RESEARCH

Luxury conversion rates online trending similar to essentials, omnichannel businesses

April 17, 2020

The spike in ecommerce will outlive the COVID-19 crisis, per a new report from Adtaxi. Image credit: Adtaxi
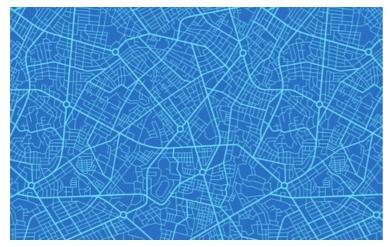
By DIANNA DILWORTH

Consumers are becoming more responsive to digital ads and more willing to make purchases online in categories that they would previously have bought in person due to COVID-19 shutdowns. This behavior will likely carry over after the crisis ends.

More than half of consumers (56 percent) are shopping online more now than ever before and 53 percent said they plan to do more shopping online after the crisis, according to a new study from digital marketing agency Adtaxi called, "Spike in Ecommerce Will Outlive COVID-19 Crisis."

"People will increasingly purchase online even in categories they may not have previously considered and this may also include large-ticket items and luxury products that people typically want to experience in-person may be more willing to buy online," said Yael Zlatin, director of ecommerce at Adtaxi, Denver, CO.

"Older populations who were more resistant to buying online will inevitably habituate on searching and buying products online," she said.

"Spike in Ecommerce Will Outlive COVID-19 Crisis" is a new report from Adtaxi. Image credit: Adtaxi

Coronavirus-related ads
In this time of crisis, consumers find it helpful when brands address the coronavirus in advertising.

Forty-five percent of those surveyed said that they pay closer attention to advertising during the crisis and 68 percent said it is helpful when brands address the pandemic in their ads.

Sixty-two percent of consumers said that companies who address the crisis in advertising have their best interests at heart.

"Prioritizing empathy and consumers' emotional connection to your brand, promoting ways to make people feel more connected or part of an online community and the steps your brand is taking to protect both employees and customers are important messages for laying the foundations for long-term relationships that will last beyond the current economic slump," Ms. Zlatin said.

"Many luxury brands are communicating how they are giving back, for instance, changing their manufacturing towards making masks," she said.

Yael Zlatin is director of ecommerce at Adtaxi

Ad-driven purchases
As stores are closed during the pandemic-related shutdowns, consumers are being inspired to make purchases online.

Advertising, and digital advertising in particular, is proving itself effective in this time of lockdown.

In fact, 54 percent of consumers reported making a purchase after seeing an ad in March, per the Adtaxi report.

Seventy-nine percent of those people were triggered to complete a purchase from a digital ad after seeing an ad in another channel.

Another 49 percent were converted by digital ads and nothing else.

Many retailers are using their ads to promote coronavirus-related services such as free shipping or more generous return policies.

"Delivery and pickup will likely be a major part of revenue streams far longer than our formal quarantine period," Ms. Zlatin said.

"There's been a clear surge in buy-online, pick-up in store search queries and omnichannel businesses have largely been able to stabilize their revenue by optimizing retail locations and inventory for pickup and local deliveries with faster shipping times," she said.

"The luxury industry will again need to adapt in these ways, which will test the true luxury experience that consumers also expect."

The research shows that ad spend for luxury goods is remaining low.

"However, conversion rates are impressingly higher than those of general fashion and pure play ecommerce," Ms. Zlatin said. "Luxury conversion rates are trending similar to essentials and omnichannel businesses compared to their benchmarks."

The report found that 62 percent of consumers wanted to buy things that made them feel comfortable and 58 percent choose items that made them feel healthy and 47 percent made purchases that made them feel relaxed.

Luxury brands have an opportunity to promote personal care items that help consumers feel clean and pampered during these difficult times.

"Luxury can overlap with essentials and omnichannel businesses, which gives them an advantage as it begins to scale spend and revenue again," she said. "Furthermore, even in a down economy, people will choose and prioritize what makes them feel good."

"Spike in Ecommerce Will Outlive COVID-19 Crisis" is a new report from Adtaxi. Image credit: Adtaxi

Online behavior
More than half of consumers (57 percent) are spending more time online due to the coronavirus.

Fifty-two percent are searching more and 46 percent are spending more time on social media and on local news sites.

Forty-six percent are spending more time streaming content.

Among those consumers that reported purchasing from an ad in March, 40 percent report purchasing from social media ads.

Twenty-nine percent of consumers purchased after seeing a TV ads and another 29 percent after seeing an email.

Twenty-four percent bought an item after seeing a mobile app or text message.

"Beyond messaging in the current environment, be cognizant of where people are increasingly consuming media and technology and where there are opportunity gaps," Ms. Zlatin said.

"For example, recognizing an increase in desktop traffic and where best to reach those users when we've become so accustomed to being mobile-first," she said. "One of the greatest opportunities for brands currently is a decrease in CPCs [cost per clicks] across mediums like search, social media and programmatic avenues combined with an increase in available audience reach.

"For luxury brands, in particular, this means we can reach a larger, more targeted prospecting pool more efficiently as well as a greater availability of remarketing impressions and higher conversion rates."