

State of Retail & eCommerce: Impact of COVID-19 One Year Later - US - 2021

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This report looks at the following areas:

- The impact of COVID-19 on consumer behavior and the retail industry, inclusive of ecommerce
- How a recession, and now a recovery economy, is impacting consumers' approach to prioritizing their expenditures
- How consumers are shopping across channels by category
- Which retailers are winning, and which are struggling
- The types of promotions consumers prefer and how this might evolve
- Key drivers of retailer preference
- Top areas of interest as it pertains to tech at retail

COVID-19 has indeed wreaked havoc on the retail industry, but the market is already rebounding and re-emerging with force, embracing new changes as it moves forward. The pandemic has essentially rapidly accelerated efforts that were already in place, including initiatives such as curbside pickup, more personalized shopping services and increased integration of technology.

eCommerce has also been boosted to a point where half of consumers (and two thirds of Millennials) are making more than 50% of their purchases online. While some shoppers are heading back to stores now that the pandemic situation is improving, others will hold on to their newfound habits and routines that include a heavier dose of digitization in all shopping aspects.

Retailers will face challenges related to improving profitability, as most are now investing in tools, tech, partnerships and people to better position themselves for the future. Aggressive discounting strategies also remain prominent throughout the industry, which will put extra pressure on the bottom line. This, and increased costs from investments and those related to managing fulfillment of accelerated online orders means that retailers will take a more aggressive approach to looking for economies of scale across their businesses.



"Most signs are pointing to the worst of the pandemic being in the past, with pent-up demand for normalcy and renewed optimism poised to drive the industry forward. New protocols, services and shopping opportunities have already emerged, and much more innovation will continue to shape the landscape looking ahead."

– **Diana Smith, Associate Director – Retail & eCommerce**

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Despite ongoing challenges, retailers are being presented with a multitude of opportunities to better connect with customers based on their current and predicted priorities. Consumers are very value-focused and will continue to display caution relative to how they shop and spend. Retailers and brands will play a very important role in making consumers feel safe, supported and appreciated, both personally and financially. Key opportunities include enhancing personalized services and other offerings and bringing mission-driven initiatives more to the forefront.

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