2023

Holiday spending trends and insights

experian

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Happy holidays from Experian!

With the holiday season approaching, it's essential to understand how consumers spend, where they shop, and emerging trends. Not only is consumer behavior shifting, but the media landscape is also undergoing rapid changes. From signal loss to fragmentation, addressability to measurement and attribution, marketers face immense challenges. By understanding these shifts and adapting your strategies, you can turn these challenges into opportunities.

Our 2023 holiday shopping report offers:

- A deep dive into past trends
- Holiday shopper profiles based on spending behavior
- Predictions for the upcoming holiday season
- Recommendations from Experian experts

With our data-driven insights, you can plan your marketing initiatives, optimize your campaigns, and enhance the overall shopping experience for your customers. Let's get right into it.

Methodology

Experian looked at our demographic and purchase-based data to understand retail trends over the past two years. Our demographic and purchase-based data covers credit and debit card usage across 500 top merchants.

We summarized the top 500 merchants into 15 retail categories with the following top five categories:

- Apparel
- Mass Retailers
- Office Electronics Games
- Specialty Retailers
- Warehouse Clubs

Experian defines the holiday shopping season as October - December.

1 Holiday shopping trends: ’20–’22

Consumer spending rate

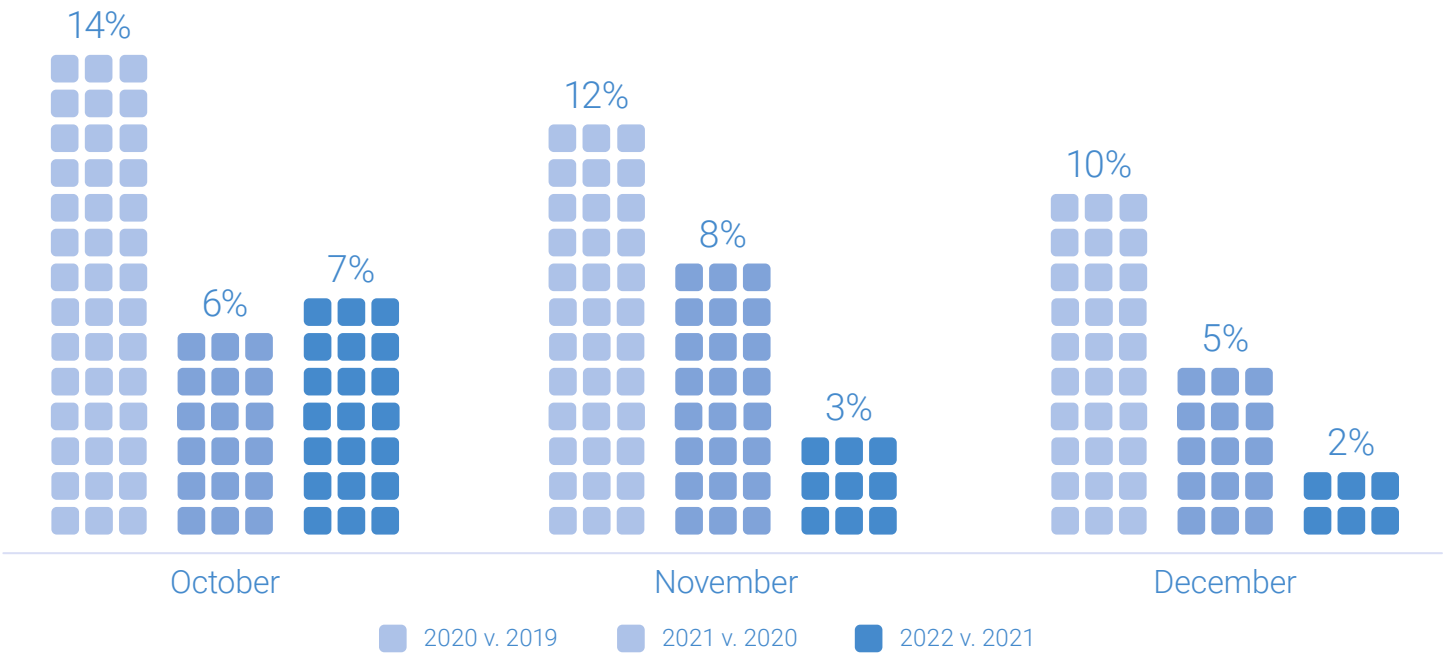
In 2022, consumer spending during the holiday season increased, as we expected. But it grew at a slightly lower rate compared to previous years.

We saw a surge in average consumer spending during October, indicating that consumers were quick to respond to early discounts and promotions offered by retailers.

As the holiday season progressed, consumer spending slowed down, reaching a level that closely resembled the sales of the previous year.

Overall, there was a modest growth of just 2%. Looking ahead, if economic conditions remain consistent in the second half of 2023, we expect holiday sales to be in line with those of last year.

Year-over-year change on average consumer spending



> Reaching the right customers means having access to high fidelity data to identify and reach your intended targets. It can be hard to know what identities are being used when buying media inside a platform, but it's worth doing the hard work to find out. Knowing that your media will run on a foundation of known identity will positively impact your ROI/ROAS. Being able to reach the same consumer across devices, signals and touchpoints is essential, too.
>
> Matt Tipperreiter, *Sr. Director, Product*

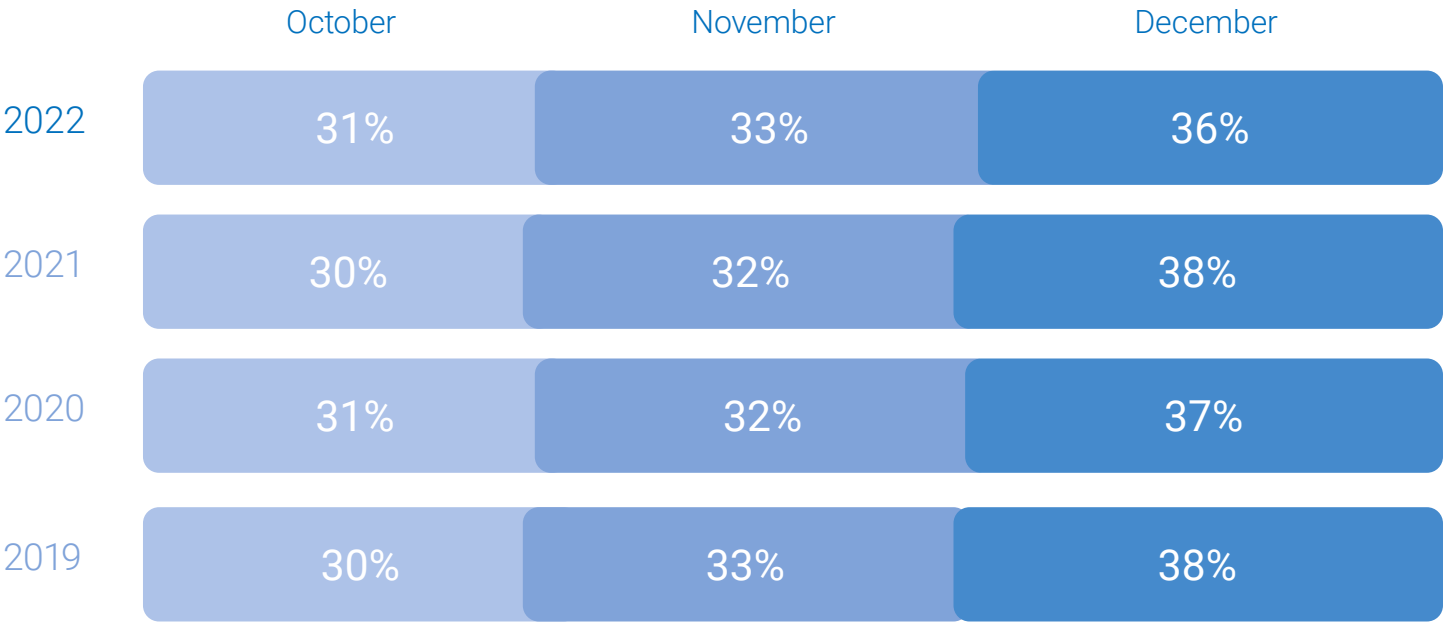
When consumers spend

While December has traditionally been the biggest spending month for consumers, 2022 brought a surprising twist. Holiday shopping is starting earlier, especially when it comes to online sales.

Thanks to an influx of promotions and deals, shoppers opened their wallets early in the season, boosting sales. Cyber Week sales remained powerful, accounting for 8% of total consumer holiday spending.

Holiday sales by month

v. holiday sales (Oct – Dec)



Experian tip

Target audiences primed for early conversion and likely to shop during the Cyber Five holiday season. Our audience offerings include segments based on discount indicators such as Black Friday, Cyber Monday, and Coupons/Sale.

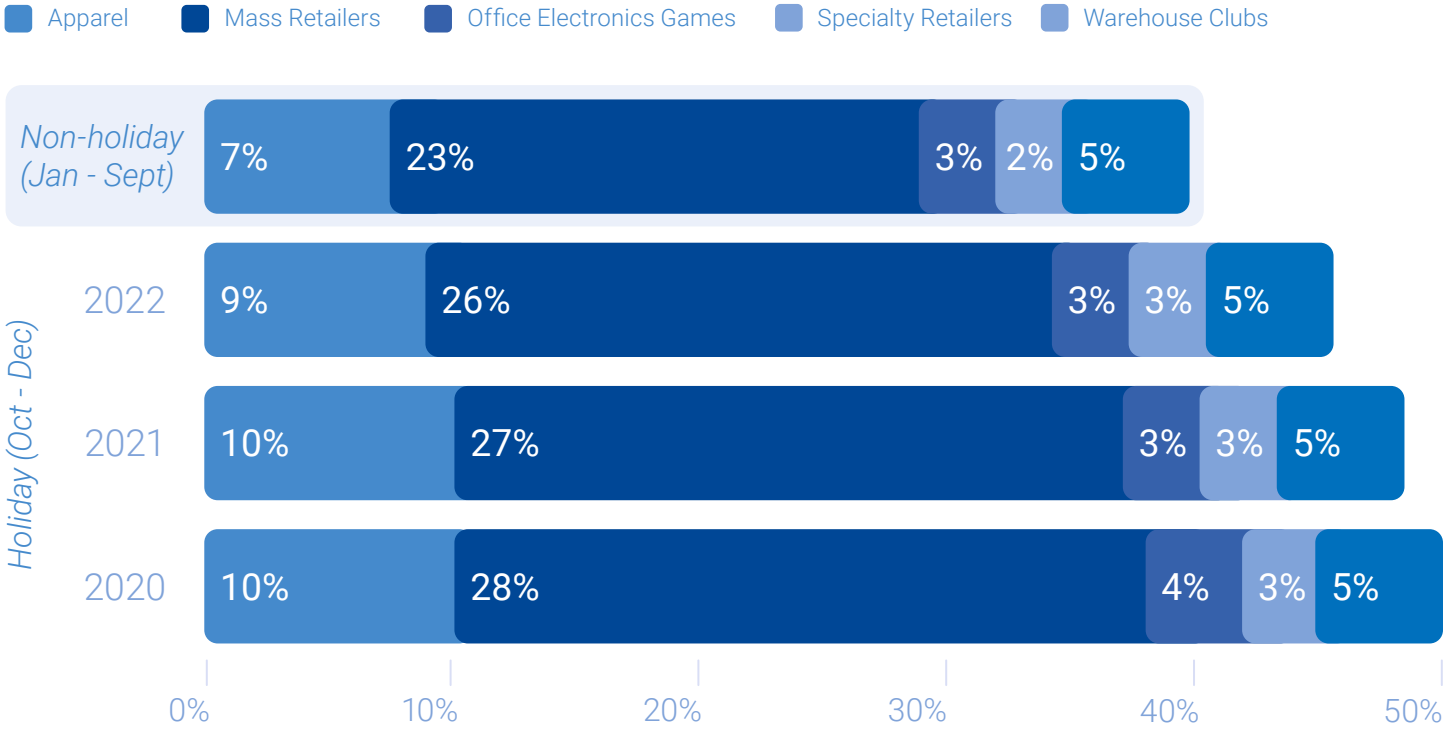
What consumers shop for

Holiday shopping continues to diversify across retail verticals, while Apparel and Mass Retailers declined the most.

While the pandemic has undoubtedly affected our shopping habits, there's still a prevailing preference for in-store purchases, especially when it comes to Apparel and Warehouse Clubs.

Spending by category

v. holiday sales (Oct - Dec)



Experian tip

Consider using connected TV (CTV) for its critical role in assessing the impact of multi-channel marketing amidst a fragmented consumer shopping experience. As consumers move between in-store, online, and various devices, CTV offers a thorough understanding of their viewing patterns and preferences.

Final point of sale

Online holiday sales are steadily on the rise. The growth rate for online shopping is growing more than in-store shopping. We are seeing a 1% year-over-year increase in online shopping and a 1% decrease in in-store shopping.

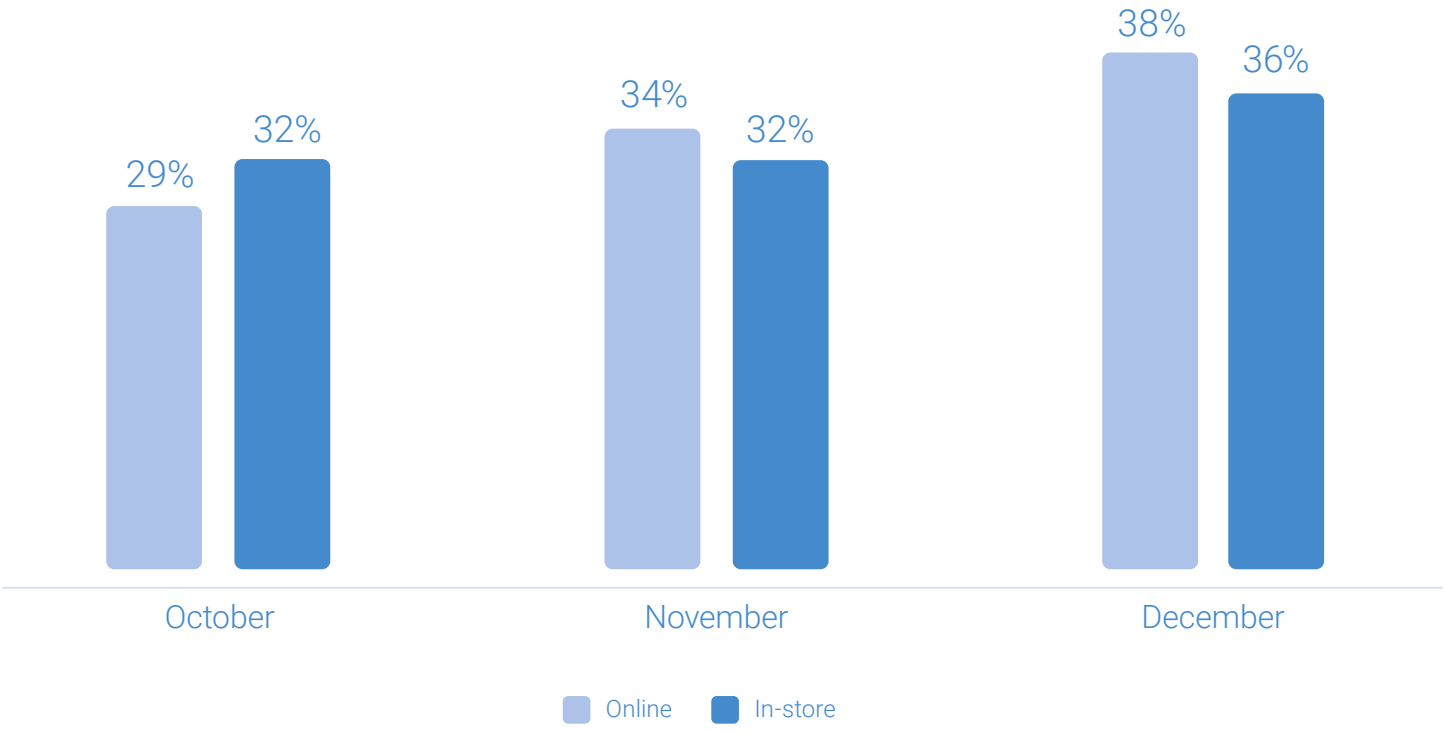
Although online sales currently account for only a third of all holiday shopping, there is vast room for growth. We see Mass Retailers and Office, Electronics, and Games over index in online holiday sales.

While in-store purchases are the predominant final point of sale for holiday shoppers, overlap exists between online and offline consumer activities before the final point of sale.

> It's easier for consumers to comparison shop for large ticket items online that they might find at a mass retailer or office supply store. Consumers prefer to have larger, bulkier items shipped directly to their home for minimal cost. By shopping online, consumers can save time since they don't need to wait in checkout lines.
>
> Anna Liparoto,
> *Sr. Account Executive, Retail & CPG*

Online vs. in-store sales in 2022

By month (Oct - Dec)



Profiling holiday shoppers by spend

High spender

Who we are

- Spends over $2,500 during the season
- Average income: $75k-$150k
- Age: Late 20s to early 50s

Where we live

Metropolitan areas like New York City

Where we buy

More likely to shop online in November and in-store in December

Preferred engagement channels

- Streaming TV
- SMS
- Digital news

38%

shop evenly across the holiday season. December is the 2nd biggest shopping month for high spenders.

> "A host of pre-built audiences exist in the ecosystem, but they weren't built for you specifically. At Experian, we can create custom audiences that can be activated on your platform of choice."
>
> Matt Tipperreiter, *Sr. Director, Product*

Help me reach high spenders

Average spender

Who we are
- Spends under $2,500 during the season
- Average income: $35k-50k
- Age: 55+

Where we live
Suburban and rural areas

Where we buy
They prefer to shop in-store

Preferred engagement channels

- Streaming TV
- Broadcast cable TV
- Traditional newspaper

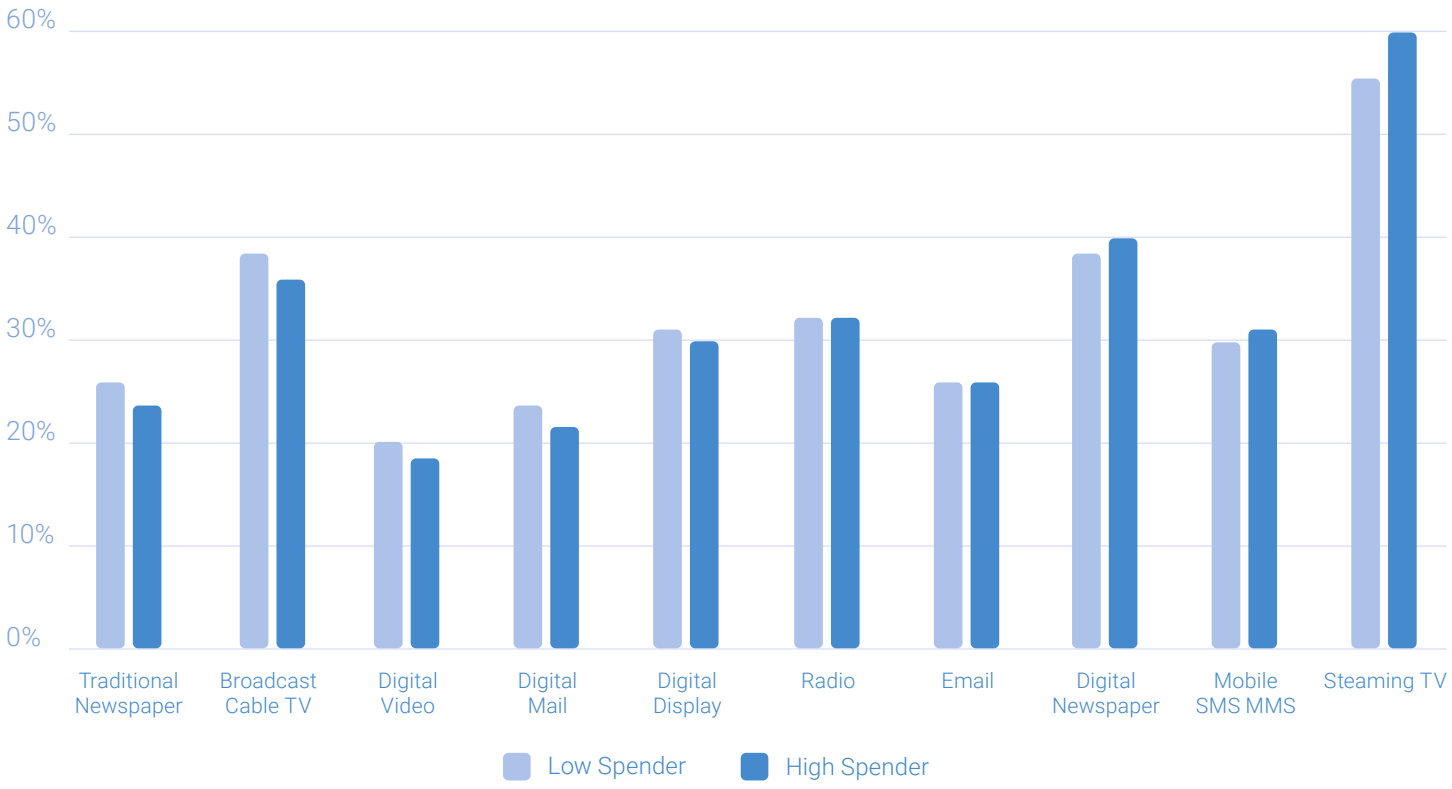
41%

of average spenders shop in December. October is the 2nd biggest shopping month for this group.

> Depending on the product, the decision maker in the household might be different than the person doing the research online. It's important to reach everyone in the household to ensure you present the right message to all decision makers. The Experian Graph can help find additional users in the household and target a broader audience that includes all decision makers.
>
> Budi Tanzi, *VP, Product*

Help me reach average spenders

Household engagement channel



Experian tip

Streaming TV is the top engagement channel for both high and average spenders. Despite the fragmented media landscape, streaming TV offers an opportunity, not a barrier. By employing a three-pillared approach—first-party data onboarding, digital identifiers, and consumer data—you can achieve holistic identity and address fragmented TV consumption. Allocate your marketing dollars to streaming TV this holiday season to reach these spenders and overcome fragmentation.

> CTV interoperability allows advertisers to take advantage of high impact ads with strong targeting precision. Advertisers should focus on their audience and message first, then work with partners like Experian to scale across the ecosystem.
>
> Ali Mack, *Head of Advanced TV & Agency*

Strengthen your TV audience buying with Experian's TV audiences →

Our predictions for the 2023 holiday shopping season

2023 holiday spending will be on par with 2022.

Some verticals like Apparel will likely see a slight decline while Mass Retail should see a slight increase.

Experian tip

To maximize your marketing efforts, remember to use data enrichment to gain a deeper understanding of your target audience, seamlessly integrate enriched data across various channels, and unlock the true potential of your ad inventory.

Online shopping will continue to see an increase from the previous year.

33% of holiday shopping was done online last year, so we expect this to increase slightly in 2023.

Experian tip

Invest in multiple channels to capitalize on the increase in online shopping. Use an agnostic identity graph to unify device and media data, capture user activity, and view your target audience holistically. This data integration enables ad spend optimization, improving ROI through effective resource reallocation.

Early, discount shopping will be an increased trend in 2023.

Strong consumer response to early retailer discounts and promotions will continue this season.

Experian tip

Implement sell-side targeting to ensure your promotions reach the appropriate shoppers. It provides ad placement control, improves visibility by directly connecting with publishers, and functions across mobile, web, and CTV for a seamless ad experience.

Reach high spenders this holiday season with Experian's purchase-based audiences

Our purchase-based audiences feature consumers who are likely high spenders during the holiday season based on known credit and debit card transactions.

A few of our purchase-based audiences that you can activate this holiday season include:

- Gift Shoppers
- Big Box Stores
- Heavy Buyer In-Store and Online
- Last Minute Holiday Shoppers
- Apparel
- One Stop Holiday Shoppers/Power Shoppers

Activate our purchase-based holiday audiences today →

Measure the performance of your holiday activations with Experian

Experian's data enables marketers to gain meaningful insights and optimize holiday campaigns for maximum impact. If you have first-party data, we can help you connect online and physical transactions to our Experian household ID. For those without first-party data, we can connect ad exposure with foot traffic or employ a control group lift analysis.

With Experian's measurement offerings, you can gain deeper insights and make data-driven decisions to optimize your holiday activation strategies.

Turn holiday sales into connections

The holidays are about more than just transactions - they're about creating meaningful connections with your audience. That's where identity resolution comes in. By gaining a unified view of your customers, you can deliver engaging interactions across various channels this holiday season.

> 2023 proves to be the holiday season where marketers can simultaneously use both identity and audience at scale across programmatic and CTV.
>
> Chris Feo, *SVP, Sales & Partnerships*

Ready to make the most of the holiday shopping season?

By analyzing recent trends, understanding your customers' spending habits, and anticipating what's to come in 2023, you can deliver a top-notch shopping experience.

Let's chat about how we can optimize your holiday marketing strategies for guaranteed success. Get in touch with us today!

Connect with us today →

Experian integrates with 150+ channels like mail, online, TV, and email. We connect to various digital platforms and partners.

About us

Experian Marketing Services delivers privacy-forward data and insights to help brands meaningfully connect with people. Advertising is smarter and more personalized than ever. Experian sets new standards in data management, usability, and measurement to thrive in this evolving ecosystem. Discover why brands, agencies, and publishers across the globe trust Experian.

For a full list of digital audiences and measurement offerings, visit us at Experian.com/marketing or contact your Experian Sales representative.