

# The 'Next Normal' in Retail:

How Brands Can Gain Share by Pivoting to Meet Consumers' New E-Commerce Expectations



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**As COVID-19 has upended consumers' lives and routines, a host of new behaviors have emerged during shelter-in-place.** While some have been driven by necessity, an interesting phenomenon has occurred – people have found they prefer many of these new options, such as cooking from scratch or working remotely from the comfort of their home – and certainly found favor with shopping online.

But as businesses begin to reopen, theoretically allowing consumers to return to their previous omnichannel habits, we face the trillion-dollar question: What do these recently adopted patterns mean for the long term?

And, even more critically, how can brands evolve their business strategy to ensure new online shopping preferences dovetail with their current online consumer-engagement plan?

Forward-thinking brands of all sizes must reconsider how business engagement with consumers takes place to successfully capture more loyal shoppers and more growth.

“Consumers benefit when they have the opportunity to engage more directly online with the brands they love and discover new brands in an organic way,” said Celiena Adcock, Director, GTM & Partner Marketing at online shopping platform Honey. “It’s essential to create a healthy ecosystem where online retailers have the ability to engage shoppers in a more authentic and direct manner that allows them to own the brand experience, instead of solely relying on one intermediary distributor.”

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**GTM & PARTNER MARKETING'S CELIENA ADCOCK**

Consider this your road map to the success you'll find by focusing on the mutual benefits of a strategy that meets your ideal customer at the intersection of their shopping needs and behavior.



## Meet the new online shopper

Wondering what traits the new online shopper shares? Here is what our research has found.





## The new online shopper is... **prolific.**

As brick-and-mortar stores closed, the move to online shopping accelerated – to the tune of an 18% increase, according to [eMarketer](#). Its recently updated forecast pegs e-commerce's share of 2020 retail sales to reach 14.5%, which is an all-time high and the biggest share increase in a single year. In 2019, for example, e-commerce's share of retail was 11%, an increase of 15% from 2018.

### E-Commerce's Growth Skyrockets

**18%**

Increase in Growth

**14.5%**

E-commerce share  
of retail sales

“COVID-19 took trends that were going to happen but accelerated them in an unprecedented way as people adapted to new ways of shopping,” said Erica Thompson Moran, president and owner of ACIRE, a retail and digital marketing consultancy. “Even those who hadn't been previously enthusiastic adopters discovered that online shopping is easy and convenient.”

In fact, [data from McKinsey](#) asserts that the industry vaulted five years forward in digital adoption in just the first eight weeks of the pandemic.



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**ACIRE'S ERICA THOMPSON MORAN**

**“Credibility is really important to consumers who are considering whom they want to let into their home.”**

**ACIRE'S ERICA THOMPSON MORAN**



## The new online shopper is... **loyal.**

According to research from Honey, 80% of its members continued to shop their favorite brands online as they had before COVID-19 hit. “It highlights that their loyalty to specific brands did not waver, despite growing economic uncertainty,” Adcock said.

“In the months since the pandemic, 15% of those members who are shopping their favorite stores are actually browsing and shopping more than they have historically,” she added.

Thompson Moran said that brand loyalty was a byproduct of people’s general mood and their yearning for assurance. “Credibility is really important to consumers who are considering whom they want to let into their home via package or computer. They want it to be a brand they know and trust.”

### Consumers Remain Brand Loyal

**80%**

of Honey members continued to shop their favorite brands online

**15%**

were browsing and shopping more





## The new online shopper is... **frugal.**

Nearly half of households have seen a decline in income, and an additional quarter foresee a future hit, according to [marketing firm Kantar](#). To help bridge the gap, they expect brands to lend a hand: 45% believe companies should offer discounts or promotions as consumers grapple with the downturn.

“We find people who are shown a Honey Offer are nearly three times more likely to convert than those who aren’t. And we’re also seeing that shoppers who redeem an offer are 91% more likely to return to that store within a seven-day period, showing an incredible increase in loyalty,” Adcock said. “Our data shows incentives and deals from brands consumers care about are increasing engagement in this changed landscape.”

### Consumers Crave a Deal

Nearly  
**3x**

increased  
conversion rate of  
shoppers shown a  
Honey Offer

**45%**

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**91%**

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“Our data shows incentives and deals from brands consumers care about are **increasing engagement in this changed landscape.**”

HONEY’S CELIENA ADCOCK



## But, the new online shopper also has high expectations.



Today's shoppers have increased expectations, Thompson Moran noted. "In this environment, shoppers will be less forgiving of inferior service," she cautioned. For example, consumers are bound to be frustrated when shopping with a brand with whom they've previously done business that doesn't offer a level of personalization. "Savvy brands find opportunities to create a deeper relationship," she said. "If I'm shopping women's apparel and I've already invested the time in a certain brand and they indicate they know me and my preferences, I'm pretty captured."

Added Adcock, "This now-near complete dependence on online retail has revealed challenges in the online-shopping model at every

stage of the consumer journey, which in many cases has resulted in suboptimal experiences for customers."

And that means that while e-commerce has attracted more people, shoppers aren't shy about shining a glaring eye on its drawbacks, thus forcing companies to consider how to make it better, Thompson Moran said.

**Fortunately, there are ways brands can level up their experience to inspire passion and loyalty among shoppers. →**



## The Key to Winning Market Share?

# Satisfy Shoppers' Needs

While consumers are shopping online in droves, are they shopping with you? Brands have the opportunity to gain market share by helping consumers seamlessly move from consideration to purchase, but they have to give consumers an incentive to do so.

Here are three strategies that allow brands to re-imagine digital marketing and increase their likelihood of converting sales.

### STRATEGY 1

## Focus on contextual and time relevance when engaging with consumers.

Push versus pull is the classic, well, tug of war in marketing. But it's clear that consumers today want to make their own decisions, rather than being sold to. "What if we halted pushing our brands to consumers and, instead, focus on pulling them in with offers that are relevant to their habits and behaviors at different times throughout the day?" Adcock said.

For example, a consumer receiving a pizza deal via email at 10 a.m. on a Wednesday sees it as spam. "But if they receive the same incentive in the form of a reward while ordering pizza online on Friday night, you've made their day."



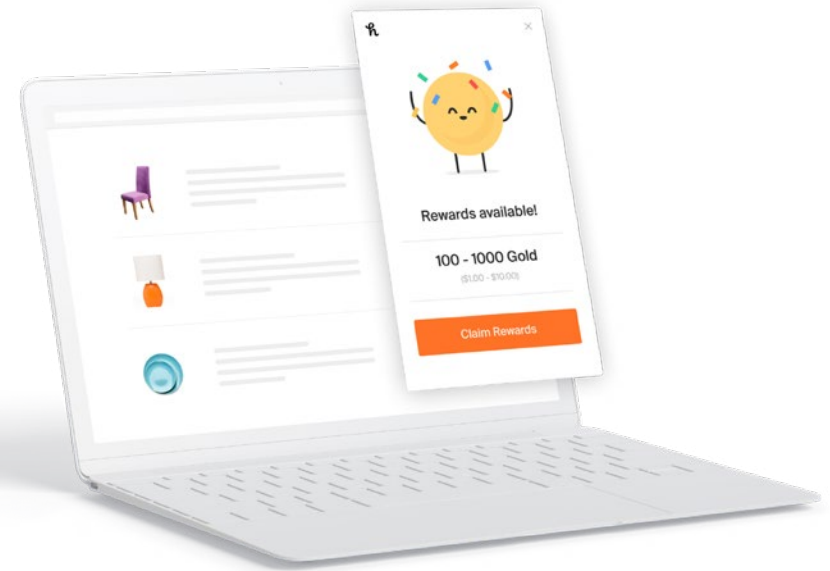


## STRATEGY 2

# Implement a loyalty-rewards element.

Providing value back to users is a key lever in driving purchases, but many shoppers have become overwhelmed and disillusioned with programs that don't offer a convincing advantage. That's especially an issue for specialty retailers, whom you might shop only a few times a year, meaning you're unlikely to accrue the points required for significant savings. "You need frequency for a loyalty program to work; otherwise, you risk disenfranchising the consumer and losing engagement," Thompson Moran said.

One solution is a "coalition program," where brands partner for a joint loyalty program or participate on a site such as Honey, where members earn "Gold" (redeemable via gift cards) no matter which merchant they shop with.



## STRATEGY 3

# Drive incrementality.

The one-and-done shopper presents a challenge to most brands because their behavior makes it hard to nurture a real relationship. In contrast, garnering repeat customers leads to higher average order value and a deeper relationship that breeds loyalty.





**“[Offers provides] a fantastic return for brands, who can determine the reward amount for each Offer by setting a target for their ideal return on advertising spend.”**

**HONEY'S ALY HOLVIK**



# Honey “Offers” a New Solution

There are numerous ways to manage the three strategies mentioned above, but until now there was not one solution that addressed them all at once. Enter the just-launched “Honey Offers,” an effective new way to maximize advertising dollars. These limited-time promotions are shown to Honey members when it matters most – on a store’s product pages, which can incentivize purchases at the consideration stage of their buying journey.

“The key benefit of Offers is that they put more control in the hands of merchants in terms of how they’re targeting and promoting certain wares to users,” explained Aly Holvik, Sr. Manager GTM & Product Marketing at Honey.

“They provide a fantastic return for brands, who can determine the reward amount for each Offer by setting a target for their ideal return on advertising spend,” she noted, adding that a conversion is needed to trigger the pay-on-performance model.

So, for example, if a brand is aiming for a 7-to-1 return on its ad spend, it can target specific product categories, down to the individual product level. This targeting is particularly useful in the COVID-19 environment, where retailers might seek to move specific inventory that has accumulated.

“Merchants tell us that Offers is helping meet their bottom line in unique ways. One of which is making sure they’re targeting inventory they want to sell, while not marking down premium products, as they might with across-the-board discounts,” Holvik said.

Seeing the time-bound Offer as they browse encourages shoppers to convert in that moment, reducing the chance they’ll comparison shop. Since Offers went live in March, Honey research has found nearly a 250% lift in conversion rate and a 91% greater chance of re-visiting the store within seven days among shoppers who had redeemed an Offer and 16% reduction in cross-site shopping.

“The combination of that conversion and continued traffic is unprecedented for the industry,” Holvik said. “Shoppers associate their

positive purchase interactions via Honey with your brand, leading to repeat buyers and customer loyalty.”

Honey’s proprietary data also provides insight into the entire shopping journey, including where consumers are going outside of its own merchant sites. The results are impressive: Offers has led to a 16% reduction in cross-site comparison shopping.

“Brands are searching for new and innovative ways to allocate their ad spend, and a product like Offers can re-imagine the ad model at a crucial time for merchants who need to control their budget and performance,” Holvik said. “It allows brands to be more present with shoppers across all stages of the shopping journey, **from discovery all the way to conversion.**”

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# honey



## Honey helps turn passive shoppers into active buyers

Honey is an online shopping platform trusted by over 20 million members to save them time and money. From shopping rewards to automated coupon discovery, Honey's solutions take users' money further and make people feel confident about buying. Honey matches consumers with deals that build affinity and motivate them to purchase, bringing retail brands and consumers closer. From discovery to repeat visits, Honey has become the go-to resource to reassure consumers they have the best deal and that now is the right time to buy.

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