

Holiday Retail Trends

United States, 2026

US holiday 2025 crossed \$1 trillion in total retail sales with online surging to ~\$258B, the first quarter-trillion-dollar digital season.^{1,2} Despite cautious budgets, AI-driven discovery, earlier shopping, and value-seeking are reshaping how Americans buy.³ Use Performance Max (PMax) to reach high-intent SMEs and drive conversions with AI-optimised campaigns.

Key trends and strategies

33% use Gen AI to shop;⁴ AI-driven retail traffic up 693% YoY.²

AI moves from novelty to mainstream shopping assistant.³ Activate Microsoft Showroom Ads to capture intent inside generative experiences as AI assistants drive 20% of all global retail sales.³

90% of holiday conversions happen outside Cyber Five. ~50% buy pre-Thanksgiving.⁵

Holiday shopping starts earlier, lasts longer — go live in Oct with PMax Campaigns and Automated Bidding to efficiently capture demand across more touchpoints and surfaces.

77% of US shoppers expect higher prices; 78% trade down to cheaper alternatives.^{5,6}

Deal-driven, comparison-led behavior creates room for sharper promotional messaging & loyalty plays.⁴ Run promotion extensions, price-led RSAs and deal-focused creative; emphasize value props in Search & Audience Ads.

\$20B Buy Now Pay Later spend (+9.8%), with mobile driving 56.4% of online revenue.²

Flexible payments are mainstream this season. Use Multimedia + Vertical Video Ads and Microsoft Clarity to reduce mobile drop-off.

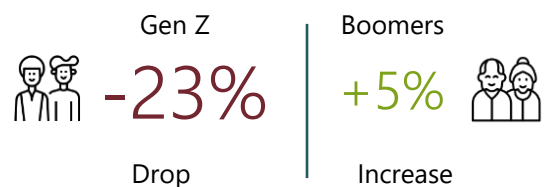
Top five reasons consumers shop early¹

-  **54%** To spread out gift shopping budgets
-  **41%** To avoid the last-minute stress of shopping
-  **40%** Prices and promotions are too good to pass up
-  **38%** To avoid crowds
-  **28%** Shopping early means more time to enjoy the holidays

Conversions and Cost Per Acquisition (CPA), YoY Changes, Q4 2025⁷

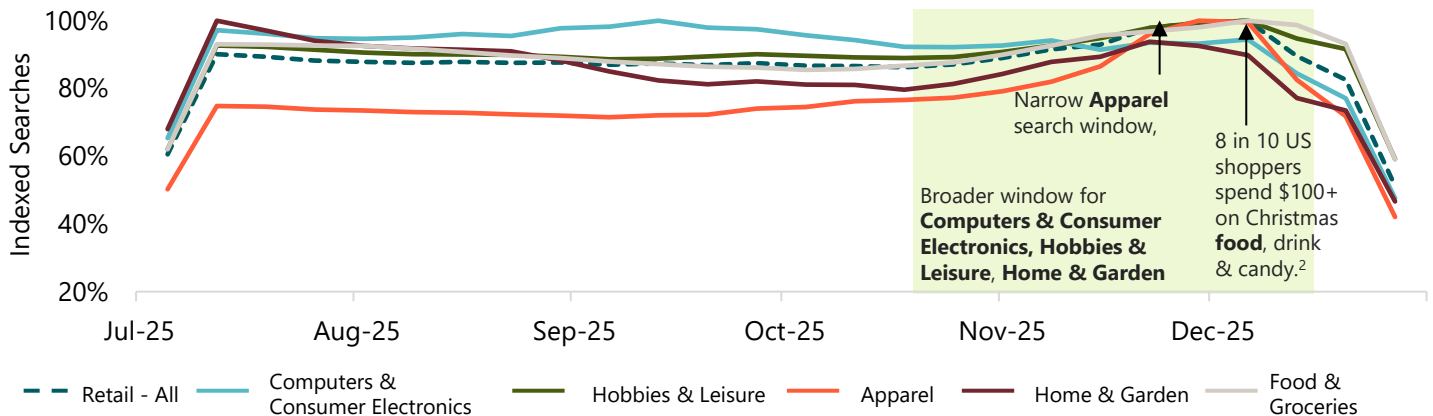
Top Retail Categories	Conv.	CPA
Toys & Hobbies	+27%	-21%
Sports & Fitness	+8%	-15%
Consumer Electronics	+7%	-13%
Beauty & Personal Care	+6%	-6%
Home & Garden	+2%	-8%
All Retail	+7%	-13%

Holiday Spending Diverges by Life Stage⁶



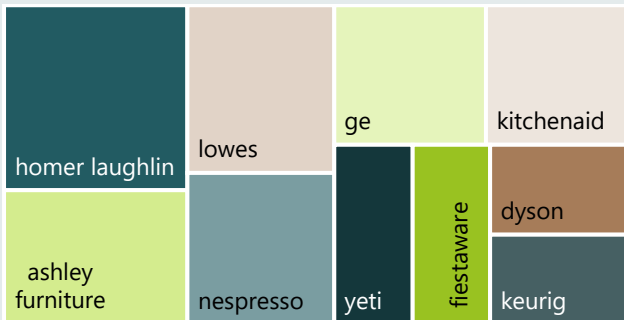
Precision targeting drives ROAS — activate Customer Match + In-Market Audiences by life stage.

Rolling index searches for top retail categories by volume, July-Dec 2025¹

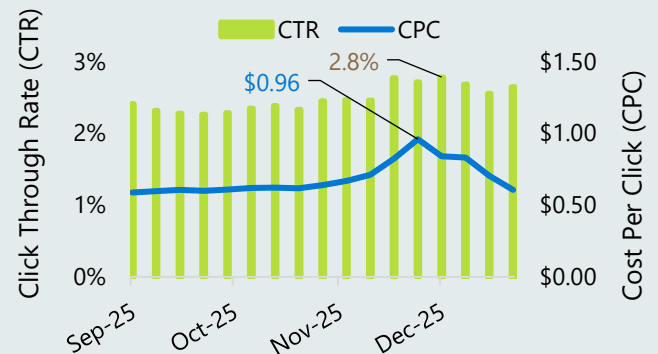


Category winners: Spend consolidates into high-emotion, giftable categories—timing is the lever. Apparel, beauty, and tech lead growth;³ beauty reaches \$247 avg spend.³ Apparel peaks late with a narrow surge, while electronics, home, and garden soften and depend on broader timing windows.⁴ Activate category- and timing-led messaging.

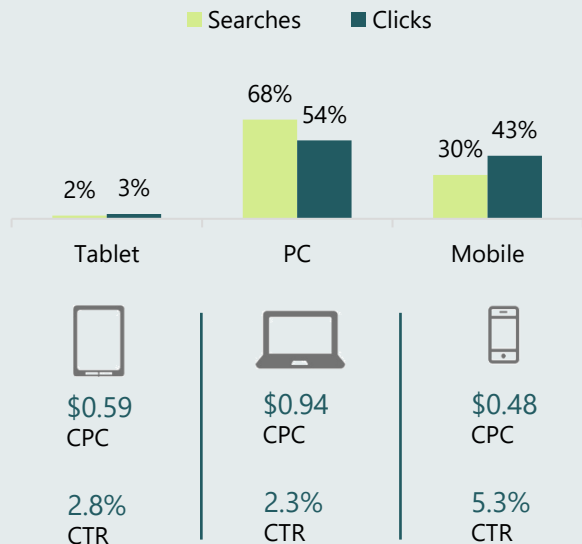
Top Home & Garden brands by searches, Sep-Dec 2025¹



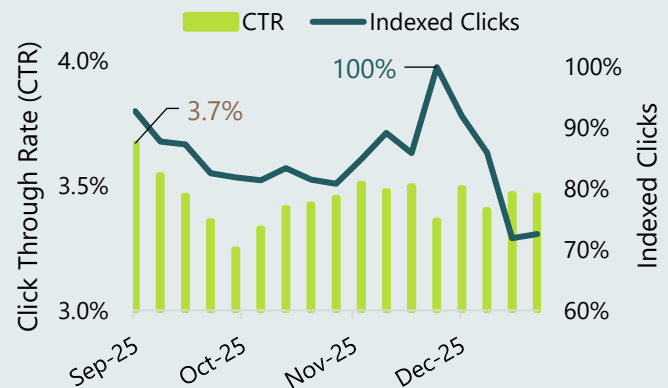
Apparel, CTR and CPC trend, Sep-Dec 2025¹



Health, Beauty & Personal Care, search and click insights by devices, Sep-Dec 2025¹



Computer & Consumer Electronics, CTR and Indexed Clicks, Sep-Dec 2025¹



Sub-categories with YoY search growth, Sep-Dec 2025¹

