

# LAST MINUTE 2020 HOLIDAY SHOPPING OUTLOOK

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December, 2020

Not surprisingly, it appears that a large number of consumers are doing much of their last minute to shop online. On Sunday, December 20, Costco sent out an e-mail alert that this would be the last chance to shop with delivery in time for Christmas. Although there have been long delays with Amazon deliveries, Amazon still offered on December 22 a large selection of products that would arrive by December 24. Adobe Analytics (quoted in <https://www.cnbc.com/2020/12/21/holiday-shopping-2020-shoppers-turned-out-at-malls-as-christmas-approaches.html>) reported that online sales are up 29.8% this year, but this increase accounts for only a small part of the holiday shopping done in brick-and-mortar stores in ordinary times. The same article reports that brick-and-mortar sales are down in various locations between 34.8%-55%. This suggests, of course, a large overall decline in sales, but also the reality that a large number of people are still going shopping in person.

Walmart appears to have stepped in to meet some of the increased demand for online shopping since the beginning of the pandemic. One complication that shoppers may experience, however, is that Walmart.com depends on third parties with whom it has partnered to sell and ship much of the merchandise listed, making it more difficult to predict delivery time. Much of the merchandise sold on Amazon is offered by Amazon partners, but Amazon handles the fulfillment of most of this merchandise.

The pandemic has hit different households' economies very differently. Some households have the same income as before, often with greatly reduced expenses in areas such as dining out and transportation. In principle, such households should be able to increase spending if desired, but during past recessions, many consumers in this situation seemed to go on a "sympathy strike" of sorts where they refrained from spending in solidarity with those who were suffering. Ordinarily, this is the last thing open should do since spending would spur the economy and help end the recession. Under the present circumstances, such a strategy may make more sense since this potentially reduces the number of people exposed in the process of manufacturing and distributing merchandise.

The uncertainty of whether a second round of stimulus checks may be forthcoming and how large these would be is holding back some shoppers. Others, who may have held on to their jobs so far, may be worried about what may happen as the pandemic drags on. Some may also worry about the likelihood of not receiving overtime hours they have counted on in the past and bonuses.

Although people are intellectually aware that the holidays are approaching, it is worth noting that this point may be driven home less to many shoppers this time. With an increasing number of people

working at home and public holiday displays being less elaborate this year, there will be fewer reminders. It is also worth noting that as the trend toward “cord cutting” continues, more households will be viewing individually selected content on Netflix, Hulu, Amazon Prime, and other streaming services and will therefore not be exposed to as much holiday content and advertising.