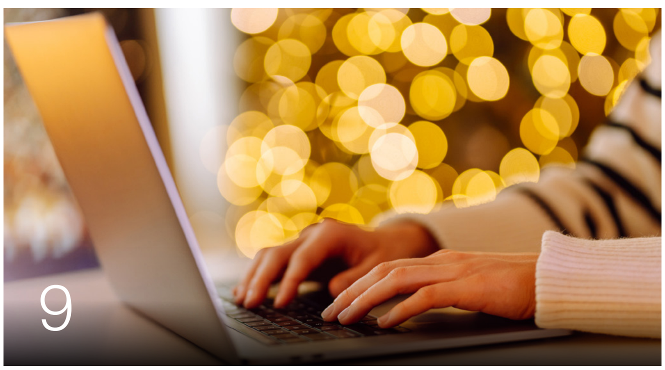
2026 Holiday Outlook

A season of presents and presence

Table of contents



Key takeaways

- **Gift spending looks resilient,** projected to dip just 2% YoY, despite historic lows in consumer confidence. For most households, the presents under the tree or by the candles aren't going to get cut.
- **Millennials are pulling back the most,** with an expected decline of 10% on gift spend and 37% on travel. Now in their parenting and mortgage-paying prime, they're still spending, just more carefully.
- **AI is the new coupon clipping.** Twenty-nine percent of consumers plan to use AI somewhere in their holiday shopping, up from last year, when 22% said they planned to use AI, mostly to research products, compare prices, and stay on budget.
- **The digital generation is leading an analog gift revival.** Sixty-four percent of consumers say they're prioritizing screen-free gifts this year, and that number climbs to 78% among Gen Z.
- **Caution and indecision show up in travel plans.** Four in ten consumers plan to travel over the holidays, and 17% are still undecided. But among those with plans, a third are skipping the plane ticket and 38% are trading down to budget or midrange hotels.

Holiday spending looks resilient, stores are drawing shoppers in, and AI use is on the rise. But even as people embrace new technology, they want something more old-fashioned under the wrapping paper this year: screen-free gifts, in-person experiences, and a season that feels nostalgic. The brands that understand that desire can do more than move products. They can become part of the memory.

According to PwC's Holiday Outlook 2026 survey, the instinct this year is to spend carefully while continuing traditions that stand the test of time. Eight in ten consumers plan to adopt a budgeting strategy this season, and 79% say deals and discounts influence when they shop.

Even so, the headline number is reassuring: Holiday gift spending is projected to dip just 2% from last year, even as consumer confidence fell 18.5% YoY, according to the University of Michigan's index (from 60.7 in June 2025 to 49.5 in June 2026 when the survey was fielded). On average, consumers expect to spend $708 on gifts this year. And unsurprisingly, kids keep spending high: Households with children expect to spend more ($875), compared to households without children ($635). It's also worth noting that consumers have a track record of underestimating their own generosity. In past years, actual holiday spending has consistently landed higher than early forecasts suggested.

$708

average expected gift spend

78%

of Gen Z say they're prioritizing screen-free gifts

40%

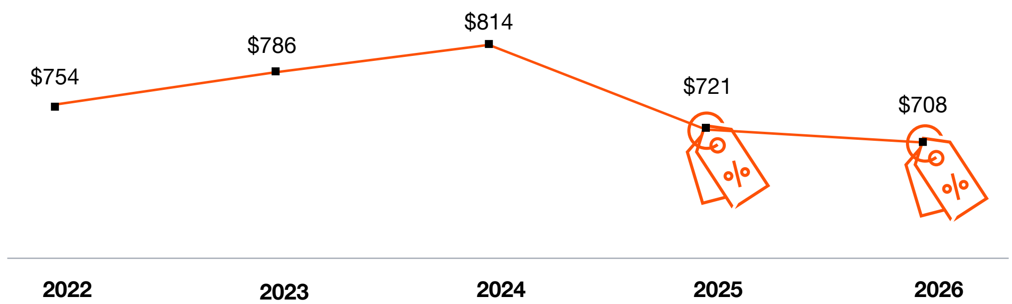
of consumers plan to travel and 17% are undecided

29%

of consumers plan to use AI this holiday season

Travel budgets are likely to take the biggest hit this year. But the gifts under the tree and by the candles? Those, people are planning to keep—along with home-cooked meals, in-person gatherings, and a pull toward nostalgia that's showing up across Gen Z and millennial wish lists.

Holiday gift spending expected to hold steady, down just 2% from 2025



Q: Thinking about the coming 2026 holiday season, how much in total (US$) do you plan to spend on others and yourself in the following categories? Showing gift category. *(Integer dollar amount input.)*
Base for 2026: All consumers 4,093
Source: PwC Holiday Outlook 2026, 2025, 2024, 2023, 2022

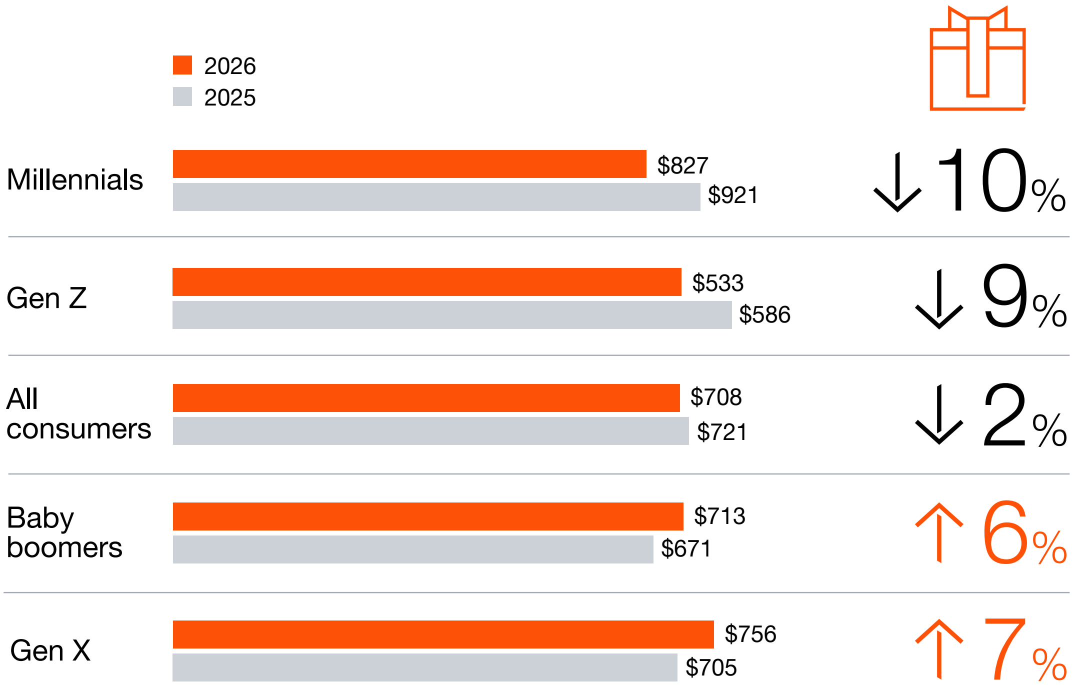
For retailers, there's real opportunity in these signs of resilience. Holiday budgets may be shrinking, but consumers are prioritizing their spending on gifts and the traditions that matter to them. Well-timed promotions, thoughtful in-store moments, and products that fit into the rituals people aren't willing to give up can all help turn a cautious shopper into a confident one. In 2026, the holiday season is shaping up to be a time that consumers want both: the physical gift, wrapped and ribboned, and the screen-free experiences that make the season feel like the season.

Millennials plan to pull back

Navigating an expensive stage of life—mortgages, childcare, and other household expenses—millennials expect to scale back the most of any generation, cutting gift budgets by 10% YoY and travel budgets by 37% YoY. Even so, they're likely to remain the season's biggest spenders overall, a reflection of being in their peak earning years. Gen Z is forecasting a similar pullback: Gift spending is down 9% YoY and travel is down 29% YoY, while their total spend remains the lowest of any generation. Meanwhile, baby boomers are moving in the other direction, with more discretionary income as major expenses like mortgages and dependent costs recede.

Younger shoppers are looking for deals, with gift spending down 10% for millennials and 9% for Gen Z

Millennials and Gen Z look for ways to save on gifts



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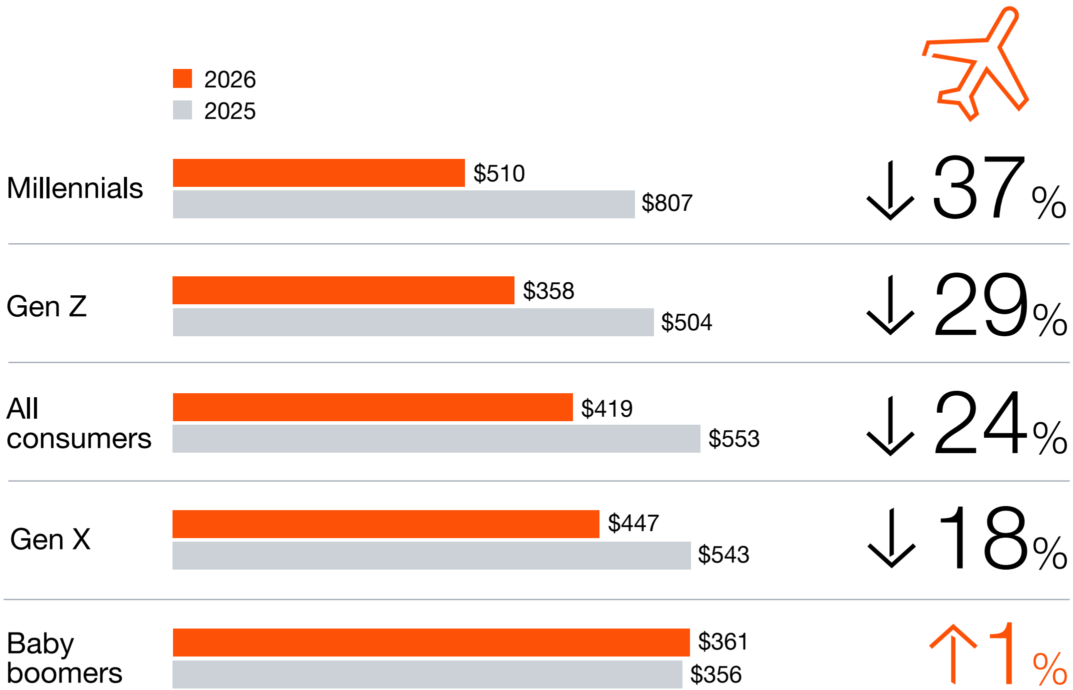
Base for 2026: All consumers 4,093: Gen Z (1,006), millennials (1,033), Gen X (1,020), baby boomers (1,034)
Source: PwC Holiday Outlook 2026, 2025

This pullback could say as much about consumers' financial cushion as it does about the holidays themselves. The US personal saving rate fell from 4.5% in January 2026 to 2.7% in June 2026, according to the Bureau of Economic Analysis, a sign that consumers have continued shopping even as their financial buffer has worn thin. Add in the high fuel prices in place when this survey was fielded, and the reasons for caution come into focus: Protect what matters most, like gifts and family time; trim what doesn't, like travel and lodging. But some spending may shift among generations, especially if baby boomers help cover shared family experiences.

For younger generations, travel budgets might take the biggest hit



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Base for 2026: All consumers 4,093: Gen Z (1,006), millennials (1,033), Gen X (1,020), baby boomers (1,034)
Source: PwC Holiday Outlook 2026, 2025

Why it matters

This is a season about perceived value, not just price tags, where the right promotion at the right moment can turn a hesitant shopper into a confident one. Execution matters, too. In categories that spike around the holidays, such as apparel, skincare, and food and beverage, a stockout isn't just a missed sale. For a shopper seeking a reason to hold back, it could be permission to skip the purchase altogether.

AI is a shopping helper, not a habit yet

Twenty-nine percent of consumers plan to use AI somewhere in their holiday shopping this year, up from 22% last year, pointing to growing adoption, but hardly a takeover. The technology is just settling into a clear role: research assistant, price comparer, and budget helper. Three-quarters of AI users lean on it to research products. Fifty-five percent use it to compare prices. A quarter use it to stay on budget. Call it the coupon clipping of 2026.

29% of consumers plan to use AI in their holiday shopping this year, up from 22% last year

What most people still don’t do is buy things directly through AI platforms. Sixty-four percent of consumers using AI for ideas continue to open a separate tab and go to a website to make a purchase, rather than using the link recommended by the tool. But the appetite to explore is strong across every generation: 73% of Gen Z, 70% of millennials, 65% of Gen X, and 60% of baby boomers who use AI say they turn to it to explore gift ideas they wouldn’t otherwise have considered (68% overall), rather than for something they already have in mind. And the gap between browsing and buying doesn’t seem to be dampening confidence. Seventy-five percent of AI users believe the technology will make their holiday shopping easier this year. But AI prompt competency is another story. When we asked users to share an actual prompt, more than half were still fairly basic, closer to a search engine query than a tailored ask (21% of users were novices and 32% showed developing maturity). Only 40% showed proficiency and 8% qualified as advanced.*

48%

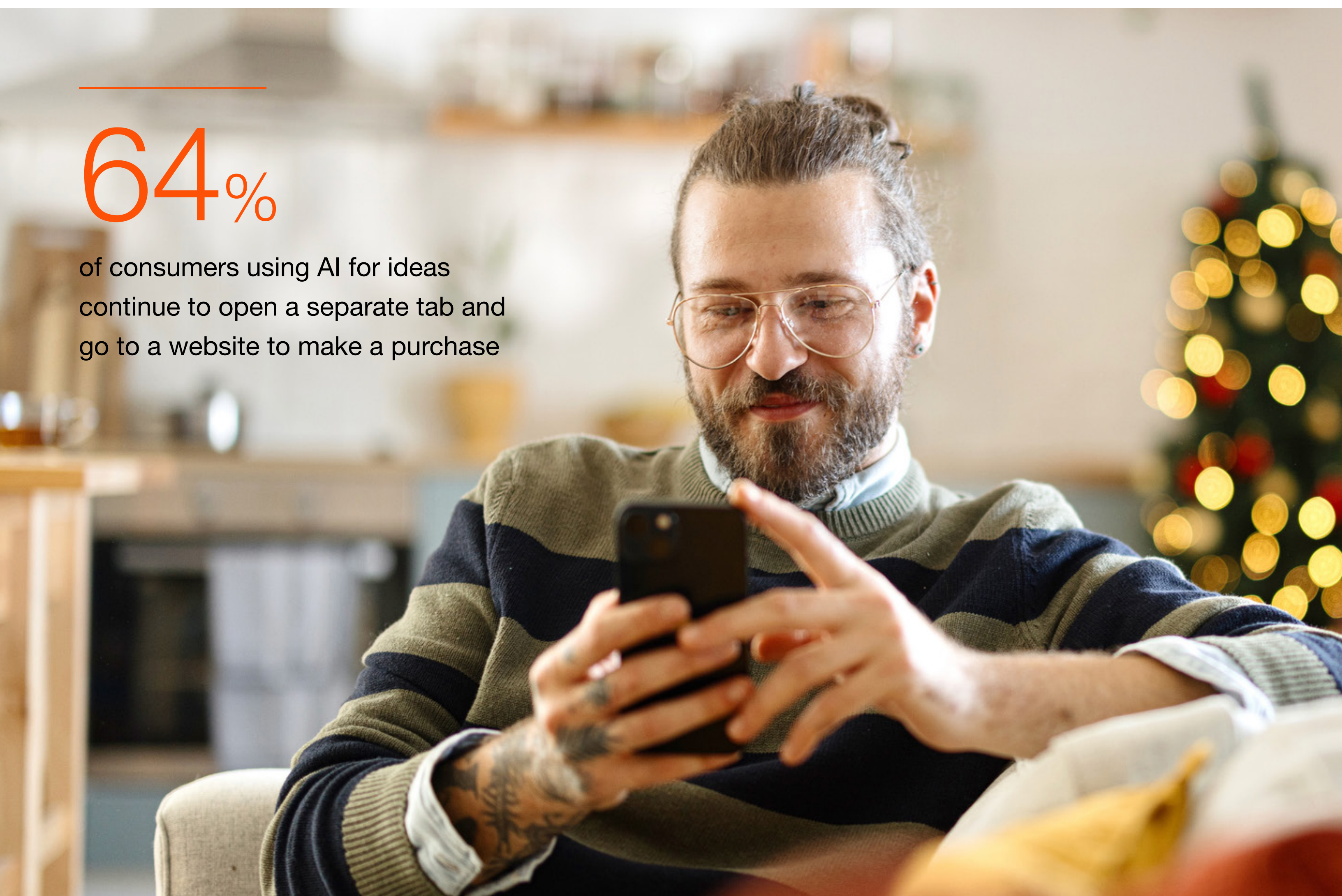
of AI users are showing proficient or advanced levels of prompting

*Note: These levels were determined using a data maturity assessment methodology in which prompts were assessed across three criteria to attribute a score of 1–4 in each: specificity, context, and language. These three scores were totaled and an average was taken to group them into one of the four maturity tiers: novice (1.0–1.7), developing (1.8–2.5), proficient (2.6–3.3), and advanced (3.4–4.0).

For now, AI is the modern equivalent of a knowledgeable friend at the mall, not the cash register.

Why it matters

Slower-than-expected adoption could be good news for retailers who haven’t fully prepared. There’s still time to get AI discoverability right for **agentic commerce**, making sure products, brands, and prices show up cleanly in AI-generated answers. The goal for companies isn’t just showing up in results. It’s being clear, recommended, and represented in a way that’s true to the brand. And because value is the operative currency this season, deals need to be legible inside those answers, not hidden behind a click. The leap from AI-as-researcher to AI-as-purchaser will take real trust-building on data, returns, and outcomes. This gives early movers a window to earn that trust so consumers feel ready to check out through a chatbot.



64%

of consumers using AI for ideas continue to open a separate tab and go to a website to make a purchase

Examples of how shoppers are prompting AI

Gen Z

“Give me a budget-friendly shopping list and money-saving tips to prepare for upcoming holiday spending.”

—Male, 23, developing AI prompt

“I am looking to buy a gift for a cousin for a secret-Santa exchange. His interests are camping, the outdoors, craft beer, coffee, football, and golf. Give me five ideas for gifts less than $50.”

—Male, 29, advanced AI prompt

Millennials

“I have a family member, male, who recently turned 40. He’s a military officer, he likes to play golf, and he likes to watch sports. He and his wife foster lots of dogs. What Christmas gift would suit him?”

—Female, 45, proficient AI prompt

“You are a family assistant shopper and need to shop for the coming holiday. I have 1-, 3-, and 8-year-old daughters. They love watching cartoons, love sports (especially the 8-year-old). Note: I do not want excessively expensive gifts because my gift budget falls at $400 for other items, $300. Kindly curate possible items to purchase and draft detailed information about each suggested item and a savings plan to achieve them by November 27th.”

—Female, 36, advanced AI prompt

Gen X

“I am shopping for a man and would like to spend under $30. Do you have any suggestions?”

—Female, 61, developing AI prompt

“Please give me the top 10 gifts that are supposed to be bought in 2026.”

—Male, 46, novice AI prompt

Baby boomers

“Can you assist me in finding Christmas ideas with reasonable prices?”

—Female, 75, novice AI prompt

“I’m looking for a specific gift for a 12-year-old boy who is really into sports.”

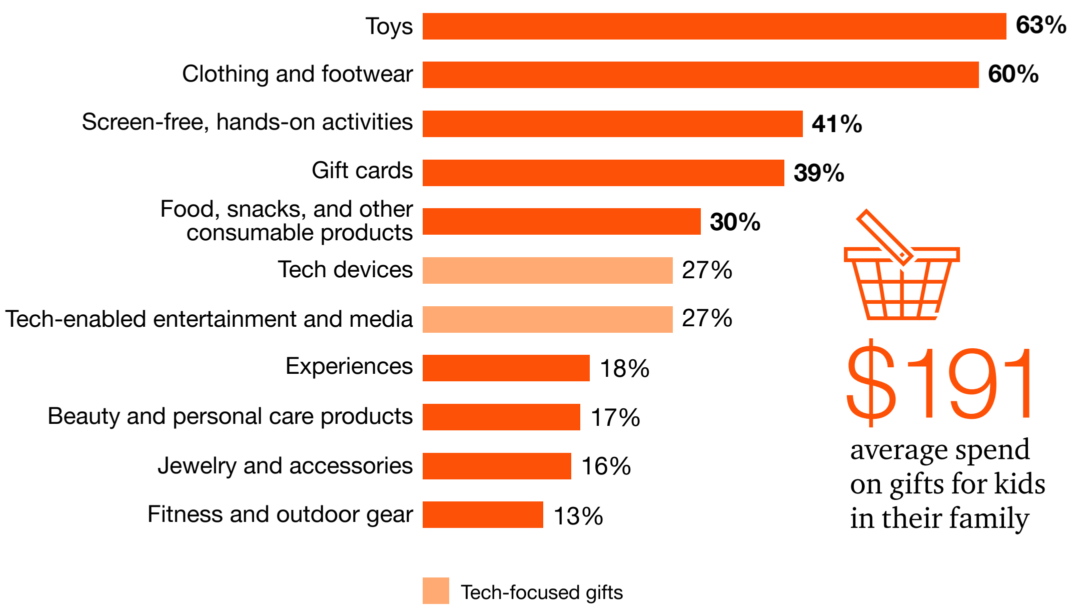
—Male, 67, novice AI prompt

Digital natives put a premium on nostalgia

Ask people what's on their shopping list this year, and many of the answers sound pleasantly retro: board games, books, art supplies, and puzzles. Forty-one percent of those buying gifts for kids in their family are leaning into screen-free, hands-on activities, compared with 27% buying tech devices or tech-enabled entertainment and media.

41% of those buying gifts for kids in their family are leaning into screen-free, hands-on activities

The top five gifts for kids are all analog



Q: Which of the following types of gifts are you most likely to buy for children in your family (17 and under) this holiday season? *(Select all that apply.)*
Note: Asked only consumers gifting children in their family.
Base: Consumers gifting children in their family 2,199
Source: PwC Holiday Outlook 2026

Tech isn't disappearing from the gift list. But parents who do buy it are asking sharper questions than they used to, about **data privacy**, parental controls, and screen-time limits. It's part of a broader cultural conversation playing out among educators and lawmakers in addition to parents and grandparents. Among households with children buying for them, 33% say they're influenced by whether a product has built-in parental controls or screen-time limits, and 31% care whether a product collects kids' personal data.

A preference for giving screen-free, hands-on gifts isn't limited to kids. Sixty-four percent of all consumers are drawn to nostalgic, screen-free gifts this year, and that proportion climbs to 78% among Gen Z. Even the top five gifts for adult family and friends—gift cards, apparel, beauty products, consumables, and accessories—skew analog. And it's not just what's topped with a bow: A majority (81%) of Gen Z say they're prioritizing offline, in-person activities this year, and 63% say a shared meal matters more to them than a physical present. The most digital generation in the survey, it turns out, is also the most willing to trade a gift for an experience.

Screen-free gifts top the shopping lists for family and friends

Adult family members	Adult friends	Self
57% Gift cards	**59% Gift cards**	**67% Clothing and footwear**
54% Clothing and footwear	50% Food, alcohol, and other consumable products	41% Beauty and personal care products
36% Beauty and personal care products	31% Beauty and personal care products	35% Tech devices
34% Food, alcohol, and other consumable products	30% Clothing and footwear	35% Food, alcohol, and other consumable products
28% Jewelry and accessories	26% Jewelry and accessories	31% Jewelry and accessories

Q: Which of the following types of gifts are you most likely to buy for adults (18 and over) this holiday season? *(Select all that apply.)*
Note: Showing top 5 choices out of 10 options. Asked only consumers gifting adults and themselves.
Base: Consumers gifting adult family members 3,540, adult friends 1,833, and themselves 1,572
Source: PwC Holiday Outlook 2026

The most striking detail isn't just what's on the wish list. It's who's asking for it, and where they're going to shop for it. Leading the return to malls, 71% of Gen Z say they enjoy browsing in person, and 61% say the décor and atmosphere make the season feel real. They report favoring the experience over a quick, practical shopping trip. Both figures run 6 to 11 percentage points above consumers overall, but physical stores remain the top purchasing channel for shoppers across generations: More than half (52%) of all consumers expect to visit stores in person to decide what to give, ahead of search engines (42%), social media (29%), and AI-powered tools (14%). The gap widens further at checkout: 60% expect to purchase gifts in-store, compared with 38% on brand/retailer websites, 9% on social media, and just 4% through AI tools.

Why it matters

This season marks an opening for brands across categories, including tech. Products marketed in the context of shared, in-person moments will resonate more than those marketed as solo, screen-based experiences. In the same spirit, retro-inspired packaging and design are doing real work tapping into nostalgia in a way that sleek, minimalist branding can't. And for a nostalgia-hungry audience, experiential rewards like concert tickets, a hosted dinner, or even a shopping trip together to the mall may land better than a digital gift card.

Products marketed in the context of shared, in-person moments may resonate more than solo, screen-based experiences.

Travel plans remain up in the air

The clearest sign of consumer caution isn't whether people want to travel. It's what they're willing to pay for travel. The share of consumers planning to travel over the winter holidays is holding relatively steady at 40% in 2026 versus 44% in 2025, and 17% are still undecided. But expected travel spend per consumer has dropped, down 24% to $419 from $553 last year. In other words, the appetite to travel is there, but the budget to do it the way people used to isn't. Likely driven at least in part by fuel prices (crude oil spiked when this survey was fielded in June 2026, pushing gas prices to some of their highest points in recent months), that trade-down shows up in the details: A third of those with travel plans are skipping the plane ticket, 38% are booking budget or midrange hotels, and 35% plan to stay with friends or family rather than pay for lodging at all.

This dynamic isn't limited to lower-income travelers. Half of households earning $150,000 or more still plan to travel, evidence of the K-shaped economy at work. But travelers overall appear to be trading down once they arrive, favoring the midrange hotel over the four-star, or the family guest room over either. Across income levels, the instinct is the same: Take the trip, cut the cost.

AI is becoming part of that cost-cutting tool kit, too. Sixty percent of consumers who plan to travel say they'll use AI somewhere in the booking journey—most often to research or compare hotel and flight prices (41%), get recommendations (32%), or build an itinerary (22%). It's the travel version of the cutting that's taking place elsewhere this season: not a wholesale shift in how people book, but more evidence that AI has become a default tool for squeezing value out of a tighter travel budget.

$419

the average expected holiday travel spend this year, down from $553 last year

Why it matters

People still want to travel; they're just no longer willing to pay any price to do it. That's a meaningfully different challenge for travel brands to solve. It's likely more of a math problem than a demand problem. Travel companies have absorbed a lot of price elasticity already, and there's probably a ceiling ahead. Letting prices plateau, or adjusting capacity to rebalance supply and demand, may prove more durable than continuing to squeeze the same travelers for more. Loyalty programs may also need a rethink, as cost-conscious travelers increasingly weigh points against a lower headline price. And with 41% of travelers planning to use AI to research and compare prices before booking, travel brands face their own version of the discoverability question: Rates and packages need to show up clearly in AI-generated answers, not just on the booking page, especially now that price is the deciding factor.

40%

of consumers say they plan to travel this year and 17% are still on the fence

Across income levels, the instinct is the same: Take the trip, cut the cost.

Wrapping it up

This holiday season, the trees will go up. The candles will be lit. The table will get set. The wrapping paper will come out. Consumers might be careful with their dollars this year, but they're hanging on to their traditions. Gift budgets are expected to hold steady even if consumer confidence slips again. The trade-offs? People want to spend less to make their holiday plans happen. Tech gifts might give way to board games. And the digital natives, of all people, are the ones leading the return to the store.

For retailers, travel brands, and every business leader selling into this holiday season, the takeaway is to meet people where they are with well-timed promotions, thoughtful in-store moments, and a discoverable presence in the tools consumers are using—both social and agentic commerce. The brands that get that right won't just have had a good quarter. They will have earned, and felt, a little bit of the nostalgic warmth this time of year is really about.

Consumers might be careful with their dollars this year, but they're hanging on to their traditions.

About this survey

PwC surveyed 4,093 consumers in the US between June 15 and June 26, 2026. Respondents in the online survey were broadly representative of the US population across gender, region or state and generational group, with approximately 1,000 respondents each from Gen Z, millennials, Gen X, and baby boomers.

Contact us

To have a deeper discussion about how this topic might impact your business, please contact your engagement partner or one of the following PwC contacts.

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