

# Ecommerce Activation Strategy to Bolster Liquidity

April 2020

Each passing day physical storefronts remain closed, seasonal products depreciate further on warehouse shelves. Retailers must act quickly to convert an abundance of inventory into cash, and because of the shift of demand to ecommerce, formulating a digital media plan is Step 1.

## Take Immediate Action

Now is not the time for retailers to take their collective foot off the gas pedal; instead, they should shift gears from “brand building to customer activation, focusing on conversion, basket building, and repurchase triggers.” Embracing direct-to-consumer strategy and utilizing digital media can quickly and efficiently drive demand, and transform a vulnerable inventory position into a competitive advantage that drives customer activation and cash liquidity.

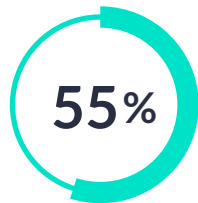
Rapidly assess your brand’s strength and the retail industry’s position as a whole, by taking the following into consideration:

- Cash management practices
- Inventory position tracking
- Store & outlet sales offset
- Immediate volume capture

## Sentiment vs Behavior

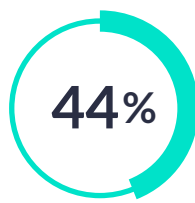
In recent weeks our team has observed that consumer sentiment is not aligning with consumer behavior. Despite consumers expressing fear in spending and reportedly focusing on essentials only, nonessential shopping continues online.

### NOTABLE DATA POINTS



Of shoppers expect to spend the same in general department stores.

Source: Forbes



Are not comfortable going outside for nonessential shopping.

Source: 4A's Research



Of shoppers are planning to spend less on discretionary categories.

Source: BCG's Sentiment Snapshot #2

With this expressed consumer confidence in flux, consumption patterns suggest a willingness to spend across categories, including apparel. Buying behavior online is widespread and media markets are favorable, as evidenced by the following:

**Qualified, high-converting traffic is up.**

This demonstrates that shoppers are still actively browsing. According to WWD, this increase in demand will likely result in steep discounts, merchandising shifts, and more from retailers in the weeks to come.

**Media engagement is seeing record highs.**

Group Nine Media reports the highest time spent with content ever at over 3.6B minutes in March, for that publisher alone.

**Conversion rates are strong.**

Across PMG's retail portfolio, traffic volume is shifting towards desktop across Search, with clicks up 17% and conversion up an average of 31%. Brand search traffic is flat, but conversion rate and click-through rates are up an average of 20% across retail brands.

**Website engagement and time on site are high.**

Shoppers are spending more time with a brand, navigating through more pages, and showing a willingness to dig through categories to find the best deals and products.

**Short-term inefficiencies in Media Markets are an ROI opportunity.**

While media inventory demand is down, media consumption is surging. CPMs and CPCs in programmatic display and social media are off peaks from earlier this year by as much as 50%, presenting opportunity for programmatic and action-based buyers to take advantage.

## Shifting Strategies

### Lead with eCommerce & Accelerate with Digital Media

The brands currently forging ahead are those that have embraced and accelerated the shift to direct-to-consumer customer experiences – i.e., online shopping and convenient delivery. By taking this approach, brands can pursue potentially new and lapsed customers to gain momentum post-peak of the outbreak. Historically, brands that push during low times come out on top when the tide rolls in again.

By examining media market inefficiencies now, brands can quickly identify significant ROI-boosting opportunities to take advantage of tomorrow.

Additionally, abate internal concerns about setting customer precedents during unprecedented times.

### Execute, Test, & Iterate in Real-Time

*Customer and audience-based activation* are crucial and will allow brands to minimize exposure to customers not in market. When efficiency is top of mind, surgical and precise investments are more valuable than casting a wide net and broadcasting to the masses.

Messaging is also important. In our experience, your investment is best served when you connect your best customers with a unique opportunity, leading with product ads versus overt branding. In like manner, managing non-brand search closely and profitably will keep messaging risk low given the speed at which the situation is developing.

**Diversify the Channel Mix**

As consumption behaviors shift, engagement is surging across digital partners traditionally known for consideration and awareness. Channels like YouTube, Reddit, and Pinterest are fertile testing ground - today - for customer acquisition and performance. Those willing to experiment will be rewarded with meaningful engagement and a first-mover advantage.

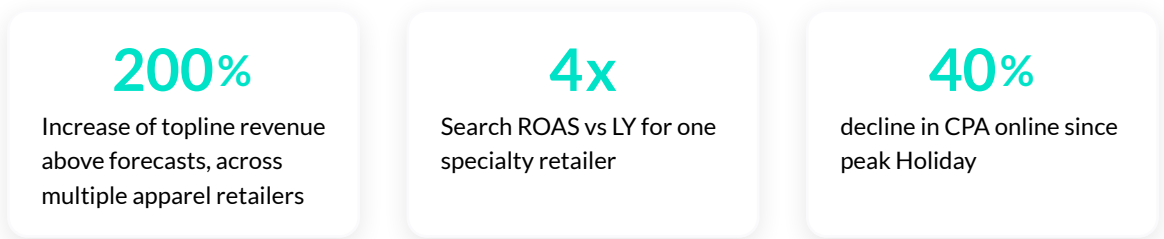
**Drive Critical Short-Term Business Outcomes**

While the macro environment in the medium and long term is riddled with uncertainty, immediate consumer buying intent persists and, in fact, can act as a welcome psychological relief when met with immediately available value. If the business planning can therefore follow a much faster cadence of learning and adjustment, promoting appropriate and resonant categories can be a viable road to short-term but very meaningful gains, including greater customer acquisition during a burst as short as a given week or sale, along with focused, targeted diminution of liable inventory.

**The financial impact of implementing the aforementioned strategies can:**

- Improve return on ad spend, and can even outpace Holiday performance if managed properly
- Bolster the top line
- Move inventory rapidly to ensure accessibility to both the business and the customer
- Pull demand forward, paying the media platforms in subsequent months

**In testing these levers, PMG and its customers have seen:**



# Retail is Our Bread & Butter

Currently, PMG manages over **14,000 bid modifications/day** for retail brands, and our product feed management teams oversee **1.6 million product feed optimizations/day**. Our programs are built with your customer top of mind with audience-based activations being used to reach customers with high intent and affinity. Rapid response trade desk relations empower us to measure and optimize performance in real-time, all thanks to the robust API connections of our proprietary marketing intelligence platform.

Connect with us at [info@pmg.com](mailto:info@pmg.com) or read our latest [COVID-19 crisis coverage here](#).