



# **Marketer's Guide to Holiday 2020**

## **Edition 1 | Playbook**

by **ovative**group

# Executive Summary

The stakes have never been higher nor as unpredictable heading into the holiday season. This year will require more proactive planning, real-time trend identification, and agile responsiveness to ensure success. In this guide we share key macro trends, consumer insights, and actionable strategies to help you plan for all the moving pieces. Below is a summary of what you'll find in the Marketer's Guide to Holiday 2020 | Edition 1.

## Macro Trends: Five trends have set the stage for a complex holiday season.

- **The COVID-19 global pandemic** will continue to change consumers' digital shopping behaviors and cause regional impacts as case numbers potentially spike in winter months.
- **The upcoming 2020 presidential elections** will cause a slowdown in purchases, shift in messaging, and shortage of media inventory, especially with a more divisive campaign and potentially slower result.
- **Ongoing social justice movements** will continue to impact more socially aware holiday messaging through blackouts and re-starts.
- **Key holiday dates will accelerate online demand.** Amazon Prime Day(s) will kick-off holiday on Oct 13th & 14th shifting holiday demand up. Closed stores this Thanksgiving Day will drive online demand even further on Thursday and make store sales more important on Black Friday.
- **Shipping cut-offs will be earlier than ever this year to meet demand,** putting increased pressure on stores as fulfillment centers for ship from store and store pick-up options.

## Consumer Response: Nearly 80% of consumers will change their shopping habits this upcoming holiday.<sup>1</sup>

- **Accelerated online shopping.** More than 2x last year, 54% of consumers plan to do all or most of their holiday shopping online this year.<sup>2</sup>
- **Shipping Expectations.** Less travel and increased online shopping will make free shipping and on time delivery table stakes, putting added pressure on profitability and delivery logistics.
- **Mobile and Social.** Consumers are leaning into mobile and social with holiday mobile purchases up +20% to last year, driving around half of overall holiday growth.<sup>4</sup>
- **Category Shifts.** With less traveling, fewer holiday parties, and stay at home orders, we anticipate shifts in holiday entertaining, fashion, and experience-oriented categories.

## So, What's A Marketer to Do?

### STEP 1: Maximize your enterprise return through a fluid investment strategy

**Measurement:** Enable fast, nimble, fluid investment decisions across your marketing portfolio.

**Digital:** Double down on digital to capitalize on behavior shifts. Measure and account for cross device behavior and in-store revenue impact. Be ready flex locally due to COVID.

**Flighting:** Plan to pull budgets forward and accelerate based on early performance. A dollar in October is as good as a dollar in December.

**Promotions:** Leverage promotions thoughtfully to accelerate business. Don't starve a hard-working promotion due to time constrained budgets. Stay competitive on Free Shipping.

**Categories:** Consider profitability and LTV in your product category investment approach.

**Customer:** Maximize impact from current customers and the influx of new customers.

**STEP 2: Align operations and logistics with marketing.** Know when and what inventory is available, sync messaging and spend to your delivery strategy, consider ship cut-off dates, and lean into stores with BOPIS in metro areas.

**STEP 3: Expect the unexpected.** Build a playbook of likely potential outcomes, closely monitor key indicators, plan for each scenario, and be prepared to adjust in the moment as reality plays out.



Enjoy and happy holidays!  
Steve Baxter,  
EVP Media

Special thanks to key article contributors, Colin Nitschke and Emily Voigtlander, who are successfully activating against these strategies with clients today.



# At a Glance

## 1. Macro Trends: What is driving major underlying shifts this year?

*Global Pandemic*  
*Election Year*  
*Social Justice Movements*  
*Calendar and Key Date Shifts*  
*Shipping Constraints*

## 2. Consumer Trends: How are consumers responding to the changing landscape?

*How are consumer shopping behaviors changing?*  
*When are consumers shopping this year?*  
*What are consumers buying this year?*

## 3. So, What's A Marketer to Do?

*Step 1: Maximize your enterprise return through a fluid investment strategy*  
*Step 2: Align operations and logistics with marketing*  
*Step 3: Expect the unexpected*

# Macro Trends:

*What is driving major underlying shifts this year?*

2020 has been unprecedented in many ways, and the upcoming holiday season will be no exception. The macro environment and related response by industry leaders has set the stage for a complex holiday season for marketers and will be important drivers of holiday outcomes.

**Here are the top 5 macro factors driving performance shifts this year that marketers should keep top-of-mind throughout the holiday planning process.**

1

## Global Pandemic

COVID-19 will continue to be unpredictable and will create regional impacts. Businesses should prepare for a second wave of store closures if case numbers spike in winter months. The resulting potential economic downturn should be factored into retailer's budgeting decisions. As consumers navigate personal responses to the pandemic, marketers' decisions about health, safety, and the well-being of their customers will be highly scrutinized.

2

## Election Year

Elections traditionally create a slowdown in purchasing, which we expect to be amplified this year with a more divisive campaign and potentially slow result. Messages will need to cut through increased noise and connect with consumers. Marketers can expect high demand for media placements to result in higher CPMs and increased placement scrutiny.

3

## Social Justice Movement

Recent social justice initiatives will also impact holiday messaging. Marketers should integrate socially aware messaging and be prepared to manage additional future media blackouts and re-starts. See [Ovative's guide to navigating media pauses](#).

4

## Key Date Shifts

Amazon Prime Day has shifted from July to October 13-14th this year. In 2019, Amazon sold more on Prime Day than Black Friday and Cyber Monday combined. Kicking off holiday, this event will drive early demand across retail sectors. It's up to us to maximize.

Single's Day, celebrated internationally on November 11th is forecasted to drive +18% growth to last year, bringing in \$45B, making it the largest shopping day of the year, driven by Alibaba.<sup>1</sup>

5

## Shipping Constraint

Driven by high ecommerce demand and shipping capacity limits, shipping cut offs will be earlier than ever this year, putting increased pressure on stores as fulfillment centers for ship from store and store pick-up options.

Many stores will be closed Thanksgiving Day, driving incremental online demand and making store sales more important on Black Friday. Christmas is on a Friday extending the week and adding one extra week of Holiday. Other dates to keep an eye on include Small Business Saturday and ship cut-off dates.

# Consumer Trends:

*How are consumers responding to the changing landscape?*

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While the set of macro trends is unpredictable, it's important to focus in on your consumers in order to win. We know that nearly four in five consumers will change their shopping habits this upcoming holiday.<sup>2</sup>

Marketers will have to work harder to meet these evolving needs. Leverage recent consumer insights to set consumer segment goals and plans within your marketing strategy. Understand the nuances of your consumer and continuously adjust to their changing needs and behaviors.

*To get you started, we've highlighted 2020 holiday shopper trends against 3 critical questions:*

- 01 How are consumer shopping behaviors changing?**
- 02 When are consumers shopping this year?**
- 03 What are consumers buying this year?**



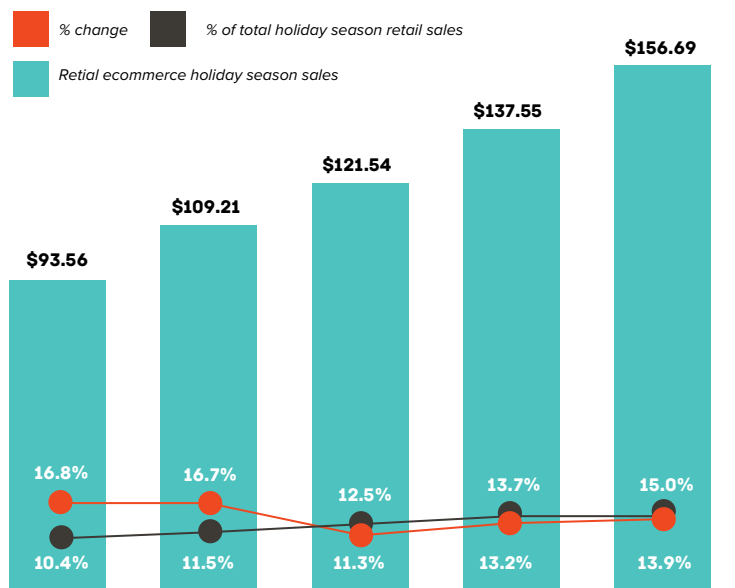
# How are consumer shopping behaviors changing?

## The majority of consumers will turn to digital.

In the face of a pandemic, consumers have opted to shop online and have items delivered, avoid popular shopping times, and leverage alternative shipping options like click and collect.

- Total retail sales are expected to rise **3.4%** to **\$1,042B**, while ecommerce sales will rise **13.9%** to **\$157B<sup>3</sup>**
- **54%** of consumers plan to do all or most of their holiday shopping online this year, more than double last year's **22%<sup>2</sup>**

US Retail Ecommerce Holiday Season Sales, 2016-2020  
billions % change and % of holiday season retail sales

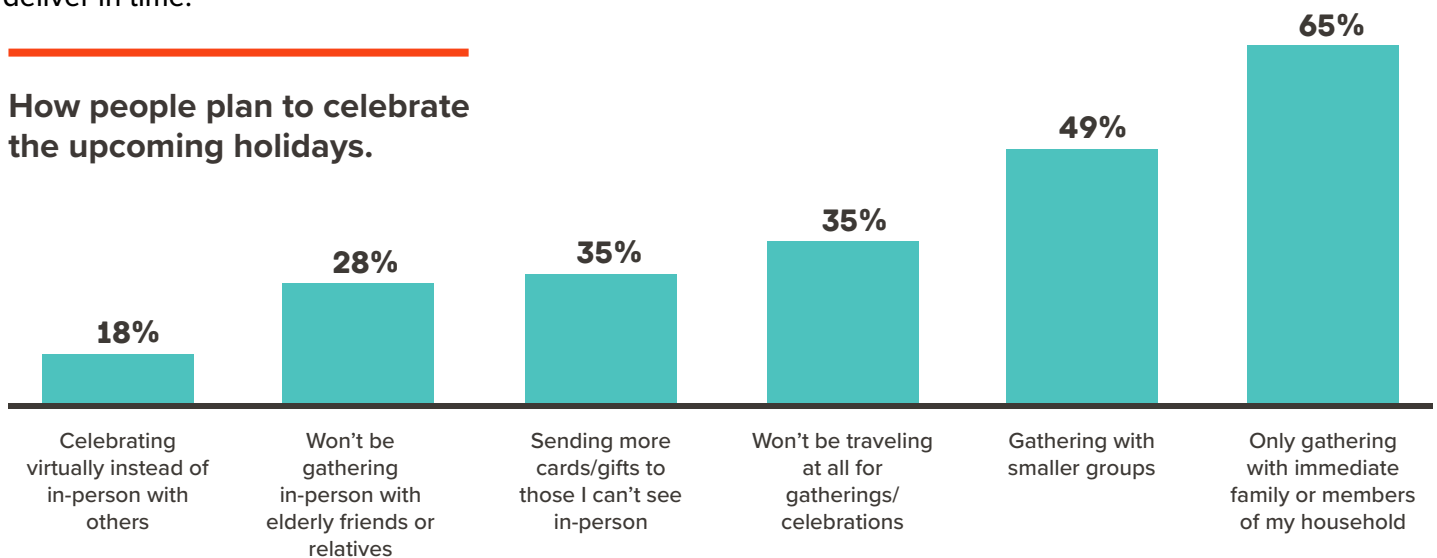


Note: sales are for Nov and Dec of each year; excludes travel and event tickets, payments (such as bill pay, taxes or money transfers), food services and drinking place sales, gambling and other voice good sales; includes products or services ordered using the internet, regardless of the method of payment or fulfillment  
Source: eMarketer, Oct 2019

# How are consumer shopping behaviors changing?

**Consumers will rely on shipping more than ever** as they shop online for themselves and ship gifts in lieu of regular holiday travel plans. Free shipping will be table stakes, which will put added pressure on fulfillment centers, shipping services, and stores to deliver in time.

## How people plan to celebrate the upcoming holidays.



Source: Numerator, September 2020

## In the digital space, consumers are leaning into mobile and social.

- This holiday season, Americans will spend **\$14B** more on their smartphones compared to last, with all generations showing a **+20%** increase in holiday mobile purchases, driving around half of overall holiday growth<sup>4</sup>
- **50%** of consumers will choose shopping on a smartphone during the holiday season, even when they have a laptop or desktop available<sup>4</sup>
- On Thanksgiving and Christmas Day specifically, **40%** of ecommerce sales will occur on a smartphone<sup>4</sup>
- **10%** of mobile orders will be through social channels, up to **15%** on peak days<sup>5</sup>

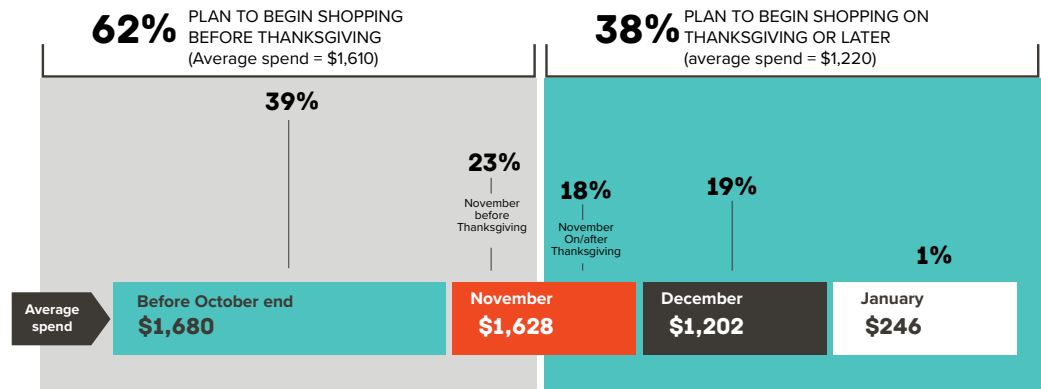
## So, what does this mean?

Marketers should adjust their media mix to align with the ecommerce-centric holiday 2020 shopper. As we'll highlight in more detail later, Marketers should be in lockstep with Operations to align messaging and budgets to inventory and delivery plans. Marketers should also ensure their mobile strategies and execution are rock solid to fully capture these shifts in consumer behavior.

# When are consumers shopping this year?

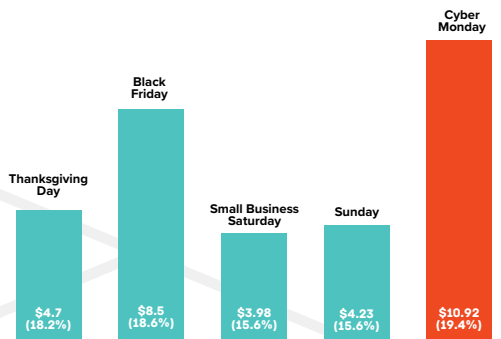
The holiday 2020 shopper is starting their holiday shopping earlier than ever before.

- **40%** of shoppers will begin shopping for holiday gifts in October and **62%** before Thanksgiving<sup>6</sup>
- Early shoppers are more valuable, spending **33%** more than average, and **60%** more than late shoppers<sup>6</sup>
- Cyber Five will gain share of holiday ecommerce, increasing to **20.7%** of sales with an average of **19%** growth on Black Friday and Cyber Monday versus last year



Source: Deloitte 2019

US Cyber Five Retail Ecommerce Holiday Season Sales, by Shopping Day, Nov-Dec 2020  
billions and % change vs. prior year



Note: excludes travel and event tickets, payments (such as bill pay, taxes or money transfers), food services and drinking place sales, gambling and other voice good sales; includes products or services ordered using the internet, regardless of the method of payment or fulfillment  
Source: eMarketer, Oct 2019

## So, what does this mean?

Given the emphasis on early shopper spending headed into holiday 2020, retailers will want to maximize revenue early in the season to meet consumer demand and decrease uncertainty from later-season sales.



# What are consumers buying this year?

## Product preferences are shifting as needs change.

In addition to accelerating the shift to ecommerce, COVID-19 has impacted consumers' category preferences, which must be considered in holiday 2020 planning.

- Given stay at home orders, we know anecdotally that consumers are shifting away from experience-oriented gifts like concerts to more tangible gifts
- With less traveling, smaller family gatherings, and fewer holiday parties we anticipate shifts in holiday entertaining categories and fashion categories
- The fastest-growing ecommerce category this year will be food and beverage at 58% growth to last year, followed by health, personal care, and beauty at 32% growth <sup>7</sup>
- The toy and product category, benefitting from a surge in demand for in-home activities and entertainment during the pandemic, will also see above-average growth at 21% versus last year <sup>7</sup>
- Books, music, and videos make-up the largest share of post-coronavirus US retail sales at 63% and are projected to make-up 59% in 2021, becoming the first category to achieve an ecommerce majority <sup>8</sup>

### Retail Ecommerce Sales in the US , by Product Category, 2020

	Sales (billions)	% change	% of retail ecommerce	% of total retail
Computer and consumer electronics	\$156.50	17.9%	22.0%	49.5%
Apparel and accessories	\$135.49	8.6%	19.1%	36.7%
Furniture and home furnishings	\$78.31	12.4%	11.0%	29.9%
Health, personal care and beauty	\$72.10	32.4%	10.2%	13.0%
Auto and Parts	\$51.54	12.6%	7.3%	5.2%
Toys and hobby	\$51.23	20.9%	7.2%	47.8%
<b>Books/music/video</b>	<b>\$42.30</b>	<b>13.9%</b>	<b>6.0%</b>	<b>62.7%</b>
Food and beverage	\$41.52	58.5%	5.9%	3.7%
Office equipment and supplies	\$15.62	17.9%	2.2%	39.3%
Other	\$65.18	17.8%	9.2%	6.1%

*Note: includes products or services ordered using the internet, regardless of the method of payment or fulfillment; excludes travel and event tickets, payments (such as bill pay, taxes or money transfers), food services and drinking place sales, gambling and other vice good sales*  
 Source: eMarketer May 2020



# SO, WHAT'S A MARKETER TO DO?

*Okay, so that's a lot to consider, but don't panic. We have solutions.*

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*Below are three key recommendations for marketers to incorporate in their holiday 2020 plans in consideration of the broader macro, industry, and consumer trends:*

**Step 1: Maximize your enterprise return through a fluid investment strategy**

**Step 2: Align operations and logistics with marketing**

**Step 3: Expect the unexpected**



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# 01 | Maximize your enterprise return through a fluid investment strategy

A dollar in October is as good as a dollar in December. Manage your budgets over the three-month period, fluidly leveraging your budget to spend when you can to drive incremental profitable sales. We've highlighted some key factors to consider this year:

**1 Develop a proactive measurement strategy.** in anticipation of trends that enables fast, nimble, and fluid investment decisions across your marketing portfolio.

**2 Double down on digital to offset in-store traffic declines and capture ecommerce demand**  
Reach consumers where they are, measuring and accounting for cross-device behavior, improving the shoppability of social ads, and adjusting search bidding based on evolving consumer intent. Optimize your mobile-first digital experience, including considerations for site speed, stability, and delivery.



**3 Pull budgets forward and plan around key dates, adjusting real-time based on early performance.**

- Amazon Prime Day is happening October 13th and 14th. Solidify your Prime Day plan now and plan it big.
- We know the election will slow early November purchasing. Prepare for this, pulling spend forward and having hands on deck to adjust.
- We also know Thanksgiving and Cyber Week will be even more aggressively promoted this year. Stores closed on Thanksgiving Day will accelerate online sales Thursday and store sales Friday. Budget for this.

**4 Flex spend regionally and by metro area as COVID-19 impact varies and stay at home orders change.**

**5 Leverage promotions thoughtfully to accelerate business as you hit or miss forecasts. Don't starve a hard-working promotion due to time constrained budgets. Stay competitive on Free Shipping..**

**6 Consider the profitability of your product mix.** Emphasize products across the site and through marketing that deliver a high marginal return for the business.

**7 Maximize impact from your customer file.** Have a plan to grow and retain the influx of new customers you may have seen in the last few months while maximizing impact from current customers.

# 02 | Align operations and logistics with marketing

With more holiday certainty, businesses are readjusting inventory flows since their early COVID-19 efforts to conserve cash. Aligning operations and logistics with marketing will be more important than ever given inventory challenges and high demand for shipping.

- Be aware of when and what new inventory is available.
- Sync your messaging and spend to your delivery strategy, including consideration for early shipping cut-off days.
- Lean into stores with BOPIS in metro areas as an important part of the mix.



# 03 | Expect the Unexpected

Given the amount of uncertainty in the upcoming holiday 2020 season, it is crucial for marketers to expect the unexpected. Marketers should have a playbook of likely potential outcomes, closely monitor key indicators, plan for each potential scenario, and be prepared to adjust in the moment as reality plays out.

We have outlined 5 potential situations that could play out during the 2020 holiday season.

Situation	Leading Indicators	How to Prepare	Actions to Take in the Moment
<b>Economy Goes South</b>	<b>National unemployment rates</b> <b>Credit card default rates</b> <b>Stock market</b>	If marketers see these indicators, the best way to prepare is to spend as much as possible now above return and variable contribution goals to get out ahead of a potential depression.	<b>Pull back on spend</b>  Revise annual goals for your brand based on the new state of the economy  Identify who is still buying and cater the program to them.
<b>Inventory Breaks</b>	<b>Inventory levels vs. remaining revenue potential</b>	If marketers see unsold inventory stack up, they should know which products to lean on and test what audiences and creative treatments will most effectively sell that product.	Teams should shift spend to products and creative identified in the above analysis/tests

# 03 | Expect the Unexpected

Situation	Leading Indicators	How to Prepare	Actions to Take in the Moment
<b>Ineffective Promotions</b>	<p><b>Low click through rates (CTR)</b></p> <p><b>Low conversion rates (CVR)</b></p>	<p>To prepare for the potential of low CTR and CVR compared with previous promotions, teams should continue to maintain alignment on variable contribution margins to drive as much volume as possible at full price. This way, marketers will create flexibility for moments of low CTR and CVR.</p>	<p>Pull dollars back</p> <p>Shift spend to time periods outside of the promotion to elevate variable contribution of promotion dollars</p> <p>Based on this action, marketers should be comfortable with not hitting volume goals for the given timeframe.</p>
<b>Political Pressures Elevate CPMs</b>	<p><b>Increasing CPMs across marketing channels</b></p>	<p>Marketers should be prepared to see returns decrease. The best way to prepare is to discount performance forecasts for September and October, anticipating the rise.</p>	<p>Marketers should leverage additional promotional levers to improve conversion rates and counteract rising CPMs</p>
<b>Blackouts Continue</b>	<p><b>Consumer sentiment</b></p> <p><b>Social conversation</b></p>	<p>Marketers should be monitoring for potential blackouts through the remainder of the year. Teams should have an understanding of consumer sentiment impact on performance. Have we seen any large dips in performance recently? Could this be correlated with consumer sentiment and your brand's response (or lack of response) to social justice initiatives?</p>	<p>Marketers should adjust daily goals to account for blackouts</p> <p>Continue to elevate your brand voice on social equality to ensure it is clear where you stand to the public eye</p>

The holiday season represents a significant opportunity for marketers. However, planning this year will be more challenging than ever before. To win, marketers must maximize enterprise return through a fluid investment strategy, align operations and logistics with marketing, and expect the unexpected.

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Ovative Group is a digital-first media and measurement firm. We bring together the best of media, measurement, and consulting to enable an enterprise approach to marketing that increases our clients' profitable revenue, strengthens their customer base, and creates sustainable competitive advantage. To learn more, visit [www.ovative.com](http://www.ovative.com).

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Contact us to get holiday ready!



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