



Reading the Consumer: From Cautious Optimism to Consumer Fragmentation

Ankura 2026 Holiday Outlook



Executive Summary

Holiday 2026 is not primarily a question of whether consumers will spend. It is a question of which consumers will spend, how they will spend, and where retailers will capture that demand.

As retailers enter the 2026 holiday season, the evidence suggests that demand will remain resilient. The greater challenge will be understanding an increasingly fragmented consumer and capturing spending across households with markedly different levels of financial security.

The 2025 holiday season was defined by broad economic pessimism, aggressive value-seeking, and a willingness to trade down in pursuit of affordability. Ankura's 2025 Holiday Consumer Survey found that inflation dominated consumer concerns, shoppers expected discounts exceeding 30%, Black Friday had largely lost its singular importance, and purchases were increasingly spread across a longer promotional calendar.

Those dynamics remain relevant in 2026, but their underlying drivers have evolved. Rather than broad consumer retrenchment, the season is likely to reveal a widening divide between financially secure and financially strained households.



Inflation dominated consumer concerns



Shoppers expected **discounts exceeding 30%**



Black Friday had largely **lost its singular importance**



Purchases were increasingly **spread across a longer promotional calendar**

Consumers Are Still Spending, but They Are Not Feeling Better

Perhaps the most striking paradox entering the 2026 holiday season is the growing disconnect between spending behavior and consumer sentiment.

48.1

Consumer Sentiment

September 2026; down 12.7%
year-over-year

6.1%

PCE Growth

Year-over-year increase

5.6%

Retail Sales Growth

Excluding autos and gasoline;
August year-over-year

Consumers remain willing to spend on experiences, celebrations, and meaningful purchases. **They simply do not feel financially comfortable doing so.**

For retail executives and private equity investors, the distinction matters: demand destruction is not yet the central concern; confidence erosion and spending selectivity are.

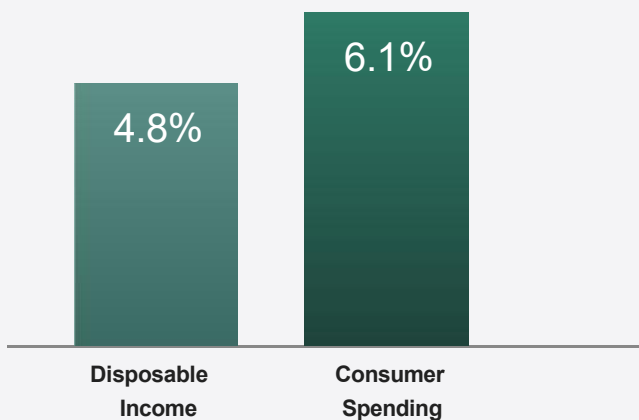
The Financial Cushion Is Getting Thinner

The resilience in spending has come at a cost. Consumer spending is outpacing disposable income growth by a meaningful margin. Disposable income grew 4.8% year-over-year (YOY) while spending rose 6.1%. Household debt remains near a record \$18.8 trillion, and the personal savings rate is at a historical low of approximately 4.1%.

\$18.8T

household debt remains near a record high

Spending vs. Disposable Income Growth (YOY)



4.1%

personal savings rate, a historically low level

5 Indicators of Growing Household Pressure

- 1 Wage growth has slowed to roughly 3.0% annually.
- 2 Inflation remains elevated at 3.4%.
- 3 Gasoline prices are approximately 18% above prior-year levels.
- 4 Mortgage rates remain above 7%.
- 5 Hiring momentum has weakened significantly, with only 29,000 jobs added in September.

For many households, holiday purchases will require tighter budgeting, greater credit utilization, and more payment flexibility.

THE MOST IMPORTANT TREND OF 2026

The Consumer Divide Is Widening

The strongest emerging theme for the 2026 holiday season may be the growing separation between higher-income and lower-income consumers. Rather than broad-based caution, the market is showing sharply different behaviors by household financial position.

Higher-income consumers continue to demonstrate resilience. Travel demand remains strong despite airfares being nearly 23% above prior-year levels. Vehicle sales remain healthy despite elevated financing costs, while durable goods and premium discretionary demand have remained more resilient than many expected.

Lower and middle-income households are confronting growing affordability constraints as elevated debt, inflation-driven cost increases, higher fuel prices, and slowing wage growth pressure discretionary budgets.

Affluent Households

- Trading up
- Purchasing premium gifts
- Maintaining travel plans
- Less sensitive to promotions
- Expanding categories

Financially Constrained Households

- Trading down
- Delaying purchases
- Increasing deal-seeking
- Greater BNPL utilization
- Concentrating spend around promotions

For retailers, this is likely to create a widening performance gap between operators serving value-focused consumers and those successfully serving affluent consumers.

Retailers positioned in the undifferentiated middle remain the most exposed.



Promotions Will Matter More Than Ever

One lesson from 2025 remains unchanged: Consumers have been trained to expect deals. The survey found that 85% of consumers expected discounts exceeding 30%, and more than half indicated that traditional Black Friday was no longer a critical shopping event. Retailers successfully expanded holiday shopping into a season rather than a weekend.

The management challenge will be balancing traffic generation with margin preservation. Retailers now face additional cost pressure from tariffs, rising diesel costs, freight volatility, and elevated transportation expenses, limiting their ability to absorb aggressive discounting.

WHAT TO EXPECT IN 2026

- October promotions will become increasingly important
- Greater competitive intensity before Thanksgiving
- More personalized offers
- Increased use of loyalty-based promotions
- Less dependence on single-event discounting

85%

of consumers expected discounts exceeding 30%

Holiday 2026 may be less about offering the deepest discount and more about delivering the clearest, most credible value.



3 Scenarios for the 2026 Holiday Shopping Season

1

BASE CASE

Selective Resilience

Consumer sentiment remains weak, but labor markets avoid significant deterioration. Retail sales increase by the low- to mid-single digits during the holiday period, driven primarily by higher-income consumers and continued e-commerce growth. Promotional intensity remains high but manageable.

Winners: Value retailers, off-price, membership clubs, strong omnichannel operators, and premium brands serving affluent consumers.

2

UPSIDE CASE

Confidence Recovery

Gasoline prices moderate, employment stabilizes, and consumer sentiment improves as election-related and broader economic uncertainty moderate. Households become more comfortable spending discretionary dollars.

Beneficiaries: Specialty retail, apparel, home furnishings, and other discretionary consumer businesses.

Demand broadens across categories.

3

DOWNSIDE CASE

Consumer Pullback

Labor-market weakness accelerates, consumer sentiment deteriorates further, and elevated household debt and declining savings constrain spending. Consumers concentrate purchases around a handful of major promotional periods.

Risks: Significant margin pressure, heavier promotional activity, and rising inventory exposure.

Demand becomes more event-driven and less predictable.

The Midterm Wild Card

One variable that deserves greater attention than in prior holiday outlooks is the political environment. Midterm elections introduce uncertainty around economic policy, taxation, trade policy, inflation management, and consumer expectations.

Periods of heightened political uncertainty can influence consumer confidence and the timing of major financial decisions. While this may not directly reduce holiday spending, it could affect category choices, purchase timing, and consumers' willingness to commit to larger discretionary purchases. Given that consumer expectations are already weak, the election cycle could amplify concerns around affordability, employment stability, and future economic conditions.

For retailers, November consumer sentiment readings may therefore provide an especially important indicator of holiday demand.

What Retailers Should Watch

Consumer Sentiment

Further deterioration would suggest increasing downside risk.

Employment Trends

Holiday spending has historically followed labor-market confidence.

Fuel Prices

Elevated energy costs pressure household budgets while also increasing freight and supply-chain costs for retailers.

Credit and BNPL Usage

Increased reliance on financing often signals household stress.

Promotional Intensity

Early discount escalation may indicate softer-than-expected demand.

Final Thoughts

The Holiday Consumer Is Resilient, Not Comfortable

The 2026 holiday season is unlikely to be remembered as either exceptionally strong or exceptionally weak. Instead, it may be remembered as the season that fully revealed the growing fragmentation of the American consumer.

Consumers remain willing to celebrate, travel, gather, and spend. Yet beneath that resilience lies a more fragile financial reality:

**Sentiment remains depressed,
debt is elevated, savings are thin,
and wage growth continues to
compete with inflation.**

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