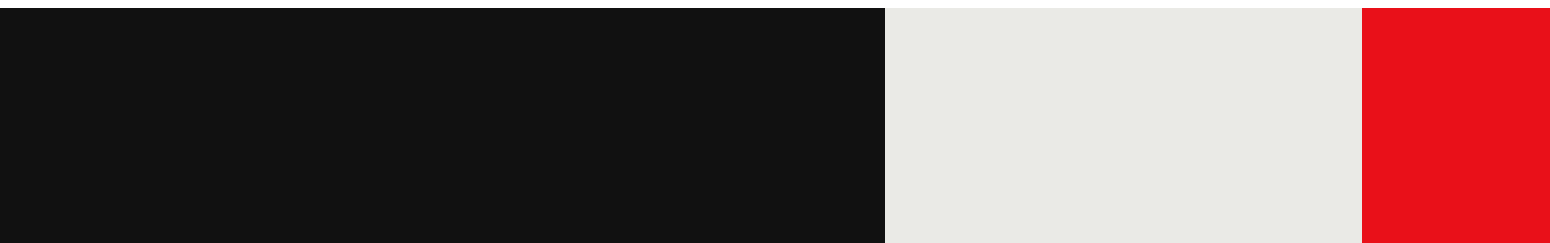



How retailers can prepare for the holiday season in 5 charts

Article



Holiday retail sales will grow 4.5% to reach \$1.317 trillion this year, according to our forecast. Retailers who want to carve out a share of that spend will need strong promotional strategies and a seamless digital-physical experience. It's also not a bad idea to have a plan ready for when the returns start rolling in.

Here are five charts to help retailers get ready for the busiest time of the year.

1. Deals are a mainstay for the time being

US Holiday Season* Discounts, by Category, 2021 & 2022

% average discount

	2021	2022
Toys	19%	34%
Electronics	8%	25%
Computers	10%	20%
Apparel	13%	19%
TVs	11%	17%
Appliances	4%	15%
Sporting goods	6%	10%
Furniture and bedding	2%	8%

Note: *Nov-Dec

Source: Adobe Digital Insights, "Unboxing the 2022 Holiday Shopping Results," Jan 11, 2023

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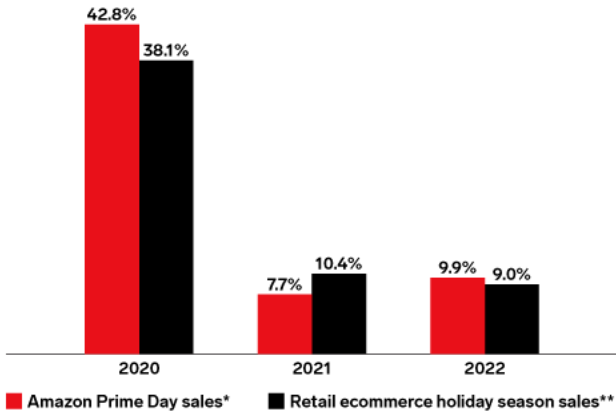
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Discounting will be a key strategy for retailers to score a share of holiday spending this year, especially in discretionary categories like toys, consumer electronics, and any big-ticket items.

Budget-strapped consumers are also likely to explore alternative payment options like buy now, pay later (BNPL). Retailers should consider partnering with BNPL providers both online and in-store.

2. Prime Day is a predictor of holiday ecommerce sales

US Amazon Prime Day vs. US Retail Ecommerce Holiday Season Sales Growth, 2020-2022 % change



Note: excludes travel and event tickets; *represents the gross value of products or services sold on amazon.com (browser or app) during the Amazon Prime Day sales event, regardless of the method of payment or fulfillment; excludes Amazon Web Services (AWS) sales, advertising services, and credit card agreements; includes direct and marketplace sales; excludes Amazon Business sales; **sales are for Nov and Dec of each year; excludes payments such as bill pay, taxes, or money transfers, food services and drinking place sales, gambling and other vice goods sales; includes products or services ordered using the internet, regardless of the method of payment or fulfillment; forecast is from Feb 2023
Source: eMarketer, June 2023

Over the past three years, Amazon Prime Day sales have been a bellwether for ecommerce sales during the holiday season, and we expect this year to be no different.

Based on **July's Prime Day event**, home goods, apparel, and shoes could be the top sellers this holiday season. However, consumers are likely to wait for a good deal before they make a purchase. Expect lots of comparison shopping and holding out for last-minute deals.

3. Make the digital-physical gap as narrow as possible

In-Store and Digital Shopping Behaviors Among UK and US Adults, Jan 2023

% of respondents



Note: ages 18+
Source: Coveo, "Ecommerce Relevance Report 2023: Privacy vs. Personalization," May 10, 2023

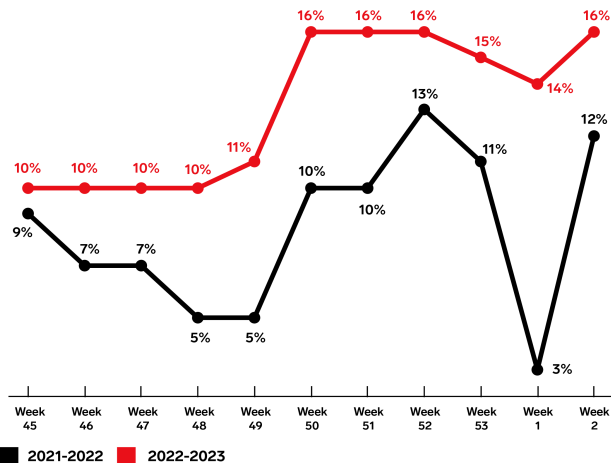
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As consumers scramble for last-minute party supplies or gifts, they want to browse, purchase, and pick up items in the ways that are most convenient for them. Retailers that provide a consistent experience across their digital and physical channels will be the winners of the holiday season.

4. Have a plan to handle returns

Share of US Retail Ecommerce Orders Returned, Nov-Jan 2021-2022 & Nov-Jan 2022-2023

% of total retail ecommerce orders



Note: Week 45 in 2021 begins 11/2; Week 45 in 2022 begins 11/1; each week represents a Tuesday-Monday
Source: Salesforce, Feb 2023

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Consumers made significantly more returns during the last holiday season when compared with the 2021–2022 season, per Salesforce.

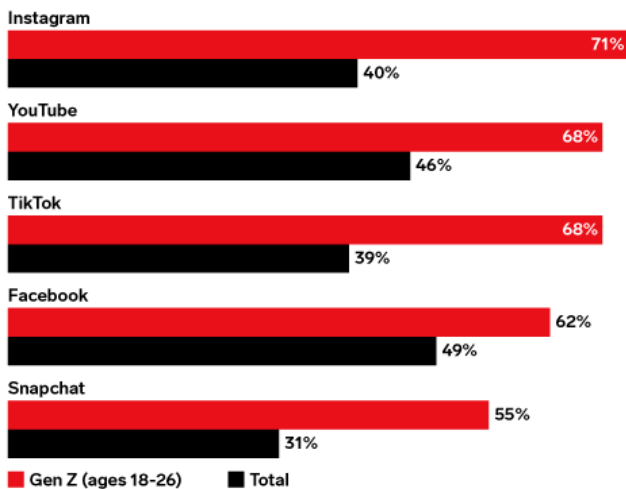
To keep the number of returns down this season, retailers should be sure their product pages are as comprehensive as possible, with customer reviews, photos, and video included. Retailers should also be on the lookout for bracketing behavior (where shoppers buy multiple products in different sizes or colors with the intention of keeping just one) so they can put tools in place to prevent it, like including a size chart or giving shoppers the opportunity to speak to a customer service representative.

Instituting a return fee is also an option, but there's always a chance it could backfire and send customers flocking to fee-free competitors.

5. Social commerce success hinges on the platform

Social Networks Where US Adults Are Likely to Make Purchases Directly, Gen Z vs. Total, Q1 2023

% of respondents



Source: Jungle Scout, "Consumer Trends Report: Q1 2023," March 21, 2023

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Brands that want to experiment with social commerce this holiday season need to make sure they're targeting the right audience on the right platform.

For example, Gen Z prefers to make purchases on Instagram, YouTube, and TikTok, according to Jungle Scout. But Facebook is the platform of choice for the general US population. Campaigns should be tailored to each platform to ensure maximum effectiveness.

This was originally featured in the Retail Daily newsletter. For more retail insights, statistics, and trends, [subscribe here](#).