

A person wearing a blue denim jacket is holding two shopping bags. The primary bag is bright red, and a brown paper bag is visible behind it. The person's hand is visible at the top right, holding the handles of the bags. The background is blurred, suggesting an indoor shopping environment.

HOLIDAY SHOPPING 2018: NOTHING BEATS A BARGAIN

BDO Consumer Beat Survey

The more things change, **the more they stay the same** for holiday shoppers.

The economy is strong, marked by high consumer confidence, rising wages and historically low levels of unemployment. At the same time, the pressure to innovate has retailers transforming their business models to stay competitive and attract attention from a new form of buyer.

Despite all signs pointing toward a 180 degree turn in the way retailers sell, they can't afford to lose sight of the basics. Consumers are still most motivated by one key holiday shopping fundamental: A good deal.

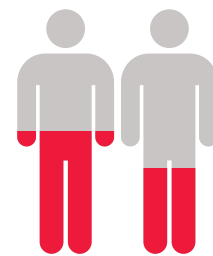
NEW ONLINE SALES TAXES COULD UPEND SHOPPERS' HUNT FOR DEALS

While major online retail players like Amazon already collect sales taxes on all purchases, our findings show that the recent *South Dakota v. Wayfair* decision could pose challenges for e-tailers who do not. There's no workaround for compliance—online retailers who do business across state borders will need to reevaluate their state and local tax processes to retain shoppers that factor sales tax into their purchasing decisions.

Nearly **1-in-5 consumers shop online** specifically to avoid paying sales taxes



If all e-tailers began **collecting sales taxes**:



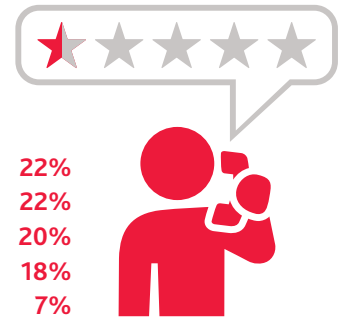
More than half of Millennials' buying behaviors would change, compared to **35% of Baby Boomers**

IF YOU CAN'T COMPETE ON PRICE, COMPETE ON SERVICE

A good deal and first-rate customer service remain the best perks for holiday shoppers. And while the perception may be that consumers have no patience for anything but on-demand shopping experiences, almost no consumers say they will write off a retailer just because they don't have ample delivery options or an online presence.

What will make consumers say, "Nope":

- No sales or discounts **22%**
- Bad customer service **22%**
- Lack of inventory **20%**
- Long wait times in-store **18%**
- Bad return policy **7%**



"Our findings show that while experience is important, it doesn't trump a good bargain. Flashy perks and overnight delivery won't necessarily mean consumers are willing to break the bank. They purchase with intention. Smart retailers will do the same: With pressure from all sides heading into the most critical season, it's easy to make investments in pursuit of following the leader. But retailers can only stay viable if investment decisions are aligned with their core purpose and made with equal weight given to maintaining financial stability."

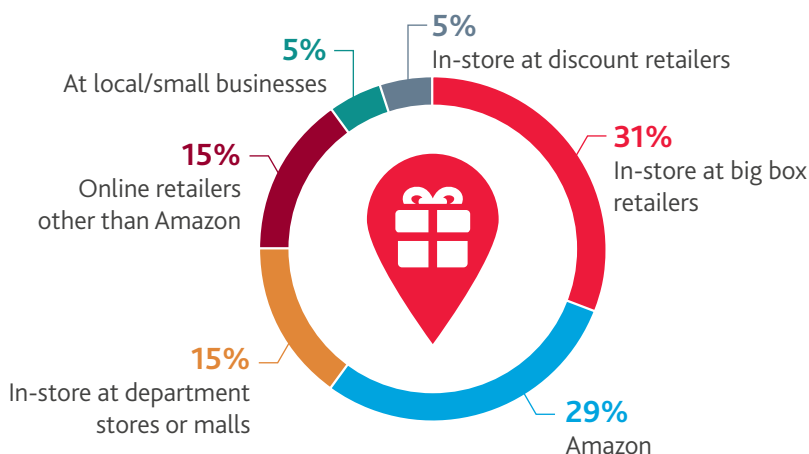
Natalie Kotlyar, partner and leader of BDO's Retail & Consumer Products practice



CONSUMERS FLOCK TO DESTINATIONS THAT DELIVER THEIR VERSION OF VALUE

Despite the endless options for shopping online and off, consumers are bee-lining for the one-stop destinations that guarantee good value—but more consumers would be primarily shopping at discount retailers if what constitutes good value only meant the lowest prices. Retailers across the board need to embrace their purpose in the eyes of the customer and offer deals in order to provide value during the holidays.

Go-to holiday shopping destinations



There's no dispute that price is the most influential factor on all purchases, but the importance of brand name, product reviews and efficient delivery processes vary by product type. Retailers need to know how consumers' preferences shift for different items—what works for one category may not work for another.



MOST IMPORTANT DECISION-MAKER ACROSS CATEGORIES:



Category	Price	Brand	Product reviews	Speed of delivery	Ease of return
FOOD AND GROCERY	59%	21%	8%	8%	5%
BEAUTY PRODUCTS	47%	26%	17%	5%	5%
JEWELRY	64%	15%	10%	5%	6%
CLOTHING AND SHOES	56%	21%	9%	6%	7%
ELECTRONICS	48%	25%	17%	5%	5%
HOME GOODS	58%	16%	14%	7%	5%

Methodology: BDO's Consumer Beat Survey was conducted in September 2018 using ORC International's CARAVAN® omnibus among a sample of 1,004 U.S. adults age 18 and older. © 2018 BDO USA, LLP. All rights reserved.



People who know Retail & Consumer Products, know BDO.

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