

THE 5TH ANNUAL

eTail Holiday Report

Guide to Leveraging Online Shopping,
Omnichannel Service, and Personalization
for a New Season of Customer Expectations



SPONSORED BY:

fullstory



Table of Contents

Executive Summary	3
Key Insights	4
About the Respondents	6
Retailers Will Maintain In-Store Safety Protocols	8
Retailers Are Embracing Omnichannel Sales, Returns, and Fulfillment	13
Customer Care Automation Helps Retailers Scale	19
Conclusion: All Eyes on the Customer	22
Key Suggestions	24
About Our Sponsor	25
About the Authors	26



Executive Summary

After a challenging 2020 holiday season, retailers are preparing for another round of holiday shopping in 2021, this time with the hope that some amount of normalcy will return to consumer spending and shopping behavior.

According to one study, the COVID-19 pandemic was the reason 58% of consumers shopped online instead of in-store during the holiday season in 2020.¹ As more shoppers are inoculated against COVID-19, there may be a resurgence of in-store shopping.

But most retail organizations also recognize that holiday shopping may never be the same. Operational models like curbside pickup, home delivery, and buy-online-pickup-in-store (BOPIS) are popular, with some stores considering making them at least semi-permanent. Consumers have also changed, becoming more channel-agnostic in their shopping habits than in years past.

This report explores the trends that are shaping the 2021 holiday retail season and what they mean for retailers in the coming months and beyond. It also provides suggestions for how retailers can prepare for this year's holiday shopping season, apply forward-thinking solutions, and draw insights from the hard-earned lessons of 2020.

¹ <https://www.retaildive.com/news/what-the-holidays-mean-for-retail-in-2021/593642/>

Key Insights

48% of respondents will deploy interactive kiosks or location-based technology this year. Meanwhile, 47% will empower associates with connected technology, 45% will form strategic partnerships with third parties for fulfillment, and 44% will leverage BOPIS, ROPIS, and BORIS.

45% of the respondents say their preparedness for the upcoming holiday shopping season is poor (1%) or needs improvement (44%).

86% of respondents will continue to enact in-store safety and sanitation protocols from the 2020 holiday shopping season this year, such as mask requirements for associates (91%) and customers (87%). Most will engage in intensive cleaning, disinfecting, and sanitation (80%) and have social distancing requirements (63%).

Respondents identify alternative payment options (91%), more online shopping and less in-store shopping (84%), and concerns about health and safety during in-store shopping (64%) as customer characteristics from the 2020 holiday shopping season that they believe will remain in 2021.

Nearly half of all respondents (47%) identify trying new retailers and brands as a customer characteristic of 2020 that will not be the case during the 2021 holiday shopping season.

Most respondents (61%) will leverage AI and/or ML as new technologies specifically for the 2021 holiday shopping season. Nearly half (44%) will leverage augmented reality, virtual reality, or other experiential technologies in this way as well.

Retailers in the study are more likely than not to use one or more vendors for six eCommerce operations measured in the study—order management, customer care, supply chain, fulfillment, payments, and fraud—rather than handling them internally.

In each case, roughly one-quarter of retailers in the study will use three or more vendors for order management (29%), customer care (28%), and supply chain (25%) eCommerce operations this holiday shopping season.

Most companies will employ automation to help mitigate the growth of contacts (60%) and most companies will hire more people for customer service (64%) this year, but only 27% will do both at the same time.

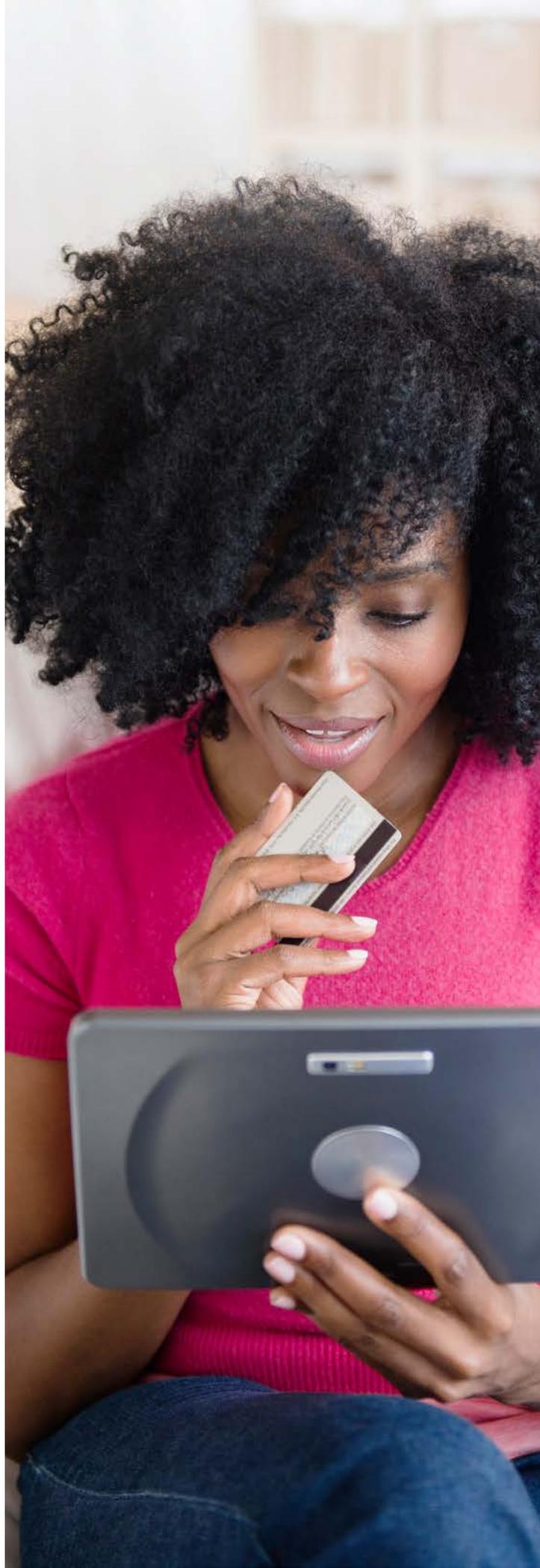
fullstory

Digital Experience Intelligence. Now at your fingertips.

Perfect your digital experience with the only platform that combines quantitative and qualitative data for comprehensive, detailed ecommerce insight.

See how it works for your organization.
fullstory.com/platform

TRUSTED BY THOUSANDS



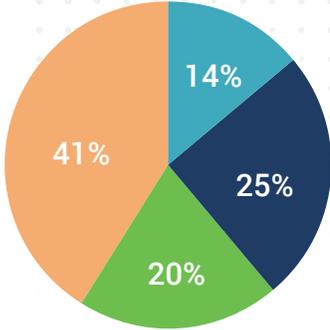
About the Respondents

The WBR Insights Research team surveyed 100 retail leaders across the United States and Canada to generate the results featured in this survey.

At 41%, a plurality of the respondent is made up of directors. Another 25% of the respondents are vice presidents and 20% are department heads, while 14% are C-suite executives.

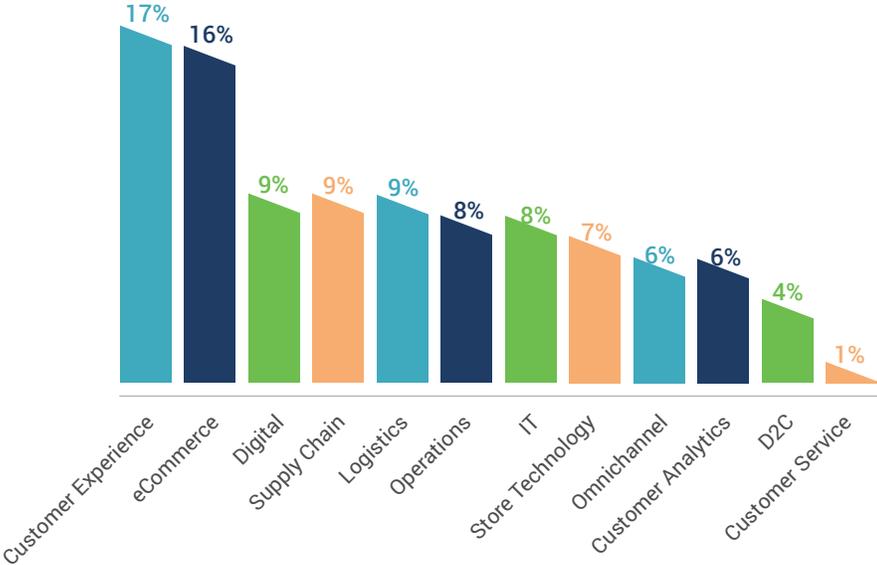
The respondents occupy a variety of operational and customer-facing roles at their organizations. Most of the respondents occupy a role in either customer experience (CX) (17%), eCommerce (16%), digital (9%), or supply chain (9%).

What is your seniority?



- c-Suite
- Vice President
- Department Head
- Director

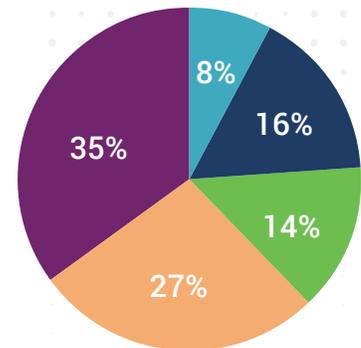
What is your role?



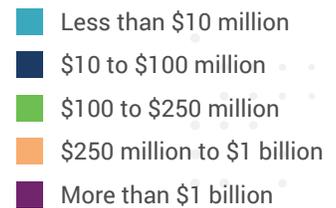
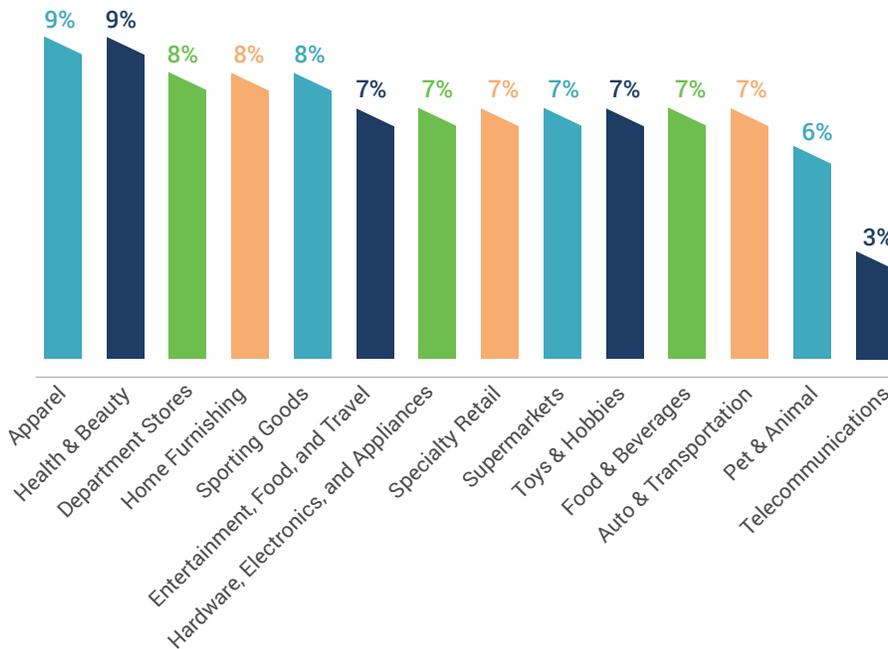
The respondents represent organizations in a wide variety of retail sectors, such as apparel (9%), healthy & beauty (9%), department stores (8%), and home furnishing (8%).

Most of the respondents represent larger organizations that make more than \$1 billion (35%) or \$250 million to \$1 billion (27%) in annual revenue.

What is your annual revenue?



What type of retailer do you represent?





Retailers Will Maintain In-Store Safety Protocols

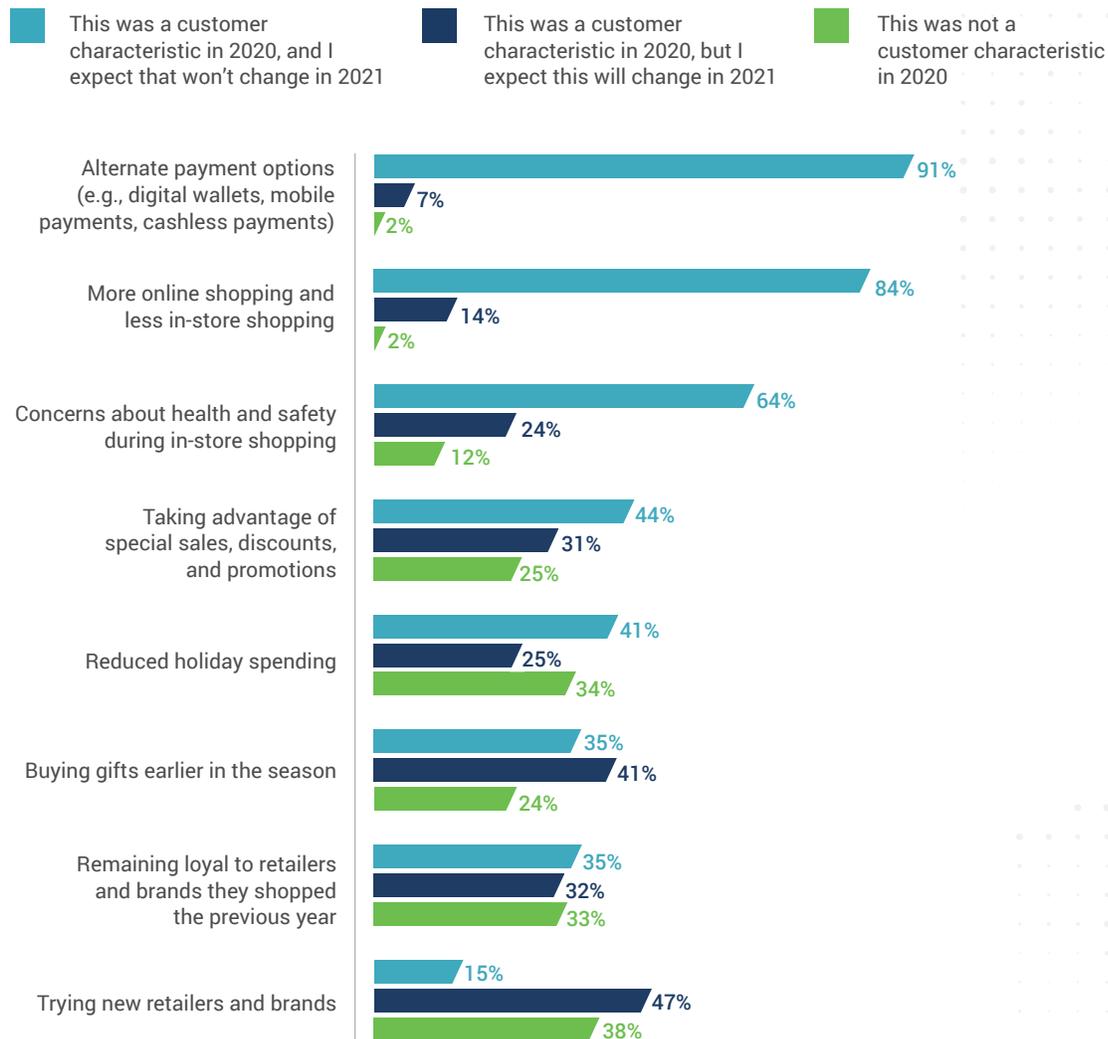
After a challenging holiday shopping season in 2020, many retailers are looking forward to the holiday shopping season of 2021.

As of this writing, several states in the U.S. have already vaccinated most of their populations. Stores are beginning to upon up, either completely or under more lenient restrictions.

As such, retailers are hopeful the foot traffic that was absent last year will be present when stores open their doors in the fall and winter. Studies have indicated that many retailers are preparing for a new influx of in-person shoppers as well.

But there is also evidence that holiday shopping, and retail shopping in general, has changed for good. This is due in no small part to shifting consumer habits. Primarily, it's due to the widespread adoption of digital retail services among consumers, as well as their penchant for omnichannel shopping experiences.

Which of the following behaviors were characteristics of your holiday customers in 2020, and what are the best options for 2021?



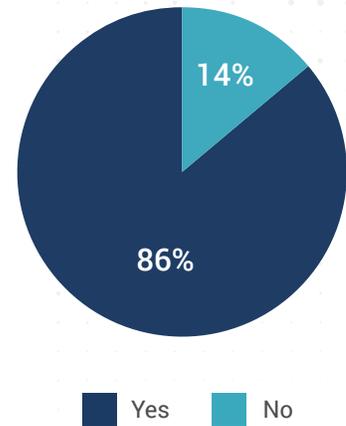
Invariably, some of the consumer behaviors that epitomized the 2020 holiday shopping season will be present this year as well. For example, most retail leaders believe their customers will use alternative and contactless payment options to make purchases (91%), shift more of their shopping online (84%), and stay concerned about health and safety during their in-store shopping experiences (64%).

However, some customer characteristics are expected to change. For example, 41% of retailers believe customers won't buy gifts earlier in the season in 2021 as they did in 2020. Similarly, 47% of retailers believe their customers won't try new retailers and brands in 2021 as they did in 2020. Most persistent consumer behaviors relate to lingering concerns about the COVID-19 pandemic and consumers' widespread adoption of digital shopping methods.

Retailers must accommodate these long-term trends by designing their customer experiences around omnichannel shopping. After a year of shopping online from home, customers expect to be able to move seamlessly between digital and in-person shopping channels with little to no friction. Consumers will also expect non-traditional methods of fulfillment, many of which were a necessity during 2020, to stay in place for shoppers who are concerned about health risks.

Indeed, during the 2021 holiday shopping season, 86% of retailers will continue to enact the in-store safety and sanitation protocols they relied on during 2020. Even though many U.S. states have lifted their COVID-19 restrictions, many U.S. retailers still believe they must ensure their stores are safe and inviting for health-conscious customers. Many Canadian retailers are still operating under state-mandated COVID-19 restrictions as well, and only time will tell if they change by the holiday shopping season.

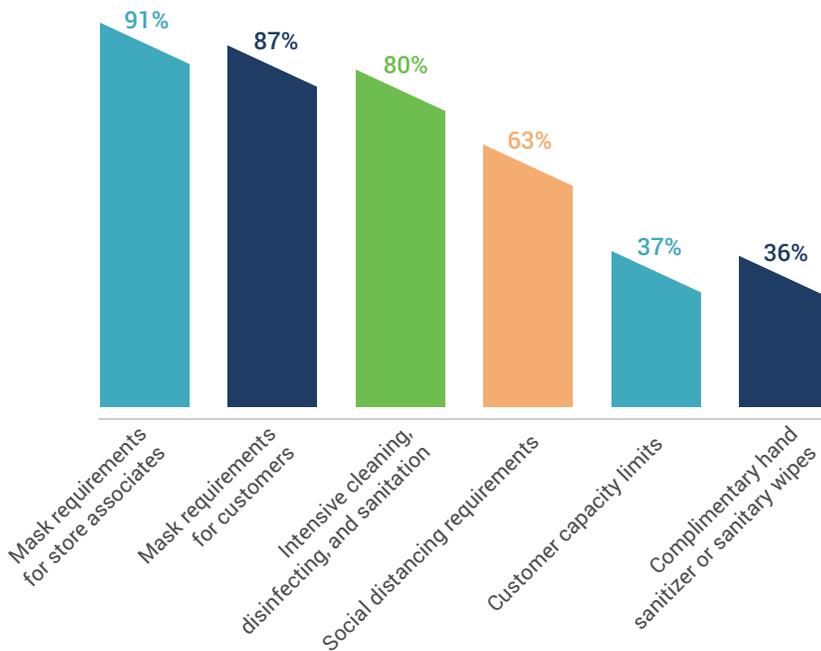
Many retailers enacted in-store safety and sanitation protocols during the 2020 holiday shopping season. Will you continue such protocols this year?



Among these retailers, 91% say they will require store associates to wear masks. Generally, it has been relatively easy for retailers to set mask requirements for their employees.

It has been more difficult, however, for retailers to enforce mask requirements among their customers, as some customers choose not to comply with mask requirements. Nonetheless, 87% of the respondents who will maintain in-store safety and sanitation protocols will require their customers to wear masks.

Since you said, “Yes,” which safety and sanitation protocol will you use during the 2021 holiday shopping season?



Similarly, most of these respondents will conduct intensive cleaning of their stores (80%) and set social distancing requirements (63%). These are both relatively simple steps retailers can take to make their in-store shoppers feel more comfortable.

Still, retailers must provide employees with clear guidance on how to enforce mask and social distancing requirements, especially among customers. Stores that still set strict requirements may struggle to maintain a positive customer experience with customers who are experiencing pandemic fatigue and have become weary of in-store requirements. By analyzing CX from the previous year, retailers should be able to develop a set of best practices that balance customer needs and company in-store safety requirements.





Retailers are Embracing Omnichannel Sales, Returns, and Fulfillment

Researchers sought to determine how the respondents believe customer expectations have evolved.

Specifically, they asked the respondents to describe how they think customer expectations about online holiday shopping have changed since holiday 2020.

Several respondents say that customer expectations about online holiday shopping haven't changed much since 2020, in part because they've grown accustomed to both the safety and convenience of the format.

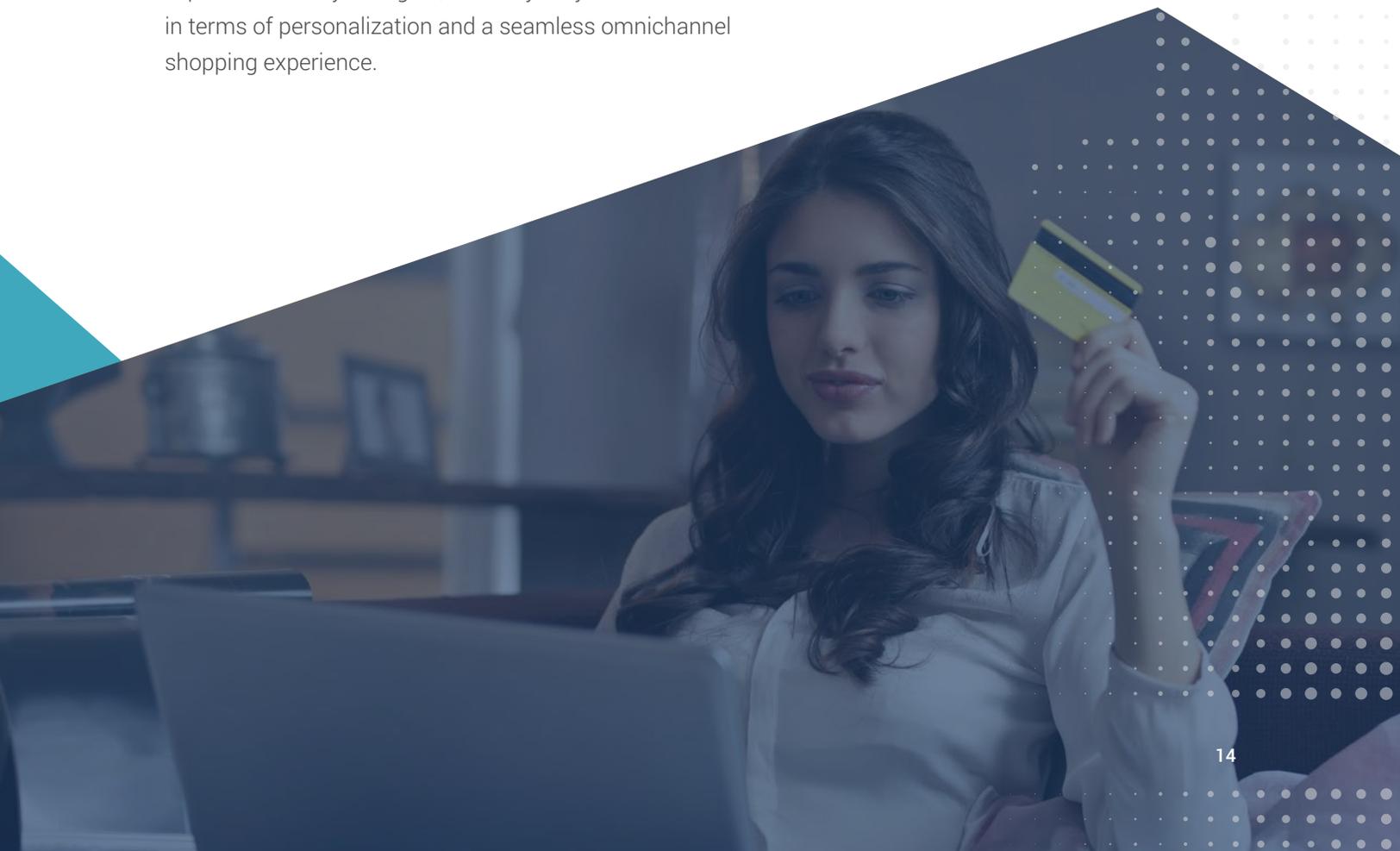
“Customers are more dependent on online shopping now because of how safe it turned out to be in these circumstances,”
says a C-level executive at a sporting goods retailer.

Other respondents believe customers have much higher expectations for online holiday shopping, especially since brands have had considerable time to optimize their online shopping experiences.

“Consumers now expect more personalization from online channels since the rush of the holiday shopping season of last year,” says a customer analytics VP at a home furnishing retailer.

Similarly, a VP at an apparel retailer says, **“Consumers now believe that everything is just a click away. They are getting more familiar with the digital side of purchases and know about the setup of omnichannel features that brands are providing.”**

During the 2020 holiday shopping season, both brands and consumers were simply doing their best to adjust to a difficult situation. Many consumers gave retailers the benefit of the doubt, even if they hadn't fully shifted their operations to meet consumer demand for digital services. In 2021, consumer expectations may be higher, and they may have more demands in terms of personalization and a seamless omnichannel shopping experience.

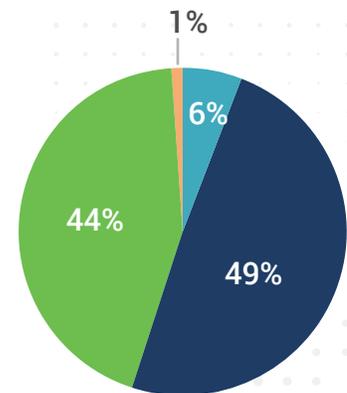


Most respondents rate their organization's level of preparedness for the upcoming holiday shopping season as either "exceptional" (6%) or "good" (49%). These respondents believe their holiday preparations are either "considerable" or that they are on par with their competitors.

Still, this represents a small majority of the retailers surveyed, as 45% say their holiday shopping preparations either need improvement or that they've only just begun to prepare. Although there may still be some time before the traditional holiday shopping period begins, evidence from 2020 revealed that consumers are shopping for holiday gifts earlier than ever before, and they are doing so online. According to a study by the National Retail Federation, 42% of consumers started holiday shopping earlier than normal in 2020.²

Retailers must be able to accommodate holiday shopper preferences earlier during the season this year if they are to deliver a meaningful, omnichannel customer experience. Although this might mean applying strategies that worked in 2020, it could also require the deployment of new technologies at organizations that struggled with technology adoption in previous years.

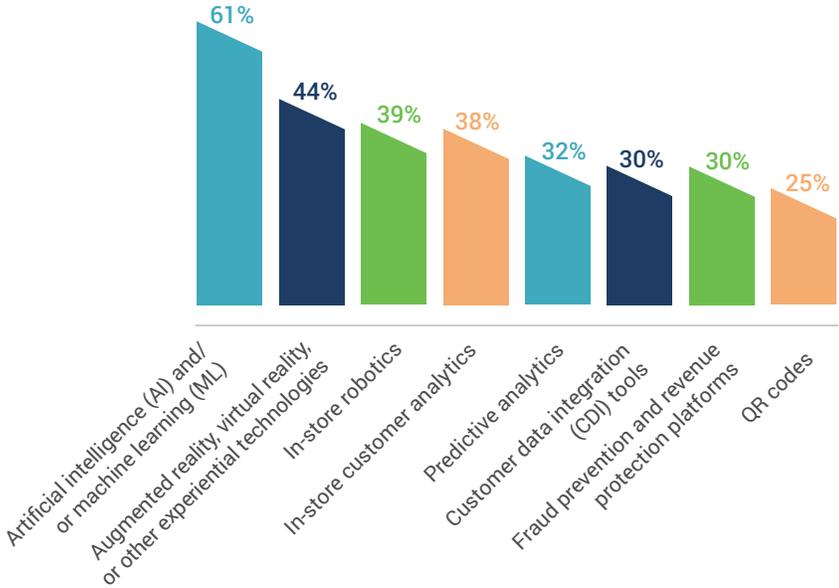
How would you rate your organization's level of preparedness for the upcoming holiday season?



- Exceptional – We've made considerable preparations for this year's holiday season
- Good – We've prepared, but no more than most of our competitors
- Needs Improvement – We're falling behind our competitors this holiday shopping season
- Poor – We are unprepared or only just beginning to prepare

² <https://entrepreneurship.babson.edu/online-shopping-holiday-season/>

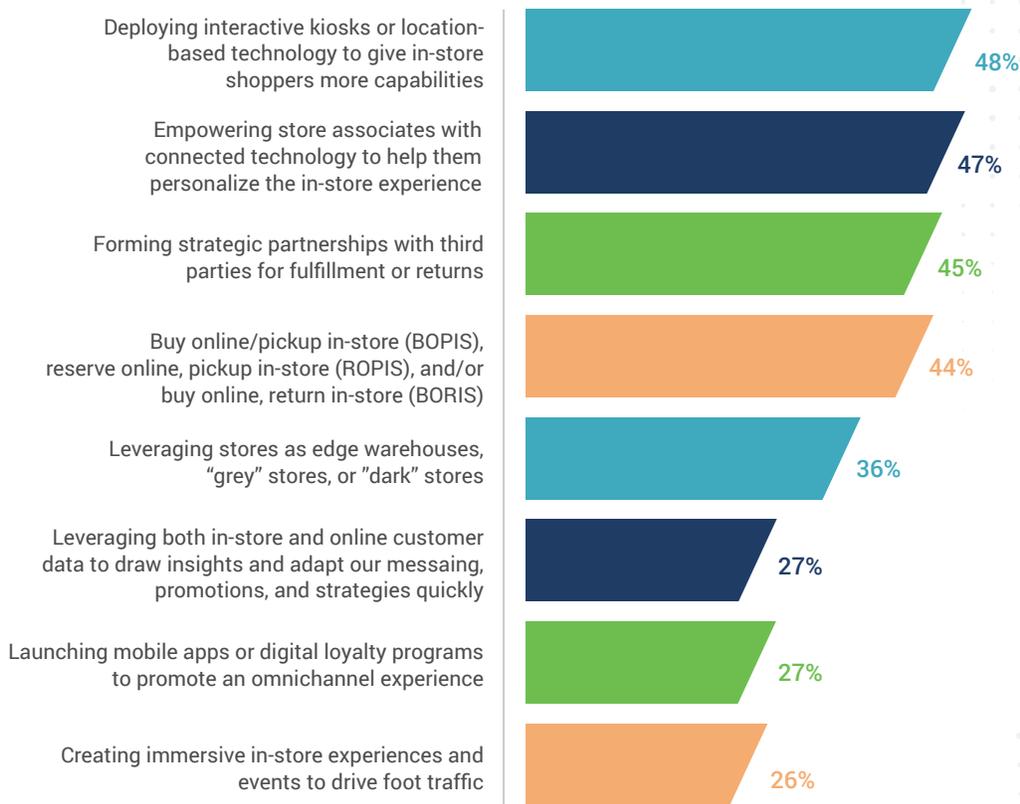
What new technologies will you leverage specifically for the 2021 holiday shopping season?



Most of the respondents (61%) plan to leverage artificial intelligence (AI) and/or machine learning (ML) this year as new technologies. These technologies are increasingly useful in online shopping and eCommerce applications. When deployed properly, they can analyze data points from several sources to generate a 360-degree view of customers, deliver personalized experiences, and unify brand experiences across channels.

The respondents also plan to leverage some next-generation technologies, both at the store level and through customers' personal devices. For example, 44% will leverage augmented reality, virtual reality, or other experiential technologies to create memorable retail experiences. Others will use in-store robotics (39%), and in-store customer analytics (38%) to streamline operations and potentially create more personalized shopping opportunities on the sales floor.

What strategies are you using to create a seamless customer experience across shopping channels this year?



Finally, in the 2021 holiday shopping season, many retailers are planning to either adopt or continue several of the retail strategies that became popular in 2020. The respondents were asked to select their top three retail strategies among eight options.

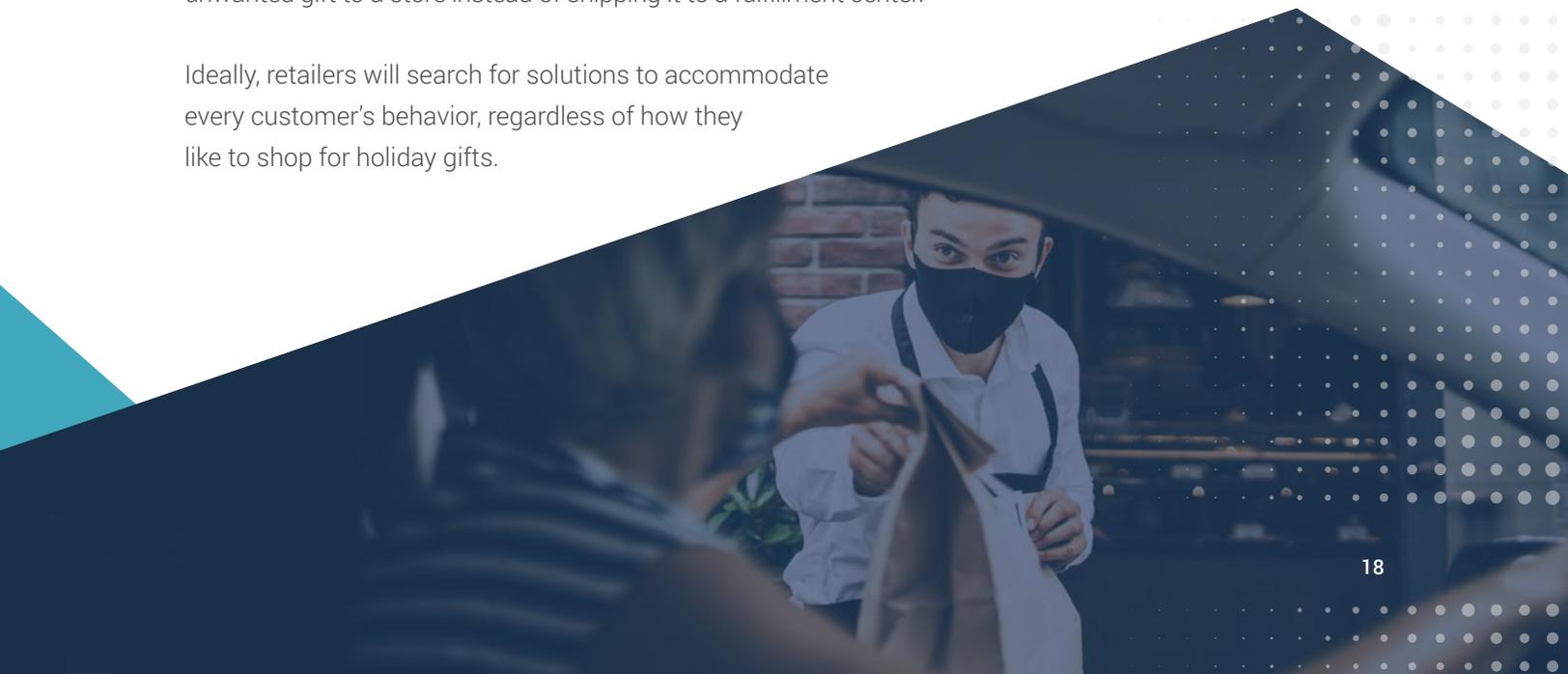
Almost half of the respondents (48%) will prioritize interactive kiosks or location-based technology to give in-store shoppers more capabilities. Success with these types of technologies has been elusive for retailers in the past, but they hold promise in bridging in-store and online shopping experiences and reducing friction between both.

Similarly, 47% of the respondents will prioritize empowering store associates with connected technology. Simple tools like tablets and handheld devices can allow store associates to connect to apps and customer databases, giving them the power to personalize a shopper's experience while standing directly in front of them. Several retailers have adopted this model as a way to implement cashier-less checkout operations in their stores as well.

Finally, in each case, over one-third of the respondents will prioritize fully embracing alternative means of fulfillment this year. For example, 45% will form strategic partnerships with third parties for the fulfillment of returns, while 36% will leverage their stores as edge warehouses, "grey" stores, or "dark" stores, using them as fulfillment centers for online purchases. Furthermore, almost half (44%) will leverage buy online/pick up in-store (BOPIS), reserve online/pick up in-store (ROPIS), and/or buy online/return in-store (BORIS) in 2021.

These models enable retailers to use their stores as tools for providing customers with unlimited convenience in their shopping habits. More importantly, they work to bridge the online and in-store shopping experiences, reducing friction as customers switch channels during key points in their buying journey. Some customers may prefer to purchase a gift online but pick it up in-store to avoid the wait, whereas others may prefer to return an unwanted gift to a store instead of shipping it to a fulfillment center.

Ideally, retailers will search for solutions to accommodate every customer's behavior, regardless of how they like to shop for holiday gifts.





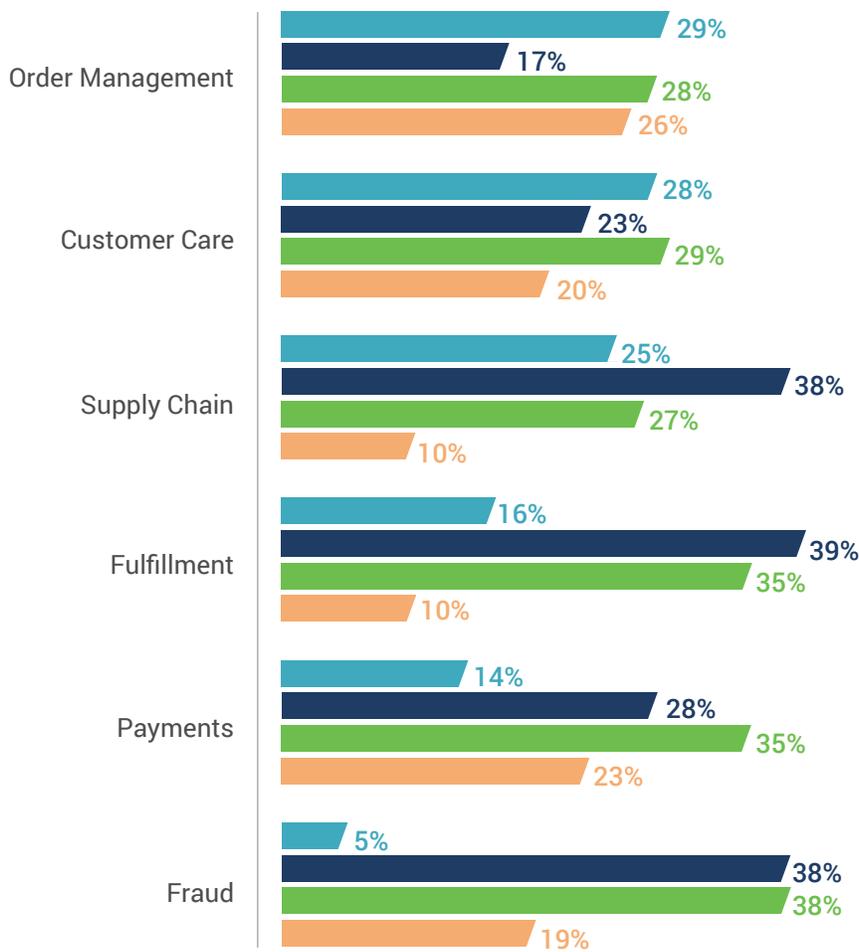
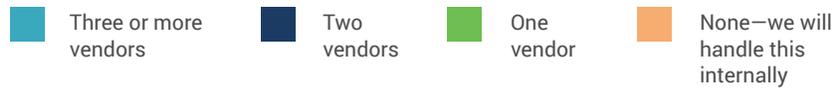
Customer Care Automation Helps Retailers Scale

Retail customer care is exceedingly important during the holiday shopping season and afterward when many customers come to retailers to return unwanted gifts in exchange for other products or credits.

In the past, many retailers have depended on contingent workforces to accommodate customer demands during these peak periods, but they are increasingly turning to automation and other types of third-party vendors to augment their operations.

Most respondents will rely on at least two or more vendors for supply chain (63%), fulfillment (55%), and customer care (51%) as part of their eCommerce operations this year. However, significant portions of the respondents will rely on a single vendor for operations that require a significant amount of trust, such as fraud prevention and order management, or they will keep these operations in-house.

For each of the following capabilities, how many vendors will you use for your eCommerce operations this holiday shopping season?

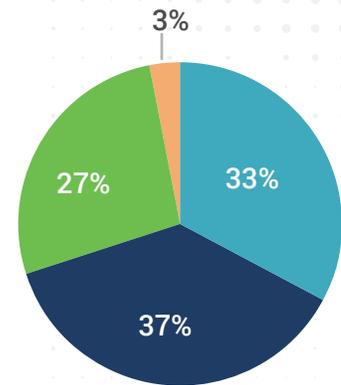


During peak selling seasons, vendors specializing in these areas can work behind the scenes to help retailers scale and meet demand. They can also help to reduce fulfillment and response times, which are critical to the customer experience during the holiday shopping season.

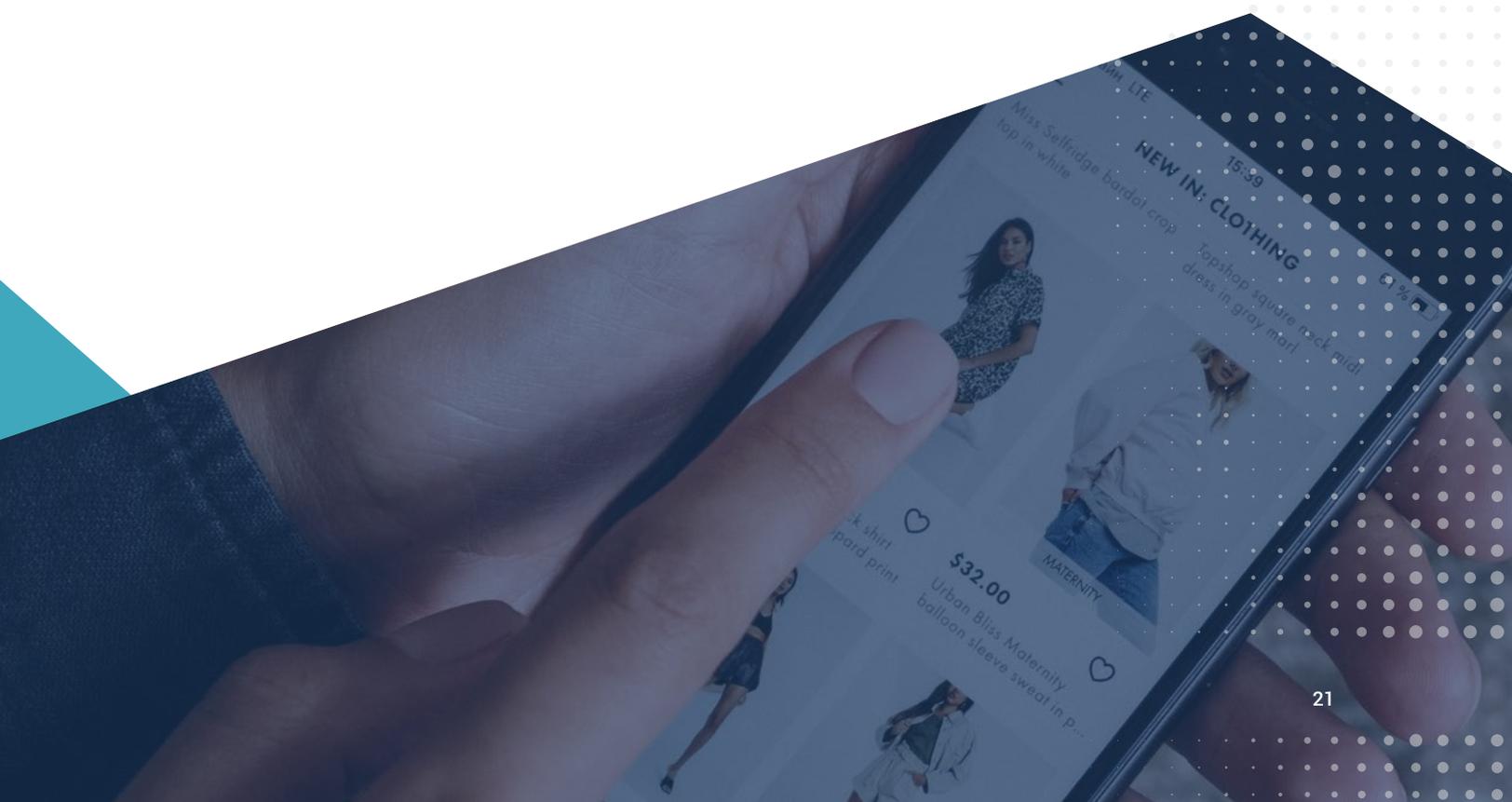
Regarding customer care, the retailers are taking a varied approach. Over one-third of the respondents (37%) will hire more people for customer service without employing automation. However, most of the respondents (60%) will employ automation this year as part of their customer care initiatives.

Automated customer support systems are just one aspect of customer care, as many customers would prefer to speak to a person regarding challenging issues. Still, employing automation could help retailers mitigate the growth of their contact lists, which tend to grow significantly during the holiday season. This may be imperative at retail organizations that experience more new contacts than their existing customer care staff can handle, and it could help customers with low-tier queries resolve them faster, without having to wait on hold.

Which of the following strategies will you employ as part of your customer care initiatives this following season?



- Employ automation to help mitigate the growth of contacts, without hiring people
- Hire more people for customer service, without employing automation
- Both employ automation and hire more people for these purposes
- None of these apply





Conclusion: All Eyes on the Customer

In their final question, researchers asked the respondents to describe their organization's vision for holiday shopping in 2021.

After a challenging season in 2020, many retailers are taking a cautious approach this year, as they are getting mixed signals about spending and consumer behaviors from the markets. Several say they plan to “keep it simple” in 2021, or at least wait to see what the market suggests before committing to any strategy.

“We are finding it difficult to commit anything towards holiday shopping,” says a CX department head at a health and beauty retailer. **“We do have a couple of strategies, but we will wait and watch until we feel it’s safe to begin those campaigns.”**

However, others are optimistic about the opportunity to leverage their new omnichannel strategies.

For example, an eCommerce department head from a department store says, **“Mobile devices remain a priority and most of our strategies revolve around the way customers will use their mobile devices in 2021.”** Mobile devices pose a significant opportunity for retailers that wish to embrace location-based advertising, eCommerce, and experiential campaigns through technologies like AR.

Similarly, an omnichannel director at an electronics retailer says, **“A new campaign will begin with digital platforms first and assist us to ease into an omnichannel environment.”**

Other respondents say they are focusing on “personalization,” “customization,” and “quick purchase and delivery,” as part of their omnichannel strategies.

As such, retailers are leaning into the fulfillment strategies that defined 2020 and they are also hoping to create better in-store experiences through a digital-first and omnichannel strategy. But COVID-19 and shifting consumer behaviors are still a lingering concern, so they'll need to double down on alternative fulfillment methods like BOPIS, store health and safety protocols, and other operational models that characterized the 2020 holiday shopping season.

Key Suggestions

Maintain at least some in-store safety protocols this year, as most retailers are planning to do so in North America. Although many economies may be open during this holiday season, simple procedures like mask-wearing and regular cleaning can help to boost customer confidence.

Apply the lessons you've learned from online and eCommerce shopping in 2020 to create a more seamless digital experience. Most retailers expect consumers to continue their focus on online shopping this holiday shopping season.

Consider deploying interactive kiosks and location-based technologies in your stores to provide in-store shoppers with more of the capabilities they'd expect while shopping online. If possible, provide in-store associates with tools and technologies that connect them to your customer database, as this could help them personalize in-store shopping experiences.

Implement or maintain popular fulfillment and return models like BOPIS, ROPIS, and/or BORIS to accommodate your omnichannel shoppers. If you're expecting a high rate of online orders in key regions, consider leveraging at least some of your stores as edge warehouses to help with fulfillment.

Employ automation to help mitigate your growth in customer care contacts. Automated knowledge bases and chatbots can help customers with minor requests or issues, freeing your staff to help customers who need human assistance the most.

About our Sponsor

fullstory

FullStory's digital experience intelligence (DXI) platform enables businesses to continuously improve their digital customer experience across sites and apps. The platform proactively surfaces actionable insights from billions of data points, helping thousands of companies, including Fortune 100 companies and the world's most innovative consumer brands, make evidence-based digital improvements that reduce costs and reclaim revenue.

For more information, visit fullstory.com.

About the Authors

eTail

We launched eTail in 1999, and have been dedicated to supporting the growth of the retail industry ever since. What started off as 100 people in a room discussing where this sector is headed, has led to 2,000 senior-level eCommerce executives being inspired whilst learning and developing their company as well as their careers.

For more information, please visit etailwest.wbresearch.com.



WBR Insights is the custom research division of WBR (Worldwide Business Research), the world leader in B2B focused conferences. From research-based whitepapers to benchmarking reports, infographics and webinars, our mission is to help global institutions across a variety of industries to inform and educate their key stakeholders while achieving their strategic goals.

For more information, please visit www.wbrinsights.com.