

2011 Holiday Retail Sales

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Retail sales during the 2011 holiday season will illustrate the slow recovery now under way. While the 2010 season provided some relief to retailers as consumer spending rebounded, growth in 2011 holiday sales will be below one percent.

RECOVERY AND CONSUMER SPENDING

The 2010 holiday season saw a return of consumption spending to pre-recession levels. However, the 2011 Holiday Retail Sales Forecast from the Center for Business and Economic Research predicts total growth in retail sales of only 0.8 percent over the 2010 level this season.

Declining holiday sales are anticipated among automobile dealers, jewelry stores and used goods stores. We expect declines of 7.4 percent, 1.2 percent and 14.1 percent respectively. See Table 1.

Slow growth will be concentrated among drinking places, club stores, department store and furniture stores. We expect higher growth from big box stores, clothing, general merchandisers and food stores.

The percent change of retail sales from 2010 number can be seen in Table 1. Table 2 shows the trend of hoilday retail sales from 2007 to 2010 in various retail environments.

TABLE 1: Retail Sale Change from 2010

	Percent Change	
Automobiles	-7.4	U
Drinking Establishments	1.9	0
Big Box Stores	4.7	0
Clothing	4.2	0
Club Stores	0.8	0
Department Stores	2.3	0
Consumer Electronics	3.3	0
Food Stores	4.9	0
Furniture	2.0	0
General Merchandise	3.7	0
Jewelry	-1.2	U
Used Goods	-14.1	U
Total Retail Sales	0.8	0

Source: U.S. Census, Author's calculations

Importantly, only club stores, food Stores, general merchandisers and purveyors of used goods are expected to return to their pre-recession levels of holiday sales. Figure 1 illustrates the volatility of seasonal retail sales.

BEYOND THE FORECAST

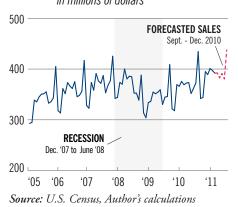
Consumer sentiment remains poor, and the recession saw declining

TABLE 2: Percent Change Trend of Holiday Retail Sales, 2007 - 2010

	2007	2008	2009	2010	4-Year Trend
Automobiles	-13.0	11.9	4.5	-7.4	
Drinking Establishments	-2.8	-10.3	6.5	1.9	✓
Big Box Stores	-2.1	3.0	0.4	4.7	/
Clothing	-2.9	10.9	9.5	4.2	
Club Stores	9.5	7.4	4.9	0.8	
Department Stores	-18.1	-8.2	10.0	2.3	
Consumer Electronics	-11.7	-2.5	2.4	3.3	
Food Stores	8.2	8.4	7.1	4.9	
Furniture	-14.7	-4.7	0.4	2.0	
General Merchandise	5.1	7.7	6.5	3.7	
Jewelry	-18.8	4.1	-11.4	-1.2	/
Used Goods	6.3	11.5	7.5	-14.1	
Total Retail Sales	2.9	12.8	7.1	0.8	

Source: U.S. Census, Author's calculations

FIGURE 1: Monthly Retail Sales, 2005-2011 in millions of dollars



personal income across the country. Also, household savings rates have grown steadily, while gasoline prices have remained high for much of 2011. These factors combine to provide a poor retail environment. One year ago, optimism about a stronger recovery was growing. As this holiday season approaches, few analysts predict a robust recovery across the country. These factors dampen holiday buying, and suggest

retailers will struggle significantly over the holiday season.

Further exacerbating the challenges to business will likely be a rush to discount over the holiday season, which stretch 30 days from Black Friday through Christmas Eve.

Much of the increased sales is likely to result from deep discounting, especially among Big Box stores.

PROJECT METHOD

The 2011 Holiday Retail Sales Forecast is produced employing historical data, independent forecasts of leading retail economic indicators and a series of interacting econometric equations that predict changes in retail sales over the specific sectors outlined in Table 1.

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