



2024

# Consumer Holiday Spending Study

TSG and the **Electronic Transactions Association (ETA)** conducted a survey consisting of 992 consumers in the U.S. to understand how payment method preferences, spending habits, and consumer sentiment have shifted this holiday season.

The survey was conducted between October 1, 2024 and October 9, 2024. The survey represents consumers across demographics such as state, gender, age, and household income. The margin error is +/-3% at a 95% confidence level.





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# *Background & Executive Summary*





# Background

*TSG + ETA Fourth Annual Consumer Holiday Spending Survey*

TSG and the **Electronic Transactions Association (ETA)** conducted their 5th annual Consumer Holiday Spending Survey this year with the goal of tracking consumer adoption of newer payment options, such as Buy Now, Pay Later (BNPL), digital wallets, and cryptocurrency, as well as gauging consumer holiday spending habits and concerns about economic conditions.

2021 Consumer Holiday Spending Report

2022 Consumer Holiday Spending Report

2023 Consumer Holiday Spending Report





# Key Research Areas



## Payment Method Usage

We asked respondents how often they use a variety of payment methods and platforms used for digital wallets, Buy Now Pay Later (BNPL), and 1-click accounts. Respondents' comfortability relying on digital wallets and generational differences in adoption can also be found in this report.

## Holiday Shopping

Respondents were asked about spending comparisons to last year's shopping and top areas of concern for their holiday spending this year. To give an idea of how much shopping is left to do, early spending habits were also examined.

## Economic Conditions

We asked respondents about the economic constraints they anticipate encountering this year and how that may or may not affect the amount they plan to spend during the holidays. Consumers were asked to provide total spend amounts and attitudes towards budgeting.

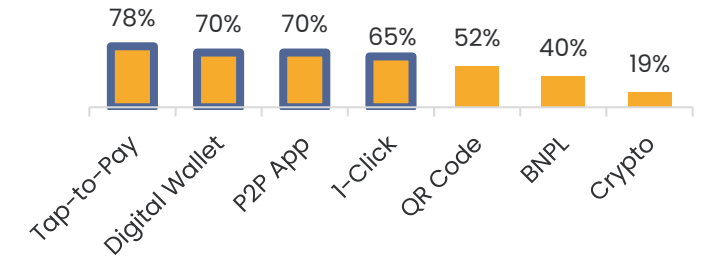
# Executive Summary

## Key Findings

### Payment Method Usage

- **Emerging Payment Method Usage:** Curiously, usage of digital wallets declined year-over-year, while Tap-to-Pay remained steady. In exchange for declines in digital wallets, usage of BNPL grew from 2023 to 2024.
- **Generational Differences:** Younger generations have a firmer grasp on newer payment methods than older generations, especially P2P applications, 1-click accounts, and BNPL.

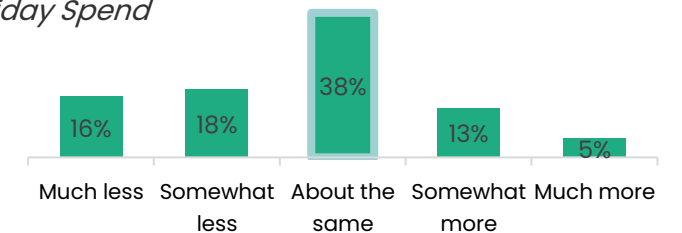
Adoption



### Holiday Shopping

- **Spending Plans:** Most consumers plan to spend about the same this year as they did last year. More folks plan to spend less than those who plan to spend more, indicating a conservative approach to spending.
- **Shopping Features:** For online shoppers, free and fast shipping is likely to draw their attention. Shoppers will also be looking for easy and convenient ways to pay using their favorite payment methods.

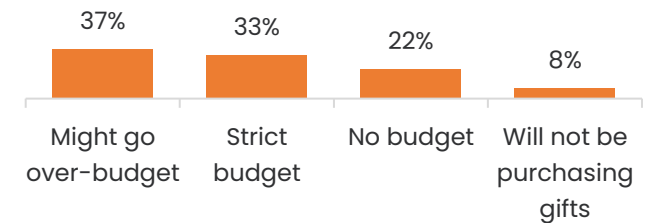
Holiday Spend



### Economic Conditions

- **Holiday Shopping Concerns:** Shoppers identify rising costs as the #1 concern again this holiday season, which will affect the affordability of gifts and keep consumers' minds on managing their budgets.
- **Budgeting:** A few consumers will elect not to shop for holiday gifts this year. 70% plan to make a budget, but most of those consumers admit that their actual spend will go over-budget this year.

Budgeting



# Takeaways for Acquirers

*Arm your merchants with the technology they need to be successful this holiday season*

**Merchants will need more support from acquirers than ever before to meet emerging consumer payment demands. Below are some things you can do to help.**

**1. Highlight your value-added services**

- Consumers want ways to extend their budgets this year – to meet demand, merchants may be looking for options to enable Buy Now, Pay Later, as well as other types of financing solutions.

**2. Encourage merchants to leverage reporting tools to understand their customers' payment preferences and consider new payment options to meet demand**

- The checkout experience matters! More and more, consumers have clear preferences around the payment options they want to use. For example, the popularity of Apple Pay has increased over last year.

**3. Ensure merchants are armed with quality risk and fraud tools**

- Chargebacks and friendly fraud may increase during the holidays. Make sure merchants are prepared to detect risky sales and unusual payment patterns.

**4. Offer merchants a variety of sales channels**

- 54% of consumers are worried about wasting gas due to in-person shopping and will be wanting to explore other options to shop.

**2024 Holiday Forecast:**

Although consumers will likely budget conservatively, many are prepared to over-spend on their initial goal. This bodes well for revenue generation for acquirers as well as merchants this holiday season.



# *Payment Method Use*



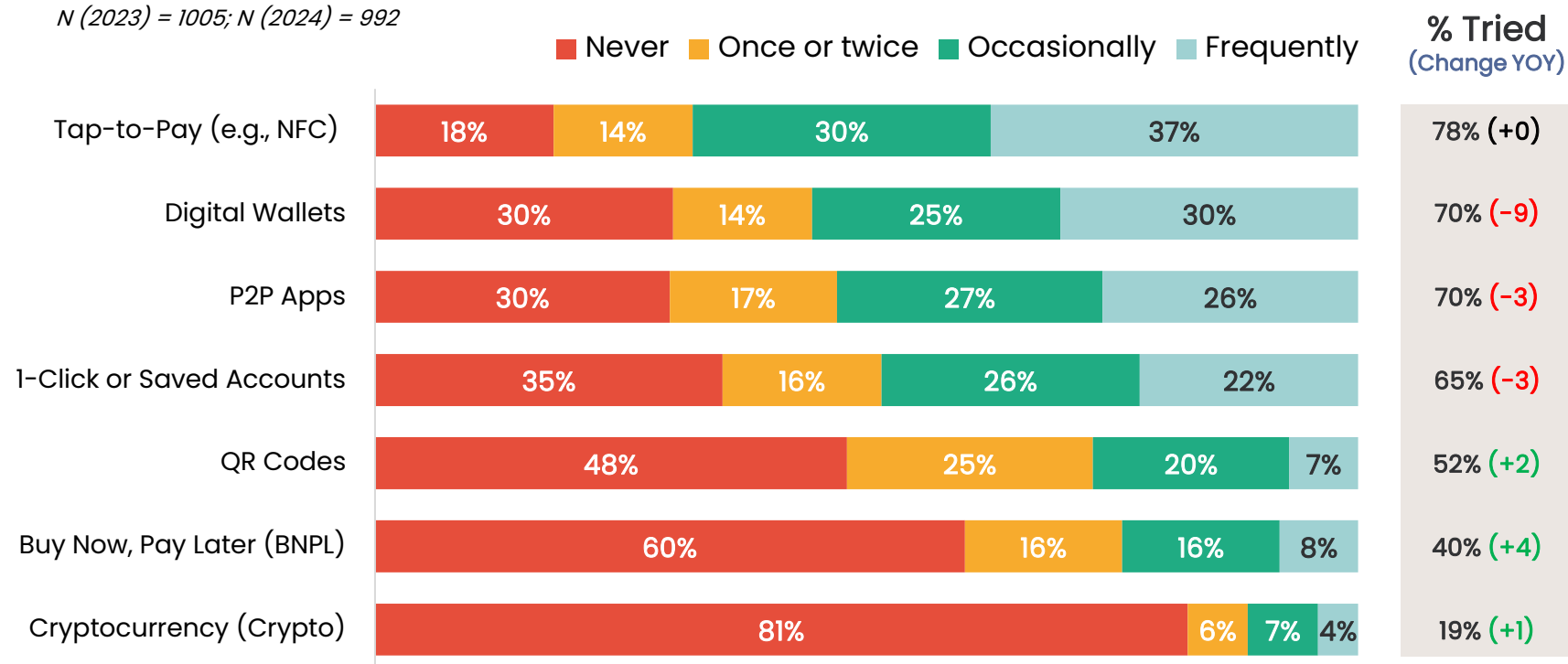


# Newer Payment Methods

Usage of BNPL is growing

Have you tried any of the following newer payment methods in the past year?

N (2023) = 1005; N (2024) = 992



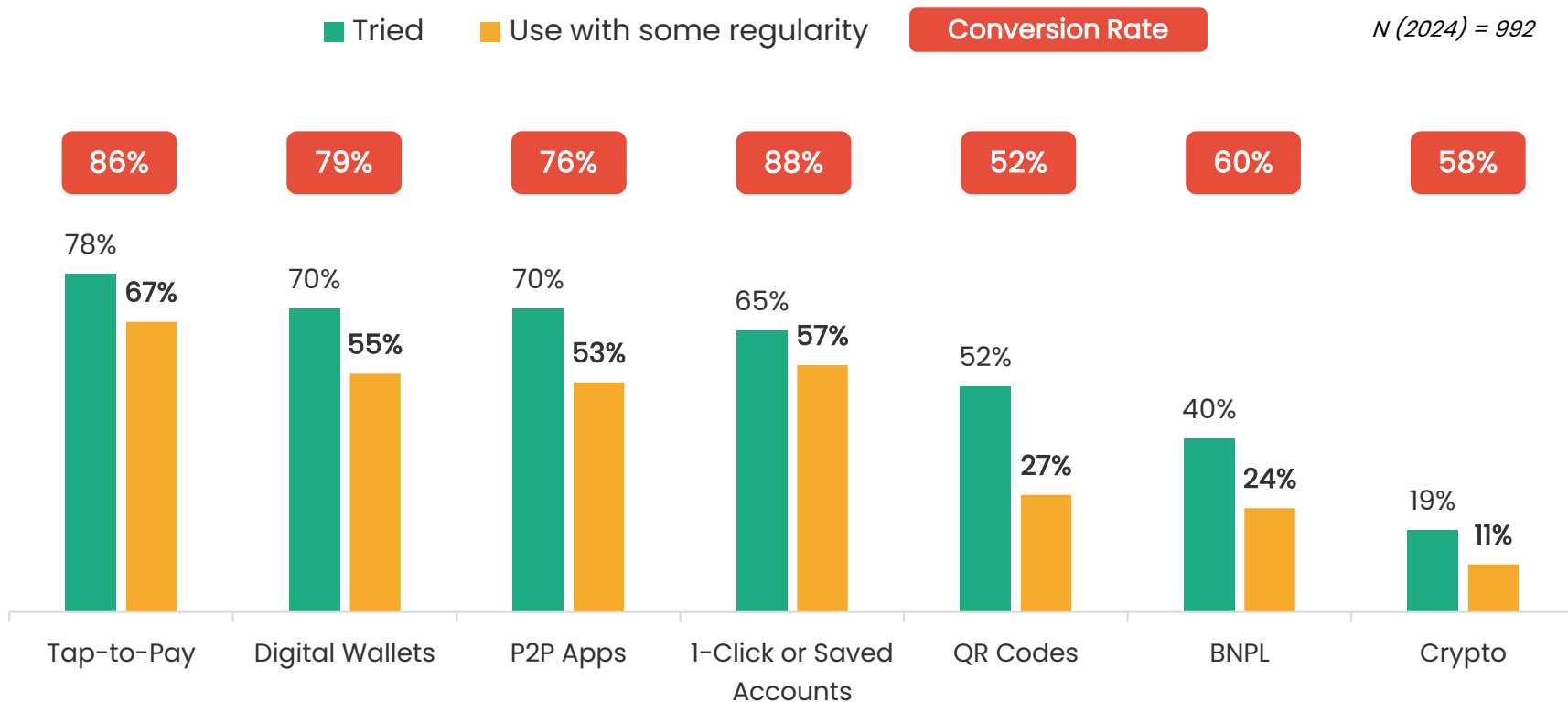
## Key Insight

Use of digital wallets dipped a little from last year, while Tap-to-Pay use plateaued. P2P Apps and 1-click accounts, QR codes and cryptocurrency saw little change in usage YoY, while BNPL usage saw modest gains as consumers strapped for cash grasp at the small lines of credit to extend their budgets. Altogether, usage of payment methods remained stable compared to previous years.

# Newer Payment Methods Conversion

Once tried, 1-click accounts and Tap-to-Pay have the greatest likelihood of being permanently adopted

Have you tried any of the following newer payment methods in the past year?



## Key Insight

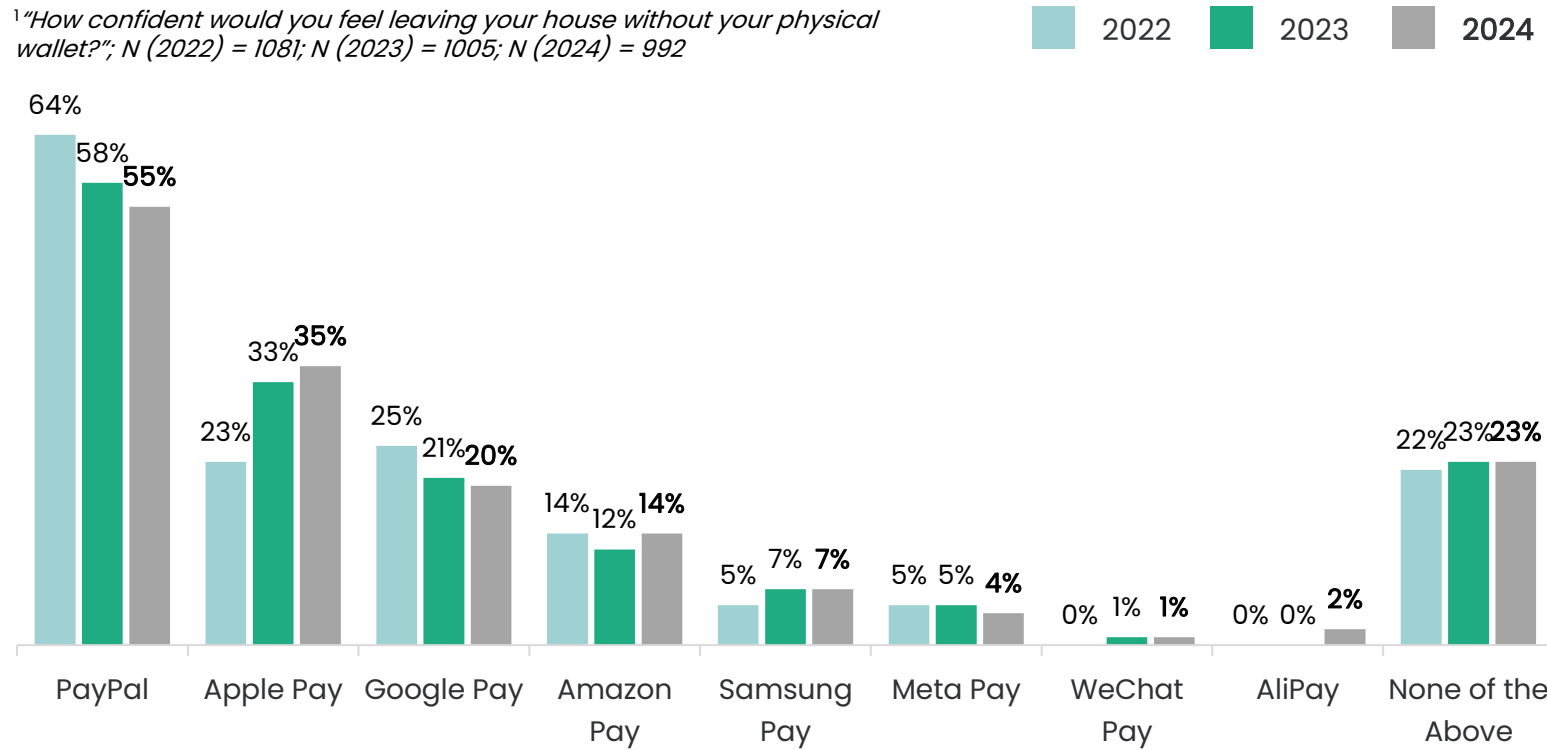
Conversion rates are highest for Tap-to-Pay, 1-click accounts, digital wallets, and P2P apps, meaning adoption will continue to grow for these payment methods, including contactless payments. QR codes, BNPL, and Crypto conversion rates are between 50-60%, indicating that current adoption of these payment methods are likely to remain stable with chances of small growth over the short-term.

# Digital Wallet Use

Apple Pay usage increasing, while PayPal experiences declines

## Which of the following digital wallets do you currently use?

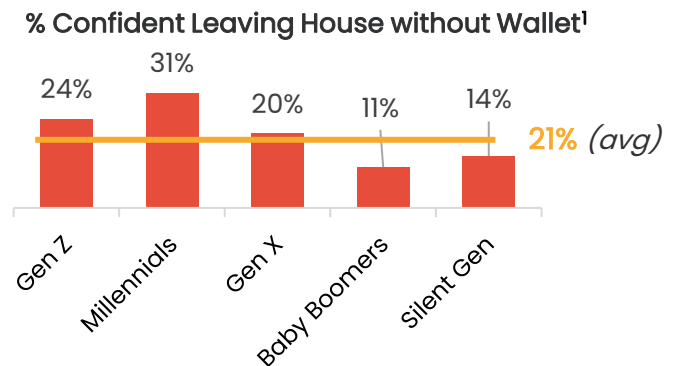
<sup>1</sup>“How confident would you feel leaving your house without your physical wallet?”; N (2022) = 1081; N (2023) = 1005; N (2024) = 992



## Key Insight

Adoption of Apple Pay continues to grow year-over-year and showed strong adoption growth from 2022 to 2023 (10%). PayPal continues to be the most popular digital wallet despite small declines in usage.

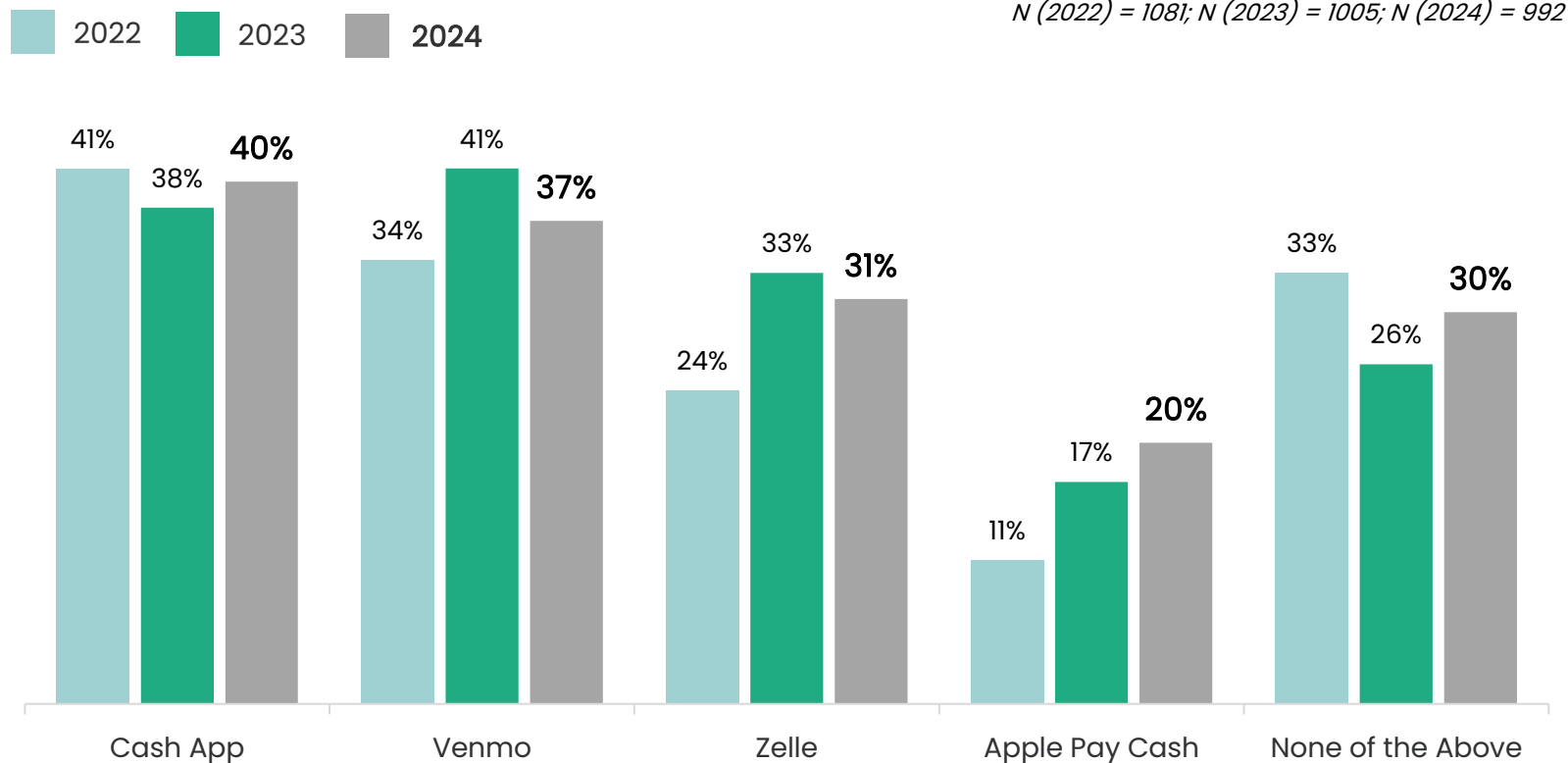
Not surprisingly, younger generations indicated more comfortability leaving the house with only their digital wallet in-hand, compared to older generations. This is especially true of Millennials.



# P2P Application Use

*This year, Cash App wins over Venmo with top usage of any P2P application*

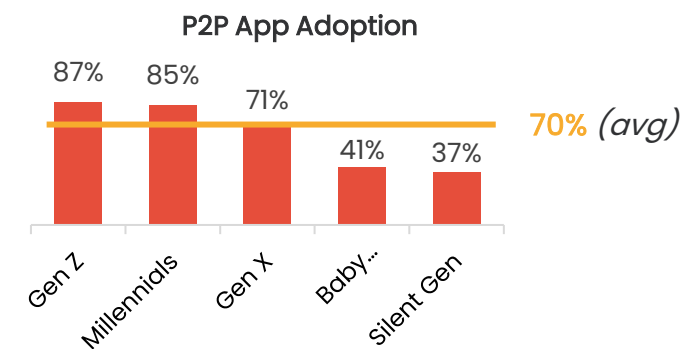
Which of the following person-to-person (P2P) apps do you currently use?



## Key Insight

The number of consumers using P2P applications decreased slightly from 74% in 2023 to 70% in 2024. Use of Venmo declined 4%, with other year-over-year changes negligible.

Generationally, less than half of Baby Boomers and the Silent Generation use P2P applications, compared to 71% or more of younger generations.



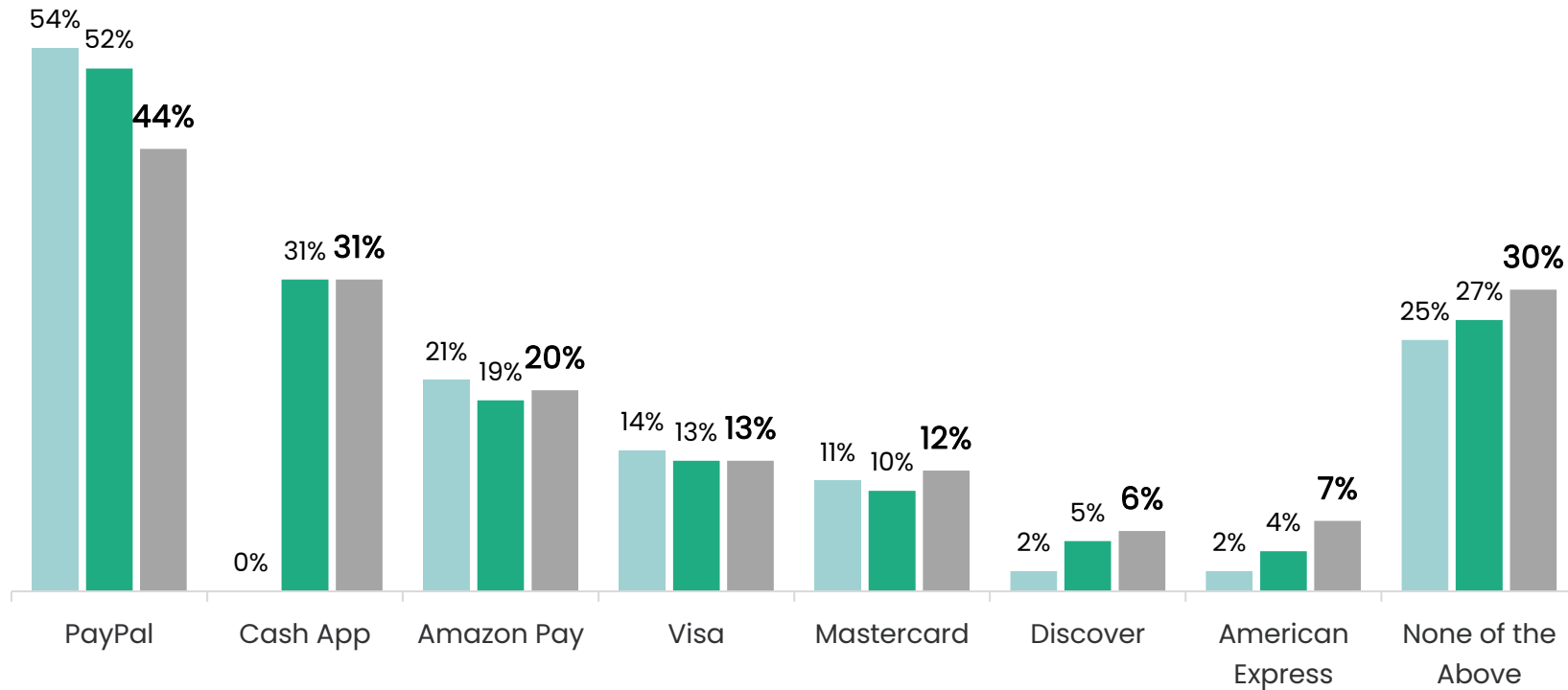
# One-Click Account Use

*1-click or saved accounts used heavily by Gen Z and Millennials*

Which of the following 1-Click or Saved Accounts do you currently use?

2022 2023 2024

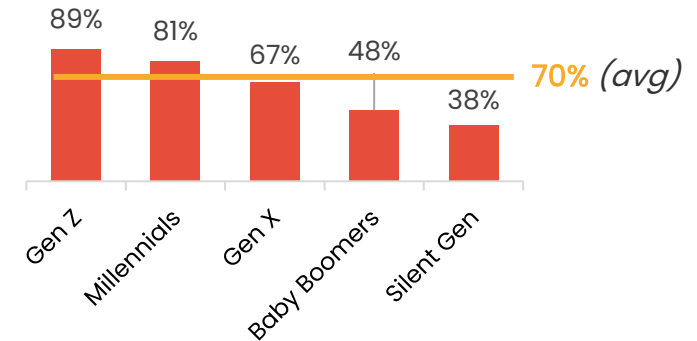
N (2022) = 1081; N (2023) = 1005; N (2024) = 992



## Key Insight

Significant movement in 1-click usage rates included a noteworthy decrease for PayPal (-8%). 1-click adoption rates are high, especially for Gen Z and Millennial shoppers. Adoption drops lower than average for Gen X falls sharply for Baby Boomers and the Silent Generation.

### 1-Click Account Adoption



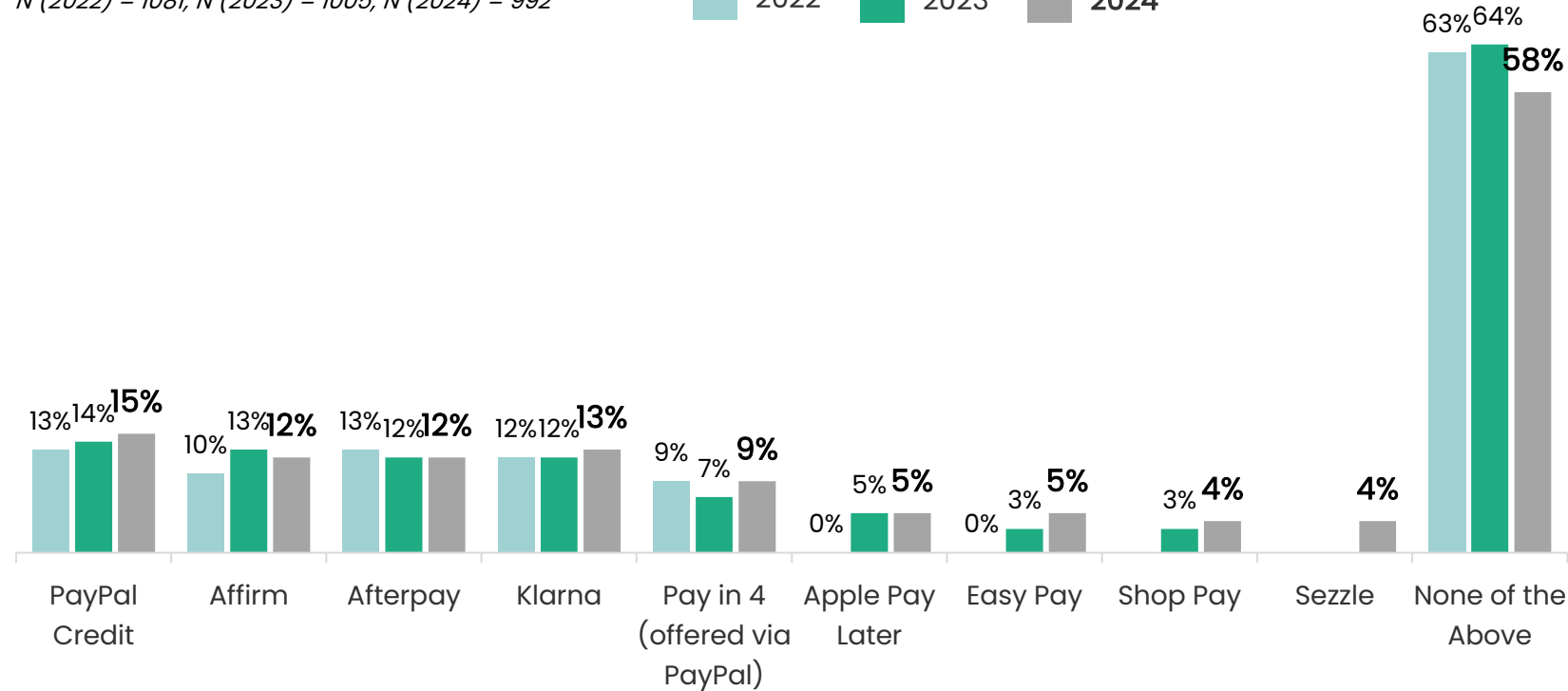
# Buy Now, Pay Later Use

BNPL usage driven by Gen Z and Millennial spending

Which of the following 'Buy Now, Pay Later' options do you currently use?

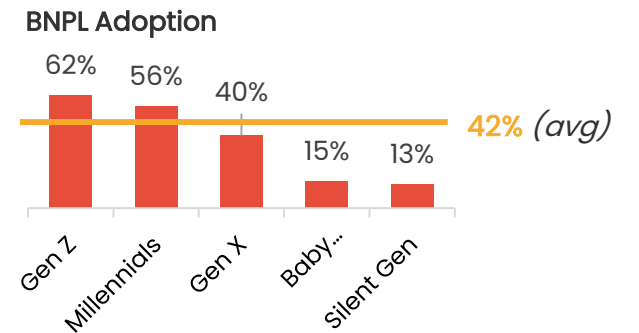
N (2022) = 1081; N (2023) = 1005; N (2024) = 992

2022 2023 2024



## Key Insight

BNPL usage has been consistent over the past year. 42% of consumers use BNPL, an increase of 6% from 2023. This increase can be attributed to younger consumers, as Gen Z and Millennials saw usage rates above 50%.





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# *Holiday Shopping Trends*

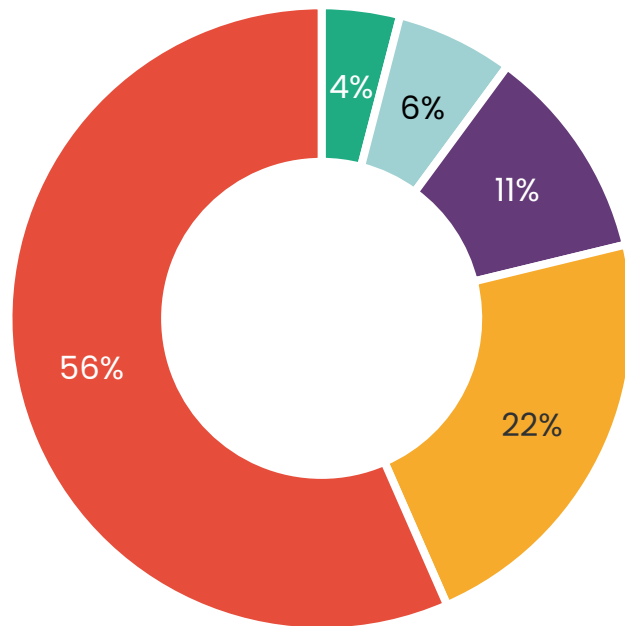


# Early Holiday Shopping

46% of consumers began shopping early this holiday season

How much of your total gift shopping would you say you have completed as of today?

N (2024) = 992



## 46%

Of shoppers have begun their holiday shopping as of *October 2024*

- I am completely finished
- I am more than halfway finished
- I am halfway finished
- I am less than halfway finished
- I have not started

### Key Insight

As of October, 56% of shoppers are waiting to start their holiday shopping, 40% have started shopping, and only 4% are finished shopping for gifts. Early shopping behavior is consistent with last year's survey results.



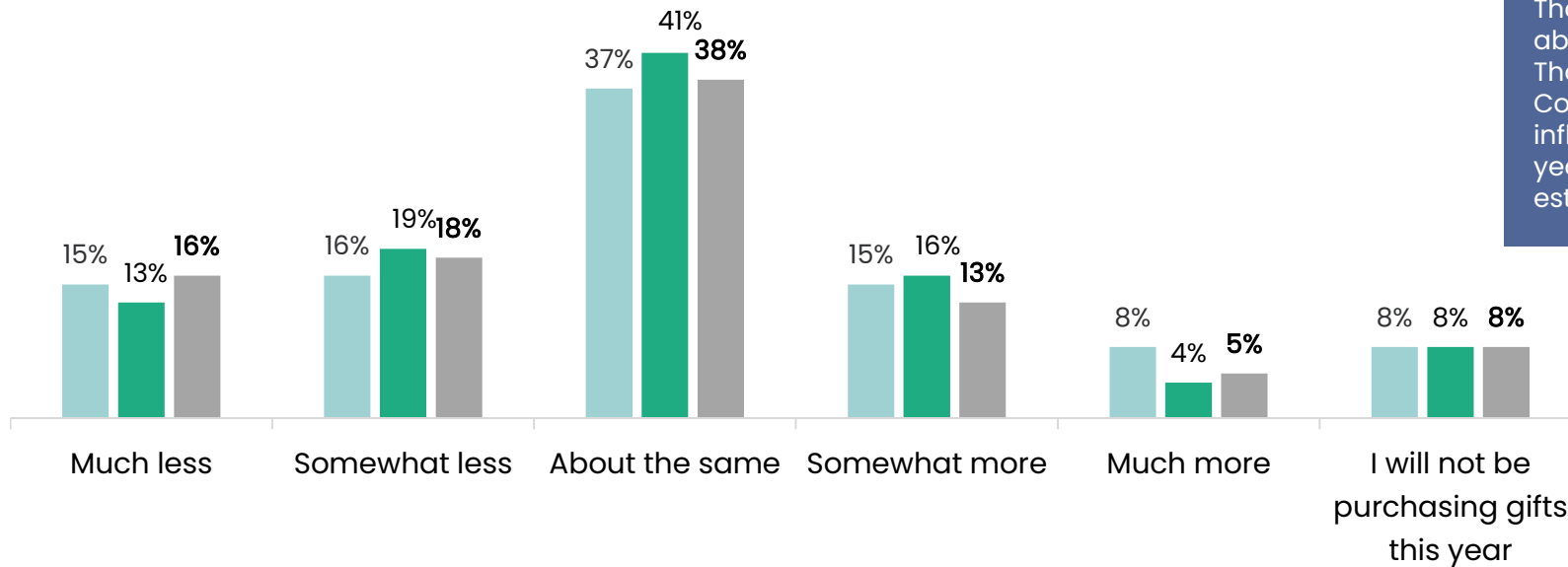
# Annual Holiday Spending Comparison

2024 saw shoppers' spending habits plateau amid lingering economic pressure

Do you think you will spend more, less, or about the same as you did last year?

N (2022) = 1081; N (2023) = 1005; N (2024) = 992

2022 2023 2024



## Key Insight

The amount of shoppers planning to spend less or about the same compared to last year plateaued. Those planning to spend more decreased slightly. Consumer qualms about economic pressures like inflation likely have not changed much from last year to this year, and thus total holiday spend is estimated to be similar.

**72%**  
Plan to *Spend Less or the Same*  
2023: 73%  
2022: 68%  
2021: 71%

**18%**  
Plan to *Spend More*  
2023: 20%  
2022: 23%  
2021: 30%

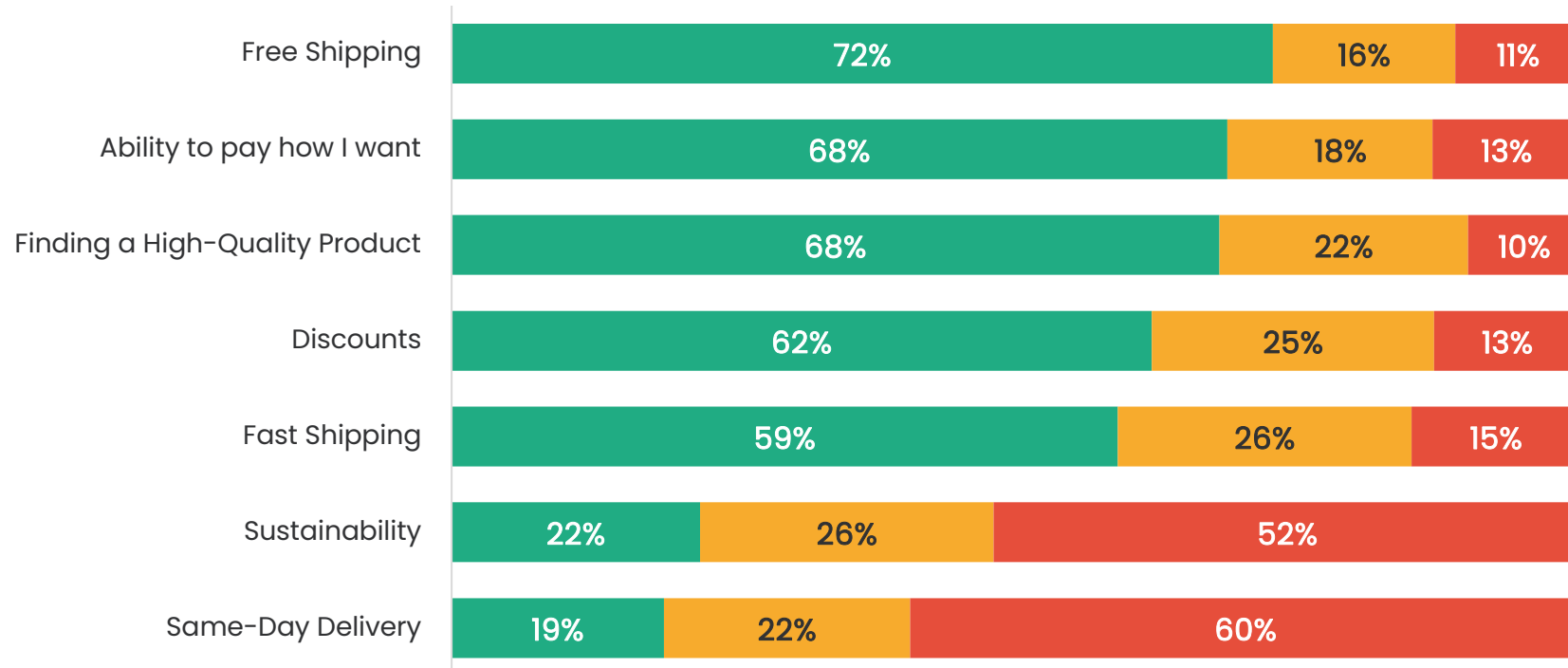
# Holiday Online Shopping Features

Shoppers want free shipping offers and to see their favorite ways to pay at retailers

How important are the following items to you when making an online gift purchase?

■ % Very or Extremely Important    ■ % Moderately Important    ■ % Slightly or Not At All Important

N (2024) = 992



## Key Insight

Must-haves for shoppers include free shipping on orders, being able to pay exactly how I want, high-quality products, discounts on items, and fast shipping. This means shoppers will likely spend their time searching for deals, monitoring payment methods, and prioritizing merchants with free and fast shipping.



# *Economic Conditions*



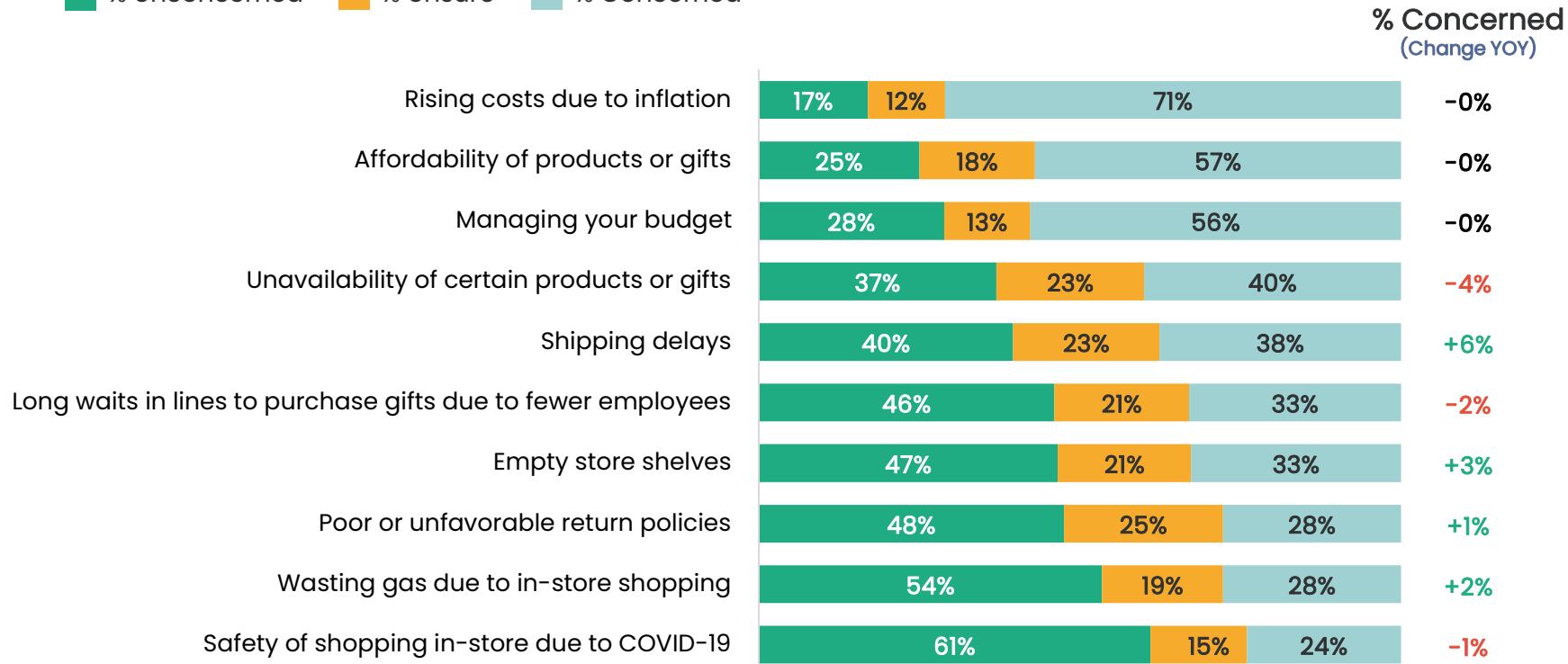
# Potential Shopping Deterrents

Consumers are more worried this year about shipping delays

## How are consumers feeling this holiday season?

N (2023) = 1005; N (2024) = 992

■ % Unconcerned ■ % Unsure ■ % Concerned



### Key Insight

Economic concerns are still top-of-mind for most shoppers. Shoppers are less concerned about availability of gifts this year compared to last year, and exchanged that concern with concerns over shipping delays. Shipping times seem to be top-of-mind for the online shopping channel.

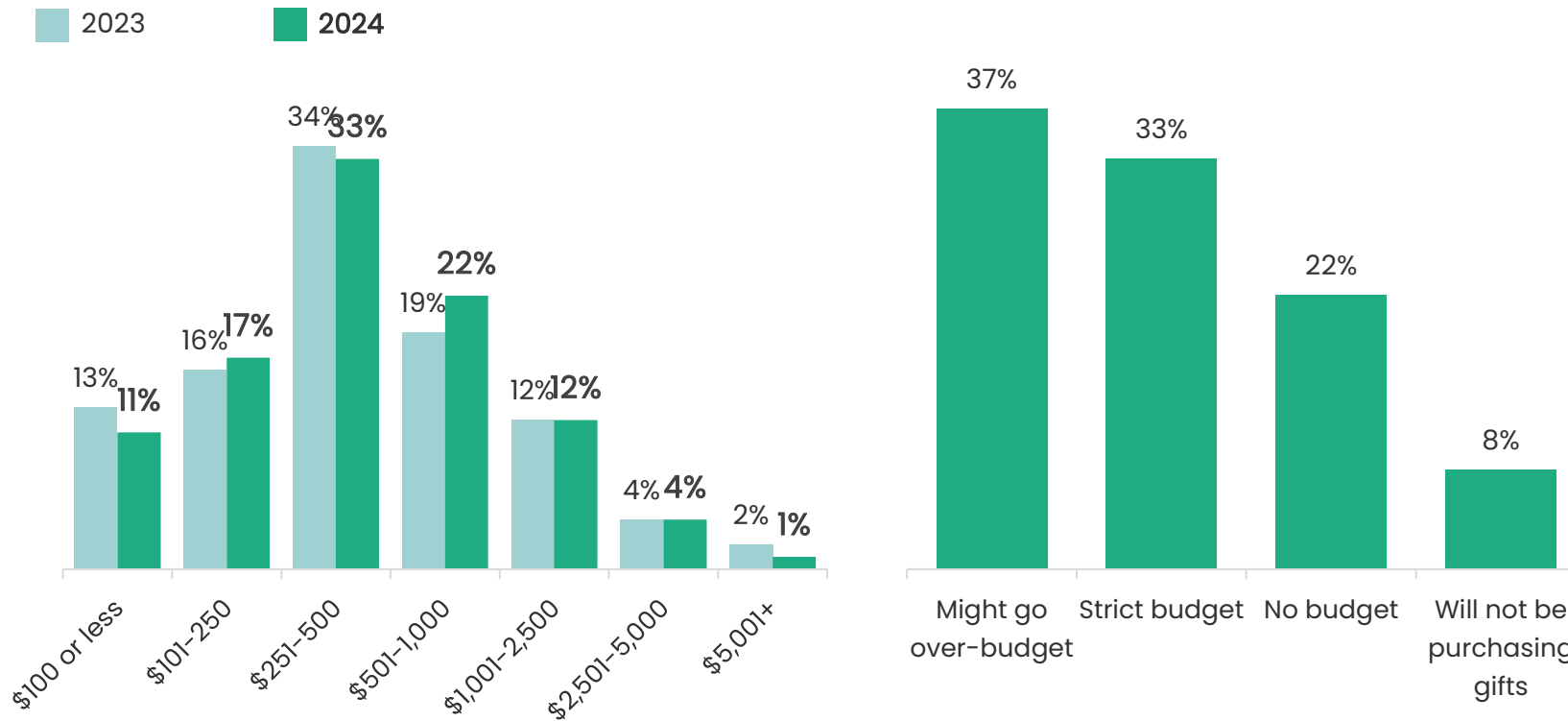
# Holiday Spending Amounts

37% of consumers may overspend on gifts this year

## How much do you plan to spend this holiday season?

<sup>1</sup>"Do you plan to make a budget for your holiday shopping this year?"

N (2023) = 1005; N (2024) = 992



### Key Insight

A majority of shoppers plan to spend between \$250 and \$500 on gifts this year, similar to last year. However, more than a third of consumers admitted that their budget is flexible.




# *Demographics*



# Shopper Demographics

*This survey captured a sample of 1,005 U.S. shoppers*


## Shopper Regional Analysis

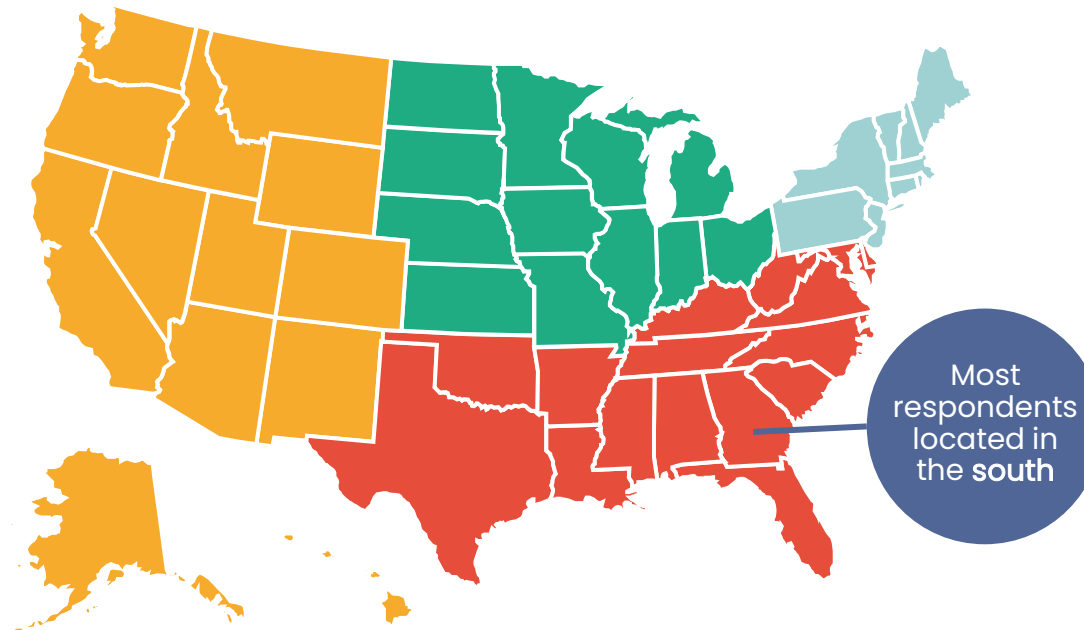
 Only U.S. consumers were surveyed

 West – 17%

 Midwest – 22%

 Northeast – 26%

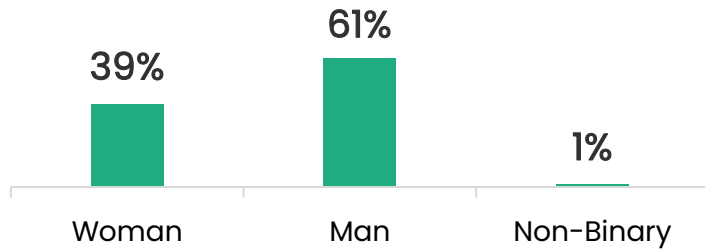
 South – 35%



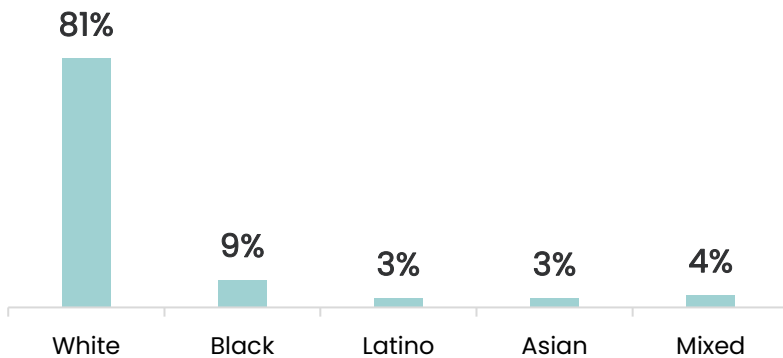
# Shopper Demographics

*The sample of shoppers was well-represented by income level and sex*

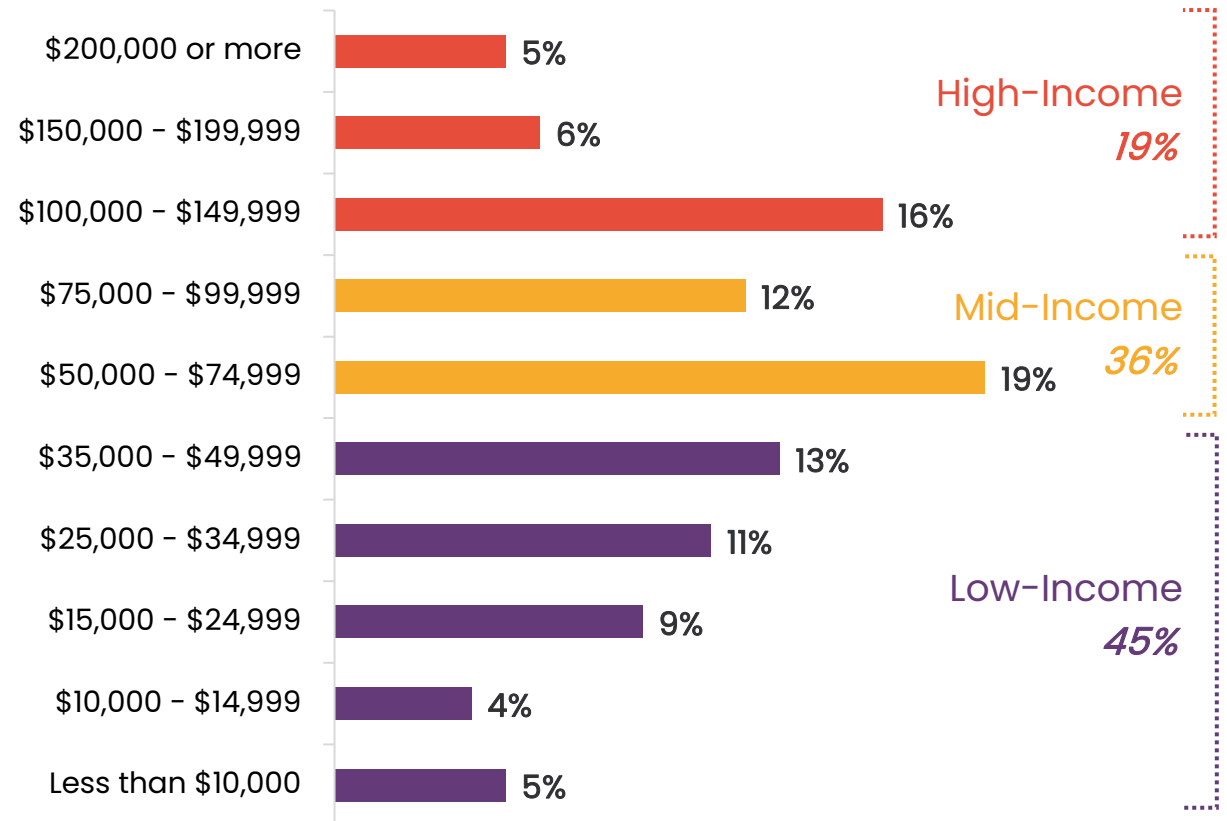
## Gender



## Race



## Annual Household Income

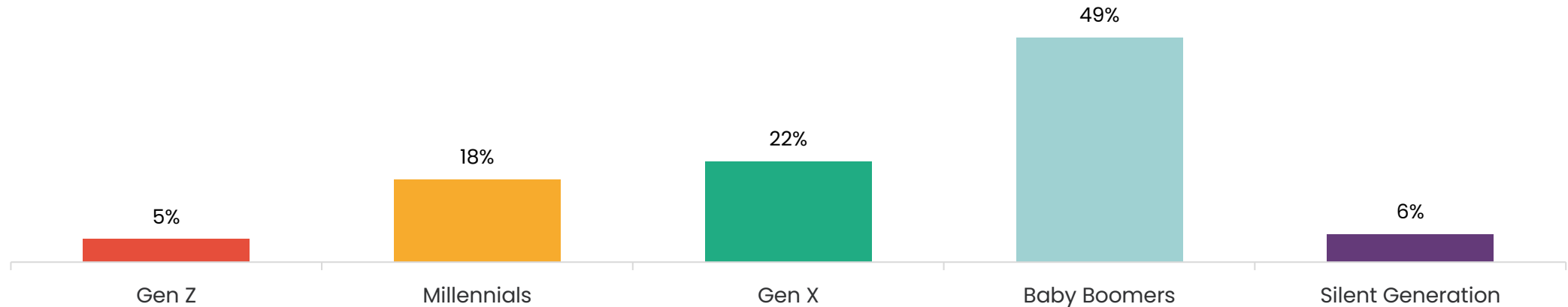




# Shopper Demographics

*Generations were well-represented in the sample*

Generation<sup>1</sup>



*<sup>1</sup>Analyses in this report have been weighted by generation to align with our 2023 report's demographics. This ensures consistency in age dispersion when making year-over-year comparisons.*



The **Electronic Transactions Association (ETA)** is the world's leading advocacy and trade association for the payments industry. Our members span the breadth of significant payments and fintech companies, from the largest incumbent players to the emerging disruptors in the U.S. and in more than a dozen countries around the world.

ETA members make commerce possible by processing approximately \$44 trillion annually in purchases and P2P payments worldwide and deploying payments innovation to merchants and consumers. For more information, visit [electran.org](https://electran.org)



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