

Marketer's Guide to **Holiday 2021**

ovativegroup



Executive Summary

Marked by a global pandemic, an election, and the longest shopping season in history, 2020 was an unprecedented holiday season. While many are hoping and planning for a “return to normal,” consumer shopping behaviors have changed, and marketers must be prepared to deliver this holiday season in new ways.

This year will require an elevated digital experience, proactive budget and scenario planning, agile responsiveness to changes in consumer trends, and ongoing alignment with fulfillment and operations teams to deliver on consumer expectations. Below is a summary of what you’ll find in the *Marketer’s Guide to Holiday 2021*.



Enjoy and happy holidays!

Steve Baxter

Steve Baxter
EVP Media

What happened last year?

2020 sales and results were overall better than expected driven by strong ecommerce growth, an elongated shopping season, and blurred lines between site and store. Three key events impacting the 2020 holiday season were:

1. Global Pandemic
2. Election Year
3. Longest Season in History Starting with Prime Day Date in October

What we expect to change this year?

This year we expect the following themes given consumer behavior and lifecycle of the pandemic:

WHO - Consumer Trends Impacting 2021 Shopping Season

- Consumers are confident but not back to normal, with Delta variant as main concern
- Unemployment has declined but is still higher than pre-pandemic

WHERE - Holiday Shopping Channel Trends

- Ecommerce will continue to grow faster than stores with a focus on mobile
- Lines will continue to be blurred between site and store throughout the entire buying process as consumers expect a digitally connected experience

WHEN - Dates to Be Aware Of

- Cyber 5 will return to prominence representing ~20% of the holiday season’s sales, and while shoppers will begin shopping early it is not anticipated to be the same elongated season as 2020
- Child tax credit payments are likely to drive spikes in shopping with six key payment dates July 15th -December 15th

WHAT - Anticipated Category Trends

- Expect spend on apparel, travel, events, and experience will grow
- Back-to-school will be an indicator of upcoming holiday performance and consumer shopping behaviors

HOW - Considerations for Pricing and Fulfillment

- Prices are rising compared to last year as supply chain pressure continues and given observed lower prices in 2020

So, what’s a marketer to do?

1

Maximize your enterprise return.

Use a fluid investment strategy and have frequent budget and scenario conversations. Create up and down scenarios including the following components:

- Measurement
- Digital Experience
- Enterprise Support
- Flighting
- Promotions
- Categories
- Customer

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.

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.



At a Glance

4 What happened last year?

- Global Pandemic
- Election Year
- Prime Day Date Shift Created Longest Shopping Season Ever

5 What we expect to change this year?

WHO - Consumer Trends Impacting 2021 Shopping Season

WHERE - Holiday Shopping Channel Trends

WHEN - Dates To Be Aware Of

WHAT - Anticipated Category Trends

HOW - Considerations for Pricing and Fulfillment

10 So, what's a marketer to do?

Step 1: Maximize your enterprise return through a fluid investment strategy and frequent budget and scenario discussions

Step 2: Align operations and logistics with marketing

Step 3: Expect the unexpected

What Happened Last Year?

Marked by a global pandemic, an election, and the longest shopping season in history, 2020 was an unprecedented holiday season. While many are hoping and planning for “return to normal,” consumer shopping behaviors has changed, and marketers must be prepared to deliver this holiday season in new ways. 2020 sales and results were overall better than expected driven by strong ecommerce growth, blurred lines between site and store, and an elongated shopping season for consumer spending.

THREE KEY EVENTS IMPACTING THE 2020 HOLIDAY SEASON WERE:

1

Global Pandemic

The COVID-19 pandemic was in full swing—causing store closures, shipping delays, and diminished disposable income for many Americans.

With store closures and restricted shopping experiences, consumers turned online. Ecommerce spending jumped 32.5% to \$185.88 billion and drove large gains as online shopping became the norm for many consumers.¹

The lines between stores and site blurred as contactless shipping and other hybrid models (BOPIS, Curbside Pickup) grew in popularity and retailers tried to mimic in-store experiences online (virtual try-on) to best serve customers.

2

Election Year

A divisive election added noise to the start of November, causing many marketers to shift their messaging strategies. During the election period we observed a significant change in costs and media efficiency, due to increased competition and limited inventory, likely caused by the increase in political advertising spend.

Additionally, most of our clients chose to pull back on marketing spend during key dates of 11/2-11/5.

3

Longest Season in History Starting with Prime Day Date in October

A shift in Prime Day timing from July to mid-October was driving retailers to kick off an earlier-than-usual start to the season. Beginning in October with Prime Day and extending to late December, the shopping season was the longest in holiday history.

Despite historic Cyber Monday performance, Cyber Five underperformed expectations, decreasing overall share of holiday season ecommerce sales for the first time since 2016.¹



What should marketers do?

Keep reading to find out what we expect to change this year given consumer behavior and lifecycle of the pandemic:

WHO - consumer trends impacting 2021 shopping season

WHERE - shopping channels and trends

WHEN - dates to be aware of

WHAT - anticipated top product categories

HOW - impact to pricing and fulfillment

Who

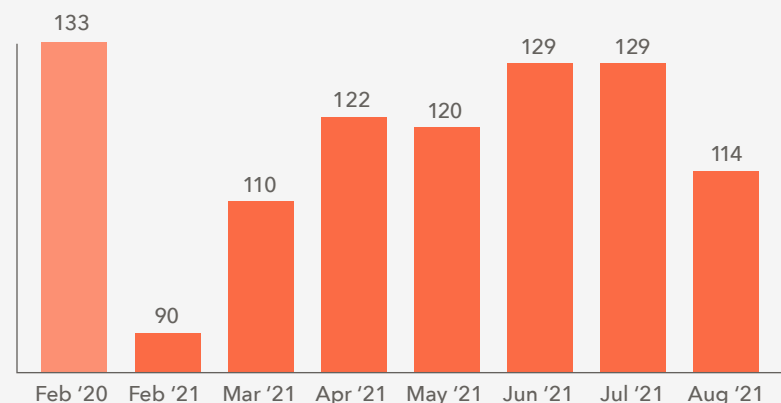
Consumer Trends Impacting 2021 Holiday Shopping Season

Marketers should start planning by looking at the consumer first. Understanding key consumer and economic trends can help us anticipate what the shopping season might look like.

Consumer confidence hit a 6-month low in August, signaling that economic recovery has more headwinds as we head into fall.

Though consumer confidence steadily increased from May to July, a downturn in August suggests that the covid 19 climate, recently fueled by the delta variant, continues to evolve and impact consumer behavior. So far, no meaningful changes to online shopping have been observed, but it will be vital to continue to monitor changes this holiday season.

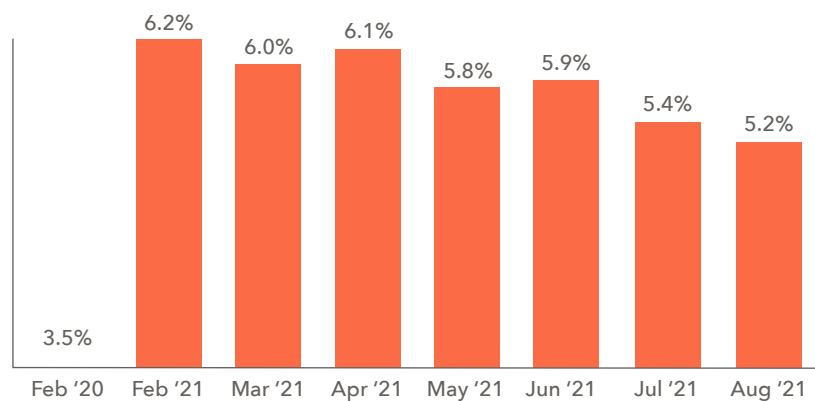
CONSUMER CONFIDENCE INDEX, FEBRUARY 2021-AUGUST 2021



Unemployment has declined but is still higher than pre-pandemic

Hovering around 6% since February 2021, unemployment rate is still significantly higher than February 2020 at 3.5%.

UNEMPLOYMENT RATE, FEBRUARY 2021-AUGUST 2021



What should marketers do?

Monitoring Back-to-School shopping behavior will provide insight about whether consumers are ready to spend for Holiday.

Continue to monitor unemployment rates and consumer confidence levels throughout holiday planning and shopping season.

Where

Shopping Channels and Trends

Marketers should assume digital trends from 2020 will continue as consumers won't entirely go back to "shopping as normal." Consumers now expect a digitally connected experience from increasing use of social commerce and live streams for discovery and inspiration, to more immersive digital shopping experiences, to expanded hybrid shopping options like BOPIS (buy online pickup in store).



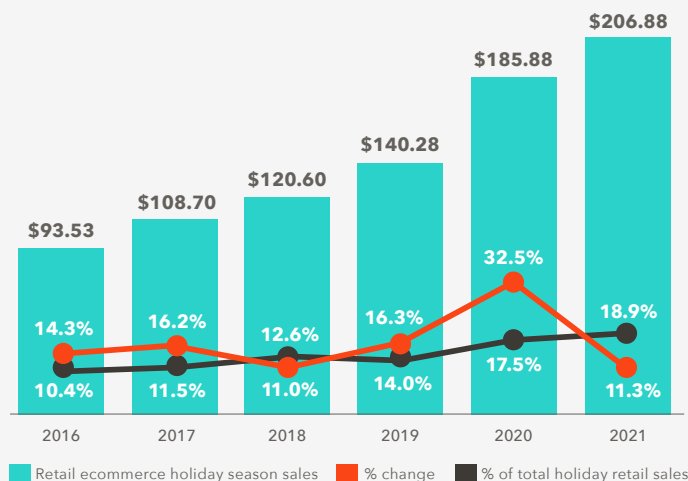
Ecommerce will continue to grow faster than stores with a focus on mobile.

Ecomm sales will grow 11.3% compared to 2020 (and compared to 0.9% for brick-and-mortar) and represent 18.9% of total 2021 Holiday spending (up from 17.4% in 2020.)¹

Mobile conversions will continue to grow generating 8.6% of total sales, ecommerce will account for 52.7% of the season's growth contribution.¹

Target, Wal-Mart, and Best Buy are among a growing list of retailers that will be closed on Thanksgiving Day—pushing shoppers online and potentially setting the stage for the rest of the season.²

US RETAIL ECOMMERCE HOLIDAY SEASON SALES, 2016-2021
billions, % change, and % of total holiday season retail sales*



Lines will continue to be blurred between site and store throughout the entire buying process.

BOPIS (buy online pickup in store) is here to stay. Last year, BOPIS made up 25% of all holiday orders (an increase of 40% over 2019). In 2021, this proportion is expected to maintain (or even grow) for shoppers seeking convenience during the holiday crunch.¹ The peak day for BOPIS usage in 2019 and 2020 was December 23 (two days before Christmas).²

Social commerce and live streams will play a larger role in discovery and purchase than ever before. Nearly 8 in 10 consumers surveyed in 2020 used at least one Facebook app or service for discovery or gift-giving inspiration during the holiday season. This trend is expected to continue in 2021.³ Livestream events are also driving more conversion—40% of Gen Z and Millennials interviewed have purchased something on a social media live stream.⁴

Online shopping experiences will continue to become more immersive as customers will look to mimic in-store experiences at home with how-to styling videos, virtual try on, and personalized recommendations.

What should marketers do?

Allow for easy conversion and bring the best of in-store to their online experiences (and vice versa) will win.

Understand what worked in ecommerce and mobile last year, and what did not. Where did consumers have friction with the shopping process?

Invest in digital experience optimizations and testing before holiday ramp up including local strategies like site to store.

Highlight convenience and build curbside, drive-thru, and in-store pickup capabilities into messaging strategies. Utilize personalized ads with preferred shopping methods to reach audiences likely to make a purchase using a specific delivery method.

Develop a mobile strategy with staying power by incentivizing mobile transactions and encouraging app downloads that enable seamless purchasing as the holiday progresses.

Stay relevant in digital channels with an 'always on' approach to reach new customers and capitalize on growth from customers that shifted online in 2020. Amplify digital spending and messaging on Thanksgiving Day to set the tone of the shopping season.

Reduce friction in the buying process where possible to encourage easy conversion in platform.

*Note: Excludes travel and event tickets, payments such as bill pay, taxes or money transfers, food services and drinking place sales, gambling and other vice goods sales; includes products or services ordered using the internet, regardless of the method of payment or fulfillment; retail ecommerce sales are for Nov and Dec of each year.

Source: eMarketer, Feb 2021

When

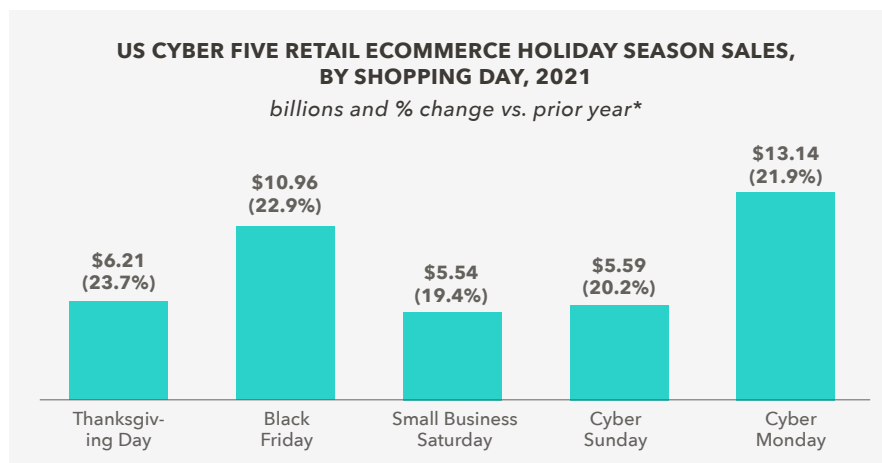
Dates to Be Aware Of

2020 introduced the longest holiday shopping season on record. Prime Day sales kicked-off in October, driving 48% of people surveyed to start holiday shopping by mid-November. This year the season will still be long, but Cyber 5 will return to prominence.



Cyber 5 will return to prominence representing ~20% of the holiday season's sales, and while shoppers will begin shopping early is not anticipated to be the same elongated season of 2020.

Despite Prime Day's return to summer months in 2021, a mix of pent-up consumer demand and concerns over supply chain shortages is predicted to drive an early start to the season once again. Cyber Monday is predicted to be the highest sales day of Cyber 5.



Child tax credit payments are likely to drive spikes in shopping

35 million families have received the first of six advance child tax credit payments from the American Rescue Plan. Each month through the end of 2021, qualifying families (HHI up to \$150,000 for a two-parent household) will receive \$250 or \$300 per child, depending on the child's age.

Payments deposited:

July 15
August 13
September 15
October 15
November 15
December 15

Key Holiday 2021 dates

November 29: Cyber Five
December 13: Giving Monday
December 15: FedEx and USPS Shipping Cut-Off

December 16: UPS Shipping Cut-Off
December 18: Super Saturday
December 25: Christmas Day

What should marketers do?

The season will be long, but Cyber Five's return will heighten the importance of key shopping dates.

Begin testing now to ensure you can incorporate key learnings in your holiday strategy and be prepared to activate as early as October.

Develop a plan for Cyber Five's return and avoid using 2020 as a guidepost for performance during key sales events.

Don't assume consumers are done shopping after Cyber Five. Use messaging to stay top of mind through late December—and don't forget to highlight fulfillment methods that can ease the last-minute shopping crunch (*remember, the peak BOPIS usage day has historically been December 23rd*).

Be nimble and prepared for the potential of another October Prime Day. Amazon could surprise us again.

*Note: Excludes travel and event tickets, payments such as bill pay, taxes or money transfers, food services and drinking place sales, gambling and other vice goods sales; includes products or services ordered using the internet, regardless of the method of payment or fulfillment; retail ecommerce sales are for Nov and Dec of each year.
Source: eMarketer, Feb 2021

What

Anticipated Category Trends

Expect shopping categories that have had pent up demand for purchases not made (or able to happen) during the pandemic in 2021 to surge with a focus on apparel, travel, events, and experiences. This trend will heighten competition as consumers look to spend across a broad range of categories.



Expect spend on apparel, travel, events, and experience will grow.

The increased consumer spends in services (travel and hospitality) seen over the course of Q2 will carry into the holiday season as shoppers continue to transition out of the pandemic economy.

This spending shift will heighten competition during the holiday season as retailers engage consumers looking to spend across a broader range of categories.

Apparel will rebound as pandemic-related headwinds soften.

Pent-up demand for upgraded wardrobes will drive a boom in apparel and accessories across buying channels in 2021.

Back-to-school will be an indicator of upcoming holiday performance and consumer shopping behaviors.

Retailers looking to predict holiday performance in 2021 will use back-to-school results as a gauge for post-pandemic consumer behavior against the backdrop of continued pandemic uncertainty.

What should marketers do?

Flexibility will be key as consumer trends shift in response to a changing world.

Analyze your pandemic category performance and compare with latest trends to help anticipate holiday preferences. Keep a close pulse on season-to-date results to enable fast reaction to change.

Understand the customer profile for your business and discuss how economic changes or post-pandemic circumstances may shift buying behavior.

Develop scenarios that can mitigate risk for high, medium, and low demand. Be prepared to shift focus and react quickly to inventory constraints and unexpected results.

How

Considerations for Pricing and Fulfillment

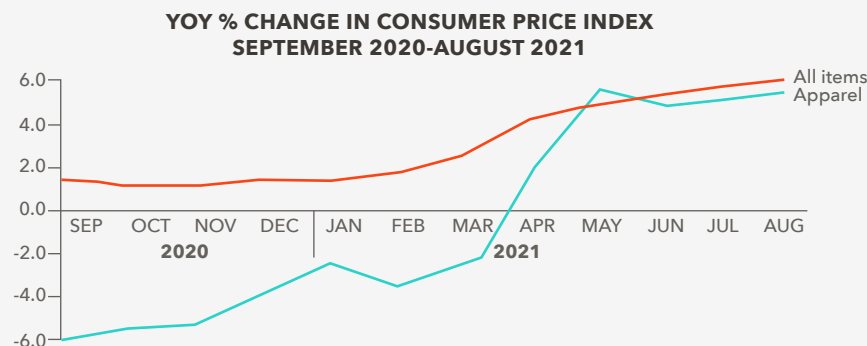
Holiday prices this year will be much higher than they were last year. This can be partially attributed to the fact that prices last year, especially for Apparel, were so low because of the pandemic.

Many manufacturers have had to increase prices due to supply chain shortages, which will likely lead to a shortage in toys, clothing, and footwear this holiday.

Prices are rising compared to last year as supply chain pressure continues and given observed lower prices in 2020.

In June, prices overall were 5.4% higher than the previous year – the largest YOY gain since 2008.

Whether consumers will act differently because of these higher prices is unknown. Many might not notice because of their excitement to shop again, and others may feel able to afford it after a year of unprecedented savings, stimulus checks, and child tax credit payments.



What should marketers do?

Brands will have to work especially hard to exceed expectations on higher-priced goods and relentless planning to ensure in stock inventory.

Proactive and ongoing communication with inventory and operations teams to ensure advertising is featuring in stock products.

Where possible, find opportunities to win on price without abandoning margin.

Ensure the shopping experience exceeds consumer expectations and is frictionless to encourage seamless sales.

COVID outbreaks and extreme weather are reducing the supply of many goods

Heavy typhoon season in China has caused some of the world's busiest container ports to reduce operations, stranding shipping containers.

Tropical cyclone season is expected to be more severe than normal; the latest estimate is that four to six typhoons will make landfall in China before the end of 2021.

COVID outbreaks continue to require factory slowdowns (and shutdowns in some cases) in India and China.

As the more contagious Delta variant becomes more prevalent in the US, American manufacturing facilities could be impacted too.

Many manufacturers have had to increase prices because these supply chain pressures have impacted their costs so much.

Popular toys, clothing, and footwear could see significant shortages during this holiday season.



So, what's a marketer to do?

We've given you a lot to consider, but don't panic. We have solutions. Here are three key recommendations for marketers to incorporate in their holiday 2021 plans in consideration of the broader macro, industry, and consumer trends.



1

Maximize your enterprise return through a fluid investment strategy.

Have frequent budget and scenario conversations. Create up and down scenarios including the following components:

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

Digital Experience: Double down on digital experience to ensure your digital, mobile and hybrid experiences exceed consumer expectations. 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.

Enterprise Support: Where you doubled down on digital-only last year with stores closed, ensure you have a strong plan for driving and measuring enterprise sales (online + store sales).

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 as you hit or miss forecasts. 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. Emphasize products across the site and through marketing that deliver a high marginal return for the business and are in-stock.

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

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.

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.

See our *Marketer's Guide to Media Response Planning* for more insight into preparing and executing during unexpected scenarios.⁶

[VIEW THE GUIDE](#)



We have outlined 3 potential situations that could play out during the 2020 holiday season.

Situation	Leading Indicators	How to Prepare	Actions to Take in the Moment
Economy Goes South	<ul style="list-style-type: none"> National unemployment rates Credit card default rates Stock market 	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.	<ul style="list-style-type: none"> Pull back on spend 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
Inventory Breaks	<ul style="list-style-type: none"> Inventory levels vs. remaining revenue potential 	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.	<ul style="list-style-type: none"> Teams should shift spend to products and creative identified in the above analysis/tests
Ineffective Promotions	<ul style="list-style-type: none"> Low click through rates (CTR) Low conversion rates (CVR) 	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.	<ul style="list-style-type: none"> Pull dollars back Shift spend to time periods outside of the promotion to elevate variable contribution of promotion dollars Based on this action, marketers should be comfortable with not hitting volume goals for the given timeframe

The holiday season represents a significant opportunity for marketers. To win, marketers must maximize enterprise return through a fluid investment strategy, align operations and logistics with marketing, and expect the unexpected.





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.

[OVATIVE.COM](https://www.ovative.com)

**Contact us to get
holiday ready!**

SOURCES

- 1 | *Big name retailers update 2021 holiday strategies amid evolving shopping habits*, eMarketer
- 2 | *US Holiday 2020 Review and Holiday 2021 Preview*, eMarketer
- 3 | *5 ecommerce trends for 2021*, eMarketer
- 4 | *How Can Brands and Retailers Prepare for the 2021 Holiday Season*, AdWeek
- 5 | *Facebook Holiday Insights Narrative*
- 6 | *Your Child Tax Credit Payment Just Arrived*, WSJ
- 7 | *Marketers Guide to Media Response Planning*, Ovative Group



Lindsay Westover
*Senior Director Business
Development and Marketing*

612-816-8351
lindsay.westover@ovative.com
[linkedin.com/in/lindsaywestover](https://www.linkedin.com/in/lindsaywestover)