

**Deloitte.**



**2016 Holiday Survey**  
Ringing in the retail

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# Holiday highlights

## Consumers generally upbeat about economy, but many plan to rein in non-gift holiday spending

Consumers surveyed remain positive about the US economy and continue to report improved personal financial situations. Expect gift spending to be comparable to the 2015 season, with shoppers planning to spend roughly \$430. Many, however, plan to rein in the non-gift spending, including holiday travel and expenses tied to social events.

Only 27% of respondents say that the upcoming presidential election will impact their holiday spending.

## Online channels set to make holiday history

More consumers plan to shop online this holiday season than ever before. Half plan to shop online, significantly more than those who plan to visit popular store destinations such as discount department stores (43%), traditional department stores (32%) and outlet stores (26%). More importantly, shoppers anticipate spending more online too. In fact, for the first time this holiday season, consumers plan to spend just as much online as they will in stores.

## Online to steal foot traffic from all popular shopping venues

Online channels will continue to take foot traffic away from all popular store formats. Fewer holiday shoppers plan to visit “big box” retailers, traditional malls, local independent stores, strip malls and mini-malls compared to 2015.

## Consumers continue to seek out stores for a complete experience

While digital will influence the lion's share of holiday purchases this season, shoppers will continue to blend both online and offline channels to optimize the shopping experience and procure the right gifts on the best possible terms. Two thirds of respondents will shop online and then purchase in store (webrooming); half will shop in store and then buy online (showrooming); and more than 4 in 10 will take advantage of buy online, pick up in store offers.

Shoppers will seek out physical stores for their distinct advantages, namely the ability to see and touch product (48%).

## In a fragmenting marketplace, consumers experiment with non-traditional venues

Almost three quarters of consumers surveyed report that they will try “new or different” retailers this year, most often local independent stores and new web retailers. More than one quarter will gift experiences in lieu of gifts. While shoppers expect a majority of their spend to go to merchants with whom they are already familiar, this high level of experimentation is noteworthy.

# Holiday highlights

## Retailers will feel the “Prime effect”

Consumer expectations of retail policies continue to rise – particularly when it comes shipping. Unlike last holiday season, shoppers no longer consider 3-4 day shipping to be “fast,” and they expect to pay less for same day, next day and 2-3 shipping than they did last year. Almost two thirds of holiday shoppers surveyed think they should be able to order a gift sometime after December 17<sup>th</sup> and still get free delivery by the 24<sup>th</sup>.

## PCs still dominate online spending, with retail apps winning the mobile payment category

While consumers plan to make the overwhelming majority of their online purchases with their desktops and laptops, mobile spenders are on the rise. Forty-three percent of smartphone owners plan to make at least one mobile purchase this holiday season, up from 35% in 2014.

Retail apps lead the mobile payment category, but the mobile web is not too far behind. Significantly fewer shoppers plan to use mobile wallet services at the counter.

## Consumers employ smartphones as virtual shopping assistants

Smartphones will be an indispensable tool this holiday season. Nearly 8 in 10 respondents anticipate using their smartphone for holiday shopping. Sixty-one percent of smartphone owners will use their devices to get store locations, with many others using their devices to compare prices (57%), get product information (50%) and read reviews (51%) on the go.

## Clothing and gift cards remain top gift ideas, and most shoppers will seek items on sale

Relatively unchanged from past holiday seasons, clothes (50%) and gift cards (48%) remain the most popular gifts. A little over one third (36%) plan to purchase electronics, including computers, mobile devices, home electronics items, wearable technology and gaming consoles. On average, shoppers plan to purchase about 14 gifts.

Sales and deals are always important for shoppers but can be particularly influential during the holiday season when cash is tight and consumers are looking to cut corners. An estimated 33% of gift purchases will be made on sale or promotion, and 77% of consumers will take advantage of sales at some point in the holiday season.

## Data privacy is top of mind, but consumers will forgive data breaches

Nearly 3 in 4 shoppers are concerned about data privacy to some degree – but, overall, data privacy issues will have little impact on what consumers purchase and where they choose to buy. If a retailer experiences one or more data breaches, consumers are likely to be empathetic, and shop with the brand again if the retailer takes appropriate measures to regain their trust.

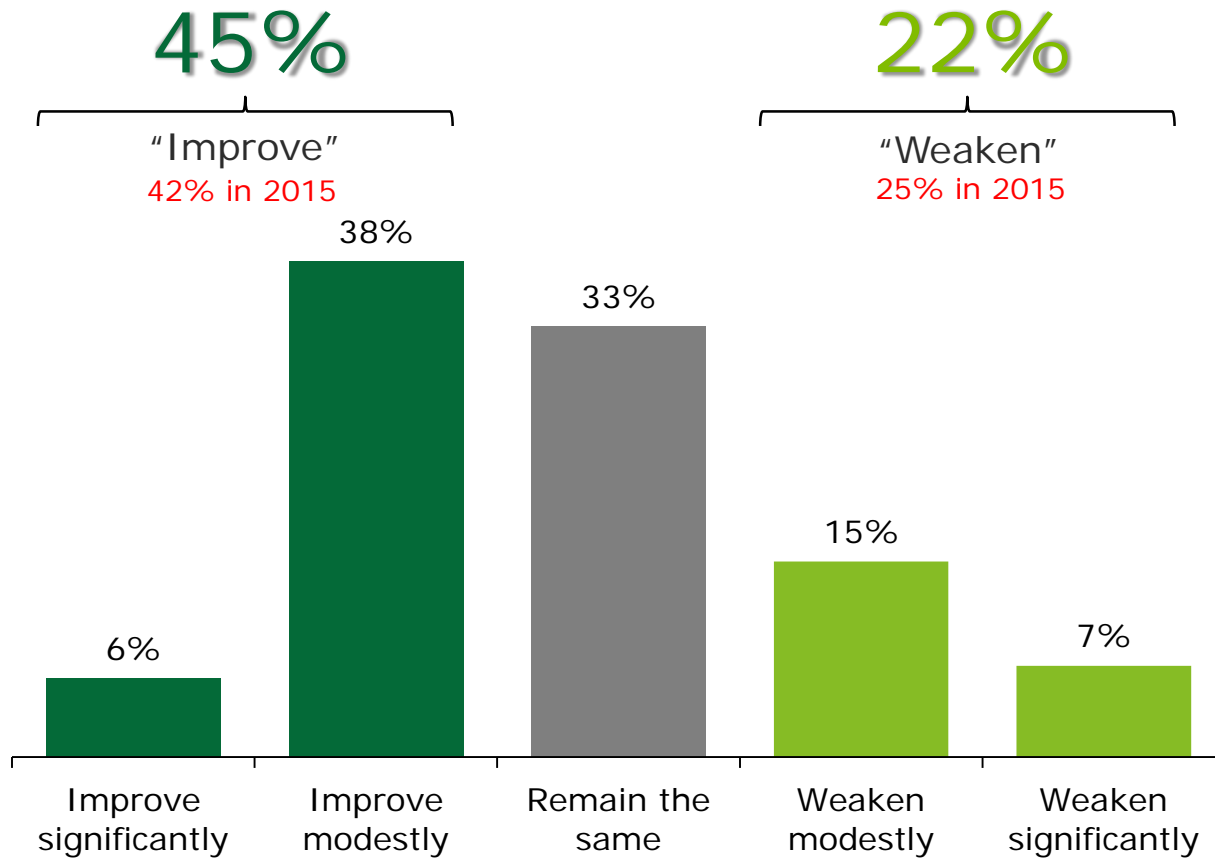
# Economic outlook and spending

# Positive outlook on US economy

Consumers are more positive than negative about the outlook for the US economy with 45% saying they expect it to improve.



## US economy will...

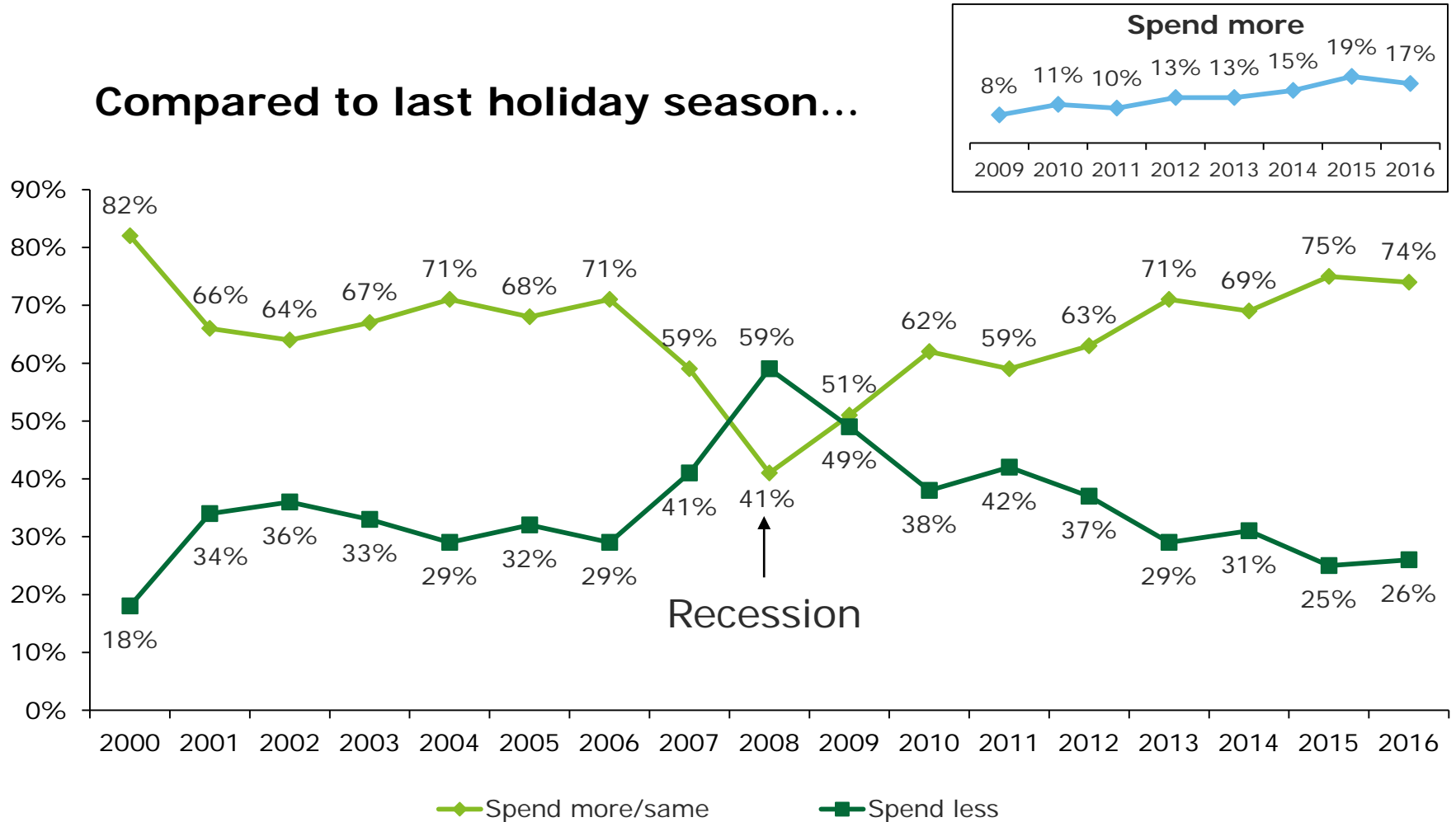


"In your opinion, what is the overall outlook for the US economy in the year 2017, compared with today? Would you say it will..."

# General sentiment on spend remains stable

Consumers report little change in planned holiday spending compared to last year with 74% saying they will spend the same or more. Forecasts of "more" spending dipped slightly from 19% to 17%.

## Compared to last holiday season...

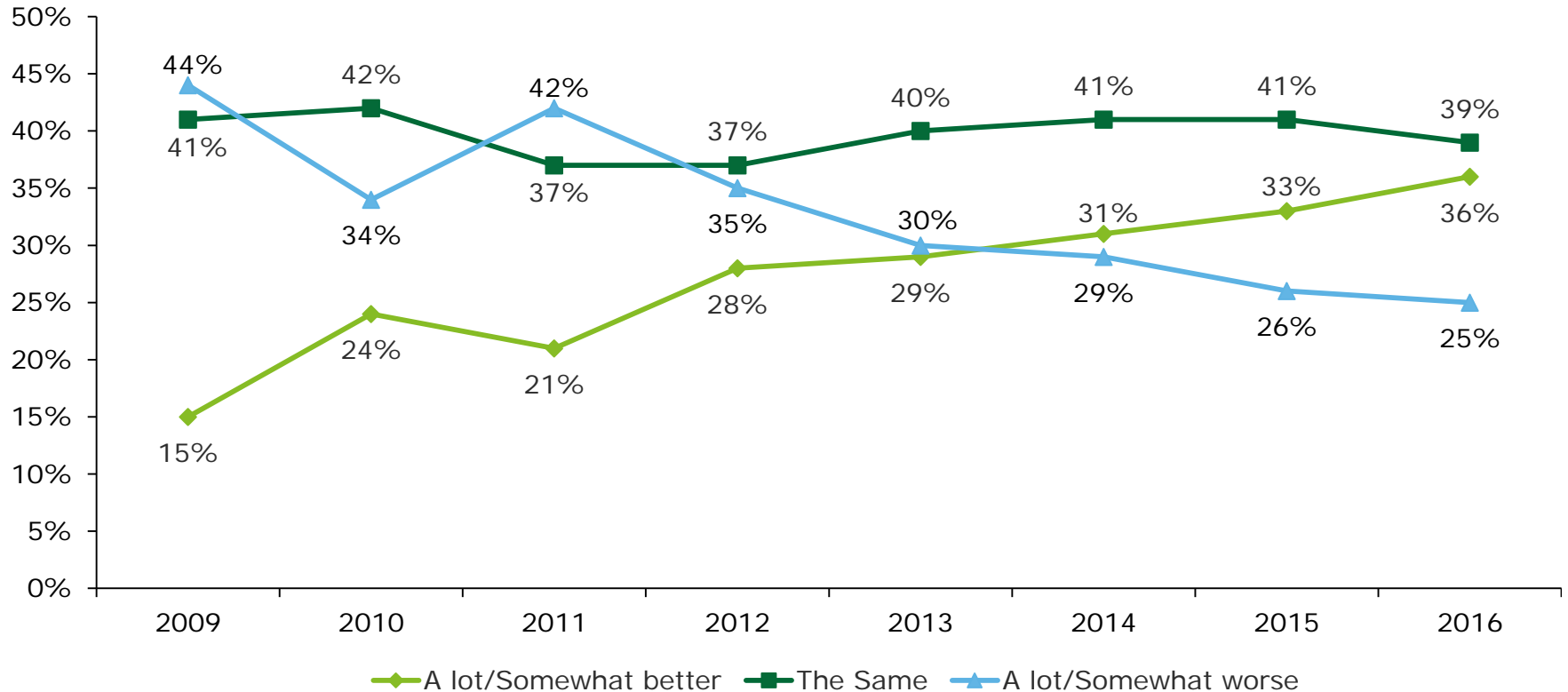


"How will your total holiday spending compare with last year's holiday season? Please consider all holiday gifts, holiday entertainment/socializing, holiday decorations, holiday donations, etc."

# Household financial situations continue to improve

Since 2011, reports of improved financial fitness have risen from 21% to 36%.

## Current household financial situation



Current household financial situation is the primary determinant of holiday spend

"Thinking about your household's current financial situation, would you say it is..."

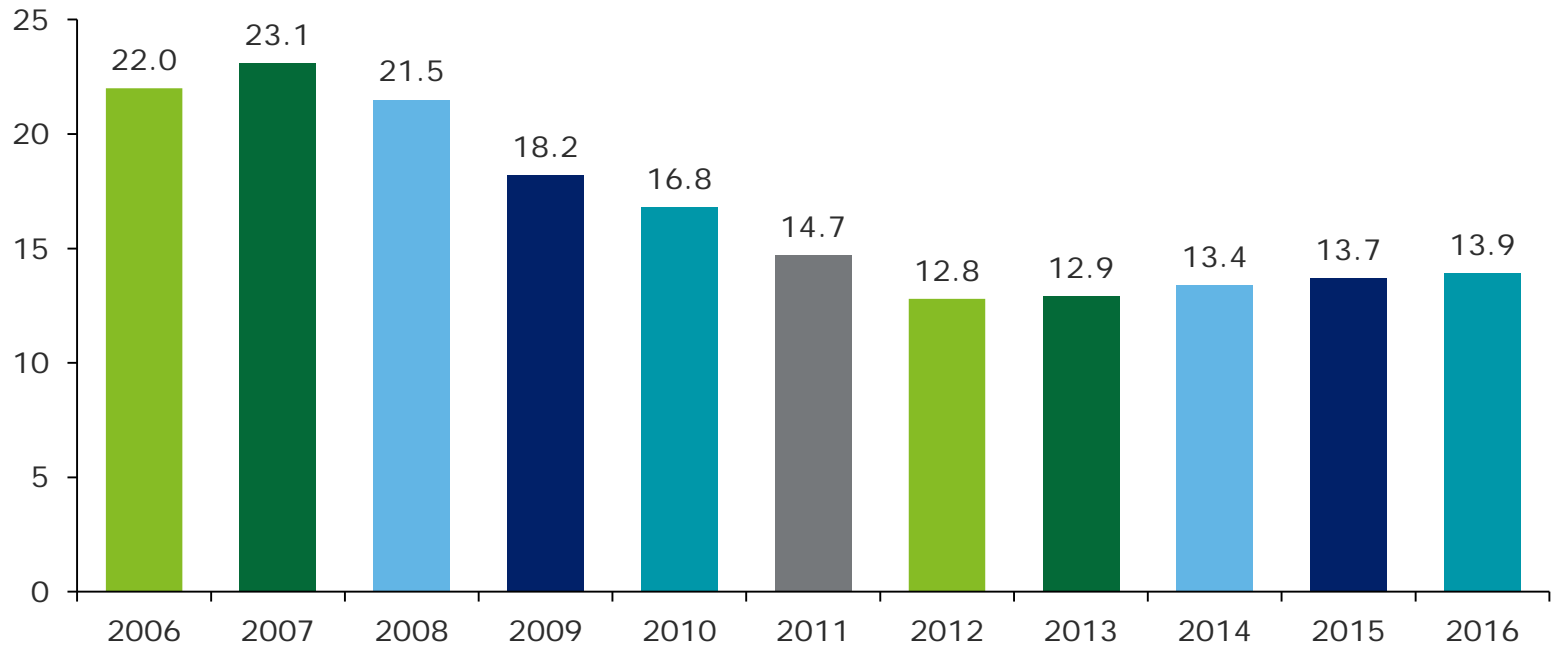


# Little change in quantity of gifts

On average, consumers plan to purchase about 14 gifts, consistent with levels from previous years.



## Number of gifts purchased

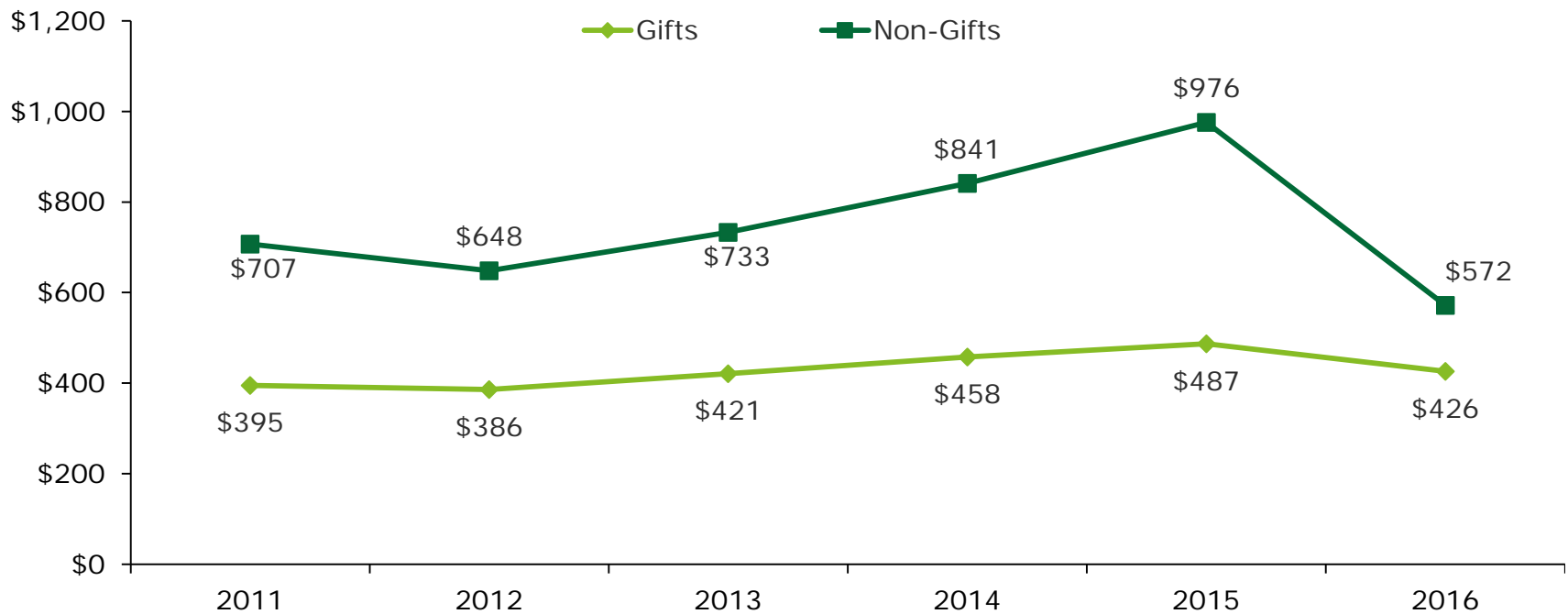


"In total, what is the number of gifts, including gift certificates/cards, that you expect to buy this holiday season?"

# Consumers rein in non-gift spending

When considering spend at the category level, consumers predict lower overall spend, a significant drop from last year. The change can be attributed mostly to a significant decrease in planned non-gift spending.

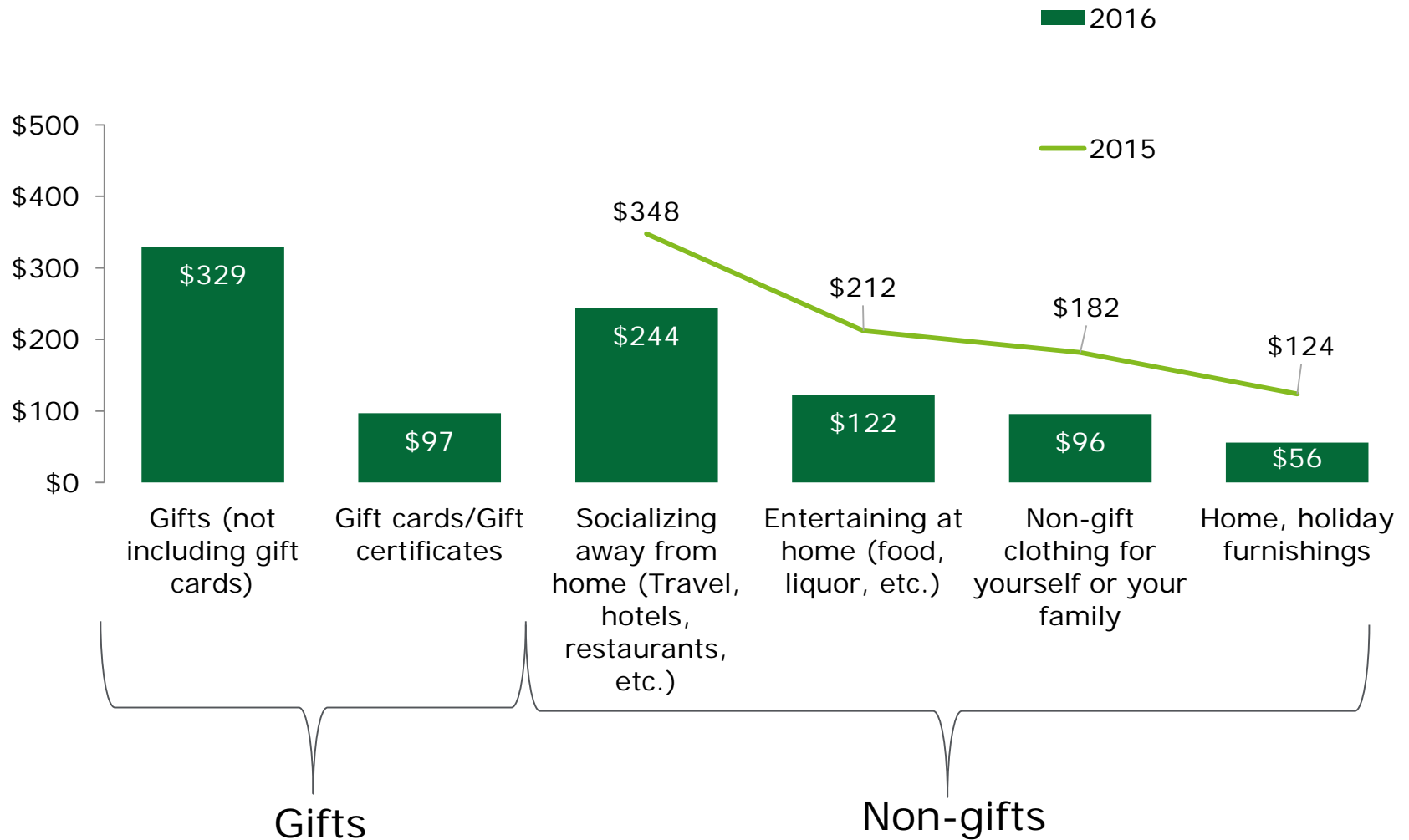
## Holiday spend



Fewer than half (46%) of consumers have a specific budget in mind this holiday season

"How much do you expect you will spend during the upcoming year-end holiday season on each of the following items?"  
"Do you have a specific budget (or approximate budget range) in mind that you plan on spending this holiday season?"  
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# Gift and non-gift spending



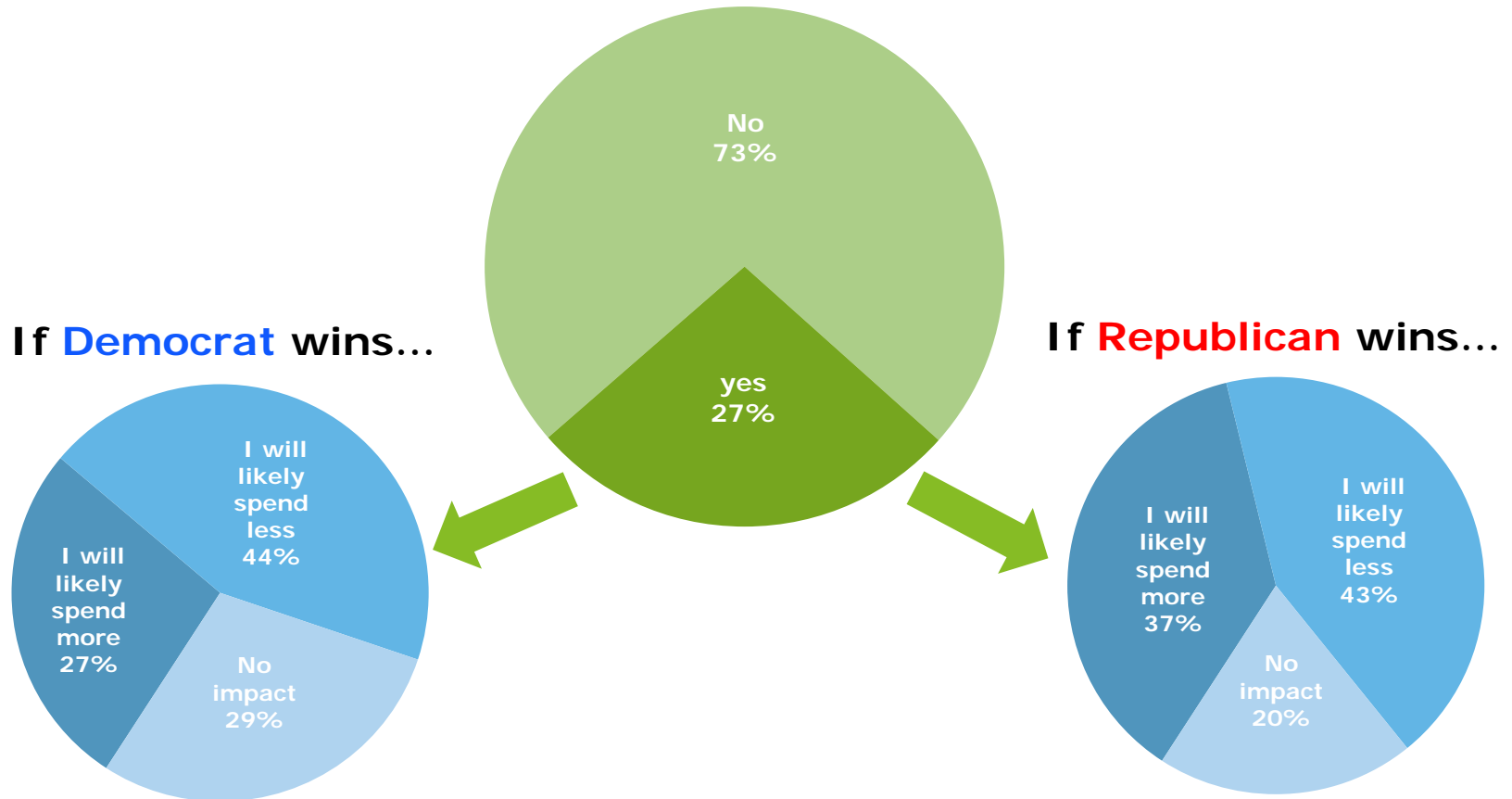
"How much do you think you will spend during the year-end holiday season on each of the following items?"

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# Presidential election to have little impact on holiday spending

Only 27% of consumers say the results of the presidential election will impact their holiday spending.

## Will the election impact your holiday spending?



"Will the results of this year's US Presidential election have an impact on your holiday spending?"

"Which of the following best describes the impact this year's U.S. Presidential election will have on your holiday spending if the **DEMOCRATIC** candidate wins?"

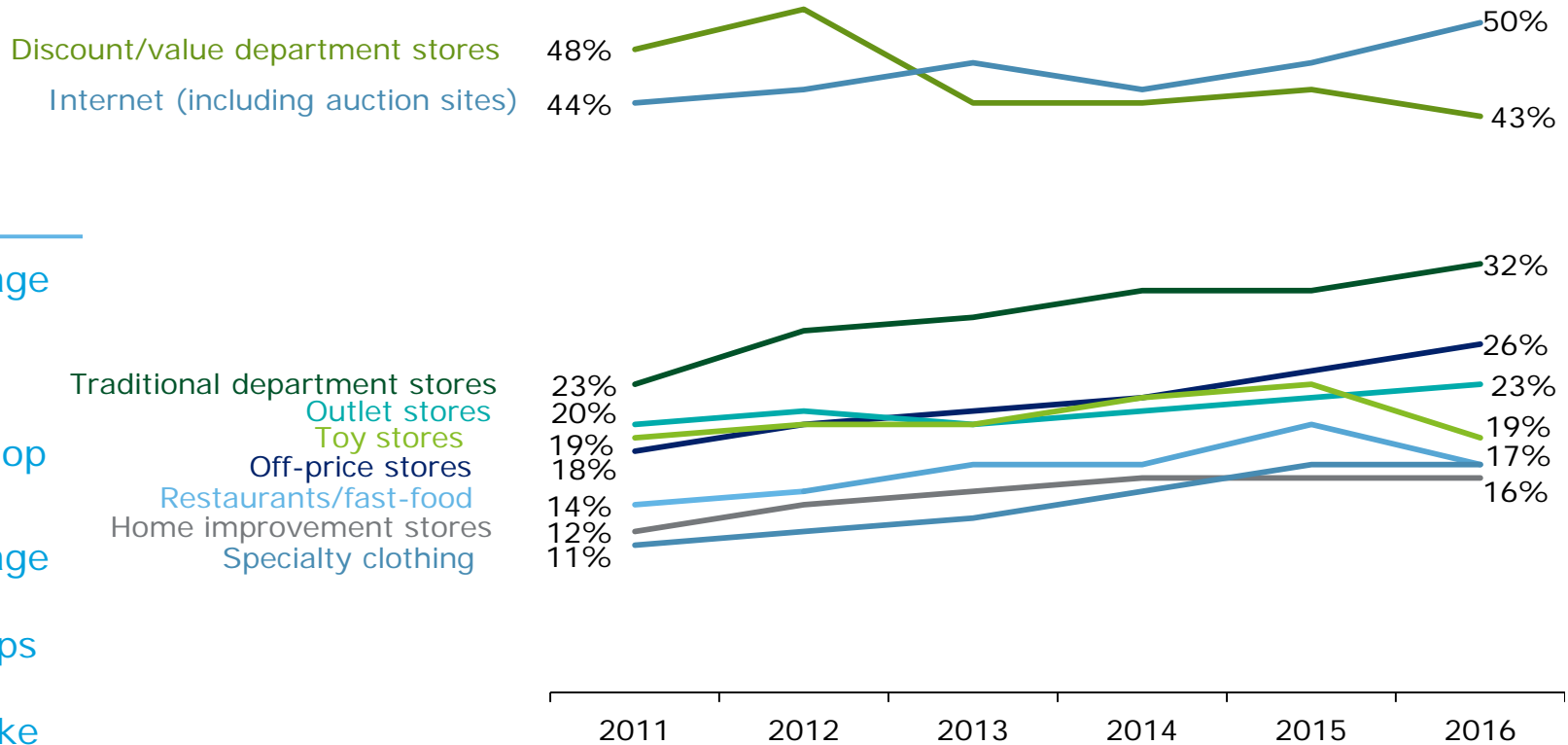
"Which of the following best describes the impact this year's U.S. Presidential election will have on your holiday spending if the **REPUBLICAN** candidate wins?"

Where consumers shop  
and why

# Internet runs away as #1 shopping channel

Continuing an upward trend, half of consumers expect to shop for holiday gifts online this holiday season. Multi-trip and channel shopping is a reality as consumers plan to take over six trips and include over four channels to make their holiday selections.

## Top shopping channels



**4.4** — average number of venues consumers expect to shop

**6.3** — average number of shopping trips consumers expect to take

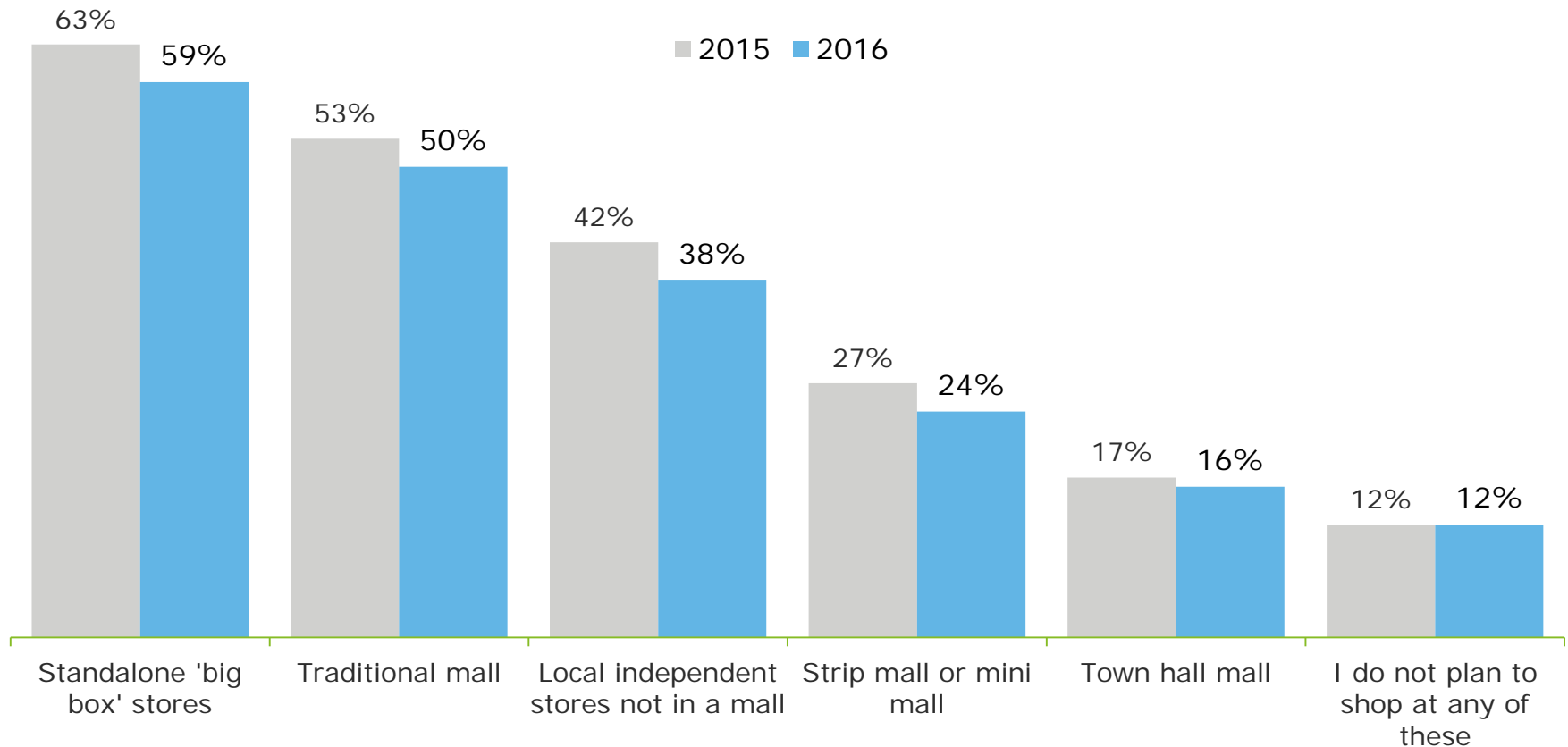
"At which of the following retail sources or venues will you likely shop for holiday gifts?"

"How many specific shopping trips do you expect to take when purchasing holiday gifts over the next several months? (For purposes of this question, a "trip" is defined as a single outing to visit one or more physical stores.)"

# All store formats impacted by online rise

Online channels will continue to take foot traffic away from all popular store formats. Fewer holiday shoppers plan to visit big box retailers, traditional malls, local independent stores, strip malls and mini-malls compared to 2015.

## Store formats consumers plan to shop



"At which of these types of stores do you plan to shop this holiday season?"

# Avoiding stores to avoid the crowds

Crowds are the top reason for not shopping in store along with long lines and slow checkout.

## Barriers to shopping in-store



"What, if anything, might prevent you from shopping in-store this holiday season?"

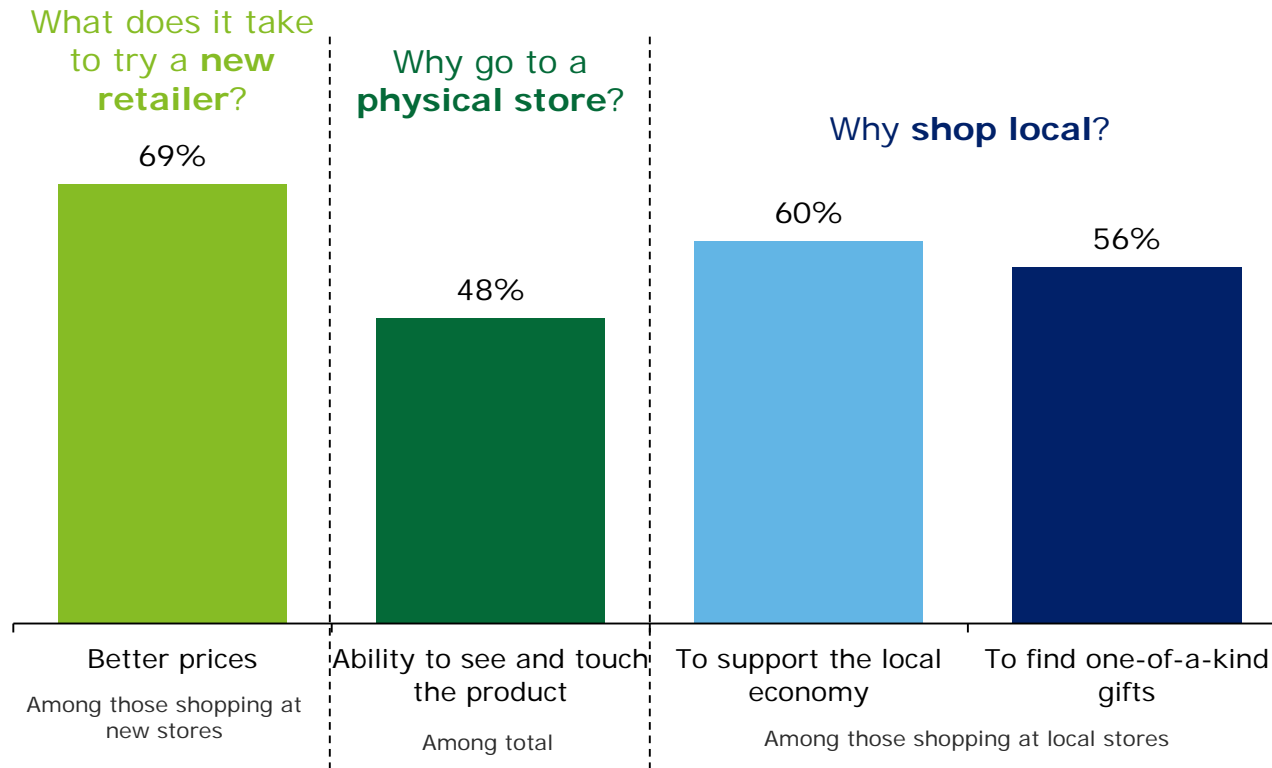
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# Seeking stores for specific advantages

47% of spending is expected to happen in store, the main benefit being the ability to see and touch the product. Better prices are key to luring shoppers into new venues. Consumers will shop local stores primarily to support the local economy or find one-of-a-kind gifts.

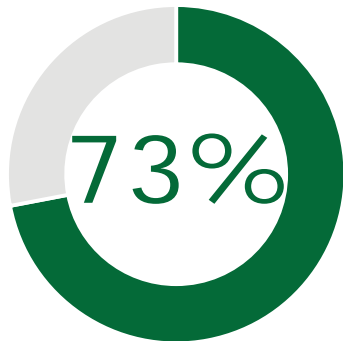
## Top motivators for venue choice



# Frequent experimentation with new retailers

Seventy-three percent plan to try new retailers, with local stores and businesses at the top of the list.

**Will shop  
new/different  
stores or online  
retailers**



## Types of new retailers shoppers plan to try



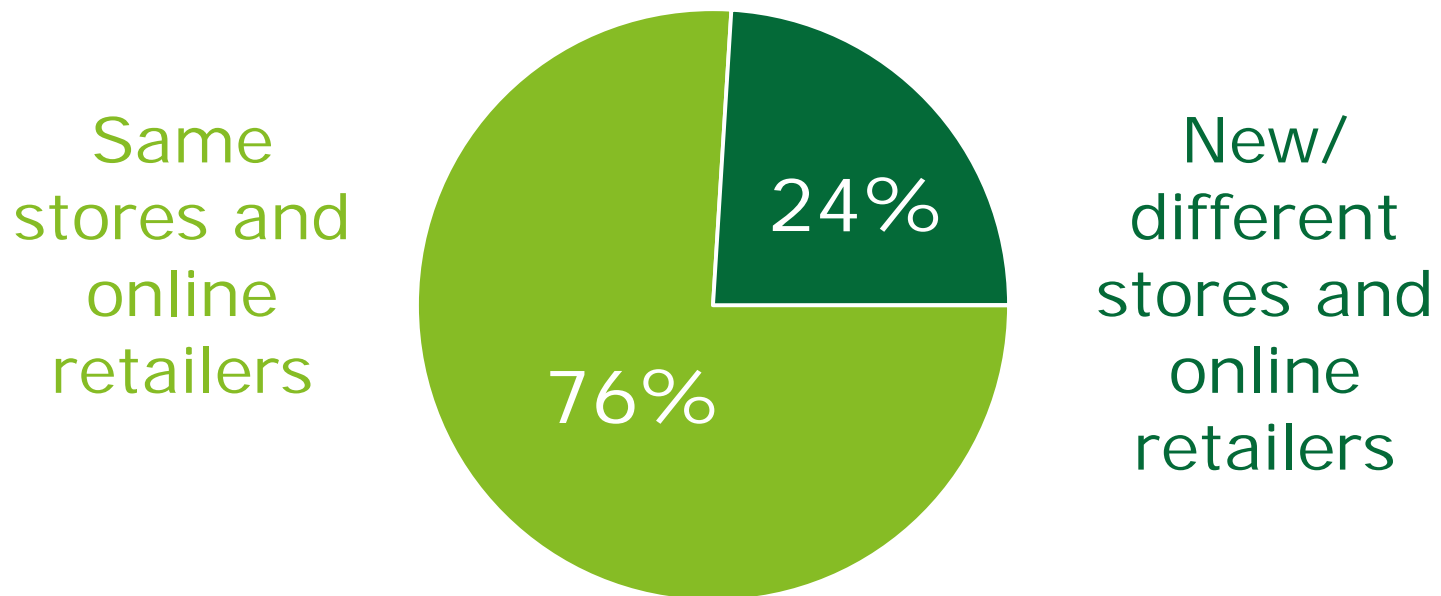
“What types of new/different stores or online retailers are you likely to try?”

Source: Deloitte 2016 holiday survey.

# Still shoppers spend most where they are familiar

76% of holiday purchases will be made at stores or through online retailers with which consumers are familiar.

## Share of gift purchases



"What **percentage of all of your holiday gifts** and shopping this year will be at those same locations, and what percentage do you think will be at new stores or online retailers?"

# Watching the Bottom Line

77% of consumers intend to make a sale or promotional purchase during the holiday season, and 1 in 3 transactions will involve a coupon or promotion.

**77%** Respondents influenced by coupons and promotions

**56%** Go online to find better prices, coupons, deals, etc.

**43%** Plan to use store coupons



**33%** Transactions involving coupons and promotions

“What percentage of your total holiday purchases will be influenced by any coupons and promotional offers that you receive?”  
“Which of the following will you do this holiday season?”

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# Ambivalence on timing of the best deals

Four in 10 wait to purchase items when they go on sale. Consumers are split on when they expect to find the best deals of the season.

**40%** I know things are going to eventually go on sale so I'll only buy sale items when holiday shopping

**30%** I get the best deals if I shop early in the holiday season

**30%** I am waiting for holiday sales this year to buy other larger or big ticket items I was going to buy anyway

**27%** I get the best deals if I shop late in the holiday season

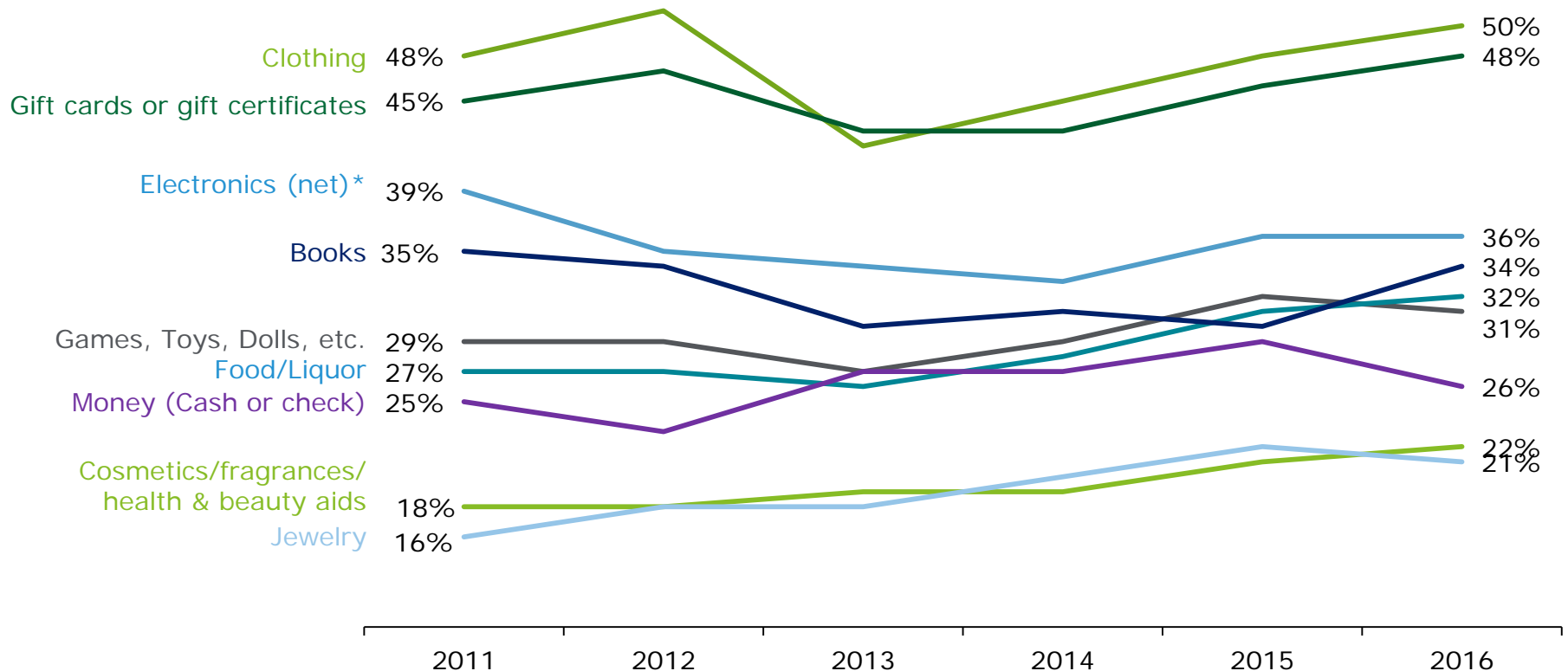
"Using a scale of 1 through 5, where 1 means you "Very much disagree" and 5 means you "Very much agree", please state how much you agree with each of the following statements."

# Clothing and gift cards still top the purchase list

Clothing and gift cards remain the most popular gifts people plan to purchase. Gift cards, electronics and cash are the categories people most wish to receive. Most gift categories are consistent with past years, however, food/liquor and jewelry have trended upward – in keeping with household finances – since 2011.

## Top gifts consumers plan to buy

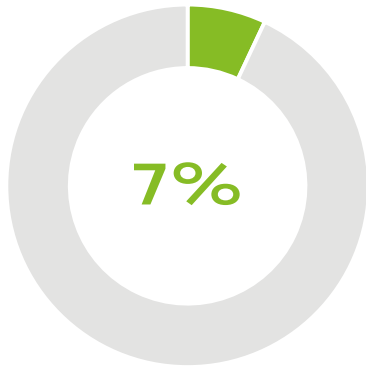
Gift cards (40%), electronics (40%) and cash (40%) rank No. 1 as the gifts respondents wish to receive



"Which of the following types of gifts do you plan to buy this holiday season? And which of the following gifts would you like to receive this holiday season?"

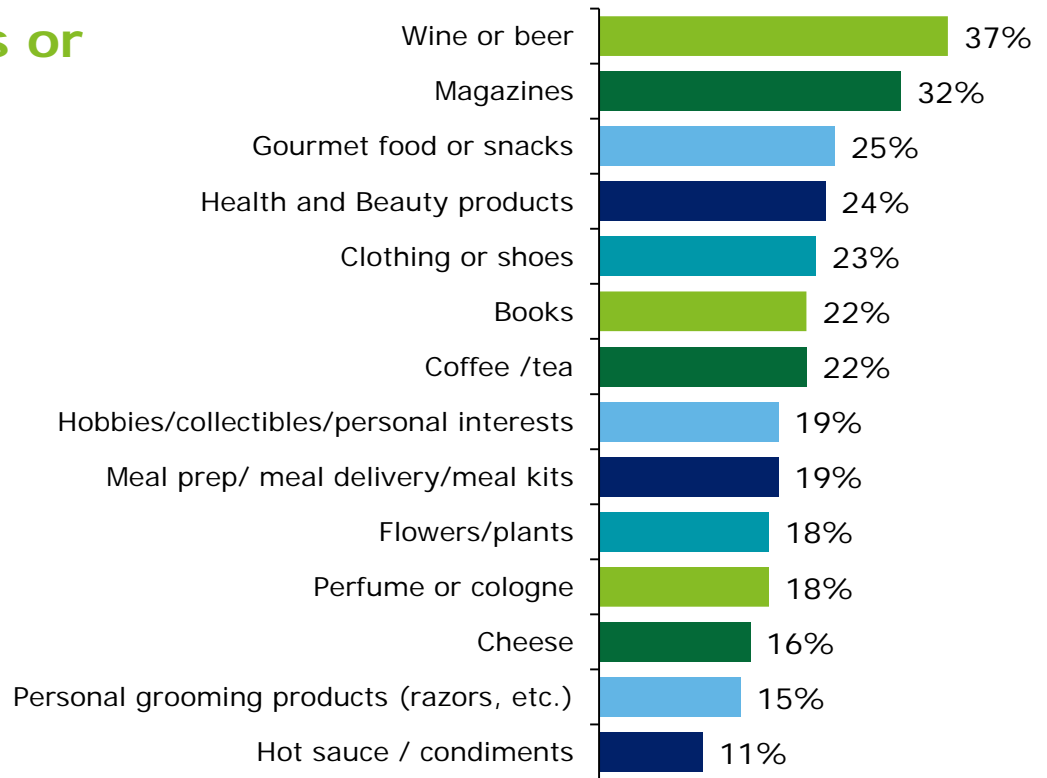
# Subscription services rarely make the gift list

Only 7% plan to buy a subscription service as a gift (6% in 2015), the most popular being wine or beer and magazines.



**Plan to buy subscription products or services**

## Subscription service types



"Which of the following types of gifts do you plan to buy this holiday season?"

You mentioned you plan on purchasing subscription products or services this holiday season. Which of the following products or services do you plan on giving as a subscription-based gift?

## Notable interest in gifting “experiences”

Over a quarter prefer gifting experiences and a similar percentage plan to host or attend more holiday events instead of exchanging gifts.

27%

Prefer to buy gifts that are an experience (e.g., concert/show, vacation, restaurant, etc.)

26%

Plan host or attend more holiday events with friends or family in lieu of traditional gift exchange

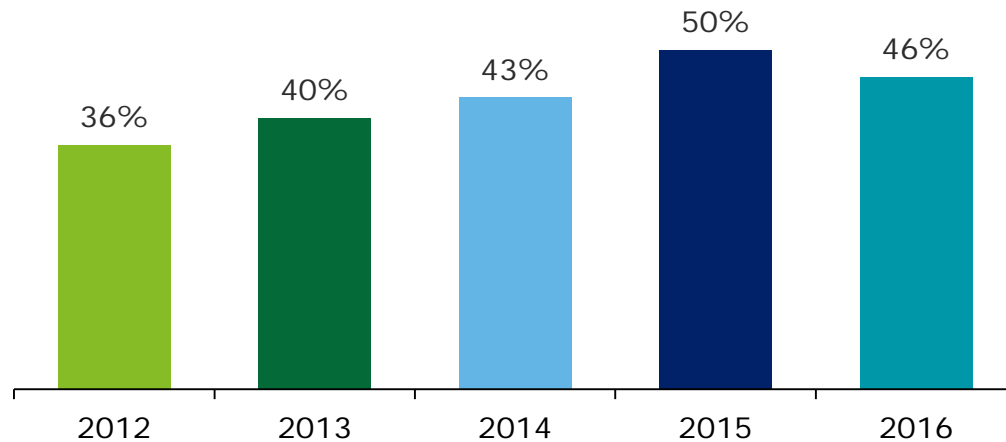
“Using a scale of 1 through 5, where 1 means you “Very much disagree” and 5 means you “Very much agree”, please state how much you agree with each of the following statements.”



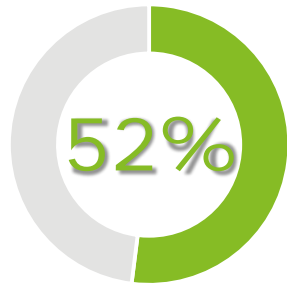
# Holidays are a time for indulgence

Nearly half say they will purchase for themselves while shopping for others, only slightly less than last year. More than half prefer to spoil others with gifts recipients would not buy for themselves.

## Also buy gifts for themselves when shopping for others



**Give indulgent gifts**



Prefer to buy indulgences that people will not buy for themselves

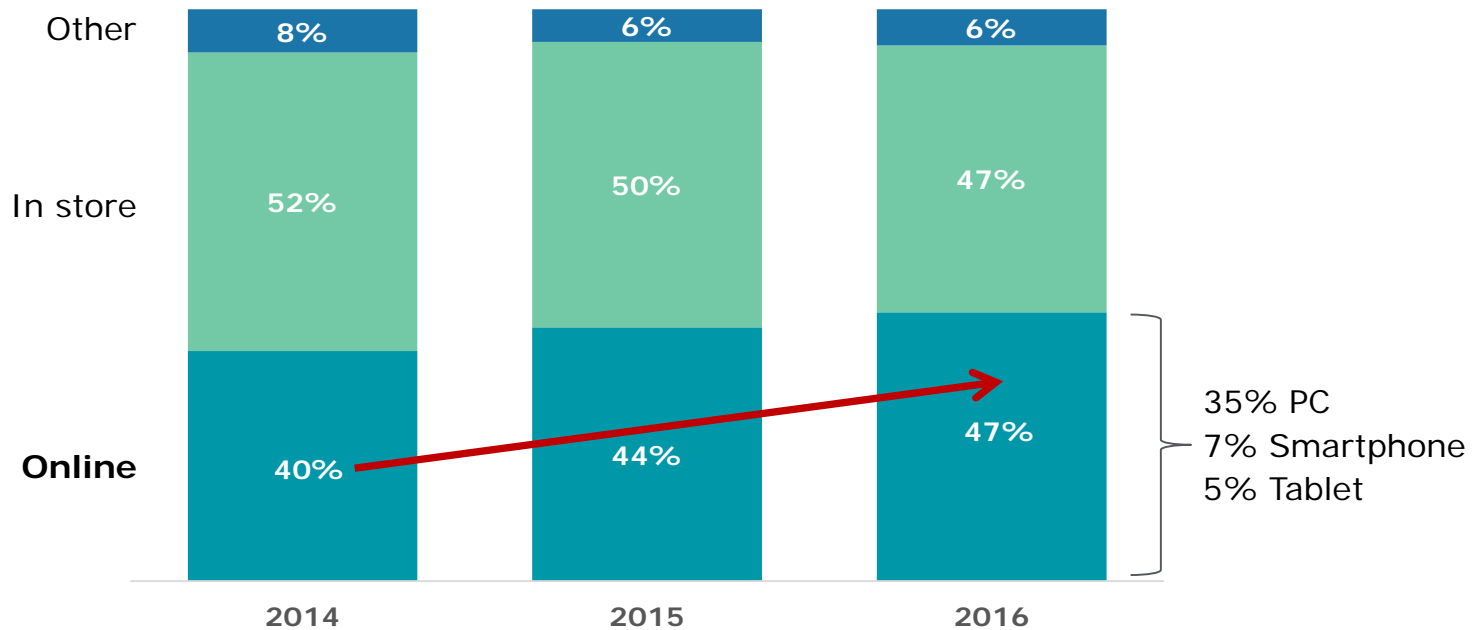
"Using a scale of 1 through 5, where 1 means you "Very much disagree" and 5 means you "Very much agree", please state how much you agree with each of the following statements."

# Digital impact on holiday shopping

# Online spending matches spending in store

Shoppers anticipate spending more online this season than in previous years. In fact, for the first time in the history of the survey, consumers plan to spend just as much online as they will in stores.

## Holiday budget allocation by channel



"What percentage of your total holiday budget do you expect to spend...?"

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# Many blend in-store and online shopping to optimize experience

Two-thirds will first look online and then purchase in store; half will do the reverse. Slightly less than half will order online and then pick up in store.

**“How likely will you be this holiday season to ... ”**



Webroom

... first look at items online, then go to a store to see the item, then make purchase in store

66%



Showroom

... first go to a store to look for an item, then search online for the best price, and then purchase online

50%



Buy online pick up in store

... buy a product online and then instead of having it shipped to you, go to the store to pick up the item

43%

Percentages combine those respondents who selected answer choices “very likely” and “somewhat likely.”

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2016 Holiday Survey

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# Shoppers less loyal online

When shopping a physical store, consumers are likely to remain loyal to the merchant even when product is out of stock. They are more likely to look elsewhere for product when they can't find what they are looking for on a retailer website.

## What holiday shoppers do when retailers run out of stock



### In store



### Online

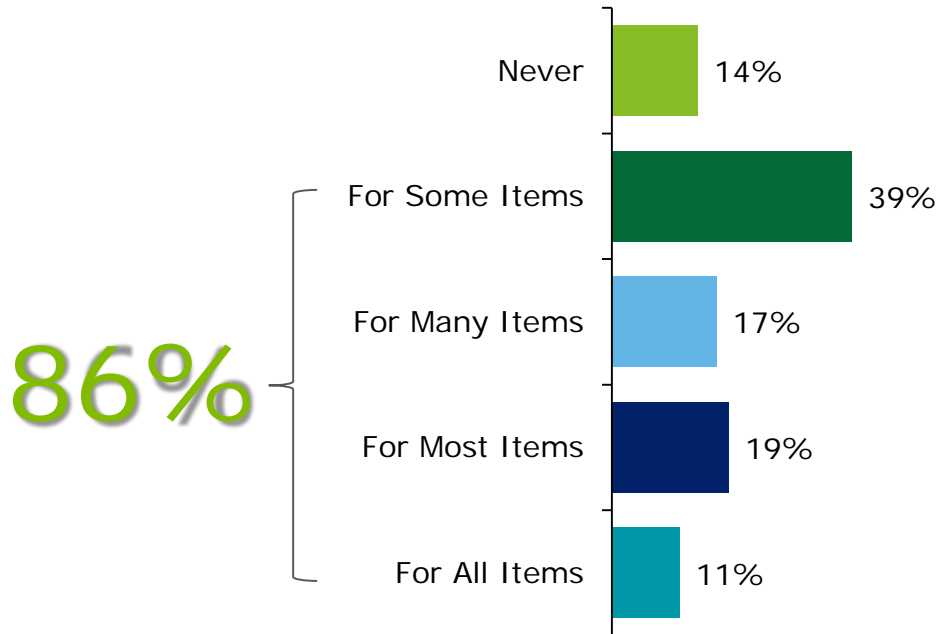


"If you were to shop [in a store/on a store's website] for a specific product during the holiday season and the product wasn't available, which of the following would you most likely do first?"

# Vast majority do online research before shopping in store

86% of consumers report conducting online research before shopping in physical stores. Most cited are customer reviews on retailer websites followed by recommendations from people consumers know and customer reviews on independent websites.

## Research online before purchasing in a physical store



## Important types of reviews

(Among those researching online)



"Please indicate the level of online research you intend to do before making your Holiday purchases:"

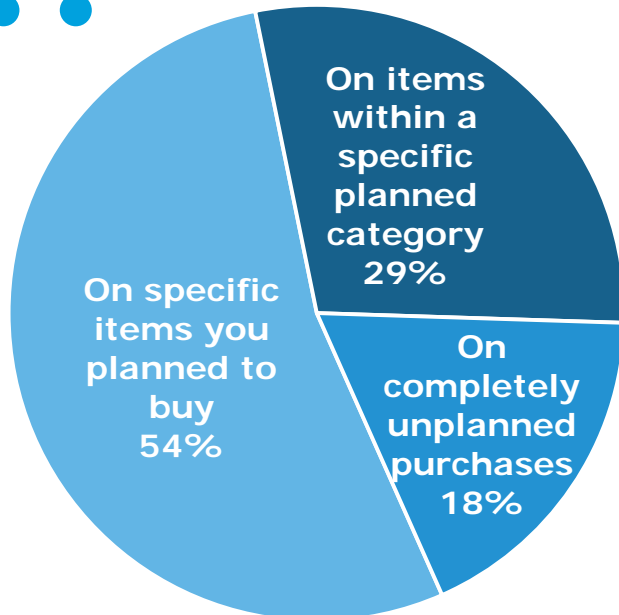
"While researching online, which type of reviews are important to you?"

# Shoppers plan; few holiday purchases are spontaneous

Whether shopping in store or online, consumers most often purchase specific items for which they have planned. Less than 20% of purchases are completely unplanned, limiting the opportunity for merchants to inspire at point of sale.



## In Store



## Online



"If you had to estimate based on the way you shop for the holidays when [in physical stores/online], what percentage of purchases do you make...?"

# Split preference for online versus in-store experience

Preference between online and physical store is split with 44% liking an online experience and 38% preferring in-store. 3 in 10 say it is important that the retailers they shop have both a physical and online presence.

**44%** Prefer shopping online rather than in the physical store

**38%** Prefer shopping in the physical store rather than online

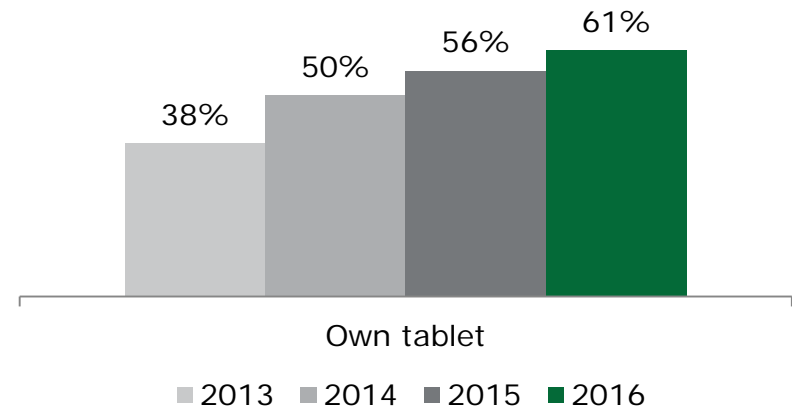
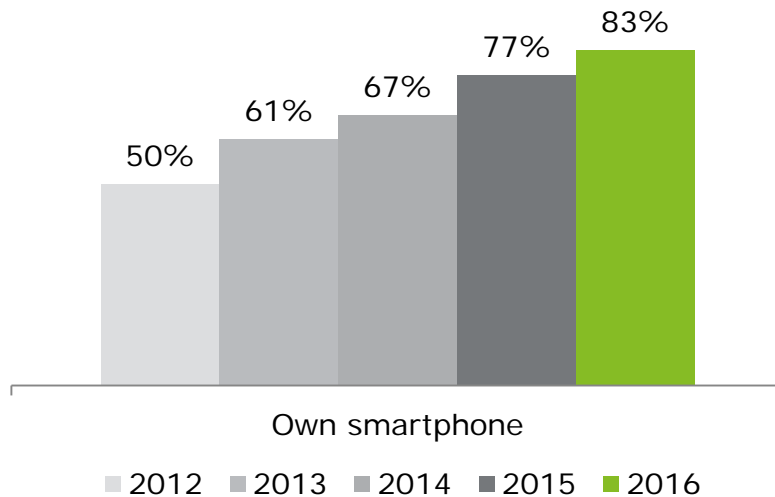
**31%** Value the option of both a physical store and an online site

"Using a scale of 1 through 5, where 1 means you "Very much disagree" and 5 means you "Very much agree", please state how much you agree with each of the following statements."

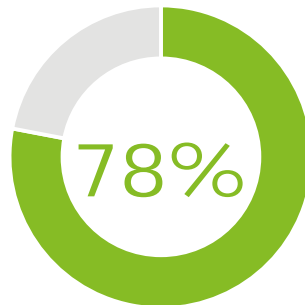


# Majority use mobile devices for holiday shopping

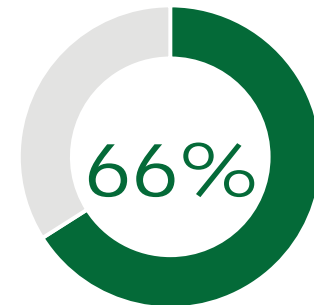
Smartphone ownership is now at 83%, up from 67% just two years ago. Six in ten own a tablet, also up significantly from 2014 (50%). Most will use these devices to assist in holiday shopping.



Use smartphone  
for holiday  
shopping



Use tablet for  
holiday shopping



"Do you own a smartphone?"

"Do you own a tablet?"

"In which of the following ways, if any, do you plan to use the following device or devices to assist you in your holiday shopping?"

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# Consumers employ smartphones as virtual shopping assistants

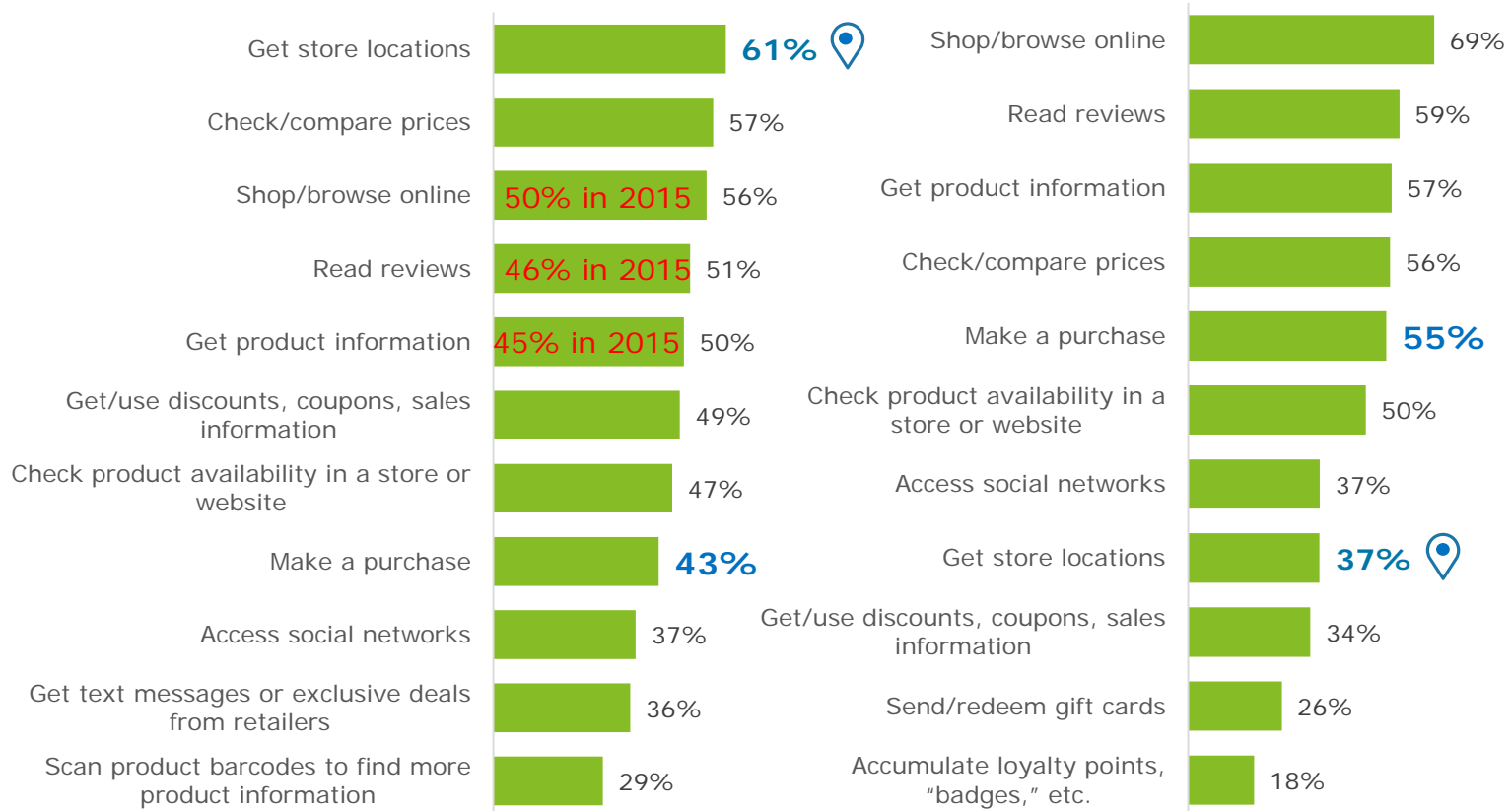
Smartphones will be an indispensable tool this holiday season. Nearly 8 in 10 anticipate using their smartphone for holiday shopping. Sixty-one percent of smartphone owners will use their devices to get store locations, with many others using their devices to compare prices (57%), get product information (50%) and read reviews (51%) on the go.

## Smartphone

(Among the 83% who own a smartphone)

## Tablet

(Among the 61% who own a tablet)



Location-based services

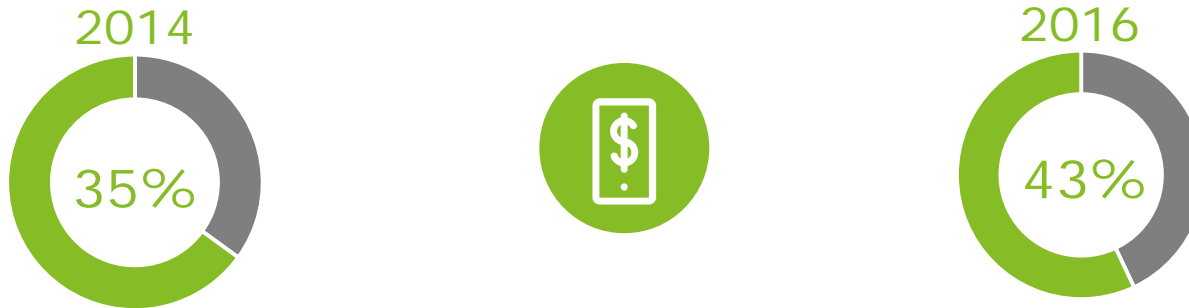
"In which of the following ways, if any, do you plan to use the following device or devices to assist you in your holiday shopping?"

# Mobile purchases rise with retail apps getting most traction

Retail apps lead the mobile payment category, but the mobile web is not too far behind. Significantly fewer shoppers plan to use mobile wallet services at the counter.

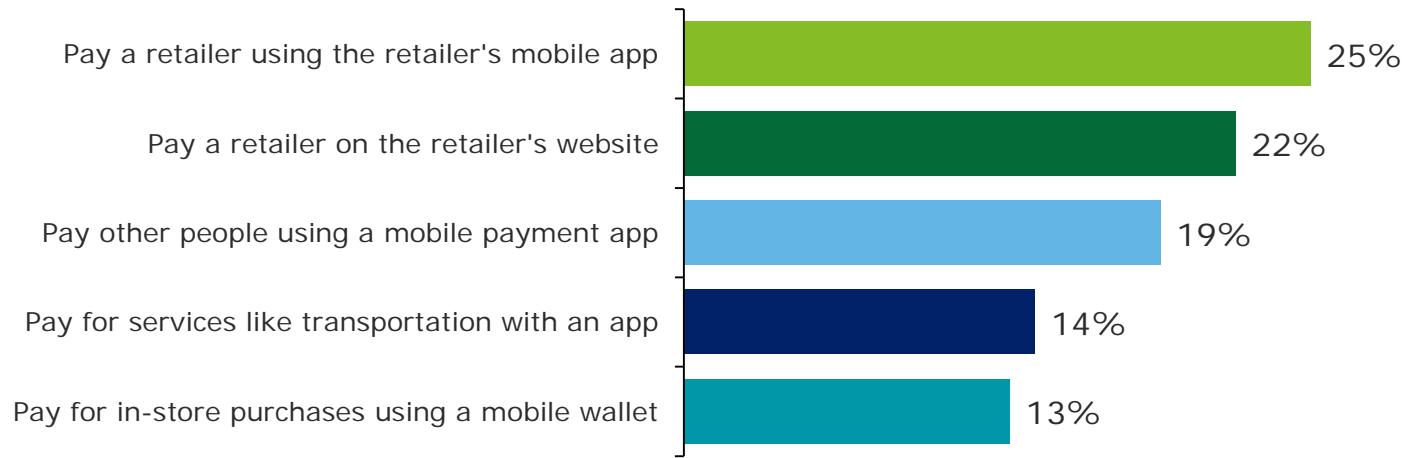
## Plan to make mobile purchases this holiday season

(Among the 83% who own a smartphone)



## Mobile payment type

(Among the 83% who own a smartphone)



"What types of payments do you make with your smartphone?"

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# Retailer policies and practices

# Free shipping tops list of desired retailer offerings

7 in 10 say they will take advantage of free shipping this holiday season. The importance of easy returns and price matching declines from last year.

## Will Take Advantage of...



"In general, what retail offerings will you take advantage of when spending this holiday season?"

# Shoppers desire favorable return policies

For purchases made in physical stores, consumers most desire to have refund options other than store credit. For items purchased online, they desire free return shipping, the option to return product to a physical store and refund options other than store credit.



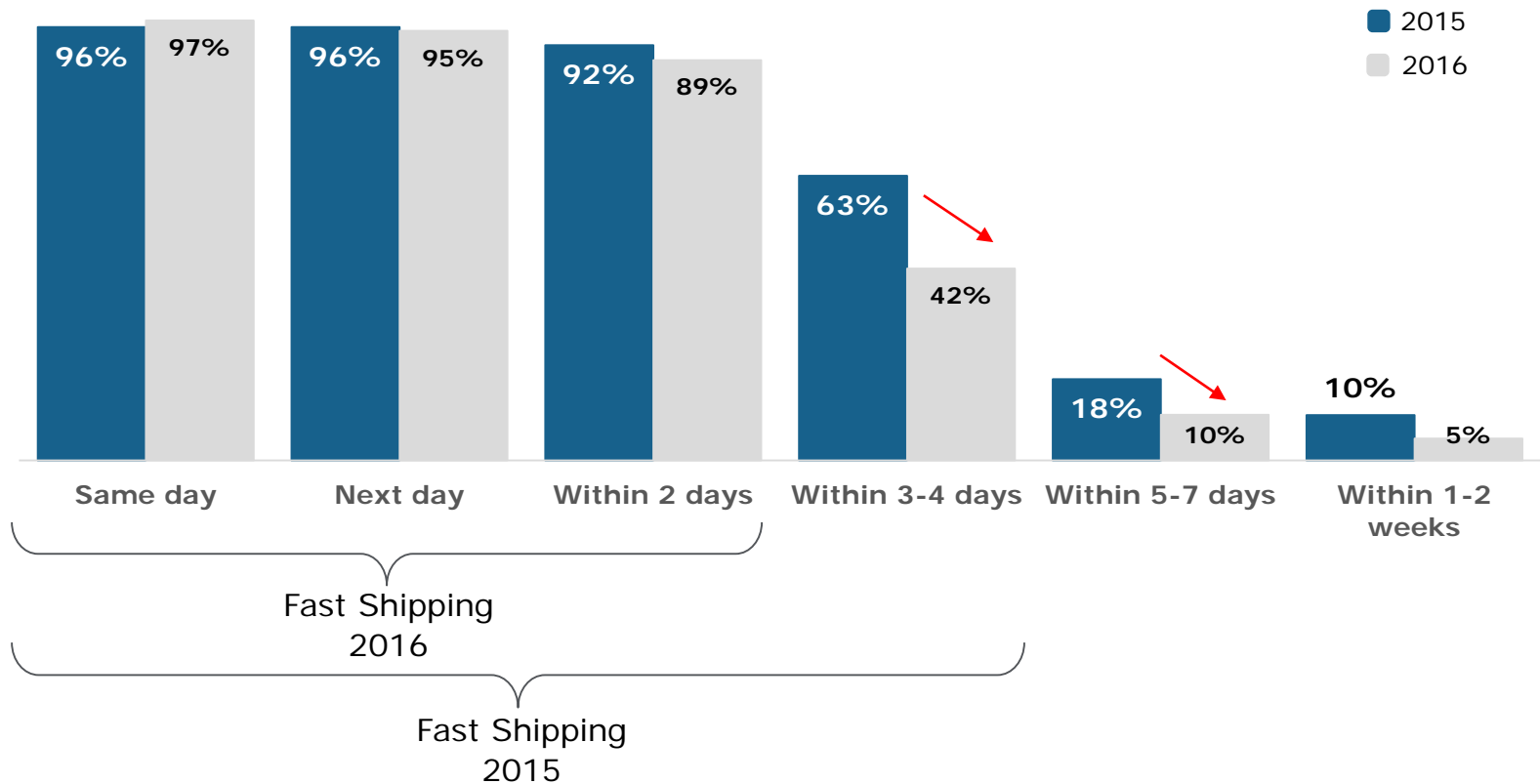
"When holiday shopping **in a physical store**, which of these return policies do you find most desirable?"

"When holiday shopping **online**, which of these return policies are most important to you?"

# Increasing expectations for “fast” shipping

Consumer expectations of retail policies continue to rise, particularly around shipping. Unlike last holiday season, shoppers no longer consider 3-4 day shipping to be “fast.” For most, shipping within 2 days or less fits the description.

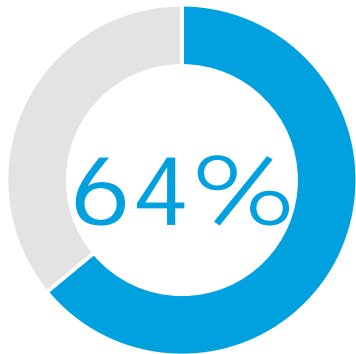
## What do you consider to be fast shipping?



“Which of the following would you consider to be ‘fast shipping’ and which would you not consider to be ‘fast shipping’?”

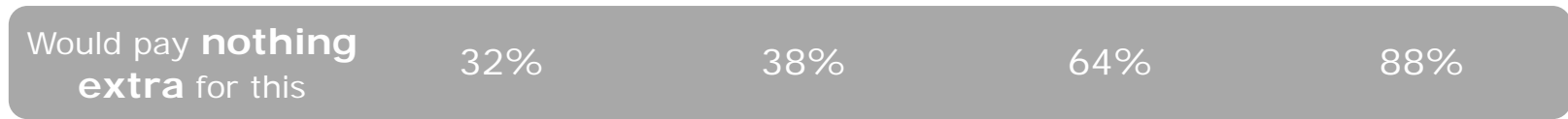
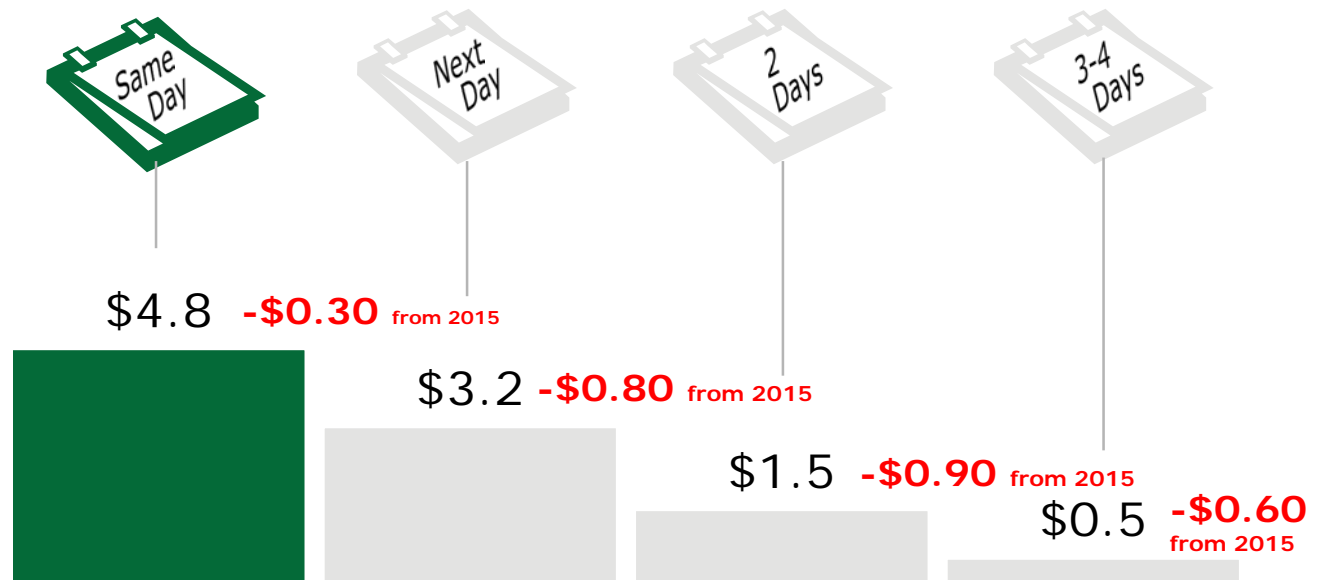
# Decreasing willingness to pay for shipping

Almost two thirds of holiday shoppers think they should be able to order a gift sometime after December 17<sup>th</sup> and still get free shipping in time for the holiday. Shoppers also expect to pay less for fast shipping, assigning only \$5 of value to same day delivery.



Think they could order sometime after December 17<sup>th</sup> and still get free shipping

## On average, would pay an extra...

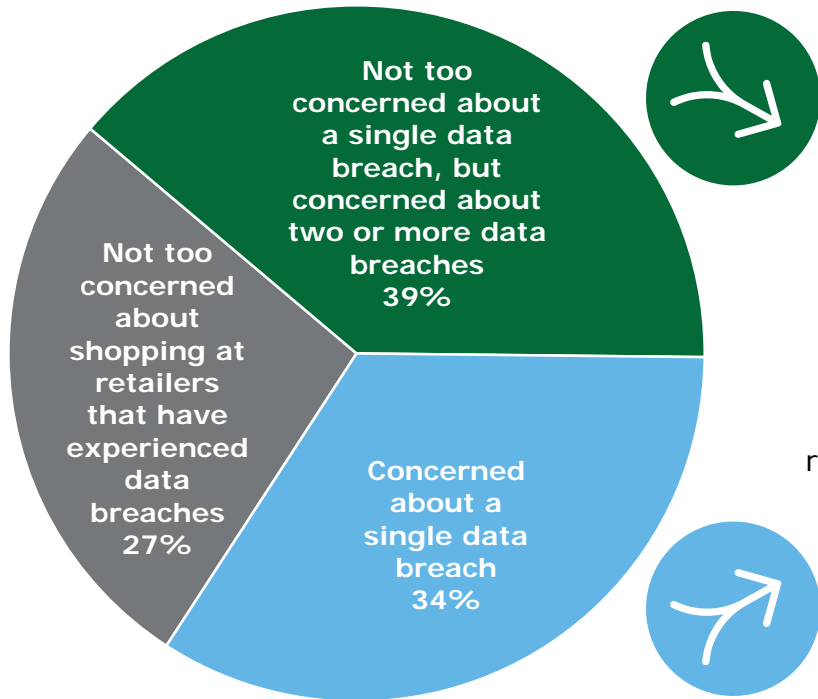




# Data breaches are a setback but consumers forgive

Almost three-quarters are concerned when a retailer has one or multiple data breaches, however only 7% would never shop at the retailer again. Most would return if the retailer takes action to regain trust; some will just change their payment method.

## Concern about data breaches



## Impact on shopping behavior

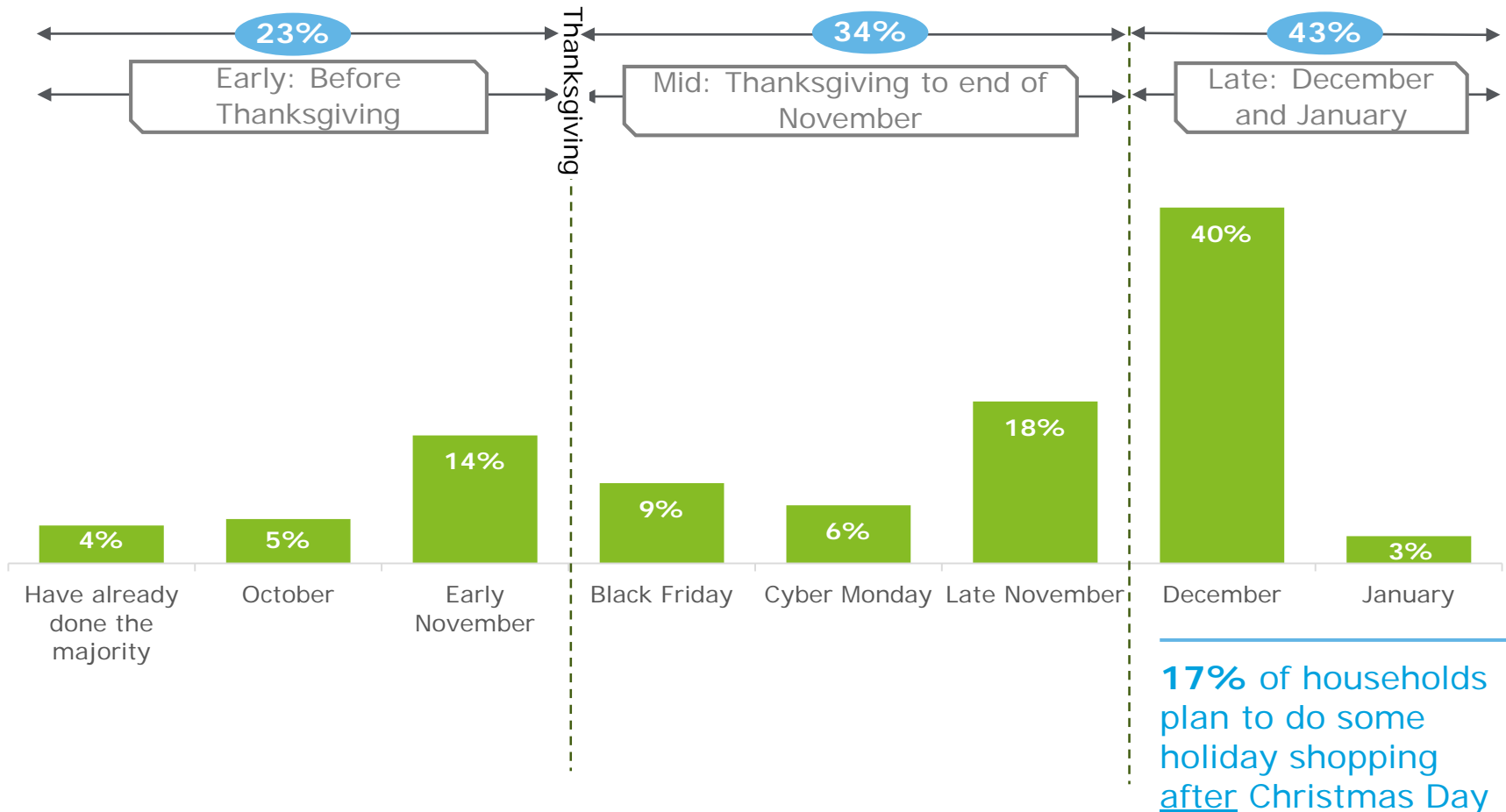


When consumers plan  
to shop

# Shopping still skews late in the season

Only 23% do the majority of their Christmas shopping prior to Thanksgiving. Most pack shopping into the traditional post-Thanksgiving time period, which peaks in December.

## When do you expect to do the majority of your holiday shopping?

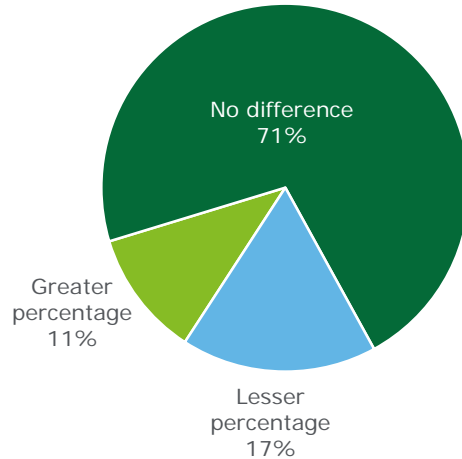


# Little change in reliance on the major shopping days

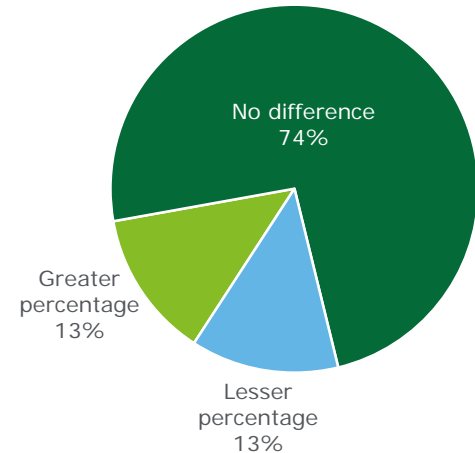
On average, consumers expect to rely on Black Friday and Cyber Monday about the same as they did in recent seasons. Over half report that they don't rely on Black Friday as much as they used to and just over 4 in 10 don't rely on Cyber Monday as much, both similar to last year.

Compared to past holiday seasons, expect shopping on this day to account for...

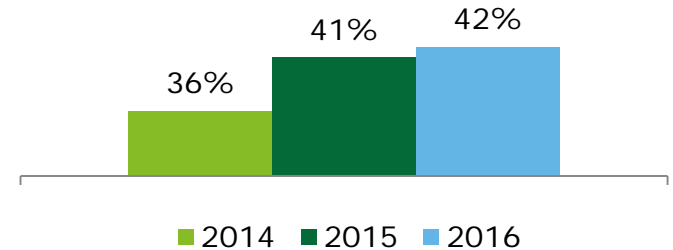
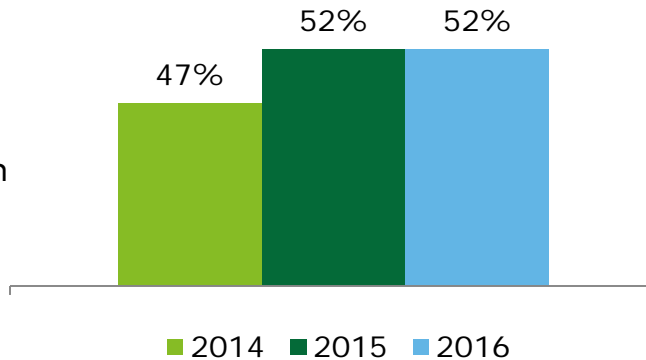
## Black Friday



## Cyber Monday



Don't rely on as much as I used to...



"Using a scale of 1 through 5, where 1 means you "Very much disagree" and 5 means you "Very much agree", please state how much you agree with each of the following statements."

"Compared to past holiday seasons, do you expect any [Black Friday /Cyber Monday] shopping you do this holiday season to account for...?"

# About the survey

This survey was commissioned by Deloitte and conducted online by an independent research company between September 6-20, 2016.

It polled a national sample of 5,038 consumers and has a margin of error for the entire sample of plus or minus one to two percentage points.



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