

# Deloitte 2019 holiday retail survey

Top 10 insights

# About the Deloitte Insights Consumer Industry Center

The 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 premier 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, and services.

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# Introduction

**R**ETAIL IS LOOKING to enjoy another cheerful holiday season. Deloitte's annual holiday economic forecast estimates that holiday retail sales will increase 4.5–5 percent this year. E-commerce holiday sales are projected to grow 14–18 percent over 2018.

Our 34th annual holiday retail survey findings corroborate this forecast: Consumers seem bullish about the economy this year and their household financial situation, as reflected in their spending plans for the coming holiday season. And consumers again plan to shop online as their preferred holiday channel, with online purchases expected to account for 59 percent of consumer holiday spending.

Consumers want to keep the good times rolling. In this year's survey, we explore consumer sentiment and planned shopping behaviors to understand what consumers seek in this holiday shopping season. The 20 percent in the high-spender category (those spending US\$2,101 or more) will account for 60 percent of the total holiday spend, and is especially keen on experiences. In order to win the holidays this year, high spenders should be a priority for retailers—especially those offering experiences.

From a digital shopping perspective, smartphone use for purchases is rising while other digital devices remain constant. This is the season, then, for retailers to continue to innovate with individual store apps, creating seamless experiences from online to in-store.

Data privacy remains a concern, but our study results show that consumers are more open to sharing data if retailers provide them with data access and control. This willingness to share increases when offered better pricing or discounts.

**In order to win the holidays this year, high spenders should be a priority for retailers—especially those offering experiences.**

What follows is a summary of our findings. We hope these insights will help guide retailers to capitalize on a cheerful holiday season and build deeper relationships with consumers to keep the momentum going well into the new year.



1

**Short-term consumer sentiment is positive, but headwinds are forming**

CONSUMERS PLAN TO spend US\$1,496 per household this year. While this is a slight drop from 2018 (US\$1,536), there is a positive growth trajectory since the post-Great Recession recovery began. Since 2012, projected consumer holiday spend has grown at a 5.4 percent compound annual growth rate, slightly outpacing overall retail sales of just over 4 percent during this same period.

Consumer confidence and their personal financial situation are important determinants heading into the holiday season. While consumers are still

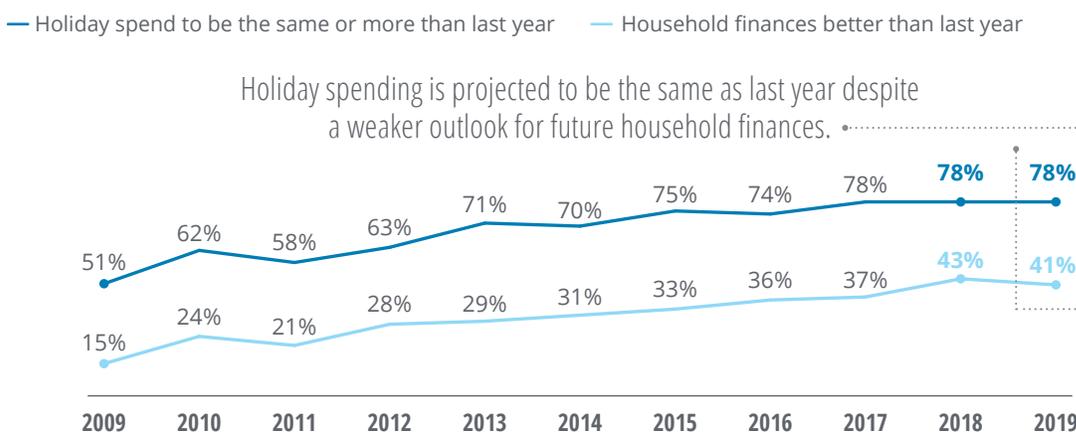
expecting to spend, there are signals of uncertainty. For the first time since 2012, fewer than 40 percent of consumers expect the economy to improve in 2020. This is a 13 percent drop from 2018.

One in five consumers—the same as the last two years—say they plan to spend less this year. They cite a number of reasons, leading with the need to save more. Only 7 percent of all respondents cite general concern about the economy as a reason.

Despite potential future headwinds, the holiday season should be cheerful.

FIGURE 1

### Shopper sentiment

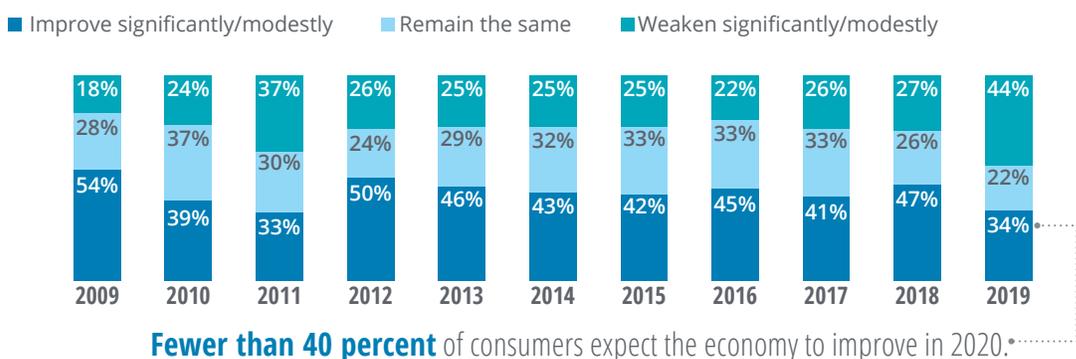


Holiday spending is projected to be the same as last year despite a weaker outlook for future household finances.

Note: Figure indicates percentage of US holiday shoppers, n=4,140.  
Source: Deloitte 2019 Holiday Retail Survey.

FIGURE 2

### Economic outlook for the upcoming year



Fewer than 40 percent of consumers expect the economy to improve in 2020.

Note: Figure indicates percentage of US holiday shoppers, n=4,140.  
Source: Deloitte 2019 Holiday Retail Survey.

# 2

**Shoppers want great products, good deals, and more convenience**

## Finding the perfect item—and getting a great deal on that item—is always on shoppers’ minds, and this holiday season is no different.

**T**HREE-QUARTERS OF CONSUMERS call price an important factor in their purchasing decisions—something that retailers should keep in mind when rolling out holiday deals and promotions.

But price isn’t everything: Consumers continue to focus on retailers’ product quality and variety. In fact, having great products and brands scored highest among all consumers (85 percent) when asked about their key preferences. With ever more

consumer choices of where and how to shop, maintaining quality stock should be high on retailers’ “shopping list.”

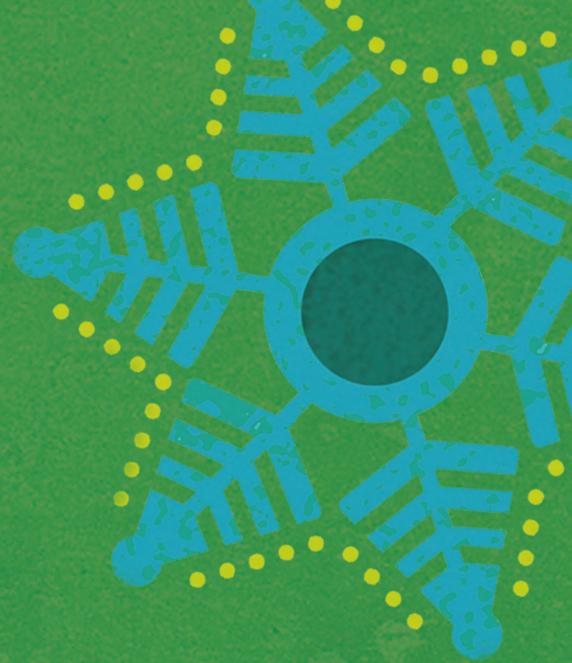
Great deals and assortment will likely always be key drivers. As competition increases in those areas—particularly from online merchants—consumers may be shifting to convenience aspects in choosing where to shop, meaning that convenience is growing as a potential differentiating factor.

FIGURE 3

### Products, deals, and convenience are top of mind for consumers



Note: Figure indicates percentage of US holiday shoppers, n=4,140.  
Source: Deloitte 2019 Holiday Retail Survey.



3

**Consumers want their  
holiday gifts delivered  
for free**

INCREASINGLY, CONSUMERS WANT their holiday shipping to be fast and/or free, and options have grown, with many retailers offering fast or free shipping—or the alternative of buying online and picking up at the store.

## Consumers have made their choice: Fully 85 percent prefer free shipping over fast shipping.

This has stayed consistent over the last three to five years. Among those shoppers who prefer free shipping, over 80 percent are willing to wait three

days or more for order delivery. And almost half of consumers plan to use the buy-online-pick-up-in-store option this holiday season.

Retailers understand that convenience enhances the customer experience and can be a key differentiator. This last-mile supply chain, or how the product is delivered to consumers, has become another key battleground. In early communications and advertising for the 2018 and 2019 holiday seasons, delivery and fulfillment communications are moving to the forefront.

Apart from last-minute gift purchases, consumers have clearly shown that free over fast for the holidays is their preferential delivery option.

FIGURE 4

### Free vs. fast shipping: Timeframe shoppers are willing to wait for



<sup>^</sup> Share of shoppers opting for “free shipping”: 85% of national sample

<sup>\*</sup> Share of shoppers opting for “fast shipping”: 15% of national sample

Note: Figure indicates percentage of US holiday shoppers, n=4,140.

Source: Deloitte 2019 Holiday Retail Survey.

# 4

**The experience of celebrating the season with others is the leading type of holiday spend**

WHILE THERE IS a relatively even split in the high-level categories of where people are looking to spend, there is more than meets the eye with this one.

**Over the last five years, we have seen a modest increase in “experience” spending, growing from 38 percent to 40 percent of total spend.**

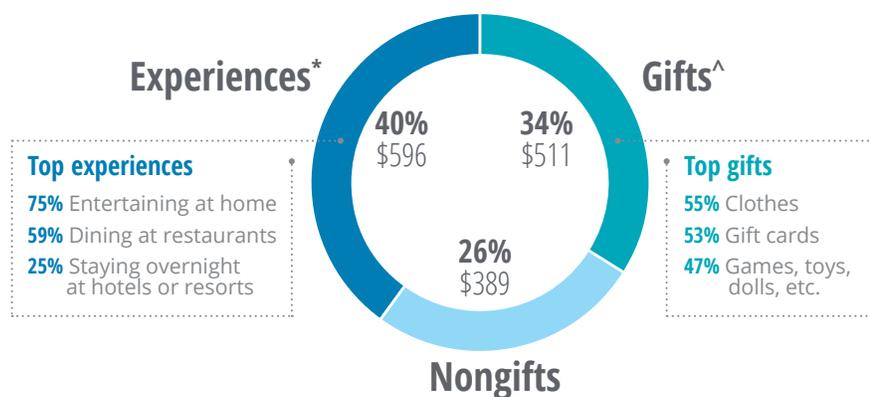
While people are still planning to give, they also intend to travel, dine out, and spend more time socializing this season. Perhaps that is why the top

item people report buying for themselves is food and drink—it is a festive season, after all.

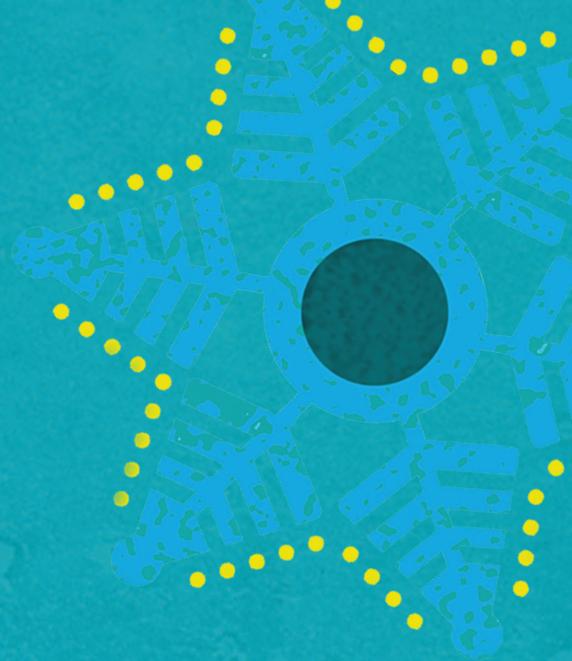
Travel and entertainment experiences are a key aspect of holiday intent and spend. Consumers planning on “socializing” through travel, staying at hotels, or dining in restaurants account for over a quarter of holiday spending. In fact, two-thirds of holiday shoppers plan on socializing away from home, spending an average of US\$391.

As we have seen in past years, the top gifts remain clothing, gift cards or certificates, and toys. However, the average number of gifts given has fallen to 15 from a peak of 21 in 2007. With spouses and children as the top gift recipients, it should still be a cheerful holiday season.

FIGURE 5  
**Categories of spend**



^ Gifts include gift cards/gift certificates  
 \* Experiences include socializing away from home/entertaining at home  
 Note: Figure indicates percentage of US holiday budget, 100 percent = US\$1,496. All dollar amounts are in US dollars.  
 Source: Deloitte 2019 Holiday Retail Survey.



# 5

**Online shopping is looking even stronger this holiday season**

**T**IS THE SEASON to be online shopping. Deloitte has forecast retailers’ digital sales to be robust this holiday season, amounting to US\$144–\$149 billion. E-commerce sales are expected to grow between 14 and 18 percent, higher than the 11.2 percent in 2018. Potentially aiding this growth is the smartphone’s prevalence, power, and popularity: Smartphone use for holiday shopping is expected to rise 6 percent, while other device use is flat.

Our research suggests that two-thirds of consumers intend to begin their holiday shopping journeys at online retailers with few or no physical locations, including auction sites. Nearly the same number (58 percent) plan to use online search engines as their main source for research. Using online retail sites for research is a no-brainer, with retailers offering a breadth of products, customer reviews, and 24/7 ordering.

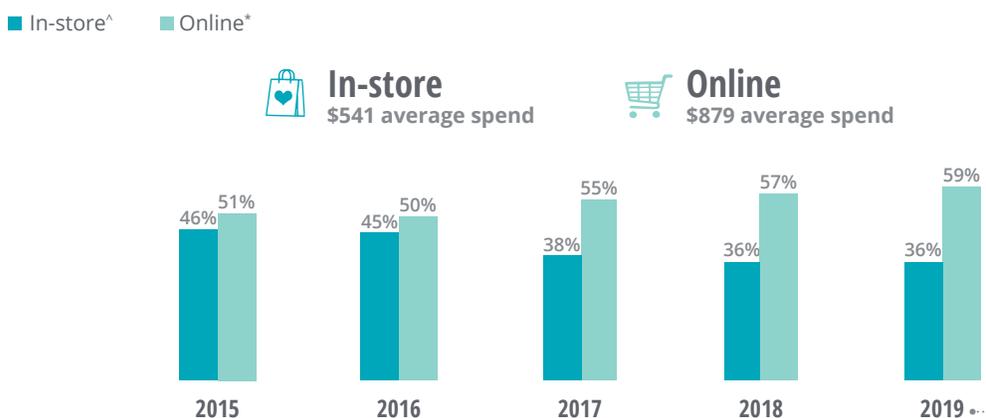
In-store experience, however, still plays a major role in the shopper’s journey. Many consumers still prefer to interact with products in person.

## Over two-thirds of holiday shoppers suggest they will research online and buy at least some gifts in-store.

Conversely, more than half of shoppers also plan on doing in-store research and buying online. This consumer journey of mixing online and in-store for research, pricing, and comparisons is now commonplace.

FIGURE 6

### Percentage share of spend: Online vs. in-store



While the projected **in-store spending** has remained the same, more consumers say they’ll be **spending online**, compared to 2018.

^ Other retail channels (e.g., catalog or direct mail promotion) not included (share of spend = 3 percent in 2015, 5 percent in 2016, 7 percent in 2017, 7 percent in 2018, and 5 percent in 2019)

Note: Figure indicates percentage of US holiday shoppers, n=4,280. All dollar amounts are in US dollars.

Source: Deloitte 2019 Holiday Retail Survey.

# 6

**There's more to  
holiday high spenders  
than income alone**

**R**ETAILERS’ RACE TO capture the high spenders’ hearts and wallets during the holiday season is hardly new. To understand the profile of high spenders, we analyzed the 20 percent of all shoppers who intend to spend over US\$2,100, accounting for 60 percent of total holiday spending.

## For retailers to win this holiday season, they should pay attention to where and how this group shops—and on what.

While it’s no surprise that a majority (65 percent) of high spenders are individuals from

higher-income households (over US\$100,000), 25 percent are from middle-income households (US\$50,000–\$99,000), and 10 percent from lower-income households.

This group also tends to be older, with 65 percent over age 40. They are more likely to be buying clothing, gift cards, and books for family members, especially spouses and children. Their largest spend (31 percent of their holiday budget) goes toward travel and socializing away from home.

High spenders are more likely to use technology to shop during the holiday season. Nearly two-thirds plan on using smartphones for shopping, compared to only half for the rest of the population.

FIGURE 7

### High spenders spend a large part of their holiday budget on socializing

	 <b>Low spenders</b> Bottom 20%	 <b>High spenders</b> Top 20%
<b>Holiday spend</b>	<b>\$305</b> or less	<b>\$2,101</b> or more
<b>Generation</b>	<b>42%</b> Gen X and boomers	<b>65%</b> Gen X and boomers
<b>Top gift recipients</b>	<b>40%</b> Children <b>37%</b> Spouse/partner	<b>78%</b> Spouse/partner <b>74%</b> Children
<b>Smartphone use for shopping</b>	<b>45%</b>	<b>62%</b>
<b>Types of gifts</b>	<b>1</b> Clothing <b>2</b> Gift cards <b>3</b> Games/toys	<b>1</b> Clothing <b>2</b> Gift cards <b>3</b> Books
<b>“Socializing away from home” as percentage of holiday spend</b>	<b>12%</b>	<b>31%</b>

Note: All dollar amounts are in US dollars.  
 Source: Deloitte 2019 Holiday Retail Survey.

# 7

**Smartphones are becoming the go-to platform for holiday shopping**

**T**HE SMARTPHONE IS becoming as ubiquitous to holiday shopping as going to the mall used to be—maybe even more so. Consumers are taking advantage of quick access to products, reviews, social media, and seamless checkouts, likening smartphone shopping to a point-of-sale anywhere.

Over the last two years, the smartphone has grown in consumer usage, while laptops, desktops, and tablets have remained constant. Consumer shopping preferences for other devices seem to have plateaued.

Technology has increasingly driven the holiday shopping experience, with new gadgets, game

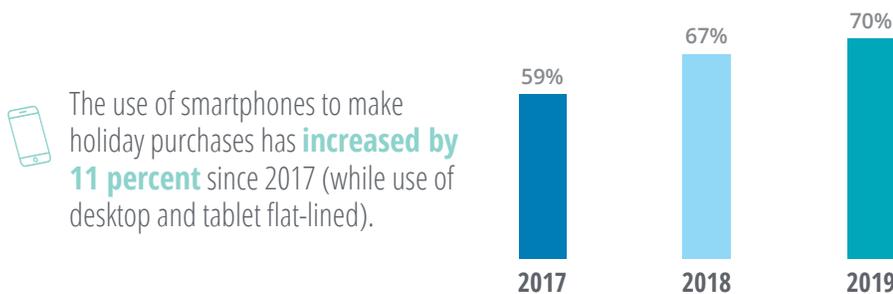
consoles, and in-store technologies arriving regularly. What will be the next killer app in shopping? From our findings, we are not there yet. No single emerging consumer technology, such as social commerce, voice assistance, and AR/VR, has really caught on.

## Smartphones as a platform increased 6 percent while desktop & tablet flat-lined.

It will be interesting to see the impact of 5G in the coming years and how it influences the always-on mobile point-of-sale trend.

FIGURE 8

### Share of smartphone users who plan to use it to make a purchase



Source: Deloitte 2019 Holiday Retail Survey.



8

**Online retailers and mass merchants are the most preferred formats for holiday shopping**

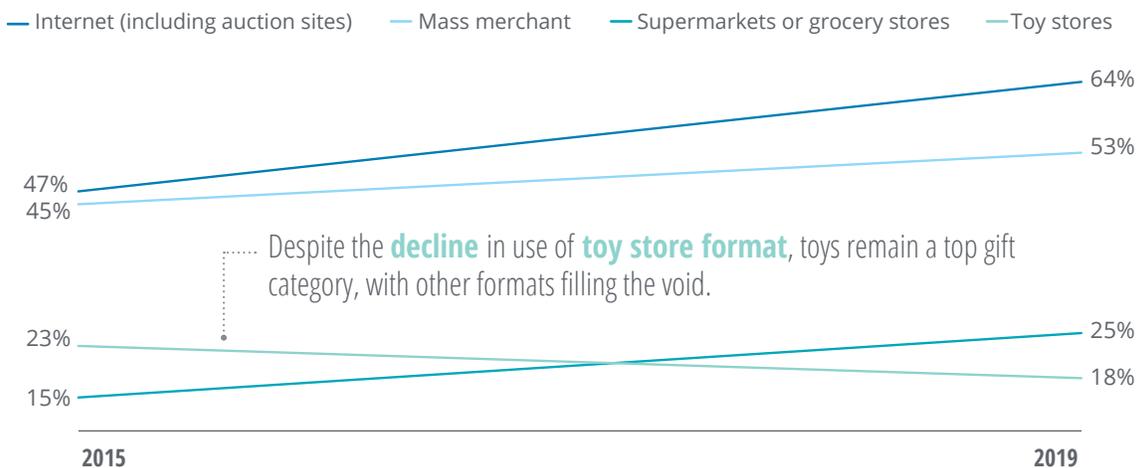
**A**S WE HAVE seen for several years, online retailers and mass merchants are where consumers prefer to shop during the holidays. Nearly two-thirds of consumers plan to shop at online retailers this year; over half plan on visiting a mass merchant. These two formats have remained at the top for the last five years.

**With the demise of major toy store chains, the toy store format has dropped from a top-five format in 2015 to the bottom.**

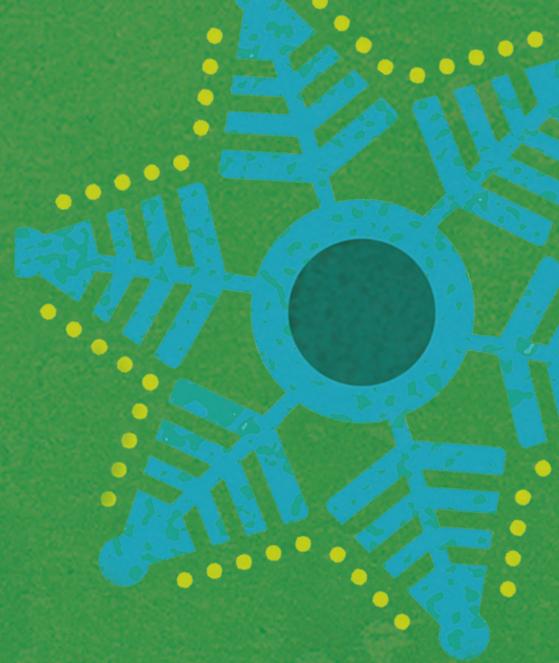
Over the years, we have seen individuals changing how they shop for certain categories. The gifting of food and liquor for the holiday season has been rising, and as this trend continues, we are also seeing a 10 percent increase in the supermarket/grocery store format.

However, toys remain a top gift category year after year; online merchants, mass retailers, and other store formats are filling the void by strengthening their toy offerings.

FIGURE 9  
**Retail format preference from 2015 to 2019**



Source: Deloitte 2019 Holiday Retail Survey.



9

**Holiday shopping is expected to peak in early December this year**

## Holiday shopping typically peaks around Thanksgiving, but this year it seems to have shifted to slightly later.

ONE REASON MAY be that this year, Thanksgiving is unusually late, placing Black Friday on November 29 and Cyber Monday on December 2. Perhaps that is why nearly 70 percent of consumers say they plan to holiday shop in early December.

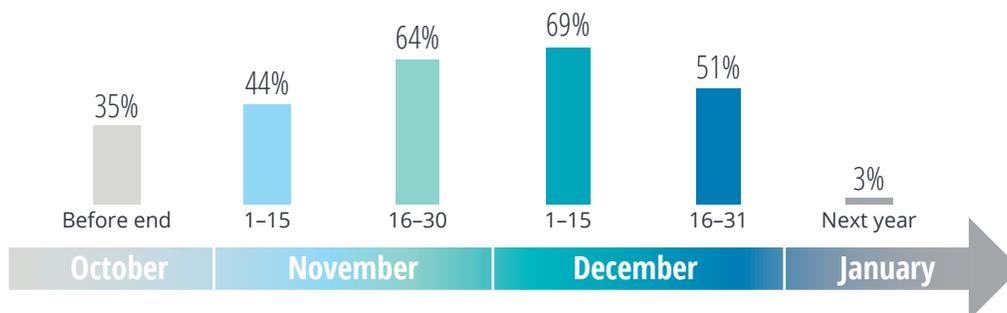
Cyber Monday has eclipsed Black Friday in terms of importance across all generational cohorts, though Gen Z and millennials rely most on Cyber Monday deals. As online natives, Gen Z

(65 percent) and millennials (61 percent) are particularly interested in finding a deal on Cyber Monday to stretch their disposable income.

Shoppers that tend to start early spend significantly more. Pre-Thanksgiving shoppers plan to spend 25 percent more (US\$1,660) than those that start after (US\$1,239). While the early start certainly opens the wallet, shoppers still count on holiday deals and promotions.

FIGURE 10

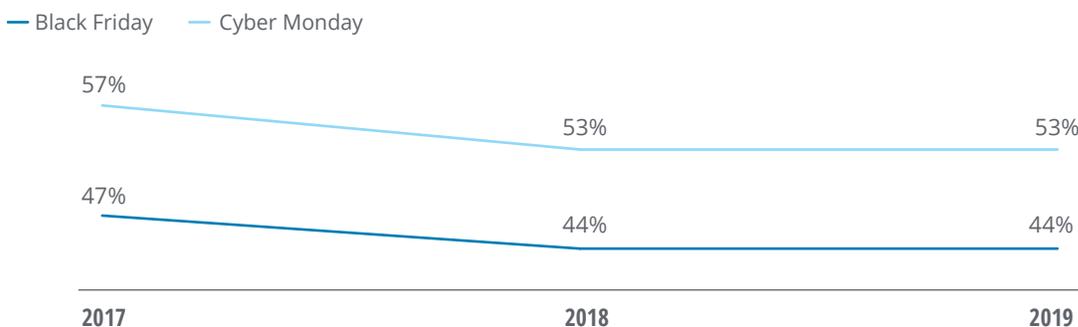
### Holiday shopping periods by traffic



Source: Deloitte 2019 Holiday Retail Survey.

FIGURE 11

### Consumers planning their holiday shopping around Cyber Monday vs. Black Friday



Source: Deloitte 2019 Holiday Retail Survey.



10

**Online retailers are  
the No. 1 source of  
inspiration for most  
shoppers**

FINDING THE RIGHT gift for that special someone is always a challenge during the holiday season; half of shoppers are seeking inspiration or are undecided on products when they begin holiday shopping. Of those, 30 percent have a category—for example, clothing—in mind, while 20 percent reported having no specific items in mind. Nearly two-thirds of consumers plan to browse online retailers to get inspired.

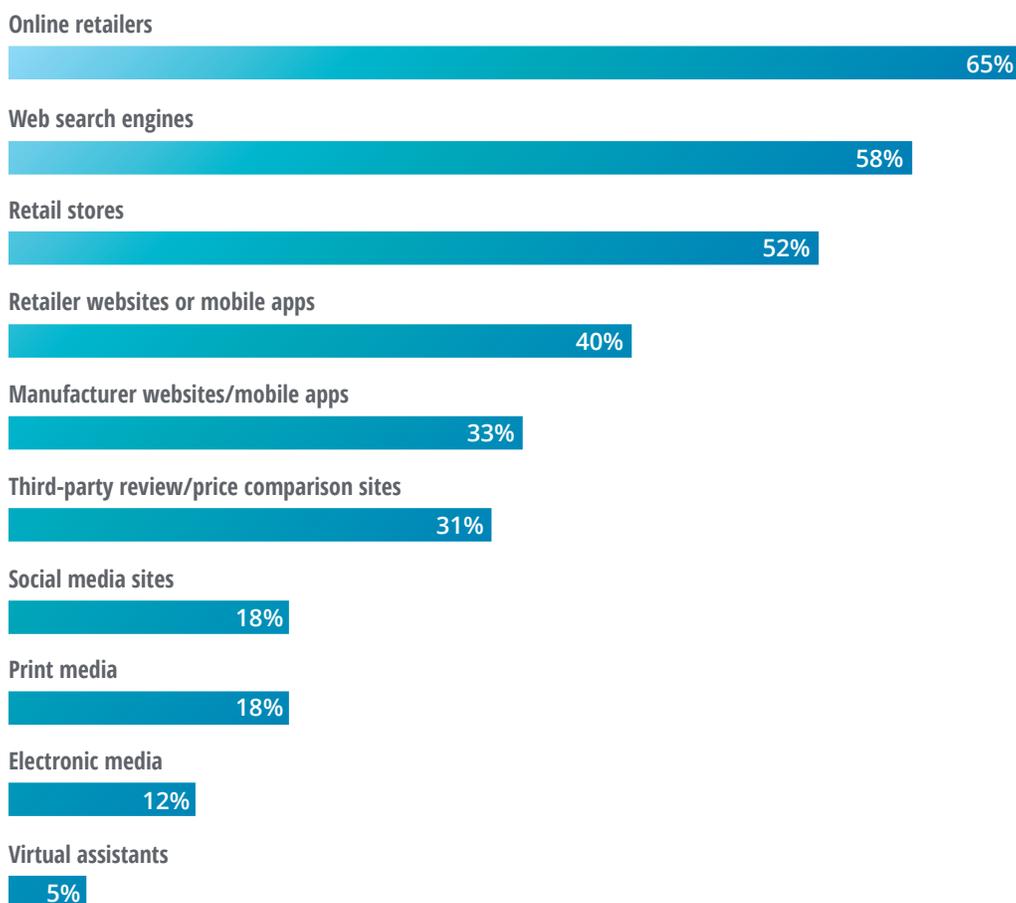
Social and print media are not major drivers of product research and are wielding much less of an influence on consumers this holiday season. And the value of the in-store experience remains solid,

especially for products that consumers want to see and touch before purchase. Fully half intend to find their inspiration in the store.

**Regardless of how they research and buy, consumers have access to more information on products, price, and promotions at their fingertips.**

FIGURE 12

### Sources of holiday shopping research



Source: Deloitte 2019 Holiday Retail Survey.

# It's time to jingle all the way

**T**HE RETAIL INDUSTRY should have a cheerful holiday season this year. While headwinds are certainly forming, consumers remain in a bullish mood driven by strong personal finances and near-term confidence in the overall economy.

The holiday season is no longer just the time to buy gifts. We have seen a rise in consumers spending

on entertainment and experiences. Socializing away from home with family and friends is more common than ever, led by high spenders.

What does this mean for retailers? Consumers remain price- and product-focused and—as always—love a great holiday promotion.



# About the Deloitte 2019 Holiday Retail Survey

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

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