



HOLIDAY RETAIL IN THE AGE OF COVID-19

— What Retailers Can Expect

Introduction

The busiest retail season of the year is closer than you think, but with the Covid-19 pandemic still wide-spread and at the forefront of everyone's minds, the 2020 holidays are sure to be vastly different than any other shopping season we've experienced before. In fact, according to experts and surveyed consumers, this year's holiday retail season will not only be likely to continue the many changes in shopping trends we've seen since the Coronavirus lockdowns began, but it is also set to get an earlier start this year, and perhaps even usher in a more permanent business landscape for the future as well. How can you best prepare your business and brand to succeed in these unprecedented and ever-shifting times?

Three recurring and notable findings based on conducted surveys and expert predictions are:

- The holiday retail season will likely begin as early as October, instead of the more traditional Black Friday and Cyber Monday start dates of past years.
- Consumers' priorities and product preferences will be different this season due to Covid-19 restrictions and lifestyle changes
- More consumers will be shopping and browsing online before they consider shopping in person; digital marketing could make the difference for brick-and-mortar retailers.



Christmas in October?

In past years, the traditional start of the holiday shopping surge was considered to be the day after Thanksgiving; however due to Covid-19 and Amazon having to postpone its popular Prime Day until October instead of July, what used to be a call for summertime and back-to-school deals may now be the beginning of holiday shopping for many consumers. In

fact, Salesforce predicts that the later Prime Day could steal as much as 10% of Cyber Week's digital revenue.⁵ Target is also planning to roll out its biggest holiday deals in October this year.¹

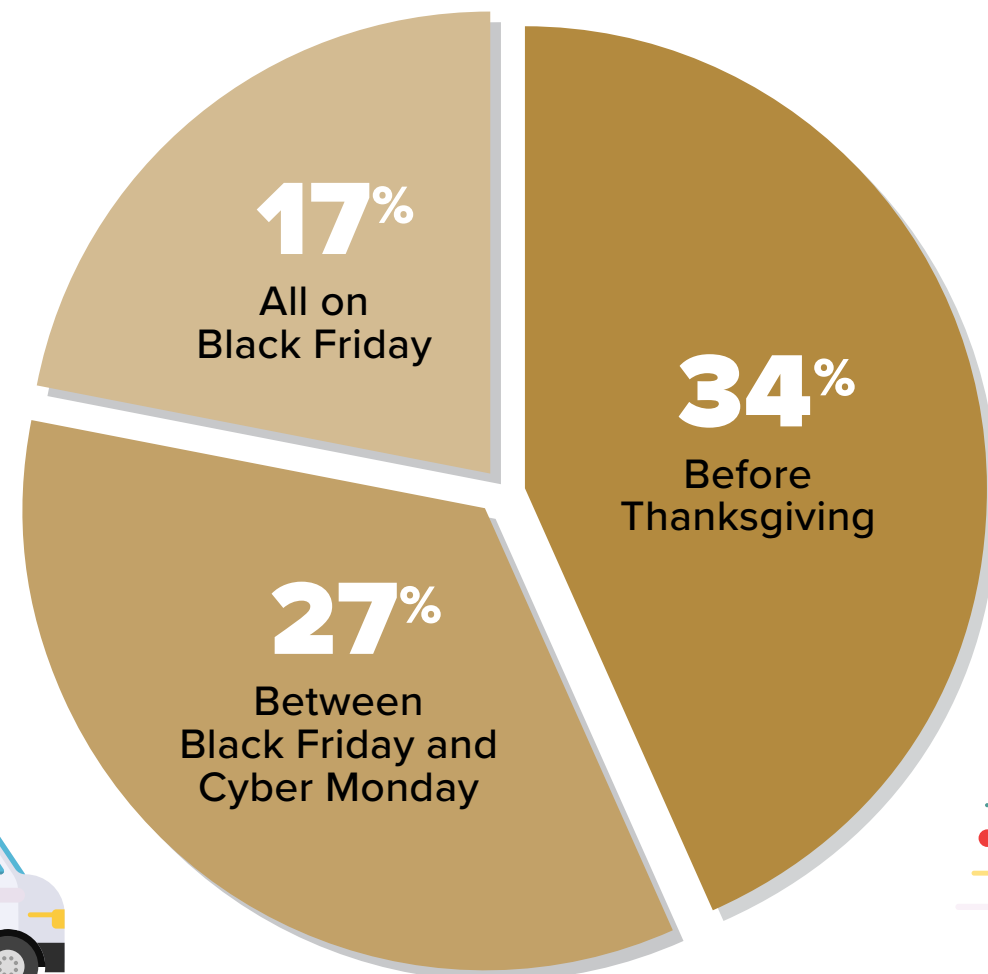
In addition, since most consumers have already experienced disappointment over delivery delays and supply deficits

due to overwhelming demand for delivered products and social distancing protocols that limit the number of workers helping at any one time, many consumers are expected to make their holiday purchases earlier than usual in hopes of ensuring their gifts will be available and arrive on time. In fact, 34% of respondents report wanting all of their holiday shopping done before Thanksgiving!⁶

Delivery providers like UPS and FedEx will likely exceed their capacity by 5% across the globe between Cyber Week and Christmas, Salesforce predicts, and since so many shoppers will be purchasing online and unable to see their products in real life ahead of time, many may opt to purchase earlier and over-buy gifts with the intention of returning the ones they don't prefer.⁵

CONSUMERS PLAN TO GET HOLIDAY SHOPPING DONE EARLIER

Shopkick survey, June 25-July 1, 2020



Priorities & Product Preferences Have Shifted

Lifestyle changes and safety concerns due to Covid 19 have not only affected how and when people plan to buy, but also the kinds of things they'll be looking for the their holiday season. This year, 25% of consumers say they will spend most of their holiday budget on apparel, followed by 21% who say electronics and toys will receive the bulk of their gift budgets.⁵ Jack Kleinhenz, chief economist for the National Retail Federation also believes that social distance-aligned products and gifts for working and learning from home will be in high demand.³ Qubit shows that 50% of consumers will spend more on grocery brands this year than last, followed by fashion and then beauty and cosmetics. Furthermore, brand loyalty is also decreasing, with 40% of those surveyed saying they now shop with more brands than they did last year, and 46.2% reporting that they are less loyal to the brands they love.²



25% of consumers say they will spend most of their **holiday budget on apparel**, followed by **21%** who say **electronics and toys**

In 2019, Shopkick's survey showed that 42% of consumers cited low prices as their highest priority for holiday purchase decisions, as opposed to a mere 24% this year. Instead, 54% of shoppers say they're looking for free shipping and BOPIS (Buy-Online-Pick-Up-In-Store) options, with 44% of consumers claiming they will take advantage of BOPIS capabilities if they're offered.⁶ For those who do intend to do some of their shopping in-store, Jack Kleinhenz says they will likely be looking for in-and-out floor plans and optimized store layouts for speedier visits and peace of mind.³

TOP PRIORITIES FOR HOLIDAY SHOPPERS IN 2020

FREE SHIPPING

BOPIS

COVID SAFETY PROTOCOLS IN-STORE

Digital Marketing Could Make the Difference

As we embark upon this year's rapidly changing holiday retail season, it's important for retailers to start planning early in order to maximize their potential to succeed. Despite a sluggish economy overall 63% of survey respondents still claim they'll spend as much money this year as they did in 2019 on holiday gifts (\$301-600), and even 14% say they're likely to spend more this year.⁶

FINE-TUNE YOUR DIGITAL MARKETING AND ONLINE SHOPPING CAPABILITIES

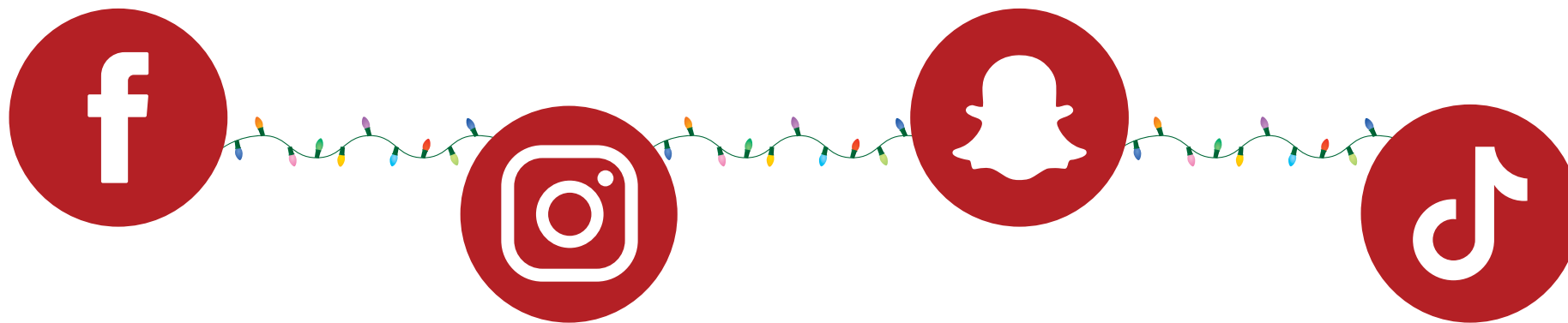
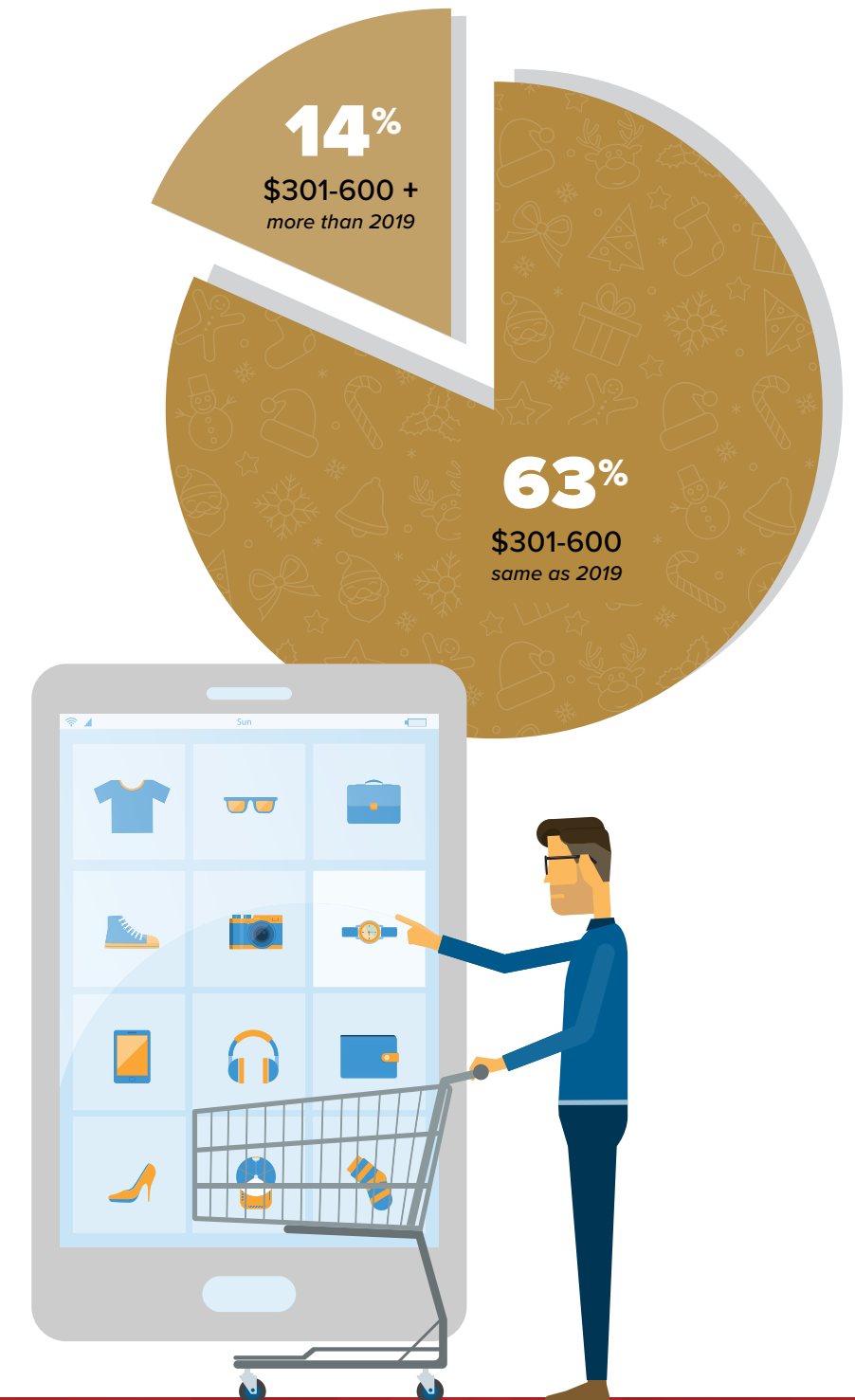
Make sure that your website and digital platforms are up-to-date, and offer options to order online with incentives to pick up in store. But no matter how good your platforms are, if you're don't have a digital marketing strategy, they won't be looking for you online.

A good digital strategy engages clients and draws new consumers in with great posts, videos and blog content on Instagram, Facebook, TikTok or Snapchat depending on the demographic you are trying to reach. You can't forget digital display to keep your brand top of mind and regular emails

to keep customers aware of the latest sales and holiday product roll outs. Frequent messaging will help your store seem fresh and interesting all season long.

10% of mobile orders are predicted to be placed through social channels this season, and 67% of Generation Z shoppers saying they've ordered items through social media during the pandemic.⁵ It's not hard to implement an Instagram shopping channel or create a Facebook carousel shopping ad that make your store grab the attention of the social media surfer.

WHAT SHOPPERS PLAN TO SPEND IN 2020⁶



OPTIMIZE IN-STORE EXPERIENCE

Despite the Coronavirus pandemic, some customers may still plan to shop in-store. Maximize their experience by taking their safety and the safety of your employees into account with in-and-out floor plans, contactless payment, and prepared staff members on hand to assist for quicker visits.³ Be sure your Covid precautions are posted visibly, and empower your staff to enforce them too.

If you will be using your brick-and-mortar more as fulfillment centers than for in-store shopping, consider moving your

inventory closer to them for quicker and easier access to supply.⁵ You may also want to staff additional employees for fetching and delivering items; plan to hire early though, since holiday hiring surges are predicted to temporarily affect unemployment statistics for the 4th quarter.³ In addition, since traditional delivery services like UPS and FedEx are likely to be overrun with online orders and returns this year, you may also consider hiring drivers for local deliveries, or even partnering with crowdsource delivery options like

Uber, Lyft and Instacart to ensure on-time deliveries for your customers. Incentives for local shoppers to pick up curbside or in-store is also a great option since stores offering curbside pickup and drive-through options are predicted to see a 90% increase in digital sales from last year.⁵

GET PERSONAL

This year has brought so many unexpected realities for so many people, and while studies show that most of them still plan to spend money this season, and 45% claiming they still intend to host the same number of friends and family at holiday gatherings, there may be no better time for brands to personalize their messaging than now.⁶ The rise of e-commerce is an opportunity to reach a wider range of customers who may not live close to your business, but it's also an ideal time to create lasting relationships with them, and build dialogues through email messaging and retargeting. Keep your marketing flexible, empathetic, and informative with media mix tactics that help you get to know your different audience groups. Then take time to tailor your messaging and promotions to those groups appropriately, and at the right times.⁵ The use of CTV advertising may also be a more cost-effective way to better target your audience while also offering accurate attribution.¹⁰



Conclusion... Count On the Consumer

While the 2020 holiday season may certainly bring more of the unexpected with Covid-19, There are many ways that smart retailers can plan ahead to meet their consumers where they're shopping – online, at the curbside pickup and socially distanced in store. No matter what happens with Covid-19, shoppers want to shop with brands they trust. And, in today's environment that means keeping them safe as well as providing them with great products at fair prices.

“Don't count the consumer out,” says Jack Keliher, chief economist for the National Retail Federation, and we won't.



ALABAMA MEDIA GROUP

Alabama Media Group is a company of retail marketing strategists and experts in digital marketing. The digital landscape is always changing, but we're here to help you get the most out of your marketing budget and drive the results you need to succeed in a challenging economy. Call us, email us or send us a note through our website. We'll work with you to find success this holiday season.

Works Cited

- 1. Acosta, Gina.** "Target Preps for a Coronavirus Christmas." *Progressive Grocer*. 27 Jul. 2020. <https://progressivegrocer.com/target-preps-coronavirus-christmas> Accessed 18 Aug. 2020.
- 2. Cision.** "Qubit's New Consumer Survey Findings Confirm Rapid Shift in Shopper Behavior and Potential Impact on Holiday Shopping in 2020." *Cision PRweb*. 3 Aug. 2020. https://www.prweb.com/releases/qubits_new_consumer_survey_findings_confirm_rapid_shift_in_shopper_behavior_and_potential_impact_on_holiday_shopping_in_2020/prweb17273283.htm Accessed 18 Aug. 2020
- 3. Meyer, Anna.** "How Covid-19 Will Shape Holiday Retail Shopping in 2020." *Inc.com*. 22 Jul. 2020. <https://www.inc.com/anna-meyer/holiday-retail-shopping-trends-2020.html> Accessed 19 Aug. 2020
- 4. Motter, Sarah.** "Americans Turn to Online Holiday Shopping During Covid-19 Pandemic." *13WIBW*. 14 Aug. 2020. <https://www.wibw.com/2020/08/14/americans-turn-to-online-holiday-shopping-during-covid-19-pandemic/> Accessed 19 Aug. 2020.
- 5. Schwartz, Caila.** "How Covid-19 Will Shape the 2020 Holiday Season: 5 Predictions on the Future of Retail." *Salesforce blog*. 30 Jul. 2020. <https://www.salesforce.com/blog/2020/07/covid19-holiday-readiness-retail-commerce.html> Accessed 18 Aug. 2020.
- 6. Shopkick.** "Tis the Season: Consumers Will Turn Online to Holiday Shop During the Pandemic." *Press Release*. 11 Aug. 2020. https://www.shopkick.com/wp-content/themes/shopkick/dist/documents/pressreleases/Holiday_2020_press_release.pdf Accessed 19 Aug. 2020.
- 7. Shultz, Ray.** "Phoning in the Holiday: Most Shoppers Will Research Purchases on Mobile." *Mediapost*. 24 Jul. 2019. <https://www.mediapost.com/publications/article/338565/phoning-in-the-holiday-most-shoppers-will-research.html> Accessed 18 Aug. 2020.
- 8. Sullivan, Laurie.** "Bye-Bye Loyalty: Data Reveals Start of Messy Holiday Shopping Season." *Mediapost*. 6 Aug. 2020. <https://www.mediapost.com/publications/article/354475/bye-bye-loyalty-data-reveals-start-of-messy-holiday.html?edition=119391> Accessed 19 Aug. 2020.
- 9. Walk-Morris, Tatiana.** "Gen Z to Shop In-Store for the Holidays." *Retail Dive*. 31 Jul. 2019 <https://www.retaildive.com/news/gen-z-to-shop-in-store-for-the-holidays/559921/> Accessed 18 Aug. 2020.
- 10. Zappa, Joseph.** "Retail Prepares for a Covid-Inflected Holiday Season." *StreetFightMag.com*. 27 Jul. 2020. https://streetfightmag.com/2020/07/27/retail-prepares-for-a-covid-inflected-holiday-season/?mc_cid=456c20d87b&mc_eid=43c6a6c187&doing_wp_cron=1597615199.1584620475769042968750#.X3NLUc9h3UL Accessed 19 Aug. 2020.