

Research Brief

# Vaccines, variants, and deja vu

The 2021 holiday  
shopping and travel outlook

IBM Institute for  
Business Value



# Vaccines, variants, and deja vu

The 2020 holiday season was anything but ordinary. Pandemic-related restrictions and public health guidelines were in constant flux, making it difficult to plan celebrations and family gatherings. As a result, people spent less, traveled less, and worked more, saving their resources for when things returned to normal.

But 2021 doesn't seem to be that year. While rising vaccination rates have eased restrictions in many places, people around the world are carefully considering the safety of socializing. As breakthrough COVID-19 (COVID) cases increase and new variants emerge, once again music, art, sporting, and other events are being cancelled or postponed in many places. The world's cathartic return to public life has been indefinitely delayed.

In this environment, pandemic-related concerns are also impacting how people plan to celebrate the holiday season. To better understand these concerns, the IBM Institute for Business Value (IBV) surveyed more than 13,000 adults in 9 countries (Brazil, Canada, France, Germany, India, Mexico, Spain, the United Kingdom, and the United States).

We found that people's opinions about COVID continue to vary widely—and these perspectives play a large part in holiday planning. Where people fall on the concern spectrum will define, in part, what they're planning to spend, where they're willing to go, and how they will get there (see Figure 1).

Globally, 9% of respondents fall on the low end of the concern scale. These "Indifferent" individuals don't think anyone should wear masks indoors, aren't worried about being around unvaccinated people, and aren't comforted by vaccine requirements at shopping centers and other venues.

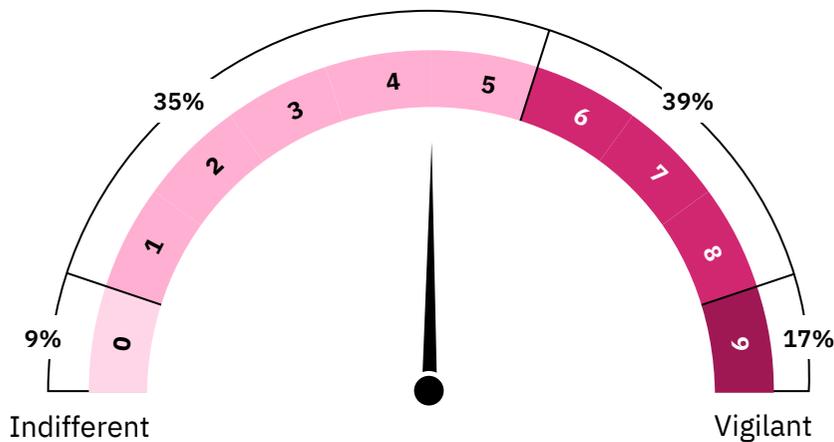
*How can companies respond to COVID in a way that is responsible and respectful—and will drive business results?*

On the other end of the scale, 17% of respondents can be classified as “Vigilant.” They’re very concerned about new COVID variants, strongly support mask mandates, and said they’d feel more comfortable visiting shopping centers and venues if booster shots are available before the holiday season. In some countries, booster shots were available as early as September 2021.

Vigilant respondents are in a better financial position than their peers, as well. More people in higher income categories were Vigilant than respondents in lower income categories, and 46% of Vigilant respondents say their monthly discretionary spending has improved over the past year.

**Figure 1**  
Comfort zones

Global survey respondents have diverging views about COVID-19 safety measures going into the holiday season.



Looking at respondent ages, a greater percentage of Millennials (22%) were Vigilant than any other age group, followed by Gen X (16%), Gen Z (14%), and those over 55 (13%). The highest portions of Vigilant respondents live in India, Brazil, Mexico, and Spain, while the US and Germany had the highest portions of Indifferent respondents.

The differences between Vigilant and Indifferent viewpoints have been discussed in-depth over the past 18 months, with businesses and governments trying to balance their COVID responses in a way that respects opinions across the concern spectrum. But the question remains this holiday season: How can companies respond to COVID in a way that is responsible and respectful—and will drive business results?

I believe everyone should wear masks indoors



I'm concerned about new COVID variants



I'm concerned about spending time with unvaccinated friends and family



I'm more comfortable going out if booster shots are available



I'm more comfortable going out if vaccines are required and verified



Strongly disagree | Neither agree nor disagree / Somewhat disagree | Somewhat agree | Strongly agree

## Another stressful holiday season

As the pandemic lingers, companies have struggled to decide which COVID safety practices to adopt. Social distancing, mask mandates, and vaccination requirements have caused major conflicts, with people on both sides calling for boycotts of businesses that enforce policies they oppose.

However, our survey found that people who stand against public safety measures—while vocal—are in the minority. Most global respondents (56%) fall on the Vigilant end of the concern spectrum and are continuing to make choices from a place of caution. Overall, only 41% of global consumers say they will be less concerned about the pandemic this holiday season than in 2020.

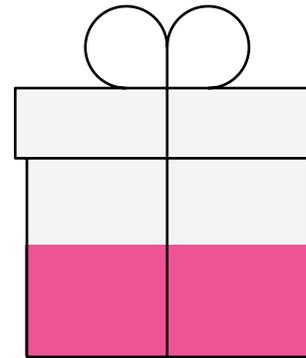
Almost 3 in 4 respondents say they're concerned about new variants of COVID (74%) or that another wave of COVID will hit later in 2021 (73%). 3 in 5 say they're concerned about interacting with unvaccinated people outside of their families—and more than half (54%) are worried about spending time with unvaccinated family and friends.

This is reflected in how people say they would like to interact in public during the holidays. Almost 7 in 10 (69%) believe all individuals should wear masks in indoor venues regardless of their vaccination status—and half say they will feel more comfortable visiting public venues if vaccines are required and verified.

The pandemic has also put many people in a difficult financial position. Almost half (49%) of global respondents say their household expenses increased over the last year—but incomes are not keeping pace. Only 22% say their income has increased and 37% say it has declined.

In Brazil, the situation is starkest. 71% of respondents in Brazil say their monthly household expenses have gone up while more than half (52%) say their income has gone down. The largest portion of respondents who saw their income increase live in India (41%), with the US (23%) a distant second.

Globally, 44% of respondents in the lowest income bracket saw their monthly incomes decrease, while the largest portion of respondents who saw their incomes increase were in the highest income bracket (43%). In short, the pandemic has intensified economic inequality.



Only **41%**  
say they will be less concerned  
about the pandemic this holiday  
season than in 2020.

*Household expenses are on the rise, but incomes aren't keeping pace.*

Lingering disruption and hardship have also taken a toll on mental health. In the last year, almost 1 in 3 (29%) adults say their mental health has declined, with younger people struggling most acutely (see Figure 2). Nearly 4 in 10 (39%) Gen Z respondents say their mental health has declined in the past year, followed by Millennials (31%), Gen X (28%), and those age 55+ (22%). Nearly 1 in 3 (31%) Gen Z respondents say their physical health has declined—more than any other age group.

Mental health has declined most significantly in Brazil (41%) and the UK (33%) over the past year—but other countries are a bit more optimistic. Almost 2 in 3 respondents in India (64%) and almost half of respondents in Mexico (47%)

say their overall outlook on life has improved. Most Vigilant respondents also say their overall outlook on life (57%) and their mental health (52%) has improved since last holiday season.

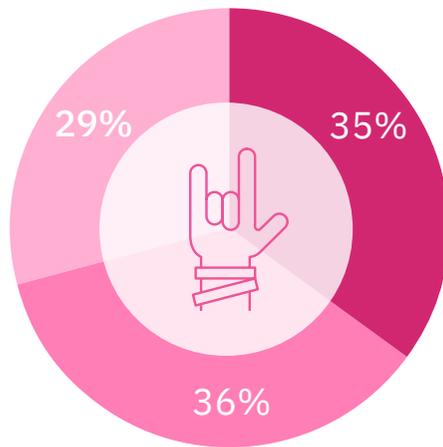
Taken together, safety concerns, mental health challenges, and economic issues are expected to hamper holiday celebrations once again. While people are feeling slightly more festive than in 2020, their plans look largely the same. For instance, only 1 in 3 (32%) say they plan to attend holiday parties this year. This is up from 28% last year—but still half of what we saw prior to the pandemic (64%). Similarly, only 1 in 4 (26%) respondents plan to attend religious services, down from 50% pre-pandemic.

**Figure 2**

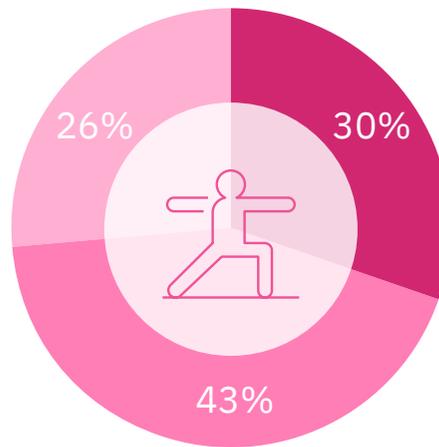
## A slow recovery

Fewer than 1 in 3 adults say their physical and mental health has improved over the past year.

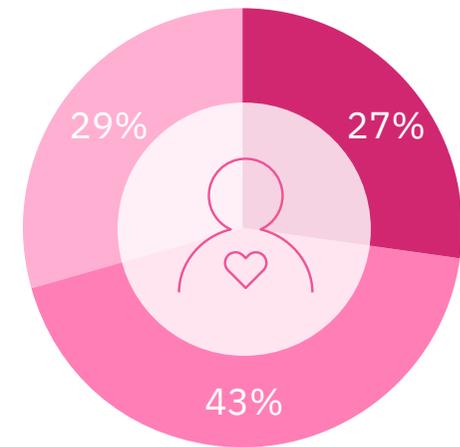
**Improved somewhat or significantly** | **No change** | **Declined somewhat or significantly**



**Your overall outlook on life**



**Your physical health**



**Your mental health**

## Consumers are shopping early—and online

The supply chain disruptions that started early in the pandemic have not yet subsided—and holiday shoppers see the writing on the wall. To increase their chances of getting everything on their wish lists, more than 1 in 4 (27%) global consumers started shopping in September or earlier. And, compared to last year, twice as many plan to start in October (16%). This means just under half (44%) of consumers plan to jumpstart holiday shopping before November, weeks earlier than the traditional “Black Friday” start date in the US.

While holiday shopping budgets are still 13% lower than they were in 2019, they did increase 30% year over year. The highest budget jumps were in the Middle (+37%) and Mid-High (+35%) income groups, across India (+42%), and among Millennials (+36%).<sup>1</sup> In addition, 87% of consumers say they will shop for the holidays this year, up from 81% in 2020.

Local outings and activities will see the biggest lift in 2021. Consumers plan to spend 30% more of their budgets on these than they did last year, with people in Canada upping their allocation an impressive 62%. Globally, people plan to spend 22% more of their budgets on dining out this year, with that figure nearly doubling to 40% in France.

Budgets for furniture and digital entertainment, which were up by 33% and 39% respectively last year, will continue to grow by 15% and 12%, respectively, this year.<sup>2</sup> For the second year in a row, budgets for certain items continued to decline, including: beauty products (-10%); jewelry (-9%); shoes, handbags, and accessories (-10%); and clothing (-7%).

Environmentally friendly products will also have a leg up this holiday season. 4 in 5 consumers say they will consider sustainability to some extent when they’re shopping for the holidays this year, which is consistent with what we saw last year. This group plans to change its behavior by avoiding single-use plastics (54%), shopping at stores nearby (40%), and buying more products sold or made locally (40%).

While there is notable demand for local products and merchants, online shopping holds onto its leadership position this holiday season. 43% of consumers say they plan to buy products online, compared to just 36% who plan to buy products in a physical store (see Figure 3).

This is down significantly from what we saw in February 2021, when 73% of shoppers predicted that they would return to shopping malls and shopping centers after they were vaccinated.<sup>3</sup> This backpedaling is likely due to the increasing concern about new COVID outbreaks and variants mentioned above.

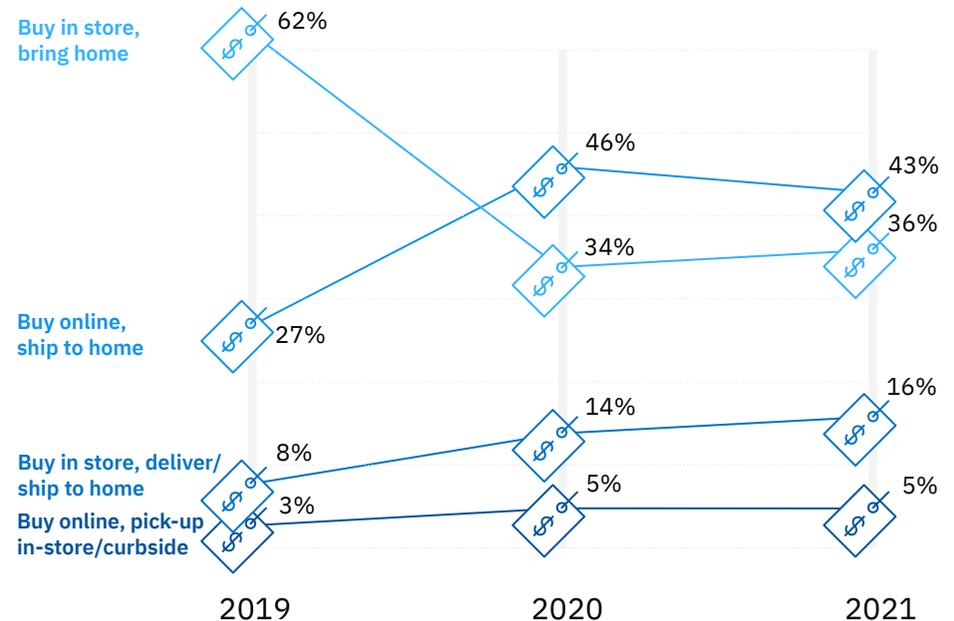
Not everyone is planning to head to the mall this holiday season, but most shoppers would like to see a variety of COVID safety measures in place when they do go out (see Figure 1). Almost 6 in 10 (58%) global respondents say they feel more comfortable visiting stores that have contactless shopping options available. Half say they feel more comfortable visiting crowded venues if vaccines are required, and a vaccination verification process is in place. And 69% believe all individuals should wear masks in indoor venues regardless of their vaccination status.

While respondents are divided on some safety measures, only 9% say they strongly disagree that everyone should wear masks in public, and just 14% feel strongly that vaccine requirements and verification do not make them more comfortable. When taken in tandem with the fact that nearly half (46%) of Vigilant respondents saw their monthly discretionary spending increase in the last year, this data makes a strong case for merchants to consider COVID safety measures this holiday season.

Figure 3

### Online shopping reigns supreme

Due to lingering concerns about COVID, many consumers will continue to shop online this holiday season.



## Holiday travel is on the rebound

Holiday travel was not on the itinerary for many in 2020, as travel restrictions, quarantine requirements, and health concerns kept people closer to home. This year, more people are planning to hit the road—or runway—with 39% of respondents saying they plan to travel to see family and friends over the holidays. This figure is up from 28% last year, but still 36% lower than it was in 2019.

Travel budgets are also on the rebound, up 43% over 2020, with international lodging (48%) and air travel (46%) budgets growing more than budgets for domestic air travel (42%) and lodging (39%). This year, travel accounts for a larger portion of holiday budgets overall, rising to 8.2% from 5.7% in 2020. People in India are spending the largest portion of their holiday budgets on travel (15.7%), while travel is a smaller line item in Canada (4.2%) and the US (4.9%).

Last year, the pandemic encouraged people to opt for personal cars over airplane travel, but many are shifting back to pre-pandemic travel patterns. While airplane travel was down 37% from 2019 to 2020, only 21% fewer people plan to travel by plane in 2021 than in 2019. Across almost all countries, respondents say they plan to travel more by airplane this year than last year, with the biggest increases happening in Canada (+65%), Spain (+57%), and Brazil (+48%). Germany is the outlier, with 8% fewer respondents planning to travel via airplane in 2021.

Roughly the same percentage of Indifferent and Vigilant respondents say they plan to travel to visit friends and family in 2021. But COVID safety measures would be welcomed by large portions of the traveling public this year. Between 30% and 50% of respondents expect COVID safety measures, such as increased sanitization, open middle seats, touchless interactions, and verified vaccination requirements, will increase their desire to travel during the holidays. And only 12% to 21% of respondents expect COVID safety measures to decrease their desire to travel.

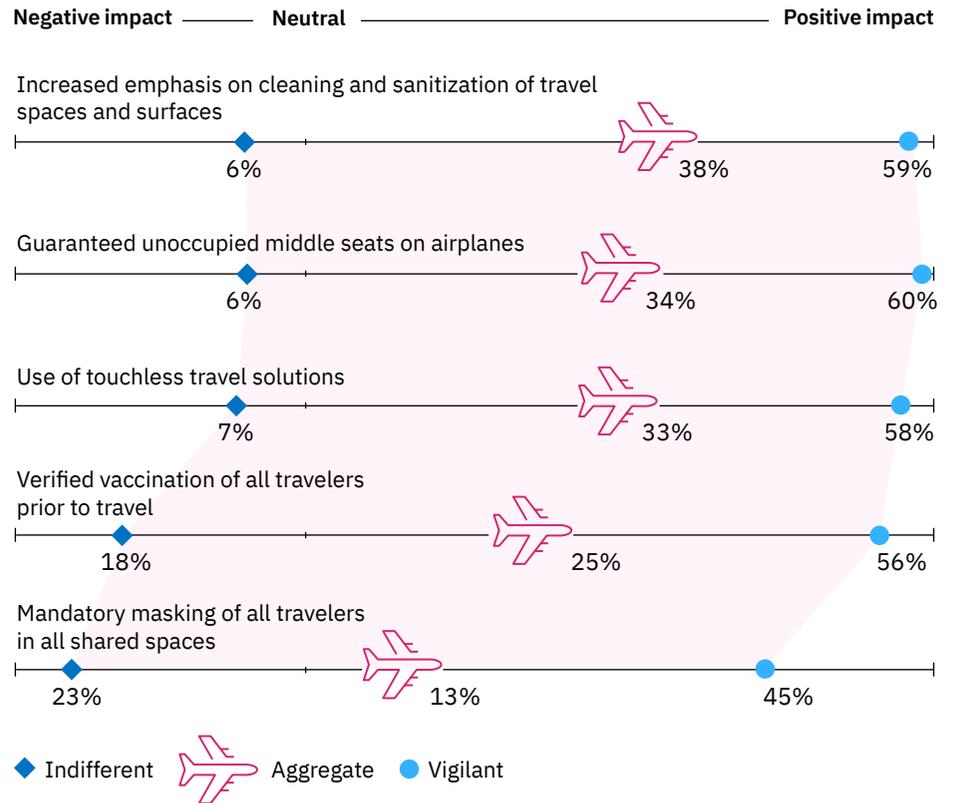
These findings suggest that COVID safety measures could have a positive net impact on travel consumption over the holidays, as every measure is projected to increase travel demand by a larger percentage than it would decrease demand. Verified vaccination requirements, for example, may attract 25% more airplane travelers overall, while mandatory masking requirements would have the most modest positive impact on travel demand, driving a 13% net increase (see Figure 4).

This is the equation that businesses across sectors need to consider in the second holiday season celebrated in the shadow of COVID. As leaders weigh the benefits of safety measures against the potential fallout from those who would resist, it's easy to focus on what they might lose. But a better question may be: *what do they have to gain?*

Figure 4

## Safety first

Safety measures would have a net positive impact on survey respondents' desire to travel this holiday season.



## Notes and sources

- 1 The “Middle” income group is defined using global GDP data from <https://www.worlddata.info/average-income.php>. The “Mid-High” income group is defined using guidelines from the Pew Research Center, which define the middle class as those earning between two-thirds and double the median household income.
- 2 Anderson, Cindy, Jane Cheung, Janet Mertens, Steve Peterson, and Dave Zaharchuk. “2020 holiday shopping and travel trends.” IBM Institute for Business Value. October 2020. <https://www.ibm.com/thought-leadership/institute-business-value/report/2020-holiday-consumer-trends>
- 3 Cheung, Jane, Steve Peterson, and Dave Zaharchuk. “An injection of hope: Life after the COVID-19 vaccine.” IBM Institute for Business Value. April 2020. <https://www.ibm.com/thought-leadership/institute-business-value/report/vaccine-consumer-behavior>

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