

US retail sales plunge during “Black Friday” weekend

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The five-day shopping period from November 27 through December 1, including Thanksgiving and the relentlessly promoted “Black Friday,” “Small business Saturday” and “Cyber Monday,” will turn out to be a bust in 2014, according to estimates by the National Retail Federation. The drop in holiday sales reflects the fact that the disposable incomes of working-class households continue to stagnate and decline, despite a raging stock market and record corporate profits.

A preliminary survey by the National Retail Federation, released Sunday, projected sales for the five-day period, viewed as the kickoff of the Christmas shopping season, falling by 11 percent, from \$57.4 billion in 2013 to \$50.9 billion this year. Sales fell despite an avalanche of advertising linked to deep discount pricing and earlier opening times for stores on both Thanksgiving Day and Black Friday.

The debacle on Black Friday was quite noticeable in terms of traffic volume. In previous years, freeway interchanges near major malls have been gridlocked by people seeking early purchases. There was no such phenomenon recorded this year, with light traffic on roads and parking places available at most malls.

Matthew Shay, president and CEO of the National Retail Federation (NRF), said the results could show “there are a significant number of Americans out there for whom the recession is not yet over.” There have been a series of reports over the past month showing wage stagnation or actual declines for the vast majority of American workers.

It was significant in that context that the low-cost retailers catering to low-income workers were the only ones to show significant gains during the five-day period. One industry analyst said that Walmart was “the undisputed leader” in traffic, with full parking lots. (Retailers of luxury goods typically do not participate

in Black Friday promotions since their wealthy clientele are not going to line up outside stores at 5 a.m. in the hopes of a bargain.)

The figures provided by the National Retail Federation suggested that fewer people were shopping, both online and in stores, and those who did shop were spending less. In the first four days of the five-day shopping weekend, the number of shoppers fell 5.2 percent compared to last year, while the amount they spent fell 6.4 percent. Stores specializing in clothing were particularly hard-hit.

The NRF had projected that the holiday season would set new records, with sales up 4.1 percent in 2014, compared to a 3.1 percent rise in 2013. Most corporate and government economists had predicted that the decline in the price of gasoline, which fell below \$3 a gallon in most US markets in November, would give consumers more money to spend on other goods.

The analytics firm Retail Next provided estimates of weekend sales that were just as dismal as the NRF’s, with in-store traffic down 12.5 percent and sales down 10.3 percent, excluding online sales.

Both organizations suggested that the Black Friday phenomenon has exhausted itself because stores were providing heavy discounts from the beginning of November, instead of waiting until Thanksgiving to mark prices down. Amazon.com, for example, started Black Friday sales the weekend before, with significant discounts.

One business analyst correctly predicted the sales slump. PricewaterhouseCoopers, in a survey published before Thanksgiving, predicted average household spending for the holidays would fall from \$735 in 2013 to \$684 this year. It said that the slump was due to the enforced decline in spending by people earning less than \$50,000 a year, who make up 67 percent of the

population this year, compared to only 63 percent in 2012. These people—two thirds of the American population—are falling behind in the struggle to survive economically, and simply can't afford to participate in extra holiday spending.

The Black Friday fiasco shows the class reality of Obama's so-called "economic recovery," which has seen the stock market hit record levels, while working-class living standards have actually fallen. As the *New York Times* summed it up in an editorial last month, "Since the recovery began in mid-2009, inflation-adjusted figures show that the economy has grown by 12 percent; corporate profits, by 46 percent; and the broad stock market, by 92 percent. Median household income has contracted by 3 percent."



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