

RETAIL

Holiday shopping looks merry for some, not all: Deloitte

October 26, 2021



Some shoppers are planning to spend more, while others may be pulling back on holiday spending. Image credit: Deloitte

By NORA HOWE

While pent up desire for socializing and spending on holiday experiences will likely drive positive growth for retail, the majority of these gains will come from high-income shoppers.

Subscribe to **Luxury Daily**
Plus: Just released
State of Luxury 2019 **Save \$246 ▶**

According to Deloitte's annual [Holiday Retail Survey](#), challenges with inflation and supply chains may negatively impact the season for lower-income households. As shopping trends continue to evolve, retailers cannot be sure what the holiday season will bring, which is why it is crucial they remain agile and innovative.

For the report, Deloitte surveyed 4,315 U.S. consumers online from Sept. 7-14, 2021 to determine what can be expected as the holiday season approaches. For additional insight, Deloitte surveyed 30 retail executives across various categories from Sept. 3-16, 2021, 90 percent of which worked at companies with annual revenues of \$1 billion or more.

"While spending is increasing across sectors, nearly all of the holiday gains are coming from high-income groups," said Rod Sides, global Deloitte Insights leader and U.S. retail, wholesale and distribution leader at Deloitte, Lewisville, North Carolina.

"This showcases a tale of two holidays, with higher-income households planning to spend five times that of lower-income households while a rising number of consumers are not planning to spend at all this season."

Deck the halls

As consumer sentiments begin to stabilize, holiday spending will average \$1,463 per household, up 5 percent from 2020, with higher-income shoppers driving nearly all gains.

Holiday spending intentions for 2021 are nearing 2019 levels. However, there is a major gap within consumer spending behavior.

"Overall, higher-income shoppers expect to spend 15 percent more than last year, while lower-income groups plan to spend 22 percent less," Mr. Sides said. "The disparity between higher and lower income households showcases an imbalance in pandemic recovery among families at different economic levels."



Consumers are looking to spend on experiential luxuries this holiday season. Image credit: Hudson's Bay

Higher-income households are planning to spend five times more than lower-income households, with higher-income shoppers expected to spend 15 percent more than they did last year, averaging \$2,624 per household. Meanwhile, lower-income groups plan to spend 22 percent less, averaging \$536 per household.

More than 11 percent of all consumers do not plan to spend at all this season. Sixty-five percent of this non-spending group comes from lower-income households, while only 12 percent is from higher-income households.

Overall spending will increase across categories, with 45 percent of households planning to spend the same or more on the holidays. Spending on experiences, such as entertaining at home and socializing away from home, is expected to increase 15 percent compared to 2020, accounting for more than 33 percent of holiday spending.

Almost half, 42 percent, of consumers plan to take a trip this holiday season, mostly by car.

Spending on gifts is expected to be \$501 per household, an increase of 3 percent since 2020, while non-gifts purchases will total \$426 per household.

One in three retail executives stated that holiday order volumes grew by double digits year-over-year, so optimism remains high. However, 60 percent of retail executives are worried about receiving their order in time.

Pandemic-induced global supply chain issues are continuing to impact retail, and are already affecting the holiday season.

Both retail executives and consumers are concerned about supply chain issues impacting availability of products. Three-quarters, 75 percent of shoppers expect stockouts, mostly within the electronics and accessories sector.

Almost 40 percent of consumers will likely start their shopping earlier this year to ensure timely delivery and avoid stockouts, and will hold delivery companies most responsible for delays, as opposed to inclement weather and retailers themselves.



Salvatore Ferragamo has already launched a digital holiday campaign, celebrating the joys of being with loved ones. Image courtesy of Salvatore Ferragamo

As a result, 68 percent of shoppers plan to shop before Thanksgiving, up 7 points from 2020, while 43 percent will start before the end of October.

Black Friday events are expected to rebound this year with 31 percent of holiday shoppers planning to spend on

Black Friday and 34 percent planning to spend on Cyber Monday.

Consumers have also become more worried about inflation more so than retailers. While only half of retail executives expecting higher prices, 68 percent of consumers expect higher prices this shopping season.

Consumers consider discounts and promotions as a top priority when determining where to shop. To entice early shoppers, 36 percent of retail executives expect to begin holiday promotions early.

Digital era

While in-store shopping is regaining some traction as pandemic anxiety lifts, online shopping has solidified itself as a holiday season staple.

According to Deloitte, the share of in-store spending is expected to rise to 33 percent in 2021, an increase compared to 2020 but still below 2019 levels.

Despite this recovery, online spending is expected to rise to \$924, up from \$892 in 2020. Retail executives are optimistic about online sales, with 40 percent expecting double-digit channel growth.

Consumers are still seeking convenience through simple shopping channels such as online and through mass merchants.

Other digital trends including standard delivery, same-day or next-day delivery, BOPIS and curbside pickup remain popular.

Social media persists as a preferred channel for product discovery and research, as 28 percent of consumers plan to leverage social media for their holiday shopping.

According to a report from Bazaarvoice, anyone can take on the role of influencer in the age of social media. More consumers are actively seeking and prioritizing the authenticity of everyday social media users rather than celebrities.

More than half of global consumers now mostly follow "everyday influencers," and four out of five global consumers note seeking stricter rules on influencers to disclose Photoshop or filter usage ([see story](#)).

Additionally, Deloitte found that 52 percent of consumers leverage influencer-generated content for inspiration while looking for gifts to buy.

U.S. department store chain Bloomingdale's is taking consumers on an outdoorsy merry-go-round with a concept shop by designer, fashion and travel blogger and influencer, Rocky Barnes.

The Carousel @ Bloomingdale's: Happy Campers brings all the stylish coziness of the fall season to one place, with a unique curation inspired by outdoor adventures, including men's and women's fashion, beauty, home, kids and exclusive pieces from Ms. Barnes' brand, The Bright Side.

Happy Campers is open through Nov. 1 at Bloomingdale's 59th street flagship in New York, with offerings also available on Bloomingdales.com ([see story](#)).

"As pandemic anxieties decrease, the number of consumers who are anxious about shopping in-store during the holiday season due to COVID-19 is expected to fall to 40 percent versus 51 percent last year," Mr. Sides said.

"While one-third of spending will happen in-store this year, online shopping is here to stay."