



2022 Holiday Shopper Report

Habits, Trends, and Motivators

Coveo surveyed 4,000 consumers in July to uncover what will persuade shoppers to open their wallets this holiday shopping season — and what will curb returns.



If You Personalize, They Will Buy

Few people thought that retail predictions could be more uncertain than during the Covid years, but economic ups and downs this year have actually made it more so.

This is especially true going into the holiday season since **about one-fifth** of retail sales come during November and December. In **some segments**, that figure is closer to one-third.

But as our **Spending Trends and Impact Holiday Shopping Report** points out, people are ready to shop. Indeed our research shows spending patterns will hold - but how and when they spend will change.

In this, our second report from that same survey, we look more closely at what shoppers want - and how retailers can better meet their needs.

This seems particularly tricky since personalization is in the eye of the beholder. Some shoppers want search bars, others want recommendations. Some shoppers want reviews, others want to know what their network has found useful. Some shoppers want what's trending, others want to know what's available for local pick-up.





Retailers need to meet the wants of a growingly diverse group of shoppers, so their sites need to be flexible enough to provide an array of tools — without overwhelming any one shopper. Think of it as having a personalized site for every shopper who visits.

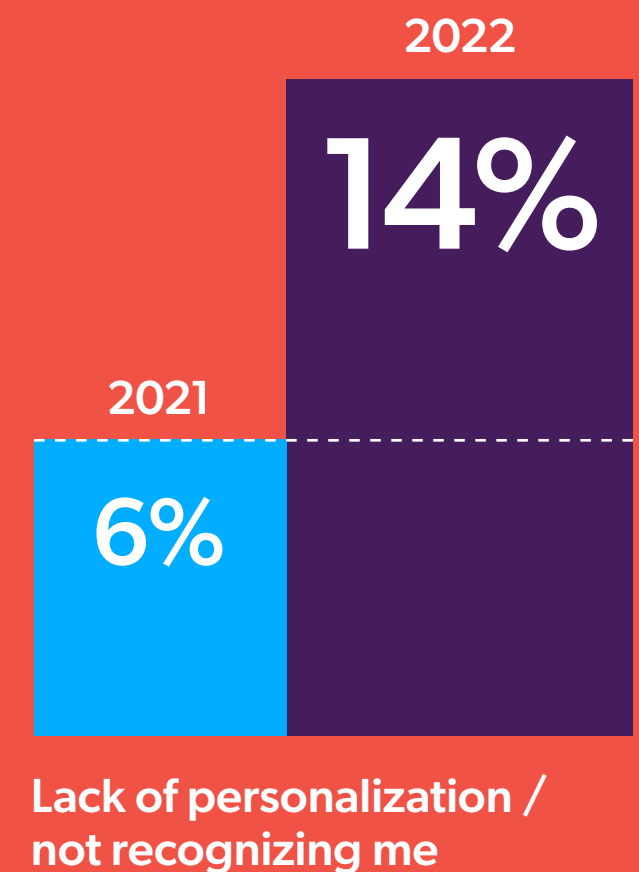


1:1 Personalization Is a Requirement

Having the luxury of comparing year on year data enables us to see what's more important to customers in 2022 than it was in 2021. Lack of hyper-personalization, or 1:1 personalization is causing people to leave a website without purchasing in increasing numbers. While only 6% last year, it more than doubled to 14% — and is likely to increase in 2023 as shoppers become more aware. If you are spending hoards on driving people to your site — you don't want to see them disappear.

Customers want to be recognized and not have to start from scratch every time they purchase from a brand. Personalizing 1:1 and solving the cold start shopper problem are two ways businesses can respond to this customer need.

Personalization is knowing who someone is when they get to your site.
Hyper-personalization is knowing what they want when they get there.

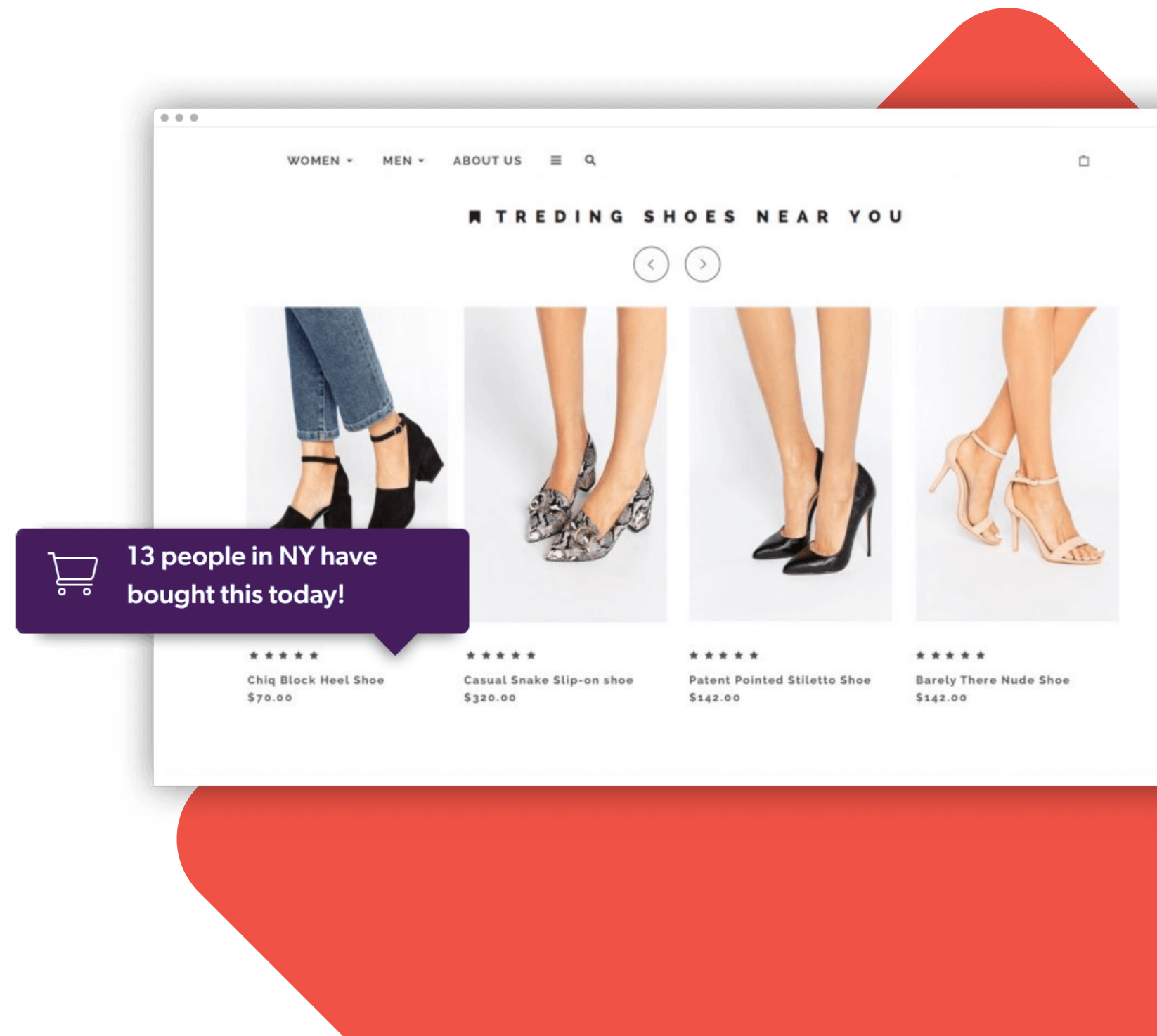


Psychological Motivators Are Important

Overall, shoppers are looking for tailored offers, discounts and promotions. And that means different tools to serve different types of shoppers.

Our survey determined that there are five very distinct buying ages - all looking for personalized experiences - in different ways. Our youngest cohort, Generation Z, is ready to buy but recommendations by trusted individuals are crucial to their decision making. Other generations are more likely to buy based on top reviews, what's trending, and best seller labels.

When asked which personalization tools they liked, 51% said they want tailored offers, discounts and promotions, 47% say they like top selling product notifications, while 34% prefer low stock warning alerts.



Cart-size Is Important ... No Returns? ... Priceless.

Providing shoppers with hyper-personalization and the right motivators is important — because you not only want them to buy; you want them to keep their purchases.

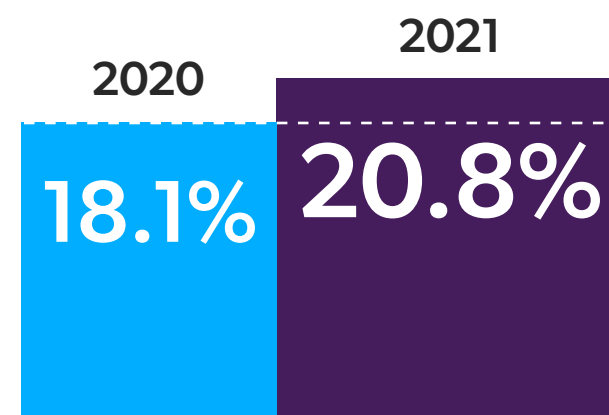
Returns are a major problem in retail — and getting bigger, according to the [National Retail Federation](#). For online sales, the return rate grew to 20.8% in 2021, up from 18.1% the year before.

Clothes not fitting or looking the same as it did online is the biggest reason for returns for 55% of respondents, while 46% said that poor quality prompted them to return something.

According to our survey, 22% of shoppers want virtual try-on tools. These have the potential to address some of the top reasons

behind returns, including incorrect size or bad fit or color. Virtual try-on could even address the practice of ordering multiple items with the intent to return some, which is especially common among Gen Z shoppers.

This may not be surprising given that 50% said that they shop for fashion and apparel online. Remember this when considering your discounts.



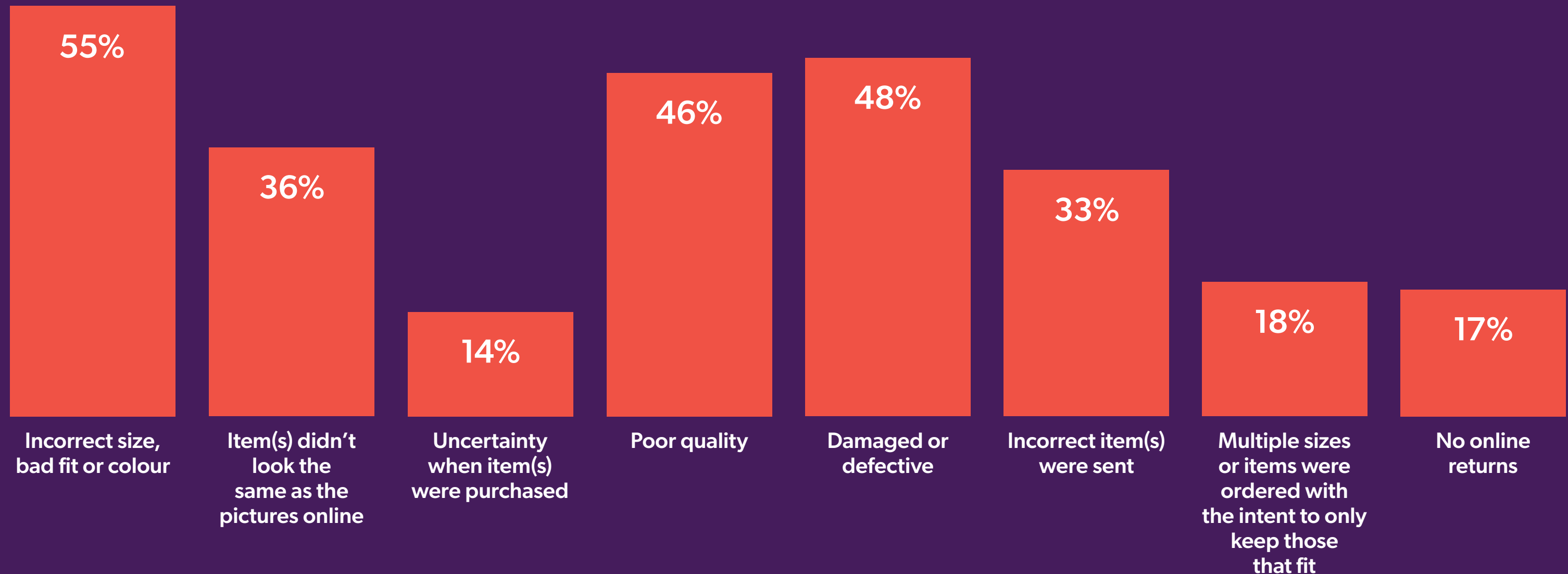
Online sales return rate



Globally, retailers lose more than \$600 billion in revenue each year because of returns.

Top reasons for online returns

Which of the following would you say are the top 3 reasons for returning items bought online ?



Gen Z Shoppers Crave Reviews

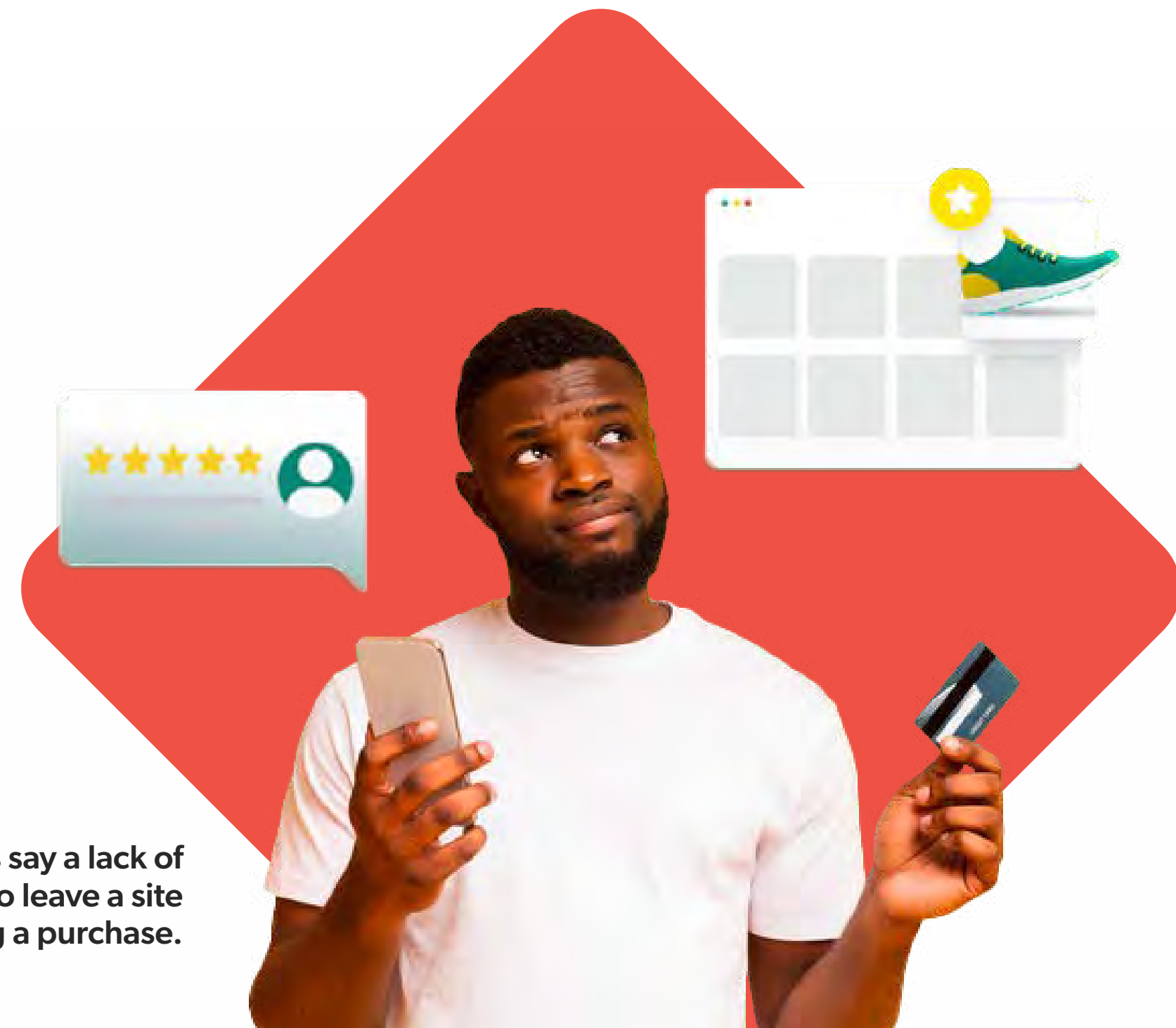
Reviews and recommendations based on past purchases can also help shoppers hone in on factors that could lead to returns and identify whether items are right for them.

Coveo's survey indicates that online retailers have opportunities to improve customer experience in these areas.

When asked what would make them leave a site without making a purchase, 36% cited limited/no reviews, and 32% said the same about a poor mobile experience.

Unsurprisingly, 68% said they would leave a site if they can't find what they're looking for, and 51% said they would leave if the site isn't easy to navigate. Again, these trends were even more dramatic among Gen Z consumers.

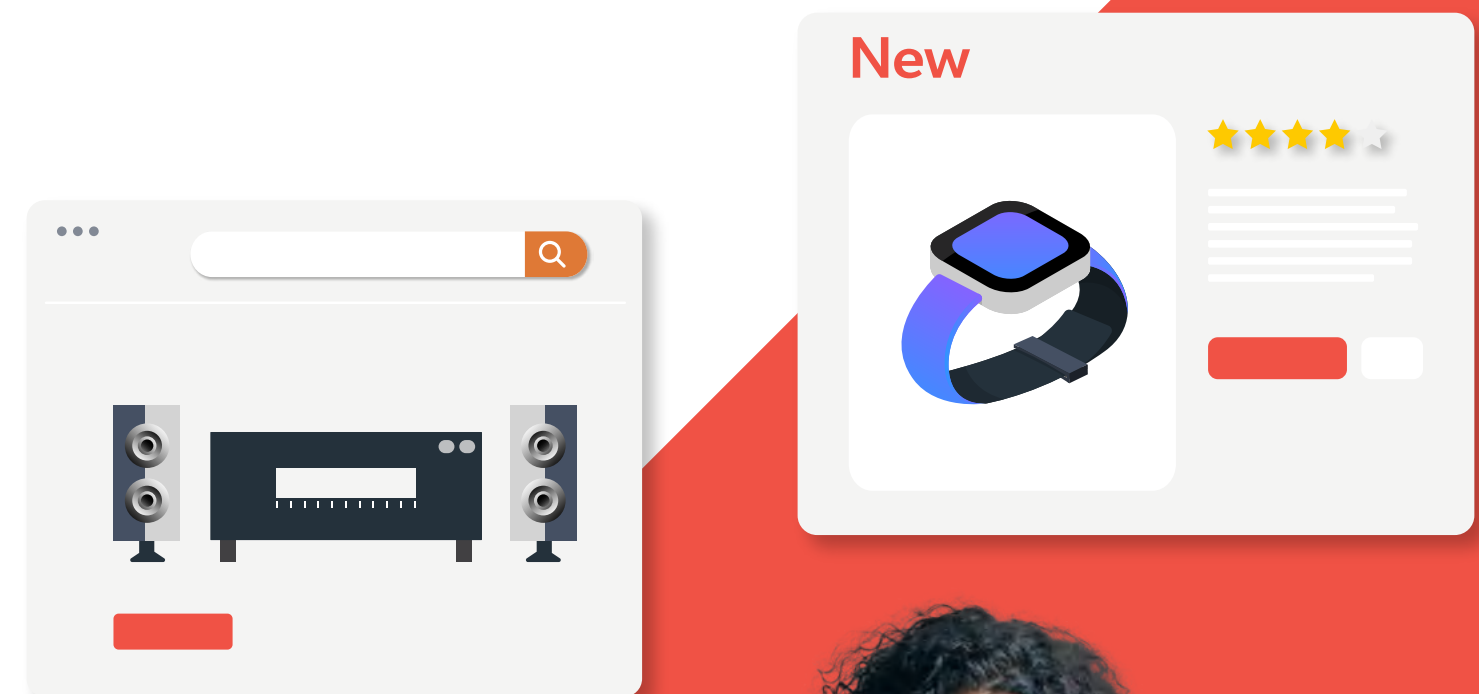
Almost half of Gen Z shoppers say a lack of reviews would cause them to leave a site without making a purchase.



Personalization Looks Different by Age

Besides reducing returns, enhancing relevance and personalization can also keep shoppers on your site — and increase the odds that they make a purchase. As the pandemic fueled the rise of ecommerce, consumers also raised their expectations for online shopping experiences. Consumers want sites to guide them to the items that will meet their needs. But how they want to get there can vary by age.

Gen Xers and Baby Boomers are more likely to use the search bar than Gen Zers. On the other hand, Gen Z shoppers are more likely than older generations to rely on recommendations or to use a “new in” section.



Fashion Rules Online Shopping

The top **five** retail categories that attract online shoppers



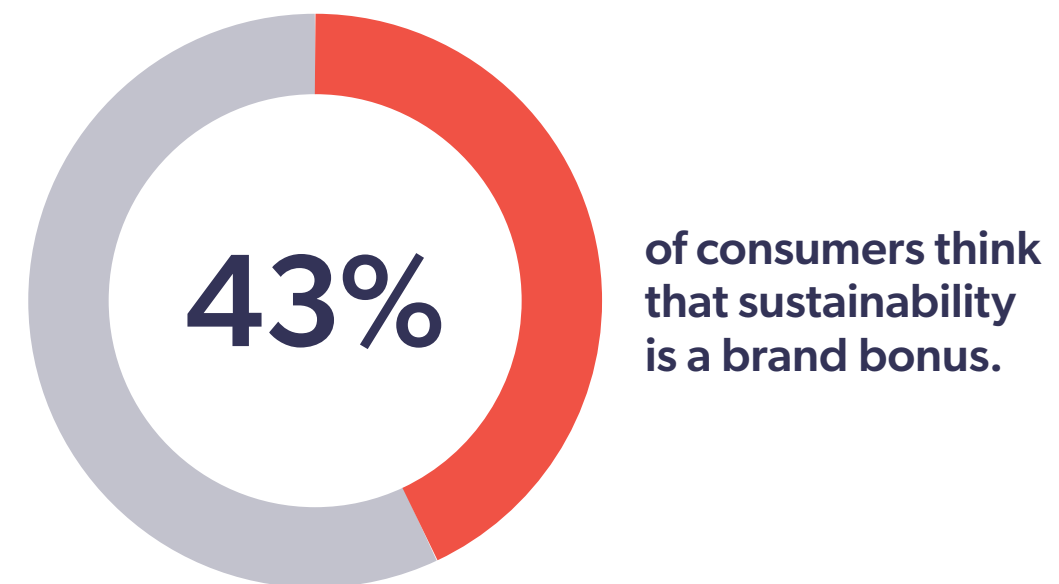
While 50% of shoppers are likely to buy fashion items online, that doesn't seem to hold for luxury items. Only 15% will shop for luxury items. So if your price point tilts to luxury, plan on decking the walls of your physical store. However, a surprising 28% of our youngest generation (which should be the lowest-earning cohort) say they *will* purchase luxury goods online.

Promote Sustainable Products



Gen Z (64%) and Millennial (57%) shoppers are most interested in sustainable products, but sustainability plays a role in shopping decisions for more than half (52%) of all consumers. What's more 43% of consumers think that sustainability is a brand bonus.

Forbes says that the majority of Gen Z shoppers are “willing to spend 10 percent more on sustainable products,” so providing information on sustainability on your site along with sustainable packaging and shipping might increase sales.



Impact of sustainability on shoppers

What role does sustainability have in the decision-making process when shopping?



One-quarter of consumers believe it's either up to the brands to become more sustainable (it doesn't change their purchasing decisions) or sustainability is not something they consider when shopping (25% each), along with 23% who see sustainability as a brand bonus rather than a necessity. It's mainly the older consumers who do not consider sustainability when shopping: Baby Boomers (32%) and Silent Generation (36%).

Methodology: Coveo commissioned Arlington Research to survey 4,000 U.S. and U.K. consumers about their shopping plans for the 2022 holiday season, which spans from Black Friday to the winter holidays. Participants were evenly distributed between each country and among age groups.

Off-the-shelf artificial intelligence and machine learning solutions can help retailers meet the shifting and diverse wants of five generations of shoppers. An agile search and merchandising solution can help you be ready for this holiday season – and prepared for adjustments going into next year and beyond.

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