



The 2021 Holiday Shopping Outlook: Why Convenience And Personalization Will Be Key, a PYMNTS and Kount collaboration, examines consumers' preferences for digital shopping and the factors that will affect the merchants with which they shop, their purchasing decisions and the payment methods they use.

OCTOBER 2021

PYMNTS.com | Kount

THE 2021 HOLIDAY SHOPPING OUTLOOK: Why Convenience And Personalization Will Be Key



TABLE OF CONTENTS

PAGE 02
INTRODUCTION

PAGE 04
KEY FINDINGS

PAGE 20
**CONCLUSION/
METHODOLOGY**

ACKNOWLEDGMENT

The 2021 Holiday Shopping Outlook: Why Convenience And Personalization Will Be Key was produced in collaboration with Kount, and PYMNTS is grateful for the company's support and insight. [PYMNTS.com](https://www.pymnts.com) retains full editorial control over the following findings, methodology and data analysis.

Introduction

Retailers could be anticipating the upcoming holiday shopping season with equal shares of optimism and nervousness. The National Retail Federation's Monthly Economic Review for October says United States households remain in good shape, and the trade group expects U.S. consumer spending to rise as incomes recover during the ongoing economic rebound. The economy still has not shaken off all the problems related to the pandemic, however. Retailers understand the need to satisfy shoppers' changing preferences and provide an attractive total shopping experience, particularly in the digital world, to win a bigger share of this year's gift-buying dollar.^{1,2}

PYMNTS' research finds mixed signals flickering between bullish green and bearish red. Lingering supply chain problems hindered sales growth for much of the year and created uncertainty about product availability for the holiday season. It makes sense that consumers want to get an early jump on the holiday season, and some major retailers,

including Amazon and Target, are responding with discounts for online shoppers. The competition for consumers' holiday gift dollars is heating up fast, and both the online and in-store shopping experiences merchants deliver will help determine if this season will be a boom or a bust. PYMNTS' research finds that nearly nine out of 10 consumers "agree" or "strongly agree" that prior good experiences with merchants influence their decisions about where to shop.

In The 2021 Holiday Shopping Outlook: Why Convenience And Personalization Will Be Key, a PYMNTS and Kount collaboration, we surveyed 3,643 consumers from Aug. 26 to Sept. 17 to understand consumers' digital shopping preferences and the factors that will affect the merchants with which they shop, their purchasing decisions and the payment methods they use.

This is what we learned.

1. Kleinhenz, J. Monthly Economic Review. National Retail Federation. 2021. <https://nrf.com/research/monthly-economic-review-october-2021>. Accessed October 2021.

2. Soltes, F. How Department Stores Are Bringing Customers Back. National Retail Federation. 2021. <https://nrf.com/blog/how-department-stores-are-bringing-customers-back>. Accessed October 2021.



Key Findings

Eighty-seven percent of consumers plan to shop online this holiday season – a 10 percentage point jump from last year.

Digital shopping is becoming more popular, driven in large part by younger generations of consumers. The 94 percent of millennials and 93 percent of bridge millennials who plan to shop online during the upcoming holiday season are larger than the shares representing other age groups. Ninety-two percent of Generation X consumers and 89 percent of Generation Z also plan to shop online. Additionally, a substantial majority of baby

boomers and seniors – 78 percent – plan to shop online this holiday season.

Younger consumers are more likely to increase their spending this holiday season as well. Thirty-one percent of Gen Z consumers say they will be spending more in 2021 along with 28 percent of millennials and 25 percent of bridge millennials. Just 9 percent of baby boomers and seniors say the same — the lowest of any age group.

Among the consumers who plan to keep their spending in check, the trend is reversed. Thirty-seven percent of Gen Z consumers say they will spend the same amount this year as they did in 2020. The percentages rise as consumers age: 61 percent of baby boomers and seniors say their spending will stay the same as it was one year ago.

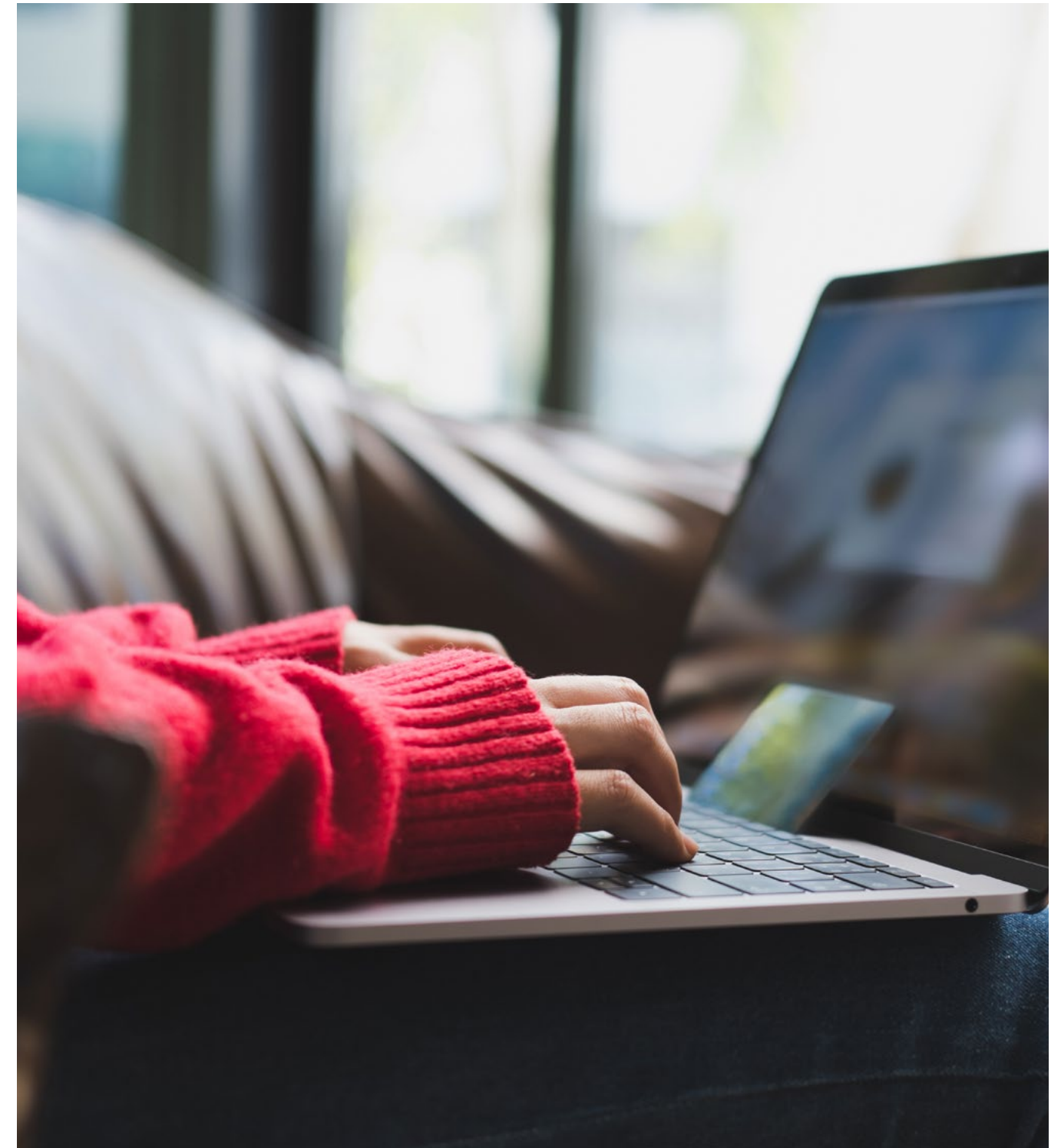
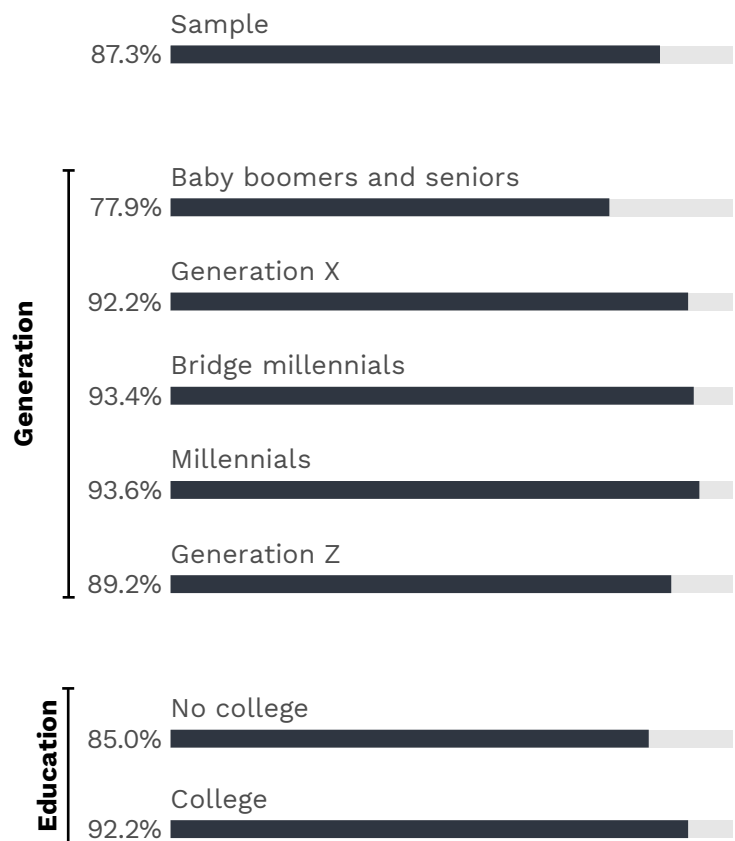


FIGURE 1:
Online shopping and spending during the holiday season

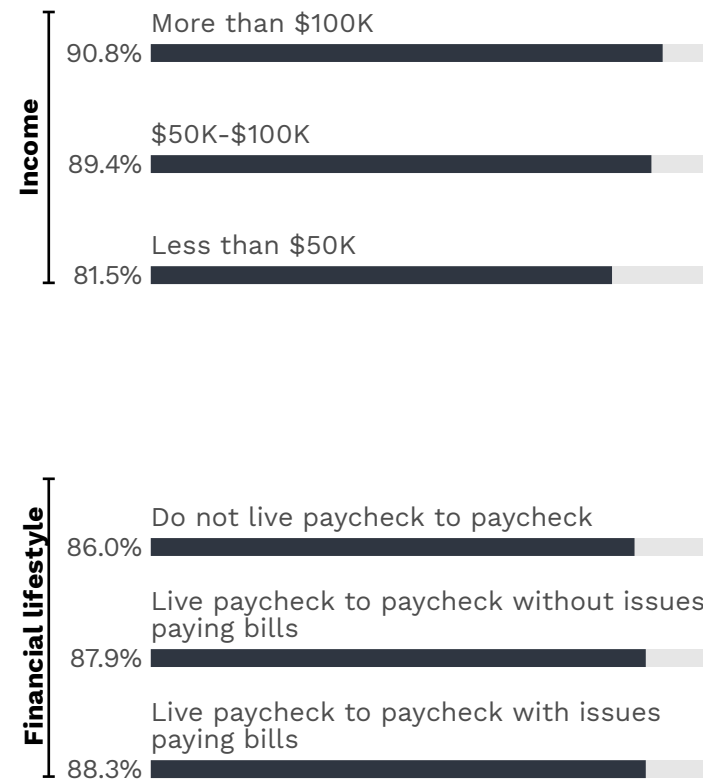
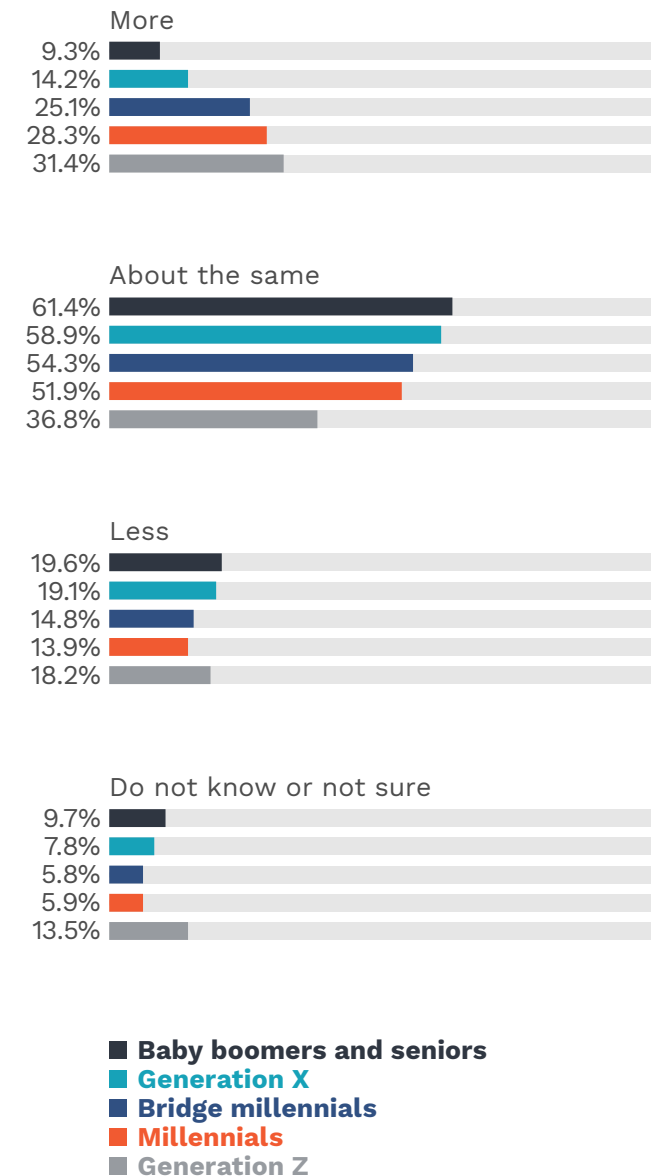
1A: Share of holiday shoppers who plan to shop online in 2021 compared to 2020



1B: Share of holiday shoppers who plan to make holiday purchases online in 2021, by demographic



1C: Share of holiday shoppers who plan to spend more or less this holiday season compared to last year, by generation



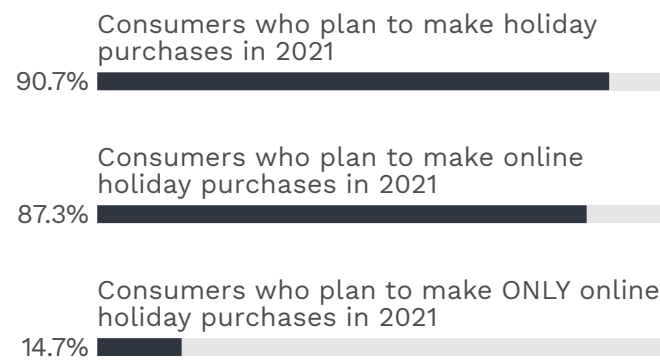
Thirty-one percent of Gen Z consumers say they will be spending more in 2021 along with 28 percent of millennials and 25 percent of bridge millennials.

Source: PYMNTS.com | Kount
The 2021 Holiday Shopping Outlook:
Why Convenience And Personalization Will Be Key

Fifteen percent of all consumers plan to make all of their purchases online in 2021, and one-third of these shoppers say they will spend more.

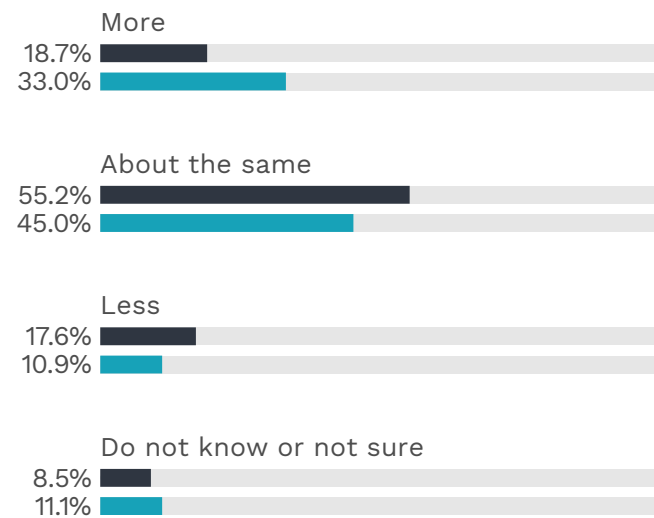
FIGURE 2:
Holiday season shopping plans

2A: Share of consumers who plan to make holiday purchases in 2021



The expectation for increased spend sets online-only holiday shoppers apart from most of their peers. Thirty-three percent of these consumers will increase their spending this holiday season, and 45 percent plan to spend about the same as last year. Eleven percent plan to spend less. This compares to just 19 percent of all holiday shoppers who plan to spend more and 18 percent who plan to spend less. Fifty-five percent of all holiday shoppers say they will keep this year's spending in line with last year.

2B: Share of holiday shoppers who plan to spend more or less this holiday season compared to last year



■ Consumers who plan to make holiday purchases in 2021 (N = 3,314)
■ Consumers who plan to make ONLY online holiday purchases in 2021 (N = 519)

Source: PYMNTS.com | Kount
The 2021 Holiday Shopping Outlook:
Why Convenience And Personalization Will Be Key

Forty-eight percent of consumers plan to make holiday purchases before Thanksgiving.

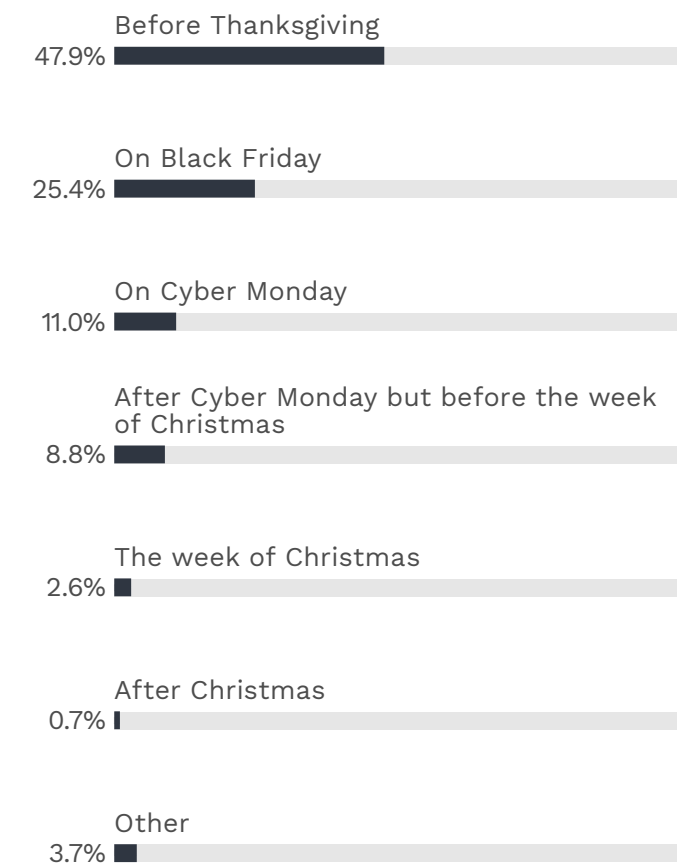
Consumers' plans to get an early start on their holiday shopping may reflect their wishes to make an end run around product shortages that have hindered their shopping for much of the year.

In addition to those who plan to start shopping before Thanksgiving, another 25 percent plan to start shopping on Black Friday, the traditional start to the holiday shopping season. Eleven percent say they will start shopping on Cyber Monday.

Seventy-one percent of online holiday shoppers cite product availability as a factor that will affect their online purchasing decisions — the highest for any consideration. Twenty-eight percent say it is the most important factor in determining where they will shop. The expectations for timing are fairly consistent across the age groups surveyed, with one exception: Younger consumers tend to show a greater preference for starting their shopping on Black Friday. Thirty-two percent of Gen Z holiday shoppers plan to start shopping on Black Friday, compared to only 20 percent of baby boomers.

FIGURE 3:
When consumers will begin their holiday shopping

Shares of consumers who will start holiday shopping at select times



Source: PYMNTS.com | Kount
The 2021 Holiday Shopping Outlook:
Why Convenience And Personalization Will Be Key

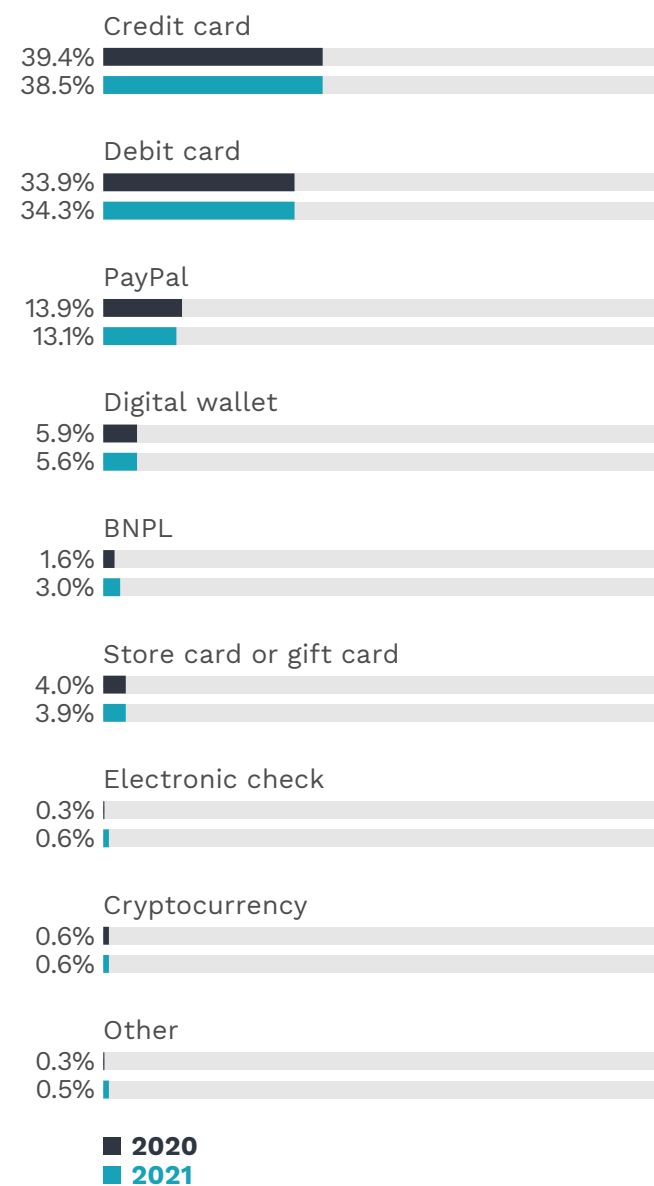
Consumers preferred to pay with credit cards and debit cards for online purchases in 2020, and that trend will continue in 2021.

Thirty-nine percent of consumers expect to use credit cards most often for online shopping, and 34 percent plan to use debit cards mostly – in line with usage a year ago.

Consumer preferences for payment method frequency are in line with last year's pattern, with one exception: buy now, pay later (BNPL). The expected proportional increase to 3 percent of consumers using mostly BNPL for online holiday shopping is nearly double the 1.6 percent a year ago.

Thirteen percent of consumers expect to use PayPal mostly for online shopping, a slight decrease from 14 percent of a year ago. Consumers plan to use most other methods, including digital wallets (6 percent) and store/gift cards (4 percent), for about the same proportion of online purchases this year as they did in 2020.

FIGURE 4:
Shoppers' payment preferences
Most important payment method for shopping online during the holidays, by year



Source: PYMNTS.com | Kount
The 2021 Holiday Shopping Outlook:
Why Convenience And Personalization Will Be Key

Seventy-one percent of online holiday shoppers say product availability will affect their online purchasing decisions.

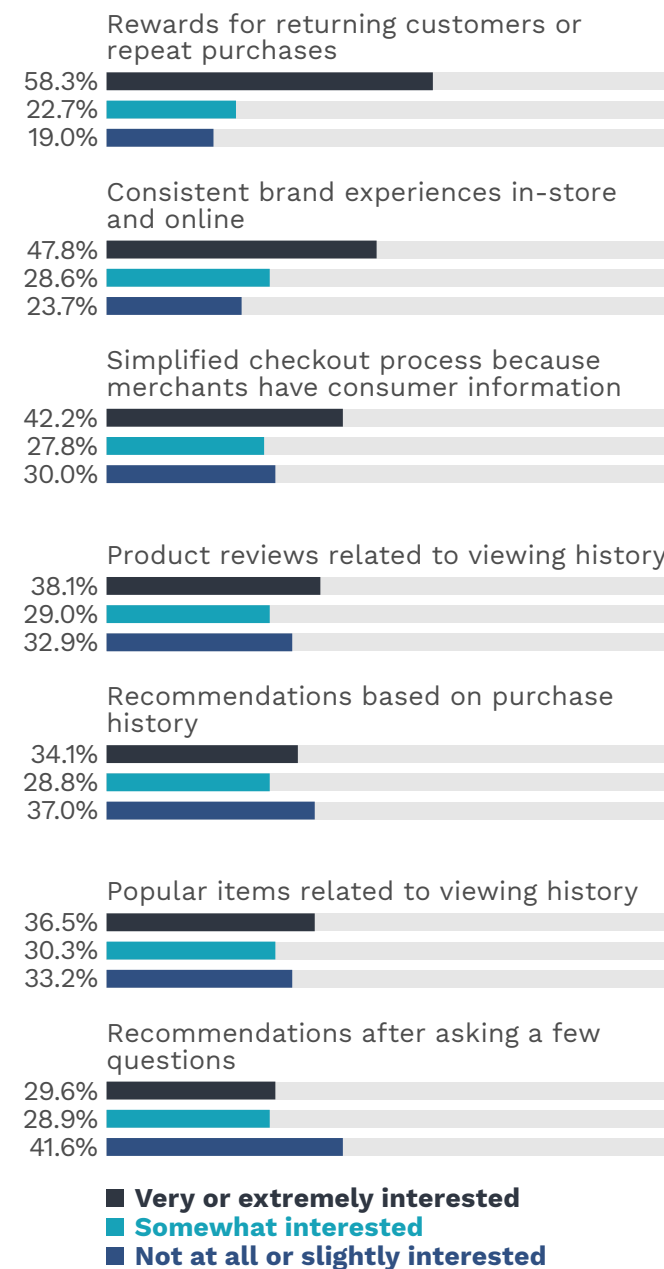


Fifty-eight percent of consumers say they are “very” or “extremely” interested in online stores that offer customer rewards programs.

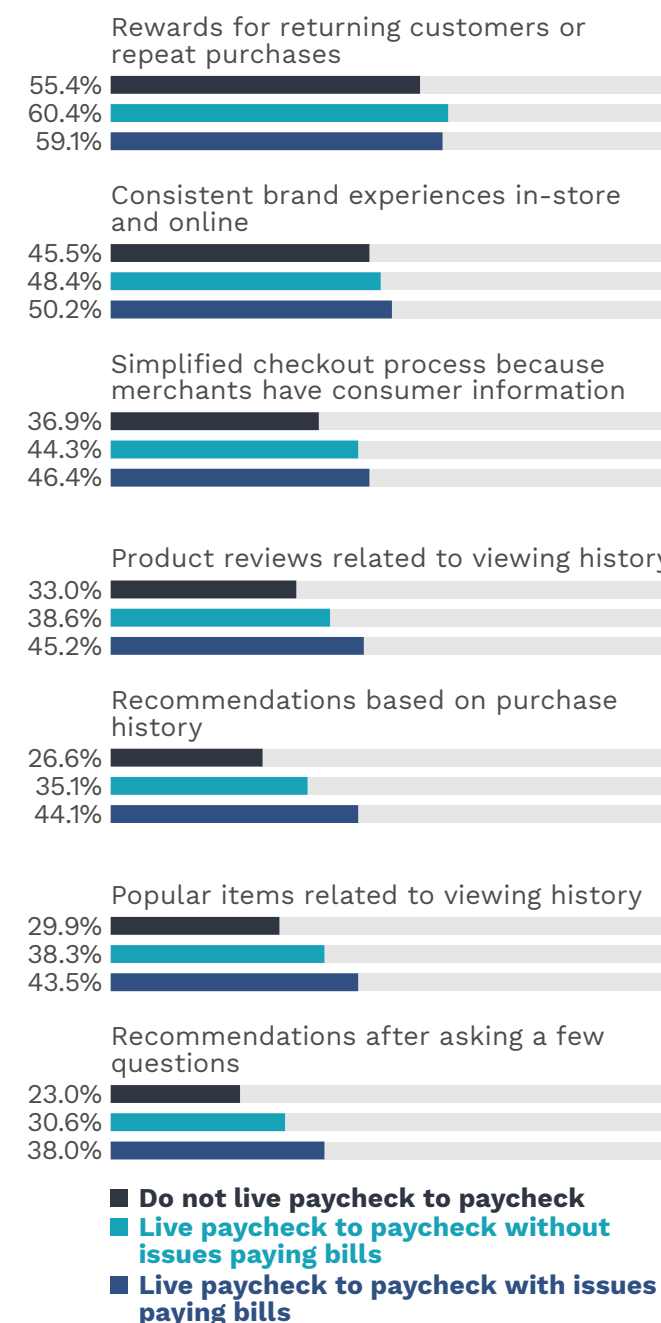
The interest in retailers’ perks and promotions underscores consumers’ demands for good shopping experiences and is an indication of how competitive the market has become for online consumers’ business. Forty-eight percent of consumers say they are “very” or “extremely” interested in having consistent shopping experiences online and in-store, and 42 percent say they are “very” or “extremely” interested in shopping with online merchants that store their customer information for simplified checkout processes.

FIGURE 5:
Consumers’ shopping experience preferences

5A: Level of interest in using select tailored shopping experiences as part of an online purchase in the next 12 months



5B: Share who are “very” or “extremely” interested in select tailored shopping experiences, by financial lifestyle



More than one-third of consumers say they are “very” or “extremely” interested in shopping with online merchants that provide product recommendations based on their purchasing histories, and 38 percent are “very” or “extremely” interested in product reviews based on their viewing histories.

Consumer interest in retailers’ perks tends to be highest among groups that have the most financial struggles. While consumers across the three major financial lifestyles are interested in comparable proportions in retailers’ rewards programs and shopping experiences, some variety in preferences becomes apparent regarding other factors that help define shopping experiences.

Thirty-seven percent of consumers who do not live paycheck to paycheck say they are “very” or “extremely” interested in a simplified checkout process from merchants who keep their information on file, as is the case for 44 percent of consumers who are paying bills on time but just getting by paycheck to paycheck. Forty-six percent of consumers who live paycheck to paycheck and have trouble paying their bills say they are “very” or “extremely” interested.

Source: PYMNTS.com | Kount
The 2021 Holiday Shopping Outlook:
Why Convenience And Personalization Will Be Key

Retailers may need to tailor the online shopping experience to meet consumers' preferences.

We assigned prospective online holiday shoppers into four categories — hard to please, convenience driven, practicality-driven and advice-seeking — to better understand consumers' shopping preferences. Each category's characteristics offer some insight into retailers' opportunities and challenges to provide an online shopping experience that wins a large share of consumers' wallets.



12%
Hard-to-please shoppers

Hard-to-please shoppers have the most demands of any group and are more likely to expect retailers to offer rewards programs. All consumers in this group say security and fraud concerns are very important factors in determining where they will shop, and 97 percent say the same about product availability.



21%
Convenience-driven shoppers

Convenience-driven shoppers tend to be somewhat less demanding but have strong preferences for certain factors, such as ease of purchasing and product availability. All of these shoppers rate the ability to have products delivered as an important factor in determining where they will shop online — greater than the 93 percent of hard-to-please shoppers who cited this factor.



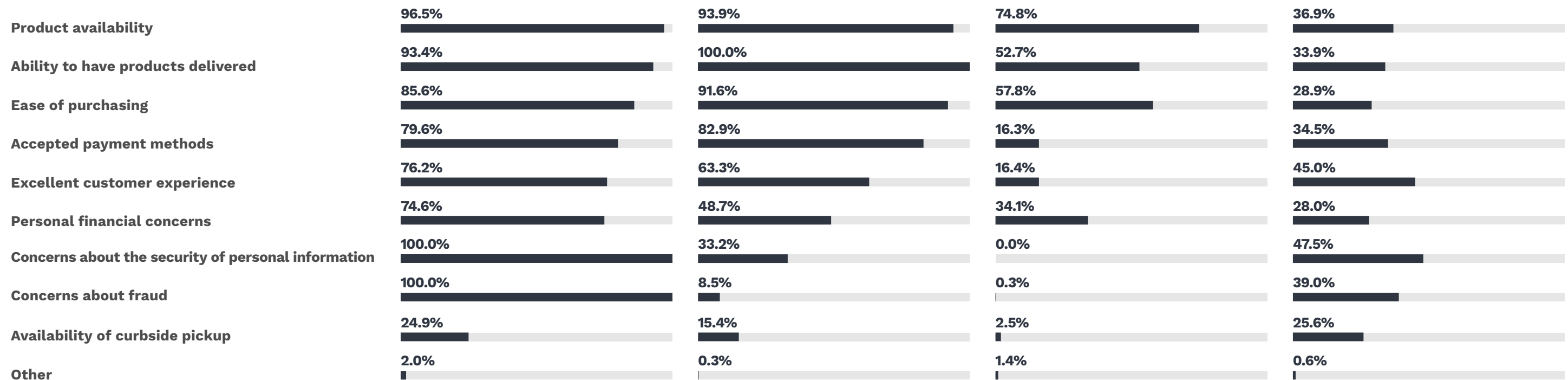
40%
Practicality-driven shoppers

Practicality-driven shoppers are the largest group. They also rate ease of purchasing, product availability and the ability to have products delivered as important factors.



28%
Advice-seeking shoppers

Advice-seeking shoppers are somewhat less demanding than consumers in other categories, but they are more likely to be interested in a tailored shopping experience with product recommendations, product reviews and a simplified checkout process.



Source: PYMNTS.com | Kount
The 2021 Holiday Shopping Outlook:
Why Convenience And Personalization Will Be Key

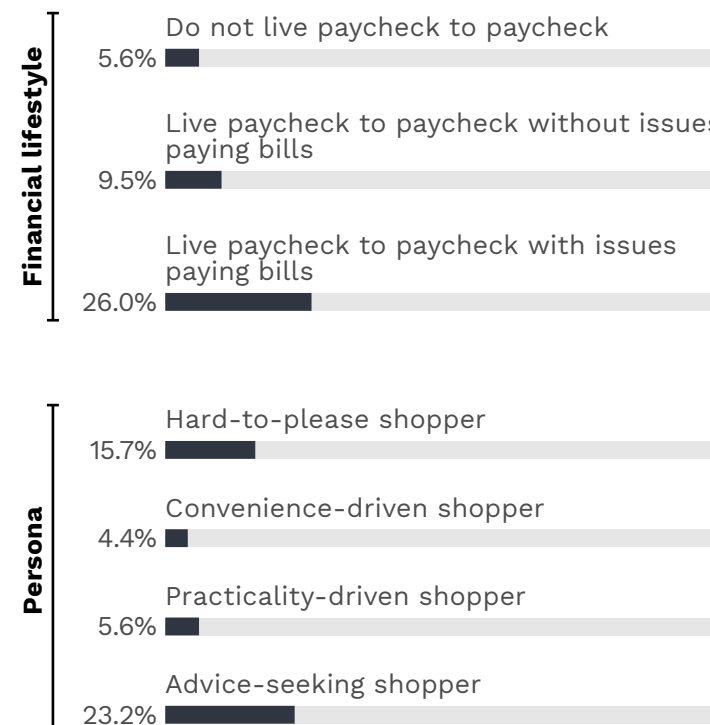
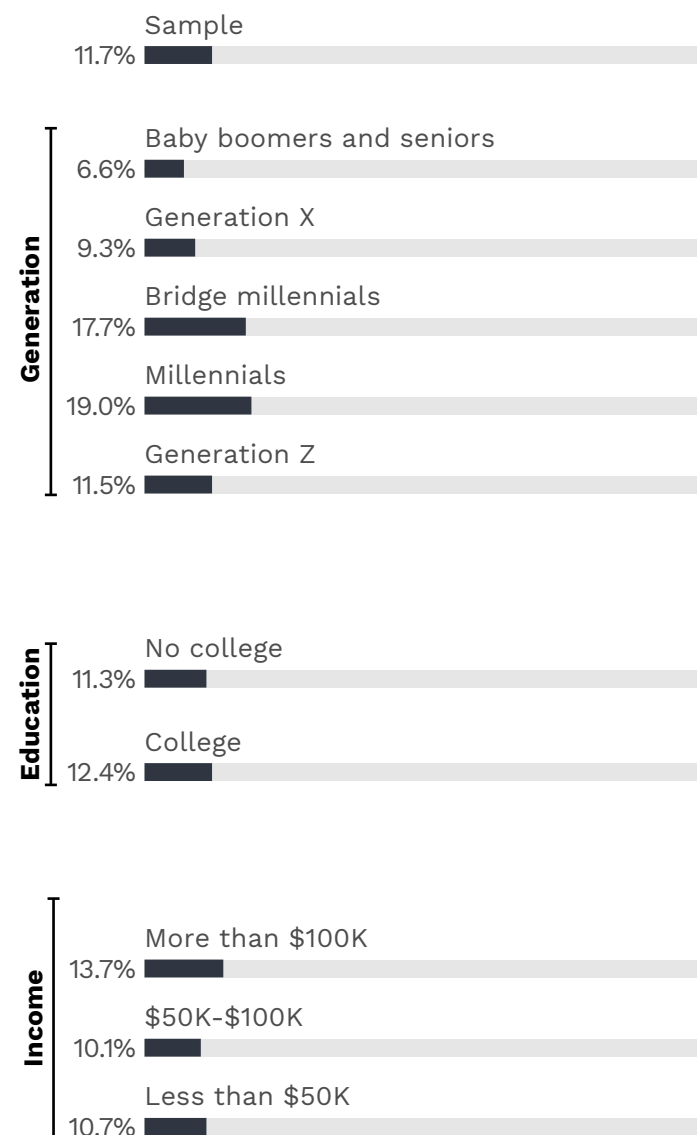
Nineteen percent of millennials who shopped online during the 2020 holiday season were fraud victims — the highest of any age group.

Consumers who were most frequently targeted by fraud in 2020 tended to be somewhat younger and have financial problems. The 18 percent of bridge millennials who experienced fraud while shopping online made up the second-highest category. Other age groups fared slightly better. Twelve percent of Gen Z online shoppers, 9 percent of Generation X and 7 percent of baby boomers and seniors were targets of fraud in 2020. Thirty-four percent of the bridge millennials and millennials who fraudsters targeted were victimized a second time, a far higher portion than for other age groups.

Consumers struggling the most financially appear to have been targeted by fraudsters far more frequently while shopping online during the 2020 holiday season than those with some degree of financial security. Twenty-six percent of consumers who live paycheck to paycheck and struggle to pay their monthly bills were victims of fraud while shopping online during the 2020 holiday season, as were 10 percent of consumers who live paycheck to paycheck but do not struggle to pay their bills. For the most secure consumers, those who do not live paycheck to paycheck, only 6 percent were targeted by fraudsters while shopping online during the 2020 holiday season.

FIGURE 6:
Fraud and the 2020 online holiday shopping experience

6A: Share of consumers who experienced fraud during their 2020 online holiday shopping

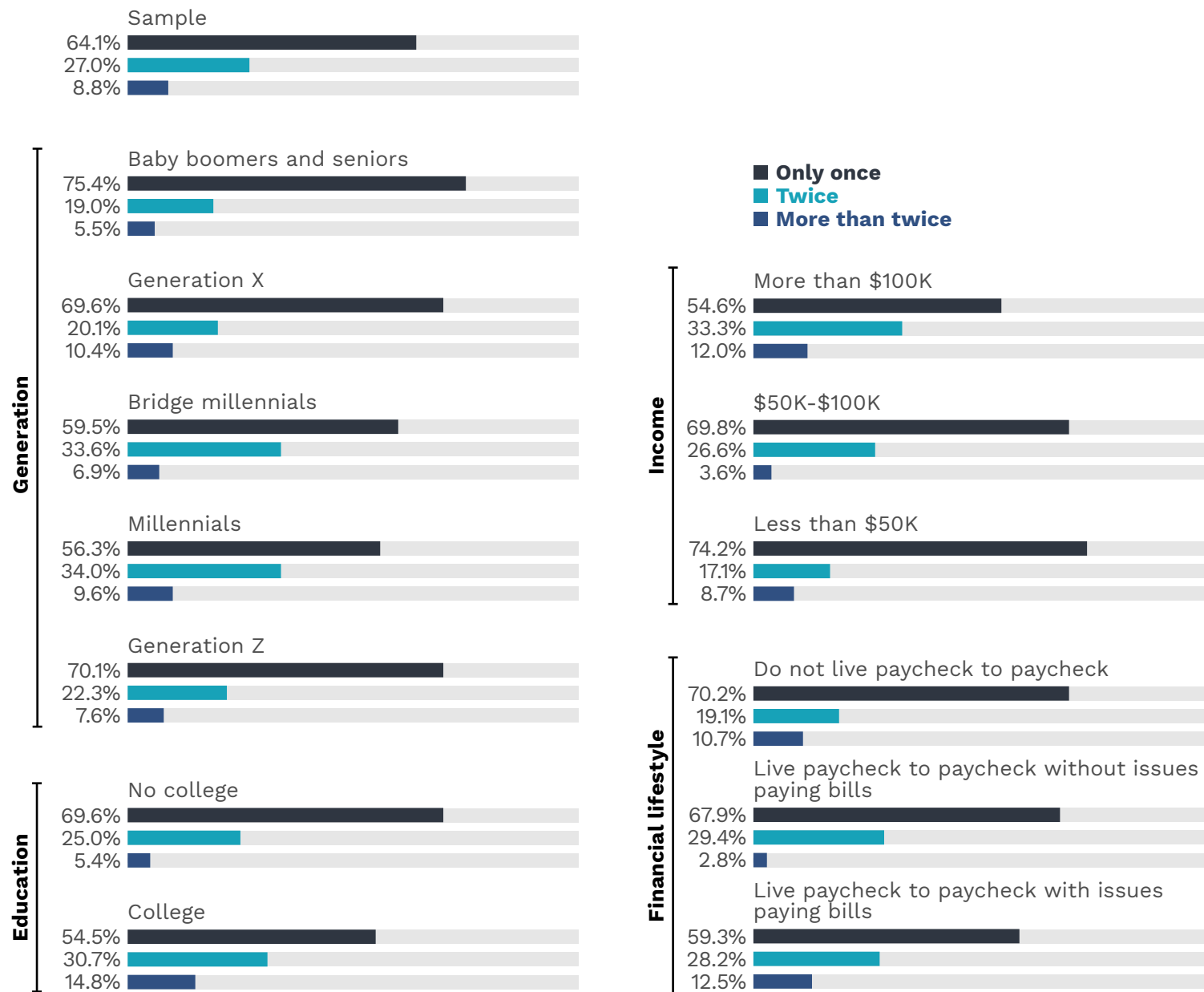


Source: PYMNTS.com | Kount
The 2021 Holiday Shopping Outlook:
Why Convenience And Personalization Will Be Key

More than one-third of consumers say they are “very” or “extremely” interested in shopping with online merchants that provide product recommendations based on their purchasing histories.

FIGURE 6 (continued):
Fraud and the 2020 online holiday shopping experience

6B: Number of fraud experiences related to 2020 holiday purchases



Source: PYMNTS.com | Kount
The 2021 Holiday Shopping Outlook:
Why Convenience And Personalization Will Be Key

Conclusion & Methodology



Consumers now have more than 20 years of experience shopping online. They have become more discerning about the quality of their online shopping experiences, creating clear preferences about what they expect from online retailers. Those retailers, particularly in the online shopping space, that recognize this heightened discernment about online shopping have an opportunity to reap some financial rewards this holiday season. The online retailers who tailor shopping experiences to meet consumers' preferences will be able to post a successful 2021 holiday season.

Methodology

The 2021 Holiday Shopping Outlook: Why Convenience And Personalization Will Be Key, a PYMNTS and Kount collaboration, is based on findings from a survey of 3,643 U.S. consumers conducted from Aug. 26 to Sept. 17. The responses were submitted by consumers who plan to shop for the 2021 holiday season both online and in store. The survey was designed to examine consumers' preferences for digital shopping and the factors that will affect the merchants with which they shop, their purchasing decisions and the payment methods they use.

About

PYMNTS.com

PYMNTS.com is where the best minds and the best content meet on the web to learn about “What’s Next” in payments and commerce. Our interactive platform is reinventing the way companies in payments share relevant information about the initiatives that make news and shape the future of this dynamic sector. Our data and analytics team includes economists, data scientists and industry analysts who work with companies to measure and quantify the innovations at the cutting edge of this new world.

 Kount®

Kount, an Equifax company, provides an all-in-one SaaS platform to help online businesses, merchants, acquiring banks and payment service providers detect fraud and avoid turning away legitimate customers. As part of this effort, the company leverages machine learning and artificial intelligence techniques to analyze risk in transactions. Kount serves a variety of client industries. It helps its food and beverage merchant clients secure payments, avoid fraudulent orders and facilitate the checkout process in mobile channels and traditional eCommerce models.

We are interested in your feedback on this report. If you have questions, comments or would like to subscribe to this report, please email us at feedback@pymnts.com.



THE 2021 HOLIDAY SHOPPING OUTLOOK: Why Convenience And Personalization Will Be Key

DISCLAIMER

The 2021 Holiday Shopping Outlook: Why Convenience And Personalization Will Be Key may be updated periodically. While reasonable efforts are made to keep the content accurate and up to date, PYMNTS.COM: MAKES NO REPRESENTATIONS OR WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, REGARDING THE CORRECTNESS, ACCURACY, COMPLETENESS, ADEQUACY, OR RELIABILITY OF OR THE USE OF OR RESULTS THAT MAY BE GENERATED FROM THE USE OF THE INFORMATION OR THAT THE CONTENT WILL SATISFY YOUR REQUIREMENTS OR EXPECTATIONS. THE CONTENT IS PROVIDED "AS IS" AND ON AN "AS AVAILABLE" BASIS. YOU EXPRESSLY AGREE THAT YOUR USE OF THE CONTENT IS AT YOUR SOLE RISK. PYMNTS.COM SHALL HAVE NO LIABILITY FOR ANY INTERRUPTIONS IN THE CONTENT THAT IS PROVIDED AND DISCLAIMS ALL WARRANTIES WITH REGARD TO THE CONTENT, INCLUDING THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, AND NON-INFRINGEMENT AND TITLE. SOME JURISDICTIONS DO NOT ALLOW THE EXCLUSION OF CERTAIN WARRANTIES, AND, IN SUCH CASES, THE STATED EXCLUSIONS DO NOT APPLY. PYMNTS.COM RESERVES THE RIGHT AND SHOULD NOT BE LIABLE SHOULD IT EXERCISE ITS RIGHT TO MODIFY, INTERRUPT, OR DISCONTINUE THE AVAILABILITY OF THE CONTENT OR ANY COMPONENT OF IT WITH OR WITHOUT NOTICE.

PYMNTS.COM SHALL NOT BE LIABLE FOR ANY DAMAGES WHATSOEVER, AND, IN PARTICULAR, SHALL NOT BE LIABLE FOR ANY SPECIAL, INDIRECT, CONSEQUENTIAL, OR INCIDENTAL DAMAGES, OR DAMAGES FOR LOST PROFITS, LOSS OF REVENUE, OR LOSS OF USE, ARISING OUT OF OR RELATED TO THE CONTENT, WHETHER SUCH DAMAGES ARISE IN CONTRACT, NEGLIGENCE, TORT, UNDER STATUTE, IN EQUITY, AT LAW, OR OTHERWISE, EVEN IF PYMNTS.COM HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

SOME JURISDICTIONS DO NOT ALLOW FOR THE LIMITATION OR EXCLUSION OF LIABILITY FOR INCIDENTAL OR CONSEQUENTIAL DAMAGES, AND IN SUCH CASES SOME OF THE ABOVE LIMITATIONS DO NOT APPLY. THE ABOVE DISCLAIMERS AND LIMITATIONS ARE PROVIDED BY PYMNTS.COM AND ITS PARENTS, AFFILIATED AND RELATED COMPANIES, CONTRACTORS, AND SPONSORS, AND EACH OF ITS RESPECTIVE DIRECTORS, OFFICERS, MEMBERS, EMPLOYEES, AGENTS, CONTENT COMPONENT PROVIDERS, LICENSORS, AND ADVISERS.

Components of the content original to and the compilation produced by PYMNTS.COM is the property of PYMNTS.COM and cannot be reproduced without its prior written permission.