

ICSC Holiday Forecasting

“Tradtional” Holiday Season Spending

Billions of Dollars, November-December Periods, Not Seasonally Adjusted

Category	2001	2002	2003	2004	2005	2006	2007	2008
GAFO Store Sales	\$204.3	\$206.3	\$216.0	\$227.2	\$239.4	\$249.7	\$254.9	Forecast
% Change	3.4	1.0	4.7	5.2	5.4	4.3	2.1	1.4
Electronics & Appliances	19.1	19.1	20.9	22.2	23.7	25.7	26.4	26.4
% Change	6.3	-0.3	9.6	6.3	6.7	8.5	2.6	0.0
Appliances, T.V. & camera	15.2	15.3	16.7	18.2	19.4	21.0	21.8	--
% Change	7.1	0.4	9.4	8.8	6.5	8.3	3.9	--
Computer & software stores	3.4	3.2	3.7	4.0	4.2	5.0	5.0	--
% Change	0.1	-3.8	13.2	7.5	7.2	18.4	-1.0	--
Clothing and Accessory Stores	40.0	41.3	43.3	45.6	48.9	51.4	52.1	52.6
% Change	-1.7	3.5	4.8	5.3	7.1	5.2	1.4	1.0
Men's clothing stores	2.0	1.9	2.0	2.2	2.2	2.4	2.5	--
% Change	-12.0	-4.1	8.6	7.7	2.1	7.9	1.4	--
Women's clothing stores	6.7	6.7	7.2	7.5	8.1	8.4	8.6	--
% Change	-0.7	0.9	7.9	3.6	7.7	4.5	1.5	--
Shoe stores	4.4	4.4	4.5	4.6	5.1	5.2	5.2	--
% Change	0.7	-0.2	3.1	1.5	11.6	2.6	-1.1	--
Sporting Good, Hobby, Book & Music	19.2	18.9	18.9	19.2	19.7	19.5	20.0	20.3
% Change	4.7	-1.5	0.1	1.7	2.6	-1.2	2.9	1.2
General Merchandise	99.5	100.1	105.2	110.8	116.4	121.7	125.5	128.5
% Change	5.0	0.6	5.1	5.4	5.1	4.5	3.2	2.4
Dept stores (ex. leased depts)	55.9	52.1	51.6	52.5	52.1	51.9	50.7	--
% Change	-3.4	-6.7	-1.0	1.8	-0.9	-0.3	-2.4	--
Other general merchandise stores	43.6	48.0	53.5	58.3	64.3	69.7	74.8	--
% Change	18.2	10.0	11.6	8.8	10.4	8.4	7.3	--
Warehouse clubs & superstores	35.8	40.2	45.0	49.6	55.2	60.3	65.4	--
% Change	19.9	12.6	11.8	10.1	11.5	9.1	8.4	--
All other general merchandise	7.8	7.7	8.5	8.7	9.1	9.5	9.5	--
% Change	11.0	-1.7	10.7	2.1	4.3	4.1	0.1	--
Electronic shopping & mail-order	23.6	25.5	27.4	31.2	35.8	39.7	42.9	45.1
% Change	-5.5	8.0	7.5	13.9	14.7	11.0	8.2	5.0
Shopping Center-Inclined Sales	353.2	357.7	376.0	398.3	421.5	436.9	447.5	453.7
% Change	3.6	1.3	5.1	5.9	5.8	3.7	2.4	1.4
Online & Mail-Orders/S-C Sales PLUS (% Share)	6.3	6.6	6.8	7.3	7.8	8.3	8.8	9.0
Chain Store Sales Index (% Change)	2.2	0.5	4.0	2.3	3.6	2.9	2.1	1.0

Sources: U.S. Department of Commerce; ICSC Research

Ahead of the 2008 holiday season, the U.S. economy has been arguably already in recession since December 2007 (and now more recently many of the key industrialized countries have slipped into recession as well), but consumers will still celebrate and exchange holiday gifts. However, holiday gift spending is likely to be more frugal, more practical and more reserved than in recent past seasons. And retailers know the challenge—one that they have faced all year too. Retailers know that consumers are price conscious, shunning many high-priced goods and worried about jobs, retirement savings and housing values. This will likely mean discounts are rolled out early in the season, the product mix is oriented toward lower price points and stores will try to show value whenever possible. It is conceivable that the current sluggishness in underlying demand even may moderate a tad by yearend, if the banking crisis or financial markets begin to show some stabilization and/or Congress passes a new tax rebate (as promoted by the Speaker of the House Nancy Pelosi)—which could pump into the consumer economy from \$150 billion to as much as \$300 billion. Federal Reserve Chairman Ben Bernanke's support for another tax rebate gave this proposal a psychological lift in Congress.