

# 2023 HOLIDAY TRENDS REPORT

PRESENTED BY: **yelp**  for brands



## EXECUTIVE SUMMARY

The survey, commissioned by Yelp for Brands, reveals cautious optimism around the state of the digital marketing ecosystem for online and brick-and-mortar retailers in the fourth quarter of 2023. While a third of respondents indicated they increased their Q4 media budgets modestly, over a third of respondents faced budget cuts. Most respondents indicated a renewed focus on ROI.



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## **Changes in overarching strategy as we approach the holiday season**

With the 2023 holiday season underway, marketers are now in the midst of the busiest period of consumer retail and ecommerce sales. Across the board, marketers have shifted dollars into higher performing digital channels and doubled down on bundles, offers, and incentives to ensure those dollars are maximizing conversions on increased advertising investments. While marketers are still investing in influencer and educational campaigns, the survey results indicate these programs have taken a back seat in favor of more conversion-oriented channels.





# ECONOMIC FACTORS

Macroeconomic factors were consistently noted as a significant risk to plan for—over 75% agreed that consumer spending will either stay the same as in 2022 or decline during the 2023 holiday season. Over 50% of respondents indicated marketing budgets are either staying the same or being reduced over

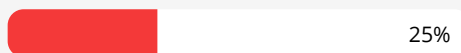
the upcoming season, with 20% indicating a 15%+ reduction in spending. Respondents named persistent inflation, supply-chain challenges, increased media costs, and reduced basket/order size as key factors for their marketing budget adjustments.

## Consumer Spending Outlook

Stay the Same



Decline

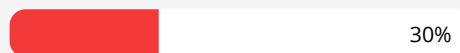


## Marketing Budget Changes

Stay the Same



Being Reduced



Being Increased

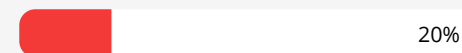


## Marketing Budget Reduction

Less than 15%



15% or more



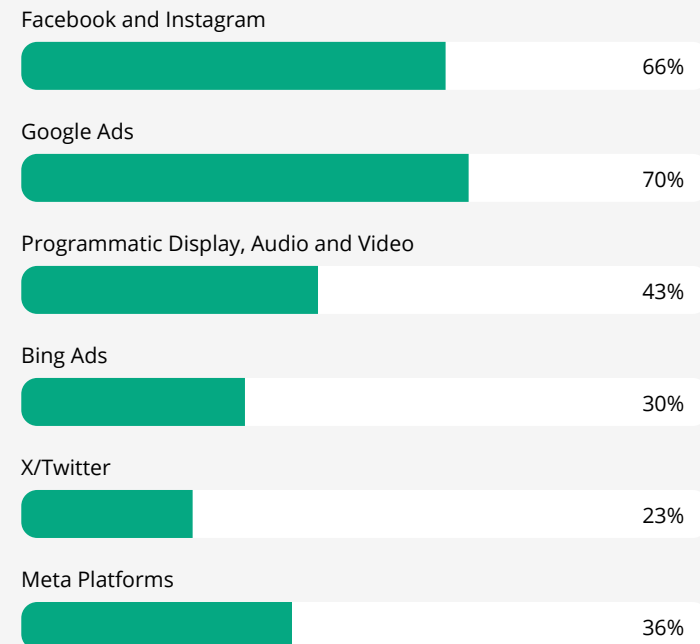


# DIGITAL CHANNEL MIX

The digital channel mix is shifting with respondents becoming increasingly prudent in investment allocation. Respondents indicated increasing investment in major ad networks including Meta Platforms’ Facebook and Instagram (66%); Google Ads (70%); and Programmatic Display, Audio and Video (43%). Citing reduced performance or budget constraints, respondents reduced investment in Bing Ads (30%); X/Twitter (23%); and Meta Platforms (36%). Notably, Meta Platforms appeared prominently as a channel when respondents were asked about both investment increase and reduction, with a net increase in overall investment.

Across the board, primary optimization goals included online purchases (67%) among similar online conversions. In-person/store visits were less of a priority with only 13% of respondents citing it as a primary optimization goal.

## Investment Allocation in Ad Networks





# PROMOTIONAL STRATEGIES

On the promotional and incentives front, marketers continue to employ time-tested tactics with two-thirds of respondents offering store- or category-wide discounts. Product-specific offers and discounts continue to be popular with 73% of those surveyed offering these kinds of incentives. Less than half of respondents (40%) asserted that free delivery was being offered on orders during the upcoming season while buy now, pay later may be sliding in popularity with only 20% of respondents indicating its use in the survey.

## Promotional and Incentive Tactics Used by Marketers

Store or Category-wide Discounts



Product-specific Offers and Discounts



Free Delivery



Buy-now, Pay-later





# METHODOLOGY

**The survey was commissioned by Yelp for Brands on September 28, 2023 through marketing research vendor Wynter.**

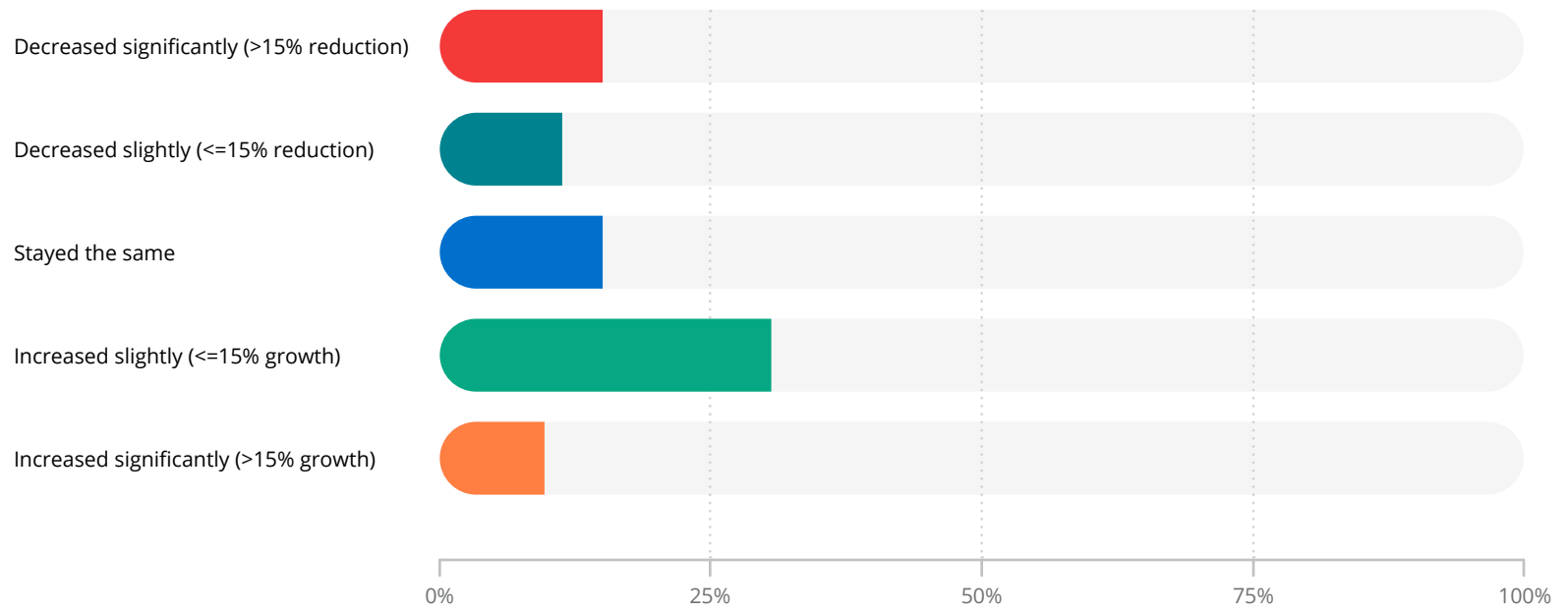
A total of 30 unique responses were collected, and all respondents indicated they were in decision-making roles within the marketing departments of retail, ecommerce, or similar industries. Each respondent confirmed that they were in a position of marketing budget authority in terms of media spend.







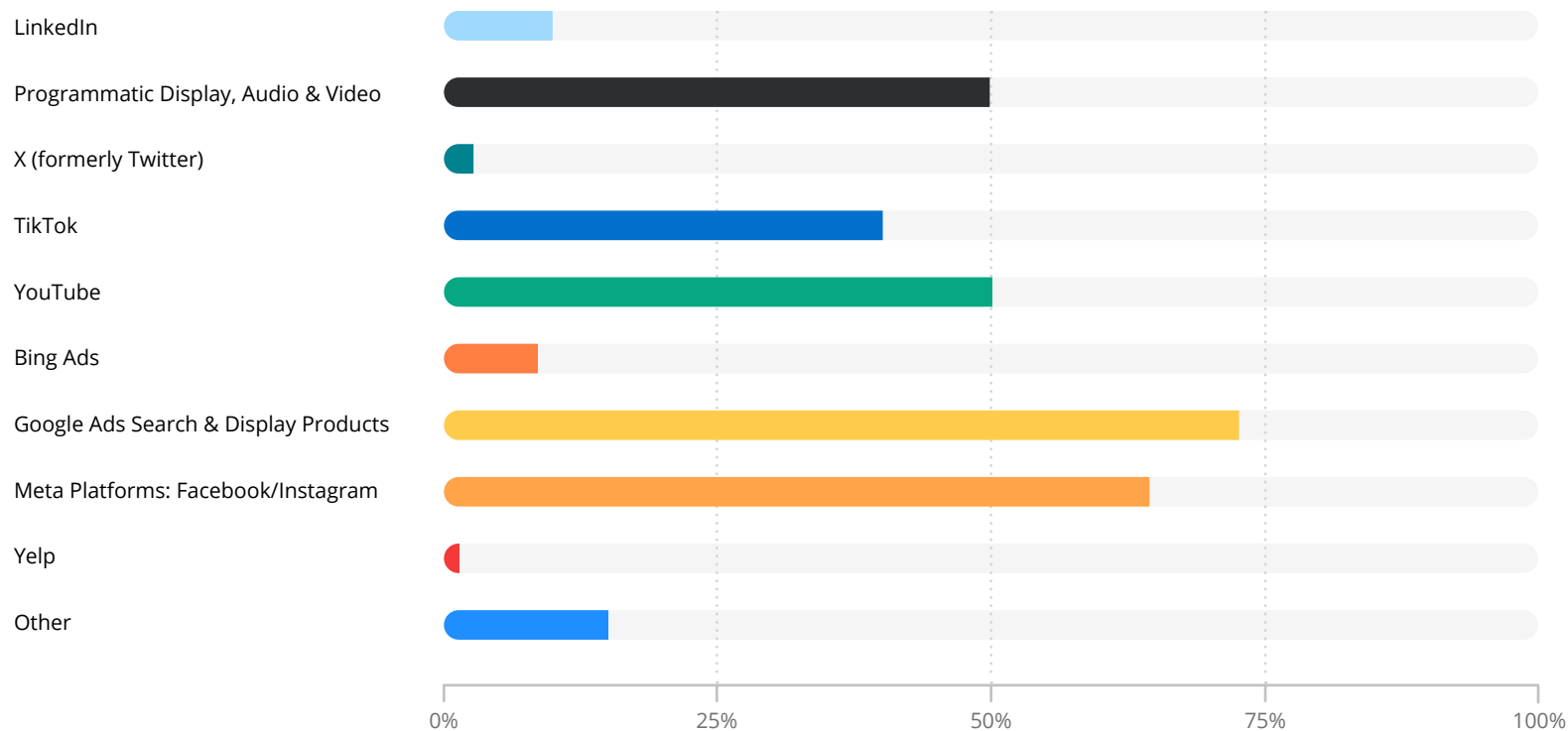
## Compared with 2022, how has your holiday season / Q4 budget changed?



- Decreased significantly (>15% reduction)
- Decreased slightly (<=15% reduction)
- Stayed the same
- Increased slightly (<=15% growth)
- Increased significantly (>15% growth)



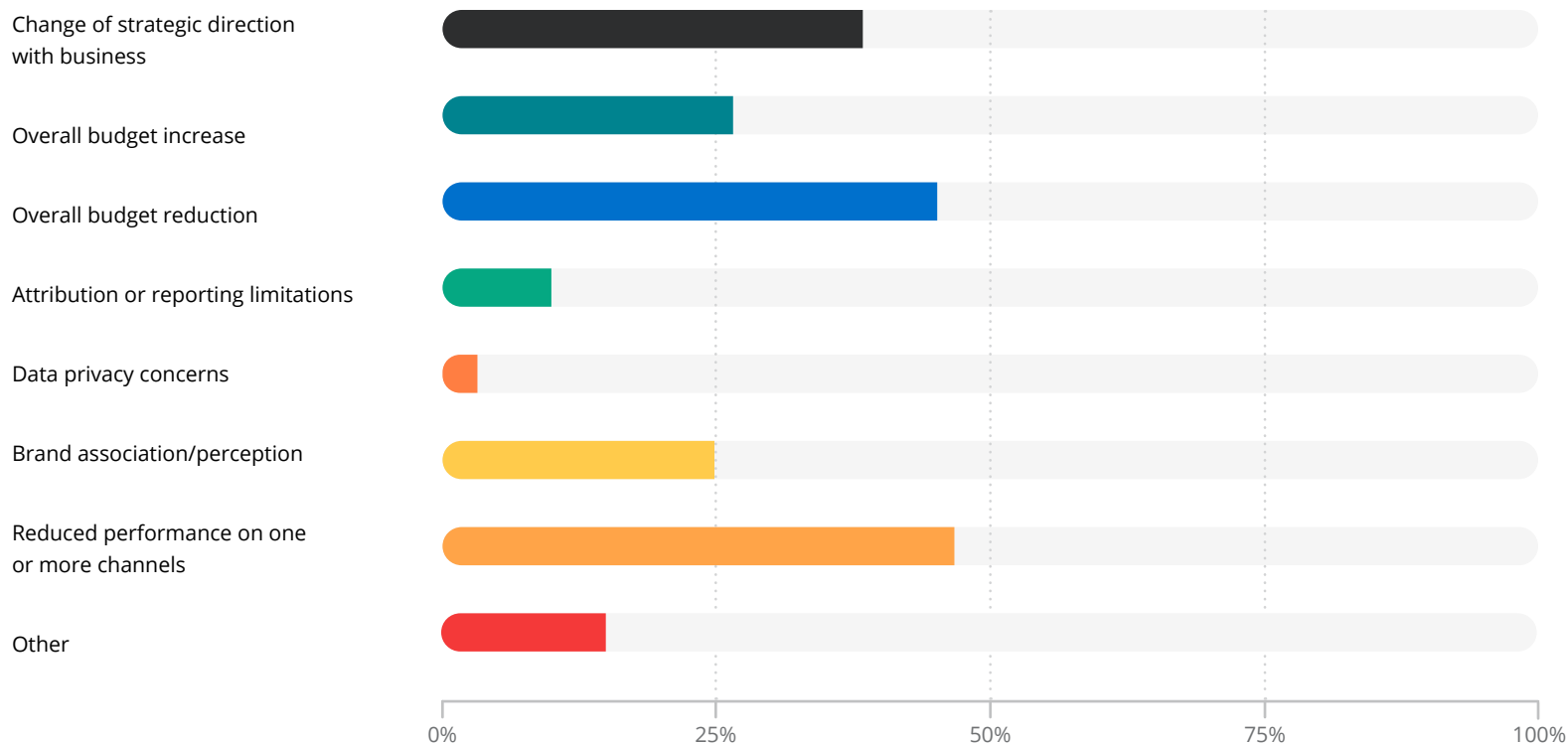
## Compared with 2022, which channels are you investing more into in the 2023 holiday period?



- LinkedIn
- Programmatic Display, Audio & Video
- X (formerly Twitter)
- TikTok
- YouTube
- Bing Ads
- Google Ads Search & Display Products
- Meta Platforms: Facebook/Instagram
- Yelp
- Other



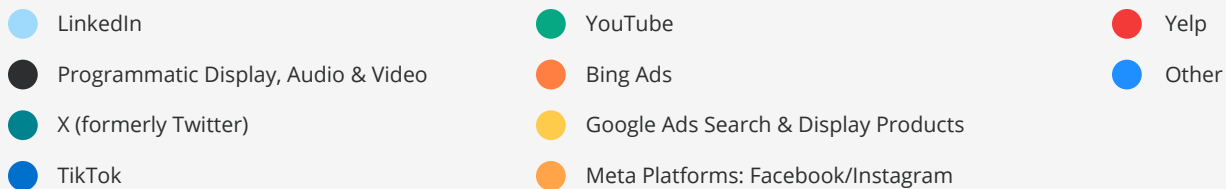
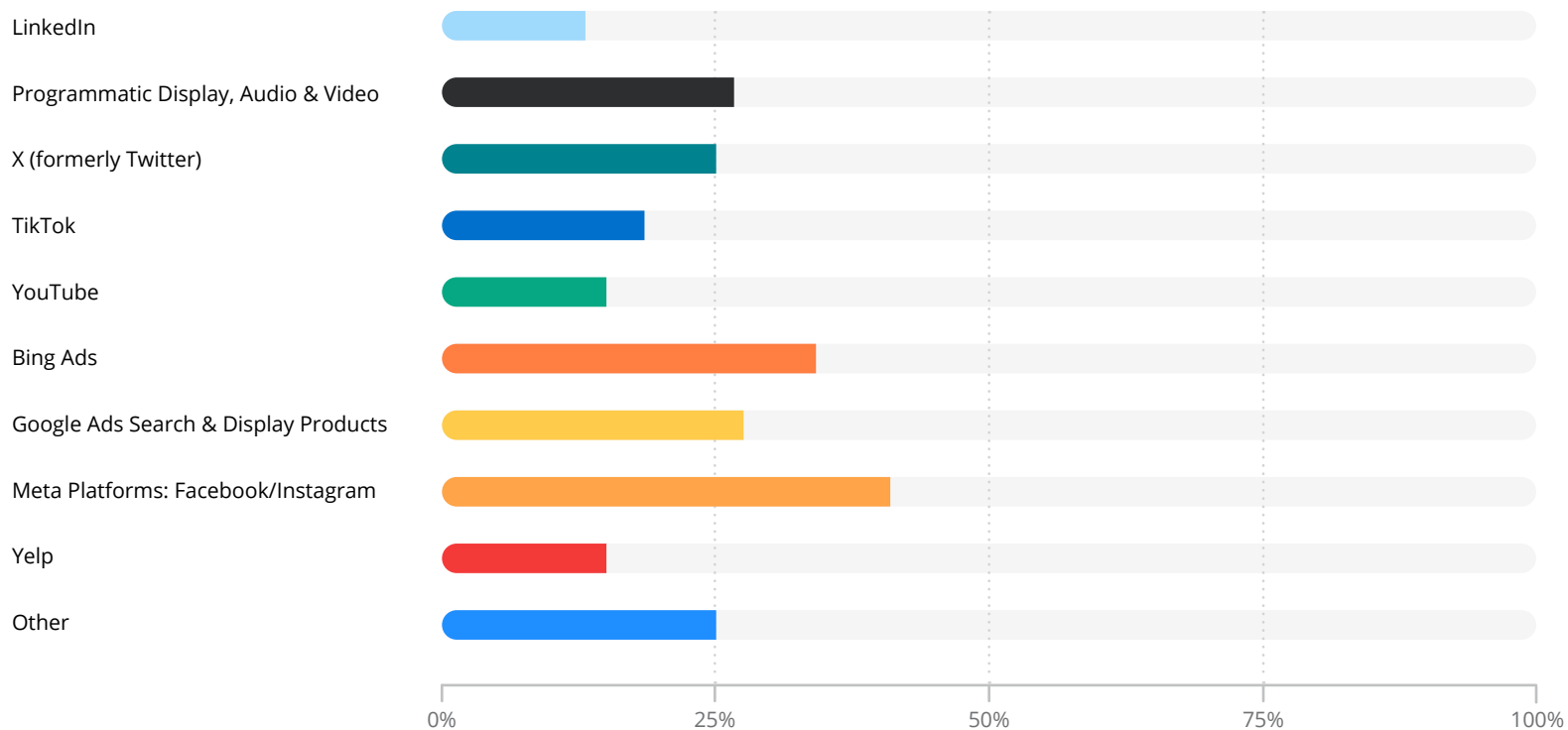
## What are some key reasons behind your shift in marketing channel allocation?



- Change of strategic direction with business
- Attribution or reporting limitations
- Reduced performance on one or more channels
- Overall budget increase
- Data privacy concerns
- Other
- Overall budget reduction
- Brand association/perception

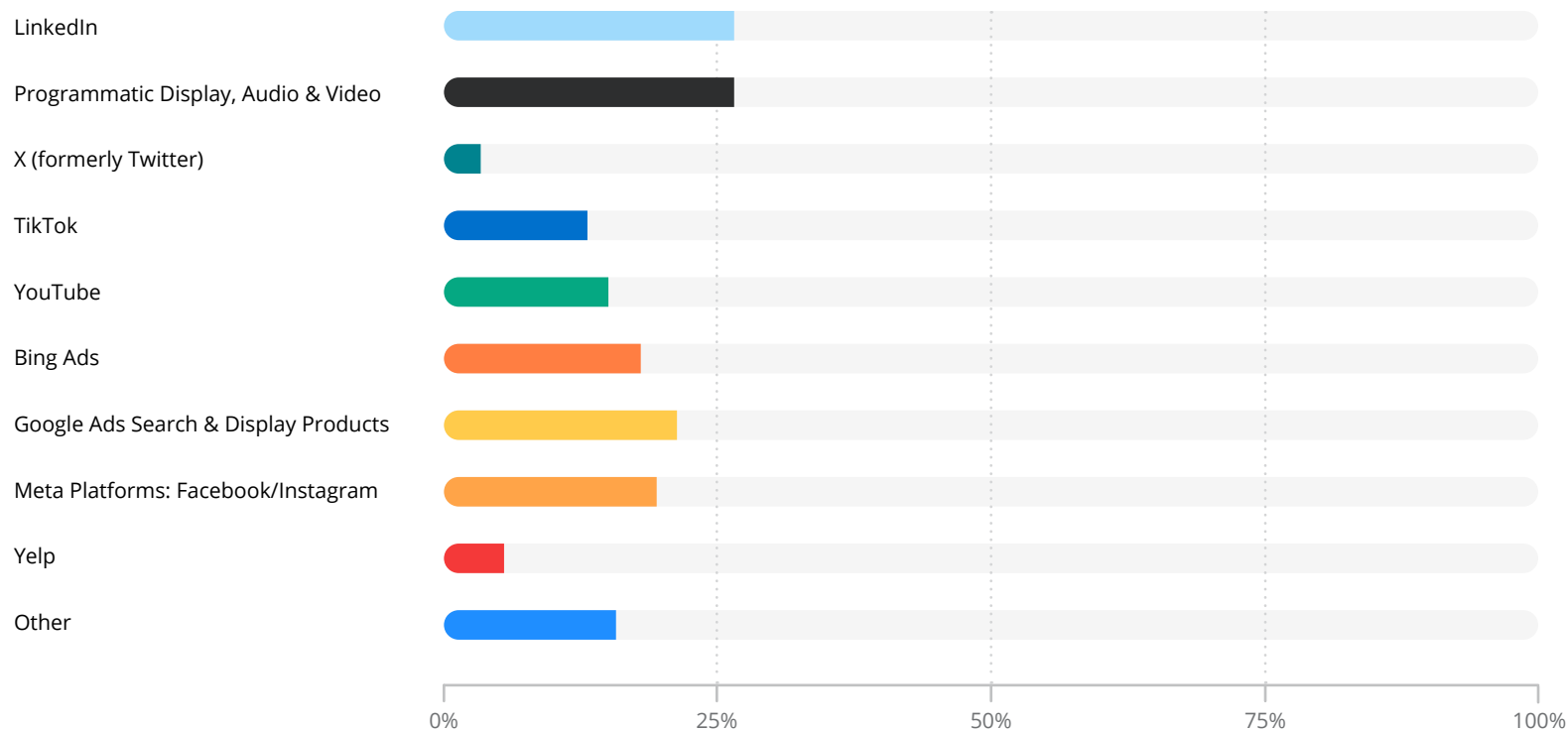


## Compared with 2022, which channels are you investing less into in the 2023 holiday period?





## Compared with 2022, which channels are you investing around the same into in the 2023 holiday period?



LinkedIn

Programmatic Display, Audio & Video

X (formerly Twitter)

TikTok

YouTube

Bing Ads

Google Ads Search & Display Products

Meta Platforms: Facebook/Instagram

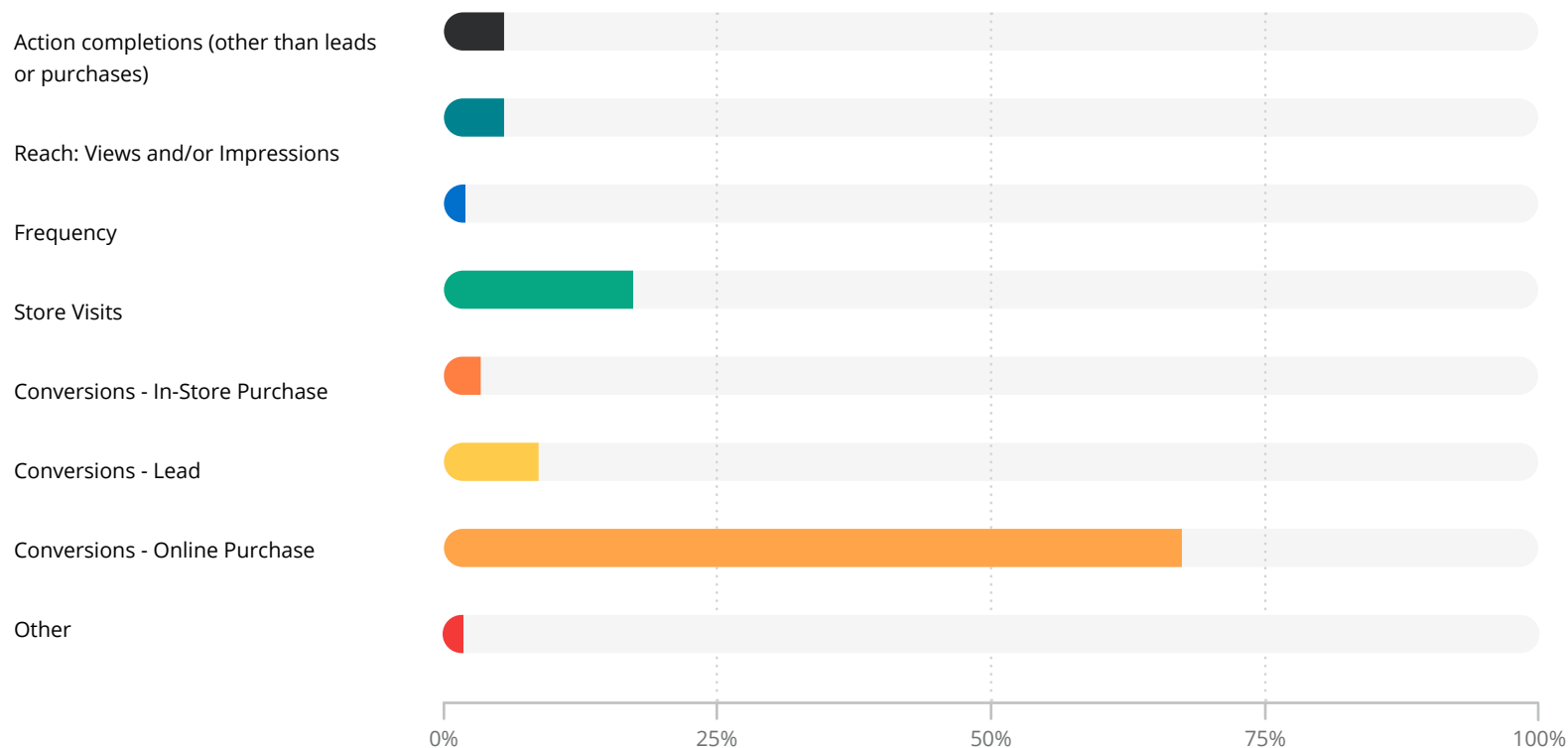
Yelp

Other





## Thinking about your upcoming digital advertising campaigns for the holiday period, what is the primary (most important) optimization goal applied to these campaigns?



● Action completions (other than leads or purchases)

● Reach: Views and/or Impressions

● Frequency

● Store Visits

● Conversions - In-Store Purchase

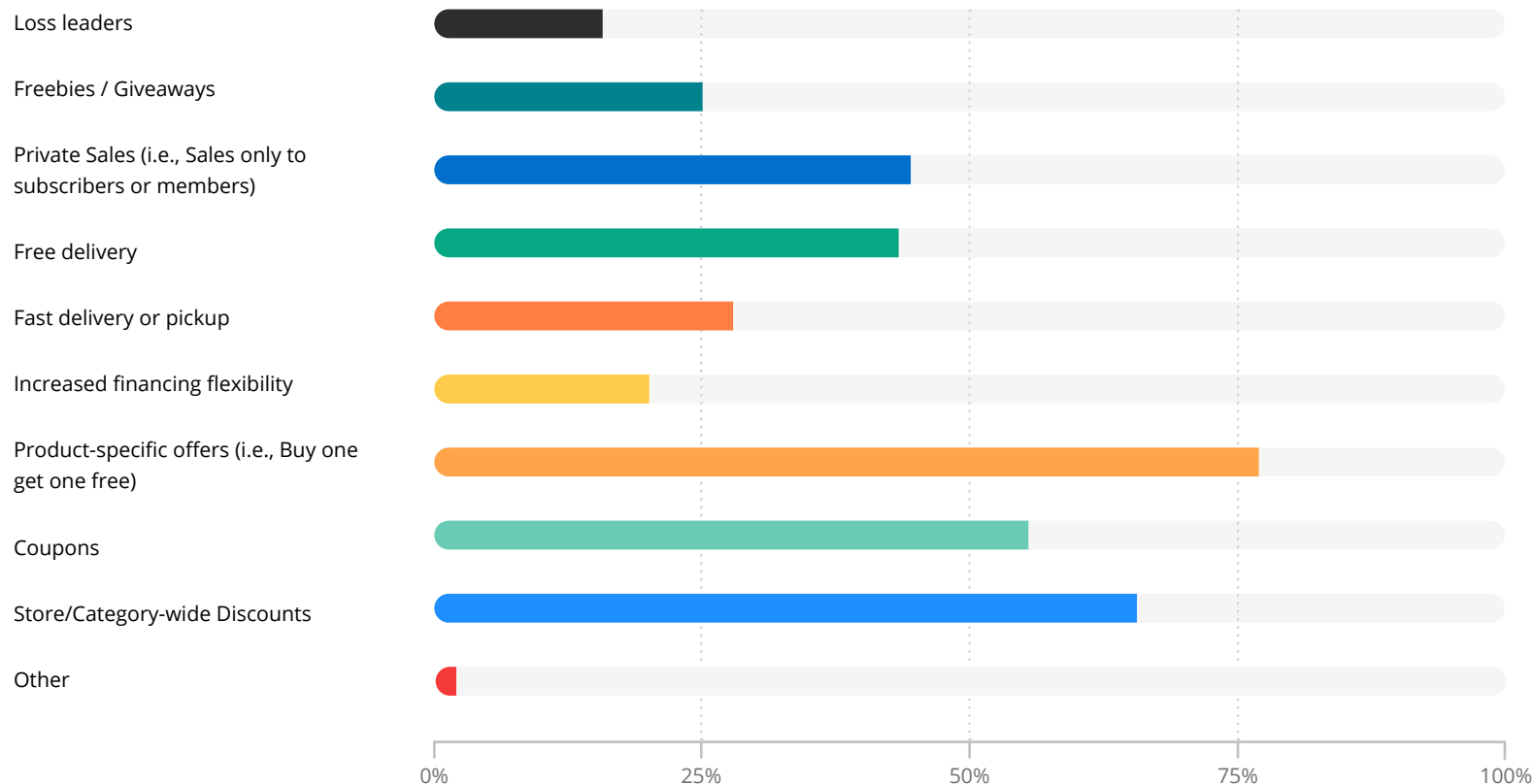
● Conversions - Lead

● Conversions - Online Purchase

● Other



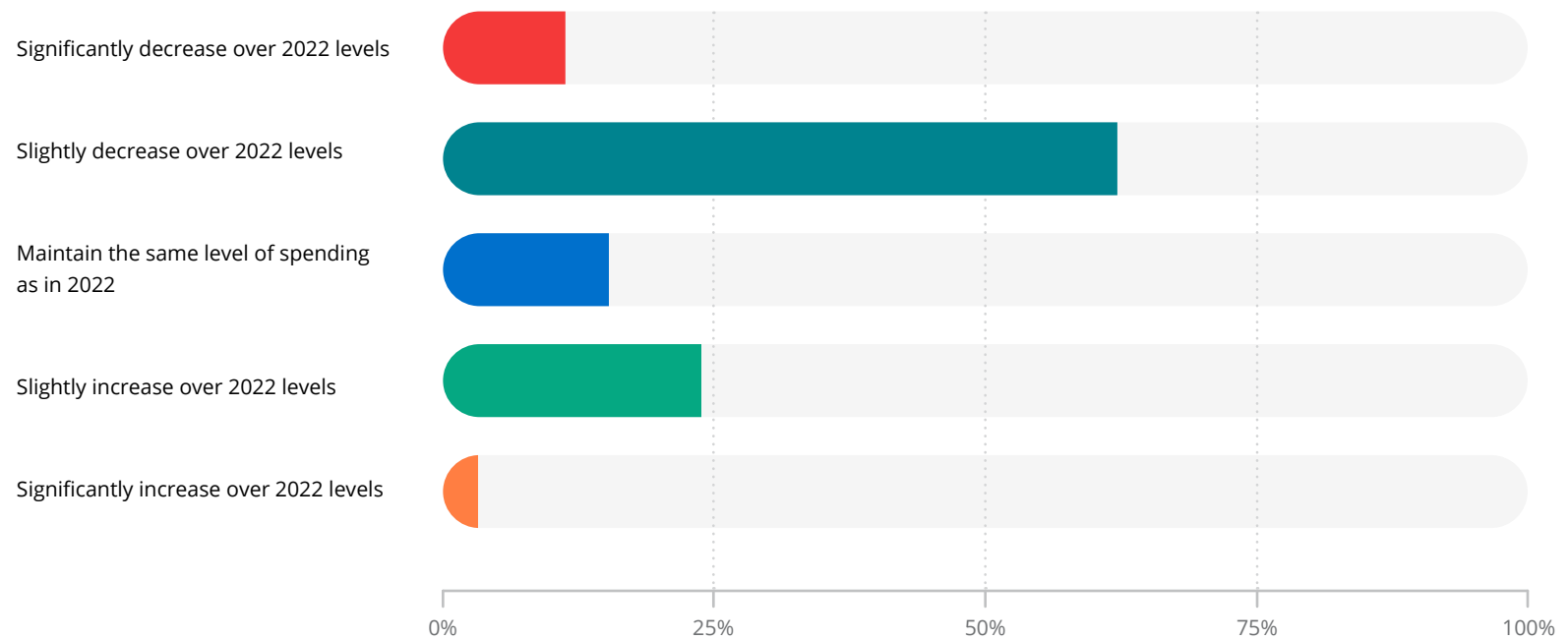
# Which of the following promotions and incentives do you intend to run through the 2023 holiday period?



- Loss leaders
- Freebies / Giveaways
- Private Sales (i.e., Sales only to subscribers or members)
- Free delivery
- Fast delivery or pickup
- Increased financing flexibility
- Product-specific offers (i.e., Buy one get one free)
- Coupons
- Store/Category-wide Discounts
- Other



## Compared with 2022, to what extent do you believe consumers will increase or decrease discretionary spending through the holiday period?



● Significantly decrease over 2022 levels

● Slightly decrease over 2022 levels

● Maintain the same level of spending as in 2022

● Slightly increase over 2022 levels

● Significantly increase over 2022 levels

# CONCLUSION

Retailers, both online and brick-and-mortar, face budget constraints and macroeconomic challenges. A key theme is the strategic shift towards digital channels that demonstrate strong ROI.

Economic factors such as inflation, supply-chain issues, and reduced consumer spending are influencing budget allocations, leading to a more cautious approach toward digital channel investment.

Many tried and tested promotional strategies remain employed by retailers, with a strong inclination towards product-specific offers and category-specific discounts, while free delivery incentives and buy now, pay later options appear less attractive than before.



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