

Wartime Changes in Consumer Buying Habits

CONSUMER buying habits have been the subject of widespread study in recent years. Knowledge of these buying habits is of utmost importance not only to the economist and business analyst but to both the retailer and producer. The success of production and selling plans depends largely on the knowledge of the needs, desires, and the habits of individual buyers. As more knowledge of consumer buying habits is accumulated, both trade and manufacturing activity will tend to be further tailored to the wants of consumers.

One field in the study of consumer behavior concerns the timing of purchases. Consumers habitually buy more in some months than they do in others and these habits are more or less regular from year to year. Although it long has been recognized that consumer purchases are subject to seasonal variations, the scientific measurement of these forces has been improved in recent years.

Seasonal forces exert a great influence upon department store sales. Since these sales are used widely as an indicator of the broad trends of retail trade activity it is important that some adjustment be made for seasonal fluctuations. By observing monthly changes in sales over a period of years, it is possible to estimate how much of the sales-volume change is caused by seasonal forces. Seasonal adjustment factors computed from these observations are applied to the unadjusted index of department store sales to arrive at the adjusted index published monthly in the *Review*.

The pattern of consumer buying in District department stores may be estimated on the basis of past performance. In this manner it is possible to arrive at an estimate of the consumer-buying pattern in 1946. If the average consumer found that he had spent \$100 in District department stores during the year, he would have spent differing amounts in different months. If he spends on the same pattern as he did during the last few years, he would have spent in January, \$6.67; February, \$7.33; March, \$8; April, \$8.58; May, \$7.92; June, \$7; July, \$6.67; August, \$7.33; September, \$8.50; October, \$8.92; November, \$10; and December, \$13.08. Thus his buying will be low in January and February, higher in the spring months, low again in the summer, and gradually higher during the fall with a peak in December. This is the general pattern. It shows the relative amounts a consumer would spend each month out of each \$100 of yearly expenditures if his purchases were determined solely by seasonal forces, rather than by other influences.

Last year the consumer-spending pattern in the District, as in the nation, was distorted by two factors. The slump in buying following V-E Day made the proportionate sales during summer months abnormally low. Furthermore, in the upward trend of increased intensity of buying that was a general feature of the war years, sales were concentrated even more heavily in the latter part of the year than they would have been if 1945 had been a normal year.

For the most part seasonal variations are caused by weather, style, and custom. Customers tend to buy clothing and other goods in anticipation of changes in seasons. Style consciousness makes this seasonal variation more pronounced. September sales are affected by the customary opening of school and college, while gift occasion sales, especially those fostered by the Christmas-gift custom, are one of the heaviest causes of seasonal variations.

Several cities of the Sixth District show an unusual seasonal pattern in department store sales because of the major occupation of their populations. Department store sales in the Miami area are strongly influenced by the tourist season. Sales in the late winter and early spring months are much higher there than in either the nation or the District. The estimated normal annual influx of 750,000 tourists in the Miami area adds not only to the number of potential buyers but increases the income of the regular inhabitants. In Miami in a typical prewar year \$9.83 out of each \$100 of department store sales was made in February while in the District as a whole only \$7.33 of each \$100 was spent in that month. In Jackson, Mississippi, and Montgomery, Alabama, payment to farmers for cotton is usually concentrated during the fall months, particularly September and October. While the average District consumer spends only \$8.50 out of each \$100 which he spends in department stores in September, the average Jackson, Mississippi, department store customer spends \$9.58 in that month.

However, estimates of future sales based on seasonal expectation alone would be subject to severe error in any but a completely normal year. Although the general pattern of department store purchases tends to remain the same from year to year, certain months may increase or decrease in importance as selling periods with the passage of time. In the 20 years immediately preceding World War II the seasonal variation in department store sales became more pronounced as holiday selling intensified and summer sales decreased.

During the war years department store sales reflected to a greater extent the influence of timing of stock receipts than they did before. As a result some months changed in importance as selling months from their prewar pattern. Christmas sales were lost by the inability of merchants to supply sufficient goods to meet the unprecedented demand. Thus December sales were lower in proportion to the yearly level. Before the war the average department store customer spent \$14.58 in December out of each \$100 spent yearly in department stores, but during the war because of his inability to buy all that he wanted in that month his proportional purchases were reduced to \$13.08.

On the other hand, many wartime consumers increased the proportion of their November purchases in anticipation of shortages in December. Another selling month that increased in importance was July, for the stock level was higher in proportion to sales then.

Because of such departures from normal conditions seasonally adjusted indexes of department store sales based on the prewar buying pattern do not give a satisfactory picture of wartime retail buying. Complete revision has been made, therefore, in the seasonal adjustment factors for the District index and the 13 individual city indexes.

As soon as stocks of merchandise are in adequate supply consumers probably will revert to their prewar buying habits, and new seasonal adjustments in the index will then be necessary. These adjustments will be announced in the *Review* as they are made.

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This is the third in a series of articles describing the indicators of District business activity carried regularly in the Review.