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Holiday shopping trends predict consumers are ready to spend online

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Online shopping this holiday season will reach record levels. Image credit: Adobe

By NORA HOWE

While this year has been filled with total uncertainty, consumers are ready to spend their money online this holiday season over the course of the next two months, according to a report by [Adobe Analytics](#).

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Adobe has released its annual online shopping predictions for the 2020 holiday season, examining the impact of COVID-19 on holiday shopping patterns and the growth of online sales and mobile shopping strategies. Adobe forecasts key shopping days like Black Friday and Cyber Monday and how consumer behavior will shift from the "cyber week" to "cyber months" throughout November and December.

"It was particularly striking to see that online retail would be driving two years' worth of growth, into one holiday season," said Vivek Panday, senior digital insights manager at Adobe. "This truly contextualized the magnitude of the season, and the importance of effective shipping options."

"We had expected consumers to be more receptive to paying for rushed or expedited shipping, due to possible shipping challenges this season, but many of them have a strong affinity for free shipping and will show a strong level of favorability to retailers that continue that offer, and successfully deliver on it," he said.

Using [Adobe Sensei](#), the company's AI and machine learning technology, Adobe identified retail insights from trillions of data points that go through Adobe Analytics and Adobe Commerce Cloud.

Adobe analyzed over one trillion visits to United States retail sites and 100 million SKUs from 80 of the 100 largest U.S. retailers. Companion research is based on a survey of over 1,000 U.S. consumers in October 2020.

What to expect

People are expected to spend record levels online this holiday season.

According to the report, online holiday sales in the United States will total \$189 billion, a 33 percent year-over-year increase which is equivalent to two years' growth. In the event that consumers receive another round of pandemic relief checks and bricks-and-mortar retail spaces close in large areas, consumers are expected to spend an additional \$11 billion online.

Instead of the typical week-long discount scramble known as Cyber Week, which begins Thanksgiving Day and ends four days later with Cyber Monday, Adobe Analytics expects November and December to turn into "Cyber Months."



Consumers are getting their shopping done early this year. Image credit: Adobe

Black Friday and Cyber Monday are projected to generate \$10 billion and \$12.7 billion in online sales, respectively. However, online sales are expected to surpass \$2 billion daily from Nov. 1 to Nov. 21, and \$3 billion every day from Nov. 22 to Dec. 3.

Due to concerns surrounding shipping delays and product demand, retailers will start holiday sales much earlier this season. Significant holiday discounting is expected to begin within the first two weeks of November and reach its deepest price drops over Cyber Week.

Nearly a third of consumers plan to have their holiday shopping complete by Black Friday.

While large retailers are expected to continue dominating in online sales, small retailers will see a 107 percent increase to their revenue this shopping season. Over half of consumers plan to support small and local businesses on Small Business Saturday and 38 percent plan to continue shopping local throughout the duration of the season.



Adobe Analytics 2020 Holiday Shopping Report. Image credit: Adobe

Affordable and free shipping options will be hugely in demand this season, as 64 percent of consumers say they will not pay for expedited shipping which means retailers need to clearly and proactively communicate their free shipping cut-off dates.

According to Adobe, there is some uncertainty regarding spending behavior around the presidential election next week.

About 26 percent of consumers say that the outcome of the election will impact their holiday spending. Based on past elections, online sales were negatively impacted once an outcome was understood, down 14 percent the day after the 2016 election and down 6 percent the day after the 2018 midterm elections.

Curbing the in-store experience

Curbside pickup and "buy now pick up in store" options have become increasingly popular as retailers attempt to survive the holiday shopping season in a virus-stricken world.

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 a majority of stores saying they will offer curbside this year. With the holiday season

approaching, though, luxury retailers must quickly determine how to bring the element of in-store experiences to their curbsides ([see story](#)).

Department store chain Nordstrom latched onto this trend a few years ago, offering 24-hour curbside pickup for the week leading up to Christmas Eve. Nordstrom's introduction of 24/7 curbside pickup was part of its greater effort to improve the holiday shopping experience ([see story](#)).

"The pressure to send quality gifts, in a timely manner, to make-up for consumers not being able to travel and socialize will be higher than ever before," Mr. Panday said. "Luxury brands that can offer high-quality products, and ensure additional gift-wrapping and effective fulfillment options, stand to differentiate themselves from the competition and ingratiate themselves to consumers, at a time when it's needed the most."

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