Insights

U.S. Holiday Spending Outlook

Merry & Mixed: Holiday Spending in a K-Shaped Economy

October 2026



Teneo

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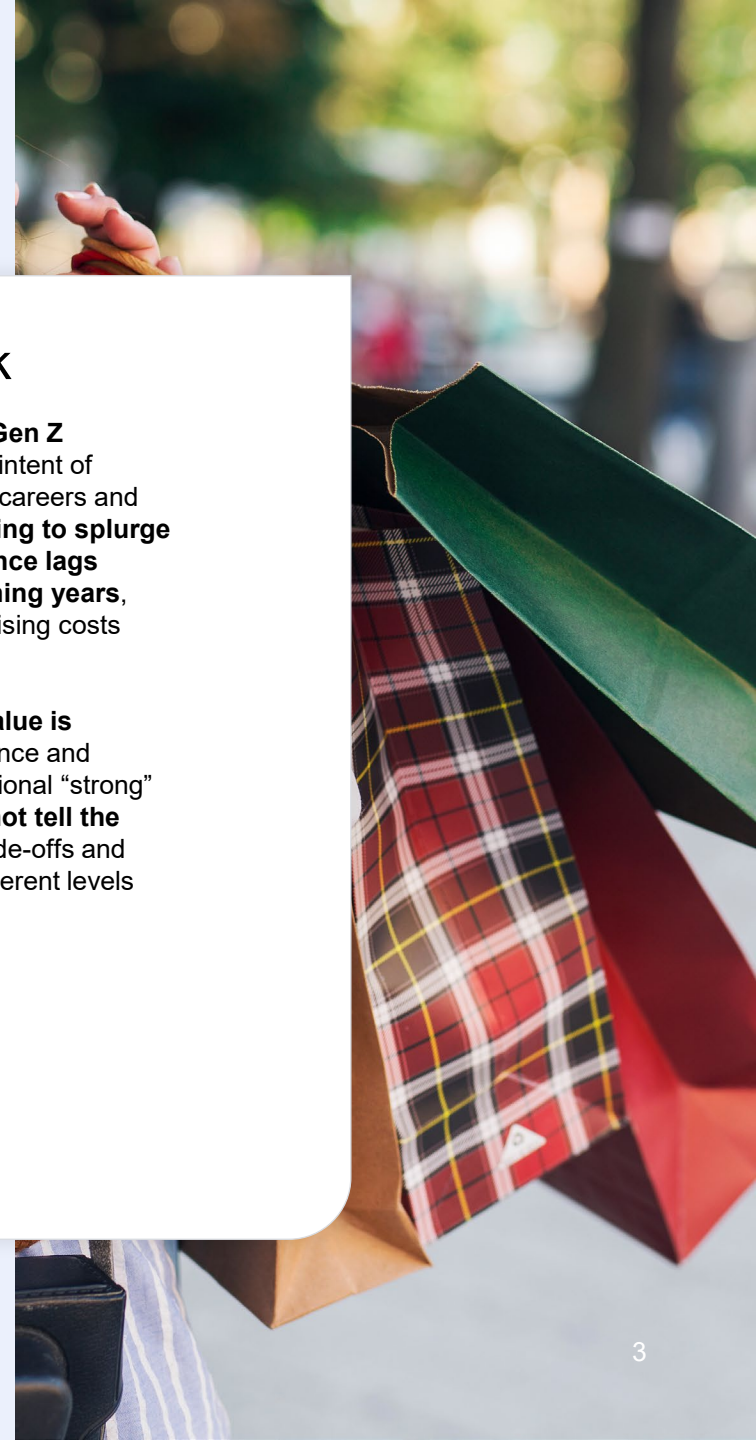
01 Foreword



The Holiday Split: Where U.S. Consumers are Spending and Pulling Back

In recent years, U.S. consumers have entered the holiday season facing a shared set of pressures – from inflation and rising everyday costs to broader economic uncertainty. But in 2026, the defining feature of the holiday consumer is not simply how much they have to spend. **It is how confident they feel spending it and on which categories.**

Teneo's 2026 U.S. Holiday Spending Outlook, a national survey of more than 1,700 U.S. consumers, finds a consumer landscape increasingly shaped by diverging levels of financial confidence and distinct choices about where to spend, where to save and what is worth the splurge.

Consumers are not abandoning the holidays. **They are becoming more deliberate about how they participate in them.** While expected spend is down overall compared to last year, with lower-income households signaling a **25% decrease in holiday spend**, higher-income and high-net-worth households are planning to spend about the same as last year – resulting in overall **median holiday expected spend of $680 per household, compared to $750 last year.**

Most telling is that the middle-income consumer is becoming a less stable source of demand as inflation and cost-of-living pressures drive a disproportionate squeeze. Median expected holiday spend among **middle-income households is $800,** down 20% from last year.

There are also some revealing generational differences. **Gen Z enters the holiday season with the strongest splurge** intent of any generation despite being at the earliest stage of their careers and earning potential, with **67% of Gen Z consumers intending to splurge** this holiday season. On the other hand, **Gen X's confidence lags significantly despite this cohort being in its peak earning years**, signaling a household balance-sheet pressure driven by rising costs during the mid-life stage.

Across the board, value matters, but **what constitutes value is increasingly personal**, spanning price, quality, convenience and experience. That makes 2026 more nuanced than a traditional "strong" or "soft" holiday season**. Headline spending alone will not tell the full story**. Beneath it sits a consumer making sharper trade-offs and approaching categories, channels and purchases with different levels of confidence and intent.



Dan Stolarski
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02 Key Findings

Teneo's **U.S. Holiday Spending Outlook** surveyed more than 1,700 adults between August and September 2026 to explore how finances and preferences are reshaping the holiday spending outlook, purchase plans and shopping channels for U.S. consumers. The survey responses are based on a core sample of consumers, nationally representative, with oversamples for key findings.



Inflation sets the tone: 68% say prices and inflation are affecting holiday spending sentiment; 66% cite groceries and household necessities.



Holiday budgets are down: Median expected spend is $680, down from $750 last year.



The K widens sharply in holiday budgets: <$50K households expect to spend $300, while $150K+ households expect $2,000 and high-net-worth[1] (HNW) households expect $4,000.



Gifting still anchors the wallet: Gifts account for 40% of expected holiday spend.



Consumers are still willing to splurge: 44% definitely or probably plan at least one holiday splurge, with Gen Z leading the way in expected splurge and overall confidence.



Food is the clearest category winner: Food and specialty foods make up the only category with a positive net expected spending shift.



Stores still matter: Physical stores capture the largest single share of expected holiday spend, at 35%.



Price and quality lead the hierarchy: Lowest price and product quality are consumers' top purchase priorities.

1) High-net-worth is defined as a household with an income of $350K+.



03

Uneven Cheer: Navigating a K-Shaped Holiday Season

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The season is unfolding with low-income households trading down under financial pressure, while those at the top of the K enter the season with resilient confidence.

Bottom of the K

Lower-income households

$300 median spend

Median expected holiday spend among households earning <$50K, down from $400 last year.

Financial pressure is acute

Lower-income households report weaker savings, discretionary cash and overall financial security heading into the season.

Trade down is the default response

Lower- and middle-income households are more likely to move toward value and discount options across most purchase categories.

Lowest price defines value

Lowest price carries 24% preference share among <$50K households, making it their clearest purchase priority.

What still holds across the K

Gifting remains central

Holiday dollars are still concentrated on gifts.

Promotions still matter

Consumers across segments are looking for value, even when budgets are healthy.

Stores still have a role

Physical retail remains important for food, smaller gifts and last-minute purchases.

Top of the K

$150K+ and HNW households

$2,000–$4,000 median spend

Median expected holiday spend is $2,000 among $150K+ households and $4,000 among HNW households.

Financial confidence is resilient

Higher-income and HNW households are far more likely to enter the season feeling better about their finances than last year.

Trade-up remains available

$150K+ households skew toward premium choices across categories, especially family gifts and travel.

Value broadens beyond price

Higher-income consumers put more weight on quality, uniqueness, recommendations, reviews and premium attributes.



04
The Consumer Confidence Gap

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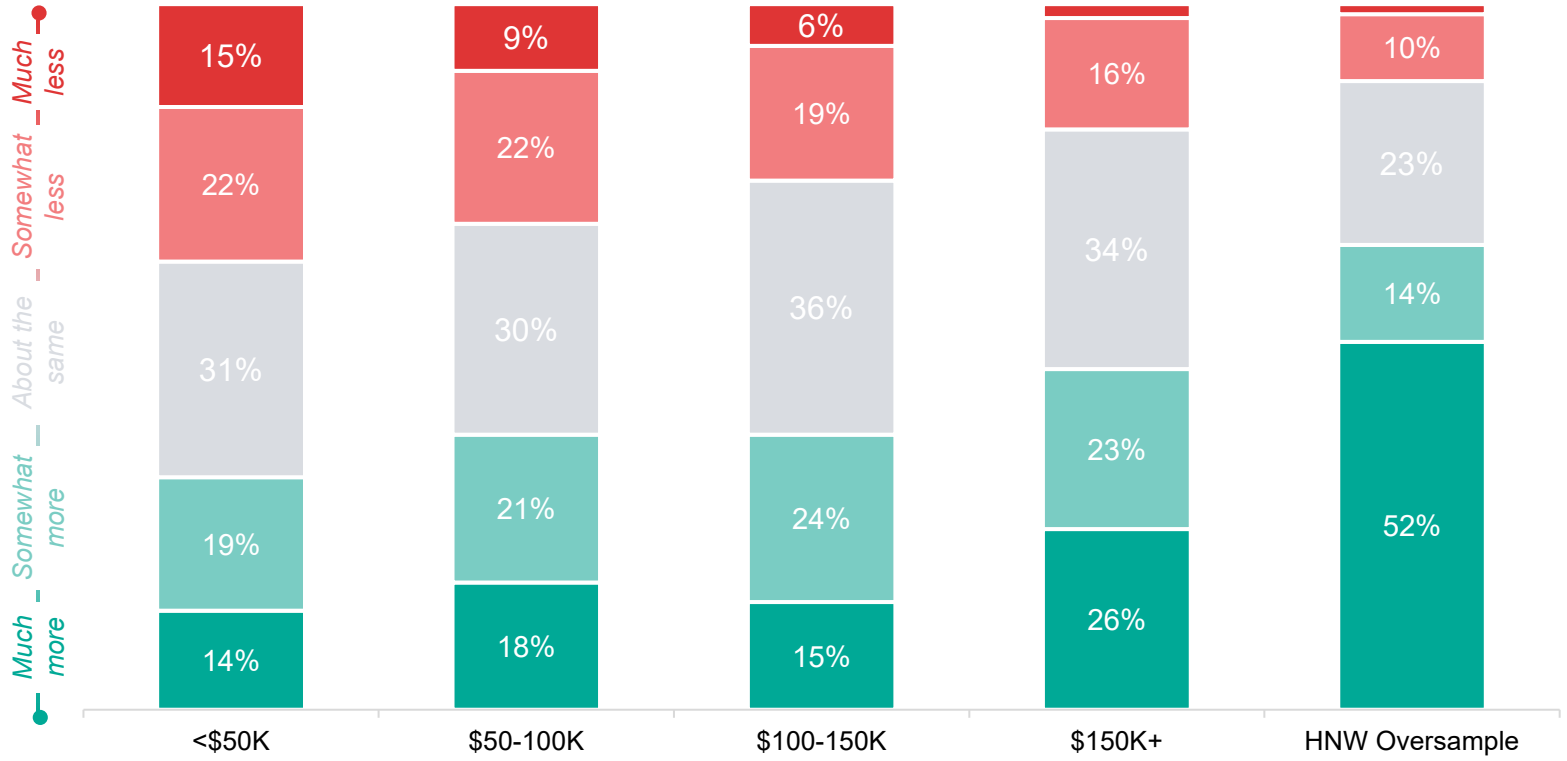
Underpinning the K-shaped divide is a growing gap in household balance sheets, as lower-income and middle-class households exhibit caution.

Confidence regarding household finances heading into the holiday season rises steadily with income. Lower-income households are far more likely to say they feel less secure than they did last year, while confidence among higher-income households is broadly positive.

37%

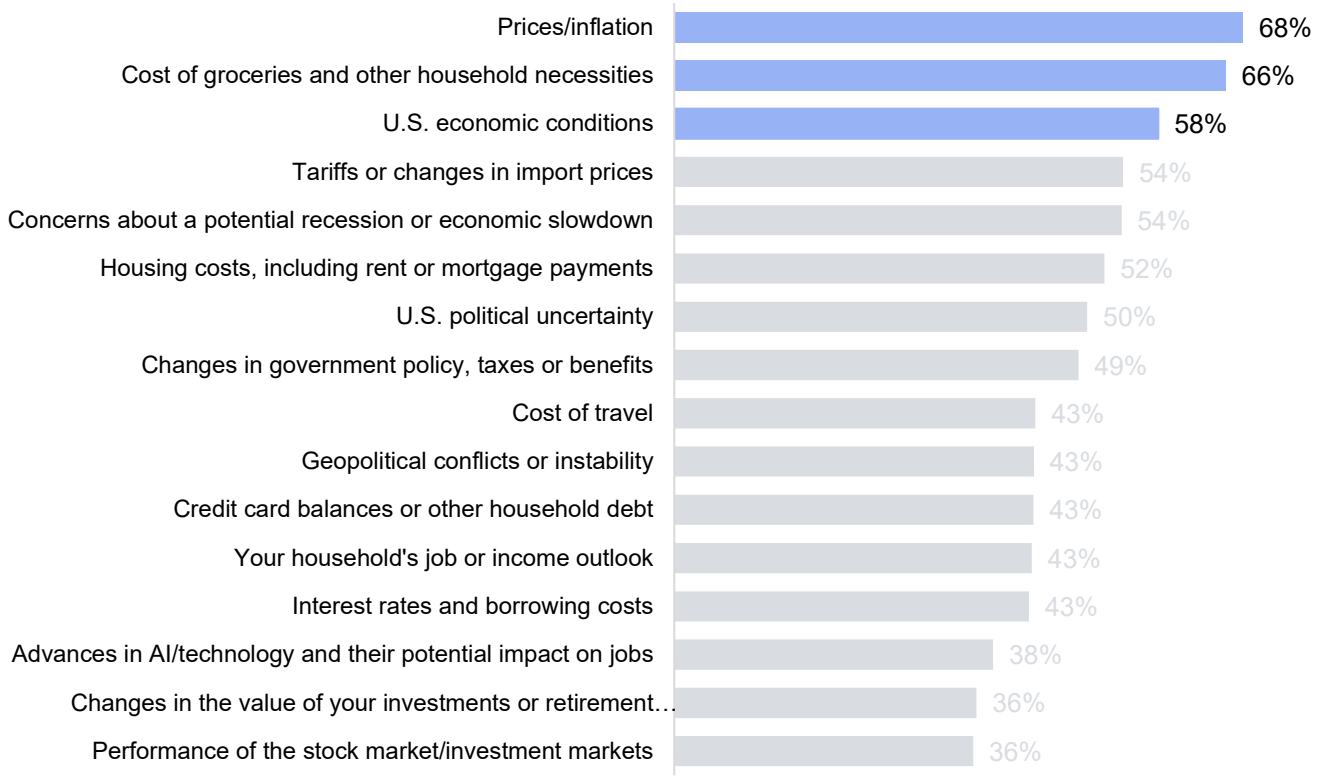
of households earning under $50K say they feel somewhat less confident about their finances than last year—more than triple that of HNW households.

Question: Thinking about your household's financial situation as you head into the 2026 holiday shopping season, how **confident** do you feel compared with this time last year?



Inflation and household costs dominate holiday spending sentiment, as consumers remain focused on prices and everyday necessities.

Question: How much, if at all, is each of the following **affecting how you feel** about spending money this holiday season?



Everyday cost pressures continue to shape consumer sentiment as households across all income brackets exhibit concern.

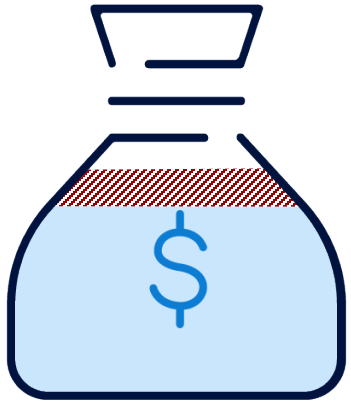
This economic anxiety is translating directly into **how consumers plan to shop**, from trading down to delaying purchases this holiday season.

Amid persistent cost pressure, consumers are leaning on **price and practical value** as their filter for what's worth spending on.

Retailers that lead **with clear, transparent value messaging**, not just promotions, are best positioned to resonate with cost-conscious shoppers.

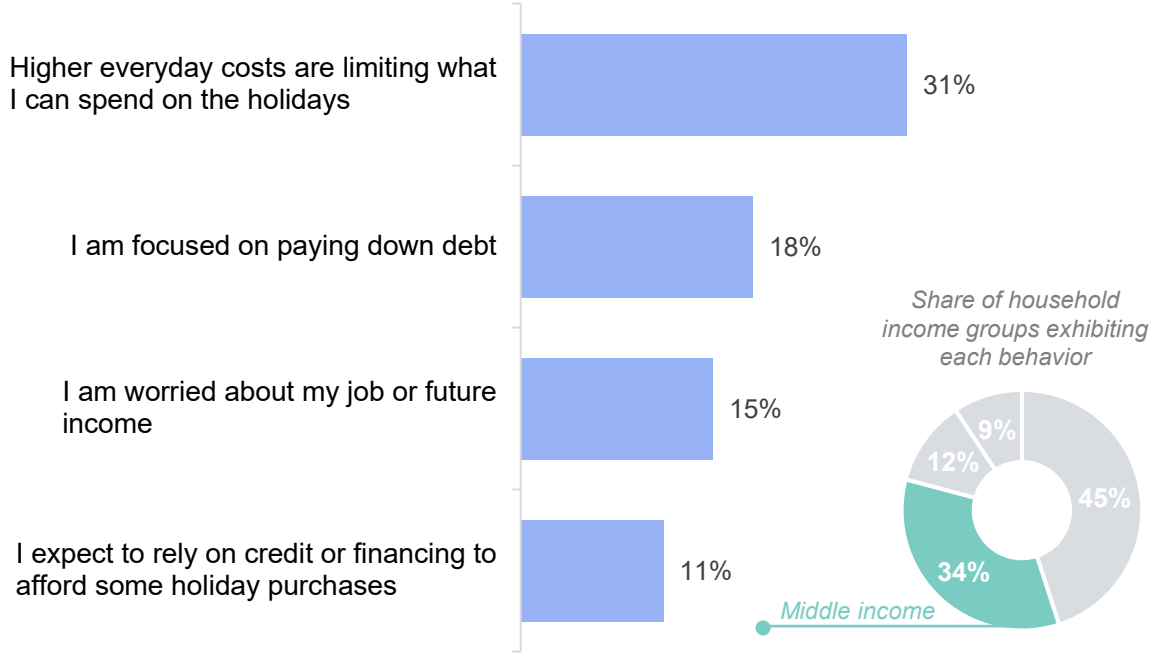
The middle-income consumer is becoming a less stable source of demand as inflation and cost-of-living pressures drive a disproportionate squeeze.

$800
median expected holiday spend among middle-income households.

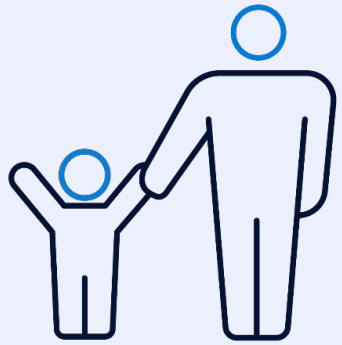


Down **20%** from 2025.

Question: Which of the following describe how you are **approaching your finances** heading into this holiday season?



Although caution remains widespread, middle-income households are **disproportionately constrained**, prioritizing savings or selectively splurging.





05

A Tale of Two Generations

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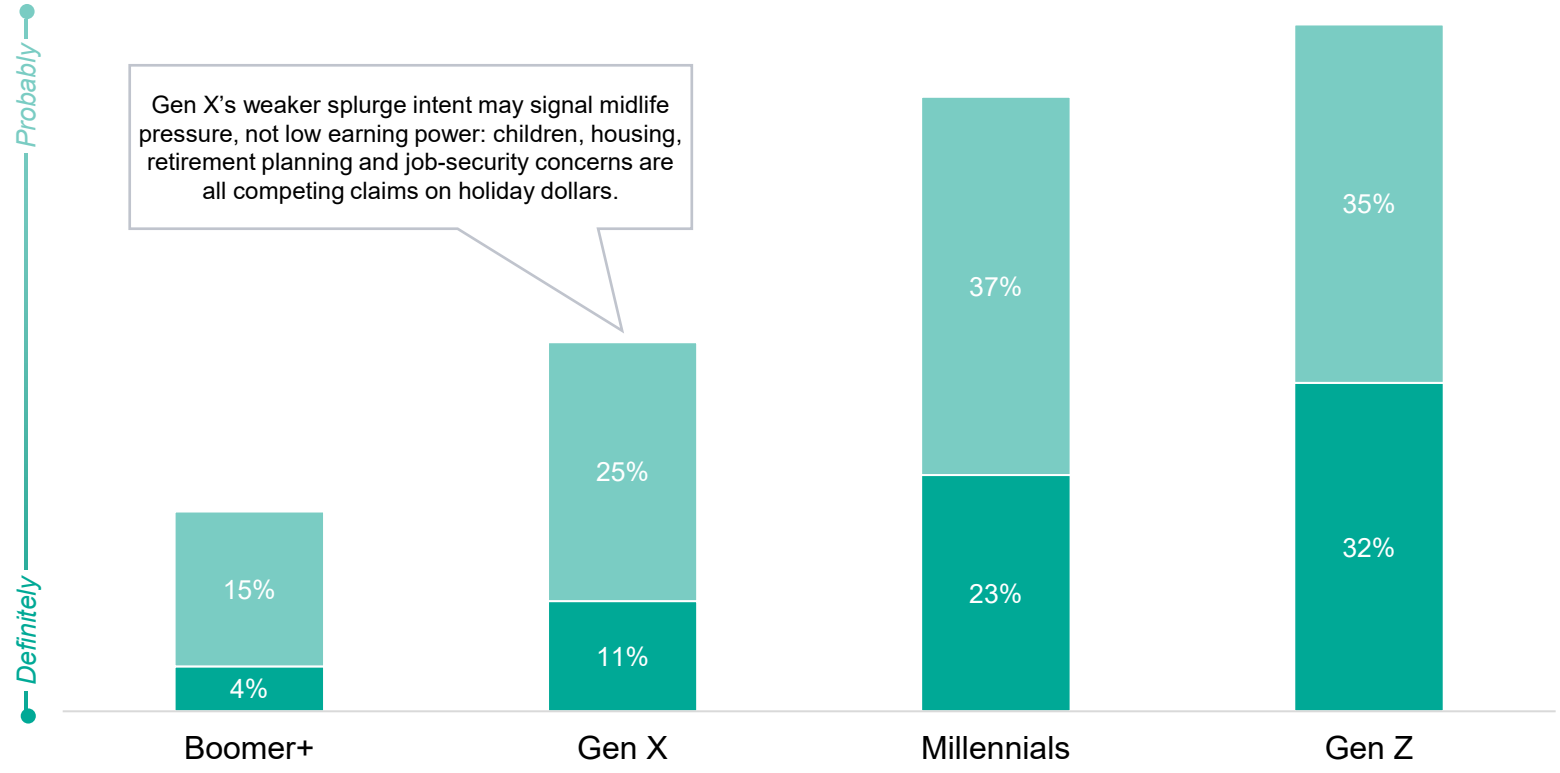
Gen Z enters the holiday season with the strongest splurge intent of any generation, while Gen X's confidence lags despite being in its peak earning years.

Splurge intent splits sharply by generation. Gen Z enters the season with the strongest confidence and willingness to splurge of any generation, while Gen X, despite sitting in peak earning years, shows the weakest splurge intent among working-age adults.

67%

of Gen Z consumers intend to splurge over the holiday season, despite being at the earliest stage of their careers and earning potential.

Question: Are you planning at least one purchase this holiday season that you would consider a **"splurge"**?



Financial pressure lands differently by consumer group, with variable comfort, commitment and priorities depending on budget and stage of life.



Comfortable spenders

35%

Established, stable households with little need to compromise

Boomers and retirees over-index here, reflecting steady income and fewer competing financial obligations heading into the season.



Committed but stretched

38%

Younger working families are protecting the holidays even when under pressure

Gen Z and full-time working parents over-index here, still showing up for the holidays despite real financial pressure.



Cautious pullback

14%

A more mixed group choosing or needing to rein in holiday spending without resorting to more severe financial trade-offs

No single generation dominates this segment, as the pullback here looks more like deliberate choice than financial necessity, although this group skews slightly older.



Constrained cutters

13%

Cash-flow pressure is translating directly into smaller holiday budgets

Gen X over-indexes here, although pressure is less of a generational trait and more representative of a middle-income squeeze landing during peak family and financial obligation years, despite peak earnings.



06
Category Winners and Losers

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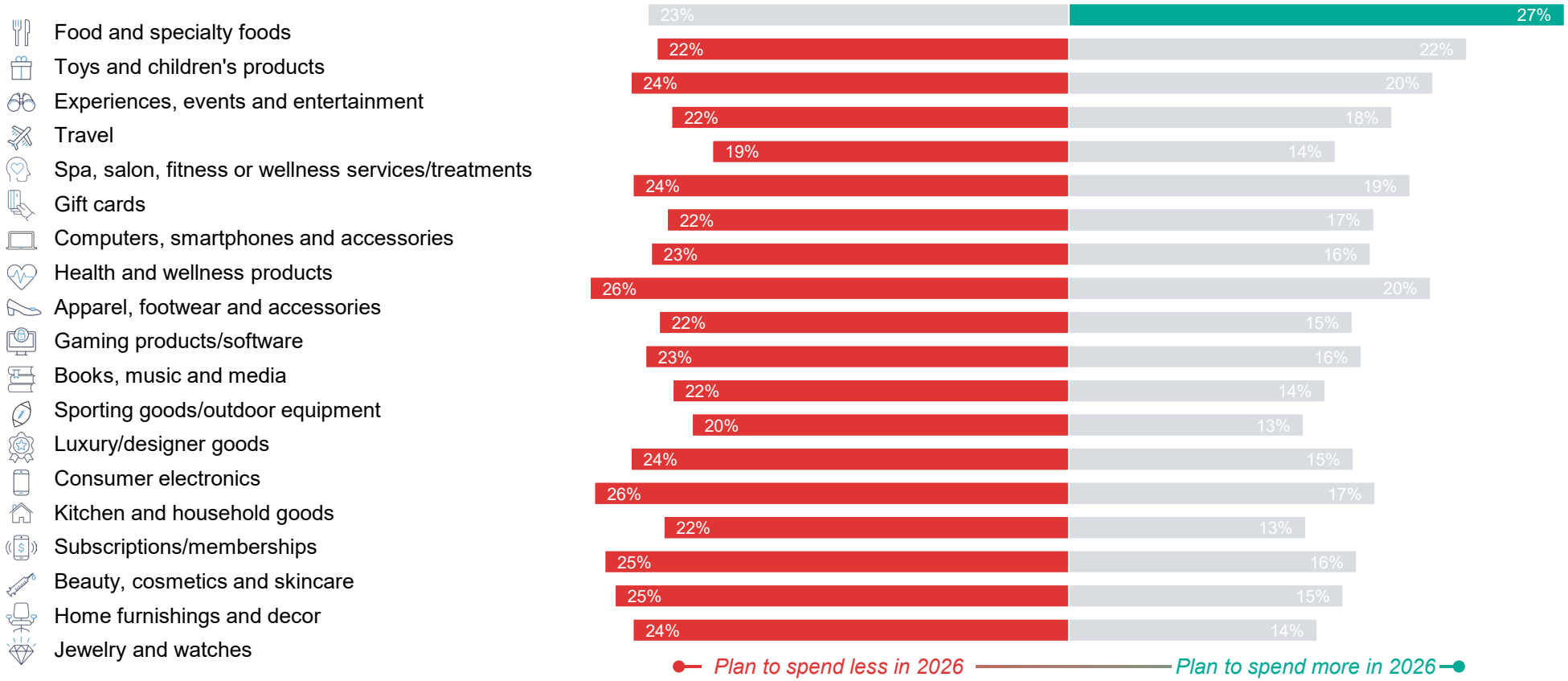
Consumers plan to cut back across categories, with food being the only clear winner while beauty, jewelry and home furnishings face pressure.

Question: How do you expect your household's spending in each category this year will **compare with last holiday season**?



Net change in expected category spending YoY, percentage points

+4
-1
-4
-4
-5
-5
-5
-6
-6
-7
-7
-8
-8
-8
-9
-9
-10
-10
-10

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The categories that will be impacted most by splurge spend shift by income, family status and generation.

Holiday splurge priorities:

- Lower-income and older consumers skew toward food and practical/gift-oriented categories
- Affluent consumers and Millennials tilt toward travel and premium goods
- Parents prioritize travel and toys
- Gen Z tilts toward apparel and personal technology

In which categories are you most likely to splurge?

HH Income

<$50K HH Income
1. Food, 25%,
2. Apparel, 22%
3. Toys, 20%

$50–100K HH Income
1. Food, 16%
2. Computers/smartphones, 16%
3. Consumer electronics, 16%

$100–150K HH Income
1. Travel, 20%
2. Apparel, 18%
3. Luxury/designer, 16%

$150K+ HH Income
1. Travel, 24%
2. Jewelry/watches, 22%
3. Luxury/designer, 20%

Families

HHs w Children
1. Travel, 21%
2. Toys, 20%
3. Apparel, 18%

HHs w/o Children
1. Food, 23%
2. Apparel, 18%
3. Gift cards, 15%

Generation

Gen Z
1. Apparel, 21%
2. Food, 20%
3. Computers/smartphones, 19%

Millennial
1. Travel, 22%
2. Gaming, 19%
3. Apparel, 18%

Gen X
1. Food, 21%
2. Gift cards, 19%
3. Toys, 17%

Boomer+
1. Food, 25%
2. Toys, 23%
3. Apparel, 20%



07

Implications for Retailers and Brands

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Good-better-best assortments can serve value-conscious shoppers, while luxury brands can capture demand for premium lifestyle options.

Question: Compared with last year, when purchasing each of the following, are you more likely to choose **premium/luxury options**, **mid-priced options** or **value/discount options**?

NET TRADE-DOWN INTENSITY

Purchase category	Total	<$50k	$50-100k	$100-150k	$150k+
Gifts for immediate family	+7	+16	+5	+6	-13
Gifts for friends/extended family	+14	+22	+15	+7	-3
Purchases for yourself	+10	+15	+11	+9	-5
Apparel/accessories	+12	+15	+16	+6	-6
Beauty/wellness	+9	+13	+11	+3	-9
Electronics	+5	+11	+3	+4	-7
Travel	+5	+11	+6	+5	-12
Experiences/entertainment	+8	+12	+5	+9	-3
Holiday food/entertaining	+10	+15	+12	+6	-6

Trade down exceeds trade up — *Trade up exceeds trade down*



Low-income households show the **highest trade-down intensity** in nearly every category and therefore retailers will need to effectively employ **promotions and value-tier options** to support participation.



Inventory planning and pricing must follow where **trade-down is sharpest**, not just where volume is highest, ensuring **stocked value tiers** and **balanced promotional cadence** to meet cost-conscious shoppers where they are.



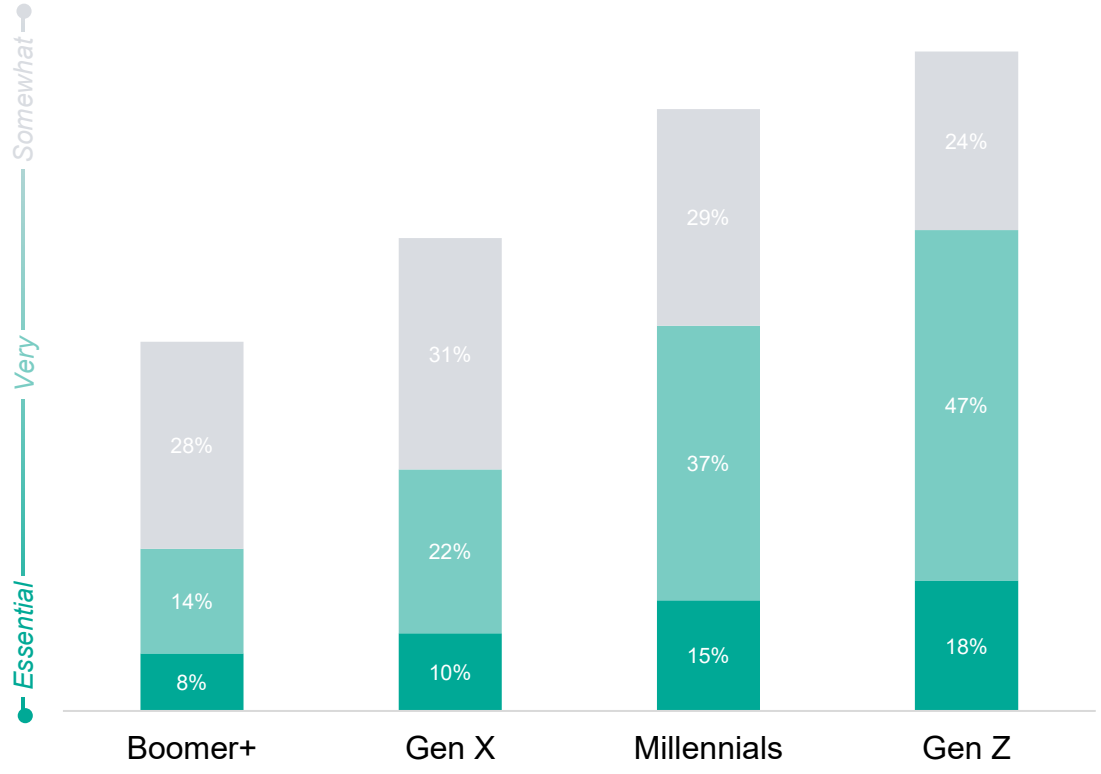
However, a **good-better-best** assortment strategy and **elevated service** will also be essential to capturing upper-income households **actively trading up**.



At the top end of the K-curve, luxury retailers and brands may look to have a strong holiday sales period, given the cohort's **bullish outlook on premium categories**.

Promotional strategy and inventory planning need to reflect which generations are leaning hardest into discount events and their category preferences.

Question: How important will **Black Friday/Cyber Week promotions** be to your holiday shopping this year?



Younger generations are far more likely to use discount events, including Black Friday and Cyber Week. Retailers should therefore treat this window as **core demand infrastructure** for younger shoppers.

For these generations, promotions only convert if inventory is **in stock and ready to ship**, meaning availability, not just promotions, will be pivotal to **protecting the period's conversion**.

For older shoppers, retailers will need to plan for a **more even promotional cadence** across the season rather than concentrating expected spend into the Black Friday and Cyber Week window.

Inventory planning over the period should also reflect **category preferences by generational cohort**, rather than applying a single assortment plan across every consumer group.

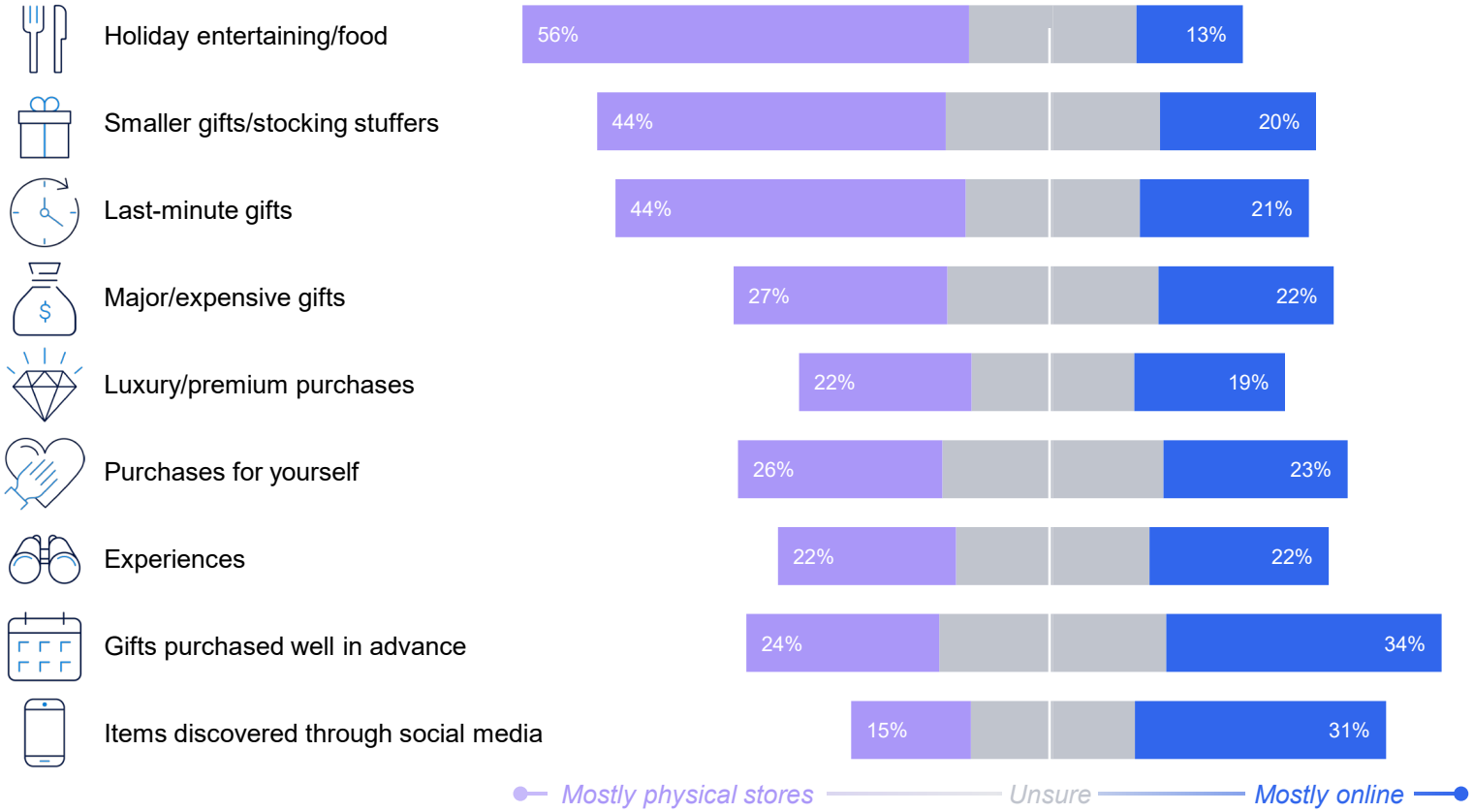
Channel preference cannot be considered in isolation and retailers must adopt a strategy that accounts for consumer timing and intent.

While physical stores dominate the purchases consumers make in the moment, across food, stocking stuffers and last-minute gifts, online pulls ahead once a purchase involves forethought, especially for items discovered through social media, or gifts bought well in advance.

44%

of consumers indicate that they would lean toward physical stores for last-minute gifts, while opting to purchase online further in advance.

Question: For each type of holiday purchase below, where are you most likely to make the **final purchase**?



A resilient holiday strategy aligns pricing, promotions, inventory, channels and payments with consumers at both ends of the K-curve.



Build a sharper good-better-best architecture

Lower-income households are trading down, while $150K+ and HNW consumers retain room to trade up and prioritize quality and premium attributes.



Treat promotions as planned demand infrastructure, not just discounting

Black Friday/Cyber Week should anchor traffic, especially among younger consumers and households with children.



Protect availability in resilient and emotionally protected categories

Gifts, food, toys, apparel and selected splurge categories deserve tighter inventory discipline.



Use stores for immediacy and online/mobile for planning and discovery

Stores win food, smaller gifts and last-minute occasions, but online wins planned-ahead and social-discovered purchases.



Match payment options to different household realities

Debit, current income, paid-in-full credit, rewards and BNPL all matter to different segments.

Research Leads

Contact us for more information on Teneo's **U.S. Holiday Spending Outlook**.



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Research Methodology

Teneo's **U.S. Holiday Spending Outlook** was conducted by the firm's in-house Research and Management Consulting teams.

Research approach:

- Survey examined U.S. consumers' outlook, spending plans and shopping behaviors for the 2026 holiday season
- Core sample of 1,701 U.S. adults, nationally representative, with oversamples of 211 high-net-worth households ($350K+ HH income) and 166 households with children
- Topics covered: holiday spending outlook and purchase plans; impact of inflation on household finances; shopping timing, channel and retailer preferences; payment methods and credit use; key retailer and shopping attributes; and differences across demographic groups and priority markets
- Fieldwork conducted 08/21/2026–09/04/2026

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