

Retail Segments to Feel Financial Pressure in '08

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The National Retail Federation expects 2008 retail industry sales to increase just 3.5 percent over last year. "Consumers will be under financial stress from high energy costs, the fallout from the housing slump and sluggish employment and income growth," said Rosalind Wells, chief economist at the group. "Shoppers will seek to pay down debt, spend more in line with income growth and approach discretionary purchases with more restraint."

The forecast excludes automobile, gas station and restaurant sales. Sales will pick up in the latter half of the year, beginning at 3.2 percent in the first and second quarters and moving to 3.8 percent in the third and fourth quarters, Wells said.

Discount chain shoppers won't be the only customers curbing spending, Wells said. "Even areas of past high growth like luxury goods and online shopping will feel the pressure."

The association released its economic forecast during its 97th annual convention in New York City, which ended Jan. 16. Hot topics at the convention were green issues, emotional branding, consumer-savvy design and finding or creating that "it" or "coolness" factor. Executives from Wal-Mart, Best Buy and L.L. Bean, among others, explained their own recent sustainability efforts and messages to consumers.

"People now are looking at businesses to solve many of these major problems," said Leslie Dach, Wal-Mart's executive vice president of corporate affairs and government relations.

The pet industry was mentioned during several speaker sessions including by Tim Gunn of "Project Runway." Discussing Liz Claiborne's new design strategy, of which he is the chief creative officer, Gunn said the Juicy Critture dog perfume (Juicy Couture is a Liz Claiborne brand), "is blowing off shelves."