



# 2021 Cost-Push Inflationary Trends Ran Rampant, Impacting Holiday Discounts

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Business has been anything but usual this holiday season, especially in the digital retail world. The holiday hustle and bustle historically seen in stores was once again occurring online, but not as anticipated given the current strength of consumer demand and the reemergence of COVID-19 limiting in-store traffic. While 'Cyber Weekend', Thanksgiving through Cyber Monday, continues to further its importance to retailers and brands, this year's performance fell short of expectation due to product shortages and earlier promotions that pulled forward holiday demand.

Holiday promotions were seen beginning as early as October in order to compete with **2020 Prime Day sales**, but discounting, pricing and availability took an opposite direction from usual. This shift influenced our team to get a jump start on our 2021 digital holiday analysis to assess how drastic the changes were versus 2020 activity, and to understand how much of this change has been influenced by inflationary pressures and product scarcity.

## Scarcity Becomes a Reality

Our initial analysis started by reviewing year-over-year product availability and pricing changes from January through September 2021, leading up to the holiday season, as detailed in our **2021 Cyber Weekend Preliminary Insights** blog. We reviewed popular holiday categories like apparel, electronics, and toys, to have a broad sense of notable trends seen consistently throughout various, applicable marketplaces. What we found was a consistent decline in



**product availability** over the last six months compared to last year, alongside an increase in prices.

Although retailers significantly improved stock availability in November and early December 2021, even digital commerce giants like Amazon and Target were challenged to maintain consistent product availability on their website