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2009 holiday season finishes with Dec. sales up 2.8% - season up 1.8%

January 21, 2010 - Retail

December 2009 U.S. comparable-store sales spurted by a near-expected 2.8% compared with the same month of 2008, based on a tally of 33 retail-chain stores compiled by the International Council of Shopping Centers. The two-month (November-December) traditional holiday season posted a gain of 1.8% compared with a hefty record 5.6% drop in 2008. The 2009 holiday season pace was the strongest since 2006 (the last non-recession holiday season) when sales grew by a hefty 4.4%. The holiday season's sales began slowly, but spending finished strongly as consumers were completing their holiday-gift shopping later than last year (and later than in recent years for which ICSC has surveyed consumer spending patterns). The president and CEO of Stein Mart, Inc., for example, observed that this was definitely his company's experience. He noted, "Although December started slowly, [the management of Stein Mart was] pleased with the acceleration of business as we approached Christmas, even with the adverse weather in certain markets [during] the weekend before the holiday."

Of particular note in December were strong sales for toys (noted by Toys R Us - domestic comps rose by 4.6%, Target and Kmart, for example), electronics (noted by Target) and footwear (noted by Target, Bakers Footwear - which posted a 9.9% comp-store sales gain - and JC Penney, for example).

By segment, luxury department store sales soared by 7.1% - helped by a promotional shift at Saks - but that was the strongest segment performance since November 2007 (+11.4%). Department stores posted a modest year-on-year comp-store gain of 0.8%, but that was significant since it was the first positive reading for that segment since April 2008 (when it also rose by the same magnitude). Discounter sales rose by 4.3% in December, its best segment performance since April 2009.

Looking ahead to January, ICSC Research anticipates that sales will be flat to up about 1% as consumers no longer have a "need to shop" and clearance inventory is lean. ICSC Research also anticipates that calendar-year 2010 comp-store sales will increase by 3-3.5% which would be the strongest since 2006 (+4.8%) and compares to a 2.0% drop in 2009 (which was on top of a 1.1% dip in 2008). The economy recovery forces will underpin that expected sales improvement.

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