2006 Holiday Survival Kit

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Holiday Press Section: www.nrf.com/holidays
NRF partners with BIGresearch to provide you with the latest consumer data during the holidays. Here are the tentative release dates for this year’s information.

**September 19:** NRF releases its economic forecast for the 2006 holiday shopping season.

**September 20:** NRF releases its Halloween survey listing average spending for the holiday, total Halloween spending, and ways consumers plan to celebrate this year.

**September 26:** NRF releases a list of the top children’s and top adults’ Halloween costumes for 2006.

**September 29:** NRF media briefing with Vice President of Retail Operations Dan Butler, 1:00 p.m. EST. The topic of the call is “Holiday 101: How and Why Stores Do Everything.” Sign up for the call at [www.nrf.com/pressreg](http://www.nrf.com/pressreg). RSVP required—press and analysts only.

**October 2:** NRF releases its Retail Sales Outlook, written by NRF Chief Economist Rosalind Wells, outlining retail sales expectations for the fourth quarter and retail sales in the first three quarters of 2006.

**October 4:** The first installment of Shop.org’s eHoliday Mood Survey will reveal how much online retailers expect sales to increase this year, when online retailers plan to begin holiday marketing, and what promotions will be popular. (Shop.org is the e-commerce division of NRF.)

**October 13:** September retail sales released.

**October 17:** NRF releases survey results on how much consumers plan to spend on holiday gifts, decorations, greeting cards, candy and food. The survey will also reveal where consumers plan to shop, when they’ll begin their shopping, and what types of gifts they want to receive.

**November 1:** NRF’s first Return Fraud survey is released. The survey, completed by retail executives at NRF
2006 Holiday Release Dates

member companies, will estimate the amount of merchandise returned each holiday season and will also estimate the amount that retailers lose from return fraud each holiday.


November 3: NRF media briefing with Vice President of Loss Prevention Joe LaRocca, 1:00 p.m. EST. The topic of the call is “Fighting Crooks at Christmas: An Inside Look at Popular Holiday Crimes.” Sign up for the call at www.nrf.com/pressreg. RSVP required—press and analysts only.

November 6: NRF releases information on smart holiday shopping tips for customers.

November 7: The Retail Advertising and Marketing Association (RAMA), a division of NRF, will release information about how shoppers feel about retailers’ holiday marketing efforts.

November 13: NRF will release a comprehensive breakout of what types of gifts consumers will be buying, how much shopping they have completed, and payment methods shoppers will use.

November 14: October retail sales released.

November 15: RAMA will release a consumer survey outlining which advertising and promotions will motivate consumers who plan to shop over Thanksgiving weekend.

November 16: NRF releases its fifth annual Top Toy list.

November 17: NRF will release its fourth annual Gift Card survey, estimating the total amount spent on gift cards and profiling which consumers are most likely to purchase gift cards for the holidays.

November 20: Shop.org will release information about what retailers will be doing this year on Cyber Monday to bring shoppers to the web and where Cyber Monday ranked last year for retailers.

November 24: NRF will release a statement from President and CEO Tracy Mullin at 12:00 p.m. EST with anecdotal information about store traffic and sales on Black Friday.

November 26 (Sunday): NRF will release timely, accurate results on where consumers shopped over the Thanksgiving weekend and what they were buying.

November 28: RAMA will release information about what Gen Y wants for Christmas.

December 1: NRF media briefing, 1:00 p.m. EST. Visit www.nrf.com/media for more information about the chosen topic. Sign up for the call at www.nrf.com/pressreg.

December 5: RAMA will release information about what customers think about retailers’ holiday ads.

December 6: The second installment of Shop.org’s eHoliday Mood Survey will provide merchant sales results, a rating of the most popular online promotions, and information about free shipping.

December 11: NRF will release results from its annual customer returns survey with tips for shoppers on the best ways, and times, to return merchandise after the holidays.

December 13: November retail sales released.

December 18: NRF will release information on what consumers have already purchased and how much shopping they have left to complete.

December 19: Shop.org will release the third installment of the eHoliday Mood Survey tracking online retailers’ sentiments about the holiday shopping season.
Holiday 2006 Fast Facts
Monthly Media Briefing Information
NRF offers briefings for press and analysts. For more information, visit www.nrf.com/media.

September 29, 1:00 p.m. EST—Holiday 101: How and Why Stores Do Everything (Speaker: Dan Butler, NRF Vice President of Retail Operations and Merchandising)

November 3, 1:00 p.m. EST—Fighting Crooks At Christmas: An Inside Look at Popular Holiday Crimes (Speaker: Joe LaRocca, NRF Vice President of Loss Prevention)

December 1, 1:00 p.m. EST—Topic to be determined

Forecasts/Sales: Information, Calculations and Definitions

What is NRF’s prediction for holiday growth this year?
NRF is projecting 2006 holiday sales to be 5.0% higher than 2005. If NRF’s 5.0% projection is correct, holiday sales this year would be $457.4 billion.

What percentage of annual sales do the holidays represent?
For many retailers, the holiday season can represent anywhere between 25-40% of their annual sales. Last year, holiday sales represented 19.9% of total retail industry sales (pg. 6). Jewelry stores have the most at stake; last year, holiday sales at jewelry stores represented 32.5% of stores’ annual sales (pg. 7).

How much did holiday sales increase last year?
In 2005, holiday sales grew 6.1% to $435.6 billion, the largest increase since 1999 (pg. 6). 2004 holiday sales were revised slightly downward earlier this year to 6.0% growth.

Why are many of these historical numbers different than last year’s Kit?
Every year, the Department of Commerce revises the past ten years of sales data. These statistics have been completely updated to include those revisions.

What does NRF classify as the “winter holidays”?
NRF tallies total retail industry sales from November and December to determine holiday sales. Holidays during this period include Thanksgiving, Christmas, Hanukkah and Kwanzaa. Last year, according to an NRF survey, 94% of consumers celebrated Christmas, five percent celebrated Hanukkah, and one percent celebrated Kwanzaa.

How does NRF define “retail industry sales”? 
Retail industry sales include most retail sales categories such as discount stores, department stores, grocers, specialty stores, etc. Retail industry sales exclude sales at automotive dealers, gas stations and restaurants. Online sales are tallied separately due to a lag in reporting by the Commerce Department.

Will NRF change its holiday forecast throughout the course of the holiday season?
While we reserve the right to change our forecast at any time, NRF rarely revises its forecast. Last year, we raised our forecast midseason when sales were better than expected and in 2001 we lowered our forecast. At this time, however, we have no plans to change our forecast for 2006.

NRF Holiday Surveys Information

How do NRF’s surveys differ from its forecast?
NRF’s holiday sales forecast is based on an economic model using indicators like housing data, unemployment and previous monthly retail sales reports. NRF’s holiday surveys, conducted by BIGresearch, are monthly surveys that thousands of Americans complete. These surveys provide a snapshot of what consumers say they plan to do for the holiday season. This is the fifth holiday season that NRF has worked with BIGresearch on holiday data.
Holiday 2006 Fast Facts

Where can I find the complete results and historical data from NRF consumer surveys?
NRF posts the complete results from its consumer surveys at www.nrf.com/holidays. When possible, the information is broken out by age, gender and region of the country.

How much do people spend on gift cards during the holiday season?
NRF has been asking consumers how much they spend on gift cards since 2002. Last year, consumers spent $18.48 billion on gift cards during the holidays, up 6.6% from 2004. This year’s data will be released November 17.

What do consumers think about retailers’ return policies?
According to NRF’s third annual Returns survey, conducted last holiday season, nearly 90% of shoppers think return policies are fair. Nearly half of consumers last year said they include a gift receipt or the original receipt most or some of the time when giving a gift. This year’s survey will be released on December 11.

Retail Holiday Terms

Why is the day after Thanksgiving referred to as “Black Friday”?
Traditionally, the day after Thanksgiving was the day of the year that retailers went from being “in the red” (in debt) to being “in the black” (making a profit). Today, Black Friday is known to consumers as the ceremonial kickoff to the holiday shopping season, an important day for retailers to bring shoppers into their stores with sales and promotions. While important, Black Friday is rarely the busiest shopping day of the year.

What is “Cyber Monday”?
Cyber Monday is online retail’s equivalent to Black Friday: a term used for the Monday after Thanksgiving when e-commerce traffic and sales increase. Retailers have found that many consumers, who were too busy to shop over the Thanksgiving weekend or did not find what they were looking for, headed to the web on Monday from home or work to find bargains. Many online retailers see sales spikes on Cyber Monday but, like Black Friday, it is rarely the busiest online shopping day of the year. Though the phrase was created by NRF division Shop.org, the term was coined based on a clear consumer trend that retailers began to recognize.

Retail Operations Data

How many employees do retailers typically hire during the holiday season?
Last year, retailers hired an additional 629,000 workers during the holiday season, nearly 20% more people than they hired the previous year (pg. 10).

How much money do retailers lose each year from shoplifting?
In 2004, the most current year available, retailers lost $12.2 billion due to shoplifting and another $17.8 billion from employee theft (pg. 11).

Why have retailers changed their return policies?
Some retailers make return policies more lenient during the holiday season, understanding that there may be a lag time between when a gift is purchased and then received. However, many retailers have also begun to change their return policies to account for an increase in return fraud. NRF will be releasing a comprehensive survey on Nov. 1 that will outline the problem and give information on how much return fraud costs retailers and shoppers.

Online Sales Information

What is the best way to monitor online holiday sales throughout the holiday season?
Department of Commerce data on online shopping typically lags behind reporting of traditional retail sales by a month or more. The best way to monitor online holiday trends is through Shop.org’s eHoliday Mood Survey, an annual four-part survey conducted in partnership with BizRate (for release dates, see page 3). For information on online sales in different product categories, Nielsen/NetRatings and comScore release regular sales updates.
## Holiday Retail Sales, 1994-2005

### Holiday Retail Sales, 1994-2005

<table>
<thead>
<tr>
<th>Year</th>
<th>Holiday Retail Sales (in billions)</th>
<th>Annual Retail Industry Sales</th>
<th>Holiday Sales as a % of Industry Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>$435.59</td>
<td>$2,186.66</td>
<td>19.92%</td>
</tr>
<tr>
<td>2004</td>
<td>$410.49</td>
<td>$2,066.97</td>
<td>19.86%</td>
</tr>
<tr>
<td>2003</td>
<td>$387.16</td>
<td>$1,946.79</td>
<td>19.89%</td>
</tr>
<tr>
<td>2002</td>
<td>$368.77</td>
<td>$1,873.75</td>
<td>19.68%</td>
</tr>
<tr>
<td>2001</td>
<td>$364.12</td>
<td>$1,818.44</td>
<td>20.02%</td>
</tr>
<tr>
<td>2000</td>
<td>$352.16</td>
<td>$1,760.53</td>
<td>20.00%</td>
</tr>
<tr>
<td>1999</td>
<td>$344.20</td>
<td>$1,678.30</td>
<td>20.51%</td>
</tr>
<tr>
<td>1998</td>
<td>$318.42</td>
<td>$1,571.43</td>
<td>20.26%</td>
</tr>
<tr>
<td>1997</td>
<td>$300.87</td>
<td>$1,492.74</td>
<td>20.16%</td>
</tr>
<tr>
<td>1996</td>
<td>$287.20</td>
<td>$1,425.41</td>
<td>20.15%</td>
</tr>
<tr>
<td>1995</td>
<td>$277.33</td>
<td>$1,356.66</td>
<td>20.44%</td>
</tr>
<tr>
<td>1994</td>
<td>$268.96</td>
<td>$1,299.91</td>
<td>20.69%</td>
</tr>
</tbody>
</table>

### Holiday Retail Industry Sales Increases

- **1999**: Year of the highest holiday sales increase in the past decade.
- **2002**: Year of the lowest holiday sales increase in the past decade.

*Source: National Retail Federation (NRF); derived from U.S. Department of Commerce data*
# Holiday Retail Sales by Sector

## 2005 Holiday Sales by Sector (in millions)

<table>
<thead>
<tr>
<th>Spinners &amp; Accessories Stores</th>
<th>Holiday Sales</th>
<th>Total Sales</th>
<th>Percentage of Annual Sales During Holidays</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount Stores</td>
<td>$ 30,909</td>
<td>$ 133,645</td>
<td>23.1%</td>
</tr>
<tr>
<td>Department Stores</td>
<td>$ 53,390</td>
<td>$ 220,305</td>
<td>24.2%</td>
</tr>
<tr>
<td>Clothing &amp; Accessories Stores</td>
<td>$ 48,919</td>
<td>$ 201,682</td>
<td>24.3%</td>
</tr>
<tr>
<td>Jewelry Stores</td>
<td>$ 9,209</td>
<td>$ 28,328</td>
<td>32.5%</td>
</tr>
<tr>
<td>Sporting Goods, Book, Hobby, &amp; Music Stores</td>
<td>$ 19,734</td>
<td>$ 81,853</td>
<td>24.1%</td>
</tr>
<tr>
<td>Electronics &amp; Appliances Stores</td>
<td>$ 23,334</td>
<td>$ 100,440</td>
<td>23.2%</td>
</tr>
<tr>
<td>Furniture &amp; Home Furnishings Stores</td>
<td>$ 22,089</td>
<td>$ 111,293</td>
<td>19.8%</td>
</tr>
<tr>
<td>Warehouse Clubs &amp; Superstores</td>
<td>$ 55,454</td>
<td>$ 270,771</td>
<td>20.5%</td>
</tr>
<tr>
<td>Building Equipment &amp; Supplies Stores</td>
<td>$ 53,082</td>
<td>$ 326,993</td>
<td>16.2%</td>
</tr>
<tr>
<td>Food &amp; Beverage Stores</td>
<td>$ 93,079</td>
<td>$ 519,292</td>
<td>17.9%</td>
</tr>
<tr>
<td>Electronics Shopping &amp; Mail Order Houses</td>
<td>$ 34,761</td>
<td>$ 161,578</td>
<td>21.5%</td>
</tr>
<tr>
<td>Health &amp; Personal Care Stores</td>
<td>$ 37,545</td>
<td>$ 208,376</td>
<td>18.0%</td>
</tr>
</tbody>
</table>

## Statistics

- **1/3**
  - Amount of annual jewelry store sales that occur during the holidays

- **3 in 4**
  - Number of women who shopped at a discount store for holiday merchandise last year

- **85%**
  - Percent of consumers who bought and sent greeting cards last year during the holidays

Source: National Retail Federation (NRF); derived from U.S. Department of Commerce data. Consumer data conducted in 2005 by BIGresearch for NRF.
2005 NRF Holiday Research Results

When Consumers Start Holiday Shopping

- **October 18.5%**
- **November 37.4%**
- **First 2 weeks of December 17.7%**
- **Last 2 weeks of December 4.8%**
- **Before September 15.3%**
- **September 6.3%**

Percentage of people who started holiday shopping last year before Halloween

40%

$33.42
Average amount of each gift card purchased last holiday season

12.4%
Percentage of people who had completely finished their holiday shopping ten days before Christmas

Last year, the average person spent:
- $421.30 on family gifts
- $78.99 on gifts for friends
- $21.05 on co-workers’ gifts
- $44.16 on other gifts

$86.62
The average amount people spent on themselves last holiday season

Source: Conducted by BIGresearch for the National Retail Federation. For specific stats and sourcing information, visit www.nrf.com/holidays.
The first wave of Shop.org’s 2006 eHoliday Mood Survey will be released on October 4.

Conducted by BizRate Research for Shop.org. Shop-at-work stat from BIGresearch.
## Retail Employment

### Number of Holiday Hires, 1995-2005

<table>
<thead>
<tr>
<th>Year</th>
<th>Average Monthly Employment</th>
<th>Average Monthly Holiday Employment</th>
<th>Number of Holiday Hires</th>
<th>% Increase in Holiday Employees vs. Jan-Oct</th>
<th>Year-Over-Year Holiday Employment Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>15,150,000</td>
<td>15,779,000</td>
<td>629,000</td>
<td>4.15%</td>
<td>19.96%</td>
</tr>
<tr>
<td>2004</td>
<td>15,034,700</td>
<td>15,559,050</td>
<td>524,350</td>
<td>3.49%</td>
<td>7.33%</td>
</tr>
<tr>
<td>2003</td>
<td>14,917,300</td>
<td>15,405,850</td>
<td>488,550</td>
<td>3.28%</td>
<td>8.24%</td>
</tr>
<tr>
<td>2002</td>
<td>15,025,100</td>
<td>15,476,450</td>
<td>451,350</td>
<td>3.00%</td>
<td>12.14%</td>
</tr>
<tr>
<td>2001</td>
<td>15,238,600</td>
<td>15,641,100</td>
<td>402,500</td>
<td>2.64%</td>
<td>-34.93%</td>
</tr>
<tr>
<td>2000</td>
<td>15,279,800</td>
<td>15,898,400</td>
<td>618,600</td>
<td>4.05%</td>
<td>-9.67%</td>
</tr>
<tr>
<td>1999</td>
<td>14,970,100</td>
<td>15,654,950</td>
<td>684,850</td>
<td>4.57%</td>
<td>7.31%</td>
</tr>
<tr>
<td>1998</td>
<td>14,609,300</td>
<td>15,247,500</td>
<td>638,200</td>
<td>4.37%</td>
<td>-1.48%</td>
</tr>
<tr>
<td>1997</td>
<td>14,388,900</td>
<td>15,036,700</td>
<td>647,800</td>
<td>4.50%</td>
<td>-4.45%</td>
</tr>
<tr>
<td>1996</td>
<td>14,142,500</td>
<td>14,820,500</td>
<td>678,000</td>
<td>4.79%</td>
<td>19.47%</td>
</tr>
<tr>
<td>1995</td>
<td>13,896,700</td>
<td>14,464,200</td>
<td>567,500</td>
<td>4.08%</td>
<td>N/A</td>
</tr>
</tbody>
</table>

### Additional Statistics

- **27.9%** Percentage of retail employees with a college degree
- **12.5%** Average percent that department stores increase staffing levels during the holiday season
- **$15.47** Average hourly compensation for non-supervisory retail employees, including benefits

Source: National Retail Federation. Derived from Bureau of Labor statistics data
Loss Prevention Information

- **Employee Theft**: 47.6%
- **Shoplifting**: 32.6%
- **Vendor Fraud**: 5.1%
- **Administrative & Paperwork Error**: 14.7%

**81%**
Percentage of retail executives who say their company has been a victim of organized retail crime

**67%**
Percentage of executives who say they have recovered stolen merchandise or gift cards on eBay or other online auction sites

### Amount of Retail Shrinkage (in billions)

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Employee Theft</td>
<td>$17.80</td>
<td>$14.60</td>
<td>$15.81</td>
<td>$15.02</td>
</tr>
<tr>
<td>Shoplifting</td>
<td>$12.20</td>
<td>$10.50</td>
<td>$10.77</td>
<td>$10.02</td>
</tr>
<tr>
<td>Administrative &amp; Paperwork Error</td>
<td>$5.50</td>
<td>$4.30</td>
<td>$5.05</td>
<td>$4.70</td>
</tr>
<tr>
<td>Vendor Fraud</td>
<td>$1.90</td>
<td>$1.60</td>
<td>$2.02</td>
<td>$1.57</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$37.40</strong></td>
<td><strong>$31.00</strong></td>
<td><strong>$33.64</strong></td>
<td><strong>$31.31</strong></td>
</tr>
</tbody>
</table>

NRF’s first Return Fraud survey, completed by executives of NRF member companies, will estimate the amount of merchandise returned each holiday season and also identify the amount that return fraud costs retailers—and customers—each year. Look for the survey on November 1.