



Holiday 2020 Retail Playbook: Give the Gift of a Flexible Shopper Journey

As the COVID-19 pandemic continues to unfold, we've been paying close attention to consumers to see how they're reacting, responding and adjusting to the concerns and continued uncertainty it's created.

Of particular interest has been the retail category, which has seen both devastation as shelter-in-place orders forced closures that, in some cases, are proving permanent, and growth as consumers shifted purchases online.

Looking to the upcoming holiday season, it's obvious the stakes for retailers are higher. This year, for many, it's not just the season they hope to break into the black, it's also the season that determines their survival. To get people back in stores and deliver positive in-store experiences, retailers will need to adapt to new shopping behaviors and evolving journeys.

Following are our observations and recommendations...

As cities reopen and consumers return to stores, we're seeing a number of coping behaviors continue and new ones emerge—or, more accurately, we're seeing a broad, accelerated adoption of behaviors grounded in consumers' increased desire for convenience, safety and control.

The behaviors fall into four broad areas: contactless payments, buy online pick up in-store (BOPUS), new online shopping categories and curbside pickup.

Contactless Payments

Consumers are excited to get back into stores, but they seem even more excited about not having to pull out their wallets at checkout.

Looking at numbers from Mastercard, the first quarter of 2020 saw a 40% year-over-year (YoY) increase globally in contactless payments.

2X

In March, contactless transactions grew 2X as quickly as non-contactless transactions in the grocery and drugstore categories.

70%

Of shoppers say the shift from cash is here to stay.

74%

Of consumers say they'll continue to use contactless payments post-pandemic.

BOPUS

Many consumers are looking to combine the convenience and safety of online shopping with the immediate gratification of an in-person shopping experience... minus the in-person shopping.

According to Adobe Analytics, the number of orders placed online and picked up in stores jumped 208% YoY between April 1 and April 20, and over 360% between March 16 and June 11.

50%

Of shoppers decided where to shop online based on whether they could pick up in-store.

80%

Of Target's Q1 2020 e-commerce sales were fulfilled from stores.

278%

Target's Q1 same-day services increased 278%, and drive-up units were higher in Q1 than in all of 2019.

New Online Shopping Categories

People are questioning why they need to buy certain products/categories in person, and many are finding they don't have a good answer, or are at least willing to see if they're right.

63% of consumers bought goods online they hadn't previously considered for purchase online (the number rises to 75% among millennials).

40%

Of Target's customers who used drive-up were new to the service.

460%

Amount of growth Walmart saw in average daily downloads between January and April 5, indicating a surge in brand-new grocery customers who may have never placed an online grocery order..

Holiday

While there's plenty of uncertainty about the upcoming holiday season, it's clear consumers feel the pandemic will still be an issue and plan to adjust their shopping routines accordingly.

60%

Of consumers plan to shop less in-store this season due to fear of COVID-19 exposure.

63%

Of shoppers are slightly or very much more likely to purchase from a retailer they knew was following COVID-19 safety precautions in-store.

59%

Of shoppers plan to shop earlier for holidays this year, so retailers will have no break before the holiday peak-season rush.

39%

Of shoppers plan to start shopping in October, and 30% plan to start on Black Friday/Cyber Monday.

Retail Implications

COVID-19 will drive some basic questions this holiday

This holiday season, COVID-19 will prompt new questions from loyal customers to retailers. Will all locations be open? Is the store clean? Will the product be available? These questions and many others will be on customers' anxious minds as they plan their holiday shopping missions.

Messaging Opportunities in the Customer Journey

Addressing customers' COVID-19-related shopping concerns over the holiday season will be key to the success of both brands and stores. How and where retailers present information will influence whether shoppers feel confident in their journey. Most customers expect to see holiday promotions and decor throughout the path to purchase, both inside and outside the store. These familiar holiday cues also provide the perfect moment to educate shoppers on the best way to safely navigate the brick-and-mortar environment.

In addition to enlisting customer-facing touchpoints, retailers should also review operational opportunities to address COVID.

Customer-facing Touchpoints:

- Exterior leaseline/parking lot
- Interior leaseline
- Interior posters (COVID-19 specific)
- Sanitary stations
- Appointments/queue
- Customer interaction/sales associates
- Device-level shopping
- POS/touchless

Operational Touchpoints:

- Sales rep training/customer interaction
- Store cleaning policy
- Package-handling point
- POS
- Returns
- BOPUS

Three Shopping Trends Shaping Holiday 2020

To help shoppers feel comfortable in a pandemic-aware path to purchase, retailers need to turn moments of anxiety into moments of trust. The best way to do that this holiday is to serve shoppers on their terms with flexible options. Retailers need to create a strong omnichannel strategy that promotes safe transactions, provides immediate gratification and puts products in-hand instantly—with no unnecessary steps or wasted time.

🕒 **Modified In-Store Shopping Experience**

Develop a shopping experience that ensures shoppers are in a safe shopping environment that has been modified to accommodate COVID-19 regulations. Design both customer-facing and operational spaces to accommodate the modified customer experience.

🕒 **BOPUS/Curbside/Express In-Store**

Create a seamless customer experience that links the online purchase process with a safe, convenient product pickup process.

🕒 **Home Delivery**

Provide a safe method of delivery for consumers who cannot venture out to the retail store.

Best Buy Makes the Best of Unprecedented Times Ahead of an Uncertain Holiday

In response to COVID, Best Buy has retooled its space to provide customers with a safe environment to shop, reinforcing the extra efforts made to protect health with signage throughout the store. Moreover, the retailer implemented strict hygiene policies for shoppers and associates ranging from mandatory mask requirements to appointment-only Blue-Shirt support for product assistance and demos.

The retailer also created a safe, seamless BOPUS experience that recently accounted for 40% of online sales, according to the retailer's third quarter 2020 earnings call. The success of that program proved to Best Buy that it was time to modify some of its existing brick-and-mortar locations to become distribution/BOPUS centers.



It's not about less stores," CEO Corie Barry said. "It's about using stores differently and meeting the customer where they want to be met.



Best Buy's awareness of COVID, the new shopper experience and its intersection with the upcoming holiday shopping season will ensure customer loyalty and satisfaction in an uncertain time.

A Holiday Shopping Experience for the New Normal

New shopping patterns formed during COVID will reshape retail. Like an immune system, smart stores will learn from this exposure and create responsive, resilient environments that minimize future disruptions and optimize shopper experience. Here are store strategies we believe will remain relevant long beyond the holiday.

Design

From a design perspective, retailers and brands should look at the shopper experience from curbside back and create spaces that can perform multiple functions — discovery, fulfillment and checkout — simultaneously or transition between functions without disrupting the shopper experience.

Think:

- 🕒 Flexible storefronts: Make exterior spaces more interactive and shoppable to monetize space. Include navigation to provide clear direction for different points of entry, calling out areas for curbside pickup, returns and special parking zones for BOPUS.
- 🕒 Modular interior layouts: Make floorspace more fluid and dynamic to accommodate shifting shopper and retailer priorities

Technology

Keeping in mind that consumers are looking for convenient experiences, retailers and brands also need to consider how they design and deploy technology in ways that reduce or remove friction points and allow shoppers to engage and transact in fluid, nondisruptive ways.

Think:

- Touchless engagement: QR-code-driven virtual assistants, AR/VR technologies allow people to interact and browse products or content, order products, etc. without direct sales assistance.
- Contactless checkout options: Move shoppers straight from displays and shelves to the door.



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If you need help adapting your marketing plan to the new normal, we're ready to talk.



George Bird is Director of In-Store Experience at MERGE. George's passion is focused on creating thoughtful brand customer experiences through the use of technology, design and shopper strategy.



Neil Cleary is Vice President of Strategic Planning at MERGE. He answers not just the “what” and “why,” but also the critical question of “how” by looking at challenges through a consumer lens—from the numbers and stats to what’s in their hearts and on their minds—to develop strategies, ideas and experiences that create connections and drive business results.