehensive analysis of all retailers within any particular category. Before acting on any information,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

AS SHOPPERS ADAPT TO THE NEW NORMAL, MOST CATEGORIES EXPERIENCE EXPLOSIVE %Y/Y ONLINE SALES GROWTH

| RETAIL CATEGORY | %Y/Y GROWTH IN ONLINE ORDERS (MARCH 2020)* | %Y/Y GROWTH IN ONLINE ORDERS (APRIL 1-30) NETELIXIR ESTIMATES | %Y/Y GROWTH IN ONLINE ORDERS (APRIL 1-21), ACTUAL |
|------------------|--|--|--|
| Apparel | -9% | +5% | ACTUAL %Y/Y GROWTH IN SALES (4/1-4/21) |
| Food | +200% | +150% | |
| Gifting | +60% | +60% | |
| Home Furnishings | +18% | +30% | |
| Home Decor | +23% | +30% | |
| Pet Supplies | +28% | +25% | |
| Hardware & Tools | +20% | +30% | |

* 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.

CONVERSION RATE FOR FOOD CATEGORY HAS INCREASED 2-5X



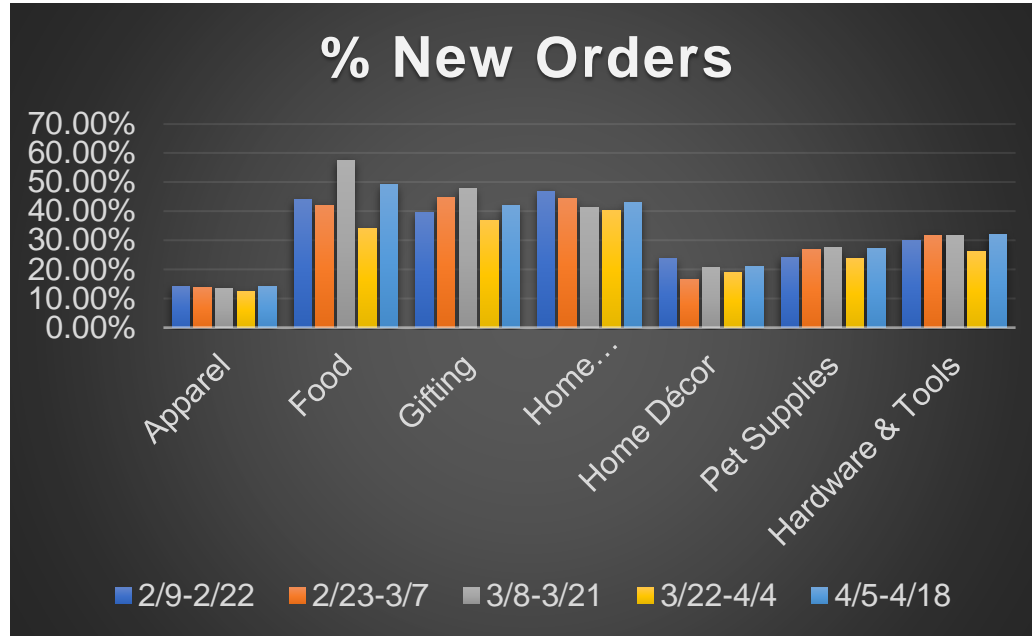
DISCLAIMER: This presentation provides an informative overview based on data collected from a select set of NetElixir's clients belonging to the retail categories discussed. It does not purport to be a comprehensive analysis of all retailers within any particular category. Before acting on any information,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

CONVERSION RATES ARE HIGHER ACROSS CATEGORIES

(WITH THE EXCEPTION OF THE APPAREL CATEGORY)

| DATE | AVERAGE CONVERSION RATE (%, APRIL 2020) | AVERAGE CONVERSION RATE (%, APRIL 2019) |
|------------------|--|--|
| Gifting | 3.2% | 1.8% |
| Home Furnishings | 3.3% | 2.0% |
| Home Decor | 2.0% | 1.5% |
| Pet Supplies | 4.3% | 2.4% |
| Tools & Hardware | 3.1% | 1.8% |
| Apparel | 1.7% | 2.9% |

% OF ORDERS FROM NEW SHOPPERS CONTINUES TO INCREASE FOR ALL CATEGORIES



OBSERVATIONS

- % of orders coming from new to the website shoppers showed continued increase for all categories.
- We identified that for most categories the fastest growing new shopper group was 18-24 followed by 45-54.
- The younger online shoppers take 20-30% lesser time (latency) between first visit to the website to purchase completion.

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.

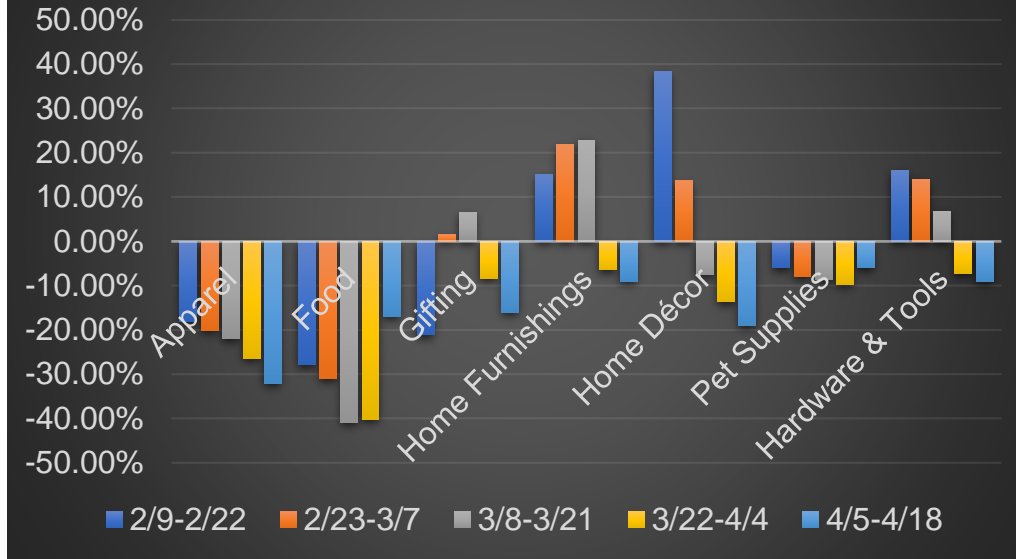


IMPACT OF COVID-19 ON GOOGLE AD INVESTMENTS & CPC

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

CPC'S FOR MOST CATEGORIES ARE IN CONSTANT DECLINE

% Y/Y Google Ads CPC

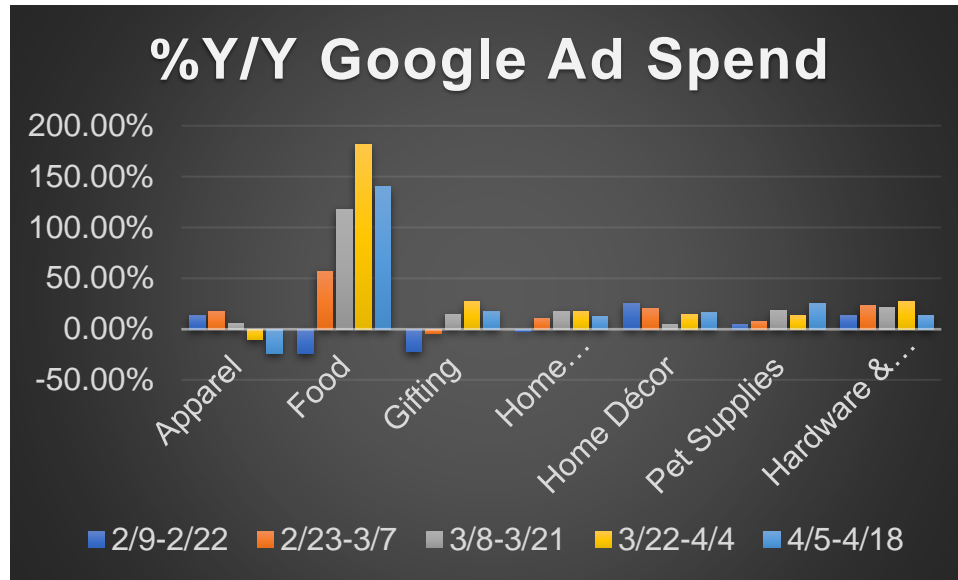


OBSERVATIONS

- The CPCs across categories are lower than last year. Food category CPCs were higher during the last period (4/5-4/18) compared to the previous periods. This shows that advertisers are “finally” being a little more aggressive with their bidding strategy.
- Increase in online demand along with a lower CPC presents an attractive opportunity for businesses in every category to gain precious share of voice on Google.

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.

ONLINE MARKETERS ARE INCREASING THEIR GOOGLE AD BUDGETS



OBSERVATION

- With the exception of apparel, marketers are slowly 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.

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.

SUMMARY

- Most retail categories are experiencing high double digit online sales growth.
- Increase in new shoppers as well as higher conversion rates are driving online sales growth.
- Low Google Ad CPC's across categories coupled with high conversion rates is leading to profitable growth.
- This is a great time for data-driven, nimble digital marketers to gain valuable market share relatively inexpensively.



IS PROUD TO PRESENT:

A FASHION & APPAREL: STORY OF HOPE AND INNOVATION



KAKI ZELL

**Co-Owner & Vice President
at Ames Walker**



 **Ames Walker**
LIVE HEALTHY. LIVE HAPPY.

Thank you!

Here's 15% Off

Site-Wide!

www.AmesWalker.com

code: SMILE15AW

Shop Ames Walker,
where your health is our priority.

www.AmesWalker.com | 1-877-525-7224

COVID-19

RETAIL ANALYTICS UPDATES
EVERY MONDAY, WEDNESDAY, & FRIDAY

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

NetElixir™

PRESENTS:



EXPERT SERIES WEBINAR

Tuesday, May 12th at 2 PM ET



**Leveraging AI, Data, and Tech Platforms
To Understand Health Pandemics**

presented by

Anindya Ghose

Heinz Riehl Chair Professor of Technology and Marketing, NYU Stern School of Business

REGISTER NOW: netelixir.com/experience

IF YOU ARE INTERESTED IN LEARNING MORE ABOUT
CATEGORY SPECIFIC INSIGHTS

EMAIL US @
SHAREINSIGHTS@NETELIXIR.COM





THANK YOU

NetEl χ ir™

#stayathome