

RETAIL

Retailers likely to benefit as travel spend dwindle this holiday season: Deloitte

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Panic about COVID-19 means folks will spend less on holiday gifts this year. Image: Selfridges

By ELLEN KELLEHER

Anxiety and stress about COVID-19 are encouraging holiday shoppers to spend cautiously and favor online shopping over mall expeditions as they make their homes as festive as possible for Christmas.

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Shoppers expect to spend far less on gifts over the holidays as frugality rises to the top of agendas amid the pandemic, per the 2020 Deloitte holiday retail survey. More money will be put towards home upkeep instead and online shopping will be in vogue as trips are cancelled due to the virus's contagion factor.

"The key for retailers is to stay flexible and offer choices that appeal to consumers' changing behaviors and address their evolving needs," said Rod Sides, vice chairman for Deloitte LLP, Charlotte. "Those that do will likely be better positioned for a bright holiday season."

In its 35th year, the Deloitte survey polled 4,012 consumers in the United States and was conducted by an independent research company between Sept. 9 and Sept. 15.

Poll details

Sixty-four percent of holiday budgets are expected to be spent online as roughly half of the holiday shoppers polled remain anxious about heading to stores to shop.



Shoppers remain wary about stores and prefer bargain-hunting online. Image credit: Bloomingdale's

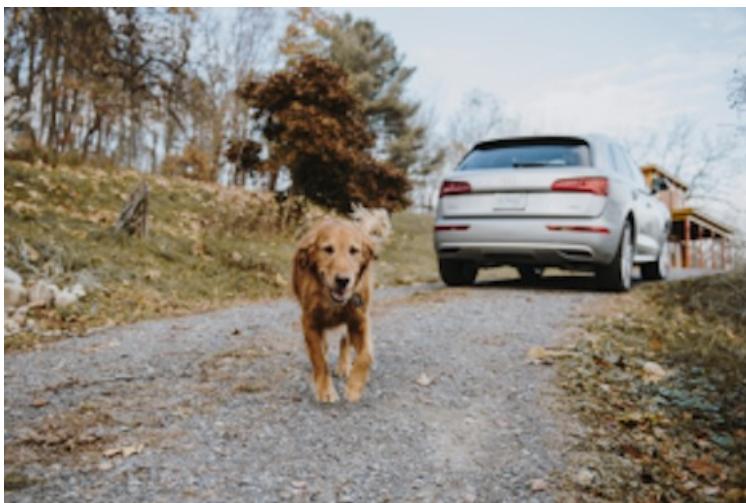
As part of this trend, contactless shopping is popular, with 73 percent of participants planning to have items delivered and the use of curbside pickup set to more than double from last year.

Money poses concern this year too as nearly one in three respondents say their household's financial situation is worse year over year.

As people cut back on travel and rein in spending, more are hoping to focus on non-gift items such as home furnishings, clothes and holiday items for the home. Roughly \$435 per household is set to be spent on these expenses, which now make up nearly a third of holiday spending.

"As travel spend declines, retailers will likely benefit, and should receive a higher percentage of total holiday spend," Mr Sides said.

Nesting at home has also encouraged people to add dogs, cats and other pets to their households; as a result, half of respondents report that they will spend an average of \$90 on pet food and supplies over the holidays.



People plan to spend more on new pets over the holidays. Image: Audi

Consumers hope to become more efficient and less extravagant in their buying and their plan is to shop fewer days over the holidays.

The shopping period is set to finish in about 5.9 weeks, which is 1.5 weeks shorter than in prior year, while people are hoping to avoid crowds, do most of their shopping online and spend less.

"The biggest surprise I had was that people are only planning on shopping for 5.9 weeks," Mr. Sides said.

Those 61 percent of respondents who are likely to kick off their Christmas shopping before Thanksgiving are also likely to spend more, with projected budgets of \$1,537 per household.

The 39 percent of consumers who are tighter with their money will start shopping on Thanksgiving or later and spend just \$1,149 on average.



An average of \$1,387 per house will be spent this Christmas. Image: Deloitte

The promise of free returns is also in vogue, as 70 percent of folks polled prefer retailers who offer it. More than half of respondents are on the hunt for "great deals", with 61 percent favoring retailers for that reason.

Gift cards and clothing remain two of the most popular gift choices and 45 percent of respondents plan to wait for the holiday sales to buy big-ticket items for themselves or their homes.

A surge in shopping is expected over the Thanksgiving period, but 29 percent of consumers plan to rely more on the online sales on Cyber Monday than the old-school extravaganza on Black Friday, the day after Thanksgiving.

Further evidence for trends

The idea that Christmas shopping will remain relatively robust this year, but that spending habits will change is a theme gaining traction.

The Deloitte study follows on the heels of a similar one from video ad platforms Unruly and Tremor Video, which says 41 percent of 820 U.S. consumers polled remain uncomfortable with in-person shopping.

This lack of ease with bricks-and-mortar establishments meant that more than three-quarters of respondents plan to do at least half of their shopping online this year ([see story](#)).

As the holidays get underway, retail stores are trying to woo consumers back by introducing precautionary COVID-19 safety measures.

A new survey, also out this month, from Ultimate Kronos Group (UKG), states that 91 percent of a pool of 302 retailers are "fairly confident" that they will be open and operational on Black Friday.

There is an element of caution, however, as 53 percent of stores revealed that they would voluntarily close their stores in the event of a regional outbreak of COVID-19.

While stores have expanded their pick-up options over the past few years, curbside pick-up has nearly doubled since the 2019 holiday season with 83 percent of stores saying they will offer curbside options this year ([see story](#)).

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