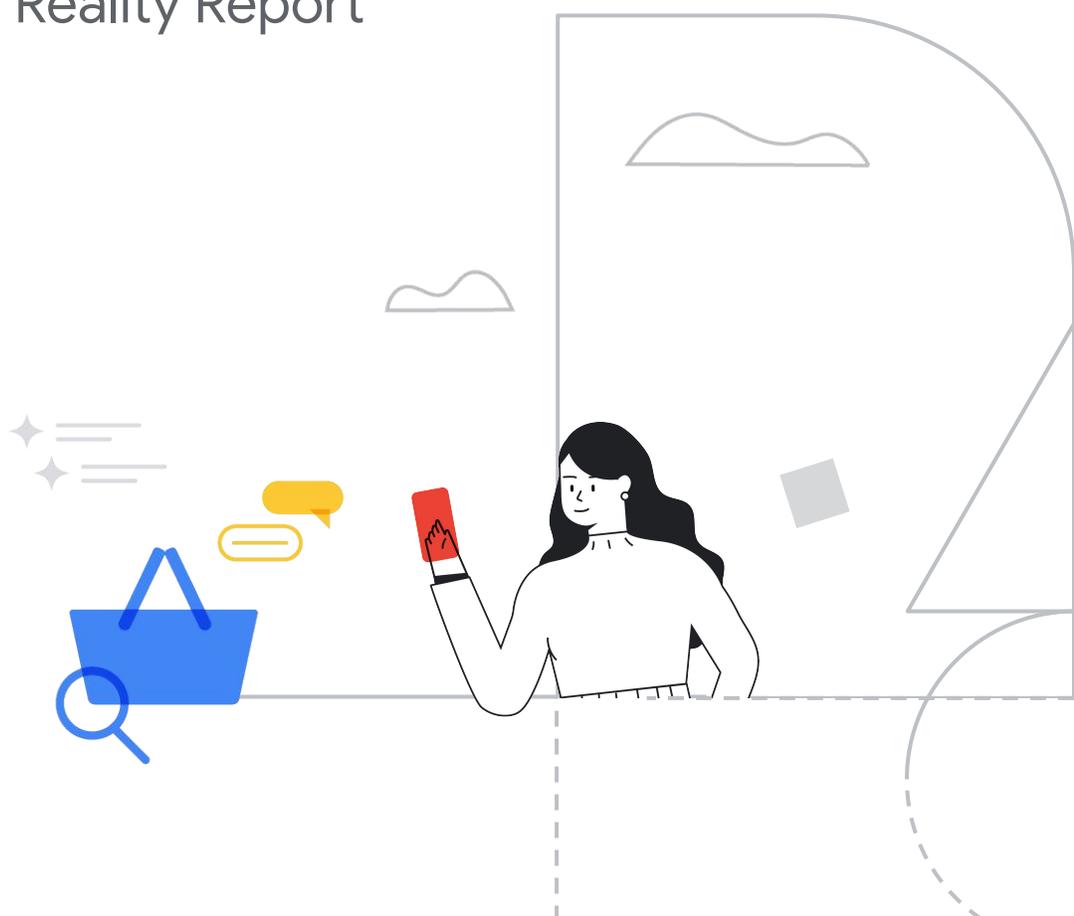
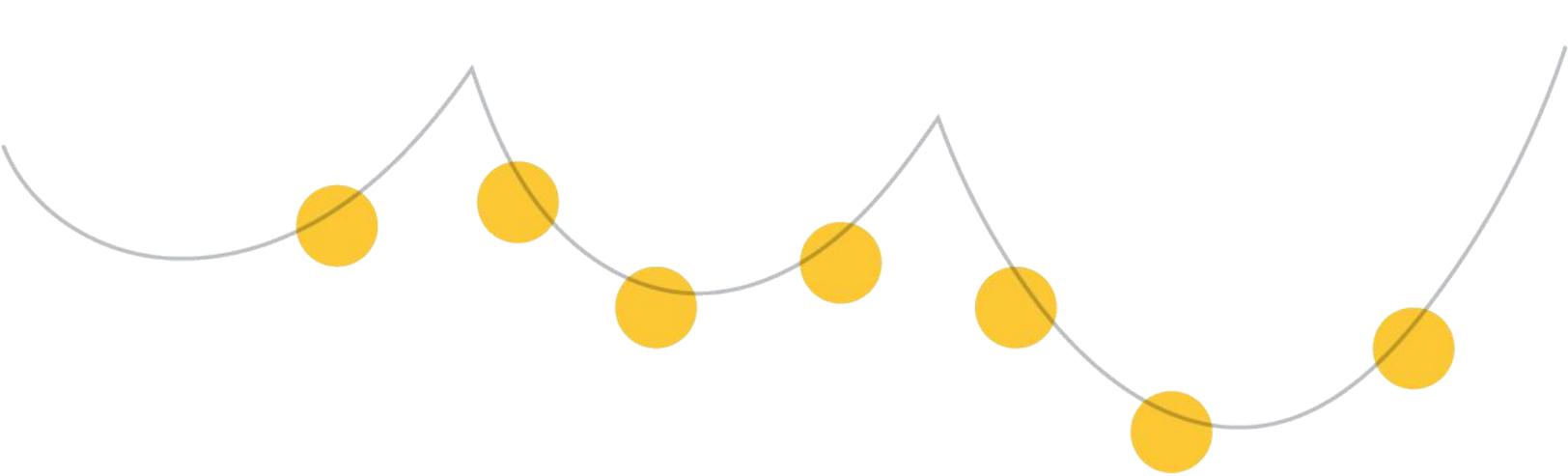




The impact of COVID-19 on holiday shopping

Retail Holiday Reality Report
2020





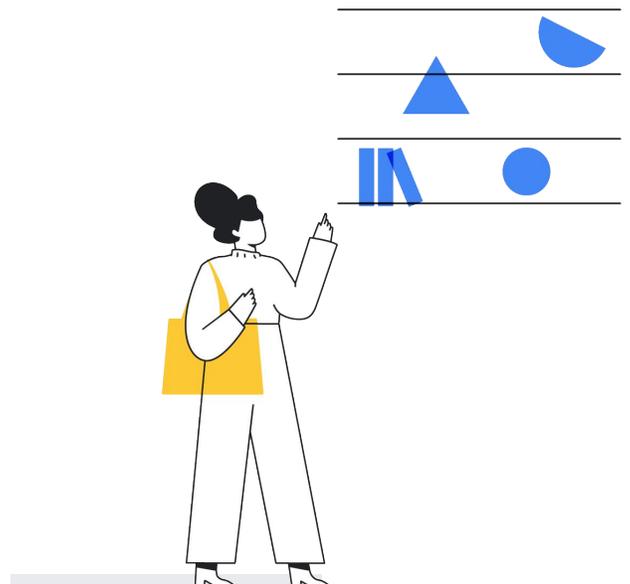
Contents

Introduction	03
COVID-19 exposed retail weaknesses and sparked concern globally	04
More confidence in ecommerce performance	09
Supply chain complications become retailers' biggest fears	12
Creating multiple paths to deliver gifts in time	15
A holiday like no other: breaking records	18
Research method	21

Introduction

It's been a historical year for the retail industry. The pandemic has left a lasting impression as it fast-tracked digital trends retailers have been pondering over the past decade and furthered the separation between retail leaders and retail laggards. What were once nice-to-have technological differentiators among retail competitors, became survival necessities when the pandemic hit.

To understand COVID-19's impact on the retail industry and its effect on the holiday season, we recently commissioned The Harris Poll to survey retail executives across the world and developed our first annual Google Cloud Industries: Retail Holiday Reality Report. Below are a few of our key findings for 2020.



Section 1

COVID-19 exposed retail weaknesses and sparked concern globally

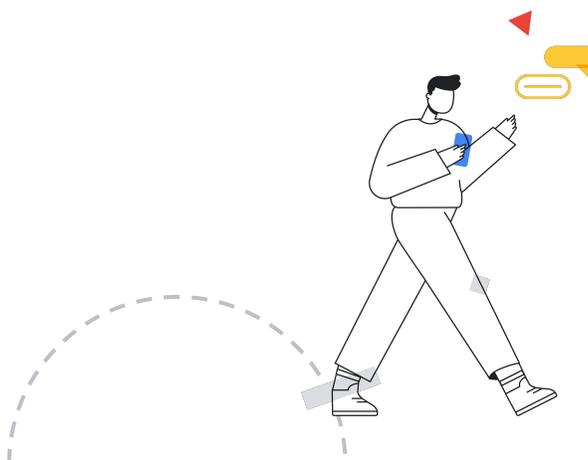


COVID-19 exposed retail weaknesses and sparked concern globally

The sudden sweep of COVID-19 took most retailers by surprise, exposing massive weaknesses in their infrastructure and abilities to quickly adapt and scale to demands.

43%

of retail executives globally feel that their company was properly equipped with the right technological tools to maintain business continuity in the early stages of the pandemic.



51%

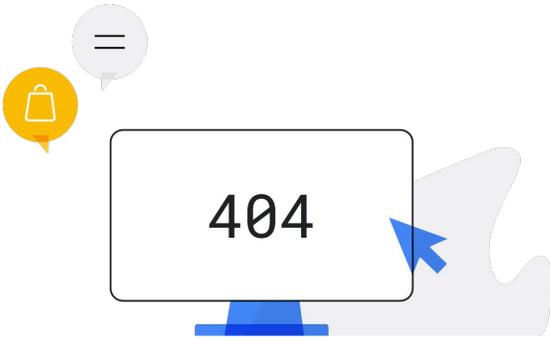
of retail executives say their company overall is very prepared to deal with the shifting retail landscape that has taken place due to the COVID-19 pandemic.



47%

of retail executives feel that their company is accelerating cloud adoption to ensure business continuity in response to COVID-19.





1 in 5

say dependence on legacy technology has created greater short-term (22%) or long-term (20%) risk for their business operations, and a similar proportion (20%) say their company’s IT systems lacked necessary redundancies, which undermined their overall operational resiliency.

Country	Greater short term risk	Greater long term risk	Lacking necessary redundancies
US	22%	18%	15%
France	21%	23%	22%
Germany	20%	25%	16%
UK	19%	17%	13%
Brazil	12%	13%	15%
Indonesia	23%	16%	378%
India	38%	26%	36%

Customer spotlight *Zulily*



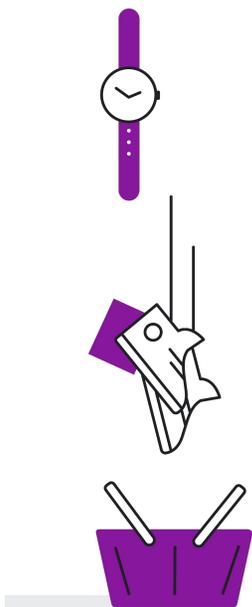
The pandemic has changed retail – and business – forever. It’s forced companies to work backwards from the needs and desires of their customers – for Zulily, it’s Moms.

We’ve noticed a change of behavior: customers are spending more on their home and other members of the family than on clothes for themselves. We’re also seeing Moms treat shopping as entertainment on mobile, engaging with new brands and products as they work, learn, teach and play at home.

At Zulily, we’re also seeing more shoppers prioritizing value, and we believe this pattern will continue. For many of the brands we work with, segmented pricing is a new strategy that works. By testing initiatives with price-conscious shoppers via time-limited offers online, they can drive engagement and sales at the right price in new channels.

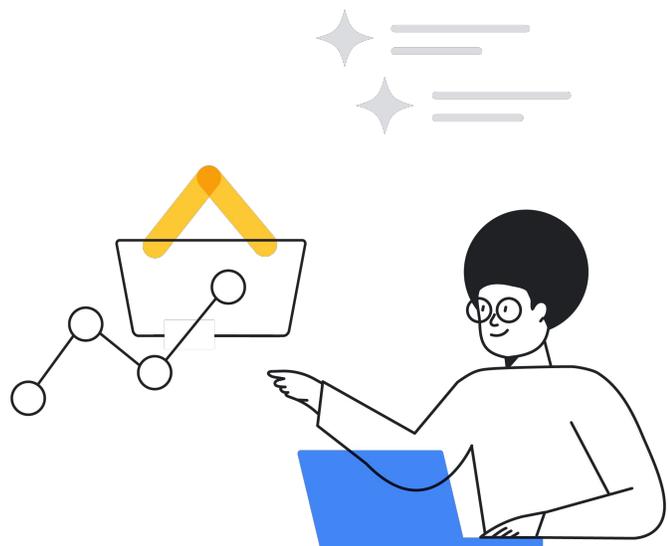
In order to succeed, brands must follow an agile, ecommerce-led approach in order to reach more customers. **We’re proud to work with 15,000 brands like adidas, Mattel and Martha Stewart to engage millions of Moms around the world**, experimenting with storytelling of their products with video and animation, personalized shopping experiences and more – for the holiday season and beyond.”

Jeff Yurcisin, President, Zulily



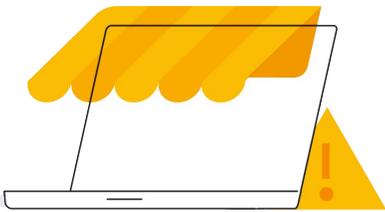
Section 2

More confidence in ecommerce performance



More confidence in ecommerce performance

In the US last year, we found that [website performance](#) was among the top concerns for retailers during the holiday season with 10% of US respondents experiencing a website outage within the previous year. This year, that increased by 7% with nearly 1 in 5 (17%) US respondents saying it had an outage in the last year.



75%

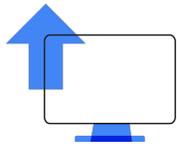
of retail executives admit their company's website has experienced an outage during peak holiday traffic.

17%

of global retail executives said they experienced a website outage within the last year.

Country	Outage within the last year	Outage within the last 2-3 years	Outage ever
France	14%	30%	77%
Germany	8%	24%	55%
UK	19%	38%	85%
Brazil	20%	48%	88%
Indonesia	18%	37%	67%
India	24%	30%	98%

Top actions retailers are taking or planning to take to prepare for the surge in online consumer traffic during the holiday season



99%

taking action to prepare for the surge in online consumer traffic during the holiday season.



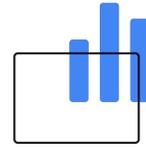
45%

most commonly by preparing their website infrastructure.



44%

offering additional fulfillment options .



41%

working with tech vendors to have excess infrastructure capacity ready.



Country	Preparing website infrastructure	Offering additional fulfillment options	Working with tech vendors to have excess infrastructure capacity ready
US	43%	47%	33%
France	42%	45%	34%
Germany	32%	36%	31%
UK	45%	35%	34%
Brazil	66%	41%	55%
Indonesia	42%	56%	46%
India	43%	46%	51%



Section 3

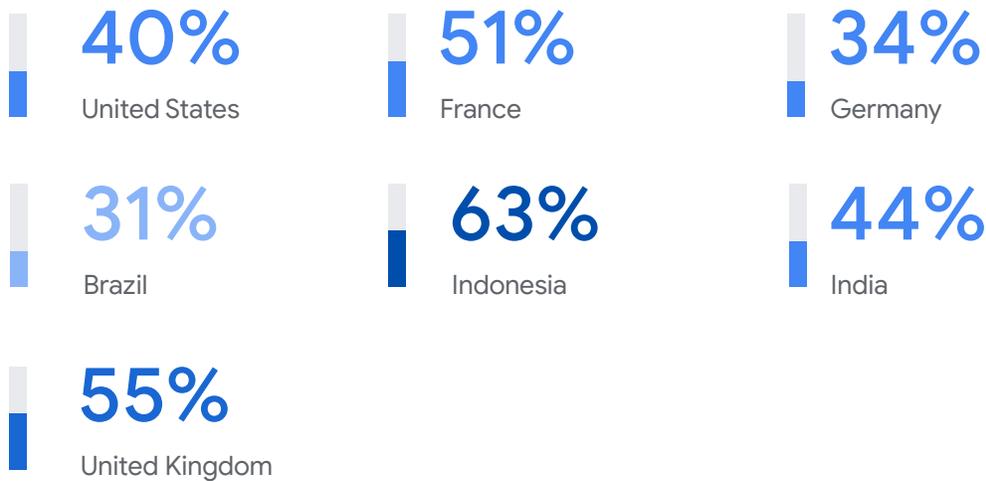
Supply chain complications become retailers' biggest fears



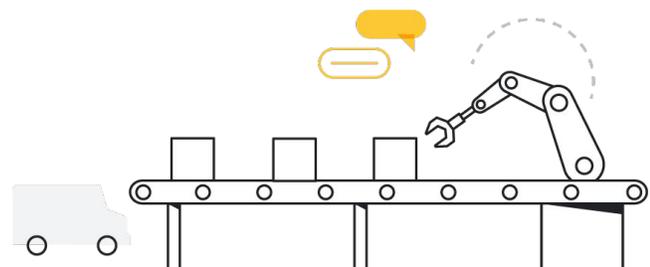
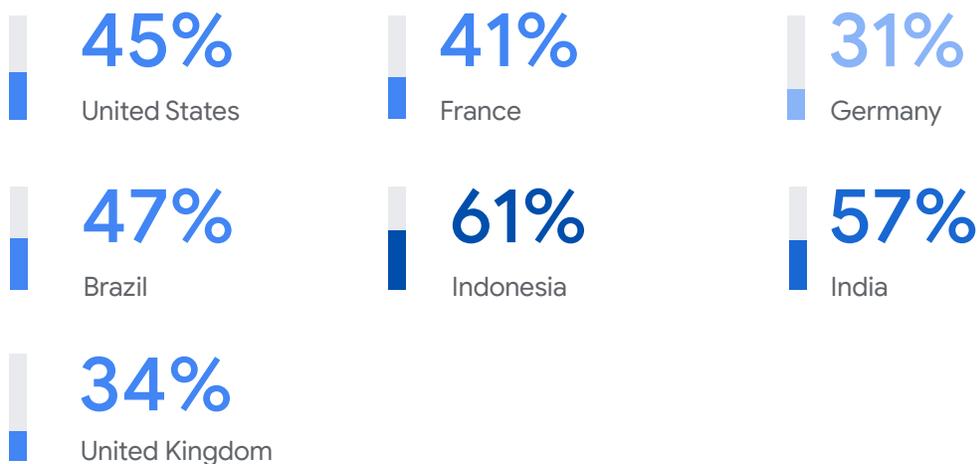
Supply chain complications become retailers' biggest fears

Nearly all retail executives (94%) say COVID-19 related concerns are still keeping them up at night as it relates to the holiday season, specifically:

Supply chain issues (46%) overall average



And being able to fulfill orders on-time (45%) overall average



To prepare for any unexpected changes in their supply chain this holiday season, retail executives say their business has taken the following steps:



62%

increased the use of technology for logistics planning.

56%

expanded supplier partnerships.

55%

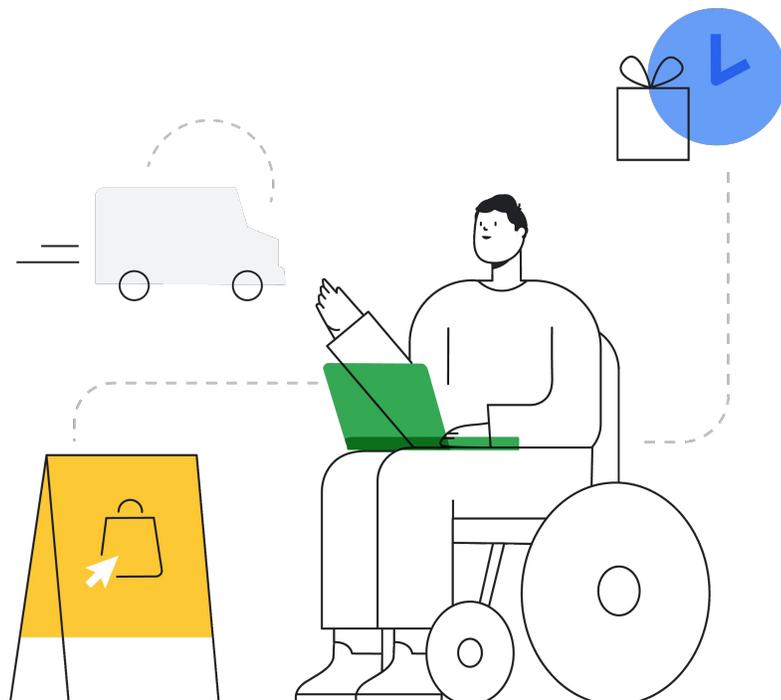
added technology to improve planning, forecasting, or visibility.

Country	↓	↓	↓
US	64%	49%	56%
France	50%	48%	47%
Germany	52%	47%	53%
UK	61%	53%	47%
Brazil	65%	55%	61%
Indonesia	69%	76%	50%
India	73%	61%	72%

Still, the majority of retail executives are concerned about the viability of their company's supply chain for this holiday season (78% concerned). More than 1 in 3 retail executives (36%) say they are kept up at night worrying about managing inventory effectively - in particular, over half are concerned the pandemic has made inventory management too difficult (61%) and that they may run out of inventory (53%) this holiday season.

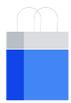
Section 4

Creating multiple paths to deliver gifts in time



Creating multiple paths to deliver gifts in time

When thinking about this holiday season, most retail executives expect there will be clear changes with both pick-up and delivery. When thinking about the top three emerging ways of purchasing goods and services, the majority of executives say consumers will most commonly use:



71%

pre-order/
pickup in store



65%

same day delivery



52%

gig economy
couriers/
third-party delivery

Country	Pre-order/ pickup in store	Same day delivery	Gig economy couriers/ third-party delivery
US	72%	64%	33%
France	72%	50%	38%
Germany	67%	63%	47%
UK	78%	68%	30%
Brazil	70%	66%	76%
Indonesia	75%	80%	70%
India	65%	64%	70%

39%

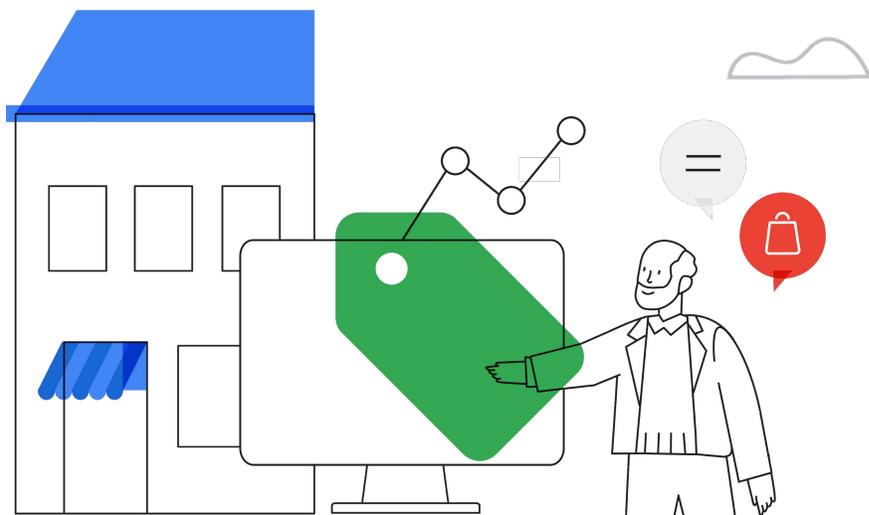
of “order online to pick-up-in-store” has increased as an overall average compared to last year.

Increase in BOPIS Usage globally



Section 5

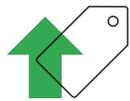
A holiday like no other: breaking records



A holiday like no other: breaking records

What was expected: according to our survey

The top metrics that retail executives will use to decide whether this holiday season is considered a success for their company are:



63%

overall sales



55%

website traffic



51%

same-day sales

61%

of retail executives anticipate an increase in traffic or sales compared to last year.

81%

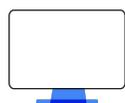
of retail executives believe that the COVID-19 pandemic will impact their in-store sales this holiday season - and more expect the impact to be negative (49%) than positive (31%).

For this holiday season, retail executives envisioned a nearly even split between:



34%

physical sales



31%

website sales



21%

mobile app



12%

catalog/phone sales

Early numbers from of sales performance: [according to NRF](#)

Black Friday and Saturday saw tremendous growth in online activity

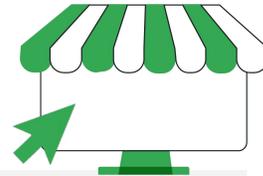
↑ **100 mil** ↑ **17%**

For the first time, the number of online Black Friday shoppers passed the 100 million mark, up 8% over last year.

The number of online Saturday shoppers grew even more, up 17% compared with last year.

↑ **44%**

Online-only shoppers increased by 44% for the entire weekend, for a total of 95.7 million.



In-store traffic: [according to Sensormatic](#)

Black Friday
2020 weekend

Saturday
November 28

↓ **49%**
decrease YoY

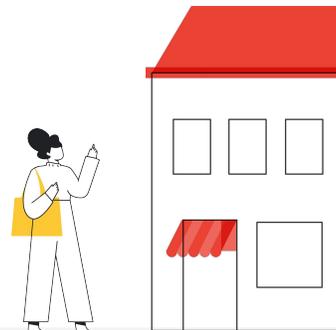
↓ **34%**
decrease YoY

Sunday
November 29

Monday
November 30

↓ **24%**
decrease YoY

↓ **23%**
decrease YoY



Research method

The survey was conducted online by **The Harris Poll** on behalf of Google from November 09–18, 2020 among 1,116 retail executives aged 21 years or older residing in the US (n=203), France (n=152), Germany (n=152), the UK (n=152), Brazil (n=153), Indonesia (n=153), and India (n=151) who are employed full-time, part-time, or self-employed at a company with an annual revenue of at least \$5M US (or equivalent) and who work in the retail industry with a title of director level or higher in either an IT, inventory management, supply chain, operations and production, ecommerce, risk, strategy and business development or infrastructure function. While the individual country-level data were not weighted, a global post-weight was applied to ensure equal weight of each country in the global total.

