



2019 Consumer Insights

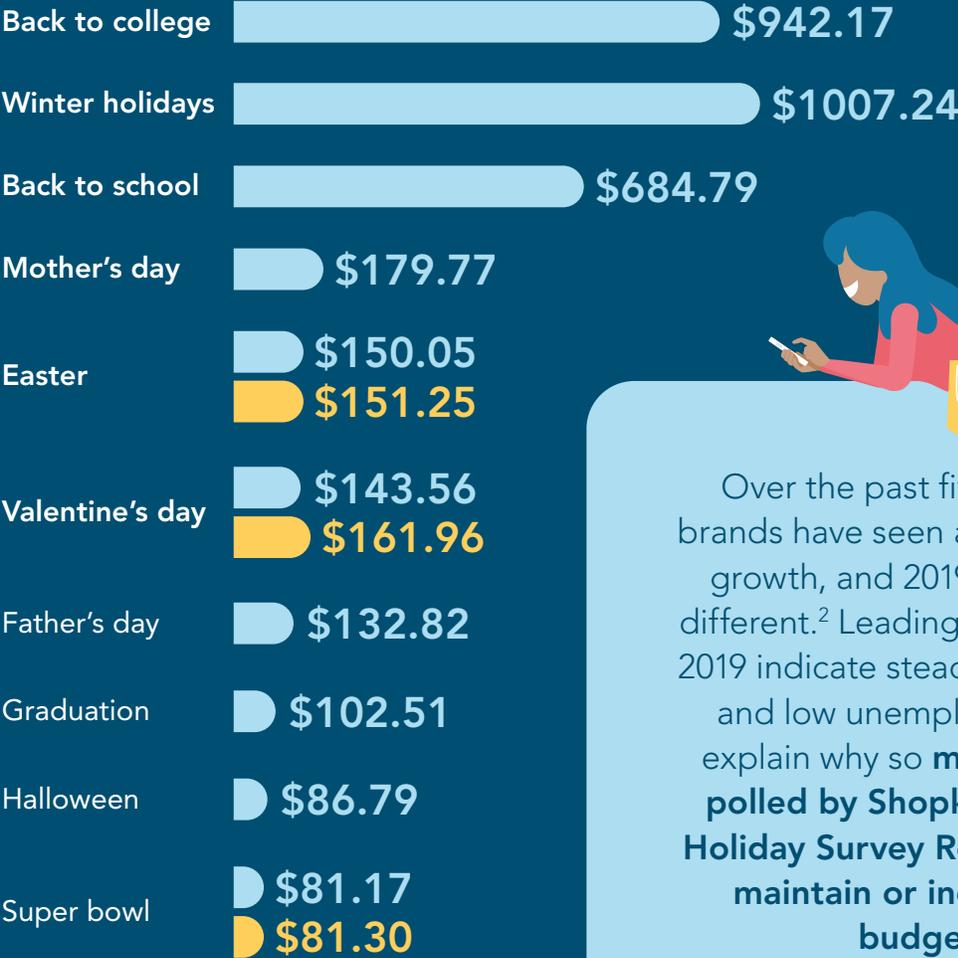
6 Trends Dominating This Year's Holiday Shopping Season

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For many retail and brand marketers, the Back to School season is about more than pencils and books. Instead, it marks the countdown to the holiday shopping season, when consumers plan to out-spend every other spending event throughout the year.¹

Top 10 Consumer Spending Events

(Average planned spending per person)



Over the past five years, retailers and brands have seen a 3.2-5.3% year over year growth, and 2019 is expected to be no different.² Leading economic indicators for 2019 indicate steady growth, little inflation, and low unemployment,³ which might explain why so many holiday shoppers polled by Shopkick's 2019 Consumer Holiday Survey Report are preparing to maintain or increase their holiday budgets this year.

¹Source: NRE ● 2018 ● 2019 (to date)

¹"Holiday and Seasonal Trends," National Retail Federation, <https://nrf.com/insights/holiday-and-seasonal-trends>
²"Historical Holiday Sales and 2018 Forecast," National Retail Federation, <https://nrf.com/insights/holiday-and-seasonal-trends/winter-holidays>
³"Trendsetter Barometer," PwC, https://www.pwc.com/us/en/industries/private-company-services/library/trendsetter-barometer.html?WT.mc_id=CT3-PL300-DM1-TR1-LS2-ND16-BPA40-CN_PCS-Trendsetter-2017

Whether consumers spent \$100 or \$1000 last year, 67.4% expect to spend a similar amount this year, and 17.8% expect to spend more. Consumers offer many reasons for the shift, such as having a bigger budget (35.6%), purchasing for more people (45%), and purchasing higher quality gifts (19.3%). But retailers and brands are better off focusing on how, when, and where consumers plan to make those purchase – which is what we'll explore in this white paper.

Let's explore the six prominent trends that will define this year's holiday shopping season, as well as recommendations from leading industry experts on how you can make the most of them.

Do you expect to spend:

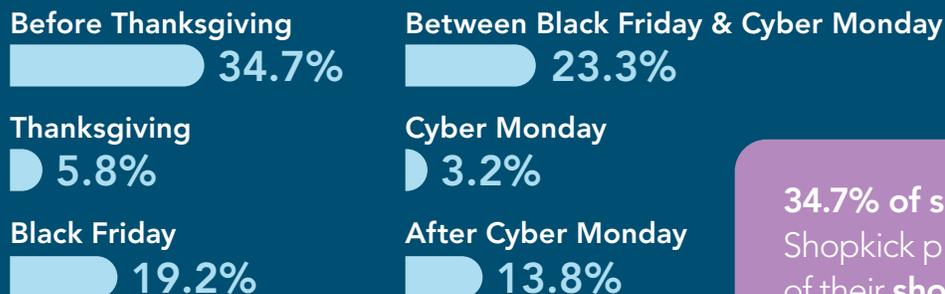


In July 2019, Shopkick polled 29,847 consumers in the United States about their plans for the 2019 holiday shopping season.

★ Trend #1 Making The Most of a Shortened Holiday Calendar

In 2018, 32 days stretched between Thanksgiving and Christmas. This year, it's just 26 days, which may contribute to the fact that 34.7% of shoppers polled by Shopkick plan to do the majority of their shopping before Thanksgiving. This is closely followed by shoppers waiting for the time between Black Friday and Cyber Monday (23.3%), when shoppers can expect to see the biggest markdowns. About 13.8% of survey respondents are planning their procrastination in advance and will wait until after Cyber Monday to do the majority of their holiday shopping.

When do you expect you will do the majority of your holiday shopping this year?



34.7% of shoppers polled by Shopkick plan to do the majority of their shopping before Thanksgiving



“There’s a popular sentiment that you can’t start Christmas promotions until Halloween is over, but the reality is that retailers always need to prioritize what consumers actually want,” says John Crossman, CEO at Crossman & Company, a shopping center leasing management company that handles over 400 shopping centers in the southeast US. “Some customers are really good at planning things out in advance – others aren’t. So you need to promote early and promote often, focusing on experiential things that connect people in your community.”

When it comes to making the most of the shortened calendar year, it’s worth considering that consumers may not measure the holiday shopping days the way retailers do. From the consumer perspective, they may simply run out of time and be surprised at how quickly the holidays creep up on them. Offering in-store signage and community events, as well as online email newsletter reminders of how many days are left until different holidays may go a long way to helping shoppers take advantage of sales as they happen instead of delaying a purchase for a later date.

★ Trend #2 Pop-ups Pouncing on Consumer Fear of Missing Out

The fear of missing out, or FOMO, isn’t just a social media stereotype. It’s a real driver behind shopper behavior, from 2016’s obsession with the augmented reality app PokemonGo⁴ to the “selfie-factories”⁵ of 2017. Retailers like Amazon, Target, Wayfair, and more⁶ are using pop-up stores to tap into consumer desire for short-term, experiential shopping experiences, and we expect to see these stores continuing to play a big role in this year’s holiday shopping experience.

“We’ve worked with one brand that has almost as many pop-up holiday retail stores as full time brick-and-mortar stores, and this year some are opening as early as August and September,” says Lars Djuvik, Associate Vice President, Retail, at Shopkick. “Because of the short life of these projects, brands need to be extra vigilant about how they use promotions to drive traffic. They’ll want to find a way to play into the ‘Here today, gone tomorrow,’ premise without running the risk of eroding their product margins.”



⁴“Pokémon Go’s wild first year: a timeline,” The Verge, <https://www.theverge.com/2017/7/6/15888210/pokemon-go-one-year-anniversary-timeline>

⁵“Selfie Factories: The Rise of the Made-for-Instagram Museum,” Wired, <https://www.wired.com/story/selfie-factories-instagram-museum>

⁶“This Is the Reason Every Brand is Launching a Pop-Up Store,” Inc., <https://www.inc.com/jason-albanese/this-is-reason-every-brand-is-launching-a-pop-up-store.html>

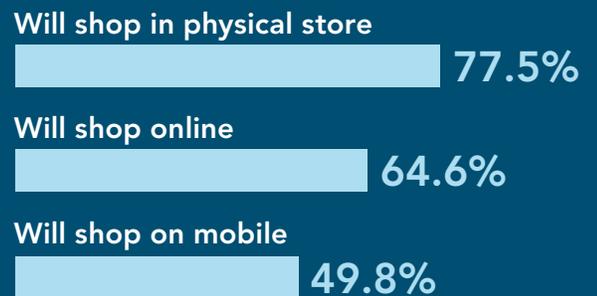
★ Trend #3 Thanksgiving Day Remains a “Grey” Shopping Holiday

Retailers increasingly opt to open on Thanksgiving Day to welcome holiday shoppers, with about 50% of retailers⁷ going along with the “Grey Thursday” trend in 2018. Some open for the holiday as a full day, while others frame deals at 6PM or 9PM on Thanksgiving as kicking off Black Friday early. There are even shopping day movements popping up to create more shopping holidays, such as American Express’s Small Business Saturday⁸, the Saturday after Black Friday, Free Shipping Day on December 14, and Amazon’s Prime Day⁹, which falls outside the holiday shopping season on July 15 and 16.

Shopkick’s survey reports that Thanksgiving Day shopping hasn’t caught on just yet, with 94.2% of those surveyed indicating they do not plan to do the majority of their shopping on Thanksgiving and 70% indicating they do not plan to do any shopping on Thanksgiving at all. Of the 30% of respondents that plan to shop on Thanksgiving, 77.5% of them plan to head into a physical store location, while 64.6% will shop online and 49.8% will shop on mobile.

Retailers that want to approach Grey Thursday strategically need first to consider whether their customer demographics align with the profile of a person who wants to shop on Thanksgiving. Many brands win points with customers by being closed on Thanksgiving – and even Black Friday, like REI’s popular #OptOutside campaign¹⁰ – and you’ll want to consider both whether it’s worth it from a brand perspective as well as a financial one. Some retailers opt to meet the needs of customers that want to shop but want to do so online by closing their physical locations on Thanksgiving and organizing online-only deals.

Of the 30% of respondents the plan to shop on Thanksgiving



⁷“Most Americans Want Thanksgiving to Be a Holiday From Shopping,” Morning Consult, <https://morningconsult.com/2018/11/14/thanksgiving-day-shopping/>

⁸“Shop Small® Movement,” American Express, <https://www.americanexpress.com/us/small-business/shop-small/>

⁹“E-Commerce Sites Cater to Procrastinators by Extending Free Shipping,” Bits, <https://bits.blogs.nytimes.com/2011/12/13/e-commerce-sites-cater-to-procrastinators-by-extending-free-shipping/>

¹⁰“Opt Outside,” Rei, <https://www.rei.com/opt-outside>

★ **Trend #4** Amazon and Other Online Marketplaces Win With Convenience, Pricing, and Options

When it comes to online versus in-store purchases, Amazon draws a lot of attention as a marketplace leader – a full 21.1% of Shopkick survey respondents intend to primarily shop at Amazon. When asked why they plan to shop mainly online or via mobile (with brands other than Amazon), 57% of respondents indicated it was more convenient, while 13% cited better prices and 10.5% cited more options. Incentives for heading into a physical store include that it's better for inspiration and gift ideas (27.9%), easier to compare products and prices (25.2%), and more convenient (20.1%).

If you plan to shop mainly online/mobile, what is your primary reason for doing so?

More convenient



More options (retailers, products, etc.)



Better prices



Better incentives (free shipping, BOGO, etc.)



Easier to compare products/prices



Better for inspiration / gift ideas



If you plan to shop mainly in a physical store, what is your primary reason for doing so?

More convenient



More options (retailers, products, etc.)



Better prices



Better incentives (gift wrapping, promos, etc.)



Easier to compare products/prices

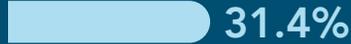


Better for inspiration / gift ideas



Which incentive will be the most important to you?

Free shipping



Easy returns



Low prices



Free services (gift wrapping, assembly, etc.)



Buy One Get One



Buy Online, Pick Up In Store



Free Gift with purchase



Rewards programs



Other



As consumers prioritize purchasing electronics (34.3%), toys (21.2%), apparel (20.4%), and more, it makes sense that they will be curious about the price differences between eCommerce retailers and brick-and-mortar stores. Even though 48.5% of customers surveyed plan to make the majority of their purchases in physical stores, **83.5% of them will use their mobile phone while shopping to compare prices and do research.** When shopping online, survey respondents indicated the most important incentives were low prices (42%), free shipping (31%), and rewards programs (9.7%).



“When you look at customers opting to shop on Amazon over a physical store, you need to try to get into your customer’s shoes,” says Crossman. “The Amazon shopping experience may not deliver the sense of community an in-store experience does, but it allows people to access products they need right away. As Amazon pushes to the maximum levels of convenience with same day and 1-day shipping, customer experience will be the most important competitive advantage brick-and-mortar retailers have.”

To win customers in person, retailers will want to optimize what makes brick-and-mortar shopping so appealing to customers and bring as many online benefits in-store as possible.

Optimizing In-Store Benefits & Competing with Online Benefits

Inspiration and gift ideas. When 27.9% of survey respondents opt to shop in a physical store because it's better for gift inspiration, it's worth increasing your efforts to design appealing in-store displays and creative gift ideas that help customers with their shopping decisions. Incorporate incentivized behavior campaigns that skip discounting to focus on customers looking for the best possible gift rather than just a deal.

Convenience. How can you make the shopping and purchase experiences more convenient? Offering options like Buy Online Pick Up In Store (BOPIS) or delivery may be all your customers need to choose your store.

Prices. What can you do to make your prices more competitive, or to create an in-store experience that makes deal-hunting less appealing?

Options. How are you planning your inventory in a way to maximize options and availability for in-store customers? If products aren't available in-store, how easy is it for customers to order and complete the purchase with your representatives?



★ Trend #5 Impact of Rising Tariffs Evenly Split

When it comes to the impending tariffs on products imported from China, 60.4% of Shopkick survey respondents have heard of the tariffs. While, 58.1% have not noticed price increases due to tariffs, 49% intend to adjust their shopping behavior as a result. Survey respondents are most worried about price increases in food (58.1%), and the majority (60.4%) anticipate adjusting which retailers they shop at if the tariffs are enforced. Those that do intend to adjust their shopping behavior are preparing for the change by preparing to cut down on shopping (44.1%), stocking up on products now (28.6%), and looking for American-made alternatives (25.3%).

Have you heard of the impending tariffs?

Yes
60.4%

No
39.6%



Have you noticed prices increasing due to tariffs?

Yes
41.9%

No
58.1%



Are you adjusting your shopping behavior in preparation of the impending tariffs?

Yes
48.9%

No
51.1%

★ Trend #6 BOPIS Blends Options and Convenience

Buy Online, Pick-Up In Store (BOPIS), also known as “Click-and-Collect” shopping, has captured consumer interest by blending the greater availability of online shopping with the convenience of picking up packages on your own schedule. About 27.5% of retailers¹¹ currently offer BOPIS options (though 41% offer Buy Online, Return In Store options), a number that should continue to grow as retailers see the benefits of offering such a service, such as that as many as 85% of shoppers¹² admit to making additional in-store purchases while picking up their online

purchases. Add to that the competitive advantage brick-and-mortar stores have over online retailers in crafting an engaging shopping experience for their customers and it should be no surprise that BOPIS is growing as much as 47% year over year¹³.

According to Shopkick’s survey, only 21.3% of respondents do not plan to take advantage of BOPIS at a major retailer this holiday season, with 42% indicating they definitely will and 37% indicating they are unsure whether they will or not.

Do you expect to take advantage of BOPIS (buy online, pick up in store) now offered at major retailers like Walmart?



¹¹“Study: How common is BOPIS?,” Chain Store Age, <https://www.chainstoreage.com/technology/study-how-common-is-bopis/>

¹²“Most BOPIS shoppers make additional purchases in store,” Retail Dive, <https://www.retaildive.com/news/most-bopis-shoppers-make-additional-purchases-in-store/549068/>

¹³“Adobe: Online spending hits \$110.6B,” Retail Dive, <https://www.retaildive.com/news/adobe-online-spending-hits-1106b/544933/>

“The appeal of BOPIS is that it reaches several different generational cohorts, from Millennials busy with their careers to Gen Xers busy with their families,” says Greg Zakowicz, Senior Commerce Marketing Analyst at Oracle NetSuite. “BOPIS is just one more way stores can give customers options that aren’t required but are there for you when they need it – and that’s something people appreciate.”

For retailers looking to encourage customers to use their BOPIS feature – and drive the incremental sales that can come with it – Zakowicz offers the following recommendations:

- ▶ **Advertising.** Tout the fact that you offer BOPIS and develop a few incentives to encourage customers to give it a try.
- ▶ **Parking.** Offer parking specifically for BOPIS customers to overcome the obstacle of holiday parking traffic.
- ▶ **Customer Service.** Train your customer service on how to make the BOPIS experience a good one – if a customer has one bad pickup experience, they’ll remember that the next time.
- ▶ **Value-Adds.** Consider what else holiday shoppers will need when they’re in-store, like free gift-wrapping or low-cost wrapping supplies.
- ▶ **Early Birds and Latecomers.** Some customers shop early, some procrastinate down to the day before a given holiday. Appeal to both with well-timed promotions that reward people for shopping whenever they do.





There's no one approach to the holiday retail shopping season that will win the most customers and capture the most sales. The effectiveness of each trend and strategy depends on your unique customer base, location, and industry as a retailer. The key is knowing what choices your customers are making and understanding why they are making them. If you can find a way to consistently reach shoppers where and when they are primed to shop, you can influence that journey and help them choose your store or products over the competition.



Shopkick can help you drive incremental traffic both online and in-store, boost product engagement at shelf, and ultimately lift sales during the busy holiday period. **It's an easy optimization to your current holiday strategy,** with programs that can be up and running in a matter of weeks. And by offering rewards, rather than coupons or discounts, you'll preserve your margin and brand.



To learn more about how Shopkick can help you boost your bottom line this holiday season, get in touch at partners@shopkick.com