Deloitte.

Holiday Quick Take

Powered by Converge

Converge™
by Deloitte

1 **Overall Results**

2 **Consumer**

3 **Categories & Retailers**

4 **Infrastructure**

5 **The Takeaway**

Overall results

While in-store shopping resurged this holiday, online was bolstered by key advancements in social media & AI

KEY THEMES DURING HOLIDAY 2024

In-store shopping made a comeback

On key shopping days, customers showed a slight *preference for brick-and-mortar* shopping experiences

AI reached new heights this holiday

Customers primarily used AI for *bargain hunting,* finding the optimal price across online retail sites, and for providing *recommendations*

Social media lit up the season

Consumers relied on social media to *inspire gifting*, but most notably to *drive in-app purchases* through retailers

Seasonal workers spiked in December

A *record number of retail seasonal jobs* were added in December in response to the *late-season demand surge*

Moderate growth was predicted this holiday season amid declining inflation and increased consumer optimism

ECONOMICALLY OPTIMISTIC CONSUMER SENTIMENT

70% of consumers **expected higher prices in the 2024 holiday shopping season,** pushing consumers to shop more deals this year[1]

78% of shoppers **planned to take advantage of holiday sales** in October and November[1]

8% YoY* growth in average expected holiday spend, up to **$1,778**, which was likely driven by improved optimism and a focus on experiences (+16% YoY*)[1]

The year-over-year (YoY) increases and growth rates stated in this document are based on nominal dollars and do not account for inflation

DELOITTE ECONOMIC HOLIDAY FORECAST

2.3 – 3.3%
YoY* growth in total retail sales, the lowest projection in recent years[2]

7.0 – 9.0%
YoY* growth in ecommerce sales[2]

1) Deloitte Holiday Survey, 2) Deloitte

Observed year-over-year growth surpassed projections while online growth met expectations
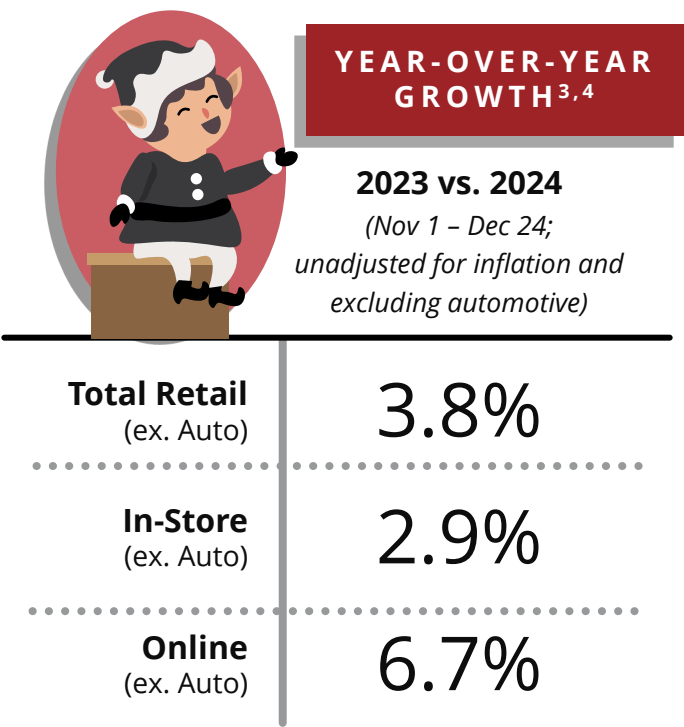
2024 HOLIDAY RESULTS

Overall retail spending during the holiday season (Nov 1–Dec 31), representing a 4.0% YoY increase[1,4]
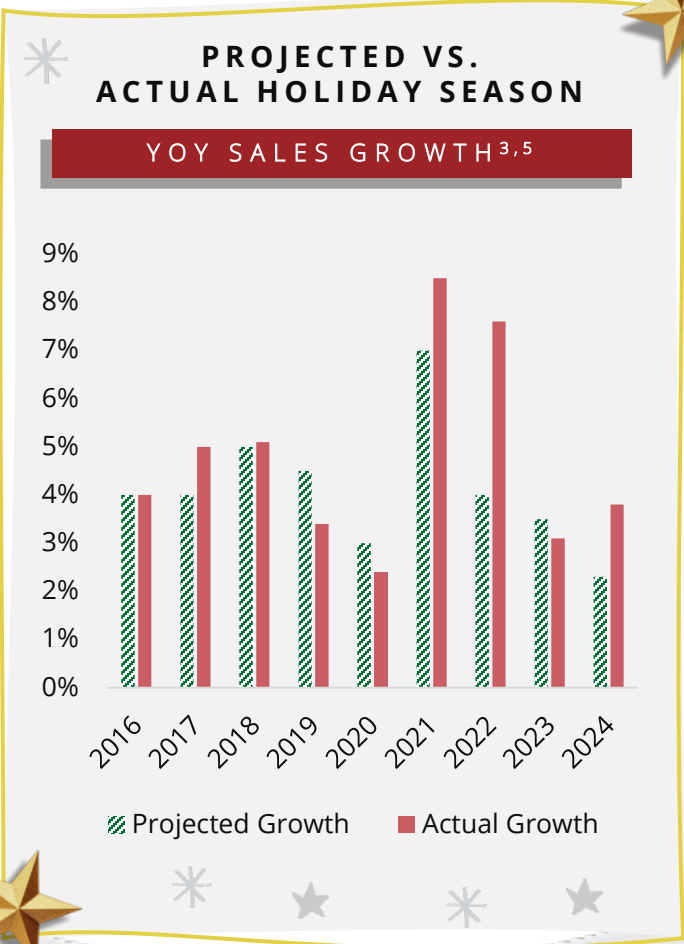
$994.1B

Online retail spending during the holiday season (Nov 1–Dec 31)[2,4]

$241.4B

YEAR-OVER-YEAR GROWTH[3,4]

2023 vs. 2024
(Nov 1 – Dec 24; unadjusted for inflation and excluding automotive)

Total Retail (ex. Auto)	3.8%
In-Store (ex. Auto)	2.9%
Online (ex. Auto)	6.7%

Consumers leveraged their mobile devices more than ever this year, accounting for **~55% of online spend** (vs. 51% in '23)[2]

PROJECTED VS. ACTUAL HOLIDAY SEASON

YOY SALES GROWTH[3,5]

Legend: Projected Growth (green hatched), Actual Growth (red)

1) NRF, 2) Adobe, 3) Mastercard, 4) The reported YoY growth rates in total sales varied between NRF (4.0%) and Mastercard (3.8%) and the reported YoY growth rates in online sales varied between NRF (8.6%), Adobe (8.7%), and Mastercard (6.7%) due to differing methodologies and data sets 5) Projected Growth: Low end of ranges from Deloitte Pre-Holiday Survey 2016-2024; Actual Growth: NRF for 2016 and 2017 and Mastercard for 2018-2024

Consumer

Converge™
by Deloitte

With a shorter Cyber Monday-to-Christmas window, many consumers did their holiday shopping in December

2024 HOLIDAY SHOPPING TIMELINE

November

S	M	T	W	Th	Fr	Sa
					1	2
3	4	5	6	7	8	9
		Pre-Black Friday Deals				
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28 (9)	29 (2)	30 (5)

December

S	M	T	W	Th	Fr	Sa
1	2 (8)	3 (10)	4	5	6	7 (7)
8	9	10	11	12	13	14 (6)
15	16	17	18	19	20 (4)	21 (3)
22	23 (1)	24	25	26	27	28
29	30	31				

Top 10 Spending Days during November and December 2024[1]

'Cyber Week'[2] & Christmas Day

KEY DECEMBER SHOPPING TRENDS

Increased shopper demand was seen late in the season, with **7 of the top 10 highest-spend days occurring in December**[1]

58% surge in the amount of foot traffic on **Super Saturday** *(i.e., the Saturday ahead of Christmas)* when compared to the daily YTD* average[3]

50% of customers' purchases were **completed by early December** on average while only **10% of customers were finished shopping**[4]
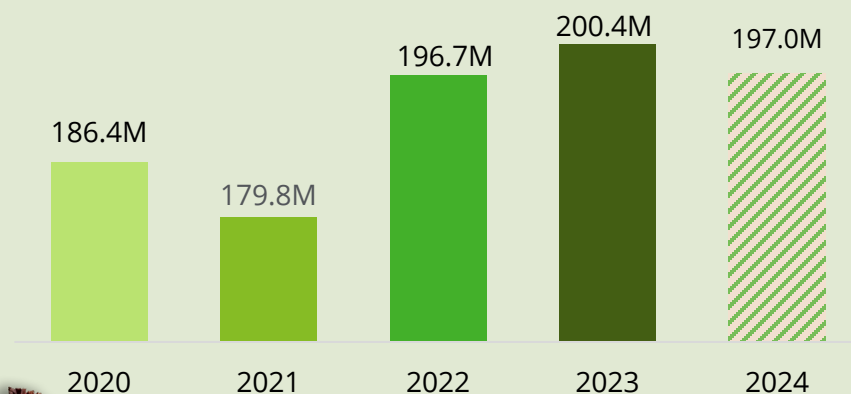
*Year-to-date

The total number of Cyber Week shoppers declined as traffic was more evenly split between in store and online

'CYBER WEEK' TRAFFIC

Reported 'Cyber Week' Shoppers (M)[1]

Year	Shoppers
2020	186.4M
2021	179.8M
2022	196.7M
2023	200.4M
2024	197.0M

The number of 'Cyber Week' shoppers was down slightly (~2%) YoY[1], with some attributing this to the later timing of 'Cyber Week' this year[2]

SHOPPING BEHAVIOR YOY

According to consumers, **in-store shopping traffic exceeded online** over 'Cyber Week', reversing last year's trend[1]

126.0 M
Brick-And-Mortar Shoppers
(+3.7% YoY)[1]

124.3M
Online Shoppers
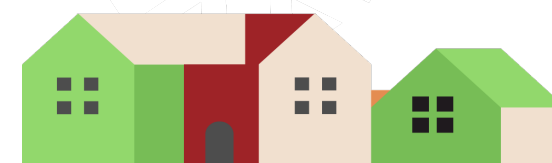(-7.3% YoY)[1]

Most Popular In-Store Shopping Days[1]

+7.2% YoY   **Black Friday** *(81.7M Shoppers)*

Most Popular Online Shopping Days[1]

-3.6% YoY   **Black Friday** *(87.3M Shoppers)*

Last year, there were 10.5% more online shoppers than brick-and-mortar shoppers[3], **but this year the distribution** of shoppers was almost **evenly split**[1]

1) NRF Consumer Survey, 2) MSN, 3) NRF

Consumers used social media this year not only to influence shopping decisions but also to make direct purchases

Heading into the holiday season, shoppers planned to use social media for…

…and shoppers capitalized on what Social Media platforms had to offer this holiday season

INSPIRATION

89% of customers surveyed affirmed that social media **would influence what they chose to purchase during the season**[1]

PURCHASES

13% of customers anticipated that they would **conduct their shopping via social media** channels[2]

By Generation[2]

20% **Gen Z**

12% **Gen X**

18% **Millennials**

6% **Baby Boomers**

INFLUENCERS INSPIRED CUSTOMERS' PURCHASES

Paid search captured 29.7% (only up 1% YoY) in holiday season marketing revenue, **while affiliates and partners (including influencers) took 17.6%**, a more significant YoY **growth of 6%**[3]

Influencers also **were 9x more likely to motivate consumers to buy something**, in comparison to social media in general[3]

SOCIAL MEDIA PLATFORMS WERE USED TO BUY PRODUCTS

165% more shoppers went to TikTok Shop this year between Black Friday and Cyber Monday when compared to the same time last year; in addition, TikTok Shop surpassed previous years' sales by achieving **$100M+ in sales on Black Friday**, up 300% YoY[4]

Overall, TikTok Shop saw **Sales grow ~220% YoY between** November 1st and December 31st [5]

1) Sprout Social, 2) 2024 Deloitte Holiday Retail Survey, 3) Adobe, 4) TikTok, 5) Earnest

Consumers also turned to AI to seek gifting inspiration and help them find optimal deals

More consumers leveraged AI for their holiday shopping[1]...

19%

of purchases made throughout the 2024 holiday period were **inspired by shoppers turning to AI and agents for assistance, up 6% YoY[1]**

... using it to find discounts and product recommendations[2]

Of those surveyed by Adobe, **20% chose to use Generative AI to discover holiday season discounts[2]**

For example, users queried ChatGPT with questions like, "Where can I find less expensive prices for a [laptop] other than the [retailer's store]?" to discover alternative deals[3]

15% of shoppers surveyed indicated they used Generative AI for help on choosing which brands to buy[2]

For example, shoppers used a big box retailer's app and its GenAI virtual shopping assistant tool to ask questions like, "What's a good gift for a five-year-old?" and find related products[4]

1) Salesforce, 2) Adobe, 3) Cnet, 4) Company Website

Significant discounts motivated shoppers to buy this holiday, especially for more expensive items

Steep discounts were offered on Black Friday this year...

Average Black Friday Discounts[1]

Average discount offered by **13 retailers** on Black Friday ➡️

2024
38%

2023
35%

2022
37%

DISCOUNT!

***Note:** Average Black Friday discounts increased ~3 basis points in 2024 compared to the previous year*

1) Wallet Hub, 2) Adobe

WHERE DISCOUNTS WERE CONCENTRATED ON BLACK FRIDAY (TOP 5)[1]*

1. **29.3% Computers & Phones**
2. **13.6% Jewelry**
3. **12.3% Apparel & Accessories**
4. **8.1% Consumer Electronics**
5. **8.0% Appliances**

*Excludes all other product categories

....as retailers used discounts to encourage customers to shop during the shorter holiday season[2]

Impact of Discounts on Demand During Holiday Season (vs. 2023)[2]

⬇️ **-1%** drop in a product's price **=** ⬆️ **+1%** increase in the product's demand

*Discounts contributed to an **additional $2.25B** in purchases made online[2]*

PEAK DISCOUNTS THIS SEASON[2]

ELECTRONICS | 30.1% off

TOYS | 28.0% off

APPAREL | 23.2% off

COMPUTERS | 22.8% off

*Discounts **motivated shoppers to purchase high-priced items** – this year, the share-of-units-sold for **high priced items increased by 21%**[2]*

Buy Now Pay Later hit a record high this Cyber Monday, as many deferred to this payment method while shopping on mobile devices

Converge™
by Deloitte

BUY NOW PAY LATER (BNPL) SPEND

BNPL estimates fell short of the expected $18.5B spend for the holiday season, but grew **9.6% YoY** and comprised **7.5% of total online spend**[1, 2]

$18.2B spent via BNPL purchases, Nov 1st – Dec 31st, 2024[1]

Highest BNPL Spend

+5.5% YoY[1]   **Cyber Monday** *$991.2M*[1]
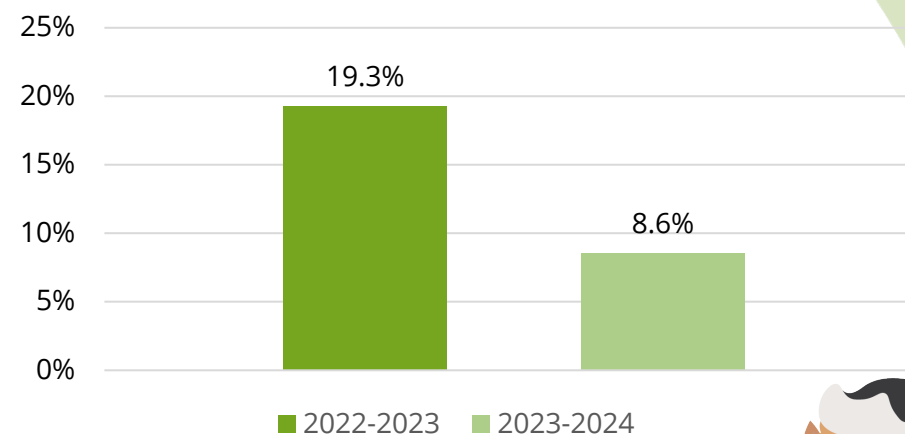
Favored Spending Method

79.1% BNPL purchases made via smartphones[3] *$14.4B*

YoY Growth of Total Web Visits to Top BNPL Sites[4,5]
October – December, 2022 to 2024

- 2022-2023: 19.3%
- 2023-2024: 8.6%

(Y-axis: 0% to 25%)

■ 2022-2023   ■ 2023-2024

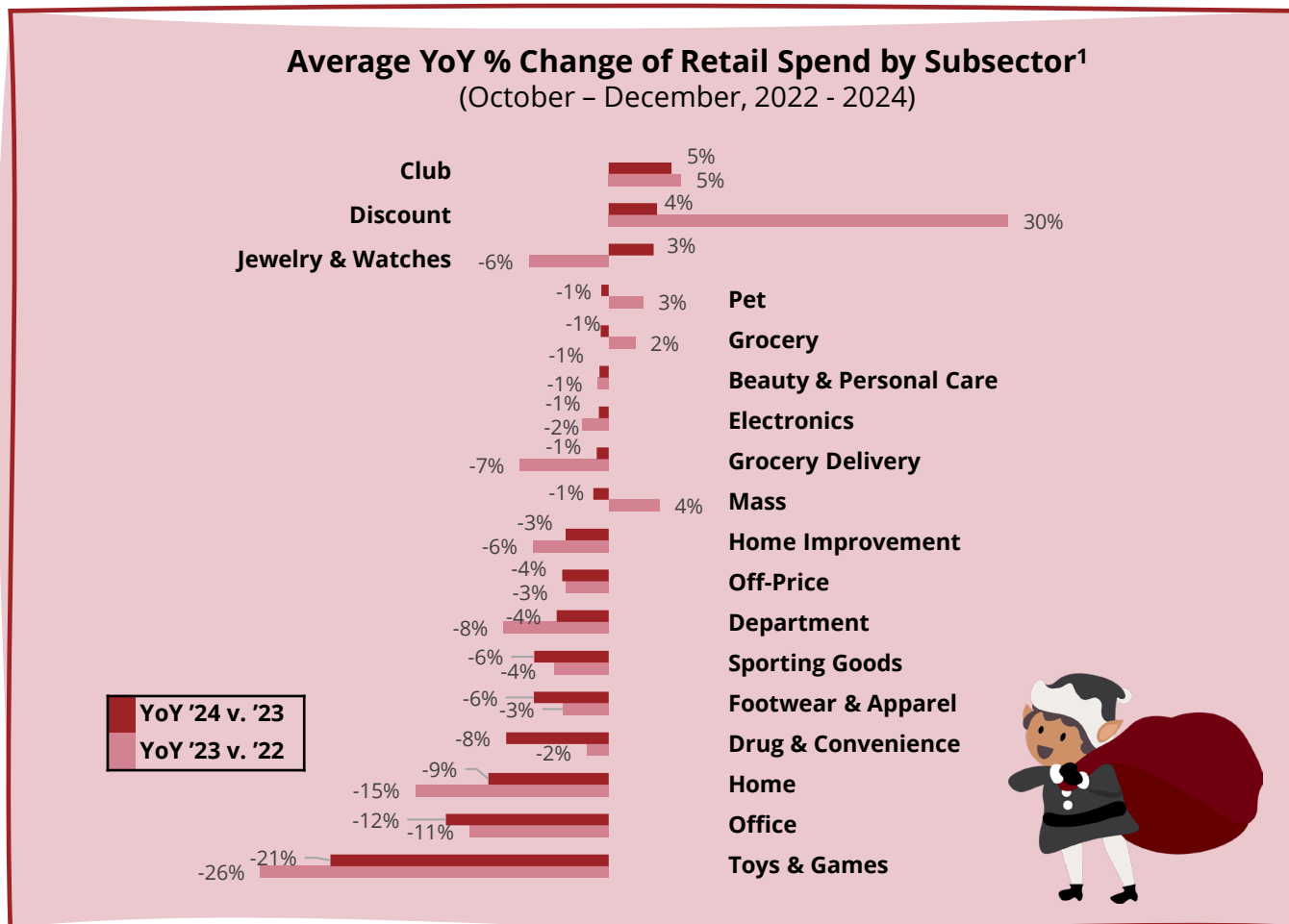Visits to BNPL sites continued to grow YoY, but **at a slower pace than the growth from 2022 to 2023**

1) Adobe, 2) Adobe, 3) Adobe, 4) SimilarWeb Internet Traffic Analytics Data, Deloitte Analysis, 5) Finbold

Categories & Retailers

Club and Discount saw the greatest positive gain in consumer spend, building off last year's trend

Average YoY % Change of Retail Spend by Subsector[1]
(October – December, 2022 - 2024)

Club — 5% / 5%
Discount — 4% / 30%
Jewelry & Watches — 3% / -6%
Pet — -1% / 3%
Grocery — -1% / 2%
Beauty & Personal Care — -1%
Electronics — -1% / -1%
Grocery Delivery — -2% / -1%
Mass — -1% / -7% / 4%
Home Improvement — -3%
Off-Price — -6%
Department — -4% / -3%
Sporting Goods — -4% / -8%
Footwear & Apparel — -6% / -4%
Drug & Convenience — -6% / -3%
Home — -8% / -2%
Office — -9% / -15%
Toys & Games — -12% / -11% / -21% / -26%

Legend:
YoY '24 v. '23
YoY '23 v. '22

Club outpaced other retailers in growth, **at 5% YoY,** relatively consistent with its growth between 2023 and 2024[1]
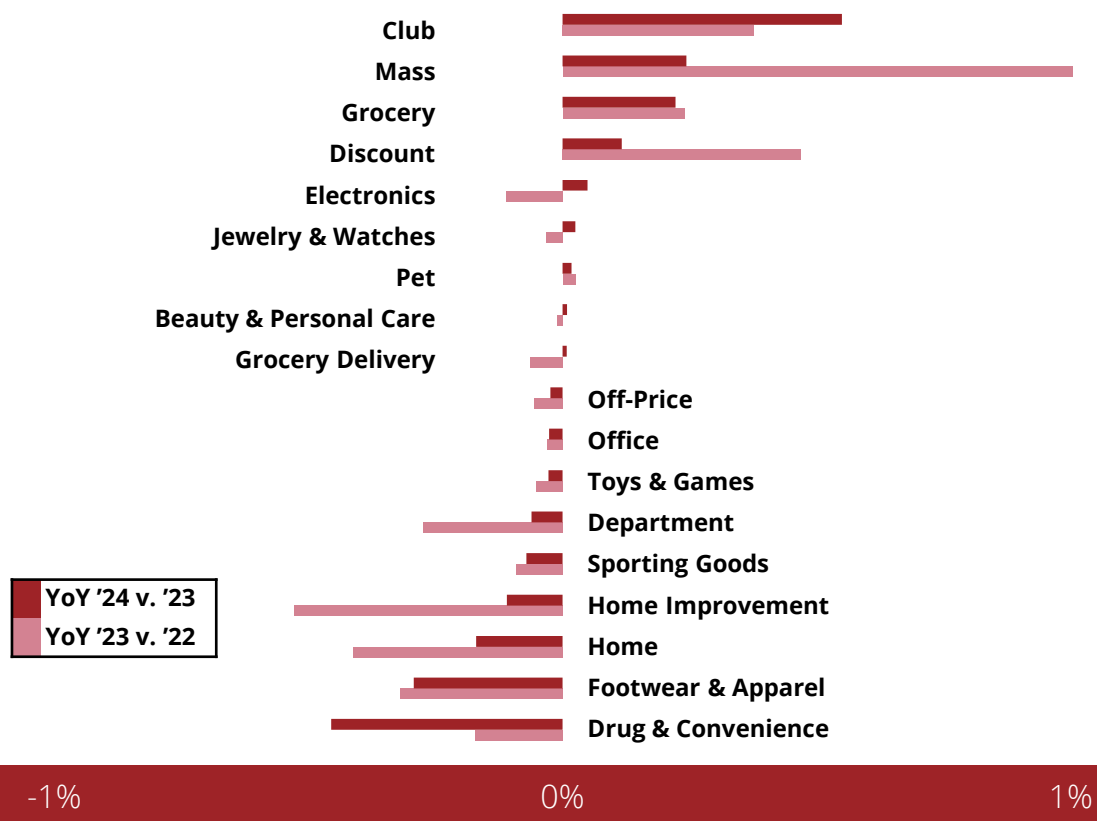
Club, Discount, and Jewelry & Watches were the only subsectors that saw **increased spend YoY**[1]

Price conscious subsectors **grew or stayed flat** while specialty subsectors **continued to decline**[1]

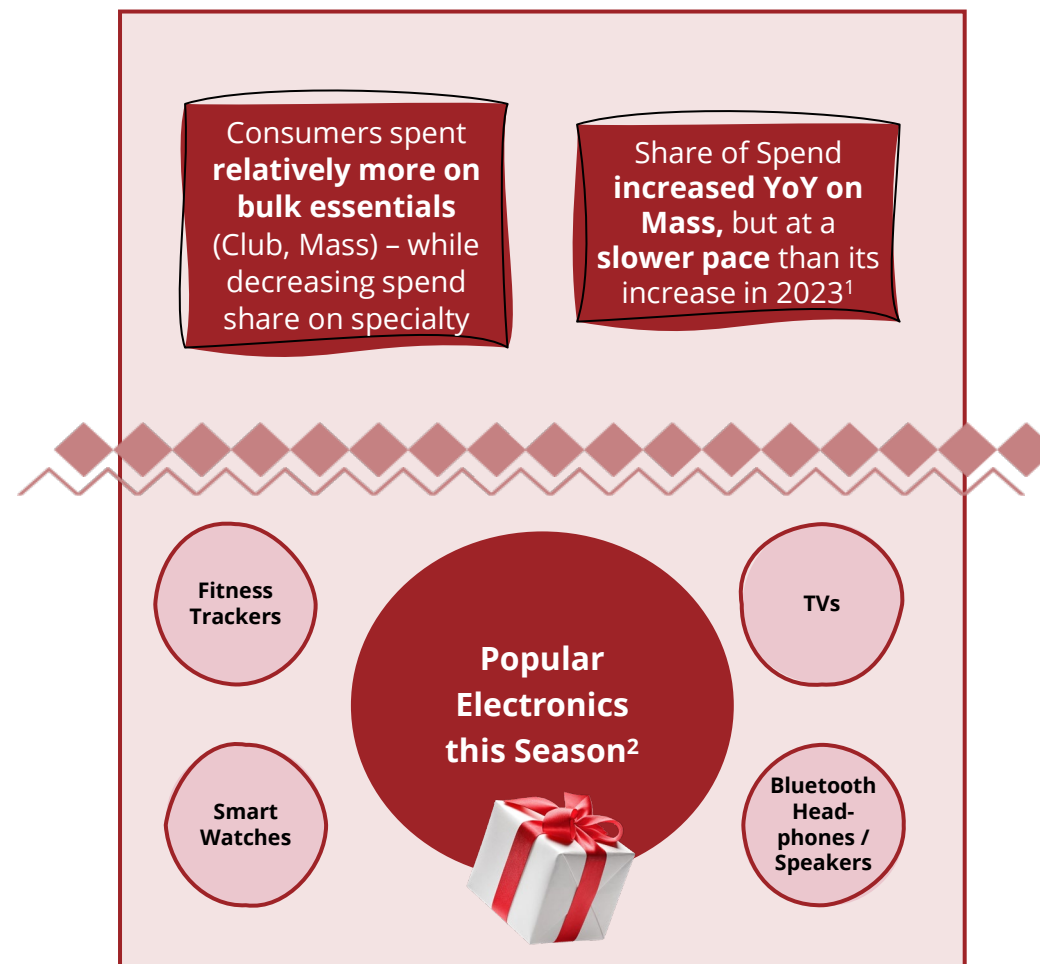1) Affinity Solutions, Inc. – Deloitte ConvergeCONSUMER Analysis

Major subsectors like Club and Mass continued to take away additional wallet share from the smaller players

Difference in Share of Retail Spend by Subsector[1]
October – December, 2024 vs. 2023 vs. 2022

Chart categories (top to bottom):
- Club
- Mass
- Grocery
- Discount
- Electronics
- Jewelry & Watches
- Pet
- Beauty & Personal Care
- Grocery Delivery
- Off-Price
- Office
- Toys & Games
- Department
- Sporting Goods
- Home Improvement
- Home
- Footwear & Apparel
- Drug & Convenience

Legend:
- YoY '24 v. '23
- YoY '23 v. '22

X-axis: -1%, 0%, 1%

Consumers spent **relatively more on bulk essentials** (Club, Mass) – while decreasing spend share on specialty

Share of Spend **increased YoY on Mass,** but at a **slower pace** than its increase in 2023[1]

Popular Electronics this Season[2]

- Fitness Trackers
- TVs
- Smart Watches
- Bluetooth Head-phones / Speakers

1) Affinity Solutions, Inc. – Deloitte ConvergeCONSUMER Analysis, 2) Adobe

To incentivize holiday purchases, many retailers rewarded their loyalty members with additional door-busting deals

Strong brand loyalty had a mutually beneficial relationship for both retailers and consumers

HOW LOYALTY IMPROVED THE CUSTOMER AND RETAILER RELATIONSHIP DURING THE HOLIDAYS

RETAILERS MAXIMIZED CUSTOMERS' HOLIDAY SPEND
68% of shoppers said they would pay a premium to buy something from a brand they are loyal to[1]

SHOPPERS RESPONDED WELL TO PERSONALIZED LISTS
80% of shoppers said they were likely to interact with a personalized email focused on their preferences[1]

RETAILERS CAPTURED LEARNINGS FOR NEXT SEASON
Retailer's loyalty programs provided a way for retailers to gain further detail on their customers, potentially inspiring ways to better market their products in the future[1]

Some retailers with strong loyalty programs turned to members-only holiday shopping events this year

Mass Retailer
Retailer's discount week kicked holiday shopping off Oct 6th exclusive for the free program's members[2]

Beauty Retailer
Retailer offered members-only savings in November with early access for top tier members[3]

Specialty Retailer
Retailer offered discounts to all shoppers during their Winter Sale, but members benefited from additional savings[4]

1) Retail Dive, 2) Company Website #1, 3) Company Website #2, 4) USA Today

While retailers saw strong sales in 2024, post-holiday returns also spiked this year, potentially fueled by social media trends

JANUARY COINED 'RETURNUARY'[1]

↑ 28% YoY

*increase in holiday returns across the entire season globally, equating to **more than $122B in returned goods**[2]*

As the influence of social media on consumer spending continued to grow this season, popular social media trends may have contributed to the rise in post-holiday return rates:

1 **"Try-on haul" Culture**
Consumers ordered several items to try on, and sent back items they did not want[3]

2 **"Bracketing" Trend**
Consumers purchased different sizes of the same product to find the correct fit and returned what did not work[3]

Major retailers tightened return policies this holiday season to protect their performance[3]

A discount retailer reduced its holiday return window by **five weeks** – instead of October 1st, the return period started November 7th[4]

A beauty retailer shortened the time customers could receive their money back **from 60 to 30 days just ahead of the season**[5]

A department store began its holiday return period **five days later** than its holiday return policy in 2023[4]

***75%** of US customers said they were interested (with **~33%** being highly interested) in using an **AI agent for handling returns and exchanges**[2]*

1) CNBC, 2) Chain Store Age, 3) NBC News, 4) Consumer World, 5) Beauty Independent

Holiday scams were also greater in volume this past season compared to prior seasons, as fraudsters leveraged AI to target consumers

THE "GOLDEN AGE FOR FRAUD AND FRAUDSTERS"[1]

200% Global increase YoY in suspected fraudulent charges on a major credit card company's network during Cyber Weekend; many "fraudsters" used AI to conduct this fraud[1]

9x Number of fraudulent attempts stopped by a major credit card company from Thanksgiving through Cyber Monday when compared to '23[1]

327% Global increase in phishing occurrences related to Christmas between the beginning and end of November[2]

692% Global increase in phishing events related to Black Friday and Cyber Monday between the beginning and end of November[2]

"Fraudsters" used AI this holiday season to...

1 Develop computer programs that can examine stolen credit card details[1]

2 Create advertisements and websites that even though not real, encourage users to share their credit card details[1]

3 Make counterfeit identification documents and videos to impersonate individuals and deceptively prove their identity and break into their accounts[1]

Although businesses have invested in technology to identify fraud, many have reported that it is not enough to keep up with that of "fraudsters"[1]

The U.S. retail sector saw the highest increase in scammers posing as brands and sending fake promotional emails to consumers[2], with Thanksgiving being the most popular day for fraud[3]

1) WSJ, 2) Darktrace, 3) TransUnion

Infrastructure

Retailers hired fewer seasonal workers in November, but added a record-breaking number late in the shopping season

280,500

NOV. WORKERS HIRED

280K retail seasonal jobs were added in November, compared to last year's 290K, a **5% decrease YoY**[1,2]
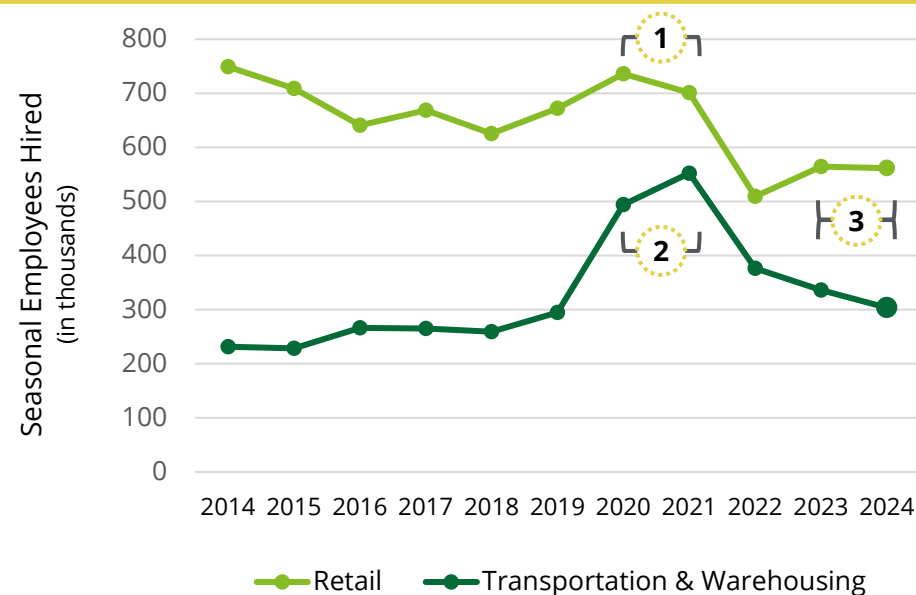
148,400

DEC. WORKERS HIRED

148K retail seasonal jobs were added in December, representing **the highest number of jobs added in December since 2014**[4]

Why: Retailers were initially cautious to hire amid economic uncertainty[2], but quickly added workers when demand surged

YTD Seasonal Hiring (October – December)[3,4]

Seasonal Employees Hired (in thousands) — X-axis: 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024

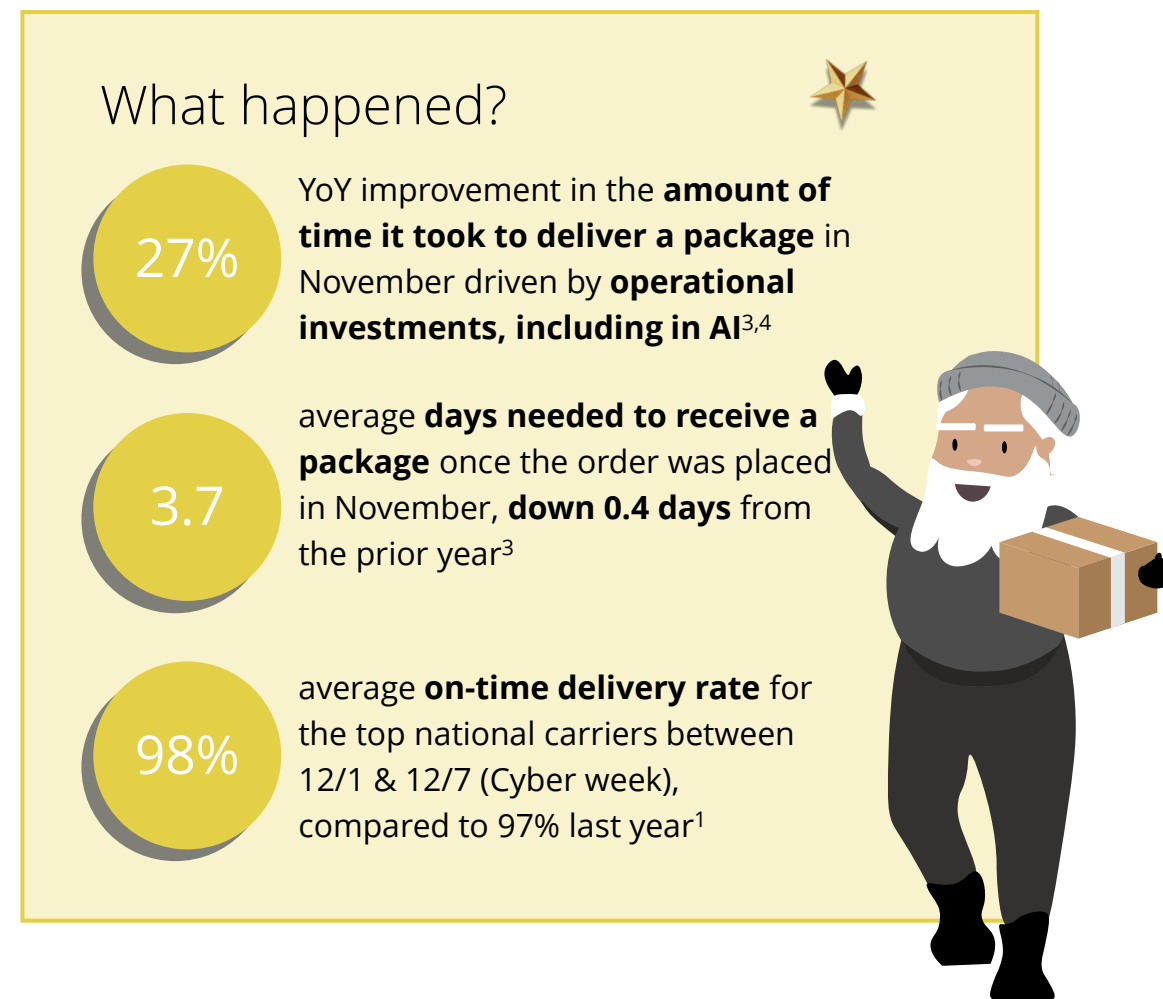Legend: Retail — Transportation & Warehousing

1 **Employers had trouble hiring workers** for in-person jobs, even with increased pay, leading to a decline in hiring[5]

2 **Pandemic-driven pattern of greater online spending** increased the need for transportation and warehousing employees[6]

3 **YoY retail hiring remained on par with 2023** despite the initial economic uncertainty heading into the holiday season[4]

1) Chain Store Age , 2) Retail Dive , 3) Challenger, Gray & Christmas, 4) Chain Store Age,
5) Challenger, Gray & Christmas, 6) Equitable Growth

In contrast, carrier performance improved as delivery tailwinds strengthened

During the holiday season…

Delivery

...several retailers leveraged alternative delivery mechanisms to standard carriers:

An online retailer leveraged **contracted drivers** to fulfill most orders[1]

A big box retailer used **freelance delivery drivers** to facilitate deliveries for online purchases[2]

106 Million

Estimated parcels per day that were shipped during peak holiday delivery season[1]

What happened?

27% — YoY improvement in the **amount of time it took to deliver a package** in November driven by **operational investments, including in AI**[3,4]

3.7 — average **days needed to receive a package** once the order was placed in November, **down 0.4 days** from the prior year[3]

98% — average **on-time delivery rate** for the top national carriers between 12/1 & 12/7 (Cyber week), compared to 97% last year[1]

1) Ship Matrix, 2) Reuters, 3) Supply Chain Dive, 4) Supply Chain Dive

That's a wrap on the 2024 Holiday Season

WHAT WE LEARNED IN HOLIDAY 2024

Consumers

Consumers were inspired by Gen AI and social media for gifting this holiday and made direct purchases via social media platforms more than previous years

Categories & Retailers

Retailers focused on driving engagement through their customer loyalty programs while the Club and Discount sub-sectors saw the largest YoY growth as consumers decreased spend on specialty items

Infrastructure

Infrastructure providers offered stability this holiday season with increased on-time delivery rates and record-high seasonal workers hired in December

THANK YOU!

SPONSORS

Bobby Stephens
Principal
Chicago

Simon Chafetz
Senior Manager
Boston

Meghan Cole
Manager
Boston

2024 HOLIDAY QUICK TAKE TEAM

LEADS

Alyssa Casale
Senior Consultant
New York

Christian Sottosanti
Senior Consultant
New York

Jen Spadaro
Consultant
New York

Amanda Brazell
Senior Consultant
Chicago

Katie Hango
Senior Consultant
Boston

Shivani Mulji
Senior Consultant
New York

Michelle Qin
Consultant
Los Angeles

Drashhti Bilimoria
Consultant
Atlanta

Chad Osborne
Consultant
New York

Grace Biddell
Consultant
Atlanta

Kristin Baer
Product Consultant
Chicago