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HOW TO WIN THE 2020 HOLIDAY SHOPPING SEASON?



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The Digital Health - Beauty - Wellness Platform

As we are heading to the end of 2020, it means the holiday shopping season is right around the corner; however, there would be unlikely that crowds of people queuing at malls and department stores, waiting to bring home the biggest 'door-crasher' bargains for the holidays. The 2020 holiday shopping season is unlike any in living memory and could become the most digital shopping season in history.

With the ongoing lockdown in many countries against the second wave of the virus, social distancing restrictions, and remote working situations, the global pandemic has significantly affected consumer buying patterns, product discovery, and decision-making processes as holiday shopping begins.

As retailers are planning accordingly, the success of the holiday sales depends on whether they are able to stay agile and pivot to serve customers best, strengthen fulfillment and supply chain capacity, redesign consumer experience by leveraging advanced technology, and embrace the challenges to capture growth in unusual conditions.

The holiday is a crucial test to see how COVID has impacted purchasing and whether these changes will stick for the long term. While the landscape for holiday sales remains uncertain, it is also the last and best chance retailers and brands will have to make up for the significant amount of lost ground they experienced this year.

In this special industry report dedicated to holidays, Revieve looks at the highlight trends in the market as well as what brands and retailers should expect and prepare for the pandemic-era festive season.



Ways COVID-19 Will Affect Holiday Shopping Season 2020

Convenience, speed, and availability are the top three factors driving consumer shopping habits this year.

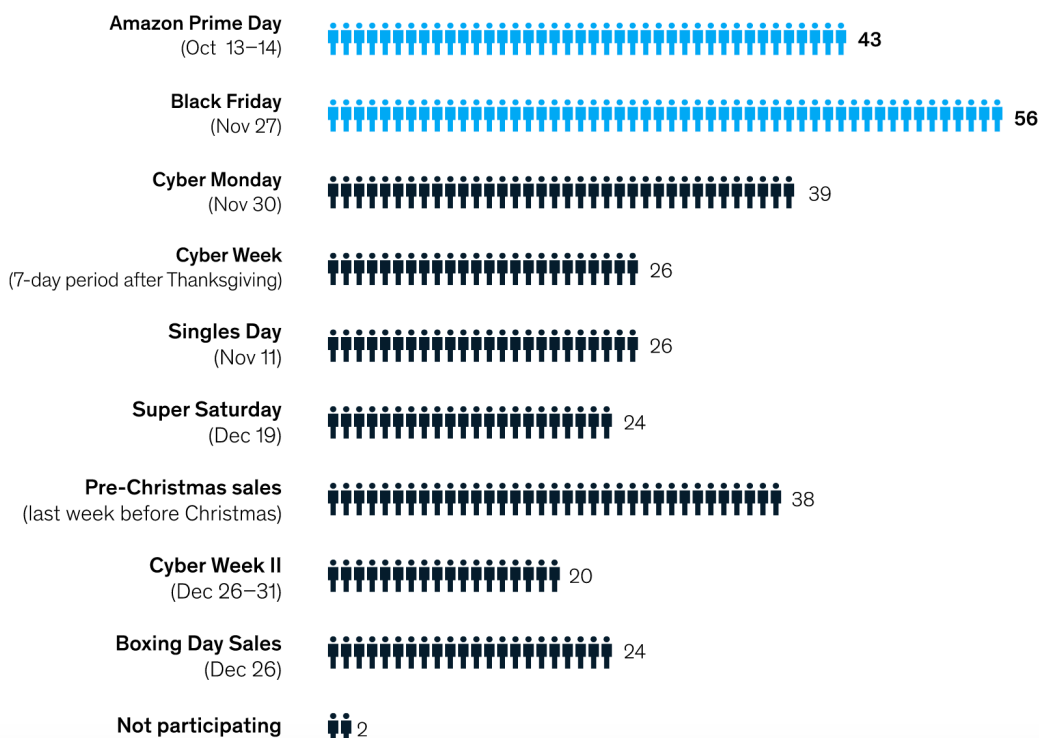
Shopping Will Start Earlier

Many brands and retailers are starting holiday sales earlier than ever this year, a month before Black Friday. Amazon Prime Day's move to October has prompted simultaneous sales all over the retail industry. According to Edited, the average discount in the US was around 40-50%, compared to 20-30% this time last year. Walmart decided to extend Black Friday and Cyber Monday into a three-weekend series of sales in both online and offline channels. Similarly, Macy's announced to start its Black Friday promotions at the beginning of November.

An early holiday sale indeed brings more incentives for brands and retailers, such as less competition from rivals, mitigating the worst of the shipping crunch, and rising costs from carriers during peak time.

Convenience, speed, and availability are the top three factors driving consumer shopping habits this year. Therefore, they will start preparing and shopping earlier than usual to ensure safety, avoid crowds, and lessen the impact on their wallets. "We've seen some data that says customers will be looking for value earlier and participating less in that all-important one-day event in stores," Bed Bath & Beyond CEO Mark Tritton said in an interview. "It's a very different season. And I think we're all going to learn together as we go through it."

Top shopping days that consumers plan on joining, % of respondents



Consumers Plan to Tighten Their Holiday Budget Belt

Although the labor market has recovered somewhat, several families are continually facing deep financial hardship due to the effects of reduced income, job loss, laid off, temporary closure of the workplace, etc. Many U.S. consumers are not planning to increase their spending this festive season, even decrease their budgets by 18%, according to KPMG's report.

On the other hand, Accenture's survey results show that 44% of shoppers want to spend the same this year, whereas 41% plan to spend less, and a small minority (15%) of consumers will increase their budgets on holiday shopping.

Another research by a global advisory and research firm, Coresight Research, has revealed that among Millennial and Gen Z consumers, more than 40% of them expect to reduce their holiday shopping expenses. PwC's annual holiday report has discovered that 55% plan to spend the same or more this holiday, while a considerable proportion, 40%, will spend less.

Overall, an average half of the consumers remain optimistic in the wake of the pandemic and will stick to their holiday shopping budgets as last year or slightly increase it. Meanwhile, the other half is still wary and plans to spend less, leading to two possible scenarios brands and retailers can expect going into the pandemic-era festive season.

Two possible scenarios for 2020 holiday shopping

According to Deloitte, there are two predictions that brands and retailers should anticipate. The first scenario is the holiday season remaining relatively flat with just 0-1% year-over-year sales growth due to continued customer concerns about the ongoing unemployment, economic crises, expiration of unemployment benefits, and uncertainties about the roll-out of the COVID-19 vaccine. Customers are likely to shore up an emergency fund for unexpected situations in 2021, leading to doubling their saving rate and lowering their spending on holiday gifts.

The second scenario is more upbeat with 2.5-3.5% year-over-year sales growth if there is an official approval of an effective COVID-19 vaccine and treatments or more unemployment insurance benefits from the government. Moreover, consumers could expect to use the holiday as an opportunity to "revenge spend" on holiday gifts and consumable products with money they would otherwise spend on travel and experiences.

The impact of COVID-19 on consumer experience has been significant. Consumers' mindsets, behaviors and purchasing habits have changed—and many of these new ways will remain post-pandemic.

Preparing for A Pandemic Holiday Season

Brands and retailers must make sure that the way customers engage and shop with them is smart and safe — but still easy.

Beauty brands and retailers have been hit hard by the pandemic crisis. We have seen a seismic change in normal consumer shopping behaviors – stimulating a boom in e-commerce and sparking different shopping needs among consumers. But how will it affect the upcoming holidays?

Fueled by changes in customer preferences and economic situations, holiday shopping will be different this year. According to Deloitte, around 86% of shoppers said that pandemic would change their holiday shopping behavior, and retailers know that persuading consumers to splurge on holiday shopping will be more challenging than usual this holiday season.

In preparation for the holiday season, brands and retailers must make sure that the way customers engage and shop with them is smart and safe — but still easy. Retailers have to minimize surface touching and restrict foot traffic in their facilities while optimizing sales.

With this in mind, here are four tips and best practices designed to help ensure retailers are primed and ready to take on the 2020 holiday season and make it the best of these difficult times.



Enhance the fulfillment capabilities

With contactless delivery becoming a prerequisite across industries, logistics around home delivery and 'curbside pickup/click-and-collect' will require significant attention to obtain necessities without impacting the customer experience safely.

Replicate the in-store-experience elsewhere

Brands have been moving online to engage consumers, but with stores reopening, retailers will have to bring in-store and digital under one roof, along with customer service.

Shape the customer experience

This holiday season, beauty brands and retailers must act nimbly to drive sales online and off while maintaining an active, meaningful dialogue with consumers. That means retailers will need to rethink every part of their customer journey - from the way they engage and communicate with customers through how they handle data and operations.

Personalize experiences

Today, more than ever, the key to consumer engagement - from online to offline - is personalization. Beauty brands and retailers have to embrace the latest technologies to ensure bespoke customer experiences.

Nothing about 2020 has been easy, and in preparing for the holiday shopping season, companies have to minimize the event-day shopping behavior and ensure employees are safe and keep customers in that light as well. Remember to bear in mind and apply the tips above to get the most out of the holiday shopping season!

'Christmas like no other'

Brick-and-mortar retailers need to be ready this holiday period for a big shift to curbside pickups and contactless technology, like mobile apps or self-checkout kiosks, to make consumers more comfortable returning to in-store shopping.

The pandemic has accelerated the shift to online shopping, meaning that retailers have to boost their efforts ahead of the festive e-commerce frenzy. According to PwC survey results, around 70% of consumers will most likely continue to shop online after the pandemic. Therefore, brands and retailers that excel at online shopping experiences and advanced technology will be best positioned to capitalize on the incoming digital stampede.

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“Virtual” Holiday Shopping

To stimulate and encourage consumers to shop more, companies will need to rely on AI-enabled capabilities. Now more than ever, brands and retailers are looking to digitalize their offerings, both in-store and online, to help customers in their shopping journey.

To drive customers back into the store, physical brands and retailers can start tapping into digitally-enabled capabilities to accommodate consumers' need for convenience and safety. Indeed, as the omnichannel approach has changed forever, retailers must bridge online and physical worlds to include hybrid touchpoint solutions.

For example, Walmart introduced Walmart Wonder Lab, an online tool that enables children to play, test and unbox their favorite toys virtually. Likewise, beauty brands are tapping into new virtual opportunities to try-before-buy cosmetics and products as well.

Advances in technology have recently enabled the rise of Digital Beauty Advisors, giving birth to a new level of digital personalization possibilities in beauty retail - allowing the shoppers to discover beauty products specifically tailored to their needs.

For this holiday shopping season, leveraging solutions, like Revieve, to integrate multiple shopping channels and enable shoppers to receive information and advice is essential to ensure the bespoke customer experience across all brand touchpoints.

"For retailers, this holiday season will continue to push the boundaries on the importance of online, convenience, the role of the store, and the criticalness of safe and speedy fulfillment," said Rod Sides, Vice Chairman at Deloitte.

Last year's holiday playbook is irrelevant, and retailers must plan accordingly and invest in the right technologies to ensure they provide customers with the holiday joy they seek.



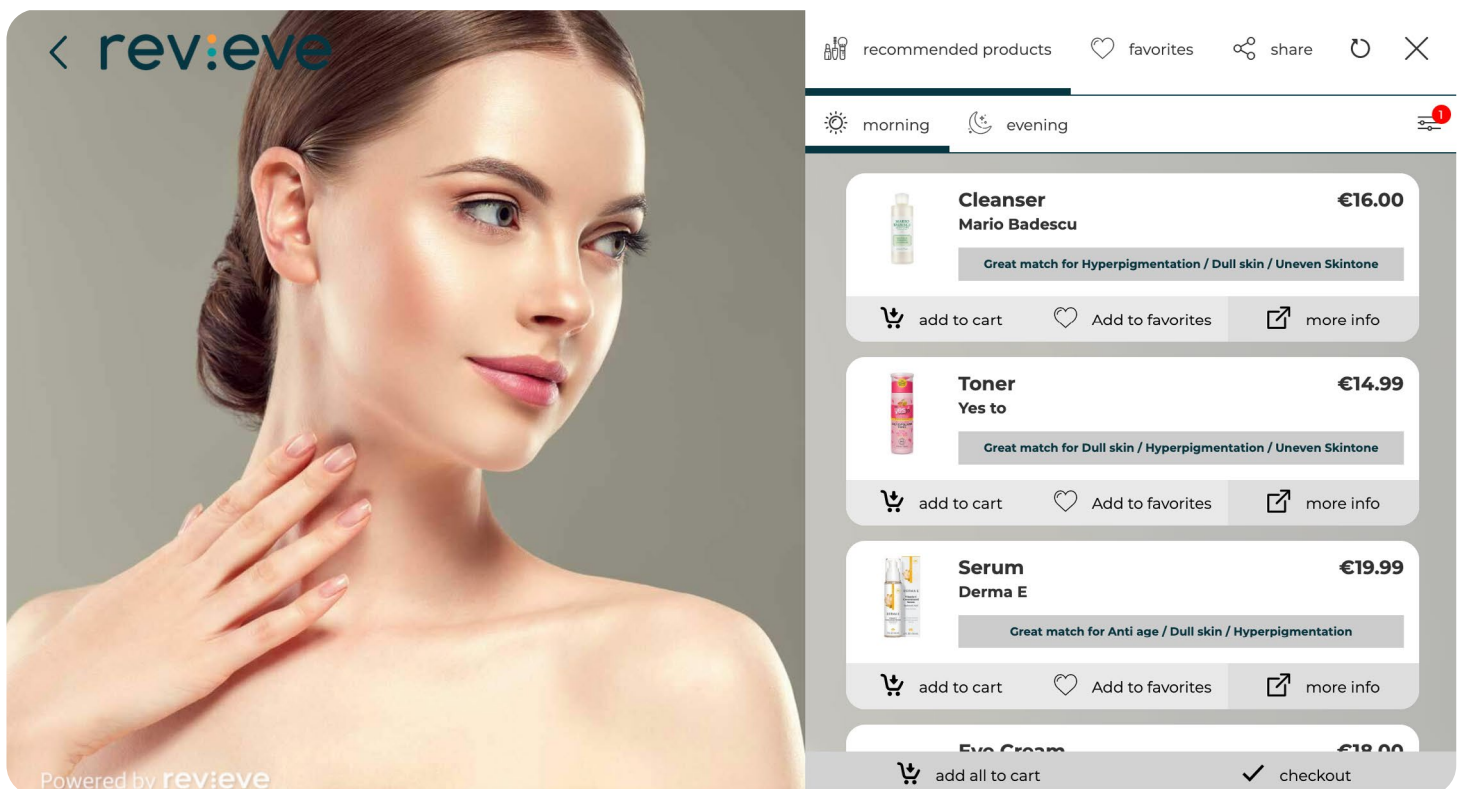
Future Evolution of the Beauty Industry

Amid COVID-19, the beauty industry has been witnessing a significant decline in revenues and growth rate. Indeed, McKinsey has estimated that the global beauty industry revenues could sink by 20-30% in 2020.

With shuttering stores, changing consumer behavior, and forcing the closure of the entire sub-sectors, we have seen brands race to pivot their propositions, reaching consumers via online channels and adapting their product offerings to suit customers in lockdown. Hence, the pandemic has fostered several trends and set lasting change in motion.

The crisis has simultaneously accelerated the move away from color cosmetics towards skincare, as consumers will opt for a more personalized approach to treating their skin concerns. As a result, beauty brands were forced to re-evaluate their retail offering and adopt an agile approach vital for survival.

Beauty players should aim to offer more digital services to provide customers with highly personalized and engaging experience. While COVID-19 has prevented customers from testing makeup brands in stores, AI/AR technologies will help brands and retailers enhance the in-person experience and gain a competitive advantage to stay at the top of the race.



The screenshot displays the rev:eve mobile application. On the left, a woman's face is shown, with the text "Powered by rev:eve" at the bottom. On the right, the app's interface features a navigation bar with icons for recommended products, favorites, share, and a close button. Below this, there are tabs for "morning" and "evening" skincare routines. The main content area lists three recommended products:

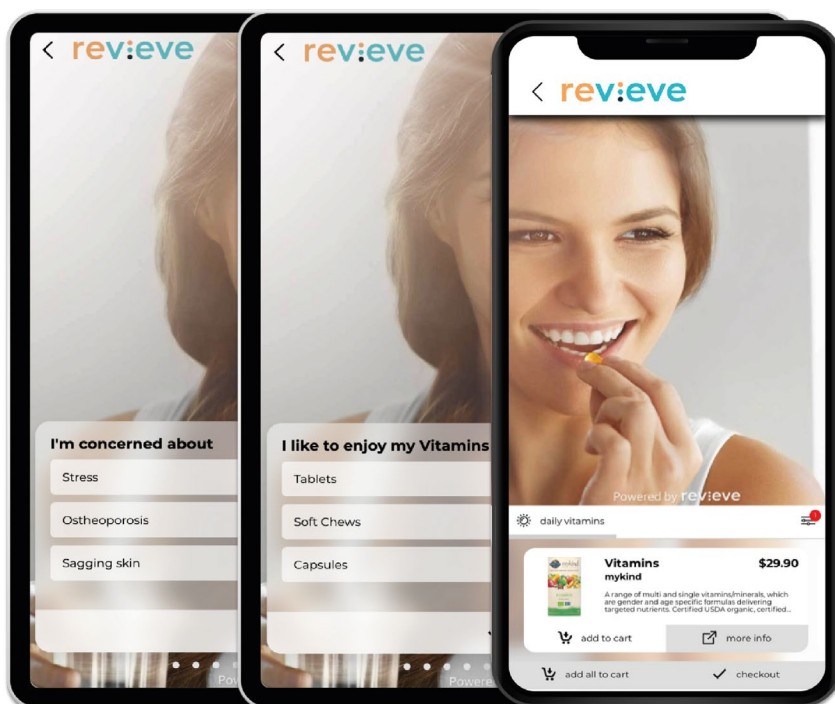
- Cleanser Mario Badescu** (€16.00): Great match for Hyperpigmentation / Dull skin / Uneven Skintone. Options: add to cart, Add to favorites, more info.
- Toner Yes to** (€14.99): Great match for Dull skin / Hyperpigmentation / Uneven Skintone. Options: add to cart, Add to favorites, more info.
- Serum Derma E** (€19.99): Great match for Anti age / Dull skin / Hyperpigmentation. Options: add to cart, Add to favorites, more info.

At the bottom, there is a section for "Eye Cream" (€18.00) with options: add all to cart and checkout.

Revieve: The Digital Health - Beauty - Wellness Platform

COVID has forced brands and retailers to re-think the way in which they engage with the consumer. Brands have been moving online to engage consumers, but with stores reopening, retailers will have to bring in-store and digital under one roof, along with customer service.

Revieve is the preferred partner for brands and retailers across four continents for delivering a digitally-driven, personalized interactive customer-experience leveraging state-of-the-art AI/AR technology. Revieve's sophisticated enterprise platform builds tangible business results across all brand touchpoints. Working with our partners, Revieve has pioneered advanced self-diagnostic skin analysis, virtual try-on technology and AI-powered product recommendations, helping to drive sales both online and off.



The Single Consumer-Centric Platform

Revieve's all-in-one platform helps brands and retailers accelerate business value by creating personalized interactive consumer-experiences. Our world-class AI-technology empowers you to drive commerce excellence across easy-to-use self-diagnostic modules throughout the customer journey. Our platform approach and vision of the future enables building an ecosystem around skin, beauty, health, and wellness.

The AR Makeup Advisor™

Help your customers discover the best matching makeup products and empower try-before-buy shopping experiences.

AI Nutrition Advisor™

Recommend your customers the most optimal beauty supplement regimens that adapt to each individual's health and wellness goals.

The AI Skincare Advisor™

Detect the broadest range of skin health-related factors to provide your customers with the most accurate product recommendations.

AI Suncare Advisor™

24/7 digital suncare expert to encourage your customers to adopt the ultimate suncare routine to best match their own skin type and lifestyle.



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