



2023 HOLIDAY SHOPPING TRENDS REPORT

Data-Powered Consumer & Market
Intelligence Unwrapped



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Intro

Welcome to the 2023 Holiday Retail Marketing Guide, brought to you by Zeta's retail experts.

As the gift-giving season approaches, making informed marketing decisions is crucial for brands with ambitious holiday revenue goals.

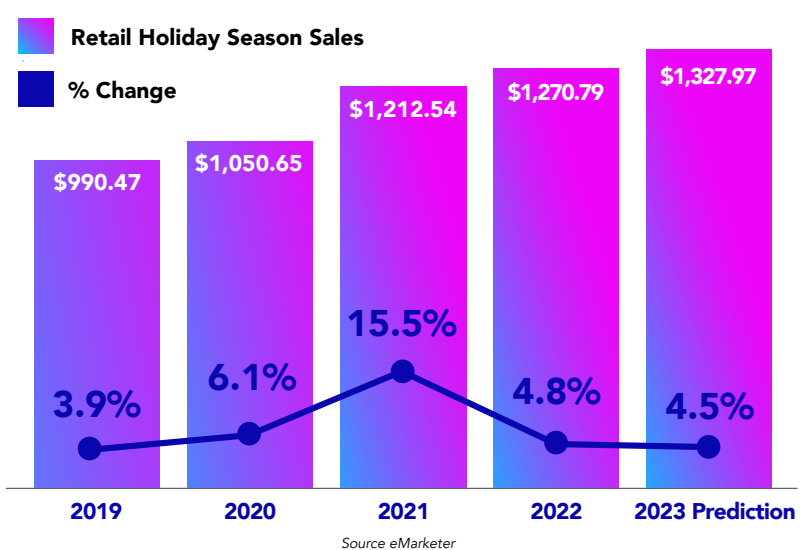
We went straight to the source and asked over 2,000 U.S. consumers about their gifting choices, budgets, preferred shopping destinations, and more. Building on our findings from last year, we've compiled insightful comparisons and data-backed strategies to guide your holiday campaigns.

Ready to make 2023 your most successful holiday season ever? Let's dive in.

PREVIOUS HOLIDAY SHOPPING SEASONS: IN REVIEW



Holiday Retail Sales Since 2019



Holiday sales in 2022 slightly exceeded their \$1.22B expectations to cross the \$1.27B mark, and hit nearly 5% in year-over-year growth. 2023 is expected to pace similarly, however it's important to note that while the percent increase might seem comparable, the total monetary value will grow exponentially as our sales amount cross into \$1.33B for the first time. When it comes to total holiday sales, the crux of them still takes place over the 'Cyber Five,' or the five days between Thanksgiving and Cyber Monday.

2022 TRENDS

As we look back on the 2022 holiday season, here are the most noteworthy trends:

\$211.7B
total online retail spending, up 3.5% YoY

7.6%
YoY increase in total retail sales

6.8%
YoY increase in in-store sales & 10% increase in eCommerce sales

Biggest shopping categories:

Toys (+206%), Video Games (+115%), and Apparel (+90%)

Key Shopping Statistics During the 'Cyber Five'



#1 Cyber Monday

 **\$11.3 billion in total sales**
 **+5.8% from 2021 to 2022**




#2 Black Friday

 **\$9.2 billion in total sales**
 **+2.3% from 2021 to 2022**



#3 Thanksgiving

 **\$5.3B in total sales**
 **+4% from 2021 to 2022**

2022 was a banner year in holiday sales per eMarketer, as Cyber Monday became the single biggest retail ecommerce sales day in history—continuing the post pandemic trend of driving more sales than the previously indomitable Black Friday. However, all days continued to grow their total year-over-year sales. And it's no surprise why. 80% of all consumers plan to shop during this time period, with younger generations like Gen Z and Millennials planning to shop at 86% and 89% clips respectively—proving that this time period will only continue to grow in importance.

STAT TO KNOW

Early Sales Don't Dampen Shopping

Worried about the continued trend of big box stores pushing their holiday sales into mid-October or earlier? Don't be. Retail sales hit new highs during the Cyber Five in 2022, underscoring the imperative for brands to focus their budgets on this critical shopping period.

2023 TRENDS & PREDICTIONS



It seems that for nearly all of 2023, the multitude of external socio-economic factors have led experts to espouse a downturn in the economy and lessening of overall retail sales. However, overall economic and retail shopping trends continue to flaunt these expectations. 2023's holiday shopping season is predicted to grow at a strong rate from recent years past.

And at the end of the day, much of what pundits are saying is just conjecture. At Zeta, we're deeply focused on cultivating the industry's best data to make informed predictions and tangible strategies that brands can use to make true impact on their bottom line. To do this, we interviewed over 2,000 consumers to gain insights into how they plan to shop in 2023—let's take a look below.

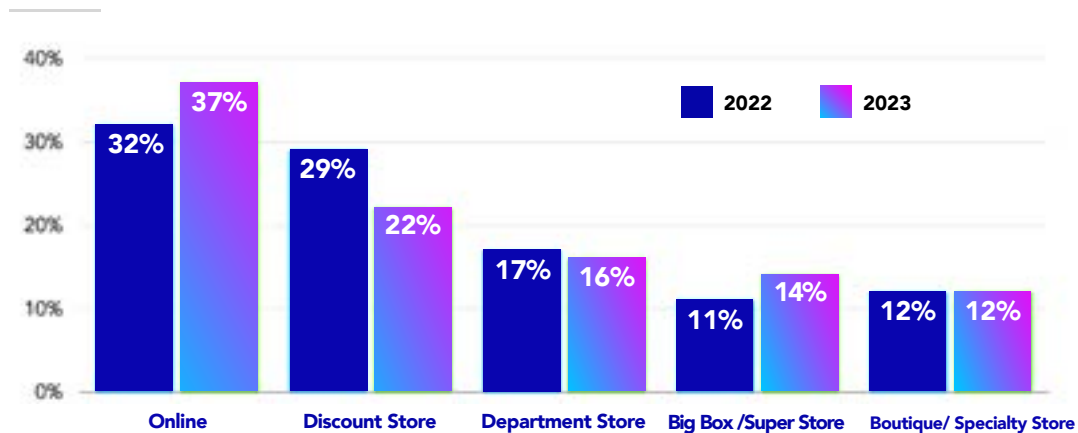
WHAT THE DATA TELLS US:

Insights for Success in 2023



Where Will Customers Do Their 2023 Holiday Shopping?

Where Are Customers Planning to Shop This Year?



As depicted above, online shopping continues to grow in importance for retail shoppers during the holiday season. It's important to note that the above data does not reflect the number of shoppers that will only shop at discount or department stores, but rather the total number of respondents who listed each shopping experience as a part of their holiday habits. For example, while online is incredibly important, many experts are predicting that the vast majority of Gen Z will prefer to do their shopping in-person this year.

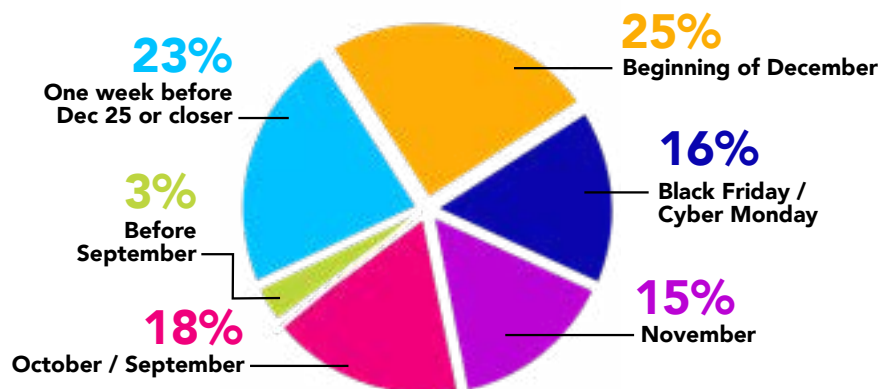
Zeta Takeaway:

This means that you need to make sure you're partnering with a marketer who can help you reach users both online and in-store, while enabling you to coalesce this data from your omnichannel efforts under one centralized hub that can give you real-time insights to inform campaign strategies and performance.

When Are Consumers Planning To Start Their Holiday Shopping?

The persistent drive for big-box stores to move their holiday sales earlier and earlier in the year has shifted marketers' mindsets to believing that the majority of holiday shopping is now happening in early November or even October. While the trend is for more shopping to happen earlier in the year, it is by no means the most important time of the year to convert potential customers. Thanksgiving through Cyber Monday will always be mission critical and marketers need to continue to place importance on this time of year, but they also need to make sure they're allocating their budget appropriately to reach and convert consumers well into December. If they don't, they'll be missing out on valuable, late-stage customer sets.

When Are Customers Planning to Shop This Year?



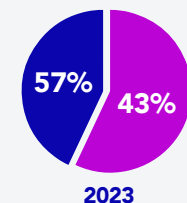
Zeta Takeaway:

The holiday shopping season lasts a long time. As the saying goes, it's a marathon, not a sprint. One of the most important things for brands to do is to make sure they're staying engaged with consumers with highly relevant, personalized marketing messages. Ensure you're working with a vendor that can understand your consumers' demographics, interests, shopping habits, locations, and more. Better yet, look into a high-powered first-party data partner like Zeta's CDP+, which can help you leverage over 235M+ unique customer profiles to better recognize, segment, and target your customers throughout the entire holiday season.

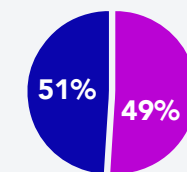
STAT TO KNOW

Are Consumers Planning on Shopping More In-Store This Year vs. Last Year?

■ YES ■ NO



2023

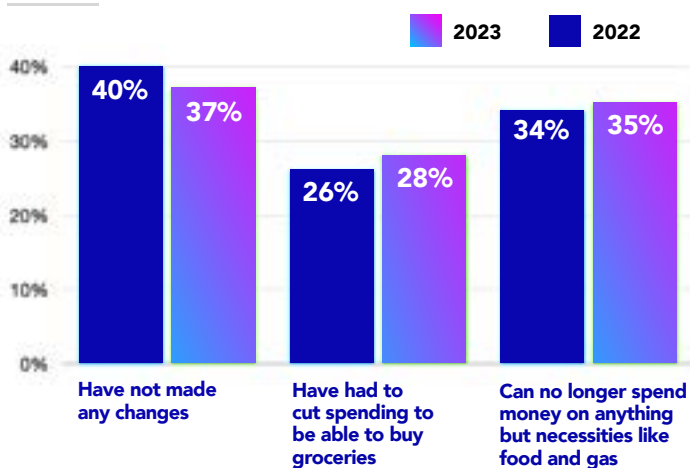


2022

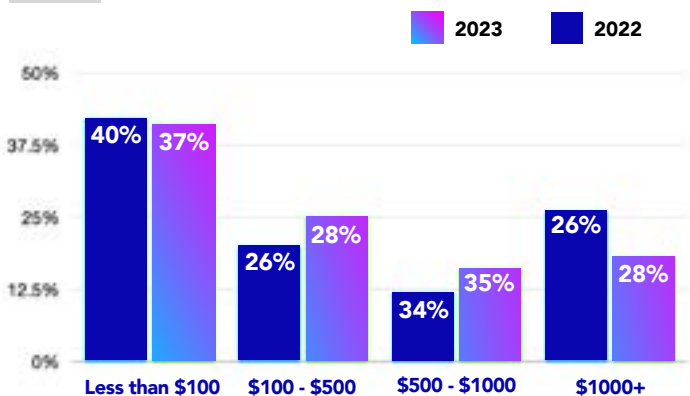
Spending Habits & Budgeting Trends

Consumer spending patterns are undergoing a shift. While 37% are managing to maintain their usual spending habits, many more are tightening their budgets to prioritize essentials, like groceries. This has had an impact on their holiday spending plans, with a significant focus on bare necessities over gifts and luxuries.

Have Customers Had to Make Changes to Their Spending in General?



How Much Are Customers Planning to Spend This Holiday Season?

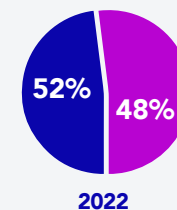
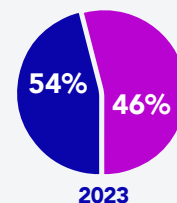


DOUBLE THE DATA

The Black Friday Contradiction

Are Black Friday and Cyber Monday Still Compelling?

■ YES ■ NO



Zeta Takeaway:

Black Friday's dead right? Not so fast. Last year, 52% of consumers claimed Black Friday wasn't compelling. In reality, Black Friday generated \$9.12 billion in sales, breaking its all-time record. While people may not be lining up at stores at 3:00am the day after Thanksgiving, the holiday is still a massive pull for consumers.

Zeta Takeaway:

Every year that we ask respondents how much they plan to spend that holiday season, they report low holiday budgets. Yet, without fail, we notice that the majority spend over their intended ceilings. The key learning here is that even though consumers overspend, they are hyper-focused on ways to save money or create the longest-term usability from their purchases. So, what are some ways that you can help speak to consumers at this cost-conscious level?

Offer Different Payment Options



Sticker shock is probably the biggest turnoff for shoppers, whether it's in-store or online. One of the best ways around this is to offer different payment options for consumers. "Buy now, pay later" with companies like Afterpay or Affirm is a great example. Similar to layaway plans, this allows consumers to purchase and receive their products while paying for them in bite-size installments that are more manageable. Similarly, you can leverage different options like buy online, pick up in store (BOPIS) and buy online, ship to store (BOSS) to provide more convenience for customers and help mitigate any price concerns.

Focus Marketing Copy on Discounts and Deals



This is pretty self-explanatory, but you'd be surprised by how many marketers bury the lead when it comes to their marketing campaigns. If you're a brand that offers discounts and deals, make sure to prominently feature them across all of your outreach throughout the holiday season. Marketing messages that showcase things like percentage discounts, 2-for-1 deals, membership perks, and more should be given the marquee treatment in your advertising copy. Personalize outreach based on their spending tier.

Personalize Marketing to Individual Shoppers



Not every shopping tier is built the same. The best marketing teams avoid spray-and-pray outreach by focusing on how they personalize to each consumer in their target lists. To do this, utilize a company like Zeta that can help you identify key prospects and segment them by demographic data, like their spend levels. For example, we noticed that those in higher spending tiers plan to shop more online this year, helping brands focus their efforts on that channel. Similarly, we noticed Gen Z and Millennials make up the lion's share of the lower-spend tier and care more about experiential gifts— so brands should align their messaging with that ideology if they're targeting those generations.

What Makes Customers Choose One Retailer Over Another?



STAT TO KNOW

Are Customers Planning to Make Changes to Their Holiday Spending?

63% of responders have made spending changes this holiday season

37% of responders have not made any spending changes this holiday season

Zeta Takeaway:

Price is still king. 43% of U.S. consumers say pricing is the primary differentiating factor in choosing one retailer over another, carrying over from last year. Additionally, 14% emphasize the importance of coupons or discounts, further highlighting how consumers are paying attention to prices above all else—and 7% care most about cheap shipping. That said, we found this isn't always the case when it comes to experiential gift giving. If you are in the travel or entertainment industry and can offer experiences to your shoppers, our survey respondents mentioned being willing to shell out a bit more. If possible, showcase how your products can be used to help enhance experiences for shoppers in your messaging this holiday season.

Top Gifting Trends

Almost half of U.S. customers plan to stick with traditional gifts, such as toys, electronics, and clothing. However, over a third are opting for non-traditional gifts like gas cards and grocery gift cards, reflecting a practical approach. The choice of gifts correlates directly with customers' financial situations: those who have reduced their spending are most likely to gift non-traditional, pragmatic items.

STAT CALL-OUT

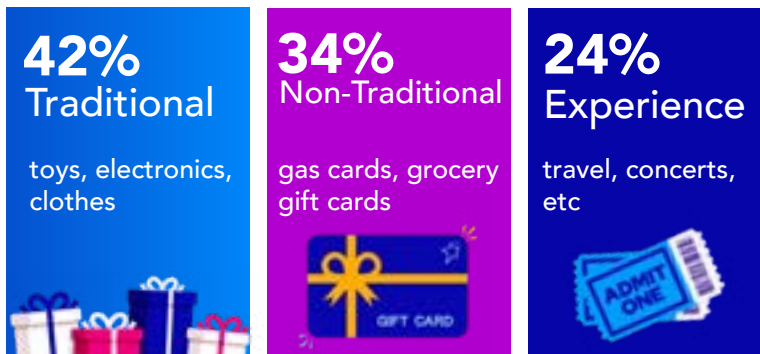
47.6%

of responders who say they no longer spend money on non-essential items plan on giving non-traditional gifts.

35.3%

of customers who haven't changed their spending habits plan to give experiences rather than traditional gifts.

What Kind of Gifts Are Customers Planning to Give This Year?



User Profiles

Traditional Gift Givers

Consumers planning to give traditional gifts

- Aged 45-55
- Household Income \$75k-\$199k
- 52% Male, 48% Female

Non-Traditional Gift Givers

Consumers planning to give non-traditional gifts

- Aged 45-55
- Household Income \$45k-\$74k
- 49% Male, 51% Female

Experiential Gift Givers

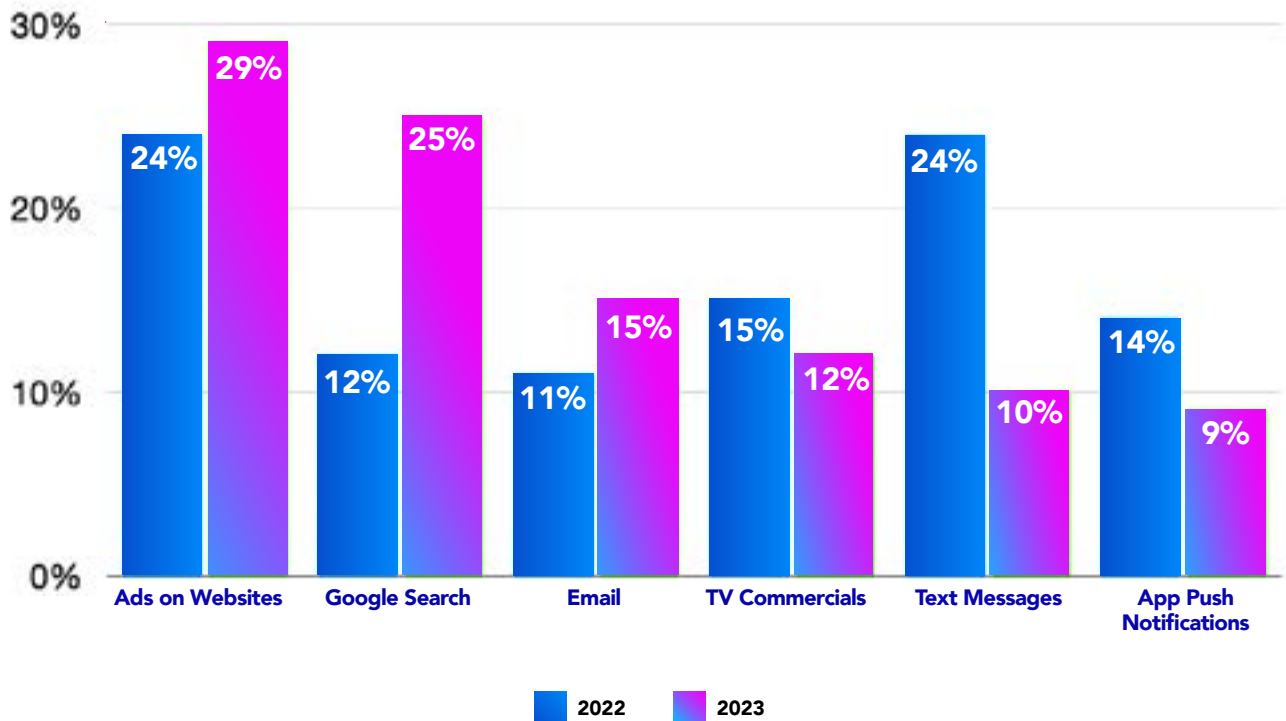
Consumers planning to give experiences

- Aged 45-55
- Household Income \$45k-\$74k
- 50% Male, 50% Female

Zeta Takeaway:

We made some interesting findings when surveying respondents on their purchasing intent this year. Those who plan to give unconventional or experiential gifts skew more female and fall into lower income brackets. This tracks, because we found that Gen Z and Millennials typically prefer these types of gifts and make less money than older demographics. Conversely, more classic gift givers tend to skew older and have deeper pockets, likely because older generations err on the side of tradition.

How Do Consumers Discover New Products?



Zeta Takeaway:

For the first time ever this year, ads on websites eclipsed search as the most popular way for people to discover new products for purchase. One key thing to note, is this did not delineate between ads you might see on a news site and ads across platforms like TikTok and Instagram. Social purchasing is almost certainly driving the majority of this growth. With this in mind, make sure you're focusing on social media as an important sales driver. Deploy ads on these platforms that are highly visual with prominent, thumb-stopping CTAs.

Additionally, no platform holds a truly clear majority here. People can click on an ad anywhere and anytime. To supercharge your campaigns, consider leveraging the Zeta Marketing Platform. Zeta's unique identifiers recognize everyone as an individual, enabling precise targeting and personalized offers that reach consumers across platforms with the right messaging at the right time. This helps take the guesswork out of optimizing and managing campaigns to ensure you're driving the best results possible.



RECOMMENDATIONS

for a Successful 2023 Shopping Season



Key Strategies for a Successful 2023 Shopping Season

Let's explore our top strategic recommendations for powerful marketing campaigns this holiday season. From AI to social commerce and immersive retail experience, these are our hand-picked strategies for maximum impact.

Top of Funnel Acquisition

There is no time like the present to build top-of-funnel strategies designed to draw in new active buyers for the holiday season.

To drive top-of-funnel acquisition, you should:

- Use real-time, relevant data to identify and target new customers only, driving higher ROI
- Leverage people-based search to hyper-target in-market audiences
- Run acquisition email campaigns to reach new customers who are statistically similar to your current customers

Zeta Holiday Tip: 2023 started strong, but as June hit, sales started to slow. This means retailers will need to execute their campaigns early and deploy tactical targeting to meet their Q4 goals.

AI & Automation

Generative AI and ChatGPT changed the game in 2023, with customers already using these technologies to discover new products. Consumers will now expect even more from retailers.

There are many ways that you, as a retailer, can leverage AI to drive holiday customer acquisition and sales. Here are some use cases for generative AI in your tech stack:

- Gain insights into your audience's competitive buying behaviors so you know what other brands consumers are considering
- Use real-time data to power audience discovery and create clusters on the fly to drive targeted messaging, at scale
- Take the time now to build out all your customer journeys in an automated way, improving the shopping experience and leaving you more time to spend on strategy

Zeta Holiday Tip: As a starting point, ensure your tech stack is equipped with generative AI. Generative AI is fundamental for marketers, and those who are slow to adopt this technology will invariably get left behind.

Social Commerce

Social media, when done right, is a powerful tactic to drive traffic to your website and your brick-and-mortar stores. In fact, referrals from social media to retail websites have grown by 25% this year.

Social commerce takes that one step further, as the entire shopping experience from product discovery and research to checkout, takes place directly on social media. Social commerce is experiencing significant growth in 2023.

Here are our top tips for social commerce success:

- Adopt a dual approach leveraging both your brand's social ads and collaborations with influencers
- Select and promote a few hero products that are relevant to specific demographic-based personas - this will typically be more effective than generic messaging
- Collaborate with authentic content creators who align with your brand values rather than large celebrity influencers

Zeta Holiday Tip: Social ads drive +7% more traffic than traditional ads. Regardless of the size of your brand (think: Walmart vs. D2C), social commerce must take a leading role in your marketing strategy—for the holidays and beyond.

Immersive Retail Experiences

The appeal of in-store shopping remains strong. However, in 2023, the primary function of stores is no longer purely transactional. It's all about the experience.

With Gen Z customers seeking community and engagement, over 40% of retailers have invested in technology to enhance the in-store experience.

Here's how to harness the power of immersive shopping experiences:

- Invest in tech innovations like interactive displays, product hacks, and endless aisle options
- Draw inspiration from successful launches like Barbie that incorporated 4D events and cocktails into its marketing mix
- Consider offering some products exclusively in-store to drive foot traffic

Zeta Holiday Tip: Infuse pop-culture trends and core narratives into your store concept for a captivating and relevant immersive shopping experience.

Improve Margins for Online Transactions

Online margins often fall short of in-store margins. Retailers need to strategically boost in-store traffic while reevaluating online operations for improved margins.

Here are some key ways to claw back more profit from online sales:

- Encourage foot traffic with online campaigns highlighting in-store advantages
- Scrutinize online fulfillment costs, focusing on streamlined return processes and redirecting unwanted items to a returns bar in your brick-and-mortar store
- Use product recommendation tools to increase Average Order Value (AOV) and Units Per Transaction (UPT)

Zeta Holiday Tip: Our data shows that customers are looking for the best prices this season. However, overuse of generous discounts can quickly destroy your margins. Utilize price sensitivity scores to determine if a customer really requires an offer to be motivated to purchase.

Lean into Loyalty

As competition heats up and many brands' marketing budgets decline, customer loyalty is high priority. Loyalty programs are undergoing a remarkable resurgence, breathing new life into established initiatives and unveiling fresh approaches.

Here's how to harness the power of loyalty programs:

- Collaborate with external brands for cross-platform rewards, exemplified by Delta Airlines linking with Starbucks credits
- Offer customizable rewards, recognizing diverse preferences and reinforcing brand-consumer relationships
- Encourage mobile engagement using QR codes across advertising channels, from in-store to TV, offering endless interactive possibilities.

Zeta Holiday Tip: Successful loyalty programs drive emotional attachments to brands. Be sure to reward non-purchasing behaviors such as social media engagement, product reviews, poll participation, and collection of zero-party data to forge a connection beyond transactional value.

Sustainable & Circular Commerce

The allure of sustainable and circular (or recommerce) is on the rise, reshaping consumer preferences and brand strategies. Customers are increasingly opting for pre-loved items to be more sustainable and save money.

Here is how your brand can get in on the trend:

- Boost the resale market's appeal by offering slightly used or new-with-tags items, catering to cost-conscious consumers seeking a premium experience
- Look into established resale platforms like Poshmark, The RealReal, and eBay, or create your own resale channels to tap into the thriving market
- If you already have a resale program, spotlight your resale site on your homepage to highlight conscious gifting, and include pre-loved items in your holiday gift guides

Zeta Holiday Tip: To determine if your brand is a good fit for the resale market, collect data on product requests and analyze past sell-through velocities.

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FINAL THOUGHTS



With record-breaking growth in Black Friday and Cyber Monday sales last year, there's every reason to maintain a positive outlook for the upcoming holiday season.

However, as consumers rein in their spending and become more discerning, marketers will need to be even more strategic in addressing their target audience. To thrive in this environment, leveraging cutting-edge technologies such as AI, embracing new trends like social commerce, and implementing a robust omnichannel marketing strategy will be essential for retailers seeking to stand out and succeed.

Happy holidays!

About Zeta

Zeta's platform and data empower many of the world's largest consumer brands to acquire, grow, and retain their customers at a lower cost. We help brands, agencies, and publishers to drive growth and connect with their customers.

With the Zeta Marketing Platform, brands can build highly individualized experiences based on real intent, at scale. Our industry-leading, AI-based technology enables businesses to connect their data sources and recognize customers and prospects across channels and devices.