

UK EDITION

PowerReviews Christmas Shopping Consumer Survey 2020

Consumer survey of more than 2,000 shoppers highlighting spending plans for the Christmas period, factors driving purchase decisions, likelihood of shopping online vs in-store and more.

About the Christmas Shopping Consumer Survey 2020

This Christmas period will be like no other that's gone before it due to the immense impact of the COVID-19 pandemic.

But what exactly will consumer trends look like this year? We surveyed more than 2,000 shoppers from across the UK to find out.



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Methodology

The PowerReviews Christmas Shopping Consumer Survey 2020 draws on responses from 2,296 active shoppers across the United Kingdom 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 regarding Black Friday, the build-up to the Christmas break and post traditional 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 Christmas season - which will be completely different for retailers and brands than previous years. This report - based on responses from 2,296 active consumers - has been created to provide insight into shopping expectations and preferences during this unique and unprecedented Christmas period.

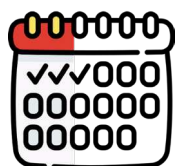


Key Findings Include:



Overall spending levels will be in line with previous years

Three quarters of consumers (75%) said their overall Christmas shopping 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 Christmas time.



Christmas shopping will start earlier than usual

Around a quarter of consumers say they will start 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 likely due to concerns about supply chain, product availability, and shipping (in fact, 64% flagged shipping 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 Christmas period, with online shopping volumes higher than any previous year (**59% say they will spend more online than last year**). Product pricing will be the main factor driving purchase decisions.



Blended cross-channel purchase methods will be a big deal

Click-and-collect, Buy Online Pick-up In Store (BOPIS), and omnichannel have been a talking point for years now. But this year will be seminal for these shopping methods. In fact, **40% 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 Christmas shopping in store (**32% 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 Spending 2020

COVID has had a profound impact on the UK economy and this is evident - to some extent - in consumer Christmas spending expectations.

Despite the economy being in turmoil, almost a third of our respondents say they will increase their Christmas shopping spend this year. That is a surprisingly high figure. This is perhaps influenced by consumers not having many opportunities to spend their disposable income over the past year (holidays are mostly off the cards, entertainment venues have been shut and so on).

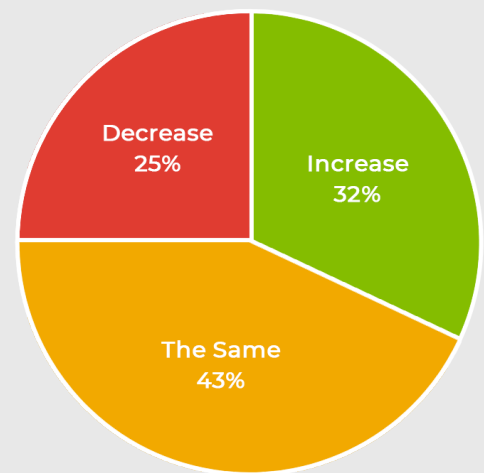
However, a quarter also say they will spend less than last year. This can be tied to economic unpredictability.

Interestingly, the amount that 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 quarter - 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 their money at Christmas time.



Total Christmas Shopping Spend Compared to Last Year



Average Christmas shopping increase amount (compared to last year)

26% ↑

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

Average Christmas shopping decrease amount (compared to last year)

↓ 26%

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

When Shopping Will Start and Influence of Black Friday

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



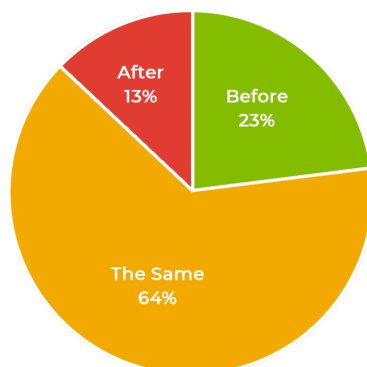
While most shoppers say they will be starting their Christmas shopping at about the same time this year (64%), around a quarter will do so earlier than they normally do. In terms of why this might be the case, 64% of respondents cited delivery concerns - which helps to explain why so few plan to wait till the last minute this year.

This overall trend is accentuated when focusing only on those planning on increasing how much they spend this year compared to last. Of this group, more than three in ten say they will start earlier than is typical.



of those expecting to increase Christmas shopping spend this year will start Christmas shopping earlier than is typical (compared to 23% of the general population).

Christmas Shopping Start Date: Before or After is Typical



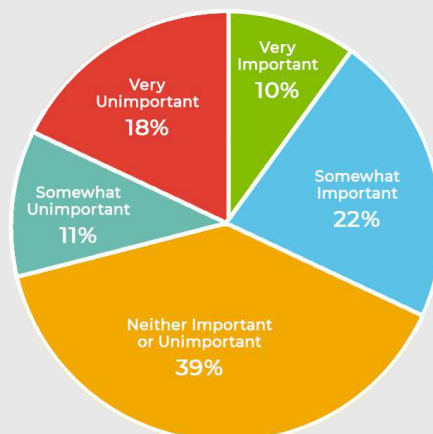
Influence of Black Friday

Black Friday - originally a US phenomenon - appears to be becoming increasingly important in the UK. Almost a third (32%) say it's now an important part of their sales shopping habits. For retailers preparing this year, it appears that Black Friday will again be an important event.

Has Black Friday overtaken New Year's when it comes to finding bargains?



Importance of Black Friday to securing items in sales



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 Christmas shopping trends this year.



More or less Christmas shopping online compared to last year



More or less Christmas shopping in store compared to last year



Of those that expect to increase Christmas 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 68%).

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

Around six out of ten 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 (80%) say they will do more online shopping this year. They are also just as concerned about shopping in-store as the general population (66% vs 68%).

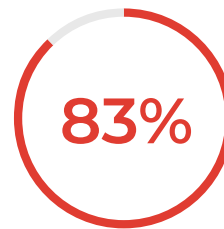
Where Shoppers Will Focus Their Online Shopping



Consumers now have significant choice when it comes to where they buy products online. Amazon remains the go-to option for most shoppers (83%) this Christmas time. This is no surprise given **Amazon is estimated to have 30% of ecommerce market share in the UK.** 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 seven 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 Christmas



Amazon.co.uk

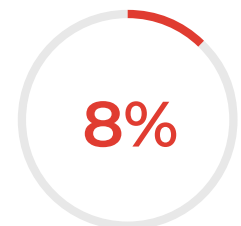


Sites of large retailers carrying a range of brands

(e.g. johnlewis.com, debenhams.com, asos.com etc)



Specific sites of brand that makes product



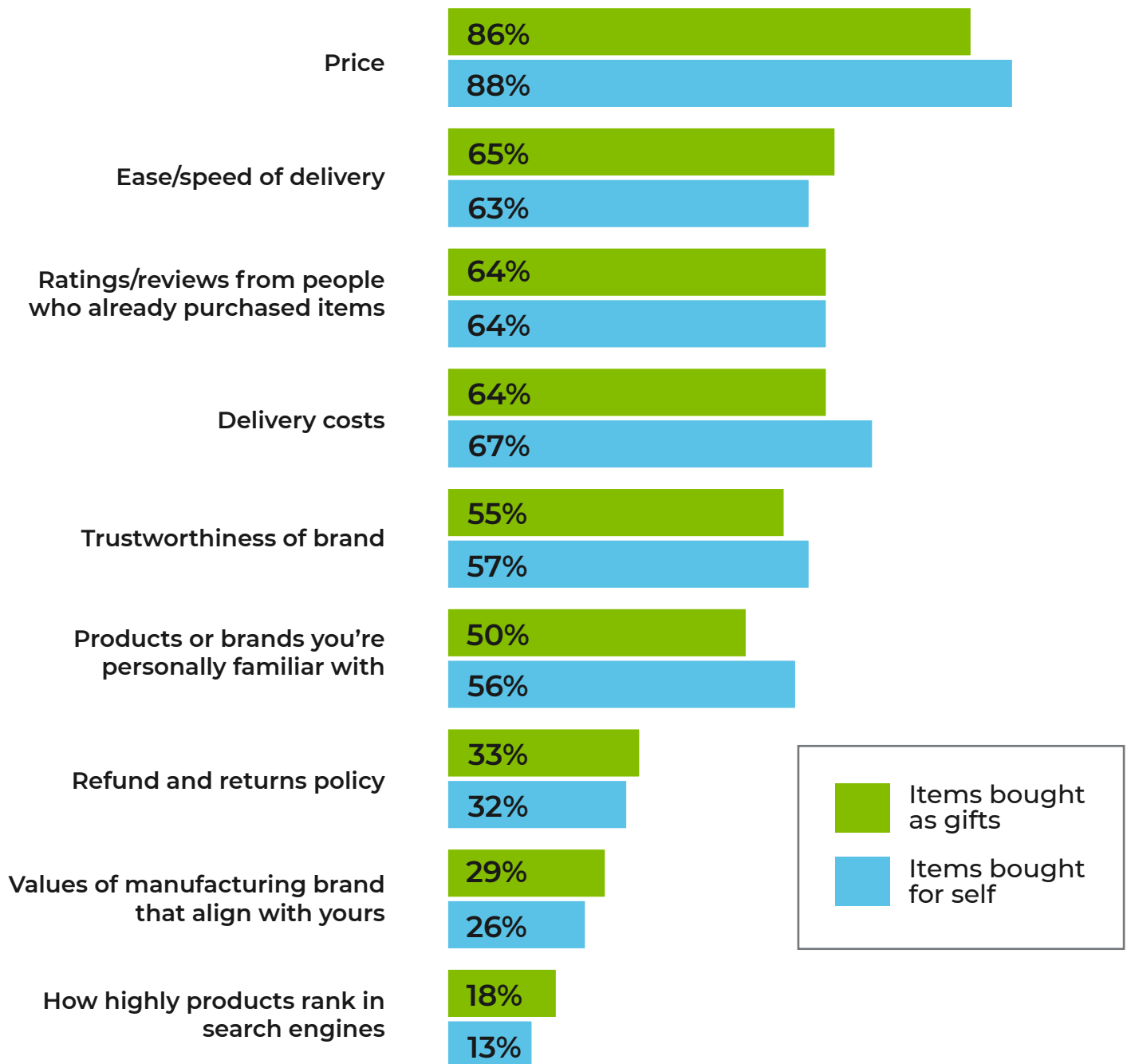
Other

Factors Impacting Purchase Decisions

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



Factors Impacting Purchase

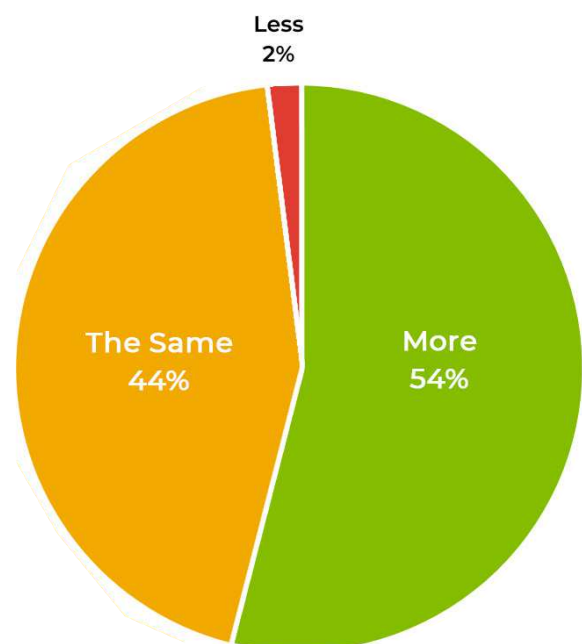




With a COVID-ridden and faltering economy likely resulting in more caution across the board, it's perhaps no surprise that price sensitivity is a consistently top ranked factor impacting purchase decisions. Whether for gifts or personal consumption, this trend is clear. Similarly, 54% say the ability 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, delivery costs, and ease/speed of delivery will also be important to driving sales this Christmas time.

Price and the ability to use coupons and/or apply discounts have more or less of an impact than last year on purchase decisions



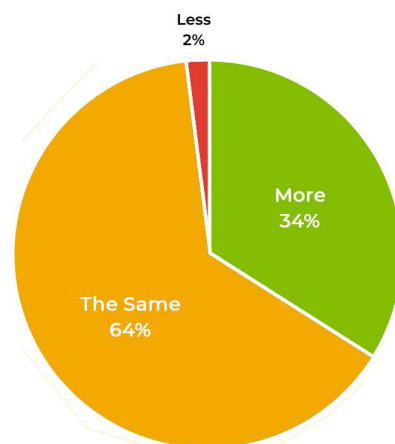
Impact of Ratings and Reviews

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.



Ratings and reviews are a must have for brands and retailers seeking a successful Christmas shopping season this year. More than six 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 more than a third saying they will have more of an impact.

Impact of ratings and reviews on purchase decisions compared to last year



42%

Of consumers who say ratings and reviews will have more of an impact this year than last on purchase decisions will also increase Christmas shopping spend (11 percentage points higher than average)

64%

say ratings and reviews will have an impact on their gift purchasing decisions this Christmas.

64%

say ratings and reviews will have an impact on purchase decisions for themselves this Christmas.

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 Christmas period.

In-Store Shopping Habits

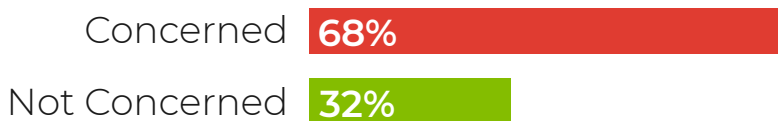
Consumers are unsurprisingly hesitant to shop in store this Christmas time. However, they are not discounting it as a possibility altogether and there are certain actions brands and retailers can take to make them more comfortable.



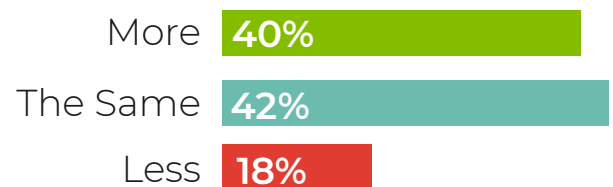
Restricting how many customers are allowed in the store is the number one action you can take.

However, there has been a lot of focus on optimising 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 Christmas period with 40% saying they will use it more than in season's past.

Consumers concerned about doing Christmas shopping in store due to COVID



More or less likely to make Christmas shopping purchases via curbside pickup



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



Impact of COVID on Overall Shopping Behaviors

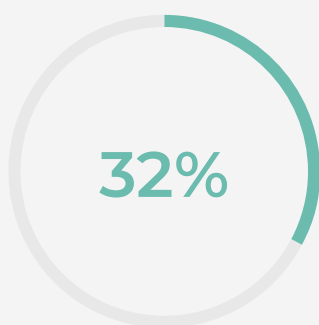
With the acceleration of digital transformation caused by COVID, there has been a lot of talk of a move to a “new normal”. Although the extent to which shifts are permanent will become clear in time, responses to our survey indicate that behaviors have changed forever.



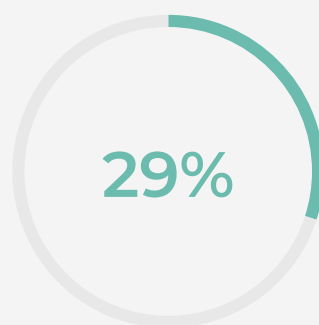
A third say their shopping habits have changed forever. That is extremely significant.

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.

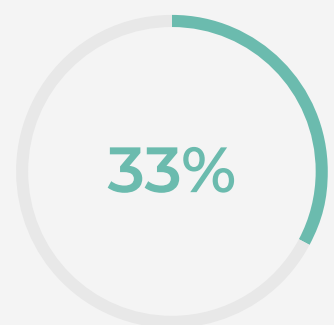
While this is unlikely to result in the death of the store, it will surely have to evolve in order to be successful longer term.



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 volumes will be higher than they've ever been before this Christmas period. 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 Christmas time. 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 Christmas period, stores will still generate sales and revenue. After all, 32% 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 68%. 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 click-and-collect/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, 40% of consumers say they will use curbside pick-up this Christmas 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 analyse and benchmark all this data to improve product quality and customer experience, while also delivering store experience feedback to help them optimise their retail network.

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