

COVID-19 COMMERCE INSIGHT

an [Emarsys](#) initiative in cooperation with [GoodData](#)

The Time for E-Commerce-First Has Arrived

Why a Digital-Led Strategy Was Important for Retailers as the Coronavirus Pandemic Altered the Habits of Shoppers



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Abstract

The aim of this white paper was to show how, even though a global pandemic was unprecedented, retail companies with an e-commerce-first approach were in a better position than businesses who relied mainly on customers making a purchase in-store. This is not to say that each and every retailer with an e-commerce platform was prepared as some were heavily in debt.

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Brands with an e-commerce-first approach had the opportunity to leverage years of data and use it to connect with customers in times of uncertainty. This approach allowed retail giants to become nimble and adjust their messaging, pricing, offers, and even provide free services to aid customers hunkered down in their homes.

Introduction

Companies survive and even thrive during difficult times.

Iconic companies such as [Disney](#), Apple, Microsoft, and General Electric were all birthed during economic uncertainties.

More recently, WhatsApp, Uber, and Slack all started during the [Great Recession of 2008](#).

[Jim Beam](#), JP Morgan Chase, and Dupont have each existed for over 200 years. These companies survived World Wars, the Great Depression, economic upheavals... and are still thriving.

The Coronavirus pandemic is slightly different. Retailers were forced to close their doors, not because customers weren't buying, but because of government regulations.

Many retailers, especially smaller stores, were not focused on e-commerce before the Coronavirus.

They were concerned with getting more foot traffic as a way to move people to purchase. Now they sit empty, dust collecting on products, and no option for customers to shop online.

On the flip side, e-commerce-first companies understood long ago that even when their physical locations close, their online store runs 24/7. Retailers with e-commerce plans make it much simpler for customers to buy from them at any time, and, over the years, they've been collecting a plethora of data to better serve the needs of their customers.

Once restrictions are lifted, and retailers open again, what will happen to the retailers who shunned e-commerce? **Continue reading to find out why consumers may stick to online shopping well after this pandemic is over.**

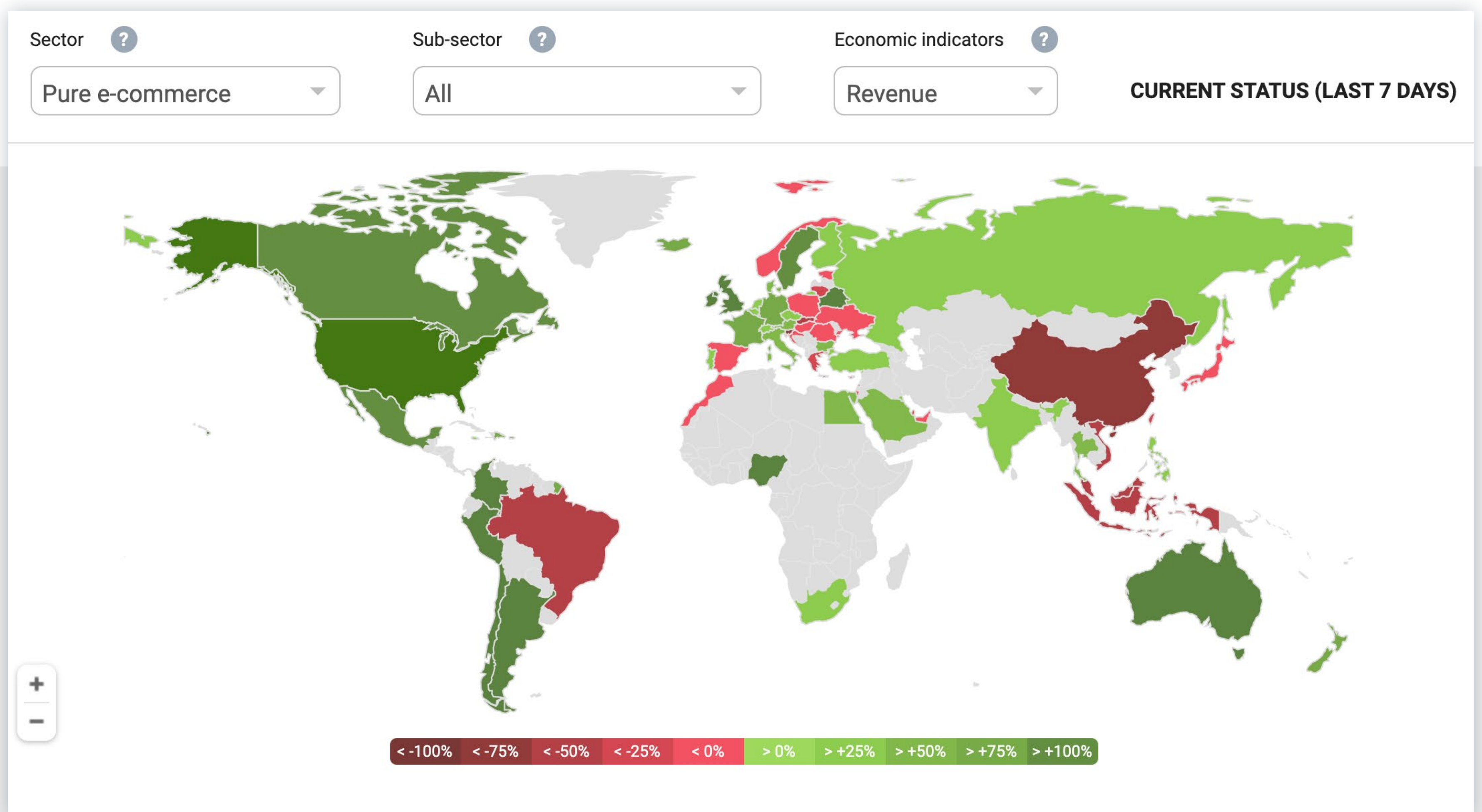
E-Commerce Is Growing Rapidly

Almost overnight, the world was forced online. E-Commerce and digital channels became critical to the survival of brands. Organizations who had yet to adopt e-commerce, were forced to do so because they risked closing forever.

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Being nimble became the new standard as companies shifted to better meet the demands of customers in a variety of ways.

Since January, ccinsights.org shows the e-commerce sector is up year-over-year in many countries. This trajectory may continue as the pandemic settles and life goes back to some form of normality.



Why Did the Pandemic Change Retail?

After retail opens and customers can visit stores, will customers go back to their old ways and use their time perusing stores for specific items? Or will they be accustomed to their new way of life and shop online?

According to [research](#) by the Kantar Group – commissioned by Detail Online, a European e-commerce auditing company – six out of 10 consumers say that after the pandemic has passed, they'll continue to buy as much online as they do at the moment.

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Kantar found that since the outbreak, the share of customers in Europe making more than half of their overall online transactions has risen between 25 and 80 percent.

“During lockdown, focus is on the main essentials, but this report indicates that all the major e-commerce categories will bounce back to even higher levels when the epidemic has passed,” said Joakim Gavelin, founder of Detail Online, “Right now, there’s a huge potential for brand owners to increase online sales in 2020. This report tells us that the change in consumer behaviour that many expected to take three to four years is instead happening in a few months.”

According to [Dr. Andrew Charlton](#), a former economic advisor to Australian prime minister Kevin Rudd, “There are a lot of consumer trends that this crisis has really accelerated. In some ways Australia has been a bit of a laggard in online shopping, but this crisis has forced many people to get a login, open an account and work out how things work. And I don’t think they’ll ever go back. People are getting used to doing things differently and some of the changes will be persistent.”

The sentiment across many countries seems to be the same: customers have shifted online, that shift back to normal shopping may not be the same as new habits are cemented into the minds of consumers. Retail may never be the same again.

Multiple Generations Forced Online

Before the pandemic, [eMarketer](#) estimated that in 2020, “85.9% of Millennials in the US will be digital buyers this year. Among 25- to 29-year-olds, 50% said at least half of their shopping occurs online, including 27% who said that’s where ‘all or almost all’ of their shopping takes place. The figures were similar for those ages 30 to 34.”

Here’s where it gets even more interesting, Gen Xers and Baby Boomers were also projected to increase their digital shopping in 2020.

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US Digital Buyers, by Generation, 2020

% of population



Note: digital buyers defined as internet users who have made at least one purchase via any digital channel (including online, mobile and tablet) during the calendar year; millennials are individuals born between 1981 and 1996; Gen X are individuals born between 1965 and 1980; baby boomers are individuals born between 1946 and 1964

Source: eMarketer, Feb 2020

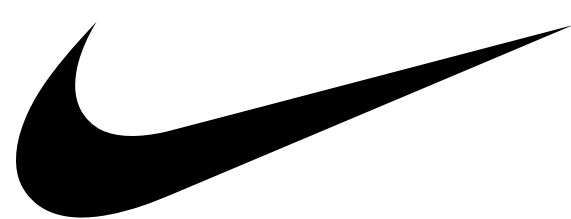
As the pandemic played out and retailers shut their doors, these generations became more comfortable buying online. When it comes to online shopping, everyone is becoming more digital, not just Millennials.

In a recent [HospoLive](#) webinar, Katy Moses, Managing Director of KAM Media, suggested that after Coronavirus, mature customers will become more comfortable with e-commerce and other digital activities such as online learning and interactive experiences. Digital marketing will become valuable in forging company-customer relationships.

Why the Shift to E-Commerce Was Accelerated by COVID-19

Before 2020, multiple [brands](#) were working to improve e-commerce for their business, but the shutdown of companies drove customers online. Around 70 percent of [executives](#) in a recent European survey said the pandemic is likely to accelerate the pace of their digital transformation.

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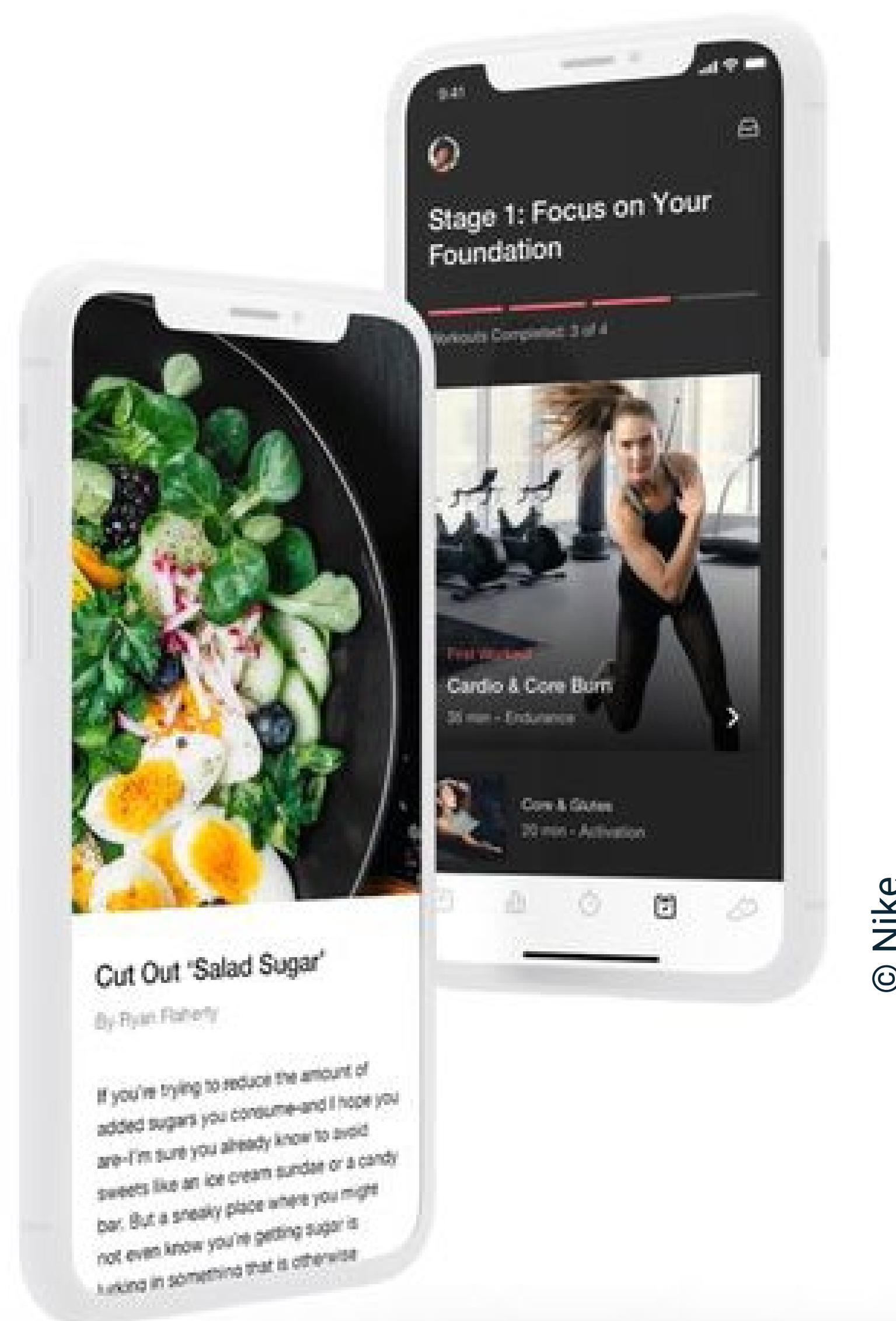
As [Nike](#) does business in China, they had a good understanding of what the Coronavirus could do if it ever went around the world... and so they prepared.

In fact, Nike became one of the first global brands to temporarily close stores in the United States, Australia, Canada, New Zealand, and Western Europe.

Unable to connect with customers in person, the company used its omnichannel strategy to maintain top-of-mind awareness for consumers. Nike launched a

social media marketing campaign that urged Americans to stay home in an effort to upend the virus' spread.

The brand even made free workouts available on the Nike Training Club Premium subscription app. Customers receive professional advice from Nike's master trainers while participating in studio-style workouts and innovative fitness programs.



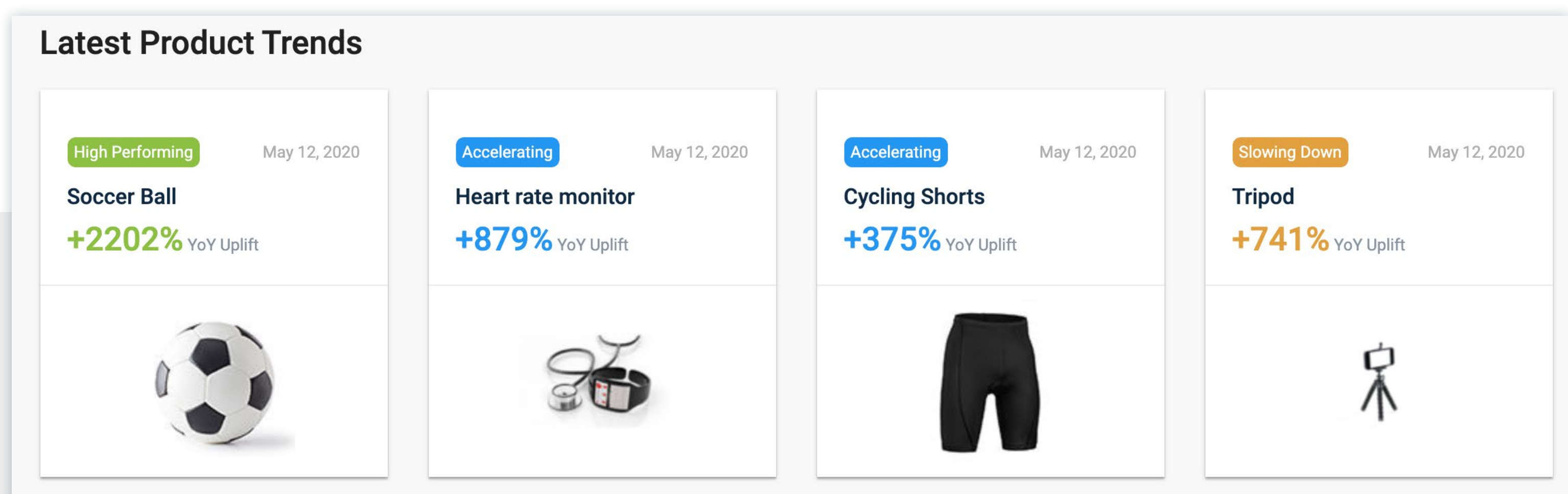
© Nike

“None of us can predict perfectly how long the containment phase is going to take in the U.S. and Europe, but what we can know is, while stores are closed, we’re going to be there digitally – with activity apps and commerce. And when the stores start reopening, we’re going to be leveraging our unique strengths with strong, compelling product; a digital connection with consumers that is unmatched; and the seamless digital-physical experiences of both Nike Direct and our partners.”

John Donahoe, Nike CEO

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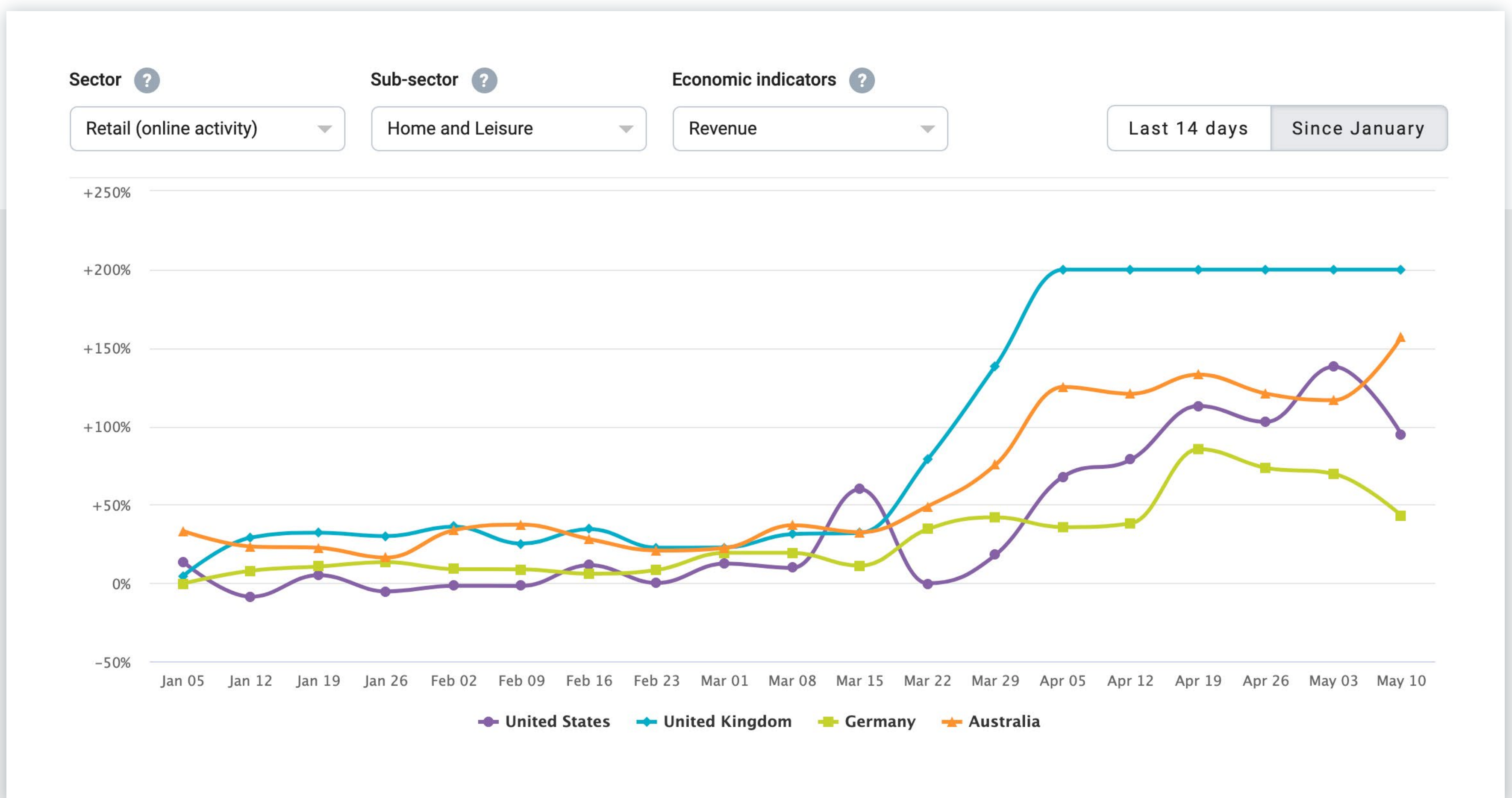
Due to the shutdown of gyms in multiple countries, and the identification with Nike and athletes, activewear and other athletic related activities are up in the latest product trends that you can see here <https://ccinsight.org/product-trends/>.





As the largest and most popular furniture retailer in the world, IKEA quickly focused on its e-commerce platform as they began closing stores.

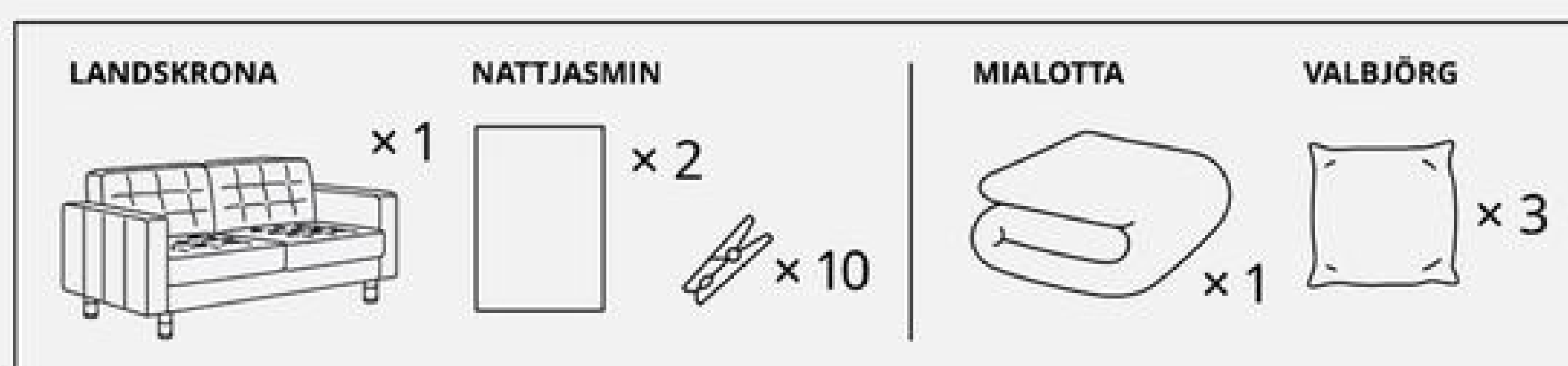
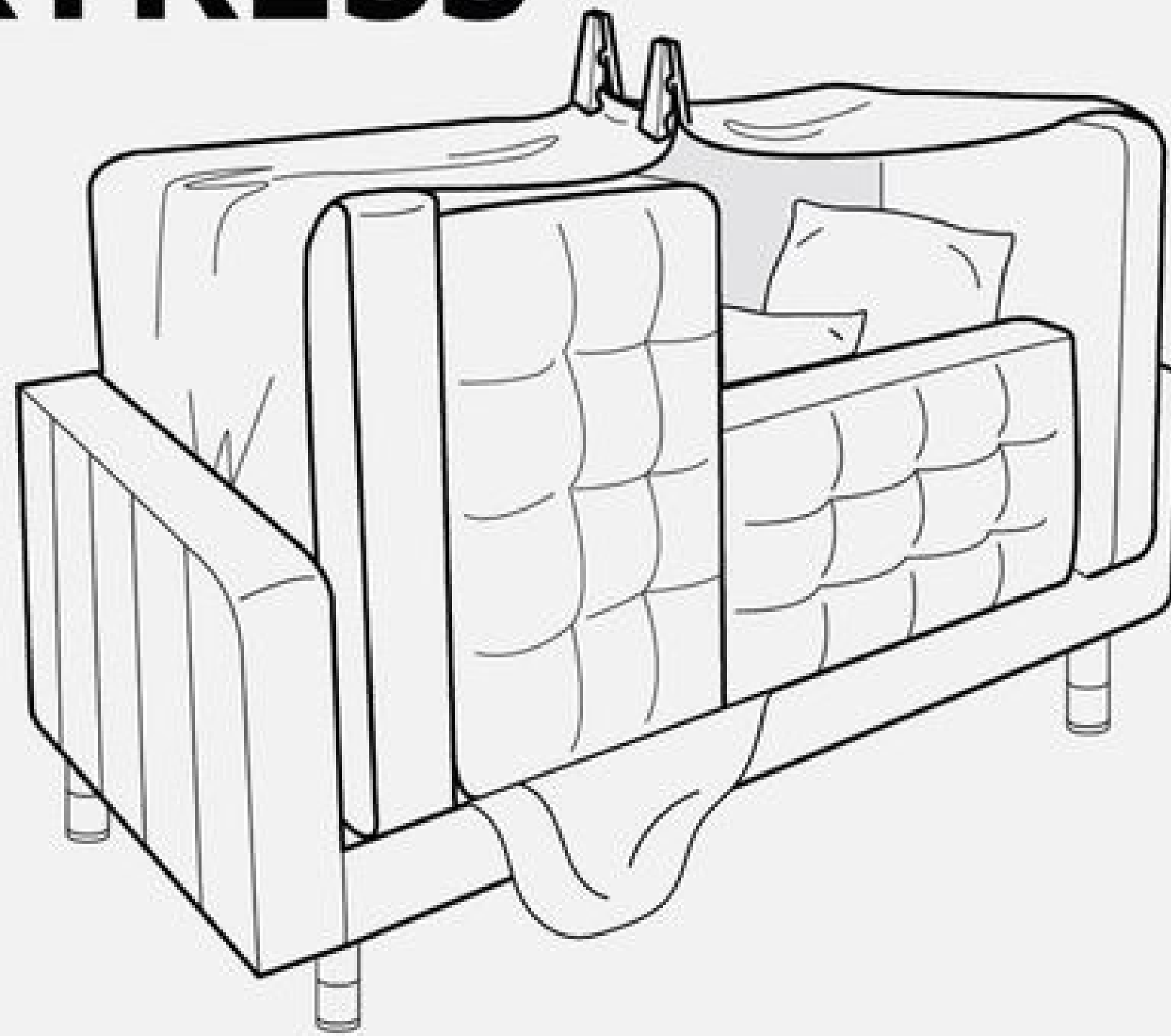
As the Coronavirus shut down businesses around the world, and employees began working remotely, home and leisure sales surged.



The brand launched their [mobile](#) app in additional countries, converted stores to e-commerce fulfillment centers, and enabled customers to buy online and pick up their order at the store, or use the contactless delivery service.

IKEA used their robust digital capabilities to engage [customers](#) with free online [guides](#) that gave simple instructions to parents on how to build amazing indoor forts, and even a recipe to create the company's world famous Swedish [meatballs](#).

FÖRTRESS



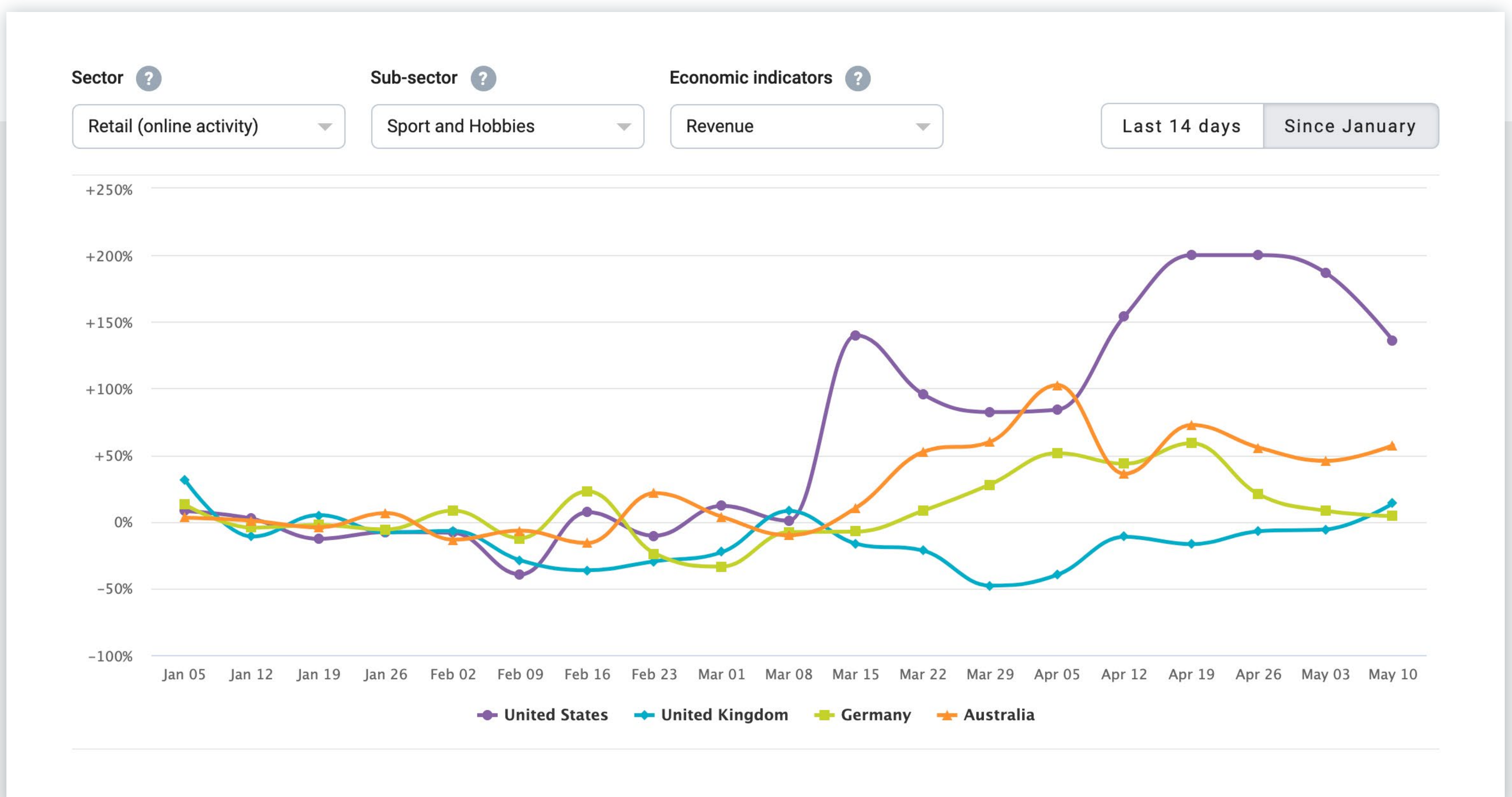
“We are still adjusting to this new reality but are doing all we can to ensure business continuity for the future and continue to make people’s lives at home better,” said Jesper Brodin, chief executive of the Ingka Group which owns the IKEA brand.

“We are guided by a simple, yet powerful vision of creating a better everyday life for many people,” said Brodin. “It is forever part of our business and guides us no matter how good or challenging times are. Our focus is now on accelerating the actions we are taking to help the communities most affected and supporting the many people and our partners across the world.”



Lululemon always had a strong brick-and-mortar presence. The business relied heavily on physical locations for customer interaction through activities such as in-store yoga classes, meditation sessions, and even a [cocktail lounge](#).

Great news for Lululemon is that the sports and hobbies sector is up across multiple countries, as seen on <https://ccinsight.org/trends-by-location/#countries-trends>.



COVID-19 eliminated Lululemon's in-store community approach to customer engagement. While the company had to close its North American stores, the brand concentrated on their digital business and invested in omnichannel tools.

The brand continues to engage customers through free online fitness courses, yoga, and other online content.

"Since closing, our digital business has picked up," [said CEO Calvin McDonald](#). "[Digital is] obviously not recovering all the volume loss from our store networks being closed, but we have seen our online business accelerate in terms of growth. But obviously, it cannot pick up the entire demand. So it is responding well, and we've adjusted our digital marketing initiatives."

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ADOREBEAUTY

After the Coronavirus outbreak, Adore Beauty's lipstick and lip gloss sales [dropped](#) 24%, but the beauty brand gained 3x as many new customers.

There are a number of reasons for this remarkable growth. Part of the growth is due to the company remaining nimble and responsive in uncertain conditions. Adore Beauty leveraged their e-commerce platform to identify the products that customers wanted and shifted strategies.

“We are seeing a big jump in anything hygiene-related,” says [Kate Morris](#), Adore Beauty CEO, “People have got the message about washing your hands, we are selling triple the amount of hand wash and hand sanitizer that we were a month ago.”

Within the data of their omnichannel customer engagement platform, Adore Beauty found that hygiene products are essential for customers. Other critical categories such as facial masks, moisturizers, bath oils, and hair treatments have also seen significant sales growth.

The brand discovered that luxury self-care products were the most desired because it brought joy and comfort to customers in difficult times. The company quickly shifted their communications to be more sensitive and appropriate to the current situation.

They sent emails to customers with the brand’s favorite items, such as a probiotic firming mask, microneedle derma roller, lavender bath oil, and luxury scented candles. And they created the Adore Beauty “vHangout” to connect with customers through beauty-related articles, video tutorials, a live Instagram hangout, and curated music and podcast playlists.

Why Now Is a Great Time to Discuss an E-Commerce Strategy

Brands with a digital-led strategy continue selling online and connecting to customers in personalized ways. These same retailers can't see the future, they didn't see this pandemic occurring, but they did want a way to meet customer demands outside of normal retail hours.

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For the retailers without a digital strategy in place, this may be a great opportunity to become more flexible and lay the foundations of an e-commerce approach by discussing how your company can provide value to customers when your stores are not open.

This is not to say that as soon as restrictions are lifted, customers won't flood your stores. But, let's not forget that many of these customers have become more dependent on online shopping.

Conclusion

This pandemic will inevitably subside, but will the shift to online shopping continue growing as retailers begin opening their doors? Or will shoppers prefer to visit stores to make their purchases?

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One thing is for certain, brands that are succeeding and thriving in spite of the Coronavirus pandemic are able to do so because they adapted to the situation, they're connected to their customers, and they continue delivering value. Companies are currently experimenting with the services they offer, improving the processes, and providing resources for customers.

As more Gen Xers and Baby Boomers move to online shopping, Millennials will no longer be the sole generation

engaging brands across all channels. Retailers must continue investing in e-commerce capabilities, especially platforms that enable a true omnichannel customer experience.

The main lesson here is that a robust marketing and digital sales strategy isn't optional for retailers, it's a must! Brands and retailers are now realizing that e-commerce is necessary to give customers what they want without the need to step foot in a store.

About COVID-19 Commerce Insight (CCInsight)

At Emarsys, we wanted to help our customers, partners, and the business community during these challenging times.

We developed ccinsight with a goal of putting up-to-date consumer data in the hands of business owners, economists and policy makers, giving them the actionable insights needed to navigate this economic crisis.

That's why we created this platform — which surfaces consumer trends that can be used to understand, visualize, and exchange ideas, as well as help businesses mitigate the economic impact of COVID-19. Drawing upon over a billion engagements and 400 million consumer transactions across 120 countries, ccinsight provides a global and regional picture of pure e-commerce and online retail performance and trends — a key indicator of economic conditions during the outbreak. We are continuously looking for partners to contribute data points, ideas, knowledge, blogs, and articles. If you would like to contribute to this project, please contact us at: community@ccinsight.org

Resources

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<https://www.foxbusiness.com/markets/startups-great-recession>

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