

5 HOLIDAY SHOPPING TRENDS IN 2021



Pent-up demand is ready to be unleashed this holiday season. US retail sales are projected to climb by up to 9 percent over the holiday period, with spending to reach as much as USD 1.3 Trillion.¹ This growth is being fueled by increased spending power, with 48 percent of US consumers saying their budgets are higher than usual because they couldn't celebrate to the same extent in 2020.²

This positivity and optimism, however, is being tempered by shifting post-pandemic attitudes and ongoing global disruptions. In response, this holiday season will look unlike anything we've seen before.

Here, we explore the five shopping trends that will define the 2021 holiday season.



1 Pre-emptive Purchasing

The holiday shopping season will begin early this year. According to one study, one in five holiday shoppers has already started buying gifts, with 30 percent shopping earlier than last year.³ It's a similar situation in Europe, the Middle East and Africa, where recent research shows that more than two-thirds (37 percent) plan to start shopping earlier than in 2020.⁴

This behavior can be traced to ongoing global supply chain disruptions resulting from unprecedented post-pandemic demand, worker shortages and a lack of raw materials. Consumers are pre-empting these issues by buying early – and with research forecasting that out-of-stock messages on the

Internet will rise 172 percent this holiday season compared with 2020 levels, it's a prescient move.⁵

Leading e-retailers who are harnessing the Internet of Things (IoT) to drive innovation in their supply chains⁶ are well placed to navigate this turbulence, achieve efficiencies and deliver a superior experience to customers concerned about receiving orders in time for the holidays. Research shows that consumers are willing to pay up to 10 percent more for products from companies that provide supply chain transparency. This means businesses can even charge a premium on products by enabling greater visibility over purchases and journeys.⁷





2 E-commerce Expedited

As well as transforming when people purchase, there will also be a fundamental shift in how people buy in 2021, with e-commerce growth continuing to outpace in-store retail. US e-commerce sales are forecast to grow by as much as 15 percent during the 2021 holiday season, surpassing USD 200 Billion for the first time.⁸

This follows a comparative growth of 35 percent that was seen in 2020 as retailers were forced to embrace digital transformation to meet customer needs. Research from WNS and Corinium Intelligence reveals significant progress

has been made on this front in the retail industry, with 60 percent of leaders saying their organizations have completed client-facing digital transformation efforts.⁹

For retailers, this shift will also reduce the need to focus on individual days – think Black Friday and Cyber Monday – as digital channels open up customer engagement and create new opportunities to offer dynamic discounts. As a result, expect this holiday season to be defined not by huge peaks and troughs but by consistent, sustained interest instead.





3 Immersive Engagement

As consumers continue to move to e-commerce, this holiday season will see businesses create increasingly immersive online shopping experiences and drive digital footfall by recreating in-store experiences in virtual settings.

Immersive engagement is king in 2021, with a steady flow of compelling content required to catch the attention of holiday shoppers who are eager to spend. YouTube is showing how by creating a new week-long live-stream holiday shopping event in partnership with several leading brands.

Notably, the power of digital is enabling retailers to personalize Customer Experience (CX)¹⁰ and content too. Two-thirds (66 percent) of US consumers now say that encountering content that isn't personalized would stop them from making a purchase. More meaningful interactions that offer an individualized emotional and intimate connection can help drive holiday sales even further.¹¹



4 Flagship Fulfillment

Consumer concern about order fulfillment is leading to a new focus on businesses' supply chains and logistics. New fulfillment initiatives and delivery concepts are emerging in response – and the convenience and ingenuity they offer represent an integral part of consumer decision-making this holiday season.

Curbside pick-up is one case in point. According to one study, more than 50 percent of top retailers now offer curbside pick-up, compared to less than seven percent in early 2020.¹² Its popularity is leading other retailers to experiment with new concepts that deliver the convenience and security consumers look for during this period.

Amazon recently rolled out Local Selling, a suite of services that allow small and medium-sized businesses that sell products on the e-commerce website to offer in-store pick-up and fast delivery to shoppers who live near their physical stores. Elsewhere, one Swedish retailer has begun exploring how to turn its extensive network of shops into logistical hubs, re-designing stores to better serve online shoppers in major cities and towns.

As a click-and-collect culture becomes the norm, retail brands are now also considering how logistics hubs can become destinations in their own right, enabling businesses to differentiate their offerings and drive increased holiday sales.



5 Community Commerce

The continuing fallout from the global pandemic and two years of social turmoil have created an increasingly conscious consumer base. As vaccination programs kick in and the world opens up, this year's holiday shoppers are seeking to balance new, ethical values against the backdrop of the unbridled consumerism typified by holiday shopping.

The link between socio-politics and brand loyalty might be decades old, but the catalyzing effect of social justice movements is spurring shoppers to make more conscious decisions about the brands they buy from. According to one study, 66 percent of American Generation Z shoppers say a company's reaction to Black Lives Matter will permanently affect whether they buy from them in the future.¹³

In the UK, meanwhile, new research reveals that 67 percent of consumers are going to pay attention to the

sustainability and environmental efforts of retail brands when shopping on Black Friday, Cyber Monday and for Christmas.¹⁴

As consumers widen the scope of their brand research, businesses should seek to use their platforms for good. But bear in mind that corporate statements lacking substance will be called out. Instead, take positive action this holiday season. Patagonia, a designer of outdoor clothing and gear, is one case in point – the company is encouraging customers not to buy too much on Black Friday and instead spend time outside.

Season's greetings and happy shopping!

(This article was created in collaboration with The Future Laboratory)

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