

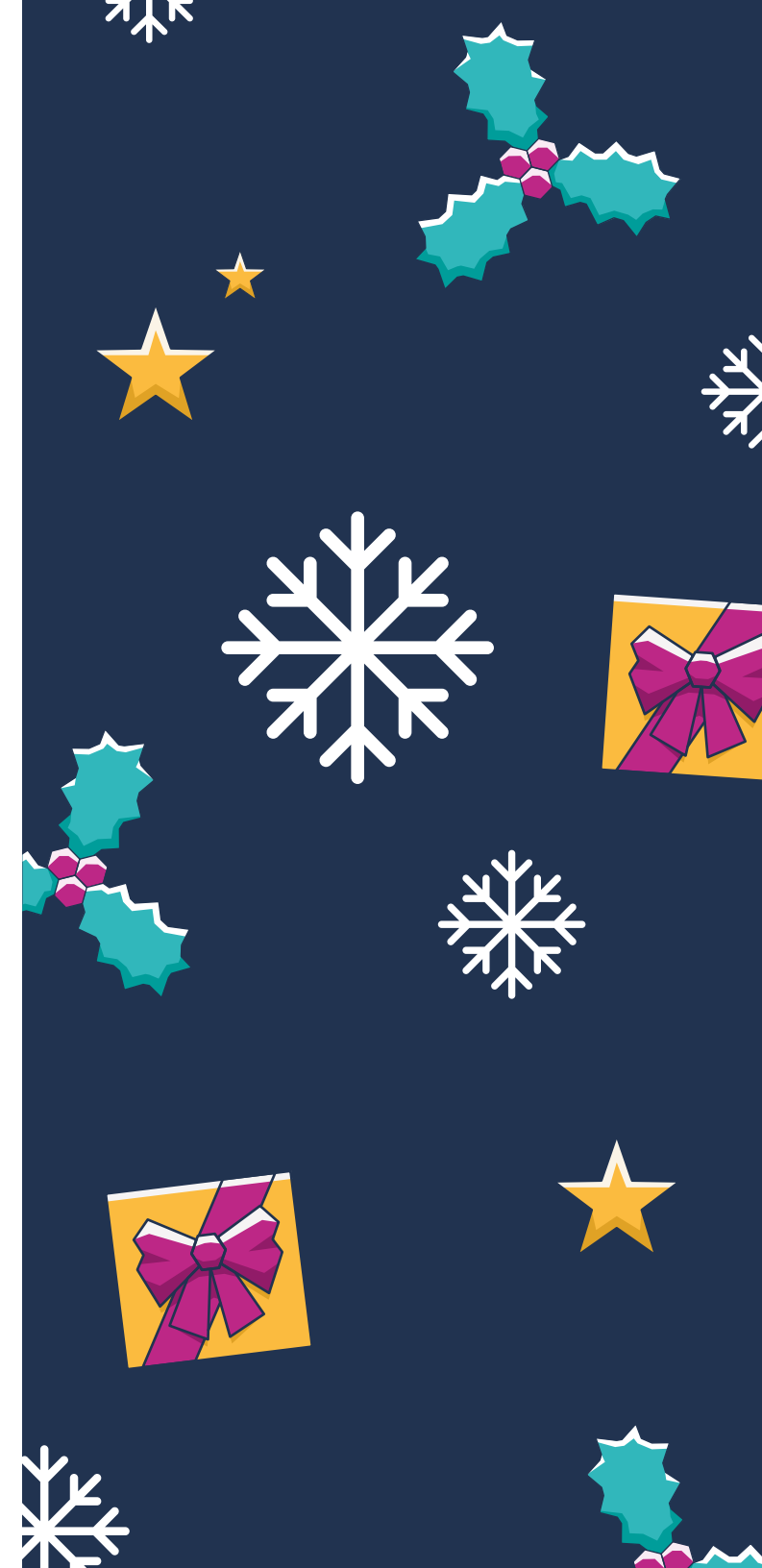


A Season Unlike Any Other

2020 Loqate Holiday Shopper Insights Report

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DEMOGRAPHICS

The 2020 Loqate Holiday Shopper Insights Report explores the behaviors, trends, and expectations of over 1,200 U.S. consumers. Respondents are broken down as follows:

Age

18-24	Gen Z	11%
25 to 34	Millennial	20%
35-54	Gen X	41%
55+	Boomer	28%

Gender

Male	56.02%
Female	43.67%
Not listed	0.08%
Prefer not to answer	0.24%

Employment status

Employed full time (30 hours / week or more)	49.32%
Employed part time (up to 30 hours/week)	7.33%
Self-employed	4.94%
Unemployed	4.14%
Unemployed due to COVID-19	4.46%
Homemaker	4.78%
Student	3.59%
Military	0.32%
Retired	15.54%
Unable to work	5.58%

Household income

Less than \$20K	17.06%
\$20K - \$49,999K	25.2%
\$50K - \$99,999K	30.88%
\$100K - \$149,999K	14.9%
\$150K - \$299,999K	10.88%
More than \$300K	1.08%

ABOUT LOQATE

Loqate is the world's most trusted location intelligence service, helping every business in the world reach every customer in the world, with a single global API for address verification. Over 15,000 businesses rely on Loqate every day, including Nordstrom, IBM, Ralph Lauren, Sephora, and Kohl's to reach their customers across 245 countries and territories.

Loqate is a GBG solution. Headquartered in the UK and with people in 16 countries, GBG is a global identity data intelligence specialist, with solutions across location, identity and fraud. For more information, visit: www.loqate.com and www.gbgplc.com

INTRODUCTION

The 2020 holiday season might be unrecognizable

The most wonderful time of the year is upon us once again. But things might look a bit different from past holidays.

Contactless delivery, masked shoppers, and socially distant celebrations are only a few of the things that will make this a holiday season like no other. The COVID-19 pandemic has transformed shopper habits and upended holiday peak season norms, raising questions about what the 2020 holiday shopping season will look like for consumers and retailers alike.

For our 2020 edition of the Loqate Holiday Shopper Insights Report, we're examining the habits and expectations of 1,200 U.S. consumers to help you better understand how they are planning to travel, shop, and ship this holiday season.

In this report, we will answer this holiday season's most pressing questions:

- How will COVID-19 affect the way consumers celebrate the holidays?
- How do shoppers plan to alter their holiday travel plans?
- What are the top concerns plaguing today's holiday shoppers?
- How can retailers best engage holiday shoppers and come out strong in 2020?

Let's deep dive into the data of an unprecedented holiday season like no other.





HOLIDAY TRAVEL & CELEBRATION

No place like home for the holidays

Consumers are overhauling everything from Thanksgiving dinners to annual visits with grandma as holiday travel & celebration plans are reimagined with safety, convenience, and efficiency in mind.

Given the uncertainty and unknowns due to the pandemic, more than half of consumers (57%) have canceled their holiday travel plans.

Despite COVID-19, Americans still seem willing to travel short distances for the 2020 holiday. 17% of shoppers are tempted by the [recent price drop in domestic Christmastime flights](#), but holiday cheer won't be spreading across borders as only 8% of consumers plan to travel internationally this season.

19% of consumers will still be rockin' around the Christmas tree...just virtually (over Zoom, FaceTime, or other video conferencing tools).



Average price of 2020 Domestic flight*
40% drop from 2019



Average price of 2020 International flight*
22% drop from 2019



59%
planning in-person gatherings with family



19%
planning virtual-only holiday gatherings



TURN YOUR HOME INTO A HOLIDAY GETAWAY

Prep your home - little touches can make it feel like a luxurious vacation spot - think extra pillows, throw blankets, or candles.

*Source: Holiday Confidence Report: Traveling for the Holidays During Covid-19, 2020, Hopper



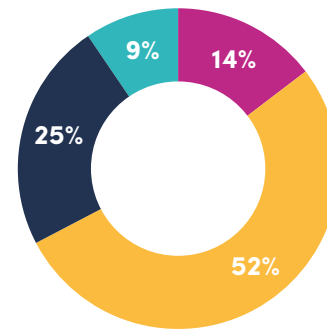
SHOPPERS AREN'T WAITING FOR THE HOLIDAYS

Making wish lists before breaking wishbones

Historically, shoppers transform into bargain hunters around the holidays, often braving long Black Friday lines and scouring Cyber Monday sales to find the right product at the best deal. What about this year?

Preparing early will be crucial for retailers this year, considering that 31% of consumers have already gotten a head start on their holiday shopping.

Because of COVID-19 closures, expected shipping delays, and potential worries about out of stock items, only 2% of last-minute shoppers are willing to wait until Christmas Eve to purchase gifts.

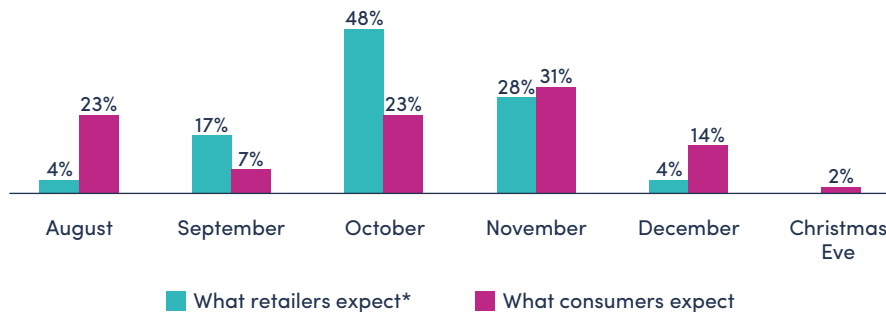


How late should consumers wait to order holiday gifts?

- On or before December 13th
- Between December 14-17th
- Between December 18-21st
- After December 21st

Source: Ecommerce 2020 Holiday Shipping: A Consumer and Retailer POV

When will consumers start shopping this year?



*Source: NRF Holiday Planning Survey 2020



EARLY-BIRD GETS THE WORM. START YOUR HOLIDAY PROMOTIONS TODAY.

Retailers anticipating a heavy amount of holiday retail traffic should prepare to extend their holiday promotions over longer periods of time.

Example: [Walmart reinvented Black Friday](#) with “Black Friday Deals for Days.” The first sale starts online Nov. 4 and in stores Nov. 7; the second starts online Nov. 11 and in stores Nov. 14; and the final starts online Nov. 25 and in stores Nov. 27.



ONLINE VS IN-STORE

The weather outside is frightful, but online is so delightful

This year will see far fewer shoppers dashing through the snow than ever before. Considering the pandemic and the news of a second wave, it's unsurprising that **55% of shoppers** said COVID-19 is their top concern around holiday shopping.

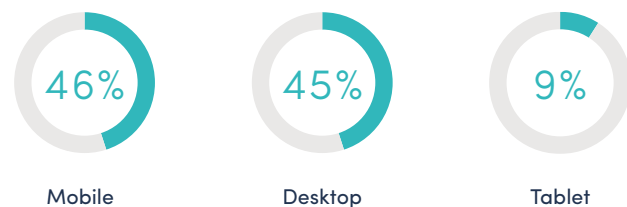
As a result of the COVID-19 pandemic, digital is taking over this holiday, with 73% of shoppers planning to shop mostly online.

Brick and mortar stores who have explored alternate fulfillment and pickup strategies in the last six months are in prime shape to engage the 27% of shoppers who still intend to shop in person this season.

65% of consumers say they are most concerned about catching the virus*

How are Americans shopping this season?

By device:



*Source: PwC 2020 US Holiday Outlook

Already preparing to cater to the cautious shoppers risking the in-store experience, **81%** of retailers cited extra precautions being set up to keep shoppers safe.



Source: Why Retailers Need to Get Proactive – And Digital – Ahead of the Holidays, 2020, Paypal



OPTIMIZE YOUR ONLINE UX FOR DELIGHTFUL CX

This holiday, nearly every activity will be happening online. But before retailers can cash out, they must first design an experience that consumers deem worthy.

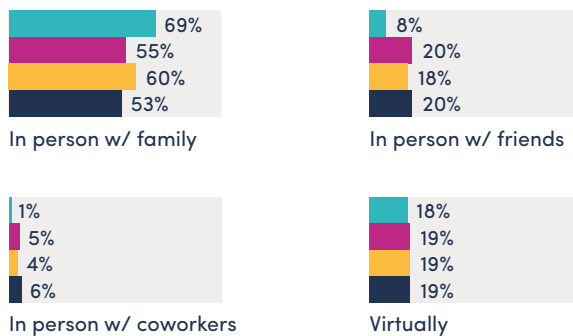
Optimize your registration and checkout processes. From stripping back visible elements and fields to improving your validation, field labels, and field types, these final-steps in the buying funnel are key to converting customers.

Demographic Snapshot

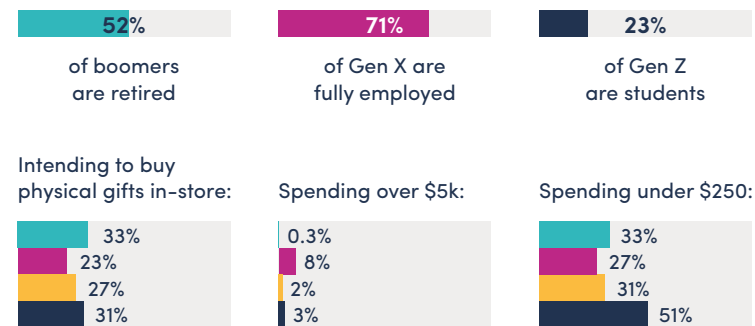
GEN Z VS MILLENNIAL VS GEN X VS BOOMERS



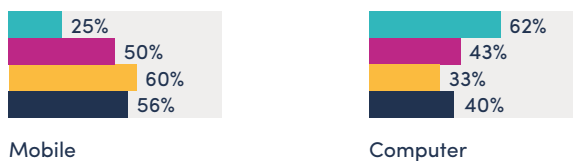
How will generations be celebrating this year?



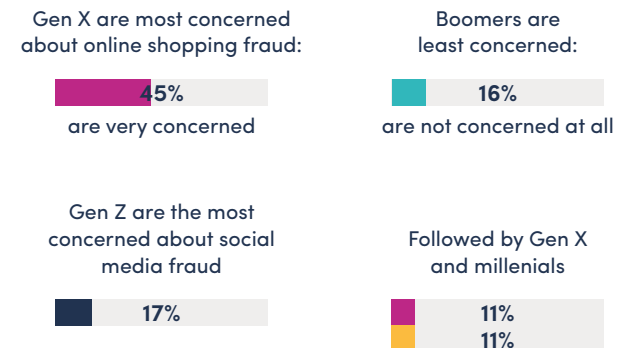
How will generations be spending this year?



What devices are online shoppers using?



Fraud Fears





GENERATION ZOOM IS BECOMING MORE DIGITALLY SAVVY

Grandma got ran over by a (digital) reindeer

As the number of businesses transitioning to a digital-first strategy increases, older generations are logging onto digital platforms like Zoom, mobile shopping apps, and social channels for the first time. Shoppers 55+ are adapting, and fast...

// While Gen Z and Gen Y have traditionally driven the growing trend of online shopping, social distancing restrictions have meant many older shoppers have had to start to adapt and start shopping online for the first time – leading to a 65% increase in online shopping by the over 50’s”
Danielle Grant, Senior Marketing Director – Paypal

67% of 55+ shoppers plan to take advantage of the convenient and risk-free option of shopping online this holiday season.*

Pre-COVID**
82% of boomers made less than 50% of purchases online.

Post-COVID**
47% plan to increase their online shopping.

Sources: *PwC 2020 US Holiday Outlook
**NRF's Consumer View Spring 2020



62%

of boomers will be using computers to complete their holiday purchases.



57%

of boomers plan to spend the same as last year, but only **10%** plan to spend more.



DELIVER A SIMPLE, SEAMLESS ONLINE EXPERIENCE FOR ALL AGES

Consumers over the age of 55 are now turning to eCommerce. This holiday season is a welcome opportunity for retailers to keep them online long term. But, some of these digital newbies may still require a gentle touch. Generation Zoom will benefit from a simple online experience. Make it easy for them with a **well-designed UX** and an easy to navigate checkout page; many have higher spending power and more consistent, pension-based income.



SHOPPERS WILL BE SPENDING JUST AS MUCH AS LAST YEAR

Santa baby, I want a yacht and really that's not a lot

Economic uncertainty and record unemployment levels have left holiday shoppers more budget-conscious than ever. Yet, despite concerns of financial instability, consumer spending for the 2020 holiday season appears strong.

Canceled vacations and scaled-down celebrations could mean more money for gifts this year. 42% of consumers surveyed anticipate spending the same amount on holiday gifts as last year, and 19% expect to spend more than last year!

Holiday gift budgets

Less than \$50	4.99%
\$51 - \$100	8.65%
\$101 - \$250	17.8%
\$251 - \$500	24.46%
\$501 - \$750	13.48%
\$751 - \$1,000	15.64%
\$1,001 - \$5,000	10.9%
\$5,001 - \$10,000	2.16%
More than \$10,000	1.91%

What factors most impact consumer's holiday purchase decisions?

Free shipping	18.55%
Sales & promotions	16.61%
Digital wish lists	10.41%
Product reviews	10.18%
Recommendations from family / friends	9.38%
Buy online, pick up in store	9.18%
Contactless delivery options	6.17%
Expedited shipping	6.03%
Gift wrapping	5.35%

In 2019, the [average consumer who bought Christmas gifts spent](#)

\$928.76

Analysts are projecting sales of about **\$1.15 billion** between November 2020 and January 2021.



Source: Why Retailers Need to Get Proactive – And Digital – Ahead of the Holidays, 2020, Paypal



ENGAGE BUDGET-CONSCIOUS SHOPPERS WITH DIRECT MAIL

Increase brand awareness and drive holiday sales by [adding direct mail to your holiday marketing strategy](#).

Engage budget-conscious shoppers with promotions, coupons, and special savings.

84% of consumers purchased an item after seeing it in a catalog. Even more, over half of the people who received direct mail from e-retailers (**51%**) visited the retailer's website as a result.



GIFT GIVING AND EXCHANGING, SHIPPING DIRECT

The not so secret Santa

If only 18% of people will be venturing away from home, it's safe to say that this season's shoppers will likely be opening more cardboard packages than hand-wrapped gifts. But shipping can be a complex practice, and sending gifts to family in the U.S. is not as easy as sending to friends and family overseas. With 43% of people already planning to ship internationally this year, both retailers and consumers must consider the nuances that come with cross-border delivery.

How will gifts be given this season?

26% of consumers plan to ship gifts directly to recipients rather than delivering them in-person.

Retailers should be prepared to support an increased number of international gift deliveries, considering that **8%** of U.S. consumers aren't booking any international travel this holiday season.

Things to consider when shipping internationally:



International address formats



Shipping timeframes



Carrier surcharges



Custom regulations



Fees

DID YOU KNOW?



In Puerto Rico, an estimated **30% of dwellings** have no formal address whatsoever.



In Japan, people start their address by entering their postal code.

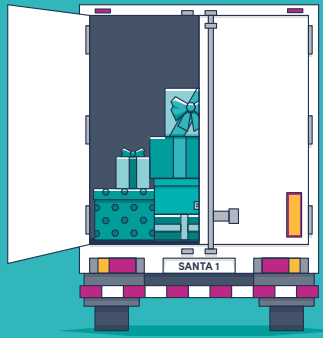


HOW IMPORTANT IT IS TO GET THOSE INTERNATIONAL ORDERS RIGHT!

When shipping cross-border, customers are entering international addresses with unfamiliar formatting (and maybe even in other languages) - make it easy for them to search and find the right location with autocomplete.

40% of consumers trust retailers with autocomplete in the checkout process more

How is that "trust" shown? **23%** would make additional purchases from this retailer in the future and **11%** would choose this retailer over one that does not offer autocomplete



ONLINE DELIVERY, BOPIS, FULFILLMENT STRATEGIES

Santa won't be hurrying down the chimney tonight

The surge in online shoppers leaves no doubt that the 2020 holiday season will set records for eCommerce sales. But, consumers are expecting quicker and cheaper delivery now more than ever.

As the shift to digital kicks into high gear, we're seeing carriers fight back against the nearly unmanageable increase in package volume with [new holiday surcharges](#). In response, retailers have begun re-evaluating their holiday strategies in hopes of reaping all the benefits of the online rush while minimizing costly consequences.

New holiday surcharges are influencing behaviors for retailers and consumers alike, causing a new host of worries and unrealistic expectations when it comes to delivery.

Top Retailer Concern:

63% of retailers are worried that consumers will demand fast, free shipping at the same time that third-party shippers plan to charge peak-season surcharges.

New carrier surcharges:

USPS (\$0.24 - \$1.50)

UPS (\$1 - \$3)

FEDEX (\$1 - \$5)

To offset delivery concerns, shoppers will be exploring alternate pickup options:



Contactless delivery



BOPIS



Curbside pickup

Despite the reliability and convenience of online shopping with options like BOPIS

fewer consumers prefer it **(9%)** when compared with free shipping **(19%)**

46% of retailers report they will be offering curbside pickup this year.*



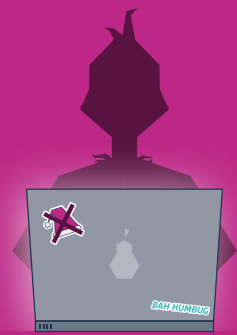
EXPAND DELIVERY AND FULFILLMENT OPTIONS

The COVID-19 pandemic isn't only changing consumers' spending habits. It has also put pressure on retailers attempting to keep pace with growing eCommerce demands. Fewer consumers are planning on shopping the way they did last year, which means retailers need to think differently.

What fulfillment/delivery strategies should companies prepare for the holidays?

- ★ Alternative pickup options
- ★ In-store fulfillment
- ★ Independent carrier services
- ★ Lockers

*Source: Why Retailers Need to Get Proactive – And Digital – Ahead of the Holidays, 2020, Paypal



FRAUD CONCERNS AND EXPECTATIONS

You're a mean one, Mr. Grinch!

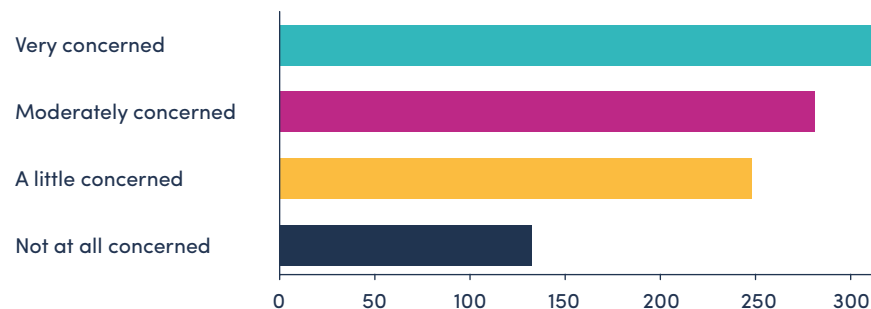
Coronavirus isn't the only concern for holiday shoppers. With the influx of packages being delivered this year, 50% of shoppers anticipate that the number of fraud attempts will increase. Concerns are not unfounded, as history shows an increase in missing and stolen packages reported around this time of year.

30% of Americans are very concerned that this increase in eCommerce will draw the attention of holiday fraudsters.

Social media account fraud was the second most concerning type of fraud expected this year, unsurprising considering that eCommerce web visits stemming from social media has [more than tripled in the past three years](#).

Shoppers Beware! Jack Frost may be nipping more than noses this season, and location plays a big part - 46% of urban shoppers are very concerned about stolen packages. A stark contrast to the 19% of rural shoppers who are not concerned at all.

How concerned are Americans about packages being stolen?



Top services consumers are most concerned will be compromised this season:

Financial services (bank account, credit card account, lending)	13.94%
Social media account(s)	11.21%
Mobile phone or service	10.23%
Email Address(es)	10.14%
Voting	8.09%
Peer-to-peer payments (e.g. Venmo, Paypal, Zelle)	7.99%
eCommerce (online retail) accounts	7.5%
Online grocery or restaurant deliveries	6.29%
Health records and information	5.99%
Taxes or federal disbursements (e.g. CARES Act Stimulus payments)	5.75%
Pre-paid cards	5.46%
Insurance	4.24%
Gambling or fantasy sports league account(s)	2.68%
Other	0.49%



UTILIZE ACCURATE DELIVERY DATA

Capturing accurate customer contact data ensures shipments are sent to a genuine location.

[View the case study](#) to see how Marc Fisher reduces address errors by **70%** with Loqate's address verification.

Community Snapshot



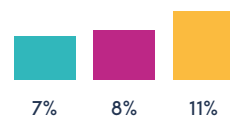
RURAL VS SUBURBAN VS URBAN

■ Rural ■ Suburban ■ Urban

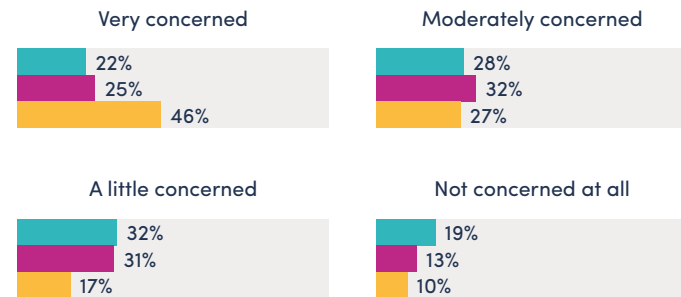
Who's most comfortable with in-store shopping?



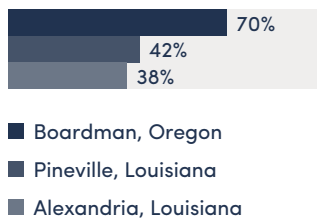
Percentage of shoppers that consider BOPIS when making shopping decisions



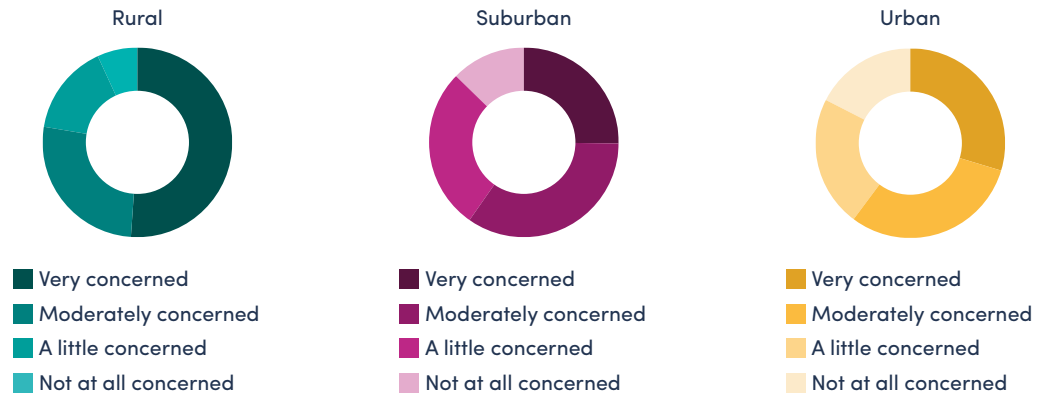
Package theft concerns



Top 3 U.S. cities where the highest percentage of suspected fraudulent e-commerce transactions originated from in the 2019 holiday shopping season



How concerned are Americans that packages will not arrive on time?



Source: TransUnion's 2019 Holiday Retail Fraud Survey





DELIVERY BEST PRACTICES

All I want for Christmas is on-time delivery

T'was the night before Christmas and your packages weren't there. As you may have already guessed, timely deliveries will play an important role this season. A happy holiday is one in which gifts and well wishes get to the right person at the right time. But as we've seen above, there is a list of obstacles making it harder to reach that goal this year.

38% of shoppers are very concerned that packages will not arrive on time.

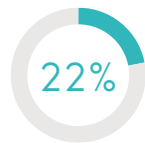
1 IN 20 online orders never reach their destination— If businesses fail to capture accurate address data in the checkout, the chance of an item reaching the correct recipient is greatly reduced.*

57% of consumers say they would avoid using a retailer again if they had a negative delivery experience.*

Use Address Verification and autocomplete to capture and maintain accurate customer data & improve these operational inefficiencies for good.



40% of shoppers trust retailers with autocomplete more than those without.



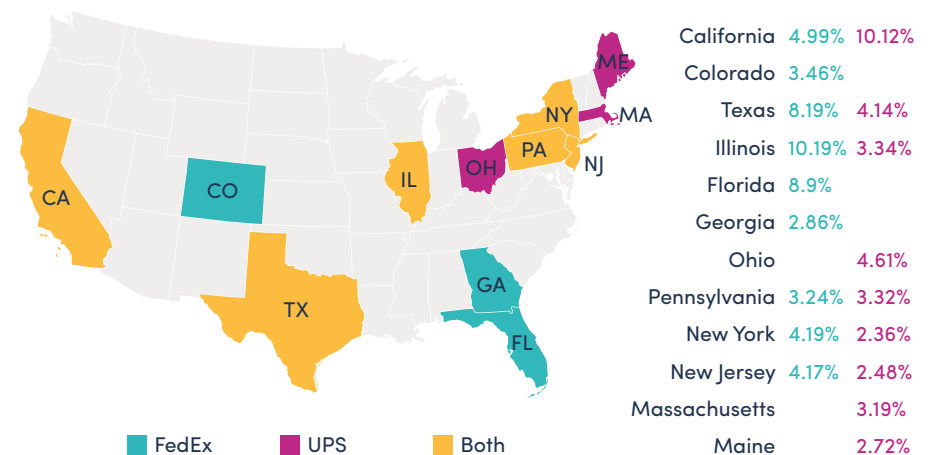
As a result, 22% of shoppers would make additional purchases in the future from that retailer...



...and 20% would register for an account.

*Source: Loqate, Fixing Failed Delivery Data

Delivery delay percentage across states in the U.S.: UPS & FedEx



Source: FedEx & UPS BFCM 2019 Delivery Highlights

MAKE A LIST AND CHECK IT TWICE WITH ADDRESS VERIFICATION

Without Rudolph, retailers will need another way to ensure packages are delivered on-time. How Loqate can help:

- Address Verification
- Simplify Checkout
- Reduce Form Fields



CONCLUSION

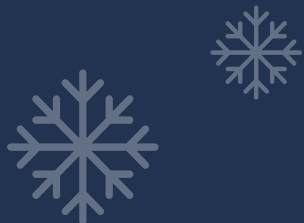
How do we still make this a great holiday season?

This year's holidays will likely be rocked by the Covid-19 pandemic, and many expect that these effects may be felt for years to come. But retailers are staying focused on recovery, even as the future of retail leaves many uncharted paths to cross. Over the last several months, retailers have proven their ability to rapidly adapt to the unexpected while also keeping consumers' safety at the forefront.

With many strategies and tactics created to cater to both the customer experience (CX) and the bottom line, the path forward is optimistic for a healthy holiday season. Those who make data-driven decisions and can quickly respond to evolving consumer trends have the best chance of success in the months to follow.

Knowing this holiday season will be anything but typical, we're committed to bringing forward technologies that retailers need to deliver exceptional experiences to every customer, wherever they are located. This is why companies like Nordstrom, Ralph Lauren, and Kohl's trust Loqate to support them during the peak shopping season.

Our team is here with the solutions, data, and knowledge necessary to help you succeed through this holiday season and beyond. For more tips on how our Address Verification solutions can help improve your customer experience and bottom line, download our [Retail Use Case Guide](#) today.



loqate.com

