

RETAIL

## Measuring the impact of holiday sales on US small business

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Three out of four small- to mid-sized U.S. retailers rely heavily on holiday sales to meet annual revenue goals. Image: Constant Contact

By [Dave Charest](#)

The holidays are big business. That is not going to come as a shock to anybody. But just how important are they to the United States' economy?

The [latest figures from Adobe Analytics](#) show that from November to December 2023, U.S. consumers spent more than \$222 billion while shopping online. That activity was largely driven by an increase in total purchases.

Translation: U.S. consumers want to spend during the holiday season. The businesses who can tap into this strong demand are much more likely to achieve their revenue goals and set the table for a strong start to the new year.

Since [99.9 percent of businesses](#) in the U.S. are small businesses, this also illustrates how critical the holiday season is to the continued success and viability of the small- to mid-sized businesses (SMBs) who power our communities.

At Constant Contact, we wanted to better understand how small businesses tackle this time of year, so we polled 500 SMBs across a variety of industries to get their thoughts. We also asked 500 consumers about how their interest in shopping small changes before, during and after the holiday season.

Here are the stats and trends we uncovered, along with some additional findings from our [Small Business Now report](#) that help illustrate what small businesses can do to start 2024 on the right foot.

Small businesses depend on holiday sales to hit their annual goals

- 75 percent of retail SMBs rely heavily on holiday sales to meet annual revenue goals
- 58 percent of retail SMBs say holiday customers are "extremely important" to the overall success of their business
- 50 percent of SMBs get at least one-quarter of their annual revenue from holiday shoppers, and that number jumps to 73 percent for retail SMBs

However, most shoppers do not realize how vital their holiday spending is to small, local businesses

- Supporting small businesses and their communities is the number one reason why S. choose to visit or buy from an SMB
- However, only one third (33 percent) of shoppers feel that visiting or purchasing during the holidays makes a

- However, only one-third (33 percent) of shoppers feel that visiting or purchasing during the holidays makes a significant impact on an SMB's livelihood

The holiday season is a great time to attract new customers and, fortunately, shoppers are open to being courted

- The top goals for SMBs heading into the holiday season are finding new customers (63 percent), retaining current customers (52 percent) and planning for next year (45 percent)
- 84 percent of consumers planned to visit a "new to them" small business last holiday season
- 87 percent of consumers say they are more likely to return to a small business in the future after visiting/buying during the holidays
- Personalized emails and texts (52 percent), social media ads (42 percent), and sales or discounts (40 percent) are the most popular marketing tactics SMBs use to grow their customer base during the holiday season

During the last three months of the year, small businesses see waves of new customers both in-person and online. These shoppers are highly engaged and looking for reasons to visit or buy. This makes the holiday season a terrific time for SMBs to capture people's attention and grow their customer base.

Most small businesses do not have an effective marketing strategy to nurture, retain and convert their holiday customers in the new year, and it could be holding back their growth

- 81 percent of consumers are more open to receiving marketing messages from a small business after visiting or buying from them during the holidays
- 93 percent of SMBs feel that retaining new holiday customers into the following year is important but just 18 percent feel their first-quarter strategy is highly effective
- 14 percent of SMBs have no post-holiday retention strategy at all
- Less than half (49 percent) of shoppers receive an email after making a purchase, and 27 percent never hear from the business again

Most SMBs are heavily focused on reaching new customers and growing their lists during the holiday season, but equally important is how those customers are nurtured once the calendar turns to January.

The key to making the most of the holiday season is having a good customer retention strategy in place.

SO, WHAT HAVE we learned?

The holiday season is not just a big deal for small businesses it is absolutely vital to their success.

Every dollar or sale goes a long way and might make the difference between a good year and a bad one. Since shoppers are looking for excuses to visit and buy from SMBs during the holidays, it is critical that those businesses market themselves and communicate their value.

It is also important to keep marketing once the holidays end.

U.S. consumers showed similar interest in supporting small businesses in the new year as well, and many were turned off after never hearing from a business again after making a purchase.

We see our customers dial up tactics such as loyalty programs, events and contests to activate their audience and turn holiday customers into repeat buyers in the following year.

*Dave Charest is director of small business success at [Constant Contact](#), Waltham, MA.*

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