



2022 Holiday Shopping Report

Spending Trends and Impact

Coveo surveyed 4,000 consumers in July to get a pulse on shopper sentiments heading into this holiday shopping season. This report reveals the surprising trends and factors (both micro and macro) uncovered — and tips on how retailers can navigate them.



Consumer Shopping Isn't Slowing Down, Despite Economic Concerns

In a tough economic climate, retailers might expect to see shopping decline.

Yet Coveo's 2022 Holiday Shopping Survey conducted in July found consumers expect to shop as much during this holiday season than they did during last year's — if not more.

Retailers need to accommodate a wide range of tastes, shopping behaviors, product wants, and brand loyalties — across five generations. Economic uncertainty influences survey responses — impacting what shoppers think they will spend and when they think they will spend it.

Consumers across generations have different motivations for shopping online as well as choosing specific products — ranging from sustainability to price.

That is true across all generations we surveyed. But there are some interesting patterns involving Generation Z — that retailers should prepare for.

When asked about brands between this year and last, more than any other generation, Gen Z is more

- ▶ **apt to buy luxury goods online**
(28% vs 15% overall)
- ▶ **loyal to brands they shopped with last year**
(41% vs 23% overall)
- ▶ **likely to factor sustainability into buying decisions**
(64% vs 25% overall)



The key is to be ready for the variety of factors that will come into play — and how those factors might shift with the economy.

86%
of consumers say
that they will be shopping
online the same or more
than pre-pandemic.
But that doesn't mean
they are shunning
in-store.



Start Decking the Walls

In 2021, for the first time since online retail sales were tracked, physical U.S. retail growth outpaced ecommerce.

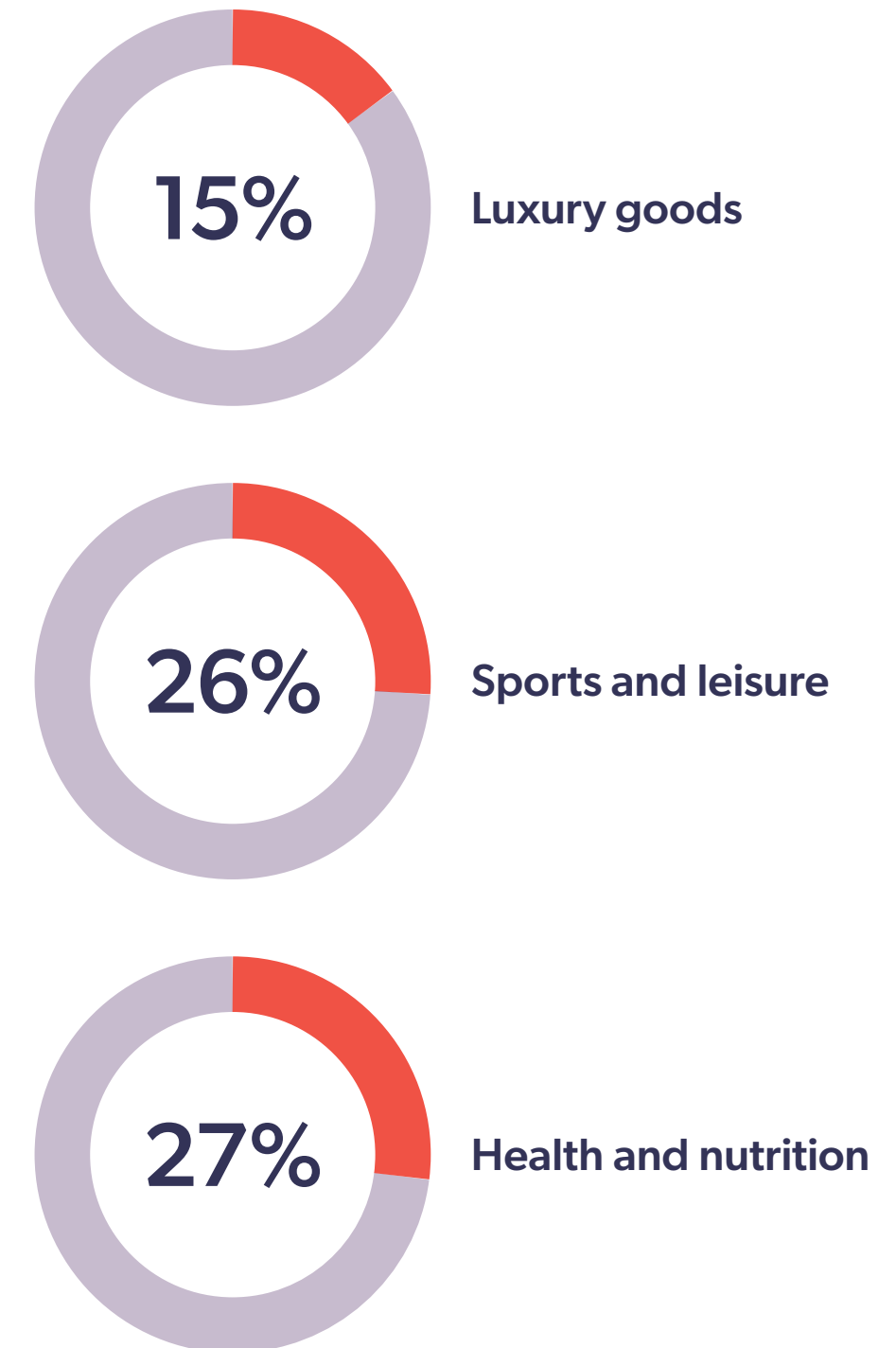
Sales in physical stores increased 18.5% while ecommerce grew 14.2%, according to the U.S. Department of Commerce Retail Indicator Division.

Having that physical outlet may help with attracting shoppers. In fact, Salesforce concurs that the trend of physical stores driving growth across all channels will continue throughout 2022.

Retailers that have omnichannel outlets have the greatest advantage, with 54% of consumers saying they're likely to look at a product online and buy it in store, and an almost identical number (53%) are likely to look at a product in store and buy it online.



Our research showed that these categories were least likely to see purchases online.



Rosy Outlook for Holiday Spending

Shoppers have a rosy outlook for the Christmas shopping season, despite economic uncertainty. A healthy 80% of shoppers said that they plan to shop the same or more compared with past years. But 45% will start their shopping early to find deals and discounts given the rising cost and availability of goods.

Do greater sales lead to greater profitability? Maybe. But you'll need to be savvy to make sure you don't give profits away with unnecessary discounts.

We break down what this can mean for you.



Ensure your system leverages available store inventory and margin data in pricing decisions. Surplus inventory you need to move? Consider promoting and discounting those items during checkout. (Like impulse buys at the grocery POS!)



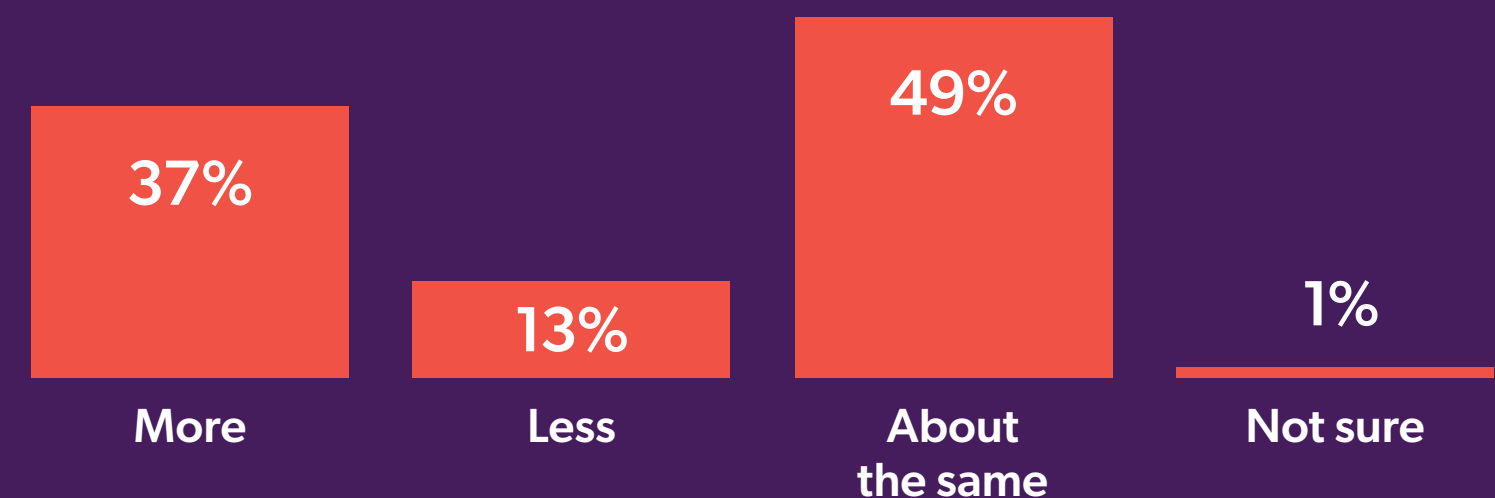
With stores being open again, shoppers have choices, and will behave differently by demographic.

Overall, shoppers say their online shopping for the holidays will stay the same. But a closer look reveals that 39% of Gen Zers and 31% of Millennials saying they will shop more online. Only 24% of Gen Xers, 15% of Baby Boomers and 17% of the Silent Generation plan to do the same.

Guide to age groups

Generation Z	1994 — 2001
Millennials	1980 — 1993
Generation X	1965 — 1979
Baby Boomers	1946 — 1964
Silent Generation	born < 1946

Even though stores have reopened, are you shopping more online than before pandemic started?



Almost half of consumers (49%) say their online shopping is about the same as it was before the pandemic, while almost four in ten say they are shopping more online (37%), with only 13% saying they are shopping less online.

Gen Z Is the Wildcard Generation — Sometimes Yes, Sometimes Less

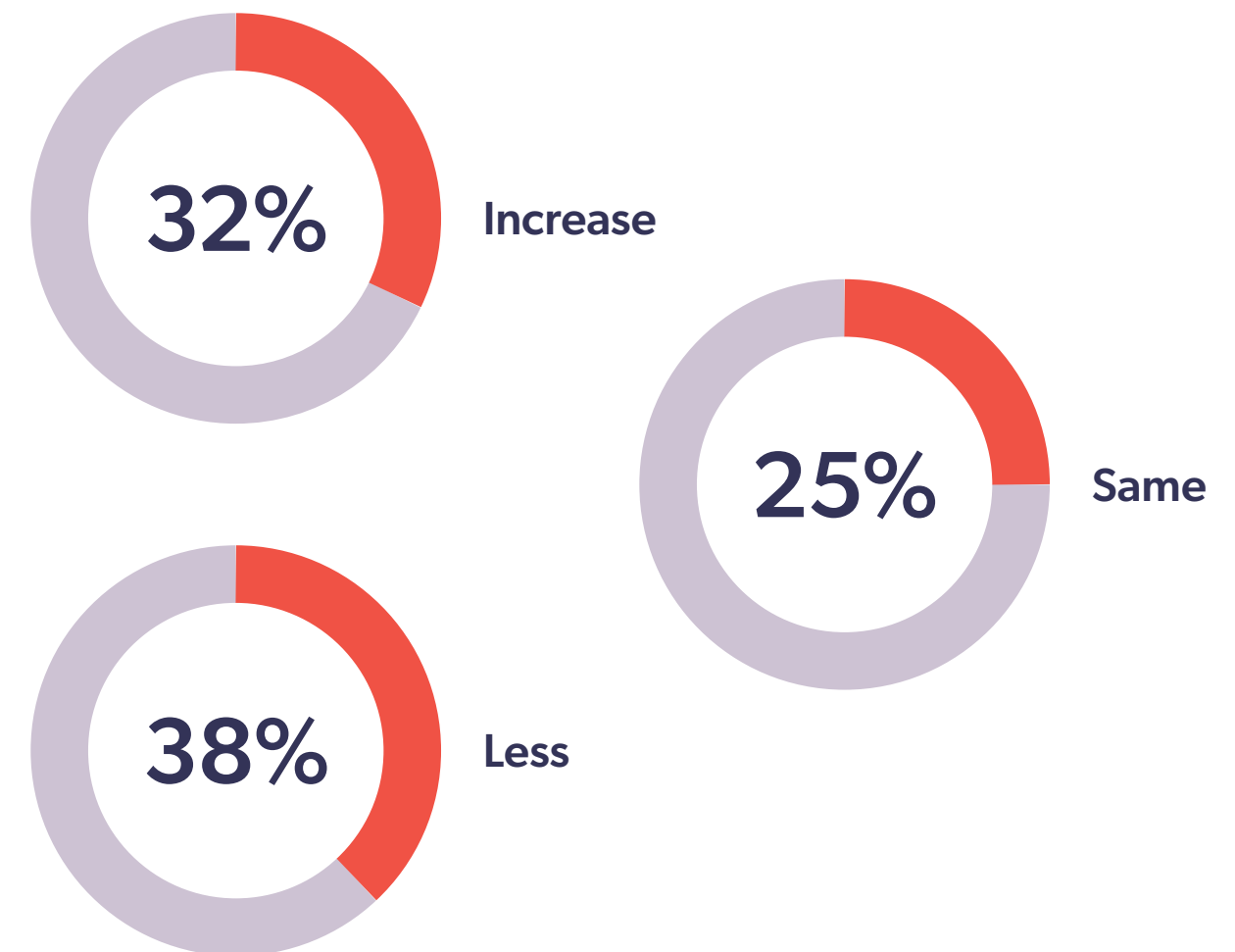
Gen Zers show the widest swings throughout our survey.

Some (46%) are shopping online more than before the pandemic, but others (36%) are shopping less frequently online. Almost equal numbers said their loyalty to brands increased (41%) as those who said it decreased (38%). Numbers were also close when it comes to those who plan to shop as much online this holiday season as last year (39%) this year and those who plan to shop less (36%).

This gap is evident across almost all of our questions, and it is especially notable because 46% of Gen Zers **are living paycheck to paycheck**, Deloitte's Global 2022 Gen Z and Millennial Survey found. And finally nearly a third of Gen Zers continue to live with their **parents**.

The older generations show decidedly fewer swings in their likes and wants.

Gen Zers — online or in-person — spending during the 2022 holiday shopping season



Retailers need to provide shopping options with wide appeal — or provide exactly what every generation looks for.

Logistics, Shipping, and Lots of Uncertainty

Shipping — both long-haul and local delivery — are creating headaches for retailers. Retail Dive says that supply chain issues are causing goods to take up to 100 days to make it to shelves. Passing those costs on to buyers might have been an option a year ago, but may be a deal killer in 2022.

Our survey shows 42% of shoppers will leave a site if shipping options are limited or they don't have a buy online/pick-up in store option (BOPIS). And 35% are turned off by restrictive returns policies.



Guiding shoppers to products that are available at their local store is a winning strategy. Being able to augment that pick up by suggesting available complementary items will help boost average order value (AOV).



Motivating Factors — Beyond Discounts

Holiday shopping has often been about the sales. But our best advice is to not give it away if you don't need to.

For consumers overall, 67% are interested in product recommendations, tailored offers, discounts, and promotions. This, combined with the likelihood of spreading out purchases to take advantage of deals, means that retailers should note that, though many consumers are shopping more online, it may not translate to a higher AOV.

But for our wildcard generation, only 42% of Gen Zers want tailored offers, discounts, and promotions. Instead they are motivated by best-seller notifications (51%) and product recommendations (40%).

Gen Z is ready to buy when they find products they like from brands they trust. According to Corey Seemiller, PhD, this cohort is particularly motivated by reviews from people they trust, such as friends and family.



Brand Loyalty Continues to Reign

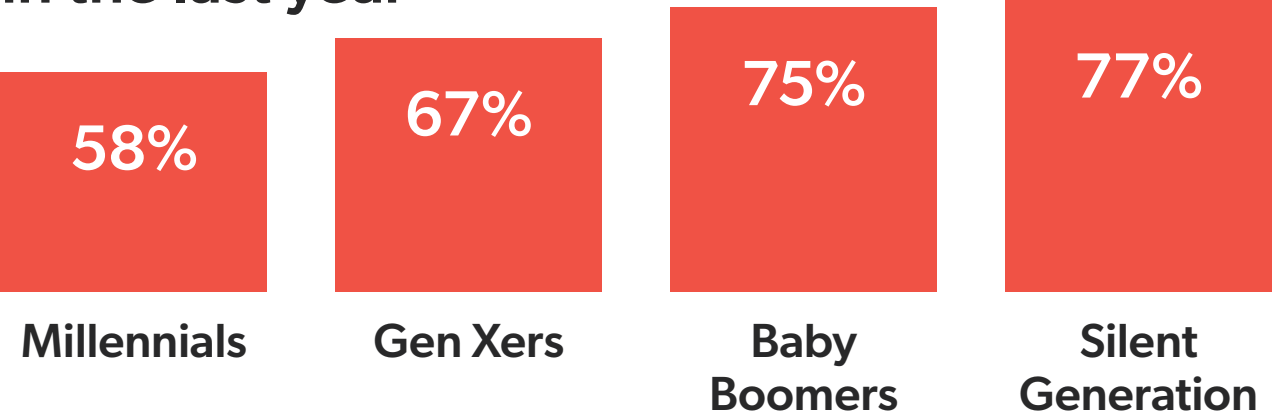
We spoke of Gen Z staying more loyal to brands they shopped with last year. That is particularly true if brand values align with their own — and family and friends give the brand a thumbs up.

You will find easier sledding with older generations. Millennials (58%), Gen Xers (67%), Baby Boomers (75%), and the Silent Generation (77%) all stayed loyal to the brands they liked in the last year.

Loyalty can be fragile, though, if shoppers rely on you for certain goods — and supply chains throw a wrench in the works.

Be ready to recommend comparable items to convert shoppers to keep shoppers on your site.

Generations loyalty to the brands they liked in the last year



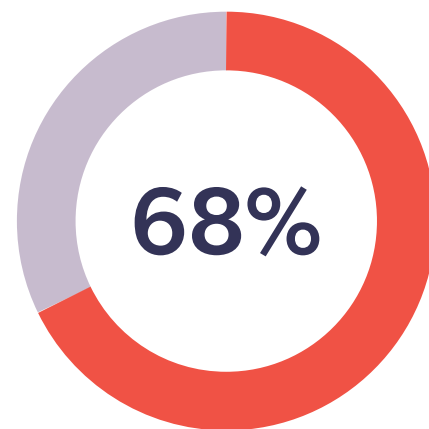
For those motivated by brand value alignment, consider offering “You Shop, We Give;” donations to social causes when shoppers buy specific products.

Retailers Can Increase Sales and Profitability

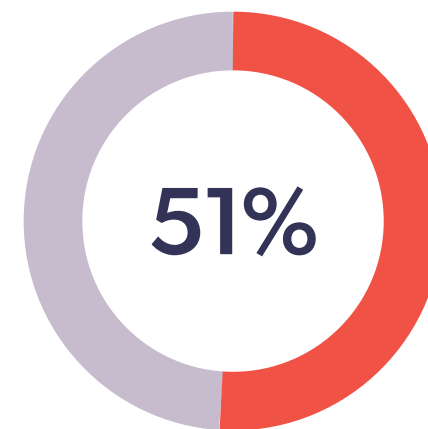
To entice shoppers constrained by inflation, retailers need to appeal to a wide range of situations. Some consumers want discounts, others want personalization. Some shop using the search bar, others filter and search by category, while Gen Zers prefer to go page by page, expecting products to be recommended to them, or go to the “new in” section.

Shoppers expect to spend as much this holiday season as the last, but retailers can increase their share of the revenue by responding to this range of needs through personalization and good site performance.

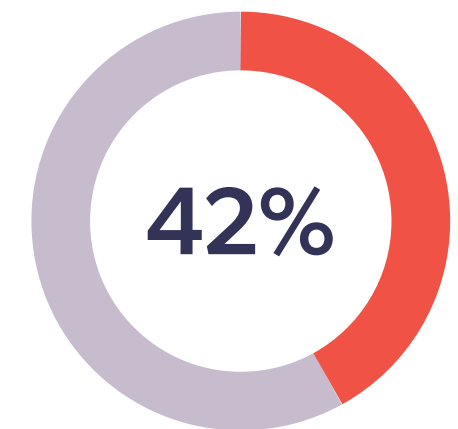
Reasons why shoppers will abandon a website



can't find what they're looking for



can't easily navigate across the site



can't or have limited shipping options and/or no local store pick-up



Artificial intelligence and machine learning can help retailers use data, not only to personalize the shopping experience, but make their sites perform better for each user — no matter what that user wants to see.



13 people in NY have bought this today!



41 people are viewing right now

4 booked in the last hour

Bought 54 times in the last hour!



Coveo commissioned Arlington Research to survey 4,000 adults in 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 age groups.

About Spending Trends | Power more purchases with search and recommendations that convert. Delight your online shoppers with the experiences they expect. Help them find the best products faster, and guide them with badging, content, or 1:1 recommendations tailored just for them.



Learn more about Coveo

Coveo is a world leading cloud-based relevance platform. The Coveo Relevance Cloud™ uses applied AI to deliver relevant experiences in all digital interactions, from search to recommendations to personalization.

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