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Consumers have a strong commitment to shopping small for the holidays, but evolving payment preferences are changing the game this year. Find out why an omnichannel strategy is more important than ever for SMBs this holiday season.





Holiday shoppers are embracing both online and physical retail channels this year, underscoring the need for small merchants to provide seamless omnichannel shopping experiences.

The holiday season is a defining revenue period for many SMBs, but small retailers face





Consumer demand for both digital and traditional payment options makes payment innovation central to holiday sales success. SMBs implementing modern payment methods report higher sales and increased customer retention.

PYMNTS Intelligence interviews Dax Dasilva, Founder and CEO at payments platform Lightspeed, on the omnichannel strategies small businesses can employ to maximize

their sales this holiday season. The holiday shopping season is a pivotal time for small to mid-sized businesses (SMBs). According to a recent survey, consumer holiday spending accounts for more than 25% of annual sales for almost half of

small businesses globally. At the same time, more than half of global consumers say they have had to

strong competition for holiday shoppers' attention and sales.

reduce their spending with SMBs in 2024 due to budget concerns. These circumstances have raised the stakes for SMBs' holiday sales this year. Nevertheless, a large majority of consumers — 88% — continue to voice their deep commitment to supporting small businesses. With both online and in-store shopping playing crucial roles this season,

meeting consumers' expectations in every channel is paramount. Modernized payment offerings and digital-first omnichannel solutions can empower SMBs to capture holiday sales and transform them into lasting momentum. • The High Stakes of Holiday Sales for SMBs • Why Omnichannel Is Key for the Holidays How Payment Upgrades Are Paying Off

- An Insider on the Holiday Omnichannel Opportunity • Turning Preferences Into Sales This Holiday Season
- The High Stakes of Holiday Sales for SMBs
- The holiday season is a defining revenue period for many SMBs, but small retailers face strong competition for holiday shoppers' attention and sales.

Nearly nine in 10 SMB retail merchants last year agreed that a strong holiday sales period is important to their

Holiday sales have become even more crucial for SMBs.

More than half (52%) of global consumers have reduced their spending with SMBs this year — nearly double the share who reported doing so in 2022. Because of this pullback in spending all year, U.S. SMBs expect holiday sales this season to account for an even larger share of their annual revenue than previously — as much as 33%. In addition, the share of businesses that attribute half or more of their annual sales to holiday shopping has doubled since last year, climbing from 8% in 2023 to 17% in 2024.

financial health. However, a tough year in 2024 is making

small merchants even more dependent on holiday sales.

Opportunity abounds to capture consumers who care about shopping small. Despite these concerns, small businesses also have strong reasons for optimism this season. A report finds most consumers pledging to support SMBs this year, with 93% planning to "shop small" to some

earn from holiday sales in 2024

JJ/0

Average share of annual

revenue U.S. SMBs expect to

Moreover, while 63% of U.S. shoppers say they are prioritizing price this season, another 63% say a unique product or service would sway them to buy from a small business. This "one-of-a-kind" factor could give SMBs the leg up they need. Having convenient payment options, however, will be all the more

Why Omnichannel Is Key for the Holidays

according to the American Express 2024 Small Business Saturday Consumer Insights Survey.

degree. Small Business Saturday (November 30), which American Express launched in 2010, is achieving

widespread recognition as well. The total reported projected spending of U.S. consumers who shopped at

independent retailers and restaurants on Small Business Saturday reached an estimated \$22 billion,

Holiday shoppers are embracing both online and physical retail channels this year, underscoring the need for small merchants to provide seamless omnichannel shopping experiences. Holiday shopping is blending physical with digital channels this

45% shopped throughout that weekend exceeded the National Retail Federation's projection by nearly 15 of U.S. consumers plan to million. Moreover, 126 million consumers shopped inmake holiday purchases in

physical retail stores this season.

important for seizing this opportunity.

year.

store, up from 121.4 million in 2023. Meanwhile, online shoppers totaled 124.3 million, down from 134.2 million shoppers last year. This makes it essential for SMBs to adopt omnichannel solutions to accommodate preferences that vary both demographically and over time. In addition, consumers are mixing channels freely, using both in-store and online methods in their shopping journeys. While 53% of online sales will be made on mobile devices, 63% of holiday shoppers say in-store mobile payment acceptance is vital as well. Physical retail is making a comeback — with the help of digital Experiential appeal is part of why brick-and-mortar shopping is seeing something of a renaissance. A

Consumers are taking a hybrid approach to shopping

expectations both in-store and online on Black Friday

and Cyber Monday. The 197 million consumers who

this holiday season, with shoppers surpassing

are "breathing new life" into physical retail this year, with 21% turning shopping trips into social events. This makes it a strategic imperative to offer a blend of high-tech and in-person experiences to appeal to younger consumers. For example, 67% of 18- to 24-year-olds will shop via their mobile devices this season. However, 64% of this age group also said they planned to shop in person on Black Friday —

versus only 26% of consumers ages 65 and up. In addition, nearly half of Generation Z (49%) and

These trips could provide retailers with further opportunities to capture traditional in-store sales. **How Payment Upgrades Are Paying Off** Consumer demand for both digital and traditional payment options makes payment innovation central to

holiday sales success. SMBs implementing modern payment methods report higher sales and increased customer

millennial (48%) shoppers plan to choose in-store pickup for their online holiday purchases this year.

Payment options have a direct impact on revenue, as 76% of consumers are likely to walk away from a digital transaction if their preferred methods are not accepted.

Consumer payment preferences are a top driver in holiday

76% With 91% of consumers regularly choosing digital payments, the importance of modernizing payment of consumers are likely to options cannot be overstated. Moreover, the generational

just 11% of baby boomers. Digital payment adoption delivers measurable gains for SMBs. The same global study found that payment upgrades are paying off in more ways than one. Among SMBs that adopted new payment methods in the preceding 12 months, 41% reported increased sales, 31% gained access to new customers, and 28% reported higher customer retention rates. These new methods included everything from standard credit and debit card offerings to digital wallets and buy now, pay later methods. In all, 87% of SMBs have realized benefits from adopting new payment methods in the last six to 12 months. Recommended payment upgrades range from offering near-field communication (NFC) payment terminals in-store for accepting mobile wallets to the adoption of fully unified platforms

divide in payment preferences is only growing wider,

according to a recent study of markets including Australia,

the United Kingdom and the U.S. Specifically, 50% of Gen Z

consumers now use Apple Pay or Google Pay, compared to

abandon purchases if

are not available.

preferred payment methods

modern shopping habits." Dax Dasilva Founder and CEO **lightspeed**

PYMNTS Intelligence interviews Dax Dasilva, Founder and CEO at payments platform Lightspeed, on the

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omnichannel strategies small businesses can employ to maximize their sales this holiday season.

"Simply having an online presence or a physical store isn't enough," he said. "It's about creating an integrated experience that caters to modern shopping habits."

desired — as easy and integrated as possible. For example, customers often research products online

"Lightspeed's research shows that shoppers over age 35 turn to retailers' websites for product

Customers are savvy, Dasilva told PYMNTS Intelligence in a recent interview, and they expect a seamless

experience whether they're browsing online or visiting a brick-and-mortar store. Small, independent

Omnichannel sales should be every SMB's focus this season.

Retailers need to make this omnichannel journey smooth and effortless, he added — which does not require having bottomless pockets like multinational competitors. It can just mean offering options like buy online, pick up in-store, providing detailed product information online that complements the in-

information before any other source," Dasilva said. "For younger shoppers, eCommerce sites are second

key competitive strategy. With major retailers offering diverse payment methods, Dasilva said, shoppers now expect similar flexibility from all businesses. Having a choice of how to pay gives customers the power to manage their finances in the way they want. "If SMBs don't provide a full range of payment options, customers may simply choose a competitor that does," he cautioned. "At a minimum, retailers should support cash, cards, mobile wallets and buy now,

pay later to stay competitive. These options meet consumers' desire for both convenience and control,

Knowledge is power for SMBs to help ensure their success.

differently, with preferences shaped by factors like technology, habit and convenience."

According to Dasilva, the most important strategy for SMBs is to understand their customers.

"Know your audience, and tailor your approach accordingly," he advised. "Every generation shops

Updating payment options is paramount for small businesses as a

He observed that if an SMB's ideal customer profile skews younger, it is essential to keep in mind that they shop totally differently from their older counterparts. "Our research found that while everyone wants a deal, younger shoppers are more willing to use some of those savings to pay for special VIP services and instant restocks," he said. "Meanwhile, millennials are more likely to seek out a strong loyalty program, so beef yours up before the holidays if you have a lot of customers in that age range."

Strategically, he asserted, "this year should be no different — even if some tactics might be." He said it is important that small retailers take the strategic opportunity to deploy heavily discounted promotions to clear out existing stock that may have been moving slower this year. According to a recent survey conducted by Lightspeed, 68% of consumers deemed discounts very or extremely important in their shopping decisions this holiday season. Offering these deals not only generates much-needed

Turning Preferences Into Sales This Holiday Season In a year marked by evolving consumer expectations, SMBs must balance seamless shopping experiences with efficiency to remain competitive. While large retailers focus on price, SMBs can instead blend digital payment convenience with curated in-store experiences. By appealing to consumers' growing

that your payment processor supports tokenization and offers automated fraud detection to build customer trust. Phase implementation to manage costs and meet increased holiday shopper demand. • Implement mobile checkout for seamless in-store purchases. Equip staff with tablet-based pointof-sale (POS) systems to process transactions anywhere in-store. This will eliminate the need for

This holiday season, small businesses are setting themselves apart with personalized, seamless customer experiences, including digital payment options that allow shoppers to pay their preferred way. American Express recognizes this and is offering a variety of tools and resources to help small business owners run, grow and protect their businesses as they navigate this important season."

> **Tessa Dooley** Vice President

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natives. 2024 survey found 61% of consumers shopping in-store because they enjoy the experience — up from only 40% in 2023. Even digital natives are not immune to this factor. Another report notes that Gen Zers

retention.

shopping decisions.

for both physical and online operations. Payment modernization could be the best gift SMBs can give themselves this season. An Insider on the Holiday Omnichannel **Opportunity**

retailers need to create a cohesive strategy that bridges the gap between these channels. A key focus, he noted, should be on making the journey from online to offline — and back again, when

before visiting a physical store.

atmosphere that can't be replicated online."

especially important during the busy holiday season."

highlights the significance of in-store shopping this year.

preferences will be well-positioned for success this year."

reconnection with customers.

holidays.

deliver it," he concluded.

ongoing support.

fixed checkout lines.

only to TikTok."

store experience, or offering in-store tablets where shoppers can explore products that may need a special order or a store-to-store transfer to deliver.

"It's also crucial to internally define the role of each channel and deliver on their strengths," he

need to feel confident in a purchase — that includes reviews. Position your physical store as the

remarked. "Your eCommerce site is a hub for product research, showcasing your full inventory and

destination for a premium experience, offering personalized service, curated displays and a unique

providing detailed information. Audit your site and be sure you're delivering on the content customers

In fact, Dasilva said, the only thing all customer demographics have in common is an affinity for brickand-mortar shopping — for every category except books, his company's research has found. This

"This holiday season has both challenges and opportunities," he said. "SMBs that embrace omnichannel

The holiday season offers strategic opportunities for both sales and

Dasilva said it is a given that most businesses make a significant portion of their revenue during the

strategies, offer personalized service, focus on value and experience, and adapt to changing payment

revenue but also puts the business in a healthier inventory position heading into the new year. "If you stay soft in your deals, you might not pull that consumer attention away from competitors, and you could miss out on the capital and shelf space you need to excite customers with new offerings next year," Dasilva explained.

However, he added, the holiday season is about more than sales — it is also a valuable opportunity to

cautious spending. By truly homing in on the customer experience, he said, SMBs can not only increase

immediate sales but also nurture customer loyalty that extends well beyond the holiday season. This will

"Customers have a strong thirst for exceptional service, and they're willing to reward experiences that

reconnect with customers who may have shifted their focus away from smaller brands due to more

ensure they remain top-of-mind even as economic conditions fluctuate.

competitive advantage. PYMNTS Intelligence prescribes the following actionable roadmap for SMBs: • Adopt a single, integrated commerce platform to unify digital and physical operations. Select a

payment processor that consolidates all transaction types through a single application programming

interface (API) integration. This will reduce the need for parallel systems and minimize technical

overhead. Choose a provider offering transparent pricing, comprehensive payment coverage and

• **Upgrade to NFC-enabled payment terminals for modernized payment experiences.** Enable the

acceptance of mobile wallets, contactless cards and digital payments through this upgrade. Ensure

omnichannel preferences, small businesses can turn payment flexibility and personalization into their

automatically updates available inventory across online and in-store channels, with automated reorder alerts configured to anticipate holiday season demand patterns. By harmonizing digital payment convenience and seamless cross-channel experiences, SMBs can offer the flexible, connected shopping journeys consumers expect. Delivering on these growing omnichannel preferences is a gift that gives back — turning holiday sales into sustainable growth.

• Uphold the promise of "in-stock" with real-time inventory visibility. Select a system that

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The PYMNTS Intelligence team that produced this Tracker:

Senior Content Editor/Writer: Alexandra Redmond

Chief Content Officer: John Gaffney Senior Writer/Researcher: Randall Brown

Research Analyst: Mariano Soler

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