

Retailers expect consumers' price-conscious behaviors to linger during the holiday season

Article

The insight: Retailers are cautiously optimistic about consumer spending this holiday season, although they expect shoppers' price sensitivities to linger well into the second half of the year.

- US companies will import slightly more items for the peak holiday season this year compared with 2023, according to CNBC's [Supply Chain Survey](#).
- Nearly 80% of those freight orders are for mid-priced items, as retailers anticipate softer demand for luxury products.

Zoom out: Companies ranging from [Walmart](#) to [Home Depot](#) have noted that consumers are being more discerning about where and what they buy—behaviors that are likely to remain in place for the better part of 2024.

- Walmart customers are “spending more of their paychecks on non-discretionary categories and less on general merchandise,” CFO **John David Rainey** said on the company's Q1 earnings call, adding that shoppers' value-seeking behaviors so far remain firmly in place.
- Home Depot CFO **Richard McPhail** said that even consumers with the means to spend are holding back due to high interest rates—a dynamic that's unlikely to change until the Fed begins cutting rates, which could come too late to offer retailers a holiday boost.
- 69% of respondents to CNBC's survey expect consumers to continue their search for discounts into the holiday season.
- But participants also said they received fewer orders for cheaper, promotional items—an indication that retailers are somewhat optimistic that some of the financial pressures weighing on consumers will ease in the second half of the year.

The big takeaway: Our forecast expects [US holiday retail sales](#) to grow 4.8% this year, marking an acceleration from last year's 3.8%.

- Still, retailers should be prepared for consumers to remain value-conscious.

Go further: For more holiday insights, check out our [US Holiday 2023 Recap and 2024 Preview](#).

Holiday Retail Sales Growth, by Product Category

US, 2024, % change

Food & beverage

9.6%

Furniture & home furnishings

4.4%

Computer & consumer electronics

4.4%

Apparel, footwear, & accessories

4.3%

Auto & parts

4.2%

Health & personal care

3.1%

Office equipment & supplies

2.9%

Books, music & video

2.9%

Other categories

2.6%

Note: excludes travel and event tickets, payments such as bill pay, taxes, or money transfers, food services and drinking place sales, gambling and other vice goods sales; sales are for Nov and Dec of each year

Source: EMARKETER Forecast, February 2024
