A shopping season like no other

How retailers can prepare for a very human holiday
2020 is shaping up to be a very ‘human’ holiday season for consumers, with a desire to support the people who have served our communities. There’s never been a more important time for retailers to be authentic to their purpose and transparent about what they’re doing to look after their employees and the wider community.

Jill Standish, Senior Managing Director & Global Retail Lead at Accenture
Show your sensitive side

Retailers need to be true to their purpose, demonstrating a real commitment to social responsibility—especially in how they treat their employees.

It has been a challenging year for the retail industry. And with economic and healthcare uncertainty ongoing, overall consumer spending is expected to be lower this holiday season, even as the share of ecommerce rises. Accenture’s 14th Annual Holiday Shopping Survey shows that two in every five shoppers plan to spend less than they did last holidays.
It means retailers will need to be exceptionally thoughtful in how they win over a cautious and cost-conscious customer base. They’ll need to be laser-focused on digital experience, fulfillment efficiency and supply chain flexibility. Having advanced data analytics capabilities will be more important than ever.

Emphasizing a responsible side to retail will also be vital. The 2020 survey shows that consumers want retailers to be authentic to their brand purpose and demonstrate sensitivity and care towards employees and communities.

Those retailers that can bring together operational agility and data analytics with social responsibility will likely bring be best placed to ride out the uncertainty and thrive throughout the holiday season and beyond.

Health and wellbeing is understandably a consumer priority right now. Shoppers want to minimize the risks to their own safety. But they’re also focused on the wellbeing of retail employees.

They’ve seen the essential public service role retail workers have performed during the pandemic—and they’re watching carefully how retailers are treating them. Three in five (61 percent) of those surveyed said, for example, they plan to minimize in-store shopping to reduce health risks to front-line workers. And three in four consumers (76 percent) support retailers closing on Thanksgiving, with many citing the need to give workers a well-deserved day off to spend with their families.

This desire for greater transparency goes beyond retailers’ response to the pandemic. Following the political and social unrest of 2020, consumers are as socially aware as they’ve ever been. And they’re looking for retailers to be sensitive, authentic and open in all aspects of the social responsibility agenda.1

For example, two in five consumers say they plan to support and shop with minority-owned businesses. And, overall, a similar proportion say they’ll shop with retailers that support the Black Lives Matter movement.
The pandemic has reinforced the call for social consciousness and transparency that we’ve been witnessing over the past few years.

Jill Standish, Senior Managing Director & Global Retail Lead at Accenture
Stress test your ecommerce supply chain

Retailers must redouble efforts to enhance digital commerce, while shoring up supply chain resilience.

The ecommerce surge seen throughout the pandemic is almost certain to continue through the holidays—and quite possibly indefinitely. Three-quarters (75 percent) of consumers say they’ll do at least some of their holiday shopping online this year (up from 65 percent last year), meanwhile almost half (43 percent) plan to shop exclusively online.
Avoid a supply chain holiday crunch

To manage this extra digital demand and avoid supply chain issues hitting an already challenging holiday period, retailers need to ensure their supply networks (and those of their partners) are as agile and flexible as possible.³

Fulfillment to the home will be key to this. Over three-quarters (77 percent) of shoppers still want their purchases delivered directly to their homes. Just 11 percent are willing to pick up purchases in-store. And only the same number are happy to use contactless options like locker or curbside pick-up.

Creating a streamlined and seamless digital customer experience is also vital, especially for those who haven’t traditionally shopped online. There is a real opportunity to stand out from the competition, eschewing catalogue/list online shopping in favor of augmented digital experiences⁴ that allow customers to get a much better feel for the products they’re buying.

Encourage consumers to shop earlier

Throughout the pandemic, most shoppers have been understanding when disruption impacted product availability and fulfillment times. But their patience is waning. More than half of those surveyed (56 percent) said they won’t shop with a retailer again following an unsatisfactory delivery experience.

On top of this, consumers have become accustomed in recent years to shopping online for the holidays right up to the eleventh hour, with 23 percent expecting fast or immediate delivery and 40 percent expecting fast and free delivery. The race is on to ensure supply chains can meet this intense digital demand over the peak period. Getting consumers to shop earlier will be key. Three in ten say they’ll do so this year, but retailers need to encourage the rest to follow suit.

Those that can get this festive season right will be ideally positioned to capture market share.

Three supply chain priorities for peak

1. Enhance digital and ecommerce capabilities, ensuring customer experience is seamless and fulfillment is optimized across a range of consumer touchpoints (home delivery, in-store pickup, curbside delivery).

2. Treat every day as peak season by ensuring flawless execution across all channels and flatten the festive peak by encouraging customers to shop earlier (perhaps by offering holiday deals in October).

3. Reinforce the resilience of supply chains, getting fast and detailed visibility into inventory levels and demand patterns—and ensuring the supply network has the agility to pivot in response to disruption or demand changes.
Retailers need to ensure their ecommerce capabilities are up to the task, with detailed visibility into demand changes and inventory—and a laser focus on seamless experiences and fulfillment efficiency.

Brooks Kitchel, Managing Director, Head of Retail at Accenture Strategy
Make your social distancing as social as possible

This year’s holidays will be different—but consumers are still looking for the human connection

It may be a socially distanced festive season this year, but that doesn’t mean it can’t still be social. Finding a human connection with friends and family will be more important than ever, even if it happens via Zoom rather than round the table.
A focus on the traditional
Gift choices will likely be very different. The recent trend towards experiences over products will almost certainly take a pause. People will prioritize sending physical gifts, although cardboard wrapping may predominate, whether through necessity or choice (46 percent of consumers say they won’t be wrapping gifts this year to avoid using paper). Receiving and giving a little indulgence will be important: just over half of those surveyed (51 percent) plan to treat themselves and others to luxuries this year.

Getting hyper-local
With consumers spending most of their time at home, the pandemic has seen many people reconnect with their local communities and reassess where they want to shop—and even live. For retailers, understanding how these local demographics and shopping preferences are changing on a very granular level will be a crucial capability. The key will be to use data and analytics\(^5\) to “act big but operate small”, identifying hyper-localized demand and using the organization’s buying power to move swiftly to meet it.
There’s no escaping the fact that COVID-19 has clouded the horizon for retailers. No-one can be sure what the next twelve months hold, and many retail businesses understandably feel like they’re flying into a fog of uncertainty.
That makes it doubly important to have the right digital capabilities and the right information to guide the business through uncertainty. Up-to-the-moment visibility into inventory, hyper-localized demand analytics based on machine learning, flexible and agile supply chains and fulfilment capabilities: all these digital capabilities have quickly gone from future aspirations to essential requirements.

Those retailers who have, or can build, those capabilities—and combine them with a demonstrable commitment to social responsibility and employee wellbeing—will be best positioned to connect with consumers in an authentic way meet their needs for a very human experience in this most unusual of peak seasons.

That’s how to navigate uncertainty and thrive through the holidays and beyond.

**Three key actions to take now for a successful peak season and year ahead**

1. Demonstrate a genuine openness and sensitivity in dealings with employees and the extended supply chain workforce. Remember consumers are watching what you do!

2. Make every effort to ready the supply chain, fulfilment operations, and digital commerce capabilities for the extra demand that’s coming this peak season.

3. Review IT, operational and data systems to ensure the business is getting the up-to-date, accurate and insightful information it needs to navigate the uncertain times ahead.
About the research
The Accenture 14th Annual Holiday Shopping Survey offers insights into consumer buying patterns during the holiday time period, providing an indication of retail performance expectations both on the high street and online at a key time for the sector. For this year’s study, Accenture surveyed a representative sample of 1,517 U.S. consumers online, each of whom had purchased an item for personal use either online or in a store within the previous six months. Respondents were split between gender and across age groups, with 15% each of Generation Zers (aged 18-24), 14% younger millennials (25-31), 14% older millennials (32-39), 21% Generation Xers (40-55), 22% baby boomers (56-69) and 13% aged 70+. The survey was conducted in August 2020.

For the full research, please contact Amanda Bonner, Retail Research Lead at Accenture at amanda.bonner@accenture.com.

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