

# The Big Pivot:



## How Traditional and Digital-first Retailers Re-prioritized Marketing Investments in the Wake of COVID-19

Survey conducted by CommerceNext and sponsored by Exponea  
July 2020

**EXPONEA**

**COMMERCE**  
**»»» NEXT**

TABLE OF CONTENTS

Foreword from CommerceNext and Exponea ..... 3

Executive Summary ..... 6

Methodology ..... 8

Part I: Evolving Budgets Post-COVID ..... 10

Part II: Balancing Priorities: Acquisition vs Retention ..... 13

Part III: Shifting Investments Post-COVID ..... 20

Part IV: Re-Thinking Holiday 2020 ..... 26

Final Thoughts ..... 29

Sources ..... 30

Acknowledgements ..... 31

## FOREWORD

# An Open Letter from CommerceNext

Fellow Marketers at Retail and DTC Brands,

**It's part of the job: adapting quickly to market disruptions and investing in new ways to solve challenges.**

We didn't know it would be our most important skill (adaptability) in the wake of a global public health crisis not seen on this planet since 1918. None of us have been through this level of prolonged market upheaval in our lifetimes. But, as always, we are finding our way through major change by adapting and moving quickly to focus on ecommerce.

Due to the constantly changing nature of our industry, ecommerce marketers are always looking for data to help them understand how customer demand, technology platforms and marketing channels are evolving. We're all aware of how often, under normal market fluctuations, the needs of ecommerce consumers can change in just one year, or even in a handful of months.

That need for adaptability has accelerated like never before due to recent world events. We're all feeling the impact from it. And yet, there is optimism about how ecommerce, galvanized by the intensity of the last four months, will capture huge rewards during the holiday season.

## Our Own Pivot: Telling the Full Story

As we were analyzing the results of our second annual survey of 111 marketing executives at retail and direct-to-consumer (DTC) brands, originally taken earlier in the year (January 2020), the global pandemic hadn't yet fully impacted the world, much less the retail sector, at its full capacity. Since then, when most countries still were not reporting many cases, the COVID-19 outbreak has gone on to completely disrupt our way of life in profound ways. It became clear that in order for our research to be useful, it needed to reflect the current reality to provide value.

As such, we conducted a second set of survey questions to 75 senior-level marketers in June 2020. We also conducted a series of surveys over a three-month period as part of our webinar series. The goal of all of this polling was to get a pulse check on where marketers were shifting priorities, investments and evaluations.

## Ecommerce is Poised to Meet the Challenges

In the 12 months since we released our 2019 report, we have seen digital-first retailers become even more influential and powerful. Since the COVID-19 outbreak began, we have also witnessed just how resilient all retailers can be in a crisis. We have seen over and over how retailers have been able to quickly reconfigure to produce essential items that their customers need most, and even pivot their entire production lines to make protective equipment for frontline medical workers.

If the pandemic has taught us anything, it's that retailers can innovate quickly and find new ways to be there for their customers. The reason ecommerce is meeting many (not all) of the challenges brought by COVID is because retail marketers, armed with data, made the proper investments in online customer experience leading up to this moment. For all retail models to continue to thrive as we continue to navigate the current reality, retailers need to be candid and share their challenges and successes between each other.

CommerceNext is relentless in our pursuit of what's next in retail, across all business retail models. We recognize the need by marketers for timely, relevant data to help identify which aspects need more attention and which should be deprioritized. When we founded CommerceNext, part of our mission was to encourage cross-learning among different types of retailers. In this report, we refer to Traditional Retailers as those who started as brick-and-mortar retail outlets who now sell online; and Digital-First retailers as native DTC ecommerce brands.

We look forward to diving into a deeper conversation about the results of this survey with you at the [CommerceNext Virtual Summit](#), July 28-29, 2020. The virtual event creates a forum for information sharing as the retail industry and our customers start to rebuild post-COVID-19. This event will live stream a series of presentations, panel discussions and virtual interviews with industry leaders with the overall theme of "Path to Recovery."

Until then,



**Scott Silverman**

Co-founder, CommerceNext





## A Word from Exponea

Here at Exponea, we're adamant about keeping our ear to the ground when it comes to the changing needs of consumers and our customers. The results of the CommerceNext survey have both validated our hypotheses about retail and ecommerce requirements during this unique time, and given us exciting things to think about as we continue on in our mission to serve marketers in this particular space.

The just before and immediately after COVID-19 perspective is an interesting one. What you'll see throughout these pages at a high level is not an entirely new world of behaviors and approaches to responding to them, but the ability to put even greater emphasis on the old: relationship building, digital transformation and most importantly, pivoting.

While no one can predict the future, we can confidently say that successes in retail and ecommerce marketing will be highly dependent on the ability to make very swift and very sudden shifts in strategy. Constant reflection, target setting and evaluation at speed are the keys to success.

Whether you're already invested in your path forward for the coming year or just beginning to figure it out, we hope this report gives you the same level of clarity when it comes to your strategic planning.



**Peter Irikovsky**

Co-Founder and CEO, Exponea

The Exponea logo, featuring the word "EXPONEA" in a bold, black, sans-serif font. The letter "E" is stylized with a horizontal bar extending to the left. The logo is set against a bright yellow rectangular background.

## EXECUTIVE SUMMARY

Digital retail marketers continuously evaluate the performance of a number of initiatives. This constant assessment of what's working and what isn't is especially crucial when it comes time to request more budget or move budget into different channels.

Add to the mix a global pandemic and consequent disruption of our way of life and the way consumers make purchases, and retail marketers have even more challenges to think about.

When brands are acquiring new customers like never before due to our current reality, does it make sense to spend more on acquisition marketing or should the focus be moved to retention? How can brands prepare for the upcoming holiday season when every day is already like Cyber Monday? In a time of complete unknowns, where should retailers focus their investments in emerging technologies over the next six months to a year? How has the impact of COVID changed our objectives - and our tactics? How should we think about brand investments vis-à-vis performance objectives? How much effort should we be placing on privacy compliance? It can be difficult to determine what the right balance should be among this many priorities, even without an international health crisis.

Based on the June 2020 survey sent to top-level marketing leaders at the world's top ecommerce brands, the overwhelming takeaway is: forget what you thought was going to happen in 2020. At least, for now.

Expect and plan for a continuation of high-volume ecommerce activity well into the holiday season. By now, your complete online sales process has been under the most urgent stress test in its lifetime. Have you spent the last few months addressing any inevitable shortcomings? Do you have enough data to tell the whole story? Do you have a unified view of your customer?

Overall, we learned that priorities have shifted and new challenges have emerged. Brands are scaling back on spending overall; more in some areas than others. Emphasis on experimental, test-and-learn approaches has been temporarily curtailed due to COVID but is likely to resume when recovery occurs.

This report details the outcomes of both of these surveys and provides a benchmark for marketers to understand how other professionals are investing in different technologies, channels and tactics to grow their businesses. What we saw is a significantly more balanced approach to investment priorities as marketers become more aware of how all the pieces of an increasingly complex puzzle fit together. But we also saw quick thinking and shifting priorities to adjust to post-pandemic realities.

That's why this year's report is titled, "The Big Pivot: How Traditional and Digital-first Retailers Re-prioritized Marketing Investments in the Wake of COVID-19."

**Key learnings include:**

- 
**Marketers scaled back spend vs pre-COVID expected spikes, with the exception of digital-first retailers.** Before COVID (Jan. 2020), 64% of marketers said their 2020 marketing budgets were planned to increase compared to 2019. About 26% said their budgets are the same as last year, while almost 10% said their budget decreased in 2020. Post-COVID, more than 50% of retailers across all business models indicated a decrease in marketing budget. However, more than 60% of digital-first retailers were ready to invest the same or more than they originally anticipated for 2020.
- 
**Messaging/SMS and other emerging platforms are getting a second look.** The pandemic caused marketers to scale back on almost all of their previous priorities pre-COVID, with the exception of messaging/SMS and augmented/virtual reality for online stores, where spending is expected to increase vs initial expectations in January.
- 
**Retention marketing plays a more aggressive role, especially during holiday.** Smart retailers are tapping into the relationships they've been building with new customers over the last six months and investing more in retention for the holiday retail season.
- 
**Privacy compliance takes a back seat due to COVID.** Since COVID-19 hit the US, there is a decrease in focus on privacy & compliance; only 15% of marketers expect to embrace efforts vs 24% before.
- 
**Brand marketing resurges, then wanes due to COVID.** Before the pandemic, marketers were planning to take a more balanced approach between performance marketing and brand. Digital-first marketers, in particular, were placing investments in brand. But in June, we see that story has changed. Marketers indicated a shift back to performance, sticking with what they know to engage with customers.
- 
**Acquisition is still a top priority, but brands are achieving it in different ways.** Prior to COVID, marketers were pursuing 7-8 different acquisition marketing tactics, including testing emerging or less-leveraged channels like Snap, TikTok, Print and Podcasts. While acquisition is still important, marketers are now leaning back towards more tried-and-true channels such as Paid Social and Paid Search.

As we head into the second half of 2020, use this benchmark report as a source to help evaluate your current investments and to make adjustments as needed, especially as your organization prepares for what is shaping up to be the biggest ecommerce holiday season ever. We also provide some insight into what trends may return if there is a more stable environment — a recovery.

From what marketers have indicated in our report, they feel more prepared for the soar in demand due to the tests put on their systems by COVID over the last six months. And that is optimistic news heading into the holiday season.

# METHODOLOGY

## Pre-COVID data:

In January 2020, our 17-question online survey polled 111 U.S.-based senior-level marketers at retail and DTC brands, asking for their opinions on investments they made in 2019. Of the 111 participants, we selected a half dozen senior marketers to participate in more in-depth follow-up interviews to gain perspective on their investment priorities.

## Post-COVID data:

In June 2020, we conducted a separate “pulse-check” survey with 75 survey participants to further understand how their marketing strategies and priorities may have changed in the aftermath of the pandemic. We also re-interviewed our senior marketers to see if their approaches had changed at all since we’d spoken in February.

## Webinar Live Polls:

Over the last three months, CommerceNext has conducted a series of live webinars featuring topics relevant to the changing dynamics of retail marketing during these unprecedented times. Some of the results from real-time polling conducted during these webinars have influenced the insights of this report as well.

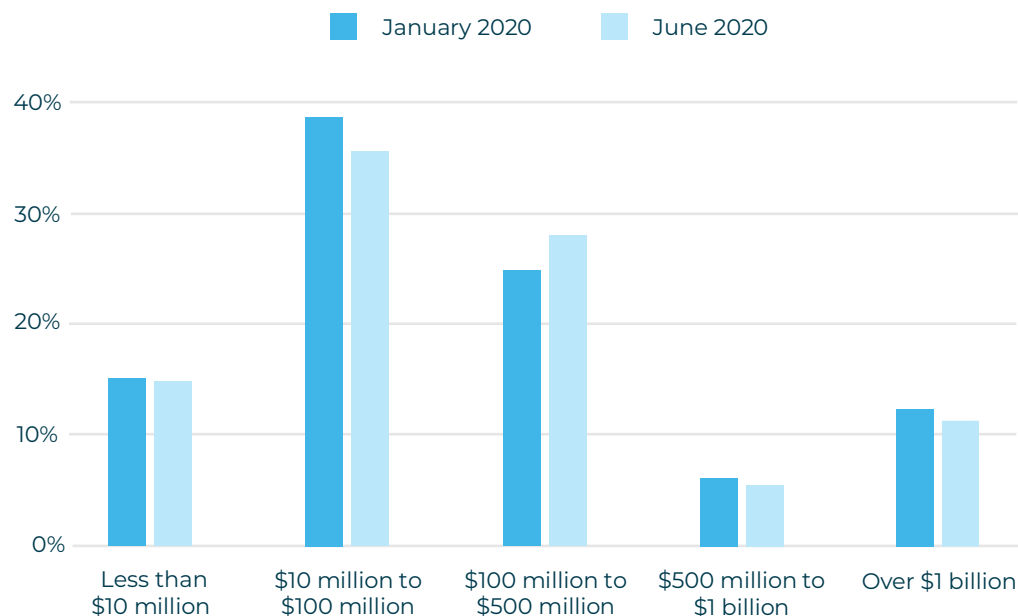
## About our survey respondents

Breakdown of respondents by annual revenue

**Q:** Using your best estimate, what is your organization’s annual online revenue (USD)?

### Source:

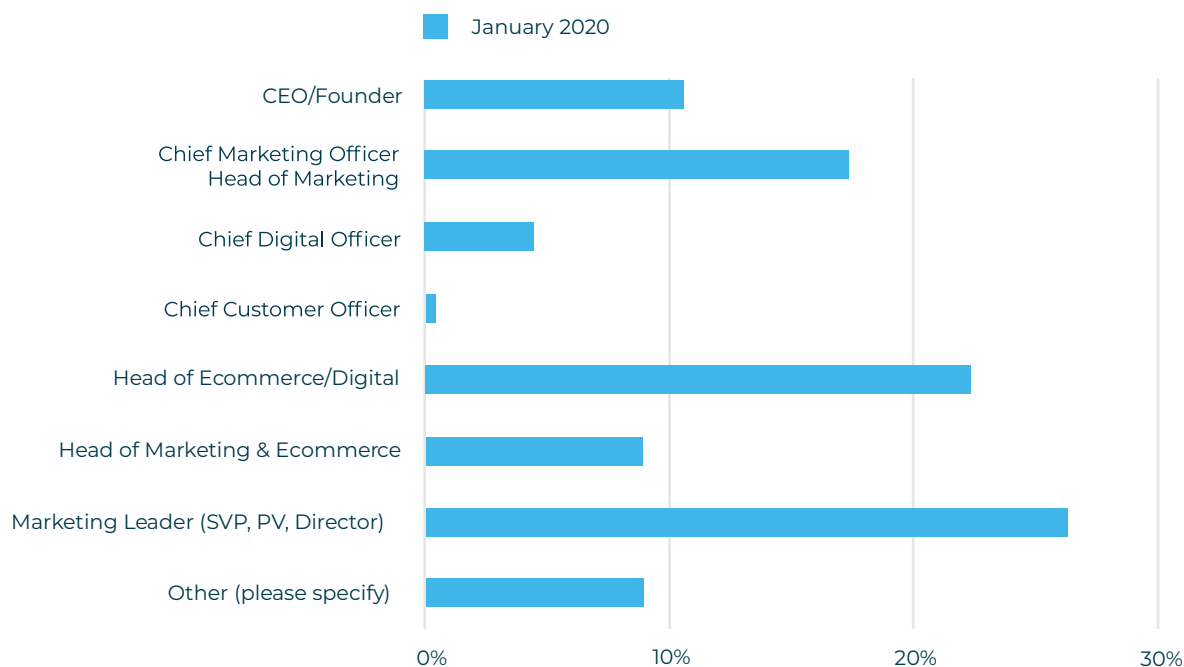
CommerceNext Pre-COVID Survey, January 2020  
CommerceNext Post-COVID Survey, June 2020



**Q:** Which title best describes your position at your organization?

**Source:**

CommerceNext Pre-COVID Survey, January 2020  
(This question was not re-asked in the June 2020 Post-COVID survey)



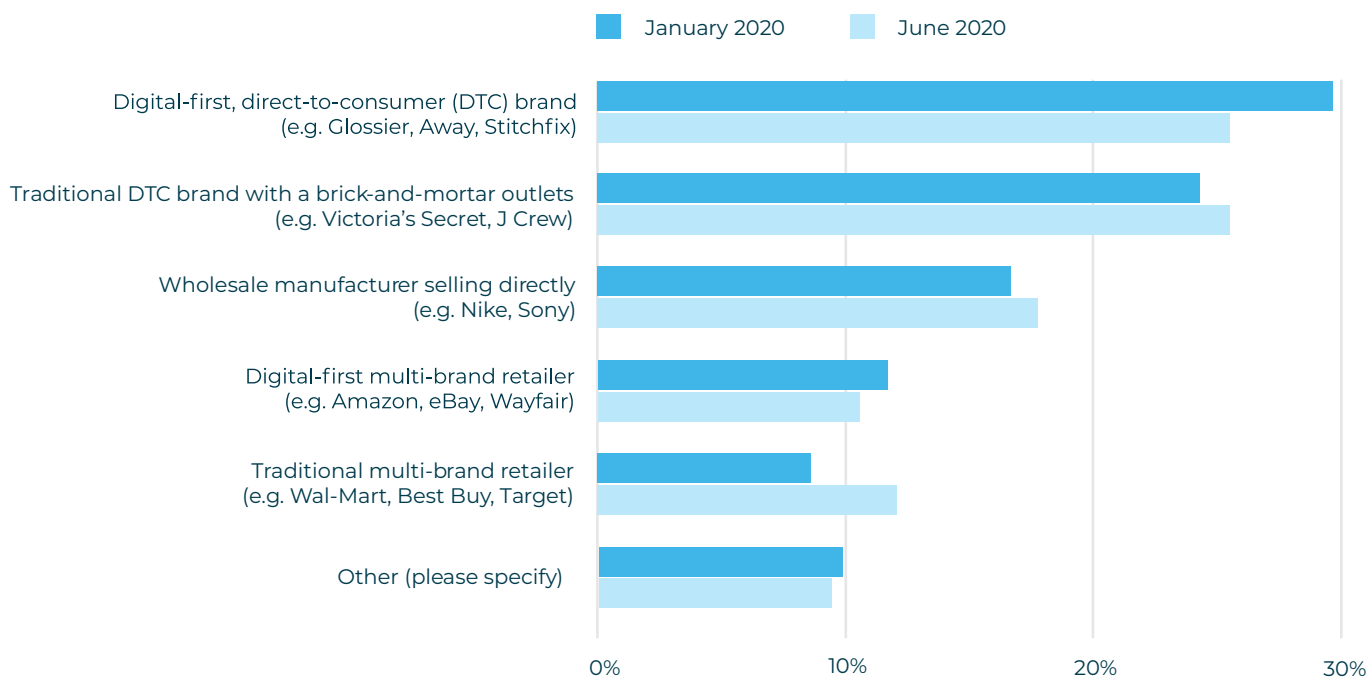
## Retail business models of our survey respondents

The breakdown of how these retailers sell to consumers:

**Q:** Which of the following best describes your retail model?

**Source:**

CommerceNext Pre-COVID Survey, January 2020  
CommerceNext Post-COVID Survey, June 2020







# **PART I:**

**EVOLVING BUDGETS POST-COVID**

## PART I: EVOLVING BUDGETS POST-COVID

# The inflection point of the Big Pivot

It's hard to believe this today, but as recently as January 2020, digital marketers were hitting the gas pedal on some interesting new plans. They were taking more risks in new, emerging arenas. Led largely by a growing number of digital-first retailers, ecommerce marketers were spreading investment dollars more evenly between brand and performance. And more were strengthening the role of retention marketing in their marketing strategies.

Marketing budgets and overall marketing budget allocation had initially been on the rise in January, continuing a trend CommerceNext had identified a year ago in our 2019 report. Sixty-four percent of marketers we surveyed in January 2020 said their marketing budgets increased over the previous year. Slightly fewer than 10% had indicated a budget decrease. Plans were in place and resources had been secured to prepare for the upcoming holiday retail season. Looking ahead, marketers said they hoped to regain revenues during holiday that may become interrupted if the novel coronavirus were to spread and become a threat.

Then, the entire world changed—perhaps parts of it forever—when COVID-19 spread all over the world in a matter of weeks.

Once again, retailers were faced with more rapid change.

First, non-essential retailers that relied on any revenue from physical stores had to close down their physical stores and make an all-or-nothing play for digital. Then, global order fulfillment and logistics were disrupted in multiple locations for extended periods of time. Essential retailers were under siege by unprecedented increases in demand. The world ran out of toilet paper, disinfectants and hand sanitizer. The retail industry was forced to learn about panic-buying behaviors during a global emergency in real time. It was the shortest learning curve the industry has faced so far.

Then, the world's consumers turned to ecommerce as a lifeline when local retail outlets' supplies dwindled. In May alone, website traffic to the top U.S. ecommerce marketplaces grew a combined 17% in compared to 2019.<sup>1</sup> The first response to this extreme jump in ecommerce demand was triage and repair. Ecommerce giants like Amazon, in a short order of time, reconfigured their online catalog to prioritize essential items, shoving everything else to the back burner.

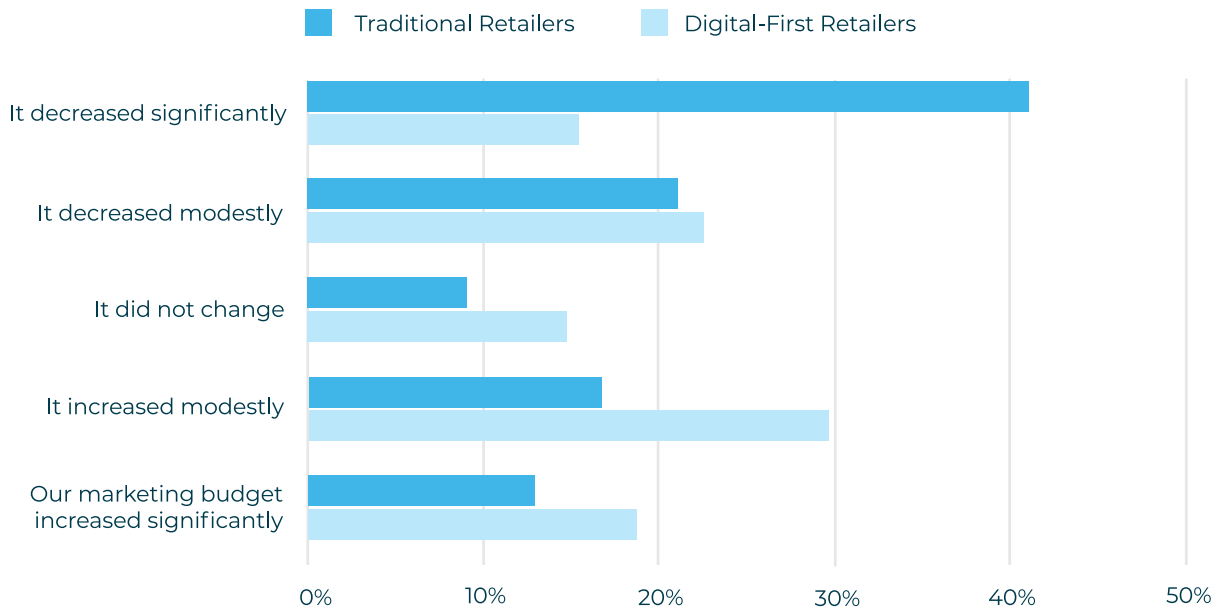
At the time this report was being finalized, the COVID roller coaster was far from over. However, retail marketers must still make decisions regarding the upcoming holiday season and investments in the right tools and strategies that will support their goals through the rest of 2020 and beyond.

## Budgets are Shrinking Post-COVID

Fifty-three percent of the marketers who took our June “pulse check” indicated that their budgets for the remainder of 2020 were either “significantly” or “modestly” decreasing.

**Q:** How did your marketing budget change after it became apparent that COVID-19 was going to have a significant impact in the US?

**Source:** CommerceNext Post-COVID Survey, June 2020



## Digital-first Retailers Make a U-turn From Traditional Retailers

It's worth noting that digital-first marketers significantly bucked this trend: only 15% of digital-first retailers said their budgets had “decreased significantly” compared to 42% of traditional retailers. And 30% of digital-first retailers said that their marketing budgets were “modestly” increasing due to the pandemic, compared to just 17% of their traditional counterparts. And a surprising 19% of digital-first retailers said they had secured a significantly higher amount of budget to help them remain competitive during the pandemic.



# **PART II:**

**BALANCING PRIORITIES:  
ACQUISITION VS RETENTION**

## PART II: BALANCING PRIORITIES: ACQUISITION VS RETENTION

# Acquisition Diversification Takes a Back Seat Post-COVID

In our pre-COVID poll, marketers indicated they were turning to a more diverse array of tactics to achieve their acquisition goals. On average, marketers were planning to pursue between seven and eight different acquisition marketing tactics. While the vast majority are involved in digital channels such as paid search, social media and SEO, marketers — particularly digital-first retailers — were branching out and testing more new and experimental channels.

### Testing Emerging Channels: Pre-COVID

How digital marketers viewed the testing of new channels pre-COVID

“In the past year, we tried connected TV, Pinterest, Reddit - it's too early to get excited or negative about the results”

“Experimenting with SnapChat, but some struggles with a broken attribution/ROAS metric”

“Resurgence in print - catalogs, mailers, print packages with multiple brands, box insert swaps with complementary brands”

“Exploring Spotify - high hopes for it”

“Podcast - we ran a test last year, expanding this year”

“I have yet to see a test on YouTube that has worked for us, but I still believe in that channel”

“Messenger bots - early but promising”

“Video streaming is a big untapped opportunity - but we don't have experience producing content. Only the richer brands can do it. Maybe agencies will pop up to give us that option”

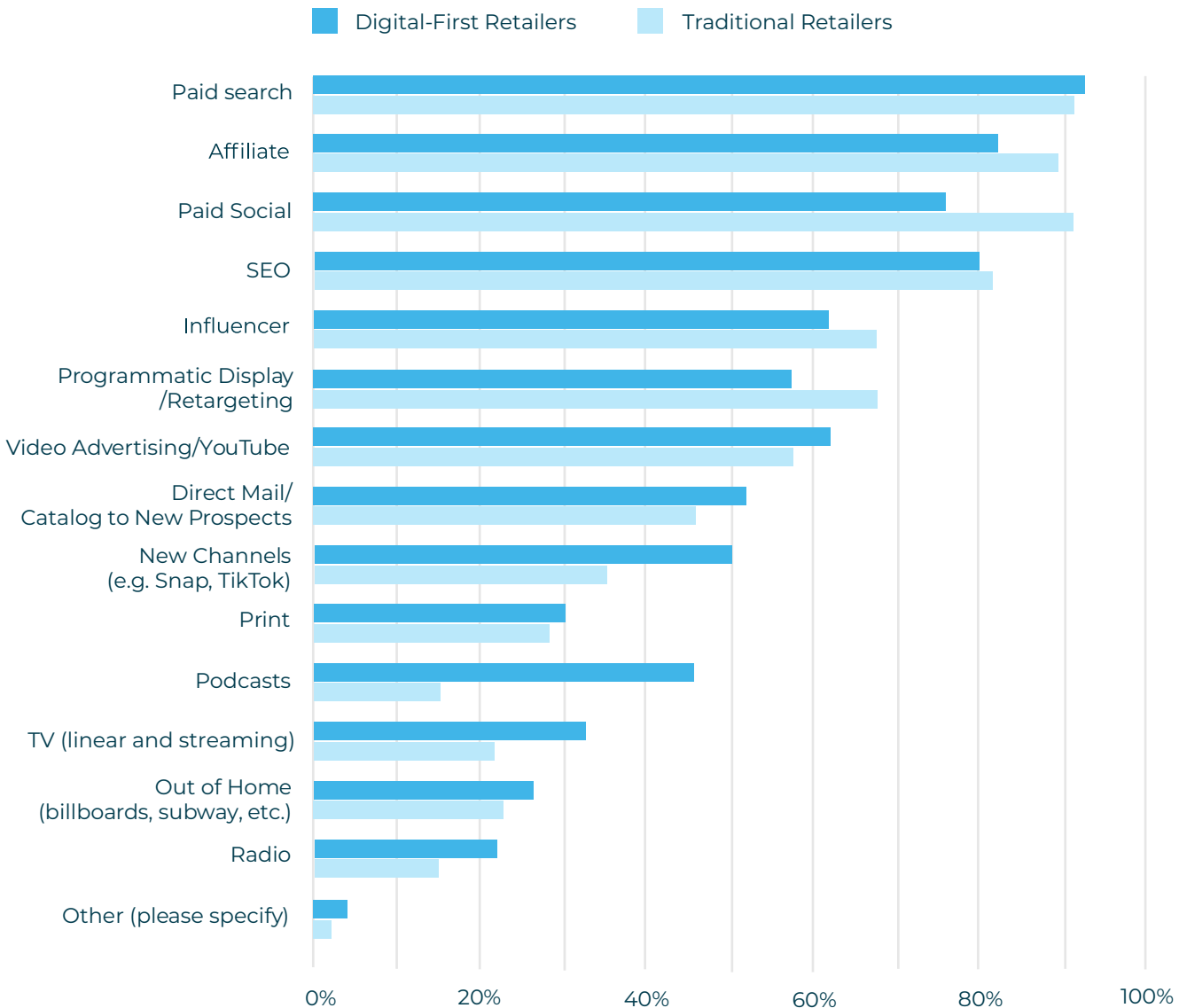


Digital-first retailers were three times more likely to be involved in podcasts compared to other retailers (46% vs 15%) and 1.5 times more likely to test new channels (50% vs 34%). They were also placing less emphasis on affiliate, influencer marketing and programmatic display compared to other retailers.



Check which of the following Acquisition Marketing tactics you are currently involved in:

Source: CommerceNext Pre-COVID Survey, January 2020

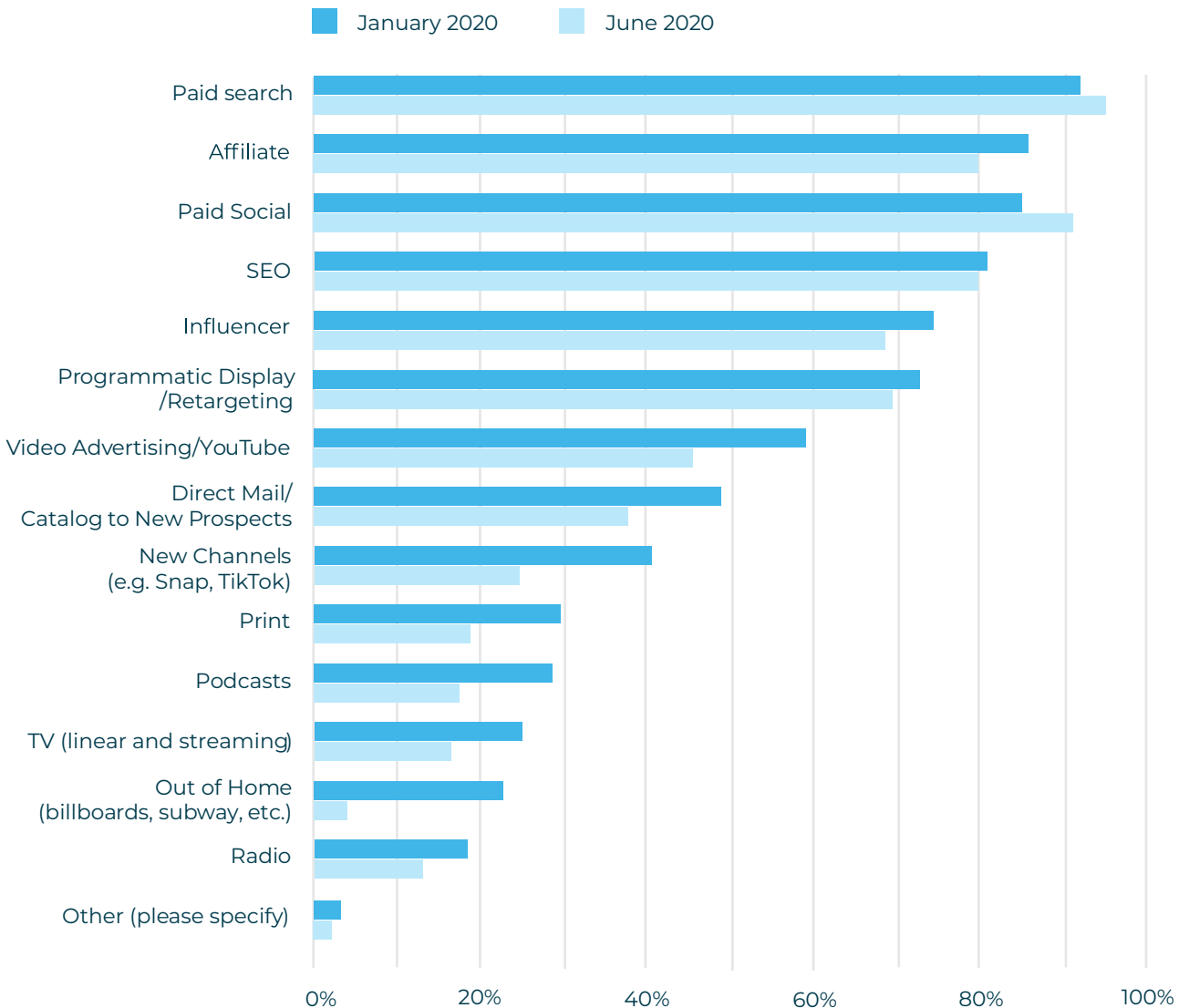


Post-COVID, proven channels have been re-prioritized, such as paid social. It's clear that overall, marketers are avoiding big risks with investment, preferring to stick with what's working and where the return on investment is less ambiguous.



Check which of the following Acquisition Marketing tactics you are currently involved in:

Source: CommerceNext Post-COVID Survey, June 2020



## Pre- and Post-COVID, Brands Seek More Balanced Investments

While marketers continue to be highly satisfied with acquisition marketing investments, they're simultaneously shifting more investment into other areas, establishing a greater equilibrium. Acquisition will always be important to marketers, but it appears that other initiatives need proper investment too. This trend held true even after COVID.

One possible driver of this more balanced approach is the realization that, for a long time, customer retention has needed more attention. In fact, 23% of marketers polled in January 2020 cited customer retention as a top barrier for them in 2019. Further, 35% of marketers rated their investment in retention marketing in 2019 as "Below expectations." Only 18% of respondents at that time said retention marketing performance "exceeded expectations."

Post-COVID, these brands have built relationships with new customers who are now making frequent online shopping a habit. Rather than rely primarily on drawing in new customers specifically for holiday, it makes sense to focus some capital on the good will with existing customers that brands have been servicing throughout this current reality.

Let's take a closer look at acquisition vs. retention marketing and what's changed since COVID.

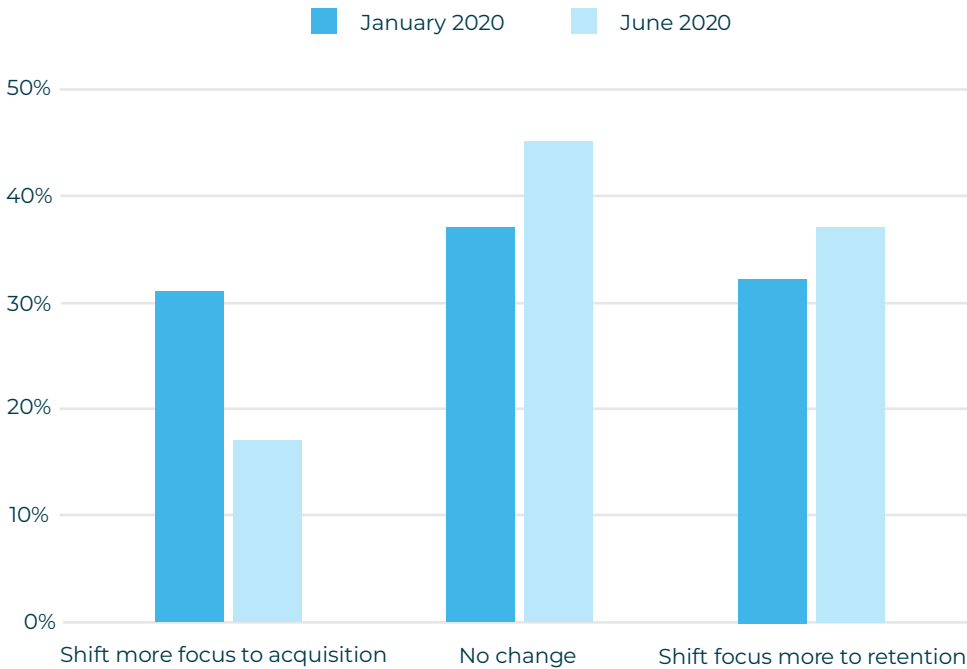
## Renewed Focus on Retention

Pre-COVID, digital-first retailers were more likely to balance their efforts between acquisition and retention in 2020. From our January 2020 survey, we learned that 37% of digital-first marketers planned to shift focus to retention and loyalty, likely as an effort to balance out prior years of heavy investing in acquisition marketing. Traditional retailers, however, were still prioritizing acquisition over retention.

The focus on retention is even more magnified in a post-COVID world, as all retailers see an influx of new ecommerce customers who otherwise would have been shopping in stores. Retailers are eager to retain as many of these new ecommerce customers as possible. All retailers we surveyed are shifting more to retention, not just digital-first retailers. In fact, 37% of all retailers lean towards retention, while only 17% lean towards acquisition.

**Q:** In 2020, how do you see your balance in investment & effort between Acquisition Marketing and Retention/Loyalty Marketing changing?

**Source:** CommerceNext Post-COVID Survey, June 2020



## When Recovery is Achieved, Expect a Dip in Paid Search

What can we anticipate when we reach a more stable phase of the pandemic recovery? It's important to think beyond this current state. One interesting trend that was developing before COVID was the increase in testing in direct mail, podcasts and other new mediums at the expense of channels like paid search and paid social, where retailers were seeing diminishing returns.

Brian Hashemi, Head of Marketing and Analytics at Uncommon Goods, had stated that his strategy for 2020 was initially to rely less on paid search.

"We have traditionally relied heavily on paid search as our main acquisition channel, but over the last year, that has become more difficult," Hashemi noted in his post-COVID interview June 2020. "Our paid search growth leveled off, and Google's algorithm changes and their move to devote more real estate to paid results also means that SEO has been a challenge."

[Continues on page 19](#)

In January 2020, direct mail & catalogs as a channel was becoming relevant: 49% of marketers had plans to invest in direct mail. Post-COVID, that number dropped a full 12 points to 37%. Dan Marques, VP of Global Digital Marketing & Growth at Crocs, expects this channel to have a comeback, especially when distributed in alternative ways. “One interesting trend I’ve been following is the resurgence in [different forms of] print,” Marques stated in an interview in February. “I’m seeing more catalogs, direct mailers, mailers with multiple brands and box insert swaps that feature other complementary brands.”

Even during current COVID realities, some retailers are willing to push the envelope with new channels while continuing to be supported by Paid Social and Paid Search. “The COVID environment is pushing us to continue investing in testing new channels and new technologies to diversify our mix,” stated Alyssa Perry, Senior Director of Marketing at FabFitFun. “Our priority in acquisition marketing is to reach the consumer where they are at in the most engaging and cost efficient way. Testing into new channels has always been and always will be a priority for us as consumer behavior continues to shift and evolve.”

The data may show a temporary dip in new and under-leveraged acquisition tactics, but marketers are clearly showing a long-term commitment to testing new channels. We expect to see a more pronounced shift and expansion in acquisition tactics as recovery begins post-COVID.





# **PART III:**

**SHIFTING INVESTMENTS  
POST-COVID**



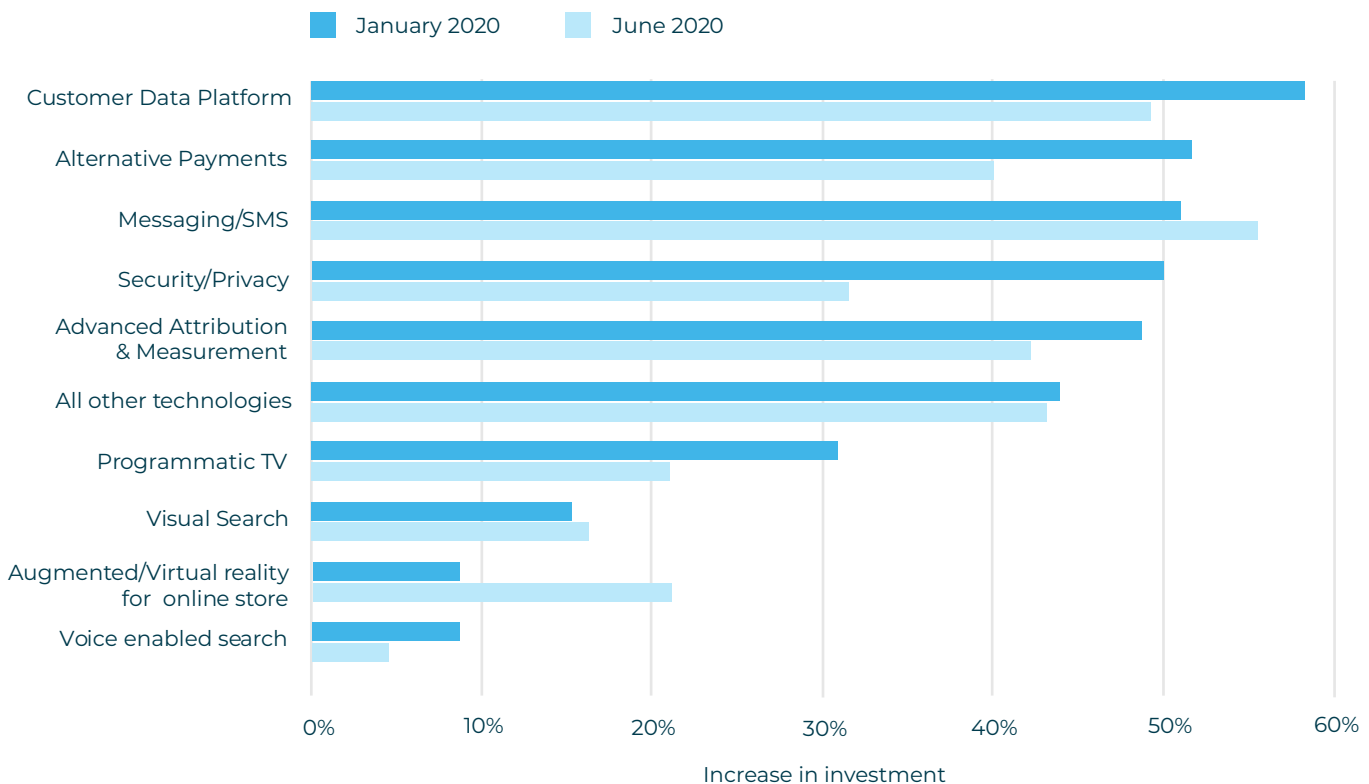
## PART III: SHIFTING INVESTMENTS POST-COVID

Pre-COVID, marketers had planned increases in investments in a variety of critical areas such as customer data platforms, alternative payments, messaging platforms and privacy compliance. As marketers looked to reprioritize investments post-pandemic, investments in privacy as well as programmatic TV decreased compared to January 2020 numbers. Meanwhile, Messaging/SMS saw an increase. As it turns out, consumers are more open to receiving text offers from brands while they are confined to their homes.<sup>2</sup> Augmented reality also saw increases in investment. Our theory on this is that brands are experimenting with ways to provide more immersive online experiences for customers who are staying at home more frequently.



How will your marketing department invest in each of the emerging technologies listed below in 2020 as compared to 2019?

Source: CommerceNext Post-COVID Survey, June 2020



## SMS Deep Dive

As noted above, investments in SMS and messaging platforms seems to be on the rise, in line with consumer behavior and trends. In a post-COVID interview in July, Alyssa Perry commented further on FabFitFun's perspective around testing investments in messaging:

"We've been testing into Messaging/SMS for the past couple of years and are finding better results on SMS in today's current environment. It's tough to say whether this is driven by stay-at-home circumstances or just consumers' openness to receiving SMS from brands that they are highly engaged with. Being a seasonal and event-driven brand, it's important to our members that we remind them about key events happening related to their membership experience. SMS fits well into that flow of communication with our members."



**Alyssa Perry**

Senior Director of Marketing, FabFitFun

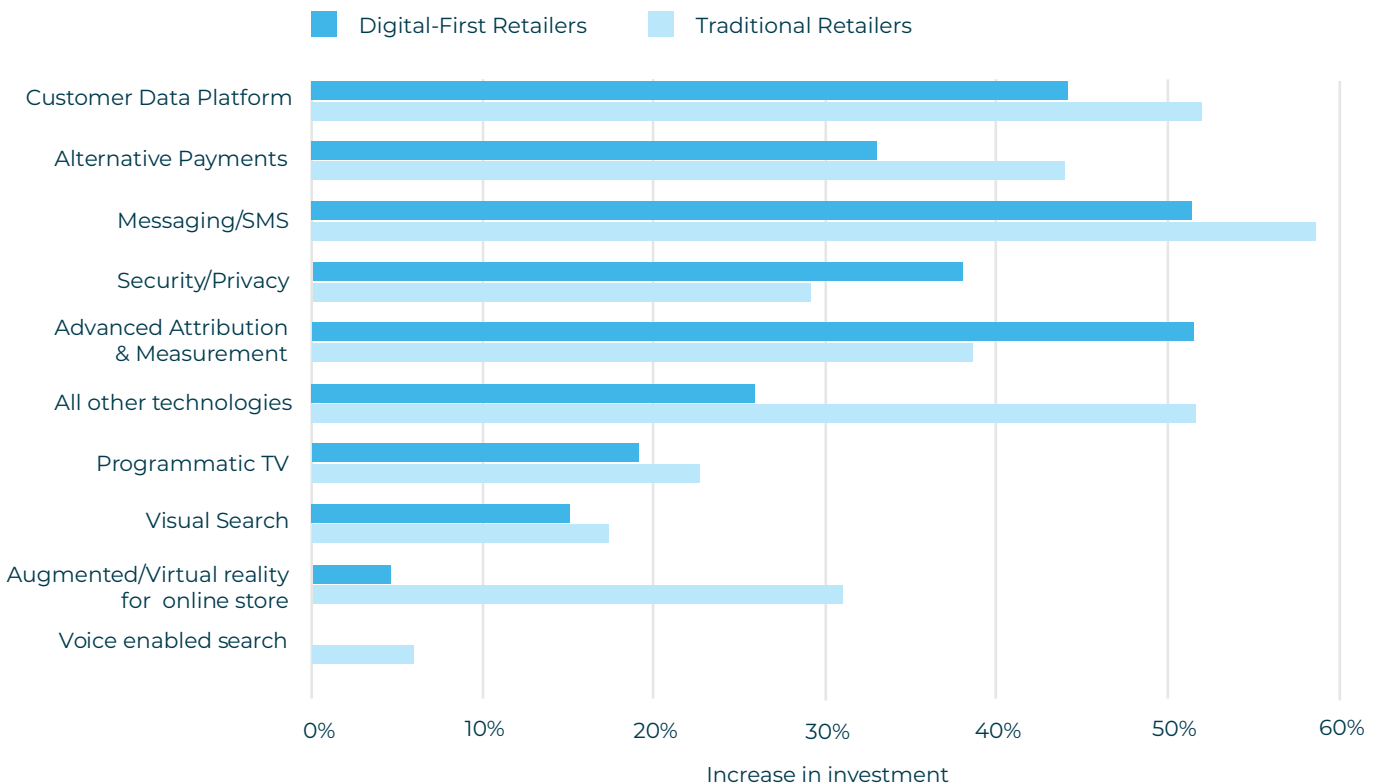
## Traditional Retailers Step Up Investments Post-COVID

In an interesting turn of events, traditional retailers surpassed digital-first companies in their intent to invest in high-priority areas like CDP, AI, Alternative Payments and SMS. Even the increased investments we saw in June vs. January for Augmented/Virtual Reality for online stores is being driven by traditional retailers. With the rapid spike in ecommerce activity replacing a formerly robust in-store retail experience, it makes sense that traditional retailers are reprioritizing resources towards online investments to make up for what is lost from declining store traffic.



How will your marketing department invest in each of the emerging technologies listed below in 2020 as compared to 2019?

Source: CommerceNext Post-COVID Survey, June 2020



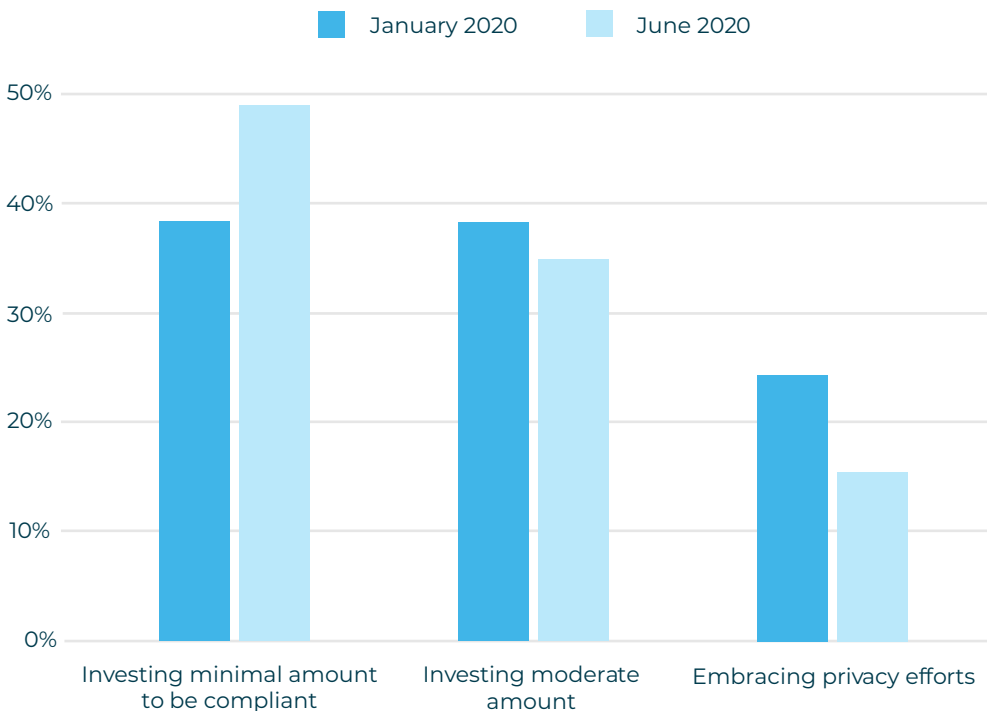
## Privacy Compliance Moved Down the Ladder Post-COVID

Knowing that priorities and regulatory compliance mandates are constantly moving targets in our industry, we asked more pointed questions of our survey respondents pre-COVID in January 2020. At that time, 50% of respondents indicated that they planned to increase investment in consumer privacy compliance in 2020.

However, the global pandemic forced brands to re-prioritize and as a result, scale back investments in privacy compliance initiatives. In our June pulse check, only 15% of marketers we surveyed said they were continuing their efforts vs. 24% before.

**Q:** How is your company approaching privacy compliance (GDPR, CCPA, etc.)?

**Source:** CommerceNext Post-COVID Survey, June 2020





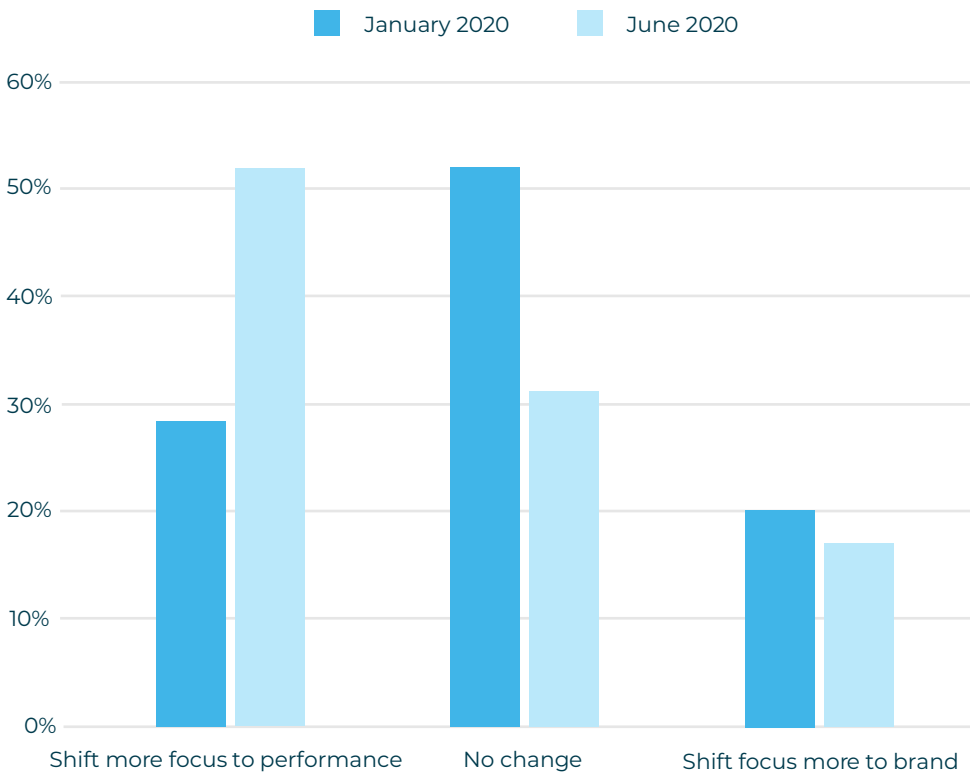
## Pendulum Shift to Brand vs Performance Delayed due to COVID

Pre-COVID, nearly 50% of all retailers expected to distribute their spend portfolios more evenly between brand and performance. Marketers indicated it was becoming harder to expect consistent high growth from maturing performance channels. Traditional channels were not moving the needle like they used to, and companies making investments in brand were starting to see longer-term sustainable growth. But the best laid plans were put to rest (for now) as marketers adjusted to post-COVID realities.



In 2020, How do you see the balance & effort between Brand and Performance Marketing changing?

Source: CommerceNext Post-COVID Survey, June 2020



Though Brian Hashemi of Uncommon Goods had originally planned to ramp up brand marketing in the second half of the year, he says that since COVID, “We’ve actually backed off our plans to test television and have dramatically scaled back what we’re planning to do with brand marketing. We have had a lot of disruptions in our supply chain that have capped our operational capacity. For example, we had to shut down our warehouse in Brooklyn, as COVID spread in that region. For any retailer who is capacity-constrained, it’s important to focus on driving the most efficient orders possible. For us, that means concentrating on performance channels and backing off our plans for brand marketing. It’s a reversal from what our strategy was earlier in the year, and a reflection of a new focus on profitability over growth due to coronavirus.”

# PART IV:

RE-THINKING HOLIDAY 2020

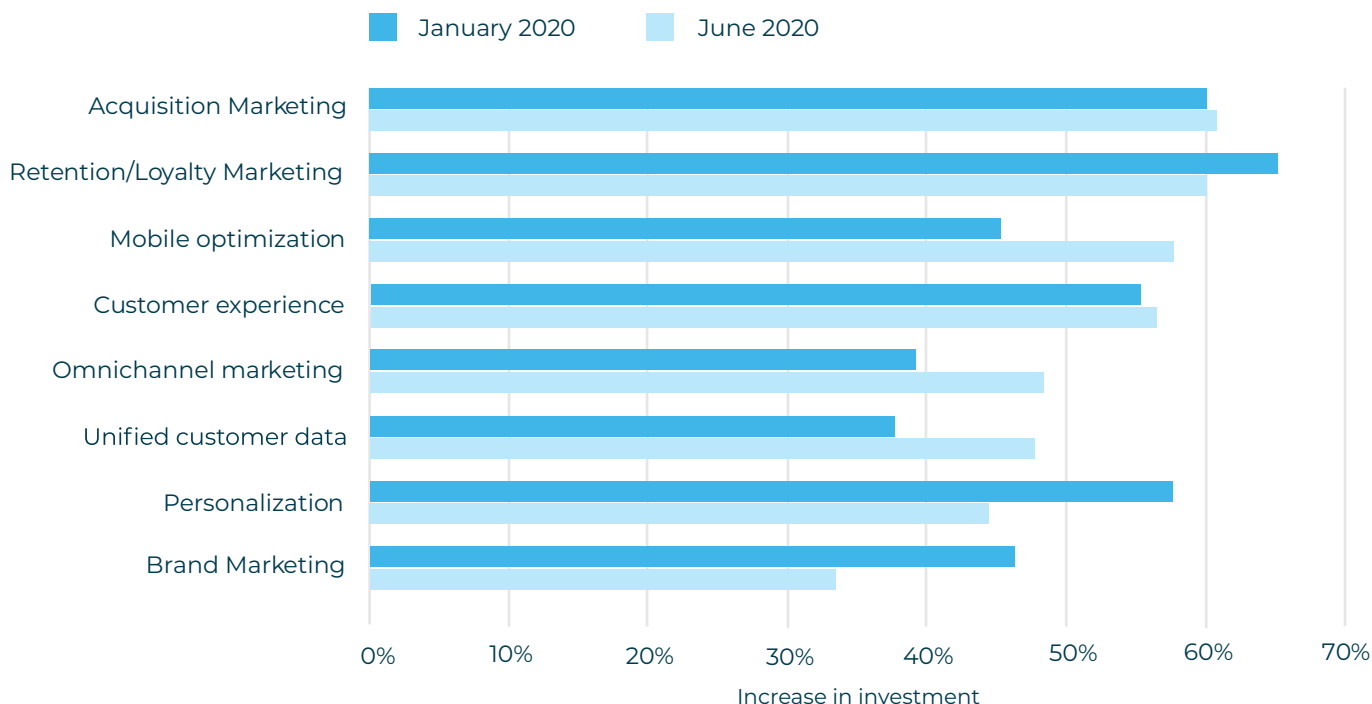
## PART IV: RE-THINKING HOLIDAY 2020

In the month of April, ecommerce retailers saw consumer behaviors that mirrored Black Friday-levels of spending, every single day.<sup>3</sup> How do brands prepare for the dizzying holiday retail season when the weeks and months leading up to it are like Black Friday, every day? Have retailers had a moment to prepare for the expected increase in demand around the holidays? What have they learned from the last four months of constant upheaval on a global scale?

One thing we saw in our post-COVID June Pulse check was that retention remains a top priority for the 2020 holiday season. Meanwhile, investment in brand marketing is expected to come down slightly while mobile optimization is expected to increase compared to our pre-COVID survey.

**Q:** When it comes to marketing initiatives for the 2020 holiday shopping season, what are your investment priorities as compared to the 2019 holiday shopping season?

**Source:** CommerceNext Post-COVID Survey, June 2020



## Holiday Readiness

One interesting and encouraging side-effect of this prolonged state of increased activity is that brands feel more prepared for the holiday season this year. This makes sense, as they've been living in this phase for several months now.

### Bring it On:

#### COVID-driven increases prepare retailers for Holiday 2020

# 78%

78% of retail marketers believe holiday online penetration will exceed current COVID-accelerated sales

# 32%

32% of brands say they are "Much more prepared" for holiday this year thanks to current conditions

# 26%

26% say they are "slightly more prepared" for holiday

Source: CommerceNext Webinar Poll, June 2020

While not covered in this report, digital acceleration has been a catalyst for innovation and new customer experiences. Major digital retail projects that once required layers of approvals are being executed at warp speed. Previous obstacles such as internal silos, digital investment as lip service and territorialism have been torn down in many organizations – at least for the time being. This sentiment was suggested in a recent conversation with Mary Lou Kelley, a veteran digital retail executive and Best Buy's former president of ecommerce, in which she reflected on retailers pre- and post-COVID.

If digital acceleration continues through the end of the year, holiday 2020 will see unprecedented levels of sales, traffic, customer engagement and more.

"It's important for retailers and brands that have been reactively agile thus far to shift to being proactively agile in preparation for Holiday 2020 and beyond," said Kelley.

## FINAL THOUGHTS

What can retailers of all business models learn from one another to deliver better experiences for both new and returning customers? What can brands do now to ensure long-term success, even as consumer needs continue to change?

In the pre-Covid first draft of this report, our key theme was going to focus on the shift from performance to brand marketing. As described in this revised report that takes the impact of COVID into consideration, this shift has been halted. We believe that it's important for retailers and brands to renew their plans to make this shift as quickly as is reasonably possible.

Kelley also noted, "A clear 'reason for being' will be critical to staying relevant in the long run. Brand answers the question and reminds customers of why a retailer is needed, and what a retailer provides that others can't. Most importantly, brand answers the question, if that retailer went away, would customers have an easy substitute?"

"To be a successful CMO today requires us to be more well-rounded than ever before," noted Brian Hashemi, Head of Marketing and Analytics at Uncommon Goods. "It requires a combination of analytical skills with a sense of branding know-how and an understanding of consumer psychology. We have to understand the 'why' that keeps customers coming back to us and continue to build on that. It requires us to continue to be performance-driven and see a return on investment, while also investing intelligently in brand instead of taking a shot in the dark and hoping to move the needle."

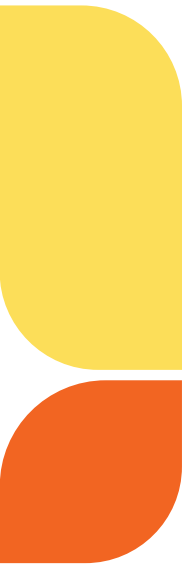
**Source:** CommerceNext pre-COVID interview, February 2020

## SOURCES

<sup>1</sup> Digital Commerce 360, [Coronavirus pandemic's impact on US marketplaces](#), June 2020

<sup>2</sup> The Wall Street Journal, [Texting Customers Is No Longer Taboo When Everyone Is Stuck at Home](#), April 2020

<sup>3</sup> Mashable, [People shopped online every day in April like it was Black Friday](#), May 2020



## About CommerceNext

CommerceNext is a community, event series and conference for marketers at retail and direct to consumer brands. Now in its third year, CommerceNext has grown to include webinars, virtual summits, industry research and an online community, in addition to the annual CommerceNext summit and the esteemed “CommerceNexty’s Awards program. Inc. magazine named the CommerceNext Summit one of the Top 5 ecommerce conferences for 2019/2020. To learn more about CommerceNext visit <https://commercenext.com>.

## About Exponea

Exponea is the world’s leading Customer Data and Experience Platform (CDXP). Built from the ground up for retail and ecommerce, Exponea quickly collects and unifies data from all customer touchpoints to give businesses the insights and action opportunities they need to execute campaigns that deliver real results. We pride ourselves on empowering marketers to be more relevant, efficient, and crazy-fast. Companies we’ve partnered with on this mission include Desigual, Benefit Cosmetics, Misguided, the Arcadia Group, OluKai, and Altar’d State.

## Acknowledgements

CommerceNext would like to thank Michelle Barry, Radha Badani, Liis Peetermann, Carolina Usbeck and Brittany Kleinfelter from Chameleon Collective for their work on this report. Special thanks to every retailer surveyed and to our featured thought leaders for sharing their time, experience and perspective.