UNWRAPPING CHRISTMAS WITH COVID 19

A report into shopper intentions and opinions in the run-up to Christmas 2020

2ND NOVEMBER 2020

SPRINGBOARD.

AL MARKETING

Setting the Scene

With retail performance in the UK severely impacted by Covid-19, there is an urgent need for retailers and retail destinations to understand the thoughts, concerns and behaviours of shoppers as we approach the most significant trading period of the year.

THERE HAS BEEN MUCH SPECULATION ABOUT HOW COVID-19 WILL IMPACT THE VITAL 'GOLDEN QUARTER' BUT LITTLE EVIDENCE TO BACK UP KEY DECISIONS THAT OWNERS AND MANAGERS OF RETAIL PLACES MUST TAKE.

Destination specialists AL Marketing and footfall analytics leaders Springboard have partnered to provide an in-depth assessment of shopper viewpoints. The aim is to provide insights which can help shopping destinations and retailers act fast to adjust their planning and communication in the run-up to Christmas.

Both companies have expertise at the ready to provide additional support to put the necessary planning into action.

SECTION 1

CHRISTMAS & BLACK FRIDAY

Christmas spending compared to last year

Christmas spending set to decline… more local… and more online

The Covid climate has resulted in a severe downturn in anticipated spending over the seasonal period with twice as many people predicting they will spend less (64%) compared to those planning to spend more (36%).

The impact on planned gift purchases is particularly marked with 10% planning to buy more gifts compared to last year. Over a third of people also plan to increase their spending on food. This significant increase may in part be due to the 'Rule of 6' where social gatherings at home will be restricted, causing people to have an increased number of social events spread over a longer period. This may in turn impact Boxing Day Sales with more people having a second major family meal at home.

A potential upside for retailers is that spending is likely to start earlier with 69% of shoppers aiming to dodge the possible imposition of further government restrictions, and to avoid unappealing shopping conditions when retail destinations get busier.

There are two key beneficiaries. The first are the brands with a strong online presence. 63% of shoppers anticipate spending online, consolidating online shopping's growing significance throughout the Covid pandemic. However, local shops also stand to benefit with the neighbourly appeal of smaller towns and villages helping to breathe life into local destinations.

Christmas spending compared to last year

Shopper intentions this Christmas	DISAGREE	AGREE
I will spend less	36.5%	63.5%
I will spend more on food	64.1%	35.9%
I will buy more gifts	89.7%	10.3%
I will start shopping earlier	31.4%	68.8%

Where are they spending compared to last year?	DISAGREE	AGREE
Spending more in shops	79.6%	20.4%
Spending more online	38.0%	61.2%
Spending more in local shops	37.2%	62.8%

PRIORITIES:

There are some key take-outs for retailers and retailer destinations:

Non-food retailers and destinations need to maintain their momentum, providing more reasons to visit. While the usual festive experiential activities may be minimal this year, there is still work that can be done to ensure that a shopping experience is an uplifting one. Can more outside spaces be used to expand the experience into safer environments? Can shoppers be encouraged into quieter off-peak periods?

BLACK FRIDAY

49%
ARE NOT INTERESTED

61%
WON'T DELAY THEIR SPENDING BECAUSE OF BLACK FRIDAY

41%
DOING MORE CHRISTMAS SHOPPING ON BLACK FRIDAY VERSUS LAST YEAR

56%
SHOPPING MORE ONLINE, WITH ONLY 12% SHOPPING MORE IN-STORE, THIS BLACK FRIDAY VERSUS LAST YEAR

The appeal of Black Friday to shoppers seems to have polarised. 49% of shoppers have no interest in Black Friday at all, but for those where discounted prices have the highest appeal there is a clear intention to do more of their Christmas shopping on Black Friday this year versus last year with 41% aiming to do so. The hunt for value is even more marked in certain regions (which is explored further in this report).

However, Black Friday is not so significant that it is holding back Christmas spend. 61% of those surveyed have no plans to delay their Christmas shopping in order to wait for Black Friday bargains.

There is also an emphatic link between Black Friday and online shopping with 56% of Black Friday shoppers intending to buy online rather than in stores - the prospect of frantic crowds in shopping destinations is clearly seen as off-putting as well as potentially unsafe.

Amazon Prime Day has also become a promotional fixture in the calendar with 30% of those surveyed saying that they took advantage of Amazon Prime Day offers. This is a notable figure given its relatively small market penetration.

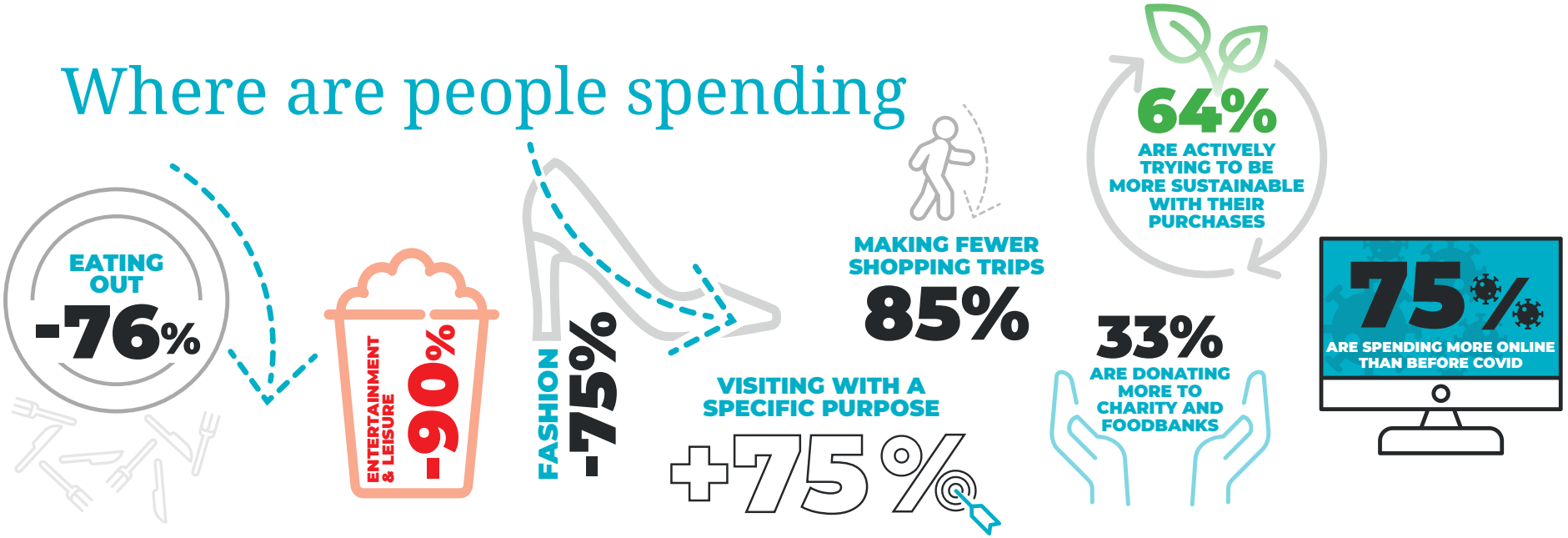
PRIORITIES:

There's a need to remind shoppers that Black Friday offers are in store too. Clarity of messaging will be especially relevant to the 15% of shoppers making a special mission to shop in store. Is there scope to highlight Black Friday offers that are only available in store rather than online? What else can destinations add to the experience of shopping in store to make a retail visit more of a draw?

SECTION 2

SHOPPING CHANGES PROMPTED BY COVID-19

Where are people spending



Opinions about Christmas and Black Friday shopping seem to be following a general trend that we have seen throughout the Covid-19 pandemic.

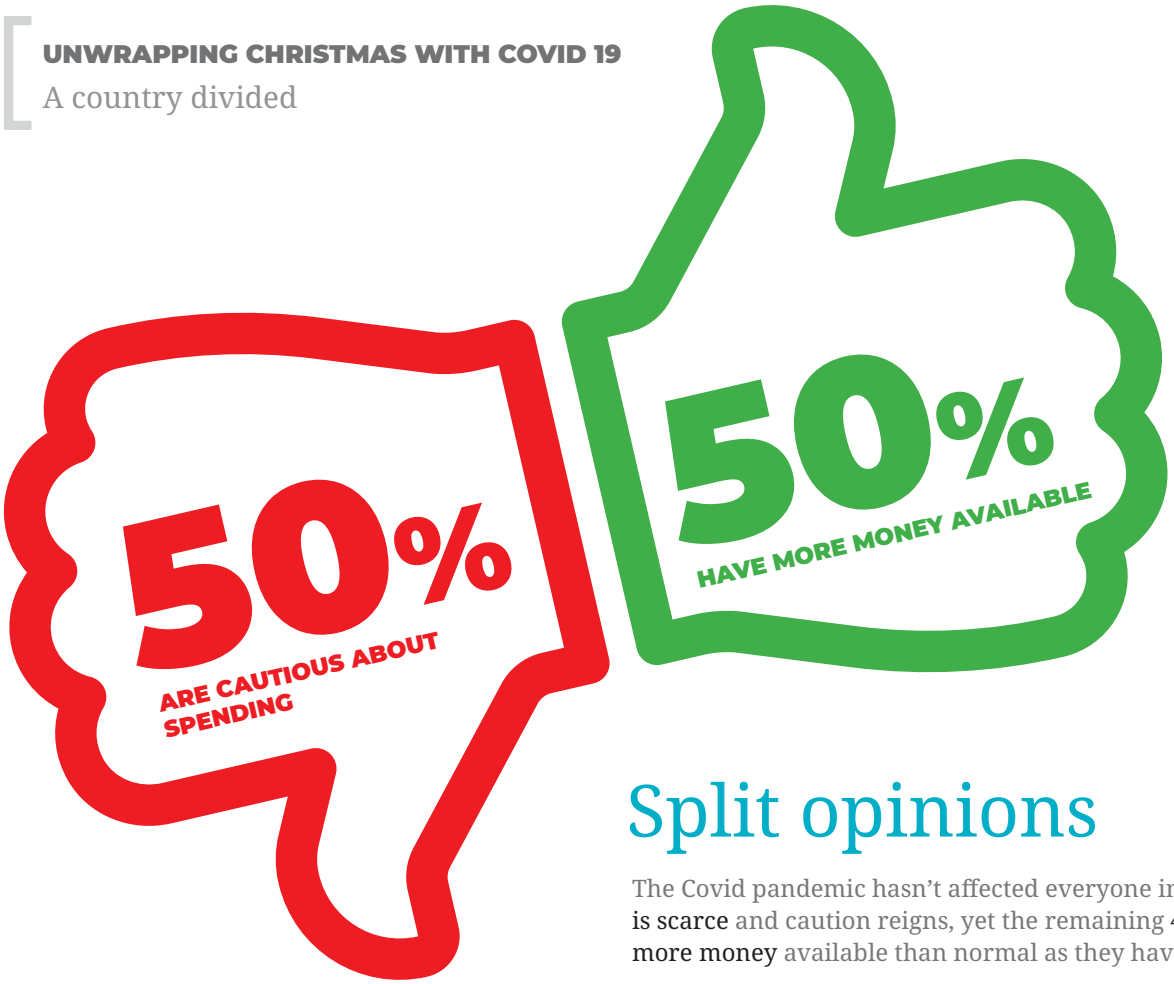
Spending on fashion, eating out, entertainment and leisure have all seen considerable declines, as have the number of trips to shops. Given Covid restrictions this is not surprising, but it demonstrates that a quarter of shoppers are spending the same or more, which is a rather more hopeful sign for retailers.

A more conscious approach to shopping is taking hold with two thirds of people now having sustainability in mind when they shop, and a further third actively contributing to charities and foodbanks during the pandemic.

While footfall continues to remain under pressure, three-quarters of shoppers are heading to destinations with more of a specific shopping purpose in mind, and this is suggests that conversion rates are holding up.

PRIORITIES:

Shoppers "on a mission" are even more valuable as they are likely to make purchases, so they need knowledge and information to a make choices easier – car parking, access, offers, opening hours and customer services are all key topics to communicate. Social media channels will be key to effective communication. Consider how to appeal to the emotional aspect of shopping with more visible sustainability and CSR initiatives.



Split opinions

The Covid pandemic hasn't affected everyone in the same way. For many (51%) money is scarce and caution reigns, yet the remaining 49% find themselves with more money available than normal as they have had less opportunities to spend it.

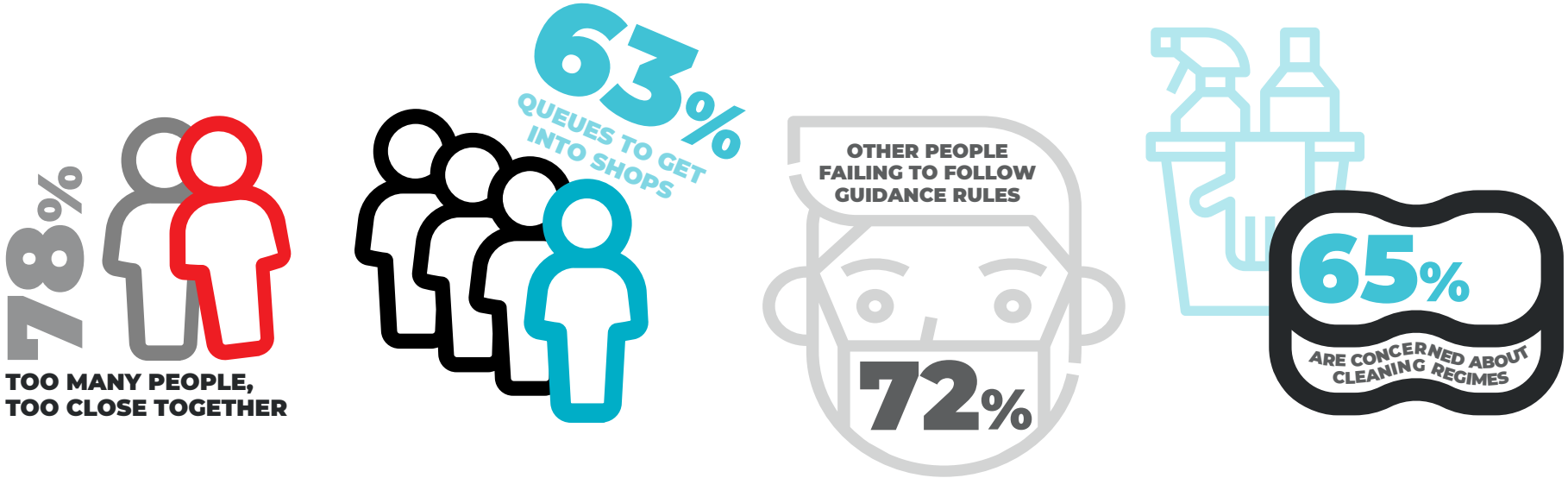
Similarly, while half of those asked are cautious about spending due to job uncertainty (52%), the remaining 48% appear not to be bothered by financial concerns at all.

Nervousness prompted by the 'Rule of 6' also seems to have impacted the behaviours of half of those asked, with 47% being nervous of visiting stores, while the remainder are unperturbed by the restrictions.

What affects how often people visit

When specifically asked about which factors affect how often they visit retail stores, the responses reveal a consistent pattern - 'other people' are seen as the primary problem.

The other key worry is the cleanliness at shopping venues, with 65% concerned about the cleaning regimes in place.



PRIORITIES:

There is a risk that previous point of sale and social media communications regarding Covid guidelines have become mere 'wallpaper'. Retailers and destinations need to revisit Covid messaging to find ways to generate better stand-out and to re-assure shoppers that they have this under control. Communicating live in-store occupancy figures could re-assure wary shoppers, for example. Flexibility is also key with effective communications needing to adapt to the latest circumstances.

Where are people shopping

The survey reveals a decline in the appeal of traditional shopping venues as large towns and cities continue to suffer from a fall in the number of regular office workers along with an absence of leisure shoppers. Large shopping centres now hold less appeal as they often involve more arduous travel, as well as causing social distancing and navigation concerns.

There is room for some slight optimism though, with retail parks and uncovered, open shopping areas having more appeal to some (14% and 12% respectively). Local High Streets are also increasingly attractive to 21%. However, all venues have seen the overall number of visits declining with only online shopping showing a marked increase (+72%)

PRIORITIES:

The ability to 'surprise and delight' is still a unique opportunity for physical retail versus online. How can shopping destinations promote some much needed seasonal joy and experiences whilst maintaining and communicating a focus on safety.

High Streets – an opportunity to attract more shoppers

26%
HAVE REDISCOVERED THEIR HIGH STREET

51%
PREFER THEIR HIGH STREET TO LARGER TOWNS AND CITIES

74%
WANT MORE REASONS TO VISIT THEIR HIGH STREET

69%
WANT PHYSICAL IMPROVEMENTS

One of the clearest messages emerging from the study relates to High Streets.

There is a consistent picture revealing that the pandemic has caused many shoppers to rediscover what their high street has to offer. For many this is a cause of frustration with the offer being dated and unexciting, but there is also a clear desire for improvement to both the shopping offer and also to the public realm.

A core of shoppers are high street loyalists have 63% saying they have always shopped there and 50% seeing their local high street as essential to their lives. Meanwhile 26% have rediscovered their high street during Covid-19 and a similar 26% are spending more money there. 51% say that they now prefer their local high street to larger towns and cities.

Yet there is also a level of frustration, with 77% thinking their high street isn't as good as it used to be and 83% believing it lacks appeal. Viewpoints on this particular issue were especially extreme with over 55% very animated about this aspect.

This should be seen alongside a positive desire for improvement and a clear sense that more people would return to their high street if positive changes were made. For example, 74% were interested in high streets providing more reasons to visit beyond shopping; while 69% wanted to see more improvements to the environment such as more trees and enhanced seating.

PRIORITIES:

This is a crucial moment for high streets where there is an opportunity to re-invent fading assets and repurpose them for a new generation. Active management and investment get a clear thumbs up from local shoppers which reinforces the rationale for the government's Towns' Fund and the roll-out programme of the High Streets Task Force.

SECTION 3

LOCAL VARIATIONS

Marked regional differences

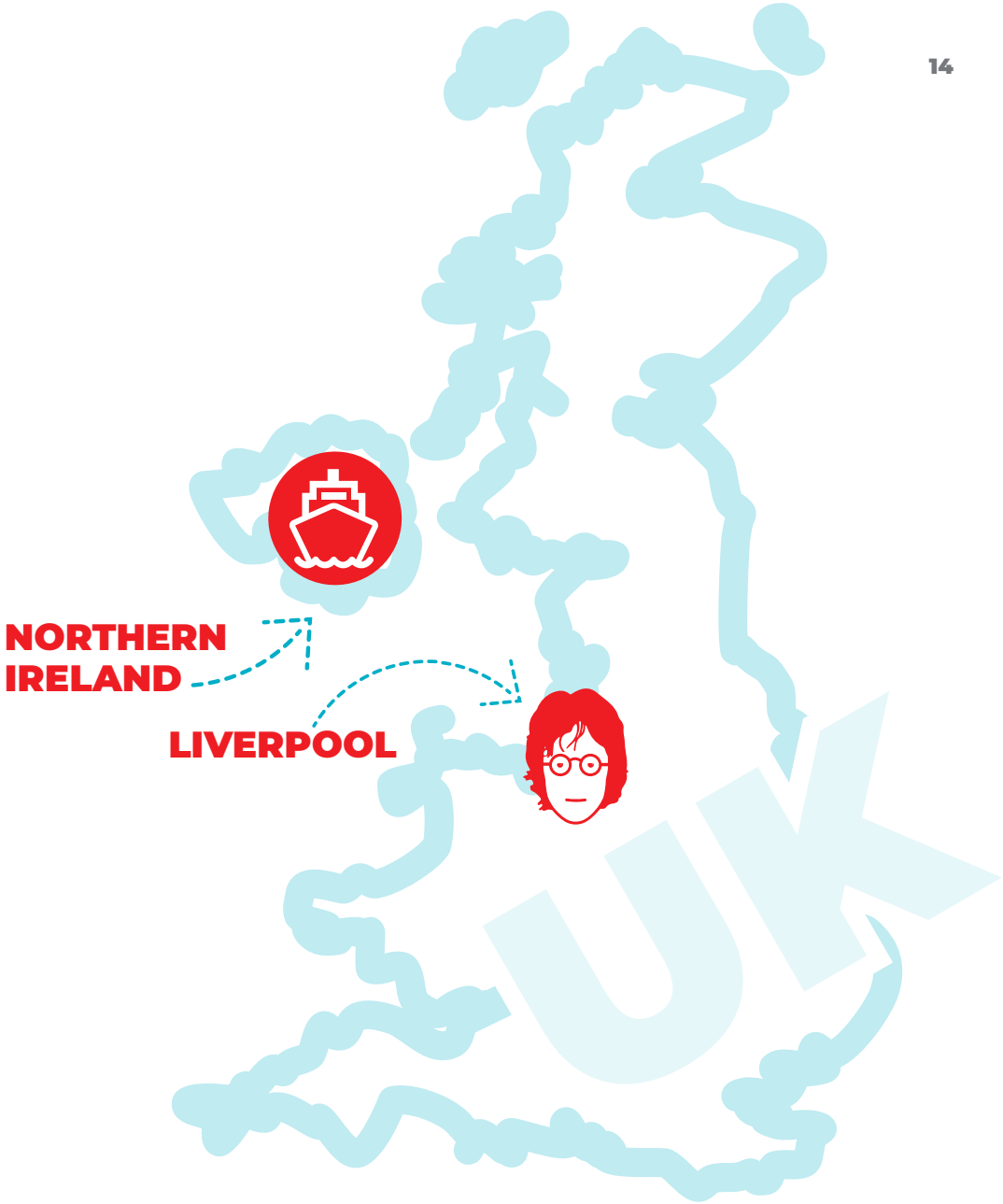
An additional dimension to the findings can be seen when we compare the opinions across different regions.

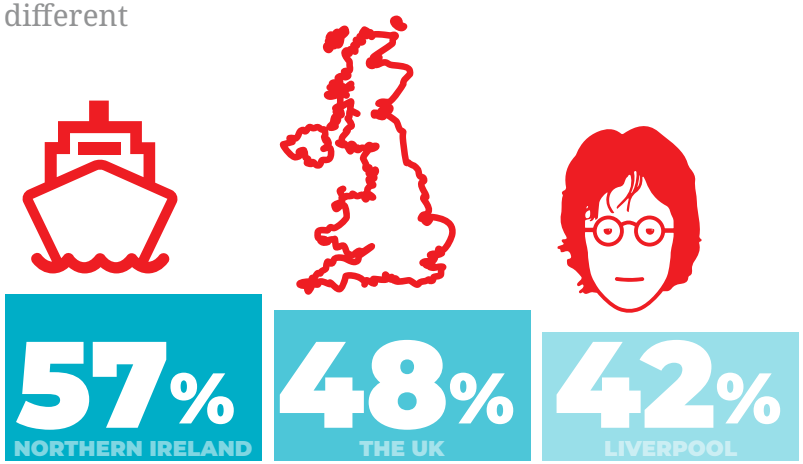
We separated respondents from Northern Ireland (NI) and the Liverpool region as these areas were experiencing the most stringent government Covid-19 restrictions at the time of the study. These were then compared against each other and also against the remainder of the country which was predominantly in Tier 1 at the time of the survey.

ONE OF THE MOST MARKED FINDINGS WAS THAT LIVERPOOL AND NORTHERN IRELAND SHOW VERY DIFFERENT RESPONSES DESPITE BEING UNDER SIMILARLY HIGH LEVELS OF RESTRICTIONS.

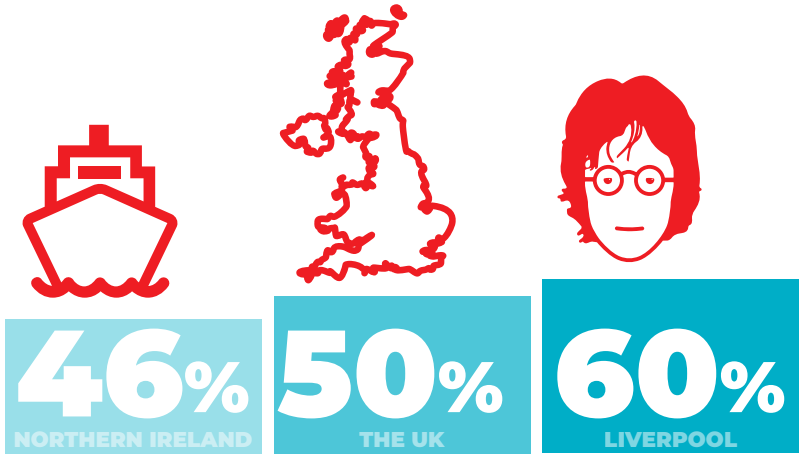
In Liverpool, there was a steeper decline in shoppers visiting shopping destinations, except for open shopping districts which saw twice the increase as the rest of the UK.

NI and Liverpool showed much more sensitivity to Covid-19 safety measures with crowded spaces more of an issue. Shoppers in Liverpool have much less of a concern about queuing to get into stores.



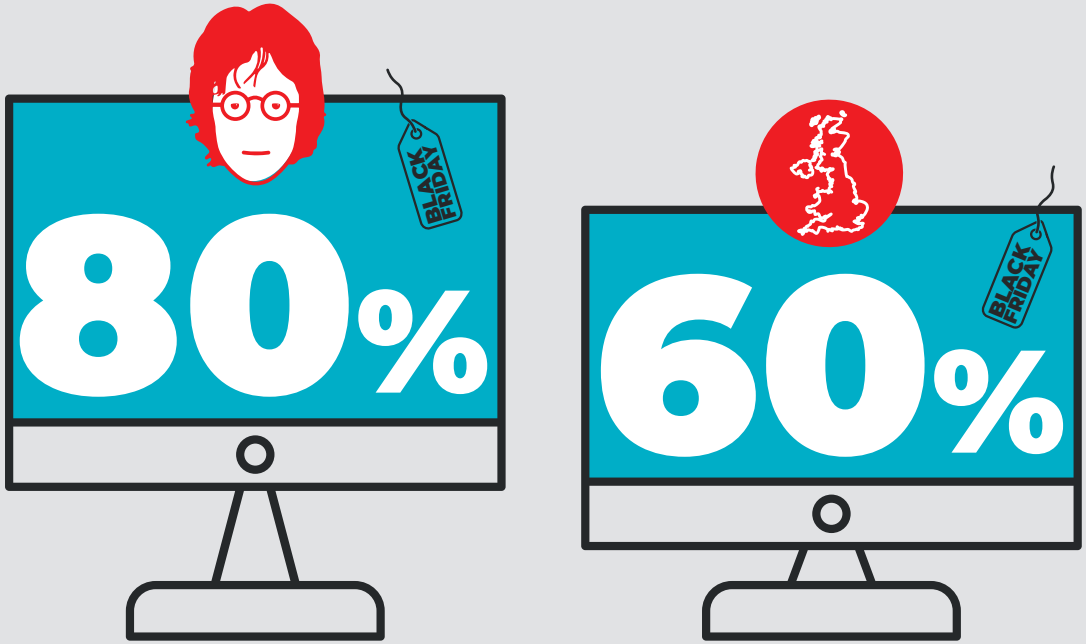


CAUTION DUE TO JOB UNCERTAINTY



MORE MONEY AVAILABLE

Shoppers in NI are the most cautious about spending due to job uncertainty. In contrast, Liverpool shoppers have had less opportunity to spend on dining and leisure during Tier 3 restrictions.



PERCENTAGE OF PEOPLE PLANNING TO SPEND ONLINE ON

Black Friday has a considerably more significant resonance in Liverpool than elsewhere. 71% will delay Christmas purchasing until Black Friday compared to 40% in NI and just 35% elsewhere in the UK. 80% of Liverpudlians plan to spend online on Black Friday contrasting with 60% in both NI and the rest of the UK.

Christmas Shopping plans

Interestingly the amounts of money people plan to spend this year are consistent across the regions, however shoppers in NI and Liverpool plan to start their shopping earlier (80% - Liverpool; 76% NI versus 62% for the rest of the UK).

Online shopping will inevitably be more significant in Liverpool this year with 83% planning to spend online versus 61% in NI and 58% in the rest of the UK. Shoppers in NI are also anticipating more spending in smaller local stores with 71% shopping locally compared to 65% in Liverpool and 56% in the rest of the country.

Attitudes to the high street are broadly consistent across all regions with NI shoppers generally rather more loyal and content with their high streets than those elsewhere.

Quote from Diane Wehrle,

Marketing and Insights Director, Springboard

"The views of shoppers in the run up to what is an unprecedented Black Friday and Christmas trading period clearly reflect footfall trends, with smaller towns and high streets increasing in importance to shoppers whilst fewer shoppers are visiting large city centres. What is also significant is that whilst shoppers have increasingly been visiting their local high street, they still consider that they need significant improvement, which reinforces the need for government support and the critical role that the High Streets Taskforce plays. Consumers' nervousness around Covid highlights strongly the importance for stores and destinations to monitor customer occupancy in order to ensure adequate social distancing. However, of equal importance is the need for them to communicate and demonstrate their efforts in this regard to customers."

Quote from Alan Thornton,

Joint Managing Director, AL Marketing

"That UK retail is under severe pressure is in no doubt, but how to respond to the challenges caused by the Covid 19 pandemic is less clear. This report aims to shine a light on how UK shoppers are planning ahead to Christmas, and provide some useful pointers for retailers and retail destinations as to how they can fine-tune their plans for the most crucial season of the year.

The report shows that retail destinations need to re-tune their marketing plans, revisiting Covid-19 safety communications to achieve more cut-through and provide clearer re-assurance. We need to ensure that the retail experience is not just safe, but also appealing enough to draw people away from online shopping."

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Methodology - The survey took place between 14th - 25th October with 625 respondents participating in an internet-based survey with over 60 shopping venues covered.