

Strong Q3 GDP growth and record-breaking Cyber Week sales show consumer spending remains strong

Article

The trend line: A growing number of holiday metrics are headed in a positive direction.

- **Consumers are feeling (slightly) better.** Consumer confidence ticked up in November after three straight monthly declines, [per](#) the The Confidence Board.
- **More of them are shopping.** A record 200.4 million consumers shopped over the Cyber Five holiday weekend from Thanksgiving Day through Cyber Monday, up 1.9% year-over-year (YoY), [per](#) a survey by the National Retail Federation (NRF) and Prosper Insights & Analytics. Notably, the number who visited a store fell 1.1%, while the number who shopped online grew 3.1%.
- **Sales are up.** Consumer spending set records on [Black Friday](#), across the [Cyber Five](#), and throughout the first 27 days of November, with significant growth online (and far more modest gains offline). Overall US retail sales (excluding automotive) grew 2.5% YoY on Black Friday, with in-store sales increasing just 1.1% YoY and ecommerce sales rising 8.5% YoY, [per](#) Mastercard SpendingPulse. Adobe Analytics reported an online sales gain of 7.8% YoY over the Cyber Five, and 7.3% YoY from November 1-27.
- **Growth stemmed from volume gains, not inflation.** Salesforce found Cyber Five growth was primarily driven by order volume, rather than inflation, which drove most of last year's gains.

A good economy: Consumer spending patterns reflect the ongoing disconnect between reality and the prevailing narrative around the economy. While 96% of US consumers report being concerned about the current state of the economy, [per](#) a recent report by Intuit Credit Karma, actual data suggest the economy is in a healthy spot.

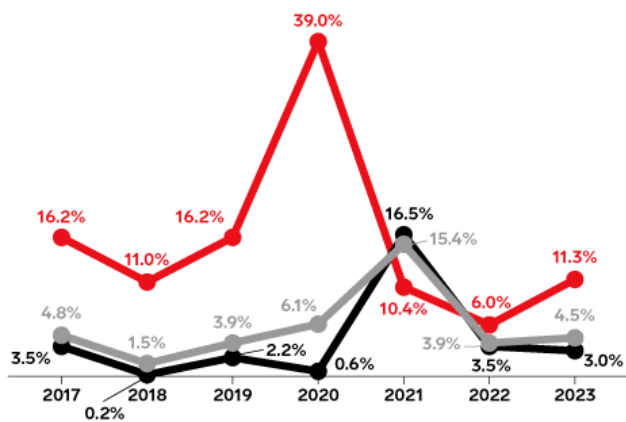
- **The US economy headed into the holiday season in a strong position.** The US gross domestic product grew at a 5.2% annualized pace in Q3, revised up from the [strong 4.9% growth](#) reported last month, per the US Bureau of Economic Analysis (BEA).
- **Inflation is cooling.** The core personal consumption expenditures (PCE) price index, which strips out food and energy costs, decelerated to 2.3% in Q3 (a downward revision 0.1 percentage point from the initial report). That's down from 3.7% in Q2 and 5.0% a year earlier. Including those two volatile categories, PCE rose 2.8% (a downward revision of 0.1 percentage point).
- **Consumers have money to spend.** Disposable personal income increased 2.9% in Q3 to \$144.0 billion, an upward revision of \$48.2 billion from the previous estimate. Real disposable personal income increased 0.1 percent, an upward revision of 1.1 percentage points.

The big takeaway: With NRF reporting 55% of Thanksgiving weekend shopping driven by sales and promotions (up from 52% last year), it's clear that consumers are on the hunt for a deal and retailers that can deliver will see strong gains.

- Already a few merchants, including both **Amazon** and **Foot Locker**, have reported strong starts to their seasons.

Go further: Read our [Holiday Shopping 2023](#) report.

US Retail Ecommerce, Non-Ecommerce, and Total Retail Holiday Season Sales Growth, 2017-2023
% change



- Retail ecommerce holiday season sales growth
- Retail non-ecommerce holiday season sales growth
- Total retail holiday season sales growth

Note: sales are for Nov and Dec of each year; 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; retail ecommerce holiday season sales includes products or services ordered using the internet, regardless of the method of payment or fulfillment; retail non-ecommerce holiday season sales excludes products or services ordered using the internet

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