



# PMG INTELLIGENCE: **HOLIDAY KICKOFF**

Signals & Opportunities for 2022



# HOLIDAY 2021 RECAP

Last year's holiday season brought **new challenges** for brands and retailers regarding supply chain, staffing, and inventory, but also **new wins** as consumers returned online and in-store, and demand soared.

Consumer concerns over inventory availability led them to **start their holiday shopping earlier than ever before**. This early start led to an extended season and softer traditional peak shopping days.

While retailers experienced **record holiday demand** last year, they also faced pricing pressures and increased costs as advertisers looked to gain a share of holiday wallets amidst **fierce competition**.



# LAST YEAR, HOLIDAY SHOPPING STARTED EARLIER THAN EVER...

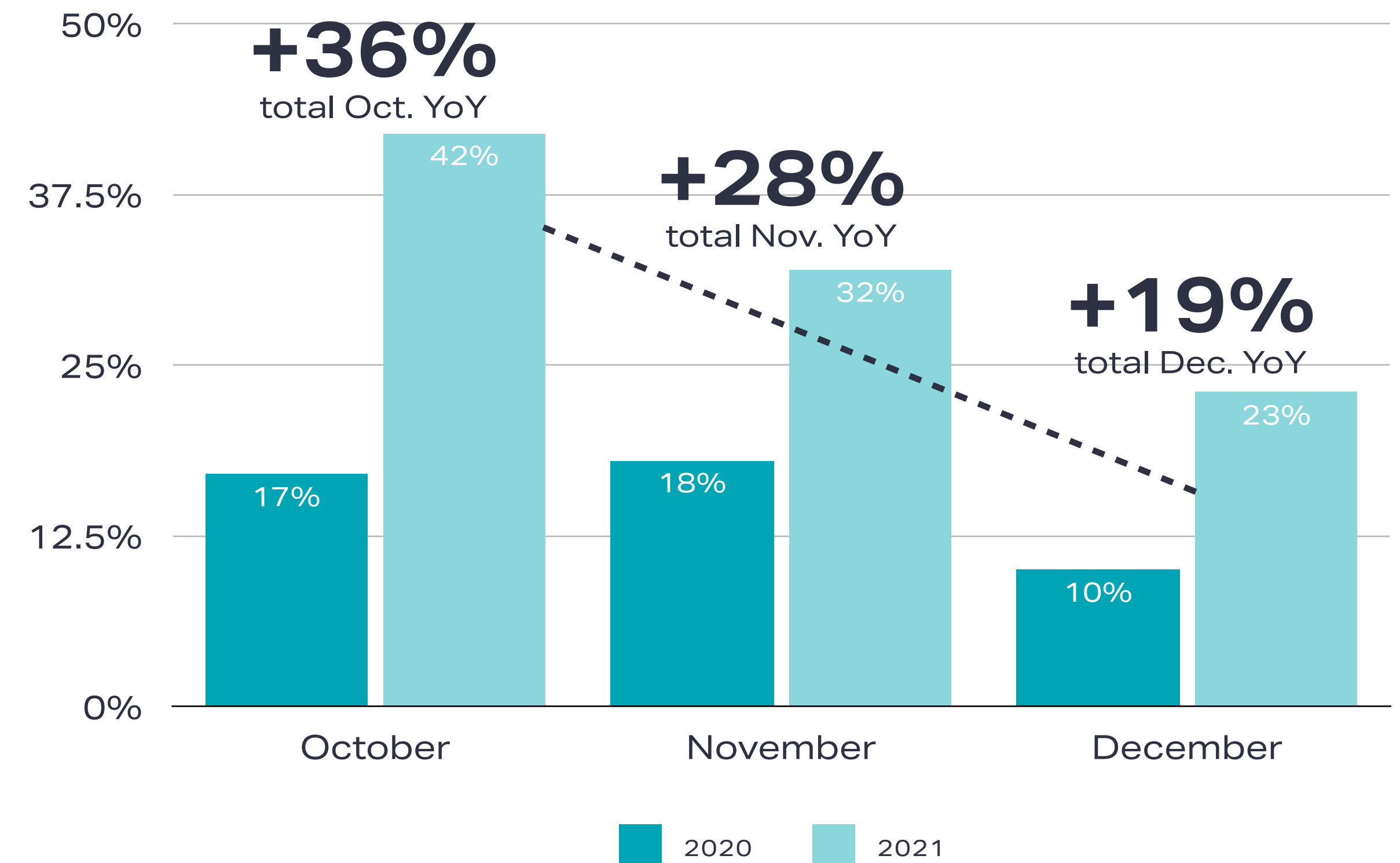
Last year's inventory availability challenges and shipping delays had shoppers starting their searches earlier than ever.

Consumers eager to lock in a deal and ensure the availability of their holiday purchases took advantage of promotions earlier in the season. In October 2021, for instance, demand for clothing was up 36% YoY.<sup>1</sup>

**62%** Of consumers started shopping earlier in Holiday 2021 than usual<sup>1</sup>

**+28%** Total clothing demand (Q4 '21)  
+23% Q2 '22<sup>1</sup>

Q4 '21 Monthly Clothing Demand YoY ('21 vs '20)<sup>1</sup>



Source: Google Consumer Surveys (Q18-44, US), July 2022

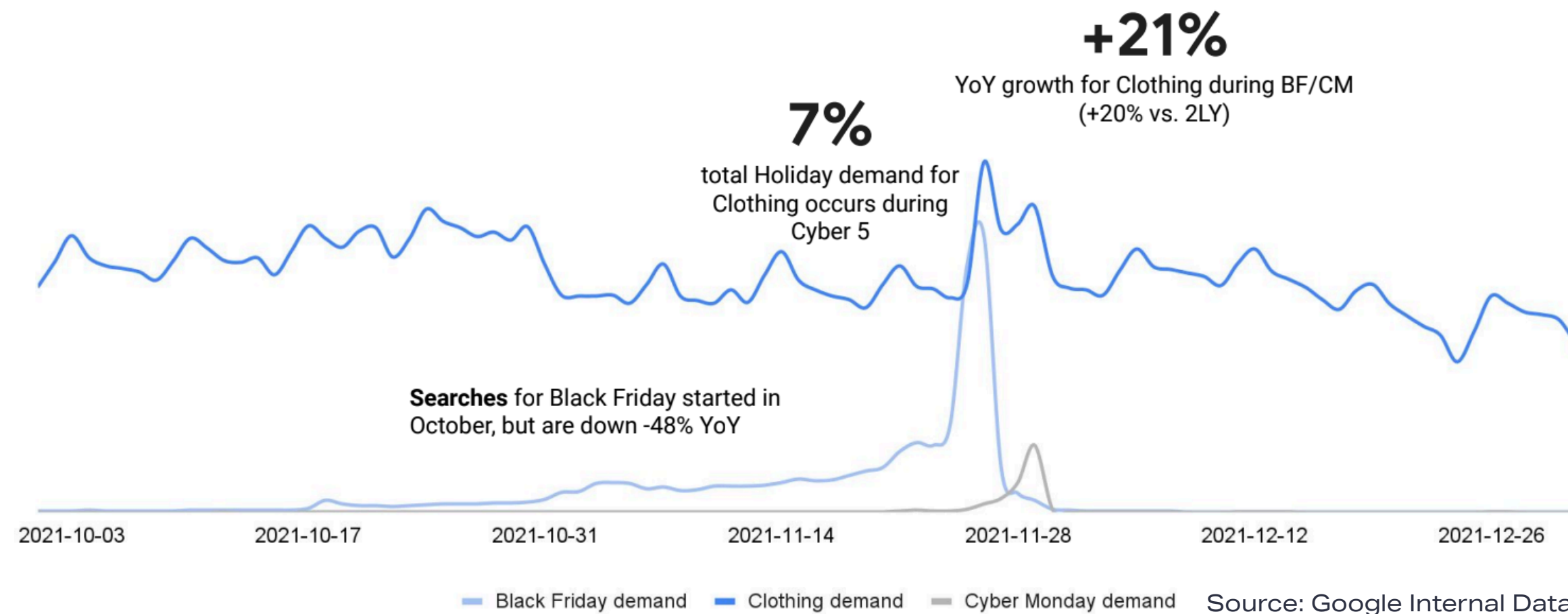
Sources:  
1. Google Consumer Surveys (Q18-44, US), July 2022



# ...AND THE SEASON LASTED LONGER THAN EVER BEFORE

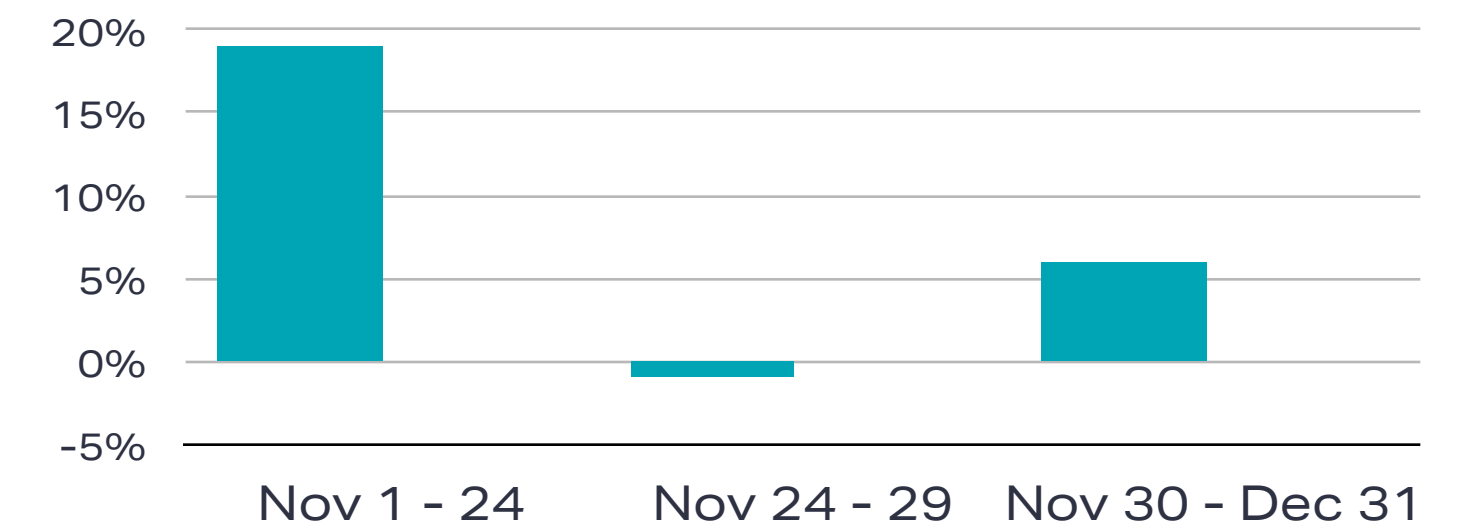
This earlier start resulted in a shift in the consumer buying window and less reliance on traditional peak shopping days.

While demand during the Cyber Week (Black Friday through Cyber Monday) softened compared to years prior, the extended holiday season during 2021 delivered record-breaking growth.



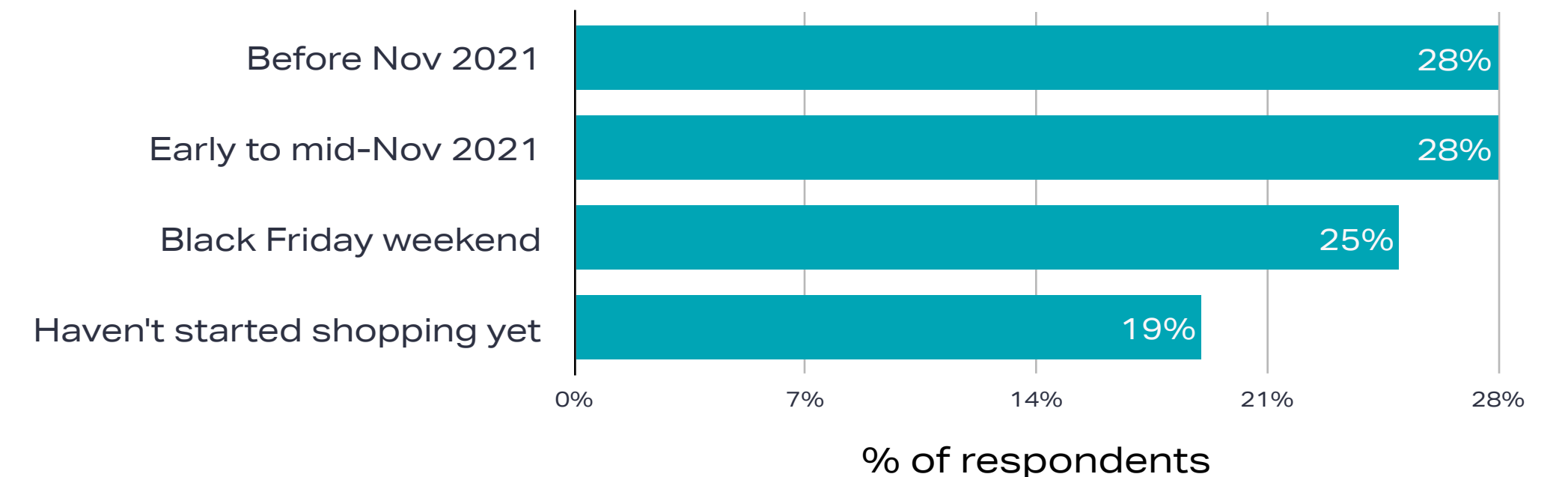
Sources:  
2. eMarketer: U.S. Holiday 2021 Review and Holiday 2022 Preview  
3. Google Internal Data (total demand across these categories)

U.S. Holiday Season Ecommerce Annual Sales Growth, by Time Period: % Change vs. Prior Year<sup>2</sup>



Source: eMarketer: U.S. Holiday 2021 Review and Holiday 2022 Preview

When U.S. Adults Began Their Holiday Shopping, November 2021<sup>2</sup>



Source: eMarketer: U.S. Holiday 2021 Review and Holiday 2022 Preview

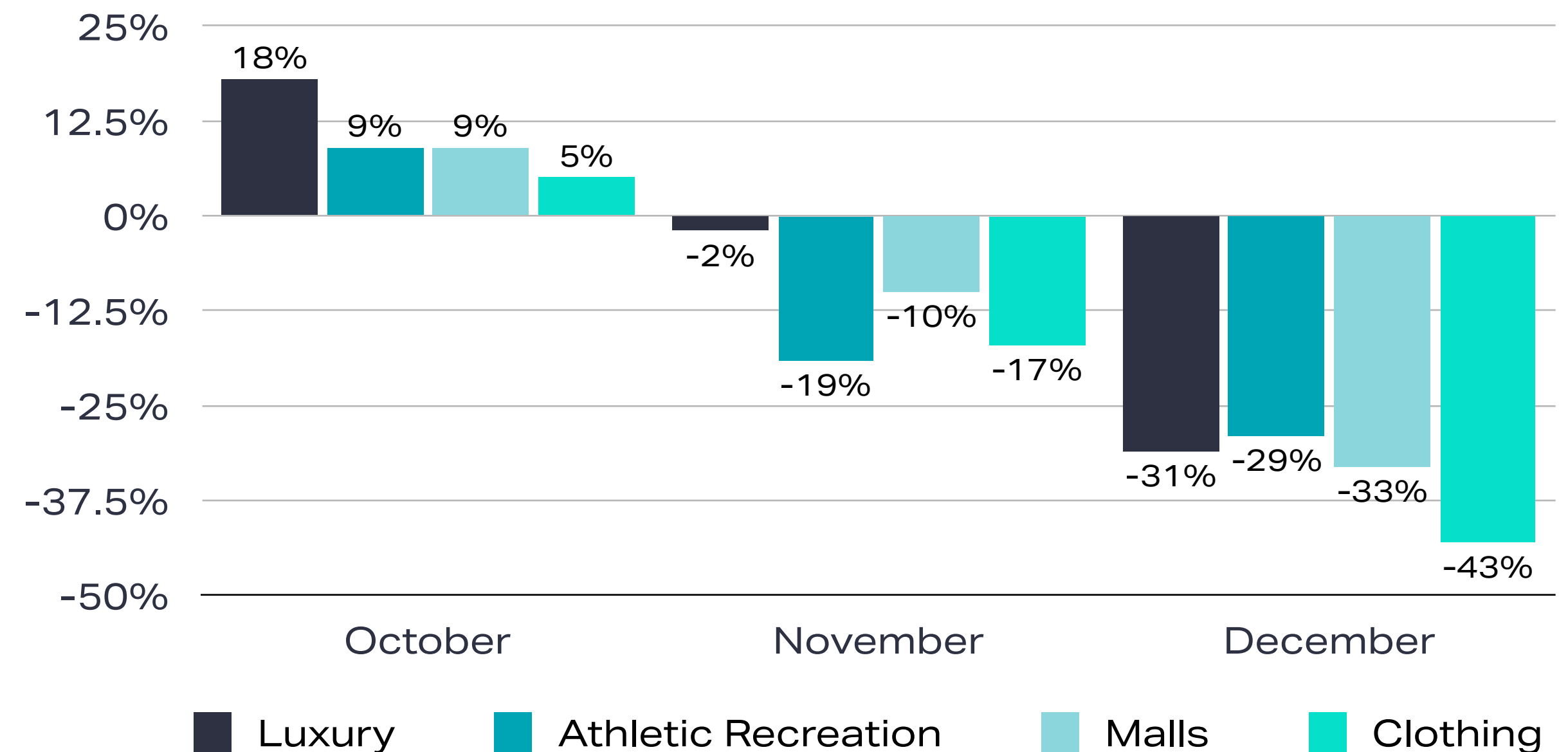


# CONSUMERS HEADED IN-STORE IN OCTOBER BUT FOOT TRAFFIC TRENDS SOFTENED THROUGHOUT THE SEASON

Brick-and-mortar retailers facing supply chain and labor concerns pushed visits earlier in the 2021 season. Despite pandemic resurgences, October in-store foot traffic experienced 1.6X growth from pre-pandemic levels.<sup>4</sup>

PlacerIQ's foot traffic data indicated a similar YoY trend, with foot traffic growth up 10% in October 2021.<sup>5</sup> December's late season foot traffic showed the sharpest drop in growth when compared to both YoY and Yo2Y across all store types.

Q4 '21 Monthly Foot Traffic Growth YoY<sup>5</sup>



Sources:

4. Placer.AI data

5. PlacerIQ Foot Traffic Data by Store Category 2021 to 2020

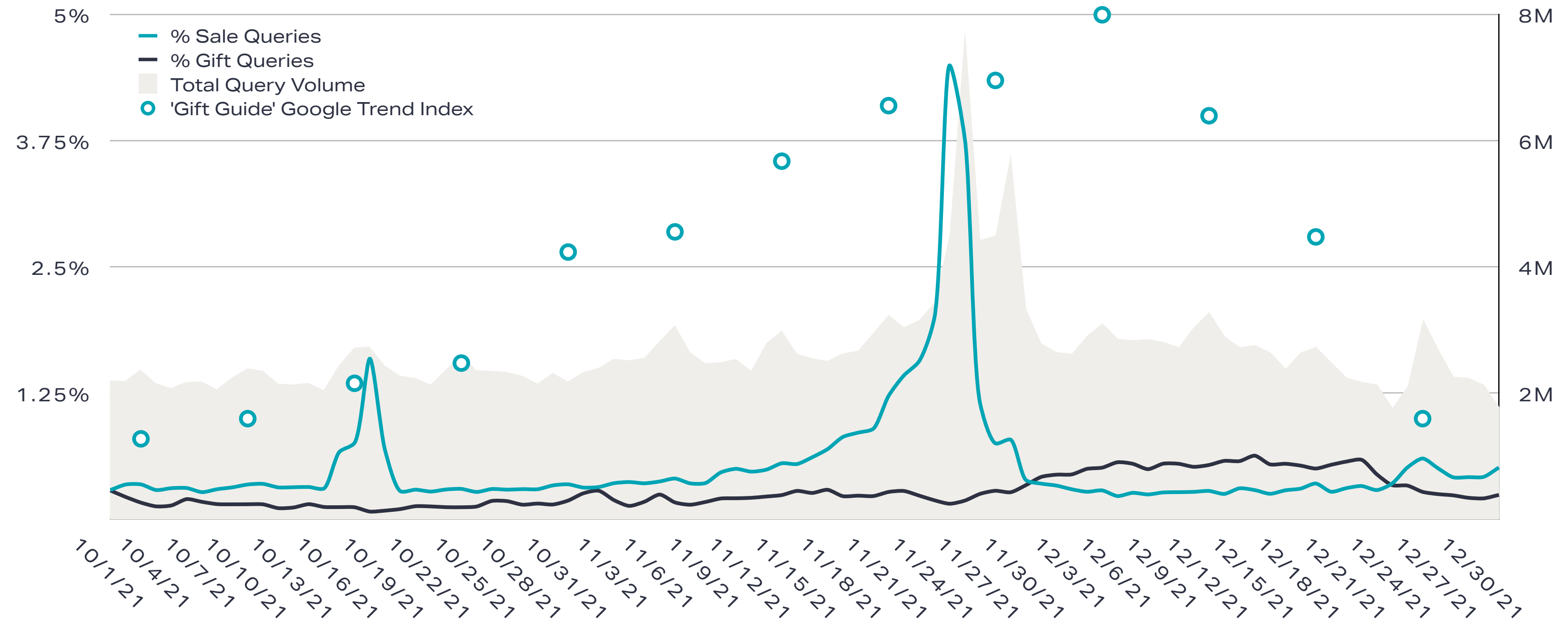
Source: PlacerIQ Foot Traffic Data by Store Category 2021 to 2020



# CONSUMERS WERE SHOPPING FOR GIFTS IN OCTOBER YET BRANDS FAILED TO CAPITALIZE ON EARLY MOMENTUM

Resulting in missed opportunities to influence purchasing decisions for new shoppers searching for gifts.

Prospecting and acquisition strategies around gifting and gift guides starting in October would have matched consumer discovery patterns around gift guides to seed awareness for branded queries later in the season.<sup>6</sup>



Sources:  
6. PMG Anonymized Opt-In Retail Portfolio Data

Source: PMG Anonymized Opt-In Retail Portfolio Data

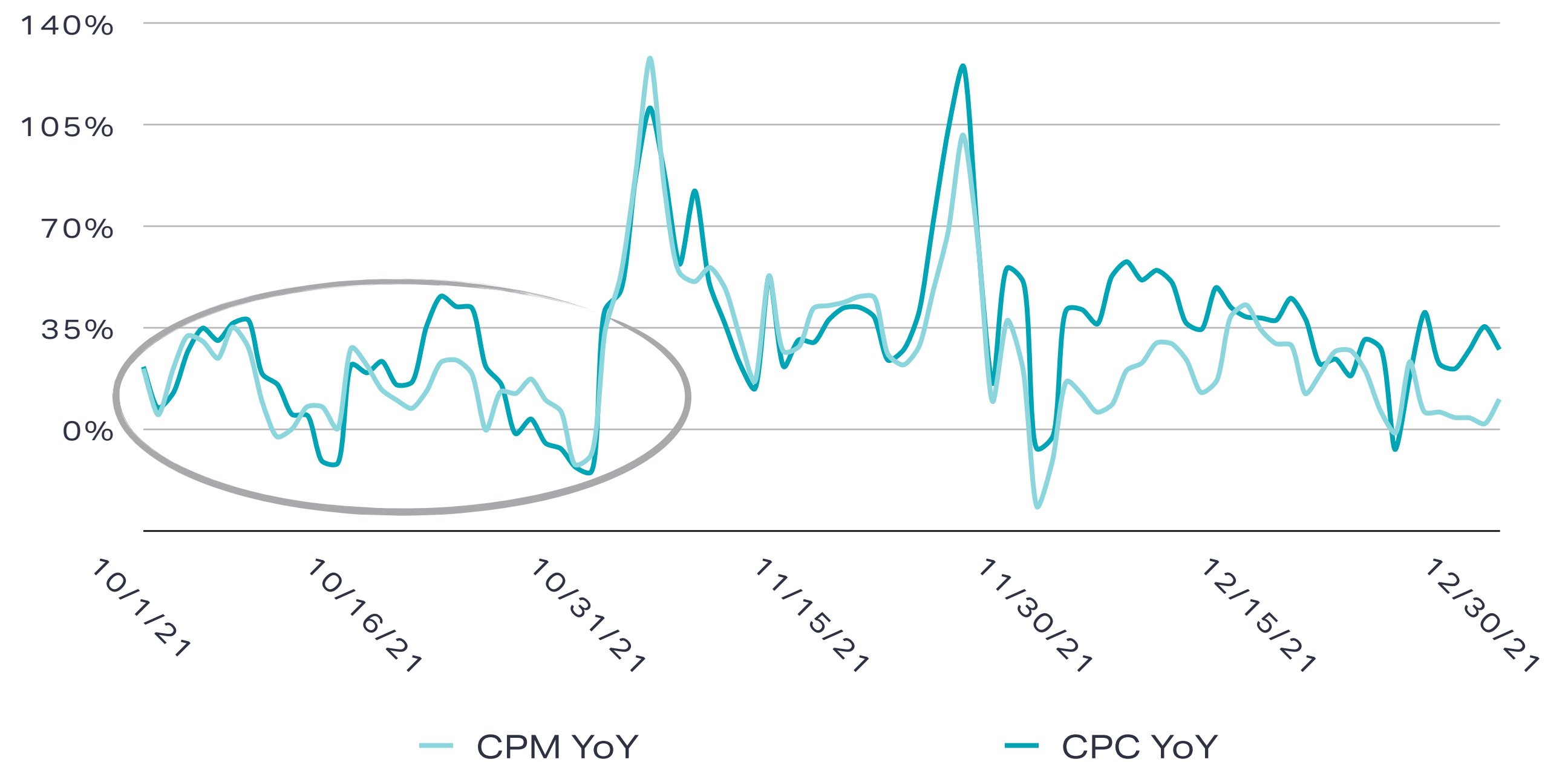


# FIERCE COMPETITION MADE IT MORE EXPENSIVE TO REACH HOLIDAY SHOPPERS IN 2021

Competition intensified throughout holiday 2021. While CPMs were up across the board, they were lower earlier in the season. Brands who take advantage of last year's learnings can capture consumers in-market in October at lower costs.

Facebook CPCs are currently the lowest they've been in years (-15% YoY September '22 to date), proving a real advantage to early-movers this holiday season.<sup>6</sup>

Q4 '21 FB CPM & CPC Growth YoY<sup>6</sup>



Sources:  
6. PMG Anonymized Opt-In Retail Portfolio Data

Source: PMG Anonymized Opt-In Retail Portfolio Data



# 2022 LANDSCAPE

**DESPITE CONSUMER SPENDING SHOWING RESILIENCY THROUGH RECENT MONTHS, CONSUMERS ARE INDICATING THAT THEY WILL SHIFT THEIR BEHAVIOR THIS HOLIDAY SEASON—BUYING EARLIER IN THE SEASON & PURCHASING LESS WHILE REMAINING ON THE HUNT FOR VALUE.**



# A RETAIL TIGHTROPE: UNCERTAINTY AND MIXED-RESULTS IN 2H

7

## Holiday shopping season expected to be muted as inflation squeezes shoppers

PUBLISHED TUE, SEP 13 2022•11:10 AM EDT | UPDATED 3 HOURS AGO

8

RETAIL

## Ultra-rich fueling sales of luxury brands despite inflation and recession fears

9

## Mastercard SpendingPulse: U.S. Retail Sales Expected to Grow 7.1%\* This Holiday Season

SEPTEMBER 12, 2022

10

HOME > RETAIL

## These retailers are killing it in the current economy, unlike other companies that are blaming their slowing sales on inflation and the supply chain

11

BUSINESS / RETAIL

## Inflation Has Shoppers Spending Sooner for Holiday

Jungle Scout's quarter trends report also showed a more frugally minded consumer.

By ARTHUR ZACZKIEWICZ

SEPTEMBER 13, 2022, 12:54PM



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Bloomberg

US Edition

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Markets  
Inflation & Prices

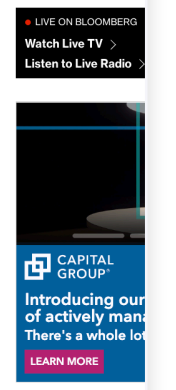
## US Consumers Show Signs of Resilience Despite Raging Inflation

- July retail sales minus gas stations, auto dealers rise 0.7%
- Walmart, Target have sights on healthy fall shopping season



Pedestrians carry shopping bags on Powell Street in San Francisco. Photographer: David Paul Morris/Bloomberg

By Reade Pickert and Brendan Case  
August 17, 2022 at 12:56 PM EDT



Sources:

7. CNBC

8. CNBC

9. Mastercard SpendingPulse

10. Business Insider

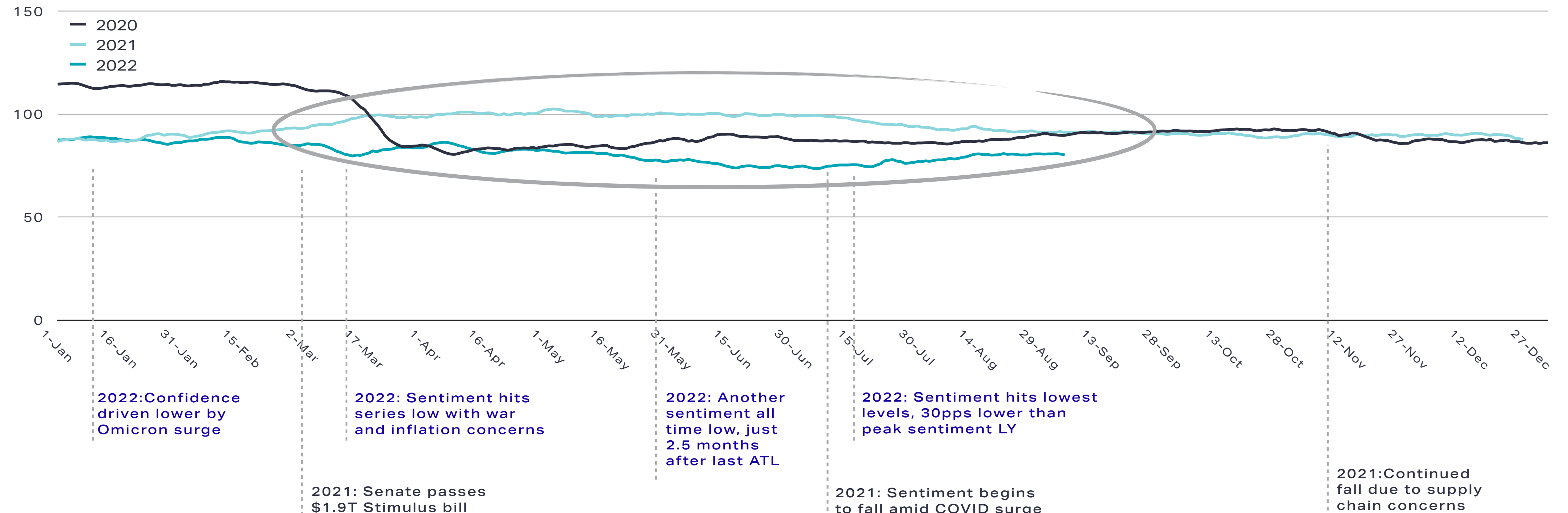
11. WWD

12. Bloomberg



# DESPITE MODEST UPLIFT IN RECENT WEEKS, CONSUMER SENTIMENT REMAINS AT HISTORIC LOWS

Morning Consult's index of consumer sentiment hit an all-time low in July due to inflationary pressures, financial volatility, and international unrest clouding consumer outlook. While sentiment does seem to be improving in recent weeks, other surveys indicate that consumers are twice as pessimistic about the economy as they have been throughout the pandemic.<sup>13</sup>



Sources:  
13. Morning Consult Consumer Sentiment Index

Source: Morning Consult Consumer Sentiment Index



# IMPACT OF SENTIMENT ON BUYING BEHAVIOR IS MORE COMPLEX

While consumer confidence is typically a good indicator of spending patterns, we have yet to see spending decline at the same rate as consumer sentiment.<sup>14</sup>

Consumers continue to spend but this new inflationary environment has them adapting where they choose to spend their dollars. Travel, leisure, and cosmetic categories remain up YoY across demographics while apparel growth has softened.<sup>15</sup>

This response to inflation is also not one-size-fits-all across consumers. Age, political party, and household income influence how they react to the current macro-environment. High-net-worth consumers are proving more resistant to inflation and recessionary pressures, as judged by strong sales for luxury retailers.<sup>16</sup>

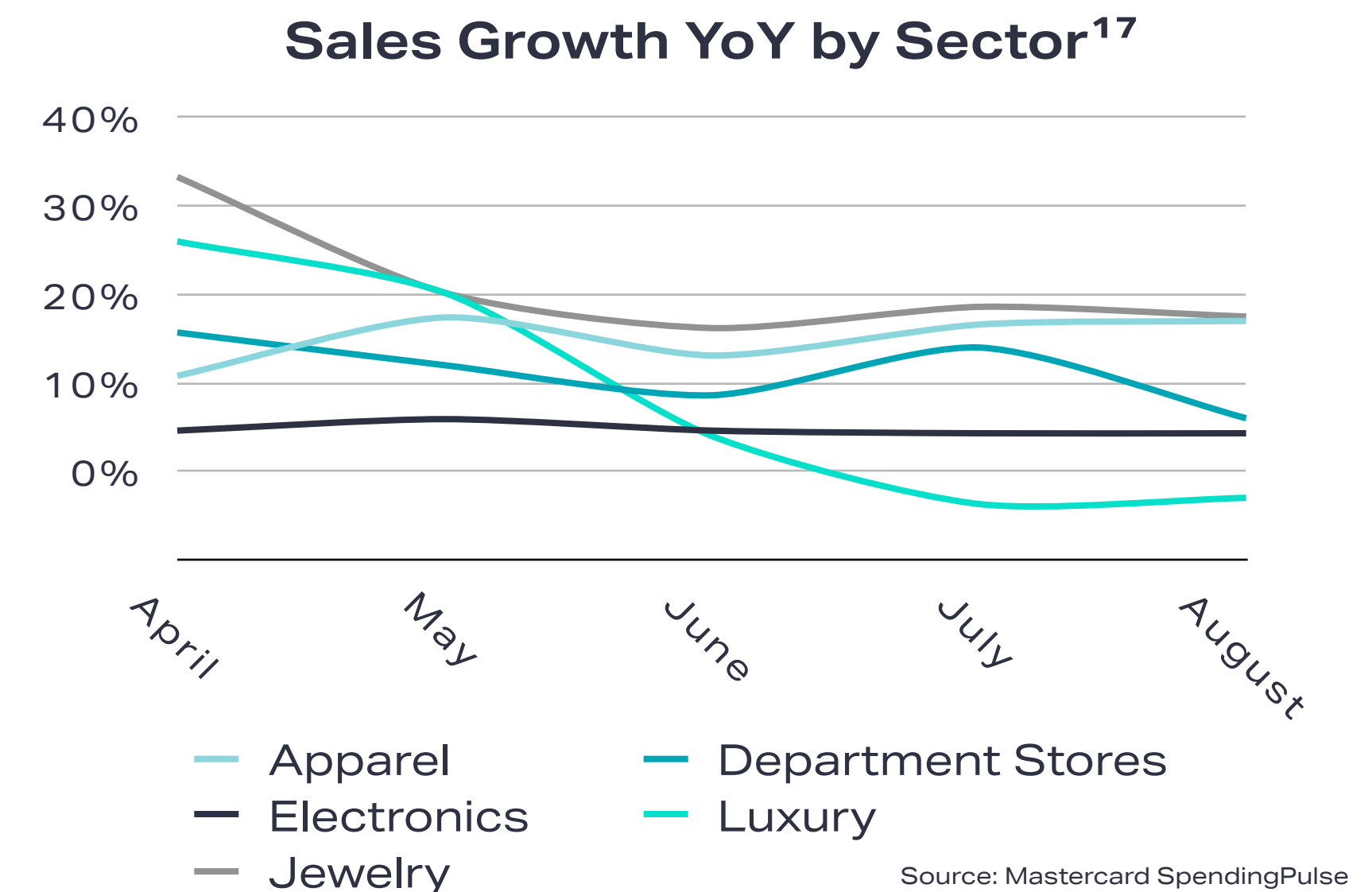
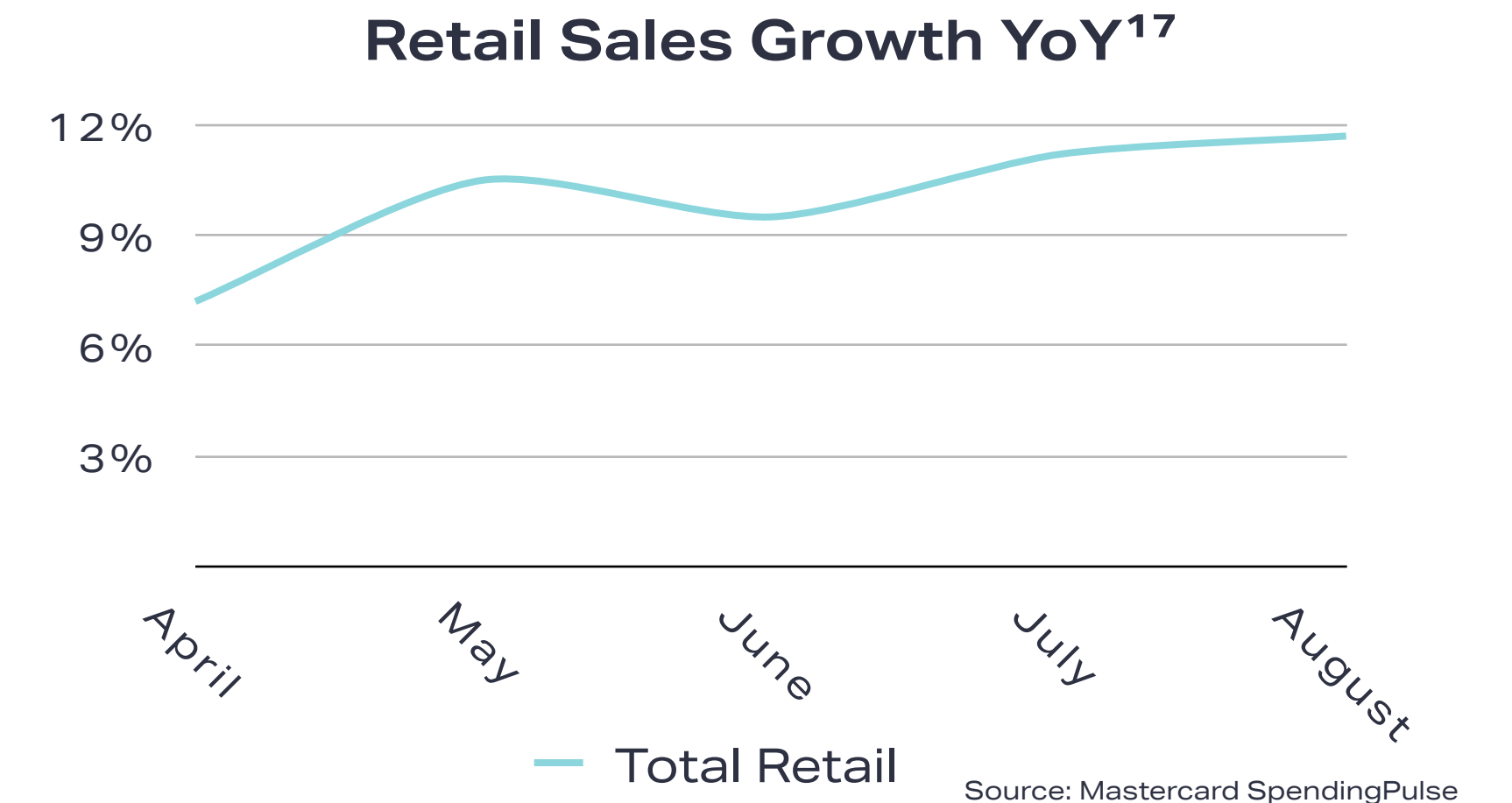
Sources:

14. Google Consumer Surveys (July/August 2022)

15. McKinsey Consumer Pulse Research

16. CNBC: "Ultra-rich Fueling Sales of Luxury Brands Despite Inflation & Recession Fears"

17. Mastercard SpendingPulse



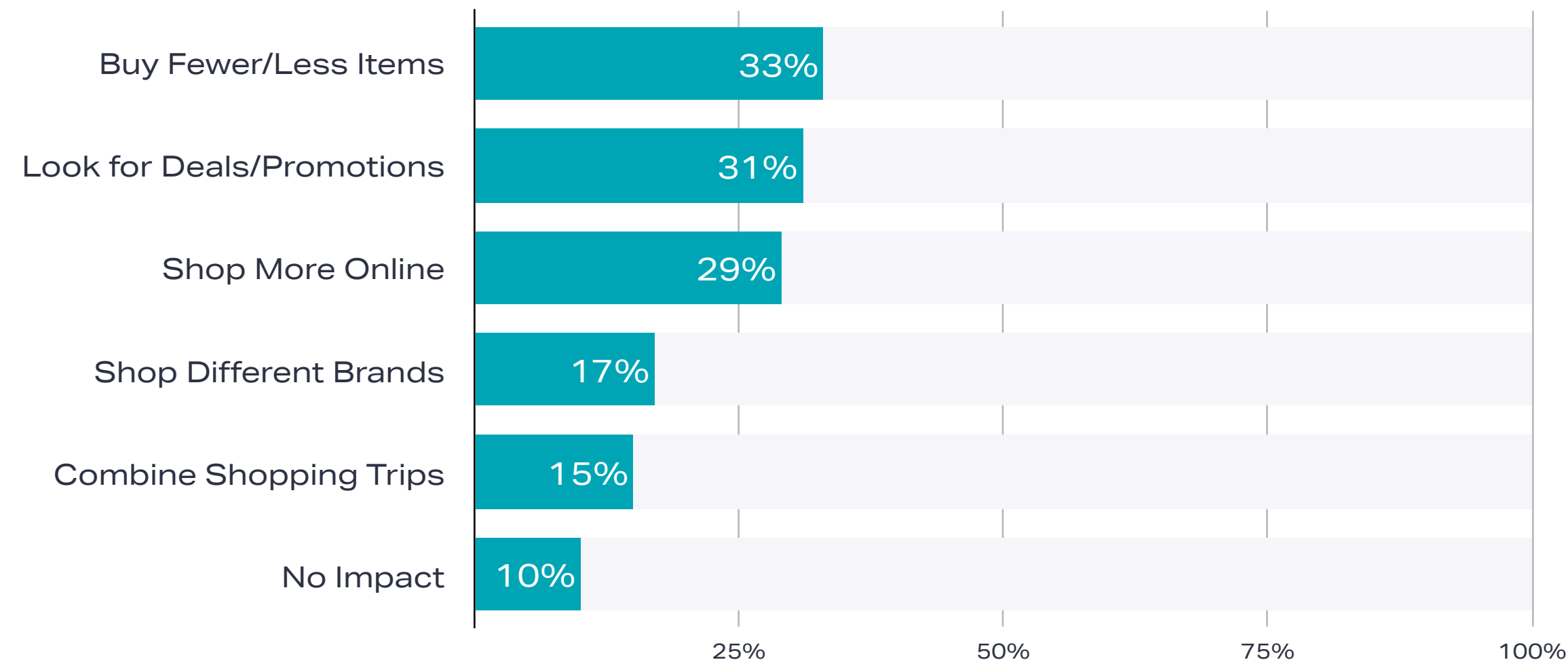


# CONTINUED INFLATION PRESSURE INTO HOLIDAY

Inflation has reached its highest point in four decades. Despite recent cooling, it continues to outpace analyst estimates and the Fed is taking action. Rising costs, impacts to the stock market, and negative headlines are causing consumers to think more about discretionary spend and be more selective with their purchases.<sup>18</sup>

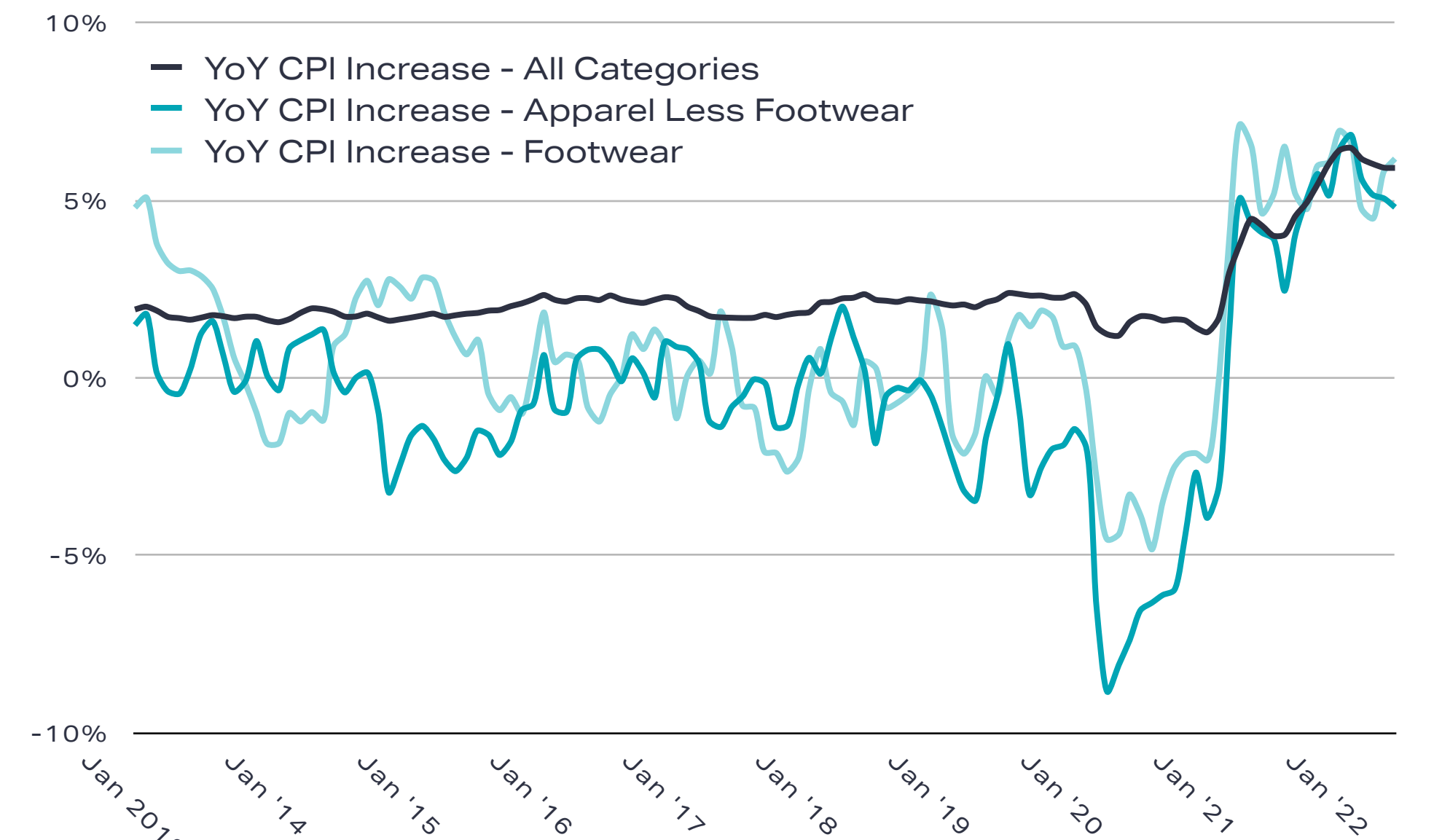
Recent consumer surveys indicate this will affect consumers' holiday shopping plans. According to Google consumer surveys, over half of shoppers are planning to buy less this holiday season due to inflation, with many waiting for sales or promotions to make their purchases.<sup>14</sup>

**What impact, if any, do you expect inflation or gas prices to have on your holiday shopping this year?**



Source: Google Consumer Surveys (July/August 2022)

Sources:  
14. Google Consumer Surveys (July/August 2022)  
18. U.S. Bureau of Labor Statistics



Source: U.S. Bureau of Labor Statistics



# SIGNALS & OPPORTUNITIES HOLIDAY 2022

**THIS HOLIDAY SEASON IS RIFE WITH UNCERTAINTY. BRANDS MUST REMAIN AGILE AND REACT TO OPPORTUNITIES IN REAL TIME.**



# WIN THE LONG GAME, COMPETE EARLY

Consumers are already indicating that they, driven by value and convenience, will start holiday shopping early and will be on the lookout for deals from the first dollar spent.

Last year's holiday results proved that **winning the season comes down to more than the traditional 'key' shopping days**. While holiday has always been a long game, it will be more critical than ever to capture demand throughout the 2022 season.<sup>20</sup>

Sources:

1. Google Consumer Surveys, Q18-44 U.S., July 2022

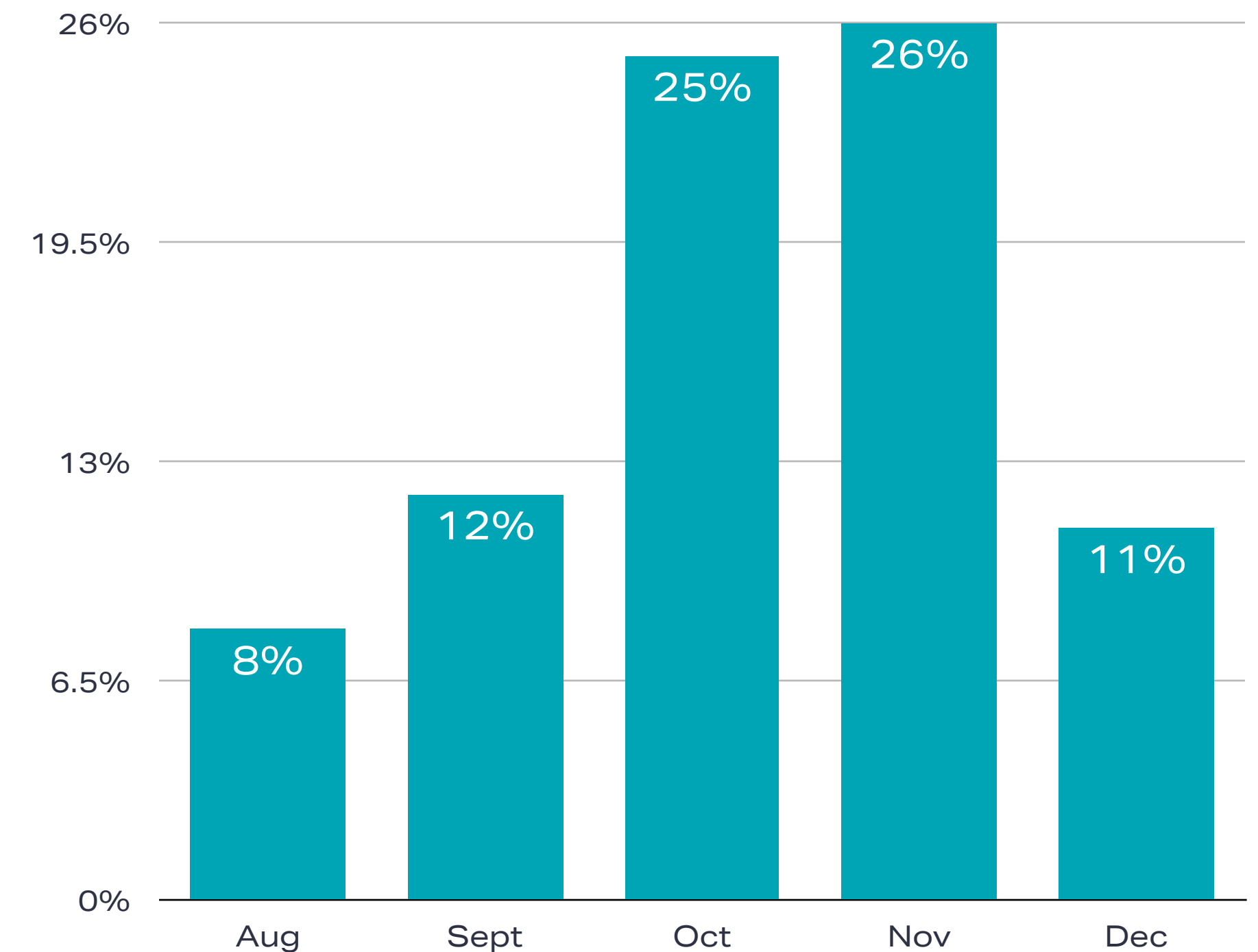
20. Mintel: Non-winter Holiday Shopping U.S. 2022, Winter Holiday Shopping U.S. 2022

2. eMarketer: U.S. Holiday 2021 Review and Holiday 2022 Preview

# 16%

of ecommerce sales came from Cyber Week in 2021, down from 18% in 2020. Continuing this trend, this holiday season it is expected that Cyber Week will have its lowest sales contribution since before 2017.<sup>2</sup>

When are you likely to start holiday shopping?<sup>1</sup>



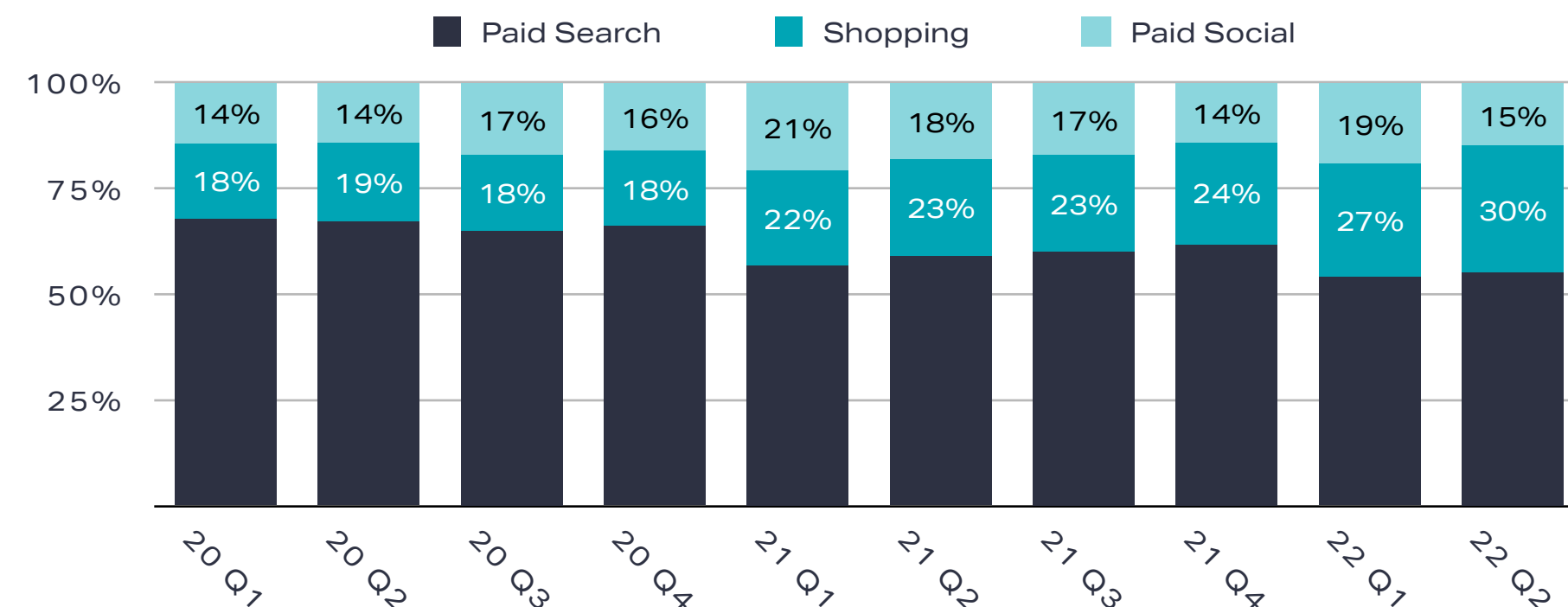
Source: Google Consumer Surveys Q18-44 U.S., July 2022



# EMBRACE FORMATS WHERE SHOPPING MEETS CONSUMPTION

The proliferation of shoppable formats and social commerce has created new avenues for product discovery, competitive differentiation, and opportunities to connect with next-generation consumers where they spend their time.

Google Shopping is now consumer's go-to for product discovery and comparison shopping, contributing +34% YoY to channel demand in Q2.<sup>6</sup>



Source: PMG Anonymized Opt-In Retail Portfolio Data

Sources:

6. PMG Anonymized Opt-In Retail Portfolio Data

21. Business Insider: "Nearly half of Gen Z is using TikTok and Instagram..."

# 40%

of Gen Z users prefer using TikTok and Instagram for search over Google.<sup>21</sup>

Consumers are now discovering products in TikTok's personalized search and via the platform's new ad formats (TikTok Dynamic Product Ads).

## Opportunities

Understand **where core and prospective customers are engaging**, browsing and shopping today by experimenting and testing.

Find channels and opportunities with **less competition and monitor real-time signals** at the product level to inform investment.

**New formats mean new creative and messaging opportunities.** Deliver full-funnel, diversified, holiday creative tailored to new platforms and audiences.

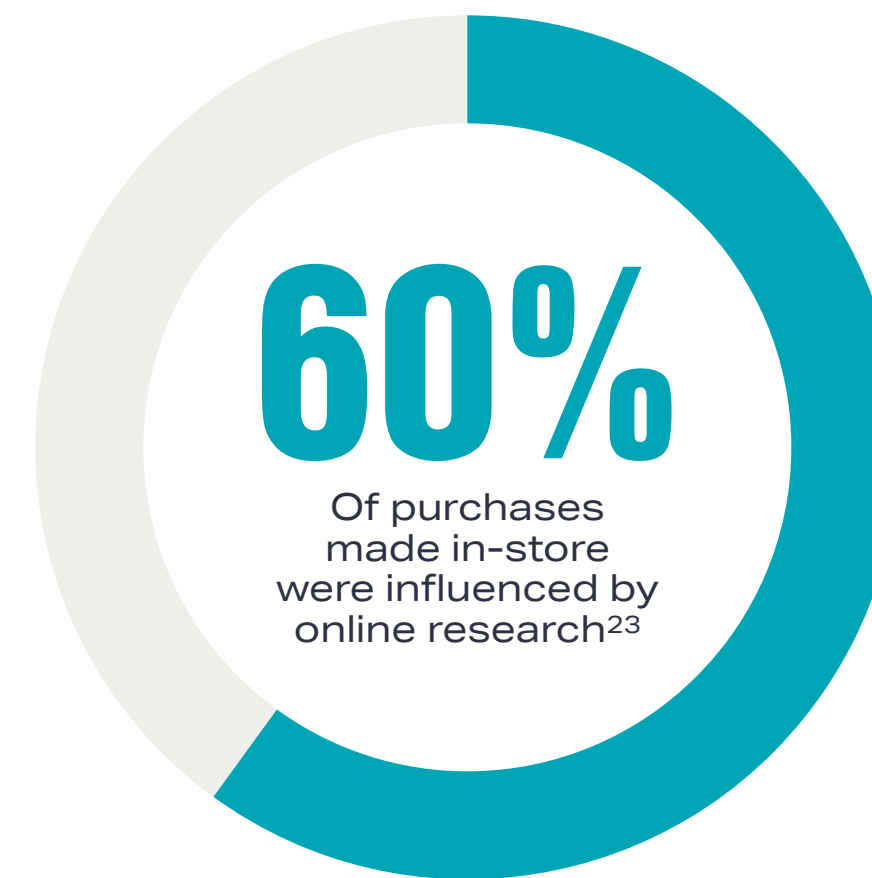


# DESIGN OMNICHANNEL CAMPAIGNS WITH INTENTION & ACCOUNTABILITY

Forecasts and consumer behavior trends are pointing to year-over-year in-store sales growth. Designing a purposeful media strategy to drive store traffic and sales is a key opportunity for omnichannel brands in 2022.

In-store sales growth consistently hovering +10-15% YoY indicates a strong consumer intent to return to stores this holiday season.<sup>22</sup>

Brands must connect the customer journey from online to offline and take advantage of DTS campaigns to drive store traffic throughout the season.



Sources:

22. MasterCard SpendingPulse

23. Deloitte InSightIQ Consumer Retail Channel Choice Survey 2021

## Opportunities

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

Measure success of DTS 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).



# FULL-FUNNEL OFFENSE: A BALANCED APPROACH TO RETAINING TOP CUSTOMERS AND CAPTURING NEW

In a time frame where customer preferences, habits, and actions change by the day, for brands to succeed they must navigate the cost of retaining high LTV customers while ensuring they take advantage of the opportunity to grow their customer file.

**66%** Of all shoppers worldwide will switch to a different brand this holiday season because of pricing.<sup>24</sup>

**37%** Of consumers left brands because of a single bad experience with a product/service, the leading driver.<sup>25</sup>

Sources:

24. [Salesforce 5th Edition State of the Connected Customer](#)

25. [PwC Customer Loyalty Survey](#)

## Opportunities

Execute a comprehensive **full-funnel media framework** to ensure paid efforts flow into overarching business goals and objectives.

Robust **customer targeting and measurement strategy**, inclusive of applied new and existing customer LTVs.



# 'VALUE' IS DIFFERENT FOR EVERY SHOPPER

There is no doubt that this holiday season will be heavily promotional and brands must maximize commercial moments.

However, consumers on the hunt for 'value' this season may not be referring to price alone. Brands must be prepared to compete across the entire value spectrum to maximize conversion, margin, and long-term retention.

## Opportunities

Root key messaging pillars this holiday season in **exactly what value means** to your current and prospective customers.

Sources:

26. M Salesforce State of the Connected Customer, 5th Edition (2022)

27. YouGov, August 2021

28. eMarketer - Stifel, "Sustainability Survey Report of Key Findings" conducted by Morning Consult, May 2022

29.. Google-IPSOS COVID Pulse Tracker, May 2022

## Customer Value Dimensions



### Price

There may be more price-conscious shoppers this holiday season than ever before, requiring brands to elevate their most competitive price offerings to win over those customers.



**50%** of shoppers plan to wait to purchase holiday gifts until they are on sale.<sup>29</sup>



### Purpose

While brand values may be taking a back seat during periods of economic downturn, they continue to be a stronger purchase motivator, especially for younger demographics. Approach brand purpose messaging authentically and strategically based on your customer insights.



**About a quarter** of consumers reported prioritizing brand values above price last year.<sup>27</sup>



### Product

Confidence of product quality, especially relative to cost, will increase competitive position in today's landscape.



**67%** of U.S. adults ranked "Quality and reliability of products or services" as the top priority focus area for brands, even higher than "offering lower prices" (55%).<sup>28</sup>



### Experience

Convenience will be king for some customers. Personalization, omni-shopping, and BOPIS are a few examples of shopping tools and services that may be considered valuable differentiators.



**88%** of customers say the experience a company provides is as important as its products or services—up from 80% in 2020.<sup>26</sup>

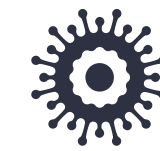


# HOLIDAY PLANNING CHECKLIST

## 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



COVID Variant Shutdown



Shipping/Distribution Center Issues



In-Store Demand Misses



Traffic Drivers (Online + In-Store)



Inventory Shortages or Product Pushes



Budget Cuts or Boosts

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



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**FURTHER READING:**

**PMG POV: Agility Through Uncertainty: Navigating Volatility and  
Recessionary Forces**