

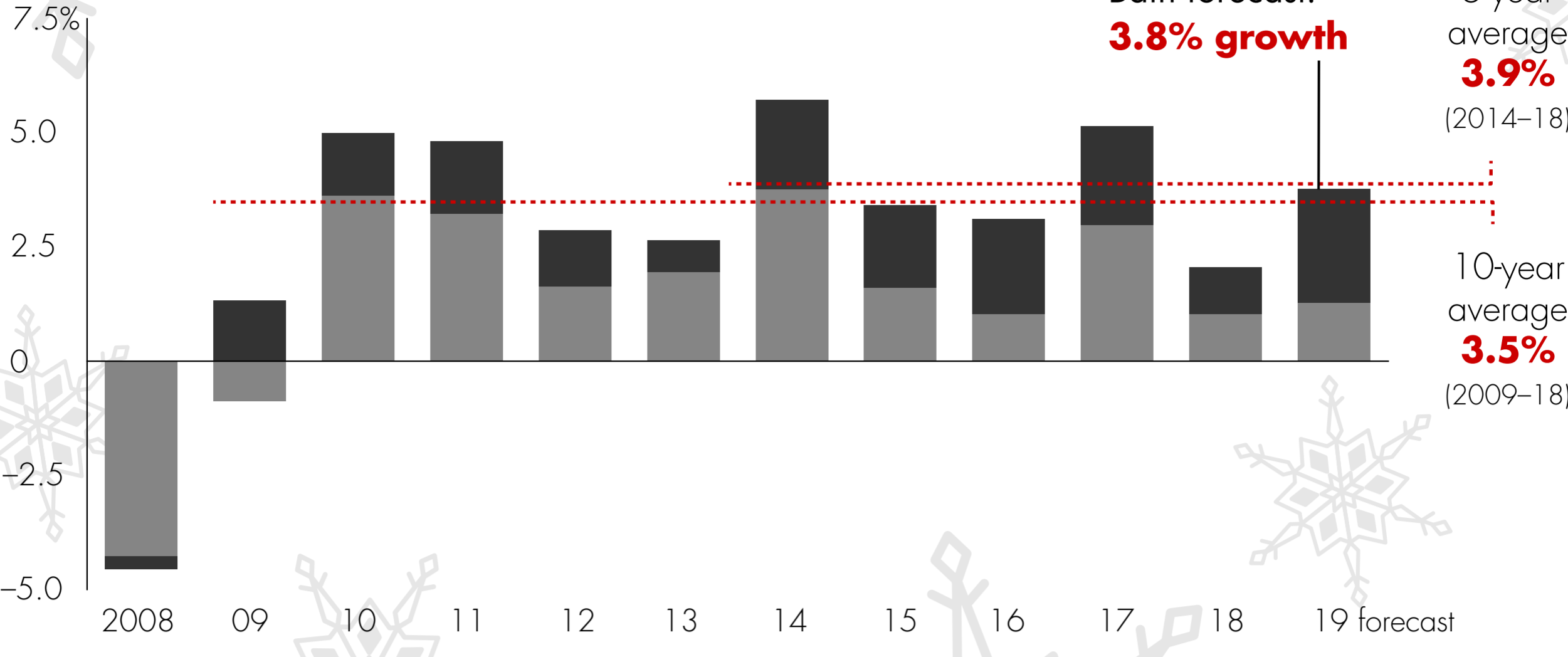
2019 Holiday Shopping Outlook

Will it truly be the most wonderful time of the year? Bain unwraps this year's forecast amid mixed macroeconomic indicators.

Bain expects holiday sales to grow by 3.8%

This is significantly above last year's 2.1%, and in line with the five-year average of 3.9%

Holiday season sales growth



Where will consumers shop?

Digital-savvy shoppers will propel double-digit e-commerce growth

Forecasted e-commerce holiday sales | Share of total forecasted holiday sales | Anticipated holiday sales growth | 2018 holiday sales growth

\$130B

19%

15%

11%

Store sales are likely to outpace last year's growth

Forecasted in-store holiday sales | Share of total forecasted holiday sales | Anticipated holiday sales growth | 2018 holiday sales growth

\$550B

81%

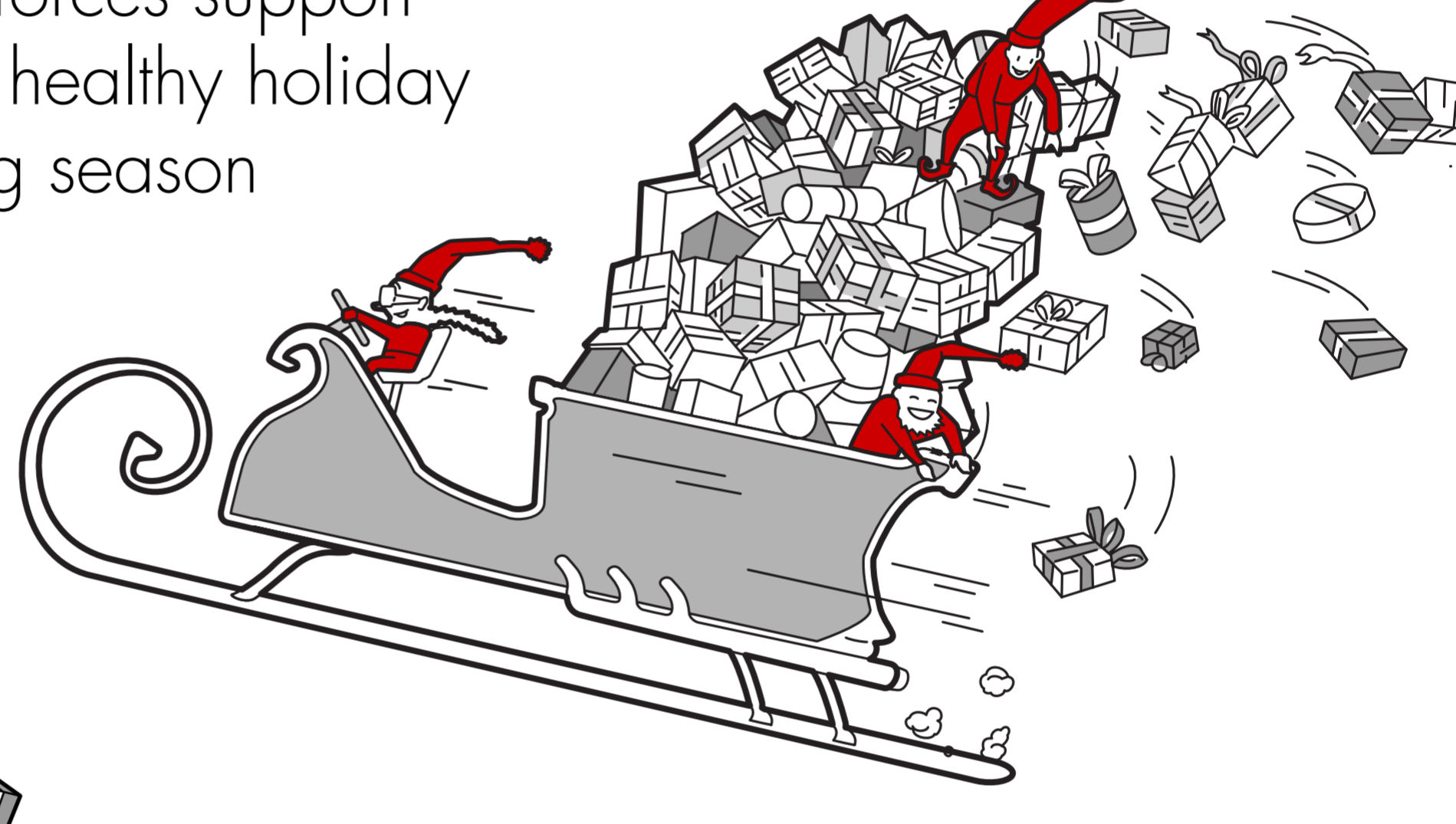
1.6%

1.3%



It's beginning to look a lot like strong sales ...

Four positive forces support prospects for a healthy holiday shopping season



Modest inflation

A 2.4% rise in the Consumer Price Index likely won't hinder shoppers, and the higher prices could boost total sales.



Increasing sales momentum

Sales growth has picked up in recent months, just in time for the holidays.



More to spend

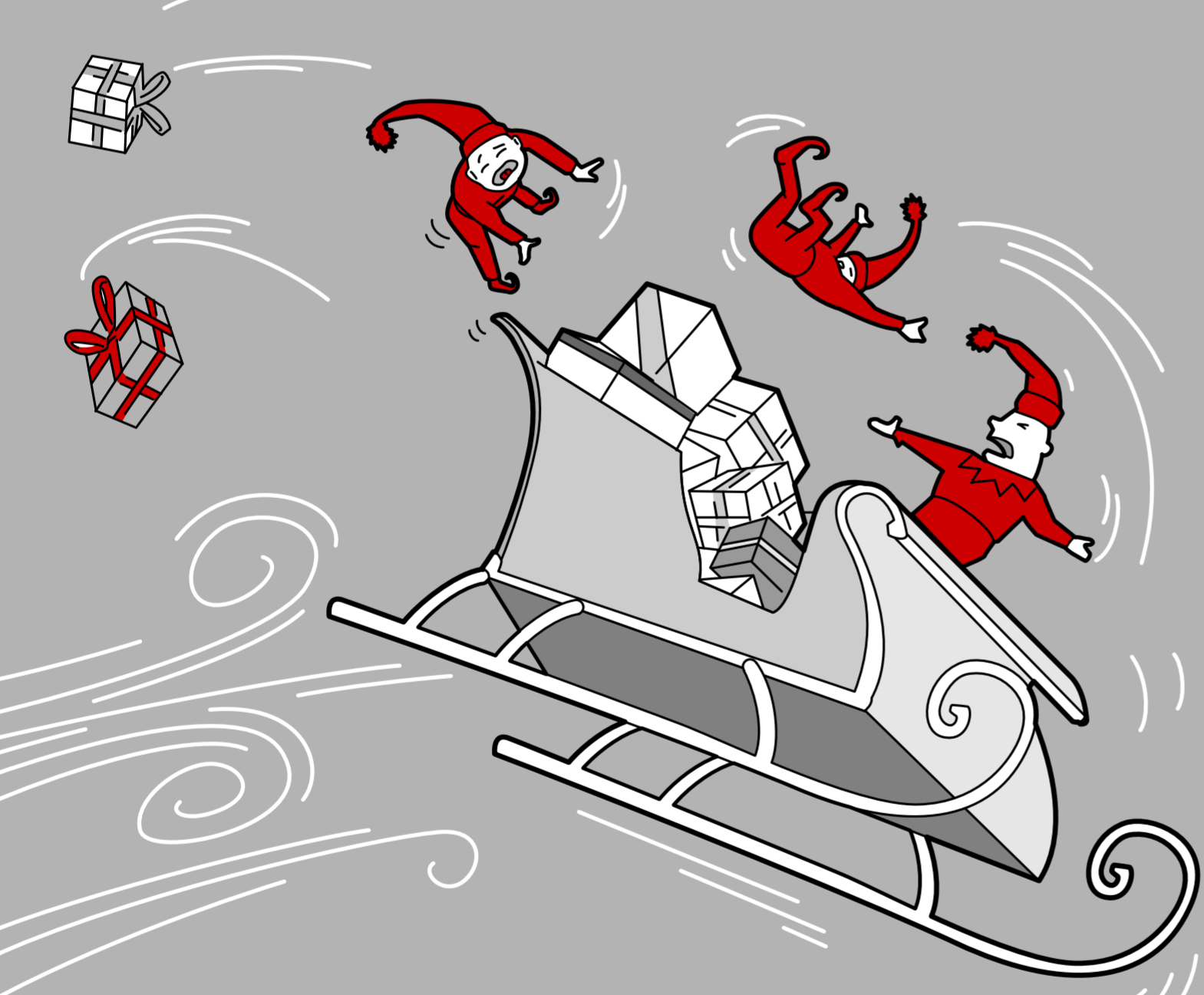
Disposable personal income is up 4.5% vs. last year.



Low unemployment

The jobless rate fell to 3.5%, its lowest reading since 1969. More consumers will have money to spend.

... but there are headwinds at play



Tariff uncertainty

The additional scheduled tariffs on \$150 billion of Chinese goods may deter some holiday shoppers.

Waning consumer confidence

The University of Michigan Consumer Sentiment Index hit 93.2 in September, well below last year's mark of 100.1. Pessimistic consumers may spend less.

Stock market volatility

Increasingly volatile equity markets could dampen holiday spending.

Limited time

A late Thanksgiving gives consumers just 26 days to shop until Christmas.

What's In Store?

While the outlook seems merry and bright, winning retailers will keep four challenges top of mind

- ▶ Adapting to the evolving customer journey, from home delivery to buying online for in-store pickup
- ▶ Keeping pace with customer expectations for seamless omnichannel experiences
- ▶ Building a more flexible supply chain to deliver on the customer promise
- ▶ Disrupting, rather than being disrupted, in an Amazon world

Notes: We define US retail sales as in-store and nonstore (e-commerce and mail order), excluding sales by auto and auto parts dealers, gas stations and restaurants; holiday season is November and December; 2019 growth rates are Bain's forecasts; growth represents year-over-year (YOY) change in US market only; disposable personal income data reflects nominal YOY growth, August 2018–August 2019



Read more:

[Bain's Retail Holiday Newsletter](#)

www.bain.com/holiday

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