

# *The Retail Review*

*Serving the retail community since 1968*

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## **Consumers Aren't Pulling in the Reins on Holiday Spending, According to NRF**

**—Consumers to Spend \$738 Each, Survey Reinforces NRF Holiday Forecast—**

Consumers will be feeling the spirit of the season when they hit the stores for their holiday shopping, according to the findings of the latest National Retail Federation (NRF) survey. The NRF 2005 Holiday Consumer Intentions and Actions Survey, conducted by BIGresearch, found that the average consumer plans to spend \$738.11 this holiday season, up 5.1 percent from the previous year. Furthermore, consumers will spend an additional \$86.62 on themselves. The survey is in line with NRF's holiday sales forecast, announced last month, which expects total holiday retail sales to increase 5.0 percent over last year to \$435.3 billion.

"Just as retailers plan ahead for holiday sales and promotions, consumers plan ahead and budget for the holidays," said Tracy Mullin, President and CEO of NRF. "With extra money tucked away to spend on what's important, shoppers will be hitting the stores and spending on their loved ones, and on themselves."

Shoppers will be scooping up a variety of merchandise this holiday season. According to the survey, consumers will be dedicating the majority of their holiday spending to gifts for family (\$421.30) and friends (\$78.99). Their generosity will also spread to the other people in their lives, with consumers planning to spend \$21.05 on co-workers and \$44.16 on gifts for other people, including babysitters, teachers and clergy. Other items holiday shoppers will purchase this year include decorations (\$40.86), greeting cards and postage (\$28.22), candy and food (\$87.75), and flowers (\$15.78).

Consumers aren't forgetting to pick up a few items for themselves while shopping. According to survey results, consumers will spend an additional \$17.68 billion on non-gift purchases for themselves or their families this holiday season. Men will be the most generous when it comes to treating themselves, with the average male spending \$108.87.

"While it is always fun to buy a present for that special

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### **VRA Breakfast Conferences**

The VRA will be holding two Breakfast Conferences for VRA members and for prospective members.

The first meeting will be held on Thursday, November 3 at 8:30 a.m. to 9:30 a.m. at the Green Mountain Inn, Stowe, VT.

The second meeting will be held on Thursday, November 10 at 8 a.m. to 9 a.m. at Jensen's Restaurant, Bennington, VT.

For more information on these conferences and/or to register please call the VRA office at 802-879-6999 or 1-800-649-1698.

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**VERMONT RETAIL ASSOCIATION**



Nancy Foley

# President's Corner

## It's All About The Health Care

No matter how bad you think the health care financing problem in the U.S. is, it is probably worse than you think. Some staggering figures on the national health care scene were presented at a recent conference attended by VRA. The statistics revealed that, if it is not already the case, paying for health care both for ourselves and our employees will probably be the biggest challenge business faces over the next decade. For example:

- Health insurance premiums rose 8, 6, and 5 times as fast as the rate of general inflation over the last 3 years.
- Every year, 4.5% of all jobs that offer health insurance eliminate this benefit, resulting in a 2.3% annual reduction of all funds in the health care system.
- Up to half of all personal bankruptcies are due to an inability to pay health care bills.
- In the last 30 years, the percentage of state and local government budgets devoted to education, transportation, and human services has declined, while budget appropriations on health care and corrections have increased.

Depending on what policy choices are made by our Legislature and elected officials, Vermont could lead the way toward meaningful health care reform. At a recent Health Care Summit sponsored by Governor Douglas, a variety of stakeholders including providers, insurers, business owners, associations, legislators, and advocates sat down and talked frankly about what solutions ought to be employed in Vermont. A number of reform ideas introduced by a coalition of business associations (including VRA) during the 2005 legislative session surfaced again and again during discussions. It is hoped that one result of the Health Care Summit will be to depoliticize a number of solutions that are available to help stem skyrocketing

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THE RETAIL INDUSTRY IN VERMONT!**

# When Can You Use the Word “Vermont”?

On October 7, 2005, the Attorney General’s Office adopted a new consumer fraud rule, CF 120, under authority granted by the Vermont Consumer Fraud Act. The rule, which addresses the use of the word “Vermont” in labeling and advertising, including the use of the word Vermont as part of your company name.

The rule was approved by the Legislative Committee on Administrative Rules on October 5, 2005, and will become effective on January 5, 2006. It includes a grace period for relabeling of up to one year from the effective date. The language of the rule, as well as a FAQ about the rule, are available at <http://www.atg.state.vt.us/display.php?smod=176>. You can also contact us at VRA for a copy of the Rule and FAQ. 



*Board of Trustees President Nancy Foley presents Immediate Past President Richard Huestis with a gift in appreciation for his service to the Board and the VRA.*



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**When a patient has the knowledge to ask his doctor the right questions...**

...when health support and information are just a phone call or click away, these are the signs of a healthier Vermont. Blue Cross and Blue Shield of Vermont’s Your Health Program provides subscribers with state-of-the-art tools including a handbook, website and 24-hour, nurse-staffed phone line, to help them make informed decisions about their health. For information about Blue Cross and Blue Shield of Vermont coverage, call 800-255-4550 or visit us at [www.bcbsvt.com](http://www.bcbsvt.com).



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## Holiday Spending (Cont. from page 1)

someone in your life, it is hard to resist adding a little something extra for yourself,” said Tracy Mullin, President and CEO of NRF. “Many consumers use two-for-one sales as a great excuse to get a gift for someone on their list and to treat themselves.”

Consumers have not forgotten to add a few of their favorite items to their wish lists. Books, CDs, DVDs, videos, and video games once again remain popular items, with 55.5 percent of consumers hoping to receive something in that category. Apparel is also another gift favorite, with 54.4 percent hoping to receive clothing or accessories this year. Other popular items on their lists include gift cards (52.3%), consumer electronics (38.4%), jewelry (26.4%), and home décor (23.3%).

When it comes to choosing where to purchase holiday items, shoppers are looking for a deal. More than one-third of consumers (37.9%) said that sales or price discounts are the most important factor in their decision to purchase from a particular store. Selection is also important, with nearly a quarter (23.1 %) of consumers polled ranking selection of merchandise as a top factor, while other consumers chose where to shop based on quality of merchandise (11.0%) or location (6.5%). Consumers also appreciate good, knowledgeable customer service, with 3.7 percent saying it was the most important factor when choosing where to shop.

“It is no secret that consumers love to get a good deal,” said Phil Rist, Vice President of Strategy for BIGresearch. “While sales and promotions will lure shoppers into stores, consumers are also willing to spend a little extra on quality merchandise.”

Many consumers have already gotten a head start on their holiday shopping. According to the survey, 15.3 percent of consumers started their holiday shopping before September with an additional 6.3 percent starting last month. Retailers are seeing more holiday shoppers in their stores, with 18.5 percent of consumers saying they planned to begin in October. More than one-third of consumers (37.4%) will begin their holiday shopping in November and nearly one in four (22.5%) will wait until December.


The survey also found that consumers plan to shop at a variety of stores for their holiday shopping this year, with discounters (71.4%) and department stores (59.4%)

once again remaining top shopping destinations. Other popular stores include specialty stores, such as clothing, toy or electronics (46.5%) and grocery stores (47.4%). The popularity of online shopping continues to grow, with almost half (42.6%) of consumers planning to purchase gifts online, up from 38.3 percent the previous year.

### About the Survey

The NRF 2005 *Holiday Consumer Intentions and Actions Survey* was designed to gauge consumer behavior and shopping trends related to the winter holidays. The survey, which polled 7,726 consumers, was conducted for NRF by BIGresearch from October 5-12, 2005. The consumer poll has a margin of error of plus or minus 1.0 percent.


**BIGresearch** is a consumer market intelligence firm that provides unique consumer insights that are gathered online utilizing very large sample sizes. BIGresearch’s syndicated *Consumer Intentions and Actions* survey monitors the pulse of more than 7,000 consumers each month to empower its clients with unique insights for identifying opportunities in a fragmented and changing marketplace.

*The National Retail Federation is the world’s largest retail trade association, with membership that comprises all retail formats and channels of distribution including department, specialty, discount, catalog, Internet, independent stores, chain restaurants, drug stores and grocery stores as well as the industry’s key trading partners of retail goods and services. NRF represents an industry with more than 1.4 million U.S. retail establishments, more than 23 million employees - about one in five American workers - and 2004 sales of \$4.1 trillion. As the industry umbrella group, NRF also represents more than 100 state, national and international retail associations. [www.nrf.com](http://www.nrf.com).* 

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## Health Care (Continued from page 2)

health care spending right now, without a need to completely reinvent Vermont’s health care delivery and financing system.

VRA will continue to advocate for sensible health care cost controls in the legislative year ahead. Whether your business offers health insurance to your employees, this is one issue that has the potential to affect every one of us. 

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# Sometimes the best way to reduce overhead is to reduce what's over head.

Lighting technology has come a long way since Thomas Edison invented the light bulb back in 1879. We can show you energy efficient lighting that will lower your operating costs while providing a more productive and comfortable