

RETAIL

53pc of high-income earners stretching Black Friday budgets: Deloitte

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Black Friday and Cyber Monday (BFCM) spending is on the rise, per market research from consulting firm Deloitte. Image courtesy of Deloitte

By AMIRAH KEATON

Despite current inflationary pressures and concerns, consumers are expected to spend half of their holiday budgets taking advantage of Black Friday, Cyber Monday (BFCM) sales.

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Eight in ten consumers plan to shop during Black Friday, evidently putting more of their money into holiday shopping this year, per [2022 Black Friday-Cyber Monday Survey](#) findings. As preferences for the annual commerce event continue to evolve, consulting firm Deloitte shares its expectations and predictions for transactions completed during the five-day period between Thanksgiving Day and Cyber Monday, highlighting what luxury executives should keep in mind headed into the spending stretch.

"Even high income [earners], 53 percent, are needing to stretch their budgets through [the use of] credit/buy now pay later this year," said Lupine Skelly, retail, wholesale and distribution research leader at [Deloitte](#), Seattle.

"High income spend during BFCM continues to increase versus 2019," Ms. Skelly said. "[These are] important event days for this income cohort."

For the report, an independent research panel commissioned by the firm conducted online from Oct. 19 to Oct. 28. Deloitte's report surveyed 1,200 adults, ages 18 and over, who plan to shop for holiday gifts.

Resiliency is all the rage

According to new insights from Deloitte, more consumers than ever are hedging their bets against the impact of inflation through the use of credit cards and other alternative options.

Besides an overall rise in anticipated spend per shopper, holiday-related credit use is increasing across all income groups this year, up a few points from 45 percent in 2021 to 49 percent for higher-income earners specifically.

The firm counts those who bring in \$100,000 or more per year as members of the aforementioned segment.

It appears that, despite inflation's progression, shoppers are simply looking to stick to the script, moving forward on previously planned purchases with either credit or buy-now, pay-later options, therefore not having to sacrifice

desired gifts as costs reach new heights each month.

Consumers count on credit

Of BFCM shoppers: **33% are concerned about making upcoming payments¹** vs. 26% in 2021; 28% in 2020

43% are delaying large purchases² vs. 40% in 2021; 44% in 2020

Questions: (1) "How concerned will you be able to make upcoming payments?" (2) "Are you planning to delay large purchases that you would normally make this Thanksgiving period?" (3) "Have you decided to use the credit card that you plan to use to stretch longer the Thanksgiving period?" (4) "Have you decided to delay large purchases that you would normally make this Thanksgiving period?" (5) "Have you decided to use the credit card that you plan to use to stretch longer the Thanksgiving period?" (6) "Have you decided to delay large purchases that you would normally make this Thanksgiving period?" (7) "Have you decided to use the credit card that you plan to use to stretch longer the Thanksgiving period?"

Large purchases take a back seat, and shoppers are relying more on financing to stretch their holiday budgets

● 2021 ● 2022



Shoppers are embracing debt across income levels, excusing alternative financing in favor of early holiday acquisitions as the popularity of credit cards and BNPL continues to spread. Image courtesy of Deloitte

In fact, market research reflects that 81 percent of shoppers are willing to pay the same amount as the items across their gift lists cost up to two months ago. Deloitte shares that half of those planning to spend more for these cases on Black Friday will end up doing so, due to inflated prices, up 41 percent y-o-y.

In this way, mass market shopping trends are beginning to reflect those of luxury's standard consumer, who remains largely unaffected by rising costs.

Thus, BNPL financing options appear to be fueling Black Friday purchase resiliency.

"While inflation continues to impact consumers at every turn, they are unwilling to let it dampen the holiday spirit," said Nick Handrinis, vice chair at [Deloitte Consulting LLP](#) and U.S. retail, wholesale and distribution and consumer products leader, in a statement.

"Participation in the holiday weekend promotions and spending are expected to increase this year, as consumers are willing to do whatever it takes to celebrate the season, including leveraging payment options to purchase gifts," he said. "Retailers who work to build consumer loyalty during this challenging time can be well positioned into the new year."

Gifts galore

Reported findings confirm that consumers will spend half their holiday budget during BFCM. Intentions would result in sales on par with pre-pandemic levels.

Consumer participation spanning Nov. 24 to Nov. 28 this year is expected to heighten, up 71 percent y-o-y as compared to last.

Overall, shoppers across income groups are planning to spend an average of \$218 for BFCM, up from \$175 in 2021.

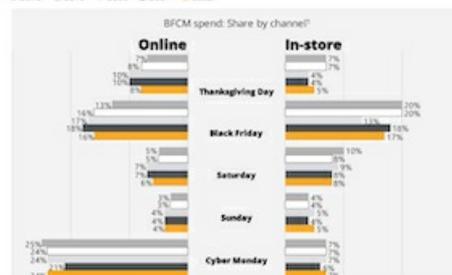
Transparency creates channel-agnostic events

69% say retailers offer comparable deals online and in-store during BFCM vs. 63% in 2021; 60% in 2020; 62% in 2019

Question: "To what degree do you agree or disagree that retailers offer comparable deals online and in-store during BFCM?"

While Cyber Monday still plays out primarily online, price transparency has created a more channel-agnostic Black Friday

● 2018 ● 2019 ● 2020 ● 2021 ● 2022



Seasonal preferences for online versus in-store shopping have also evolved, as evidence proves audiences have become more channel-agnostic. Image courtesy of Deloitte

Lured in earlier by deals and promotions, 68 percent of holiday shoppers started the gift search before the end of October.

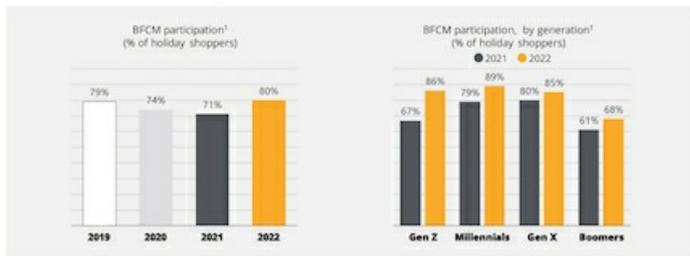
Higher-income earners in particular plan to increase spending by 4 percent to \$650 this year.

General market breakdowns display that Black Friday is still the more popular occasion among the two, touting a 64 percent participation rate, though estimates for dollars spent during Cyber Monday ring in higher than those

distributed the day after Thanksgiving.

Gen Z and millennials step up participation

Retailers may see higher participation during BFCM, with younger generations driving the charge



Source: The study is based on the survey of holiday shoppers' intent to participate in Black Friday/Cyber Monday (BFCM) during the Thanksgiving week. The survey was conducted from October 21 to November 20, 2022. See BFCM Index to the Forecast for Thanksgiving Day and Cyber Monday. November 21, 2022.

The report shows that younger generations are pushing Black Friday's popularity 86 percent of Gen Z and 89 percent of millennials plan to spend during the timeframe. Image courtesy of Deloitte

As the firm points out, many shoppers use the occasion to prepare for the holiday.

"With half of holiday budgets expected to be spent over the Thanksgiving shopping weekend, it's a critical period for retailers," said Rod Sides, global leader at Deloitte Insights and vice chair of U.S. retail, wholesale and distribution and consumer products, in a statement.

"Consumers from every income level are looking to maximize their holiday budgets, therefore seeing value in the promotions set to last throughout the week," he said. "While Black Friday deals have traditionally been in-store, the event is becoming more channel-agnostic, with retailers offering comparable deals both in-store and online.

"Retailers who can differentiate themselves through return policies, warranties and other perks can entice consumers and result in a successful a holiday season."

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