



# **2023 HOLIDAY GUIDE: PRIORITIZE SMART PRICING, PROMOTION & CUSTOMER RETENTION**





## INTRODUCTION

What kind of a holiday season will 2023 be?

While no one has a crystal ball that can see *exactly* what Q4 will bring, it seems we're in for a relatively solid, if not superlative, season for retailers.

"We've had mixed signals over the last several years, yet the holidays have been pretty resilient," said Matt Katz, Managing Partner at [SSA & Co.](#) in an interview with *Retail TouchPoints*. "Yes, there are headwinds like inflation [this year], but there's very high consumer confidence and markets are responding to that. A good indicator of how people feel is that travel is back, which also means that experiences and experiential retail will be very important. Because of all these things, gift-giving may be more functional than the extravagant purchases of the past. There's still a limit on spend."

Others see a less rosy picture: "There's lingering inflation and the looming [resumption] of student loan repayments in October, along with consumer savings levels versus credit card balances that are all pointing to a tougher holiday season," said Shawn Ashworth, Managing Director and Co-lead of the Retail Performance Improvement practice of [Berkeley Research Group](#) in an interview with *Retail TouchPoints*. "As you pull apart

the data, there are definite winners and losers: luxury and off-price will continue to win, but it will be a tough year for specialty retailers focused on low- to middle-income [consumers'] discretionary spending, and department stores will continue to struggle.”

An uncertain economic environment means that retailers will need to squeeze as much value as they can from every holiday season interaction. Some key areas retailers should be focusing on include:

- **Pricing and promotion strategies:** While store-wide or site-wide sales might bring in a rush of traffic, they are more likely to erode margins than more targeted promotions — both in terms of which items are promoted and which customer groups get those offers;
- **Turning new customers into repeat customers:** While this is a year-round mandate, it needs to be intensified during the holidays when consumers “sample” new brands more often; and
- **Taking advantage of a longer holiday season:** Smart retailers can use the elongated season both to make promotional and inventory course corrections, if they’re needed, and also to smooth out the sales spikes that stress both in-store and online retail systems.

## **SECONDHAND GIFTS TAKE OFF: 17% OF ITEMS GIFTED THIS HOLIDAY WILL BE RESALE**

Shoppers have embraced buying secondhand for themselves, and now the stigma around resale has faded enough that the category is expected to account for **17%** of gifts this season, while saving **32 billion** pounds of waste from landfills, according to **Salesforce data**. This practice is at least partially driven by frugality during an uncertain economic period.

“Consumers see resale as a way to save on costs and to give an item that is unique and exciting,” said Caila Schwartz, Director of Consumer Insights and Strategy for Retail and Consumer Goods at Salesforce in an interview with *Retail TouchPoints*. “The second [biggest reason] is accountability.”

Learned behavior from the pandemic also is contributing to the growth of secondhand gifts, according to Schwartz. Shoppers remember the inventory shortages of past years, and resale is a way to purchase unique items that won’t suddenly become out of stock.





## TAKING A MORE HOLISTIC APPROACH TO PRICING AND PROMOTIONS

Promotional pricing represents “a huge opportunity to put dollars in the cash register quickly,” said SSA’s Katz, but he noted that pricing’s power is magnified when it’s integrated into an overall strategy.

“Pricing opportunities are critical, but [retailers also need] the ability to locate their inventory where customers are so that it’s efficient to get [products] into their hands,” said Katz. “Additionally, being able to convert that customer from a transactional [interaction] to one where you have a chance to build repeat activity and loyalty” is vital.

“We’ve already seen that it’s been a highly promotional year for many segments, and that will continue into the holidays,” said Ashworth. “If you’re a retailer relying on a value consumer, you have to find a way to balance that perceived value to drive traffic and conversion — but without unnecessarily giving away margins on items.

“For the full-store promotions that we often see in specialty retailers, consumers will cherry-pick your best items,” Ashworth added. **“Retailers need to be more targeted with their promotions, by category, by product, even by specific locations.** Being able to be agile with promotional activity is important in this environment, and that means not just responding to your own performance, but also to competitors’ activity as well.”

Effective pricing and promotional strategies also need to be carefully aligned with inventory solutions. “Retailers need to have up-to-date forecasting tools and really good tools for inventory visibility,” said Jerry Sheldon, VP of Technology at **IHL Services** in an interview with *Retail TouchPoints*. And yet visibility down to the SKU level remains a challenge: “Retailers still have a really hard time finding stuff, even in stores, although RFID is a fantastic tool for understanding what I have in the store. **[The discrepancy between] available to promise and what I really have represents lost margin.**”



### **BOPIS HAS MATURED, BUT WILL STILL DRIVE \$28 BILLION IN INCREMENTAL SALES**

Buy online, pick up in-store is no longer the differentiator it once was, but that doesn’t mean retailers should let this option fall out of focus. BOPIS will drive **\$28 billion** in incremental global store sales when customers pick up their online orders during the holidays, according to Salesforce.

“Shoppers are still taking advantage of the opportunity, and convenience is definitely a factor,” said **Salesforce’s** Schwartz. “They’ll pick it up from the store down the street versus maybe having to wait days. They also can be assured that the product is there, which is important after many inventory issues over the last few years.”

The continued popularity of BOPIS is part of a larger emphasis on omnichannel expected for this year. Younger shoppers in particular are likely to go online for inspiration before picking up an item in-store, or they will see something during a trip and order it digitally, Schwartz noted.



## **ASICS SEES YOY REVENUE GROWTH SOAR 72% WITH ASSISTANCE FROM CHANNELADVISOR MANAGED SERVICES**

### **Company Overview**

For decades, ASICS America Corporation has been synonymous with performance at the highest level. From trail running and track to tennis, volleyball and wrestling, ASICS is the go-to sports footwear brand for millions of consumers worldwide.

Still, it wasn't long ago that the company was still figuring out how to navigate the changing ecommerce landscape. After combining multiple websites into one seamless experience across a full range of performance shoes and lifestyle brands, the ASICS website is now a one-stop-shop for a personalized path to purchase. But the shopping journey doesn't end there; it continues on Amazon, eBay, Google Shopping and other essential channels.

Even amid these impressive developments, the company hasn't been immune to the unpredictability of an ever-evolving industry. With ecommerce in a constant state of change, ASICS has faced some significant challenges along the way.

### **The Situation**

Like all big brands, ASICS has long understood the importance of building a strong ecommerce presence. As consumers continually seek new ways to interact with their favorite manufacturers, direct-to-consumer (DTC) channels are key. But in an industry where wholesale and resale played such a central role for so long, embracing new methods on marketplaces also meant coming up with new strategies.



“Organization was an issue,” says E-Commerce Marketplace Manager Rebekah Darsch. “We had a large product catalog. One person managing that every day was unsustainable.”

There were other challenges, too, especially when it came to consolidating multiple websites into one big-brand URL. So the team decided to ramp up its efforts with ChannelAdvisor.

## The Solution

For a while, ASICS had been using the ChannelAdvisor ecommerce platform to manage marketplaces such as eBay and Rakuten. But as the ASICS DTC business expanded, it became clear that more support would be needed to tackle two crucial areas of need: marketplace management and digital marketing.

After visiting ChannelAdvisor headquarters, the ASICS team decided to expand to **Managed Services for Marketplaces and Digital Marketing**.

“We met with the team at ChannelAdvisor, our account manager and other team members,” says Kyle Boucher, Senior Manager, Demand Generation. “We spent our time learning what ChannelAdvisor could offer us.”

It didn't take long for ASICS to decide that leveraging the company's marketplace and digital marketing specialists “just made sense.”

“The big piece for our search program was to improve the way we were messaging our customers...based on age, gender and keyword interest,” explains Boucher. “And there was only so much I had the ability to do when I did it on my own.”

Darsch echoed his sentiments on the marketplace side. “Just being able to use ChannelAdvisor's platform to help us with the Amazon integration to pull in orders and sales helped us grow quickly,” she says.

## The Results

So what happened next? ASICS' Demand Generation Manager describes it best: “We just kept crushing goal after goal.”

Thanks to ChannelAdvisor successfully launching them on Amazon, ASICS reports that its year-over-year revenue growth shot up 72%.

ASICS' digital marketing campaigns were equally rewarding. After setting an original goal for return on ad spend (ROAS), the team watched the actual number climb to a new record.

“Once we partnered more with ChannelAdvisor and optimized our programs, we ended up with an impressive ROAS at the end of the year,” says Boucher. “In terms of revenue, we finished with 41% above where we were [a year ago].”



That's not even the best part.

**In the five-day span between Thanksgiving and Cyber Monday, ASICS watched year-over-year growth swell by 150%. According to ASICS, it was the company's most successful Cyber 5 holiday selling season ever.**

"We more than doubled our demand, which is incredible," Darsch says. "And 81% of our marketplace revenue during Cyber 5 came from Amazon. We were so excited because that was a new marketplace ChannelAdvisor helped us to launch on."

"Working with ChannelAdvisor," says Boucher, "We were able to do a lot of things during the holidays, including features and promotions."

"[Without ChannelAdvisor], our program would be much different," Boucher adds. "We would've had to find a lot of alternative methods to do what we do. We're currently advertising across three different search engines. There would be no real way we could manage that. There wouldn't be much of a program without ChannelAdvisor's robust platform."

Darsch agrees. "I can't even imagine what it would be like without ChannelAdvisor," she says. "I would definitely recommend ChannelAdvisor to other sellers, especially those that are just starting out on marketplaces. ChannelAdvisor is not only a service to help with our feeds but also a resource on how to sell on marketplaces and how to grow."



**channeladvisor**  
a CommerceHub company





## **USING THE HOLIDAY SEASON TO SUPERCHARGE CUSTOMER ACQUISITION AND RETENTION**

By its very nature, the holiday season offers fertile ground for customer acquisition. Buying gifts often means looking beyond one's circle of "regular" retailers to find the right present, and even the most curmudgeonly Ebenezer Scrooge is likely to be swayed by the season's feel-good promotional blizzard. Smart retailers will transform these customer acquisition opportunities into chances to gain a loyal repeat customer.

Of course, first they must complete the initial sale — a challenge when the item the customer wants isn't on the shelf (or anywhere else in the store). When associates can use handheld devices, freestanding kiosks or the POS to locate the product and arrange for it to be shipped either directly to the customer or the store, that challenge can be overcome in most cases.

"It's vital to train employees and give them the tools to 'save the sale,'" said IHL's Sheldon. **"As a tech analyst, I know that stores have this fantastic technology to save the sale, but when I interact with them, they don't have employees using those tools.** Retailers need to invest more in their employees and train them to make sure that's part of the process."



Putting more sophisticated tools in associates' hands also can guide them toward more profitable transactions. "A lot of times the store associates don't know the margin implications on an item-by-item basis," said Berkeley Research Group's Ashworth. "If you give them that visibility, it can drive activities like upselling and product bundling."

Katz agreed that providing associates with relevant data is important at the point of sale, but he cautioned that retailers also need to "buy smart" early to avoid problems later, as well as continuously monitor sales and inventory data throughout the holiday season.

"Having information at your fingertips so your team can act with swift agility is really important, but it won't be helpful if it's the end of the holiday season and you still have a glut of inventory," Katz noted. "Agility has to come with speed, and speed has to be based on the information you have and the way you're evaluating that information."

Sheldon also recommended making extra efforts to sign up new customers for loyalty programs. "If I can get you as a loyalty customer, then when you go online I can understand your interests even more," he noted. "Now, I can also use AI/machine learning tools to remarket using specialized promotional offers, based not only on what you bought but [data points such as] what you've looked at online and how frequently."

## **NEXT-GEN AI WILL INFLUENCE \$194 BILLION IN GLOBAL SALES**

It's no surprise that AI will be top-of-mind for both shoppers and retailers this holiday season. **Salesforce** expects the technology's impact to be felt to the tune of **\$194 billion** in global online spend that will be influenced by generative and predictive artificial intelligence.

"For this holiday season, we're going to see a combination of predictive and generative, especially in terms of writing product recommendations," said Salesforce's Schwartz. "Based on our research, **10%** of consumers said that they're going to use a ChatGPT service to get product inspiration."

Schwartz noted that this technology is particularly useful for driving personalization on an unprecedented level, whether by customizing the products on a shopper's landing page or offering next-gen chatbots that smooth out the gift-buying experience.





## MAXIMIZING THE OPPORTUNITIES OF A LONG HOLIDAY SEASON

Consumers may hate that stores seem to start playing Christmas music the very second Halloween displays come down, but an elongated holiday season can actually be a boon to retailers.

“A longer holiday season is beneficial because it gives you more time to react [regarding] merchandise that isn’t selling, and it also allows you to better manage your labor,” said Sheldon. “Every retailer has a labor issue, and [retailers all] have a hard time staffing for that Thanksgiving-to-Christmas period. There are a lot of negatives that happen when you have that massive spike; [without sufficient store labor] it ticks consumers off and affects employee retention.”

Longer selling seasons with fewer sharp peaks and deep valleys are better for retail operations in general, but they do require agility in key areas, particularly promotions.

“Retailers have adjusted to this new reality [of a longer holiday season] for the most part, although a lot of them are still working through how you execute that profitably,” said Ashworth. “There are pros and cons. **As an operational benefit, you smooth out that peak of demand and supply going through the supply chain. [The challenge is having] the right flow of newness and promotional activity. Retailers need agile promotional processes to react to the current environment week to week.**”

Retailers also need to ensure that their stores have enough associates working to deal with traffic spikes generated by their own promotional activities. “Retailers need to predict and align those store staffing levels with the ‘demand zones’ you’re trying to create throughout the season in order to create a good customer experience during those cycles,” said Ashworth.

Finally, perhaps it’s not so much that there’s a longer holiday season, singular, as that there are now multiple holiday seasons throughout the calendar year. Prime Day, for example, has grown so large that multiple retailers have crafted special sales events around it, creating a mini-“season” that leads directly into back-to-school (BTS). And BTS itself now encompasses more than just school supplies and new outfits. “It used to be just clothing but now it’s footwear, electronics and home items — there’s a lot in it,” said Katz. “Halloween used to be around candy, now it’s decorations, costumes, home items, with its own cadence of pop-up stores.”

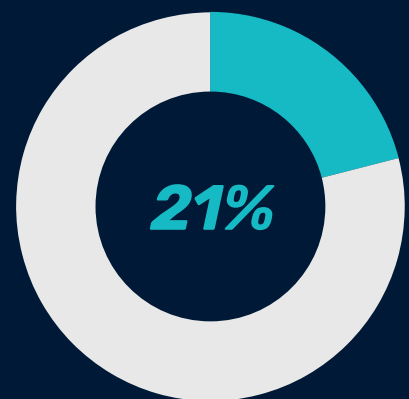
There’s a downside to what can seem like continuous promotional activity throughout the second half of the year, however. “I do think it’s too much, and all of retail would love there to be less,” said Katz. “So while I don’t think you’re going to see the [traditional] ‘holiday season’ starting earlier than Halloween, we will see more promotions early on and lots of marketing events. As retailers look at where to spend their dollars, they should think about holiday seasons with their own identities.”

## **POOR RETURNS EXPERIENCES COULD JEOPARDIZE 21% OF DIGITAL ORDERS**

The state of returns, from the cost for retailers to the inconvenience for shoppers, have been a hot-button issue this year — one that won’t cool down for the holidays. **Salesforce** expects poor returns experiences, from policies to processes, to put **21%** of online orders at risk.

It’s worth noting that charging for returns isn’t the culprit. “There is a subset of consumers that doesn’t want to pay for returns, especially in the older generations, but in aggregate the top concerns were [that] returns are clear, returns are easy and I can get a refund,” said Salesforce’s Schwartz. “Although free returns were on the list, it wasn’t one of the top three.”

Making return policies clear and available upfront is vital, according to Schwartz. Few things infuriate a customer like initiating a return only to find out a refund isn’t possible for their particular purchase.





LEARN MORE...



ChannelAdvisor, a CommerceHub company, is one of the world's largest, most trusted commerce networks, connecting over 40,000 retailers and brands globally to transact more than \$50 billion in gross merchandise value (GMV) annually. Customers rely on CommerceHub's software solutions to reach and convert more shoppers, expand margin, and enhance the online shopping experience through drop ship, marketplace, digital advertising, and delivery management. For more information, visit: [channeladvisor.com](https://channeladvisor.com).

866.264.8595  
[marketinginfo@channeladvisor.com](mailto:marketinginfo@channeladvisor.com)



Salesforce is the world's #1 CRM. For top retailers worldwide, Salesforce puts shopping at the center of every experience with AI + Data + CRM. Learn how Salesforce drives costs down and loyalty up for top retailers worldwide with custom-built industry solutions [here](#). Ready for peak shopping season? Get real-time data from 1 billion global shoppers to power retail success [now](#).







*Retail TouchPoints* and *Design:Retail* give all members of the retail world access to a vibrant community that combines insights, inspiration and opportunities to interact with their peers. We sit at the intersection of the art and science of retail strategy, providing granular data, high-value commentary, and aspirational success stories to help readers optimize customer experiences across all channels. Touching all facets of the retail ecosystem, including store experience and design, workforce management, digital marketing and engagement, and omnichannel optimization, our editorial content, multi-media resources and events take timely news and trends and transform them into tactical takeaways that meet the unique needs and priorities of our executive readers.

[info@retailtouchpoints.com](mailto:info@retailtouchpoints.com)



**ABOUT THE AUTHOR**

Adam Blair, Editor

Avid theater-goer, intrepid journalist and grammar nag. There's always something new to learn about retail technology.



**ABOUT THE AUTHOR**

Bryan Wassel, News Editor

Bryan covers the retail industry at large, with a focus on contextual marketing, technological innovation and omnichannel developments.