

RESEARCH

Takeaways from McKinsey's 2020 Holiday Season report

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McKinsey & Co. surveyed over 3,500 shoppers for its 2020 Holiday Season report, which shows some surprising shifts in this year's consumer behavior. Image credit: Chanel

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McKinsey & Co. surveyed more than 3,500 shoppers in the United States, United Kingdom, China, Germany and France for its **2020 Holiday Season report**. The research is a snapshot of some surprising shifts in consumer behavior that highlights the importance of adaptability and versatility.

According to the report, businesses need to respond to post-pandemic related challenges by fast-tracking digital transformation, understanding the needs of the new retail consumer, protecting customer loyalty, and leveraging the power of top shopping days.

McKinsey emphasizes that the pandemic has generated an unprecedented crisis that has altered the shopping habits of consumers.

More than 60 percent of **global consumers have changed their shopping behavior**, and this adjustment has brought a rise in **livestreaming**, online shopping and curbside pickups.

In fact, 37 percent of respondents plan to increase their online shopping this year compared to 2019. But omnichannel strategies remain very important during the holiday season because consumers still want to "stroll through festive aisles and browse **shopping malls** while listening to Christmas music."

After restrictions began, 45 percent of respondents said they intended to visit bricks-and-mortar stores, as compared to 65 percent from 2019. This decline reflects that consumers prioritize health and safety measures.

As such, brands must focus on contactless shopping and new safety models, including social distancing measures, "in-and-out" shopping, health checks and virtual waitlists.

According to the report, Chinese consumers prefer the use of health checks before entering a store (28 percent), followed by masks and barriers (24 percent).

At the same time, U.S. consumers prioritize masks and barriers (40 percent) and cleaning and sanitizing supplies

(18 percent) in stores.

Consumer disloyalty is also trending upward.

According to McKinsey's research, 40 percent of consumers have tested new brands and stores during the pandemic, leaving their usually preferred brands under immense pressure. Only 12 percent of the consumers said they would buy from the same retailers and brands as they did in 2019.

Generation Z and affluent shoppers are more likely to change brands, while men are slightly more brand loyal than women.

Moreover, consumers with jobs at risk and whose household incomes have been impacted by **COVID-19** are more likely to trade down for value and look for deals and sales.

In China, consumers are more likely to change their preferences and do their holiday shopping at new retailers.

McKinsey offers some insights into successful customer retention strategies, such as increasing social media engagement, offering personalized customer experiences, and putting forward targeted gift ideas.

Considering that 31 percent of customers intend to use social media for holiday research, maximizing content marketing and boosting social media presence are valid marketing strategies for this holiday season.

McKinsey also highlights the importance of leveraging the power of top shopping days.

With 44 percent of consumers reporting an income reduction during 2019, anxiety and stress are spiking, and shoppers long for a return to normalcy.

Big shopping events such as **Singles' Day**, Black Friday, Cyber Week and Boxing Day represent a return to their yearly routines, so consumers are looking forward to these events.

In fact, 93 percent of **Chinese consumers** expressed interest in participating in 2020 holiday shopping events, compared to 72 percent of U.S. respondents.

Additionally, for this year's holiday shopping events, 82 percent of respondents plan to spend the same amount or more than in 2019, while 61 percent of Chinese intend to spend more than in 2019.

Therefore, retailers need to take advantage of this bargain hunting trend and come up with additional offers, discounts, coupons and sales.

Retailers in the U.S. already expanded Black Friday through the entire month of November, while ecommerce giant **Amazon** moved Prime Day from July to Oct. 13-14 due to supply chain issues and the need to take advantage of the early shopping season.

While consumers are getting a head start to the holiday season, smart retailers have come up with appealing discounts, early savings and ongoing sales to keep them satisfied. But McKinsey cautions that the holiday shopping season should "wind down earlier than normal" in 2020.

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