

Why Retailers Should Retire Holiday Shopping Season

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The retail industry has been disrupted in practically every way imaginable. It's about time that retailers also rethink their approach to the holiday shopping season. It no longer makes sense to rely on disproportionate revenue from the holiday season to make up for softness in sales during the rest of the year.

Customers don't want retailers to dictate their shopping schedule. Wealthier shoppers have become used to buying the products they want when they want them, whether that's shouting out an order to Alexa, discovering an item while browsing through Pinterest, or using their mobile phone to buy a bunch of stuff during their morning commute. More price-sensitive shoppers are also changing their habits. RetailNext [says](#) that December traffic and sales are moving into January, which suggests that some shoppers are learning to wait for post-season sales. More and more shoppers across the retail spectrum are only frustrated by deals restricted to a certain timeframe (such as on Black Friday) or buying mode (such as in-store specials only).

More customers are in shopping mode all the time. In the book *Absolute Value*, Itamar Simonsen and Emanuel Rosen describe the new purchase decision process that has arisen from information about products being so ubiquitous and readily accessible. They argue that people no longer initiate shopping when they identify a need. Instead they now regularly engage in "couch tracking" — that is, keeping track of what they learn about products from reviews, friends, and news items on an ongoing basis. As such, customers' preferences may be formed well in advance of any specific plan to purchase. Therefore it doesn't make sense for retailers to try to influence product or brand decisions only during discrete windows of time.

For every person who is attracted by the excitement of shopping during the holiday rush is another who is turned off by the hassles and crowds. By insisting on driving traffic to stores on certain days when the customer experience is crowded, cluttered, and competitive, retailers are likely to drive some people to shop online where they end up more susceptible to distractions from other content and activities and lures from other retailers. And customers' frustration with in-store shopping only increases at the end of the holiday shopping season, just when retailers want to prompt additional purchases or lock in last minute ones. Bain has [found](#) a clear drop in Net Promoter Scores in the second half of December from the first half of the month.

An over-emphasis on the holiday season doesn't make sense from the retailer perspective either. The large fluctuations in demand wreak havoc on supply chain, labor management, and accounting. Anyone who has worked for or with a retailer knows the toll the holiday season takes on corporate culture, with employees expected to work long hours, endlessly trying to keep their finger on customers' pulse and scrambling to make last minute changes. Given that demand can ebb and flow with uncontrollable factors like weather and other retailers' actions, their efforts are often futile, thus increasing both frustration and costs.

Moreover, most non-price holiday promotions have become less effective. Retailers used to be able to bow special offers such as free or expedited delivery and free or reduced-price gift cards to entice purchases during the holiday period. But now that these incentives have become expected by customers, retailers have had to resort to price promotions only — and these only produce a race to bottom to see who can offer the lowest price which is neither sustainable or profitable.

With an over-dependence on the holiday shopping season, retailers are missing out on opportunities to generate demand over a longer period of time. According to [Harris](#), more than 3 in 4 millennials choose to spend money on a desirable experience or event over buying a product. And millennials aren't the only ones trading dollars they once spent at retailers to other businesses. [According to Fortune](#), Kevin Logan, U.S. chief economist for HSBC, notes that purchases of clothing and shoes as a share of discretionary spending has dropped overall, while spending on recreation, travel, and eating out has been trending up for more than a decade. A year-round approach would likely help retailers compete with restaurants and other experiences which people seek out throughout the year.

Also given that Millennials are just as likely to buy something for themselves as for someone else during the holiday season, retailers should encourage self-gifting year-round. They may be able to inspire more purchases than they would by waiting for the discrete holiday occasion.

The National Retail Federation [reports](#) that 54% of consumers start researching holiday purchases in October or before. Although retailers might interpret this as a reason to start holiday marketing and promotions earlier, doing so unnecessarily limits the relevance of their outreach. Without a holiday-specific message during fall months, they might capture wider demand. And by delaying and scaling back their holiday promotions, they offset the chances of creating deal-fatigue.

For an industry that relies on news to drive store traffic, a reduced focus on the holiday season might seem risky. The holidays predictably prompt shoppers to visit stores. But retailers can — and should — use other ways to create news and generate traffic, including promoting new products and brands, offering exclusive access or services, and celebrating other holidays. Different kinds of news will help retailers differentiate themselves, and as a result, they may pique even more interest than an expected holiday message.

Less emphasis on holiday season sales spikes may also concern analysts who rely on monthly comparable store sales to gauge retailers' performance, since a longer-term, but less timely, measurement such as quarterly sales growth would be a more accurate indicator. But moving away from monthly comp store sales reports makes sense regardless. Since in the U.S., the "official" start of the holiday shopping season is dictated by the date of Thanksgiving — a holiday that is always celebrated on the fourth Thursday of November — a monthly approach to measuring holiday sales can be greatly skewed if the fourth Thursday is early or late in the month. And comp store sales provide a limited view of performance, since they don't account for store closures and the way e-commerce sales are factored into them varies among retailers.

The technology and analytics now exist for retailers to better predict what people want and when they want it, so they should use these capabilities to move away from the traditional seasonal approach. It's almost as antiquated as mono-channel retail — and just as limiting. By adjusting their marketing, sourcing, and inventory management, retailers can free themselves from the daunting task of fulfilling unpredictable demand during an intense period and instead provide a more customer-centered experience for their shoppers.