

# How retailers are going digital-first this holiday season

 By [Robbie Kearns](#)

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For retailers this holiday season, everything is relative when you consider last year's widespread lockdown of physical spaces and an accelerated shift to digital commerce in response to the global pandemic.



Source: Getty

According to Salesforce's latest quarterly Shopping Index, global digital revenue grew by 11% year-on-year (YoY) in Q3, a much higher increase than was seen in Q2 (3%). With more people getting vaccinated and returning to stores, the future of retail will continue to be centered around the competition for consumer loyalty in an all-digital world.

To help retailers and brands benchmark holiday performance, Salesforce analysed aggregated data to produce holiday insights from the activity of over a billion global shoppers across more than 40 countries. Not only does this data tell us what is shaping the holiday season and how this will impact how consumers shop in 2022; it also demonstrates how, in retailers' efforts to avoid disruptions to consumers and build resilience into their business, they're pivoting to a digital-first future.

## Enabling customers to manage payments, responsibly

This holiday season we're predicting digital growth to hit record rates of 7% (\$1.2tn) globally. What is also rising, however, are costs - a burden that will be felt right across the supply chain. For retailers and suppliers, reasons include, but are not limited to, manufacturing capacity, logistics costs, and labour shortages. For consumers, inventory issues and higher costs fueling inflation mean they can expect to see higher retail item prices.

As consumers contend with higher prices, we can expect global demand and usage of "buy now, pay later" methods to increase. With a sound omnichannel system enabling shopping online and in-store, retailers can empower consumers with simple, transparent, and financially responsible payment tools.



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## Making stores a critical part of digital strategy

Whereas shipping delays was consumers' primary spoiler last year, we can expect consumers to place larger and fewer orders. As bottlenecks at ports and skyrocketing container costs form two key pressures shaping the holidays, consumer concerns are rising around product availability. As a result, we can expect consumers to come out early again this holiday season to avoid out-of-stocks, with pre-Cyber Week shopping growing 3% globally (to \$129bn).

The combination of store associates fulfilling online orders and offering an endless aisle of products, and empowerment of consumers to make purchases in-store, mean physical stores will serve as a critical component of digital strategies this holiday.

More than six in ten global online orders are predicted to be influenced by brick-and-mortar locations – either by helping to place an online order or by fulfilling it via curbside pickup options. At the same time that labour shortages are wreaking havoc in the lead up to the holidays, it's becoming more critical than ever for store associates to meet rising demand.



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## Prioritising first-party data in a cookieless world

With global legislation and changing consumer preferences giving way to increased internet privacy, marketing departments are facing one of the greatest disruptions they've seen in the last five years. Tracking user activity through third-party data across the web and mobile applications is expected to become more expensive, if not impossible, and first-party data – data that organisations collect and manage on their consumers – will be king.

In the battle for first-party data, loyalty programmes will become more commonplace. Salesforce is projecting 30% growth in e-commerce traffic from social referrals, and personalised email marketing will increase more sharply compared to previous holiday seasons.

Going digital-first, retailers are building resilience into their business models, adapting to changing consumer behaviours, and helping overcome disruption whilst creating more personalised customer experiences.

## ABOUT ROBBIE KEARNS

Robbie Kearns is Senior Regional Vice President, Salesforce Africa, Middle East, Israel and the Mediterranean. He joined Salesforce in 2013 and leads the fast-growing cloud business across commerce, marketing, service and platform. Kearns is based in Dublin, Ireland.

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