Survey: Most Holiday Shoppers Are Ready to Splurge

Shoppers are planning to spend big this holiday season despite inflation concerns, the latest TD Bank Merry Money Survey shows.

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Inflation woes threaten to put a damper on holiday shopping but the latest Merry Money Survey by TD Bank found that it probably won’t stop most shoppers from loading up their sleighs.

Rather than avoiding gift shopping altogether, 70% are budgeting for their purchases and another 80% are planning to seek out discounts and special offers to save money. Overall consumers aren’t slowing down for inflation’s sake with 96% still admitting that they expect to overspend this holiday season.

As the holiday shopping period gets started, early estimates are for Black Friday sales to hit at least $9.6 billion, up 5.7% from the previous year, Reuters reports. However, the number of shoppers is expected to drop to 132 million from 140 million. Overall, less shoppers are spending more, reflecting the impact of inflation.

**Shoppers adjust to inflation**

Consumers are less concerned about inflation than they were a year ago, reflecting the modest improvement in inflationary pressures in the economy after the Federal Reserve raised interest rates 11 times since March 2022. Of those surveyed, 68% said inflationary worries would impact their holiday shopping, down from 75% a year ago.

“With economic concerns top of mind for consumers throughout the year, planning ahead can help prevent some of the financial stress that holiday shopping can place on them,” said Matt Boss, head of consumer products at TD Bank. “Setting a holiday budget and sticking to it is the first step that shoppers can take to maintain their peace of mind this holiday season.”

Planning ahead is exactly what most people are doing to prep for their holiday shopping. Consumers are planning to use one or a combination of the following methods to keep their spending in check this holiday season:

- Budgeting: 70%
- Cutting unnecessary expenses: 66%
- Shopping annual sales and shopping events: 75%
- Reviewing spending after each purchase: 47%

**Cards over cash**
Cards are king this holiday season with almost eight in 10 people planning to use their credit cards or debit cards for gift shopping. Although credit cards sometimes offer rewards for purchases, most respondents (43%) planned to use debit cards this season as their preferred form of payment.

However, another 37% of people planned to swipe their rewards credit cards instead. One-fifth even intend to apply for a new credit card this holiday season to cash in on sign-up bonuses for their purchases.

**Gen Z shows planning prowess**

Out of all the generations surveyed, Gen Z seems the most prepared for holiday shopping this year. They’ve stayed on the financial nice list all year long by outpacing older generations with healthy holiday shopping habits including:

- Setting aside money throughout the year for their holiday purchases: 66%
- Budgeting for holiday purchases: 81%
- Taking advantage of credit card sign-up bonuses: 37%
- Paying off 100% of their outstanding credit card balance: 58% (on par with others)

In comparison, 77% of millennials and 59% of baby boomers had a holiday budget. Gen Z is also making strides in avoiding credit card debt by staying on par with more experienced generations who pay off the full outstanding credit card balances after the holidays.

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