



HOW COVID-19 HAS RESHAPED HOLIDAY SHOPPING

4 WAYS TO STRATEGICALLY RESPOND





Will COVID-19 Help the Grinch Steal Christmas This Year?

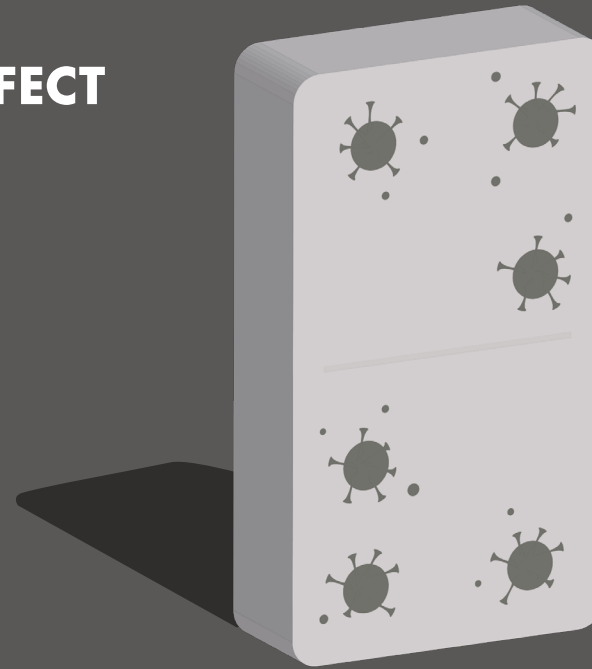
COVID-19 has completely reshaped the world and those effects will continue to be felt this holiday season. With financial turmoil and fears of social interaction — it's a holiday stage even the Grinch himself couldn't have imagined.

Both consumers and retailers will rely heavily on technology to pivot effectively and retain some sense of normalcy and holiday magic this year. Here's what we see, what we've learned and how you can stay ahead of the curve heading into the holiday rush.

THE COVID-19 DOMINO EFFECT

We're all feeling the effects of COVID-19 on our lives and businesses. Expect the holiday rush to amplify what we're already seeing, both the good and the not-so-good.

Let's take a look at what has happened this year in the retail space so you can better prepare for any pandemic dominos that could be falling your way this season and into the new year.



The Retail Space



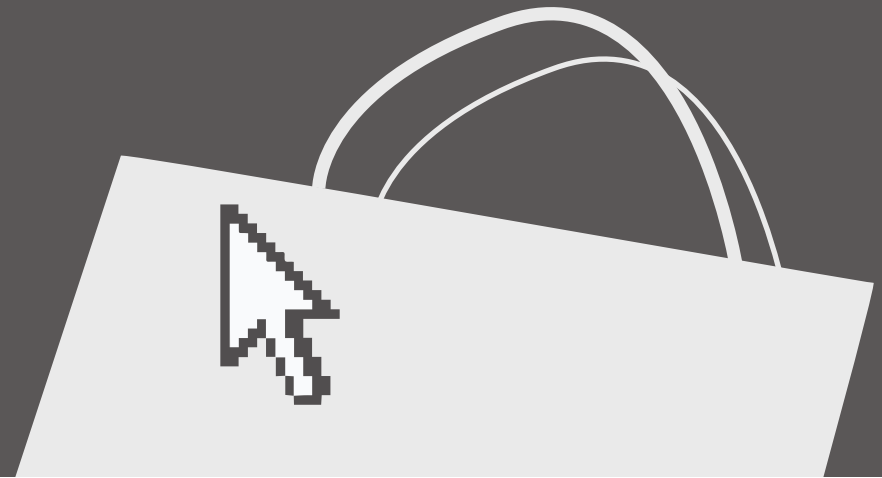
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COVID-INDUCED SHOPPING TRENDS

With the dramatic spike in online shopping, consumers will be giving more physical gifts this year. Gifting experiences, such as traveling or visiting the spa, are probably not going to be an option in the near future.

Nearly 70% of consumers say they will shift spending from services to retail products. As streaming online becomes more essential in the new stay-at-home culture, consumers will look to upgrade electronic devices to better support work and entertainment from home.

The stay-at-home lifestyle is expected to fuel 18% growth in consumer tech sales from October to December.

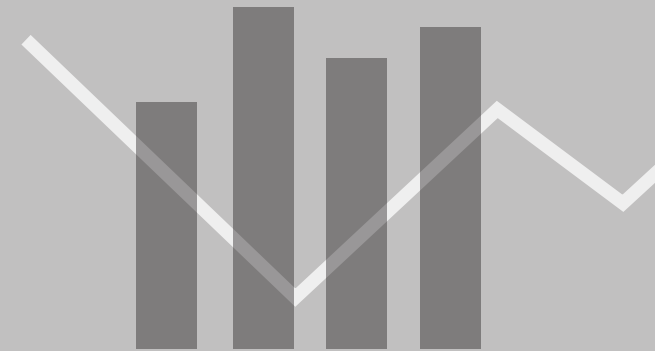


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FINANCIAL \$TRAIN

The U.S. hit some of the worst unemployment rates ever seen in April and May, spiking at 14.7%. Americans are still struggling to find jobs as the holidays roll in. This detrimental economic impact has shifted the mass consumer's purchasing mindset and caused a need for value and necessity. 32% of consumers are planning on spending less this holiday season.

In contrast, high-earning households are poised to drive holiday sales this year. With extra savings from reduced spending during quarantine added to their holiday budgets, we expect this smaller group to add a much-needed boost to retail sales this season.



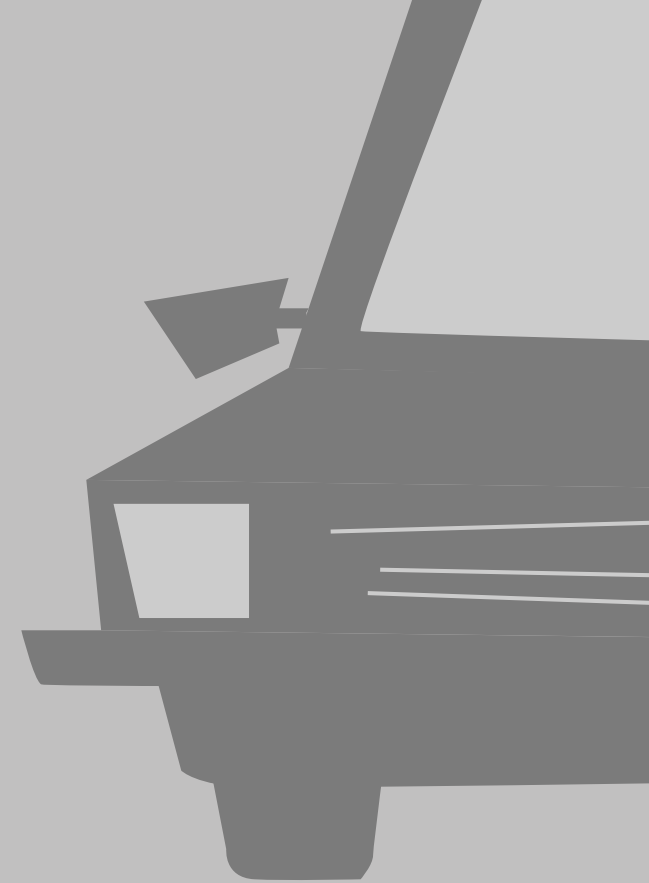
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THE EVOLVING ROLE OF RETAIL STORES

With this shift in early online holiday shopping, retail stores are pivoting to support a stronger online presence in the wake of health concerns. Not only have major U.S. retail players such as Target, Bed Bath and Beyond and Best Buy communicated their stores will be closed on Black Friday — but also the role of the retail store during this time has completely changed.

Retail locations are no longer a place to sip hot chocolate and casually browse through a plethora of sweaters. They will become pickup centers. Due to a spike in online shopping that has caused increased shipping demands and expected bottlenecks, delivery providers will struggle to deliver last-minute gifts.

Salesforce is projecting parcels shipped by traditional delivery providers — such as FedEx, UPS and DHL — will exceed capacity by 5% globally between the week before Cyber Week and December 26. That means potentially 700 million gifts are at risk of not arriving at homes before Christmas. To combat this, stores will become contactless fulfillment centers through curbside, inside or drive-through pickup.



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HOLIDAY SHOPPING IN OCTOBER

Every year it seems the holiday season extends longer and longer. Black Friday and Cyber Monday are more of a sale season than a long weekend.

This year is no exception and one of the largest players contributing to this has been Amazon. With the shift of Prime Day from July to October, they are signaling the start of holiday shopping and everyone is following suit.

It was forecast that 10% of holiday sales would shift from Cyber Monday to Prime Day; however, consistent boycotts revolving around flooding the mail system during the election and empathy toward small businesses are overshadowing this Prime Day along with a consensus of underwhelming deals. Amazon may not have taken as much revenue as forecast.

While the full impact of Prime Day has yet to be determined, there is no arguing that companies used that shift to begin early holiday messaging. Companies are capitalizing on this to regulate low inventory over the course of three months rather than one and ultimately generate sales during an otherwise bleak period. Eventually, we will see spending spread more evenly across October through December.



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FOUR WAYS TO SHIFT MARKETING STRATEGIES IN RESPONSE

Marketing strategies must evolve to fit the current customer mindset and align with the changing market as a result of the pandemic. There are many opportunities in this new landscape, but each business will have to discern which solutions are a good fit for their needs — and their customer's needs.

Here are four high-level, strategic responses that can help your brand stand out from the holiday noise.



1.

ADD VALUE AND MAKE IT PERSONAL

Promoting value-based messaging is critical now more than ever, especially with Americans still struggling financially. While the holidays are already a time to promote strong savings and offer driven content, injecting an added element of how your product will be valuable to the consumer or as a gift is key.

While we know dynamic and personalized content are known engagement and conversion drivers, drilling down further to recommended gifting options for every budget will be highly sought after. Similar to how consumers get frustrated with too many viewing options on Netflix, this fatigue due to being overwhelmed is seen in online shopping as well. Providing intelligent and savvy recommendations allows the consumer efficient decision making and will only increase brand affinity.

2

MAKE THE EXPERIENCE SEAMLESS

In-store order pickup behaviors were trending upward in 2019, spiking 60% post-COVID with demand for contactless solutions — and this demand is only being exacerbated by shipping delays.

Featuring prominent in-store pickup callouts within web and marketing communication will allow for a seamless experience and notify the customer of extra measures taken to promote a positive shopping experience. Pairing this with an added callout of how this will save time by removing shipping will be additional affirmation to the consumer.

If a customer chooses to go the in-store pickup route, clearly conveying the store nearest them with hours, exact pickup location and any additional details will create a sense of ease during an otherwise hectic time.

3

ASSURE A SAFE SHOPPING EXPERIENCE

Consumers are now valuing companies who have their best interests in mind for a safe shopping experience, with 35% of consumers saying they would be most likely to purchase from an ad promoting safety precautions taken in stores.

Let customers clearly know all precautions taken in-store to ensure their safety. Highlighting this messaging across all marketing channels is a proven conversion driver. Since some customers still won't feel safe returning to brick-and-mortar locations, bring the store feel to your digital platforms. Inject virtual appointments and livestreaming of experiential content. Meet your customers where they feel most safe.

4.

COUNTER POTENTIAL ONLINE PURCHASE BARRIERS

As online traffic surges this season, total transparency is critical. 57% of consumers anticipate shopping primarily online and having items delivered to their homes.

Make shipping timelines crystal clear. Highlight expedited shipping options with prominent “order by” messaging so there is no confusion or disappointment around the gift’s arrival date. To keep your customer’s gift giving hands-free, show off special options that allow the consumer to ship the gift directly to recipient.

ADAPT. LISTEN. EVOLVE.

Remember, your customers are shifting more and more online right along with you.

Ensure you are equipped to make quick pivots to adapt to the ever-changing landscape. Keep communication open with customers and listen to their changing needs to evolve into an enhanced customer experience.

Together, you and your customers will make the most of this holiday season — and many more to come.



Thank you



(818) 703-8775



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**20955 WARNER CENTER LANE, LOS ANGELES CA 91367
(818) 703-8775 | INFO@KERNAGENCY.COM**

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