



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 Unwrapped

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.





CLAUS TO CELEBRATE

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



52%

Believe they are
securing their
financial future

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.



53%

Feel comfortable
their monthly
income covers their
expenses

MAKING MERRY 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.

Which new revenue stream are you planning to launch for the holidays?

- Branded merch
- Events and classes
- None of these

[Post answer](#)



TREAT YO 'ELF

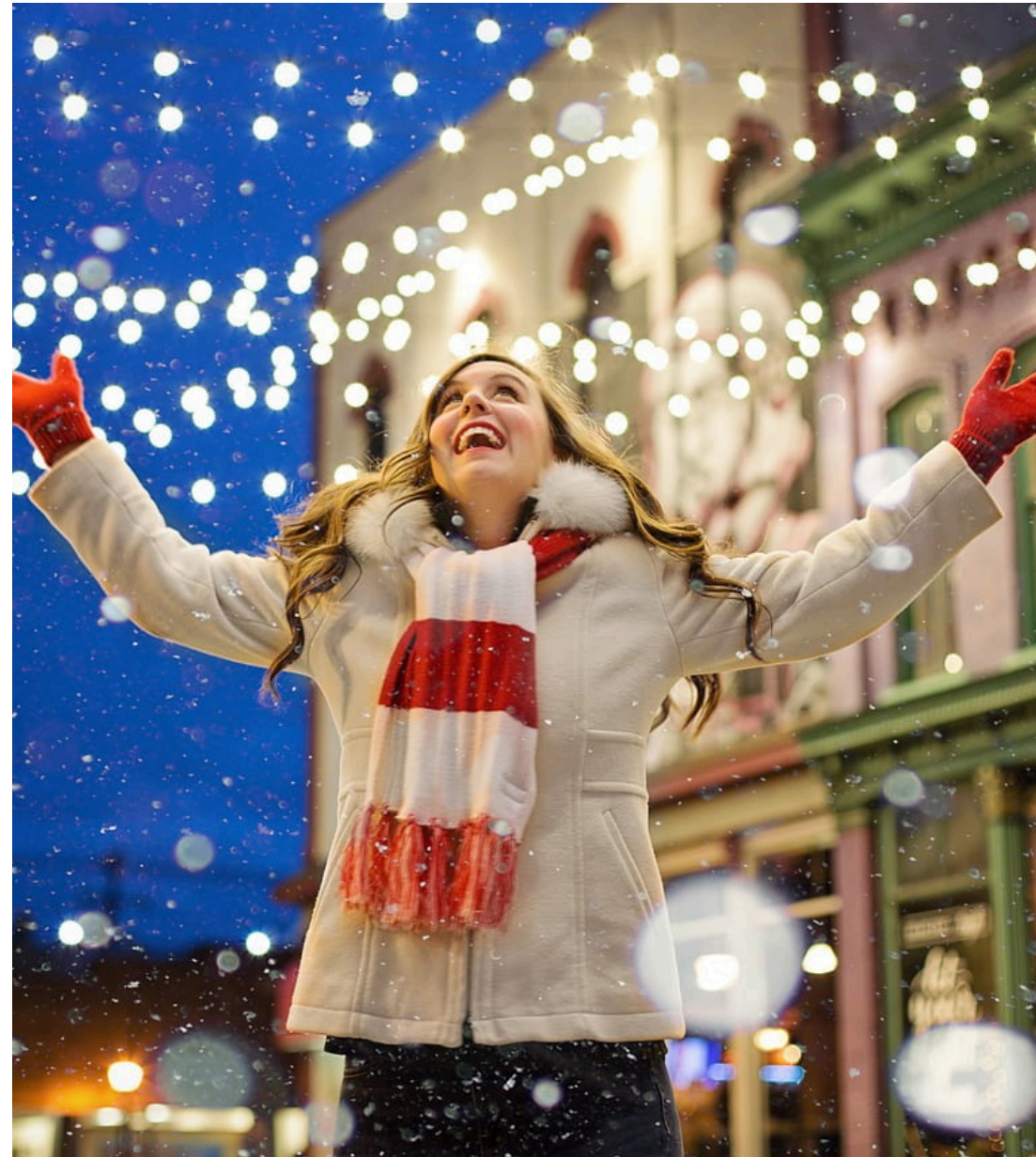
What's influencing and
inspiring shoppers

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.

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.



READY, SET, GIFT!

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%**).

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.

Which do you plan to offer customers this holiday season?

- Buy online, pick up in-store (BOPIS)
- Loyalty programs
- Both

Post answer





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.

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.

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.



SLEIGH WITH AFTERPAY

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 ADVICE

How to make this holiday
season tree-mendous

START 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.

Don't forget to market, market, market! Whether you're looking to [snag new customers](#) with discounts or hoping to re-engage new shoppers with new [product drops](#), [Square Marketing](#) can help place you directly in front of those who matter most.

RESOURCES:

- [Social media holiday campaign ideas](#)
- [Holiday gift card promotions ideas](#)

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 [social](#) and [mobile commerce](#) strategies so you can have a leg up on promoting your products or deals no matter where you're selling.

[Social commerce](#), in particular, is growing. The number of retailers selling goods directly through social channels [jumped 10%](#) year over year in 2022. Prioritize reaching customers directly where they are to help ensure you never miss a sale.

RESOURCES:

- [Getting started with omnichannel](#)
- [Creating an omnichannel holiday experience](#)

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.

RESOURCES:

- [Getting started with conversational commerce](#)
- [How chatbots can improve the holiday experience for customers](#)

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!

RESOURCES:

- [Getting started with buy now, pay later](#)
- [How to win with customers this holiday season](#)

Thank you for reading

Festive Forecast