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Deals ruled the 2022 holiday shopping season

Article

Consumers spent $211.7 billion online over the 2022 holiday season (from November 1 to December 31), growing 3.5% year over year, per Adobe Analytics.

This is below our forecast of $239.26 billion in ecommerce sales, meaning the headwinds we predicted (e.g., rising inflation, a stronger demand for experiences versus physical goods, product availability, and a longer holiday buying season) may have had a greater effect on spending than we anticipated.

That said, according to Mastercard, total US retail sales (both in-store and online) were up 7.6% year over year during the holiday season (November 1 to December 24). This is in line with our prediction that total holiday sales would grow 7.0% to reach $1.297 trillion.

- Mastercard estimates that online sales grew 10.6% year over year (much higher than Adobe's figure) and in-store sales increased 6.8%.

- Restaurant sales also saw a big bump over the holidays, up 15.1% over 2021.

Predictably, the toy category was a big winner online, with sales growing 206% compared to pre-holiday season levels, according to Adobe Analytics. Video games (up 115%) and apparel/accessories (up 94%) also saw strong demand.

In another unsurprising turn, online discounts hit record highs as consumers sought the best deals. The highest discount rate was on toys (34% versus 19% in 2021), followed by electronics (25% versus 8%), computers (20% versus 10%), and apparel (19% versus 13%).

Search still dominates: Echoing the Cyber Five, paid search remained the biggest driver of sales for retailers, with 29% of online sales attributed to that channel. Direct web visits (19%), organic search (17%), affiliates/partners (16%), and email (15%) were also major drivers.

Mall madness: Average monthly visits to indoor malls were up 40.3% month over month in December, per Placer.ai. Visits steadily climbed throughout the month, peaking at 55.5% over average weekly visits the week of December 26.

The bottom line: The holiday season wasn't a bust. Inflation may have forced retailers to discount deeper than they normally would, but it worked, encouraging consumers to spend their hard-earned cash on gifts and holiday treats.

What lies ahead: Returns season. As customers wade through their holiday hauls, there are bound to be some items going back to the store.

- Overall, we forecast that total retail returns will hit $627.34 billion in 2023, a 2.2% increase from last year.

- Our analysts believe return policies will be the key to retaining customer loyalty this year, but it won't be easy for retailers to balance keeping costs down with an easy returns process.

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