Consumer Metrics Institute Members News

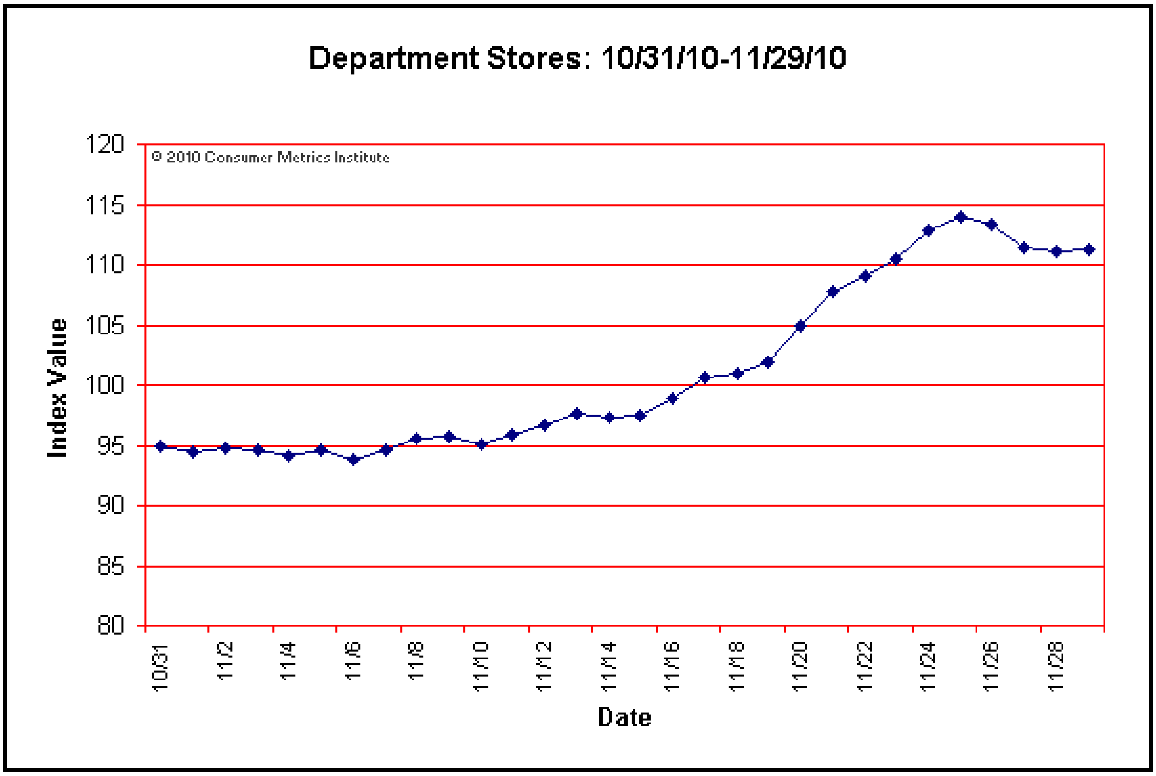
December 1, 2010: "Black Friday" and "Cyber Monday"

The economic headlines from the past week-end involved the year-over-year gains or losses experienced by "brick-and-mortar" retailers during the annual post Thanksgiving "Black Friday" media event. One of the more interesting reports came from ShopperTrak, which uses highly innovative technologies to actually count the number of shoppers in over 70,000 retail stores. They reported that overall traffic in the stores that they monitor increased by 2.8%, but per-shopper spending decreased sufficiently that overall spending actually fell slightly for the weekend -- after posting a modest gains on Friday and Sunday that were fully offset by a drop on Saturday (note: ShopperTrak's technology is not installed at a number of the largest discount chains). Media speculation centered on expected major increases in "Cyber Monday" traffic, perhaps running as high as 10% year-over-year increases.

Our charts and tables now reflect on-line consumer demand during both "Black Friday" and "Cyber Monday". Below are a series of charts that reflect daily demand on a year-over-year basis for a number of our retail sub-indexes. These charts show only the on-line transaction volumes for the retailers, and are in that sense equivalent to the ShopperTrak in-store foot traffic metrics.

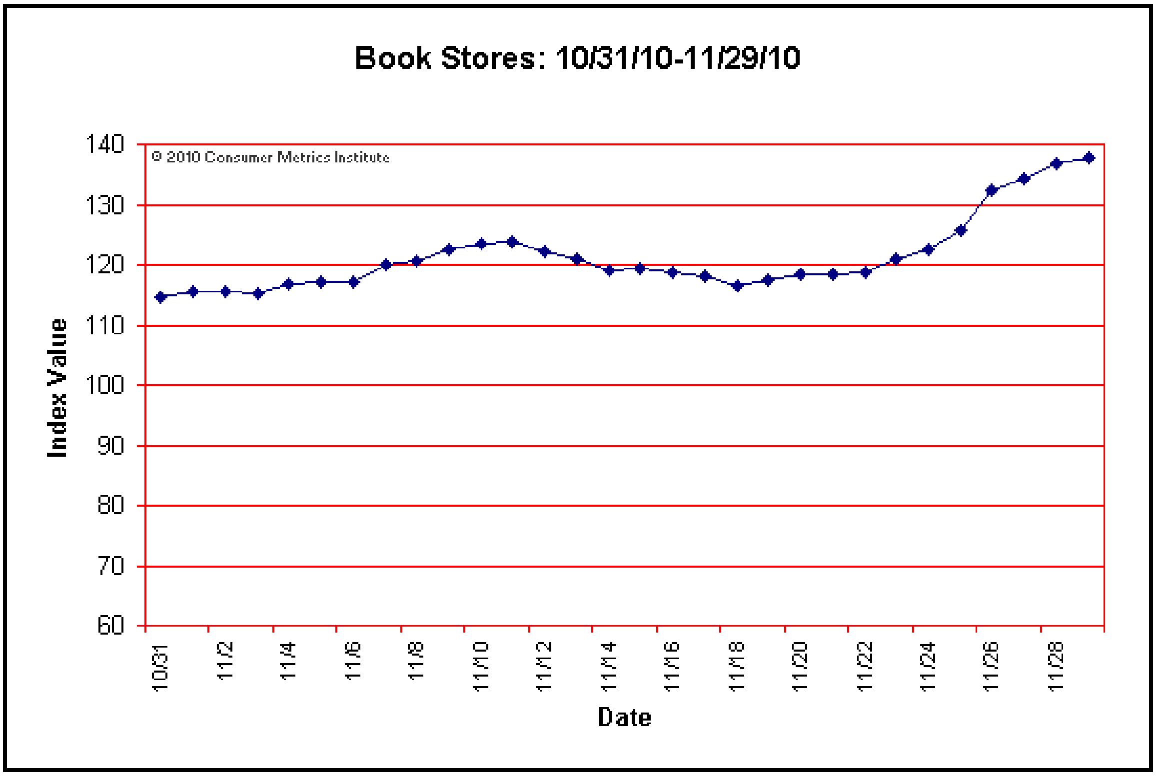
We have mentioned previously that we saw a spectacular early rise in year-over-year consumer demand at the on-line portals of the major discount retailers, driven by heavy pre-Thanksgiving discounting. After the middle of the month and as "Black Friday" approached, however, that surge completely evaporated:

Meanwhile, the major mainstream department store chains saw the exact opposite interest pattern -- dipping at the beginning of the month only to grow to double-digit year-over-year growth by Thanksgiving:

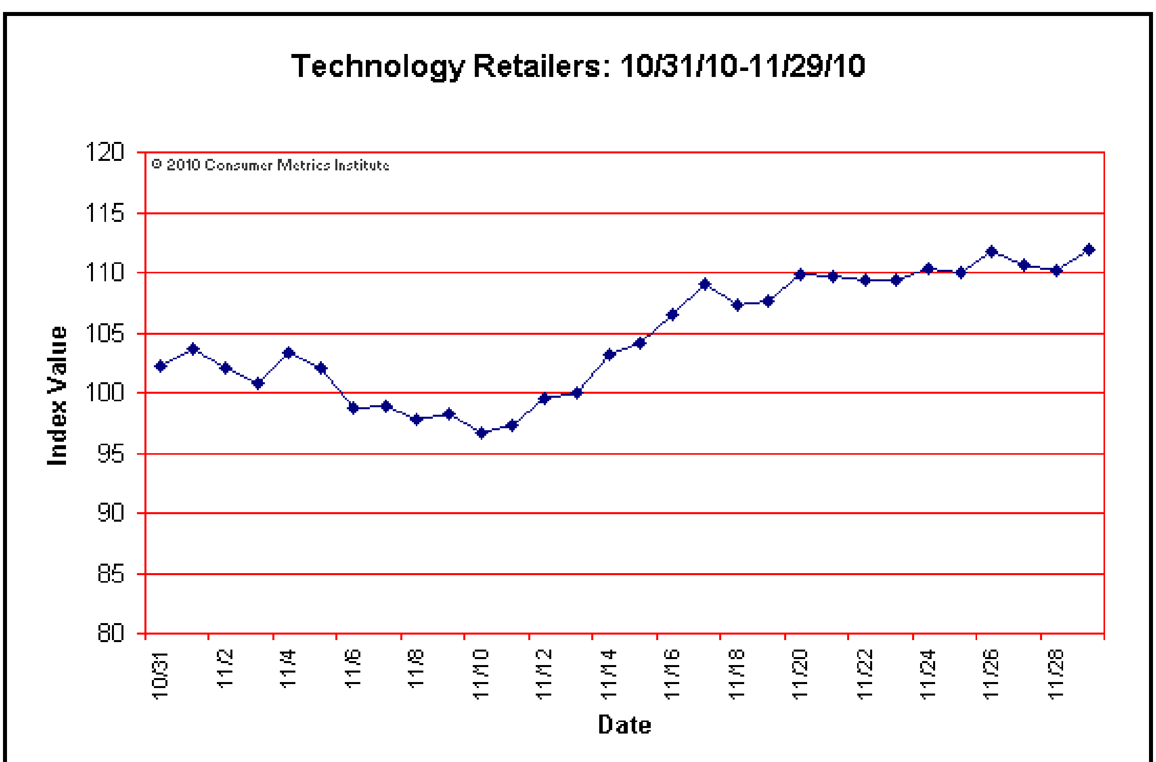


Luxury retailers to some extent mirrored the experiences of their more mainstream brethren, although the final upside came later and only just approached double-digit territory by "Cyber Monday":

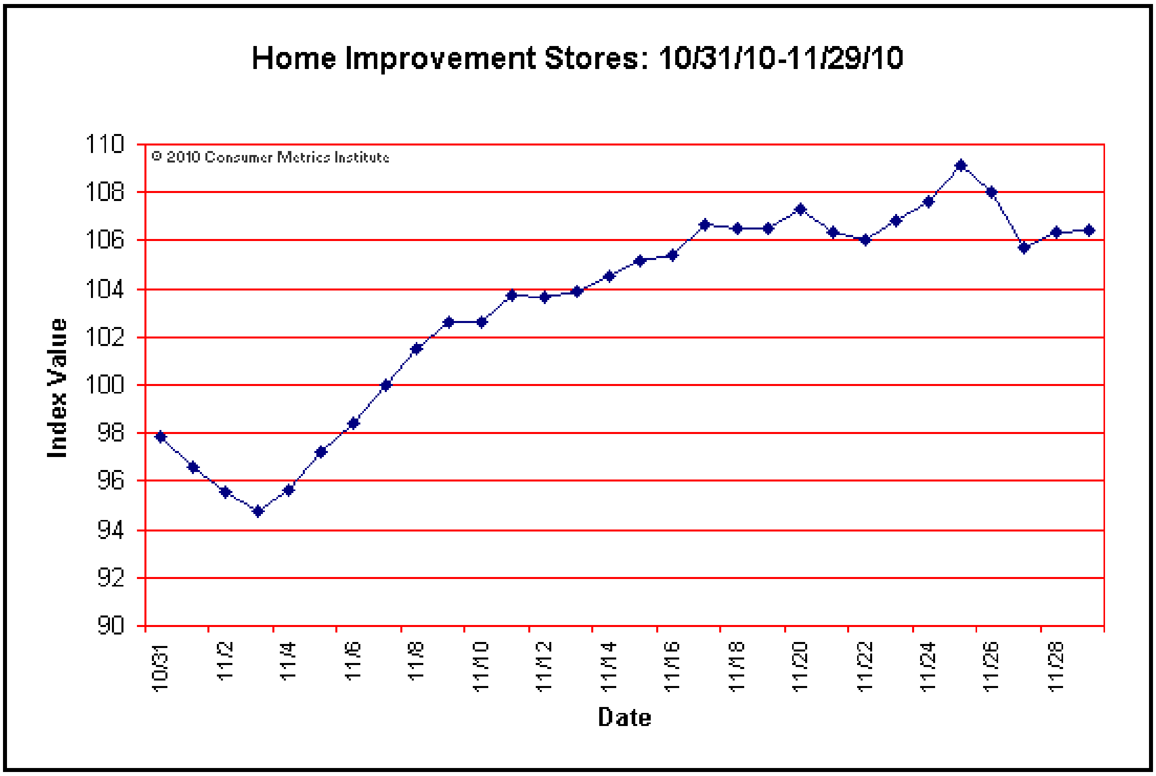
Book stores seem to have been the biggest winners in the on-line world, with Amazon being the 800-pound discounting gorilla in that realm (and with a product mix that is far from just books). The strength shown by these "book" merchants is consistent with a newly frugal shopper carefully trying to stretch a holiday budget:



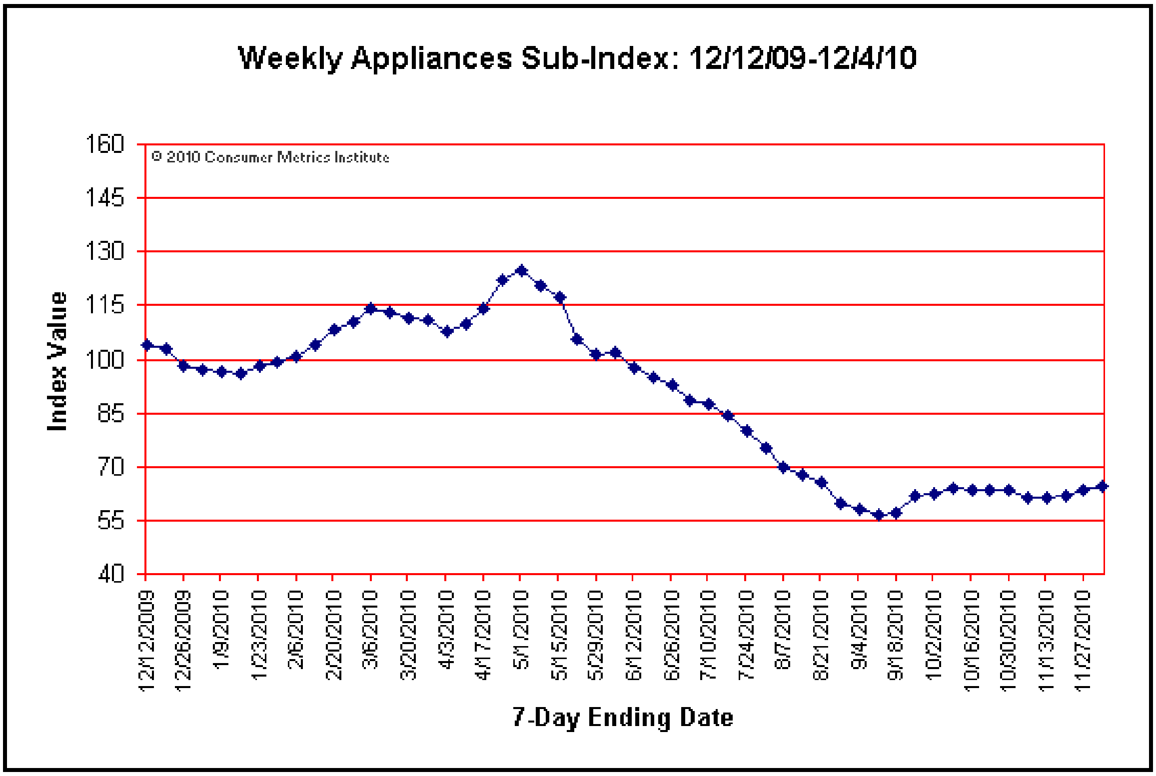
Not surprisingly, technology retailers peaked on "Cyber Monday," but the year-over-year growth was not evenly shared by all market segments. The growth was primarily in non-PC related products and a few particularly hot brands (e.g., Apple):



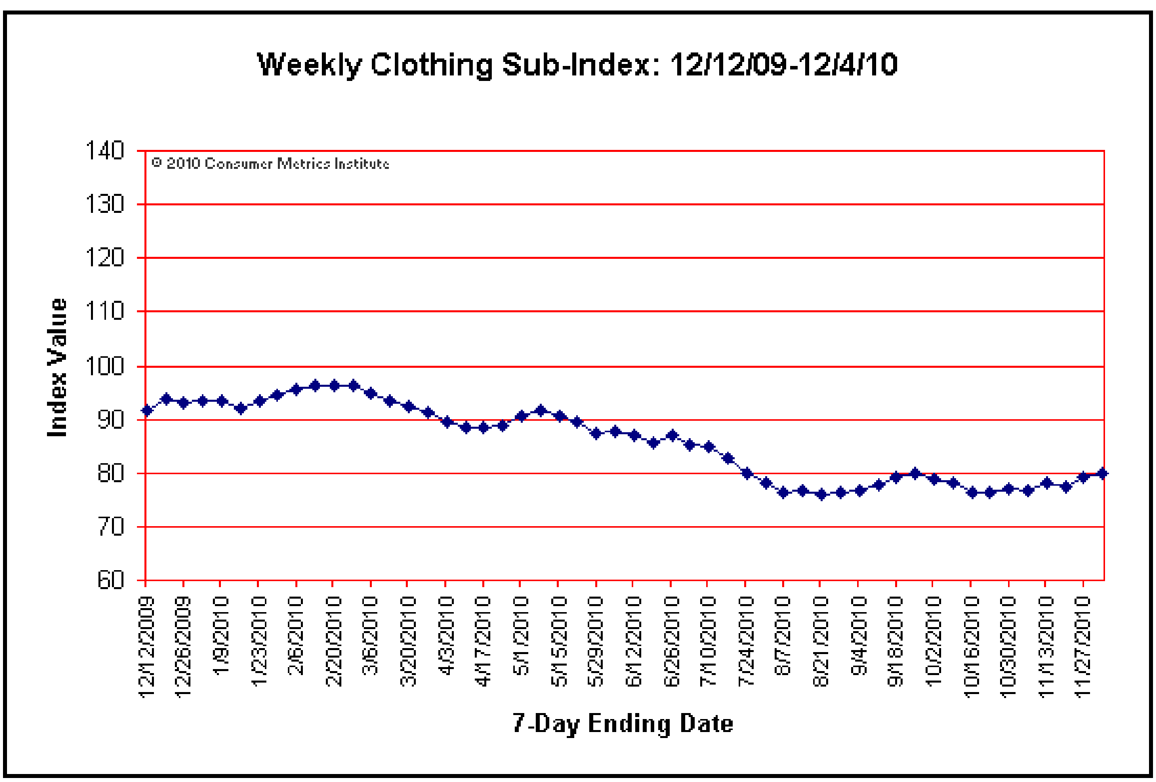
And in the "rising tide lifts all boats" vein, even home improvement stores were showing more on-line traffic that during the same period last year:



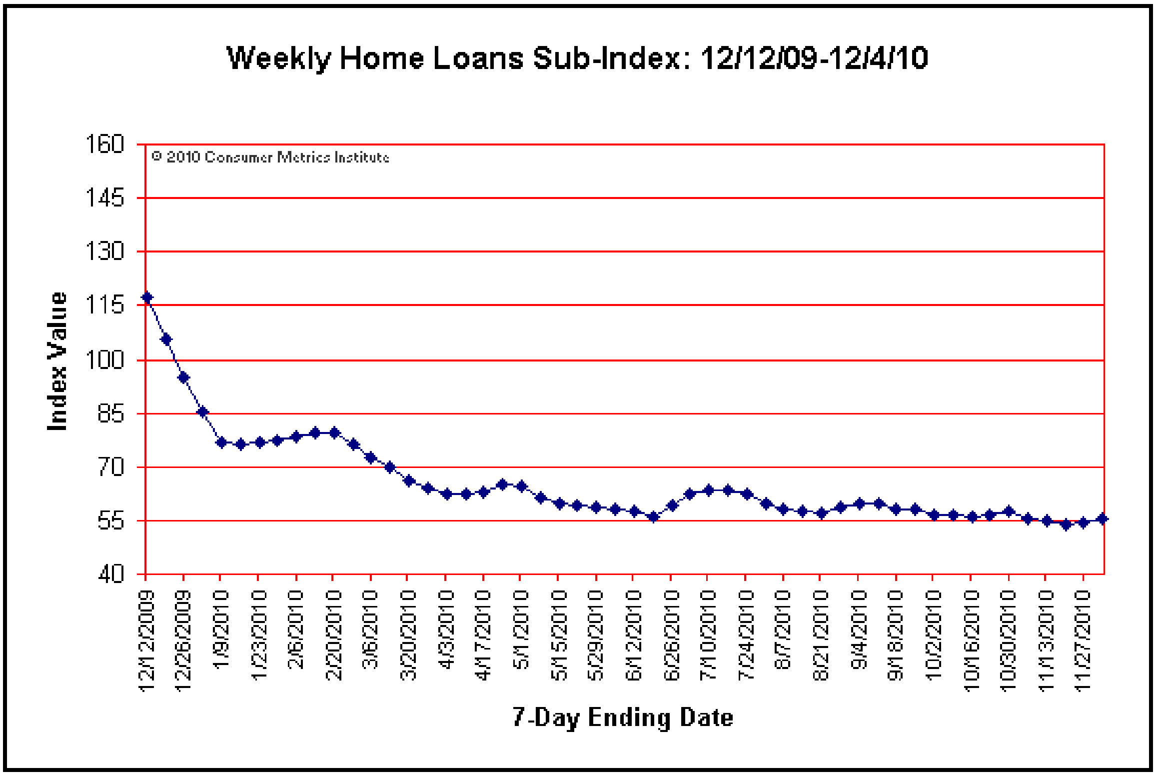
Stepping away from the major retailers, however, brings a more sobering view of internet commerce as a whole. A quick look at the weekly household appliances sub-index indicates that at least in that market segment the longer term trend did not change substantially in November:



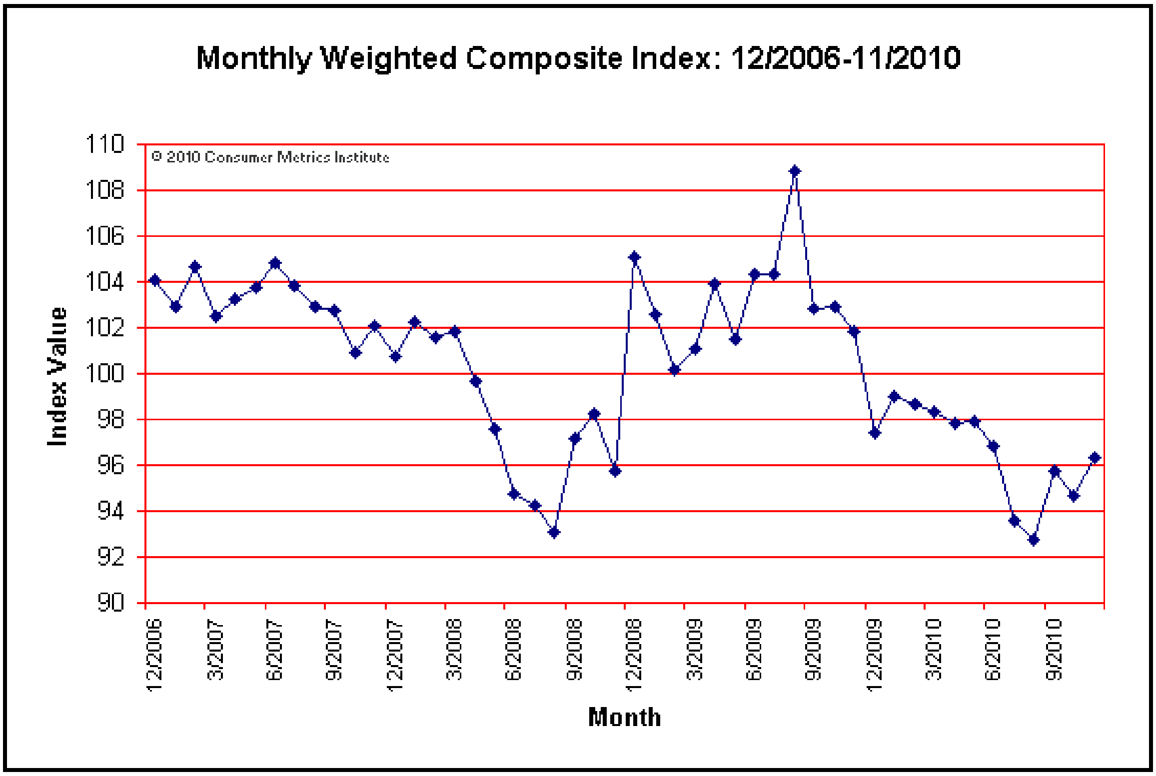
And the same can be said for the longer and broader view of apparel demand:



When we look beyond the froth in the holiday retail data and try to understand the state of the economy, we keep coming back to the residential housing situation:



Although new residential construction only amounts (at best) to perhaps 6% of GDP, the subsequent expenditures for appliances, furnishings and landscaping are key drivers of the discretionary durable goods numbers reflected in our Weighted Composite Index:



Even in the face of a long term secular shift to deleveraging and a new consumer frugality, it is reasonable to expect holiday indulgences as a sort of self-medication for the lingering pains of the recession. Our metrics for the consumer economy as a whole, however, will need more substance than holiday cheer before they return solidly to year-over-year growth.