



Holiday Outlook 2025

**A seasonal remix: Value, meaning
and generational shifts**



Holiday shopping typically plays out like a well-rehearsed melody — steady rhythms, familiar refrains. But this year, it feels more like jazz: improvisational and less predictable, with shifting consumer behavior, smarter spending and a younger generation leading the key change.

According to PwC's 2025 Holiday Outlook survey, consumers expect their seasonal spending to decline on average by 5% from 2024 — the first notable drop since 2020. More broadly, 84% expect to cut back over the next six months, citing rising prices, new tariffs and the higher cost of living. But that's only part of the story. While discounts matter this season, shoppers aren't just searching for deals. They're looking for a sense of normalcy, value and brands that "get" them.

The sharpest breaks fall along generational lines. Gen Z respondents (ages 17 to 28) — many dealing with major life transitions and early careers in a tough job market, often without much in savings — say they expect to reduce their holiday budgets by 23%, more than any other generation. That means retailers could be fighting harder for a smaller pool of Gen Z's discretionary dollars this season. By contrast, millennials, Gen X and baby boomers expect to maintain or even increase their holiday spending.

It's worth noting, however, that these findings reflect sentiment captured in June, at a time where there was more uncertainty around tariffs, which have since been delayed or paused (and therefore might not have as great an impact on survey respondents' estimated spending). Economic signals continue to shift and, between now and December, purchasing behavior could evolve in response.

Consumers are approaching holiday purchases more deliberately, deciding what matters most, where to scale back and what feels worth the splurge. Brands that recognize these nuances, and meet shoppers where they are, have an opportunity to build loyalty that lasts beyond December.

5%
drop in average holiday spend

11%
drop in average gift spend

23%
drop in holiday spend
for Gen Z

~40%
of all planned gift spending
in 5 days (Thanksgiving to
Cyber Monday)



For retailers, the takeaway is to look beyond price cuts — and to understand how life stage, values and emotions drive spending.

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Spending slows, celebration stays

Retail is facing a reality check, with cost concerns front and center. According to PwC's 2025 Holiday Outlook survey, 84% of consumers say they expect to cut back in general over the next six months, especially on dining out (52%), clothing (36%) and big-ticket items (32%). During the holiday season, specifically, 53% say that general price increases will likely affect their spending decisions this year.

Even with expectations of spending slightly less this holiday season (US\$1,552 per person on average, down 5% from 2024), consumers remain committed to preserving cherished traditions. This marks the first noteworthy dip since the pandemic in 2020, but holiday outlays are still relatively substantial. The biggest adjustment is in gift spending, which is down 11% to an average of \$721 — compared with \$814 in 2024 — while travel and entertainment are holding steady with 1% increases. People are going to keep shopping, but with continuing concerns about tariffs and elevated prices (especially on electronics, apparel, toys, food, and household staples), value-conscious choices are likely to define the season.

10%

lower average gift spend by those concerned about tariffs



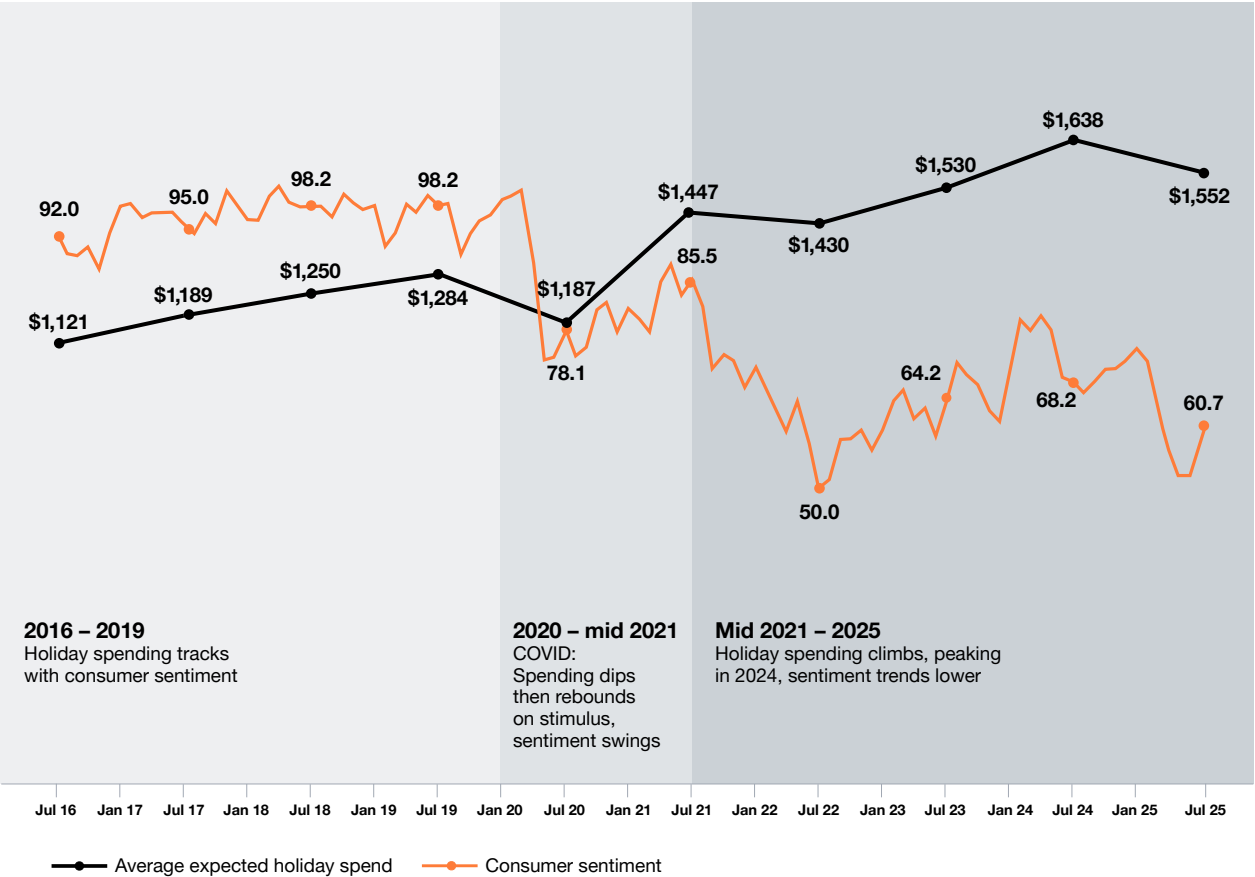
Consumers concerned about tariffs, whether because of higher prices or limited availability, are tightening their wallets more than others. On gifts, they expect to spend 10% less — \$690 compared with \$756 for those who don't express concern. And the restraint doesn't stop there: 90 percent of tariff-concerned shoppers say they're cutting back overall, versus 75 percent of everyone else.

Even though consumer sentiment is down according to the University of Michigan, and overall spending is expected to dip based on our Holiday Outlook survey, we believe people will continue to prioritize holiday rituals and meaningful experiences. Our survey shows that many are still planning to travel, host celebrations and exchange gifts, even if it strains budgets and means adjusting elsewhere. And based on historical data, holiday spending typically rises year over year. For many people, the holiday season is the time for a bit of “retail therapy” — using purchases to lift spirits and preserve traditions. This behavior signals a pattern: Spending may shift but the intent to maintain a sense of normalcy holds firm.

Why it matters

Consumers may be pulling back, but they're not stepping away. Even as cost concerns mount and the average expected holiday spend ticks down, many shoppers are still planning to travel, host and give—just more selectively. The tension between what consumers say and what they actually do may also emerge this season, as the desire to preserve traditions often outweighs planned cutbacks. For retailers, value and emotional resonance will matter more than ever. Dynamic pricing and promotion strategies that adapt in real time can help retailers stay responsive to shifting demand while safeguarding profitability.

Retail therapy remains a holiday ritual



Q: Thinking about the coming 2025 holiday season, how much in total (\$USD) do you plan to spend on others and yourself in the following categories?
This includes gifts, travel and entertainment. (Integer dollar amount input.) Base: 4,000
Sources: PwC Holiday Outlook 2025; University of Michigan: Consumer Sentiment © [UMCSENT: Index 1966, Q1=100, Monthly, Not Seasonally Adjusted], retrieved from FRED, Federal Reserve Bank of St. Louis, (Accessed on August 11, 2025)

One season, many shoppers

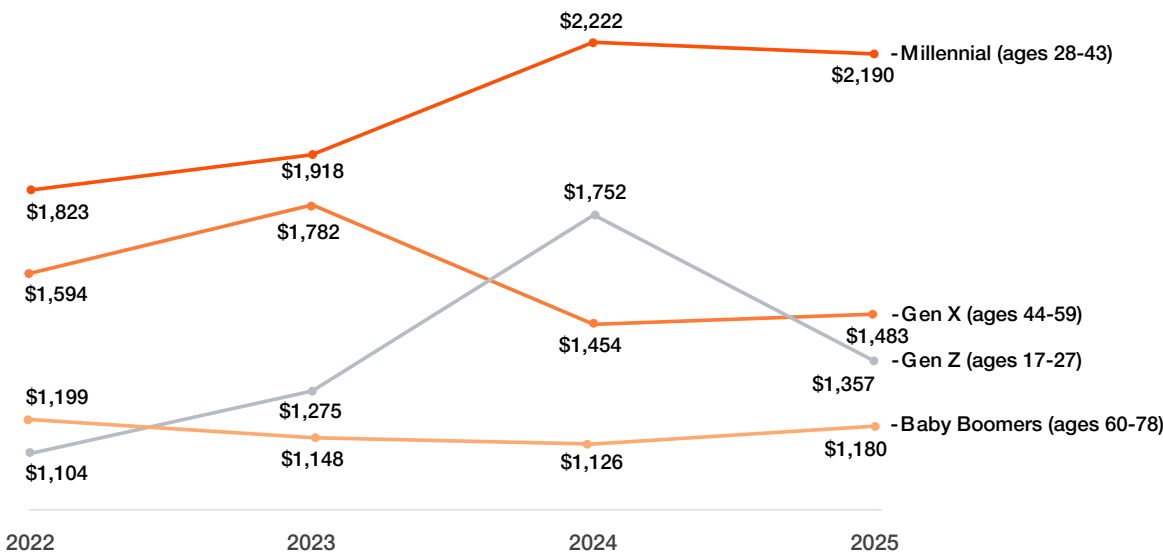
Beneath the topline dip in holiday spend lies a deeper shift: Not all consumers are behaving the same way. Gen Z is cutting back more sharply than other groups, while baby boomers plan to increase their spend and millennials hold steady — a reflection of shifting financial pressures.

Gen Z is pulling back the most of any group, saying they plan to slash holiday budgets by 23%. This marks a sharp reversal from 2024, when Gen Z's holiday budgets surged 37% year over year, highlighting how quickly spending patterns can swing in response to shifting economic realities. Likely due to today's tougher job market combined with rising fixed costs from major life changes and limited savings, 25% of Gen Z say their financial situation is worse than it was 12 months ago, compared to 17% who said the same in 2024.

Among millennials, expected holiday spending is nearly flat YoY, down just 1%, likely balancing peak earning years with high fixed expenses, higher cost of living and tariff concerns. Meanwhile, the average spend for baby boomers is up 5% compared to 2024. Together, these trends point to a broader “spending reset” driven less by simple cost-consciousness and more by life stage pressures and evolving priorities. Gen Z is directing 39% of its smaller budget toward self-gifting. Meanwhile, millennials and boomers are focused on others, allocating 62% and 67% of their spend, respectively, to family gifts.



Gen Z plans to cut back 23% on holiday spend



Q: Thinking about the coming 2025 holiday season, how much in total (\$USD) do you plan to spend on others and yourself in the following categories? This includes gifts, travel and entertainment. (Integer dollar amount input.)
Base 2025: All consumers 4,000; Gen Z (1,000), Millennial (1,000), Gen X (1,000), Baby boomers (1,000); 2023
Source: PwC Holiday Outlook 2025; 2024; 2023; 2022



Households with children under the age of 18 are powering holiday spend — shelling out \$2,349 on average, more than double the \$1,089 spent by those without kids.

Interestingly, Gen Z plans to balance budget concerns with a focus on sustainability and wellness when choosing what to buy this year. According to the survey, 63% are opting for resale and upcycled products, and 1 in 3 say they’re cutting consumption to reduce environmental impact. In addition, 34% of Gen Z (versus 27% overall) say sustainability or health and wellness are top factors they consider when making holiday purchases, and more members of this generation reads labels before purchasing food than other segments (29% versus 24% overall). Traditional drivers like price (49%), free shipping (42%) and promotions (38%) still influence their purchasing decisions as well.

In addition to the generational divide, other demographics like location and family status play a role in consumer behavior. Households with children are expected to spend more than twice as much as those without. And consumers in the Northeast and West are outspending the national average, pointing to regional variation.

Why it matters

The holiday season is now a mosaic of distinct shopper mindsets, not a single shared experience — and winning means knowing those differences intimately. Gen Z’s value-seeking and self-gifting, millennials’ balance of generosity and financial limits, and boomers’ family-first spending each require tailored messaging, offers and timing. By framing offers around both value and meaning, not just price, brands can create emotional connections that resonate across channels, influencing how stated intentions translate into actual purchases.

Value hits the right note

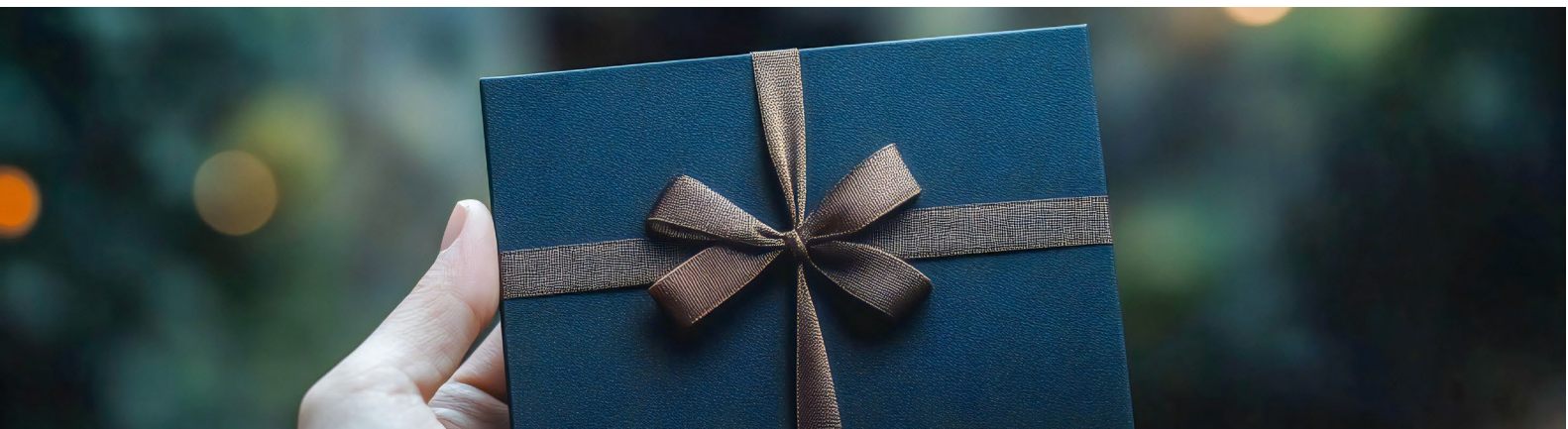
Across generations, value is the priority this season, with 78% of consumers seeking less expensive alternatives and 65% anticipating deeper, post-holiday discounts. Already, over the past year, internet searches for “discount” and “coupon code” have climbed by 11%. Trade-offs are likely to show up in quiet, thoughtful gift adjustments this holiday season and more modest at-home gatherings.

Many consumers are choosing gift cards as a way to stick to their budgets and preserve gift-giving norms: Fifty-two percent of survey respondents say they plan to give gift cards to friends and 47% to family members. A \$100 gift card still signals generosity, even if it buys less than it did a year ago. The popularity of gift cards also drives more people into stores and restaurants, suggesting a late December and early January spending bump when cards get redeemed — and people also often spend more than the card’s value once they’re shopping.

43%

of Gen Z use social media to discover gift ideas






Gift cards top holiday lists

Family members


 **Gift cards 47%**

 Apparel 31%

 Consumable gifts 26%

Kids


 Toys 54%


 **Gift cards 35%**

 Apparel 34%

Friends

 **Gift cards 52%**

 Consumable gifts 28%

 Books, music, movies 19%

Q: Which of the following types of gifts are you most likely to buy this holiday season. (Select up to 5.)
Note: Showing top 3 choices out of 22 options for each recipient group.
Base: 4,000
Source: PwC Holiday Outlook 2025

The hunt for value is also increasingly powered by technology. Gen Z, in particular, is already blending channels to shop smarter: These consumers now use social media as often as search engines to discover gift ideas (43% for both), creating more touchpoints for retailers to connect. About 15% of Gen Z and millennials also say they expect to use AI to find gift ideas, and 76% of millennials say they’re likely to use AI for travel recommendations. Overall, however, 68% say they’re likely to use AI for comparing flights, and an even lower number (57%) say they’d be likely to use it for booking travel. This finding signals that AI-enabled recommendations are becoming a larger part of how consumers discover products and plan, but using AI for purchases could be further away.

When something goes wrong, shoppers still want to talk with a real person. For baby boomers, this often means picking up the phone (82% of this group say it’s their go-to choice) or going to talk to a customer service representative in person (60%). Only 36% use email. And across all generations, phone support remains the top service channel, used by 64% for low-value issues and 70% for high-value ones, followed by live chat.

Why it matters

Value is the filter for holiday decision-making, but how shoppers find that value is changing. Consumers are turning to AI tools, social platforms and blended search behaviors to discover deals, compare options and stretch their budgets. For retailers, this raises the stakes for visibility across channels, whether that’s in a social feed, a chatbot response or an AI-powered suggestion. At the same time, customer services still matters. Shoppers want smart tools, but they also expect real help when something goes wrong. The brands that stand out will combine digital innovation with human connection to deliver seamless discovery, responsive support and pricing that earns a second look.

Flexibility drives the holiday cart

For the first time, holiday gift shopping is nearing channel parity, with 51% of consumers planning to complete their purchases through online marketplaces (e.g., Amazon, eBay, Etsy) and 53% shopping in person. Nearly half say they're drawn into a store to interact with products directly (48%), while promotions (38%) and the holiday atmosphere (25%) also pull them in.

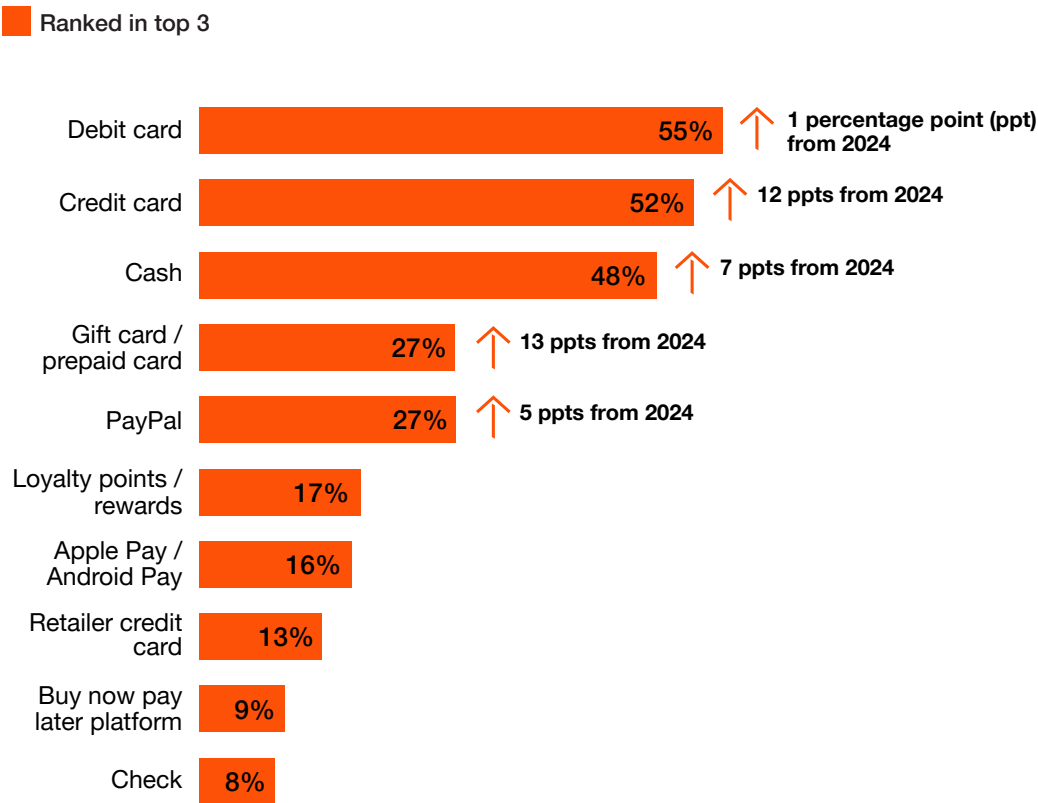
Payment choices are changing, too. Credit card use has climbed sharply, with 52% saying it's among their top three payment methods (up from 40% last year). Cash has surged to 48%, potentially to avoid fees or stick to budgets (up from 41% in 2024.) Gift cards and prepaid cards are also gaining traction, with 27% of shoppers saying these cards are a preferred payment method, up 14% from last year. Among digital payment options, PayPal has grown steadily, now ranking in the top three for 27% of shoppers (up from 22% in 2024), while a smaller share (9%) opts for buy now, pay later (BNPL) platforms. Together, these shifts suggest that shoppers are selecting payment tools that can help them manage budgets.

70%

of online shoppers plan to use home delivery this holiday season



Preferred payment methods for holiday spending



Q: Please rank your preferred payment methods for holiday spending. (Rank top 3.)
Base for 2025: 4,000
Note: Showing top 10 choices out of 16 options
Sources: PwC Holiday Outlook 2025; 2024

Meanwhile, fulfillment choices are diversifying. While 70% of all shoppers prefer home delivery, 39% say they'll buy online and pick up in store. Same-day delivery is most popular among Gen Z and millennials, with about 30% of each group saying that's their preferred option for receiving items when shopping online.

Why it matters

Consumers are no longer committed to a single channel, payment type or delivery option. They want flexibility at every step of the holiday shopping journey. And with the post-Cyber Monday calendar tighter than usual, fulfillment options like “buy online, pick up in store” can attract time-crunched shoppers — if the products they want are in stock. Retailers that use AI-enabled tools to connect inventory, promotions and payment options can offer shoppers the choices they want and capture more purchases along the way.

The five days that matter most

This year's holiday shopping calendar is notably tighter than usual, with Thanksgiving, Black Friday and Cyber Monday arriving late (November 27-December 1), which could put spending under time pressure. According to our survey, 39% of total planned holiday gift spending will happen in the five-day period between Thanksgiving and Cyber Monday. Perhaps more importantly, almost 80% of holiday gift budgets will have been spent by the end of Cyber Monday.

Why it matters

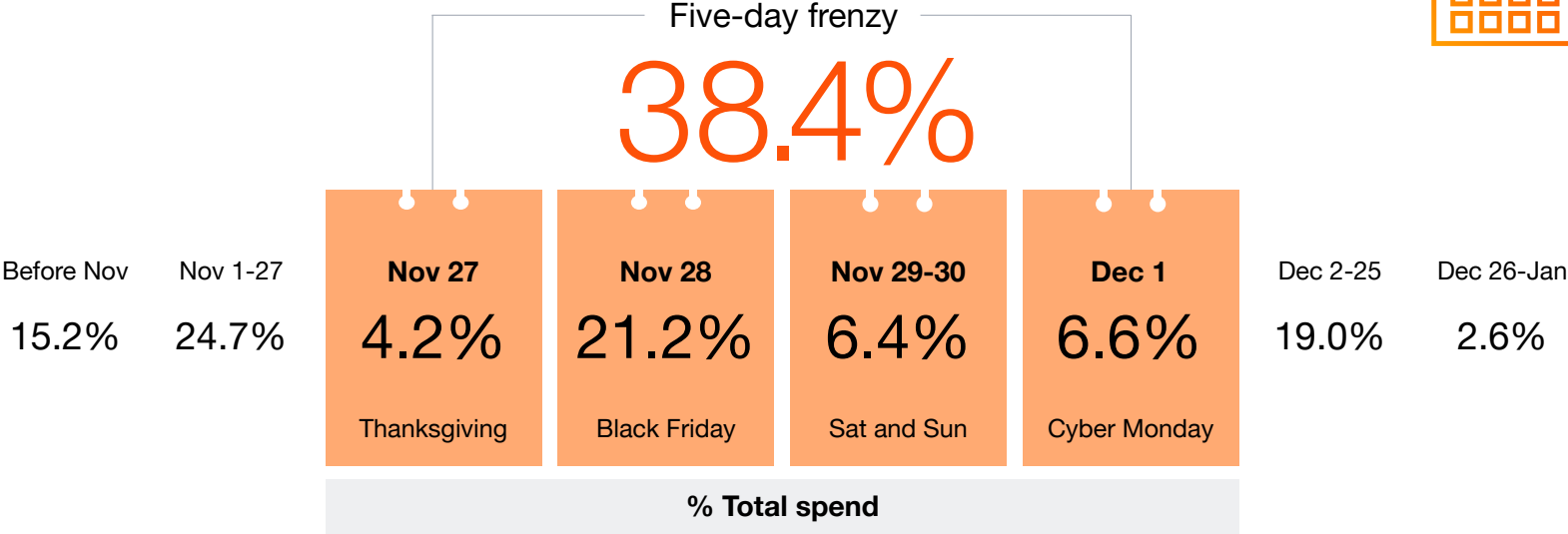
The holiday shopping season keeps creeping forward. With nearly 80% of holiday gift spending expected to happen before Cyber Monday, the window to win consumers is opening earlier, and closing faster. While the five days between Black Friday and Cyber Monday remain the season's biggest conversion moment, retailers now have opportunities to capture share well before then. As seen with the "Summerween" trend — early Halloween merchandising rollouts that began appearing in July — many are setting up stores earlier, adjusting pricing sooner and recalibrating promotions to stretch the season strategically. The goal: more time for full-price sales and more control over markdown timing.

80%

of all planned holiday gift spending will occur by the end of Cyber Monday



~40% of holiday gift spending planned for a five-day frenzy



*Note: PwC analysis based on the following questions.
Qs: Thinking about the coming 2025 holiday season, how much in total (\$USD) do you plan to spend on others and yourself in the following categories? This includes gifts, travel and entertainment. (Integer dollar amount input.) When are you planning to do most of your holiday shopping? (Select one.)
Base: 4,000
Source: PwC Holiday Outlook 2025

Snacks over sweaters

In a season shaped by cost pressures, many consumers are doubling down on what matters most — food, family and familiar rituals. Almost three-quarters (72%) plan to gather over a home-cooked meal this year, pointing to a return to tradition amid economic uncertainty. Those who typically have a traditional home-cooked meal are more likely to cite cost-savings (39%) and family or cultural tradition (56%), as well as the enjoyment of cooking (44%) as the factors that drive this choice. And people expect to spend money on it: 45% of respondents say they expect to spend more on grocery items for celebrations than last year. That rise, however, is likely driven at least in part by inflation and tariffs — not just bigger baskets.

Food is also emerging as one of the most resilient gift categories this year. “Consumables” landed in the top five gifts on shopping lists this year, with 26% going for family, 28% for friends and 23% for themselves. Retailers can lean into this finding, offering more in-store promotions and pre-assembled bundles to meet demand.

Unlike apparel or electronics, food delivers what many consumers are seeking this year: affordability, generosity and a sense of personal care — without adding clutter to the home. And the appeal spans generations, with more consumers focused on food as part of their health and wellness goals. In terms of generational differences, Gen Z and millennials are gravitating toward wellness-forward options (such as low-sugar treats, functional beverages and artisanal pantry goods), while baby boomers tend to prefer traditional indulgences.



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72%

of people plan to gather over a home-cooked meal



Home for the holidays

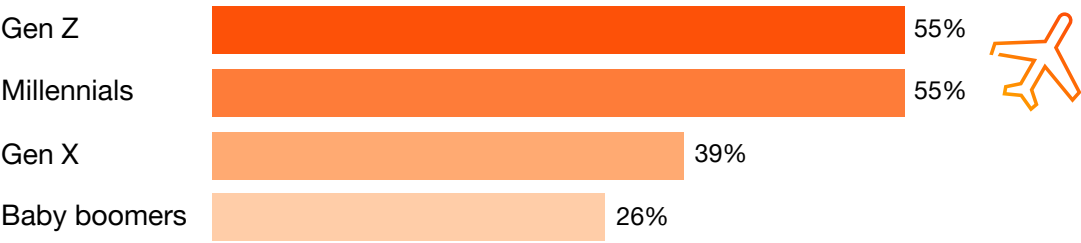
Travel plans remain steady overall compared to last year, with 44% of US consumers expecting to hit the road. This overall stability reflects a shift from pandemic-era hesitation to a new normal shaped largely by cost. The primary motivation for traveling? Visiting family and friends — named by 48% of travelers. Younger generations are more likely to hit the road this holiday season, probably to stay with family, blending cost savings with the chance to reconnect. That said, Gen Z is pulling back more than others: just 55% plan to travel in 2025, down from 61% last year. For those not traveling, about half (49%) say they prefer to celebrate at home and 43% cite cost concerns. This rises to 50% for Gen Z respondents who say they're not traveling.



Travel plans hold steady: 44% of US consumer expect to hit the road for the holidays.



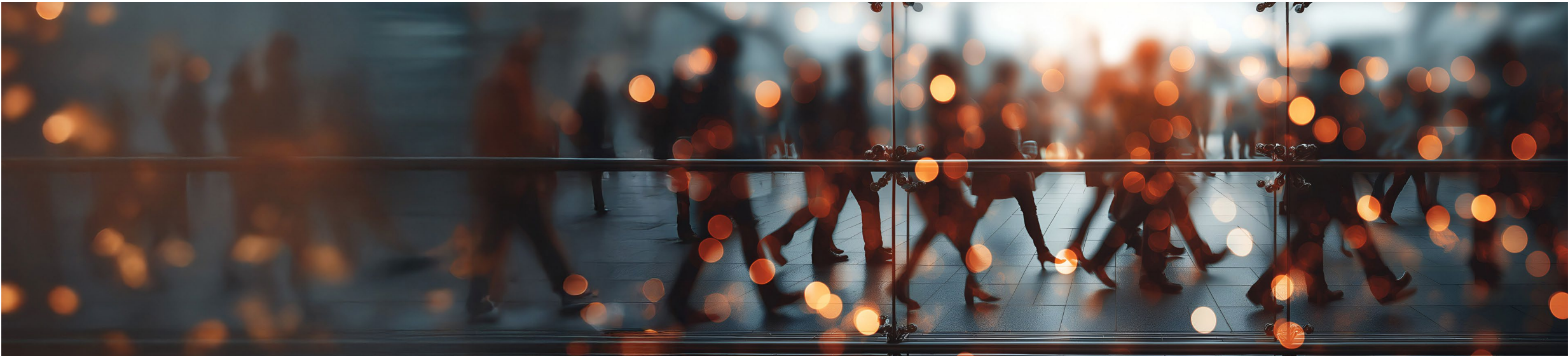
Gen Z and millennials twice as likely to travel as baby boomers



Q: Are you planning to travel over the 2025 holiday period? (Select all that apply.)
Base: 4,000
Source: PwC Holiday Outlook 2025

Why it matters

Holiday travel is more than a logistics choice — it’s a real-time read on consumer sentiment. The fact that travel plans are holding steady despite cost pressures signals resilience in spending tied to connection and tradition. But how people are traveling — choosing family stays over hotels, driving instead of flying, trimming trip extras — reveals a budget-conscious mindset shaping even non-discretionary experiences. For brands in travel, hospitality and adjacent categories, that means leaning into affordability without compromising meaning.



The new rhythm of the season

This year's survey points to a shifting consumer landscape — shaped by caution, complexity and a desire for connection. Shoppers say they'll cut back, but behavior tells a more layered story. Most still plan to celebrate, give and gather, but they plan to do it more deliberately. Gift cards, consumables and shared experiences are gaining ground for their value, flexibility and emotional resonance. But the common threads stop there. Gen Z, baby boomers and households with children are making different choices, for different reasons.

For retailers, one-size-fits-all strategies no longer apply. The opportunity isn't to push more. It's to meet people where they are with precision. Brands that listen closely, segment sharply and respond in real time can be better positioned for the season and to stay in sync with customers long after the holidays end.





About the survey

PwC surveyed 4,000 consumers in the US between June 26 and July 9, 2025.

Respondents in the online survey were broadly representative of the US population across gender, region or state and generational group, with 1,000 respondents each from Gen Z, millennials, Gen X and baby boomers.

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