

2021 Peak Season Report

Findings from the 2021
holiday season and what
they mean for your business.



FedEx®

In-depth insights from businesses and consumers

REPORT OVERVIEW



To create this report, in addition to analyzing industry data, we surveyed communities of small and medium-sized businesses to get their perspectives on topics that impact holiday business and shopping during peak season.

We heard from over 300 leaders at small and medium-sized businesses, representing retail, manufacturing, and wholesale industries. Additionally we talked with our community of consumers—primarily millennials, Gen Xers, and boomers located across the U.S. The results of our survey are highlighted throughout this report.

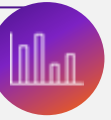
Across the report, as well as in the summary at the end, you'll find specific actions you can take to leverage these insights and grow your business.

For more information about how FedEx can support your business during peak season and all year, [visit our Small Business Resources Center.](#)



Seven takeaways from the '21 holiday peak season

REPORT OVERVIEW



- 1 A combination of unusual challenges** led up to the holidays, and even with earlier shopping, the supply chain created roadblocks.
- 2** Despite challenges facing the season, total retail **sales exceeded expectations**, and online sales reached a new high.
- 3** Online **spend was more spread out** across the season, as consumers shopped earlier to avoid delays and stock-outs.
- 4** Even with the availability of vaccinations this year, it was **not return-to-normal** holiday shopping.
- 5** 2020 holiday **shopping behaviors returned** in 2021 because of the conveniences they offered.
- 6** **Social media provided new ways to inspire** and help shoppers.
- 7** With continued growth of online shopping, there is an **increasing need for efficient returns**.

Unique challenges influenced the holidays in 2021

CHALLENGES



Supply chain slowdowns

The average time it took for a product to travel from China to the U.S. rose from 40 days in 2019 to 73 days in 2021, an **83% increase**.



Inflation and higher retail prices

In November 2021, the Consumer Price Index rose **6.8%**.



Labor shortages

Quit rates were **3.0% in November 2021**, with manufacturing and transportation being some of the industries that struggled to hire.



COVID-19 and new omicron variant

Cases in the U.S. rose in December, reaching over **474,000 new cases per day** by the end of the month.

FEDEX SURVEY RESULTS

According to small businesses, inventory and supply chain were their biggest challenges this holiday season, followed by delivery.

"Supply Chain Crisis Has Voters on Edge," NBC News, October 17, 2021

"Quits levels and rates by industry and region, seasonally adjusted," data table from U.S. Bureau of Labor Statistics, 2021

"12-month percent change, Consumer Price Index, select categories, November 2021," data table from U.S. Bureau of Labor Statistics, 2021

"New COVID-19 Cases Worldwide," Johns Hopkins University & Medicine, Corona Virus Resource Center, Retrieved on January 20, 2022

FedEx Post-Peak 2021 Survey, January 2022

Customers felt the impact at and after checkout

CHALLENGES



While it's unclear how the pain points shoppers felt in 2021 will develop in 2022, they will likely continue to influence consumer behavior and how businesses respond.

ACCORDING TO HOLIDAY SHOPPERS:

72%

experienced price increases in the past three months.

62%

experienced low inventory notices.

55%

experienced staff shortages at local businesses.

51%

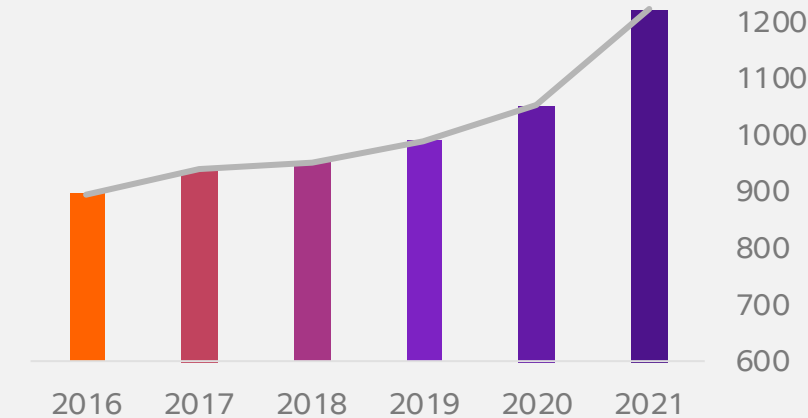
experienced shipping delays.

Despite challenges, holiday retail sales hit all-time highs

SPENDING



Historical Holiday Retail Sales
(in billions)



Retail sales in November and December reached \$1.22 trillion—a 16.1% increase over the previous year

What kept sales strong?



Individuals planned to spend more on gifts, at an average of \$1,004 per person.



Return to in-person experiences, like live events and traveling to visit friends and family, led to more spending as people made up for two years of virtual or canceled experiences.

It was another record year for online shopping

SPENDING



2021 was a huge year for online holiday shopping, with **consumers spending a record total of**

**\$204.2
BILLION**

During the season, consumer spending increased

**10.4%
from 2020**

However, website visits to the top 100 retailers were actually down

**-12.7%
from last year**

as more consumers were willing to shop in stores compared to 2020.

Some shopping behaviors from 2020 returned

Even though consumers were more willing to shop in-store in 2021 compared to the year before, foot traffic still hadn't returned to pre-pandemic levels. While foot traffic was up 18.9% from 2020, it was down 19.5% from 2019.

"US Holiday 2021 Recap & 2022 Preview," Insider Intelligence and eMarketer, February 2022"

Online holiday sales grow a more muted 10% in 2021," Digital Commerce 360, January 2022

"Sensormatic Solutions by Johnson Controls Releases 2021 North America Holiday Shopping Recap Based on Shopper Traffic Analytics," Sensormatic Solutions Business Wire, January 2022

Shopping internationally and small were both big

SPENDING



More international shopping happened on Black Friday and Cyber Monday, making up **15% of Shopify orders**, while BigCommerce merchants saw a **40% increase** in international sales.

Spending at small businesses on
Small Business Saturday saw a record high of
\$23.3 BILLION
an 18% increase from 2020.

TAKE ACTION:

Attract customers with smart market promotions, including free shipping, and grow your business by expanding to international customers.

"By the Numbers: Holiday Shopping 2021," eMarketer, 2021

"American Express' 12th Annual Small Business Saturday Reaches an All-Time High with an Estimated \$23.3 Billion in U.S. Consumer Reported Spending," Business Wire, November 28, 2021



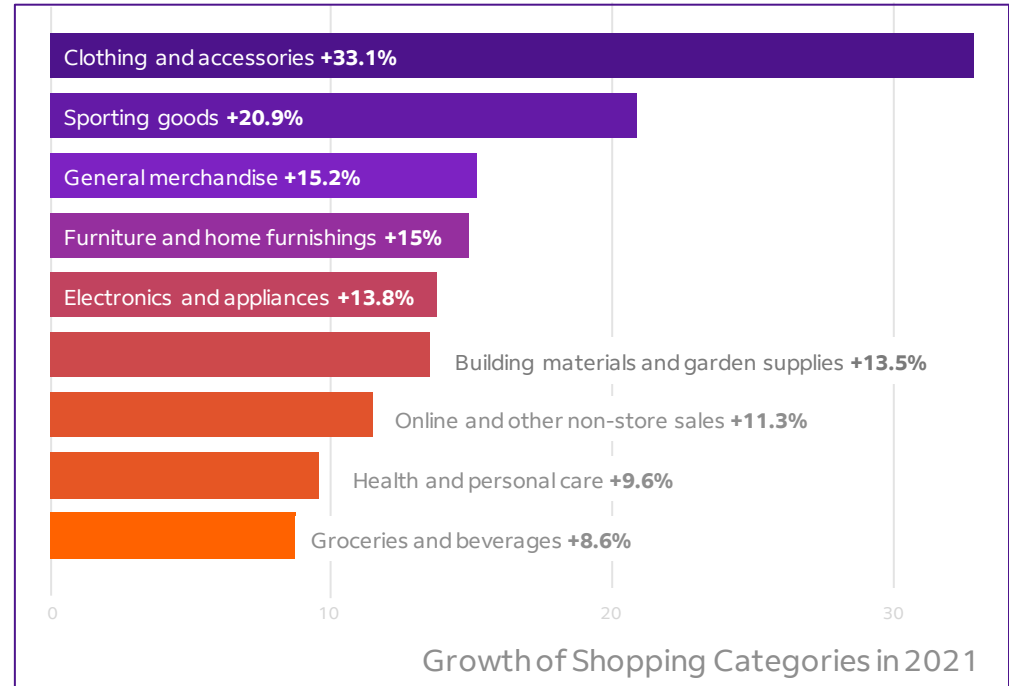
Sales were up across all shopping categories

SPENDING



Categories like clothing and sporting goods saw large revenue growth as many consumers shopped for in-person experiences, like live entertainment and sporting events, and return to work and travel, for the first time in two years.

As consumers' budgets rose and safety worries declined, all merchandise categories saw growth over the previous year.



"NRF Says 2021 Holiday Sales Grew 14.1 Percent to Record \$886.7 Billion," National Retail Federation, January 14, 2022

Convenient shopping options kept their appeal

CUSTOMER EXPERIENCE



Even as in-person shopping rose with the availability of vaccinations, several 2020 behaviors came back in 2021 specifically because of the safety and convenience they offered.

PERCENTAGE OF CONSUMERS WHO PLANNED TO USE CONVENIENCE SERVICES FOR THEIR HOLIDAY SHOPPING:



TAKE ACTION:

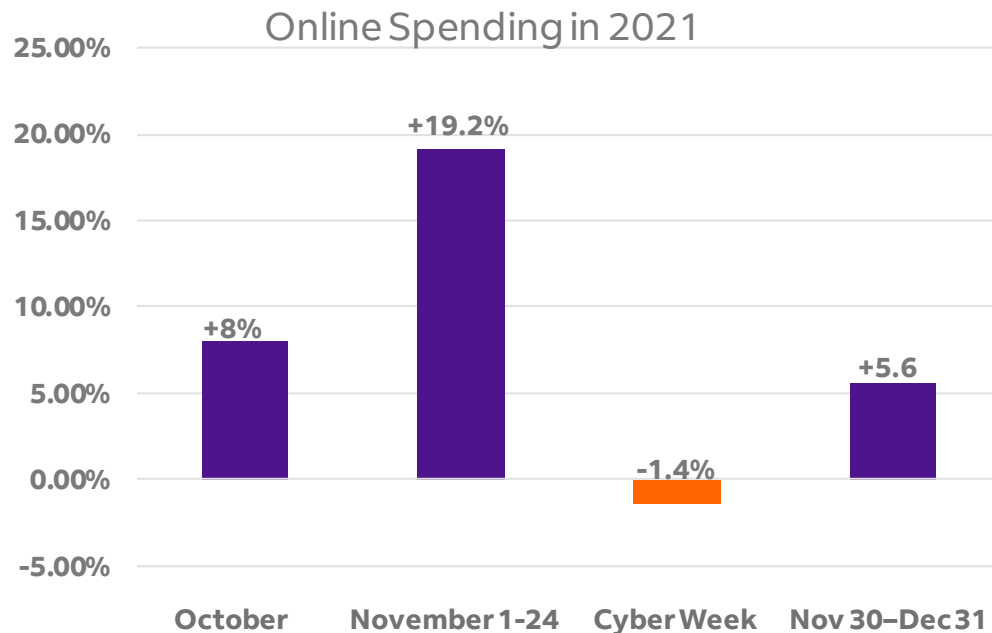
Use FedEx Delivery Manager® to give your customers more visibility and control over deliveries. They can easily track packages, receive delivery notifications, and request to pick up shipments at convenient retail locations.

Consumers shopped earlier to avoid delays

SPENDING



Total Cyber 5 sales declined from last year, while sales before and after the shopping event increased:



Online spending spread out

While online sales grew 10% from 2020, 2021 saw a slowdown from the massive growth of e-commerce during the holidays last year.

Across the holiday season, consumers **shopped earlier to avoid delays and stock-outs**. With shopping beginning earlier, a record 38 days surpassed \$3 billion in daily online spending compared to 25 days in 2020.

TAKE ACTION:

Assess your supply chain and demand forecasts to determine if you need to make inventory available earlier than in past peak seasons.

"US Holiday 2021 Recap & 2022 Preview," Insider Intelligence and eMarketer, February 2022

"Unboxing the 2021 Holiday Shopping Results," Adobe Digital Insights, January 2022

"Adobe: Shoppers have seen over 2 billion out-of-stock messages online (October 2021)," Adobe, November 9, 2021

Businesses were ready with earlier promotions

PROMOTIONS



While businesses encouraged shoppers to act early by communicating holiday promotions sooner, rising costs meant fewer discounts.

FEDEX SURVEY RESULTS

Of small and medium businesses that offered promotions:

23% started holiday promotions by Halloween

36% started by Thanksgiving

Top two reasons consumers said they were shopping earlier:

49% To ensure timely delivery of items

47% To avoid any out-of-stock situations

And discounts were weaker across many categories, with average discounts of **-9% in 2021**, versus **-14% in 2020**.

"2021 Deloitte Holiday Retail Survey," Deloitte Insights, October 2021

FedEx Post-Peak 2021 Survey, January 2022

"Unboxing the 2021 Holiday Shopping Results," Adobe Digital Insights, January 2022

Supply chain challenges created some roadblocks

SUPPLY CHAIN



Customers received over **6 billion out-of-stock messages** online this holiday season, 10% more than in 2020, and 253% more than in 2019.

Cart abandonment rates on **key shopping days were over 10%**, exceeding last year's rates of about 7%, likely due to out-of-stock inventory or delays.

FEDEX SURVEY RESULTS

48%

of shoppers said they experienced items being out of stock or unavailable.

Small businesses managed out-of-stock items by providing the estimated availability date. Only about one-quarter offered related or replacement items.



TAKE ACTION:

Consider email or text alerts for shoppers when items are out of stock. Update your website to suggest items similar to those that are unavailable.

"Adobe: Shoppers have seen over 2 billion out-of-stock messages online (October 2021)," Adobe, November 9, 2021
FedEx Post-Peak 2021 Survey, January 2022
"By the Numbers: Holiday Shopping 2021," eMarketer, 2021

More delivery and payment options helped make up for weaker discounts

PROMOTIONS



While rising costs and tighter margins meant lower average discounts for shoppers in 2021, **buy now, pay later** (BNPL) options helped shoppers stretch their budgets. At the same time, **free shipping** was key for attracting price-sensitive customers.



45% of shoppers said they used BNPL to make purchases that wouldn't otherwise fit in their budget.

Holiday season **adoption of BNPL was up nearly 500%** from 2019, in terms of both revenue and orders.

66% of shoppers said free shipping was important when choosing an online retailer.

56% of the top 100 online retailers promoted free shipping on Cyber Monday.

FEDEX SURVEY RESULTS

60%

of shoppers said deals and sales were very important to their holiday decisions.

21%

of small businesses offered free shipping during the holidays.

Social media innovations helped sales grow

MARKETING



Businesses have new ways to inspire and help shoppers with the launch of new livestream shopping platforms.

YouTube, Twitter, and Instagram launched livestream shopping events this past holiday season that allowed shoppers to interact in real time with celebrity and influencer hosts and immediately purchase featured items.

Social and livestream shopping isn't just for big brands—e-commerce platforms are creating integrations to allow small businesses to sell on TikTok, Instagram, and Facebook.

TAKE ACTION:

Utilize social media tools like livestream events and platforms like TikTok or Instagram to connect with customers and reach new audiences.



It's estimated that the
U.S. livestream market was

\$11 BILLION

by the end of 2021, and will
grow to \$25 billion by 2023.

28%

OF CONSUMERS

said they used social media for holiday shopping, often to research products.

Easy returns are more important than ever

CUSTOMER EXPERIENCE



With the continued growth of online shopping, convenient returns keep customers coming back. Retailers providing seamless returns experiences are building trust and connections with their customers, and ultimately growing their bottom line.

FEDEX SURVEY RESULTS

“[By offering free returns], we give more confidence to our customers, showing that we are by their side when facing any problem.”

—Merchant

TAKE ACTION:

Review your return policy and consider ways you can make the experience easier for your customers.

“Holiday returns will cost retailers 59% more than last year,” CNN, December 29, 2021
“2021 Deloitte Holiday Retail Survey,” Deloitte Insights, October 2021



It's estimated that

\$120 BILLION

in goods were **returned** between Thanksgiving and the end of January 2022.

2 OUT OF 3 SHOPPERS

will likely **return** at least one gift, costing retailers an estimated 59% more than in 2020.

36% OF CONSUMERS

said ease of product returns was among the top things they considered when selecting a retailer during holiday season.

What you can do now to be ready for peak 2022

ACTION STEPS



Start planning for your next peak season now to help avoid supply chain issues and cart abandonment. Decide what you can do to help make shopping more enticing for your customers.



Plan ahead

- ✓ Look for any potential problem areas in your supply chain.
- ✓ Check your inventory and sales history to see if you need to have product available earlier.
- ✓ Review your return policy and try to make your customers' returns experience more seamless.

Communicate

- ✓ Keep your customers in the loop about your inventory. Consider email or text to alert shoppers when popular items become available.
- ✓ Update your website to recommend items similar to those that are out of stock.
- ✓ Explore new social media tools to help your business connect with potential customers interested in your products.

Strategize

- ✓ Offer free shipping. Be strategic about when you use free shipping and other promotions.
- ✓ Offer buy now, pay later. Explore options to decide if it's right for your business and customers.
- ✓ Go international. Research consumers and competitors in other countries to see if there might be interest in your products.

Explore more business insights and solutions

RESOURCES



- > [Visit our Small Business Resources Center](#) for helpful tips, articles, and inspiration.
- > [Find e-commerce resources](#) and FedEx services that can support your online business.
- > [Get technology tips](#) on apps and services that can make your day smoother.

The FedEx Peak Season Report is released every year. Check back next year for findings from the 2022 holiday season.



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