

2020 Holiday Shopping: Starting Early, But Still Finishing Late

Retail brands have met with an impressive degree of success in rising to the challenges presented by the Coronavirus pandemic. They have worked assiduously to address supply chain issues, rapidly re-engineer store operations, and stand up capabilities to support workers, from management to customer service, who have been driven from the office to their dens and living rooms - all while maintaining quality customer experiences both in-store and online. Now, with barely a pause to catch a breath, they are deep into the more familiar chaos of the holiday shopping season. Where do brands stand in customers' eyes as shopping gets underway? And how have customers' expectations shifted against the extraordinary backdrop of the pandemic?

Radial and CFI Group surveyed 500 online shoppers between September 29 and October 5, 2020 to continue our ongoing assessment of how they feel about their customer service interactions with brands they have used recently, and to gather insight on how they planned to tackle their holiday shopping. The results show that while 2020's extraordinary circumstances have certainly altered consumers' expectations and planned behaviors, some habits – like holding out to the last possible moment for a deal – are still well-entrenched among many shoppers.

SATISFACTION WITH CUSTOMER SERVICE REMAINS STRONG

As was true in our previous research this past summer, respondents to our most recent survey reported levels of satisfaction with their customer service interactions in brands' call centers and online service platforms well above those at the same time in 2019. We noted in our prior reporting that our survey results over the past several quarters showed consistently improving scores that have recently leveled off somewhat, suggesting that brands had succeeded in raising the bar for customer service performance on a sustainable basis. Our most recent survey wave bears this result out. Overall customer satisfaction with service interactions held steady from the prior survey wave, and scores 6% higher than it did

at the same point in 2019. Respondents' Net Promoter Scores for the brands they used rose 7 points over the same period, though the proportion of "promoters" among our recent respondents was down 8 percentage points from our summer survey. Brands appear to have entered the end of the year shopping season with a full reservoir of goodwill among online shoppers.

ONLINE HOLIDAY SHOPPING IN THE TIME OF COVID

Based on what respondents to our most recent survey said about their holiday shopping plans, brands will need this goodwill, along with all the new technological tools and operational improvements they have deployed in recent years, to meet online customers' needs and expectations. Among our survey respondents, 73% reported that they planned to do more shopping online for the holidays this year, estimating that they would rely on this channel for 63% of their year-end purchases. This figure is a bit higher even than what respondents in our two most recent survey waves told us about their general levels of online shopping since the start of the pandemic (57% this past summer and 56% in our current survey, respectively).

To place these numbers in the broader retail context, National Retail Federation statistics show that in 2019, 20% of holiday shopping was online, and recent consumer surveys of all shoppers suggest that this figure is likely to rise to something more like a third of all shopping in 2020. Long story short, brands appear likely to be in for at least a 50% increase in the share of online shopping this holiday season, driven largely by a set of consumers that are increasingly reliant on that channel. Also increasing this holiday season: consumer demand for fulfillment via BOPIS/BOPAC (buy online, pickup in-store/at curb) models. Respondents to our most recent survey told us that they planned to use BOPIC/BOPAC fulfillment for 30% of their online purchases, nearly double the 18% of the time they had reported using in July.

CUSTOMERS HOPING FOR THE BEST BUT PREPARING FOR LESS

As many have anticipated, it does appear that customers intend to get more of their online shopping done sooner in 2020 than they may have in prior holiday seasons. A study from mid-September cited in People magazine found that 50% respondents had already begun their general holiday shopping; our survey, fielding just a few days later, found a similar result, with 40% of our online shoppers saying they had started to shop.

Interestingly, the People magazine study found that one of the drivers of this early shopping was “boredom,” as shoppers found that many of their typical activities for the fall were constrained or absent due to the pandemic. Our survey asked respondents to focus more directly on the online shopping experience and common issues that have emerged since the onset of the “new normal” this past spring. Perhaps unsurprising given the delays that have plagued many retailers over the past several months and the high demands upon shippers, 80% of our respondents told us that they planned to add extra time to allow for delivery issues for online orders. They also hinted at the potential impact of ongoing supply chain issues upon their holiday shopping, with 58% agreeing or strongly agreeing that they expected it to be harder to find items online compared to 2019.

These figures suggest that even now, many retailers have been experiencing higher volumes of online shopping than they did at this point last year. But how will this play out over the rest of the holiday season? When do people plan to have their online shopping wrapped up?

Figure 1 provides the answer found in our survey data. Despite an early start and the potential pitfalls of online shopping this holiday season, only 45% of our respondents told us that they would be done with all their shopping on or before “Cyber Monday” (November 30). However, most do not plan to wait too much longer – by December 10, just over three-quarters plan to be done.



That said, some habits die hard, and roughly one-third our respondents reported that despite the issues in 2020’s online retail landscape, they intend to white-knuckle their online holiday shopping in search of the best possible pricing. In our survey, 55% of shoppers agreed or strongly agreed that they were willing to hold out until the last

possible moment if it means they can get a better deal on their desired items; slightly more than half of these respondents said that they planned to shop past (and sometimes well past) Cyber Monday. Though it may sound odd, these customers were slightly more likely to be cognizant of potential delivery and stocking issues than our respondents as a whole, but remain content to roll the dice on late shopping nonetheless.

Overall, our survey results suggest that while customers have adjusted their expectations for online holiday shopping in this unusual year, and may intend to change some of their behaviors, the elves in Santa’s online workshop are likely still in for a typically hectic season. Brands that can both successfully manage expectations with their customers in the long run-up to the holidays and be prepared for significant pressures as the big days approach will be best positioned to maintain their hard-earned shopper goodwill through the end of this year and into the new.

About CFI Group (cfigroup.com)

Since 1988, CFI Group has delivered customer experience measurement and business insights from its Ann Arbor, Michigan headquarters and a network of global offices. As founding partner of the American Customer Satisfaction Index (ACSI), CFI Group is the only company within the United States licensed to apply customized ACSI methodology in both the private and public sectors.

About Radial (radial.com)

Radial Inc., a bpost company, is the leader in omnichannel commerce technology and operations. Premier brands around the world confidently partner with Radial to deliver their brand promises, anticipate and respond to industry disruption, and compete in a rapidly evolving market. Radial’s innovative solutions connect retailers and customers through advanced omnichannel technologies, intelligent payments and fraud protection, efficient fulfillment, supply chain services, and insightful customer care services – especially where high-value customer experiences are critical.