

HOLIDAY CONSUMER TRENDS REPORT: 2017 EDITION

**How consumers are planning
to shop this holiday season**



INTRODUCTION

The holiday season is typically the time when retailers expect to see a windfall of revenue. This expectation, however, hinges on one very uncertain factor: the consumer.

To be sure the competition doesn't steal your revenue source, we want you to be prepared this holiday season and understand what it is that consumers want. We surveyed males and females aged 18-65 to determine their shopping preferences, expectations, and desires this holiday season.

We asked questions surrounding both the online and in-store experiences, including:

1. Buying online and picking up in-store
2. The best way to improve a holiday shopping experience
3. Online account creation preferences
4. The offers that would cause a consumer to be more likely to shop with a specific retailer
5. The action that would entice shoppers to go back to an abandoned cart and complete the purchase
6. Functions, features, and offers of the ideal website during the holidays
7. The top reasons why consumers shop online
8. The top reasons why consumers shop in-store

Continue reading to determine what customers are looking this holiday season and how retailers can take advantage of it.



VS



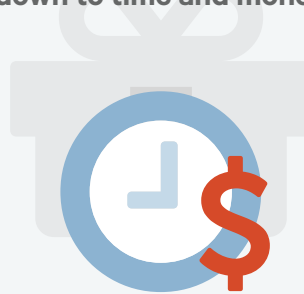
KEY TAKEAWAYS

Be prepared for increased demand for buy online pickup in-store (BOPIS)



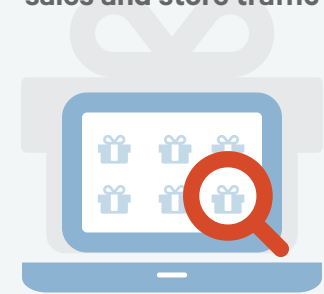
25.2% increase from 2016 in consumers planning to use BOPIS for this holiday.

Why BOPIS? It all comes down to time and money



Reasons for using BOPIS include saving shipping costs **(66%)** and save time in-store **(53%)**

Inventory visibility will drive sales and store traffic



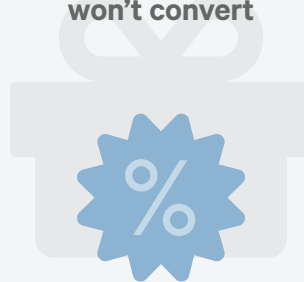
Over half of shoppers **(54%)** said they use online inventory information to justify a trip to a store during the holidays

The Amazon Effect - High expectation for free shipping



70% of shoppers expect free shipping for standard delivery during the holidays - clear impact of Amazon Prime molding that expectation.

One-size-fits-all discounts won't convert



70% of shoppers indicated relevant discounts make them more likely to visit/shop a website.

Make sure your gift return policy meets consumer expectations



67% expect free shipping on returns, **65%** expect to be able to return online purchases to a store.

Where will customers shop? Online or in-store? It's an omnichannel world, so you'd better believe they will be looking for both.

OMNICHANNEL FOR THE HOLIDAYS

In-store pickup has been a popular omnichannel fulfillment initiative for retailers and is a major convenience to consumers. The end-of-year holiday season seems particularly suited for in-store pickup considering the ease of getting good deals without having to fight the in-store crowds on the busiest shopping days of the year.

47% of respondents reported they used buy online, pickup in-store (BOPIS) last year during the holidays, and when asked if they anticipate using BOPIS this holiday, 58% claimed they would. So what is the motivator? The number one reason coming in at 66% was to save on shipping costs. Number two at 53% is to save time in-store, and number three is to receive the product when it is convenient at 39%.

HOLIDAY ACTION PLAN:

Make sure all functions of BOPIS are in good working order. Every customer touchpoint should be clear and helpful, starting on the website, through email communication, all the way to in-store signs and staff.

Last year during the holidays did you buy gifts online and pick up in-store?



2016

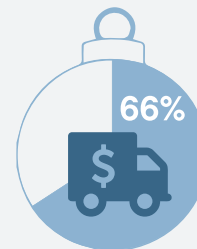
This year during the holidays do you plan to buy gifts online and pick up in-store?



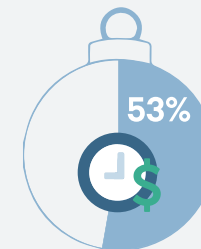
2017

25.2% increase in consumers planning to use BOPIS this holiday over those that used BOPIS during the 2016 holiday.

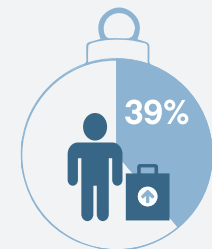
PRIMARY REASONS TO USE BOPIS



Save on shipping costs



Save time in-store



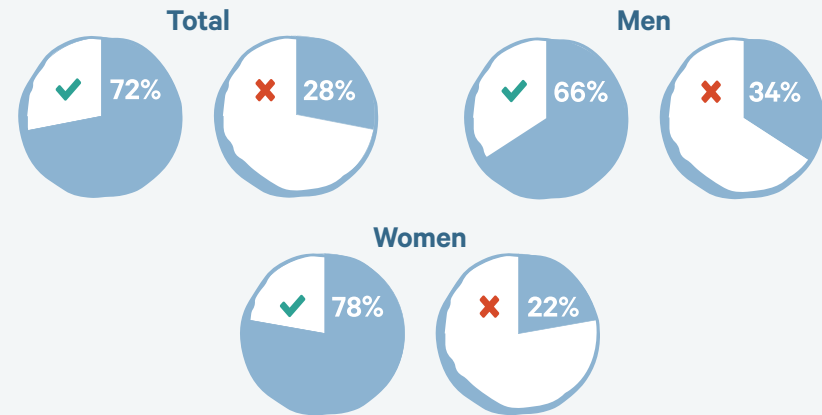
Getting the product when it's convenient for me

ONLINE ACCOUNT CREATION

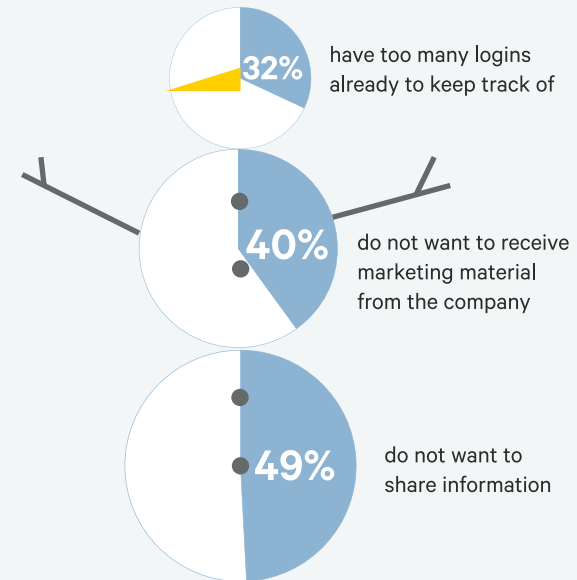
72% of respondents say they are likely to create an account with an online retailer during the holidays. This is great news, as another benefit of account creation is that the user becomes known, and the retailer can then begin to offer a more personalized experience. Retailers targeting mainly women take note: Females are 12% more likely to create an account with a retailer than males.

Despite the retailer's best efforts, some consumers are still unwilling to create an account. Of those consumers not willing to create an account, the reasons vary: 49% do not want to share their personal information, 40% cite they do not want to receive marketing material from the company, and 32% say they already have too many logins to keep track of.

LIKELIHOOD OF CREATING AN ACCOUNT ON ECOMMERCE SITES THIS HOLIDAY SEASON



REASONS CONSUMERS DON'T WANT TO CREATE AN ACCOUNT



HOLIDAY ACTION PLAN:

1. Alleviate privacy concerns surrounding online checkout and account creation. A customer must believe their personal information is secure when doing business with your site. Make sure the privacy policy is front and center.
2. Many retailers offer an opt-out for a newsletter or promotional emails at account creation. Consider offering subscription choices on the first email send, letting subscribers dictate how frequently they receive communication from the company and letting them know they can unsubscribe at anytime.
3. If your website is under the umbrella of one parent company, it's worth considering a single sign-on for eCommerce sites across the portfolio.

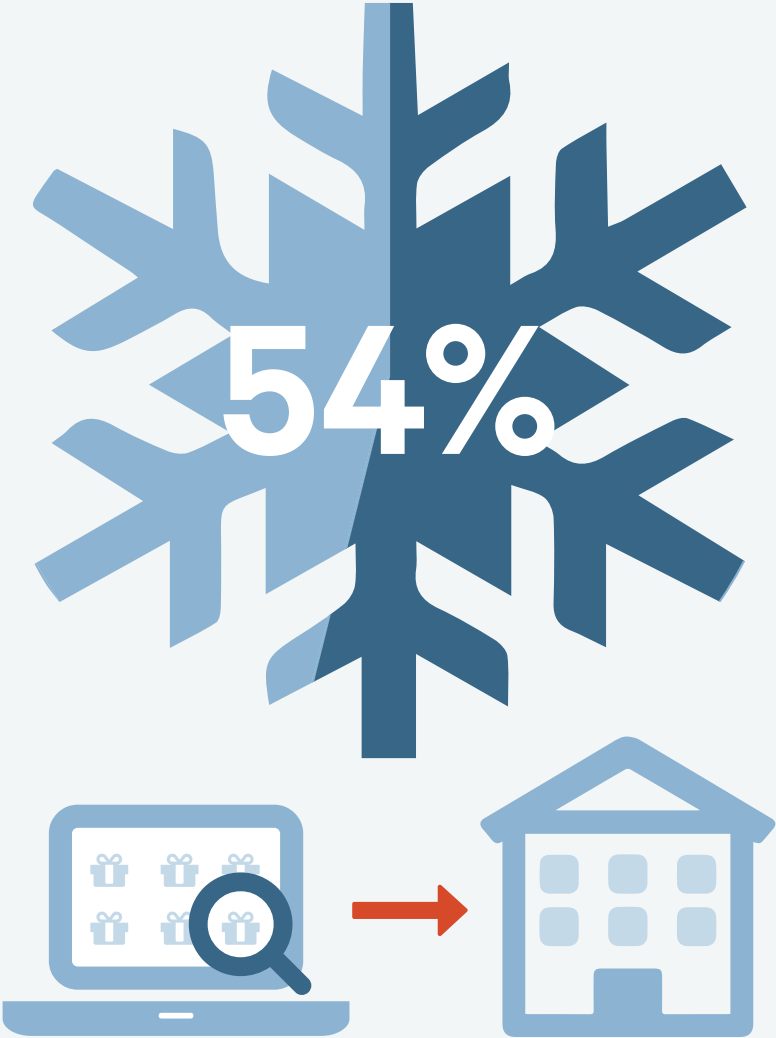
INVENTORY VISIBILITY

Omnichannel fulfillment has given us an added perk: connecting what used to be siloed into one record depository. Because of this, inventory visibility across touchpoints is now possible. One huge benefit of inventory visibility is its ability to bring more customers into brick and mortar stores. This can be accomplished with in-store pickup, but it can also be accomplished by listing the amount of inventory available in local stores.

The traditional store is in flux, but one thing is certain: retailers need traffic. When listed on the eCommerce site, inventory levels for local stores has been found to help potential customers justify a trip to the store. Over half of shoppers (54%) stated online inventory information is used to justify a trip to a store.

HOLIDAY ACTION PLAN:
For those retailers who already have a stellar omnichannel technology platform that avoids segmenting inventory pools, make sure to revisit and possibly adjust safety stock and restrictions. If something is typically bought in multiples, for example, make sure that item shows at least two available.

OVER HALF OF SHOPPERS (54%) STATED ONLINE INVENTORY INFORMATION IS USED TO JUSTIFY A TRIP TO A STORE.



WHAT ELSE DO CUSTOMERS WANT THIS HOLIDAY?

We asked consumers the best way to improve their shopping experience. Overall, between both males and females, the top factor to improve a shopping experience is “while shopping online, provide promotions and offers that are relevant to me and my current gift search.”

All too often retailers blast one main promotion, that may not be relevant to the consumer’s current search. Or one search for a doll for Christmas haunts that consumer forever. If retailers instead consider using a personalization engine, they can serve up offers and promotions in real-time that are much more applicable.

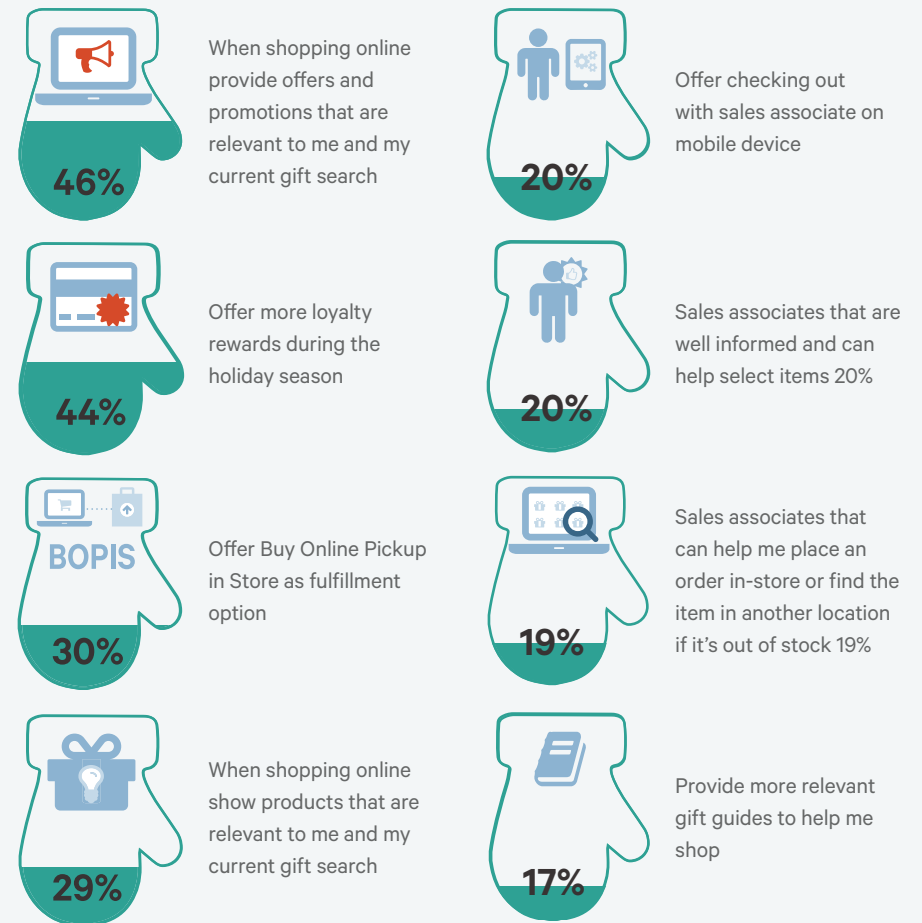
The second most popular factor, consumers agreed, was offering more loyalty rewards during the holidays would give them a better shopping experience. This one is interesting as it doesn’t necessarily mean a kickback, free gift, or discount immediately. In some cases it could mean the payout will come later, but they are invested in the brand, and are willing to shop more if loyalty points get interesting.



HOLIDAY ACTION PLAN:

The holidays usher forth a concentrated effort on gift shopping, which means visiting websites consumers don’t typically buy from. Make buying from a new website easy, fun, and relevant by offering promotions for the consumer’s current needs.

Around the holidays most consumers know they will be spending a chunk of change, and are looking for ways to optimize that spend. Whether that be free shipping, earning loyalty points for a later payout, cash back, or something else entirely, retailers would be wise to consider amping up their loyalty program for a certain period of time to encourage spend.




CART ABANDONMENT

In a recent mystery shopping study, it was found that 57% of the retailers surveyed sent a cart abandonment email, and only 6% of those that sent an email personalized it beyond including the item(s) that were abandoned. No name, no additional items, no extra content. And the worst and most shocking result of all: ZERO retailers offered an incentive to complete the purchase of their abandoned items.

Not surprisingly, in response to completing a purchase after a cart abandonment, 71% say they would complete their purchase if offered a discount, and 69% said they would complete their purchase if they were simply offered free shipping.

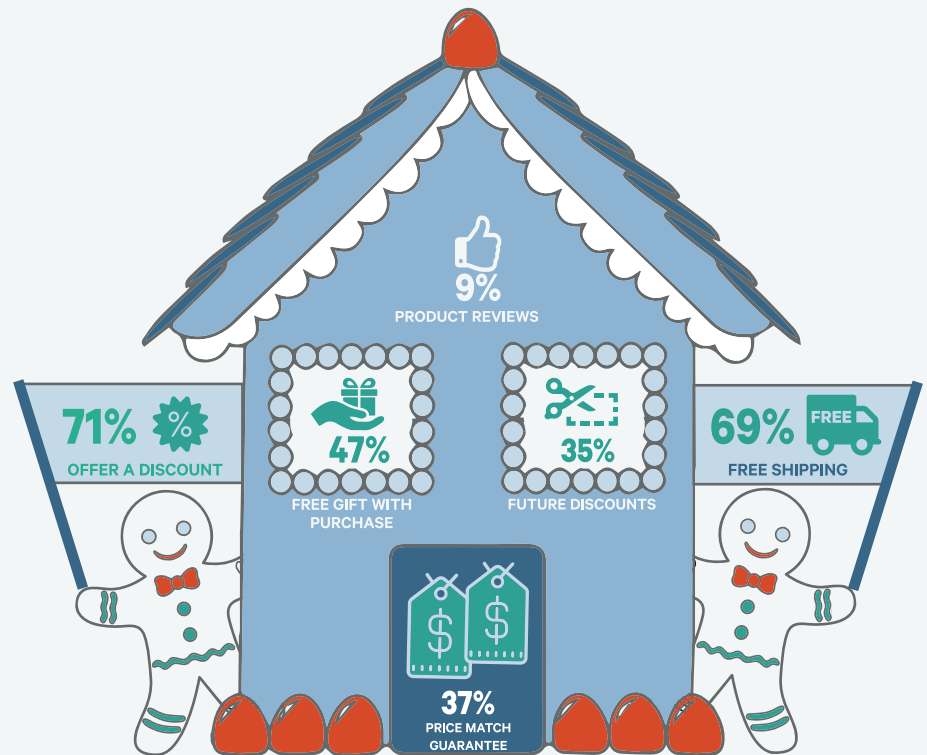
Consumers are busy during the holidays, jumping from site to site and revising search terms; cart abandonment is inevitable. Stand out from the rest and up your game with simple techniques to entice consumers to complete their purchase.



HOLIDAY ACTION PLAN:

Retailers who want to win and stand out this holiday will consider the cart abandonment email with new eyes. Consider offering an incentive to customers that have abandoned their cart.

AFTER ABANDONING A CART, THIS WOULD ENTICE CONSUMERS TO COMPLETE THE PURCHASE



ONLINE OR IN-STORE

The state of the store is in flux, and industry experts are constantly making judgments on the wisest move for retailers and their real estate. One of the beliefs many have come to accept as the fact that eCommerce is convenient and brick and mortar is not.

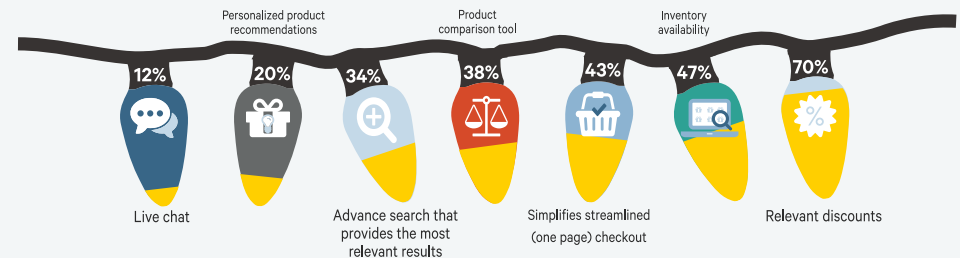
However, “convenience” ranked at the top of the list when asked why they shop in-store, and also the reason why they shop online. It’s interesting that both brick and mortar and online are considered convenient. It shows the consumer’s desire to embrace omnichannel shopping.

Coming in second for reasons to shop in-store is that it is tradition. And second for online shopping is an affinity to avoid the crowds. These answers add fodder to the fire that consumers aren’t interested in only one channel over the other, but that they want to continue using all shopping outposts.

Consumer are more likely to visit and shop a retailer’s website when the site has the following:

Relevant discounts are the clear winner to get shoppers to shop online (70%). But almost half of shoppers (47%) indicated that inventory availability and information would persuade them to shop.

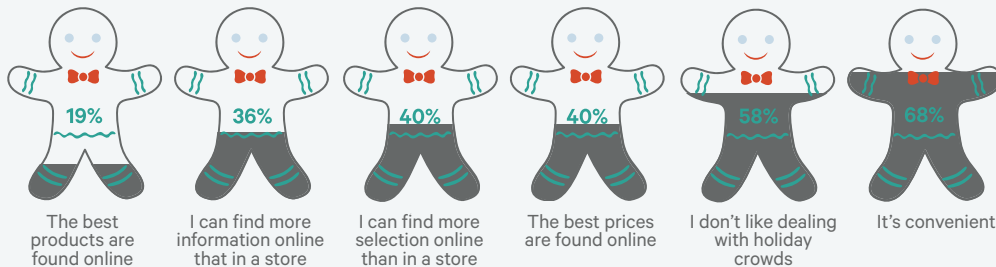
THINGS SHOPPER WANT IN AN ECOMMERCE EXPERIENCE



REASONS TO SHOP IN-STORE THIS HOLIDAY SEASON



REASONS TO SHOP ONLINE THIS HOLIDAY SEASON

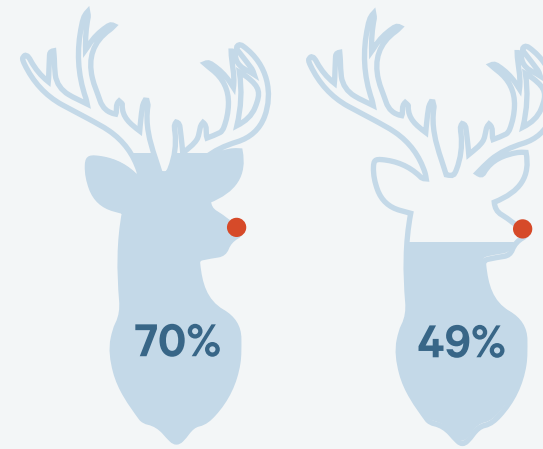


SHIPPING MATTERS

Amazon Prime has obviously made a big impact on buyer expectation. 70% of shoppers state they expect free shipping for standard delivery during the holidays. Additionally, 49% of shoppers expect free shipping as a member of the company's loyalty program.

When it comes to enticing consumers this year, a whopping 88% of shoppers indicated free shipping would make them more likely to shop with a retailer during the holidays. Secondly, 74% of shoppers indicated that a discount or promotion would make them more likely to shop, and thirdly, at 39%, the ability to buy online, pickup in-store is an important factor to those shopping this holiday season.

SHIPPING EXPECTATIONS



I expect free shipping for standard delivery

I expect free shipping as a member of their loyalty program

THE TOP THREE REASONS SHOPPERS WOULD BE MORE LIKELY TO SHOP WITH AN ONLINE SELLER DURING THE HOLIDAYS



Free Shipping



Discount or Promotions



BOPIS Availability

HOLIDAY ACTION PLAN:

Even if free shipping is not a regular offer throughout the year, seriously consider implementing free shipping this holiday. Some best practices include setting a shipping threshold or free shipping for rewards or loyalty members. Also encourage spend on particular days or hours by promoting “free shipping cyber Monday” or “Free shipping until noon”. Begin announcing your shipping and promo codes early, and let your customers know what they can expect.

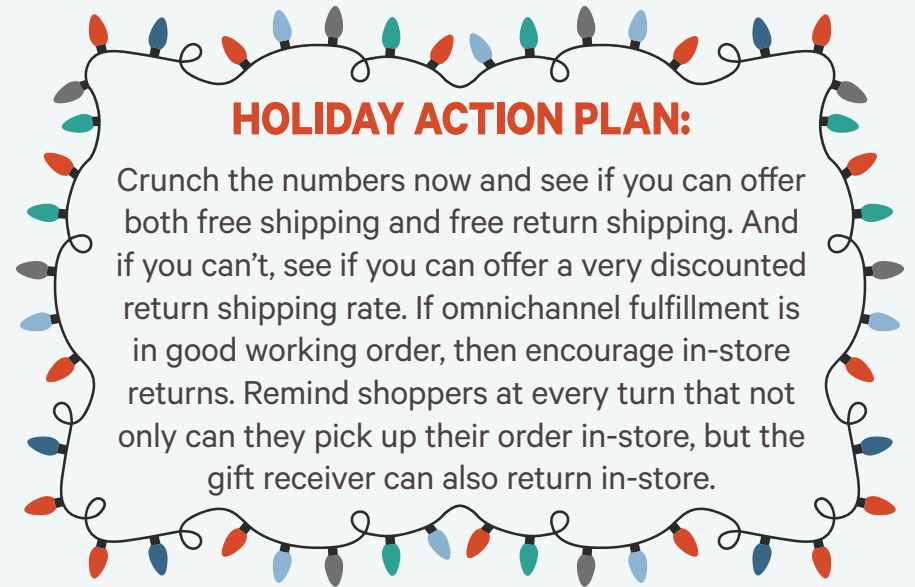
BUYERS EXPECT SEAMLESS RETURNS

Simply asked, “What do shoppers expect when holiday shopping online?” A large percentage zeroed in on free returns.

Holiday shopping is gift shopping, and gift shopping can be an uncertain venture. 67% of respondents expect free shipping on returns, which is a near tie at 65% with the amount of people who expect the ability to return an online item to a brick and mortar location at no extra charge.

Free return shipping or accessing reverse omnichannel fulfillment with return-to-store indicates the shopper’s expectation for a guarantee or risk-free experience when shopping for gifts..

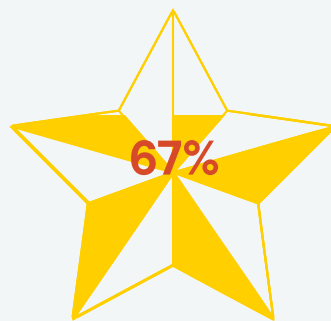
Other expectations shoppers have include free shipping on all orders, price match or price guarantee, and free shipping on orders over \$25.



HOLIDAY ACTION PLAN:

Crunch the numbers now and see if you can offer both free shipping and free return shipping. And if you can't, see if you can offer a very discounted return shipping rate. If omnichannel fulfillment is in good working order, then encourage in-store returns. Remind shoppers at every turn that not only can they pick up their order in-store, but the gift receiver can also return in-store.

EXPECTATIONS WHEN SHOPPING ONLINE



Free shipping on returns



Return to store at no additional charge



Price match or price guarantee

CONCLUSION

This holiday season we have found that shoppers are interested in all the perks of omnichannel fulfillment, as well as all the perks of an easy shopping experience.

Retail professionals can entice shoppers by providing BOPIS, free shipping, and relevant personalized promotions. As retailers seek to show the gift shopper that they should make a purchase from them and not another retailer, they can offering free return shipping or return to store.

As retailers begin to look at their stores as experience centers, they can feel certain that decorating their storefronts to the nines still fits into the modern holiday shopper's schema. With nearly half of shoppers indicating that holiday in-store shopping is a tradition they will continue to perpetuate, retailers should optimize that preference as much as they can.

If there is one thing a retailer can do this season to please the consumer it is this: free shipping. Free shipping raises the likelihood of a shopper shopping a website, as they have actually come to expect it on all orders.

No matter where a consumer engages with a retailer, the key is convenience. This was the top cited reason consumers shop online or in-store. The retailer who has the right holiday strategy and modern technology to enable this strategy will surely win the day this holiday season.

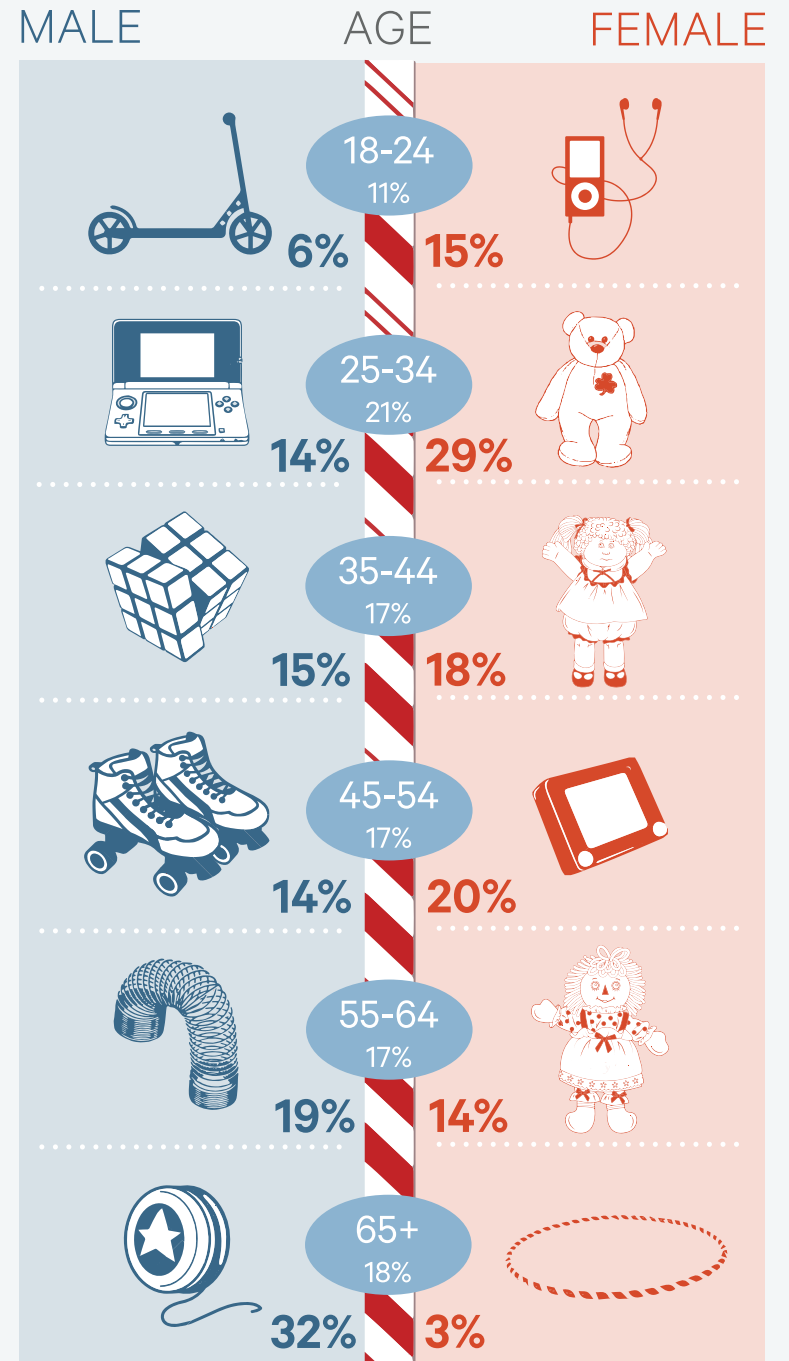


DEMOGRAPHICS



Methodology

The Kibo Holiday Consumer Trends Report includes survey feedback from 3,000 U.S. consumers, ages 18-65+, with 50% of the respondents female and 50% of the respondents male.





Kibo is a leading omnichannel commerce platform for retailers and branded manufacturers with over 800 customers fulfilling orders in 75 countries. Clients achieve optimal performance and loyalty through truly connected customer experiences across customer devices and retail touchpoints. Kibo's unified approach includes a leading eCommerce platform, big data 1:1 personalization, mobile POS, and distributed order management delivered via a modern, cloud-based infrastructure. The Kibo platform can scale as clients grow their business while maintaining a low cost of ownership and faster time to market than other solutions. Kibo enables you to reach higher peaks of sales and customer loyalty. No matter the challenge, Kibo powers your success.

To find out more visit www.kibocommerce.com or call Kibo at 877-350-3866

Work Smarter

Achieve more with increased capability and less effort

Stay Agile

Quickly adapt to move at the speed of consumer demands

Be Connected

Deliver seamless experiences with fully aligned operations