

Holiday shoppers make their way through The Mall at Millenia in Orlando, Fla. Holiday retail sales this year are the weakest since 2008, after a shopping season disrupted by storms and rising uncertainty among consumers. AP FILE PHOTO

Retail sales growth weakest since 2008

By Daniel Wagner
Associated Press

WASHINGTON — Holiday retail sales this year were the weakest since 2008, when the nation was in a deep recession. In 2012, the shopping season was disrupted by bad weather and consumers' rising uncertainty about the economy.

A report that tracks spending on popular holiday goods, the MasterCard Advisors SpendingPulse, said Tuesday that sales in the two months before Christmas increased 0.7 percent, compared with last year. Many analysts had expected holiday sales to grow 3 to 4 percent.

Shoppers were buffeted this year by a string of events that made them less likely to spend: Superstorm Sandy and other bad weather, the distraction of the presidential election and grief about the massacre of schoolchildren in Newtown, Conn. The numbers also show how Washington's current budget impasse is trickling down to Main Street and unsettling consumers. If Americans remain reluctant to spend, analysts say, economic growth could falter next year.

In the end, even steep last-minute discounts weren't enough to get people into stores, said Marshal Cohen, chief research analyst at the market research firm NPD Inc.

"A lot of the Christmas spirit was left behind way back in Black Friday weekend," Cohen said, referring to the traditional retail rush the day after Thanksgiving. "We had one reason after another for consumers to say, 'I'm going to stick to my list and not go beyond it.'"

Holiday sales are a crucial indicator of the economy's strength. November and December account for up to 40 percent of annual sales for many retailers. If those sales don't materialize, stores are forced to offer steeper discounts. That's a boon for shoppers, but it cuts into stores' profits.

Last-minute shoppers like Kris Betzold, of Carmel, Ind., embraced discounts that were available before Christmas.

"We went out yesterday, and I noticed that the sales were even better now than they were at Thanksgiving," Betzold said Monday while shopping in Indianapolis. Betzold, who said the sluggish economy prompted her and her husband to be more frugal this year, noted that she saved about $25 on a Kindle Fire she found at Best Buy.

"A lot of the Christmas spirit was left behind way back in Black Friday weekend."

MARSHAL COHEN,
chief research analyst for NPD Inc.

Spending by consumers accounts for 70 percent of overall economic activity, so the eight-week period encompassed by the SpendingPulse data is seen as a critical time not just for retailers but for manufacturers, wholesalers and companies at every other point along the supply chain.

The SpendingPulse data include sales by retailers in key holiday spending categories such as electronics, clothing, jewelry and luxury goods.