

PRESS RELEASE

AlixPartners 2025 U.S. Retail Holiday Outlook: An "Underwhelming" 3%-5% Growth Projected Amid Shifting Consumer Sentiment and Behaviors

The research also showed that 1 in 3 high-income shoppers plan to spend more this year, highlighting a widening gap between them and their lower-income counterparts.

NEW YORK – September 16, 2025 – AlixPartners, the global consulting firm, released its 2025 U.S. Retail Holiday Outlook, which forecasts an "underwhelming" 3% to 5% growth rate in holiday retail sales this year. This is a notable decrease from last year's 4% growth and 2023's 6% rate. Additionally, at the low end this is essentially flat with inflation taken into consideration and only up 2% at the high-end.

The outlook, based on a comprehensive survey of U.S. consumers, reveals a consumer who is more cautious as inflationary pressures take a toll on household spending. The research also revealed a bifurcation between higher-income households and lower-income ones.

In this year's study, high-income consumers (those making more than \$100,000 per year) are the primary drivers of increased spending this holiday season. Over 30% said they plan to spend more this year, while less than 20% of other income groups intend to increase their budgets. The gap between low- and high-income earners was also seen in prior AlixPartners research that showed 31% of higher-income shoppers expecting to increase their spending this year (especially on travel and leisure) versus 16% of lower-income households.

The data also showed that about 80% of consumers polled said they plan to spend the same or less this year than last, with 35% anticipating a reduction in spending (which is a 35% increase from last year). The expected decline in spending follows an uptick in retail sales earlier this year as consumers went on a spending spree ahead of anticipated higher prices due to tariffs. Over the past year, shoppers faced ongoing inflation but had shown resilience and continued to spend — until now.

"This year, overall, retailers face a consumer who is more cautious and frugal," said **Bryan Eshelman, Partner & Managing Director in the Retail Practice at AlixPartners**. "They will be on the prowl for deals, and retailers will need to be creative, online and in-store, with how they lure in shoppers. Markdowns need to be carefully executed. And regardless of income, shoppers are prioritizing value and want the best bang for their buck."

Furthermore, the study found that nearly 40% of the polled consumers stated they intend to buy 50% or more of their holiday purchases on sale. In addition, the findings revealed significant generational differences in consumer sentiment. For example, Generation X consumers are significantly more promotion-driven (48%) when compared to younger Generation Z consumers (30%).

"Like last year, shoppers sought promotions to relieve the pressure of higher prices and the rising cost of living," Eshelman said. "However, younger generations are less likely to respond to traditional promo activities and are now looking for everyday values. Younger generations are even leading when it comes to the switch from traditional grocery stores to club stores."

Eshelman said older generations are accustomed to high/low pricing strategies and are trained to wait for sales. But this doesn't work for younger generations such as Millennials and Generation Z. To better engage shoppers, retailers and brands will need to deploy promotional strategies that include personalization and other tactics.

Other Key Findings:

- Shoppers across all income brackets will be looking to reduce spending in almost every category, with holiday food and beverage enjoyed at home being the sole category with anticipated increases, which is being primarily driven by high-income households.
- The top strategies for reducing spending include shopping for more affordable brands (including private label), buying fewer gifts overall and purchasing a significant number of gifts on sale or promotion.
- Households are planning to start their holiday shopping even later this year, with only 35% saying they will begin before Halloween (which is down 3 percentage points from last year).
- The post-pandemic shift back to in-store shopping is decelerating, with online shopping expected to increase slightly this year. Of those polled, 67% of consumers intend to make 30% or more of their purchases online.
- In-stock rates are crucial for in-store shoppers; if an item is out of stock, just one-third of consumers said they will complete the purchase on the retailer's website, with most opting to go to another retailer's store or website.
- When asked about the economy, 50% of respondents believe the economy is worse now than a year ago, and 45% expect it to worsen in the coming year.
- One-third of shoppers report their personal financial health is worse than a year ago, with only 27% reporting an improvement.

"The 2025 holiday retail season is shaping up to be a challenging one, with consumers remaining highly cautious and price-sensitive," said **Sonia Lapinsky, Partner and Managing Director and Leader of Fashion Retail at AlixPartners**. "Retailers will need to adapt to these evolving behaviors by focusing on value, optimizing inventory



management and leveraging integrated channel strategies to meet consumers wherever they choose to shop. Understanding the nuances of consumer sentiment and tailoring offerings, especially for high-income households who are still willing to spend, will be crucial for success."

Methodology

The AlixPartners 2025 U.S. Holiday Shopping Survey included a national representation of 1,000 US consumers (ages 15 and above) across all regions, demographics, and income levels, aiming to gain insight into consumer economic sentiment, shopping habits and the impact of economic factors on holiday purchasing behaviors.

About AlixPartners

AlixPartners is a results-driven global consulting firm that specializes in helping businesses successfully capitalize on opportunity and address critical challenges. Our clients include companies, corporate boards, law firms, investment banks, private equity firms, and others. Founded in 1981, AlixPartners is headquartered in New York and has offices in more than 20 cities around the world.

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