Deloitte’s 2013 Annual Holiday Survey
Naughty or nice?
How will retail sales fare this holiday season?

October 2013
### 2013 holiday survey themes

<table>
<thead>
<tr>
<th>Economic outlook and spending</th>
<th>Holiday shopping: what, when, where, how</th>
<th>Technology and social media influence</th>
<th>Online vs. in-store/ shopping locally</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="image1.png" alt="Economic outlook image" /></td>
<td><img src="image2.png" alt="Holiday shopping image" /></td>
<td><img src="image3.png" alt="Technology and social media influence image" /></td>
<td><img src="image4.png" alt="Online vs. in-store image" /></td>
</tr>
<tr>
<td><strong>•</strong> There is a rise in confidence in 2013 versus 2012 — on the economy, household finances and job security.</td>
<td><img src="image5.png" alt="Gift cards/certificates and clothing remain the top gift ideas, yet both categories are dropping in popularity." /></td>
<td><img src="image6.png" alt="Smartphone ownership has grown nearly 20% since 2011." /></td>
<td><strong>•</strong> Nearly six in 10 expect to use self-help technologies in-store when holiday shopping — price checkers and self-checkout most commonly used.</td>
</tr>
<tr>
<td><strong>•</strong> This more positive outlook is leading to higher expected gift buying and holiday spending in general. Total holiday spending is expected to increase 12% over 2012.</td>
<td><strong>•</strong> Respondents are most likely to want to receive cash this holiday season.</td>
<td><strong>•</strong> 68% of smartphone owners and 63% of tablet owners will use their devices to help them shop this holiday season.</td>
<td><strong>•</strong> Consumers show more willingness to stay with the same retailer if a product is out-of-stock in-store, whereas they are less loyal if the product is unavailable at the store’s website.</td>
</tr>
<tr>
<td><strong>•</strong> Additionally, the expected number of gifts has leveled off after years of decline.</td>
<td><strong>•</strong> Top locations shopped are Internet (No. 1 for first time in survey’s history) and discount/value dept. stores.</td>
<td><strong>•</strong> Smartphones will be used more for finding store locations and tablets more to shop/browse.</td>
<td><strong>•</strong> Shopping “local” will be done by 66% of respondents, mostly to support the local economy or to find unique gifts.</td>
</tr>
<tr>
<td><strong>•</strong> Nearly four in 10 will do the majority of their holiday shopping in December or later.</td>
<td><strong>•</strong> Nearly four in 10 will do the majority of their holiday shopping in December or later.</td>
<td><strong>•</strong> Almost half (45%) will use social media to assist in shopping (no change from 2012).</td>
<td><strong>•</strong> Shopping “local” will be done by 66% of respondents, mostly to support the local economy or to find unique gifts.</td>
</tr>
</tbody>
</table>
Economic outlook and spending
Consumers’ intentions to spend “less” are at the lowest levels in seven years

Consumers’ expected holiday spending change from prior year
Optimism is rising, as fewer respondents feel we are “still in a recession”

Opinion of current economy
Increased confidence is resulting in higher expected holiday spending; predicted gift spending alone is +9%

Consumers’ expectations for holiday spending on:

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gifts</td>
<td>$386</td>
<td>$421</td>
<td>9%</td>
</tr>
<tr>
<td>Socializing away from home</td>
<td>$242</td>
<td>$270</td>
<td>12%</td>
</tr>
<tr>
<td>Entertaining at home</td>
<td>$149</td>
<td>$159</td>
<td>7%</td>
</tr>
<tr>
<td>Non-gift clothing for family or yourself</td>
<td>$119</td>
<td>$136</td>
<td>14%</td>
</tr>
<tr>
<td>Home/holiday furnishings</td>
<td>$65</td>
<td>$81</td>
<td>25%</td>
</tr>
<tr>
<td>Any other holiday-related spending not listed above</td>
<td>$74</td>
<td>$87</td>
<td>18%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$1,035</td>
<td>$1,154</td>
<td><strong>12%</strong></td>
</tr>
</tbody>
</table>
Both wealthy and non-wealthy households are predicting higher spending amounts versus last year

Consumers’ expectations for holiday spending:

<table>
<thead>
<tr>
<th></th>
<th>2013 household income:</th>
<th>2012 household income:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>&lt;$100K</td>
<td>$100K+</td>
</tr>
<tr>
<td>Gifts</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$319</td>
<td>$771</td>
</tr>
<tr>
<td>Socializing away from home</td>
<td>$170</td>
<td>$612</td>
</tr>
<tr>
<td>Entertaining at home</td>
<td>$128</td>
<td>$264</td>
</tr>
<tr>
<td>Non-gift clothing for family</td>
<td>$109</td>
<td>$228</td>
</tr>
<tr>
<td>Home/holiday furnishings</td>
<td>$59</td>
<td>$157</td>
</tr>
<tr>
<td>Any other</td>
<td>$69</td>
<td>$151</td>
</tr>
<tr>
<td>Total</td>
<td>$854</td>
<td>$2,183</td>
</tr>
</tbody>
</table>
Smartphone users and omni-channel shoppers (mobile, store, Internet) have even higher spending expectations

Consumers’ expectations for holiday spending on:

<table>
<thead>
<tr>
<th>Respondents that own and will use smartphones to assist in holiday shopping</th>
<th>Will not use smartphone to assist in holiday shopping and all non-smartphone owners</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gifts</td>
<td>$480</td>
</tr>
<tr>
<td>Total*</td>
<td>$1,494</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Shop mobile, store, Internet combined</th>
<th>Shop stores only</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gifts</td>
<td>$558</td>
</tr>
<tr>
<td>Total*</td>
<td>$1,643</td>
</tr>
</tbody>
</table>

Total includes the following categories: “gifts,” “socializing away from home,” “entertaining at home,” “non-gift clothing for family or yourself,” “home/holiday furnishings,” and “any other holiday-related spending not listed.”
The decrease in expected number of gifts given has leveled off

Average number of gifts, including gift cards, expected to be purchased

- 43% will purchase gift cards
- 34% who plan to buy gift cards/certificates plan to buy digital gift cards
Holiday shopping: what, when, where and how
Gift cards and clothing are the top gifts consumers expect to purchase, however both have seen a drop

Percentage of consumers surveyed who expect to purchase each item this holiday season

<table>
<thead>
<tr>
<th>Top 10 gifts consumers plan on buying</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gift cards or gift certificates</td>
<td>43%</td>
</tr>
<tr>
<td>Clothing</td>
<td>42%</td>
</tr>
<tr>
<td>Books</td>
<td>30%</td>
</tr>
<tr>
<td>Money (Cash or check)</td>
<td>27%</td>
</tr>
<tr>
<td>Games, Toys, Dolls, etc.</td>
<td>27%</td>
</tr>
<tr>
<td>Food/Liquor</td>
<td>26%</td>
</tr>
<tr>
<td>CDs or DVDs or Blu Rays for movies or music</td>
<td>24%</td>
</tr>
<tr>
<td>Cosmetics/fragrances/health &amp; beauty aids</td>
<td>19%</td>
</tr>
<tr>
<td>Jewelry</td>
<td>18%</td>
</tr>
<tr>
<td>Games - Computer/video only</td>
<td>16%</td>
</tr>
</tbody>
</table>

Electronics (NET)*

34%

Gift cards still at the top, but down to 43% from a high of 69% in 2007
Cash ranks No. 1 as the gift respondents would like to receive at 37%

*Electronics category is comprised of home/personal/car electronics, computers and tablets, game consoles and video games
Coupons/promotions will play an important role in influencing holiday spending, more so among higher income households.

What percentage of your total holiday spending will be influenced by any coupons and promotional offers?

- **None**: 27%
- **1-25%**: 35%
- **26-50%**: 21%
- **51-75%**: 6%
- **Over 75%**: 11%

73% will be influenced by coupons/promotional offers.

<table>
<thead>
<tr>
<th>Income</th>
<th>&lt;$100K</th>
<th>$100K+</th>
</tr>
</thead>
<tbody>
<tr>
<td>71%</td>
<td>79%</td>
<td></td>
</tr>
</tbody>
</table>
57% expect to change how they shop to save money (vs. 63% in 2012); the top strategy of buying on sale will be less frequent

How will these respondents change to save money?

- Buy more items "on sale": 66% in 2012, 57% in 2013 (-9 vs. 2012)
- Go online more - to find better prices, coupons, deals, etc.: 49% in 2012, 47% in 2013 (-2 vs. 2012)
- Buy more lower-priced items: 51% in 2012, 44% in 2013 (-7 vs. 2012)
- Use more store coupons: 49% in 2012, 41% in 2013 (-8 vs. 2012)

Responses under 41% not shown
Consumers are looking for convenience this year — which might mean free shipping, free returns, price matching and extended store hours.

Retail offerings that respondents will take advantage of this holiday season:

<table>
<thead>
<tr>
<th>Offer</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Free shipping</td>
<td>71%</td>
</tr>
<tr>
<td>Free returns</td>
<td>47%</td>
</tr>
<tr>
<td>Price matching</td>
<td>44%</td>
</tr>
<tr>
<td>Extended holiday hours (open early/close late)</td>
<td>36%</td>
</tr>
<tr>
<td>Order online/pick up in-store</td>
<td>35%</td>
</tr>
<tr>
<td>Free layaway</td>
<td>13%</td>
</tr>
</tbody>
</table>
For the first time, “Internet” ranks No. 1 on the list of venues respondents expect to shop; “discount/value department stores” show the biggest drop among venues

Percentage of respondents who expect to shop at each venue this holiday season

- Internet (including auction sites) 47%
- Discount/Value department stores 44% (-7 vs. 2012)
- Traditional department stores 28%
- Electronics/Office supply/Computer stores 21%
- Off-price stores 21%
- Warehouse membership clubs 20%
- Toy stores 20%
- Outlet stores/centers 20%
- Restaurants/fast food establishments 17%
- Home improvement stores 15%
- Sporting goods stores 14%
- Low-price dollar stores 14%
- Specialty clothing stores 13%
- Drug stores 13%
- Supermarkets 13%

Responses under 13% not shown

4.5 — average number of venues consumers expect to shop this year (similar to 2012)*

* Among those who expect to shop at venues
In 2013, “Internet” surpasses “discount/value department stores” on the list of venues respondents expect to shop

Percentage of respondents who expect to shop at each venue this holiday season

- Discount/Value department stores
- Internet (including auction sites)

- 2009: 59%
- 2010: 58%
- 2011: 48%
- 2012: 51%
- 2013: 47% (-7 vs. 2012)
Among those shopping online, 38% say they will spend the majority online.

Among the 47% shopping on the Internet — What percentage of your total holiday budget do you expect to spend online?

38% will spend majority online
Nearly four in 10 will do the majority of their holiday shopping in December or later, but three in 10 will do it before Thanksgiving.

Which one of these days or months do you expect to do the majority of your holiday shopping this year?

- Have already started: 6%
- October: 8%
- Early November: 15%
- Black Friday: 11%
- Cyber Monday: 6%
- Late November: 17%
- December: 32%
- January: 5%

45% don't rely on shopping on Black Friday or Cyber Monday as much as they used to for holiday shopping.
Technology and social media influence
Smartphone ownership increases nearly 20 percentage points in two years

- + 19 vs. 2011
- + 11 vs. 2012

[Diagram showing smartphone ownership percentage increase from 42% in 2011 to 50% in 2012 to 61% in 2013]
Among smartphone owners, nearly seven in 10 (68%) will use their device for holiday shopping — and for many uses.

Among those who will use a smartphone for holiday shopping — In which of the following ways will you use it?

- Get store locations: 56%
- Check/compare prices: 54%
- Get product information: 47%
- Shop/browse online: 45%
- Read reviews: 44%
- Check product availability in a store or website: 40%
- Get/use discounts, coupons, sales information: 36%
- Scan product barcodes to find more product information: 32%
- Make a purchase online: 31%
- Access social networks: 29%
- Get text messages or exclusive deals from retailers: 24%

Responses under 24% not shown.
Almost two-thirds (63%) of tablet owners plan to use it for holiday shopping.

Total own a tablet: 38%

Among those who will use a tablet for holiday shopping —
In which of the following ways will you use it?

- Shop/browse online: 69%
- Check/compare prices: 58%
- Get product information: 58%
- Read reviews: 57%
- Make a purchase online: 52%
- Check product availability in a store or website: 47%
- Get store locations: 44%
- Access social networks: 30%
- Get/use discounts, coupons, sales information: 30%

Responses under 30% not shown
Nearly half of all respondents will use social media to assist with their holiday shopping

Will social media be part of your holiday shopping process?

**YES = 45%**

No change vs. 2012

<table>
<thead>
<tr>
<th>Of those planning to use social media for holiday shopping: Why?</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Research gift ideas</td>
<td>48%</td>
</tr>
<tr>
<td>To find discounts</td>
<td>44%</td>
</tr>
<tr>
<td>Read reviews, “likes”, or recommendations</td>
<td>40%</td>
</tr>
<tr>
<td>Browse products</td>
<td>37%</td>
</tr>
<tr>
<td>Check what gifts family/friends want</td>
<td>35%</td>
</tr>
<tr>
<td>Post comments/share links</td>
<td>25%</td>
</tr>
<tr>
<td>Go to retailer’s fan page</td>
<td>21%</td>
</tr>
</tbody>
</table>
Online vs. in-store/shopping locally
“Free shipping” more likely to lead respondents to online shopping, whereas “ease of returns” more likely to lead to in-store shopping

Which aspects lead you to…

![Bar chart showing the likelihood of various factors leading to online or in-store shopping.

- **Free shipping**: 66% more likely to lead to online shopping, 21% no difference, 13% more likely to lead to in-store shopping.
- **Ease of shopping**: 57% more likely to lead to online shopping, 26% no difference, 17% more likely to lead to in-store shopping.
- **Wide merchandise selection**: 52% more likely to lead to online shopping, 30% no difference, 17% more likely to lead to in-store shopping.
- **Speed of shopping or checkout**: 51% more likely to lead to online shopping, 33% no difference, 16% more likely to lead to in-store shopping.
- **Low prices**: 51% more likely to lead to online shopping, 32% no difference, 18% more likely to lead to in-store shopping.
- **Ease of returns**: 21% more likely to lead to online shopping, 38% no difference, 41% more likely to lead to in-store shopping.
- **Loyalty programs**: 20% more likely to lead to online shopping, 60% no difference, 20% more likely to lead to in-store shopping.
- **Assistance (either online or in-store)**: 15% more likely to lead to online shopping, 56% no difference, 29% more likely to lead to in-store shopping.
Sales associates should be knowledgeable about products and offers … however more consumers feel they are actually better connected than sales associates.

Consumers’ expectations of interactions with store associates

- **Be knowledgeable about products**: 65%
- **Help me check out quickly**: 62%
- **Let me know about discounts/offers**: 54%
- **Greet me promptly with a welcoming attitude**: 44%
- **Has the ability to match any other retailer’s prices**: 35%
- **Assist me with finding gifts**: 25%

In general, do you feel you are better connected to consumer information, including coupons, competitive pricing, and product availability than store associates are? 

**YES = 59%**
While in a store, a knowledgeable associate can make the difference

During the holidays, more likely to purchase in-store from a retailer offering …

- 37% prefer shopping in the physical store rather than online for holiday products
- 32% feel store associates can provide customers a better shopping experience when equipped with the latest mobile technologies
If using a self-help technology in-store, “price checkers” and “self-checkout” are the ones most expect to use

Will use self-help technologies: 58%

Among those planning to use self-help technologies in-store, here is what they plan to use

- Price checker: 60%
- Self-checkout payment lanes: 57%
- Retailer's mobile app: 17%
- Information kiosks (e.g., access to the retailer's website): 16%
- Mobile payment (e.g., paying via a phone, tablet or laptop): 13%
- Handheld product scanner: 12%
- Digital signage: 11%
- Video screens demonstrating products: 10%
- Electronic shelf labeling: 9%
If a product is not available on the store’s website, only a few will stay with that retailer — three-quarters would go to another store, either online or in-person.

If the product wasn’t available on a store’s website, which would you most likely do first?

- Go online to another store’s website: 34%
- Go online to another website (search engines, price comparison sites): 34%
- Go to another store in-person (different chain/name): 9%
- Go to same store in-person (same chain/name): 13%
- Would not continue shopping for the product: 4%

77% Go elsewhere
If a product is not available **in-store**, almost half will go somewhere else, especially males and younger consumers.

If the product wasn’t available in the store, which would you most likely do first?

- Go to another location of the same store (same chain/name) or ask a store associate if another location has the item: 23%
- Go online to the same store's website: 24%
- Go to another store (different chain/name): 20%
- Go online to another website (search engines, price comparison sites): 18%
- Go online to another store's website: 7%
- Would not continue shopping for the product: 4%

**Store Loyalty**

47%

**No Store Loyalty**

45%

### Gender and Age Distribution

<table>
<thead>
<tr>
<th>Gender</th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>No Store Loyalty</td>
<td>51%</td>
<td>40</td>
</tr>
</tbody>
</table>

### Age Distribution

<table>
<thead>
<tr>
<th>Age</th>
<th>18–24</th>
<th>25–34</th>
<th>35–44</th>
<th>45–54</th>
<th>55+</th>
</tr>
</thead>
<tbody>
<tr>
<td>No Store Loyalty</td>
<td>50%</td>
<td>47%</td>
<td>42%</td>
<td>44%</td>
<td>43%</td>
</tr>
</tbody>
</table>
Among the two-thirds who “shop local,” the reasons center around supporting the local economy and finding unique gifts

Will you shop at local retail stores*?

YES = 66%

*Local retail stores are defined as small businesses, independent retailers, or boutique shops which are not part of national chains.

For what reasons will you shop at local retail stores?

- To support the local economy: 60%
- To find one-of-a-kind gifts: 53%
- It is more convenient: 44%
- Excellent customer service: 39%
- It is critical to the overall health of the U.S. economy: 30%
- Greater loyalty to the local retail store: 30%
- Special deals or offers from these local retailers: 26%
- Personal relationship with store owner: 19%
- Free services (i.e., gift wrapping): 18%

34% Average percentage of total holiday budget spent on local stores
The survey was commissioned by Deloitte and conducted online by an independent research company between September 13–23, 2013. The survey polled a national sample of 5,018 consumers and has a margin of error for the entire sample of plus or minus one percentage point.
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