

## ECOMMERCE IN THE COVID-19 ERA

## HOW BRANDS ARE ENHANCING THEIR DIGITAL INFRASTRUCTURE IN THE FACE OF A NEW NORMAL

## THE EVOLUTION OF ECOMMERCE

New consumer behavior shifts are challenging brands to meet the challenges of COVID-19

Since the arrival of the COVID-19 pandemic, the global business economy has been forced to adapt to a new normal in which consumer behaviors are shifting drastically—and *faster* than ever before.

With the majority of U.S. consumers social distancing at a home, and with brick-and-mortar retail options vastly reduced, ecommerce sales have skyrocketed. Looking at just a slice of that period, from the second week in March compared to the first, overall ecommerce sales rose 25 percent, according to Adobe Analytics. A March National Retail Federation survey found that more than half of consumers have ordered products online that they'd normally purchase at a store.

But what marketers—and the business community at large—must determine is what consumer behavioral shifts are here to stay. And which, if any, short-term adaptations will linger long after the pandemic subsides.

The adoption of digital shopping, experts agree, is unlikely to go back to pre-COVID-19 levels. According to UBS analysts quoted in a MarketWatch story, ecommerce penetration will reach 25 percent by

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— Mastercard Global CMO Raja Rajamannar

2025 versus the 15 percent that exists currently, due to the convenience online shopping affords and the likelihood that contactless transactions will continue into the future. The digital shopping trend will continue “as folks rediscover how pleasurable, effective and efficient direct-to-consumer contact with a merchant can be,” says Heather Winnicki, VP of Product Management for Infogroup. “Those businesses that have invested to adapt to social distancing will likely keep any systems they invested in, provided they work well,” she says.

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So, what does that mean for brands? Those that are quick to adopt new ecommerce solutions will be better poised to edge out their competitors. "I see marketers adjusting their strategies and their criteria to promote more online purchases, because people who did use online stores for the first time are realizing that online purchases are easy but also safe and extremely comfortable," says Mastercard Global CMO Raja Rajamannar. "Once they start, the chances are they will stick to it."

With COVID-19 acting as a catalyst for consumer adoption of new technologies, marketers are enhancing their focus and applying their efforts toward ramping up ecommerce capabilities. "The utilization across multiple product categories online will go up," says Rajamannar. "And marketers will have to respond to that significant change in behavior. There is a permanent behavioral modification that's happening as we speak. The world will be different."

Here's a closer look at how General Mills and BACARDI are ramping up their ecommerce efforts, plus four ecommerce trends—from augmented reality to trust and privacy—for marketers to keep on their radar in the months ahead.



## FOUR ECOMMERCE TRENDS TO WATCH IN 2020

Technologies and trends enhancing the digital commerce customer experience

### 1. AI

Artificial Intelligence-backed tools like visual search, recommendation engines based on consumer behavior and chatbots are facilitating a more personalized customer experience and enhancing the efficacy of brands' ecommerce objectives. Gartner predicts that by 2023, most organizations using AI for ecommerce will experience a 25 percent improvement in customer satisfaction, revenue or cost reduction. "Artificial Intelligence is getting into every part of the marketing ecosystem, whether it's media buying, assisting in advertising creation, ROI calculations and protection or optimizing distribution strategies," says Mastercard's Rajamannar. "It's the single biggest disruptor that is already here, and it's going to go to a different level in the next few months and few years."

### 2. TRUST AND PRIVACY

Regulatory legislation such as GDPR and CCPA require that businesses abide by strict privacy laws with respect to consumers' personal data. With the increased reliance on that personal data by marketers to enhance customer experiences, building consumer trust through protecting privacy and ensuring safety will be paramount. For example, to build trust with consumers, Mastercard has increased its messaging around its ID theft protection and zero liability features which protect consumers against fraudulent card use. To account for the varying levels of adoption across markets, the brand is educating consumers in developing countries about how to use cards online. Moreover, to provide consumers with the reassurance that transactions have gone through successfully, the payment provider has also developed an "acceptance sound" as part of its sonic branding strategy to indicate confirmation of a purchase in physical, digital or voice environments.

### 3. OMNICHANNEL

Consumers are using an increased number of channels ahead of purchasing at all points along the customer journey, which requires marketers to constantly evaluate the consumer experience and ensure consistency across all touchpoints. "Making sure that messaging is consistent across all channels that existing or new customers can access is paramount to success in any marketing campaign, especially digital, as positive, negative or incongruent messaging can be shared via screenshots and social media in an instant," says Infogroup's Winnicki. She recommends taking inventory of all branding campaigns to ensure that your efforts are not duplicated on any channel and are efficiently deployed and utilized. "Do a data check-up, channel check-up and know the reach of your campaigns and corresponding P&L for each," she says.

### 4. AUGMENTED REALITY

More than half of the world's consumers are willing to try augmented and virtual reality to assess products and services, according to Nielsen data, and Gartner estimates that more than 100 million customers have already used AR to purchase products. While consumers continue to abide by social distancing rules, that number will likely increase. Online furniture retailers like Wayfair and IKEA employ augmented reality that allows customers to visualize items within their homes before making purchases. Nike uses the technology to measure consumers' feet and sell sneakers. While brick-and-mortar retail options are limited, savvy brands are adopting AR to recreate the shopping experience digitally. "Adding augmented reality could quickly scale businesses that experience declines in store foot traffic," Winnicki says.

# GENERAL MILLS' VALUE-FIRST FOCUS

## CPG brands are enhancing online purchase capabilities for the COVID-19 era

Adapting its marketing strategy in response to COVID-19, General Mills has shifted its focus to creating solutions for consumers' problems through creating value—whether through a product they purchase, content they want or an experience they have with one of the company's brands. With consumers' immediate needs including access to food and making do with what they have at home, brands like Pillsbury and Betty Crocker have responded with ideas on how families can stretch their pantries to create simple and inexpensive meals at home.

For instance, Pillsbury has offered budget-friendly meals and recipes that include cooking duties for kids. The brand tries to make the content fun but also useful. Betty Crocker has taken a slightly different approach through educating Gen Z and millennial audiences about cooking at home, potentially for the first time.

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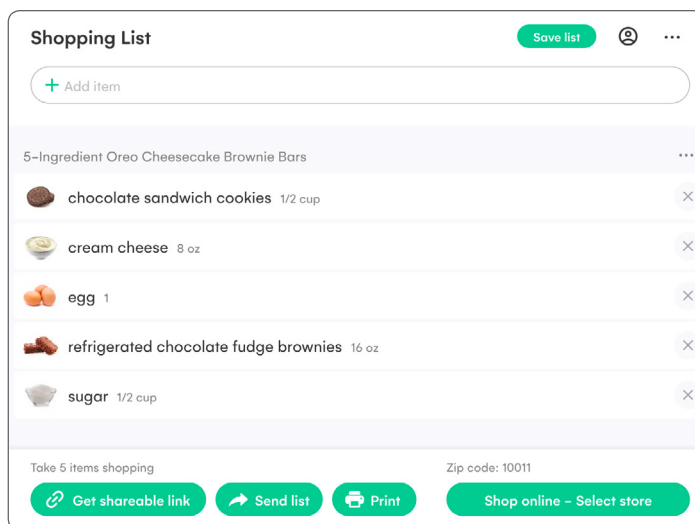
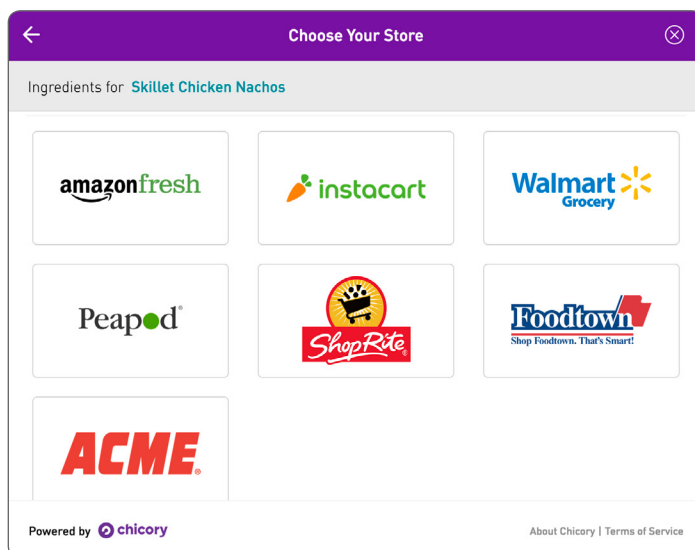
Since both Pillsbury and Betty Crocker have established websites, that makes ecommerce a no-brainer. “Both with pillsbury.com and bettycrocker.com, we have owned media platforms with millions of active users,” says Brad Hiranaga, Chief Brand Officer, North America at General Mills. “So, that’s an easy way for us to reach folks as well as through social media.”

Like most companies, General Mills has been steadily growing its ecommerce business in recent years. But Hiranaga has noticed an uptick related to consumer behavior during the coronavirus. “The spike in ecommerce has been pretty tremendous. Looking forward down the line a little bit, people aren’t going to necessarily go in with ecommerce and then it’s over in three months. How much of that’s going to stick? I know some, if not a lot of it, will.”

In the last couple of months, the brands have been making tactical shifts, but over the next year and beyond, the company plans to be much more proactive in response to behavioral shifts that are occurring more quickly than they have in the past.

In one example from Pillsbury: a recipe for Oreo Cheesecake Brownie Bars featured on its website consists of five ingredients, including the brand's brownie mix, that can be converted into a digital shopping list with the click of a button. From there, consumers are linked to several online retailers that correspond to their zip codes.

“There’s a lot of opportunity for us to partner with retailers to ensure that they have that content as well,” Hiranaga says. “A lot of people are filling their baskets for the first time online. We’ve shifted more of our focus down funnel into those types of media and placement streams because we know that people are looking for ideas and they’re ready to purchase.”



# BACARDI'S PIVOT TO VIRTUAL

## How ecommerce is helping the spirits brand offset in-store revenue declines

With most bars and restaurants in the U.S. prohibited from allowing on-premise consumption of alcohol, the liquor industry has been hit particularly hard by the pandemic. Sampling in bars and liquor stores and brands' live experiential business has effectively come to a halt. However, online sales of alcohol are booming, up 234 percent year-over-year according to Nielsen data, and it's the fastest growing ecommerce department within the CPG category.

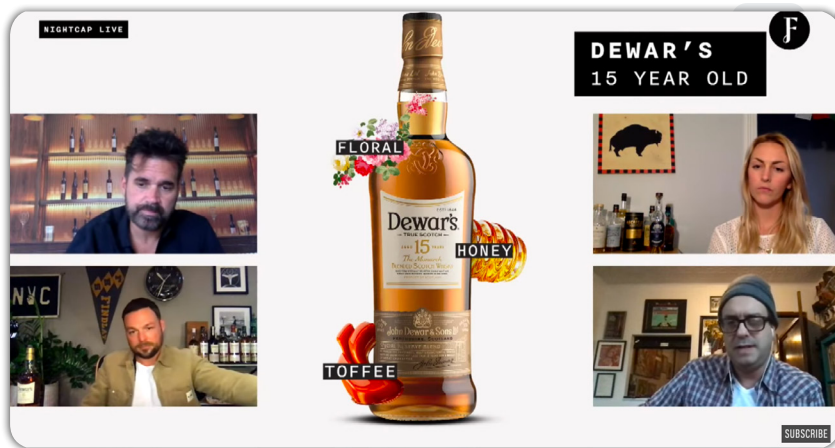
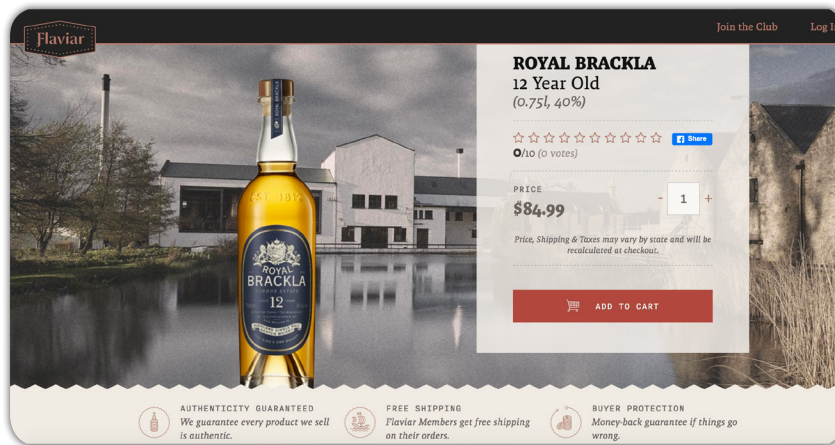
"At a commercial level, we've seen the ecommerce space for us explode," said Ned Duggan, SVP, Global BACARDI Rum in a virtual chat with *Event Marketer* in May. "Spirits, and alcohol in general, have been somewhat behind in terms of ecommerce because of the regulations that we face as an industry. But what we've seen is that delivery, whether it's from bars and restaurants or from liquor stores, has really taken off. People have gotten accustomed to buying spirits online. That's an overnight transformation in our business that we expect to continue even after the COVID pandemic," he said.

In terms of generating demand for its products, BACARDI's marketing department has had to rethink its sampling strategy and convert to virtual experiences. For example, the brand

recently partnered with online spirits community Flaviar to offer a weekly tasting and talk show series, "The NightCap Live," which educates spirit enthusiasts about BACARDI's premium brands. The hour-long show, hosted by Dan Dunn of the podcast "What We're Drinking," features actors and comedians discussing spirits and tasting the products live. Viewers can participate through an interactive Q&A and are encouraged to purchase the products in advance of the tastings using a special discount code.

The virtual component of these activations has allowed BACARDI to receive feedback from consumers more rapidly than live experiences have, Duggan said. "There are some huge pluses to activating virtually. I know right away if someone's trying a drink whether they like it or not because they're telling me on the virtual platform," he said.

Ultimately, the brand is seeking out ways in which virtual and live can work together seamlessly. "We're looking at virtual in the future as a way to further amplify and get more reach around our experiential activity, which is basically a way that we are going to be able to drive up our ROI," he said. "I definitely see it benefiting us down the road."



### ABOUT CHIEF/MARKETER

Chief Marketer, an Access Intelligence brand, provides marketers and aspiring CMOs with content, ideas, recognition and events that help them make smarter decisions with their marketing budgets. It offers data-driven industry intelligence, actionable insights, inspiring case studies and the latest technology trends so marketers can improve their campaigns and increase ROI.

### ABOUT infogroup

Infogroup is a leading provider of data and data-driven marketing solutions for salespeople, marketers and professionals. The company's solutions are powered by its proprietary business and consumer databases and supplemented by client and 3rd party data. Clients range from Fortune 500 enterprises and local businesses to not-for-profit and political organizations. For more information, visit [www.infogroup.com](http://www.infogroup.com).