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The 2022 Holiday Planning Guide for Retailers

Inflation, supply problems, and labor shortages can't keep you down. Here's how to deliver holiday happiness and revenue all year round.

Contents

Introduction

Economic uncertainty and changing consumer behaviors are exposing a complicated reality. For retailers, it's never been more important to deliver excellent customer experiences alongside competitive prices on in-stock products. But even in a best-case scenario, a major shift in consumer sentiment is likely. What does that mean for retailers as they prepare for the 2022 holiday shopping season?

> **"Inflation has finally caught up to bullish spending, with consumers buying fewer items from fewer retailers. This likely isn't a temporary mindset, but instead a signal of a larger consumer behavioral shift towards value and convenience. For retailers to address this, it's not about physical versus digital, but rather finding ways for channels to work symbiotically to attract and retain loyal shoppers."**
>
> – **Rob Garf**, VP and GM, Retail at Salesforce

As companies try to drive profitable growth by optimizing their promotional calendars, they're asking one question: How can we attract new shoppers and keep existing customers coming back for more? This year, retailers will focus on developing data acquisition strategies, bridging the physical-digital divide, and building stronger business partnerships. But on a larger scale, they'll need to put as much investment into the post-purchase experience as they do the path-to-purchase, pairing test-and-learn strategies with proven revenue drivers like flash sales and special promotions.

Here we share the insights and strategies you'll need to prepare for your peak demand events, from the holiday shopping season to door-busting special events.

01

Activate data to acquire and engage loyal customers.

Customer data is the fuel that ignites loyalty – and growth.

FREE 2 DAY SHIPPING
for loyal customers

01

In 2022, ecommerce may not repeat the record-setting growth of 2020 and 2021. Nevertheless, tightening margins mean it's never been more important for retailers to lean into digital to dial up their customer acquisition strategy. Simply running a website isn't enough: Today, it's data and personalization that transform new customers into loyal shoppers.

Exclusive experiences drive loyalty.

Retailers are counting on loyalty programs to help them collect first-party data before Google, and other tech platforms, stop supporting cookies in 2023. But to grow loyalty membership in a year when customers are likely to shop less and from fewer retailers, retailers must make the data-for-rewards exchange worthwhile. To do this, they must evolve their programs so they appeal to shoppers' logical and emotional needs. How? By going beyond transactional arrangements and focusing on member experiences. This is especially important as retailers compete for wallet share from younger generations: Millennials and Gen Zers value exclusive access to limited products and experiences nearly two times more than Gen X and Baby Boomers.

> **2x** **Millennials and Gen Zers value exclusive access to limited products and experiences nearly two times more than Gen X and Baby Boomers.**
> – **Connected Shoppers Report, Fourth Edition**, Salesforce, 2021

This looks like:

- **Early access:** Giving members the chance to shop Black Friday deals before Black Friday ensures they have access to products that are likely to sell out (while avoiding crowds, too).

- **Free expedited shipping:** Nothing says stress like realizing you've forgotten a gift when the holiday is two days away. Help members be holiday heroes with complimentary overnight shipping so they save time and money.

- **Exclusive events and products:** Keep it festive online and in-store with a members-only holiday shopping party that includes a trunk show, limited edition products, or one-night-only deals. Consider online waiting rooms for blowout digital events.

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- **Gamification:** Stay top-of-mind (and keep them coming back) by rewarding members for taking actions beyond transactions. That could be earning badges for downloading an app or leaving a product review.

- **A net zero focus:** 78% of customers say environmental practices influence their decision to buy from a company, so look for retailers to reward loyalty members when they engage in environmentally friendly behaviors. At Starbucks, for example, loyalty members earn points when they buy with reusable cups. And at Kiehl's, customers who bring empty containers back to the store earn rewards.

Test the waters in the metaverse.

The metaverse is among the most exciting ecommerce innovations, and shoppers are riding the trend: This year, 49% of shoppers said they would purchase non-fungible tokens (NFTs), a digital asset that represents something unique or scarce stored on a blockchain. Whether that looks like a virtual version of a real-world item or a digital collectible, 47% of shoppers said that the appeal of gifting an NFT is that they want to give a gift that might increase in value. Even more interesting is that 42% said they would be more likely to buy a physical product if it came with a digital twin.

NFTs aren't the only way to play in the metaverse, however. Look no further than online gaming, where players buy digital skins to give their avatars a unique look. The market for virtual clothing, accessories, and cosmetic add-ons is impressive: In fact, digital skins account for an estimated $40 billion per year. Even fashion brands are getting in on the action, with one high-end retailer leading the way with a winter-themed digital world where visitors could try on, buy, and wear apparel – only online, of course.

Connect customer data.

The average retailer uses 44 different systems to engage with customers across digital and physical touchpoints. If you're wondering why that matters, put yourself in the place of a time-starved holiday shopper who has repeated her question to three different customer service agents. Shoppers feel the disconnect caused by internal data silos: In fact, 54% of customers say it feels like sales, service, and marketing don't share information.

The pressure is on retailers to deliver the personal and consistent experiences you want your brand to represent. Companies that do this well unify customer profile data across channels, from social media to stores, enabling efficiency. Employees from any department can view data in real time on one screen. Communications stay up-to-date and accurate, avoiding repetition, no matter how a customer chooses to interact.

01

Operationalize data and intelligence.

While 66% of customers expect companies to understand their unique needs and expectations, only 32% of retail executives say they have the full ability to turn data into personalized prices, offers, and products in real time across channels and touchpoints. For retailers, using their data to connect the dots between social media, website, and app experiences is getting more complicated. However, investing in the information infrastructure to pull it off is worth it: Data-driven organizations are 23 times more likely to add new customers and 6.5 times more likely to retain them.

23x

Data-driven organizations are 23 times more likely to add new customers and 6.5 times more likely to retain them.

– **State of Marketing, Seventh Edition**, Salesforce, 2021

Here's why: Retailers that do this well are able to anticipate their customers' needs and preferences – removing friction during a busy time of year. Using data to personalize shopping journeys makes it easier for customers to find the products they want and check out with the payment options they prefer. This looks like:

- **Customized site search and product sort**: Embed AI into search dictionaries to surface the most relevant term and customize the order in which they appear based on behavioral and customer data. That makes it faster for your customers to find the products they want – like seeing a landing page of headset images after only tapping "he" in the search bar.

- **Related product displays:** Engage your customers with relevant recommendations and watch conversion rates increase. If a shopper is searching for a new gaming controller, for example, it makes sense to display related products, like batteries, alongside. That also gives shoppers the chance to create their own gift bundles and takes an otherwise time-consuming merchandising effort down to a few clicks.

- **Intelligent product bundling:** Customers who buy wrapping paper might also need tape, ribbon, and gift tags. By analyzing past purchase behavior, you can pre-configure product bundles that increase units per transaction.

- **Relevant post-product messaging:** Personalized emails are a great way to cater to busy holiday shoppers – for example, when that out-of-stock gaming console becomes available just in time for holiday delivery.

- **Staying top of mind:** Deepen customer relationships by going beyond the buy button. Show you care about their satisfaction by inviting them to rate their purchase or their experience with customer service.
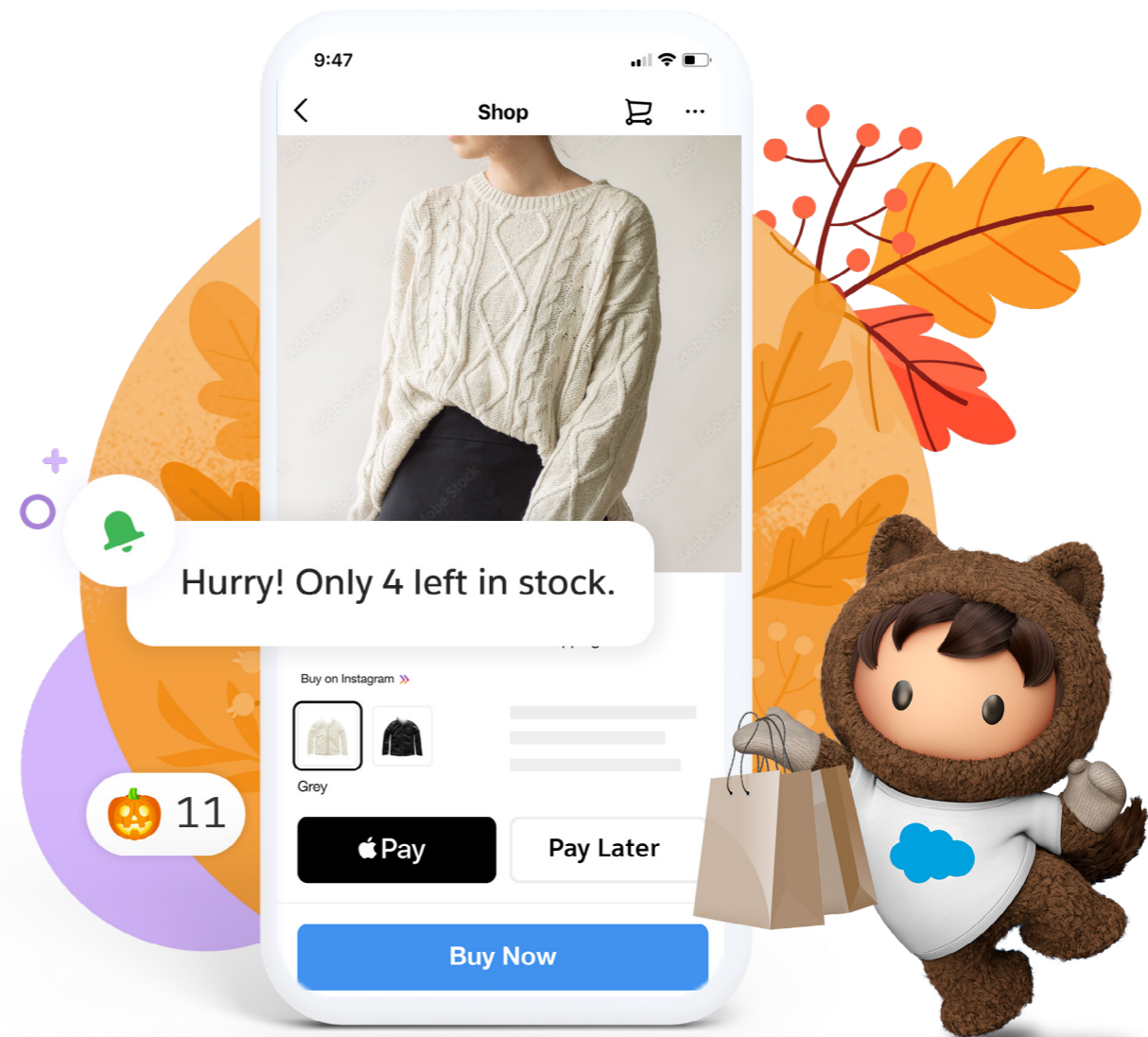
02

CHAPTER 2

Remove friction from complex shopping journeys.

Multi-channel shoppers expect seamless experiences, no matter how they interact with your brand.

02

It's no surprise that customers prioritize convenience in the busy weeks between Halloween and New Year's Eve. But while traversing across channels is getting easier for customers, it's getting more complex for retailers. Shoppers already use nine channels to make a purchase and 85% expect consistency during every interaction.

85%
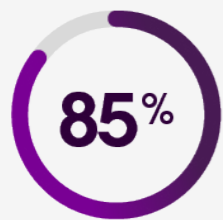
85% of shoppers expect consistency during every interaction, no matter where it takes place.

– **State of the Connected Customer, Fifth Edition**, Salesforce, 2022

With the pressure on to bridge digital and physical experiences, retailers must solve customers' problems based on their context and location. And that means delivering seamless (and personalized) interactions.

Create real-time inventory visibility and fulfillment flexibility.

As many who have shopped on Black Friday can attest, it's disappointing to find an empty shelf after waiting hours in line. Now imagine how excited you'd be if there was a store associate standing near those empty shelves, locating products and taking orders for home delivery. Leaders are connecting back-end systems – using advancements in composable APIs – so store (and online) associates can view real-time inventory and fulfill orders across the enterprise. With the right order management system, you can stay on top of orders from the point of purchase through fulfillment, no matter how your customers choose to shop.

This is especially critical during this holiday shopping season as retailers face high demand and (likely) product shortages. A real-time view of warehouse and in-store inventory ensures you can sell across physical and digital channels without having to worry about delivering a post-purchase out-of-stock notice. You can also use order management to enable flexible fulfillment options like buy online, pick up in store (BOPIS), streamline returns and exchanges, and ensure customers can access their order history and delivery journey.

Keep online shopping experiences fresh with headless architecture.

For customers, holiday shopping excitement is all about finding amazing deals at flash sales, blowout events, and during huge promotions. Conceiving and delivering those memorable moments is challenging enough for retailers. But at the same time companies are working to attract shoppers' attention, changes in inventory, customer demand, and delivery capability are accelerating behind the scenes. Retailers know their online experiences need to keep up with what's happening in real time.

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The challenge? Using traditional site architecture, keeping digital channels fresh can take many days and resources, a critical disadvantage during peak shopping season.

Headless commerce enables retailers to make changes in hours instead of days. Imagine a retailer that's just received a shipment of cold-brew coffee makers. It's been a top seller all year, stock is low, and the new shipment wasn't expected until January. At a headless company, the business unit could update every virtual experience from the website to the metaverse quickly and at one time. This is likely why companies with headless commerce report excelling at digital commerce at greater rates (55%) than companies without headless architecture.

Add new purchase and payment options.

Customers were already eagerly turning to flexible payment options like "buy now, pay later" (BNPL) and " pay over time" (POT) before 2022. These options are bound to grow in popularity as higher prices chip away at consumer spending power. In fact, according to the Salesforce Shopping Index, BNPL accounted for 9% of global Q1 2022 digital spend, up 20% year over year and 9% since Q4 2021. For retailers, the financial benefits are considerable: One retailer reported an increase of 50% in average order value after implementing BNPL.

Optimize mobile commerce experiences.

Customers are increasingly using mobile devices to shop for holiday gifts. Not only did mobile devices account for 60% of order share in Q4 2021, it comprised 72.9% of total ecommerce spend. Make it easy for your customers to shop from their phones with simple designs that load fast, feature large "buy now" buttons, and offer seamless checkout experiences.

Mobile marketing programs that communicate personalized information through push notifications or text messages are another place retailers should focus. That's incredibly important at the holidays as shoppers eagerly await restock notices, special promotions, and delivery confirmations.

Social selling innovations bring store experiences home.

Social shopping, alongside innovations like live streaming, are changing the ecommerce landscape. And the data suggests that brands are just getting started: Social commerce is predicted to grow three times faster than traditional ecommerce over the next four years.

Consider a shopper who thinks he's found the perfect gift on Instagram. It's hard to tell from looking at a flat image if the product is exactly right. But when he can watch a live stream with a store associate, he can ask questions and potentially avoid buying an unwanted item – a huge win for retailers as they face a 20.8% online returns rate.

03

CHAPTER 3

Create lifelong customers with connected and consistent service.

It's never been more important for retailers to deliver excellent customer service.

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In a challenging economy, customers shop less and from fewer retailers. The good news is that companies can still build customer relationships even when money is tight for consumers. Retailers can make this happen with excellent customer service: In fact, 91% of consumers say that good customer service makes them more likely to make another purchase. That's essential, considering it only takes three bad experiences for 80% of shoppers to abandon a retailer forever.

80%

80% of shoppers will abandon a retailer after three bad experiences.

– **The Connected Shoppers Report, Fourth Edition**, Salesforce, 2021

It's inevitable that higher shopper volume at the holidays will lead to more customer service interactions. By empowering agents with the right data, you can quickly and accurately answer questions about product availability, delivery status, and rewards status. You can also connect voice, digital, and physical experiences so your employees can deliver consistent interactions, no matter how your customers choose to reach out. And when service agents have the information they need to satisfy customers, they are more likely to be satisfied themselves.

Prepare your service team.

Demand forecasts based on data and analytics help you prepare your service team for changes in shopper behavior and activity. But that's just the start: From inquiries about Cyber Monday promotions to questions about extended shopping hours, the peak shopping season is packed with special offers and exceptions that can strain even the most experienced employee's patience. As the holidays approach, give your agents, associates, and seasonal workers the right tools so they can answer questions about new products, exclusive offers, return policies for holiday purchases, and more.

> **"The customer doesn't think about just needing service. They think about their entire experience with Sonos. So why wouldn't we?"**
> – **Ruth Sleeter**, CIO, Sonos

Empower agents with commerce and service data.

The holiday season is notorious for increases in service interaction volume. With 79% of service professionals saying it's impossible to provide great service without a complete view of customer profiles and interactions, the pressure is on retailers to connect service across every touchpoint. This is especially important as customers embrace digital channels: In fact, the number of customers who prefer to engage on organizations' dedicated mobile apps is now almost equal to those who want to be met on messenger apps they use in their personal lives, like WeChat and Google Hangouts.

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79% of service professionals say it's impossible to provide great service without a complete view of customer interactions.
– **State of Service, Fourth Edition**, Salesforce, 2020

Conversational commerce enables shoppers to engage and transact with retailers within these messaging channels. Commerce and service instances connect so that agents access recent orders and shopper preferences. They double as associates and stylists by delivering personalized experiences and cross-selling and upselling additional items. In addition to offering AI-powered chatbots, cross-train sales and service associates so they can quickly answer questions about loyalty status, past orders, and delivery timing.

Keep self-service channels up to date.

Customers love self-service for its speed and convenience, whether it's the holiday season or not. In fact, not only have 65% of customers used a self-service channel in the past two years, 66% of Millennials prefer it for simple cases.

65% of customers used a self-service channel in the past two years.
– **State of the Connected Customer, Fifth Edition**, Salesforce, 2022

So, what are key ways that retailers plan to automate service during the holidays?

- **Radical transparency:** 74% of customers say communicating honestly and transparently is more important now than before the pandemic. So, make over-communication a habit. Be clear about shipping timelines, backorders, and delays, before and after the purchase. Keep customers updated by providing full visibility into their order status via SMS.

- **Faster answers:** A landing page with answers to frequently asked questions. Ensure you update this page with holiday-specific guidance, such as extended timelines for returns.

- **Guided service on digital channels:** Connect self-service to chat or guided workflows so customers can do things like create return labels quickly. Have an easy way to direct shoppers to your help center for more information. The goal: Keep interactions simple, intuitive, and fast.

- **Automation:** Add a chatbot with the option to transfer to live support. AI-powered chatbots empower customers to get simple questions answered quickly. Ensure live chat is readily available on all website pages and make it easy for customers to find other service options, like voice.

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Turn phone calls into connected service experiences.

Self-service, live chat, and even text are growing in popularity, but they're not the channel of choice when a customer has a complicated question or complaint: 76% of service agents say that the phone is the preferred channel for complex issues. But resolving customer complaints quickly (and in one phone call) is a challenge for employees. In fact, 63% of agents say it's difficult to balance speed and quality.

> **"There's a time in a customer's journey where they might run into an issue or a problem, and that is a defining moment where you can either rise to the occasion and help them or not. If you can address it, you raise the value in the mind of the customer."**
>
> – **Patrick Spence**, CEO, Sonos

By uniting sales, service, marketing, and commerce data on one platform, retailers can:

- **Improve speed-to-serve:** With a complete record of customer communications, interactions, and transactions on one screen, agents won't have to toggle back and forth between systems. That's essential during the holidays, when higher call volume puts a premium on efficiency.

- **Empower agents with greater visibility:** 83% of customers expect to solve complex problems by speaking to one person. With access to data across departments, agents can customize complicated answers to customer questions – like how to redeem loyalty points on an email offer while arranging in-store pickup at the same time.

- **Anticipate customer needs:** No one likes repeating themselves. With a complete view of interactions, agents can anticipate questions and answer them quickly.

- **Automate routine tasks:** Turn tasks such as creating and emailing a prepaid return into a one-step process.
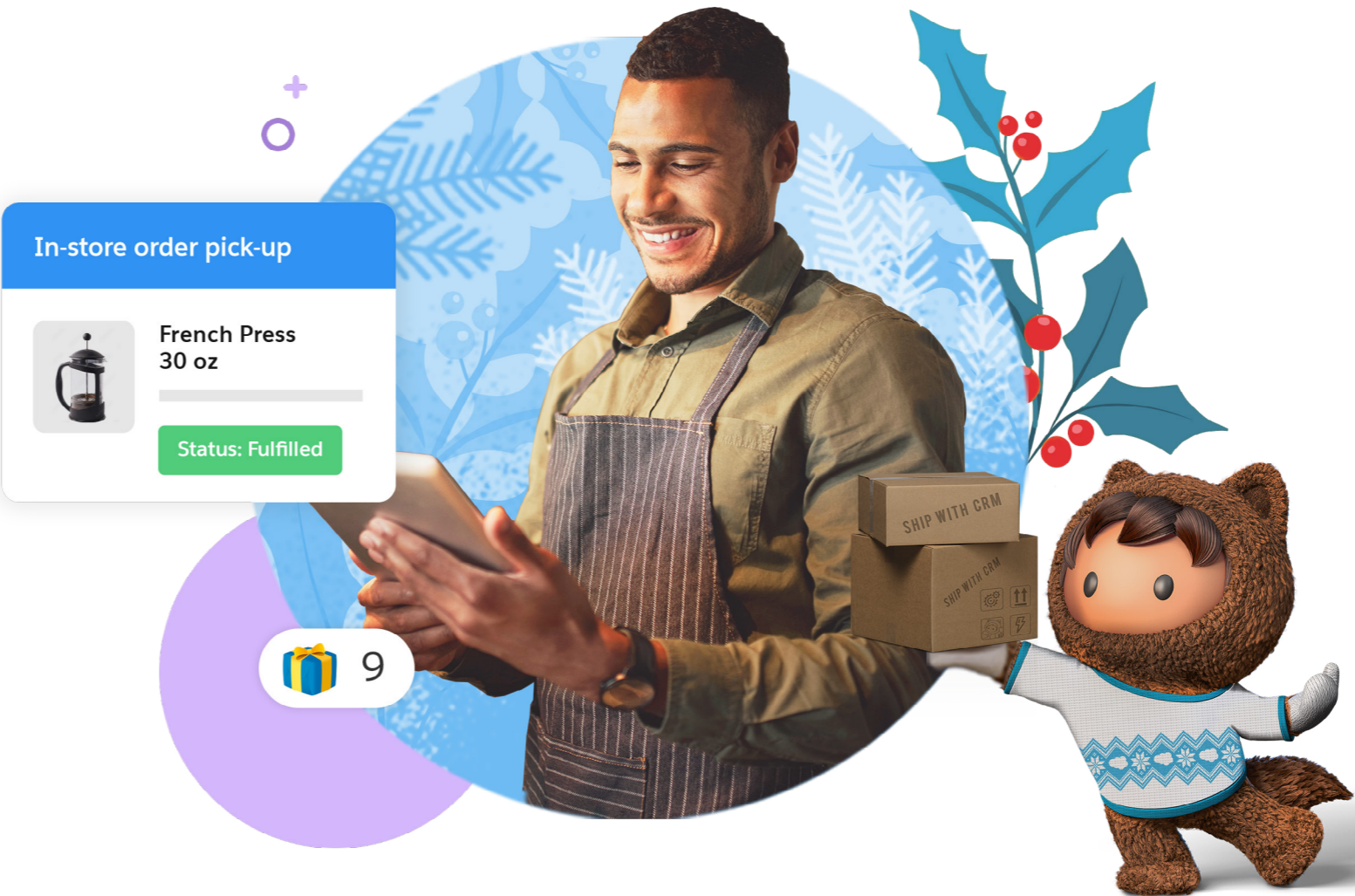
04

CHAPTER 4

Digitize the physical store.

The line between physical and digital has blurred.

In-store order pick-up

French Press
30 oz

Status: Fulfilled

🎁 9

SHIP WITH CRM

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Retailers have already evolved the role of brick-and-mortar by driving customers in-store with flexible fulfillment options like BOPIS and promoting in-store events on social media. These innovations increase revenue: In fact, 74% of retailers reported that shoppers bought at least one more product while in the store to pick up a purchase.

74%
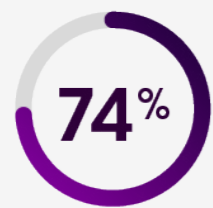
74% of retailers reported that shoppers bought at least one more product while in the store to pick up a purchase.

– **The Future State of BOPIS and Curbside Pickup**, RISNews.com, 2021

With increasingly complex customer journeys blurring the lines between physical and digital commerce, retailers are under more pressure than ever before to unify disparate experiences.

Empower store associates to deliver better customer service.

Store associates are an integral part of the customer experience. But this year, the ongoing labor shortage means it's imperative that retailers do everything possible to nurture happy employees. The financial benefits are clear: Not only is replacing and training new workers expensive, data show that happy employees lead to happy customers – and that grows revenue.

"Things are always changing, so being adaptable – empowering your people to be able to do what they need to do in the moment – is absolutely critical for us."

– **Patrick Spence**, CEO, Sonos

Retailers can accomplish this by giving associates technology that automates repetitive tasks and enables them to spend more time directly serving customers. With a platform that connects your customers' digital profiles, preferences, and history to mobile devices in the store, associates can:

- **Deliver personalized service:** An increase in foot traffic during the weeks near Black Friday means associates need to serve more customers faster. Armed with a complete view of real-time customer data, associates can quickly answer questions about order status, rewards balances, purchase and return history, delivery timing, and more.

- **Check inventory availability:** Nothing kills the holiday spirit faster than empty shelves. But with a real-time view of store and distribution center inventory, you can empower store associates to sell merchandise and satisfy customers.

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- **Check pricing, promotions, and discounts:** Inflation means shoppers will be even more eager to take advantage of special holiday offers. With promotions changing from day to day, it's imperative that associates have access to the latest offer rules so customers get the best available deals.

- **Streamline communications:** Quickly share time-sensitive news and updates, like flash sale details, expanded holiday shopping hours, or new in-store pickup rules. Facilitate employee underline collaboration and communication on secure channels.

- **Empower managers.** Make it easy for managers to onboard and train new and seasonal employees. Assign and track tasks for completion. Upskill current employees so you can meet changing business demands at scale.

Facilitate frictionless checkout and fulfillment.

For shoppers, most of the battle is finding the right gift at the right price. For retailers, the challenge is to ensure a simple and smooth customer experience. To make that happen, consider upgrading payment, delivery, and return options with an eye on flexibility:

- **Payments:** Tap-and-go credit cards have become the norm in the store, but don't overlook high-growth payments options like mobile wallets, BNPL, and POT. That will be important this holiday season as higher prices make it harder for retailers to capture wallet share. And although these options are more typically found online, they're also growing in popularity in stores' point-of-sales systems.

- **Store fulfillment:** Retailers are prioritizing convenience and giving shoppers the chance to choose their own delivery windows. They're also appealing to sustainability-minded consumers by offering eco-friendly delivery options (and even carbon offsets for delivery from the store or local distribution centers).

- **Try-at-home:** Some retailers are experimenting with temporary try-at-home options that let customers use products for a few days without charge. If the customer isn't satisfied, they can return whatever products they don't like.

- **Returns:** Evolve your returns experience with an eye toward convenience, customer preference, and sustainability. Enabling customers to drop off online returns in the store and offering contactless return kiosks deliver on the dual promise of ease and sustainability.

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CHAPTER 5

Deepen business relationships.

Strong B2B relationships will help retailers weather uncertainty.

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With economic headwinds creating uncertainty for customers, retailers must focus on nurturing new and existing relationships with partners. Delivering excellent service experiences is essential – after all, 84% of business buyers say the experience a company provides is as important as its product or services – but that can't happen without flawless execution upstream. That's why more and more retailers are breaking down their walled gardens and leaning into the burgeoning ecosystem economy.

Provide transparency and drive agility.

Right now, 70% of retailers and 58% of suppliers cite limited data transparency as the biggest barrier to collaboration. Set yourself apart by actively sharing information with partners on your supply chain. When you adopt a single source of truth, you can minimize out-of-stocks and build more accurate demand forecasts. You can also deliver customer demographics and store-level sales information, giving suppliers valuable insights.

Modern order management capabilities enable you to connect back-end systems with order data. You can visually manage workflows and maximize the supply chain with inventory APIs that give a real-time view of your inventory. Orders are processed quickly with automated fulfillment, payment capture, and invoice creation. That's the kind of transparency that drives smarter decision-making, customer loyalty, and revenue.

Deliver a consumer-grade buying experience.

B2B companies turned to virtual channels to communicate in 2020 and haven't looked back. Today, modern operations increasingly mean collaborating with partners over secure digital channels with teams from sales, service, marketing, commerce, and finance. It also means serving B2B customers on a wide range of devices and channels, similar to what they experience in their personal lives.

FILA

"We partner with everyone from mom-and-pop stores to regional chains and national retailers. What's cool about our commerce platform is that we can focus on self-service ordering while also utilizing different features and functionality to target those diverse B2B buyers."

– **Kathleen Hachmeyer**, Director of Technological Innovation, FILA

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Promote sustainability across your value chain.

Not only do 93% of global consumers expect the brands they buy to support social and environmental issues, underline buyers are under pressure underline to do business with organizations that have committed to sustainability principles. Today, that means more than greenwashed marketing messages. Instead, sustainability must be an initiative owned by the enterprise and data-driven, with visibility and accountability across the entire ecosystem.

Sustainability is more than brand differentiation; it's about brand survival. Show buyers your business has considered the environmental and social impacts of your operations and supply chain. Avoid greenwashing: Instead, stay transparent about data. Use underline carbon accounting to calculate the progress underline you've made on your change journey for internal and external stakeholders.

Take the next step on your 2022 holiday planning journey.

The only thing that's changing faster than consumer preferences is the economy. As retailers look to efficiency and automation to drive profitability and prepare for spikes in demand, they need to be ready for anything.

The challenge? Creating a winning holiday strategy takes more than introducing curbside pickup or posting on Instagram. This year, success means a robust first-party data strategy, a seamless customer experience across physical and digital channels, and associates who are empowered to serve customers efficiently. In short, retailers must prioritize flexibility and convenience like never before. And that means putting the customer at the center of every decision they make.

![Salesforce logo]

Ready to learn more about Salesforce for Retail?

Watch [the demo](#).