

The background of the slide is a photograph of an open notebook with a pencil resting on it. The notebook is open to a blank page, and the pencil is positioned horizontally across the top right. The lighting is soft, highlighting the texture of the paper and the wood of the pencil.

The Lockdown Diaries – The state of the nation and the impact on e-commerce

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3 weeks into lockdown, nearly half of people have reported that COVID-19 has affected their finances.

Nearly 1 in 3 people say that they are being more cautious with their spending, and one in six people say that their finances have been 'hit hard' by the health crisis. (Source: BVA-BDRC April 2020)

Despite financial concerns, online shopping has seen a new level of uptake. Kantar predicts that online grocery sales could grow from 7% to 10% share if supply constraints were removed during lockdown. Furthermore, this growth is without the influx of new shoppers, of which there are many. March was a record month for online penetration; annual penetration increased by 0.5%, which is an incremental 140,000 households. The new online shoppers are older, with lower incomes and are more regional, which demonstrates the broadening of

appeal that the virus is inducing. (Source: Kantar, April 2020).

Whilst there were more shoppers online, the big growth in trips was offline; this is probably because the unplanned nature of pre-lockdown shopping didn't lend itself well to e-commerce. The online-share value has declined to its lowest levels for 2 years, currently at 7%, down -0.6% YoY. Although buying behaviour in the last month shouldn't be described as panic buying, Kantar data shows that shoppers stocked up, adding more to their online baskets in March. An additional 600,000 shoppers added 60+ items into their shopping baskets compared with the same time last year. (Source: Kantar, April 2020)



In these new, stranger times, multiple shopping touchpoints are on the rise as omnichannel shopping becomes the new normal. The readiness to be omnichannel is defining the survivors in the retail space. As online deliveries are limited and access to grocery products still mainly requires shoppers to visit a store, shoppers are increasingly becoming omnichannel in their shopping. The retailers who were able to gear up their delivery and click + collect services in response to increased demand are seeing surges in their sales. Restaurants and local food shops are good examples of those pivoting to offer deliveries while their usual services are banned by the government. Uber Eats and Deliveroo are helping to facilitate these sales as well by taking delivery orders for grocers and local corner shops. The change in these shopping patterns is reflected in revenue in the UK online food delivery segment. So far in 2020, revenue is standing at £4215m, up 11.5% in the year-to-date vs the same period last year. According to Statista, the total number of users is also on the rise. 2020 has seen 22.5 million users so far, representing an increase of 9.8% in the same period in 2019. (Source: Kantar, April 2020)

While online shopping for groceries improved, the same cannot be said for the retail sector as high street visits radically drop. ASOS has announced a 25% drop in sales while Oasis and Warehouse have fallen into administration. BRC-KPMG have found that retail sales in

March dropped to their lowest decline on record with year-on-year total sales down by 4.3% in March – the worst ever recorded in their monthly survey. (Source: BRC-KPMG)

Despite this, statistics show that there is still a need for hedonic shopping in lockdown. Hedonic shopping is driven by our desire for fun, entertainment and satisfaction. (Source: Vox.com)

In part, some of these purchases are going towards recreating experiences or routines we would otherwise be having or following if we weren't in lockdown. One such example of this is in alcohol sales which have increased by 22% – an additional £199 million in the past month – while people are unable to get to the pub. Another example is the evidence that consumers are stocking up on coffee beans and oat milk in place of their normal café visits. (Source: Kantar, April 2020, vox.com)

The fastest growing product category, perhaps unsurprisingly, is health and hygiene. Disposable glove sales have increased by 670%, cough medicine by 535% and vitamins by 166%. Perhaps more surprising though is the rise in bread maker sales, which has increased by 652% YoY. (Source: visualcapitalist.com – US online sales data) Another more surprising trend to have emerged is the rise in sales of hair dye and clippers as hairdressers remain closed.

Another change is evident in newspaper sales. As access to printed news is reduced, people are becoming more willing to pay for valued services. FT trial subscriptions have increased, The Guardian has seen a 50% month on month increase in financial supporters and 190,000 new customers have signed up to home delivery of The Times and The Sun. (Source: The Guardian, April, 2020)

It's important to reiterate that many consumers are still in the market for non-essential good during the crisis. Over the past three weeks, most MediaCom clients with established online storefronts (e.g. electronics, apparel, home goods) have seen only a small drop in demand with little to no impact to on-site conversion rates vs pre-crisis. COVID-19 relevant categories, meanwhile, are seeing a significant uplift in digital interest. For example, search volume and traffic to pharma brands have doubled.

You can read the full report and see the implications and opportunities for brands from these changes [here](#).

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