

WINNING AT RETAIL DURING HOLIDAY 2021

An Ipsos Point of View • By Carlos Aragón and Kaili Hunsaker



GAME CHANGERS





Introduction

The 2021 holiday season will be critical for national and regional retailers to meet the diverse needs of customers. In this POV, we present three key learnings about the importance of inventory, consumer expectations during holiday 2021, and the increasing attention consumers are paying to pickup fees and order minimums when placing online orders. These insights come from a combination of Wave 3 of the Ipsos Channel Performance E-commerce Experience Report and COVID tracker.

KEY FINDINGS:

- The availability of inventory plays a critical role in how consumers choose where to shop (and which brands to avoid). Consumers are showing an increasing willingness to abandon carts and shop competitors if inventory is an issue.
- Consumers expect retailers to deliver the same experience across all purchase channels: in-store, home delivery, and BOPIS/curbside pickup.
- Finally, consumers are also showing increased sensitivity to pick-up fees and order minimums. They reason that shopping in-store doesn't have fees or minimums, national chains often omit fees or minimums, and consumers are beginning to expect retailers to carry that same approach to e-commerce.

Inventory Will be Critical During Holiday 2021

In May, Ipsos identified inventory availability as a key factor in choosing e-commerce retailers. This increased importance is a marked change from the earlier days of the pandemic when consumers were more accepting of supply issues and granted retailers some much-needed grace and tolerance of out-of-stocks.

How do consumers choose e-commerce retailers?

August 2020

May 2021

1		Saving time	1		Saving time
2		Contactless	2		No pick-up fees
3		Efficient way to shop	3		Convenient locations
4		Convenient locations	4		Contactless
5		Same-day pick-up	5		Inventory in-stock

Source: E-commerce Consumer Study, August 2020
Source: E-commerce Consumer Study, May 2021

Consumers expect retailers to have up-to-date and accurate inventory controls across all platforms, and when retailers fail to do so, consumers are willing to consider alternatives. They've begun voicing the expectation that retailers across all industries should have inventory systems comparable to Home Depot, Lowe's, Target, or Amazon; these brands have set the standard for making navigating inventory easy for consumers by communicating the precise number of items available and exact locations within a store.

To succeed during holiday 2021, it will not be enough to simply have inventory available. Consumers should be able to see where and how products are available for purchase (online, in-store, or in-stock for pickup or delivery).



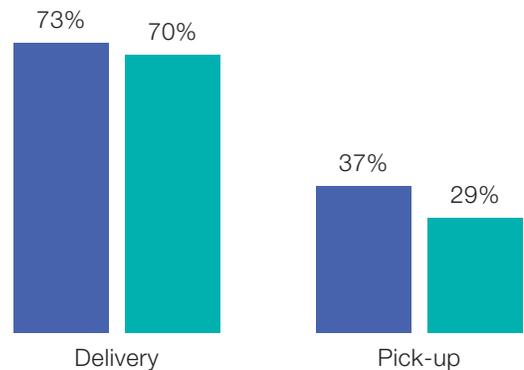


Consumers Now Expect a Seamless Omni-Channel Experience

In addition to addressing inventory availability issues, consumers now expect retailers to provide a consistent experience across all purchase channels. As a result of COVID, e-commerce grew significantly in 2020, and that growth has not appreciably slowed in 2021. Consumers have made e-commerce (pickup and delivery options) a part of their shopping routine even as stores have been reopening for in-person shopping. Compared to August 2020, we are seeing only minor drop-offs in delivery and pickup ordering.

Past 90 days:

For pick-up: Overall average is **3x per month**



Source: E-commerce Consumer Study, August 2020
Source: E-commerce Consumer Study, May 2021

Not only are consumers expecting a consistent experience across all purchase channels, they are becoming increasingly intolerant of challenges with pickup or delivery that they don't face in-store. They expect retailers to make the shopping, purchasing, and pickup/delivery process simple, and consumers have expressed a willingness to migrate to brands that deliver a seamless experience over those that make it difficult.

Brands that cannot offer same or next day pickup/delivery, fail to communicate clearly and often with consumers, and fail to make the online experience as easy as in-store, will struggle.

Consider Waiving Pickup Fees and Order Minimums

A particularly noteworthy finding was the increasing attention consumers are paying to pickup fees and order minimums for pickup/delivery. In August 2020, consumers were willing to accept these in exchange for convenience and the ability to minimize the risk of human contact. Consumers now view these same fees as obstacles.

It is important to note that consumers do not object to paying for memberships that grant benefits (e.g. Walmart+, Amazon Prime) such as free shipping and bypassing order minimums. However, many consumers are beginning to express the opinion that e-commerce—order pickup and home delivery—is fundamental and the “cost of doing business;” and may begin to avoid retailers charging these during holiday 2021 in favor of retailers who simplify the experience and eliminate these added fees.

As one consumer stated in our May 2021 study:

 *The website does not tell you about the minimum order or pickup fee until you have started your order and check out. If I were only trying to pickup a few items, I would be annoyed that I wasted my time entering the items only to have to either buy more than what I wanted or cancel the order!”*

Conclusion

Success during the 2021 holiday system will be dependent on a retailer’s ability to meet the needs of consumers in the hybrid economy. Retailers are now expected to:

- Communicate accurate inventory information to consumers in real time.
- Meet and exceed consumer expectations in-store, online, and for pickup and delivery, providing a channel-agnostic experience
- Execute flawlessly across channels without charging pickup fees or requiring order minimums.



About the Authors

Carlos Aragón

Vice President,
Ipsos Channel Performance
Carlos.Aragón@ipsos.com

Kaili Hunsaker

Director,
Ipsos Channel Performance
Kaili.Hunsaker@ipsos.com

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