

Marketing Potential of Halloween for Retailers and Consumers

Wadim Strielkowski

Department of Marketing, Communication and PR Faculty of Social Sciences, Charles University in Prague Smetanovo náměstí. 6, 110 01, Praha 1 Prague, Czech Republic

Abstract: The paper assesses the marketing potential of Halloween by estimating the profits stemming from the sales of Halloween-related goods and entertainment. It also estimates an empirical model of Halloween spending per three groups of products (candies, costumes and decorations) and finds that the share of more “consumer” products increases in relation to the share of more “traditional” Halloween products. It comes to the conclusion that Halloween can now be only compared to Christmas as for marketing potential and economic significance.

Key words: Public Festivity • Halloween • Marketing Power • Economic Potential • Marketing Strategies

INTRODUCTION

Halloween celebrations started as the Celtic pagan origins in what are now Ireland and the United Kingdom. In the 1840s and 1850s the tradition was shipped to the United States, most probably by the hordes of Irish labour migrants who over several decades forged it into a truly American festivity (the same happened to St. Patrick’s Day). Since the 1980s, Halloween-related paraphernalia started to be produced on a massive scale and the holiday became a major seasonal event. This modified American perception of Halloween returned back to Europe and to the rest of the world with retailers and consumers being thankful for receiving the new holiday [1, 2].

In the light of all this, it appears interesting to assess the marketing potential of Halloween and to attempt to find out why consumers are so attracted to celebrating this increasingly popular festivity. Clearly, Halloween represents a powerful brand, and although it only happens once a year, the amount of money people spends on candy, costumes, Halloween decorations, Halloween parties, foods and drinks, mascara, and other related and unrelated products, are enormous [3].

According to some accounts, Halloween might be the third most popular holiday (both according to peoples' preferences and according to the amount of money spent) in North America [4, 5].

Halloween greetings cards, candies intended for the trick-or-treat ritual (when children dressed up in Halloween costumes walk from house to house and demand candies (or other treats) from the dwellers), costumes, music and movie franchises dedicated to Halloween theme, yield enormous revenues [6, 7].

Assessing the Economic Potential of Halloween: According to [8], in 2009 alone U.S. consumers spent about 5.8 billion USD on Halloween and in Canada about 331 million CAD was spent on candy alone. In addition, Canadian shopping survey held in 2011 established that an average adult spent about 300 CAD on Halloween, and that the amount of expenditures was growing about 5-7 per cent each year [9].

Some sources even described the so-called “Halloween” indicator that marks the shift in stock sales after the stagnation during the summer holidays [10, 11, 12]. Even the investors fall to the charm of Halloween and increase their investments after the calm months of summer marked by the low-spending behavior. By the way, the same affect is also attributed to Christmas, both due to the business cycle and to the weather patterns [13-16].

And the marketing potential of Halloween does not end here. According to the consumer survey that is annually held in the United States by the National Retail Federation, there are many other activities people want to do on Halloween (Table 1).

Corresponding Author: Dr. Wadim Strielkowski, Department of Marketing, Communication and PR Faculty of Social Sciences, Charles University in Prague Smetanovo náměstí. 6, 110 01, Praha 1 Prague, Czech Republic,
Tel: + 420603508627.

Table 1: Most popular activities conducted on Halloween (adults 18 and over), 2005 and 2013

Activities on Halloween	% of the respondents, 2005	% of the respondents, 2013
Don a costume	31,5	43,6
Dress up pets in costumes	N/A	13,8
Throw or attend a Halloween party	25,2	30,9
Hand out candy	74,3	72,2
Carve a pumpkin	41,4	44,2
Take their children trick-or-treating	31,8	31,7
Decorate their home or yard	47,0	47,5
Visit a haunted house	14,9	20,3

Source: [24]

If we compare the data from 2005 and 2013, it is remarkable that while the share of “traditional” Halloween activities such as curving a pumpkin or taking the children trick-or-treating remains virtually the same, the share of “consumption” activities, such as throwing a Halloween party, dressing up in a costume or looking up the haunted place increased from 20% to 40%.

This is not to mention the “traditional” Halloween activity such as curving a pumpkin. Some researchers [17, 18] show how marketing strategies are employed to increase the sales of grown products. The pumpkins represent the most notorious example. In 2012, nearly 12.4 million centum weight (cwt) of pumpkins, up from 10.7 million cwt in 2011, were harvested from 47,800 acres. With the average farm price for pumpkins in 2012 of about 12 USD per cwt, the total value of the 2012 pumpkin crop was more than 148.9 million USD, up from 113.1 million USD from the previous year [19].

Overall, it appears that Halloween is not intended for kids but there are mainly adults who are prepared to spend considerable amount of money just to be "in" and to get scared. Halloween-themed merchandise typically appears in the majority of stores at the end of summer and last for as long as three months. In this way, Halloween can be compared to Christmas, as to the marketing potential [20, 21]. Although the amount of merchandise probably does not reach that of Christmas gifts and presents [22]. Small and medium enterprises clearly grasped the importance of Halloween and attempt to exploit its marketing potential or to embed it into their marketing strategy that is crucial for the development of small businesses.

Data: Our empirical model is based on the data from 2005 until 2013 Halloween Spending Survey collected annually by the National Retail Federation [23]. The survey is conducted each year before Halloween, typically in September. The respondents are asked various questions ranging from whether they are planning to celebrate

Halloween to what activities they are going to take part in Halloween celebrations and how much money they are going to spend (or spent for the last time) for various Halloween-related activities and paraphernalia (the values are expressed both as average amounts in USD and as the values in billions of USD for the whole US economy).

Looking at the data, one can observe one common trend: apart from the fact that more and more Americans celebrate Halloween every year (the number has risen from 52% in 2005 to 65% in 2013), the amount of spending on Halloween costumes, decorations, candy and greeting cards has been increasing each year.

The largest increase can be observed for the spending on Halloween decorations (from 0.84 billion USD in 2005 to 1.96 billion USD in 2013) and Halloween costumes (from 1.15 billion USD in 2005 to 2.60 billion USD in 2013) as well as pet costumes (from 0.22 billion USD in 2010 when this statistics was first collected to 0.33 billion USD in 2013).

The Halloween Spending Survey data was amended by the data on CPI, GDP per capita, annual inflation, unemployment for the US economy obtained from the World Bank database [24]. The resulting data compendium allowed computing our empirical model.

Empirical Model: We assess the marketing potential of Halloween for retailers and consumers by running the OLS regression models for the U.S. economy and measuring the responsiveness of spending on three Halloween activities (candy, costumes and decorations) to respective economic characteristics. The dependent variables are therefore Halloween spending on the three items mentioned above. It is assumed that in order for the respective activity to yield a strong marketing potential, the spending on Halloween activities should be significant and positively correlated to the measures of personal wealth (such as the GDP per capita), and negatively correlated to the decline in the economic well-being (represented here by the inflation,

Table 2: Determinants of Halloween spending in U.S. (2005-2013)

	Halloween candy	Halloween costumes	Halloween decorations
GDP per capita	0.002 (0.001)	0.004* (0.002)	0.004* (0.002)
Inflation	0.109 (0.676)	0.102 (1.215)	0.296 (1.239)
Unemployment	1.127** (0.414)	2.386** (0.745)	2.369** (0.759)
CPI	1.198 (0.819)	2.470* (1.474)	1.795 (1.502)
Economic crisis (dummy)	-0.480* (1.943)	-0.918 (3.496)	0.241 (3.565)
Constant	-81.484* (48.637)	-174.649* (87.490)	-144.089 (89.207)
R-squared	0.74	0.76	0.77
Adjusted R-squared	0.64	0.66	0.69
N		27	

Note: * significant at 10%; ** significant at 5%; *** significant at 1%; Standard errors are shown in parentheses
Source: Own calculations

unemployment, and CPI). In addition, a dummy indicating the years of economic and financial crisis was also introduced to control for the effect of economic decline on the consumer behaviour. The formal model can be presented in the following way:

$$HA = \beta_0 + \beta_1 GDPpp + \beta_2 Infl + \beta_3 Unempl + \beta_4 CPI + \beta_5 Crisis + u_i \quad i = 1, 2, \dots, n \quad (1)$$

where *HA* is the Halloween activity (represented here by the intended spending on Halloween candy, costumes or decorations), *GDPpp* is the level of GDP per capita in the U.S. measured in USD dollars per person, *Unempl* is the average unemployment rate in the U.S. measures in December of each respective year, *CPI* is the average consumer price index in the U.S. computed by the World Bank (World Bank, 2012), and *Crisis* is the dummy variable that takes the value of 1 in case the year in question was market by the world's economic and financial crisis, and 0 otherwise.

It is expected that while the GDP per capita will have a positive relationship with the spending on Halloween activities, inflation, unemployment and crisis will have a disproportional relationship with the spending. The CPI was added to the model to level the effects of GDP per capita measure and inflation and its sign and relationship to the Halloween spending was not expected to be of any particular pattern.

Following the findings of the Halloween Spending Survey, it was envisaged that while the spending on the more “traditional” Halloween item, namely Halloween candy, would not yield any significant shifts due the

increase in the economic well-being, or to the decrease in the quality of life (caused for example by higher unemployment and inflation), the spending on “novel” and “consumer” items (such as Halloween costumes and decorations) would react to these factors to a greater extent. It was also assumed that the results for the “consumer” Halloween paraphernalia would yield positive coefficients.

Table 2 summarizes our relevant findings: while the GDP per capita factor does not come through as significant in the case of spending on Halloween candy, it does in the case of Halloween costumes and decorations (albeit the value of the coefficients in very small, perhaps due to the disproportionate effect of the size of the U.S. economy).

The inflation parameter is positive in all three cases but does not come through as significant. This might be caused by the fact that consumers and retailers do not follow the measure of inflation, or do not consider it to be a relevant factor for measuring their economic well-being.

Unemployment has a positive sign and comes through as significant in all three models. This finding might suggest that being unemployed does no really turn people away from celebrations. On the contrary, it might be that popular holidays, such as Halloween, might become help the people suffering from frustration of being unemployed to vent their feelings and obtain the feeling of happiness using the shopping therapy. The values of CPI are also positive for all three models. However it only comes through as significant in the second model (spending on Halloween costumes).

The economic crisis comes through as significant (and negative) only in the case of “traditional” spending on Halloween candies. It becomes apparent that the negative effect of economic crisis might cut the spending on traditional Halloween items, while it does not have any visible effect on “consumer” Halloween products.

CONCLUSIONS

Overall, in our analysis shows that Halloween has an enormous marketing potential. Our results show that the positive economic factors (the increase of economic well-being) result in the increase of novel Halloween goods (represented here by the costumes (including the pet costumes) and decorations), while negative economic factors do not seem to matter much and might not influence the volume of Halloween spending.

Additionally, it appears that the worsening of the economic situations does not lead to the cut in Halloween spending. On the contrary, individuals affected by the economic crisis, loss of jobs of lower consumer purchasing power, might embrace Halloween as the venting of their problems and submerge themselves into the Halloween shopping and celebrations.

It appears that the marketing potential of Halloween for retailers and consumers might be measured in billions of USD and that Halloween is one of the holidays that is definitely worth considering when looking for increasing the sales and the volume of production. Although this research is limited to the North America, it might be interesting to look up the data for Halloween spending in the other parts of the world, where Halloween also becomes popular thanks to the American influence. However, this endeavour might constitute the pathway for a further research on this topic.

REFERENCES

1. Belk, R.W., 1990. Halloween: an evolving American consumption ritual. *Advances in consumer Research*, 17(1): 508-517
2. Rogers, N., 2002. Halloween: From pagan ritual to party night. New York: Oxford University Press
3. Santino, J., 1983. Halloween in America: Contemporary customs and performances. *Western Folklore*, 42(1): 1-20
4. McKechnie, S. and C. Tynan, 2008. Halloween in a material world: trick or treat? *Journal of Marketing Management*, 24(9-10): 1011-1023
5. Porter, G.P. and N.J. Grills, 2013. The dark side of Halloween: marketing unhealthy products to our children? *The Medical Journal of Australia*, 199(8): 528-529
6. Sochay, S., 1994. Predicting the performance of motion pictures. *J. of Media Economics*, 7(4): 1-20
7. McKechnie, S. and C. Tynan, 2006. Social meanings in Christmas consumption: an exploratory study of UK celebrants' consumption rituals. *Journal of Consumer Behaviour*, 5(2): 130-144
8. Ward, S., 2013. Halloween-a really sweet business opportunity, *Small Business Canada*, Available online: <http://sbinfoCanada.about.com/b/2013/09/11/halloween-is-a-really-sweet-business-opportunity.htm> (Accessed: 20.11.2013)
9. Deloitte, 2011. Consumers spending with restraint. 2011 Holiday Outlook Survey Canada. Available online: http://www.deloitte.com/assets/Dcom-Canada/Local%20Assets/Documents/CB/ca_en_cb_holiday_survey_2011_110811.pdf (Accessed: 10.11.2013).
10. Bouman, S. and B. Jacobsen, 2002. The Halloween indicator," Sell in May and go away": Another puzzle. *The American Economic Review*, 92(5): 1618-1635
11. Lucey, B.M. and S. Zhao, 2008. Halloween or January? Yet another puzzle. *International Review of Financial Analysis*, 17(5): 1055-1069
12. Jacobsen, B. and N. Visaltanachoti, 2009. The Halloween effect in US sectors. *Financial Review*, 44(3): 437-459
13. Lepikhina, T.L. and Y.V. Karpovich, 2013. Health-Saving Culture as the Institute of Professional Health Formation. *World Applied Sciences Journal*, 26(7): 896-901
14. Waldfogel, J., 1993. The deadweight loss of Christmas. *The American Economic Review*, 83(5): 1328-1336
15. Tremblay, C.H. and V. J. Tremblay, 1995. Children and the economics of Christmas gift-giving. *Applied Economics Letters*, 2(9): 295-297
16. Mraoua, M., R. Ellaia and A. El Hami, 2013. Weather effects of returns and volatility: evidence from Morocco. *Journal of Applied Economic Sciences (JAES)*, (VIII_2(24): 174-183
17. Saeed, R., R.N. Lodhi, A.K. Khan, N. Khurshid, F., Dustgeer, A. Sami and M. Ahmad, 2013. Measuring Impact of Factors Influencing Purchase Intention Towards Green Products: Sahiwal Clothing Industry Perspective. *World Applied Sciences Journal*, 26(10): 1371-1379

18. Andreatta, S.L., 2000. Marketing Strategies and Challenges of Small-Scale Organic Producers in Central North Carolina. *Culture & Agriculture*, 22(3): 40-50
19. National Agricultural Statistics Service. 2013. National Statistics for Pumpkins. Available online: <http://www.nass.usda.gov> (Accessed: 20.11.2013)
20. Wen, Y., 2002. The business cycle effects of Christmas. *Journal of Monetary Economics*, 49(6): 1289-1314
21. Clarke, P., 2006. Christmas gift giving involvement. *Journal of Consumer Marketing*, 23(5): 283-291.
22. Basker, E., 2005. 'Twas four weeks before Christmas: Retail sales and the length of the Christmas shopping season. *Economics Letters*, 89(3): 317-322
23. National Retail Federation. 2013. Halloween Spending Survey conducted by the National Retail Federation. Available online: <http://www.nrf.com> (Accessed on: 27.11.2013)
24. World Bank, 2012. World Development Indicators & Global Development Finance. Available online: <http://databank.worldbank> (Accessed on 05.11.2013)