Mastercard SpendingPulse: U.S. Retail Sales Expected to Grow 7.1%* This Holiday Season

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PURCHASE, N.Y.--(BUSINESS WIRE)--This holiday season, U.S. retail sales excluding automotive are expected to increase 7.1% year over year, according to the Mastercard SpendingPulse™ annual holiday forecast. Mastercard SpendingPulse measures in-store and online retail sales across all forms of payment. It is not adjusted for inflation. The holiday forecast, along with a look at key economic trends shaping the season, can be downloaded from the Mastercard Economics Institute here.

“This holiday season, consumers may find themselves looking for ways to navigate the inflationary environment – from searching for deals to making trade-offs that allow for extra room in their gift-giving budgets,” said Michelle Meyer, U.S. Chief Economist, Mastercard Economics Institute. “New job creation, rising wages and lingering savings should have many consumers ready and able to spend.”

The 2021 holiday season was resurgent for retailers (up +8.5%) as pandemic-induced pent-up demand, excess savings and supply chain issues sent shoppers stocking their carts to secure gifts. This year, the holidays are expected to shape up to be yet another positive retail season. Key trends to watch, include:

- Extended holiday shopping: With holiday shopping slated to begin early again this year, some of the season’s retail growth is expected to be pulled forward in October as consumers hunt for early deals. Key promotional days like Black Friday weekend are also expected to make a strong return along with Christmas Eve, which falls on a Saturday, slated to be among the biggest days for retailers and last-minute shoppers. To understand how holiday shopping is shifting, check out the extended 75-day holiday forecast here.
• ’Tis the season of savings: As inflation impacts consumer wallets, bargain hunting is expected to be in full force this holiday season. From deals and discounts to price monitoring and price matching, consumers are looking to stretch their dollars and get the most bang for their buck. E-commerce is anticipated to increase despite significant growth last year, up +4.2% YOY/ +69.2% YO3Y, as the channel remains a convenient way for consumers to check prices in real time.

• In-store experiences draw shoppers to stores: From the return of holiday doorbusters to new brick-and-mortar collaborations, retailers are aiming to boost holiday spirits by driving consumers into stores. In-store retail sales are expected to be up +7.9% YOY/ +10.4% YO3Y. While e-commerce has seen marked growth in recent years, in-store spending made up more than 4/5 of retail sales from January through August 2022.

• Fashion-forward gifting: Following nearly two years of loungewear and athleisure, consumers may be adding revamped wardrobes to their wish lists as social events and platforms have many dressing to impress. Apparel (+4.6% YOY/ +25.3% YO3Y) and Luxury (+4.4% YOY/ +29.6% YO3Y) are expected to be hot holiday gift sectors, sending consumers into the new year in style.

“This holiday retail season is bound to be far more promotional than the last,” said Steve Sadove, senior advisor for Mastercard and former CEO and Chairman of Saks Incorporated. “Easing supply chain issues coupled with the rapid shift in consumer spending trends and over-ordering inventory have left retailers in an interesting position ahead of the holidays. Retailers that were able to clear past merchandise and accurately forecast inventory needs will be the best positioned for growth.”

**Mastercard SpendingPulse: August**

The holiday season builds on the momentum seen this summer, with U.S. retail sales excluding automotive in August up +11.7% year over year and +20.4% compared to 2019. Online sales in August grew +8.9% and +100.2% respectively, compared to the same periods. Experiential sectors in particular—including Restaurants, Airlines and Lodging—saw strong double-digit growth.

*Total retail sales exclude automotive sales and measure the traditional holiday season defined November 1 – December 24*

**About Mastercard SpendingPulse**

Mastercard SpendingPulse reports on national retail sales across all payment types in select markets around the world. The findings are based on aggregate sales activity in the Mastercard payments network, coupled with survey-based estimates for certain other payment forms, such as cash and check.

Mastercard SpendingPulse defines “U.S. retail sales” as sales at retailers and food services merchants of all sizes.
Sales activity within the services sector (for example, travel services such as airlines and lodging) are not included.

About Mastercard (NYSE: MA)

Mastercard is a global technology company in the payments industry. Our mission is to connect and power an inclusive, digital economy that benefits everyone, everywhere by making transactions safe, simple, smart and accessible. Using secure data and networks, partnerships and passion, our innovations and solutions help individuals, financial institutions, governments and businesses realize their greatest potential. Our decency quotient, or DQ, drives our culture and everything we do inside and outside of our company. With connections across more than 210 countries and territories, we are building a sustainable world that unlocks priceless possibilities for all.

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