Feedvisor

2020 Q4 Trends and Projections:

The Digital Revolution of Retail and E-Marketplaces

Introduction

Digital transformation of the U.S. retail industry has long been underway, albeit at a moderate pace relative to traditional brick-and-mortar's dominance. In the wake of the COVID-19 pandemic, that is no longer the case.

Indeed, the COVID-19 pandemic transformed the U.S. retail industry practically overnight, as states issued shelter-in-place orders, nonessential brick-and-mortar businesses were forced to shutter their doors, and consumers flocked to digital shopping channels at unprecedented rates in order to access items they needed.

Online growth that was predicted to take years occurred in just a matter of weeks, with Amazon and Walmart being among the biggest beneficiaries.

Sales of essential and nonessential product categories across Amazon and Walmart were up 30% in March compared to February*, and have shown a sustained increase thereafter, up 43% in July.[1]

Even with panic-buying subsided and brick-and-mortar stores reopened for business, e-commerce continues to grow, as consumer shopping behavior adjusts to new, digital-first habits. However, it is what happens in the next six to 12 months that will set the stage for what will become the "new normal."

In this special report, we examine exclusive Feedvisor customer sales and advertising data across the U.S. Amazon and Walmart marketplaces before and during the COVID-19 pandemic, identifying key trends and behaviors, to reveal our projections for the future of retail and e-marketplaces in a post-Covid world.

Dani Nadel
President and Chief Operating Officer, Feedvisor

[1]Feedvisor, Proprietary Customer Data, 2020
**For the purpose of this report, Feedvisor uses February as a pre-Covid benchmark before the effects of the pandemic began to take shape on the industry.*

New Foundational Realities

With physical store shelves low on stock, and consumers avoiding in-person interactions, COVID-19 expedited consumers' adoption of and comfortability with online shopping.

This is particularly true on e-marketplaces like Amazon and Walmart, where shoppers flocked for essential items including hand sanitizer, groceries, and electronics in preparation of social distancing and working from home. As a result, U.S. e-commerce sales may grow as high as $6.5 trillion by 2023, according to eMarketer.[1]

$6.5 trillion

Growth projection of e-commerce sales by 2023.[1]

This rare and unpredictable "black swan" event has put into motion a disruptive series of events that was impossible to see coming and cannot be ignored. For brands and retailers that were historically slow to adopt or prioritize an e-commerce strategy, the stakes have never been higher. For some, the consequences are already underway.

True Religion Apparel, J. Crew, Pier 1 Imports, GNC, Neiman Marcus — each of these, among others, have filed for bankruptcy since the onset of the coronavirus pandemic.[2] Temporary stay-at-home orders and store closures have set forth long-lasting repercussions for brands and retailers that have failed to adapt as consumers pivot toward online shopping.

Below, we break down the rapid growth of e-marketplace sales during the COVID-19 crisis to explain the new foundational reality — a new online growth curve by category — far higher than pre-pandemic levels, that will reset expectations and forecasts for what can be achieved online.

[1]eMarketer, 2020
[2]NBC News, 2020

Jan. 11
China reports the first death linked to the new coronavirus.

Jan. 21
U.S. reports its first case of the coronavirus.

Jan. 23
China imposes a lockdown of Wuhan and other cities in Hubei.

Jan. 30
WHO declares the outbreak a public health emergency.

Feb. 13
China imposes a shutdown of all manufacturing plants.

E-Marketplaces Move to Center Stage

While ripple effects of the COVID-19 crisis began trickling into online U.S. marketplaces as early as February, category-level sales on Amazon and Walmart remained generally stable until mid-March — the peak period of supply chain disruption and panic-buying.

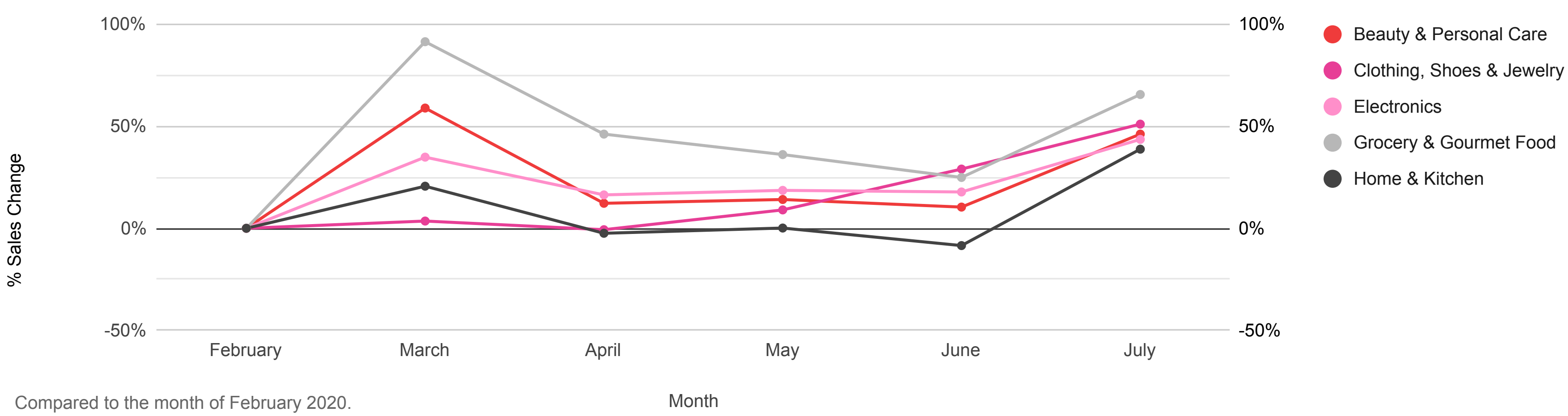
This, in turn, caused unprecedented sales volatility for brands and sellers on e-marketplaces — the effects of which varied, depending on whether their product category was deemed "essential" or "nonessential."

Perhaps the most telling example of this disruption is the meteoric rise of online food retail. Prior to the pandemic, grocery was among the slowest-moving categories to shift online, with e-commerce sales accounting for just 2% of overall the category.[1]

After years of digital innovation and expanded partnerships with third-party logistics (3PL) providers, the category was showing modest growth, but reeled with consumers' perception of online grocery shopping as adverse and impersonal.

However, with long lines at grocery stores and the urge for social distancing, the COVID-19 pandemic catapulted the growth and adoption of online grocery to new levels.

Monthly Sales Changes by Category



Compared to the month of February 2020.

[1]*Forbes, 2019*
Timeline Sources: NBC News, 2020; Amazon, 2020; Walmart, 2020; CNBC, 2020; Recode, 2020

Feb. 29
WHO advises for international travel and trade restrictions.

March 11
WHO declares the outbreak a global pandemic.

March 15
The CDC issues a social distancing advisory.

March 16
Amazon pledges to hire 100,000 additional workers.

March 17
Amazon suspends inbound FBA shipments of nonessential items.

Grocery and Gourmet sales on Amazon and Walmart were up 91% and 46% over the months of March and April, respectively, compared to February.[1] With health and safety top of mind, consumers quickly came to rely on the convenience of one- and two-hour delivery windows and curbside pickup via programs like Amazon Fresh and Walmart Grocery.

Despite large crowds dissipating at supermarkets and physical shelves again fully stocked, sales of Grocery and Gourmet continue to grow — up 25% and 65% over the months of June and July, respectively, compared to February — indicating an extended effect on consumer shopping behavior.[1]

65%
Sales growth of Grocery and Gourmet in July.[1]

In fact, according to a May 2020 survey of online grocery shoppers, Amazon and Walmart lead in customer satisfaction. On a scale of 1 to 5, Amazon scored 4.47 in online grocery customer satisfaction, just ahead of Walmart at 4.38, and both outperformed supermarket retailers (4.33) and 3PLs, such as Instacart (4.35).[2]

[1]Feedvisor, Proprietary Customer Data, 2020
[2]Supermarket News, 2020

March 18
U.S. closes its borders to nonessential traffic.

March 23
Walmart ramps up supply chain hires.

March 24
Amazon removes 3,900 sellers from its platform over price gouging.

March 27
U.S. passes $2 trillion economic stimulus bill.

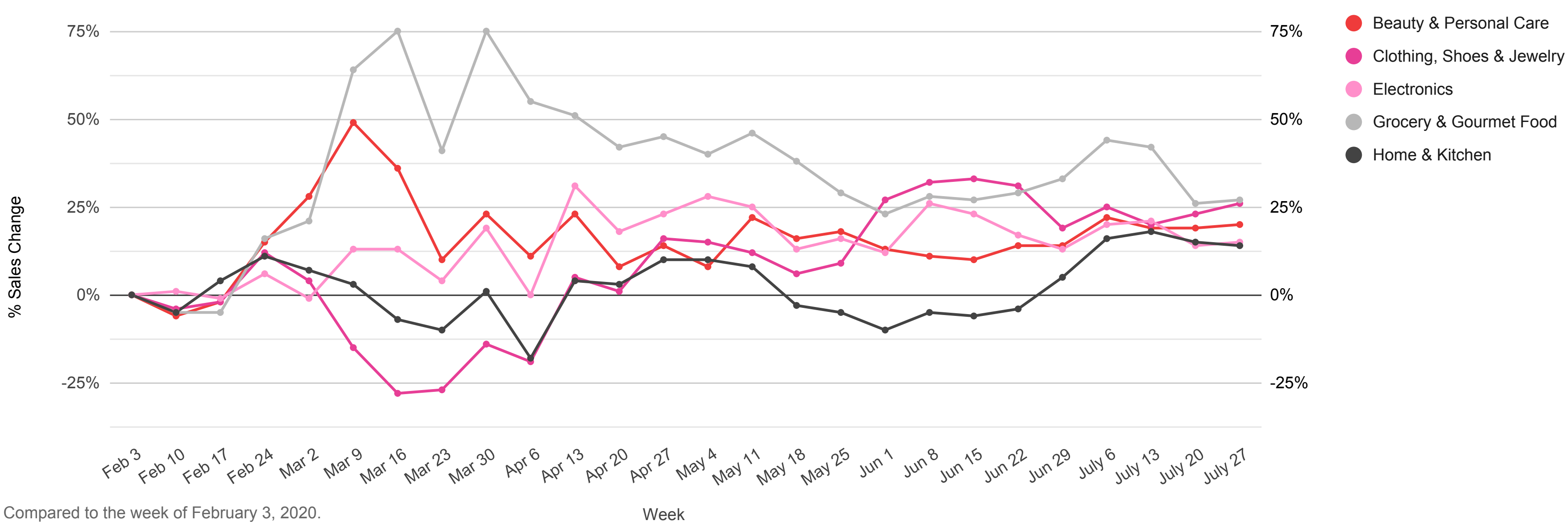
March 27
Amazon broadens its list of products deemed as essential.

The 'New Normal'

This extended effect on consumer shopping behavior is paving way for the "new normal," where shoppers have a newfound appreciation and reliance on e-commerce — and not just for essential products but across categories, from groceries to personal care to electronics and office supplies.

Sales of Beauty and Personal Care, which includes health and wellness items, were up 59% over the month of March compared to February. Despite price gouging and the resultant, temporary ban of several high-demand items — like masks and hand sanitizer — from e-marketplaces, consumers continue flock online for Beauty and Personal Care products, with sales up 46% in July versus February.[1]

Weekly Sales Changes by Category



Compared to the week of February 3, 2020.

[1]*Feedvisor, Proprietary Customer Data, 2020*

March 29
President Trump extends social distancing advisory to April 30.

April 3
Amazon announces postponement of Prime Day 2020.

April 8
China lifts travel restrictions in and out of Wuhan.

April 13
U.S. distributes stimulus checks to 80 million Americans.

April 13
Amazon lifts all shipping restrictions on nonessential inventory.

24%
of consumers would not feel comfortable shopping in a mall for more than six months.[1]

Similarly, sales of Electronics and Home and Kitchen were up 35% and 21% over the month of March compared to February. After seeing 0% growth in early April — the last week of Amazon's FBA inventory restriction on nonessential products — Electronics continue to show sustained growth through June (18%) and July (43%).[2]

This new normal is built on the presumption that consumers will continue to expand their usage of e-commerce while approaching in-store shopping with skepticism and caution.

Indeed, a recent analysis by Morning Consult found that nearly a quarter (24%) of consumers said they would not feel comfortable shopping in a mall for more than six months and, according to Technomic, 52% of consumers are avoiding crowds, while 32% are leaving their house less often because of COVID-19.[1,3]

This trend may or may not continue in perpetuity, but the increased reliance on online channels is here to stay.

[1]*Morning Consult, 2020*
[2]*Feedvisor, Proprietary Customer Data, 2020*
[3]*Technomic, 2020*

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April 16
President Trump announces guidelines for reopening economies.

April 30
The Trump administration's social distancing advisory expires.

May 1
Employees of Amazon and Walmart stage walkout over safety concerns.

June 15
Walmart expands online marketplace to more small businesses.

July 2
Amazon delays Prime Day until October due to COVID-19.

Apparel Hits Its Stride

The tumultuous story of apparel's rebound is perhaps the most indicative of this new normal. Indeed, Clothing, Shoes, and Jewelry was among the hardest-hit categories during the COVID-19 crisis, seeing sales decline week over week in March — the peak period of panic-buying and nonessential inventory restrictions — dropping as much as 28% the week ending March 22 compared to February.[1]

Following the initial postponement of its annual Prime Day event — which is now expected to begin on Oct. 5 — Amazon announced a fashion-focused summer promotion in an effort to boost sales and aid the Clothing, Shoes, and Jewelry category's recovery from the COVID-19 slump.[2]

However, prior to Amazon's Big Style Sale, which took place June 22–28, Clothing, Shoes, and Jewelry sales were already rebounding from COVID-19, as states began reopening nonessential businesses and consumers loosened up on social distancing efforts with the start of summer.

Across e-marketplaces, Clothing, Shoes, and Jewelry sales were up 29% in June compared with February, and increased 51% from June to July.[1]

[1]Feedvisor, Proprietary Customer Data, 2020
[2]CNBC, 2020

July 13
Amazon sets new FBA storage limits ahead of Q4.

July 21
Walmart announces stores to be closed on Thanksgiving.

August 4
Walmart delays launch of Walmart+ subscription service.

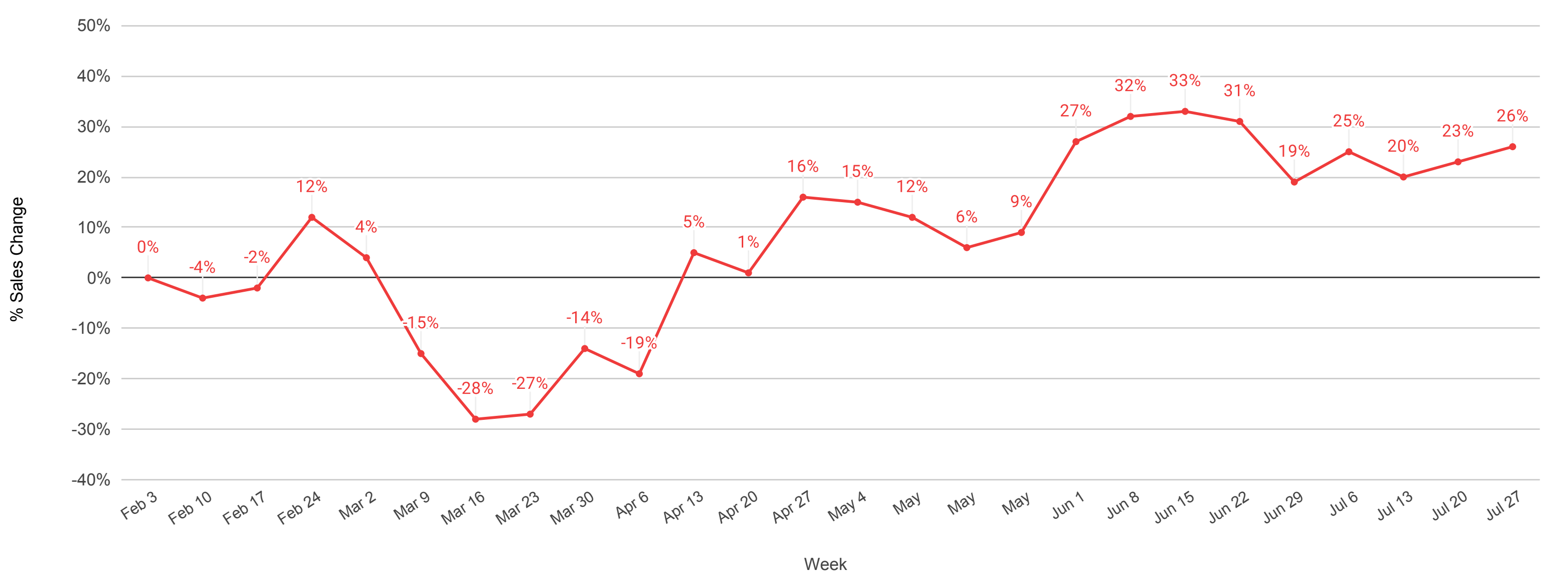
Q4 2020
Peak consumer demand for Prime Day, Black Friday, Cyber Week, and holiday shopping

Certainly, the Big Style Sale can be attributed to some of this growth, given that Clothing, Shoes, and Jewelry e-marketplace sales during the week of the event, ending June 28, increased 31% compared with the pre-pandemic week ending Feb. 9.

However, when examining week-over-week data, it becomes clearer that sales in the category had already been consistently improving. Over the weeks ending June 14 and June 21, Clothing, Shoes, and Jewelry sales were up 32% week over week, revealing a 1% decrease during the week of the Big Style Sale.[1]

This trend is indicative of consumers' shift in shopping behavior. As economies reopened and the weather grew warmer, consumers may have prioritized apparel purchases during the weeks leading up to the Fourth of July holiday weekend, in anticipation of social gatherings and outings, after prioritizing essential items and reducing unnecessary spending during the months of quarantine.

Apparel Weekly Sales Changes



Compared to the week of February 3, 2020.

[1]*Feedvisor, Proprietary Customer Data, 2020*

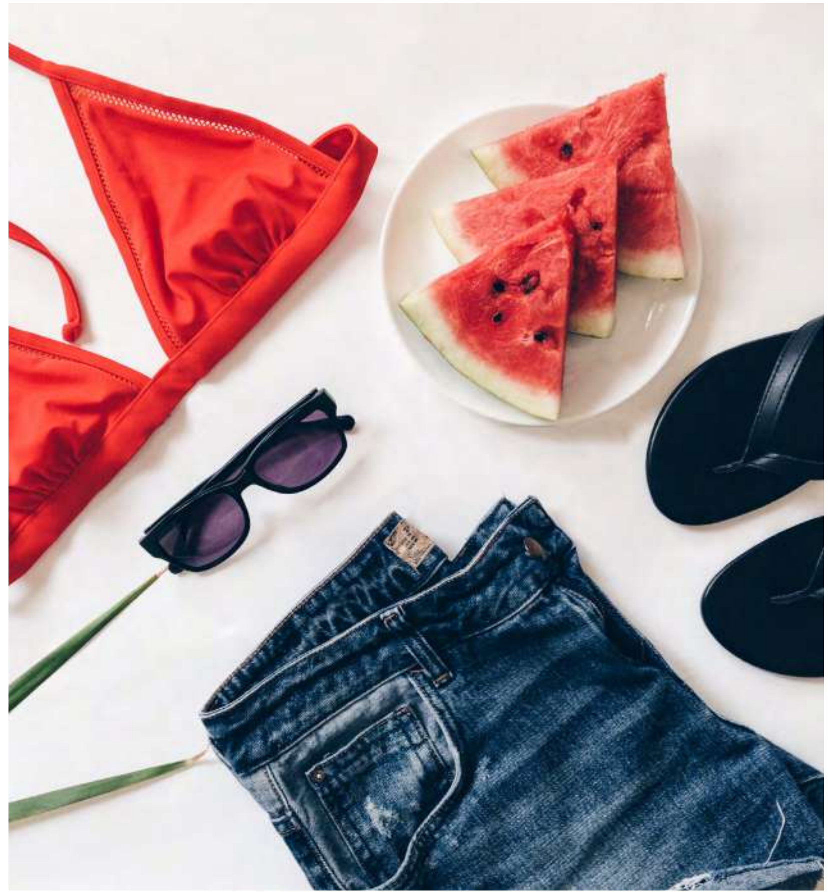
The Big Style Sale, albeit low-impact, offered apparel brands and sellers an opportunity to unload excess inventory accumulated during the peak months of the COVID-19 crisis and FBA nonessential inventory suspension.

While merchants in other categories such as Electronics experience massive sales growth during key online shopping events, including Prime Day and Cyber Monday, apparel sales trends are typically more seasonal and historically do not benefit as greatly from the same sales lift during Prime Day and other holiday shopping events.

In fact, Clothing, Shoes, and Jewelry sales during the week of the Big Style Sale were 31% higher compared to the same week in 2019, and 7% higher compared to Prime Day 2019. Furthermore, sales growth is now decelerating slightly after the Big Style Sale, up 26% over the week ending July 26.[1]

Ultimately, apparel brands and sellers continue to see volatility in their growth trajectory, and seasonal promotions, discounts, and brand awareness will be key to driving sales and maintaining the momentum of consumers' online shopping behavior.

Clothing, Shoes, and Jewelry sales were 7% higher during the Big Style Sale versus Prime Day 2019.[1]



[1]*Feedvisor, Proprietary Customer Data, 2020*

The Advertising Impact

Prior to the pandemic, two-thirds (66%) of consumers already began their search for new products on Amazon.[1]

Now, with social distancing and restrictions on in-person shopping a new reality, Amazon and Walmart have become even more powerful and core channels across the consumer journey, from awareness to purchase.

Indeed, e-marketplaces during the pandemic saw drastic increases in impressions, as consumers flooded Amazon and Walmart in search of essential items. Grocery and Gourmet, in particular, saw impressions grow 190% in March compared to February, while Beauty and Personal Care impressions grew 44% over the same period.[2]

66%

of consumers start their search for new products on Amazon.[1]

[1]Feedvisor, Proprietary Consumer Research, 2019
[2]Feedvisor, Proprietary Customer Data, 2020

For the nonessential Clothing, Shoes, and Jewelry category, impressions were down 7% and 19% during the months of March and April, respectively, compared to February.[1] This reaffirms shoppers' priority in search for essential items over dispensable products, like apparel, while consumers sheltered at home.

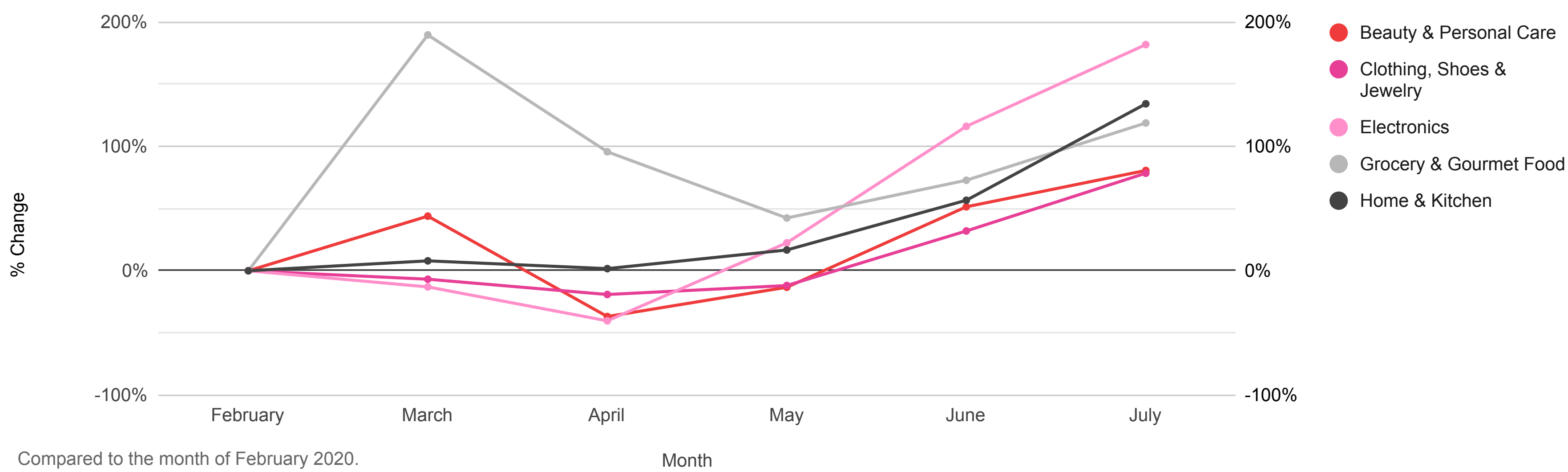
Yet, just as e-marketplace sales continue to trend upward in the months following the peak of the COVID-19 crisis, impressions are up across all categories, particularly Electronics, which saw an increase of 182% in July compared to February.[1]

This can be attributed to the uncertainty around how students will continue their education this fall, as parents and students turn to Amazon and Walmart in search of items like tablets, headphones, and laptops in preparation of at-home learning.

With more consumers shopping on e-marketplaces, brands and sellers will need to rethink and reprioritize their advertising strategies and budgets to drive discoverability, engagement, and conversions.

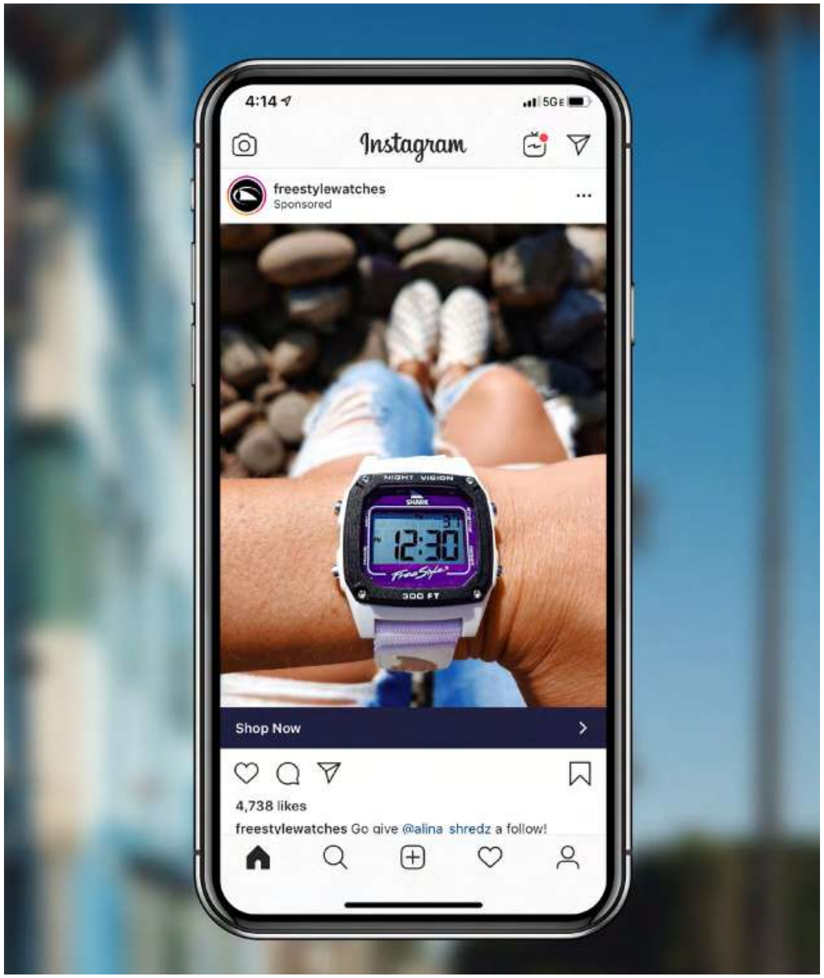
We can expect to see increased impression counts on keywords across categories, as shoppers move online, and, in turn, we expect to see media budgets shift increasingly to e-marketplaces to keep up with demand.

Total Impressions Changes by Category



Compared to the month of February 2020.

[1]*Feedvisor, Proprietary Customer Data, 2020*



Adjustments in Ad Spend

In effect, we now have more consumers searching and, in response, more advertising dollars being allocated to reach them. For example, brands and sellers within the grocery and CPG category adjusted their advertising strategies to maintain visibility in what became a highly competitive market.

In March, for instance, ad spend in Grocery and Gourmet and Beauty and Personal Care was up 237% and 36%, respectively, compared to the month of February.[1]

Conversely, advertisers in nonessential categories that experienced sales declines and fewer impressions were found to have cut back on ad spend as a means to conserve resources and adjust to the shift in consumer search behavior.

The same was seen across the advertising duopoly Google and Facebook, which reported that their digital ad revenue plunged as the economy began shutting down in March.[2]

Ad spend in the Clothing, Shoes, and Jewelry category was down 8% during March compared to February.[1] This can be attributed to the supply chain issues and delivery delays for nonessential products during the height of the COVID-19 crisis — as orders in these categories could not be received — as well as consumers' shift of purchase priority to essential items.

[1]Feedvisor, Proprietary Customer Data, 2020
[2]Politico, 2020

However, in recent months, ad spend in the Clothing, Shoes, and Jewelry category is starting to rebound from down 8% in June to up 35% in July compared to February. This can be attributed to back-to-school shopping and the indication that consumers are growing more comfortable purchasing apparel via online channels.

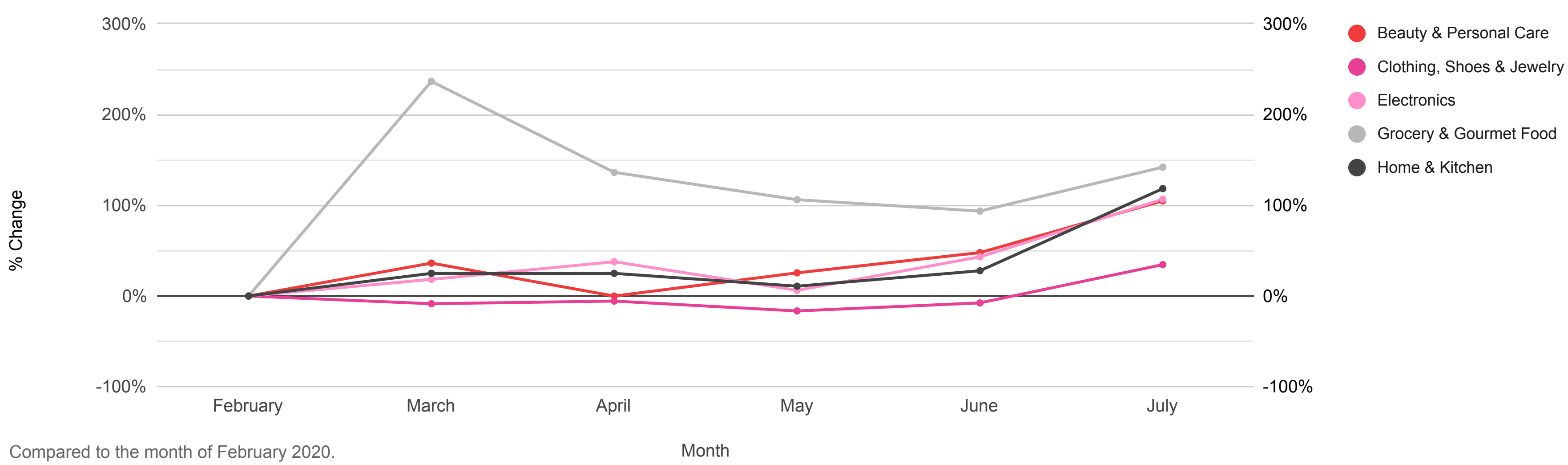
Essential categories, on the other hand, continue to trend upward. Ad spend in Grocery and Gourmet, albeit lower than peak-pandemic, was up 94% and 142% in June and July, respectively, versus February. Similarly, ad spend in essential category Beauty and Personal Care was up 48% and 105% over the same period.[1]

142%

Increase in Grocery and Gourmet ad spend in July.[1]

With category sales growing in June and July, ad spend is also beginning to rise, as more products become available for fast shipping, and consumers grow more comfortable and confident in their purchase behavior around nonessential items.

Ad Spend Changes by Category



Compared to the month of February 2020.

[1]*Feedvisor, Proprietary Customer Data, 2020*

The Advertising Opportunity

These fluctuations have led to shifts in brands' and retailers' return on ad spend (RoAS), which declined for high-demand, high-sales categories like Grocery and Gourmet during the height of the pandemic — and height of competition within the market.

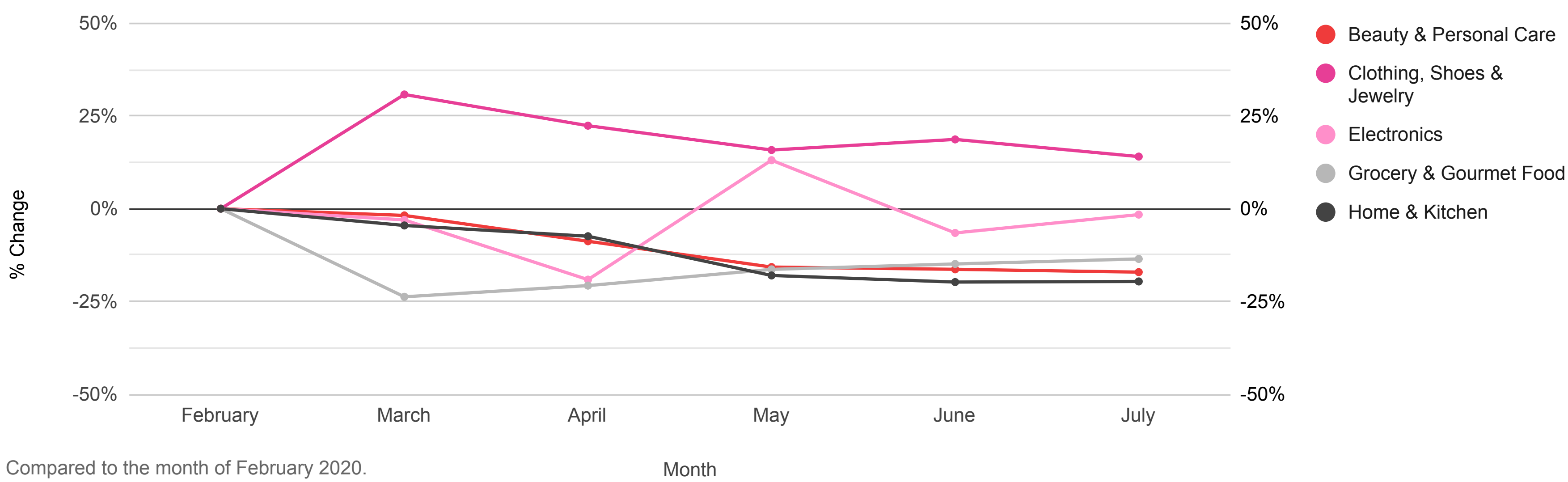
Despite these high-demand categories seeing increases in impressions, clicks, and sales, their RoAS declined due to their higher costs, as bid prices became more competitive and ad budgets increased to keep up.

17%

Decline in Beauty and Personal Care RoAS during July.[1]

Over the month of March, RoAS for Beauty and Personal Care and Grocery and Gourmet was down 2% and 24%, respectively, compared to the month of February. This trend has continued over the course of the pandemic, with RoAS down 17% and 15% in Beauty and Personal Care and Grocery and Gourmet, respectively, during the month of July.[1]

RoAS Changes by Category



Compared to the month of February 2020.

[1]*Feedvisor, Proprietary Customer Data, 2020*

On the other hand, hard-hit, nonessential categories with lower sales, such as apparel, saw RoAS increase during the COVID-19 crisis. Clothing, Shoes, and Jewelry saw RoAS increase 31% and 22% in March and April, respectively, compared to February, and continues to trend upward (14%) in July.[1]

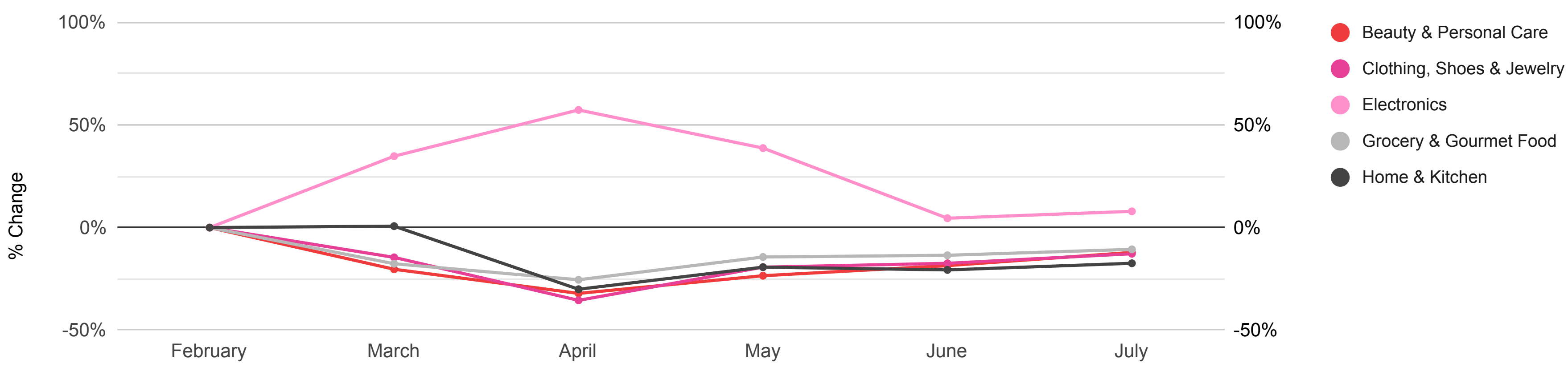
With the effects of the pandemic ensuing across e-marketplace sales and ad spend, RoAS continues to fluctuate. While nonessential categories cut their ad spend to account for the stark reduction in sales volume, their costs per click and conversion rates were resultantly lower due to less competition on bids and reduced budgets.

Beauty and Personal Care; Clothing, Shoes, and Jewelry; and Grocery and Gourmet each continue to see sustained conversion rate declines, down 12%, 13%, and 11%, respectively, in July versus February.[1]

With browsing traffic high, there is great opportunity to invest in awareness-building campaigns to reach new audiences and leverage that data to retarget consumers for purchases in the future.

For brands and sellers that can maintain their ad spend while their competitors cut back, now is the time to focus on improving conversion rates, generating clicks, and investing in upper-funnel strategies, as traffic and page views are high.

Conversion Rate Changes by Category



Compared to the month of February.

[1]*Feedvisor, Proprietary Customer Data, 2020*

To maximize your discoverability and conversions on e-marketplaces, get in touch with us at feedvisor.com/connect

Preparing for Q4

With Amazon's Prime Day postponed until October — in addition to the annual rush for holiday shopping and related events including Black Friday and Cyber Week — and the potential for a second wave of the COVID-19 outbreak, the Q4 selling period this year will be more critical than ever before.

Certainly, the unprecedented demand during the early days of the COVID-19 crisis put substantial strain on e-commerce businesses and supply chains. As Q4 approaches, with a new wave of digital buyers, brands and retailers must adjust their e-marketplace strategies to prepare for another surge in online demand and meet consumers' heightened needs and expectations.

Given economic restraints due to the pandemic, personalized offerings, competitive pricing, and promotional capabilities will be key to winning over consumers who often wait for specific shopping events to save money on their purchases. Indeed, 82% of consumers say price is the most significant factor that influences their purchase decision.[1]

Furthermore, Prime Day occurring in October could accelerate holiday sales by four to six weeks. Securing product supply, diversifying fulfillment capabilities, and expanding to other e-commerce channels including Amazon and Walmart will be critical to avoiding stockouts and delivery delays that could be devastating to Q4 success.

[1]*Feedvisor, Proprietary Consumer Research, 2019*

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44%

of consumers scroll through two pages or less of search results.[1]

Perhaps most importantly, an optimized advertising strategy is essential to maintaining visibility and share of voice in an increasingly saturated market. Indeed, 44% of consumers scroll through two pages or less of search results.[1] An advanced keyword optimization strategy will drive discoverability and improvements in organic and paid search results, ultimately increasing conversions and market share over the competition.

To meet consumer demand and maintain a competitive edge, leveraging an advanced technology solution and niche e-marketplace expertise is imperative. An AI-driven platform can analyze myriad data points to more accurately evaluate performance, respond to shifting market dynamics, and automate optimizations and processes to help brands and retailers save time and maximize performance.

The Dominant Become Even More Dominant

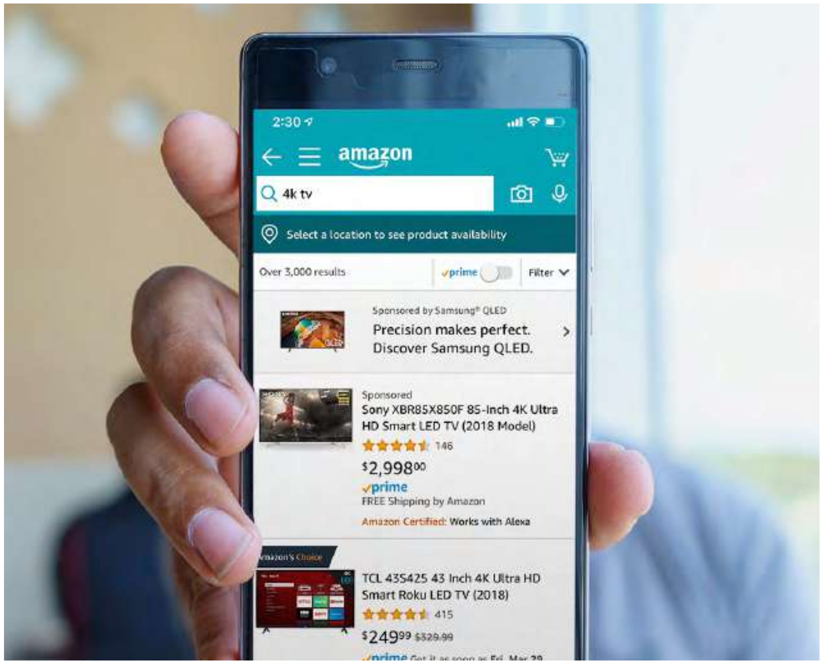
The COVID-19 crisis has further solidified Amazon's No. 1 market position, as its U.S. e-commerce sales are anticipated to rise over 17%, increasing its market share to 38.7% from 37.3%.[1]

Walmart is also seeing strong growth. In fact, with an anticipated post-pandemic growth rate of over 44%, Walmart will surpass eBay as the No. 2 e-commerce leader with 5.8% market share, up from 4.7% the previous year.[1]

Indeed, consumers are more inclined than ever to shop on e-marketplaces, where they can browse and engage with countless brands and storefronts, purchase items from a range of product categories, and rely on convenient, fast shipping, as the industry recovers from the overwhelming demand seen at the height of the COVID-19 crisis.

As brands and sellers that were negatively impacted by the COVID-19 crisis continue to ramp up their businesses and drive sales, now is the time to focus on enhancing the customer experience to reinforce consumers' new online shopping behaviors and habits.

While the surge in sales over the months of March and April can be attributed to stockpiling and panic-buying, this enduring growth indicates a shift in consumer behavior that will doubtlessly have lasting effects.



38.7%
Amazon's anticipated e-commerce market share in 2020.[1]

Given social distancing restrictions, brick-and-mortar store closures, limits on in-store shoppers, and quantity restrictions on certain products, consumers will continue to rely on e-marketplaces for essential and nonessential items for the foreseeable future.

[1]eMarketer, 2020

The Future of Online Retail

Certainly, the continued growth of e-commerce depends not only on consumer behavior but also on the actions of brands and sellers, as well as the modern marketplaces themselves, in the coming months to turn new online shoppers into loyal customers.

To mitigate backlash and avoid customer churn, brands, retailers, and e-marketplaces must:

- Focus on enhancing the experience and assortment to reinforce consumers' new online behaviors and habits
- Continue to expand their offerings to allow brands the ability to convey their catalog's key benefits and points of differentiation
- Look to create more personalized offers, pricing, and promotional capabilities that speak to individual users' needs and interests
- Optimize and expand their warehousing and fulfillment capabilities to ensure order processing and shipping times continually meet consumer expectations, even during unexpected surges in demand
- Keep prices at competitive levels and protect against price gouging
- Explore ways to limit — and eliminate — the risk of online fakes and counterfeits
- Innovate ways to fill the missing "personal touch gap" for a channel that not long ago was commonly considered adverse and impersonal

In the short run, given stress on supply chains — and also reduced consumer spending, with today's economic downturn — we predict that brands will become more selective with the products they choose to sell online moving forward.

Already, over half (52%) of brands put their most popular products on Amazon.[1] In the future, it will be critical that brands and retailers analyze their catalogs and apply a portfolio strategy to e-marketplaces, ensuring that the right products are merchandised in the best ways to meet and capture consumer demand.

We can also expect Amazon and Walmart to work tirelessly to optimize and expand their fulfillment capabilities to better handle unexpected surges in demand by leveraging more robotics automation in fulfillment centers and opening more warehouses in high-demand areas.

This, in turn, will help provide shoppers with a better, reliable experience as well as prevent future delays and challenges that have damaged merchants' businesses at the peak of the pandemic.

Amazon CEO Jeff Bezos said recently that the company expects to invest over $4 billion of its second-quarter profit into adapting to the demands of COVID-19, including providing personal protective equipment for its employees. The company has already hired 175,000 additional workers to help meet e-commerce demand since March.[2]

52%

of brands put their most popular products on Amazon.[1]

In addition, with more consumers shopping on e-commerce marketplaces such as Amazon and Walmart, brands and retailers will need to prioritize their advertising strategies and budgets to drive discoverability and conversions.

We can expect to see more impressions on keywords across categories, as shoppers' purchase intent shifts back to pre-pandemic behavior, and, in turn, we expect to see brands' and retailers' ad spend increase to keep up with demand, driving greater ad sales and RoAS.

[1] *Feedvisor, Proprietary Brand Research, 2020*
[2] *New York Magazine, 2020*

The New Waterline

Sustained category sales growth across e-marketplaces were driven by multiple simultaneous events: easing pressure on the overburdened supply chain; a shift in the consumer mindset, as panic-buying and hoarding abated; unemployment benefits and stimulus checks being distributed; and shoppers pivoting toward nonessential items, like clothing and entertainment.

While this period may not represent a clear trend just yet, we believe it is setting up a new baseline for what can be achieved online in various, high-demand categories. If we project the above curves forward for full-year 2020, we predict what is likely to occur, as new baselines are established by category on e-marketplaces.

Specifically, we anticipate overall growth of e-marketplace sales in 2020 to increase about 15% in Q3 and between 32%–35% in Q4 compared to the same period in 2019.

32%-35%
Growth projection for e-marketplaces during Q4 2020.[1]

[1]*Feedvisor, Proprietary Customer Data, 2020*

- Without COVID-19, 2020 year-over-year e-marketplace growth was projected to be 17%, based on our historical data and 2020 January and February sales trends — the original waterline.
- With COVID-19, we project year-over-year growth will be between 21%–29%, based on the lasting growth trends we are seeing as a result of the pandemic.[1]

Ultimately, all categories across e-marketplaces are experiencing the disruptive effects of the COVID-19 pandemic, some just much more than others. Where these figures will ultimately settle is something we will learn over time, but the new normal in consumer behavior has undoubtedly raised the waterline across all categories in online retail.

Quarterly Growth Predictions by Category

*Based on historical data and post-COVID-19 growth trends for 2020.

[1]*Feedvisor, Proprietary Customer Data, 2020*

Conclusion

The COVID-19 crisis has put to rest the debate over whether or not brands or retailers should sell online. Rather, the debate lies on how to adapt and innovate to not only survive but thrive during the impending e-commerce boom of Q4.

Already, retailers are changing their traditional holiday strategies to compete with Prime Day in Q4 and to better meet consumers' needs. For the first time in 30 years, Walmart will close its stores for Thanksgiving, pushing customers online for Black Friday. Kohl's, Target, and Best Buy, among others, recently revealed similar plans.[1]

The looming threat of a second wave of COVID-19 outbreaks, the shift of consumer behavior to online channels, and the expectation for another round of stimulus checks have created the "perfect storm" for another surge of remarkable e-commerce growth in Q4.

Given these factors, we expect e-marketplace impressions to soar, increasing 112%–125% in H2, which will drive an increase in advertisers' spend and strategies. Furthermore, we anticipate e-marketplace sales to grow 32%–35% in Q4 compared to the same period in 2019, as new waterlines are established for each category:

- Electronics: 56%–69%
- Home and Kitchen: 18%–25%
- Beauty and Personal Care: 19%–39%
- Grocery and Gourmet: 36%–48%
- Clothing, Shoes, and Jewelry: 72%–86%2

[1]*WUSA, 2020*
[2]*Feedvisor, Proprietary Customer Data, 2020*

112%-125% Anticipated increase of impressions across e-marketplaces in H2.

To capitalize on this opportunity, brands and retailers must:

- Create more personalized pricing, offers, and promotions
- Invest in upper-funnel advertising strategies to capture increased traffic
- Leverage an advanced technology solution to automate processes and respond to market conditions in real time
- Expand catalog assortment and ramp up inventory supply to meet increased consumer demand
- Optimize and expand warehousing and fulfillment capabilities
- Reduce counterfeits to preserve consumer confidence

This is the new normal, where shoppers have a newfound appreciation and reliance on e-commerce; a world where consumer behavior is rapidly adjusting to new, digital-first habits and a new waterline is establishing for each category on what can be achieved online.

These converging events will make Q4 bigger and more critical than ever before. The challenge for brands and retailers will be to adapt quickly — and intelligently — to the new normal and be prepared with the best technology stack to capitalize on this opportunity. Only then will you be positioned to earn your fair share of online growth in a post-Covid world.

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