

SURVEY REPORT

Holiday Shopping & Returns: What Consumers Expect from Retailers in 2021

Summary

Since the pandemic, massive supply chain delays, labor shortages, and Covid transmission concerns have reinvented holiday shopping (and returns).

Gone are the days of waiting until Black Friday to storm the shelves for gifts. In-store [traffic on Black Friday this year dropped 28.3%](https://www.cnbc.com/2021/11/27/black-friday-shopping-in-stores-drops-28percent-from-pre-pandemic-levels.html)¹ compared to pre-pandemic levels. Instead, consumers are shopping online weeks in advance and spreading out purchases across different product categories. This new normal means consumers have radically different expectations this year, and they want retailers to oblige.

To find out exactly how shoppers feel and what they expect from retailers, our team at goTRG conducted a 2021 holiday survey. We discovered that retailers with convenient returns options that appeal to evolving consumer demands while delivering seamless service will earn customer favor this year.

Perhaps easier said than done in some cases, but let's dive into the details.

¹ Source: <https://www.cnbc.com/2021/11/27/black-friday-shopping-in-stores-drops-28percent-from-pre-pandemic-levels.html>



What shoppers told us

Extended returns windows are a must, and online returns will continue to reign

Massive supply chain issues causing rampant shipping delays have forced consumers to shop earlier this year, giving them less time to make necessary returns after the holidays. Over 80% of consumers told goTRG they want retailers to extend return windows to combat this issue. What's more, consumers say they prefer to ship online returns back rather than deal with the hassle of in-store crowds.

Gen Z and Millennial shoppers take a radically different approach to shopping and returning

Gen Z and Millennial shoppers displayed divergent preferences compared to Gen X and Baby Boomers, marking a permanent shift in the future of holiday shopping behavior. According to goTRG research, 85% of Gen Z consumers and 82% of Millennials say they will shop earlier for holiday presents this year, and over 55% said they plan on skipping Black Friday/Cyber Monday altogether.

Consumers have very little patience for retail inconveniences

Despite well-documented supply chain challenges, consumers expect to receive purchases and refunds promptly while also asking for extended returns windows. 61% of consumers said they would not be more patient this year if it took longer for a retailer to refund their return. And many are preemptively shifting their gifting strategies in anticipation of possible delays on purchases and returns.

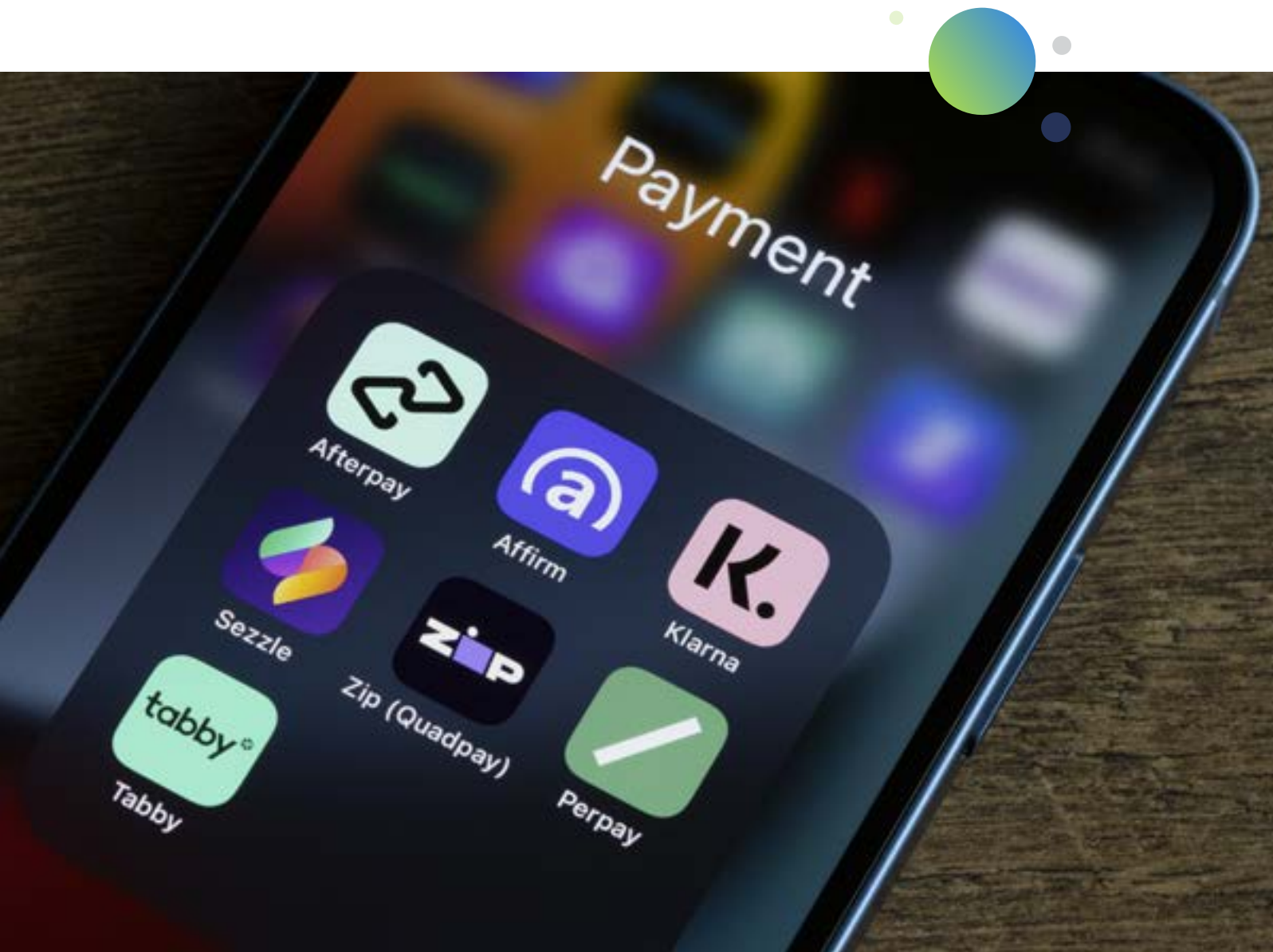
Electronics are still popular, but consumers are turning to different gifts this year

Electronics is still a top category for those who plan to purchase physical gifts. However, many people are avoiding hard goods due to shipping delays and higher price points. More than 70% of consumers told goTRG they planned to buy fewer high ticket items like electronics this holiday season compared to other years. Instead, they plan to focus on gift cards and cash, allowing their recipients to choose their own presents. As a consequence of people purchasing gifts for themselves, this could contribute to fewer returns this year.



The BNPL wave has turned to a splash this holiday season

Over the past year, retailers have widely adopted BNPL (buy now pay later) options like Klarna and Afterpay to give consumers more flexible purchasing options. Many are advertising these apps as convenient holiday shopping aids as well. However, more than 70% of consumers say they won't use alternative payment methods to finance most gifts this holiday season.



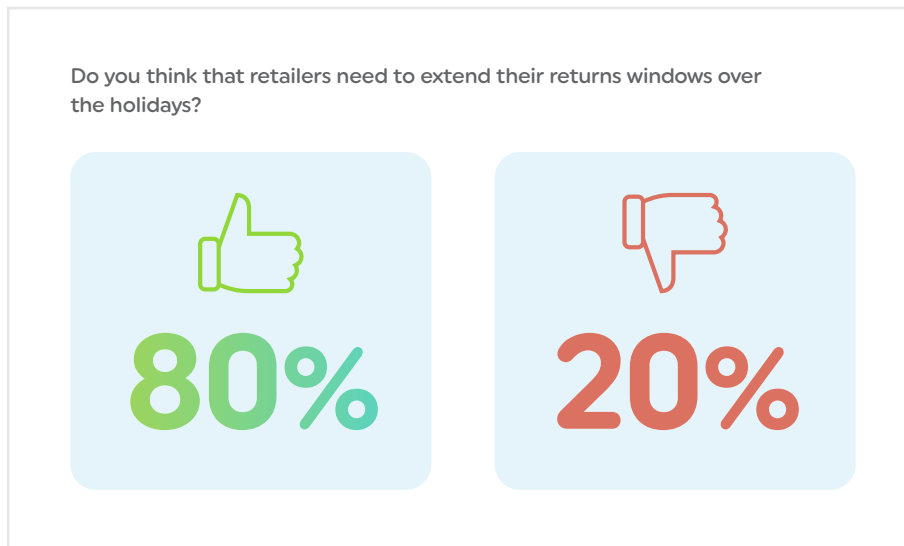
Detailed Survey Results

1. Extended returns windows are a top expectation, and even with stores open, consumers prefer to ship items back

Consumers want to buy from retailers that provide ample time to return.

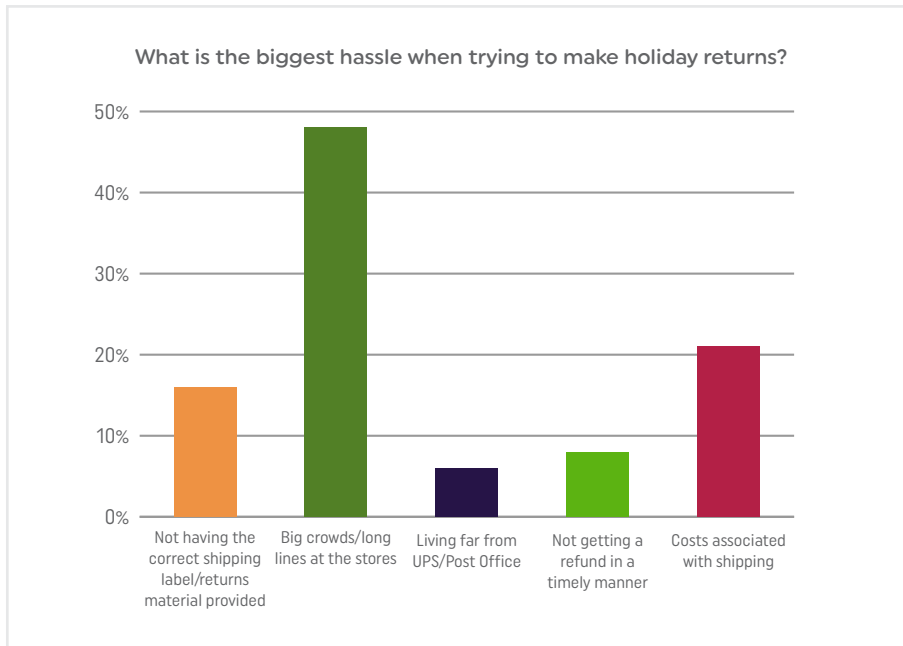
However, retailers should be mindful that these extended returns windows may prove to have consequences by forcing them to process more unwanted items than ever before.

- 80% of consumers think that retailers need to extend their returns windows
- 56% of respondents said that a store's returns policy (or lack thereof) would deter them from purchasing a product.



Avoiding long lines is the top concern.

- When asked what the biggest hassle is when trying to make holiday returns, nearly 50% said big crowds and long lines at the stores.
- As a result, 55% of consumers say they prefer to make returns online/by mail, led by Gen Z and Millennials who strongly choose this option.

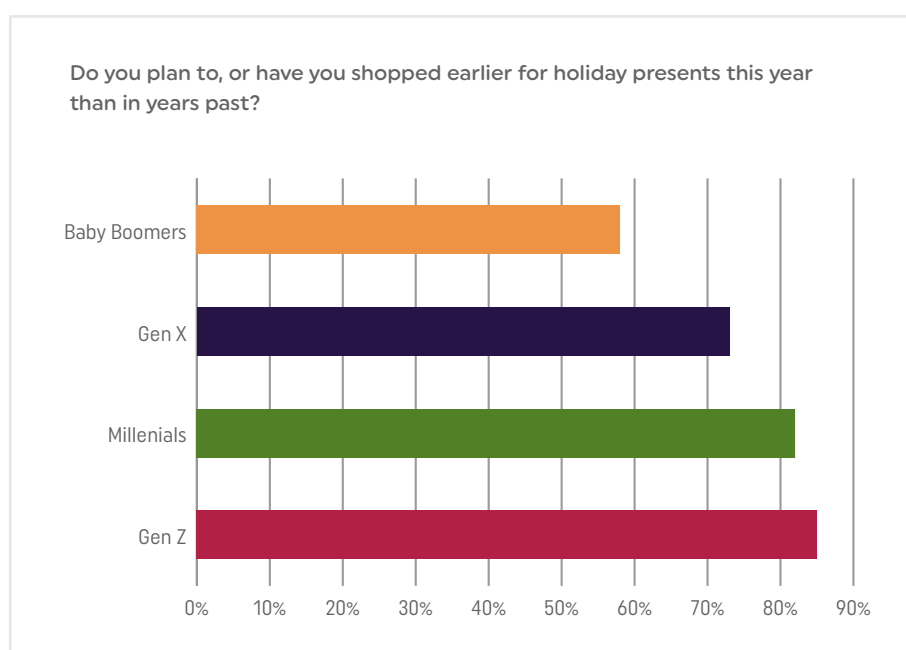




2. Gen Z and Millennial shoppers take a radically different approach to shopping and returning

Gen Z and Millennial consumers are shopping earlier this year and taking historical deal days far less seriously.

- 85% of Gen Z consumers and 82% of Millennials say that they will shop earlier for holiday presents this year.
- 55% said they plan on skipping Black Friday and Cyber Monday altogether.



Gen Z and Millennials are allocating gift funds elsewhere.

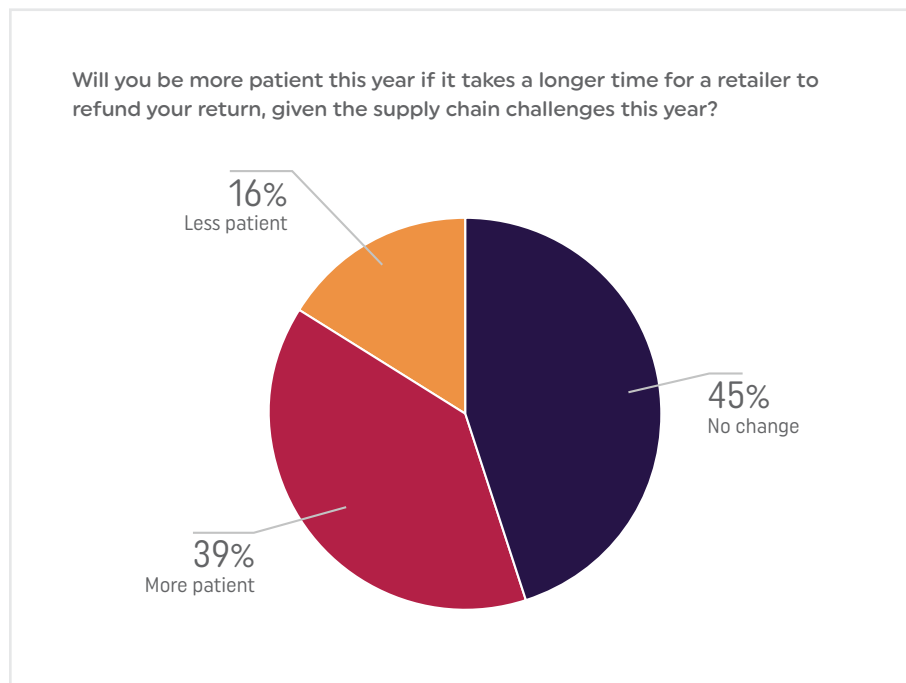
- More than 50% of respondents in both demographics said that they are planning on buying fewer physical/traditional gifts this year.
- Gift cards are the top choice for alternative presents.
- 70% of Gen Z shoppers said they would consider buying second-hand or refurbished goods as gifts if they're faced with out-of-stock issues.



3. Consumers have very little patience for retail inconveniences

They want longer returns windows and speedy refunds instead.

- Over 80% of respondents to the goTRG survey said that retailers need to extend their holiday returns windows (i.e., 120 days instead of 90 days) to give more time to send items back.
- 61% of consumers said they would not be more patient this year if it took longer for a retailer to refund their return, despite this year's supply chain challenges.
- 56% said they would keep a gift they didn't like rather than dealing with the hassle of returning.

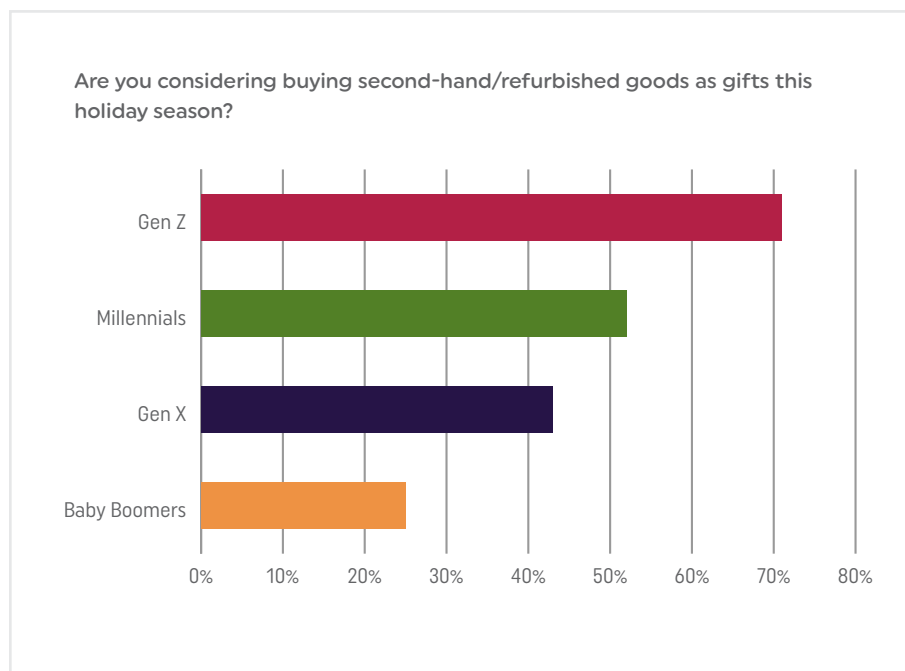




4. New electronics are still popular, but consumers are diversifying

Overall consumer impatience has led to a shift in gift-giving.

- When it comes to product categories, consumers plan to focus on electronics gifts (69%), followed by apparel (59%), home furnishings (35%), and toys (43%).
- But 45% of respondents said that given supply chain issues, they are planning to buy less traditional gifts, in general, this year.
- Over 50% said that gift cards would be the first alternative choice, followed by cash gifts (16%) and experiences like concert tickets (14%).
- 70% of Gen Z shoppers said they would consider buying second-hand or refurbished goods as gifts if they're faced with out-of-stock issues.





5. The BNPL wave has turned to a meager splash this holiday season

BNPL is increasingly popular, but not for holiday purchases.

- More than 70% of consumers say that they won't use alternative payment methods, such as BNPL, to finance certain gifts this holiday season.
- Baby Boomers are strikingly against this option, with 83% saying no to BNPL.



Will you use alternative payment methods, such as buy now, pay later (BNPL) this holiday season?



72%



28%



The bottom line

In the second holiday season since Covid struck, consumer trends along with supply chain and reverse logistics issues mean retailers must prepare to handle serious challenges. Organizations that provide customers with convenient purchasing and returns options will drive greater profits and build loyalty in the process. Making consumers happy, however, doesn't necessarily mean giving them everything they want. Consumers want extended shipping windows, but such extensions may yield higher returns rates, reduced profits, and unnecessary operational costs. It's up to retailers to consider the big picture, weigh the options, and deliver the best omnichannel experience possible that supports their business goals.

