

A white ceramic mug filled with dark coffee sits on a thick, textured grey knit blanket. The background is a soft-focus view of the same blanket, creating a cozy, warm atmosphere. The entire image is overlaid with a semi-transparent dark blue filter.

**What if**  
MEDIA GROUP

# 2020 Holiday Season Marketing Outlook

*How to Succeed Against  
the Backdrop of Covid-19*

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There is no doubt that 2020 will go down as a pivotal year in history, thanks in no small part to the COVID-19 pandemic—a true black swan event that has upended every aspect of life and has claimed over a million lives throughout the world.



Set against that backdrop, the issue of holiday spending may seem trivial.

And yet, with an estimated value to the US economy of more than \$1.1 trillion over the 2019-2020 season, according to a [Deloitte report](#), that spending represents a significant proportion of the U.S. economy. That includes seasonal hiring: in 2018, [BLS data](#) indicated that the holiday season was responsible for some 583,000 temporary retail jobs—a buildup of 7% of total retail employment over the period.

Hundreds of thousands of jobs and billions of dollars hang in the balance.”

By those metrics, the impact of the pandemic on consumer spending over the holiday period is anything but trivial: hundreds of thousands of jobs and billions of dollars hang in the balance. And, as the survey data presented in this paper clearly demonstrate, both consumers and retailers are desperately trying to figure out how to achieve that balance for themselves in the midst of unprecedented economic and political uncertainty.

Throughout October 2020, What If Media Group, a performance marketing company, surveyed tens of thousands of consumers on their opinions on a range of matters related to the upcoming holiday season, from shopping plans to intentions around travel and socializing. The results of that research present serious concerns for brands and retailers—especially in the brick-and-mortar sector—as well as opportunities to better understand and serve the needs of consumers during a difficult time for all.

# One year ago, few would have predicted many of the responses from consumers in this report.

But, as the world continues to adapt to the challenges presented by the COVID-19 pandemic, many of the shifts that are occurring may well come to represent permanent changes within the economy. As ever, while some will fail to adapt, savvy brands and retailers will find opportunities within the turmoil that will enable them to survive and thrive as the new normal continues to unfold.





# How Covid-19 Is Changing Holiday Shopping in 2020

Retailers hoping for a traditional holiday season boost may have to trim their expectations this year. With the Covid-19 pandemic continuing to impact all aspects of life, consumers are watching their finances closely, with more than a third planning to spend less on holiday gifts than they did in 2019.

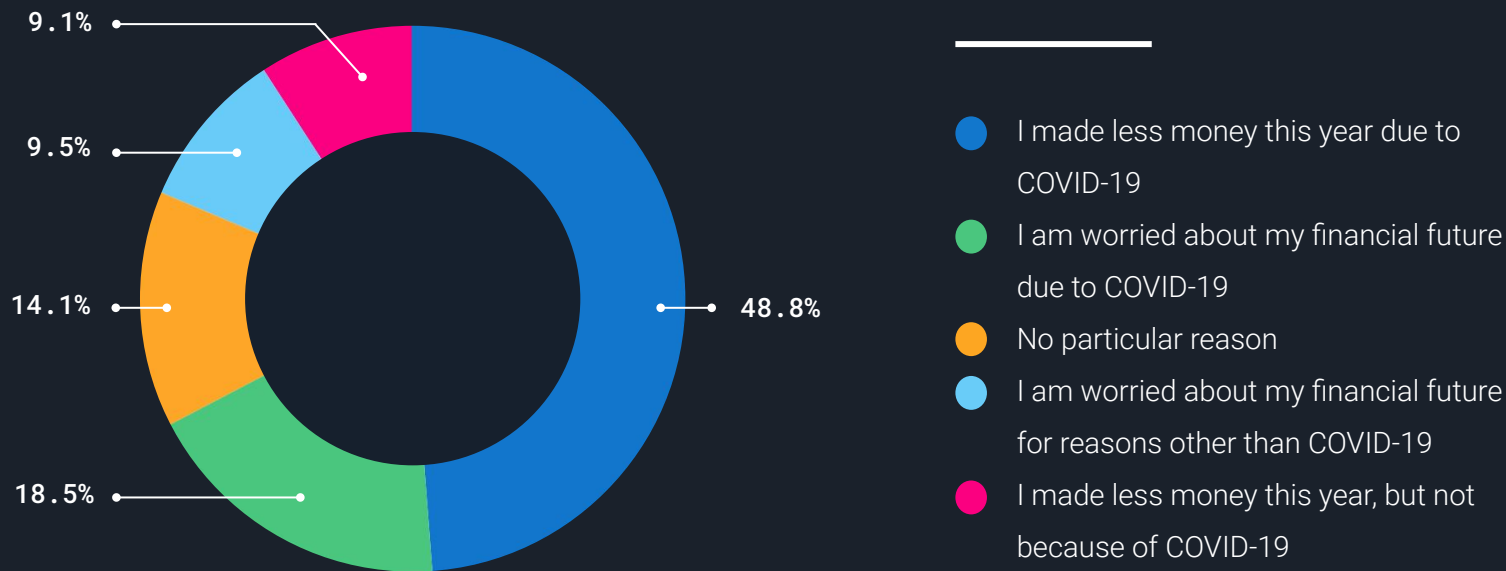


Of the 37.7% of respondents who are planning to spend less, two-thirds (66.3%) cited either loss of income due to the pandemic, or fear of it in future, as their key reasons for holding back on gift purchases throughout the holiday season.

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That translates to a difficult period for retailers and underlines the importance of knowing where and how consumers are likely to spend their budgets this year.

# What is your primary reason for spending less on gifts than last year?





Demographically, adults in or approaching their prime earning years are most likely to be slowing their spending due to COVID-related financial concerns:

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75.5% of 20-29 year olds cited the pandemic or fear of it as their primary reason for holding back, as did 79% of those in their thirties, and 75.2% of those in their forties.

# Reining In Spending

In terms of raw budget, 38% of consumers anticipate spending less than \$200, with 14.6% estimating that their spend will come in below \$50. That stands in especially stark contrast to 2019, when just 3% of consumers predicted spending less than \$100, according to the [National Retail Federation](#) (NRF).



22.5% of those with children in the home expected to top \$500 in spending this year”

That trend continues at the top of the scale as well: the 2019 NRF survey found that the average predicted holiday gift spend last was \$942 per person, with 58% spending more than \$500 on gifts. This year, according to the **What If Media Group** survey, just 17.4% of respondents plan on spending over \$500, indicating a serious scaling back in expectations for both retailers and recipients.

However, when it comes to big-ticket items, men are more likely to be the ones splurging this holiday season: 19.1% of males surveyed indicated that they expected to spend more than \$500 over the season, compared to 14.9% of women. And, if you're looking for yet more proof that children are expensive, consider that 22.5% of those with children in the home expected to top \$500 in spending this year, compared to just 14.5% of those without children.

# Practical Planning

When it comes to the types of items they are planning to give, clothing is at the top of the list for consumers—24.2% listed it as their go-to item for 2020, followed by gift cards (22.4%), electronics (20.5%), and toys or games (14.4%).



# What Type of Item Will You Be Giving As Gifts Most This Holiday Season?

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Clothing	24.2%
Gift Cards	22.4%
Electronics	20.5%
Toys and Games	14.4%
Cash or Checks	7.9%
Homemade Items	4.3%
Other	3.8%
Household Appliances	1.5%
Pets	1.0%

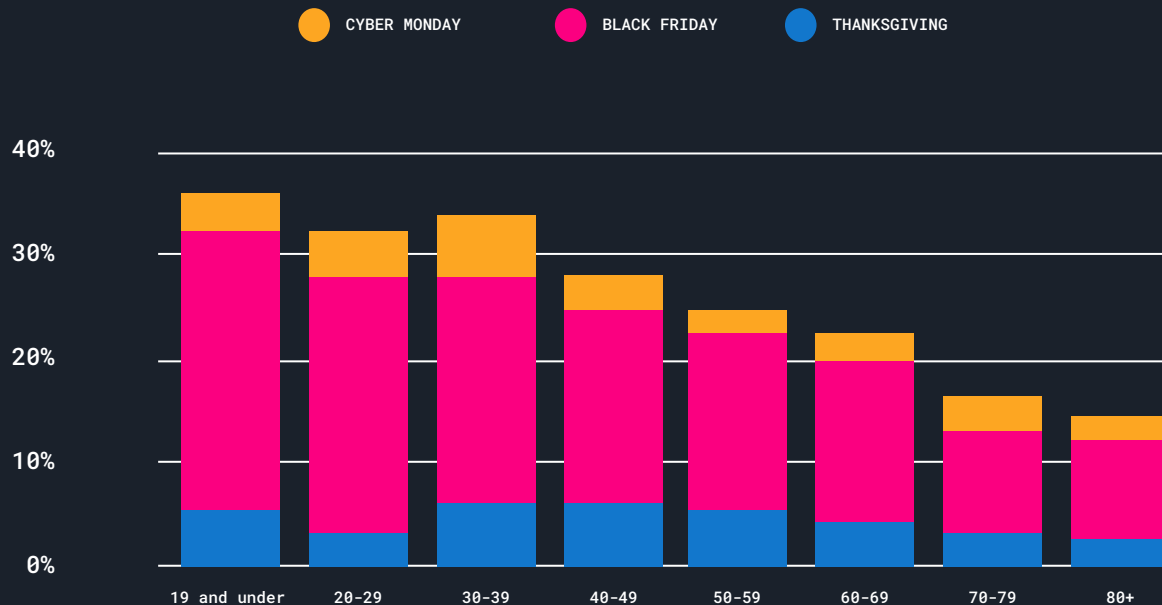
“...retailers seeking to entice shoppers with deals over the Thanksgiving holiday would do well to tailor them to younger shoppers”

The survey also indicates that most consumers plan to shop “sooner” (38.3%) rather than “later” (19.5%) this year, and that the entirety of November will be the peak shopping season for retailers: 51.4% of consumers plan to complete the bulk of their shopping throughout the month, with 26.3% seeking to take advantage of deals over Thanksgiving, Black Friday and Cyber Monday to make their budgets stretch this year, but not particular waiting for these annual sales events as they have in past years.

In addition, retailers seeking to entice shoppers with deals over the Thanksgiving holiday would do well to tailor them to younger shoppers: Black Friday shopping intent—by far the largest driver of sales over the Thanksgiving weekend—peaks among those aged 19 or under, and steadily declines as age levels rise.



# Thanksgiving Weekend Shopping Intentions



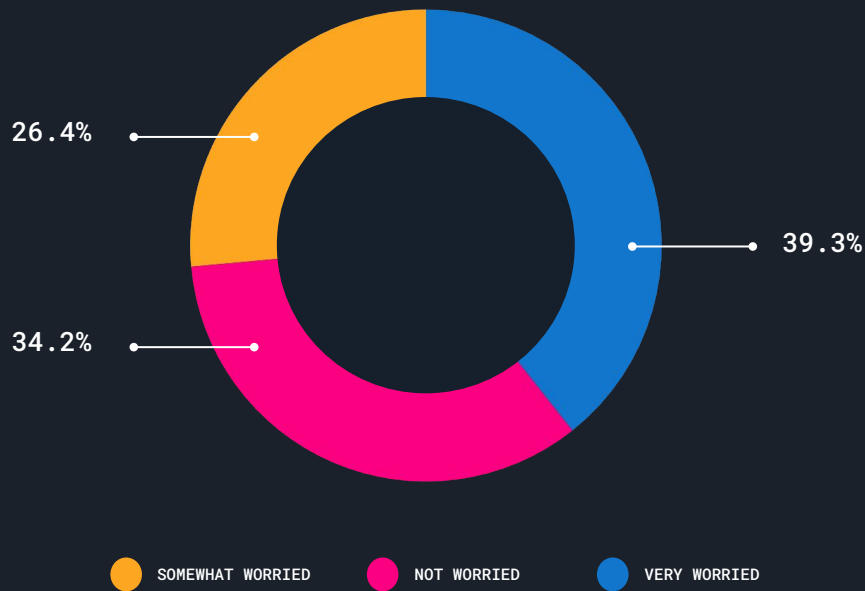
BLACK FRIDAY BY AGE

Interestingly, given the survey's October timing, 14.1% of respondents indicated that they had either finished their holiday shopping for the year, or were planning to have the bulk of it done prior to the end of November.

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Men were more likely to claim that they had already finished, or were close to it, with 9.6% of male respondents selecting that option, compared to 6.8% of women. Aside from its financial impact, the pandemic may also be driving early sales in another way: 64.3% of respondents indicated that they are concerned about the potential for products to be unavailable due to Covid-19

# How worried are you about product availability due to COVID-19?



# Ecommerce will dominate the 2020 season

The growth of ecommerce at the expense of brick-and-mortar retailers may not be a new trend, but it is one that is being accelerated greatly by the pandemic. According to What If Media Group data, 32.2% of respondents are planning to do most or all of their holiday shopping online this year, compared to 27.8% who are planning to do most or all of their shopping in physical stores.



To underline the enormity of this shift, consider that, in 2019, ecommerce accounted for less than 15% of total holiday retail, according to Mastercard SpendingPulse.

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With brick-and-mortar retailers already under pressure prior to adopt “digital transformation” strategies prior to the pandemic, the coming season looks set to present significant additional challenges for digital laggards—and likewise substantial upside for those who have already built great digital experiences.

# Beyond Retail

While retail is likely to be the hardest-hit sector over the 2020 holiday season, the travel and entertainment sectors are also experiencing difficulties. Here, too, the stakes are high. According to a [Nerdwallet](#) report, Americans spent some \$189 billion on holiday-related travel in 2019, while office holiday parties—which cost businesses around \$75 per head in 2019, according to [Credit.com](#)—are likely to be severely scaled back this year due to social distancing requirements.





“...retailers will likely feel the effects of lower spending on gifts, decorations, and clothing for parties.”

Indeed, 76% of respondents in a **What If Media Group** survey indicated that they were not planning on hosting any sort of holiday party this year—even though 40% of those not planning on hosting have done so in recent years.

With just 19.4% of respondents intending to host some sort of holiday event this year, either at home or another venue, it seems that the season will not provide the kind of relief that many in the event and

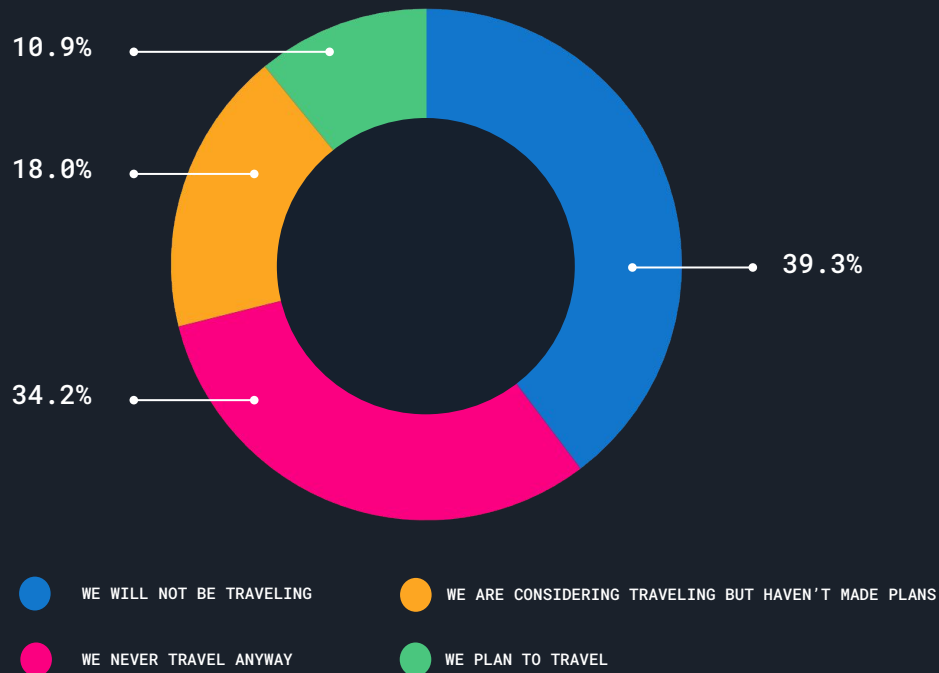
catering industry will have been hoping for after a year marked by shutdowns and reduced capacity due to social distancing requirements. Elsewhere, retailers will likely feel the effects of lower spending on gifts, decorations, and clothing for parties.

# Travel Impact

Those associated with the travel industry are also unlikely to be feeling the festive spirit this year: just 10.9% of survey respondents noted that they are planning holiday-related travel in 2020. That compares especially poorly with 2019, which saw a record-high 55 million Americans—more than 16% of the population—traveling just for the Thanksgiving holiday, according to data from AAA.



# How COVID-19 is Impacting Travel Plans



## Sadly, one famous holiday flyer looks set to be making fewer holiday trips this year due to Covid”

Interestingly, among those who are choosing to travel, the pandemic does not seem to be having a major effect on the preferred mode of transit. While 61.7% of respondents indicated that they will be driving, just 17.3% of travelers indicated that they will be doing so instead of flying this year—a proportion that is almost offset by the 13.9% of travelers who typically drive for the holidays but have elected to fly to their destinations this year, perhaps enticed to do so by deep discounting by the airline industry.

Sadly, one famous holiday flyer looks set to be making fewer holiday trips this year due to Covid—11.6% of respondents noted that they will be telling their kids that Santa can’t come, with a further 14.3% still figuring out whether a visit is possible at the time the data was recorded.

# Pet Project

There is another interesting dimension to this year's holiday season: with more people staying home and isolated from friends and families, more Americans than ever are planning to get a pet—a boost to retailers in the pet-care space.



In a **What If Media Group** survey conducted in October 2020, one-third of consumers indicated that they had either already bought or adopted a pet or were considering doing so.

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And the link to COVID-19 is undeniable: 61.4% of those who were getting or considering a pet indicated that the pandemic had been somewhat or very influential in their decision.



## What Type of Pet are You Getting or Considering?

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Dog	41.6%
Cat	23.8%
Other	18.7%
Bird	10.5%
Fish	5.4%

As for which pets are most popular, there's no contest: at a time when people are seeking an antidote to social isolation, dogs remain the top choice for likely pet-getters this holiday season, with cats in a respectable but distant second place.

# Key Takeaways & Recommendations

While there is no denying that industries that rely heavily on holiday spending will be facing a particularly difficult year, those who have adapted to the situation and leverage age old and Covid-specific best practices be best positioned to weather the storm:



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**Leverage data and insight to meet consumers at their level of need.**

Marketers should study individual level data and leverage automation and artificial intelligence to target the right offers, to the right consumers, at the right time, and in the right channels. Leveraging behavioral data, channel preference data, product preference data, and rigorous testing and optimization, marketers can zero in on consumers who are in-market for their products in both their top of funnel acquisition efforts and down funnel conversion strategies.

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**Discount, discount, and discount again.**

With most Americans saying they are worse off financially than they were a year ago, discounting is key to paving the way to shopping with your brand versus competitors. Even brands that have historically had “no discount ever” policies have adapted to the times, especially offering top of funnel incentives to attract new customers, for example offering discounts for joining email lists or downloading mobile apps. Consumers aren’t just looking for value – they need it. And brands who respond in kind with better deals and offers will reap the benefits.

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**Discount now.**

With concerns around product availability, more shoppers turning to ecommerce over in-store shopping for the first time ever, and more consumers saying they plan to shop sooner for gifts than they did last year, there is no need to wait until the end of November to start incentivizing shoppers with special sales. In 2020, every day should be looked at as Black Friday.

## What If Media Group conducted two surveys online within the United States in October 2020.

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The first, on holiday travel and party intentions was conducted from October 14 to October 19, 2020, among 22,915. The second, on holiday shopping trends and predictions, surveyed 37,179 adults, and ran from October 26 to October 27, 2020. Respondents were randomly selected and the findings are at a 99% confidence level with a margin of error +/- 2.5%. **What If Media Group's** proprietary ad-serving technology includes a real-time survey module that was used to facilitate the data collection for this study. Data was weighted to the 2010 US Census.

Founded in 2012, **What If Media Group** is an award-winning performance marketing company that enables the world's leading brands to acquire valuable new customers at scale.

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By leveraging data-driven engagement and re-engagement strategies across multiple proprietary marketing channels and sophisticated targeting technology, and utilizing insights based on millions of consumer ad interactions each day, What If Media Group delivers the most cost-effective and highest performing marketing campaigns for its clients.

Headquartered in Fort Lee, New Jersey, What If Media Group is a recipient of Crain's 2019 Fast 50 and is a member of the Inc. 5000 list of the fastest-growing private companies in America.



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