

Holiday 2017: Strong Spending Fuels Optimism for Retailers, Landlords

Consumers Capitalize on Multiple Platforms; Brick-and-Mortar is the Mainstay of Shopping Journeys

The following highlights about the 2017 holiday shopping season are based on a representative sample of 1,011 adults in the U.S., which was conducted between January 2 and 3, 2018 by ORC International on behalf of ICSC.

SECTION A: HOLIDAY-RELATED SPENDING UP THIS YEAR (p.3)

- In total, those who made holiday-related purchases (92% of all adults in the U.S.) spent an average of \$842 on gifts (\$690) and other holiday-related items (\$152). This equates to an 18% increase in spending on those items from 2016 (\$711) and is also significantly higher than the \$728 shoppers intended when asked in September. (Chart 1)
- Gift givers spent an average of \$128 on gift cards or 19% of their total gift expenditures. This is a 41% increase from 2016. (Chart 2)
- In addition, at shopping centers between November 1 and Christmas, holiday shoppers also spent \$261 on dining/movies and other services. (Chart 3)

SECTION B: OMNICHANNEL RETAILERS BENEFIT MOST (p.4)

- In line with 2016 figures, 95% of shoppers who spent on holiday gifts and other holiday-related items made purchases from retailers with physical locations (either in stores and/or online). Specifically, 90% of them made purchases in physical stores this year, while 58% bought online from those retailers with brick-and-mortar establishments. (Table 1)
- Two-fifths (40%) of holiday shoppers used “click-and-collect”. Of them, 90% bought additional items when in store picking up their online order. (Table 1 and Chart 4)
- About three-fifths (62%) of spending on holiday-related *merchandise* only occurred at retailers with a physical store presence. *Please note that this excludes gift cards, cash, tickets to events, and services.* (Table 2)
- For all key holiday shopping days, including Thanksgiving Day, Black Friday, Super Saturday and Christmas Eve, in-store shopping was preferred by those who shopped on the given day. Cyber Monday was the only exception to this. (Table 3)
- The top reasons cited by holiday shoppers for shopping in stores were: the ability to physically see, touch, try on items (44%), to take advantage of deals/promotions (36%) and to get items immediately (34%). (Table 4)

SECTION C: DESPITE EARLY PURCHASES, HOLIDAY SHOPPING LASTED UNTIL THE VERY END (p.7)

- More than half (54%) of holiday shoppers started shopping before Thanksgiving this year. Of them, 29% began in October or earlier and 25% started between November 1 and that holiday. (Chart 5)
- Half (51%) of holiday shoppers finished shopping in the final days before Christmas. About one-third (34%) of them did so during the final week, while another 10% finished on Super Saturday and 7% on Christmas Eve. (Chart 6)
- Nearly the same or more consumers made purchases on all of the key holiday season shopping days. (Chart 7)
- The most popular reasons for not completing shopping until the very end included: needing last-minute gifts (28%), taking advantage of last-minute deals (26%) and not being able to decide what to buy (24%). (Not shown in chart)

SECTION D: GIFT CARDS AND DISCOUNT RETAILERS STILL TOP GIFT AND SHOPPING VENUES (p.8)

- Two-thirds (68%) of holiday shoppers purchased gift cards this year, making it the number-one gift for the third year in a row. Other popular gifts were apparel/footwear (48%), toys and games (37%), food baskets/alcohol (33%), accessories/handbags, cosmetics (31%) and electronics (30%). (Chart 8)
- Three-fifths (60%) of adults purchased seasonal apparel this year. Of them, one-quarter (24%) indicated spending more on those items than they did in 2016. (Not shown in chart)
- Two-thirds (66%) of shoppers patronized discount stores. Department stores (47%), electronics stores (24%) and sporting goods/hobby/book/craft/toy stores (22%) followed. (Chart 9)

SECTION E: TECHNOLOGY HELPS HOLIDAY SHOPPERS MAKE INFORMED DECISIONS (p.9)

- Two-thirds (66%) of holiday shoppers used their mobile devices while shopping in stores. The top uses for them included; comparing prices (53%), checking availability/inventory (37%), getting discounts (36%), texting with others about items/taking pictures (30%) and viewing ratings/reviews (29%). (Charts 10 and 11)
- Before making in-store purchases, 71% of shoppers did research online. The most popular places for doing research online included: retailer websites (73%), retailer apps (27%) and media websites/gift guides (23%). (Chart 12)

- Although still the most popular devices for ordering online, desktop/laptop computers were used by fewer shoppers (65%) this year compared with 2016 (69%). Significantly more used smartphones (51%) and tablets (25%) in 2017 than last year (38% and 10%, respectively). (Not shown in charts)

SECTION F: PROMOTIONS PLAY SIGNIFICANT ROLE IN HOLIDAY PURCHASES (p.11)

- Interestingly, one-quarter (24%) of shoppers said that there wasn't a single best time for holiday deals and that throughout the season, promotions were always available. About 16% preferred Thanksgiving weekend for discounts, while only slightly less (13%) said that the three-week period just prior to that was best. (Chart 13)
- Overall, 76% of shoppers said promotions influenced the amount they spent and/or the items they bought. (Chart 14)

SECTION G: SHOPPING CENTERS SEE MORE VISITORS THIS YEAR (p.12)

- Nearly three-quarters (72%) of adults visited a mall or other shopping center between November 1 and Christmas. (Chart 15)
- While most visitors shopped (67%), they also dined (42%), saw movies (27%) and used personal services (18%). (Chart 16)

SECTION H: GIFT CARD RECIPIENTS TO SHOP WELL INTO 2018 (p.13)

- More than half (55%) of all adults in the U.S. received gift cards during the holiday season. (Chart 17)
- Among those who got gift cards, 25% fully redeemed by the end of the year. Another 37% plan to completely cash in by the end of January, while the remaining 38% will not completely use them until February or later. (Chart 18)

SECTION I: ADDITIONAL HOLIDAY SHOPPER INSIGHTS (p.14)

- About two-thirds (68%) of holiday shoppers said when shopping for holiday gifts and/or other holiday items in a store, they tended to also buy additional items in the same store, that they had not planned or were unrelated to the holidays. This compares with 50% of shoppers who said they bought additional unplanned/unrelated items while shopping online. (Table 5)
- More than half (52%) of holiday shoppers said they were more willing to shop at and/or purchase from new/different retailers (in store or online) that they were less familiar with during the holiday season than other times throughout the year. (Table 5)
- Half (52%) of holiday shoppers said compared with other times of the year, it was much more important that the retailers they bought from online during the holiday season also had a physical store presence. This share rose to 68% for millennials, the highest of the three cohorts. (Table 5)

SECTION A: HOLIDAY-RELATED SPENDING UP THIS YEAR

Chart 1:

Holiday shoppers spent more this year on holiday gifts and other holiday-related items compared with 2016. Boomers increased their spending on those items by 30% while Gen Xers spent 18% more...

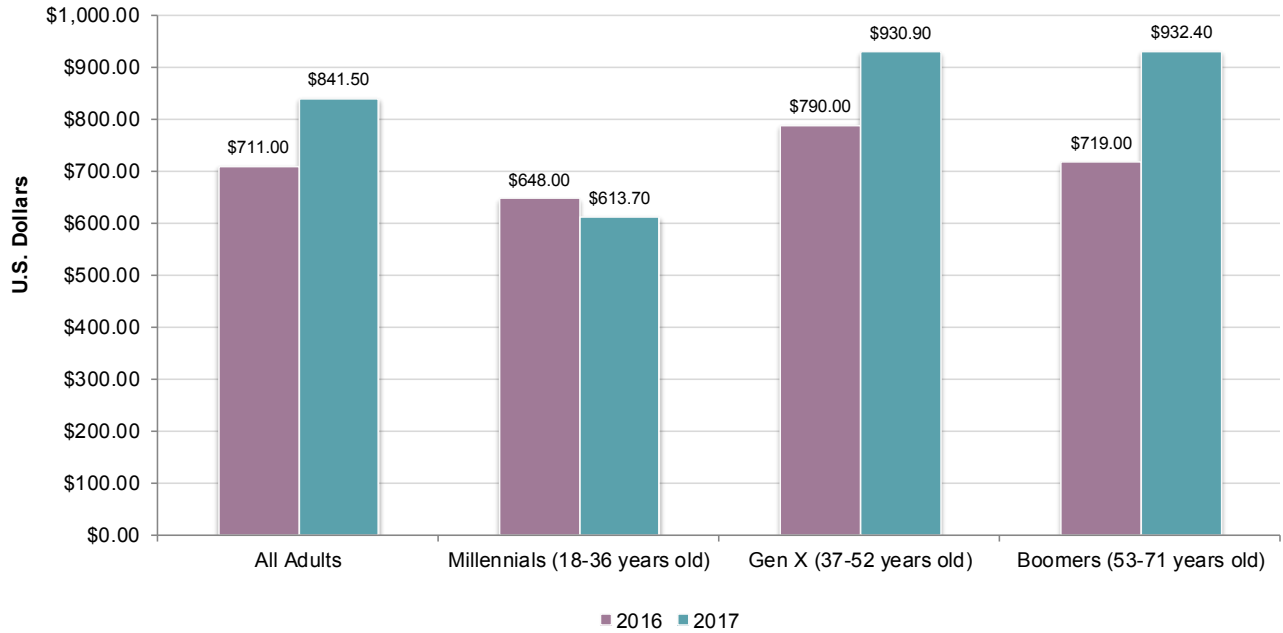


Chart 2:

Gift-card expenditures rose by almost \$40 this year, with millennials demonstrating the largest increase. However, Gen Xers outspent other groups—about 9% more than Boomers and 12% more than millennials...

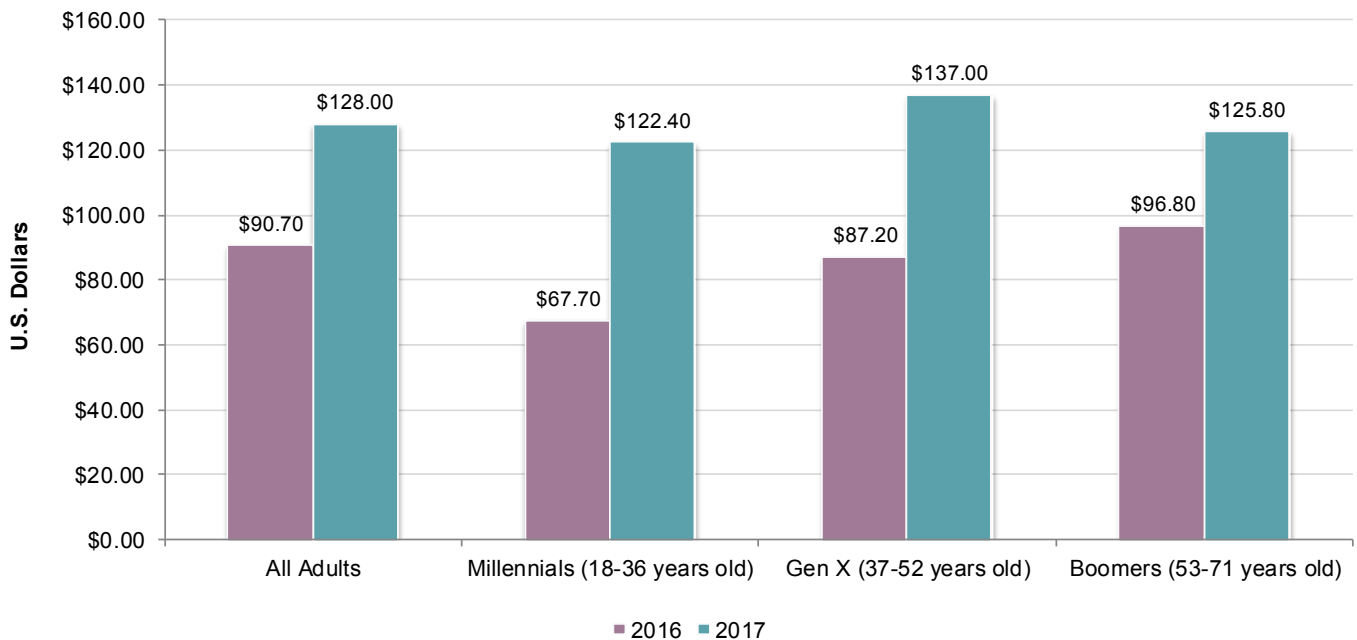
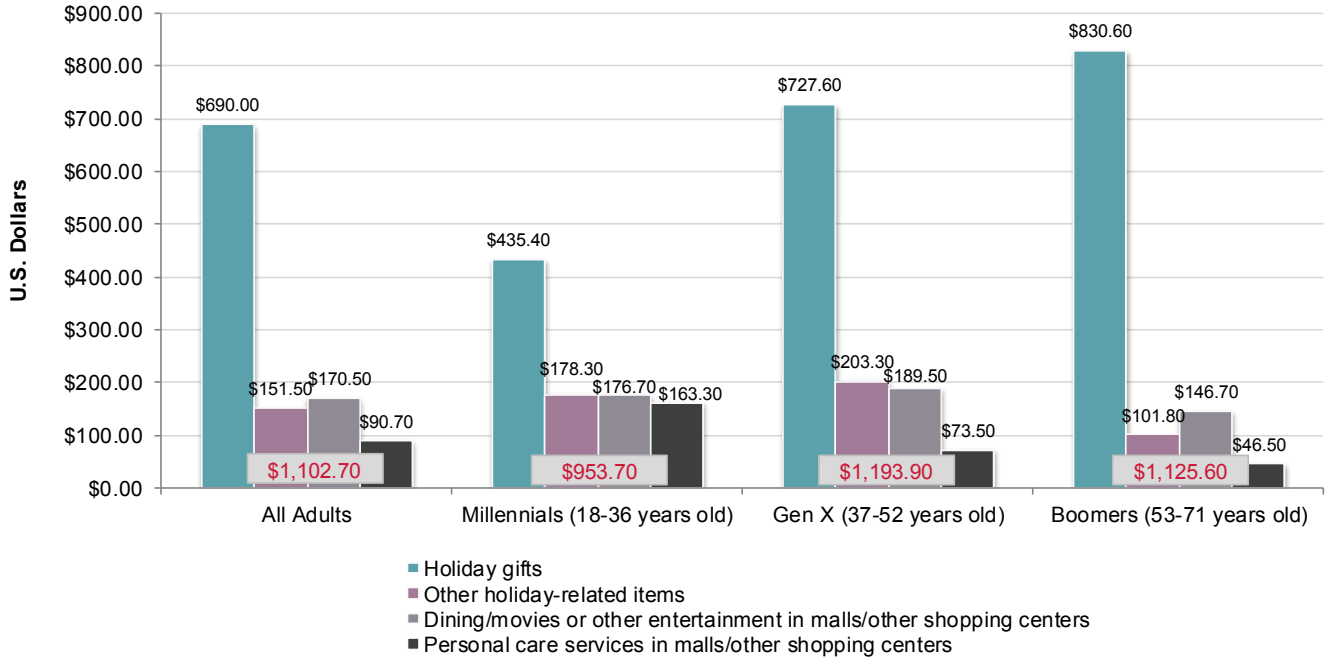


Chart 3:

Overall, Gen Xers spent the most during the holiday season, followed by Baby Boomers and millennials. The oldest cohort, however, spent significantly more than the others on gifts...



SECTION B: OMNICHANNEL RETAILERS BENEFIT MOST

Table 1:

Nearly all holiday shoppers purchased goods* from retailers that have a physical store presence (in-store and/or online)...

	All Ages		Millennials (18-36 years old)		Generation X (37-52 years old)		Baby Boomers (53-71 years old)	
Physical Stores / Establishments	95%	90%	95%	90%	96%	91%	95%	90%
Online Retailers with Physical Stores		58%		67%		59%		55%
...Ship to Home		46%		57%		49%		39%
...Pickup in Store		40%		52%		39%		32%
Pure Online Retailers		62%		72%		68%		55%
...Amazon		59%		70%		65%		52%
...All Other Pure Online Retailers		23%		36%		21%		16%
Other Sources (catalogs, phone orders)		27%		35%		17%		27%

*Excludes gift cards, cash, tickets to events, and services.

Chart 4:

Significant shares of click-and-collect shoppers bought additional items when going to stores to pick up their online orders. Roughly one-fifth of them demonstrated this behavior all or most of the time...

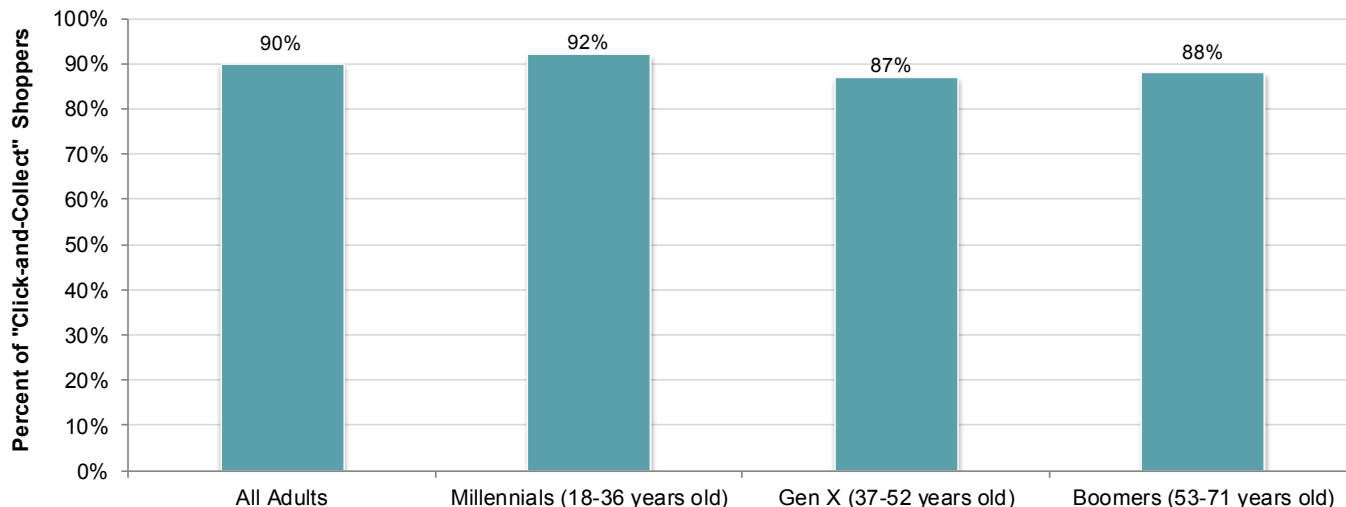


Table 2:

More than three-fifths of total expenditures on holiday goods went to retailers with stores...*

	All Ages		Millennials (18-36 years old)		Generation X (37-52 years old)		Baby Boomers (53-71 years old)	
Physical Stores / Establishments	62.4%	38.1%	65.8%	38.7%	62.2%	38.9%	62.0%	37.5%
Online Retailers with Physical Stores		24.3%		27.0%		23.2%		24.4%
...Ship to Home		15.0%		15.3%		14.6%		17.3%
...Pickup in Store		9.3%		11.8%		8.7%		7.2%
Pure Online Retailers		26.9%		27.9%		32.9%		25.7%
...Amazon		22.0%		21.0%		27.4%		21.8%
...All Other Pure Online Retailers		4.9%		6.9%		5.5%		3.9%
Other Sources (catalogs, phone orders)		10.8%		6.4%		5.0%		12.3%
Total		100%		100%		100%		100%

*Excludes gift cards, cash, tickets to events, and services.

Table 3:

On all key days, with the exception of Cyber Monday, higher shares of shoppers made purchases in stores or online from retailers with stores than bought from pure online retailers...

	Thanksgiving Day (Nov. 23)	Black Friday (Nov. 24)	Cyber Monday (Nov. 27)	Super Saturday (Dec. 23)	Christmas Eve
Physical store presence	87%	80%	67%	86%	87%
In stores	58%	50%	22%	66%	66%
Online from retailers with stores	39%	43%	51%	26%	27%
Pure-play internet retailers	27%	36%	52%	23%	20%

Table 4:

Direct contact with items, deals/promotions and not having to wait for merchandise to be delivered were the top reasons for making purchases in stores...

Percent of Holiday Shoppers Who Spent In Stores				
	All Holiday Shoppers	Millennials (18-36 years old)	Generation X (37-52 years old)	Baby Boomers (53-71 years old)
Ability to physically see, touch, browse or try on the merchandise	44%	35%	40%	55%
To take advantage of the deals/promotions being offered	36%	31%	36%	38%
Ability to get the item(s) immediately and/or pick up last minute	34%	27%	45%	32%
Ability to browse/ease of buying specific items	34%	24%	38%	38%
Convenience of one-stop shopping	27%	28%	31%	23%
Avoid shipping costs and ease of returning items	25%	24%	27%	24%
Fun social activity to do with friends and family given the store atmosphere	16%	21%	14%	13%
Good customer service and helpful store employees	16%	17%	14%	15%
Prices were cheaper in stores than online	14%	20%	15%	9%
Pick-up what I purchased or reserved online	14%	19%	15%	12%
Security/privacy concerns with online shopping	8%	10%	9%	5%
Special events at the store or shopping center	7%	11%	6%	5%

SECTION C: DESPITE EARLY PURCHASES, HOLIDAY SHOPPING LASTED UNTIL THE VERY END

Chart 5:

This year, more shoppers (54%) began making purchases before Thanksgiving compared with 2016 (48%). More than half of millennials (54%) and Baby Boomers (59%) began holiday shopping before Thanksgiving, while slightly fewer Gen Xers (49%) did the same...

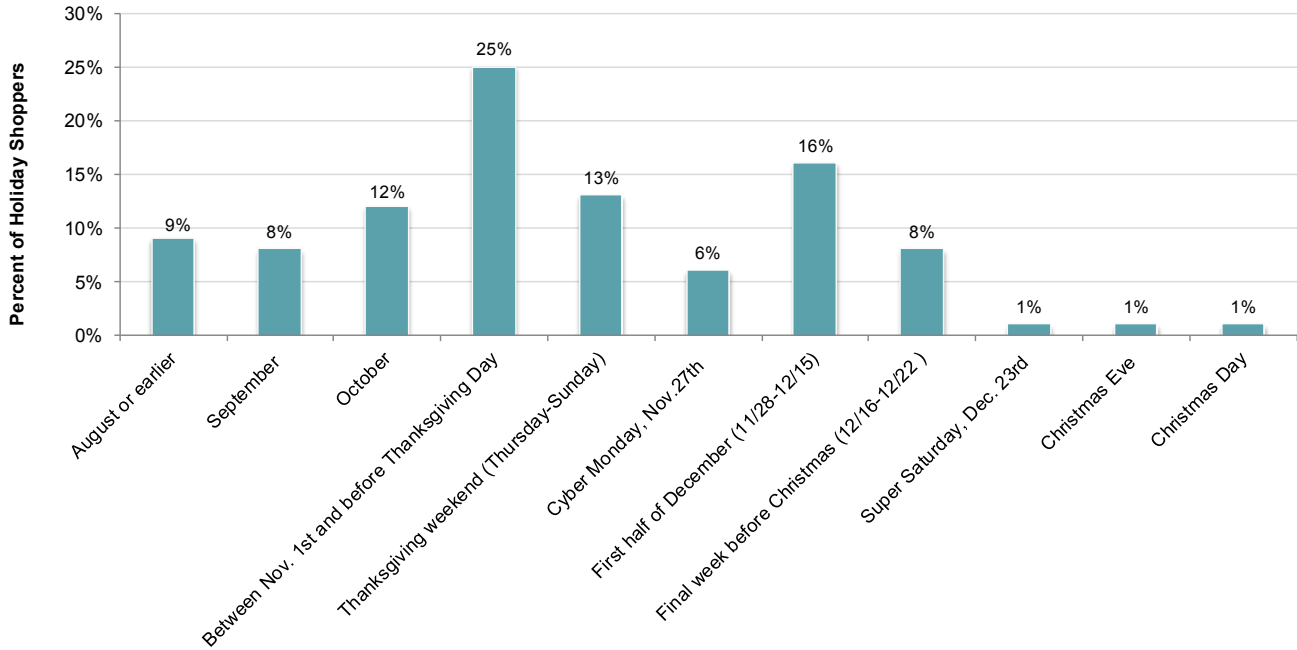


Chart 6:

Just over half of shoppers did not finish buying until the last week/final days before Christmas. About 60% of Gen Xers finished during that time, compared with 50% of millennials and Baby Boomers...

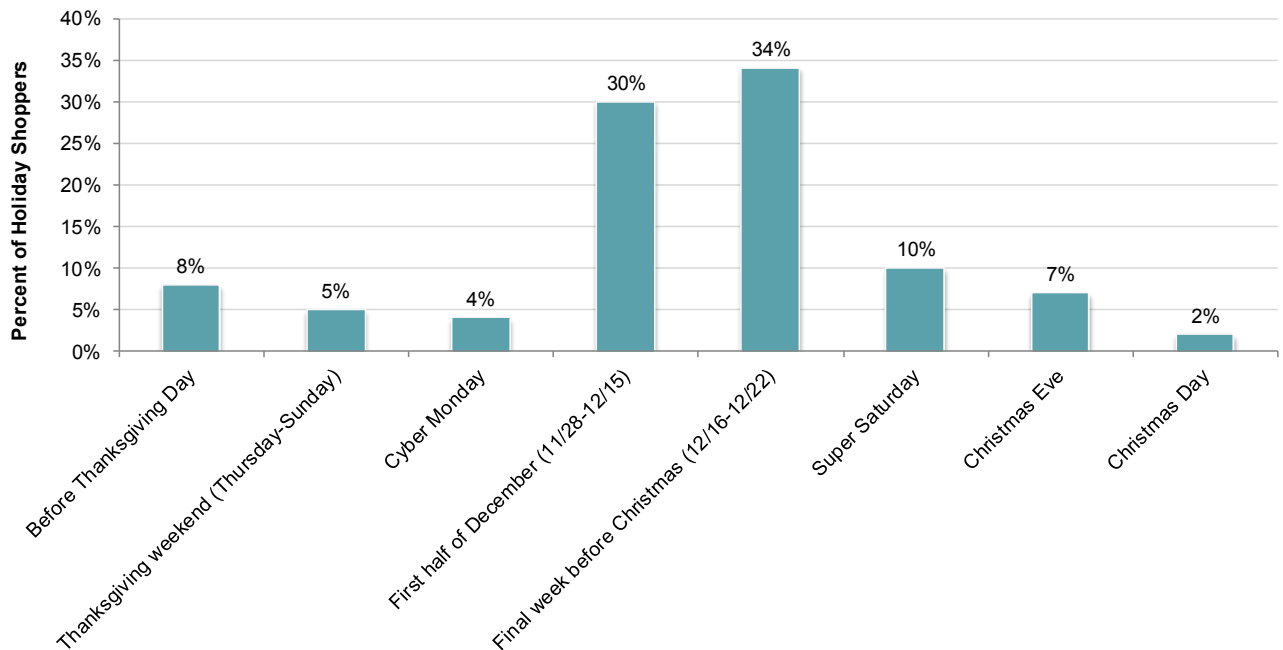
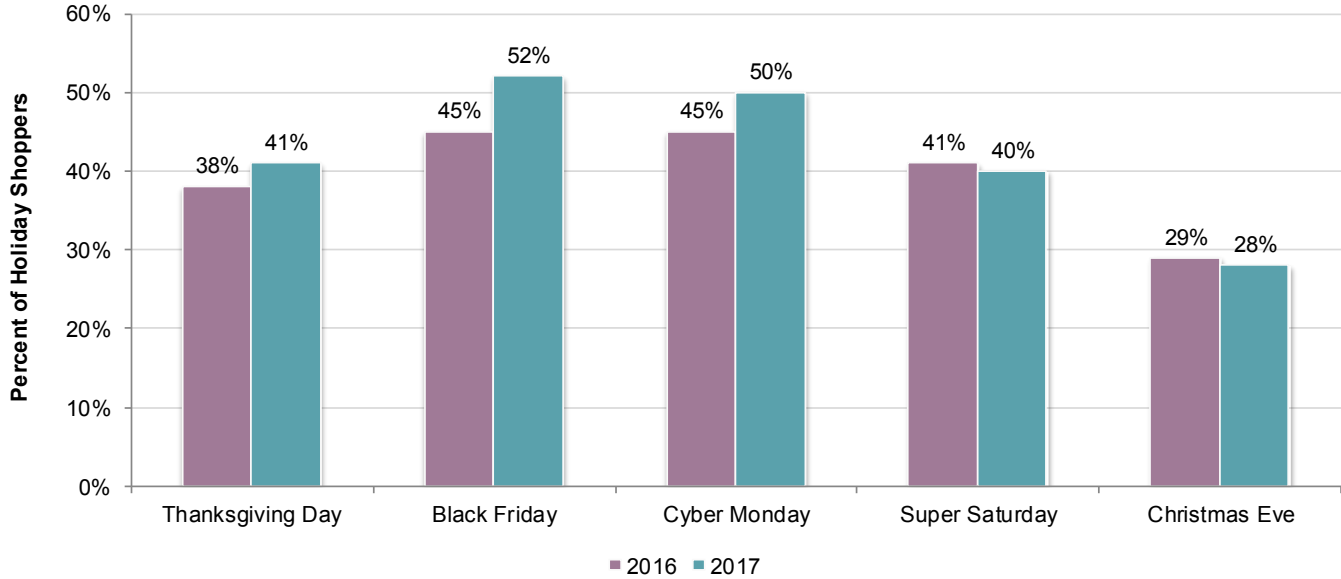


Chart 7:

This year, more shoppers made purchases on Thanksgiving Day, Black Friday and Cyber Monday than in 2016, while nearly the same amount did so on Super Saturday and Christmas Eve...



SECTION D: GIFT CARDS AND DISCOUNT RETAILERS STILL TOP GIFT AND SHOPPING VENUES

Chart 8:

Gift cards remained the number-one gift this holiday season. Apparel/footwear, toys and games as well as food baskets/alcohol were also popular...

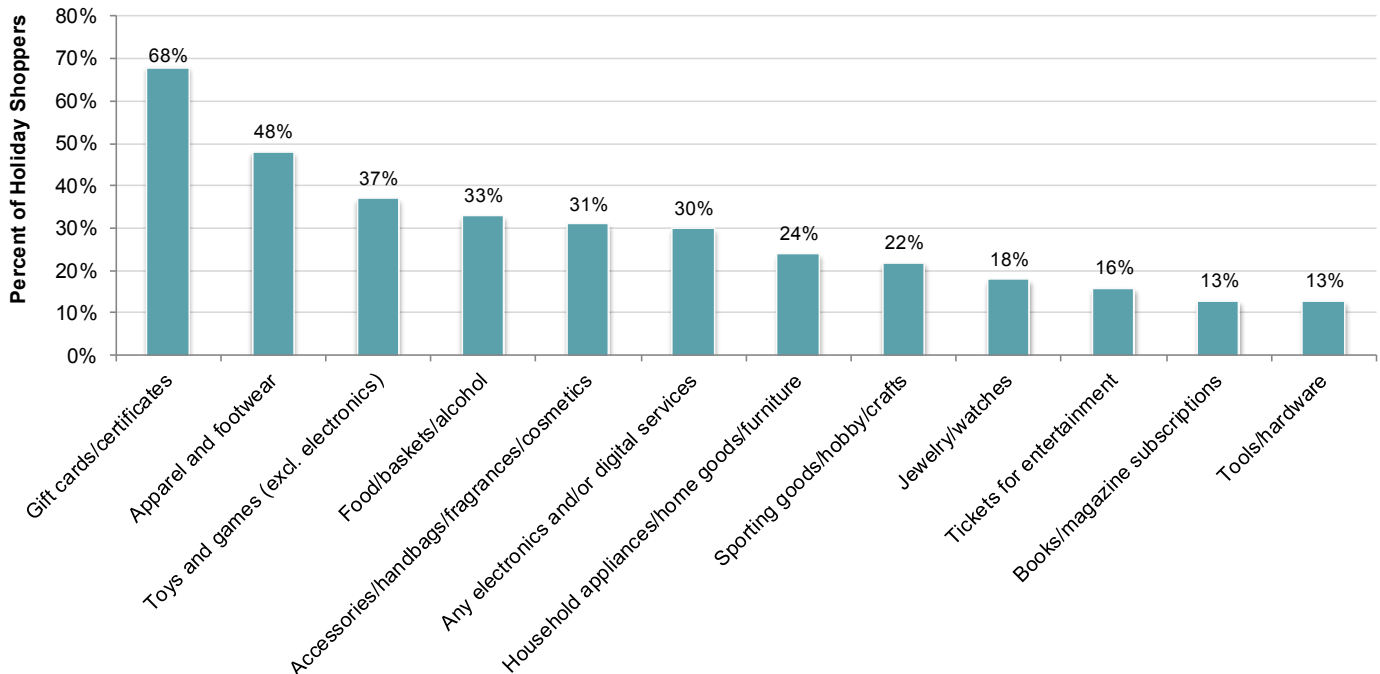
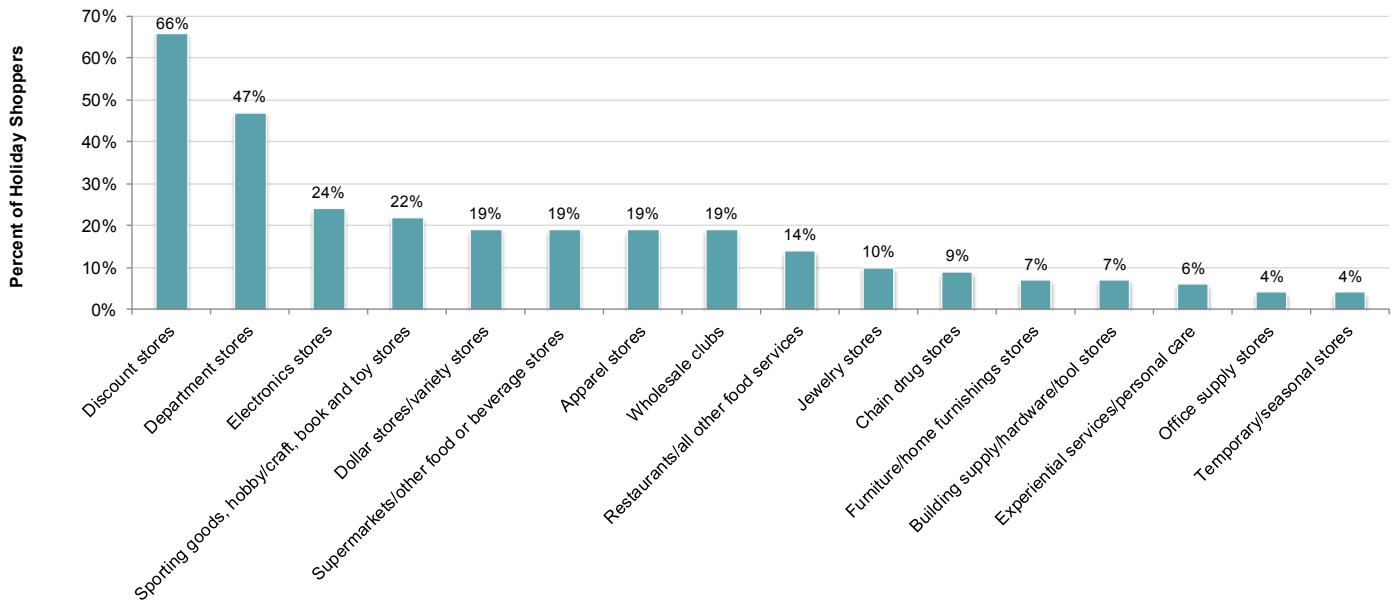


Chart 9:

The top three shopping venues for holiday purchases were discount stores, department stores and electronics stores...



SECTION E: TECHNOLOGY HELPS HOLIDAY SHOPPERS MAKE INFORMED DECISIONS

Chart 10:

There was an overall increase in the percent of shoppers using mobile devices while making holiday purchases in stores this year compared with 2016...

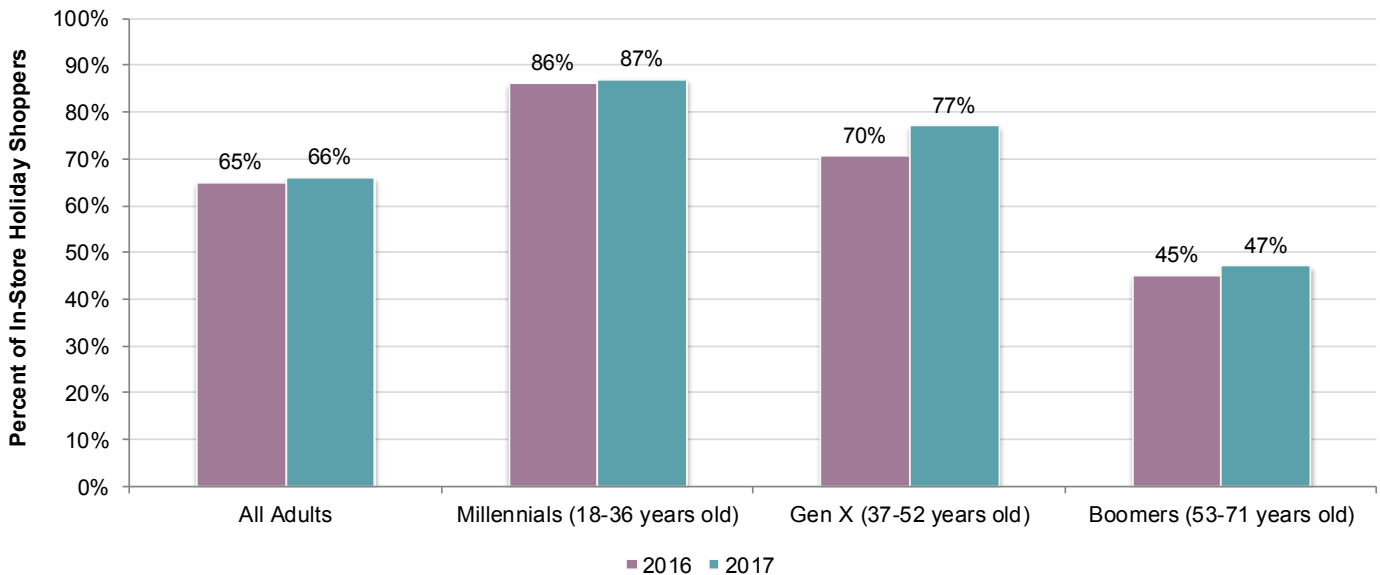


Chart 11:

Comparing prices, checking availability and getting discounts/coupons continued to be the top uses of mobile devices while shopping in stores...

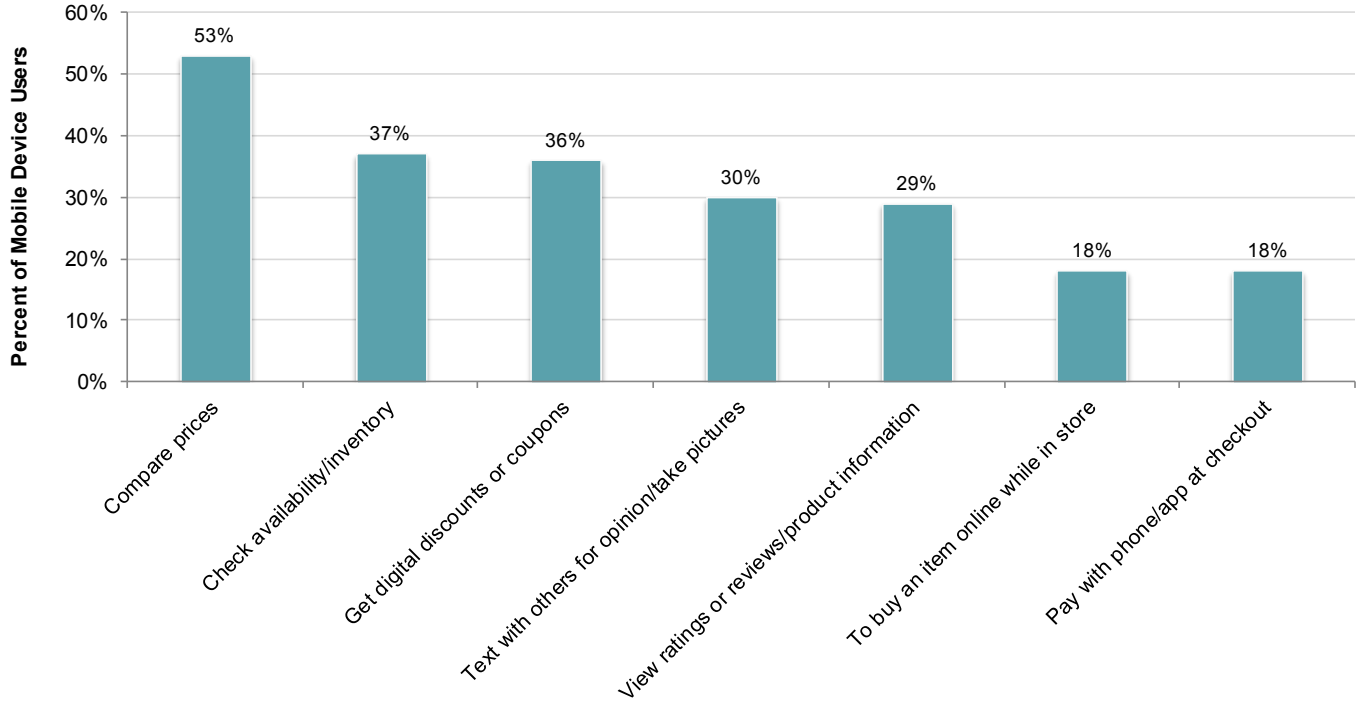
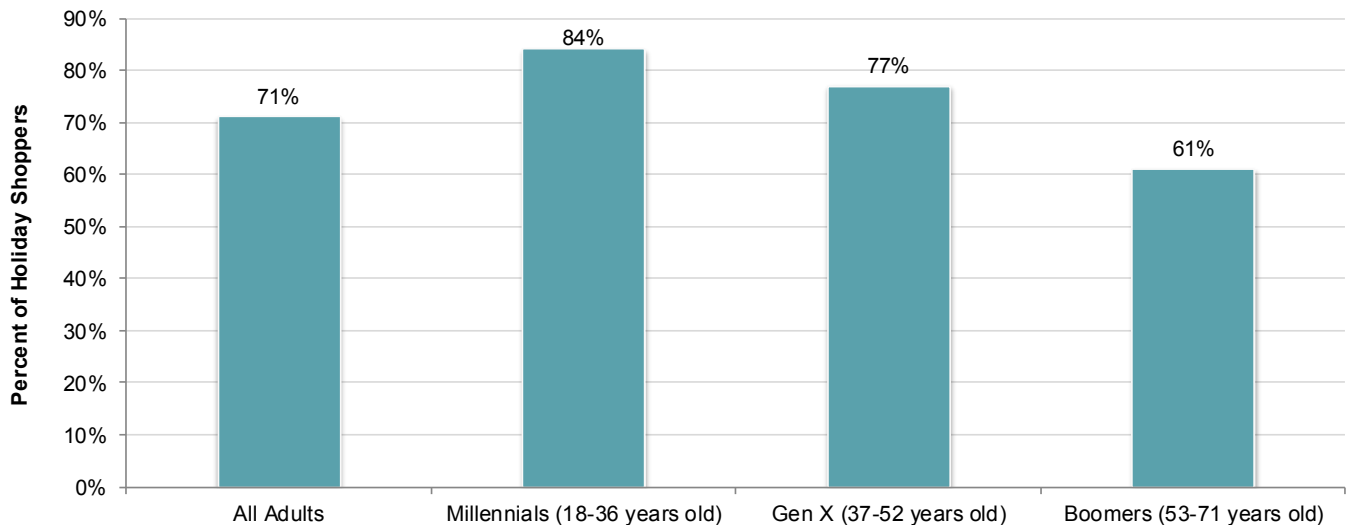


Chart 12:

Nearly three-fourths of holiday shoppers researched online before making purchases in stores. The most popular platforms for that included retailer websites, retailer apps and media websites/gift guides...



SECTION F: PROMOTIONS PLAY SIGNIFICANT ROLE IN HOLIDAY PURCHASES

Chart 13:

About one-quarter (26%) viewed the combined period before Thanksgiving as the best time for holiday deals and slightly less (23%) said December was best...

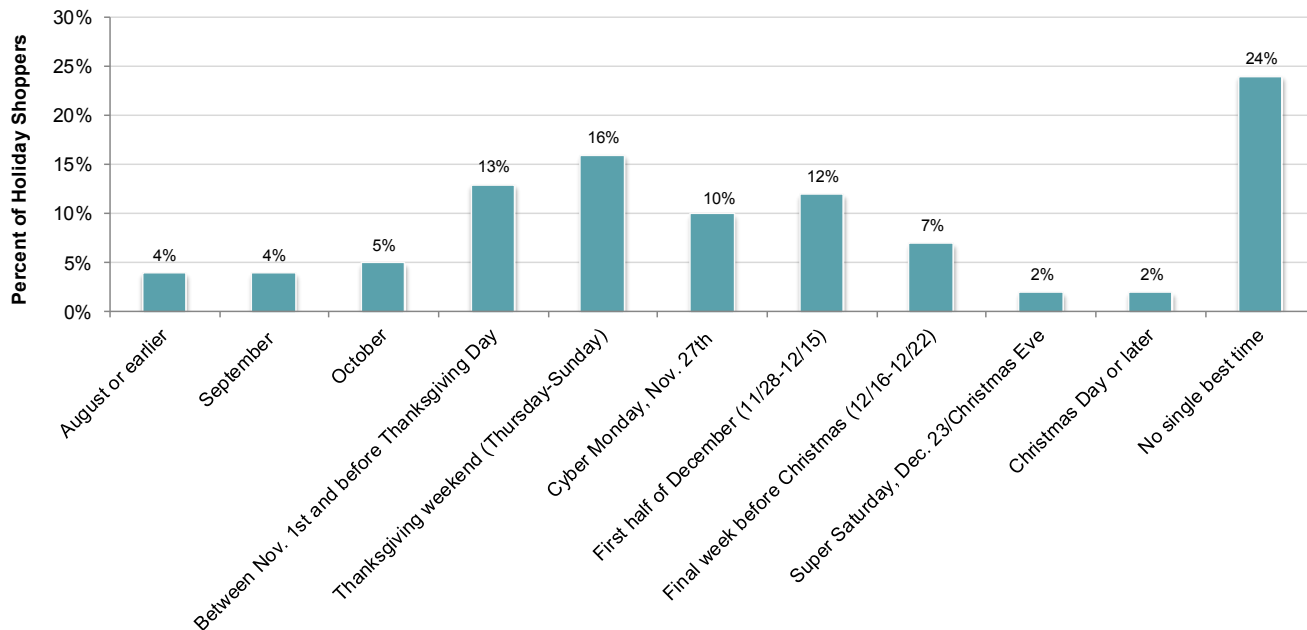
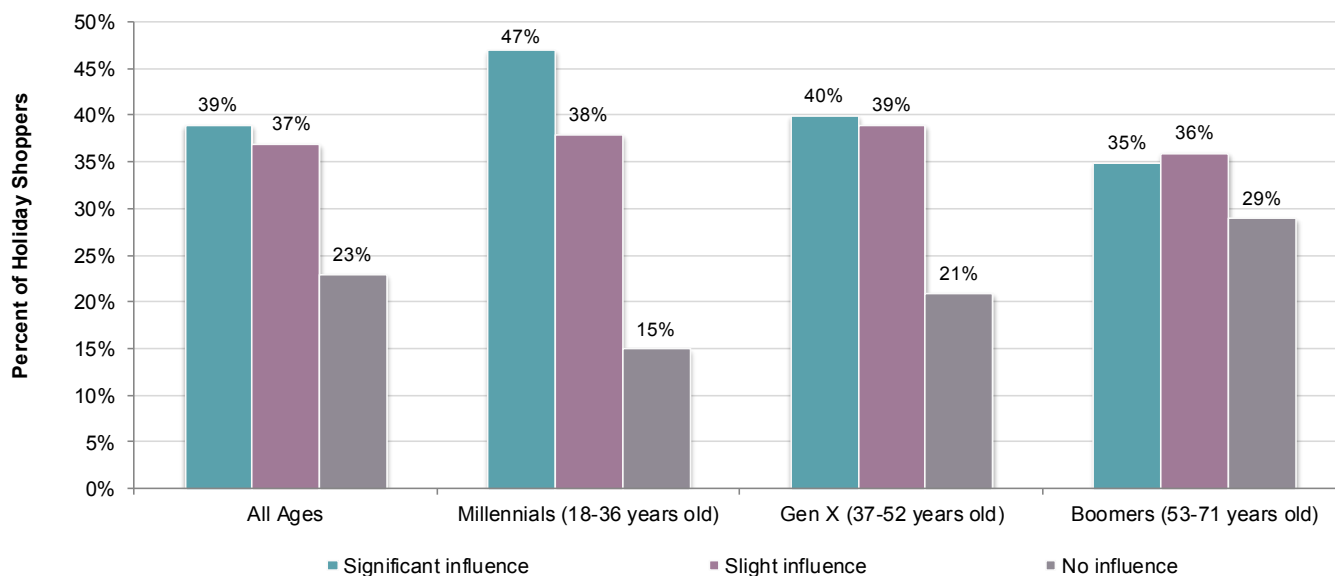


Chart 14:

Promotions had a greater impact on millennials compared with older shoppers, who were less likely to be influenced by deals...



SECTION G: SHOPPING CENTERS SEE MORE VISITORS THIS YEAR

Chart 15:

More adults visited malls and other shopping centers this year between November 1 and Christmas than in 2016...

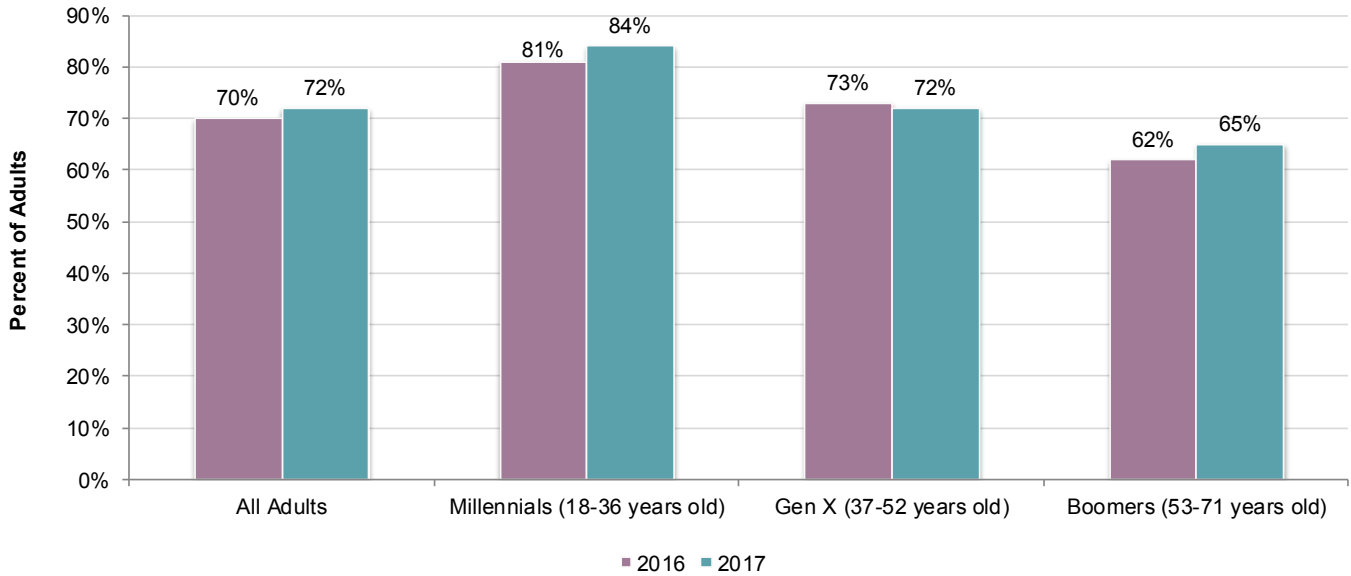
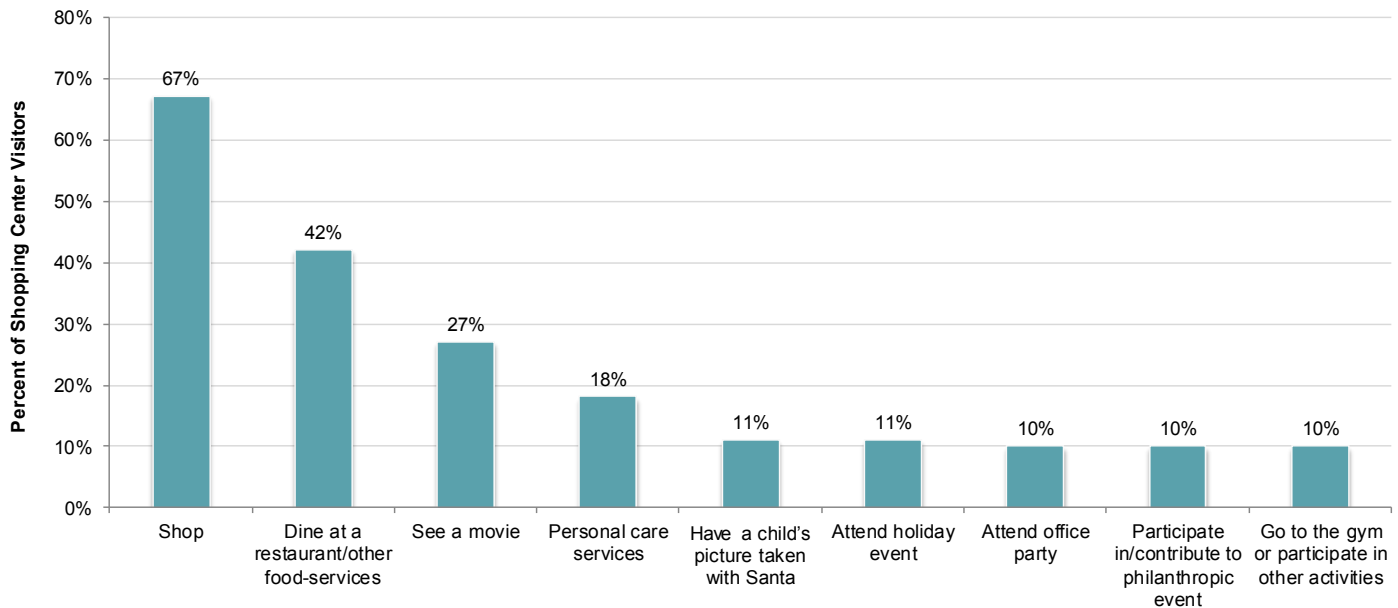


Chart 16:

Shopping center visitors not only shopped, they also dined, saw movies and used personal care services...



SECTION H: GIFT CARD RECIPIENTS TO SHOP WELL INTO 2018

Chart 17:

Over half of adults in the U.S. received gift cards during the holiday season, a slightly higher share than received them in 2016 (51%)...

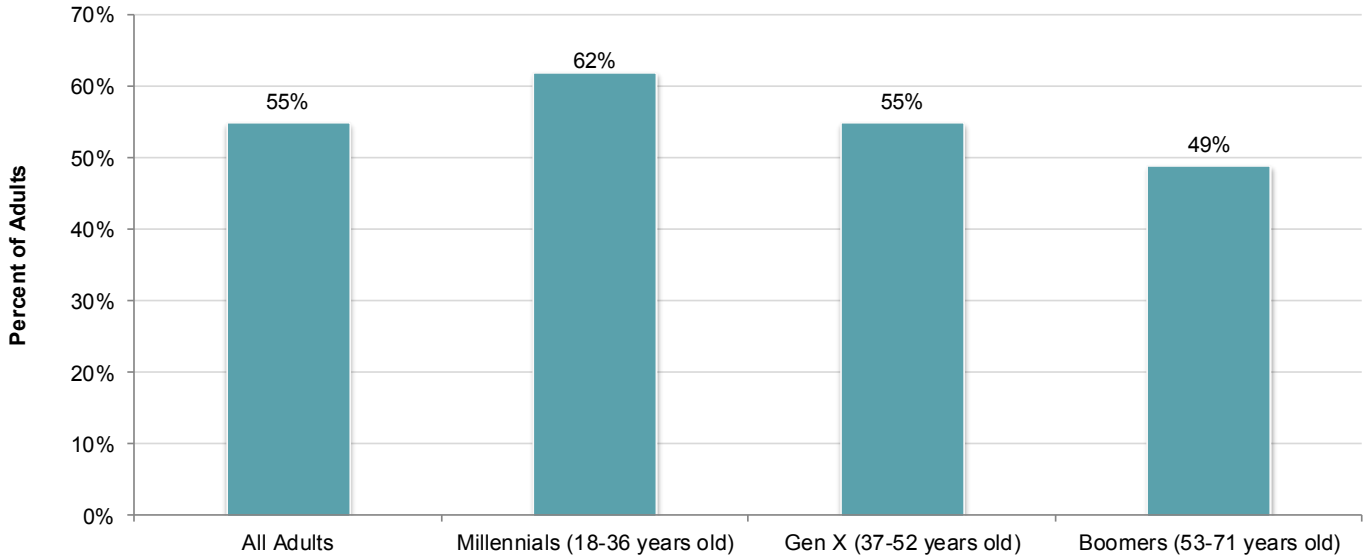
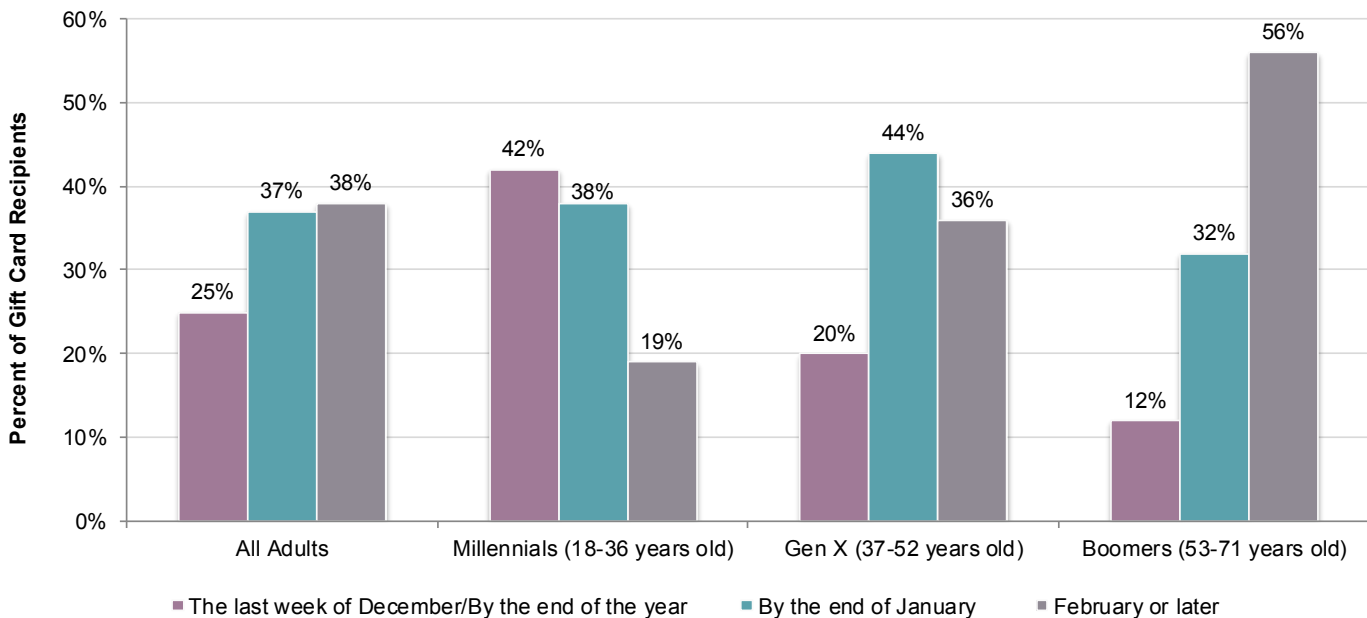


Chart 18:

Two-fifths (42%) of the youngest gift card recipients fully redeemed them during the last week of 2017. Older recipients, particularly Baby Boomers, plan to fully redeem them later on...



SECTION I: ADDITIONAL HOLIDAY SHOPPER INSIGHTS

Table 5:

Higher shares of holiday shoppers agreed that they were more likely to buy additional items (either unintended or non-holiday) when shopping in stores than when shopping online. Additionally, for more than half of shoppers, purchasing online merely complements shopping in stores and is not a replacement for buying at brick-and-mortar locations...

	Percent of Holiday Shoppers in Agreement With Each Statement			
	All Respondents	Millennials (18-36 years old)	Generation X (37-52 years old)	Baby Boomers (53-71 years old)
When shopping for holiday gifts and/or other holiday items in a store, I tended to also buy additional items in the same store, that I had not planned or were unrelated to the holidays.	68%	73%	73%	63%
The shopping I did online for holiday gifts and/or other holiday items was more complementary to shopping in stores rather than purely replacing in-store shopping.	56%	70%	56%	45%
I was more willing to shop at and/or purchase from new/different retailers (in store or online) that I was less familiar with during the holiday season than other times throughout the year.	52%	64%	56%	40%
When buying online from a retailer during the holiday season, it was important for that company to also have a physical store presence.	52%	64%	49%	44%
Compared with other times of the year, it was much more important that the retailers I bought from online during the holiday season also had a physical store presence.	52%	68%	47%	43%
When shopping for holiday gifts and/or other holiday items online, I tended to also buy additional items from the same website that I had not planned or were unrelated to the holidays.	50%	68%	50%	38%

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