

2020 global online holiday sales predicted to grow 30% - Salesforce

Digital sales are expected to hit all-time highs and lead to strained shipping capacity as retailers grapple with the impact of the Covid-19 pandemic, according to recent research from global CR company Salesforce.



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The company's 2020 holiday season predictions include that:

- Global digital commerce will grow 30% year-over-year (up from 8% growth in 2019)
- Total digital sales are expected to reach a new record high of \$940bn globally. The surge will likely result in an acceleration of digital commerce to 18% of total retail sales globally during this holiday shopping season
- Overall holiday sales are expected to be flat despite this digital growth, with an expected \$5.1tn in global holiday sales.

“Digital commerce won't fully compensate for the projected brick-and-mortar slowdown, but it will be critical to help retailers close the gap this holiday season,” says Rob Garf, VP of industry insights for Retail and Consumer Goods, Salesforce. “Businesses that succeed during the holidays will use everything at their disposal to make shopping easy and safe, including convenient digital ordering, creative and efficient fulfillment, and responsive customer service.”

Salesforce's forecast is based on an analysis of aggregated data from the activity of over a billion global shoppers across more than 40 countries powered by Commerce Cloud and publicly available third-party data sources. To qualify for inclusion in the analysis set, a digital commerce site must have transacted throughout the analysis period from 1 April 2018 through 30 June 2020, and meet a monthly minimum visit threshold.

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Reducing fulfillment strains

The pandemic will affect how retailers sell and ship gifts, Salesforce notes, and this will have a knock-on effect, including that:

- The overall volume of packages that need to make it from a retailer to a customer's doorstep will likely exceed shipping capacity by 5% globally, potentially delaying up to 700 million holiday packages.
- Approximately \$40bn of Covid-19 delivery surcharges are expected between 15 November and 15 January globally, as shippers prepare for a massive shift to digital commerce.

To avoid a fulfillment crunch, retailers are offering alternative pickup options such as buy online, pickup in store (BOPIS), which can help grow their digital revenue by an average of 90% compared to last holiday season. Retailers are also crowdsourcing last-mile carriers through the gig economy to alleviate the strain placed on traditional carriers.

Reminding shoppers to buy early and highlighting shipping cut-off dates will help shoppers avoid last-minute purchases and reduce fulfillment strains during the busiest weeks, Salesforce notes.



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Avoiding the spike in returns

A growth in online holiday shopping will also likely result in a spike in returns, the company says. In total, \$280bn in online purchases are expected to be returned globally - 30% of all purchases made.

To reduce return rates, retailers should use store associates to help guide online buyers to the right purchases via communication tools like live chat and digital concierge services. Commerce websites should also be revamped to provide comprehensive product descriptions, product reviews, videos, clear and accurate fit guides, inventory availability and expanded shipping options to minimise returns.

The rapid change in consumer behaviour brought on by the pandemic will drive a different set of top products this year, Salesforce says. Last year's leading categories included footwear, general and luxury apparel, beauty and electronics and gaming.

While beauty and electronics and gaming will once again be top holiday spending categories in 2020, home furnishings and decor, home fitness and toys are among the new leading categories this year.