



# Festive Forecast

2023

**Make your holidays bright with insights  
from Square & Afterpay**

A look on how consumers are planning,  
spending, and saving this holiday season.



## Festive Findings

# Wrapped

Each year, we unwrap the latest trends defining the holiday shopping period to help retailers make the most of the season.

- 1 Merry and bright:** Consumers have a positive outlook ahead of the holiday period and businesses will prepare to service them in smart ways by tapping into technology such as mobile commerce and AI-enabled tools.
- 2 Being omni-present:** Shoppers are eager to find gift inspirations through both in-store and emerging online channels, making it important for retailers to take an omnichannel approach to promotions.
- 3 Making a list:** Gift cards, apparel, and electronics are topping shopping lists for each generation.
- 4 Santa's helpers:** Consumers (especially Gen Z) are leaning on AI to optimize for shopping. Conversely, sellers are doing the same to optimize for their business operations.
- 5 Savings unwrapped:** This season is all about strategic spending, and shoppers are using 'Buy Now, Pay Later' (BNPL) to help them budget. To accommodate this, businesses are planning to offer more flexible payments at checkout.



# A merry & bright season

How shoppers are preparing to spend (and save) this season.



52%

Believe they are securing their financial future

53%

Feel comfortable their monthly income covers their expenses

**There's a rosier outlook for American shoppers this upcoming holiday season.** Despite a year of economic uncertainty, 34% of consumers say they plan on spending more this holiday season. Across generations, Millennials are most likely to go big in 2023 as 44% intend to spend more than they did last year. This is the case for around a quarter of Baby Boomers (21%) and Post War (28%).

Across all generations, nearly six in ten (58%) Americans are positive they will achieve the financial goals they set for themselves this year, which can lead to a more generous gifting season ahead. Gen Z has the most positive outlook, so expect this generation to seek out smart ways to save while they shop for the best holiday finds.



# Making holiday Moves

How businesses are preparing to meet consumer needs.



**Similar to consumers, businesses have high hopes for a better selling period, too.** 71% of Square sellers report they expect sales to increase compared to last year. With this optimism, 72% do not plan to shift their discounting strategy drastically. Sellers say they intend to offer an average discount of 15%.

Most interestingly, there's a growing number of multihyphenate retailers on the rise, with 9% of American retailers self-identifying as mixed use as they seek to alleviate risk and maximize revenue potential this holiday season. Compared to other global markets, the US is only starting to make headway on this trend, with a larger proportion of Australian and British retailers identifying as a multihyphenate business at 22% and 16%, respectively.





#### Tip

Entice consumers to shop in person by offering unique experiences and exclusive offers that can only be accessed in-store. 51% of Square sellers plan to host a curated holiday event and 36% will offer exclusive merch, while 18% will partner with another business to offer discounts or bundles to increase sales. These tactics will allow retailers to not only drive foot traffic, but diversify their revenue streams outside of their core offering.

## Getting in the

# Shopping spirit

### What's influencing and inspiring shoppers.

The bulk of shoppers plan to finish all their holiday shopping in November, with many waiting until the historically discount-laden Black Friday, Cyber Monday weekend to do so.

**While social media remains a constant source of inspiration for consumers**, with a majority of sellers (78%) planning to promote their holiday goods on socials, new digital channels are capturing the attention of holiday shoppers, too. Consumers are rushing to shopping apps (31%), websites and blogs/forums (23%), and wishlist apps or websites (22%) for gifting inspiration. Creating compelling content that you can share on these forums is sure to help your shoppers find the perfect gift.

Don't discount the impact of IRL sources, though: 49% of shoppers get ideas through word-of-mouth, and 39% find inspiration in stores. A balanced omnichannel approach is critical given nearly half of consumers plan to buy gifts in-store across all age groups.



# No time like the present

What each generation is gifting this season.

A fifth (20%) of consumers plan on buying clothing, footwear, and accessories for their friends and family, on par with gift cards or vouchers (20%). While traditional gifting may reign supreme this season, experiences such as entertainment, events, and charitable donations; furniture, homewares, and home improvement; and travel are at the top of the list for a smaller population of shoppers (10%).



Beauty & Wellness  
+11%



Electronics  
+21%



Apparel & Accessories  
23%



Gift Cards & Vouchers  
+38%



## Tip

Make the shopping experience as convenient as possible by offering a 'Buy Online and Pick Up In Store' option, which 31% of Square sellers are already considering. Loyalty programs are also an easy way to not only drive brand engagement, but incentivize your customer base; with 39% of businesses planning to do this.



# Santa's helpers

**How AI is helping shoppers and retailers.**

**Shoppers have a secret helper this holiday season: AI.** In particular, 24% of consumers have used a virtual assistant to help with shopping over the past 12 months. Gen Z (36%) and Millennials (35%) are adopting AI at the fastest rates, leveraging it for product information and finding the best deals.



**Tip** Conversational commerce platforms can automatically resolve customer issues or queries to free up your staff's time, enabling them to work on other critical tasks. This year, 16% of Square sellers plan to use such messaging tools.

Businesses are also reporting to lean into technology to tackle inventory management (29%) and marketing (54%). Specifically, 23% of Square sellers plan to leverage AI-enabled tools to operate more efficiently and sell more effectively.



# Savings unwrapped

How BNPL will give your customers the gift of a better budget



Considering **77% of Americans find it harder to save with the prices of products increasing**, consumers are actively looking for solutions to help them save, including shopping for cheaper alternatives and using flexible payments like BNPL. Currently, 21% would consider using a BNPL option to make their holiday shopping budget go further. Millennials are the most likely to give BNPL a try, at 35%.

Among consumers who already use BNPL, 40% do so primarily to help them budget and manage money during the holiday shopping period. Other festive BNPL benefits include fast and easy checkout (34%) as well as safety and security (29%).



## Tip

Make checkout (and saving a breeze) for your customers. This year, 1 in 5 businesses plan on offering BNPL to accommodate consumers looking for a flexible payment option at checkout. Additionally, 21% will offer payment links to streamline checkout. Some are even looking to automate the checkout process, with 6% offering self-checkout kiosks.





# Festive Recommendations



1

## Start Dropping Hints Early

Give your brand and products exposure through shopping and wishlist apps, or join the hundreds of thousands of brands in Afterpay's Shopping App to boost your discoverability – tapping into our highly engaged global network of shoppers.

2

## Go Omnichannel

Place equal weight on your online and in-store shopping experiences. Across generations, shoppers are finding inspiration — and the perfect gifts — across digital and IRL channels, which makes it important to nail down your mobile commerce strategy so you can have a leg up on promoting your products or deals no matter where you're selling.

3

## Add Conversational Commerce

Retailers, big or small, might consider implementing AI-enabled conversational commerce tools such as suggested replies in Square Messages to optimize customer service and conduct commerce in a new, professional sales channel.



4

## Sleigh at Checkout

Give the greatest gift of all to your customers and staff: flexibility and time. By using Square and Afterpay, you can make everything from your customer touchpoints, front and back-end operations, as well as the checkout process a breeze – helping your customers save while minimizing staff overload during the busy shopping period. Win, win!



# Let's sleigh the holiday season together!

Because there's no time like the present to prepare your festive strategy, **visit [squareup.com](https://squareup.com) and [afterpay.com](https://afterpay.com)** to learn more about our integrated ecosystem of commerce technology.



\* This report was based on a survey of 1,500 US consumers analyzed between July 21 to July 31, 2023. The core sample data was nationally representative across age, gender, and location with an additional sample of 500 Gen Z and Millennials. Industry findings were based on a survey of 265 Square sellers in the US conducted between August 8 and August 19, 2023.