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We are well into the 2021 holiday shopping season, and it's been an eventful and exciting one as retailers welcome shoppers back to stores even as they endure an ongoing supply chain crisis and a shortage of workers. Here are some key trends as holiday shopping heats up in December:

- Retailers are making Black Friday a month-long event. Retailers are pushing holiday sales and deals far in advance of Black Friday. Kohl's started [rolling out holiday deals](#) on October 20. Target promoted Black Friday savings [as early as October 31](#). For the second consecutive year, Walmart Black Friday turned Black Friday into a series of online/offline events known as [Black Friday Deals for Days](#). Walmart had introduced the concept in 2020 in order to discourage shoppers from crowding Walmart stores amid social distancing. We could see Deals for Days become permanent.
- [Shoppers are returning to stores](#). U.S. shoppers spent more time and money at brick-and-mortar stores over the Thanksgiving holiday weekend than the same period in 2021. According to RetailNext, a firm that tracks shopper counts in thousands of stores with cameras

and sensors, said store traffic rose 61 percent on Black Friday 2021 compared with last year (but was down 27 percent from 2019).

- Holiday shopping is more interesting. Retailers are relying on more creative ways to attract shoppers than predictable doorbuster sales and online discounts. Walmart has been [embracing immersive reality and livestreaming](#), including the first shoppable livestream any retailer has conducted on Twitter. Meanwhile, retailers are trying different formats such as [technology-enabled pop-up stores](#).
- [Fewer people are shopping over Thanksgiving weekend](#) overall, but they are spending more. Roughly 180 million Americans went shopping in stores or online between Thursday and Monday, the National Retail Federation reported, compared with 186.4 million in 2020 and 189.6 million in 2019. U.S. retail sales rose 14 percent during the Thanksgiving weekend compared with 2020 (and 5.8 percent from 2019) according to data released by Mastercard SpendingPulse.
- Amazon is winning big. Amazon [announced](#) on November 30 that its sales hit record highs over Black Friday weekend and Cyber Monday. This is no surprise. According to data from PYMNTS [shared on November 29](#), nearly 71 percent of Black Friday shoppers made their online purchases at Amazon.
- Big box Multichannel retailers are also winning. According to PYMNTS, 41 percent of Black Friday shoppers made digital purchases through Walmart and 28 percent did so through Target. On the offline side, Walmart captured nearly 59 percent of consumer foot traffic on Black Friday. More than 42 percent visited physical Target locations, while approximately 30 percent went to Best Buy, and 21 percent went to Kohl's.

Challenges

Retailers are also facing a number of challenges as the season unfolds, such as the supply chain crisis and a labor shortage. The ongoing supply chain bottleneck has resulted in shortages and higher prices. Out-of-stock messages were [up 169 percent Thanksgiving Weekend](#) compared with pre-pandemic levels, according to the Adobe Digital Economy Index. This results in lost revenue.

The supply chain problems have also forced retailers to be responsive rather than strategic. A lack of visibility into product availability forced many retailers to [pull back their ad spending and promotions](#), launch holiday campaigns sooner, and urge shoppers to make their purchases while supplies lasted. Now they're needing to urge shoppers to be patient. With better visibility into their supply chains, retailers could have acted with more confidence by aligning their marketing and promotions more closely with well calibrated supply levels.

Less inventory means higher prices, which is a two-edged sword. On the one hand, they're [boosting profits](#) for retailers such as Macy's. But higher prices along with shortages are also [hurting the shopping experience](#) and creating [harsher working conditions for store associates](#) who are on the front lines responding to frustrated customers – at a time when retailers can ill afford to lose store associates.

What Retailers Should Do

1 Improve Supply Chain Visibility

In future holiday shopping seasons, retailers will need to adopt artificial intelligence (AI) even more so than they are. They'll need to build better AI ecosystems that are:

- Tied to the manufacturing floor.

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- Connected to digital shelves that constantly monitor inventory levels in stores in real-time.

Doing so will remove uncertainty from the equation. By knowing where products are at all times in the supply chain, retailers will be able to align pricing and marketing approaches with expected demand more strategically and less reactively. I talk more about this alignment in my blog post "[Buckle up, Retailers: the 2021 Holiday Shopping Season Is Here.](#)"

2 Uplift Store Associates

Needing to hire more employees during peak holiday season will always be part of retail for the foreseeable future. But retailers can help themselves by empowering their store associates with a better experience. This need is abundantly clear as we continue to read reports of store associates being crushed by the demands of [servicing customers on the front lines](#). Retailers can ease these pressures in different ways, such as investing in their career growth and making their jobs easier with technology. Read more about uplifting store associates in my blog post "[Why a Better Store Associate Experience Means a Great Customer Experience.](#)"

3 Reinvent Multichannel Commerce

The big retailers have mastered the interplay between online and offline commerce. But as I noted above, the leaders are making the online part more interesting with immersive experiences such as livestream shopping. They're also learning how to tap into AI and smart platforms to read customer preferences and respond to them more nimbly with personalized experiences [as discussed in this Centific blog post](#).

It's clear that reinventing the physical store is a mandate as well. Retailers are:

- Reconsidering the role of the store as fulfillment centers for last-mile delivery.
- Making shopping more efficient with frictionless experiences as Amazon One is developing.
- Reinventing the experience to make it more interesting and immersive as Nike is doing with [Nike Rise](#).
- Acting in a more nimble fashion by creating pop-up stores customized to the interests and spending patterns of micro-markets (as [The Bay](#) and [these boutique examples](#) show).

In a future blog post, I'll discuss the ways stores are changing. Meanwhile, for more insight, read my post "[Three Ways Retailers Can Win in a Post-Covid World.](#)"

Contact Centific

We are helping retailers to solve complex business challenges by building human-centric solutions leveraging the power of data, intelligence, and experiences. Our focus is on omni-channel e-commerce solutions, digital store operations, intelligent insights, and labor optimization.

To discuss how can we help in your transformation journey, please [contact Centific](#). Learn more about our retail capabilities [here](#).

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