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This year's Christmas forecast: Strong headwinds, **but still, there's reason for cheer.**

Four key challenges businesses face—plus, our strategies for coming out on top.



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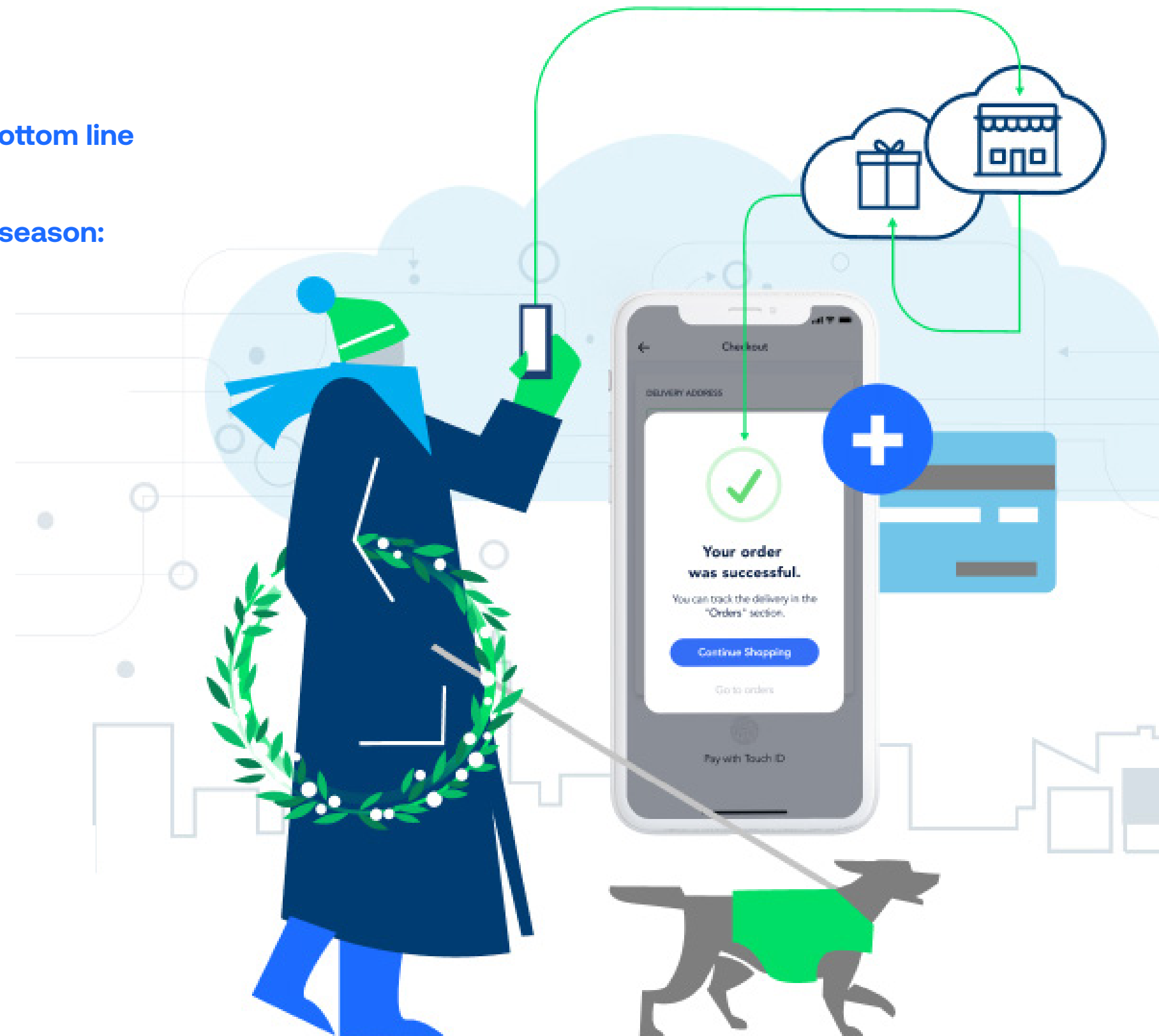
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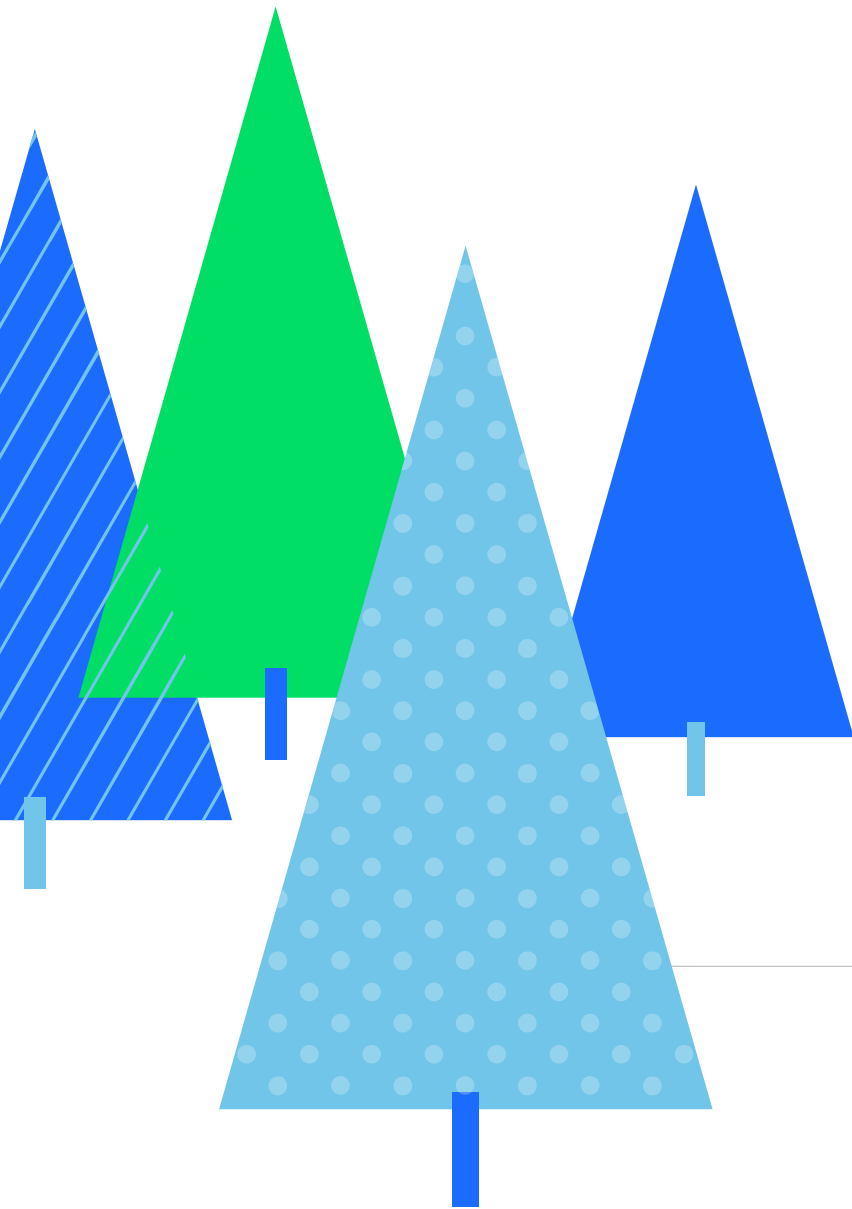
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The 2022 Christmas season—**brighten up your bottom line**



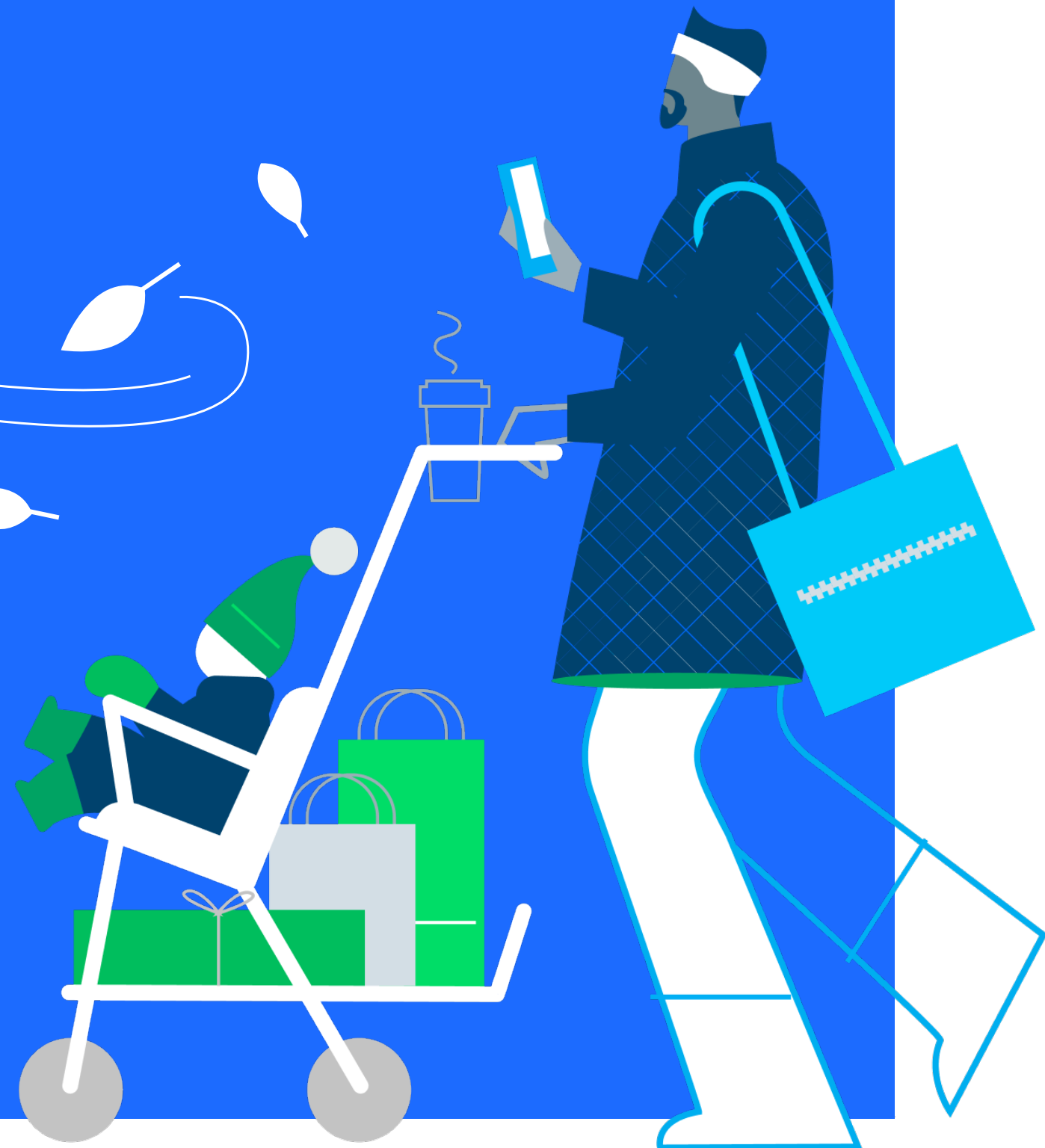
As we head into the 2022 Christmas shopping season, navigating economic headwinds will help you meet customer expectations and drive revenue to your bottom line—across all industries.

- In **retail**, higher prices will translate into consumers purchasing fewer goods or less expensive alternatives.
- **Restaurants** may see fewer diners or people ordering less expensive menu items.
- Consumers may extend the time between visits to **salons** and **beauty stores**.
- **Travellers** may delay trips or opt for shorter itineraries or less expensive destinations.

For businesses that prepare now, you can turn these challenges into opportunities. **Are you ready?**

4 economic headwinds to watch

Christmas is the busiest time of year. And the 2022 Christmas shopping season presents its share of economic challenges. **Inflation, supply chain disruptions, staffing shortages** and **pandemic spikes** will impact the availability, affordability and convenience of goods and services—across all industries around the world.





1. Inflation

Up the chimney and through the roof

Rising energy and housing costs. Constrained supplies of consumer goods. Natural resource shortages. All contribute to unprecedented levels of inflation. And consumers and businesses are feeling the pinch.

The result? Higher prices. Less disposable income.

- Consumers buy fewer non-essential goods or opt for cheaper alternatives. They start to demand higher wages to help offset higher costs.
- Businesses get hit from both sides—higher cost of goods plus higher wage expectations. Further price increases soon follow.

And the vicious cycle continues. The affordability of goods evaporates. A pound (euro, dollar, rupee, yuan) doesn't buy what it did a year or even six months ago.

It's a global phenomenon

Consumers and businesses around the world are feeling the impact of inflation.

- In **North America**, buying behaviour shifted mid-year as 85% of US consumers reported that inflation had changed their shopping habits.¹ Americans and Canadians are shopping for discounts, postponing major purchases, driving less and switching to cheaper generic brands.
- Across **Europe**, consumers describe price increases as significant. Almost 75% have changed their shopping behaviours in 2022, including purchasing smaller quantities, delaying major purchases or switching to lower-priced brands.²
- Conversely, many **Asia-Pacific** regions have experienced a post-lockdown “urge to splurge,” which outshines inflation and uncertainty. The exception is China, where pandemic lockdowns continue to disrupt the economy.

As inflation impacts economies around the world, shoppers are searching for more discounts and deals.

2. Supply chain disruption

Will there be gifts this year?

Supply chain challenges continue to impact the availability of goods well after the pandemic when lower consumer demand and staffing shortages triggered disruption around the world. More recently, COVID-19 lockdowns in China and the Russia-Ukraine conflict have further exacerbated supply chain issues. Add higher fuel costs, and you get a sense of the overall impact to businesses and consumers.

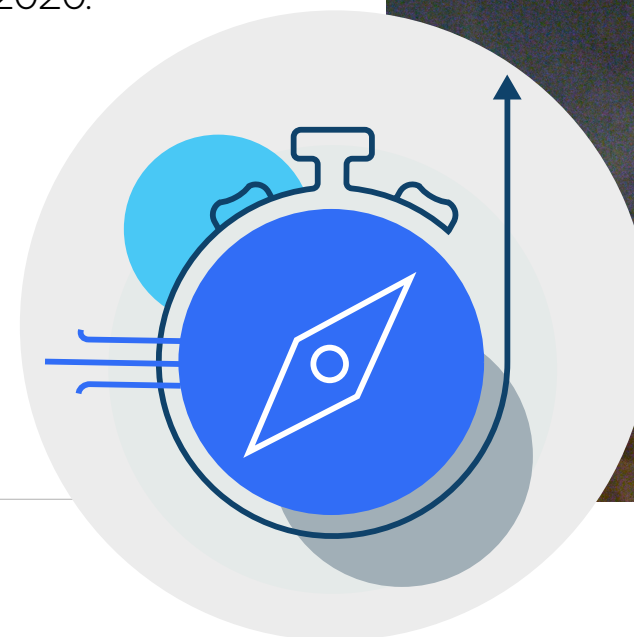
Delayed shipping times result in low or no stock. Higher fuel prices contribute to higher shipping and delivery costs, which then translate into overall higher prices of goods and services. As a result, the affordability and availability of goods and services are directly impacted.

2x

On average, a shipment from China to the US takes more than twice as long as just three years ago.³

116 days

A shipping container from China to Europe now takes 116 days, almost twice as long as January 2020.⁴





3. Staffing shortages

Happy employees— where are they?

As customers return to in-person shopping and dining, business owners are having a hard time finding and keeping staff. Retail and food and beverage industries are among the hardest hit. Many have shortened their hours of operation, or have closed on days when staff is unavailable.

When businesses do find good employees, retention is key, and technology can help.

75%

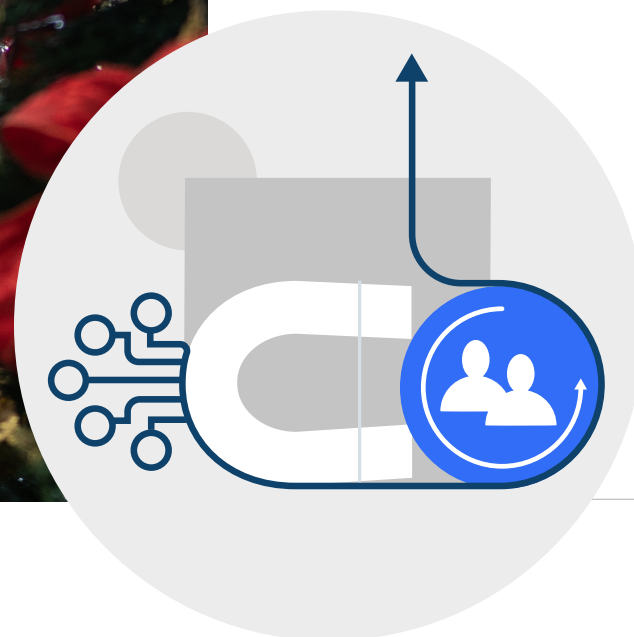
A staggering 75% of understaffed restaurants say their establishment is more than 10% below necessary staffing levels.⁵

69%

The retail turnover rate in the US hit 69% in 2020.⁶

85m

A worldwide talent shortage of more than 85 million workers is expected by 2030, roughly equivalent to the population of Germany.⁷



4. The pandemic

The changing landscape of commerce

The pandemic has contributed to underlying causes of inflation, supply chain disruption and staffing shortages. For these reasons alone, it warrants its own call-out. But there is a significant long-term impact of the pandemic that we have not yet touched on—its lasting impact on global commerce.

COVID-19 has altered commerce permanently. Consumers now expect businesses to offer a variety of ways to shop—in person, online or on the go. Whether retail or restaurant, customers are paying with more contactless payments. And they expect their experience to be connected and seamless from one channel to the next.

And customers expect to pay for their purchases quickly, safely and securely. The hand-to-hand transfer of cash or credit cards is now taboo for many. Touch-free, contactless payment methods are expected.

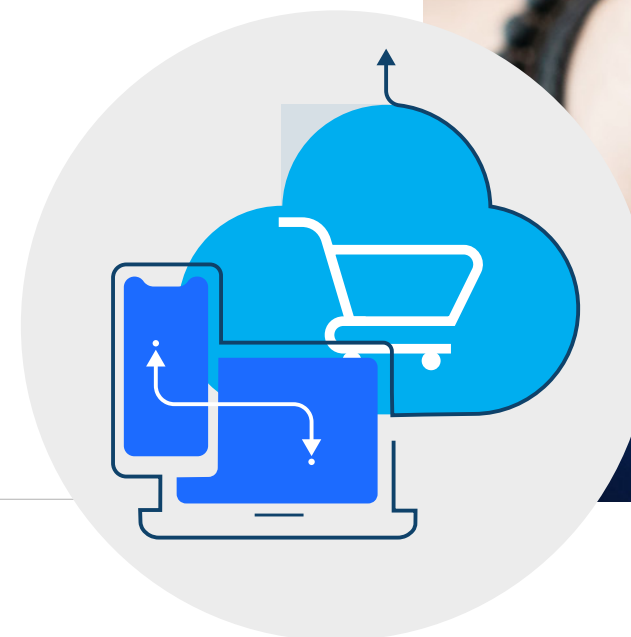
Shoppers embraced these trends for their safety during the pandemic. But they are staying for their convenience.

85%

Nearly 85% of customers prefer to shop across a combination of digital and physical channels, consistent across all generations.⁸

48%

Forty-eight percent of consumers won't shop at stores that don't offer contactless payment options.⁹



Strategies to come out on top

The economic headwinds facing businesses are great, impacting the affordability, availability and convenience of goods and services. But there are opportunities wrapped up in these challenges.

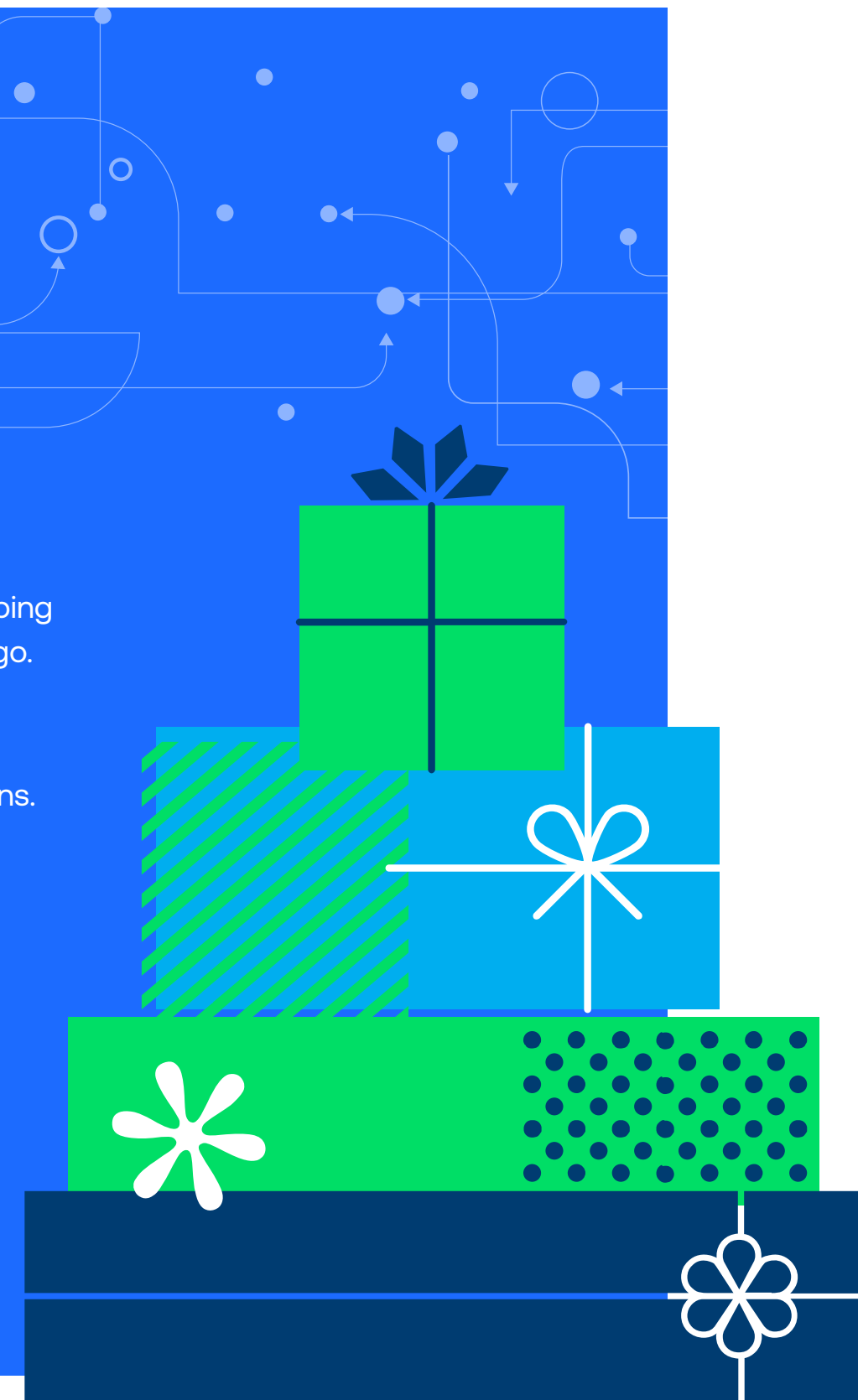
The key? Tackle the challenges head-on with these simple questions.

- Are my products or services available?
- Are they affordable?
- Are they convenient to get?
- Are my customers—and employees—happy?

The following strategies will help you focus on your customers' needs and deliver a great shopping experience, whether in person, online or on the go.

- **Availability:** Manage stock in real time.
- **Affordability:** Provide preferred payment options.
- **Convenience:** Create a unified, omnichannel shopping experience.
- **Service:** Put technology to work.

Here's how you can get ready.





STRATEGY #1

Make a list **and** **check it twice**

Implement real-time stock management

Consumers are resilient. To get ahead of availability and affordability concerns, they are shopping earlier, looking for discounts, switching to less expensive alternatives and being more selective in what they buy—and how.

42%

Forty-two percent of shoppers worldwide plan to buy gifts earlier this year over 2021.¹⁰

75%

Out-of-stock items have caused more than 75% of consumers to walk, rather than wait, for stores to replenish their shelves.¹¹

Customers will keep you on their nice list

Make sure you have a [POS solution](#) that can help you accurately manage your stock and offers powerful back-office software that makes running your entire business easy.

Make sure your goods and services are available.

Keep a close eye on stock this Christmas, when supply chain issues remain a concern. Keep your customers shopping with you—and not elsewhere—by managing stock in real time.

1. Know what's in stock at all times, across all channels, with real-time data at the SKU level.
2. Get alerts when stock is low, so you can reorder—before losing a sale due to a lack of items.
3. Know what your customers want before they want it by analysing transaction data to optimise stock.

Despite supply chain disruptions, proactively managing your stock will help keep your shelves filled for Christmas gift-giving and beyond.

STRATEGY #2

Help customers **finish** **their shopping**

Reduce customer affordability concerns

Inflation may be contributing to sharp price increases, but there are ways you can help customers afford items big and small on their Christmas list. Help customers complete their shopping list by allowing them to buy gifts now, and pay for them over time. A popular payment option, [buy now, pay later \(BNPL\)](#) can help your customers afford items on their shopping list this Christmas, and beyond.

\$680b

A payment method that is growing in popularity, BNPL will account for a staggering \$680 billion in transactions globally by 2025.¹²

Help customers pay for gifts over time

Our [buy now, pay later](#) solution helps customers afford more items on their shopping list by giving them more time to pay for purchases.





STRATEGY #3

Give the **gift of convenience**

Let customers shop when, where and how they want

Supply chain concerns and staffing shortages greatly affect the convenience of Christmas. Consumers have enough on their minds this shopping season. Make it easy to shop with a personalised, connected and seamless experience—online, in store or on the go.

Deliver the omnichannel shopping experience that customers expect, and reap the rewards.

Whether shopping for gifts on their laptop late at night, making mobile purchases over coffee in the morning or picking up those purchases at the store that afternoon, customers expect a connected, seamless shopping experience.

10x

Omnichannel shoppers—or customers who use both physical and digital channels—spend four times as much as store-only customers and 10 times more than digital-only customers.¹³

Wrap customer service in a seamless, omnichannel experience

Our [Unified Payments](#) solution provides one seamless buying experience across every channel, location and device.

Give customers more preferred payment options

Regardless of where your customers shop, make sure you offer their preferred payment methods at this critical point—the purchase.

1/2

Nearly half of customers buy more from businesses that offer their preferred form of payment.¹⁴

Here are some preferred payment options you may want to consider for your business.

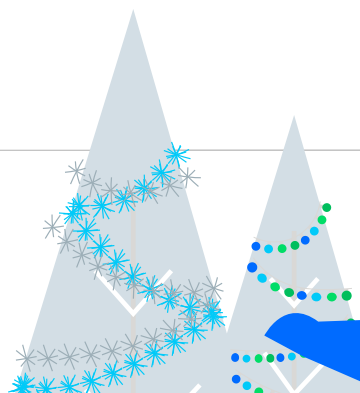
- **Digital wallets** offer frictionless, secure and fast in-store and online [contactless payments](#). Customers are increasingly comfortable paying with these digital transactions that may account for over half of ecommerce payments by 2024.¹⁵
- **Pay by link** turns any digital channel—SMS, email, social commerce and more—into a simple and secure checkout. Businesses can quickly and seamlessly generate a hyperlink to allow customers to pay anywhere, at any time.

- **Buy online, pickup in store (BOPIS)** has grown in popularity since the pandemic. Customers make quick, seamless online purchases, then conveniently collect their items in store or curbside within hours. This can be a preferred compromise to long lines compounded by staffing shortages this holiday season.

Whether shopping early to avoid availability and affordability concerns—or shopping last-minute—help customers this Christmas shopping season by providing a convenient, seamless omnichannel shopping experience.

Christmas shopping—however your customers want to pay

Make sure you accept your customers' preferred payments, including [PayLink](#), [digital wallets](#) and other [payment methods](#).



STRATEGY #4

Service **with a smile**

Keep customers—and employees—happy

Don't let staffing shortages keep you from delighting customers and employees this Christmas season. You can do both!

- **Upgrade your systems** to the latest technology to automate manual tasks and improve employee efficiency.
- **Reduce employee training time** with easy-to-use software and hardware solutions.
- **Enable employees** to accept payments from anywhere—in store, online or on the go.

Investing in the latest technology has far-reaching benefits for businesses. It can reduce manual labour (think typing on keyboards or entering numbers manually into tablets) and give employees time back to devote to customer service. Happier employees attract happier customers.

54%

Fifty-four percent of managers say that outdated technology is their employees' biggest frustration.¹⁶

Technology not only helps you avoid long lines and unhappy customers, it can also help keep employees happy and more efficient.

Put technology to work

Run your business smoothly with our cutting-edge cloud-based tools. Our [mobile POS solution](#) gets your business up and running easily.



CONCLUSION

Brighten up your bottom line this Christmas

You can turn these challenges into business opportunities with a solid understanding of the economic headwinds as we move into the 2022 Christmas shopping season. Make sure products are available when and where your customers want them, with affordable options to purchase and with the convenience today's customers expect.

If you're ready to meet your customers' expectations this Christmas season, [get in touch](#). Our team can help you determine the best options for your business.

The time to respond is now. **Because
“’tis the season” is already here.**

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About us

Global Payments Inc. (NYSE: GPN) is a leading payments technology company delivering innovative software and services to our customers globally. Our technologies, services, and team member expertise allow us to provide a broad range of solutions that enable our customers to operate their businesses more efficiently across a variety of channels around the world.

Headquartered in Georgia with nearly 24,000 team members worldwide, Global Payments is a Fortune 500® company and a member of the S&P 500 with worldwide reach spanning over 170 countries throughout North America, Europe, Asia Pacific, and Latin America.

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