



Hibbs Brief

Hibbs Institute for Business & Economic Research

The Most Wonderful Time of the Year: Many Retail Stores May Concur

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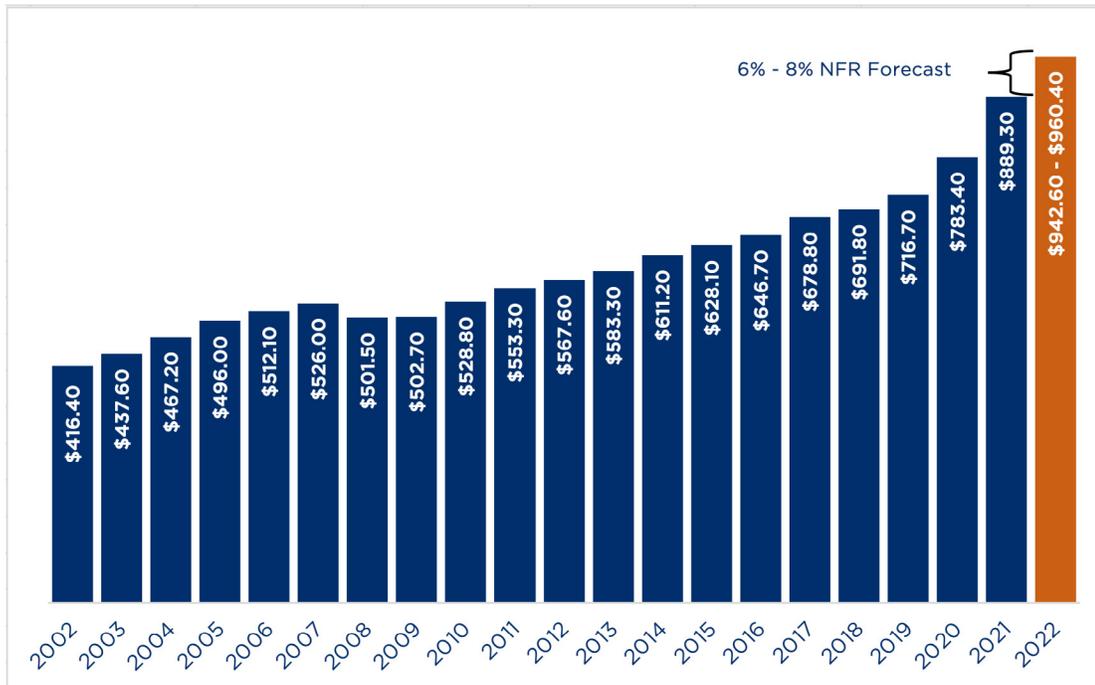
In this issue of the [Hibbs Brief](#), we discuss retail sales during the holiday season in the U.S., and we estimate its economic impact on the Tyler Metropolitan Statistical Area (MSA).

It is the time of the year when the holiday spirit is in our hearts. Even during the challenging times that we experienced over the past several months with intense economic difficulties, many of us are ready to celebrate the holiday season. We may be planning to hang decorations, exchange gifts, buy Christmas trees and have dinners with our loved ones. According to the National Retail Federation (NRF), the world's largest retail trade association, nine out of ten individuals (91%) are planning to purchase something during this year's winter

holiday celebration in the U.S.¹ Thus, besides the joy related to the season, the consumption of goods (retail sales) associated with the holidays generates considerable gains in the national economy (and local economies in particular) during the last two months of the year.

Winter holiday retail sales are a significant component of annual retail sales. This year, winter holiday retail sales are forecasted to increase between 6% and 8% over the past year (\$943-\$960 billion in 2022).² Historically, holiday retail sales have increased almost every year during the last two decades, 66% since 2002 (**Figure 1**).

Figure 1. U.S. Winter Holiday Retail Sales, 2002 to 2022 (in billions of U.S. dollars)



Source: U.S. Census and National Retail Federation.

Notes: Non-seasonally adjusted retail sales. Winter holiday sales correspond to November and December.

¹ The National Retail Federation winter holidays include Thanksgiving, Hanukkah, Christmas and Kwanzaa.

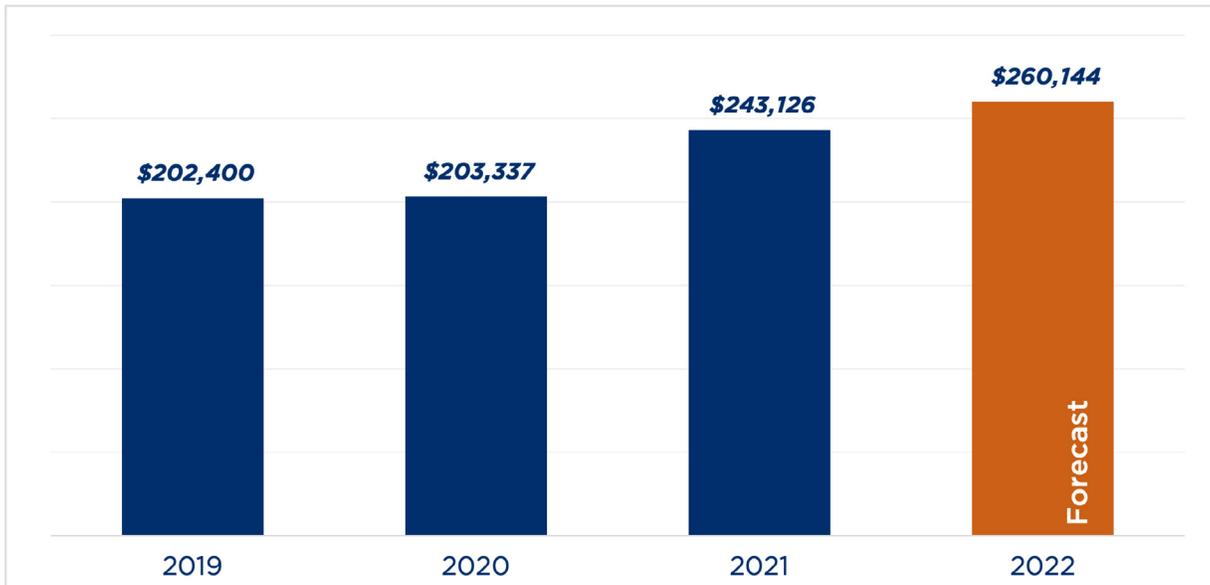
² National Retail Federation (NRF) annually forecast the winter holiday retail sales. The NRF's forecast excludes automobile dealers, gasoline stations and restaurants.

<https://nrf.com/research-insights/holiday-data-and-trends/winter-holidays>

In the Tyler MSA, winter holiday retail sales have increased consistently during the past few years. Even in 2020, when the pandemic had its strongest negative impact on consumption, winter holiday retail sales in Tyler showed a moderate growth. In 2021, winter holiday retail sales were \$243 million, which represents an increase of about 20% from the previous year.³ This year, winter holiday retail sales are expected to total about \$260 million in Tyler⁴ (Figure 2). Additionally, Figure 3 shows the breakdown of winter holiday

retail sales in 2021, by subcategory; in other words, it shows what type of items are consumed the most in Tyler. The largest subcategory is *General Merchandise* (including jewelry, home furnishing and toys) with \$43 million, or 18%, of total retail expenses. This is followed by *Food and Beverages* with \$21 million (9%), *Clothing and Accessories* with \$19 million (8%) and *Miscellaneous Stores* (including seasonal and holiday decorations) with \$15.2 million (6%).

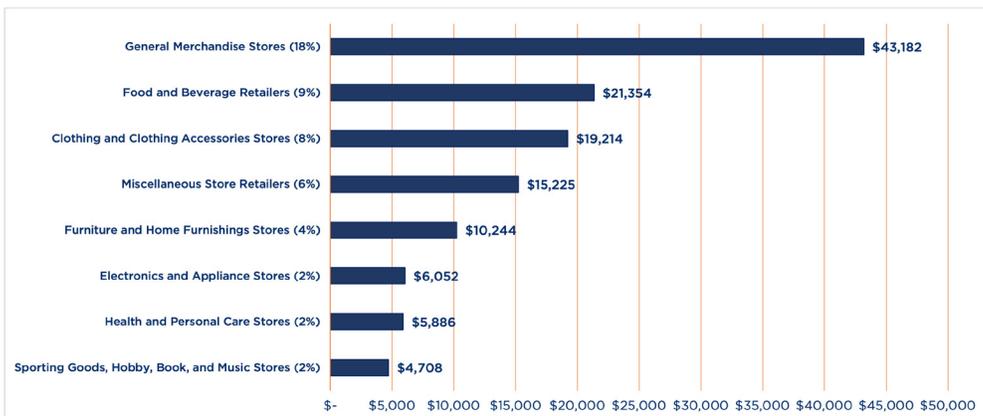
Figure 2. Tyler MSA Winter Holiday Retail Sales, 2019 to 2022 (in thousands of U.S. dollars)



Source: The Hibbs Institute estimates use data provided by the Bureau of Economic Analysis (BEA) and the U.S. Census Bureau.

Note: Winter holiday retail sales correspond to November and December. The Hibbs Institute used monthly state retail sales (non-seasonally adjusted) and year-to-year growth rate for Texas to estimate monthly retail sales for Tyler MSA.

Figure 3. Shares of Winter Holiday Retail Sales in Tyler MSA (in thousands of U.S. dollars)



Source: The Hibbs Institute estimates use data provided by the Bureau of Economic Analysis (BEA) and JobsEQ by Chmura Economics.

Notes: Estimates were conducted using five-digit NAICS codes for (44-45) Retail Sales in Tyler MSA.

³ The Hibbs Institute calculated the Tyler MSA winter holiday retail sales using monthly state retail sales data provided by the U.S. Census and the Bureau of Economic Analysis (BEA).

⁴ The 2022 forecast was conducted by the Hibbs Institute assuming the national growth estimate provided by the National Retail Federation (NRF) and applied to the Tyler MSA figures.

Finally, the [*Hibbs Institute*](#) has conducted an economic impact analysis regarding the winter holiday retail sales in Tyler. These estimates include the dollar output and employment generated by the calculated expenses associated with retail consumption during this year's holiday season (November and December). For this purpose, we employed some official figures from the Bureau of Economic Analysis (BEA) and the U.S. Census Bureau (USCB), and subsector estimates, provided by Chmura Economics, as the base of our analysis.

The forecasted winter holiday retail sales (**\$260.1 million**) represent the direct effect and should support about 2,676 jobs in the local economy. These figures were used in a model to estimate their indirect and induced effects in the Tyler economy.⁵ The resulting economic benefits are substantial. The impact of local suppliers related to retail stores in the

community (indirect effect) would generate \$32.0 million and 183 jobs. The impact of all employees' income (induced effect), once spent in the locality, would generate \$30.2 million and 195 jobs.⁶

In summary, we estimated that winter holiday retail sales in the Tyler MSA supports **3,054 jobs** (2,676 direct, 183 indirect and 195 induced) and accounts for \$322.4 million (\$260.1 direct, \$32.0 indirect and \$30.2 induced). Overall, retail sales during winter holidays constitute a very important economic driver for Tyler's economy.

The [*Hibbs Institute*](#) wishes our readers very nice and peaceful holidays. Merry Christmas, and Happy New Year!

⁵The Hibbs Institute researchers chose to use IMPLAN V6 model to conduct their estimates. IMPLAN is widely accepted and used extensively by numerous (several thousand) public and private organizations.

⁶The direct effect refers to the initial change in demand resulting from new or current expenditures or employment. I-O multipliers are then used to generate changes in other regional economic sectors. Indirect effects represent all changes in a regional industry activity, such as an increase in production and employment, that result from the direct effect (the effects related to suppliers). Finally, the induced effects measure the impact of household spending within a region due to changes in labor income or compensation received by workers and business proprietors for both the directly and indirectly impacted regional industries. The sum of these three effects represents the total impact.

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