15 Million Consumers Who Shopped for Holiday Gifts in 2021 Don't Plan to This Year

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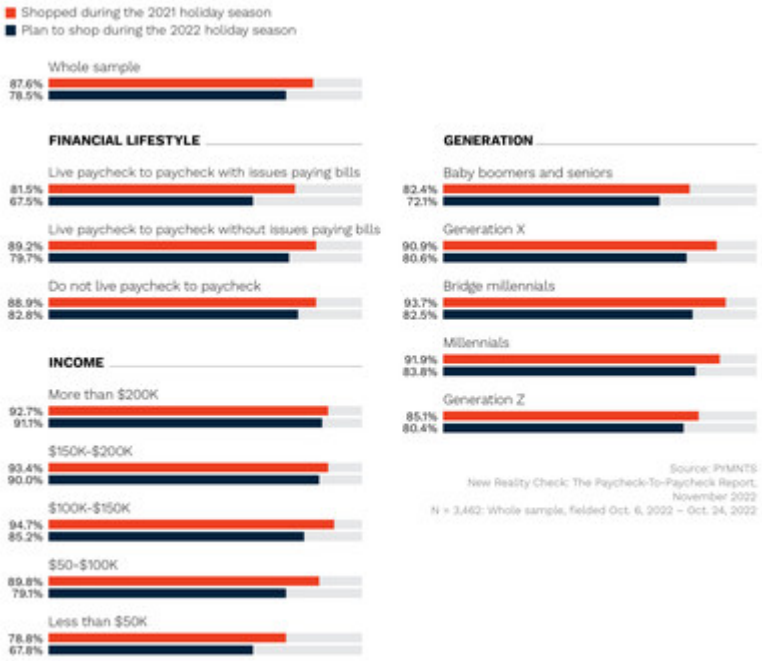
Nearly a Quarter of Consumers Who Plan to Shop This Holiday Season Expect to Spend Less Than Last Year

Almost 4 in 10 Shoppers Intend to Finance One or More Holiday Purchase in 2022

60% of U.S. Consumers Reported Living Paycheck to Paycheck in October

SAN FRANCISCO, Nov. 16, 2022 /PRNewswire/ -- LendingClub Corporation (NYSE: LC), the parent company of LendingClub Bank, America's leading digital marketplace bank, today released findings from the 16th edition of the Reality Check: Paycheck-To-Paycheck research series, conducted in partnership with PYMNTS. The Holiday Shopping Edition examines the financial lifestyles and spending choices of U.S. consumers going into the 2022 holiday shopping season.



Today's Paycheck-to-Paycheck Landscape

Against a backdrop of ongoing inflation and increased cost of living, 60% of U.S. consumers were living paycheck to paycheck in October 2022, a rise of 4 percentage points from October 2021. Middle-income consumers saw the steepest increase in paycheck-to-paycheck status, jumping 7 percentage points in the past year to 65%. The share of consumers living paycheck to paycheck without difficulty paying their monthly bills now equals the share of consumers not living paycheck to paycheck, both at 40%.

According to the report, financially struggling consumers cited a nearly full saturation of their credit card balances in October 2022. Consumers living paycheck to paycheck with issues paying their bills reported using an estimated 97% of their credit card limit in October 2022, which on average is $4,500. In contrast, the average consumer had used half of their credit card limit, which on average is $7,500.

"More consumers who have historically managed their budgets comfortably are feeling the financial strain, which will impact their spending behavior as we head into the holiday shopping season," said Anuj Nayar, Financial Health Officer at LendingClub. "Average monthly household expenses have gone up $445 a month on average, and, even with the rising food costs, we're seeing that people will still prioritize family gatherings and dinners this holiday season. That'll leave less available cash and, if this

trend continues, we'll see more U.S. consumers exercise caution before spending on gifts and entertainment this holiday season."

How Consumers Plan to Shop

Fifteen million consumers who shopped for holiday gifts in 2021 don't plan to do so this year. Moreover, nearly one-quarter of consumers who do plan to shop during the 2022 holiday season expect to spend less than last year.

Amid rising prices for goods and services, the research finds that 23% of consumers across the various income brackets will spend less in 2022 than they did in 2021, with 75% of respondents citing reduced spending capacity. That said, 79% of all consumers plan to shop this holiday season, more than a 10% decrease from 88% in 2021. Financially struggling consumers — those living paycheck to paycheck with issues paying their monthly bills — are expected to see the steepest decline in participation. While 82% of these consumers shopped during the 2021 holiday season, only 68% plan to shop in the 2022 holiday season, a 17% decrease.

Even so, many consumers will try to save money this holiday season by finding the best deals. Low prices and discounts will drive more of shoppers' holiday spending in 2022 than convenience. In fact, low prices and discounts will determine where 44% of shoppers will make their holiday purchases in 2022.

Even though consumers may be searching for discounts and buying less this year, it doesn't mean they will all be spending less. Forty-three percent of consumers who expect to increase their spending cite higher prices as the reason.

Financing the Holiday Season

Nearly four in 10 holiday shoppers intend to use financing – such as credit cards, personal loans and buy now pay later (BNPL) – to pay for one or more of their holiday purchases in 2022. This includes one-quarter of consumers who are not living paycheck to paycheck and half of financially struggling paycheck-to-paycheck consumers. That's a slightly higher share than the 34% who used financing in 2021. The likelihood that consumers will use financing increases based on financial distress as well as an increased saturation of disposable credit.

As of October 2022, younger generations are also highly likely to finance at least one of their holiday purchases, with 53% of bridge millennials, 51% of millennials and 47% of Generation Z consumers planning to do so in 2022. In comparison, only 19% of baby boomers and seniors plan to use financing for holiday purchases this year.

Financially struggling consumers anticipate relying on more payment alternatives than the average sample. In fact, while 59% of consumers who plan to engage in holiday shopping report that they will use BNPL financing, this share rises to 71% among consumers living paycheck to paycheck with issues paying bills. Furthermore, younger generations are more likely to use alternative forms of financing, such as BNPL and personal loans, while the older generations are more likely to use credit cards and pay them off over time.

"As many believe that a recession is approaching, now is the time for consumers to deploy financial survival strategies that can help them shore up their personal balance sheets for the new year," continued Nayar. "The data is telling us we'll pay more this holiday season and one of the worst things consumers can do is finance gifts on a credit card that they don't intend to pay off at the end of the month, especially in a rising interest rate environment. For example, if you have an outstanding credit card balance of $10,000 with an 18% interest rate at the end of the holiday season and you only pay $200 a month, you'd end up paying $8,622 in interest alone with an end date of 94 months! Now more than ever, it's important to live within your means."

To view the full report, visit: https://www.pymnts.com/study/reality-check-paycheck-to-paycheck-holiday-shopping-inflation-credit/

Methodology

New Reality Check: The Paycheck-To-Paycheck Report — The Holiday Shopping Edition is based on a census-balanced survey of 3,462 U.S. consumers that was conducted from Oct. 6 to Oct. 24 as well as analysis of other economic data. The Paycheck-To-Paycheck series expands on existing data published by government agencies, such as the Federal Reserve System and the Bureau of Labor Statistics, to provide a deep look into the core elements of American consumers' financial wellness: income, savings, debt and spending choices. Our sample was balanced to match the U.S. adult population in a set of key demographic variables: 51% of respondents identified as female, 31% were college-educated and 36% declared incomes of more than $100,000 per year.

About LendingClub

LendingClub Corporation (NYSE: LC) is the parent company of LendingClub Bank, National Association, Member FDIC. LendingClub Bank is the leading digital marketplace bank in the U.S., where members can access a broad range of financial products and services designed to help them pay less when borrowing and earn more when saving. Based on more than 150 billion cells of data and over $80 billion in loans, our advanced credit decisioning and machine-learning models are used across the customer lifecycle to expand seamless access to credit for our members, while generating compelling risk-adjusted returns for our loan investors. Since 2007, more than 4 million members have joined the Club to help reach their financial goals. For more information about LendingClub, visit https://www.lendingclub.com.

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