



2023 HOLIDAY SHOPPING TRENDS & INSIGHTS

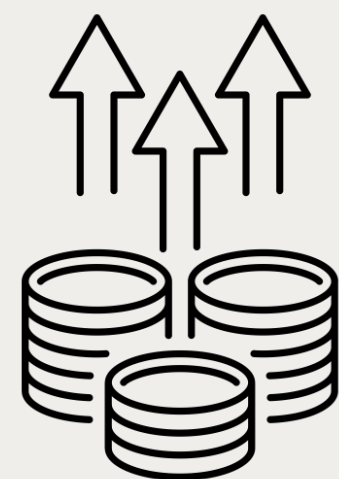


AUGUST 2023

HOLIDAY 2022 LOOK BACK

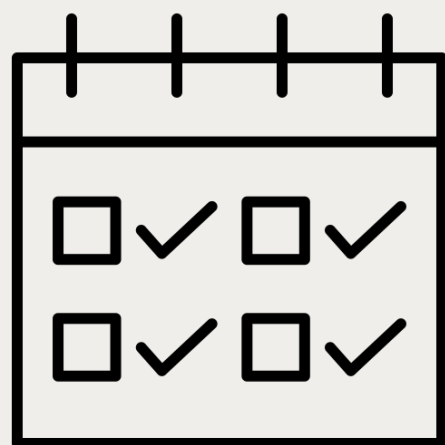
Factors That Influenced Consumer Purchase Decisions During Holiday 2022

Inflationary Pressures



Inflation played a key role in 2022 holiday retail sales performance, with growth slightly down compared to the previous year.

Early Season Promotions & Deals



Driven by consumer behavior and retail discounting strategies, holiday shopping commenced earlier than ever before.

Brand Trust



Consumers sought out relatable brands that reflected their own values of sustainability and purpose as people became more selective in their spending.

Holiday 2022: Retail Landscape & Performance

RETAILERS MAY LOOK TO COMP A HIGHLY PROMOTIONAL 2022

In the midst of macroeconomic pressures creating more price-conscious consumers and intentions to start holiday shopping earlier, brands responded by stretching out the season and heavily leaning into promotions to remain top of mind for consumers while creating as many opportunities as possible to incentivize consumers to buy.

Retailers Pulled the Holiday Season Forward



By October 15, **21%** of promotional brands had **launched holiday messaging on their websites.**



By November 4, **40%** of promotional brands were **running holiday-themed promotions.**



By November 21, 4 days ahead of Black Friday, **78%** of promotional brands were already **running Black Friday/Cyber Monday promotions.**

Promotion Depth Held Steady While the Number of Concurrent Promotions Increased

‘UP TO 50% OFF’

The most popular discount across categories throughout the holiday season.

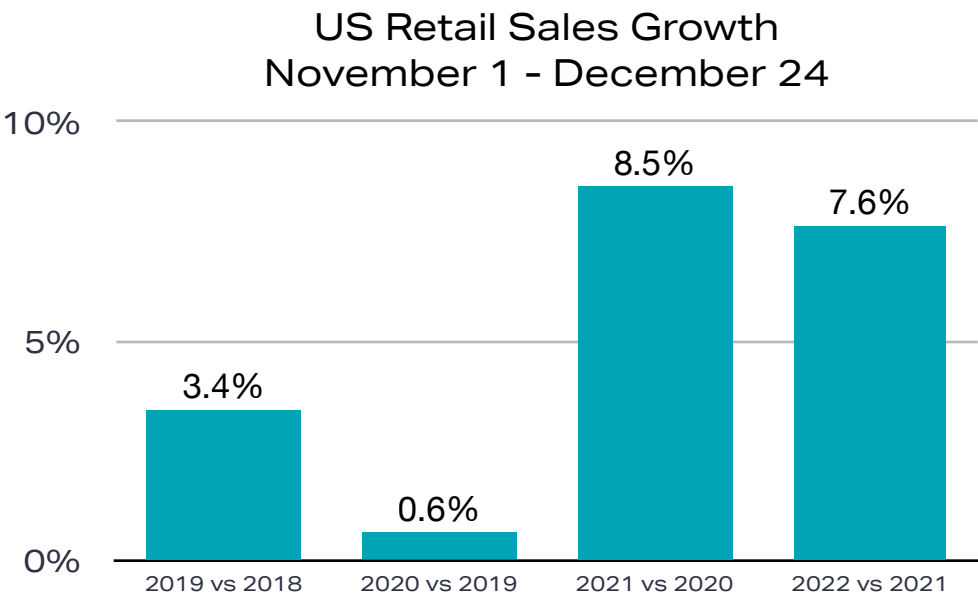
3 The average number of concurrent promotions a retailer ran during Cyber Week, compared to an average of two the week prior.

Black Friday Was Still the Top Spending Day of the Season

**+12%
YOY**

While holiday shopping was more spread out last year, Black Friday sustained its title as the top spending day of the holiday season, up +12% YoY.

U.S. Holiday Retail Sales Grew at a Comparable Rate to the Previous Year



From November 1 - December 24, **U.S. retail sales increased 7.6% YoY, a slight decrease from last year’s 8.5% growth**—with apparel sales rising 4.4% YoY.

Holiday 2023 promises new challenges and a competitive environment among retailers as shopping patterns conform to new consumer interests and macroeconomic forces while advertising formats and auction dynamics impact product discovery, pricing, and consumer engagement.

INSIGHTS INFORMING HOLIDAY 2023



The
Landscape



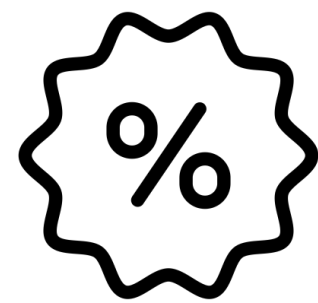
Consumer
Patterns



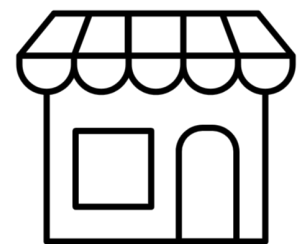
Platform
Insights

HOLIDAY 2023 INSIGHTS

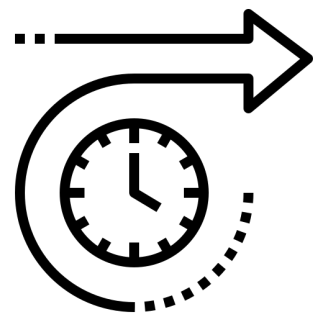
Early Season Predictions Place U.S. Holiday Performance In Line with Last Year



Ecommerce growth expected to be driven by sales and discounts.

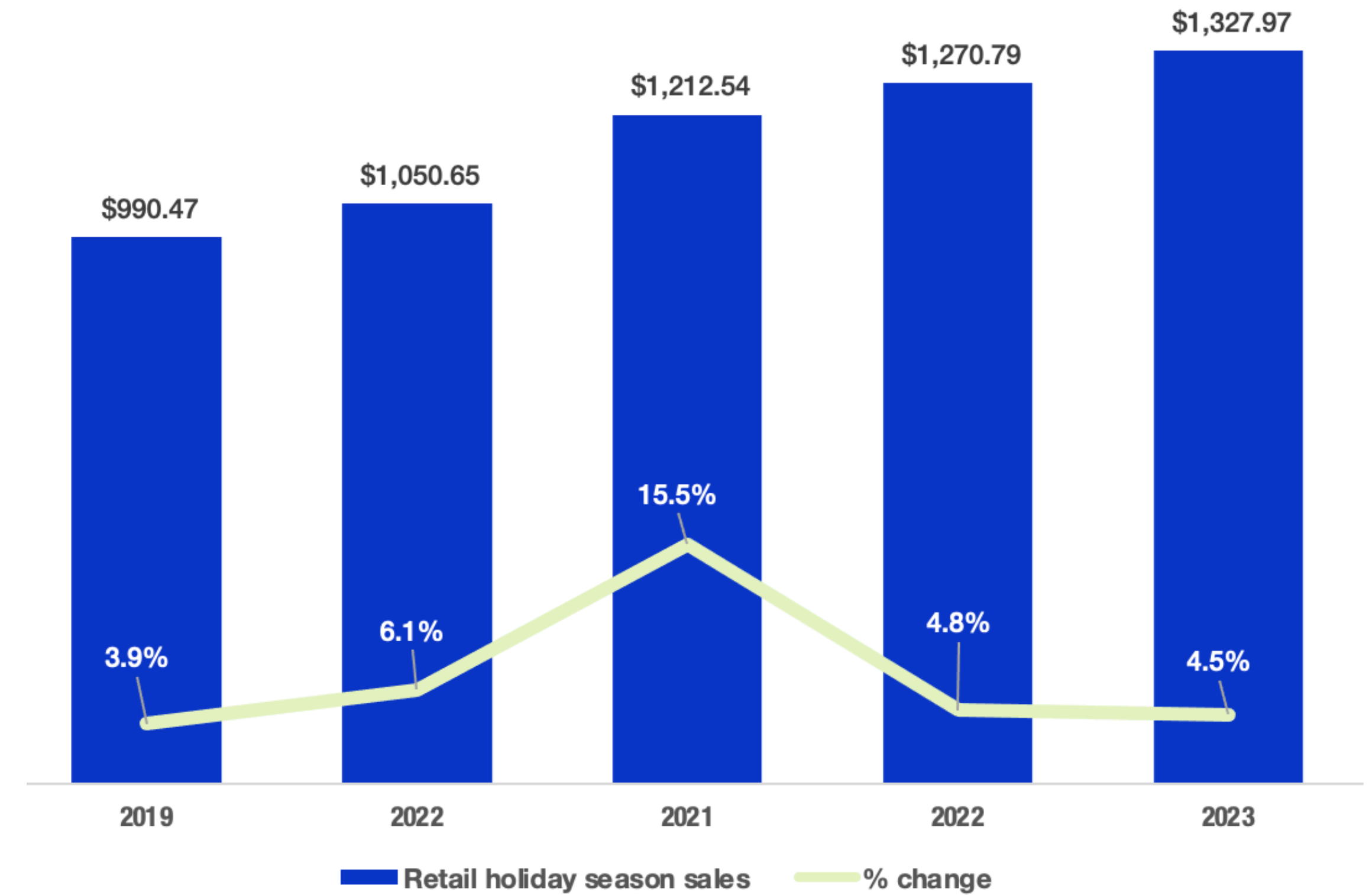


Brick-and-mortar retail will normalize as foot traffic increases.



Holiday will again be a prolonged season, with many consumers beginning their research and shopping in October.

U.S. Holiday Season Sales (billions and % change, 2019-2023)



Source: eMarketer

HOLIDAY 2023 INSIGHTS

Cyber Week Continues to Hold Significant Importance

RETAILERS CAN EXPECT TO SEE SIMILAR SHOPPING BEHAVIORS AND TRENDS TO LAST YEAR

The Majority of Consumers Approach the Holiday Season With an Open Mind

74%

Begin their holiday shopping journey **without knowing** exactly what they are going to buy

70%

Plan ahead before purchasing by researching products, reading ratings/reviews, and looking at gift guides

Cyber 5 Extends to Cyber 12

Shopping begins 2 days before Thanksgiving and extends 5 days after Cyber Monday

20%

Average consumer spend/day was **20% higher on Cyber "shoulder days"** than rest of Q4 overall.

Many Consumers are Wrapping Up Their Holiday Shopping in December

~50%

The average shopper said half of their holiday shopping occurred **after Cyber 5.**

The Retail Landscape, Consumer Sentiment Ahead of Holiday is Seeing Improvement

2023 SUMMER INSIGHTS

Although the U.S. retail sales data for June fell short of projections, it still represented the **third consecutive month of growth**, surpassing the negative readings observed in March and February. Similarly, consumer confidence and sentiment continues to rise as inflation declines and economic outlooks improve.

+0.3%

Monthly growth in retail sales excl. auto and gas sales

+0.6%

Monthly growth in clothing store sales

+1.9%

Monthly growth in online sales

117.0

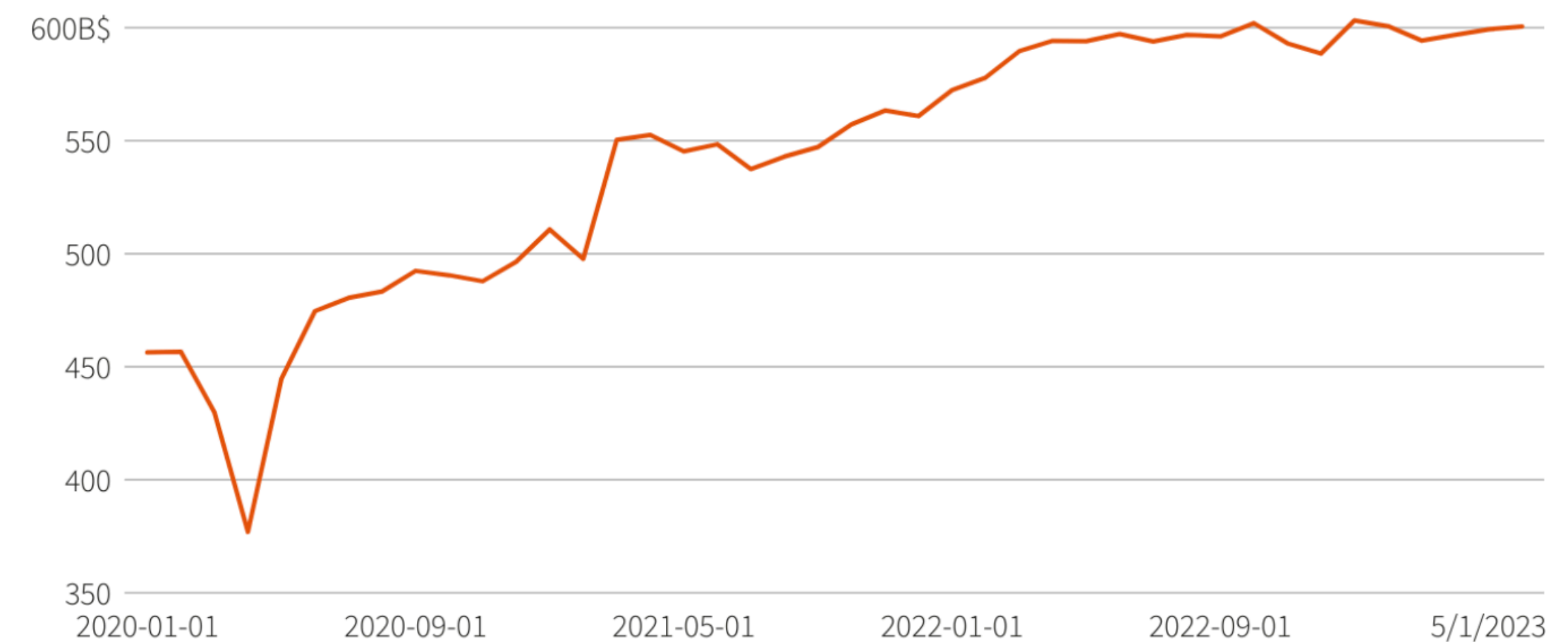
Consumer sentiment, up from 110.1 in June

71.6

Consumer confidence, up from 64.4 in June

Monthly retail sales

— Monthly retail sales



Source: U.S. Census Bureau

INSIGHTS INFORMING HOLIDAY 2023



The
Landscape



Consumer
Patterns



Platform
Insights

Consumers Continue to Purchase Items That Are Important to Them, Yet They Are Increasingly Mindful and Deliberate in Their Spending Habits

SHOPPERS ARE

Looking for
Meaningful
Savings

82%

care about discount offers when making a purchase decision.

Open to Discovering
New, Compelling
Brands & Products

82%

are open to switching brands or trying new ones to get the best value.

Still Expecting
Deep Relevance

41%

find ads showing relevant products or discounts the most influential in their purchase decisions.

Consumers are Expected to Remain Value-Conscious as the Season Approaches

The Consumer's Condition

Over half of consumers expect an economic downturn to impact their 2023 holiday spending.

Middle and high-income earners considerably increased total spending in early summer, with the **highest earners increasing spend 15% month over month**.

The Consumer's Behavior

2/3 of shoppers intend to buy holiday gifts on sale, with half planning to buy less overall.

Consumers will **prioritize value** and cost-effective options (i.e., trading down).

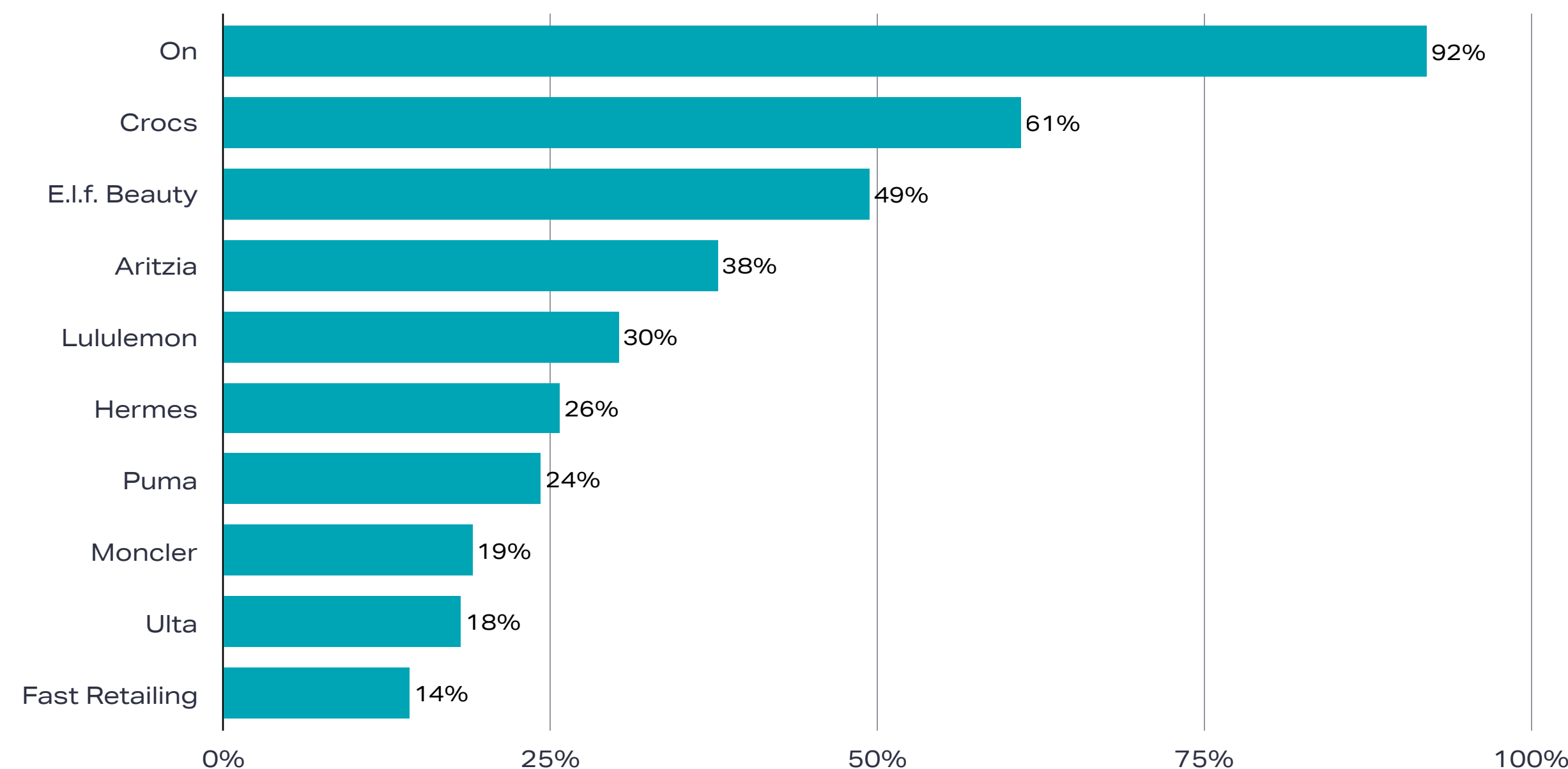
Retailer Response

Focus on how the brand appeals to value-conscious consumers beyond promotions and price, reinforcing the brand's unique positioning via factors like product quality, relevancy, brand value, experience, and more.

HOLIDAY 2023 INSIGHTS

Value, Quality, Collaboration, and Curation are Among The Top Priorities for Consumers

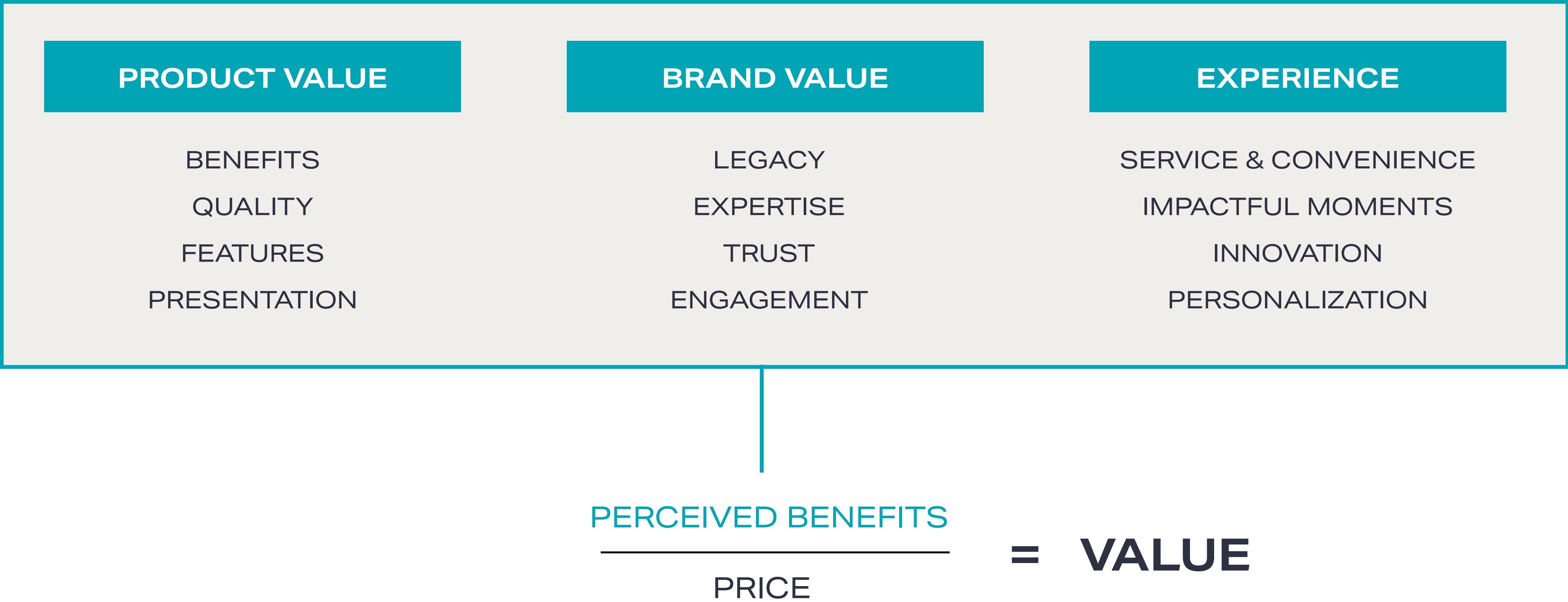
YoY Percent Change in Q4 Sales



The top performing brands based on Q4 2022 sales growth had varying price points and **in many cases were not known as being 'discount' brands**, but were able to successfully convey value, regardless of price.

This underscores the opportunity to gain appeal while avoiding slashed prices that under-value product.

Value Beyond Price



INSIGHTS INFORMING HOLIDAY 2023



The
Landscape



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Consumers Will Rely on Social Media Ads and Videos for Product Discovery

Social media ads will remain highly influential

Social media can have a positive effect on in-store behavior, as **over half** of consumers said they **visited physical stores** to view products that they discovered on their social media feeds.

Video to play a major role in holiday shopping

Video influences both early gift research and last-minute gift purchases.

In response to growing marketer demand for vertical video ads, Pinterest will now offer advertisers a custom content package inclusive of four co-branded videos featuring popular creators.

AI set to play a role in holiday research among some consumers

17% of consumers have utilized ChatGPT for product discovery and research.

10% intend to use AI to help build their **holiday shopping lists**.

HOLIDAY 2023 INSIGHTS

Holiday Platform Deep Dive: Meta

Promotions



of users have discovered a brand or product through Meta.

Holiday Discovery



of users discovered brands and products on Meta during the holiday season, making Facebook and Instagram some of the top online platforms for product discovery.

Relevance



of users claim that brands and products discovered on Facebook or Instagram during the holiday season are more relevant versus those discovered on other platforms.

Holiday Platform Deep Dive: TikTok

Discovery



1 in 2 app users rely on the platform to discover products and holiday-themed content.

39% of users say they've discovered a brand or product through TikTok.

Conversion



77% of users say they've purchased a product after seeing it on TikTok.

Users are 1.4% more likely to purchase a product they've seen on the platform.

Shopping Intent



84% of TikTok users are planning on shopping online this holiday season.

2 out of 3 users intend to budget an average of \$200 for gifts, a 9% increase compared to last year's average holiday spend.

Key Takeaways Heading into Holiday 2023

The Retail Landscape

- The retail landscape is gradually improving as we move into Q4.
- 2023 holiday performance is expected to be in line with last year.
- In-store holiday traffic is predicted to outpace last year, putting brands with storefronts at an advantage to win market share.
- Retailers should plan and budget for an extended holiday season.

Consumer Patterns

- Consumers are expected to be more value-conscious this holiday; therefore, value, style, and quality messaging remain critically important for higher-priced brands.
- Retailers should evaluate promotional levers to prepare to capture share of wallet.

Platform Insights

- Social media ads and videos will drive product discovery.
- Some consumers may begin to experiment with AI for brand and product discovery.
- 2023 will be the final holiday season before third-party cookies are disabled on Google Chrome in early 2024.
- Prepare scenario plans for variable auction dynamics on peak days and intense competition.

HOW RETAILERS CAN PREPARE TO WIN THE SEASON



Preparing for Q4: End-to-End Scenario Planning



Plan early, taking advantage of this opportunity to evaluate shifting market dynamics and fine-tune holiday objectives.



Develop and enhance creative content to ensure comprehensive coverage across paid channels throughout the entire marketing funnel.



Execute testing during micro-seasonal events, such as Labor Day, to fine-tune budgeting, media mix, and creative strategies.

Be Ready for Demand Through December

THE FINAL THREE WEEKS OF THE HOLIDAY GIFTING SEASON ARE CRITICAL TO Q4 PERFORMANCE.

Q4 2022 PERFORMANCE

32% Of Q4 retail sales were made during the last few weeks of the holiday season.

35% Of Q4 ecommerce sales were made during the final weeks of 2022.

ECOMMERCE vs. IN-STORE

+4.5%
YOY Ecommerce sale performance grew YoY in 2022

-3.9%
YOY While in-store performance declined

LAST-MINUTE SHOPPING BEHAVIOR

+50% Of consumers will shop during **and** after Black Friday Cyber Monday in 2023.

Dec 17 Was the highest online and stores sales day in all of 2022, according to Mastercard.

Design Omni-Channel Campaigns with Intention & Accountability



Understand **customer value based on shopping preferences** and tailor advertising in line with those preferences.



Measure success of drive-to-store campaigns within media using **advanced measurement solutions** (i.e., match market testing) to determine impact on store traffic.



Prioritize product feed accuracy and Google Shopping products as consumers driven by convenience are eager to take advantage of blended omni-commerce solutions (such as BOPIS).

Stick with Brilliant Basics

THE FOUNDATIONS OF SUCCESS

**Communicate
Non-Price Value**






**Champion Product
Through Storytelling**

**Consider Promotion
& Creative Fatigue**


**Build Addressable
Audiences for Today**

Holiday Planning Checklist

Overall

-  Conduct internal audits across all functions
-  Plan for around-the-clock team coverage calendars across all of Nov + Dec
-  Arm teams with consistent retail trending updates & marketing deliverables
-  Schedule daily reporting through Cyber Week
-  Leverage technology across channels to ensure media effectiveness

Contingency Planning

-  Consumer Softness
-  Increased Competitive Pressure
-  In-Store Demand Misses
-  Traffic Drivers (Online + In-Store)
-  Inventory Shortages or Product Pushes
-  Budget Efficiency or Boosts

And the list goes on. Be prepared for standard planning requests, as well as the uniqueness that holiday brings.



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