INNOVATING TO IMPACT

dentsu

US EDITION

PRESENT TENSE – HOLIDAY 2025 IS MORE COMPLICATED THAN EVER

AUGUST 2025

PART OF THE DENTSU CONSUMER NAVIGATOR SERIES

METHODOLOGY

ABOUT THIS STUDY

Survey Methodology

- The survey was conducted by dentsu via Toluna, an online research panel.
- Administered on August 4, 2025.
- Distributed among a random sample of 1,000 U.S. respondents 18 years of age or older.
- Controls for nationally representative weighting across age, gender, region, race and ethnicity (using the latest publicly available U.S. Census numbers)
- How we defined "the holiday season" for survey respondents: Winter celebrations such as Christmas, Hanukkah, Kwanzaa, and New Year's Eve, not including Thanksgiving.

AGENDA

CONTENTS

TOP CONSUMER INSIGHTS

THE GREAT HOLIDAY DIVIDE: EXCITEMENT VS. APATHY

Holiday sentiment has split into two camps—excitement versus apathy and exhaustion—with Millennials showing the highest excitement levels while Gen Z and Boomers are more stressed. This bifurcation reveals a cultural moment where the season's promise feels as overwhelming as it does magical.

BUDGET STRESS DOMINATES HOLIDAY CONCERNS

Financial stress is the biggest holiday stressor at 25%, beating gift-finding anxiety nearly 2:1, with only 12% claiming holidays are not stressful. This suggests we've reached peak holiday pressure, where a season designed for joy has become a financial stress test.

AI RETAIL REACHES CRITICAL MASS

70% of consumers expect more AI shopping tools this year, with 37% frequently encountering them, but only 50% rate current AI tools as 'good' or 'excellent.' This indicates we're witnessing the mainstreaming of AI retail experiences despite consumers feeling the execution quality is mediocre.

THE AI GIFT PARADOX

While 49% of AI users would like a gift more if chosen by AI, 52% would keep their use of AI for gift selection secret from recipients unless explicitly asked. This reveals the complex psychology around AI and personal connection—even early adopters of the tech want AI benefits without attracting the current stigma of AI attribution.

PHYSICAL GIFTS STILL REIGN SUPREME

Despite experiential gifting trends, most consumers continue to give physical gifts. Selections are evolving toward more practical, everyday-use items (41%) and personalized products (35%). This shift reflects current economic pressures where gift givers seek utility that feels thoughtful rather than indulgence that feels wasteful.

GEN ALPHA WANTS DIFFERENT THINGS

72% of those shopping for Gen Alpha say they want different gifts than previous generations, with preferences spanning technology (43%), money/gift cards (42%), and in-game services (31%). The up-and-coming generation seeks both physical and digital value, as well as more agency over the gifting process.

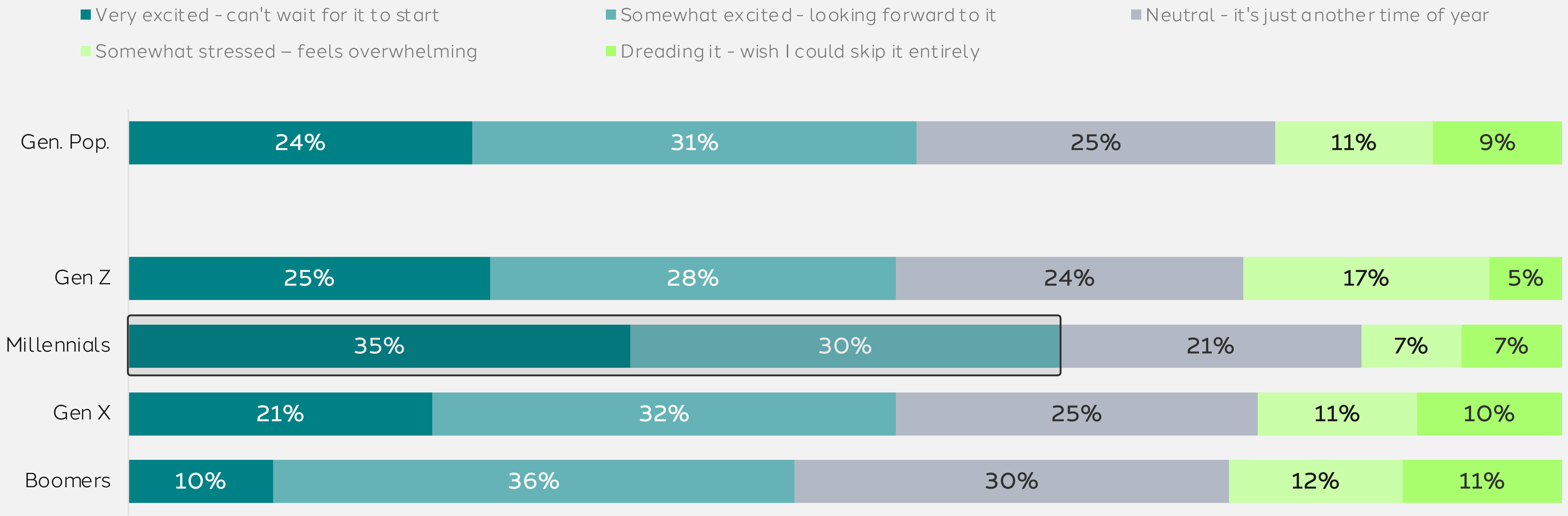
SECTION 02

HOLIDAY HYPE CHECK

THE GREAT HOLIDAY DIVIDE.

Holiday sentiment has split into two camps—excitement versus apathy and exhaustion—revealing a cultural moment where the season's promise feels as overwhelming as it does magical. Millennials show the highest excitement levels, while Gen Z and Boomers are caught between apathy and stress.

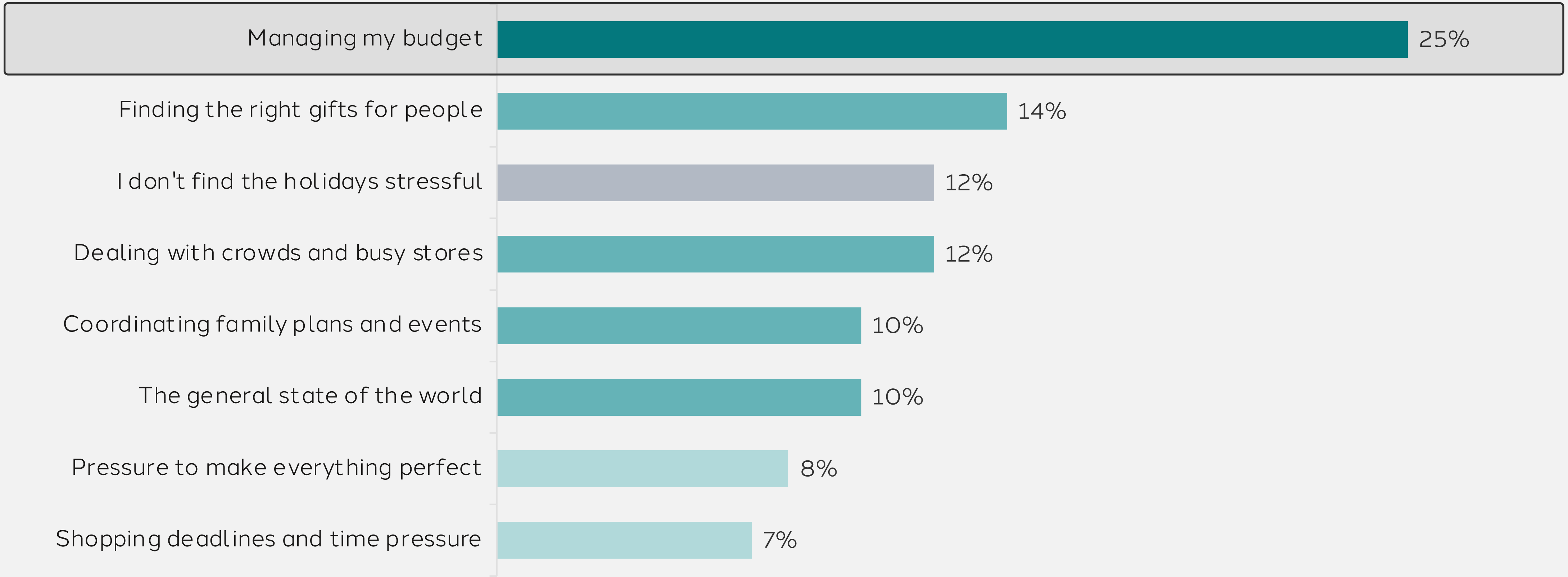
HOW CONSUMERS FEEL ABOUT THE UPCOMING HOLIDAY SEASON



BUDGET STRESS BEATS GIFT STRESS ALMOST 2:1.

Financial pressure dominates holiday concerns at nearly double the rate of gift-finding anxiety (25% vs 14%). The fact that only 12% claim holidays are unstressful suggests we've reached peak holiday pressure.

CONSUMERS' BIGGEST SOURCE OF HOLIDAY STRESS



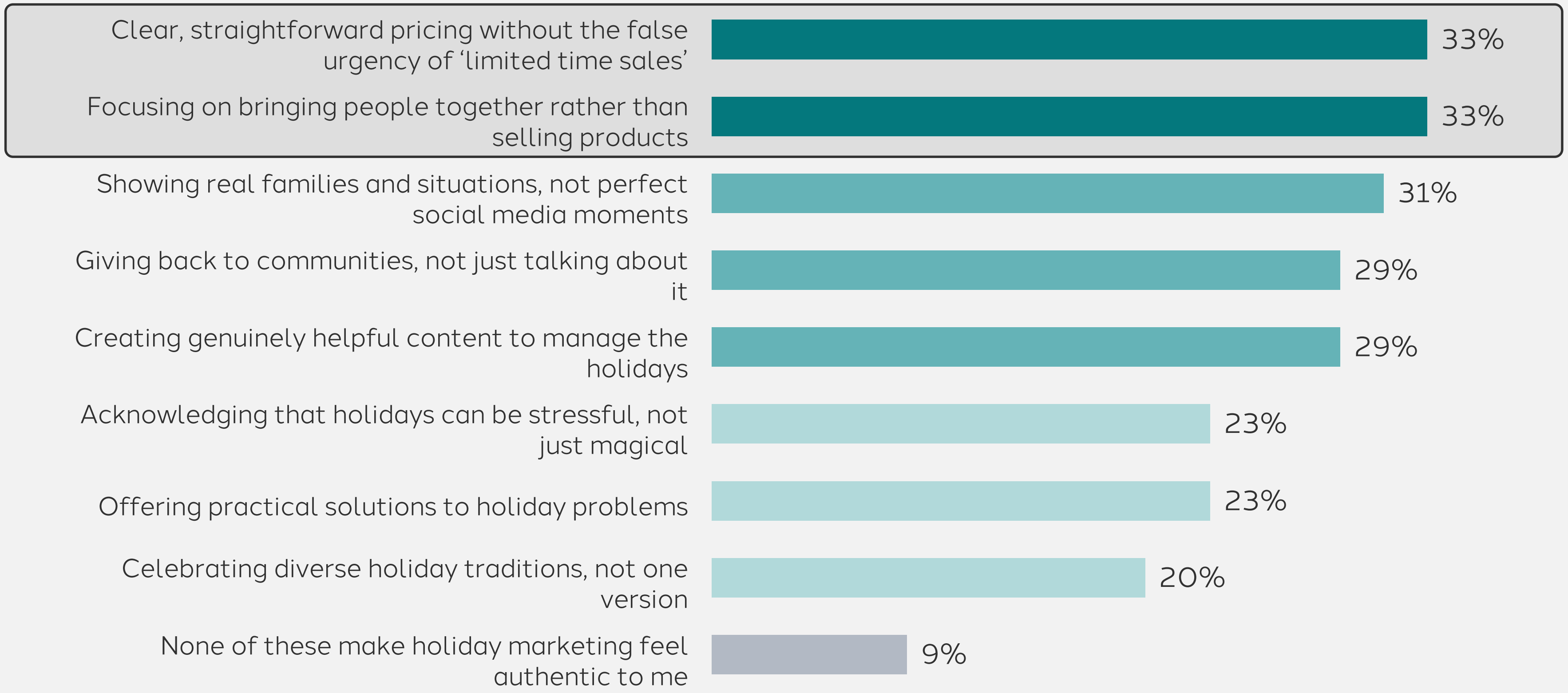
PRICE IS REDEFINING BRAND AUTHENTICITY.

When asked what makes holiday marketing authentic, consumers elevate clear, straightforward pricing (33%) to the same level as human connection., suggesting that authenticity is being viewed through the lens of financial stress. Successful brands will make the holidays feel accessible and aspirational.

53%

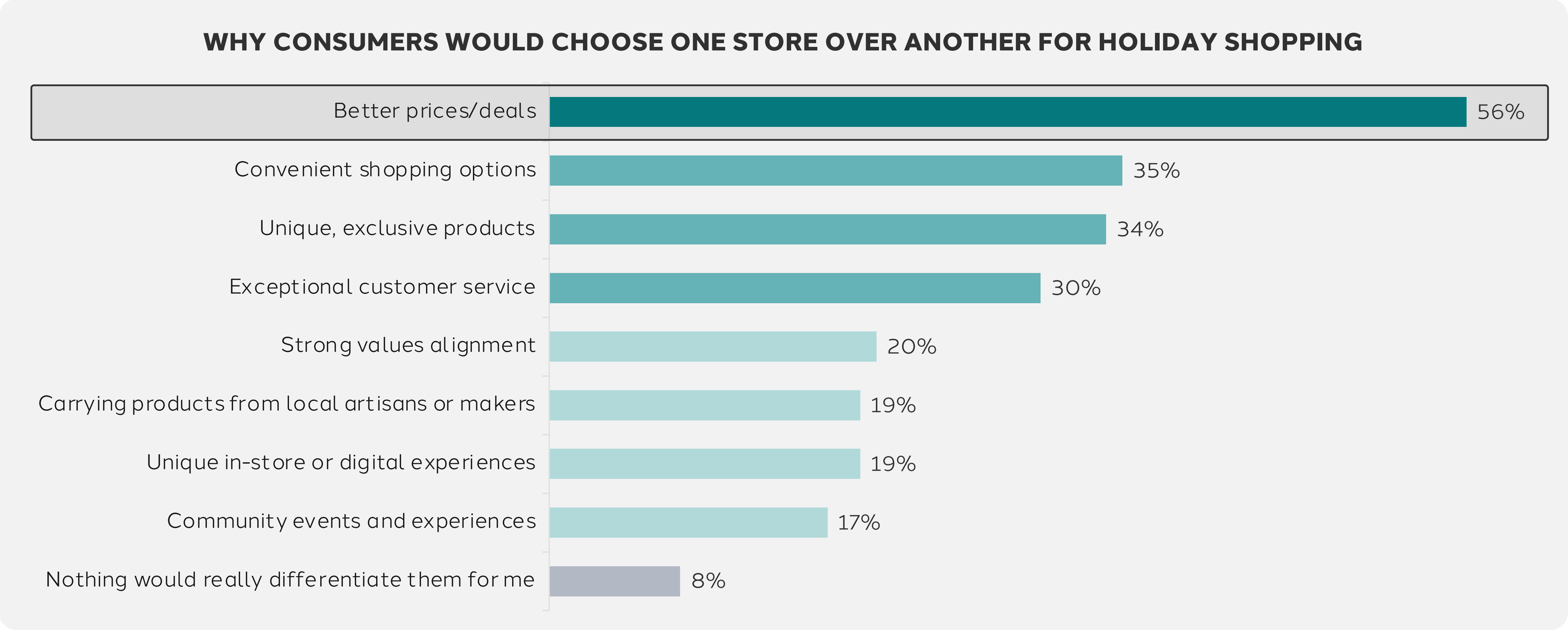
Of consumers say that the marketing or advertising from **brands during the holidays is authentic.**

HOW BRAND ADVERTISING CAN BE MORE AUTHENTIC



PRICE ALSO REIGNS SUPREME IN HOLIDAY STORE CHOICE.

Price sensitivity dominates store selection by nearly 2:1 over convenience (35%)—reinforcing the budget-first mindset. However, unique products (34%) and exceptional service (30%) still register, suggesting consumers haven't abandoned experiential desires, but do have financial guardrails in place.



AS CONSUMERS SEARCH FOR BETTER VALUE, RETAILERS ARE DIVIDED.

While J.C. Penney and The Home Depot plan to hold their prices steady, Walmart and Lululemon warned of higher prices to cope with tariffs.

50%

Of respondents say they **won't shop with retailers that increase their prices.**

+25% from 2024

RETAILERS ARE DIVIDED ON MAINTAINING OR RAISING PRICES

J.C. Penney to hold down prices for back to school, holiday despite Q1 declines

Sales and profit slumps were relatively modest, a sign the department store's merchandising and marketing efforts are paying off.

Published July 8, 2025

Daphne Howland
Senior Reporter

Walmart CEO: 'Higher tariffs will result in higher prices'

The big-box retailer vows to keep those prices as low as possible and is leaning into relationships with vendors to respond to a fluctuating market.

Published May 15, 2025

Kaarin Moore
Senior Editor

Source: Retail Dive

CONSUMERS WANT TO FEEL A LITTLE HOLIDAY JOY.

Despite – or perhaps because of – financial stress, consumers most want to feel a bit of joy this holiday season. Older generations are seeking out joy the most, while Millennials, perhaps in part due to their life stage, are slightly more likely to seek productivity and inspiration.

WHAT CONSUMERS MOST WANT TO FEEL THIS HOLIDAY SEASON

JOYFUL

32%

+5% for Gen X

+7% for Boomers

CALM

17%

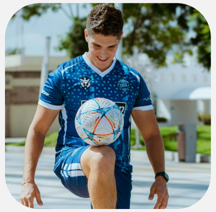
CONNECTED

10%

INSPIRED

9%

+4% for Millennials

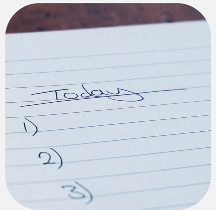


IN CONTROL

9%

GENEROUS

8%



PRODUCTIVE

7%

+5% for Millennials

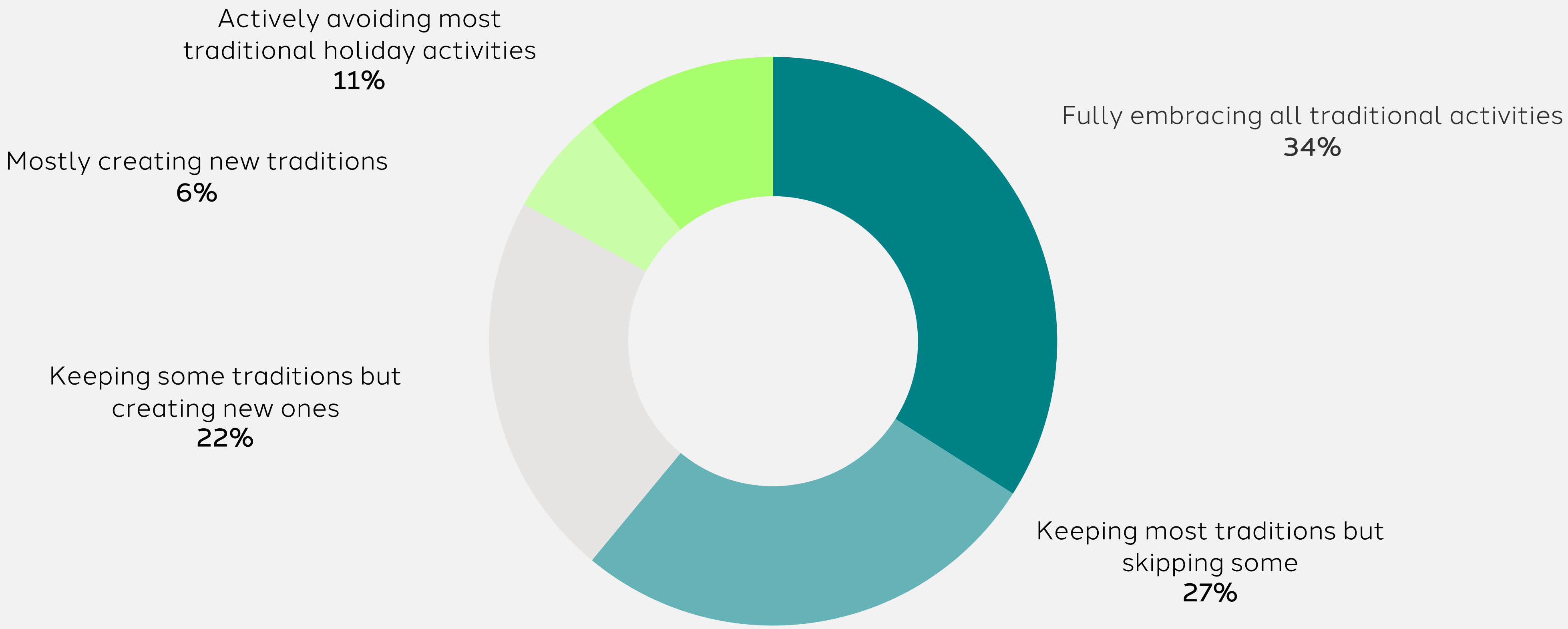
RESTED

7%

TWO-THIRDS ARE BRANCHING INTO NEW HOLIDAY TRADITIONS.

Most consumers are threading the needle between honoring the past and acknowledging present realities—keeping core traditions while editing out what no longer serves them.

HOW CONSUMERS WILL APPROACH HOLIDAY TRADITIONS THIS YEAR



YET, THEY SAY BRANDS ARE DOING THE SAME OLD THING.

The appetite for new traditions (63%) and rejection of boring advertising (62%) represents massive pent-up demand for cultural evolution that brands are failing to meet.

65%

Of consumers say holiday shopping experiences all **feel exactly the same** now.

+7% for Millennials
+5% for Gen X

62%

Of consumers say most holiday advertising is **boring and completely predictable**.

+2% for Gen Z
+5% for Millennials

63%

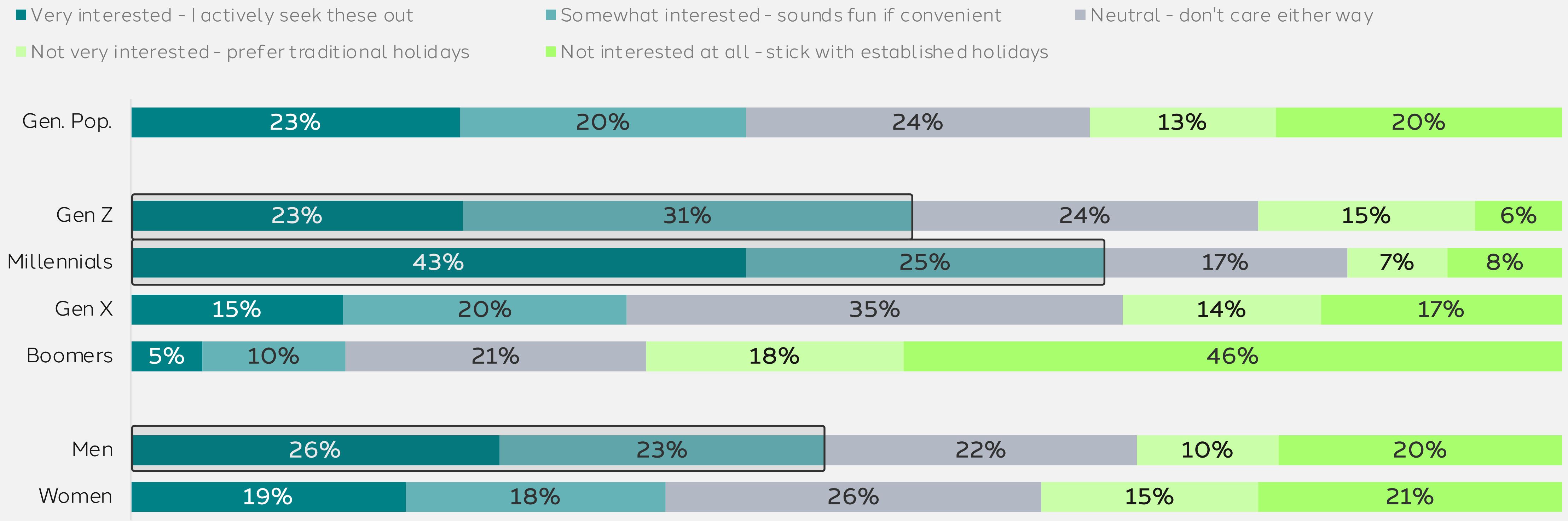
Of consumers wish brands would create genuinely **new holiday traditions** instead of copying old ones.

+12% for Gen Z
+13% for Millennials

THE BLUEPRINT: NON-TRADITIONAL HOLIDAYS LIKE ‘SUMMERWEEN’.

2 in 5 consumers are interested in non-traditional holidays like the viral ‘Summerween’ – providing an opportunity and blueprint for brands looking to make new traditions. Interest peaks among Gen Z (54%), Millennials (68%), and men (49%).

CONSUMER INTEREST IN NON-TRADITIONAL HOLIDAYS



SECTION 02

IMPLICATIONS FOR MARKETERS

MAKE PRICE PART OF THE STORY.

Consumers equate transparent pricing with authenticity. Instead of burying discounts or hiding costs, brands can turn price clarity into an emotional lever — showcasing savings as a *gift of relief*. Marketing that dramatizes "what you save" alongside "what you give" reframes price not as a concession, but as part of the season's meaning.

TURN STRESS INTO SERVICE.

Instead of just selling, become a stress reliever. With financial pressure and decision fatigue peaking, brands can win loyalty by *removing friction* from the season: simplified gift guides, price-locked bundles, flexible payment plans, and proactive customer support. Holiday marketing should feel less like persuasion and more like partnership — positioning the brand as a co-pilot that helps shoppers manage chaos and reclaim joy.

INVENT RATHER THAN ITERATE.

Commoditized holiday shopping experiences create space for cultural leadership. With consumers actively seeking alternatives to predictable traditions and patterns, brands can differentiate by creating new celebration moments that deliver more meaning. Don't just refresh existing traditions—architect new ones.

AI: HOLIDAY'S HELPER

AI-POWERED RETAIL HITS CRITICAL MASS AHEAD OF HOLIDAYS.

With 37% of consumers frequently encountering AI shopping tools and 70% expecting more this year, we're witnessing the mainstreaming of AI-driven retail experiences. However, lukewarm quality ratings (50% say current tools are 'good' or 'excellent') suggest significant room for improvement.

37%

Of consumers say they **often or always encounter AI-powered shopping tools** from the retailers they frequent.

+14% for Gen Z
+25% for Millennials

50%

Of consumers say the AI-powered shopping tools they currently encounter are **'good' or 'excellent'**.

+18% for Millennials

70%

Of consumers expect more retailers to offer **AI-powered shopping tools** this year.

+6% for Gen Z
+10% for Millennials

CONSUMERS' AI WISH LISTS SPAN PRESENT REALITY TO SCI-FI FUTURE.

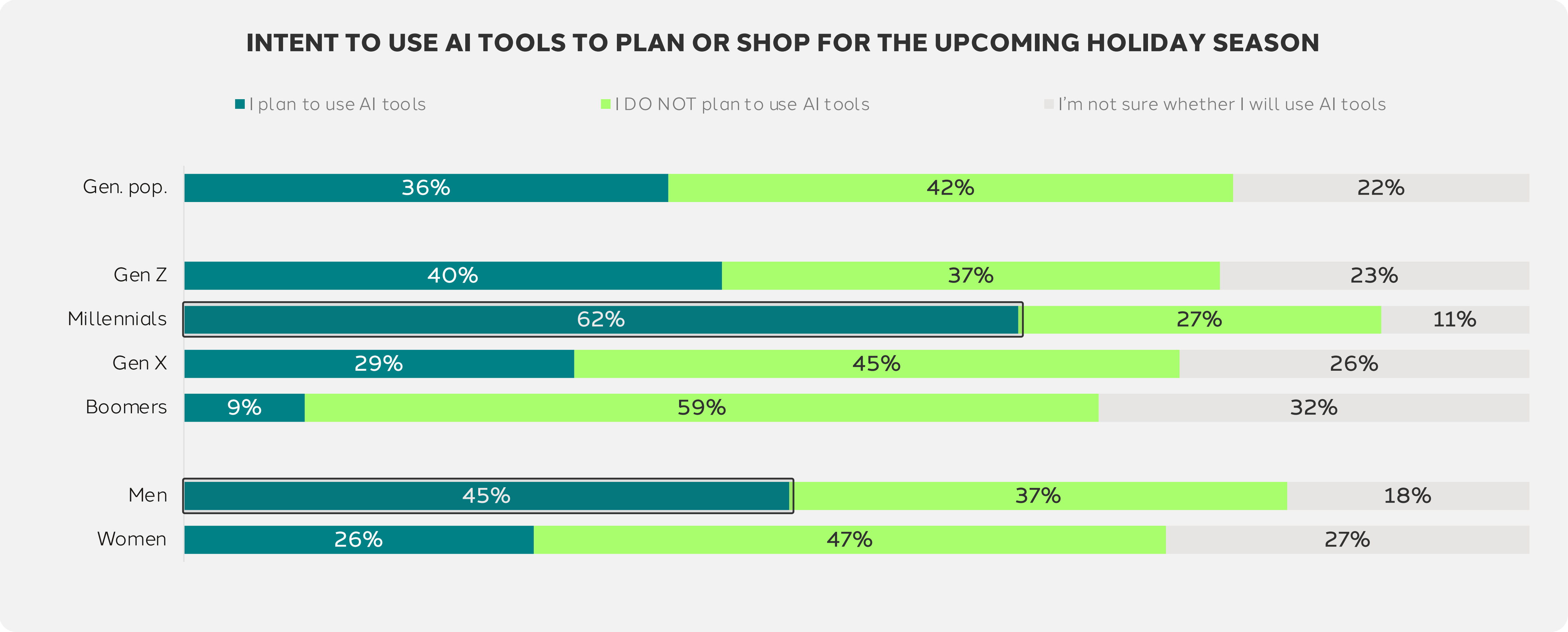
When asked what AI-powered shopping features consumers would find most valuable, we were surprised. The desire for smart price comparison (54%) shows consumers prioritize practical value today, while interest in brain-to-device interfaces (40%) reveals remarkable openness to radical future possibilities.

AI-POWERED RETAIL FEATURES CONSUMERS FIND MOST VALUABLE

NOW		NEAR		NEXT	
Smart price comparison that finds the best deals	54%	AI that helps me best use my shopping points/rewards/loyalty programs	29%	Brain-to-device AI interfaces that let you browse and buy products just by thinking about them	40%
AI chat assistants that can instantly answer questions	36%	AI "digital twin" that tries fashion or beauty items on before you buy them	27%	Emotional AI that reads your mood and suggests purchases to match how you're feeling	33%
Predictive shopping that automatically orders items before you run out	30%	Gift finder that learns recipient personalities and makes recommendations	26%	AI that decodes my subconscious interests and preferences without me actively asking	32%

USE OF AI AS A HOLIDAY HELPER VARIES BY COHORT AND GENDER.

AI adoption for the holidays remains consistent year-over-year (36% vs 38% in 2024), indicating the technology has moved past novelty into selective utility. Millennials lead adoption at 62%, and persistent gender gaps in AI use reflect broader tech adoption patterns.



AS SHOPPERS WEIGH WHETHER TO USE AI, RETAILERS ROLL AHEAD.

AI is rapidly transforming retail, driving a projected $200B in holiday sales while reshaping operations—reflected in rising job cuts and widespread AI adoption among buyers. The industry is embracing AI behind the scenes.

$200B

Salesforce predicted that AI would lead to more than **$200 billion in holiday sales**.

+12% from 2023

+249%

U.S. employers in the retail industry announced **80,487 job cuts through July, a 249% surge** compared to the same period last year.

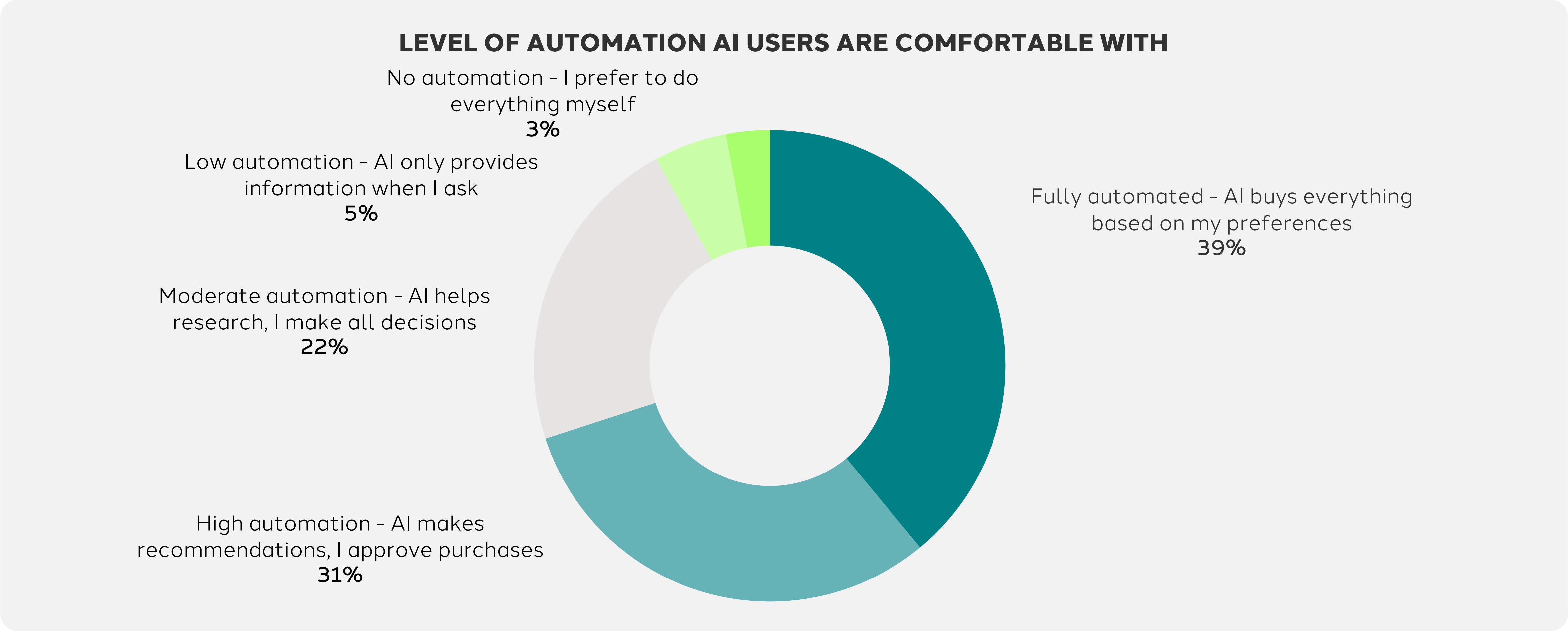
78%

Of Industry Buyers say they have used AI-enabled tools to **enhance buying activities**.

Source: Retail Dive ; Retail Dive; Deloitte

AI USERS ARE READY TO DECK THE HALLS – AUTONOMOUSLY.

A striking 70% of AI users are comfortable with high to full automation—39% want AI to buy everything based on preferences, while 31% prefer approval-based purchasing. Consumers may be willing to prioritize convenience over control as holiday stress mounts and decision fatigue sets in.



‘TIS THE SEASON FOR AN AI SHOPPING REVOLUTION.

When it comes to what tasks users want AI to tackle, we see that compared to last year personalized product recommendations jumped from 5th to 1st place, while AI-powered customer service and meal planning climbed significantly as well. This evolution from information-seeking to decision-making suggests consumers are ready for AI to become more embedded in their shopping journey.

HOLIDAY TASKS AI USERS ARE INTERESTED IN AI SUPPORTING

Activity – Percent Interested		2025 vs. 2024 Ranking		
Getting personalize product recommendations from a brand or retailer	76%	1	▲	5
Planning holiday meals, creating recipes, or shopping lists	75%	2	▲	4
Comparing prices or finding the best deals	74%	3	▼	1
Brainstorming gift ideas for friends or family	74%	4	▼	2
Receiving AI-powered customer service from a brand or retailer	73%	5	▲	6
Organizing tasks to better manage the holidays	72%	6	▼	3
Planning holiday travel	71%	7		-
Planning holiday events or gatherings (like themes or activities)	70%	8		8
Budgeting for the holidays	70%	9	▲	10
Personalizing gifts with custom imagery or text	69%	10	▼	7
Writing holiday cards or messages	69%	11	▼	9
Making actual purchases on my behalf	65%	12		-

DIFFERENT GENERATIONS, DIFFERENT AI HOLIDAY USE CASES.

Gen Z's focus on budgeting (65% ranking it #1) reflects their economic realities—they're entering peak holiday spending years with inflation concerns. Travel planning is Millennial's #1 use case, but they are liberal in tasks they most want to apply the tech to. Gen X appears pragmatically focused on retail use cases.

HOLIDAY TASKS AI USERS ARE INTERESTED IN AI SUPPORTING

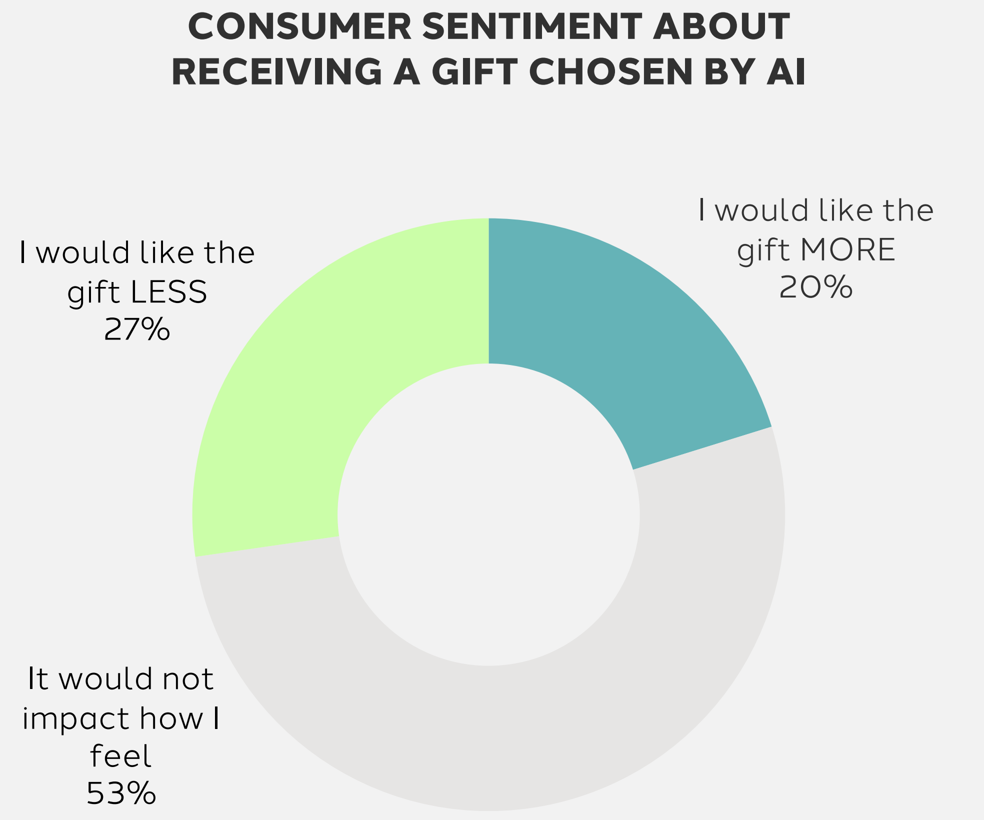
#1 Task #2 Task #3 Task

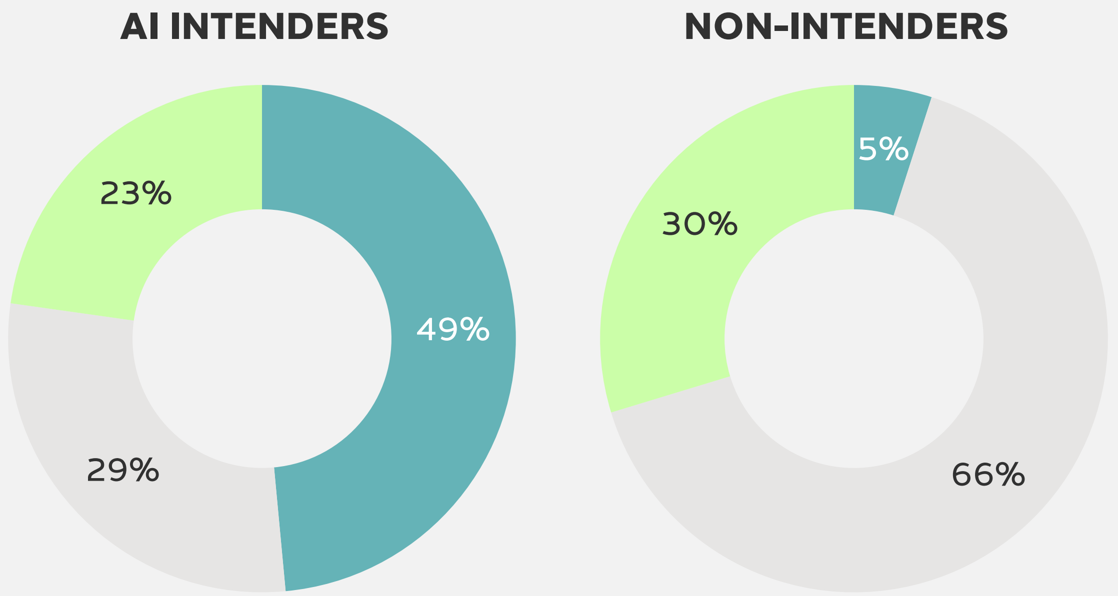
	Gen Z	Millennials	Gen X
Getting personalize product recommendations from a brand or retailer	62%	81%	81%
Planning holiday meals, creating recipes, or shopping lists	59%	81%	73%
Comparing prices or finding the best deals	61%	79%	74%
Brainstorming gift ideas for friends or family	60%	81%	70%
Receiving AI-powered customer service from a brand or retailer	49%	81%	77%
Organizing tasks to better manage the holidays	59%	80%	68%
Planning holiday travel	53%	83%	63%
Planning holiday events or gatherings (like themes or activities)	53%	80%	64%
Budgeting for the holidays	65%	77%	68%
Personalizing gifts with custom imagery or text	53%	77%	69%
Writing holiday cards or messages	55%	75%	69%
Making actual purchases on my behalf	59%	71%	62%

*The survey did not garner a statistically significant sample of Boomers who plan to use AI

THE AI PARADOX: GIFT GIVING UNWRAPS MIXED FEELINGS.

While AI Intenders plan to use the technology themselves, receiving a gift knowing it was chosen by AI is not the slam dunk one might think. Nearly half of AI intenders say they'd like a gift more if chosen by AI, yet 23% would like it less—revealing the complex psychology around AI and personal relationships.

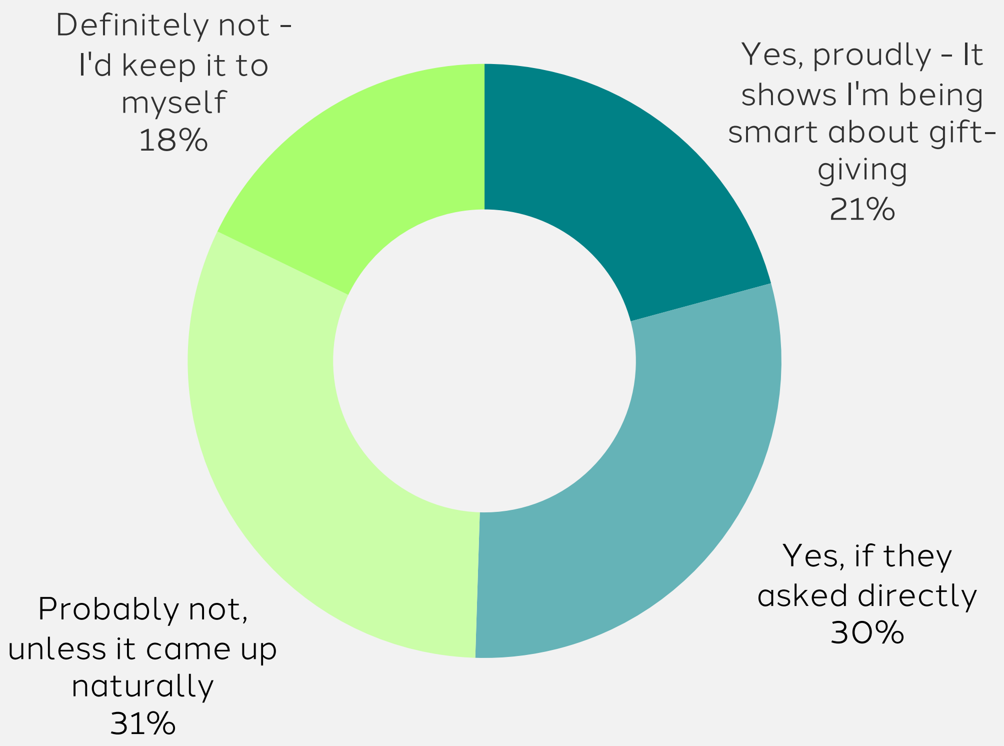


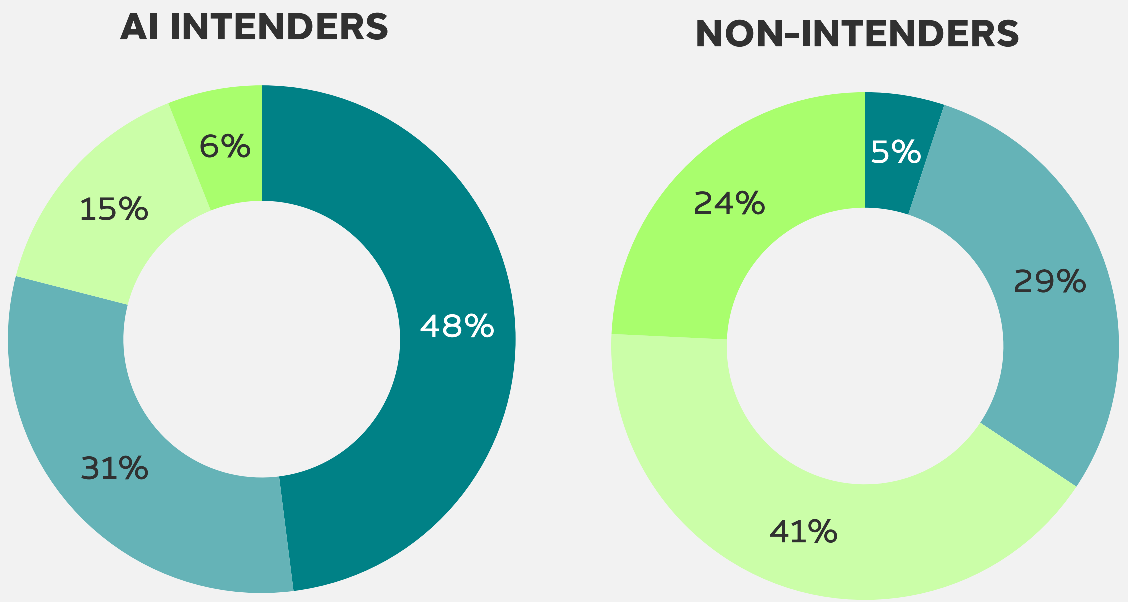


MOST CONSUMERS WOULD KEEP AI-SELECTED GIFTS A SECRET.

Only 21% would proudly advertise using AI for gift selection, while the majority would conceal it. Even among AI enthusiasts, under half would actively promote using the technology to select a gift. This secrecy indicates that despite growing acceptance, AI still carries stigma in personal contexts.

WHETHER CONSUMERS WOULD REVEAL THAT THEY USED AI TO SELECT A GIFT





SECTION 03

IMPLICATIONS FOR MARKETERS

BRIDGE THE QUALITY GAP BEFORE “AI EVERYWHERE”.

With 70% of consumers expecting more AI shopping tools this year but only 50% rating current experiences as 'good' or 'excellent,' retailers face a critical moment. The rush to deploy AI risks creating negative first impressions. Focus on perfecting core AI functions—price comparison, recommendations, customer service—before adding flashier features.

DESIGN AI FOR SHARED AGENCY.

Consumers are open to high levels of automation (70% want approval-based or fully automated shopping), but psychology around gifting shows lingering tension between *control vs. convenience*. Marketers should build AI journeys that balance autonomy with choice — allowing shoppers to set boundaries, approve decisions, and co-curate outcomes. This transforms AI from a tool into a trusted partner.

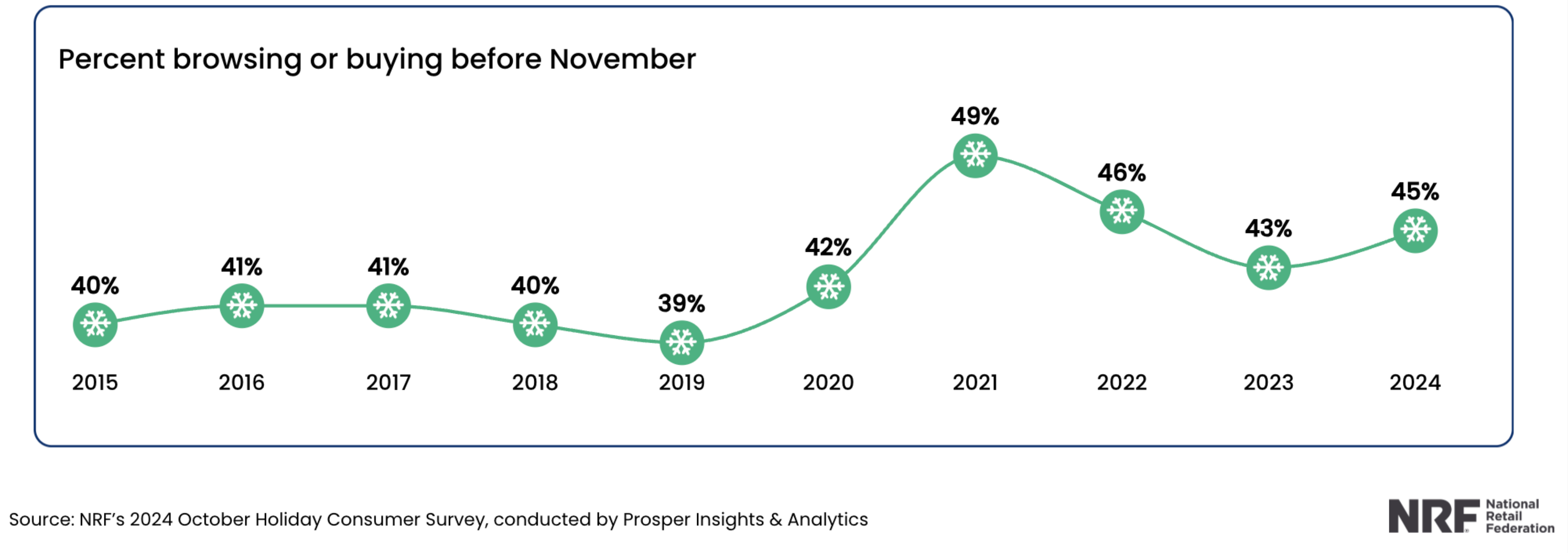
DEPLOY INVISIBLE AI THAT AMPLIFIES HUMANITY.

The AI gift paradox reveals a critical insight: consumers want AI benefits without AI attribution. Retailers should implement AI-powered personalization, recommendations, and customer service behind the scenes while emphasizing human curation and care in messaging. Position AI as the engine that enables better human service, not as the service itself.

THE GIFT SHIFT: PHYSICAL VS. EXPERIENTIAL

LAST YEAR, ALMOST HALF OF SHOPPERS BEGAN BEFORE NOVEMBER.

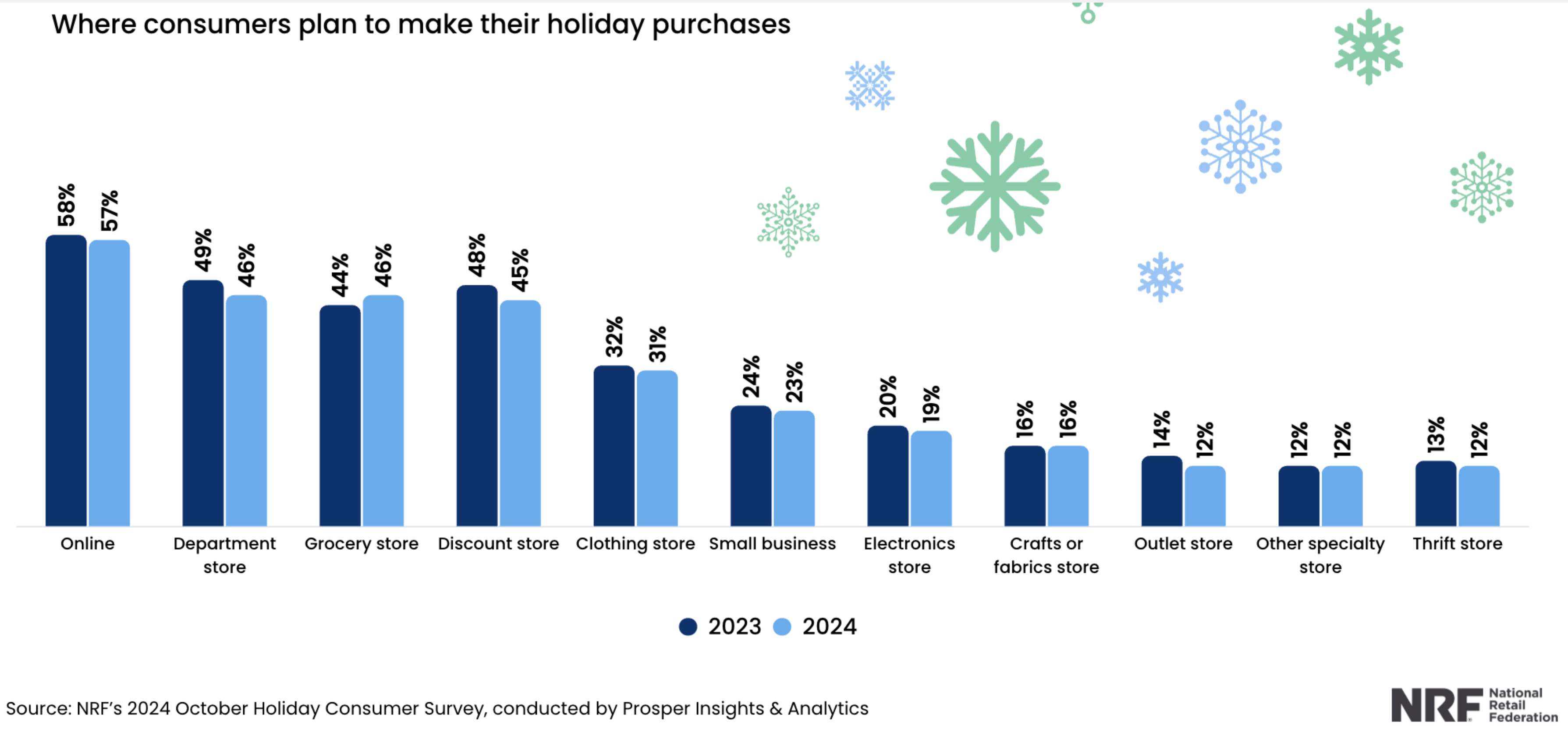
That was consistent with recent trends, but up from around 40% 10 years ago. Even with earlier starts, NRF found that 62% of shoppers didn't plan to wrap up their buying until December.



Source: NRF

SHOPPING WAS SPLIT BETWEEN PHYSICAL AND DIGITAL CHANNELS.

That was consistent with 2023, and trends are expected to be similar this year.

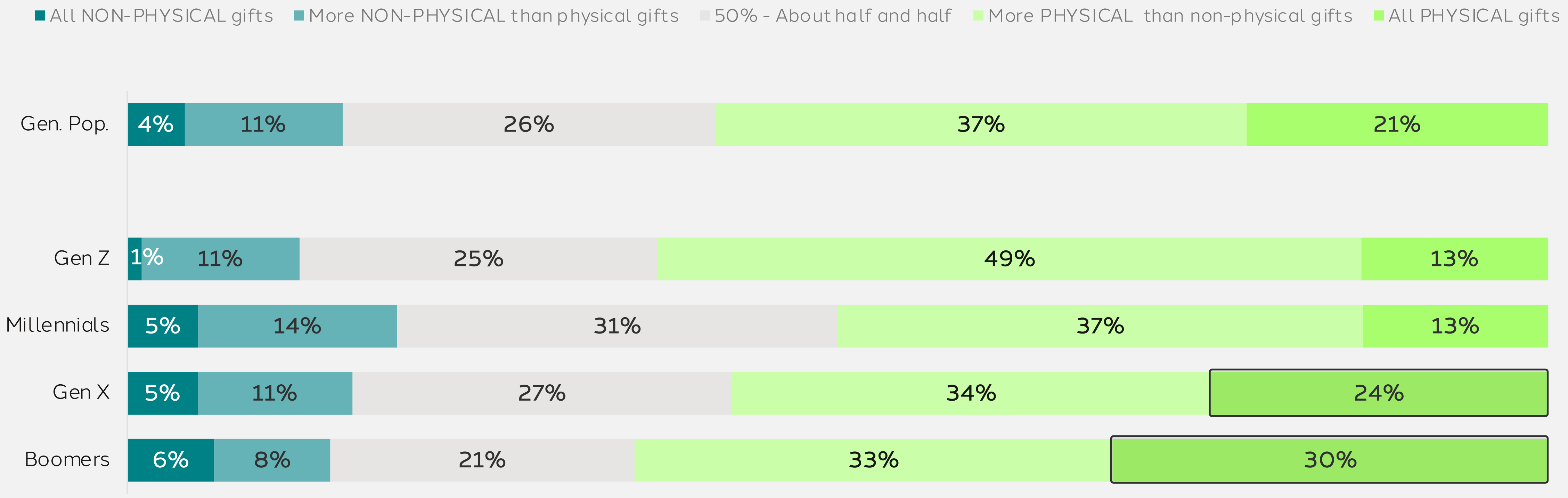


Source: NRF

PHYSICAL GIFTS REMAIN THE HOLIDAY GOLD STANDARD.

Despite predictions of experiential gift growth, physical items continue to reign supreme, with most consumers giving a mix on non-physical and physical gifts but skewing toward the tangible. Older generations are most likely to exclusively gift physical items, suggesting generational cultural shifts.

RATIO OF PHYSICAL TO NON-PHYSICAL GIFTS CONSUMERS PLAN TO GIVE THIS YEAR



PHYSICAL GIFTS ARE SHIFTING FROM INDULGENT TO INTENTIONAL.

Those who purchase physical gifts say their gifting choices have evolved in recent years to be more practical, everyday-use items – perhaps unsurprising in the current economic environment. Additionally, around done-third are seeking more high-quality, long-lasting items, also emphasizing a practical mindset.

GIFT-GIVERS ARE DRIVEN BY THE DOPAMINE HIT OF DISCOVERY.

The top motivation for physical gift-giving is "finding the perfect object" (28%), suggesting gift-givers derive satisfaction from the discovery process itself. Physical gifts also serve as "lasting reminders" (16%), positioning objects as memory anchors.

PRIMARY REASON FOR CHOOSING PHYSICAL OVER NON-PHYSICAL GIFTS

I enjoy finding the perfect object for someone

28%

To have a lasting reminder of the occasion

16%

Recipients prefer physical items they can use daily

16%

Budget for physical items is more predictable

15%

I can more easily control quality and timing

13%

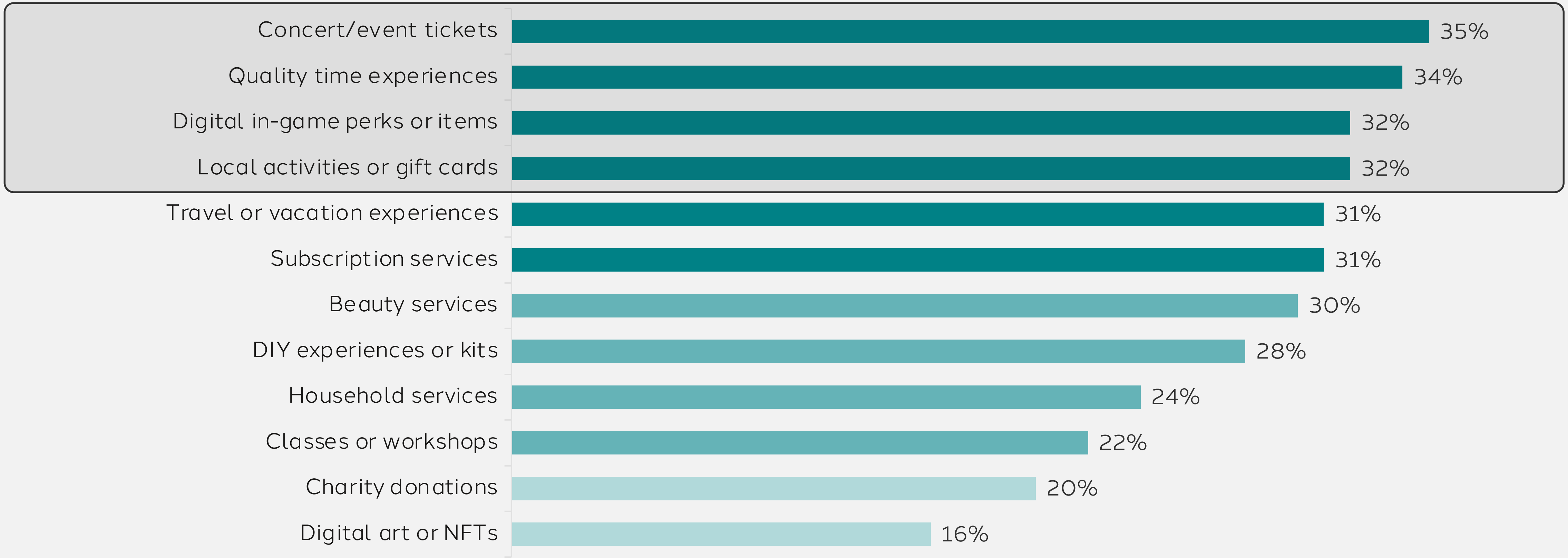
Easier to wrap and present physical gifts

12%

NON-PHYSICAL GIFTS ENCOURAGE SHARED PRESENCE.

Concert tickets (35%) and quality time experiences (34%) lead non-physical gifts, reflecting cultural hunger for live, communal experiences. Digital in-game perks (32%) ranking nearly as high, reflecting virtual connection as well. The prominence of local activities suggests a "15-minute city" mentality—prioritizing accessible, community-based experiences.

TYPES OF NON-PHYSICAL GIFTS GIVERS PLAN TO GIVE THIS YEAR



PHYSICAL GIFTS ANCHOR MEMORIES; NON-PHYSICAL CREATE THEM.

The primacy of memory creation (23%) as motivation positions experiential gifts as investments in relationships. Practical considerations—better value (17%) and avoiding stuff accumulation (16%)—suggest that gift givers also see experiential gifts as economically smarter.

PRIMARY REASON FOR CHOOSING NON-PHYSICAL OVER PHYSICAL GIFTS

Experiences create better memories	23%
Experiences tend to be a better value for my money	17%
People have too much stuff already	16%
Easier to spend a similar amount on every person	16%
Easier if I am traveling or recipient is traveling	12%
More environmentally friendly options	9%

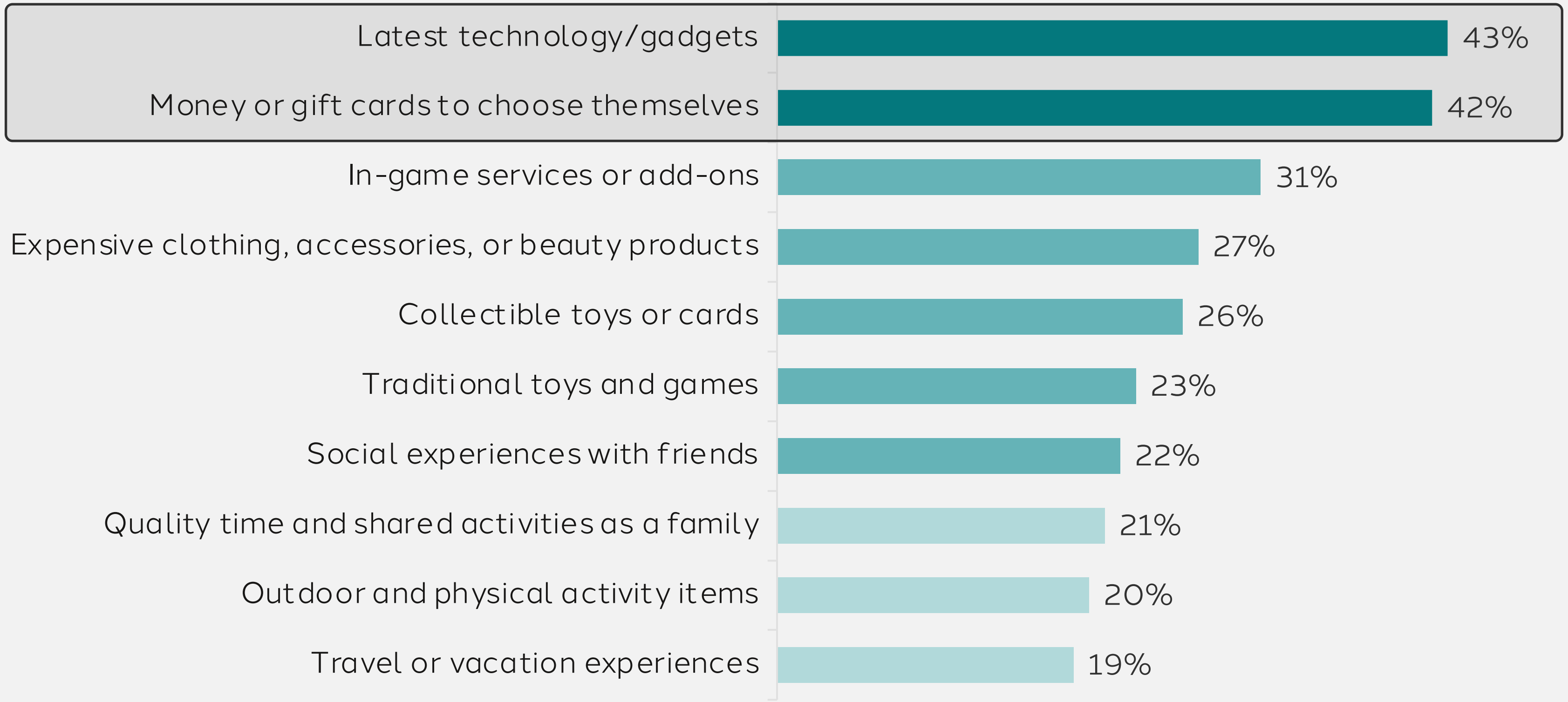
GEN ALPHA'S SILICON VALLEY CHRISTMAS LIST.

As part of our exploration into the changing nature of gifts, we wanted to identify the preferences of Gen Alpha. 72% of those shopping for Gen Alpha say they want different things than previous generations. Their preferences span technology (43%), money/gift cards (42%), and in-game services (31%), revealing a generation seeking both physical and digital value.

72%

Of those who purchase gifts for **Gen Alpha** say that they want **different things than previous generations of kids**.

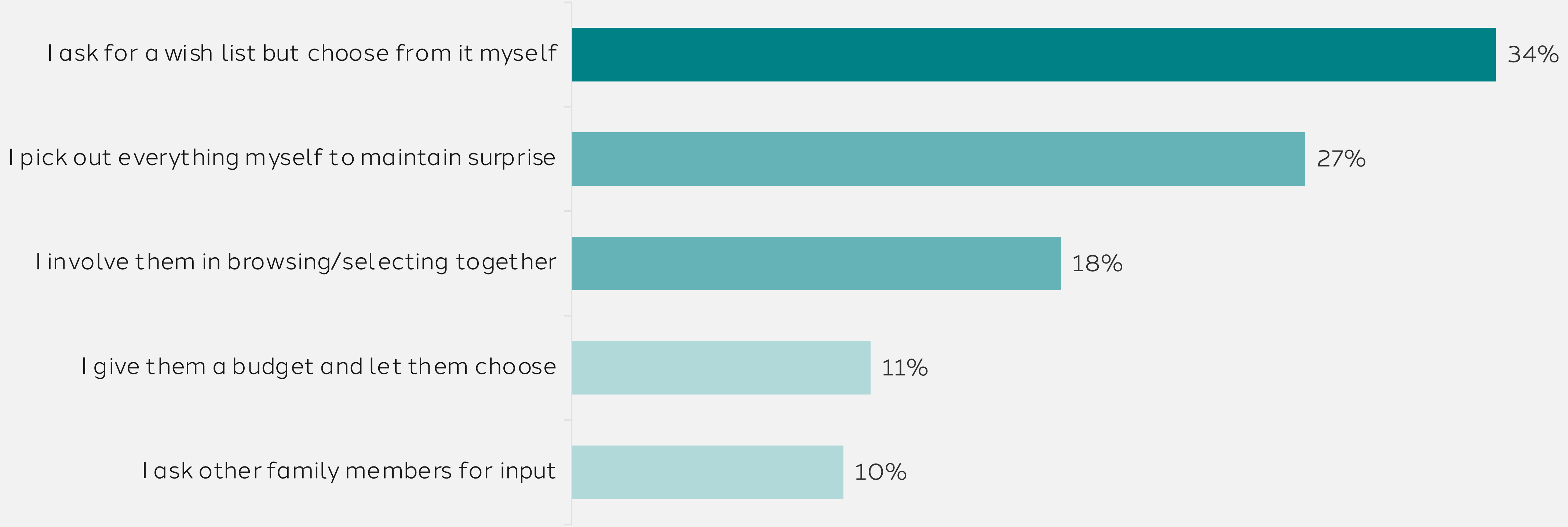
WHAT GEN ALPHA WANTS ACCORDING TO GIFT GIVERS



THE END OF GIFTING SURPRISE?

Those who shop for Gen Alpha take two approaches: maintaining surprise (27%) and consulting wish lists (34%). Overall, it feels like Gen Alpha, raised in an environment of infinite choice and algorithmic personalization, may value agency over serendipity. The 18% of shoppers who browse and select gifts together points to gift-giving becoming more like joint decision-making.

HOW GIFT GIVERS INVOLVE GEN ALPHA IN THE SELECTION PROCESS



IMPLICATIONS FOR MARKETERS

REFRAME EVERYDAY UTILITY.

The shift toward practical gifts reveals an opportunity to reposition everyday items as premium. Instead of competing on price for utilitarian products, brands should create narratives around ‘elevated essentials’—positioning practical gifts as sophisticated choices that demonstrate intimate knowledge of the recipient. Think luxury versions of mundane items or personalized everyday objects.

TREAT ATTENTION AS THE NEW LUXURY.

With concert tickets leading experiential gifts, we're seeing the emergence of a "presence premium"—where quality time with others becomes the ultimate scarce resource for consumers. Develop offerings that guarantee exclusive, undistracted time: phone-free experiences, intimate gatherings with artificial scarcity, or services that actively remove digital distractions.

EMBRACE COLLABORATIVE GIFT CURATION.

Gen Alpha's collaborative approach to gift selection is a feature that smart brands can leverage. Create "curated choice" experiences that satisfy both gift giver thoughtfulness and Gen Alpha agency: custom configurators for personalized option sets, co-creation tools where givers and recipients design together, or "mystery box" concepts where category is chosen but specific items remain unknown.

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