



# 'Tis the season to spend

## Consumer optimism signals a return to happier holidays

Consumer pulse survey | Holiday 2021



Consumers are ready to celebrate with more comfort and joy in their holiday shopping following the more reserved 2020 season hampered by the pandemic. This year, consumer optimism is high with many shoppers reporting they are back to work, have money in their wallets, and are ready to spend on holiday purchases both in-store and online, according to the findings of the KPMG Consumer pulse survey | Holiday 2021.

Of the 1,000+ consumers surveyed, nearly half believe the economy is already back or will be back to pre-COVID-19 levels within one year. This is compared to 37 percent<sup>1</sup> that felt that way a year ago. In addition, survey respondents reveal more favorable results toward their employment and income levels than last year.

For example, 83 percent of survey respondents with jobs that were the most impacted by COVID-19 report they are now back at work, compared to 65 percent in September 2020.<sup>2</sup> More than half (55 percent) report their household income has returned to pre-COVID-19 levels. An additional 12 percent said their income has surpassed those levels.<sup>3</sup>

### Higher spending anticipated

As household spending increasingly returns to pre-COVID-19 levels, respondents are excited to spend more on the holidays. Forty-nine percent of respondents believe that their household spending has (32 percent) or will reach pre-COVID-19 spending levels (17 percent) in the next 6 months, as compared to 24 percent in 2020.<sup>4</sup>

As a result, respondents estimate a 5 percent increase in their holiday shopping budgets in comparison to last year.<sup>5</sup> This is in line with KPMG analysis that anticipates 7 percent

“After having its future relevance questioned last year, Black Friday makes a strong comeback securing its top spot as the most important shopping event of this holiday season. As nearly one-third of consumers surveyed have definite plans to shop in-store that day, the search for deals pairs nicely with increased holiday spending budgets,” said Scott Rankin, National Advisory & Strategy Leader, Consumer & Retail, KPMG LLP.

higher (year over year) holiday sales growth for retailers, which tends to run about 3 to 4 percent.<sup>6</sup> Consumers plan to spend more on computers and hardware (47 percent), jewelry (41 percent), travel (38 percent), and games (32 percent).<sup>7</sup>

Online spending is expected to increase 8 percent (year over year), climbing from 52 percent to 60 percent.<sup>8</sup> On average, respondents plan to purchase more online across all categories during the 2021 holiday season. Some of the biggest increases in the months ahead are expected in hardware (19 percent) and furniture (17 percent).<sup>9</sup> For their gift purchases, more consumers plan to shift to online holiday spending for apparel, entertainment/media, personal care products, electronics and appliances, and groceries. Others plan to shift to in-store for holiday spending on furniture and sporting, hobby supplies, instruments, and books.<sup>10</sup>

<sup>1</sup> KPMG Consumer pulse survey series | Holiday report, survey fielded September 2021, slide 7, (All additional slide references in this report are from this source.)

<sup>2</sup> Slide 5

<sup>3</sup> Slide 6

<sup>4</sup> Slide 8

<sup>5</sup> Slide 10

<sup>6</sup> KPMG Holiday 2021 Retail Survey, “Merry & Bright: Retail Executives are hopeful for the upcoming holiday season,” September 2021.

<sup>7</sup> Slide 11

<sup>8,9</sup> Slide 13

<sup>10</sup> Slide 20

## Going out and planning ahead

Online shopping is expected to reach record numbers this year, but in-store shopping is also coming back in style. For example, 32 percent of consumers surveyed said they plan to definitely shop in-store on Black Friday, which returns as the most important event of the holiday shopping season. Notably, this is double the amount (16 percent) of respondents that planned to shop in-store on Black Friday last year.<sup>11</sup>

Further showcasing a willingness to go out and about to celebrate the holidays, survey respondents plan to attend more holiday gatherings in person this year, particularly those involving family (24 percent) and friends (14 percent).<sup>12</sup>

While consumer enthusiasm over the holiday shopping season abounds, survey respondents also acknowledge the potential impacts that supply chain disruption may have on their ability to get products in time. More than 50 percent of respondents are at least somewhat concerned about stockouts in stores and shipping delays. This will likely contribute to earlier shopping plans as 61 percent of respondents plan to start holiday shopping by October, up 10 percent from last year.<sup>13</sup>

The earlier the better for retailers, who have expressed even greater concerns about supply chain issues. In the recent KPMG survey report, "[Merry & Bright: Retail executives are hopeful for the upcoming holiday season](#)," 82 percent of the retail executives surveyed said they are "somewhat" to "very concerned" about inventory shortages.<sup>14</sup>

This report provides insights on household spending, expected purchases, shifts in spending habits, and travel based on a September 2021 survey of over 1,000 individuals across the United States. It is part of the KPMG Consumer Pulse survey series.

"Positive outlooks on the economy, employment, and household spending bring a lot of optimism to the 2021 holiday shopping season. Consumers are expected to start early and continue to increase online purchases," said Matt Kramer, National Sector Leader, Consumer & Retail, KPMG LLP.



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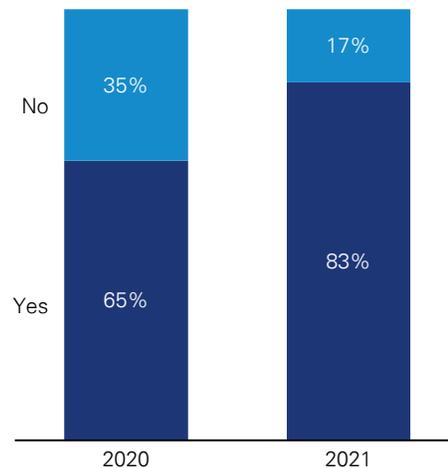
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## Increased employment supports a more positive outlook

*% of unemployed, furloughed, and self-employed respondents who have returned to work*



<sup>11</sup> Slide 18

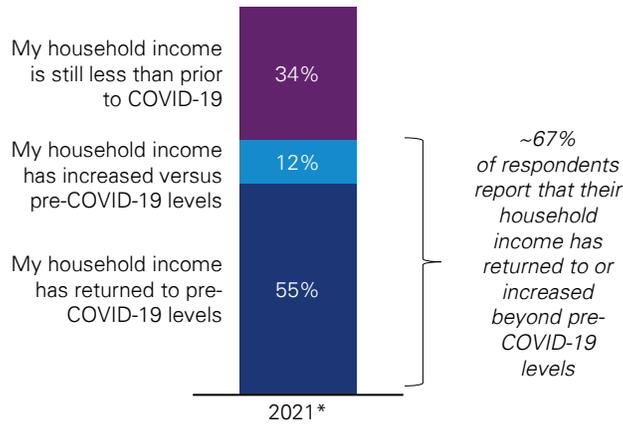
<sup>12</sup> Slide 14

<sup>13</sup> Slide 17

<sup>14</sup> KPMG Holiday 2021 Retail Survey, "Merry & Bright: Retail Executives are hopeful for the upcoming holiday season." September 2021.

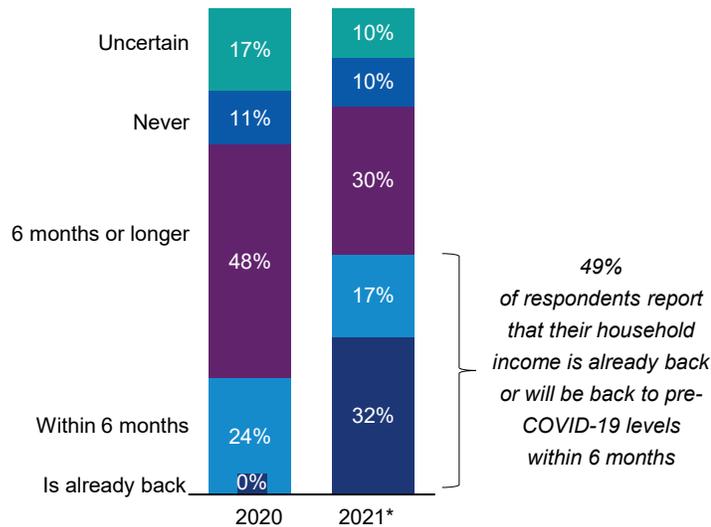
## Household income has returned to or increased beyond pre-COVID-19 levels

Household income recovery



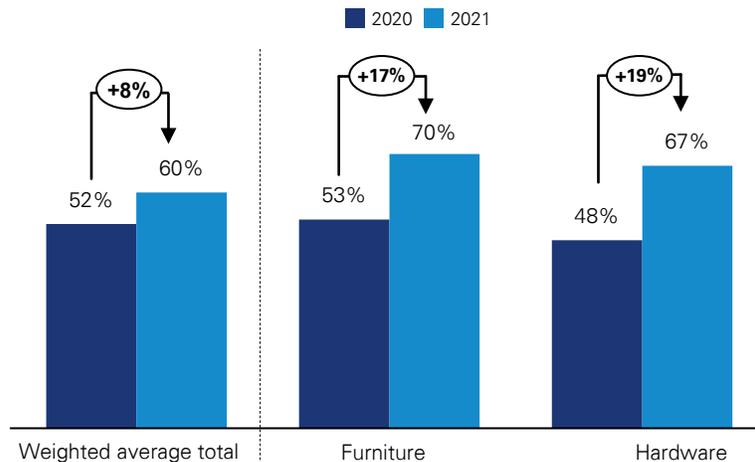
## Household spending has returned to pre-COVID-19 levels

U.S. level of optimism around consumer spending to recover to pre-COVID-19 levels



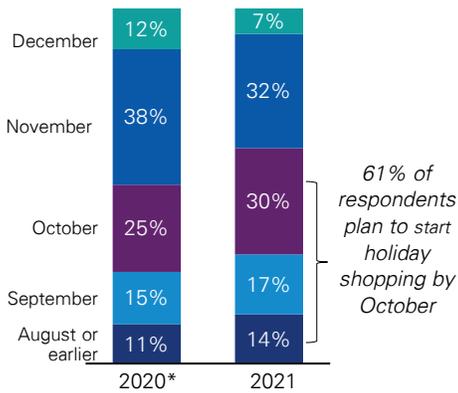
## Online holiday spending expected to increase in 2021

Average % of holiday shopping purchases expected to be done online



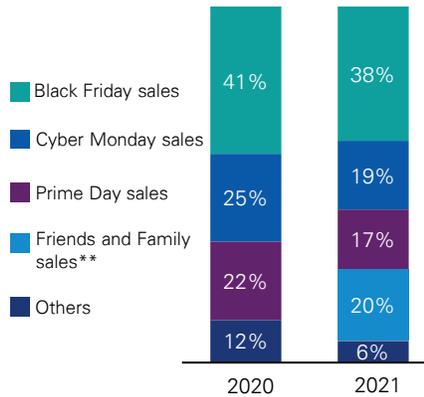
## Planned October holiday shopping up 10%

Holiday shopping start date (among respondents that engage in holiday gift shopping)

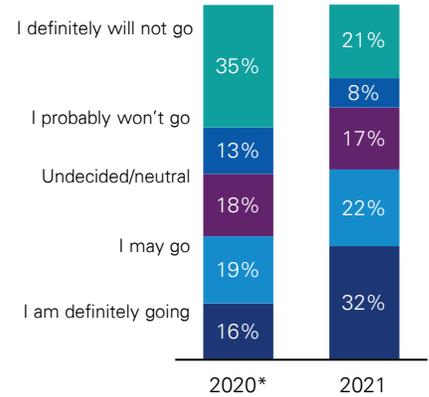


## Black Friday still most important holiday shopping event

Most important holiday sales events

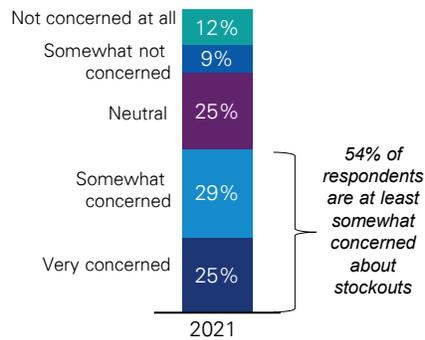


Black Friday in-store shopping plans

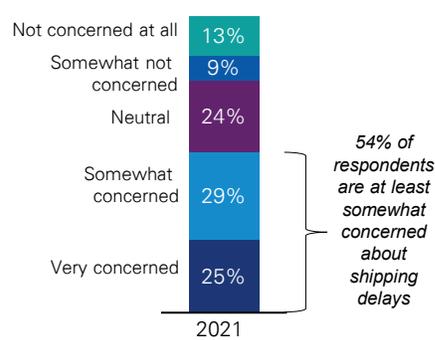


## Concerns over stockouts and shipping delays

Respondents by level of concern regarding stockouts

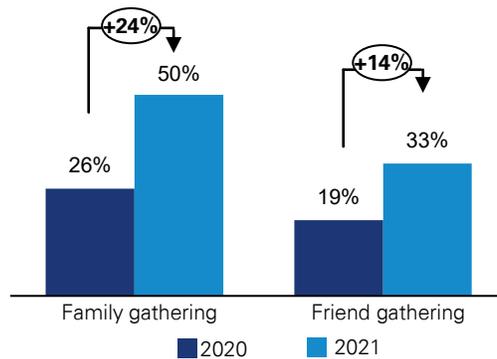


Respondents by level of concern regarding shipping delays



## Increased participation in holiday gatherings

Change in % of consumers attending holiday gatherings by gathering type



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\*Totals may not sum to 100% due to rounding.

\*\*Friends and Family sales was not tracked in 2020.

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