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IBISWorld Forecasts Sparkling Sales This Holiday Season

LOS ANGELES – Nov. 11, 2010 – With a number of key economic indicators showing positive signs for the retail environment, [IBISWorld](#), the largest publisher of industry research, expects this to translate into a relatively strong holiday season:

Thanksgiving

Consumer spending for Thanksgiving is projected to increase 2.6 percent from 2009, totaling \$6.7 billion. Of this expenditure, food will account for two-thirds, increasing 4.1 percent. Non-food expenditures, on the other hand, are expected to drop 0.5 percent this year.

Turkeys will still make up the bulk of Thanksgiving food purchases at \$3.5 billion. Although lower [turkey production](#) in the farming industry will mean higher prices in 2010, consumers are unwilling to sacrifice this holiday staple. As a result, turkey sales are expected to grow 4.1 percent, driven by higher prices.

Another area of strong growth will be [canned pumpkin](#) sales, rising 10.7 percent to \$125.5 million in 2010. After the canned pumpkin shortage of 2009, consumers will be more than happy to stock up on the fruit this year.

Black Friday

Retail sales on Black Friday are projected to increase 1.9 percent from 2009 to \$11.7 billion. The overall weekend (Friday through Sunday) expenditure will grow by 3.4 percent to \$41.7 billion. Retailers may not resort to the deep discounts displayed in 2008, but they are likely to let low prices linger throughout the weekend to help attract more shoppers and, thus, earn higher revenue.

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“This year, it’s about getting customers in the door,” explained IBISWorld retail analyst Nikoleta Panteva. “Discounts on products will be a key factor in accomplishing this, but beyond that, retailers will be looking for more full-priced retail sales.”

Cyber Monday

The spotlight this holiday season will be on Cyber Monday, which is expected to experience a sales increase of 13.2 percent. Retailers and [e-tailers](#) alike will be offering discounts Thanksgiving through Monday.

“The appeal of e-commerce is that it allows for easier bargain hunting and price comparisons than brick-and-mortar stores,” Panteva said. “Websites like CyberMonday.com will make this an even easier feat for shoppers, and with more and more companies engaging in social media promotions with dedicated followers, online sales are likely to get a big boost.”

Christmas

Christmas sales are forecast to rise 3.6 percent from last year, totaling nearly \$62.0 billion. Electronics, such as remote-less [video game](#) consoles and tablet computers, are expected to be the strongest-growing gift category, increasing 7.0 percent. IBISWorld also expects a return to luxury shopping, with jewelry sales up 6.1 percent. Apparel, on the other hand, is projected to show less-than-stellar performance, growing only 1.1 percent from 2009. The leading retailers, therefore, are likely to be electronics stores like [Best Buy](#) and jewelry stores like [Tiffany & Co.](#) Retailers that have a strong focus on clothing, though may find the going a little tougher this year.

Food expenditure is expected to increase 1.8 percent to \$5.1 billion as a result of more family gatherings. Spending on decorations is not anticipated to grow as quickly, rising only 0.5 percent from last year, because these items are highly discretionary. However, [Christmas tree](#) sales are expected to have a strong showing, increasing their revenue by 4.4 percent.

Said Panteva, “Christmas trees and family dinners have strong values attached, which will be key driving factors for holiday spending increases in these categories.”

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