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Holiday 2008 Sales to Fall 5%



Planned holiday spending for 2008 is, on average, \$775 - down 5% from last year, according to a [Brand Keys, Inc.](#) national survey of 16,000 consumers in the nine US Census regions, [reports](#) Retailer Daily.

“Given that there isn’t any increase in anticipated spending this year, you’ll see retailers competing for fewer consumer dollars,” noted Brand Keys President, Robert Passikoff.

“There are always lower product prices around this time of year, but retailers are going to plan promotions very carefully. It’s going to be a very carefully orchestrated competitive retail environment this year.”

Below, more findings from the Brand Keys survey.

Will they spend more or less?

The number of consumers who say they would spend less this holiday season increased, as did the number of consumers saying they would spend the same. Those

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saying they'd increase spend decreased significantly.

	2008	Change from 2007
More	5%	-75%
Same	60%	+20%
Less	35%	+17%

Where will they spend?

Loyalty to specific retail channels is again in question as consumers say they would use the full range of retail formats and channels.

	2008	Change from 2007
Discount department stores	90%	+20%
Traditional department stores	70%	-5%
Online	95%	+30%
Specialty stores	30%	-23%
Catalog	70%	+20%

"More shoppers, with thinner wallets and seeking to avoid the crowds, lines at check-out, and the stress associated with bricks-and-mortar shopping, say they'll go online to shop this holiday season," noted Passikoff. Consumers will also be looking for retailers where there is a higher level of customer service, as attributes like that seem to pump up the price-value equation, according to Brand Keys. As a result, department stores are going to benefit most and will most probably look to encourage multiple visits by customers, Passikoff noted.

"Location and value are still the key engagement and loyalty drivers for the retail category. But even with tighter budgets, merchandise range, store reputation, and especially the shopping experience all play a role in engendering loyalty, sales, and profits," said Passikoff.

What will they buy?

Gift cards are the most popular holiday purchases this year:

- Gift Cards: 80%
- Clothing & Accessories: 50%
- Electronics/Computers/Phones: 49%
- CDs/DVDs/Video Games: 48%
- Books: 25%
- Home Décor: 15%
- Travel: 1%

"Just what might be expected, and similar to last years' declared purchases. There's been a decrease in the electronics- technology category, down 13% from last year, but gift cards are up 15% from 2007," noted Passikoff.

"Consumers are anticipating discounts in the electronics-technology area, as those kinds of offers tend to generate store traffic. Gift cards have become a very safe and very acceptable holiday staple."

Most are shopping early

Nearly two-thirds of the consumers surveyed (60%) say they have already begun their holiday shopping earlier this years, with most indicating they've been looking for gifts (and sales) well before the traditional post-Thanksgiving "Black Friday."

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