



The post-pandemic retail world

What brands need to know to capitalize on eCommerce gains



honey | RETAIL DIVE

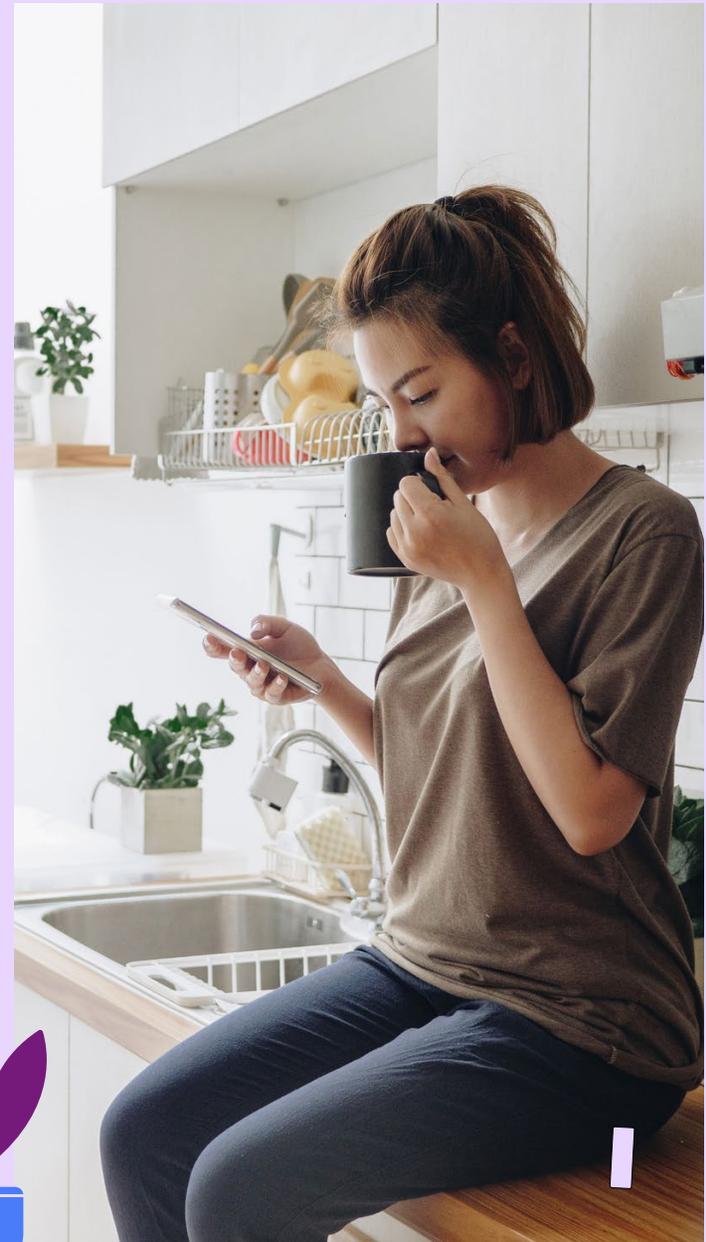
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Everything changed March 1, 2020 (or March 11 or March 17, depending on your perspective), and the retail industry will never be the same. After a year of “disruption,” to put it mildly, society is beginning to return to normal, with hope soaring as vaccines roll out widely.

While brands will ponder the lessons of 2020/2021 and their implications for years to come as the effects continue to ripple in surprising ways, already the retail world has seen ups and downs. Brands need to decipher how they can take the lessons learned and capitalize on them for future eCommerce growth.

As people rediscover choice in shopping channels – free again to choose traditional brick-and-mortar or eCommerce – what lockdown-related routines and habits will stick? Join us in a walk-through of 2020/2021, where we revisit watershed moments in the retail world and offer predictions for how behaviors may evolve as the world opens back up for business along with advice for leveraging these new realities.



2020/2021 TREND 1

eCommerce skyrockets

As stores closed and people sheltered in place, eCommerce became the default shopping medium, leading to soaring consumer adoption; in fact, early in the pandemic, 92% of consumers said they had changed the way they shop. That led to total U.S. eCommerce sales of \$791.7 billion in 2020, representing an increase of 32.4% over 2019. Even with physical stores reopening, those numbers are not expected to fall precipitously, because 88% said in summer 2020 that they intend to continue purchasing online even after a vaccine for COVID-19.

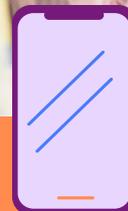
In response to store closings, Honey saw an influx of omnichannel brands that quickly shifted their strategy and budgets online, said Stephanie Crim, Head of International Partnerships at Honey. “Our goal was to be a partner for these brands as their models fluctuated to help them gain market share –even in new ways they hadn’t explored – as they supported existing customers and earned new ones,” she said.



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2021/2022 INSIGHT

Brands must differentiate themselves online to succeed

Today, as brands continue to flock online to secure their share of the consumer dollars flowing to eCommerce, they need to identify solutions for standing out in the crowded, competitive online marketplace. Honey has played a key role in helping partner merchants gain meaningful consumer engagement and market share through its robust suite of shopping solutions that offer product discovery, along with promotions and loyalty initiatives.

Brands find that creating contextual relevance adds value for those browsing the site. “We help brands be a welcome part of the consumer journey,” said Debbie O’Neill, Vice President of Domestic Partnerships at Honey. “Our shoppers tell us time and again that we are helping

them by surfacing exactly what they are looking for and offering incentives that matter in a seamless way, making them feel confident they are getting the best deal.”

One of the keys to this success is personalization, which ensures that offers are specific to each shopper. For example, showing a promotion for golf clubs to someone who is not a golf enthusiast makes consumers feel that the brand doesn’t know or pay attention to them. Honey helps brands understand shopping behavior and history to provide relevant offerings that engender feelings of loyalty toward the brands they are shopping.

A particularly popular Honey solution called “Droplist” functions like a wishlist where shoppers save items they are considering buying. Honey then alerts a shopper to a promotion or price drop on those favorited items without their having to monitor it themselves. “We want to do as much of the heavy lifting as we can for both our clients and shoppers,” Crim explained.



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Debbie O’Neill

Vice President of Domestic Partnerships at Honey





2020/2021 TREND 2

Purposeful shopping reigns

The pandemic's economic effects have run the gamut – many consumers suffered financial damage inflicted by job losses or furloughs, yet others found themselves with additional financial resources as their usual spending opportunities were curtailed.

Despite these differences, shoppers on all points of the spectrum searched for smart pricing: Those whose finances were affected watched their spending dollars out of necessity, yet those with stable situations still cut back on impulse buying, likely reacting to widespread uncertainty and wary of what the future would hold. [A McKinsey study](#) found that value was cited as the top reason for trying a new brand.

Honey's research has reflected these trends during the downturn. In its Honey Consumer Shopping Behavior Study (Sept. 2020), American shoppers reported that paying full price led to negative feelings, such as anxiety, frustration and guilt. But it was possible to assuage those feelings with a more attractive price: 67% of respondents reported they felt less guilty making a purchase if they found a deal, with some even comparing it to comfort food.



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Stephanie Crim

Head of International Partnerships at Honey



2021/2022 INSIGHT

Brands must rethink the role of deals and loyalty strategies

All signs point to consumers who will continue to shop carefully and look for a credible reason to purchase, which means brands need to determine how to satisfy that desire. Offering contextual cues is one powerful motivator, given that 62% of Americans told Honey in its Consumer Shopping Behavior Study that they experience FOMO (Fear Of Missing Out On Deals) when they pass up a deal that's been presented to them.

“Post-COVID, people are bound to continue to be conscious of how they are allocating their money; they want to feel good about their investments and know they are doing what is best for their family,” Crim noted. “We find that Honey shoppers aren't necessarily looking for the

lowest price, but they want to feel confident that they are getting a good deal as they work to stretch their budget.” That could be free shipping, a gift with purchase, a small price reduction or loyalty points, to name a few potential solutions.

Honey's solutions work for all merchants, including luxury brands, because its tools are anchored around deals and incentives, not pricing discounts. “That's where Honey Gold can still offer value to the shopper through a points-based loyalty program and raise awareness without discounting,” Crim said. “It elevates the brand and stays true to their positioning, while still helping that customer feel confident and excited about checking out.”





2020/2021 TREND 3

Consumers upended their past shopping behaviors and loyalties

During the pandemic people have trialed new brands for a number of reasons; many had more time to browse different online stores, or they had to find a replacement for their existing favorites when retailers were plagued with inventory or shipping challenges.

In a Ketchum survey, 45% of respondents reported they had changed at least one brand preference because of the pandemic, and a majority (62%) expected those brand preferences to change permanently, which presents a valuable opportunity to retailers trying to reach consumers as they embrace this spirit of discovery and seek new options.

In addition, consumer dollars have been regularly shifting to new categories; for example, shoppers gravitated toward home improvement products during quarantine, and now many are refreshing their wardrobes with more glam looks as they begin to re-emerge in spaces outside their homes.

But while new merchants have attracted new dollars, that does not necessarily mean visitors intend to abandon those brands that have served them well and continue to excite them; Honey research found that 80% of its shoppers continued to shop their favorite brands online at the same pace as they had before COVID-19 hit.



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2021/2022 INSIGHT

Brands need to reach consumers now as they are developing new habits

Given that dichotomy – the push/pull between new brands and favorite standbys – it is incumbent on brands to pull out all the stops and drive sales by leveraging programs and offers that meet customers – whether existing fans or new buyers – at meaningful touch points in their journey.

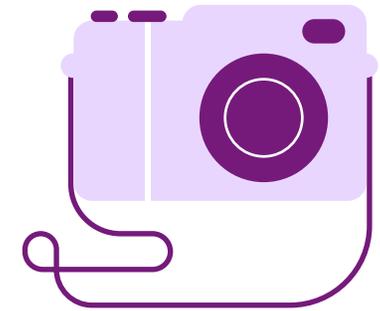
Engendering loyalty in the form of return visits and repurchasing by the same customer again and again, known as customer lifetime value, is vital. [One landmark study](#) in Harvard Business Review notes that it costs anywhere from five to 25 times more to acquire a new customer than to maintain and grow an existing relationship.

Just as consumers are innovating, so, too, should brands. “The common phrase ‘that’s how we’ve always done it’ comes to mind, but brands realized that path was dangerous,” O’Neill said. She found many merchants that had previously used only one or two of Honey’s solutions were committed to changing up their approach and trying new options.

And, she emphasized, Honey prioritized working closely with its clients on customized, tailored strategies that could help them get in front of customers, then ensure shoppers had the best possible experience with their brands. “Because we work with more than 10,000 merchants globally – everything from the big names to the mom-and-pop shops – we were able to surface fresh choices to our shoppers to help widen their selection set and support their desire to be experimental.”

To that end, Honey tested co branded consumer marketing strategies to help brands garner additional audience engagement, such as featuring them in Honey’s posts, YouTube videos, podcasts, influencer programs and social media – any avenue that could help merchants get in front of the new and existing Honey shopper.

“COVID-19 forced us to get even more creative, and we all had to think outside the box in a very difficult year. But, pandemic or not, our mission at Honey has always been to elevate brands and deliver incredible value to them and our shoppers,” O’Neill said.





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To learn more about Honey and how it could help your brand attract new shoppers and help drive incremental revenue, please reach out to yourhoneypartners@paypal.com

Honey helps turn passive shoppers into active buyers. Honey is an online shopping solution 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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