

The Washington Post

Consumers are buying for themselves this holiday

By Ylan Q. Mui
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Consumers are adding a very important name back to their holiday shopping lists this year: their own.

The percentage of shoppers who say they plan to indulge in a little something extra for themselves has risen four points since last year to more than 57 percent - the biggest jump in at least six years, according to an industry survey. Sales of jewelry, apparel and consumer electronics are up so far this holiday season from last year, and experts attribute part of the boost to what has become known as "self-gifting."

You didn't think Dad was going to give that 50-inch flat-panel TV to someone else, did you?

"The consumer really is sitting there saying, 'I'm going to take advantage of these deals,'" said Marshal Cohen, senior analyst for NPD Group, a consumer research firm. "This consumer is saying that there really is some pent-up demand."

During the nation's economic downturn, consumers saved money by whittling down their Christmas lists. Spending on gifts for babysitters, co-workers and teachers were slashed, and, in the ultimate act of self-

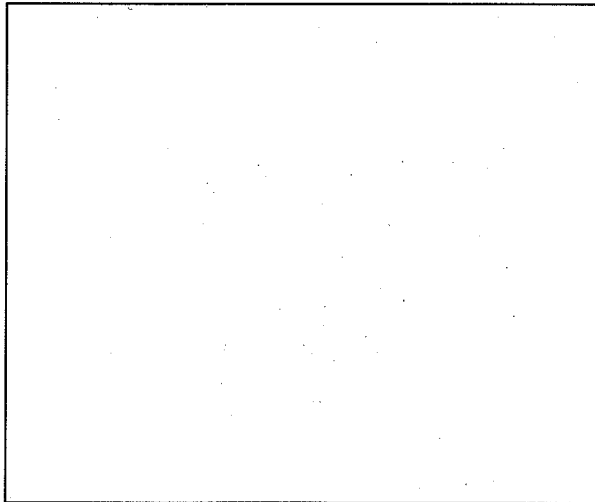
sacrifice, shoppers cut back on themselves.

According to the National Retail Federation, the number of self-gifting shoppers began to fall in 2007 - the year the recession began - after steadily increasing for several holiday seasons. Though the number ticked up in 2008, it plunged last year to under 53 percent of shoppers. The amount they intended to spend last year also fell nearly 5 percent to \$101.37.

This year, both measures have rebounded along with consumer confidence. And shoppers reported plans to spend an average of \$107.50 this Christmas on themselves, the NRF said.

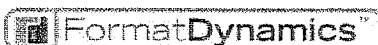
"The economy is picking up a little bit," said Lisa Bennett, as she sipped a Bellini on a recent evening at a cocktail party at Bliss Spa

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in downtown Washington for its top customers.

Bennett said the sense that the recovery is on track made her feel a little less guilty about spending \$200 online at Ann Taylor for herself while she was scouring the Internet for gifts for her teen cousins. They got Best Buy gift certificates and J. Crew sweaters; she got two new tops and a dress and then booked an oxygen facial for herself at the spa.

General manager Michelle Caron said customers are not only booking "maintenance" appointments - the manicures and waxing counted as necessities among some women - but also reserving more indulgent services such as facials and massages. This holiday, the spa launched a new service dubbed Shopper's Delight, a lower leg massage and exfoliating treatment for \$70.

"We've only been getting busier and busier," Caron said.

Industry experts say the return of self-gifting is a telling indicator of consumer health. Over the past two years, as consumers have grappled with high unemployment, falling home prices and a volatile stock market, spending was primarily driven by necessity. Retailers that sold staples such as groceries held up better during the recession

than those that stocked discretionary items.

But if shoppers are now willing to buy for themselves, that could mean the big freeze on consumer spending is starting to thaw.

Cohen said self-gifting helped drive the strong sales and shopper traffic over the post-Thanksgiving weekend. His research showed 35 percent of shoppers bought something for themselves, more than he expected.

Self-gifting could also prove lucrative for retailers because it rarely occurs by itself, Cohen said. Shoppers may reward themselves after spending on others or, on the flip side, justify their own purchases by buying a few gifts.

"It's like it becomes a fever," he said. "For every self-gifted item, there's generally

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another item that gets added to the assortment as well."

At Fair Oaks Mall, general manager Robbie Stark said self-shopping dominated the Black Friday weekend, including one four-hour line of teen boys waiting to buy \$10 T-shirts at Elite Board Shop, which sells skateboard gear. He said retailers welcome the business to pad holiday sales.

"The more self-buying that goes on, that's good because they're still going to get the gift-buying," he said.

Still, New England Consulting Group founder and chief executive Gary Stibel said any increase in self-gifting is incremental at best. Shoppers put their kids first and their pets second, he said. Parents and spouses take the back seats, leaving only a tiny portion of discretionary income left over for personal indulgences.

"She's trying to take care of everybody, but she more often than not puts herself last," Stibel said of the typical female shopper. "She's too damn conscientious for her own good."

So which actually makes us happier: self-sacrifice or self-indulgence? A study by Harvard Business School associate professor Michael Norton and two colleagues from the University of British Columbia in 2008

examined whether shoppers derived greater pleasure from spending on themselves or on others.

The researchers gave up to \$20 away to shoppers with instructions to spend it on themselves or on other people - perhaps through a gift for a friend or a donation to a homeless shelter. Though most people expected to enjoy keeping the money, Norton said that at the end of the day, those who bought for someone else reported feeling significantly happier.

Of course, devoting a day of shopping for someone else is one thing. But the holiday shopping season is two full months of making a list, checking it twice, then trying to balance your checkbook. Norton said his research did not examine whether the drawn-out process of gift-giving can overwhelm the joy of giving, but he is clearly

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no Grinch.

"In the moment of giving," he said, "it's still nice to have given a gift to someone."

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