

PLAYBOOK

HOW TO PREPARE FOR THE HOLIDAY SHOPPING SEASON

Strategies to implement now,
including how to capture Gen Z's
growing spending power.



Running holiday sales in the summer months may be a marketing tactic for retailers, but the midpoint of the calendar year is an optimal time to strategize for the upcoming season for swiping. Experian's annual holiday spending trends and insights report stated **51% of holiday sales at mass retailers were made online in 2022**. Additionally, **the increase in card balances in 2023 was less than in 2022, but an increasing share of that spend belongs to younger generations**, according to Experian data, highlighting the need to ensure your card is top of wallet (whether it be the leather or digital one — or both). Cyber Week sales, retail sales that span the week following the Thanksgiving holiday, **accounted for only 8% of total consumer holiday spend**, according to Experian® data, highlighting a need for a comprehensive strategy well before Black Friday and Cyber Monday.

Cyber Week sales accounted for only **8% of total** consumer holiday spend.¹

...

\$360 billion

Estimated disposable income held by Gen Z²



Holiday shopping by the numbers: who, when and how

In 2022,
31%
of all holiday season
purchases took place
in October.¹

31%
of average spenders
shop in December.¹
October is the second biggest
shopping month for this group.

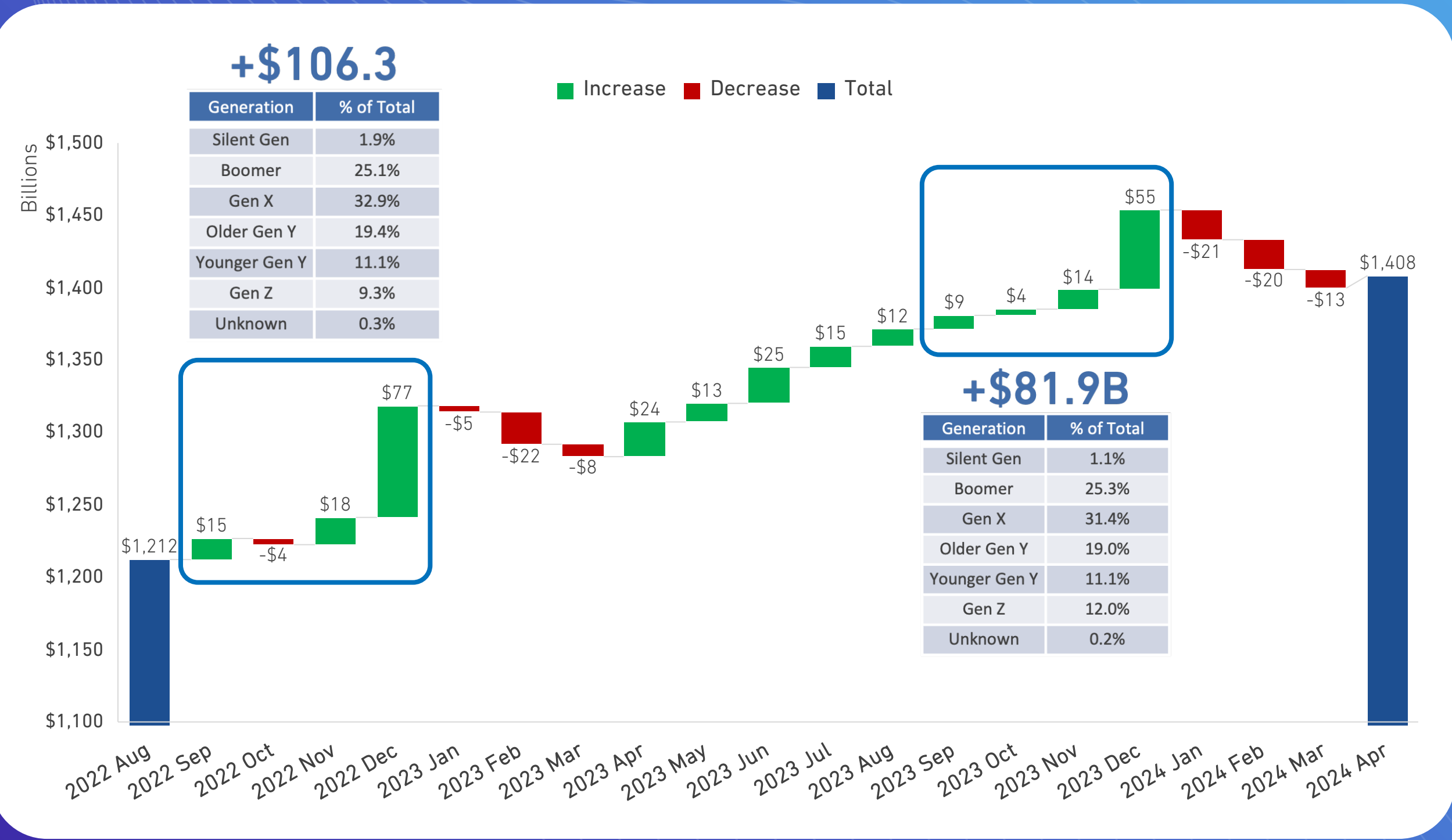
58%
of high spenders shop
evenly across the
holiday season.¹

¹Experian defines the holiday shopping season as October – December.



Seasonal spend trend by generation

Total balance on open credit card trades reported in the last 3 months

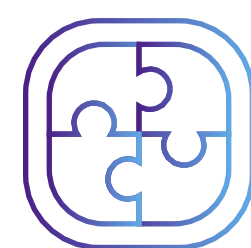


As credit card outstanding balance growth starts to normalize and card spend growth slows, competition to be top of wallet is at an all-time high, particularly when you consider **younger generations whose growing spending power — not to mention Gen Z's “obsession” with credit cards³ — is of heightened interest.**

With the season for swiping around the corner, here's a playbook for what financial institutions should be prepared to tackle ahead of the months of holiday spending.

01 PRE-HOLIDAY SHOPPING SEASON

The months leading up to the holiday shopping season is the time to ensure your portfolio is in order.



Review your portfolio

Conduct regular portfolio reviews to assess performance and identify opportunities for retention and risk mitigation.



Laser focus on growth

According to Experian's North America Identity and Fraud Report, **41% of consumers report having opened a new online account within the past 6 months**. And remember, it doesn't always have to be new accounts. You can to grow your footprint within your current portfolio mix.

For **NEW** consumers:

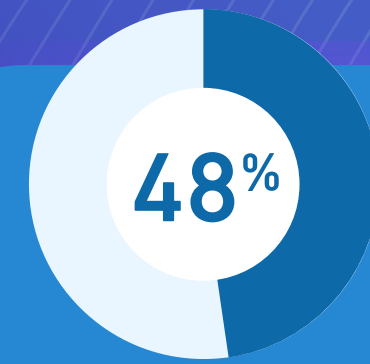
- Target and market credit offers.
- Identify consumers with multiple lines of credit and position your card favorably with competitive credit limits.
- Assess your risk tolerance for new consumer acquisition.
- De-risk balance transfers.
- Use advanced data analytics to identify and target potential high-value consumers.
- Offer introductory rates and promotions to attract new consumers.
- Implement robust verification processes to ensure the legitimacy of new accounts.



For **EXISTING** consumers:

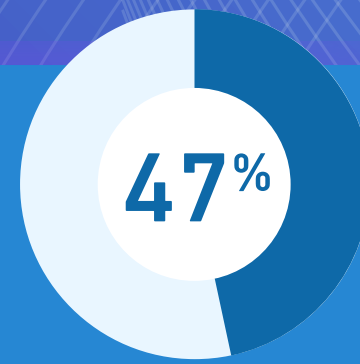
- Assess those who may be in the market for credit and have positive credit migration.
- Incentivize usage during the shopping season with a higher credit limit, loyalty points, additional cashback or other usage perks.
- Identify consumers who may need a reduced spending limit and place higher risk accounts on a watch list.
- Monitor dormant accounts as inactivity for several months may signal a fraud risk if usage suddenly increases.
- Conduct fraud checks using a mix of scores and models.

Don't sleep on Z: booking younger cardholders



High-income
households

are more likely to have opened a new
account within the past 6 months.³



Aged 25-39

In contrast,

33%

of consumers aged 55-69
are significantly less likely
to have opened an online
account in the past
6 months.³

Some financial institutions
have reported over
three-quarters of new
accounts acquired in 2023
for U.S. consumer premium
cards were **Gen Z or
millennial age**.

QUESTIONS to consider

- Q.** What are your goals for the holiday season for net new customers versus growing within your existing portfolio?
- Q.** Has your risk tolerance changed based on economic conditions or predictions?
- Q.** Do your decisioning models need to change?

Your Holiday Shopping Season **Toolkit**

ASCEND QUEST™

Make faster, more informed decisions
regarding current customer accounts.

- Access the freshest data source for consumer behavior and credit history.
- Effectively manage your portfolio risk and opportunities for growth, all in a convenient self-service portal.
- Develop account management strategies from thousands of data elements.

ASCEND INTELLIGENCE SERVICES™ LIMIT ESSENTIALS

Target net new customers and drive
loyalty and retention.

- Determine optimal credit limit increase amounts.
- Better predict risk.
- Monitor performance.
- Automate the credit line increase process.

ASCEND FRAUD SANDBOX

Fight rapidly evolving fraud threats.

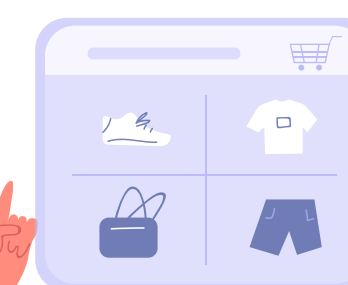
- Discover new fraud signals.
- Create and validate features.
- Build, test and deploy new models in days rather than months.

MITIGATE FRAUD DURING DECISIONING

By building multi-layered fraud and identity strategies into your decisioning, you can power secure and streamlined customer experiences while also protecting your organization from onboarding fraudulent accounts that may be primed for bust out fraud.

02 DURING THE HOLIDAY SHOPPING SEASON

Your marketing and customer experience departments are busy engines. According to Mintel, "Consumers were more likely to click on digital ads or respond to direct mail or email offers than they were in each of the past two years."⁵ In addition to your marketing and decisioning priorities, an eye should be kept on fraud.



Card testing is the **#1 fraud attacks vector** in the U.S.⁴

While lower than their other generational counterparts,

75%

of **Gen Z** is worried about identity theft.

74%

are **concerned** over their credit card information being stolen online.



Keep an eye on considerations outside of campaigns and storefront experiences:

Ensure the consumers presenting the card are the actual card owners.

Identify card usage with your company and others:

Look at consumers' revolving credit data with your organization and with your competitors to gain a better view of your consumers, enhance targeting and mitigate risk.

Look for bust-out fraud:

Watch for dormant accounts as well as consumers who may have zero balances. Examine onboarded consumers with a critical eye to ensure they still fit target criteria to stay on top of potential bust out, synthetic identity, or other third-party fraud.

QUESTIONS to consider

- Q. Is the person presenting the card the actual card owner?
- + Are there other signs of fraud? Empty returns?

Your Holiday Shopping Season **Toolkit**

ASCEND QUEST™

Maximize portfolio profitability with account review with access to thousands of data elements, including risk scores, income models, credit attributes, segmentation data and payment history.

- Identify and target higher-spending consumers and provide larger lines of credit to those who need it.
- Increase new card acquisition.
- Enable more accurate credit lines.
- Drive consumer retention and upsell efforts.

EXPERIAN LINK™

Enhance your balance transfer process with Experian's credit card verification solution. As consumers look to increase their spending power for the holiday season, ensure their identity matches the card. Safeguard your business from fraudulent activity by confirming the legitimacy of the cardholder.

- Identify good consumers, reduce friction, and increase acceptance rates.
- Make better risk decisions to protect genuine consumers while preventing bad actors.

DELIVER BETTER CUSTOMER EXPERIENCES

Help your consumers protect their identity.



03 POST-HOLIDAY SHOPPING SEASON

With the retail crush over, there's even more reason to look into potential risk ahead.

Be vigilant for fraud

After the purchasing has been done, hone efforts on first-party fraud as well as empty return boxes. Earlier this year, Experian included empty returns as one of the trends in our annual Future of Fraud Forecast.

Consider indicators that may point to payment stress

Watch trends in debt-to-income and debt-to-limit ratios that may signal payment stress within your portfolio. Leverage debt management strategies to offer support to your consumers who may need it.

QUESTION to consider

Q. Check in on consumers' debt-to-income and debt-to-limit ratios. Is debt management on the horizon?

Your Holiday Shopping Season Toolkit

MULTI-LAYERED FRAUD STRATEGIES

Incorporate multi-layered fraud strategies throughout the consumer life cycle to make effective risk decisions.

- Watch for dormant accounts.
- Identity theft and stolen credit card information are top online concerns.
- Set up fraud flags and triggers.

RISK AND RETENTION TRIGGERSSM

Leverage proactive tools for account management, while supporting consumer retention and risk mitigation strategies.

- Track portfolio performance and keep an eye out on consumers who may be showing financial stress.
- Set hierarchies, append risk scores to returned triggers and customize according to your priorities and needs.
- Near "real-time" delivery within a few minutes with API connection.



Want tailored recommendations for your **HOLIDAY SEASON** **STRATEGIES?**

Let's work together **to optimize your strategies ahead** of the holiday shopping season according to your organization's priorities.

[Contact us](#) for more information.

SOURCES

¹ Experian, "[2023 holiday spending trends and insights](#)"

² Bloomberg, "[Gen Z Has \\$360 Billion to Spend, Trick Is Getting Them to Buy](#)"

³ BUSINESS INSIDER, "[Gen Z's credit card oppression](#)"

⁴ Experian, "2024 Identity and Fraud Study"

⁵ Mintel, "[Marketing Financial Services - US - 2024](#)"

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