

Christmas spend trends

The path to profit during a pandemic.

ebay Ads



Year	Spend Trend
2019	Low
2020	Medium-Low
2021	Medium
2022	High
2023	Very High



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Introduction

Christmas might feel far off – but, as one of the most significant retail milestones, this year’s festivities could make or break many brands as well as have a significant impact on the economy’s recovery.

The next few months may be steeped in uncertainty, but that’s no excuse not to start planning for it now. After all, Christmas will remain a central part of the year for the majority of shoppers, whatever else may still happen.

But from the way we shop to the way we work, socialise and exercise, the global pandemic has shaken up almost every aspect of our lives – and, with the world changing so rapidly, consumer behaviours are more unpredictable than ever before.

As society starts to open up again, there is growing pressure to connect with consumers and drive sales – particularly as we head into a much anticipated recession.

We want to help brands overcome the uncertainty and make this Christmas a commercially successful one. So, we’ve combined insights into eBay’s 32 million monthly unique UK users with responses from a survey of over 2,000 UK consumers who celebrate Christmas to paint a picture of how shopping behaviour is changing.

In this report, we’ll consider:

- **Where we are now:**
How have priorities shifted during the lockdown and what new passions and habits will drive future purchases?
- **How to ensure this Christmas is a success:**
How are consumers planning to prepare for Christmas, and what shape will this year’s festivities take?



Where are we now?

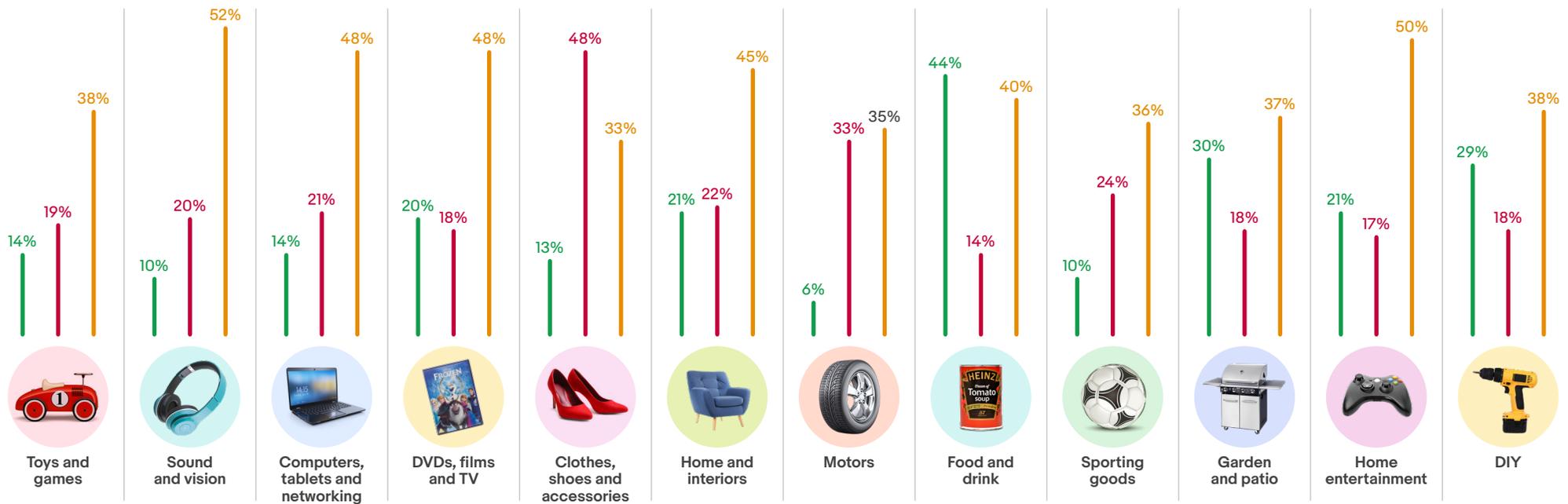
In the past six months, our lives have been turned upside down – meaning our wants and needs have changed too.

Priorities have shifted

According to our research, food and drink, garden and patio, and DIY are the categories that consumers increased their spend on the most during the lockdown.

Q: Compared to before the outbreak of Covid-19, are you currently spending more or less money on the following categories?

— More — Less — The same





New passions are driving purchases

The lockdown left many of us with time on our hands and a hunger for new experiences, as social distancing requirements restricted our ability to go about our normal lives.

According to our research, over half (56%) of consumers took up a new hobby or interest during the lockdown, and 31% observed a family member doing the same.

And, of those who took up a new hobby, three quarters (75%) intend to continue with it for at least the rest of the year – meaning these interests are likely to influence Christmas wish lists.



The most popular new hobbies taken up during the lockdown were:

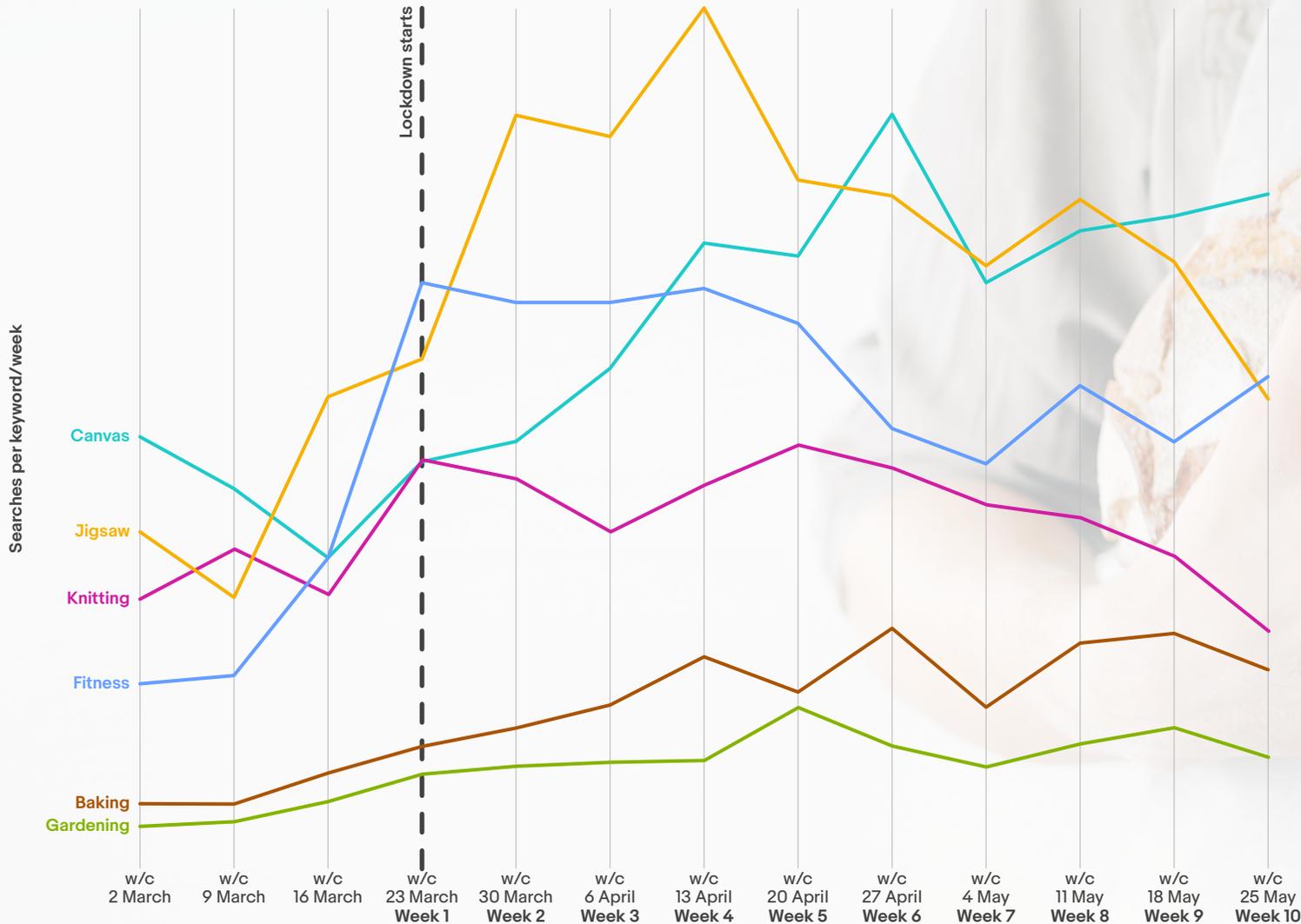
- Baking (20%)
- Gardening (20%)
- DIY or home improvement (14%)
- Sport or fitness (14%)
- Board games or jigsaw puzzles (10%)
- Crafts (10%)
- Video games (9%)
- Drawing or painting (7%)
- Photography (5%)
- Hair and beauty (4%)
- Musical instrument (4%)





At eBay, we saw searches for keywords such as ‘baking’, ‘gardening’ and ‘fitness’ noticeably ramp up a week ahead of the UK lockdown, as schools, workplaces and gyms started to close. Searches surged again during the first week of lockdown (by 27%, 20% and 88% respectively) as Brits stayed at home and hunted for new ways to fill their time – and they remained high throughout April.

Searches for ‘baking’ peaked during week six of the lockdown, up 149% from the week before lockdown began. Meanwhile searches for ‘knitting’ and ‘gardening’ peaked during week five of the lockdown, up 54% and 137% compared to the same reference point.



What this means for you

- Campaigns must be adaptable and flexible in order to respond to changing consumer needs and behaviours, as well as the uncertain trajectory of Covid-19
- Campaigns should be based on the freshest data available to account for evolving mindsets, passions and behaviours



How can we ensure this Christmas is a success?

Of course, it's still early days and the only certainty we have right now is that nothing is certain. But, at eBay, we have a finger on the pulse of the nation – so here are five things we do know.

1. Christmas is coming early

While two fifths (41%) of consumers expect to start their Christmas shopping and preparations around the same time as they did last year, **over a quarter (27%) told us they're planning to begin earlier this year.**

This sentiment is reflected in searches on ebay.co.uk for 'Christmas' or 'xmas' which were up by the exact same figure (27%) from March to May this year compared to the same period last year.

In fact, a third (34%) of respondents admitted to having already bought some Christmas-related items this year, including:

- Christmas cards (17%)
- Wrapping paper (16%)
- Christmas presents (13%)
- Christmas decorations (8%)
- Christmas crackers (8%)
- Festive clothing or accessories (4%)

Our research suggests that younger generations are planning further ahead, with 42% of 16 to 24 year olds aiming to crack on with their Christmas shopping earlier this year, compared to just 19% of over 55 year olds. And 25-34 year olds are more likely to have already invested in festive garments compared to any other age group.

With a quarter (25%) of consumers planning to have finished their Christmas shopping before December even starts, brands must act now.



What this means for you

- It's never too early to engage with consumers. Prioritise brand awareness early on to ensure consumers are engaged in the early stages of the purchase funnel
- For consumers that celebrate Christmas, this event will perhaps be even more important this year. Make sure you recognise this in your communications



2. It's going to be a traditional – and thoughtful – Christmas

The pandemic has prompted people to reconsider their priorities, with gifts and celebrations likely – for many – to shift from materialistic to meaningful.

Consumers revealed that their top priorities are to spend time with loved ones (57%), have a quiet Christmas after a difficult year (29%), and spend time at home by choice rather than obligation (23%). Only 6% are planning to spend time somewhere new, or want to travel abroad if it's possible to do so.

In fact, our research suggests that it's going to be a very traditional Christmas, with 43% saying they'll do what they usually do to celebrate.

While 17% think it will be unsettling and 16% fear it will be stressful, 16% are excited and see Christmas as a big occasion to look forward to – suggesting that appetite hasn't been dampened, despite the circumstances. Meanwhile, 15% of consumers expect their Christmas to feel very nostalgic, while 11% think it might feel like a bit of a non-event following a difficult year.

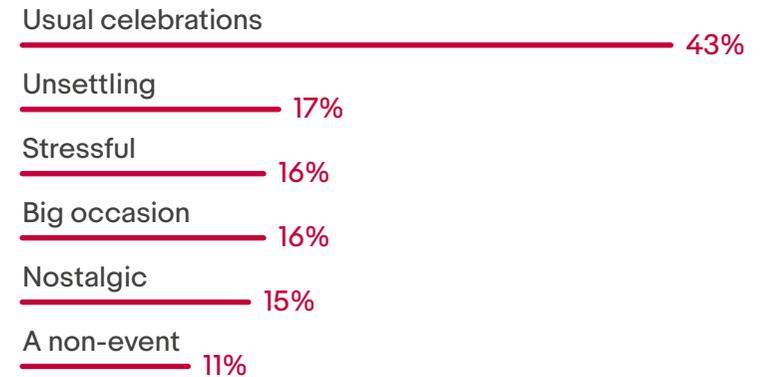
And 37% of consumers said they'll put more thought into the presents they give this year, compared to previous years.



Consumers expect the gifts they buy for friends and family to be:

- Thoughtful (51%)
- Frivolous (11%)
- Functional (29%)
- Economical (11%)
- Creative (18%)
- Luxury (11%)
- Essential (17%)
- Token (6%)

Q. How do you anticipate your Christmas this year?



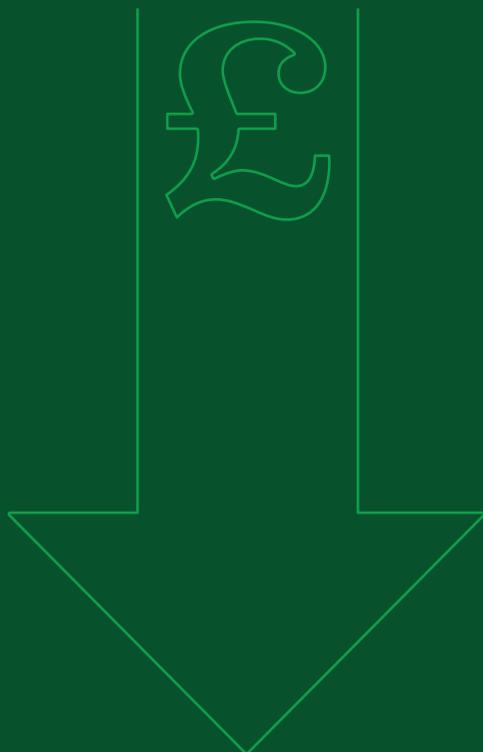
What this means for you

- Target granularly and take a personalised approach. Make your ads as thoughtful as people want their presents to be
- Tap into tradition. Make your engagements familiar rather than fancy to offer the comfort that consumers are craving after a turbulent year



3. Consumers plan to spend the same or less

Last year, UK consumers spent an average of £551 on Christmas shopping and celebrations. The 45-54 age group spent the most – averaging at £595 – while, unsurprisingly, the 16-24 age group spent the least, averaging at £399. One in ten (10%) admitted to spending over £1000 on Christmas shopping and celebrations last year.



While almost half (44%) of consumers are planning to spend the same this year, a third (31%) have said they'll spend less.

A fifth (20%) have said their top priority is to celebrate in the most cost efficient way possible, suggesting brands will have to work harder to secure share of wallet.

The top factors influencing what consumers decide to buy or how they spend on gifts and celebrations in the run up to Christmas are:

- Income / financial security (37%)
- Sales, promotions or retailer offers (28%)
- Recommendations or requests from friends and family members (26%)
- State of the economy (16%)
- State of health (13%)
- Length of the lockdown period (13%)
- Travel restrictions (10%)
- Fashion and trends (7%)



What this means for you

- Look beyond fashion and trends and consider the macro-environment, as this will have a bigger sway on purchase decisions this year
- Be prepared to demonstrate value, at a time when value for money is more important than ever
- A late Black Friday could prompt these sales to become an even bigger moment for Christmas shopping this year



4. Online shopping is the new normal

As well as changing the way we think and feel, recent events have transformed the way we shop – with over half (53%) claiming Covid-19 has changed their shopping behaviour significantly.

Indeed, a report published this year by Alvarez & Marsal and Retail Economics estimates that 17.2 million British consumers (about 25% of the country's total population of 66.6 million) plan to make permanent changes to the way they shop as perceived risks of contracting Covid-19 at physical stores redirects spending into online channels.¹

Almost half (44%) of consumers plan to do more of their Christmas shopping online than they have done previously, with a third (33%) expecting to do all their Christmas shopping online this year. Meanwhile, 57% agree that it's easier to get what they need online than it is in physical stores.

But as much as we've observed consumers enjoy the ease of online shopping, many still have a strong sense of responsibility towards local businesses. 53% want to support local businesses this year, with 55% agreeing that, if possible, they will do at least some of their Christmas shopping in physical stores.



What this means for you

- Ensure that you have a compelling e-commerce proposition. It will be crucial to success this Christmas
- Support your physical business through multi-channel advertising. Use online ads to drive offline sales and let consumers know you're open for business
- Where relevant, call out your credentials that support consumer demands e.g. supporting local businesses



5. Consumers want brands to be informative and in touch with reality

We asked the consumers we surveyed what kinds of messages they want to hear from brands at the moment. Their top responses included:

In touch with reality



Informative



Reassuring



Humorous / entertaining



Inspirational



Empathetic / sensitive



Meanwhile, 8% claimed that they will pay less attention to brands that they haven't heard from or seen advertised over the past few months.



What this means for you

- Ramp up advertising now if you hit pause on your campaigns. Be visible to build trust and affiliation and ensure brand recall is high – this will maximise sales come Christmas
- Be empathetic but make sure it's consistent with your brand personality. Don't swap silly for serious and vice versa unless you can do so authentically



The agency perspective

Pauline Robson, Managing Partner at MediaCom:

“Whilst the buzzword as we went into lockdown was ‘unprecedented’, the word as we emerge is ‘flexibility’.

The approach to Christmas this year is definitely one of caution, flexibility and adaptability. People’s habits and behaviours have changed and are adapting as restrictions ease and the trajectory of the virus over the coming months is uncertain. Scenario planning is key to ensure that we can adapt to any changes that may happen.

From an audience perspective it really can’t be one size fits all – there have been many different lived experiences of lockdown and there are many different approaches to coming out of it. These will, to a large extent, shape the kind of Christmas that people will have. Up to date audience data and insight are crucial to ensure that Christmas campaigns can flex to changing consumer needs and will resonate with audiences.”



Conclusion and key takeaways

This year has been rife with change, disruption and uncertainty. And as we look forward to the festive season, it's clear that the resulting transformation in consumers' behaviour, priorities, interests and income means marketers face a huge challenge of their own as they look to kick off their Christmas campaigns. **This year, there's no repeating last year's strategy.**

However, if one thing remains true, it's that this year's Christmas will be an incredibly important retail milestone. Shoppers are already excited and planning ahead for a more thoughtful and meaningful celebration.

Marketers must start planning and putting Christmas strategies into action, if they haven't already – using the freshest insights and smartest technology to reach the right people with the most meaningful messages.

If you'd like to have a conversation about your Christmas campaign, please contact your sales rep or email advertisinguk@ebay.com.

Methodology

Consumer research was undertaken on behalf of eBay by Censuswide, with fieldwork conducted between 24th and 29th June 2020.

The survey sample was 2,064 adults in the UK who celebrate Christmas.

Supporting data points from eBay refer to search volume on ebay.co.uk.



About eBay

We empower people and create economic opportunity

eBay Inc. (Nasdaq: EBAY) is a global commerce leader that connects millions of buyers and sellers around the world. We exist to enable economic opportunity for individuals, entrepreneurs, businesses and organisations of all sizes. Our portfolio of brands includes eBay Marketplace and eBay Classifieds Group, operating in 190 markets around the world.

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