

# Retail sales to outpace pre-pandemic growth, despite a slowdown in February

Article

**The news:** A flurry of retail sales data offers a view of the past, present, and future for retail sales.

- NRF expects **retail sales will grow 6% to 8% this year**, far outpacing the 10-year pre-pandemic growth rate of **3.7%**.
- **Retail sales in February rose just 0.3%** on a seasonally adjusted basis, and nonstore spending, which is largely made up of ecommerce sales, fell **3.2%**, per the US Commerce Department's monthly report.
- **U.S. consumers spent \$1.7 trillion online over the course of two years of the pandemic** (March 2020 through February 2022), per Adobe. That's **\$609 billion** more than the two preceding years. Rising prices caused consumers to spend **\$32 billion** more for the same amount of goods over that period.

**More on this:** While coronavirus infections are falling and businesses are reopening and/or removing their limited hours, the Commerce Department report shows demand starting to cool. That's likely due to rising prices leading consumers to alter their spending habits.

- **Prices for goods and services grew 7.9%** in February, following a 7.5% jump in January, **per** Labor Department data released last week.
- US consumer sentiment fell more than expected in early March, **per** preliminary data from the University of Michigan Consumer Sentiment Index.

**A reason for optimism:** Despite a number of challenges including inflation, COVID-19, and geopolitical threats, there's plenty of justification for NRF's optimistic outlook as consumer fundamentals remain strong.

- The Commerce Department revised up its January sales growth to **4.9%** from **3.8%**.
- The unemployment rate is just **3.8%** and job growth has been widespread across a broad spectrum of industries, including leisure and hospitality, professional and business services, and construction.
- Wage growth remains strong, **per** the Atlanta Fed's Wage Growth Tracker.

**A reason for pessimism:** There's plenty of uncertainty due to COVID-19, international tensions, and **supply chain disruptions**.

- **Consumers continue to experience the impact of ongoing supply chain challenges;** the odds of seeing an out-of-stock message is one in 59 pages, up from one in 200 pages before the pandemic, per Adobe.

- Adobe expects **inflation will lead consumers to pay as much as \$27 billion more online** for the same amount of goods.
- “Most households have never experienced anything like this level of inflation, and it is expected to remain elevated well into 2023,” said **Jack Kleinhenz**, NRF chief economist.

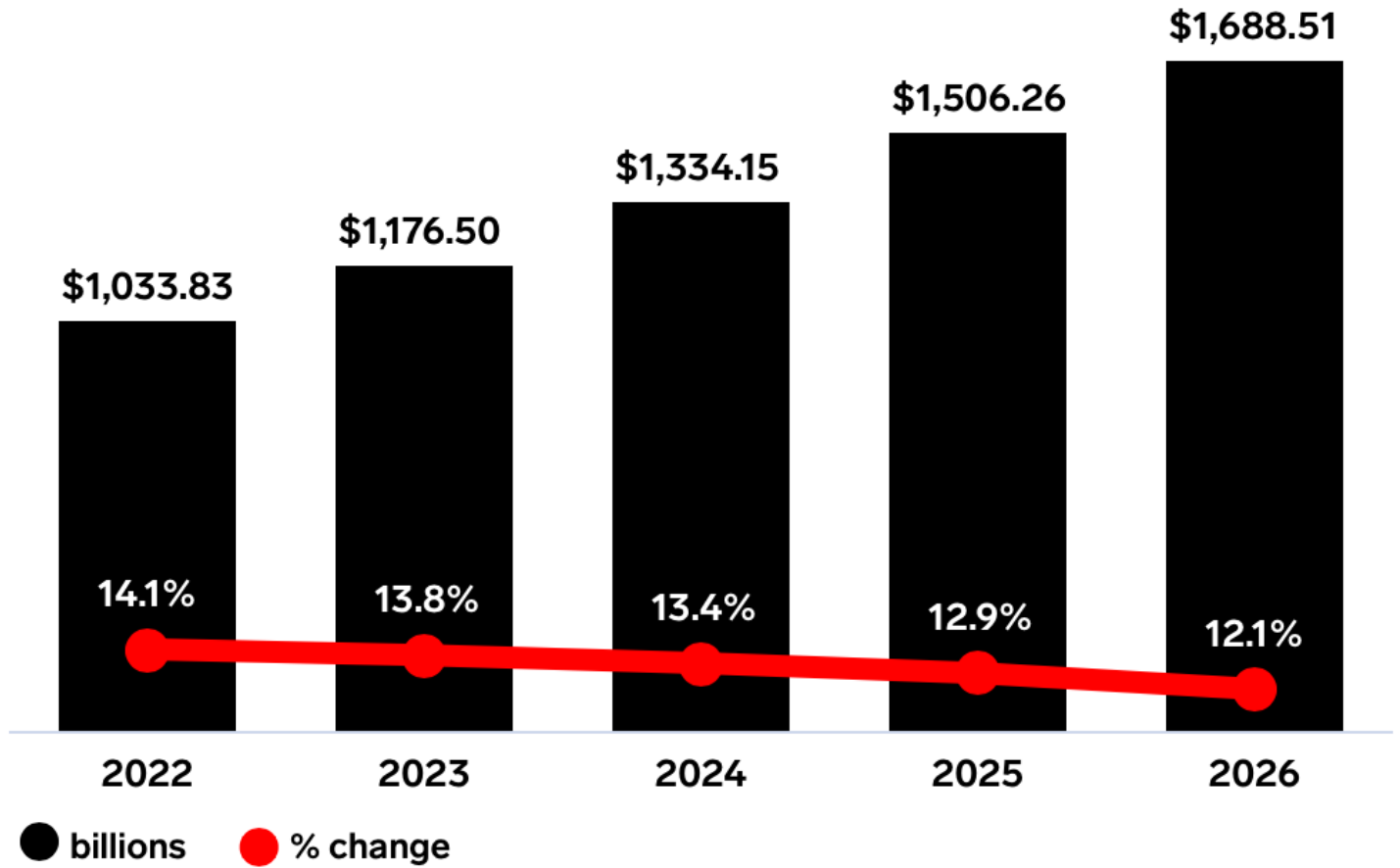
**The big takeaway:** There’s no denying that consumers are feeling the impact of inflation, especially with gas prices at near-record levels.

- However, the fundamentals of the economy remain strong.

The habits that consumers have built up over the past two years have taken root, which is why we, along with NRF and Adobe, expect ecommerce to continue to make up a larger share of retail sales this year. We expect retail ecommerce sales to rise **14.1%** to **\$1.033 trillion**.

# Retail Ecommerce Sales

US, 2022-2026



Source: eMarketer, February 2022

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