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**PRESS RELEASE**  
**FOR IMMEDIATE RELEASE**

**Brand Keys Predicts Six Percent Increase in Holiday Retail Sales,  
75% of Shoppers Still Wait for Sales, Service, and Value-for-Dollars**

**NEW YORK NY November 5, 2012** - Retailers are already working hard to guarantee their share of a projected six percent increase to \$870.00 in 2012 holiday spending, double that of 2011, as identified in a survey by Brand Keys, Inc. [www.brandkeys.com](http://www.brandkeys.com), a New York City-based brand and customer loyalty research consultancy.

**Methodology**

Brand Keys conducted interviews with 16,200 consumers in the nine US census regions during the second half of October in regard to their anticipated holiday spending attitudes and planned activities.

**Holiday Spending**

Consumers indicated that they are going to be quietly conservative. Seventy percent (the same as 2012) indicated the economy still impacts their holiday spending plans, confirming a trend Brand Keys has observed. “No matter how much consumers spend, the time-honored ‘price-value’ equation retailers have relied on for decades has been transformed by the economy, in-market experience, consumer expectations and digitally- connected smartphone-armed consumers, morphing into a ‘value-for-dollar’ doctrine,” noted Brand Keys president Robert Passikoff.

“The retail brand, and what it stands for, still remains a surrogate for added-value. Retailers who understand consumer expectations and know how to address them will see higher profits. Unfortunately, most retailers think offering lower prices earlier will do it for them,” said Passikoff.

**Two-thirds of Shoppers Seek Sales. . . Deals before Brands**

Retailers are already offering sales and discounting. “But discounting is the price-of-entry year-round. Shoppers are looking at a brands + deal equation. Sixty percent (60%) indicated they are going to rely upon price comparison apps and ‘showrooming’ to find the best deals. More than half (56%) indicated that they are going to rely on traditional and electronic coupons and promotions,” noted Passikoff. “Nearly everyone (92%) believes retailers will always find a better deal to offer shoppers.”

**Majority of Shoppers Still Waiting for the “Real Holidays”**

Capitalizing upon a slower economy, along with low-lower-lowest sales offers, some retailers have tried to induce shoppers to shop – and commit – earlier by offering lay-away plans.

Only 24% of shoppers surveyed indicated that they started shopping for the holidays in October. “But the majority of shoppers are still waiting for what they see as the ‘traditional’ holiday shopping period,” said Passikoff, “Just because retailers began advertising and decorating stores for the holidays well before Halloween doesn’t mean consumers are shopping earlier. Some early shopping is driven by consumers who have learned that tighter retailer inventory control has increased the chances if they wait too long, the products may not be available,” noted Passikoff.

But 40 percent of prospective shoppers indicated that they are only going to begin shopping in November, and most of those consumers (32%) are waiting for the traditional Thanksgiving Black Friday, and Cyber Monday sales. Almost ten percent of shoppers (9%) indicated they will wait until the last two weeks of December to shop. Thirty-six percent (36%) of shoppers indicated they will wait until December to shop. “A combination of consumers looking for the very best of deals and shoppers who are just perennially late,” said Passikoff. “The feeling is by December the best deals will have risen to the top.”

**Consumers Don’t Want to Ignore the Holidays**

“With an increase over last year, and holiday spending moving in an upward direction, the seriousness of an election year can help drive the desire to celebrate the holidays,” said Amy Shea, Brand Keys executive vice president of global brand development. “The holidays provide a traditional ‘reason to give’ to family and friends, the importance of whom becomes especially clear after major challenges, part and parcel of any presidential election.”

**Where Will People Spend Their Money?**

Consumers indicated that they *would* use the full range of retail channels. “More shoppers say they’ll go online this holiday season,” said Shea, “a continuing trend. Eventually every shopper will at one time or another during the Season of Giving. And, given that consumers are more discriminating when it comes to bricks-and-mortar stores, they will look for higher levels of customer service and a more resonant shopping experience.

“Many retailers have already made free shipping a price-of-entry offer, and the smart ones offer free returns, as well. To be successful, off-line retailers need to deliver on the shopping experience this season – as many shoppers associate holiday shopping with part of the seasonal celebration,” said Shea. “Not all people find going to stores onerous. But when it gets cumbersome, dull and difficult, people find greater value in shopping online. Retailers that can deliver delight in the store experience will find loyal customers.”

Fifteen percent (15%) of shoppers (up from 10% last year) indicated customer service and the shopping experience can be a real differentiator in where they shop, “a continuing trend we’ve seen in the Brand Keys Customer Loyalty Engagement Index,” noted Passikoff. “People want more service and an enhanced shopping experience. Retailers who deliver see more sales, higher loyalty, and increased profits.”

There were virtually no changes in where consumers plan to shop this year versus last.

	<b>2012</b>	<b>% Change From 2011</b>
Discount Dept. Stores	90%	---
Traditional Dept. Stores	70%	---
Online	97%	---
Specialty & Clothing Stores	40%	+ 4%
Catalogue	68%	- 4%

Location and value are still the key consumer engagement and loyalty drivers for the retail category. “But *Merchandise Range*, *Store Reputation*, and especially *Shopping Experience*, play a larger role in engaging customers and generating sales,” said Shea.

“Specialty stores have somewhat greater control over those elements, and they’ve learned how to discount and promote competitively like other platforms without significant loss of brand values, which is why that channel’s numbers are directionally up this year.”

**On What Will This Money Be Spent?**

“Shopper responses were similar to last years’ intended purchases. There are always gift cards,” noted Passikoff. “Virtually everyone gets one. But personal care products and services showed returned to the list last year in a meaningful way and are up again this year, along with a strong increase in Electronics, both good indicators that the desire for discretionary spending, is there.”

Sales of CDs and DVD, and traditional books, continue their downward trend. Jewelry and Home Décor remain flat, but other all purchase categories are up from last year.

	<b>2012</b>	<b>% Change From 2011</b>
Gift Cards	93%	+ 1%
Clothing & Accessories	75%	+ 5%
Electronics/Computers/Phones	60%	+10%
CDs/DVDs/Video Games	30%	- 10%
Jewelry	18%	-----
Personal Care Products/Services	30%	+ 8%
Food & Wine	20%	-----
Books	5%	- 5%
Home Décor	10%	-----

“Consumer expectations are up – regarding value-for-dollar, shopping experience, and an increased level of mobile consumer outreach,” said Passikoff. Retailers who can factor all that into their branding and marketing will find gifts of their own as loyal and engaged customers better their bottom lines. And these days, that’s a cause for celebration for any retailer.”

**Brand Keys ([BrandKeys.com](http://BrandKeys.com))** is the only research consultancy that specializes in **customer loyalty**, providing brand-equity measures that accurately predict future consumer behavior. These measures enable companies to anticipate every shift in a rapidly changing marketplace and to better engage customers.

Contact: VISIBILITY  
Len Stein  
cell 914 527 3708  
[LenS@VisibilityPR.com](mailto:LenS@VisibilityPR.com)