

Holiday sales cheer, revisited - SouthPoint

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Holiday sales cheer, revisited

Two weeks ago we wrote that recent reports "[suggest that this holiday shopping season may indeed be a bit more cheerful than last year.](#)"

Since then, we have learned through additional discussions with our retail contacts that though early December traffic is up, sales are not. Retailers said that shoppers continue to concentrate on deeply discounted items. Retailers are keeping inventories lean but at levels that are adequate for their sales. Demand for electronics is increasing, and some shortages have been reported.

National information also points to a slow start to the holiday sales season. In its [report on Black Friday](#) (the day after Thanksgiving), the [National Retail Federation](#) (NRF) reported that:

"According to NRF's Black Friday shopping survey, conducted by BIGresearch, 195 million shoppers visited stores and websites over Black Friday weekend, up from 172 million last year. However, the average spending over the weekend dropped to \$343.31 per person from \$372.57 a year ago. Total spending reached an estimated \$41.2 billion."

A report from Middle Tennessee State University's Office of Consumer Research reported a [decline in consumer confidence in December](#):

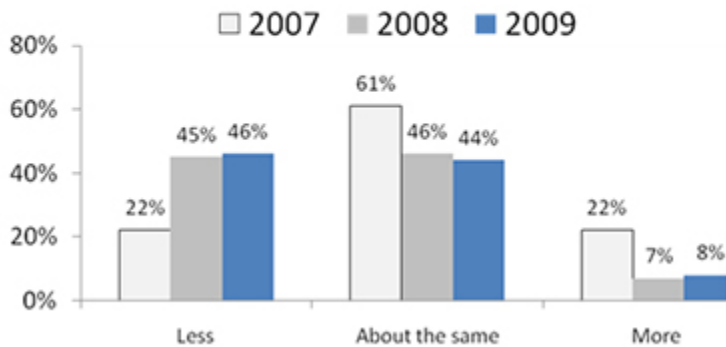
"A key question for local retailers is whether or not this decrease in consumer confidence will have a negative effect on consumer spending heading into the very important Christmas and Holiday shopping season. Unfortunately, negative views of the current economy, fears about the current job market and future contractions in the job market, and concerns about personal finances suggest that many local consumers are still keeping a tight grip on their wallets."

The report continues:

"Depressed consumer confidence does not bode well for retailers as we enter into the Christmas and Holiday shopping season. When asked about their expected Christmas spending, 46 percent of local consumers plan to spend less than they spent last year. Only 8 percent plan to spend more than they spent last year. The table below shows the results related to expected Christmas and Holiday

spending for the last three years."

Do you think that you will spend more money on Christmas and Holiday gifts this year compared to last year, less money than you spent last year, or about the same?



Source: Middle Tennessee State University Office of Consumer Research

So our optimism heading into December does not appear to be supported by early holiday sales activity. We'll keep tabs on what retailers pass on to us and continue to review indicators for signs of a strengthening recovery.

By [Michael Chriszt](#), an assistant vice president in the Atlanta Fed's research department

December 9, 2009 in [Retail](#), [Southeast](#) | [Permalink](#)

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