



CANADA EDITION

PowerReviews Holiday Consumer Survey 2020

Consumer survey of 650 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 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 around 650 shoppers from across Canada to find out.



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Methodology

The PowerReviews Holiday Consumer Survey draws on responses from 647 active shoppers across Canada 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 American Thanksgiving, through the Cyber 5 (Thanksgiving and Black Friday through 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 647 active Canadian 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

Two thirds of consumers (66%) 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 shopping earlier than they typically do. Most significantly, around a third of those who say they will spend more this year than last will start shopping early. This is most likely due to concerns about supply chain, general product availability and shipping (in fact, around seven in ten flagged shipping 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 (**54% 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

Click-and-collect/BOPIS (Buy Online, Pick Up in Store) and omnichannel has been a talking point for years now. But this Holiday will be seminal for these shopping methods. In fact, **47% 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** (28% 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 economy and this is very evident in consumer Holiday spending expectations.



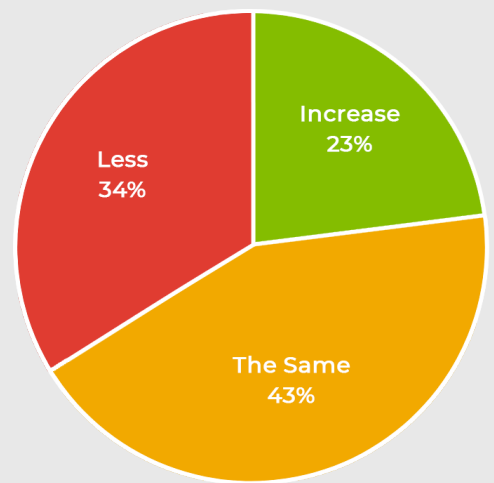
Despite the economy being in turmoil, almost a quarter of our respondents say they will increase their Holiday shopping spend this year. That is a surprisingly high figure. This is perhaps influenced by consumers not having many opportunities to spend their disposable income over the past year (holidays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

However, a third 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 this Holiday season.

Total Christmas Shopping Spend Compared to Last Year



Average Holiday spending increase amount (compared to last year)



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

Average Holiday spending decrease amount (compared to last year)



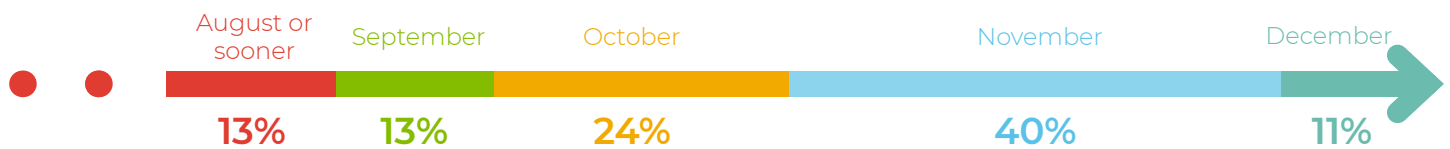
Mean figure for every respondent who said their Holiday shopping spending would decrease

When Shopping Will Start

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

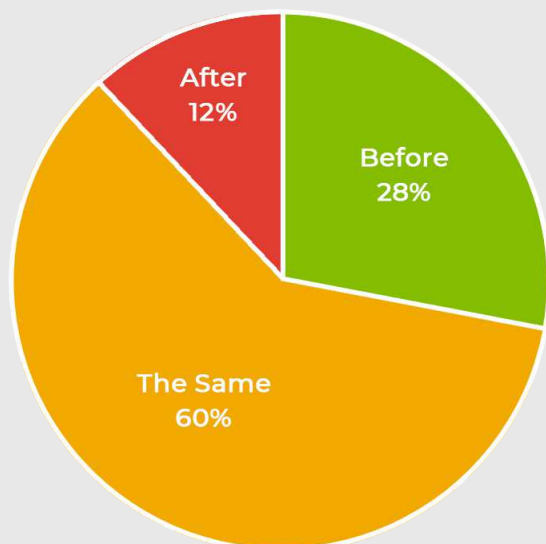


Holiday Shopping Start Date



of those expecting to increase Holiday spending this year will start Holiday shopping earlier than is typical (compared to 28% 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 (60%), **more than 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, 34% say they will start earlier than is typical.

Not many are leaving their Holiday shopping to the last minute this year. In fact, half say they will start before the end of October. In terms of why this might be the case, 68% of respondents cited concerns about shipping.

However, for the 26% 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.



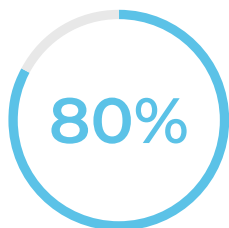
More or less shopping online compared to last year



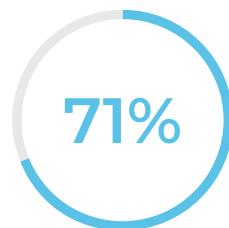
More or less Holiday shopping in store compared to last year



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 73%).

Significantly more Holiday 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 half of all consumers say they will do more shopping online, while two thirds say they will do 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 (71% vs 73%).

Where Shoppers Will Focus Their Online Shopping

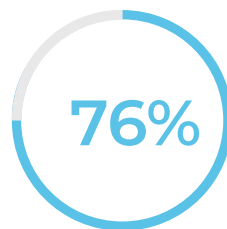


Amazon is the dominant force when it comes to ecommerce spend in Canada, so it's position as the most prominent site for Christmas spending in our survey comes as no surprise.

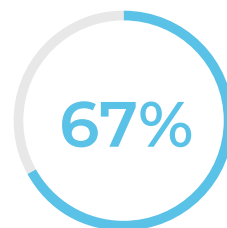
But - and this reflects the hypothesis that **although Amazon is the undisputed king when it comes to online shopping, its staggering growth trajectory is slowing** - 67% say they will make an ecommerce purchase from other retailer sites this year.

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. In fact, a surprisingly high 68% expect to shop using this method during the Holidays. This is a significant number and highlights the high potential rewards for brands seeking to go this direction.

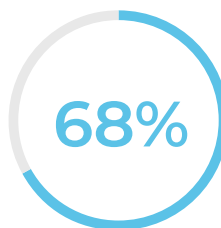
eCommerce sites consumers anticipate using for online shopping this Holiday Season



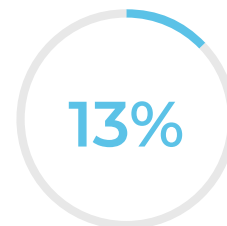
Amazon.ca



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



Specific sites of brand that makes product



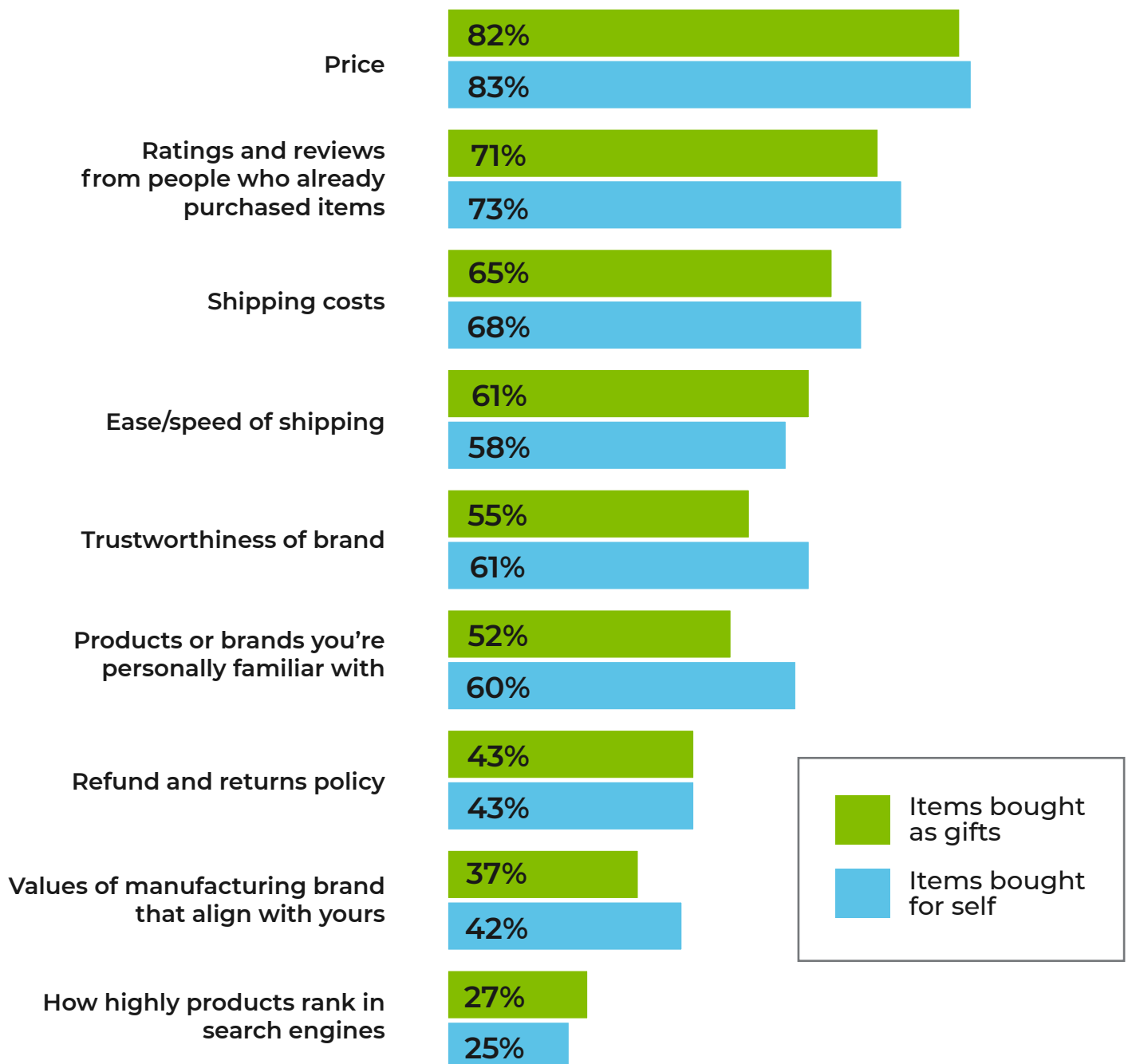
Other

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

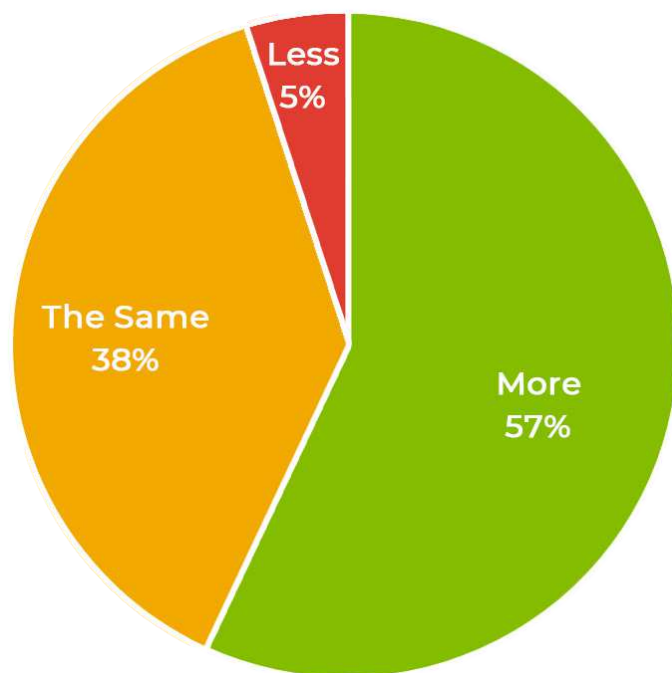




With a COVID-ridden and faltering economy likely resulting in a general reduction in disposable income across the board, it's perhaps no surprise that price sensitivity is a consistently top ranked factor impacting purchase decisions. Whether for gifts or personal consumption, this trend is clear. Similarly, 57% say the ability to apply discounts will have more of an impact this year than last (only 5% 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

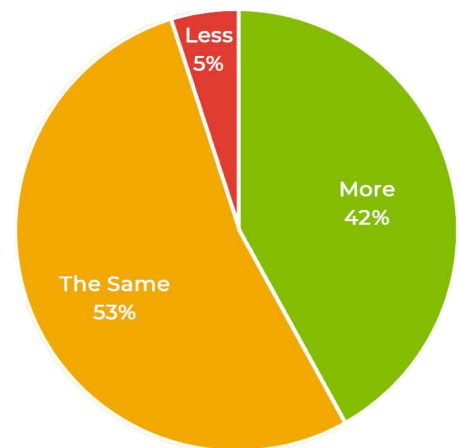


Impact of Ratings and Reviews

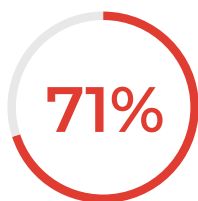
Online product ratings and reviews will have a significant impact on purchase decisions this year. They will be even more critical to converting browsers to buyers than usual.



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



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 (five percentage points higher than average).



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



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

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.

In-Store Shopping

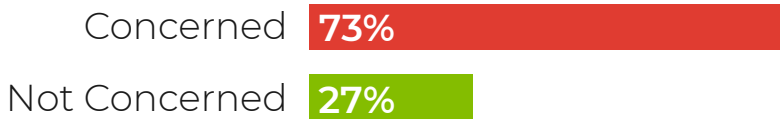
Consumers are unsurprisingly hesitant to shop in store this Holiday season. However, they are not discounting it as a possibility altogether and there are certain actions you can take to maximize store traffic.



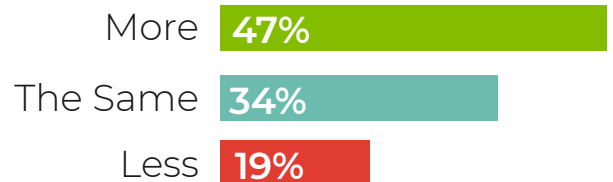
According to consumers, frequent sterilization and requiring both staff and fellow customers to wear masks are the most important actions you need to take when it comes to in-store shopping this Holidays.

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 47% saying they will use it more than in season's past.

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



More or less likely to make Holiday 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

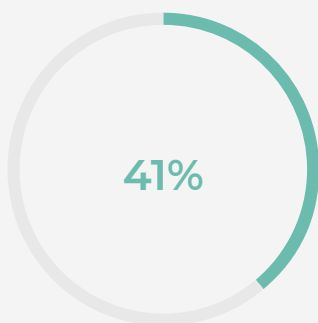
With the acceleration of digital transformation caused by COVID, there has been a lot of talk of a move to a “new normal”. Although the extent to which shifts are permanent will become clear in time, responses to our survey indicate that behaviors have changed forever.



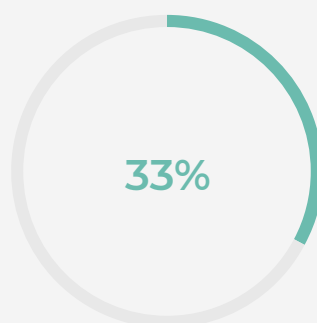
A third say their shopping habits have changed forever. That is extremely significant.

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.

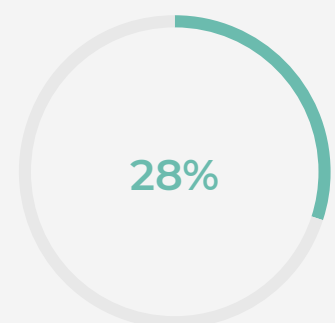
While this is unlikely to result in the death of the store, it will surely have to evolve in order to be successful longer term.



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 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, 27% 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 73%. 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, 47% 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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