



Holiday Commerce

Lessons for selling in tighter times

Updated: December 2nd, 2022

Better decisions, faster.



Growth but at a price: Black Friday 2022

Black Friday Weekend

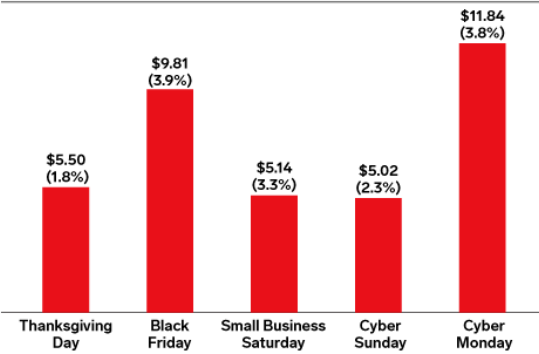
This year’s Black Friday takes place in a global cost-of-living crisis. Many fear a looming and lengthy recession. We seek to understand to what degree these pressures limit sales and how brands should communicate in this environment.

Black Friday is no longer a solely US phenomenon. 129 countries now participate in their version of the event. Globally across ‘cyber week’, salesforce report USD 280.8bn eCommerce sales. In the UK, USD 10.2bn was spent over a record weekend, with store footfall up 4.6%.

eMarketer predicted eCommerce sales of USD 37.1bn for the Thanksgiving holiday weekend, accounting for around 16% of US eCommerce holiday sales of USD 239.26bn. Roughly double the average sales rate for the time of year.

As a whole, eCommerce accounts for around one-fifth of the total Nov-Dec retail of USD1.3trn. This year was up 7% in 2021; however, much of that value increase will result from double-digit inflation.

US Cyber Five Retail Ecommerce Holiday Season Sales, by Shopping Day, 2022
billions and % change vs. prior year



Note: includes products or services ordered using the internet, regardless of the method of payment or fulfillment; excludes travel and event tickets, payments such as bill pay, taxes, or money transfers, food services and drinking place sales, gambling and other vice goods sales
Source: eMarketer, Sep 2022
278394 eMarketer | Insiderintelligence.com

Cyber Monday is still the most critical eCommerce day of the year, although adobe report sales of UDS11.3bn, a little down on forecasts.

Thanksgiving day is growing both on and offline - store visits rose by 19.7% as more stores felt the need to open on the day itself.

Lessons for 2023

The initial lesson is that growth is possible, but retailers must work incredibly hard, discounting deeply and opening at all times.

The last mile worries of covid impacted deliveries of a lockdown Christmas 2020 and the first mile challenges of the supply chain last year are no longer significant.

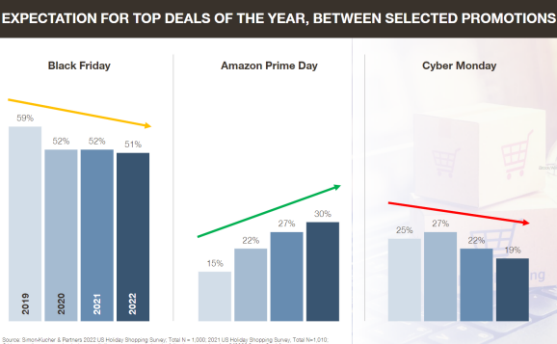
The easing of supply chain constraints just as consumers tighten their belts has led to high inventory levels.

Retailers were forced to discount earlier this year, playing a game of 'discount chicken' with competitors and consumers, who are much more price sensitive.

Consumers expect deeper discounts this year, especially in electronics, where discounts of 27% are expected. Sales in this sector have been strong worldwide as consumers snapped up bargains instead of expected price rises to come.

Consumers increasingly turn to buy now pay later (BNPL) schemes to take advantage of short-term discounts and spread payments. 20% plan to use this season, spending an average of USD 957; this is forecast to rise 43% to USD 1371 by 2026.

The salience of Black Friday has been a powerful driver; however, we may be seeing a reverse as consumers become more aware of a lack of value on Black Friday and deeper discounts from other events.



In particular, retailer-led events. Perceptions of the best deals have been declining for Black Friday and Cyber Monday but increasing for Prime Day in recent years.



Communicating in hard times

The end of the year sees many religious and cultural festivals take place around the world. Retailers dub it the golden quarter as gifting and socializing increase sales, but strategies must adapt to current realities.

It has increasingly been a time when brands communicate their value and values as people come together to celebrate.

We can see shifts in seasonal advertising strategies and consumer sentiment in reaction to the current climate.

Traditional messages of seasonal excess are very much out of fashion this year, focusing more on empathetic messaging that understands consumer challenges, emotions, and mindsets.

Going beyond messaging product benefits or brand values, actively supporting purposeful ESG initiatives through comms is becoming more widespread. Many are investing in longer-form formats to go deep, such as podcasts.



This is exemplified by perennial UK Christmas ad leader John Lewis whose Christmas 2022 ad 'The beginner' focuses on individual thoughtful gestures.

Sensitive to the change in tone and topic this year, MG OMD focussed less on the big launch moment and more on helping unpack the message and purpose, working with key partners and supporting with social content to demonstrate John Lewis' long-term commitment to support the future of young people from care.

As brands compete for increasingly scarce discretionary spending in 2023, they must break through with ideas with greater meaning and resonance.

Winning in 2023

Retailers have pivoted growth strategies. Innovation in the late 2010s focused on experience, especially at the high end. We now see more practical innovation concentrated on saving money and resources.

In London, volume retailer Primark has opened a new vintage concession from worn well, which stocks second-hand items, including luxury brands such as Burberry and Yves Saint Laurent.



Not only does this scale up the second-hand start-up, but it also builds on increasingly important sustainability values. It also delivers personalization services, driving new value from inventory.

This is an example of where commerce is going next – not just the convenience of eCommerce but an ecosystem of value around deeper customer needs.

A wide range of technologies and value mechanisms across devices, AI, services, and personal data will drive this next wave.

In 2023 the immediate need for innovation will be delivering savings and value for both consumers and brands as we navigate the tough times ahead.

The OMD Signals 2023 report released later this month will explore themes around value, sustainability, and technology's new roles in consumer behaviours and attitudes.



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