2005 U.S. Holiday Spending Outlook

October 18, 2005

Economic Perspective

Santa Faces Stronger Headwinds

2005 Holiday Outlook

The 2005 holiday season for retailers is shaping up to be a "**season of worry**." But to be perfectly honest, in recent years, the holiday season *always* seems to be a season of worry for various reasons. For the 2005 holiday period, worry is hinged on the degree of consumer financial stress at present and likely to persist during the season.

Why Does the Holiday Shopping Season Matter?

The basic question in thinking about the holiday season is: Why should we care about how strong the holiday season's sales are? The answer goes well beyond just the observation that it has direct importance to retailers' profits, but it is exceedingly important to the broader economy as well.

Prof. Jeffrey A. Miron's book, *The Economics of Seasonal Cycles*, discussed the role of the Christmas season for retail sales and the economy. He wrote, "Certain holidays are likely to produce regular increases and decreases in retail sales, production and labor input. Calendar effects, such as the beginning and end of the school year, are likely to generate regular flows such as changes in the labor force. Similarly, the regular fluctuations in the weather are likely to produce regular responses in production, sales, and consumption of certain goods. The ups and downs created by these factors will not necessarily be identical year after year. For example, consumers might be less often liquidity constrained during Decembers that occur in booms, so the amount of Christmas shopping might be higher than average in such years." The researcher goes on to observe that, "Christmas and the weather are the primary determinants of the seasonality of economic activity, with Christmas playing the greater role." The point is simply that **Christmas is the paramount factor in shaping the seasonal cycle and that seasonal cycle is intertwined with the business cycle. This line of reasoning suggests that seasonal demand will reinforce (or counter) the business cycle dynamic.** As a result, a strong Christmas tends to strengthen, and potentially lengthen, the expansion in the subsequent year; a weak performance during the holiday season has the opposite effect on the economy.

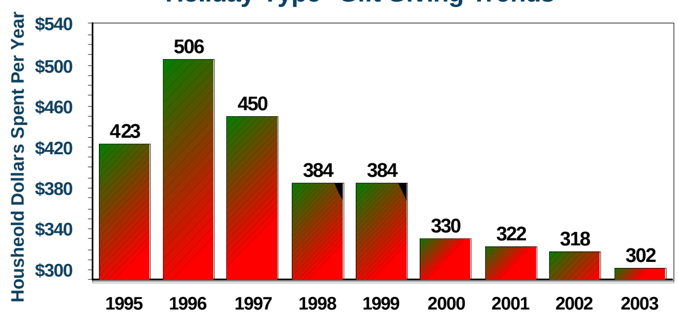
Gift Giving and Other Holiday Traditions

In Jack Santino's *All Around the Year: Holidays and Celebrations in American Life*, he observed that "People take part in holidays in an almost infinite number of ways. Holidays require *actions:* giving gifts, traveling, sending cards, making foods, decorating." Author Anthony Aveni traced the history of gift giving in his *The Book of the Year: A Brief History of Our Seasonal Holidays.* Aveni found the history of gift giving developed around the idea of offering a "personal item." He wrote, "Gifts used to be personal possessions. When you gave a gift, you sacrificed a portion of yourself by giving up something dear to you. It might be a verse you wrote, flowers you grew, or a picture you painted. Gift giving was a transaction in which the giver, in the spirit of reciprocity, also expected to play the role of receiver of a similar precious possession." Today, of course, "the gift" is generally store-bought or a service rendered by others. That change is understandable as our economy has evolved, but it also poses a challenge for retailers to make gifts feel "personal" and not as Ralph Waldo Emerson worried, "something that does not represent your life and talent." This is the marketing challenge that retailers continually face.

In 2003, the average annual U.S. household spending on gifts of goods and services was $1,007 (gifts for all types of events—not just at the holiday season—and all times during the year) with households giving another $1,370 in cash contributions to charities and other social and civic organizations, according to the U.S. Labor Department's *Consumer Expenditure Survey*. On average, households spend about 5% of their annual pre-tax income on gifts and contributions. Gift spending is the highest for apparel items followed by educational items. But **holiday-type spending per household (on items such as alcoholic beverages, small appliances, apparel, toys and games, personal care products and services and books) has been edging lower, as shown in Chart 1, for quite sometime.**

Chart 1

"Holiday-Type" Gift Giving Trends



Source: U.S. Bureau of Labor Statistics; ICSC Research.

To some extent, retailers of a bygone era were sometimes more creative than today and helped to launch holiday traditions, images and further *consumer spending*. In 1939, for example, Robert May—a Montgomery Ward ad department employee—wrote the story of Rudolph the red-nosed Reindeer for the store's promotional giveaway. Or, in the 1920s, the Coca-Cola Company shaped the image of an icon of the holiday season—Santa. The Coca-Cola Company "began its Christmas advertising … with shopping-related print ads in magazines like the *Saturday Evening Post*" in which they depicted Santa Claus. Those early images of Santa evolved

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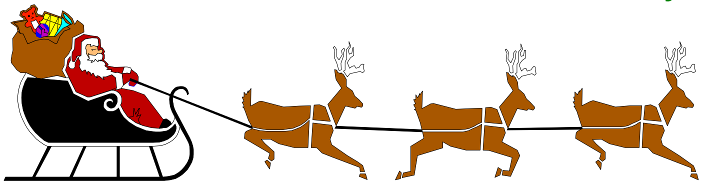


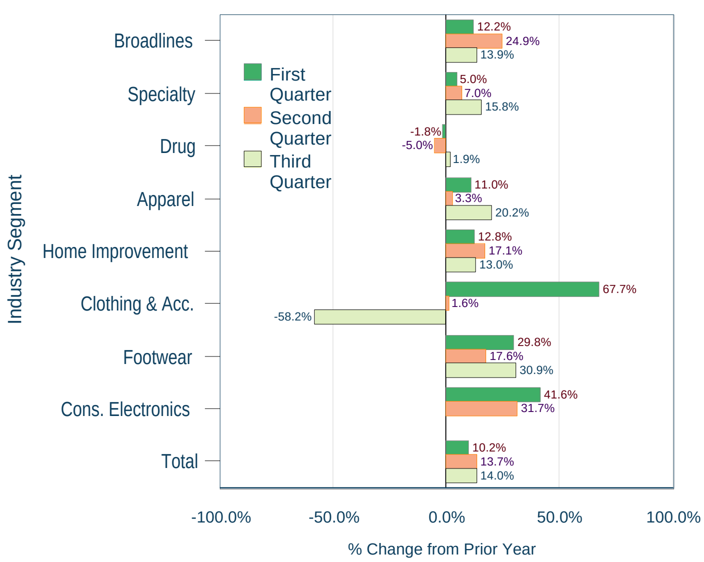
into later images of Santa—especially through the 1950s—which the company says, "had a powerful, enduring quality that continued to inspire future Santas." Indeed, those Coca-Cola-inspired images of a *jolly ol' plump* fellow are what every kid knows Santa looks like today.

Clearly, consumer companies have demonstrated that they can set the tone and mood for holiday spending with their images and sounds of the season. *But is that enough to offset the consumer stress of the economy and make a winning season for a retailer?*

The Retail Industry Setting: Still there is Good News

Overall, the retail industry is entering the 2005 holiday season flush following a long-winning streak on profitability. Based on the preliminary third-quarter retail industry earnings results, **net earnings for continuing operations** rose 14% (based on 68 companies), which was its 17th consecutive increase. The preliminary data by segment for the third quarter showed solid

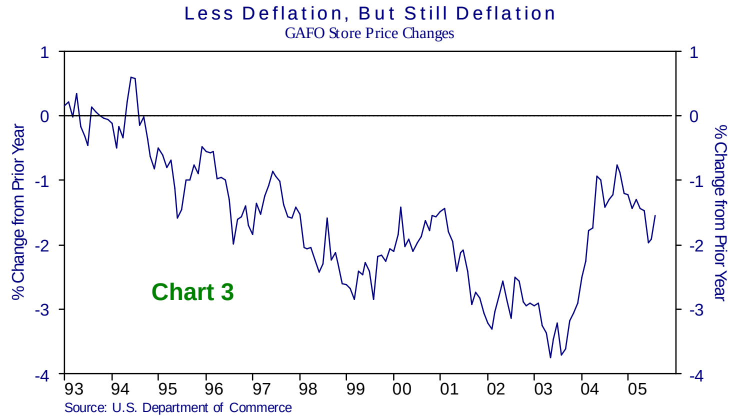
Chart 2: Retail Industry Profits, Third Quarter 2005
Net on Continuing Operations



Sources: Wall Street Journal; ICSC.

results among broadline retailers (Federated, JC Penney, BJ's, Costco, Sears, Target, Wal-Mart, etc.), which posted a 13.9% gain on a year-over-year basis—in line with the overall segment average. Based on the sampling of reporting companies so far, the clothing and accessory goods segment (such as Kellwood, VF Corp., Polo Ralph Lauren, Jones, etc.) is heading toward the only decline for the quarter (see Chart 2).

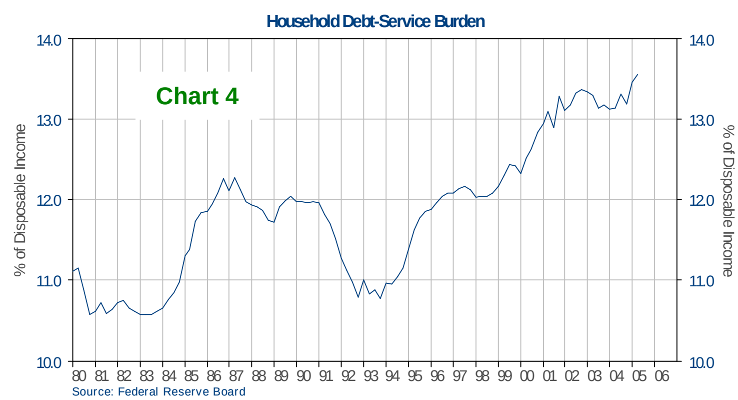
Despite all the worry about rising business costs in general, the retail industry continues to be well-positioned for the holiday season with a relatively steady consumer demand trend, inventory positions that are largely in good shape (with the exception of the broad category for furniture and home furnishings—which includes consumer electronics and appliances) and prices that are still deflationary (just a bit less so—see Chart 3).

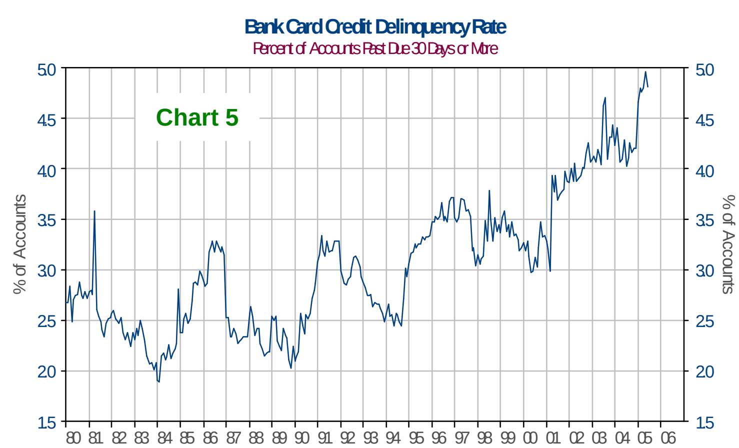


The Consumer Headwinds

Consumer spending trends continue to hold up, but the consumer fundamentals are increasingly more worrisome. There are worries about falling home prices and net worth, which, in turn, will curtail consumer spending. There are worries about high fuel prices which will pare discretionary spending during the holiday season and beyond. There are concerns about too much consumer debt and not enough consumer income.

On the debt side, the picture is not pretty. The **household debt-service burden**, as calculated by the Federal Reserve Board, rose to 13.55% of disposable income—a record high (see Chart 4). Consumers have increasingly less uncommitted funds for holiday spending. In addition, as shown in Chart 5, the American Bankers





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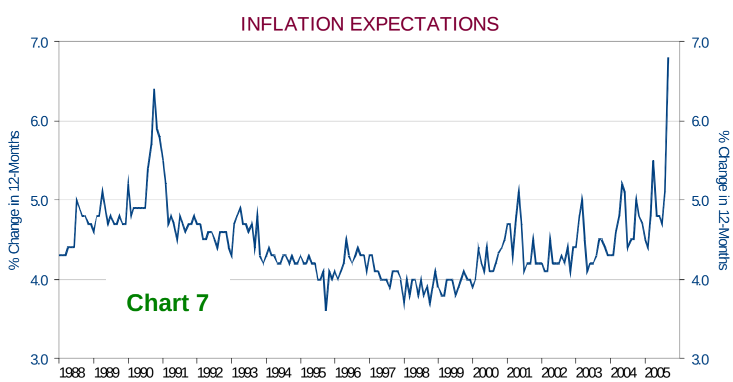
Association reported that second-quarter **bank card credit delinquency rates** rose to a record high (though on a monthly basis they have edged lower at the end of that quarter). The bankers group attributed a lot of that increased payment delinquency to rising fuel prices paring consumers' ability to repay the debt.

After a temporary spike in **real disposable income** (in large part due to a special Microsoft dividend paid) at the end of 2004, the income growth rate trend has been below its 1990-2005 average (2.9%), as shown in Chart 6. This too is less than reassuring looking to the 2005 holiday season.

Also adding to the negative sentiment is that consumers (and the Federal Reserve and other central banks around the globe) are more worried about inflation. In September, consumer expectations about inflation shot up to the highest reading since the Conference Board began to report the series (in 1987)—see Chart 7.



Clearly, a lot of this inflation worry and weaker "inflation-adjusted" data is tied to the surge in fuel prices. With gasoline prices alone about 50% higher than at the same time in 2004, consumers are paying a lot more to drive. Based on ICSC calculations, consumers spent, on average, about $15 more per week in September 2005 than they did to fill up their gasoline tanks in same month of 2004—that is even assuming the consumer drove less (as ICSC and other consumer surveys suggest). However, average weekly earnings increased only $12 over that same period, according to U.S. Department of Labor data, which more than offset the positive effect of higher income. As a result, it is not surprising that more consumers are reducing spending. In an ICSC-sponsored consumer survey between September 22 and 25, 2005, 54% of households reported reducing non-essential spending due to the high gasoline expenditures with 31% saying they had cut non-essential spending considerably. Unfortunately, that same survey found that more upper-income households reported scaling back on non-essentials in late September (46%) than at any time since ICSC began to ask that question in May 2004.

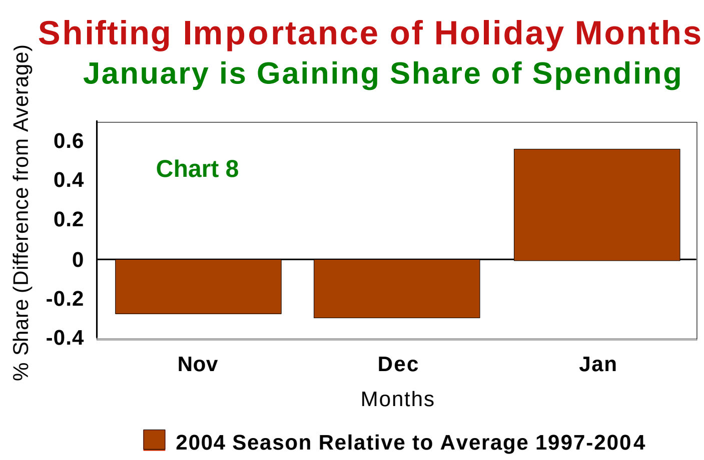
Unfortunately, there is still a "second wave" energy impact on consumer spending yet to unfold. According to the U.S. Energy Information Administration's projections, "This winter, residential space-heating expenditures are projected to increase for all fuel types compared to year-ago levels. On average, households heating primarily with natural gas are expected to spend about $350 (48%) more this winter in fuel expenditures. Households heating primarily with heating oil can expect to pay, on average, $378 (32%) more this winter. Households heating primarily with propane can expect to pay, on average, $325 (30%) more this winter. Households heating primarily with electricity can expect, on average, to pay $38 (5%) more. Should colder weather prevail, expenditures will be significantly higher." Unfortunately for the consumer, **SDI Weather/Trends** projects that December is likely to be colder than normal and seemingly will mean higher energy expenditures during a holiday-shopping month. An ICSC-survey found that 13% of households consider the expected high winter heating bills to be a major financial hardship and are concerned about how they will pay for the extra cost. Another 21% of the survey respondents were seriously concerned and suggested there was a high likelihood that they would curtail spending in other areas.

The consumer headwinds are certainly a much larger drag than last year for the upcoming holiday season.

Taking Stock of the 2005 Season

There are several trends this year that retailers are mindful of and responding to. The first trend is the increased use of holiday gift cards. According to ICSC-sponsored consumer surveys, about 15% of holiday expenditures are in the form of gift cards and that share is rising. As a result, retailers need to actively manage their inventories for the "expanded holiday season," which runs from November through, increasingly, January as that month typically has the largest percentage of gift card redemptions after Christmas.

Gift Card Observation: More gift card usage shifts more holiday-related sales into January (see Chart 8). Strategy: Lean inventory during season, but add fresh winter merchandise in post-holiday season.



Back-to-School Season Lesson: Consumers appear more "price" driven during this year's back-to-school shopping season than last year, when fashion trends and the depth of the product

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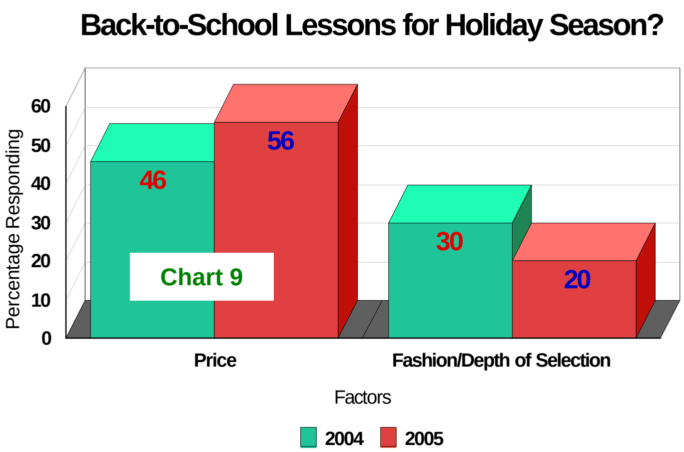
selection mattered more (see Chart 9, which shows reasons for back-to-school spending this year versus last year). Strategy: Watch those price points!



Online Sales Link: December weather could be very problematic for retailers this year with projections of a relatively cold and snowy month. This may cause "in-store" sales and customer traffic to drop, as well as disappointing promotional effectiveness. Strategy: Use online and catalog business more aggressively and integrate it with in-store business and promotions. Offer innovative times for shopping and ways to get to the store.

Forecast: The Big Mo' Saves the Day

Federal Reserve Board Chairman Alan Greenspan observed on October 12, 2005 that in his more than eighteen years at the Federal Reserve much has surprised him, "but nothing more than the remarkable ability of our economy to absorb and recover from the shocks of stock market crashes, credit crunches, terrorism, and hurricanes—blows that would have almost certainly precipitated deep recessions in decades past. This resilience, not evident except in retrospect, owes to a remarkable increase in economic flexibility, partly the consequence of deliberate economic policy and partly the consequence of innovations in information technology."

Greenspan's comment provides a good introduction and background to the 2005 holiday season forecast, which is seemingly fraught with potential problems and headwinds, but likely still will turn out to be "more of the same" type of sales performance that the industry has booked much of this year. In a word, "momentum," will likely rule consumer spending (which already has been hurt by 1-2 percentage points on a year-over-year basis due to high gasoline prices) and retailers will be as promotional as need be to sell their holiday merchandise.

The job for retailers will be difficult—it always is—and it is likely to be a heavily "price sensitive/dependent" season. Wal-Mart's CEO Lee Scott already telegraphed his company's strategy for the holiday season: "we are going to be very aggressive" on pricing. As such, the broader industry will likely follow suit.

Taken together with the "easy year-over-year comparison" during the holiday season—either measured on a November and

Table 1

ICSC Chain Store Sales Index Year/Year % Change in Sales During Nov-Dec-Jan Period and During the Nov-Dec Season

Year	Nov-Dec	Nov-Dec-Jan	Difference	Length of the Shopping Season	Day of the Week for Christmas	Hanukkah (holiday starts night before)
1985	3.2	3.2	0.0	26	Wednesday	12/8
1986	4.9	5.2	0.3	27	Thursday	12/27
1987	4.2	4.6	0.4	28	Friday	12/16
1988	5.8	6.3	0.6	30	Sunday	12/4
1989	4.9	5.1	0.2	31	Monday	12/23
1990	2.0	1.8	-0.2	32	Tuesday	12/12
1991	2.5	4.7	2.2	26	Wednesday	12/2
1992	5.6	5.6	0.0	28	Friday	12/20
1993	3.6	3.4	-0.2	29	Saturday	12/9
1994	3.8	4.5	0.6	30	Sunday	11/28
1995	2.1	1.6	-0.5	31	Monday	12/18
1996	3.2	4.4	1.3	26	Wednesday	12/6
1997	4.5	5.0	0.5	27	Thursday	12/24
1998	5.1	6.1	1.1	28	Friday	12/14
1999	5.4	5.5	0.1	29	Saturday	12/4
2000	2.4	3.2	0.8	31	Monday	12/22
2001	2.2	3.2	1.0	32	Tuesday	12/10
2002	0.5	0.9	0.4	26	Wednesday	11/30
2003	4.0	4.7	0.7	27	Thursday	12/20
2004	2.3	2.7	0.4	29	Saturday	12/8
2005	*3.0 to 3.5%*	*3.0 to 3.5%*	**FORECAST**	30	Sunday	12/26

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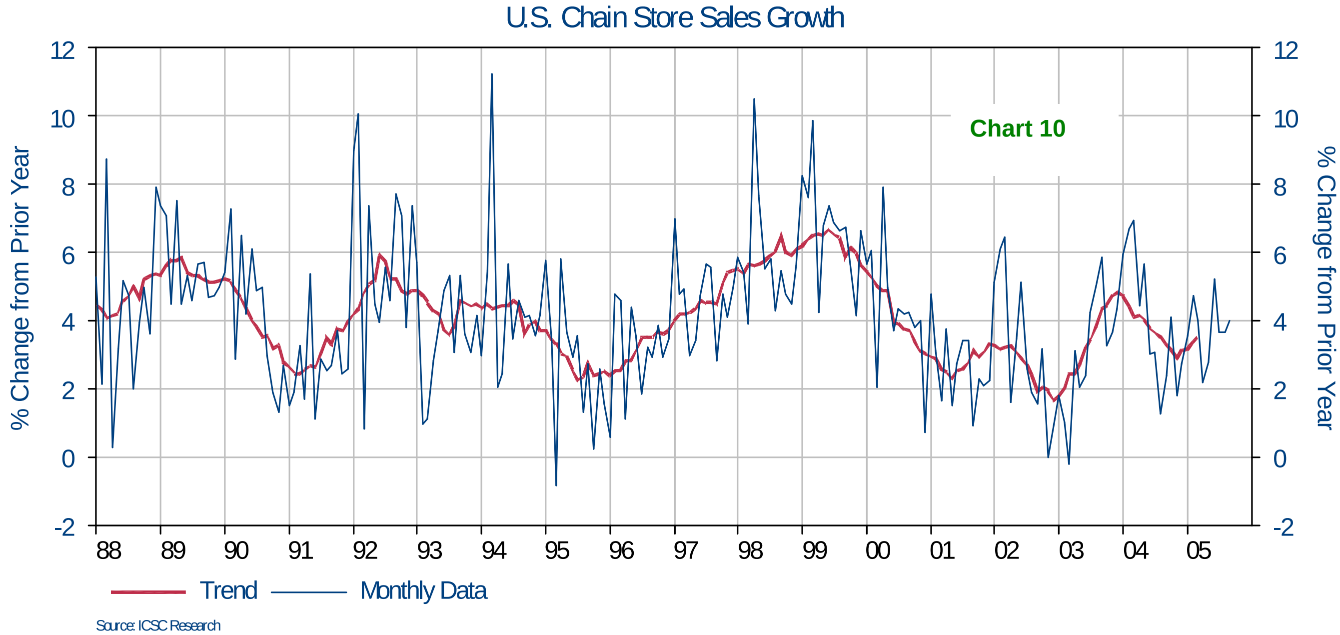


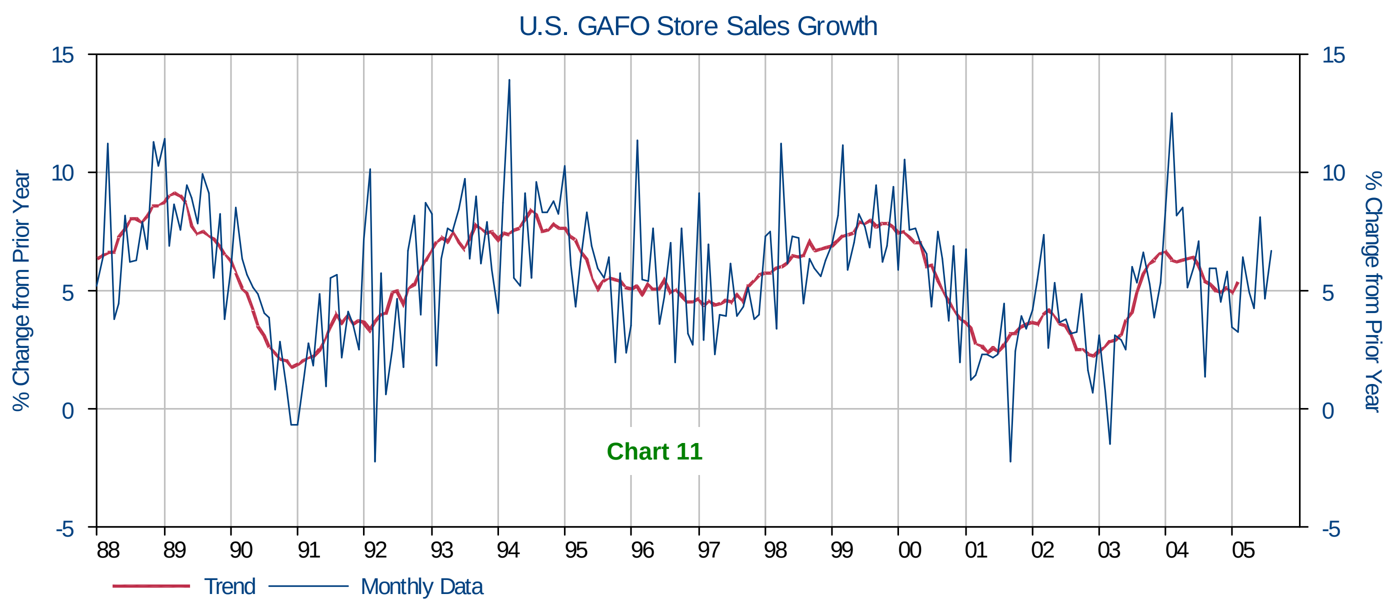
December or a November through January season, comparable-store sales are anticipated to grow by 3.0-3.5% on either time frame. Our forecast is shown in Table 1 while the recent comp-store spending trends are shown in Chart 10. Our *momentum forecasting model* forecasts a 3.2% as a point estimate—which captures both the year-to-date momentum and easy year-ago comparison.

The story line is expected to be similar based on the U.S. Department of Commerce's retail sales data. As shown in Chart 11, GAFO (general merchandise, apparel, furniture and other similar merchandise store types) store sales have been trending just a tad above 5.0% for the year-to-date performance and our forecast anticipates a near-identical trend during the expanded holiday season (November-January). The detailed forecast by major component is also shown in Table 2. Shopping center-inclined sales are expected to grow by 6.0% this holiday season—nearly a carbon-copy of the prior two seasons. One thing that seems clear from the trends as well is that the Internet and mail order component will continue to creep higher this holiday season and account for a record 13.4% of GAFO+ sales (that is, GAFO plus Internet and mail order sales).

<u>Final Thoughts and Comments</u>

Overall, upcoming holiday season sales will fare "okay" compared with past years and will likely be driven by price, but it will also likely to be very uneven with those that can compete successfully on price doing relatively better than other retailers. Even consumption by the higher-end income household is beginning to slow through mid year, which suggests relying on what worked earlier in the year, may not be quite as successful.

On the other hand, with all the dour economic sentiment—justified or not—increased headwinds operating in the economy and all the consumer uncertainty leading into up to the 2005 holiday season, it might be useful to remember Jerry Herman's words and sentiment for the season.



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Herman penned, "haul out the holly, put up the tree … fill up the stocking" for "we need a little Christmas right this very minute." *Maybe that sentiment is worth remembering by retailer and consumer alike as we approach the 2005 holiday season, "Yes, we need a little Christmas right this very minute."*

Beyond the Holiday Season

This review of consumer fundamentals shows *financial and economic stress* and *worry*, which can only be negative for future consumption. **Although the *risks* are on the lower side of our sales forecasts for even this holiday season, a combination of momentum and easy comparison will likely get retailers through the 2005 season in "okay" shape.** But then retailers are likely to see an even more strained consumer in 2006, even if energy prices back off from today's lofty levels. Short-term interest rates are rising, our leading indicator of motor vehicle sales is plunging and points to a sector contraction and many of the drivers of demand are increasingly evaporating. High-end consumption growth is slowing too—which has been a savior for the industry over the last two years.

There clearly are changes afoot for 2006 and retailers already need to think about "value" again replacing "luxury" in the continual ebb and flow of consumer demand preferences, which are heavily influenced by the economy.

For now, *enjoy the holiday season!*

Table 2
Holiday Spending

Billions of Dollars, November-January Periods, Seasonally Adjusted

Category	1998	1999	2000	2001	2002	2003	2004	2005 Forecast
GAFO Store Sales	194.4	208.3	218.5	227.1	231.2	245.2	257.3	270.1
% Change	6.7	7.2	4.9	3.9	1.8	6.1	4.9	5.0
GAFS Store Sales	184.7	197.9	208.5	217.3	221.5	235.5	247.7	260.8
% Change	6.4	7.1	5.3	4.3	1.9	6.3	5.2	5.3
Electronics & Appliances	18.3	20.0	20.0	21.2	21.1	23.1	24.1	25.3
% Change	6.4	8.8	0.2	6.0	-0.3	9.1	4.3	5.0
Appliances, T.V. & camera	NA	NA	15.3	16.4	16.4	17.6	18.9	---
% Change	---	---	---	6.9	-0.2	7.8	6.9	---
Computer & software stores	5.7	5.3	4.3	4.4	4.3	4.7	4.6	---
% Change	2.1	-7.6	-18.3	2.3	-3.3	9.2	-0.5	---
Clothing and Accessory Stores	38.4	40.3	42.6	42.4	43.8	46.3	48.4	50.8
% Change	5.8	5.0	5.6	-0.5	3.4	5.7	4.4	5.0
Men's clothing stores	2.5	2.4	2.4	2.1	2.0	2.2	2.4	---
% Change	-2.9	-5.7	-0.0	-12.1	-2.3	10.7	9.3	---
Women's clothing stores	7.3	7.2	8.0	7.9	8.0	8.7	8.9	---
% Change	2.7	-0.7	10.6	-0.4	1.2	8.4	2.8	---
Shoe stores	5.7	5.6	5.7	5.8	5.8	6.0	6.0	---
% Change	4.0	-1.0	1.8	1.4	-0.9	3.8	-0.5	---
Sporting Good, Hobby, Book & Music	17.5	18.3	18.6	19.7	19.4	19.6	19.9	20.3
% Change	3.4	4.7	1.9	5.7	-1.4	1.1	1.4	2.0
General Merchandise	90.9	97.6	104.8	110.6	113.2	121.3	129.1	136.8
% Change	7.3	7.4	7.5	5.5	2.3	7.2	6.5	6.0
Dept stores (ex. leased depts)	56.7	57.7	59.2	57.2	53.9	53.6	54.3	---
% Change	2.0	1.7	2.6	-3.4	-5.8	-0.5	1.2	---
Other general merchandise stores	34.1	39.9	45.6	53.4	59.2	67.6	74.8	---
% Change	17.4	16.8	14.4	17.1	11.0	14.1	10.6	---
Warehouse clubs & superstores	26.7	32.1	37.6	44.8	50.7	58.0	64.7	---
% Change	22.1	20.3	17.1	19.2	13.2	14.4	11.7	---
All other general merchandise	7.5	7.8	8.1	8.6	8.5	9.6	10.0	---
% Change	3.3	4.0	3.5	7.1	-0.9	12.9	4.1	---
Electronic shopping & mail-order	19.7	24.3	28.9	29.2	31.5	34.4	38.5	42.4
% Change	17.7	23.5	18.9	1.0	7.8	9.2	12.0	10.0
Shopping Center-Inclined Sales	387.0	413.0	430.1	448.0	457.7	485.5	515.4	546.4
% Change	6.3	6.7	4.1	4.2	2.2	6.1	6.2	6.0
Online & Mail-Orders/GAFO PLUS (% Share)	8.4	9.2	10.5	11.7	11.4	12.0	12.3	13.4

Sources: U.S. Department of Commerce; ICSC Research.

Early, Mid, and Post-Christmas Selling Season Readings

Year	Early Outlook and Strategy	Mid-December View	Post-Christmas View	Actual Nov-Dec Store Sales % Change	Christmas Shopping Days
2000	Likely to be a more difficult season; expectations restrained. Prior year is a tough act to follow. Major stores better positioned to compete on the Internet. Entering the season with some fall merchandise to "move out" and weaker consumer fundamentals. Staffing needs recognized as a major concern. In-stock performance or rapid fulfillment also a high priority. Early reading on sales -- phenomenal day after Thanksgiving, but demand settled down quickly on subsequent weekend.	Sales were struggling as the post Thanksgiving lull set in, but that softness lingered through mid December as an early winter storm hit the central parts of the United States. Retailers stepped up promotional activity as their confidence was shaken that they could not count on the expected late surge in sales during the week before Christmas to bail out the whole season.	A decent finish the Christmas season, but the strength was too little and too late to save the season. Stepped up promotional and discount activity cut further into the reported sales and raised severe concern on the profit side. The post-Christmas week was also mixed as another severe storm along with tough pre-Y2K sales comparisons cut into the week's performance.	2.4	31
2001	The retail industry expects the Christmas season to be "very difficult" and "uncertain" in the aftermath of September 11th and the 2001 recession. "Value" is back in vogue. Patriotic overtones in the merchandise are expected to connect with the consumer. Home-related focus also is in this year. Apparel inventories are considerably leaner than a year ago, which should stave off any massive price cutting ahead of Christmas. Post-Thanksgiving sales generally okay, but Wal-Mart & Target did well.	Consumer demand was lukewarm in the post-Thanksgiving period through mid December. The recession & unseasonable weather tended to pare demand as some retailers stepped up promotional activity and discounting. Apparel demand languished as those sales continue to lose appeal at Christmas time -- a longer run theme. Certain hot products were moving -- such as XBox and Playstation 2 or the movies "Pearl Harbor" and the "Grinch." However, generally the Christmas season has been unexciting & sales dismal.	Another year when there was a last-minute surge in demand in the days leading up to Christmas. Promotional and discount activity was largely as planned by the retailers, though some stores (such as Kmart and May) adjusted those parameters upward once the season began. The overall season was challenging for the industry with plenty of pockets of weakness.	2.2	32
2002	The retail industry worry level is very high with consumers facing a weak job market and concern about war with Iraq. The 10-day West Coast dockworker strike caused some scrambling for goods by some retailers, but most okay. Price discounting is widespread, but that is possible, in large part, due to declining prices for goods purchased from Asia (as such, profit margins are less affected). Strategy is to promote, advertise more heavily and try more marketing programs to connect with consumers.	Holiday spending was hurt by a winter snow and ice storm in the East during the first week of December; sales partially recovered in the second week. Retailers expect the last weekend and week of Christmas could make or break the month. Worry and promotional activity remained high as sales are running on-to-below plan so far.	The season began well, but a holiday lull set in once again in early December. There was a strong finish to the holiday season and the Saturday before Christmas was the heaviest sales day of the season. Overall, the holiday 2002 retail sales environment was very promotional, very uncertain and very weak. The only good news was that cost reductions (efficiencies, lower cost of goods and a lower labor bill -- due to the shorter holiday season) cushioned profits a bit from very weak sales.	0.5	26
2003	The retail industry is likely to step up advertising this holiday season, in part, to differentiate product and sell image. Apparel imports suggest lean inventories this year should benefit retailers generally and check heavy discounting at the first sign of sluggishness. Some retailers are promoting sooner to capture holiday sales earlier and with it provide a cushion for the season. The luxury market is looking better since mid year; may be the key to successful season.	Northeast snowstorms battered store sales during the first two weekends of December sales, however, the industry largely rebounded quickly from Mother Nature's impact. Nonetheless, the first half of December's store sales performance was largely below plan for the industry. Those regional storms, as expected, shifted demand later in the season as NE demand was the strongest on the weekend prior to Christmas. Although some retailers stepped up promotions, most were close to plan.	Sales began to accelerate in mid-to-late December and continued strong through and immediately after Christmas Day. Gift cards/certificates commanded between 8-10% of holiday expenditures by the consumer, which was larger than prior year, and expected to extend the holiday season into January. Sales were uneven for the industry overall, but much improved in the aggregate as the economy continued to improve as well.	4.0	27
2004	High gasoline prices caused a dichotomy in consumer spending trends between low-income and high-income oriented retailers. As a result, high-end consumers and upscalers are where the retailers will focus. Digital cameras, jewelry, men's apparel and women's accessories should do well. More inventory on the shelves than last year should support more sales during the season and limit gift-card usage (as share of total holiday expenditures).	Slow start as consumers' willingness and ability to spend have decreased over the month. Retailers selectively increased promotions, but consumers were not finding discounting the key concern. With gasoline prices up approximately 27% in December versus the prior year, this pared chain store demand by about 1.0 percentage point, based on our research. Electronics doing well this season, but product demand remains spotty more generally. Internet and mail order taking larger share of holiday spending.	A strong finish to the Christmas season was enough to put the sales pace back on track for December. Gift cards accounted for an estimated 10-13% of total holiday expenditures by the consumer. The post-Christmas period was strong with about one-in-four consumers shopping on December 26. Consumers reported redeeming about 17% of their gift cards during the week after Christmas. On average, consumers spent $77 on themselves during the holiday season, which was less than during the 2003 season.	2.3	29
2005	High energy prices to run vehicles and to heat homes pose major concern for the holiday season. With little personal savings cushion and record high credit card deliquency rates going into the 2005 holiday season, consumer fundamentals have weakened and consumers have become more "price sensitive," according to surveys. Wal-Mart announced that they would do what it takes to have a good holiday season, including steeper discounts entering the season. Worry is this could be a very promotional season.			3.0-3.5% est .	30

Notes: Sales data are based on a two-month year-over-year average for November and December as measured by the ICSC tally of comparable-store sales for a broad-spectrum of the nations' retailers. The number of "Christmas shopping days" is counted from the day after Thanksgiving to Christmas Eve.