Navigating the Retail Industry

IMPACT OF THE CORONAVIRUS CRISIS

June 2020

Across the economy and marketing landscape, we're seeing some brands playing it safe, while other brands are taking a more aggressive approach. For the retail industry, the shopping experience looks very different as consumers are shifting to ecommerce out of necessity. The information within this report will provide a snapshot of the current landscape of the Retail industry and should be used as a guide to inform critical decisions being made moving forward.

CONSUMER SENTIMENT & BEHAVIORS

75% say they are "quarantined in place at home" to a large extent[1]

50% expect we will be largely returning to normal by September, down from 66%[1] in mid-March

71% are more concerned about economic-related effects of the coronavirus, 58% about health concerns[1]

95% are spending more time consuming in-home media[2]

Shift in consumer financial habits[1]

INVESTING	SPENDING
67%	62%
Remains the same	Pulling back on spend at some capacity

BUDGETING	SAVING
+43%	+35%
In budgeting and monitoring expenses	Increase their savings habits

Behaviors consumers expect to retain post-COVID[1]

- **79%** plan to spend less and save more
- **68%** plan to avoid nonessential travel
- **59%** plan to travel via car over air
- **43%** plan to continue online grocery shopping

CURRENT STATE OF THE INDUSTRY

RETAIL SPENDING

8.7%
in March

largest monthly fall in the last **three** decades

The prior record was a 3.9% drop in November 2008[3]

CONSUMER CONFIDENCE

2.1
points
by April 29[4]

AD SPEND

30%
early-March to mid-April

Comparable to declines in arts & entertainment and personal finance[5]

76% want to hear from retailer brands **MORE OR THE SAME** amount during the pandemic[6]

84% for **grocery store** brands

81% for **household goods** brands

62% for **fashion and beauty** brands

FOOT → WEBSITE TRAFFIC

Retail foot traffic has quickly turned into website traffic

- **74%** said they will **steer away from shopping centers**[7]
- **64%** are **avoiding physical stores** as a precaution related to the coronavirus[1]
- **52%** increase in purchasing products **online**[1]

FOOT TRAFFIC ON THE RISE

Home Improvement Stores

up 142%

(3/1/20-4/15/20 compared to prior 45 day period)[8]

With the increase in ecommerce traffic, retailers need to provide consumers with a relevant, frictionless, and helpful shopping experience[9]

Overall consumer spending is down, but some categories are seeing increases[6]

↑ **28% book purchases**
26% toys, arts and craft purchases

Leading categories where consumers are buying more:

- Food and nonalcoholic beverages
- Everyday household products
- Personal care items
- Health products
- At-home fitness products
- Toys and hobbies

32% say they will spend more time on hobbies[10]

Categories where consumers are decreasing spend:

- Travel
- Luxury products (i.e. fine jewelry)
- Furniture
- Apparel
- Electronics and appliances

In the U.S., only about **9%** of consumers are brand loyal[12]

During the pandemic, self-reported brand loyalty does not appear to have suffered thus far[13]; however, product shortages have caused consumers to find alternative brands[7]

VIDEO GAMING is providing new opportunities for brands to reach consumers where they are spending time.

Interest in shopping via their gaming console is also increasing, anticipated to be **up 12 points**[11]

Retailers Point-of-View

What retailers can do to be there for their customers:[16]

- Provide timely, clear and transparent communications (hours, closures, fulfillment expectations, etc.)
- Ensure customer, staff and product safety
- Provide a seamless ecommerce shopping experience
- Adjust in real-time to shifts in consumer behaviors

Current operating status[14]

- **35%** are losing customers
- **27%** are temporarily closed
- **8%** are pausing marketing efforts
- **23%** have not been impacted yet

When do RETAILERS think shopping activity will return to normal?[15]

- **58%** say between 3-12 months
- **40%** say between 1-3 months
- **2%** say within 30 days

Impact on Small and Mid-Size Retail Businesses (in April)

SALES for the last 30 days (2020) compared to same time last year:[17]

- **51%** lower than last year
- **10%** same as last year
- **19%** higher than last year
- **8%** don't know

Areas of financial concern:[17]

- Bills / accounts payable
- Rent or lease
- Employee wages

The numbers below are all as a result of the pandemic and stay-at-home orders.

MEDIA IMPACT & CONSIDERATIONS

With 95% of consumers spending more time consuming in-home media[2] as a result of stay-at-home orders, just where are they spending their time?

CONNECTED TV

- 90% of consumers have access to Connected TV[18]
- Channel seeing the highest increased frequency of use with 56% of consumers reporting higher usage[1]
- CPMs are down 41.6%, while ad revenue is up 8.6% (early-March to late-March)[19]
- 36% increase in time spent streaming movies/videos[7]
- Nearly two-thirds of U.S. households don't have cable or plan to cut the cord to linear TV in 2020[20]

YouTube[21]

- Usage is **up 15.3%**
- **73%** of U.S. adults use YouTube (90% among 18-24 year olds)
- **70%** of those 18-28 are seeking entertainment content (compared to 48% of the general population)

Nearly **50%** of people are spending 1–3 hours more time on social platforms[24]

TikTok[22]

- **Added 12M** unique visitors in March, up 50% since January, reaching **52.2M** unique visitors
- Users spent an average of 858 minutes (14 hrs, 18 min) on the app in March (**up 26%** from Jan and **94%** from Oct)
- **80%** of users are **under 34** years old, but awareness is growing among the 34+ audience

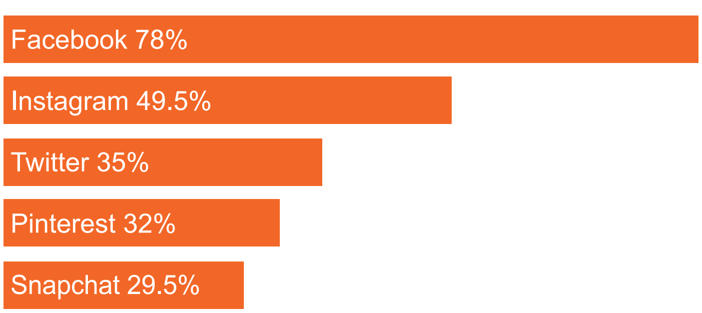
twitch[23]

- **10B** hours streamed in 2019
- **+50%** MoM increase
- Average session is **90 minutes** (Currently bigger than Netflix, Hulu, ESPN & HBO combined in terms of hours watched)

State of TV Viewership[26]

- **14% increase** in time spent watching
- Live TV **up 12%**
- Cable news **up 100%**
- Daytime viewers **up 34%**

Increases in social media platforms usage[25]



The retail industry is broad, so if you are seeking more-specific insights into your category, or to talk about how to bring some of these insights into action for your organization, contact **Julie Verhulst** — VP, Strategy & Account Services: julie@ciceron.com

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Final Sources:
1. Resonate 2. Centro 3. NPR.org 4. HPS-CivicScience.com 5. MediaPost 6. eMarketer 7. Google Consumer Insights 8. Reveal Mobile 9. Think with Google 10. eMarketer 11. Sourcing Journal 12. Nielsen 13. MediaPost 14. eMarketer 15. eMarketer 16. Think with Google 17. Facebook 18. IAS Report 19. eMarketer 20. The Trade Desk 21. Search Engine Journal 22. eMarketer 23. Brand Innovators 24. eMarketer 25. eMarketer 26. EffecTV

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