

COVID-19 Could Have Lasting Effects on Consumer Behavior



Leaders in Shopper
Engagement & Promotion

The Effects of COVID-19 on Retail Sales

By now, everyone has seen the effects of COVID-19 on our current economy. **We've had to adapt to a changing retail landscape**; the way we've made purchases has changed in the past month, and it will continue to change in the future.



There is the Sephora shopper who can't go into her favorite store and is **trying drugstore and supermarket brands** because she needs a shopping experience pick-me-up.



There is the **83-year-old man who had never ordered anything online** and is now using Instacart for curbside pickup and **LOVES it**.



WHEN THIS IS OVER

there is evidence that many stories like this will affect how people shop more than we expected. Experts believe these adaptations will have a lasting effect on our consumer behavior – especially when it comes to online sales.



The online share of grocery sales will be nearly 10% or more this year – four years sooner than previously predicted, according to Fabric, which builds automated micro-fulfillment centers. Half of U.S. consumers (52%) have shopped for groceries online because of the pandemic.

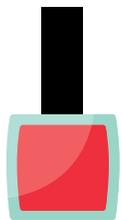
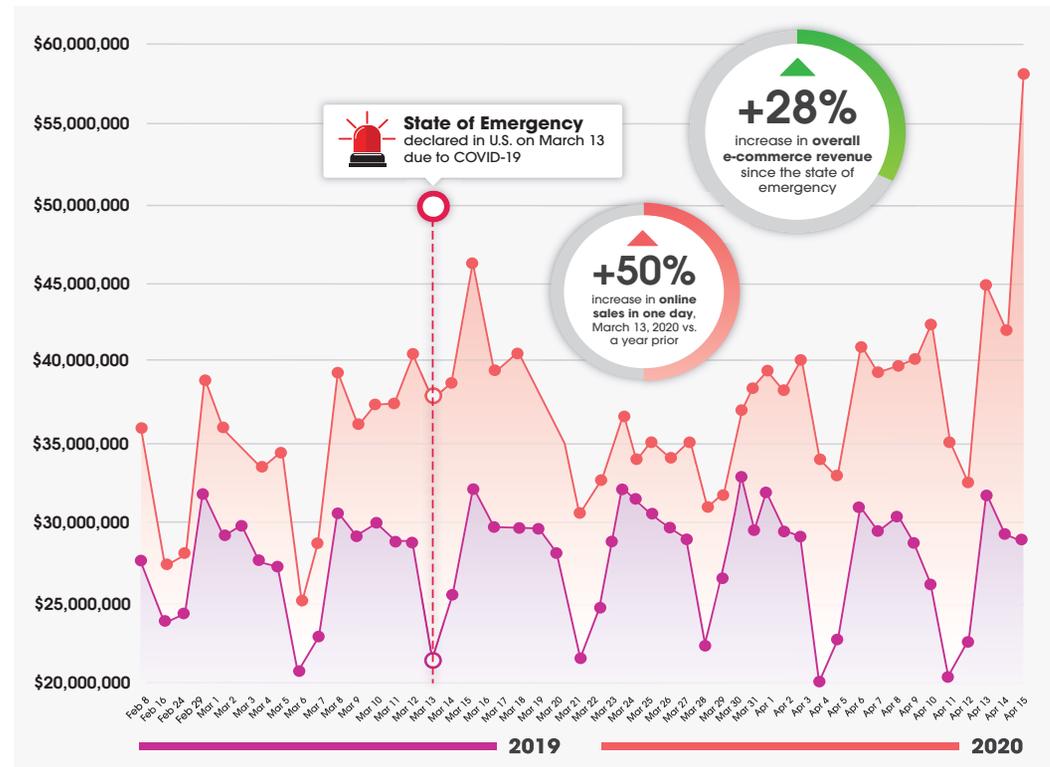
E-Commerce in the Wake of COVID-19

Listrak® completed an analysis of more than 850 U.S. Retail E-Commerce Domains and showed **over a 28% increase in overall e-commerce revenue** since the State of Emergency was declared on March 13, 2020 in the U.S. due to COVID-19.

Beauty Gains

These are some of the top products in the beauty industry steadily increasing in sales since the state of emergency was declared.

E-Commerce Sales 2020 vs. 2019



Nail Polish

With salons closed consumers are doing more beauty DIY.



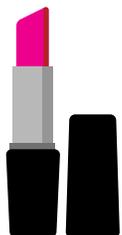
Hair Dye

Consumers can't go to the salon so they color or add root touch-ups at home.



Skin Care

Consumers are looking for ways to keep skin clean and hands moisturized.



Lipstick

Consumers want to feel good while at home.



False Lashes

Consumers want to amp up their look on camera.



Mascara

Consumers are looking for cost-effective ways to treat themselves at home.

25.35% are making **more online purchases**



32.05% are browsing to buy **more online**



40.55% of consumers said that if products are unavailable, they would **turn to less familiar brands** as options



43.20% nearly half plan to do **more of their shopping online**



Consumers Are More Responsive to Advertising

A survey by Yopto completed March 17, 2020, found that shopping behavior is beginning to evolve. Consumers are not only paying more attention to online campaigns, but becoming more **responsive to online marketing messages**, including emails, texts, social media ads, and more.



Consumer **values and brand loyalty are not changing**, it's their shopping habits and priorities that are shifting.

Innovation Thrives in Times of Change

History has shown that during times of difficulty, people become even more creative. Innovation can advance during a crisis. We adapt and find new ways of thinking.

- More employees than ever are working from home for the first time
- Platforms, like Zoom, are being used to conduct video conferences in place of face-to-face gatherings
- Being on camera makes people more aware of their appearance
- Women are using more makeup and better lighting

In addition to companies changing the way they operate and how people interact in their working environments, retailers are responding to these unprecedented times with more innovations to connect to their consumers. They are stepping up their online experience to make it more interactive and offer value beyond the products.

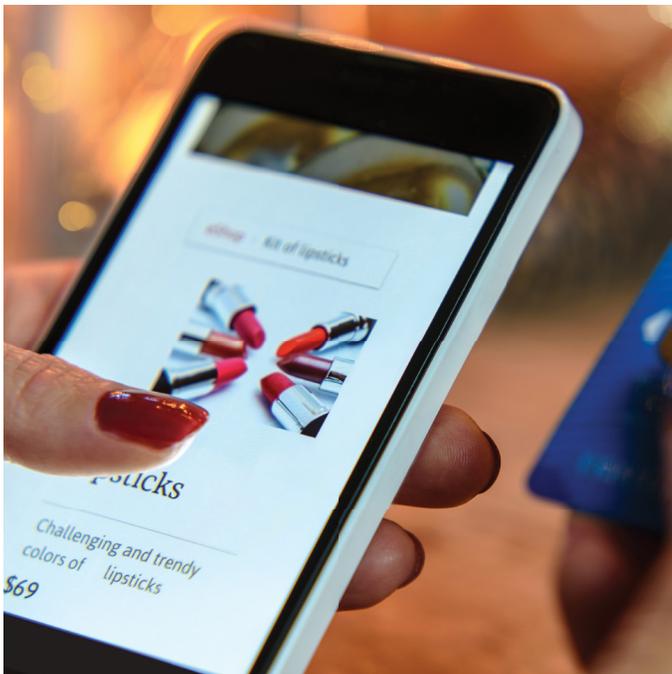


Companies may make permanent changes if they see increased productivity from working at home.

Remote work saves companies money on office space.

Dan Bartlett, the executive vice president for corporate affairs at Walmart, recently told Yahoo Finance that while the retailer has seen **“increased sales” for tops**, the demand for new pants or skirts isn’t so strong due to video conferencing replacing face-to-face workplace interaction.





The Lipstick Effect



What is it?

The theory that during an economic crisis, consumers will be **more willing to buy less costly luxury goods**.

Historically, the “**lipstick theory**” has proven true, with lipsticks (*during the four recessions from 1973 through 2001*) and eye makeup (*in the most recent 2008-2009 recession*) performing exceptionally well during recessionary times.

Effect on consumers

Consumers will seek soothing solutions, such as **facial care, nail polish, and cosmetics** to maintain or establish a routine they can still control as well as turning to these items as a way to treat themselves.

DIY on the rise—faithful salon go-ers may **turn into DIY-ers** once they learn the techniques for themselves.

5 Ways to Market in this Changing Retail Landscape

1. Couponing More Important Than Before

Because of the economic hardships that most Americans are now facing, **shoppers are finding ways to cut costs.**

With many brick-and-mortar stores closed, online coupons and offers are a sure-fire way to help customers save since **they are already showing an interest in browsing and shopping online.**



Coupon usage is on the rise and is a great way for brands to engage consumers and encourage sales.



HOW TO

show your brand cares about more than sales:

- **Product giveaways** for first responders & healthcare workers
- **Samples or donations** for those in need
- **Coupons or discounts** for first responders & healthcare workers
- **Free delivery**, curbside pickup or no contact service

2. Community Connection

Consumers are **more likely to support brands that help others** during hard times as opposed to those that use it as an opportunity to increase their bottom line. **They will remember these companies and will become more loyal to them.**

83%

of consumers agree that they want brands to help people connect and stay emotionally close*

71%

of consumers agree that the brands that place profits before people will lose their trust forever*

65%

agree that how well a brand responds to this crisis will have a huge impact on their likelihood to buy that brand in the future*

37%

started using a new brand because of the empathetic or innovative way they have responded to the virus outbreak*

*According to a survey conducted by Edelman released in their *Special Report: Brand Trust and the Coronavirus Pandemic*.

5 Ways to Market in this Changing Retail Landscape



208%

Curbside pickup at retail stores surges during coronavirus pandemic*

3. Sampling

In the beauty and personal care industries, shoppers rely on testers to try products in-store before making a purchase.

How to sample when customers aren't in stores:

- Provide free samples with online purchases
- Curbside sampling, delivery sampling or direct mail are all great ways to reach out to customers during a time of need

*In an article on CNBC, *Curbside pickup at retail stores surges 208% during coronavirus pandemic*, the number of orders placed online and picked up at stores by customers surged 208% between April 1 and April 20 compared with a year ago, according to data pulled from Adobe Analytics.

4. Digital Presence

Perhaps the most important strategy is to maintain and increase online marketing.

All generations - even those that have never shopped online before - are being forced to use technology and alternate shopping channels.

Experts believe this **increase in online shopping will have a lasting effect** as more consumers become comfortable using technology and alternate shopping channels.

†A survey by Rakuten Intelligence showed that online sales at general merchandise retailers climbed 50% in one day (on March 13 vs. a year prior).

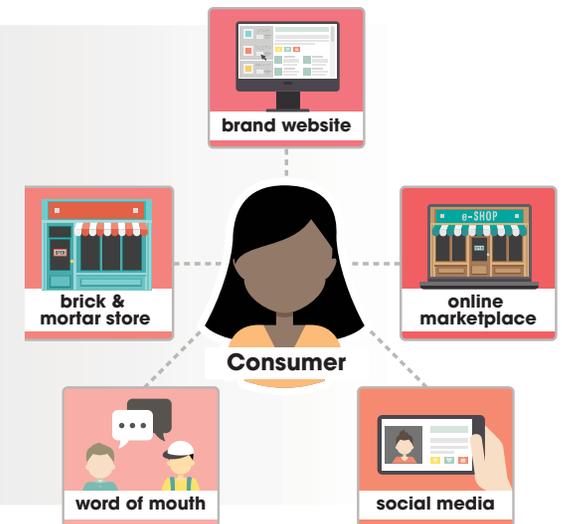


5 Ways to Market in this Changing Retail Landscape

5. Omnichannel Marketing

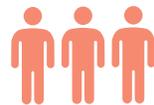
What is it? A completely seamless and integrated shopping experience from the first touchpoint to the last. Each channel works together to create a unified message, voice, and brand for your company.

How does it work? Your brand presence must go beyond a website plus a brick and mortar storefront to address where people spend their time before they spend their money. That means online marketplaces, social media, messaging apps, online communities and real life.



Did you know?

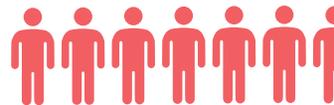
30% of consumers who buy both in-store and online have a 30% higher lifetime value than those shopping through one channel*



50% of consumers expect to be able to buy online and pick up in-store, and for sales associates to look up product info in-store online for them**



64% of consumers expect to receive real-time assistance regardless of the customer service channel they use†



98% of American consumers switch between devices, e.g. tablets, cell phones, and smartwatches in the same day†



* In an article by Julie Krueger for Google, *Omnichannel shoppers: An emerging retail reality*.

**According to a research study, *Consumer Desires Vs. Retailer Capabilities: Minding the Omni-Channel Commerce Gap* by Forrester.

† According to a survey of 7,000 respondents across seven countries regarding how they approach the multiplying number of digital channels by Zendesk.

What defines a good Omnichannel Marketing strategy?



Customer Experience

Convenience

Cross-channel experiences that save time

Consistency

A unified brand presence across channels

Relevance

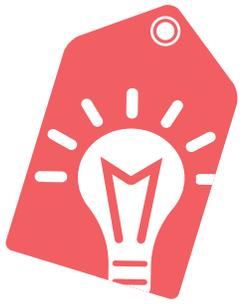
Real-time, highly personalized and tailored interactions

Empowerment

Inform and empower better purchasing decisions

Agility

Tracking changes and shifts in the marketplace to be able to react quickly



Creative Brainstorming & Consulting

We're in This Together, We Can Help!

Want to figure out how you can do your part for the community? Help out first responders and healthcare workers? **We are happy to brainstorm solutions for your specific needs, at no cost!**

CosPro is here for you!

We are passionate about our community and to help in these uncertain times we are offering **creative solutions** to you **absolutely free**.



What does this mean?

- Our **creative staff** is available for **free brainstorming** to help you with solutions to any challenges you might be experiencing.
- Our team of **in-house graphic artists** will provide **free design** for anything you are doing **to support your COVID-19 relief efforts**

Let us help you with innovative ideas to connect you to your community!

For more info, contact Tracie Gilbert
at 407-310-4839 or tracie@cospromarketing.com

