

Consumers gear up for a festive season like no other

The global retail sector is in an unprecedented state of flux and as the end of the year approaches, Nielsen has identified a range of evolving consumer groups as well as four Holiday/Festive consumer behavioural resets related to this crucial holiday period.

Nielsen Retail Intelligence MD for Sub-Saharan Africa Kelly Arnold comments; "As the end of the year approaches, upcoming festivities are going to look very different for consumers depending on where they live, what restrictions they face and how Covid-19 has changed their spending habits. However, the reality is that the 'golden quarter', the crucial holiday trading period is already underway and with the continued spread of the virus and ongoing restrictions, this year's festive period will be unlike any other.

Evolving consumer groups

Against this backdrop Nielsen has identified five different consumer groups that indicate how financial and physical restrictions could manifest leading up to the festive season.



1. Constrained and Restricted consumers have suffered income loss as a result of Covid-19 and have less money to spend and also have less freedom to physically congregate and shop for their holiday needs due to local restrictions to travel, business openings and social interaction. As a result of limited physical shopping, they may have less opportunity to shop around for the best deals and assortment.

2. Constrained but Free consumers have also suffered income loss and are likely to have a savings mindset as they prepare for the festive season but because they have no physical restrictions, they will have more freedom to celebrate with others and to seek the right products and price points to suit their needs.

3. Cautious Middle consumers have not yet been impacted financially and their celebrations are not limited by local physical restrictions. They are more likely to be cautious spenders and may prioritise occasions and gift giving with only those closest to them.

4. Insulated but Restricted consumers have not been financially impacted by Covid-19 but festivities will be impacted by local physical restrictions. Smaller gatherings may curtail normal spending and encourage self-indulgent celebrations. Financial flexibility will drive these consumers to splurge in some ways to compensate for experiences that are no longer possible (e.g. travel).

5. Insulated and Free consumers have also not been financially impacted by Covid-19. While their social interactions may not be restricted, their typical celebrations may be affected by those unable to be with them this year. These consumers are likely to spend the most freely and to exhibit pre-Covid-19 holiday behaviour.

New purchase behaviours

To help chart the behaviour of these consumers, Nielsen has also identified four emerging patterns to help predict the drivers of pandemic purchase decisions in future. When applied to the context of the many upcoming holidays and year-end festivities, these reset patterns now highlight some important new behaviours that could emerge this season.

Basket reset

Holiday spending and gifting will be refined based on what and who are considered essential for each consumer. This will require retailers and manufacturers to redefine what's festive and capitalise on the broadened assortment of what consumers might consider 'giftable' this year. From a necessity that can no longer fit the budget, to a product that has been harder to get in stores this year, there will be big shifts in what defines a 'gift'.

Homebody reset

Gatherings will be smaller and more intimate with many planned at the last minute. This might see the introduction of so-called 'Single-Serve Celebrations' that cater to needs for convenience,

health and budget consciousness by offering serving sizes and packages conducive to small or socially distanced gatherings.

Rationale reset

Consumers will spend more on themselves, prioritising self-care this year. Retailers might then look to engage with empathy and recognize the trade-offs consumers will need to make. There is also scope for just-in-case solutions that cater to consumers who may be waiting to see whether they are able to physically celebrate a festive occasion or not.

Affordability reset

Online shopping will power more holiday consumer behaviours than ever before creating a need to convert impulsivity. With limited physical touchpoints with consumers, it'll be vital to create spontaneity, even in an online environment.

Within this new Festive framework Arnold points out; "It's clear that celebrations are going to look very different for many consumers depending on where they live, what restrictions they face and how Covid-19 has impacted their purchasing power. Despite the diverse global spectrum of holiday celebrations, Covid-19 has forced many consumers to re-think their holiday plans in similar ways, based upon known levels of virus-related constraints and this will have far-reaching consequences for both brands and retailers." **SR**

