

An Astound Insights
Special Report

Home for the Holidays?

8 Ways Brands Should Prepare
for This Unprecedented Season



Introduction



Paleontologists and evolutionary biologists often speak of “punctuated equilibrium” — a time of rapid evolutionary change following a long span of stasis. Such periods typically occur following a cataclysmic episode—the massive asteroid strike that wiped out the dinosaurs, for example. By any evaluation, COVID-19 is a punctuated equilibrium event for retail. It changed everything, and many of these changes will be permanent.

Against that backdrop, the 2019 holiday season feels like a lifetime ago, in a robust economy as yet unaffected by a global pandemic. But taking a clear-eyed look back, we see that initial retail forecasts were lackluster, with analysts predicting a significant downturn from 2018. The final figures belied those early grim predictions, however, with the National Retail Federation confirming that retail sales for the last two months of 2019 grew by 4.1 percent year-over-year (YOY) to \$730.2 billion.

Further, research by MasterCard found that ecommerce growth skyrocketed, jumping 14.6 percent for the same period, and the Auriemma Consulting Group determined that shopping via mobile wallets soared by 75 percent YOY. MasterCard also confirmed that more than 35 percent of all retail sales were conducted through smartphones, an increase of 14 percent over 2018.

Apps ruled the day, and that’s unlikely to change: GetSocial found that apps posted a conversion rate that’s three times greater than mobile sites, and 1.5 times greater than desktops. Multichannel businesses—retailers supporting both physical stores and ecommerce platforms—profited by a 35 percent bump in BOPIS (buy online, pick up in store), as noted in research by Adobe.

In short, 2019 saw moderate increases in overall holiday retail purchases—but an explosive acceleration in ecommerce.



When It All Changed

Following the 2019 holiday season, brand managers and retailers anticipated a year of steady—even dramatic—growth. Unemployment was at historic lows. The stock market was riding high. People had the means and disposition to spend. There was every reason to expect a prosperous and profitable 2020, culminating in a successful holiday season.

Then the coronavirus set everyone—both consumers and retailers—back on their heels. We are now dealing with the greatest economic downturn since the 2008 recession, and the virus still has not been quelled. There will be pain in the coming months—including during the holidays. But all is not doom and gloom. Along with the challenges, there are and will be opportunities. And merchants who identify these opportunities, and the trends that sustain them, will thrive.

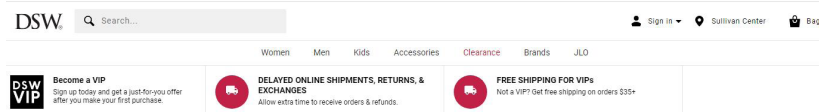
In an effort to clearly understand the retail landscape during these turbulent times, we have closely monitored the shopper mindset through multiple consumer research surveys, as well as kept an eye on trends in retail's response to customers' shifting shopping behaviors. These efforts have illuminated eight key considerations for businesses navigating the upcoming 2020 holiday season.

Hopes of exceeding or even meeting last year's numbers are unlikely to be realized, but a customer who feels valued and understood during these difficult times will reciprocate with the best of all possible gifts—loyalty that will carry through 2021 and beyond.

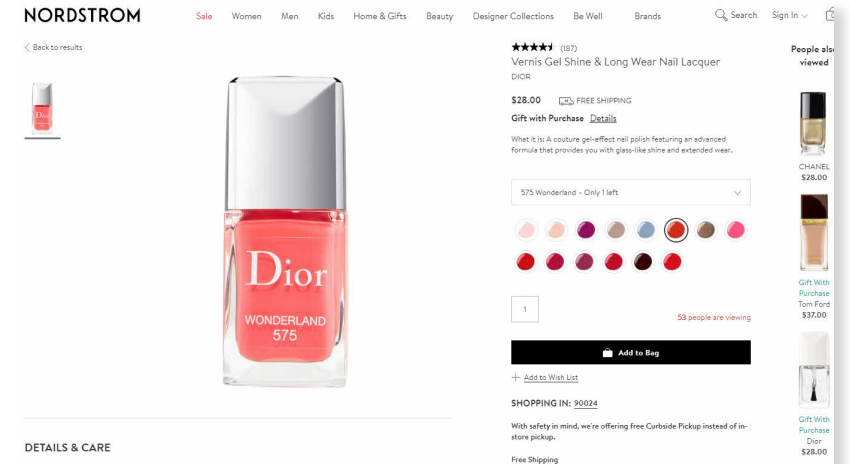
REMEMBER THAT TRANSPARENCY IS KEY.

Companies with transparent and easily accessed information are seen as trustworthy and honest. Accurate product information—including sustainability details, stock status, and comprehensive shipping and delivery information— isn't simply an incentive for shoppers. It's a necessity for retailers.

In conducting the research for our [2020 Global Consumer Survey Report](#), we found that 65 percent of all shoppers had encountered out-of-stock issues in the first months of the COVID-19 pandemic. Subsequent confusion over in-store and online stock status, shipping time frames, and back-in-stock projections led to immense shopper frustration and anxiety. Of consumers surveyed in the US, Canada,



DSW alerts shoppers of potential delays on the home page and calls out return policy extensions.




Nordstrom uses real-time inventory and viewing information to thwart abandonment.

Europe, and the Middle East, 48 percent stated the projected speed of delivery had a major influence on the retailers and brands they chose to engage with.

These concerns linger on as the pandemic continues, and smart retailers are moving quickly to address them. Nordstrom, for example, now shows their online customers the number of people who are viewing an item. This technique validates shoppers by notifying them of popular or trending products. It may also nudge them to click the purchase button by creating a sense of urgency, especially when paired with low-inventory messaging—e.g., a popular handbag color may soon sell out.

BRIDGE THE GAP BETWEEN OFFLINE AND ONLINE.

As the pandemic developed and shelter-in-place orders took effect, shopping in physical stores became unpopular or even impossible. Savvy merchants pivoted sharply, using video shopping to replicate the in-store shopping experience. Consumers responded favorably. A Forbes survey found that 65 percent of consumers are more inclined to make a purchase after viewing product videos. Moreover, a single video can prove astonishingly effective as a sales engine: Dollar Shave Club garnered 5 million views and received 12,000 orders within two days of releasing an amusing product video.





[BOOK AN APPOINTMENT](#)
[SHOP LULULEMON](#)


Virtual personal shopping is here.

Our digital educators are ready to meet over video chat to answer your product questions, help you find the right fit, and discover gear you'll love—so you can shop from the comfort of your couch. Oh, and this service is completely complimentary.


Here's how video chat works.

You're just three steps away from chatting with one of our friendly digital educators. We can't wait to connect with you.

- 
1. Choose your appointment.
Pick a date and time that works best for you.
- 
2. All about you.
Let us know what you're looking for, so we can prepare for our appointment.
- 
3. Confirm your spot.
We'll send you an email to confirm your appointment and give you everything you need to connect with us. Don't forget to check your spam folder in case it gets lost.



VIDEO APPOINTMENT



SKINCARE 101

15-20 minute video call

Find your perfect daily skincare regime, tailored specially to your skin type so that you can banish away your skincare concerns and give your skin a little extra loving!

To help you get the most out of your appointment, we advise that you bring along some of your own products as our No7 experts guide you through the No7 'Skincare 101' technique. You'll be a pro in no time!

[Book Now](#)

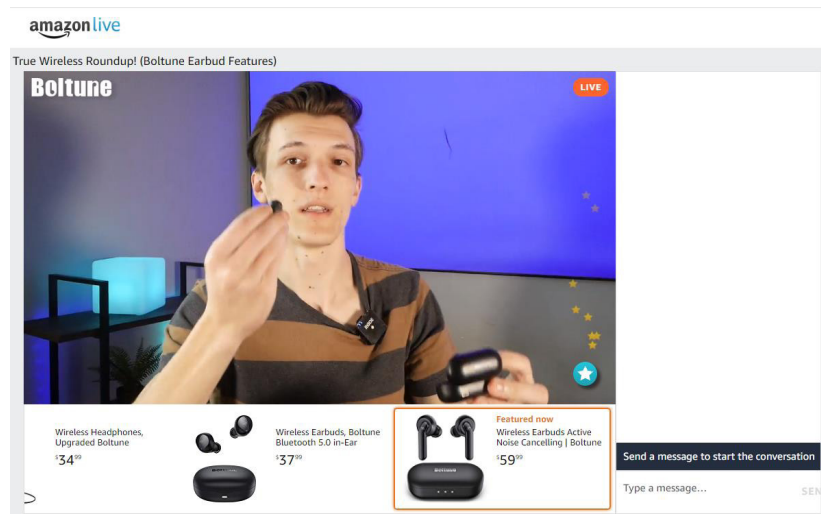
Lululemon and Boots offer video conferencing for a personalized one-on-one experience.

Retail videos are tracking a general upward trend in usage as people become more comfortable with and employ dedicated apps to connect with family, friends, and business associates while sheltering in place. And all indications are that retail video options will remain essential through the 2020 holiday season and beyond: Forbes found all age demographic categories indicated a strong desire to see more videos, ranging from 43 percent for people 55 and above to 65 percent of shoppers in the 18–24 bracket.

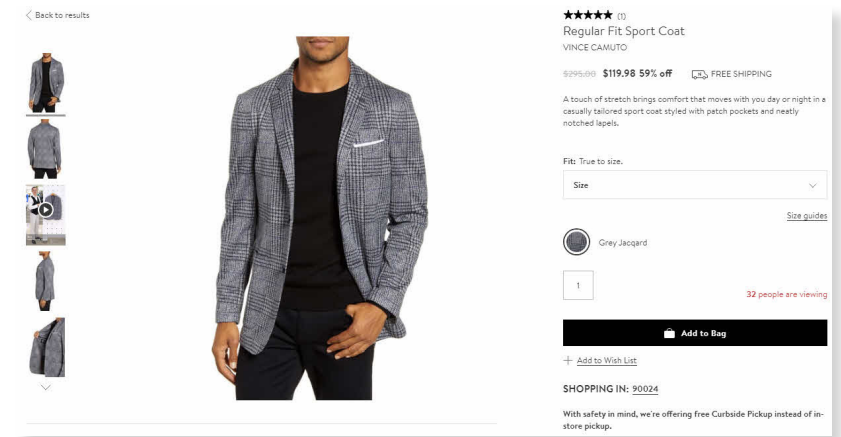
Further, merchants can leverage the power of both physical retail and ecommerce by using store associates to support digital initiatives. This allows customers to obtain detailed information that isn't always explicitly conveyed through online product descriptions.

We've found multiple examples of this trend: Lululemon and Boots offer direct interaction through one-on-one personalized appointments, mimicking the in-store consultation experiences customers typically find in high-end boutiques. Amazon Live takes a different tack by hosting live-streaming videos, with hosts highlighting features of specific products that shoppers can purchase while viewing the events. Nordstrom employs in-store associates to showcase products and provide style suggestions on videos that are posted on the company's product pages, and Google recently announced a video-etailing initiative.

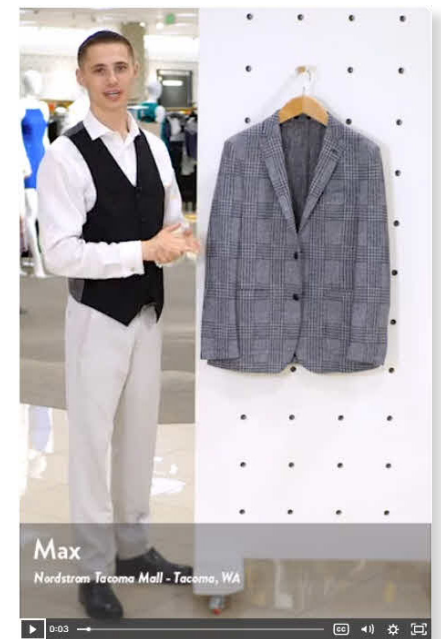
Recognizing the power of this technology, Astound Commerce has developed its own solution: VTail, a proprietary platform created specifically for video-etailing. Unlike other approaches, VTail is not a secondary function added to an existing platform. It was designed from the bottom up strictly as a video-etailing system, assuring optimal consumer engagement and stellar conversion rates.



Amazon Live highlights product details and answers questions in real time.



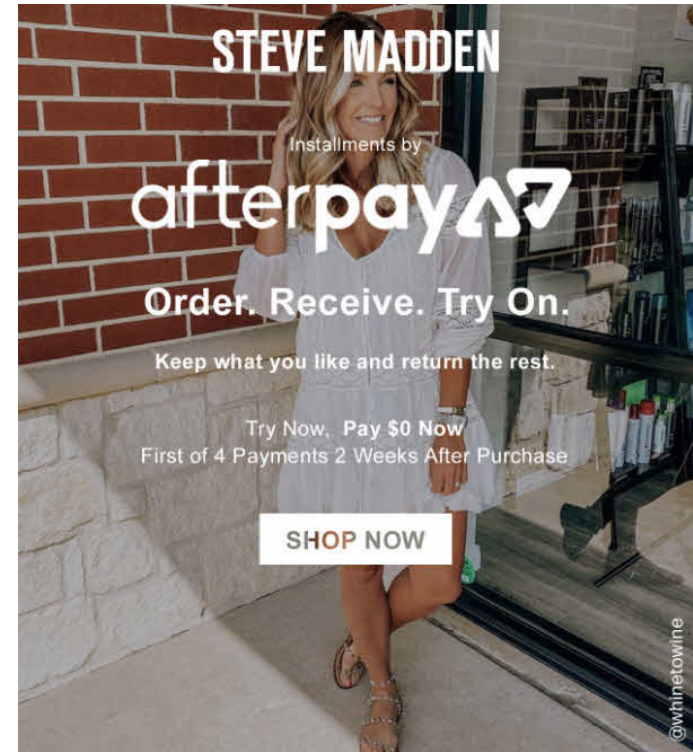
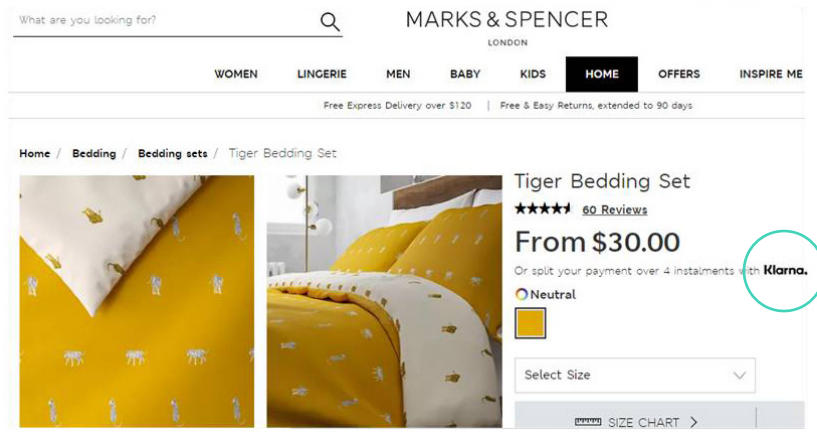
A Nordstrom associate provides product information and advice to digital shoppers.



CONSIDER DIGITAL INSTALLMENT PAYMENTS A GROWTH OPPORTUNITY.

Fully 20 percent of the global consumers we surveyed said they would buy more products if merchants offered flexible alternative payment options. Some retailers—Steve Madden and Marks & Spencer are standouts—are capitalizing on this consumer need, upgrading their digital technologies to accommodate a greater range of payment options.

At the same time, consumers are deeply concerned with online payment security; they're also increasingly budget-conscious, given the uncertain economic environment created by the pandemic. Also, younger shoppers are proving particularly leery of credit card usage.

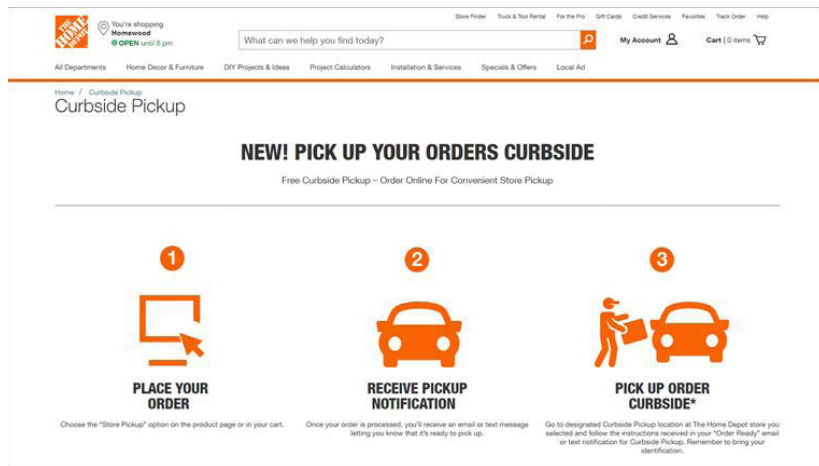


Interest-free payment plans
entice shoppers.

In such a complex, shifting retail environment, alternative payment options—including installment payment platforms—are increasingly attractive. Case in point: Afterpay supports an installment payment platform that boasts 5 million users in the US and 8.4 million globally. Their success is a clear signal that consumers will embrace “buy now, pay later” models if they're made available.


ACCEPT THAT CONTACTLESS PURCHASING IS HERE TO STAY.

As new paths to purchase have emerged and evolved, one stands out as particularly effective: an omnichannel strategy that includes *buy online, pick up in store* (BOPIS). Subsequent to the COVID-19 pandemic, this approach has expanded to curbside pickup: customers obtain their products without ever leaving their cars, minimizing person-to-person interactions without compromising convenience or flexibility. Our global research has shown that consumers overwhelmingly prefer contactless delivery if given a choice: 54 percent of US shoppers opt for it, as do 88 percent of Canadians, 61 percent of Europeans, and 74 percent of Middle Eastern consumers. As customers increasingly gravitate toward this option due to its safety (i.e., social distancing), convenience, and efficiency, retailers must concentrate on delivering a flawless BOPIS experience. That starts with ensuring the fundamentals are in place.



Accurate store inventory levels and clear communication are paramount: merchants must build trust by confirming that items will be in stock and that they will be expeditiously delivered to the customer's car. Communications must be seamless, timely, and accurate—from order confirmation to ready-for-pick-up notices, the customer must be constantly updated on the situation via email or text. Finally, retailers must always close the communication loop through a notification confirming curbside delivery was successfully made.

BUY ONLINE, PICK UP CURBSIDE



So you can stay safe...but still get all the shoes.

IT'S SUPER EASY:

- 1 Park in the designated curbside pick-up spot.
- 2 Call the number on the sign.
- 3 An associate will bring your order to your car.

Note: We're taking extra precautions (like wearing protective gloves and sanitizing our stores) to keep you safe and healthy.

The Home Depot and DSW effectively explain the available options and processes.

EMPHASIZE CONSUMER SAFETY FOLLOWING THE DISRUPTION OF THE PANDEMIC.

It's a basic and intractable fact: consumers are fearful about in-store safety. This will remain the case through the holiday season. To ensure customer comfort and confidence, merchants must resolutely and openly address apprehension about social distancing, sanitation, contact with associates and other shoppers, and general safety measures.



Every gesture counts
ACTIONS TO REMEMBER FOR EVERYONE'S SAFETY:

NEW SAFETY MEASURE

WEARING A FACE MASK IN STORE IS ADVISED.

DO YOU HAVE ANY SYMPTOMS OR HAVE YOU RECENTLY RETURNED FROM AN INTERNATIONAL TRIP?
DO NOT ENTER THE STORE. ASK A FRIEND OR FAMILY MEMBER TO DO YOUR GROCERY SHOPPING FOR YOU.
IF YOU HAVE ANY SYMPTOMS, CALL TELEHEALTH ONTARIO TOLL-FREE AT: 1-866-797-0000.

Every Gesture Counts
9 Actions to Remember, for Everyone's Safety:

| | | |
|---|--|--|
| 1 IDENTIFY ONE PERSON TO DO THE GROCERY SHOPPING. | 2 PLEASE LIMIT THE NUMBER OF TRIPS YOU TAKE TO THE STORE. | 3 RESPECT THE RULES OF SOCIAL DISTANCING. +2m+ |
| 4 LIMIT THE HANDLING OF PRODUCTS. | 5 PAY WITH A CARD if possible. | 6 MINIMIZE CONTACT AT CHECKOUT AND RESPECT SOCIAL DISTANCING. |
| 7 RESPECT THE INDICATED PRODUCT LIMITS PER CUSTOMER ON APPLICABLE PRODUCTS. We are temporarily not accepting product returns. | 8 WASH YOUR HANDS BEFORE AND AFTER GROCERY SHOPPING. | 9 PLEASE BE PATIENT AND COURTEOUS WITH OTHER CUSTOMERS AND STORE STAFF. |

Five Below and Metro detail current store safety measures in place.

Our research confirms great customer concern about in-store safety across international markets. For the US, 53 percent of shoppers want face masks required upon store entry; that figure is 44 percent for Canada, 45 percent for Europe, and 75 percent for the Middle East. Hand-washing or sanitizing stations are demanded by 65 percent of US consumers, 72 percent of Canadians, 69 percent of Europeans, and 82 percent of Middle Eastern shoppers. And floor markings to facilitate social distancing are supported by 45 percent of Americans, 64 percent of Canadians, 53 percent of Europeans, and 63 percent of those in the Middle East.

Consumer confidence—and ultimately, store sales and revenues can be maximized by addressing these concerns aggressively and transparently. By showing you care about your customers on a personal level, that you are willing to go the extra mile to protect them, you establish yourself as both a good civic citizen and a savvy retailer.

Moreover, the benefits are clear and dramatic. In our recent consumer research survey, we found that almost one-third of global shoppers have witnessed and approved merchant precautions. For stores following safety practices, this reservoir of goodwill is certain to yield rich dividends during the upcoming holiday season.



FOCUS SUPPORT ON LOYALTY MEMBERS.

Research consistently confirms that consumer loyalty correlates to increased sales. The more loyal the customer, the more products she or he purchases. A 2019 report from Altfield Inc., a strategic marketing and sales consultancy, found that the probability of selling to an existing customer was 60 to 70 percent, while the likelihood of a sale to a new customer was only 5 to 20 percent; a Salesforce survey found that 84 percent of consumers declared that shopping experiences are as important as the goods or services obtained; and research from Siegel+Gale found that \$98 billion is lost annually by retailers who fail to give their customers simple—but meaningful—shopping journeys.

Clearly, building strong and lasting relationships with customers is essential to building loyalty—especially in these uncertain times. And as the cited research confirms, inspiring loyalty isn't just a matter of product quality and value. It's also an issue of creating an emotional bond with the people who support your business. Retailers must listen to their customers and understand and act on their needs. This will simultaneously please them, create loyalty, and protect brand image.

Loyalty programs are a highly effective means of earning customer allegiance. Members of such programs covet status levels and earned rewards. But beware: any uncertainty or difficulty with either can backfire on the merchant, creating deep distrust.

Merchants should contact reward program members frequently, offering additional incentives to maximize engagement: think double



Sephora and Gap convey upgrades to their loyalty programs.

CARDMEMBER MESSAGE

REWARDS EXTENSION

We know your Rewards matter to you – and you shouldn't lose them because you may be staying home and trying to stay healthy. That's why we're extending the expiration date of any rewards that are set to expire in May.

Original Reward
Expiration Date
MAY 31

New Reward
Expiration Date
AUG 31



point days and exclusive offerings. When stores are allowed to safely reopen, consider implementing dedicated shopping hours for loyalty program members.

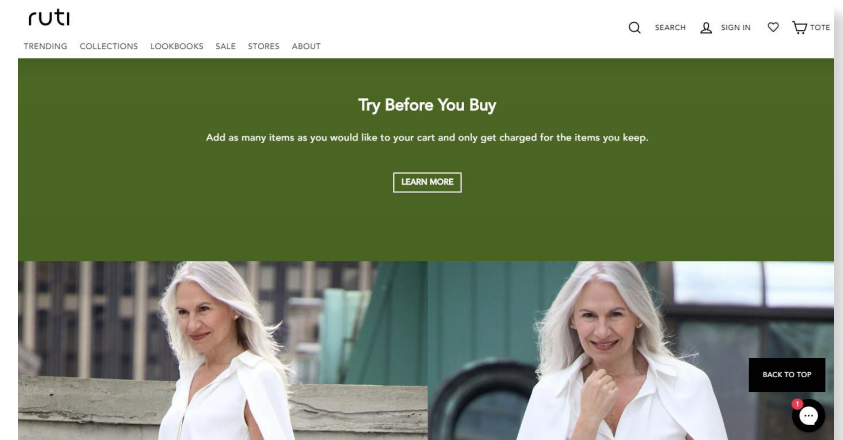
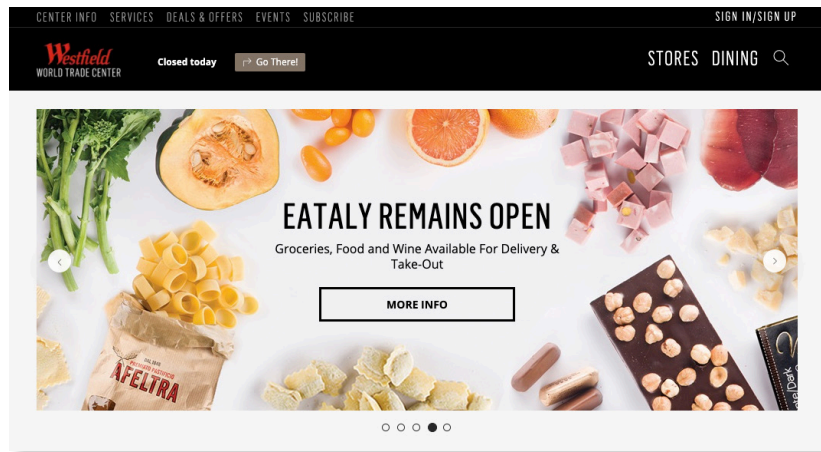
As COVID-19 spread, many merchants extended the expiration dates of rewards and other incentives, in some cases even lowering status levels to make them more attainable. Such steps reassured loyal customers that they wouldn't have to worry about expiring benefits as they wrestled with the strictures and uncertainties of the pandemic. These empathetic and sagacious retailers understood that core customers are their **best** customers, and that they should be treated as valued family members.

Emulate these companies to ensure your own success through the upcoming holidays.

BE AWARE THAT FLEXIBILITY IS PARAMOUNT—RETAIL IS NOT A STATIC PROCESS.

The pandemic has forced businesses to revisit and reimagine their strategies. Companies that have invested in a customer-first mindset have been able to transform consumer needs into real-time opportunities, adroitly shifting business models to meet changing demands.

Responsive businesses quickly began testing new initiatives. Some restaurants and coffee shops, for example, added groceries and other essential items to their menus in a bid to make life a little easier for their customers while increasing their AOV. Apparel retailers who

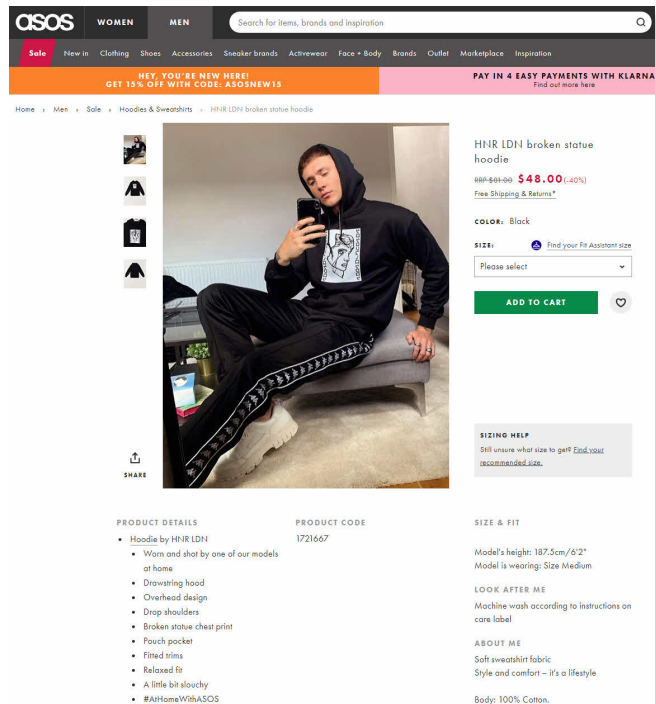


Eataly and Ruti shift their business models according to customer's needs.

understood customers were anxious because they couldn't physically try on clothing before purchasing implemented "try before you buy" policies, charging only for items customers decided to keep.

Shelter-in-place orders also challenged marketers who needed to photograph new products for website promotion. We were impressed by the workaround devised by some creative, flexible, and forward-thinking retailers who directed models and social followers to take selfies while wearing promoted items. Not only did this maintain brand focus—it created an incomparable sense of authenticity by maintaining transparency on current conditions while providing customers with an understanding of the fit and style of the items.

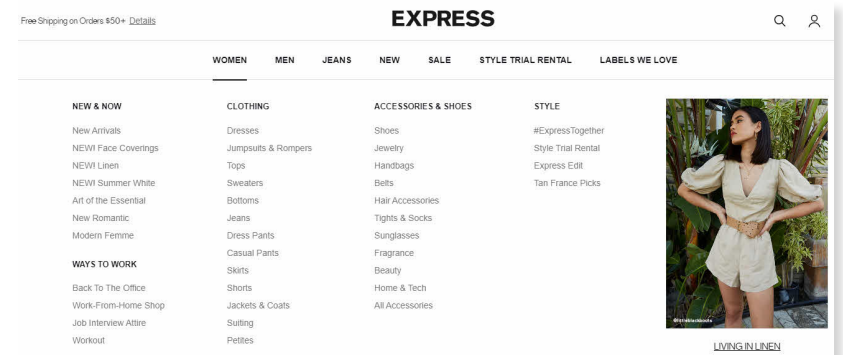
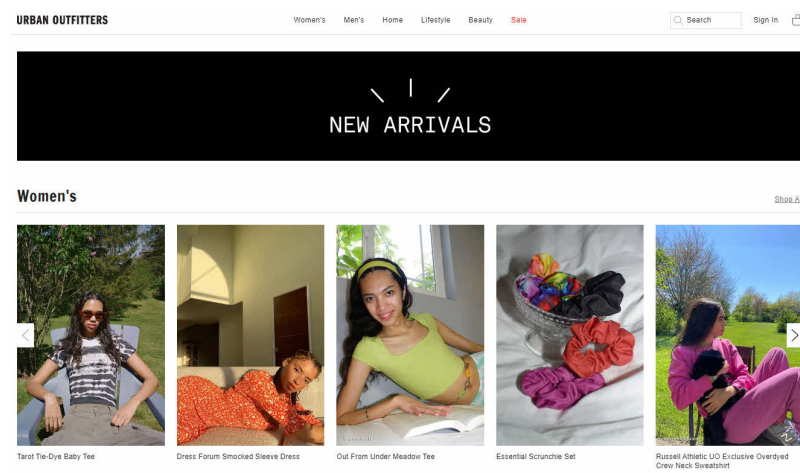
Even when resources and time are limited, retailers can quickly pivot to meet the pressing needs of customers simply by reconfiguring product offerings in new and exciting ways. Themed areas in particular have



ASOS and Urban Outfitters showcase products in real life.

PRODUCT DETAILS

- Hoodie by HNR LDN
- Worn and shot by one of our models at home



Express uses themed areas to support shoppers' evolving needs.

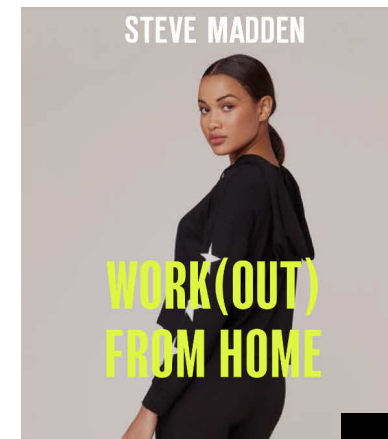
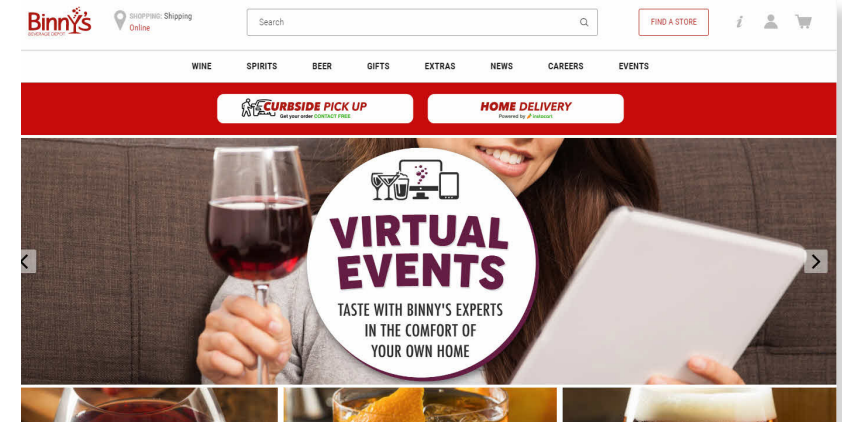
proven highly effective in aligning shifting demands; by curating similar items in a destination area, sales can be maximized as consumers instinctively accessorize, matching one pooled product with another.

Our research has determined that the aggregate grade of all customer service engagements has declined since the pandemic, with a grade of "B" or higher falling 11 percent, while grades of "C" or below climbed by 64 percent. There was nothing inevitable about these trends; many retailers simply failed to respond quickly enough. Maintaining an "A" from your customers through the holidays is more than possible—with the requisite insight and commitment to action and flexibility, it's inevitable.

EXTEND AND STRENGTHEN YOUR BRAND THROUGH VIRTUAL EVENTS.

The pandemic has made the in-person gatherings that were once a central personalization element of retail difficult or impossible to arrange. As we move toward the holiday season, smart retailers are embracing change, not fighting it. They're staying connected to customers by hosting video conference-enabled events, building and maintaining brand relationships through online interactions that are intimate, fun, and reassuring. Trust is paramount in this process, so make sure your events are warm and friendly, and not wholly about closing the sale.

Virtual events were growing in popularity even before the pandemic. In a 2019 survey conducted by Marketing Profs, 80 percent of respondents favored a high-quality live stream over a company blog or social media post. That trend will only strengthen—and mobile will be the driver. Cisco predicts that 82 percent of all internet traffic will be predicated on consumer videos by 2022. And in a survey conducted by the Interactive Advertising Bureau, 44 percent of respondents said they view more live-streamed events on their phones and tablets than on television.



Binny's Beverage Depot and Steve Madden engage with customers in the comforts of their own home.

Vibe with us live from Miami
for a 45 minute DJ set featuring
DJ + Producer @PEEXWEEZY

Friday, May 1
7PM EST / 4PM PST
@stevemadden IG Live





The Way Forward

So what's the bottom line for the 2020 holidays?

There's no point in playing Pollyanna: the retail environment likely will remain tough through the end of the year and beyond. Retailers will compete for customers and sales, and the laurels—and revenues—will go to the quick, smart, and informed. It's critical to stay in touch with your consumers, to determine their needs and desires in an ongoing fashion, and to respond rapidly when those needs change.

Our 2020 Consumer Survey found that shoppers across the planet believe physical stores offer the best customer service experience. Further, consumer satisfaction related to online shopping has decreased during the pandemic, due in large degree to out-of-stock alerts and shipping delays.

But make no mistake: ecommerce will only grow—and rapidly. You *must* be deeply invested in digital commerce to thrive during the holiday season and beyond. Brick-and-mortar will not go extinct. People enjoy—need, really—the experience of shopping in physical stores, especially during the holidays. But the future belongs to the retailer who understands the omnichannel ethos and figures out how to integrate the convenience, speed, and power of ecommerce with the sensory appeal and excitement of physical stores, ultimately creating a whole that is greater than the sum of the parts.

You can't do one or the other in the post-pandemic world: you have to do both.

About Astound

Astound Commerce, the world's most trusted independent digital commerce provider, empowers success through expertly created experience-driven ecosystems that fuse ever-evolving technology, data, design, and storytelling to build meaningful and lasting customer-brand relationships. With a strong global presence and a team of more than 1,200 deeply passionate experts in the areas of digital strategy, commerce technology, experience design, and digital marketing, we've had the opportunity to partner with iconic brands such as L'Oréal, Under Armour, El Palacio, Jimmy Choo, Lacoste, and Versace.

Born in Silicon Valley during the digital revolution, we have more than 20 years of expertise and thousands of experience-driven ecosystems woven into our DNA. We know how to align business values with the latest technologies, personalized digital experiences, and the demands of mobile and socially connected consumers. We create unique and compelling experiences for customers across all channels and drive sustained business growth for our clients.

Learn more: astoundcommerce.com



Your Trusted Partner in Digital Commerce

To see more of our work, please visit astoundcommerce.com/insights.

Interested in working with Astound?

Get in touch at partnerwithus@astoundcommerce.com.