

These 4 disruptive forces will shape consumer spending this holiday season

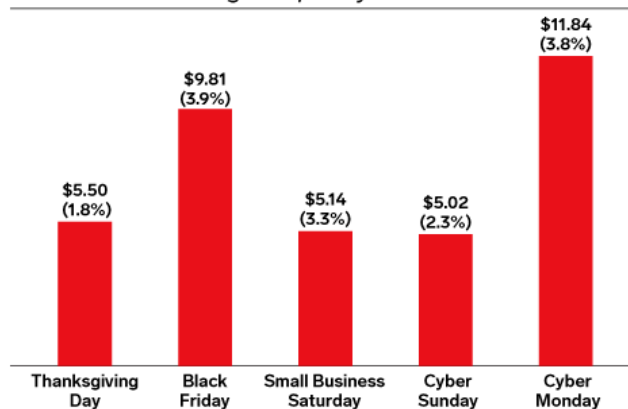
Article

We predict consumer spending will remain strong this holiday season with 7.0% growth to \$1.297 trillion, though much of the gain will be due to inflation. But competing crosscurrents

driving consumer demand will also determine how the season performs.

US Cyber Five Retail Ecommerce Holiday Season Sales, by Shopping Day, 2022

billions and % change vs. prior year



Note: includes products or services ordered using the internet, regardless of the method of payment or fulfillment; 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
Source: eMarketer, Sep 2022

278394

eMarketer | InsiderIntelligence.com

Here's our take on which factors are most likely to dominate.

No. 1: Rising Inflation vs. Disposable Income

Although inflation remains stubbornly high and has weighed on sentiment, consumers are still flush with cash. Unemployment is low, job growth is robust, and wages have been on the upswing. Wallets won't stretch as far this year, but there are enough discretionary dollars available to support strong holiday demand.

Our Take: Disposable income will be a more important factor in spending growth than inflationary concerns. Inflation will have a clear impact on how many products are purchased and the ways in which consumers make those purchases. But dollars available will translate into dollars spent.

No. 2: Demand for Experiences vs. Demand for Retail Goods

As pandemic effects wane, consumers are ready to spend on entertainment, events, and self-care. At the same time, there's less need for major retail purchases after two years of spending heavily on higher-ticket home electronics, furniture, and luxury goods.

Our Take: This year, the winds will shift away from retail purchases and toward experiences. But retail categories adjacent to experiences—think vacationwear, outdoor gear, and beauty

and cosmetics—will benefit.

No. 3: Product Demand vs. Product Availability

Even with healthy product demand, persistent concerns with finding in-demand products and getting them delivered on time will create tension for holiday shoppers.

Our Take: Product demand will be more important this year. The worst supply chain snags are improving, while retailers have gotten better at communicating product availability through searches and improving ecommerce experiences.

No. 4: Longer Calendar vs. Promotional Day Fatigue

With the mid-October kickoff, the holiday season will be another long one, spanning a full 11 weeks with two distinct promotional tentpoles. There's more time for brands to reach consumers and drive demand, but it can be difficult to predict exactly how and when shoppers will be inclined to convert.

Our Take: Brands should expect the longer calendar to produce incremental demand for ecommerce this holiday season. Despite a more lukewarm reception for the Cyber Five, the key shopping days will still post gains on big sales numbers. But Amazon's Prime Early Access Sale is the primary difference-maker versus last year, with another big spending day driving early season purchase activity, plus a halo of extended shopping in the weeks afterward.

[Read the full report.](#)

Report by Andrew Lipsman Oct 17, 2022

US Holiday Shopping 2022



