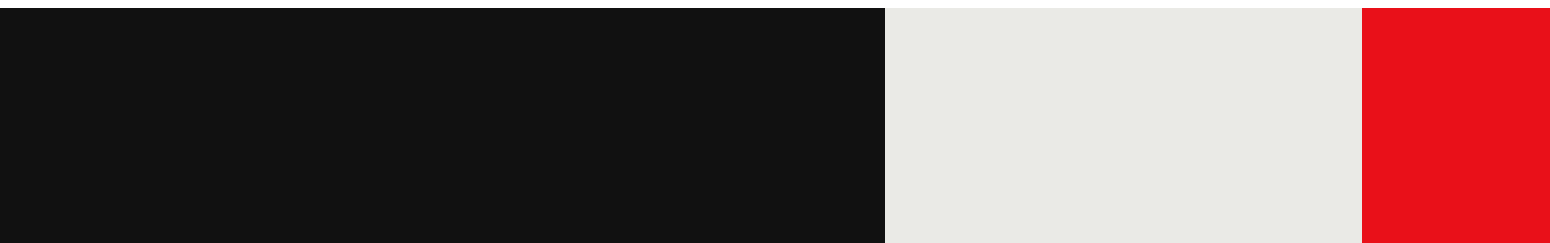



How retailers can start planning for the 2021 holiday season

Article



The 2020 US holiday season posted better-than-expected retail sales growth, as huge ecommerce gains added to a surprisingly positive performance for brick-and-mortar retail. The early outlook for the 2021 holiday season is solid despite major economic uncertainty ahead.

Retailers hoping to capitalize on post-pandemic opportunities during the 2021 holidays need to begin planning right now. While there are many unknowns about when the US economy will bounce back and which sectors will have the strongest tailwinds, retailers can prepare for several factors that will likely come into play.

We forecast that total US holiday retail sales in 2021 will rise 2.7% to \$1.093 trillion, while the season's ecommerce sales will rise 11.3% to \$206.88 billion. Ecommerce will account for a record 18.9% of total holiday season retail sales.

US Retail Ecommerce Holiday Season Sales, 2016-2021

billions, % change, and % of total holiday season retail sales



Note: excludes travel and event tickets, payments such as bill pay, taxes or money transfers, food services and drinking place sales, gambling and other vice goods sales; includes products or services ordered using the internet, regardless of the method of payment or fulfillment; retail ecommerce sales are for Nov and Dec of each year
Source: eMarketer, Feb 2021

The 2021 holidays will stand in stark contrast with the 2020 season. Certain behaviors will look like the mirror image of last year, while others will carry forward—and even strengthen—in the post-pandemic economy. Figuring out what those behaviors are and planning accordingly can put retailers ahead of the curve.

Though much is uncertain, here are a few of the biggest factors to consider:

- **State of the consumer economy.** The post-pandemic economy still wallows in peril, with small-business closures and job losses remaining significant risks. Although the likelihood of additional government stimulus and extended unemployment benefits has increased under the Biden administration, there are lingering concerns throughout the consumer economy, given the unprecedented nature of the pandemic. Retailers should prepare for an economy

that may be just as likely to struggle as it is to be exuberant while we transition out of the pandemic.

- **Prime Day timing.** Only Amazon gets to decide when Prime Day will be in 2021. Whether it reverts to its previous mid-July timing or sticks with mid-October dates has huge implications for holiday shopping. Retailers planning to counterprogram with their own promotions should develop marketing and messaging plans for both possibilities. Brands should build flexibility into their budgets, so that if Prime Day is in October, they don't have to make compromises between that tentpole and Cyber Five spend.
- **Thanksgiving store openings.** When physical stores began opening on Thanksgiving Day (in 2013), it created some unintended side effects for retailers. Once store openings hit critical mass, many of the most fervent Black Friday shoppers headed for stores on Thursday night—and then didn't make it back out for Black Friday. They ended up shopping for less time and going to fewer stores, for a net negative effect on holiday shopping. Retailers found themselves trapped in a prisoner's dilemma; given the new environment, their dominant strategy was to open their doors or else concede sales to the competition. No matter which option they chose, they would be worse off than before. So, virtually every major retailer opened on Thanksgiving, ending up worse off than before, on balance. Rarely can the genie be put back in the bottle, in part because industrywide coordination is difficult. But the pandemic afforded retailers that opportunity. With stores almost universally closed on Thanksgiving 2020, there's now a chance to reestablish industry norms post-pandemic. While driving sales is always an obvious temptation on Thanksgiving Day, retailers would be wise to align around staying closed.

eMarketer PRO subscribers can read more about how the 2020 US holiday season fared, and also get an early preview of the 2021 holidays through our recent US retail and ecommerce spending forecast.

Report by Andrew Lipsman Feb 17, 2021

US Holiday 2020 Review and Holiday 2021 Preview



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