

Regional holiday sales update - SouthPoint

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Regional holiday sales update

Update: This is the last SouthPoint entry for 2009. Postings will resume on Jan. 6, 2010.

After a tough year of high unemployment, stagnant wage growth, low consumer confidence, and overall uncertainty about the future, it should come as no surprise that holiday sales thus far have been less than stellar.

Currently, holiday sales are relatively flat compared with last year, but what makes 2009 different from 2008 is retailers were not as optimistic this time around and as a result were better prepared for disappointing sales.

In our monthly districtwide retail survey, 100 percent of respondents were satisfied with their inventory levels in November. They have been allowing inventories to deplete throughout the past months and adequately predicted how much inventory was needed during their holiday sales season.

Regional consumers are out and about in large numbers, but they are hunting for discounts and spending with extreme caution. Gift card sales were very weak this holiday season as people prefer to get more value for their dollar by purchasing discounted merchandise.

An interesting anecdote from a Southeastern business contact was that credit card sales are down significantly from last year, but debit card purchases are up as much as credit cards are down; this shift suggests that people don't want to spend beyond their means.

Online shopping

Retailers were armed with promotions both in store and online. According to *Time* magazine, CyberMonday.com had the best online discounts from more than 700 retailers featuring new deals every hour, most accompanied by free or discounted shipping.

Reports from comScore say Black Friday web-based purchases reached \$595 million, up 11 percent from last year. Cyber Monday web-based purchases reached \$887 million, up 5 percent from last year. Between November 1 and December 11 online sales have reached more than \$199 million, a [3 percent increase](#) from the same period last year.

Some [interesting graphs](#) on comScore's blog show the number of daily average discount offers per store during the days before and after Thanksgiving. The graph compares the past four years, and 2009 has some of the highest levels.

What to expect for the rest of the holiday season

December 19, the Saturday before Christmas, could be another big shopping day. In past years there have been high sales on the Saturday before Christmas. Even with that potential sales bump, the [National Retail Federation](#) expects total holiday sales to drop 1 percent in 2009 from year-ago levels versus a 3.4 percent decline in 2008; overall holiday sales are expected to decline but not as much as they declined in the last year.

So, to sum up 2009 holiday sales thus far in a few quick points:

Holiday retail sales are relatively flat compared with last year's levels.

Online shopping and Cyber Monday, in particular, were huge this year.

People were out and about hunting for bargains.

The bargains were out there to be found.

Consumers spent cautiously—higher traffic, but lower average spending.

Retailers did not experience anything too unexpected.

By Courtney Nosal, a research analyst in the Atlanta Fed's research department

December 16, 2009 in [Inventories](#), [Retail](#), [Southeast](#) | [Permalink](#)

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