Holiday 2017 Shopping Trends

Deck the Malls with Holiday Cheer
It’s never too soon to start preparing for the holiday season, and we’ve got the insights that will help you capture those holiday 2017 shopping dollars.

THIS YEAR’S MAJOR THEMES:

1. **EXTENDED SHOPPING PERIOD**
2. **PEOPLE ARE SPENDING MORE**
3. **SHOPPING DOESN’T DISCRIMINATE BETWEEN DIGITAL + IN-STORE**
SHOPPING EARLIER:
The core holiday shopping season began earlier in 2016, with major Black Friday sales starting the week before Thanksgiving. 39% of consumers expect to start their holiday weekend shopping on the day before Thanksgiving, up from 34% in 2015.

SHOPPING LATER:
More shoppers waited until the last minute—Christmas Eve—to do their shopping. This is due to increased confidence that the products would ship, and arrive, on time.

EVERY YEAR, THE HOLIDAY SEASON CREEPS UP A LITTLE EARLIER AND STAYS A LITTLE LONGER.

VISITING FEWER RETAIL STORES:
The 2016 holiday season started with a mild decrease in brick and mortar shopper traffic, down 4% year-over-year during the Thanksgiving weekend. Traffic in December was down 13%.

BUYING MORE, LESS OFTEN:
Despite the traffic decrease in brick and mortar stores, the average amount spent per transaction in retail stores increased, growing by 6% in December, as consumers shopped with more purpose.

When Do Consumers Shop?

**AFTER CYBER MONDAY AND BEFORE CHRISTMAS DAY:**
40% of holiday shoppers said the bulk of their holiday shopping occurred between Cyber Monday and Christmas Day.

**YEAR ROUND:**
30% of shoppers conduct their holiday shopping all year.

**AFTER-HOLIDAY SHOPPING:**
50% of consumers plan to shop for after-Christmas sales in-store.

---

**Time of Year When U.S. Internet Users Conduct the Majority of Their Holiday Shopping, Jan 2017.**
% of respondents

- **Year Round:** 30%
- **Before Thanksgiving:** 9%
- **Black Friday:** 10%
- **Thanksgiving Weekend (Excluding Black Friday):** 4%
- **Cyber Monday:** 7%
- **After Cyber Monday/Before Christmas:** 40%

*Source: eMarketer, 2017.*
Holiday sales continue to grow year over year, proving beneficial to overall retail sales.

With **2% growth** expected this year, holiday retail sales will make up **18% of full-year retail sales**.

Total retail sales in the U.S. rose **5%** in 2016 and are expected to grow by another **3%** in 2017, reaching a high of **$1.3 trillion**.

OVERALL, ECOMMERCE SALES WILL CONTINUE TO INCREASE IN 2017:
Total retail ecommerce sales will climb 16% in 2017, which will expand its share of total retail sales to 9%, up from 8% in 2016. This is due in part to the Amazon effect on ecommerce’s popularity, where an increasing number of consumers are taking advantage of online shopping’s convenience and flexibility.

ECOMMERCE CONTINUES TO GROW DURING THE HOLIDAY SEASON, POSITIVELY IMPACTING TOTAL RETAIL SALES:
U.S. ecommerce sales reached $80.2 billion during the 2016 holiday season, up 17% from 2015.

PERKS OF ONLINE SHOPPING ARE INCREASING:
Over 90% of retailers offer some form of free shipping over the holidays, and consumers’ confidence in online shopping has been steadily increasing.

Holiday Shopping going Mobile (Mcommerce)
MOBILE HOLIDAY SHOPPING NOT STOPPING:
Shopping on mobile grows at the expense of shopping on tablets, while desktop remains steady.

U.S. HOLIDAY SEASON* RETAIL ECOMMERCE TRAFFIC SHARE, BY DEVICE
% of total

Note: *Nov-Dec
Retail Sales from Mcommerce continue to Increase
MOBILE POPULARITY STAYS STRONG:
Mcommerce grew 44% during the 2016 holiday season, accounting for a 31% share of total holiday ecommerce, or $17.2 billion. Purchases via smartphones are expected to increase 52% in total retail sales in 2017, passing $100 billion for the first time.

MOBILE SHOPPING EARLIER IN THE YEAR:
Mirroring the overall holiday-time-frame trend, shoppers are using their phones earlier in the holiday season, visiting retail stores online and completing purchases. Mcommerce sales’ share on retail websites approached 40% on key days.

MOBILE MAY OVERTAKE DESKTOP IN HOLIDAY ORDERS:
Best Buy saw 55% of holiday orders coming from mobile traffic. Walmart registered 70% of its traffic from mobile, as well as 60% of its orders.

Digital and In-Store go Together like Hot Cocoa and Marshmallows
SHOPPERS EXPERIENCE BOTH:  
They want to effortlessly move from a mobile experience to an in-store experience.

CHECKING PRICES:  
52% compare prices on their mobile devices while holiday shopping in-store.

CHECKING INVENTORY:  
40% check availability and inventory for products.

CHECKING FOR COUPONS:  
37% look for discounts while in-store.

REVIEWS:  
33% read reviews before purchasing a product, or when deciding between two products.

BUY ONLINE, PICK-UP IN STORE:  
55% choose to buy online for in-store pick-up.

3 Digital Media Tips to Capture the Holiday Shopper
Use first- and third-party data to learn more about your target audience and serve them relevant ads before they head to the store. Reach your target audience anywhere, by analyzing their shopping behaviors, demographics, and more, and then serve them personalized advertisements on their phones.

2 Use location-grid technology to reach your audience in proximity to retailers. Reach your target audience—or your competitors’ audience—as they enter specific stores or locations.

3 Leverage beacon technology to serve your ads at the point of purchase. Reach your target audience when they are in-store, contemplating purchases.
EXPERIENTIAL GIFT PURCHASES INCREASED IN 2016: 23% of shoppers planned to give an experiential gift, such as gift certificates for facials, massages, restaurants, or trips, during the holiday season, up from 22% in 2015.

EXPERIENCES VS. ITEMS ARE GROWING IN POPULARITY:

Millenials are leading the charge, with 55% preferring to spend their money on activities rather than buying things.

HOLIDAY ATTITUDES ARE SHIFTING TOWARD EXPERIENCES AS WELL:

In 2016, 38% of all holiday shoppers preferred to be given an experience gift over an item.

Promotions: Naughty or Nice?
SHOPPERS LOVE A GOOD SALE, BUT HEAVY DISCOUNTING HURTS RETAILERS’ PROFIT MARGINS.

MORE CONSUMERS BUY ITEMS WHEN THEY ARE ON SALE: 36% of shoppers bought their purchases on sale in 2016, up from 33% in 2015.

MORE DISCOUNTS, MORE PROBLEMS: Macy’s and Sears discounted heavily, leading to poor performance numbers.

DISCOUNTS AFFECT LOYALTY: With heavy discounting, consumers feel no urgency to establish store loyalty; there’s no driving factor to visit a store over shopping online.

PROMOTIONS ARE ENACTED IN THE EARLY PART OF THE SEASON: The steepest discounts become available as early as a week before Thanksgiving, with price cuts leveling off before Christmas.

BETTER SERVICE:
Stores that saw an increase in foot traffic were those that offered an elevated level of service, such as attentive customer care.

ELEVATED STORE EXPERIENCE:
Lush Fresh Handmade Cosmetics saw a 30% increase in sales across channels during the 2016 holiday season, compared to a year earlier. This increase is largely due to the store’s layout, which encourages consumers to touch, sample, and smell the products.

We’re Dreaming of a Strong Retail Performance

3 Additional Factors that will Affect Retail Growth 2016-17 →
THE JOB MARKET:
Average hourly earnings were up in 2016 over 2015; job gains remained strong and unemployment remained low.

CONSUMERS’ INVESTMENTS:
Home values have also increased and the rising stock market has boosted the value of consumers’ investments.

THE PRESIDENTIAL ELECTION:
U.S. consumer confidence reached a 15-year peak in February 2017, and tax cuts could boost consumer spending, but a border tax could raise prices on retail goods and political instability in general could spook consumers.

MOBILE COMMERCE IS EXPANDING, WITH NO SIGN OF SLOWING DOWN:
U.S. holiday season mobile ecommerce sales increased 44% last year, accounting for 21% of total ecommerce for Q4.

FOOT TRAFFIC DECREASED DURING THE 2016 HOLIDAY SEASON:
It was down 12.3% in November and December 2016.

ECOMMERCE IS SHOPPERS’ METHOD OF CHOICE:
Ecommerce accounted for a record 12.3% of total retail sales for the 2016 U.S. holiday season.

DIGITAL + IN-STORE SHOPPING ARE MORE CONNECTED THAN EVER:
More online ads are driving foot traffic and more online services are enhancing the in-store experience.
Let’s capture those holiday shopping dollars! Put our media planning elves to work for you.

Reach out to your MNI Account Executive, or email us at holiday@mni.com to get started!