Retailers’ Expectations Hold Steady

The Florida Retail Index for the 3rd Quarter 2005 remained steady at 56.1, with a cautious sales outlook by large retailers and fears of higher gas prices tempering overall optimism about Florida’s business climate. For the 3rd Quarter, retailers are forecasting a modest 3.5-percent median increase in sales over the same quarter last year.

Of the retailers surveyed, 71 percent said that the overall business climate in Florida would be better in the coming quarter than in the same quarter last year. Forty-five percent said sales would be greater, 29 percent would have greater inventory, 21 percent planned to do more advertising, and 18 percent were adding employees.

However, 66 percent of the retailers surveyed indicated that higher gas prices have had a negative impact on their sales.

Back-to School Sales Tax Holiday

The back-to-school shopping season is traditionally the focal point of retailers’ 3rd Quarter sales. For the second year in a row, Gov. Bush and the Florida Legislature have enacted a sales tax holiday for families shopping for back-to-school merchandise. The 2005 Sales Tax Holiday will begin at 12:01 a.m., July 23, and end at midnight, July 31.

This year, the annual break on Florida’s sales tax will be applied to:

- Clothing and related items with a sales price of $50 or less
- Books with a sales price of $50 or less
- School supplies with a sales price of $10 or less

About one in five retailers reported back-to-school sales as being important to their business, and a majority of these retailers reported that they planned special promotions to coincide with Florida’s sales tax holiday. The most common promotions that retailers were planning included:

- Putting back-to-school items on sale – 67 percent
- Adding inventory – 48 percent
- Posting back-to-school signage – 38 percent

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Back-to-school advertising – 29 percent
Extended hours – 17 percent
Hire more employees – 17 percent

Florida Retail Index Remains the Same as Last Quarter
The Florida Retail Index for the 3rd Quarter of 2005 was 56.1, virtually the same as last quarter. The Index component for larger retailers has traditionally been higher than the component Index for smaller retailers. However, in the 2nd and 3rd Quarters 2005, the Index for large and small retailers was about the same.
The 3rd Quarter 2005 Florida Retail Index is based on a survey of 145 Florida retailers between July 1 and July 17, and ranges from 0 to 100 to indicate the percent of retailers feeling that their retail environment will be better in the coming quarter compared to the same quarter last year. To produce the composite Index, retailers are asked a series of questions about their forecast sales, hiring, advertising and other business activities, and the results are collated.

Expectations Increase in Panhandle and Miami/Ft. Lauderdale
In terms of geographical differences, the only changes were increased expectations in Miami/Ft. Lauderdale and the Panhandle. The improving expectations in Miami/Ft. Lauderdale is primarily due to forecasted increases in sales and consumer spending in general and anticipated increases in advertising. The improving expectations in the Panhandle were attributable to planned increases in inventory and advertising and hiring more employees.

Consumer Confidence May Dip in July
According to latest results from the University of Florida Survey Research Center, consumer confidence among Floridians jumped six points in June, rising from 91 in May to 97. However, University of Florida researchers were predicting consumer confidence in July to fall somewhat as the price of gasoline was expected to rise.

Early Look at Christmas
The Christmas season accounts for 40 percent of most retailers’ annual sales. 44% of the retailer surveyed think this coming Christmas season will be better than last year and 55 percent think it will be the same.

For more information, contact FRF President & CEO Rick McAllister at (850) 222-4082, or visit our Web site at www.frf.org.