

Retailers boost online capacity and plan to offer greater discounts as they prepare for an uptick in festive holiday spending

However, uncertainty means sales patterns are even harder to predict this year

Paris, November 12, 2020 – New research from [Capgemini](#) suggests that retailers are feeling cautiously optimistic about the festive shopping season, despite uncertainty around physical store openings and holiday sales patterns. According to the findings of Capgemini's [annual holiday survey](#), almost half (46%) of retailers expect an increase in sales and half of shoppers (49%) expect to shop online more this holiday season than in previous years. In anticipation of this, 93% of retailers have taken deliberate steps to bolster their online offering, 50% have improved their website or ecommerce proposition, 34% have increased their web traffic capacity and 21% have introduced new virtual shopping experiences.

To further attract customers, 78% of retailers will offer greater discounts both online and in-store, while a third (33%) plan to offer a larger range of discounted products online. However, despite these preparations, retailers are less confident that they can accurately predict sales patterns this holiday season compared to last year (39% compared to 55% in 2019). The threat of lockdowns has been the leading cause of uncertainty (54%), while half of retailers (50%) blame supply chain disruption and almost one in three (30%) say the data they base their planning on isn't accurate due to COVID-19.

At the same time, only 14% of consumers expect to spend more than usual this Black Friday, with just over a third (35%) suggesting they plan to spend less. Less disposable income was cited as the main reason for this (43%).

The research also uncovered the following trends:

Consumers will prioritize essentials; younger generations will spend the most

The biggest spenders this holiday season will be younger generations. More than a third (37%) of 18-24-year-olds and 40% of 25-34-year-olds say they have saved money since the start of the COVID-19 pandemic with the intention of spending it around Black Friday and the holiday sales period. Consumers in higher income brackets are also more likely to spend more this year than previous years. Compared to a global average of 14%, 24% of those on a salary of £64,000 and above plan to spend more.

When it comes to what people are intending to buy, over half of all holiday season purchases (52%) will be for essential items. Consumers will prioritize essential goods for themselves and others (44%) over buying gifts (35%) or treating themselves (21%). However, luxury items – which only 18% of consumers plan to buy – remain in demand for younger age groups (27%) and those at higher income levels (34%).



Impulse spending will drop as consumers plan ahead

Almost half of shoppers (49%) expect to shop more online this holiday season than in previous years, with lockdowns enforcing this in some regions. Globally, the preference for in-store shopping on Black Friday is set to drop from 39% last year to 28% this year.

While Capgemini's research was conducted before new lockdowns were put in place in nations such as France and the UK, those regions where retailers are currently set to stay open in November are still affected. The biggest physical footfall decline will be seen in the US, where in-store shopping is expected to drop by 15 percentage points: just 27% of holidays purchases will be made in shops this year, down from 42% last year. For those consumers who are able to shop in-store, 33% will only go to shops when they know what they want to purchase and 32% will research what they plan to buy in advance, suggesting that impulse spending will fall.

Retailers have readied themselves for change

Despite uncertainty around spending patterns, the majority of retailers have changed their strategies to account for consumers' financial and health-related anxieties. More than two in five (43%) retailers are offering more discounts across the product range or more single-day or timed discounts (42%) compared to previous years. Nearly nine in ten (87%) have introduced new delivery options this year, 52% have brought in free delivery and 46% have introduced click and collect or curbside pick-up (rising to 60% in the US).

Retailers aren't forgetting about the in-store experience either: 93% of retailers have taken steps to attract customers in store, 50% have restricted numbers in their shops to ensure social distancing, while 43% have introduced more touchless payment options. New lockdowns will not mean these efforts have been made in vain, with restrictions due to relax in December in the UK and France, a late surge in Christmas shoppers could be more easily accommodated.

"The holiday season has always been hard for retailers to predict, but supply chain disruption, consumer caution and changing government restrictions means this year is full of uncertainty," says Tim Bridges, Global Head of Consumer Goods and Retail at Capgemini. "Despite this, retailers recognize that sales will shift online and have invested in their ecommerce offerings, with many businesses increasing payment options, opening up new delivery methods or bringing the in-store experience online through initiatives like virtual dressing rooms. With the ongoing nature of the pandemic, the uncertainty we're witnessing today is likely to continue into next year. The real winners will be those that can digitally streamline their operations and supply chains, so that they can easily scale up and down to meet sudden surges and decreases in consumer spending."

Methodology

The interviews were conducted online by Sapio Research, on behalf of Capgemini, in October 2020 using an email invitation and an online survey. The retailer survey was conducted among 851 retail managers across 6 regions: UK, US, Germany, France, Netherlands and Scandinavia, in companies with at least 250 employees. The consumer survey was conducted among 6588 consumers across the same 6 regions: UK, US, Germany, France, Netherlands and Scandinavia. At an overall level the retailer survey results are accurate to $\pm 3.4\%$ at 95% confidence limits assuming a result of 50%. The consumer survey results are accurate to $\pm 1.2\%$ at 95% confidence limits assuming a result of 50%.



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