

2022: LOYALTY COE Holiday Trends Guide



Holiday Guide – What’s Included

What to think about

- Inflation impact may be unevenly distributed and that could mean a need for targeted campaign strategies
- Implications from changes in Prime Day and other recent retail campaigns indicate a mix of discounts for buying necessities and increased spend on home entertaining

What to talk about

Help consumers to see the value received – it needs to be more than just another offer this holiday



Positioning

Personalization

Partnerships

Payment Flexibility

What to do

Have a plan for each phase of the season:

1. **PREP** options
2. **ASK** for data
3. **ACT** on data for peak
4. **REMIND** during final push progress towards bonuses and issue some bonuses to give them something to spend or make it easier with shipping benefits

Guiding Principles

Positioning

Have more than one set of **Positioning** and messaging ready:

- Lead with value
- Show how the client's brand and credit reduce the stress of shopping
- Reinforce that customer is making savvy choices for product and price

Personalization

Personalize for different levels of economic pressure and evolve tactics as season progresses:

- **Show progress toward goals** on spend/get promos or hurdle bonuses
- **Special access** for low stock items for best cardmembers
- **Payment flexibility** in higher inflation markets
- **Discounts** for wish list/cart late in the season

Partnerships

Leverage key themes with complementary **Partners**:

- Gas, groceries, and other consumable necessities for stressed markets
- Home store to support gatherings of friends and family
- Complementary categories to close sales (e.g., Beauty discount with party apparel purchase)

Payment Flexibility

Create a payment tool kit to address needs for different types of cardholders:

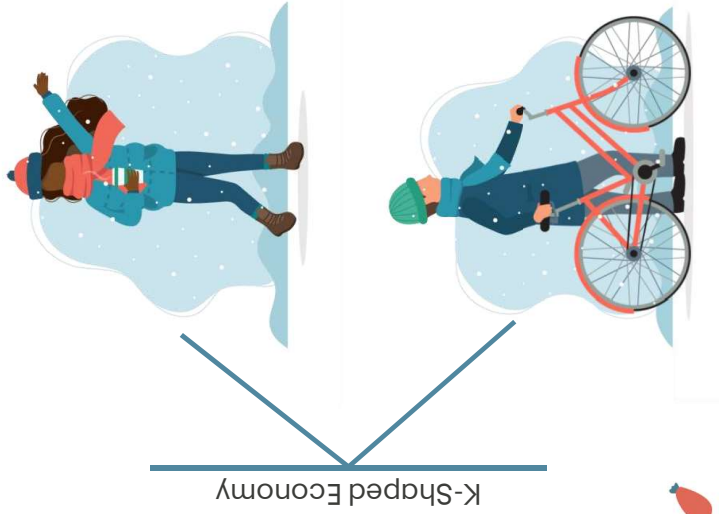
- For cardholders buying big ticket items—no interest spread payments
- For big spenders – shipping upgrades
- New cardholder acquisition for credit hesitant - SetPay

DRILL DOWN ON MACRO FORCES AND RETAIL TRENDS



Macro Forces: The return of the K-Shaped Economy according to Bloomberg

K-Shaped Economy: Due to uneven inflation rates – some consumers could have significantly more or less discretionary spend at the same level of household income. Clients may also have varying experiences.



Consumer A

Owens home, car not new, WFH, and vegetarian

Effective Inflation: 5-6%

Holiday: Could be buying to entertain and gift. Shopping when she feels she's getting good value and personalized convenience.

Consumer B

Rents, heats home with oil, commutes, and eats meat

Effective inflation: 15-16%

Holiday: Potentially limited gifting. May have to stay home and save during the holiday. Shopping on price and payment flexibility.

Implications for SYF Clients:

- Brick and mortar merchants** serving communities without public transport could have consumers cutting discretionary spending, struggling to pay for bigger ticket items, and shopping on price.
- **Gas brands** could see reduced C-store purchases
 - **Home stores** could see increased décor sales and fewer renovation projects
- Digital and multi-channel merchants** serving established communities of white-collar WFH consumers may see fewer cuts in spending.
- Brands that support **home entertaining** could grow
 - **Party apparel** may have an uptick and **beauty products** could shine

Inflation is Bringing Back the K-Shaped Economy – Bloomberg and What's Your Rate of Inflation? – The New York Times (nytimes.com)
The Great Uncertainty – McKinsey

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How Holiday 2022 Could Differ from 2021

Consumers could be navigating an anxious holiday season looking to celebrate but still get a good deal.

- Some may spend more than last year
- Some may need to spread purchases and payments across multiple paychecks during the holiday season

Merchants could feel competitive pressure to promote heavily based on price which can be easily matched.

- Need to find ways to make customers feel they received fair value
- Need to find ways to make an emotional connection with customer

“

*This year will be less emphasis on how to get the product and more on **helping the customer feel savvy**. You need to balance having an accessible and **fair price**, but **also emphasize the broader narrative of the holiday and getting people together.***

– **Lindsay Horrigan**,
CMO Birch Lane (Wayfair)¹

¹ Retail Dive Webinar, July 19, 2022. "Getting Ready for the Post-Pandemic Holiday Shopping Season"
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Retail Trends: Changes during Prime Day may foreshadow Holiday

What you need to know: Prime Day sales were up +16.8%, order size down -3.6% vs. one year ago. Top sellers indicate forward buying of necessities, entertaining items, and fewer tech buys. Some consumers report buying for holidays in July to spread out their purchases over paychecks and to get a deal before prices rise again.

Opportunity for Clients:

Position and message on the key themes of Necessities, Entertaining, and getting a good value on wish list items

Prime Day 2022

US Stats

Sales:

\$7.76B sales, +16.8%

Avg. Order:

\$52.22 in 2022

\$54.15 in 2021

\$54.64 in 2020

\$58.77 in 2019

Top sellers

Necessities

Shopping for deals on
Doritos and Diapers



Entertaining and Being Seen

Shopping to facilitate hosting and looking good. E.g., Le Creuset and deals on premium skincare Laneige and Nuface



Targeted Technology

Airpods and Nintendo Switch – few full system purchases



Source: Amazon Prime Day: What consumers are buying and how much they're spending | Fortune and Prime Day 2022 Recap: Top Products Sold, Most Popular Items, Deals - Rolling Stone. All product and company names are the registered trademarks of their original owners. The use of any trade name or trademark is for identification and reference only and does not imply any association with the trademark holder of their product brand.

Retail Trends: Expect to See Targeted “Spend Get” Deals

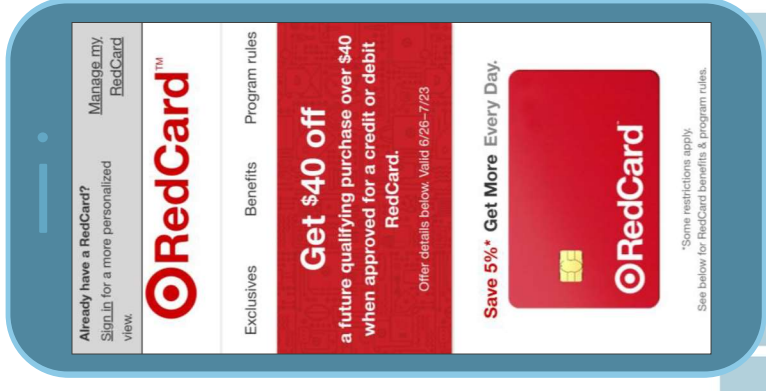
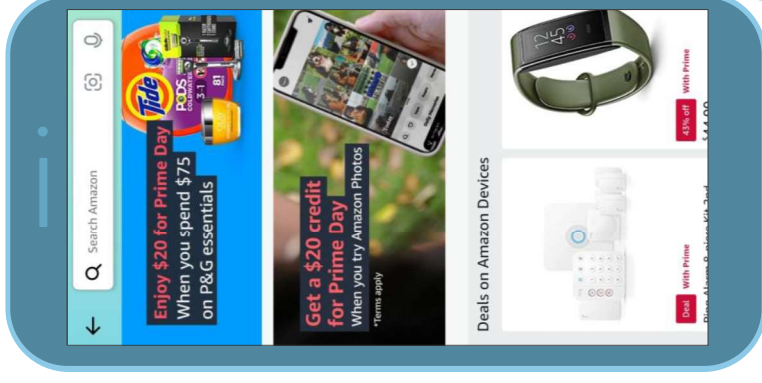
What you need to know: “Spend Get” offers and hurdle bonuses can be positioned to provide value against key holiday themes as current offers in market show

Necessities: Spend \$75 on P&G Essentials at Amazon to get \$20 back

Solace Seeking: Try Amazon Photos to get \$20 credit on future purchases

Aspirational tech: Best customers (Prime Members) get better pricing on Ring and Apple Watches

Payment: \$40 to spend on future purchases when you’re approved for Target credit

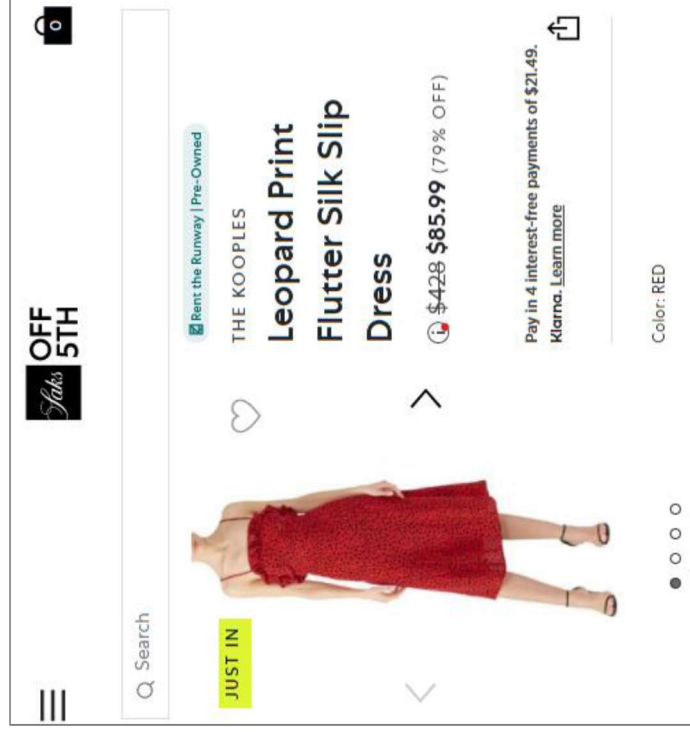


Opportunities for Clients:

- Target offers to key categories and themes vs. easily matched blanket discounts
- Use hurdle bonuses with progress reminders to keep loyalists from defecting
- Consider early payout on multiplier bonuses to compete against immediate gratification offers

Retail Trends: Party Apparel on Shopping List, But Re-Imagined to Provide Value

What you need to know: Saks Off 5th is teaming with Rent the Runway to offer pre-owned designer apparel at deep discounts with interest free payments from Klarna. Customers feels savvy for getting quality at a great price.



Opportunities for Clients:

- Tell shopper she's savvy for buying the client's brand and reinforce the extra values cardholders get
- Facilitate payment to drive conversion - spread payments or waive fees for cardholders with above average purchases
- Look for partnerships that add value depending on the customer

Saks Off 5th Broadens Its Resale Offerings With Rent The Runway Partnership (forbes.com) and Saks Off 5th partners with Rent the Runway | Retail Dive

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Retail Trends: New Ways to Bring Savings to Life—Part 1

What you need to know: Retailers as diverse as Ballard’s, Kohl’s, and Old Navy are holding “Tax Free” events.¹ The actual discount is small (6-8% varying by state), but the psychological impact is high.

Old Navy also announced a “Price Lock on jeans for Back to School” during a time period when they would have been unlikely to take a price increase.

Opportunities for Clients:

- Find new ways to talk about discounts such as no sales tax or tax-free event
- Take credit for holding prices the same during a promotional period
- Sales tax is local -- communicate through personalized email / text and local in-store signage



Ballard's tax-free event was seen on a store sign in Georgia, Old Navy email was sent to Illinois residents, and Kohl's had a state specific drop down on their website with different days and tax rates for different states.

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Retail Trends: New Ways to Bring Savings to Life—Part 2

What you need to know: Retailers like Bloomingdale's, Nordstrom, and Macy's actively promote extra benefits for members and cardholders – deeper discounts and higher point bonuses. Note the Bloomingdale's 30-point bonus – it targets 15% off to members rather than taking a 15% discount for all and 30 points / \$1 stands out

TAKE 25% OFF*
when you shop with a Bloomingdale's Credit Card.*

OR

TAKE 20% OFF*

no matter how you pay.
Offers valid on a large selection of items.*

AN EXCEPTIONAL EVENT
EXCLUSIVELY FOR TOP OF THE LIST
AND TOP OF THE LIST UNLOCKED

GET AN EXTRA
30 POINTS
PER DOLLAR

(THAT'S AN EXTRA 15% BACK IN REWARDS!)
on a large selection of items when you shop
at our stores and bloomingdales.com.*

Opportunities for Clients:

- Talk to clients about using dramatic points bonuses instead of blanket discounts
- Visibly demonstrate the extra benefits and bonuses for cardholders

Retail Trends: Finding Low-Cost Ways to Add Value

What you need to know: Brands are looking to add non-price related value with lower cost content – there are multiple options and some options to watch this year in preparation for 2023 holidays

Holiday 2020-2021: Zoom Backgrounds

West Elm Video Conference Backgrounds

Whether you're looking to up your game for WFH meetings or show off for friends at a virtual happy hour, West Elm has pulled images of our favorite real homes that feature our modern furniture and home décor. Scroll through to download your favorites and click the House Tour links to learn more about these real Design Crew projects.



An Insta-Famous Mid-Century Living Room
Designed by West Elm Emeryville

[DOWNLOAD THIS BACKGROUND](#)

[SEE THE FULL TOUR HERE](#)

Potential for 2022: NFTs

Starbucks will launch its own NFT collection where individual digital collectibles also provide owners access to exclusive content



Clinique's Smart Rewards members had the chance to receive the limited time NFT for a product that often sold out




AMC Stubs members received an exclusive Spider-Man NFT with an advance ticket purchase for Spider-Man: No Way Home



Opportunities for Clients:

- Provide content with purchase e.g., product information, styling advice, entertaining tips or recipes

Retail Reminder: 5 Weekends vs. Usual 4 – Need to Keep Energy Going

Some consumers may have an incentive to spread purchases over multiple pay periods – some even started holiday buying during July Amazon Prime Days – and the five shopping weekends between Thanksgiving and December 25th provide another opportunity for managing payment.

November						
SUN	MON	TUE	WED	THUR	FRI	SAT
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24 	25	26
27	28	29	29	30		Weekend 1

December						
SUN	MON	TUE	WED	THUR	FRI	SAT
				1	2	3
4	5	6	7	8	9	Weekend 2
11	12	13	14	15	16	Weekend 3
18	19	20	21	22	23	Weekend 4
25 	26 	27	28	29	30	Weekend 5
						31

Client Opportunity:

- Have a plan for the full season
- Set up goals and personalized thresholds
- Plan final push communications to remind customers of progress toward bonuses
- Consider releasing bonuses/cash back payout just before final weekend so that customers feel they have the power to spend

SYNCHRONY GUIDANCE FOR CLIENTS

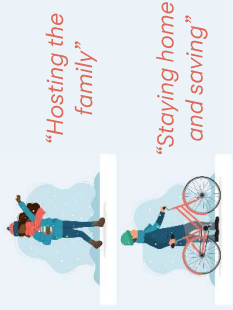


Adapt and Adjust as Holiday Season Progresses, Leveraging Guiding Principles

PREP	ASK for Data	ACT on Data	REMIND for Final Push
<p>Theme:</p> <ul style="list-style-type: none"> Prepare options for offers, positioning, partnering, and payment <p>Timing: ASAP to October 1</p>	<p>Theme:</p> <ul style="list-style-type: none"> Gather consumer input and analyze data to drive personalization <p>Timing: ASAP to Mid-September</p>	<p>Themes:</p> <ul style="list-style-type: none"> Act on personalization data and partnerships Adjust positioning as selling trends emerge Leverage extra weekend <p>Timing: October 1 to December 11</p>	<p>Themes:</p> <ul style="list-style-type: none"> Execute with excellence personalized positioning, partnerships and payment flexibility Set up for post holiday <p>Timing: December 12-24 last two weeks</p>

Sample Customer Journeys

PREP



ASK

- Data Analytics**
- Frequent purchases
 - Purchases of likely holiday items e.g., entertaining
 - Chosen bonus categories
- Survey, Poll, or Game Quiz**
- What are your holiday plans?
 - What's on your wish list?

ACT

- Feature Décor in Spend Get Offer
- Create complementary partner offers for Home store, Apparel, and Beauty
- Feature Necessity Spend Get
- Gas/Grocery/Drug partnership

REMIND

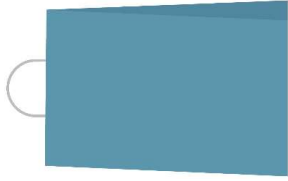
- Progress towards bonus reminder
- Special access to high demand items
- Wish List offer—interest waiver
- Expedited shipping offer
- Credit application Spend Get
- SetPay with email capture for post-holiday outreach
- Early spend get payout



PREP Options

Theme: PREP

- Prepare **options** leveraging holiday guidelines, themes, and best practices



Positioning

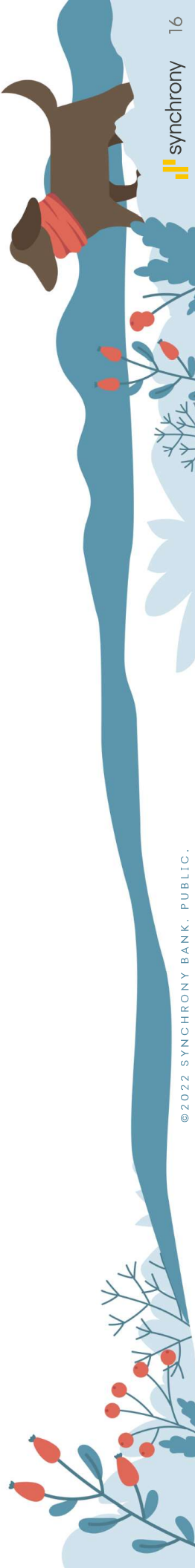
Personalization

Partnerships

Payment Flexibility

Tactics:

- **Personalized Positioning for value seekers with discretionary income**
 - Reinforce total value vs. only price
 - Access to items on wish lists or in limited supply
 - Recognition of extra loyalty benefits, surprise and delight for best customers by topping up a reward for issuance in last week of the season
 - Support holiday gatherings – home décor, apparel, and beauty items
- **Personalized Positioning for cash-strapped, price shoppers**
 - Payment options – spread payments, waived month of fees, SetPay as an acquisition tactic for credit hesitant customers
 - Deals and bonuses for basics – 2x points for key categories for the holidays
 - Offer deals on essentials or transportation (e.g., Uber to store, gas discounts, parking discounts, necessities offer with SYF gas client)

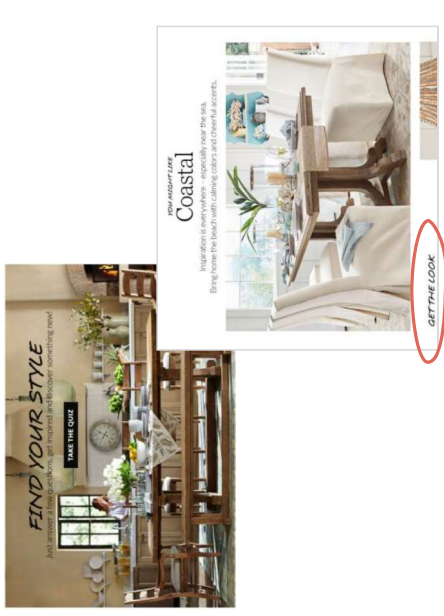


ASK for Data

Theme: ASK

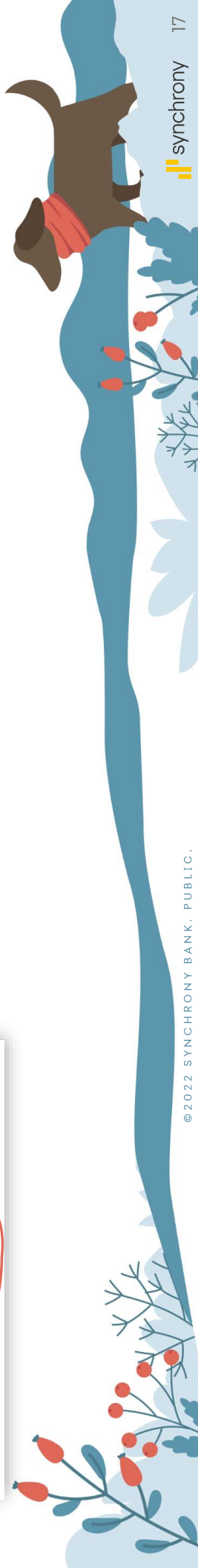
- Gather input for **personalization**

Pottery Barn Style Quiz and “Get the Look” Results



Tactics:

- **Polls, surveys, or a gamified quick quiz**
 - Choose your bonus category
 - What are your holiday plans?
 - What's on your wish list?
- **Leverage existing data**
 - Identify frequently purchased items for bonuses or buy X to get Y personalized thresholds
 - Use data on purchases by look-alike customers
 - Offer richer than average holiday credit bonus to prospects, e.g., Target's \$40 to spend on next purchase for approved applications

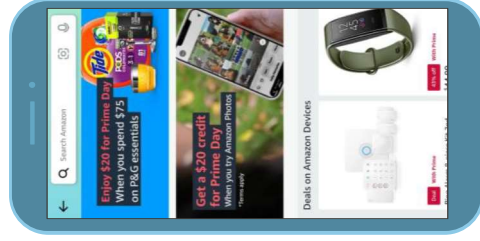


ACT on Data

Theme: ACT

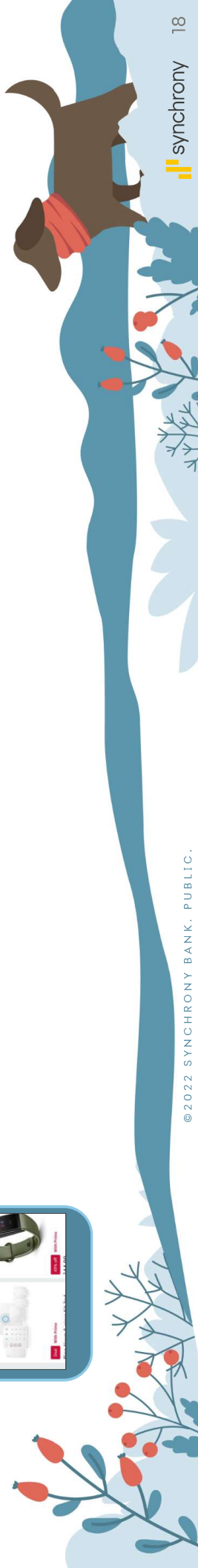
- Act on data and adjust
- Prepare for final push on extra weekend

Amazon Prime Category Bonuses



Tactics:

- **Personalized offers and threshold bonuses based on data collected**
 - Home offers for hosts, party wear/beauty for hosts and guests
 - Bonus necessities or frequent purchases plus payment offers for savers like the Amazon Prime category bonuses
- **Value reinforcement and regular reminders**
 - Here's how much you've saved
 - Here's your progress toward your bonus/don't forget you could be saving
 - Additional content about their purchases that make them feel in the know
- **Payment management**
 - Spread payments for big ticket purchases for existing cardholders
 - SetPay for acquisition offers to the credit hesitant



REMININD for Final Push

Theme: REMIND

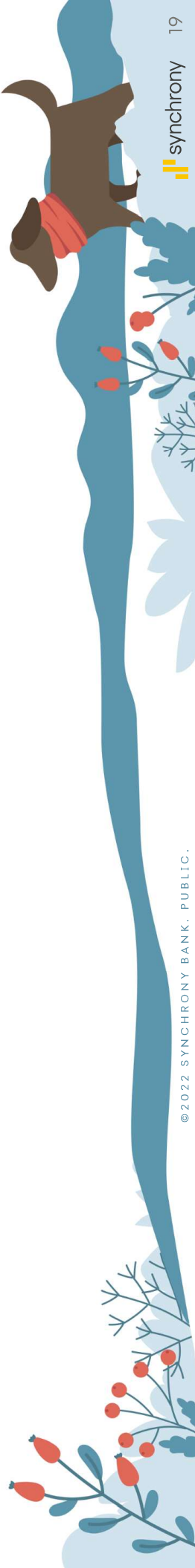
- Execute with excellence
- Post holiday set up

Wish List Items



Tactics:

- **Best customer recognition that makes last minute shopping easier:**
 - Shipping incentives for best customers (e.g., if customer is sending to multiple locations, get free shipping on one address or a free upgrade to expedited shipping)
 - Reminders on access to hot items before they are sold out
 - Proactively offer BOPIS for wish list items
- **Top up rewards in time for the extra holiday weekend as Surprise and Delight for cardholders who are near to rewards**
- **Proactive payment offers – don't pay until X, spread payments, and SetPay**



What's Coming Next from The Loyalty Center of Excellence



Share this deck with all attendees



Schedule The Holiday Trends Report Loyalty COE Office Hours

- When: At your convenience
- What: Let's drill down this Holiday Trends Report for how it translates into your client's specific needs

Please contact:

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On the Loyalty Hub

- 2022 Holiday Trends Report

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Thank You!



Holiday 2022: High-Level Summary

Macro Forces

- **K-Shaped Economy:**
Inflation unevenly distributed
- Remaining global supply chain issues may cause **surprise out of stock situations**
- According to NRF and other economists, holiday revenue could be up due to continued jobs strength, although volumes may be lower— recession expected to arrive in 2023

Retail Themes

- **Five shopping weekends** instead of four between Thanksgiving and December 25th
- Seeing continued demand for **payment options**
 - Demand for BNPL in store and no interest
 - Look for ways to address with SYF products
- **Holiday gathering** could replace fortress nesting
- Consumers may be **solace seeking**—looking for comfort items and low anxiety shopping

Effect on SYF Clients

- Potential for....
- Early and constant **pressure for deeper discounts**
 - **Decreased buying power** in car reliant markets with fewer WFH consumers
 - Desire to entertain and be seen could favor **home store, beauty, and re-imagined party apparel options**
 - **Targeted tech buys** – may be wish list or abandoned cart items

Synchrony Guidance



Positioning
Personalization
Partnerships
Payment Flexibility



SOUNDBITE SUMMARY

Clients need to stand out from pressure for non-stop promotion by showing customers how their brand will address individual customer needs through specific actions.