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What Makes This Season Different

In a year that's been unlike any other, 2020's holiday retail season is shaping up to be one of a kind as well. The days of hundreds of bundled up shoppers crowded around the entrance to a big box retailer waiting to stampede inside for deals on electronics and this season's must-have toy are gone. COVID-19 has upended daily life, affecting how we work, parent, travel, socialize and shop. With the public health situation fluid and the economy in a state of flux, planning for Black Friday 2020 and beyond has challenged retailers in unprecedented ways.

In this ebook, we'll look at how retailers can leverage trends and data from January onward to adequately plan for a unique holiday shopping season. The show will go on this year, but it will look much different.



I. The Consumer Behavior Trends Defining The 2020 Holiday Season

For months now, customers have been navigating a “new normal” of store closures, increased online ordering, protracted shipping times and product shortages alongside the major disruptions to their professional and personal lives and, in some cases, their health and that of their families. Expect their stress and anxiety to bleed over into the holiday season, as adaptive consumer behavior that has developed since the early days of the pandemic defines how customers approach holiday shopping this year. Here are key changes you should be planning for:

Choosing products over experiences and practical items over trinkets

For a number of years, American gift-giving has been trending toward experiences over products, especially when it comes to Millennial givers and recipients. The pandemic has stopped this trend in its tracks, with social distancing putting a crimp in plans for

face-to-face activities. Out are concert tickets, cooking classes or spa gift certificates. In are electronics, toys and home decor items. And just like most of us are narrowing our social circles in the current climate, the effort of acquiring and delivering presents and the downturn in holiday travel will mean that many Americans will be pruning their gift lists as well. Shoppers will be buying fewer gifts, but investing in higher-quality, useful items (socks for all!) for their nearest and dearest. Stocking stuffers, gag gifts and last-minute impulse buys will be the first to go this year.

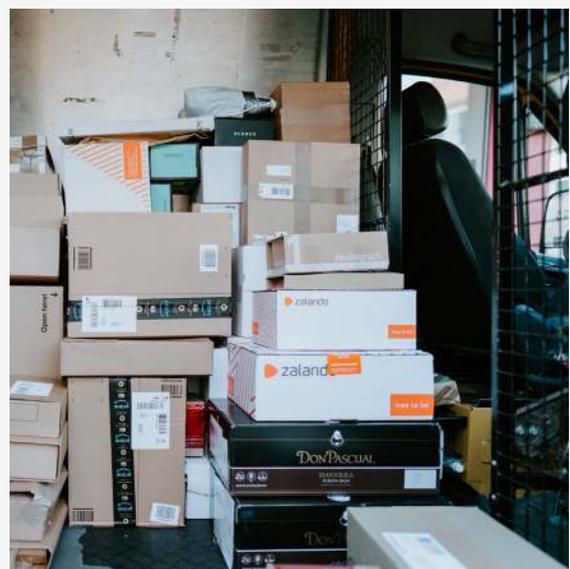


Spending less, saving more

As a hedge against economic and pandemic unpredictability, Americans have cut their spending and increased their savings rate this year. [Survey research indicates](#) a majority of consumers will continue to keep their extra money in their pockets until a viable coronavirus vaccine has been released. For retailers, this means fewer shoppers are likely to have their heads turned by “irresistible” deals or guilty pleasure purchases this holiday season. Retailers need to create a [strong emotional pull](#) with consumers, reducing friction and risk around purchases (and returns) in order to maintain or gain wallet-share this year.

Prioritizing safety and minimizing risk

Black Friday has always driven a certain segment of the population to throw caution to the wind in the pursuit of a hot deal. We’ve all seen the viral footage of crowds of shoppers jostling each other to squeeze through the store doors as they open or what happens when tempers flare over the last big-screen TV. There will be none of that this year, even if retailers try to operate as if it’s business as usual, save for hand sanitizer stations and spaced-out checkout lines. We’re seeing this already with movie theaters; they reopened with precautions, but movie-goers chose to prioritize their personal safety and have largely stayed away. Expect shoppers to do likewise this holiday season, choosing to reduce their potential COVID-19 exposure through choices such as cutting back on their number of shopping trips, shopping exclusively online or opting for Buy Online, Pick Up In Store (BOPIS) or Buy Online, Ship To Store (BOSS) options. Research from Google [finds](#) that 53% of consumers say they’ll be opting to shop with retailers that offer contactless buying options this season.





II. How Retailers Can Adapt To A New Holiday Reality

To date, the effects of the pandemic [have not been spread equally among retailers](#). Some are thriving, while others struggle to stay afloat. Analyst firm Forrester [divides the industry](#) into those in adaptive or growth mode and those in survival mode. Those retailers that have devoted attention to building out their ecommerce infrastructure and offering consistent CX across all customer touchpoints as a core business practice quickly separated themselves from the pack, with names like Best Buy, Target, Lowe's and Dick's Sporting Goods [enjoying triple-digit year-over-year growth](#) due in no small part to their adaptability. How can other retailers take the CX lessons of 2020 and apply them to the holiday season?

Ramp up your return process

As shoppers make purchases online this season that they would previously have bought in person, retailers should expect a

higher volume of returns. Without the benefit of try-ons or a hands-on examination of the product, not every purchase is going to be a hit, which means more returns and the need for a robust and flexible return process (extended return windows, home try-ons, etc.). Making a return is tedious at the best of times, but it's especially fraught these days. To combat this, your return process needs to be as seamless as possible for the customer. They should be able to initiate the return from their device of choice, track the package via web or SMS and be notified when the return is both received and processed.

Offer pickup flexibility

Even before the pandemic, Buy Online, Pickup In-Store (BOPIS) and Buy Online, Ship To Store (BOSS) were rapidly growing order fulfillment options, with [90% of retailers](#) looking to implement BOPIS in 2021. COVID-19 has only accelerated consumers' preference for an order delivery method that meshes the hands-off nature of ecommerce and the speed and convenience of bricks and mortar buying, with an estimated [4X increase](#) in shoppers using BOPIS in recent months compared to pre-pandemic numbers. And it looks like this is one pandemic-driven behavior [that's likely to stick](#)—almost 60% of US consumers say they'll continue with BOPIS post-pandemic and nearly 70% report that curbside pickup is going to be part of their new normal. With shoppers looking to reduce their exposure to crowded stores while also retaining the flexibility of picking up purchases on their own schedule, smart retailers are embracing and aggressively marketing this hybrid option for the 2020 holiday season.

Invest in live chat

We're seeing shoppers be much more deliberate about their purchases this holiday season than in seasons past. Shoppers are [doing significantly more pre-purchase research](#) than usual, whether they ultimately buy online or make a purposeful trip to a physical store. They want their questions to be answered upfront and they're less willing to take a chance on an online impulse buy (no matter how big a bargain) than they were pre-pandemic. Beyond being a revenue generator and competitive differentiator, live chat is a key piece in successfully scaling to satisfy this new focus on pre-purchase digital discovery. Channels such as on-site AI-driven webchat allow customers to engage with you before they buy and satisfy their product questions fully. Whether it's inquiries about your return policy, product availability or order tracking, an ecommerce-trained chatbot can handle up to 70% of routine customer inquiries.

Make order inquiries easy

Holiday purchases are highly time-sensitive, so expect your shoppers to have greater anxiety about their order status than usual, especially the cohort of shoppers who are newer to the world of ecommerce. During the pandemic, extended shipping times have become the new normal, as retailers struggle to keep up with increased demand and respond to supply chain disruptions and delays from the shippers themselves. While your customers may have resigned themselves to waiting a little longer for their orders, they're not willing to tolerate a lack of information about those orders. This holiday season, real-time, automated cross-device order look-up capabilities should be foundational elements of your holiday planning strategy.

Concentrate on cross-selling and upselling

The research is clear—living through a pandemic [taxes](#) everyone's brains. One of the key questions retailers need to ask themselves is, "How do we make things easier for our customers?" A valuable way to do that is to take the work out of digital product discovery for them. By using your automated customer care platform to leverage data about their purchase history and the common purchases of customers of a similar profile, you can expose customers to personalized product recommendations that take some of the strain out of their gift shopping. For example, you can provide them with the opportunity to add an additional gift card to their order at a discount, or snag the same backpack in a different color for their other nephew. Timely, relevant recommendations and upsells not only drive revenue, but they make the process of checking names off a holiday gift list less stressful for your customers.



III. Four Planning Mistakes Smart Retailers Will Avoid This Holiday Season

Just as important as taking the right steps this holiday season is avoiding the wrong ones. In such a unique year, the risk of errors in judgment or poor strategic choices are amplified. An already thin margin for error for most retailers has become vanishingly small. Here are the common pitfalls that smart retailers will be sidestepping this season.

Failing to respond to shifts in consumer behavior

The pandemic has caused us to profoundly change our daily habits and the ways in which we tackle ordinary activities, including how we shop. In fact, McKinsey [found](#) that 75% of Americans have changed at least one aspect of their shopping behavior during the pandemic and the majority of them plan to keep at least some of those changes in place post-pandemic. Retailers that have been able to quickly respond and adapt to changes in customer behavior and preferences are weathering the storm well, while watching their counterparts struggle and in some cases collapse. This is the season to be aggressively disruptive in your planning based on signals from your customers (increased pre-purchase research, heavier reliance on digital, strong preference for multiple delivery options and

flexible returns) vs. trying to run last year's playbook updated with disposable masks at the door and social distancing markers on the floor.



Not pivoting to ecommerce first

In 2020 more than ever, your ecommerce infrastructure needs to be bullet-proof and online orders need to be the centerpiece of your holiday sales strategy, not simply viewed as an auxiliary or augmentation to your bricks-and-mortar effort. From product discovery through to returns management, you need to be thinking digital-first and creating a clear, navigable purchase path that leverages customer care automation to allow huge numbers of shoppers to buy with ease this holiday season. Every year features stories of hapless retailers whose ecommerce websites crashed in the face of Black Friday traffic. While always a major (and very costly) headache, to be unable to scale to meet online demand this year could mean that you won't be around for next year.

Thinking short term vs. extending the season

Black Friday has traditionally been the kick-off to the holiday shopping season. With an in-person Black Friday on pause, retailers need to give themselves the best shot at capturing shopper attention, which means starting their holiday campaigns early and running them longer than in previous years. Macy's and Target, for example, are planning to kick off their holiday campaigns around Halloween, with Amazon [rumored](#) to be rolling out their 2020 Prime Day in October, too. Limited-time deals won't go away entirely, but will be rotated throughout the season and used to stoke a sense of urgency and Fear Of Missing Out (FOMO) in shoppers.



Not understanding who you're competing with

Household-name retailers are [declaring bankruptcy](#) at an alarming rate in 2020. And even if your competition is hanging tough, you aren't just competing with other retailers in your category. If you haven't already identified Amazon as the 1000-lb gorilla in your space (and everyone else's) and started working on how you'll keep your customers from defecting to it, the pandemic should have made the ecommerce behemoth's growing dominance readily apparent. To date in 2020, Amazon's stock price [has risen over 60%](#) and the company [doubled its net profit](#) over 2019 numbers.



Plan To Be Flexible

As boxer Mike Tyson famously said, "Everyone has a plan until they get punched in the mouth". This year, retailers have certainly taken some major hits. The ones that will successfully navigate this turbulent time are those that have prioritized CX and have made it their goal to deeply understand their customers and craft customer journeys, seamlessly blending the digital and physical, that reflect this understanding. They're entering this unprecedented holiday season not with a fool-proof plan, but with a flexible strategic approach that reflects the reality of how their customers want and need to be served in 2020.

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