

Half of Consumers Plan to Save Tax Refunds—Can Retailers Change Their Minds?

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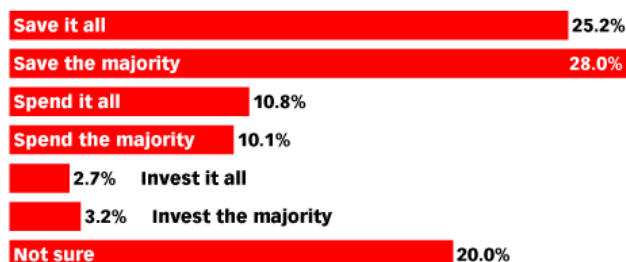
Most US consumers expect to get a tax refund this year, and they plan to stick their windfall in the piggy bank.

A February 2019 survey from the [National Retail Federation](#) (NRF) showed that nearly two in three US adults said that they expected a tax refund this year, and half of those respondents said they planned to save it. That was in line with trends the NRF has seen since 2012, when plans to save became more common than paying down debt.

Coupon distributor [Valassis](#) surveyed 1,000 US adults who anticipated receiving a 2019 tax refund and found that more than half planned to save most, if not all, of it. (It should be noted that the Valassis survey did not include a response option related to paying down debt.)

What Do US Internet Users Plan to Do with Their Tax Refunds in 2019?

% of respondents



Note: n=928 ages 18+ who expect to get a tax refund

Source: Valassis research as cited in press release, March 14, 2019

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Consumers' reasons for saving varied—40.4% of respondents to the Valassis survey said that they planned to put their refund toward an emergency fund, while others were saving for bigger-ticket purchases like home improvements or furnishings (19.1%), vacations or experiences (15.2%) or a car purchase or auto-related expense (8.7%).

"Those larger-consideration purchases are what consumers save for, and while savings is at an all-time high, these consumers are going to spend; it's just a matter of when," said Valassis CMO Curtis Tingle. "For retailers, it's about being ready to capture these delayed buyers."

Historical data from the NRF indicates this may be tough: Paying down debt took precedence following the 2008 financial crisis, until savings took over in 2012, suggesting consumers remain focused on their financial security. But a strategically-timed sale or promotional event can motivate a near-term purchase. After all, while 49% of respondents to the 2018 NRF survey said that they planned to save their refund, just 41% of respondents to this year's survey said that they had saved their 2018 tax refund.

"Shoppers often insist they'll save their refund checks or pay down debt, but they don't always stick to the plan," said eMarketer principal analyst Andrew Lipsman. "If retailers give consumers an incentive to cash in their windfall, they'll find it hard to resist."

On April 25 last year, Wayfair manufactured their version of an official Tax Day holiday with their Way Day promotion. During the week of Way Day, Wayfair's sales spiked 91.2% compared with a year earlier,

according to data from [Rakuten Intelligence](#) (formerly Slice Intelligence). Site traffic increased 66.7% compared with average weekly visits from April 3-30 (excluding April 25), according to digital measurement firm [SimilarWeb](#).

So frugal consumers who are unsure about where they'll spend their tax refund often just need some motivation.