2019 HOLIDAY SHOPPING PREDICTIONS AND BEHAVIORS
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Introduction & Methodology
Introduction

The holiday season is merchants’ top opportunity each year to connect with new audiences and generate peak revenue. With competition as fierce as ever and new marketing touchpoints to consider—from paid placements on Amazon’s marketplace to social networks such as TikTok—the challenge can seem as great as the potential reward.

To help merchants hone their holiday strategies and maximize the potential for success, this guide offers a comprehensive look at holiday shoppers and their plans for the season ahead. By understanding shopper behaviors around spending and digital channels, brands can then inform marketing strategy and position themselves for holiday success.

Methodology

This survey was commissioned by Tinuiti and conducted by Survata, an independent research firm in San Francisco. Survata interviewed 2,003 online respondents between June 19, 2019, and July 16, 2019. Respondents were reached across the Survata publisher network, where they take a survey to unlock premium content like articles and ebooks. Respondents received no cash compensation for their participation. More information on Survata’s methodology can be found at survata.com/methodology.
Key Takeaways

Tinuiti’s survey of 2,000 U.S. consumers uncovered a number of valuable findings, which are outlined in depth below alongside behavioral data and results from the 2018 holiday season and industry research and trends. Among the highlights:

✅ **Anticipated spending has shifted up the scale**, with 10% more shoppers than last year saying they’ll spend at least $500. The percentage of shoppers who anticipate spending $250 or less has dropped by close to 8%, but still represents 43% of the total—making for a sizable segment of bargain hunters.

✅ **The majority of consumers plan to start holiday shopping before Thanksgiving**, giving merchants a potential opportunity to engage shoppers early and often.

✅ **Email is especially effective** at reaching early shoppers and top spenders, while social media connects with consumers under the age of 35. When it comes to product discovery, Amazon has overtaken Google as the top starting point for holiday gift research, making it an essential new ad platform.

✅ **Brick-and-mortar stores are rising in popularity** with nearly every age cohort—including Generation Z shoppers ages 18 to 24. Shoppers have come to expect omnichannel fulfillment prowess, with more than 40% saying they plan to use buy online, pick up in-store services.

✅ **Corporate responsibility matters**, especially to the young. Among those under 45, 55% are willing to pay a premium for products whose proceeds benefit a good cause.

✅ **Holiday returns are the new normal**: some 40% of shoppers returned at least one gift they bought or received in 2018. As a result, consumers scrutinize returns policies carefully, with three-quarters saying a hassle-free, clearly-stated policy is a purchase differentiator.

✅ **Clothing, electronics, and gift cards are the consistent top three gifting categories** across age groups. Electronics appeal to online buyers, while those who start gift shopping in stores prefer home goods.
Holiday Budgeting

Predicted spending is up
Holiday Budgeting

Predicted spending is up

Holiday spending has been on the rise in recent years, with the National Retail Federation reporting year-over-year holiday sales spiking by 5.5% in 2017 and climbing another 2.9% in 2018. Online commerce has been the engine driving much of that growth, with holiday eCommerce sales jumping 14.7% in 2017 and 16.5% in 2018, according to Adobe.

If consumers’ budgets are any indication, 2019 could be another banner year. While the percentage of consumers who say they’ll spend the same or more on gifts has remained static year over year, at around 80%, spending estimates have nonetheless shifted up the scale.

More than a quarter of shoppers, 26.8%, say they’ll spend more than $500 on holiday gifts in 2019, a jump of 10% compared to 2018. And 1 in 10 consumers estimate they’ll spend more than $1,000—double the percentage in 2018. At the same time, the low end of the scale has shrunk, with 43.3% of shoppers saying they’ll spend $250 or less, a 7.8% drop compared with 2018.

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1 National Retail Federation, "Historical Holiday Sales," https://nrf.com/insights/holiday-and-seasonal-trends/winter-holidays, and "Holiday sales grew 2.9 percent …;"

**Peak Season Buying Predictions and Behaviors for Q4 2019**

**Generation X shoppers predict they’ll buy the most**, with 36.3% of those ages 35 to 44 and 28.6% of those 45 to 54 saying they expect to spend more than $500 this holiday season—not surprising, given that these midlife consumers have higher incomes, and likely have both children and parents on their gift lists. By contrast, just over 22% of famously cash-strapped Millennials say they’ll spend more than $500. Generation Z, representing college-aged adults and those starting their careers, are most frugal, with just 12.9% planning to spend more than $500 and two-thirds budgeting $250 or less for holiday gifts.

**Men overall tend to splurge more than women**, with 31.6% of men planning to spend more than $500, compared with 23% of women. By contrast, more than 45% of women are budgeting $250 or less for gifts.

This disparity is especially acute for the younger members of Generation X, with 41% of men ages 35 to 44 planning to spend more than $500 and 45.8% of women the same age planning to spend less than $250. Similarly, among Millennials, women are responsible for holding the line on holiday budgets: 55.8% report planning to spend $250 or less, whereas just 43.4% of men report being as frugal.

**The takeaway for merchants: hone promotional strategies to suit the demographics of the audience.** Younger shoppers and women may find budget-conscious messaging more appealing, while middle-aged male shoppers may respond to invitations to shower their loved ones with luxe gifts.
There’s room for impulse buys, too

In addition to setting gifting budgets, more than half of consumers say they’re likely to make impulse purchases at some point between Thanksgiving and New Year’s, with 9.3% saying they’re “very likely” to do so.

Top spenders are most likely to indulge in unplanned purchasing, followed by peak-earning Gen X—but, more surprisingly, Millennials are also slightly more apt to buy on impulse. The tendency is especially strong among Millennial women, at 58.4%—a percentage that approaches Gen X women, at 59%. Overall, 55.4% of women say they might buy something that’s not on their budgeted gift list. Given that they’re also more likely to hold the line on budgeting, those spontaneous purchases may be more about seizing an opportunity for extra savings than splurging on luxury items.

By contrast, less than half of Gen Z shoppers say they’re likely to make an impulse purchase during the season; only seniors 65 and up are less likely to do so. The youngest cohort of adults may plan to stick to their lists due to budget constraints, but may also be less flexible when it comes to specific products and brands—thereby making them less apt to lunge for a promotion that doesn’t match their specific criteria.

How likely are you to make an impulse purchase during the holiday season? (Thanksgiving–New Year’s)
WHEN?

The Holiday Calendar
A late Thanksgiving means an early start to gift shopping
WHEN?

The Holiday Calendar

A late Thanksgiving means an early start to gift shopping

For the past two years, Thanksgiving has fallen early enough to give merchants nearly a full extra week of peak holiday activity before December. In 2019 the calendar is more challenging, with Thanksgiving falling on November 28. It’s no surprise, then, that the majority of consumers, 37.8%, say they plan to begin shopping earlier in November.

Top spenders planning to buy $500 or more in gifts and women drive the early-shopping trend: some 45.6% of top spenders and 41.2% of women plan to begin their gift buying before Thanksgiving. By contrast, Millennials and Gen Z are less likely to enter the holiday fray before Turkey Day, with just 32.8% and 27.8%, respectively, planning an early start.

Given that their budgets are markedly more constrained than those over 35, younger consumers say they plan to hold out instead for the big discount days after Thanksgiving. More than 30% of Gen Z and 20% of Millennials say they plan to start shopping on Black Friday, compared with 15% of older shoppers; similarly, 4.8% of Gen Z and 5.5% of Millennials say they’ll start shopping on Cyber Monday—nearly double the percentage of older shoppers.
The big shopping events still matter

While the majority of shoppers may have started shopping before Thanksgiving, that doesn't mean they're immune to peak weekend deals. While headlines have suggested that year-round bargain-hunting has made the major holiday sales events obsolete, 2017 and 2018 analytics data from Tinuiti shows steep spikes in traffic and conversion on both Black Friday and Cyber Monday.

<table>
<thead>
<tr>
<th>Event</th>
<th>Revenue (Billions)</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cyber Monday</td>
<td>$6.6</td>
<td></td>
</tr>
<tr>
<td></td>
<td>$7.9</td>
<td>19.2%</td>
</tr>
<tr>
<td>Black Friday</td>
<td>$5.0</td>
<td></td>
</tr>
<tr>
<td></td>
<td>$6.2</td>
<td>24.4%</td>
</tr>
<tr>
<td>Thanksgiving</td>
<td>$2.9</td>
<td></td>
</tr>
<tr>
<td></td>
<td>$3.7</td>
<td>26.9%</td>
</tr>
</tbody>
</table>

Source: Adobe Analytics

The activity mirrors industry-wide results that demonstrate the continuing dominance of Black Friday and Cyber Monday, with Thanksgiving emerging as the third most popular shopping day of the season. Sales for each of these events have grown by leaps and bounds year over year, suggesting consumers are receptive to relevant offers—even if they started buying gifts earlier.

Source: Aggregate Tinuiti Customer Data
WHY?
The Touchpoints & Messaging That Drive Purchases
Email still beats social as a promotional channel—especially for top spenders
WHY?

The Touchpoints & Messaging That Drive Purchases

Email still beats social as a promotional channel—especially for top spenders

When it comes to promoting Cyber Weekend deals and other offers throughout the holiday season, email is still more effective than social media at influencing purchases. Overall, 58.5% of shoppers said they sometimes or often make purchases because of email promotions during the holidays, whereas only a third say social media is somewhat or very influential.

Not surprisingly, responses vary by age: barely more than 50% of Gen Z consumers say they’re sometimes or often influenced by email, compared with close to 60% of those over the age of 35.

By contrast, while just over 30% of those over 35 say they buy based on social media content, 42.6% of Generation Z say it’s at least somewhat influential. Taken together, 6.5% of Millennials and Gen Z combined say social media is very influential—140% higher than those over 35.
Timing also appears to be a factor: among those planning to start their holiday shopping before Thanksgiving, the percentage of those saying they sometimes or often buy based on email promotions is 3% higher than the population overall. Far fewer early-season purchases are made based on social media, with nearly 7% fewer early shoppers saying social media is somewhat or very influential compared with the overall total.

“It’s not your imagination—the holiday promotional period does creep a little earlier every year, with some brands even running ‘Black Friday in October.’ While it’s difficult to maintain strong sales momentum for months at a time, there are opportunities to capture early revenue pre-Cyber Week.

Singles’ Day (11.11) is now the top shopping day globally, and running an email promotion for this event can jump-start your holiday sales weeks before Black Friday, capturing a larger share of wallet from early holiday shoppers. Our clients have also seen success offering early access for major Cyber Week sales to their email database, or a subset of VIP subscribers. Giving your subscribers a sense of exclusivity builds loyalty and drives revenue—win, win!”

-Mandi Moshay
Associate Director, Email & CRM, Tinuiti

Across segments, fewer than 10% of shoppers credit email with influencing their purchases often—which should give merchants pause as they decide how many campaigns to cram into the season. One exception? Top spenders, 13% of whom say they frequently make purchases based on email promotions.

Also more receptive to promotions are the 39% of shoppers who report having returned some portion of gifts received or given last year. Among those 35 and up who returned gifts, 12.2% say they buy items based on email promotions often—a 49% difference compared with consumers overall—and more than 40% say social media is somewhat or very influential, 27% higher than average. Similarly, more than half of Millennials and Gen Z who returned gifts last year report social media is somewhat or very influential—45% higher than average.

When shopping for holiday gifts, how much does social media influence your purchasing decisions?
These findings suggest that shoppers who engage more frequently with marketing campaigns are more apt to be active throughout the purchase cycle, including when it comes to returns. Personalized offers and precisely targeted ad spending may succeed in reversing the tide. And companies with integrated reverse logistics operations can take these transactions in stride and potentially win future business; indeed, 95% of all customers, and 54% of new customers, said they’d shop again with a retailer that provided a positive returns experience, according to eCommerce platform provider Narvar.3

With holiday returns averaging 39%, return policies are crucial

Given the high rate of returns, it’s crucial for companies to message that gift recipients will be able to return items easily. Indeed, nearly three-quarters of consumers say they’re more likely to buy if the return process is clear and hassle-free.

Top spenders are most likely to consider return policies purchase differentiators, at 82%, and they’re also most likely to return items, with 48.6% saying they returned some portion of gifts the previous year. Men who plan to spend more than $500 value return policies the most, with 84.8% saying they’re purchase differentiators, and they’re also most likely to return gifts, with 52.8% saying they did so last year.

Fewer Millennials and Gen Z shoppers on average reported returning gifts—45%—but those who did returned items at a much higher rate, with close to 20% sending back at least 20%, or one in five, of all their gifts.

Far from being a dead-end and a lost sale, returns and exchanges can represent a post-season opportunity to re-engage shoppers and win new business. In the weeks prior to the peak season, merchants should test and re-test their returns procedures, both in-store and online, to ensure it’s as hassle-free as possible.

Taking into account all the gifts you gave and received last year, what percentage did you return?

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MarkingLand, “95% of online shoppers say a positive return experience drives loyalty,” https://marketingland.com/e-commerce-report-95-online-shoppers-say-positive-return-experience-drives-loyalty-216820
Charitable giving inspires customer purchases

The holiday giving spirit often inspires consumers to donate to their favorite causes at year’s end, and companies are increasingly following suit. That’s because holiday charity drives are not only a good PR move, but they can also be good for business.

Consumers are more likely to buy—and buy more—from brands connected with social causes: 60% of consumers believe doing good should be part of a brand’s core mission, according to Edelman, while Nielsen found that two-thirds of consumers overall and 73% of Millennials say they’re willing to pay more for goods from brands that support social and environmental sustainability.

A slim majority of consumers in Tinuiti’s survey, 51%, say that they’ll pay more for an item if the sale contributes to a good cause. That percentage rises significantly for consumers under 45, 55% of whom say they’d pay a premium to support charitable efforts; by contrast, the majority of those 45 and up say they’d seek out a lower price if asked to pay more for the greater good.

Younger women are behind the generational divide. Fully 55.9% of women under 45 are willing to pay a premium to benefit a cause, compared with just 48.2% of women over 45—a gap of 7.7 percentage points. By contrast, a gap of just under 3 points separates men under 45, at 54.7%, and men over 45, at 51.8%, with the majority of both cohorts saying they’ll pay extra to support a good cause.

Are you willing to pay more for an item if the sale contributes to a good cause (sustainability, charity, social organization, etc.)?

<table>
<thead>
<tr>
<th></th>
<th>Age 18–44</th>
<th>Age 45+</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes—I will pay more if it supports a good cause.</td>
<td>55%</td>
<td>45%</td>
</tr>
<tr>
<td>No—I will find a cheaper alternative.</td>
<td>5%</td>
<td>15%</td>
</tr>
</tbody>
</table>

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5 Forbes, “73 Percent of Millennials are Willing to Spend More on This 1 Type of Product,” https://www.inc.com/melanie-curtin/73-percent-of-millennials-are-willing-to-spend-more-money-on-this-1-type-of-product.html
WHERE?

Shopping Channels, Devices & Online Destinations

Brick-and-mortar stores surge as omnichannel becomes the norm
WHERE?

Shopping Channels, Devices & Online Destinations

**Brick-and-mortar stores surge as omnichannel becomes the norm**

Retailers have been striving for a decade or more to sync their operations and marketing to present a seamless experience. Now, in 2019, shoppers are moving freely among touchpoints—and the holiday season promises to test retailers’ capabilities.

If that sounds like a challenge, the good news is that shoppers recognize the value of physical stores in the omnichannel mix. Indeed, when survey respondents were asked where they would do the majority of their gift shopping, the percentage choosing “in-store” rose to 31.6% this year—an increase of 10.9% compared with 2018.

The most popular option remained “both in-store and online,” at 44.8%, although the percentage dropped slightly year over year, as did the percentage of shoppers hunting for gifts exclusively online. Top spenders are most likely to take a hybrid online/offline approach, with 51.4% saying they use both stores and the web.
Gen Z shoppers are leading the resurgence in stores, with the percentage of those favoring stores growing by nearly 15%. Among Millennials, by contrast, 6.3% fewer say they plan to shop primarily in-store for gifts—cementing their reputation for preferring online shopping experiences. Millennials are the only age cohort that didn’t report an uptick in store interest.

Younger consumers seek novel shopping experiences that are integrated with online touchpoints: a third of Gen Z shoppers say they’d like more unique retail concepts, and 28% say they want to interact with knowledgeable store associates. Merchants have been gearing up to meet these expectations, with omnichannel fulfillment, clienteling and personalization, store associate enablement, and store experiences related to layout and design topping the list of improvements.

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Even as stores are gaining ground on online and omnichannel experiences as the primary source for holiday gifts, more consumers than ever are relying on the Web to inform their purchases. Just 5.3% of survey respondents say they don’t plan to use the web at all for holiday shopping—a drop of 74.8% compared with 2018. Online touchpoints are clearly in the mix, even if they don’t take the lead role.

As further proof of the fluid movement of shoppers between online and offline experiences, more than four in 10 shoppers plan to use Buy Online, Pick Up In-Store, aka BOPIS, during the holiday season. That percentage jumps to 53.7% among top spenders, driven by the men in the cohort, 56.9% of whom say they plan to use BOPIS services, compared with a near even split among women.

Expert Tip: "To increase BOPIS (Buy Online, Pick Up In Store) sales, retailers should increase spend for ad groups and product categories with high in-store visits. You can identify those ad groups and product categories using Google Ads predefined ID-level reports, pulling in ad group and category columns. This shift in spend will drive in-store traffic during a particularly crucial time period and provide retailers the opportunity to upsell customers while they are picking up their order at a brick & mortar location.

Using this exact strategy, Tinuiti was able to increase in-store visits by 254% WoW and in-store revenue 218% during the week before Thanksgiving for a large retail client."

-Dan Croop
Account Strategist, Shopping and Feed, Tinuiti

Do you plan to use Buy Online, Pick Up In-Store this year?

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>857</td>
<td>1145</td>
</tr>
<tr>
<td>42.8%</td>
<td>57.2%</td>
</tr>
</tbody>
</table>

RESPONDENTS
857
42.8%
1145
57.2%
Use of all online touchpoints grows—especially desktop & voice

As they shop for gifts, shoppers are relying more and more on a variety of online touchpoints. In 2019, traditional desktop or laptop computer use is widespread, with 64% of shoppers using them in their hunt for gifts—a jump of 39% year over year. An even higher percentage of Gen Z shoppers, 70.1%, report using desktops, bucking the stereotype of younger shoppers relying exclusively on smartphones to interact with brands.

One reason desktop continues to lead the list of devices may be related to access at workplaces or school. During the holiday season, when shoppers use any available downtime to take care of gift to-dos, desktops play a central role simply due to their availability. For example, as the chart of aggregate Tinuiti client performance from 2017 and 2018 shows, desktop sessions (in dark blue) continued to drive higher conversion than mobile (in gold) on Cyber Monday, the season’s top sales day and—crucially—the start of the work week for many consumers.

What devices will you use to shop for gifts this year?

One reason desktop continues to lead the list of devices may be related to access at workplaces or school. During the holiday season, when shoppers use any available downtime to take care of gift to-dos, desktops play a central role simply due to their availability. For example, as the chart of aggregate Tinuiti client performance from 2017 and 2018 shows, desktop sessions (in dark blue) continued to drive higher conversion than mobile (in gold) on Cyber Monday, the season’s top sales day and—crucially—the start of the work week for many consumers.
Experiential preferences are likely at play as well. Even as mobile now dominates traffic and digital advertising impressions, shoppers still tend to prefer the large-screen format of desktop experiences when it comes to finalizing purchases and entering payment information. Concerns about security, the inability to see product details, and difficulty navigating and inputting information top the reasons mobile sales lag compared with desktop, comScore found.⁹

Even with the smaller form-factor presenting usability challenges, smartphone use grew 7.6% to top 45% overall. Not surprisingly, a higher than average percentage of younger shoppers report using their phones for holiday shopping: 61.7% of Gen Z and 59% of Millennials say they’ll use their phones to seek gifts.

So far, voice-enabled devices still play a minor role in holiday gifting, although the percentage of consumers using them has jumped 65.7% year over year, to 5.8%. Millennials lead the way, with 7.7% harnessing Amazon’s Alexa and its ilk to hunt for gifts—32.8% higher than the average.

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Specialty retailers hold their own despite Amazon juggernaut
The shopping journey starts online with Amazon
Specialty retailers hold their own despite Amazon juggernaut

The shopping journey starts online with Amazon

Despite their pledge to shop primarily at stores for holiday gifts, the majority of consumers don’t start their shopping journeys with visits to brick-and-mortar outlets. Instead, almost 72% say they begin their search for gifts online, and the preferred first stop for product research is none other than Amazon.com, favored by 28.3% of consumers.

Amazon not only outranks Google and big box retailers like Target.com as a starting destination for online shopping; it also beats individual brand manufacturer sites such as Apple.com, Levis.com, or AmericanGirl.com—by a factor of four. The data suggests that for holiday visibility, brands would do well to conceive and execute targeted Amazon placements, backed by paid Amazon listings.
The gap only grows between stores and online as a starting point for holiday shopping when it comes to younger shoppers. About 81% of the younger segment of Generation X shoppers are most likely to turn to online sources first, and 36% of those prefer to start their research on Amazon - the highest of any age cohort. Gen Z is right behind them, with 32.5% choosing Amazon as their first stop. Millennials—particularly Millennial women—are an outlier, preferring to start their hunt on Google.

Overall, women's top preference is to start gift shopping in stores, with Amazon and big-box Web sites also outranking Google as a starting destination. Men are heavier online users, and their slight preference for Amazon over Google gives it the top ranking as a starting destination.
Survey data showing Google and Amazon vying neck and neck is underscored by aggregate analytics data from Tinuiti customers showing steep year-over-year gains in revenue, conversion, and average order value for Google ad formats during November and December—particularly on mobile devices, which saw a 64.4% year-over-year revenue jump in November of 2018 and a 52.8% jump from 2017 to 2018 in December. Survey respondents who said they planned to use their phones to shop for gifts ranked Google 32.7% higher as a starting source than consumers overall—although they prefer Amazon by a margin of 40.8% to 26.0%.

<table>
<thead>
<tr>
<th>Google Paid Search &amp; Shopping YOY % Change 2018–2019</th>
<th>Tablet</th>
<th>Mobile</th>
<th>Desktop</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>November</td>
<td>December</td>
<td>November</td>
</tr>
<tr>
<td>Impressions</td>
<td>6.91%</td>
<td>16.85%</td>
<td>90.48%</td>
</tr>
<tr>
<td>Revenue</td>
<td>19.21%</td>
<td>31.72%</td>
<td>33.13%</td>
</tr>
<tr>
<td>Clicks</td>
<td>3.77%</td>
<td>3.99%</td>
<td>28.93%</td>
</tr>
<tr>
<td>Conversion</td>
<td>3.35%</td>
<td>-3.11%</td>
<td>16.68%</td>
</tr>
<tr>
<td>AOV</td>
<td>11.17%</td>
<td>30.72%</td>
<td>44.85%</td>
</tr>
</tbody>
</table>

(Source: Tinuiti analytics, Google paid search & Shopping campaigns)
Beyond the starting line, shoppers branch out online—and go beyond the usual suspects

Regardless of where they start shopping, consumers who go online to hunt for gifts report using a wide array of websites, although there are clear winners. As expected, Amazon is widely popular, with 82% of shoppers saying they use it for holiday finds; although big-box retailer Walmart occupies the #2 position, third place goes to individual brand or retailer’s Web sites, which attract 35.5% of shoppers during the peak season.

Even more heartening is that the trend is moving in the right direction for small- to mid-sized merchants. While Amazon’s runaway growth is impressive, Walmart’s popularity has slipped by 10.6% year over year, even as Target has notched a year-over-year gain of more than 15%. Over three years, individual retailer and brand sites have gained traction, with 22% more shoppers now saying they use them for holiday shopping. Third-party marketplace Etsy, which features small artisan businesses, has also seen strong growth of 29% since 2017.

If you are shopping online for gifts, what websites do you plan to use?
(Select all that apply)

If you are shopping online for gifts, what websites do you plan to use? (Select all that apply) Note: Data available for 2018 and 2019 only for Walmart, Ebay and Target
Individual brand and retailer sites are especially popular with top spenders and consumers beginning their gift shopping prior to Thanksgiving; around 40% of both cohorts say they branch out beyond Amazon and big box stores. Shoppers in both groups are driven less by the season’s steep discounts, whether because of their desire to finish shopping early or because they have more budget to spend—making them an ideal target for small- to mid-sized merchants who may not be able to join the race to the bottom on pricing on big event days such as Black Friday or offer free expedited shipping late in the season.

By contrast, Amazon is more popular than average with Millennial and Gen Z shoppers, 89.7% and 88.3% of whom say they shop with the online giant, respectively. The price breaks and convenience Amazon offers may appeal to this cohort of young, relatively cash-strapped, and busy shoppers.
Popular Gift Categories
WHAT?

Popular Gift Categories

When it comes to gift selections, three categories consistently rank at the top: clothing, gift cards, and electronics.

The top three are consistent across a variety of age groups and segments—from early shoppers to top spenders to those who say social media is influential in holiday gifting. The choices are gendered, with men favoring electronics as the top gift type, while women choose clothing. Women’s top three includes home goods instead of electronics, thanks to Gen Z women and women over 55. In these age cohorts, women may not have their own children to buy video games for, knocking electronics out of the top three.

Average ranking (highest to lowest)

Respondents were asked to rank the categories on a scale of 1 to 5—1 being purchased the most as a gift, 5 being purchased the least as a gift.

<table>
<thead>
<tr>
<th>Category</th>
<th>Female Average</th>
<th>Male Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clothing</td>
<td>2.69</td>
<td>2.81</td>
</tr>
<tr>
<td>Gift cards</td>
<td>3.06</td>
<td>3.01</td>
</tr>
<tr>
<td>Home goods</td>
<td>3.57</td>
<td>3.29</td>
</tr>
<tr>
<td>Electronics</td>
<td>3.57</td>
<td>3.56</td>
</tr>
<tr>
<td>Toys</td>
<td>3.66</td>
<td>3.85</td>
</tr>
<tr>
<td>Jewelry</td>
<td>4.44</td>
<td>4.48</td>
</tr>
</tbody>
</table>
Those who opt to start their holiday shopping in stores also include home goods in their top three gifting categories along with clothing and gift cards—suggesting that electronics are a natural fit for online research and buying.

Indeed, the sole age cohort to select electronics as the number one category—Millennials—rely heavily on online sources to start their gift shopping, with 76.9% saying they turn to the web first. Millennials are also the group most likely to start shopping on Google versus Amazon, suggesting that electronics retailers should attune their search engine spending to reach this key spending group.

Gift cards consistently place second or third across age groups and other buying cohorts, as well as with both men and women. They’ve been growing in popularity, thanks in part to new formats that include online and mobile redemption; gift card sales are forecast to grow at an annual rate of 10% through 2026, when U.S. sales are set to top $750 billion, according to Credence Research. They’re a mainstay of holiday gift lists and wish lists: prior to the 2018 peak season, the National Retail Federation reported that 60% of consumers hoped to receive gift cards, and 56% planned to give them.


Strategy Recommendations
Strategy Recommendations

As holiday execution kicks into overdrive, merchants still have time to fine-tune promotional strategies to make the most of the season. Among the top recommendations:

- **Start early.** With Thanksgiving falling late on the calendar, it’s no surprise that a sizable portion of consumers plan to start holiday shopping earlier in November—including 45% of those planning to spend $500 and up. These early shoppers are more likely than average to visit individual retailer and brand manufacturer Web sites on their quest for gifts, making them ripe targets for small-to mid-sized merchants. They’re also more likely to purchase based on email promotions, making a robust early-season calendar of campaigns a must.

- **Omnichannel and stores are more important than ever.** With an uptick in interest in stores and the percentage of shoppers who say they’ll shop both online and in-store holding steady, retailers should showcase all their offerings across touchpoints, with a focus on promoting convenience-boosting services such as buy online, pick up in-store, which more than 40% of consumers plan to use during the peak season. Returns are another focal point of interest, so retailers should message ease-of-use, highlighting in-store returns for online orders and free return shipping, if available.
Millennials are holiday contrarians; don’t overlook them. Shoppers ages 25 to 34 are set to buck trends this holiday season: they’re immune to the resurgence of stores, prefer to start researching gifts on Google versus Amazon, and return a higher proportion of gifts than average. They’re also working within tight budgets—nearly four in five forecast spending less than $500—even as they make allowances for an occasional splurge. But merchants who tailor marketing efforts to reach Millennials have the opportunity to forge a potentially valuable bond with a generation that is approaching its peak earning potential, as well as establishing their own households and families.

Visibility on Amazon is now a must (and don’t forget Google). Amazon now rivals (and in some cases overtakes) stores as a starting point for holiday shopping, and outranks all other online gift sources—making a presence on the platform all but mandatory. To gain visibility during the peak period, merchants should formulate a coherent marketplace strategy enhanced by paid placements. At the same time, Google remains a valuable holiday shopping tool, with traffic and revenue on its Shopping platform poised for further growth; continued investment in paid search advertising remains critical for the holiday period.

Gift cards should be front and center. A top-three favorite for nearly every age group and shopping segment, gift cards are now an essential offering for merchants during the holiday season. To make the most of them, merchants should develop comprehensive content describing offerings, outline redemption policies and delivery methods clearly, and test purchasing and redemption on multiple devices as well as at store point-of-sale terminals. Gift cards should be promoted extensively across touchpoints—from social media to search ad placements—including late in the season, when e-gift cards offer salvation for last-minute shoppers.
Conclusion
Conclusion
The holiday season represents both challenge and opportunity as merchants go head to head with Amazon and other mass merchants in an attempt to win sales. Omnichannel prowess and a wide presence across shopping touchpoints—from social media to Amazon’s marketplace—are now essential to connect with holiday shoppers and meet their rising expectations. Armed with a diversified, targeted, and responsive marketing strategy, merchants can engage shoppers with relevant products and offers and make lasting impressions.
Schedule Your Marketing Strategy Evaluation

Get in touch with one of our channel experts today for a free audit of your brand's marketing strategy to identify how we can help you grow your business.