

Holiday Shopping Behavior: Consumers

Survey Results – California Sample
November 2021

Results overview

While access to finances is more of a barrier to holiday spending this year, consumers in California plan to spend a similar amount as last year

- Limiting contact with others and getting the best customer service amid labor and inventory shortages are leading Californians to plan their shopping earlier.
- Californians also worry about the supply chain issues impacting many small businesses, like extended shipping times and inventory shortages, combined with the anticipated impact of a national labor shortage – e.g., stores not being sufficiently staffed and long checkout lines.
- Financial factors include inflation, efforts to save, and additional expenses. Californians will otherwise plan to shop during slower times to ensure the best service and limit physical contact.

Californians are just as likely to shop at large retailers as they are small businesses

- Despite that Californians began prioritizing small business shopping to support their local communities in 2020, this year's higher cost and smaller range of products/services at small businesses are weighing more on their shopping decisions.
- Focusing on offering unique experiences and exclusive items can keep small businesses competitive – while small businesses may also compete with larger retailers by offering better customer experiences overall.
- Minority-owned businesses (especially female-owned) are still seen as a priority for Californians, suggesting these qualities are worth promoting.

There is a disconnect between what Californians want and what SBOs are planning to offer

- Small businesses could earn more than half of most Californians holiday budget this season, with nearly half being likely to spend an additional \$10 to support small or local businesses.
- Still, Californians would most like to see holiday sales, discounts, and/or promotions, while SBOs plan to prioritize safety measures with mixed plans to offer special seasonal deals.
- SBOs should consider prioritizing low-cost, quick wins to earn consumer dollars – providing a cheery holiday experience and offering free local delivery could go a long way to standing out from larger big box stores that are otherwise struggling with supply chain issues and labor shortages.

California Consumers' planned holiday spending is consistent with the previous year

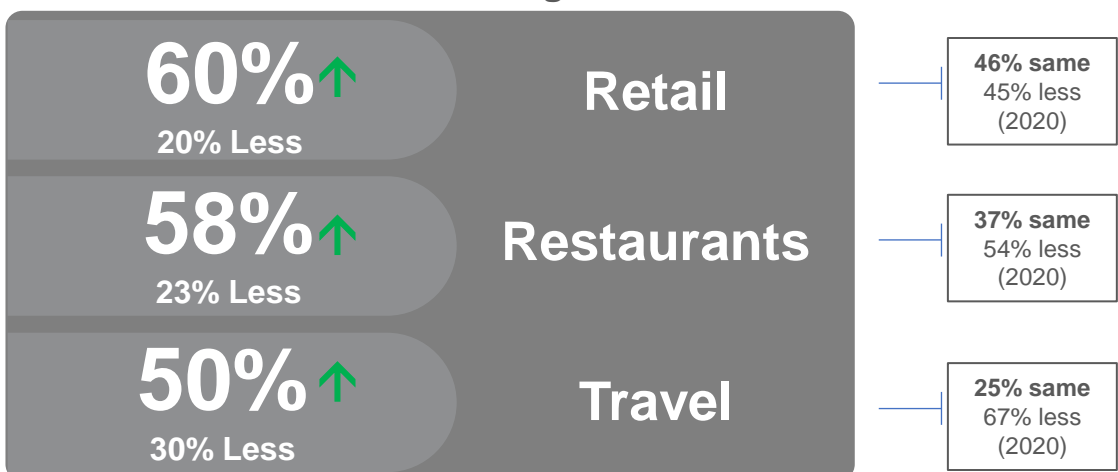
California consumers are largely confident with little regret about money spent during the holidays, especially towards giving, traveling, gifting and supporting small businesses.

Shopping with a small business ranks high among the occasions where they feel their money is well spent during the holidays.



Spend on restaurants and travel have not rebounded to pre-pandemic levels. With spending having decreased in 2020 but staying the same in 2021, the lower spending levels will continue.

of Californians who will spend the same in 2021 as 2020 across categories:

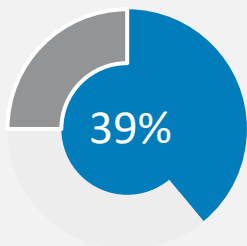


Q1: Thinking about spending on the following holiday activities, please rate the following on a scale of 1 to 4, where 1 is "Definitely Money Well Spent" and 4 is "Definitely a Waste of Money".
Q2: Which of the following best describes your plan for spending this holiday season compared to last year? (CA n=300)

Consumers in California are planning to shop earlier this year

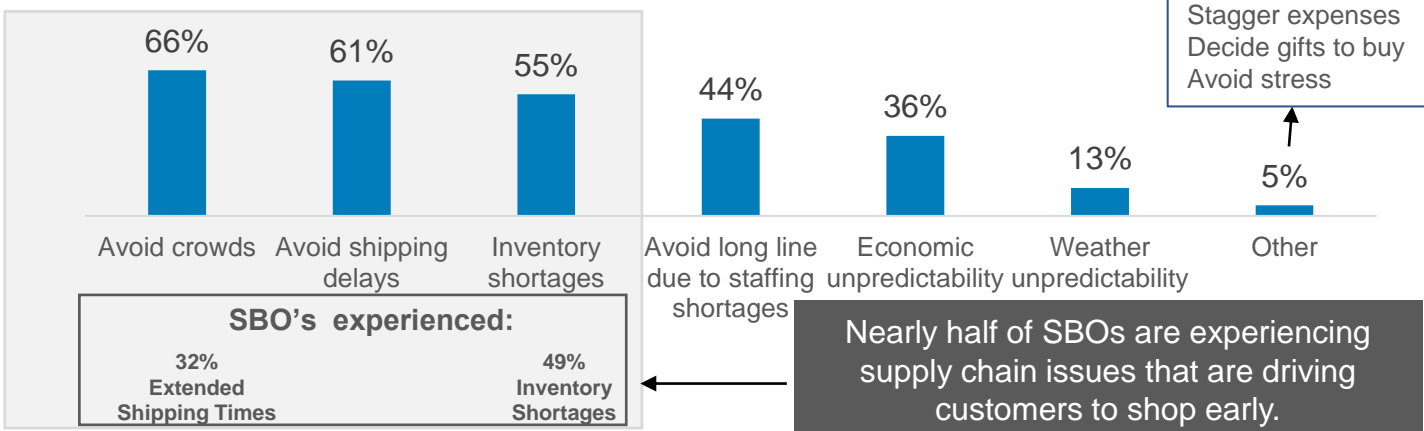
New concerns about holiday shopping issues and hurdles are driving them to shop earlier than previous years.

Avoiding crowds, navigating shipping delays, and fear of inventory shortages are responsible for 2 in 5 Californians planning to shop earlier than normal this holiday season.

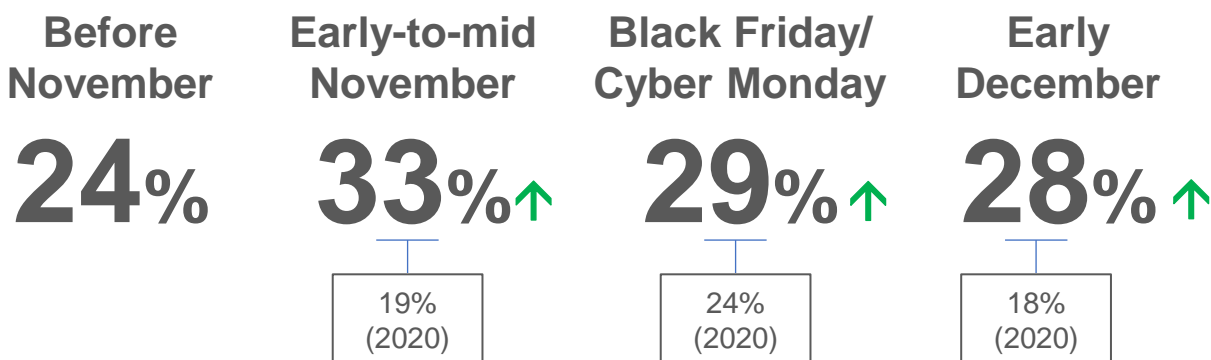


Plan to Shop For The Holidays **Earlier Than Normal**

Reasons for shopping early include:



Most are early shoppers, planning to shop before mid-December, with the number planning to do most of their shopping early has increased compared to previous years.

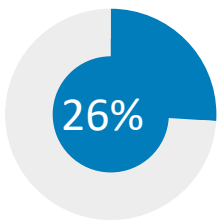


Q3: Are you planning to do your holiday shopping earlier than normal this year? (CA n=300)
 Q4: Which of the following are reasons why you plan to shop earlier this holiday season? (CA n=191)
 Q5: When are you planning to do the majority of your holiday spending this year? (CA n=300)
 SBO Q13: What supply chain challenges – if any – have you faced in the past 12-months? (U.S. n=200, CA n=100)

Financial factors, limiting physical contact and quality of customer service are top concerns this holiday shopping season

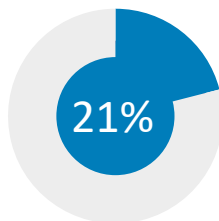
More than a quarter of Californians say inflation is likely to – or already has – had an impact on their ability to spend on the holidays this year

Inflation, efforts to save, and additional expenses are top financial considerations this year; still, a third feel financial factors won't play a role in their planning.



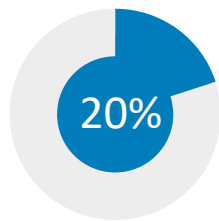
26%

Inflation



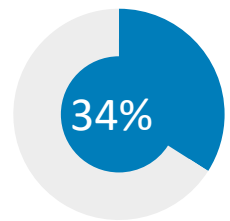
21%

Increased Expenses
This Year



20%

Trying to save more
This year



34%

No Impact from
Financial Factors

Meanwhile, channel and time of day they shop may be impacted as Californians seek to limit physical contact yet get the best customer service.

Agree/Disagree about the Holiday Season (Shown: % Top 2 Box "Strongly/Somewhat Agree")

I plan to shop during slow times so I can limit contact with people	73%
I plan to shop during slow times so that I can get the best service	73%
I plan to shop at small businesses that have an online presence	58%
I am going to support local small businesses by dining out more during the holiday season	56%
I plan to shop small instead of shopping large e-commerce platforms	52%
I plan to shop small instead of shopping at large retailers	48%
I am going to purchase gift cards from small or locally/private owned retail stores this holiday season	42%
I plan to shop at online-only small businesses to support non-local small businesses	42%
I am going to use a small local bakery or caterer to help me with my holiday feast	40%
I am going to purchase gift cards from small or locally/private owned restaurants this holiday season	38%

1 in 2



SBO's will follow **ALL** COVID-19 safety protocols to encourage in-person shopping

Q9: What financial factors have positively or negatively impacted (or will likely impact) your ability to spend on the holidays this year?

Q10: Below are some statements regarding the holiday season, please indicate if you agree or disagree with each of the following statements: (CA n=300)

SBO Q11: As customers return to in-store shopping, which of the following will you do to encourage consumers to shop in-person for the holiday shopping season this year? (U.S. n=300, CA n=100)

By the end of 2021, customers say they are confident yet stressed while managing the “new normal”

Californians of all ages acknowledge the holiday shopping will look different this year due to inventory shortages and lower quality service, as well as financial strains due to higher prices.

Adjusting to the New Normal

(Shown: Open-End Responses among US Consumers)

Primary signs of a national labor shortage include insufficient stocking of items, reduced hours/staffing, and long checkout lines.

2 in 5 SBO's businesses were impacted by the ongoing national labor shortage.

Signs Of A National Labor Shortage That Californians Have Experienced

Stores are not sufficiently stocking items	42%
I have noticed that some stores have reduced hours due to staffing issues	32%
While shopping, I have noticed that the checkout lines are longer than usual	32%
More stores are offering self-checkout	29%
I have shopped more online to get the products I need	28%
I have visited restaurants that have reduced their dining room capacity	27%
I have shopped more online to avoid long lines	27%
When I have a question, I have noticed that there are not enough employees available to ask for assistance	25%
Employees generally seem stressed	21%
I have visited restaurants with limited menu options	19%
I have spent more money overall at businesses	11%
I have gone to a competing business due to labor shortage issues at my usual store	9%
None of these	19%

Labor Shortage Consequences on Business

“I feel fine. I am satisfied. I feel like things are going well and I'm adjusting.”
–Female, 65+

Reduced store hours
25%

Offered self-checkout stations
39%

Unable to compete with other companies
41%

“This isn't normal, it's just new. There is no adjusting to what is going on.”
–Male, 35-44

ConsumerQ16: In which ways, if any, have you personally seen or experienced the effects of the national labor shortage?

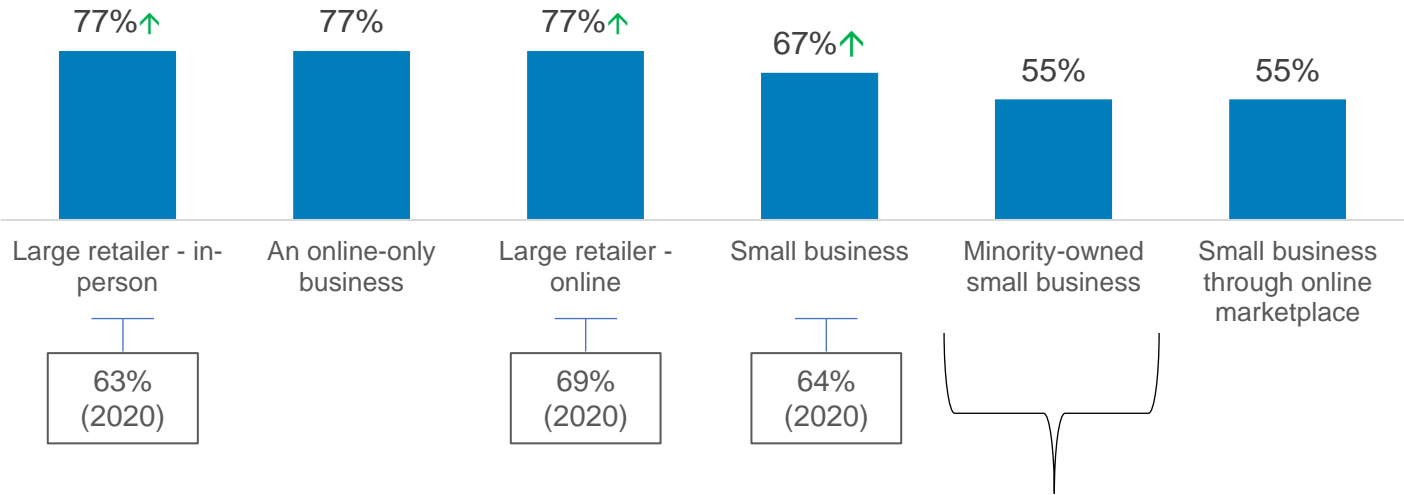
ConsumerQ17: [OPEN ENDED] Do you feel have you have adjusted well to “the new normal”, or are you still struggling with having to navigate the new normal, or somewhere in between? (CA n=300)

SBOQ14: Has your business been impacted by the ongoing national labor shortage? (US SBOs: n=200, CA SBOs: n=100)

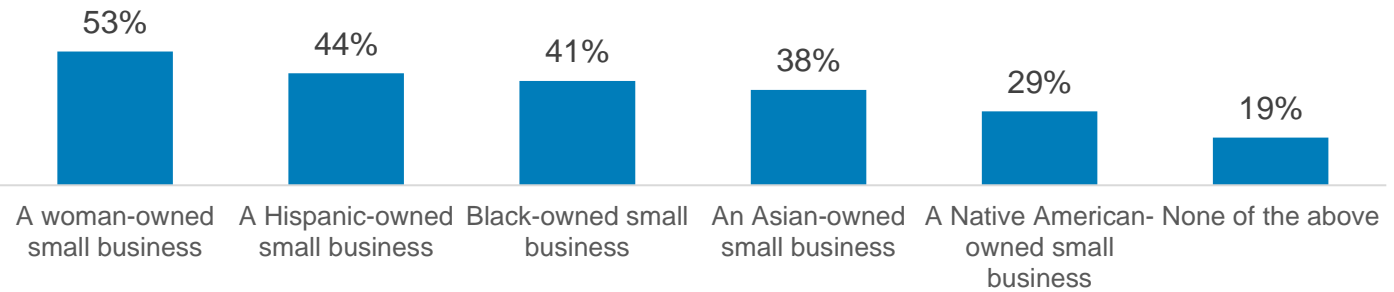
SBOQ15: What has been the consequences of the labor shortage on your business? (US SBOs: n=200, CA SBOs: n=100)

Shopping at small businesses continues to be a priority, but Californians are now more likely to shop at big box stores

Plans to shop for the holidays at different types of businesses



Californians who say they prioritize minority-owned small businesses are most likely to seek out a woman-owned business



Compared to 20% nationally, fewer than 5% of female SBO's in California feel the last year has been more difficult for them compared to male SBO's

Californians most rely on word of mouth and search engines when considering which small businesses to shop

53%

Word of Mouth

39%

Search Engines

20%
Searching Amazon for Small Business

16%
Yelp

15%
Search (Etsy, Redbubble, Society6)

13%
Small Business Saturday Site

9%
Instagram ads/ Creative Posts

7%
TikTok ads/ Creative Videos

6%
Influencers on Instagram

5%
Influencers on TikTok

Q6: When you consider shopping at a small business, which of the following helps you decide where to shop? (CA n=300)

Q7: How likely are you to prioritize shopping at each of the following this holiday season? (CA n=300)

Q8: You said that you were going to prioritize a minority-owned small business this holiday season. Which of the following minority-owned small businesses are you prioritizing? (CA n=165)

SBO Q17: As a female business owner, do you feel it has been more, less, or about as difficult to manage your business over the past year as for male business owners? (U.S. n=200, CA n=100)

Support declines for small businesses, though price is a stronger factor as Californians focus more on limiting spend

Supporting small business this holiday season is not as important to Californians compared to last year.

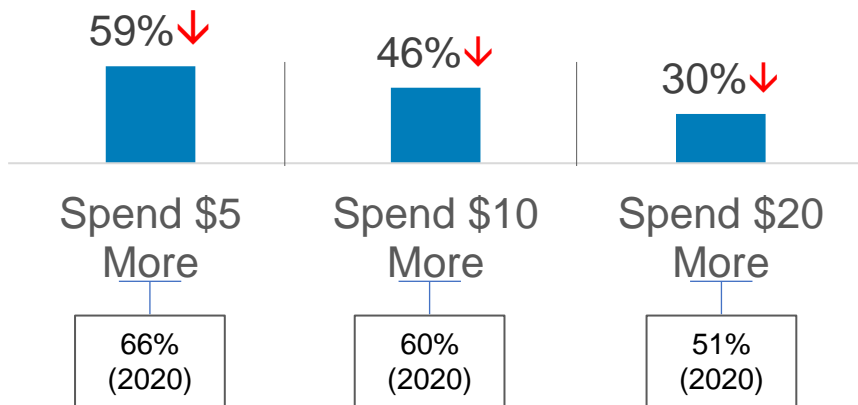
A majority

feel an increased sense of responsibility to help local businesses during this time

- 64%↓ agree they feel an increased sense of community responsibility to **help local businesses** during this time 72% (2020)
- 55%↓ agree it's more **important to support small businesses** than to get the best deal or discount 68% (2020)
- 52% ↓ agree they've **increased** how much they shop/spend at **small and local businesses** during COVID-19 to help keep them in business 53% (2020)
- 47% agree they feel an increased sense of **responsibility to seek out and support small businesses online** (e.g., through Etsy or other sites) that are outside their local community

The amount Californians are willing to spend with small businesses is therefore also starting to slip

Close to half of Californians are willing to spend up to \$10 more on an item to support a small or local business, while about 3 in 4 stand to spend up to 50% of their budget with small businesses.



3 in 4

Plan to spend between 10-60% of their holiday budget at small businesses

A majority

Say that the holiday shopping season is important to the success of their business this year

Consumers are planning to spend less at small businesses, even though the holidays are important to SBO success

Q11. How much do you agree or disagree with the following statements? (CA n=300)

Q12. How likely would you be to do each of the following this holiday season? (CA n=300)

Q13. What percent of your holiday shopping budget are you planning to spend at small businesses? (CA n=300)

SBO Q10: How important is the holiday shopping season (e.g., Christmas, Hanukkah) to your business's success this year? (U.S. n=200, CA n=100)

» The biggest barriers to shopping small businesses include higher costs per item, lack of awareness due to little or no advertising, and a smaller range of products they want to buy.

While barriers to shopping small businesses are decreasing, they still present important concerns for Californians in 2021.

In turn, they are less worried that stores aren't following COVID safety measures and as a result less worried about crowded public spaces – but these are still potential concerns.

Barriers To Shopping Small Businesses



Interestingly, SBOs are somewhat less likely to see either aversion to crowds and availability of online order options as significant shopping barriers.

Sales, discounts, and promotions continue to be most effective in encouraging consumer spend.

That said, SBOs could prioritize unique customer experiences, like free local delivery and providing a cheery shopping experience as low-cost, easy wins for Californians.

of Californians who would be more likely to spend with SBOs if they offered:

	2021	2020	SBO plans to incorporate
Offering holiday sales, discounts, promotions	61% ↑	47%	42%
Offering unique, exclusive gifts	54%	N/A	N/A
Ability to browse inventory online	52%	N/A	N/A
Offering online ordering	50%	51%	31%
Offering local free delivery	49%	N/A	39%
Requiring masks for all customers	46% ↑	40%	43%
Providing a cheery holiday experience/ambiance	42% ↓	33%	37%

Consumer: Q14: How would each of the following impact your decision to spend at small businesses this holiday season? (CA n=300)
 SBO: Q12: How do you plan to encourage customers to spend their money with your business during the holiday season? (CA n=100)

About This Survey

Methodology | Demographics

This document includes findings from the Edelman Dxl survey among consumers and small business owners in California, with a specific focus on small businesses with physical retail space. The survey was conducted online between October 5th - 13th, 2021.

To ensure a diverse set of opinions were collected from small business owners, respondents were a mix of gender, age, and race/ethnicity (White, Black, Hispanic, Asian, multi-race).

In total, Edelman Dxl surveyed 300 California consumers and 100 California business owners.

Thank You

