

2022 Deloitte holiday retail survey

*Holiday spirit shines despite
economic pressures*



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Let's talk.



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EXECUTIVE SUMMARY

For 37 years, the annual holiday survey has provided insight into consumer sentiment as shoppers prepare for a season of socializing, gift-giving, and travel. The 2022 holiday season will likely be defined by the continued impact of inflation on the US economy and a shift in consumer priorities as consumers find ways to keep the holidays festive. Finances are taking a hit—37% of American households say their financial situation is worse than last year, and nearly three-quarters (73%) expect product prices to be higher this year.

But there are bright spots this season despite economic pressures. Holiday spirit (and spending) is alive and well: Overall spending in 2022 is expected to match 2021 levels, at \$1,455 per consumer. Another encouraging story comes from the low-income group, where stability brought on by wage growth has shoppers feeling more hopeful and returning to prepandemic spending levels.

Still, consumers are feeling the pinch of higher prices. They may be spending the same amount overall, but they are not spending the same way. Looking for ways to outsmart inflation, non-gift purchases are being reined in to keep the traditions of gift-giving and socializing alive. Consumers also plan to purchase fewer gifts while shifting more of their budget to gift cards. As a result, shopping will get wrapped up in a much shorter window.

Not only are consumers completing their shopping quickly, but they are also getting started earlier. After two years of managing holiday problems such as stockouts and extended delivery times, shoppers are not taking any chances. In fact, 38% plan to start shopping earlier than last year, while one-quarter of the holiday budget will likely be spent by the end of October.

As in previous years, online shopping is on track to dominate the season, but brick-and-mortar stores have a silver lining. Shoppers are warming up to in-person shopping, with 35% of the budget being spent in-store, up from a low of 28% in 2020.

While consumers grapple with rising costs this season, it is important to remember that many view the holidays as a time to celebrate with loved ones. In our travel survey, over half are ready to spend on travel and social events, motivated by reconnecting with friends and family.

The bottom line is that despite the obstacles, consumers will likely find ways to make the holidays special. And savvy retailers likely will be the ones who find ways to engage with evolving spending priorities to shine this holiday season.



Consumers make celebrating a priority

With household finances at the weakest level in a decade, consumers are cutting out non-essentials in order to give gifts and socialize; overall holiday spend is flat year over year.



Inflation shrinks shopping window

Looking for ways to outsmart inflation, customers plan to purchase 9 gifts (vs. 16 in 2021) and spend less time shopping (5.8 weeks vs. 6.4 in 2021).



Low-income regaining holiday cheer

After sitting out last year, low-income shoppers plan to spend 25% more year over year. Meanwhile, the high-income group is pulling back, especially in categories like electronics and home, where they spent heavily during the pandemic.



Shoppers off to early start

Shoppers plan to spend nearly a quarter of their budget in October (versus 18% in 2021) as concerns over inflation and stockouts motivate earlier shopping.

FINDINGS AT A GLANCE

Spend

37% report their financial outlook as worse when compared to last year (vs. 22% in 2021)

74% say they will spend more or the same on the holidays than last year (vs. 75% in 2021)

Consumers plan to spend \$1,455, similar year over year

Low-income plans to spend 25% more year over year; high-income cutting back by 7%

73% expect higher prices this year due to inflation

Categories

Consumers pulling back on non-gift items (-12%) to purchase gifts (+1%) and experiences (+7%)

Shoppers plan to buy 9 gifts (vs. 16 in 2021) as they navigate rising prices

Among retail categories, “gift cards and other” increase 7%, while other categories decline

Roughly 4 in 10 shoppers looking to buy sustainable holiday gifts

32% plan to buy resale items as a way to offset rising prices

Timing

38% plan to shop earlier this year

23% of holiday budgets will be spent by the end of October (vs. 18% in 2021)

49% plan to shop on key shopping event days, **with Black Friday (29%) and Cyber Monday (30%)** being the most popular

Formats

Shopping online takes home a 63% share, on par with the last two years

In-store shopping continues to rebound, growing from 28% in 2020 to 35% in 2022

Online retailers and mass merchants are the preferred holiday destinations (similar to 2021)

34% plan to use social media as part of their holiday journey (vs. 28% in 2021)

Key findings



Economic pressures set the stage for shifting holiday priorities

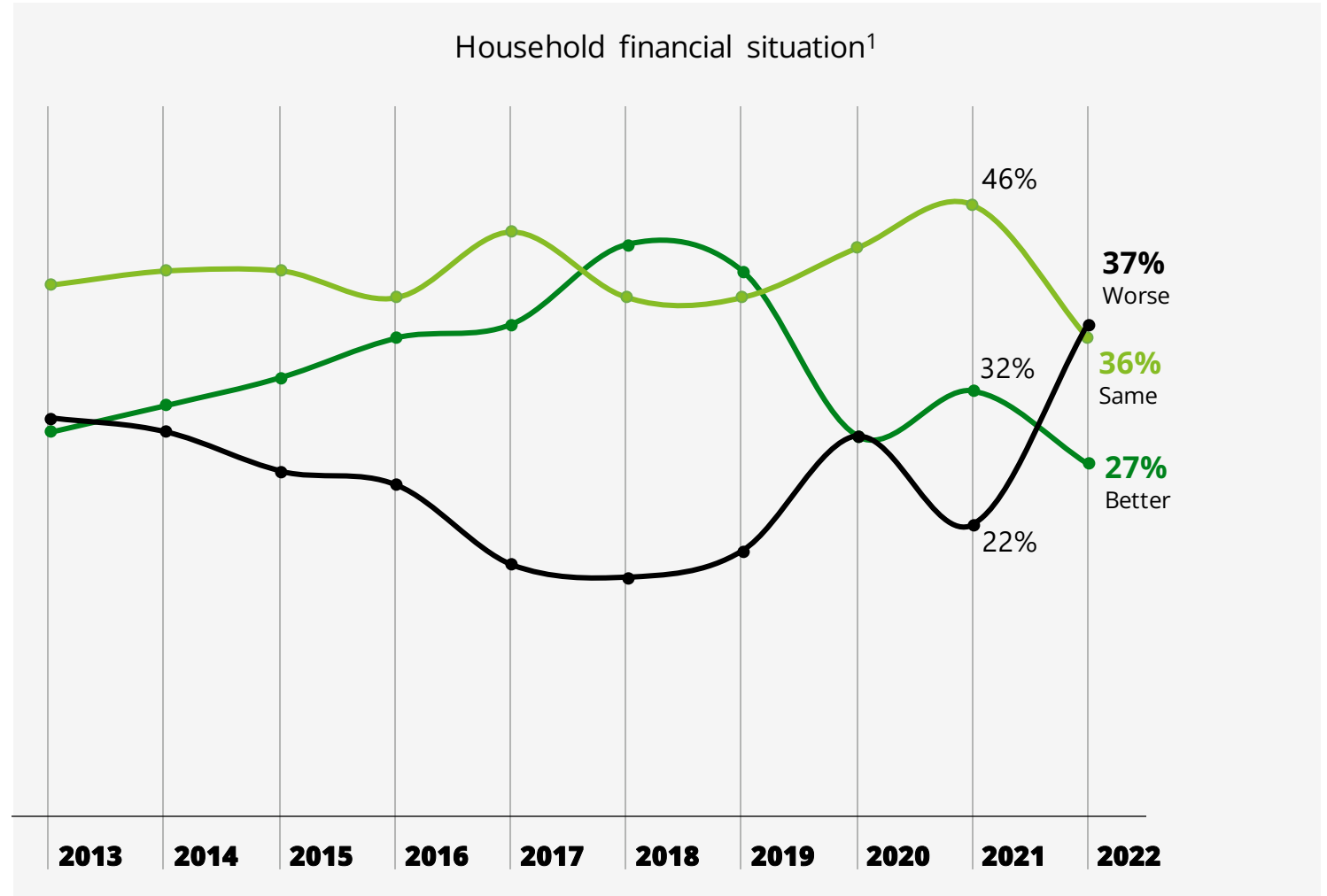
41%

Expect the economy to weaken next year²

vs. 33% in 2021, 27% in 2020

Questions: (1) "Thinking about your household's current financial situation, would you say it is...?"; (2) "In your opinion, what is your overall outlook for the US economy in 2023 compared with today? Would you say it will likely...?"
Note: Sample size (N)=4,013 (2020); 4,315 (2021); and 4,986 (2022).

More than one-third are in a worse financial situation this year and expect a weaker economy next year



Spending more or spending less: Rising prices are behind both

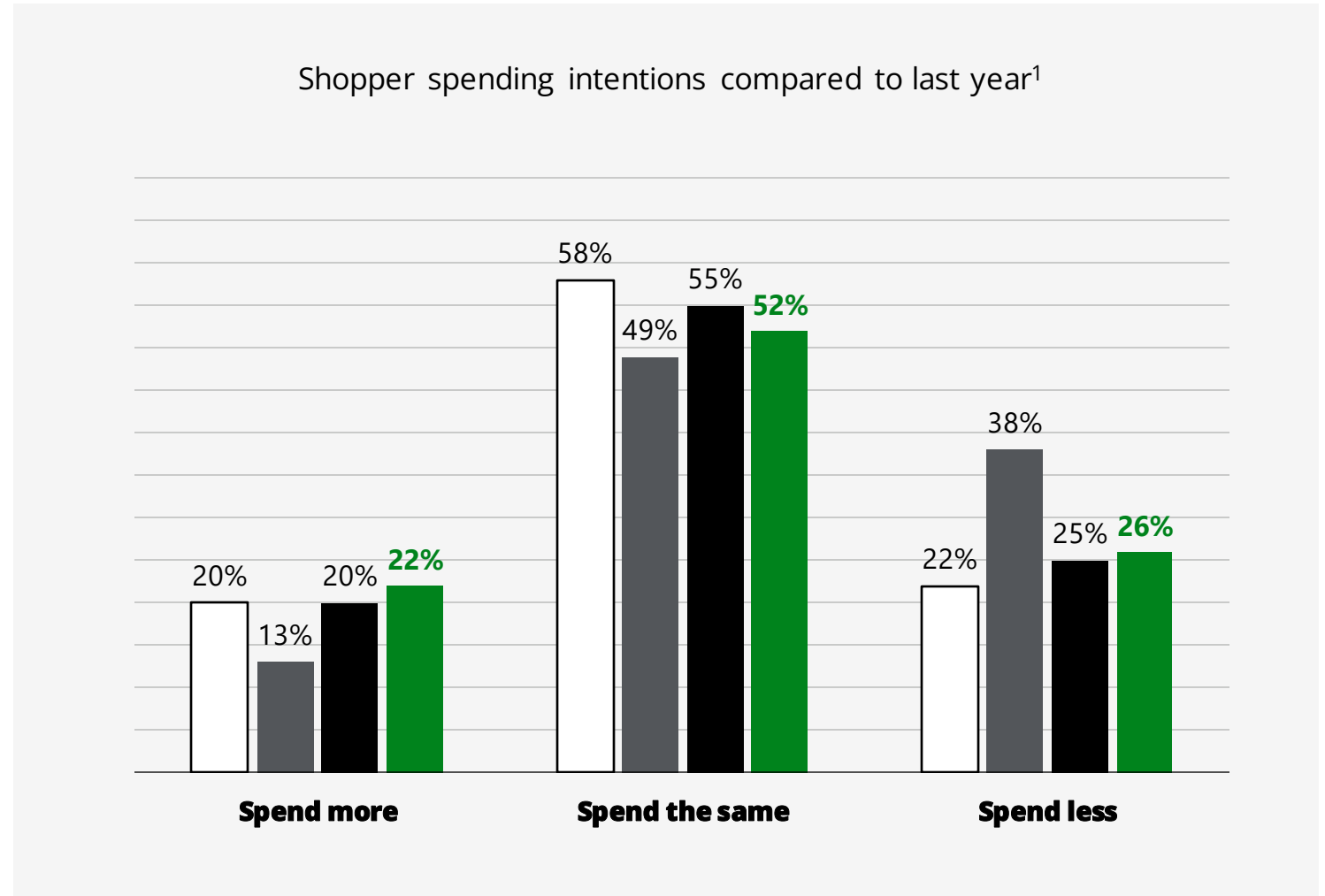
- 2019 ○
- 2020 ●
- 2021 ●
- 2022 ●

Of those spending more, 51% cite higher costs²
vs. 39% in 2021

Of those spending less, 66% cite higher costs³
vs. 67% in 2021

Questions: (1) "How will your total holiday spending compare with last year's holiday season?"; (2) "What are the reasons why you plan to spend more this year on the holidays?"; (3) "What are the reasons why you plan to spend less this year on the holidays?"
Note: Sample size (N)=4,410 (2019); 4,012 (2020); 4,315 (2021); and 4,986 (2022).

A higher number of shoppers say inflation is the reason they'll be spending more



But overall, consumers plan to maintain spending levels

RETAIL EXECUTIVES' VIEW

77% expect holiday sales to increase year over year

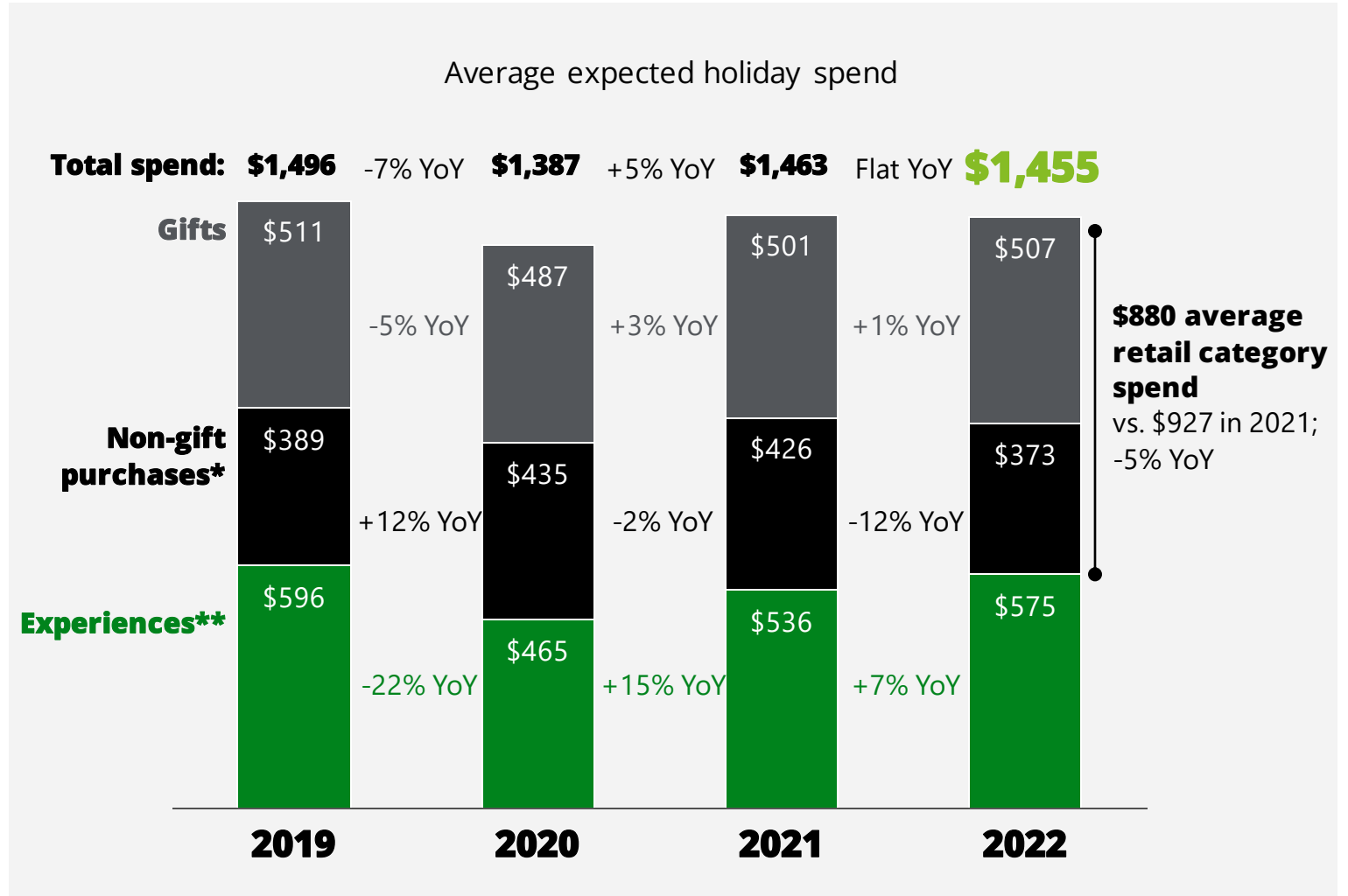
Questions: "How much do you expect you will spend during the upcoming year-end holiday season on each of the following items?"

Notes: Sample size (N)=4,410 (2019); 4,012 (2020); 4,315 (2021); and 4,986 (2022). All dollar values are in US dollar.

*Non-gift 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.

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=40).

Pulling back on non-gift purchases, consumers prioritize spending on shared experiences and gifts

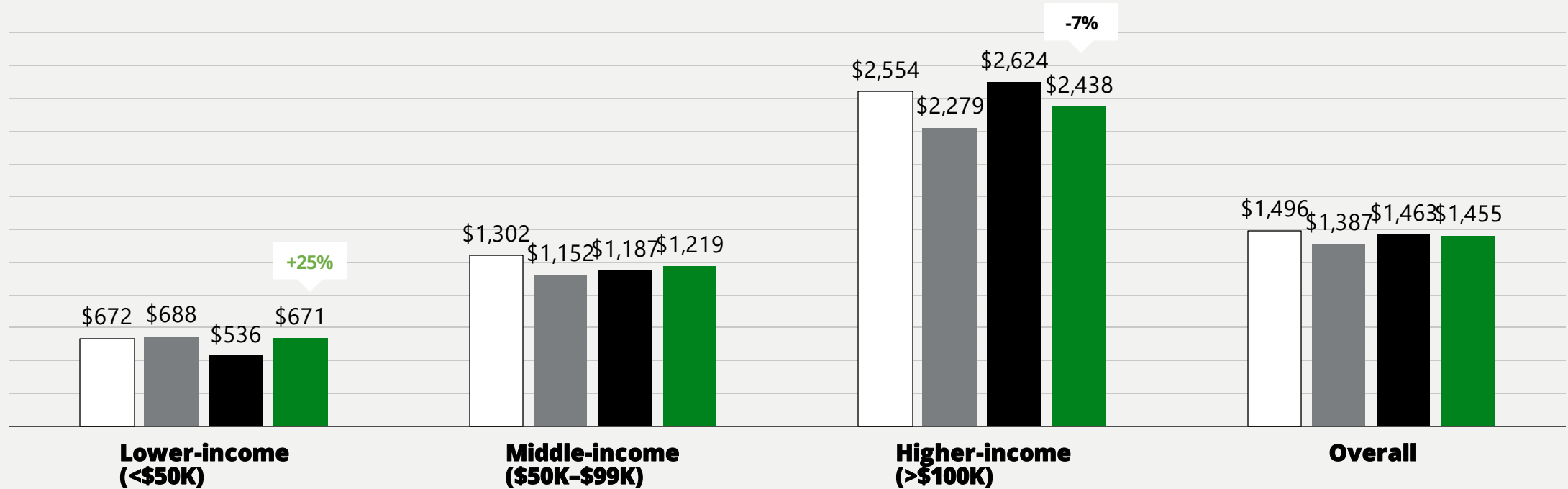


While lower-income shoppers are feeling hopeful...

An increased sense of financial stability helps lower-income shoppers return to prepandemic spending levels

○ 2019 ● 2020 ● 2021 ● 2022

Average expected holiday spend, by income



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




Notes: Sample size (N)=4,410 (2019); 4,012 (2020); 4,315 (2021); and 4,986 (2022). All dollar values are in US dollar.

...everyone's feeling the effects of inflation




Consumers adjust spending strategies to account for higher prices

How income groups are navigating the economic environment




Lower-income (<\$50K)

-  Increase in average spend across all categories: gifts (+25%), non-gifts (+16%), and experiences (+34%)¹
-  Significant rise in average spend on electronics & accessories (+28%), after decreasing last year (-20%)²
-  Fewer lower-income shoppers are sitting out this season: 13% versus 21% in 2021¹

Middle-income (\$50K-\$99K)

-  Overall average spend up by 3% year over year, significant rise in spend on experiences (+15% year over year)¹
-  Pullback in average spend on gifts (-6%) but increase in spend on gift cards and other (+6%)²
-  69% plan to buy 10 or fewer gifts (versus 53% in 2021)³

Higher-income (>\$100K)

-  Significant pullback in average spend on non-gift purchases (-23%)¹
-  Pullback on average spend in all retail categories except gift cards and other (+15%)²
-  Significant decline in average spend on electronics & accessories (-25% year over year), after increasing by 26% in 2021²

Questions: (1) "How much do you expect you will spend during the upcoming year-end holiday season on each of the following items?" (N=4,986); (2) "What percentage of your retail spend do you expect to spend on the following categories?" (N=4,447); (3) "What is the total number of gifts, including gift certificates/cards, you expect to buy this holiday season?" (N=4,303).

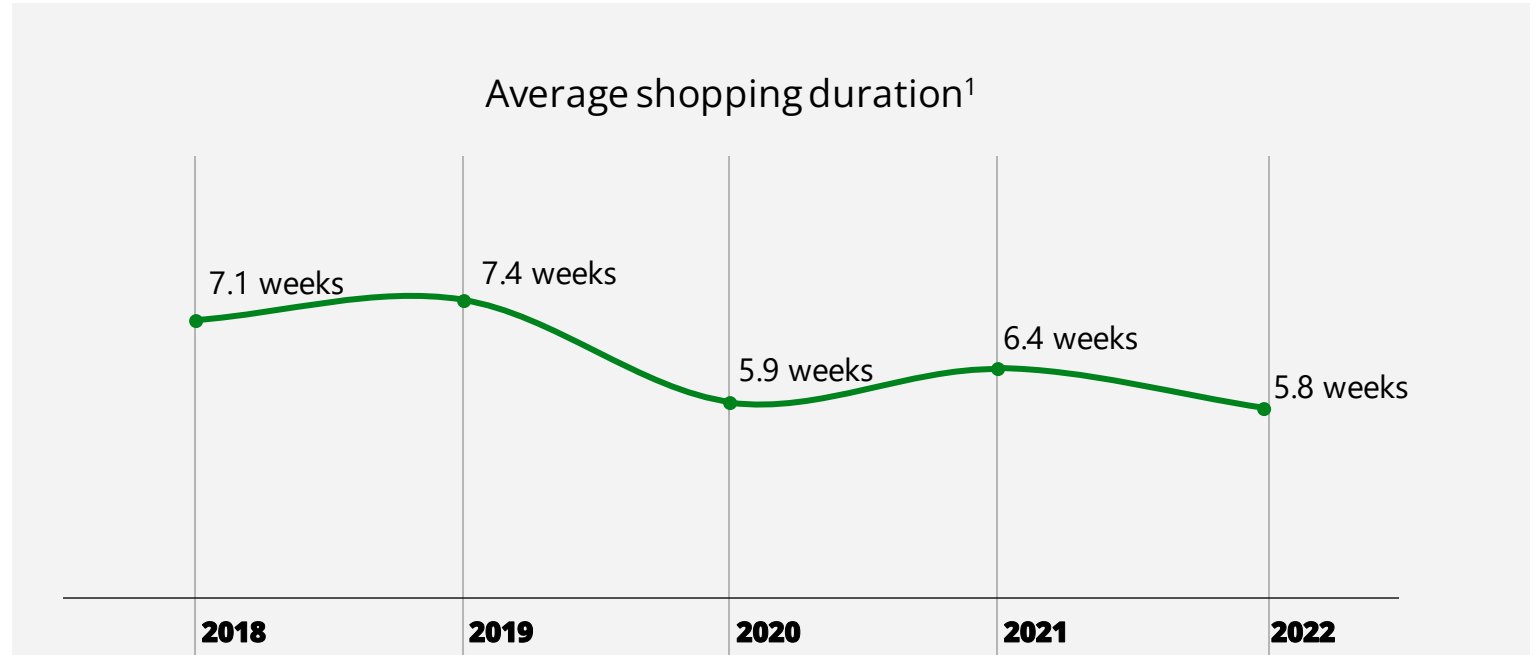
Inflation is curbing holiday shopping habits...

73%
Expect higher prices this holiday season³
vs. 68% in 2021

9
Average number of gifts and gift cards likely to be purchased⁴
vs. 16 in 2021

Questions: (1) "When are you likely to begin your holiday shopping this year?" and "By which one of these days or months do you expect to complete your holiday shopping this year?" (N=4,566); (2) "How many individual retail stores or websites/apps do you expect to visit when purchasing holiday gifts over the next several months?" (N=4,863); (3) "How do you expect product prices to be this upcoming holiday season compared to last year's (2021) holiday season? I expect prices to be..." (N=4,594); (4) "What is the total number of gifts, including gift certificates/cards, you expect to buy this holiday season?" (N=4,594).

Shoppers plan to wrap fewer gifts and spend less time shopping



9.1 **Average websites/apps visited²**
vs. 11.1 in 2021, 8.0 in 2019

5.9 **Average physical stores visited²**
vs. 6.6 in 2021, 7.0 in 2019

...and prompting shoppers to get a head-start on holiday deals

2021 ●
2022 ●

38%
likely to start shopping earlier this year²

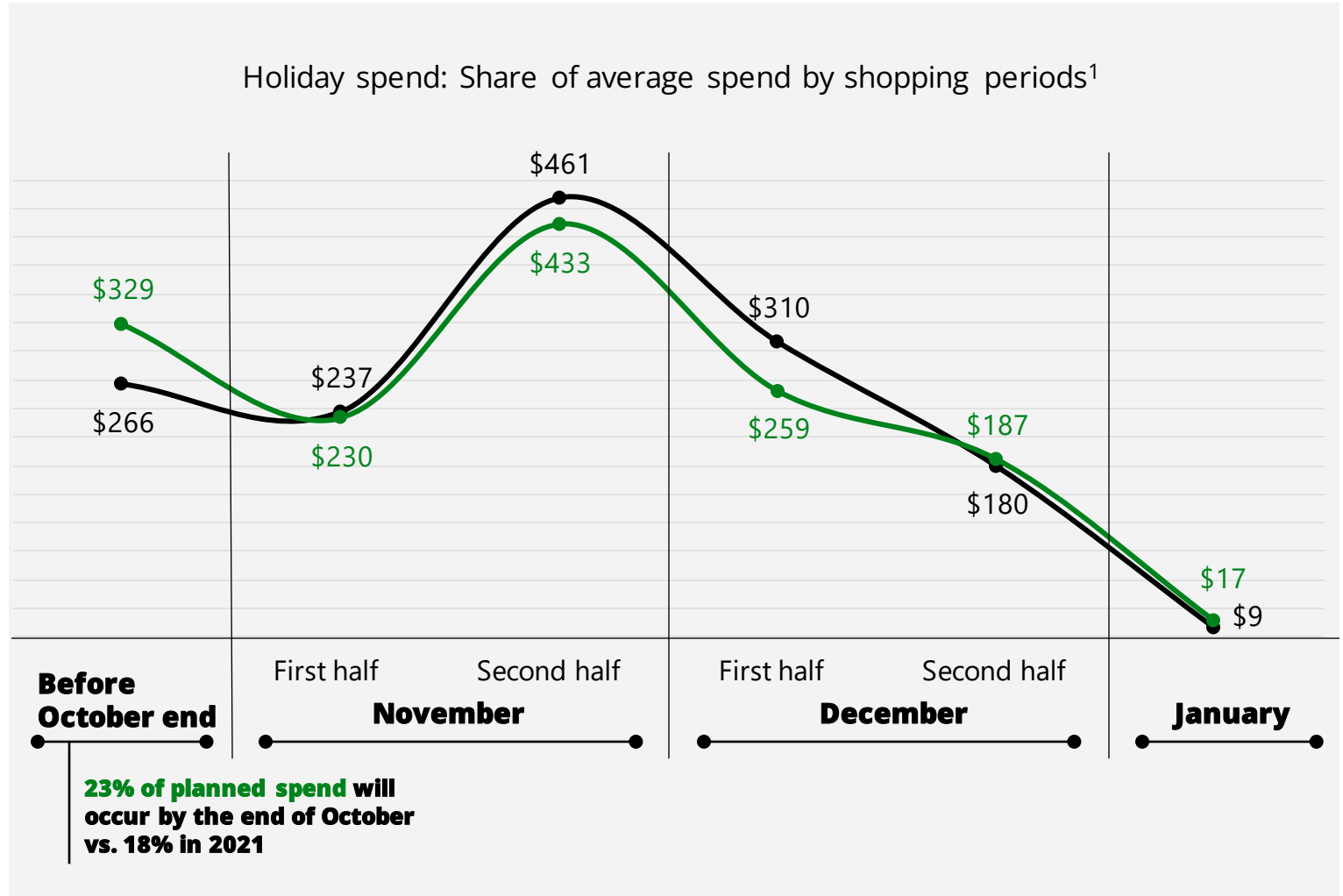
RETAIL EXECUTIVES' VIEW

60% say their company will start holiday promotions at least 1-2 weeks earlier this year (vs. 37% in 2021)

Questions: (1) "When are you likely to begin your holiday shopping this year?"; (2) "Are you likely to start your holiday shopping earlier this year compared to last year?"
Note: Sample size (N)=3,836 (2021); and 4,566 (2022). All figures are in US dollar.

Retail executives' view: "Compared to last year, when is your company planning to start holiday promotions this year?" (N=40 in 2022; 30 in 2021).

Shoppers aren't waiting for November: One-quarter of holiday budgets will be spent by the end of October



Where shoppers are spending



Shoppers return to stores, but online buying prevails

RETAIL EXECUTIVES' VIEW

66% expect **online** holiday shopping traffic to have at least single-digit growth year over year (vs. 70% in 2021)

73% expect **in-store** holiday shopping traffic to have at least single-digit growth year over year (vs. 73% in 2021)

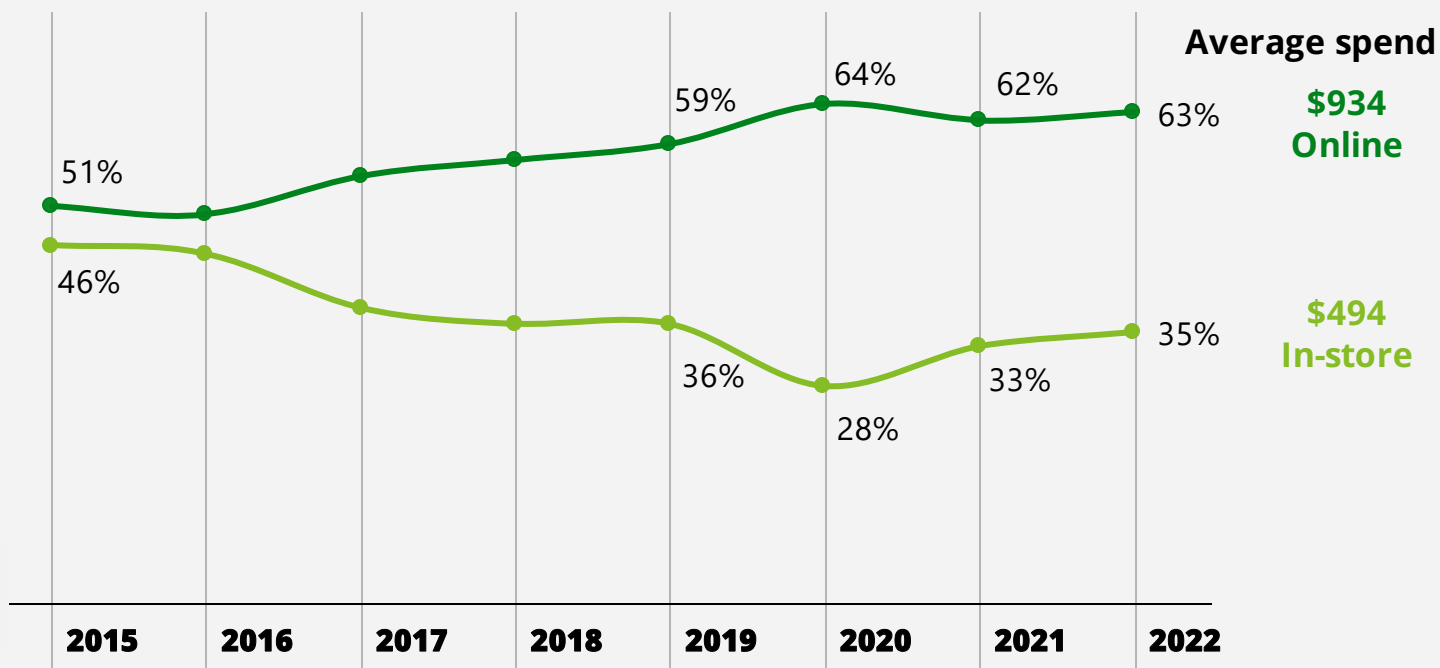
Questions: (1) "What percentage of your total holiday budget do you expect to spend...?" (N=4,986); (2) "Please select the device(s) you use or plan to use for holiday shopping (e.g., research, browse, purchase)." #multi-select question (N=4,594).

Notes: *Other retail channels (e.g., catalog or direct mail promotion) not included in the chart (share of spend=3% in 2015; 5% in 2016; 7% in 2017; 7% in 2018; 5% in 2019; 8% in 2020; 5% in 2021; and 2% in 2022). All dollar amounts are in US dollar.

Retail executives' view: "Please state your expectations on the following characteristics of the upcoming holiday season at your company, compared to last year's holiday season—in-store/online holiday shopping traffic" (N=40 in 2022; 30 in 2021).

Consumers are warming up to in-store shopping but aren't giving up the convenience of online shopping

Holiday spend: Share by channel^{1*}



56% plan to use smartphones for holiday shopping² vs. 54% in 2021, 51% in 2020, 52% in 2019

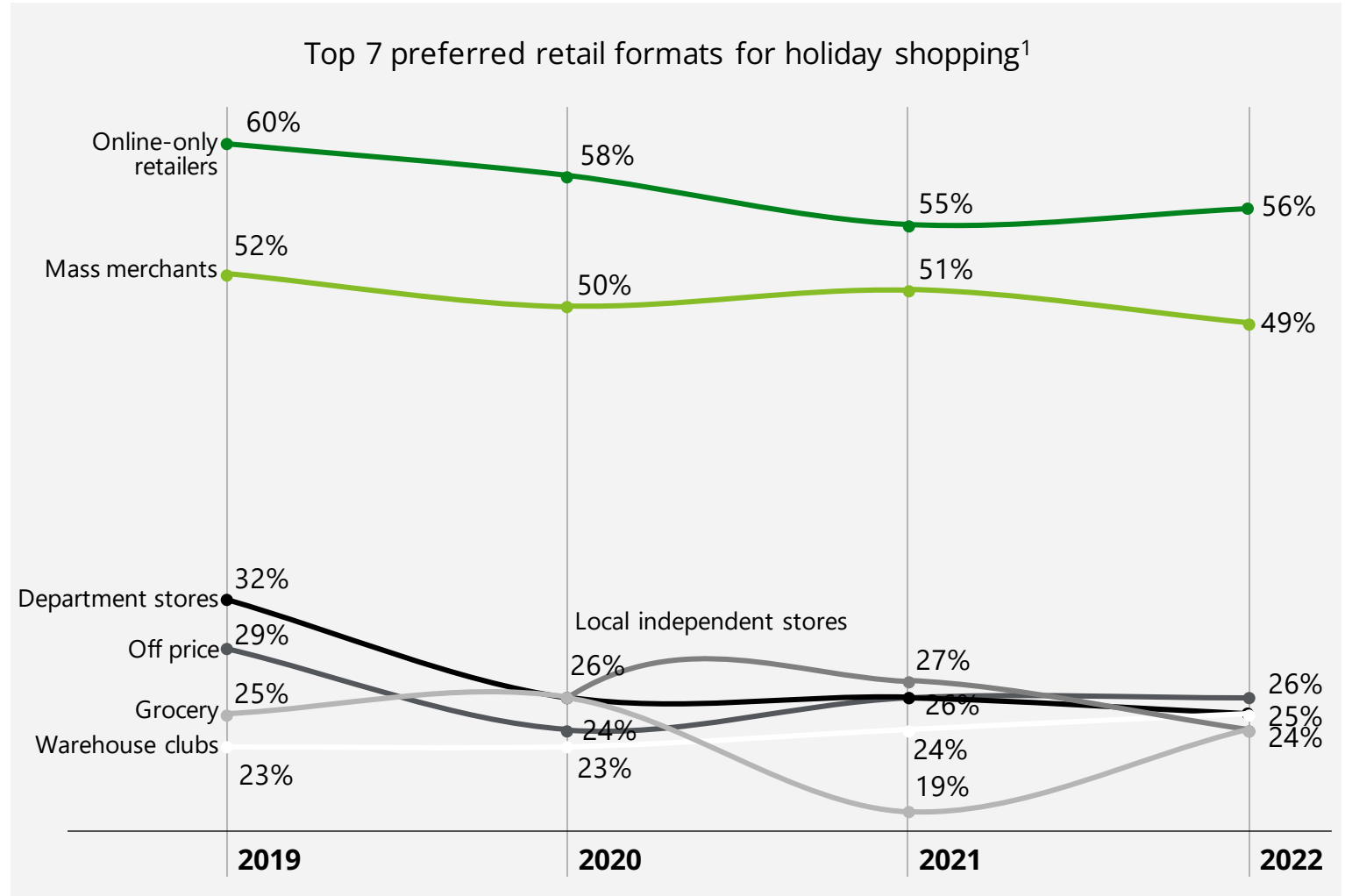
Online retailers and mass merchants are top of mind

Planning to spend the most (2022)²

Online-only retailers	34%
Mass merchants	15%
Department stores	5%
Local independent stores	5%
Warehouse clubs	5%
Off-price stores	4%

Questions: (1) "Where do you plan to shop for gifts this holiday season?" #multi-response question (N=4,594); (2) "Where do you anticipate spending the most money this holiday season?" (N varies, as respondents are asked to select one of their retail format choices).

But supermarkets will get a boost this year



Social media usage is at a decade high...

As digital-native generations continue to gain purchasing power, social media continues to grow as a resource for shoppers

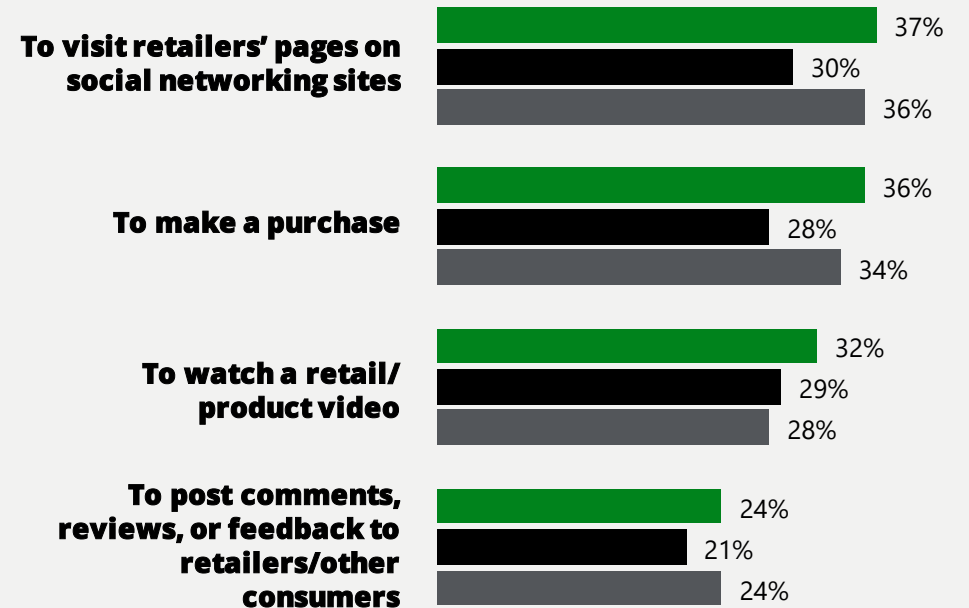
● 2020 ● 2021 ● 2022

34% Plan to use social media for holiday shopping¹
vs. 28% in 2021; 26% in 2020

Plan to use social media for holiday shopping, by generation

	Gen Z	Millennials	Gen X	Boomers	Seniors
2020	46%	44%	22%	10%	9%
2021	49%	46%	25%	12%	10%
2022	60%	56%	28%	15%	9%

Use of social media for holiday shopping^{2*}



Questions: (1) "During this holiday season, how do you plan to use social media for shopping?" #multi-select question (N=4,594); (2): "During this holiday season, how do you plan to use social media for shopping?" (N = 1,569); *Have only shown YoY change +/-3%.

...and influencers are gaining ground

Shoppers looking for user and product reviews spark a rise in the number of social media users who follow influencers

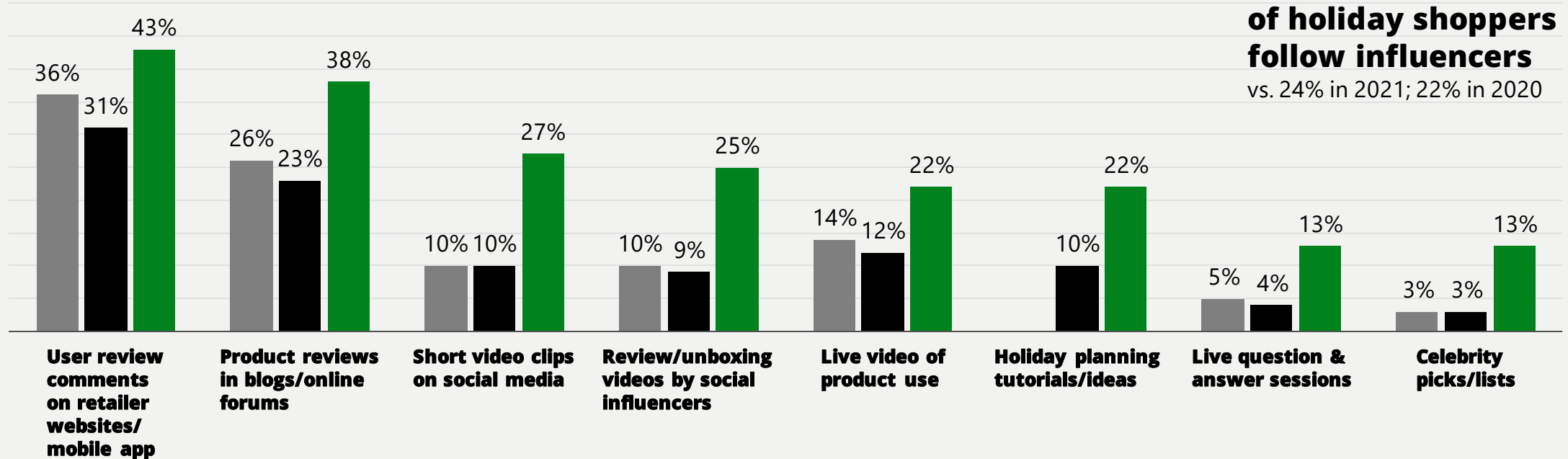
● 2020 ● 2021 ● 2022

Types of influential content on social media
(% of respondents planning to use social media for holiday shopping)

30%

of holiday shoppers follow influencers

vs. 24% in 2021; 22% in 2020



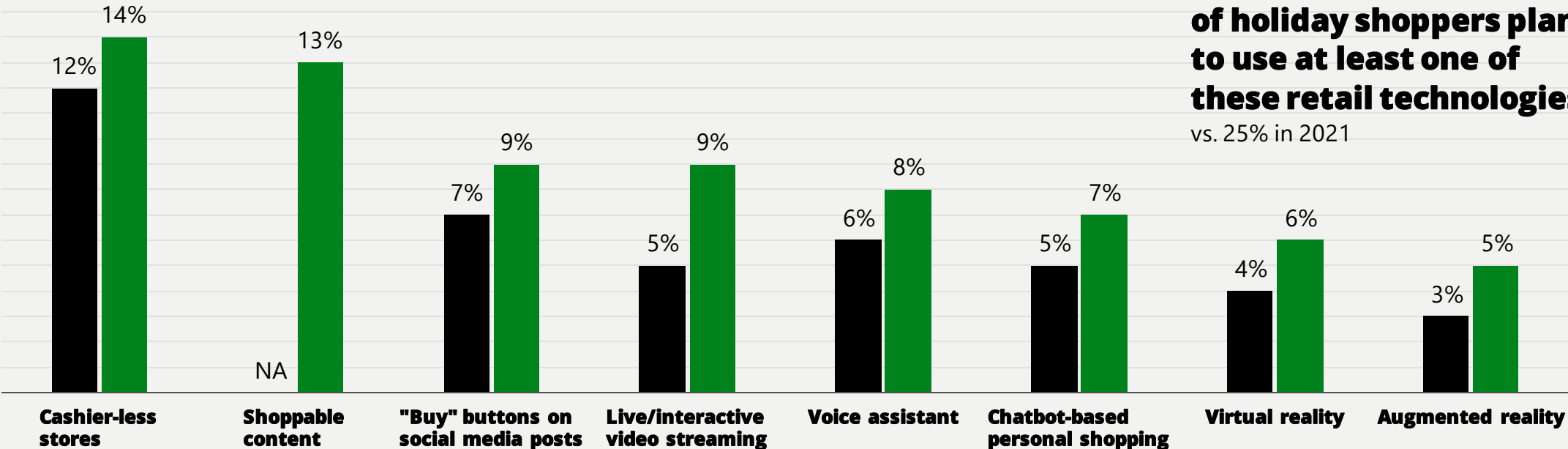
Question: "Which of the following influencer-generated content types inspire you the most while looking for gifts to buy?"
Note: Those using social media N=1,048 (2020); 1,077 (2021); and 1,560 (2022).

Future-minded consumers are exploring non-traditional platforms

With more options than ever for shopping experiences, savvy shoppers are providing a glimpse into the future of retail

● 2021 ● 2022

Percentage of shoppers using emerging retail technology



35%
of holiday shoppers plan to use at least one of these retail technologies
vs. 25% in 2021

Question: "Which of the following do you plan to use during this holiday shopping season?" #multi-select question.
Note: Sample size (N)=4,566.

Consumer shopping lists

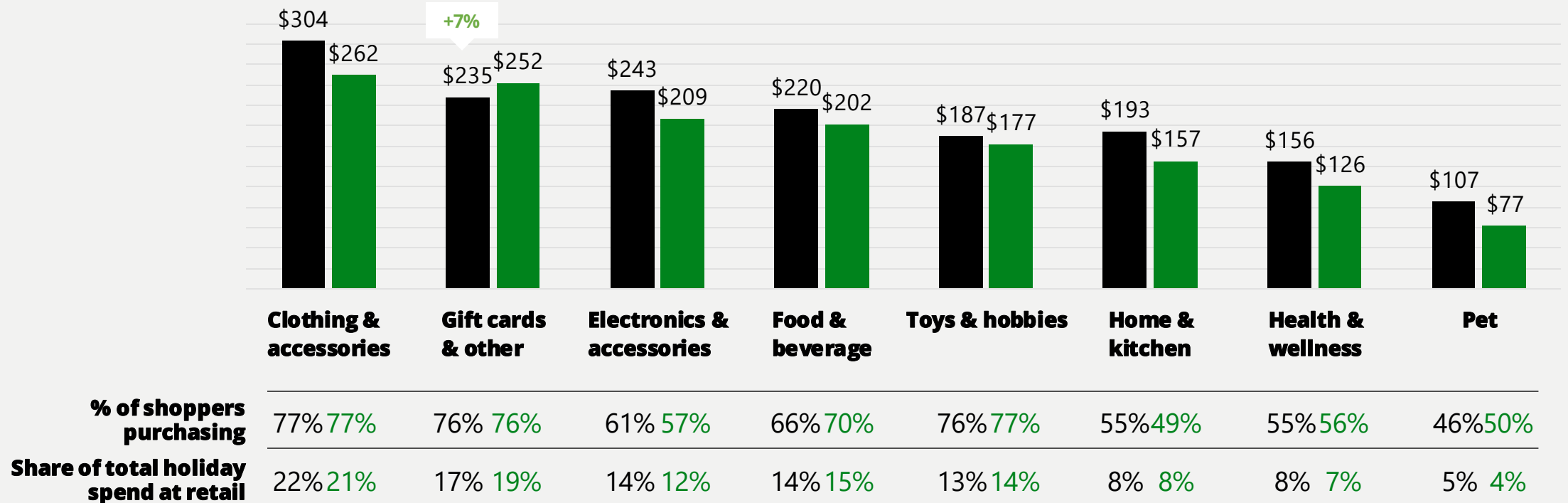


Gift cards are becoming the go-to gift

Higher prices and supply chain concerns trigger an uptick in gift card purchases

● 2021 ● 2022

Average expected holiday spend by retail categories*



Question: "What percentage of your total holiday budget do you expect to spend on the following categories?"

Notes: *Category-level averages are based on the number of shoppers who plan to purchase the category. The sum of category averages would not equal the average retail spend (\$880), which is calculated based on the number of shoppers who plan to purchase at least one category. Sample size (N)=4,447.

'Tis the season for sustainability

RETAIL EXECUTIVES' VIEW

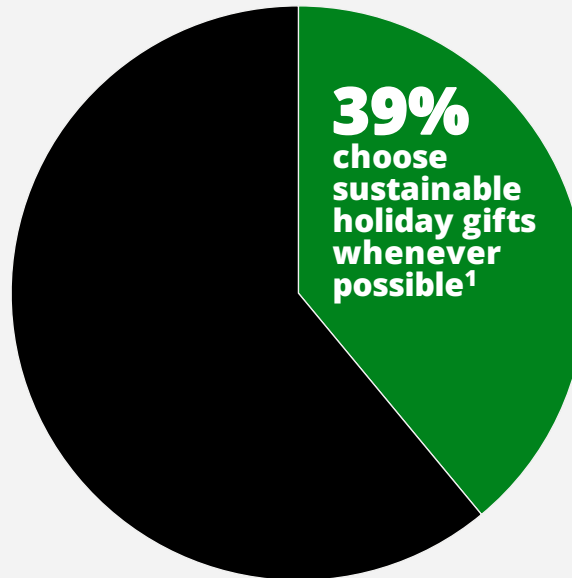
35% say at least half of their holiday inventory is environmentally friendly or responsibly sourced

Questions: (1) "I choose environmentally friendly and/or responsibly sourced holiday gifts whenever possible"—% agree/very much agree (N=4,594); (2) "I prefer shopping at retailers that adopt sustainable practices or socially responsible initiatives"—% agree/very much agree (N=4,594); (3) "Which of the below factors stopped you from choosing environmentally friendly and/or responsibly sourced products whenever possible?" (N=1,213).

Retail executives' view: "Thinking about the categories for which you/your team engages in buying/merchandising activities, what percentage of the ordered inventory for this holiday season is environmentally friendly and/or responsibly sourced?" (N=40).

While most shoppers are looking for cost savings, sustainable shoppers are spending 14% more than average

Sustainable shoppers spend **14% more than average**



41% prefer shopping at retailers that adopt sustainable practices²

Of those not choosing sustainable holiday products:³

- **45%** say they are not affordable
- **31%** say it's difficult to identify genuinely sustainable products

Shoppers turn to resale for better prices

RETAIL EXECUTIVES' VIEW

48% say their company will sell refurbished/used products this holiday season

Questions: (1) "Are you planning to gift a resale item(s)—secondhand/refurbished/used—this holiday season?" #multi-select question (N=4,566); (2) "Which of the following resale products do you plan on purchasing?" (N=1,481); (3) "What are your top two reasons for gifting a resale item?" (N=1,481).
Retail executives' view: "Our company will sell refurbished/used products this holiday season" —% agree/strongly agree (N=40).

Gifting resale items continues to be a key cost-saving strategy as consumers look for ways to maximize spending

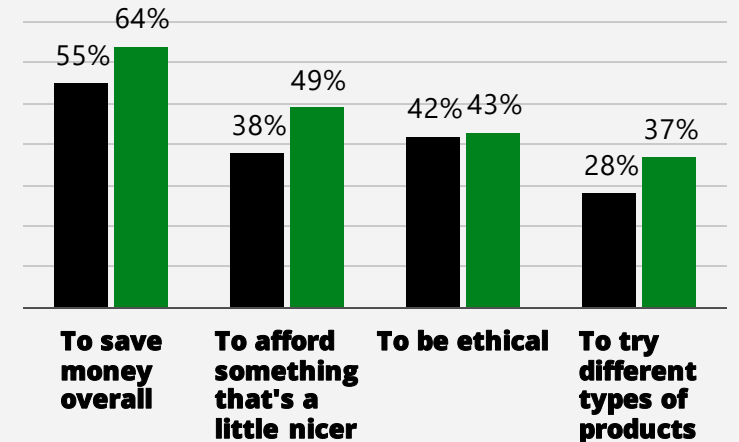
32% Plan to buy resale items this holiday season¹
 vs. 30% in 2021

Most preferred categories on resale²

- 51%** Clothing
- 40%** Toys & hobbies
- 36%** Electronics
- 36%** Home & kitchen
- 25%** Health & wellness
- 17%** Pet

Reasons for gifting a resale item³

● 2021 ● 2022



Supply chain



Shoppers anticipating stockouts may be surprised...

2021 ●
2022 ●

77%
Expect stockouts
vs. 75% in 2021

RETAIL EXECUTIVES' VIEW

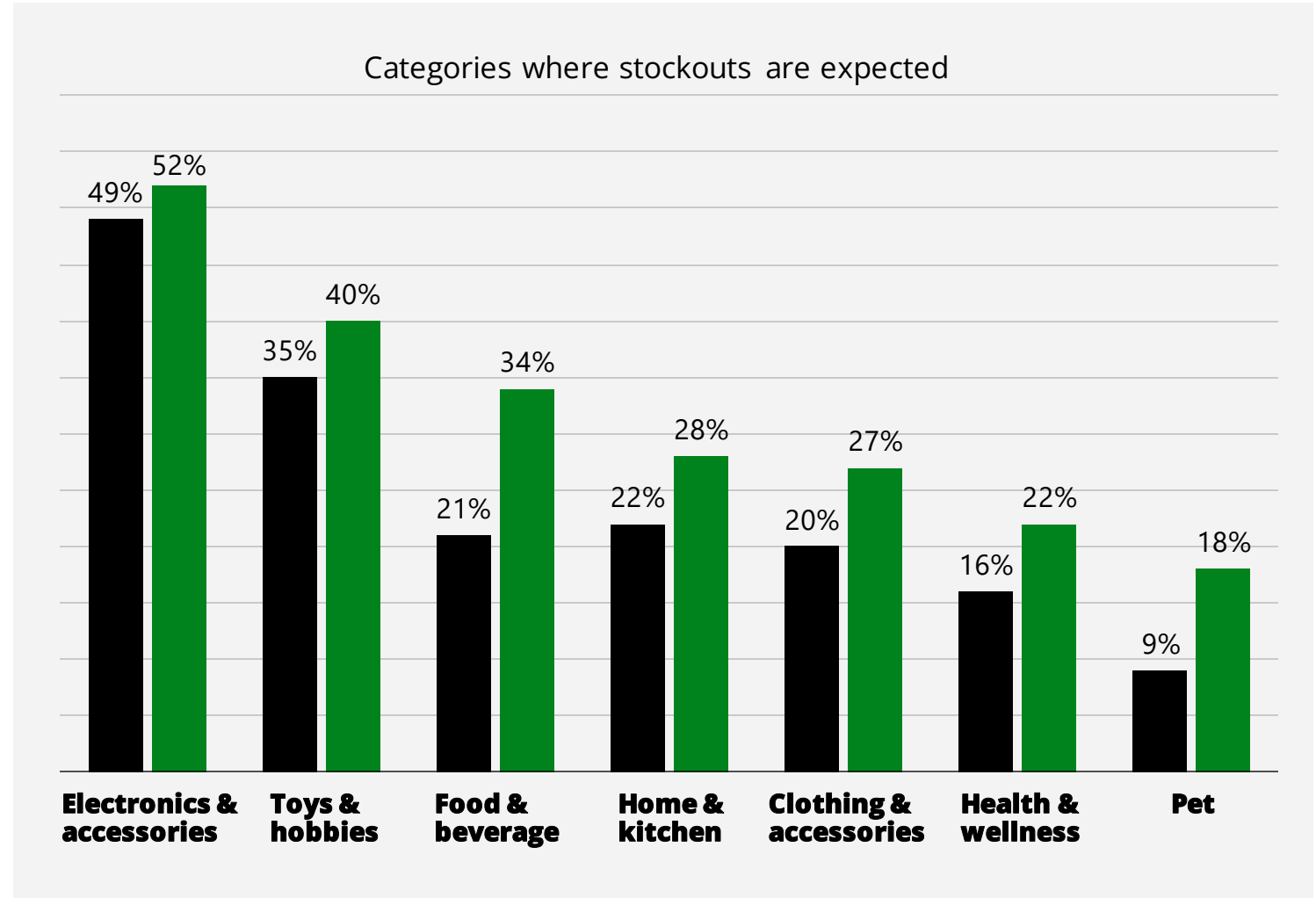
60% are comfortable with the volume of holiday merchandise ordered

100% anticipate receiving their ordered holiday inventory on time (vs. 57% in 2021)

Question: "In which of the following categories do you expect stockouts during this holiday season?" (N=4,566).

Retail executives' view: "Considering your expectations about holiday-related sales at your company, which best describes the volume of holiday merchandise you have already ordered for this season?"; "When do you expect to receive the ordered inventory for this year's holiday season?" (N=40 in 2022; 30 in 2021).

Consumer perception of supply chain impacts don't reflect retailers' anticipation of full inventories and on-time delivery schedules



...but they are willing to trade loyalty to get what they want

RETAIL EXECUTIVES' VIEW

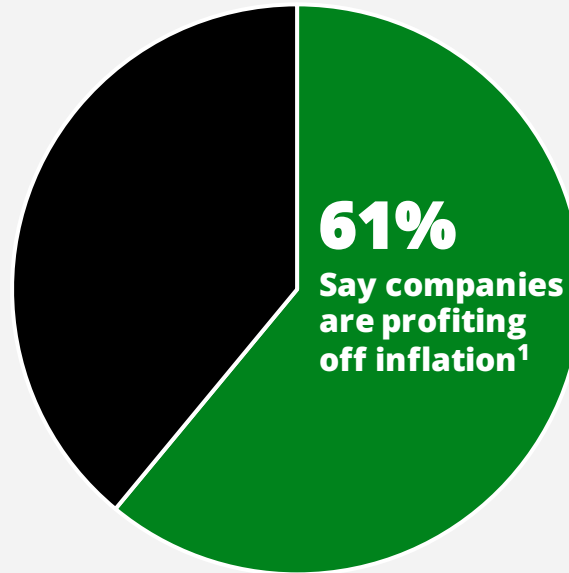
Retail product prices at their company

- **43%** expect single-digit price increase year over year (vs. 40% in 2021)
- **20%** expect double-digit increase year over year (vs. 13% in 2021)

Questions: (1) "As a result of inflation, do you believe that companies are increasing their prices...?" (N=4,594); (2) "I will shift to another brand if my preferred brand is not in stock", "I will check online if an item is in stock at the store before making a shopping trip"—% agree/somewhat agree (N=4,594); (3) "I will shift to another brand if my preferred brand is too expensive"—% agree/strongly agree (N=4,594); (4) "What are you most likely to do if one or more items on your holiday shopping list costs more than you had anticipated when you go shopping for it at a retail store?" (N=4,566).

Retail executives' view. "Please state your expectations on the following characteristics of the upcoming holiday season at your company, compared to last year's holiday season: Retail product prices" (N=40 in 2022; 30 in 2021).

Lower prices and better availability will likely lure shoppers away from their standby brands and retailers



60% will trade brands if their preferred brand is not in stock and will check stock availability before making a shopping trip²

65% will trade brands if prices are too high³

In case of higher prices, consumers would likely shop...⁴ (top 2 options)

44% at an online retailer
34% at another retail store

Expectations are high for retailers to deliver...

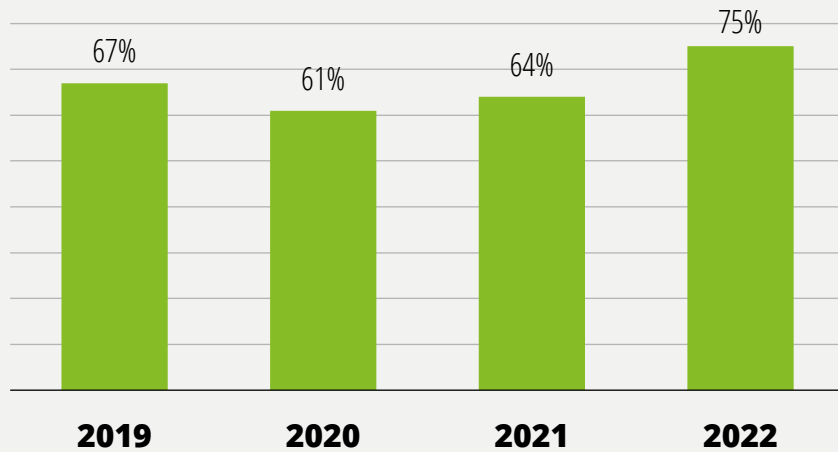
Shoppers' expectations are on the rise, and they are looking for faster holiday deliveries

15% prefer **fast shipping** over free shipping²

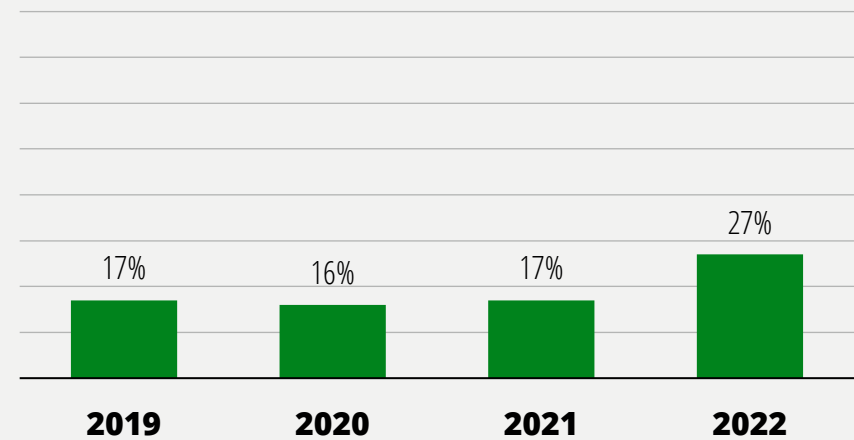
85% prefer **free shipping** over fast shipping²

Shoppers expecting delivery within 2 days

Percent of shoppers expecting **fast** delivery within 2 days¹



Percent of shoppers expecting **free** delivery within 2 days¹



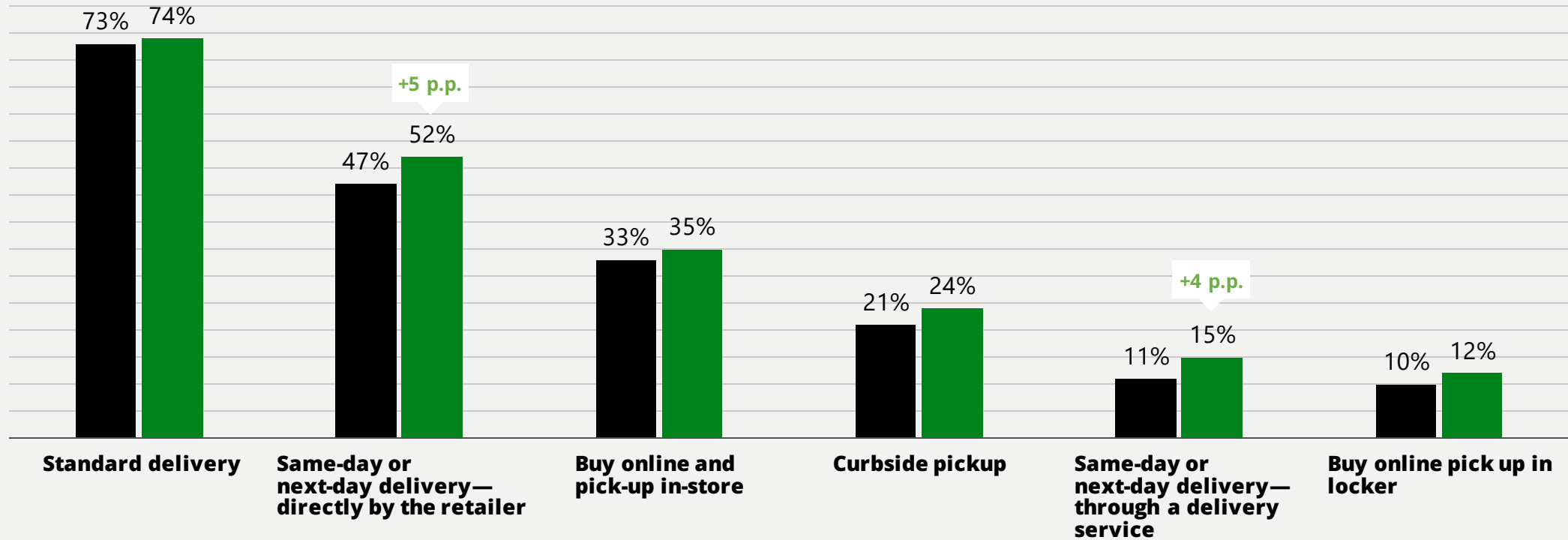
Questions: (1) "When you opt for fast shipping how long are you willing to wait to receive your product?" (N=676) and "When shopping online, sometimes the scheduled free delivery date is beyond how long we are willing to wait to avoid having to pay for delivery. When is that "date line" for you?" (N=3,918); (2) "When you are shopping online, which of these two promises below would be more important to you?" (N=4,594).

...and shoppers want faster delivery

Shoppers want options for delivery and will be choosing same-day services more often this season

● 2021 ● 2022

Preferred delivery service for holiday shopping



Question: "Which of the following delivery services are you likely to use during the upcoming holiday shopping season?" #multi-select question.
Note: Sample size (N)=4,594.

Thanksgiving week holds steady

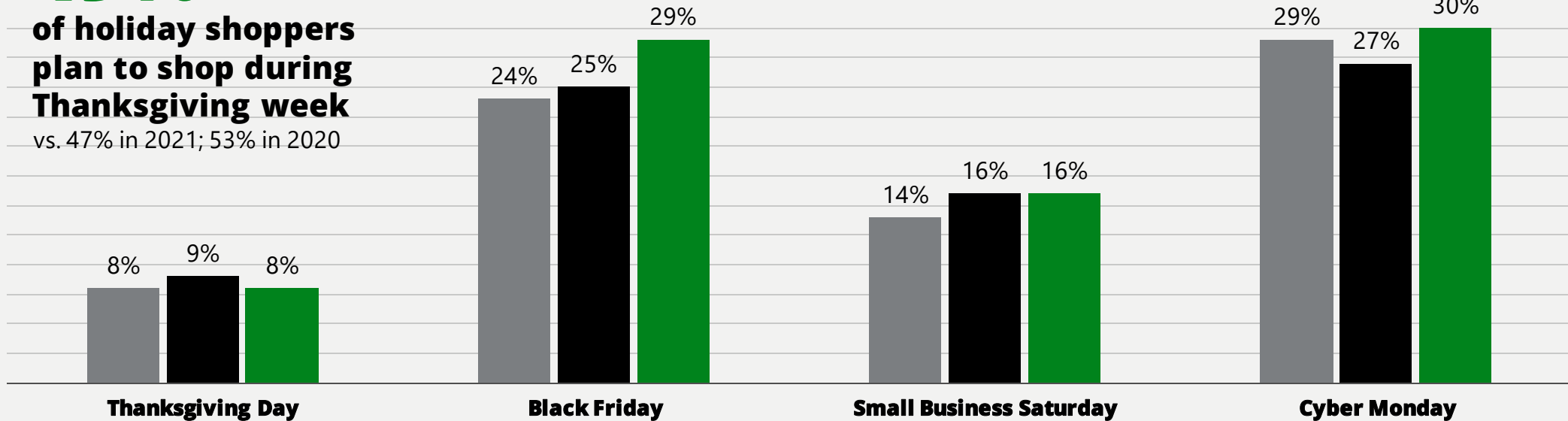
Shoppers plan to take advantage of deals on Black Friday and Cyber Monday to offset rising prices

● 2020 ● 2021 ● 2022

Shopper participation by shopping event day

49%

of holiday shoppers plan to shop during Thanksgiving week vs. 47% in 2021; 53% in 2020



Question: "On which of the following shopping event days are you likely to shop this holiday season?" #multi-select question.
Note: Sample size (N)=3,809 (2020); 3,825 (2021); and 4,566 (2022).

About the surveys

Consumer survey

Timing

September 6 to September 14, 2022

Sample

The survey polled a national sample of 4,986 consumers and has a margin of error for the entire sample of plus or minus one to two percentage points.

Executive survey

Timing

September 6 to September 13, 2022

Sample

The survey polled 40 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.

Methodology

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

Thank you

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