

3 financial considerations to know about the 2024 holiday shopper

Article

This [holiday](#) season, shoppers are feeling the strain of inflation, with a third planning to spend less, and 27% considering taking on debt for their purchases, according to data from Afterpay. [Retailers](#) will need to be strategic with their holiday promotions, leveraging financing options like [buy now, pay later](#) (BNPL), personalized discounts, and perks like free shipping.

Here's a deeper dive into consumers' financial outlook ahead of the holidays and what that means for retailers.

1. Shoppers are feeling pressured, plan to take on debt

Over a third (34%) of US holiday shoppers say inflation will change how they shop this year, according to an August 2024 survey from Bankrate conducted by YouGov.

- A little over a quarter (28%) say they're stressed about the cost of holiday shopping, while the same percentage (28%) say it will strain their budget.
- A third (33%) plan to spend less this holiday season.

Last year, consumer borrowing surged by \$23.75 billion in November, more than doubling economists' predictions and pushing total outstanding credit balances above \$5 trillion for the first time, according to the Fed's Consumer Credit report, as reported by CNN.

Something similar could happen this year, as 27% of consumers plan to take on some form of debt to do their holiday shopping.

- 54% of shoppers plan to use [credit cards](#) this holiday season, per Bankrate.
- 30% are considering buy now, pay later (BNPL) services, according to a July 2024 survey from Morning Consult and Afterpay.

The takeaway: With consumers feeling cash-strapped, deals and discounts will be key in securing share of this year's holiday sales, which we forecast will reach \$1.353 trillion in the US.

Over a quarter (28%) of US consumers say their shopping plans will be shaped by the price of each gift they buy, and 15% say they'll be influenced by whether they think there are good holiday deals, according to a May 2024 survey from Medallia Market Research.

2. Generations are feeling the strain differently

[Gen Z](#) consumers are less likely to feel financial stress (reported by 30% of the cohort) compared with [millennial](#) parents (43%), and Gen X and boomer grandparents (41%), per Afterpay.

However, Gen Zers are the second-most likely to consider BNPL essential for the holiday season (41%), right behind millennial parents (42%).

- Gen Z consumers and millennial consumers will make up 64.9% of total BNPL users in the US this year, with 24.6 million and 31.6 million users, respectively, per our forecast.
- US BNPL payment value will rise 20.8% to reach \$94.29 billion this year.

The takeaway: Retailers should personalize discounts, using age or payment preferences to encourage specific demographics to make a purchase.

3. Free shipping is a differentiator

Nearly half of all shoppers say they will try to buy only from brands with free shipping this holiday season, per Afterpay.

- However, 11% of US consumers say they plan to boycott brands that don't offer free shipping or returns, per Invoice Home.
- Extra costs that are too high (e.g., shipping, tax, fees) is the No. 1 reason that US adults abandoned their online shopping cart during checkout, according to a February 2024 survey from Baymard.

The takeaway: While free shipping can be costly for retailers (Salesforce estimates retailers and brands will incur an extra \$197 billion in middle- and [last-mile delivery](#) expenses this holiday season), it's also an effective way for ecommerce retailers to differentiate themselves in a highly competitive environment.

- Free shipping is one of the top three reasons consumers choose to make a purchase from a particular brand or retailer, per Salesforce.
- In addition, more than half say they're likely to purchase online rather than in-store if delivery is free.

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