

Christmas trading 2011 - 'a lot better than feared' reports Mintel

By [Mintel Oxygen reports](#)

10 Nov 2011

LONDON, UK: With Christmas 2011 fast approaching, [new research from Mintel](#) reveals a little more Christmas cheer than first envisaged. Indeed, the company expects retail sales growth of between 4% and 5% in December 2011 and as much as 1% of that could be real volume growth.



Three main factors are behind this upbeat forecast:

1. The company's Tracker research shows that people plan to spend more
2. Retail sales have been very strong and there is no likelihood that they will weaken significantly in the last three months of the year.
3. The comparison with last year's bad weather is not demanding.

Richard Perks, director of Retail at Mintel, said: "Retail sales have remained strong because people have been most reluctant to cut back on food and clothing. So they have been prepared to absorb the high rates of inflation in those two sectors in order to maintain their lifestyles and they have cut back even harder elsewhere."

"This is good news for retailers. They went into 2011 in a very cautious mood. Faced with the consumer squeeze and rising unemployment they took a very prudent view of the prospects for Christmas. They are, therefore, likely to be short of stock. That may not be ideal, but it means they should achieve a relatively high rate of full price sales. Only the major underperformers are likely to be 'on sale' before Christmas."

Mintel's Economic Tracker

Latest research from Mintel reveals that consumers are set to increase their spending over the next three months boosting Christmas spend for 2011 after very weak demand in the last three months.

16% of consumers are planning to buy electrical equipment over the next three months, up from 12% in August.

29% are planning to buy new clothes, up from 21% last month.

Against that there is a small increase in the numbers planning to save - but consumers always like to claim they are about to be more virtuous.

But while things are looking better than first envisaged for Christmas 2011, the weather can play a major part in sales performance.

"This forecast is on the assumption that we don't have another harsh December. Last December Britain experienced very bad weather. Retail sales growth was limited to just 2.0% (and volumes fell by 0.4%). The bad weather cost at least 1% point of growth and possibly 1.5%." Richard continues.

And it seems that the trend towards Christmas shopping online is set to continue.

"Online is an increasingly important part of Christmas retail sales. With the majority of online sales through the websites of the major high street or catalogue retailers, the move online is, therefore, not a bad thing for the market leaders, in fact it is likely to strengthen their position in the marketplace. Richard adds.

Eat, drink and be merry for tomorrow we...

"It's hard to be optimistic about 2012. The negative factors in 2011 will continue - rising unemployment and squeezed incomes. Volume sales will be weak and there is a real possibility of a retail recession - something we have, so far, not experienced since the downturn started in Spring 2008." Richard concludes.

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