

Deloitte Predicts Flat 2009 US Holiday Retail Sales, And A Lonely Mall Santa

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Though there are many signs of economic rebound as we have seen from many recent Big4 firm surveys which are indicating consumer confidence, business recovery and overall growth. But there are equally troublesome spots which are looming on the horizon which say that the recovery is not going to be robust or as smart as everyone would like it to be.

Here's a somewhat somber forecast from Deloitte on 2009 US holiday sales which is getting a lot of media play.

Deloitte says that retailers should expect sales to remain flat against 2008. That's right. Flat. No growth. No upswing. No crowded aisles. No long lines. But not down as it was last year almost 2.5%. And that's the good news.

What's the issue here? It's the consumer. He/she has restricted availability of credit, is reeling from high unemployment, is dealing with foreclosures, paying down debt through savings and generally not in a mood to spend this Christmas.

And what can change this negative outlook. If the stockmarket rally continues, if housing prices pickup, if gas prices and general inflation stay flat, if the job market starts to canter and if the dollar strengthens, this could help boost confidence at a crucial time for retail, the period between Thanksgiving and Christmas accounting for nearly 70% of all the year's retail sales.

Deloitte's Retail group expects total 2009 holiday sales to be US\$810 billion, flat over 2008 (excluding motor vehicles and gasoline), however this is better than 2008, which fell 2.4% below 2007, and marking the first decline in holiday sales according to Deloitte's analysis of Commerce Department data dating back to 1967.

What ar retailers to do to best manage this tough situation? According to Stacy Janiak, vice chairman and U.S. Retail leader, Deloitte LLP, "Retailers appear to have prepared themselves for a challenging season by adjusting inventory and closely managing their expenses. Going forward, scenario planning that accounts for different market conditions may help merchants navigate these uncertain times. Retailers should also consider placing customer insights at the forefront of their decisions around merchandising, pricing and promotions. Retailers that can harness the power of technology likely have a better chance of engaging those consumers who are willing to spend. The proliferation of mobile applications and social networks may yield new opportunities to pursue targeted advertising, build brand loyalty and measure campaign effectiveness."

Again, this is only a prediction of what's very likely to occur. Come early next

year, when all the numbers are in for the holiday season, we will know for sure. But it does seem tough for the brick and mortar stores, e-tailers like Amazon may yet buck this trend and verify again the continuing trend toward buying stuff on the internet is here to stay.