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2020 Deloitte holiday retail survey

Reimagining traditions

October 2020

In 35 years of holiday reports, we've seen it all

Deloitte's holiday survey turns 35 this year! To honor the long tradition, we've added new elements to our report, including a nostalgic **podcast** featuring retail leaders breaking down some of the industry's biggest trends, and supplemental data from Deloitte's Insight IQ. Also, please view our **economic forecast** discussing the emergence of a K-shaped recovery and check back later in the season to view our pre-Thanksgiving report.

Since Deloitte began tracking the holiday shopping period in 1985, we have watched an incredible transformation take place as retailers have adapted to the changing needs of consumers. Throughout the years, the report has followed the holiday shopping season as it has evolved from an in-store cultural shopping experience to a more task-driven e-commerce event. We have monitored how consumer behavior has adjusted to recessions as well as periods of innovation and growth. As COVID-19 continues to be a disrupting force this year, it is comforting to look back at previous holidays and see that some things remain constant. Price, product, and convenience are still top considerations for consumers, and so is the desire to make the season special for friends, family, and pets, no matter the circumstances.

In Deloitte's *Global State of the Consumer Tracker*, we have seen anxieties running high for several months with 60% of US shoppers concerned for the health of their families. Financial concerns persist; as of mid-September, 34% of shoppers are worried about making upcoming payments, up from 26% a month prior.[1] Our holiday findings have identified how those anxieties are reshaping consumers' approaches to the shopping season, especially around category spend, timing, and shopping formats.

For retailers, it will be a season of uncertainty, but as we have seen in previous eras, disruption often leads to innovation and opportunity. In 35 years of analysis, perhaps the most resounding takeaway is that both consumers and the retail industry are resilient.

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[1] Deloitte, *Deloitte State of the Consumer Tracker*, September 17, 2020.

COVID isn't canceling the holidays …

... But consumers are trimming in **four** key areas:

They're getting creative with how they celebrate this year—redirecting their time and spend toward home and keeping things festive.

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Key findings

Better not pout

Spending: COVID-19–related anxiety translates to cautious spend

- Shoppers expect to spend $1,387 per household during the holiday season this year, down -7% YoY
- 38% of shoppers plan to spend less YoY because of concerns around economic instability

Deck the halls

Travel and experiences: Budgets once reserved for trips are now going toward celebrating at home

- Consumers expect to shift spend out of travel (-34% YoY)
- Non-gift items such as home furnishings and seasonal décor are on the rise (+12% YoY)

Home for the holidays

In-store shopping: Aiming to avoid crowds, consumers seek out contactless solutions

- Nearly 51% of holiday shoppers feel anxious about shopping in-store
- Contactless shopping experiences are in demand with 73% planning to have items delivered vs. 62% in 2019; preference for curbside pickup more than doubled YoY
- Online retailers (62%) and mass merchants (50%) are the top holiday destinations as shoppers pull back from browsing formats

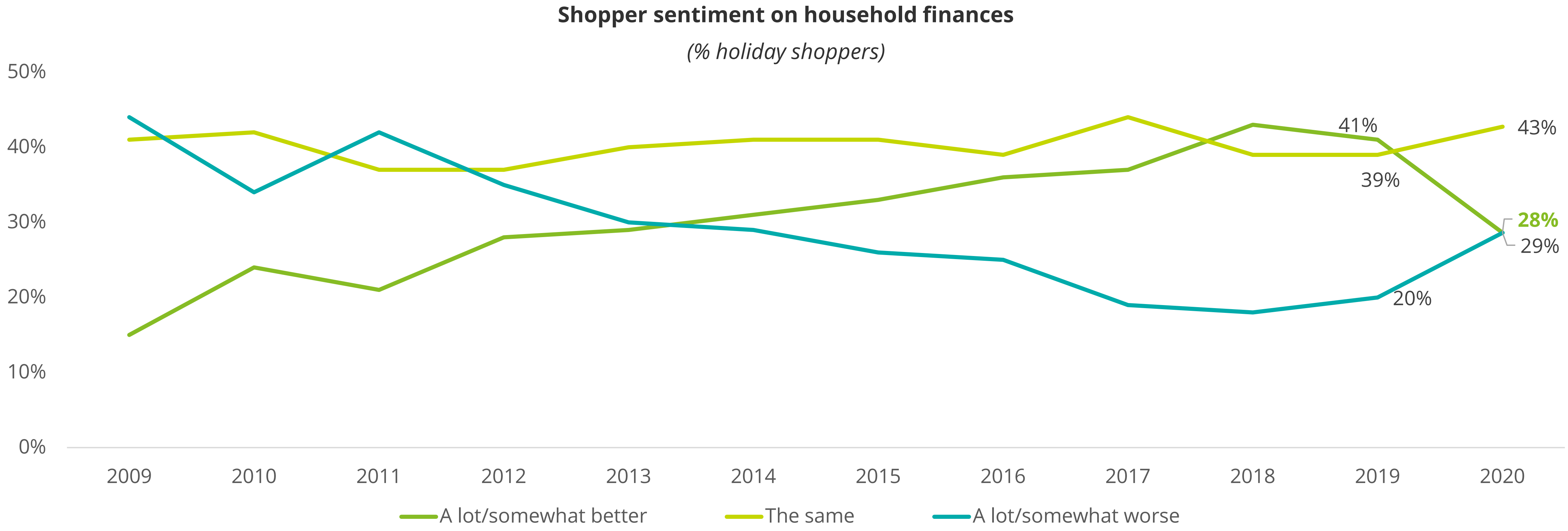
Browsing… bah humbug

Timing: New shopping behavior seems to favor efficiency

- The average shopping window is expected to be 1.5 weeks shorter this year
- Though the industry was expecting holiday consumers to shop earlier, consumers plan to start at similar times YoY

COVID-19–related anxiety results in cautious spend

The majority of consumers are in similar or better financial situations than last year; however, nearly one in three say that their household's financial situation is worse



Question: "Thinking about your household's current financial situation, would you say it is …"
Note: Sample size (N)=4,012.

Throughout the pandemic, the lower-income group has been the most concerned about making upcoming payments

	Lower income (Less than $50k)	**Middle income** ($50k–99k)	**Higher income** ($100k or more)
Plan to spend less on holiday shopping compared to last year	**42%**	36%	35%
Household finances are a **lot/somewhat worse** than last year	**36%**	28%	22%

Questions: "How will your total holiday spending compare with last year's holiday season?"; "Thinking about your household's current financial situation, would you say it is ..."; and "What are the reasons why you plan to spend less this year on the holidays?"
Notes: Sample size (N)=4,012. All dollar amounts are in US dollars.

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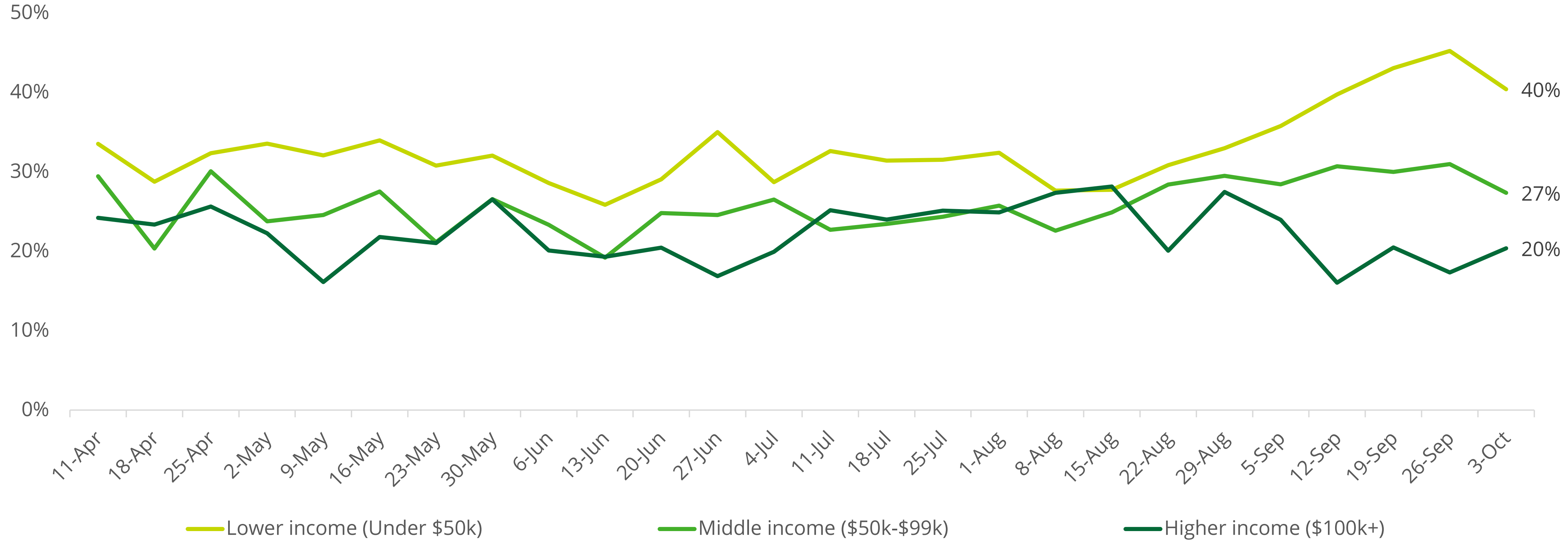
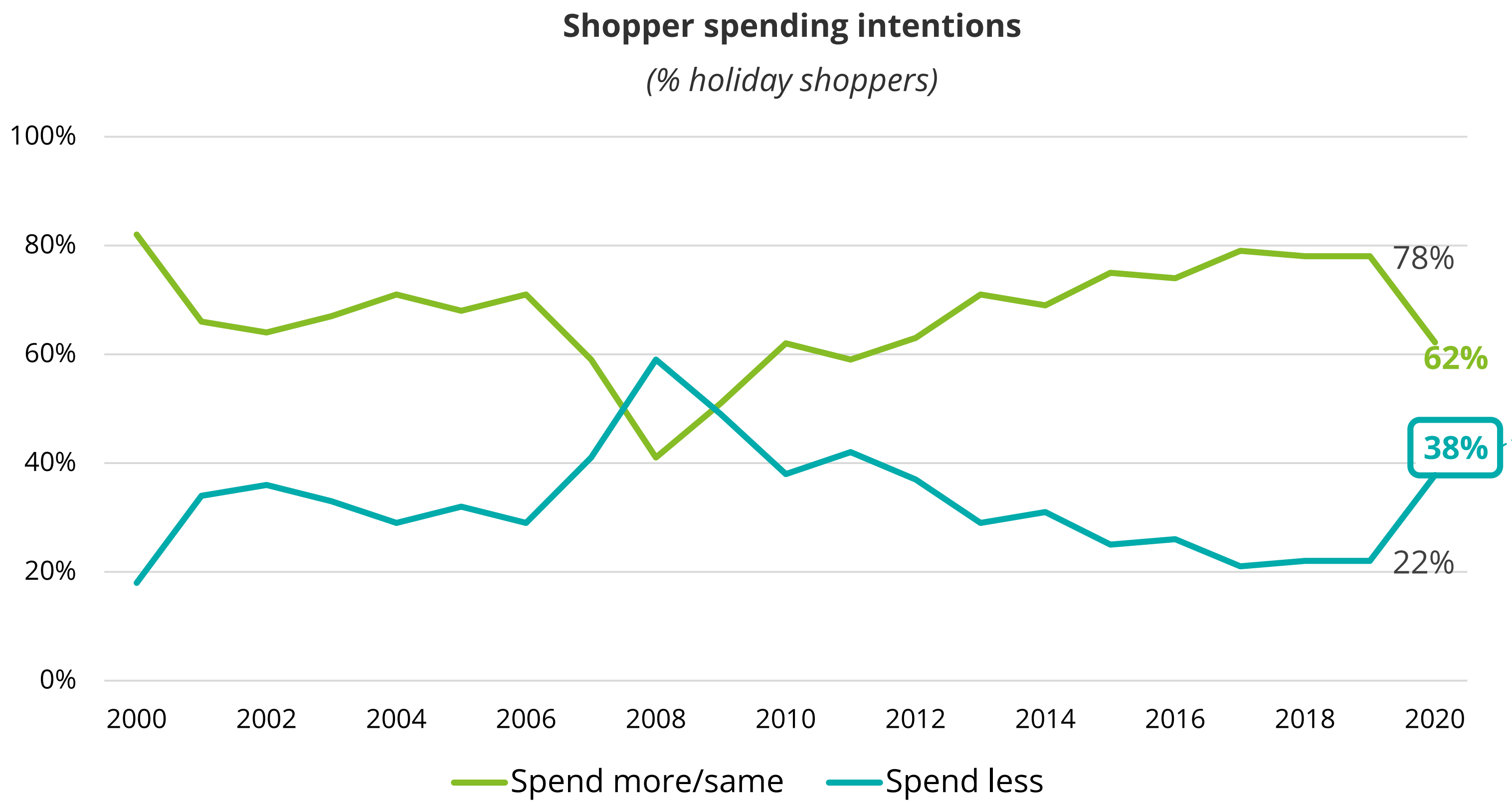
Although many are feeling the economic impacts of COVID-19, lower-income families have been hit harder

Concerned about not being able to make upcoming payments (e.g., rent, mortgage, auto, credit card) – By income
(% agree)



Question: "To what extent do you agree or disagree with the following statements?: I'm concerned I will not be able to make upcoming payments (e.g., rent, mortgage, auto, credit card)."
Notes: Sample size (N)=~1,000 per week. All dollar amounts are in US dollars.

Thirty-eight percent plan to spend less this holiday season, a level not seen since the financial crisis



Top reasons for spending less

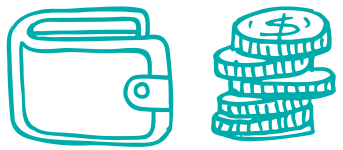
(among the 38% who plan to spend LESS this year)

50%

concerned about economy in general/economic instability

40%

saving more instead of spending



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Notes: Sample size (N)=~1,000 per week. All dollar amounts are in US dollars.

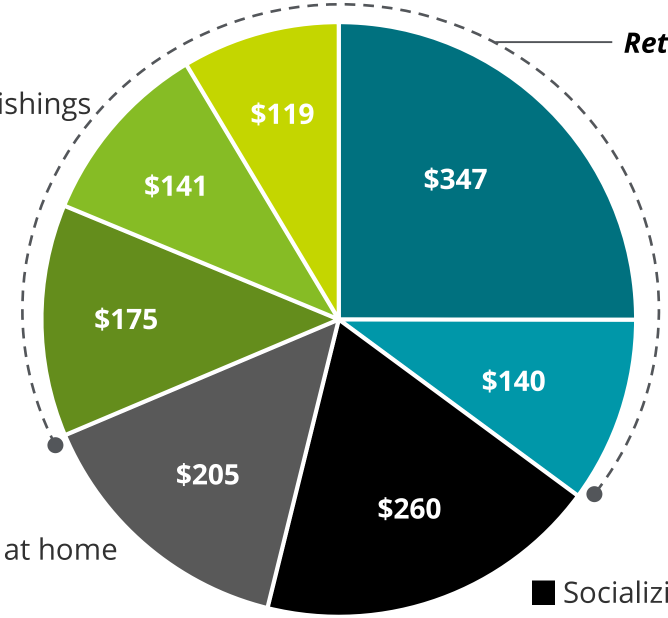
As consumers cut back on travel and experiences, non-gift purchases are likely to benefit

$1,387 Average expected spend per household during year-end holiday season

-7% vs.LY

34% decline in travel spend is set to give retailers a boost this year, up to 66% of total holiday spend

Holiday shopping spend



$435
Nongift purchases
+12% YoY

- Nongift clothing
- Home/holiday furnishings
- Other (misc.)

- Gifts
- Gift cards/gift certificate

$487
Gifts and gift cards
-5% YoY

$205
Entertaining at home
0% YoY

- Entertaining at home

- Socializing away from home

$260
Socializing away from home (travel)
-34% YoY

Question: "How much do you expect you will spend during the upcoming year-end holiday season on each of the following items?"
Notes: Sample size (N)=4,012. LY denotes "last year (2019)." All dollar values are in US dollar.

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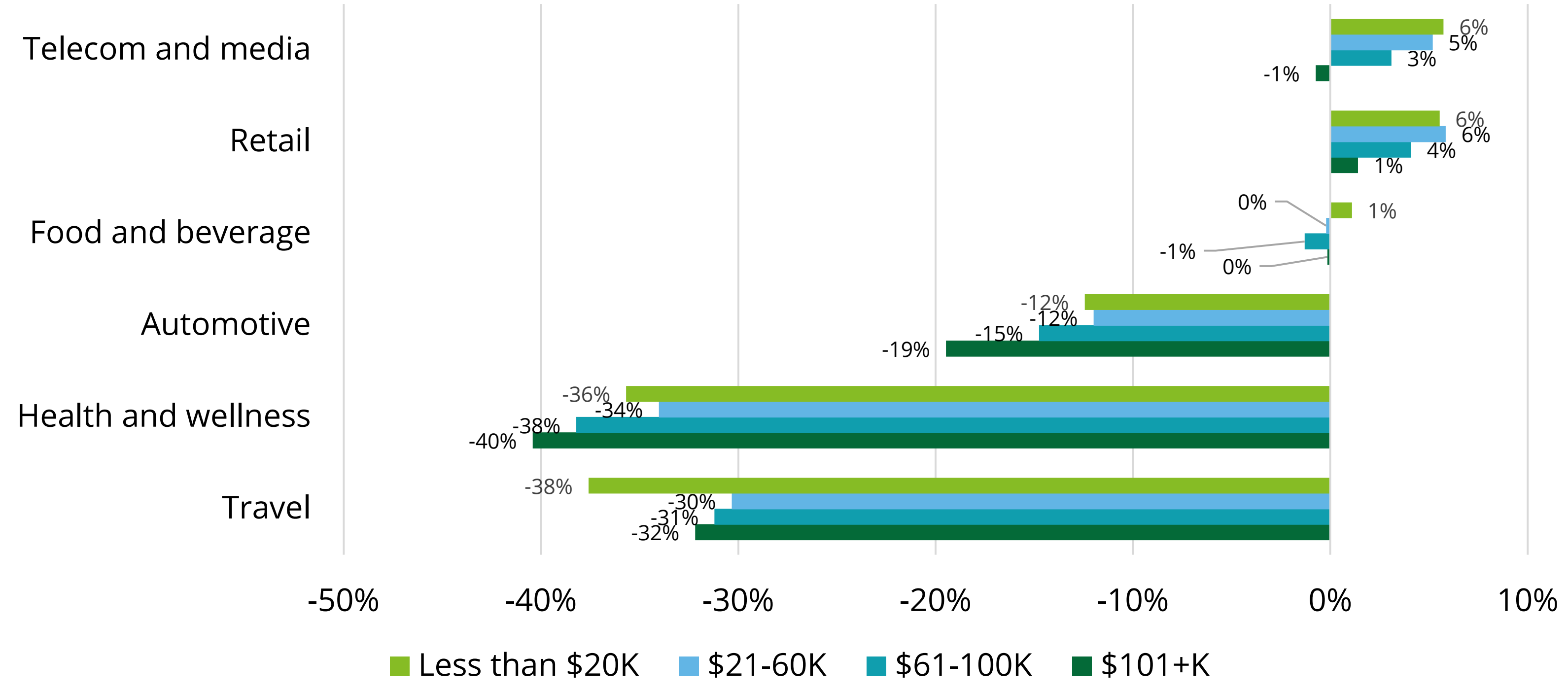
During the pandemic, the lowest-income cohort exhibited the largest share-shift away from travel toward telecom and media and retail

YoY change in spend across sectors and income groups

September 2019 to August 2020 vs. September 2018 to August 2019



Sources: Affinity Spend data; Deloitte analysis.
Note: September 2019 to August 2020 vs. September 2018 to August 2019 sectors reflect a representative set of organizations.

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In retail categories, clothing and accessories are likely to attract the largest portion of holiday spend

$922 Average amount to be spent on **retail categories** during the holiday season

Category	Share of total holiday spend at retail	Average category spend^	% of shoppers purchasing
Clothing and accessories (clothing, shoes, jewelry, etc.)	**21%**	**$253**	**74%**
Gift cards and other (gift cards, data plans, money, subscription products, etc.)	19%	$242	72%
Food and beverage (e.g., food, meal preparation kits, and liquor)	14%	$200	65%
Electronics and accessories (computers, tablets, wearables, etc.)	13%	$195	60%
Toys and hobbies (books, board games, dolls, movies, handcraft items, etc.)	13%	$163	**74%**
Home and kitchen (home improvement, home appliances and electronics, furniture, etc.)	8%	$158	49%
Health and wellness (e.g., cosmetics, personal care products, sporting goods)	7%	$114	55%
Pet (e.g., pet food and treats, pet décor and supplies)	5%	$90	50%

Notes: ^ Average spend includes only respondents who will purchase the above-mentioned category or item. Sample size (N)=4,012. All dollar amounts are in US dollars.

While all holiday shoppers were impacted by COVID-19, four distinct types are emerging in the market

Francesca, the festive shopper

27% of holiday shoppers

Average spend: **$1,652**

Francesca is all about buying gifts for others, keeping up with conventional shopping routines.

Demographic: 48% aged 55 and up (vs. 37% overall)

Nothing for self: 85% do not plan to buy any items for self during holiday shopping (vs. 26% overall)

Not paying extra for sustainability: 41% unwilling to pay extra for socially conscious goods (vs. 34% overall)

Designated delivery options: 44% plan to use only one type of delivery option, not keen on experimenting with newer last-mile solutions (vs. 34% overall)

How to win:
Offer a good assortment of toys—the festive shopper plans to spend 34% more than average on toys and hobbies

Chloe, the conscious shopper

18% of holiday shoppers

Average spend: **$1,530**

Chloe cares—and she's willing to "put her money where her mouth is" by paying more for socially responsible products.

Demographic: 60% aged 44 or younger (vs. 47% overall)

Open to gifting resale items: 47% plan to gift a resale items (i.e., secondhand, refurbished, or used) this holiday season (vs. 29% overall)

Sustainability beyond products: 71% prefer to shop at retailers who adopt sustainable practices (vs. 50% overall)

Going local: 56% prefer shopping at local retailers than national retail chains (vs. 43% overall)

How to win:
Emphasize safety measures—46% consider COVID-19 safety precautions when selecting a retailer for holiday shopping (vs. 35% overall)

David, the deal-seeker

16% of holiday shoppers

Average spend: **$1,268**

David enjoys the search for the right gift at the right price. He's up for browsing and sifting through digital platforms, including social media.

Demographic: 36% middle-income households (31% overall)

Scouting for new retailers: 98% shoppers plan to shop at new/different retailers compared to last year (vs. 65% overall)

Longer shopping duration: 75% plan to spend more than a month for holiday shopping (vs. 65% overall)

Big-ticket items for household: 53% wait for holiday sales to buy big-ticket items for themselves or their household (vs. 45% overall)

How to win:
Maximize brand messaging on deals – 91% willing to try a new store or online retailer for 'better prices' (vs. 62% overall)

Eddie, the efficient shopper

24% of holiday shoppers

Average spend: **$1,061**

Eddie isn't in the mood to browse; shopping is a task and he'll seek out the easiest way to get it done.

Demographic: 58% male shoppers (vs. 48% overall)

Fewer stores: 50% plan to shop just 1–4 stores for holiday purchases (vs. 44% overall)

Low on returns: 73% of shoppers did not make any product returns during last holiday season (vs. 67% overall)

Not shopping events: Only 20% plan to shop on a super six day, avoiding events such as Black Friday and Cyber Monday (vs. 52% overall)

How to win:
Have plenty in stock in December – 68% expect to begin shopping in December or later (vs. 17% overall)

Note: All dollar values are in US dollars.

How do the different types of shoppers compare by average spend?

Note: All dollar values are in US dollars.

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Contactless formats gain importance as consumers seek safety and convenience

COVID-19–related anxiety is causing consumers to pull back from in-store shopping, and nearly half don’t expect to return until a vaccine is developed

51%

Are anxious about shopping in-store during the holiday season due to COVID-19

69% Prefer shopping at a store **closer to their residence**

65% Prefer shopping **online** to avoid crowds

48% Prefer shopping at a store located **outside a mall**

49%

Will return to pre–COVID-19 shopping behavior when a vaccine is developed

Questions: “To what extent do you agree or disagree with the following statements? I'm anxious about shopping in-store during the holiday season due to COVID-19”; “Please state how much you agree with each of the following: I prefer shopping at a store closer to my residence”; "What are the reasons you anticipate shopping online instead of in a physical store? Avoid crowd”; “Please state how much you agree with each of the following: I prefer shopping at a store located outside a mall”; and “Which of the following will help you to return to pre–COVID-19 shopping routines? Availability of vaccines for COVID-19.”
Note: Sample size (N)=4,012.

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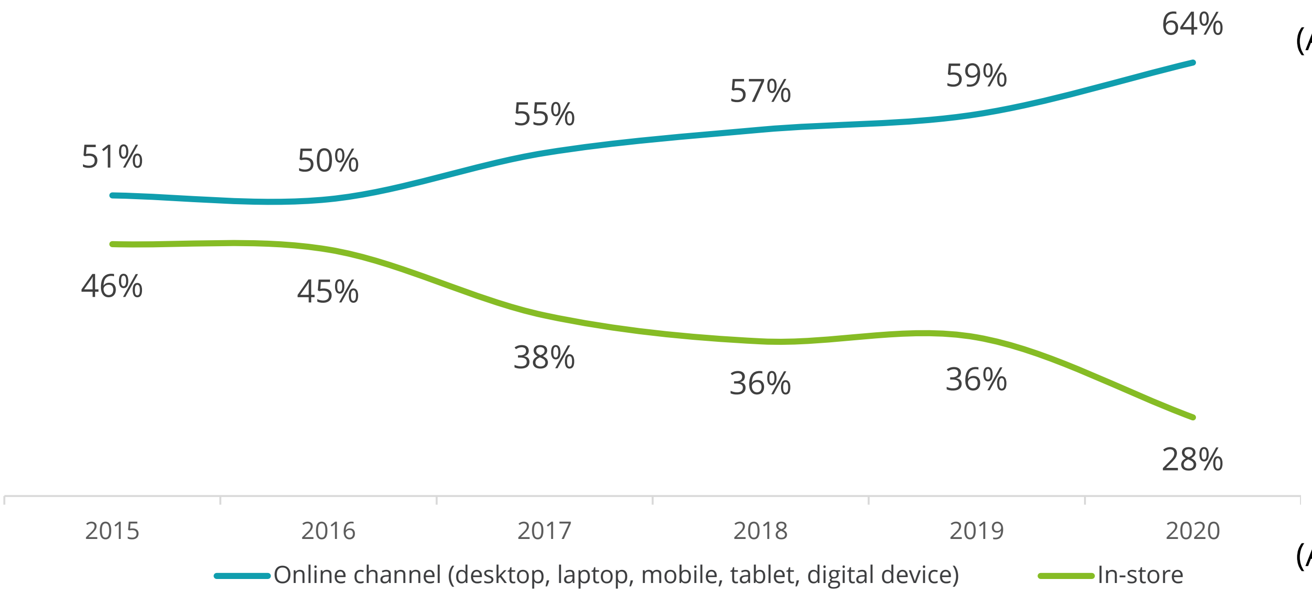
The online vs. in-store gap has accelerated as consumers seek convenient options to avoid crowds

Share of spend: Online vs. in-store^



Online
$892
(Avg. spend)

In-store
$390
(Avg. spend)

Top reasons for shopping online over physical stores
(% predominantly online shoppers)

- **Avoid crowds (65%)**
- **Comfort of shopping from home (64%)**
- **Free shipping/delivery options (60%)**
- **24-hour availability (58%)**
- **Easy to compare prices (53%)**

Question: "What percentage of your total holiday budget do you expect to spend ..?"
Notes: ^ Other retail channels (e.g., catalogue or direct mail promotion) not included in the chart (share of spend=3% in 2015; 5% in 2016; 7% in 2017; 7% in 2018; 5% in 2019; and 8% in 2020). Sample size (N)=4,012. All dollar amounts are in US dollars.

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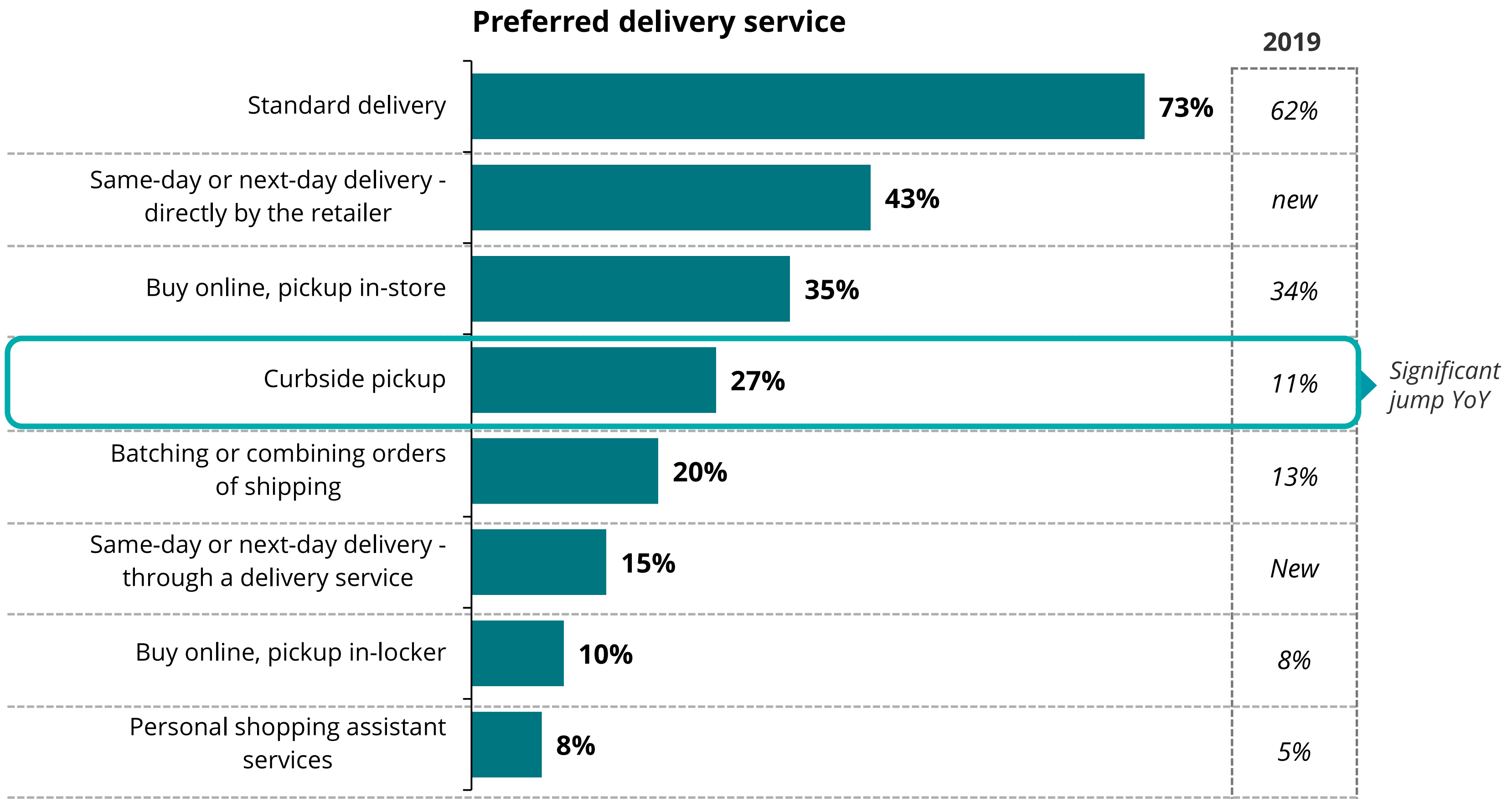
COVID-19–influenced behaviors have driven demand for contactless options such as curbside pickup



Question: "Which of the following delivery services are you likely to use during the upcoming holiday shopping season?"
Sample size (N)=4,012.

Preferred product returns service

Buy online, return in-store/curbside

45%

Prefer "Buy online, return in-store" to make product returns most convenient

Free return shipping

70%

Prefer free return shipping to make product returns most convenient

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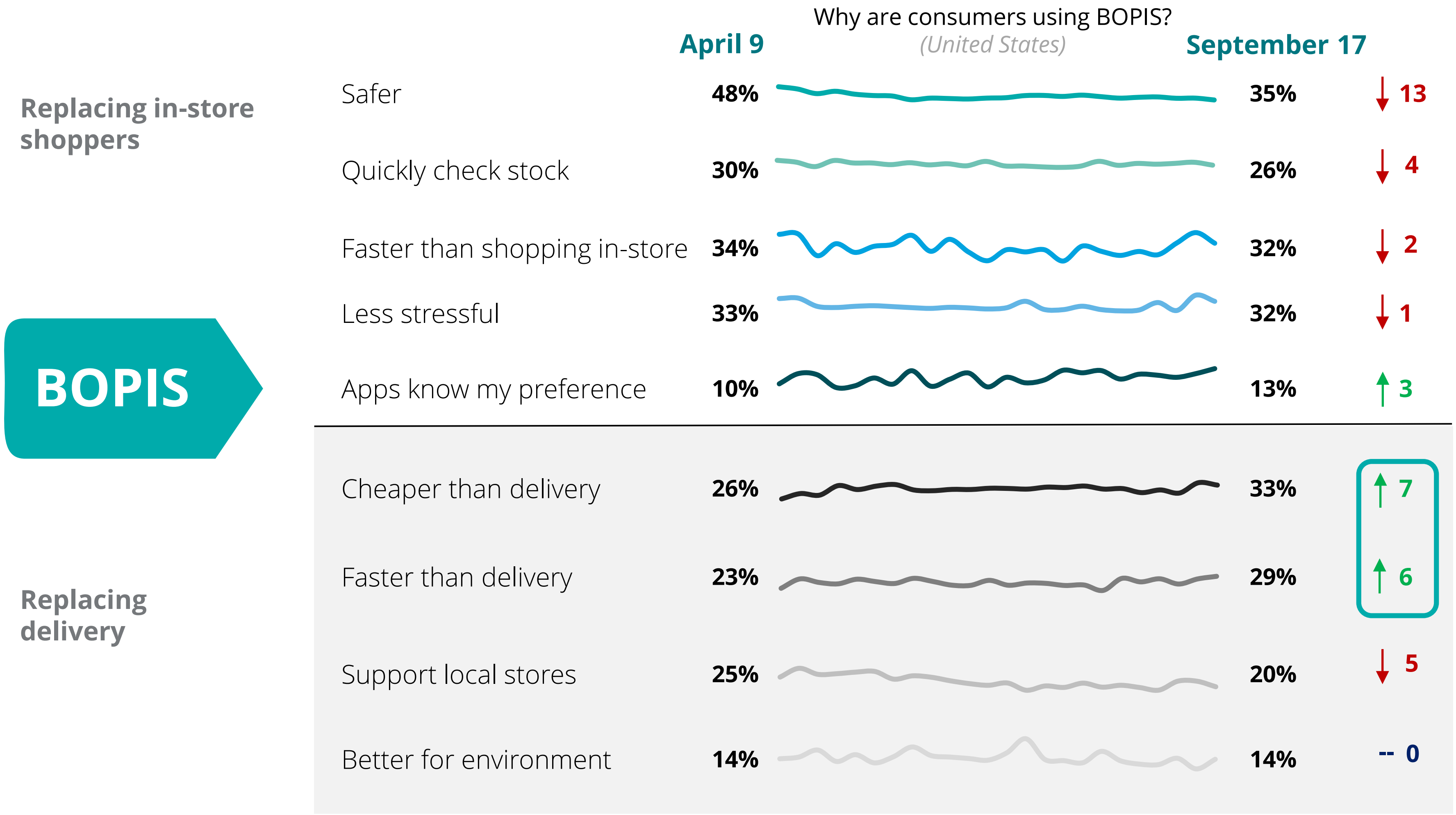
During the last six months of the pandemic, BOPIS evolved from primarily a safety consideration into a preference for convenience

During COVID-19's early peak, BOPIS was driven more powerfully by safety— replacing more in-store shoppers.

But the number of consumers using BOPIS as an *alternative to delivery* is rising.



Note: N=2500.
Source: Deloitte Global State of the Consumer Tracker.

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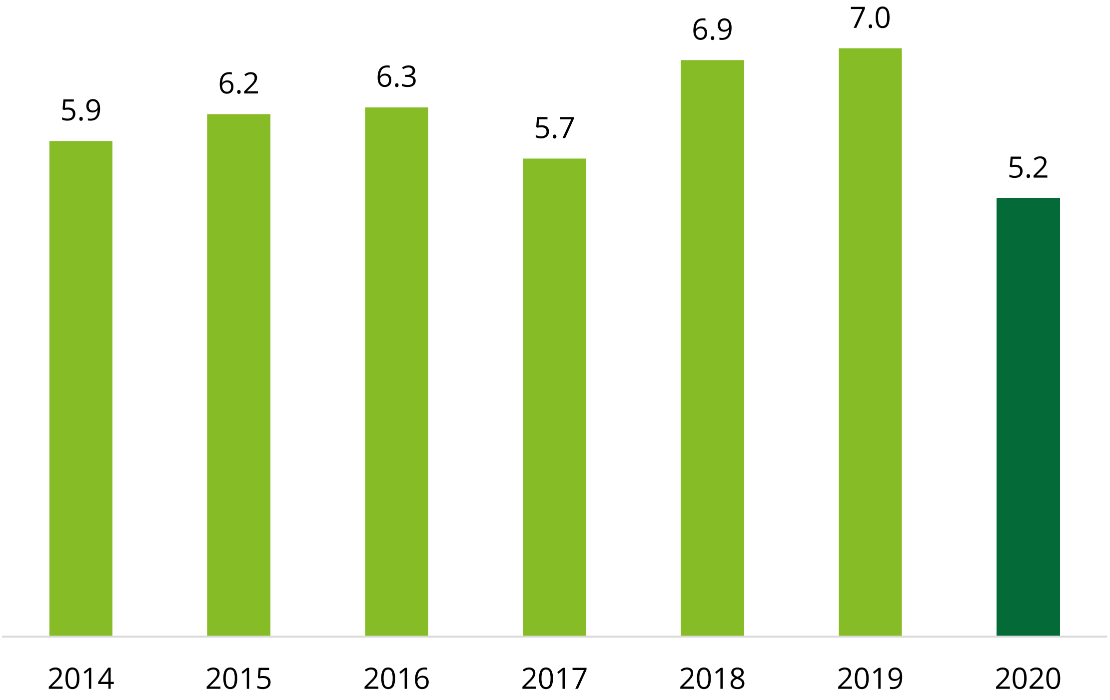
Store visits likely to be fewer than previous years as shoppers streamline their shopping journey

Average number of physical stores customers expect to visit



Travel for gift shopping

9.6 miles

Average distance travelled by shoppers to buy a gift

Shopping at local store

43%

Prefer shopping at local retailers than national retail chains

Get store location on mobile

58%

Smartphone users get store location for holiday shopping from their mobiles

Multiple drop-off locations for returns

41%

Prefer multiple drop-off locations to make product returns most convenient

Question: How many individual retail stores do you expect to visit when purchasing holiday gifts over the next several months?
Notes: Sample size (N)=4,012.

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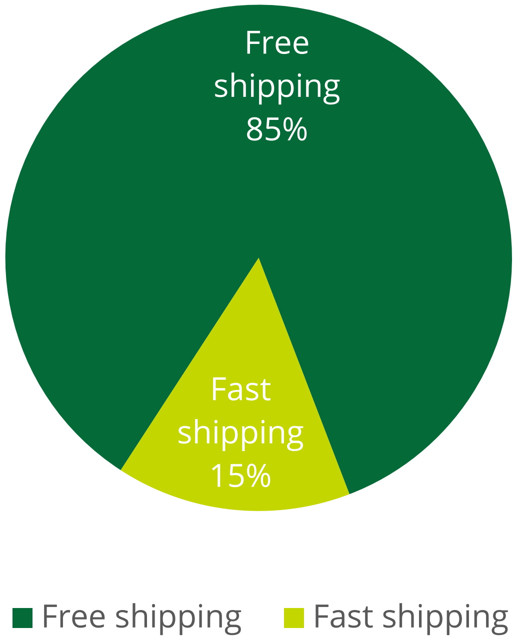
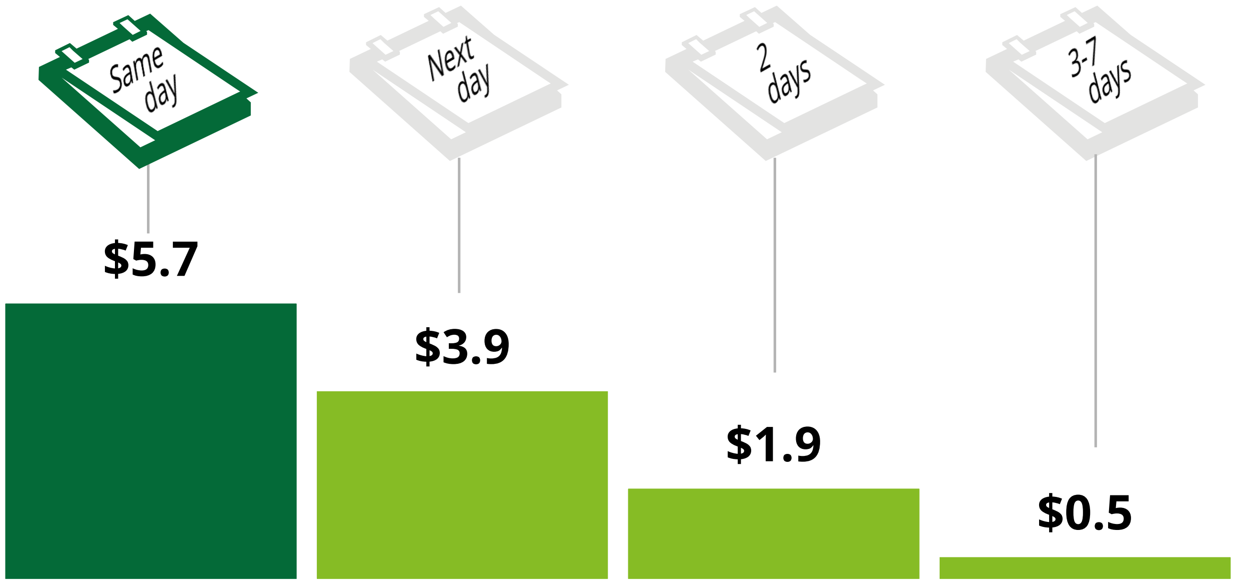
Shoppers want free shipping and they’re only willing to pay minimal amounts for faster options

Importance of free vs. fast shipping



On average, would pay an extra …



Would pay nothing extra for this	30%	36%	60%	88%

Questions: “Which of the following delivery services are you likely to use during the upcoming holiday shopping season?”; “How much extra might you be willing to pay above and beyond regular shipping costs to receive a standard-sized gift package (price defined as US$50–100) within the shipping timeframes below?”
Notes: Sample size (N)=4,012. All dollar amounts are in US dollars.

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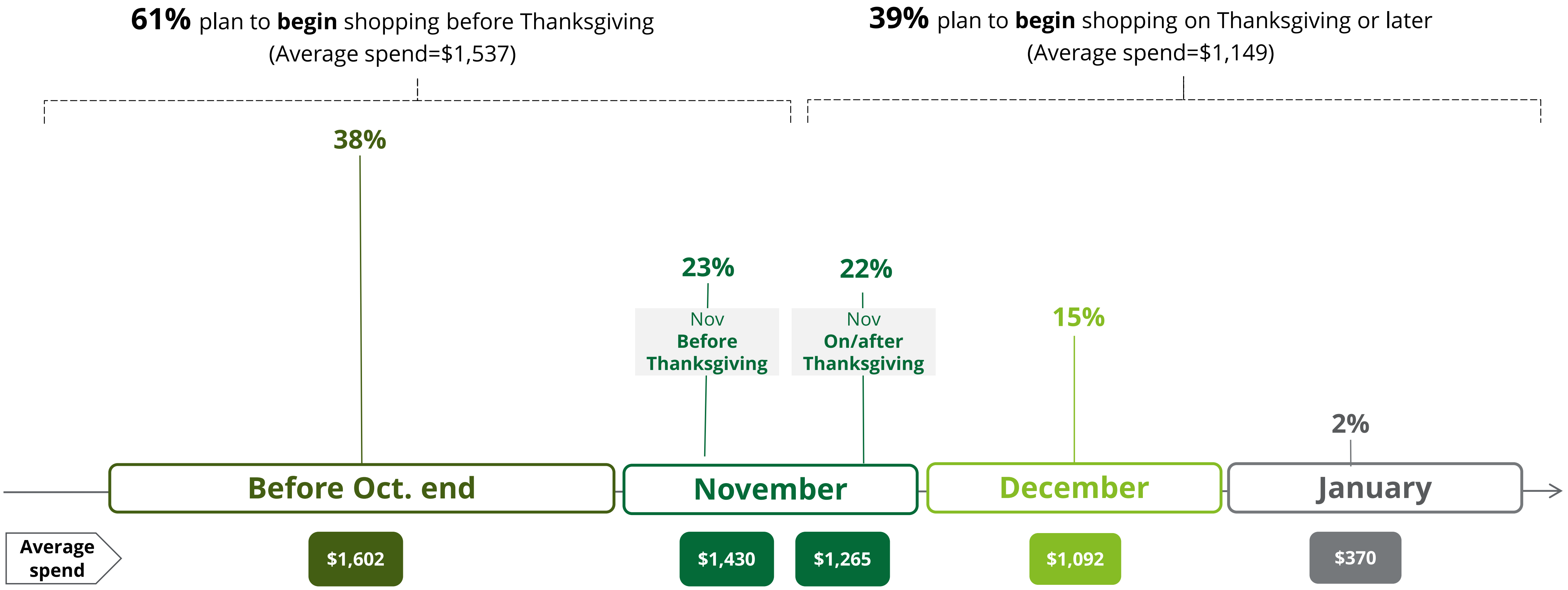
Consumers plan to shop fewer days

Despite expectations of earlier shopping, timing remains largely unchanged from last year



Questions: "When are you likely to begin your holiday shopping this year?"; "Out of your plan to spend during holiday season, how much do you plan to spend during the following months?"
Notes: Sample size (N)=4,012. All dollar amounts are in US dollars.

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However, consumers expect to shop a week and a half less, while valuing online engagement and retail proximity for their shopping journey

Share of shoppers by duration of shopping period

Average shopping duration	7.1 weeks *(2018)*	7.4 weeks *(2019)*	5.9 weeks *(2020)*

Shop closer to home

69%

Prefer shopping at a store closer to their residence

Prefer online over physical store

60%

Prefer online rather than physical store during the holiday season

Shopping radius ≤ 10 miles

58%

Prefer to travel 10 miles or less to purchase a gift from a retailer

Shopping at local store

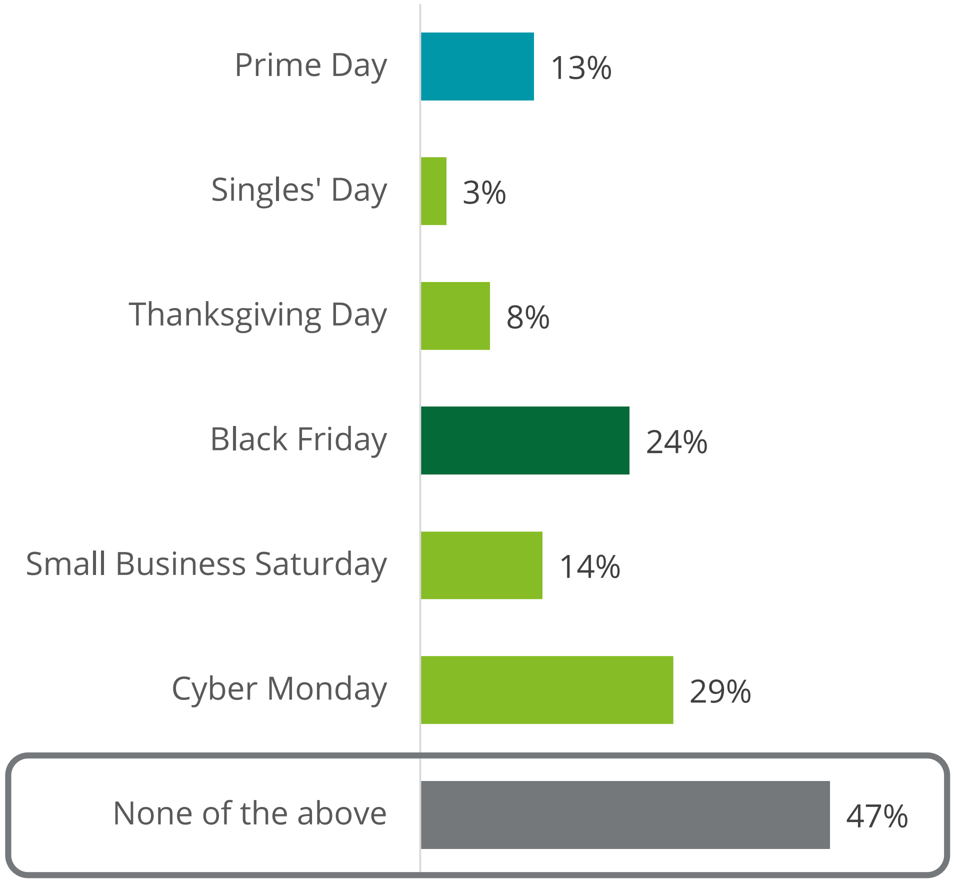
43%

Prefer shopping at local retailers than national retail chains

Questions: "When are you likely to begin your holiday shopping this year?"; "By which one of these days or months do you expect to complete your holiday shopping this year?"
Notes: Sample size (N) for 2018=4,036. Sample size (N) for 2019=4,012.

Nearly one-half of shoppers don’t plan to shop major events, but those that do tend to spend more

Share of holiday shoppers by shopping event day



Prime Day shoppers

$1,874 All holiday season

$344 On Prime Day

Black Friday shoppers

$1,483 All holiday season

$410 On Black Friday

Nonshopping event shoppers

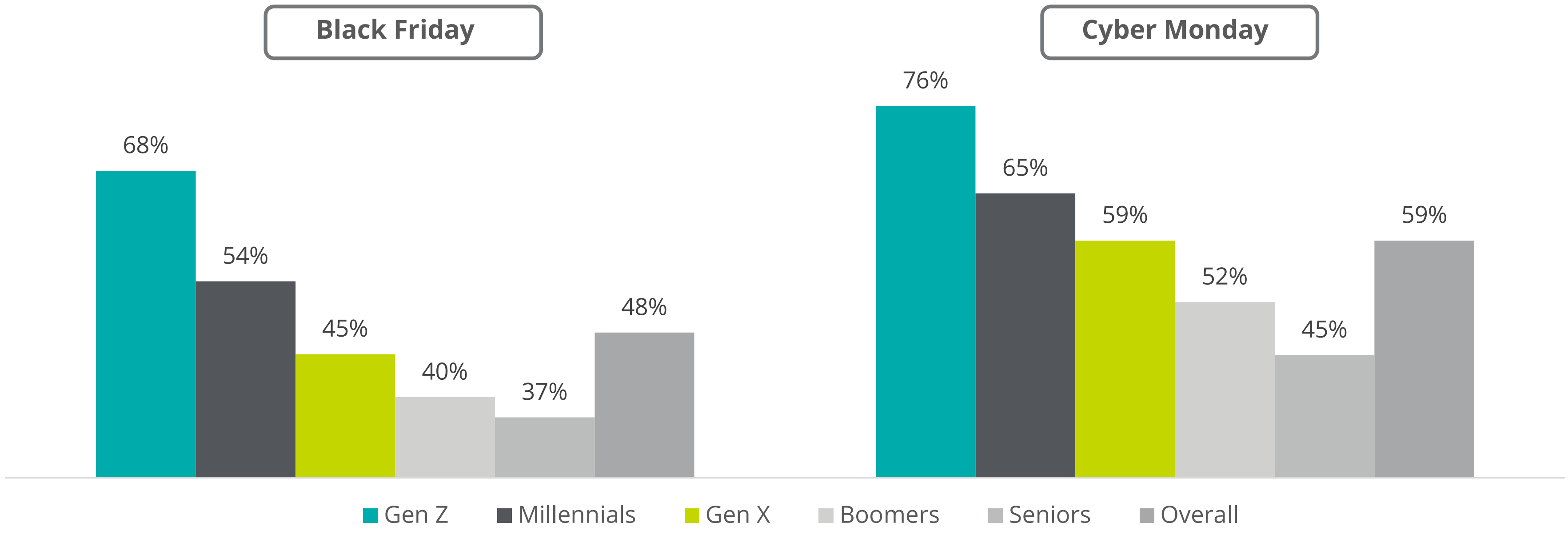
$1,291 All holiday season

Question: “On which of the following shopping event days are you likely to shop this holiday season?”
Notes: Sample size (N)=3,918. All dollar values are in US dollars.

Cyber Monday has surpassed Black Friday in importance for all generations

Shoppers who plan to maintain reliance on discount days

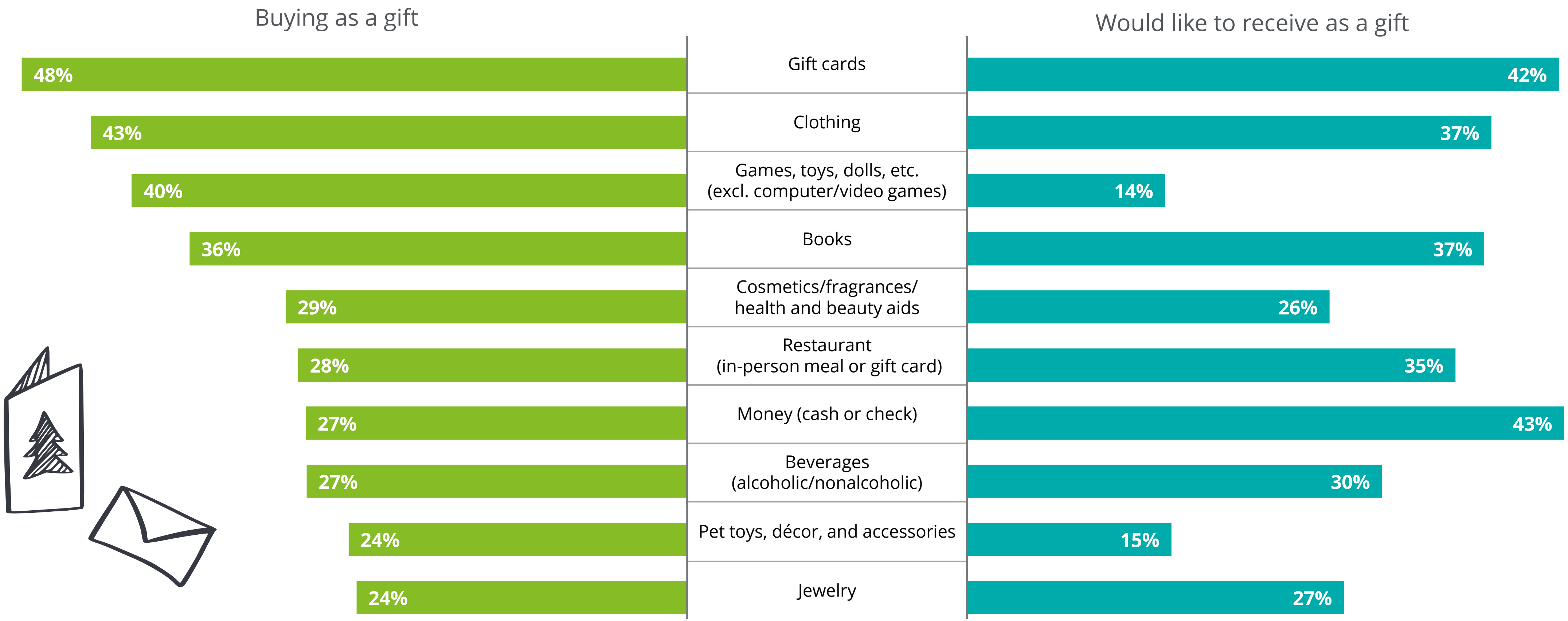
(Agree/very much agree/neutral %)



Shoppers are still spreading cheer

Gift cards and clothing remain top items for giving, while cash is still the most wanted item to receive

Top items for gifting—holiday shopping (% of shoppers)



Question: "Which of the following do you plan to buy this holiday season?" [Plan on buying as a gift; Would like to receive as gift].
Note: Sample size (N)=4,012.

Consumers plan to stay close to home and indulge on food and beverage

Top 10 items buy for self—holiday shopping (% of shoppers)

Big-ticket items for self

45%

Wait for holiday sales to buy big-ticket items for oneself or household

Non-gift spending

31% *(+500 bps YoY)*

Of holiday spend to be on non-gift items during the upcoming holiday season

Question: "Which of the following do you plan to buy this holiday season?" [Plan on buying as a gift; Would like to receive as gift].
Note: Sample size (N)=4,012.

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As COVID-19 has motivated families to adopt pets,ˆ retailers have an opportunity to pounce

50%

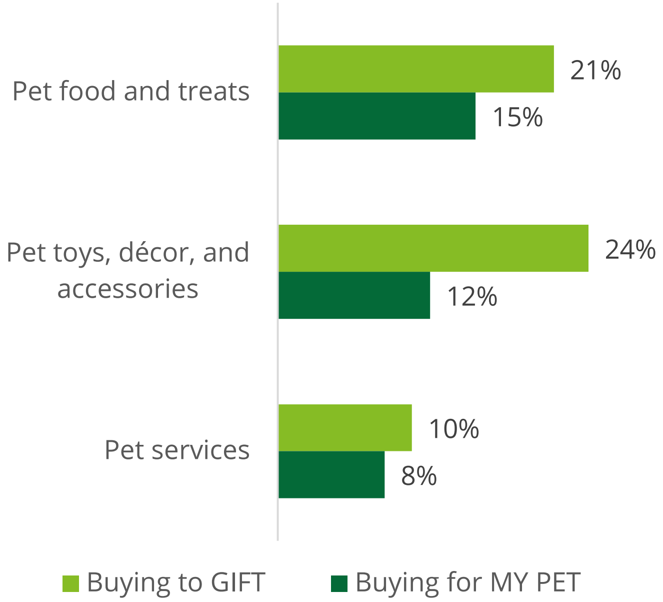
Share of holiday shopper buying pet foods and supplies during holiday shopping

$90

Average spend on pet foods & supplies during holiday shopping

Pet food and supplies—shopping items for the season

(% holiday shoppers)



Most preferred retailer for pet foods and supplies during the holiday season

(% Pet foods and supplies shoppers)

Pet stores
(49%)

Online/e-commerce retailers
(17%)

Mass merchants
(15%)

Warehouse membership clubs
(4%)

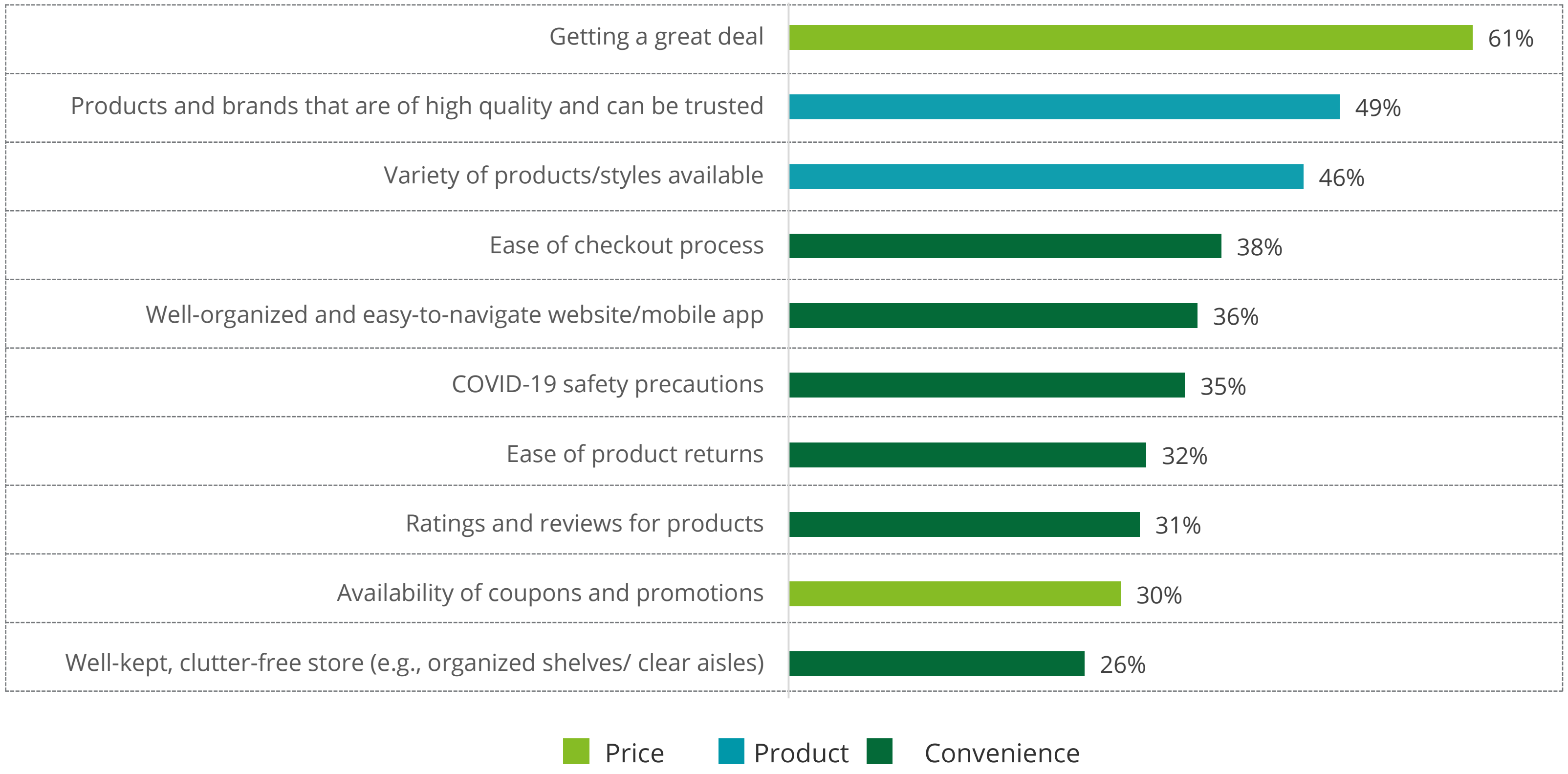
Off-price stores
(3%)

ˆSource: "U.S. Pet Market Outlook 2020-2021: The COVID-19 Impact," Packaged Facts, Market Research report, June 22, 2020.

Consumer preferences

A great deal still wins the day, with consumers ranking price, product, and convenience over safety precautions

Top 10 attributes for retailer selection



Question: “Which of the following attributes are the five most important while selecting a retailer during holiday shopping?” Please select the top 5 responses.
Note: Sample size (N)=4,012.

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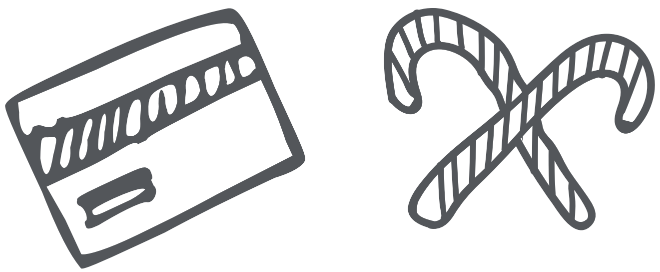
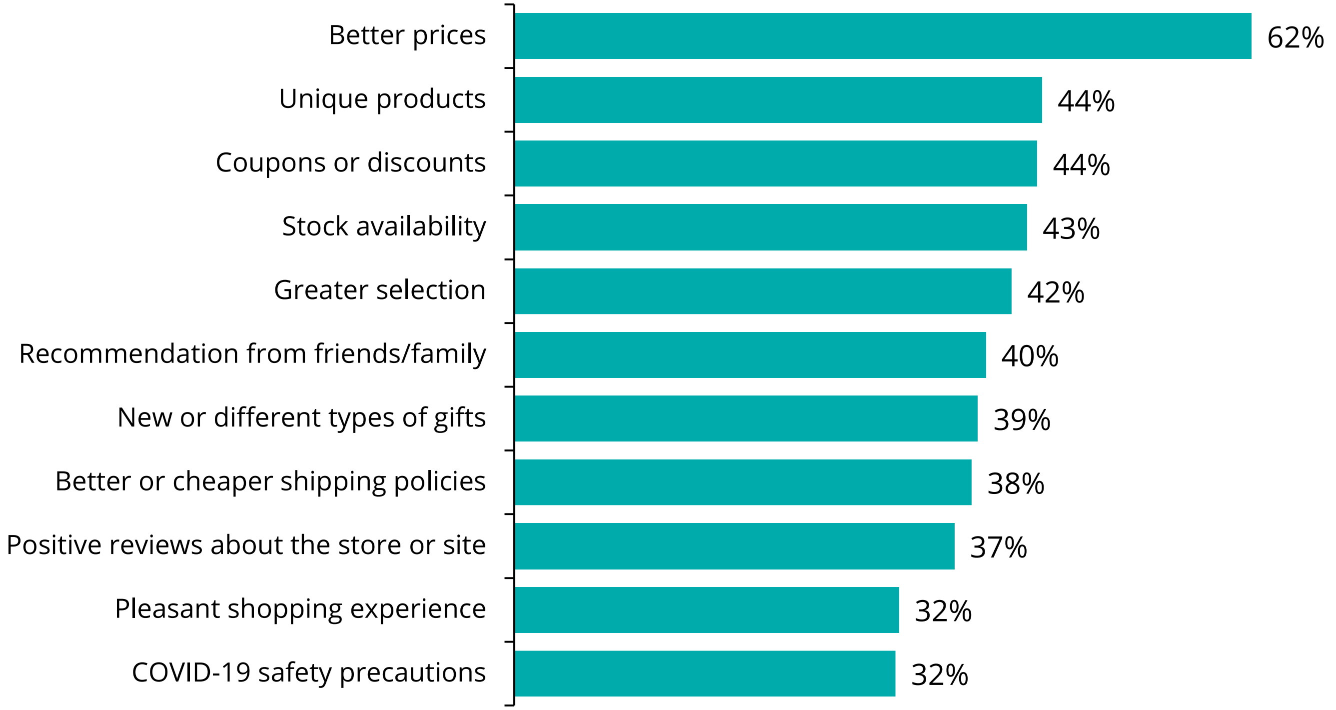
Competitive pricing can sway shoppers to try out a new retailer



65%

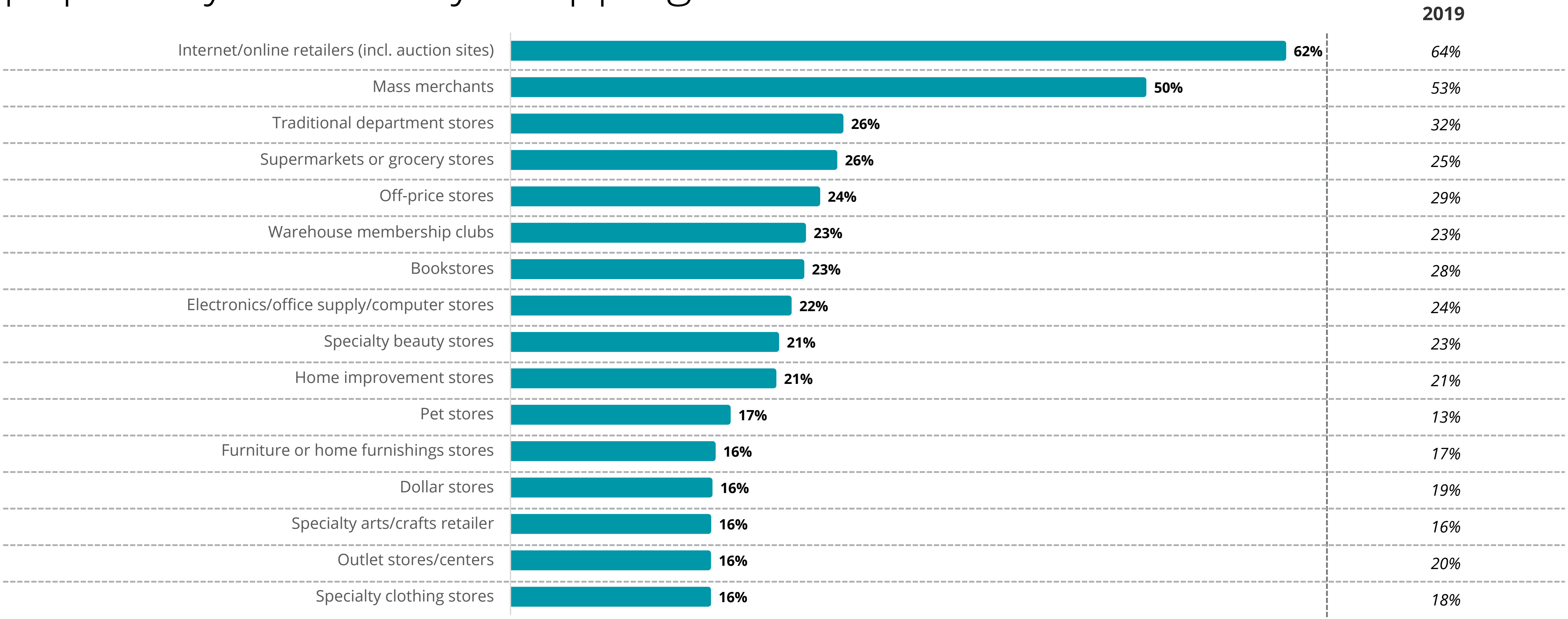
of shoppers are open to trying new retailers this season
vs. 79% in 2019

Influences in trying new store/online retailer



Questions: "What percentage of your total holiday shopping will be at the same retailer(s) as last year compared to trying out new retailer(s)? Please enter a whole percentage number"; "What would influence you to try a new store or online retailer?"
Notes: Sample size (N)=4,012. Total number of shoppers who plan to spend in new/different stores=2,573.

Online retailers hold their spot as top format, while “browsing” formats such as off-price, department, and specialty clothing stores decline in popularity for holiday shopping



Question: “At which of the following types of retailers will you likely shop for holiday gifts (retailer in-store and websites)?”
Note: Sample size (N)=4,012.

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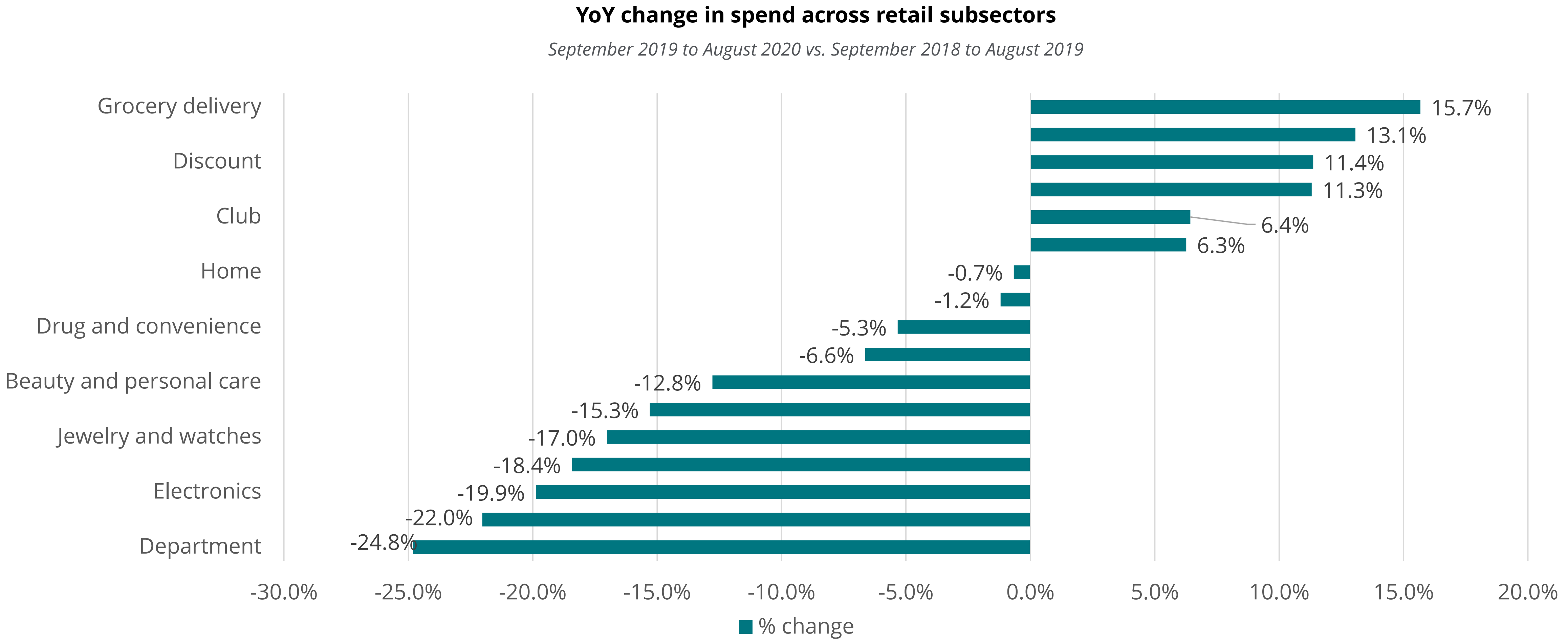
From the onset of the pandemic, retailers that offered essentials outperformed those that carried more status-related categories



Notes: September 2019 to August 2020 vs. September 2018 to August 2019 subsectors reflect a representative set of retailers within each category; spending reflects both online and in-store transactions.
Sources: Affinity Spend data; Deloitte Analysis.

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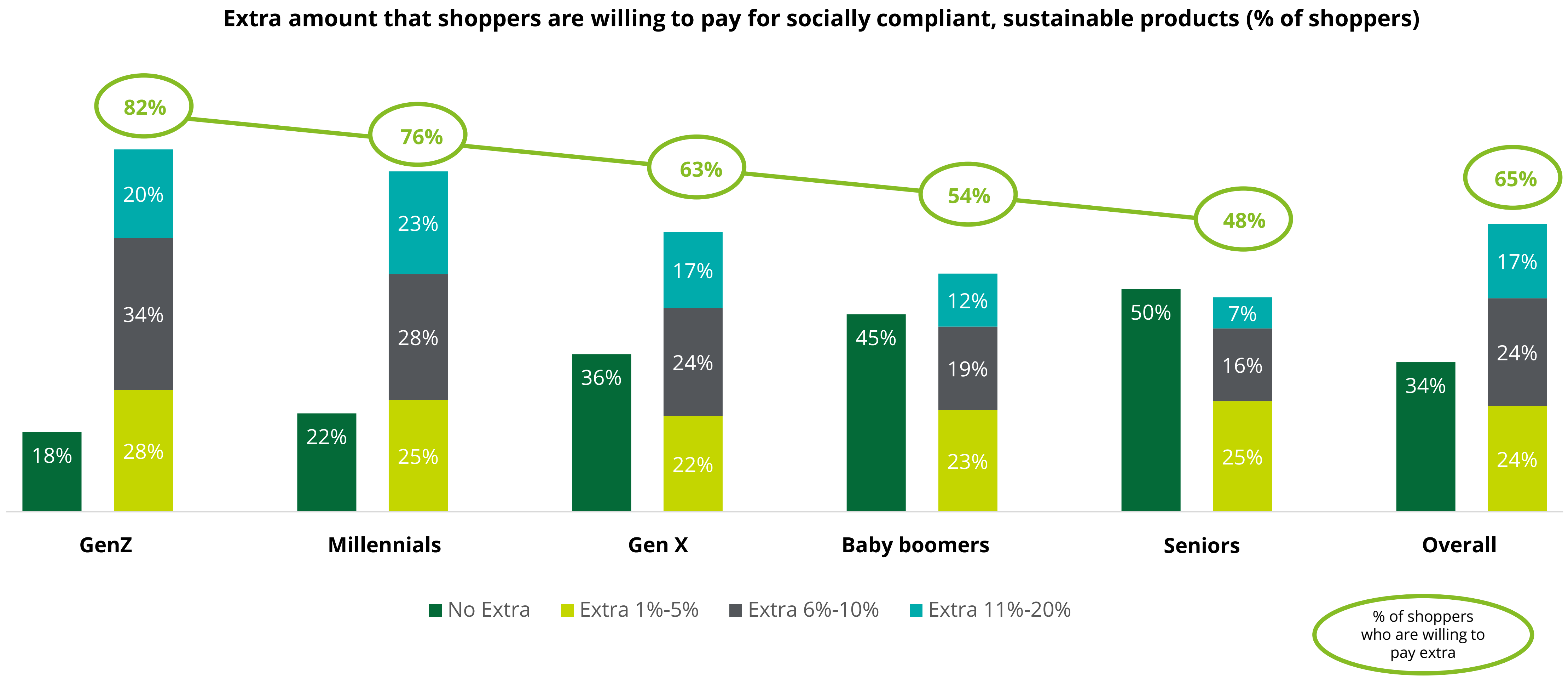
Younger shoppers lead the demand for socially responsible products



Question: "How much extra are you willing to pay for a product that has been certified as being socially compliant?" ("Others" not shown in the above chart.)
Note: Sample size (N)=4,012.

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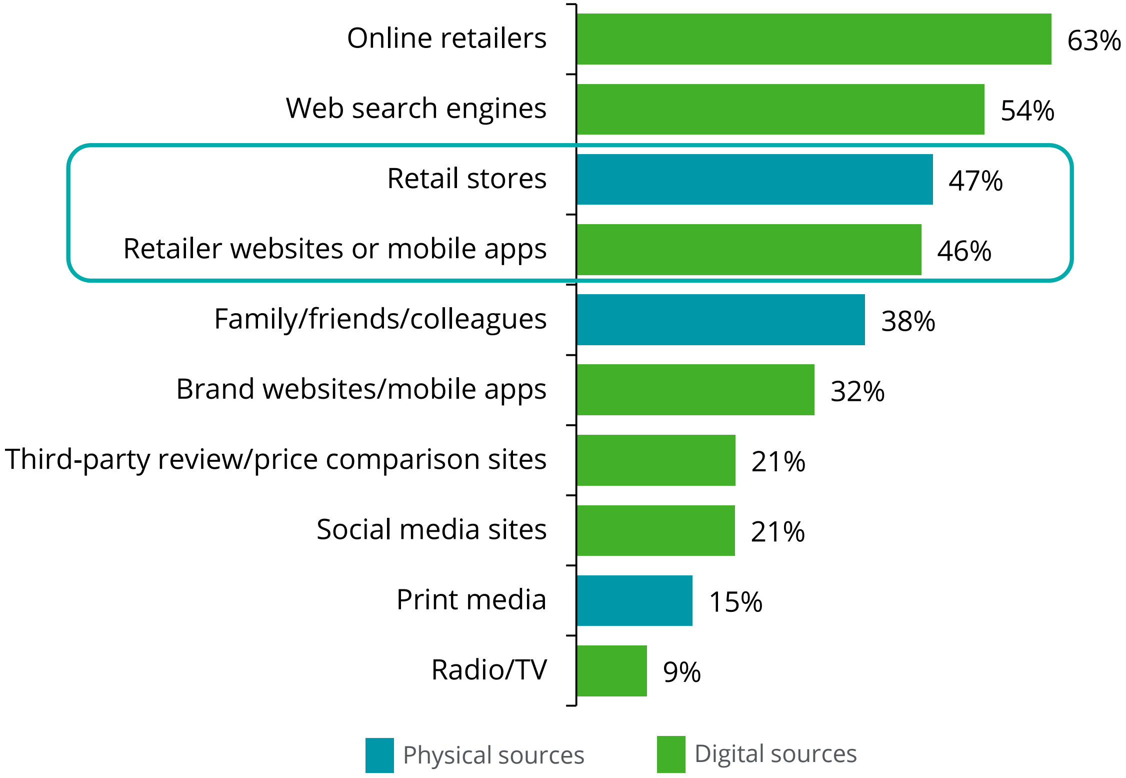
Digital influence

While online players—e-commerce and search engines—take the lead on shopping research, retailers can build their advantage through cross-channel integration

Top 10 research sources for holiday shopping#



64% shoppers

use either retail stores or their websites/mobile apps for shopping research, matching with online retailers

Most preferred research source by generation:

- **Gen Z:** Online retailers (63%)
- **Millennials:** Online retailers (61%)
- **Gen X:** Online retailers (67%)
- **Boomers:** Online retailers (62%)
- **Seniors:** **Retail stores (61%)**

Question: "Which of the following will you use to do research before making your holiday purchases? Please select all that apply."
Notes: Sample size (N)=4,012. # The question asked was a multiple-response question.

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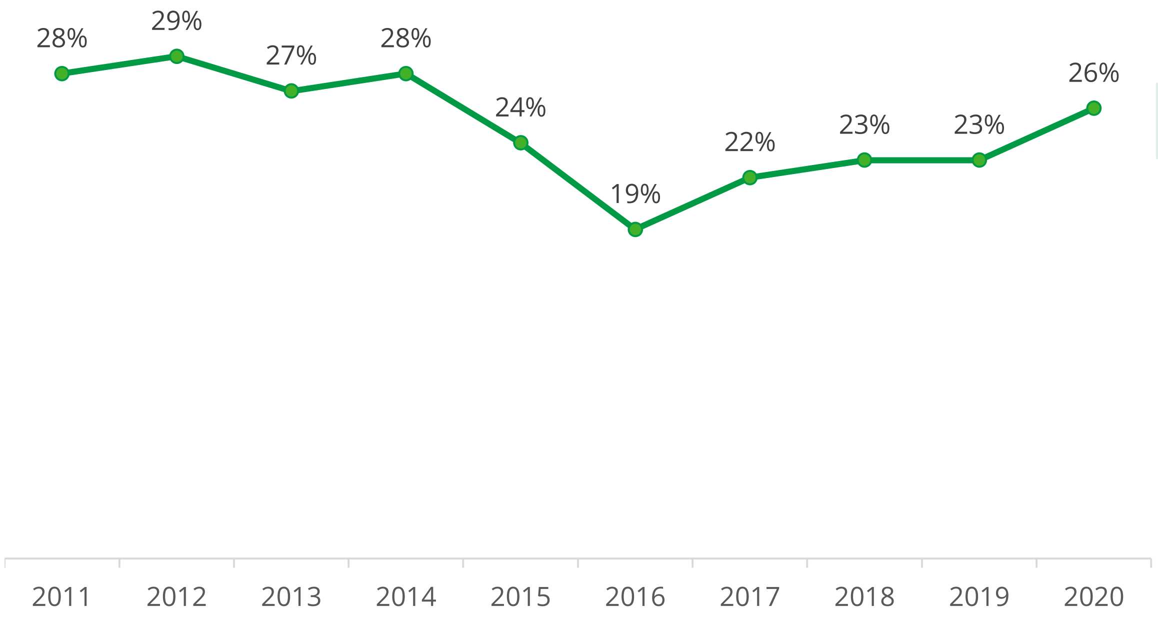
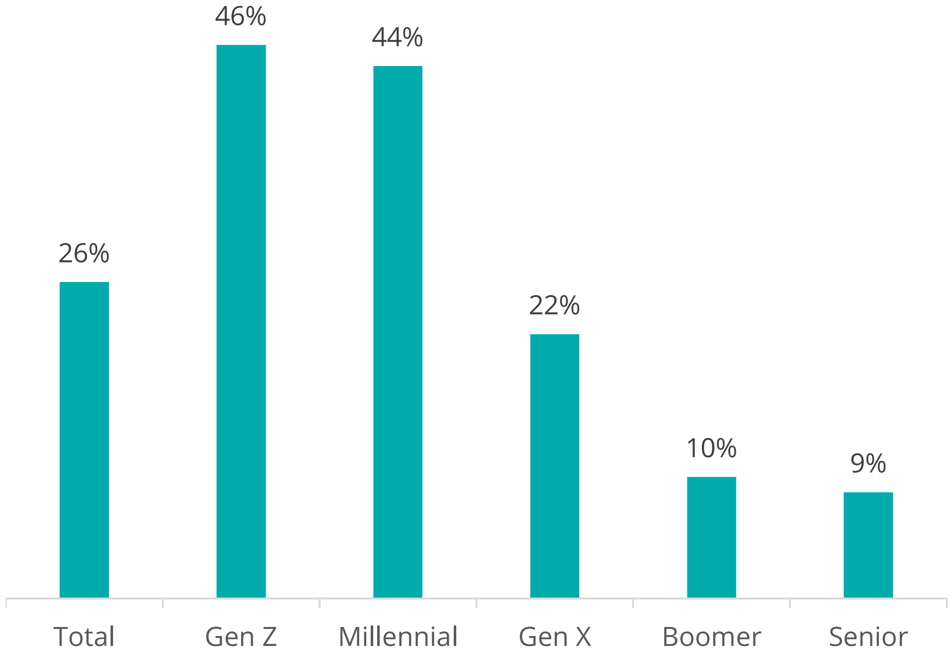
Social media usage sees a slight uptick, mostly driven by younger shoppers

Use of social media for holiday shopping
(% of respondents)



Use of social media for holiday shopping in 2020, by generation



Question: "Do you plan to use social media sites (e.g., blogs, discussion groups, or social networks such as Facebook, Twitter, Instagram) to assist in your holiday shopping (e.g., research, purchase)?"
Note: Sample size (N)=4,012.

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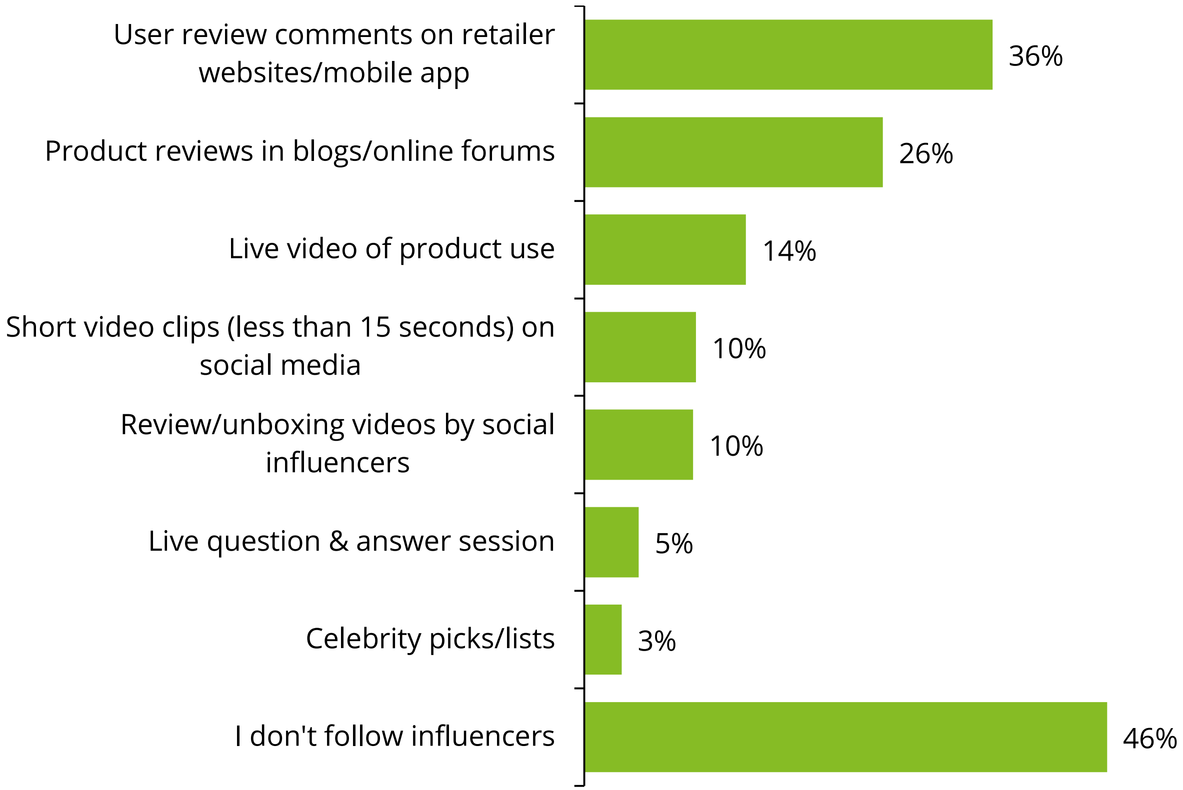
Shoppers look to each other for inspiration

Most preferred influencer-generated content for holiday shopping



72% shoppers who follow influencers say ***less than a quarter*** of their holiday shopping is impacted by social influencers

Question: "Which of the following influencer-generated content types inspire you the most while looking for gifts to buy? Select up to three."
Note: Sample size (N)=4,012.

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Deloitte.

About the survey
This survey was commissioned by Deloitte and conducted online by an independent research company between September 9-15, 2020. It polled a national sample of 4,012 consumers and has a margin of error for the entire sample of plus or minus one to two percentage points.

About the Deloitte Consumer Industry Center
The Deloitte Consumer Industry Center (the Center) is the research division of Deloitte LLP's Consumer industry practice. It provides a forum for industry insights, thought leadership, and groundbreaking research to help companies in the automotive, consumer products, retail, transportation, and hospitality and services sectors solve their most complex industry challenges.