

Retailers Expect a Grinch-like Christmas, Says UB Retail Expert

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(PhysOrg.com) -- Unfortunately for retailers, the Grinch will be pushing the shopping cart again this holiday season, says Arun Jain, Samuel P. Capen Professor of Marketing Research in the University at Buffalo School of Management.

"This year is likely to be a repeat of 2008 with the same winners and losers. A gloomy employment picture, restricted availability of credit and continued uncertainty regarding the stock market are likely to spoil the mood for Christmas [shopping](#)," Jain says.

According to Jain, households plan to spend the same amount or less than last year on holiday shopping. The focus will be on essential household items, like cookware and basic clothing. High-priced items like jewelry tend to lose their luster in these difficult economic times, he says.

"Those with extra cash have already spent it on flat-panel TVs and cheap laptops by HP, Dell and Acer," says Jain. "Worse still, no radical electronics goods like iPhone, Nintendo's Wii or Blue-Ray are being offered this year. The incremental technology offering Internet connectivity is not going to help. The only [electronic gadgets](#) worthy vying for are the electronic book readers being offered by Amazon, Sony and others, but these have been around for a while and are not exactly setting fire to consumer demands."

Jain contends that the fashion industry has not been of much help, either.

"Fall fashion trends are uneven and there is no 'must have' style to encourage shoppers to break their piggy banks," he says. "The same story holds for toys -- most are ho-hum and there is nothing that will set toy aisles on fire."

Retailers are already responding to the gloomy outlook, according to Jain. "Wal-Mart, to preserve its dominant position in such a depressing economy, is focusing on low-priced items such as toys for under \$10. Sales, price cuts and promotions will be used by discount stores like Wal-Mart, Target, Toys R Us, Sears and TJ Max to steal market shares," he says. "Other big beneficiaries will be online stores like Amazon that offer branded merchandise at attractive prices, often saving buyers sales tax and the need to travel to stores."

Jain predicts that competition among stores will be fierce as they battle to grab whatever market share they can get in this depressed market. "As early as Halloween, we've see 'value-priced' merchandise on display, and consumers have been bombarded with promotions, coupons, lay away and interest-free credits to nab sales," he says.

Provided by University at Buffalo ([news](#) : [web](#))

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