



Capital Bytes – November 30, 2021

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Gauging the Shift in Retail Trends

Retail is back in 2021, but early reads on consumer holiday spend are not apples to apples with last year. We expect U.S. holiday sales to grow between +7% and 10.5% in 2021 to more than \$800 billion. While online Thanksgiving sales were flat at \$5.1 billion and Black Friday online sales dipped -1% from last year to \$8.9 billion, flattish, yet stable online sales were more than made up for by higher in-store sales. Mass media is reporting a first-time-ever dip in ecommerce sales, but that data point is likely skewed as the 2020 shopping season was mired in lockdowns and real fear for consumers leaving their homes. In other words, 2020 was an abnormally prime year for digital.

U.S. mall Black Friday foot traffic rose +48% compared to last year though it still ran -28% below the 2019 level, leaving room for future gains. Another reason comparative Black Friday data may still look way off from pre-pandemic levels is the fact that retailers began promotions in late October and are likely to spread them out across the holiday season. All with the goal of reducing

crowds on peak shopping days, while accommodating consumers' preference for social distancing. And just like so many "new normals," this stretched-out sale method is likely to continue.

But make no mistake, this holiday season, like so many before it, can make or break a retailer's year. In 2020, the holiday shopping period between November and December accounted for 19.5% of total annual retail revenue, which totaled nearly \$790 billion. Last year, e-commerce accounted for nearly 26% of all sales, and 79% of shoppers did not finish their holiday shopping until mid-December. Aware of the supply chain disruptions, taking advantage of the early promotions, and given the rise of Buy Now Pay Later (BNPL) services, 61% of U.S. consumers began their holiday shopping in October this year, up from 51% in 2020.

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