

## 5 THINGS TO KNOW

### HOLIDAY 2014 TRENDS IN REVIEW

The U.S. Census Bureau Retail Trade Survey reported total Holiday sales for 2014 increased 4.2% (excluding gasoline) or 2.1% (including gasoline). The trends that drove this increase will no doubt influence 2015 sales as well. So, now is a good time to look at them more closely.



#### TREND 1: DIGITAL INNOVATION

Digital tools continue to shape the traditional shopping experience. Valuable selling space is being replaced with pick-up and distribution areas across many categories. Interactive digital sites with options to virtually test, try on, recommend and record buying choices are also gaining ground. And digital pop-up stores are now 'popping up' in existing store formats. Though digital elements add fun and surprise to the shopping experience, consumers still rank a faster checkout process among the most important enhancements stores can make.

#### TREND 2: SHIPPING OPTIONS

While free and faster shipping aren't the differentiators they once were, they still drive retailer selection for many shoppers. In a recent poll, 60% of shoppers stated that during the holidays, they only shopped with retailers that offered free shipping. We're seeing more shipping options available to consumers, including the convenience of tracking their shipments in real time. Competition is growing to get merchandise into the customer's hands faster, cheaper and with the consumer deciding how, when and where.

#### TREND 3: MOBILE PAYMENTS

Consumer use of mobile payments, while still a small percentage of overall sales, continues to grow. Shoppers continue to use their smartphones more for browsing than buying. But adoption and acceptance is increasing. Forrester estimates that by 2018, 15 to 20% of U.S. smartphone owners will use mobile wallets. A recent study by Synchrony Financial revealed that shoppers who plan to use a mobile wallet plan to store two to three credit cards in their wallet, with more than 20% reporting they are likely to store four or more cards. General Purpose Credit Cards were the most popular choice, followed by debit cards and then store cards. As with most trends, consumers will determine the success and pace of wallet adoption and will require choices that include broader acceptance.

#### TREND 4: ONLINE SALES

Online holiday sales in 2014 increased nearly 14% over the prior year. Just as significant is the share of total retail sales that online sales now represent, from 4.5% in 2011 to 6.5% in 2014. eMarketer estimates that figure will increase to 7.1% in 2015 and nearly 9% by 2018. Consider the denominator on this equation and you can appreciate what a significant change this growth represents.

#### TREND 5: WEARABLES TECHNOLOGY AND SMART HOME CATEGORIES

'Smart' is no longer just for mobile phones. New smart technology is influencing new consumer trends. Two of the hottest ones are smart apparel and smart homes. The former includes infant wear that can monitor activity while sleeping. There's even technology that lets you charge your smart wearable using your own body heat. Smart Home technology offers the convenience of managing your home's heating, air conditioning and security system from your mobile device. You can also change the color of your lighting remotely or program lights to blink with incoming calls or tweets. The point here is that technology has become a driving force in creating new categories of products that excite consumers.

2015 will be another exciting year for the retail and payments industries with new tools and solutions. Consumers will determine the trends that will have staying power based primarily on the value they deliver.

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<http://www.census.gov/retail/>