



Deloitte  
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30th anniversary edition

Deloitte's 2015 holiday survey

Embracing retail disruption



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**Study methodology**

This 30th annual holiday survey was commissioned by Deloitte and conducted online by an independent research company during September 11–22, 2015. It polled a national sample of 4,009 consumers and has a margin of error for the entire sample of +/-1 to 2 percentage points.



# About the authors

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**Rod Sides** is vice chairman and Deloitte's US Retail and Distribution practice leader. In this capacity, he heads the strategic direction, operational execution, and overall leadership of one of the organization's largest industry practices, whose almost 1,400 professionals provide audit, tax, financial advisory, and consulting services to retail, wholesale, and distribution companies. Sides has more than 25 years of experience assisting retailers in improving the efficiency of their operations and increasing overall profitability. His experience spans the entire enterprise, including store operations, supply chain, procurement, back-office operations, and information technology. Sides also has deep expertise in cost optimization, helping his clients achieve significant, sustainable improvements in profitability.

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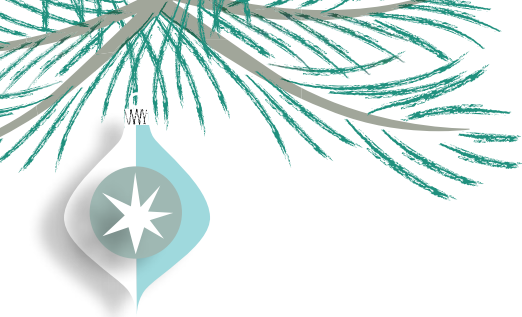
**Susan K. Hogan** is the research team lead for Deloitte's Retail and Distribution practice. Prior to joining Deloitte, Hogan was a marketing faculty member at Emory's Goizueta Business School, where she taught consumer behavior and nonprofit consulting at both the graduate and undergraduate levels. Her recent works include *On the couch: Understanding consumer shopping behavior*, *Breaking up is hard to do: How behavioral factors affect consumer decisions to stay in business relationships*, and *The tail wagging the dog: How retail is changing consumer expectations of the health care patient-provider relationship*.

# Acknowledgements

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# Mixed signals, conflicting forces

**T**HE consensus from various retail holiday forecasts is that, while retailers will likely see a modest increase in sales for this year's November–January holiday season, gains will be weaker than last year's 5.2 percent year-over-year rise. Specifically, Deloitte's annual holiday forecast suggests holiday sales will increase 3.5–4 percent, with digitally influenced sales affecting 64 percent, or \$434 billion, of in-store retail sales.<sup>1</sup> Similarly, the National Retail Federation (NRF) is expecting a 3.7 percent increase in holiday sales, representing \$630.5 billion in sales. NRF is also predicting online sales growth between 6 and 8 percent, to as much as \$105 billion.<sup>2</sup> Deloitte economists are attributing the uptick in sales to an improving labor market, increasing home values, and lower gas prices—even as, for many, personal income growth remains flat.<sup>3</sup>

However, the consumers who partook in this year's 30th annual Deloitte holiday survey

express considerably more expansive plans than the above two forecasts would suggest. On average, these consumers anticipate spending 11 percent more on holiday items, with 75 percent of participants intending to spend more than or the same as last year (up from 69 percent in 2014)—the highest percentage increase we have seen since 2000.

Actions speak louder than words, and only time will tell how close any of these predictions are to actual holiday shopping consumer trends and behavior. In the meantime, we are pleased to share this year's survey findings before the season is in full swing, in an effort to provide retailers with guidance on how to navigate the new retail landscape and potentially move the needle in the favor of customers' enthusiasm.







# View from the consumer lens

## Current state and spending plans

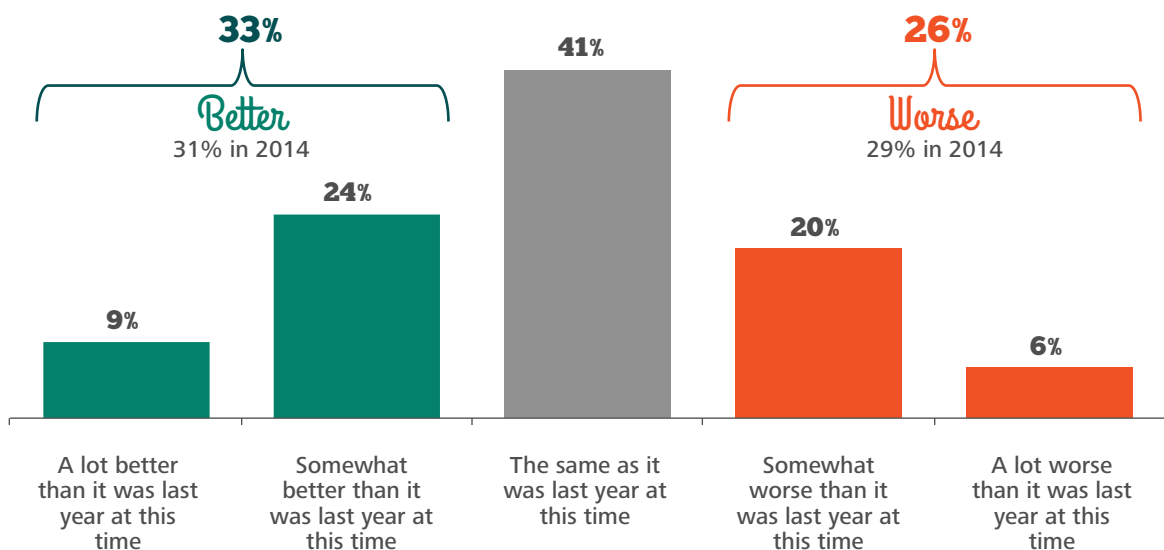
My situation is fairly stable, and the economy isn't too shabby

**W**HILE a third of consumers believe the economy will remain stable in 2016, a greater proportion (42 percent) believe it will improve, with only a quarter (25 percent) anticipating that the economy will weaken. In matters closer to home, nearly three-fourths (74 percent) of consumers believe their own household situation is the same as or has improved since this time last year (figure 1).

More plan to spend more, less plan to spend less

The economists may be cautious, but consumers are not: Three-fourths plan to either spend the same or more than last year—the highest level since 2000, with 19 percent planning to spend more (figure 2). Of those who indicated they plan to spend more, the primary reasons are that household finances are improving (41 percent) and they have more people for whom to buy gifts this year (36 percent).

Figure 1. Current household financial situation



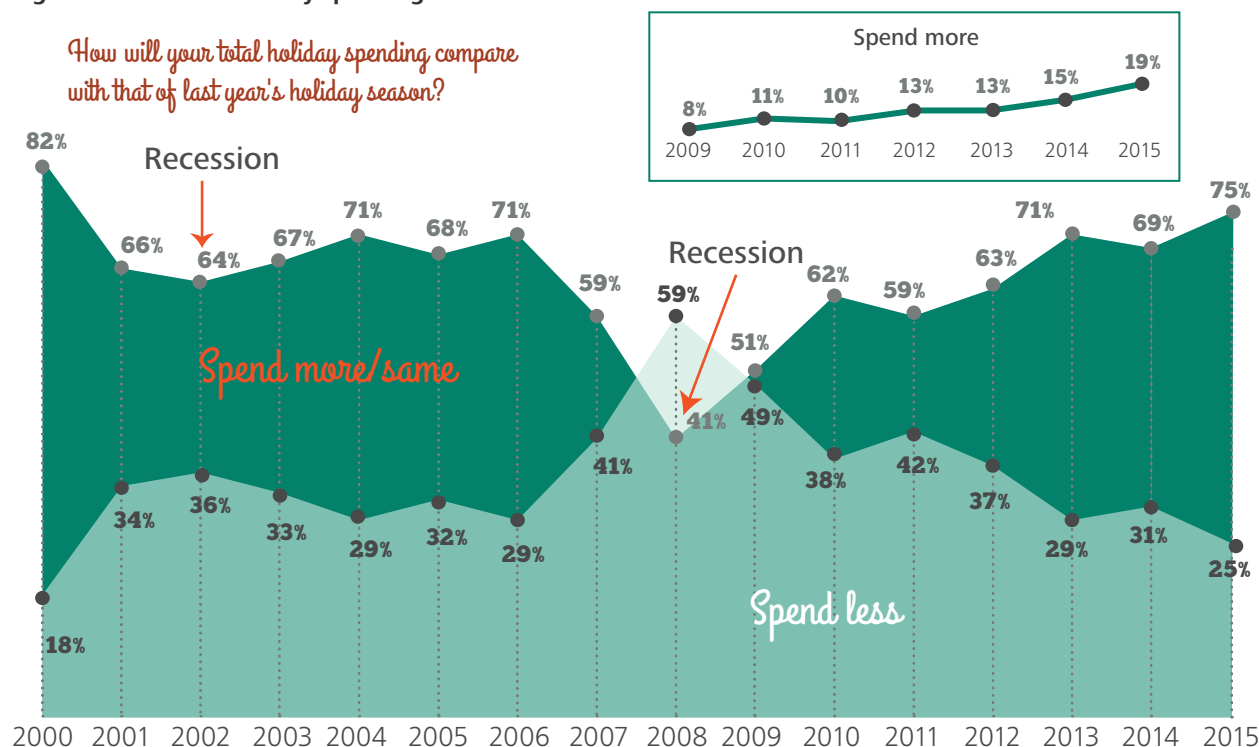
Source: Deloitte holiday survey 2015.

Graphic: Deloitte University Press | DUPress.com



Figure 2. Consumer holiday spending intentions

How will your total holiday spending compare with that of last year's holiday season?



Source: Deloitte holiday survey 2015.

Graphic: Deloitte University Press | DUPress.com

## Enjoying the fruits of my labor: This holiday season will be about me and my family

Consumers anticipate increasing their spending this holiday season by 12.5 percent; our respondents planned to spend an average of \$1,462 in 2015, up from \$1,299 in 2014. The categories where consumers plan the most significant spending increases are home holiday furnishings (up 33 percent from last year) and non-gift clothing for family or self (up 26 percent). The change in non-gift clothing is particularly noteworthy, given that, in 2014, this category was last in terms of year-over-year increase (showing a 6 percent increase over 2013). Similar to last year, slightly less than half (44 percent, up from 42 percent in 2014) of surveyed consumers have a specific budget in mind for the holiday season. Fifty percent

of participants also indicate that they plan on buying gifts for themselves while shopping for others (figure 3).

## Don't expect to find any surprises under the tree . . . with the possible exception of handmade or craft items

Consumers foresee giving—and receiving—the same kinds of gifts as last year. Once again, we see that clothing will be the No. 1 gift that consumers plan on giving (48 percent in 2015, up from 45 percent in 2014). Gift cards, however, are a close runner-up (46 percent in 2015, up from 43 percent in 2014). Of the gift card purchases, less than a third (32 percent) will be digital gift cards or certificates. Apparently (and unfortunately for the environment), there





**Figure 3. Holiday-related category spending intentions**

<i>How much do you expect you will spend during the upcoming year-end holiday season on each of the following items?</i>	2014	2015	% change
Gifts	\$458	\$487	+6%
Socializing away from home	\$310	\$348	+12%
Entertaining at home	\$194	\$212	+10%
Non-gift clothing for family or yourself	\$144	\$182	+26%
Home/holiday furnishings	\$93	\$124	+33%
Any other holiday-related spending not listed above	\$100	\$110	+10%
<b>Total</b>	<b>\$1,299</b>	<b>\$1,462</b>	<b>+12.5%</b>

Note: Figures represent average planned spending per category across all respondents.

Source: Deloitte holiday survey 2015.

exists some value in giving the tangible card. That said, while the percentage of consumers giving gift cards is up slightly from 2014, it is still down from its 2007 peak, when more than two-thirds (69 percent) of surveyed consumers said they planned to give gift cards. Consumers plan to spend an average of \$164 on gift cards, up \$5 from last year.

In terms of the number of gifts, on average, consumers expect to give just under 14 each—13.7, to be exact. This figure reflects a continued increase in the number of gifts given since the 2012 low of 12.8 gifts, though it is still a far cry from the 23.1 gifts each consumer planned to give in 2007.

Sixteen percent of consumers indicated they plan to give homemade or craft items—a new category added to the survey this year (figure 4). This niche category, handmade gifts, is worth keeping an eye on for retailers. In fact, one large online retailer that recently entered this market did so not only because of its desire to broaden its marketplace reach, but also because of existing site patrons’ searches for words such as “handmade” and “hand-crafted.”<sup>4</sup> Given that more than 60 million

consumers are believed to make arts and crafts products annually,<sup>5</sup> this is a category for savvy retailers to not only watch but also consider embracing and/or incorporating into their existing product offerings.

*No, we won’t be upset if you give us cash or gift cards—really!*

Similar to last year, cash and gift cards are what most gift recipients want for themselves. Not only do consumers desire gift cards, but over half (58 percent) plan to redeem them within a month after receiving. While 21 percent are unsure when they will use the cards, only 21 percent anticipate they will wait more than a month to redeem them.

*Subscription services: The gift that keeps on giving*

While only 6 percent of consumers plan to buy subscription services, retailers would be wise to ensure that they are providing an

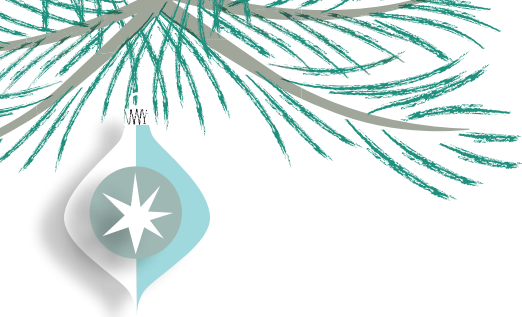
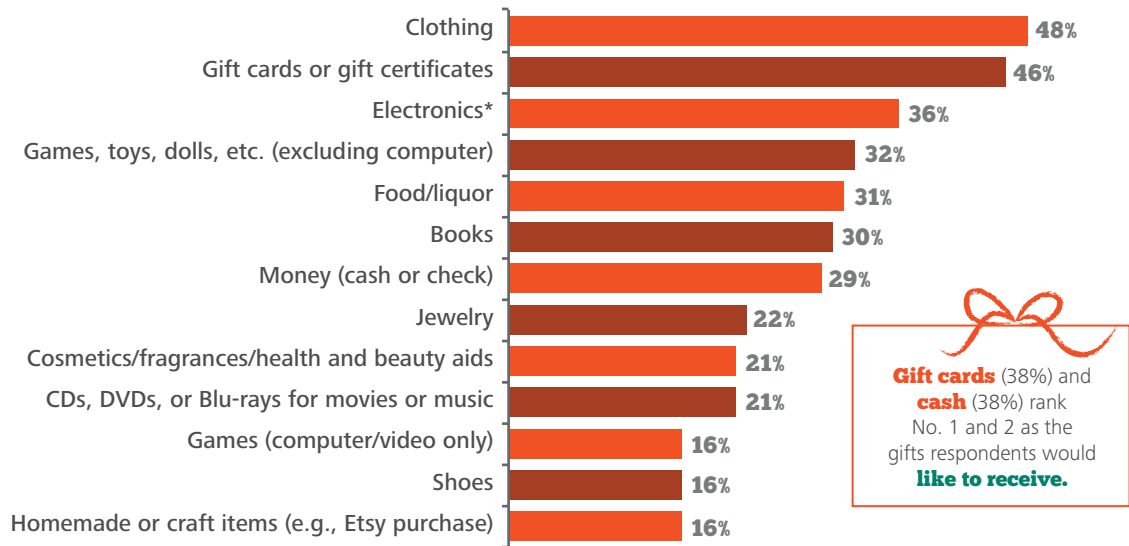


Figure 4. Top items consumers plan to give

Which of the following types of gifts do you plan to buy this holiday season?



\* Electronics category is composed of home/personal/car electronics, computers and tablets, game consoles, and video games.

Source: Deloitte holiday survey 2015.

Graphic: Deloitte University Press | DUPress.com

offering in this low-infrastructure gift-idea space. Besides creating a recurring income stream and inducing customers to try new products, subscription offerings have been found to cultivate loyalty, deepen customer relationships, prompt a higher conversion rate from sample to full-sized products, and provide opportunities to upsell (see figure 5).<sup>6</sup> The demonstrated benefits to the consumer on the receiving end are many as well: convenience, the thrill of discovery, and variety.<sup>7</sup>

### Disrupting the spending cart: It really is all about me

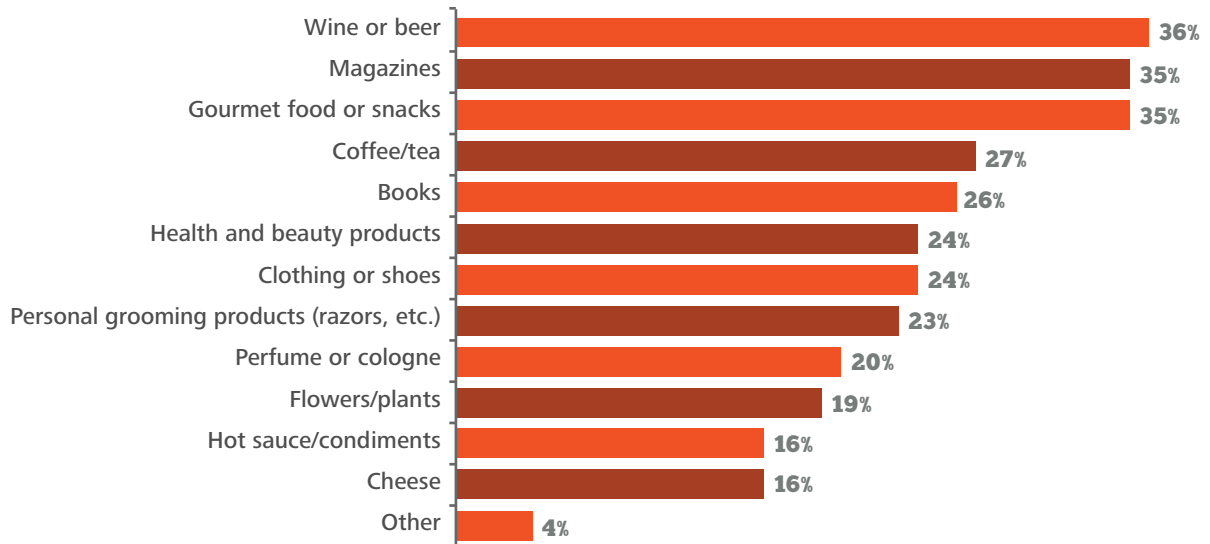
Overwhelmingly, the one factor that would topple holiday spending plans would be a negative change in the consumer's personal financial situation (figure 6). Rising gas prices placed a distant second (29 percent), with the overall economy and the stock market each affecting less than a quarter of respondents.



**Figure 5. Top gift-giving subscription categories**

*Which of the following products or services do you plan on giving as a subscription-based gift?*

Among the 6% of respondents planning to buy subscription products or services:

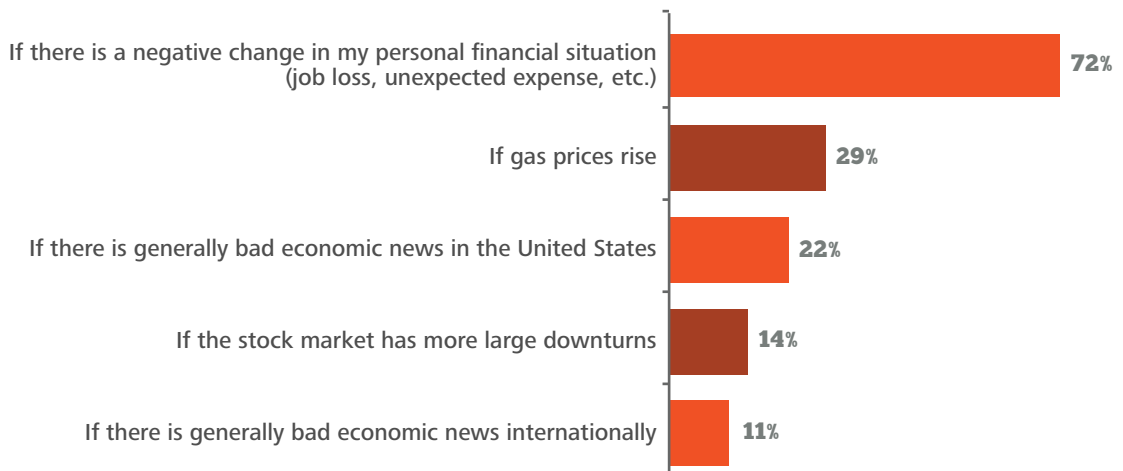


Source: Deloitte holiday survey 2015.

Graphic: Deloitte University Press | DUPress.com

**Figure 6. Factors that could disrupt holiday spending plans**

*Which of the following economic factors, if any, could change your holiday spending plans?*



Source: Deloitte holiday survey 2015.

Graphic: Deloitte University Press | DUPress.com





# Venue preference

## Where, why, and how

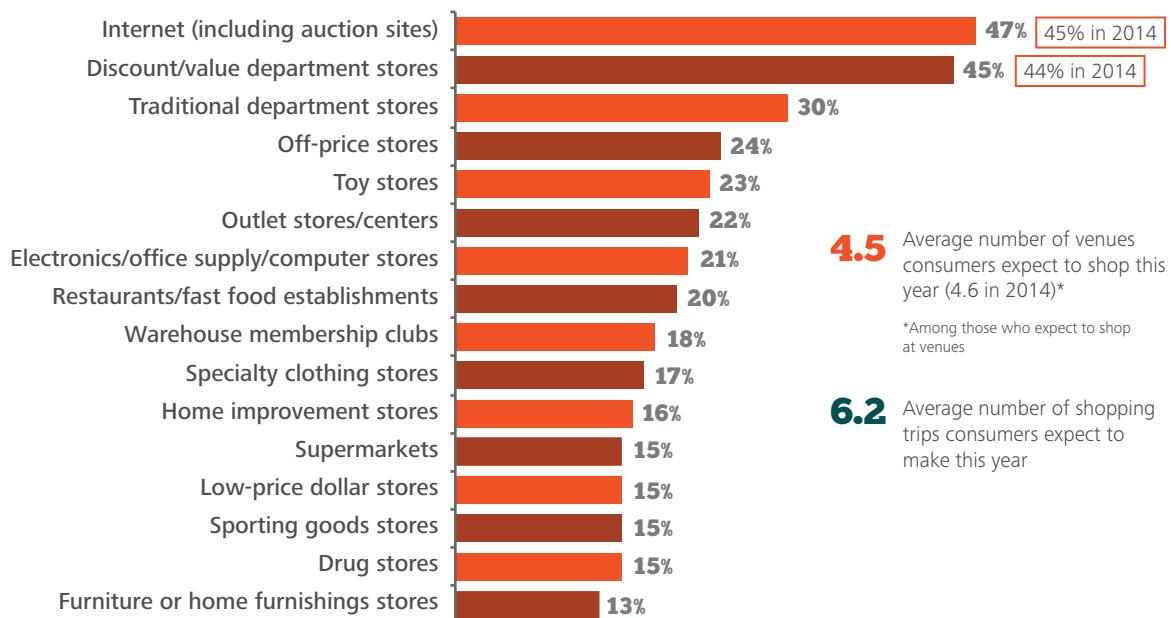
### Round up the usual suspects: Internet and department stores

**C**ONSUMERS will continue to shop at a variety of locations, with online sites and department stores topping the list (figure 7). On average, consumers expect they will make just over six shopping trips (6.2, to be exact), and visit between four and five venues (4.5 in 2015, compared with 4.6 in 2014).

Consumers anticipate that 75 percent of their gifts will come from the same retailers as last year. While this is good news for incumbent retailers, it's unclear whether this venue stickiness is driven by venue satisfaction or simply lack of awareness of better alternatives. Also, wise retailers should keep an eye on where the other 25 percent of gift purchases might be coming from.

Figure 7. Most favored retail formats/locations

*At which of the following retail sources will you likely shop for holiday gifts?*



**4.5** Average number of venues consumers expect to shop this year (4.6 in 2014)\*

\*Among those who expect to shop at venues

**6.2** Average number of shopping trips consumers expect to make this year

Source: Deloitte holiday survey 2015.

Graphic: Deloitte University Press | DUPress.com



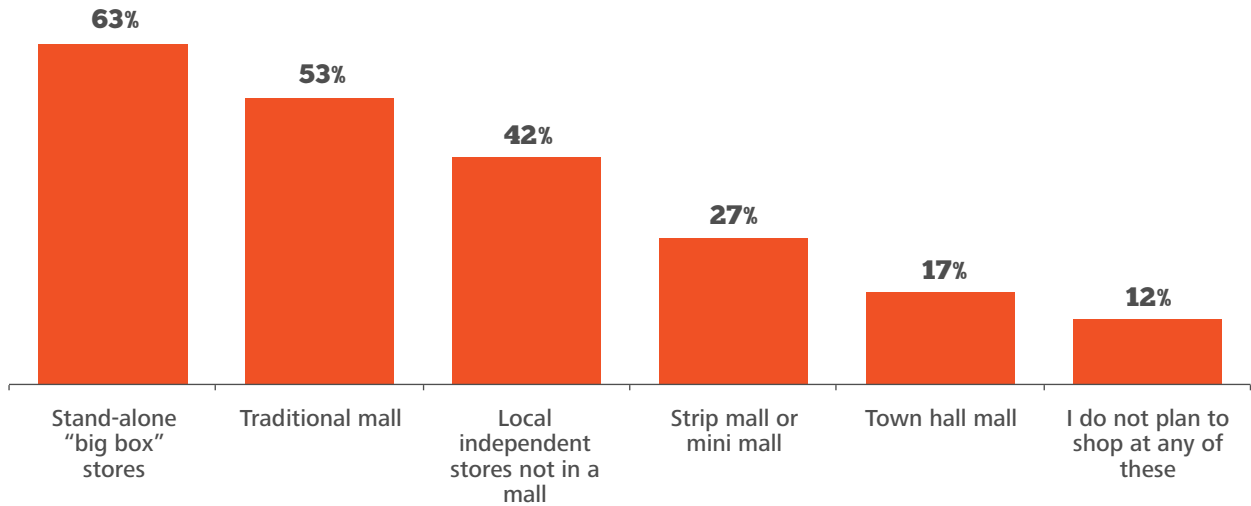
### Is holiday season the saving grace for malls and big box retailers?

The holiday season apparently brings out the traditionalist in consumers, as two mainstays of the retail industry—malls and

big box retailers—are seen as the top venues for the shopping season (figure 8). Indeed, despite recent findings suggesting mall shopping is no longer in vogue in terms of experience<sup>8</sup> and patronage,<sup>9</sup> over half (53 percent) of our respondents plan to visit malls this holiday season.

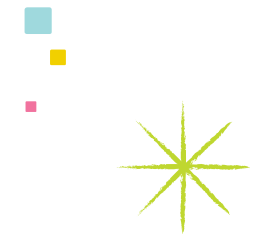
Figure 8. Types of stores at which consumers plan to shop

*At which of these types of stores do you plan to shop this holiday season?*



Source: Deloitte holiday survey 2015.

Graphic: Deloitte University Press | DUPress.com



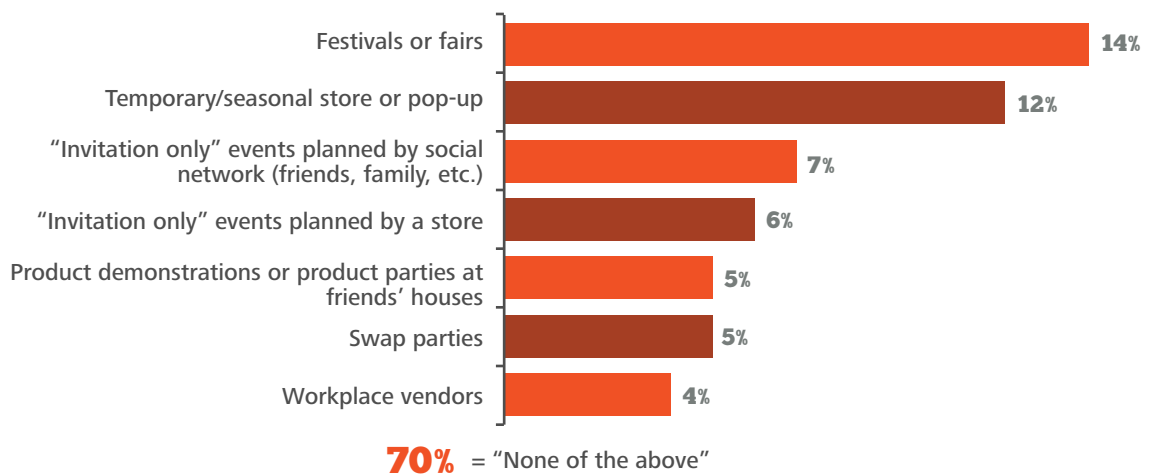


### The unusual suspects: Low- and no-infrastructure retailers and events

While consumers anticipate 75 percent of their gifts to come from same stores and online retailers as last year, this leaves one-fourth coming from new or different retailers. Additionally, 30 percent of respondents

plan to shop at events such as festivals, fairs, and pop-ups (see figure 9). This phenomenon represents a potential disruption to watch: Retailers should ensure that they are playing in these new low-infrastructure environments via satellite locations. They should also consider hosting events, either on their own or by collaborating with local groups.

Figure 9. Events or get-togethers at which consumers will shop for holiday gifts



Source: Deloitte holiday survey 2015.

Graphic: Deloitte University Press | DUPress.com





### Getting them in the door: Price still matters, but merchandising and referrals also do the trick

When asked what would get them to try a new retailer, consumers—unsurprisingly—cited lower prices (figure 10). The natural question for retailers: How can they get out of this price war? Offering products that differ from those of other players or packaging similar products as gift bundles could help.

Consumers also mentioned greater selection (44 percent), new or different types of gifts (40 percent), and friend or family recommendations (38 percent) as reasons to try new venues. Consequently, retailers should consider offering unique products and gift bundles, which not only get consumers in the door but also can take retailers out of the realm of price-based competition, as consumers no longer can compare offerings merely on the price dimension.

Figure 10. What motivates shoppers to try new venues

*What does it take to get you to try a new store or online retailer?*



Source: Deloitte holiday survey 2015.

Graphic: Deloitte University Press | DUPress.com





### Products trump associates as a reason to visit a physical store

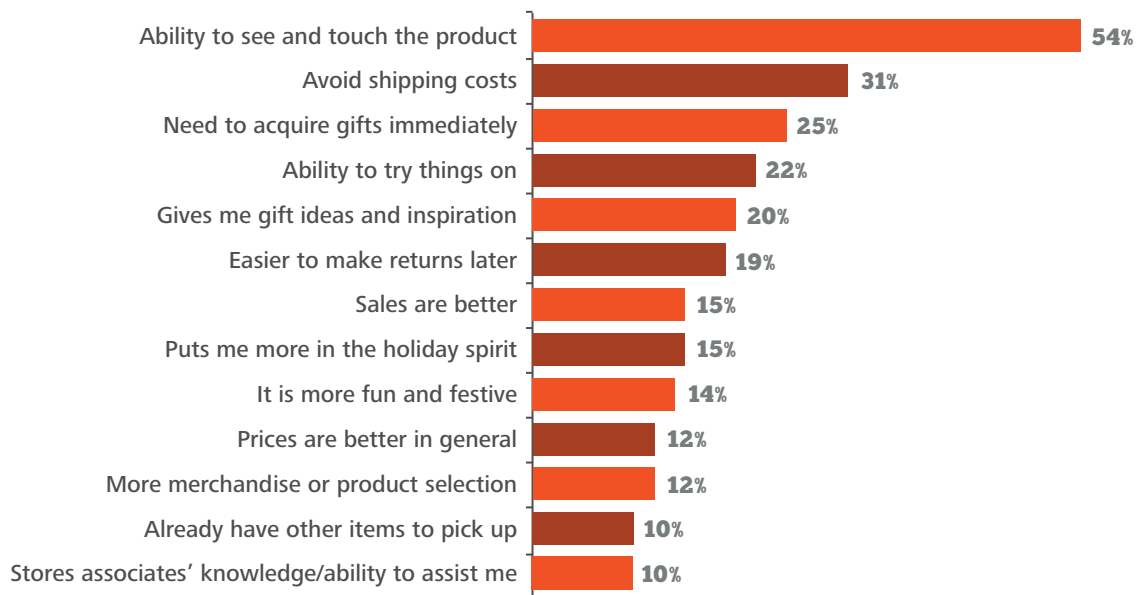
Over half of surveyed consumers indicated that one of the top three reasons they choose to shop in a physical store versus online during the holiday season is that a physical store gives them the ability to see and touch the product they are considering buying (54 percent). The implication for retailers? It's important to provide consumers the opportunity to touch, feel, and experience the product while in your environment (figure 11).

### Browse here, shop there: Omnichannel shopping behaviors

“Webrooming”—looking at products online, but then purchasing them in a physical store—continues to be the norm for shopping behavior among most of our respondents (69 percent in 2015, versus 58 percent in 2014). Quelling traditional retailers’ fears, webrooming continues to trump “showrooming”—that is, looking at a product in a store first but then purchasing it online. Only 52 percent of

Figure 11. Reasons for shopping in a physical store

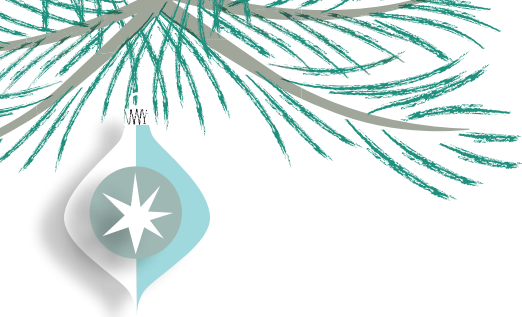
*What are the top three reasons why you will specifically shop in a physical store at times this holiday season instead of online?*



Source: Deloitte holiday survey 2015.

Graphic: Deloitte University Press | DUPress.com





respondents indicated that they were likely to showroom (figure 12).

Buying online but picking up in-store seems to be catching on as a common shopping behavior, with 43 percent indicating they are likely to engage in this practice during this

year's holiday season. The most commonly cited reason for taking advantage of a buy-online/pick-up-in-store offering is to save on shipping charges (67 percent). The second most common reason is to get the item faster (49 percent).

Figure 12. Omnichannel (interconnected retail) shopping behaviors

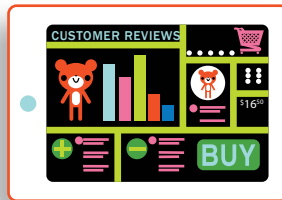
How likely will you be this holiday season to . . .

First **look at items online**, then go to a store to see the item, then make **purchase at store**



Webrooming  
69%

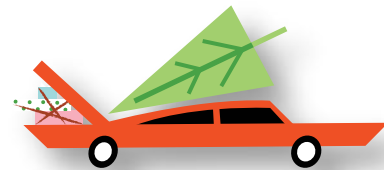
First go to a **store to look** for an item, then search online for the best price, and then **purchase online**



Showrooming  
53%

+3% versus 2014

**Buy a product online** and then, instead of having it shipped to you, go to the **store to pick up the item**



In-store pickup  
43%

Percentages combine those respondents who selected answer choices "Very likely" and "Somewhat likely."

Source: Deloitte holiday survey 2015.

Graphic: Deloitte University Press | DUPress.com



### Home-court advantage: Community support and unique products drive local shopping

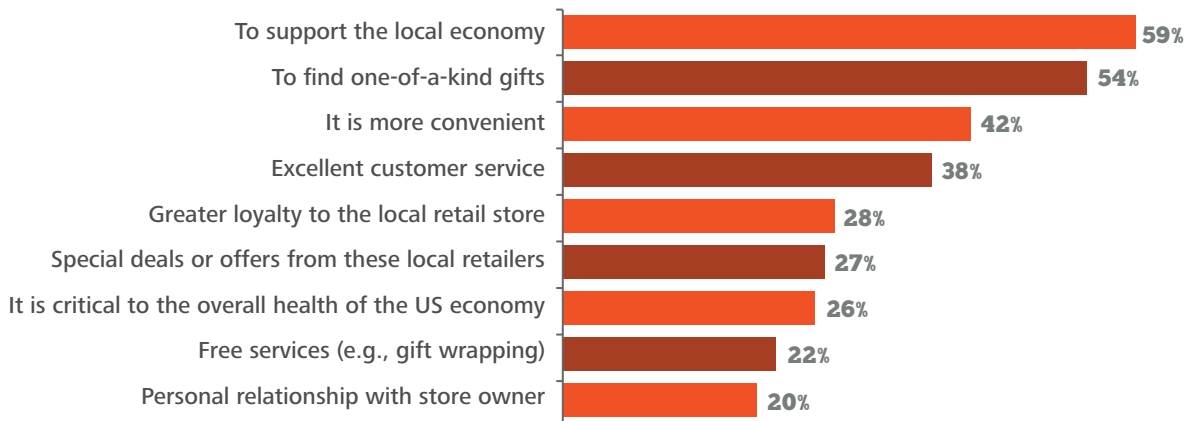
While consumers intend to visit malls, they also plan to shop and spend at local retailers: Our respondents said that they would spend 37 percent of their holiday budget, on average, at local venues. Once again, we see products

as a primary driver of this local patronage: While more than half of surveyed consumers (54 percent) indicated finding one-of-a-kind gifts as a reason to shop locally, only 20 percent suggested that a personal relationship with the store owner drives visits to a local store (figure 13). This finding further supports the importance of products and merchandising as a key retailer strategy component.

Figure 13. Reasons for shopping local

*For what reasons will you be shopping at local retail stores (including small businesses and boutiques) this holiday season instead of somewhere else?*

Among the 70% of respondents shopping local:



On average, respondents expect to spend 37% of their holiday budget on local stores.

Source: Deloitte holiday survey 2015.

Graphic: Deloitte University Press | DUPress.com







# In-store experience

## Desired attributes, perceptions, and persuasion likelihood

Final moments matter more than first impressions when it comes to store associate interaction

**W**HILE analysts have long emphasized first impressions, it turns out our holiday shoppers place a greater value on the last impression—specifically, the checkout process—and the sales associate’s attention and effort toward helping them complete their transaction and get out of the store quickly. Sixty-three percent named “helps me check out quickly” as a desirable attribute for a store sales

associate; on the other hand, only 37 percent cited “greet me promptly with a welcoming attitude” as a desirable attribute, and only 22 percent cited “assists me with finding gifts” (figure 14). Consequently, retailers should train sales associates to focus more on helping customers complete purchases than on greeting customers when they come in or helping them to find gifts.

Also, while only 10 percent of consumers cited store associates’ knowledge or ability to assist them as a reason to shop at a physical store, figure 14 shows that holiday shoppers who do go to stores desire and value a store

Figure 14. Desirable in-store sales associate attributes

*While holiday shopping, which of the following do you desire that a sales associate do for you when in a store?*



Source: Deloitte holiday survey 2015.

Graphic: Deloitte University Press | DUPress.com



associate who is knowledgeable about both products and discounts. A fulfilled desire for a knowledgeable sales associate can translate into an increased likelihood of purchase: In last year's holiday survey, 48 percent of participants indicated that a knowledgeable store associate may increase their likelihood of purchasing something once in the store.<sup>10</sup> Additional research suggests that sales associates who complete a short online training course on the products they are selling sell 69 percent more than those who have not.<sup>11</sup>

### In-store technology: The basics, please—price clarity and self-checkout

While price checkers lead the desired in-store technology list (57 percent), the second most common desirable in-store technology is self-checkout payment lanes (41 percent). Less than a fifth of surveyed consumers showed

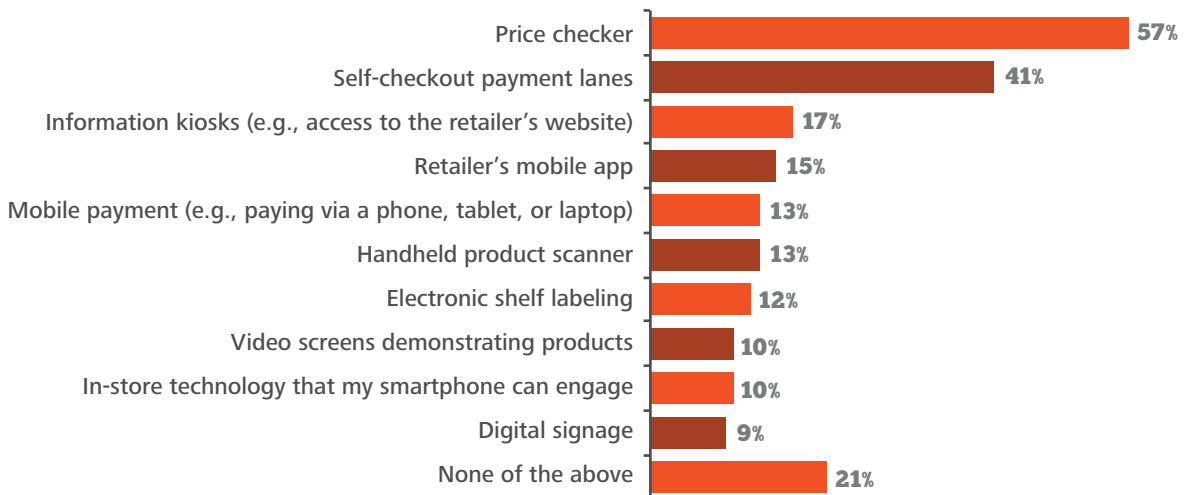
interest in any other suggested in-store technology (figure 15). The message for retailers? It's important to keep the in-store technology simple and to get the basics right: Price checking and self-checkout is where you should focus your efforts and resources.

Over half of our mind is made up when we enter the store, but retailers can influence the other 43 percent

Recent Deloitte research has found that more consumers enter stores as destination shoppers—or “hunters,” with a specific item to purchase in mind—than ever before.<sup>12</sup> Our findings support the prevalence of in-store hunters: Survey respondents report that 57 percent of their purchases are of items they planned to buy beforehand (figure 16). The flip side, however, is that consumers make 43 percent of their purchase decisions during

Figure 15. Desirable in-store technology

*Which of the following self-help technologies, if any, do you desire to be available during your in-store holiday shopping this year?*



Source: Deloitte holiday survey 2015.

Graphic: Deloitte University Press | DUPress.com



Figure 16. Planned and unplanned purchases

*If you had to estimate based on the way you shop for the holidays when in physical stores or online, what percentage of purchases do you make . . .*



Source: Deloitte holiday survey 2015.

Graphic: Deloitte University Press | DUPress.com

the shopping experience. This suggests that retailers who do a good job with product offerings, merchandising, and to some extent sales associate expertise can satisfy these hunters—and turn them back into gatherers open to unplanned purchases. Adding to this ability to influence additional purchases, or potentially

increase the amount spent in a specific category (upselling), is the fact that slightly less than half (44 percent, up from 42 percent in 2014) of consumers have a specific budget in mind for the holiday season.









# Shopping inhibitors

Don't make me wait, coming or going

**W**HAT might discourage consumers from shopping in-store this holiday season? Like last year, survey respondents cited long lines (44 percent in 2015, 40 percent in 2014) and too much traffic (30 percent in 2015, 26 percent in 2014) as the top two inhibitors (figure 17). Slow checkout, which was in fourth place last year, took third place among this year's respondents (28 percent in 2015, up from 24 percent in 2014). These findings reinforce the need for retailers to ensure a quick and line-free checkout process.

Data concerns remain but don't alter behavior

Concerns about personal data protection persist, with 81 percent of consumers worried about retailers that have experienced a data breach (up 5 percent from 2014). Nevertheless, over half (54 percent) indicate they will continue to patronize these retailers, and less than a third (27 percent) intend to change payment methods when shopping somewhere where a breach has occurred.

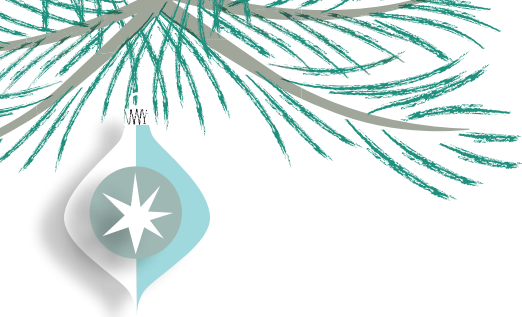
Figure 17. In-store shopping inhibitors

*What, if anything, might prevent you from shopping in-store this holiday season?*



Source: Deloitte holiday survey 2015.

Graphic: Deloitte University Press | DUPress.com



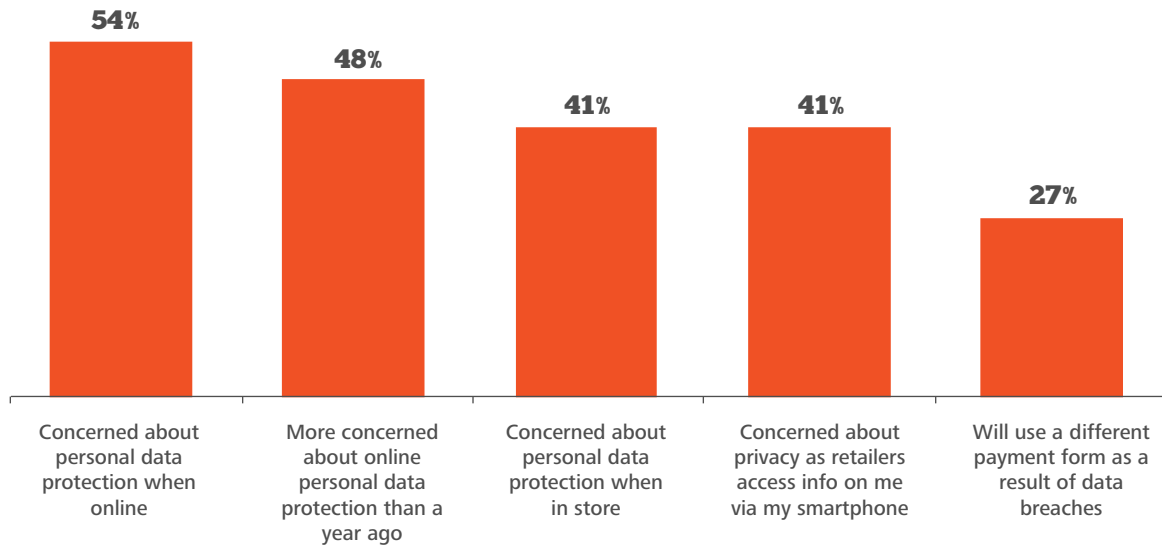
### Online shopping still perceived as more risky; retailer transparency helps

Similar to last year, consumers are more concerned about personal data protection when online than when in a physical store. Forty-one percent (unchanged since 2014)

are also concerned about retailers accessing their information through their smartphone. Retailer transparency can alleviate such concerns and increase the likelihood of patronage: 35 percent of consumers (36 percent in 2014) indicate that they are more likely to shop at a retailer that educates patrons on the methods used to secure an individual's personal data.

Figure 18. Data protection concerns

Percent of respondents who agree with the following:



81% of all respondents are concerned about retailers that have experienced a data breach, +5% vs. 2014.

Source: Deloitte holiday survey 2015.

Graphic: Deloitte University Press | DUPress.com



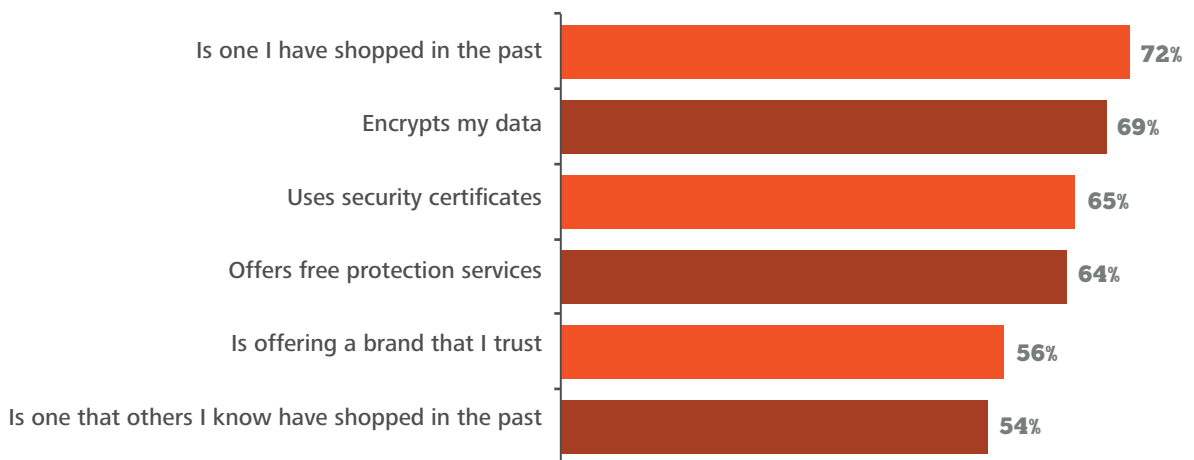
### Online venue familiarity also lowers perceived risk

Adding to the holiday shopping venue stickiness phenomenon, shoppers indicate they feel safer shopping at online venues at which either they (72 percent) or others they know (54 percent) had shopped in the past (figure

19). This suggests that, beyond educating consumers on actions being taken to protect their personal data, online retailers may want to consider encouraging current customers to share or promote their sites with others, perhaps through an incentive program, which may lower perceived risk and encourage new shoppers to try the sites.

Figure 19. Factors lowering perceived online site risk

*I feel safer shopping online when the site . . .*



Source: Deloitte holiday survey 2015.

Graphic: Deloitte University Press | DUPress.com



Figure 20. Reaction to physical store stock-outs

*If a product wasn't available in the store, which would you most likely do first?*



Source: Deloitte holiday survey 2015.

Graphic: Deloitte University Press | DUPress.com

### Stock-outs more detrimental for online versus physical retail experiences

When stock-outs—lack of inventory of a desired product—occur at a physical store, over half of surveyed consumers (56 percent) are willing to work with that specific retailer to secure the product, either through a different physical location or via the retailer's website (figure 20). This stickiness for shoppers visiting

physical venues is up 5 percentage points from last year; it also suggests that consumer loyalty is stronger for physical retail venues versus online venues, where more than three-quarters (76 percent) of holiday shoppers indicate they would look elsewhere when faced with product unavailability (figure 21). Female respondents indicated a greater likelihood to remain loyal to a physical store location (60 percent) than males (51 percent).



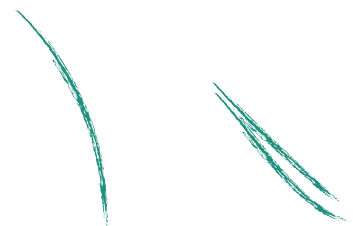
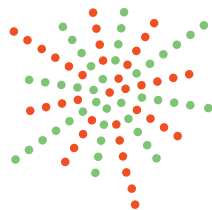
Figure 21. Reaction to store website stock-outs

*If a product wasn't available on a store's website, which would you most likely do first?*



Source: Deloitte holiday survey 2015.

Graphic: Deloitte University Press | DUPress.com







# The connected consumer

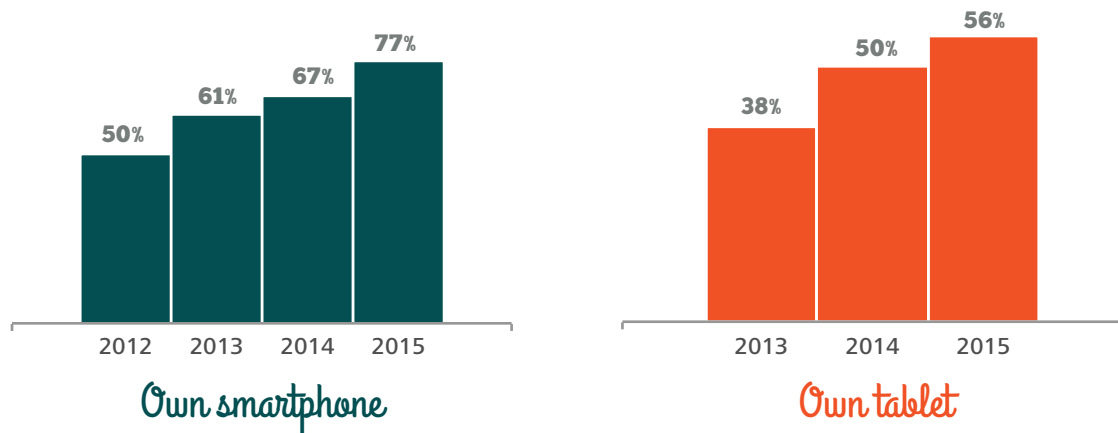
## The Internet is a powerful influence

**O**NLINE research prior to purchase will influence 51 percent of purchases, up 8 percentage points from 2014. A third of consumers believe it is important for retailers to have both a physical store and an online presence.

## Smartphones are for directions; tablets and smartphones are both used for browsing, reviews, and price checking

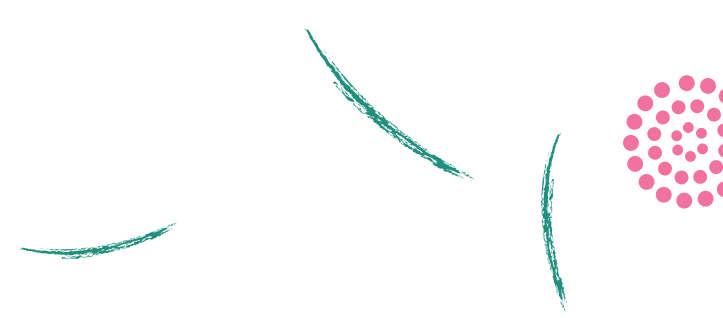
Smartphone and tablet ownership continues to increase; a consumer is now more likely to own a tablet (56 percent) than not (figure 22). Among device owners, 78 percent of

Figure 22. Smartphone and tablet ownership



Source: Deloitte holiday survey 2015.

Graphic: Deloitte University Press | DUPress.com





consumers intend to use their smartphones for holiday shopping, and 72 percent will use their tablets. Other than for directions—an indispensable application for many smartphone owners—the top reasons for their use are fairly consistent across the two devices (figures 23 and 24).

### Social media provides inspiration, discounts, and reviews

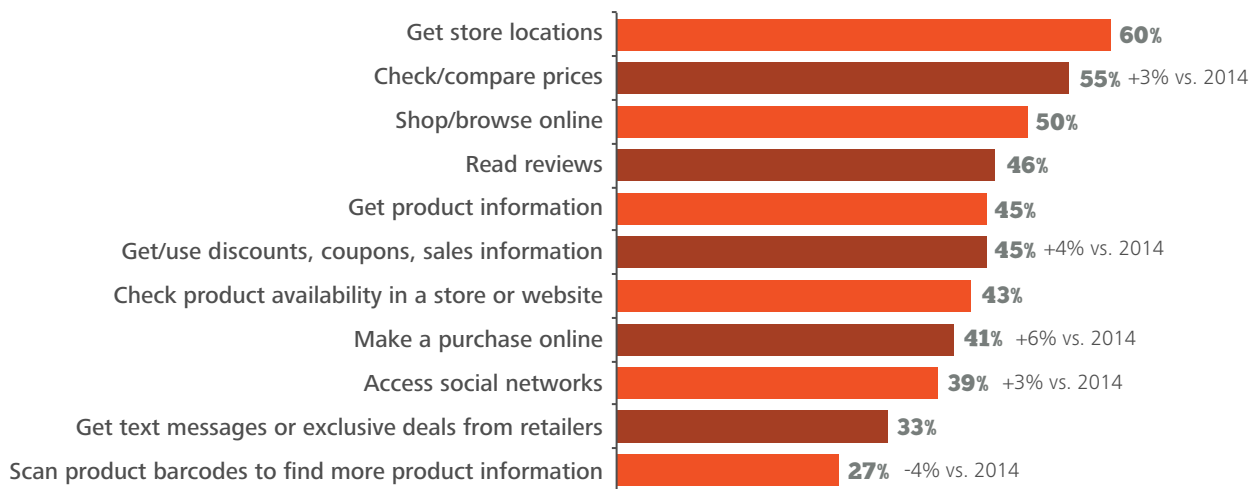
Social media use in general continues to rise (76 percent of respondents said they use

social media in 2015, compared to 72 percent in 2014). Half of all of our respondents intend to use social media to assist with their holiday shopping (up from 45 percent in 2014). Similar to last year, consumers list gift ideas, discounts, coupons, sale information, and reviews and recommendations as their primary social media uses during the holiday shopping season (figure 25).

Figure 23. Reasons consumers use smartphones during holiday shopping

*In which of the following ways, if any, do you plan to use your smartphone to assist you in your holiday shopping?*

Among the 78% of smartphone owners who will use a smartphone for holiday shopping:



Source: Deloitte holiday survey 2015.

Graphic: Deloitte University Press | DUPress.com





**Figure 24. Reasons consumers use tablets during holiday shopping**

*In which of the following ways, if any, do you plan to use your tablet to assist you in your holiday shopping?*

Among the 72% of tablet owners who will use a tablet for holiday shopping:

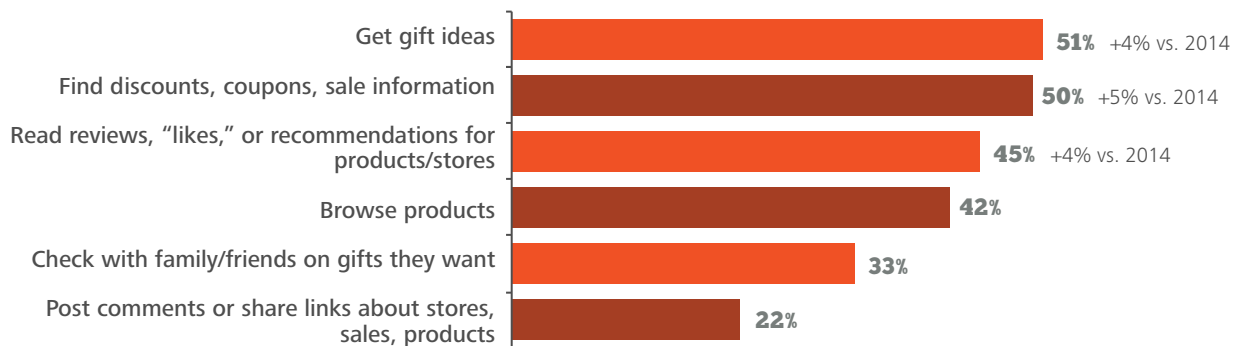


Source: Deloitte holiday survey 2015.

Graphic: Deloitte University Press | DUPress.com

**Figure 25. Ways social media assists with holiday shopping**

*How do you plan on using social media for holiday shopping?*



76% of all respondents use social media sites (blogs, discussion groups, or social networks), +4% vs. 2014.

Note: Percentages calculated on a base of the 50 percent of respondents who plan to use social media for holiday shopping.

Source: Deloitte holiday survey 2015.

Graphic: Deloitte University Press | DUPress.com





# Holiday shopping influences, expectations, and timing

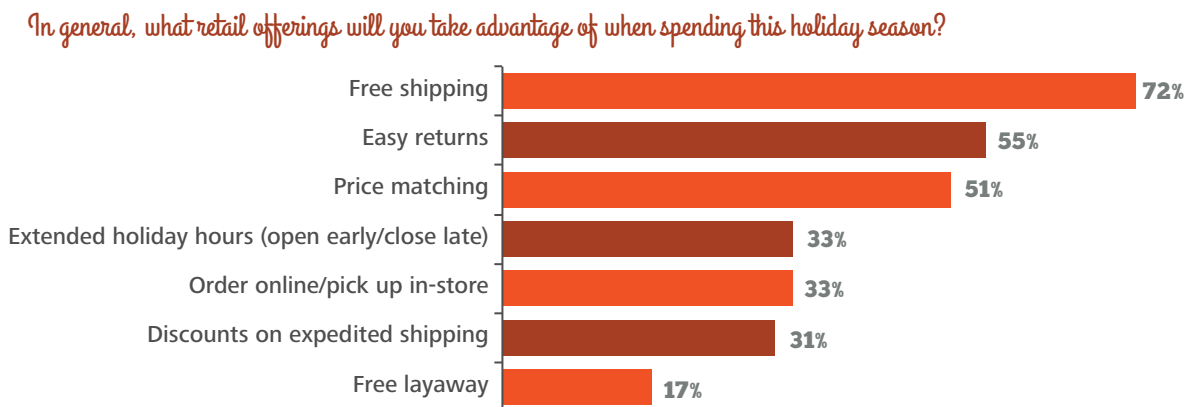
Sales and coupons still matter, but don't forget the bookend moments: shipping and returns

**N**OT surprisingly, over two-thirds (67 percent) of consumers intend to buy sale items this holiday season, while almost half (47 percent) plan to use coupons. While 78 percent of consumers indicated that coupons and promotional offerings will influence their shopping decisions, they also cited free shipping (72 percent) and easy returns (55 percent) as

important influences. Over half (51 percent) of shoppers also plan to take advantage of retailer price-matching offerings (figure 26).

With over half of our respondents indicating they plan to take advantage of returns, we see a recurring theme. Wise retailers should ensure that they get these bookend moments—shipping and returns—right. Not only focusing on first moments, but also ensuring that customers' parting moments for each specific purchase are positive, will help leave a lasting impression.

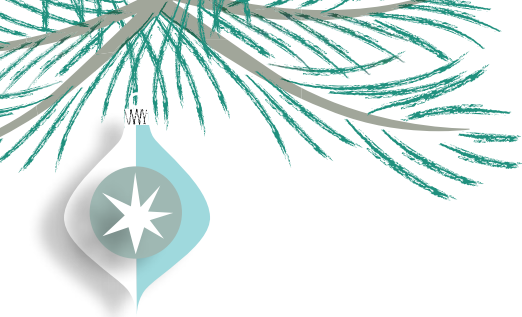
Figure 26. Retail offerings shoppers plan to take advantage of



78% of all respondents will be influenced by coupons/promotional offers vs. 74% in 2014.

Source: Deloitte holiday survey 2015.

Graphic: Deloitte University Press | DUPress.com



## Heads up: Nearly three-fourths of shoppers plan to ship for free!

With regard to taking advantage of retailer offerings, consumers tend to most value the front end, in the form of free shipping. Almost three-fourths (72 percent) plan to take advantage of this offering, more than those planning to take advantage of returns (55 percent) or price matching (51 percent).

In terms of return policy criteria, shoppers are fairly reasonable in their requests. When asked about their top three most desired attributes in a return policy, 48 percent of respondents identified the ability to receive a refund instead of a store credit (although getting refunds might be fairly difficult for holiday gift returns). Many surveyed consumers also valued the ability to return purchases to a different store location (47 percent) and to return an item purchased online to a physical store (41 percent). Only a third of shoppers listed the

ability to return purchases without a receipt as one of their three most desired attributes in a return policy.

## Free shipping trumps fast shipping, and "fast" means two days or less

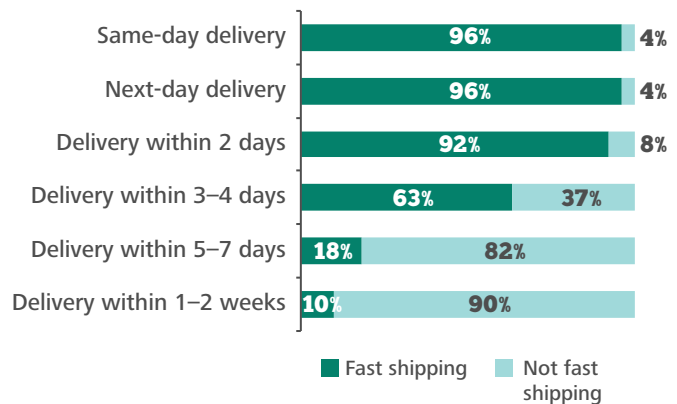
Overwhelmingly, shoppers care more about free shipping than fast shipping. In terms of what constitutes fast shipping, most respondents feel that two days or less is fast (figure 27). It appears that consumers not only do not want to pay for standard shipping, but that they are also reluctant to pay much to receive purchases more quickly. On average, the maximum amount that respondents are willing to pay above and beyond standard shipping costs for same-day delivery is \$5, with nearly a quarter of shoppers (24 percent) unwilling to pay anything extra for same-day delivery.

Figure 27. Shipping attributes and expectations

When you are shopping online, which of these two promises is more important to you?



Which of the following would you consider to be "fast shipping"?



Source: Deloitte holiday survey 2015.

Graphic: Deloitte University Press | DUPress.com



## Consumers still have aggressive holiday shipping expectations

Notwithstanding the shipping-delay issues from holidays past, consumers still expect on-time delivery at the year’s busiest time. In terms of when consumers believe they need to order an item to have it shipped and arrive by December 24, there is no clear-cut consensus: Slightly over a quarter of shoppers believe they can order by December 23 and have an item arrive on December 24, while 39 percent believe—more realistically—that they are safe if ordering by December 17 (figure 28). The upshot: Retailers should make clear when customers need to place orders to guarantee delivery by December 24—and whether and how much this will cost them.

## The early bird (shopper) is a dying breed

Perhaps this is good news for the worms: Fewer people expect to begin their holiday shopping earlier than December. Specifically, only 23 percent will begin shopping in early November, down from 25 percent in 2014 and 30 percent in 2013.

## Same time this year: Expect shopper traffic and timing to echo last year’s behavior

In planning when and how to staff up and stock up their stores, retailers should anticipate shopping patterns similar to last year’s in terms

Figure 28. Perceptions for latest day to order for paid and free shipping

*What is the latest day you think you can order gifts this year and still receive by December 24, under the two types of shipping below? Assume a standard-sized package.*



Source: Deloitte holiday survey 2015.

Graphic: Deloitte University Press | DUPress.com



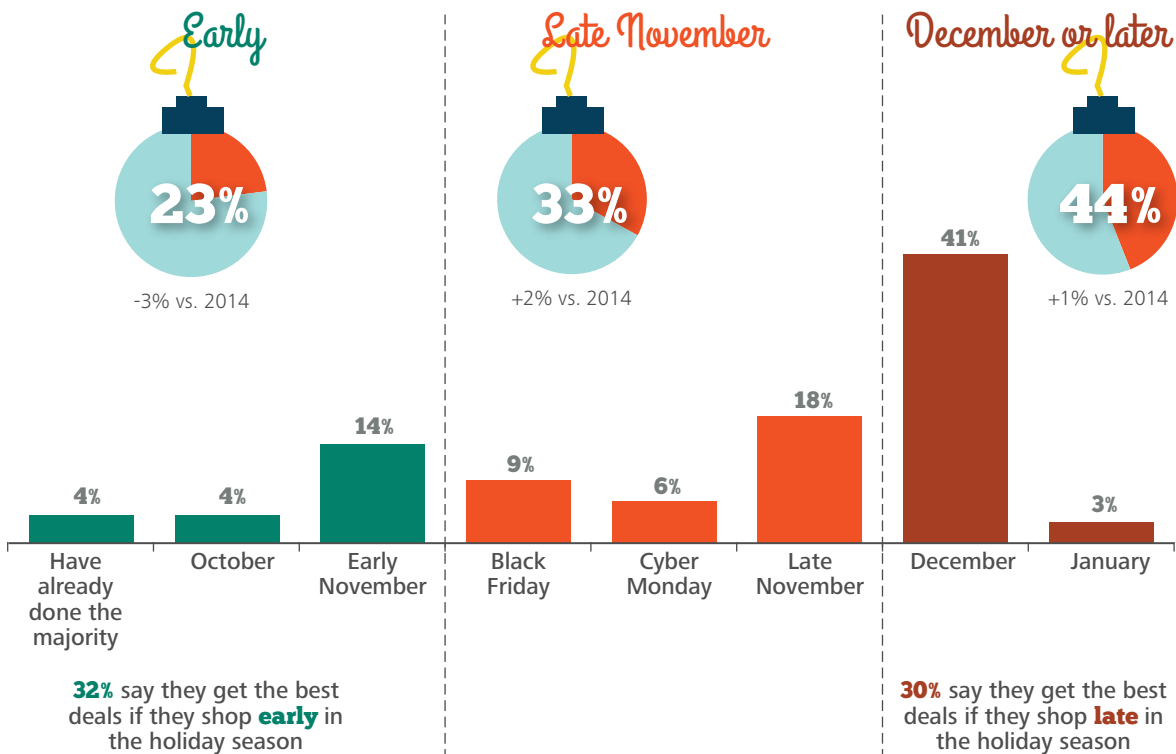
of traffic and purchase patterns. Much as in the last two years, 44 percent of our surveyed consumers expect to do the majority of their shopping in December or later (figure 29). Also similar to last year, 16 percent plan to shop after Christmas day. Of this 16 percent, almost half (44 percent) will be making belated purchases for the 2015 holiday season; 16 percent will also be purchasing for the 2016 season, and another 10 percent will be making purchases strictly for the 2016 season. Forty-five percent of those shopping after Christmas day expect to take advantage of the inevitable sales to buy non-holiday items.

### Consumers are divided on when the best deals are likely to occur

Despite their propensity to shop late, consumers are fairly evenly split in their thinking regarding when the best deals occur, with 32 percent believing they will get the best deals if they shop early in the holiday season, and 30 percent believing they will get the best deals late in the season (figure 29).

Figure 29. When consumers expect to do the majority of shopping

In which one of these days or months do you expect to do the majority of your holiday shopping this year?



Source: Deloitte holiday survey 2015.

Graphic: Deloitte University Press | DUPress.com



### Shopping-day rituals are on decrease and hold less significance

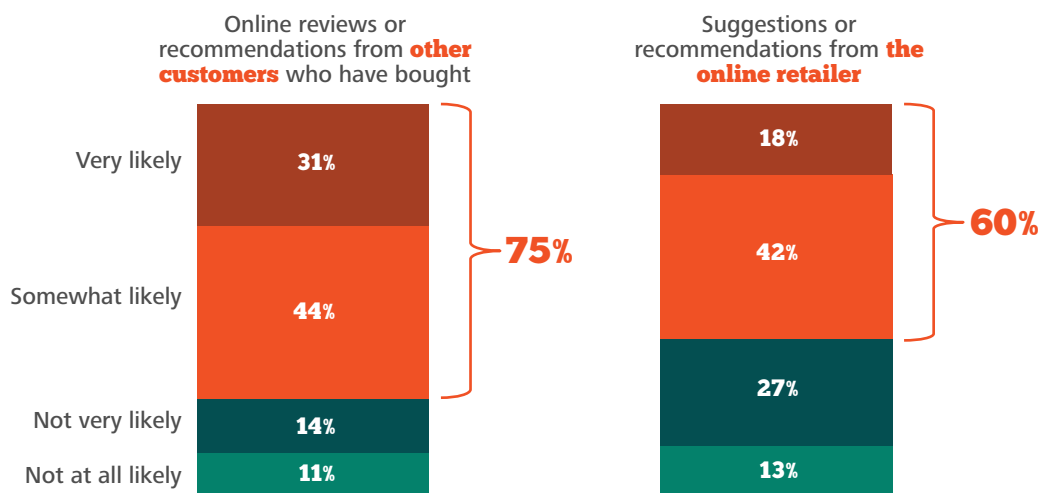
Twenty percent of consumers expect to do less shopping on Black Friday this year than last year, with only 10 percent expecting to do more. With regard to Cyber Monday, 15 percent anticipate doing less shopping on this day, with 13 percent anticipating doing more. More than half of shoppers (52 percent) indicate that they rely less on Black Friday than in the past. Similarly, 41 percent of shoppers don't rely on Cyber Monday as much as they used to for holiday shopping.

### Guarding their influences: Trusting other customers over retailer recommendations

Similar to findings from other recent research,<sup>13</sup> holiday shoppers will be strongly influenced by other customers' online reviews and recommendations (75 percent say that other customers' reviews and recommendations will influence them). Furthermore, they tend to rely on other customers' views more than on online retailer suggestions and recommendations (figure 30). Consequently, retailers' best strategy may be to encourage existing customers to post their (hopefully positive) feedback and reviews.

Figure 30. Reliance on reviews and suggestions

*How likely are you to follow the suggestions or recommendations from each of the following when shopping online?*



Source: Deloitte holiday survey 2015.

Graphic: Deloitte University Press | DUPress.com







# Anticipating, navigating, and capitalizing on disruption

## Pearls of wisdom: Creating moments that matter

**D**ID you know that the gift for 30th anniversaries has traditionally been the pearl? With this in mind, we would like to leave our retailers with some pearls of wisdom and suggestions to help you capitalize on the holiday season—our 30th anniversary gift to you!

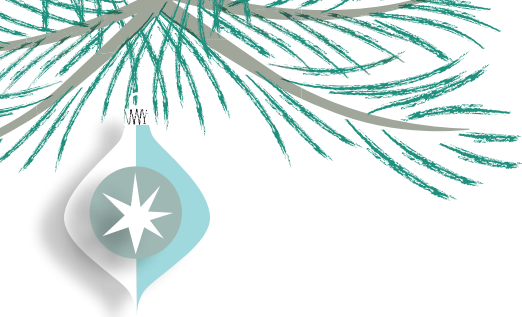
**Pearl 1: Capitalize on consumers' desire to be good to self and family this year.** The increase in consumers' intentions to buy non-gift clothing for family and self and home furnishings, coupled with the fact that half of surveyed shoppers plan on buying for themselves too, suggests that consumers are making this year's holiday about themselves and their families. Retailers should consider incorporating themes that reflect this consumer value of being good to self and family into both their messaging campaigns and their implementation strategies—e.g., across products, merchandising, and curation.

**Pearl 2: Ensure that the parting moments of customer experience are positive and efficient.** Our findings suggest that parting moments—the checkout process—matter more to consumers than first impressions. This focus should guide your sales associates in terms of training and customer interaction focus, store layout (particularly checkout lines' placement, quantity, and staffing), and in-store technology (e.g.,

self-checkout options). This means ensuring that your sales associates focus on and are trained to help complete purchases rather than just eagerly greet new customers.

**Pearl 3: Offer free standard shipping, prepare for late shippers, and clearly communicate deadlines.** Free shipping is fast becoming table stakes for retailers. Many consumers now view free shipping as an entitlement, and most plan to take advantage of this offering. With consumers shopping later and later in the season, and not relying on traditional November shopping-ritual days, be prepared for many last-minute shipping requests. Retailers would be wise to clearly communicate and educate consumers on their shipping policies—and to set clear deadlines for holiday delivery.

**Pearl 4: Encourage customers to interact with products.** Products are what get consumers in the door of physical retailers, both national and local. With that in mind, retailers should ensure that their physical environments offer shoppers the opportunity to not only see but touch, feel, and experience the products they are interested in. Our findings suggest that only a little more than half (57 percent) of a shopper's mind is made up regarding what he or she wants to buy when entering a store. Additionally, less than half of consumers (44 percent) have a set holiday budget. Moments in which customers interact with products, enhanced by attentive and



knowledgeable sales associates, can help sway shoppers to be open to purchasing other items.

**Pearl 5: Offer unique merchandise and subscription services.** Unique product offerings not only help get consumers in the door; they can also neutralize competition based on price, since consumers can no longer merely compare prices for an identical product. Consider also adding subscription services by repackaging or bundling current products into subscription gift offerings. And if at a loss for new product ideas, look to customers for ideas, such as by mining online search queries.

**Pearl 6: Meet customers where they are, figuratively and literally.** While events and nontraditional venues (e.g., pop-ups or low-infrastructure players) pose only a moderate threat to retail sales today, savvy retailers should not merely keep an eye on these—they should find a way to play in and capitalize on these new environments. Identify opportunities to collaborate with local groups and to host events or private shopping experiences at your location. Collaborating with local community groups can give national players a

local feeling. Also consider thinking out of the box or, more specifically, outside your location. Identify opportunities to take your offerings to other locations such as festivals, fairs, and work facilities. While you will most likely only be able to offer a subset of your offerings, provide incentives at such events to encourage these shoppers to then visit your physical (main) location.

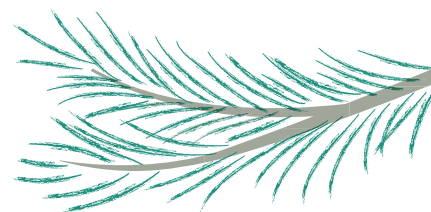
**Pearl 7: Transform existing customers into advocates—for both products and stores.** Shoppers look to other customers, not only for product reviews and recommendations, but for guidance as to where to shop. With regard to online shopping, this can lower potential customers' inhibitions about the riskiness of a site. Consequently, retailers should encourage consumers to not only post product reviews—generally viewed as more credible than retailer recommendations and suggestions—but also to promote the retailer. Merely sharing the information that they visited or shopped at a site appears to reduce the perceived risk for new shoppers.





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