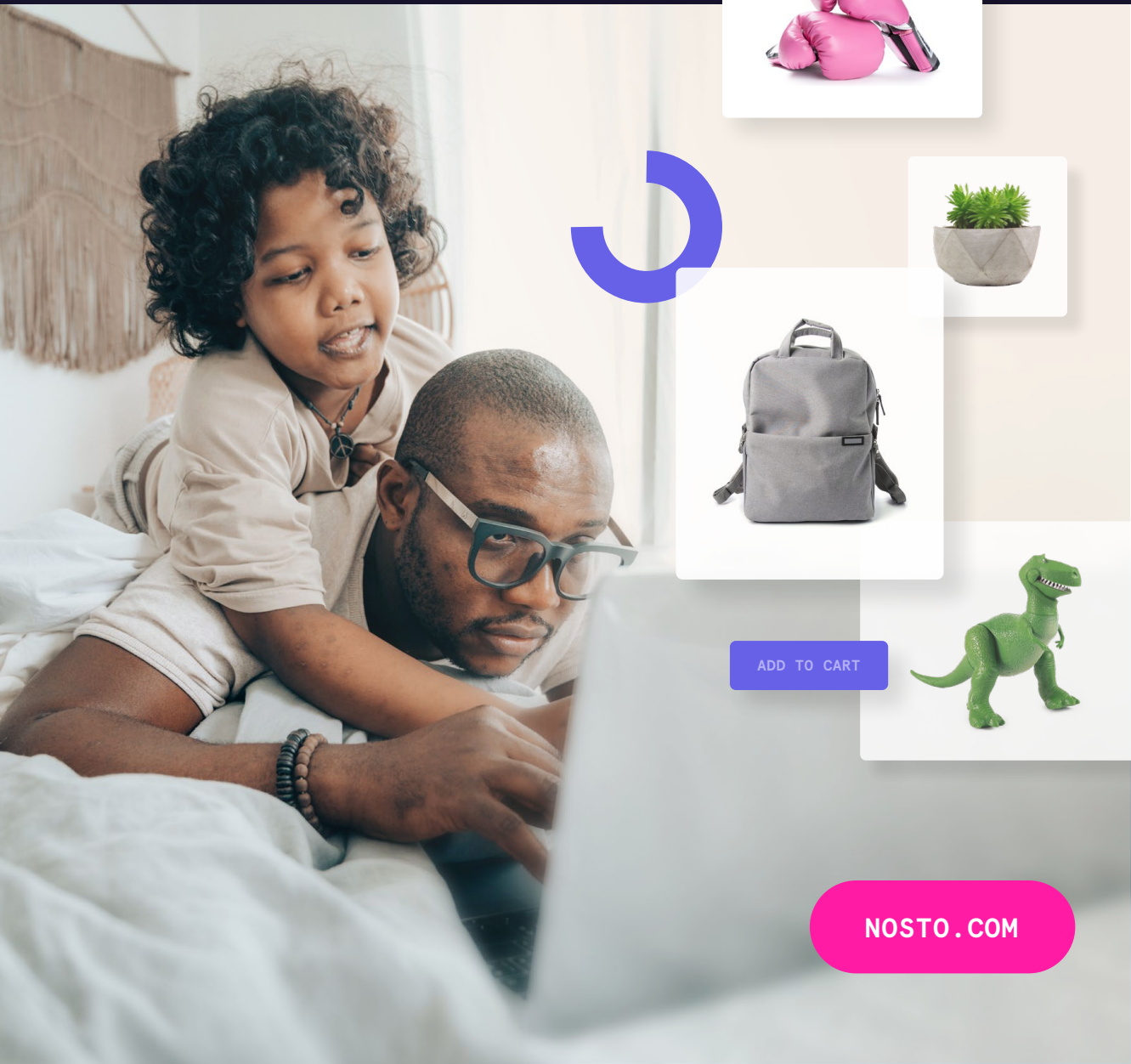# nosto

REPORT

The State of Ecommerce Q3 2020

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Abstract

Retail has been one of the hardest hit industries in terms of being negatively affected by lockdowns and safety precautions being enforced to stop the spread of the global pandemic.

This report analyzes trends in key performance indicators (KPIs) being seen in the ecommerce industry across 6 different verticals from the beginning of May through early August compared to the equivalent time period last year.

To generate useful comparisons, all year-over-year analysis is based on a 7-day rolling median, baselined to a point in time (T= 0) where the days of the week align between 2020 and 2019. This is because ecommerce activity varies depending on the day of the week, across different seasons, and the general trend is that ecommerce sales and activity are increasing overall.

The full dataset includes 500 Nosto-powered merchants across North America, United Kingdom, France, DACH and Asia-Pacific regions that represent a solid cross-section of 6 select verticals and covers a period of 140 days. For 2020, the analysis begins on Sunday March 1st, 2020 (Day 1 for 2020) and goes through Saturday August 1st (Day 140 for 2020). The comparison period for 2019 begins on Sunday March 3rd 2019 (Day 1 for 2019) and goes through Saturday August 3rd, 2019 (Day 140 for 2019). Since the equivalent time period in 2019 had almost no change in underlying metrics (e.g. no outliers due to holiday periods or sales), it's a useful "point in time" snapshot to observe the KPI trends being seen in these verticals throughout these unusual second and third quarters.

Key Performance Indicators:

VISITS
SALES
CONVERSION RATE
AVERAGE ORDER VALUE (AOV)

Verticals:

FASHION & ACCESSORIES
HOME & GARDEN
BEAUTY & SKINCARE
SPORTS & HOBBIES
ANIMAL & PET SUPPLIES
FOOD & DRINK

VISITS   SALES   CONVERSION RATE   AVERAGE ORDER VALUE   VERTICAL COMPARISONS

THE STATE OF ECOMMERCE ACROSS KEY VERTICALS

Visits

Ecommerce traffic was up dramatically in spring and early summer but has subsided to end up roughly even to last year in August.

Over the 140 days, traffic peaked with a 37% increase from Day 0 67 days in. By the end of the period, traffic had seen a 35% drop from when it peaked and a 19% drop from Day 0, though traffic remained 3% higher than the equivalent time last year. This

dramatic drop in traffic could be the result of various factors, including the fact that traffic was most likely already conflated on Day 0 due to a sudden rush to purchase things (especially online) the weeks following the start of the global lockdowns. That said, with the context of brick and mortar sales definitely being down year-over-year, having ecommerce traffic on par with last year most likely signals a shrinkage in the industry overall.

37%

increase in traffic between days 0-67 alone.

TOTAL VISITS PER DAY

VISITS

● 2020   ● 2019

3

VISITS   SALES   CONVERSION RATE   AVERAGE ORDER VALUE   VERTICAL COMPARISONS
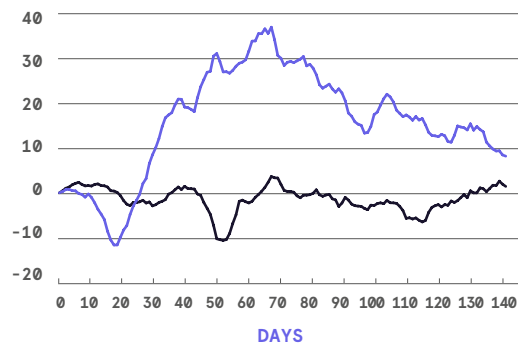
THE STATE OF ECOMMERCE ACROSS KEY VERTICALS

Sales

Ecommerce sales followed a similar trend as traffic in that they were dramatically up in May and June and have since leveled out to last year.

Sales peaked on the same day as traffic (67 days in) with a 66% increase from Day 0, which is double the amount of traffic increase. Like traffic, sales had seen a dramatic 55% decrease from its peak to the final day of the period. By the end of the period, sales had seen a 34% decrease which still put ecommerce sales 7% up year-over-year. Though this statistic would be fantastic news for ecommerce on any other year, a 7% increase in ecommerce sales year-over-year doesn't quite make up the difference for the drastic drop in brick and mortar sales throughout the period.
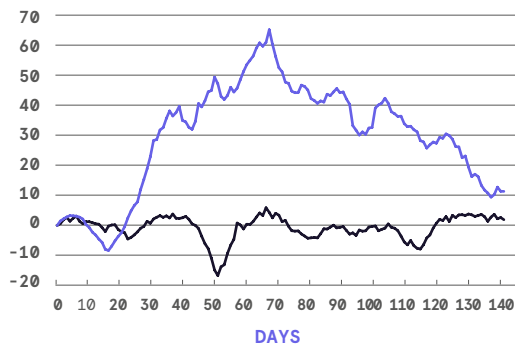
66%

increase in sales from Day 0 - nearly double the amount of the increase in traffic.

TOTAL SALES PER DAY

SALES

DAYS

● 2020   ● 2019

VISITS   SALES   CONVERSION RATE   AVERAGE ORDER VALUE   VERTICAL COMPARISONS

THE STATE OF ECOMMERCE ACROSS KEY VERTICALS

Conversion Rate

Ecommerce conversion rates have nearly mimicked last year's trend but have maintained between a 3-13% increase from 2019.

Conversion rates have remained firmly up year-over-year but dropped slightly from the beginning of the period to the end (6%). Conversion rates were at their greatest year-over-year increase 13 days into the period (20%) which also happened to be their highest point in the period (4% increase from Day 0). The average conversion rate was 6% higher than that of last year at the end of the period, which means that either shoppers have higher intention when they go browsing on online stores or online retailers are doing a better job at converting shoppers. This year-over-year increase in average conversion rate is quite dramatic compared to previous years, which is a good sign in a world being forced to move retail more online.

6%

higher average conversion rate between the 140-day period compared to same time last year.

TOTAL CONVERSION RATE PER DAY

CONVERSION RATE
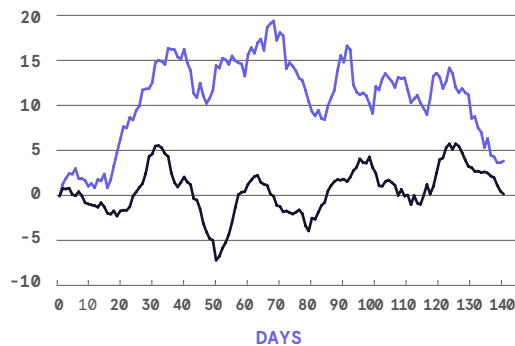
DAYS

● 2020   ● 2019

THE STATE OF ECOMMERCE ACROSS KEY VERTICALS

Average Order Value

With the exception of a few days, average order value has remained 0-3% below that of last year.

Average order value has remained down year-over-year with the exception of a few days where it either matched or landed within 1% above last year's number on a concurrent day. This year-over-year decrease is most likely the result of economic uncertainty causing shoppers to only make purchases they feel are necessary and opting out of splurging on anything extra. The good news is that average order value had increased 1% from the beginning of the period to the end and was even with last year's average order value on the last day of the period.

1%

increase in average order value from the beginning to end of the 140-day period.

TOTAL AVERAGE ORDER VALUE PER DAY

AOV

DAYS

● 2020   ● 2019
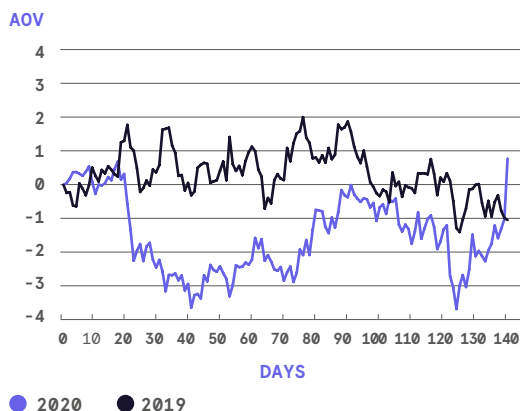
THE STATE OF ECOMMERCE ACROSS KEY VERTICALS

Ecommerce Verticals Compared To Each Other

1 With the exception of Beauty & Skincare, ecommerce traffic was up year-over-year at the end of the period.

Verticals across the board saw an initial dip in traffic the first few weeks of March after shelter-in-place orders first began. After those first few weeks, traffic universally exploded across all six of the verticals with Food & Drink seeing the largest increase and Animal & Pet Supplies seeing the second largest increase. Following that explosion in traffic, as the pandemic and its economic consequences continued on, all six verticals saw traffic begin to tail off to different extents. Food & Drink and Sports & Hobbies both saw traffic level out by the end of the period whereas Animal & Pet Supplies, Home & Garden, and Fashion & Accessories all ended the period with noticeably more traffic than at the beginning (15% or more increases). Beauty & Skincare, on the other hand, ended the period with traffic down nearly 11%.

2 Food & Drink is the only vertical whose sales at the end of the period appeared relatively equal to sales at the beginning of the period.

For Fashion & Accessories, Home & Garden, Sports & Hobbies, and Food & Drink, sales saw a similar trend to that of traffic. These verticals saw an initial drop followed by a substantial jump and then a general downward trend when it comes to sales over the 140-days. Meanwhile, Beauty & Skincare and Animal & Pet Supplies both saw an increase in sales from the get-go that continued upward over the first half of the time period. After the first half of the period, Beauty & Skincare began to see a dramatic decrease in sales leading to the end of the period. Animal & Pet Supplies, on the other hand, only saw a gradual decline in sales after it peaked and the vertical's sales stayed up all the way through the end of the period.

3 Animal & Pet Supplies saw exponentially greater growth in their industry conversion rate than any other vertical.

Changes in conversion rates throughout the 140-days were dramatically different for all six of the verticals. Fashion & Accessories was the only vertical to see a decrease in conversion rate at the start of the period and just after around 20 days began to see an upward trend. At about the halfway point, the conversion rate in this vertical began to turn back downard, but it remained up in reference to the start of the period all the way until the end. Home & Garden saw an initial 30% increase in conversion rate that gradually tapered off into a reasonable 5% increase from beginning to end. Beauty & Skincare also saw an initial nearly 30% increase in conversion rate but ended up with a 5% decrease from beginning to end. Sports & Hobbies and Food & Drink verticals both saw increases throughout the 140-days but ended the period with conversion rates that were relatively equal to the ones they had at the beginning of the period. Animal & Pet Supplies was the one vertical that maintained a noticeable increase in conversion rate from the beginning of the period to the end.

4 Home & Garden is the only vertical whose average order value was up at the end of the period.

Average order value, like conversion rate, saw vastly different trends between verticals. Fashion & Accessories saw average order value drop right away and continue to drop all the way through the 140-days. Home & Garden and Beauty & Skincare saw initial drops in average order value that then blew up in the middle of the time period. Beauty & Skincare saw their average order value fizzle out by the end of the period whereas Home & Garden's average order value remained up. Sports & Hobbies saw AOV drop and stay evenly down throughout the 140-days. Animal & pet Supplies and Food & Drink both saw an initial increase in AOV that then either leveled out or decreased slightly compared to where they were at the beginning of the period.
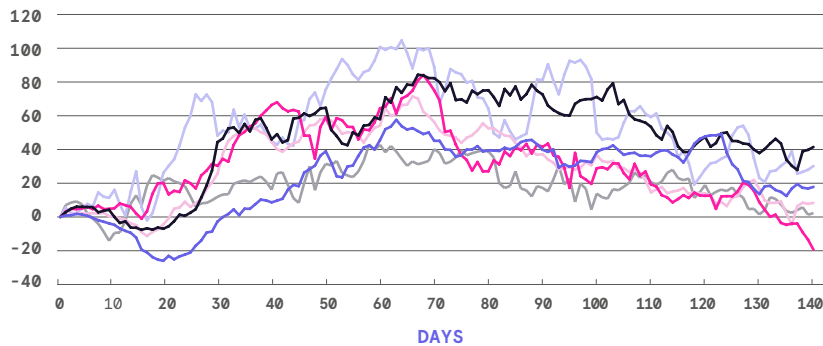
VISITS PER DAY
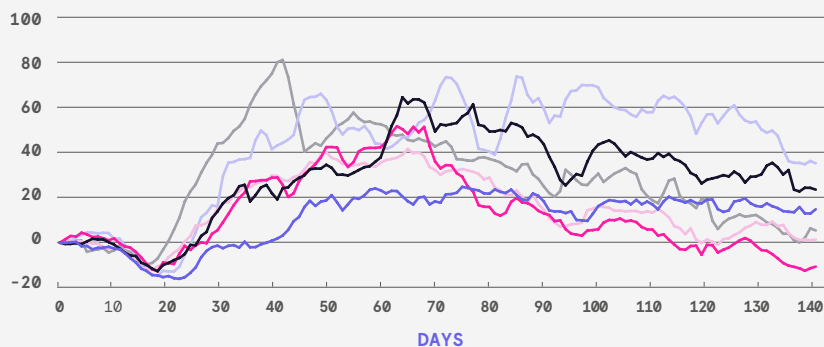
VISITS

Legend:
- FASHION
- HOME & GARDEN
- BEAUTY & SKINCARE
- SPORTS & HOBBIES
- PET & ANIMAL
- FOOD & BEVERAGE

DAYS

8

SALES PER DAY
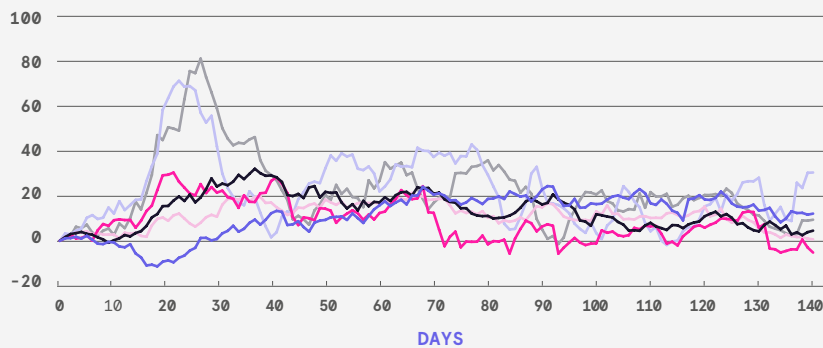
SALES

FASHION
HOME & GARDEN
BEAUTY & SKINCARE
SPORTS & HOBBIES
PET & ANIMAL
FOOD & BEVERAGE

CONVERSION RATE PER DAY

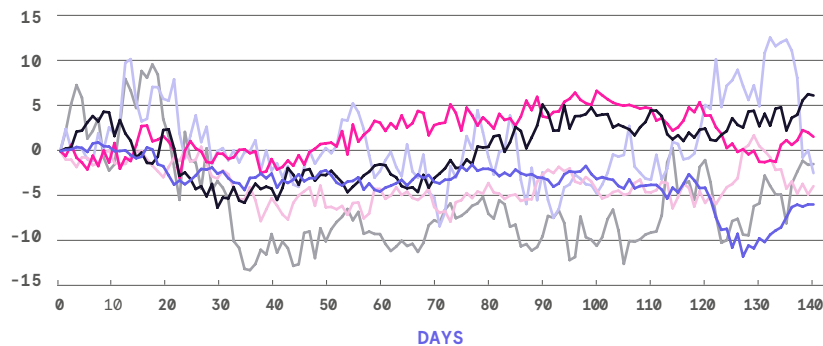CONVERSION RATE

FASHION
HOME & GARDEN
BEAUTY & SKINCARE
SPORTS & HOBBIES
PET & ANIMAL
FOOD & BEVERAGE

AVERAGE ORDER VALUE PER DAY

AOV

FASHION
HOME & GARDEN
BEAUTY & SKINCARE
SPORTS & HOBBIES
PET & ANIMAL
FOOD & BEVERAGE

THE STATE OF ECOMMERCE:

Fashion & Accessories

With visits up 15%, sales up 18%, and conversion rates up 12% from the start of the 140-day period, Fashion & Accessories ecommerce has clearly seen the type of growth they typically see over a 12 month period occur more than twice as fast.

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This shows that shoppers are almost certainly turning to ecommerce in order to satisfy their need to shop for clothing and accessories (whether that means shopping for home-friendly loungewear or taking advantage of discounted products during lockdown). Meanwhile, the average order value within the Fashion & Accessories vertical has taken an obvious hit with a 6% decrease from the start of the 140-days. So, even though shoppers are browsing and buying clothes online more than before, they are not splurging or opting for the more expensive options. Likewise, these increases in traffic, sales, cand conversion rate are good news— but they are far from positive enough to counteract the negative effects of brick and mortar stores being shut down for months. With consumers hungry for online and onsite experiences, Fashion & Accessories ecommerce brands have greater opportunities to optimize these experiences, drive results and truly become digital-first.

FASHION & ACCESSORIES   HOME & GARDEN   BEAUTY & SKINCARE   SPORTS & HOBBIES   ANIMAL & PET SUPPLIES   FOOD & DRINK

18%

increase in sales between
the start and end of
the 140-day period.

VISITS PER DAY

VISITS

DAYS

● 2020 ● 2019

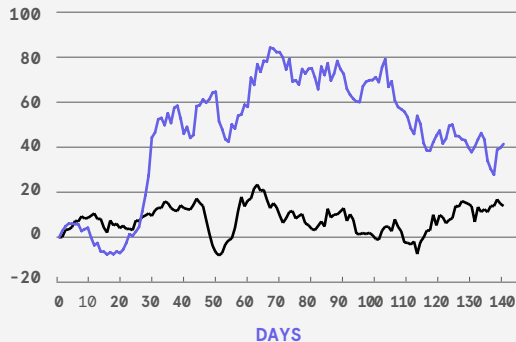## SALES PER DAY

SALES

DAYS

● 2020 ● 2019

CONVERSION RATE PER DAY

CONVERSION RATE

DAYS

● 2020 ● 2019

AVERAGE ORDER VALUE PER DAY

AOV

DAYS

● 2020 ● 2019
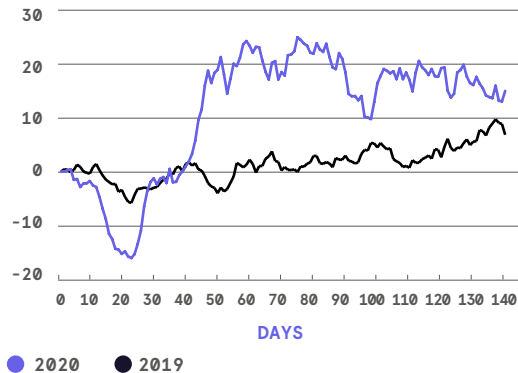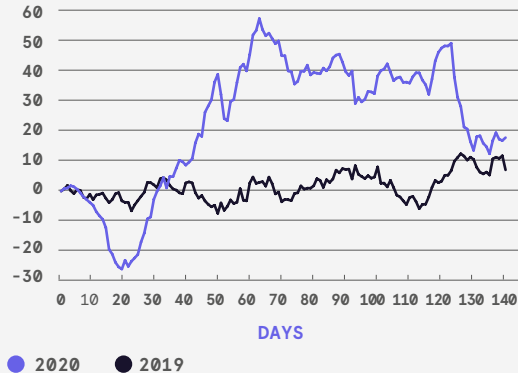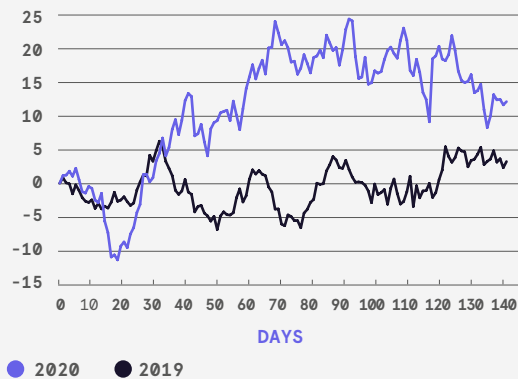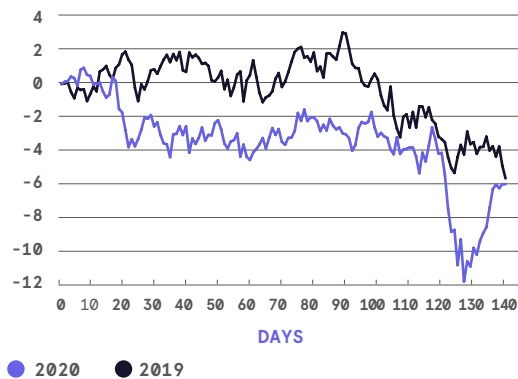
THE STATE OF ECOMMERCE:

Home & Garden

ADD TO CART

With visits up 24%, sales up 42%, conversion rate up 5% and average order value up 6% from the start of the 140-day period, Home & Garden ecommerce has seemingly done nothing but benefit from pandemic lockdowns.

During the same period last year, Home & Garden ecommerce saw small gradual increases in these four major KPIs. This type of slow growth is quite common for ecommerce no matter the vertical, but Home & Garden is notorious for being resistant to ecommerce due to shoppers' need to experience the products in person before deciding to make a purchase. With consumers spending more time in their houses than ever before, the need to fill a house with products that make it a home seems to be greater than ever before. Without the ability to safely go to a store and touch products others have touched, shoppers are turning to online shopping to satisfy that need.

The only question: how are Home & Garden ecommerce brands going to deliver online shopping experiences that build the same amount of trust as in-store experiences?

12

42%

increase in conversion rate from the start of the 140-day period.
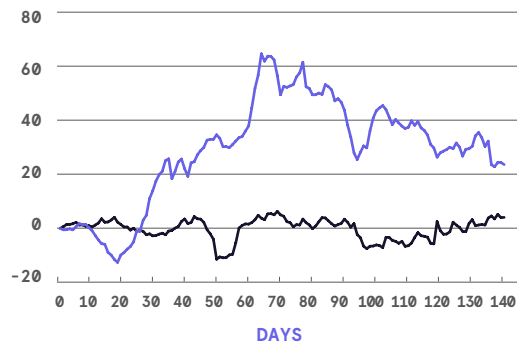
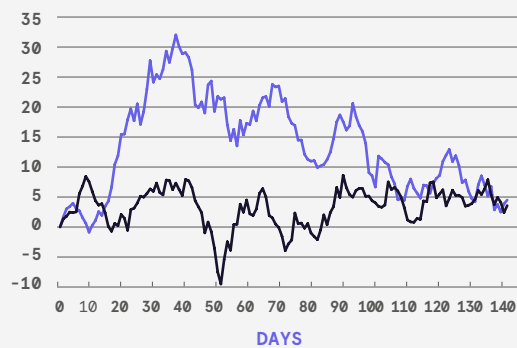## VISITS PER DAY

VISITS

● 2020   ● 2019

SALES PER DAY

SALES

● 2020   ● 2019

CONVERSION RATE PER DAY
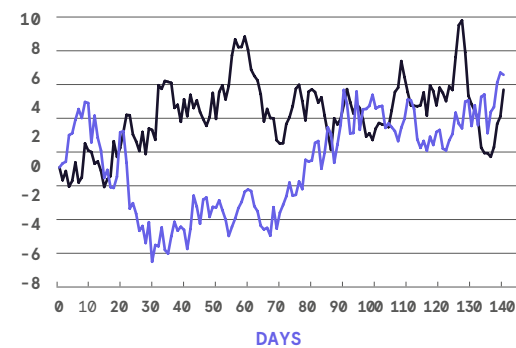

CONVERSION RATE

● 2020   ● 2019

AVERAGE ORDER VALUE PER DAY

AOV

● 2020   ● 2019

FASHION & ACCESSORIES   HOME & GARDEN   BEAUTY & SKINCARE   SPORTS & HOBBIES   ANIMAL & PET SUPPLIES   FOOD & DRINK

RECOMMENDED
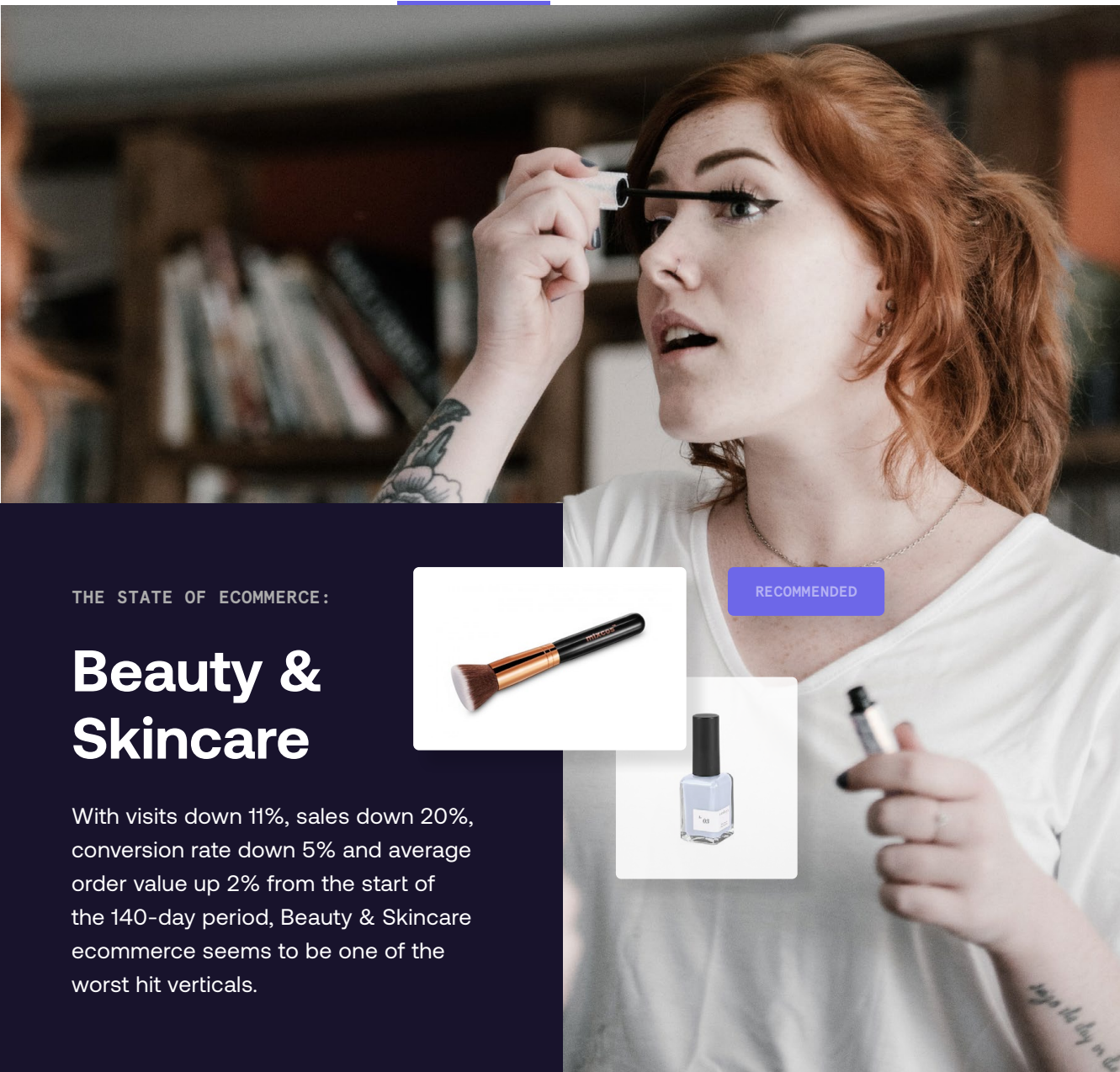
THE STATE OF ECOMMERCE:

Beauty & Skincare

With visits down 11%, sales down 20%, conversion rate down 5% and average order value up 2% from the start of the 140-day period, Beauty & Skincare ecommerce seems to be one of the worst hit verticals.

At the beginning of the 140-day period, Beauty & Skincare ecommerce saw quite dramatic increases across all four KPIs, which was very different from the relatively flat trends from the equivalent period in 2019. When comparing the 2020 trends in conversion rate and average order value over the time period to the 2019 trends in these KPIs, one could argue there are similarities that can be derived despite not being identical. Traffic and sales, on the other hand, appear to have had unusual growth in the beginning of the period in 2020, but these KPIs ended on similar notes to the same time period in 2019. This could be a sign that Beauty & Skincare aren't—and won't—see long-term effects from the pandemic lockdowns.
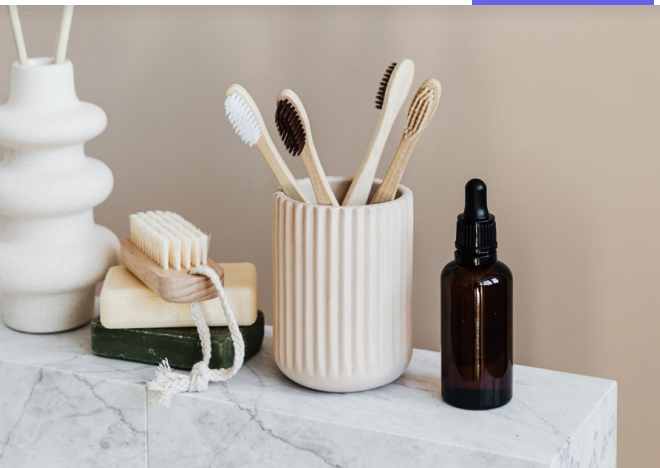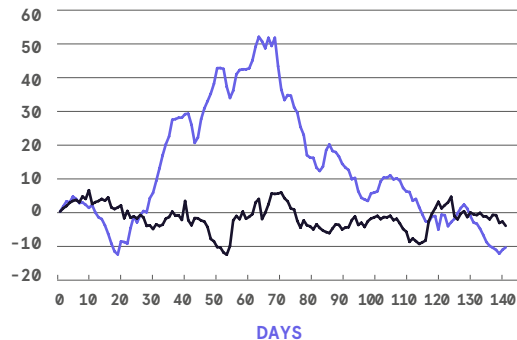
2%

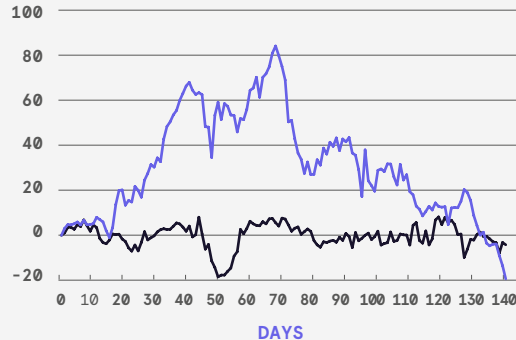increase in average order value between the start and end of the 140-day period.
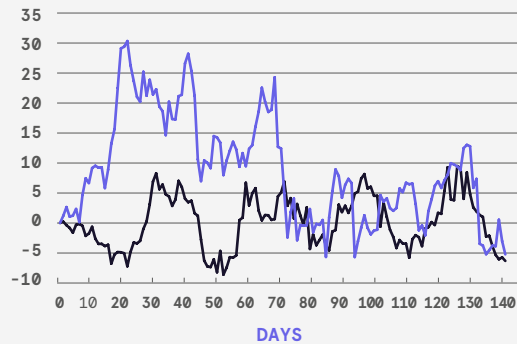
VISITS PER DAY

VISITS

2020 2019

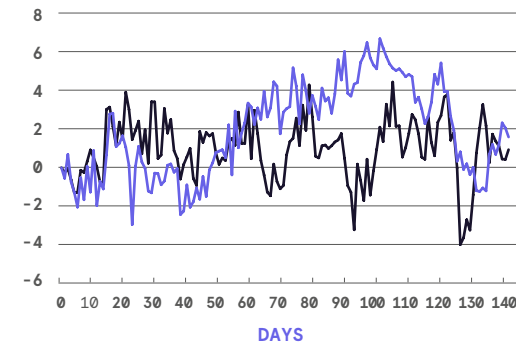## SALES PER DAY

SALES

2020 2019

CONVERSION RATE PER DAY

CONVERSION RATE

2020 2019

AVERAGE ORDER VALUE PER DAY

AOV

2020 2019

FASHION & ACCESSORIES   HOME & GARDEN   BEAUTY & SKINCARE   **SPORTS & HOBBIES**   ANIMAL & PET SUPPLIES   FOOD & DRINK

ADD TO CART

THE STATE OF ECOMMERCE:

Sports & Hobbies

With visits up 1%, sales up 8%, conversion rate up 1%, and average order value down 4% from the start of the 140-day period, Sports & Hobbies ecommerce seems to have been mostly unaffected by the pandemic lockdowns in the near long-term.

Traffic, sales, and conversion rate appear to have all dropped slightly for Sports & Hobbies ecommerce in the same time period in 2019 whereas average order value slightly increased. During the period in 2020 the roles reversed and the first three KPIs grew slightly while average order value decreased some. It's difficult to confidently say what these trends really mean for the future of the Sports & Hobbies

ecommerce industry since the changes over the time period are relatively insignificant. The one year-over-year comparison that genuinely shows a departure from last year is average order value and if that downward trend is a sign of anything then it most likely isn't great news for the industry.
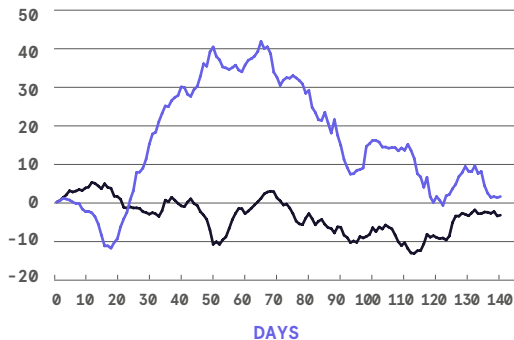
FASHION & ACCESSORIES   HOME & GARDEN   BEAUTY & SKINCARE   SPORTS & HOBBIES   ANIMAL & PET SUPPLIES   FOOD & DRINK

8%

increase in sales between the start and end of the 140-day period.
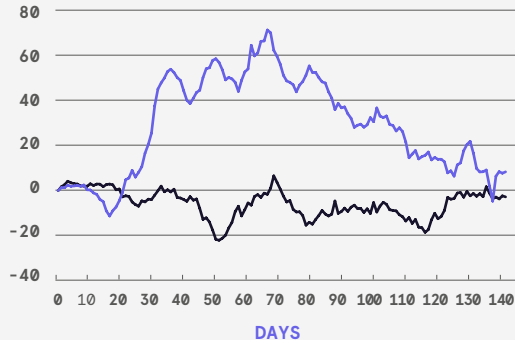
VISITS PER DAY

VISITS

DAYS

● 2020   ● 2019

SALES PER DAY

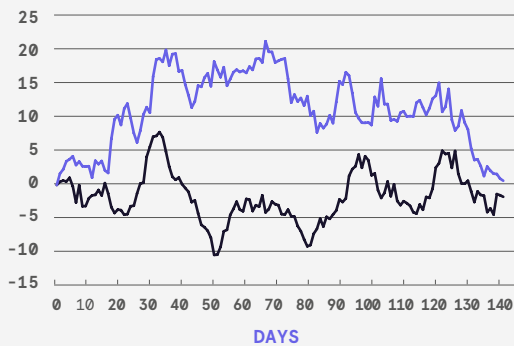SALES

DAYS

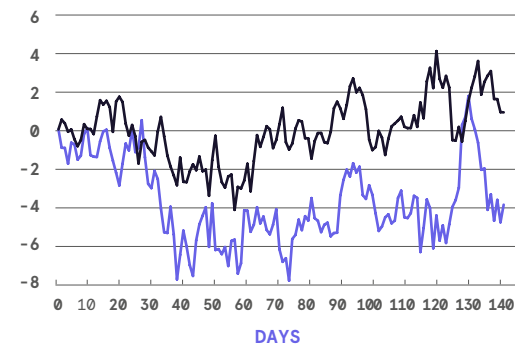● 2020   ● 2019

CONVERSION RATE PER DAY

CONVERSION RATE

DAYS

● 2020   ● 2019

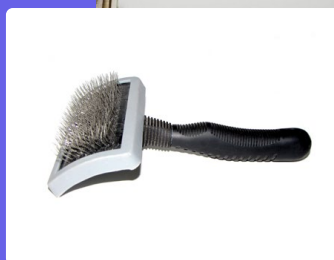## AVERAGE ORDER VALUE PER DAY

AOV

DAYS

● 2020   ● 2019

THE STATE OF ECOMMERCE:

Animal & Pet Supplies

With visits up 36%, sales up 30%, conversion rate up 31% and average order value down 2% from the start of the 140-day period, Animal & Pet Supplies ecommerce is one of the most thriving verticals during the pandemic lockdowns.
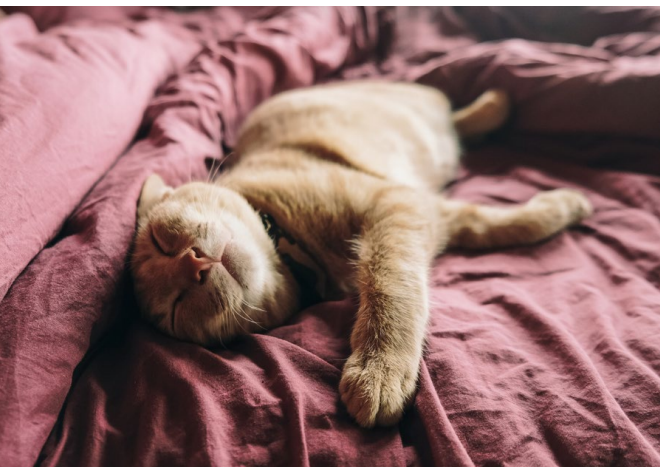
ADD TO CART

Comparing the trends of all four major KPIs compared to how they changed during the equivalent time in 2019, shoppers are almost universally turning to online shopping for their Animal & Pet Supplies products. Considering the products that are sold in this vertical are essential goods for all animal and pet caregivers, it comes as no surprise that shoppers are turning to online stores to get what they need when their brick and mortar counterparts mostly closed down. Accompanied by an explosion of recent newcomers entering the space, it's a safe bet to conclude that the Animal & Pet Supplies retail industry is moving in a digital-first direction that has simply been expedited by the pandemic lockdowns.
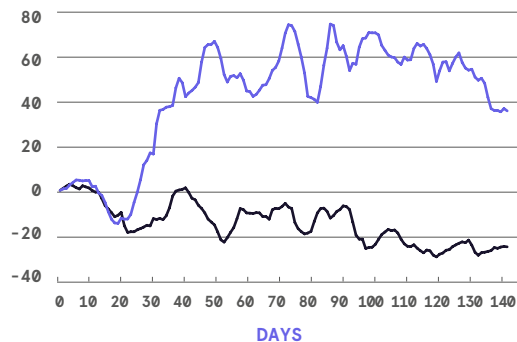
FASHION & ACCESSORIES   HOME & GARDEN   BEAUTY & SKINCARE   SPORTS & HOBBIES   ANIMAL & PET SUPPLIES   FOOD & DRINK

31%

increase in conversion rate between the start and end of the 140-day period.

VISITS PER DAY

VISITS

DAYS
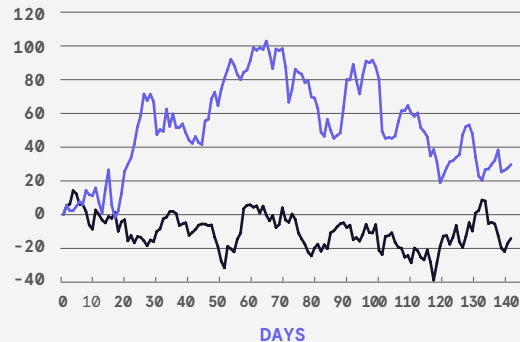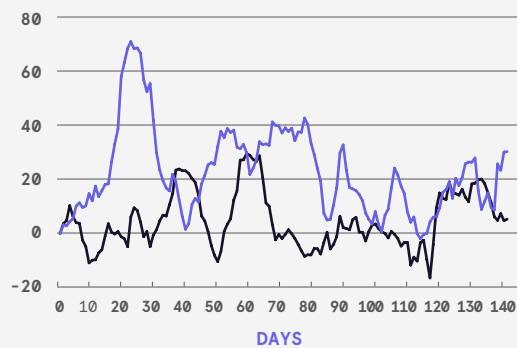
● 2020   ● 2019

SALES PER DAY

SALES

DAYS
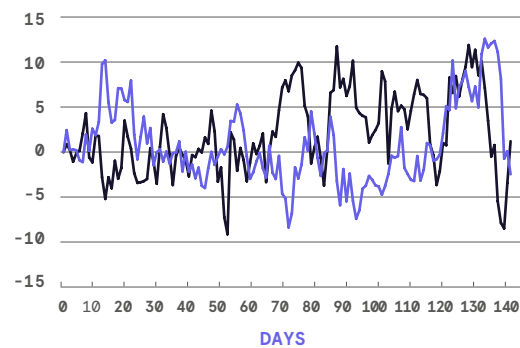
● 2020   ● 2019

CONVERSION RATE PER DAY

CONVERSION RATE

DAYS

● 2020   ● 2019

AVERAGE ORDER VALUE PER DAY

AOV

DAYS

● 2020   ● 2019

19

RECOMMENDED

THE STATE OF ECOMMERCE:

Food & Drink

With visits up 5%, sales up 2%, conversion rate up 9%, and average order value down 1% from the start of the 140-day period, Food & Drink ecommerce appears to remain a vertical that has difficulty competing with its in-store counterpart.

Between shipping efficiency and shopper behavior associated with purchasing food online, the Food & Drink vertical is one that, like Home & Garden, has trouble translating its brick and mortar experience to online. As the data shows, there was obviously an initial jump in Food & Drink ecommerce as the lockdowns first began; though this trend can also be directly compared to the initial jump in bulk buying that happened in the industry's brick and mortar operations. In the long run, consumers appear to still prefer shopping for food and drinks in physical stores, so the question is how can brands in the space convince consumers to truly embrace shopping online?
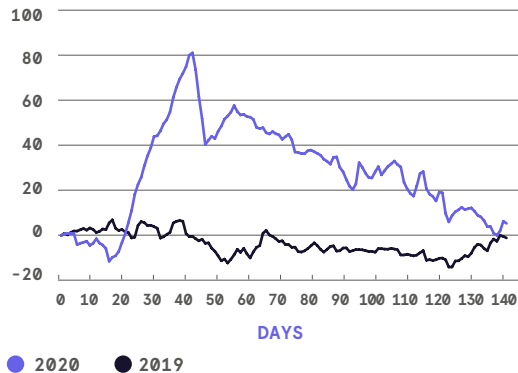
FASHION & ACCESSORIES   HOME & GARDEN   BEAUTY & SKINCARE   SPORTS & HOBBIES   ANIMAL & PET SUPPLIES   FOOD & DRINK

9%

increase in conversion rate between the start and end of the 140-day period.

VISITS PER DAY

VISITS
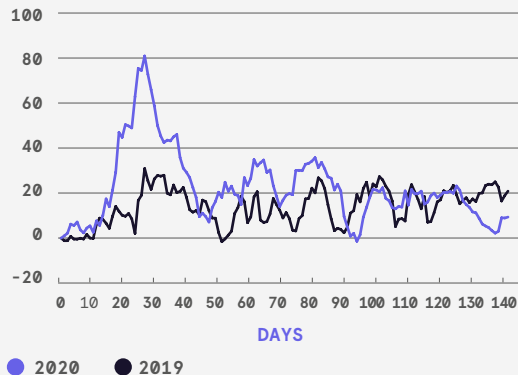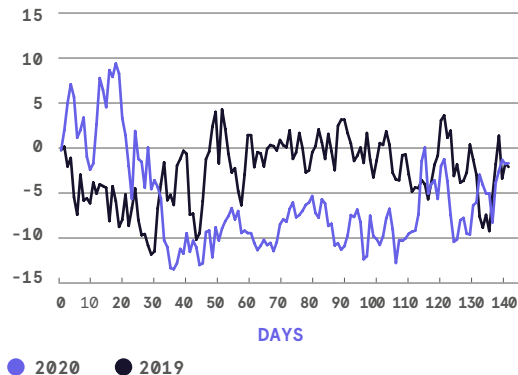

DAYS

● 2020   ● 2019

SALES PER DAY

SALES

DAYS

● 2020   ● 2019

CONVERSION RATE PER DAY

CONVERSION RATE

DAYS

● 2020   ● 2019

AVERAGE ORDER VALUE PER DAY

AOV

DAYS

● 2020   ● 2019
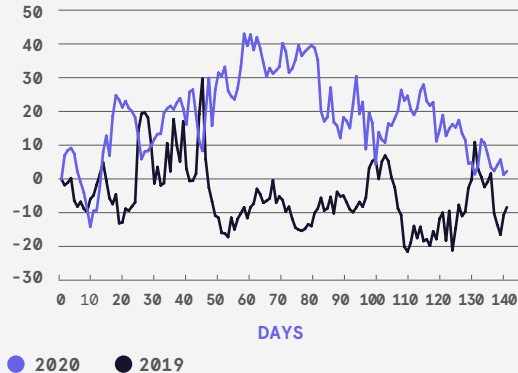
nosto ⬈

Nosto enables retailers to deliver fully personalized, integrated commerce experiences with fine-tuned control of merchandising rules. An AI-Powered Commerce Experience Platform designed for ease of use, Nosto empowers retailers to build, launch and optimize 1:1 omnichannel marketing campaigns and digital experiences without the need for dedicated IT resources or a lengthy implementation process. Leading commerce brands in over 100 countries use Nosto to grow their business and delight their customers. Nosto supports its clients from its offices in New York, Los Angeles, London, Paris, Berlin, Stockholm and Helsinki.

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