

Holiday shopping spending trends shed light on consumer payment preferences

Article

By the numbers: A PYMNTS study of 2,000 US consumers' Black Friday payment habits could presage the rest of the holiday season.

- In-store, customers gravitated toward debit cards: **44% of respondents preferred debit**, with an **additional 8% using contactless debit**, per the study. These figures track with longstanding consumer payment preferences but represent growth from pre-pandemic debit use.
- Online, credit cards were more popular, with **53% of customers preferring them** when making ecommerce purchases. Credit cards are typically more popular online, but their share fell from pre-pandemic levels.

Combined, debit and credit trends indicate the pandemic's impact on consumer payment preferences: Customers are limiting financial risk and avoiding debt when possible.

Key context: This year, customers spent **\$5.1 billion on Thanksgiving**, **\$8.9 billion on Black Friday**, and **\$10.7 billion on Cyber Monday**, per Adobe. None of these figures are an increase from last year due to a combination of supply chain hurdles, limited sales, and an earlier start to the holiday shopping season.

Why it matters: The holidays represent significant winnable volume that can accelerate payments providers' pandemic recoveries. And many customers still have gifts to buy, so there's still plenty more opportunity: We forecast overall US holiday retail **will reach \$1.147 trillion** this year.

Capturing these dollars is particularly important for credit card issuers. They could risk losing out as in-store shopping mounts a comeback from last year: Customers plan to do **more than half (53%) of their shopping in-store**, per PYMNTS.

- Issuers can capture these sales through incentives like **Chase's** rotating rewards categories and by promoting digital coupons or pay with points features.
- They can also help facilitate ecommerce spending through incentives, partnerships, and simple checkout offerings.

Trendspotting: Issuers will also have to contend with two other payment methods that are becoming more popular heading into the holidays.

- More users are pairing their payment methods with digital wallets like **Apple Pay**, **Google Pay**, and **PayPal**—likely because of increasing acceptance online and in-store. For issuers, ensuring simple enrollment could help customers interested in these wallets do so using their cards.

- Buy now, pay later (BNPL) will continue its meteoric rise this holiday season: Nearly half (45.1%) of users plan to pay with BNPL this holiday season, according to Cardify. These customers, who are likely seeking less risky payment flexibility, may replace some of their card use with BNPL—giving issuers like **Amex** and **Citi** that offer installment options impetus to market them heavily this season.

US Consumers' Black Friday Select Payment Preferences

share of customers, 2021

Debit card



Credit card



Gift/prepaid card



Buy now, pay later



■ Online

■ In-Store

Note: Debit and credit card in-store figures include contactless.

Source: PYMNTS, November 29, 2021

Methodology: PYMNTS surveyed a sample of 2,000 consumers representative of the US overall. The sample was fairly divided across income levels, with millennials and Baby Boomers slightly most represented.

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