

A shopper looks over a selection of items at a mall in Glendale, Calif. Continuing economic uncertainty is likely to lead to modest sales growth this year, economists say. ROBYN BECK/GETTY IMAGES

Experts: Retail sales will lose some steam

More modest 3.4 percent gain predicted for 2013 as consumers show more caution

By Hadley Malcolm
USA Today

Consumers won't break out their wallets as often this year as they did last year, as they continue to experience economic uncertainty and modest growth in employment and income, according to the National Retail Federation trade association.

The NRF projects a 3.4 percent rise in retail sales for 2013 from 2012. That's less than the 4.2 percent growth in 2012 from 2011, based on the NRF's preliminary estimate.

The tense fiscal cliff negotiations last month, a tax increase for millions of workers with the end of a temporary payroll tax reduction, and impending debt ceiling discussions have consumers reining in their spending, at least for now, said NRF President Matt Shay.

"Part of the pullback is simply because people have been affected by the tax increases," he said. "It's coming at a time when headlines continue to be filled with discussion of looming further tax increases or spending cuts or government shutdowns."

Congressional decisions, or indecision, about the economy hasn't helped consumer confidence, either, and unemployment has shown only modest improvement, remaining at 7.9 percent the past two months.

The second half of the year should make up for a slower first half, as political negotiations about the economy die down, Shay said.

Online sales are expected to stay strong, and could grow as much as 12 percent to make up 18 percent of all retail sales, this year.

While most estimates put online sales at about 10 percent of all retail sales, the NRF doesn't include categories such as autos, gas or restaurants in its total sales number, so online sales make up a greater percentage of the whole, said Jack Kleinhenz, NRF chief economist.

Online sales have been growing at a faster pace than brick-and-mortar sales the past several years.

The NRF estimates online sales grew by about 11 percent in 2012, but hasn't released an official number yet.