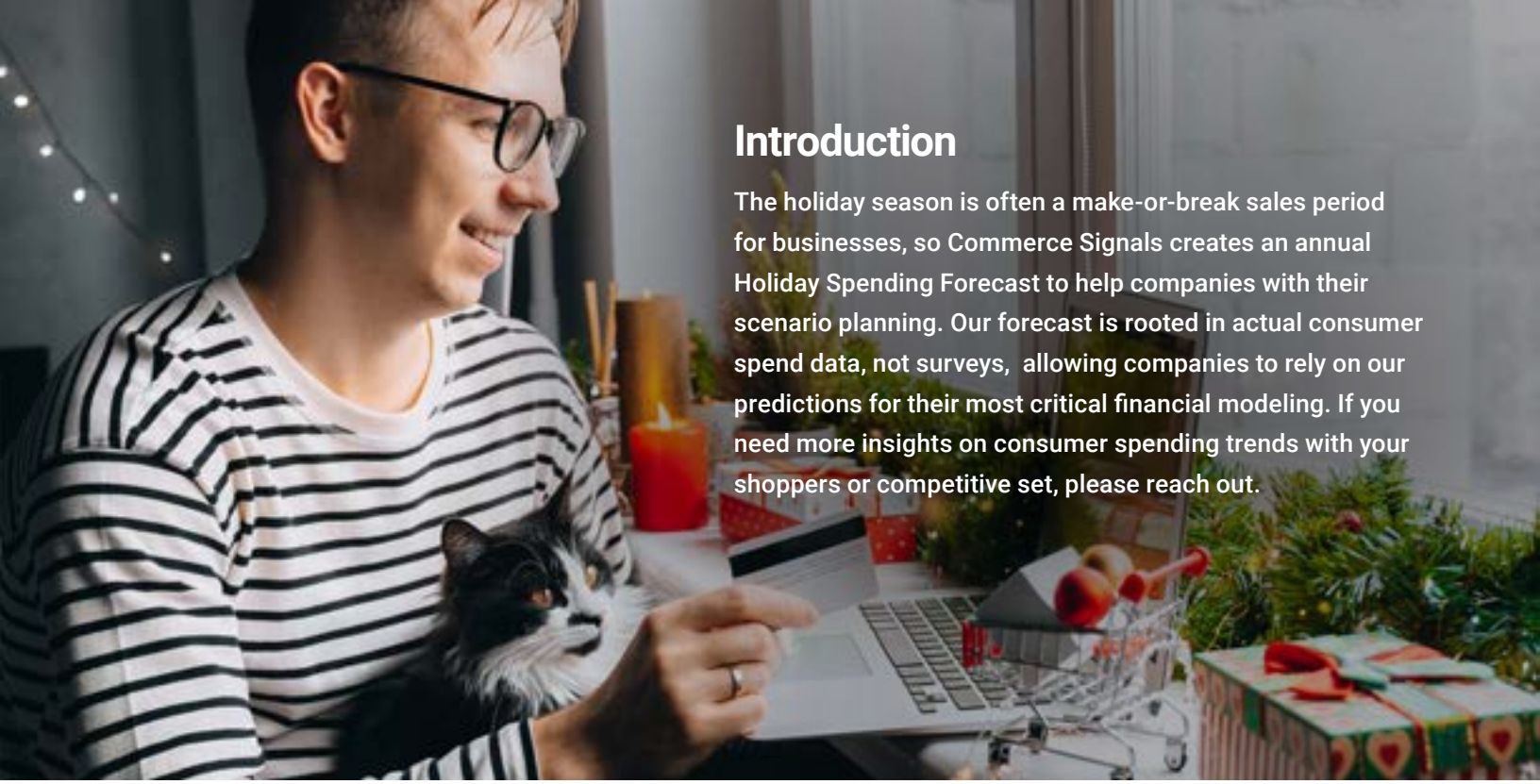
2023
Holiday Spending Forecast

Commerce Signals
A TransUnion® Company



Introduction

The holiday season is often a make-or-break sales period for businesses, so Commerce Signals creates an annual Holiday Spending Forecast to help companies with their scenario planning. Our forecast is rooted in actual consumer spend data, not surveys, allowing companies to rely on our predictions for their most critical financial modeling. If you need more insights on consumer spending trends with your shoppers or competitive set, please reach out.

Executive Summary

For the 2023 holiday season, we forecast total consumer card spending to increase +6.4% vs. 2022. This would be a continuation of 2023 trends where consumers continue to outspend inflation despite many predictions that interest rate increases would slow down the economy. We are predicting fairly even growth between discretionary and non-discretionary spending at +6.2% and +6.5% respectively.

Experiences top our list of discretionary categories with the largest projected growth. Ticket Resellers and Movie Theaters lead the pack at +47% and +42% respectively. Cruise Lines are the next most robust growth category at +28%, and Lodging is predicted to grow to +8.5% this holiday season.

Conversely, discretionary spending in retail is forecasted to decline with Housewares and Appliances (-24%), Furniture/Mattress (-19%), Home Décor (-17%) and Home Improvement (-4.1%). While it stands to reason that if Americans are prioritizing experiences outside the home, their spending on home categories will decline, these are major shifts in consumer spending.

Our total retail forecast is for +2% growth but with a wide range by category (see retail section).

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. With inflation having dropped to closer to target rates, our forecast projects spending without adding in potential error from an explicit inflation forecast.

Retail

We project retail overall to be up slightly this holiday season at +2.0% vs. +10.4% last year, with online retail sales growing +2.6% and in-store sales climbing +1.6%. Beauty Retailers are forecast to be the winner this holiday season, up by +11.8%. Mass Merchants and Warehouse Clubs are predicted to increase +7.1% and +5.1% respectively. Consumers want more bang for their buck given the decrease in disposable income, so this increase is to be expected. Department Stores (+4.4%) and Consumer Electronics (+3.5%) are also predicted to increase. Grocery store spending is predicted to increase by +3.0%. We expect grocery shoppers to continue trading down and buying fewer items due to food price inflation.

Categories that are predicted to not fare so well include Home categories mentioned earlier, along with the unexpected Liquor, Beer and Wine (-5.4%) and Sporting Goods (-4.6%) categories. Additional Retail segment forecasts are provided in the chart below.

Retail Sub-category Forecasts	
Beauty Retailers	11.8%
Mass Merchants	7.1%
Warehouse Clubs	5.1%
Pet Supply Retailers	4.8%
Department Stores	4.4%
Consumer Electronics Stores	3.5%
Grocery Stores	3.0%
Discount Stores	0.1%
Drug Stores/Pharmacies	-0.8%
Fashion Retailers	-2.3%
Auto Parts Stores	-2.9%
Toy/Hobby Stores	-3.8%
Consumer Marketplaces	-3.9%
Home Improvement Stores	-4.1%
Sporting Goods Retailers	-4.6%
Liquor/Beer/Wine Stores	-5.4%
Occasion/Gifts Stores	-8.1%
Home Decor Retailers	-16.9%
Furniture/Mattress Stores	-18.5%
Housewares and Appliances Stores	-23.6%
Total Retail	**2.0%**

Restaurant

2023 will not see the flurry to return to seated Full Service Restaurants that we saw in 2022 with a modest predicted increase of +3.3%. Quick Service Restaurants, on the other hand, will see much higher growth at +9.4%, much of that buoyed by the proliferation of mobile apps and dedicated budgets promoting app purchases. Another surprise is the predicted decrease in Bars/Nightclubs weighing in at -7.0% though it does correlate with the decrease in the Liquor/Beer/Wine sub-category within Retail. Perhaps consumers are focusing more on their health as the Fitness Centers category is predicted to grow by +14.3% this holiday season.

Travel

Consumer travel spending isn't predicted to have near the meteoric +32% growth of 2022, but we are expecting a solid +4.4% increase this year. One stand-out in the travel category – Cruise Lines – leads with a predicted +28.3% growth. Anecdotally, many cruises are sold out for next year and have limited availability for 2025 already. Notably, the Airlines category, which grew +48% last year, is looking to be flat for this holiday season (+0.3%).

Travel Sub-category Forecasts	
Cruise Lines	28.3%
Taxi/Ride Share	10.0%
Lodging	8.5%
Public Transportation	7.2%
Tolls/Parking	5.6%
Vehicle Rental	5.0%
Airlines	0.3%
Travel/Tour Agencies	-3.2%
Total Travel	**4.4%**

Ongoing Analysis

All of the data in this report plus individual merchant level data down to the zip code level is available from our Spend Analytics Suite. If you'd like to know more about this forecast or generate your own strategic insights leveraging our insights tools, please contact us at **commercesignals@transunion.com**.

To learn more about Commerce Signals' processes, **visit our website** and **follow us on LinkedIn**. Or **contact us here** with any questions you have about how Commerce Signals can help your business. Happy Holidays.

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