



HELLO

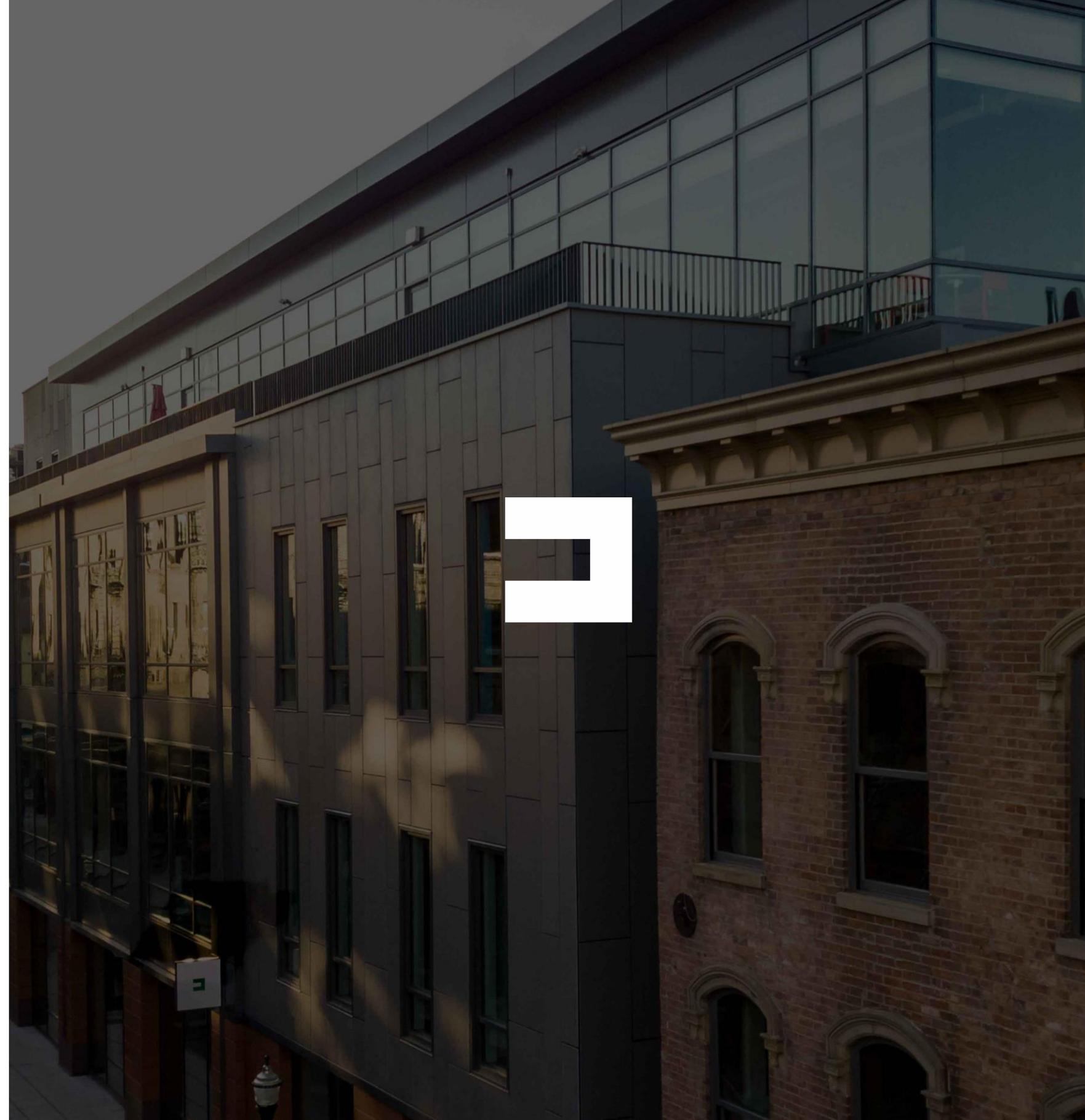
Background

In 2019, Empower shared a 2020 Media Field Guide, an in-depth look at what was going to be an interesting year in Media and Marketing. And that was before the pandemic.

Today, 2020 Media has taken many twists and turns, largely due to the impact of COVID-19 and in response to the much-needed social reform efforts from Black Lives Matter. The 2020 presidential and local election was already anticipated to be a major event and it is proving out in Media and in the American culture.

If we've learned anything from our 2020 Media Field Guide, the need to be flexible and innovative will only continue. Consumers and brands alike have proven to be forces that can adapt and evolve under even the most trying of times.

Let's look at Q4 2020 through the lens of Consumers.



An aerial photograph of a city at sunset, showing a dense urban landscape with numerous buildings and streets. The sky is a mix of orange, yellow, and blue. The text is centered over the image.

The X-Factor:
A Closer Look at Consumers
in Q4 2020



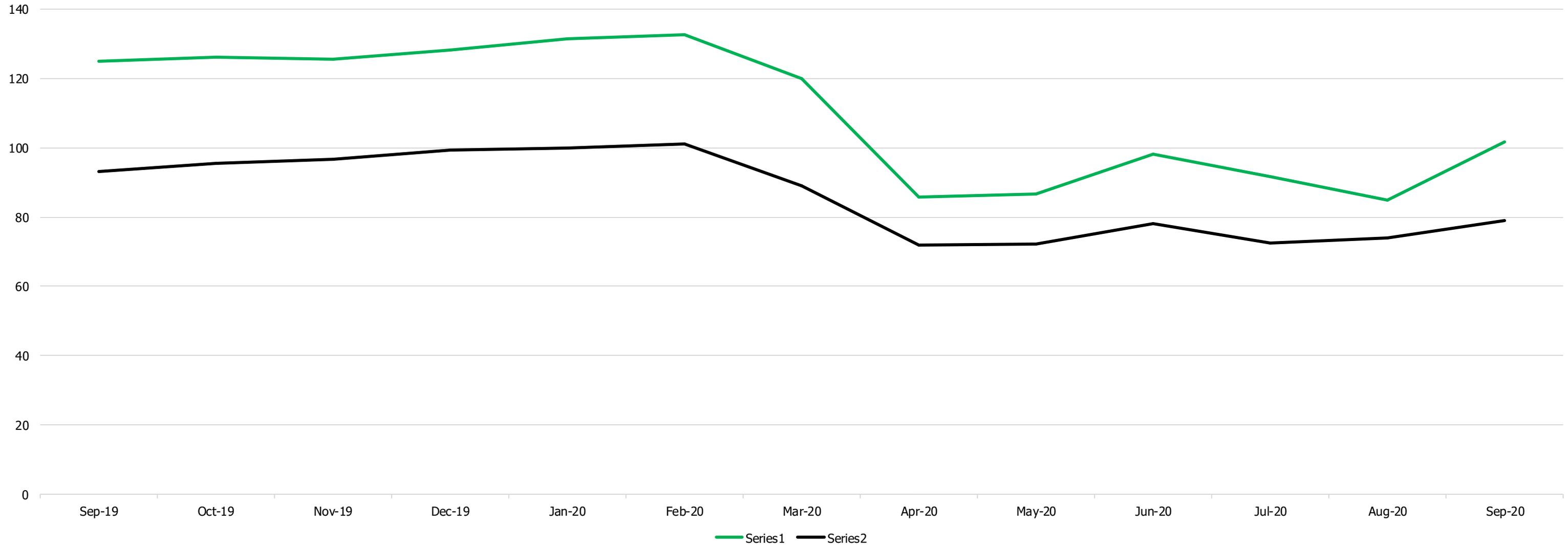
Before we dig into what we learned about Consumers,
it's important to set the stage.

1. Consumer Confidence and Sentiment
2. Consumers' Knowledge of Days
3. Broad Baseline Attitude Towards the Holidays

Consumer Confidence / Sentiment are down significantly since March, with an uptick this past September. This number is important, a benchmark indicator for Consumers.

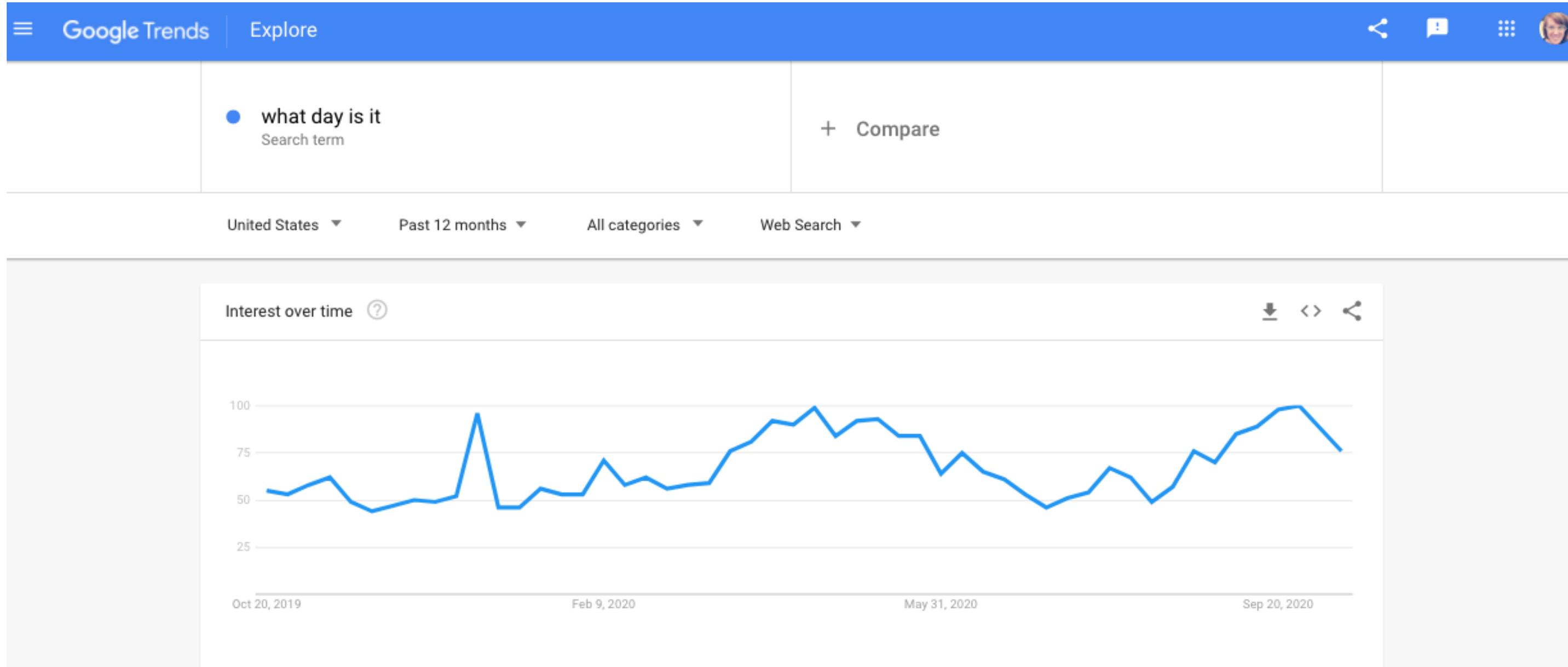


Consumer Confidence Index and Consumer Sentiment past 12 months



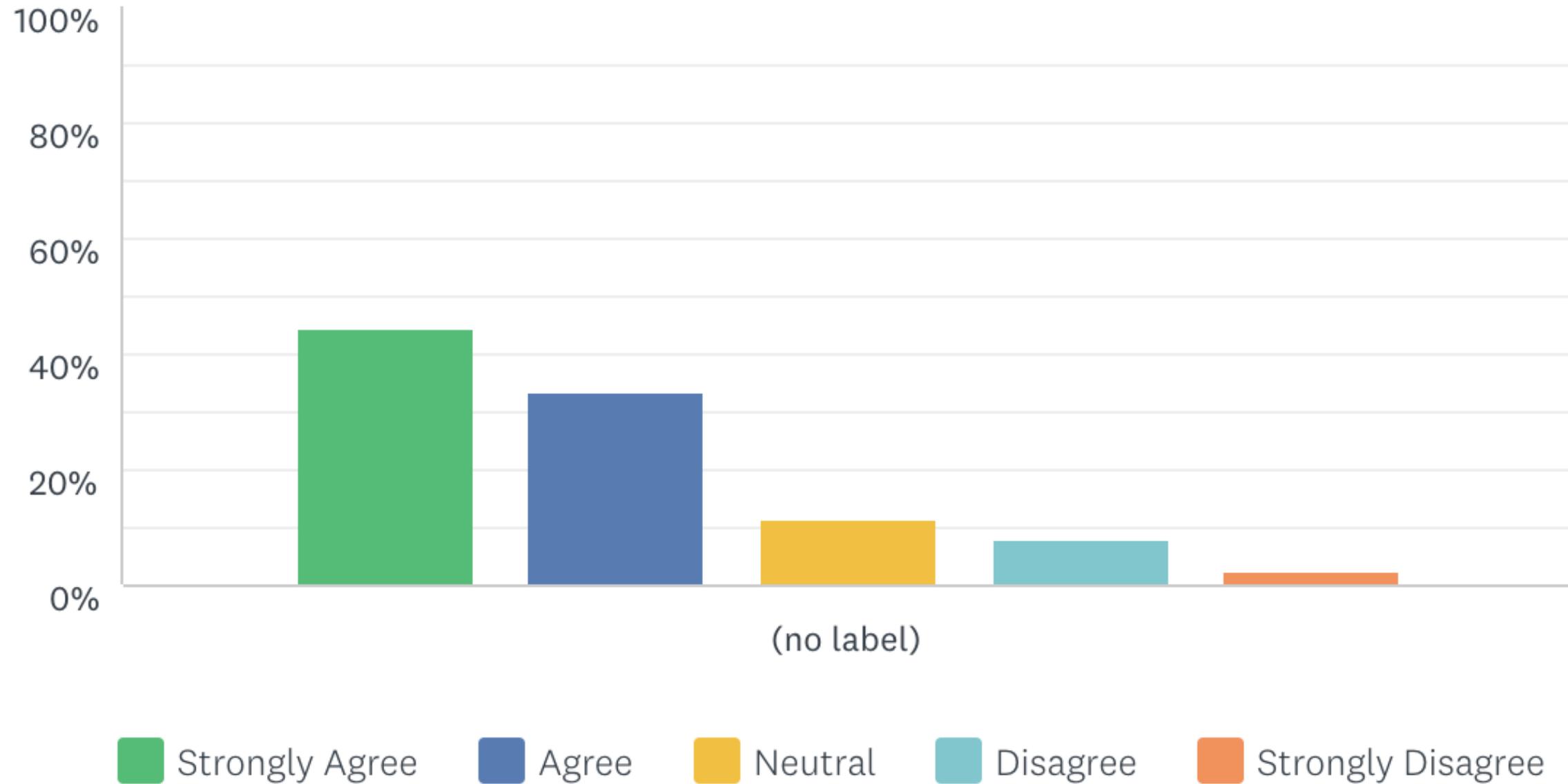
Source: Conference-Board.org, Surveys of Consumers, University of Michigan, August, 2020

It's also important to level set any research about the holidays with the reminder that many consumers are living day to day. They still don't know what day it is right now.



Sources: Google Trends, "What day is it query," October 19, 2020

Finally, it is prudent to get a general sense of how participants feel about holidays in general. Luckily, for this study, 81% typically enjoy the holidays.



We are glad to be here.

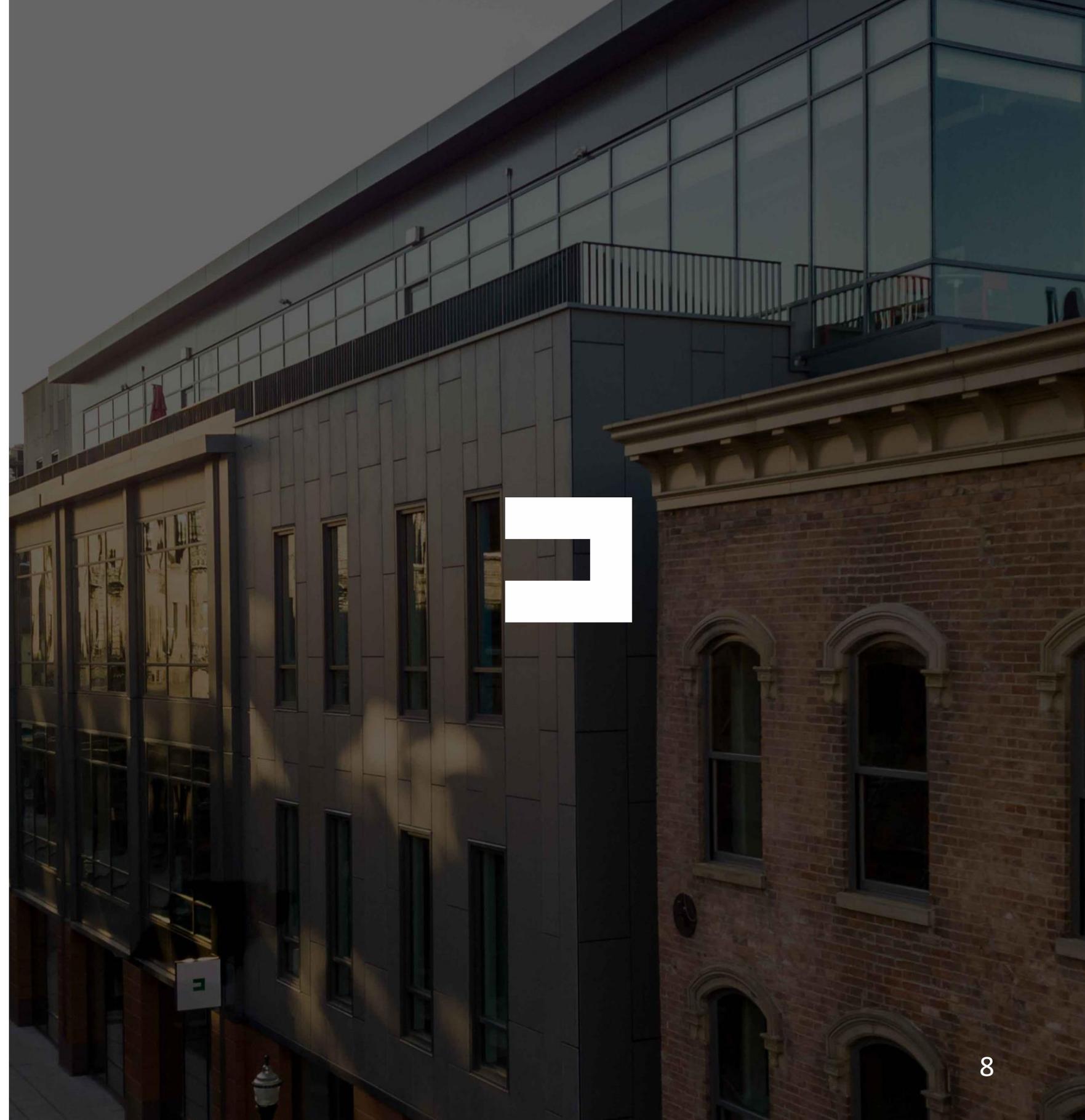
It's a heavy year, and Consumers deserve a closer look.

This primary research study was fielded online October 2-3, 2020. 156 participants from across the US completed this study. Participants represent an appropriate range of household incomes, racial makeup and ages, as well as gender and geography.

The objective of this research was to better understand not only what Consumers are doing (there is a great deal of data published on this topic, in addition to ours), but seek to identify *how Consumers feel right now*.

Human emotion is a delicate aspect to being, well, human. It helps drive decisions, not only in how we act and approach each day, but how we behave moment to moment. We wanted to learn more.

Let's begin.





3 Observations about Consumers as Q4 is upon us.

1. The K-Curve and the X-Factor
2. Holiday Shopping: Same but Different
3. Food Will Save the Day. Sorta.



1. The K-Curve and the X-Factor

When participants think about the holidays *this* year, it can get a little heavy. Seemingly, this participant represents both ends of the spectrum right now.



When I think of the holidays this year...

"I get transported back to being a kid. I feel like community is restored and everyone is in a good mood. There's no other time like it and I am always welcoming of the holiday season.

This year is different. We lost my uncle and he had young kids. We won't be able to see all the relatives. We can't afford the big gifts.

It will be quiet. We'll be a little mournful. But there will be some laughter and some joy. We'll feel like we escaped a bit. And we will get through it."

Male, Married, 30-44, Mid-Atlantic, HHI \$75,000-\$99,999

Looking ahead, many recovery scenarios have been shared. The K-Curve is often recognized as a model that seems to hold up right now.



The line heading upward symbolizes those parts of the economy that have benefited from the pandemic: Technology (Apple Inc., Alphabet Inc., Microsoft Corp.), grocery (The Kroger Co.), general merchandise retailers (Target, Walmart), entertainment (Netflix Inc., Walt Disney Co., YouTube), Biotech/Pharmaceuticals (Moderna Inc., Johnson & Johnson, Pfizer Inc., AstraZeneca PLC) work from home firms (Slack, Zoom Video Communications Inc.) and online retailers (Amazon.com Inc., Shopify Inc.).

The line heading down symbolizes, well, pretty much most other industries.

When it comes to consumers, “Up-Angle” behaviors for holidays look “Normal,” even idyllic. Note the role presents play in these visions of the holiday.



Trees, decorations, colors

Family, eating, laughter, cousins running around. We'll likely be at my husband's sister's house with our extended family for Thanksgiving and probably at another sister's house for Christmas Eve. It honestly shouldn't be too different than last year

Family presents enjoyment and happiness

Family gathered around the table, playing games or sharing a meal. Christmas morning opening gifts, church service, Christmas tree filled with ornaments collected through the years.

in Jackson hole wy, skiing with my girlfriends, and staying at the resort and enjoying the snow, all as a gift to me

I enjoy cooking a large thanksgiving dinner surrounded by my family. My daughters will help me cook all day. We will pull out the table and put all the extensions in so everyone can fit. We will have football on the tv so the men can keep busy watching and out of our kitchen. Then we will set the table and eat until we are so full we want to go to sleep....some of us may go online since stores are closed.

I'm at one of my daughter's houses. We are surrounded by our children and their spouses and our grandchildren. We are opening gifts, having a great meal, then playing. Lots of love and laughter.

I look towards Bright lights, decorations, wrapping gifts, beautiful trees and caroling.
My 22nd wedding anniversary in 12/26, so I'm hoping for a little getaway with my hubby to Ocean City, Maryland.

On the “Down-Angle”, the sadness and loss are palpable. There are trade-offs and stressful moments. Instead of presents, “Candy.”



Abandonment of family traditions

sadness and love. my brother in law died of Covid -19 suddenly at 46 years old left behind 2 small children and wife. at my in-laws with the family eating dinner talking about family and keeping the one we lost in our prayers

Stressful not having enough money to buy gifts for loved ones because the Coronavirus left them short on money.

Nervous, masks around family members, social distancing.

With the economy the way it is it will be a cheap holiday

At home with my partner, exchanging as few gifts as possible, waiting for the day to end.

being stuck at home or at work. not having enough money to buy presents due to cut hours and no child support.

Limited Christmas Celebration, a good meal, movies on TV, candy instead of toys, no gifts for my husband and I since he lost his job.

staying at home and staying away from my family

masks, less time with family, anxious about becoming infected

When it comes to emotions, and understanding consumer behavior, it gets a little complicated. In this spirit, we propose the X-Factor.

A large, bold black 'X' graphic is positioned on the left side of a green rectangular background. The 'X' is formed by two thick, black diagonal lines that intersect in the center. The green background is a solid, vibrant shade of green.

There are two working definitions in today's cultural landscape for the X-Factor:

- 1) A noteworthy special talent or luxury.
(Likely the origin of the British TV Talent Show)

The X-Factor represents the variability, the polarity, the complexity of human emotion right now.



There are two working definitions in today's cultural landscape for the X-Factor:

- 1) A noteworthy special talent or luxury.
(Likely the origin of the British TV Talent Show)
- 2) **A variable in a given situation that could have the most significant impact on the outcome.**

The X-Factor illuminates that participants are heavily holding both positive and negative emotions *at the same time*, regardless of income or even visions of holiday.



For participants > HHI \$75K, while holidays are inherently good, the uncertainty, stress and anxiety are weighing them down emotionally.



What the holiday looks like	Which makes them feel	And this is because
I'd like to be with my family throughout the holidays, but with many members of my family being elderly or with auto-immune disorders, I imagine a smaller gathering. Immediate family, wife, dog, etc.	Stress, anxiety, hesitation	Don't know what the rest of 2020 will bring
no gatherings. only family groups. a lot quieter holiday season.	anxiety that others won't follow CDC guidelines. Loneliness (sic) confusion on how to shop safely.	because COVID will still be around.
Stressful people not having enough money to buy gifts for their loved ones because the Coronavirus he left them short on money.	It's a time that I reflect on my loved ones and am so grateful they are here and well.	Because I am usually so busy during the year with work that I seldom get a chance to think about how much I love them.
My wife and I going to our favorite hotel my Washington Omni resort. Christmas trees decorated and Christmas lights	Sad	Traveling to see friends and family will be difficult
Gifts, food, bad tv specials	Uncertainty is all I feel	COVID has changed the holidays.

This is not associated with any single age demographic. All are experiencing this dichotomy.



18-29

Being with family and friends

Hoping that covid gets resolved before the holidays; don't want to be locked in.

30-44

Music and magic come to mind. I enjoy spending time with family and friends and listening to Christmas music all the time. we usually have an abundance of yummy food as well.

I'm a little worried about this year because with what's going on I already know this season will be different. So I feel a little sad also

45-60

Family gathered around the table, playing games or sharing a meal. Christmas morning opening gifts, church service, Christmas tree filled with ornaments collected through the years

Melancholy



2. Holiday Shopping: Same but Different

Holiday shopping will be the same, and different.



Same: What?

- When consumers will shop
- Desire (increased) for deals
- Online but accelerated
- Gifts are still part of the shopping

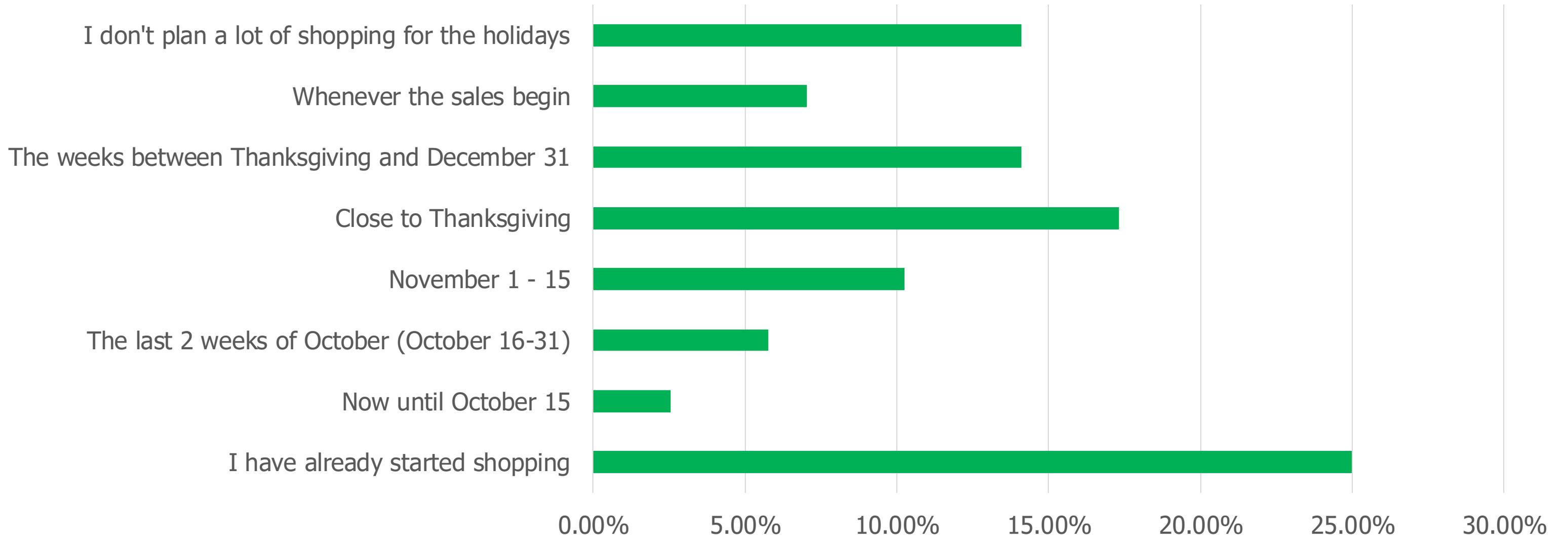
Different: Why?

- May start earlier, but it's a minority of Consumers who say this, largely to look for deals and spend the money while it's on hand
- Make up for a bad year – whether on the up end of the curve (luxury goods) or lower end (candy instead of presents)
- Want to feel good, and presents and food are part of that.

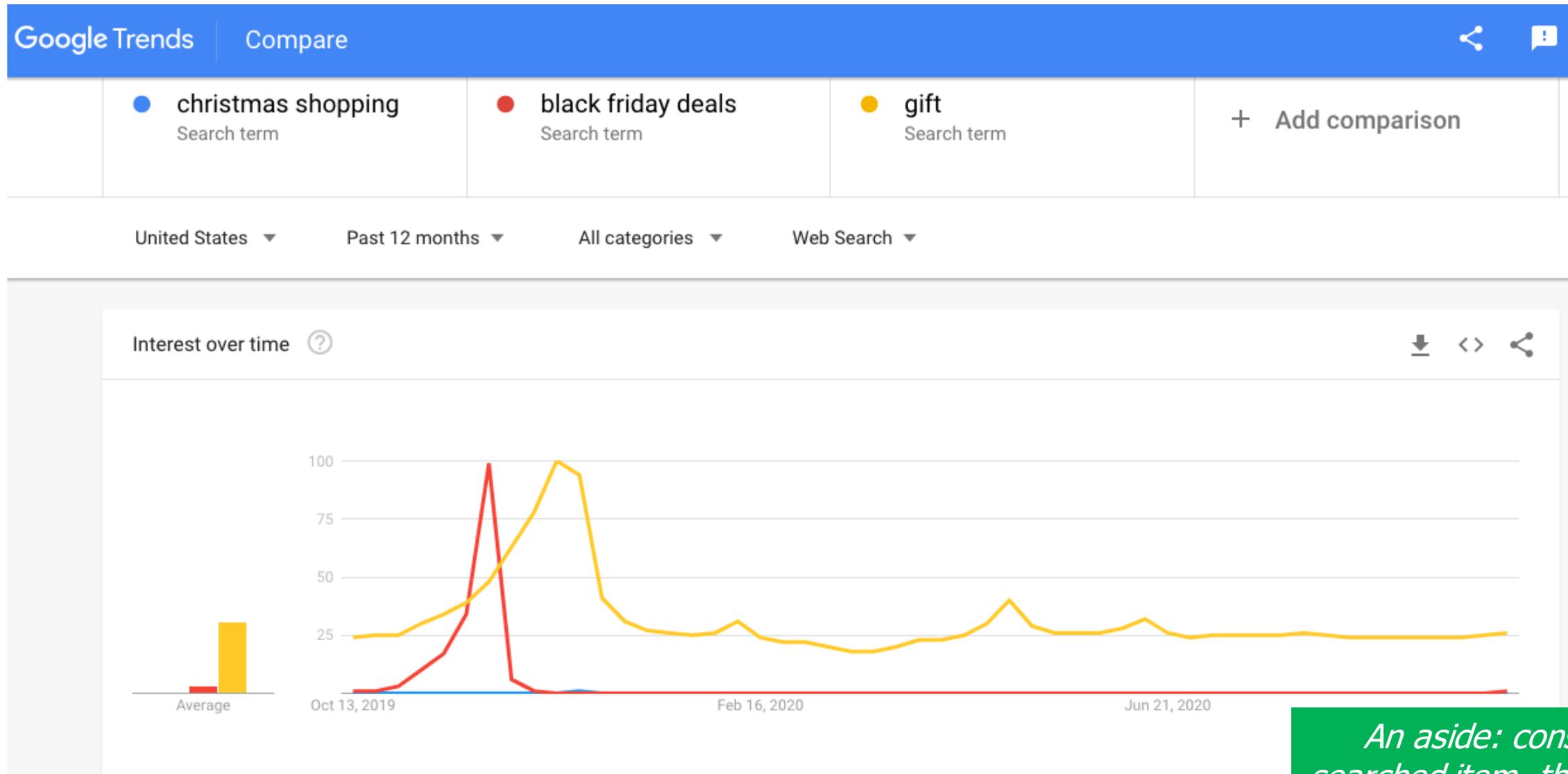
Some participants have started shopping but ~42% plan on shopping once Halloween is behind them.



When do you expect to begin shopping for the holidays?



The time frame for shopping is consistent with years past overall. Habits may be hard to break. And, history would indicate consumers are looking for deals.



An aside: consider that gifts are an often-searched item, this may indicate a future always-on plan for gift type products.

What's different? Shopping has lost its joy. Consider participants' own words:



As one would expect, there are concerns about safety and difficulty with shopping:

- More careful consideration as COVID is still around.
- Careful shopping
- Long shopping lines
- I imagine more online shopping than in the past.
- Confusion on how to shop safely
- I am a little anxious as shopping may not be the same.
- Can't breathe in the mask, so it makes shopping zero fun
- Social distancing has made shopping difficult
- Loneliness. confusion on how to shop safely.

But this wasn't universal. There were some mentions of neutral / positive experiences:

- No time constraints, no rushing. I no longer work weekends for it was a retail job.. free to shop and relax
- CHRISTMAS MUSIC IN EVER SHOPPING STORES (*Sic*)
- The smell of spiced potpourri in little shops.

Important Observation:

In this study of **156** participants, these **13** statements are the only unaided mentions of shopping with **3** open-end questions.

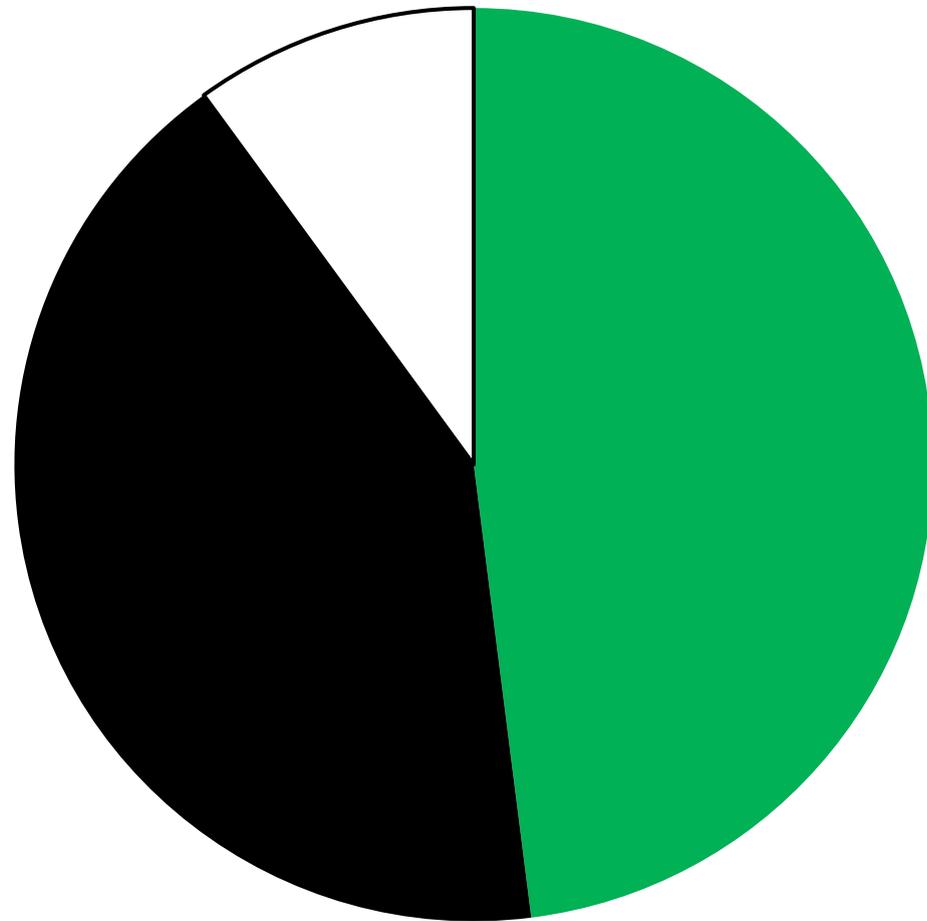
NOTICE:

There are **0** mentions of the *fun* of shopping.

It's been widely observed and published that consumers (all ages) anticipate more online shopping for Holidays.

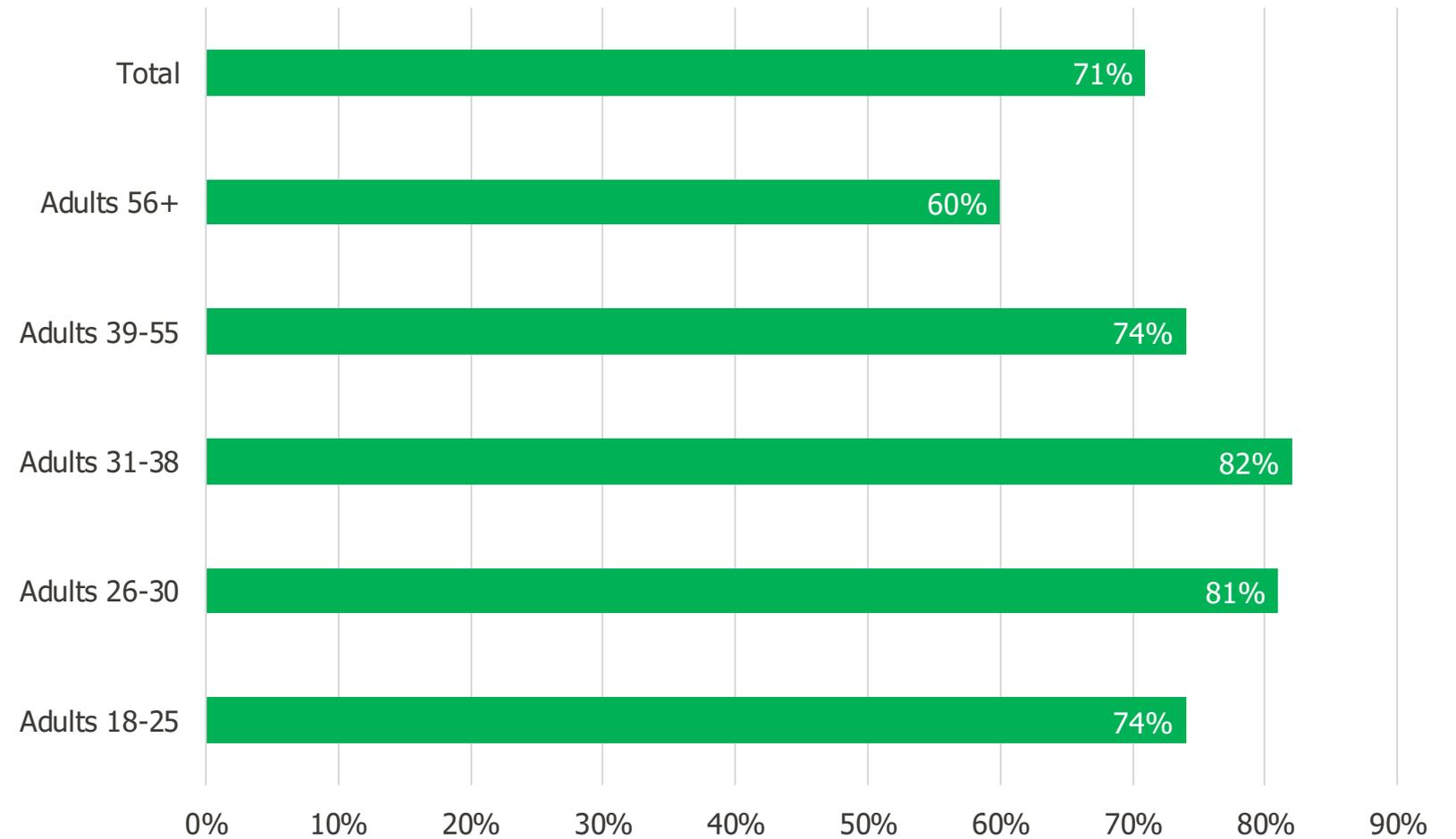


Holiday Shopping Plans: Interested in shopping online



■ More interested in shopping online ■ About the same □ Less interested in shopping online

US Adults Who Plan to Do More than Half of Their Holiday Shopping Digitally This Year, by Age, May 2020

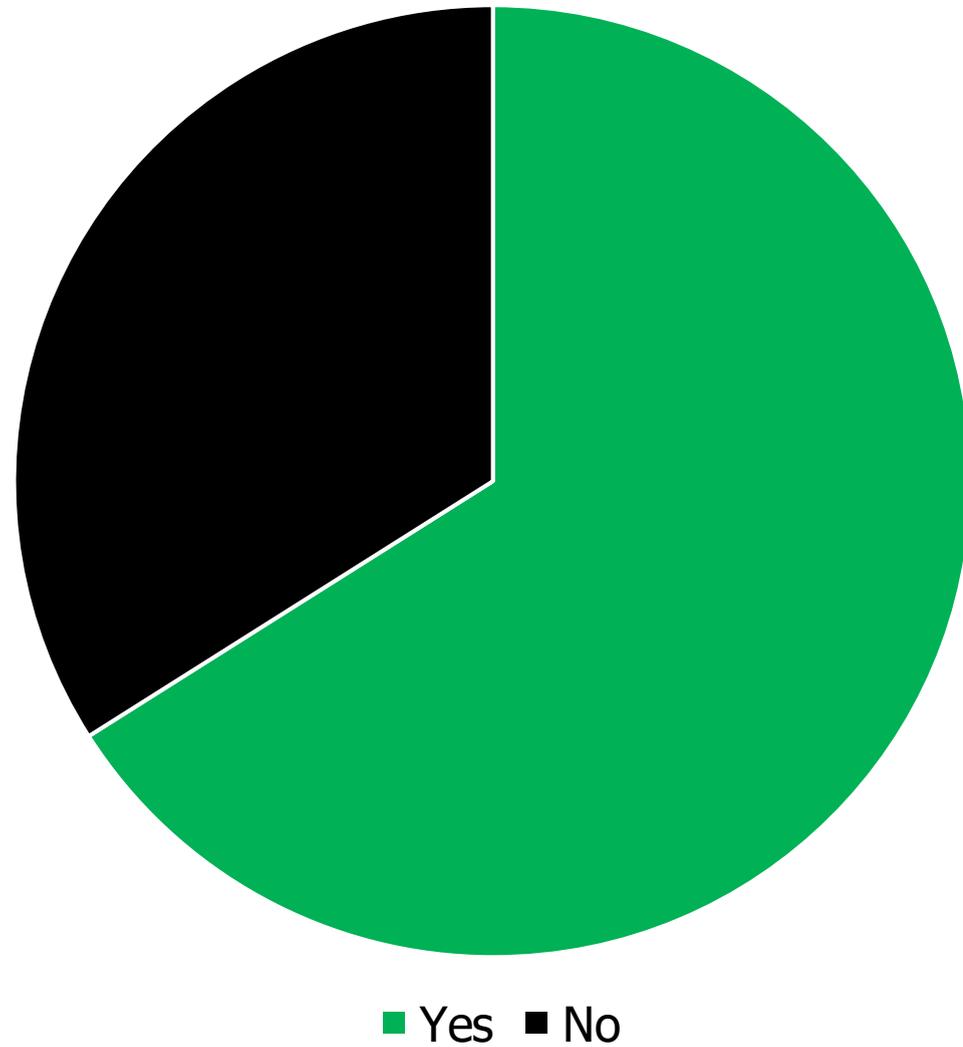


Source: eMarketer, Salesforce, Holiday Shopping Plans, August 11, 2020

To be clear, participants do anticipate shopping some in-store, especially for gifts and presents.

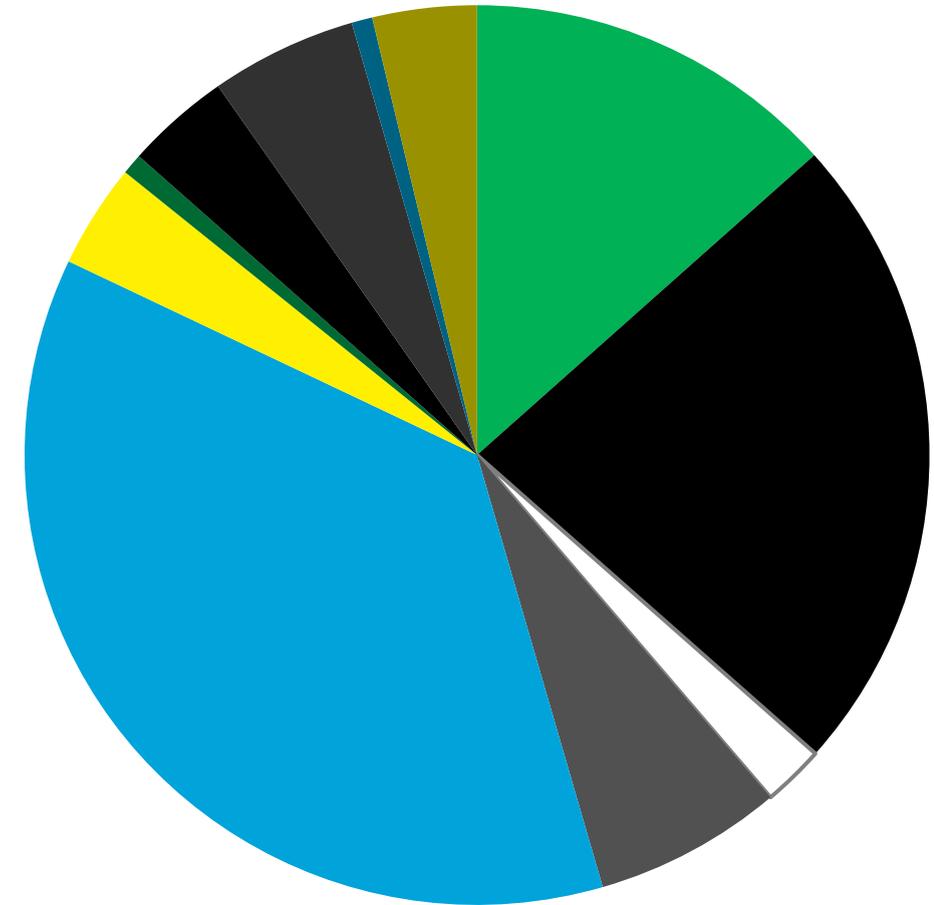


Plan on Shopping in-store



Categories you will shop in-store for

- Clothing / Accessories
- Groceries
- Household Items
- Toys
- Gifts / Presents
- Books
- Furniture
- Cards
- Athletic Goods
- Home and Holiday Décor
- Footwear
- Candy / Treats





3. Food Will Save the Day.
Sorta.

Finally, let's talk about food, one of the many positives of the holiday. Food is closely associated with the iconic elements. It is truly something to look forward to.



Participants' associations with food conjure warmth and happiness.



**Christmas, thanksgiving,
turkey, tree, presents,
snow/fall, cool weather,
family, music, lots of food**

**food , Christmas lights,
toys, joy**

**Eating lots of delicious
home cooked food with
immediate family out in
the country. Manheim
Steamroller symphony
playing Christmas music
on the radio**

**Nuclear family only.
Perhaps a getaway to a
cabin in the woods.
Good food , games,
outings with our kids/dog
to the park.**

**My wife and kids and
presents and food**

**Family time, cool
weather, lots of food and
love**

Interestingly, it's mentioned more by lower income consumers (<\$75K) and it also serves a role as replacement for presents, especially when kids are involved.



More candy, less presents

I'll make my wife a good dinner and we'll have a nice bottle of wine. A quiet but lovely night.

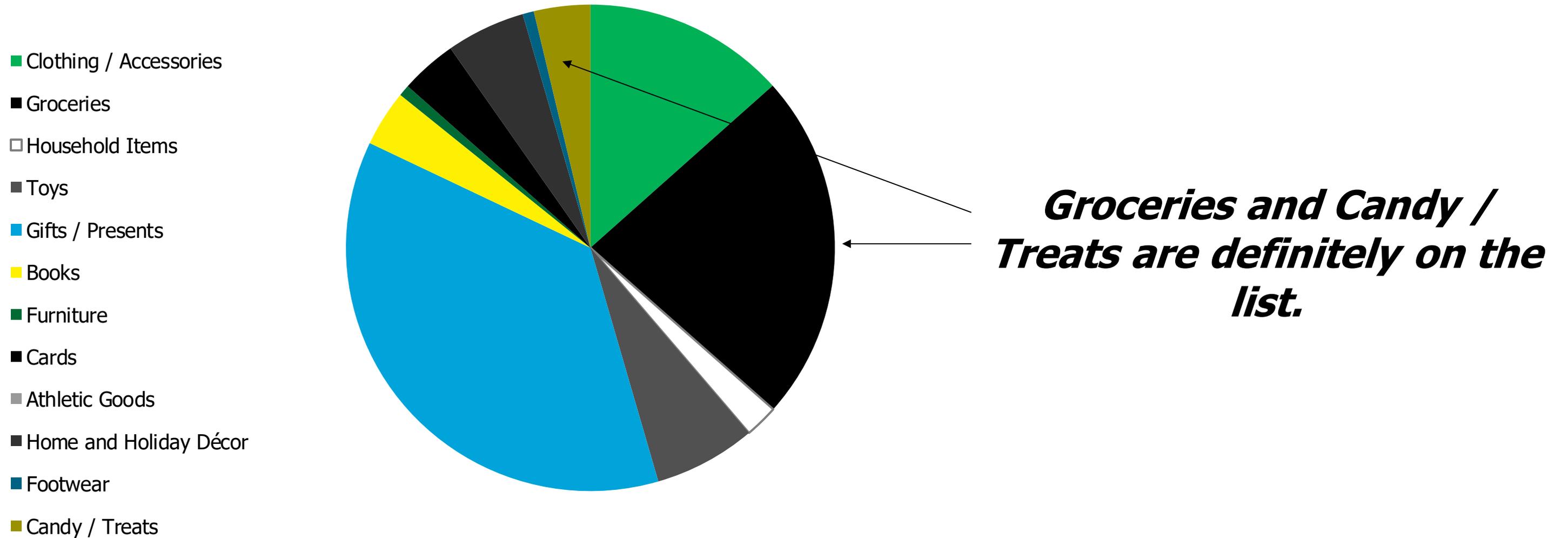
I'm making treats for friends instead of presents this year.

Making my mom's recipes, even if it's just the 5 of us. It will feel special for everyone, most of all me.

It's also one of the key categories participants are shopping in stores for.



Categories you will shop in-store for



Sources: Empower Q4 Consumer Study, Q. 9, "What types of products do you imagine you will shop in-store for? Please check all that apply." N=156, October 2, 2020.

It's not a surprise for the holidays, and food sales have helped lift many holiday (esp. food-associated holidays) sales throughout the year.



Holiday	Expectations Versus Year Ago	Considerations
Easter	77% of US Adults plan on celebrating Easter this year, by cooking a meal, visiting family and friends virtually, going to church virtually, plan egg hunt at home and opening gifts. In 2019, total expected spending was \$18.11B; 2020 expected spend was \$19.5B.	Important to note, much of the spending for Easter is on food, so this is in line with current consumer behavior in the pandemic.
Mother's Day	Americans were planning on spending \$26.7B for Mother's Day, a lift from 2019 with spend of \$24.95B	79% of NRF survey indicate that celebrating Mother's Day is important, given the current state of coronavirus. Electronics, housewares, gardening tools and books saw significant increase.
Graduation	Total spend expected to be \$5.1B, with cash as the top gift, this is a decline from 2019 expected spend of \$5.5B. This correlates with the 13% decline in percent purchasing a gift.	This is likely impacted by the reduction of graduation parties.
Father's Day	Total expected spending of \$17B with 75% of consumers celebrating this is a lift from 2019 with \$15.96B, although with a 1% decline in percent celebrating;	Greeting cards, gift cards and clothing were the top 3 purchases. Special outings were a close 4 th , likely outside and as a result of being cooped up during the shutdown.
Fourth of July	76% of consumers planned to celebrate Independence Day with an expected spend of \$6.52B, down slightly from 2019 with a \$6.78B spend on food items.	76% of consumers planned a celebration, down 10% from 2019. Much of the decline is due to lack of public celebrations like Fireworks shows, community events.
Back to School	Spending is expected to total \$33.9B up from \$26.2B last year and breaking the record of \$30.3B set in 2012;	The need for more laptops and computer accessories drive the spending, as parents prepared for at-home learning.
Halloween	Consumer spending is expected to reach \$8.05 billion, down slightly from \$8.78 billion in 2019, due to the drop in participation.	Consumers are spending more on activities that will ensure a memorable holiday, including pet costumes, home décor and pumpkin carving.

Source: NRF, April, May, June, July, August, September research via Prosper Analytics reporting

A closer look at food – notice how it is part of being together with others. At a time when one can't be, this is especially powerful.



**Christmas, thanksgiving,
turkey, tree, presents,
snow/fall, cool weather,
family, music, lots of food**

**food , Christmas lights,
toys, joy**

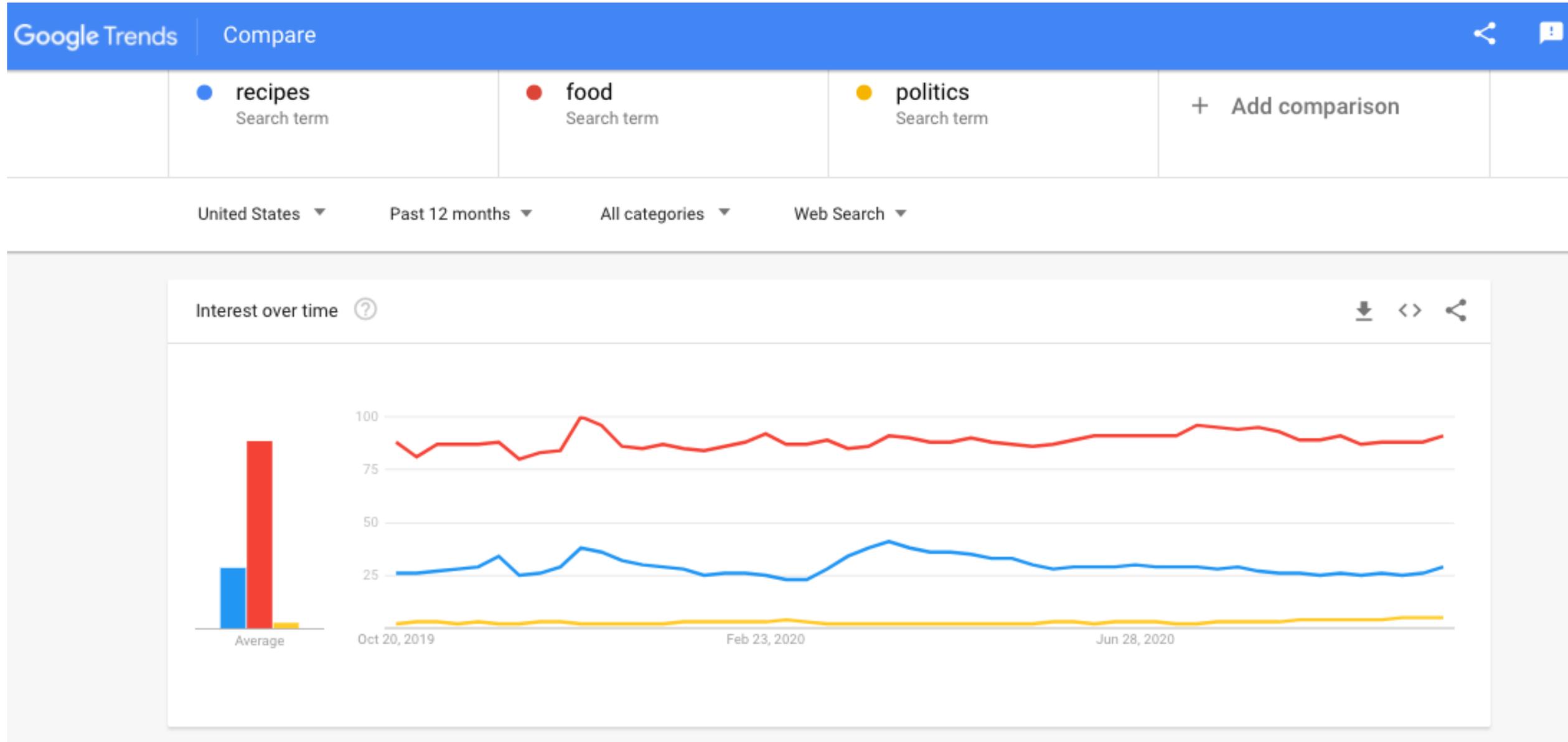
**Eating lots of delicious
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**Nuclear family only.
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Good food , games,
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to the park.**

**My wife and kids and
presents and food**

**Family time, cool
weather, lots of food and
love**

How does food tie back to Media? It doesn't directly, but it could be a good place for native: connoting qualities like positive, uplifting, together. A safe space.





Considerations for Your Brand, Media and Marketing

Indicated actions: 4 considerations to help inspire the work in Q4 2020.



1. The uncertain mindset of consumers indicates a need for a steadiness in cadence, an always-on frequency, to ensure meeting them at the right moment. Gift messaging, in particular, has a more steady presence in search (and is definitely an area of interest).

2. In the face of latent negative thoughts, an uplifting tone of positivity and kindness is a must, as a way to help strike that balance. This applies to messaging, naturally, but also placement and the “do not buy” list. For example, post-election social may be a space of negativity for some; a pause may be recommended for those days.

3. Q4 will be a scramble for dollars in the lower funnel. With so much at stake, the Digital marketplace will be crowded, full of offers and compelling deals to entice consumers.

4. BOPIS, shopping via social and general online shopping are all big with this accelerated and safe path to purchase. And, any in-store experience must be demonstrably “safe” as well as a rewarding experience.

Thinking back to the X-Factor, let's lean into the "first" definition. Empower, with its tools/insights, has a special talent. We look forward to solving future challenges together.



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