

RGM NEWSLETTER

RITA GUNTHER | MCGRATH

Shopped Out? Holiday Shopping and How It Has Changed

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Dear colleagues,

The packages have been unwrapped, the ribbons have been undone, and the unwanted presents have been re-gifted or returned. How has the current state of the art with respect to holiday shopping unfolded, and what do we think might be coming up next? Welcome to the first newsletter of 2020!

For this year's newsletters, I'll be taking sectors (as before) and using a few tools from my latest book, *Seeing Around Corners*, to offer some perspective on what might be heading their way. First up—holiday shopping!

And if you are new to this newsletter, you can find the archives [here](#).

Not Your Dad's Shopping Experience

The holiday shopping journey over the past 30 years or so has been utterly transformed. For one thing, it's starting earlier—the National Retail Federation says that 40 percent of consumers start their shopping before Halloween! And, as *Financial Times* columnist Andrew Hill said in a recent column, "This Christmas, I have browsed for and bought presents on foot, online, on the phone and via email, while in the office, in bed, at the breakfast table and in the train to and from work. I've clicked-and-collected, picked up from the Post Office, ordered for delivery to home and office, and bought gifts from stores, stalls and Selfridges itself..."

The numbers are astonishing—some \$730 billion in the U.S. alone. And with an estimated 30 percent of many retailers' sales for the year coming from holiday shopping, getting it right can be the difference between success and disaster. And yet, the evidence suggests that many retailers aren't getting it right at all—a recent McKinsey survey found that across multiple countries analyzed, 47 percent of respondents said their biggest concern with the whole shopping experience is not knowing what gifts to buy. Even after deciding what to buy people, about half of gift-givers get it wrong. A recent look at the latest holiday season found that 46 percent of consumers return gifts!

And, instead of inspiration (or panic) striking as they stroll around the mall, the McKinsey survey found that the majority of shoppers (62 percent) combine their in-person searches with some kind of digitally-based research, often using their smart phones. Moreover, they expect retailers to be able to respond to them via digital channels, even offering promotions right to their phones while they are in the store.

Other big changes have shaped the shopping experience of today. One is the virtual death of the traditional "sales funnel" that had lead generation at the top of a funnel and sales spilling out the bottom. As John Hall, the founder of Influence & Co said of classic sales funnel thinking, "Too many companies see customers as gatekeepers to wallets." Instead, it's far more helpful to think of customers in terms of what I've called their consumption chain—the complete sets of experiences they are going through that might incidentally cause them to buy something. A simpler version of this has been called the marketing life cycle. This has significant implications—potential customers can be at any stage, with any sets of expectations, and any amount of information. And most retailers are spectacularly unaware of critical elements of the customer experience. When the chain breaks, the whole process of buying breaks down.

Weak Signals Coming into View

There are, however, changes on the horizon. Some retailers, such as Best Buy, have figured out how to offer consumers experiences that can't be matched by the e-commerce players, even involving service from real human beings. Consumers are so keen to avoid ads that services such as Hulu are inserting them when a viewer presses "pause." Some brands, such as Nike, have basically taken back control from platforms such as Amazon and gone directly to consumers. Advertising, even advertising using sophisticated algorithms on the big platforms, is in secular decline. Consumers aren't looking so much for transactions as they are looking for connections and experiences. And some pundits are arguing that we've reached "peak stuff," compelling some shoppers to go on shopping fasts!

[Read more](#)

Reading List

A curated roundup of interesting articles and books to get you thinking:

- **How Businesses Can See Big Changes Ahead of Time.** Strategic inflection points can feel sudden, but in reality, they tend to build up slowly, gathering momentum until a transformative shift becomes clear. ([Fortune](#))
- **The Future Leader: 9 Skills and Mindsets to Succeed in the Next Decade.** For his new book, Jacob Morgan conducted exclusive interviews with over 140 CEOs from companies like Audi, Unilever, MasterCard, Yum! Brands, Best Buy, and Verizon and partnered with LinkedIn to survey almost 14,000 employees around the world—all to figure out what it will take to be a truly great leader over the next decade and beyond. ([Wiley](#))
- **When a Promotion Leads to a Divorce.** Sometimes the biggest barrier to women's advancement is right there at home. ([The Atlantic](#))

EXCLUSIVE OFFER

Now that the book launch is in the rearview mirror, we're beginning to finalize my 2020 speaking schedule. I have a few webinar slots remaining—and I want to open them up to you! I'm excited to offer this exclusive deal to you and your teams: **When**

you purchase 200 copies of [Seeing Around Corners](#), you'll receive a FREE two-hour interactive webinar from me on the topic of your choice.*

If you think this might be valuable to your company and would like to learn more, please contact Missy Pirrera at missy@ritamcgrath.com.

**Offered on a first-come, first-served basis. Webinar date subject to availability.*

Upcoming Events

February 10: [Harvard Business School Club of New York](#)

At this book signing event, I'll be discussing some of the takeaways from Seeing Around Corners: How to Spot Inflection Points in Business Before They Happen.

February 25-27: [Leading the Agile Organization](#) (Columbia Business School)

In this program, you will gain the mindsets vital to leading an agile organization and improve your ability to confidently make hard-to-reverse choices, maneuver through uncertainty, and inspire others to join you in taking risks to grow, innovate, and improve the value delivered to your customers and stakeholders.

March 26-27: [BRITE Conference](#) (New York)

Founded in 2008 to look at the intersection of brands, innovation, and technology, the BRITE conference has become a place where executives, entrepreneurs, academics, and students come together to discuss upcoming trends and innovations in business, technology, and society that are affecting the ways organizations build and maintain strong brands.

May 4-8: [Leading Strategic Growth and Change](#) (Columbia Business School)

Have you ever worried about how to drive new growth or how to make a change initiative successful? In this five-day program, participants will learn how to thrive in rapidly changing and highly uncertain environments, gain insight into a current pressing change initiative within their own organization, and immediately begin to apply the learning to make rapid progress on the issue.

Interested in having Rita speak at your organization or event?

Learn more

In the Press

- 25 Books to Put on Your Reading List in 2020 ([Thrive Global](#))
- The Best Business Books of the Decade ([BNN Bloomberg](#))
- How Leaders Can See Around Corners ([The Future of Work](#))
- Top Strategy and Innovation Books of 2019 ([Innovation Excellence](#))
- World's Top 30 Management Professionals for 2020 ([Global Gurus](#))
- When Does It Make Sense for a Company to Split in Two? ([Marketplace](#))

Where there is uncertainty, there is also opportunity.



Here's to your next advantage! - Rita

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