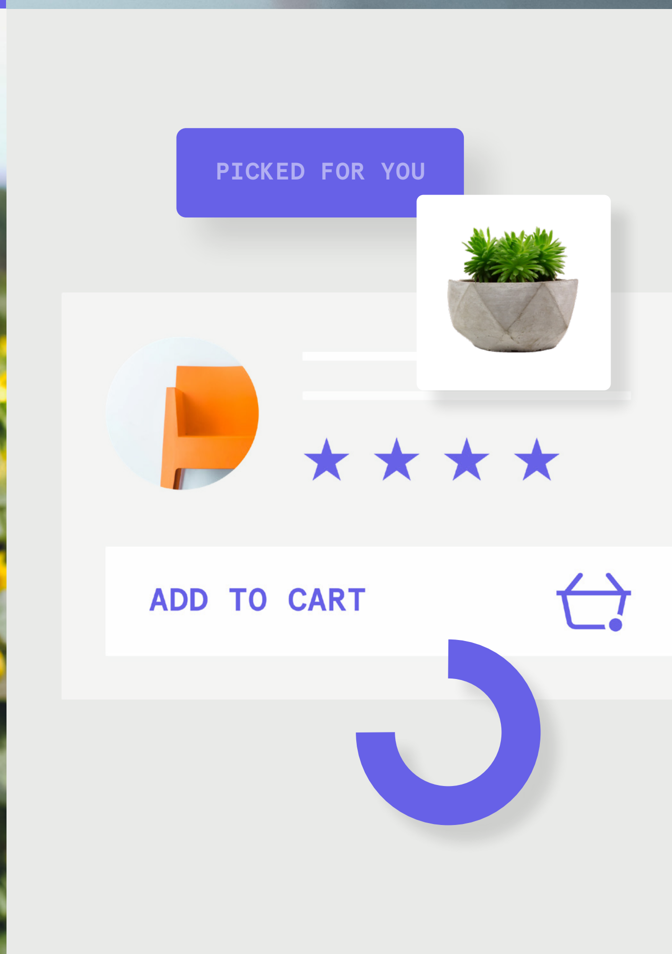
Home and garden retail goes virtual

AN ANALYSIS OF
CONSUMER BEHAVIOR
IN 2020



Contents

Introduction

In the last year, ecommerce continues has generated $601+ billion in sales, rising to 16% of total retail sales[1] in the United States alone. Even notoriously brick-and-mortar industries are seeing steady growth online; notably the Home and Garden industry, which has seen sales grow 6 times faster year-over-year compared to physical store sales[2].

With the COVID-19 pandemic prompting "shelter at home" orders around the world and encouraging people to practice social distancing beyond lockdown, this growth gap in favor of ecommerce is only getting bigger - and likely at an exponential rate. People are now focusing on ways to spruce up their home space through DIY home projects, garden projects and decor transformations from the comfort of their (likely soon-to-be-replaced) couch. For Home and Garden retailers, this presents an even greater opportunity to skyrocket their ecommerce growth in the months to come and stand their ground against leading sites like Amazon.

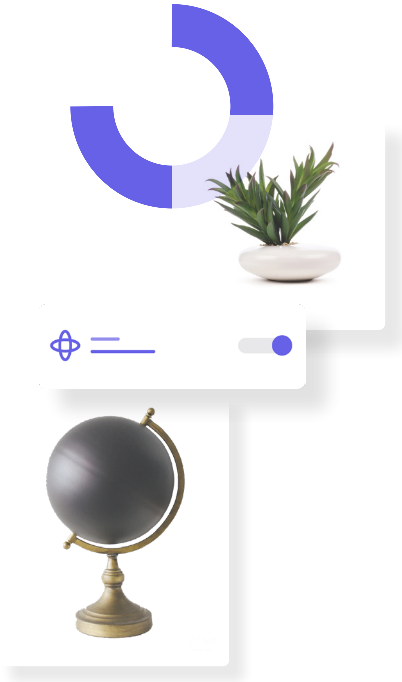
Survey Methodology

To better understand shopper affinities during this time and uncover these opportunities, Nosto commissioned a survey of 2,000 consumers (1,000 inthe United States and 1,000 in the United Kingdom). The survey was conducted through online survey company Censuswide between July 17th and July 21st, 2020. In some questions, respondents were presented with a list of statements and asked whether they "strongly agree", "somewhat agree", "neither agree or disagree", "somewhat disagree", "strongly disagree". In the data overview, "Strongly agree" and "somewhat agree" have been combined to get an estimate of the percentage that agreed.

In addition to providing overall results, the data is broken down into the following sub-categories:

- Age
- Gender
- Location of consumers (US and UK)

1. digitalcommerce360
2. paypal.com



Making A House A Home While Going Digital

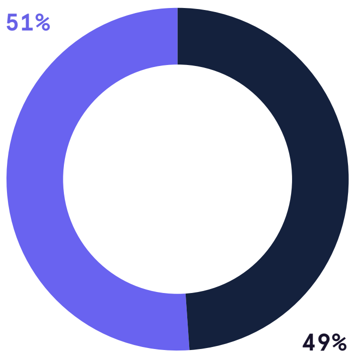
More than half (56%) of consumers feel it is important to focus on home improvement right now, with 53% of consumers expressing that they've started at least one home improvement since the start of lockdown. While many countries have started to ease lockdown restrictions and people are now able to move about more freely, 55% of consumers expressed that they plan to continue focusing on home improvement projects beyond lockdown.

When comparing preferences between US and UK consumers, a few differences can be noted:

- US consumers expressed a higher focus on the importance of a nice home environment (**66%**) than UK consumers (**46%**).
- Similarly, more than half (**62%**) of US consumers expressed that they have started at least one DIY/home improvement project compared to **38%** of consumers in the UK.

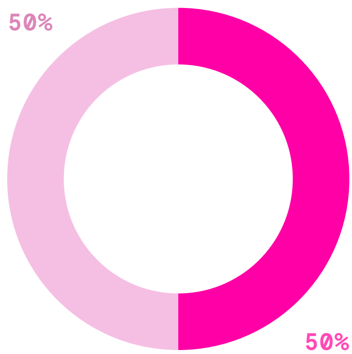
GENDER BREAKDOWN

- Female
- Male



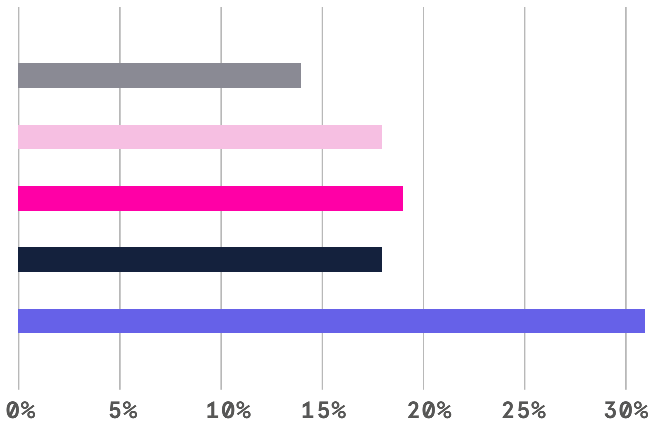
COUNTRY BREAKDOWN

- US
- UK



AGE BREAKDOWN

- 16–24
- 25–34
- 35–44
- 45–54
- 55+

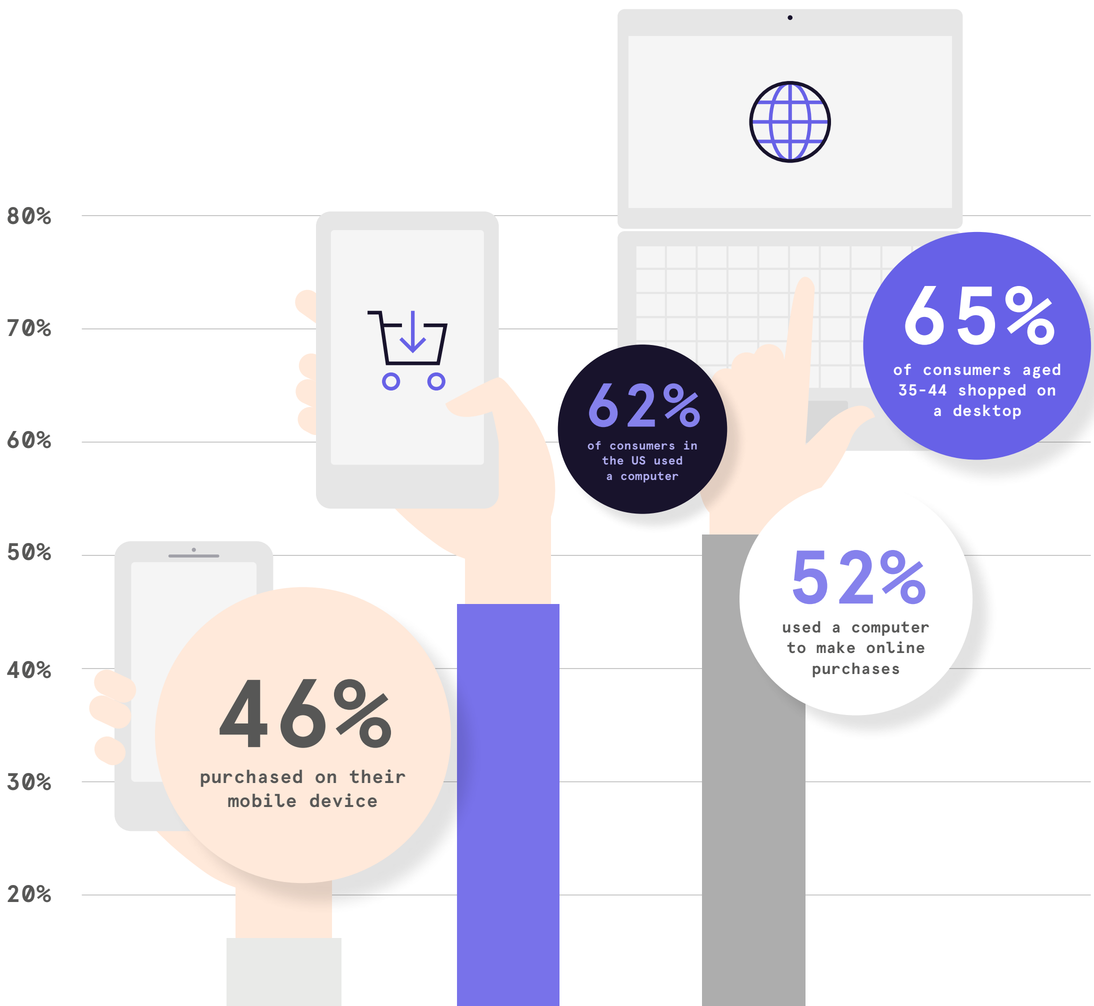


Analysis of Consumer Buying Habits

Because most consumers plan to continue home improvement projects beyond lockdown, retailers in the Home and Garden industry can expect a long-lasting effect on engagement and sales.

52% of consumers overall have already purchased at least one product, while 51% of them plan to continue buying these products.

When breaking down the data by device, 46% of consumers overall purchased home and garden products on their mobile device while 52% say they used a computer to make online purchases during lockdown – this percentage increases to 62% of consumers in the US and 65% of consumers aged 35-44 years old in both countries combined.



Age and Demographic Breakdowns

CHART 01

During the pandemic lockdown I/my household have bought at least one item online to make my/our indoor or outdoor living space nicer/more comfortable (eg indoor/outdoor furniture, furnishings, gadgets/appliances, art)

	All	Male	Female	18-24	25-34	35-44	45-54	55-64	UK	US
Strongly agree	28.25%	28.16%	28.33%	25.37%	30.77%	39.37%	29.14%	20.85%	16.40%	40.10%
Somewhat agree	23.95%	21.99%	25.80%	27.57%	25.00%	28.08%	26.57%	17.85%	22.90%	25.00%
Neither agree nor disagree	16.00%	17.37%	14.70%	23.90%	21.70%	16.27%	14.00%	10.27%	20.90%	11.10%
Somewhat disagree	8.10%	8.32%	7.89%	7.72%	8.52%	5.77%	7.71%	9.64%	9.40%	6.80%
Strongly disagree	13.15%	13.16%	13.15%	6.62%	8.24%	4.46%	11.71%	24.80%	15.60%	10.70%
N/A	10.55%	11.00%	10.13%	8.82%	5.77%	6.04%	10.86%	16.59%	14.80%	6.30%

CHART 02

After spending more time at home during lockdown I/my household is motivated to spend money on making my living environment a more comfortable and fun place to be

	All	Male	Female	18-24	25-34	35-44	45-54	55-64	UK	US
Strongly agree	21.30%	21.17%	21.42%	21.32%	26.92%	29.92%	24.57%	11.06%	14.00%	28.60%
Somewhat agree	29.70%	28.06%	31.26%	27.57%	30.22%	35.43%	31.43%	25.91%	25.10%	34.30%
Neither agree nor disagree	24.95%	24.15%	25.71%	27.57%	26.65%	19.16%	23.43%	27.17%	31.50%	18.40%
Somewhat disagree	7.40%	7.81%	7.01%	9.19%	6.32%	6.30%	5.71%	8.85%	7.20%	7.60%
Strongly disagree	8.55%	10.07%	7.11%	4.78%	4.95%	4.46%	5.71%	16.27%	9.60%	7.50%
N/A	8.10%	8.74%	7.50%	9.56%	4.95%	4.72%	9.14%	10.74%	12.60%	3.60%

52%

of consumers overall have already purchased at least one home/garden product during lockdown.

51%

of consumers plan to continue buying home/garden products beyond lockdown.

Consumer Intentions and Top Factors That Influence a Purchase

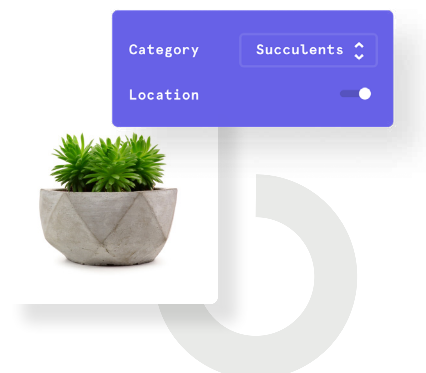
When considering the factors that are driving people to transform their homes, a social element comes into play. Nearly half (40%) of consumers admitted to feeling conscious of their home environment when on video calls; in the US, this accounts for over half of consumers. Alternatively, more than a third (36%) of consumers were inspired to improve their own home environment after seeing the homes of colleagues and friends in video calls during lockdown.

Once these consumers have set their sights on a home and garden item online, there are 6 factors that are most likely to persuade them to make a purchase:

- Free delivery (51%)
- Fast delivery (41%)
- A large number of positive reviews (36%)
- Plenty of good quality images of the products (34%)
- Returns are free (34%)
- Clear returns policies (29%)

Free and fast delivery are the two main factors that drive both US and UK consumers to make a home and garden purchase. However, some regional gaps arise. US consumers show a higher affinity for factors like positive product reviews (49% vs 22% in UK) images (24% vs 9% in UK) and video (25% vs 9% in UK). A noticeably lower deciding factor among consumers overall is clear return policies (aggregate of 29%). This may suggest that shoppers only make a purchase online in this vertical when they are fully confident in the product they will be receiving.

“Free and fast delivery are the two main factors that drive both US and UK consumers to make a home and garden purchase “



Age and Demographic Breakdowns

GENDER			AGE					COUNTRY	
All	Male	Female	18-24	25-34	35-44	45-54	55-64	UK	US
Free delivery									
51.25%	45.73%	56.48%	38.97%	46.70%	50.13%	55.14%	57.66%	43.00%	59.50%
Fast delivery									
40.60%	39.57%	41.58%	29.41%	42.31%	46.46%	46.57%	37.60%	27.80%	53.40%
A large number of positive reviews									
35.65%	32.79%	38.36%	36.03%	33.52%	41.47%	36.00%	33.02%	22.40%	48.90%
Plenty of good quality images of the products									
34.35%	31.45%	37.10%	30.88%	32.69%	32.55%	37.43%	36.18%	25.30%	43.40%
Returns are free									
33.60%	30.42%	36.61%	24.26%	29.95%	30.71%	34.00%	41.23%	26.50%	40.70%
Clear returns policies									
29.10%	26.41%	31.65%	23.53%	27.75%	29.13%	30.57%	31.44%	18.70%	39.50%
If I have bought from the company/website before									
28.50%	26.72%	30.19%	25.00%	24.73%	26.25%	28.29%	33.65%	21.50%	35.50%
Clear messaging around covid-19 measures to protect employees and customers?									
18.10%	18.50%	17.72%	22.79%	19.51%	20.73%	17.43%	14.06%	12.30%	23.90%
None of the above									
17.40%	18.71%	16.16%	13.97%	11.81%	9.97%	16.57%	27.01%	25.80%	9.00%
Videos of the product									
17.05%	18.81%	15.38%	18.01%	18.96%	23.36%	14.29%	13.27%	9.00%	25.10%
Images of products in customers' own homes									
16.30%	15.83%	16.75%	18.75%	20.33%	24.93%	12.86%	9.64%	8.50%	24.10%
If they give me an option to pay after the product has been delivered.									
13.60%	14.59%	12.66%	14.71%	16.76%	18.64%	14.29%	7.90%	7.40%	19.80%
Clear messaging on how the brand is supporting racial equality and justice for all?									
12.85%	14.49%	11.30%	24.26%	15.11%	13.91%	12.29%	6.32%	7.90%	17.80%

36%

of consumers were inspired to improve their own home environment after video calls.

51%

of consumers regard free delivery as the top factor to influence a home/garden purchase.

Top Channels Used to Research Home and Garden Products

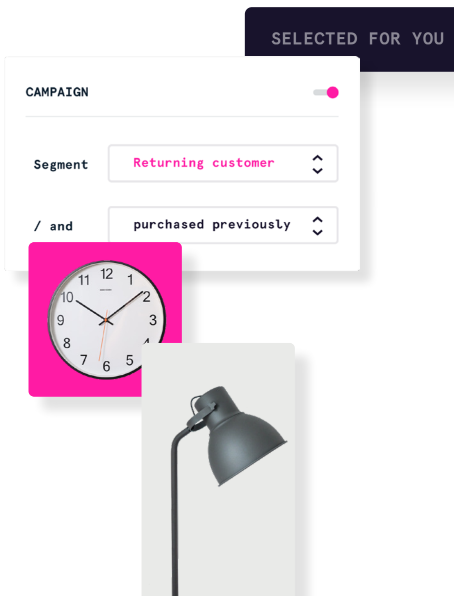
Amazon (52%) and Google (45%) lead as the top online destinations that consumers overall use to research ideas and recommendations for home and garden products. These are followed by YouTube (34%) and online retail sites (30%).

While UK shoppers are most drawn to Amazon and Google to research products, nearly double the amount of US shoppers say they use these sites for research. This may suggest that UK shoppers in general either require or prefer less research when shopping in this category.

Similarly, US consumers are especially reliant on social sites like Facebook (37%), Instagram (29%) and Pinterest (29%) to research products. This suggests the importance of influencer marketing and social media presence for Home and Garden brands looking to capture the attention of American consumers.

With most shoppers turning to Amazon when searching for home and garden products, retailers in this industry must pivot their online strategies to see success. This can be done through establishing a presence on Google (either through paid or organic) as well as remaining competitive against what sellers are offering on Amazon (as most consumers will research Amazon's Marketplace for products).

"With most shoppers turning to Amazon when searching for home and garden products, retailers in this industry must pivot their online strategies to see success."



Age and Demographic Breakdowns

		GENDER		AGE					COUNTRY	
	All	Male	Female	18-24	25-34	35-44	45-54	55-64	UK	US
Amazon	52.40%	53.13%	51.70%	43.75%	50.82%	62.73%	52.29%	50.87%	38.10%	66.70%
Google	45.15%	45.32%	44.99%	43.01%	48.63%	54.86%	48.00%	36.65%	30.10%	60.20%
Youtube	34.20%	39.47%	29.21%	45.59%	41.21%	47.24%	32.57%	18.33%	17.20%	51.20%
Online retail stores	29.90%	26.31%	33.30%	20.59%	25.82%	31.50%	32.29%	33.97%	24.30%	35.50%
Facebook	26.55%	28.57%	24.63%	24.63%	35.99%	46.46%	23.43%	11.69%	15.80%	37.30%
Instagram	20.85%	20.66%	21.03%	38.24%	35.71%	28.08%	14.86%	3.79%	12.60%	29.10%
Pinterest	19.15%	12.95%	25.02%	25.74%	26.10%	20.21%	20.86%	10.74%	9.20%	29.10%
There is no online channel I would visit for researching product ideas or recommendations to improve my home and/or garden	15.95%	17.78%	14.22%	11.40%	10.44%	9.19%	15.71%	25.28%	25.90%	6.00%
Online magazines/ blogs	12.05%	14.90%	9.35%	9.19%	12.91%	21.52%	15.71%	5.06%	5.80%	18.30%
Other, please specify	1.20%	1.13%	1.27%	0.74%	0.82%	0.79%	0.57%	2.21%	0.90%	1.50%

52%

of consumers use Amazon to research home/garden recommendations.

34%

of consumers rely on Youtube as the top social channel to research home/garden products.

About Nosto

Nosto enables retailers to deliver fully personalised, 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 optimise 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. To learn more, visit www.nosto.com.