

2023 Report

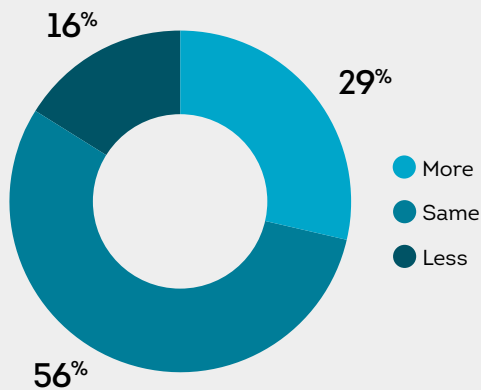
Holiday Shopping Report

Introduction

Despite economic challenges and consumer concerns about the direction of the economy, US retail sales remain elevated since the recovery from their pandemic dip. According to the latest US Census Bureau release, retail sales rose 0.6% month over month in **August**, though the headline numbers hid some potential cracks in the strength of US consumers. Retail sales growth from the July report was revised down to 0.5% from the previous estimate of 0.7%, and August growth was largely driven by a surge in gasoline prices. The recent reemergence of high energy costs coupled with higher borrowing costs and the restarting of student loan payments may add pressure to increasingly wobbly consumers as they head into the holiday shopping season. To investigate further, TransUnion surveyed US households to shed light on their spending plans and concerns as the holidays approach.

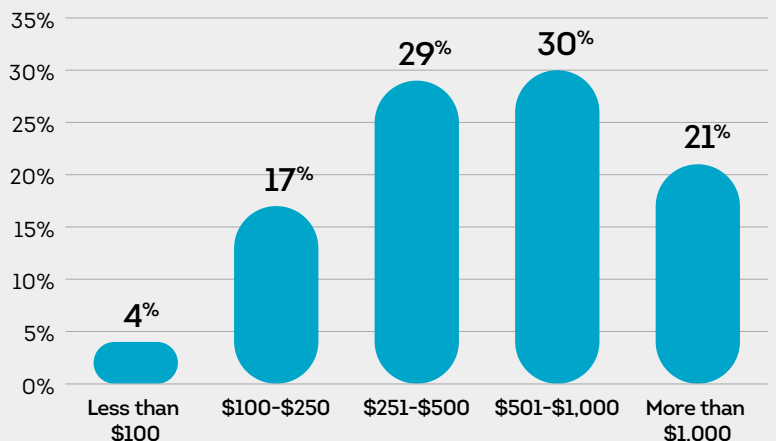
The headline finding from our survey is that most Americans intend to keep their spending steady. Compared to last year, 54% of households said they planned to spend the same this holiday season, while 29% said they planned to spend more, and only 16% said they'll reduce spending this year. Despite some challenging economic headwinds, consumers aren't ready to fold just yet. While some are paying more for the same number of gifts or finding more practical ways to maximize their holiday budgets, others are increasing their gift giving or turning to events and experiences. Regardless of how they're adapting, consumers may be charging into the holiday season with wallets open.

Q: Do you plan to spend more, the same, or less money on holiday shopping than last year?



Source: TransUnion Holiday Shopping Survey 2023
Totals may not add to 100% due to rounding

Q: How much do you plan to spend on holiday shopping this year?

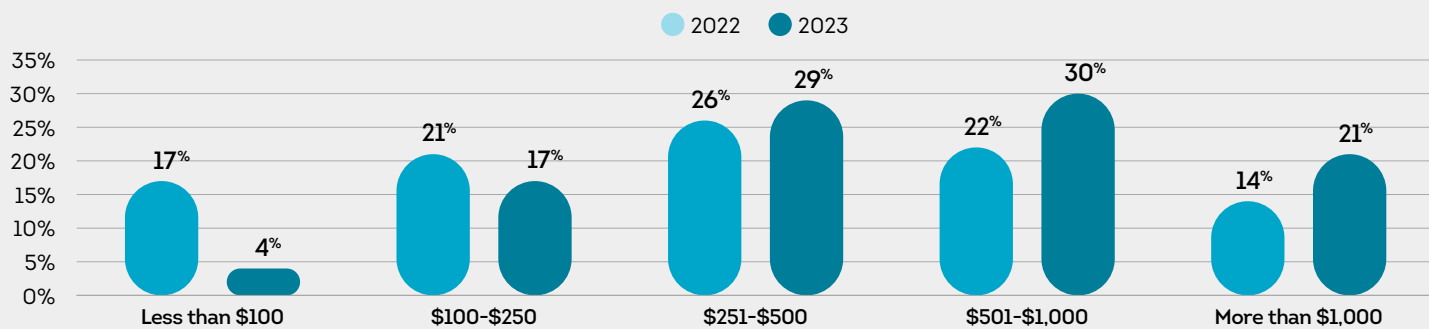


Source: TransUnion Holiday Shopping Survey 2023
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WHO'S SPENDING

Compared to last year, more households were represented in higher holiday spending categories – with the largest jumps coming at the highest levels of spending. Those who said they planned to spend more than \$1,000 increased from 14% to 21% in 2023, while those who said they planned to spend between \$500 and \$1,000 jumped from 22% in 2022 to 30% this year. Similarly, the biggest year-over-year decline was among households who planned to spend less than \$100, falling from 17% in 2022 to just 4% this year. Though consumers appear to have generally cautious attitudes toward their finances, continued strength in the job market coupled with inflation subsiding may give consumers a boost going into this holiday season.

Q: How much do you plan to spend on holiday shopping this year?

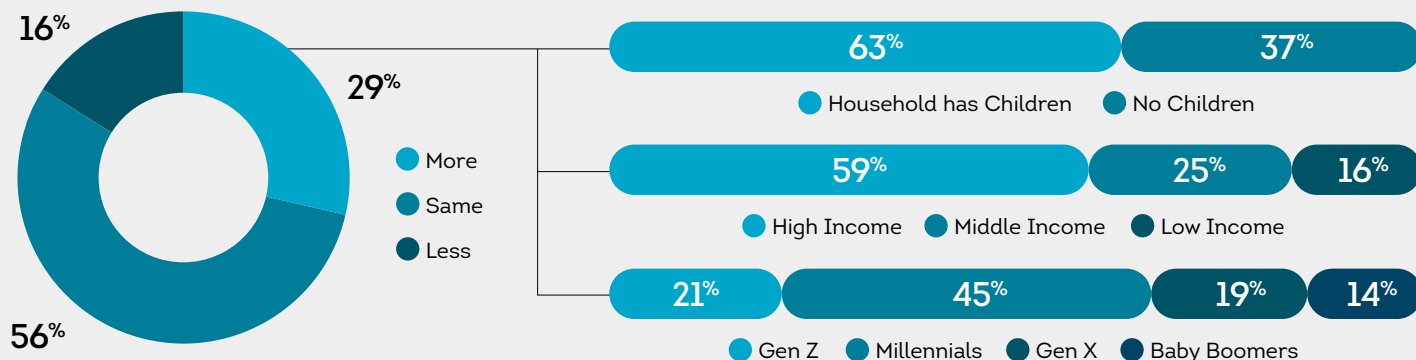


Source: TransUnion Holiday Shopping Survey 2023

Totals may not add to 100% due to rounding

Looking at the demographic characteristics of those households that said they planned to spend more this holiday season, a clear profile emerges: High-income Millennials with children make up a disproportionate percentage of households that planned to increase their holiday spending. In fact, two-thirds of Millennial households planning to spend more were households with children. Given the relatively inelastic demand for presents among children during the holidays, this finding is fairly unsurprising. Families that have the means are likely to step up spend for their children during the holidays; however, over 40% of households planning to increase their holiday spending come from middle (25%) and low-income (16%) families as strong wage growth in the bottom half of the income distribution has led to **more resilience among those consumers**.

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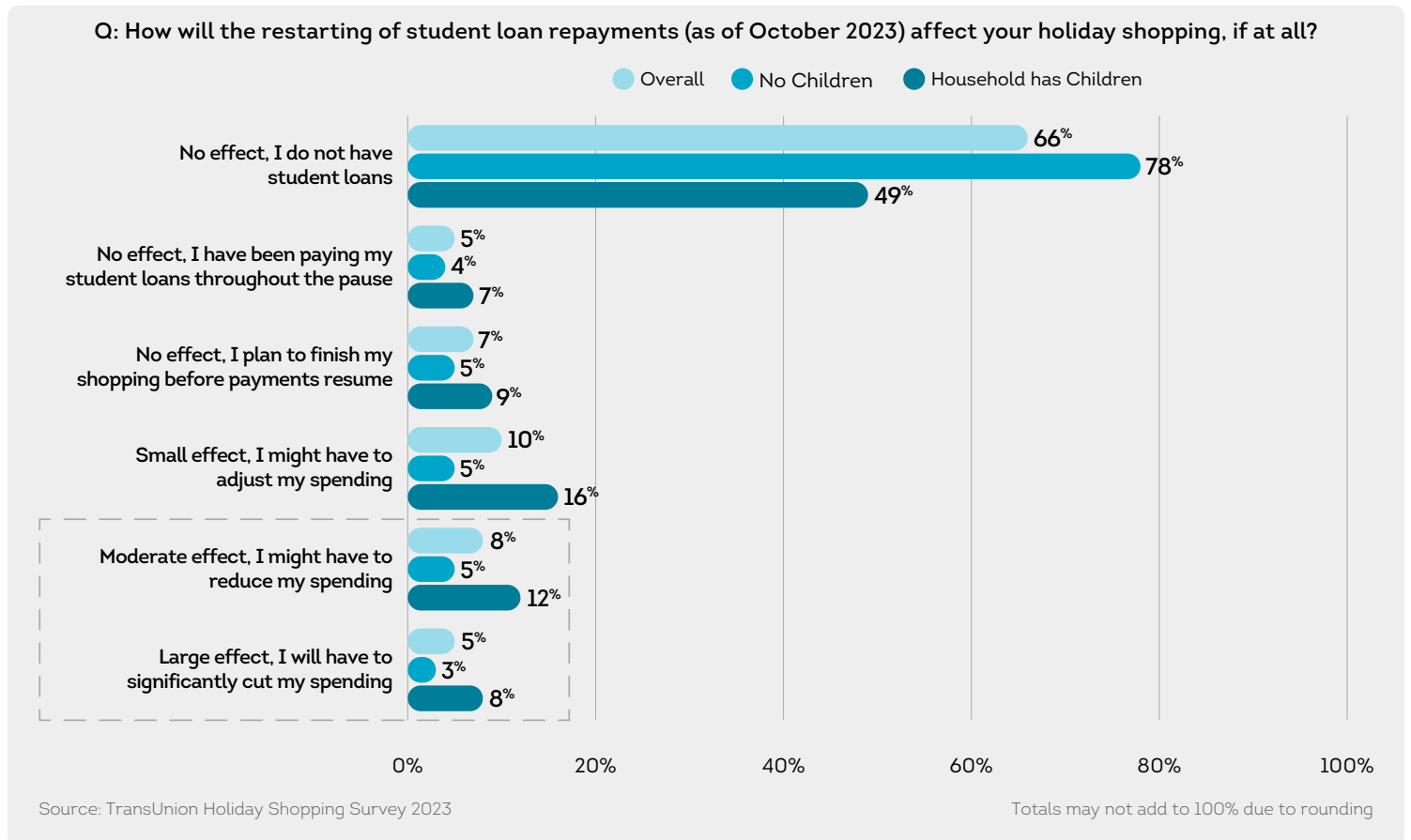


Low income is defined as those earning less than \$50,000 / year; Medium income is defined as those earning between \$50,000 and \$100,000 / year; High income is defined as those earning over \$100,000 / year.

Generations are defined as follows: Gen Z, born 1996-2005; Millennials, born 1981-1995; Gen X, born 1966-1980; Baby Boomers, born 1945-1965; and Silent, born 1928-1944

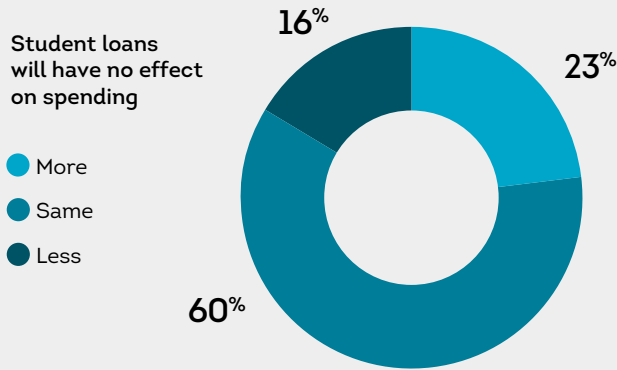
Source: TransUnion Holiday Shopping Survey 2023
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While a robust job market and moderating inflation may be giving consumers a boost heading into the end of the year, the expiration of the student loan payment pause is a potential damaging blow to consumers' wallets. As of now, the impact appears to be muted. Seventy-eight percent of consumers said this will have no effect on their holiday shopping since they either do not hold student loans (66%), will finish their shopping before payments resume (7%), or have been paying their loans during the pause (5%). Households with children were the cohort most likely to feel the impact of the restart of student loan payments; 20% of these said the resumption would have a moderate (12%) or large (8%) impact on their holiday shopping, and they'll have to adjust their spending compared to 8% of households without children.

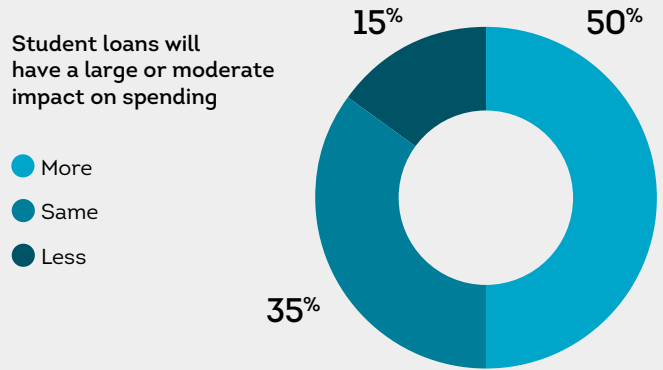


What types of adjustments will be made, however, is a complicated picture. Comparing those households that said student loans would have a large or moderate effect on their holiday spending with those that said they'd have no impact, we find half of those impacted by student loan payments planned to spend more this holiday season versus 23% of those who said student loans would have no impact. As households with children tend to be overrepresented among those who say student loans will have a large or moderate impact on their holiday spending, it's yet another illustration that parents will do whatever they can to create a memorable holiday season for their kids. It's possible parents will shift their spending in other ways to provide gifts and experiences for their children. The amount of the repayment will also have a sizeable impact on how families adjust their budgets. In another [study](#) dedicated to looking at how student loan repayments would impact consumers, TransUnion found 50% of borrowers were looking at a payment of under \$200 per month and roughly 80% would have payments under \$500 per month. These amounts aren't insignificant, but perhaps families are finding a way to be creative with their budgets in the short term.

Q: Do you plan to spend more, the same, or less money on holiday shopping than last year?



Source: TransUnion Holiday Shopping Survey 2023



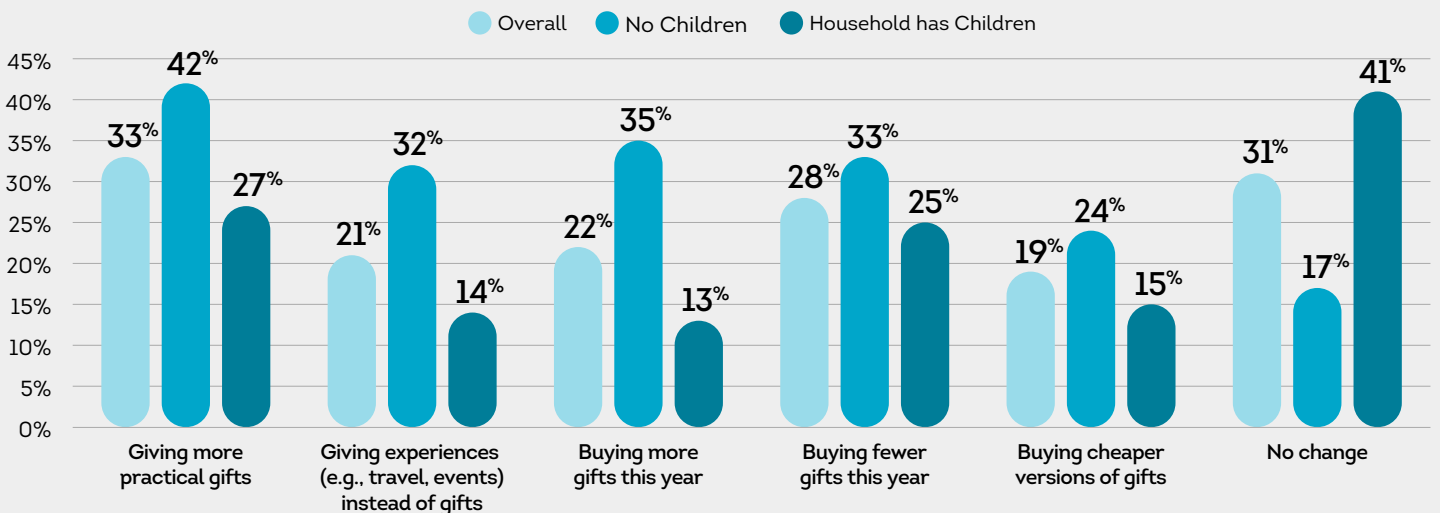
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CHANGES TO GIFT GIVING AND SHOPPING PREFERENCES

Gift giving gets more practical

Though most households planned to either increase or keep their holiday spending the same, consumers are still making changes as they look to stretch their budgets. A third of households planned to give more practical gifts like gas cards this year, while 28% said they'd buy fewer gifts and 19% planned to buy cheaper versions of gifts. While some households intended to scale back, others planned to buy more gifts this year (22%), especially families with children (35%), or instead give experiences vs. goods (21%). Consumers without children were much more likely to say they weren't making any changes to their gift giving compared to families with children (41% vs. 17%).

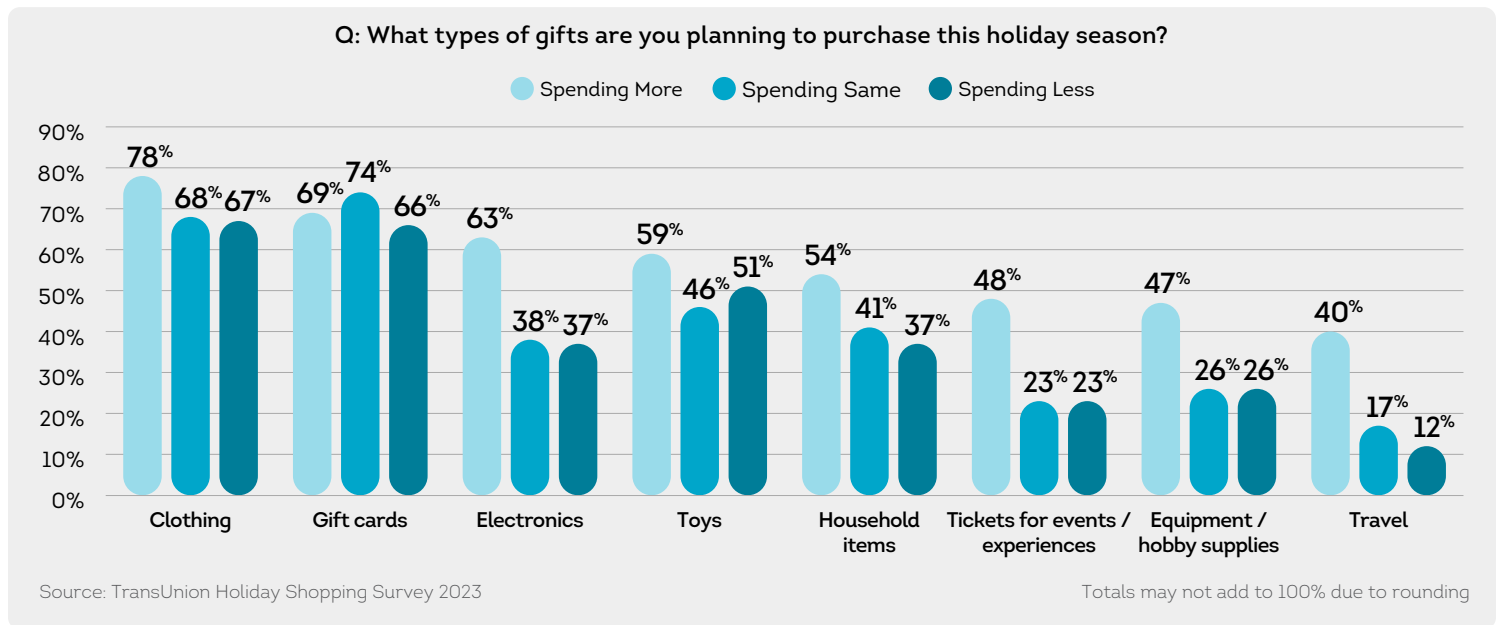
Q: How are you planning to change your gift buying this holiday season, if at all?



Source: TransUnion Holiday Shopping Survey 2023

Totals may not add to 100% due to multiple selection

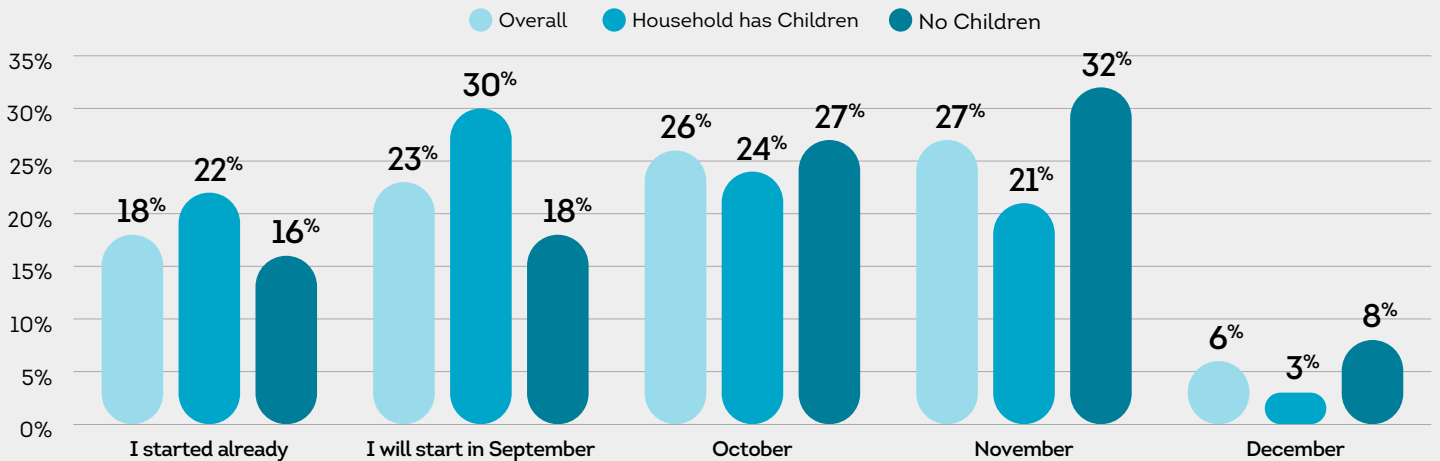
When it comes to the types of gifts households plan to purchase, clothing was the most popular category for 71% of consumers. Gift cards were also popular items this holiday season as they straddle the line between a good and an experience, as well as remain useful for taking advantage of post-holiday sales. For households planning to spend more on gift giving this year, electronics and experiences (e.g., event tickets and travel) were more popular relative to those who planned to spend the same or less. The same trend held true for equipment or supplies to support a specific hobby – gifts that may be more specialized and expensive relative to toys or clothing. Overall, the types of gifts households plan to buy continue to become more diverse as things like experiences and new hobbies picked up from social media influencers or downtime during the pandemic gain popularity.



Families start shopping earlier and look for deals

In the past, the holiday shopping season was typically associated with shoppers ditching their families on Thanksgiving to line up around the block, hoping to take advantage of Black Friday sales. Now, new shopping events like Prime Day have dramatically extended the holiday shopping season, especially for families. Twenty-two percent of households with children said they'd already started their holiday shopping, while another 30% said they'd get started in September and another 24% in October – well before any Black Friday deals. Households without children were much more likely to start their holiday shopping later in the season; 27% said they'd begin in October and another 32% said they'd wait until November. Only a handful of consumers (6%) planned to risk it and start their shopping in December.

Q: When do you plan on starting your holiday shopping this year?

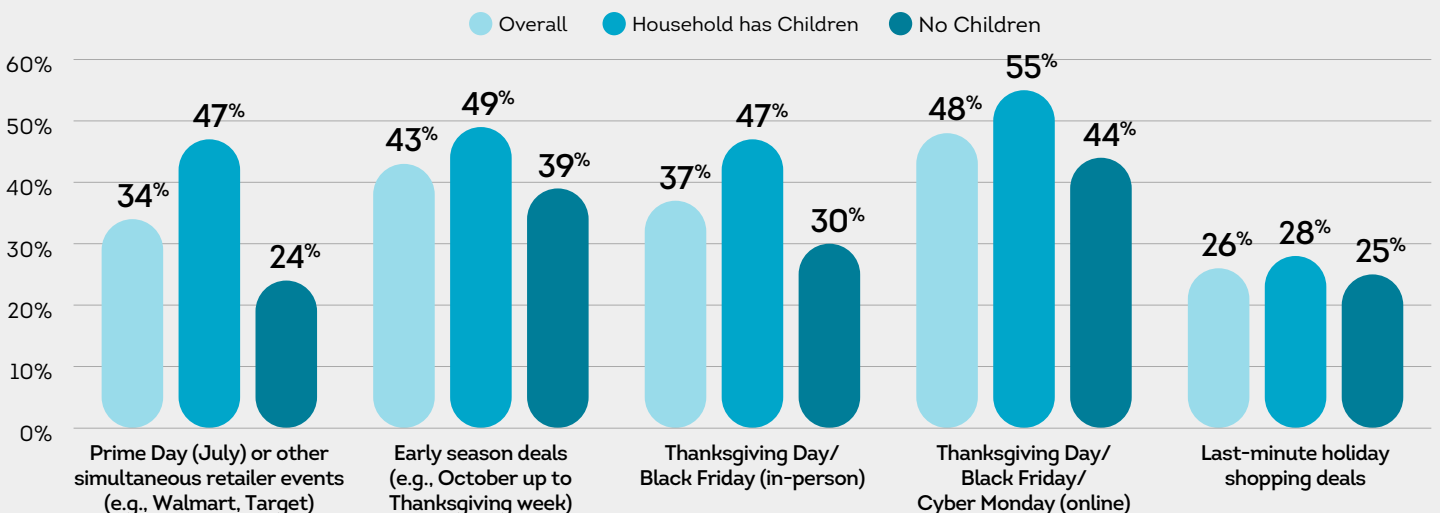


Source: TransUnion Holiday Shopping Survey 2023

Totals may not add to 100% due to rounding

It's no surprise those looking to start their shopping earlier in the season had their sights set on deal days like Prime Day or other early season retail events. While those events may help consumers get a jump on their gift buying, the Black Friday/Cyber Monday weekend remains top of the list for households when it comes to holiday shopping. Thirty-seven percent of households planned to participate in in-store Black Friday shopping, while another 48% planned to shop online to take advantage of Black Friday and Cyber Monday deals. For households with children, the popularity of deal events was more dramatic (especially for early season deals) compared to those without children. A quarter of shoppers also said they'd be on the lookout for last-minute holiday deals in December. Overall – and especially as consumers look to get the most bang for their bucks – holiday season shopping events remain crucial for holiday shoppers.

Q: When you are holiday shopping, which shopping events are of most interest to you?

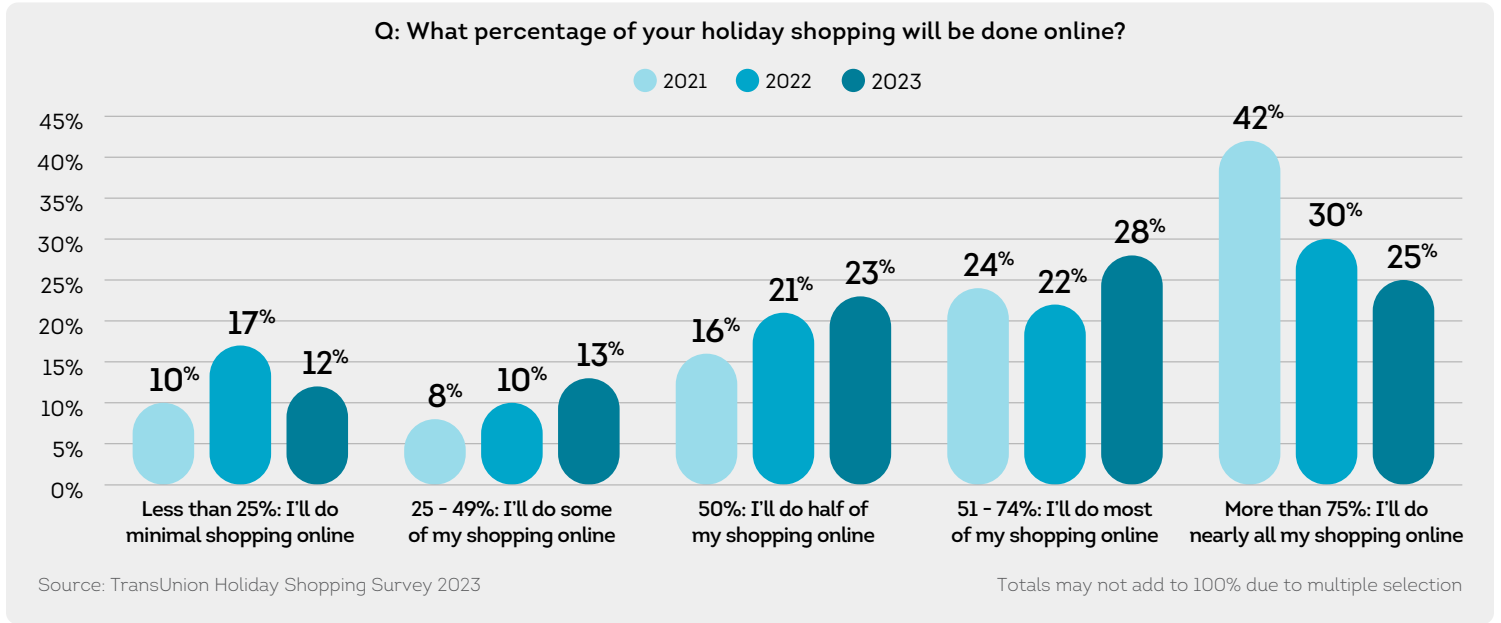


Source: TransUnion Holiday Shopping Survey 2023

Totals may not add to 100% due to multiple selection

Online shopping still dominant, but consumers opting for more in-store

The pandemic drastically accelerated the popularity of online holiday shopping, though that trend appears more born out of necessity than a wholesale desire to switch to mostly online shopping. While doing most of their holiday shopping online remains the most popular option for many households, those who say they'll do nearly all their shopping online (75% or more) has fallen from 42% in 2021 to just 25% today. Shoppers tend to prefer a more mixed experience for their holiday shopping; 23% of households said they'll do about half of their shopping online, while another 25% said they'll do some (13%) or minimal (12%) online shopping.



For many consumers these days, online shopping is primarily done on their mobile devices. Retailers looking to provide the best mobile shopping experiences for their customers should note the increasing importance of balancing convenience with security, especially for households with children. When it comes to convenience, 47% of families with children said being able to use payment technologies, such as Apple or Google Pay, was very important to their mobile shopping experiences, while another 40% said it was very important to prefill personal or credit card details. This desire for convenience, however, was balanced with the desire to use security features like biometrics or facial ID (50%), as well as two-factor authentication (47%) and being able to use guest checkout (48%) to ensure a secure shopping experience.

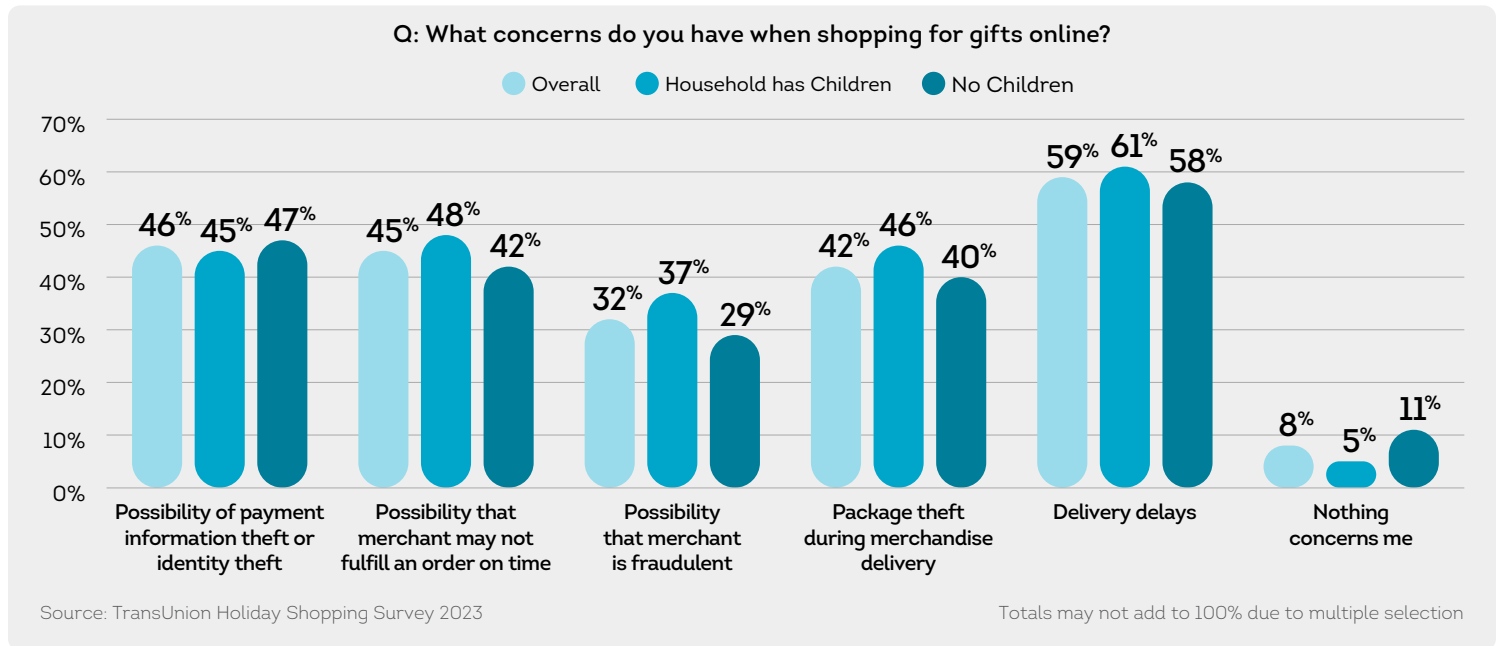
Q: How important each of the following are to you when using your mobile device to shop online?

	Households with Children			No Children		
	Not Important	Moderately Important	Very Important	Not Important	Moderately Important	Very Important
Using payment technology	19%	36%	47%	53%	28%	19%
Auto-fill personal / credit information	18%	43%	40%	38%	44%	18%
Use of security features (e.g., biometrics)	14%	37%	50%	39%	35%	26%
Use of two-factor authentication	14%	39%	47%	28%	43%	29%
Ability to checkout as guest	13%	39%	48%	25%	44%	31%

Source: TransUnion Holiday Shopping Survey 2023
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The desire for enhanced security features while shopping online is also supported by 46% of households that said they're concerned about the possibility of payment or identity theft, as well as 32% that expressed concerns about fraudulent merchants.

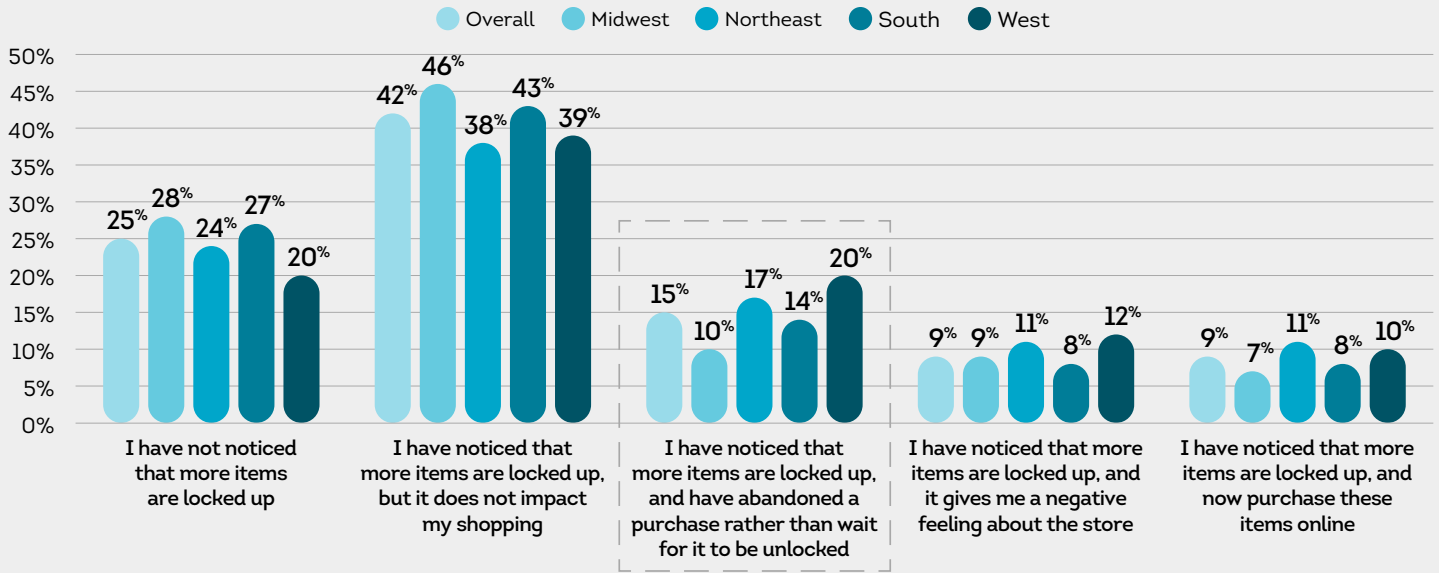
As more consumers click on ads from social media to reach smaller merchants, the desire to know they're dealing with a legitimate business that will be able to fulfill their orders on time will likely grow. In fact, concerns about delivery delays trumped all other concerns when shopping online (59%), while another 42% said they worried about package theft from online deliveries, perhaps a driver of more in-store shopping in recent years.



UNIQUE CHALLENGES FOR BOTH ONLINE AND IN-STORE SHOPPING

In-store shopping, however, isn't without its own challenges as of late. The rise of retail theft, high profile smash and grabs or flash mob events have both merchants and shoppers feeling uneasy. Depending on the region, between 70%–80% of consumers said they've noticed more items being locked up while they're shopping in a store. Consumers in the Midwest (46%) and South (43%) were more likely to say they've seen more items locked up, but it doesn't impact their shopping compared to those in the Northeast (38%) and West (39%). For these latter two regions, more consumers reported having negative feelings about stores due to items being locked up, or abandoning a purchase because they didn't want to wait for items to be unlocked. As more shoppers look to take an omnichannel approach to their purchases, it will be important for merchants to facilitate a safe and comfortable in-store experience, as well as address online concerns.

Q: When you shop in a store, which of the following best describes your view of retailers keeping certain items in locked cases?

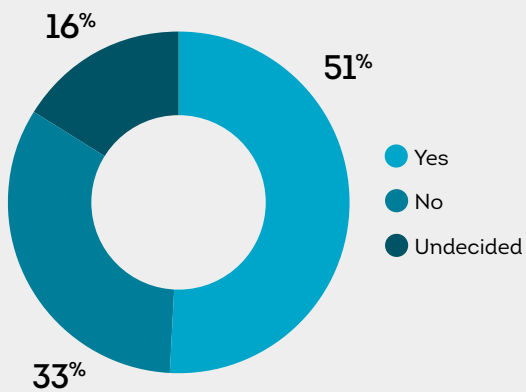


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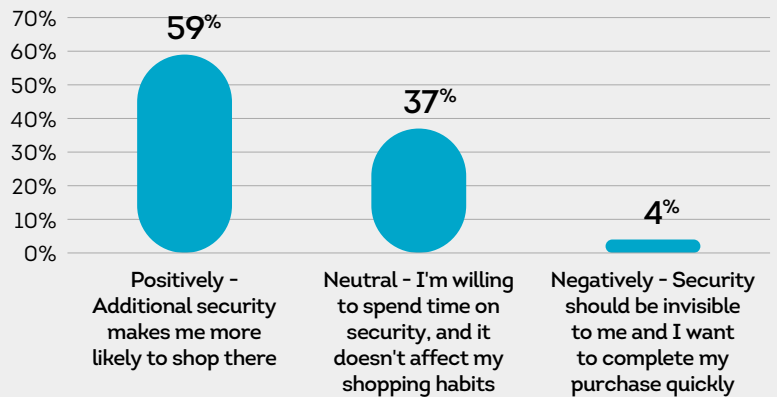
For online shoppers, just over half were concerned about falling victim to fraud this holiday season. Further, 59% said they have a positive view of additional security measures, indicating they're more likely to shop with online retailers that provide a secure experience. Only 4% viewed these measures negatively, while the remaining 37% said they were neutral and willing to spend extra time going through security checks without it affecting their willingness to shop with those retailers. Fears about fraud and identity theft when shopping online, as well as the relative ease of going through additional security checks, have shifted consumer attitudes. This has increased expectations for online retailers to provide a safe shopping experience where consumer personal and financial data is protected.

Q: Are you concerned with being victimized by online fraud or identity theft this holiday season?



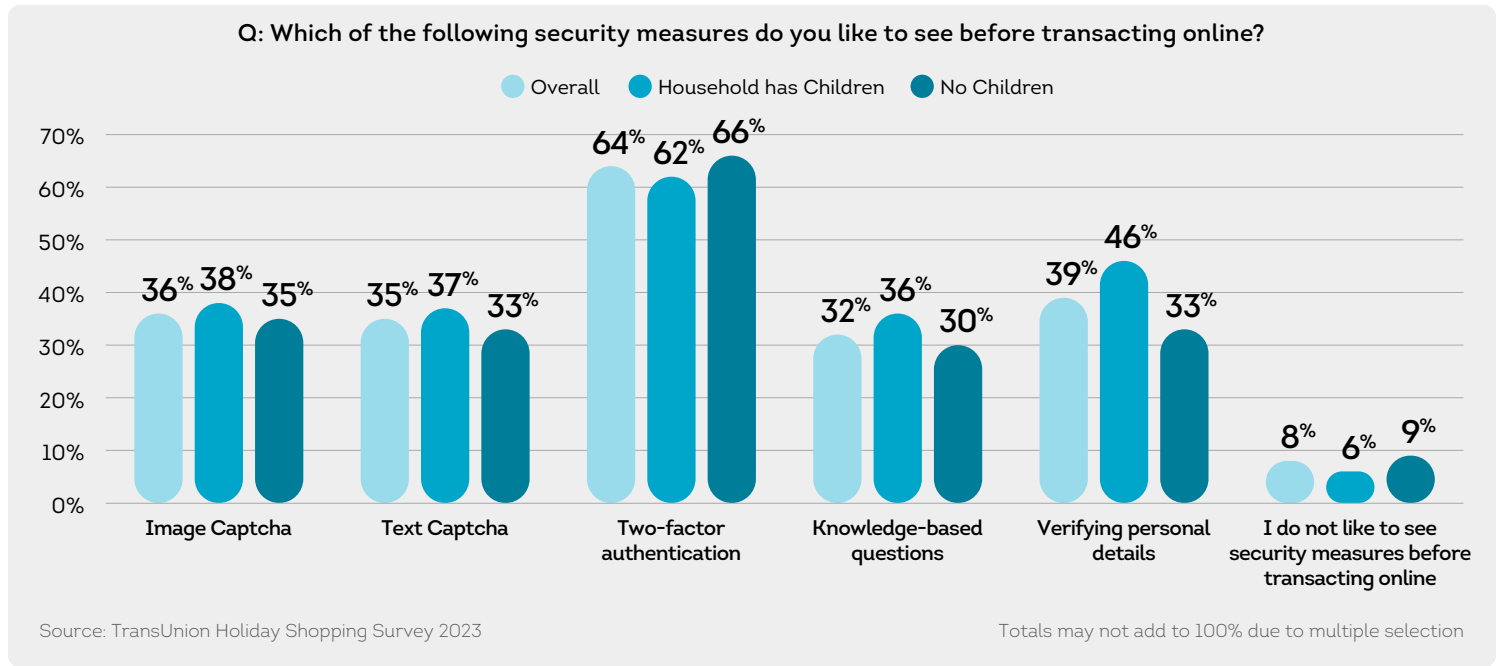
Source: TransUnion Holiday Shopping Survey 2023
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Q: When making a purchase online, how do you view additional identity validation requirements during the check-out process?



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When it comes to the types of security measure consumers would like to see, two-factor authentication was the most popular selection at 64%. Verifying personal details (39%) and answering knowledge-based questions (32%) were preferred by roughly a third of consumers overall, though families with children were more likely than those without to say they liked these types of security measures. Image and text captcha garnered support from about a third of households as well. Only 8% of households said they do not want to see any type of security measure before they transact. With 96% of consumers having said they view additional identity validation requirements as either neutral or positive, we saw a clear message to merchants that building security into the shopping experience is crucial – and there are many options for them to accomplish this. Shoppers value convenience both in-store and online; however, finding the right balance between security and ease of shopping will be a challenge going forward as retailers deal with online fraud and in-store theft.



CONCLUSION

Volatility means things change fast and unpredictably. Thus, it's quite ironic volatility is now expected in today's times – perhaps even normal. Amidst the volatility, we see signs of stability when it comes to holiday shopping. American consumers have been resilient all year and are feeling bullish about holiday spending. Plus, it appears the impact of restarting student loan payments may be more muted than anticipated.

Major retailers have reinforced what Amazon started with Prime Day: using shopping events to pull holiday consumer spending forward. While there remains a desire to shop in stores as the pandemic fades, a dark cloud from retail theft threatens to temper that enthusiasm. American consumers welcome reasonable measures that create a safe and secure shopping environment, such as using two-factor authentication in conjunction with online shopping.

Understanding the household composition of your customer base – and target market – can pay enormous dividends for a business and create a competitive advantage. We shine light on the presence of children in the household because being a parent can change attitudes and drive purchase behavior across all income levels. Companies like TransUnion with expansive identity graphs can help businesses with demographic and lifestyle segmentation data for a variety of marketing and customer experience use cases.

APPLYING CONSUMER FINDINGS TO THE 2023 HOLIDAY SEASON

TransUnion clients using TruAudience® solutions can take advantage of insights in this report to understand how their customers align with demographic and financial attributes like children in household and household income. There are thousands of available attributes to assess their significance to your customer file. ElementOneX users may use the Customer Analyzer module, while TruAudience Platform (TAP) users may use the Insights module.

For current TransUnion customers with TruAudience Platform, TruAudience Identity Planner or TruAudience Data Marketplace credentials, relevant holiday and retail audiences are available for purchase directly within those platforms.

To prepare now to protect shoppers' identities and personal information this holiday season, retailers can implement TransUnion TruValidate™ Device Proofing solution. Device Proofing helps distinguish between risky transactions and trusted digital interactions using powerful device recognition, context, history and behavior to provide friction-right customer experiences.

Additionally, TLOxp®, part of the TransUnion TruLookup™ solution line, provides deeper investigative insights to help link individuals and tie in-store theft to ecommerce fraud, and reduce retail shrink.

Please contact your account manager for more information.

This online survey of 1,512 adults was conducted in August 2023 by TransUnion in partnership with third-party research provider, Dynata. Survey participants included adults 18 years of age and older residing in the United States who will be shopping for holiday gifts this year. Participants were surveyed using an online research panel method across a combination of desktop, mobile and tablet devices. Survey questions were administered in English. All US regions are represented in the study survey responses. To ensure general population sample representativeness across United States resident demographics, the survey targeted respondents in line with the census statistics on the dimensions of age, household income, and region. Generations are defined as follows: Gen Z, born 1996–2005; Millennials, born 1981–1995; Gen X, born 1966–1980; Baby Boomers, born 1945–1965; and Silent, born 1928–1944. These research results are unweighted and statistically significant at a 95% confidence level within ± 2.5 percentage points based on calculated error margin. Please note some chart percentages may not add up to 100% due to rounding or multiple answers being accepted.

For more information about TransUnion marketing solutions,
visit transunion.com/truaudience.

For more information about TransUnion fraud solutions,
visit transunion.com/truvalidate.



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