

Okendo's

2022 Holiday Shopping Report



A look at the shifts impacting consumers and ecommerce brands this holiday season





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As we embark on another holiday shopping season, things look a little different this time around. While the past couple of holiday seasons were replete with their own challenges and complexities, retailers and ecommerce brands still enjoyed [record-setting sales](#).

However, against a backdrop of inflation and economic uncertainty, [Deloitte](#) is forecasting that retail sales will grow just 4% to 6% this holiday season, down from more than 15% last holiday season. And while this might not be as cheery of a [forecast](#) for businesses already grappling with rising costs, staffing shortages and supply chain challenges, there's one sector that's likely to continue to benefit from the shifts taking place: ecommerce.

Thanks in part to consumers' desire to source deals and maximize their spending, forecasts are calling for up to a 14% increase in 2022 holiday ecommerce sales compared with the same period in 2021.

As the leading customer marketing platform for ecommerce brands, Okendo dug into the shifts taking place and analyzed how consumers plan to spend their money this holiday season.

Moreover, we uncovered what brands need to know to capitalize on the opportunity they have over the next few months. To do so, we commissioned a study to over 1,000 U.S. consumers.

Here's what we found.





Consumers Get a Jump Start, Seek Discounts to Amplify Lower Budgets

48% of consumers in the U.S. say they plan to start their holiday shopping earlier this year than they typically do. Additionally, 45% say that they have a lower budget than last year, with nearly a quarter (23%) asserting that their budget for holiday shopping in 2022 is “much lower” than years’ past.

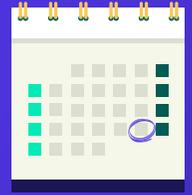
This isn’t surprising, given the multitude of financial challenges Americans have lived through this past year. With surging prices for gas, food, and rent catapulting U.S. inflation to a new four-decade peak in the summer, shoppers have revised their spending strategies and reexamined what they’re able to afford. In fact, the U.S. Bureau of Labor Statistics’ [Consumer Price Index Summary](#) shows that the price of groceries has increased 13.5% over the past year – a trend that’s sure to impact Americans’ holiday food shopping and, consequently, what they’re capable of spending on gifts.

For merchants and brands, this puts an onus on ensuring they have their strategies in place well before Black Friday and Cyber Monday. Given that these strategies must account for consumers’ plans to spend less, it leaves merchants with less room for error when acquiring customers and driving conversions. But more on that later.

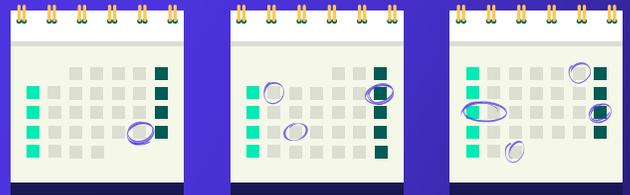
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56% of consumers report that they start their online shopping on Amazon, followed by 21% who say Google, and 18% who say they start directly on brand websites.

With this in mind, **60% of consumers** say they will be seeking out **more Black Friday Cyber Monday (BFCM) deals** this year than in years prior.



Moreover, **68% of consumers** state they will take advantage of BFCM deals for other **events that span beyond the holiday season**, like birthdays, weddings, and anniversaries.



For ecommerce brands, it means the opportunity is on the table to bring in more money during the holidays. However, more importantly, it means that

Brands have the opportunity to capture customers and forge relationships with those beyond shopping for the holidays.

So what BFCM deals are consumers most excited about? 65% of consumers say they are most excited about ecommerce deals vs. those offered by big box retailers like Walmart and Home Depot. This supports forecasts that show continued growth in ecommerce over the next few months.

Deals aren’t the only thing consumers are looking for. When asked to rank the most important factor in terms of what they’re looking for from a brand this holiday season, **high-quality reviews ranked number one**, ahead of an omnichannel shopping experience, a personalized experience, and collaborations with influencers.



Online Reviews Skyrocket in Value

Online reviews have always been a lifeblood for ecommerce sellers. And in today’s digital-first world, they have surpassed word of mouth as the ultimate driver of social proof. However, this holiday season their importance has skyrocketed. Why? Let’s take a look at the numbers.

95% of consumers say they believe reviews are at least somewhat important when making a purchase decision, with a significant portion (34%) asserting that they are “extremely” important. Further, nearly half (49%) of consumers say that reviews will play a more important role in purchasing decisions this holiday season than in years past.

The truth is, the modern consumer is much more perceptive with how they spend their money. The emergence of ecommerce as society’s preferred shopping channel has opened up new opportunities for brands to reach new audiences and increase revenue. In addition, it has also given consumers more buying power and options than ever before. As a result, their expectations of the brands they do business with have increased, while simultaneously their trust has fallen.

A recent survey by PwC found a glaring gap between the trust consumers have in companies (30%) and the trust business leaders think consumers have in their organizations (87%). As a result of fallen trust, it’s important to know that this could be a significant reason why consumers are paying closer attention to online reviews shared by their peers.

Reviews not only provide the confidence that shoppers need to make informed purchases, they also have a direct impact on a brand’s bottom line. 88% of shoppers say they are willing to spend more on a brand with excellent reviews, with more than a quarter (28%) saying they are willing to pay “significantly” more.

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97%



Nearly all consumers (97%) look for reviews **at least some of the time** before making a purchase.

44%



Another 44% noted they look for reviews before making a purchase **“most” of the time.**

34%



Meanwhile, more than a third of shoppers (34%) look for reviews before they make a purchase **“every” time.**

With today’s ultra-competitive landscape, it has become more important than ever to collect and leverage reviews to grease the purchase funnel and drive additional revenue.

Review collection is one step. But the truth is not all reviews are viewed the same.

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Gen Z was the most likely generation (40%) to say that reviews are extremely important when making a purchase decision and more likely to say they’d spend “significantly” more with a brand that has high reviews (36%)





Cultivating Authenticity Through Customer Stories

Brands have relied heavily on influencer marketing to drive content and reviews from personas that have aggregated large and loyal followings online as a way to drive customers and convert sales. And while this approach may drive eyeballs, in this age of trust and authenticity, it turns out that these paid relationships are less influential than we thought when it comes to acquiring customers and driving conversions.



Today, most consumers know that influencer marketing is generally a pay-for-play relationship.

In fact, 90% of consumers say reviews from real customers are more impactful than those from influencers.

While credible influencers only align themselves with brands that they have a genuine interest or belief in, they are still incentivized to promote a product or service. In many ways, this dilutes the impact of their reviews and heightens the importance of authentic reviews from genuine customers.

OUR RESEARCH FOUND:

Review platforms that enable reviewers to include user-generated content (UGC), such as photos and videos, have become a more critical piece of the authenticity and trust equation.



of consumers say that UGC included in product reviews improves their value in informing their purchase decision,

with 42% saying it improves value “significantly”.

Today’s innovation-forward reviews solutions, such as Okendo, allow brands to showcase customer experiences through ratings and reviews that include UGC from real customers in the form of photos and videos.

Not only is this a more cost-effective and low-lift way to market your product, but it’s also more authentic than highly polished photos and videos produced by a brand.

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Those ages 30-44 were significantly more likely (57%) than other age groups to say that UGC included in product reviews improves their value in informing their purchase decisions.





Solving the Personalization Puzzle with Trust



79% of consumers say that personalized brand experiences in the form of product recommendations,

personalized communication, and relevant offers are an **important component of their shopping experience,**



with more than 1-in-5 saying that **personalization is “very important”** to their experience.

While personalization may be ideal, it’s also become much harder to achieve. Merchants today face a privacy-personalization paradox with the inherent tension between brands’ needs for sensitive consumer information to deliver personalization and consumers’ needs for privacy. And with Apple making changes to their platforms in the name of privacy, and Google announcing its intention to retire third-party cookie tracking, the situation becomes much more complicated.

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Those over 60 years old were significantly more likely than other generations to say that trust is a significant factor when deciding what brands to do business with.

As a result, it’s more important than ever for brands to collect and leverage zero-party data — data that is shared directly and proactively by consumers with permission to use for future marketing purposes.

Ecommerce brands utilizing zero-party data collected through channels such as reviews, micro surveys, customer onboarding, and more can fuel more personalized and effective campaigns that build stronger customer connections and scale their business.

The good news is that most consumers are willing to provide zero-party data with a brand to improve their ability to offer personalized shopping experiences, but only if they trust the brand. While 21% of consumers said they would provide their personal information, seemingly without stipulation, 50% report that they will do so “but only if I have some level of trust in that brand already.”

Similar to our personal lives, trust is the currency that transforms interactions between two parties into bonafide relationships. When brands establish trust they earn the right to learn about their customers on a personal level. This understanding, which can be formed through tools like in-the-moment micro surveys that engage customers in highly contextual ways elicit powerful insights that allow brands to create hyper personal experiences that drive conversions and increase NPS and CSAT scores.

Understanding further the importance of trust, 95% of consumers say that trust is a factor in deciding what brands to do business with, with 55% saying it is a “significant” factor. With an understanding of how to cultivate authenticity, brands can establish trust and fuel zero-party marketing strategies that act as powerful drivers for revenue and retention.



What does all this mean?



The holiday shopping season presents DTC brands with the greatest opportunity to personalize and reinforce brand value. But with ecommerce brands facing a patchwork of complexities that have made selling online more challenging than ever before, they have to reinvent how they collect customer insights at scale to deliver more frictionless commerce experiences.

Indeed, the shift to a more privacy-centric web, the disruption of traditional targeting strategies, evolving consumer expectations for personalized experiences, and increasing advertising costs are exposing brands to new trends this holiday season. Moreover, consumers' plans to get a jump start on their shopping and seek more deals require them to bolster their marketing efforts to attract shoppers earlier. Just look at Amazon, whose decision to add a second Prime Day sale in October was undoubtedly in response to these trends.

With privacy changes, higher costs to acquire customers, and ever-shifting consumer needs and expectations, brands are in for one of their most challenging holiday shopping seasons yet.

However, they've also been given a powerful opportunity to harness the power of deep customer insights and zero-party marketing strategies to build trust and boost momentum into the New Year.

With the proper understanding of the task at hand and the right tools to optimize the influx of activity around the corner, merchants can ensure that the next few months are truly the most wonderful time of the year.

About Okendo

Okendo is a customer marketing platform that enables brands to grow faster and more efficiently by building stronger customer relationships. Using Okendo, brands can gain actionable insights into customer preferences and behaviors, drive customer advocacy and deliver more personalized customer experiences. Founded in 2018, Okendo is trusted by 7,000+ of Shopify's fastest-growing brands including SKIMS, 1st Phorm and Magic Spoon and is proudly backed by leading venture partners at Index Ventures, Base10 and Craft.

Learn more about Okendo at www.okendo.io



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