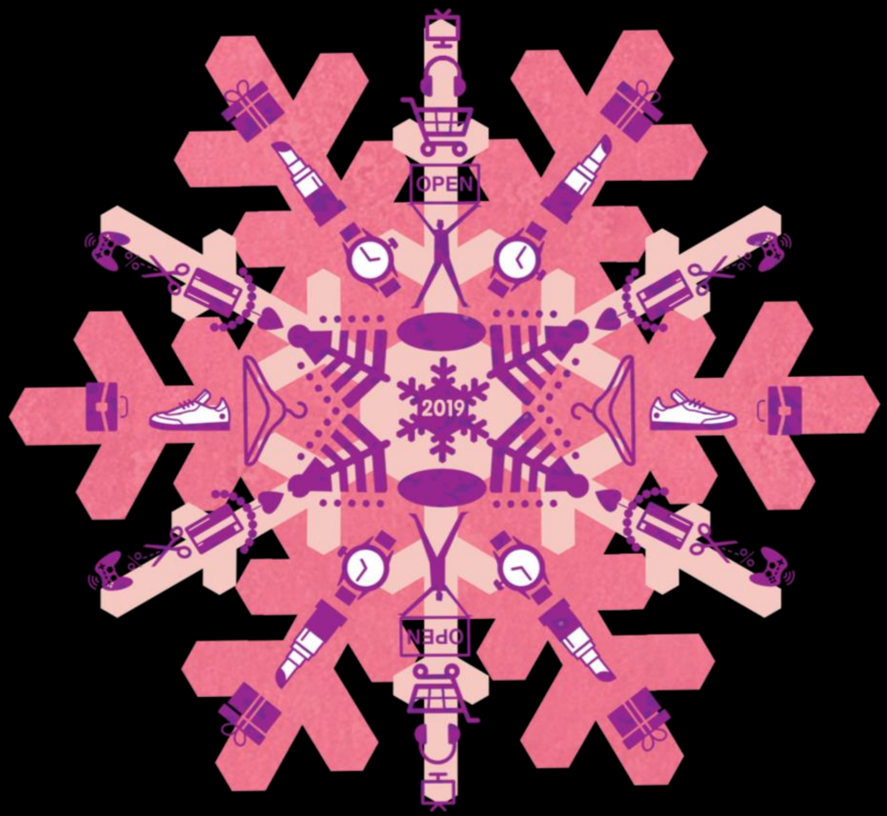


2019 Holiday Survey of Consumers

Keeping the good times rolling

Deloitte's 2019 retail holiday survey: Key findings

Shoppers are expected to spend $1,496 per household during the holiday season this year, growing at a 5.4% CAGR since 2012.

- The bulk ($596) will go to spending on experiences and celebrations—including entertaining at home and socializing away from home (including travel and restaurants).
- Gift purchases account for roughly one-third (34%) of holiday budgets, and respondents expect to spend an average of $511 on them. People plan the remaining $389 to go toward non-gift items like clothing for themselves or the family, and home/holiday décor.
- Most (78%) expect to spend the same or more than last year's holiday season, despite their less optimistic outlook for the economy in 2020; 44% expect the economy to weaken next year, up from 27% who said so in last year's survey.
- The top 20% of spenders account for 60% of total dollars people plan to spend during the holiday season.

Online remains the lead shopping destination with mass merchants second.

- People surveyed expect to spend 59% of their holiday budget online, compared with 36% in store.
- More than half (54%) prefer online shopping vs. stores during the holiday season, with some variation by category. Online reigns as the top shopping destination for electronics and toys; mass merchants top the list for food and beverage, health and beauty, and home items and appliances; department stores lead by a narrow margin for clothing and accessories.
- Buying via smartphone continues to climb every year; 70% of smartphone users say they expect to make a purchase from their device, up from 41% five years ago.

Deloitte's 2019 retail holiday survey: Key findings

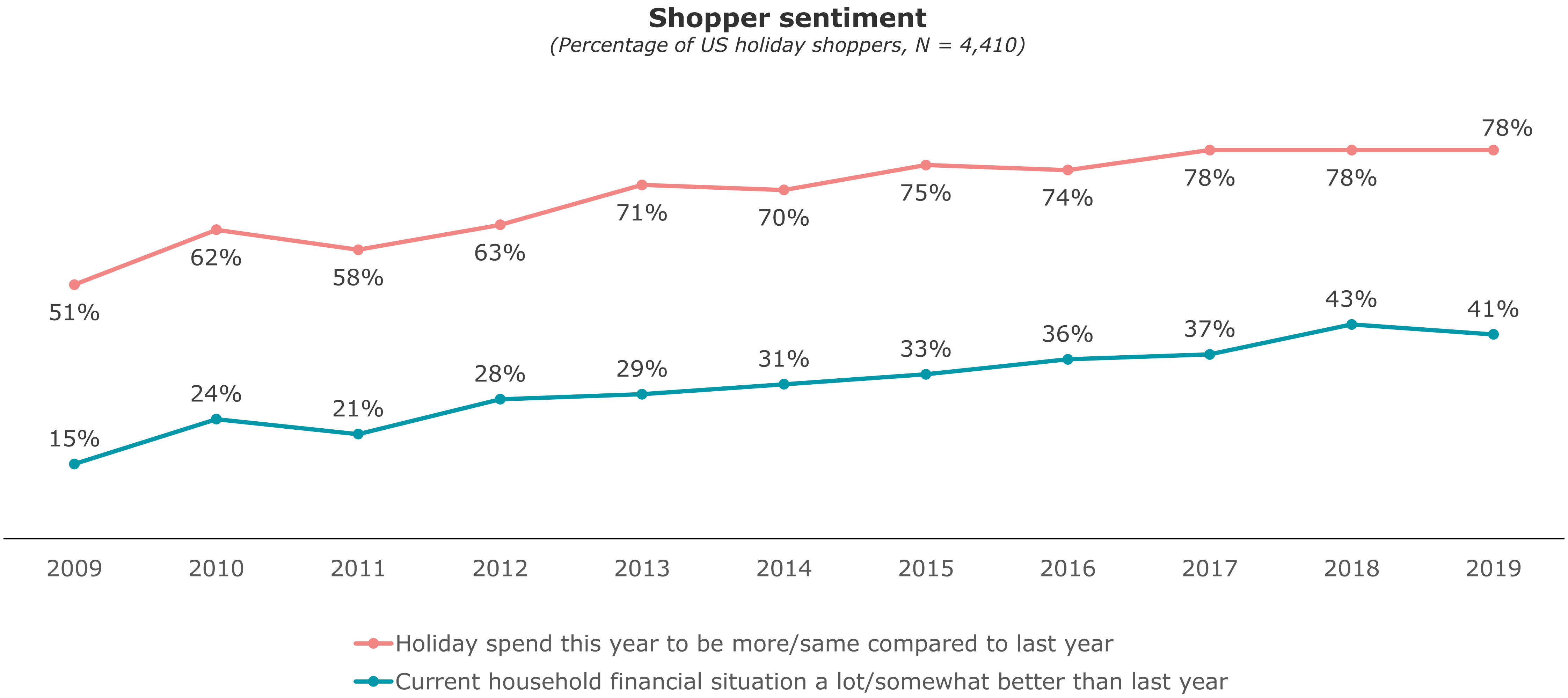
Promotions and price are still timeless holiday shopping traditions.

- Most consumers (81%) expect that promotions will influence them this holiday season—with price discounts (74%) and free shipping (72%) at the top of their wish list, far ahead of other incentives like BOGO (39%) and cash back (29%).
- Free shipping is more important to shoppers (85%) than fast shipping (15%). Most of those who choose "fast" (68%) expect no more than two days; the majority of those who opt for free shipping (67%) are willing to wait three to seven days.
- Shopper traffic is expected to peak in early December, but it's the early birds who plan to spend the most; those who begin shopping before Thanksgiving are expected to spend almost $400 more than those who start late.

Shoppers are willing to share data for a deal, but many remain unsure their privacy is protected.

- Promotions, discounts, and other offers are the No. 1 thing people want from retailers in return for sharing their personal information, among 61% of respondents—with offers for preferential treatment like faster customer service (34%) and faster checkout (31%) a distant second and third.
- The majority (56%) of respondents feel they have little control over their consumer data; 70% say they would be more comfortable if they had viewing/editing rights for data collected on them.

Despite less forward-looking economic confidence, shoppers’ spending intentions this holiday season remain stable

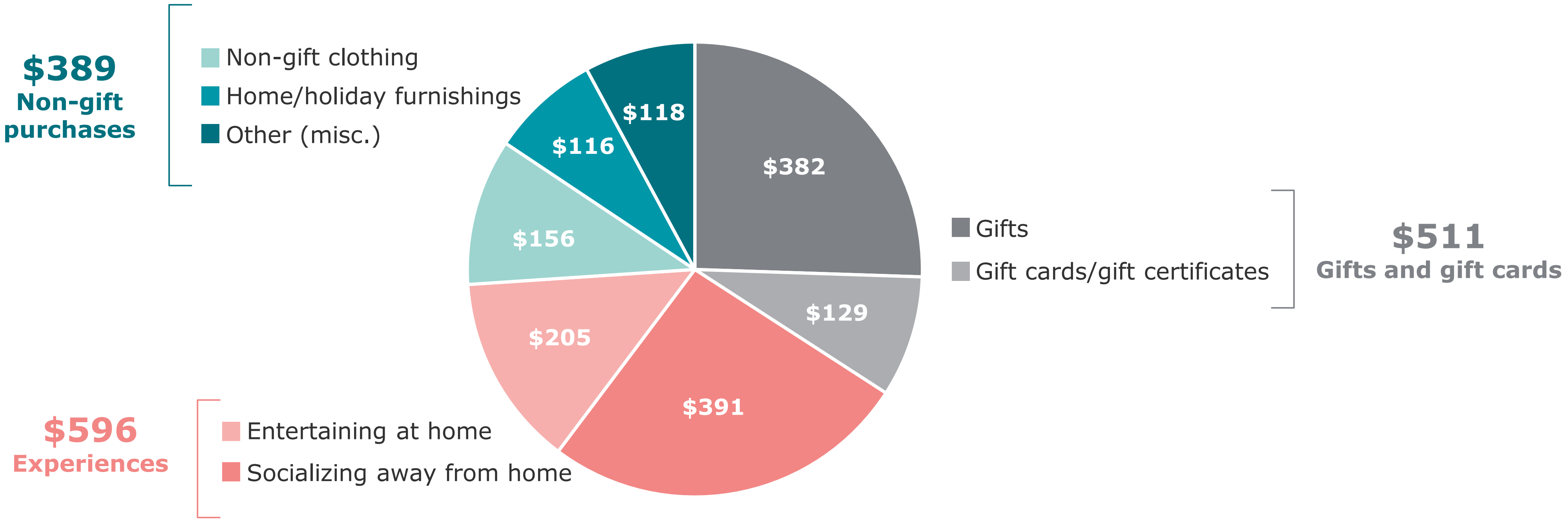


HOLIDAY SPENDING DETAIL

Experiences lead the charge when it comes to holiday spending

$1,496 Average expected amount of spend per household during year-end holiday season

Holiday shopping spend



74% of total holiday spend will be with retailers while the balance will be spent on socializing away from home

Sample size (N) = 4,410

More than a quarter of holiday spending goes to socializing away from home

Socializing away from home
(travel, hotels, restaurants, etc.)

Share of overall shoppers **– 66%**

Average spend **– $391**

Share of holiday budget **– 26%**

	Shoppers	Average spend^
Dine at restaurants	59%	$280
Stay overnight at hotels or resorts	25%	$321
Travel by ground transport	25%	$154
Take a flight	18%	$389

Sample size (N) = 4,410. ^Average spend includes only respondents who will purchase the above-mentioned item.

At retail, clothing and accessories are likely to attract most holiday season spend

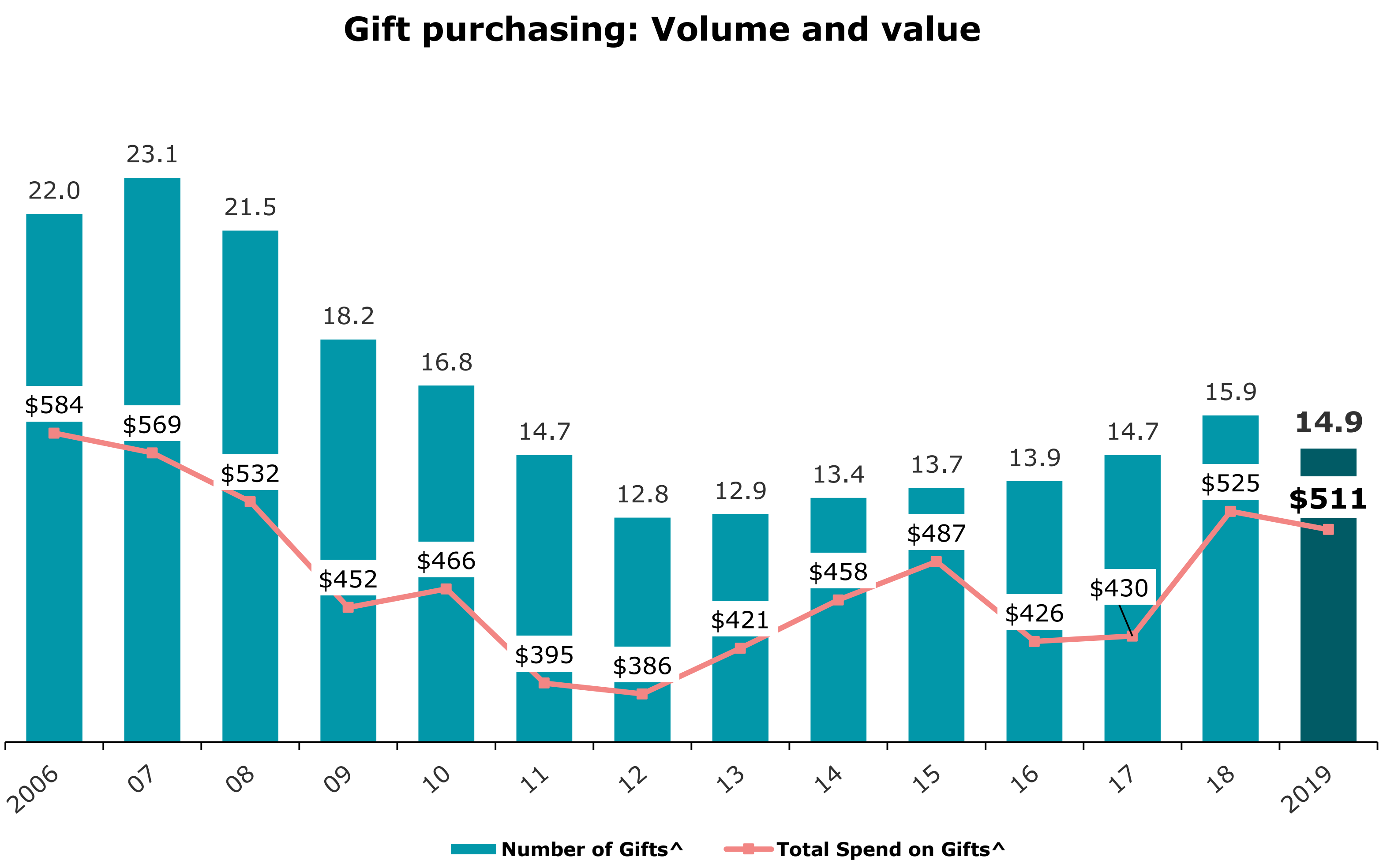
$1,105 Average amount to be spent on **retail categories** during year-end holiday season

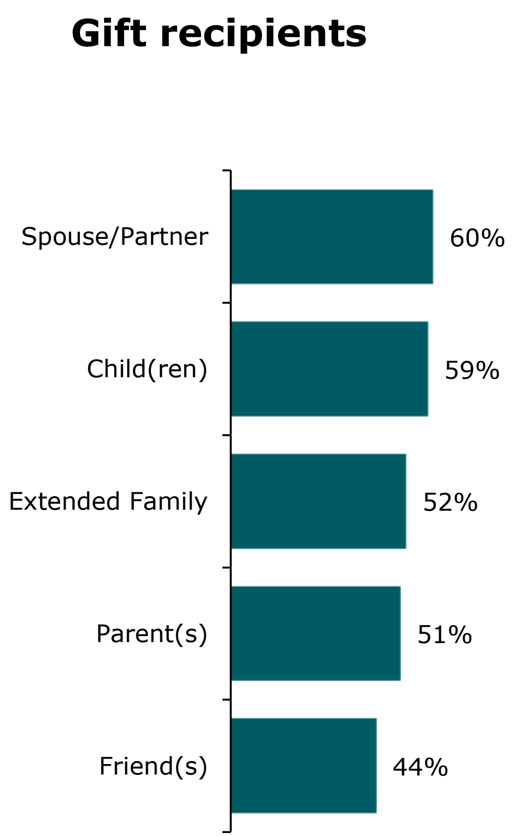
Category	Share of total holiday spend at retail	Average category spend^	Total shoppers
Clothing and accessories (clothing, shoes, jewelry, etc.)	**26%**	$387	**73%**
Food and beverage/health and wellness (personal care, food/liquor, etc.)	20%	$310	70%
Toys and hobbies (books, board games, dolls, movies, handcrafted items, etc.)	17%	$299	64%
Electronics and accessories (computers, tablets, wearables, etc.)	15%	$348	47%
Home and kitchen (home improvement, home appliances and electronics, furniture, etc.)	9%	$280	36%
Other (pet-related products, data plans, money, subscription products, etc.)	13%	$418	36%

Sample size (N) = 4,410. ^Average spend includes only respondents who will purchase the above-mentioned category or item.

HOLIDAY GIFTS

Shoppers will spend an average of $511 on gifts and gift cards

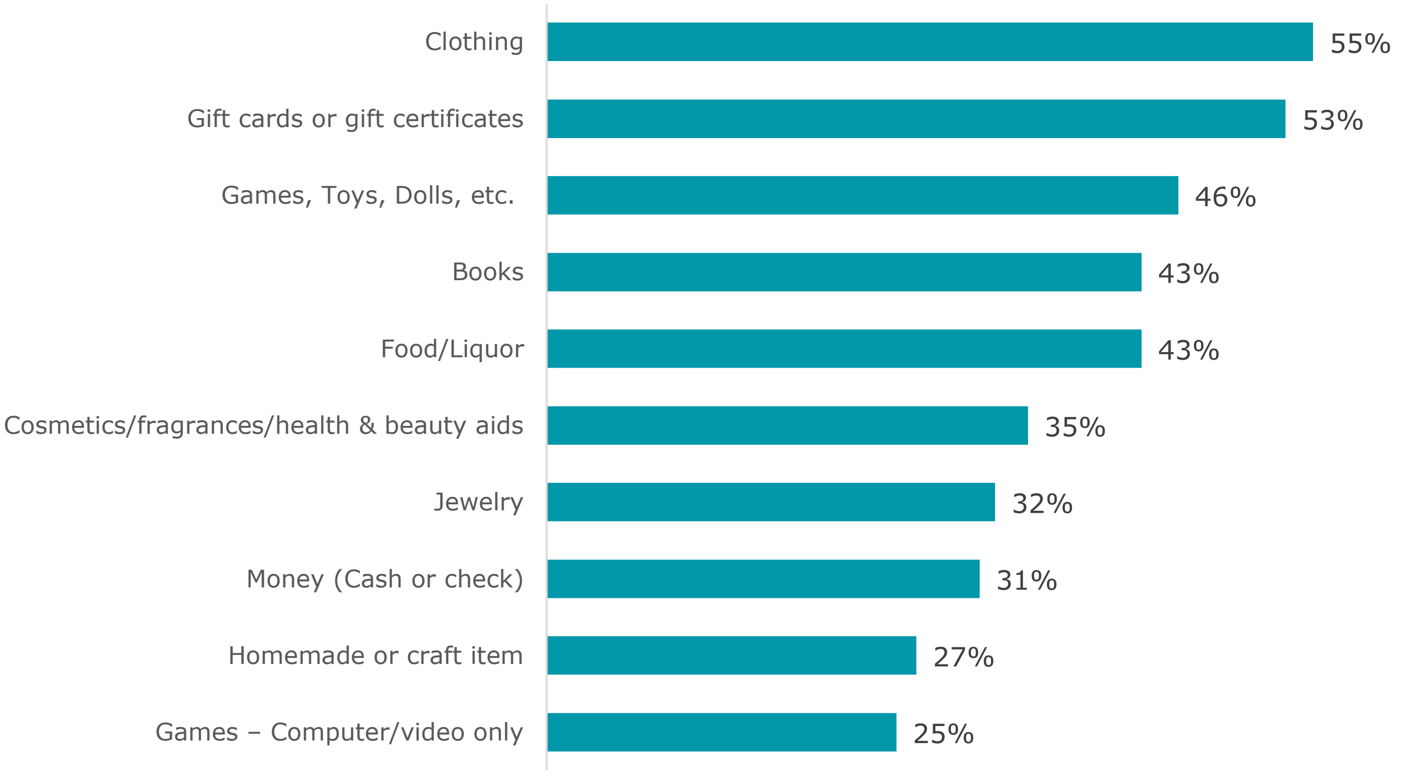




Sample size (N) = 4,410. ^ “Gifts” includes gift cards/gift certificates.

Clothing is likely to be the top purchased gift this year

Top 10 items people plan on buying as gifts (% of shoppers)



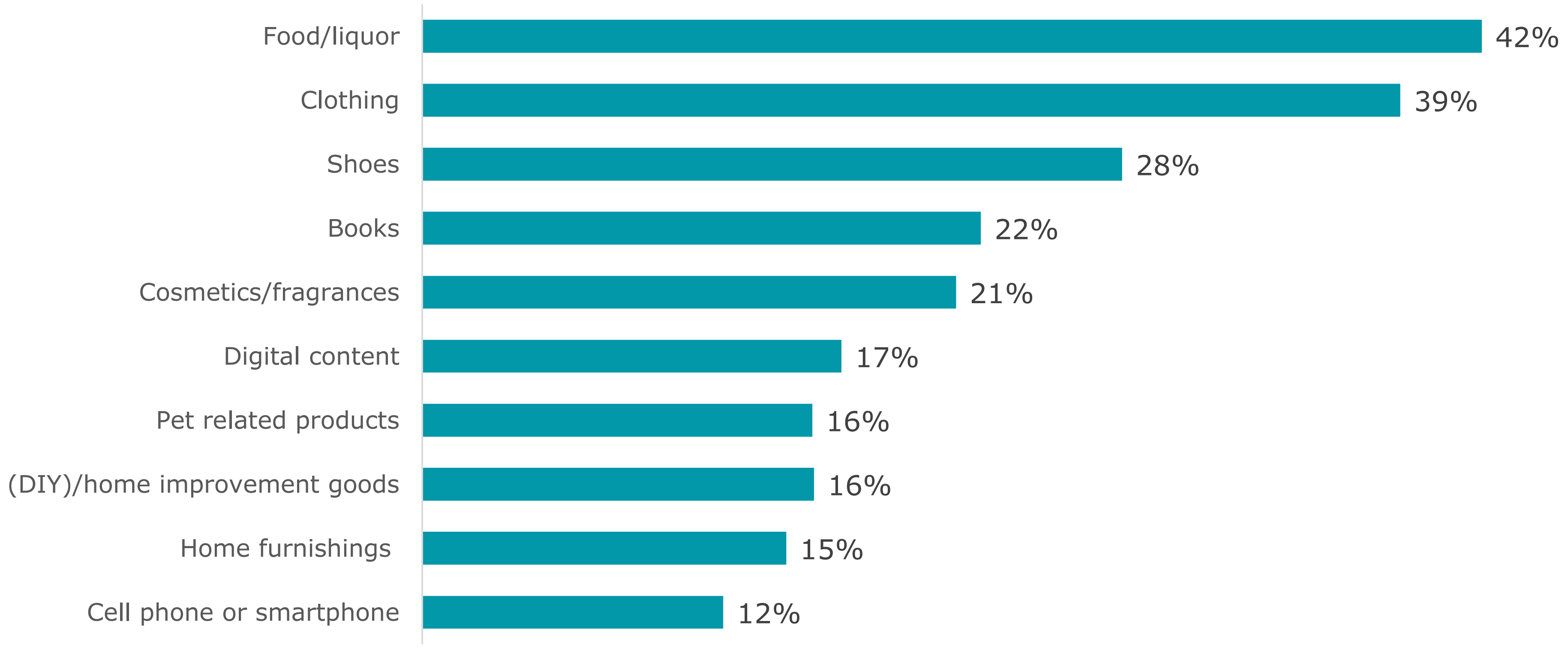
$129

Average spend on gift cards this holiday season (vs. $139 in 2018)

Question: "Which of the following do you plan to buy this holiday season?"
Sample size (N) = 4,410

Half of the shoppers likely to purchase gifts for themselves while holiday shopping

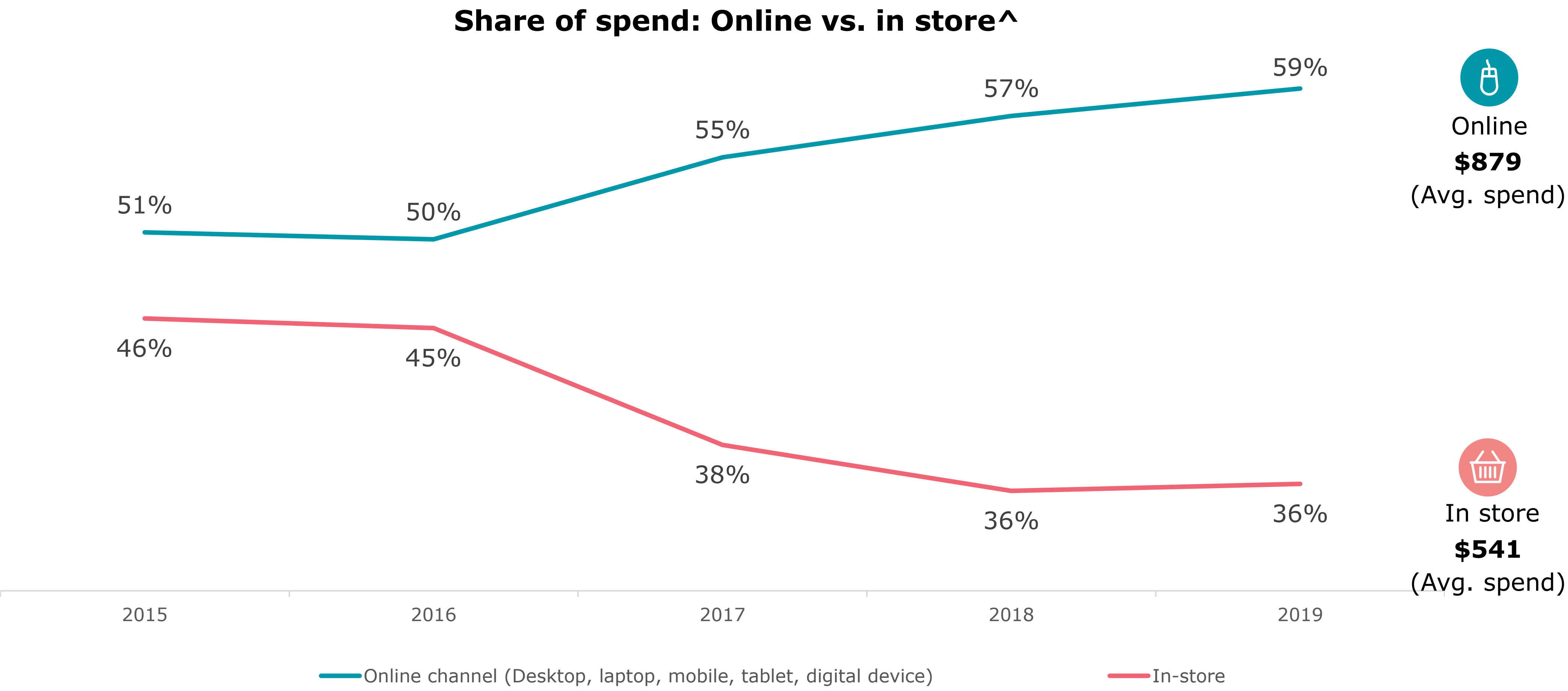
Top 10 items people plan to buy for themselves (% of shoppers)



Question: "And which of the following are you planning to buy for yourself?"
Sample size (N) = 4,410

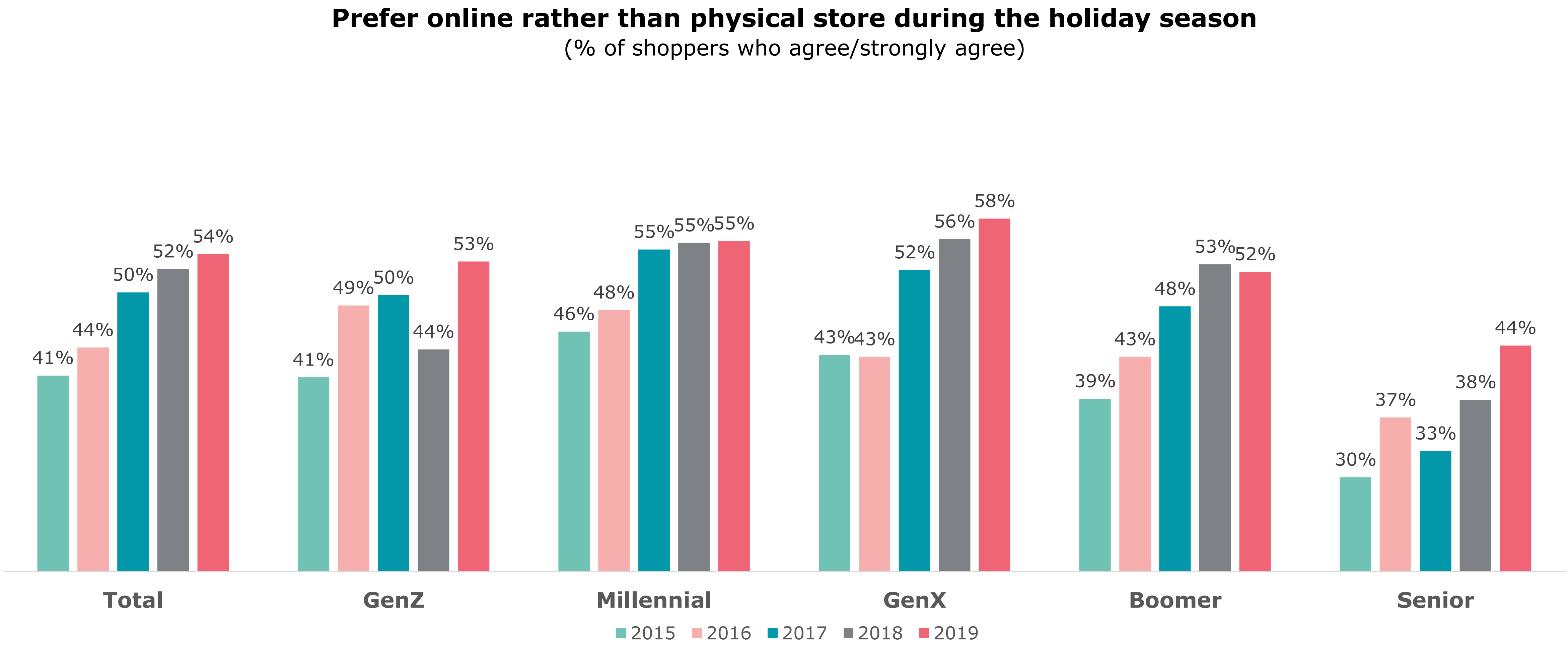
PREFERRED CHANNELS AND FORMATS

Share of spend continues to shift toward online channels



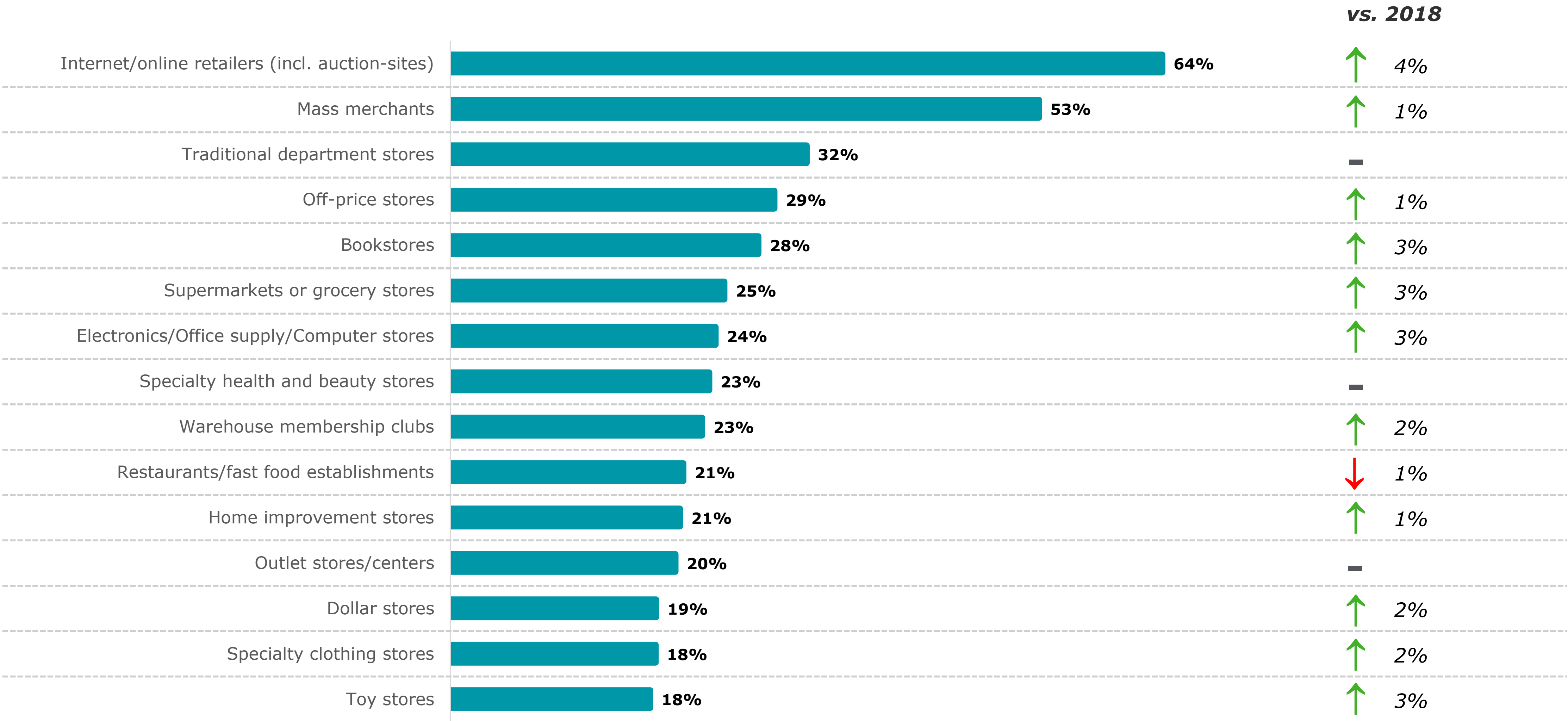
Question: "What percentage of your total holiday budget do you expect to spend..?"
^ Other retail channels (e.g., catalogue or direct mail promotion) not included in the chart (Share of spend = 3% in 2015; 5% in 2016; 7% in 2017; 7% in 2018; and 5% in 2019)
Sample size (N) = 4,280

Online continues to gain momentum across all cohorts



Online retailers continue to extend their lead

"At which of the following types of retailers will you likely shop for holiday gifts?"



Sample size (N) = 4,410

Shopper retail format preferences vary across incomes

"At which of the following types of retailers will you likely shop for holiday gifts?"

Overall rank	Low-income*	Middle-income*	High-income*		
1	2	1	1	Internet/online retailers (incl. auction-sites)	64%
2	1	2	2	Mass merchants	53%
3	7	3	3	Traditional department stores	32%
4	5	4	5	Off-price stores	29%
5	6	5	4	Bookstores	28%
6	3	8	12	Supermarkets or grocery stores	25%
7	8	7	8	Electronics/Office supply/Computer stores	24%
8	10	9	7	Specialty health and beauty stores	23%
9	16	6	6	Warehouse membership clubs	23%
10	11	11	11	Restaurants/fast food establishments	21%
11	14	10	10	Home improvement stores	21%
12	9	12	15	Outlet stores/centers	20%
13	4	19	24	Dollar stores	19%
14	20	14	9	Specialty clothing stores	18%
15	13	15	14	Toy stores	18%

Specialty stores have higher levels of intent among higher income households, while value stores are more popular among low income.

* Income references annual household income: Low = <$50K, Middle = $50K–$99K, High = $100K+.
Question: "At which of the following retail sources or venues will you likely shop for holiday gifts?"
Sample size (N) = 4,410. # Multi-select question.

Format preferred by all groups
Format preferred by low-income group
Format preferred by high-income group

DIGITAL INFLUENCE

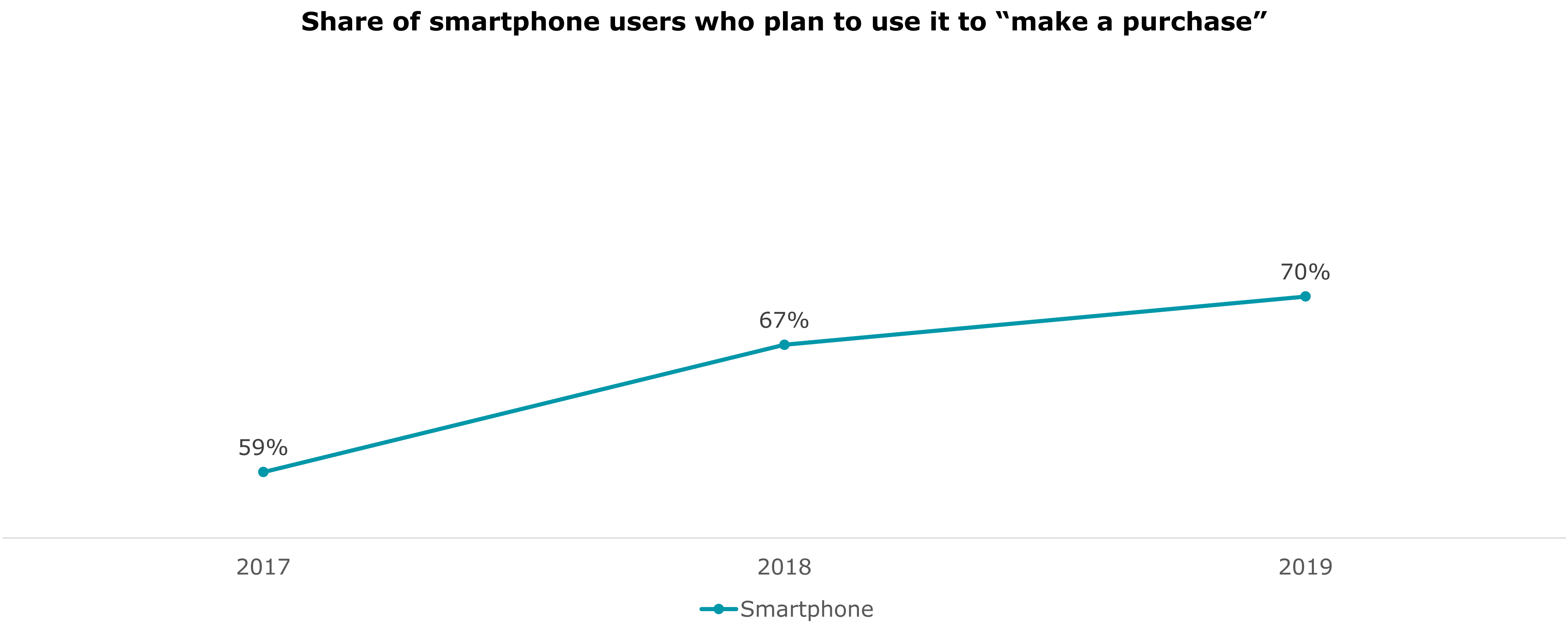
Laptop/tablet usage flatlined, while smartphone has gained momentum

Browsing, purchasing, and price comparison occur across all devices. However, tracking orders and getting store locations are more prevalent through mobile devices.

Digital device	Total shoppers	Top 5 uses by device#	
Desktop/ laptop	75% (76% in 2018)	Browse online	81%
		Make a purchase	79%
		Check/compare prices	72%
		Read product reviews	68%
		Get product information: pricing and specifications	65%
Smartphone	52% (46% in 2018)	Track order status	72%
		Browse online	72%
		Make a purchase	70%
		Check/compare prices	67%
		Get store locations	64%
Tablet	22% (22% in 2018)	Browse online	75%
		Make a purchase	67%
		Read product reviews	64%
		Check/compare prices	64%
		Get product information: pricing and specifications	61%

Question: "Please select the device(s) you use or plan to use for holiday shopping"
Sample size (N) = 4,410. # Multi-select question.

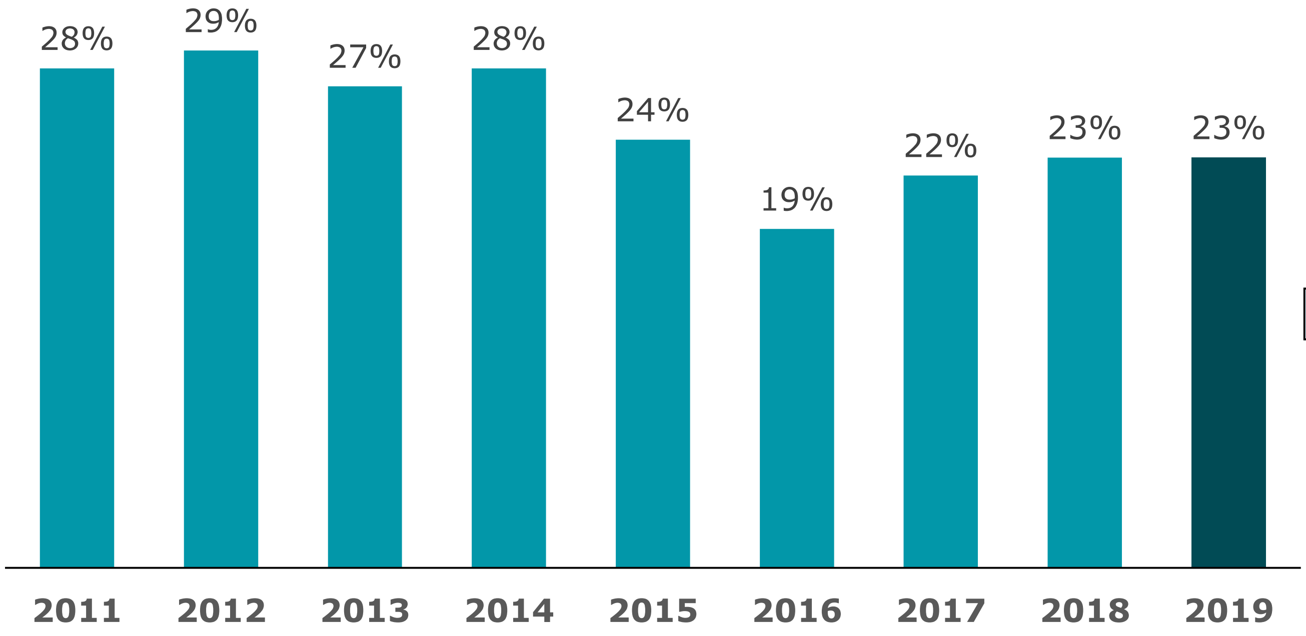
Shoppers are increasingly using smartphones to make purchases



Question: "Please select the device(s) you use or plan to use for holiday shopping"

Influencers only have so much influence; not a game-changer yet

Social media usage
(% of respondents)



Top 3 uses of social media

60% Read reviews

53% Browse products

52% Find promotions

Multi-select question.
Question (1): "Do you plan to use social media sites to assist in your holiday shopping?" Sample size (N) = 4,410
Question (2): "During this holiday season, how do you plan to use social media for shopping?" Sample size (n) = 964

Shoppers no longer separate online from in store

Popular omnichannel experiences

Research online and make purchase in store

69%

(vs. 66% in 2018)

Research in store and make purchase online

57%

(vs. 54% in 2018)

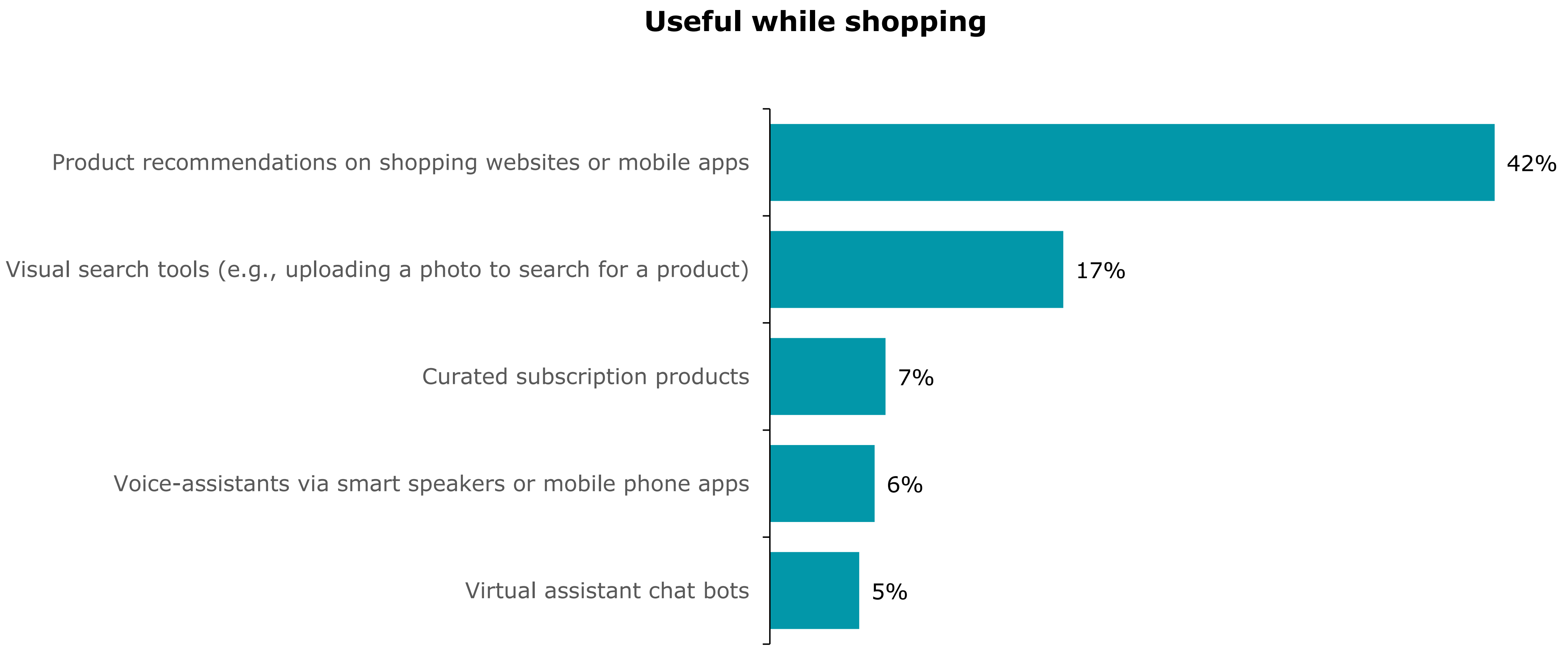
Buy online and pick up in store

45%

(vs. 45% in 2018)

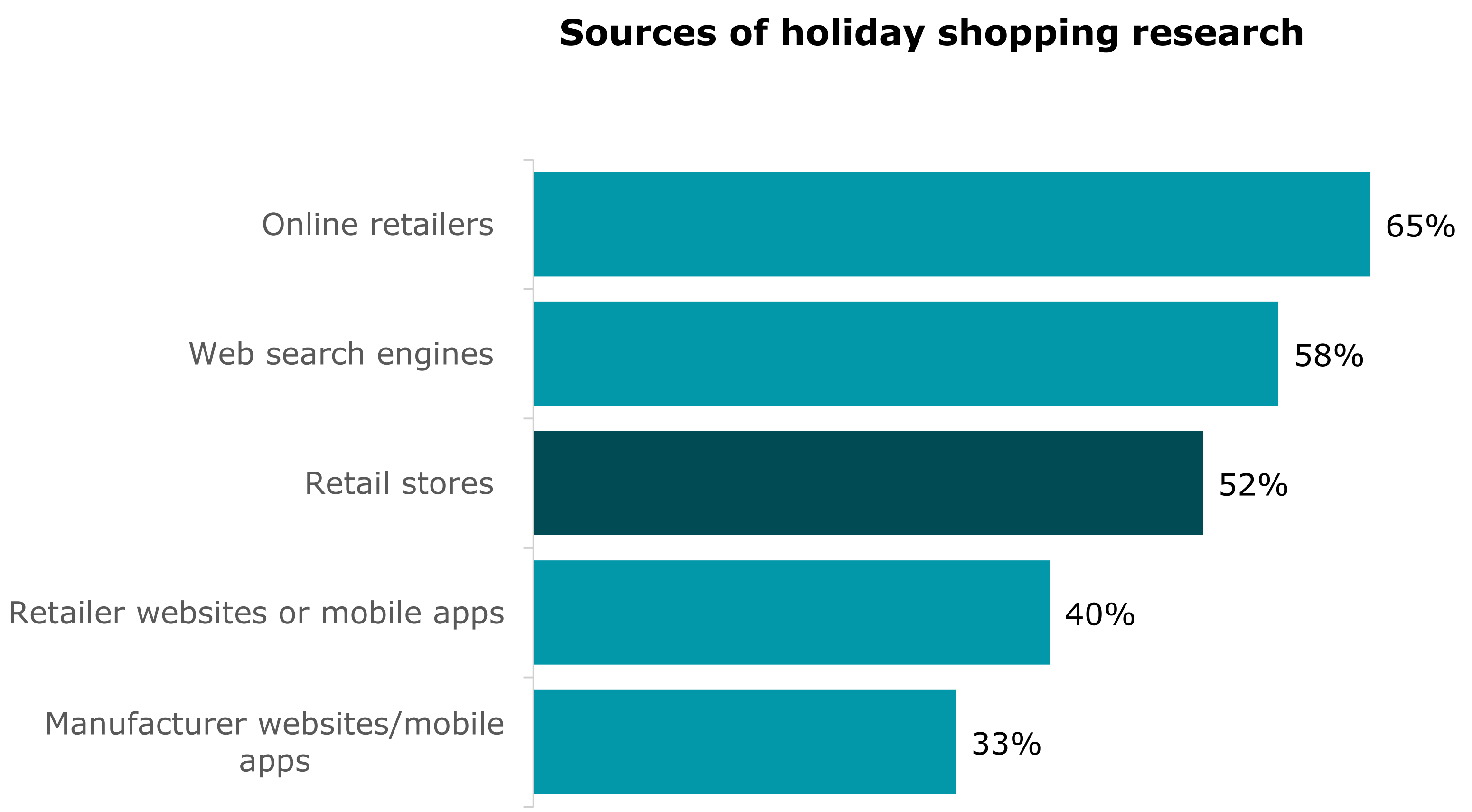
Note: Percentages combine those respondents who selected answer choices “Very likely” and “Somewhat likely.”
Question (1): “How likely will you be this holiday season to first look at items online, then go to a store to see the item, and then make your purchase at the store?”
Question (2): “How likely will you be this holiday season to first go to a store to look for an item and then search online for the best price, and then purchase online?”
Question (3): “How likely will you be this holiday season to buy a product online and then instead of having it shipped to you, you will go to the store to pick up the item?”
Sample size (N) = 4,410

Emerging technology still has a long way to go with consumers



Question: "Which of the following have you found to be useful while shopping?"
Sample size (N) = 4,410

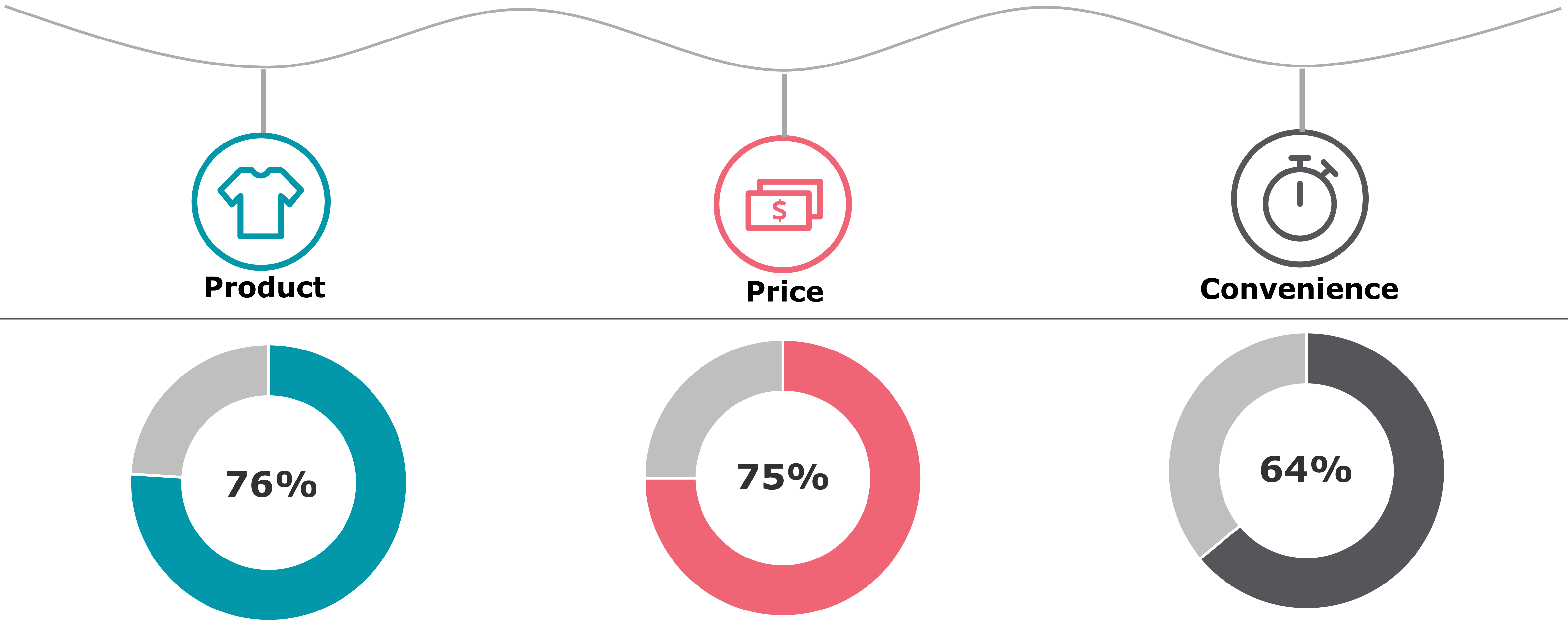
Shoppers still come to the stores for inspiration



Multi-select question.
Question: "Which of the following will you use for research before making your holiday purchases?"
Sample size (n) = 4,410

CONSUMER PREFERENCES

Product assortment and price lead the way followed by convenience

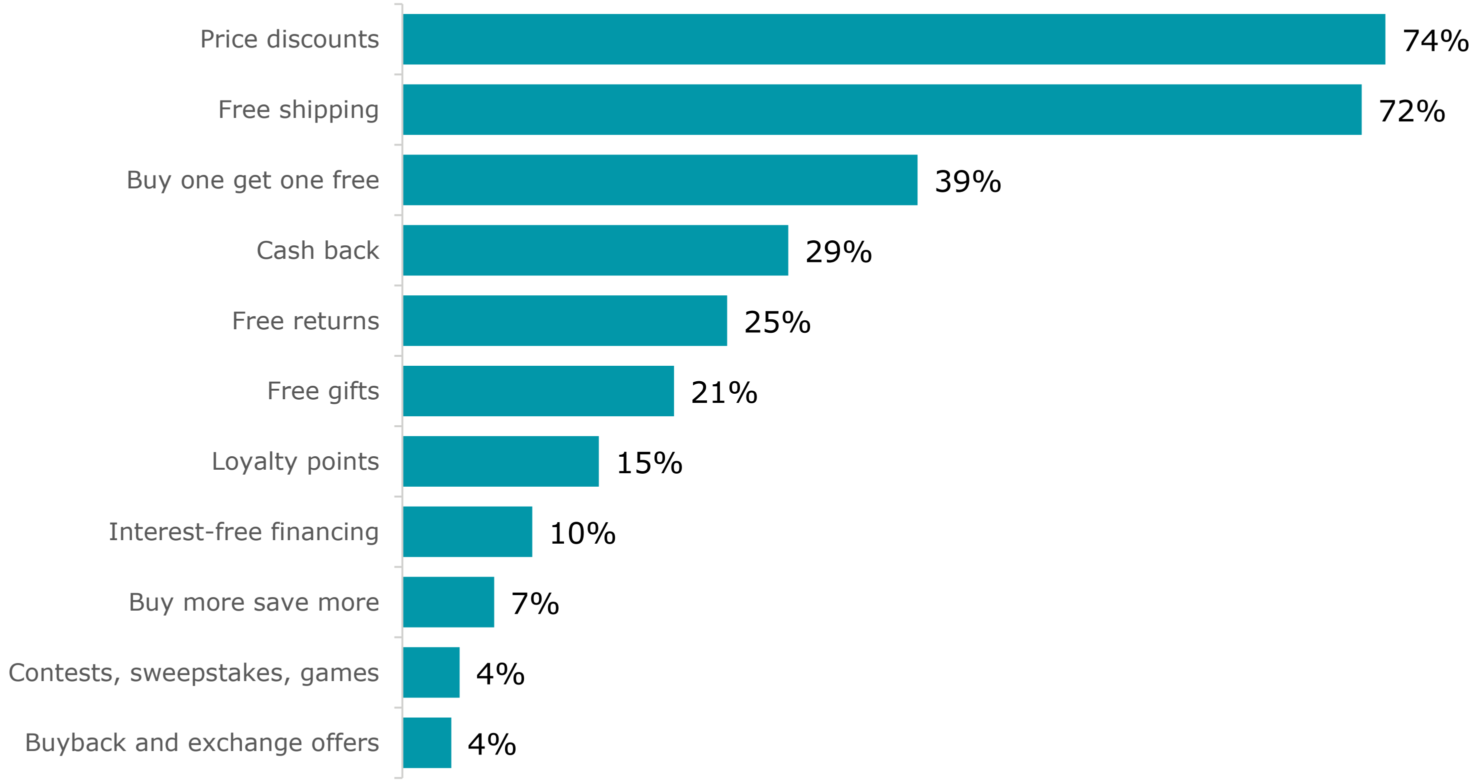


Promotions are still a holiday favorite

81%

of consumers will be influenced by promotions

Most appealing promotional offers#



Question (1): "What percentage of your total holiday purchases will be influenced by any coupons and promotional offers that you receive?"
Question (2): "Which of the following holiday promotional offers most appeal to you?"
Sample size (n) = 3,462; # Multi-select question.

Competitive pricing can likely get retailers new customers this holiday season

79%

of shoppers are open to trying new retailers this season

Multi-select question.
Question (1): "What percentage of your holiday gifts and shopping this year do you anticipate will be at those same locations as last year?" Sample size (N) = 4,410
Question (2): "What would influence you to try a new store or online retailer?" Sample size (N) = 3,495

HOW TO WIN THE HOLIDAYS

High spenders are likely to account for 60 percent of the total holiday spend

Share of holiday spend

60%

Of overall holiday spend is coming from high spenders

Spend amount

$2,101 or more

Amount high spenders will be spending this season

Early shoppers

69%

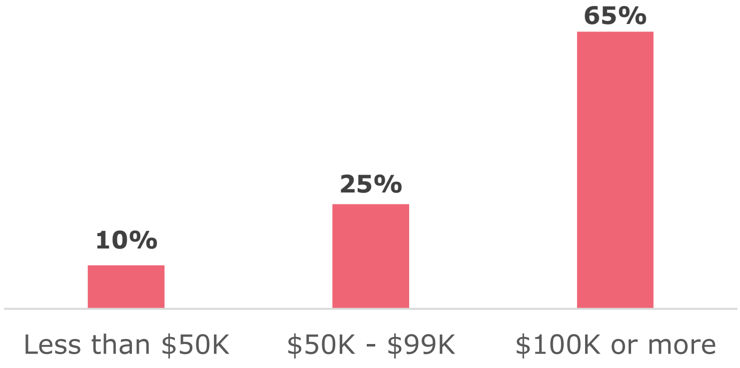
To start holiday shopping before Thanksgiving Day

Socializing away from home

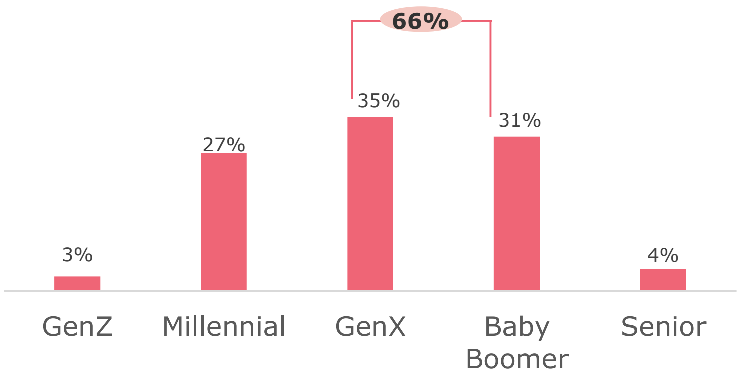
71%

The percentage of spending on socializing and travel that will come from high spenders

Household income



Generations



High spenders more likely to be traveling and socializing away from home this year

Category	Share of spend by category (high spenders vs. others)			Top items high spenders are likely to buy
Clothing and accessories (clothing, shoes, jewelry, etc.)	**57%**	vs.	**43%**	• Clothing *(85%)* • Shoes *(54%)*
Food and beverage/health and wellness (personal care, food/liquor, etc.)	**54%**	vs.	**46%**	• Food/liquor *(74%)* • Cosmetics/fragrances/health & beauty aids *(61%)*
Toys and hobbies (books, board games, dolls, movies, handcrafted items, etc.)	**51%**	vs.	**49%**	• Books *(66%)* • Games, toys, dolls, etc. *(57%)*
Electronics and accessories (computers, tablets, wearables, etc.)	**62%**	vs.	**38%**	• Games – computer/video only *(39%)* • CDs/DVDs/Blu-ray discs for movies or music *(36%)*
Home and kitchen (home improvement, home appliances and electronics, furniture, etc.)	**65%**	vs.	**35%**	• Home furnishings *(42%)* • Do-it-yourself (DIY)/home improvement goods *(39%)*
Other (pet-related products, data plans, money, subscription products, etc.)	**51%**	vs.	**49%**	• Gift cards or gift certificates *(66%)* • Tickets to an event – sporting, concert, etc. *(39%)*
Socializing away from home (travel, hotels, restaurants, etc.)	**71%**	vs.	**29%**	• Travel by flight or ground transport *(52%)* • Dine at restaurants away from home *(82%)* • Stay overnight at hotels or resorts *(52%)*

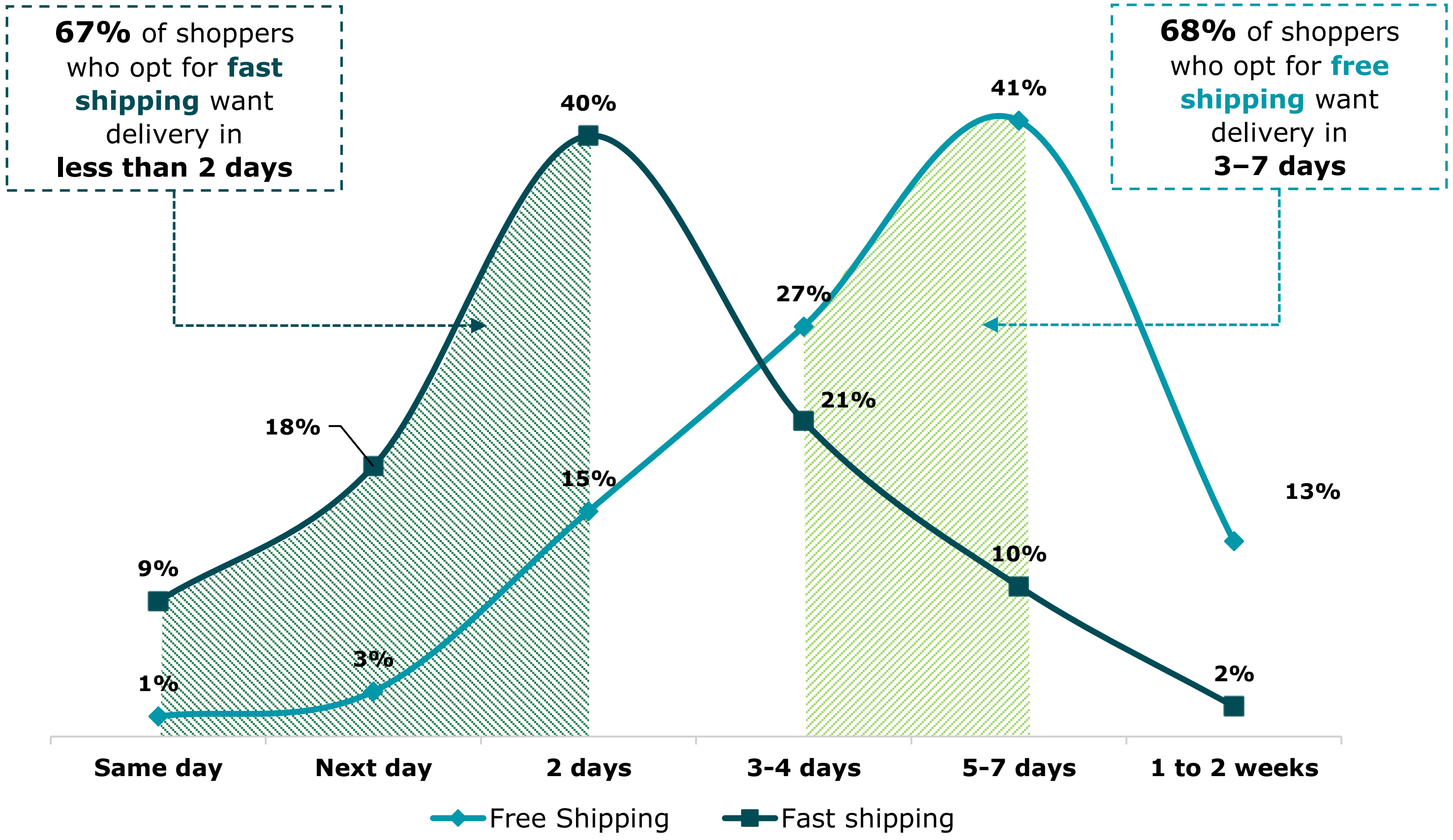
RETAILER POLICIES

Shoppers are slow to adopt newer delivery models

Question: "Which of the following delivery services are you likely to use during the upcoming holiday shopping season?"
Sample size (N) = 4,410

Shoppers want free shipping and are willing to wait up to seven days for it

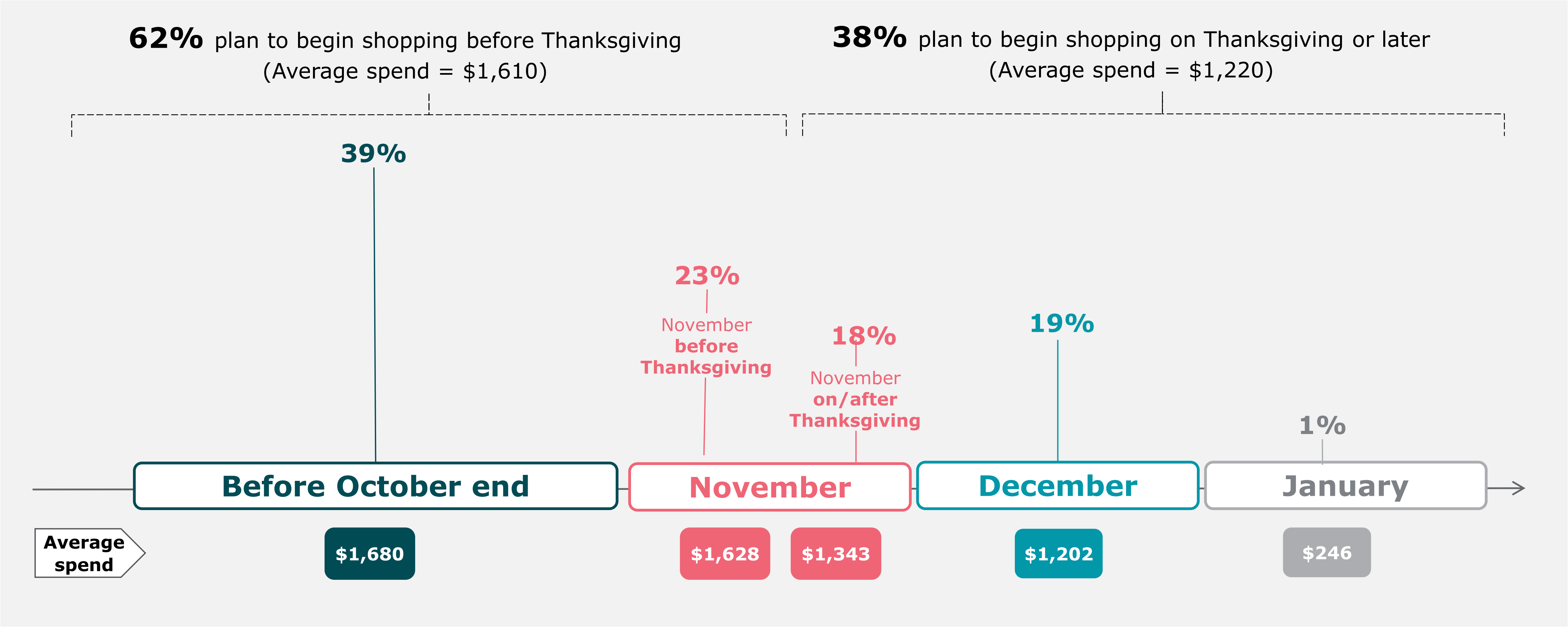
Importance of free vs. fast shipping



Question (1): "When you are shopping online, which of these two promises below would be more important to you?"
Question (2): "When you opt for free shipping/fast shipping, how long are you willing to wait to receive your product?"
Sample size (N) = 4,410

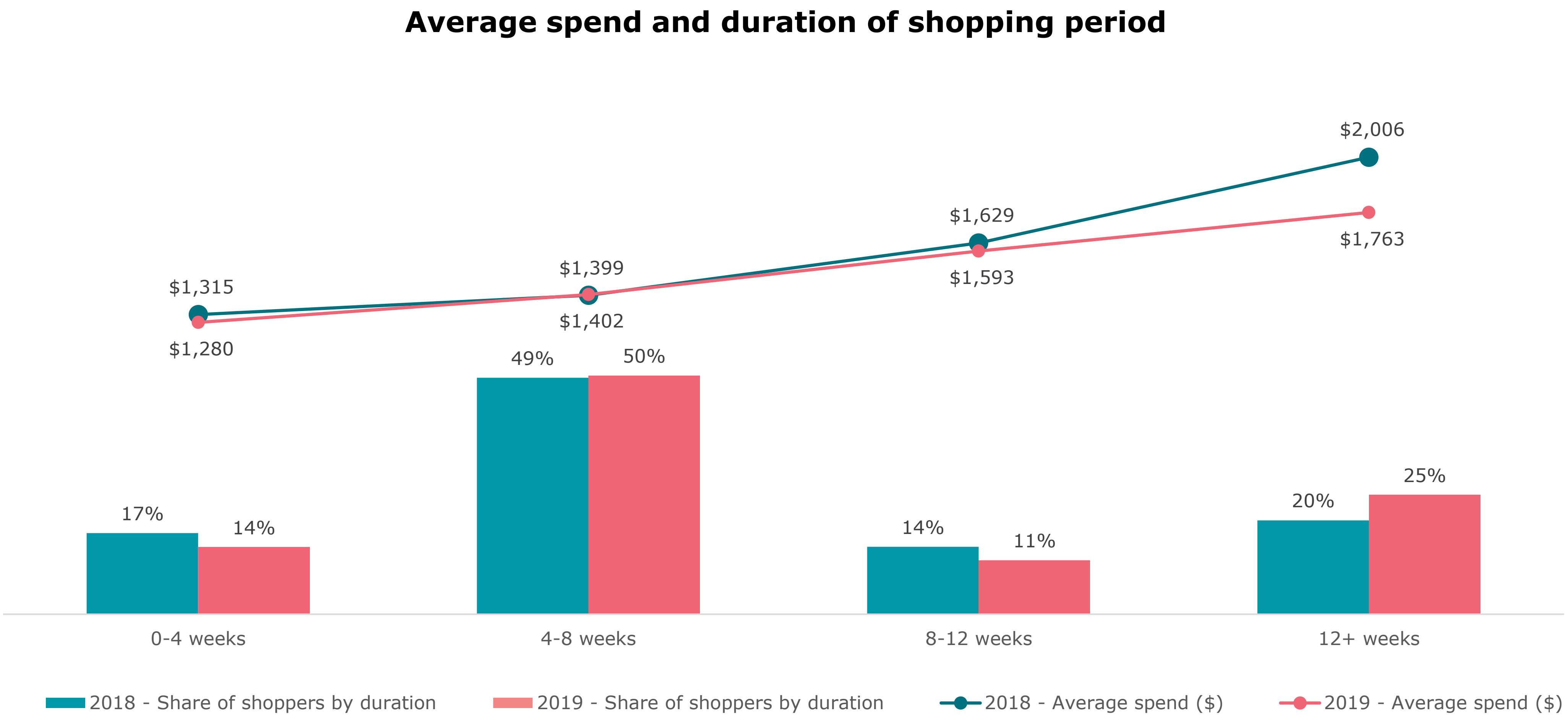
HOLIDAY SEASON TIMING

Early shoppers spend more



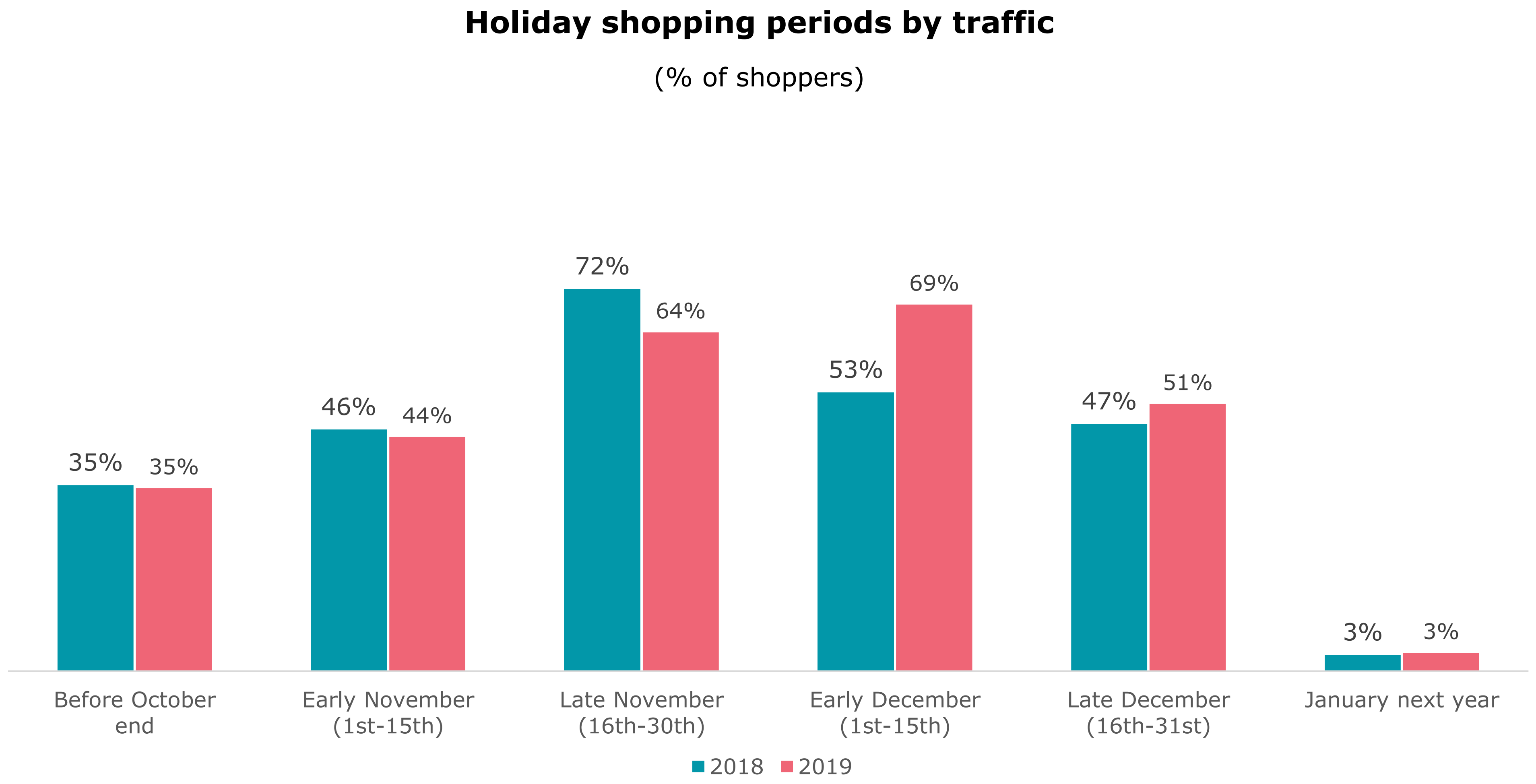
Question: "When are you likely to begin your holiday shopping this year?"
Sample size (N) = 4,410

Most consumers plan to complete holiday shopping over a four-to-eight-week period



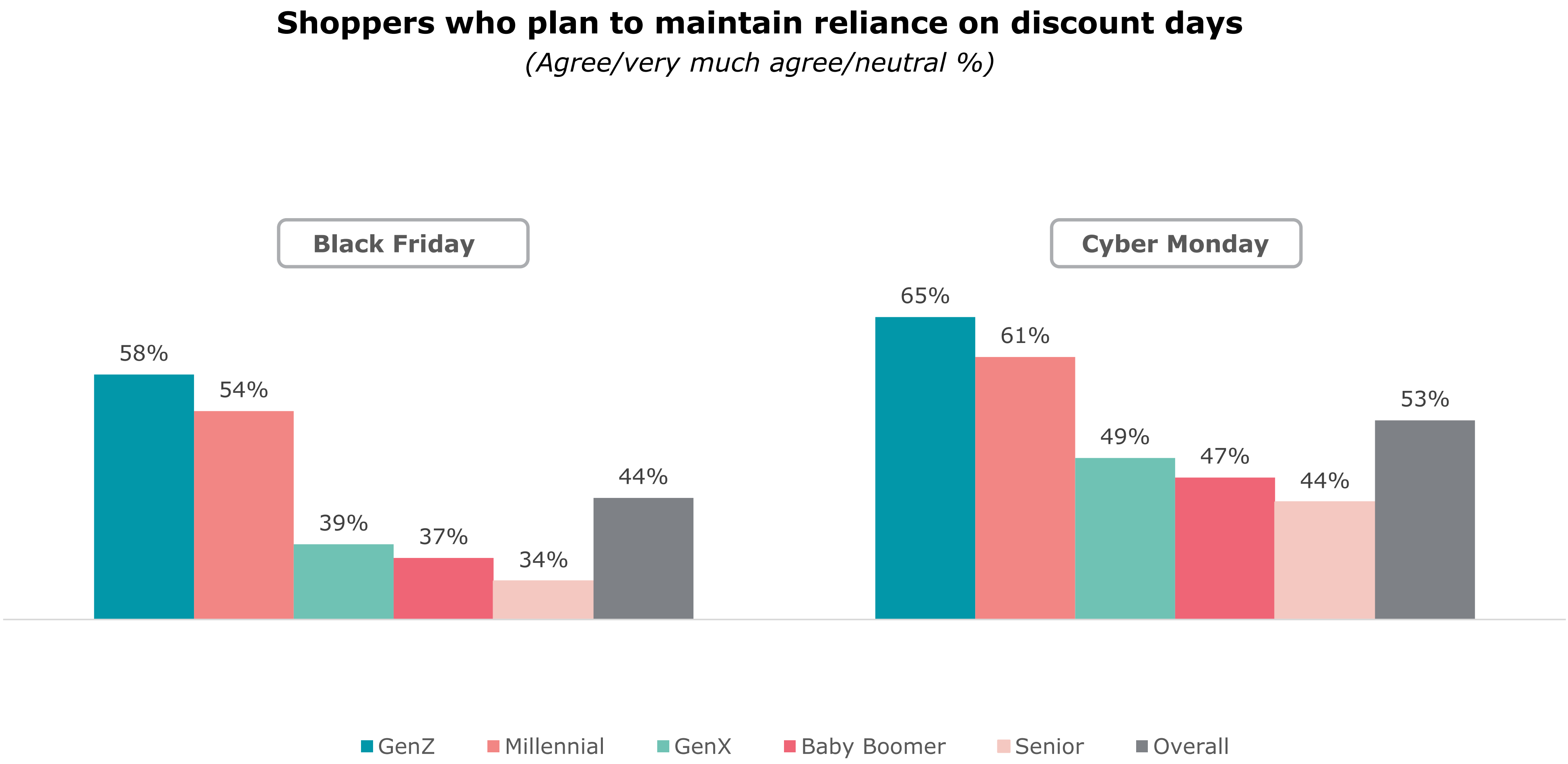
Question (1): “When are you likely to begin your holiday shopping this year?”
Question (2): “By which one of these days or months do you expect to complete your holiday shopping this year?”
Sample size 2018 (N) = 4,036. Sample size 2019 (N) = 4,410.

There are six fewer days this holiday season, which may shift traffic to peak in December



Question: "Out of $__ you plan to spend during the holiday season, do you plan to spend during the following months?"
Sample size (N) = 4,410

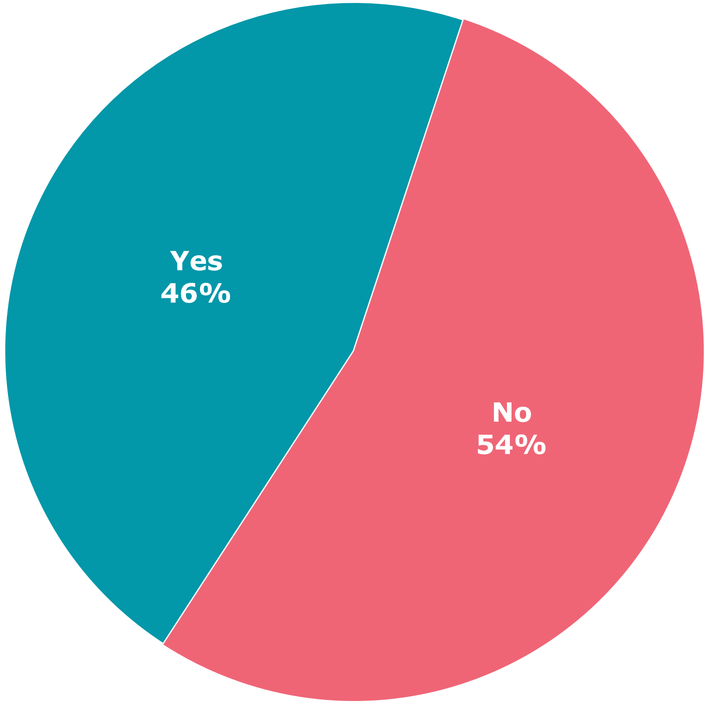
Cyber Monday has surpassed Black Friday across all age cohorts



Using a scale of 1 through 5, where 1 means 'Very much disagree' and 5 means 'Very much agree', please state how much you agree with each of the following statements.
Question (1): 'I rely on Black Friday shopping as much as I used to during the holiday season'
Question (2): 'I rely on Cyber Monday shopping as much as I used to for the holiday season'

Almost half of shoppers plan to donate during the upcoming holiday season

Holiday donating…



$151

Mean spend on items to donate this holiday season

Question (1): "Are you planning to buy any items to donate during the upcoming holiday season?"
Question (2): "How much are you likely to spend on the items to donate?"
Sample size (N) = 4,410/(N)= 2,000

CONSUMER DATA AND PRIVACY

What lies ahead for privacy?

Benefits shoppers want from retailers in return for sharing personal information

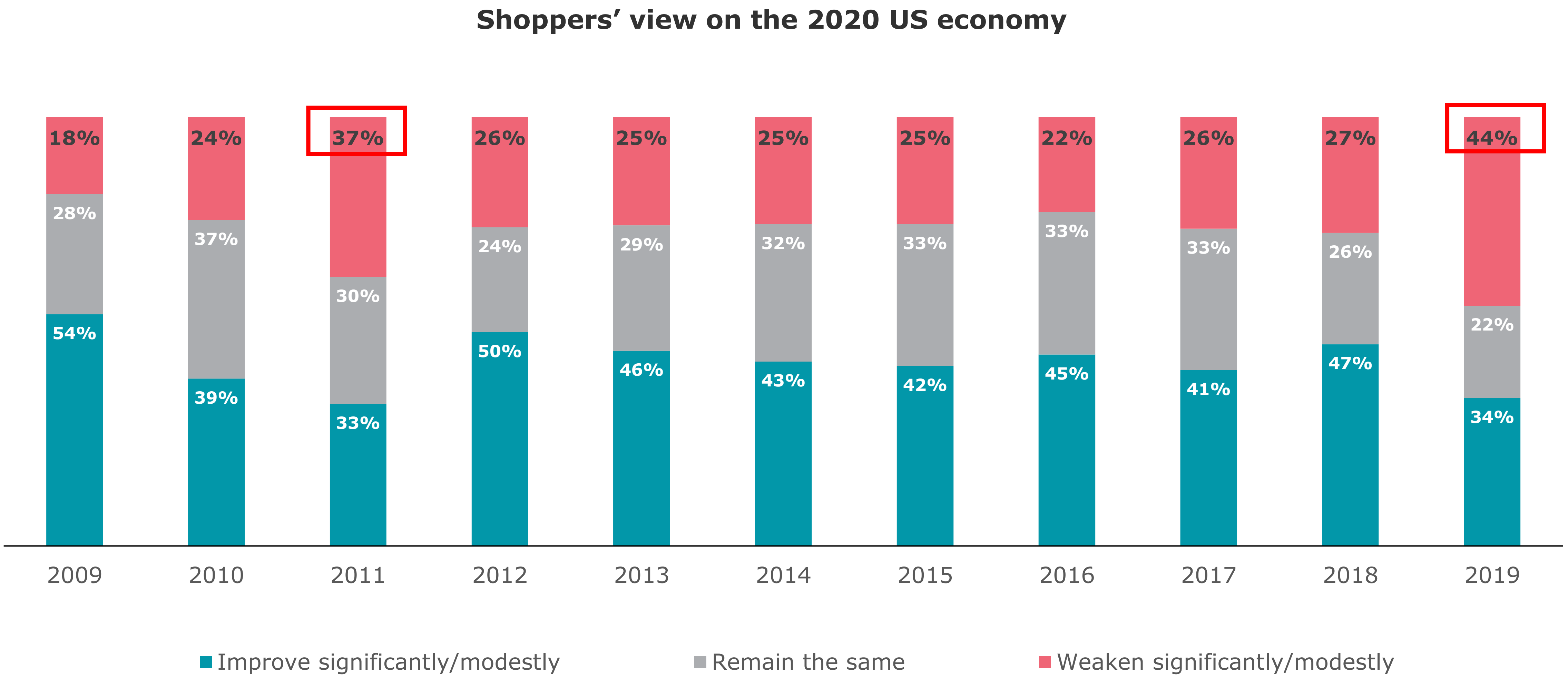
56% of shoppers feel **little/no control** over their consumer data

79% of shoppers are **concerned** about shopping at retailers with either **multiple data breaches** or data breaches within the last year

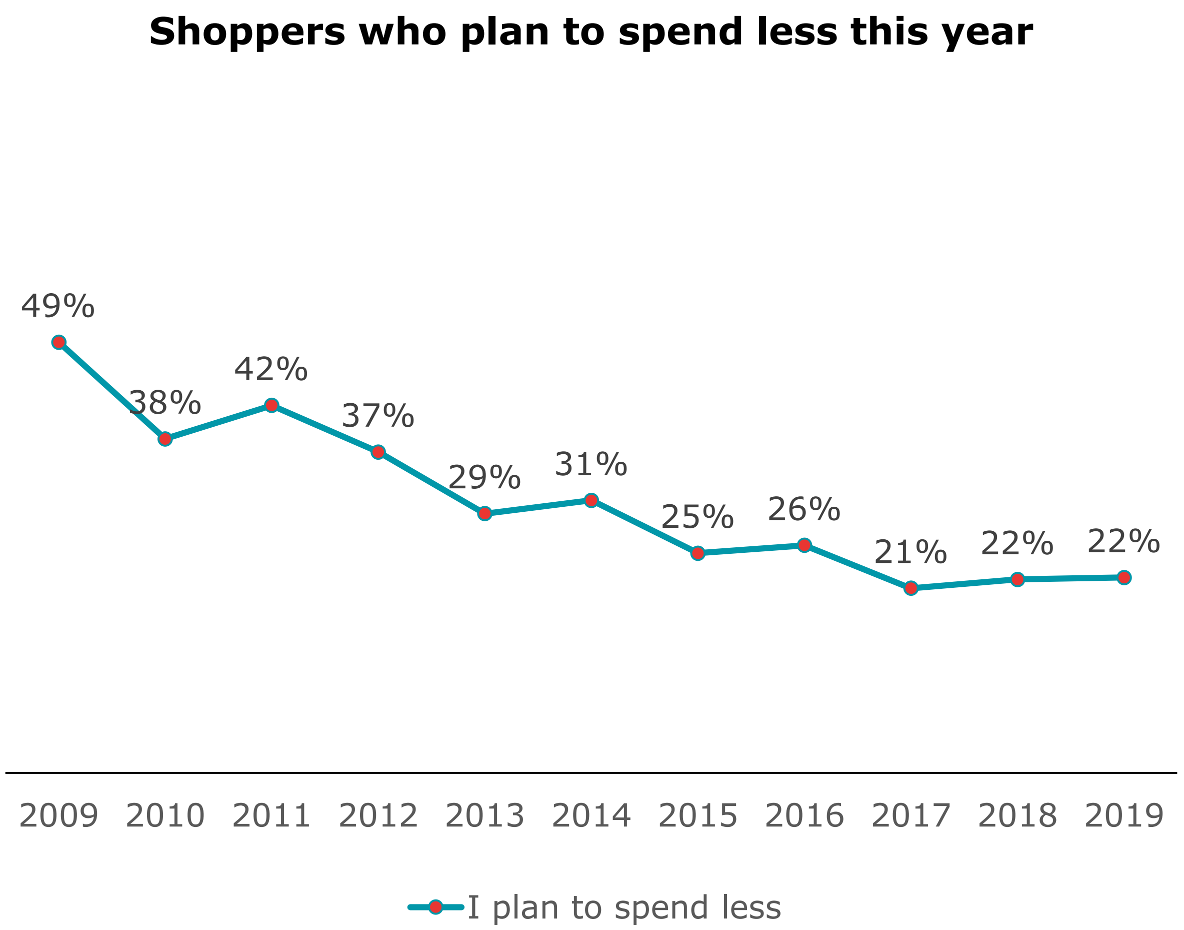
70% of shoppers would be **more comfortable** if they had **viewing/editing rights** for data collected on them

ECONOMIC AND HOLIDAY SPENDING OUTLOOK

Shoppers’ outlook on the 2020 economy is the weakest it’s been in years

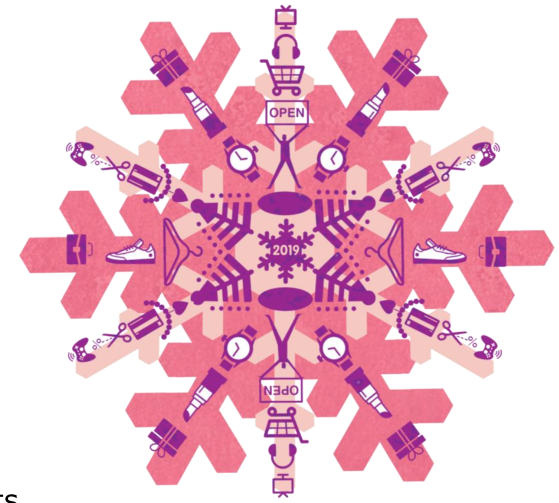


1 in 5 shoppers plans to spend less this holiday season



Top 5 reasons given for spending less:

- **9%** saving more instead of spending
- **8%** paying down debt instead of spending
- **7%** household financial situation is worse
- **7%** economic instability/general concern for the economy
- **6%** higher food prices



About the survey

This survey was commissioned by Deloitte and conducted online by an independent research company from September 6–13, 2019. It polled a national sample of 4,410 consumers and has a margin of error for the entire sample of plus or minus one to two percentage points.

About the Center

Deloitte Insights Consumer Industry Center (the “Center”) provides a forum for innovation, thought leadership, groundbreaking research, and industry collaboration to help companies solve the most complex industry challenges.

Technology is changing at a rapid pace, and so are consumers. How will these changes impact the way our clients do business in the future? The Center provides premiere insights based on primary research on the most prevalent issues facing the Consumer industry to help our clients run effectively and achieve superior business results.

The Center is your trusted source for information on leading trends and research that connect insights, issues, and solutions for Deloitte’s four Consumer sectors: Automotive, Consumer Products, Retail, Wholesale & Distribution, and Transportation, Hospitality & Services.

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