

Digitize  Thrive

READY FOR THE HOLIDAYS

How to prepare your business for the rush



HOLIDAY 2021: A SIGNIFICANT SELLING SEASON

Online sales during the 2020 holiday season were historic. In just one holiday cycle, global retailers saw two years of e-commerce growth¹. The digital acceleration as a result of the pandemic laid the foundation for new shopping behaviours, while pent up consumer demand, a desire for normalcy, and something to celebrate, built momentum. With the ongoing appeal of online shopping, growing consumer confidence, and COVID-19 uncertainties in some areas, online sales during the 2021 holiday season are expected to continue expanding.



Beyond consumer sentiments, a number of factors resulted in a 50% increase in digital online sales in 2020². Holiday shopping started earlier than it ever had before. In fact, as much as \$26 billion in global retail spending that typically occurs during November's Cyber Week actually happened in October³. At the same time, global retail searches during the fourth quarter of the

year grew at 3X the rate they had in 2019⁴. The shift to digital was undeniable.

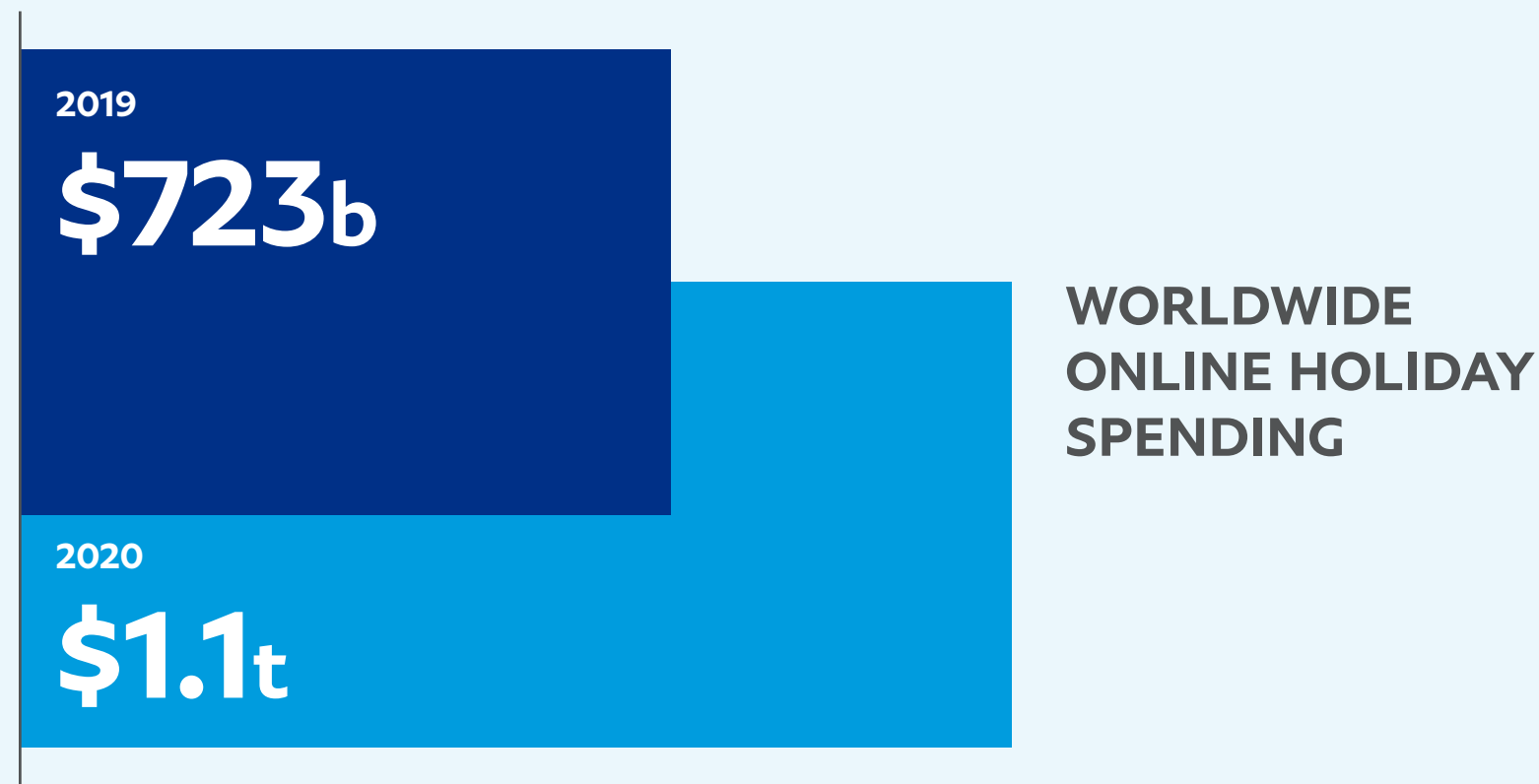
Looking ahead to the 2021 holiday season, these trends indicate that it is essential for businesses to be ready to respond to consumer needs. Some even project that this could be the busiest holiday season yet, as increased sales

have already begun in some areas. Consumer confidence has been growing. And while some have been returning to in-person shopping, online purchasing habits have been cemented, which makes digital engagement essential to make the most of the season. Now is the time to ensure you have the solutions in place to respond to growing holiday demand.

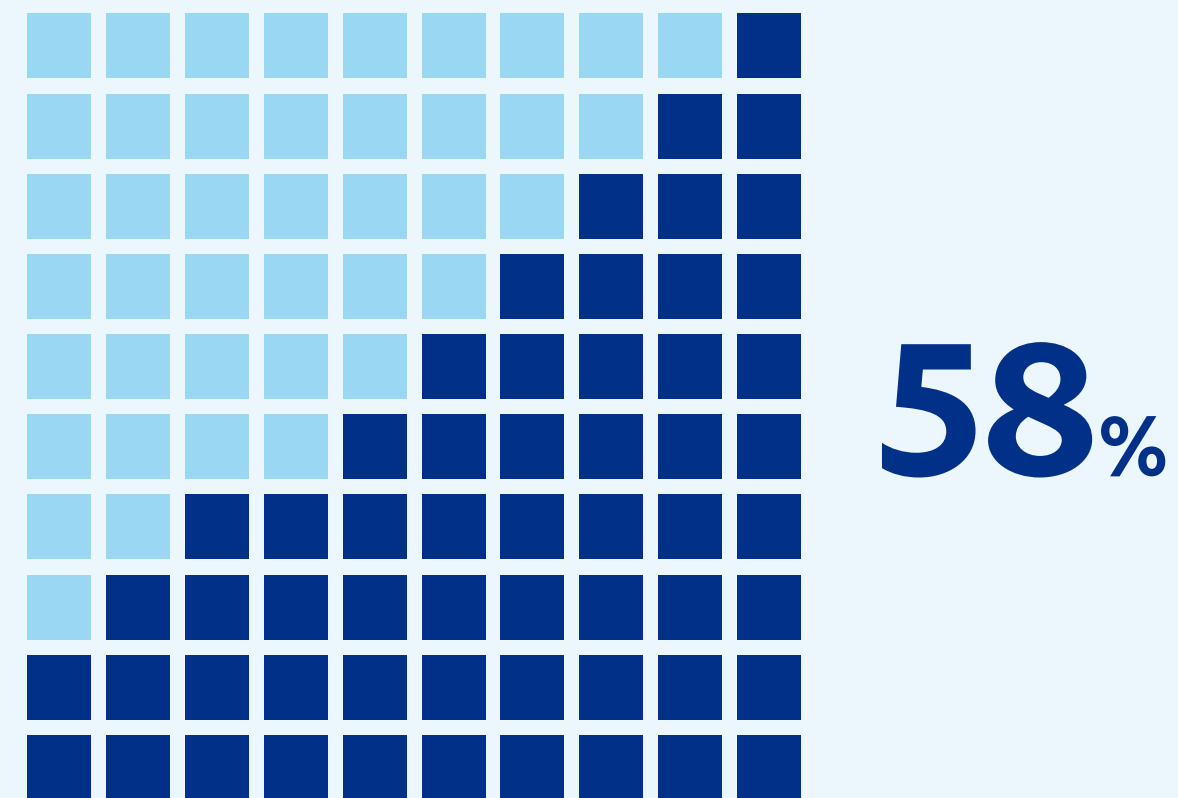


HOLIDAY SHOPPING IS A VALUABLE OPPORTUNITY

\$1.1 trillion in digital sales
happened globally during the
2020 holiday season⁵.



58% of consumers expect to
do more online shopping after
the pandemic than before⁶.



\$270 billion in global sales
during Cyber Week 2020⁷.



HOW TO PREPARE YOUR BUSINESS FOR HOLIDAY SALES

Are you ready for the 2021 holiday rush? Purchases during this time of year drive a large portion of annual sales. Like last year, industry experts expect a significant 2021 season. With the world still facing some uncertainty, maximising your share of holiday sales will be important for long-term sustainability. And with the season slated to kick off earlier and extend longer than in previous years, making preparations now is essential.

To ensure you have the right strategies and solutions in place, here are five key holiday readiness tips:

1. **Maximise sales and reduce cart abandonment** by removing friction from your site
2. **Align your inventory plan** with post-pandemic shopping trends
3. **Engage customers** with personalised holiday incentives
4. **Stay ahead** of holiday fraudsters
5. **Ramp up customer support** to be ready for holiday traffic



1

MAXIMISE SALES AND REDUCE CART ABANDONMENT BY REMOVING FRICTION FROM YOUR SITE

Friction on a site can directly impact holiday sales. Customers are busy and stress levels are high during this time of year. Encountering issues when trying to make a purchase just escalates frustrations and increases the risk of cart abandonment. In fact, December is the month with the highest level of online shopping cart abandonment⁸. Shoppers want fewer clicks and faster transactions. For every one-second delay, conversion drops by 7%⁹. At the same time, shoppers prefer to have a variety of payment options to choose from—51% of consumers surveyed prefer retailers that give them a choice¹⁰.

To ensure a site delivers an optimal user experience, businesses should consider the entire customer journey. Every click and touchpoint from the initial visit through checkout should be purposeful and easy. Companies can avoid friction by making sure sites load quickly, navigation is intuitive and mobile-friendly, and customers are not required to create accounts. Make sure the entire site is optimised for mobile given the expected increase in traffic over the holiday period. Ensuring quick, convenient transactions is essential in today's digital world.

How you accept payments can directly impact a customer's checkout experience too. Businesses can deliver on expectations by integrating a seamless checkout option that works just as well on mobile phones and tablets as it does on desktops and laptops. Consumers don't want to have to find their wallets to type in credit card numbers. Everything has to be intuitive and easy, especially during the holidays. And by enabling payment options like buy now pay later, credit cards, digital wallets, contactless and others, you can let customers pay their way without slowing things down.

PayPal Commerce Platform makes it easy to accept different payment options. Plus, PayPal Checkout minimises the number of clicks so customers don't have to wait. It's a single solution for a seamless checkout experience. No friction. Less cart abandonment. More satisfied holiday shoppers.



2 ALIGN YOUR INVENTORY PLAN WITH POST-PANDEMIC SHOPPING TRENDS

With the changes in consumer shopping behaviour, the past year has also shown shifts in the categories of consumer spend. Wellness, physical activity, and outdoor activities are booming. In fact, sporting goods stores in the U.S. saw their largest gains in March 2021, up 23.5% from the previous month¹¹. It also appears that fashion and luxury goods are starting to see increases, as well, with an uptick of 18.3% in sales at clothing stores. As some people return to in-person activities, many are looking to revamp wardrobes and shift away from stay-at-home outfits.

Understanding your shoppers' preferences is going to be critical as you plan inventories for the holidays and beyond. Consider creating audience segments based on demographic information, purchase history, or channel preference to help you better understand their needs. This will let you test out creative, explore special offers, and see content preferences in advance.

It will also be important to have a clear understanding of how your customers are interacting with your website and their online shopping patterns. Be sure to look at site traffic, sales and conversion rates, average purchase size, and other available stats to understand where they are looking, what they are buying, and how your site is performing. When you know how your customers shop, you can optimise your site and inventory to deliver what they want.



3 ENGAGE CUSTOMERS WITH PERSONALISED HOLIDAY INCENTIVES

Shoppers love a good deal. Especially during the holidays. With 48% of consumers looking for retailers with the best price or promotion, it's difficult to count on loyalty¹². The challenge for most merchants is to stay top-of-mind with current customers during this high-volume time of year. However, the holiday season offers retailers a great opportunity to deepen customer engagement by getting personal. With shoppers feeling festive, playing to the holiday spirit with things like customised gift suggestions can help make personal connections that build long-term loyalty.

Promotions and incentives during the holidays can help keep your customers from looking at competitors. And by personalising those offers based on what you know about the customer and their preferences, you have the power to differentiate and make your store more attractive. In fact, 60% of consumers say they will likely become repeat buyers after a personalised shopping experience with a retailer¹³. That makes gathering all of the shopper insights you can before the holidays essential. After all, the better you know your customers, the easier it is to create successful campaigns.

Your website is a powerful platform for personalisation. It all starts with your customer insights. By leveraging customer data to tailor product recommendations and retarget customers who have visited the site, retailers can generate valuable incremental sales. Savvy retailers also use social media channels to target specific segments or search advertising to find customers that meet their customer profile. From retargeting to reaching out to existing customers or site visitors that haven't made a purchase in the last three months, there are many ways to customise your engagement. As the holiday season draws nearer, fine-tuning your SEO

optimisation to cater to seasonal searches can help drive even more traffic to your website.

Another smart pre-holiday move is to test drive the online shopping experience. This will allow retailers to discover and remedy any e-commerce pain points or glitches ahead of the busy shopping season. For example, check to see how easily customers can find what they're looking for using your search and filter features and ensure your checkout process is smooth and seamless. Spending a little time making sure that everything works now can save you time troubleshooting any issues in the middle of the holiday rush.



4 STAY AHEAD OF HOLIDAY FRAUDSTERS

Unfortunately, the holidays are a peak time for fraud, especially chargeback abuse. With 36% of consumers admitting to filing false claims and 32% breaking discount or promotional rules for a lower price, retailers need protection in place to prepare for this busy time¹⁴.

At the same time, consumers are concerned about the risk of fraud, as well. With the increase in transactions, the likelihood of personal information being stolen or fraudulent purchases being made is greater. Merchants need a way to protect online sales, minimise claims and chargebacks, and prevent claim fraud. Knowing the rules, deadlines, necessary documentation, and procedures for contesting chargebacks before they happen can also help. Now is the time to consider implementing enhanced risk management processes and fraud protections that can detect risky transactions without slowing down legitimate authorisations.

There are a number of checkout processes that offer added protections against fraudulent transactions. Address Verification (AVS) is a simple way to check the identity of buyers by requesting the billing address for their card. Businesses can also require Card Verification Codes (CVV) at checkout to prove the buyer has the actual card on hand. Or, two-factor authentication (2FA) can confirm the buyer's identity by requiring the use of a secondary device to provide electronic confirmation. It is also important to always pay close attention to high-value orders, including reviewing large orders manually before shipping.

With PayPal, you have sophisticated security and fraud protection built into your payment platform. PayPal Seller Protection helps reduce the impact of financial losses from chargebacks, reversals, and the associated fees. You also have the peace of mind of 24/7 fraud monitoring and detection with a sophisticated adaptive algorithm that distinguishes fraudulent and legitimate transactions to help you maximise authorisations while lowering fraud losses. It's the kind of trust and security you need at the busiest time of year.



5 RAMP UP CUSTOMER SUPPORT TO BE READY FOR HOLIDAY TRAFFIC

Providing great support throughout the purchase process can help improve your brand perception this holiday shopping season. With support demands increasing by approximately 42% this time of year, retailers need to be ready¹⁵. By November 1st, 20% of customers are already starting to window-shop and make their holiday purchases¹⁶. That means the time to prepare is now.

Making sure you have the people and tools in place to deliver on expectations is key. Ensure that your hosting service and infrastructure are sufficient to handle any increase in traffic. Confirm that your online contact information is up to date and accurate so it's easy for customers to reach you if they need support. For many retailers, automation has helped address growing holiday support demands without putting too much pressure on staff. Giving customers self-service options is a great way to manage support more efficiently. Over 35% of customer questions can be answered automatically using FAQ or help centre content¹⁶. Plus, 60% of consumers prefer self-service to speaking with a customer support agent¹⁵.

Chatbots that use artificial intelligence to address frequent questions can be a cost-effective way to reduce overall support volume. In fact, implementing a chatbot that can assist 24/7 during the holiday rush could reduce customer service volumes by up to 35%¹⁶. Online knowledge bases can also be an effective way for customers to find the information they need on their own. By combining automation with proactive customer communication, companies can streamline support demands during the 2021 holiday rush. Add to this engaging customers in their preferred channels, such as text and messaging, and you have a recipe for increased satisfaction and greater efficiency this holiday season.



MAKE THE MOST OF HOLIDAY SALES WITH PAYPAL

As the shift to online sales continues and projections are made for another big holiday sales season, now is the time to make sure you are ready. By taking advantage of proven tactics and implementing tools that can help you deliver on customer preferences, streamline checkout, and keep transactions secure, you can make the most of the opportunity. With 400+ million active customers globally, PayPal is here to help with a complete suite of payment solutions that can enable you to give your customers the products and the shopping experience they want this holiday season.

Get Started →

