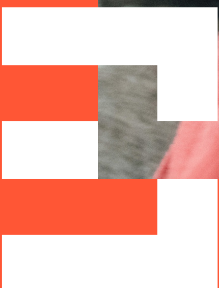


escalent

Sink or Soar During the 2021 Holidays

Redefine your brand and gain market share



Introduction

COVID-19 has forever changed the way we shop, socialize and celebrate—and with the holiday season just around the corner, brands need to be ready for anything.

Instead of rushing from store to store looking for the perfect gift, we're more likely to see safety-conscious consumers—especially Boomers—shopping more from the comfort and safety of their living rooms, limiting travel and opting out of holiday parties. Younger generations, however, are more likely to go out for holiday shopping and celebrations, eager to return to their normal behaviors so they can [“reclaim their lost pandemic year.”](#)

To help brands prepare for the 2021 holiday season, Escalent conducted a study to find out how consumers across generations plan to shop and gather, as well as whether being vaccinated against COVID-19 will impact their decisions. Consumers have decided to stick with their new buying and social-gathering behaviors because they're comfortable with them—behaviors brands might not be aware have changed for the longer term. While the pandemic has impacted people differently, most people's values, desires, needs and attitudes have changed after living through it. Retail, technology, travel and hospitality brands are facing a holiday season that looks decidedly different from the “old normal” of 2019 and even the “pandemic normal” of 2020.



It's time to forget everything you think you know about your customers' habits. To stay ahead this holiday season and beyond, you'll need to take a close look at your consumer segments, understand how they may have shifted, and identify the most effective strategies for reaching your newly defined target audience. Because customers have changed so much, you also have a second shot to redefine your brand and win valuable market share by attracting new consumers—fail to act and you risk losing market share to brands that do.

In this paper, you'll learn:

- How consumers plan to shop this holiday season
- How consumers' attitudes are changing travel and celebrations this holiday season
- How vaccinations affect consumer decisions around holiday shopping and gathering
- What brands in retail, technology and travel can do to succeed during the holidays and beyond in this emerging post-COVID-19 world



How the Pandemic Will Impact the 2021 Holiday Season

COVID-19 disrupted consumers and businesses around the world in a way we'd never seen. Entire industries came to a halt, there was almost no travel and even tech-averse people found themselves partaking in virtual communication and celebrations. It was a year of reacting to a rapidly changing landscape and, for many, trying to keep their businesses afloat.

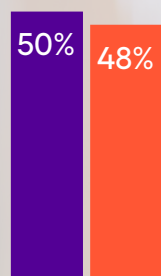
As the threat of COVID-19 appears to be lessening thanks to the vaccine, we're now seeing consumer behaviors being driven less by pandemic fears, and more by the way consumers prefer to shop. Although things won't be nearly as "weird" as they were in 2020, we also won't be partying like it's 2019.

Most consumers have already changed their habits—prompted by the pandemic—and have decided on their ideal shopping behaviors. Because the data around average shopping mix over the past 12 months and preferred shopping mix for the upcoming holidays are almost aligned, we anticipate consumers will continue with these same habits for the rest of the year and beyond.

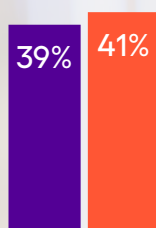
44%
of consumers say
COVID-19 has
changed how they
prefer to shop.

CONSUMER SHOPPING MIX

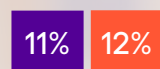
■ Past 12 Months
■ Upcoming Holiday Season



In-Store



Online



Online with
In-Store Pickup

61%

Want to shop and browse inside stores as they did pre-COVID-19

58%

Plan to take all COVID-19-related health and safety precautions this holiday season

57%

Want to get gift ideas for certain people while browsing in-store

56%

Shop more online now than they did pre-COVID-19



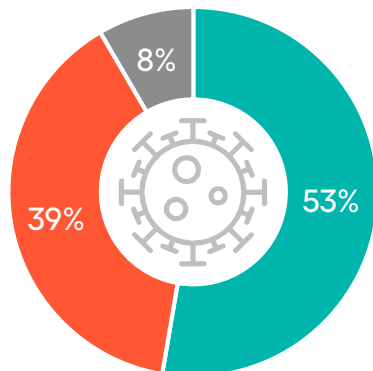
While consumers are looking forward to shopping in stores this holiday season and beyond, in-store shopping is no longer their default shopping mode but one of many. Shoppers have made it loud and clear they want to have the option to shop in a way that suits them best. In addition, different customer segments want different things from their shopping experiences, often influenced by how the pandemic has impacted them — and potentially continues to do so.

For example, generations differ in their willingness to get back to pre-pandemic behaviors and their attitudes for the upcoming holiday season. We found a clear dichotomy inherent in how older generations are approaching the holiday season this year. Older generations take COVID-19 very seriously, are more likely to have been vaccinated and are more likely to hesitate going out without a mask.

In-store shopping is no longer the default shopping mode but one of many.

CONSUMER ATTITUDES ABOUT COVID-19

- I take COVID-19 very seriously; I follow every guideline issued by the CDC
- I take COVID-19 somewhat seriously; I try to minimize my risk whenever possible, but I still go about my life regularly
- COVID-19 is not serious; I have not altered my behavior in any way



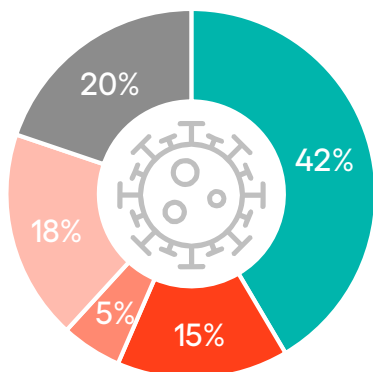
Take COVID-19 Very Seriously

Significantly higher for Boomers compared with Gen Z and Millennials



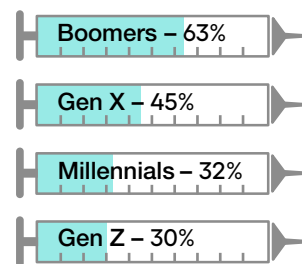
COVID-19 VACCINATIONS

- Fully vaccinated
- Partially vaccinated
- Not vaccinated, but plan to be vaccinated after the 2021 holiday season
- Not vaccinated, but plan to be vaccinated before the 2021 holiday season
- Do not plan to be vaccinated



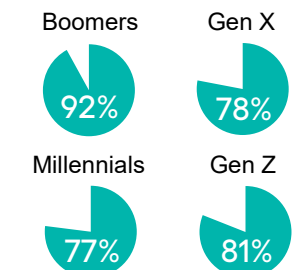
Fully Vaccinated

Significantly higher for Boomers compared with all other age groups



Never Caught COVID-19

Significantly higher for Boomers compared with all other age groups



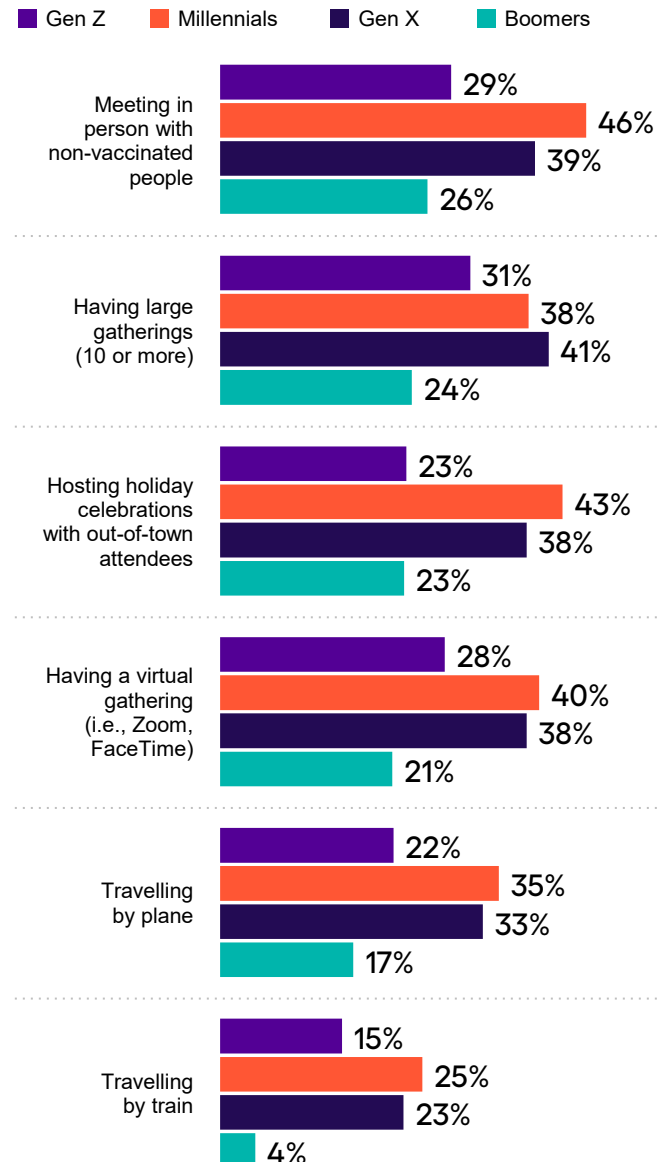
Although older generations prefer traditional in-person, in-store shopping experiences, they also are extremely cautious about declaring the pandemic over and returning to “normal.” We found Boomers (and older) are significantly less likely than all other generations to travel by plane, hold large gatherings (of 10 people or more), hold virtual gatherings and travel by train. Boomers are also significantly less likely than Gen X or Millennials to host a holiday celebration with local attendees, host a holiday celebration with out-of-town attendees and meet in person with unvaccinated people.

To Boomers (and older), 2021 is not really post-pandemic at all. As such, older generations are much more likely to continue restricting their exposure to large groups (both when shopping and celebrating) than younger generations. Even when it comes to some of the biggest shopping days of the year, Boomers (and older) are still taking precautions and aren’t ready to resume pre-COVID-19 behaviors. All other generations are significantly more likely to agree that they look forward to shopping Black Friday specials. While older generations still long for the pre-pandemic days, they’re willing to wait until next year to return to pre-pandemic behaviors and are less likely to get back to normal behaviors than younger consumers.

On the other hand, younger consumers are ready to be social again. Millennials and Gen X are significantly more likely than Boomers (and older) to travel by plane, host holiday celebrations with local attendees, host holiday celebrations with out-of-town attendees, meet in person with unvaccinated people, have large or small gatherings and travel by train.

Older generations are extremely cautious about declaring the pandemic over and returning to “normal.”

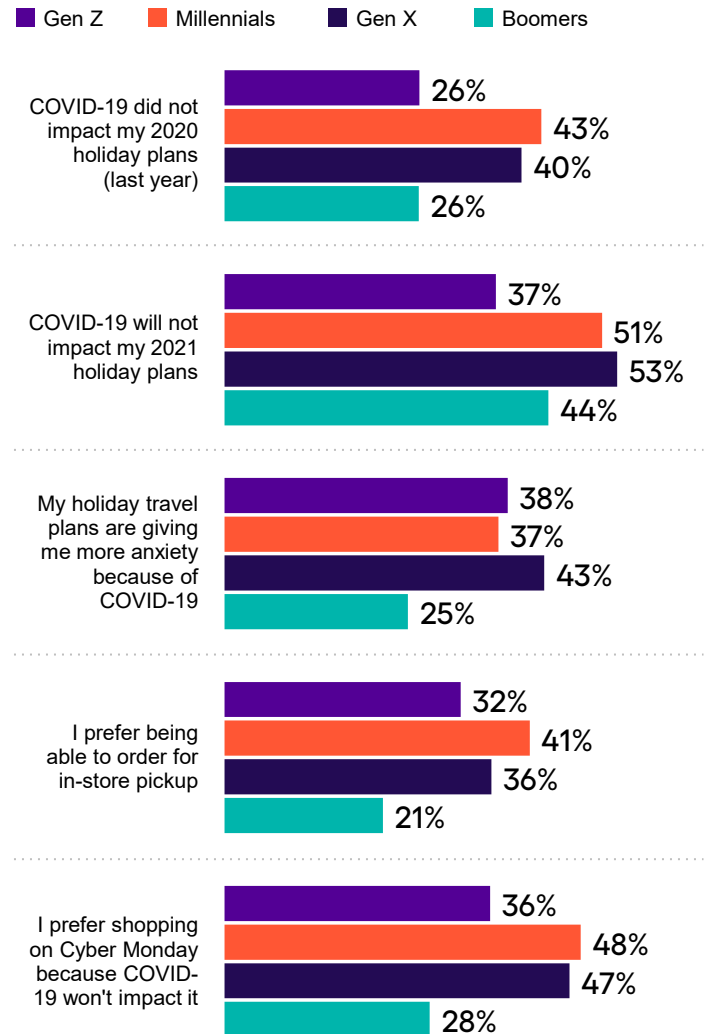
CONSUMERS’ ANTICIPATED 2021 HOLIDAY ACTIVITIES



This is a positive sign for travel and hospitality brands; however, these younger consumers also report significantly higher levels of anxiety than the more conservative seniors (25%), who do not anticipate making as many travel plans for the holidays. Travel has become more difficult now than it has been at any other time due to COVID-19 restrictions. With the highly contagious Delta variant spreading rapidly across the globe and causing rising concern for the unvaccinated, younger consumers are well aware of how the continued evolution of the pandemic will continue to impact and limit travel. Conversely, as Boomers remain more cautious and conservative about their holiday plans, they have less to be anxious about because they are not looking to resume many pre-pandemic activities. And because Boomers don't plan to resume their normal behaviors, it's much more likely they won't be disappointed with those plans.



COVID-19 IMPACTS ON CONSUMER HOLIDAY ACTIVITIES



Even though younger consumers are less concerned about contracting the virus and feel confident in the 2021 holiday plans they are starting to envision, we found they still prefer ordering online for in-store pickup and shopping on Cyber Monday because COVID-19 won't impact these activities. This indicates not only younger consumers' preference for a seamless omnichannel shopping experience but that they view online shopping as a more reliable, convenient method to get what they want when they want it—for pickup or by delivery—as opposed to shopping in-store with restrictions in place or a lack of inventory of what they want to purchase.

So, what is the takeaway from all of this? The pandemic has had a profound effect on consumers in addition to delivering unprecedented challenges to retailers, technology providers, travel companies and hospitality brands. While many tech firms thrived after working through a sudden and remarkable spike in demand, global travel virtually stopped overnight, which had a domino effect on dependent sectors. And in the US alone, over 12,000 stores permanently shut down in 2020, blowing away the previous records. Businesses that have survived should be proud of their accomplishments, but now is not the time for complacency. As we move toward a new normal, brands have a rare opportunity to gain an advantage over the competition. More than ever, it's important to understand how the behaviors and attitudes of your different audience segments have changed over time, and to make a plan for how you intend to reach consumers for the holiday season and beyond.



Younger consumers view online shopping as a more reliable, convenient method to get what they want when they want it.

What Brands Can Do to Effectively Prepare for the Holiday Season

Here are three critical components for brands to focus on in preparation for holiday shopping, gathering and celebrating.

1. GET TO KNOW YOUR CUSTOMERS DEEPLY AND IDENTIFY NEW CONSUMER SEGMENTS

Looking at the different generations has exposed the tip of the iceberg on how consumers have changed their thinking and behaviors as they get through the pandemic. For brands to stay relevant, you need to reevaluate who your current and prospective customers are, and *why* they do what they do. Understanding the shifts in their attitudes and behaviors can mean the difference between a loyal customer, a lost sale and a lost opportunity to gain market share.

Although we conducted our research approximately two weeks before the CDC released new mask guidelines for vaccinated people in mid-May and before the Delta variant had become widespread and prominent, *this constantly evolving landscape only underscores the importance of uncovering exactly how **your** customers are feeling and behaving.* What comes into play when trying to predict how your customers might behave during the holiday season will be unique to your business. There are so many different combinations of variables to consider—such as age, gender, values, type of shopper and merchandise or services offered—that it's more difficult than ever to nail down how these factors will impact your customers. But focusing on this will lead to tangible success, and here is one example: Kohl's has offered [curbside pickup](#) since early on in the pandemic and has facilitated free returns originating from Amazon since 2019, which has caused a [big increase in shoppers](#)—one-third of which are Millennials.

Its partnership with Amazon gets customers in the door who would have never been exposed to the Kohl's shopping experience. Kohl's ensures impulse buys are located on the way to the Amazon counter and provides Amazon return customers with a sizable, time-limited coupon to be used in-store or online, maximizing the omnichannel experience. Consumers who did not previously consider shopping at Kohl's have now included the retailer in their consideration set, thereby widening the top of the funnel for the company. While other retailers were losing customers in 2020, Kohl's [gained two million new customers](#) as a result of its partnership with Amazon. Kohl's strategic focus on deeply understanding its current and prospective customers, and giving them what they want—convenience and cost savings—turned the difficult situation of the pandemic into a very successful period. Tactics like these encourage repeat shopping and build customer loyalty.



Dig into the “why” behind consumer values, preferences and behaviors so you can understand and empathize with your customers.

In the travel industry, Delta Air Lines did a phenomenal job understanding and addressing what its customers wanted and needed. Throughout the pandemic, Delta didn't sell middle seats because the company's leadership knew its customers wouldn't feel safe flying without social distancing. While other airlines were quick to resume selling middle seats to recuperate lost income, Delta put the well-being and safety of its customers first, foregoing middle seat sales for more than a year. As a result, Delta is emerging from the pandemic with a level of customer loyalty of which many other carriers are envious.

Research has always been important to consumer brands, and successful brands have amassed a huge cache of knowledge about their customers. That has never been truer than today, as we can see with the examples of Kohl's and Delta. Knowing the ages, product preferences and past purchases of your customers isn't enough. It's critical to go beyond the “who” or the “what” and dig into the “why” behind consumer values, preferences and behaviors so you can understand and empathize with your customers. This will give you a much stronger foundation to craft your holiday strategy in meaningful ways that will grab the attention of your desired audience. If you don't feel like you have enough details about your customers, consider how you can [augment your segmentation](#) to gain a deeper, multi-dimensional understanding of your consumer segments.



2. REACH CONSUMERS WHERE THEY ARE—REVISIT YOUR ADVERTISING, MESSAGING AND POSITIONING

The pre-COVID-19 ways of holiday marketing are long gone and likely irrelevant. Instead of consumers adapting to brands—running around and waiting in long lines on big shopping days like Black Friday—it's time for brands to adapt to consumers. That means meeting consumers where they are.

For example, the [World of Disney](#) at Disney World is the largest store known for having some of the longest lines in the resort. Disney now offers mobile checkout for consumers. Shoppers can use the app, scan their items, pay and show the QR code for their purchase as they leave. This is just one way Disney is trying to facilitate easier checkout for consumers and break the habit of standing in long lines at the store.

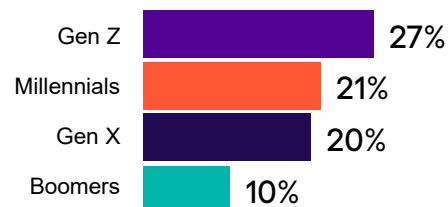
Adapting to consumers also means enhancing the shopping experience for your specific demographics. Regardless of age, we found 45% of consumers say health and safety is one of the top three things they value about online shopping. This means looking for ways to keep consumers feeling safe in-store, such as following strict sanitation guidelines, offering contactless payment and pickup, and continuing to require customer-facing employees wear masks so consumers feel less at risk while in public.

This is especially true if your primary audience comprises cautious Boomers. Because older consumers are more vigilant about not exposing themselves to COVID-19, brands should focus on providing safe ways for them to return to brick-and-mortar stores. For those shoppers, providing options such as senior-only shopping hours will make the shopping experience feel less risky and stressful, enticing older shoppers to shop and buy in-store. Retailers that can find ways to reassure shoppers—especially older ones—and make them feel safe will be rewarded with more foot traffic and associated impulse purchases. This also impacts the need for ease of shipping gifts for older consumers who are less likely to shop in brick-and-mortar stores no matter how safe you make the in-person experience feel.

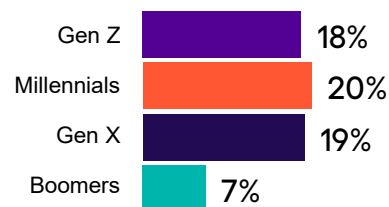
On the other hand, younger consumers are typically ready to be social, are spending more and are more likely to have increased their impulse purchases. They also expect an easy, inspiring online shopping experience—which again affirms the necessity to have a more complex omnichannel sales and marketing strategy to maximize your reach to your desired audiences. Additionally, as a result of the pandemic, end caps and checkout counter displays are no longer the cash cows they used to be. Retailers need to be smarter than ever and bring the impulse opportunity directly to the consumer. To capitalize on younger-shopper spending, this means making sure online experiences are intuitive and engaging and using machine learning algorithms to inspire and recommend gifts that are best suited to the individual shopper.



INCREASED IMPULSE PURCHASES IN PAST 12 MONTHS



EXPECTING TO INCREASE HOLIDAY SPENDING IN 2021



Additionally, if brands are targeting younger consumers, providing experiences that help them feel like things are “back to normal” can make brands more relevant in their eyes and are likely to be noticed.

As younger generations resume in-person celebrations, the tech sector would do well to focus on making their virtual platforms more accessible to Boomers. Videoconferencing brands such as Zoom, Microsoft Teams and Google Meet are now finding their most loyal customers—younger generations—have less need and desire to host or participate in virtual celebrations. On the other hand, their most critical and resistant customers—older generations—will be needed to sustain videoconferencing brands’ growth curves, or at least stem the declines.

Less tech-savvy folks such as Boomers value consistency over the latest and greatest features. They prefer an interface that doesn’t change and that they don’t have to relearn each time they use it. Focusing on this type of consistency over feature advancement is a massive shift in how these tech brands go to market—but one that will likely earn the loyalty of their post-COVID-19 consumers. Brands could also get more Boomers on board for virtual gatherings by pointing out the benefits and ease-of-use of their products. Understanding how to cater these technologies to this less tech-savvy segment will be key to entering 2022 on solid footing.

In addition to positioning, brands will need to refine the communication channels and messaging they use to reach their target audience. Because consumers shop in different ways, brands need to tailor their marketing and messaging to be relevant and reach consumers where they shop and look for gift ideas. Think about how consumers get ideas, with possibilities ranging from browsing in a store to seeing a product on YouTube.

For example, we found that men and women often look for gift inspiration in different places.



Women are significantly more likely to use:

- Friends, family and neighbors
- Retailer websites
- In-store retailers
- Social media such as Pinterest and TikTok



Men are significantly more likely to use:

- Instagram
- YouTube
- Reviewer websites
- Facebook
- Television
- Twitter

The important thing is to dig deep into understanding your consumer segments so you can work to meet consumers where they are.

3. GIVE CONSUMERS WHAT THEY WANT—REFINE YOUR OFFERINGS AND CUSTOMER EXPERIENCE

The holiday shopping period appears to be starting a little earlier this year, with 78% indicating they will be ready to shop for gifts after September. This will be the first time many customers have returned to stores since the pandemic started, and it's important to keep in mind that loyalty is down and price sensitivity is high. Although the holiday season is coming up fast, there's still time to conduct research to optimize the mix of products you plan to sell this year. For newly released products, act quickly to ensure you're including and highlighting the features your customer segments want most this holiday.

Inventory management will be another key to making or breaking your holiday financials. On one hand, carrying too much inventory will take away your ability to be aggressive on prices. On the other, running out of inventory will risk losing customers—not just during the holidays but well beyond as consumers continue to develop their “new normal” shopping behaviors and preferences.

The takeaway: Refine your product offerings to ensure you're optimizing your shelves and meeting the needs of new and prospective consumers. Once you have optimized your SKUs, then you need to effectively forecast your optimal inventory levels. We can help with both of these, as many clients turn to Escalent for [optimization research](#).

Refine your product offerings to ensure you're optimizing your shelves and meeting the needs of consumers.

Revisit your shopper experiences to ensure you're giving shoppers what they need and want while interacting with your brand. Ask yourself: Is our strategy focused on curbside pickup or free home delivery? Our research suggests that the desire for curbside pickup may be wearing thin with many segments this holiday season, despite the unprecedented adoption at the height of the pandemic. However, brands still need to explore whether their desired customers want curbside pickup, and to what extent. Perhaps some consumers will want curbside pickup—particularly during the holiday season when stores are so busy—while others will prefer to shop in-store.

Adapting to customer needs provides the opportunity for brands to keep customers loyal while winning over customers from their competitor: Take Target and Walmart as an example. Before the pandemic, Target's shopping experience was usually considered more upscale and trendier than Walmart's. But with the increased interest in curbside pickup due to the pandemic, Walmart now has an opportunity to use its curbside pickup service to reach consumers who wouldn't previously shop there—including Target and Amazon customers. This means Walmart needs to adapt its product inventory and messaging to reach those new consumers.

For its part, Target has considerably strengthened its curbside pickup, focusing on delivering shoppers' purchases within a few minutes of arrival. Target is focused on increasing convenience to beat out Walmart, especially since there are so many Walmart stores around. The key point here is that you need to ensure your shopping and delivery process is designed and implemented with your customers' needs and wants in mind.

The 2021 holiday season is your chance to make a powerful first impression with swaths of new consumers you wouldn't have otherwise had the opportunity to get in front of, and you don't want to miss it.



STRATEGIC SUMMARY

With so many disruptions brought on by the pandemic, this holiday season will be anything but normal.

Across generations and genders, consumers have changed their shopping habits and holiday-gathering plans—both of which are affected by their attitudes toward the COVID-19 vaccination. Now is the time for brands to take a close look at who their primary customers are, what they want, and how to meet their expectations.

2021 provides brands an unusual second chance to make a first impression on customer segments that may not have been their targets before the pandemic. The brands that get it right will emerge from the most disruptive period in our lifetimes as industry leaders—winning hearts, minds and pocketbooks of more customers than ever.

If you'd like help managing your **audience segments**, enhancing your **branding**, or taking your **customer experience** to the next level, **send us a note**.

TALK TO THE EXPERTS



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ABOUT THE RESEARCH

Escalent interviewed 1,001 online respondents between April 28 and May 2, 2021. The study was sampled within the United States and consisted of a general population audience of men and women ages 18+, with balanced representation across regions. To qualify, respondents had to be at least a partial decision-maker in winter holiday shopping and travel. The data have a margin of error of +/-2 percentage points at a confidence level of 95%. Escalent will supply the exact wording of any survey question upon request.

About Escalent

Escalent is a top human behavior and analytics advisory firm specializing in industries facing disruption and business transformation. As catalysts of progress for more than 40 years, we transform data and insight into a profound understanding of what drives human beings. And we help businesses turn those drivers into actions that build brands, enhance customer experiences and inspire product innovation.

Visit escalent.co to see how we are helping shape the brands that are reshaping the world.



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