Cross-Channel Convergence Crucial to Holiday Shopping Strategies
Importance of Physical Stores Grows as More Shoppers Plan to Click and Collect

Key Takeaways

- This year, 92% of U.S. adults plan to purchase holiday gifts and other holiday-related items.
- Overall, holiday shoppers plan to spend $683, on average—$496 on gifts and $187 on other holiday-related goods.
- Nine of 10 (90%) holiday shoppers plan to make purchases in physical stores. The percentage rises to 97% when those who will purchase online from retailers with stores are included.
- More than four-fifths (82%) of click-and-collect shoppers expect to make an additional purchase when picking up their items.
- Holiday shoppers intend to allocate nearly seven of every 10 dollars they spend on gifts and other holiday merchandise to retailers with physical stores.
- Similar to previous years, 63% of holiday shoppers will begin buying before Thanksgiving. This year, however, slightly more will begin during Thanksgiving weekend.
- Nearly half (49%) of shoppers expect to finish within the last 10 days before Christmas.
- More than eight of 10 holiday shoppers intend to buy in November and the same share will do so in December. During those months, over three-fourths of total shopping will be done.
- Black Friday will continue to be the busiest shopping day of the season, followed by Cyber Monday and the Saturday/Sunday after Thanksgiving.
- Discount department stores, traditional department stores and electronics stores are going to be the most popular venues.
- Gift cards, apparel and toys are expected to be the top gifts.
- More than four-fifths (86%) of holiday shoppers will visit malls and other shopping centers to shop and participate in activities.
- Almost 90% of in-store holiday shoppers plan to research online before making purchases and 82% will use their mobile device in the physical establishment.
- More than eight of 10 (82%) shoppers indicate that promotions will play a role in their shopping behaviors.

Not unlike the past several years, this year’s holiday shoppers will undoubtedly use physical and digital channels throughout their shopping journey. While some shopping behaviors will be similar to last season, including when and where they will shop, what they will buy and the impact of promotions, others are noticeably magnified. Technology, for instance, is expected to play an even bigger role this holiday season as more shoppers are planning to research online and use mobile devices in store.

Furthermore, despite growth in online shopping—much of which is actually a result of traditional brick-and-mortar retailers expanding their online capabilities—physical stores remain the indispensable foundation of the consumer landscape. The importance of these venues is even greater this year given a solid rise in the amount of shoppers planning to use click-and-collect.

Early Holiday Season Spending Intentions Strong
Similar to past seasons, more than nine of 10 (92%) U.S. consumers intend to spend money for the holidays this year.¹

Gen Xers plan to spend the most this year ($787), 16% more than Millennials ($679) and 22% more than Baby Boomers ($648). Among these generational cohorts, the shares allocated to gifts and other holiday items differ. Millennials intend to allot 69% of their total dollars to gifts—the smallest share of any group—while Generation X will dedicate 71% to those same items. Baby Boomers expect holiday gifts to make up 80% of their total expenditures and therefore will allocate the fewest dollars to other holiday goods.

By income group (not shown in charts), spending intentions vary more significantly. On average, households with incomes greater than $100,000 will spend about 2.5 times more on holiday items than those with incomes less than $50,000 and roughly 1.6 times as much as households earning between $50,000 and $100,000.

Additionally, males intend to spend 9% more than females, while households with children expect expenditures to reach $854, 47% more than households without children. (Figures not shown.)

Within the group planning to spend more this year than in 2018 (45% of shoppers), changes in the number of gift recipients (41%) and a higher cost of holiday items (34%) are the top two reasons for increasing expenditures. These reasons are followed by an improvement in job status (27%), greater appeal of items available this year (21%) and an arbitrary increase in holiday budget regardless of job status or income.

Physical Stores Are the Cornerstones of Holiday Shopping
This year’s holiday shoppers plan to take full advantage of retailers’ omnichannel options. However, once again, they clearly prefer retailers with a physical presence. Slightly more than 90% of shoppers plan to spend money at brick-and-mortar locations, as shown in Table 1 (88% in 2018). These overwhelmingly large shares—visible across all generations—come at no surprise given that nearly two-thirds (65%) of this

¹ These results and others in this report are based on a representative poll of 1,003 adults in the U.S., conducted from September 16 to 18, 2019, by Engine Insights on behalf of ICSC.

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year’s shoppers say that during the holiday season, they are more likely to shop in stores than other times of the year—more than those who say the same about online shopping (57%).

The share of holiday shoppers spending in stores rose to 97% making purchases from traditional retailers when taking into account the 62% of them—an increase from 57% in 2018—who will buy online from those companies. This is nearly as many shoppers (68%) who intend to spend at pure online retailers (Amazon and all others).

The increase in the percentage of shoppers buying online from brick-and-mortar retailers comes from those who expect to have their orders shipped directly to them (46% versus 42% in 2018) and in particular, from those planning to buy online and pick up in store. The share of shoppers intending to use click-and-collect increased to 48% this year compared with 40% a year ago.

Picking up online orders in store is much more prevalent among Millennials (54%) and Gen Xers (51%) and with shoppers living in urban areas (59%) compared with Baby Boomers and suburban and rural residents. Not only are more shoppers planning to pick up their online orders in stores, but among click-and-collectors, over half (54%) say they will use the service more frequently throughout the season than before.

This rise of click-and-collect is a continuation of significant growth last year. According to Adobe Analytics, during the 2018 Thanksgiving weekend, sales through the buy online, pick up in store (BOPIS) option increased 50% over 2017.2

Once in store, those using BOPIS will continue shopping. More than four-fifths (82%) of click-and-collectors expect to make additional purchases at the same store/tenant, an adjacent establishment, or another unit within the same shopping center. Millennials (88%) and Gen Xers (85%) are more likely to make these impulsive purchases than Baby Boomers (73%).

This behavior is part of a broader trend among shoppers making unexpected purchases during the season. Nearly three-quarters (72%) of shoppers say that when shopping for holiday merchandise, they tend to make additional unplanned purchases in the same store. Significantly less (56%) say the same about buying unplanned goods online during the holidays.

Overall, 93% of holiday shoppers who plan to make in-store purchases will also buy online from those same retailers’ websites. Nearly half (47%) of shoppers say that when buying online from a retailer during the holidays, it is important for that company to also have a physical store presence. This preference is greatest among Millennials (55%) and urban shoppers (59%).

Once again, data from Adobe during Thanksgiving weekend illustrates the symbiotic relationship between the physical and digital realms. They report retailers with physical stores having 28% higher conversions online.3

Also depicted in Table 1, 69% of holiday shoppers expenditures will occur in physical stores/establishments or online from retailers with brick-and-mortar locations. Holiday shoppers plan to allocate nearly as much of their total dollars online to retailers with stores (27%) as they will to pure online companies (28%).

So why are physical stores so popular among holiday shoppers? The top reasons are:

- The ability to see, touch or try on the merchandise (57%);
- The ability to get items immediately (48%);
- Better prices/good deals/promotions (45%);
- Convenience of one-stop shopping (39%); and
- Not wanting to pay for shipping (38%).

Furthermore, holiday shoppers demonstrate the negative impact of closing stores through business completely lost. Nearly two-fifths (37%) of shoppers would either switch to buying from another retailer or simply not spend the money at all if a nearby store closed. This loss of customers is critical for retailers to realize as they debate closing a location popular among holiday shoppers.

## Holiday Shopping Beyond November and December

This year, slightly fewer shoppers plan to get an early start. Just over three-fifths (63%) of them have already started or plan to start shopping before Thanksgiving. (See Chart 2.) The share of these shoppers was 66% a year ago. Among these early starters, 39% already started or will do so in October, while 23% will begin in November ahead of Thanksgiving weekend.

### Chart 2

#### Holiday Season Shopping Start

Though there is little difference in when each of the generations will begin shopping, more females (65%) than males (60%) will begin before Thanksgiving as will those in rural areas (67%) compared with urban (63%) and suburban (61%) shoppers.

As for when they will finish, 49% of holiday shoppers expect to make their final purchases within the last 10 days of the season. (See Chart 3.) Gen Xers are the main contributors to this with more than half (51%) of them not finishing until the seasons final days compared with Millennials (45%) and Baby Boomers (42%).

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3 Ibid.
Unsurprisingly, as shown in Chart 4, November and December (both 84%) will see the most shoppers. Chart 5 illustrates that during those two months, over three-quarters (76%) of all holiday purchases will be made. Similar to last year, 52% of holiday shoppers plan to buy in October but will make 12% of their total seasonal purchases. Only 10% of their purchases were made in September or earlier.

Black Friday will continue to be the busiest shopping day of the season with just under half (46%) of shoppers planning to make purchases that day—the same as in 2018. (See Chart 6.) Following that is Cyber Monday and the Saturday/Sunday after Thanksgiving. Compared with 2018, Super Saturday is expected to see the biggest increase this year rising from 18% of shoppers planning to buy that day to 23%.

On all of these days, significantly more Millennials plan to shop than Gen Xers and Baby Boomers. This is particularly the case during Thanksgiving weekend when almost three-fourths (73%) of Millennials expect to shop Thursday to Sunday compared with Gen Xers (55%) and Baby Boomers (47%).

Many of the trends discussed in this section coincide with the times shoppers feel they can find good deals. Two-fifths (40%) say they plan their shopping around specific promotional events/dates such as Black Friday, Cyber Monday and Super Saturday.

As Shoppers Seek Deals, Discounters Reign Supreme

Discount department stores, by far, continue to be the most popular retail type among holiday shoppers with two-thirds (66%) of them saying they would buy in store or online from these companies. (See Chart 7.) Following these are traditional department stores, electronics stores, dollar/variety stores and off-price retailers. These were among the most popular in 2018, too.

On average, holiday shoppers plan to visit four different retailer types. Millennials will shop at the greatest variety (4.1), while Gen Xers (3.8) and Baby Boomers (3.5) plan to visit slightly less.

There will be no shortage of visitors at malls and other shopping centers this year either, as shown in Chart 8. Overall, 86% of holiday shoppers—up from 84% in 2018—plan to visit those venues to make purchases and for other activities.

While the largest share will shop (68%), shopping center visitors also plan to dine, see movies, use personal services and go to the gym. Demonstrating the importance of shopping centers to the community, more than half (52%) of visitors will participate in a holiday-related activity, including having their child’s picture taken with Santa, attending themed events (e.g., parades, tree/menorah lightings), contributing to philanthropic campaigns and going to office/work parties.
When it comes to choosing where to shop during the holidays, shoppers cite the following as key motivations:

- Finding good value/low prices/promotions (50%);
- Variety of products offered (31%);
- Store location/availability of parking (29%);
- Quality/reputation of the brand (23%);
- Speed/ease of checkout (22%); and
- Easy-to-use website/app (22%).

Gift Cards Top Holiday Shopping Lists

Gift cards (63%) remain the most popular items holiday shoppers hand out. More Baby Boomers (70%) are expecting to give these than Gen Xers (61%) or Millennials (59%). Apparel/footwear/fashion accessories, toys and games, food/food baskets/alcohol and electronics are also top gifts. (See Chart 9.) Within the electronics category, holiday shoppers plan to purchase video games or consoles (53%), smartphones or related accessories (40%), audio equipment (38%) and PCs/laptops (37%).

More Shoppers Embracing Technology During the Holidays

Nearly nine of 10 (87%) holiday shoppers say they will research online before going to stores to buy items—a large increase over 2018 (79%). As shown in Chart 10, Millennials (94%) are most likely to demonstrate this behavior as fewer Gen Xers (88%) and Baby Boomers (81%) will do the same. Note, the share of Baby Boomers planning to research online ahead of going to stores surged this year from 68% in 2018.

Retailers’ websites (69%) are the most popular method for researching online. Following that are social media (37%), rating/review sites (35%), retailer apps (34%) and gift guides (26%).

The connection to technology continues once in store too, with 82% of holiday shoppers planning to use mobile devices while shopping in stores. This represents an increase from 75% in 2018. (See Chart 11.)

Though still behind Millennials and Gen Xers, there was a surge in using mobile devices in stores among Baby Boomers. In 2018, 52% planned to use their mobile device in stores, but this year, that increased to 66%.

Device users in stores plan to compare prices (51%), get digital discounts (35%), check availability and inventory (32%), take pictures of merchandise (32%) and view ratings or product information (30%).

When it comes to other technology that would be most beneficial while in stores during the holiday season, shoppers strongly prefer anything that reduces time. Specifically, technology that reduces the amount of time looking for items (45%) and reduces checkout time (42%). Additionally, a little more than one in four shoppers (29%) would find technology that conveys product information and explains product use beneficial, while a bit less (26%) would find technology that customizes/personalizes products beneficial.

For children’s gifts in particular, there are expected differences in what holiday shoppers believe kids will ask for this year. For the youngest group of children (ages 0-6), 92% of holiday shoppers believe toys and games will be number one followed by apparel/footwear (33%) and books (24%). Among children ages 7-12, holiday shoppers also expect toys and games to be most popular (71%) as well as electronics (44%) and apparel/footwear (43%). For teens (ages 13-19), who are part of the Gen Z cohort, 61% of holiday shoppers expect them to ask for gift cards, while nearly half say electronics (49%) and apparel (48%).
Promotions Captivate Cost-Conscious Consumers

Overall, more shoppers (82%) this year indicate that promotions/discounts and low prices will play a role in their holiday shopping compared with 74% in 2018. Millennials (89%) are more influenced by promotions than Gen Xers (83%) and Baby Boomers (75%). Just over two-fifths (41%) of shoppers say that once in store, the promotions they see influence the holiday purchases they will make there. One–third (33%) plan to take advantage of the deals they receive from membership/loyalty programs.

Not only do discounts/low prices impact the stores visited and products purchased, but also other shopping patterns. More than three-fifths (62%) of holiday shoppers say searching for promotions encourages more frequent trips to physical stores. Once there, 68% say finding items that are discounted is the most important factor, while 71% will actually buy more than intended if there is a sale because they feel that they are getting more for their money.

Additional Holiday Shopper Insights

- Nearly three-fifths (57%) of holiday shoppers are more willing to shop at new/different retailers that they are less familiar with during the season than other times of the year.
- Roughly three-quarters (74%) of holiday shoppers say they plan ahead of time the gifts and other items they want to purchase rather than browse and purchase on a whim.
- When shopping for holiday gifts for others, approximately two-thirds (64%) of shoppers also buy items for themselves.

Conclusion

In the current “clicks-and-bricks” environment, holiday shoppers are not seeking goods solely online or through physical stores, but in both channels, more often than not on the same customer journey. Advances in technology and its integration with brick-and-mortar establishments enables shoppers to find what they want, when they want, quickly, cost effectively and conveniently.