



# 2022

## Holiday Spending Forecast



## Introduction

As the holiday season is a key sales period for retail, travel and many other industries, Commerce Signals creates an annual Holiday Spending Forecast to help companies with scenario planning. Our forecast is rooted in actual consumer spend data, not surveys. If you need more insights on consumer spending trends with your shoppers or competitive set, please reach out.

## Executive Summary

For the 2022 holiday season, we forecast total consumer card spending to increase +11% vs. 2021. Airline spending tops our list of 26 categories with projected growth of +50%. Hotel spending is projected to increase +29% as well. Outside of travel, restaurant spending projects to be up +25%. Our total retail forecast is for +10.4% growth but with a wide range by category.

While forecasted growth above inflation is certainly positive, category analysis reveals a continued slowdown in discretionary spending. In a recent analysis of July consumer spending, we noted discretionary spending growth of +12.9%. We project this same figure to be +8% over the holidays.

## Data and Methodology

Commerce Signals, a TransUnion company, is a leading source of credit and debit card spending based insights, audiences, and measurement. Our permissioned and anonymized view of consumer spending includes both Visa and Mastercard, credit and debit for 40 million households. The data includes sales across all channels. This broad and representative view of card spending is the basis for our forecast.

The holiday period examined in this forecast is from the week of Thanksgiving through the week of Christmas. Our forecasting methodology considers spending since 2018 with weight given to more recent trends. In the forecasting model, we've included the consumer price inflation (CPI) through August as measured by the [U.S. Dept of Labor Statistics](#) and a publicly available forecast of inflation for the remainder of the year from [forecasts.org](#). It predicts inflation will be 6.4% in December.



## Discretionary vs. Non-Discretionary Expectations

We forecast non-discretionary spending to increase by +13%, driven primarily by inflation. We include food, drug, warehouse clubs, gas, utilities, healthcare, education, auto parts and professional services as non-discretionary. With personal incomes growing at a much slower rate than non-discretionary purchases, consumers have less disposable income for optional purchases. This results in a slower growth for discretionary spending (+8%).

With travel and restaurants atop our list of growth projections, clearly consumers have not cut out discretionary purchases entirely. Two years of pent-up demand for both domestic and international travel have made travel a high priority for many. But lower priority discretionary purchases are expected to decline as seen in our forecasts for sporting goods (-3%), home stores (-4%) and clothing stores (-3%). Evidence of choosing lower priced brands for travel and restaurant brands exists as well (see our [July Inflation Report](#)).

## Black Friday & Cyber Week

We forecast Black Friday week sales will increase +16% vs 2021 aided by more consumers willing to shop in-store. During cyber week, we project online sales to increase by +14%, although omni-channel purchases will only increase +6%. Over the entire holiday period, we forecast only a slight difference between online (+12%) and instore sales (+10%).

## Travel

Consumer travel spending will be back to pre-pandemic levels this year and is projected to be the highest growth category in our forecast. Consumer travel spending projects to increase by +32% vs. last year and +79% vs. 2020 during this holiday season. Notably, the Other Transportation category, which includes ride sharing is also expected to recover to pre-pandemic levels (+43% vs. 2021).

Category	Forecast
Airlines	50.3%
Auto Rental	-9.1%
Hotel/Motel	28.7%
Other Transportation	42.9%
Travel Agencies	18.7%
Total Travel	32.1%



## Retail

We project retail overall to be up +10.4% vs. last year. We forecast online retail sales to grow +17% and in-store sales to be up +8%. Department stores and wholesale retailers are forecast to be up this holiday season by +11.5% and +18% respectively. Home stores, which includes both home centers and interior furnishings, will decline by -4% this year. Home stores have a tough comparison period, having grown +22% last year. We expect spending at electronics stores to increase +8%. Additional retail segment forecasts are provided in the chart below.

Category	Forecast
Clothing Stores	-3.1%
Department Stores	11.5%
Discount Stores	4.1%
Drug Stores	-5.0%
Electronics Stores	8.3%
Grocery Stores	2.9%
Hardware Stores	10.3%
Home Stores	-3.7%
Sporting Goods & Hobby Stores	-2.9%
Wholesale Retailers	18.5%
Total Retail	10.4%



## Grocery & Restaurants

Our forecast projects spending at restaurants and bars to be up +25% this holiday season (+77% vs. 2020). Compare this to grocery store spending which is predicted to increase by just +2.9%. We expect grocery shoppers to continue trading down and buying fewer items due to food price inflation. Trading down is much harder to do once you are inside a restaurant.

## Ongoing Analysis

We will continue to monitor consumer spend trends, analyze the impact of inflation, and share macro updates via our website. If you'd like to know more about this forecast or receive more granular detail on a specific merchant, please contact us at [info@commercesignals.com](mailto:info@commercesignals.com).

To learn more about Commerce Signals' processes, [visit our website](#) and [follow us on LinkedIn](#). Or [contact us](#) with any questions you have about how Commerce Signals can help your business.

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