



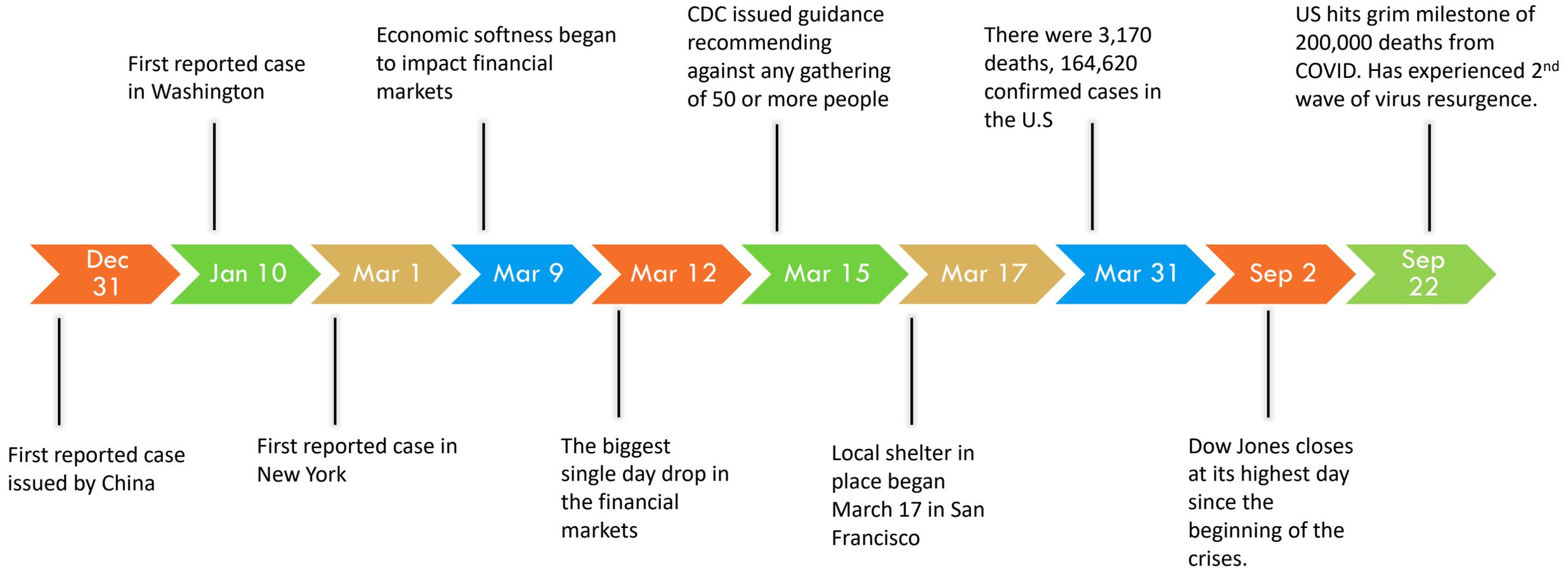
Q1 through Q3 Comparison Client Web Analytic Trends

INTRODUCTION



- As the premier consulting firm in the marketplace, we at CohereOne have the opportunity to aggregate and analyze performance trends across several verticals from the beginning of the COVID crisis through the end of Q3.
- We have put together a few trends and data points in order to frame results at a macro level on how well companies were navigating through COVID.

Timeline

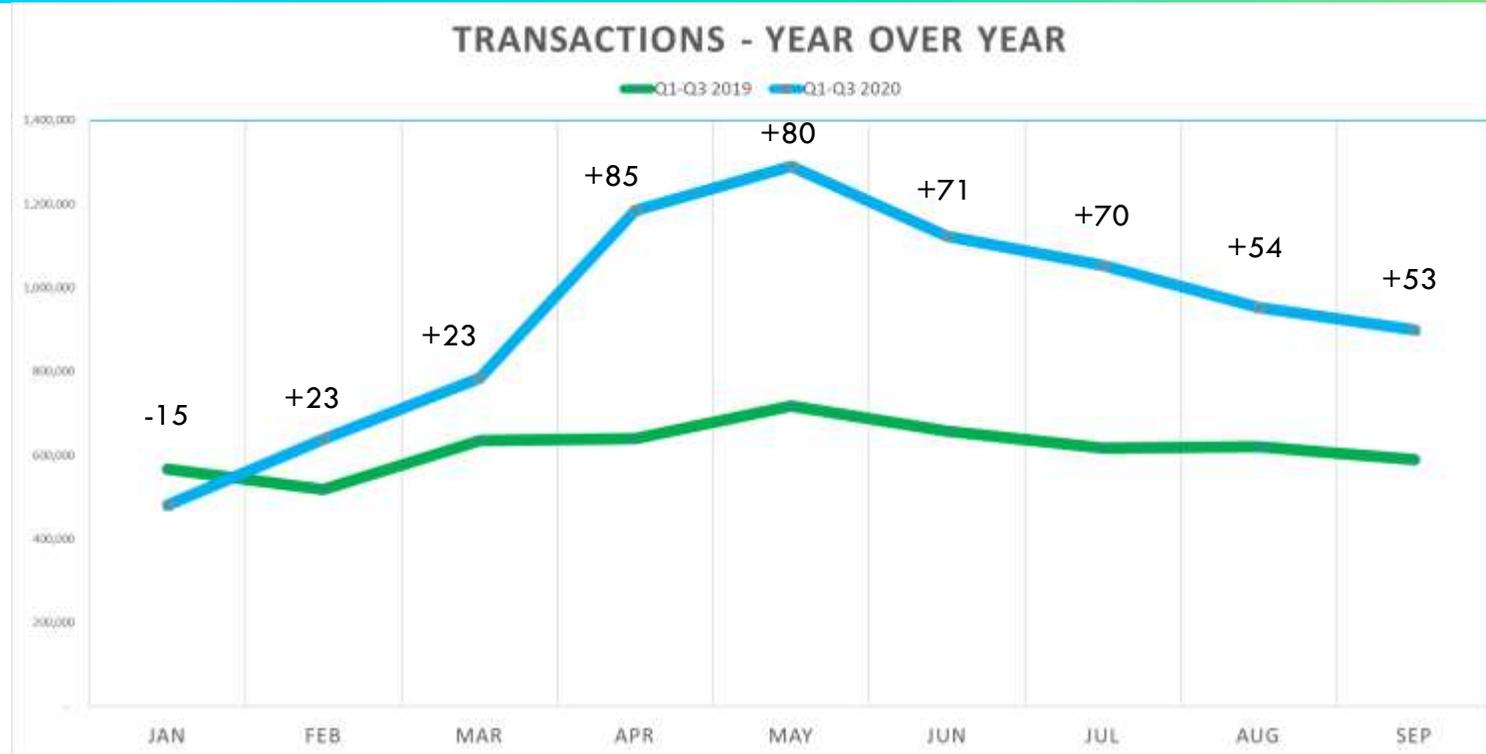


All Brands



- Early in the year, demand was slightly higher than the prior year.
- At the height of the COVID-19 crisis in early March, sales stayed steady, and since April have quickly and significantly increased year-over-year (YOY).
- In the early part of the pandemic, demand was driven by several factors: shift in shopping patterns, pandemic buying and aggressive promotional activities.

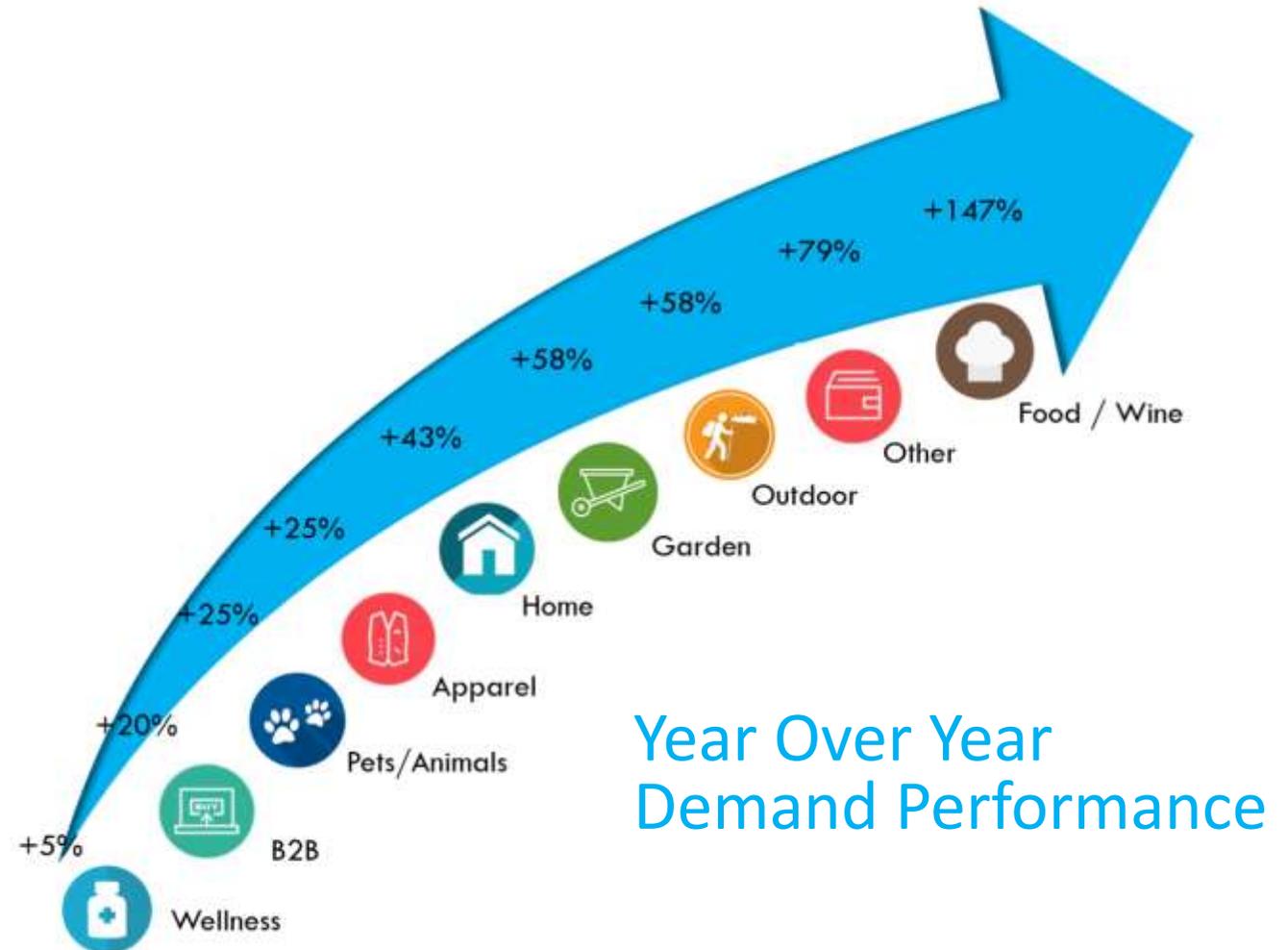
All Brands



- While demand is up 44% YOY, transactions are even higher at 54%

Category Summary

- All verticals are up from the prior year (PY) with a Food & Wine far exceeding all categories.
- Even through this month, spending has not ceased in the Food & Wine vertical and we expect a very strong holiday season.
- Clients who remained conservative through the beginning of pandemic without cutting back the print programs significantly, were better poised for the continued increase in direct to consumer sales channel.
- Wholesale brands who suffered greatly during the pandemic are increasingly shifting efforts and budgets into the B2C channel.



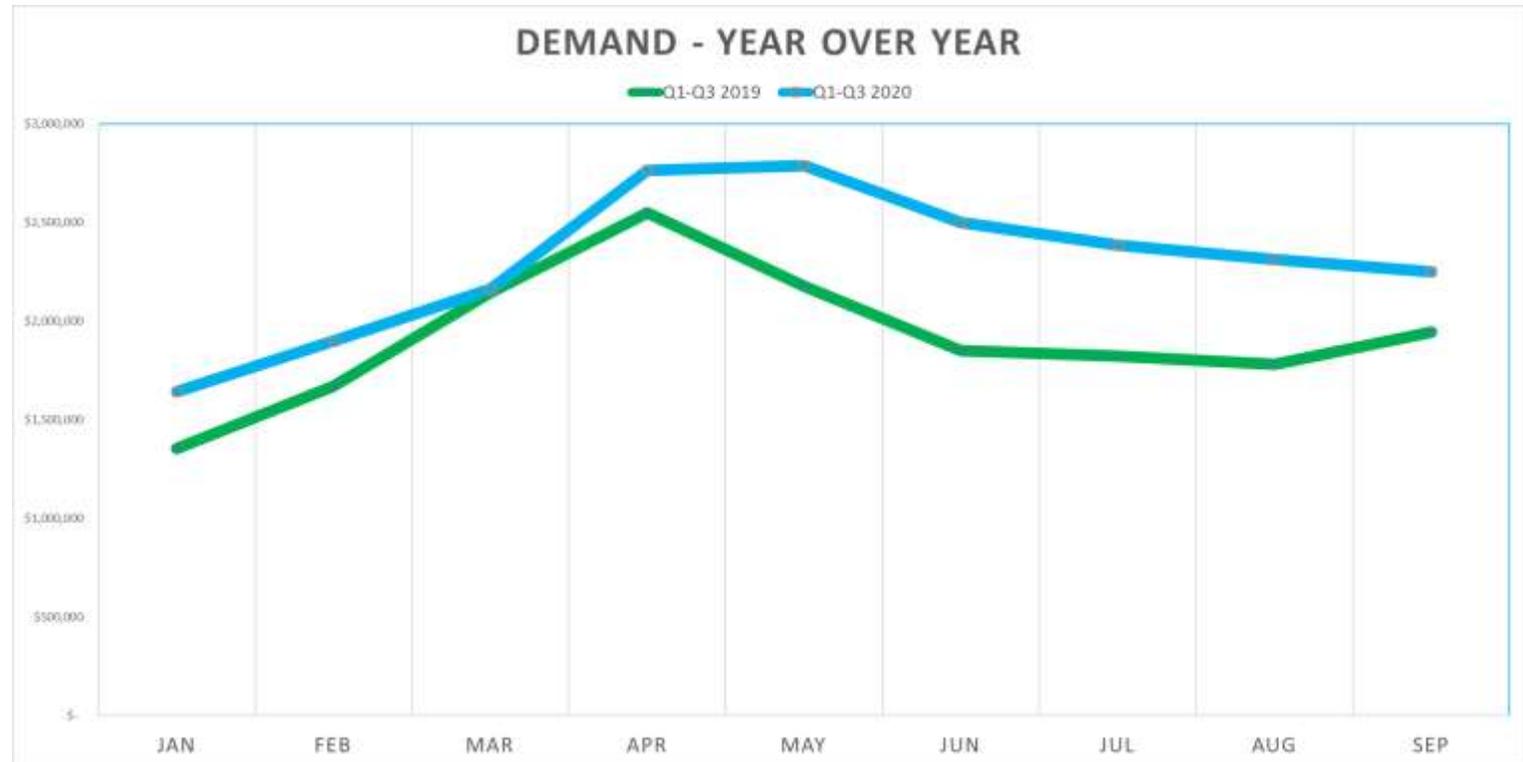
Wellness

- The only category that did not see significant YOY growth this year.
- COVID-19 impacted sales during a 4-6 week window before an uptick in transactions in mid April. This was accomplished by aggressive marketing campaigns.
- Demand began to drop off to PY levels beginning in late June and have been mixed since.



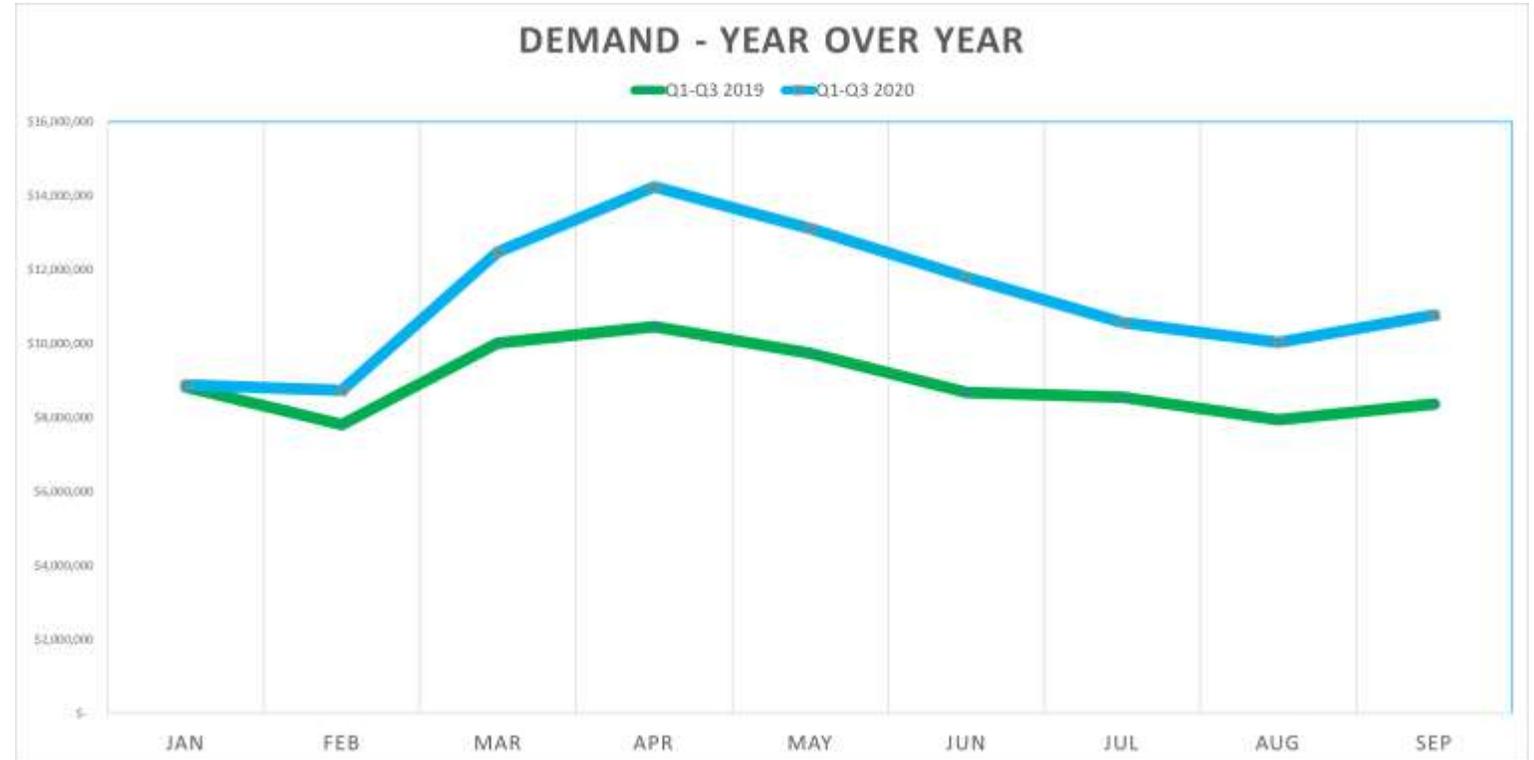
Business-to-Business (B2B)

- B2B brands ran just above plan in the early part of Q1 and gains stopped at the height of “shutdown.”
- Brands that re-evaluated how their customers’ purchasing behavior changed, did well through the next few months.
- To thrive, compete and move inventory, B2B companies will need to continue to adapt to the new economic realities and reinvest budget into digital efforts with better eCommerce solutions – better website, active email engagement and retargeting efforts.



Pets / Animals

- According to the Pet food Industry magazine, COVID switched a lot of local shoppers to online shoppers in a rapid fashion.
- Customers were also stocking their shelves with pet food as they did with regular food, especially during the height of the pandemic frenzy.
- On the supply chain side, according to experts, the pandemic may have a negative impact on the U.S. supply of China-sourced goods and ingredients, potentially including nutraceutical ingredients used in pet supplements, foods or treats.



Apparel

- This category experienced some of the largest decreases in demand early in the pandemic.
- It took a few weeks to formulate strategies, but most apparel brands – both high-end and mid-ticket – kicked into promotional gear to turn the negative downturn into significant YOY growth.
- Apparel brands also realized that merchandise categories were changing with the times, and those who changed with it, continued to experience strong sales.



Home Furnishings

- For the first 3 months of the year, the Home Furnishings category was flat over PY.
- Once shoppers realized that more time was going to be spent inside the home, business began an upward trajectory with home office furniture purchases and general home decorating products.
- Retailers who no longer could operate retail stores and who had invested in digital and print programs already, benefited by optimizing all of their marketing channels.



Garden

- Just as we saw in the 2008 recession, consumer interest in growing food and stocking up on fresh food, saw extraordinary results. COVID-19 behavior provided the same results.
- At its height, this category was experiencing a 2x demand growth and in some cases, had to shut down eCommerce and call centers to fill the backorders.
- As the planting season came to an end, sales tapered to normal levels but are still experiencing 50% to 60% demand growth from the PY moving into a secondary Fall planting season.



Outdoor

- It became clear that one of the main benefactors of social distancing would be the outdoor verticals as customers flocked to many outdoor brands for gear, apparel, and equipment.
- The shift of consumer spending from retail to online further increased demand in this vertical.
- Wholesalers who were over-leveraged in retail and malls, will need to consider a D2C side of their business to sell merchandise. Effective print and digital programs will be critical to their success.



Other Hardgoods

- Other hardgoods is a mixture of electronics or specialty verticals.
- Because of very nature of specialty products, this vertical had some of the highest demand growth during the height of the “shutdown.”
- These consumers were purchasing to make improvements to their home and to support their hobbies.



Food & Beverage

- COVID has transformed this category with a huge demand surge that has continued through Q3.
- At the height of the “shutdown,” pandemic buying and sourcing local food pushed sales over 3x the prior year.
- These same brands struggled to keep up with the unprecedented demand and forecasting for next year will be difficult to know if consumer spending is here to stay.





Conclusion

The American consumer generally doesn't stop shopping; he or she will just shop differently. It's vital to understand and recognize that your customers' needs change during a disruption of this magnitude, and it's incumbent on the brand to respond by fulfilling them in unique ways.

As brands better understand the nuances of changing customer behavior, there is opportunity to react differently to drive a stronger position to offer relevant and timely merchandise messaging and thus drive stronger demand.

Our main takeaways from this analysis are outlined in the next few slides.



Opportunities

- Be mindful of how you plan to forecast 2021 as consumer behavior may or may not permanently change in your vertical.
- As brands acquired many new customers during this period, separate and track performance to ensure that these customers will act the same or differently to your print campaigns.
- Double down on contacts to your best customers. Focus squarely on your best customers across your print, email, and digital marketing channels, forgoing attempts to convert marginal customers and tire kickers.
- As more and more retail stores are permanently closing, and if general print is the main driver to retail stores, re-consider the depth and frequency of mailings. The strategy is no longer about driving store demand but re-focusing behavior to the online channel.

Opportunities

- Now, more than ever, incorporating digital data indicators into your plans is very critical to determine what your optimal marketing strategy should be as you move forward.
- Relentlessly optimize your campaigns for both print and the digital channel. Now is the time to take your optimization tactics up a notch. Start or accelerate A/B tests to continually increase the ROI of your campaigns.
- Understand the customer sales funnel at both the top, mid and bottom areas to utilize multiple trigger campaigns to re-engage customers and prospects immediately.
- Evaluate all of your channels at a contribution basis. As consumer spending has shifted, various marketing channels become more competitive and costly.

Thank You



Michelle Houston
EVP, Strategic Services
mhouston@cohereone.com
707.235.3529