

MAY 2020



ECOMMERCE

TRENDS DURING COVID-19

A data view of consumer spending shift during this period

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Key Highlights

- **The market is shifting.** The global COVID-19 pandemic, retail and eCommerce businesses are facing new challenges in consumer behavior –in spending, where they shop, and their product mix.
- **Ecommerce benefited during forced closure.** Weekly eCommerce sales during the mandatory store-closure period have **increased by 61%** compared to weekly average during pre-closure period.
- **Average order value (€) have grown 31%** and **average item per order increased by 60%** during this period as consumers opt to add more products in their order to cover the needs.
- **Top 3 eCommerce product categories: Entertainment, Stationery & Hobbies, and Food & Beverages.** Consumers tend to favor essential products such as groceries, as well as items that make time at home more fun or productive.
- **Bottom 3 eCommerce product categories: Automotive, Home Appliances, and Fashion.** Consumers have cut back or postponed on bigger investment pieces or non-essential products during this period compared to before.

Our methodology to data collection

Statistical significance and data sample

- The data used within this report represents ecommerce transactions (online orders) aggregated across a large numbers of ContactPigeon supported retailers from the period of January to April 2020.
- While ContactPigeon client base covers all key eCommerce verticals, the data volume may be bias towards specific categories (fashion, food & beverages) and geographical region (Europe-centric) due to coverage.
- However, the volume of transactions (30M+) is statistically significant when used reflect the representative pattern of the population.

Determination of Product Category with Visual Recognition AI

- In this analyses, we are interested to understand how the quarantine measures and physical store closures of COVID-19 impacts the online consumption trends by product types.
- A major challenge for reporting by product type is the lack of consistent naming and categorizing of the products across retailers. For example, the same dress may be categorized under “Women Clothing” by one retailer while another may include it under “Spring Collection”. Product names may differ across vendors as well.
- To overcome this challenge, we used a visual recognition algorithm to assign a product to its rightful category based “understanding” the product by the product image.
- The data team performed manual checks where the AI needs clarity, in order to gradually teach the AI algorithm to better “learn” how to categorize specific product images.
- This resulted in a significantly more uniformed and accurate categorization of products across the database of over 100K+ product types that was processed.

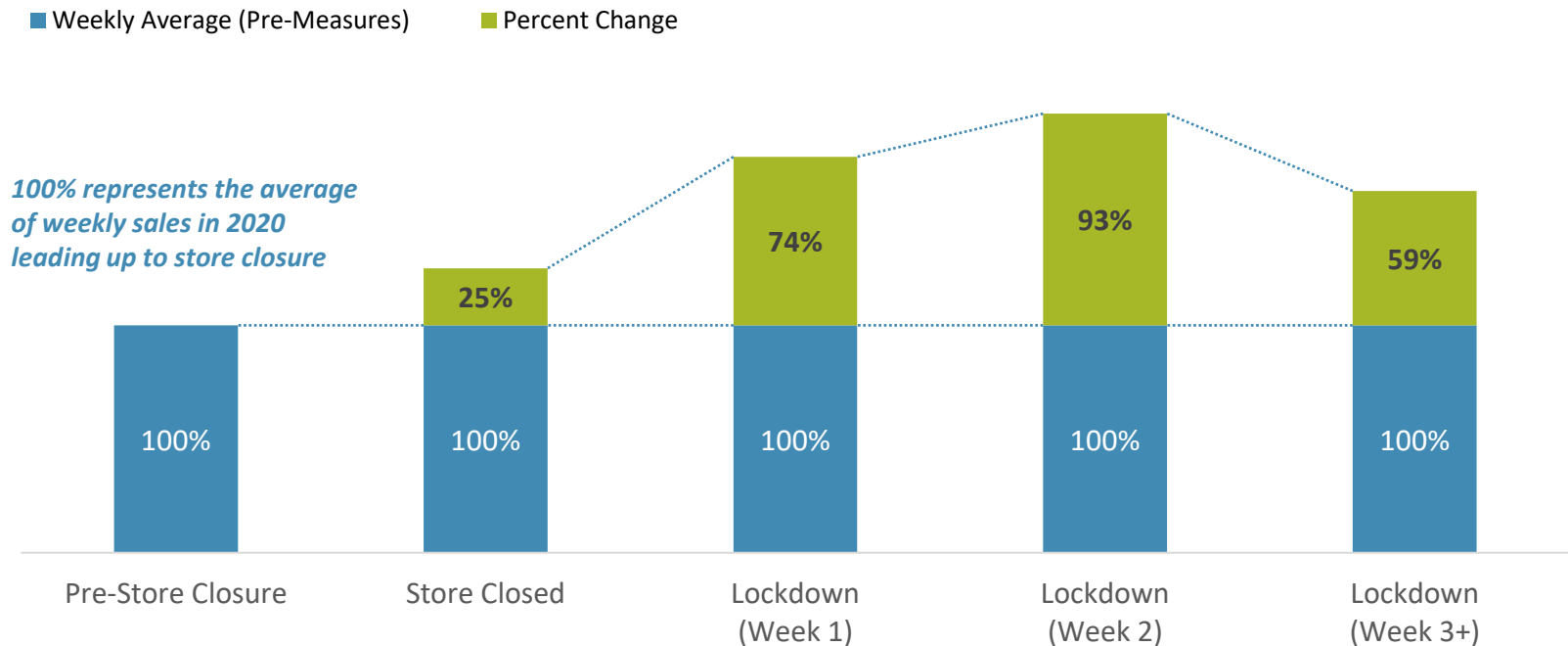
Ecommerce Trends During COVID-19



Increased eCommerce activities observed with COVID-19 related quarantine measures

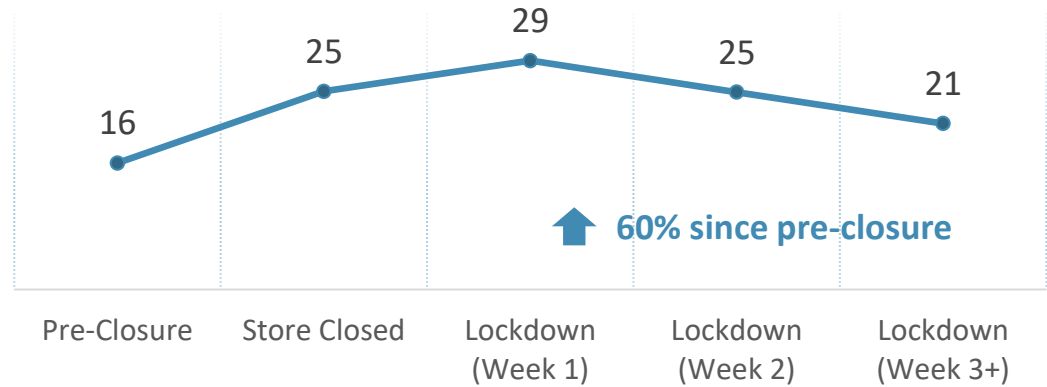
When compared to the weeks leading up to the government enforced quarantine, the weeks after lockdown (restriction of non-essential travel) have seen a surge in eCommerce activities across categories. The **jump in eCommerce sales is most prominent during initial first two weeks of lockdown measures** as consumers rush to stock up on daily essentials and necessity otherwise not available via physical stores.

Changes in weekly Sales (€ EUR) between Pre and Post Quarantine measures

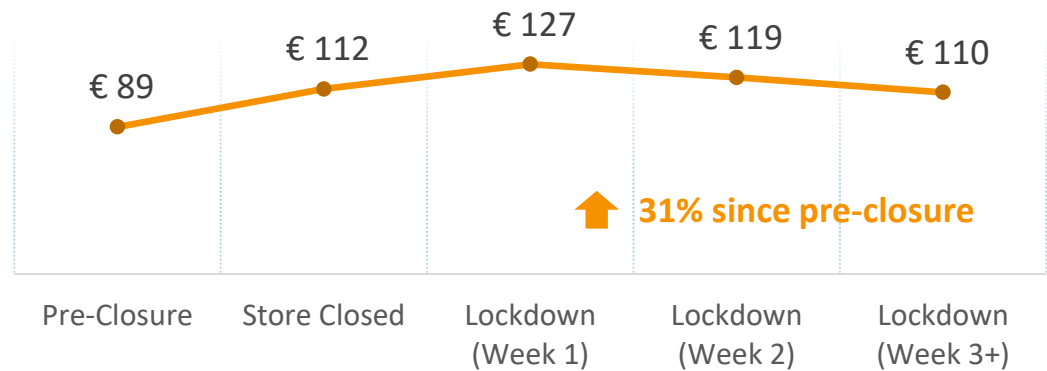


On average, the number of items per order and average order value both increased.

Average Item Per Order



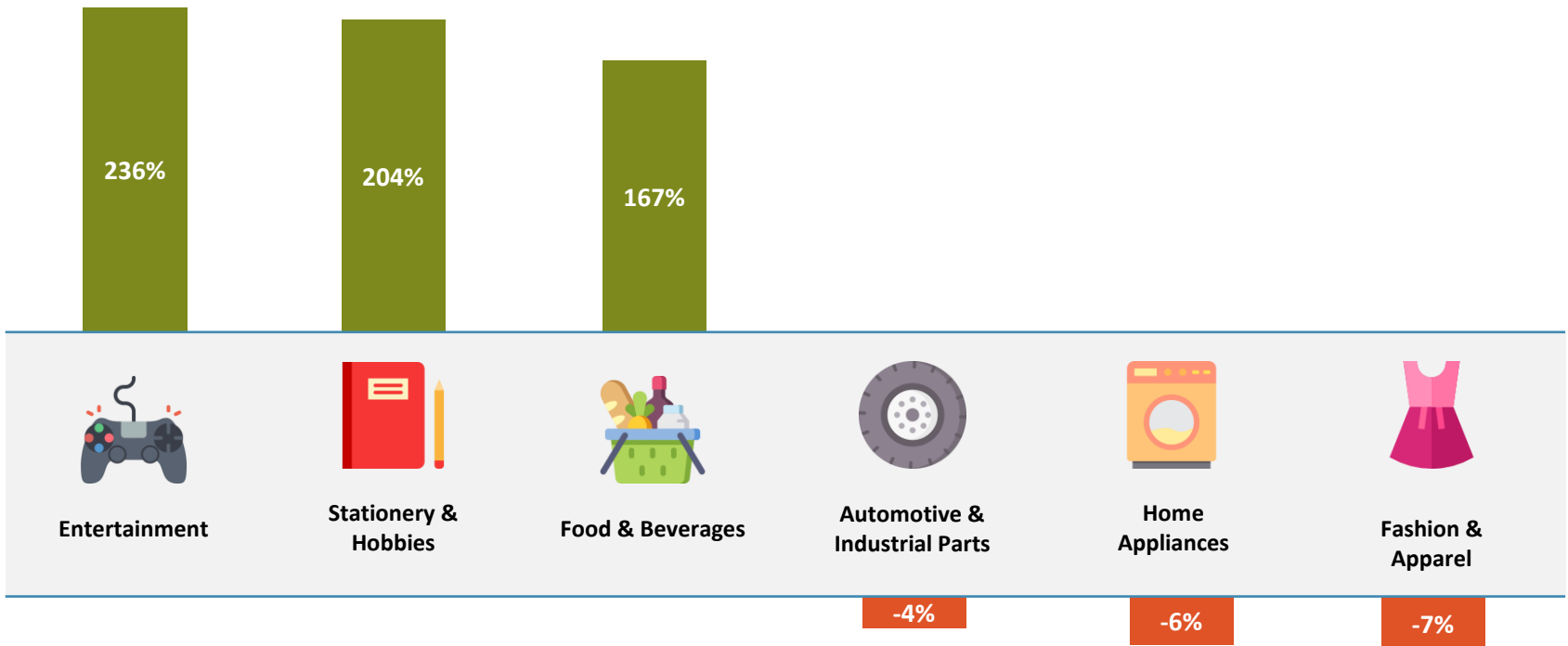
Average Order Value (in EUR)



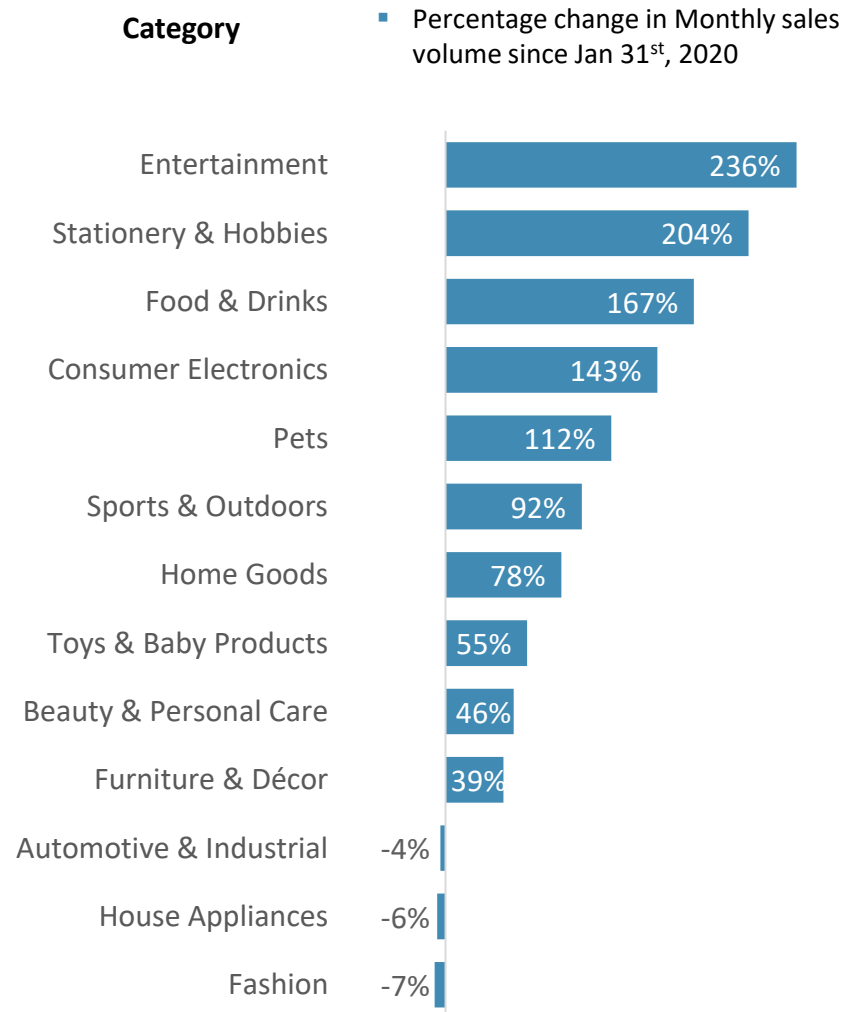
Top 3 Category Gains & Loses

The eCommerce sector have seen an increase during the pandemic. However, there is a wide difference in sales volumes across product categories. With majority of the population confined to home, consumers tend to stick to **essential products** such as Food & Beverages, and products that can **keep time spent at home more worthwhile** such as Entertainment and Stationery & Hobbies. On the contrary, discretionary items such as Automotive & Industrial parts, Household appliances, and Fashion saw the most decline.

Percentage change in Monthly sales since Jan 31st, 2020

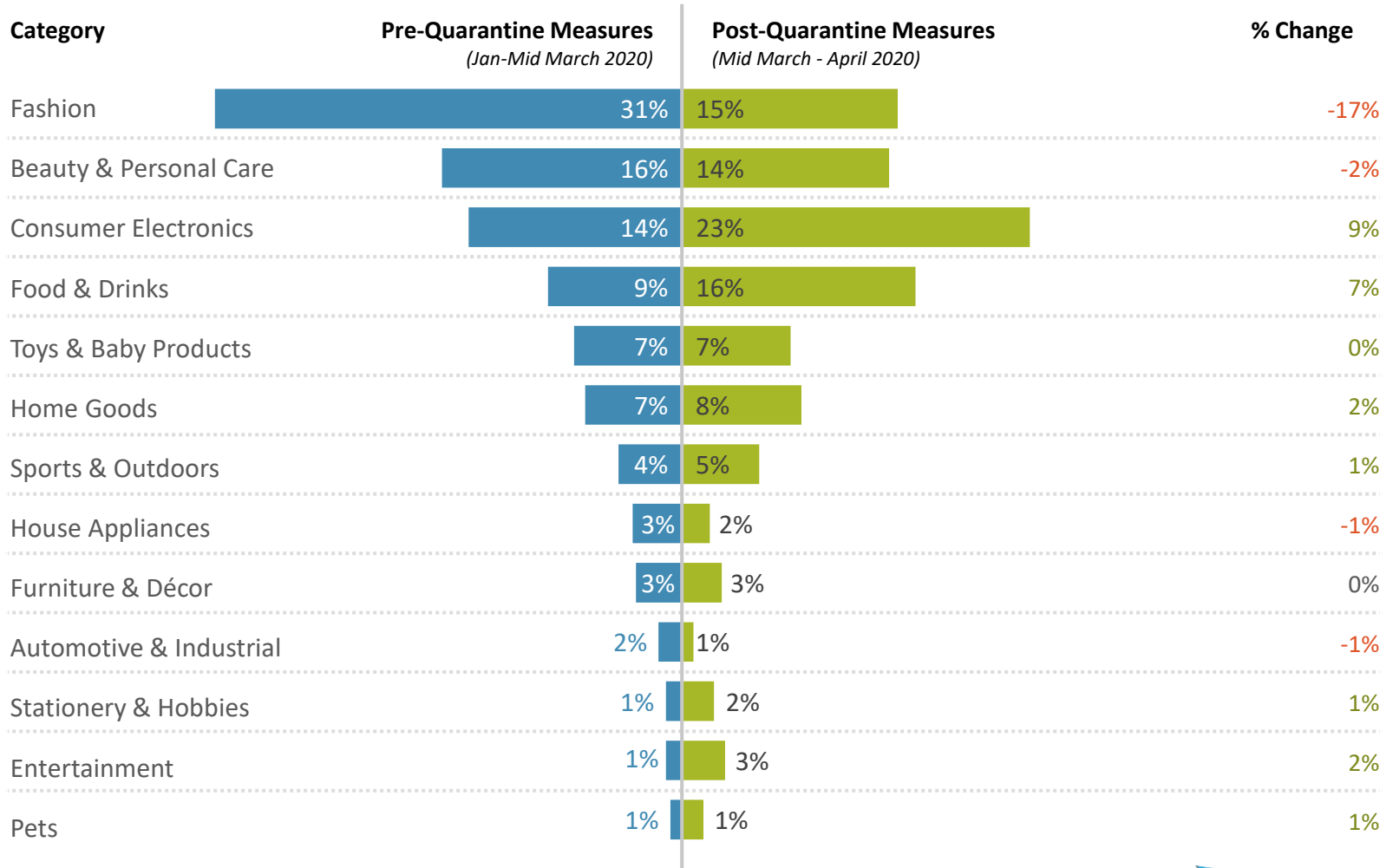


Changes in sales revenue by category



There are obvious shifts in category choices as consumers are forced to stay-at-home

Percent of overall Ecommerce sales attributed to each product category (wallet share)



COVID-19 Impact by Product Category



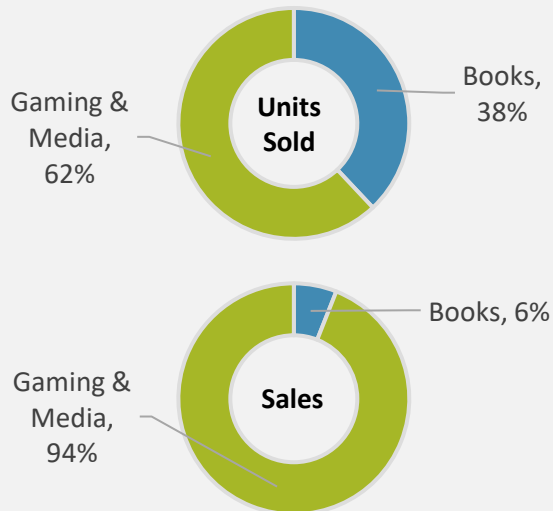


SUBCATEGORY

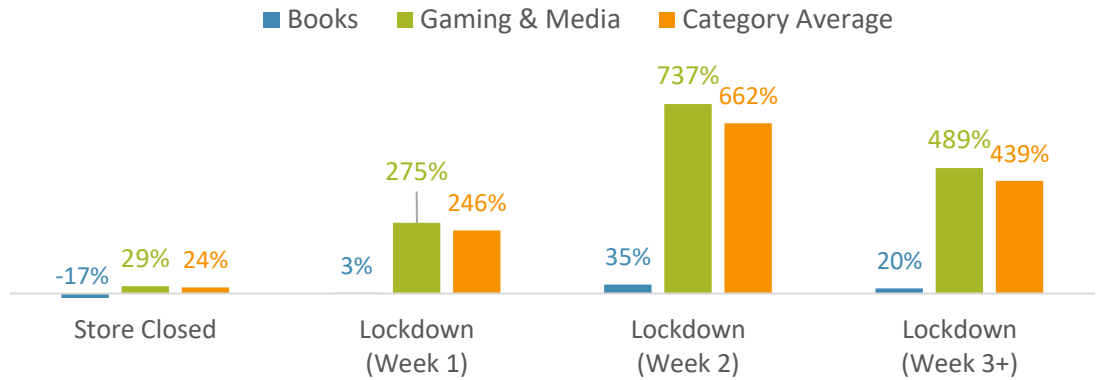
Entertainment

Consumer buying behavior shifts towards gaming & media as in-home entertainment options. Overall sales, volume, and average order value have grown for this category since February.

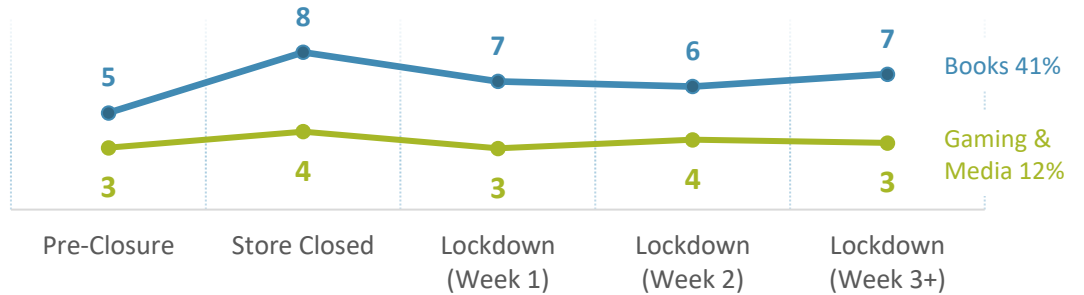
Splits by Sub-Categories



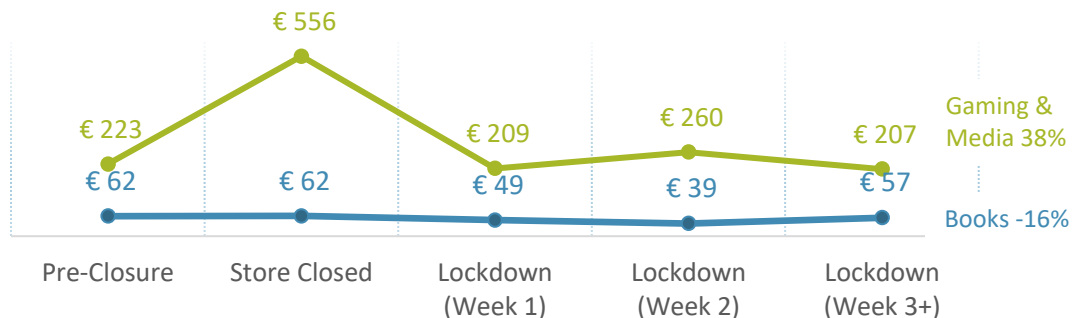
Changes in weekly Sales (€ EUR) between Pre and Post Quarantine measures



Average Item Per Order (across orders containing at least one category item)



Average Order Value (across orders containing at least one category item)



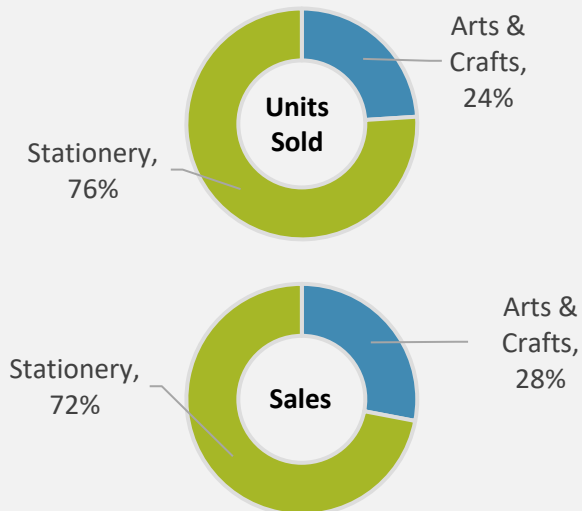


SUBCATEGORY

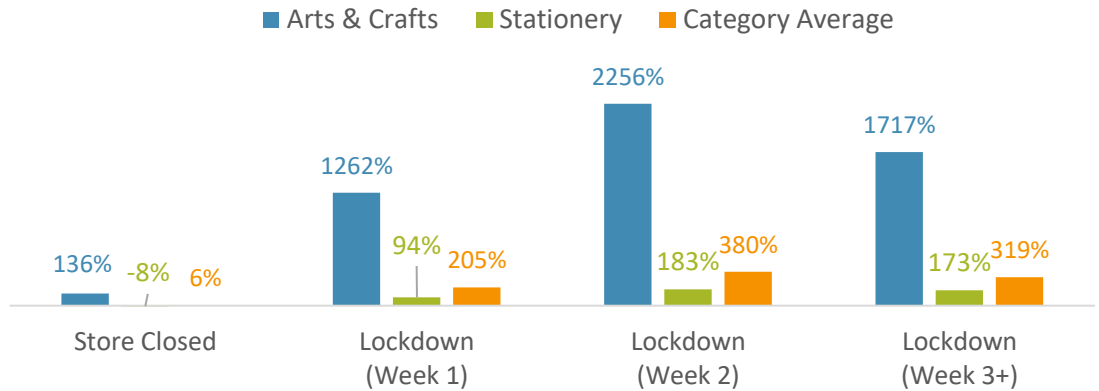
Stationery & Hobbies

Demand for variety of crafts and stationary products have greatly increased during this period. As parents seek activities to entertain children at home or facilitate enjoyment during times of self-isolation, these product have become “essentials”.

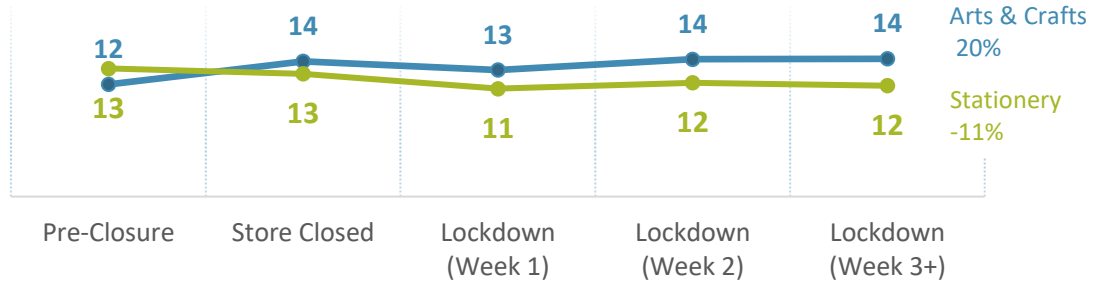
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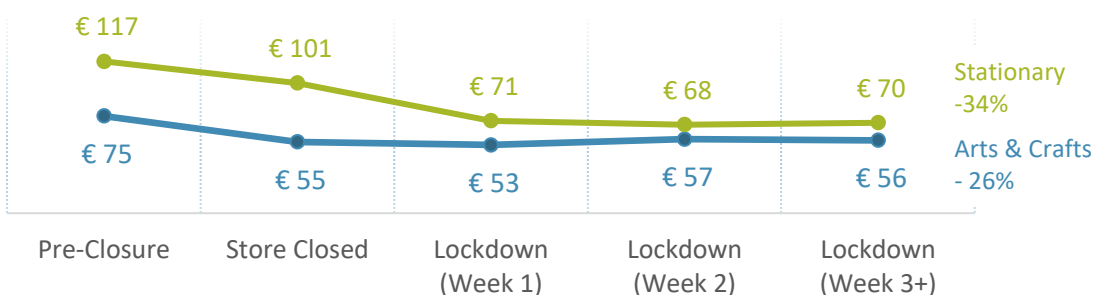
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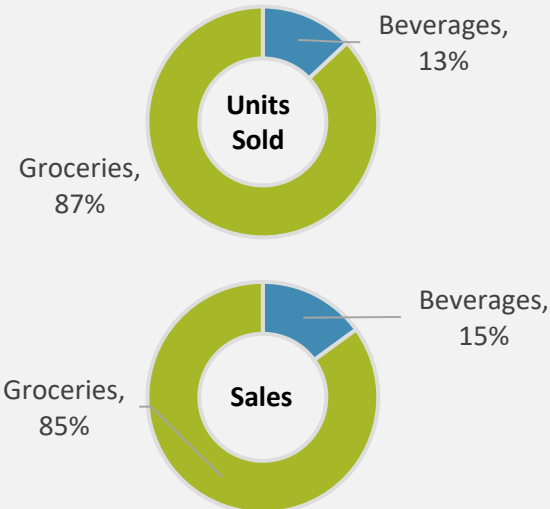


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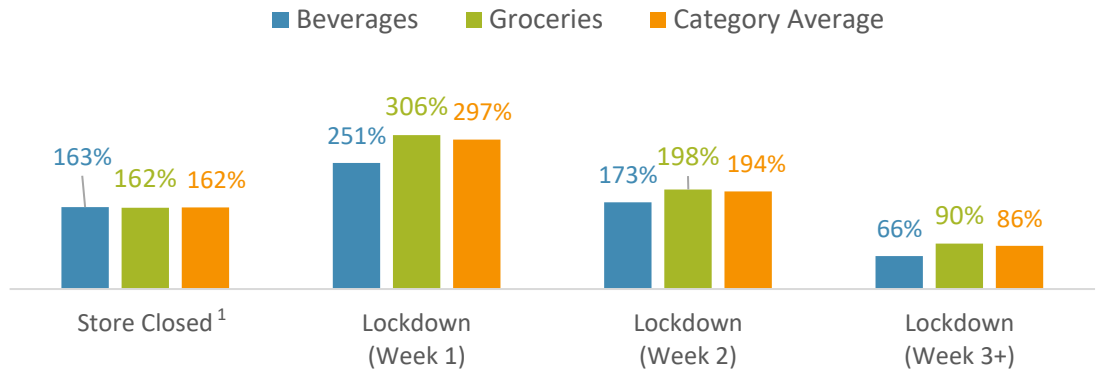
Food & Drinks

Online order of essential consumer products such as groceries and beverages have significantly grown during this period. Even though supermarkets have remained open during the period, many consumers prefer to have groceries delivered to home. This trend was prominent during the initial weeks of the quarantine measures.

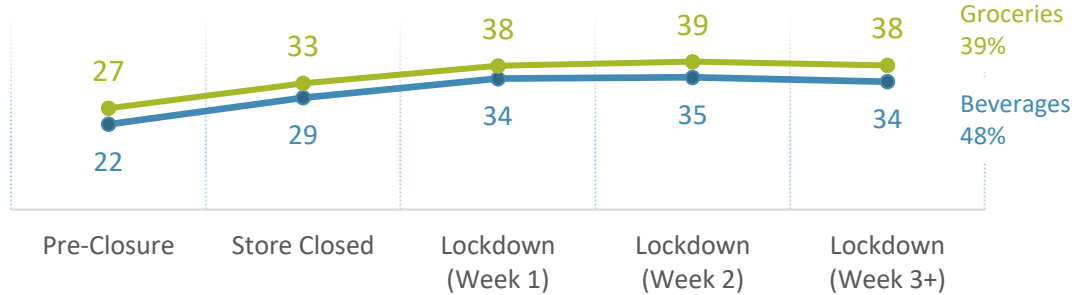
Splits by Sub-Categories



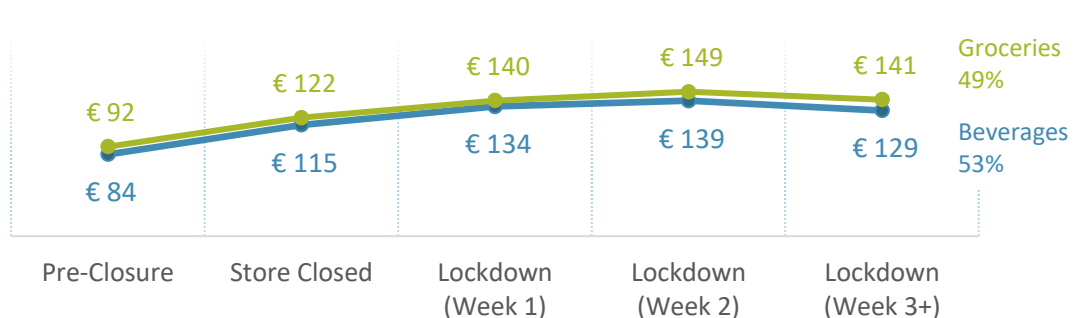
Changes in weekly Sales (€ EUR) between Pre and Post Quarantine measures



Average Item Per Order (across orders containing at least one category item)



Average Value of Orders (across orders containing at least one category item)



1: Supermarkets, dining & beverage deliveries, and other essential businesses remained open throughout this period.

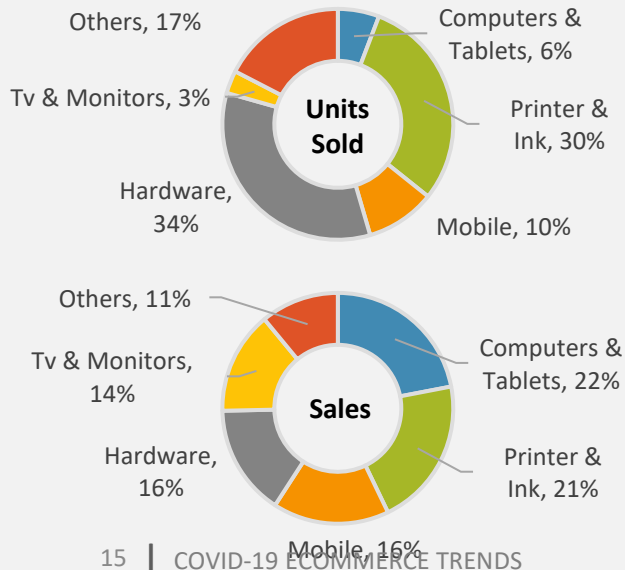


SUBCATEGORY

Consumer Electronics

As many are confined to work-from-home during the period, consumption of consumer electronics product have grown as well. Home office products such as printer & ink, tv & monitors, and hardware are leading the category.

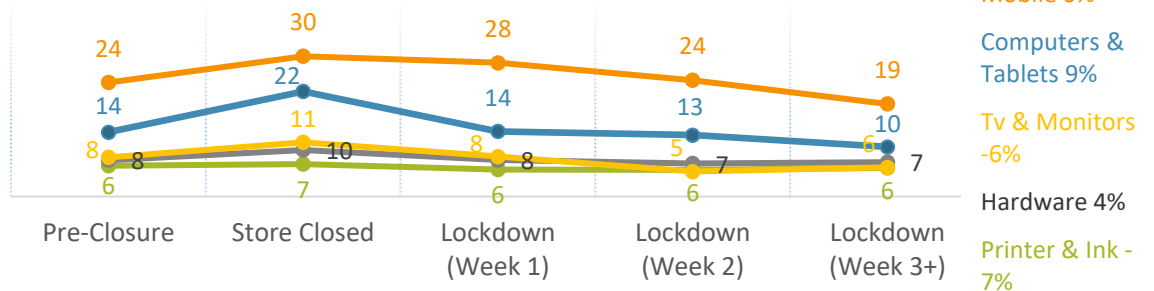
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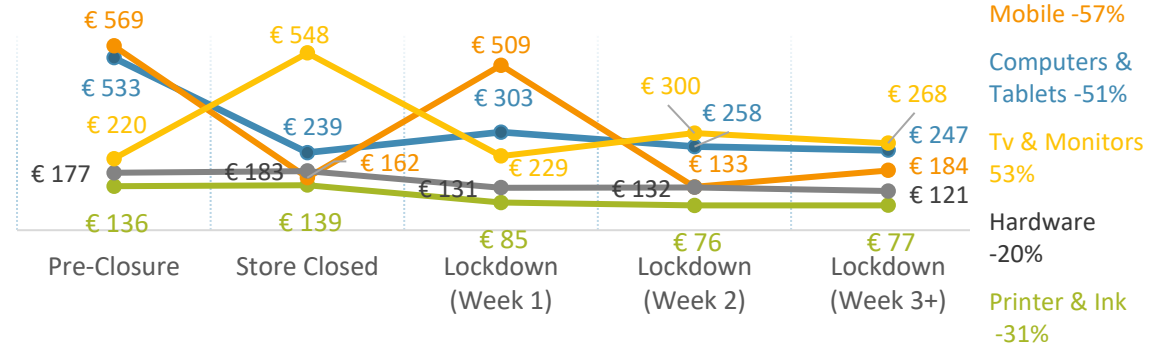
Changes in weekly Sales (€ EUR) between Pre and Post Quarantine measures

	Computers & Tablets	Printer & Ink	Mobile	Hardware	Tv & Monitors	Category Average
Store Closed	95%	3%	-1%	21%	2%	8%
Lockdown (Week 1)	149%	251%	16%	143%	146%	143%
Lockdown (Week 2)	127%	601%	81%	224%	347%	306%
Lockdown (Week 3+)	58%	366%	83%	153%	223%	211%

Average Item Per Order (across orders containing at least one category item)



Average Value of Orders (across orders containing at least one category item)



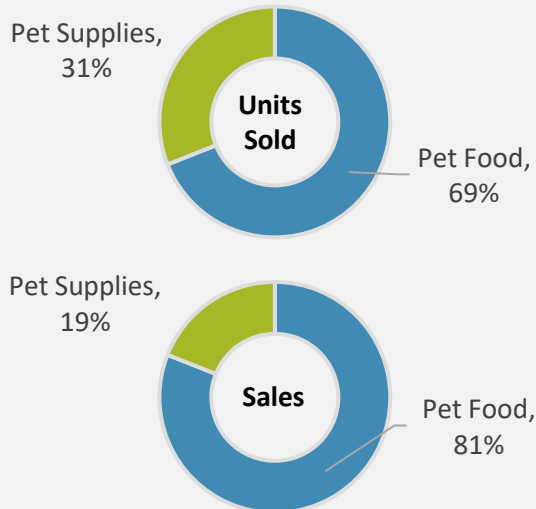


SUBCATEGORY

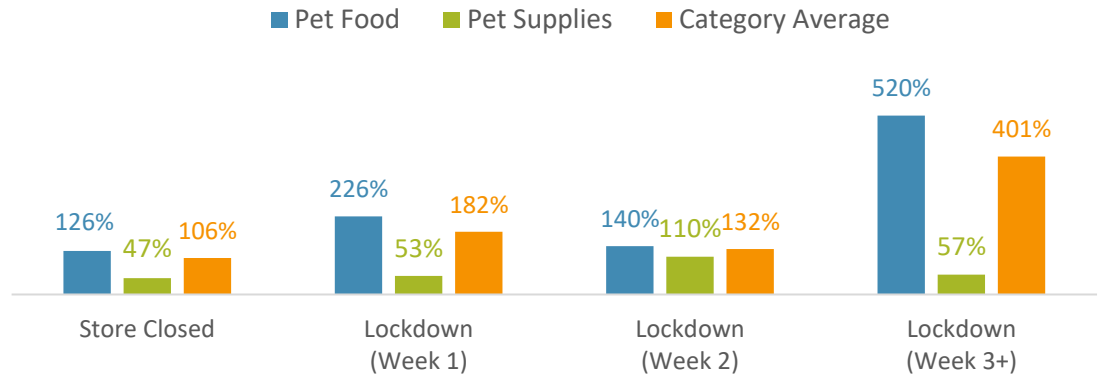
Pets

Compared to pre-lockdown period, online demand for pet products have grown – particularly with Pet Food. The increase in average item and value per order suggest that consumers tends to buy in greater bulk in order to reduce the frequency of purchases.

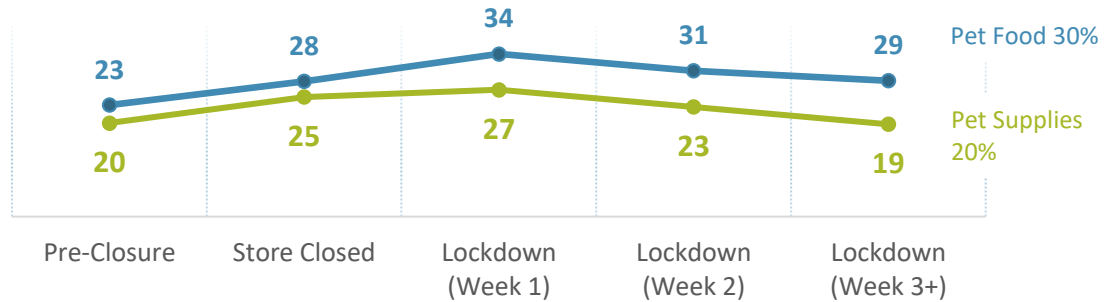
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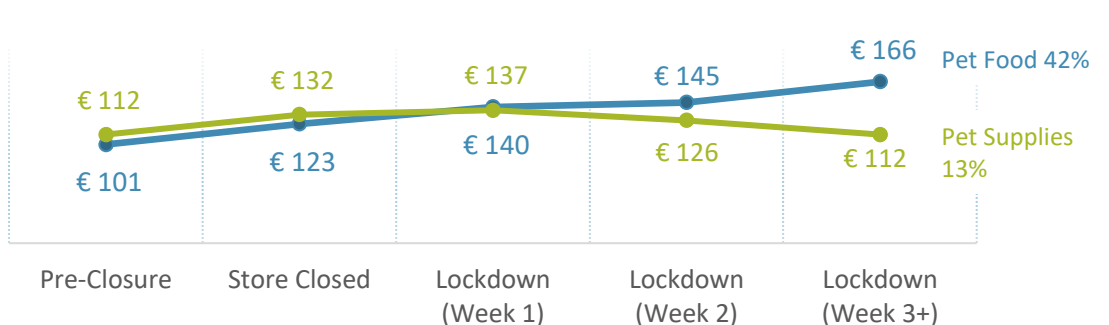
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Average Order Value (across orders containing at least one category item)



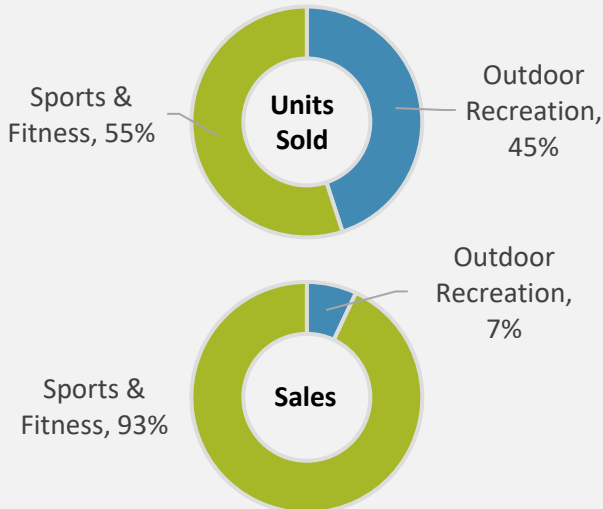


SUBCATEGORY

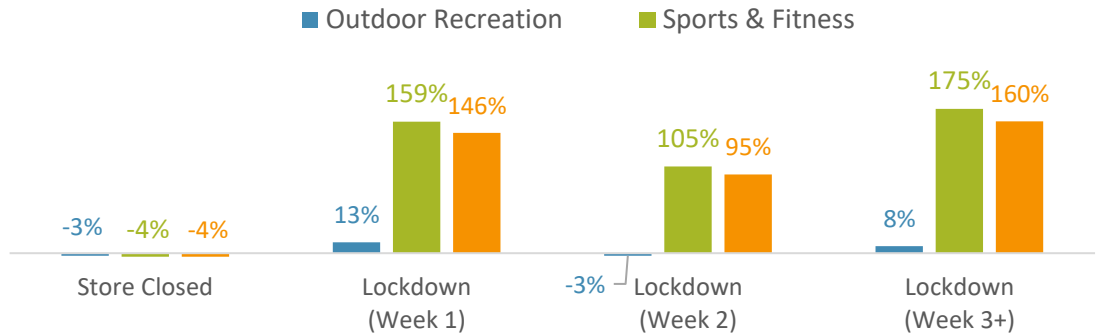
Sports & Outdoors

After the initial shock of stay-at-home measures, the sports & fitness products have picked up in online sales as more people opt to maintain fitness at home. Products related to outdoor activities, however saw minimal growth during the period.

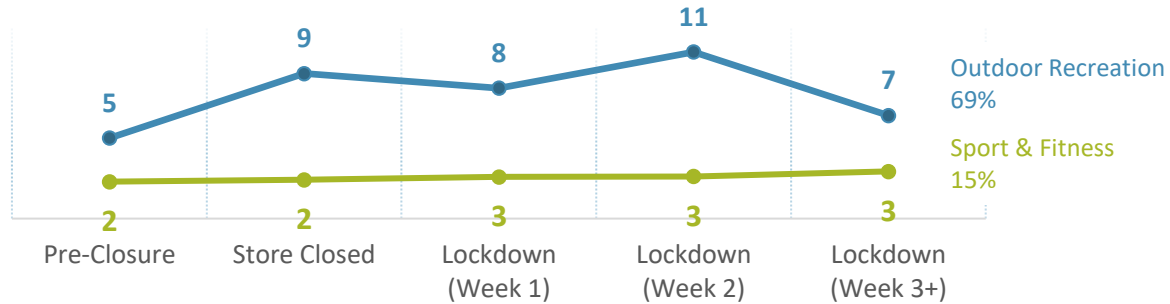
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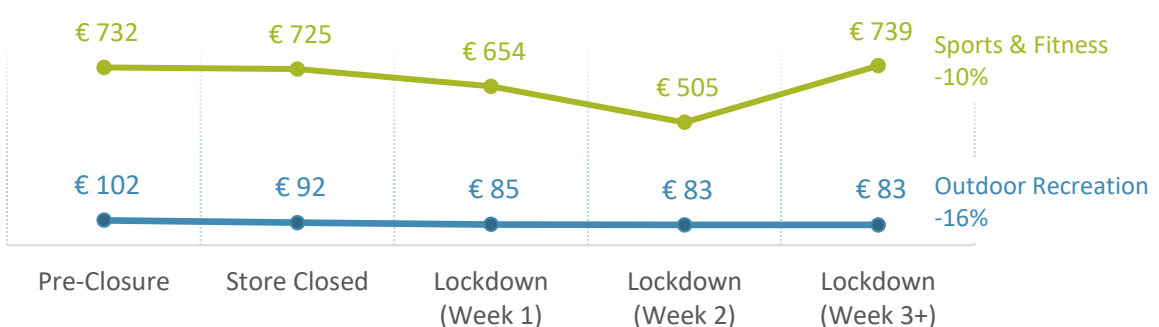
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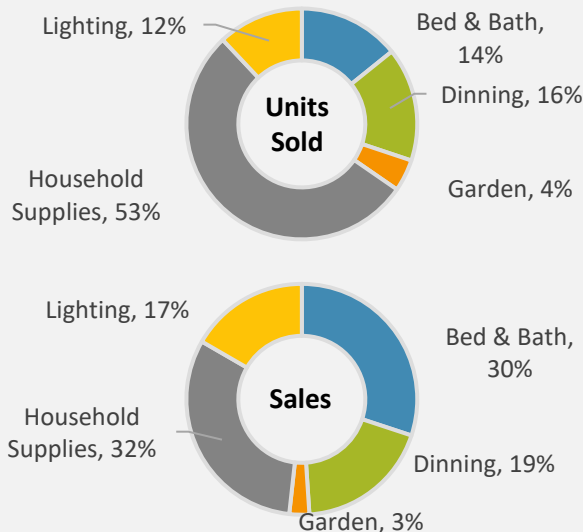


SUBCATEGORY

Home Goods

Within Home Goods, household supplies such as detergents, cleaning equipment's have seen the biggest online growth as more households are home-bound. However, despite the initial shock, the other home categories have also picked up pace in online sales.

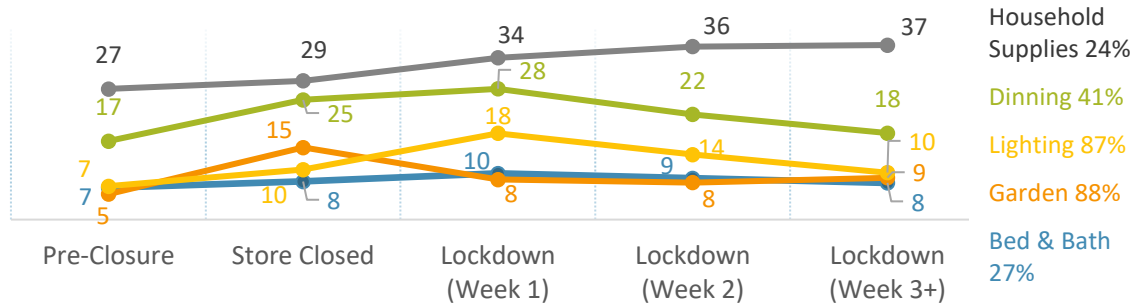
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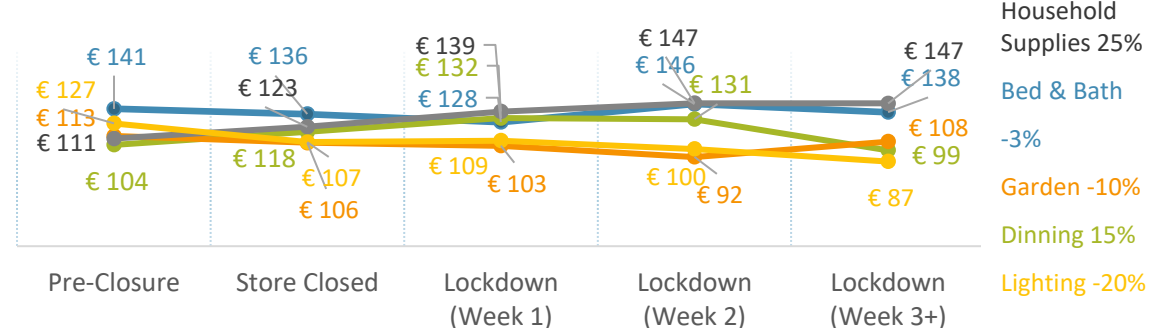
Changes in weekly Sales (€ EUR) between Pre and Post Quarantine measures

	Bed & Bath	Dinning	Garden	Household Supplies	Lighting	Category Average
Store Closed ¹	-11%	-13%	-41%	351%	39%	81%
Lockdown (Week 1)	14%	19%	52%	425%	34%	115%
Lockdown (Week 2)	96%	288%	127%	201%	71%	154%
Lockdown (Week 3+)	48%	69%	56%	91%	31%	59%

Average Item Per Order (across orders containing at least one category item)



Average Value of Orders (across orders containing at least one category item)





SUBCATEGORY

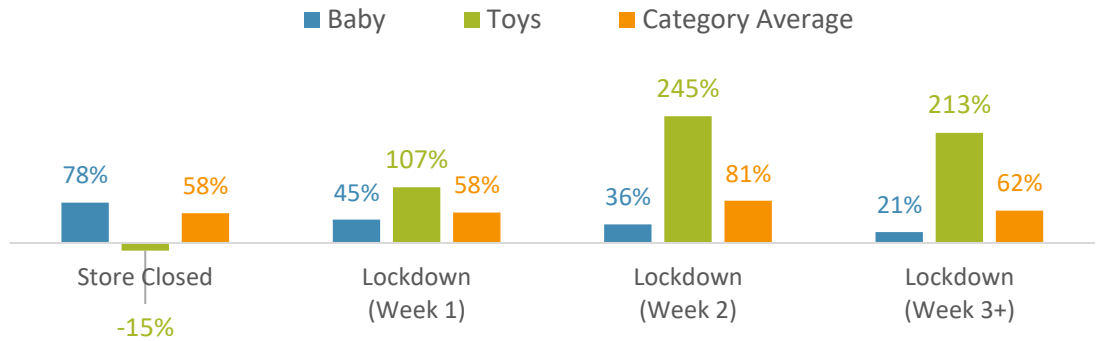
Toys & Baby Products

Ecommerce sales of Toys and Baby products have seen a slight increase overall during this period. Toys, a category that is generally enjoys impulse purchase with kids in-store, has seen the larger shift to online orders.

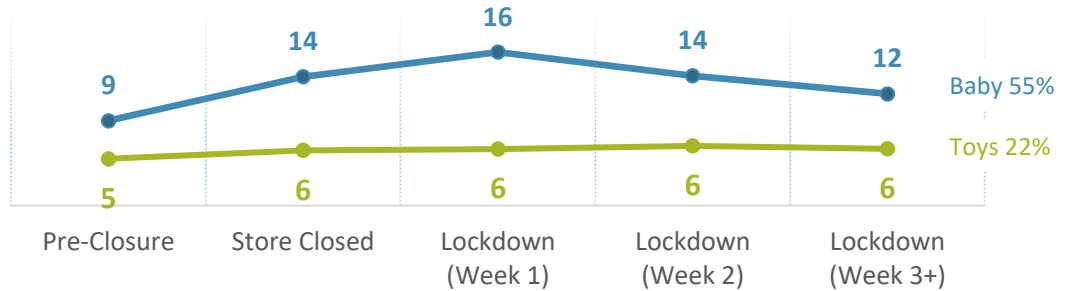
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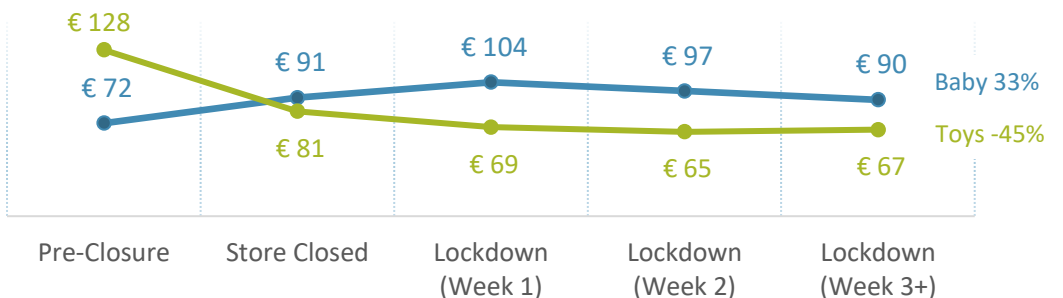
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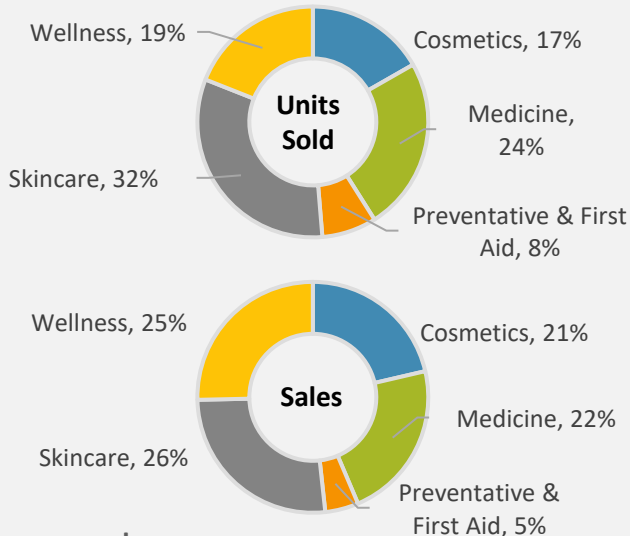


SUBCATEGORY

Beauty & Personal Care

Overall beauty & personal care product week's sales online have grown 55% compared to pre-quarantine weeks. Preventative & first aid products such as anti-septic gels and masks have seen the biggest jump in sales relative to other categories.

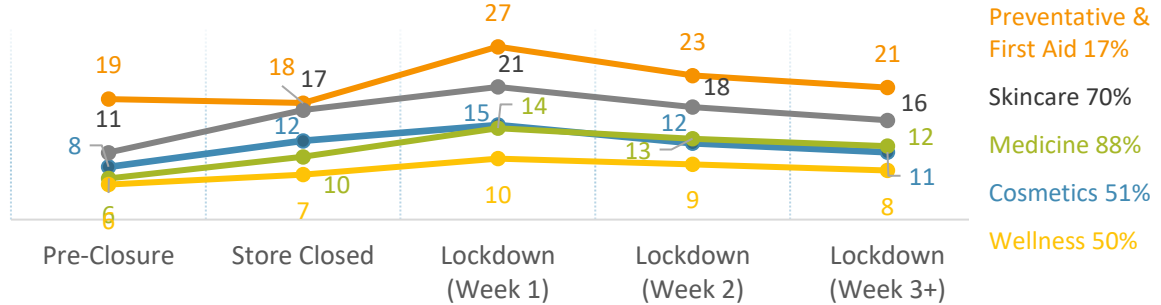
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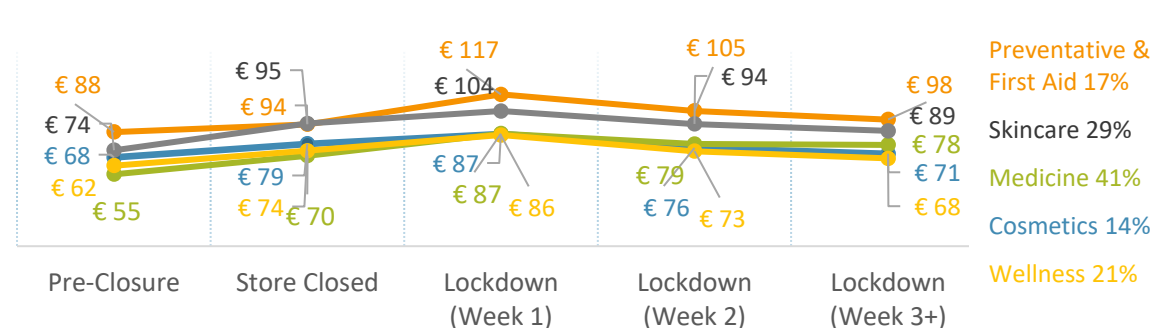
Changes in weekly Sales (€ EUR) between Pre and Post Quarantine measures

	Cosmetics	Medicine	Preventative & First Aid	Skincare	Wellness	Category Average
Store Closed ¹	13%	28%	945%	50%	71%	60%
Lockdown (Week 1)	16%	19%	498%	49%	93%	55%
Lockdown (Week 2)	32%	-1%	443%	34%	34%	33%
Lockdown (Week 3+)	24%	-8%	207%	19%	16%	17%

Average Item Per Order (across orders containing at least one category item)



Average Value of Orders (across orders containing at least one category item)



1: Similar to supermarkets, pharmacies and similar essential business that carries personal care products remained open throughout this period.

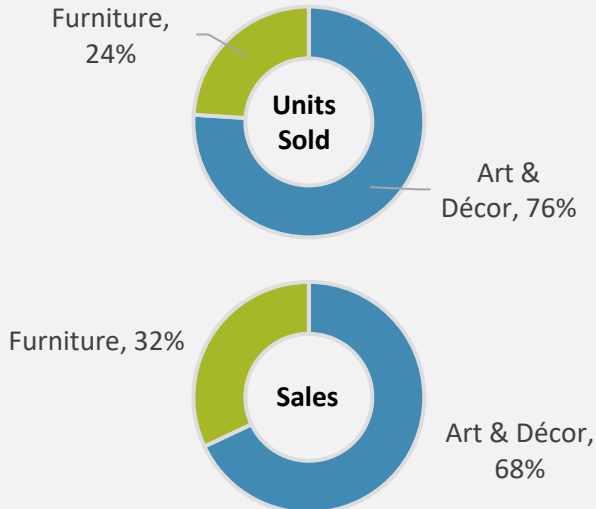


SUBCATEGORY

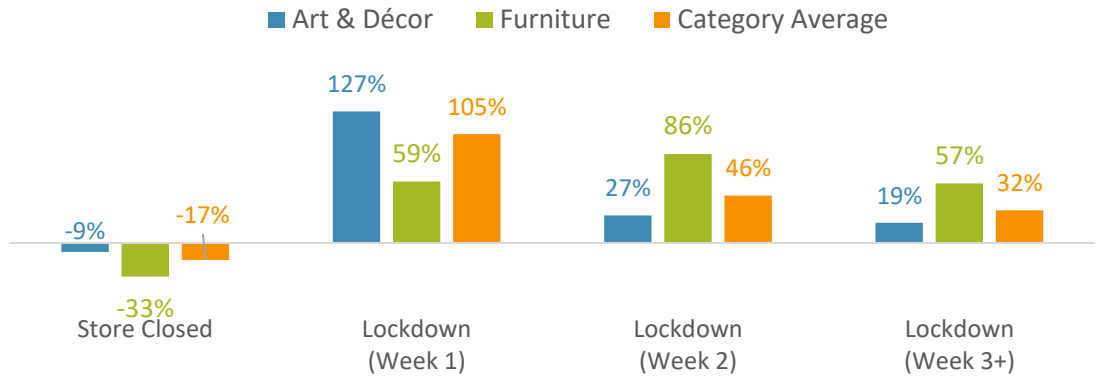
Furniture & Decors

Post the initial shock during the initial week of business closure, consumer have shifted to online purchases when it comes to furniture's and decor, as overall sales volume grew past the pre-quarantine period.

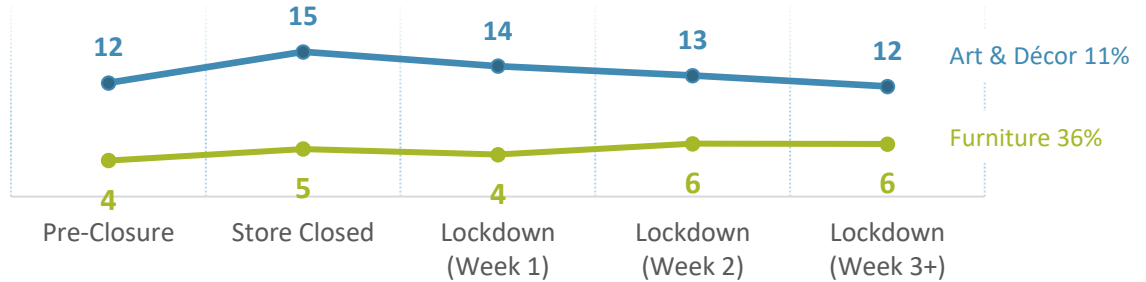
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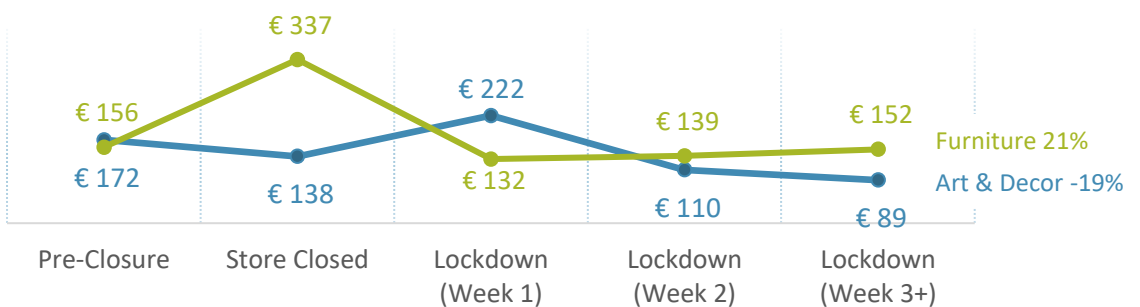
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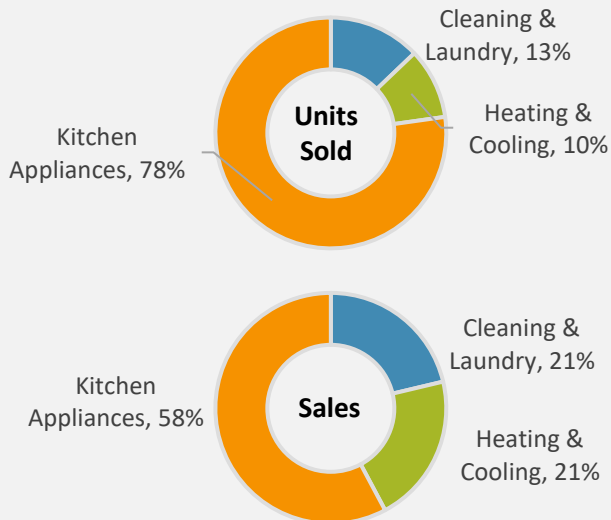


SUBCATEGORY

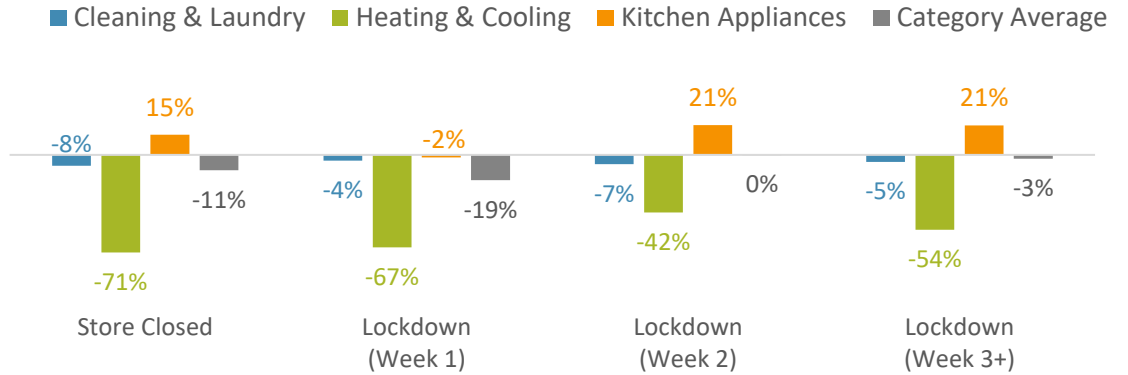
Home Appliances

Appliances is one category consumers scaled back on during this pandemic. Even as stores are closed, online sales saw a corresponding decline. One exception is in kitchen appliances (particularly counter top) which grew by average of 15% since Feb 2020.

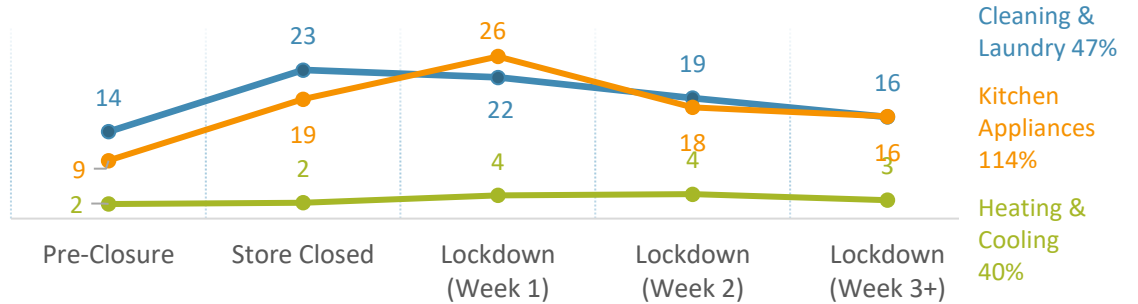
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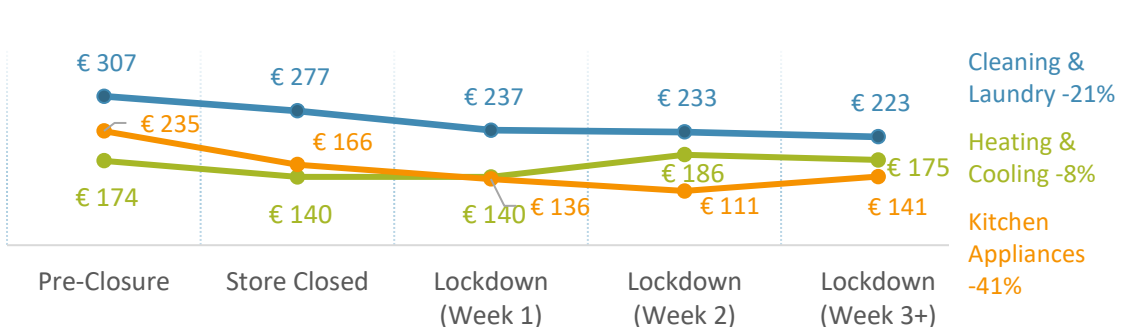
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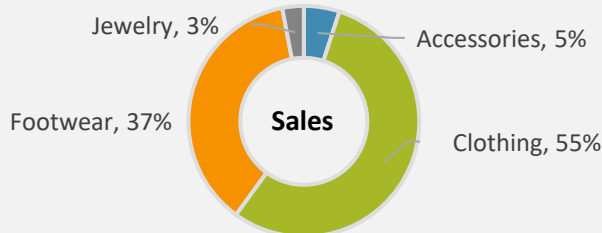
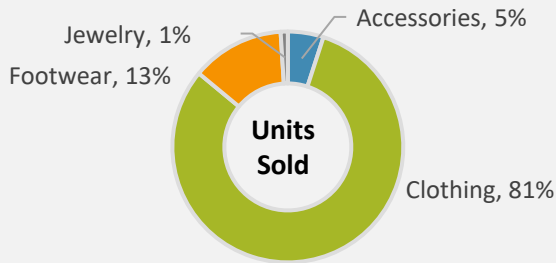


SUBCATEGORY

Fashion

Fashion products saw a slight decline in online sales during the stay-at-home period, with clothing and jewelry products experiencing the biggest drop. As more consumers are confined indoors, they tend to scale back or postpone on new fashion purchases.

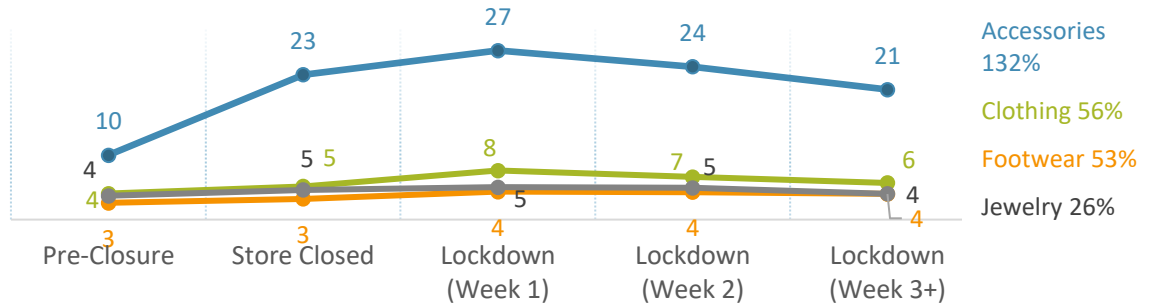
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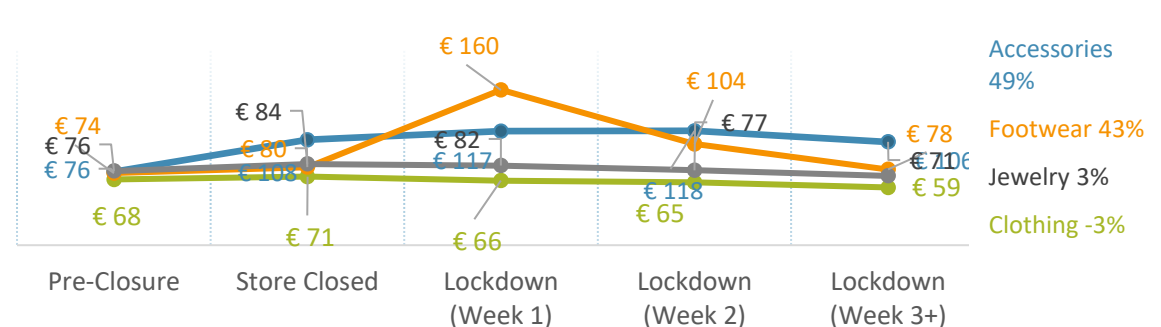
Changes in weekly Sales (€ EUR) between Pre and Post Quarantine measures

	Accessories	Clothing	Footwear	Jewelry	Category Average
Store Closed ¹	-8%	-34%	-34%	-30%	-33%
Lockdown (Week 1)	0%	-49%	16%	-23%	-23%
Lockdown (Week 2)	9%	-31%	3%	-11%	-17%
Lockdown (Week 3+)	-6%	-34%	-12%	5%	-24%

Average Item Per Order (across orders containing at least one category item)



Average Value of Orders (across orders containing at least one category item)



Additional notes

1. **Average item per order:** reflects the number of items within completed online order containing at least one of the category item.
2. **Average order value:** reflects the average EUR value of orders containing at least one item belonging to the category. For example, in a basket for supermarket containing both beverage and grocery products, the order will be counted towards both product category as calculated average.
3. The two metrics (average item per order, average order value) are often correlational. In some major categories, the metrics have shifted to negative correlation (e.g., increased items per order at lower average order value), indicating trends in consumption behavior to opt for lower value items across the entire basket.
4. While Stay-at-home orders are gradually lifted, millions of consumers have been introduced and reinforced new online buying behaviors and habits. In many families, online grocery, food ordering, and entertainment shopping will likely replace visits to stores until the pandemic subsides. **Businesses that have invested heavily in online commerce or omnichannel engagement capabilities are better positioned to take advantage of the new normal.**



About Us


ContactPigeon is an omnichannel customer engagement platform for building better engagements between businesses and its customers – one that's effective, timely, and individualistic – across all communication channels.

By bringing together customer insights between online & offline sources, ContactPigeon solves the missing piece of the marketing puzzle.


Hundreds of retail and eCommerce brands, including L'Oreal, Hertz, Fujitsu and Plaisio, trusts ContactPigeon to drive increased revenues with less effort by connecting customers to the brands they love.

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