

INSIGHTS & STRATEGY

# RULES OF NEW RETAIL

HOLIDAY SHOPPING

## DAVIS ELEN PERSPECTIVE

As an advertising agency with a rich history in retail, we are dedicated to identifying and leveraging emerging trends across this ever-changing landscape to help our clients succeed. With each newsletter we will focus on a topic that has implications for brands operating in the retail space.

## DAVIS ELEN SURVEYED AMERICAN HOLIDAY SHOPPERS AND WE FOUND: 49% OF SHOPPERS PLAN TO DO MOST OF THEIR HOLIDAY SHOPPING ONLINE. DISCOUNTS & FREE SHIPPING ARE THE BIGGEST FACTORS IN CHOOSING WHERE TO SHOP.

### HOLIDAY OUTLOOK

Though the 2021 holiday season will not be fully “back to normal,” consumers are increasingly ready to celebrate. Many feel the need to make up for lost time and go all out on gatherings with loved ones. Some will have a ‘treat yourself’ (and others) mentality after the difficult times of the pandemic. In both cases, brands should be ready to meet pent up demand. Here are some key components of the retail experience that will be shaping shopper behavior this holiday season.

#### DEALS

Economic uncertainty is making deal-seeking an even larger driver of shopping behavior this holiday season. Consumers value brands that make personalized offers and discounts. Getting a deal on a product can motivate shoppers to choose between brands, make an impulse purchase, and keep coming back in the future. Shoppers are looking for payment flexibility and significant discounts to help make their final buying decisions:

- Buy now, pay later (BNPL)
- Buy now, get a discount later
- Buy one, get one x% off (or free)
- Free shipping

Vericast

#### URGENCY

For brands struggling with supply chain and inventory issues, offering big discounts for Black Friday and Cyber Monday may not make sense. Brands with limited inventory should proactively communicate with their audience to buy products before it's too late. Creating a notification system with their customers is a best practice to encourage consumers to move from browsing to buying when inventory is available. Notifications can include:

- Information on quantities available in a certain size/color/etc
- Visibility on how many shoppers are viewing the same product or have it in their cart
- Alerts that a product recently viewed is out of stock, with links to potential replacement products

#### CUSTOMIZATION

A personalized shopping experience has evolved from a nice-to-have to a need-to-have with many consumers. Shoppers no longer accept a one-size-fits-all mentality and expect to be able to adjust a product to fit their desires and make it their own. Some customization options include:

- Offering customizable colors or materials for a product
- Offering monogramming or engraving services at low cost (or free)

#### EXPERIENCE

As many shoppers begin to feel more comfortable shopping in stores while COVID-19 protocols persist in some states, brands must ensure that their in-store offerings are in synch with their online experience to make customers feel like they are getting VIP treatment. Brands can offer:

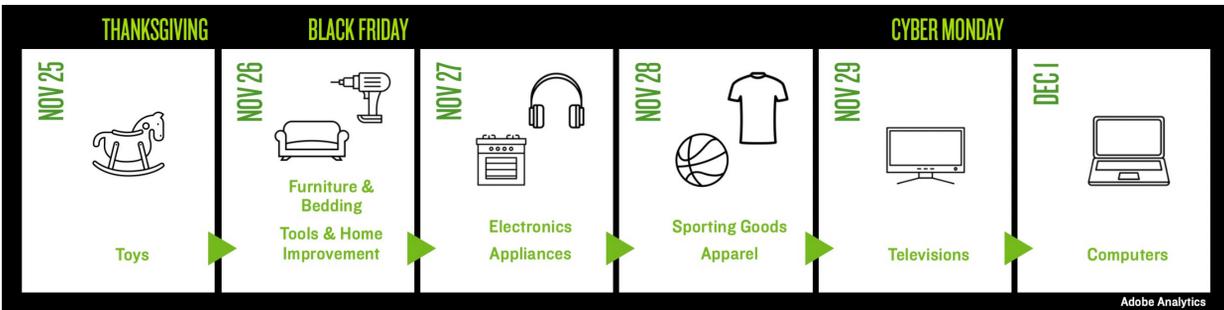
- Free gift wrapping
- Free gift with purchase
- Rewards points to redeem later

## DAVIS ELEN SURVEY RESULTS

Though nearly half (49%) of consumers expect to do most of their holiday shopping online, 41% expect to shop both online and in-store equally. Only 10% plan to shop primarily in physical stores. When asked what factors would make them more likely to shop somewhere and purchase something, consumers were driven to action by instant gratification; discounts, coupons, free shipping and buy-one-get-one-free (or a certain percent off) were the most likely to drive purchase decisions.

IQ (10/29/21)

## BEST DAY TO BUY BY CATEGORY, US 2021



## BRAND EXAMPLES

#### Target

In efforts to attract early-bird shoppers, Target announced a price-match guarantee. If Target lowers the price of a product purchased between October 10 and December 24, shoppers can request a price adjustment from the company.

#### Amazon

In early October, Amazon launched “Black Friday-worthy deals,” much earlier than the typical post-Thanksgiving kickoff. By starting the holiday shopping season earlier than ever, Amazon hopes to alleviate supply chain issues later in the shopping season.

#### Walmart

Walmart kicked off its Black Friday deals in the beginning of November with three planned sales days. Walmart Plus subscribers have early access to product discounts both online and in store.

## ECOMMERCE TRENDS FOR 2022

1. Voice search for shopping is predicted to hit \$40 billion by 2022 & voice shoppers will grow by 55%.
2. Demand for personalized products is likely to increase as more consumers are willing to share their data in exchange for custom offerings.
3. Customer-service management with chatbots to facilitate faster, more accessible communication.
4. Augmented & virtual reality will give consumers more confidence when shopping online.
5. Omnichannel selling will continue to be vital for brands to meet shoppers wherever they are.

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## IN SUMMARY

This holiday shopping season will be marked by economic uncertainty. Whether it's receiving early access, price guarantees, or free shipping, consumers want to feel like they are getting a deal, even in the face of supply chain-driven scarcity and rising inflation. Brands that offer shoppers something special will make a lasting impression and inspire loyalty. Though the effects of the pandemic will be felt for months and even years to come, brands must remain attentive to current consumer values and constantly innovate.

Davis Elen Insights & Strategy



THINKING THAT MATTERS

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