



2020 eCOMMERCE LEADERS SURVEY

Site Performance & Innovation Trends

Addendum – COVID-19 Updates



The 2020 eCommerce Leaders Survey Report on site performance was launched in February of 2020, the 3rd year it's been published. The report examined key online retail trends based on interviews with over 120 eCommerce executives from some of the industry's biggest brands. The findings were on target with many industry themes, such as the importance of complying with complex privacy laws, closing the distribution and order management gap set by Amazon, and the massive investments in eCommerce 3rd party technologies.

But as we all know, the world has changed dramatically since that report was published. With the tidal wave that is the COVID-19 pandemic, the retail industry has been completely shaken. Shoppers can no longer go into stores, and as a result, many brands have closed their brick & mortar operations.

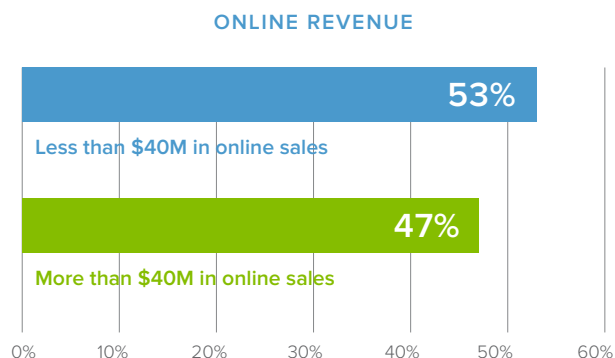
Because of the massive disruptions to retailers due to the coronavirus crisis, we have decided to re-poll the eCommerce leaders, creating an addendum to the original report. Below you'll find how brands have been impacted by the pandemic and how leaders are shifting focus in order to adapt to the new reality of commerce.

One thing is clear from the results: consumer behavior is officially changed forever, and every retailer needs to understand that the future is here — and it's digital.

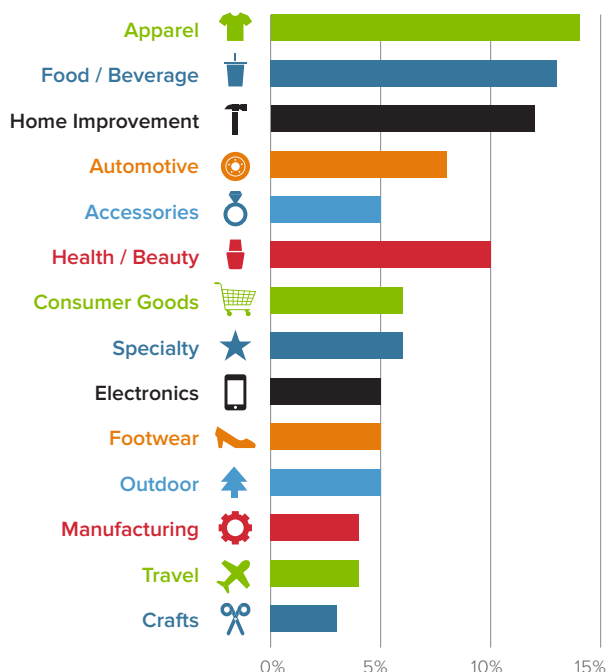
Methodology

For this research report, YOTTAA interviewed over 90 leaders from a wide range of eCommerce sites. Respondents represent a healthy mix of some of the biggest brands in the industry, as well as small-to-medium size brands. Once again, this report focuses on executive titles from the line of business, such as Vice President and Head of eCommerce. The research was collected online during April 9 - 14, 2020.

RESPONDENT DEMOGRAPHICS

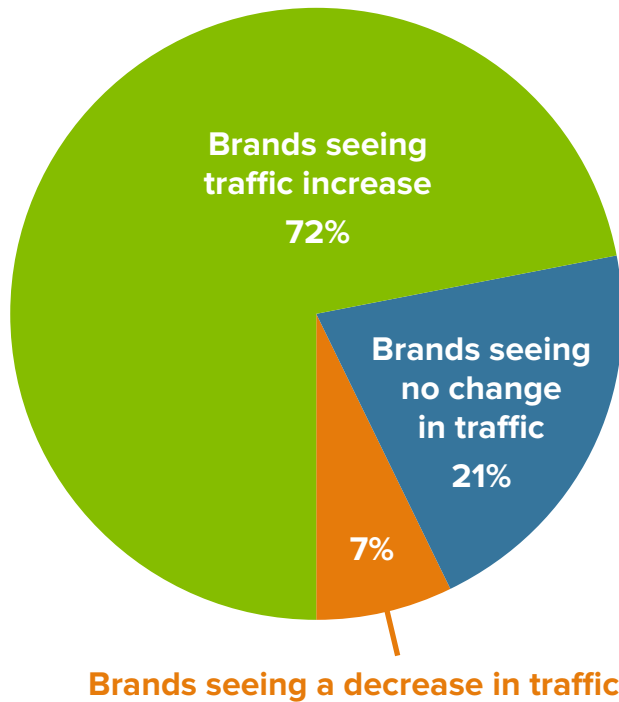


RETAIL SEGMENTS

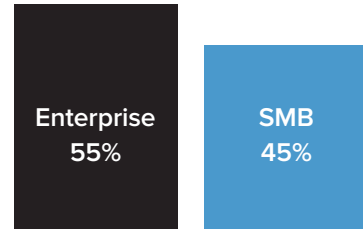


Online Traffic Is On The Rise




Online Traffic Data



Which business size is seeing the most increase in traffic?



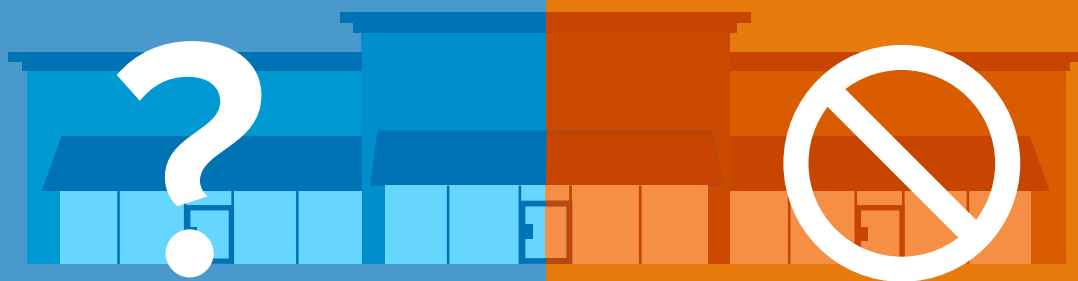
Industries seeing the most traffic increase:

-  Food & Beverage
-  Home Goods / Home Improvement
-  Apparel

Despite the state of the economy, U.S. consumers are still shopping online. This is for a few reasons as indicated in the recent RSR Consumer Survey Report: *The Early Effects of COVID -19 On Online Shopping*:

WHAT CONSUMERS THINK:

Brick & Mortar stores: either a no go or last resort



50% of shoppers are hesitant to shop in-store due to coronavirus

The majority will either not shop at all in-store or will only do so if “absolutely necessary”

Source: RSR Research, March 2020

WHAT CONSUMERS THINK:



Stated online shopping will be an important activity during the current crisis



Said online shopping will be a “necessity” for them to live their daily lives

Source: RSR Research, March 2020

Industries seeing the most traffic increase:

The brands seeing the most increase in online traffic are Food & Beverage, Home Goods / Home Improvement, and Apparel categories.



Food & Beverage

Food and Beverage brands are providing critical assets to the public. People need these items to survive, especially consumers with underlying medical conditions. Luckily, Food & Beverage brands have adapted quickly and are offering flexible delivery and pickup options. Many work with services like Instacart or PeaPod so there’s no need to even go into supermarkets.



Home Goods / Home Improvement

By spending so much time at home, it’s natural for shoppers to want to make their houses more comfortable, take on organizing and other home improvement efforts, not to mention gardening and landscaping projects as the weather becomes nicer.



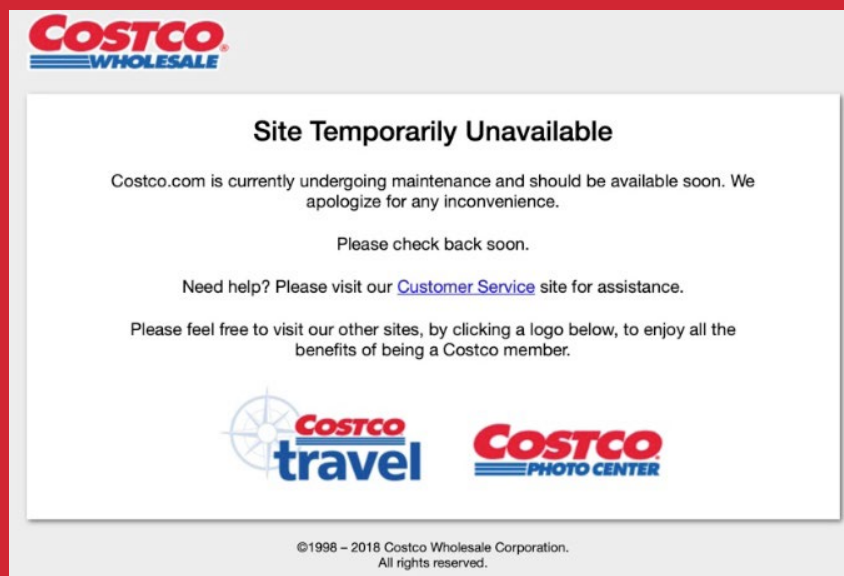
Apparel

Apparel brands are seeing online traffic increases while getting back to normal is what’s at the top of shoppers’ minds. Summer clothes, bathing suits, flip flops, oh my! Cabin fever is in full force, and forward-thinking shoppers won’t give up on summer plans just yet.

Brands Say They're Prepared, But History Says Otherwise

When asked if their websites are prepared to handle the anticipated influx in traffic due to more people shopping online, amazingly, 94% of respondents said “yes.” This would be great if it were true, but history suggests otherwise.

Each year, retail brands have around 10 months to prepare for the five biggest shopping days of the year: “Cyber 5.” And every year, major brands and small brands alike experience slow and inconsistent site performance, crashed sites and use of waiting room technologies, destroyed reputations, issues at checkout, and millions of dollars lost to lack of preparedness.



For example, due to heavy traffic, Costco missed out on an estimated 40% of their Thanksgiving sales as its site was completely down for more than 16 hours.

And this is with 10 months to prepare! With COVID-19 striking just months after the holidays, brands were not expecting to tune-up site performance until much later in the year. With so many caught off guard, not knowing if people would even still be shopping, there is no way almost 100% are ready to deliver perfect online performance to the masses.

Retailers Plan To Make Up Lost Brick & Mortar Revenue Through Online Channels

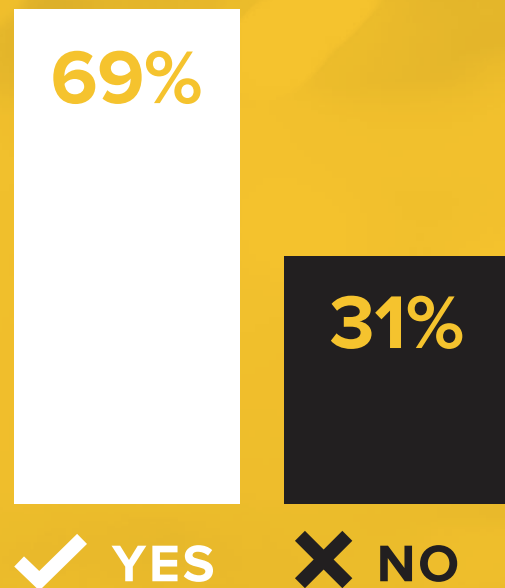
Because of government mandates, many “non-essential” physical stores were forced to close down, while online stores can remain in operation. While it’s fortunate that brands can continue selling online, there are still many challenges these brands are facing.

For example, what can brands do to make sure they don’t run out of inventory? What about the inventory that’s been left in stores? Can retailers make up for the lost brick & mortar sales by selling that inventory online?

69% of brands are planning to do just that.

Since online traffic is increasing, inventory can be taken from physical stores and sold online. But it needs to be done fast — especially for brands that sell seasonal items, like apparel and footwear. With the way things are looking, online shopping is not going to slow down anytime soon, so there is a solid opportunity here to make up for lost sales.

Do brands plan to make up lost brick and mortar revenue through online channels?



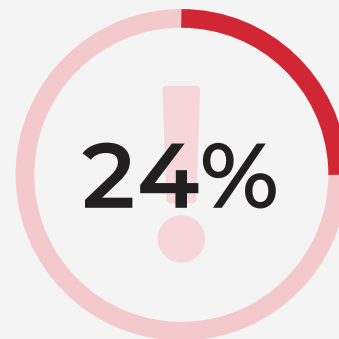
Digital Or Bust!

For many retailers, especially those with a large brick & mortar presence, their 2020 investments included a mix of in-store technologies and digital initiatives. Now that stores are closed, it's no surprise that the majority of brands are switching their focus to digital programs and halting in-store technology initiatives.

Taking that one step further, look at how brands that have seen an *increase* in online traffic are investing, vs. what brands that have seen no change or a decrease in online traffic are doing.



Out of the brands seeing an increase in online traffic, 80% are pushing forward and investing more in digital.



Out of the brands seeing no change or a decrease in online traffic, only 24% are shifting their focus to digital.

It's unfortunate that some brands are falling behind, but waiting to increase focus on digital initiatives is a big mistake. This is not a situation that retailers can "ride out." The effects of this pandemic on consumer behavior are here to stay. Brands need to adapt — and fast!

Getting Social With The “Distance” Built In

When asked, eCommerce leaders indicated which areas they are investing in while adapting to the change in shopping behaviors since the coronavirus outbreak:

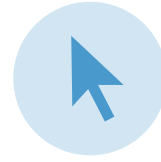
Top 3



Marketing Promotions



Website Performance



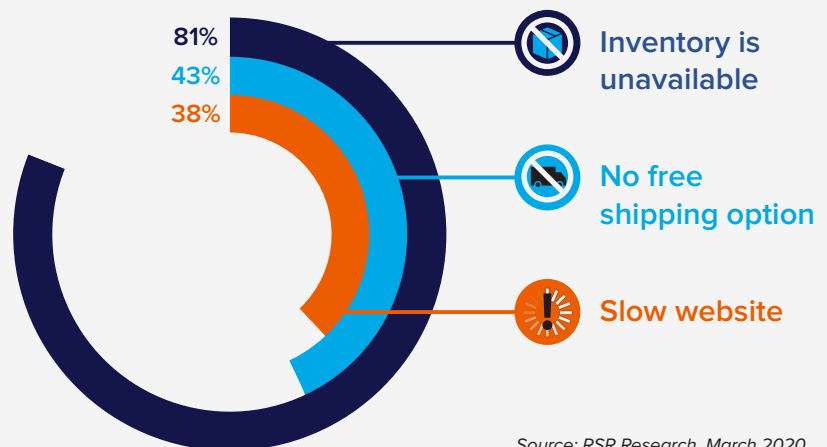
Buy Online, Pick Up in Store (BOPUS)

Right now, businesses are seeing the price of cost-per-click (CPC) advertising drop. As a result, brands are buying more PPC ad spots, and investing more on social media advertising. This makes sense, as we are all online more than ever before. Brands are getting their promotions right in front of their audience for less of an investment than what it used to be.

Let’s take one step deeper. Out of all the respondents that are seeing an increase in online traffic, nearly **60% of brands** are focusing heavily on marketing promotions. Seems to be working.

The other two leading initiatives, web performance and BOPUS, align with what shoppers are saying they need (referenced earlier in this report) from retailers during these challenging times:

Top 3 things that will make shopping online more difficult during the coronavirus outbreak:



Source: RSR Research, March 2020

It seems brands have listened, and are focused on providing shoppers the fast online shopping experience and flexible delivery options they are looking for.

This Isn't A "Short Term Fix" Situation

Even in the first edition of the 2020 eCommerce Leaders Survey, retailers were urged to operate with fast flexibility, or be left in 2019. What we are seeing with the current pandemic is an almost impossible level of adaptation for brands. However, it's being done, and many brands are succeeding through these unimaginable changes.

The key is to remember that this isn't a short term fix, and the brands that are succeeding are investing in digital for the long run while looking at the bigger picture. Those that are not, unfortunately have an unclear future.

The ability to adapt, focus on your audience, bullet-proof your online presence, and let your shoppers know you're still ready to provide them with a reliable online shopping experience is what will get brands through to the other side of COVID-19. It may never look the same again, but as retail moves forward, eCommerce is leading the pack.

YOTTAA

Sponsored by Yottaa, an eCommerce technology provider that helps brands optimize, accelerate, and secure digital experiences.