

CHRISTMAS

How will consumer behaviour and attitudes play out in the run-up to Christmas? **Rebecca Thomson** looks at the findings of Retail Week research

What to expect from

The question is the same every year for retailers: will Christmas be the boost everyone needs or a disappointing flop?

The annual battle for 2014's festive pound has well and truly commenced, and tapping into the psyche of the Christmas shopper remains as critical as ever.

So what is the festive spirit like among UK shoppers? What do they expect to spend this year? How, when and where will they spend it? And what are their views on the overall Christmas shopping experience?

These are all questions that *Retail Week*, in association with Microsoft, posed to 1,000 shoppers for a new report on Christmas spending.

Their responses are outlined in a guide (available to download from Retail-week.com/consumerchristmas) which provides retailers with the insight needed to predict the fortunes of the 2014 golden quarter and provide insights for 2015 planning.

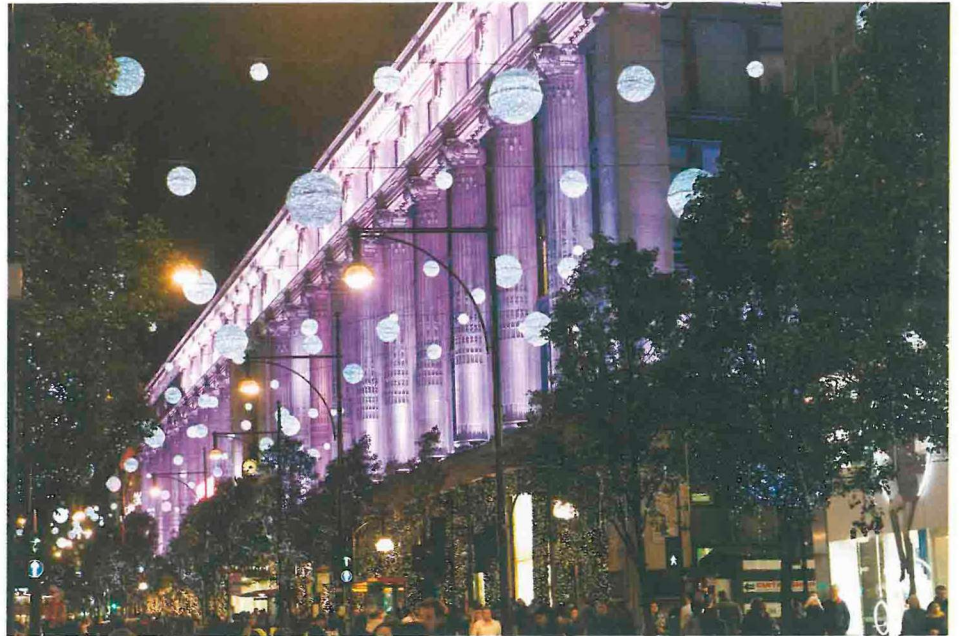
The report covers several topics that will affect Christmas spending. First is the consumer mood, which is looking better than it has in recent years. Consumer confidence has improved in recent months, but there is a caveat – overall spending will be restricted by muted wage growth across the economy.

In terms of overall Christmas-related spend including presents, food, drink and fashion, almost half of shoppers who participated in the study said they will spend the same as last year. Just under a third (29%) said they will spend more, while 23% said they will spend less.

Where spend will happen

So the consumer mood is more positive than it has been in recent years, but who will shoppers spend their cash with? Amazon emerges as a clear winner – nearly two in three people surveyed (63%) cite the online giant among the three retailers where they will shop for presents this Christmas. No other retailer comes close in terms of popularity and this trend is seen across all age groups.

But despite Amazon's dominance, there is still spend to play for. The report lists the top 10 most



popular retailers that shoppers plan to buy from this Christmas. Argos, Asda and Tesco all make an appearance.

When broken down into categories, the supermarkets' dominance in food is predictable. In fashion, Amazon is perhaps surprisingly popular. Twenty-seven percent of shoppers say they plan to shop with the retailer for fashion purchases.

Second to Amazon in the category is Marks & Spencer, where one in five said they will shop. That suggests that its recent efforts to revamp its fashion offer are starting to play dividends.

When will consumers spend?

Last year retail was awash with discounting in the run-up to Christmas as retailers tried to get shoppers to spend earlier. This year, if people's good intentions are to be believed, there won't be such a long wait for people to shop. While 38% of shoppers plan to delay Christmas spending to get a bargain in the Sales, 45% say they will do most of their Christmas shopping one month before the big day.

The report says: "As retailers continue to debate the annual question of how long to hold off festive discounting, the figures drop the closer shoppers get to Christmas with only 5% predicting it will be done the week before Christmas."

This figure is likely to be higher in reality, however, as good intentions fall by the wayside as December progresses.

Multichannel Christmas

Just as important as when people shop is how they decide to interact with retailers. Judging by the data, this year looks set to be another milestone year for online and multichannel shopping.

For a start, nearly one in five shoppers say they will not visit the high street at all for Christmas shopping this year. In addition, 84% say they will spend a proportion of their overall Christmas budget online this year. That is higher than the proportion of people who say they will spend a proportion of their budget on the high street (81%).

Online shopping is most popular among 35 to 44-year-olds, of whom more than 90% say they will spend online this year. When it comes to mobile devices, the 25 to 34 age bracket is particularly engaged with tablets and smartphones. Half say that some of their online purchases will be made using a tablet device.

The most mobile-savvy age group is the 18 to 24-year-olds. Half say they will spend using their mobiles this Christmas. The 25 to 34 age group isn't far behind, at 49%.

“The consumer mood is more positive than it has been in recent years, but who will shoppers spend their cash with?”

To read the full report, produced in association with Microsoft, download it at Retail-week.com/consumerchristmas



Christmas 2014



The Black Friday phenomenon

RETAIL WEEK also conducted research on Black Friday, a US tradition of shopper deals that is fast becoming a permanent fixture in the retail calendar, as part of the Microsoft report. It found 31% of UK shoppers say they plan to buy presents during this year's event today.

Retailers such as Asda, Dixons and John Lewis participated in Black Friday in a big way in 2013. It was John Lewis's largest ever day for online orders, and Dixons Carphone chief executive Sebastian James said he was anticipating similar popularity this year.

A Barclays survey found UK retailers continue to embrace Black Friday - 65% were planning promotions.

Very owner Shop Direct invested almost £1m to promote a week of Black Friday events this year as it aimed to woo 'deal-hungry' shoppers.

Last year John Lewis's online traffic was 14 times higher than anything the retailer had experienced before on Black Friday between 7am and 8am.

James described 2013's event as having "caught all retailers on the hop" and said Dixons had started planning for this year's day of deals the Monday after the 2013 phenomenon.

Given the number of people who are not only aware of Black Friday but plan to take full advantage of it today, those retailers that have planned rigorously will undoubtedly be best able to exploit this sales opportunity and able to deliver a better multichannel customer experience.



As far as click-and-collect goes, it will be most popular for toy, fashion and electricals purchases - around a quarter plan to use it in each of these categories.

Customer experience

Customer experience has become one of 2014's most repeated buzzphrases, and the defining factor that determines it continues to be price. Be it in-store or offline, Sales and discounting remain the most common things that will sway shoppers

to spend with a particular brand.

More than half (58%) say low prices are more important when Christmas shopping, followed by 32% who say convenience. About 30% say proximity to a store is one of their top three reasons to spend with a particular brand.

As the statistics show, price is vastly more important than experience.

So has the overall Christmas shopping experience been overplayed in the fight for customer loyalty and repeat spend?

While consumers believe it doesn't drive them to decide where they spend their money, there is no question consumers have strong opinions on what affects their overall experience.

In total four in every five people surveyed experienced some kind of problem with their shopping experience last year.

There are big opportunities for Christmas sales this year, but clearly big opportunities to improve the experience for shoppers too.