

# Fewer consumers than ever are spending on the holidays, period

Article

We've **covered** the amount of holiday spending that is happening, but what about the spend that's not taking place?

**The news:** Nearly 12% of US consumers said they do not plan to spend on experiences, gifts, or other items this holiday season, **according to** a September study by Deloitte. That's a record high since Deloitte began tracking this metric.

- This somber fact is covered up by affluent consumers, who plan to boost their spending. On average, higher-income households (bringing in \$100,000 or more per year) will spend nearly five times as much as their lower-income counterparts, according to the study.
- Higher-income households will spend about **15% more** than they did last holiday season; meanwhile, households making less than \$50,000 a year will spend about **22% less** than they did in 2020.

**How we got here:** Consumer confidence dropped to its lowest level in a decade during November, **per** the **University of Michigan Consumer Sentiment Index**, as inflation rose to its highest level in nearly three decades.

**A tale of two economies:** Marketers aimed at the high end are continuing to aim high: Neiman Marcus' holiday catalog, for example, **features** a \$6.1 million diamond and a \$38,000 champagne vending machine.

- At the other end of the spectrum, inflation has hit consumers on a budget, with even **Dollar Tree raising its lowest prices** to \$1.25 to offset increased supply chain costs.

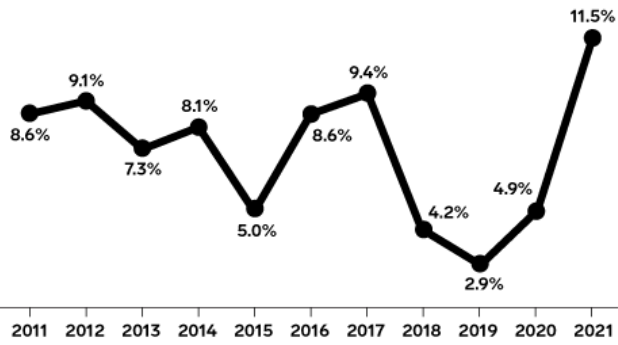
**Buy now, pay later (BNPL) ascendant:** Another reason some shoppers might be sitting out this year: Of the US adults who had bought holiday gifts on credit last year, **29%** said they haven't paid off those purchases yet, **per** a NerdWallet study from September.

- That could be why more shoppers are turning to services like **Klarna, Affirm, and Afterpay**. Total BNPL spending this year (through November 27) **jumped 422%** versus the same period in 2019, with BNPL order volume **up 438%**, per Adobe Analytics.
- **Fifty-six percent** of shoppers said they have bought something using BNPL they couldn't pay off, per a study by neobank Oxygen **cited** in CNBC. The survey also found that **43%** would be more likely to make a large expenditure if BNPL were offered.
- A DebtHammer study from November **found** that **66%** of US adults expect to use BNPL services to finance their holiday spending—just 8 percentage points higher than the share of respondents who said they'll turn to a payday loan or similar financing.

**The big takeaway:** It's clear that many buyers are suffering. While price-conscious consumers have less spending power on average, meaningfully connecting with them could pay significant dividends in the long run.

## US Internet Users Who Do Not Plan to Spend During the Holiday Season, 2011-2021

% of respondents



Source: Deloitte, "2021 Holiday Survey" as cited by CNBC, Oct 20, 2021

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