



## IMPACT OF SEPTEMBER 11, 2001 ON CONSUMER SPENDING: A LOOK AT HOLIDAY SPENDING

A Survey Conducted by the Service Management Program  
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The recent events since September 11, 2001 have affected us all in different ways. Much has been reported in the media about consumer concerns with such issues as the economy, national security and the possibility of future attacks. The September 11 events not only had an impact on consumers but also the service industry. There is continued apprehension about where and when to shop. Mall traffic fell 6.8% in September and October. The travel and tourism industry experienced a huge downturn in business affecting airlines, hotel/motel operators, restaurant owners, travel agents, even taxi drivers. New data from the Travel Business Roundtable show positive signs that consumers are resuming travel and entertainment plans to some degree, but evidence indicates that the travel downturn will remain.

The challenge faced by the service industry is to consider the new reality of terrorism and how that will impact service offerings for consumers. What kinds of tactics will be implemented relative to security in retail, hotel, airport and restaurant environments, and how will they impact the objective of providing an enjoyable shopping, dining, and travel experience? In addition, product

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needs have changed. People want products to help “survive” any future terrorist attacks as well as an economic recession. It is expected that consumers will spend more on affordable necessities and less on luxury, frivolous goods during this holiday season. Another challenge faced by service providers is from a marketing perspective. Companies need to be tasteful and respectful of the nations’ grief, but still try to encourage sales.

There has been significant discussion about the impact of September 11 on holiday spending. The holiday season is a very important time to service providers as well as to the suppliers of services to these providers. For most retailers, the holiday season represents approximately 25% of the total sales. In anticipation of the decline in shopping, some retailers are re-evaluating and cutting back on their inventories. This will affect the product vendors through order cancellations and eventually markdown monies. Holiday party bookings, especially at fine dining establishments, are a major portion of the restaurant industry’s overall sales. It is anticipated that if holiday bookings are placed, people will be spending less and bypass luxury ingredients