Introduction

Retailers faced a challenging dynamic prior to the outbreak of COVID-19. Eight-five percent of CMOs set growth objectives as 2020 revenue targets, but market growth for most retail sectors was slow. New disruptors added extra competition to an already-competitive landscape in which brands often fought for a larger share of a shrinking pie. This has since been made far more challenging by the sudden impact lockdowns had on the demand for discretionary products.

The radical shift in consumer behavior forced CMOs to quickly change their marketing strategies. Consumers are spending more time online and digital purchasing power is expected to be 3% greater in 2020 than 2019, but this is not distributed evenly across sectors. Engagement with retail brands increased since lockdowns, but messaging fatigue quickly set in and the evolution of consumer sentiment has created a moving target for marketers.

Despite the negative impact of COVID-19 on discretionary purchase levels overall, 75% of marketers at large B2C brands expect their e-commerce revenue to increase throughout lockdowns. After falling in March, e-commerce revenue rebounded across several discretionary sectors in early April.

To encourage online sales, CMOs of discretionary retailers maintained digital media spend in March and adjusted social campaigns for greater resonance.

To confidently set their strategies, CMOs should seek to learn from peers’ approaches to each digital channel. To find success in the current climate, CMOs should also address the following key questions:

1. How aligned are campaigns with the latest consumer sentiment and behavior?
2. What potential opportunities are being tested, and how can these be scaled if successful?
3. How effective is each digital channel at driving performance?

Key Findings

- Discretionary brand messages that directly referenced COVID-19 and corporate social responsibility (CSR) efforts initially saw an uplift in engagement rates on social media, but this has fallen over time.
- Online media investments and top creatives by discretionary retailers have not changed drastically since lockdowns were enforced, but disruptors are using their agility to adjust campaigns to match short-term opportunities.
- On Google, nonbranded search volume fell further than the volume for branded searches for discretionary retail overall.

Key Recommendations

- Shorten feedback loops to ensure brand messaging and campaign types align with quickly evolving consumer sentiment.
- Reallocate marketing spend to digital channels where efficacy can be measured and where the cost per thousand (CPM) is atypically low right now.
- Defend branded searches with Google ads and promote resonant “hero products” to drive e-commerce performance.
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