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Holiday sales growth projected to be steeper this year

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Last year, Nordstrom saw sales increase 2.5 percent for the holidays. Image credit: Nordstrom

By STAFF REPORTS

The National Retail Federation is expecting holiday sales in the United States to rise between 3.8 and 4.2 percent from 2018's figures.

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Comparatively, retail sales during the holiday shopping season last year only surpassed 2017 sales by 2.1 percent. Even with pressures mounting due to tariffs and lowering interest rates, consumer spending has remained strong, pointing to a positive fourth quarter.

"The U.S. economy is continuing to grow and consumer spending is still the primary engine behind that growth," said Matthew Shay, president/CEO of NRF, in a statement. "Nonetheless, there has clearly been a slowdown brought on by considerable uncertainty around issues including trade, interest rates, global risk factors and political rhetoric.

"Consumers are in good financial shape and retailers expect a strong holiday season," he said. "However, confidence could be eroded by continued deterioration of these and other variables."

Holiday outlook

Based on NRF's projections, holiday sales will total between \$727.9 billion and \$730.7 billion. These totals do not include automotive dealers and restaurants.

In 2018, holiday sales totaled \$701.2 billion.

Along with rising spending, NRF predicts that about 530,000 to 590,000 temporary workers will be hired.

One of the aspects that could potentially hinder sales is the U.S. trade war with China. Tariffs went into effect on Sept. 1 on products including sneakers and televisions.

A recent survey found that 54 percent of consumers are worried about price increases related to greater import taxes.

The report from Intelligence Node finds that consumers are the most apt to seek out deals when buying categories

including fashion and electronics, two of the areas that were hit with tariff hikes beginning on Sept. 1. Even luxury shoppers look for promotions, portending a potential downturn in fourth quarter spending ([see story](#)).

So far, consumption has not been impacted by these added taxes, since most businesses have found ways to eat the costs instead of raising prices.



Holiday sales are expected to grow this year. Image credit: Tiffany & Co.

"There are probably very few precedents for this uncertain macroeconomic environment," said Jack Kleinhenz, chief economist at NRF, in a statement. "There are many moving parts and lots of distractions that make predictions difficult.

"There is significant economic unease, but current economic data and the recent momentum of the economy show that we can expect a much stronger holiday season than last year," he said. "Job growth and higher wages mean there's more money in families' pockets, so we see both the willingness and ability to spend this holiday season."

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