The Florida Retail Federation in conjunction with the Miller Center for Retailing Education and Research at the University of Florida has inaugurated a quarterly report on the retail outlook in the state of Florida. The data from this initial report will be used to develop the Florida Retail Index (FRI). The index will provide a benchmark for comparing the outlook of retailers quarter by quarter.

This first report provides the views collected from telephone interviews with 161 retailers concerning their store activities and sales in the state of Florida. Local, regional, and national retail companies participated in a telephone survey administered during the first ten working days of October 2002. The regional and national retailers expressed their views only about their Florida operations. The survey was conducted by the Bureau of Economic and Business Research at the University of Florida.

**Outlook on Sales for Fourth Quarter 2002**

The national/regional and local retailers surveyed have a relatively positive outlook concerning their sales for the fourth quarter 2002. About 50% anticipate sales being greater than they were during the fourth quarter of 2001, while less 20% expect sales to be less than the fourth quarter of 2001. (Chart 1) This generally positive outlook is also reflected when retailers were asked for their estimate of Christmas holiday sales compared to last year. (Chart 3) Over 60% of the local and national retailers felt their holiday sales would be greater this year than last year while about a third of the local retailers and a tenth of the national retailers anticipated less sales this Christmas season.

In the survey, retailers indicate that the post-holiday sales play an important role and plan to take advantage of this opportunity. About half of the national retailers surveyed are planning post-holiday promotions while about one-third of the local retailers are anticipating these promotions.

**Expenditure on Inventory, Employees, and Advertising**

Consistent with the relatively optimistic outlook for Florida retail sales, particularly among the local retailers, more local retailers are increasing their inventory levels for the Christmas season compared to last Christmas season. (Chart 4) Over 30% of the local retailers plan to have more inventory than last year, while 20% plan to have less. On the other hand, the national retailers are planning to have the same inventory levels as last year.

The average sales increase expected by the national/regional retailers compared to fourth quarter 2001 is 5.5%, while the local retailers expected to see a 9.3% growth in sales. (Chart 2)

Florida Retailers Optimistic About 2002 Holiday Season
expenses. (Chart 5) The majority of the local retailers plan on spending the same amount on advertising with slightly more planning on increases compared to those planning on decreases.

While retailers anticipate somewhat greater inventory levels and advertising expenditure, they are not planning to have more employees working in Florida stores than they had last year. Three-quarters of the national retailers anticipate about the same number of employees while one-quarter are planning on fewer employees. (Chart 6)

Even though unemployment levels are increasing, local retailers indicate they are finding it more difficult to hire qualified employees to work in their stores this year compared to last year. (Chart 7) However, national retailers do not seem to have this problem.

Alternative Economic Forecast for Florida Retail Sales

The sales forecast in this report is based on the anticipated sales reported by 2000 retailers operating in Florida. However, there are alternative forecasts based on past retail sales and the effects of the economy on retail sales. For example, Economy.com projects only a 2.6% growth in Florida retail sales in the 2002 fourth quarter compared to 2001 fourth quarter. On the other hand, Carl Steidmann, Chief Economist for Deloitte Research predicts retail sales will increase by 6.32%.

“Consumers are reaching into their pockets and discovering that they have more money to spend,” Steidmann said.

Retailing and the Holiday Season

• Mall-based retailers typically make over 25% of their annual sales during November and December – about 60% higher than any other two month period in the year.
• While many people think that the day after Thanksgiving is the busiest shopping day during the year, the highest retail sales day in the year is typically the Saturday before Christmas.
• The top ten shopping days during the year are all in December.
• Most malls begin decorating for Christmas on November 1 and it typically takes them a week to complete the decorations. Malls spend over $20,000 on holiday decorations.