

RETAIL

## Holiday sales poised for 4pc growth amid broader retail rise

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*Nordstrom's consumers have a high sentiment going into the holidays. Image credit: Nordstrom*

By SARAH JONES

Favorable economic conditions including a low unemployment rate and wage growth are expected to boost holiday spending this year.

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According to projections from Coresight Research, retail sales this holiday season will grow 4 percent year-over-year to a total \$720 billion. With more days between Thanksgiving and Christmas this year, consumers also have more time to shop in the height of the holidays, giving retailers an extended period to engage gifters.

"Economic trends bode well for a robust holiday season, but the strong growth seen in 2017 will provide challenging comparatives, which is why our forecast of 4 percent represents a slight slowing from the 4.5 percent growth year-to-date," said John Mercer, senior analyst at [Coresight Research](#), London. "We expect a solid, though maybe not a spectacular, end to the year."

Coresight's research looks at all retail sales, excluding automobiles and gasoline.

### Holiday outlook

The unemployment rate in the United States is currently at 3.9 percent. Meanwhile, wage growth is about 3 percent and many consumers are seeing lowered income taxes.

Consumer confidence is up, with the Conference Board's measure of sentiment reaching its highest level since 2000 this August.

The Prosper Consumer Mood Index found that Nordstrom's consumers had the most positive sentiment of any retailer studied, coming in ahead of the overall average. Nordstrom buyers were also planning to spend 4.5 percent more this year on holiday purchases, the greatest lift of the retailers researched.

Coresight Research notes that the anticipated 4 percent growth for this year is slightly less than the 5.5 percent year-over-year increase seen in 2017. However, this year's projections are above the average 2.8 percent growth in holiday sales over the last decade.



*Shoppers are expected to spend more this holiday. Image credit: Neiman Marcus*

Overall this year, retail growth has averaged 4.5 percent through July. In the luxury category, retailers that faced challenging retail environments in recent years have returned to growth, showing consecutive positive quarters.

Per weather projections from Planalytics, November is expected to be warmer, with December seeing colder temperatures. This weather trend is anticipated to generate demand for seasonal apparel around the holidays, as consumers seek winter items.

Kicking off the holiday rush is Singles' Day in China on Nov. 11. The invented shopping day is primarily marked by online sales that rival Black Friday ([see story](#)).

Thanksgiving falls on Nov. 22, making Black Friday a relatively early event. Coresight notes that there are 32 days from Thanksgiving and Christmas, the longest span that is possible between the two holidays.

Last year, the National Retail Federation found that 174 million Americans shopped either in-store or online during the five-day Thanksgiving weekend.

Shopping for Hanukkah will most likely also be shifted earlier into November, as the holiday begins on Dec. 2.

#### Online opportunity

Ecommerce is expected to account for 16 percent of all retail purchases made this holiday season, and one-fifth of non-food sales.

More than 20 percent of apparel sales this year are projected to happen online, and the researcher anticipates that online sales for fashion will be an even greater portion of holiday sales.

Affluent individuals whose net worth exceeds \$100,000 planned to do 57 percent of their holiday shopping online and 39 percent in store last year, according to data from Deloitte.

Gifting is not the only spending that will be occurring during the holiday season, as half of consumers said they would shop for themselves while shopping for others ([see story](#)).

Per research from Criteo, the holiday season, followed by spring, are the top two times for online fashion purchases. Around April and May, consumers boost their average order values and retailer sales increase.

Ahead of the December holidays, browsing begins to rise as soon as October. To successfully reach consumers around the November Black Friday peak, Criteo suggests gaining visibility in September.

Page views also get a boost after the holidays and before the New Year, as consumers make returns and buy for themselves using gift cards ([see story](#)).

"Ecommerce is much more than 'just 10 percent' of retail sales when it comes to holiday gifting," Mr. Mercer said. "We estimate that ecommerce will capture around 20 percent of holiday-quarter non-food sales and the proportion of spend heading online will be significantly higher in some non-food categories."

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