

---

# From e-commerce to omnichannel

SIMON INGRAM, GLOBAL ACCOUNT DIRECTOR AT MEDIACOM 14 SEP 2020

How can your brand be part of the e-commerce success story? Simon Ingram, Global Account Director at MediaCom, identifies key trends and pressures in a post-Coronavirus world.

Lockdown has been good for global e-commerce penetration, if little else. US e-commerce penetration as a percentage of total retail sales is now four years ahead of pre-pandemic predictions and forecast to hold on to those gains in the latest [eMarketer forecasts](#).

Amazon, Alibaba and eBay are all at record market valuations and many specialised delivery services have also experienced subscription surges. Müller-owned Milkandmore.co.uk reported 25,000 new subscribers for doorstep dairy deliveries during the first two months of lockdown, for example.

If these increases hold, with most predicting they will to some extent, the challenge for brands will be to respond to the new marketplace with a clear omnichannel strategy that enhances e-commerce sales as well as contributing to bricks and mortar success.

The first challenge they will need to address is their e-tail strategy. Many brands may become more dependent on the major e-retail platforms for revenue growth. Alibaba, JD.com and Pinduoduo already collectively command more than 80% of retail e-commerce in China, although the West is comparatively more competitive. In the US, eMarketer says Amazon tops the charts with 38% of e-commerce share but Walmart is a distant second at just 5.8%, followed by eBay with 4.5%, which has done much to support small business during the pandemic and don't have own-brand products to push.

In certain categories, we may see a rise in the number of businesses trying to sell Direct to Consumer (DTC) via their own e-stores. Petcare was one sector where DTC models were already in ascendance before the pandemic – DTC subscription-based brands, such as Tails.com, in which Nestle Purina has a majority stake, was already successfully rolling out across Europe, while Mars-owned Royal Canin had also launched multi-market DTC trials in 2019.

These models were built to answer the demand from the heavy online buying, millennial pet owners. But when you consider lockdown may have converted many traditionally light online buyers, the 55yr+ group who account for 31% of TGI's cat and dog owners in the UK, the potential for growth of pet-related DTC models may have just got a lot bigger.

The second challenge will be to develop a smarter connection between e-commerce and traditional retail. You only need to look at images of queues outside Selfridges, NikeTown and IKEA on the UK's retail re-opening day to see that consumers still want to visit shops.

Making them successful means a closer connection with online outlets. Big box retailers, such as Target and Costco in the US, have been leveraging their stores for click and collect, up 60.4% from an original eMarketer pre-pandemic 2020 prediction of 38%. We will likely see more drive-thru collect options moving forward. Retailers such as Next and Argos

in the UK, who had both invested heavily pre-pandemic in delivering integrated omnichannel customer experiences, now seem in better shape than many to weather the storm.

The need to build out integrated omnichannel business models that take into account all of these points of purchase – DTC, e-Retail and traditional retail – hasn't changed with the pandemic; the speed at which this needs to happen has. We are suddenly four years into the future.

The third challenge for brands is to reimagine their advertising investment to ensure it works for the omnichannel approach. Right now, there is immense pressure to make up revenue losses quickly. Advertising investment is under intense scrutiny, with much more focus on driving short-term sales. Despite the overwhelming evidence that points to the long-term benefits of maintaining advertising investment levels during recession, many marketers are being told to do more with much less.

E-commerce sales targets may even rise sharply and because e-commerce numbers are, in theory, more trackable and instantly available than traditional retail sales numbers – the fixation with daily sales numbers and the urge to react to these could become extreme. That's where things could start to go wrong because siloed linear performance measurement can hinder omnichannel optimisation.

The businesses that will fair best will be those that, as well as delivering a seamless omnichannel customer experience, also understand the bigger picture – specifically the inter-connected role all media channels have to play in delivering both short term ROI efficiencies and long-term e-commerce sales growth. Easy to say, harder to do.

Skew too heavily into 'lower funnel' media investment options, such as Google, Amazon Search, affiliate networks and re-targeting, at the expense of the high-reach broadcast media and your brand equity will decline rapidly followed by a decline in your much cheaper and better-converting brand search volumes, followed by the price consumers are willing to pay for your products. Go too brand heavy, whilst underinvesting closer to the points of conversion and your competitors will divert prospects and grab the revenue.

For brands that are dependent on e-retail platforms such as Amazon or Alibaba, the aim should be to maximise ROI within the e-retail platforms by understanding which advertising levers drive the e-retail conversion both inside the platform and, crucially, outside it.

Brands that react to e-commerce sales data too quickly without acknowledging the varying response curves of different mediums and the interplays between owned environments and other points of sale will never know whether the original plan was right. There is currently no single measurement solution that allows you to assess this, so it requires a combination of measurement techniques and controlled testing parameters to uncover the bigger picture.

The bottom line is that the most successful approach to driving omnichannel conversion is one that optimises the whole ecosystem and acknowledges the benefits of building a strong brand, to deliver both long-term growth and those crucial monthly e-commerce sales targets.

This article was originally published in [WARC](#).

**OPINION**