

## Retailers Optimize Shopping Platforms, Lifting Sales and Customer Engagement

**Evolving shopping behavior drives spending to record high.** Sales growth for Black Friday and Cyber Monday neared 20 percent as consumers sustained robust spending patterns. Digital channels delivered strong growth during the four-day weekend, with online sales on Black Friday hitting a record-high \$7.4 billion and Cyber Monday posting the largest online shopping day in the nation's history with spending reaching \$9.4 billion. Though internet sales captured headlines, retailers' strengthening blend of physical and online footprints continues to build the underlying foundation for the growing digital marketplace.

**Retail heavyweights spearhead brick-and-mortar's transformation.** Walmart and Target were among the biggest winners during the shopping events as their well-diversified sales platforms positioned them for in-store and online success. In addition to maintaining their dominant physical presence, these retailers have heavily invested in their online infrastructure and logistics networks to expedite shipping methods and more closely compete with pure-play internet vendors. An increasing number of retailers are mirroring this concept, supporting not only increased online sales but also in-store spending as customers tend to stay more engaged with retailers who boast a viable mix of physical and digital channels. Roughly 62 percent of the adult population in the U.S. went to retail centers during the long weekend, up from 60 percent one year ago, pointing to the vital role physical locations play in the evolving retail landscape. Consumers appear to be effectively utilizing retailers' blend of sales platforms to make more informed purchase decisions.

**Confident consumers fueling holiday spending.** Continued wage growth and historically high levels of consumer confidence will help maintain momentum through the remainder of the year. Total retail sales for the 2019 holiday season are expected to rise roughly 4 percent to \$730 billion, with online spending accounting for 22 percent of that. On a yearly basis, this figure averages roughly 12 percent, illustrating the small share internet platforms account for relative to physical stores.

## Developing Trends

**Ultra-tight joblessness propelling wage gains.** With the unemployment rate near a 50-year low, many organizations are boosting compensation packages to attract new talent. This has helped keep annualized wage growth around 3 percent for the past year, benefiting retailers as this has generated more disposable income for many consumers.

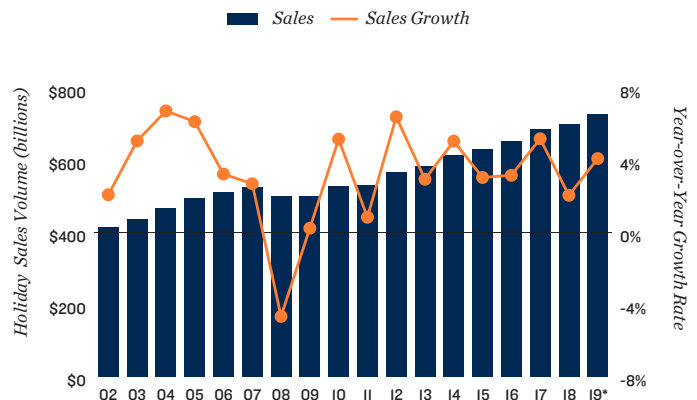
**Consumers evaluate economic outlook as trade war prolongs.** Though consumer confidence remains near historical highs, recession risks stemming from ongoing trade negotiations have dampened economic optimism in recent months. November marked the fourth consecutive month the index decreased, falling 8 percent during that span.

**Physical locations key for retailers.** For the fifth year in row, shoppers buying online from physical retailers outnumbered those who purchased from pure-play online vendors — 45 percent to 39 percent, respectively.

~4.0% NRF 2019 Sales Growth Estimate

~\$730B NRF 2019 Holiday Sales Volume Estimate

### Holiday Spending to Hit Record Level



\* Estimate

Sources: Marcus & Millichap Research Services; Adobe Analytics; ICSC; National Retail Federation; ShopperTrak