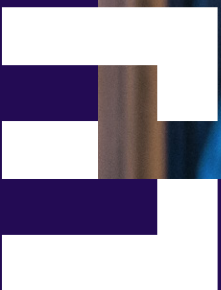


escalent

# 2022 Holiday Shopping and Travel Report

Come out on top with innovative products and services that ease customer pains



WHITE PAPER | SEPTEMBER 2022



# Introduction



## Consumer anxiety and uncertainty are higher than we've seen in decades.

In our [2021 holiday shopping report](#), we saw the first hint of waning consumer interest from the opposite ends of the generational spectrum, namely Generation Zers and Baby Boomers. This year the data show that millennials and Gen Xers have joined the other generations in their general despair and lack of enthusiasm for holiday shopping, travel and planning, as well as gatherings across the board. Furthermore, the [Consumer Confidence Index](#) (CCI) shows a steep decline in consumer confidence, which is negatively impacting consumer purchasing and travel plans and will likely continue into the 2022 holiday shopping season and beyond.

In this paper, you'll learn how consumers plan to shop and travel during the upcoming holiday season, and how you can find ways to reduce the stress and anxiety shoppers are feeling so you can attract and engage buyers while building long-term loyalty.

**“As the Fed raises interest rates to rein in inflation, purchasing intentions for cars, homes and major appliances all pulled back further in July. Looking ahead, inflation and additional rate hikes are likely to continue posing strong headwinds for consumer spending and economic growth over the next six months.”**

Lynn Franco, Senior Director of Economic Indicators, The Conference Board

# The Impact of Consumer Confidence on 2022 Holiday Shopping and Travel

According to the American Psychological Association's 2022 [Stress in America survey](#), more than 41% of US adults say they have more stress now compared to before the pandemic, identifying their top sources of stress as rising prices due to inflation (87%), supply chain issues (81%) and global uncertainty (81%).

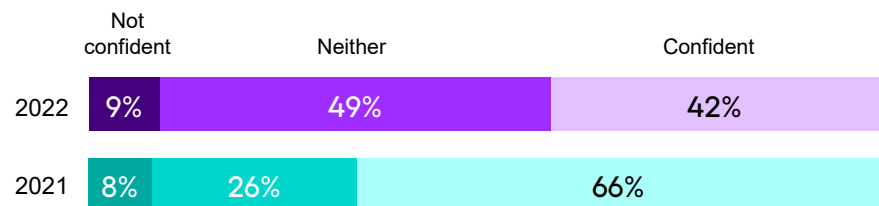
The [PwC Global Consumer Insights Pulse Survey](#) reveals similar findings. In addition to more expensive trips to the grocery store, consumers say the biggest issues that impact their shopping include the inability to purchase a product because it's out of stock, and products taking longer to be delivered than told at the time of purchase.

All of these trends are converging as the holiday shopping season approaches, and retailers are facing unprecedented challenges as we head into the holiday season. Our recent study confirms this narrative, as we found a noteworthy decline in confidence when it comes to consumers being able to shop and travel where and how they like in the upcoming holiday season. Only 42% of consumers feel confident they'll achieve their 2022 holiday plans, which is down from 66% in 2021.

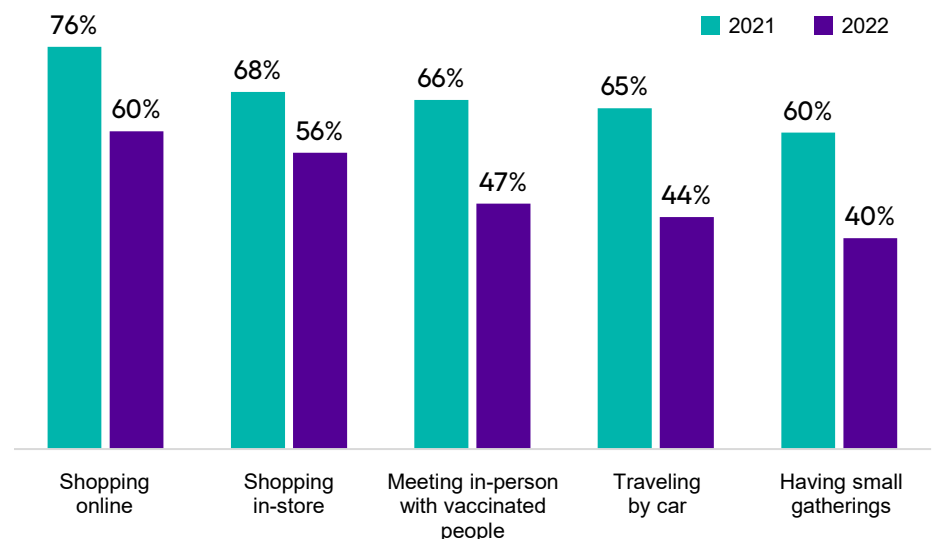
Additionally, interest in holiday shopping, holiday traveling and gatherings is significantly down compared to 2021. This means retailers need to engage customers with programs and services that make the shopping experience memorable and enjoyable. This will help brands come out on top this year, and—more importantly—secure a deeper sense of customer loyalty in the long run.

**42%**  
of consumers feel confident they'll achieve their 2022 holiday plans.

## CONSUMER CONFIDENCE IN ACHIEVING HOLIDAY PLANS



## INTEREST LEVEL OF MOST COMMON HOLIDAY ACTIVITIES





## ARE RETAILERS DESTINED FOR A GLOOMY HOLIDAY SALES SEASON?

Not necessarily. With some well thought-out research and strategy, retailers can find positive ways to engage with their customers, and Escalent can help you get started.

Getting back to basics is important when turmoil strikes—knowing your customers and prospects will be more imperative this season than ever. Because consumer behavior has changed over the

past few years and continues to do so, what you once knew as your customer base is likely to be different now. Brands that gain a deep understanding of their customers' pain points and package their offerings in innovative ways to address those concerns can make this holiday season a hopeful and prosperous one for consumers and brands.

**“You never want a serious crisis to go to waste. And what I mean by that is an opportunity to do things that you think you could not do before.”**

Rahm Emanuel

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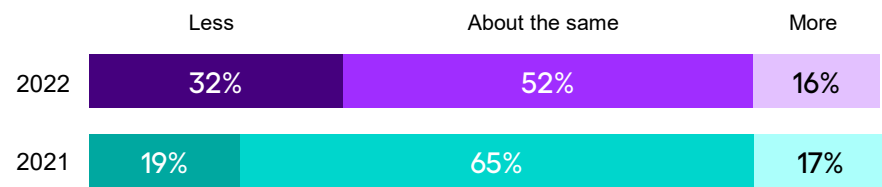
# What Retail Sales Will Look Like in 2022

US retail sales in 2021 increased by 8.5% over 2020—the largest annual increase in 17 years, according to [Deloitte](#). While a welcome surge for retailers, the 2022 season looks to be very different as consumers worry about soaring prices, supply chain issues and world events such as the Ukraine war and climate change.

Analysts still predict a rise in holiday retail sales for 2022—a modest 3.3%, according to [Insider Intelligence](#). However, it's highly likely consumers will pull back on spending. "US consumers will not be as buoyed by extra cash as they were in 2020 and 2021," noted the report.



## EXPECTED HOLIDAY GIFT SPEND (2022 VS. 2021)



Our research corroborates this outlook, as more consumers expect to spend less this year than they did in 2021.

This means consumers will look for ways to keep more money in their pockets, such as starting their shopping earlier to take advantage of retailer discounts

and to ensure the gifts they want are in stock. Similar to predictions from [Salesforce](#) and Insider Intelligence, we've found that about half of consumers will start their holiday shopping before October this year while one-third will start in November or December.

32%  
of consumers  
expect to spend  
less this year  
compared with  
only 19% in 2021.



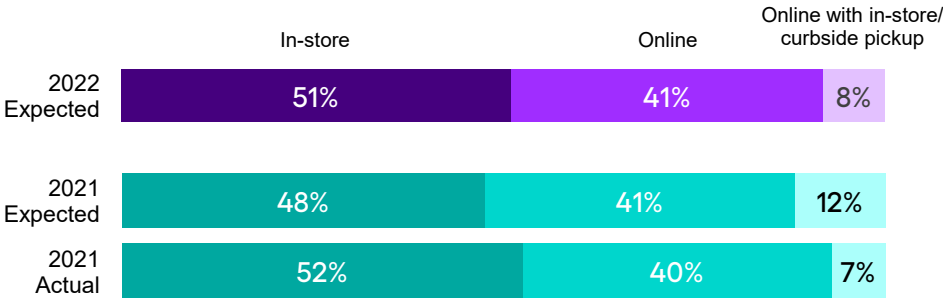
And when it comes to how people will shop, consumers expect the mix in 2022 will look a lot like it did in 2021.

Above all, retailers will want to optimize what and how they offer to meet consumer needs and demands. Providing a seamless omnichannel customer experience

takes significant planning to making it easy for consumers to buy no matter what their preference. For example, with mobile commerce **predicted to reach 50%** of 2022 e-commerce holiday sales, having a mobile presence and engaging consumers who are on the go will be critical to retail success.

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HOW CONSUMERS WANT TO SHOP FOR THE HOLIDAYS  
(EXPECTED VS. ACTUAL)



SUPPLY CHAIN WOES

Even two years after the pandemic, consumers still suffer from the effects of supply chain shortages, including empty shelves and long wait times for delivery.

While many reports indicate supply chain issues may be decreasing, **Fortune** interviewed The Federal Reserve Bank of Kansas City economist Nicholas Sly, and he said, “It could take anywhere

from a year to 18 months, or even longer, for the effects of recovering supply chains to begin reducing inflation.”

In short, inventory levels remain a major issue for retailers, and brands need to prepare now to mitigate the impacts during this holiday season.



# What Holiday Travel Will Look Like in 2022

Travel in 2022 has skyrocketed compared to the past two years, with summer travel on the upswing. And winter travel promises to follow suit—with some caveats. Anxiety around travel is leading to a drop in all modes of travel this holiday.

Allianz Partners USA's 14th Annual **Vacation Confidence Index** estimated that 60% of Americans would book a summer trip in 2022, and summer travel spend could hit \$200 billion—the highest in the index's decade-plus-long history, and a 229% increase from the 2020 season. Despite the increased consumer confidence in overall travel, unprecedented flight delays, cancellations and lots of lost luggage have consumers more anxious about air travel.

The **Department of Transportation** also reports that 2.3% of scheduled domestic flights were cancelled in April 2022 compared to 0.5% at the same time last year as carriers continue to struggle with pilot and

staffing shortages, increased demand by air travelers, unstable weather conditions, and air traffic control issues. In addition, consumer complaints about airline service have increased 321.5% from 2019. Likewise, according to the June 2022 Department of Transportation's **Air Travel Consumer Report**, 220,000 bags from 10 different airlines flying domestically in April were "lost, damaged, delayed and pilfered."

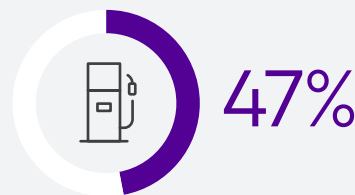
**"Earlier this year, we started seeing the demand for travel increase and it's not tapering off. People are ready for a break and despite things costing more, they are finding ways to still take that much needed vacation."**

**Paula Twiddle**, senior vice president  
AAA Travel

## GAS PRICES ARE STILL A MAJOR CONCERN

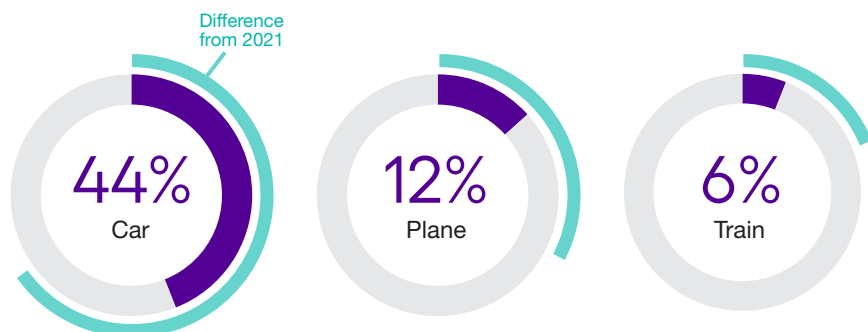
Since the start of the Ukraine war, gas prices have **risen even faster than what was experienced in 2005** during Hurricane Katrina, and the Labor Department has reported that prices have increased by 48.7% in 2022 over 2021. While the Federal Reserve is trying to contain inflation and federal and state governments are doing what they can to help bring gas prices down, it won't be sufficient to alleviate consumer stress and anxiety.

EXPECT GAS PRICES TO IMPACT HOLIDAY PLANS



**About half of consumers expect gas prices to affect their 2022 holiday plans.**

## 2022 TRAVEL EXPECTATIONS FOR HOLIDAY SEASON



# Recommendations

As we approach the 2022 holiday shopping season, retailers need to find ways to alleviate consumer concerns and attract people to their businesses. This means engaging with your customers to find out what makes them anxious and offering innovative ways to serve them. Here are our top recommendations to get you started.

## 1 KNOW YOUR CUSTOMER PAINS

With inflation, travel disruptions and supply chain issues, along with the “normal” holiday dynamics with in-laws, travel and kids home from school, the holidays are likely to be more stressful this year, and retailers must be careful not to add to their customers’ frustrations. Knowing both what stresses them out and what brings them joy can help you get creative in your offerings.

Amazon knows its customers have a long-time frustration of shopping

for clothes online making sure the item fits without having to return it. The company has taken a stab at alleviating this stress by introducing “[Virtual Try-On for Shoes](#),” an augmented reality system that allows customers to see how a pair of shoes will look on them using their mobile phone’s camera. This follows Walmart’s launch of an innovative “[Choose My Model](#)” augmented reality process a couple of months earlier in which shoppers can

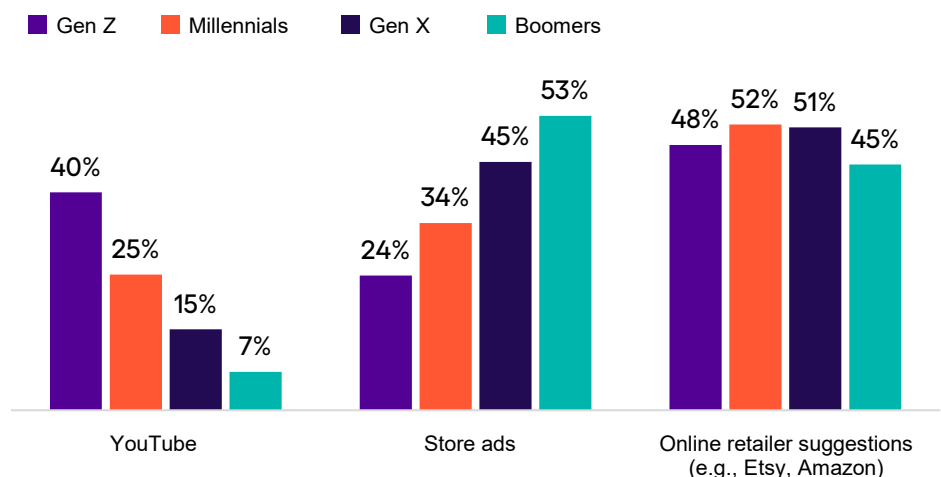
try on clothes in different sizes across virtual models that fit their body type.

These brands are using innovative ways to engage and excite consumers while addressing a stress-inducing pain point. Similar creative use of technology can be used by other retailers to ease the unique pain points their customers are facing.

## 2 CATER TO GENERATIONAL PREFERENCES

What generation you are in influences how you like to shop. This holiday season, consumers will access a variety of channels to get inspiration for gifts—and their channel choices are generational. Retailers need to ensure that not only are they delivering the right message, but that they’re communicating it in a way their customers prefer.

HOLIDAY SHOPPING RESOURCES FOR 2022





### 3 REINFORCE YOUR INVENTORY

With product shortages top of mind for consumers, instead of prioritizing variety, retailers may want to focus on a smaller product portfolio with deeper inventory, ensuring customers can find what they need. For example, [Staples](#) has an in-stock guarantee for printer cartridges, addressing customer frustrations of not being able to find the right product. If your inkjet or toner cartridge is out

of stock, the company will deliver the cartridge to customers for free and give them a \$10 credit on that order or a future purchase. While this program isn't new, it's a great example of how to minimize customers' pain points.

Another good example from [Amazon](#) is its new partnership with brick-and-mortar shopping malls where Prime members can explore

digital versions of their local mall's stores. Customers can view real-time inventory of products and sizes, purchase the item, and have it delivered the same day. Not only does this provide more shopping options for customers, but it makes it easier for them to shop their favorite stores and means customers don't waste valuable time and gas searching for out-of-stock items.

### 4 INNOVATE YOUR OFFERINGS

Even though more people are traveling, they're also more anxious due to increased gas prices, an increase in airline delays, cancellations, and misrouted luggage, as well as worries about how to get online when traveling overseas. Airlines need to come up with new ways to become part of the solution for travelers if they want to avoid or mitigate being labeled as the source of the problem. Even brands outside of the hospitality industry can be part of the solution.

For example, T-Mobile's latest Un-carrier move, "[Coverage Beyond](#)," is spot-on in tackling customers' travel concerns. This free program for new and existing

customers includes free Wi-Fi on planes, free high-speed internet in foreign countries, discounts on gas purchases during the summer, free AAA membership, and exclusive travel savings at T-Mobile Travel

with Priceline. T-Mobile knows that a lot of its most valuable customers are frequent travelers and these benefits strengthen T-Mobile's brand while making travel less stressful.



## 5 EASE FINANCIAL STRESS

According to our study, half of consumers expect shopping to be more expensive this holiday season, even if they don't buy more than usual—but they're still looking for ways to save money. That's why brands that launch programs with an eye to easing financial burdens will come out ahead this holiday season.

For example, many consumer-packaged goods (CPG) companies are resorting to shrinkflation (decreasing product volume while keeping the packaging the same) in order to avoid hitting customers with overt price increases.

While this practice may seem deceptive, it also acknowledges

that increasing prices causes customer stress but decreasing volume is much less likely to do so, as customers are less likely to notice it. Doing this allows manufacturers and retailers to pass on some of the inflationary increases without causing significant customer backlash.

## 6 CALM GENERAL ANXIETY

With the war in Ukraine, saber rattling in China, never-ending political division, extreme climate-change-induced weather, and other world events, things have been tough on many consumers and they could use a smile or some laughter. Engage with your customers in fun ways that help them associate your brand with happy, positive emotions.

For example, [House of Vans](#) provides a place for young consumers to shop and socialize, incorporating a café, cinema, live music venue and art gallery—and of course, a ramp and street course for skateboarding and fun. [Dresden](#), an eyewear retailer and eye healthcare provider, allows shoppers the chance to create their own pair of unique sunglasses

by changing out colorful lenses and frame parts however they like. And, because the company upcycles plastic waste from Australian beaches and discarded fishing nets, it's also addressing customer concerns around the environment—and saving customers money at the same time.

These “retailtainment” experiences fuse retail and entertainment to enhance the shopping experience and grab the attention of shoppers. The moral of the story is to innovate and swing for the fences. Make the shopping experience memorable and enjoyable and your customers will reward you with their loyalty.







## STRATEGIC SUMMARY

The holidays will be an opportunity for brands to win over their competitors' customers and shore up their own customer base.

By alleviating consumer stress and anxiety, you can foster and enable long-lasting loyalty—often with customer segments you've never attracted before.

Engage with customers and make the shopping experience fun and unforgettable rather than a chore that must be completed before the year is out. To do this, you'll need to know what makes your customers tick and how they view your brand. Aligning brand perceptions with customer needs is your recipe for success.

If you'd like help getting ahead of the competition by knowing more about your audience segments, their path to purchase and how to ease their anxieties, [send us a note](#).

## TALK TO THE EXPERTS



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## ABOUT THE RESEARCH

Escalent interviewed 981 online respondents between May 17–23, 2022. The study was sampled within the United States and consisted of a general population audience of men and women ages 18-plus, with balanced representation across regions. To qualify, respondents had to be at least a partial decision-maker in winter holiday shopping and travel. The data have a margin of error of +/-3 percentage points at a confidence level of 95%. Escalent will supply the exact wording of any survey question upon request. Escalent often conducts [secondary research](#) to inform published white papers and research reports. Any publicly available data and sources are cited therein.

## About Escalent

Escalent is an award-winning data analytics and advisory firm that helps clients understand human and market behaviors to navigate disruption and business transformation. As catalysts of progress for more than 40 years, our strategies guide the world's leading brands from insights through implementation.

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