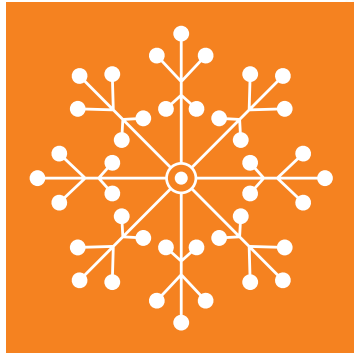# NetElixir™ presents:

CONNECTING
THE DOTS
Holiday Readiness Summit For Retailers

ALONG THE ROAD TO RECOVERY:

How the Coronavirus Pandemic Reshaped E-Commerce Trends and Online Shopping Behavior

ABOUT THIS REPORT

As the coronavirus pandemic swept across the globe, it became evident that it would affect consumers' searching and shopping behavior. We still don't know the full extent of the pandemic's impact on digital trends, e-commerce sales, and online shopping habits. Only by analyzing the daily changes over the course of these unpredictable months can we begin to unravel the full scope of the coronavirus pandemic's effects on retail e-commerce.

NetElixir launched our research on the impact of Covid-19 on online sales and online shopper behavior on February 9 (which we started sharing through our Impact of COVID-19 webinar series on March 11th). We looked at the daily data, capturing the hourly changes of transactions, conversion rates, and new shopper orders to see how peak hours changed and how people's routines changed. We aggregated which devices were used to start and complete the purchase journey and considered geographic and demographic factors. As states across America shut down and reopened at different times, we looked at how the e-commerce metrics changed as coronavirus cases spiked and recovered. We were able to meticulously capture and track these shopping instances through our proprietary customer analytics tool LXRInsights. (For more information, please see the end of this ebook or visit netelixir.com/lxrinsights.)

Our data starts with insights gathered directly from shoppers themselves through a Google survey to understand how they interpreted their shopping behavior over the course of the coronavirus pandemic so far. We then move on to the daily metrics aggregated by NetElixir's Retail Intelligence Lab to track the real-time changes in e-commerce sales and online shopper behavior. We compared this data to the same period last year to get an understanding of the influence of the pandemic on our relationship with e-commerce. We knew that the coronavirus pandemic was altering how and when and why consumers were turning to online shopping, so we sought to uncover the unique consumer trends as they emerged. Compiling these trends will help us determine what will be permanent changes in consumer behavior and what were just phases spurred on to cope with the evolving pandemic.

The third part in our eBook recaps NetElixir's talks with retail leaders for firsthand insights into navigating the unique challenges of the pandemic, such as continually connecting with customers, keeping inventories stock, and portraying a message of helpfulness and hopefulness. Lastly, we interviewed world-class strategic thinkers for a broader perspective on the global, technological, social, and economic impact of the pandemic, as managing the coronavirus crisis went beyond the scope of simply maneuvering retail shops — both as a consumer and as an owner. Our aim is to present a trajectory and overview analysis of the coronavirus pandemic to date to help retailers better plan for the upcoming holiday season.

The e-commerce landscape has changed and the way consumers search, click, and buy has changed. This is the beginning of a new digital era.
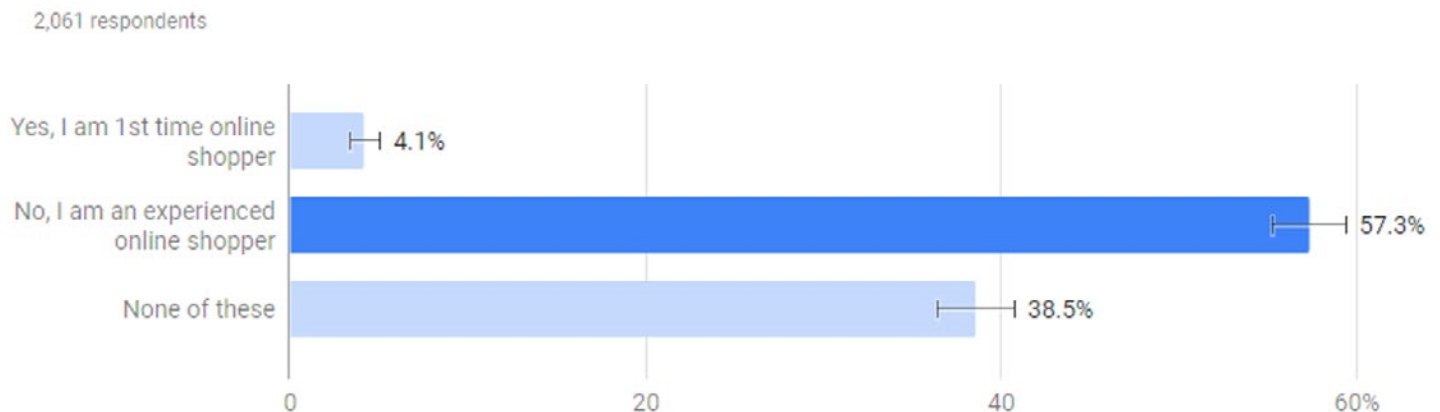
PART 1: **CONSUMER INSIGHTS SURVEY**

We polled over 1,000 respondents across the Northeast side of the United States at the beginning of July to gauge how they perceived their online shopping behavior has changed as a result of the COVID-19 pandemic. While we compiled data among seven retail categories, we wanted direct feedback from the consumers themselves on how they believe the coronavirus pandemic already has and may continue to affect their shopping habits. By understanding both the aggregated data and consumers' thoughts, retailers can create a more holistic marketing approach.

QUESTION 1:

HAVE YOU SHOPPED ONLINE FOR THE 1ST TIME EVER DURING THE COVID-19 PANDEMIC?

RESULTS:

2,061 respondents

Category	Percentage
Yes, I am 1st time online shopper	4.1%
No, I am an experienced online shopper	57.3%
None of these	38.5%

ANALYSIS:

The opening question generally categorizes the respondent's shopping behavior before the pandemic to create a baseline. Over half—57.3%—of respondents confirmed that they are experienced online shoppers prior to the pandemic. Just over 4% responded to being a first time online shopper as a direct result of the pandemic. For the nearly 40% of respondents who selected "None of these," online shopping may not be their preference, but the pandemic itself didn't force them to try it. These respondents may not consider themselves "experienced" at online shopping, but found themselves gravitating toward it more during the lockdown and had already had a few instances of browsing e-commerce sites. The majority of consumers are not new to the world of online shopping and consider themselves capable online shoppers.

QUESTION 2:

ON AVERAGE, HOW MANY ONLINE ORDERS HAVE YOU PLACED SINCE COVID-19 SHUTDOWNS BEGAN IN MARCH 2020?

RESULTS:

1,194 respondents
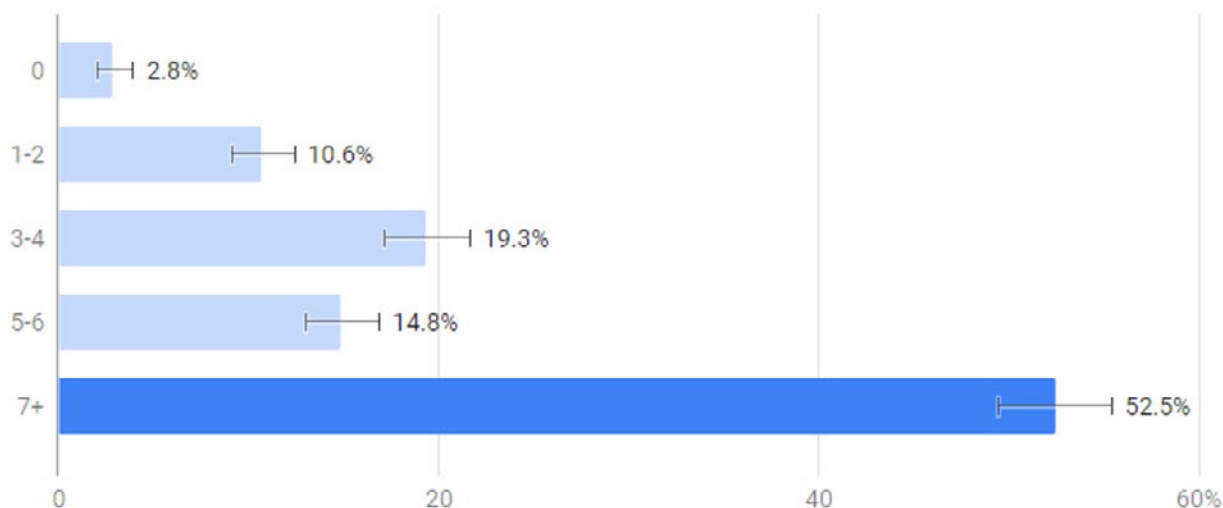
ANALYSIS:

This question inquires about the frequency of the respondents' online shopping behavior throughout the pandemic through to July, when the survey was conducted. During these four months, 52.5% of respondents purchased seven or more times through e-commerce sites since the shutdowns in March, while 14.8% made 5-6 orders. Nearly three-quarters of our respondents made a purchase at least once a month. 19.3% bought 3-4 orders online, 10.6% bought 1-2 online orders, and only 2.8% did not make a single online purchase since the shutdowns began. The majority of the respondents made multiple and frequent online purchases throughout the pandemic, as online shopping became their only means for non-essential goods.

QUESTION 3:

HOW OFTEN DID YOU BUY PRODUCTS ONLINE BEFORE THE START OF COVID-19?

RESULTS:
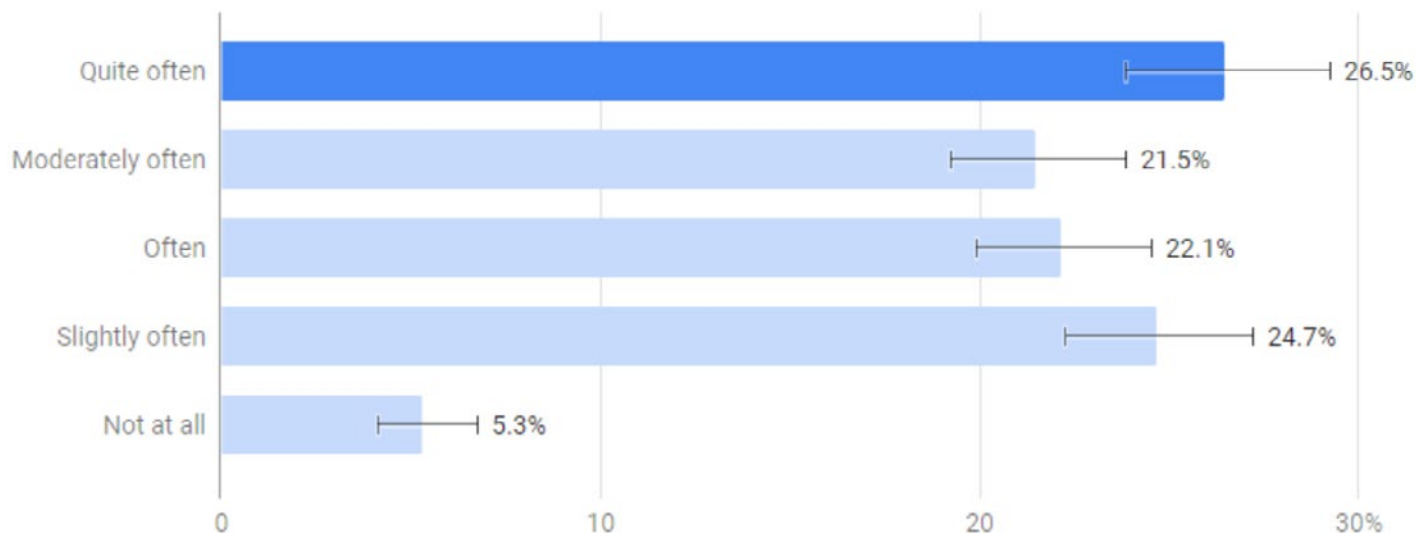
ANALYSIS:

In the prior question, we asked consumers to specifically quantify how many times they completed a purchase online since March 2020; this question asks for a general feeling on how often consumers shopped online in the pre-pandemic times on an average basis. We left timing up to their interpretation to gauge how they regarded their experience as an online shopper. Nearly 53% of respondents noted that they shopped online more than 7 times since March 2020; before the pandemic, only 26.5% regarded themselves as shopping online "quite often". Combining "quite often" and "moderately often" pre-pandemic online shoppers gives us a total of only 48% of respondents who are frequent or experienced

online shoppers. Just over 5% of respondents said they did "not [shop online] at all" before the pandemic and half of those people who shopped purely in-store made at least one online order during the pandemic, as only 2.8% of respondents said that they made 0 online orders since March 2020 in the question above. As expected, due to the non-essential shutdowns, shoppers were purchasing online more often throughout the pandemic, or at least made their first online order. With more practice, more incentives to buy online, and an easier online shopping experience, these new to online shoppers will continue to, on occasion and when necessary, turn to e-commerce platforms.

WHICH DO YOU GENERALLY PREFER?

RESULTS:

1,102 respondents

Online shopping	54.0%
In-store shopping	46.0%
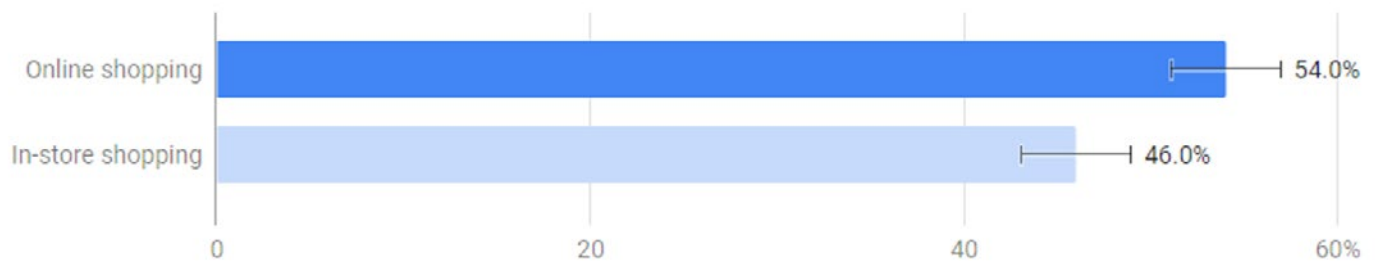
ANALYSIS:

This question asked respondents whether they generally prefer shopping online or at physical stores. It was designed to investigate the overall balance of power in the current retail market and, in normal circumstances, what people's preference is. Just over half of respondents at 54% said they preferred online shopping and 46% indicated they preferred in-store shopping. Online shopping takes the lead — but just barely. While people may prefer online shopping, in-store retail is definitely not dead; boring retail is d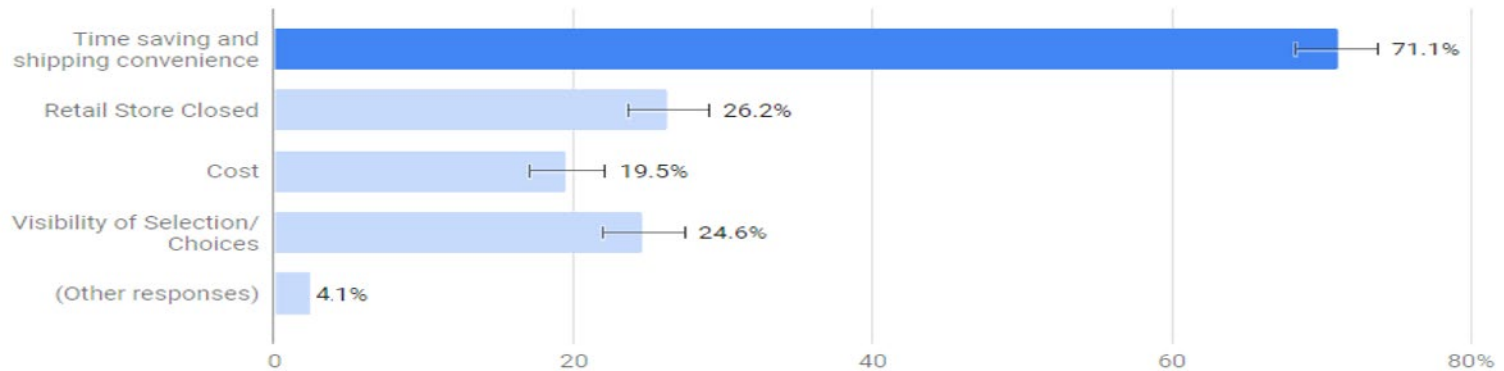ead. By creating different and lively in-store experiences, while maintaining a seamless and consistent online experience as well, retailers have a massive opportunity for their brick-and-mortar stores to be more engaging and unique. From our prior three questions, we know that many of these people who prefer in-store shopping also see themselves as shopping online quite often and purchasing online frequently throughout the pandemic. People still want the option to browse in-store and by creating a memorable in-store shopping experience, retailers can entice consumers to return again and again — both offline and online.

QUESTION 5:

WHAT ARE THE REASONS YOU CHOSE TO SHOP ONLINE VS IN-STORE?

RESULTS:

1,561 answers from 1,073 respondents

Reason	Percentage
Time saving and shipping convenience	71.1%
Retail Store Closed	26.2%
Cost	19.5%
Visibility of Selection/Choices	24.6%
(Other responses)	4.1%

ANALYSIS:

Question Five asked shoppers for the reasons they chose to shop online versus in a physical store. Respondents were offered the following five options and asked to select all that applied: time saving and shipping convenience; retail store closed; cost; visibility of selection/choices; and "other". 1,073 respondents answered this question, selecting a total of 1,561 reasons (about 1.45 reasons per respondent). 71% of respondents selected time saving and shipping convenience, which was by far the most common reason. Leveraging fast and easy shipping options for this holiday season will certainly entice more shoppers to consider your online store. The oth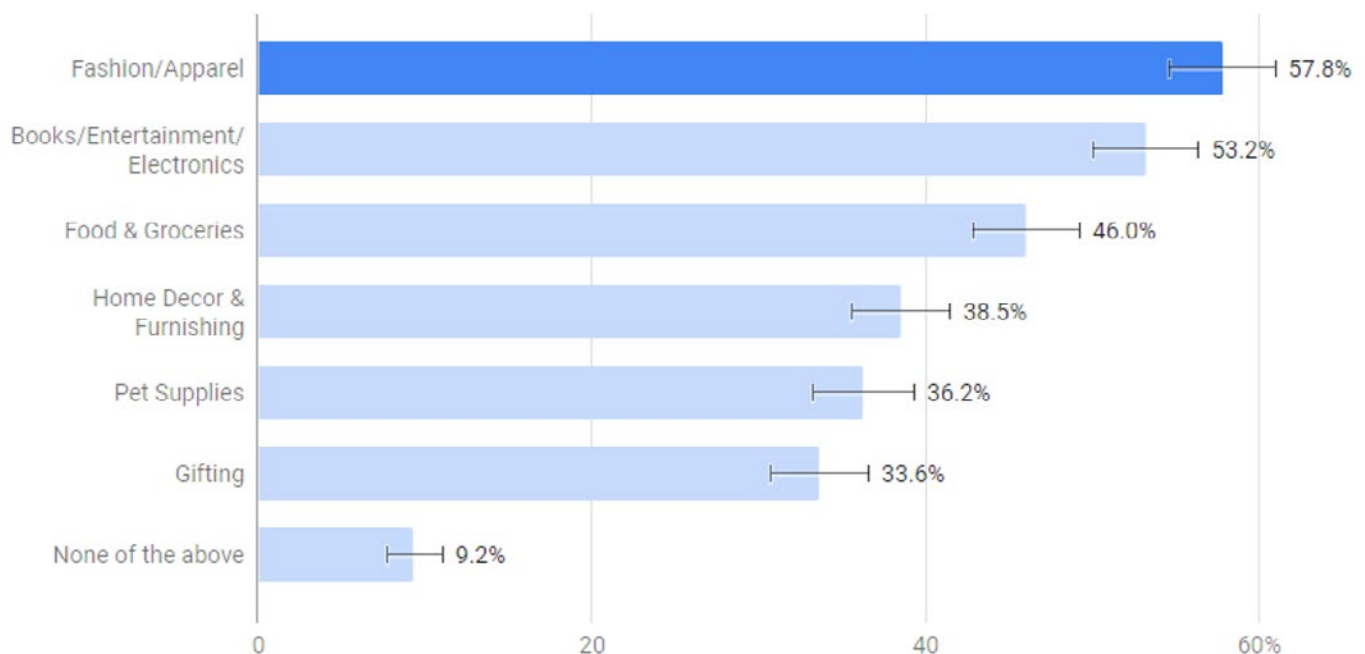er three predefined reasons ranked similarly: 26% of respondents said retail store closings impacted their choice; 25% indicated the visibility of selection/ choices made an impact; 20% said cost was a factor. Just over 1% of respondents wrote in "Covid-19" or "Covid" under the "other" category. No other written-in answer exceeded 1%. Overall, convenience was by far the most-selected reason for shopping venue preference. The pandemic also made a serious impact—store closures affected the shopping of over one in four respondents, presumably driving them online. Those who selected a COVID-19 option were presumably part of the above 46% who preferred in-store shopping, but were not given a choice during the pandemic.

QUESTION 6:

SINCE THE START COVID-19, WHICH OF THE FOLLOWING PRODUCTS HAVE YOU SHOPPED FOR ONLINE, IF ANY?

RESULTS:

2,853 answers from 1,039 respondents

Category	Percentage
Fashion/Apparel	57.8%
Books/Entertainment/Electronics	53.2%
Food & Groceries	46.0%
Home Decor & Furnishing	38.5%
Pet Supplies	36.2%
Gifting	33.6%
None of the above	9.2%

ANALYSIS:

Based on the results of this question, there are a few key takeaways. First, you can immediately notice that 57.8% of people shopped for Fashion/Apparel since the start of COVID-19, with Books/Entertainment/Electronics as a close second at 53.2%. This is likely because many non-essential stores such as malls and libraries were closed during the start of COVID-19. Many of these items were not available in the grocery and department stores that were still open, so these users purchased their desired items online instead. Despite the Apparel retail category declining year over year at the beginning of the

pandemic, there was still a demand for new clothing items as the pandemic progressed through summer. Home Decor and Furnishing and Pet Supplies both had a similar turnout of 38.5% and 36.2%, respectively, with demand for these categories still high as well. Food and Grocery, as an essential item, was expected to have a high percentage of people shop online for it. It was, with 46% of respondents saying that they shopped in this category. With a positive shopping experience, these consumers are likely to be returning customers for these items throughout the holiday season.

QUESTION 7:

HOW ARE YOU PRIMARILY SHOPPING ONLINE?

RESULTS:

1,013 respondents

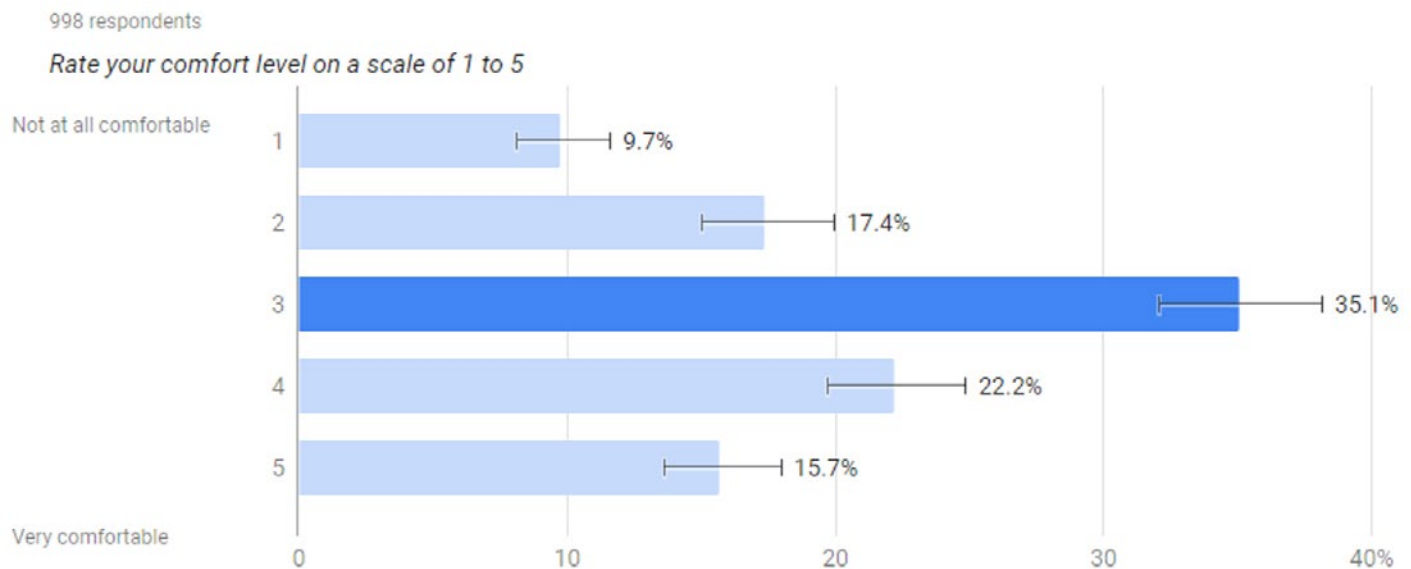|	Percentage
Mobile Phone	37.2%
Desktop	37.9%
Tablets (ipad, etc)	17.3%
None of these	7.6%
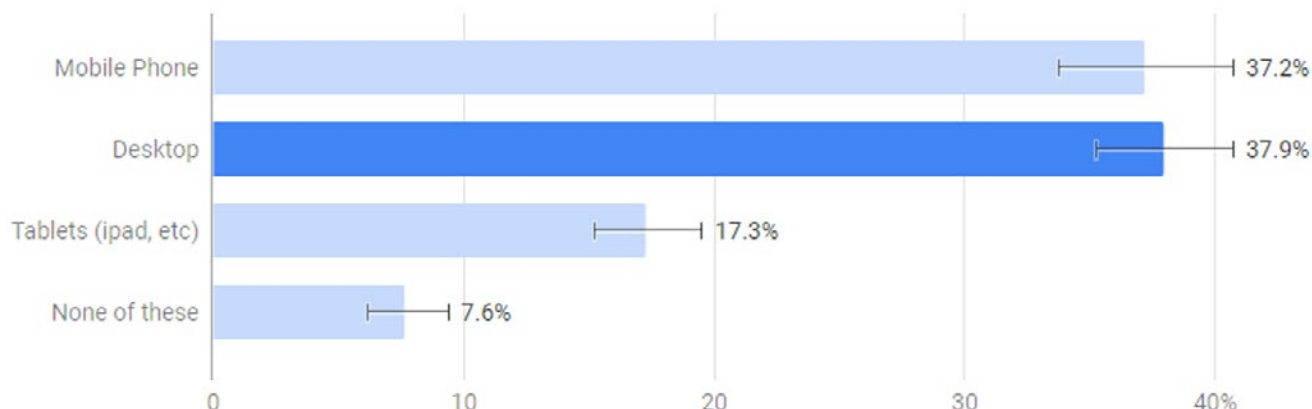
ANALYSIS:

Based on the feedback provided, there is a very close margin (0.7%) between the usage of mobile phones and desktops while shopping online, with desktops just beating mobile phones. A purchase on a desktop tends to be a more thought-about purchase, while mobile phone shopping can result in spontaneous purchases. Adjusting your marketing campaign to reflect different behaviors across devices will help your impact on customers. The aggregated share between the mobile phone and desktop users makes up of just over three quarters of the entire results. These results indicate positive benefits to businesses that are marketing and advertising specifically on these platforms with key insights into consumer shopping behavior. Therefore, a direct focus on mobile phones and desktops is recommended for the most optimal outcomes to meet business needs. Ensure a seamless shopping experience across devices to meet your customers at every touchpoint, wherever they shop.

HOW COMFORTABLE DO YOU FEEL COMPLETING A PURCHASE FROM A NEW RETAIL BRAND ONLINE THAT YOU HAVEN'T PURCHASED FROM IN-STORE?

RESULTS:

998 respondents

Rate your comfort level on a scale of 1 to 5

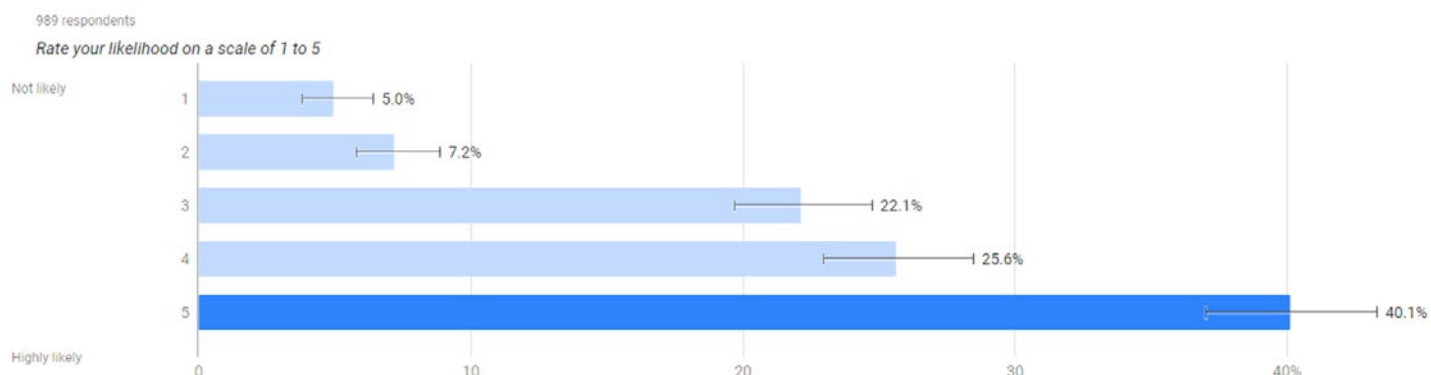|		
Not at all comfortable	1	9.7%
	2	17.4%
	3	35.1%
	4	22.2%
Very comfortable	5	15.7%

ANALYSIS:

The majority of individuals feel neutral about completing purchases online despite having never made a purchase in-store before. This category made up a number just shy of 40%, which means marketing campaigns need to entice new customers to try an online store. Consider offering a first-time purchase deal that expires quickly or tout your convenient and low-cost shipping as a means to encourage shoppers to try something new. Nearly one-quarter of respondents feel comfortable buying from an e-commerce store they have no physical experience with. There is a clear distinction with the amount of confidence levels attributed to consumer shopping behavior for current times — 10% more people rank on the more comfortable side than not comfortable. Overall, 73% of all respondents have an average to high level of comfort buying from a new brand — these potential customers just need the right opportunity to find your business. E-commerce businesses have enormous potential to attract new customers, which shows a promising start to the holiday season to strategically grow your digital presence. This holiday, encourage shoppers to try something new.

HOW LIKELY ARE YOU TO CONTINUE TO SHOP ONLINE AS RETAIL STORES REOPEN?

RESULTS:

989 respondents

Rate your likelihood on a scale of 1 to 5

Not likely
1 — 5.0%
2 — 7.2%
3 — 22.1%
4 — 25.6%
5 — 40.1%
Highly likely

ANALYSIS:

Most respondents state that they are highly likely to continue to shop online even if retail stores open back up. This category was populated with about 40.1% of the respondents, which is a great indicator for e-commerce businesses as stores reopen. The second largest category rated 4 on the scale, with 1 being not likely and 5 being highly likely to continue shopping online. Many customers would still choose to buy online even if stores reopened, so businesses should focus on reducing friction points to continually improve the online shopping experience.

It is important to note, however, that about 12.2% of individuals answered on the unlikely side of staying with online shopping options. Not everyone prefers to shop online. Focus on engaging those customers who are staying online, as they could be a pivotal opportunity this holiday season.

PART 2: REAL-TIME TRENDS OF E-COMMERCE DATA AND SHOPPER BEHAVIOR

To truly understand what effect the coronavirus pandemic was having on e-commerce sales and online shopping behavior, we needed data. Since February 9th, 2020, NetElixir has been tracking the daily e-commerce metrics to show year-over-year changes in online sales, average order value, new customers, latency, ad spend, and more. Our research is still ongoing, first shared in a series of six webinars, beginning on March 11th and ending on June 18th (to view these webinars, visit netelixir.com/university/on-demand-webinars). Our knowledge-sharing continues with weekly blog updates at netelixir.com/blog. We will continue to track the impact of the coronavirus pandemic to gauge what will be permanent shifts resulting from this crisis.

We compared week over week and year over year changes to track where consumers were shopping across seven retail categories. For this eBook, we isolated each retail category to pinpoint peaks in sales and showcase trends that emerged. Use these insights as industry benchmarks to complement your own internal research. Your customers and sales metrics will be as unique as your brand, but people turn to different retailers to fulfill different needs. Our data should act as a guide to developing your customer profile and holiday marketing strategy.

> ❝ **What we are experiencing in online retail is nothing less than a gold rush.** ❞
>
> — Udayan Bose, Founder and CEO of NetElixir

PARAMETERS OF OUR RESEARCH

Throughout our webinar series on the daily changes in e-commerce metrics and online shopper behavior, we broke our data into nine 14-day periods:
1. The Beginning, from February 9 to February 22
2. The First Spike, from February 23 to March 7
3. The Outbreak Spreads, from March 8 to March 21
4. The Second Spike Starts, from March 22 to April 4
5. The Outbreak Continues to Spread, from April 5 to April 18
6. The Curve Starts to Show Signs of Flattening, from April 19 to May 2
7. States Start to Reopen in Phases, from May 3 to May 16
8. The Curve Flattens, from May 17 to May 30
9. Most States Have Reopened, from May 31 to June 13

The seven retail categories considered in our dataset are:
1. Apparel (which includes accessories and fast fashion)
2. Food and Gourmet
3. Gifting (which includes greeting cards, gift baskets, and faith-based products)
4. Home Furnishing
5. Home Decor
6. Pet Supplies
7. Tools and Hardware (which includes gardening)

NetElixir's Retail Intelligence Lab compared the daily data from 2019 to 2020 to chart what impact the coronavirus could be having. NetElixir was among the first to look at and share e-commerce metrics and customer shopping behavior during the coronavirus outbreak. We were able to quickly capture and analyze the data through our proprietary customer analytics platform, LXRInsights.

FOOD AND GOURMET

CONVERSION RATE (2019 vs 2020):
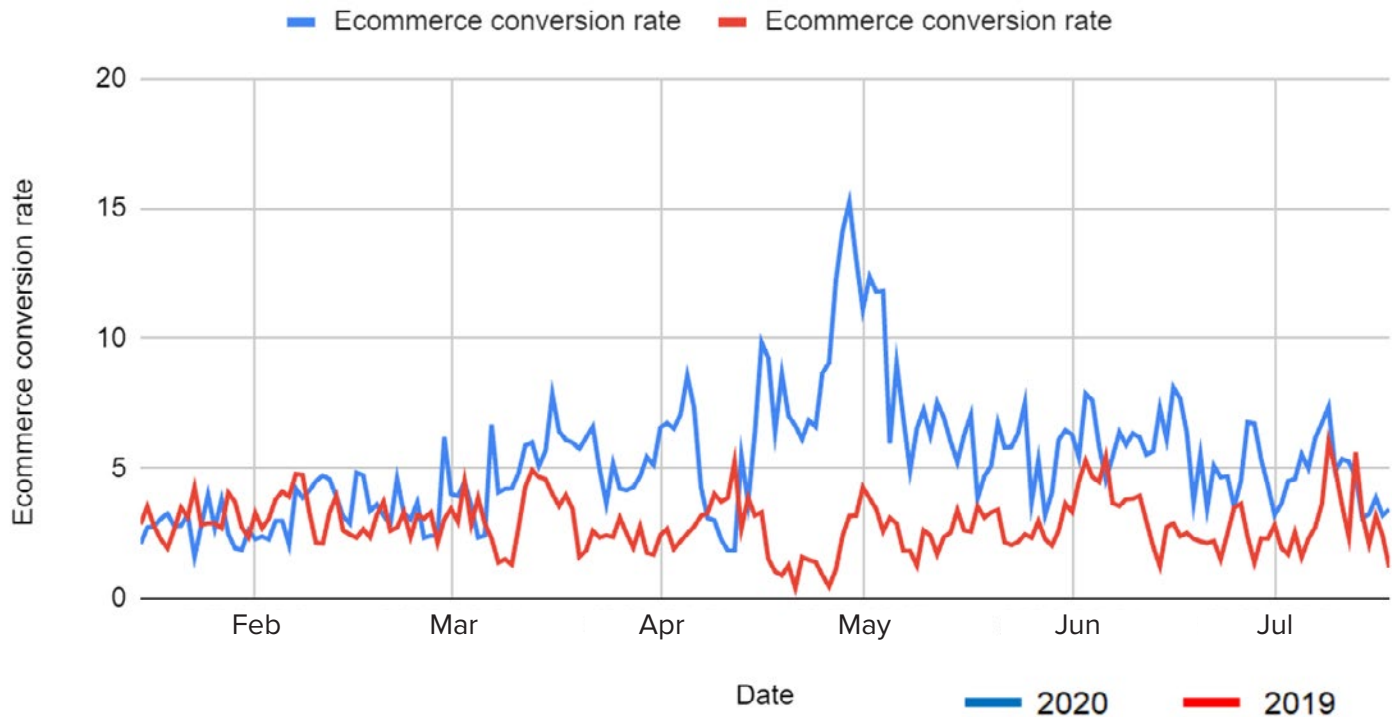
This has been the breakout category of the pandemic. As restaurants across the country were forced to close and slow to reopen to full operations, people needed more groceries. Kids and parents alike were eating more and more meals at home. Online deliveries and online orders for groceries soared at an explosive rate. Online sales peaked around mid-March to the beginning of April, showing an almost 600% year-over-year growth. While online sales for Food and Gourmet have held at a steady year-over-year increase, demand has since calmed. Since the end of April, the year-over-year growth for online sales has decreased week to week.

The beginning of April saw the peaks of e-commerce metrics for the Food and Gourmet retail category. April 5th alone — the Sunday before Passover and one week before Easter — saw an over 2000% year-

over-year increase in the number of transactions placed. The website conversion rate steadily increased during the last week of April, peaking as the month closed. Since then, demand has evened out.

The average order value and the percentage of orders placed via a mobile device have increased just over 10% each. Orders from new users have increased by nearly 20% since the start of the pandemic.

Week over week, the Food and Gourmet retail category is still seeing triple-digit growth in online sales. While we most likely will not see the explosive growth from the beginning of the outbreak repeated, the coronavirus may have changed our relationship with food preparation and home cooking for a long time to come.

APPAREL

CONVERSION RATE (2019 vs 2020):
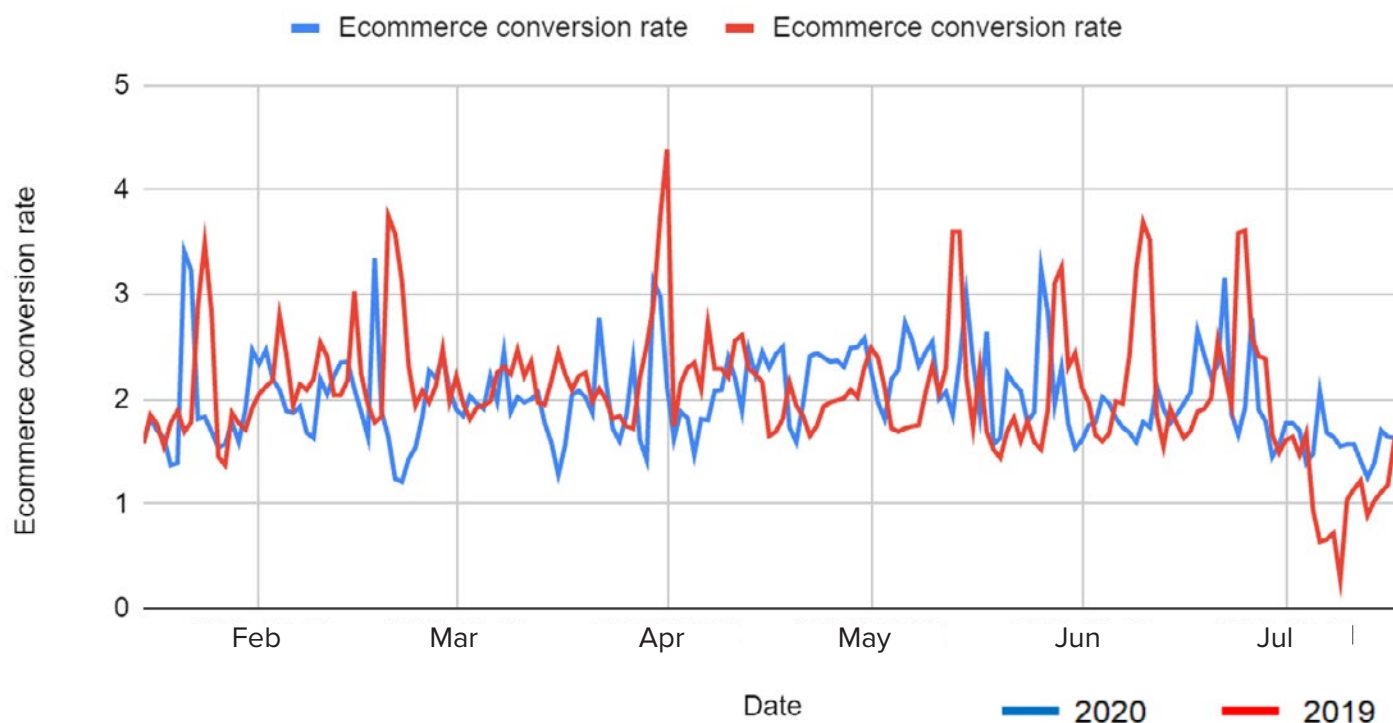
The Apparel retail category is among the hardest hit during the pandemic. The sudden halting of social activities and the introduction of learn- and work-from-home measures dramatically reduced the need for new clothes. The high turnover rate of the Apparel industry's seasonal inventory left people unsure what clothes they would need once businesses started to reopen.

However, with the release of the stimulus checks in the middle of April, the Apparel retail category finally saw its first year-over-year positive growth. The last two weeks of April saw a year-over-year growth of nearly 17% — up from a 4% decrease in the first half of the month. The spike after the stimulus checks suggests a pent-up demand that will be released as customers start to regain a sense of security in their finances and the ability to resume some form of socialization. The last two weeks of May, our period detailing the flattening of the curve from May 17 to May 30, saw the greatest year-over-year growth of nearly 25% for the Apparel retail industry — just in time for Memorial Day celebrations.

The average order value dropped minimally year-over-year, but many stores decreased or waived their minimum amounts for free shipping to encourage more people to shop. The CPC in the Apparel retail category dropped significantly from the start of the pandemic to May and was slow to recover lost ground. New customers did not flock as readily to Apparel e-commerce stores as they did to other categories; however, Apparel still saw just over a 10% increase in the number of orders from new customers. Customer behavior is starting to change, as Wednesday has become the most prominent day for customers to shop, overturning the pre-pandemic reign of Mondays and Fridays.

GIFTING

CONVERSION RATE (2019 vs 2020):
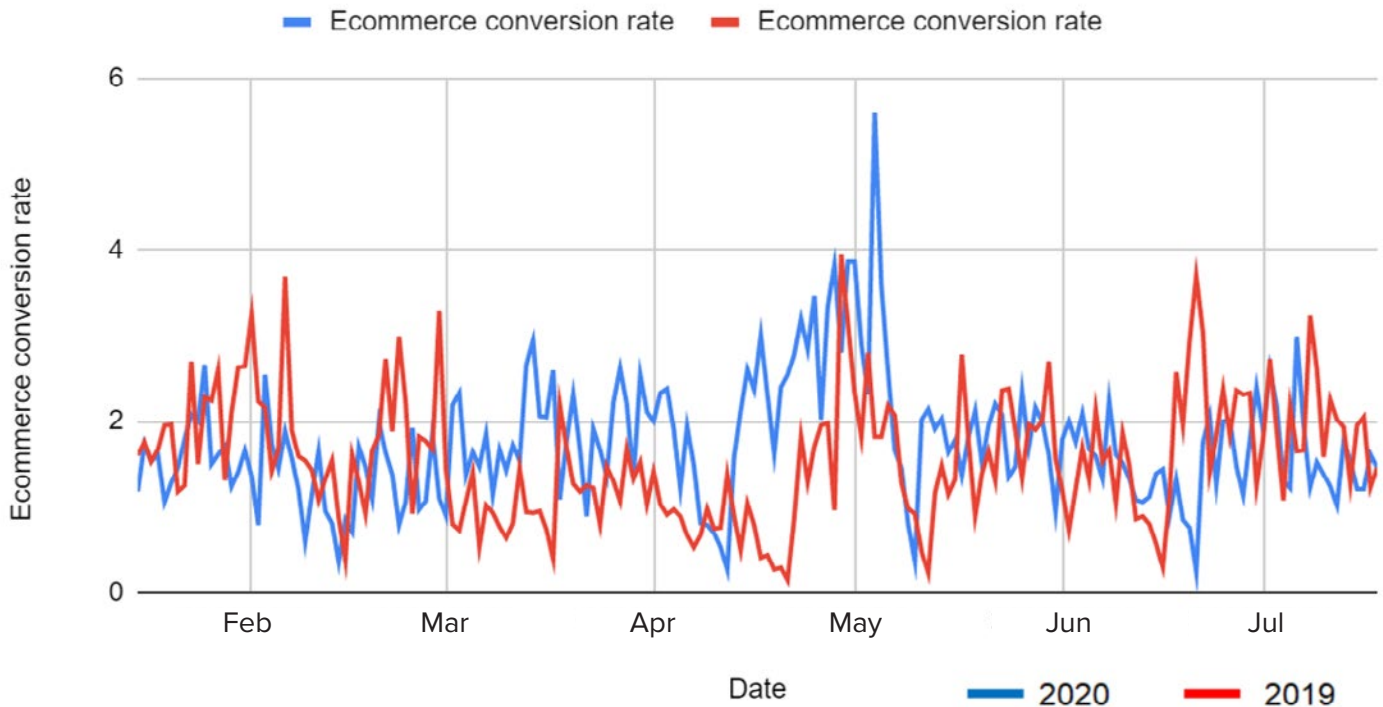
The Gifting retail category had relatively steadily increasing year-over-year growth through the middle of May. At the onset of the coronavirus outbreak in February, online gifting showed a slight negative 3% year-over-year growth; however, the pandemic boosted the Gifting retail category's sales, making it the second-fastest-growing category within our dataset throughout March and April (second only to Food and Gourmet).

Through the beginning of April, most new customers in the Gifting retail category were aged 18-24 and 25-34. Compassionate Gen Z and Millennial shoppers were buying more e-greetings and sending more gift baskets to their parents, grandparents, and friends, presumably as a way to stay in touch and show love in the time of strict social distancing measures. More consumers were finishing their purchase journeys on mobile, from 27% at the end of February to 45% at the

beginning of April. Additionally, new consumers took an average of 10 hours less from their first website visit to first completed purchase: the latency was 37 hours at the end of February and dropped to 27 hours at the beginning of April. Most e-commerce sales came from the Southern region of the United States, followed by the Midwest, the West, and then the Northeast.

Gifting provided a sense of hope and a means of reducing anxiety, if we were to align the category to Bain and Company's Elements of Value Pyramid. The months of March and April saw steady increases in daily coronavirus cases and strict lockdowns across the country. Virtual communication became the only means of contact. As of the end of May, the Gifting retail category was the most successful at winning new customers. Since mid-April, however, online sales have not held as strong, but have averaged out to about a 50% year-over-year increase.

HOME FURNISHING

## CONVERSION RATE (2019 vs 2020):
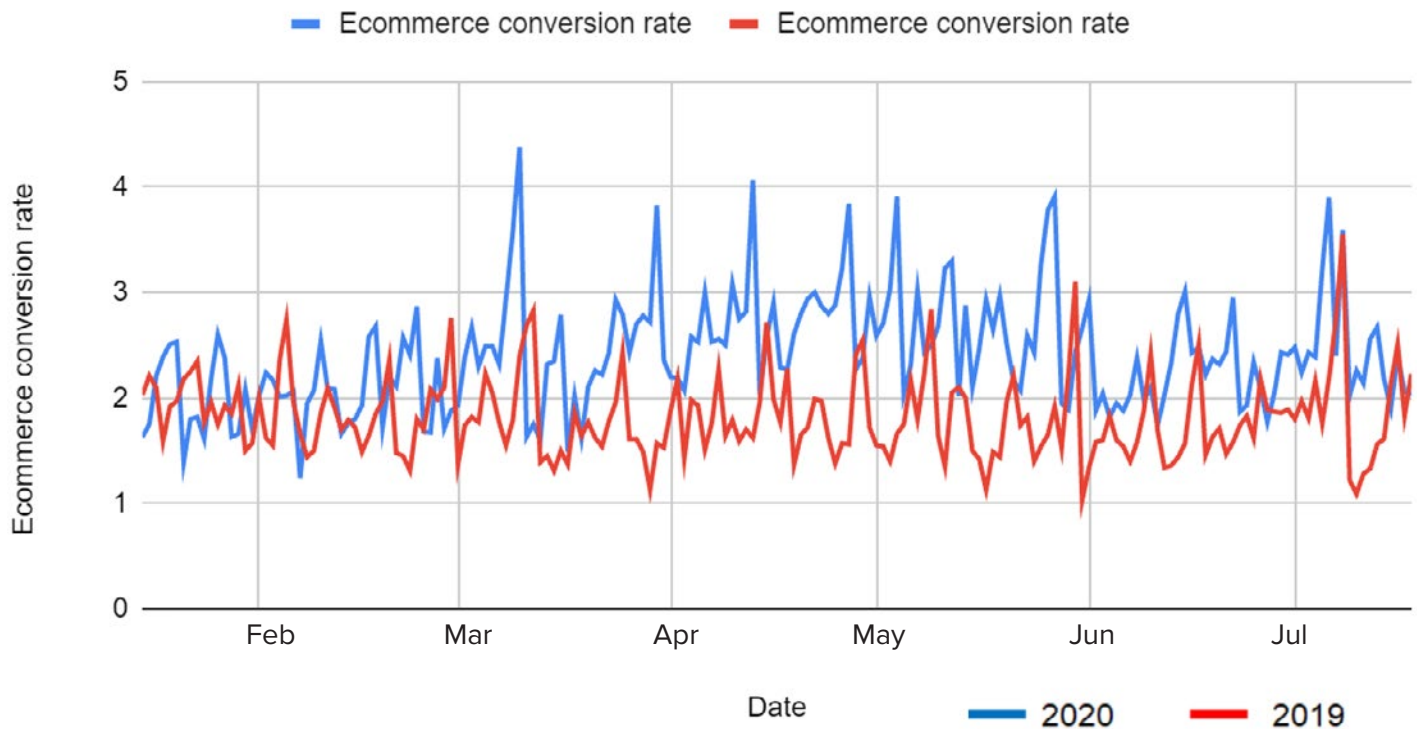
The Home Furnishing retail category had a slow start, but the longer people were in lockdown in their homes, the more home renovation projects began. The end of March and beginning of April (our period charting when the second spike started), saw the first substantial year-over-year increase of just over 30%. From there, online sales continued to grow, with the Home Furnishing retail category becoming the first category to surpass Food and Gourmet's nearly four-month reign over year-over-year growth: Home Furnishing saw a 133% increase during our period detailing when most states reopened during the first two weeks of June, while Food and Gourmet saw a 107% increase. During this period, the Home Furnishing retail category also saw the second-greatest increase in new customer revenue, up over 110% from 2019.

With summer destinations mostly limited to the home, customers are choosing to spruce up their living and working spaces. The average order value has remained fairly consistent (there is only an average 5% increase over the timeline of our dataset), but the percentage of orders completed on mobile has skyrocketed. The Home Furnishing retail category is seeing a change in how its customers are buying. Marketers in the Home Furnishing category are increasing their ad spend at a rate second only to those in the Food and Gourmet category of our dataset, as CPCs have remained low from the end of March through April. There are still ample growth opportunities for the Home Furnishing category, especially as the seasons change.

HOME DECOR

## CONVERSION RATE (2019 vs 2020):
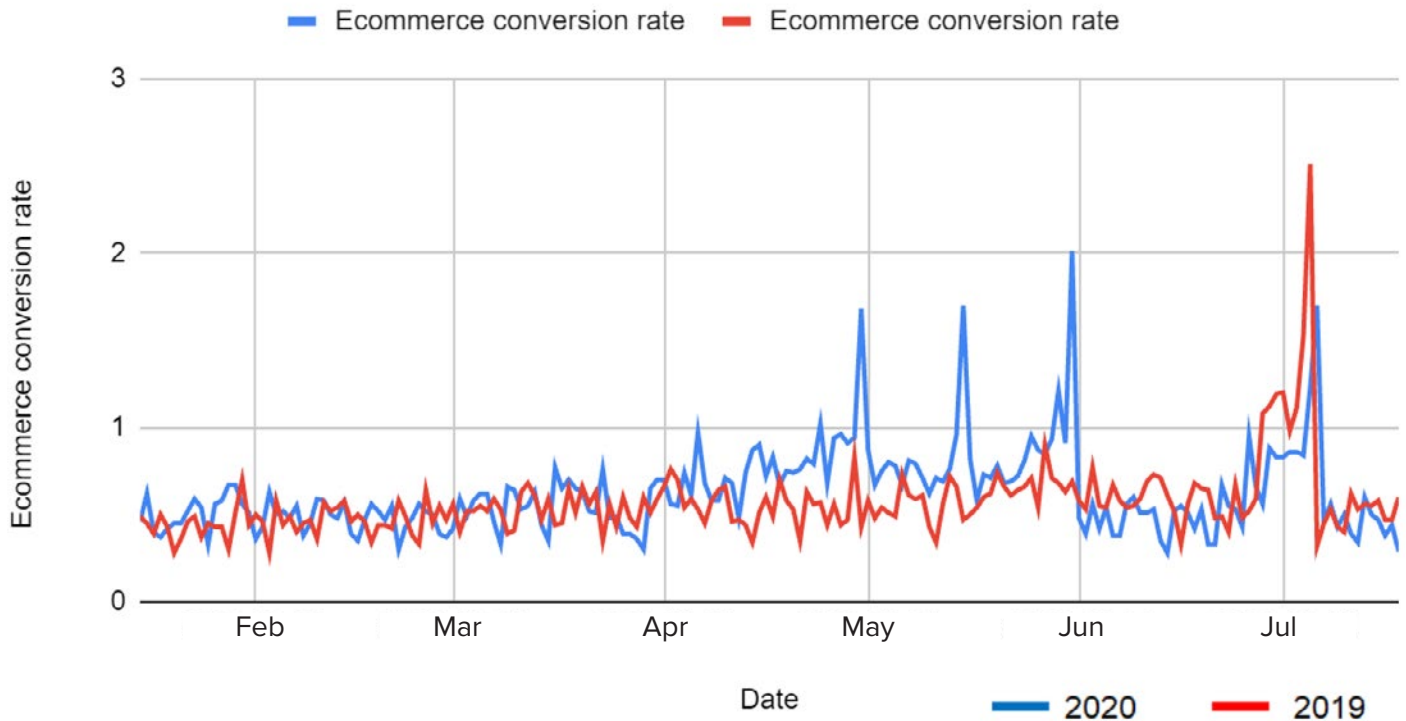
While the Home Decor retail category has seen double-digit year-over-year growth since we started compiling the daily metrics, there is no clear-cut trend for the category. March held steady at just above 14% year-over-year growth, while the last weeks of April into the first two weeks of May jumped to just under 115% year-over-year growth.

Home Decor has seen an overall 4% increase in new shopper revenue in 2020 as compared to 2019. While the increase is not as strong as in Gifting or Food and Gourmet, we are still seeing a shift in consumer priorities — namely, their home. As we observed in the Home Furnishing retail category, people are spending more money on products for the home because they are spending more time at home.

At the onset of the outbreak, shoppers actually took 20% more time to buy and visited a website 9% more often before completing a purchase (when looking at the daily data from the end of February to the beginning of March). Since then, however, latency has decreased as online sales have picked up.

PET SUPPLIES

CONVERSION RATE (2019 vs 2020):
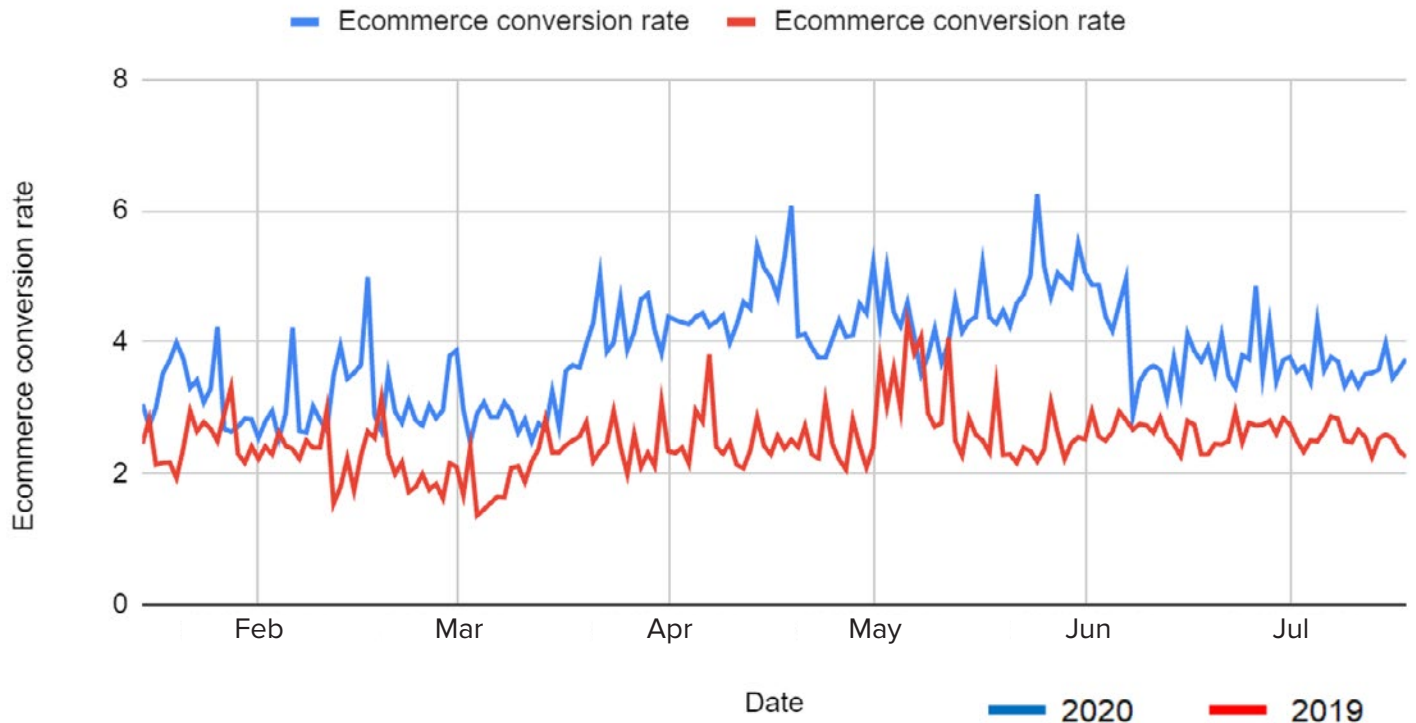
There has been consistent year-over-year growth in online sales for the Pet Supplies retail category. Pets need just as many essential supplies as we do and they earned extra care as our new work-from-home companions. Time Magazine reported a 90% increase in foster requests in early April, which also helped increase online sales and orders by new customers. Website conversion rates nearly doubled in April and have seen a consistent strong lift overall throughout the timeline of our dataset.

The percentage increase in new shopper sessions and orders is an average of 37% higher than pre-pandemic levels. New shoppers are also shopping more quickly now than at the beginning of the pandemic. At the end of February, new shoppers were averaging close to 50 hours between their initial website landing and first purchase; by the middle of May, they were down to almost 30 hours. Returning customers are also shopping more quickly, visiting and buying 76% more than they were pre-pandemic. Across the board, mobile is driving more sales. Mobile orders have counted for more than half of all orders for the Pet Supplies retail category since our fifth period in mid-April, in which the outbreak continued to spread.

At the beginning of June 2019, new orders as a percentage of total orders decreased after holding steady at just over 30% from the beginning of the year. The first two weeks of June 2020 saw new orders contribute to 73% more of the total orders, marking the greatest increase in new revenue during a two week period since our dataset began. New shoppers are continuously becoming more valuable as the pandemic progresses.

TOOLS & HARDWARE

CONVERSION RATE (2019 vs 2020):
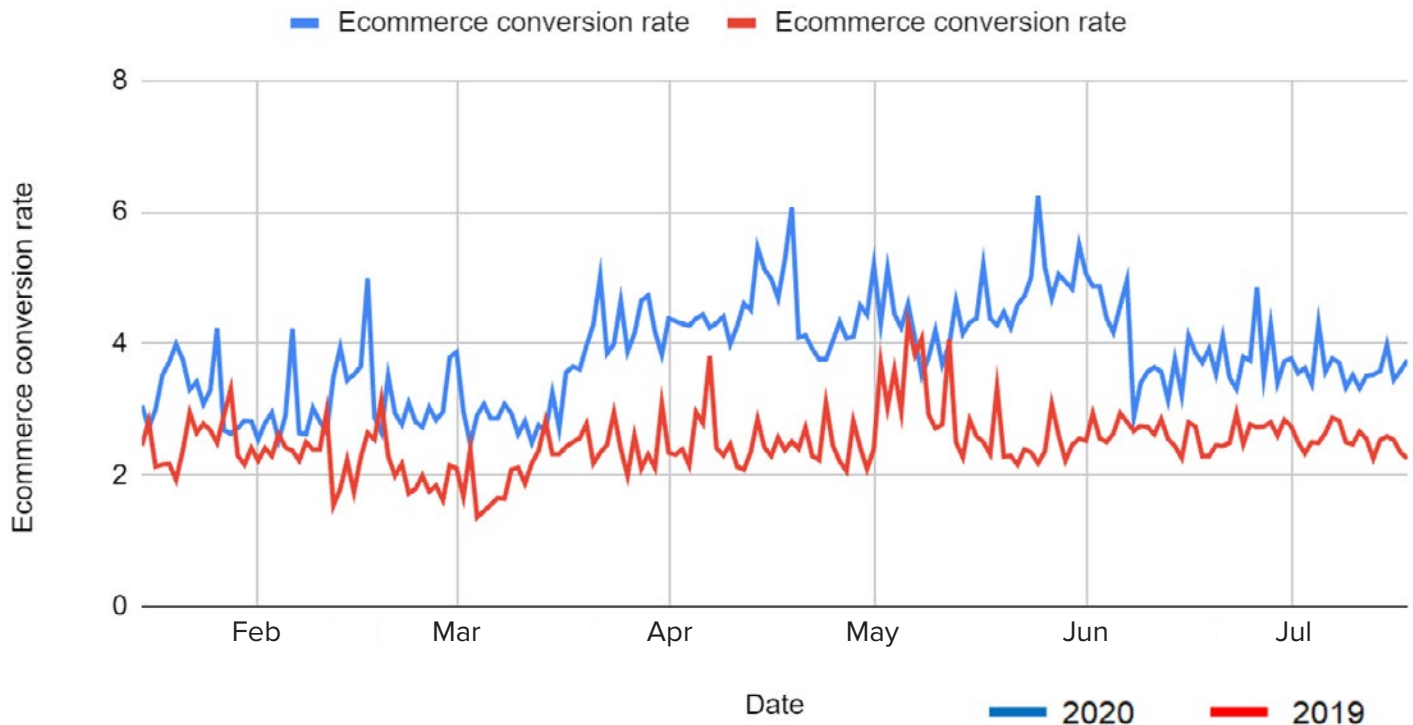
At the onset of the outbreak, consumers were not flocking as readily to the Tools and Hardware retail category as they were other categories. However, as the pandemic and ensuing lockdowns continued, online sales for Tools and Hardware rose dramatically. Tools and Hardware factor into gardening and other hobby supplies, as well as the hand and power tools needed for home renovation projects — all activities which gained more popularity as the pandemic worsened. Pursuing these activities seemed to correlate with the release of the stimulus checks, as the Tools and Hardware retail category saw its biggest year-over-year increase during the last two weeks of April (the same time frame that boosted Apparel's online sales). At this time, Tools and Hardware saw a 114% year-over-year increase in online sales.

Revenue brought in by new shoppers increased over 100% from the end of May into the beginning of June, compared to the same time last year. New shoppers are purchasing more quickly, while the overall average order value is increasing about 10% year-over-year. On average, more and more orders are being completed through mobile.

SUMMARY & FORECAST

%Y/Y Increase in Online Sales (2020 vs. 2019)

Date	Apparel	Food	Gifting	Home Furnishings	Home Décor	Pet Supplies	Hardware & Tools
2/9-2/22	-3.06%	61.98%	-3.03%	15.25%	19.43%	18.24%	1.88%
2/23-3/7	11.54%	44.91%	13.86%	5.08%	26.44%	39.94%	14.92%
3/8-3/21	-12.20%	186.16%	49.15%	2.84%	14.61%	14.71%	3.98%
3/22-4/4	-22.22%	590.64%	80.57%	30.86%	14.12%	56.33%	46.65%
4/5-4/18	-4.00%	263.00%	96.00%	57.00%	55.00%	81.00%	71.00%
4/19-5/02	16.90%	426.00%	89.00%	112.00%	114.00%	89.00%	114.00%
5/03-5/16	19.20%	278.00%	94.00%	116.00%	113.00%	68.00%	107.00%
5/17-5/30	24.86%	184.00%	74.00%	155.00%	89.00%	86.00%	95.00%
5/31-6/13	11.2%	107.00%	73.00%	133.00%	78.00%	64.00%	71.26%

Only through strict analysis can you track how your customers are responding to external influences which could end up changing online shopping habits permanently. Ignoring these shifts in customer behavior could mean a loss in opportunities to garner new revenue and cater specifically to your customers' evolving needs.

The coronavirus outbreak could fundamentally shift online shopping behavior. The period of March 8th to 22nd saw the greatest increase in new online shoppers, as brick-and-mortar stores closed. Based on our dataset, new customers who first turned to online shopping during the coronavirus pandemic are spending more compared to the pre-pandemic new shoppers. They are purchasing at least 18% more quickly, purchasing 30% more frequently, and spending an average of 12% more per order value than the pre-pandemic new shopper.

Per the United States Census Bureau's Monthly Retail Trade Report, the total retail sales in April and May declined year-over-year by 15% (equivalent to $158 B). The online sales during these two months grew by $35.8 B (Y/Y increase of 31%). Despite the

incredible growth of e-commerce, there is a pent-up retail demand that has been created in Q2. Most of this incremental demand will be realized through online means during the remainder of this year. NetElixir is confident that Q3 and Q4 will continue to see rapid e-commerce growth. With the current level of momentum, online sales should account for 25% of total retail sales in the US in 2020, up from 16% in FY 2019.

The coronavirus has accelerated the digital trend, ushered in a wave of shoppers who made their first online purchase, and may have fundamentally changed how consumers search, shop, and buy online. Retailers and business leaders need to constantly engage these new customers, as they offer an unprecedented opportunity this holiday season. The future of retail is a cohesive blend of offline and online experiences, each one memorable and seamless so that your products and your brand stays with the consumer. By learning how, when, and why your customers search and shop, you can be sure to meet them at every touchpoint with a helpful and hopeful message to get them through these challenging times.

PART 3: **INDUSTRY TALK: INSIGHTS AND STRATEGIES FROM RETAIL LEADERS**

NetElixir has been humbled and amazed by the show of entrepreneurship and innovation that this crisis has generated. Nimble business leaders responded to their customers' needs and created messages of help and hope during these uncertain times. Their advice and insights come from their firsthand experience in navigating the coronavirus pandemic and what it means to lead a business through an ongoing crisis.

Parag Shah, Vice President of the Gourmet Division at Wakefern for ShopRite, discussed how the ShopRite team has gone above and beyond, working around the clock to help fulfill the massive surge in demand for groceries during the initial months of the outbreak. NetElixir nominated ShopRite as our first Retail Superhero to recognize the community service efforts of the entire ShopRite team to help shoppers maintain a sense of normalcy while providing for their families.

Food and Gourmet was the breakout category during the pandemic, as the coronavirus shutdowns changed how and when we eat. According to Shah, before the coronavirus outbreak:
- 50% of food consumed was done so outside the home
- 38% of occasions were celebrated outside the home

The coronavirus disrupted our relationship with food and may have lasting effects on how much consumers now cook for themselves at home. At the early onset of the pandemic, Shah noted the sequential change from panic buying to comfort buying as:

1. Concern amid the health crisis prompted a run on sanitizer and health products
2. Growing fear led to stockpiling of paper and water products
3. Food sales increased to supplement school and work closures
4. Consumers turned to comfort food items as the crisis persisted

For an update on ShopRite's progress since March, join Shah's presentation at NetElixir's upcoming **Connecting the Dots: Holiday Readiness Summit for Retailers** on August 13th. Learn more at netelixir.com/holidaysummit.

As online orders surged, supply chains had to rise to the occasion to deliver on the increased demand. Gerard Gibbons, President of SMB and U.S. Marketing at UPS, shared insights into how UPS successfully managed the rise in demand as our second Retail Superhero.

The stay-at-home economy prompted by the coronavirus outbreak in America, China, and throughout the world called for a more robust supply chain. The coronavirus accelerated the digital trend, with more businesses moving into the critical digital space to continue connecting with and selling to their customers. While brick-and-mortar stores remained closed, businesses could only rely on e-commerce sales and thus, many had to lean on UPS to deliver to more residential addresses.

" **Focus on being resilient. Reimagine what's possible.** "

—Gerard Gibbons, President of SMB and U.S. Marketing at UPS

Surviving and thriving through the coronavirus — for any retail category — required a spirit of innovation and entrepreneurship. As the Apparel had suffered continued decreases in year-over-year e-commerce sales, Ames Walker, a seller of medical compression hosiery, pivoted their manufacturing capabilities overnight to produce ISO 13485 standard protective face masks. The apparel company had always marketed their products as preventive measures, and creating face masks fit in seamlessly. Ames Walker redesigned its supply chain and demand generation means to re-engineer a turnaround in its business during this pandemic.

Co-owner Kaki Zell quickly responded to the growing need in her customer base for protective masks. But it was more than simply manufacturing the masks; based on consumer and medical feedback, Zell said Ames Walker is continuously tweaking and perfecting the quality of the masks.

Listening and responding to customer demand opened an avenue for Ames Walker to dramatically increase its sales and provide direct relief to its customers. Zell's story served as a moment of inspiration amid a suffering retail category and hope that we can create opportunities during misfortunes.

As a company, showing your humanity and being transparent about disruptions or issues is becoming increasingly more important. Showing a more authentic human face behind the brand helps to create a better customer experience. Being honest about shipping delays or inventory back-ups will go a long way toward building a trustworthy brand image and retain customer loyalty. Some of the most important aspects of our new work future will be human-to-human conversations, offering to help, and showing one's humanity.

Aaron Pelander, the Vice President of Marketing for GovX, noted that overachieving now on customer support will have a long-term impact on loyalty. This is twofold: connecting with customers during a time of crisis will encourage them to remember a brand and come back to it and, as customers' shopping habits have reformed throughout the pandemic, so too can business models and customer support centers. Itzy Ritzy responded to customer needs by creating an essential line of basic baby supplies for new parents, reported Lee Kantz, Director of DTC E-Commerce. The CEO of Jeffers Pets, Ruth Jeffers, said her company revamped its customer service center to be able to respond more quickly to questions regarding animal health to help the increasing number of consumers grooming their pets at home.

One of the advantages of the coronavirus outbreak is that it has forced a quick change in behaviors, mindsets, and applications that may have taken years to implement otherwise. Analyzing day-to-day data is important to better respond to customers' changing needs and find opportunities as they arise. Having your own data helps you understand where you fall among industry benchmarks and can help you plan better. "Measure relentlessly," Kantz said.

Our guest retailers cannot make the blueprint for success, but their stories serve as reminders of innovation and perseverance. We are seeing examples of the new retailer who champions excellent customer service, nimbleness and adaptability, and humanizing experience.

> **I'd like to think of this as 'adjusting to the new normal' as opposed to 'dealing with' challenges, as it is certainly a time to be agile.**
>
> —Kaki Zell, Co-Owner and VP of Ames Walker

PART 4: **INSPIRATION AND PERSPECTIVES FROM WORLD-CLASS THINKERS**

While retailers offered pragmatic advice from firsthand experiences actively dealing with the coronavirus pandemic, a challenge of this magnitude requires as much insight as possible. To offer a broader perspective on how to navigate the coronavirus pandemic and spotlight a range of resources, NetElixir created the Reimagine Tomorrow Lecture Series. As the coronavirus affected much more than just the retail landscape and required more inspiration beyond a retail lens, NetElixir drew on our aspiration to bridge the gap between industry and academia. Overcoming the coronavirus pandemic requires a level of ingenuity and innovation we have not yet seen, but are beginning to discover.

NYU Professor Anindya Ghose has extensive experience in the mobile economy and champions using technology to empower consumers. He discussed how location data helped track the spread of the coronavirus and how it will work with contact tracing. Digital technology will have an increasing prominence in our lives as the coronavirus continues to accelerate the digital trend. Ghose said, "Mobile, online, digital will continue to play a big role in the retail space."

Wharton Professor Jerry Wind summarized 10 guidelines on how to create opportunities in times of crisis. Namely, change your mental model and reframe the challenge, focus more on your stakeholders over shareholders, speed up your digital transformation, and innovate and experiment continuously.

Wharton Professor George Day shared how vigilant organizations gain an edge and outperform their vulnerable rivals. Vigilance is a collective capability, characterized by curiosity, candor, and foresight. It can be learned and cultivated. Tailor your vigilance to your reality because vigilance is constantly evolving and highly situational. Professor Day's principles help each business create their own vigilance quotient based on where they currently stand against competition.

By working together, brainstorming together, and listening to firsthand experiences across academia and retail industries, we can gather resources to better connect the dots for a stronger holiday season. Through innovation and partnerships, we successfully navigated the coronavirus crisis to date. Now, we implement our learnings to better strategize for the holiday season.

We have a unique opportunity for change.

—Professor Jerry Wind, Wharton School at the University of Pennsylvania

CONCLUSION

The coronavirus pandemic will usher in irrevocable changes to the way we search, shop, and buy. It has already changed our relationship with and viewpoint on digital scope and trends. It is only a question of how much.

The only safe prediction to make about the rest of 2020 is that it will continue to be unpredictable. Shoppers who were new to online shopping during the coronavirus pandemic could prove to be a valuable resource for the holidays. Take the time to learn how your new customers compare to your core customers. Effectively engage the new online shopper demographic (18-24 and 45-54 age groups) to increase the chances of these customers remaining at least partially loyal to online shopping, even as brick-and-mortar stores reopen.

Keep a close eye on the changing behavior of your customers. By monitoring daily shopping patterns, you can learn how, when, and where to meet your customers at every touch point. You will be able to respond more quickly to their new needs and expectations, and thus maintain their loyalty. Do this for your own specific customers, but also study benchmark data for your industry to learn how and where you can make improvements or fill in gaps for your customers. Consumer behavior is changing and the coronavirus has created new online habits; to some extent, these behaviors are now ingrained into customer shopping habits. However, we don't know if these habits will start to shift back once brick-and-mortar stores re-open more permanently. We can only surmise that a seamless omnichannel approach to retail will be critical in customer retention so customers can easily pivot between in-store and online.

Capturing new customers is important, but be sure to focus on your existing customers to earn a higher share of their screen time. Strengthen your engagement with these customers, as brand loyalty will keep customers returning even after the crisis. You want to be who they turn to throughout the holidays. Be reliable as you continue to provide care, service, and support. Take care of your community, including your associate team members who keep your store stocked and help supply customers.

During times of crisis, customers are more understanding of and receptive to the human element of brands. It is ok to be transparent and connect with customers by showing the authentic face of your brand. Keep showing your humanity and gratitude throughout the holiday season as we all strive to create a more humane approach to marketing and retail. As we meet new customers, so should we be new retailers.

The coronavirus accelerated the digital trend. Retailers should strengthen their digital marketing initiatives to win new customers at a lower cost per acquisition, as there are online opportunities. Even as brick-and-mortar stores reopen, customers may be hesitant to frequent indoor locations. Retailers should continue to meet their customers online. Reduce friction points for a seamless and easy online shopping experience, especially as the rate of new online shoppers increases. E-commerce sales will continue to see high double-digit growth.

To learn what works and what doesn't, and to sketch a more complete customer profile, retailers need to measure and test relentlessly. Reserve an incremental portion from your planned media budget for testing and experimenting with ways to entice new online shoppers and engage your high-value and returning customers. Stay flexible to quickly incorporate changes and any new opportunities that come your way.

We have to keep innovating to keep moving forward. There is no one solution or strategy for your business this year. The plans of last year are insufficient. Customers may switch up their holiday shopping patterns and could possibly start earlier than we have ever seen before. As the coronavirus caused shipping delays from supply chain disruptions and overwhelming surges in demand, customers may be more cognizant of timeliness factors and begin their ordering process sooner.

We have to be nimble and agile, with strong partner ecosystems to help each other navigate through this difficult year. Rapid data analytics will be critical in pivoting with consumer demand and seizing new opportunities. By connecting the dots of insights, ideas, and innovation from firsthand experiences, industry experts, academic thought leaders, supply chain experts, and each other, we will have a successful 2020 holiday season and beyond.
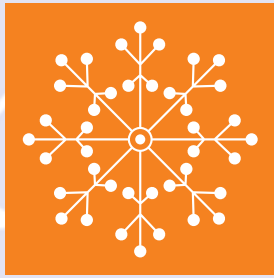
CONNECTING THE DOTS
Holiday Readiness Summit For Retailers

Thursday, August 13th at 11:30 - 5:15 PM ET **REGISTER NOW**

ABOUT NETELIXIR

NetElixir is a retail-focused digital marketing agency that works with brands around the globe. We started over 16 years ago with a simple idea: to help businesses succeed online. Amid an ever-changing ecommerce landscape, our team combines hard-earned industry expertise with cutting-edge proprietary technology to help retailers win more customers across channels. By deciphering what makes your shoppers click, we help you maximize your impact along the customer journey and drive exceptional results. Visit us at www.netelixir.com.

LXRINSIGHTS
How did NetElixir gather real-time online shopping data to monitor the impact of the coronavirus pandemic on e-commerce metrics? Through our proprietary customer analytics tool LXRInsights! We can aggregate and analyze real-time, actionable customer intelligence to create a profile of your high-value and new customers.

Humanize every click by getting valuable customer information right at your fingertips through a highly intuitive, navigable interface. Learn how users are interacting with your site so you can make more informed marketing decisions. Our tool helps you easily track and measure your online shoppers' behavior so you can continue to exceed their expectations at every turn.

Request your free demo at netelixir.com/lxrinsights

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