

Deloitte.

DECEMBER 2023

Holiday QuickTake



Deloitte.com Article

2023 Holiday retail recap: Unwrapping the results of the season

Recapping the 2023 Holiday shopping season
December 2023

2023 holiday quick take: Thanksgiving weekend recap

To help spread early holiday cheer, we are pleased to share the 2023 Holiday Quick Take: Thanksgiving Weekend Recap!

Here are a few key highlights from the report:

- Shoppers spent a record amount on online shopping over Thanksgiving weekend, as retailers used high discounts to motivate consumer demand
- After multiple years of October door-busting deals, it is now a new normal to begin holiday shopping far before Thanksgiving weekend
- During Thanksgiving weekend, average consumer spend continued to be below pre-pandemic levels. However, a record number of customers partook in Thanksgiving weekend shopping this year
- More specifically, consumers showed a strong preference for shopping online, shifting historical norms on days like Black Friday that previously were dominated by in-store shoppers
- Credit card debt is at a record high, making deferred payment options increasingly appealing to consumers, especially for Millennials
- Generative AI has expanded the services and experiences available for select retailers, but widespread impact may have to wait until next holiday season

Want to learn more? [Click here to download the full report to see further details on how Thanksgiving Weekend played out.](#)

Special thanks to Meghan Cole, Kate Christian, Alyssa Casale, Christian Sottosanti, Jen Spadaro, Kenzie Fowler, Evan Stavig, Michelle Qin, and Simran Nijhawan for their authorship, support, and research throughout the development of this article and report.



Contents

1 Thanksgiving
Weekend Results

2 Consumers

3 Retailers &
Categories

4 Infrastructure

5 More Holiday
Cheer to Come

CONTEXT & PREDICTIONS

Amid mixed consumer sentiment driven by economic concerns, slightly more consumers planned to shop this holiday season compared to last year

MIXED CONSUMER STRENGTH & SENTIMENT

95%

of consumers are **buying gifts** this season, compared to 92% last year and 88% in 2021¹

90.1

U.S. Financial Well-Being Index in October 2023, a **12-month low**²

9%

Projected YOY increase in average spend on gifts, which is +2% CAGR from 2019¹

80%

of **Consumers are concerned about rising prices** in Oct. '23, flat over 12 months despite a **5-percentage point drop in the inflation rate** over the same period²

Factors that set the backdrop to the holiday shopping season include **inflation, high interest rates, employment, home finances, and political anxiety**^{3,4,5,6}

DELOITTE ECONOMIC HOLIDAY FORECAST

3.5 - 4.6%

YoY growth in total retail sales^{7*}

10.3 - 12.8%

YoY growth in ecommerce sales^{7*}



1) Deloitte 2023 Holiday Retail Survey, 2) Deloitte 2023 Consumer Signals, 3) MSN, 4) Forbes, 5) CNN, 6) NBC News, 7) Deloitte Holiday Sales Press Release

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

Copyright © 2023 Deloitte Development LLC. All rights reserved.



Thanksgiving Weekend Results

KEY HEADLINES

While economic uncertainty impacted expectations this holiday season, several key themes emerged

What we learned during Thanksgiving Weekend* in 2023:

Shoppers spent a record amount on online shopping over Thanksgiving weekend, as retailers used **high discounts** to motivate consumer demand^{1,2}

Credit card debt is at a record high, making **deferred payment options increasingly appealing** to consumers, especially for Millennials^{5,6}

Generative AI has **expanded the range of services and experiences** that retailers can offer, but widespread use is yet to occur^{8,9,10,11}

After multiple years of October door-busting deals, the “new normal” is to **begin holiday shopping well before Thanksgiving weekend**^{3,4}

Discount retailers **saw strong growth** heading into the holiday season⁷

1) Adobe, 2) NBC, 3) Forbes, 4) CNBC, 5) ABC News, 6) Pymnts, 7) ModernRetail, 8) Retail Dive, 9) Retail Dive, 10) Retail Dive, 11) Deloitte 2023 Holiday Retail Survey

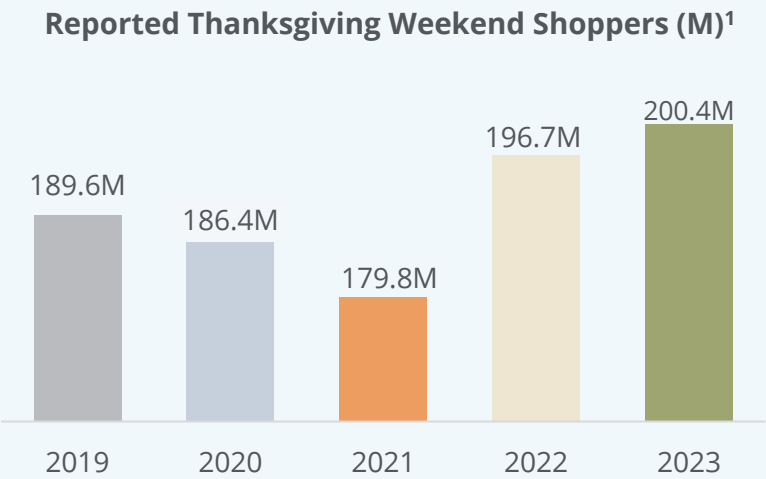
*Thanksgiving Weekend includes the 5 days between Thanksgiving and Cyber Monday

Copyright © 2023 Deloitte Development LLC. All rights reserved.

THANKSGIVING WEEKEND RESULTS

More consumers shopped over Thanksgiving weekend than in previous years, with a stronger preference for shopping online than in store

THANKSGIVING WEEKEND TRAFFIC



1.9% more American consumers said they shopped from Thanksgiving Day through Cyber Monday YoY, up 5.7% from pre-pandemic levels¹

SHOPPING BEHAVIOR YOY

According to consumers, **online shopping traffic exceeded Brick-and-Mortar** over Thanksgiving weekend¹



121.4 M

Brick-And-Mortar Shoppers (-1% YoY)¹

Most Popular In-Store Shopping Days¹

+4.5% YoY

Black Friday

(76.2M Shoppers)



134.2M

Online Shoppers (+3% YoY)¹

Most Popular Online Shopping Days¹

+3.9% YoY

Black Friday

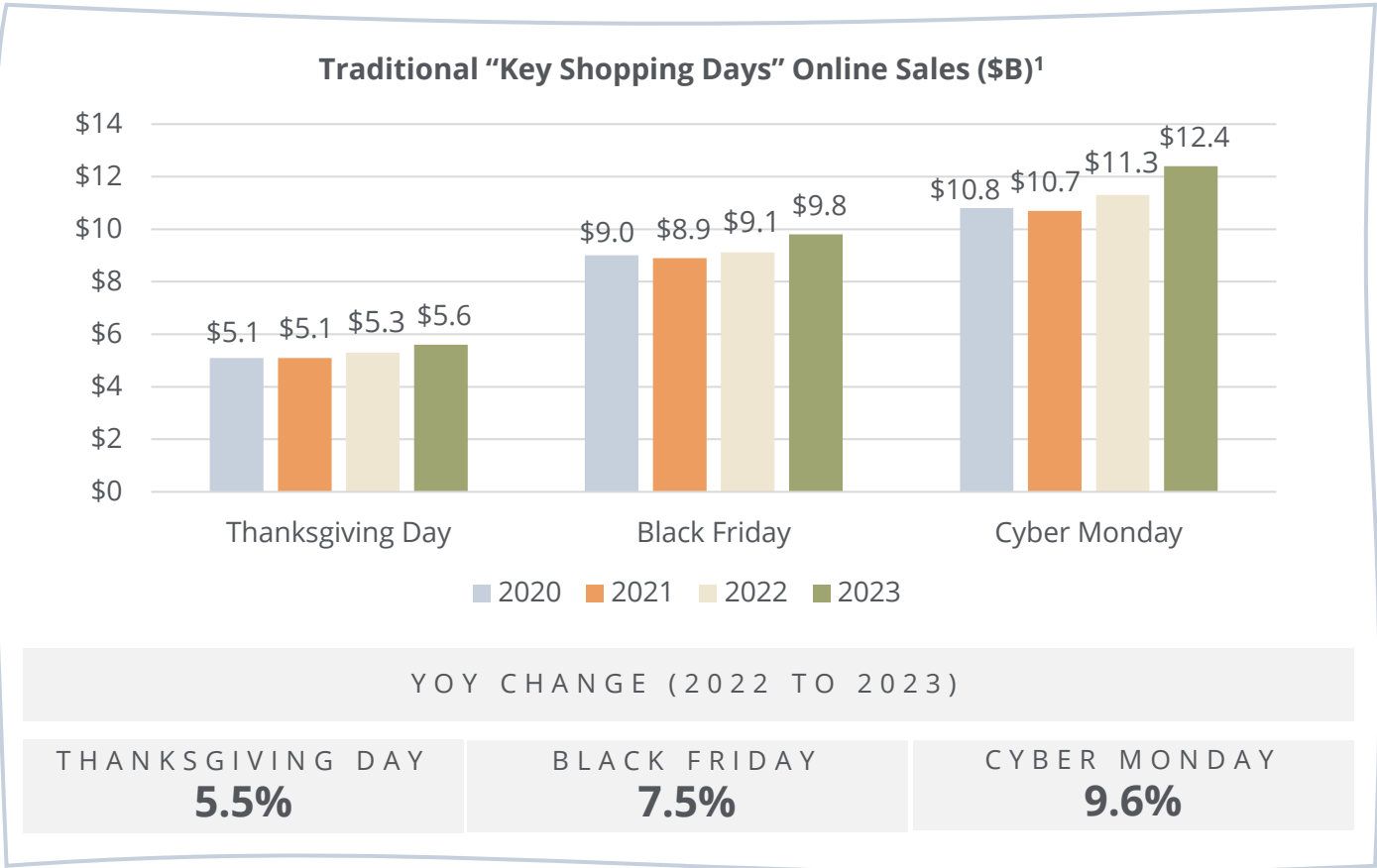
(90.6M Shoppers)

There was **2.5% YoY growth in total retail sales** on Black Friday²

1) NRF Consumer Survey, 2) Mastercard

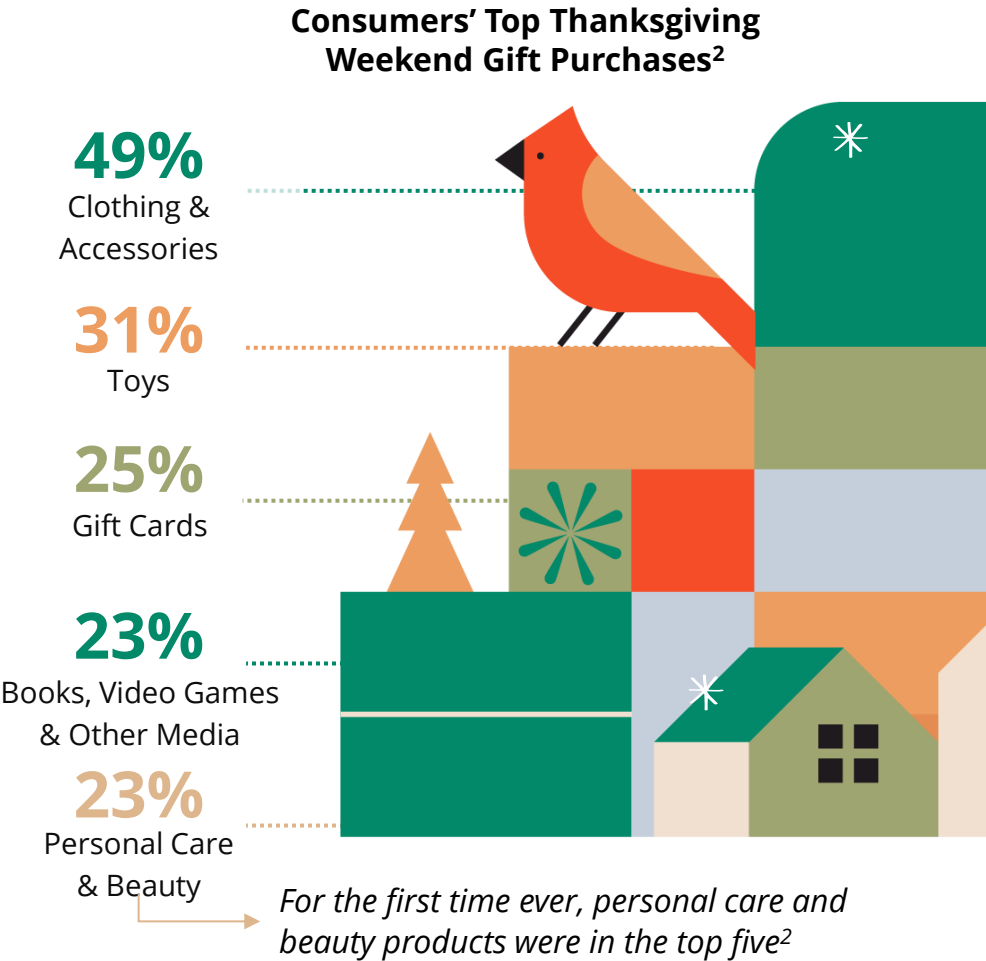
THANKSGIVING WEEKEND RESULTS

Cyber Monday proved to be the biggest and fastest growing day in terms of online sales over Thanksgiving weekend



Throughout the five days between Thanksgiving and Cyber Monday, U.S. shoppers spent a total of \$38 billion online, up 7.8% YoY¹

1) Adobe, 2) NRF Consumer Survey

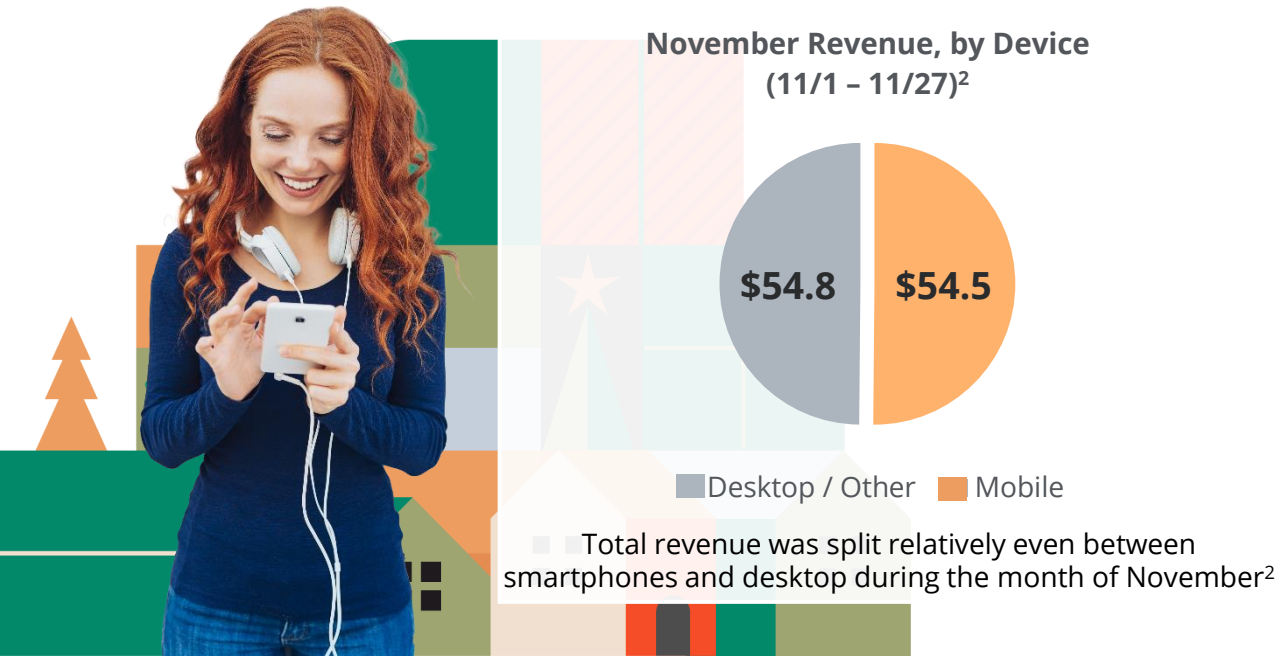


THANKSGIVING WEEKEND RESULTS

For the first time on Thanksgiving weekend, consumer spending on smartphones exceeded consumer spending on desktops

52% of **online Thanksgiving weekend sales** stemmed from **mobile devices alone**, up from 50% in 2022¹

59% of **online sales** on Thanksgiving Day were **made via a smartphone**, up from 55% in 2022¹



AVERAGE ORDER SIZE (ITEMS)²

CYBER MONDAY		
3.9 DESKTOP	2.9 SMARTPHONE	2.9 TABLET

CONVERSION RATE²

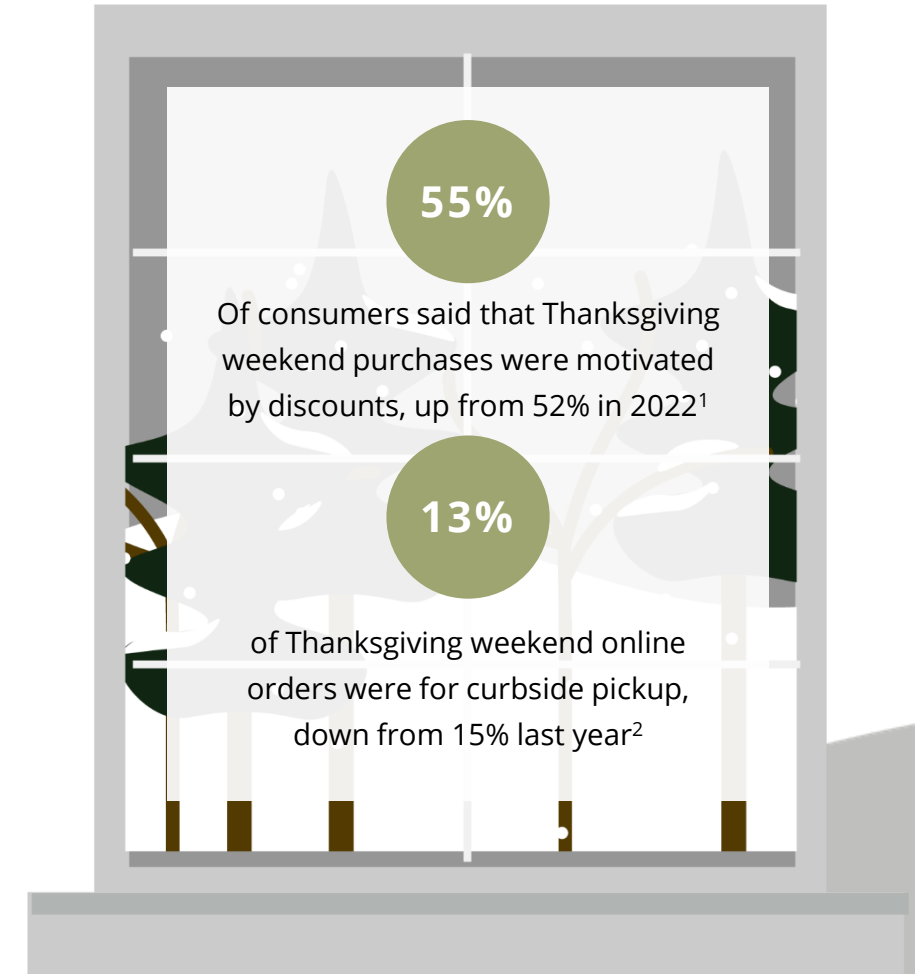
CYBER MONDAY	
6.9% DESKTOP	3.5% MOBILE

While consumers shifted their online shopping preference to smartphones, the **average order size and conversion rate remain higher for online shopping via desktop**

1) Adobe, 2) Adobe



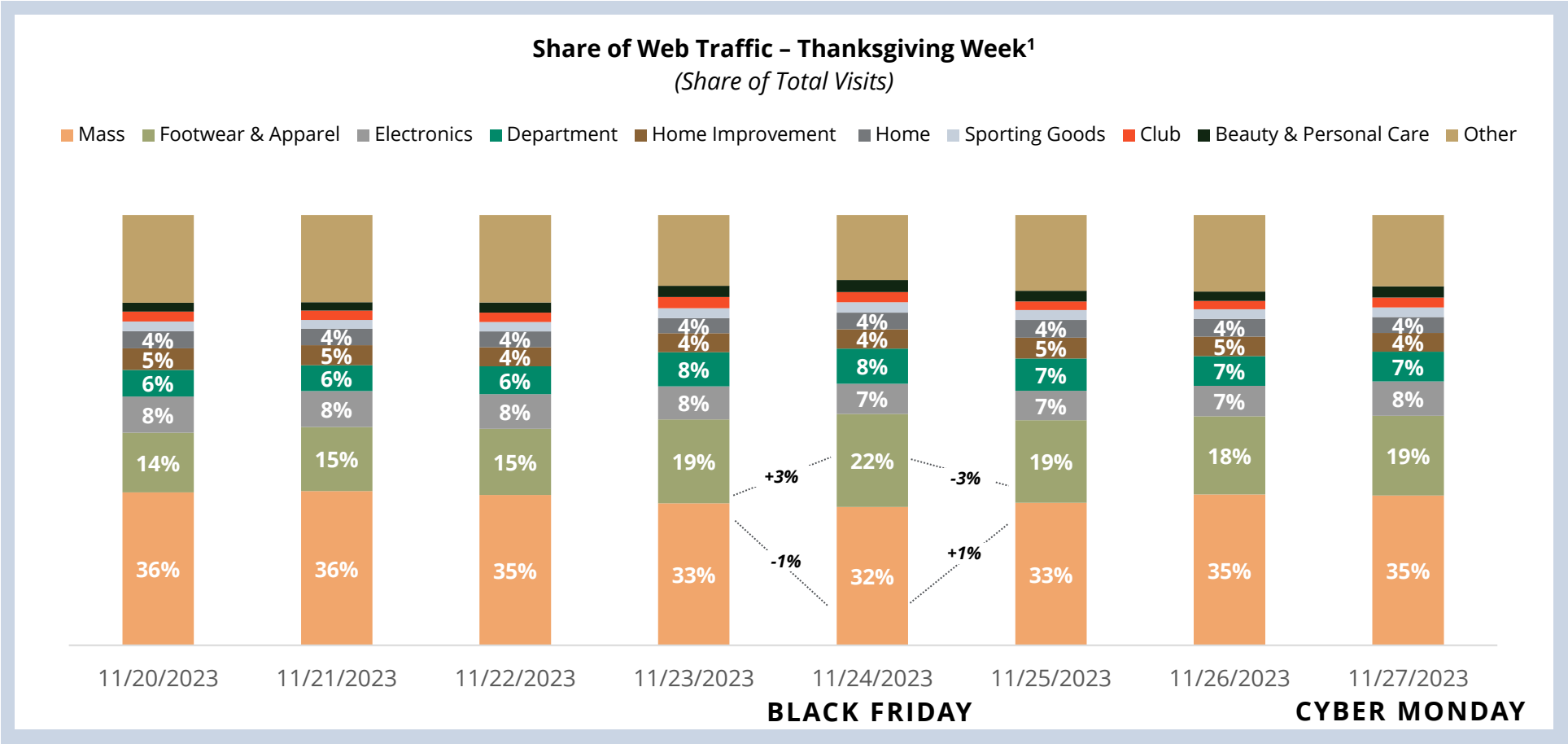
While Black Friday is still the busiest shopping day of the weekend in terms of overall traffic, more consumers visited stores online than in store



1) NRF Consumer Survey, 2) Adobe Analytics

THANKSGIVING WEEKEND RESULTS

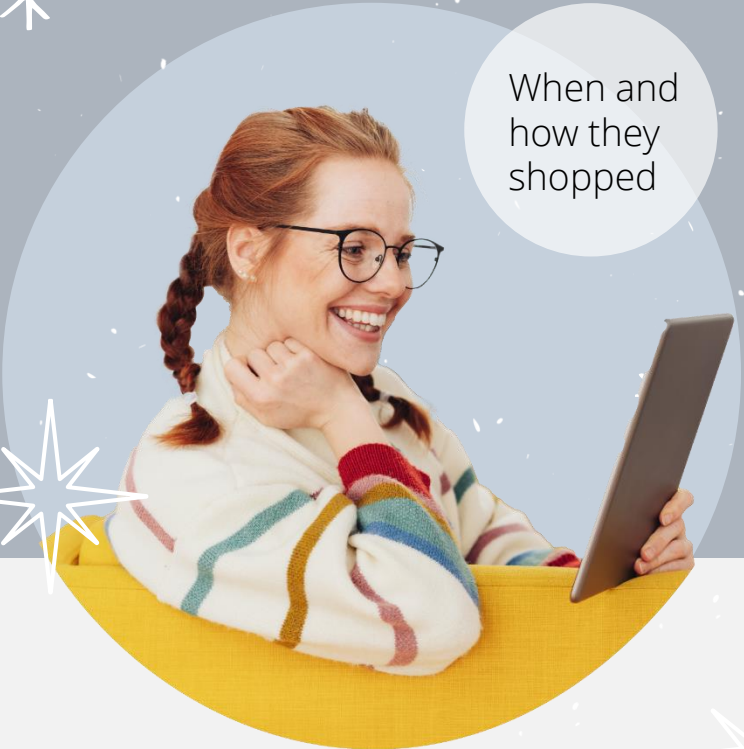
As expected, Mass retailers captured the most web traffic throughout the week



The highest share of web traffic for footwear and apparel retailers **hit 22%** this Thanksgiving week, after **last year saw a 21%** share high


1) SimilarWeb Internet Traffic Analytics Data, Deloitte Analysis

We analyzed the holiday through three distinct lenses




When and
how they
shopped

CONSUMERS



Where and
what they
bought

RETAILERS



Who and
what made
it possible

INFRASTRUCTURE







Consumers

Holiday shopping as early as October has become the new normal, driven by retailers offering early discounts



HOLIDAY SHOPPING TIMELINE

October 2023						
S	M	T	W	Th	Fr	Sa
1	2	3	4	5	6	7
Circle Week ¹						
8	9	10	11	12	13	14
Prime Day ² Deals Holiday Kickoff ³						
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				
						

November 2023						
S	M	T	W	Th	Fr	Sa
			1	2	3	4
5	6	7	8	9	10	11
Pre-Black Friday Deals ⁴						
12	13	14	15	16	17	18
Pre-Black Friday Deals ⁴						
19	20	21	22	23	24	25
Weekend Deals ⁵						
26	27	28	29	30		
						



Super Saturday (the Saturday before Christmas) will be aided by an extra weekend shopping day with Christmas falling on a Monday⁶

1) Wired, 2) CBS, 3) Today, 4) BlackFriday.com, 5) Amazon, 6) Marketing Dive, 7) NRF Consumer Survey, 8) Yahoo Finance

Early Holiday Shopping

Shoppers started early to spread their budgets this holiday season

85%

of consumers started their holiday shopping **prior to Thanksgiving weekend**⁷

48%


of consumers said they have **no more items** on their list⁷

Nearly three-quarters (73%) of Thanksgiving weekend shoppers planned their shopping a few days before the weekend, with 28% saying they planned weeks in advance⁸

CONSUMERS


Direct sales through social media platforms drove a small but growing share of Thanksgiving weekend sales

Overall consumer sentiment **was positive** on social media throughout Thanksgiving weekend.



THE POSTS

There were over **2.3 million social media posts** made about holiday shopping between Black Friday and the Sunday before Cyber Monday¹



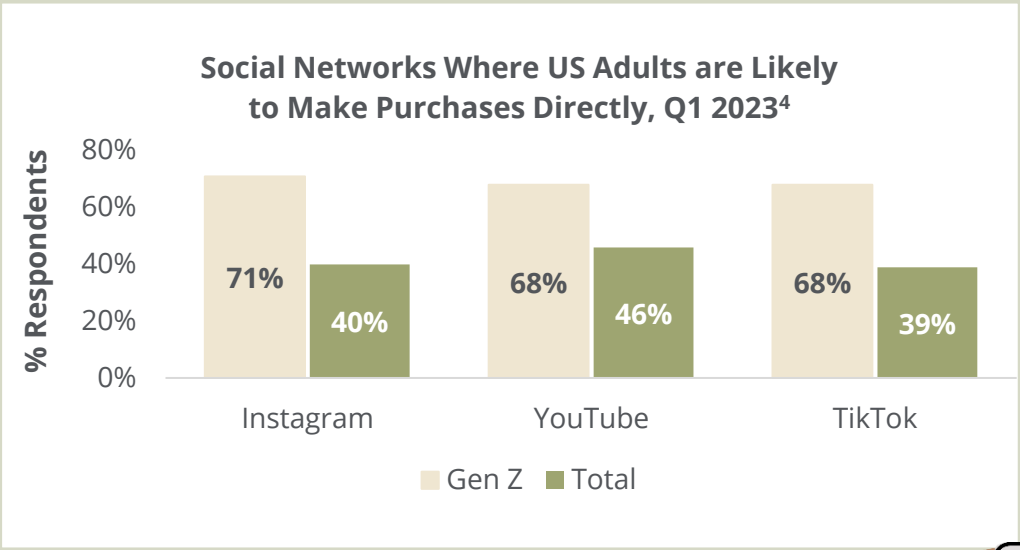
WERE POSITIVE

Half of the holiday social media posts were favorable, and about a third, (32%) were indifferent¹

While revenue over the holiday weekend was influenced by social media channels, direct sales through the platforms represented **less than 5% of total sales**, up 6% YoY²

34%

Of consumers said that they **planned to use social media** for their holiday shopping, on par with 34% in 2022, and up from 28% in 2021³



1) Retail Dive, 2) Adobe, 3) Deloitte Holiday Survey, 4) Insider Report



Buy Now Pay Later services were utilized more heavily this year than last year, supporting a consumer base that is more debt-laden than ever before



High levels of consumer debt...

Total credit card debt in Q3 2023 rose to a record high of nearly \$1.8T¹, and credit card **interest rates** rose to record high of nearly 30%²

On top of growing consumer debt, **student loan repayments resumed in the month of October**, leading **43.5M Americans** to resume making payments on nearly **\$1.7T in total student loan debt**³

...fueled a fast-growing financing method

BNPL services saw a **42.5% YoY increase** in Cyber Monday sales, making up nearly **\$940M of total online sales** (~7.5% of total Cyber Monday sales)⁴

Millennials had the **largest BNPL adoption pre-Thanksgiving weekend**⁵, and likely played the largest role in the bump in usage over Thanksgiving weekend

The largest publicly traded BNPL provider **saw a 24% increase in stock price** from close of business on Black Friday to close of business on the following Tuesday⁶

1) ABC News, 2) CBS News, 3) CNN, 4) Bloomberg, 5) Pymnts, 6) CNBC

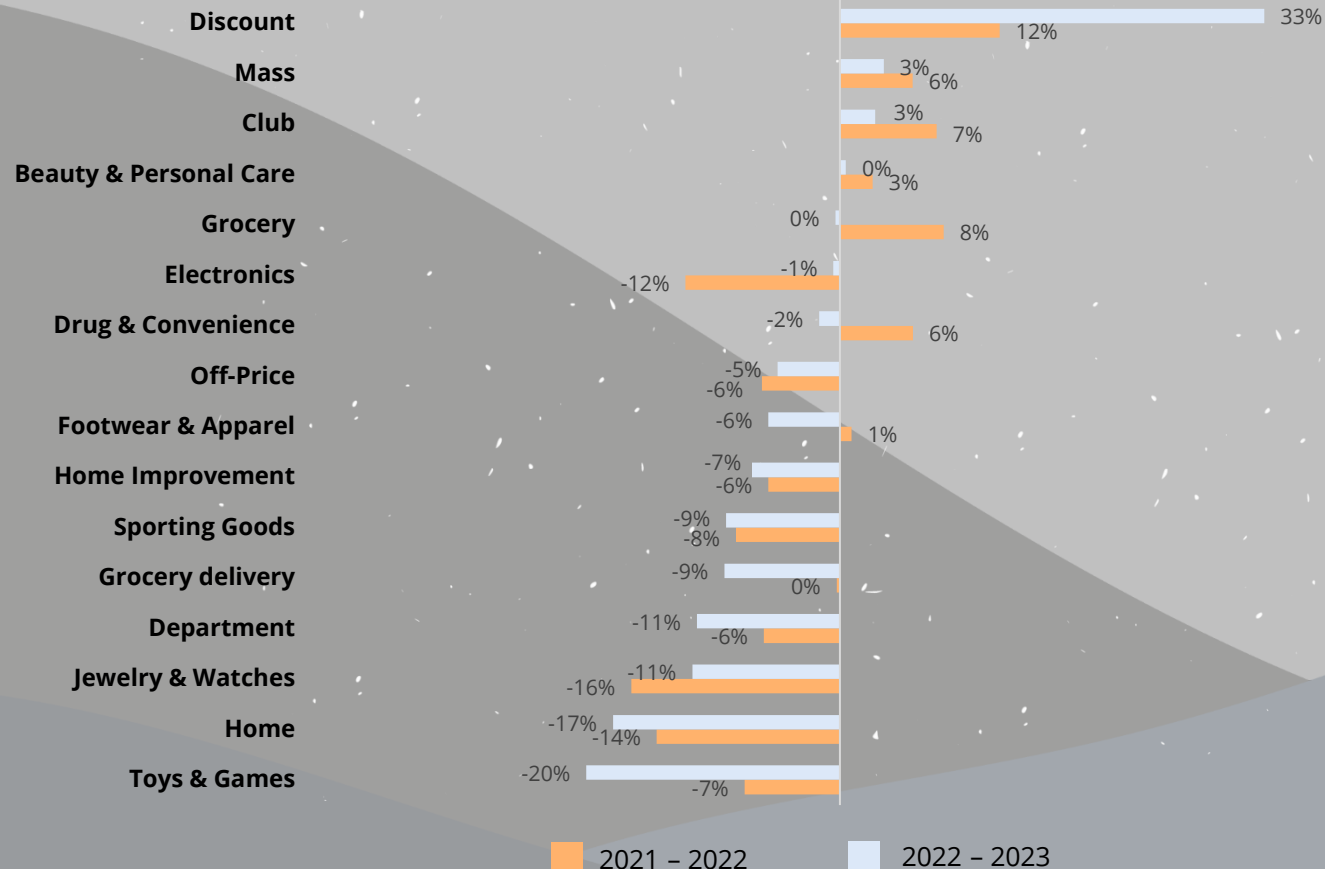


Retailers

Consumer spend declined across most subsectors, but saw significant growth in Discount

YoY % Growth by Retail Subsector¹

October - November, 2021 - 2023



Discount outpaced other retailers in growth, **at 33% YoY**, as consumers searched for deals and bargains amid continued economic pressures

Discount, Mass, Club, and Beauty & Personal Care were the only subsectors that saw **increased spend YoY**, indicative of price increases and consumers paying more

Non-discretionary subsectors grew or stayed flat while discretionary subsectors continued to decline – **not necessarily by consumer choice**

¹) Affinity Solutions, Inc. – Deloitte InSightIQ Analysis; inclusive of inflationary impacts

Discount channels saw strong holiday growth due to changing market conditions, building on momentum from earlier in the year

FAVORABLE EXTERNAL TRENDS

72% of consumers said the cost of product is the most important consideration when choosing where to shop¹

Major value channel players reported new opportunities to engage directly with CPGs with decreased demand at traditional retailers²

Consumers making above \$100k are 15% more likely to purchase from a dollar store than last year, indicating a decrease in stigma around discount shopping across income brackets³

1) Oracle, 2) Biz Journals, 3) PYMNTS, 4) Financial Times, 5) ModernRetail

*Value channel is inclusive of both traditional dollar stores & off-price retailers who purchase inventory at a discount from other retailers & CPGs.

VALUE* CHANNEL GROWTH



Discount stores have a **larger footprint than ever before** to reach holiday shoppers⁴

YoY Comparable Store Growth for Off-Price Retailers, Q3 2023
(representative sample of largest off-price retailers)

Off-price retailers showed explosive growth heading into the holiday season, closing Q3 2023 with strong comparable store growth⁵



RETAILERS

While some retailers and consumers are using generative AI to enhance holiday shopping this year, widespread impact will have to wait until future years

RETAILERS

Generative AI has allowed retailers to expand their services and experiences...

Small Business Support Tools¹

A major technology provider launched an AI-powered Product Studio that will allow small businesses to create experimental scenes for products using generative AI; using this tool, users can **place products in various holiday images** to spread cheer

Holiday Greeting Cards²

A major specialty retailer launched a holiday-themed virtual store featuring an AI card generator; **customers only need to answer a few holiday themed questions and will receive a custom greeting card** based on their answers

Custom Gift Recommendations³

A leading omnichannel retailer launched an AI gift recommendation tool as part of its online holiday campaign; customers can type in the gift recipients name and their personal interests to **generate a custom poem with personal gift recommendations**

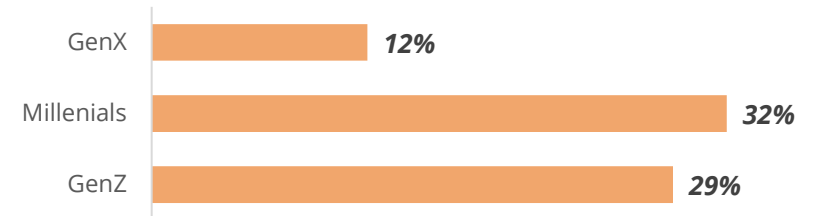
Many small to mid-size retailers planned to use generative AI to **develop marketing materials (44%), customize shopper experiences (43%), and enhance their analytical capabilities (39%)⁴**

52% of surveyed retailers said they would integrate **generative AI in their contact center** this season⁵

CONSUMERS

...and to simplify customers' holiday shopping experiences

Projected Generative AI Usage by Generation⁶



16% of consumers plan to use generative AI for their holiday shopping this year⁶

Users of generative AI plan to use it for...⁶

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

1) Retail Dive, 2) Retail Dive, 3) Retail Dive, 4) Business Wire, 5) Chain Storage, 6) Deloitte 2023 Holiday Retail Survey





Infrastructure

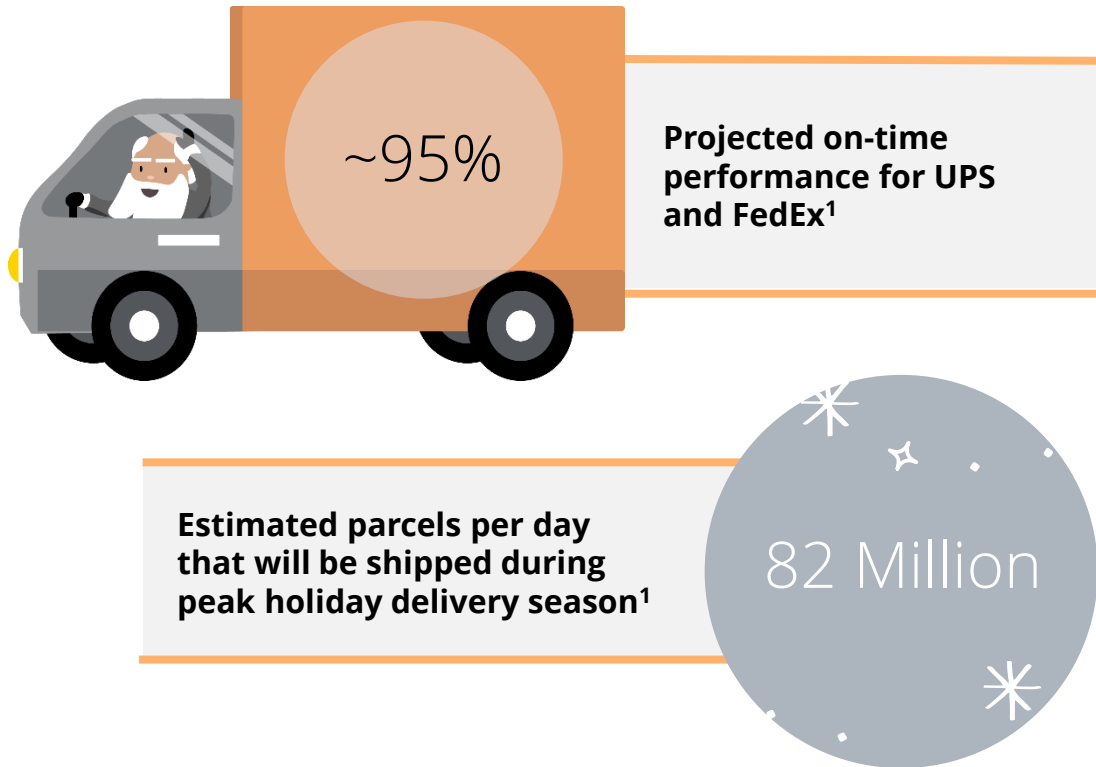
The retail industry is expected to hire fewer seasonal employees than in previous years



1) ChallengerGray, 2) NBC News

Carrier performance is set to remain strong as customer expectations stay high

Once again, customers can trust the top carriers to deliver their packages on-time



Standard delivery reigned supreme over Thanksgiving weekend, and quality remains a key differentiator

CONSUMERS ARE IN NO RUSH

80% of online orders made during Thanksgiving weekend had **standard shipping selected** at check-out²

QUALITY IS IMPORTANT

74% Consumers who said that **their trust in a carrier to deliver their packages** influenced where they chose to do their online shopping³

FEES ARE A DETERRENT

50% Consumers who will decide **not to buy what's in their shopping carts** when alerted that they must pay for shipping⁴

1) Yahoo Finance, 2) Adobe, 3) Shipt, 4) Deloitte 2023 Retail Industry Outlook

THE TAKEAWAY

With great anticipation, we wait to see if the holiday season matches industry analysts' expectations

What to watch for the rest of the holiday season

Economic Pressures

In a time of economic recession and high inflation without a clear end, how will retailers keep stores afloat with fewer employees on the floor while balancing rising cost of goods amid low willingness to pay among consumers? In addition, dwindling savings, rising debt, and the upcoming 2024 presidential election could mean further consumer and economic uncertainty.

Pricing & Promotions

Holiday deals and promotions will likely continue to drive spending, but how will retailers compete and differentiate themselves in other ways? With price becoming a stronger loyalty driver for customers, will they flex on timing – potentially waiting for post-holiday clearance sales to buy holiday favorites?

Stores

With the continued growth of online shopping, what role will physical retailers play? As it gets closer to major holiday dates, will retailers draw shoppers in-store or push ecommerce with faster shipping? How will retailers leverage their physical location to drive customer choice and higher sales?

Evolution of Payments

With increasing usage of BNPL, will consumers address the negative financial impacts (e.g., potential credit score hit) or are we entering the era of buying everything on installment payments? As more players enter the space, how will providers and retailers differentiate their offerings? Will we see regulatory intervention given the proliferation?

*
Thank you!



Bobby Stephens

Principal
Deloitte Consulting
Indianapolis



Simon Chafetz

Senior Manager
Deloitte Consulting
Boston



Meghan Cole

Manager
Deloitte Consulting
Boston



Kate Christian

Senior Consultant
Deloitte Consulting
Dallas



Simran Nijhawan

Specialist
Deloitte Consulting
San Francisco



Jen Spadaro

Consultant
Deloitte Consulting
New York



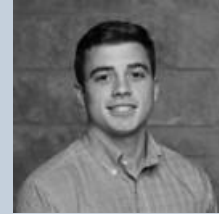
Evan Stavig

Analyst
Deloitte Consulting
Chicago



Alyssa Casale

Consultant
Deloitte Consulting
New York



Christian Sottosanti

Consultant
Deloitte Consulting
New York



Kenzie Fowler

Analyst
Deloitte Consulting
Charlotte



Michelle Qin

Analyst
Deloitte Consulting
Los Angeles

*
This publication contains general information only, and none of the member firms of Deloitte Touche Tohmatsu Limited, its member firms, or their related entities (collective, the "Deloitte Network") is, by means of this publication, rendering professional advice or services. Before making any decision or taking any action that may affect your business, you should consult a qualified professional adviser. No entity in the Deloitte Network shall be responsible for any loss whatsoever sustained by any person who relies on this publication.

As used in this document, "Deloitte" means Deloitte Consulting LLP, a subsidiary of Deloitte LLP. Please see www.deloitte.com/us/about for a detailed description of the legal structure of Deloitte USA LLP, Deloitte LLP and their respective subsidiaries. Certain services may not be available to attest clients under the rules and regulations of public accounting.

Copyright © 2023 Deloitte Development LLC.
All rights reserved. Member of Deloitte Touche Tohmatsu Limited