

Holiday sales rise 7.6% as consumers return to pre-pandemic activities

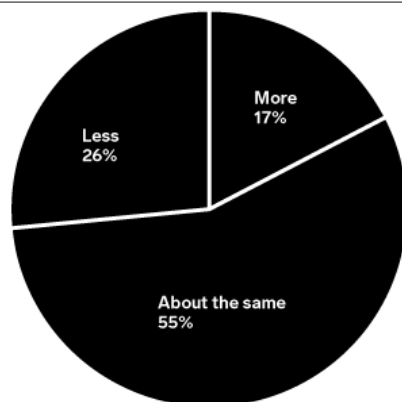
Article

The news: US retail sales (excluding automotive) grew 7.6% year over year (YoY) from November 1 to Christmas Eve, [per](#) Mastercard SpendingPulse—which measures in-store and online retail sales including fuel, grocery, and restaurants. The numbers are not adjusted, which suggests spending slightly outpaced [inflation](#).

- While that's a far cry from the 15.4% YoY increase in the final two months of last year, it was markedly higher than the 3.9% sales growth in 2019.
- That said, **the results reflect a complicated picture in which consumers adjusted their spending patterns due to inflation and pent-up demand for pre-pandemic activities like dining out.** For example, spending on restaurants rose 15.1% YoY during the period, while apparel sales rose just 4.4% and electronics sales fell 5.3%.

**Anticipated Change* in 2022 Holiday Spending
According to US Adults, Oct 2022**

% of respondents



Note: numbers may not add up to 100% due to rounding; *vs. prior year
Source: Gallup as cited in company blog, Oct 27, 2022

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Shifting spending patterns: There are several ways that this holiday season was different from years past.

- **The season started earlier than ever.** Several retailers, including **Amazon** and **Walmart**, launched high-profile sales in October that pulled the start of the holiday shopping season into mid-October. While those events may not have delivered blockbuster results, they let retailers clear inventory and helped drive a 7.2% YoY increase in sales across October and November, per US Commerce Department data.
- **Discounts were steep.** While the holiday season is typically a good time for consumers to score deals, many retailers slashed prices across the board this year. Prices fell 3.2% in November month over month, per Adobe's Digital Price Index, thanks to aggressive discounting in categories like electronics.

- **Consumers were extremely value-conscious.** With inflation eating into consumers' spending power, shoppers were thrifty and less likely to spend big on pricey items. **Costco CEO Craig Jelinek** said sales of expensive items such as jewelry and high-end TVs had **slowed** earlier this month.
- **Ecommerce kept gaining share.** Online sales accounted for 21.6% of total retail sales, up from 20.9% in 2021 and 20.6% in 2020, per Mastercard.
- **Economic uncertainty drove many to alternative payment methods.** Orders placed with buy now, pay later (BNPL) services grew 85% during Cyber Week, and BNPL revenues increased 88% compared with the week prior, according to Adobe.

A complicated picture: Several economic indicators **suggested** US households headed into the holiday season in a good position to spend. US consumer paychecks ticked up, gas prices fell, and inflation eased more than expected in November.

- But there were also signs of concern. For example, the **personal saving rate**, the portion of after-tax income that consumers don't spend, in October fell to its lowest level since 2008 before ticking up slightly in November.

The big takeaway: Pulling the holiday season earlier than ever had some clear benefits—it let retailers like **Amazon** and **Walmart** capture sales while also smoothing out the flood of holiday purchases that typically requires companies like **UPS** and **FedEx** to boost their delivery capacity. However, there are clear signs that the headwinds retailers faced are unlikely to recede anytime soon.

*This article originally appeared in Insider Intelligence's **Retail & Ecommerce Briefing**—a daily recap of top stories reshaping the retail industry. Subscribe to have more hard-hitting takeaways delivered to your inbox daily.*

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