INGREDIENTS FOR HOLIDAY MARKETING MAGIC: AGILITY, CREATIVITY AND PERSONALIZATION
INTRODUCTION

This holiday season, consumers are excited to live in the moment and celebrate with friends and family, according to research from Deloitte. In fact, they plan to spend an average of $1,652 this season, surpassing pre-pandemic figures for the first time.

The 2023 Deloitte Holiday Retail Survey indicated several factors driving this growth:

• **More consumers are participating in holiday activities:** 95% of consumers said they plan to purchase products (either for themselves or for their friends and loved ones) this holiday season, up from 92% in 2022;

• **Inflation is a key consideration:** Three-quarters of consumers expect to pay higher prices on products than they did last year. As a result, consumers are focused on being savvier by buying fewer gifts, spending more on gift cards and capitalizing on major promotional events; and

• **People are spending on more than gifts:** Consumers are spending 25% more year-over-year on non-gift purchases, including holiday decorations, furnishings and non-gift apparel. Three-quarters of consumers also plan to “self-gift” this year.
"For retailers, a winning strategy may come down to driving value around key promotional events for inflation-wary customers," according to the report. "The promotional timing will be crucial as consumers intend to wrap up their shopping in just 5.8 weeks — a time frame that has shrunk from 7.4 weeks pre-pandemic. The old retail adage of ‘having the right product, at the right price, at the right time’ may ring true more than ever this year."

These promotional milestones are core to retail marketers’ planning calendars. However, it is the unknowns — such as how consumer spending will evolve as the season progresses — that marketers need to prepare for. For example, while Salesforce predicts that global discount rates will peak at 29% during Cyber Week, the company also believes that consumers will likely hold off on spending to find the best, final deals toward the end of the season.

“The big campaign launches have been locked in since the summer,” said Michelle Grant, Director of Strategy and Insights for Retail and Consumer Goods at Salesforce in an interview with Retail TouchPoints. “Those are the big buys, the big messaging and the main discounts, like Walmart’s Mean Girls spot, which went viral. But it’s an unpredictable holiday, so it’s important to be agile and be able to change your messaging.”

Grant recommended that retail marketers reimagine the traditional holiday calendar by tapping into the unique attributes of specific channels and tactics. Marketers should:

- Embrace the creative agility and flexibility of social platforms;
- Harness the relationship-building power of email, SMS and push notifications; and
- Leverage generative AI tools to create and adapt content at scale.

"Being agile and being digital-first is going to be really important this holiday season, when we don’t really have a good read on how much the consumer is willing to spend," Grant noted.

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— Michelle Grant, Salesforce
According to Salesforce's 2023 Connected Shoppers Report, the top two channels poised to receive more marketing investment from U.S. retailers are social media and video ads tied to influencer marketing and amplified via social media.

Social media’s heightened influence on browsing and buying behaviors is reason enough for retailers to double down on organic and paid tactics via these platforms. In Q1 2023 alone, traffic referrals from social media platforms grew 27% year-over-year, according to Salesforce research, and the influence of these platforms even extends into stores. As a result, Salesforce predicts that social media advertising will drive 10X more online holiday shopping visits than traditional marketing this year.

While multiple generations turn to Instagram, TikTok, Snap and Facebook to get inspiration and inform their purchases, Gen Z is leading the trend, according to Proximic by Comscore data: 87% of consumers in this demographic plan to find holiday gift ideas on social platforms.

Marketing teams have the unique opportunity to reach and resonate with their core customers by harnessing a combination of timely messaging and compelling creative, and tapping into this “internet culture” will allow brands to be nimbler as the season progresses, according to Grant.
“Social media ads, especially video ads, are going to be important this holiday season, especially as we think about agility,” Grant said. “We see things go viral all the time, especially on TikTok and Instagram Reels. There’s always a new sound that goes viral on TikTok, or there’s a new challenge, and it’s a great opportunity for a company to lean into those moments to gain attention in a very crowded advertising world.”

To capitalize on this opportunity, brands will need to empower their creative teams to be agile or work fluidly with influencers to create content faster. Creator and influencer relationships will be especially critical on multi-media platforms like YouTube, which has become an adored channel among Gen Alpha. More than half (51%) of these consumers first hear about brands through YouTube videos, according to Razorfish. And 56% of parents surveyed by Morning Consult said that what these younger shoppers see online, particularly around shopping and unboxing content, influences their retail decisions.

Brands should harness creator relationships throughout the holiday season in order to tap into these opportunities to forge authentic and direct relationships with customers, Grant recommended. “If you have long-standing influencers that you work with, and you want to push something or do a new deal to get those last-minute buyers in, social media is a great vehicle to use,” she said. “Shoppers resonate with more authentic content, not polished content, on that channel, so with influencers, you get that authenticity as well.”
Although social media will play a starring role in consumers’ holiday shopping behaviors this year, retailers shouldn’t discount the unique roles that email and SMS messaging play in consumers’ daily lives.

After all, **86% of total messaging share** in Q3 2023 came from email, while **14%** came from mobile-centric channels like push notifications, SMS and OTT, which is delivered through apps like WhatsApp, Facebook Messenger and Google Business Messenger. Messaging may seem like a small piece of the marketing pie, but these more direct and immediate communication channels are growing year-over-year, which is why Grant recommended that brands harness the key value propositions of each channel to develop a robust messaging strategy that drives engagement, action and loyalty.

“Email is still really important. It’s your biggest base and your biggest customer file,” Grant said. Email is the “workhorse” that helps brands amplify umbrella messaging themes and campaign drops. SMS, on the other hand, is a smaller base, “but the people that give you their phone number are more engaged, so open rates and AOV tend to be higher from SMS messaging. You need to think about how you want to use these two channels together.”

Email is a powerful vehicle for brand awareness, product inspiration and education, according to Grant. For example, now is prime time for brands to send their holiday gift guides and launch their thematic campaigns for the season.

Conversely, push notifications and SMS are optimal for timely sale updates, product drop alerts and other time-sensitive information. “I’m not going to see or respond to that [urgent] message in a timely fashion if it’s delivered through email,” said Grant. Direct and transparent communication also will be critical post-purchase, when consumers expect real-time updates on order deliveries.
These marketing channels can, and should, work in tandem and be further refined with personalization, according to Grant. Most retailers (93%) say they’re investing more in personalization than ever before, according to the Salesforce Connected Shoppers Report, and 57% said they have the “full ability” to use data to personalize experiences.

Personalization should influence all aspects of the customer experience, from service to the ecommerce site and even to stores, but Grant maintained that email and SMS are the most vital channels for retailers to get right. Moreover, with mobile devices expected to account for 50% of all online transactions this holiday season, marketers need to ensure messaging is not only tailored by channel but optimized for mobile screens.

“93% of retailers are investing more in personalization than ever before. — Salesforce Connected Shoppers Report

“If you batch-and-blast messages, people are just going to tune you out and ignore you,” Grant said. “Even if you have the most awesome subject line and the deals are so good it feels like everything is free, you need to have personalized messages because all brands and retailers are going to go really hard on these channels. And people will unsubscribe if these messages aren’t customized for them.”

Personalization is especially critical for loyal customers, who have already opted in and shared data about their behaviors, lifestyles and preferences. “It’s fascinating how many retailers still struggle with this, especially if they’re multi-brand or multi-gender,” Grant noted. “If you’re a pet store, you shouldn’t be sending dog products to a cat person.”

Grant added that brands should be using these channels to promote their loyalty programs, since the holidays are a key time for new customer acquisition. “You want to make sure you have messaging about your loyalty program — on your site, on your app, everywhere,” she said. “But the trick is getting them to become active members in your program after the holiday season. They may sign up for free shipping or because they’re buying a gift on behalf of someone who loves your brand, but you have to convert them into loyal customers if they’re new to your brand. The follow-up of that email journey, onboarding someone into your program and touching base with them at appropriate times, is going to be key.”
Ingredients for Holiday Marketing Magic: Agility, Creativity and Personalization

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**GENERATIVE AI TOOLS: MARKETERS’ HELPFUL HOLIDAY ELVES**

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<th>Activity</th>
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<tr>
<td>Researching electronics and appliances</td>
<td>52%</td>
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<tr>
<td>Getting outfit/wardrobe inspiration</td>
<td>44%</td>
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<tr>
<td>Creating meal plans</td>
<td>44%</td>
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<td>Getting beauty recommendations</td>
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Retail executives are capitalizing on this interest by creating gen AI tools that facilitate the customer journey. However, they’re also investing in tools that empower marketing teams to create compelling and personalized creative at scale.

Salesforce found that 92% of retailers are investing in AI to improve the shopping experience. Grant noted that during the holiday season in particular, marketing teams have a clear opportunity to test gen AI-powered tools and services that will help them effectively respond to holiday trends and spending behaviors. For example, Meta and Amazon are among a growing list of vendors offering gen AI capabilities to help marketing teams rapidly create, test and optimize ads.

“I think we’re going to see a lot of companies be more nimble and agile because they have these tools right now on the very ad platforms that they’re already investing in during the holiday season,” Grant explained. “Many marketers are already using generative AI for creative assets, but I imagine there’s going to be more of an uptick.

“We’re going into an environment where we just don’t know what the consumer is going to do,” Grant added. “You could have a hot viral product that sells out, so you may want to pivot your advertising. That’s a great use case for generative AI; to swap out products that you know you have stocked. Or if something is underperforming you can quickly launch a campaign to push it forward or tweak your messaging as the season goes on. You have to keep looking at the merchandise you have and determine what you want to do with that merchandise, but having that agility is going to be important.”
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Alicia is an editor-turned-content marketer, with a passion for all things focused on digital-powered experiential retail.