



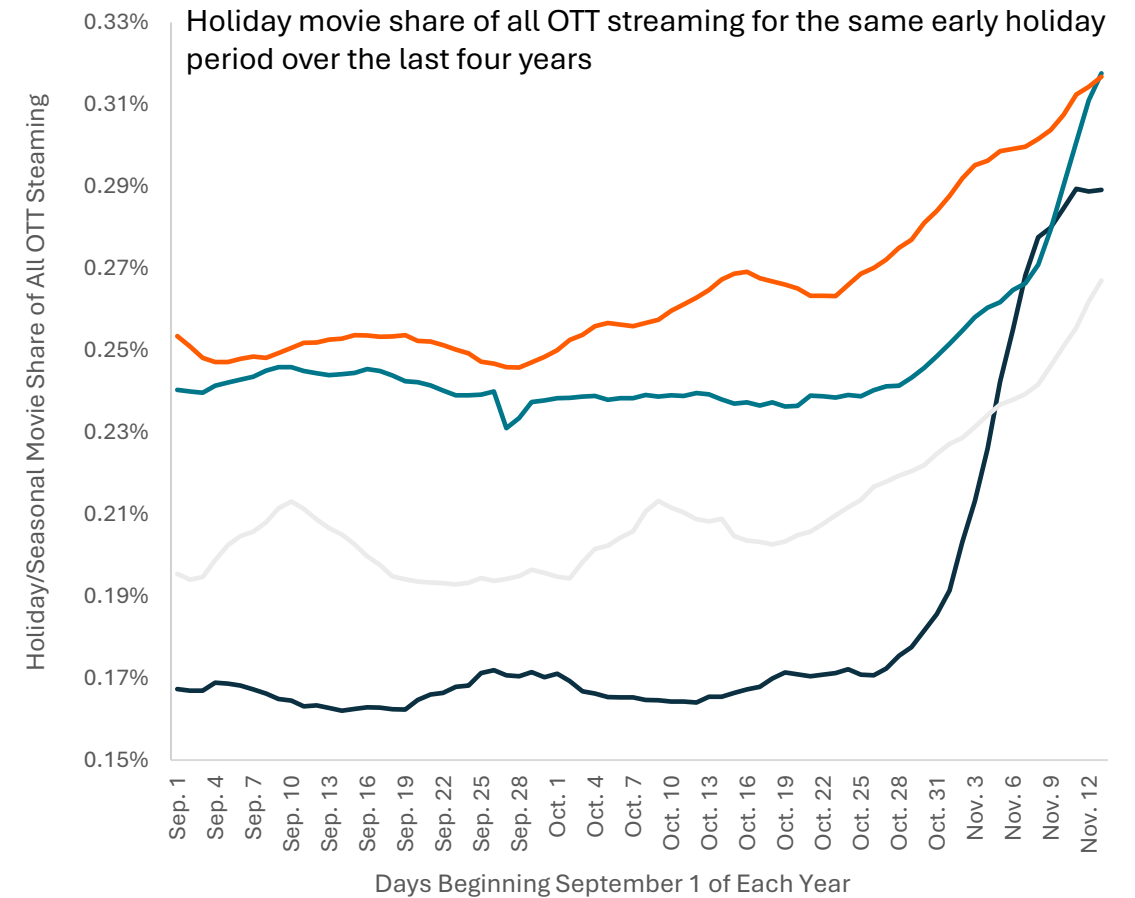
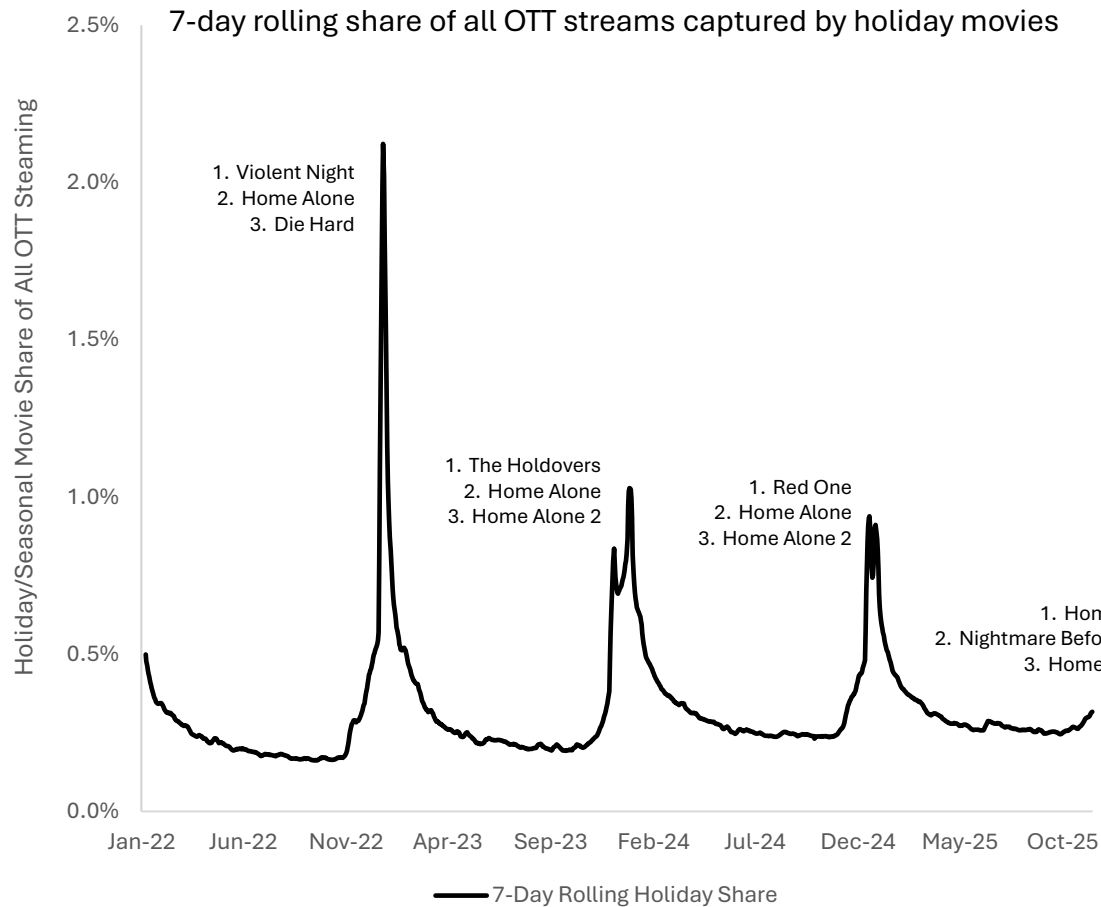
Insights exchange for the model-driven economy

Holiday Season Consumption is off to a Slower Start Despite Consumer Exuberance, with Category and Regional Divergence

- **Consumers appear to be in the holiday spirit early this year**, with OTT streaming of holiday movies running above the prior three-years' pace.
- **Holiday spend is a shrinking share of annual credit card activity**, and despite apparent consumer exuberance for the holidays, the 2025 season is lagging the last three years.
- **Category exposure varies dramatically** - Arts & Crafts Retailers are most at-risk, while Discount Retailers are most stable.
- **Brand performance inside categories is uneven**; some banners depend structurally on Christmas.
- **The mechanics of the slowdown differ by segment**: in some categories, softer results are driven by fewer transactions; in others, results are driven by smaller average tickets.
- **Regional dynamics are reinforcing these patterns**, with a handful of key regions driving most holiday volume and also showing the biggest deviations from trend.

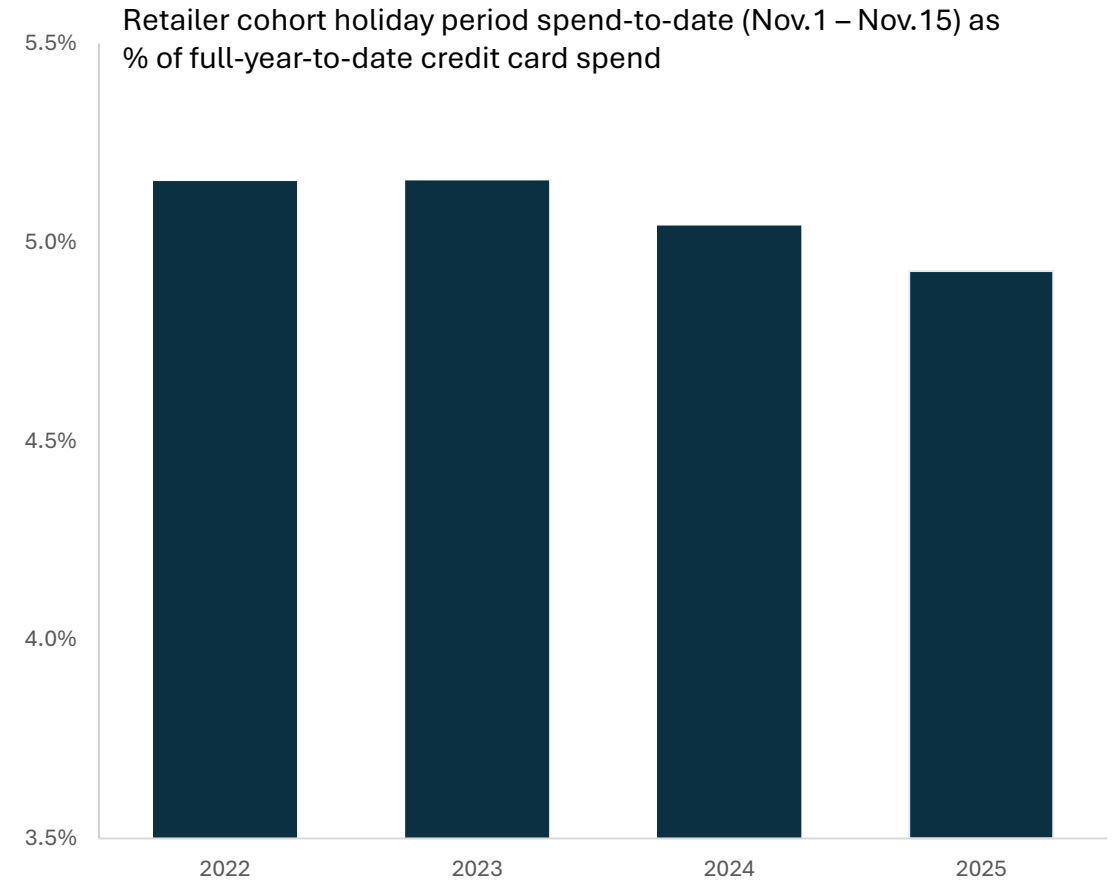
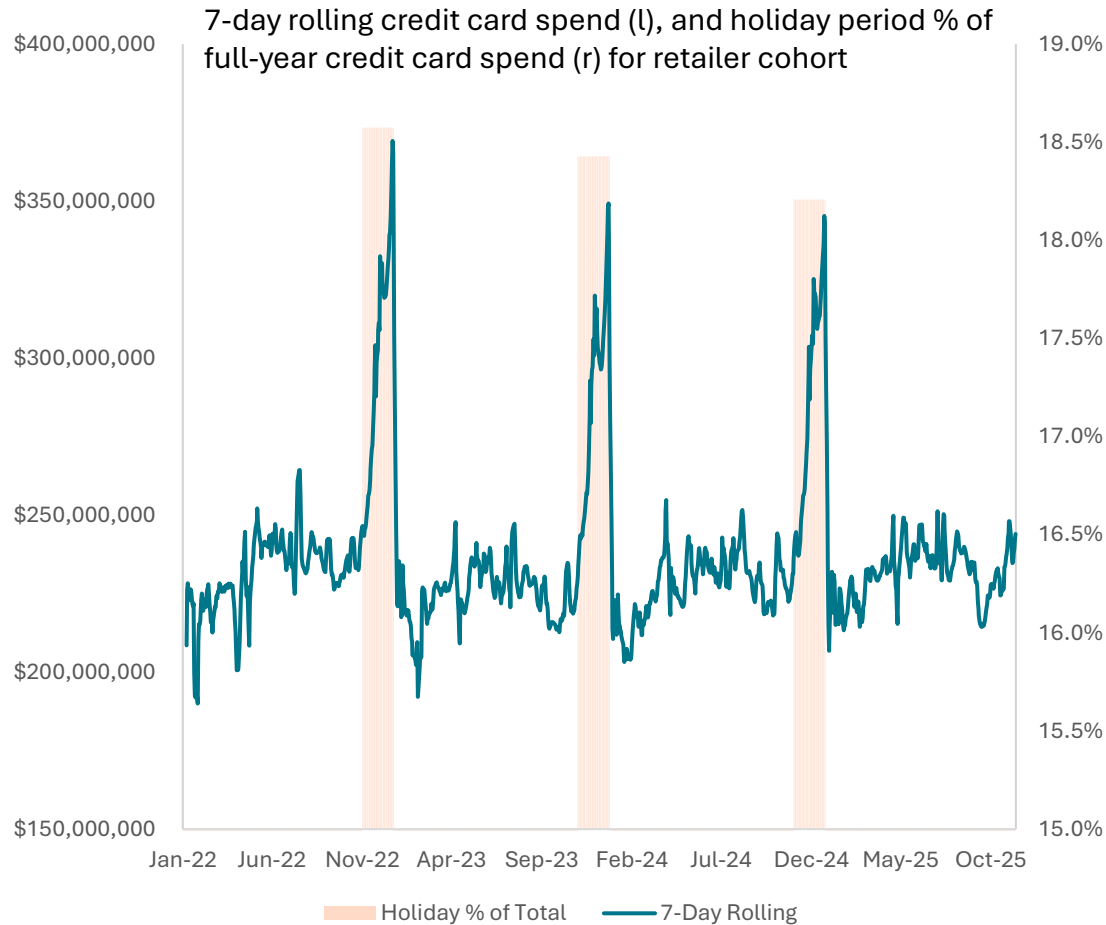
OTT Streaming of Holiday Movies Indicates Consumers Starting the Season Early

The annual spike of holiday movies' share of OTT streaming tends to begin the last week of October. Interest in holiday films started slow in 2024 and did not reach prior years' peak exuberance. Based on 2025's OTT early holiday viewing curve, consumers appear to be leaning into the season a bit more intensely this year, at least in spirit.



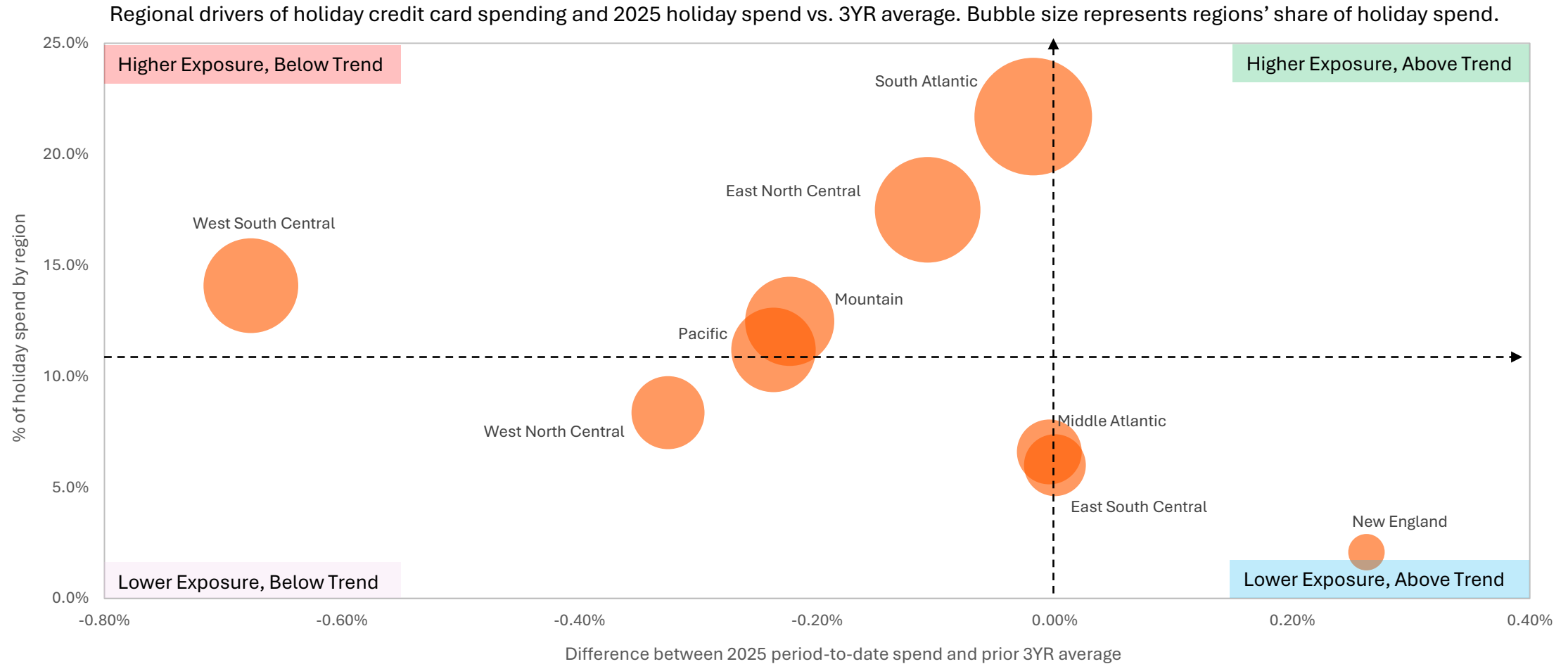
Holiday Spending a Declining Share of Consumer Wallet, Early 2025 is Lagging

For large retailers, holiday spend now accounts for approximately 18.3% of annual credit card volume and has been losing share for two years. Early season 2025 is tracking behind the last two holiday seasons.



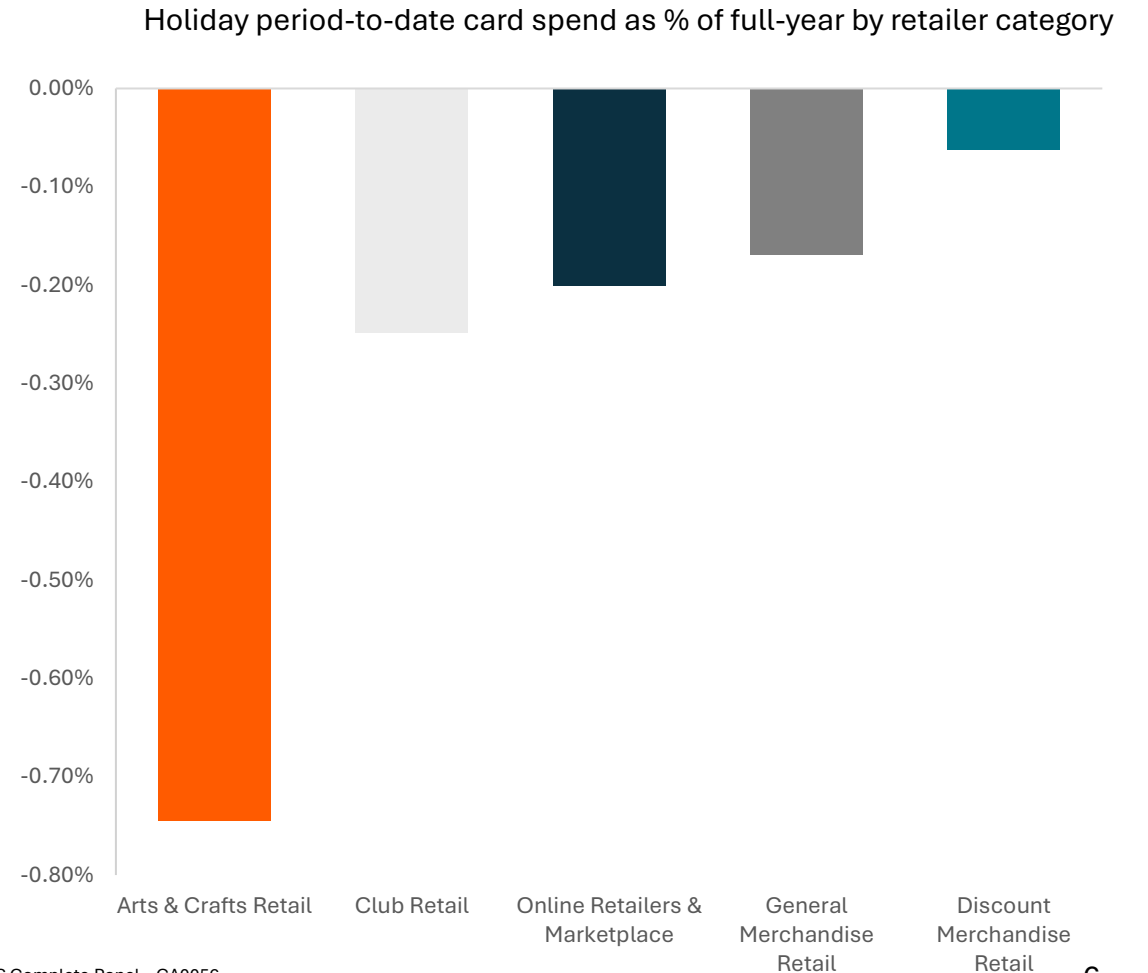
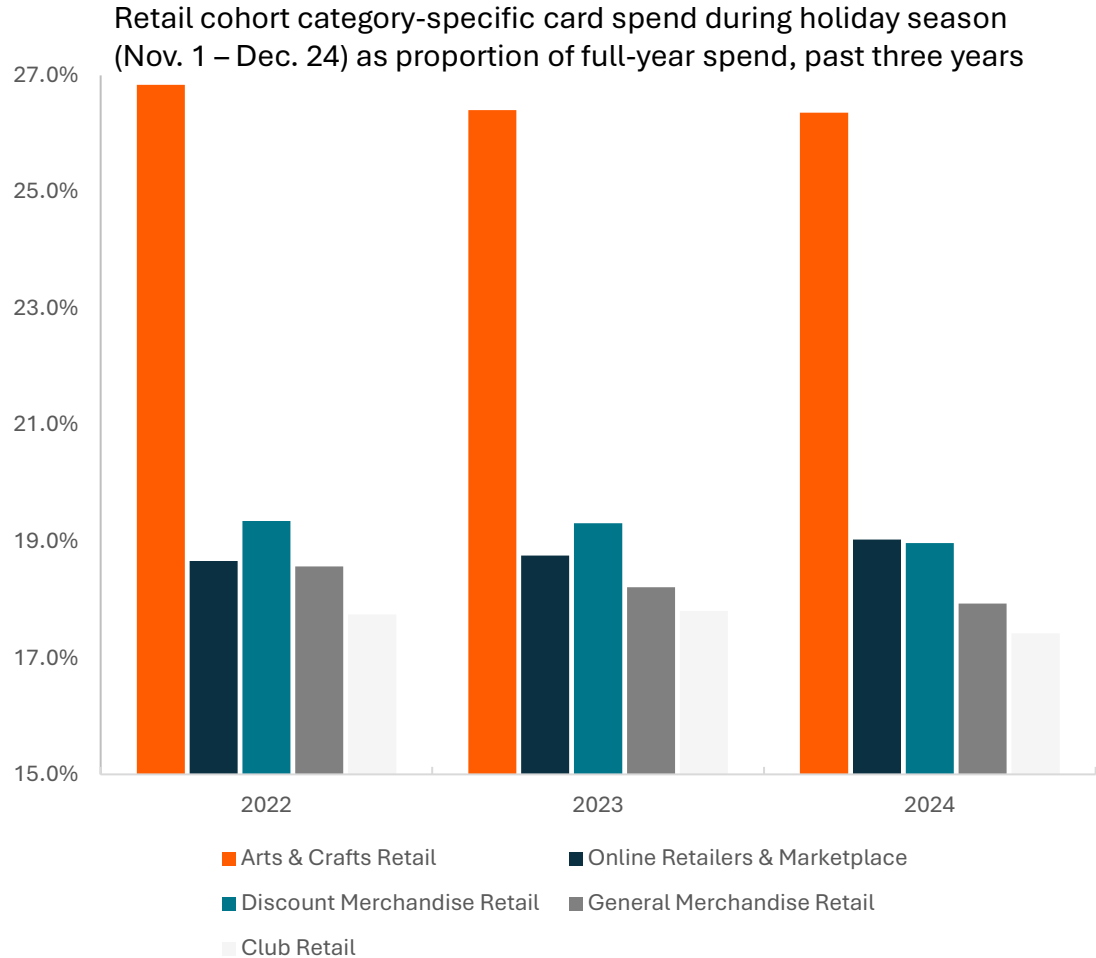
2025 Pullback in Holiday Consumption is Widespread Across Regions

Lower than normal holiday season spending is occurring across most regions with the exceptions of New England and the East South Central, both of which have relatively small impacts on holiday spending. The West South Central region, a much larger holiday market than New England, is noticeably lagging so far this year.



Arts & Crafts is Most at Risk, Discount Retailers Stable so Far in 2025

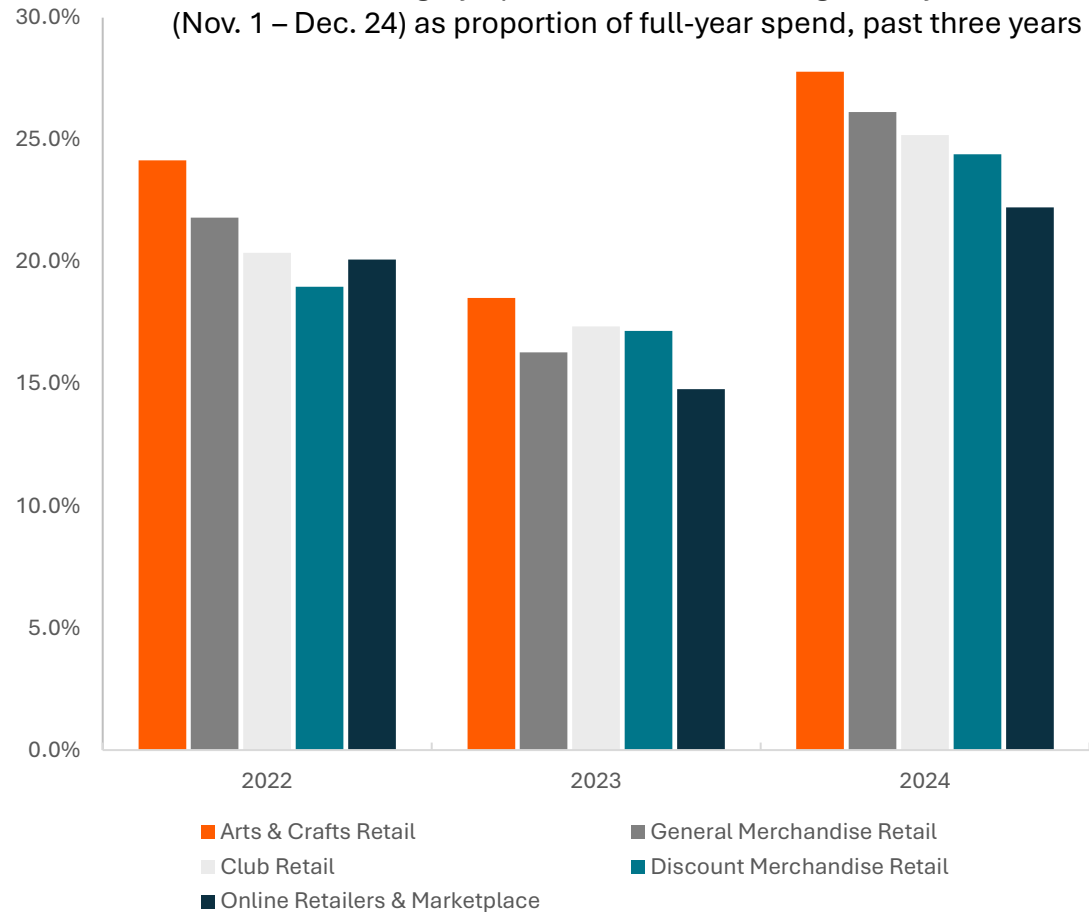
Arts & Crafts Retail has the highest holiday spending exposure and is trailing its 3-year average the most in 2025. Discount Retailers' holiday share has edged down (as Online/Marketplace rises) but is closest to its 3-year average this season.



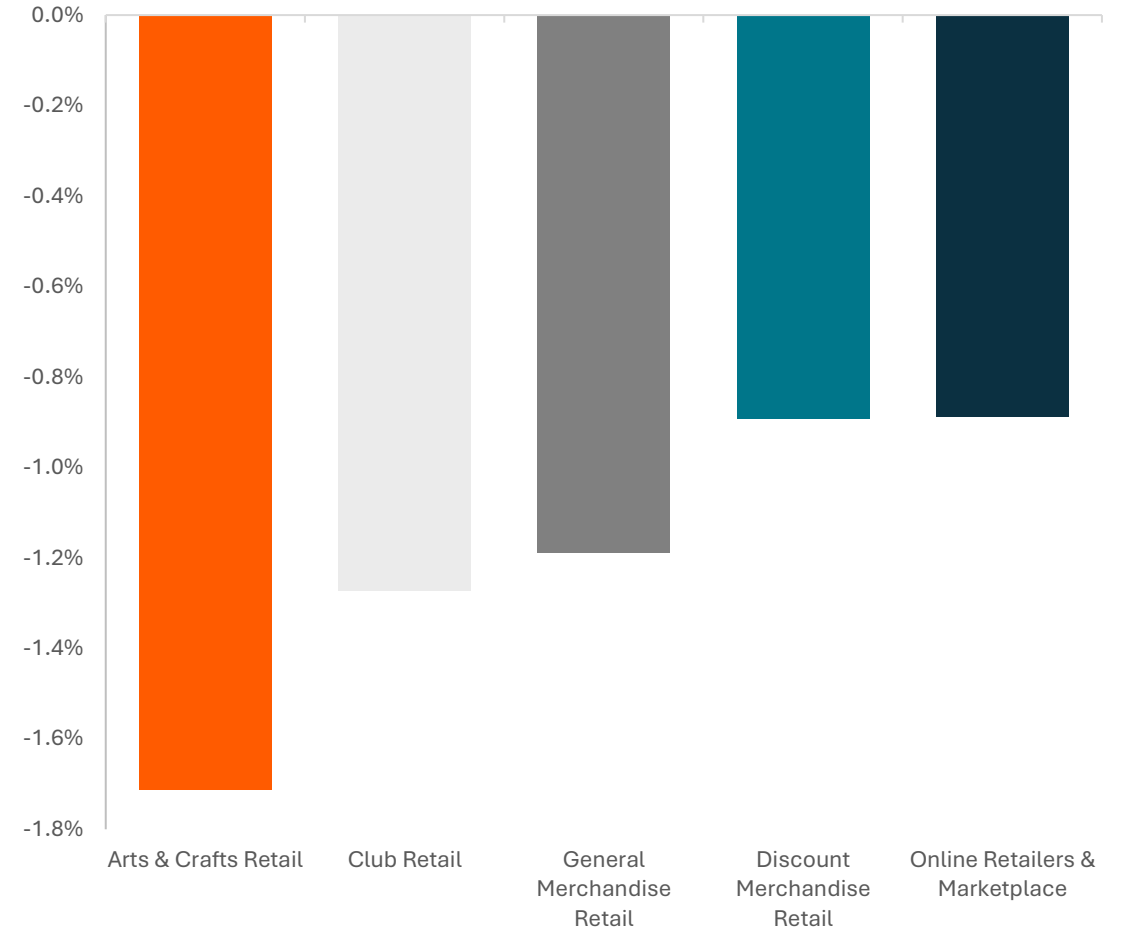
Arts & Crafts' Online Interest Less Dominant, But Still Off-Pace by Most in 2025

Retailer web visits are elevated during the holiday season, and while Arts & Crafts is most aligned with the holidays, other retail categories are within range. Regardless, early season web traffic is down across categories with Arts & Crafts down the most.

Retail cohort category-specific web visits during holiday season (Nov. 1 – Dec. 24) as proportion of full-year spend, past three years



Holiday period-to-date web visits as % of full-year by retailer category



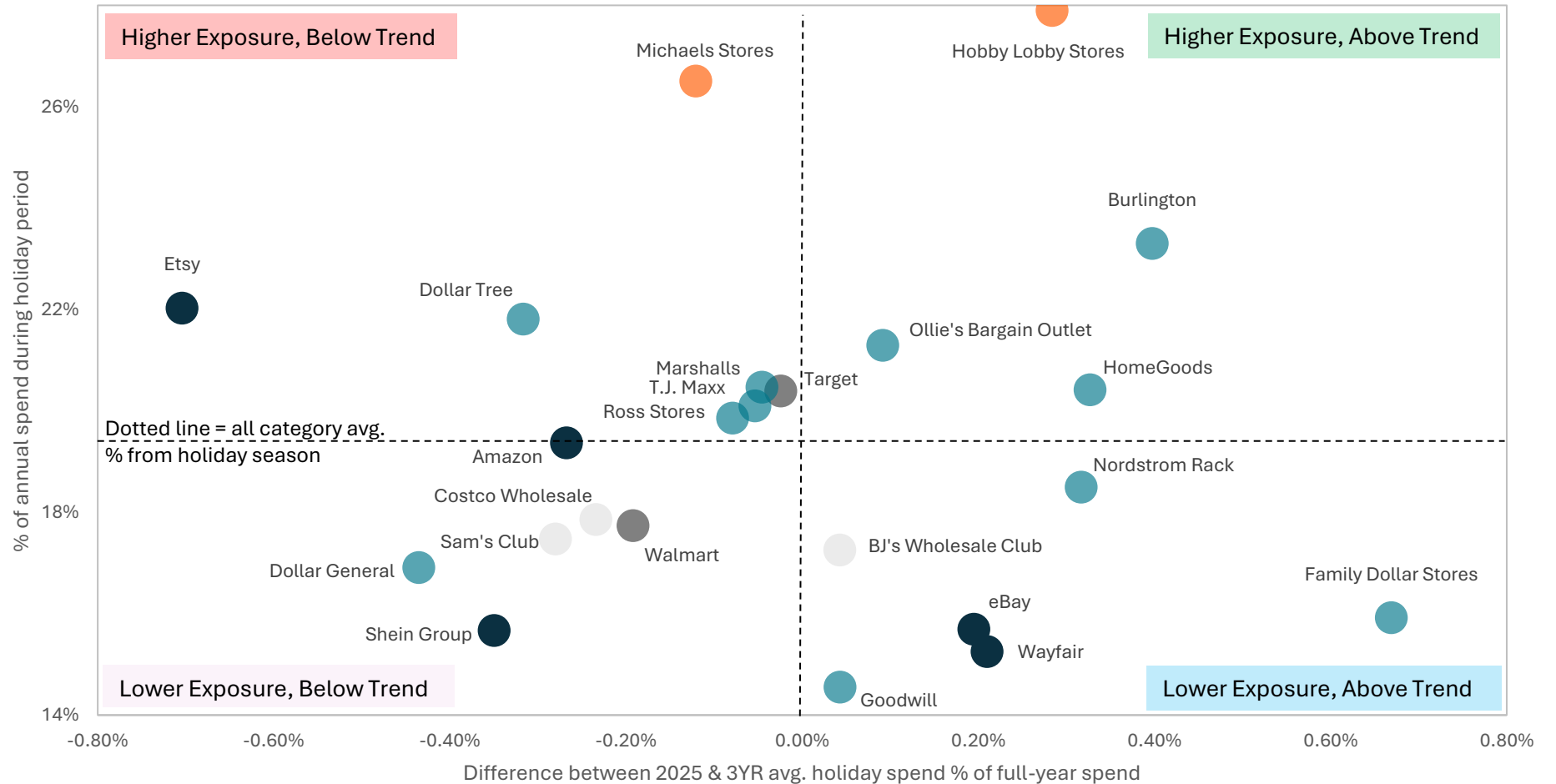
Despite All Categories Below Trend in 2025, High Intra-Category Dispersion Exists

There are varying levels of consumer spending exposure to the holiday season within categories (e.g., Etsy vs. eBay), and varying levels of current success vs. trend (Family Dollar vs. Dollar Tree) within each.

3YR average holiday spend proportion (Y-axis) and difference between period-to-date spend % and 3YR average period-to-date % (X-axis)

Chart illustrates retailer banner brands' relative exposure to holiday season spending and to what degree 2025 is either ahead of, or behind its prior 3YR average.

Note: Jo-Ann Fabric and Craft Stores is no longer in business (May 30, 2025). Their lack of 2025 sales impacts crafts' prior-page behind-trend bar and has likely supported Hobby Lobby, and to a lesser degree Michaels in 2025.



Impact of Transactions and Ticket Sizes Varies by Category

Discount Retailers have all seen increases in ticket size, but intra-category differences in 2025 holiday spend appear to be driven by transactions. Arts & Crafts Retailers, conversely, are seeing increased transactions, but ticket size is the primary differentiator.

3YR average holiday spend proportion (Y-axis) and difference between period-to-date spend % and 3YR average period-to-date % (X-axis)

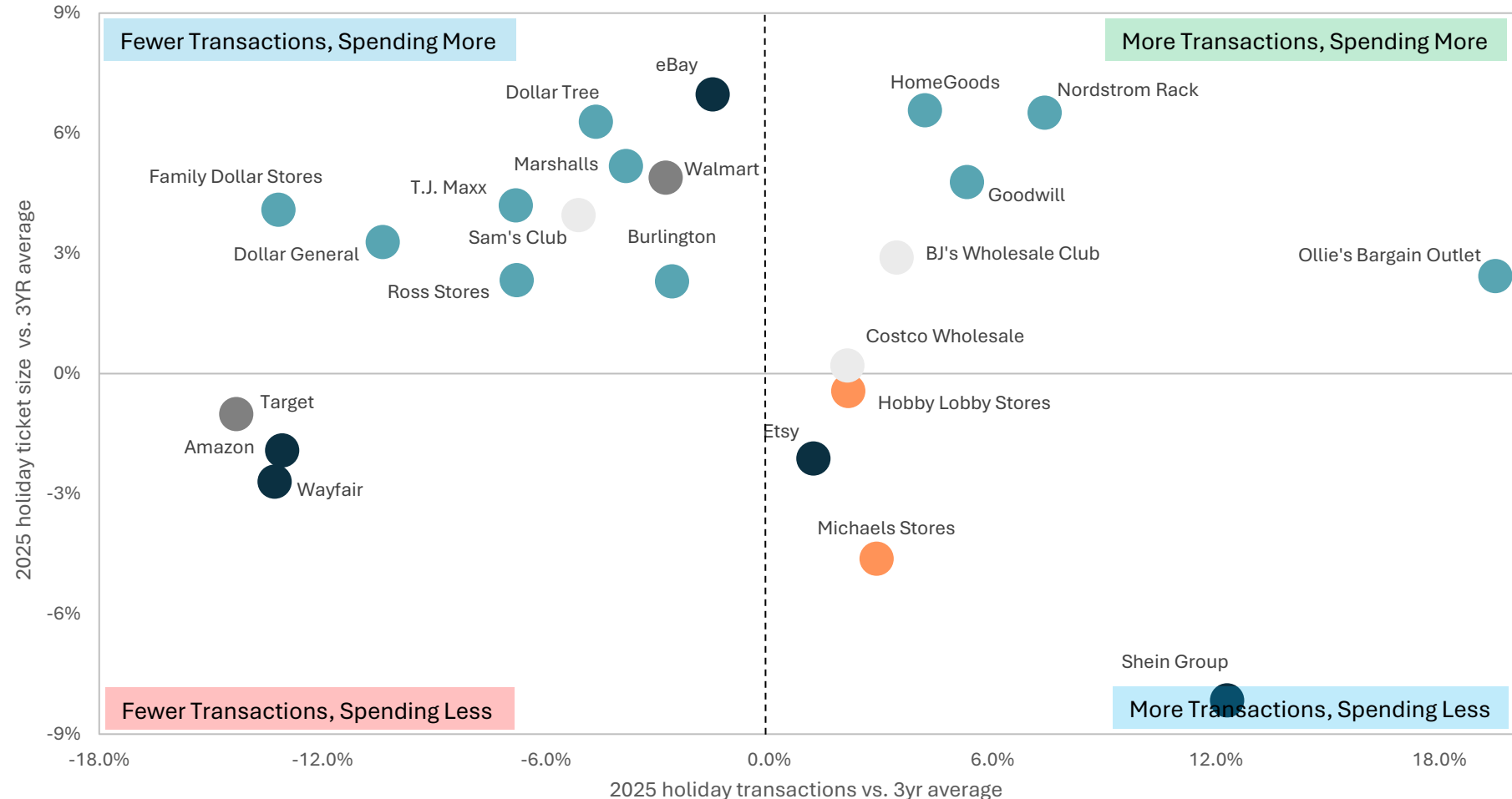


Chart illustrates the differences in transactions and average ticket size between 2025 holiday period-to-date (Nov. 1-Nov.15), and the prior 3YR average for the same holiday spend period.

Brands in the upper right quadrant are seeing more transactions and higher average ticket sizes compared to their prior 3YR averages for the same holiday spending period.

Arts & Crafts Retailers Show Diverging Trends Across Key Regions

The South Atlantic and East North Central regions are key for holiday success. Hobby Lobby is outperforming Michaels in both regions by a wide margin in 2025, while the West South Central region, a large market for Hobby Lobby, is lagging in 2025.

Regional prior 3YR average holiday spend % of full-year (Y-axis) and difference between 2025 period-to-date spend % and prior 3YR same-period average (X-axis)

Chart illustrates the relative regional influence on the two primary Arts & Crafts Retailers' holiday season spend and to what degree each region is either above or below prior year's holiday spending pace in 2025.

Hobby Lobby = Orange
Michaels = Dark Teal

Regions in the upper right quadrant account for a higher proportion of holiday season spend and their 2025 season-to-date spend is above their prior 3YR average.

