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’Twas four weeks before Christmas: Retail sales and the length of the Christmas shopping season

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Abstract

I study the effect of the length of the Christmas “shopping season” on aggregate retail sales. I find a statistically significant increase in per-capita retail sales in November and December (combined) of approximately $6.50 per additional day over the relevant range.

Keywords: Christmas; Retail; Shopping

JEL classification: L81; D12

1. Introduction

The traditional Christmas “shopping season” in the United States varies from 26–32 days: the shopping season begins the day after Thanksgiving, which falls on the fourth Thursday in November.[1] US media reports speculate each year whether the length of the shopping season will affect sales. News

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[1] Thanksgiving has been a national holiday since 1863, but its date was not set in law. Because Lincoln celebrated Thanksgiving on the last Thursday of November, it was celebrated on that day until 1939, when Franklin Roosevelt proclaimed Thanksgiving a week earlier in order to lengthen the Christmas shopping season, spurring confusion and controversy. In 1941, Congress set Thanksgiving to its current date, the fourth Thursday in November.

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stories typically argue that shorter shopping seasons reduce consumers' opportunities to make "impulse" purchases, affecting purchases of both of gifts and items for personal consumption. In an unscientific on-line poll by the publication Retail Merchandiser in December 2002, 31% of respondents thought that a shorter shopping season would have a "major impact" on their sales; only 15% felt that "fewer days have nothing to do with the amount that consumers need to spend on holiday gifts each year" (Retail Merchandiser, 2002).

In this paper, I use data on aggregate retail sales in the US from 1967–2000 to test whether the number of shopping days really does affect retail sales. I find that it does. The number of days each year for 1967–2000 is plotted as a solid line in Fig. 1 (leap years prevent the number of days from following a regular 7-year cycle). Holiday retail sales (defined below), in 2000–2002 dollars, are plotted as a dotted line (using the right axis). Per capita, US consumers spend approximately \$6.50 (in 2000–2002 dollars) more in November and December (combined) for every additional shopping day between Thanksgiving and Christmas over the relevant range (26–32); this amounts to an increase of about 3.5% in holiday-related sales per person for each additional shopping day. The implied difference between the shortest and longest shopping seasons is \$39 in spending per capita, or 20% of holiday spending in an average year. The sectors most strongly affected are electronics, apparel, food and general merchandise.

2. Data

The data come from the US Census Bureau's Monthly Retail Trade Survey. The survey covers over 10,000 retail businesses each month, selected from the Business Register, a comprehensive listing of all

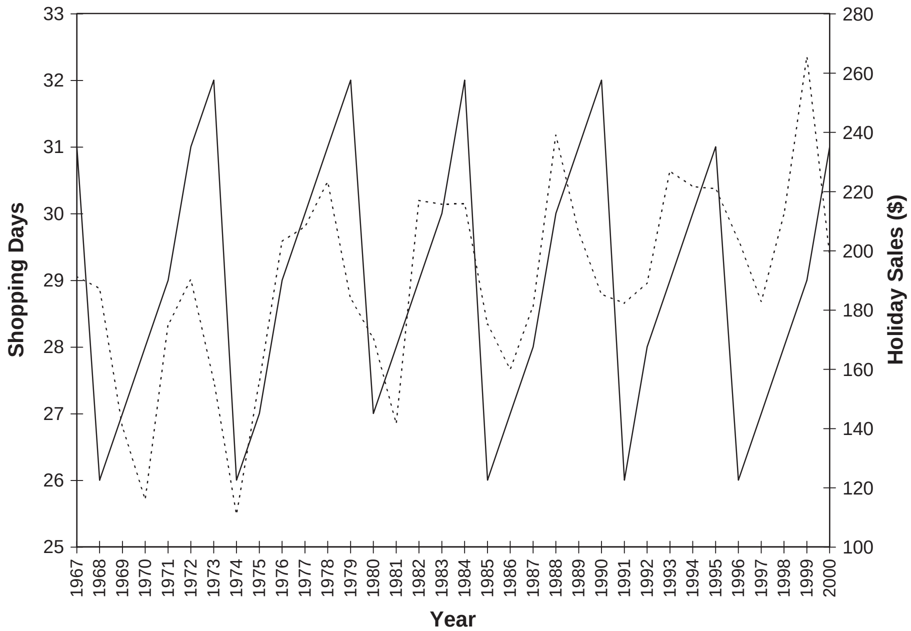

Fig. 1. Length of shopping season, 1967–2000.