

# PowerReviews Holiday Consumer Survey 2020

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Consumer Survey Of More Than 5,000 Shoppers Highlighting Spending Plans For The Holiday Season, Factors Driving Purchase Decisions, Likelihood Of Shopping Online Vs In-Store And More.

# About the Holiday Consumer Survey 2020

This Holiday season will be like no other, due to the immense impact of the COVID-19 pandemic.

But what exactly will consumer trends look like this year? We surveyed more than 5,000 shoppers from across the US to find out.



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### Methodology

The PowerReviews Holiday Consumer Survey draws on responses from 5,383 active shoppers across the United States who have opted in to offers and discounts from retailers. The survey took place in August 2020. We asked respondents about their anticipated shopping preferences in the build up to Thanksgiving, through the Cyber 5 (Thanksgiving and Black Friday thru Cyber Monday) up until post Holiday New Year sales.

# Executive Summary

The immense changes in consumer behavior over the past several months have been well documented, with the COVID-19 pandemic changing everyday life beyond recognition. No where else has this been more evident than in consumer trends, with shoppers flocking online at a previously unfathomable rate.

We wanted to see how this will impact consumer behavior this Holiday season - which will be completely different for retailers and brands than previous years. This report - based on responses from 5,383 active consumers - has been created to provide insight into shopping expectations and preferences during this unique and unprecedented Holiday period.

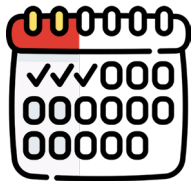


# Key Findings Include:



**Overall spending levels will be in line with previous years**

Almost three quarters of consumers (73%) said their overall Holiday spend will either stay the same or increase this year. This is perhaps surprising given the shape of the overall economy. However, it unquestionably proves **there are significant opportunities for brands and retailers to generate revenue this Holiday season.**



**Holiday shopping will start earlier than usual**

Around a quarter of consumers say they will start Holiday spending earlier than they typically do. Most significantly, **around 4 in 10 of those who say they will spend more this year than last will start shopping early.** This is most likely due to concerns about shipping (60% flagged this as a concern) or potentially because consumers have much more time to think about it than in more normal times.



**Huge shift to online shopping**

As widely reported throughout this year, eCommerce has surged in the COVID era when stores are closed and people are at home. This will be a key trend throughout the Holiday season, with online shopping volumes higher than any previous year (64% say they will spend more online than last year). **Product pricing and extensive consumer validation in the form of ratings and reviews will be the main factors driving purchase decisions.**



**Blended cross-channel purchase methods will be a big deal**

BOPIS and omnichannel have been a talking point for years now. But this Holiday will be seminal for these shopping methods. In fact, **55% say they will use curbside pickup more this year than they did last.** Whereas before - perhaps - brands and retailers have not taken BOPIS seriously due to a lack of demand, this will no longer be acceptable to consumers.



**Consumers are not discounting the store**

Despite the surge online, **a surprising volume of consumers will still do Holiday shopping in store (30% say they are not even concerned about visiting stores).** This is in keeping with the differing attitudes nationwide to the threat of the virus.

# Overall Holiday Spending 2020

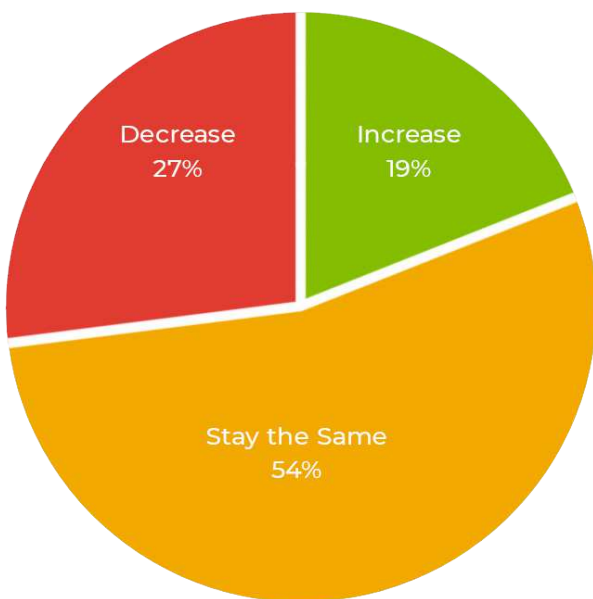
COVID has had a profound impact on the US economy and this is very evident in consumer Holiday spending expectations.



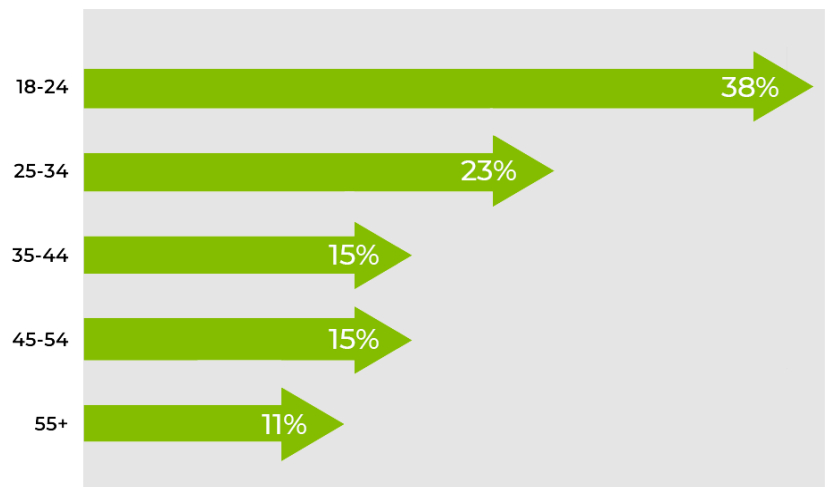
## Who will increase Holiday spending in 2020?

Across the entire country, 19% of consumers expect to increase their Holiday spending this year. How does this vary across regions and age ranges?

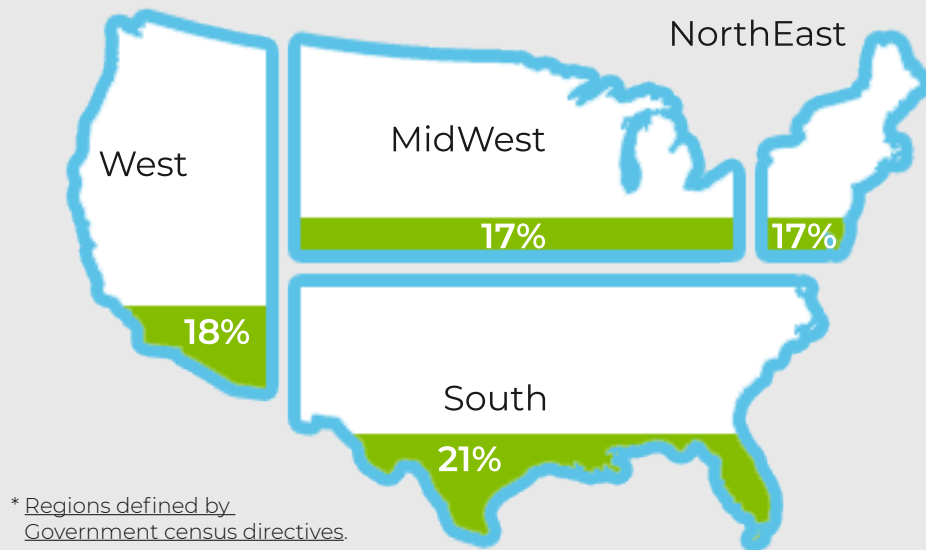
### Holiday spending expectations compared to last year



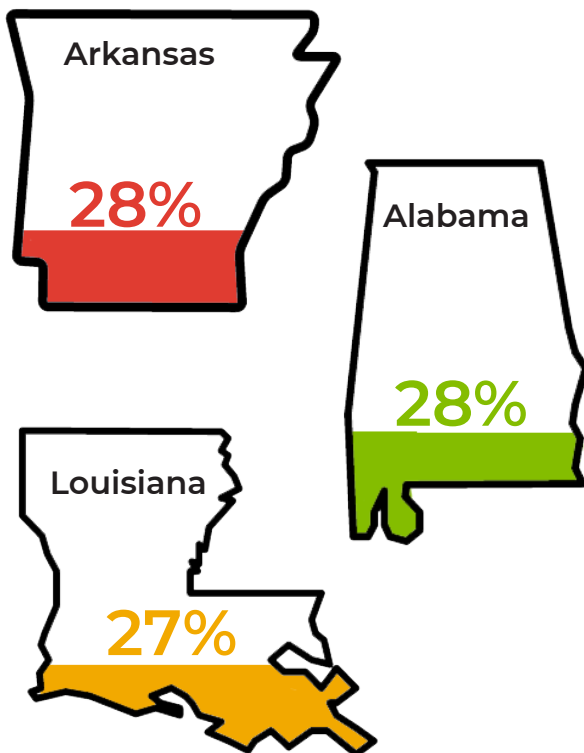
### Consumers who expect to increase total Holiday spend (by age)



## Percentage of consumers who say spending will increase this Holiday season (by region)



### Top 3 states where shoppers say they will increase Holiday spending



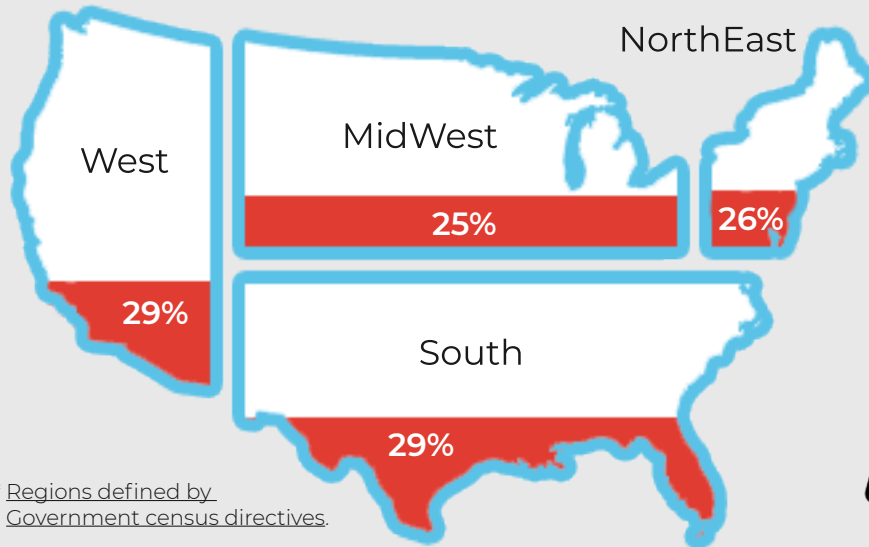
Among consumers who expect to increase their spending this Holiday season, there are not huge regional differences. However, in terms of the percentage of shoppers who expect to spend more this year than last, the South is three percentage points above any other region. The three States where this figure is highest nationally all fall in this region - with the two States where it is highest of all (Arkansas and Alabama) nine percentage points above the national average.

When segmenting by age, there are much bigger differences. **Almost four in ten 18-24 year olds say their spending will increase this year compared to last.** This is a significantly higher proportion than any other age grouping. In fact, it is 27 percentage points or 3.5 times higher than the oldest age group we segmented (55+).

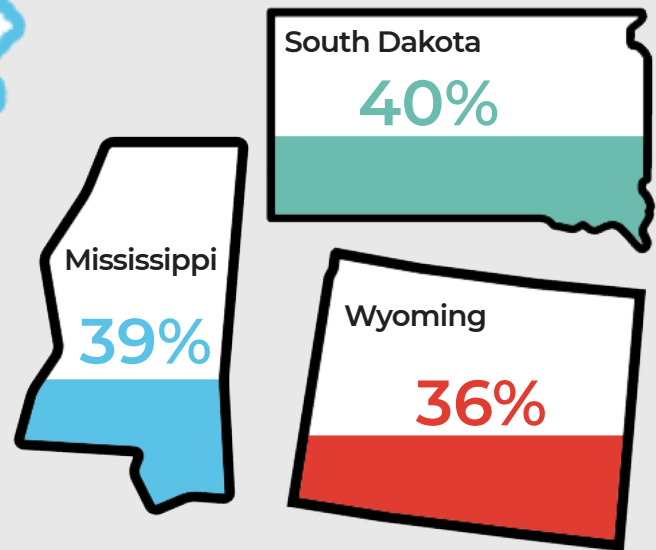
## Who will reduce Holiday spending in 2020?

27% of consumers expect to reduce their Holiday spending this year in the US. How does this vary by region and age?

### Percentage of consumers who say spending will decrease this Holiday season (by region)



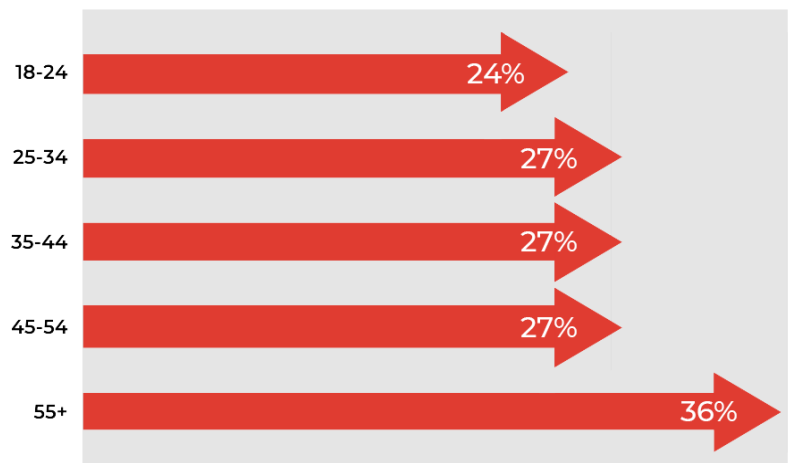
### Top 3 states where shoppers say they will reduce Holiday spending



When looking at the regions and age groups who expect to spend less this year than last, the variation is not as pronounced as when analyzing the same data for increases in spending.

However, the States where the highest proportion of shoppers say spending will decrease, are between nine and 13 percentage points higher than the national average. In line with what we saw among those who say they will spend more this year, a higher proportion of the oldest generation we surveyed (55+) expect to spend less this holiday season than any other age range.

### Consumers who expect to reduce total Holiday spend (by age)



## How Much will Spending Increase or Decrease?

Interestingly, the amount that Holiday spending will either go up or down - in comparison to last year - is significant. According to the consumers we surveyed, they claim the difference to be around a third - whether the amount increases or decreases. That is a notable year-on-year change.

Bottom line: despite consumer trends and behaviors being completely different from anything ever seen before and a lot of unpredictability, shoppers will still be spending this Holiday season.

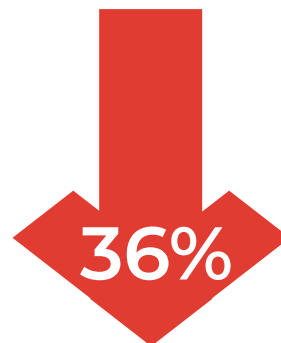


**Average Holiday spending increase amount  
(compared to last year)**



Mean figure given for every respondent who said their Holiday spending would increase

**Average Holiday spending decrease amount  
(compared to last year)**



Mean figure given for every respondent who said their Holiday spending would decrease

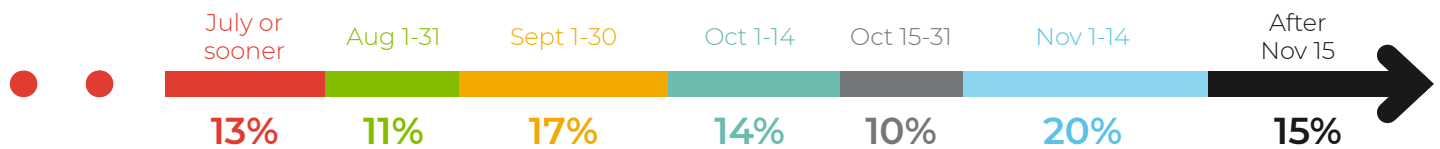


# When Shopping Will Start

Due to an increasing reliance on eCommerce, Holiday shopping will start sooner than usual this year.

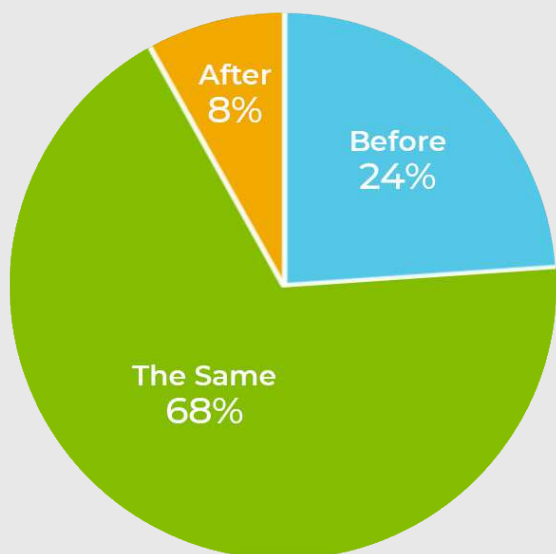


## Holiday Shopping Start Date



Of those expecting to increase Holiday spending this year, 39% will start Holiday shopping earlier than they normally would (compared to 24% of general population).

## Holiday shopping start date: before or after consumers say is typical for them



While most shoppers say they will be starting their holiday shopping at about the same time this year (68%), around a quarter will do so earlier than they normally do. This trend is accentuated when focusing only on those planning on increasing how much they spend this year compared to last. Of this group, almost four in ten say they will start earlier than is typical.

Not many are leaving their Holiday shopping to the last minute this year. In fact, **41% say they will start before the end of September**, with only 15% saying they will do so after November 15. In terms of why this might be the case, 60% of respondents cited concerns about shipping - which helps to explain why so few plan to wait until late November to start their Holiday shopping.

However, for the 41% planning to get started before the end of September, we attribute that to potential concerns about supply chain disruptions and product availability or even simply that consumers have more time on their hands to plan and think ahead.

# Rise of eCommerce

The surge in eCommerce has been the story of the year when it comes to retail. As our survey highlights, this will have a huge impact on the 2020 Holiday season.



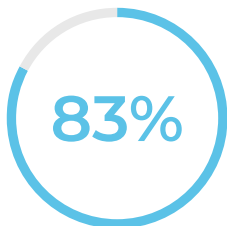
## More or less shopping online compared to last year



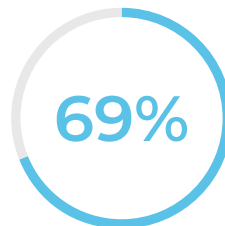
## More or less Holiday shopping in store compared to last year



## Of those that expect to increase holiday spending this year:



expect to do more of that shopping online than last year.



are concerned about shopping in store (*same figure for overall population is 70%*)

Significantly more Holiday shopping will take place online this year than last. This isn't a surprise given market conditions. But the extent of these results is still worth pointing out.

**Almost two-thirds of consumers say they will do more shopping online and less shopping in-store.** Among those who expect to spend more this year than last, an even bigger proportion (83%) say they will do more online shopping this year. They are also just as concerned about shopping in-store as the general population (69% vs 70%).

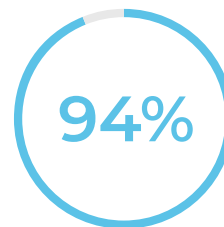
## Where Shoppers Will Focus Their Online Shopping



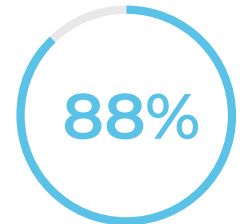
Consumers now have significant choice when it comes to where they buy products online. Amazon remains the go-to option for most shoppers (94%) this Holiday season. This is no surprise given Amazon is estimated to have 39% of eCommerce market share in the US. But - **and this reflects the hypothesis that although Amazon is the undisputed king when it comes to online shopping, its staggering growth trajectory is slowing** - almost nine in ten say they will make an eCommerce purchase from other retailer sites this year.

Brands have accelerated their efforts to sell direct to consumers online. Shoppers are seemingly quickly warming to this option, and are increasingly seeking to buy products via this route.

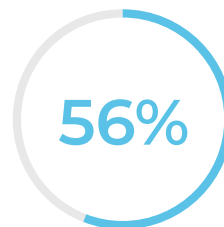
### eCommerce sites consumers anticipate using for online shopping this Holiday Season



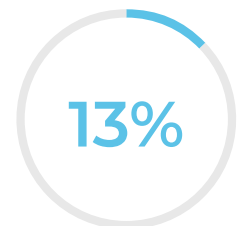
Amazon.com



Sites of large retailers carrying a range of brands  
(e.g. Target.com, Walmart.com etc)



Specific sites of brand that makes product



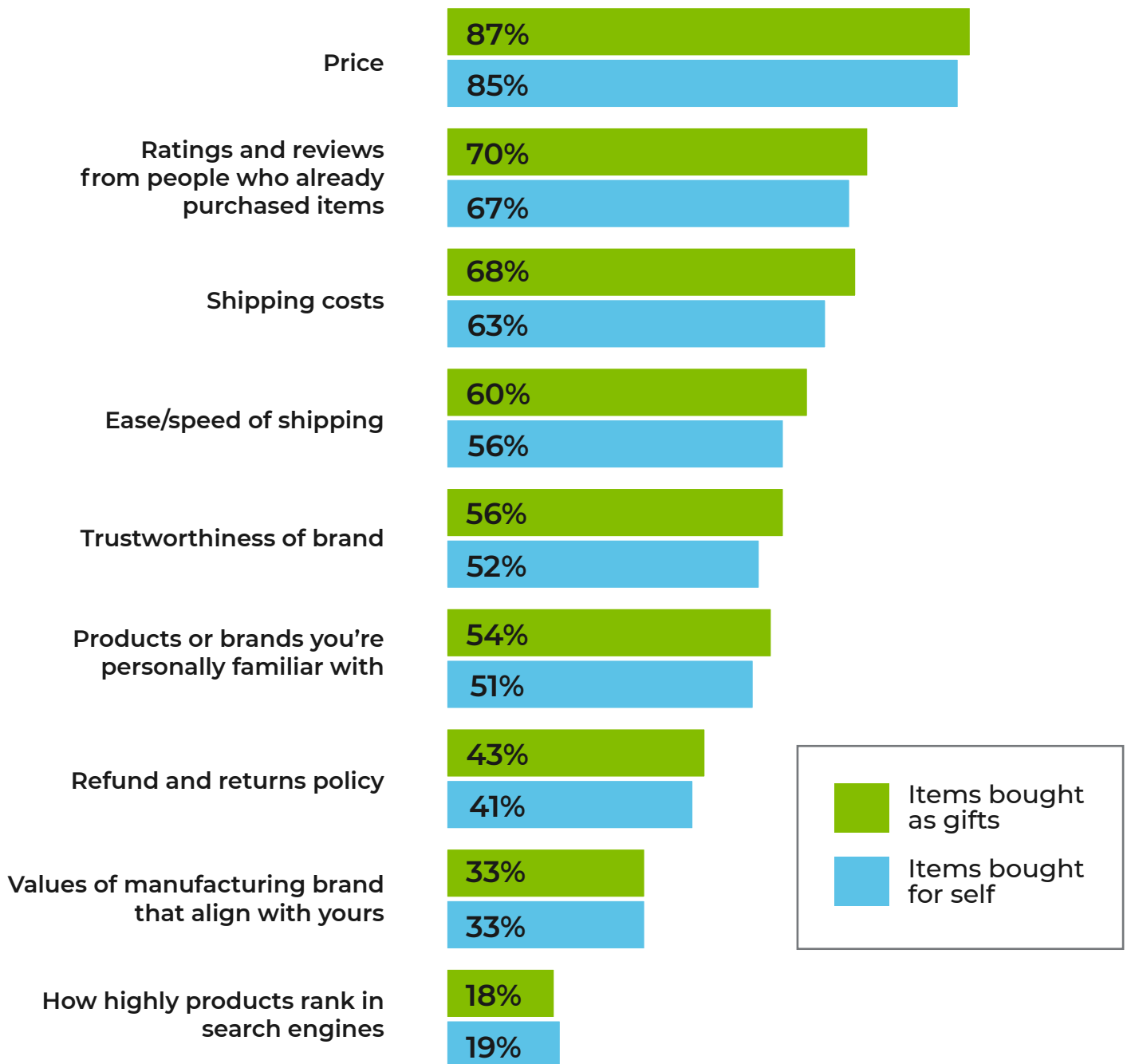
Other

# Factors Impacting Purchase Decisions

With the majority of shopping taking place online this Holiday season, this will affect how consumers make purchase decisions.



## Factors Impacting Purchase

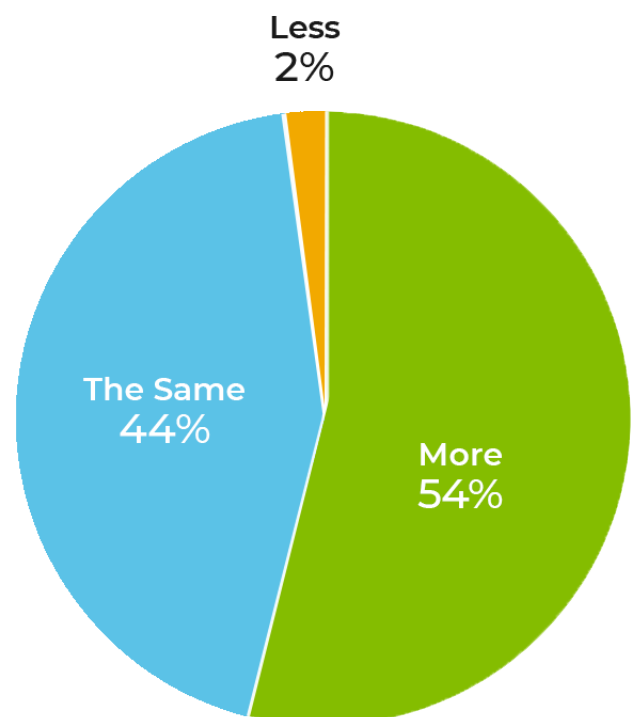




With a COVID-ridden and faltering economy likely resulting in a general reduction in disposable income across the board, it's perhaps no surprise that **price sensitivity is a consistently top ranked factor impacting purchase decisions.** Whether for gifts or personal consumption, this trend is clear. Similarly, 54% say the ability to apply discounts will have more of an impact this year than last (only 2% said it would have less).

According to our research, ratings and reviews, shipping costs and ease/speed of shipping are also important to driving sales.

### Price and the ability to use coupons and/or apply discounts impact comparison to last year

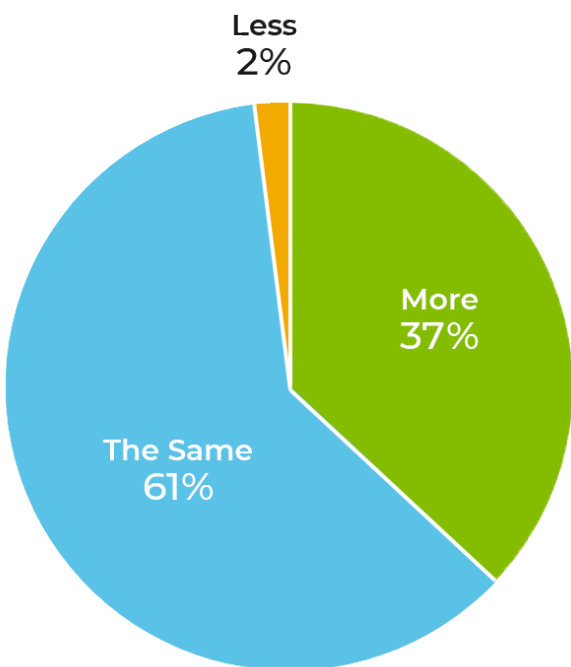


# Impact of Ratings and Reviews

Online product ratings and reviews will have a significant impact on purchase decisions this year. They will be even more critical to converting browsers to buyers than usual.



## Impact of ratings and reviews on purchase decisions in comparison to last year



Ratings and reviews are a must have for brands and retailers seeking a successful Holiday season this year. **Around seven in ten say ratings and reviews will affect purchase decisions** (whether for items they intend to buy as gifts or for themselves). Only 2% say they will have less of an impact this year than last, with 37% saying they will have more of an impact.

**Consumers who are influenced by ratings and reviews are also likely to be bigger Holiday spenders this year.** Of this group, 25% expect to spend more this year than last - a full six percentage points higher than the average of 19%.

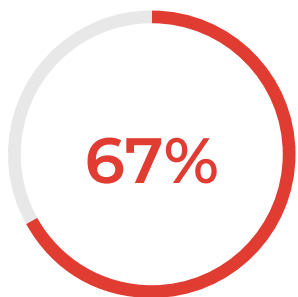
Our survey findings are consistent with **our other research** which demonstrates that ratings and reviews are second only to price when it comes to impacting online purchasing decisions. Given the unprecedented growth in eCommerce this year, this only further underscores their importance for this upcoming Holiday season.



25% of consumers who say ratings and reviews will have more of an impact this year than last on purchase decisions will also increase **Holiday spend** (six percentage points higher than average - 19% say they will increase spending overall as per page 5)



70% say ratings and reviews will have an impact on their gift purchasing decisions this holiday season



67% of consumers say ratings and reviews will have an impact on purchase decisions for items they buy for themselves this holiday season

# Likelihood to Shop In-Store

Consumers are unsurprisingly hesitant to shop in store this Holiday season. However, they are not discounting it as a possibility altogether.



## Consumers concerned about shopping in store during Holiday season due to effect of COVID

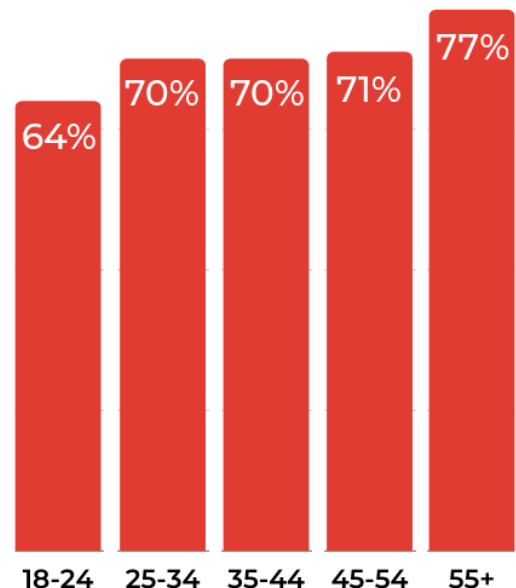
Not concerned 30%

Concerned 70%

Unsurprisingly, a significant majority of shoppers (70%) are concerned about shopping in store this Holiday season. Consumers in the MidWest are least concerned by a relatively significant margin. Only 66% of shoppers there say they are worried about shopping in-store, with this figure at least five percentage points higher in other regions.

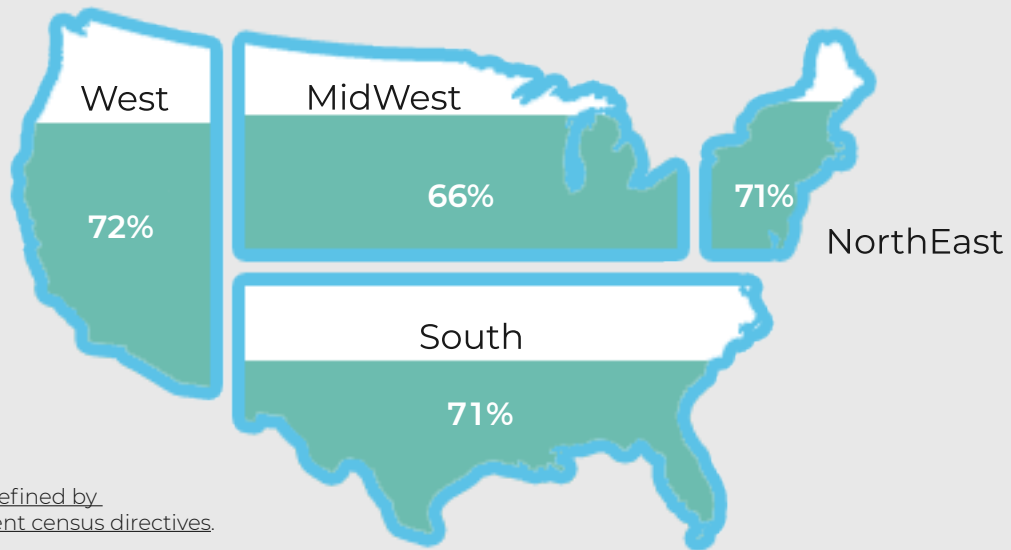
At the State level, this figure is highest in Vermont, Massachusetts and Washington, and lowest in South Dakota, North Dakota and New Mexico. Perhaps unsurprisingly, concern about in-store shopping increases with age, with a 13 percentage point difference between the youngest and oldest age groups we surveyed.

## Consumers concerned about shopping in store during Holiday season due to effect by COVID by age



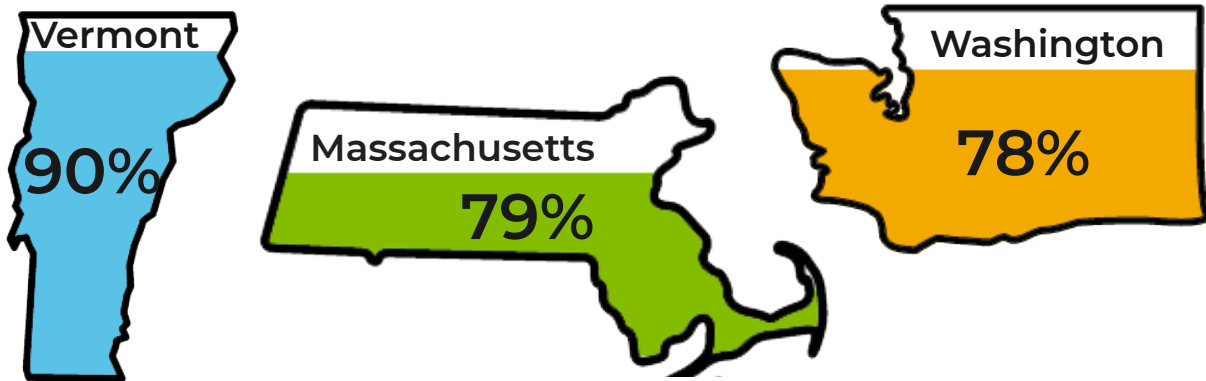


## Consumers concerned about shopping in store during Holiday season due to effect of COVID (by region)

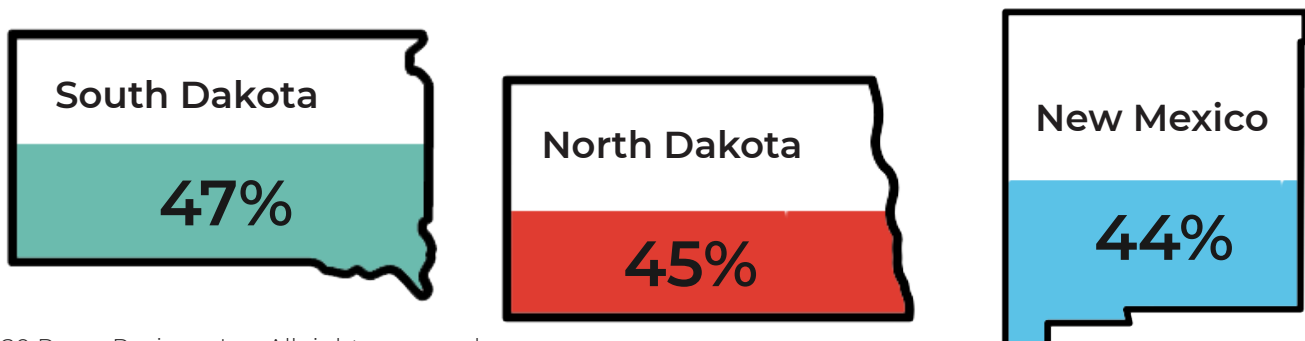


\* Regions defined by Government census directives.

## States with highest percentage of shoppers **concerned** about shopping in store as a result of COVID



## States with highest percentage of shoppers **not concerned** about shopping in store as a result of COVID

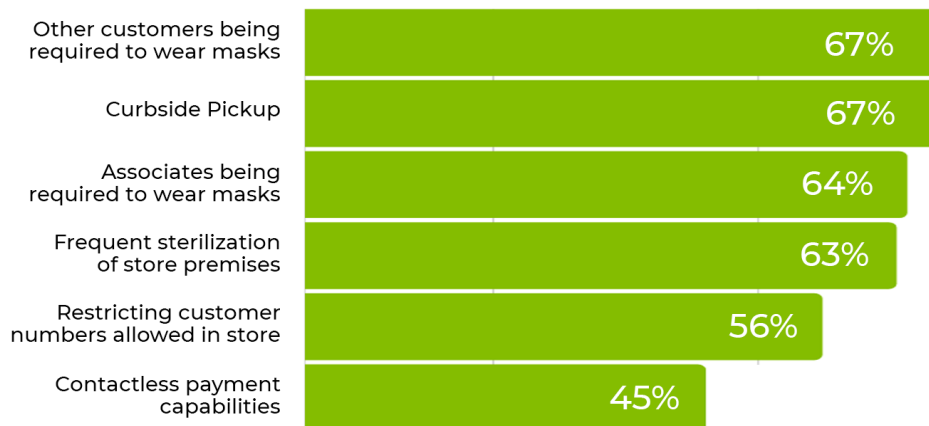


# In-Store Consumer Preferences

Although consumers are undoubtedly hesitant about shopping in-store, there are actions brands and retailers can take to make them more comfortable.



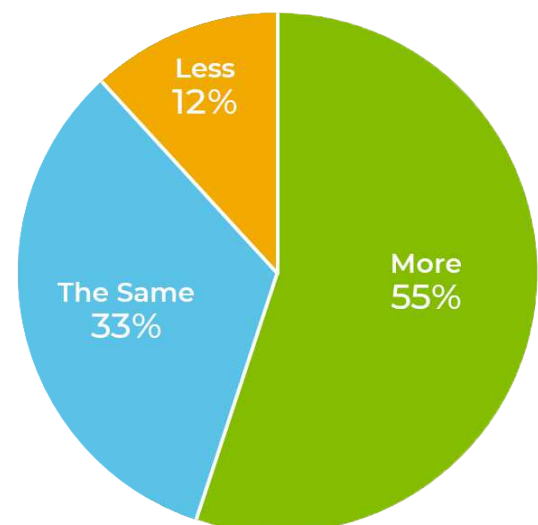
## Percentage of consumers who say the following factors will make them feel more comfortable shopping in-store:



To make customers comfortable shopping in store, some form of BOPIS method (Buy Online Pick up In Store) and requiring fellow shoppers to wear masks are of equal and the most importance.

There has been a lot of focus on optimizing curbside pick-up processes during COVID because it combines the capability to acquire the item quickest with the least person-to-person contact. This will be a critical shopping method during the Holiday season with 55% saying they will use it more than in season's past.

## More or less likely to make Holiday purchases via curbside pickup



# Impact of COVID on Overall Shopping Behaviors

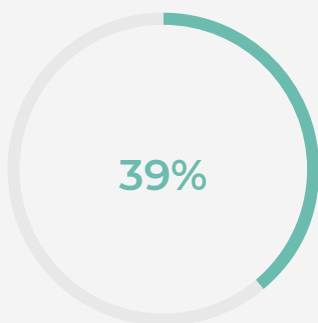
With the acceleration of digital transformation caused by COVID, there has been a lot of talk of a move to a “new normal”. Although the extent to which shifts are permanent will become clear in time, responses to our survey indicate that behaviors have changed forever.



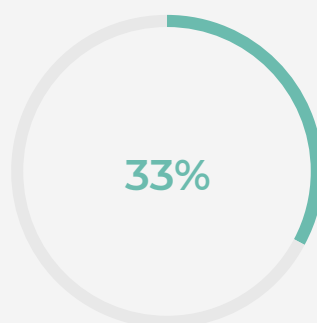
**A third say their shopping habits have changed forever. That is extremely significant.**

Consumers are now more comfortable shopping online than they ever have been before. COVID has forced this transition and therefore accelerated the trend significantly. eCommerce generally looks set to only go from strength to strength.

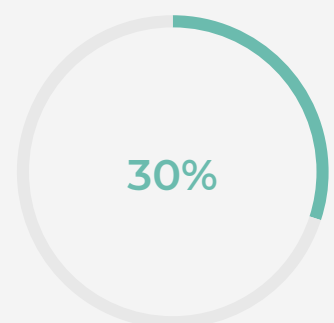
While this is unlikely to result in the death of the store, it will surely have to evolve in order to be successful longer term.



say they are more comfortable shopping online than before COVID



say shopping habits have changed forever



say they won't ever shop in stores as much as they did pre-COVID (even when a vaccine becomes available)

# Key Takeaways & Recommendations

- 1. Online shopping will take center stage:** As they have been all year, eCommerce traffic and purchase volumes will be higher than they've ever been before this Holiday season. Although overall spending will decrease, a way more significant proportion of spending than usual that does take place will take place online. You need to be ready for and expect this.
- 2. Price is critical:** Price will impact purchase decisions more than any other factor (around nine in ten said it would have an influence). Benchmark effectively to ensure you price your products at a level that makes sales most likely, while preserving profit levels.
- 3. Invest in your Ratings and Reviews program:** With more shopping taking place online this year, ratings and reviews will drive sales this Holiday season. They offer exceptional validation and credibility - regardless of whether your brand and product is well known or not - and particularly when shoppers are less inclined to visit a store to see that product in the flesh.
- 4. The store can still be a valuable channel:** While our results clearly demonstrate that eCommerce will explode this Holiday season, stores will still generate sales and revenue. After all, 30% of consumers have no concerns visiting stores whatsoever. However, there are certain measures you should take to make a store visit as appealing as possible to the remaining 70%. Ideally, you should be capturing feedback from customers at a national, regional and local level to ensure you create a store experience that is most likely to do this.
- 5. Cross-channel shopping methods will rise:** Retailers have been offering BOPIS-type purchase methods for a number of years now, albeit not especially effectively. However, the COVID era has led to a vast increase in curbside pick-up shopping - both in terms of demand and the volume of retailers offering it. In fact, 55% of consumers say they will use curbside pick-up this Holiday more than last year. Create frictionless curbside experiences and you could lock these customers in for life. Don't miss this golden opportunity.



# About PowerReviews

PowerReviews helps leading retailers and brands generate customer product ratings and reviews in larger volumes to significantly increase sales and then analyze and benchmark all this data to improve product quality and customer experience, while also delivering store experience feedback to help them optimize their retail network.

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