

Exclusive—Gen Zs increase holiday spending despite broader pullback in discretionary categories

Article

The insight: Gen Z consumers are 44% more likely to increase their spending this holiday season when compared with millennials, Gen Xers, and Baby Boomers, [per](#) new research by First Insight shared exclusively with Insider Intelligence.

- Thirty-six percent of Gen Zs plan to spend more this year, compared with 31% of millennials, 21% of Gen Xers, and 16% of Baby Boomers.

The big picture: While Gen Zs may be [more willing to splurge](#) than any other generation, [holiday spending](#) as a whole is set to be fairly robust this year even as price concerns remain top of mind.

- Four in five (81%) of consumers plan to spend as much as or more than last year on their holiday purchases, although fewer people are in the market for luxury goods, toys, and electronics.
- The focus on price should give value-oriented players, including big-box retailers like **Walmart** and **Target**, as well as discounters a boost this quarter. Nearly six in 10 consumers (58%) say they prefer to do their holiday shopping at big-box stores, while 47% opt for ecommerce marketplaces and 34% favor discount retailers.

Looking ahead: With consumers exhibiting more conservative purchasing behavior, retailers should lean on a variety of tactics—including but not limited to promotions—to drive sales.

- **Consider rolling back (or pausing) return fees and extending return windows.** Three-quarters of shoppers will think twice about shopping at retailers that charge for returns, and the same proportion expect a return policy between 30 and 60 days.
- **Expand gift card options.** Around three in four (72%) shoppers plan to purchase gift cards this year, and much of that demand is being [driven by Gen Z](#).