

Retail: Q4 2022 Expectations

Wrapping up another year filled with so much uncertainty—and challenge for retailers—the 2022 holiday season will be a complex picture. On one hand: the pandemic has abated, and many consumers are **ready to celebrate** after two years of serious disruptions; renewed in-person events will spark spending. On the other hand: **high levels of inflation** and a downbeat economic picture will negatively impact spending. Overall, consumers have proved resilient over the past two and a half years and while we won't see the 16.2% growth of last year, the 2022 holiday season is expected to be positive—though stretched out over a longer timeframe.



(Generally) A POSITIVE PICTURE

Retail sales are expected to exceed this mammoth number for the first time ever

- That reflects **4.7% growth** over last year's \$974.4B
- Adjusted for inflation, however, 2022's expected figure represents an **overall contraction of -1.8%**



THE INVENTORY ISSUE

Many retailers hold difficult inventory positions, sparked (broadly speaking) by consumers' quick shift toward travel and services in 2022. Expect them to pull sales forward to mitigate risk

However, consumers are **still purchasing more goods than they were** pre-pandemic—a good sign for Q4



EXPECT THE INFLATION IMPACT

77%

The percentage of consumers who reported (in May) that rising inflation had impacted their personal spending

- **72%** said they were making fewer fun/impulse purchases
- **But, but, but: consumer sentiment has improved since May**



OMNIPOTENT OMNICHANNEL

- **82%** of consumers will **shop multichannel**, with **30%** expecting to shop **equally in stores and online**
- **82%** also expect to shop from **Amazon**—the highest figure for a retailer



SEEKING NEW SALES

- **75%** of consumers say they are **more focused on finding deals** thanks to inflation
- **45%** expect to do **most** of their **shopping before Thanksgiving**. Consumers want a sale, but they also want to shop earlier; we expect **peak week's emphasis to soften**



CONSCIOUS CONSUMERISM IS STICKY

- **34%** of consumers report they will shop local or small businesses to support their communities
- **20%** will support a specific retail or brand because it takes care of its employees, is minority-owned, or is affiliated with a charity



THE CHANNELS THAT INFLUENCE PURCHASE

59%

of consumers are influenced to purchase by personal recommendations

Sales events and promotions influence 48%

Media ads influence **51%** of consumers—and **Gen Z and Millennials are more influenced by media** than older generations

MEDIA

