

RESEARCH

Holiday spending levels poised for pre-pandemic return in 2023: Deloitte

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Increased prices due to inflation are credited for a portion of this overall increase in average spending. Image credit: Deloitte

By ZACH JAMES

Expenditures during the upcoming festive season are poised to rebound to 2019 numbers, according to a new study by global consulting group Deloitte.

In the “[2023 Deloitte holiday retail survey](#),” the authors note that, on average, the expected consumer spending for the period in the United States will exceed \$1,650, with high-end clientele spending more than twice as much, bringing figures slightly above pre-pandemic levels. Alongside this, in-store shopping is seemingly the preference over online options, signaling a potential shift back to norms before COVID-19 shook up the retail space, especially in luxury.

“The \$200,000-plus income group plans to ramp up their holiday spending this year to \$3,922 (up 22 percent year-over-year),” said Lupine Skelly, report author and retail research leader at Deloitte, Seattle.

“In particular, they are looking to replace and update non-gift apparel, decorations and home furnishings,” Ms. Skelly said.

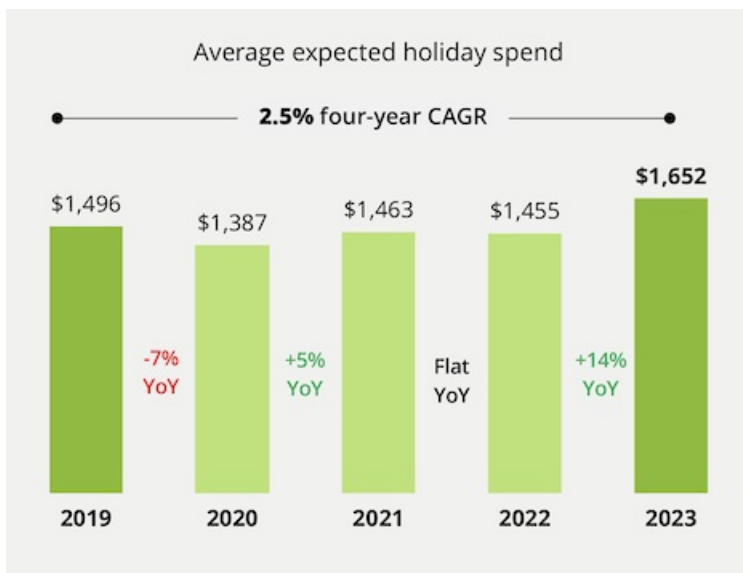
“Women in this income group are expected to spend 23 percent more than men.”

For the 38th annual holiday release, Deloitte polled a selection of 4,318 consumers across the U.S. between August 30, 2023, and September 8, 2023. Among executives, the firm surveyed 43 retail industry higher-ups in June 2023, with both surveys created by Deloitte and conducted by “independent research companies.”

Festive finances

Increased prices due to inflation are credited for a portion of this overall increase in average spending, up 14 percent year-over-year (y-o-y).

Despite costs rising, nearly all consumers are still planning on participating in the annual tradition of holiday gift-giving, with 95 percent of those surveyed set to shop during the season. This figure is a return to pre-pandemic norms and a 3 percent boost over 2022.

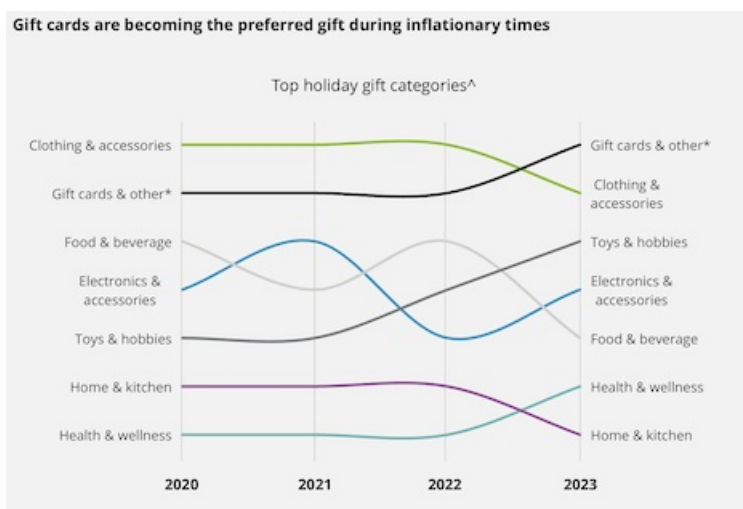


Expected spending is up 14 percent y-o-y, bringing fiscal numbers above 2019's highs. Image credit: Deloitte

"Although inflation shows signs of moderating, consumers have come to expect higher prices and are adjusting their holiday spending accordingly," said Nick Handrinis, vice chairman of retail and consumer products leader at Deloitte, in a statement.

"We expect to see shoppers make their lists and check them twice for deals, but a return to pre-pandemic spending levels shows promise for the season overall," Mr. Handrinis said. "Retailers can expect continued store growth as shoppers aim to maximize their budgets with their favorite retailer, presenting new opportunities to build loyalty."

Increased budgeting methods, including reliance on gift cards, fewer gifts overall, and seeking out deals during Black Friday and Cyber Monday, are seen as reasons behind consumers' acceptance of boosting prices amid supply chain shortages that are credited as being behind inflation.



Gift cards and apparel are the two leading gift categories. Image credit: Deloitte

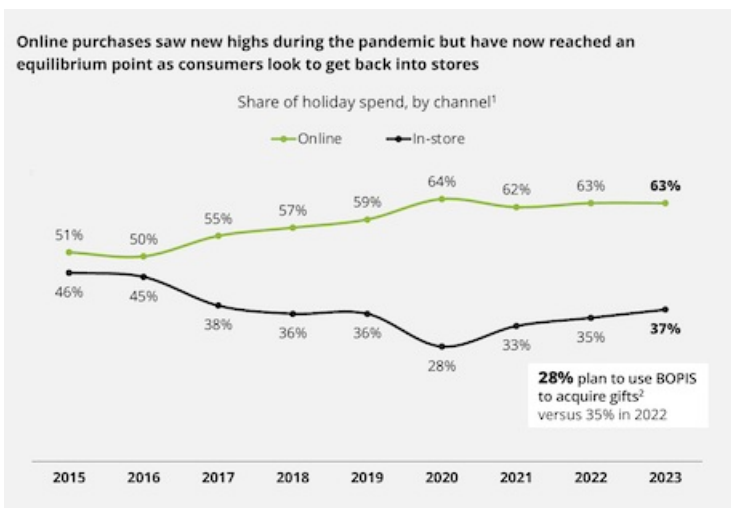
Although the average expected holiday gifting spend is increasing, this number is supported by less than 27 percent of consumers who make more than \$100,000 a year, making up nearly 68 percent of the overall total. These big spenders are said to be looking for high-quality goods, like those of luxury maisons, with wellness and electronics being areas of focus.

"There are several factors driving spending up, including an increase in participation, consumers planning for higher prices and an uptick in spending by the \$50,000 to \$99,000 and \$200,000-plus income groups," said Ms. Skelly, in a statement.

Return to retail

Another trend amidst an increase in overall expected holiday spending is the return to in-store purchases.

Thirty-seven percent of those surveyed prefer to shop in person at bricks-and-mortar locations, a 2 percent y-o-y boost and above 2019's levels. This could potentially reverse the clock to pre-pandemic retail demand.



While online shopping demand remains strong, the avenue is plateauing while in-person shopping is on the rise. Image credit: Deloitte

“Consumers shopped online at record levels during that pandemic, but the trend has leveled off,” said Ms. Skelly, in a statement.

“Meanwhile, in-store shopping has returned to pre-pandemic levels with consumers wanting to interact with the product, ensure quality and avoid shipping costs.”

This retail resurgence is prevalent in luxury as global lockdowns are lifted and people around the world return to a sense of normalcy. Those seeking products within the luxury industry are seeking comfort above all else, something many consider to be only possible with boutiques and an in-store experience ([see story](#)).

As customers return to bricks-and-mortar locations, of which malls account for nearly half of the new luxury leases signed across the U.S. last year ([see story](#)), they are increasingly seeking the technology and customer service available within upscale, personalized retail ([see story](#)). These spaces bring together the digital perks of online shopping and the engagement of in-store shopping.

Embracing technology within the boutique experience could even the playing field as the demand for digital purchases plateau and in-person experiences regain relevance.

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