

2023

Consumer Holiday Spending Study



TSG and the **Electronic Transactions Association (ETA)** conducted a survey consisting of 1,005 consumers in the U.S. to understand how payment preferences, spending trends, and consumer sentiment have shifted this holiday season.

The survey was conducted between October 21, 2023 and October 27, 2023. The survey represents consumers across demographics such as state, gender, age, and household income. The margin error is +/-3.09% at a 95% confidence level.



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Background & Executive Summary



Background

TSG + ETA Fourth Annual Consumer Holiday Spending Survey

TSG and the **Electronic Transactions Association (ETA)** conducted their 4th annual Consumer Holiday Spending Survey this year with the goal of tracking consumer adoption of newer payment options, such as Buy Now, Pay Later (BNPL), digital wallets, and cryptocurrency, as well as gauge consumer sentiment around surcharging and purchasing intentions for the 2023 holiday shopping season. Please click the links below to view the previous reports.

[2020 Consumer Holiday Spending Report](#)

[2021 Consumer Holiday Spending Report](#)

[2022 Consumer Holiday Spending Report](#)



Key Research Areas



Payment Method Usage

We asked respondents about a variety of payment methods, including frequency of use, and platforms used for digital wallets, Buy Now Pay Later (BNPL), and 1-click accounts. Respondents' comfortability relying on digital wallets can also be found in this report.

Holiday Shopping

Respondents were asked about holiday spending amounts and payment shopping channels they plan to utilize (e.g., online or in-person). Specific questions were asked around BNPL and online shopping features.

Economic Conditions

We asked respondents about the economic constraints they anticipate encountering this year. As an increasingly common fee they may have encountered, respondents were also asked about their awareness of, experience with, and perceptions of surcharging.

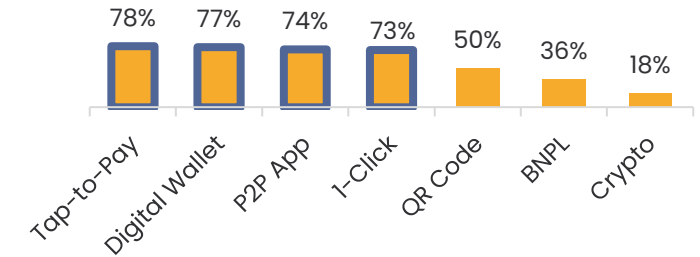
Executive Summary

Key Findings

Payment Method Usage

- **Emerging Payment Method Usage:** Adoption of newer payment methods has grown for Tap-to-Pay, digital wallets, P2P applications, 1-click accounts, and QR codes. BNPL and crypto adoption stalled.
- **Generational Differences:** Younger generations have a firmer grasp on newer payment methods than older generations, especially digital wallets and BNPL options.

Adoption



Holiday Shopping

- **Popular Shopping Channels:** Most consumers plan for a mix of online and in-store shopping. 61% want to shop in-store at large retailers while 51% will shop at retailer websites.
- **Spending Plans:** Consumers reported plans to spend between zero dollars and over five-thousand for the holiday season, with most indicating they would spend somewhere between \$100 and \$2,500.

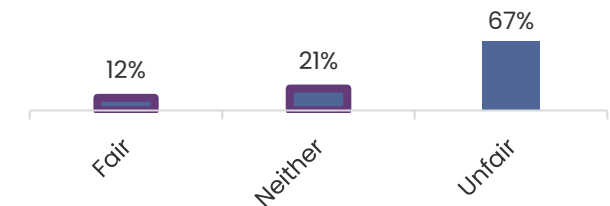
Holiday Spend



Economic Conditions

- **Holiday Shopping Concerns:** Shoppers identify rising costs as the #1 concern this holiday season, which will affect the affordability of gifts and keep consumers' minds on managing tight budgets.
- **Awareness of & Experience with Surcharging:** 66% of respondents did not know what surcharging was, yet two-thirds feel that surcharging is an unfair practice.

Surcharging Fairness





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Payment Method Use

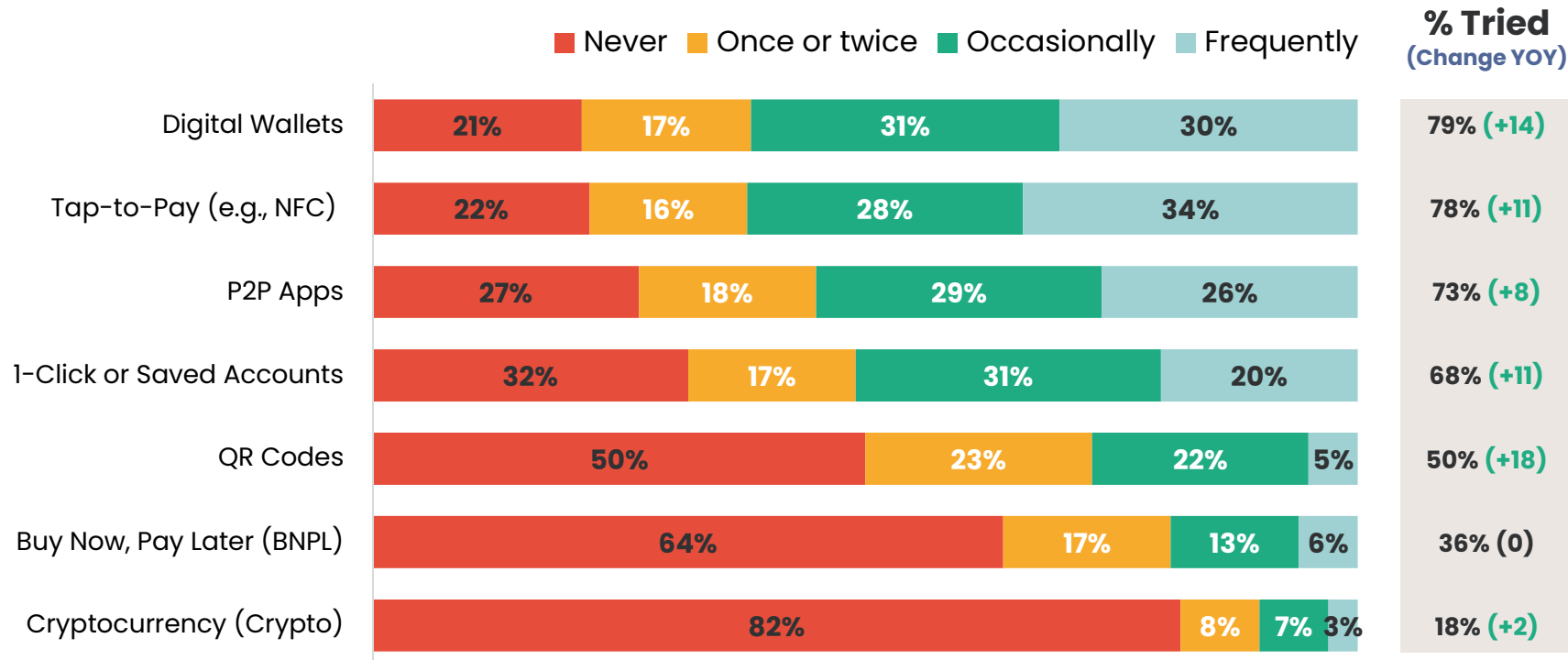


Newer Payment Methods

Usage of QR codes, digital wallets, tap-to-pay, 1-click accounts and P2P apps is growing

Have you tried any of the following newer payment methods in the past year?

N (2022) = 1081; N (2023) = 1005



Key Insight

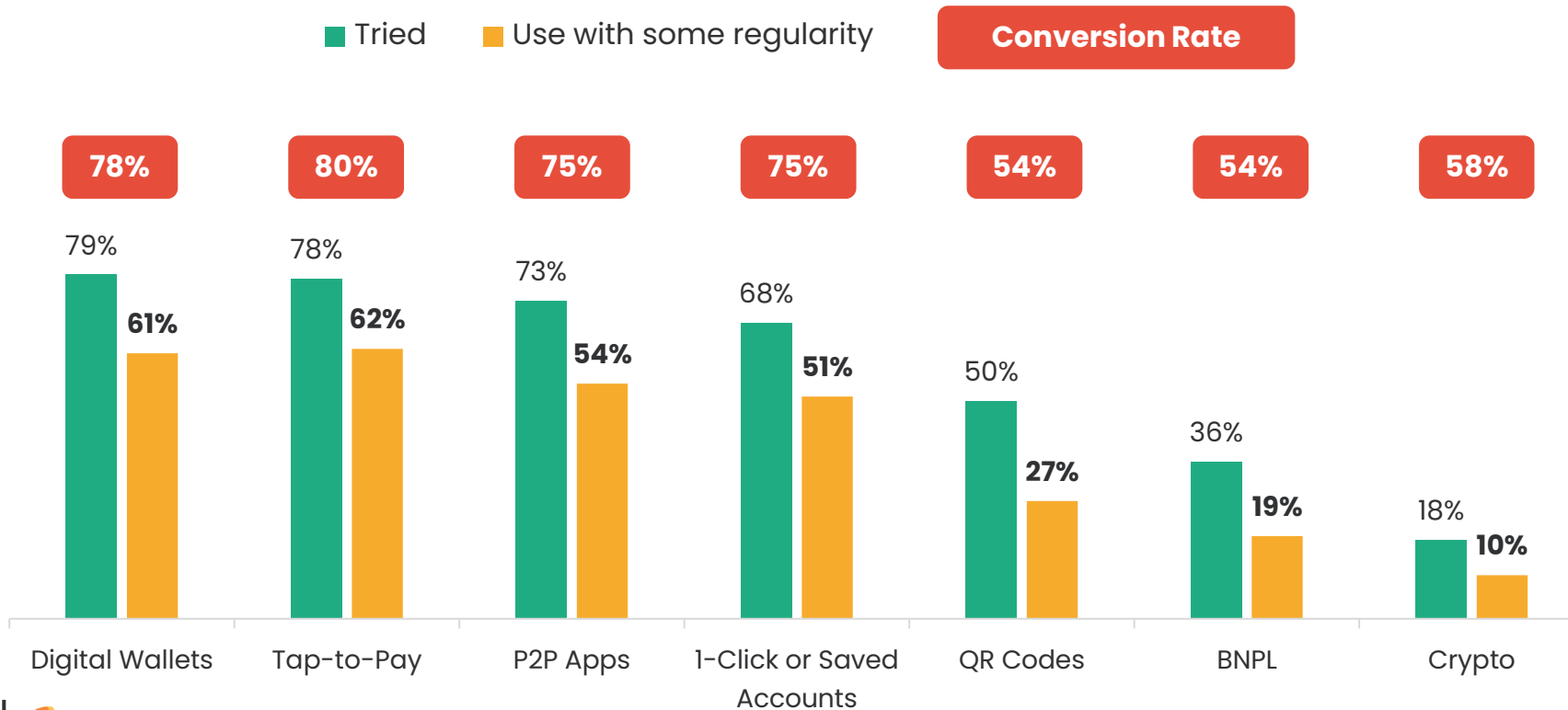
The newer payment methods tried most frequently were digital wallets and Tap-to-Pay technology, both a form of contactless payments. 50% or more consumers have tried P2P Apps, 1-click accounts, and QR codes. Consumers were least likely to have adopted QR codes, BNPL options, and Crypto as a regular method of payment, with under 10% using each frequently.

Newer Payment Methods Conversion

Once tried, Tap-to-Pay and digital wallets have the greatest likelihood of being permanently adopted

Have you tried any of the following newer payment methods in the past year?

N (2023) = 1005



Key Insight

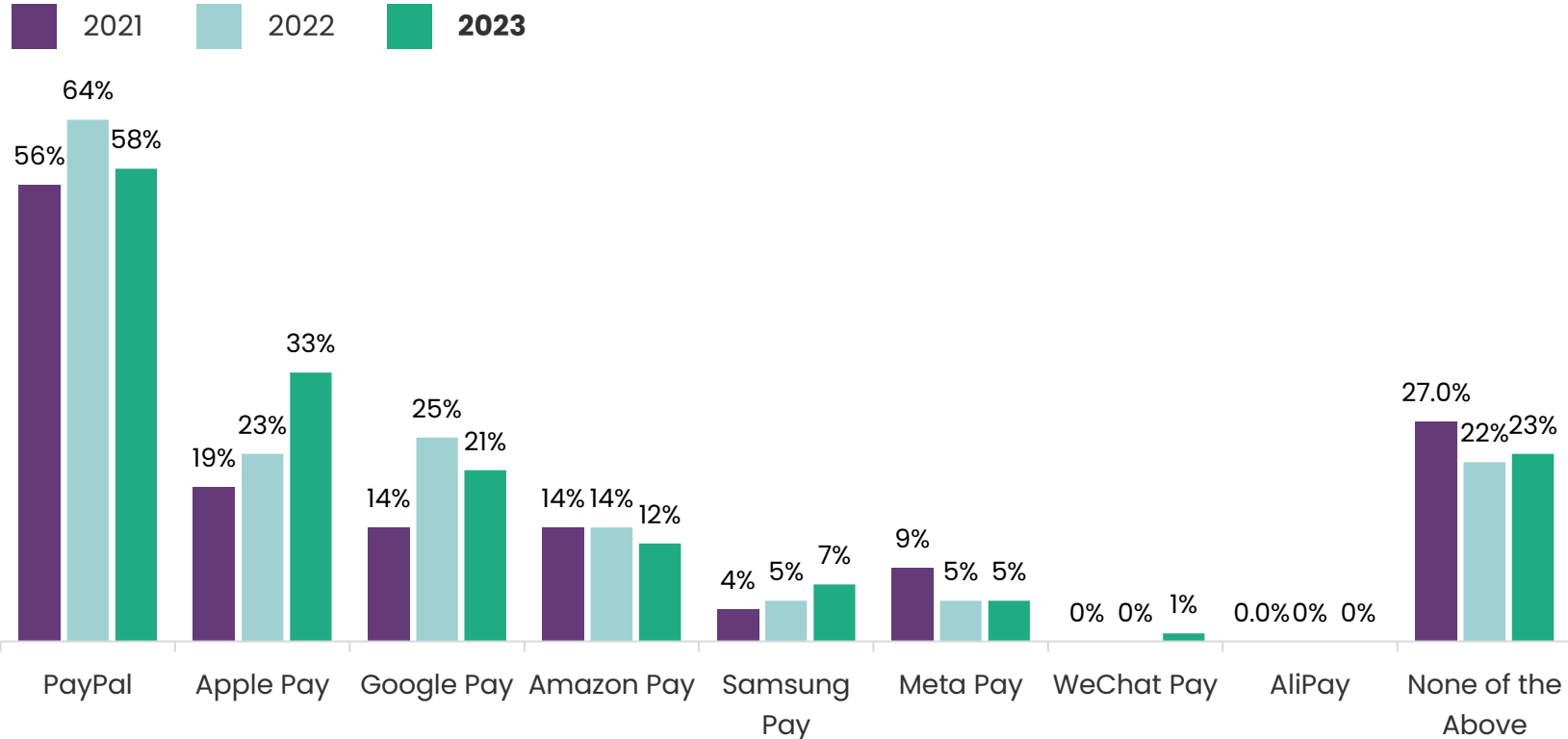
Conversion rates are highest for digital wallets, Tap-to-Pay, P2P apps, and 1-click accounts, meaning adoption will continue to grow for these payment methods, including contactless payments. QR codes, BNPL, and Crypto conversion rates are around 50%, indicating that current adoption of these payment methods are likely to remain stable over the short-term.

Digital Wallet Use

23% of shoppers very confident leaving their house without their physical wallet

Which of the following digital wallets do you currently use?

¹How confident would you feel leaving your house without your physical wallet?"; N (2022) = 1081; N (2023) = 1005

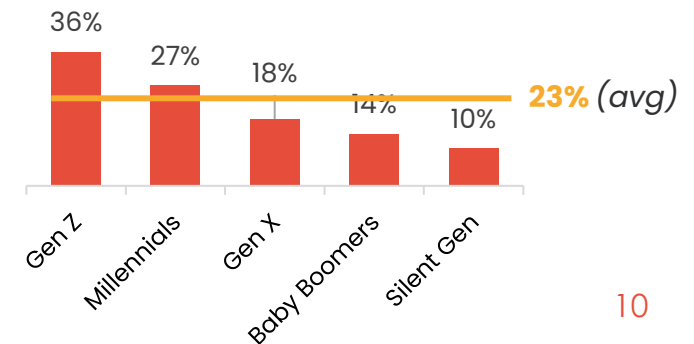


Key Insight

Adoption of Apple Pay continues to grow year-over-year and showed strong adoption growth from 2022 to 2023 (10%). PayPal continues to be the most popular digital wallet.

Not surprisingly, younger generations indicated more comfortability leaving the house with only their digital wallet in-hand, compared to older generations.

% Confident Leaving House without Wallet¹

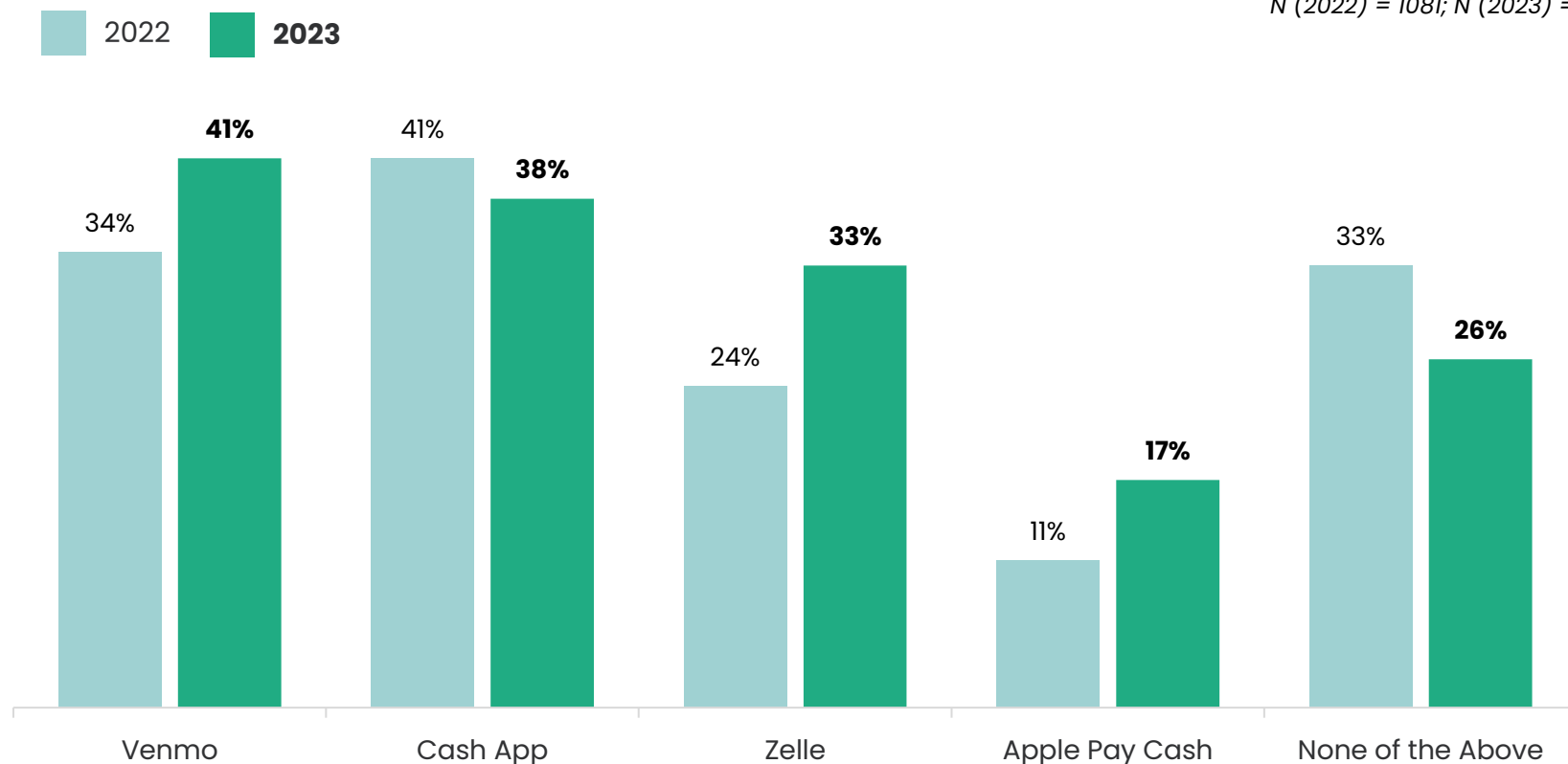


P2P Application Use

Venmo and Zelle show greatest usage growth YoY

Which of the following person-to-person (P2P) apps do you currently use?

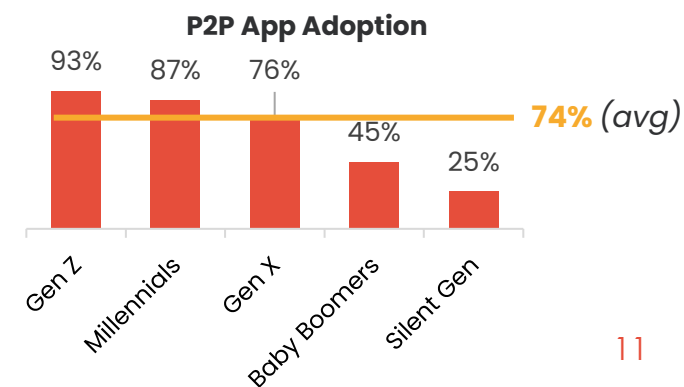
N (2022) = 1081; N (2023) = 1005



Key Insight

The number of consumers using P2P applications grew from 67% in 2022 to 74% in 2023. Use of Venmo and Zelle grew 7% and 9% respectively year-over-year.

Generationally, less than half of Baby Boomers and the Silent Generation use P2P applications, compared to 75% or more of younger generations.

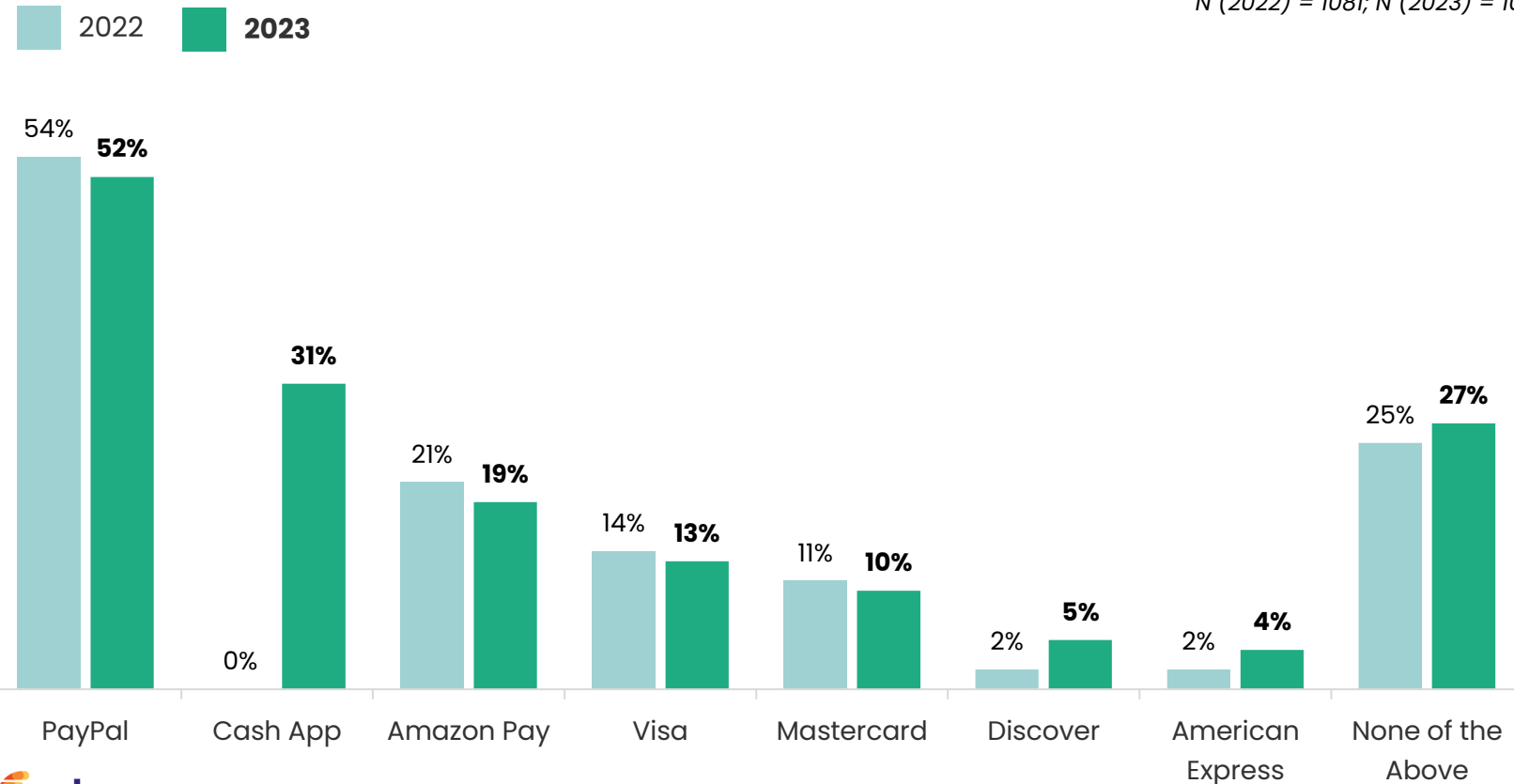


One-Click Account Use

1-click or saved accounts used heavily by Gen Z, Millennials, and Gen X

Which of the following 1-Click or Saved Accounts do you currently use?

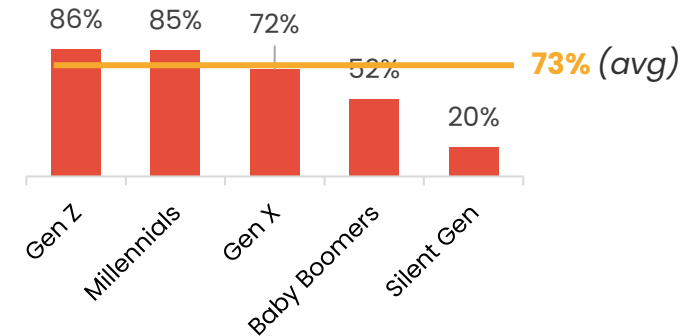
N (2022) = 1081; N (2023) = 1005



Key Insight

We observed no significant movement in respondents' usage of 1-click accounts. 1-click adoption rates are high, especially for Gen Z, Millennials, and Gen X. Adoption drops lower than average for Baby Boomers and falls sharply for the Silent Generation.

1-Click Account Adoption

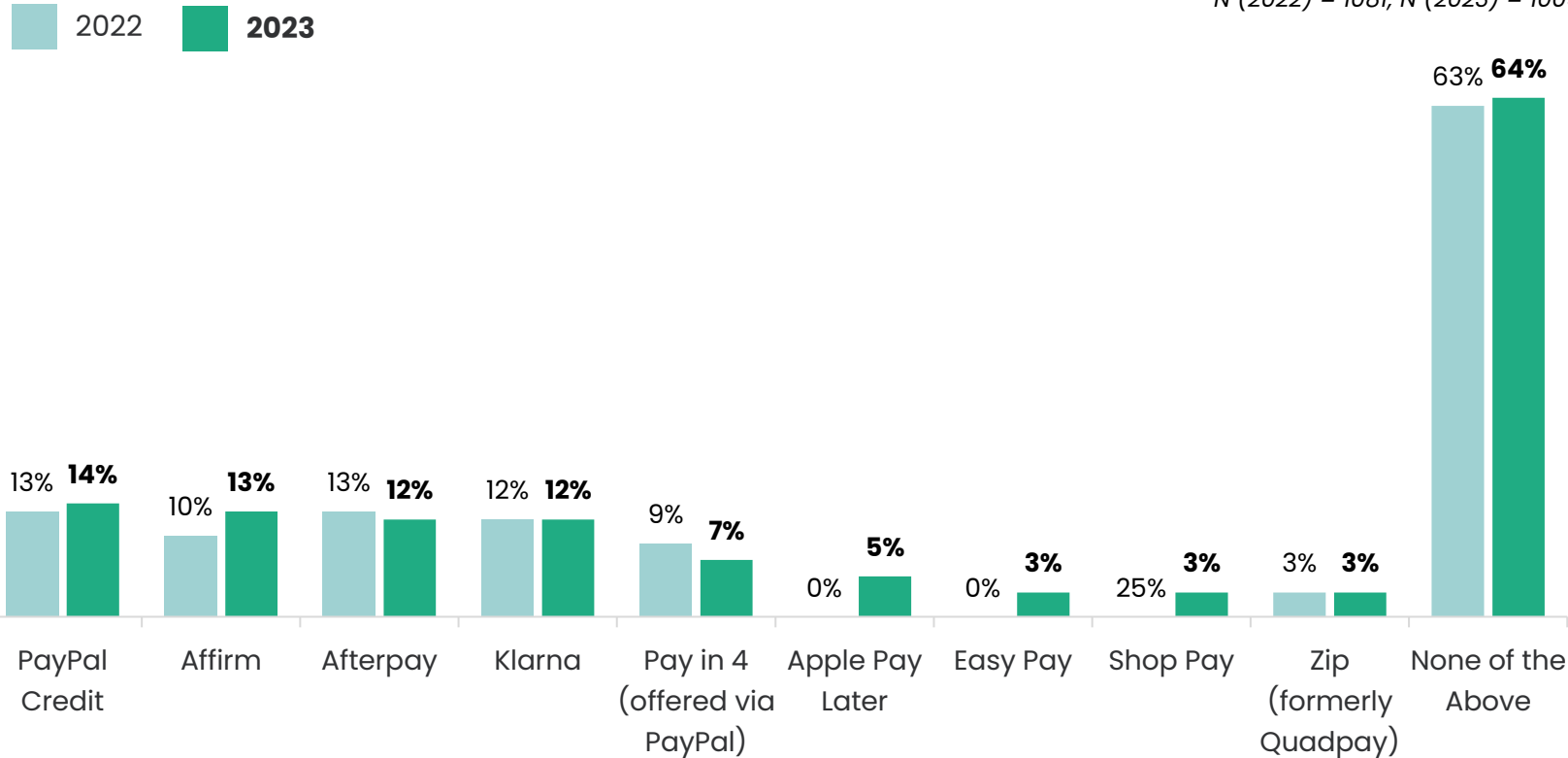


Buy Now, Pay Later Use

BNPL used by about half of Gen Z and Millennials

Which of the following 'Buy Now, Pay Later' options do you currently use?

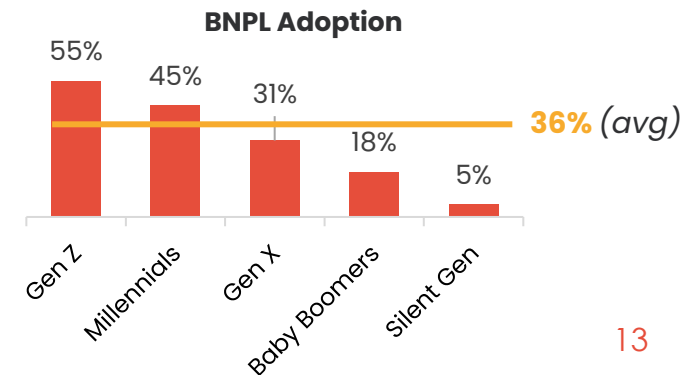
N (2022) = 1081; N (2023) = 1005



Key Insight

BNPL usage has been consistent over the past year. 36% of consumers use BNPL. Easy Pay, Apple Pay Later, and Shop Pay installments were new options surveyed this year.

While half of Gen Z and 45% of Millennials have used BNPL, less than a third of Gen Xers had, and even less of Baby Boomers. Use of BNPL is essentially nonexistent for the silent generation.

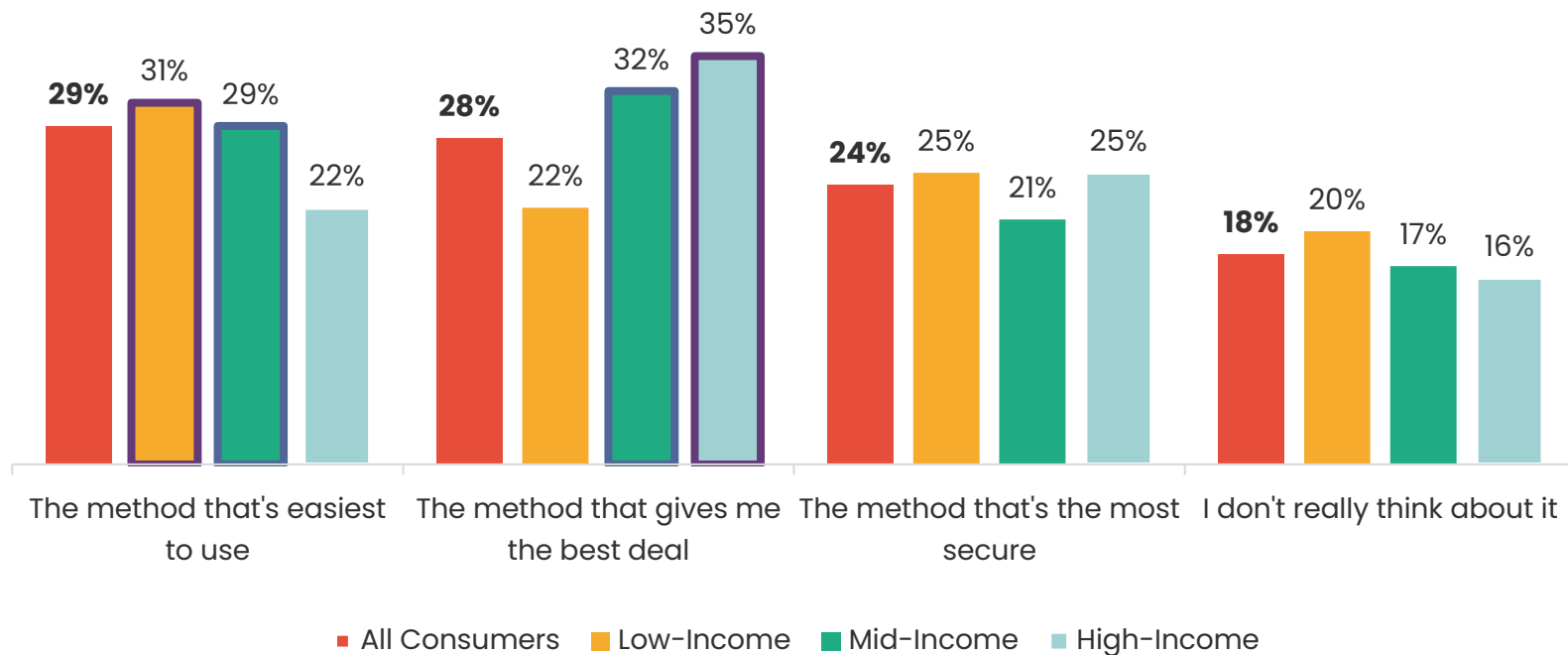


Payment Method Decision-Making

Two out of ten consumers don't think about which payment methods they use

Which of the following best describes what determines which payment method you use?

N (2023) = 1005



Key Insight

Most consumers likely try to find balance between the easiest method and the method that gives the best deal. **Low-income consumers** prioritize ease of use and are most likely to not think about their payment method.

Mid-income earners balance the method that's easiest with the one that gives them the best deal.

High-earners shop for deals to stretch their dollar.



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Holiday Shopping Trends

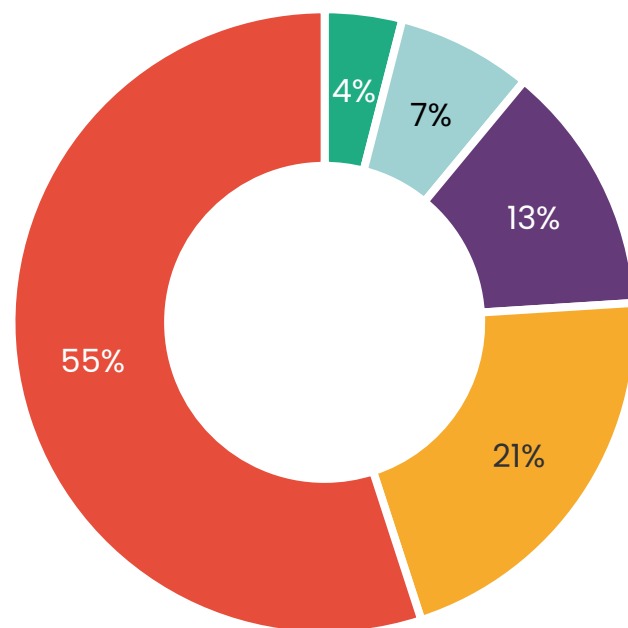


Early Holiday Shopping

45% of consumers began shopping early this holiday season






How much of your total gift shopping would you say you have completed as of today?

N (2023) = 1005



45%

Of shoppers have begun their holiday shopping as of **October 2023**

-  I am completely finished
-  I am more than halfway finished
-  I am halfway finished
-  I am less than halfway finished
-  I have not started

Key Insight

As of October, 55% of shoppers are waiting to start their holiday shopping, 41% have started shopping, and only 4% are finished shopping for gifts.

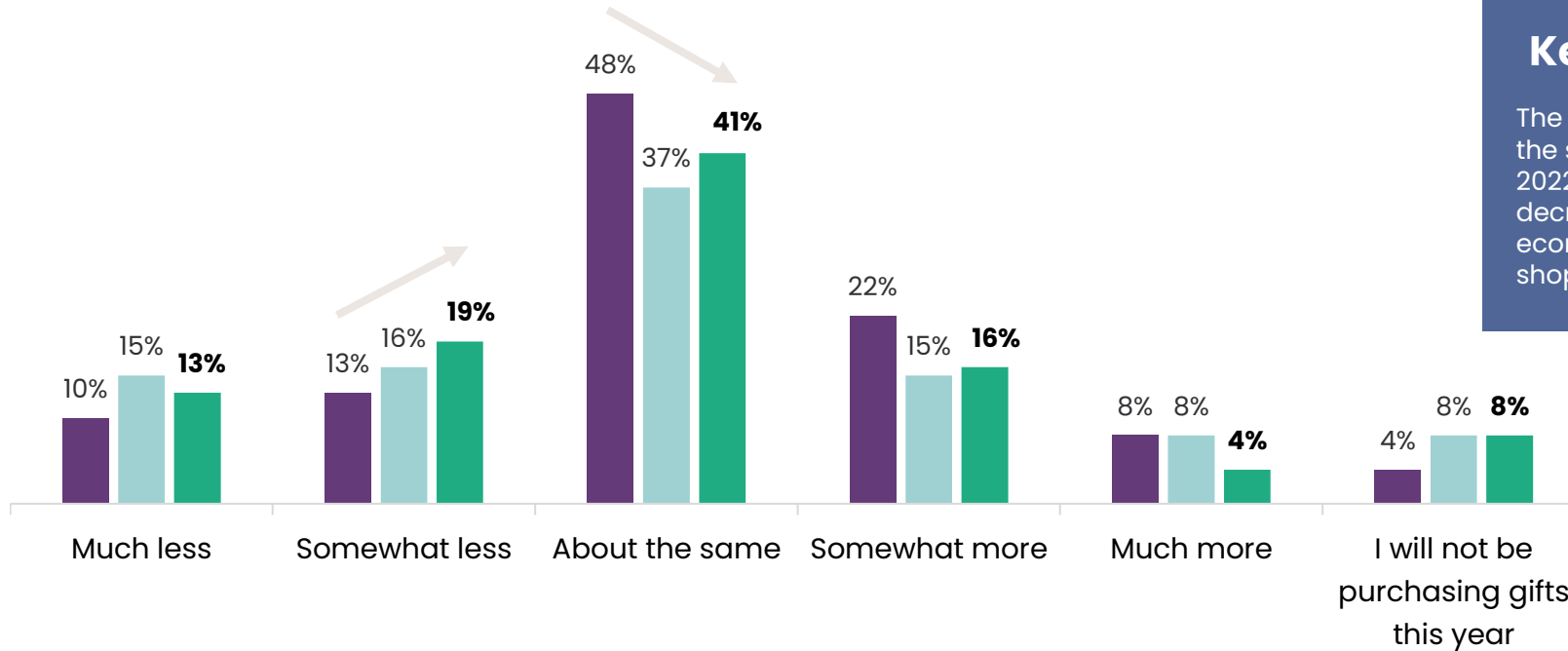
Annual Holiday Spending Comparison

2023 saw a few more shoppers spending conservatively amid economic pressure

Do you think you will spend more, less, or about the same as you did last year?

N (2021) = 512; N (2022) = 1081; N (2023) = 1005

2021 2022 2023



Key Insight

The amount of shoppers spending less or about the same compared to last year increased from 2022 to 2023. Those planning to spend more decreased. These trends are likely due to economic pressures like inflation weighing on shoppers' wallets and minds.

73%

Plan to **Spend Less or the Same**

2022: 68%
2021: 71%

20%

Plan to **Spend More**

2022: 23%
2021: 30%

Online vs. In-Person

Amazon the most popular choice for online shoppers this holiday season

Where do you plan to do your holiday shopping this year?

N (2023) = 925

% Mentioned	Channels
84%	At least some Online
75%	At least some In-Store
62%	Both Online and In-Store
22%	Online Only
14%	In-Store Only

% Mentioned	In-Store Channels
61%	Department or Large Retail Stores
30%	Local Shops or Small Businesses
20%	Large Warehouse Clubs
16%	Thrift or Discount Stores

% Mentioned	Online Channels
71%	Amazon
51%	Retailer's Websites
19%	Other Marketplaces
7%	Social Media
2%	Livestreamed Shopping Events

Key Insight

The vast majority of shoppers plan to do a combination of both in-store and online shopping. In-store shoppers will visit large retail stores and 30% plan to shop locally at small businesses. For online shoppers, a whopping 71% plan to browse Amazon for gifts and over half will shop at retailer's websites.

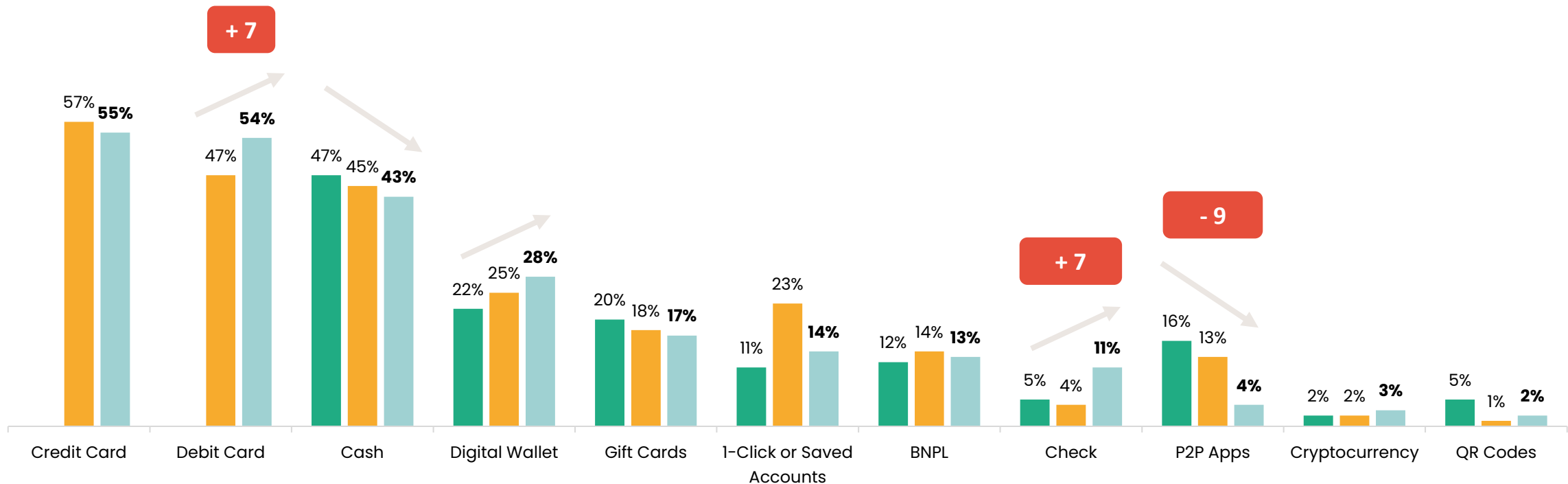
Holiday Payment Decisions

Use of debit cards and digital wallets will increase while cash use decreases

How do you plan to pay for your gift purchases this holiday season?

N (2021) = 512; N (2022) = 1081; N (2023) = 1005

2021 2022 2023



Holiday Payment Decisions: In-Person vs. Online

Payment methods used most

Rank which payment methods you think you'll use the most frequently this holiday season

N (2023) = 1005

Rank	In-Store	Online
1	35% Debit Card	35% Credit Card
2	34% Credit Card	34% Debit Card
3	12% Cash	12% Digital Wallets
4	7% Digital Wallets	7% 1-Click Accounts
5	4% Gift Cards	4% Buy Now, Pay Later (BNPL)

Key Insight

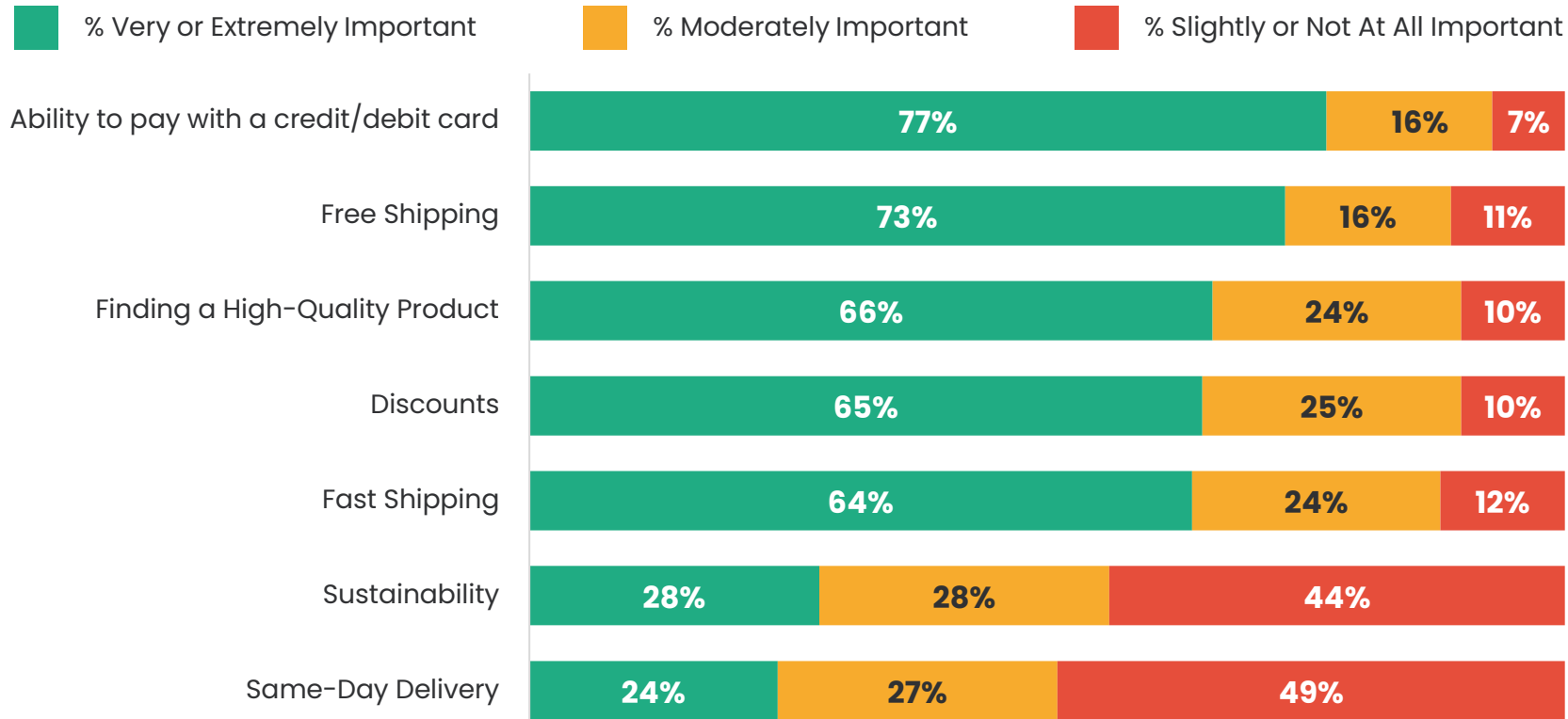
While debit cards are more popular in-store, credit cards are a slightly more popular choice online. 12% still rely on cash when in-person shopping, and digital wallet will be used in both settings. Online spending makes way for 1-click account and BNPL use.

Holiday Online Shopping Features

Shoppers want free and fast delivery and high-quality products from retailers

How important are the following items to you when making an online gift purchase?

N (2023) = 1005



Key Insight

Must-haves for shoppers include being able to pay with a card, free shipping on orders, high-quality products, discounts on items, and fast shipping. This means shoppers will likely spend their time searching for deals, reading product reviews, and prioritizing merchants with free and fast shipping. Same-day delivery and sustainability are only important to a select subset of consumers.



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Economic Conditions

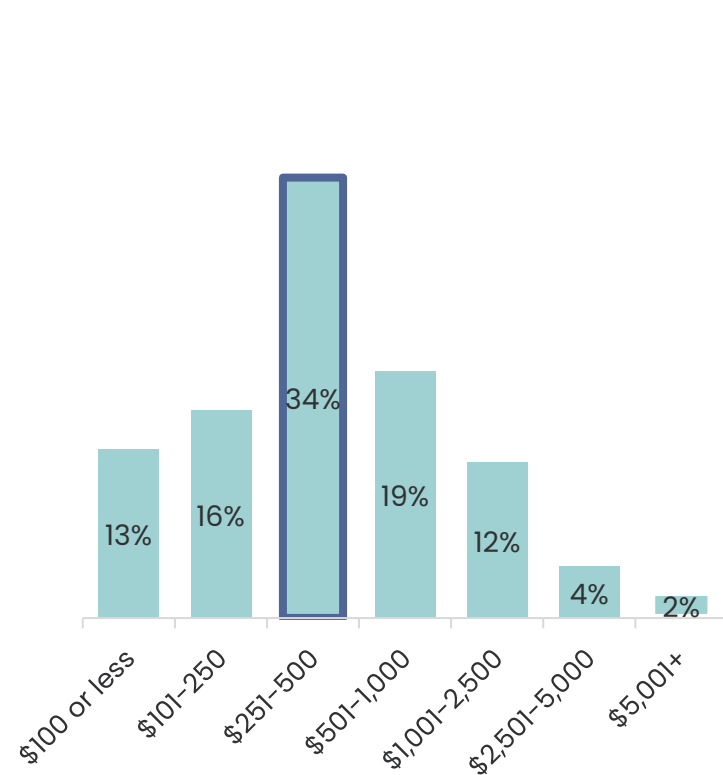


Holiday Spending Amounts

Low-income shoppers hope to expand their spending power around the holidays

How much do you plan to spend this holiday season?

N (2023) = 1005



Key Insight

A majority of shoppers plan to spend between \$250 and \$500. More low-income shoppers are stretching their budgets to overspend on gifts, while not many high-income shoppers choose to save on gift-giving.

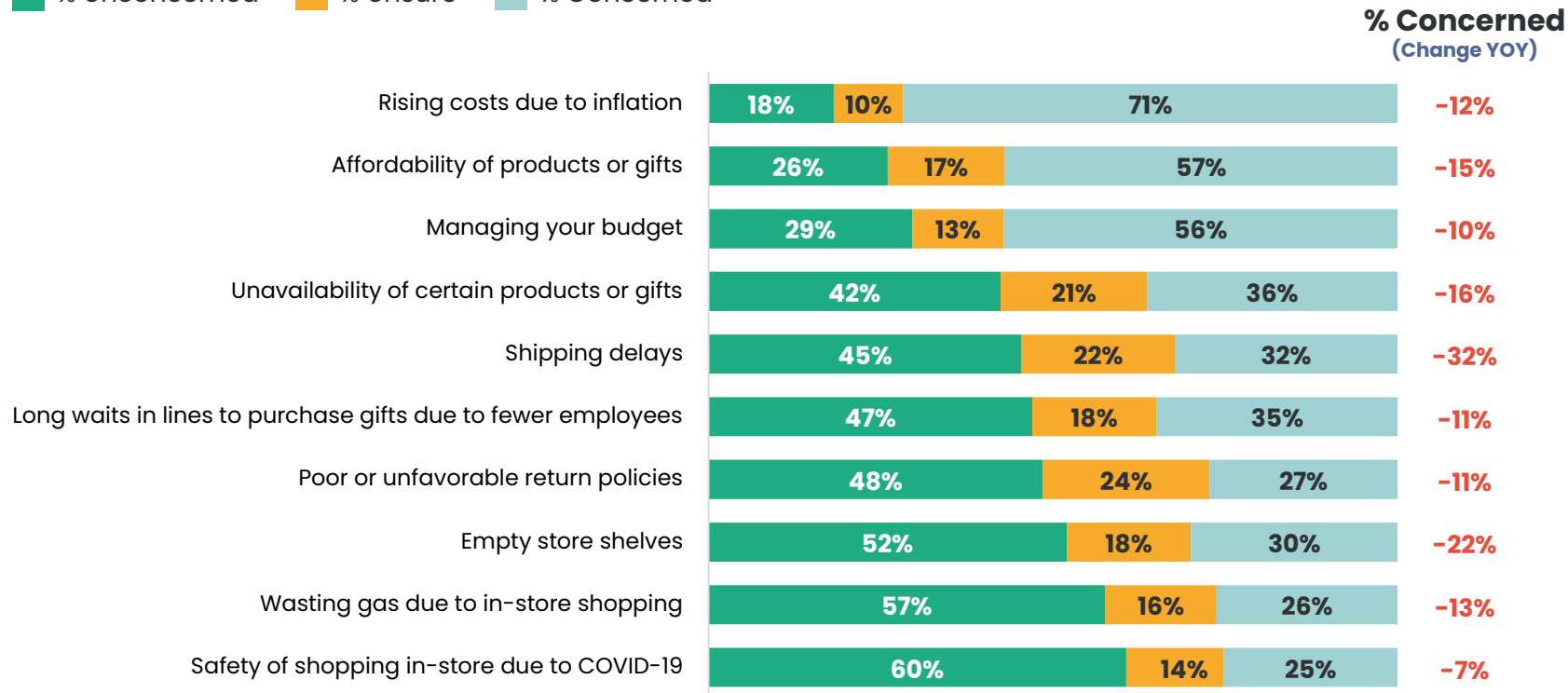
Potential Shopping Deterrents

Consumers more positive going into 2023 holiday shopping season than in 2022

How are consumers feeling this holiday season?

N (2022) = 1081; N (2023) = 1005

■ % Unconcerned ■ % Unsure ■ % Concerned



Key Insight

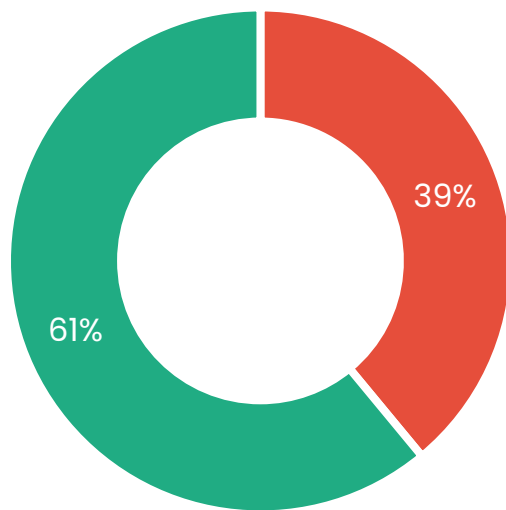
Overall, shoppers are feeling more optimistic than last year about encountering holiday shopping frustrations. COVID-related unease is a thing of the past for most shoppers. With continued threat of a recession and high rates of inflation, economic concerns are top of mind.

Financial Status

Nearly a quarter of all shoppers' wallets will be impacted by student loan repayment

To what extent do you think student loan repayment will affect your budget for gifts this year?

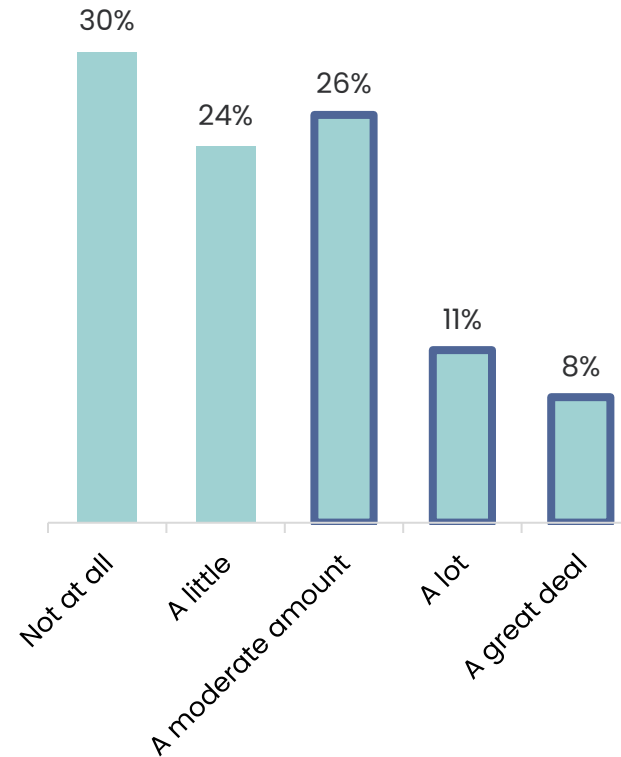
N (2023) = 1005



39%

Of holiday shoppers have **student loans**

- I have student loans
- I do not have student loans



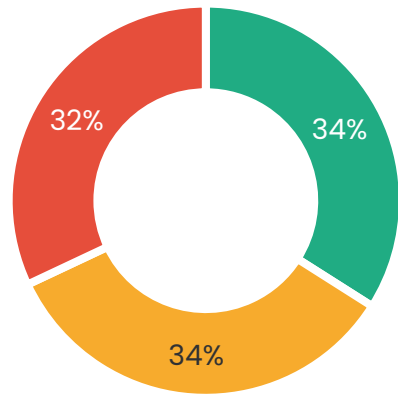
Key Insight

While less than half of shoppers indicated that they have student loans, of those that do 70% thought that student loan repayment would affect their budget for gifts this year at least a little. 45% expected repayment to affect their budget at least a moderate amount.

Surcharging Awareness

Less than half of consumers have experienced surcharging

Have you ever heard of surcharging?



66%

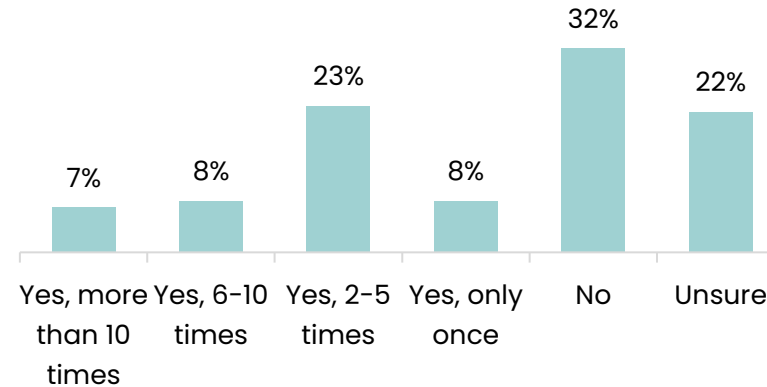
Of shoppers **do not know** what surcharging is

- Yes, I've heard of it and know what it is
- Yes, I've heard of it, but do not know what it is
- No, I have not heard of it

Has a business charged you a surcharge fee for using your credit card in the past year?

N (2023) = 1005

Surcharging was defined as, "A surcharge is a fee that some businesses add onto your bill when you pay for goods or services using a credit card. Businesses who charge their consumers a surcharge are required to disclose the additional fee using signage"



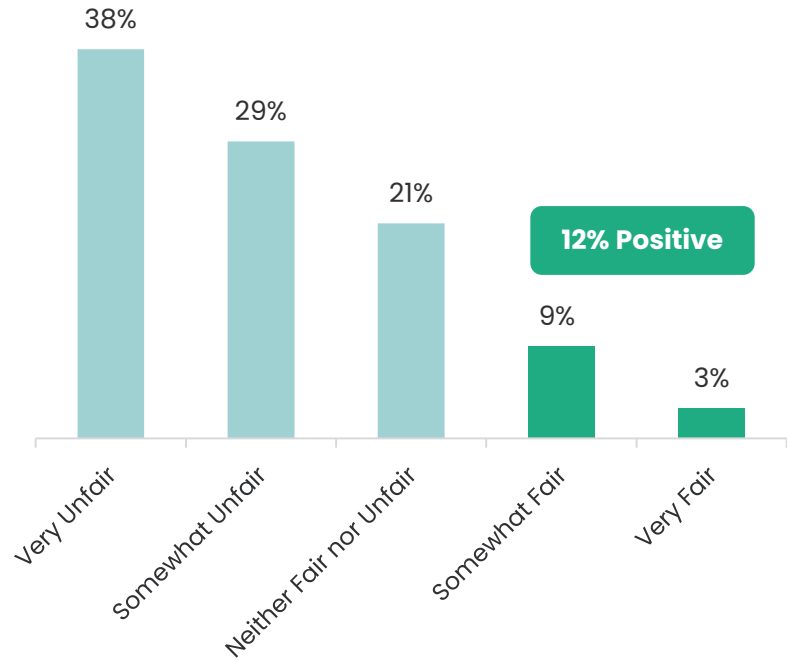
Key Insight

The majority of shoppers do not know what surcharging is and have not or are unsure if they have ever been surcharged. After explaining what it is, only 46% indicated they have been charged a surcharge fee.

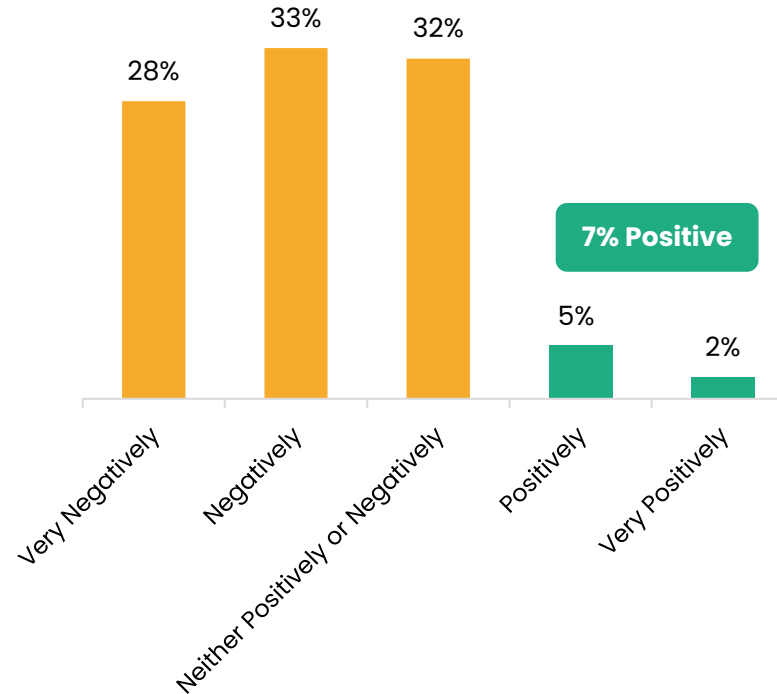
Surcharging Perceptions

A majority of consumers express disdain for surcharging

To what extent do you feel surcharge fees are fair to customers?



How do you view businesses who charge customers a surcharge fee?



N (2023) = 1005

Key Insight

Consumer sentiment around surcharging is rather negative, as 7-12% of respondents indicated positive sentiment. Consumers view businesses more positively than the surcharge fees themselves, indicating that their disdain for surcharge fees does not always translate into negative sentiment for the business.



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Demographics



Shopper Demographics

This survey captured a sample of 1,005 U.S. shoppers

Shopper Regional Analysis

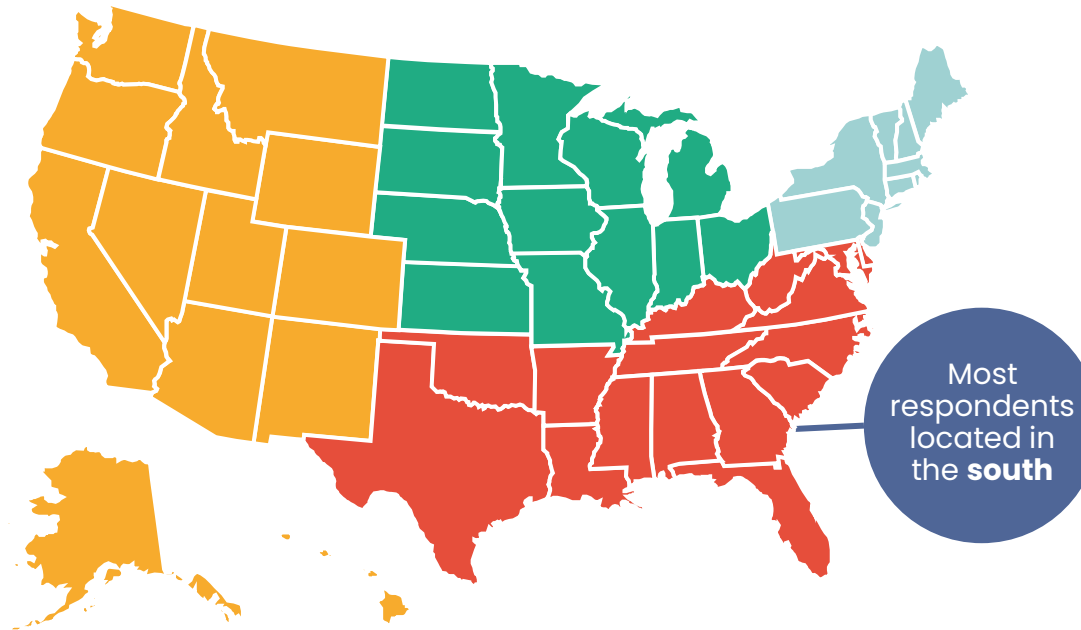
📍 Only U.S. consumers were surveyed

● West – 17%

● Midwest – 21%

● Northeast – 20%

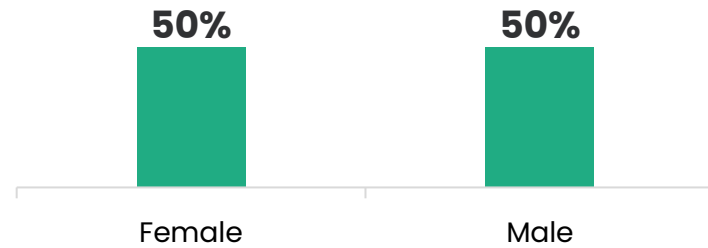
● South – 42%



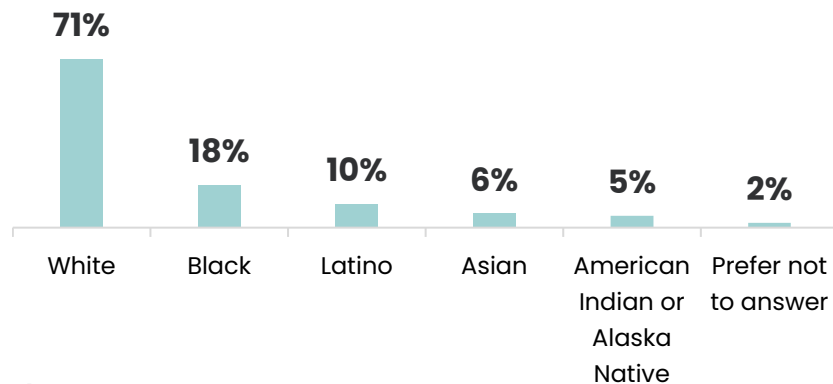
Shopper Demographics

The sample of shoppers was well-represented by income level and sex

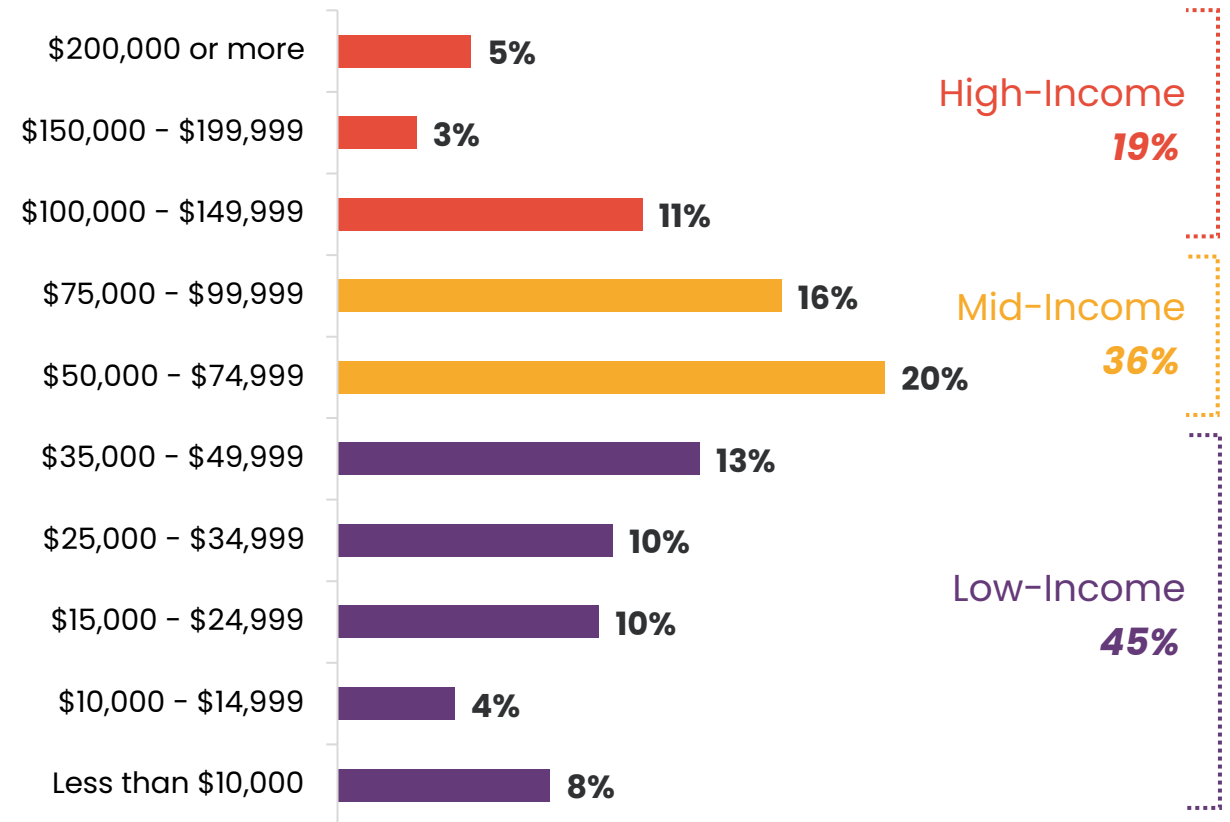
Sex



Race



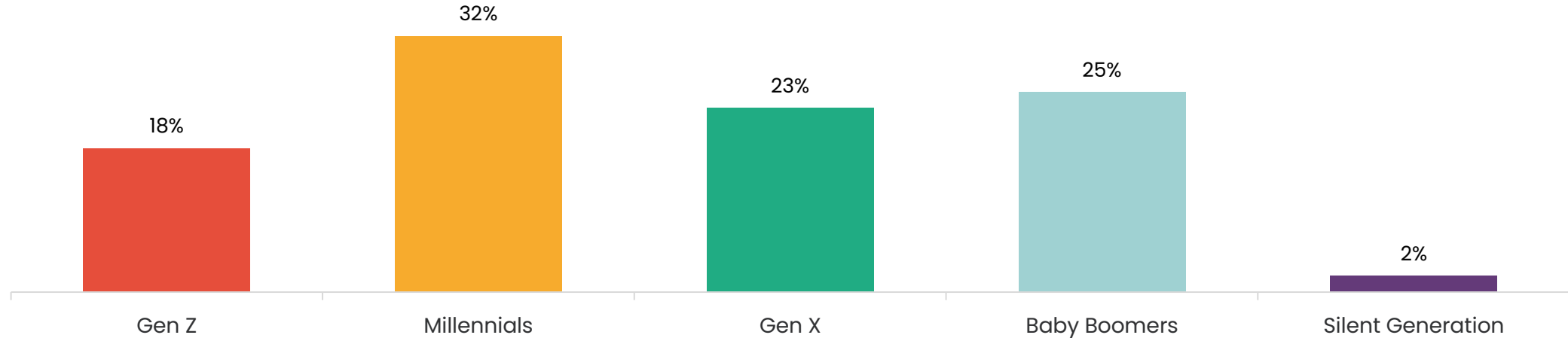
Annual Household Income



Shopper Demographics

Generations were well-represented in the sample

Generation





The **Electronic Transactions Association (ETA)** is the world's leading advocacy and trade association for the payments industry. Our members span the breadth of significant payments and fintech companies, from the largest incumbent players to the emerging disruptors in the U.S. and in more than a dozen countries around the world.

ETA members make commerce possible by processing approximately \$44 trillion annually in purchases and P2P payments worldwide and deploying payments innovation to merchants and consumers. For more information, visit electran.org.



TSG (The Strawhecker Group) is a globally recognized analytics and consulting firm that supports the entire payments ecosystem, serving over 1,000 clients from Fortune 500 leaders to more than a dozen of the world's most valuable brands.

Trusted by industry leaders, TSG's strategic services, market intelligence, and analytics merge to empower clients with actionable and accessible information. For more information please visit www.tsgpayments.com.

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