



# Unwrapped:

## 2023 Holiday Shopping Trends

U.S. Holiday spending & the rising importance of BNPL



# Only have 5 minutes? Here's what you need to know:

## Holiday shopping has begun!

- Americans are shopping earlier than ever before and leveraging flexible payments to manage their holiday expenses.
- 57% of Americans are planning on completing their holiday shopping by the end of November. 25-34s make up the bulk of this group with 74% completing shopping by November's end.
- Holiday shopping shows a clear divergence between BNPL users vs non-BNPL users. 77% of Zip users plan to have their shopping done by the end of November while only 51% of non-BNPL users have the same intent.

## Holiday spending reveals a convergence of age, income, and consumer preferences

- The top three gifting picks across age groups are Clothing (57%), Toys (44%), and Accessories (42%).
- Young adults (18-24), and those with earnings below \$25k typically set aside \$1-\$50 for holiday shopping. 35-44s and BNPL users often allocate \$101-\$250. Remarkably, those earning between \$100k-\$150k frequently earmark over \$1,000.
- Young adults (25-34) exhibit a strong inclination towards social media shopping. High-income earners (\$100k-\$150k) demonstrate a staggering 90% preference for major online retailers.

## BNPL gains traction as expense management tool during holiday shopping

- Stretching Spending Power: A significant 48% resort to BNPL to purchase gifts without feeling the instant financial pinch. This perception is more prevalent among individuals with incomes ranging from \$75,000 - \$99,999.
- Budgeting boost: 41% of BNPL users agree that it allows them to budget more effectively, with a standout 61% of those earning between \$45,000-\$59,999 echoing this sentiment.
- Convenience is key: 47% of BNPL users acknowledge this payment method being an attractive payment option.

# Report intro

The holiday season, traditionally a time of festivity and gift-giving, has always been a significant driver of U.S. retail sales. Over the years, consumer behaviors and spending habits have evolved, with technological innovations and market shifts playing a role.

One such innovation that's leaving an indelible mark on holiday spending is Buy now, pay later (BNPL). Through an analysis of survey data with n=3012 Americans, this report delves into the intricacies of U.S. holiday spending, with a focus on the growing role of BNPL.



# Holiday shopping has already started

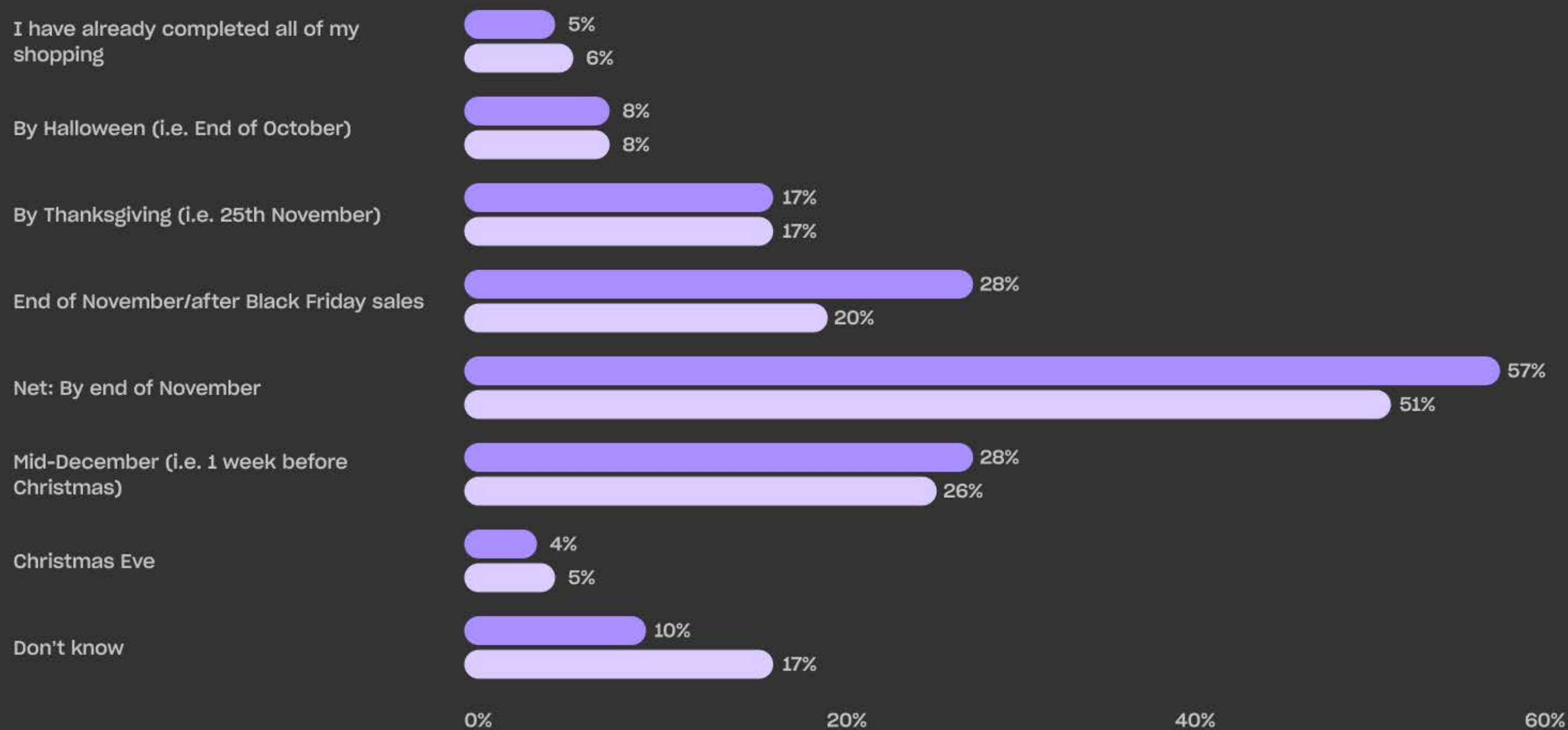
More than half of those surveyed will have their shopping done by end of Nov and just a teeny 4% (brave ones!) are planning on waiting until Christmas eve. See the further breakdown on the following page.



**57%**

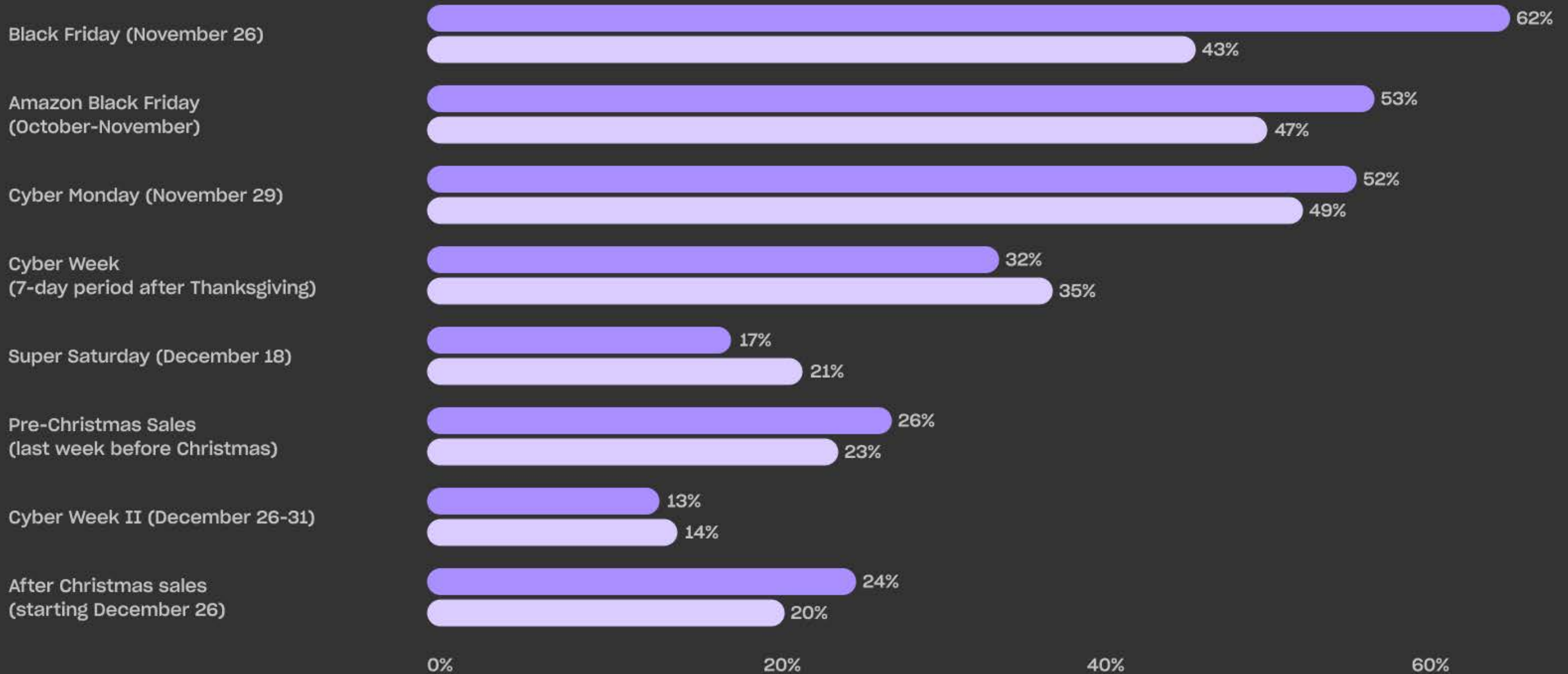
plan on having their shopping completed by the end of November

# When consumers are shopping



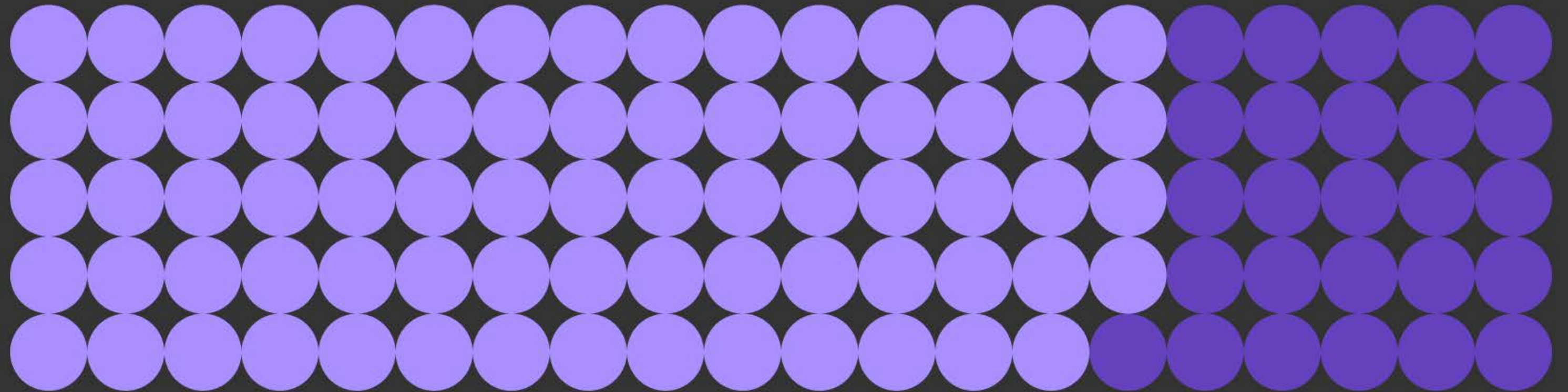
# Biggest shopping days

● 2023 ● 2021



# Gen Z and younger Millennials are proving to be a step ahead—they plan on having their shopping completed much earlier

74% of 25-34s are likely to have completed their holiday shopping by the end of November

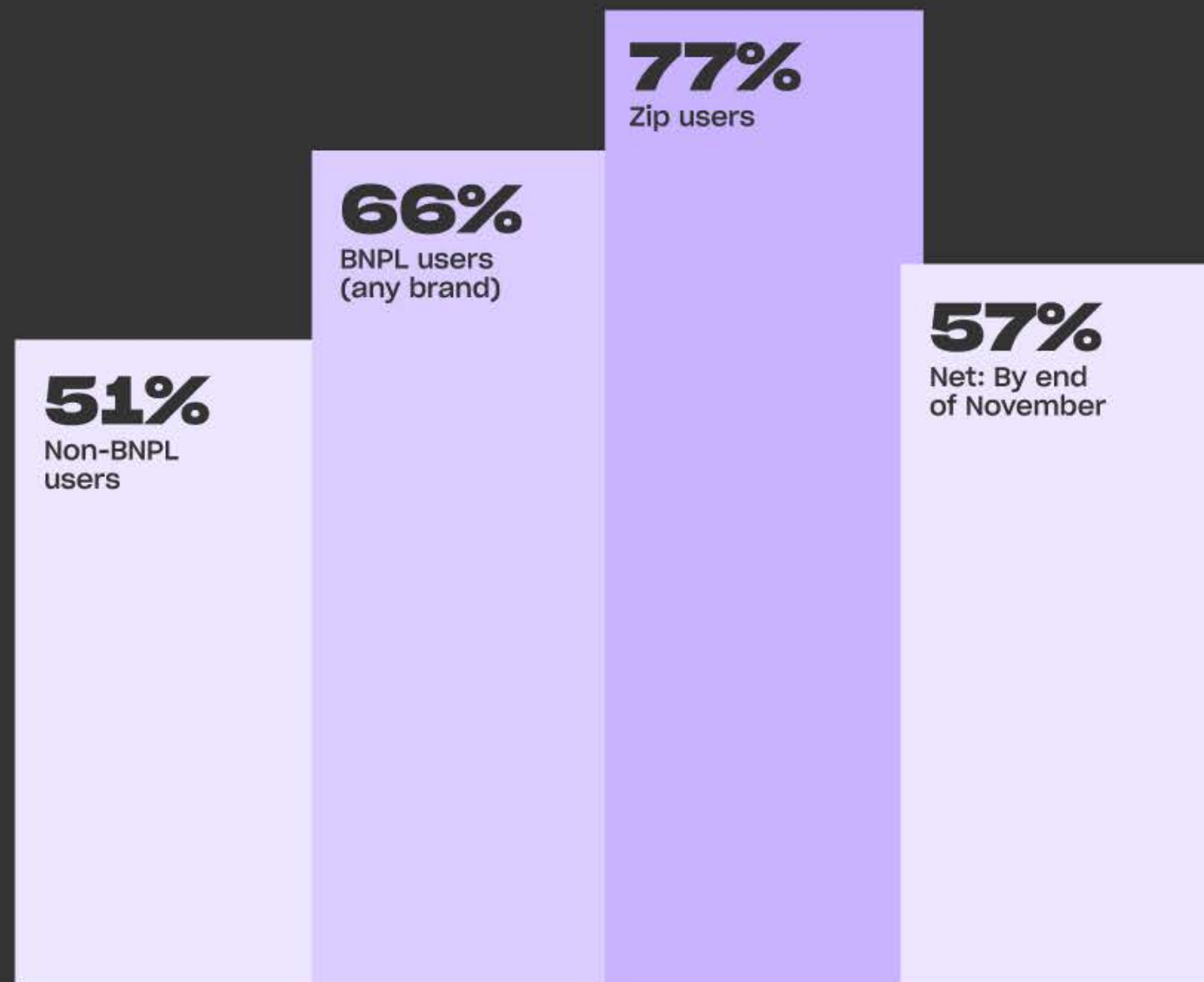


# BNPL users are planning to have their shopping done by the end of November

Holiday shopping shows a clear divergence between BNPL users vs non-BNPL users

77% of Zip users plan to have their shopping done by the end of November. In contrast, only 51% of non-BNPL users have the same intent.

This early shopping behavior suggests merchants partnering with BNPL brands, particularly Zip, may see a boost in sales earlier in the holiday season. For retailers, this means better inventory management and cash flow.







# Reasons for shopping during a specific time

Of those who plan on having their holiday season shopping completed before the end of November, drivers for doing so are to ensure availability and or timely arrival (53%), take advantage of the best sales/deals (41%) and to avoid crowds in retail stores (37%).

# Timely arrival, sales and avoiding crowds are key reasons driving early shopping



# Online still reigns supreme as preferred shopping channel

Our research reveals that while Americans are more likely to shop via online channels, targeting the major online retailers (70%) this year, 55% are planning on shopping in-store.



# Important factors when shopping for gifts

Across all demographics, securing special offers and quality products reigns supreme, with 54% and 50% of Americans aged 18-65 emphasizing their importance, respectively. Younger consumers (18-34) prefer unique or bespoke gifts, while older groups (55-65) focus more on cost-effectiveness. Notably, **BNPL users show different priorities, such as flexibility in payments (38%) and supporting mission-driven retailers (17%),** compared to non-BNPL users.

Overall, preferences reflect diverse values, highlighting the need for retailers to offer varied, quality, and value-driven choices this holiday season.



# Desire for quality, among deals and timely arrival, ranks high as key factors when shopping for gifts



# Holiday spending reveals a convergence of age, income, and consumer preferences

## Setting aside for the holidays

Monthly savings for holiday expenditures vary significantly across age and income brackets.

Young adults (18-24), and those earnings below \$25k typically set aside \$1-\$50.

Contrastingly, individuals 35-44s and BNPL users often allocate \$101-\$250. Remarkably, those earning between \$100k-\$150k frequently earmark over \$1,000, showcasing the interplay of age, income, and spending strategy.

## Digital shopping preferences

The digital revolution has cultivated divergent online shopping behaviors. Young adults (25-34) exhibit a strong inclination towards social media shopping.

High-income earners (\$100k-\$150k) demonstrate a staggering 90% preference for major online retailers, underscoring the need for tailored e-commerce strategies.

## Gift choices and timelines

As the gifting season approaches, the top three picks across age groups are Clothing (57%), Toys (44%), and Accessories, like handbags and jewelry (42%).

Delving deeper reveals some age-specific trends. The 35-44 age bracket leans more towards Clothing (69%), while tech gifts, such as smartphones and gaming devices, captivate 25-34-year-olds the most (51%).

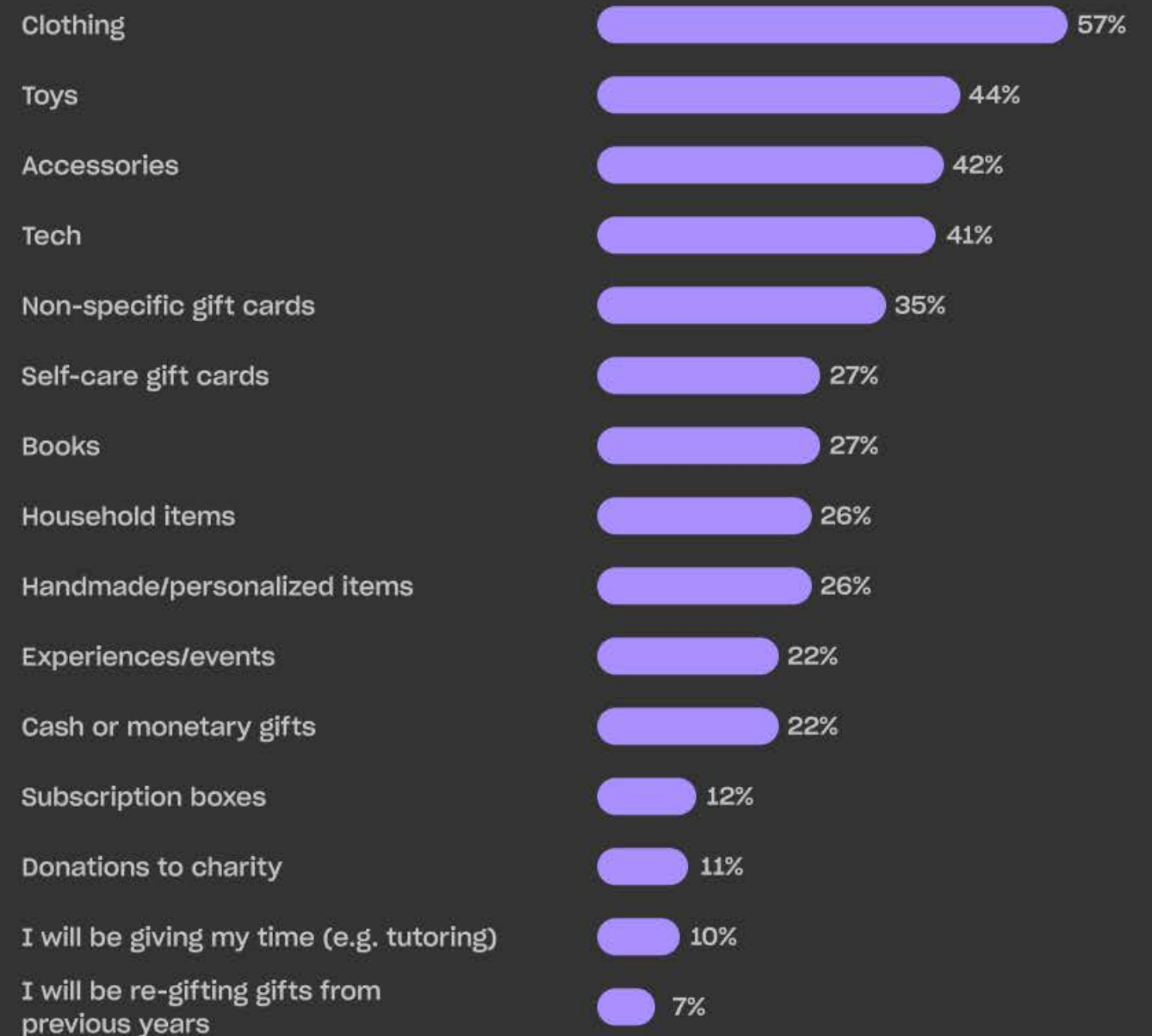
Meanwhile, the older 45-54 cohort shows a distinct preference for non-specific monetary gift cards (49%). It's evident that age significantly shapes our gifting choices.

# No surprises when it comes to what's on top of gifting lists: clothing, toys, accessories and tech

Of those that plan on participating in shopping events, Black Friday, Amazon Black Friday and Cyber Monday are the most popular shopping days.

Black Friday has seen a significant rise in importance since the holiday season in 2021.

The highest interest to make purchases during Black Friday is among the 25-34s age cohort. Also, among BNPL users, specifically Zip users.





# For a slice of smile, we asked our customers where they've landed on Santa's list

## Age and income are key factors in landing on Santa's Naughty or Nice List!

Our research unveiled intriguing patterns in how shopping habits correlate with age and income.

The younger crowd, aged **18-34s**, leans more towards the **naughty list**, while those **55-65s** are overwhelmingly nice.

Interestingly, individuals with incomes between **\$60,000-\$74,999** show a significant tilt towards the naughty end, whereas the highest income bracket leans good. Santa might need a demographic consultant this year!

## Santa's financial reindeer: Vixen's savvy and Rudolph's glow lead the pack

With the holidays nearing, our research speculates on which reindeer Santa would trust to handle 'Buy now, pay later' payments.

**Vixen**, with her savvy nature, **tops the list with 33% Americans favoring her**, especially among those aged **55-65s**.

Close behind is the ever-popular Rudolph, lighting up the financial world as he does the skies, preferred by **28%** and especially popular among **18-24-year-olds**. However, Prancer, known for showmanship, only received support from only **6%**.



# What's influencing spending behaviors?

As the holiday season looms, various shopping habits emerge. **45%** seek inspiration on their favorite brands' websites. Interestingly, window shopping on streets still influences **20%**. Personalized suggestions from brands are preferred by almost **15%**, indicating a demand for customization. Only **10%** rely on online influencers for seasonal inspiration, and roughly **9%** consult holiday gift guides in magazines or TV broadcasts. These patterns differ subtly across demographics like age, gender, income, and region.

# Ideas and inspiration via brand sites and retail environments have strong influence on holiday spend



# So, why is BNPL gaining traction, especially for holiday shopping?

The festive season, synonymous with joy and generosity, often witnesses a significant surge in spending. However, the accompanying financial strain has led consumers to innovative solutions, like BNPL.



# Why BNPL is gaining traction for holiday shopping

## Stretching spending power

A significant **48%** resort to BNPL to purchase gifts without feeling the instant financial pinch. This perception is more prevalent among individuals with incomes ranging from **\$75,000 – \$99,999**.

## Budgeting boost

As many as **41%** BNPL users agree that it allows them to budget more effectively, with a standout **61%** of those earning between **\$45,000 – \$59,999** echoing this sentiment

## Convenience is key

**47%** of BNPL users acknowledge this payment method being an attractive payment option. And the proposition of splitting purchases appeals to many users.

## Instant decision

Lastly, BNPL users bypass the sometimes cumbersome paperwork linked with traditional credit cards, ensuring a quicker shopping experience.

# Methodology

- 2023 Study: Conducted from October 13th to 17th. 2021 Study: Conducted from October 14th to 18th.
- Sample Size: Total: 3,012 American adults (Aged 18-65). 2023: n=1,327 respondents. 2021: n=1,685 respondents.
- Weighting: Post-interview, data was weighted based on age, gender, and family income to match the latest U.S. population estimates.
- Platforms: 2023: Suzy.com, 2021: Conducted by YouGov

For any questions or follow-ups, reach out to Sonny Sethi, Director of Research at Zip on [sonny.sethi@zip.co](mailto:sonny.sethi@zip.co)

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