BHN

# Gift cards and the 2026 holiday spending squeeze

The gift that's easier on your holiday budget—and easier to give



# Research methodology

We listened across **20 countries**. This report focuses on what **2,307 U.S. shoppers** told us.

**Research details:**

- **Study:** BHN 2026 Holiday Branded Pay Study
- **Survey:** Online
- **U.S. respondents:** 2,307 adults
- **U.S. fielding:** July, 2026
- **Global markets:** 20
- **Global sample:** 22,754 consumers

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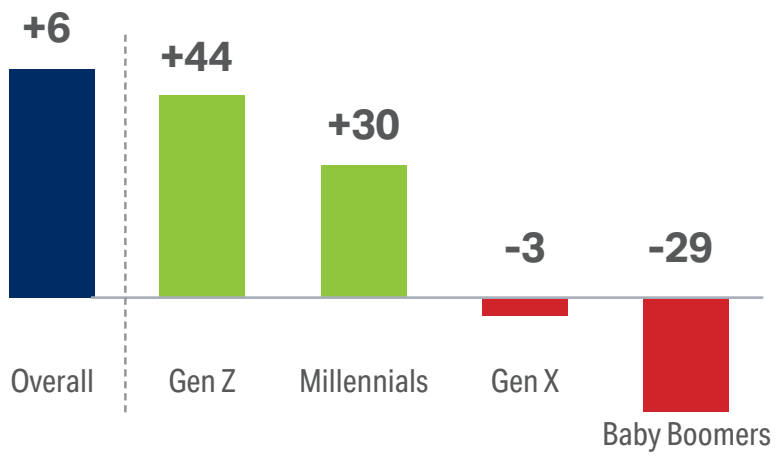
When budgets tighten, shoppers want gifts that help them stay on budget, offer real choice, and make it less likely they will need to return something they do not want.



# Economic pressure

**Not every wallet feels the same this year**

## Generational net spending power change
(% more - % less)




Older generations: Boomers + Gen X (so 46-80 yrs old)
Younger generations: Millennials + Gen Z (so 18-45 yrs old)



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**Same season, opposite pressures.**
Some shoppers are cutting back while others have more room than last year. One message won't serve them all.

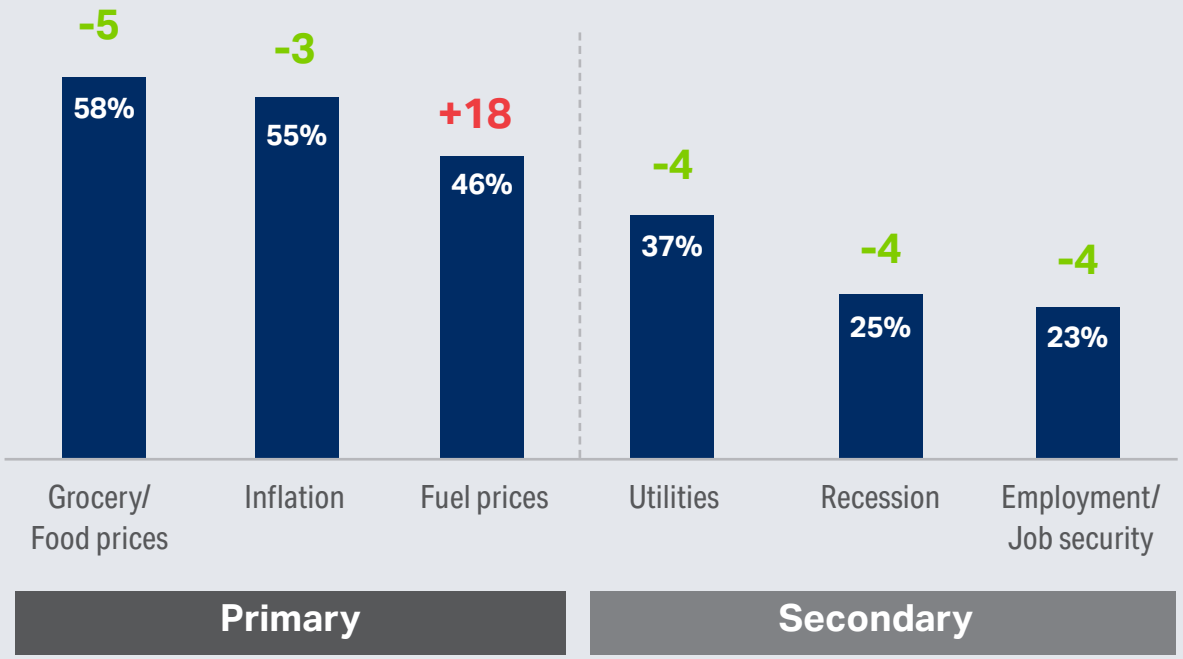
# What's weighing on holiday budgets

## Everyday costs, from groceries to gas, are top of mind this year

Grocery and food prices lead the list of concerns, followed closely by inflation and fuel costs. For those feeling the pinch, it often comes down to less money for holiday gifts, higher living costs, or general economic uncertainty.

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Grocery and fuel rewards remain powerful options to address cost concerns



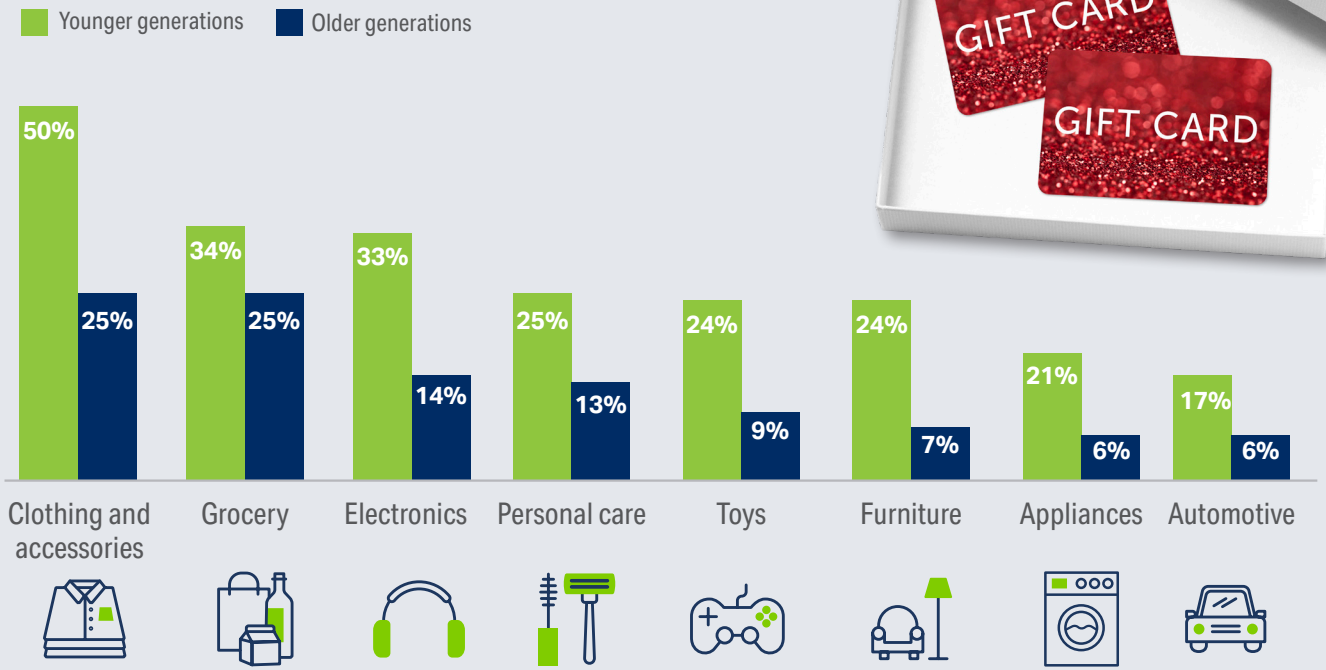
# Price is turning wrapped presents into gift cards

Younger shoppers choose gift cards over wrapped presents two to three times as often as older shoppers, especially as rising prices make it harder to stay on budget. A gift card lets the giver spend what they planned, without settling for less or overspending to make up the difference.

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As prices climb, gift cards help the giver stay on budget without shortchanging the gift.

## Plan to purchase gift cards instead of physical gifts due to concerns about price increases







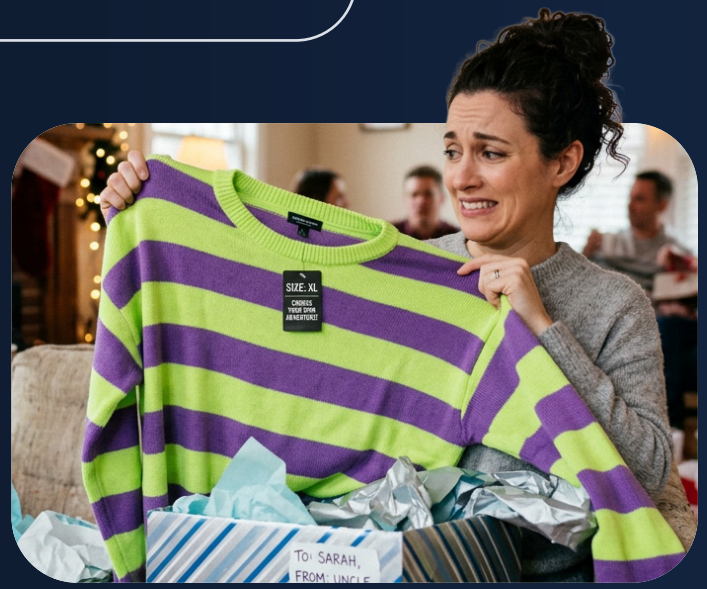
Older generations: Boomers + Gen X (so 46-80 yrs old) Younger generations: Millennials + Gen Z (so 18-45 yrs old)

# Gift cards help shoppers avoid the wrong gift

Gift cards give recipients more control and reduce the chance that a gift will go unused or be returned.

**Three in four shoppers agree that returning a gift is annoying.**

## Gift cards help shoppers avoid these three common gifting mistakes




**Wrong fit**
the size, style, or color misses the mark



**Unusable gift**
broken, expired, or difficult to return



**Thoughtless choice**
does not reflect the recipient's taste

# Holiday 2026 gift card outlook



# Rising gift card demand

## Even with rising costs and budget pressure, shoppers are turning to gift cards more than ever

Budgeting makes the shift to gift cards even clearer. Eighty-two percent of shoppers are setting a holiday budget. Among them, 93% plan to buy gift cards, compared with 78% of those who aren't budgeting.

### Holiday Spend by Income

| Household Income | Total holiday gift spend (YoY) | % gift cards (YoY) |
|---|---|---|
| Overall | $721 (-3%) | 32% (+1%) |
| Under $40K | $410 (-13%) | 36% (+1%) |
| $40K-<$80K | $738 (-3%) | 34% (+2%) |
| $80K | $1,150 (+2%) | 29% (+1%) |

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Bigger friend circles, more gift exchanges: younger generations buy 50% more gift cards




**1 card apart.**
Shoppers plan to buy nearly as many digital gift cards as physical ones this holiday

**Nearly every holiday shopper is setting a holiday shopping budget**

| | |
|---|---|
| Younger generations | 89% |
| Older generations | 77% |
| Men | 86% |
| Women | 79% |

**Gift card purchases among shoppers who set a holiday budget compared with those who do not**

| | Buy gift cards | Holiday gift spend % of gift cards |
|---|---|---|
| No budget | 78% | 26% |
| With budget | 93% | 33% |

# What consumers want most when budgets are tight

**Shoppers turn to Mastercard® and Visa® gift cards first**

**If you were facing budget challenges, which gift cards would you prefer to help cover essential expenses?**




## Mastercard and Visa gift cards

**74%** Younger generations

**61%** Older generations

**42%** Grocery

**33%** Mass merchants

**24%** Gas and car charging

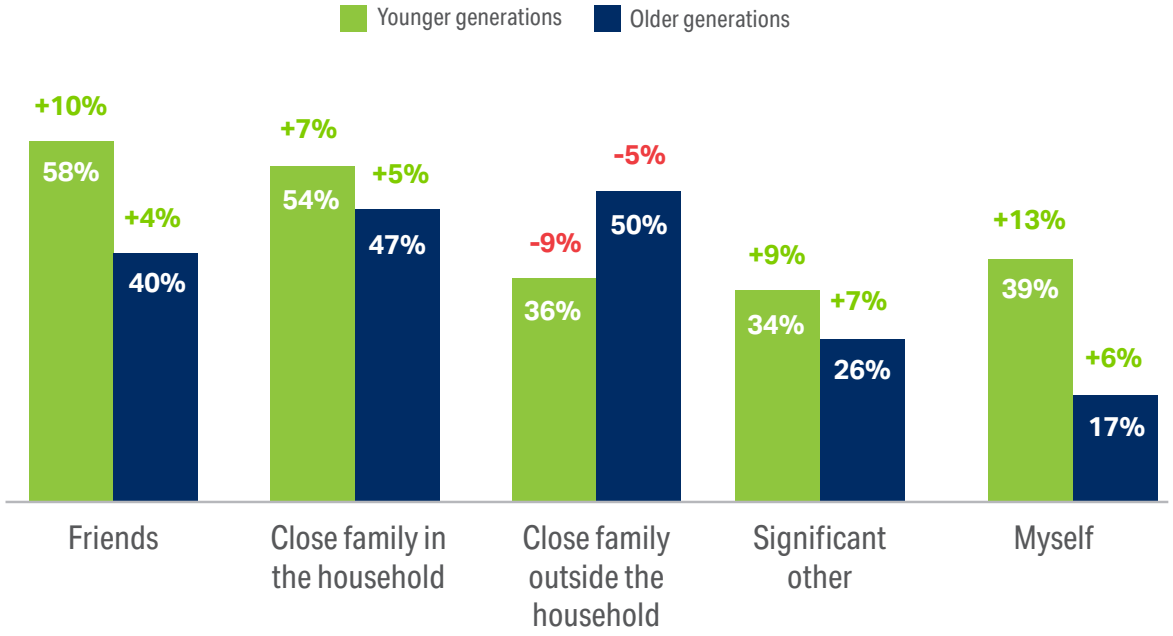
**17%** Younger generations **Subscription-services** (streaming and music)

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Consumers want to receive more flexible options. The more freedom a gift card offers, the more needs it meets.

# Shoppers are buying gift cards for their closest relationships and, increasingly, for themselves

**Who you are buying gift cards for in 2026, with year-over-year changes**







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Ease of sending outranks recipient choice as the top reason to buy gift cards this holiday season. Retailers should message that convenience as well, not just flexibility.

# Holiday shopping and promotions






## Using AI for holiday shopping

**84%** (+16)YoY — Younger generations

**51%** (+13)YoY — Older generations

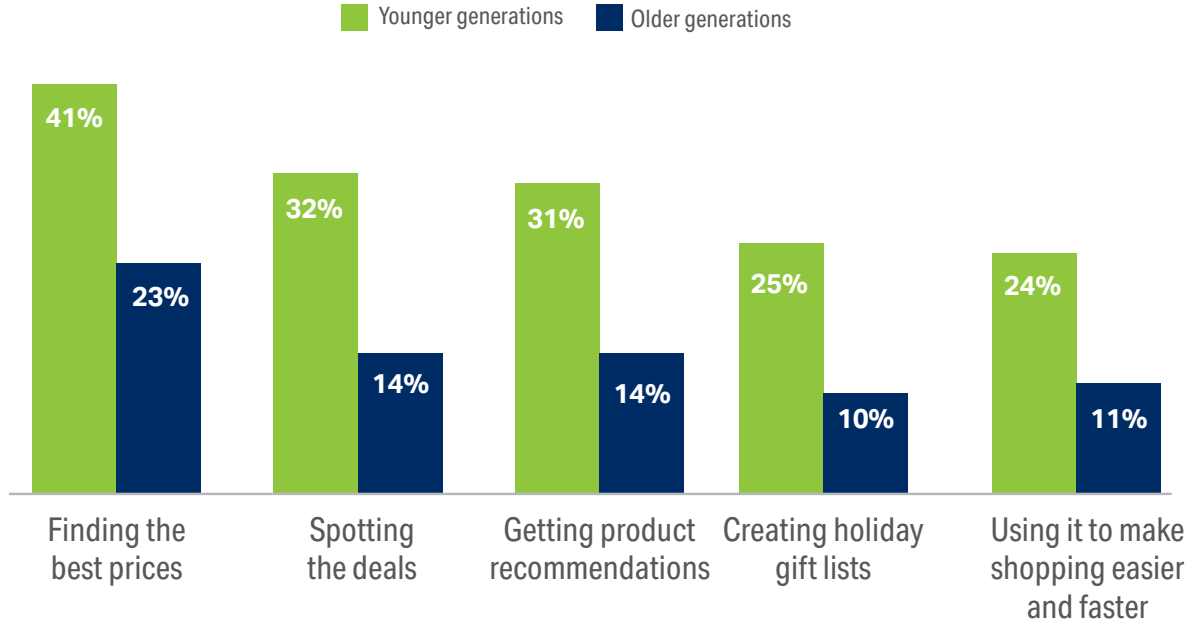
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Businesses need to optimize their prices, promotions, and product recommendations to drive AI discovery.

# AI transforms holiday shopping

AI has become part of the holiday shopping routine, with 84% of younger shoppers and 51% of older shoppers likely to use it this season. They are using AI to find better prices, discover deals, and get gift recommendations. Product details matter more than ever. Businesses can help AI find and recommend their gift cards by using clear product descriptions, highlighting prices and promotions, and making purchase links easy to follow.

### How AI will be leveraged for holiday shopping





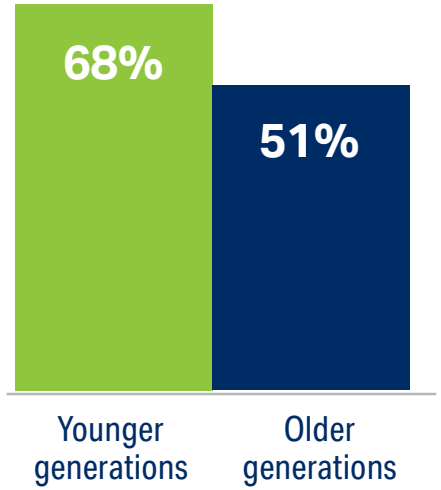

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If AI can't find your gift cards, shoppers won't either.

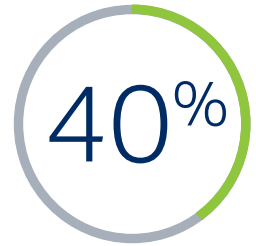
# AI may help shoppers choose the right gift card

That guidance carries real weight. Here's how shoppers respond when AI presents a gift card promotion to them.

## Likely to use AI to recommend gift cards, younger vs. older shoppers




## If AI recommended a gift card promotion, what would you do?



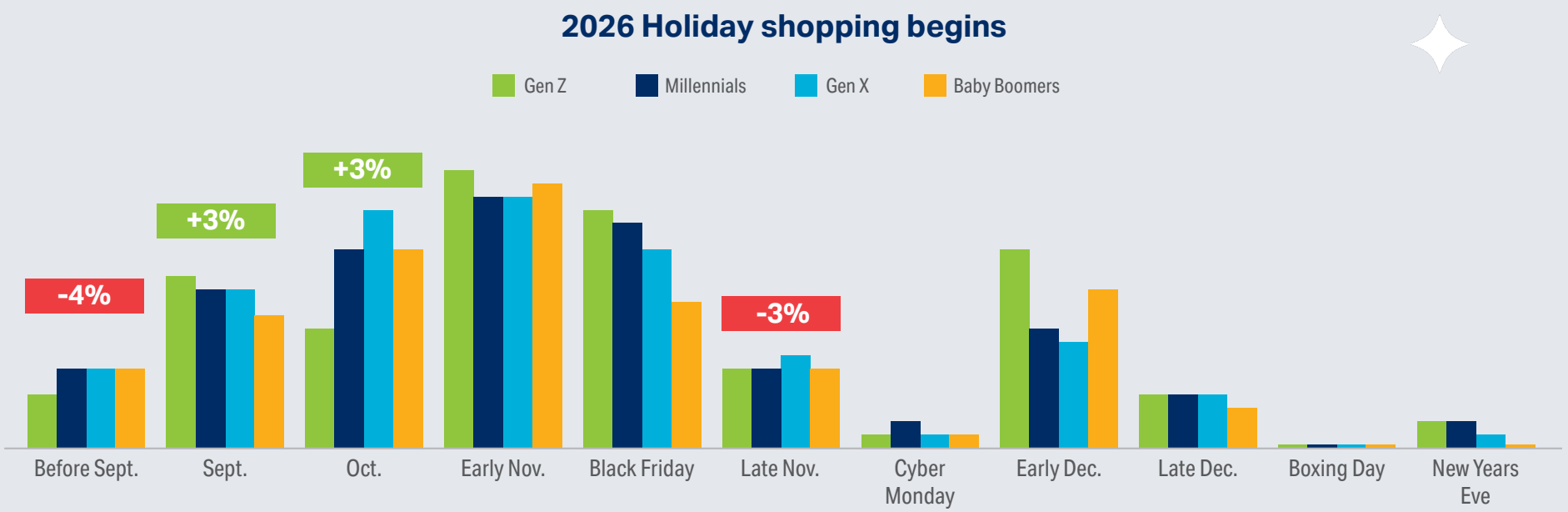

**Click the promotional link**



**1 out of 5 buy without further research**

# Shoppers are starting later, compressing more of their holiday spending into autumn.

Knowing that the holiday shopping window is narrowing, businesses can use the insights ahead to reach shoppers sooner, guide more of their choices, and make the most of every opportunity.




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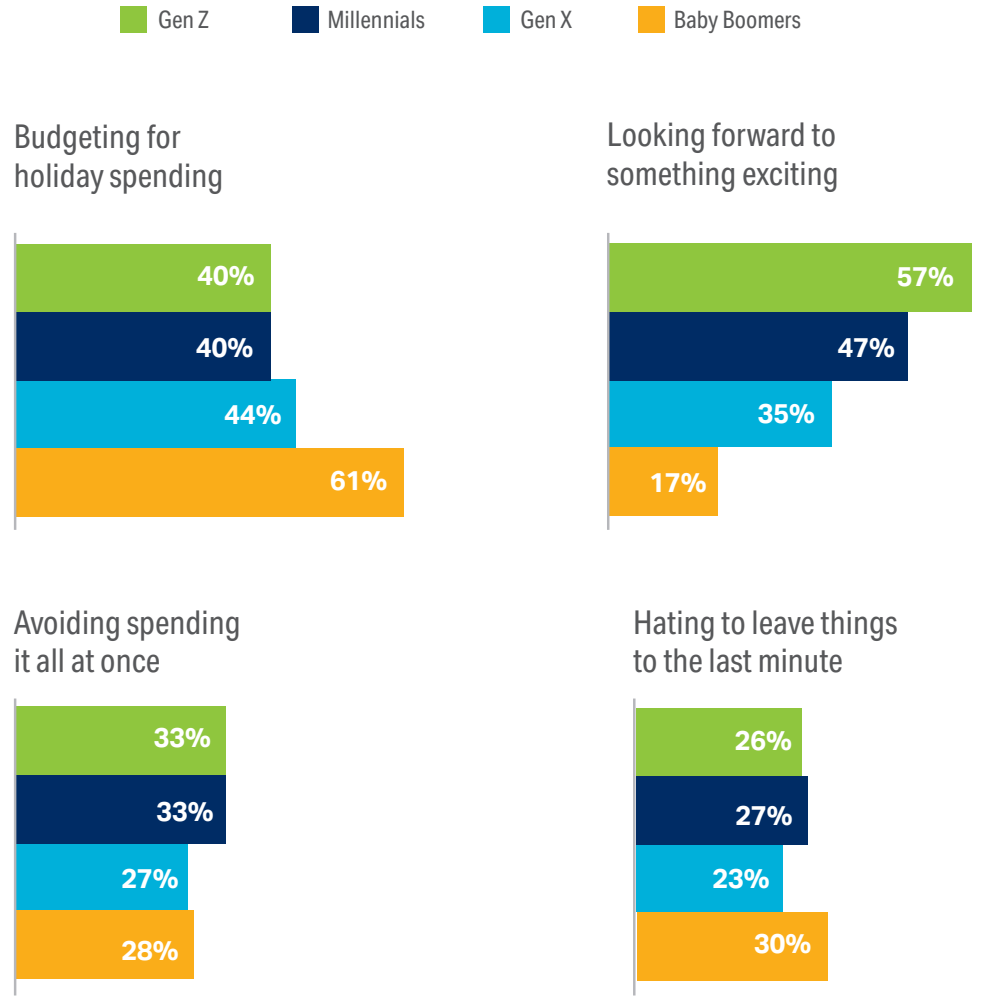
**Shoppers who start early spend +24% more on holiday gifts, on average.**

# Why shoppers get an early start

Older shoppers say budgeting drives their early start, while younger shoppers are just as likely to say they're looking forward to the season itself.



## Top reasons shoppers give for starting early, by generation



# What actually triggers holiday shopping

## Merchandising and promotions start the season, not the calendar

Seeing holiday items appear in stores and hearing about sales are the top two triggers for shoppers of every generation. Younger shoppers are also far more likely to be inspired by stories about sales, shared through friends, articles, or influencers.

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Promotions are only one way to engage younger shoppers. Merchandising, advertising, new products, and shared stories can also spark interest and move them to act.



# Strategic promotions

## Nearly every holiday shopper bought a gift on sale for the 2025 holiday.

Shoppers decide when to buy, what to consider, where to shop, and how much to spend before they reach the register. Promotions help shape those choices.




**bought a holiday gift on sale (+9% from 2025).[3]**

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Promotions are one part of a larger holiday strategy. Used well, they give shoppers a reason to act.



# Buy now, pay later goes mainstream

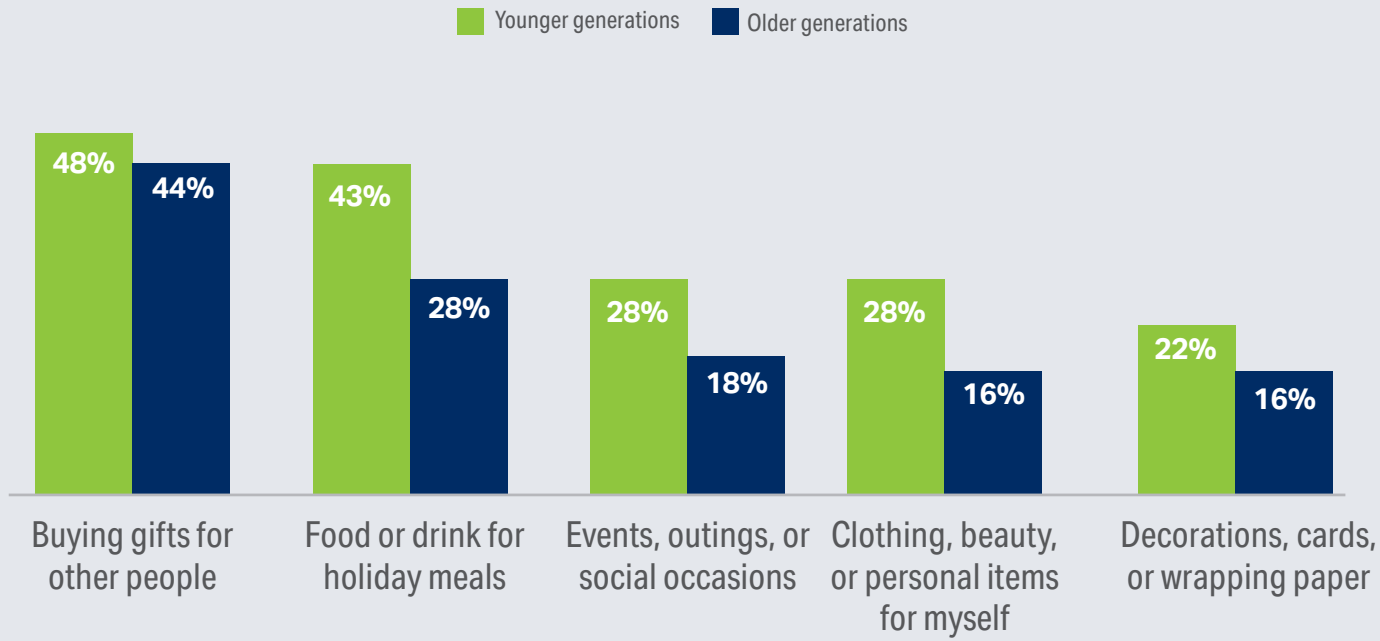
## Holiday costs are spreading beyond big purchases

Younger shoppers lead the shift toward spreading out holiday costs. Buying gifts for others is the top use for buy now, pay later this season, especially among younger shoppers.

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Younger generations are much more likely to fund holiday experiences and gifts with BNPL.

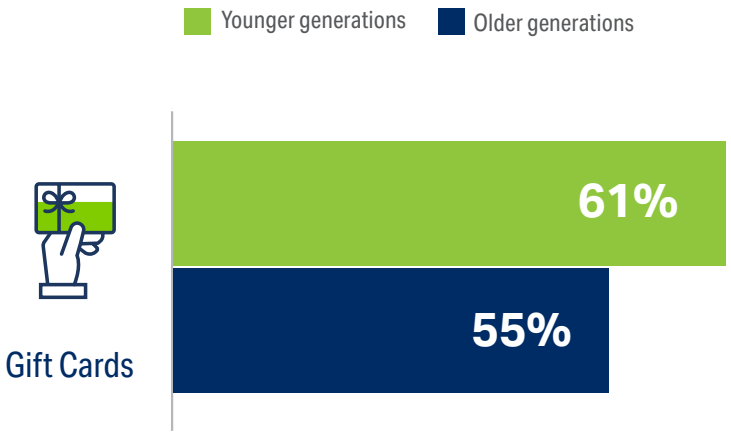
### What shoppers plan to use buy now, pay later for



# Loyalty points give shoppers extra spending power for holiday gifts

Half of shoppers plan to cash in most or all of their loyalty points for holiday shopping, and seven in ten plan to give the resulting gift cards to someone else.

## Use loyalty points for gift cards




70%

**of those shoppers, plan to give the gift cards to someone else[1]**



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Loyalty points are becoming another way shoppers fund holiday gift cards, not just something to redeem for themselves.

# **5** moves for a stronger holiday season

**Make your program easy for AI to find.**

Younger shoppers are more likely than older shoppers to use AI to recommend gift cards, 68% compared with 51%.

**Message gift cards as the budget-friendly choice:**

82% of shoppers are setting a holiday budget, and budget setters buy gift cards at a higher rate.

**Treat early shopping as a signal worth encouraging.**

Shoppers who start before Black Friday spend more, giving brands an earlier opportunity to invite them into their marketing, promote relevant offers, and stay connected throughout the holiday season.

**Highlight gift cards alongside physical gifts:**

shoppers, especially younger ones, are choosing gift cards over wrapped presents.

**Visa and Mastercard gift cards top the list for consumers facing budget challenges.**

# Ready to build a stronger holiday program

Holiday shoppers still want to give. They simply want more control, flexibility, and confidence in every choice.

With a single connection to BHN's global payments platform, businesses can reach more than 2.6 million global consumer touchpoints and over 19,000 connected brands. They can engage consumers, grow revenue, increase loyalty, and motivate and reward their teams.

**Talk to BHN about your 2026 holiday strategy.**

**BHN.com**

**866.829.0707**



2. BHN 2025 Holiday Branded Pay Study. U.S. consumers, 18+, purchased gifts in the past 12 months and planned to shop during holiday 2025. July 2025.
3. BHN Post Holiday study, US, 18+ has purchased and/or received a holiday gift, Jan 2026, n=388

Younger generations: Millennials + Gen Z, Older generations: Boomers + Gen X

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