

Economist: 2012 will end with a disappointing holiday season

November 29 2012, by Marc Ransford

Retailers will not be getting a lump of coal during the 2012 holiday shopping season, but Santa won't be stuffing their stockings full either, says a Ball State economist.

[The 2012 Holiday Retail Sales Forecast](#) anticipates that sales should rise by 2 percent over last year. But, when adjusted for inflation, there will be no actual real growth, said Michael Hicks, director of Ball State's Center for Business and Economic Research (CBER), the research division of the Miller College of Business.

"Overall retail sales will be distorted due to a longer [holiday shopping](#) season due to an early Thanksgiving holiday with its [Black Friday](#) and Cyber Monday sales, as well as a major push by retailers to convince shoppers to buy early," he said. "Lower household incomes, a stagnant labor market and the lingering effects of Hurricane Sandy will make this a disappointing holiday season."

Declining [holiday sales](#) are anticipated among automobile dealers (-2.46 percent) and club stores (-0.13 percent).

Hicks anticipates little increases in sales among restaurants/pubs (0.01 percent), general merchandisers (.63 percent), consumer electronics (1.3 percent) and jewelry stores (0.23 percent).

Food sales (2.96 percent), big box stores (1.63 percent) and furniture (1.93 percent) will see better than average growth, with used goods

purveyors seeing a significant rebound in growth of 11.24 percent this year.

Hicks believes that consumer sentiment remains poor despite a recent rebound.

"Consumer incomes have continued to decline, with modest job growth and a nearly steady [unemployment rate](#) dominating labor markets," he said. "[Gasoline prices](#) in early summer weighted upon later consumer durable purchases. Importantly, fears about a fiscal cliff combined with significant profit and income losses in the northeast due to Hurricane Sandy will slow general purchase of consumer durables this season."

Provided by Ball State University

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