Deloitte's 2012 Annual Holiday Survey
Will retailers' registers jingle this holiday season?

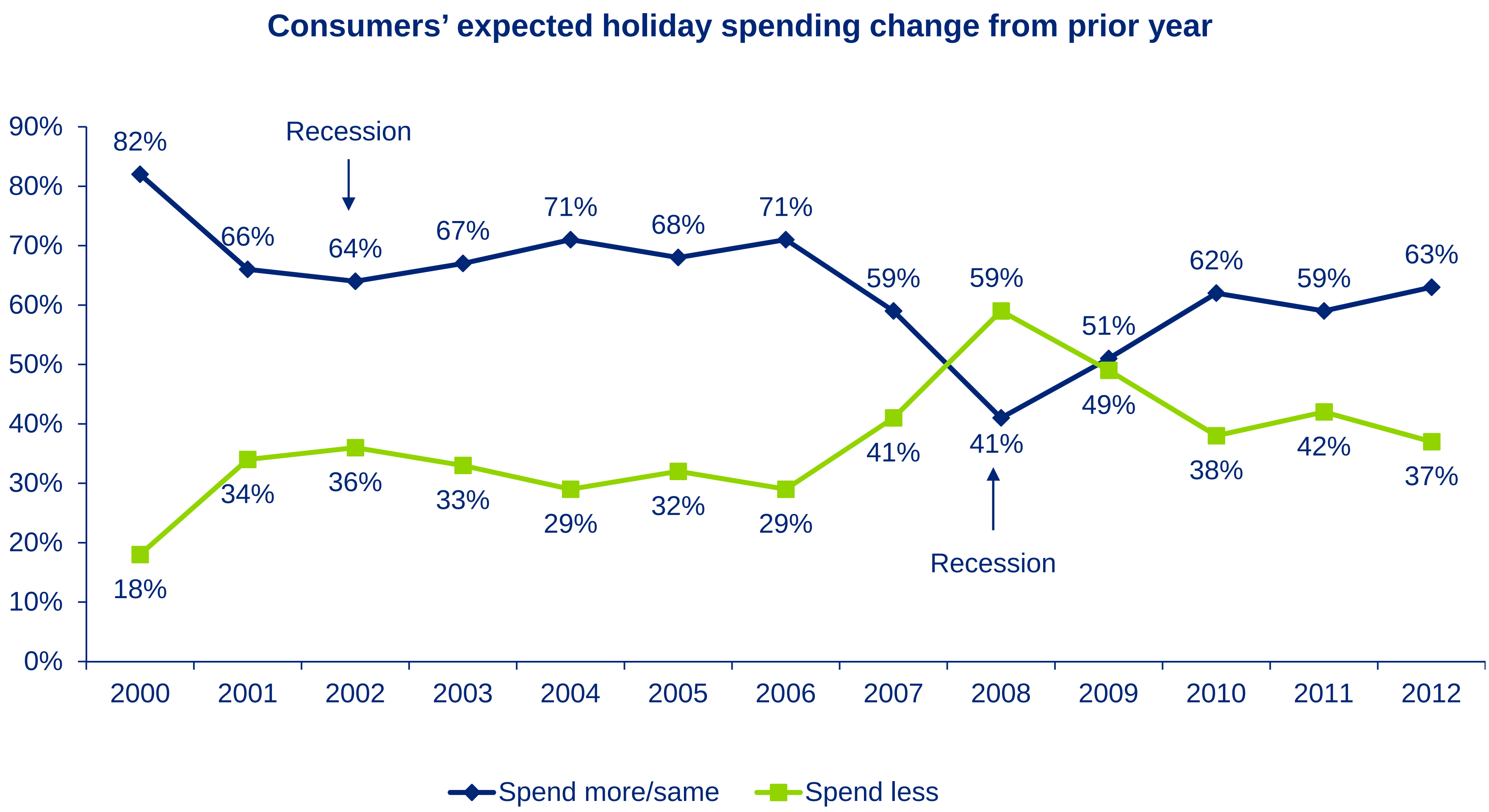
October 2012

2012 holiday survey themes

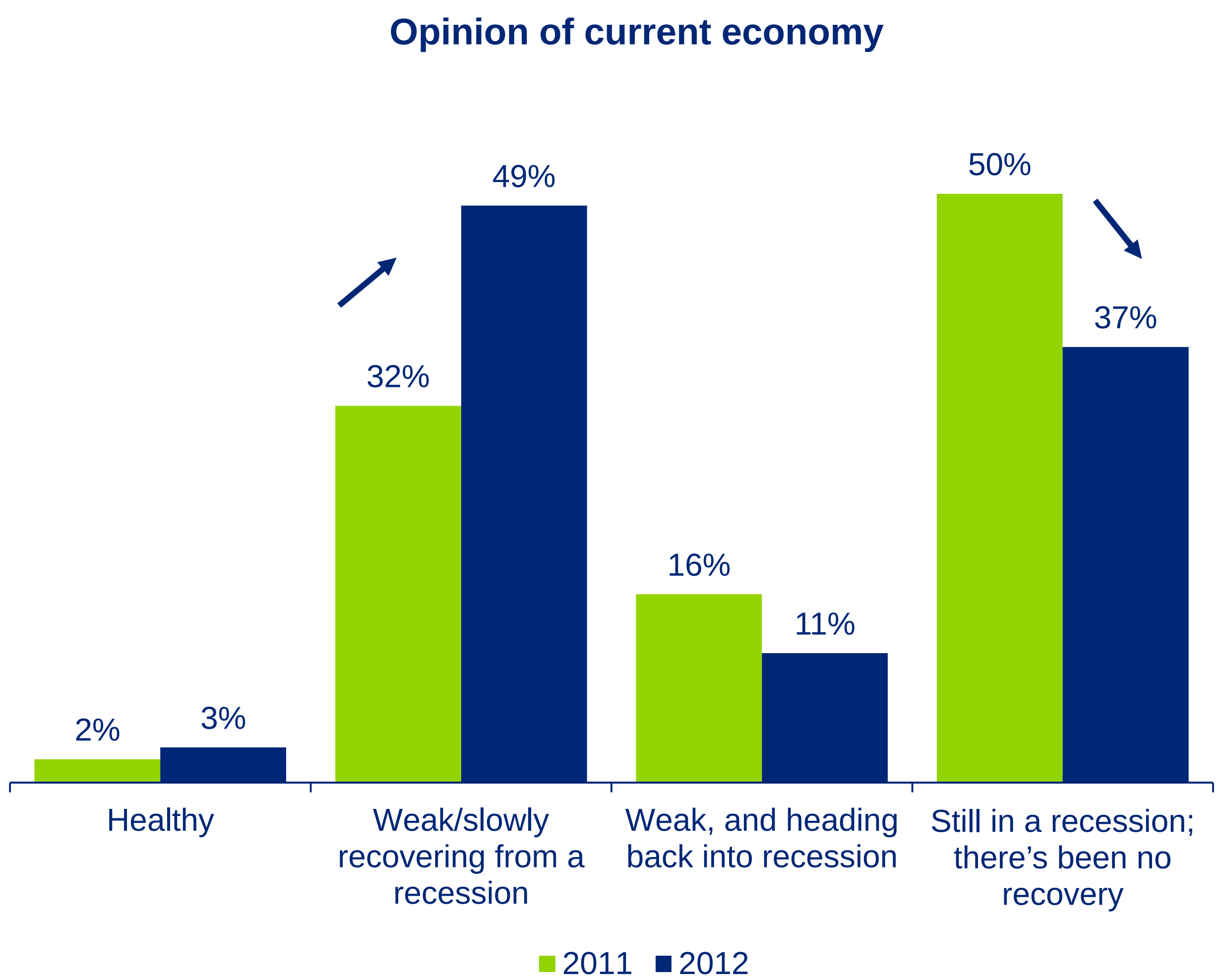
- There is a clear rise in optimism in 2012 versus 2011 -- on the economy, household finances and job security.
- Despite this brighter outlook, shoppers are still being cautious about their amount of holiday spending. Further, the number of gifts consumers plan to buy continues to decline.
- The presidential election is also a factor as nearly one-quarter say they are waiting for it to happen before they spend.
- Clothing and gift cards/certificates remain the top gift idea, yet respondents are most likely wanting to receive gift cards/certificates and cash.
- Half of respondents will begin shopping before Black Friday, the majority of purchasing is planned for late November and on; five percent of all spending will be after December 25th.
- Forty-five percent of respondents will shop online this holiday season; 11 percent will shop online with a tablet device.
- As smartphone incidence increases, so too does the number who feel they will use a smartphone to help them in holiday shopping, now 68 percent of all owners.
- In store, sales associates are sought for their knowledge of the products they are selling – but their ability to also get the consumers checked out quickly is valued.
- Over one-quarter prefer “social shopping” with others – and this level increases to 38 percent among women.

General economic attitudes and concerns

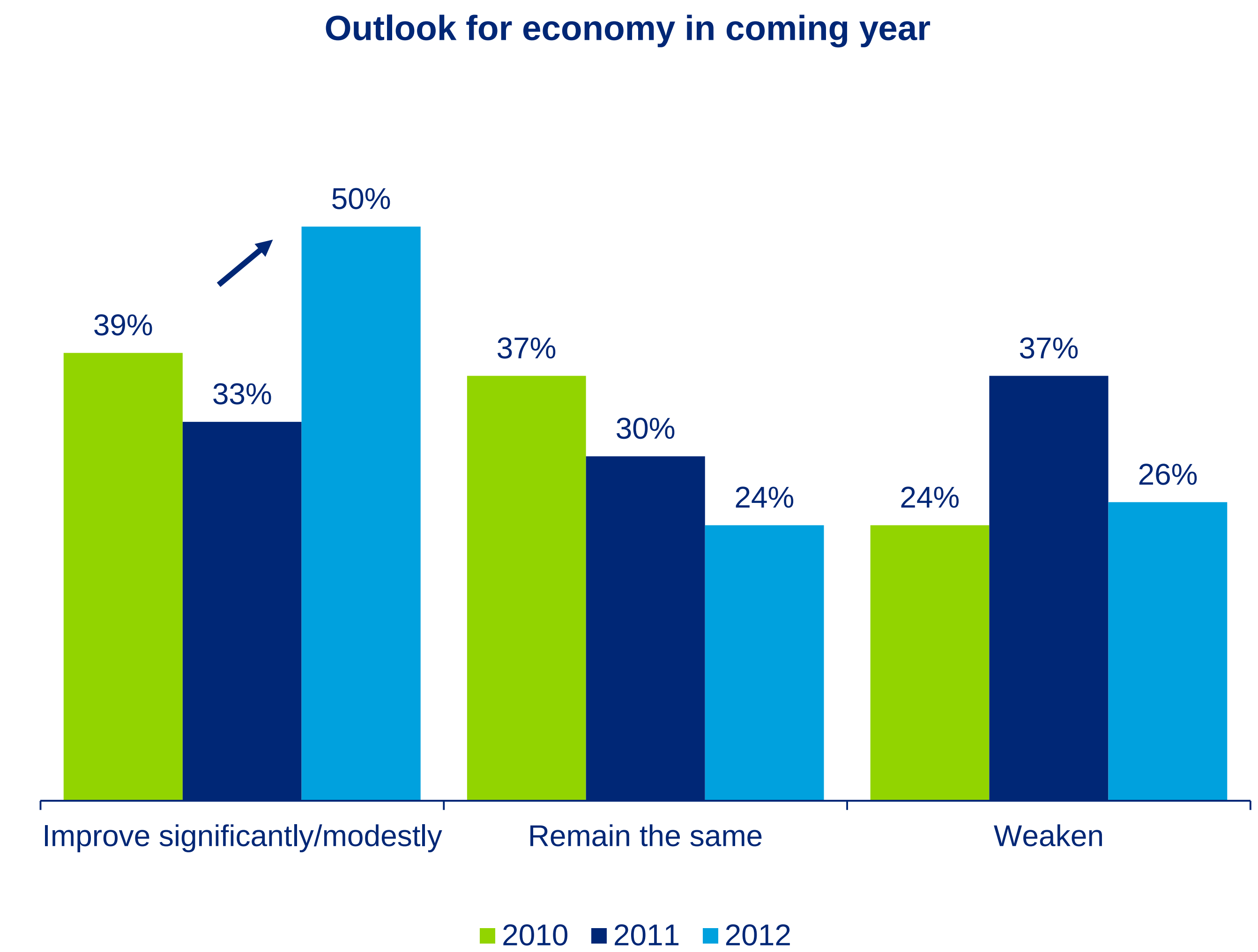
Consumers' intentions to spend "more or the same" continues to increase from a low point in 2008



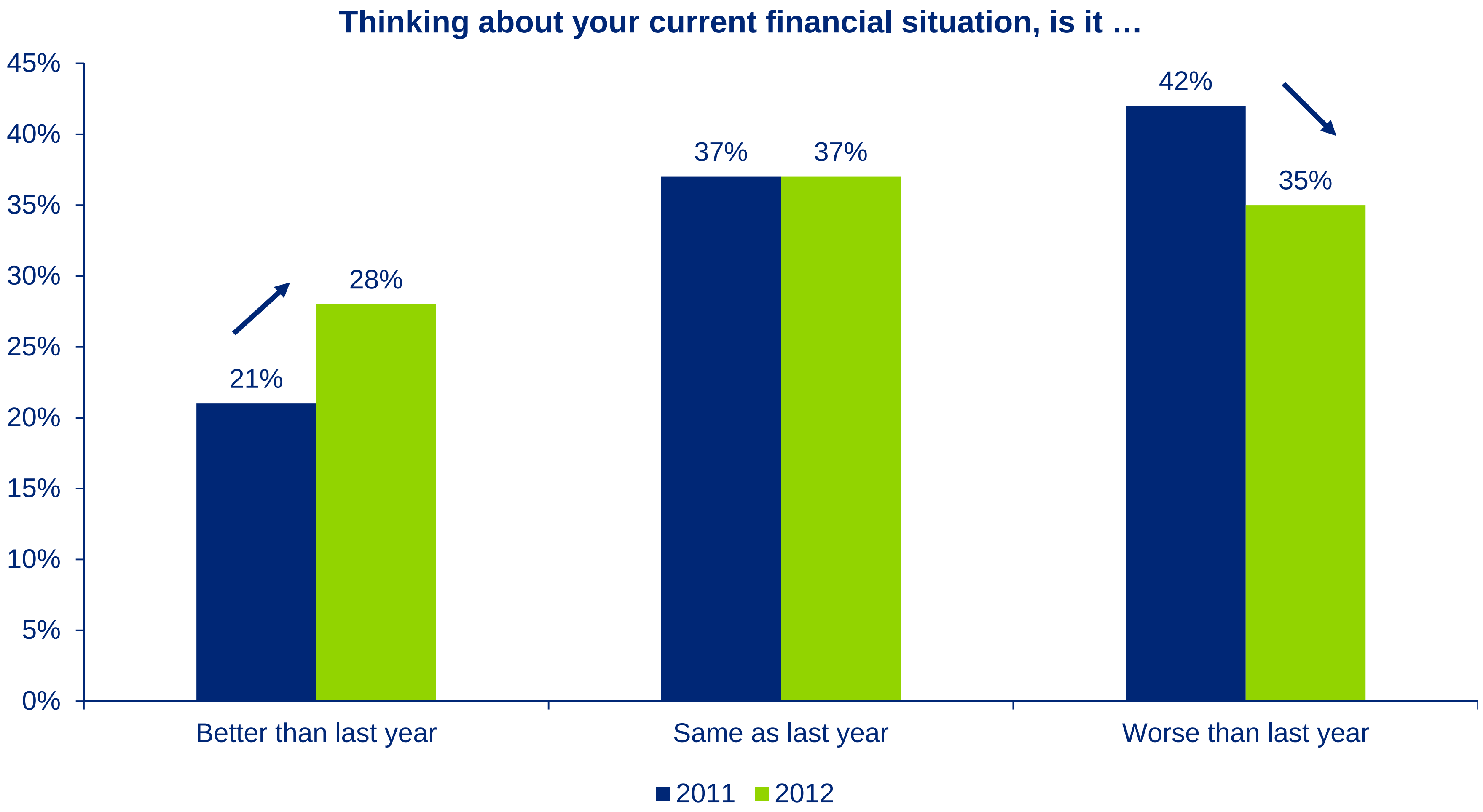
Optimism is on the rise, with fewer respondents feeling we are "still in a recession"



Fifty percent believe the economy will improve next year



More respondents believe their personal financial situation is improving over last year



Holiday shopping expectations and plans

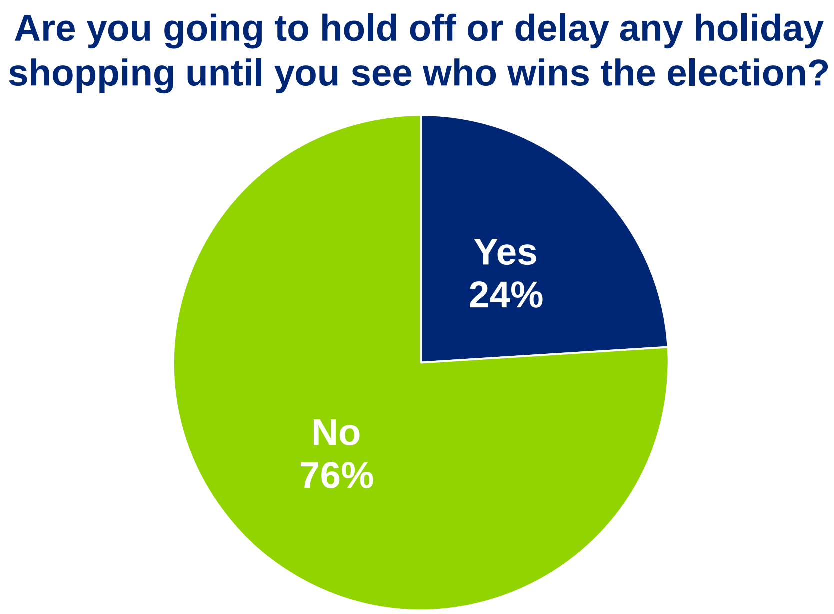
Expected holiday spending is down versus last year. Predicted gift spending shows minimal change

Consumers' expectations for holiday spending on:

	2011	2012	% change
Gifts	$395	$386	-2.3%
Socializing away from home	$250	$242	-3.2%
Entertaining at home	$153	$149	-2.6%
Non-gift clothing for family or yourself	$135	$119	-11.9%
Home/holiday furnishings	$88	$65	-26.1%
Any other holiday-related spending not listed above	$81	$74	-8.6%
Total	**$1,102**	**$1,035**	**-6.1%**

41% of all consumers surveyed say they have a specific budget in mind for the holiday season

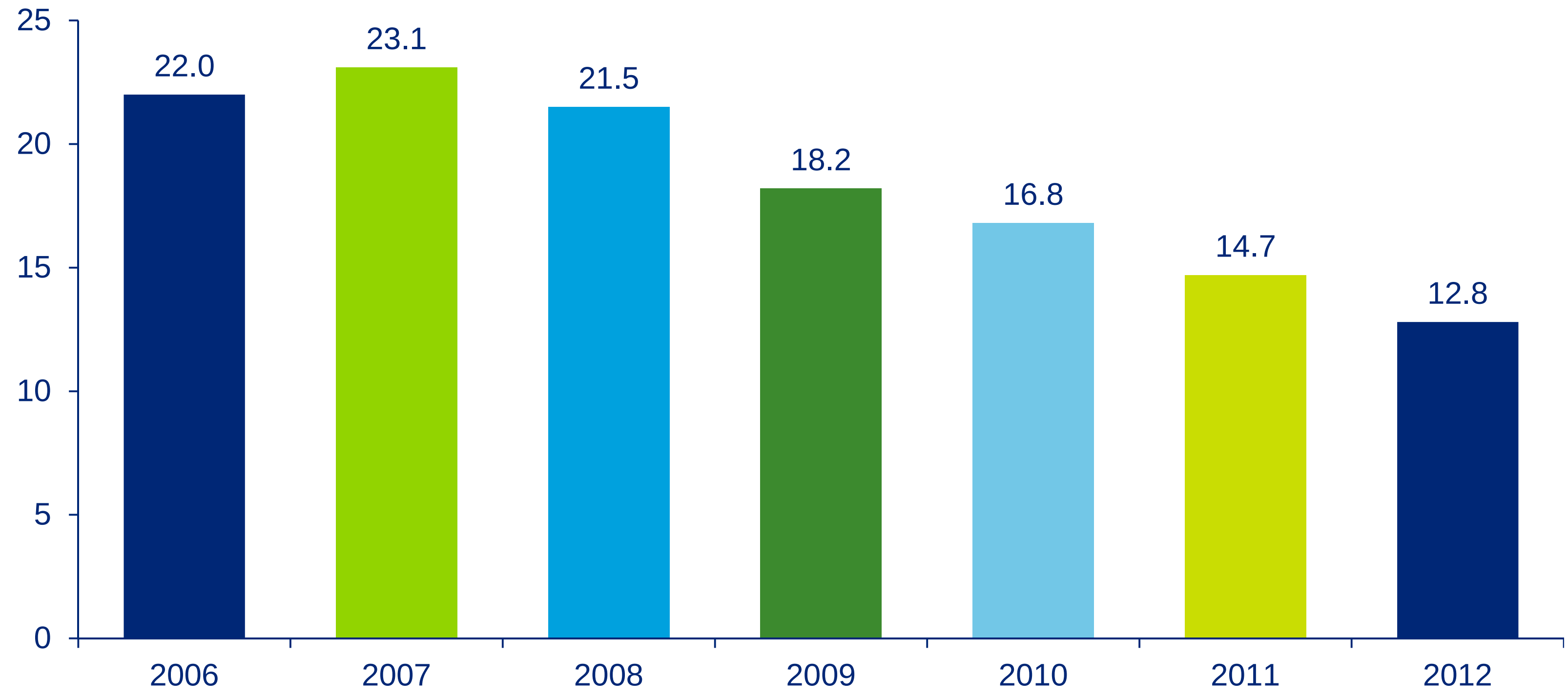
Almost one-quarter claim they will delay some holiday shopping until after the election



		Gender		Income	
	Total	Male	Female	<$100K	$100K+
% going to hold off or delay holiday spending until they see who wins					
Yes	24%	29%	20%	23%	28%
No	76%	71%	80%	77%	72%

The expected number of gifts has declined for the fifth straight year

Average number of gifts, including gift cards, expected to be purchased



47% will purchase gift cards; they expect to spend $132 on average on them this season.

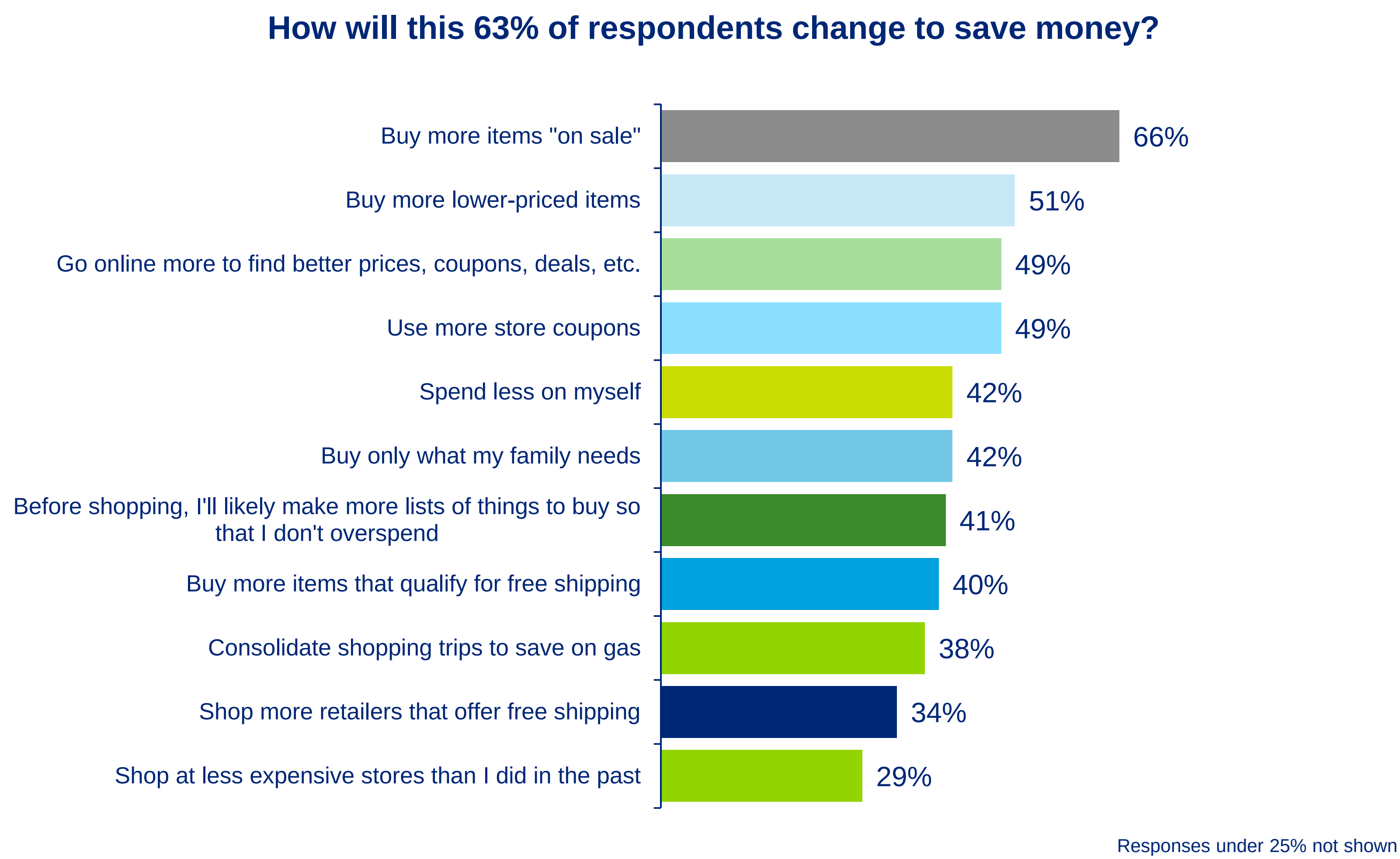
Smartphone usage and omni-channel shopping (mobile, store and Internet) lead to higher spending expectations

Consumers' expectations for holiday spending on:

	Respondents that own and will use smartphones to assist in holiday shopping	Will not use smartphone to assist in holiday shopping & all non-smartphone owners
Gifts	$498	$328
Total	**$1,428**	**$830**

	Shop mobile, store, Internet combined	Shop stores only
Gifts	$600	$350
Total	**$1,585**	**$888**

Almost two-thirds (63%) say they will change the way they shop to save money; top strategies are to look for sales and lower prices, but shopping online and using coupons will also be utilized

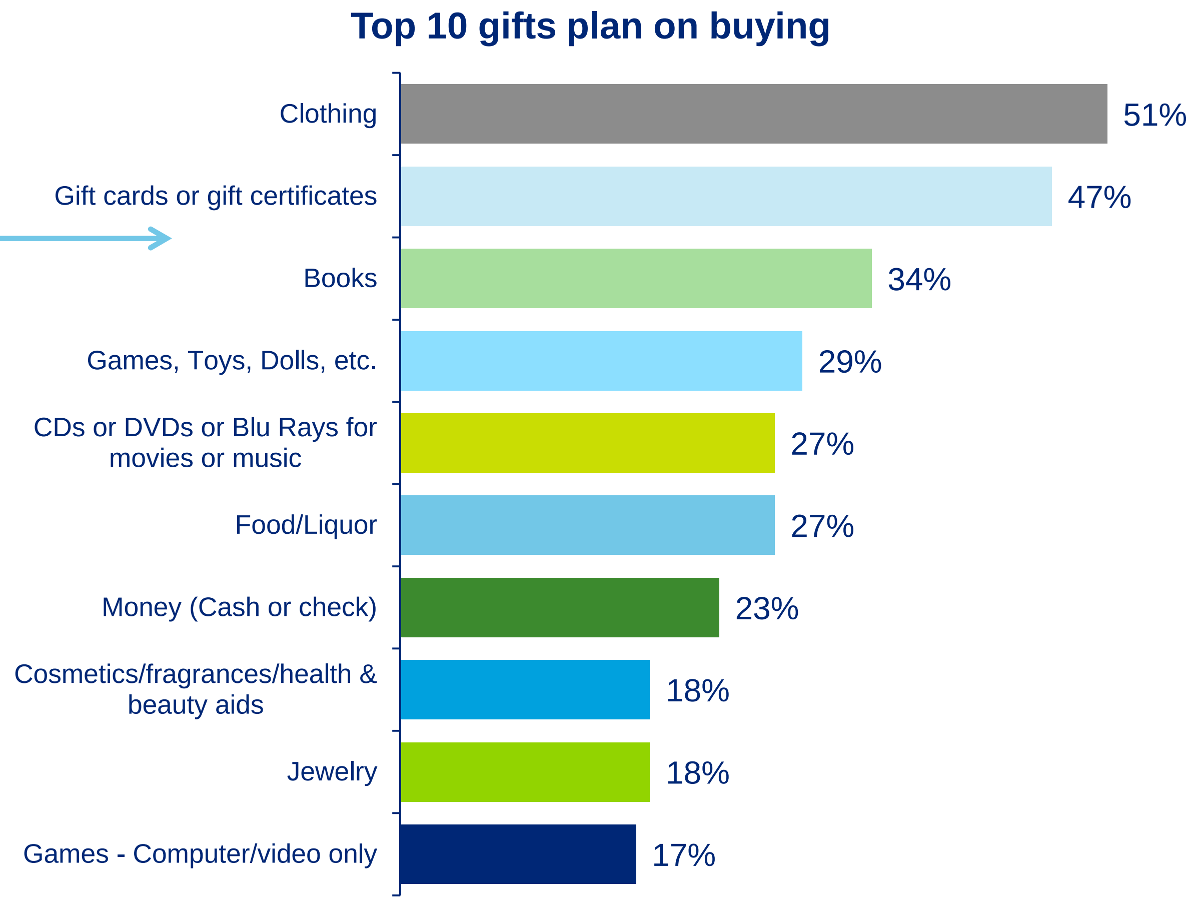


What shoppers are planning to buy (and when)

Clothing is the top gift consumers expect to purchase. Consumers want gift cards, certificates or cash

Percentage of consumers surveyed who expect to purchase each item this holiday season

Technology (NET)*
35%



Top 10 gifts they want to receive
35% **3rd**
45% **1st**
29%
4%
18%
20%
43% **2nd**
13%
16%
9%

*Technology comprised of home/personal/car electronics, computers, game consoles and video games

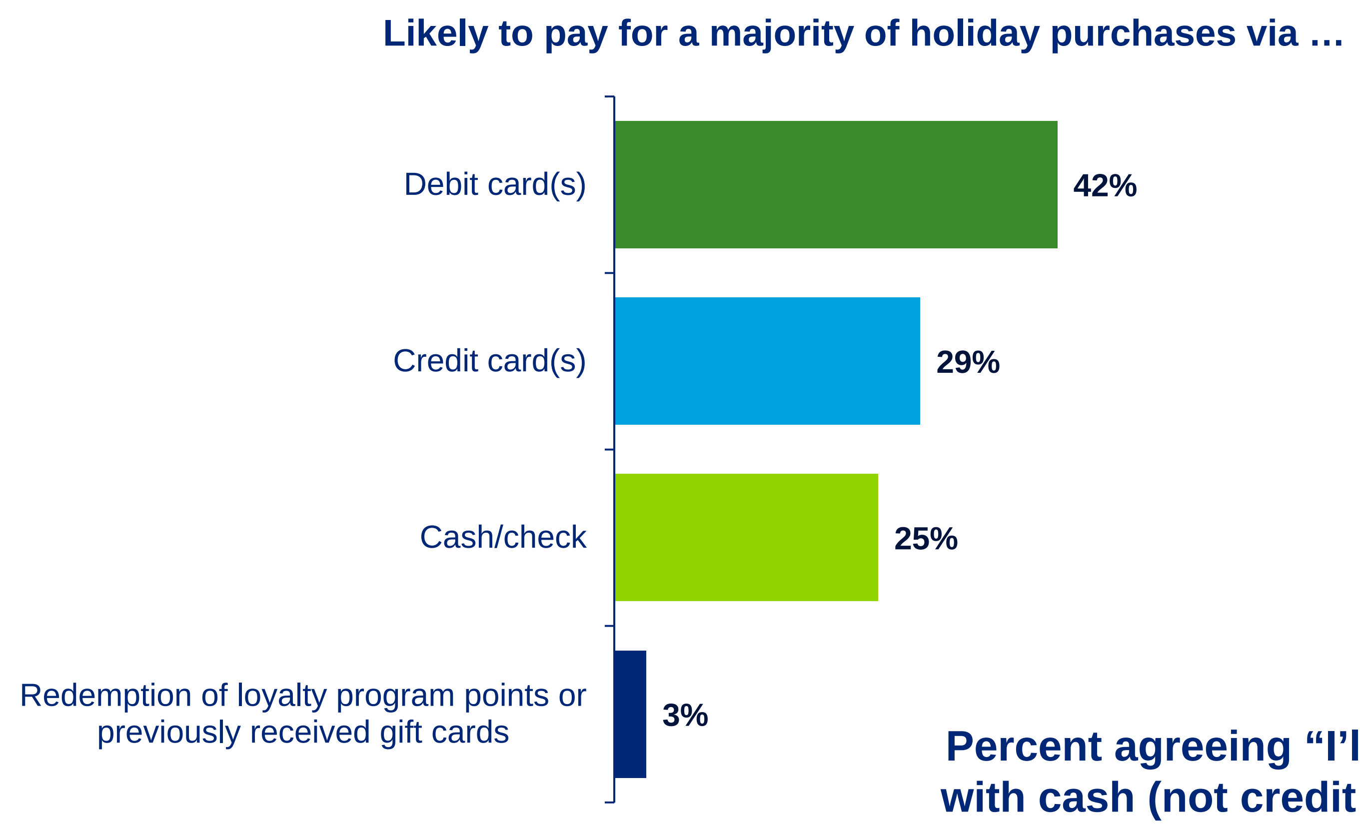
Over a third spend money on themselves and a quarter feel holiday shopping is a social activity – both higher among females and younger respondents

36% **Claim to also buy gifts for themselves when shopping for others**

27% **Prefer shopping with others for holiday gifts, rather than shopping alone, to make it more of a social activity**

	Gender		Age					Income	
	Male	Female	18–24	25–34	35–44	45–54	55+	<$100K	$100K+
Also buy gifts for themselves	33%	38%	42%	39%	35%	35%	31%	35%	40%
Prefer shopping with others	25%	29%	37%	30%	27%	23%	23%	27%	26%

Consumers are more likely to buy gifts with debit or credit cards than with cash or check



Percent agreeing "I'll buy more gifts with cash (not credit cards) this year than I have in the past."

2010	2011	2012
46%	41%	38%

Many will begin shopping in November or earlier, however predict December will be the busiest month.

Among the total, 5% of all shopping will occur after Dec. 25th

Survey respondents are using many different strategies to save money this holiday season

71% I'm more likely to buy from retailers who offer free shipping

44% I know things are going to eventually go on sale so I'll only buy sale items while holiday shopping

32% Believe they get the best deals if they shop <u>late</u> in the season

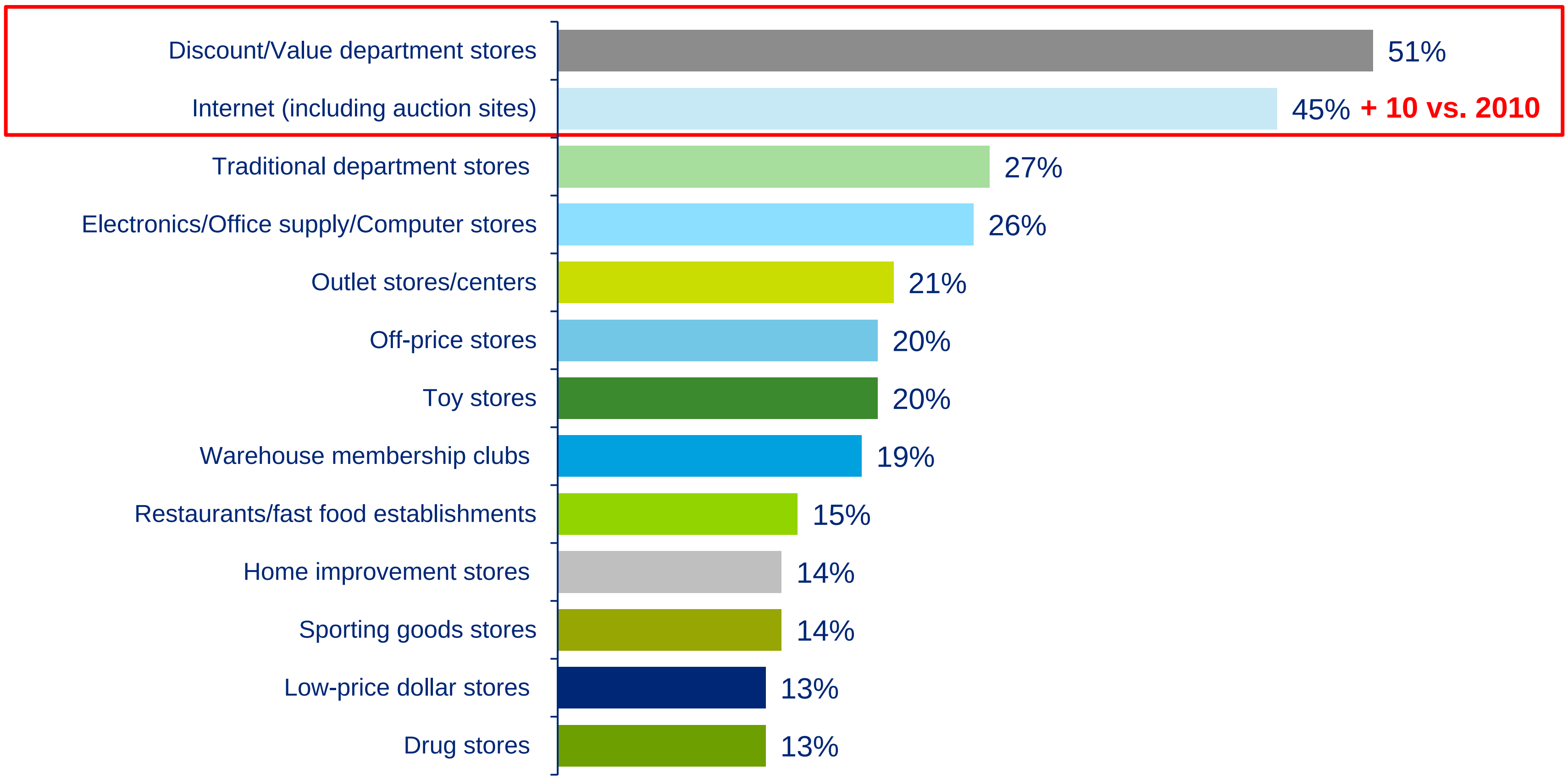
29% Believe they get the best deals if they shop <u>early</u> in the season

14% Expect to use layaway this holiday season

Where are shoppers planning to buy and how will they research?

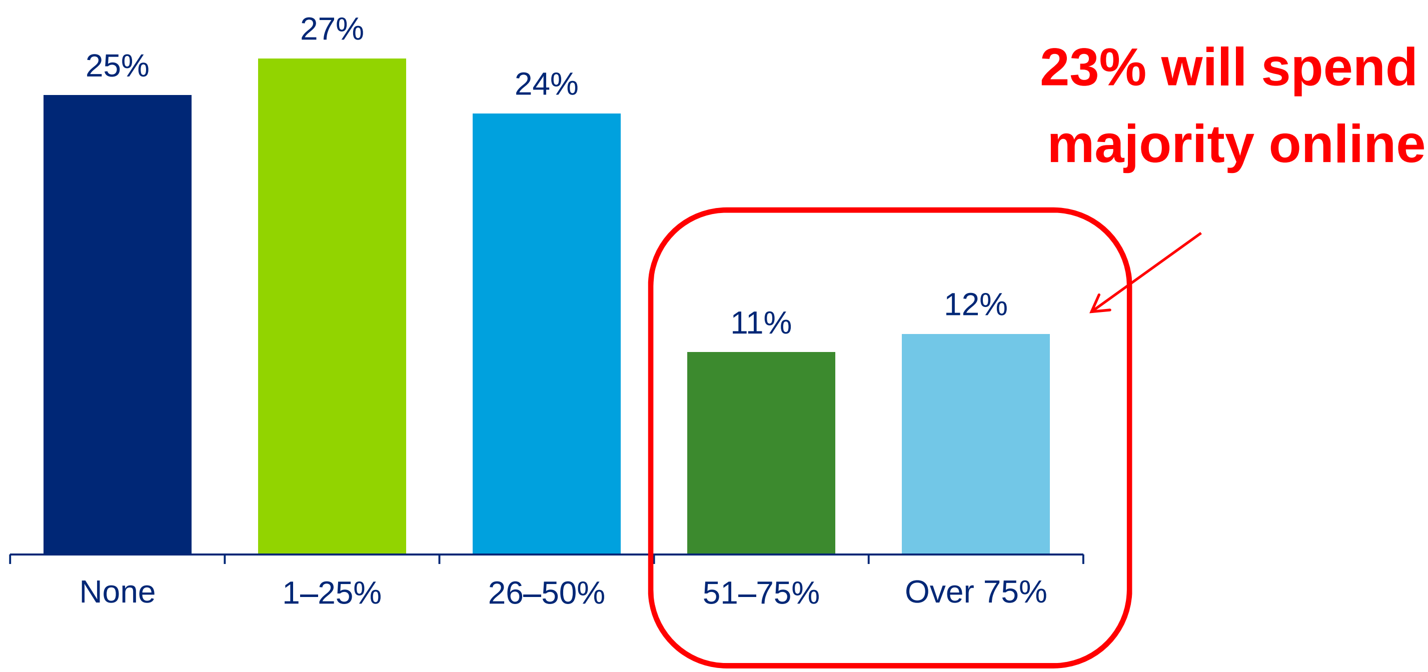
Discount and value department stores are likely to attract the most shoppers; close to half say that online is where they will most likely shop

Percentage of consumers surveyed who expect to shop at each venue this holiday season



Nearly one-quarter will do the majority of their shopping online this holiday season

What percentage of your total holiday spending do you expect to purchase online?

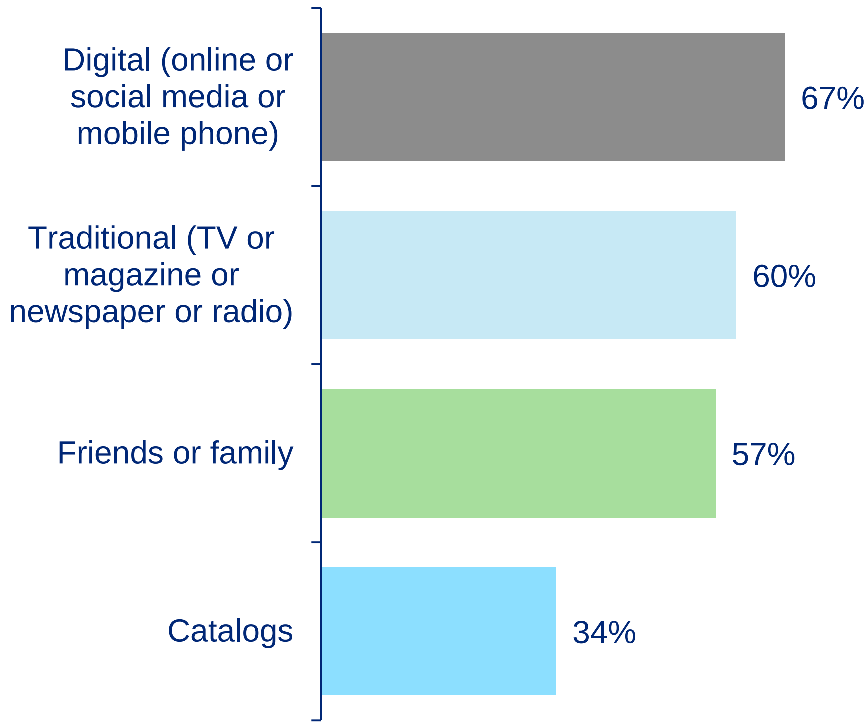


- **11% of respondents will shop online with a tablet this holiday season**

- **56% of respondents are more likely to shop from online retailers who offer <u>free returns</u>**

Sources of information about products will come mainly from digital, particularly among younger shoppers

Where will you hear about items you intend to purchase this holiday season?



Age				
18–24	25–34	35–44	45–54	55+
77%	73%	68%	64%	59%
53%	54%	59%	62%	68%
59%	58%	57%	55%	59%
21%	23%	30%	35%	48%

Nearly half of all respondents will use social media to assist with their holiday shopping; they will be looking for deals, ideas and reviews

Will social media be part of your holiday shopping process?

YES = 48%

Of those planning to use social media for holiday shopping: Why?	
To find discounts	54%
Research gift ideas	53%
Read reviews	47%
Check what gifts family/friends want	43%
Browse products	41%
Post comments/share links	28%
Go to retailer's fan page	26%

Nearly seven in 10 smartphone owners will use their device for holiday shopping

Total own a smartphone: 50% + 8 vs. 2011

Among those who will use a smartphone for holiday shopping — In which of the following ways will you use?

Responses under 25% not shown

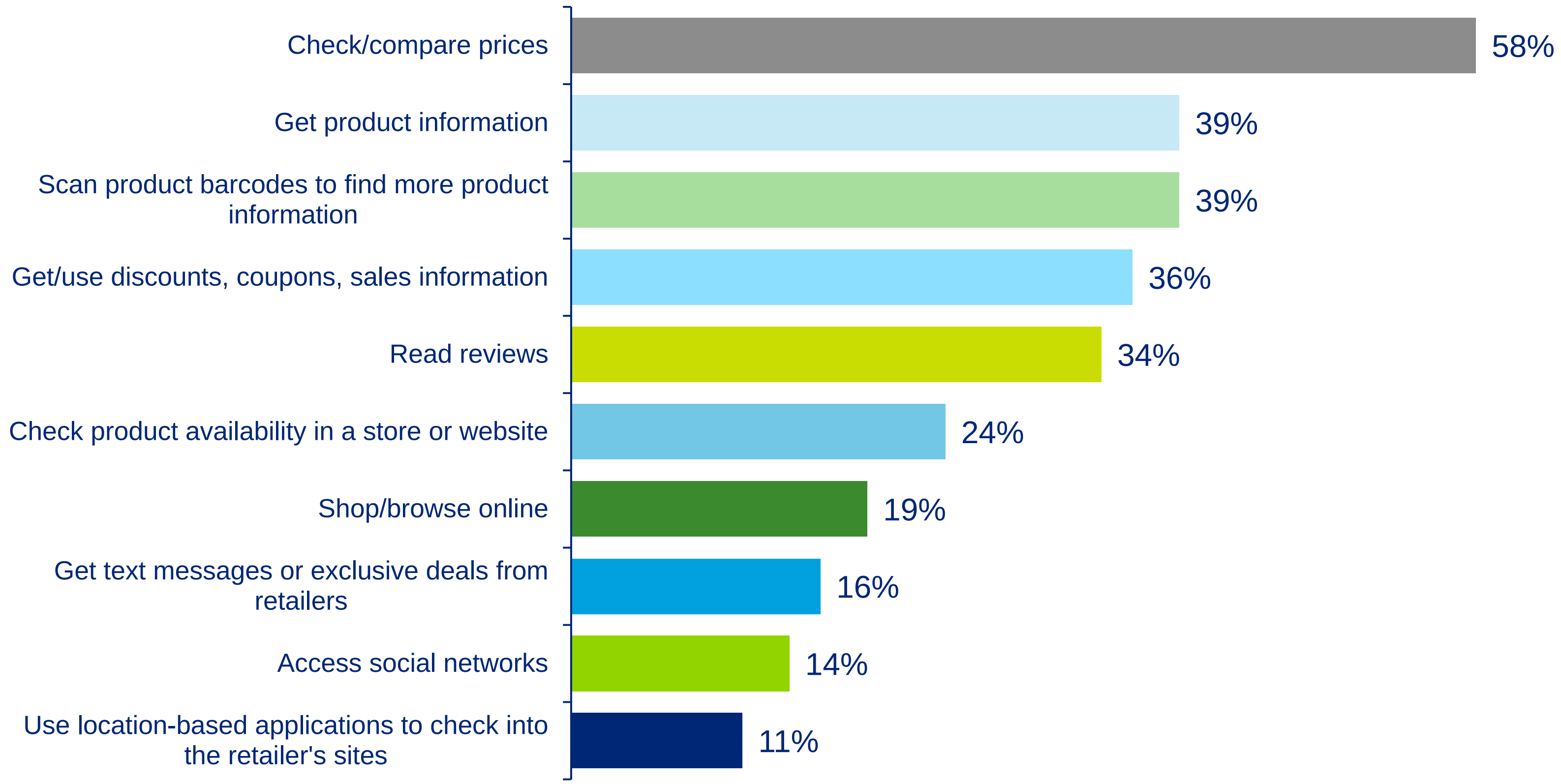
Among owners:

Will use a smartphone for holiday shopping:

YES = 68%

When in the physical store, the top use for a smartphone will be to check prices

Among the 68% of smartphone owners who will use their device for holiday shopping — In which of the following ways will you use it in-store?



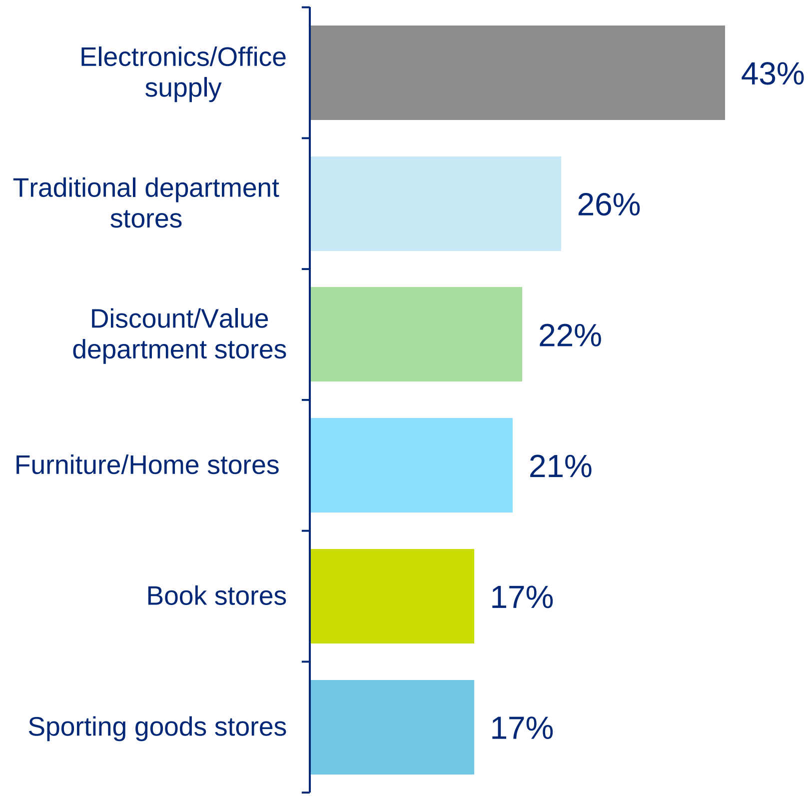
Responses under 10% not shown

Sales associates should be knowledgeable about products and offers . . . and consumers look for the most help in electronics and office supply stores

Expectations of interactions with store associates

Responses under 25% not shown

During the holidays, more likely to seek help from store associates in these store types …



Responses under 15% not shown

About the survey

The survey was commissioned by Deloitte and conducted online by an independent research company between September 14–24, 2012. The survey polled a national sample of 5,089 consumers and has a margin of error for the entire sample of plus or minus one percentage point.

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