# CHRISTMAS TRENDS REPORT 2016

webloyalty

CONLUMINO

# Contents

# About us

## This research has been commissioned by Webloyalty to provide retailers with insight into the Christmas and holiday trading period.

### About Conlumino

Conlumino is a retail research agency and consulting firm. Our work focuses on all aspects of retailing and consumer behaviour, which we deliver through bespoke reports, projects and presentations. We work with many of the world's leading retailers, property firms and those in the financial sector to help them maximise success through developing a thorough understanding of the sector and its likely future performance.

### About Webloyalty

Webloyalty is a leading reward programme provider working with major online retailers to help them build stronger, more profitable relationships with their customers. Through our membership programmes we help our online retail partners' customers save hundreds of pounds a year while providing the partner with an additional revenue stream. As well as incentivising customers to make repeat purchases at the partner's site, members can also earn cashback and get great deals on everything from fashion to electronics to travel, at hundreds of top online stores.

Webloyalty was established in the UK in 2007 and has since expanded into France, Spain, Ireland, Brazil, Turkey, the Netherlands, Mexico, Australia and Belgium.

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# Summary

- Despite a relatively benign economic backdrop this will be a low growth Christmas with year-on-year spend set to increase by 1.5% to just over £16.7 billion.
- Within the various categories, gifting will see the strongest growth with a rise of 1.8% in spending. This is some way down on previous years and is not aided by the lack of any significant new ‘must have’ products in big ticket categories like electricals. Growth will also be dampened by more discounting from retailers.
- Fortunately for retailers, while consumer sentiment remains fairly soft spending levels for gifting have not collapsed with most consumers planning to spend about the same as they did last year.
- Some inflationary pressure in food will aid growth, although this will be held in check by fierce competition within the grocery sector. The same holds true for seasonal non-food, which includes things like wrap, cards and decorations. Here heavy promotions and deals will hold back growth.
- Within grocery the discounters, once again, look set to make gains with the number of consumers planning to buy food and drink there increasing. However, the news is not all gloomy for the big grocers as Tesco and Morrisons look set to make gains in terms of shopper share.
- The appearance of Amazon as a grocery retailer is a sign of the times, reflecting its recent push into the grocery sector in London and the fact that more consumers this year will be looking to buy at least some of their food online.
- The rise in online is likely a way of preventing some of the headaches consumers have when shopping in store over the holidays. Two thirds say that crowds of people are a major bugbear, with 60% saying that long queues are a source of annoyance.
- More shopping online has likely helped consumers trim the amount of time they intend to spend shopping for Christmas this year, by just over half an hour.

# Summary

- The rise of digital and virtual gift buying also underlines the trends of consumers wanting convenience and speed as well as being unsure of what gifts to buy.

- This year almost a fifth of consumers will buy at least one virtual or digital gift. The verdict from those on the receiving end is that such presents are not as fun as 'physical ' gifts, but a limited amount of digital and virtual gifting is acceptable. However, almost a quarter think such gifts indicate that the buyer has been too lazy to pick something out.

- If Christmas spending growth is more sluggish then so too is Black Friday growth. After a number of bumper years for the relatively young event, growth this year will come in at just over five percent.

- Black Friday is being held back by a combination of consumer boredom around the event and retailers trying to be more careful and savvy about the extent to which they discount over the period.

- Some of this is down to consumer scepticism with well over half of shoppers recognising it as a commercial day, and 60% noting that it fails to live up to the hype. Media reports of websites going down and stores being rammed with people also lead over 60% to the conclusion that the day is just too busy for their liking.

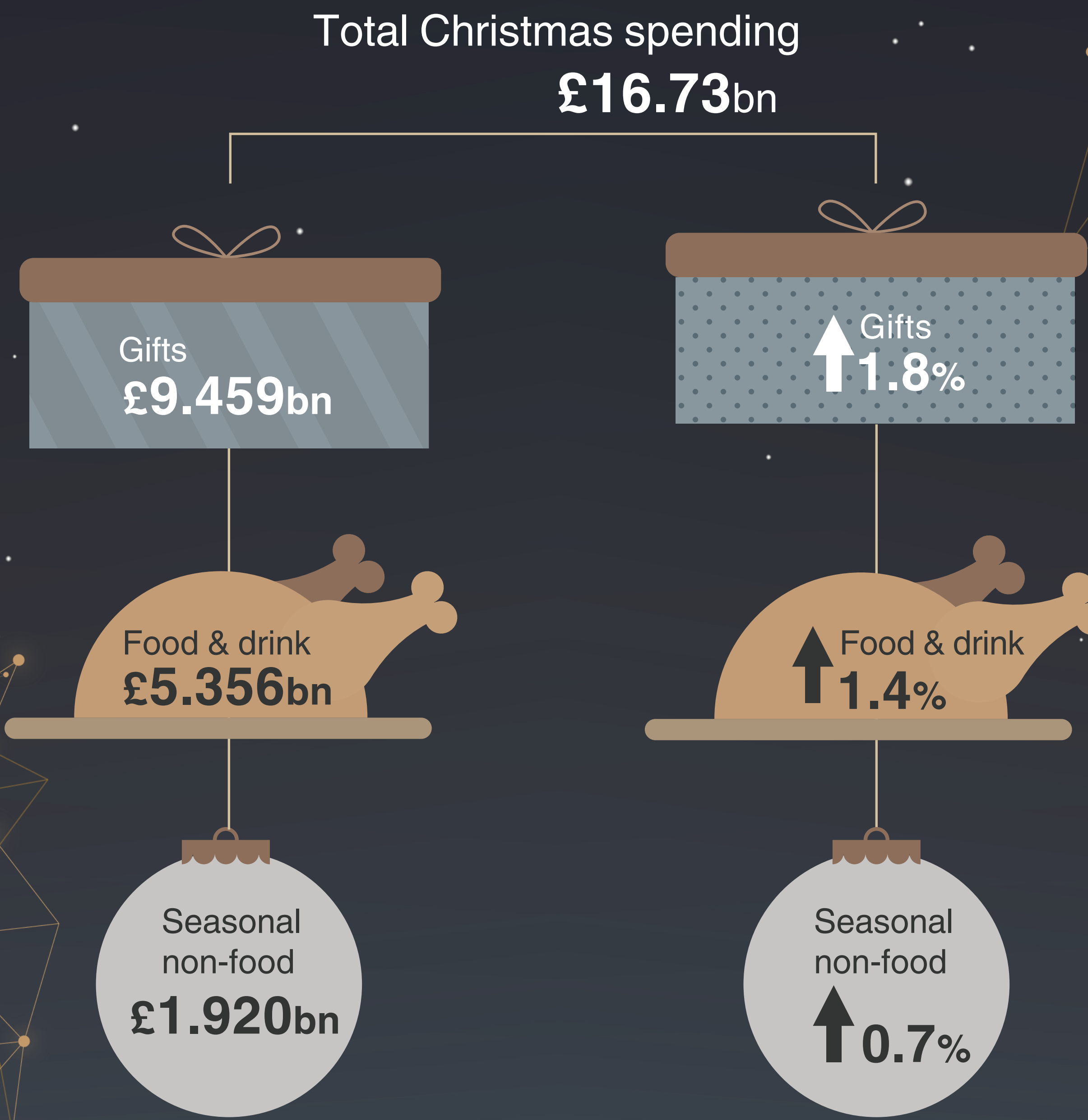
- Despite this many people will shop during the event, and almost 70% of those who do say they will simply be making purchases that they would otherwise make at another time. This is something that justifies retailers desire to pull back on the generosity of deals.

- In spite of its more lacklustre growth and weaker appeal, Black Friday is still a starting gun for the Christmas shopping period with well over a quarter of consumers saying it's the date on which they begin their festive buying. By the time Black Friday arrives over half of consumers will be actively shopping for Christmas.

# Christmas spending

## This year we will spend just over £16.7bn on Christmas, up 1.5% on last year

Breakdown of 2016 Christmas spending



# The value of Black Friday

## Black Friday spending will grow by 5.4% this year to top £1.69bn – a much slower pace of growth than in the last few years

What consumers spent during Black Friday last year and will spend this year

**£1.60bn**

**Black Friday**
2015 spending

**£1.69bn**

**Black Friday**
2016 spending

Please note that Black Friday sales include all sales made during Black Friday, regardless of whether these are part of Black Friday promotions and regardless of whether they would have otherwise been made. Both online sales and sales made in stores are included.

# Shopping events and days

## Knowledge of Black Friday is higher than last year, but the numbers shopping during the event are lower

Knowledge of and participating in shopping events

### Black Friday

Have heard of this event

**78.7%** ↑
(2015: 77.4%)

Shopped during this event last year

**49.8%** ↓
(2015: 52.1%)

Intending to shop this event this year

**51.3%**

### Cyber Monday

Have heard of this event

**44.6%** ↑
(2015: 42.1%)

Shopped during this event last year

**30.5%** ↓
(2015: 38.2%)

Intending to shop this event this year

**35.2%**

### Neither

Have heard of neither events

**16.9%** ↓
(2015: 20.1%)

Shopped neither events last year

**30.9%** ↑
(2015: 29.6%)

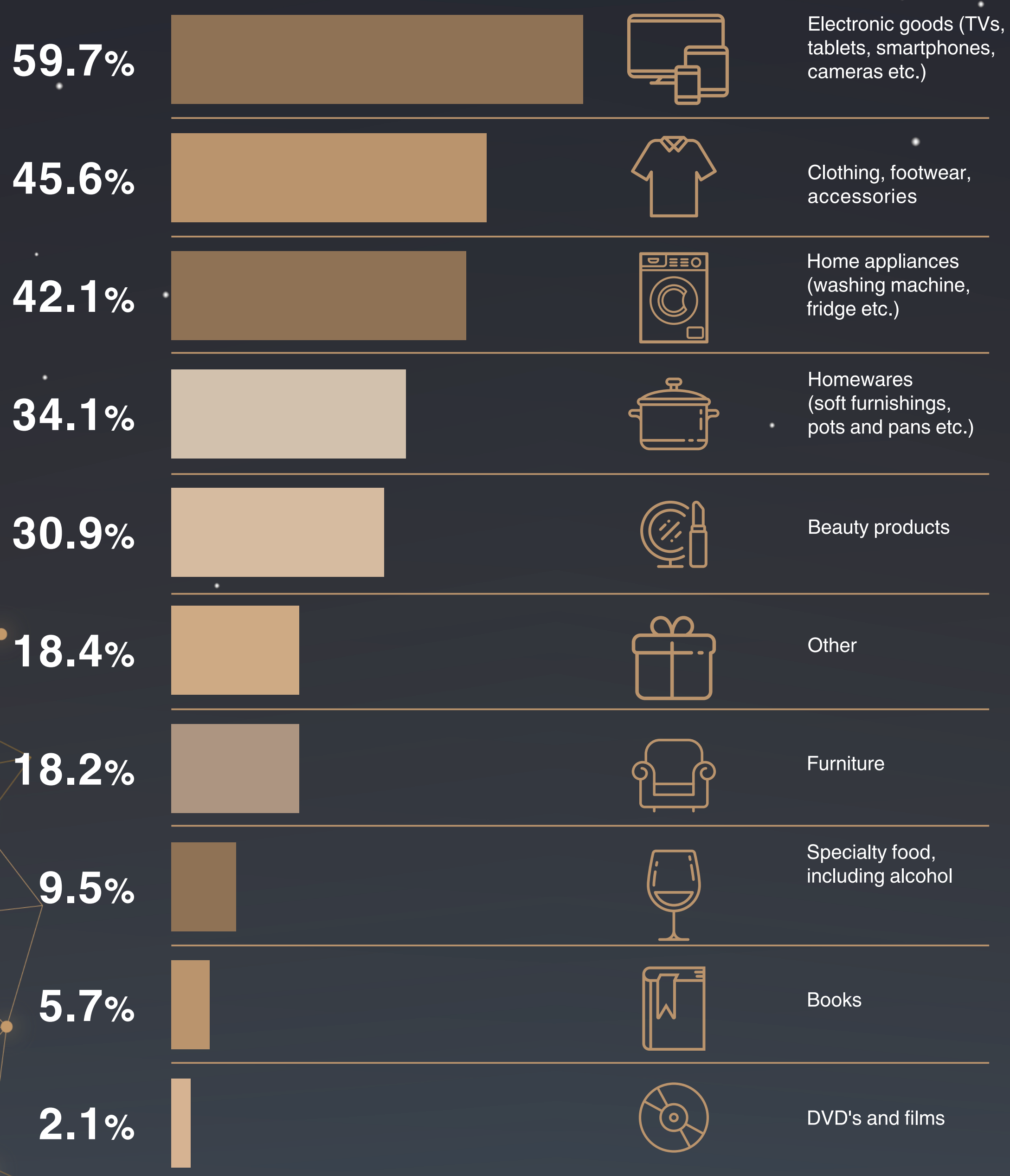
Shopping neither event this year

**33.8%**

# Shopping events and days

## Electricals still dominates Black Friday buying, with clothing coming a close second

What people are intending to buy on Black Friday and Cyber Monday? Percentage of consumers who are intending to either or both of these days



# Changing behaviours

## Delayed and early purchasing seems to be more pronounced this year than last year

Are the purchases you're planning to make on Black Friday or Cyber Monday purchases that you have delayed or brought forward?

**I brought my buying** forward – bought items sooner than I usually would

**45.6%**
(2015: 42.1%)

**I delayed buying –** bought items later than I usually would

**30.1%**
(2015: 27.8%)

**69.5%**
(2015: 61.2%)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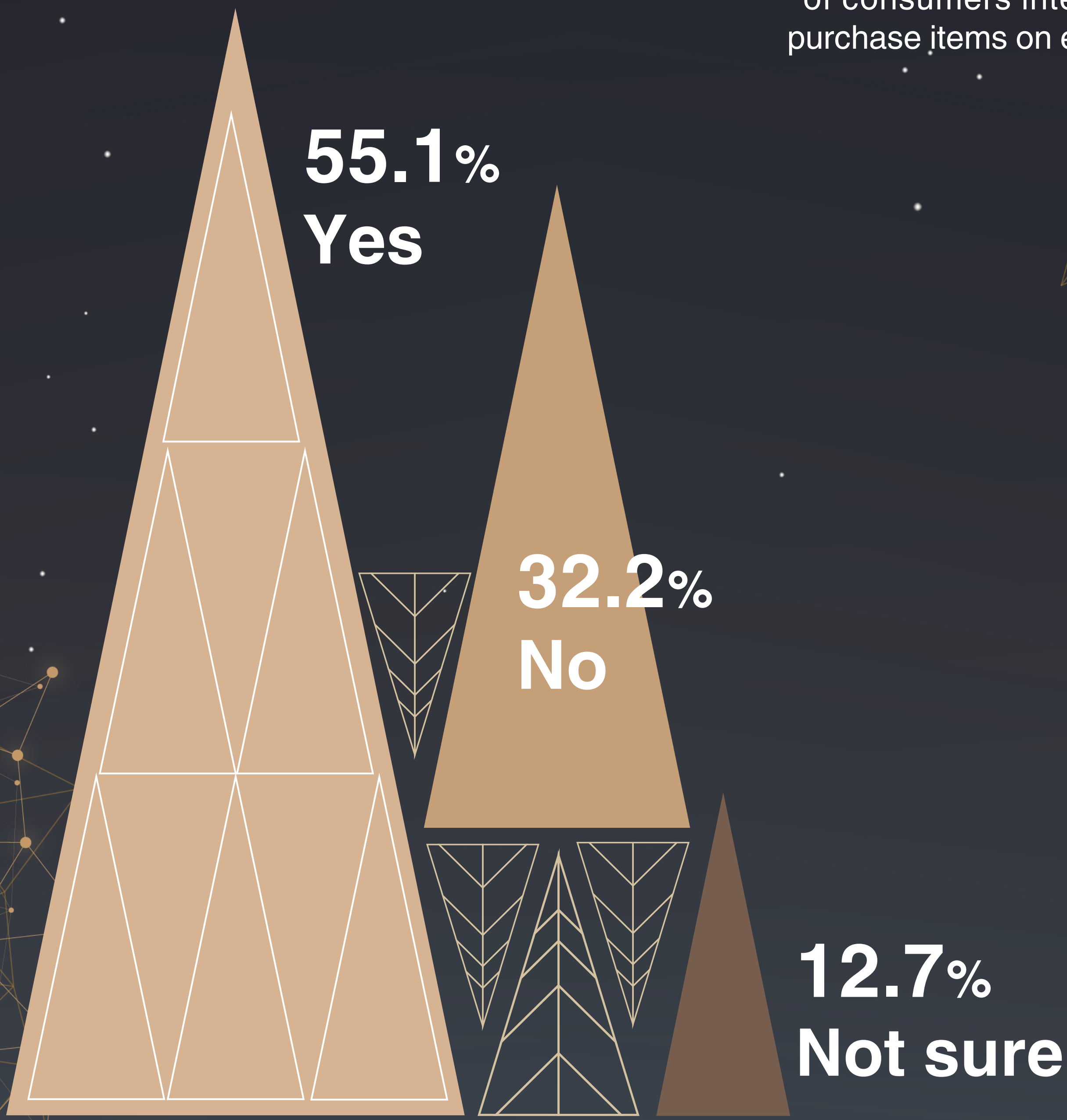
# Value for money

## Most consumers buy earlier and later because they feel they get a good deal. A deal that is not always good for retail margins

Do you feel that you will get good value for money by buying earlier/ later than planned? Percentage of consumers intending to purchase items on either day



# This year's gift buying and events

## Christmas gift purchasing on Black Friday and Cyber Monday looks to be less prevalent this year

What consumers will do in terms of Christmas gift buying on event days. Percentage of all consumers

**Most: 12.4%**
**(2015: 15.7%)**
Will buy most of their Christmas gifts on Black Friday/Cyber Monday

**All: 2.4%**
**(2015: 3.8%)**
Will buy all of their Christmas gifts on Black Friday/Cyber Monday

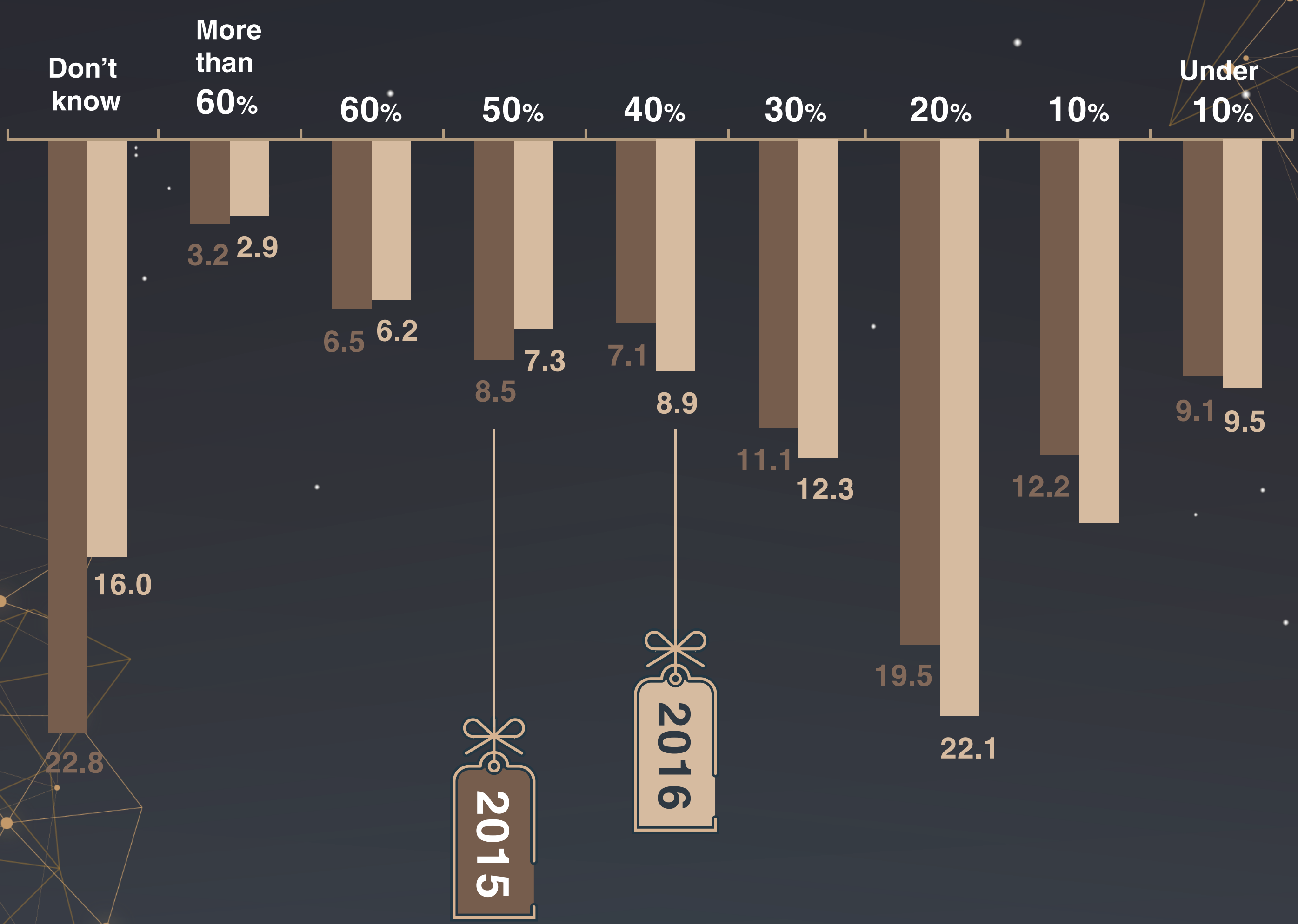
**Some: 57.1%**
**(2015: 55.9%)**
Will buy some of their Christmas gifts on Black Friday/Cyber Monday

**None: 28.1%**
**(2015: 24.6%)**
Will buy none of their Christmas gifts on Black Friday/Cyber Monday

# Discount expectation

## Last year the average expectation for discounting was 29%, this year it is similar at 27%

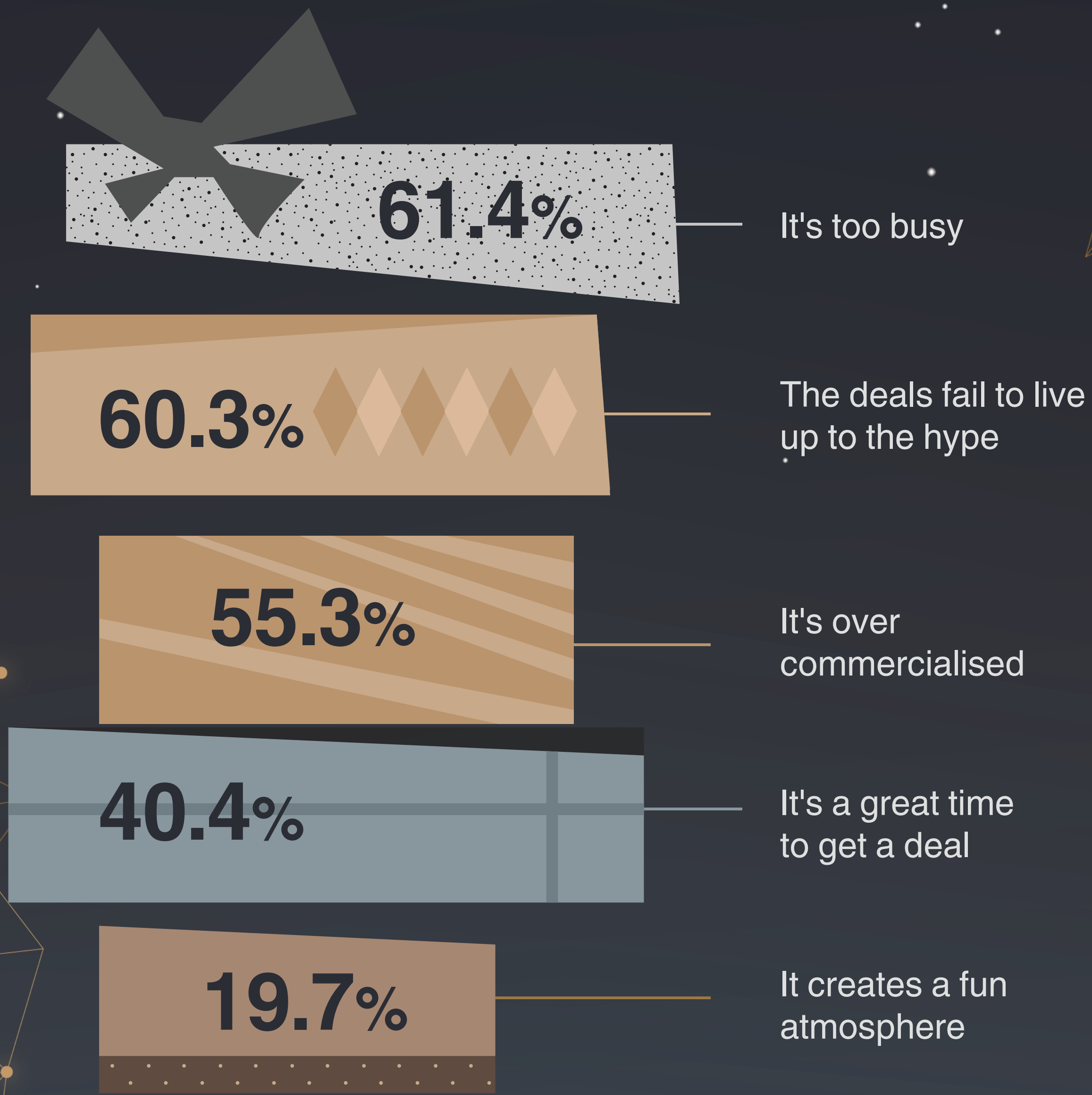
What level of discount consumers expect retailers to offer on Black Friday / Cyber Monday
*Percentage of consumers*



# Perceptions of Black Friday

## Consumers are deterred by how busy Black Friday is, but also see it as a commercial day that does not live up to the hype

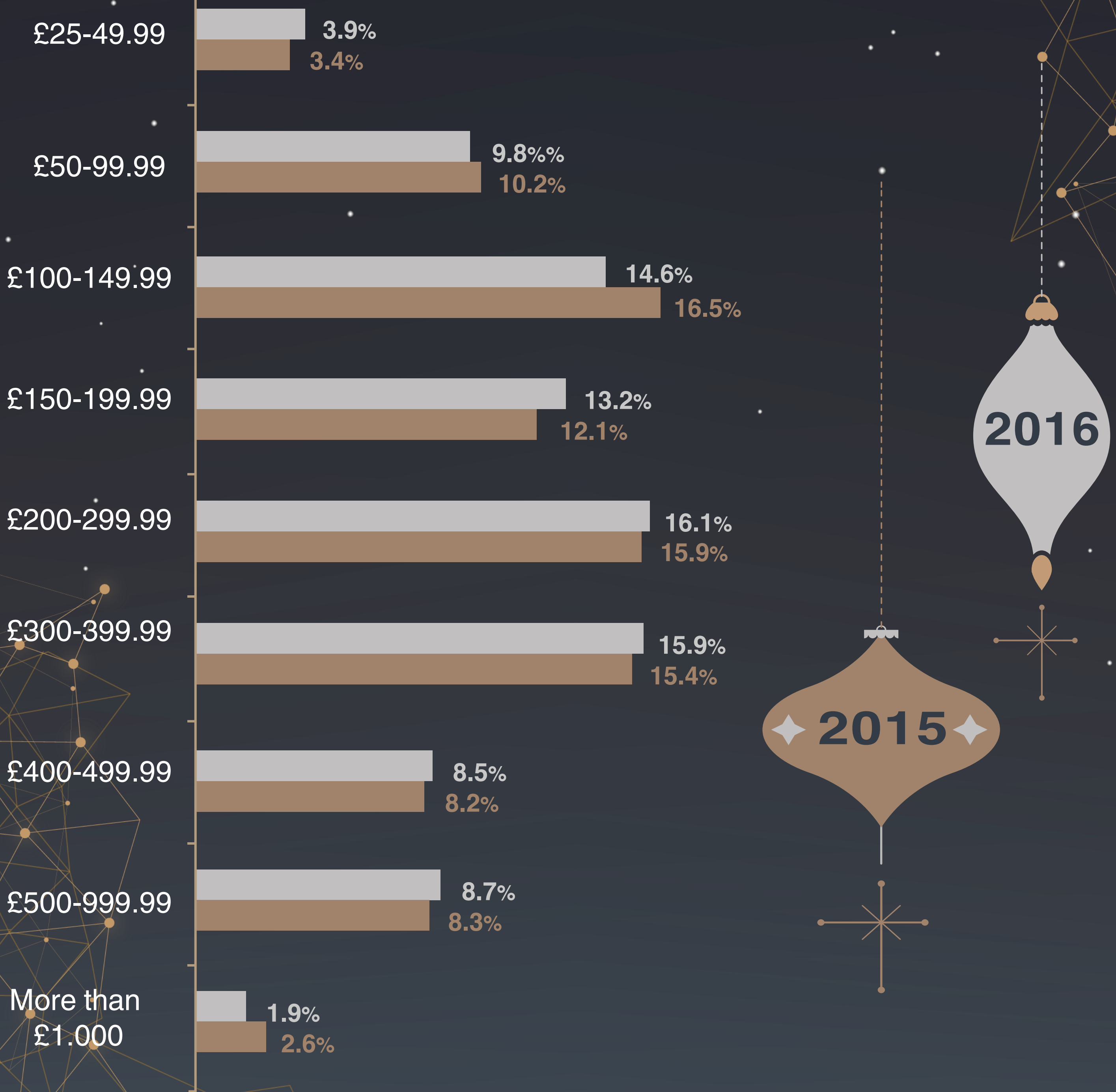
What is your perception of Black Friday?
*Percentage of consumers*



# Christmas gift spending

## Overall gift spending levels have remained the same as last year at an average of £94

What consumers intend to spend on Christmas gifts this year
*Percentage of consumers*



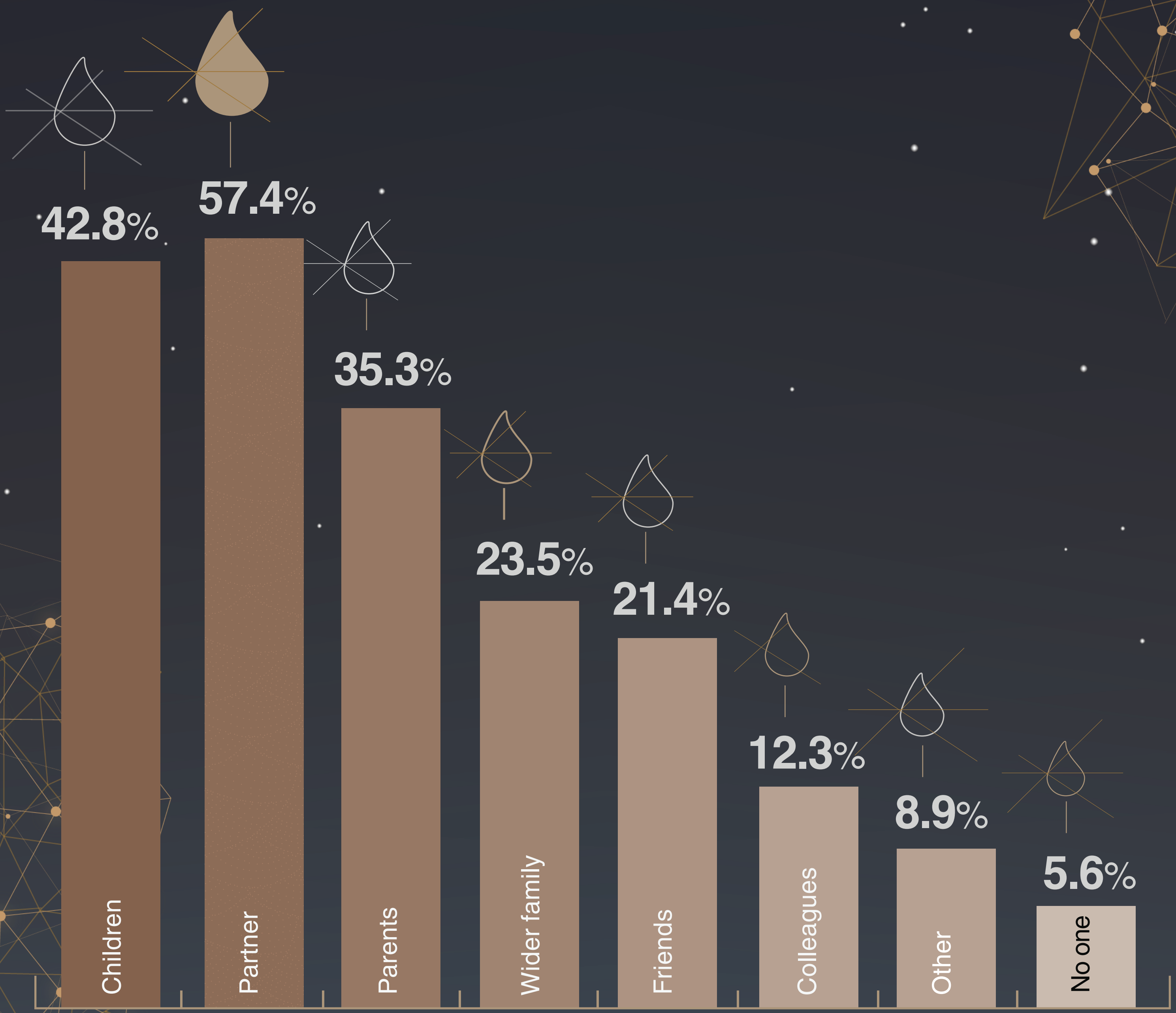
# Christmas gift spending

How does your planned spending on Christmas gifts compare to last year?

# Christmas gift buying

## Partners, parents and children remain the main groups gifts will be bought for this Christmas

Who consumers intend to buy gifts for this year.
*Percentage of consumers*





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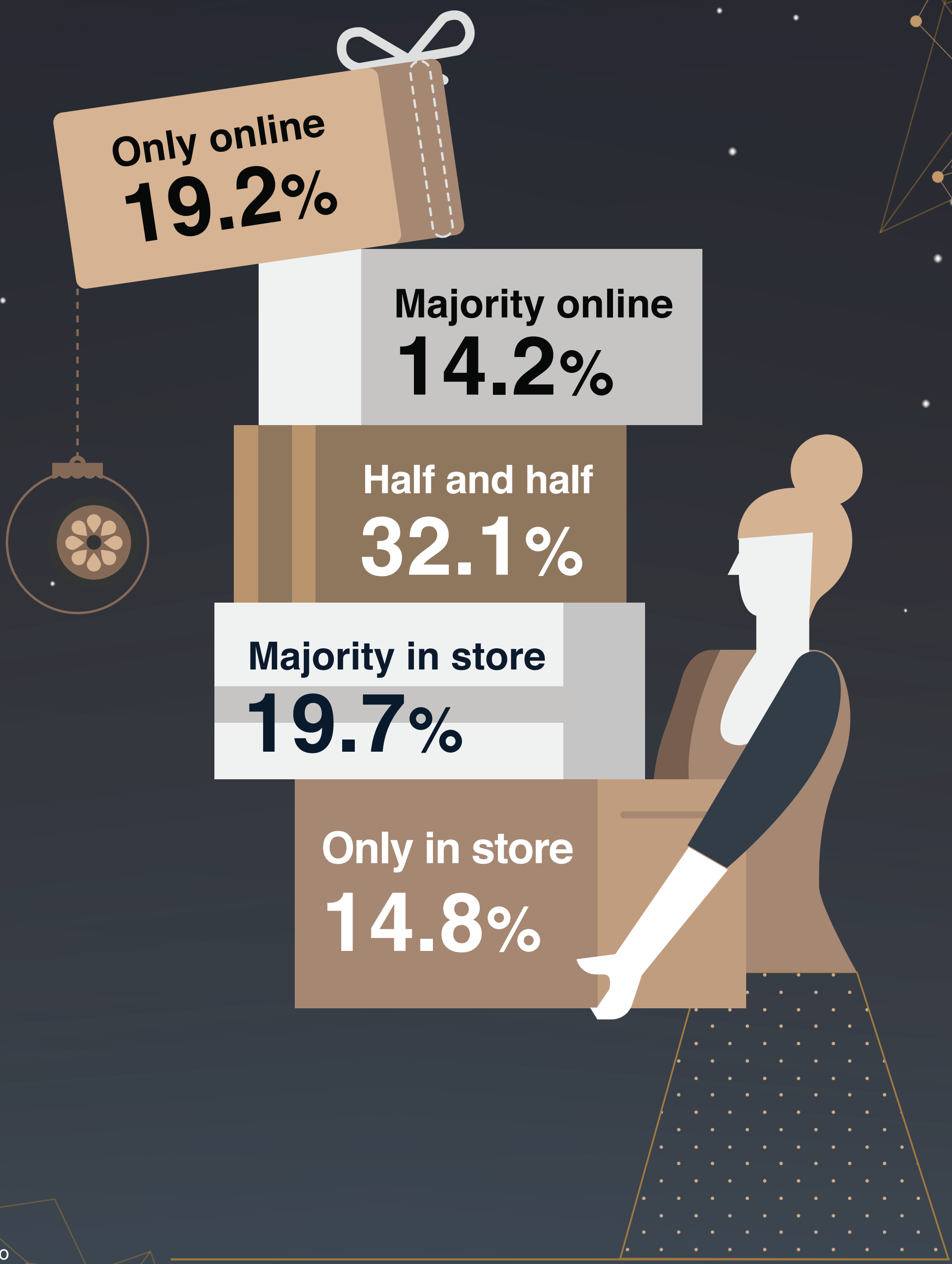
# Where will gifts be purchased

## The vast majority of consumers will do at least some gift shopping online, with almost 20% using online exclusively

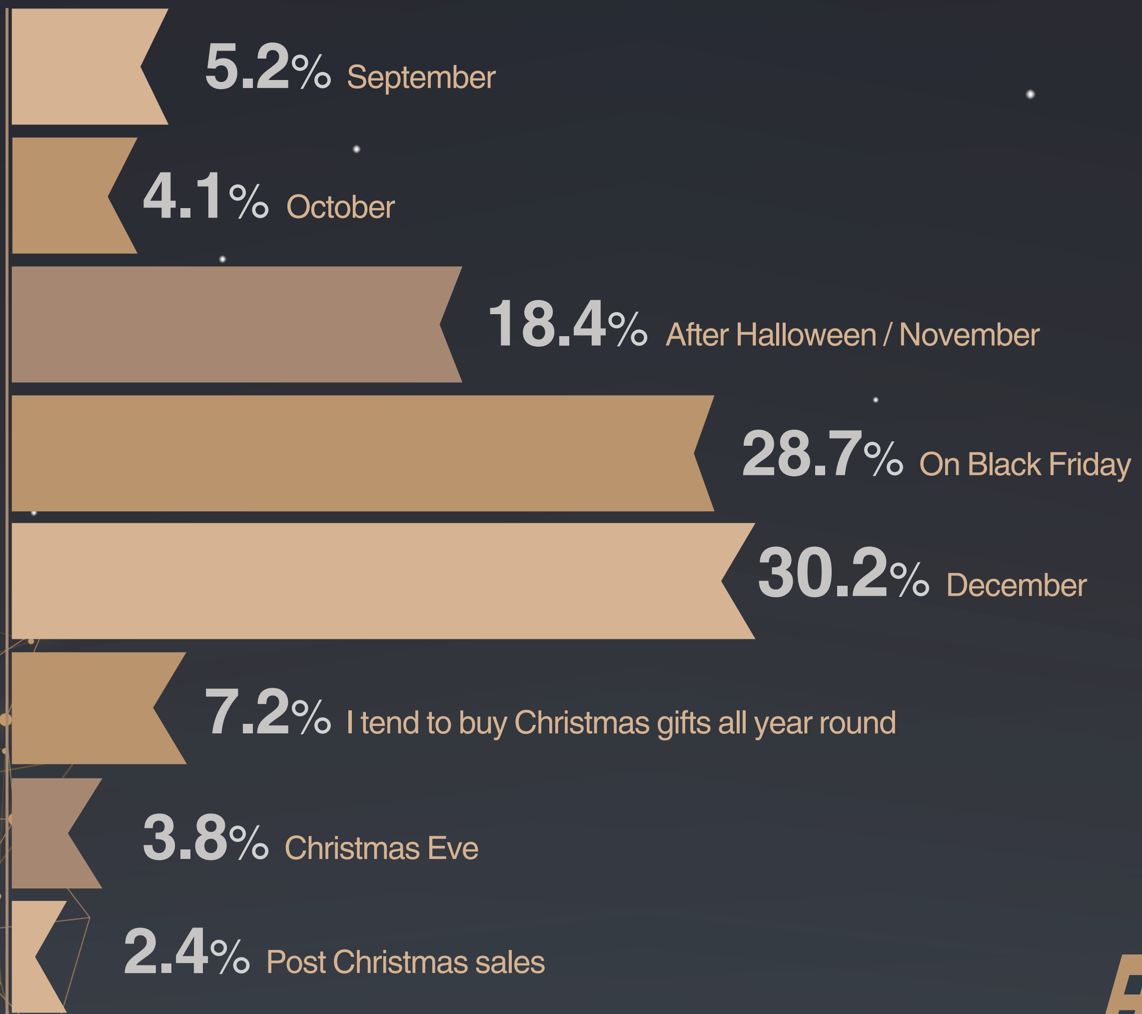
How consumers will shop for Christmas gifts this year
*Percentage of consumers*



# Starting Christmas shopping

## Black Friday is now seen as a start point for Christmas shopping for many, by this point over half will have begun their buying activities

When consumers start Christmas shopping
*Percentage of consumers*




# Christmas budget

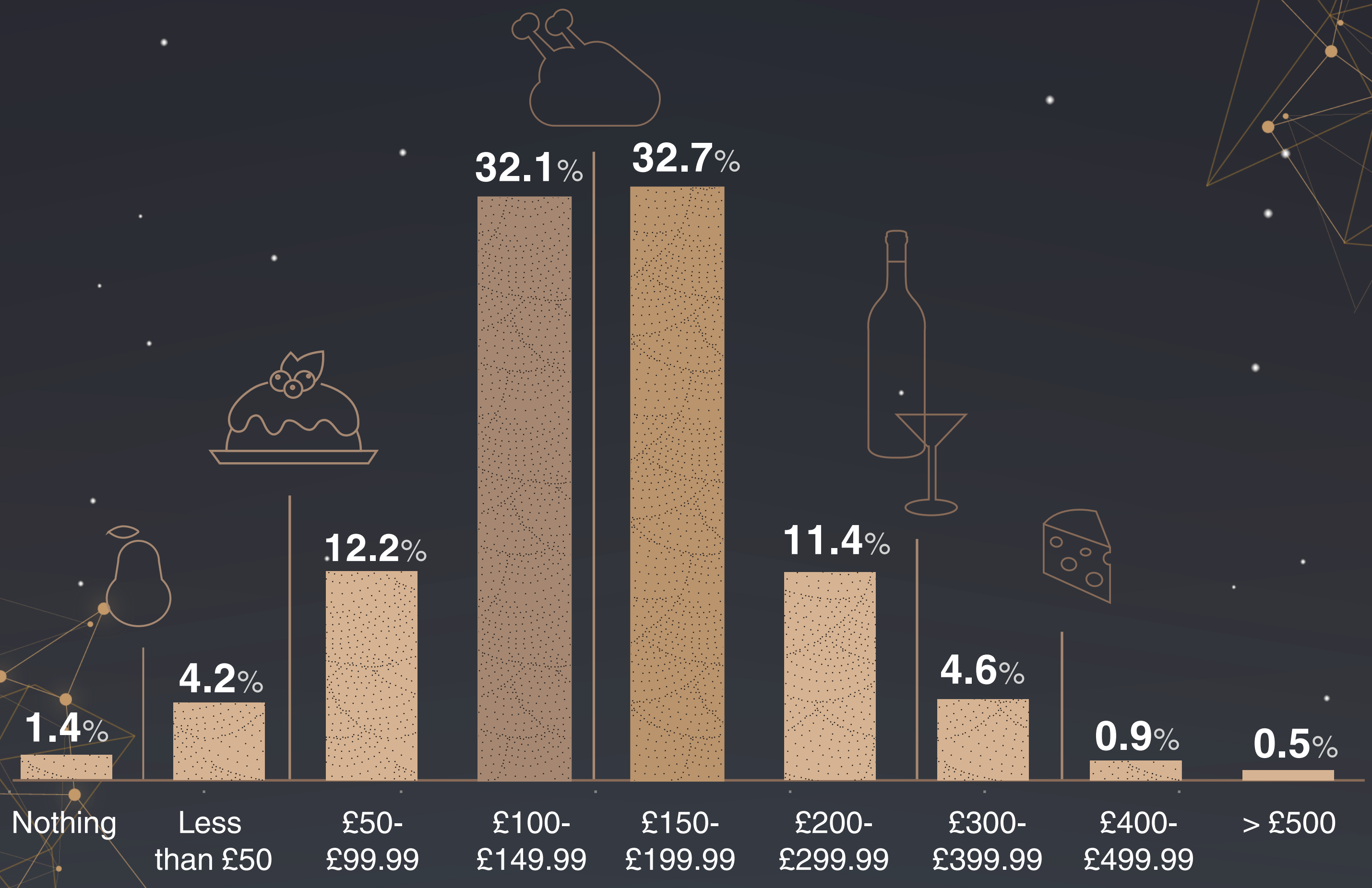
## The average budget for Christmas this year is just over £459, slightly above last year's average spend

What is the total budget for Christmas
*Percentage of consumers*

# Christmas grocery budget

## The average spend on Christmas groceries is £159

What is the total budget for Christmas groceries
*Percentage of consumers*





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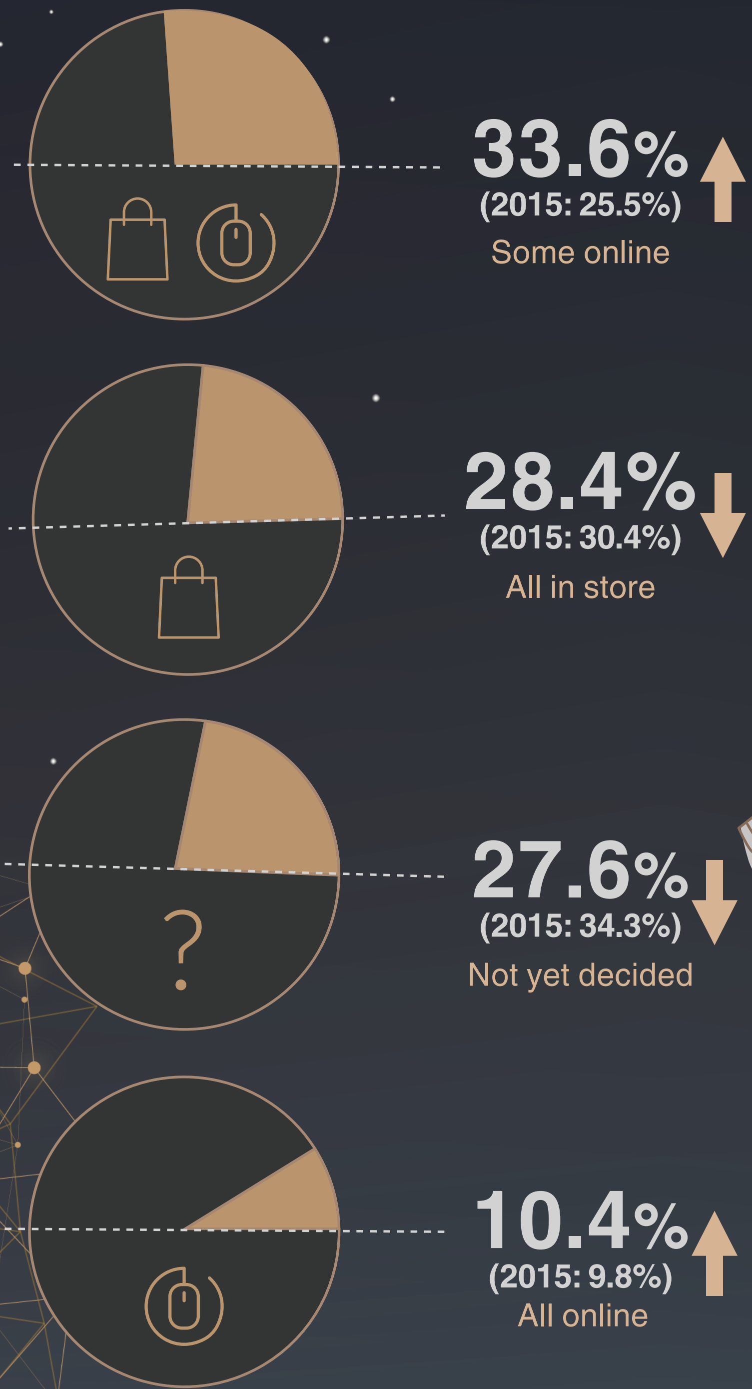
# Shopping for groceries

## The proportion of people set to shop online for Christmas groceries has risen by 24.6%

How consumers will shop for online groceries this Christmas
*Percentage of consumers*





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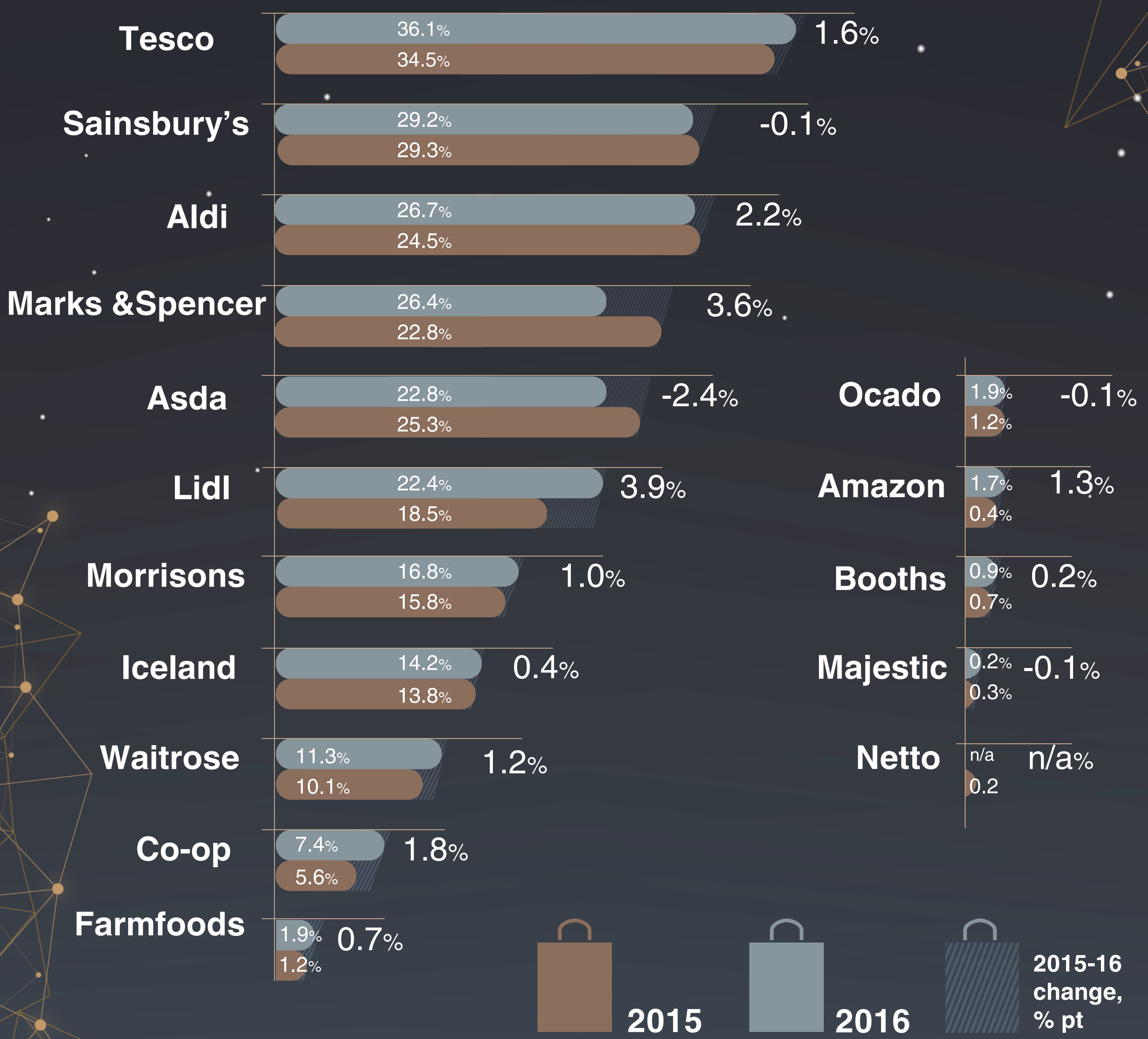
# Grocery retailers used

## Tesco looks set to make some gains this Christmas, however the discounters are still growing the fastest

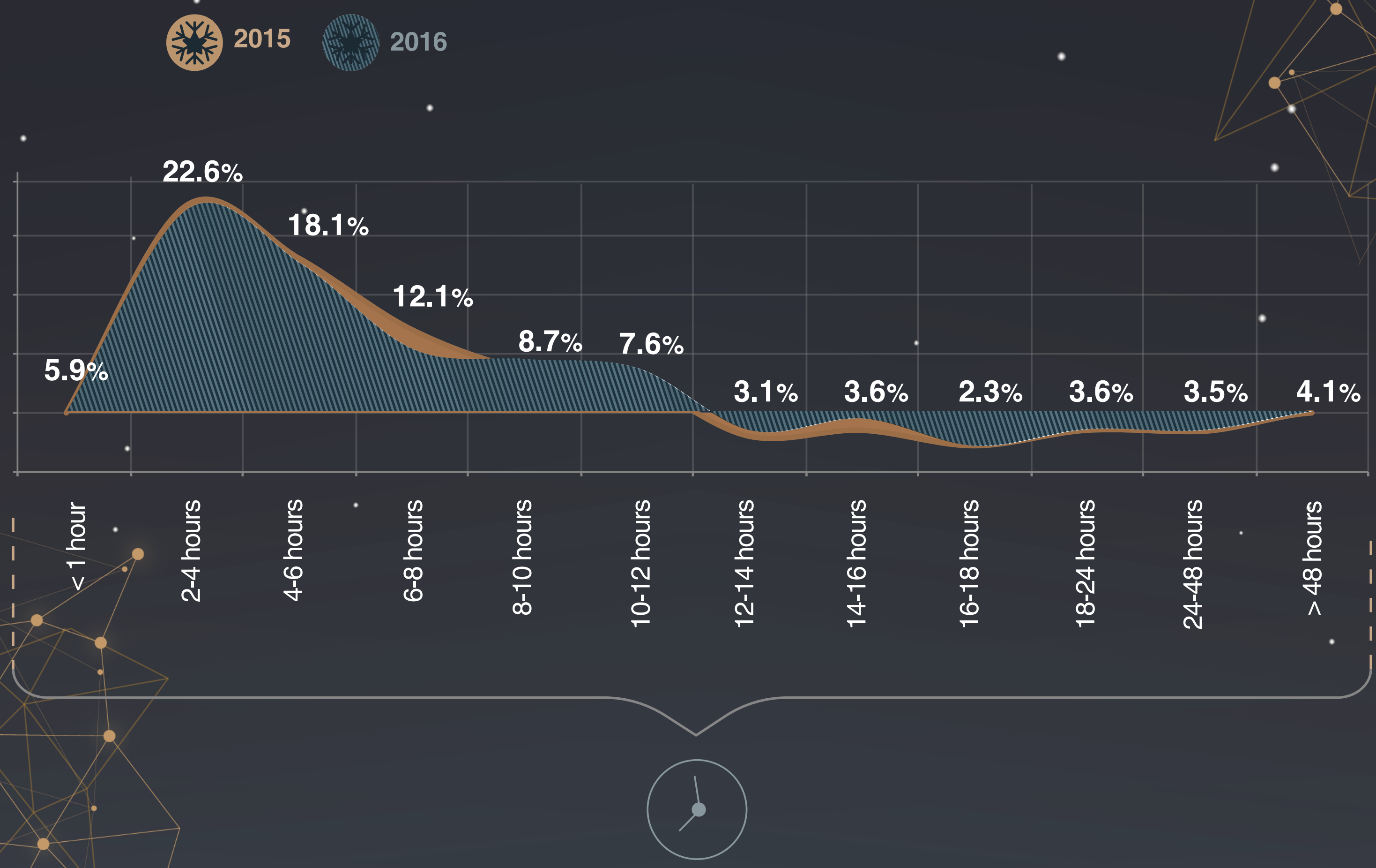
Grocery retailers consumers plan to use for Christmas grocery shopping
*Percentage of consumers 2015 & 2016 and change year-on-year*



# Time spent shopping

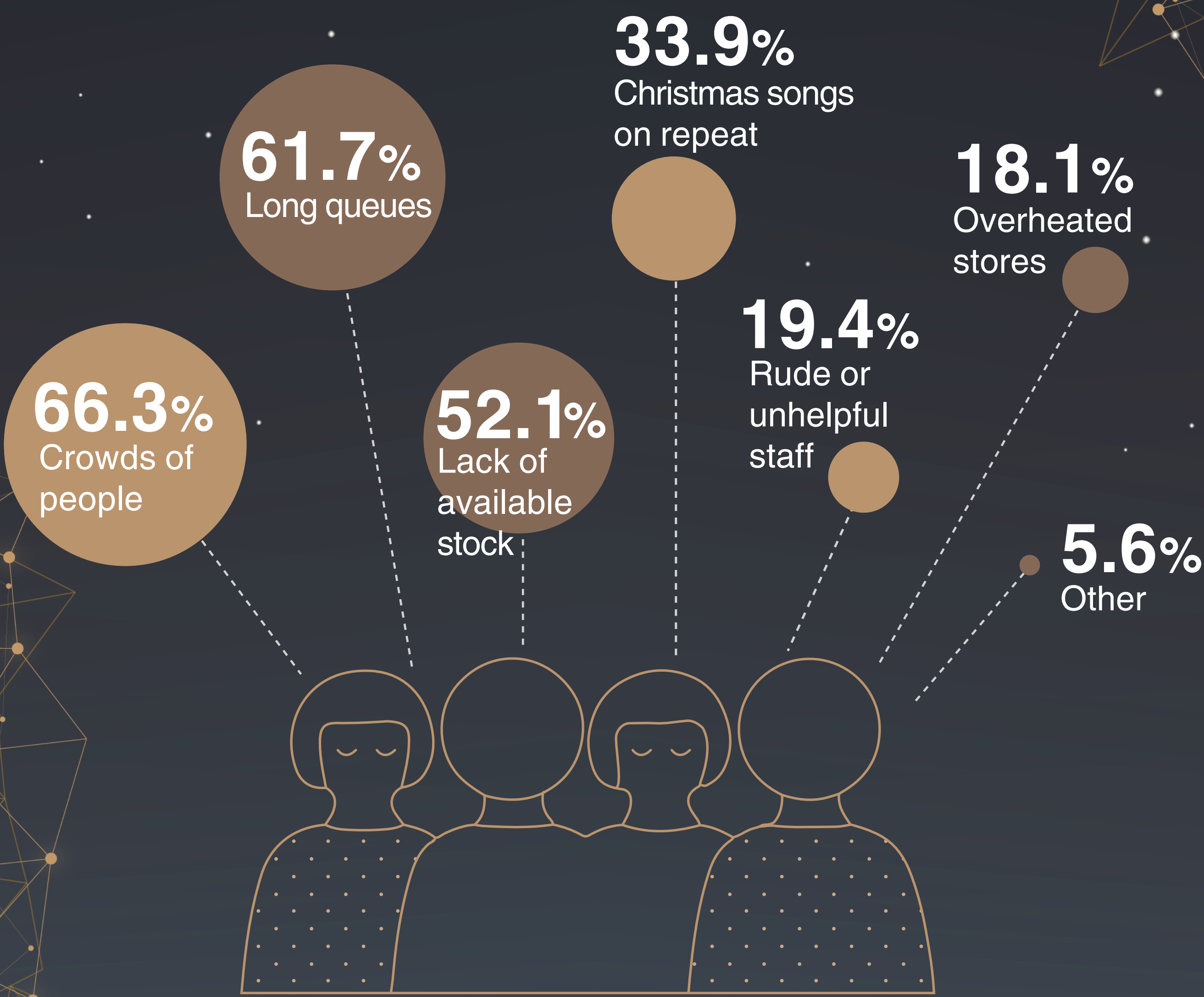
## The average consumer will spend 9.7 hours shopping, slightly down from last year's 10.3 hours

How many hours will consumers spend in total shopping for both Christmas food and gifts



## Crowds and queues are the biggest bugbears when it comes to Christmas shopping on the high street

What is your biggest bugbear when it comes to Christmas shopping on the high street?
*Percentage of consumers*



# Digital and virtual gifts

## Around 19% of all consumers will buy some form of digital or virtual gift this holiday season

Are you planning to buy any of the following as gifts this Christmas?
*Percentage of consumers*

### VIRTUAL GIFTS

| | |
|---|---|
| Credits for app based games | 1.3% |
| Virtual money for games | 0.4% |

**ANY OF THESE 1.5 %**

### DIGITAL GIFTS

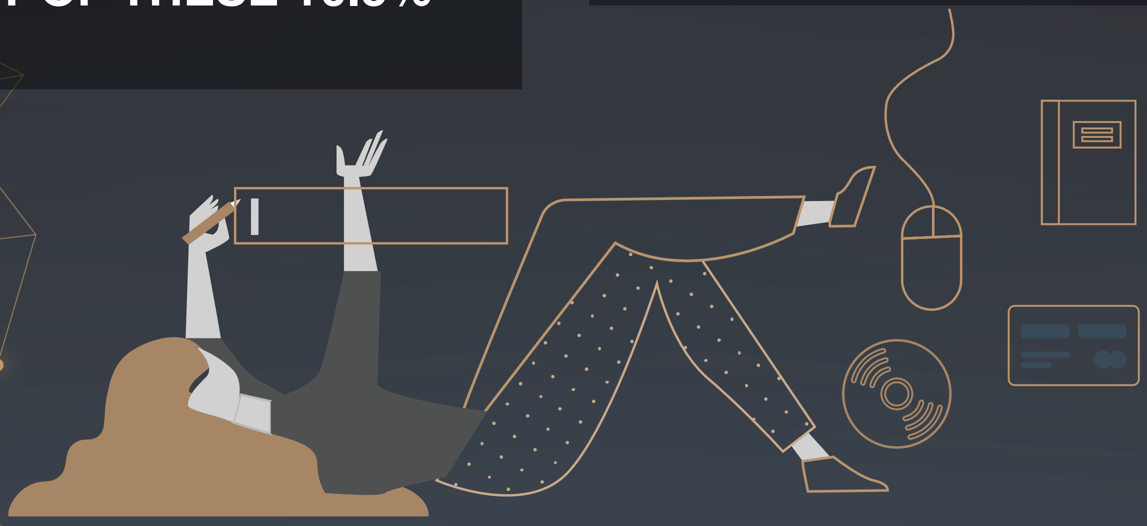
| | |
|---|---|
| Subscriptions for music streaming services | 3.2% |
| Subscriptions for movie streaming services | 4.2% |
| Subscriptions for other digital products | 6.1% |

**ANY OF THESE 10.5%**

### DIGITAL MONEY GIFTS

| | |
|---|---|
| Cards/credits for music/ movie downloads | 9.6% |
| Gift cards for e-books | 6.3% |
| Gift cards or credits for apps | 1.1% |
| Vouchers for online only shopping sites | 10.4% |

**ANY OF THESE 16.2 %**

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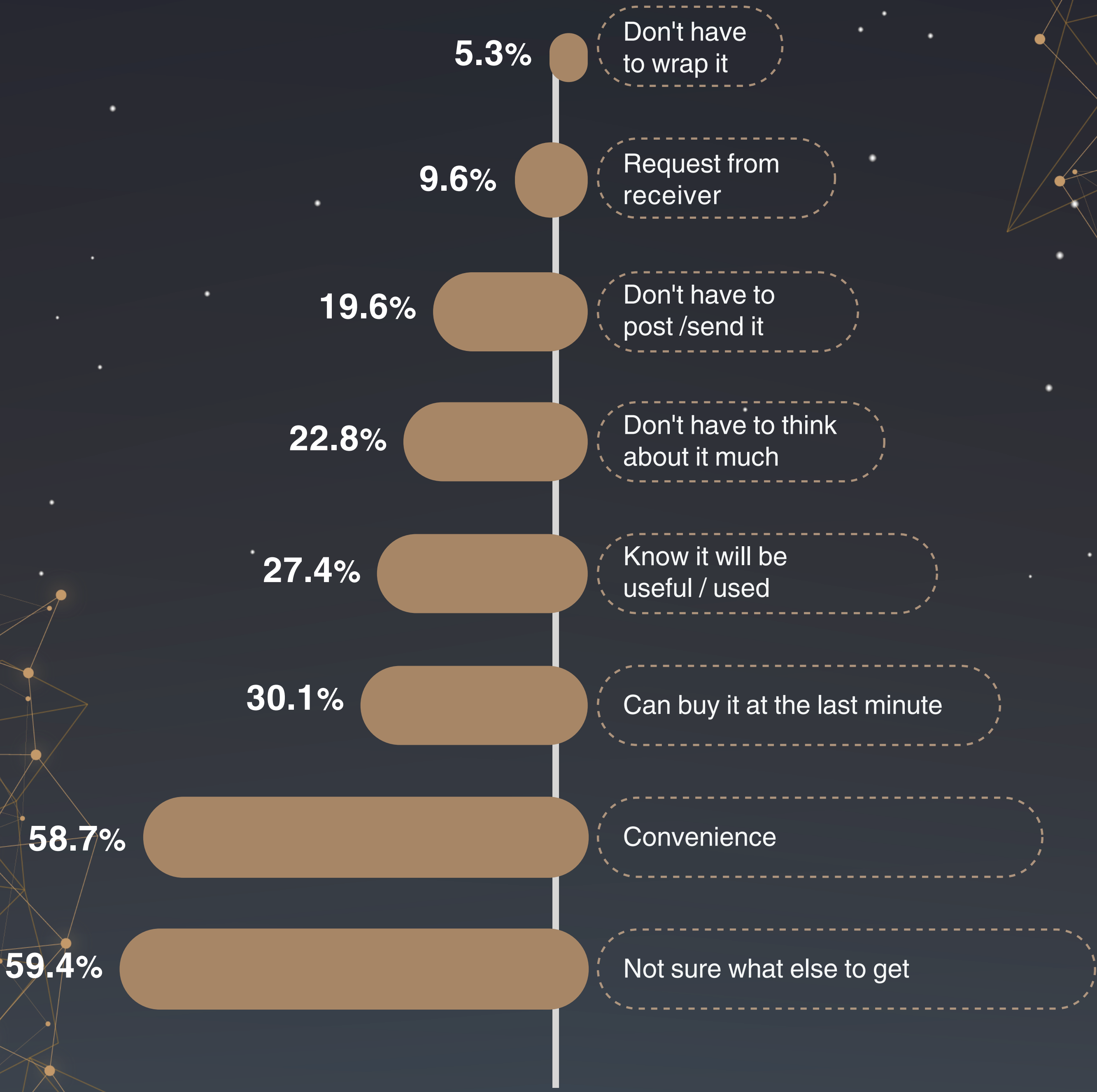
# Virtual gift giving

## Convenience and not being sure what to buy are the main drivers of digital and virtual gift purchasing

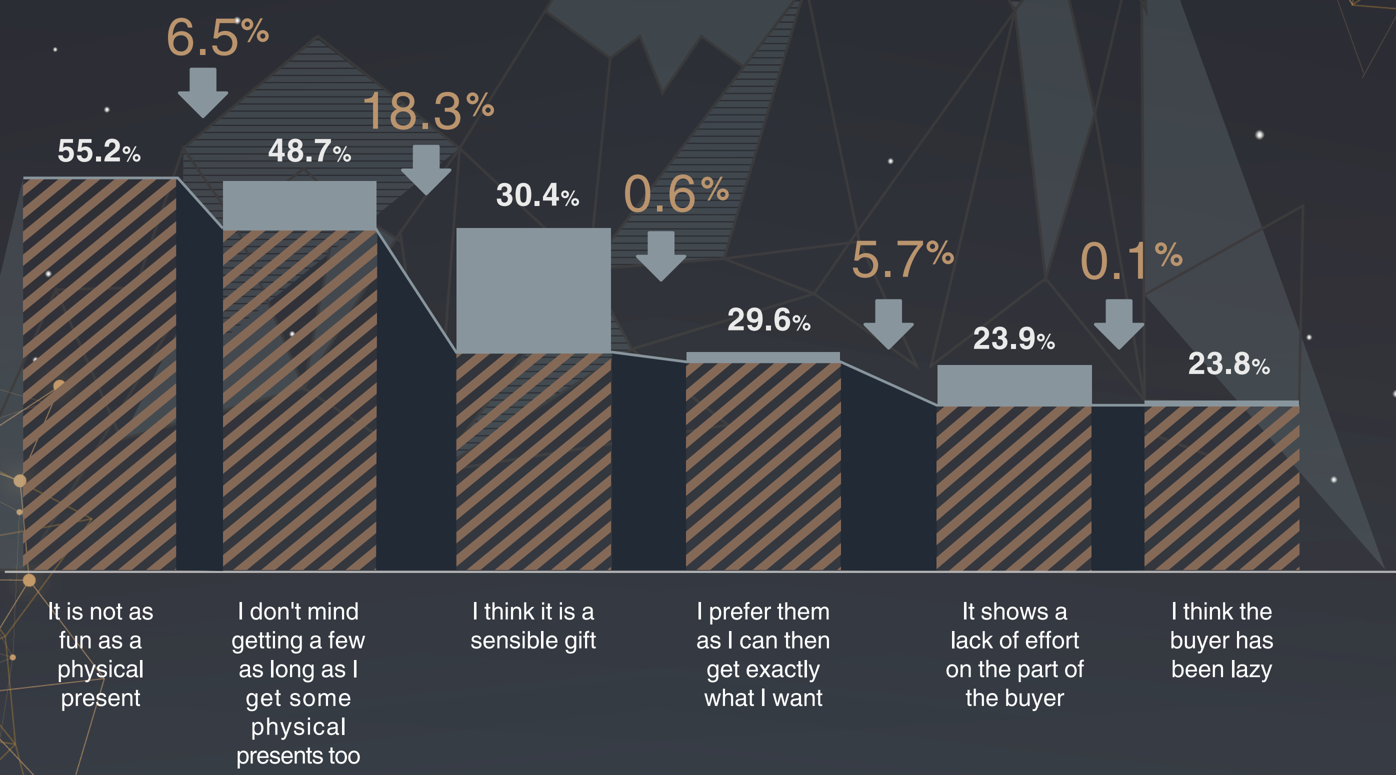
Why are you planning to buy digital or virtual gifts this year?
*Percentage of consumers*



# Virtual gift receiving

## A majority of consumers agree that receiving a digital or virtual gift is not as fun as getting a physical present

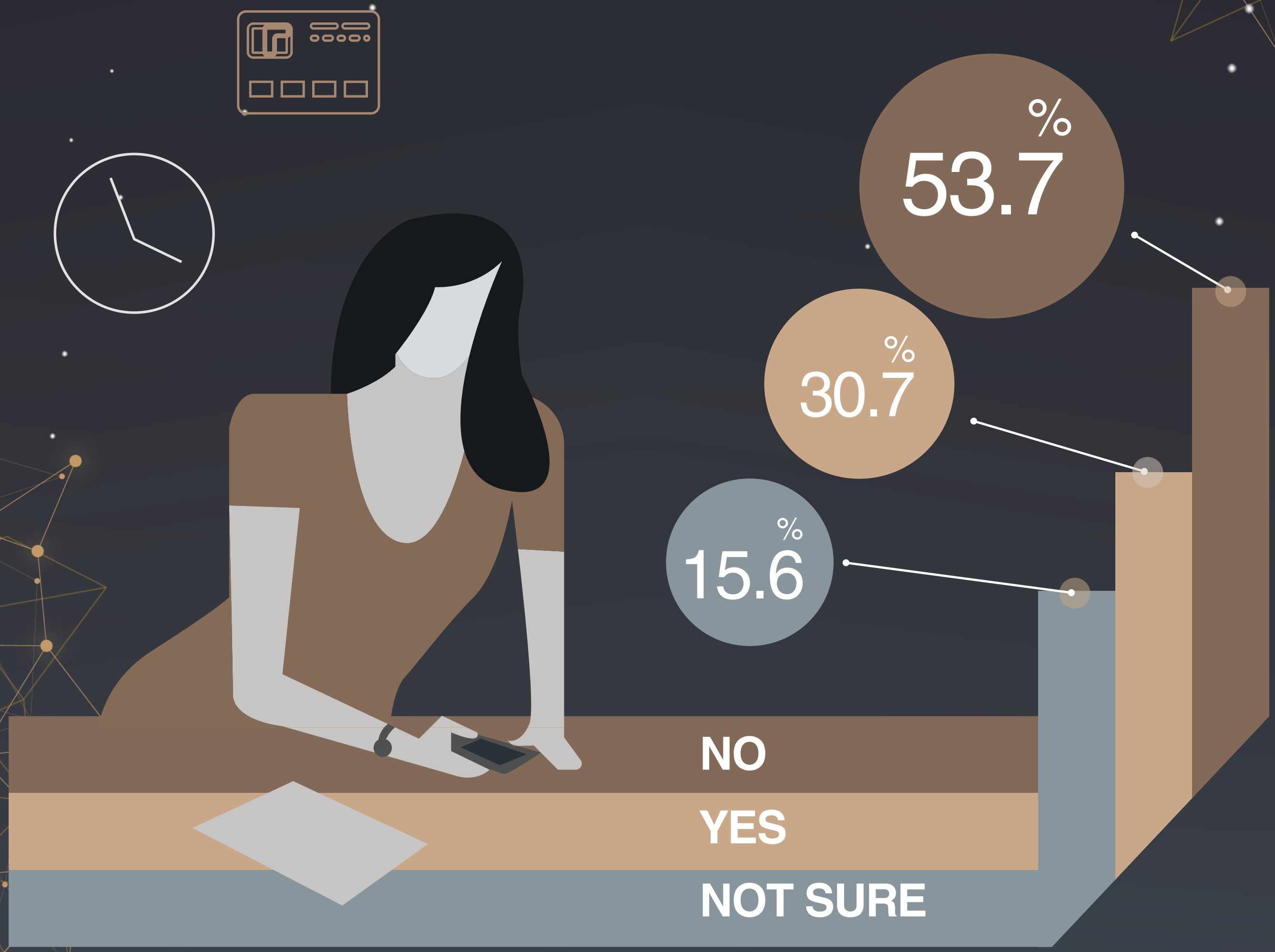
How do you feel about receiving digital or virtual gifts?
*Percentage of consumers*



# Virtual gift receiving

## Less than a third of consumers will buy more digital and virtual gifts than they did last year

Do you intend to buy more 'virtual gifts' this year than last year?
*Percentage of consumers*



# Methodology

# Our work

## 01

A combination of consumer research, secondary research and market forecasting were used to compile this report.

## 02

Consumer research in this report is based on a survey conducted with a UK nationally representative poll of consumers. 2,003 consumers were interviewed during September and early October 2016 and questioned about their festive shopping plans and events such as Black Friday.

## 03

All numbers relating to expenditure and forecast expenditure of retail are taken from Conlumino's own retail model. This is updated on an ongoing basis with inputs from official sources (such as the British Retail Consortium and Office for National Statistics), retailers' results and trading updates, other secondary sources and industry surveys, Conlumino's ongoing programme of research into consumer spending and habits, and underlying economic drivers and trends. Conlumino analysts both model and interpret this information to provide guidance on the likely future direction of retail expenditure at an overall, sector and category level.

## 04

Unless otherwise stated, all sources of information are derived from Conlumino's own research and should be referenced to Conlumino/Webloyalty.

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