



Cheers to the 2023 Holiday Shopping Season!

A closer look at e-commerce performance during peak season, with insights to help grow your business.



Contributors & Methodology

Methodology

To help drive growth for your business, FedEx has put together key takeaways from the last holiday peak season. We created this report by analyzing industry data to determine what impacted shopping during the season.

Sources and references are diligently footnoted to provide transparency and credibility to the insights presented.

c space

FedEx worked with C Space to survey consumers and small and medium-sized businesses regarding online shopping behavior; these results are shared throughout the report.

FedEx® e-commerce insights

Look for this icon throughout the report for insights on online retail from our E-Commerce Specialists. Visit our resources section for more information about how this team of digitally savvy marketing experts can support your business.



Digital Commerce Solutions (DCS)

Merging digital marketing strategies with FedEx capabilities, our specialists possess diverse Digital Commerce skill-sets and backgrounds, enabling them to take holistic approaches with their customers by assessing their current business model and sharing best practices relevant to their unique goals.

Customer Technologies Consultants (CTC)

Consulting directly with customers on the optimal technology solutions for intricate e-commerce processes from e-commerce platforms to FedEx shipping integrations and automation solutions, CTCs recommend tailored tech setups to enhance operations and drive business growth.

E-commerce Strategy Team

Our E-commerce strategy team blends innovation and strategy to empower small and medium businesses in the fast-paced online retail space. Through collaboration, we drive knowledge sharing, strategic thinking, align industry trends and deliver actionable insights to help our customers win.



Peak season overview

- Consumer confidence and its effect on e-commerce and **purchase behaviors** over the 2023 holiday period
- How consumers used **technology** to shop smarter and take control of their spending
- The way **social commerce** unlocked new opportunities for businesses to connect with their customers
- The adoption of alternative **payment methods** in the wake of rising interest rates and financial pressures
- How **generative AI** changed the game for businesses of all sizes this holiday season

The 2023 holiday season was marked by a return to pre-pandemic behaviors, with increased spending and shopping enthusiasm. While concerns about inflation were evident, consumers remained eager to find the best deals and discounts. Confidence in timely e-commerce deliveries also grew amid the bustling season.

Technology significantly impacted this year's holiday gift-giving. This trend was driven by a younger demographic who wields increasing influence over purchase behaviors. They are empowered by emerging digital tools and services like social platforms, wish lists, and diverse payment methods.

We'll discuss how small and medium-sized businesses can utilize these services to enhance purchase opportunities.

Additionally, we'll delve into how Gen AI was used this holiday season to help small e-commerce businesses punch above their weight.

Key takeaways from the 2023 holiday peak season

Click on a topic below to jump to that section.

1

2023 marked a **return to normal**, pre-pandemic shopping patterns.

5

TikTok Shop and holiday shopping made for a powerful match, especially for Gen Z.

2

Sophisticated **online shopping tools** empowered consumers to give better gifts and shop smarter.

6

The 2023 holiday season saw a sizable increase in **BNPL** usage.

3

Despite easing inflation, higher prices drove an increase in **deal hunting**.

7

AI was used this holiday season to help small businesses punch above their weight.

4

Generation Alpha exerted their influence this holiday season.

1

2023 marked a return to normal, pre-pandemic shopping patterns

Consumers were more enthusiastic to shop

↑ 4.9%

Increase in U.S. online sales during the 2023 holiday shopping season vs 2022¹

95%

Of consumers planned on holiday shopping in 2023 compared to only 88% in 2021²

Shipping carriers recorded highest on-time figures in years over 2023 holidays

97.9%

On-time delivery rate in 2023 (vs. 95.7% for 2022)³

98.3%

FedEx on-time delivery rate in 2023³



E-commerce retailers should maintain proactive inventory management strategies. By doing so, they can effectively anticipate fluctuations in demand and quickly adapt to market changes.

Improved economic conditions, coupled with smoother supply chains, fueled the returning to normal trend



When people aren't as worried about big economic issues, they're happier to go shopping; and when they're not stressing about finding what they want to buy, they're more relaxed about shopping at the last minute.

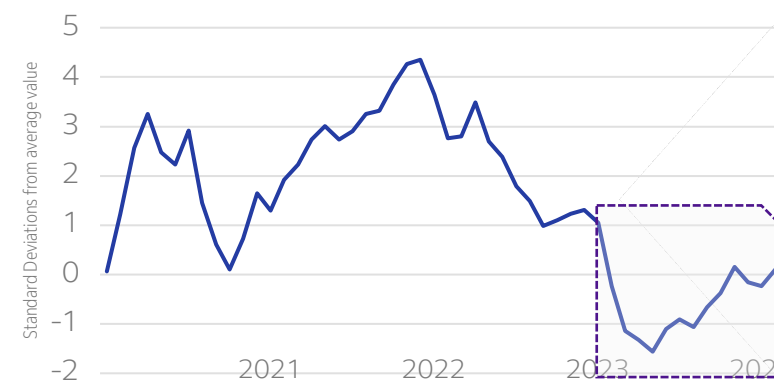
3.4%

Inflation slowed to its lowest level since April 2021⁴

3.7%

Unemployment levels fell to the lowest level in 54 years⁵

Fig. A
The Global Supply Chain Pressure Index (GSCPI)
— Indicates NY Fed Global Supply Chain Index



Notes: GSCPI readings for the most recent months can be revised as realized data become available, replacing the imputed values generated through principal component analysis.

The Global Supply Chain Index dipped below zero (indicating normal flow of goods) in December for the first time since 2021. A testament to flexibility in rapidly shifting market dynamics and return to normal supply chain patterns.⁶

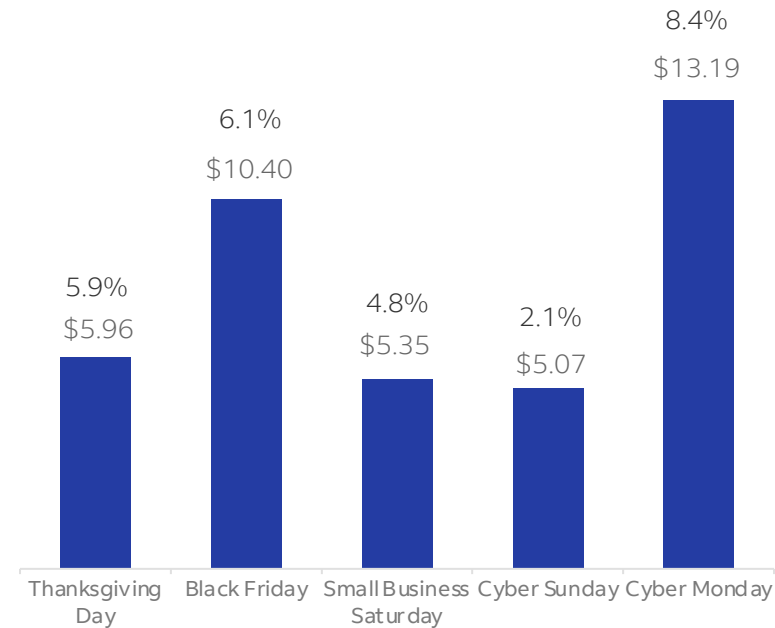
The GSCPI integrates a number of commonly used metrics with the aim of providing a comprehensive summary of potential supply chain disruptions. The lower the GSCPI is, the fewer disruptions/pressure.

Consumers flocked to Cyber Week to find holiday shopping deals

This underscores consumers' desire to find the best deals possible, often waiting until later into the shopping season to make purchases when prices are expected to drop further. Cyber Monday additionally offers consumers the convenience of shopping from the comfort of their homes or on-the-go on their mobile devices.



Fig. B
U.S. Cyber Five retail e-commerce holiday season sales, by shopping day
billions and % change vs. prior year



- 7.9% increase in Cyber Week sales vs last year⁷
- Cyber Monday led the way with an 8.4% increase vs last year and record sales of \$13 Billion⁸
- Online sales increased on Thanksgiving Day due to more stores being closed on the holiday

The five days that make up Cyber Week will continue to grow in importance in 2024 for e-commerce retailers. Thinking about Black Friday or Cyber Monday as standalone promotional days is no longer sufficient. Including promotions that span the length of Cyber Week means that more hesitant deal hunting shoppers won't out-wait your promotional offers and purchase from somewhere else.

2

Sophisticated online shopping tools empowered consumers to give better gifts and shop smarter

>50%

of shoppers compiled items on wish lists ahead of time this holiday season²

+12.5%

increase in the number of consumers who added items to online wish lists to wait for deals⁹

33%

of emerging tech users tried on items using a virtual assisting tool⁹

Online Tools That Consumers Use



- **Honey:** Browser extension that automatically applies coupon codes at checkout
- **RetailMeNot:** Offers coupons and cash back from over 50,000 retailers and brands
- **GiftAdvisor:** Personalized gift recommendations
- **UncommonGoods:** Unique and creative gift ideas
- **Google Shopping:** Compare prices across various retailers
- **CamelCamelCamel:** Specifically for tracking Amazon product price history
- **ShopSavvy:** Barcode scanner and price comparison app

TAKE ACTION

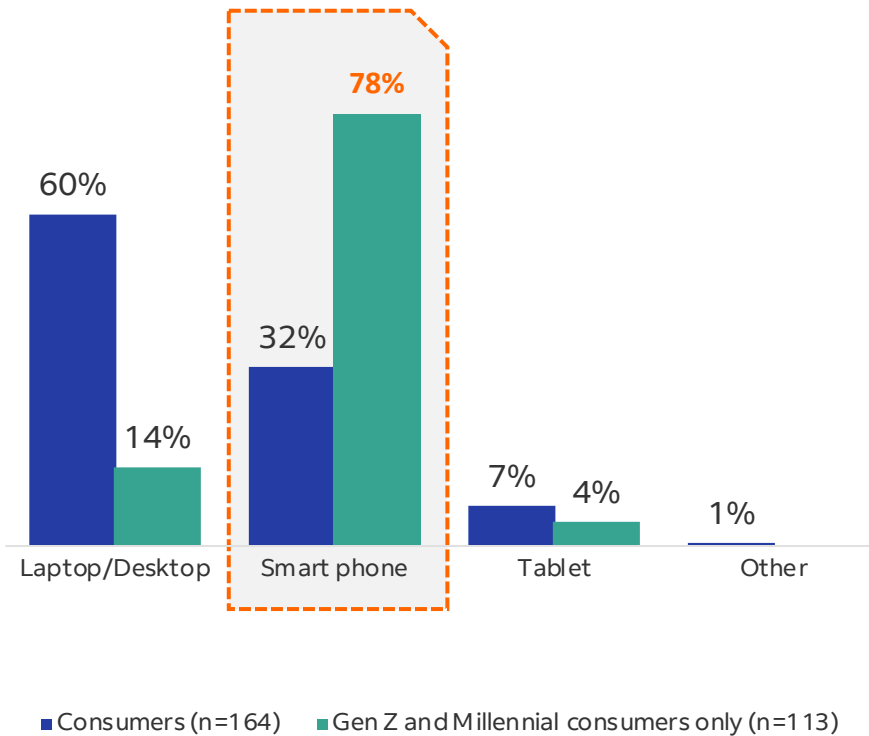
How you can take advantage of online shopping tools for your business:

- Add functionality to your website, like shareable wish lists and smarter search functions
- Integrate Gen AI into your website to assist holiday shoppers find the perfect gift
- Make it easy to track prices on your site so holiday shoppers are aware when deals strike

Mobile spending was at an all-time high, especially for young consumers

Fig. C

By a wide margin, younger consumers preferred to shop on their phones



Q: When shopping online this holiday season, which of the following did you primarily use?

What this means for marketers for the 2024 peak season



- It will be important to have a strong mobile website/app that's optimized for a seamless checkout experience. This is especially important during the holiday season, when share of mobile spend spikes.
- Invest in mobile advertising with formats that make it easy for consumers to engage with your brand and easily complete purchases directly from their phones, ideally within social media platforms themselves.

3

Despite easing inflation, higher prices drove an increase in deal hunting

TAKE ACTION

If inflation is still driving price increases during the 2024 peak season, consider making it easier for shoppers to find deals on your site by making them clear in product descriptions or through other notifications highlighting “deals” or “promotions.”

- Consumers planned to get fewer gifts (8 vs. 9 in 2022)²
- 66% planned to participate in Cyber Week (vs. 49% in 2022)²
- 73% of Gen Z and Millennial shoppers reported that finding deals or sales this holiday season was very important⁹

What consumers said:

“ I had to reduce the number of people I bought for and the dollar amount spent. ”

“ I shopped less this year... and looked for deals. ”

“ I bought less and focused more on experiences as gifts. ”

Higher prices, however, did not diminish people's desire to find the perfect gift

Shopping at local or small businesses was up by:

50%¹¹

20%

of consumers made homemade or DIY gifts¹¹ (sometimes collecting components or DIY kits from e-commerce platforms like Etsy)

Specialty, local, independent and boutique retailers ranked

4th

among the most popular shopping destinations (higher than Best Buy, Macy's and Home Depot)¹²

TAKE ACTION

With independent retailer holiday shopping increasing in popularity, small businesses should make use of SEO that emphasizes unique products and pride in being a small business. Additionally, retailers with brick-and-mortar locations should include the ability to shop their stock online and offer pick up/delivery options from their physical locations, too.

It was a Gen AI Christmas!



One in six shoppers used Gen AI, like ChatGPT, for holiday gift inspiration¹³

Consumers used innovative prompts on services like ChatGPT to tailor questions to get the best responses out of AI.

Prompt :

“Give me a gift list for 10 items under \$100 for a 10-year-old boy who loves Star Wars”

Response:

1. Star Wars LEGO Set (\$20–\$50)
2. Star Wars Graphic T-Shirt (\$10–\$20)
3. Lightsaber Toy with Sound Effects (\$15–\$30)
4. Star Wars Bedding Set (\$30–\$50)
5. Star Wars Action Figures Set (\$20–\$40)
6. Star Wars Backpack (\$20–\$40)
7. Star Wars Bedtime Storybook Collection (\$15–\$25)
8. Millennium Falcon 3D Night Light (\$20–\$30)
9. Star Wars Water Bottle or Lunchbox Set (\$15–\$25)
10. Darth Vader or Yoda Plush Toy (\$15–\$25)

4

Generation Alpha exerted their influence this holiday season

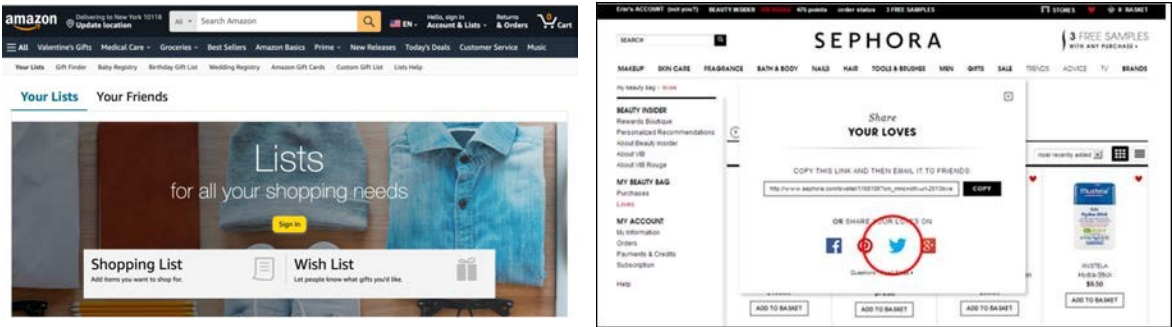
Over 80% of kids in the U.S. and UK help decide what to buy with their parents, and their influence is strongest during the holidays.¹⁴

Please note the birth year ranges below:
Millennials: 1981–1996.
Generation Z: 1997–2012.
Generation Alpha: 2013–present.

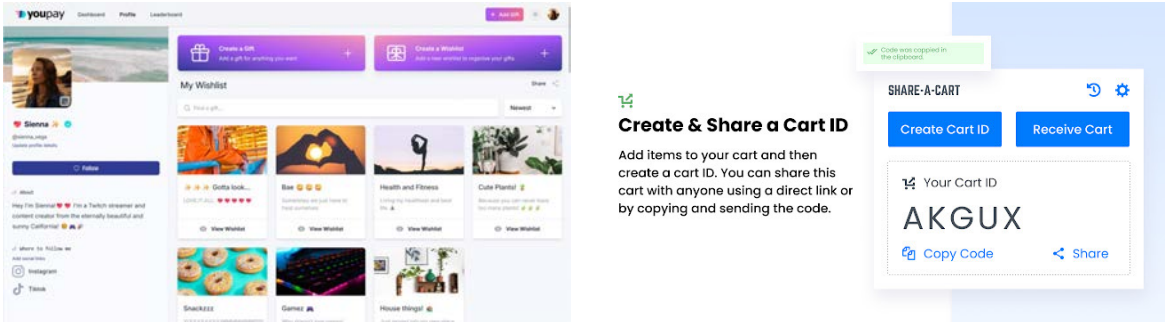
The growing importance of digital wish lists, especially for Gen Alpha

98% of parents purchased items directly from their child’s wish list or shared link¹⁴

Many sites like Amazon and Sephora have the wish list feature built in:



There are also sites like YouPay and Share-A-Cart where consumers can create wish lists with items from multiple retailers:



**Gen Alpha
is driving
decision-making
and it's crucial for
your brand to end up
on your child's wish list**

51%

of Gen Alpha first heard
about a brand through
YouTube videos¹⁵

54%

of Gen Alpha have their
own tablet¹⁵



How you can start getting noticed and win with Gen Alpha

Tips to win Gen Alpha:

1. Consider showing up on YouTube through ads or by partnering with influencers that fit with your brand, and don't count out micro-influencers.
2. Be bold in digital messaging to capture the attention of Gen Alpha. They grew up online, so having appealing and interactive content is something they seek out.

5

TikTok and holiday shopping made for a powerful match, especially for Gen Z

- 150,000 brands and creators published shoppable videos on TikTok during Cyber Week, leading to a whopping 5 million new customers making a purchase on TikTok Shop¹⁶
- TikTok Shop is subsidizing or giving away discounts to get consumers to adopt the shopping platform
- Overall, there was a 40% increase in conversions during the holiday season for businesses leveraging social commerce compared to traditional e-commerce channels¹⁷

Fig. D

Have U.S. digital buyers made a purchase via select social media platforms in the past month?

% of respondents, by demographic

	Gender		Age			Total
	Female	Male	18-34	35-54	55-65	
Facebook	17%	22%	26%	18%	14%	19%
Instagram	12%	15%	28%	11%	2%	14%
YouTube	5%	15%	19%	8%	4%	10%
TikTok	10%	9%	22%	5%	2%	10%
Snapchat	1%	7%	12%	1%	0%	4%
Twitter	1%	8%	12%	1%	0%	4%
Pinterest	4%	2%	4%	3%	2%	3%
LinkedIn	1%	3%	3%	2%	0%	2%
Reddit	1%	3%	4%	1%	0%	2%
Other	3%	2%	2%	1%	4%	3%
No, I have not purchased from any of these sites in the past month	66%	64%	45%	70%	80%	65%

Note | n=848 who made a digital purchase in the past month/30 days

22% of 18–34 year-olds made a purchase on TikTok in the lead up to the holiday shopping season (vs only 5% of Gen X and 2% of Boomers)

While Facebook and Instagram are the leading social media platforms for shopping, TikTok’s growth during the holiday season amongst Gen Z shows its increasing importance for small businesses to use and understand for 2024 and beyond.

TAKE ACTION

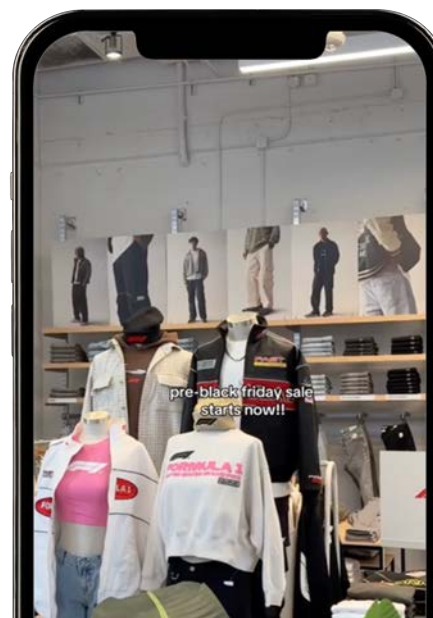
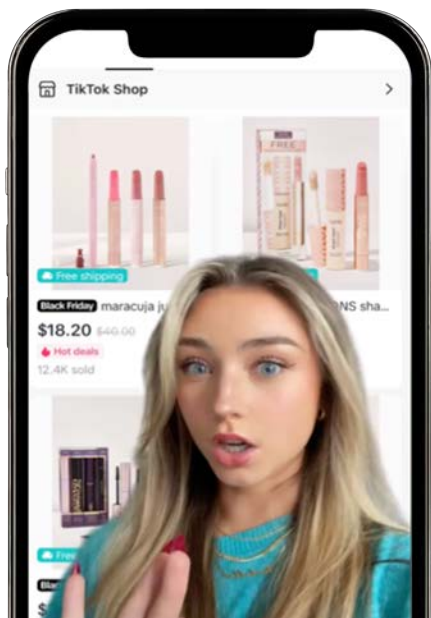
Create a TikTok account for your business as soon as possible, especially if you seek to engage with Gen Z.

How retailers benefited from TikTok Shop this holiday season

Tarte Cosmetics sold out of entire inventory when they launched their Black Friday discounts over TikTok Shop¹⁸

Cider sold over 100,000 items on the platform, 34,000 of those units being a knit dress that went viral¹⁸

PacSun saw a 580% spike in gross sales between October and November due to the app¹⁸



Thought starters for dipping your toes into TikTok and TikTok Shop



Create engaging content

Short, engaging content is king on TikTok. Videos that have a compelling hook within the first three seconds capture attention. Use behind the scenes content, trending formats and influencers to boost views.

Encourage community

Prompt audience engagement by encouraging user-generated content, such as challenges using a specific hashtag.

Highlight product features

Use TikTok to film visually-appealing clips of your product, or film a product demo if it requires more explanation.

Run TikTok Ads or give limited-time offers

Running TikTok ads will earn buzz, but an organic route to earn attention and sales is offering a limited time deal.

Stay consistent

The TikTok algorithm is created so that anyone could go viral, the more often you post, the higher the chances for going viral.

6

The 2023 holiday season saw a sizable increase in Buy Now, Pay Later usage

There was a **43%** Increase in BNPL usage over Cyber Monday compared to 2022, accounting for \$940 million of the total \$12.4 billion spent¹⁹

Shoppers who used BNPL on Black Friday spent **48%** more than shoppers who used other payment methods¹⁹



Buy Now, Liable Later?

BNPL servicers, like AfterPay or Klarna, take on the risk of shoppers failing to make payments so that your business doesn't have to.

Why did consumers use BNPL?

40%

Use to help them budget and manage money during the holiday shopping period¹⁹

34%

Use it for fast and easy checkout¹⁹

29%

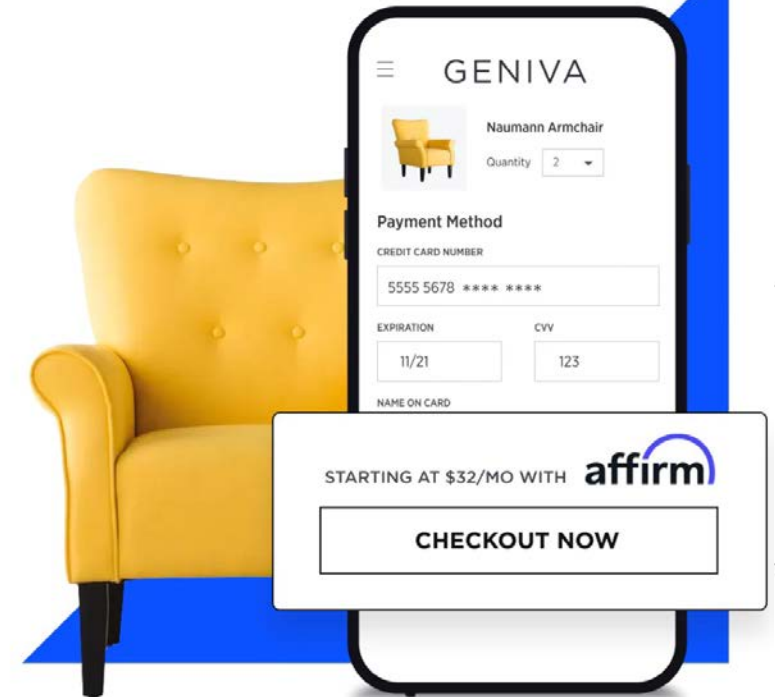
Use it for safety and security¹⁹



How you can take advantage of BNPL for next holiday season

- Consumers are more likely to spend more on big-ticket items like appliances, furniture, and luxury goods during Cyber Week when BNPL is offered²⁰
- Position BNPL as a way for consumers to spread out holiday shopping expenses over multiple months so they're not hit with such huge charges in just December and January
- Highlight your BNPL option(s) as the fastest, most convenient way for consumers to get from click to purchase

BigCommerce includes Affirm BNPL option



TAKE ACTION

Online retailers can easily add BNPL as a payment option for their customers through existing e-commerce platforms. If you want to offer more options, consider BNPL.¹⁶

7

AI was used this holiday season to help small businesses punch above their weight

“ AI could help productivity, deeper engagement, and making the day-to-day work easier. Small businesses are strapped for time and this technology can help super-charge their existing staff to focus on what they need most to have a successful holiday season.²² ”

25% of small business owners used AI over the holiday season²³

17% of all holiday orders were influenced by AI (\$199 billion in sales)²⁴

How to use AI to **win** the 2024 holiday season



1 Auto-generating product descriptions

There was an 80% customer satisfaction score when eBay implemented an OpenAI tool that automatically generated product descriptions.²⁵

2 Automating customer support emails

One e-commerce retailer was able to automate an estimated 90% of the site's customer support emails using AI.²⁶

3 Using AI to better personalize product recommendations

Companies can use AI to analyze customer data and consider the context of the season to recommend the right products at the right time. A winter sports brand, Rossignol, used this tactic to increase growth by 28%.¹⁴



What you can do to ensure a successful 2024 holiday shopping season

Develop your discount strategy as early as possible in anticipation of the 2024 peak season. Consider adding a wish list feature and trackable price alerts to encourage shopping and purchase.

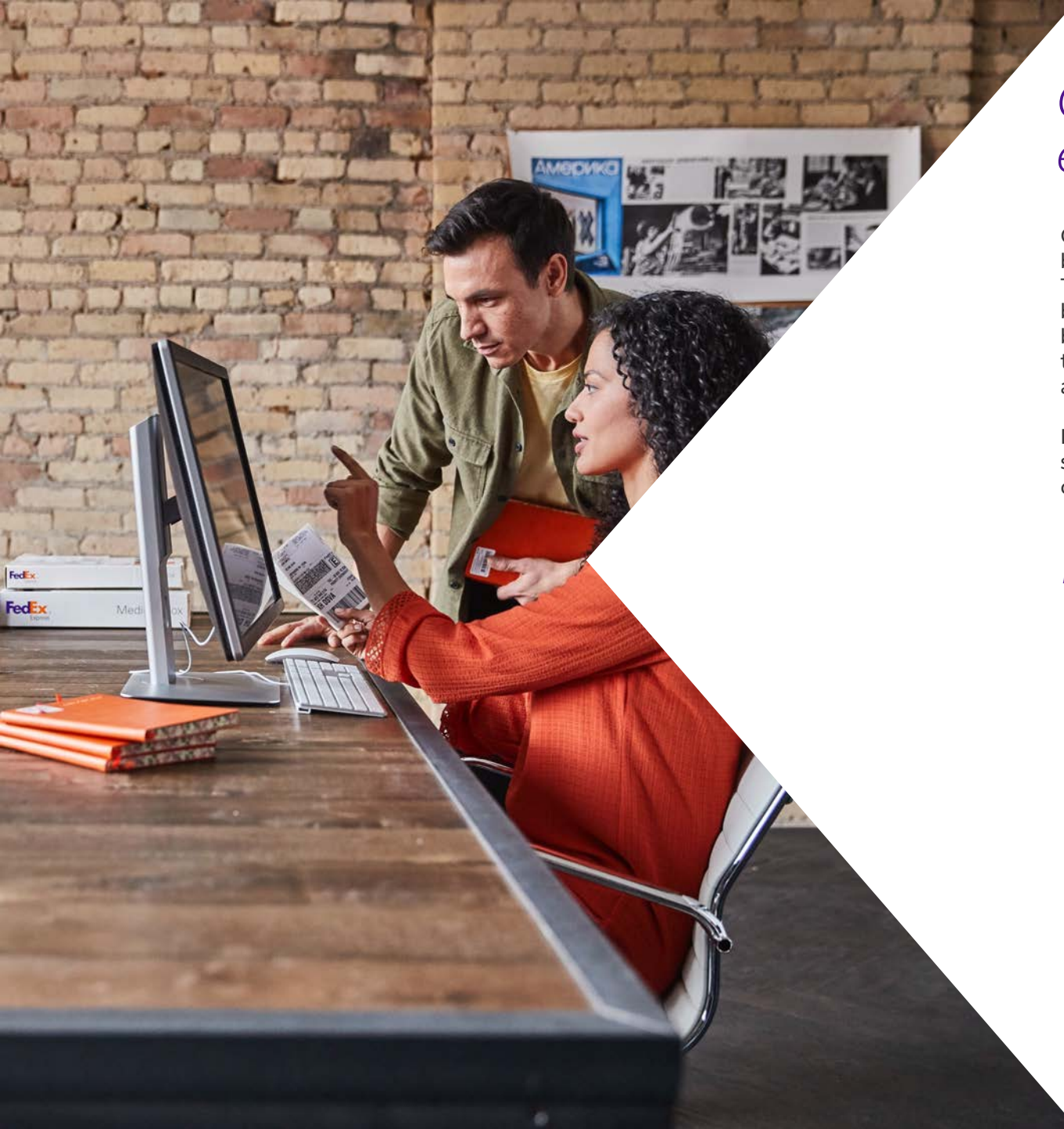
Promote deals to correspond to the early part of cyber week, as deal hunting increased through the five days that make up cyber week.

Consider how AI could be used to benefit your business during the holidays. Shoppers will increase the use of AI as a tool during the holidays to help them choose the perfect gift.

Consider incorporating your products into social commerce platforms like TikTok Shop, especially if you plan on reaching younger consumers.

Consider offering BNPL as a payment option, as it can increase sales and cart size.

Optimize your site or app for mobile shopping as shopping on phones increases during the holidays.



Get advice from FedEx e-commerce specialists

Our Digital Commerce Solutions (DCS) team can help you grow customer loyalty and brand awareness by connecting digital marketing strategies with FedEx capabilities. The DCS team has Specialists with diverse Digital Commerce skill-sets and backgrounds. We take a holistic approach with our customers by assessing their current business model, then sharing best practices relevant to their unique goals. Our goal is to assist our customers in driving more traffic to their website, converting more sales, and retaining more customers.

Differentiate your business with a powerful digital commerce shipping and marketing strategy consultation. Your FedEx Sales Executive can arrange a complimentary consultation with the Digital Commerce Solutions team

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<https://www.fedex.com/en-us/small-business.html>

Citations and references: sources for in-depth research

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2023 holiday peak season snapshot

Insights into e-commerce performance during the 2023 peak season and recommendations to help grow your business.

4.9%

increase in U.S. online sales during the 2023 holiday shopping season

95%

of consumers planned on holiday shopping in 2023, compared to only 88% in 2021

Online tools and AI empowered consumers

33% of emerging tech users tried on items using a virtual assisting tool

25% of small business owners used AI over the holiday season

17% of all holiday orders, or \$199 billion in sales, were influenced by AI

How to use AI to win the 2024 holiday season

Auto-generate product descriptions, automate customer support emails, and utilize AI to better personalize product recommendations.



TikTok Shop proved to be a powerful match for Gen Z

22%

of 18-34 year-olds made a purchase on TikTok in the lead up to the holiday shopping season

40%

increase in conversions during the holiday season for businesses leveraging social commerce compared to traditional e-commerce channels



The influence of Generation Alpha

98%

of parents purchased items directly from their child's wish list or shared link

>80%

of kids in the US and UK help decide what to buy with their parents, and their influence is strongest during the holidays

51%

of Generation Alpha first heard about a brand through YouTube videos



Buy Now, Pay Later

43%

increase in BNPL usage during Cyber Week compared to 2022

48%

Shoppers who used BNPL on Black Friday spent more than shoppers who used other payment methods

Looking ahead...

Shoppers are already planning for the 2024 peak season—get your business ready to meet their needs.

Download the full 2023 peak season report for free.

Scan the QR code or click the PDF icon



The Cyber Five recap

7.9% increase in Cyber Week sales versus last year

Cyber Monday led the way with an **8.4%** increase versus last year and had record sales of **\$13 billion**

"Holiday online sales grow domestically, globally in 2023," Digital Commerce 360, January 2024

"2023 Holiday Retail Survey," Deloitte, 2023

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Thank you.

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