

'TIS THE SEASON FOR SHOPPING

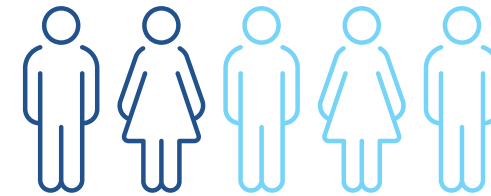
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WHAT'S IN STORE FOR RETAIL

'Tis the season for shopping. Holiday spirits are high this year with most consumers reporting plans to spend on gifts and entertaining over the next couple months. The National Retail Federation forecasts 2022 holiday sales will grow between 6% and 8% compared to the same period last year. With higher costs on the brain, consumers need information about sales, deals, and promotions as they make informed purchase decisions this holiday season – presenting a messaging opportunity for retailers.



2-in-5 US Consumers Will Increase How Much They Spend This Holiday Season

A survey of 1,000 US consumers conducted by DIRECTV Advertising via Suzy found that people are prioritizing a festive holiday season with nearly 3-in-4 planning to spend the same or more on gifts, travel, food, décor and other items for entertaining than they did last year. Many consumers anticipate spending more this year due to their buying more gifts for more people and the inflated costs of groceries and household items. Over half of A18-34 say they intend to spend more this holiday season, especially those based in the South and West.

Still, some consumers may have a little less to unwrap this year. Of those who report plans to spend less this season, 73% will purchase fewer gifts for friends and family, while half will buy less expensive gifts for fewer people. Consumers with the intention of spending less tend to be A55+ without children at home.

Sources: Escobar, Sabrina. "Holiday Sales Will Grow as Much as 8%, National Retail Federation Says." Barron's, 3 Nov. 2022, www.barrons.com/articles/holiday-sales-prediction-retail-nrf-51667501019; DIRECTV Advertising via Suzy, A18+ weighted to U.S. gen pop, October 2022
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Q.

**THINKING OF
THE UPCOMING
HOLIDAY SEASON,
HOW WOULD YOU
DESCRIBE YOUR
PLANNED HOLIDAY
SPENDING* COMPARED
TO LAST YEAR?**

Planned Holiday Spending vs. Last Year



AMONG THOSE INCREASING...

- 44%** will buy more gifts for friends and family
- 44%** will buy groceries & household items that are more expensive
- 44%** will buy gifts for more people
- 34%** will buy more expensive gifts for friends & family
- 34%** will host more holiday meals/parties
- 30%** will host more people at holidays meals/parties
- 29%** will travel more this year
- 25%** will buy from higher-cost brands because what they would normally buy is unavailable

AMONG THOSE DECREASING...

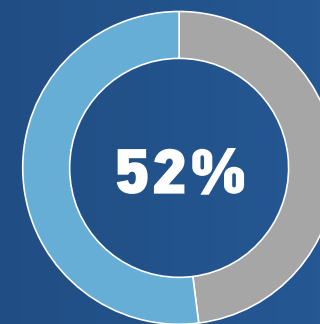
- 73%** will buy fewer gifts for friends and family
- 54%** will buy cheaper gifts for friends and family
- 53%** will buy gifts for fewer people
- 41%** will not be traveling or travel less this year
- 34%** will buy from lower-cost brands because what they would normally buy is unavailable
- 32%** will host no or fewer holiday meals/parties
- 17%** will host fewer people at holiday meals/parties

*Holiday spending = gifts, travel, food, décor and other items for entertaining
Sources: DIRECTV Advertising via Suzy, A18+ weighted to U.S. gen pop, October 2022
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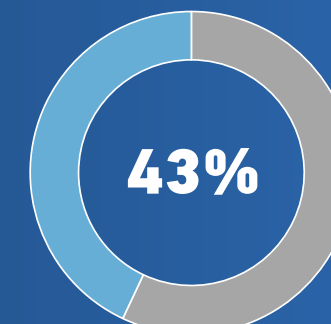
HALF OF U.S. CONSUMERS WILL MAKE A PURCHASE ON CYBER MONDAY



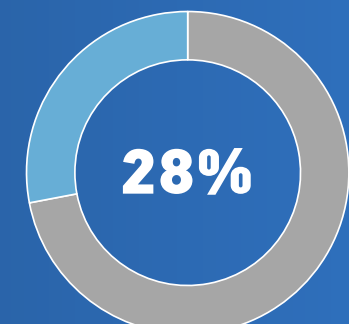
With the pressure of higher prices of household goods and gas, consumers are likely to report they will take advantage of sales and promotions this holiday season. Consumers are significantly more likely to report they will shop online on Cyber Monday, in-store on Black Friday, and buy items via deferred payment systems (e.g. Klarna, AfterPay) compared to last year.



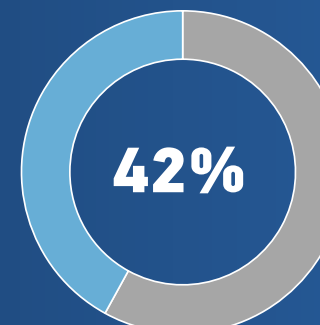
plan to shop online on Cyber Monday
(vs. 35% who reported doing so last year)



plan to shop in-store on Black Friday
(vs. 24% who reported doing so last year)



plan to purchase via layaway/deferred payment system
(vs. 16% who reported doing so last year)



report having purchased from a brand they never purchased before within the last three months

Enthusiasm for these seasonal milestones demonstrates that consumers are seeking promotional pricing. Due to inflation, consumers say they are more likely to be switching from buying one brand to buying another to get a better deal. Within the past three months, 42% report having purchased from a brand they never purchased before. In this climate, advertisers have the opportunity to attain new customers, as brand loyalty is up for grabs.

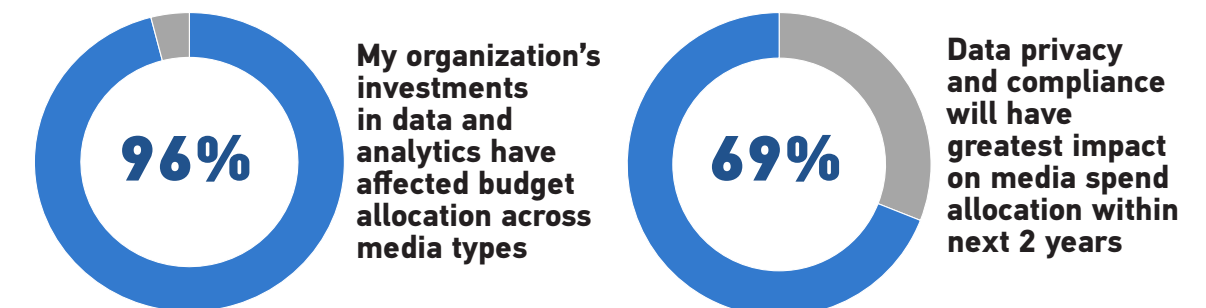
THE STATE OF RETAIL ADVERTISING



According to MAGNA, the retail category, representing \$33B in ad spend last year, is highly fragmented with the top ten spenders accounting for just 28% of total 2021 ad spend. The retail space has recovered significantly since pandemic-era lows, owing to significant growth in e-commerce and a bounce back in brick and mortar. Shopping activity has presented new data-driven ad opportunities for retail advertisers.

Two Thirds of Retail Advertisers Cite a Focus on Data Compliance Over Next 2 Years

Based on research conducted by DIRECTV Advertising, nearly all retail advertisers say that their organization's investments in data and analytics have affected budget allocation across media types. Across key market sectors (auto, entertainment, pharma, CPG and financial services), retail advertisers are most likely to report data privacy and compliance as significantly influential to their media spend allocation decisions over the next 24 months.



3-in-5 Retail Advertisers Plan Across CTV and Linear

Retail advertisers are also most likely to have a converged planning team working across both linear and CTV, indicating that they are applying first-party data across screens to reach viewers however they may be watching TV content. As disruption to the supply chain continues to be a challenge, data-driven ad strategies can help inform relevant messaging to consumers across regions based on product availability.

% Reporting planning team is responsible for CTV and Linear TV

Retail	Financial Services	CPG	Auto	Entertainment	Pharma
61%	59%	58%	53%	51%	44%

Sources: MAGNA US Media Landscape, Summer 2022; DIRECTV Advertising via Advertiser Perceptions, "Addressable Enters the Mainstream", 350 US advertisers surveyed in Q3-22, November 2022
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3 KEY TAKEAWAYS



This year, nearly 3-in-4 consumers will spend the same or more than they did last holiday season. Increased spend is driven in part by price inflation. Those who intend on spending less will be buying fewer gifts for their friends and family. Given this, it's key that advertisers message around discounts and promotions that are highly relevant as consumers make informed purchase decisions this season.



Concerns around COVID-19 have waned since last year, with many more consumers reporting they will shop in-store on Black Friday, while over half intend to shop online on Cyber Monday. Advertisers should be reaching audiences based on their preferences for shopping in-store or online and delivering accurate information on what products and promotions are available in their area.



Using data in a safe, appropriate, and compliant manner, is top-of-mind for retail advertisers, especially as the holiday season yields a new wealth of spending data. The key is to work with advertising partners who are well-versed in leveraging first-party data for reaching the right audience whenever they may be watching.