



Holiday Shopping 2022: Joyous and Generous

A Special Report from Media Group Online, Inc.

It takes more than a pandemic to spoil the holiday season and that's likely most Americans' sentiment for the 2022 holiday season. With consumer spending increasing by more than 8% for the 2020 and 2021 seasons, Americans will find the means to celebrate joyous and generous holidays.

As of mid-summer, challenges remain for consumers and brands and retailers, from inflation to more uncertainties about jobs and wages to the continuing pandemic to supply-chain and inventory issues.

Despite the challenges, the holiday season is the pinnacle of the retail year. Retailers' stockings are filled with opportunities to engage with more customers and maximize sales and revenues. This month's Special Report from Media Group Online offers the analysis and insights to help you and your prospects and clients to reach your year-end goals.



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Will the Economy Be Naughty or Nice?

Even as the new COVID-19 variant infects more Americans, inflation and its effect on personal finances and household consumption is the primary concern of most everyone, including those with higher household incomes.

The most recent (7/20/22) Monthly Consumer Sentiment Survey from Numerator found the top three concerns among all surveyed consumers were:

- **“Increasing prices on essential goods and services” at 78%**
- **“Increasing prices on gas/fuel” at 76%**
- **“Increasing prices on other goods and services” at 62%**

Inflation, like most economic metrics, is difficult to forecast. Some analysts think it has peaked or will soon. The significant decrease in oil prices and gasoline at the pump is a positive sign. Other forecasters have made a variety of predictions, from a continuation of a 9% inflation rate through the end of the year to the US Federal Reserve’s June statement of a 5+% rate as 2022 ends.



Even if the inflation rate remains more than the historical average, any substantial decrease before the holidays should have a positive impact on consumer confidence and their willingness to spend during the 2022 holiday season.

Retail inventory and supply-chain challenges are the primary concerns of brands and retailers and the pandemic is primarily the cause. Many retailers experienced inventory shortages last year after government stimulus checks allowed consumers to increase their spending. Retailers ordered more inventory because of international shipping delays, creating chokepoints at US ports.

Retailers’ inventory then increased rapidly during the first half of 2022, but increasing inflation caused consumers to change their buying habits almost 180 degrees. Now retailers are discounting heavily to clear excess inventory, but ships filled with billions of dollars of consumer products can’t be off-loaded.

For brands and retailers to enjoy a strong holiday shopping season, current inventory must be cleared to prepare for new holiday orders. Inventory management has been and will continue to be a big challenge, but there may be enough time between summer 2022 and the holiday season to rebalance supply, inventory and consumption.



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Ghosts of Christmas Past

Because of different measurement periods, Mastercard (November 1–December 24) reported 2021 holiday sales increased 8.5% YOY while eMarketer reported a 16.1% YOY increase (a total of \$1.22 trillion), which includes spending before November 1. According to a Digital.com survey, 28% of consumers said they started their holiday shopping before November.

Both Mastercard and eMarketer agreed apparel was the sales winner. Mastercard said apparel sales increased 47.3% YOY. Jewelry sales increased 32% YOY and electronics 16.2% YOY, respectively. eMarketer also noted multichannel retailers (Walmart, Target, etc.) benefited.

More people returning to their workplaces was a driver for apparel sales. According to Adobe, a larger average discount for apparel also contributed, at 13%, compared to 11% during the 2020 holiday season. Only the toy category had a larger average discount of 19%.



Although the five-day Thanksgiving Weekend has lost some of its luster from past years, more consumers were ready to return to stores, resulting in 104.9 million in-store shoppers, compared to 92.3 million during the 2020 weekend, according to the National Retail Federation. More consumers (66.5 million) shopped Black Friday than the other four days of the weekend. Small Business Saturday was second with 51.0 million shoppers.

The average amount spent during the weekend was somewhat muted at \$301.27, compared to \$311.75 during 2020. The decrease is likely attributable to the 49% of consumers who shopped before Thanksgiving because of many early sales and promotions.

Top Five Gift Purchases During Thanksgiving Weekend 2021

Gift Category	Percent
#1: Apparel/Accessories	51%
#2: Toys	32%
#3: Gift cards/certificates	28%
#4: Books/Music/Movies/Video games	27%
#5: Electronics	24%

Chain Store Age, November 2021

The second-biggest shopping day of most holiday seasons, Super Saturday, suffered from an increase in COVID-19 cases during late December and significantly fewer international tourists. Visits decreased 26.3%, compared to Super Saturday 2019.



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E-Commerce's Stocking Overflowed

Adobe and eMarketer reported essentially the same total e-commerce spending for the 2021 holiday period, or \$204.5 billion and \$204.2 billion, respectively; however, Adobe stated it was an 8.6% YOY increase while eMarketer stated a 10.4% increase. The eMarketer increase matches 2019 and earlier years. The 32.0% increase for the 2020 holiday shopping season was pandemic-driven when in-store visits decreased significantly.

Adobe's data also reflects the many consumers shopping online before Thanksgiving, a 19.2% YOY increase, while online sales during the Thanksgiving weekend decreased 1.4% YOY.

eMarketer reported slight increases during the weekend: Thanksgiving Day at +2.3%, Black Friday at +0.3%, Small Business Saturday at +3.8%, Cyber Sunday at +0.8% and Cyber Monday at +1.1%. eMarketer expected Cyber Monday online sales to increase 12.4%.

Apparel sales increased almost twice as much as computer and consumer electronics.

Top Five Product Categories with Largest Online YOY Sales Increases, 2021

Gift Category	Percent
#1: Apparel and accessories	22.5%
#2: Computer and consumer electronics	11.5%
#3: Auto and parts	11.0%
#4: Toys and hobbies	9.6%
#5: Books/Music/Video	9.4%

eMarketer, April 2022



43% of online retail sales during the 2021 holiday season were via smartphones, generating a total of \$88 billion. Of the six days with more than 50% of smartphone sales, three were December 24, 25 and 26.

Adobe, January 2022

The significant increases in e-commerce sales during Thanksgiving Day, Black Friday and Cyber Monday 2020 skewed the results for the same three days during 2021.

Comparison of E-Commerce Sales and YOY Increases During Thanksgiving Weekend 2020 and 2021

Day	2020 Sales	YOY Increase	2021 Sales	YOY Increase
Thanksgiving	\$5.1 B	+21.5%	\$5.14 B	+0.08%
Black Friday	\$9.0 B	+21.6%	\$8.9 B	-1.1%
Cyber Monday	\$10.8 B	+15.1%	\$10.7 B	-0.09%

Marketing Charts and Adobe, December 2020 and 2021



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In Sync with the Consumer Mindset

With inflation the top concern of consumers and the increasing spread of the newest COVID-19 variant, it's unsurprising consumer sentiment is quite negative. According to Numerator's Monthly Consumer Sentiment Study as of 7/15/22:

- "77% think the US economy will worsen during the next few months."
- "82% think inflation will increase during the next few months."
- "39% think reimposed or extended mask mandates are likely during the next few months."

Nonetheless, a mid-June 2022 Morning Consult survey found almost 50% of all adults said they are spending "much more" or "somewhat more" than during January.



Despite large percentages of consumers spending more now, inflation and other issues may substantially affect their spending habits by the 2022 holiday season. Although there are almost no forecasts yet, very preliminary Salesforce research indicates 51% of consumers may purchase fewer gifts and 31% may not buy any gifts.

The Numerator study revealed 76% of adult consumers are more likely to be uncomfortable with "splurging on premium or luxury items" and the percentage is consistent across income groups: low income at 79%, middle income at 80% and high income at 71%.

Comparison of Consumer Spending Habits from January to June 2022

Respondents	Much More	Somewhat More	Don't Know	Same	Somewhat Less	Much Less
All adults	25%	22%	2%	29%	13%	10%
Income: \$50K or less	26%	18%	3%	27%	13%	13%
Income: \$50K-\$100K	24%	25%	1%	29%	14%	6%
Income: \$100K or more	20%	29%	0%	37%	10%	4%

Morning Consult, June 2022



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Substantial percentages of survey respondents also told Numerator they are planning to reduce or stop their spending in various product categories during the next few months, some of which are primary holiday purchases.

Top Five Product Categories in Which Consumers Expect to Reduce or Stop Spending, July 2022

Category	Percent
#1: Restaurants, bars or food delivery	45%
#2: Travel	38%
#3: Electronics	38%
#4: Apparel	37%
#5: Toys, games, or arts & crafts	29%
Don't expect to reduce/stop spending	27%

Numerator, July 2022

Holiday Shopping Plans

Although conducted during January 2022, Numerator’s 2022 Holiday Preview is the best current peek into consumers’ mindset for spending during the 2022 holidays. (Look for the Late Holiday Shopping Profiler PLUS during October 2022 for updated information.)

Of the more than 11,000 Americans Numerator surveyed, their two biggest current concerns – inflation and the pandemic – were also top of mind during January and are likely to be during the holidays: inflation, moderate or significant, at 59% and the pandemic, moderate or significant, at 38%.

Somewhat surprising, 42% of respondents said they had started their Christmas 2022 planning during January, 36% Thanksgiving, 30% Hanukkah and 27% New Year’s Eve. The survey also revealed how Americans planned to celebrate these holidays.

The top three planned purchases for the 2022 holiday season are very traditional.

- **Thanksgiving** – Food at 90%, alcohol at 41% and non-alcoholic beverages at 37%
- **Hanukkah** – Food at 56%, gifts at 34% and decorations at 24%
- **Christmas** – Gifts at 84%, food at 81% and candy at 57%
- **New Year’s Eve** – Food at 76%, alcohol at 57% and non-alcoholic beverages at 32%

“Gen Zers are more than two times more likely to care about deals and discounts versus factors such as timely delivery or product availability.”

Gen Z Holiday Shopping Insights, Fluent, October 2021

Selected Celebration Plans for the 2022 Holidays Season

Celebration Plans	Thanksgiving	Hanukkah	Christmas	New Year’s Eve
Gathering with family/friends	71%	38%	77%	59%
Cooking/Baking	51%	27%	57%	24%
Gifting	7%	34%	84%	8%
Decorating	22%	20%	62%	11%
Attending/Hosting a party	21%	15%	29%	22%

Numerator, January 2022

The Numerator survey also revealed 82% of Americans plan to shop online and 77% in a store and 65% prefer home delivery of their purchases and 46% to pick up at a store. For Thanksgiving (88%), Hanukkah (69%) and New Year’s Eve (83%), Americans prefer to shop in-store versus online. They also prefer to pick up purchases from a store much more than requesting a delivery.



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A Merry Time at the Mall

Holiday shoppers during Q4 2021 preferred visiting outdoor outlet malls and open-air shopping centers more than indoor malls, primarily because they were attracted to the bargains at outlet malls and they were concerned about exposure to the latest COVID-19 variant indoors.

During the first two weeks of November 2021, visits to indoor malls, open-air shopping centers and outlet malls increased, but then visits to all three mall types decreased and often by double-digits throughout the remainder of November and December. Visits to outlet malls increased 4.5% for the week of 12/27/21 as consumers were undoubtedly seeking post-holidays clearance sales.

Visits to All Shopping Mall Types, Compared to the Previous Month, September 2021–January 2022

Month	Percent
September 2021	-18.9%
October 2021	+9.3%
November 2021	+9.2%
December 2021	+33.3%
January 2022	-39.9%

Placer.ai, February 2022

Mall visits in seven states (California, Florida, New York, Ohio, Texas, Arizona and Washington) followed the same pattern during Q4 2021, increasing during October, with Arizona at almost +6.0%; decreasing during November, with Washington at slightly more than -8%; and increasing during December, with Arizona at +4.0%.

This trend continued during the first half of 2022. According to Placer.ai, visits to indoor malls decreased 3.7% and open-air lifestyle centers decreased 2.4% from May to June while traffic to outlet malls increased 0.6%.

A June 2022 Morning Consult survey found shoppers were very comfortable visiting individual stores more than shopping malls: Shopping malls at 39%, grocery stores at 53%, local stores or boutiques at 44% and department stores at 43%.

Despite the various challenges mall owners and management have faced – inflation, the pandemic, store closings, less foot traffic and adding more entertainment venues – occupancy rates have remained high, according to the International Council of Shopping Centers (ICSC).

Shopping Centers Tenant Occupancy Rates, 2019–Q1 2022

Year/Period	All Shopping Centers	Open-Air Centers	Shopping Malls
2019	92.6%	93.3%	89.9%
2020	91.6%	92.3%	88.5%
2021	90.2%	91.4%	84.8%
Q1 2021	89.7%	90.9%	84.4%
Q1 2022	90.5%	91.9%	84.5%

International Council of Shopping Centers, June 2022



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Anticipation. Preparation. Celebration

Gleeful anticipation is on everyone's mind at the beginning of every holiday shopping season: children dream of receiving the gifts they put on their Santa Claus lists, families are eager to welcome or visit family members and friends they haven't seen recently, retailers nervously prepare for a big boost to revenues at year's end and media sales departments are targeting total sales of all inventory of space and time.

As of mid-summer 2022, retailers' and media sales departments' preparations are vague at best. It's too early for the typical holiday shopping forecasts, but Salesforce has already taken the plunge with a few predictions.

- **Shopping starts earlier** – Holiday shoppers are expected to follow the strategy of back-to-school shoppers. They started early this year to beat any additional increases in inflation and to take advantage of the overstocked inventory at many stores.
- **Ready to switch for bargains** – Inflation and price increases for many products will motivate millions of Americans to try another brand during Q4 2022. According to an April 2022 survey from a PYMNTS.com and Elastic Path, 29.9% of all adults said they were “very” or “extremely” likely to shop online at those businesses providing a customized shopping experience.

- **More store visits** – In-store shopping has been steadily increasing and will attract many holiday shoppers. An underlying reason, however, is the store experience influences the majority of online orders. Retailers with both a physical and online presence are expected to sell more.
- **Shopping for sustainability** – Salesforce forecasts more than 80% of consumers will consciously look for and purchase products with a track record for using sustainable materials and shipping methods.

Planning earlier than previous years is critically important for retailers.

- Supply chains/shipping may be improving, but orders will have to be placed early.
- Retailers will want a comprehensive schedule of special offers, digital coupons and weekend sales campaigns. That are likely to be the most important factor to attract consumers.
- Holiday advertisers' plans must also be nimble and flexible as any of Americans' top concerns may change again, affecting their spending and what they may buy.

Sources: CNBC Website, 7/22; MarketWatch Website, 7/22; Kiplinger Website, 7/22; Numerator Website, 7/22; Chain Store Age Website, 7/22; eMarketer Website, 7/22; Marketing Charts Website, 7/22; Fluent Website, 7/22; Placer.ai Website, 7/22; International Council of Shopping Centers Website, 7/22; Morning Consult Website, 7/22; PYMNTS.com Website, 7/22; Adobe Website, 7/22.

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