

# 2023 Deloitte holiday retail survey

Holiday spirit (and spending) is back



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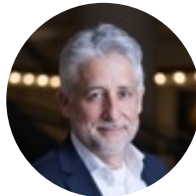
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# Executive summary

As the US economy continues to stave off a recession, it wouldn't have come as a surprise to see consumers pull back on their holiday spending in 2023. In fact, when we checked in with consumers in our annual [back-to-school survey](#), they were cautious about the economy and were skipping nonessentials to rein in spending. However, our 2023 Deloitte holiday survey results highlight that back-to-school (a commodity event) and holiday (a splurge event) have very different drivers. This holiday season, consumers are steadfast in their intent to live in the moment and make it memorable. They plan to spend an average of \$1,652 this season, surpassing prepandemic figures for the first time.

There are several factors at play. Participation levels have been inching up since record lows in 2021; this year, 95% of consumers say they plan to purchase during the holiday season. In addition, consumers are factoring in inflation, with three-quarters expecting higher prices year over year (YoY). We're also seeing a resurgence in the middle-income group after stagnant spending the last several years (+26%), while the \$200K+ group plans to spend 22% more this year.

Source: (1) Alex Tanzi, "Only richest 20% of Americans still have excess pandemic savings," *Bloomberg*, accessed October 10, 2023.

Consumers are prioritizing nongift purchases (+25% YoY) this season as they restock holiday decorations, furnishings, and nongift apparel. And they're planning to splurge on themselves, with 75% expecting to self-gift this year. In short, the tinsel is no longer in a tangle.

With many shopping trends finding equilibrium this year, it seems like we're approaching 2019 levels, but there are still cracks in the foundation. Savings rates have dwindled,<sup>1</sup> and 17% of respondents say they have student loans to start repaying this fall, causing some to cut back on holiday expenditures.

For retailers, a winning strategy may come down to driving value around key promotional events for inflation-wary customers. Expected participation rates for promotional events are robust, with a quarter planning to shop on October promotional days, and 66% (versus 49% in 2022) planning to shop the week of Black Friday–Cyber Monday (BFCM). The promotional timing will be crucial as consumers intend to wrap up their shopping in just 5.8 weeks—a time frame that has shrunk from 7.4 weeks pre pandemic. The old retail adage of "having the right product, at the right price, at the right time" may ring true more than ever this year.

Happy shopping!

# Executive perspectives

## Holidaying like it's 2019!

Holiday spirit (and spending) is on—consumers expect to spend \$1,652, surpassing prepandemic levels for the first time. As consumers grapple with inflation, they plan to spend 14% more YoY. However, the compounded annual growth rate (CAGR) has increased a modest 2.5% since 2019.

## The tinsel is no longer in a tangle

As consumers look to put the fun back in festivities, three factors have contributed to the uptick in spend. Consumers are participating at a higher rate (95% versus 92% in 2022 and 88% in 2021), they're expecting higher prices (74%), and the \$50K-\$99K (+26%) and \$200K+ (+22%) income groups are splurging.

## 'Tis the season for balancing budgets

With consumers expecting higher prices, they are making adjustments to stretch their budgets. They plan to buy fewer gifts (eight versus nine in 2022), spend more on gift cards (\$300 versus \$217 in 2022), and pounce on promotional events, with 66% (versus 49% in 2022) intending to purchase during BFCM week.

# Cheat sheet

## Spending

Holiday **participation reaches prepandemic levels at 95%** (versus 92% in 2022).

**72% are expecting higher prices** this year (versus 73% in 2022), despite moderating inflation.

The average spend on gifts, nongifts, and experiences increases to **\$1,652 (+14% YoY)**, compared to \$1,496 in 2019 (+2.5% CAGR).

The **\$50K–\$99K and \$200K+ income groups are feeling more confident** as their spending increases by \$315 (+26%) and \$709 (+22%) YoY, respectively.

**Consumers are navigating inflation by budgeting more for fewer gifts** (eight versus nine in 2022) and visiting fewer stores (4.2 versus 5.9 in 2022).

**Shoppers plan to allocate a higher proportion of their budget to gift cards** (\$300 versus \$217 in 2022) and pull back spending on food and beverage gifts.

**75% can be tempted to self-gift**, but constrained budgets may be a hurdle.

## Preferences

Preference for shopping **in store returns to prepandemic levels** as 37% of shoppers' budget will be allocated to shopping in store (versus 35% in 2022 and 36% in 2019).

**Online-only retailers** (63%) and **mass merchants** (53%) lead as the most preferred formats, returning to 2019 levels.

**Department stores are popular among high spenders** (40% versus 18% others).

Preference for **buy online, pick up in-store (BOPIS) declines** as 28% plan to use this channel to acquire gifts this year, versus 35% in 2022.

Online shoppers are seeking low purchase thresholds, with an **average willingness to spend \$40 to qualify for free shipping**.

**Social media usage has leveled off** (34%, unchanged from last year) after peaking during the pandemic.

**Sustainable products and packaging** are a priority for over half of younger generations.

**79% have little to no trust in retailers' ability to use artificial intelligence responsibly.**

## Timing

**Nearly a third of shoppers' budget will be spent in the last two weeks of November**, with 78% active shoppers during that period.

**The shopping duration has shrunk to an average of 5.8 weeks** versus 7.4 weeks in 2019, leaving retailers with a smaller window to engage customers.

**24% plan to shop during October sales events.**

**Promotional events during BFCM week will attract 66% of shoppers**, as they aim to counteract increasing prices (compared to 49% in 2022).

**Higher-income groups plan to participate during BFCM week** at higher rates than lower-income ones.

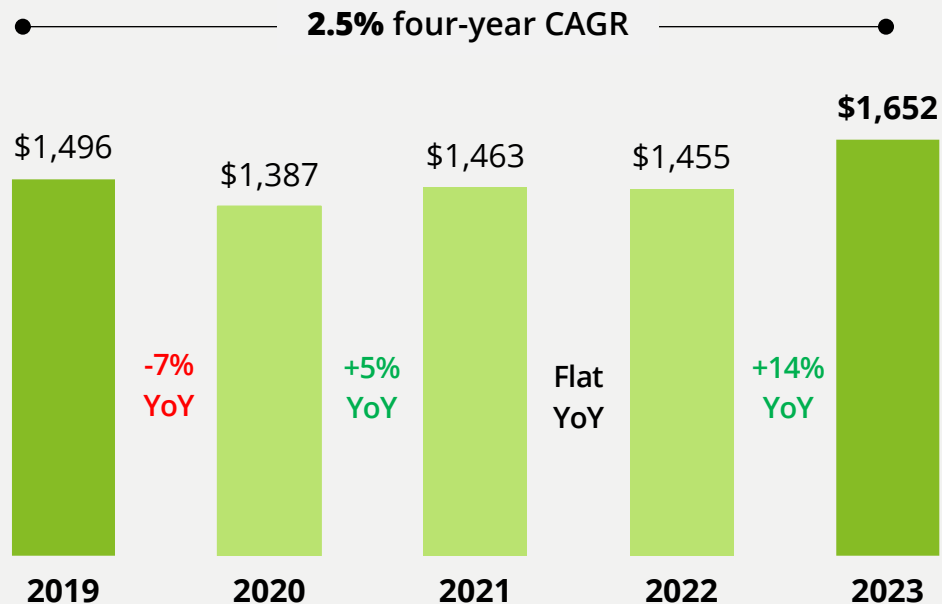
# Spending behavior



# Holidaying like it is 2019!

The holidays are back on—the average expected holiday spending surpasses prepandemic levels for the first time

Average expected holiday spend



Reasons for uptick in spend

**95%** plan to shop for holiday this year  
versus 92% in 2022, 88% in 2021, 95% in 2020, 97% in 2019

**72%** are baking in higher prices this year

**The \$50K–\$99K and \$200K+ income groups plan to “sleigh” it**  
Average spend up by \$315 (+26%) and \$709 (+22%) YoY, respectively

## RETAIL EXECUTIVES' VIEW

**74%** expect holiday sales to increase YoY.

Question: “How much do you expect to spend on each of the following items during the upcoming year-end holiday season?”

Note: N = 4,318.

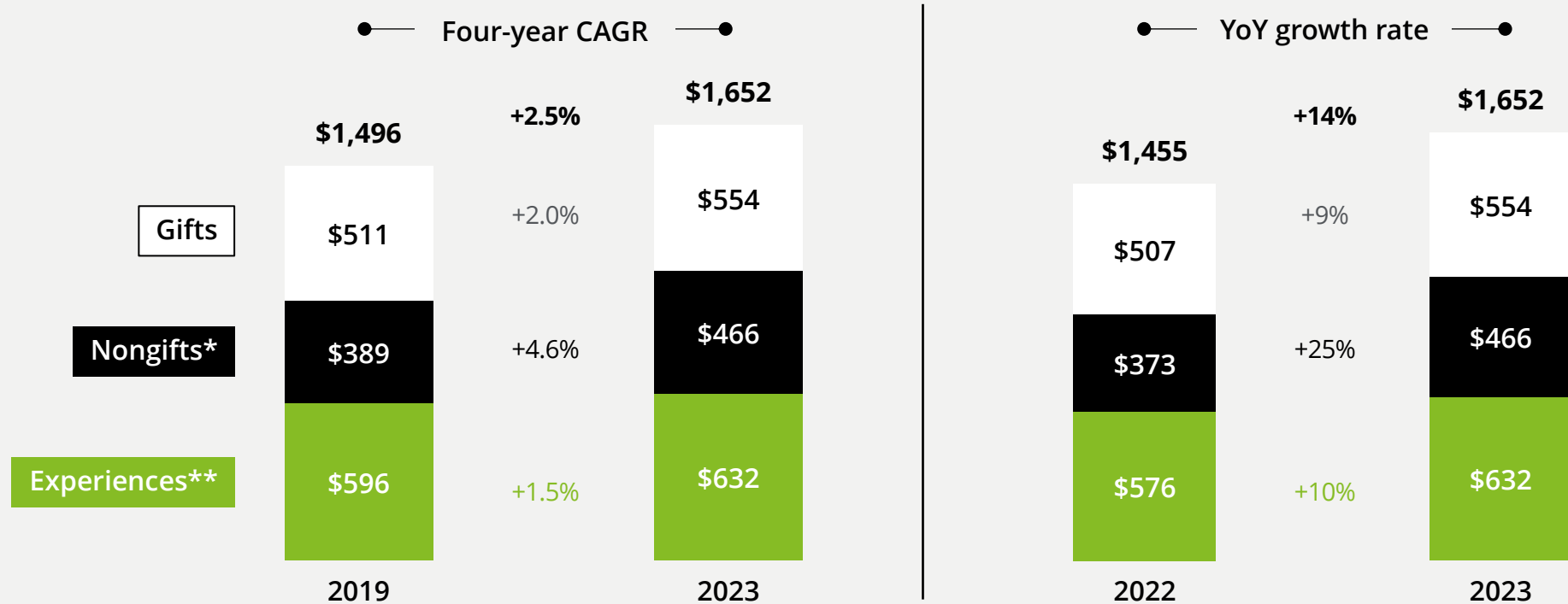
**Retail executives' view:** “What are your expectations about this year’s holiday-related sales at your company compared to last year’s holiday-related sales?” (N = 43).



# The growth in holiday spending is both modest and dramatic

The CAGR has only increased 2.5% in four years, but the YoY growth rate has accelerated as consumers grapple with inflation expectations

Growth in average expected holiday spending on gifts, nongifts, and experiences



Question: "How much do you expect to spend on each of the following items during the upcoming year-end holiday season?"

Notes: N = 4,318. All dollar values are in US dollar. \*Gifts + nongifts = retail spend; nongift purchases include clothing for family and self, home furnishings, and holiday decorations. \*\*Experiences include entertainment at home and socializing away from home, such as restaurants and concert tickets.

# 'Tis the season to restock holiday decor and apparel

# 82%

plan to shop for nongift items  
versus 77% in 2022, 74% in 2021, 82% in 2020, and 88% in 2019

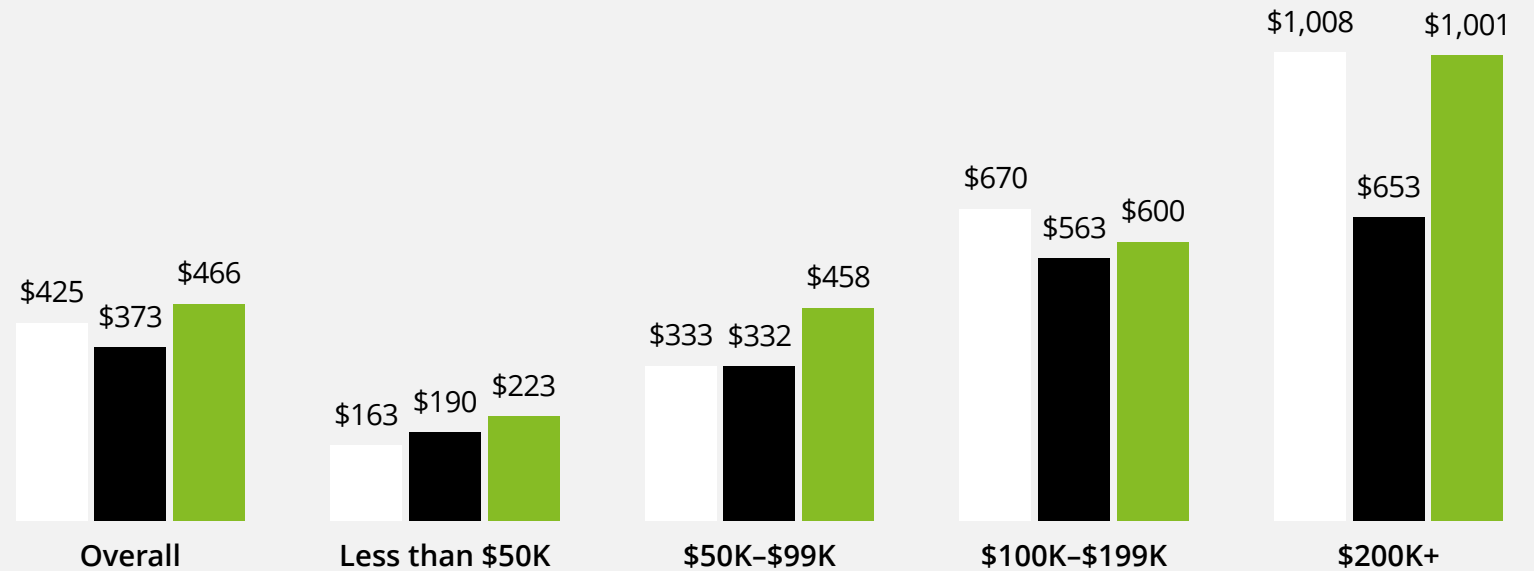
Percentage of shoppers buying nongift items:  
**67%** nongift clothing for self or family  
**59%** home/furnishings/holiday decorations

Question: "How much do you expect to spend on each of the following items during the upcoming year-end holiday season?"  
Note: N = 4,318.

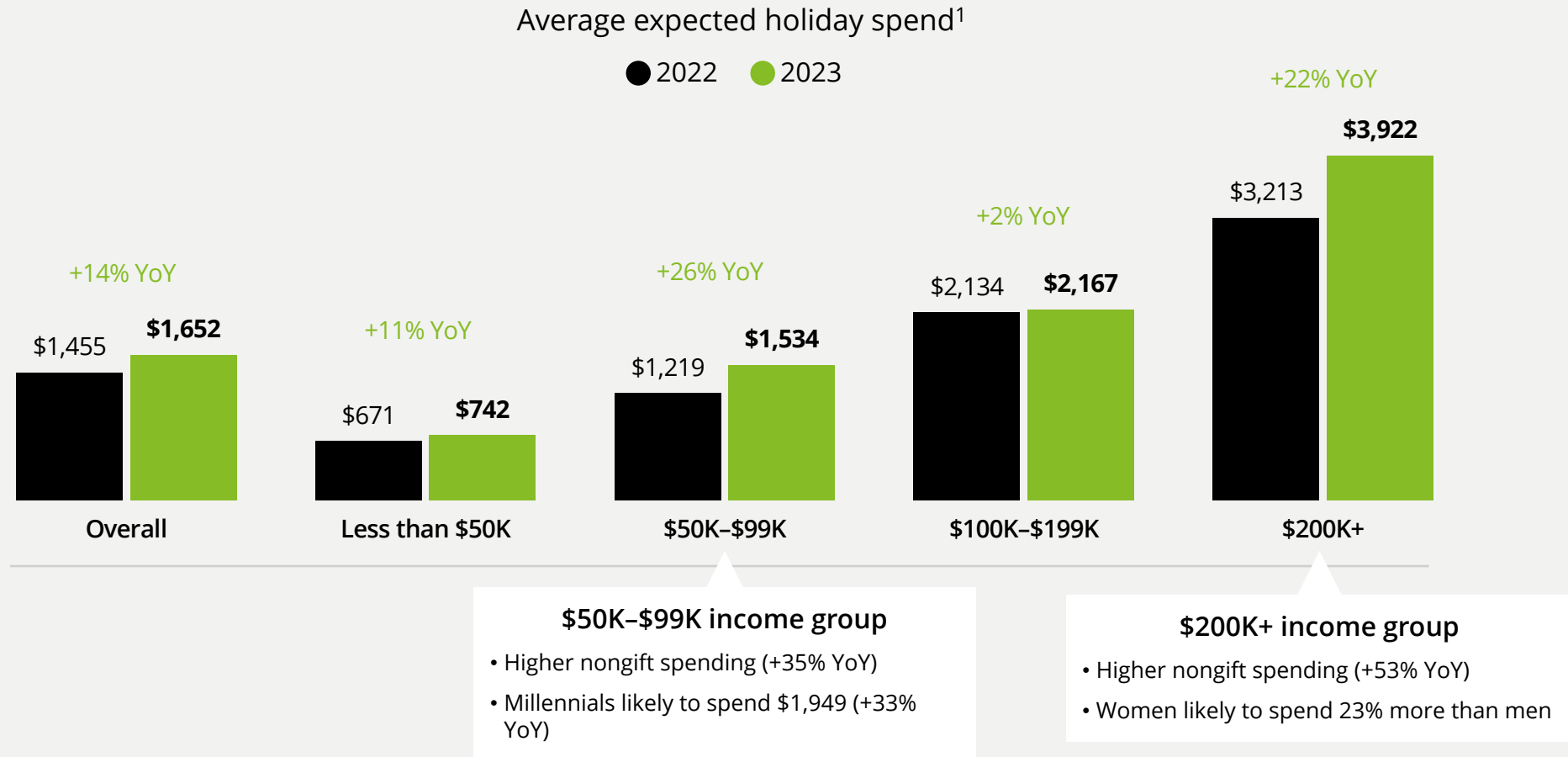
This year, shoppers are prioritizing nongift purchases, with lower- and middle-income groups planning to replenish these items after two years of restraint

Average spend on nongift items, by income

○ 2021 ● 2022 ● 2023



# The middle- and very high-income groups plan to “sleigh” it



Question: (1) “How much do you expect to spend on each of the following items during the upcoming year-end holiday season?”  
 Note: N = 4,318.

# Nearly 30% of shoppers will be responsible for ~70% of holiday spending

Retailers looking to win this holiday season should consider leaning into the drivers of high spenders

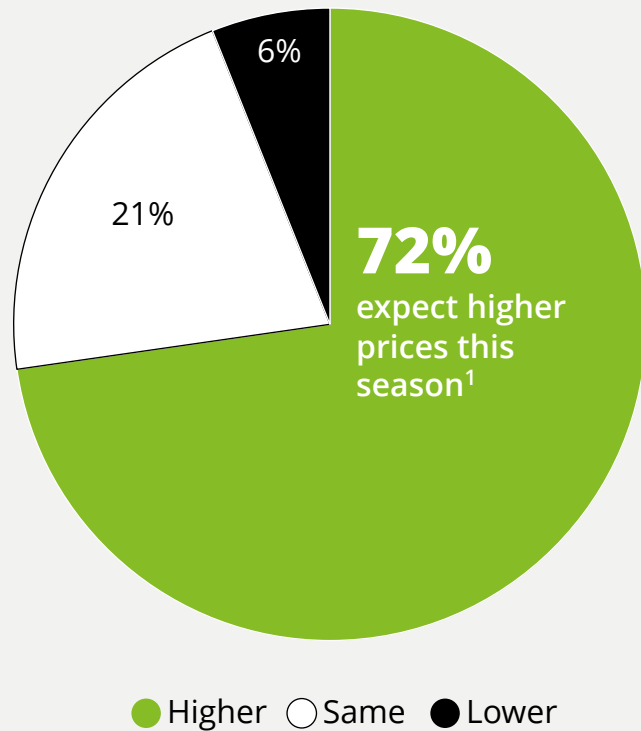
Who are high spenders?	What are their preferences?	How can retailers win?
27% of holiday shoppers are high spenders*; they will be responsible for 68% of total holiday spending <sup>1</sup>	They are more likely to shop for electronics (67% versus 46% others) and health and wellness (62% versus 41% others) <sup>2</sup>	<b>Start messaging early</b> 48% of high spenders will start shopping before October end (versus 40% others) <sup>4</sup>
They plan to spend \$2,146 or more on average this season, purchasing 10 gifts (versus others buying eight gifts) <sup>1</sup>	They spend nearly 3X on experiences, compared to the average holiday shopper <sup>1</sup>	<b>Promote quality</b> High spenders are looking for high-quality products as a priority (versus others who are looking to get a great deal) <sup>5</sup>
High spenders are evenly split between men and women, 27–59 years old (58%), and with an annual income greater than \$100K (61%)	40% plan to shop at department stores (versus 18% others) <sup>3</sup>	<b>Highlight self-gifting</b> 58% of high spenders can be tempted to buy gifts for themselves (versus 45% others) <sup>6</sup>

Questions: (1) "How much do you expect to spend on each of the following items during the upcoming year-end holiday season?"; (2) "Which of the following do you plan to buy as a gift this holiday season?"; (3) "Where do you plan to shop for gifts this holiday season?"; (4) "When are you likely to begin your holiday shopping this year?"; (5) "Which are the three most important attributes while selecting a retailer during holiday shopping?"; (6) "Could you be tempted to buy a gift/gifts for yourself this year?"

Notes: N = 4,318. \*High spenders belong to the top 20 percentile of holiday shoppers based on their planned spending.

# Consumers are checking their lists and planning for higher prices

Despite moderating inflation, most consumers expect higher prices in key categories



Categories consumers expect to be higher this holiday season<sup>2</sup>



Questions: (1) "Compared to last holiday season (2022), I expect holiday prices to be:"; (2) "This holiday season, I expect higher prices for:"  
Note: N = 4,318.

# Categories perceived as having higher prices lose ground to gift cards

**\$300**

average amount that consumers plan to spend on gift cards versus \$217 in 2022

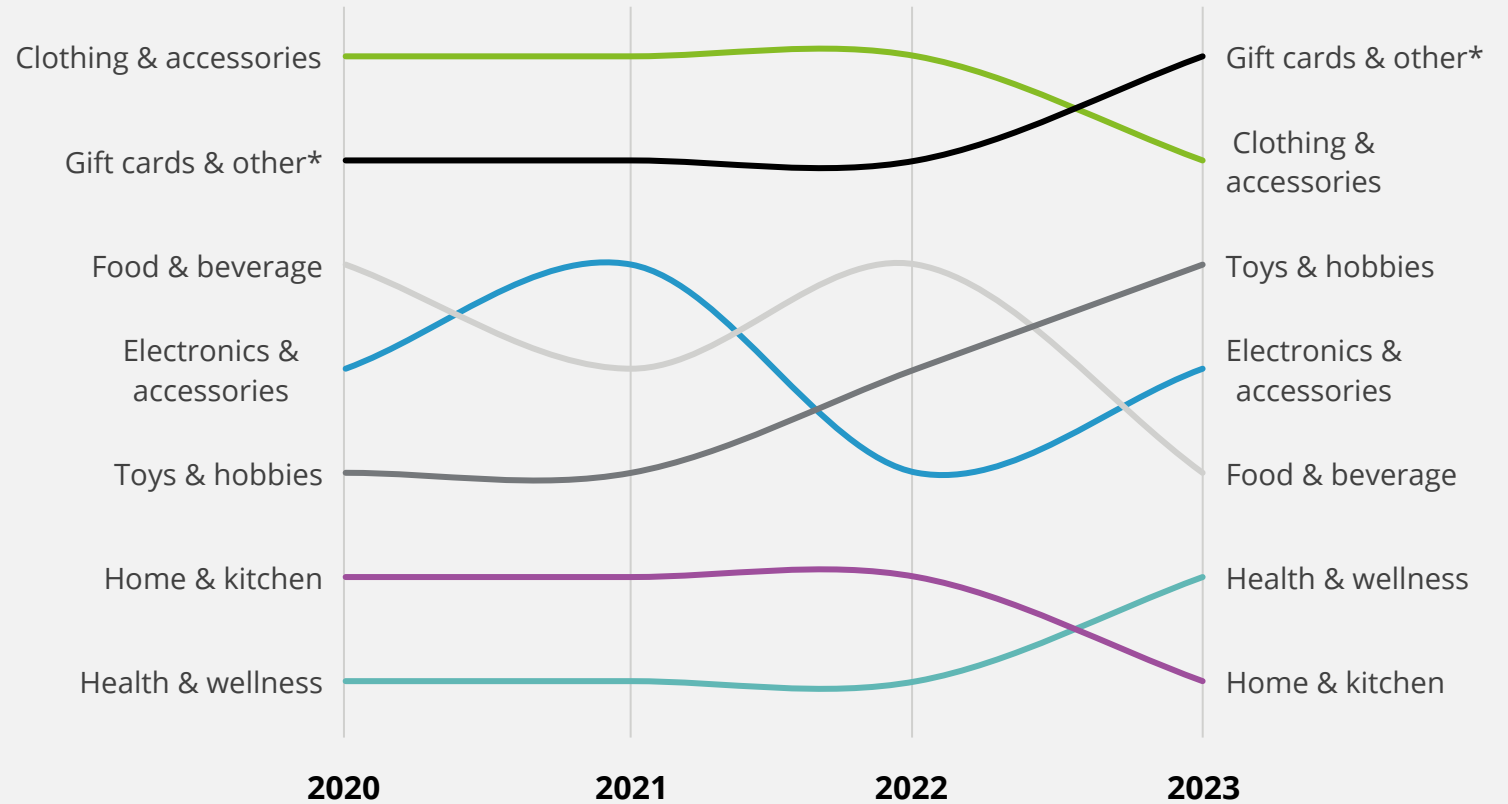
**76%** of gift card shoppers expect higher prices versus 68% of others

Question: "Which of the following do you plan to buy as a gift this holiday season?"

Notes: N = 4,102. ^Ranking of holiday gift categories is based on the share of spend—i.e., categories in which consumers plan to spend the largest proportion of their budget appear at the top. \*Gift cards & other include gift cards (physical/digital), experiences, and subscriptions.

## Gift cards are becoming the preferred gift during inflationary times

Top holiday gift categories^



# Consumers are making modifications to stay within budget

Only **57%** expect to stay within a fixed budget<sup>1</sup> versus 63% in 2022

## RETAIL EXECUTIVES' VIEW

**56%** expect retail prices to rise by single digits, and **19%** expect them to rise by double digits.

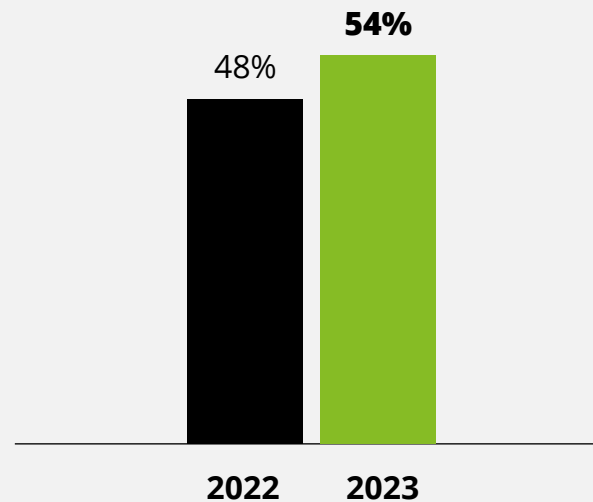
Questions(1) "% agree/strongly agree"; (2) "What is the total number of gifts you expect to buy this holiday season?"; (3) "How many individual physical retail stores do you expect to visit?"; (4) % agree/strongly agree.

Note: N = 4,118.

**Retail executives' view:** "What are your expectations about retail product prices at your company for your primary product category this holiday season compared to last year?" (N = 43).

As consumers navigate inflation, they're budgeting more to purchase fewer gifts and waiting for the best deals

Add items to wish list/online shopping cart and wait for deals<sup>4</sup>



8

Average number of gifts/gift cards purchased<sup>2</sup> versus 9 in 2022

4.2

Average physical stores visited<sup>3</sup> versus 5.9 in 2022

# Student loan repayments are a lump of coal for some but will likely have minimal impact overall

**17%**

of consumers have student loans to repay this fall<sup>1</sup>

By income:

**15%** Less than \$50K

**19%** \$50K–\$90K

**17%** \$100K–\$199K

**21%** \$200K+

Questions: (1) "Do you have any student loans that you need to start repaying this fall?" (N = 4,318); (2) "How are you adjusting your holiday spending as you start repaying your student loans this fall?" #multi-select (N = 731).

For those starting to repay their student loans, nearly half may cut back on holiday expenditures

Consumers repaying student loans plan to adjust spending by ...<sup>2</sup>





## Shoppers plan to wrap up something for themselves, if the budget allows

**75%**

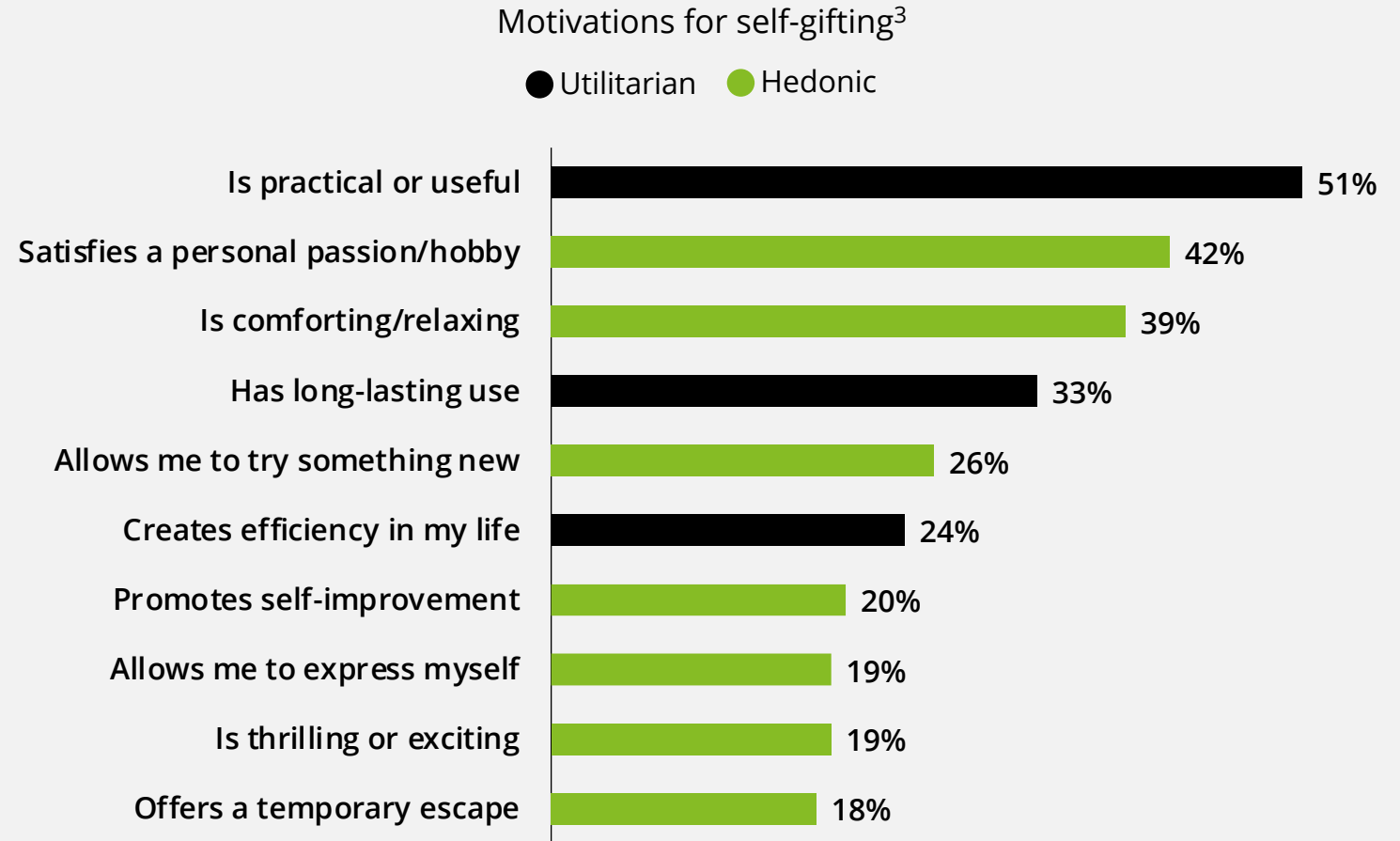
of consumers can be tempted to buy a gift for themselves<sup>1</sup>

However, **53%** will prioritize cutting back on self-gifting if their budget becomes too constrained<sup>2</sup>

Questions: (1) "Could you be tempted to buy a gift/gifts for yourself this year?"; (2) "If my budget becomes more constrained than expected, I will cut back the most on ..."; (3) "In the past, I have been tempted to purchase myself a holiday gift that:"

Note: N = 4,102.

Retailers that can appeal to the drivers of self-gifters may have an opportunity to generate add-on sales



# Channel and format preferences



# Late November spending traditions persist despite attempts to spur early shopping

With consumers only planning to shop 5.8 weeks, retailers' opportunities for gains may occur around promotional periods



Questions: (1) "What percentage do you plan to spend during the following months?"; (2) "What holiday shopping events are you likely to participate in?"  
 Notes: N = 4,102; \*retail categories include gifts and nongift spending.

# It's all about the bargains—BFCM is back

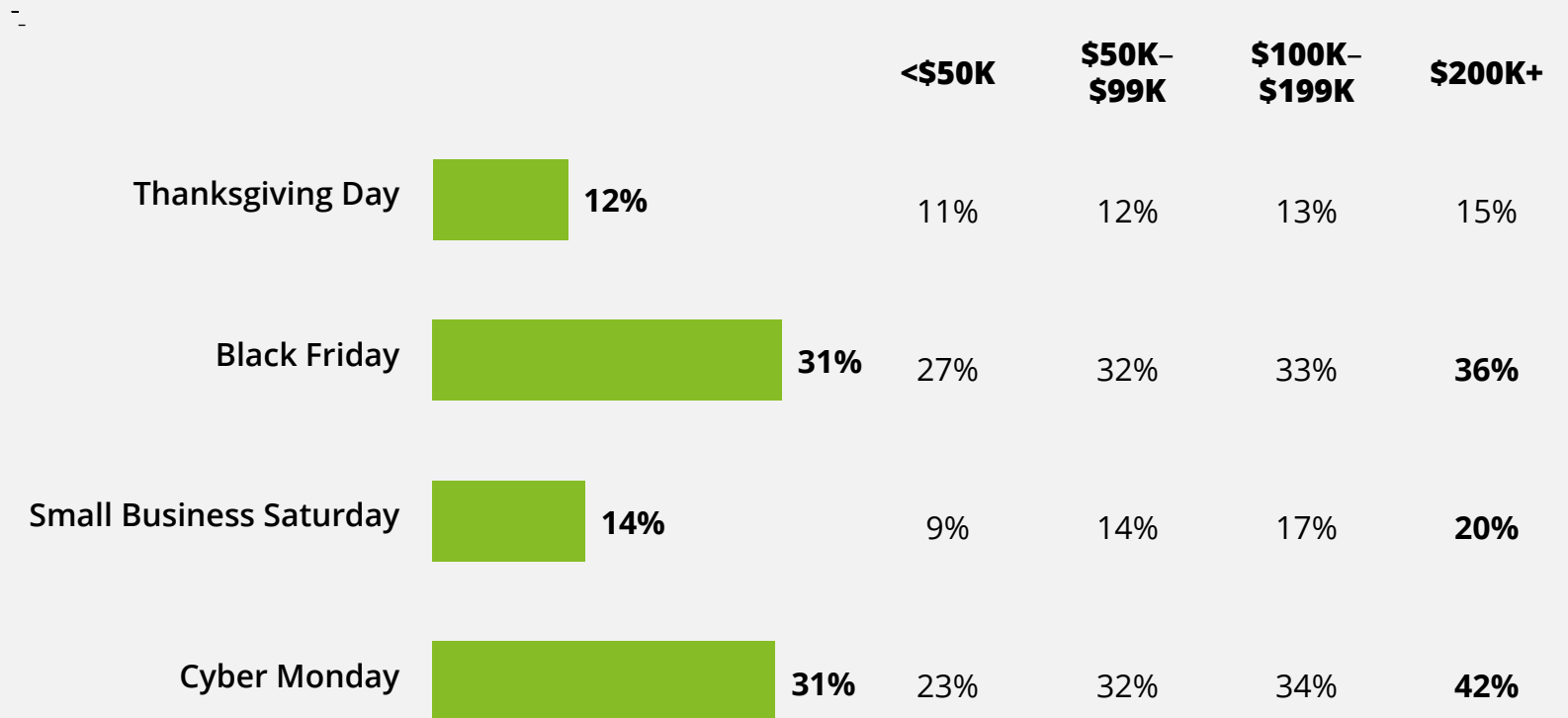
**66%**

of holiday shoppers plan to shop during the Thanksgiving week versus 49% in 2022, 47% in 2021, and 53% in 2020

Question: "What holiday shopping events are you likely to participate in?" #multi-select  
Note: N = 4,102.

## Higher-income groups plan to participate in BFCM events at a higher rate

Shopper participation by shopping event day



# Preference for in-store purchases returns to 2019 levels

## RETAIL EXECUTIVES' VIEW

**79%** expect **in-store** holiday shopping traffic to have at least single-digit growth YoY (versus 73% in 2022).

## Top three reasons for spending more in-store ...<sup>2</sup>

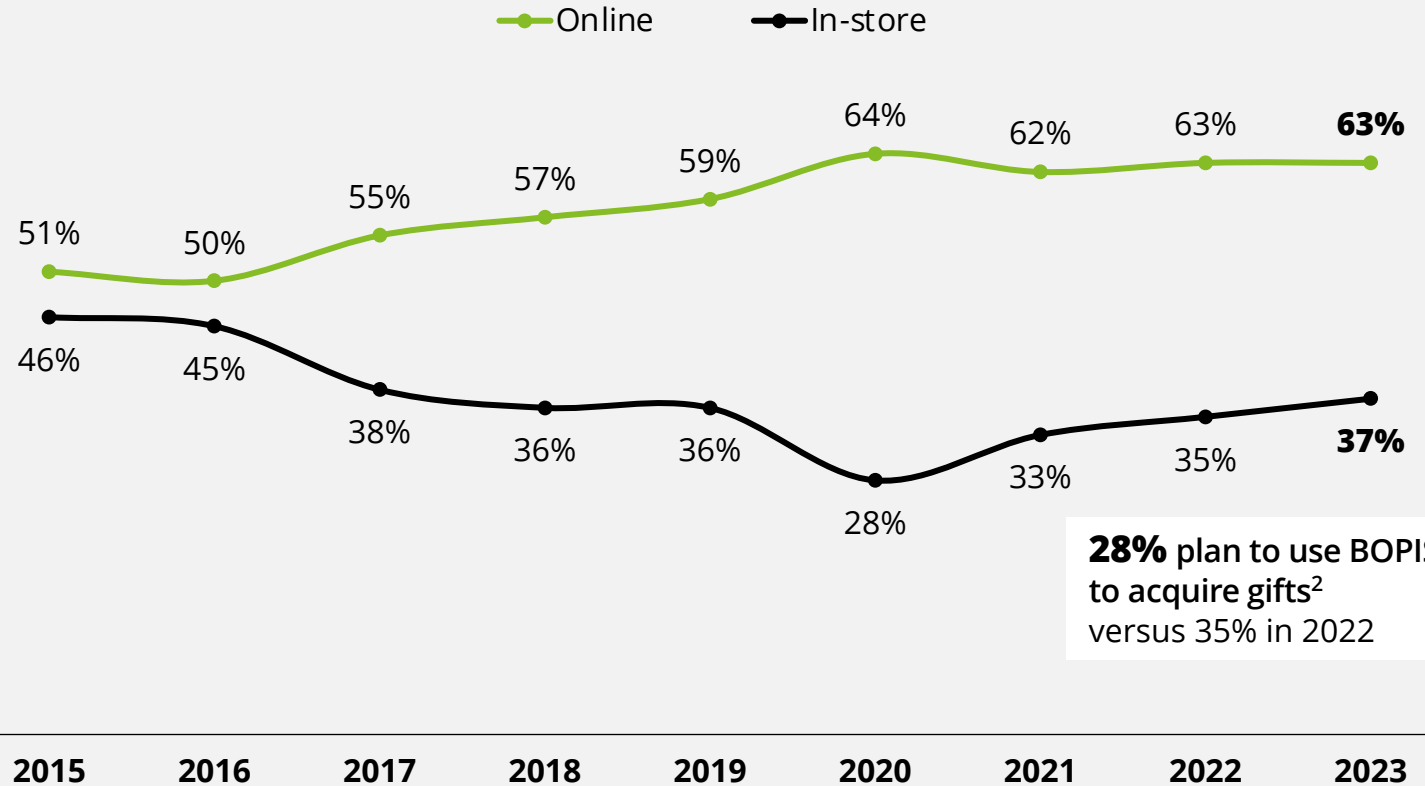
- 44%** Ability to interact with the product
- 39%** To ensure product quality
- 28%** Avoid shipping costs

Questions: (1) "What percentage of your total holiday budget do you expect to spend ...?"; (2) "Why do you anticipate shopping more in a physical retail store than online?"  
Note: N = 4,102.

**Retail executives' view:** "What are your expectations for your company's holiday shopping traffic compared to last year's holiday season?" (N = 43).

Online purchases saw new highs during the pandemic but have now reached an equilibrium point as consumers look to get back into stores

Share of holiday spend, by channel<sup>1</sup>



**28%** plan to use BOPIS to acquire gifts<sup>2</sup> versus 35% in 2022

# Loyal customers prioritize their favorite retailers for holiday spending

# 76%

of consumers often or always shop at their favorite retailer<sup>3</sup>

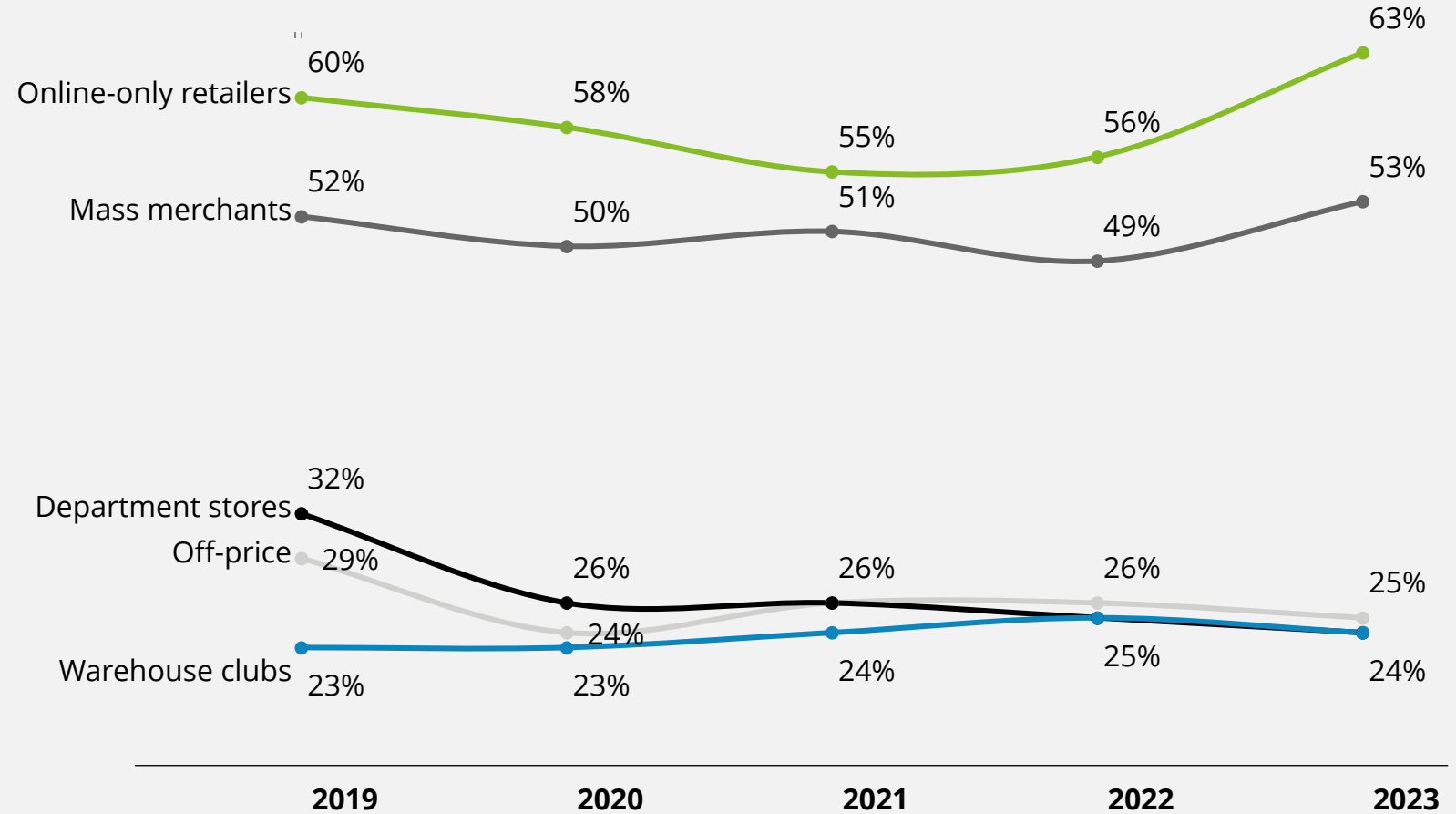
## Planning to spend the most (2023)<sup>2</sup>

- 37%** Online-only retailers
- 16%** Mass merchants
- 4%** Department stores
- 4%** Off-price stores
- 4%** Warehouse clubs

Questions: (1) "Where do you plan to shop for gifts this holiday season?"; (2) "Where do you anticipate spending the most money this holiday season?"; (3) "How would you describe your relationship with your favorite retailer in general?"  
 Note: N = 4,089.

## Online retailers and mass merchants recover to 2019 levels

Top five preferred retail formats for holiday shopping<sup>1</sup>



# Social media usage reaches new high, but has tempered since the pandemic

**34%**

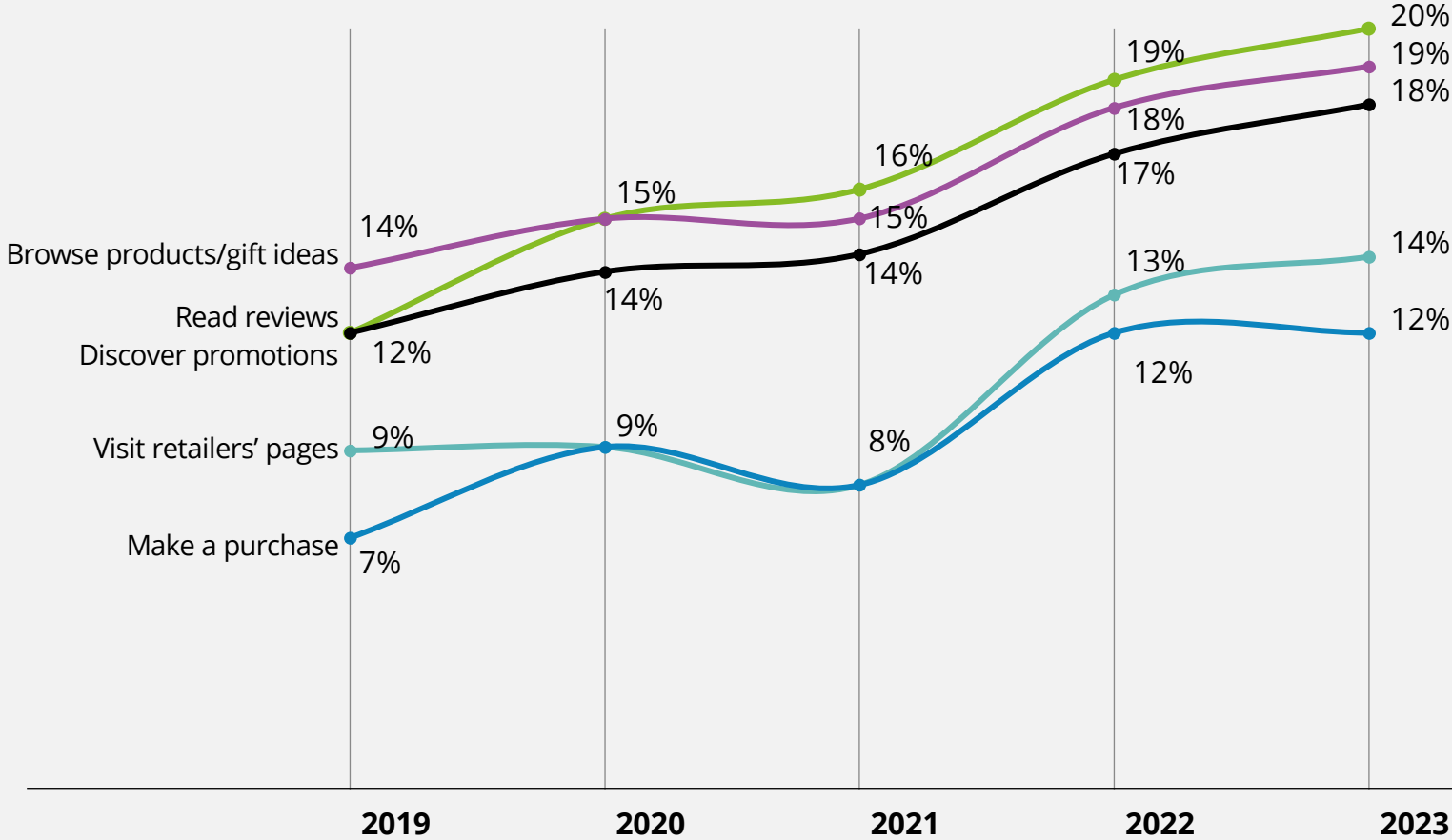
plan to use social media for holiday shopping<sup>1</sup>

versus 34% in 2022, 28% in 2021, 26% in 2020, 23% in 2019

Questions: (1) "Do you plan to use social media sites (e.g., blogs, discussion groups, or social networks) to assist in your holiday shopping (e.g., research, purchase)?" (2) "During this holiday season, how do you plan to use social media for shopping?"  
Note: N = 4,102.

## Social media is still primarily being used for holiday research and inspiration

Use of social media for holiday shopping<sup>2</sup>



# Consumer behavior





# Online shoppers are looking for low purchase thresholds to earn free shipping

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## 8 in 10

are willing to meet a minimum purchase threshold for free shipping<sup>1</sup>

**6 in 10** would abandon their cart if they discover hidden shipping costs before checking out<sup>2</sup>

Questions: (1) "What dollar amount are you willing to spend to earn free shipping?"; (2) "What would cause you to abandon your cart while shopping online?"

Note: N = 4,102.

Source: ^Liz Young, "Retailers set higher bars for free shipping as delivery costs surge," WSJ.com, July 10, 2023.

With loyalty at risk, retailers can look to find the sweet spot between shipping costs and customer satisfaction

What consumers want

*versus*

What retailers are offering

# \$40

Average order amount consumers willing to spend for free shipping<sup>1</sup>

By income:

**\$32** Less than \$50K

**\$38** \$50K–99K

**\$46** \$100K–199K

**\$53** \$200K+

# \$64

Average US minimum to qualify for free shipping in 2023<sup>^</sup>

Versus \$52 in 2019

# Younger shoppers lead the charge for greener holidays

# 49%

are concerned about the amount of packaging used with online orders

## RETAIL EXECUTIVES' VIEW

**93%** are prioritizing sustainability, with **56%** specifically seeking ways to reduce packaging waste.

Notes: (N = 4,102); % agree/strongly agree.

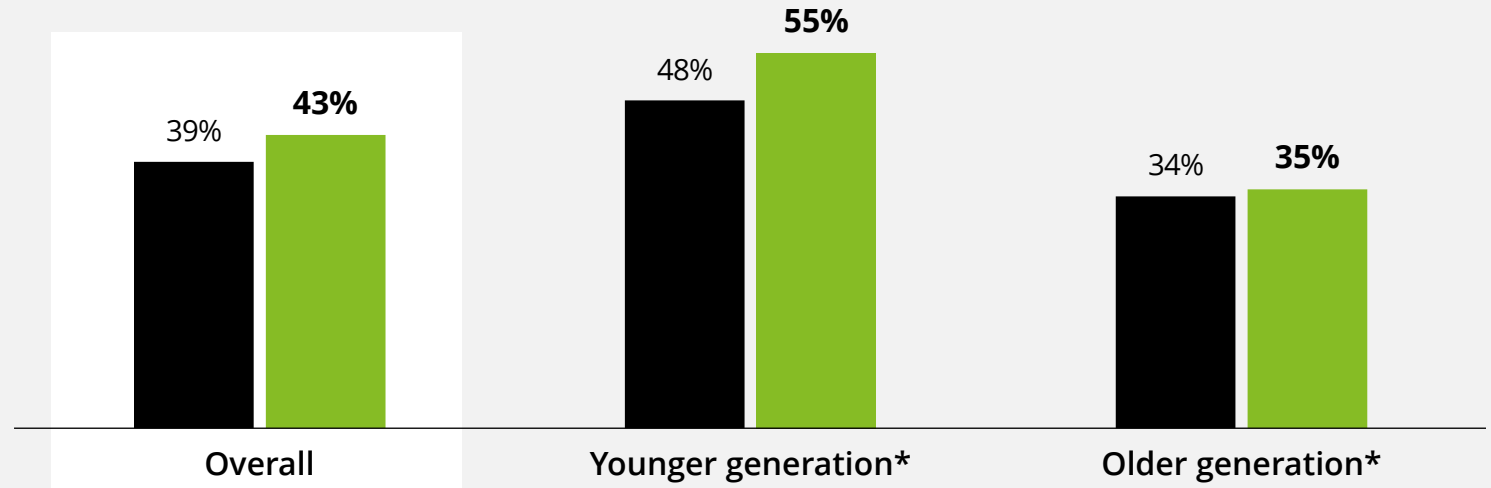
\*Younger generation includes Gen Z (18–27 years) and Millennials (27–42 years), while the older generation includes Gen X (43–58 years), Baby Boomers (59–77 years), and Seniors (78+ years). \*\*Deloitte calculations; others refers to those who do not shop for sustainable holiday gifts whenever possible.

**Retail executives' view:** "Thinking about your primary product category, in what ways will you prioritize environmentally friendly or socially responsible practices during the holiday season this year?" (N = 43).

Retailers prioritizing sustainable initiatives may have a chance to gain mindshare with a growing cohort of young shoppers

Sustainable gift shoppers, by generation

● 2022 ● 2023



Sustainable holiday shoppers spend **29%** more than others\*\*

# Building trust is crucial as retailers accelerate AI capabilities

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# 79%

of consumers have little to no trust in retailers' ability to use artificial intelligence responsibly in their operations<sup>1</sup>

Questions: (1) "Of the following, do you trust retailers to ...," % for No trust at all/little trust; (2) "Do you plan to use generative AI for your holiday shopping?"; (3) "How does generative AI enhance your shopping experience?"

Note: N = 4,102.

**Retail executives' view:** "How familiar are you with generative artificial intelligence (AI)?" (N = 43).

Only two in 10 plan to use generative AI for holiday shopping, primarily to look for deals

# 16%

Plan to use generative AI for holiday shopping<sup>2</sup>

By income:

**13%** Less than \$50K

**16%** \$50K–99K

**19%** \$100K–199K

**23%** \$200K+

By generation:

**29%** Gen Z

**32%** Millennials

**12%** Gen X

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Users of generative AI plan to use it for ...<sup>3</sup>

- 1** Finding the product at the best price
- 2** Offering valuable product recommendations
- 3** Making shopping less time-consuming

## RETAIL EXECUTIVES' VIEW

**98%** are familiar with **generative AI**, but only **33%** are well aware of its implications for their business.

# About the survey

## Consumer survey

### Timing

August 30 to September 8, 2023

### Sample

The survey polled a national sample of 4,318 consumers and has a margin of error of plus or minus one to two percentage points for the entire sample.

## Methodology

The surveys were developed by Deloitte and conducted online by independent research companies.

## Thank you

The authors would like to thank **Brooke Furman, David Levin, Srinivasarao Oguri, Rithu Mariam Thomas, Negin Rood, Kianna Sanchez, and Michele Stoffel** for their contributions to this survey.

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**Sangharsh Shinde**  
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## Executive survey

### Timing

June 23 to June 30, 2023

### Sample

The survey polled 43 retail industry executives, of which 93% were from retailers with annual revenues of \$1 billion or more. The executives included buyers, senior buyers, and buying/merchandising managers who had a medium or high level of involvement in buying and merchandizing for the coming holiday season.



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The retail industry is transforming at lightning speed, and retailers are being forced to find ways to grow profitably while also meeting rising consumer expectations. Today's customers don't just expect the retail industry to operate efficiently, but empathetically too. They are buying into better and are demanding that brands share their values around purpose, inclusion, trust, transparency, and innovation.

Leaders in this rapidly shifting industry should have better insight, better innovation, and a better connection to their customers. That's why they turn to Deloitte. Driven by a relentless pursuit of innovation and the pulse of the consumer, Deloitte helps many of the world's leading brands in the retail sector align with their customers' values, create lasting competitive advantages, build enduring customer relationships, and shape the future of the industry. [www.deloitte.com/us/retail](http://www.deloitte.com/us/retail)

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