

Consumer Holiday Spending Study

TSG and the **Electronic Transactions Association (ETA)** conducted a survey consisting of 1,027 U.S. consumers to understand how payment method preferences shift across geography, how spending habits are poised to change year-over-year, and consumer sentiment on economic factors that may impact overall holiday spending trends.

The survey was conducted between September 16, 2025 and September 24, 2025. The survey represents consumers across several demographics such as state, gender, age, geographical region and household income, with a margin of error of $\pm 3\%$ at a 95% confidence level.





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Background & Executive Summary



Background

TSG + ETA Sixth Annual Consumer Holiday Spending Survey

TSG and the **Electronic Transactions Association (ETA)** conducted their 6th annual Consumer Holiday Spending Survey this year with the goal of tracking adoption of new payment methods across urban, suburban, and rural communities, as well as gauging consumer holiday spending habits and concerns about economic conditions.

2022 Consumer Holiday Spending Report

2023 Consumer Holiday Spending Report

2024 Consumer Holiday Spending Report



Key Research Areas



Payment Method Usage

We asked respondents how often they use a variety of newer payment methods.

The influence of embedded payments on consumer loyalty and likelihood to pay was investigated, as well as factors for adoption of new technologies. New this year, we tried to discern differences between urban, suburban, and rural shoppers in adoption of new payments technology.



Holiday Shopping

Respondents were asked about early shopping behavior, spending behavior compared to last year, and top areas of concern for their online shopping in 2025. Year-over-year spending comparisons can also be found in this section of the report.



Economic Conditions

We asked respondents about their top concerns when shopping for the holiday season. Consumers were also asked to provide context on their spending limits and attitudes towards budgeting. To shed light on the landscape of consumer spending, we also examined consumers' levels of financial stress and debt outlook compared to last year.

Executive Summary

Key Findings

Payment Method Usage

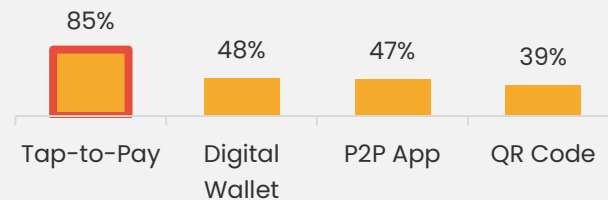
Emerging Payment Method Usage

Urban areas are adopting digital wallets at about the same rate as P2P applications like Venmo and CashApp (61-63% have tried). Urban and suburban consumers rely heavily on tap-to-pay technology (77-78% use regularly).

Geographical Differences

Consumers who reside in urban areas adopt new payment technologies faster than their suburban and rural counterparts. Urban areas may offer faster ROI on new payment technologies, and these areas could be useful for pilot programs and marketing/promotional efforts.

Consumer Adoption^{1,2}



Holiday Shopping

Spending Plans

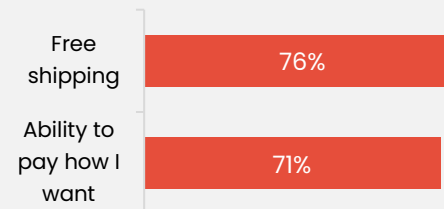
There was no YoY change in the percentage of those who don't plan to shop for gifts this year (8%). Of those who are, 31% had begun their shopping early (as of September).

Shopping Features

Online shoppers prefer free versus fast and are willing to shop earlier to capitalize on such deals. Preferred payment acceptance remains a top factor in online holiday shopping.

Online Shopping Features²

■ % Very or Extremely Important



Economic Conditions

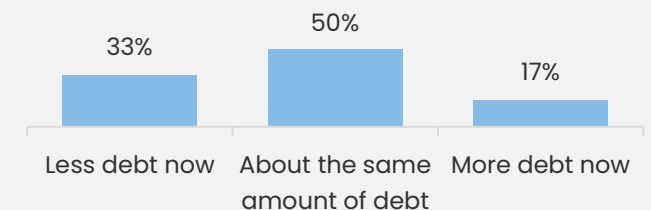
Holiday Shopping Concerns

Shoppers identify rising costs as the #1 concern yet again this holiday season, with secondary concerns including return policies, unavailability of certain products, and shipping delays.

Debt Accumulation

Overall, the amount of debt consumers have is trending down – more individuals have reconciled debt than have gained debt in the past year. However, as detailed on slide 24, 27% of shoppers are feeling more financially stressed this year compared to last year, likely due to inflationary pressures.

Debt Accumulation (Compared to 2024)²



¹In-person digital wallet payments are also considered Tap-to-Pay – there is overlap between these two payment methodologies

²N (2025) = 1027

Takeaways for Acquirers, ISOs, and Processors

Help your audiences tailor their messages this holiday season

See below for a summary of targeted recommendations.



Enable and promote products to enable a seamless point of interaction:

- Tap-to-Pay
- Digital Wallets
- Checkout technology
- Payments options
 - Buy Now Pay Later



Provide guidance to merchants on anticipated shifts in spending and payment behaviors



Emphasize security features for merchants and consumers to ensure safe, compliant transactions



Embed new products to enable commerce:

- Loyalty
- Consumer Financing
- Merchant Financing



Customize solutions to address merchants' needs by geography:

- Urban - technology adoption and pilot programs
- Rural - loyalty and small business needs



2025 Holiday Forecast

Consumers will continue to prioritize free over fast in their holiday shopping efforts to offset inflation. While economic trends are positive overall (i.e., debt is decreasing on average, fewer consumers are budgeting for the holidays), those with low- to medium-level incomes are feeling financial pressures.

Takeaways for Financial Institutions and Fintechs

Help your audiences tailor their messages this holiday season

See below for a summary of targeted recommendations.



Engage your customers to know their processing needs and concerns



Educate customers on products that offer a seamless point of interaction:

- Tap-to-Pay
- Digital Wallets
- Checkout technology
- Payments options
 - Buy Now Pay Later



Consult merchants on anticipated shifts in spending and payment behaviors



Promote security features for merchants and consumers to ensure safe, compliant transactions



Offer new products to enable commerce:

- Loyalty
- Consumer Financing
- Merchant Financing



Participate with processing partners to promote new products and enable adoption



2025 Holiday Forecast

Consumers will continue to prioritize free over fast in their holiday shopping efforts to offset inflation. While economic trends are positive overall (i.e., debt is decreasing on average, fewer consumers are budgeting for the holidays), those with low- to medium-level incomes are feeling financial pressures.

Payment Method Use

Tap-to-Pay Usage

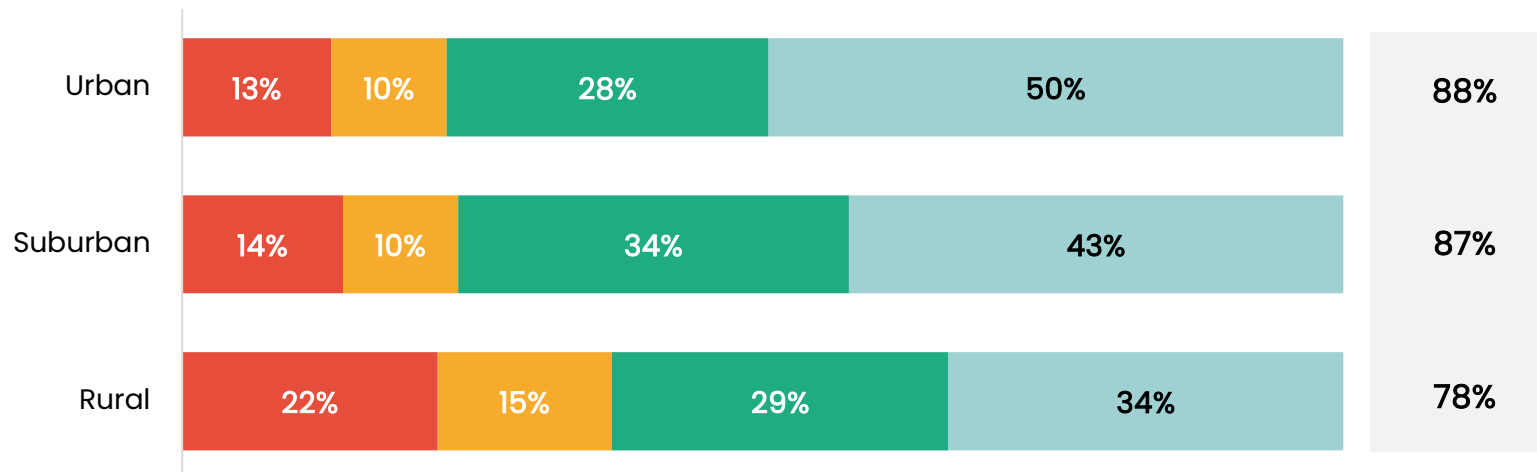
Urban & Suburban Consumers Adopt Faster

Have you tried any of the following newer payment methods in the past year? – Tap-to-Pay

N (2025) = 1027

■ Never ■ Once or twice ■ Occasionally ■ Frequently

% Tried



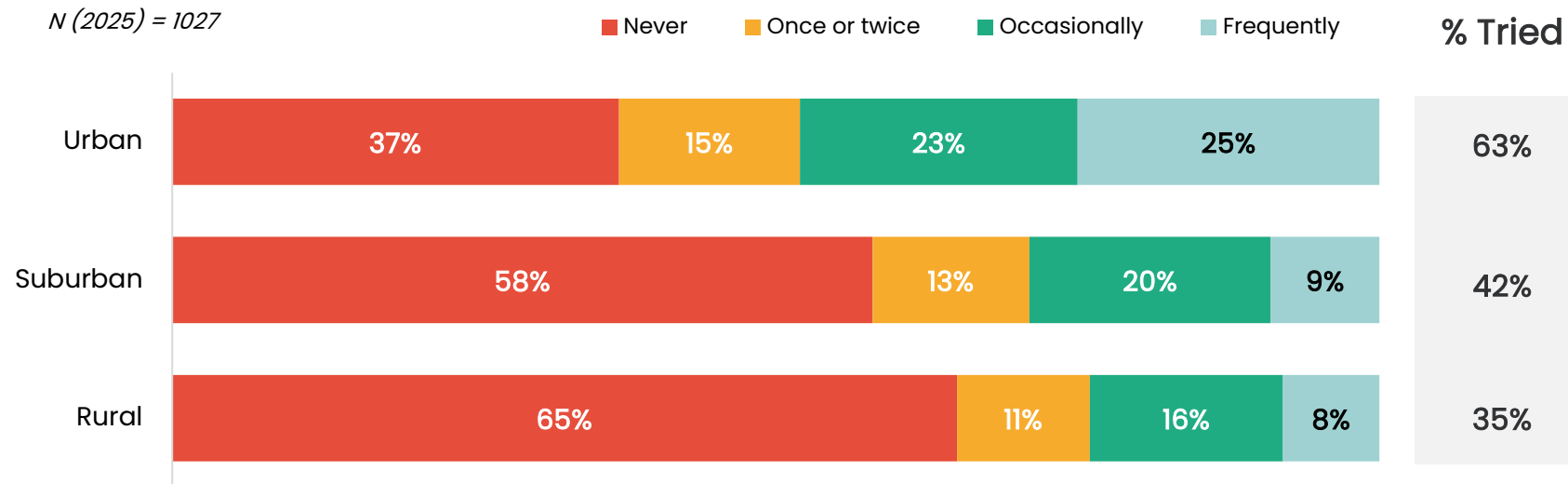
Key Insight

In the past year, urban and suburban consumers are adopting Tap-to-Pay the fastest, with rural consumers lagging behind 10%.

P2P Application Usage

Urban Consumers Adopt Faster

Have you tried any of the following newer payment methods in the past year? – P2P Apps



Key Insight

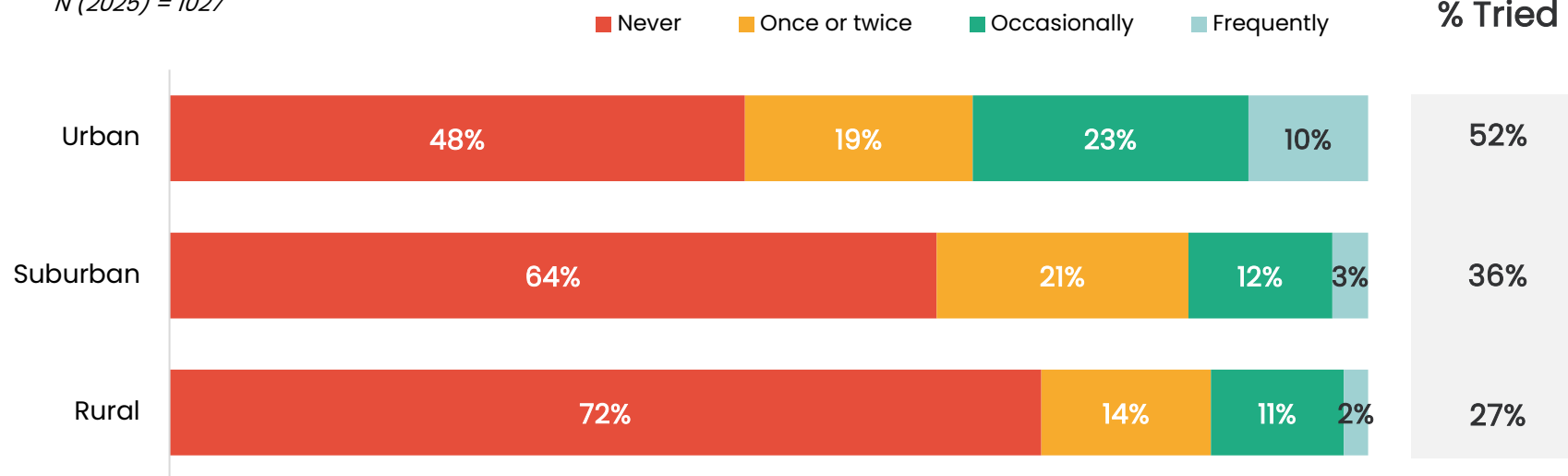
P2P Applications are used more frequently by urban consumers, with nearly 50% using them regularly, compared to 29% of suburban consumers and 24% of rural consumers.

QR Code Usage

Urban Consumers Have Tried More Often

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

N (2025) = 1027



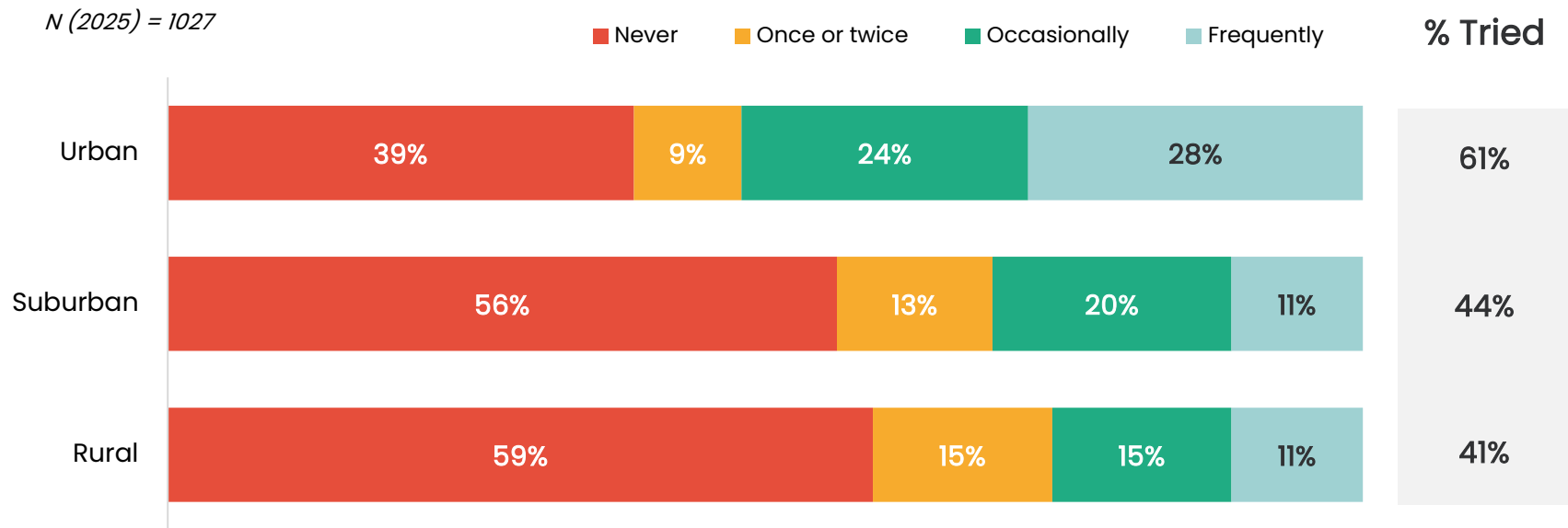
Key Insight

Not only have urban consumers tried QR codes more often than their suburban or rural counterparts, but they are also twice as likely to use QR codes regularly.

Digital Wallet Usage

Urban Consumers Adopt Fastest

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



Key Insight

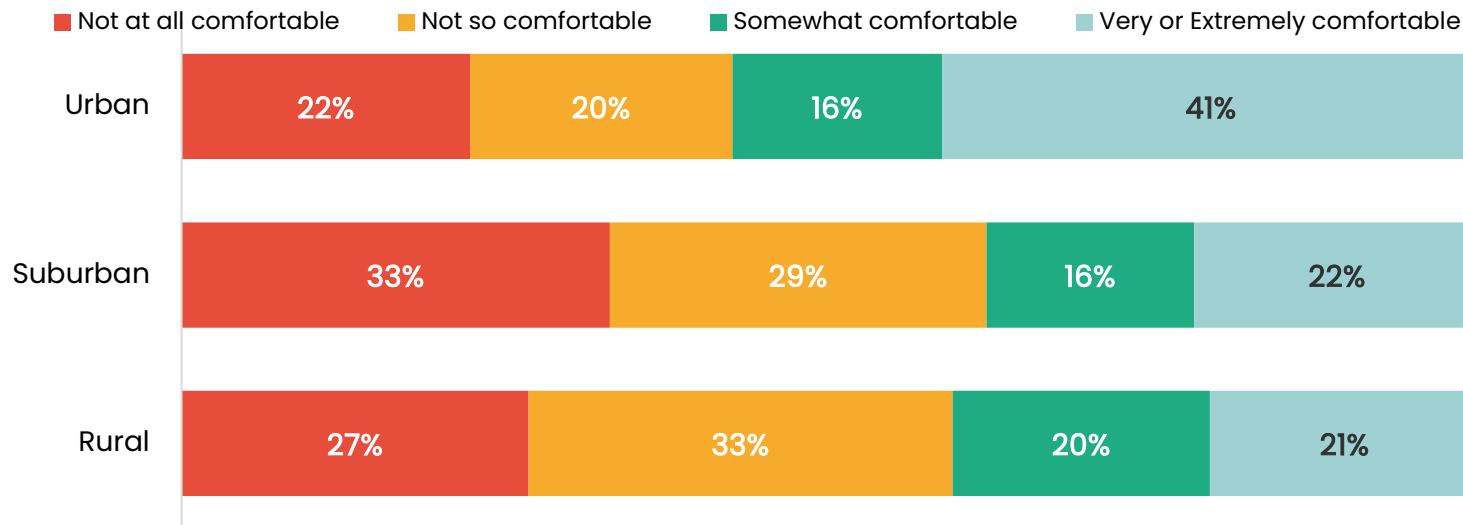
While more than half of urban consumers regularly use digital wallets, less than half of suburban and rural consumers have tried using a digital wallet in the past year.

Digital Wallet Reliance

More than half of urban consumers feel they can rely on mobile wallets in lieu of a physical wallet

How comfortable would you feel leaving your house without your physical wallet?

N (2025) = 1,027



Key Insight

Urban consumers are far more comfortable leaving home without a physical wallet:

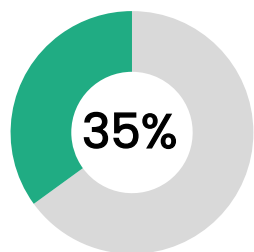
57%, versus 38% in the suburbs and 41% in rural areas.

Embedded Payments

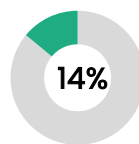
Urban consumers are most attracted to the ease and convenience of embedded payments features

Do embedded payments make you more likely to return to a brand or app?

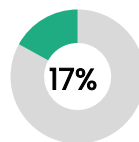
N (2025) = 1,027



Urban consumers would be more likely to return

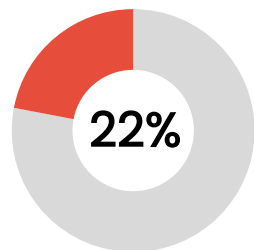


Rural

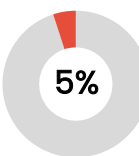


Suburban

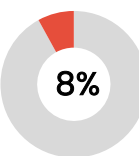
Have embedded payments ever led you to make a purchase you wouldn't have otherwise?



Urban consumers have been inspired to make a purchase



Rural



Suburban

Key Insight

Embedded payments drive significantly more loyalty and purchase intent among urban consumers (35%). The effect is smaller elsewhere:

Loyalty increase: 17% in suburbs, 14% in rural areas.

Purchase intent increase: 8% in suburbs, 5% in rural areas

Most Important Factors for Adopting New Technology

One-third of consumers want better security

What would make you most comfortable using newer payment technologies?

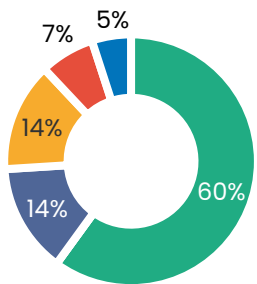
(2025) = 1027



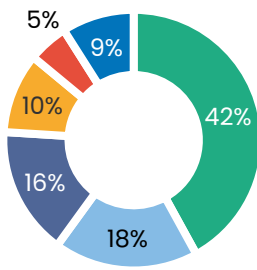
Key Insight

While one-third of consumers would be more swayed by newer payment technology that has improved security features, 31% are not open to new technology regardless of security, incentives, clearer terms, or educational resources.

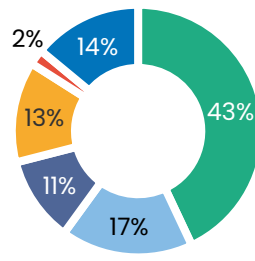
Educational resources should emphasize security features to attract a broad audience. Offering incentives and rewards can effectively influence those older than Generation Z, while transparent terms and conditions resonate with a notable portion of Generation Z, Millennials, and Generation X. Additionally, merchant acceptance is particularly appealing to the younger demographic.



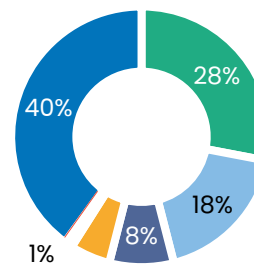
GEN Z



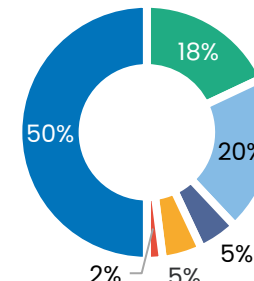
MILLENNIAL



GEN X



BABY BOOMER

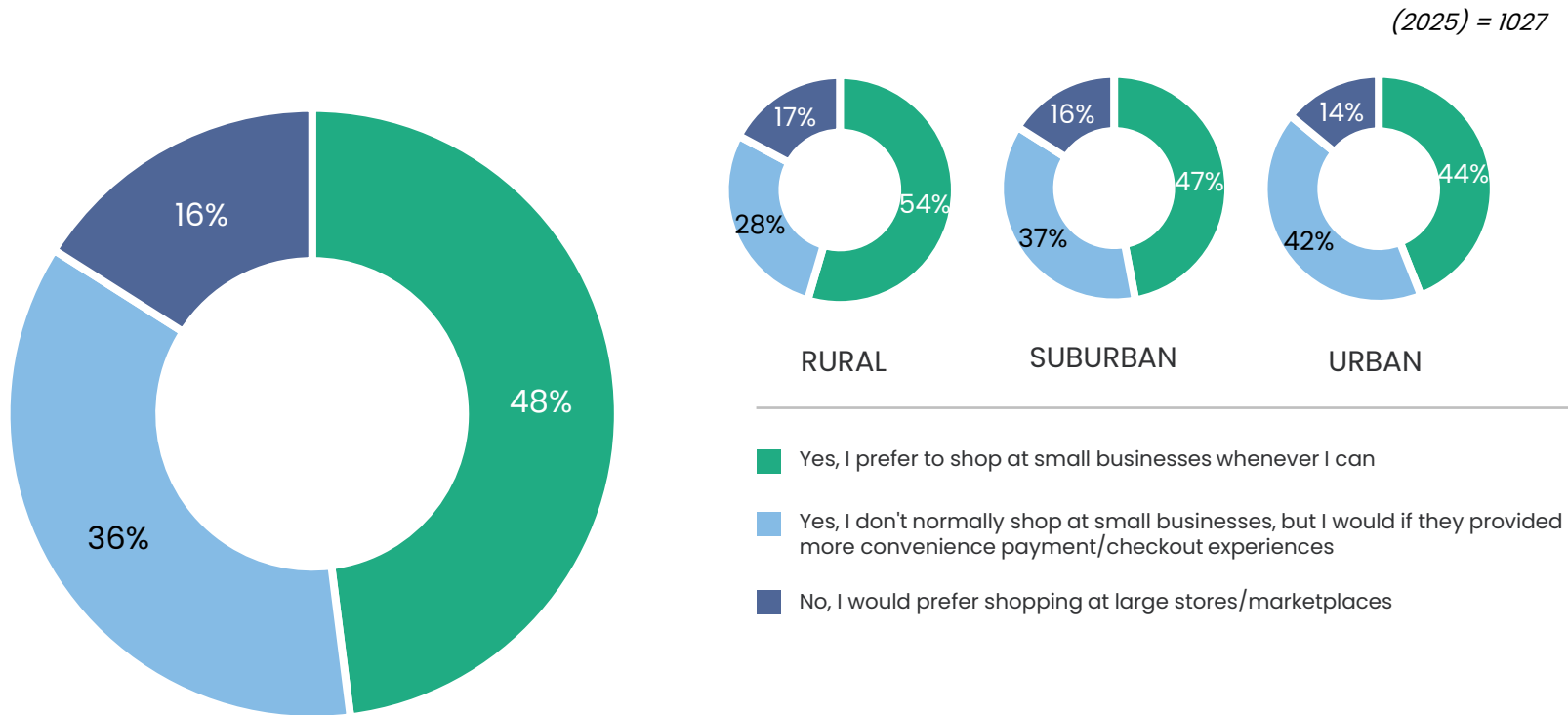


SILENT GEN

Small Business Insight

On average, 36% of consumers are swayed to "shop small" by smooth checkout experiences

If a small business offered the same conveniences as a large business, would you be more likely to shop at a small business?



Key Insight

Nearly half of consumers try to stay loyal to small businesses (48%), no matter how they provide checkout experiences.

36% of consumers would be swayed to shop at a small business if they knew that they would have their preferred payment and checkout features.

Rural consumers tend to be more loyal to small businesses regardless of checkout features.

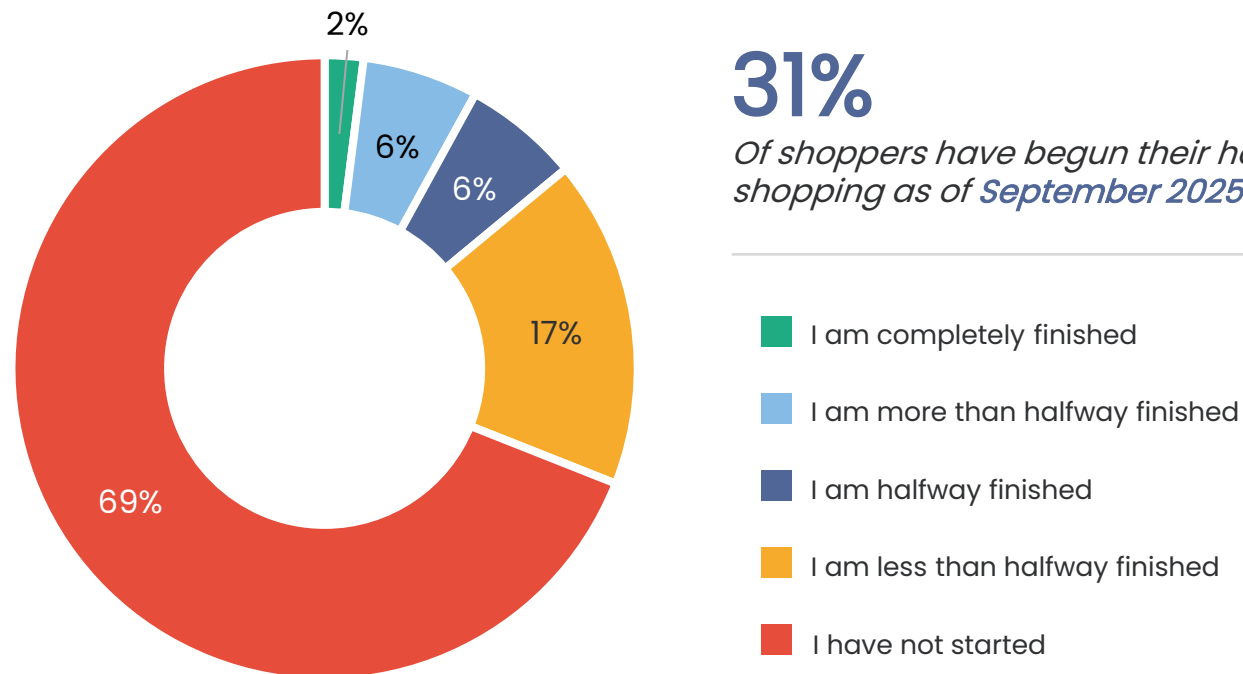
Holiday Shopping Trends

Early Holiday Shopping

31% 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 (2025) = 1027



31%

Of shoppers have begun their holiday shopping as of *September 2025*

Key Insight

As of September, 69% of shoppers are waiting to start their holiday shopping, 29% have started shopping, and only 2% are finished shopping for gifts.

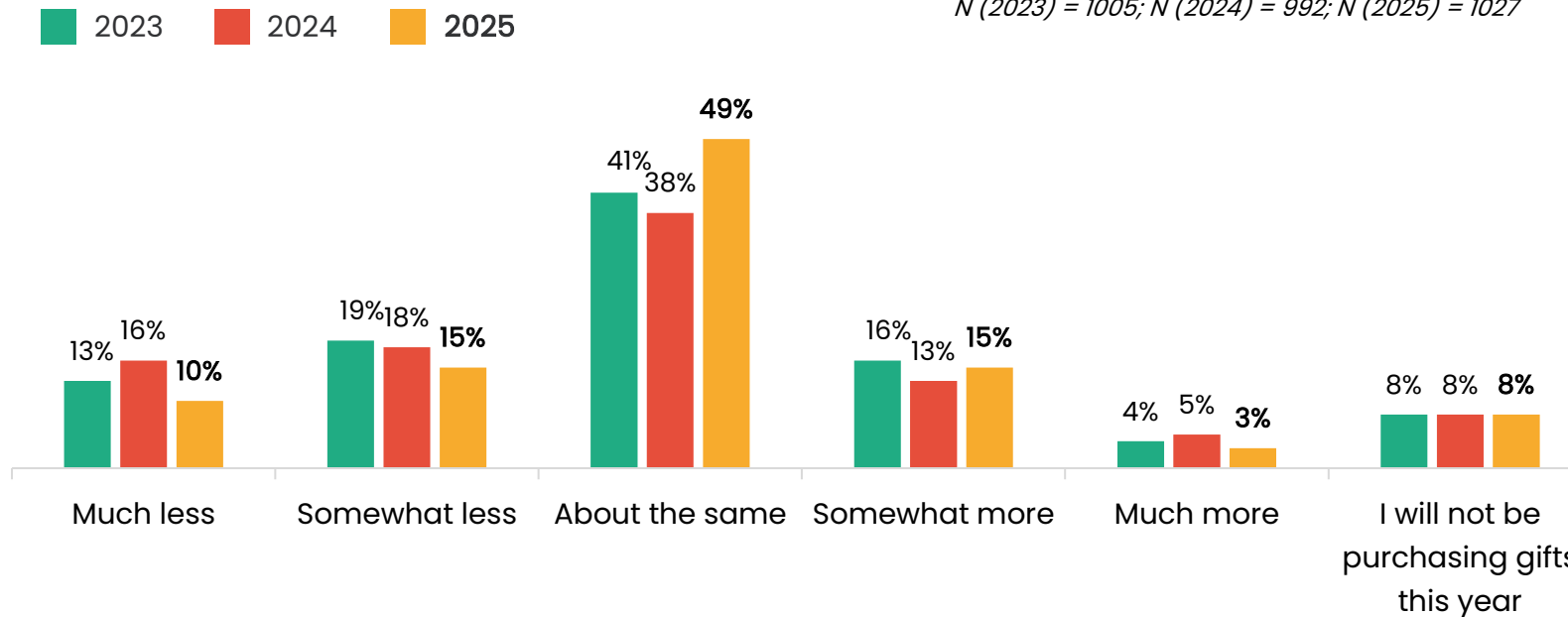
Those who reside in urban areas are ~13% more likely to have started their holiday shopping than rural and suburban consumers.

Annual Holiday Spending Comparison

2025 spending trends are similar to last year's, with stronger spending for 18% of consumers

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

N (2023) = 1005; N (2024) = 992; N (2025) = 1027



Key Insight

When looking at year-over-year trends, those that plan to spend more this year compared to last year during the holidays has plateaued at 18%. Nearly three out of four consumers plan to spend the same or less than last year.

Urban consumers are twice as likely as rural/suburban consumers to increase their holiday spending this year.

74%

Plan to **Spend Less or the Same**

2024: 72%
2023: 73%

18%

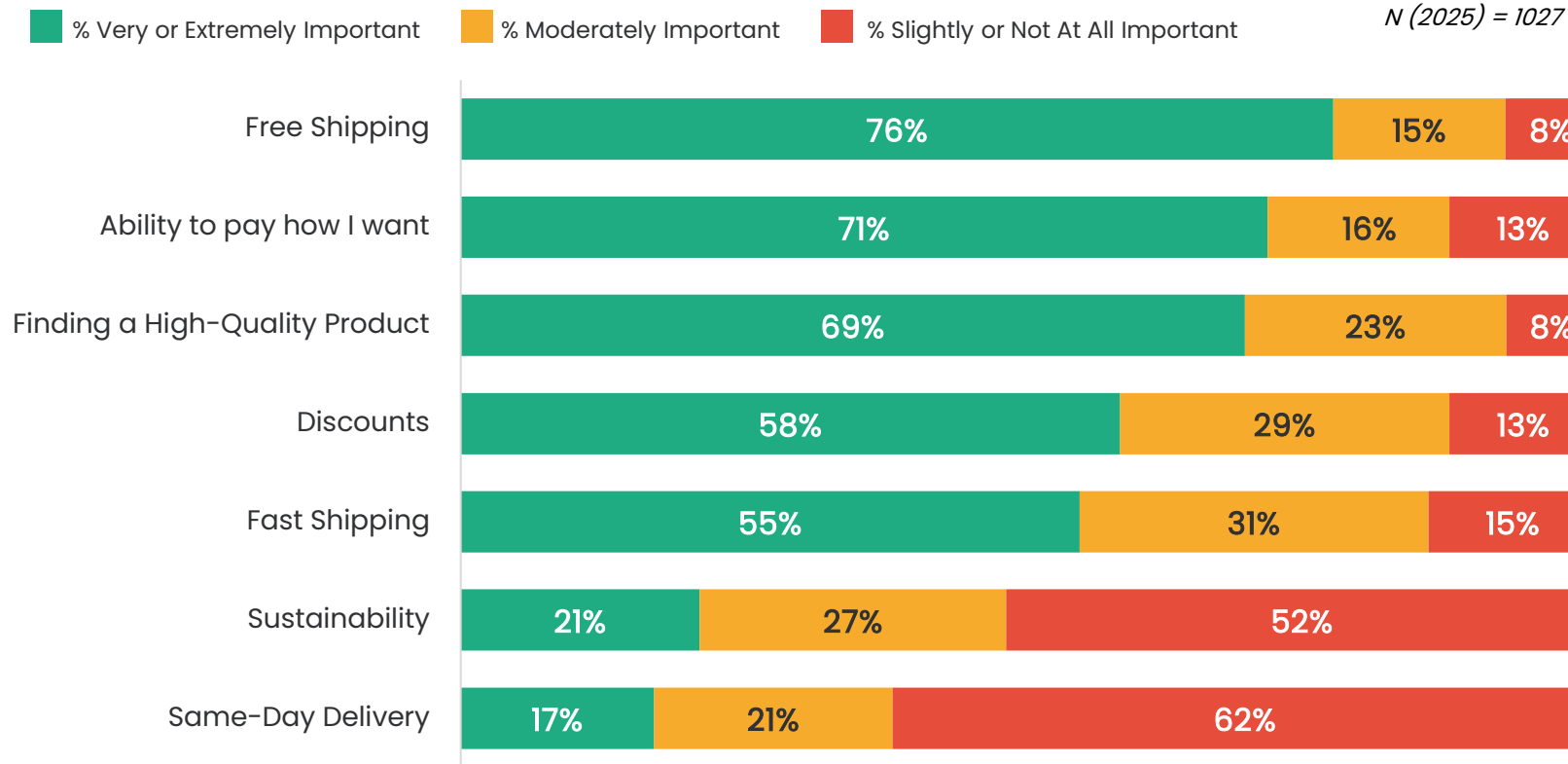
Plan to **Spend More**

2024: 18%
2023: 20%

Holiday Online Shopping Features

Free shipping and payment method acceptance influences online shoppers the most

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



Key Insight

For online orders, free shipping continues to be the most important factor to consumers, when compared to fast shipping and same-day delivery. The ability to use their preferred payment method also continues to rank second in importance.

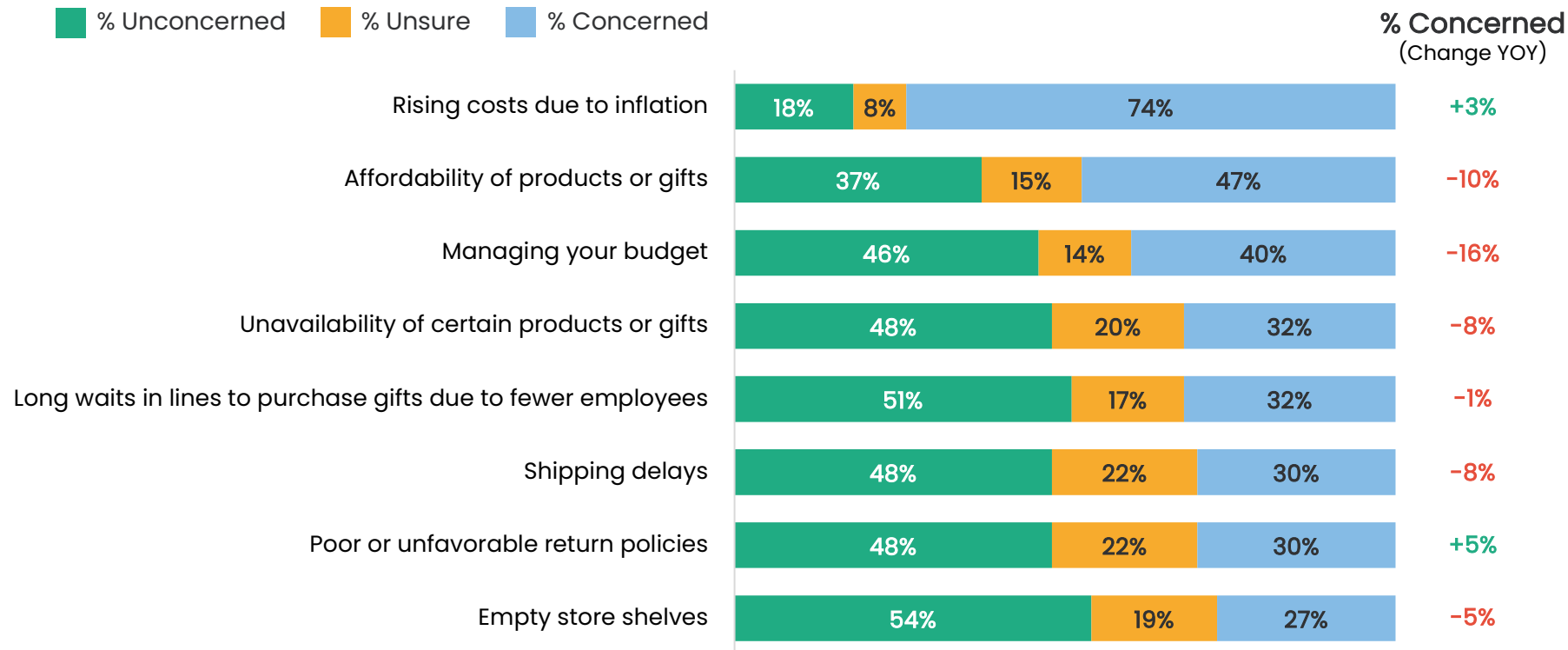
Economic Conditions

Potential Shopping Deterrents

Inflation continues to be the primary concern

How are consumers feeling this holiday season?

N (2024) = 992; N (2025) = 1027



Key Insight

The primary concern for shoppers this year is inflation and rising prices. Despite this, consumers are more confident in their ability to stick to their budget and find affordable gifts for the season.

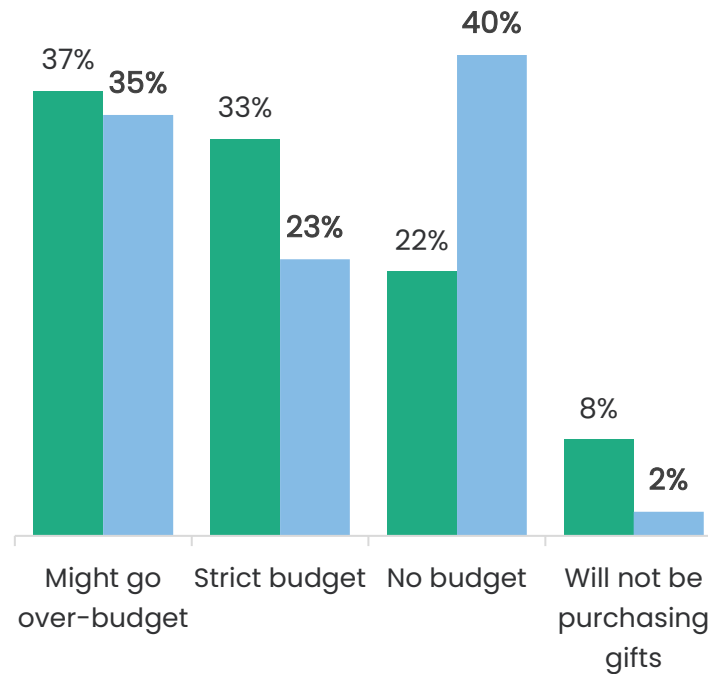
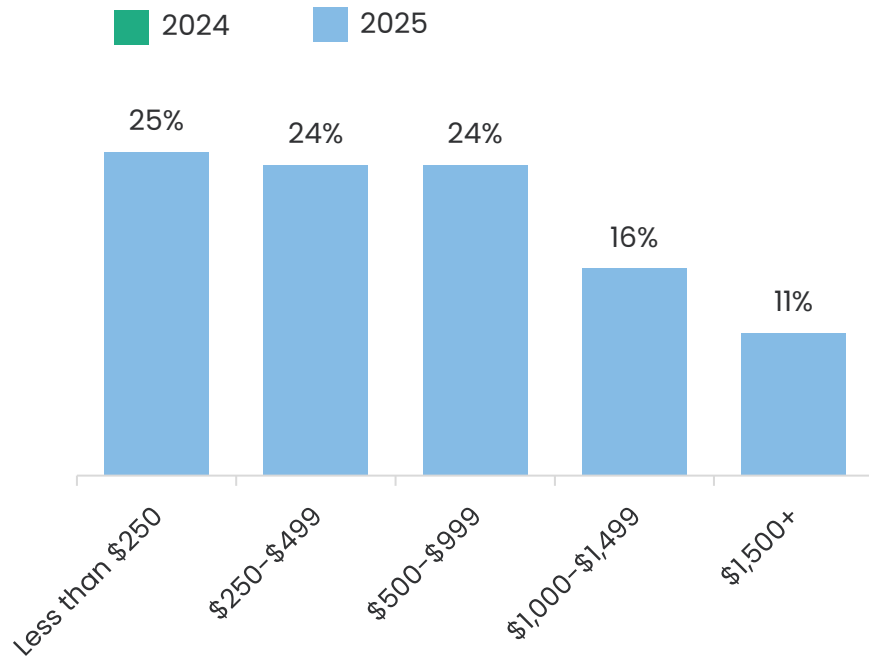
Return policies have also become more of a concern this year compared to last year.

Holiday Spending Amounts

40% of consumers have no defined budget for their 2025 holiday shopping

How much do you plan to spend this holiday season?

N (2024) = 992; N (2025) = 1027



Key Insight

This year, 51% of shoppers plan to spend above \$500 on holiday gifts. Last year, that number was 39%. This increased planned spend coincides with more shoppers choosing not to create a budget this year (+18%).

With no budget, consumers are more likely to overspend during the holidays and pull back on spending in Q1 2026.

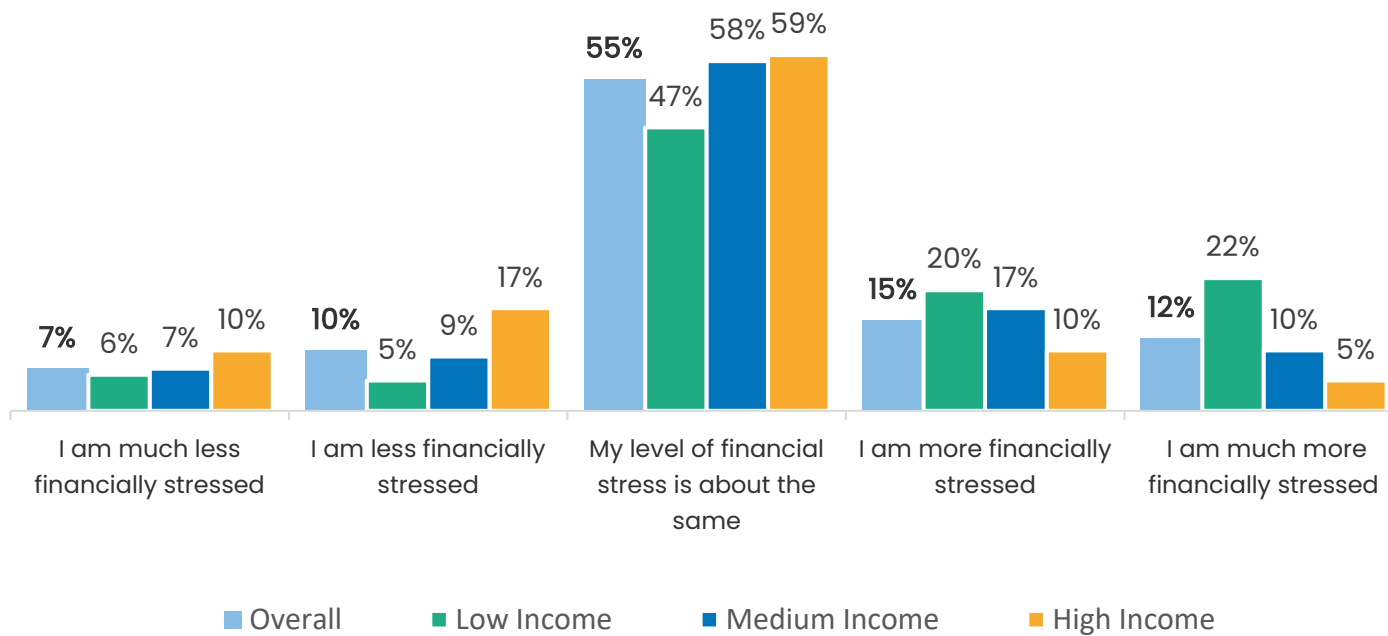
"Do you plan to make a budget for your holiday shopping this year?"

Financial Stress

A majority of consumers feel similarly stressed compared to last year

Are you more or less financially stressed going into the holiday season this year than you were last year?

N (2025) = 1027



Key Insight

A majority of consumers are feeling similar financial stress as last year. 27% are feeling more stressed, while 17% feel less stressed. Overall, the trend speaks to the inflationary pressures that have carried over from previous years.

Those with low incomes are most likely to feel more financially stressed compared to last year.

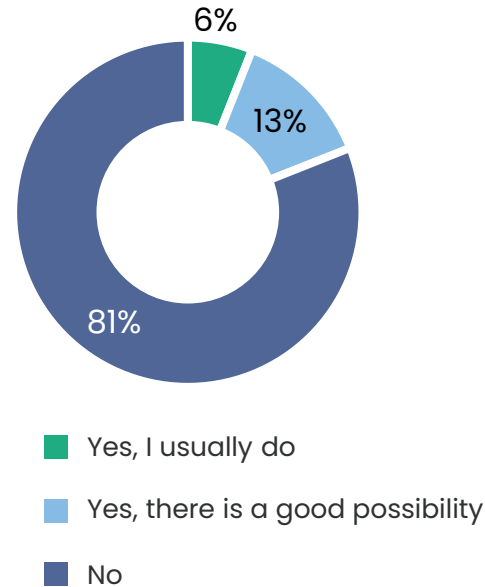
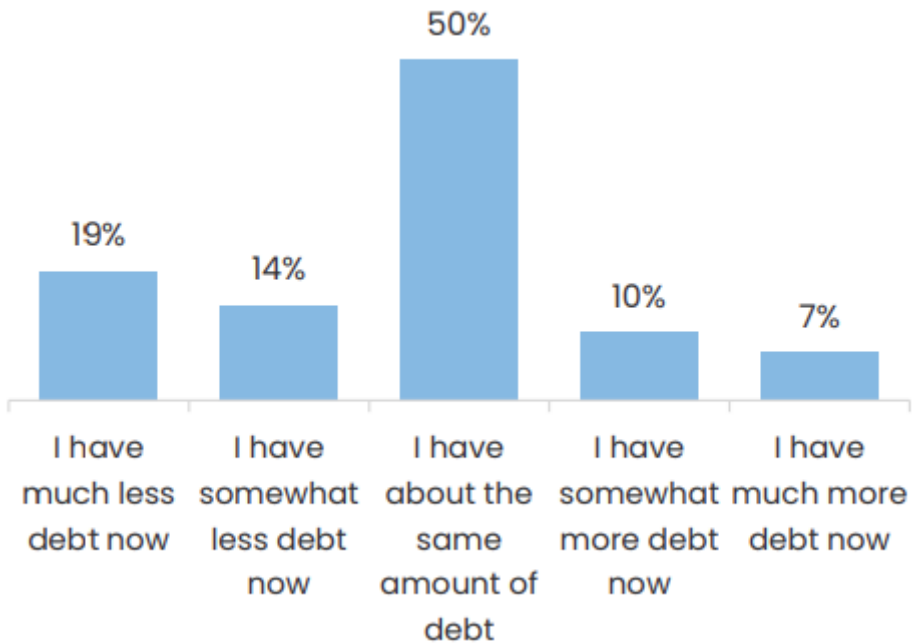
Debt Accumulation

On average, consumer debt stores are decreasing

Do you have more or less debt now than you did two years ago?

"Do you think you will go into debt during the holidays this year?"

N (2025) = 1027



Key Insight

One-third of consumers were able to get rid of debt this year compared to last year, as opposed to 17% that are experiencing more debt this year. Overall, the amount of debt consumers have is trending down within the past 2 years – more people have reconciled debt than have accumulated debt.

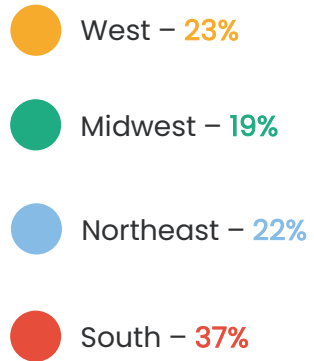
19% of consumers plan to go into debt during the 2025 holiday season, whereas 14% of consumers went into debt last year.

Demographics

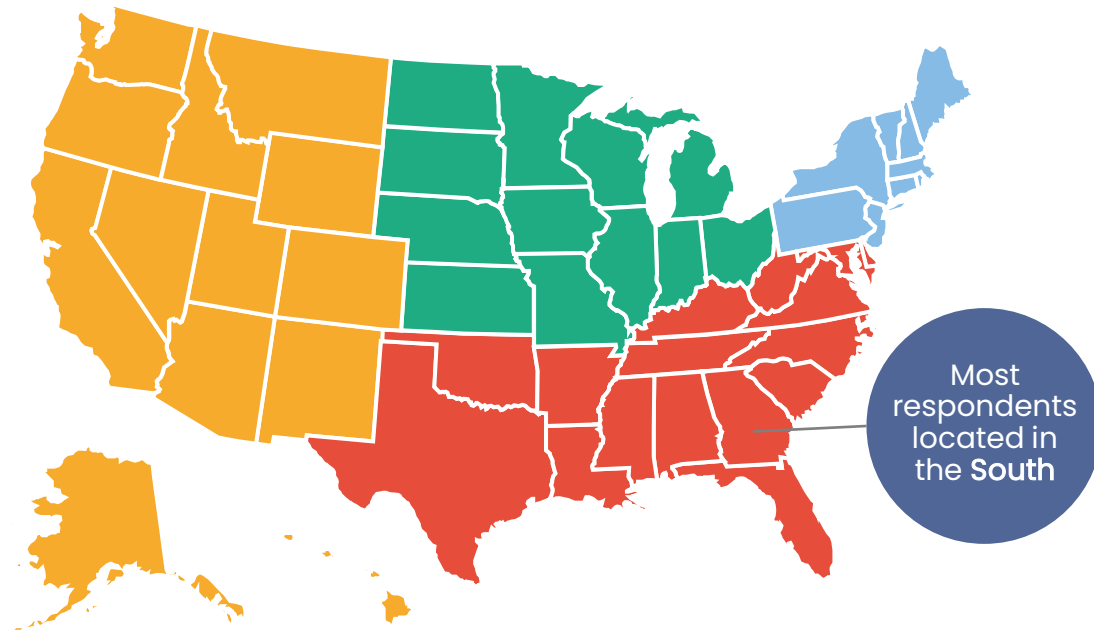
Shopper Demographics

This survey captured a sample of 1,027 U.S. shoppers

Shopper Regional Analysis



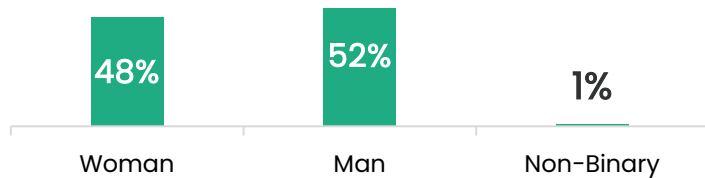
Only U.S. consumers were surveyed



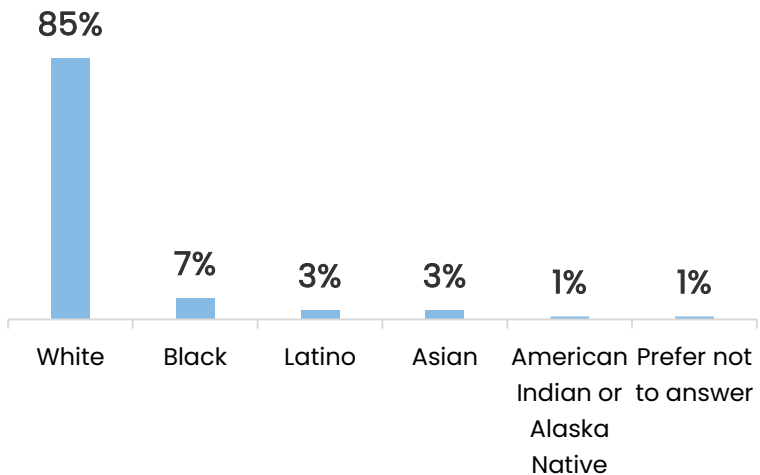
Shopper Demographics

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

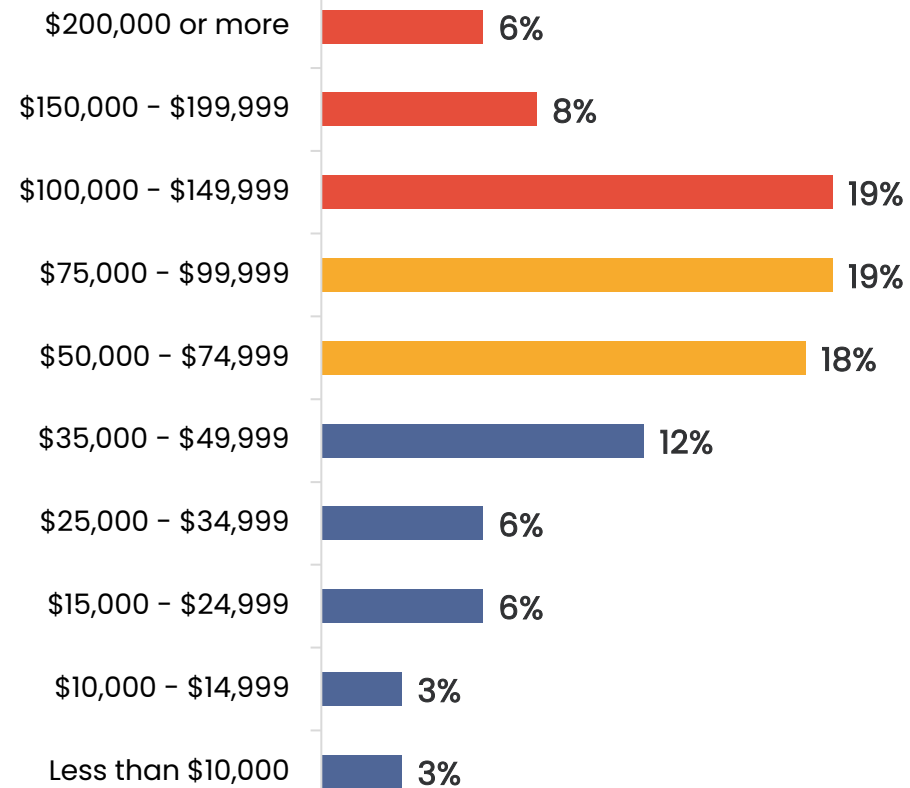
Gender



Race



Annual Household Income



High-Income
33%

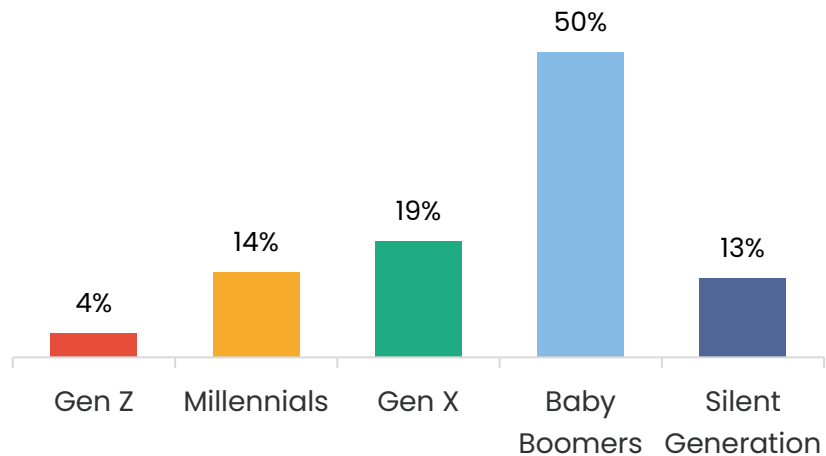
Mid-Income
37%

Low-Income
30%

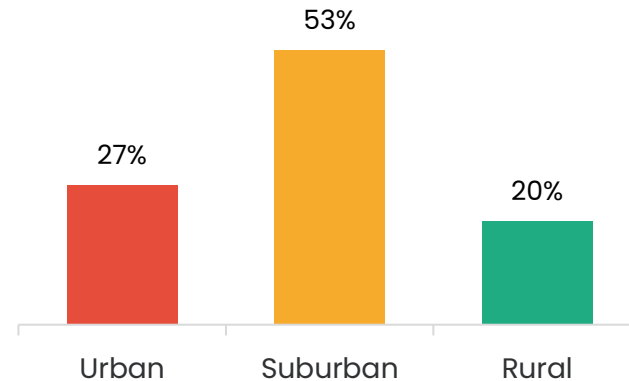
Shopper Demographics

Generations and geographical areas were well-represented in the sample

Generation



Geographical Area



New Definitions

TSG and ETA defined geographical area subjectively through the eyes of respondents – survey takers chose the category that best suited them. Geographical area was defined via the following:

Urban: Densely populated large cities with ample job opportunities and a wide range of services available

Suburban: Predominately residential communities on the outskirts of cities, with local shopping and small businesses located within commuting distance

Rural: Areas with low population densities characterized by a focus on natural environments, agriculture and resource-based economies, with limited development and services



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 \$52.7 trillion annually in purchases and P2P payments worldwide and deploying payments innovation to merchants and consumers. For more information, visit electran.org



TSG (The Strawhecker Group) is a globally recognized analytics and consulting firm that supports the entire payments ecosystem, serving over 1,000 clients from Fortune 500 leaders to more than a dozen of the world's most valuable brands.

Trusted by industry leaders, TSG's strategic services, market intelligence, and analytics merge to empower clients with actionable and accessible information. For more information, please visit www.tsgpayments.com

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