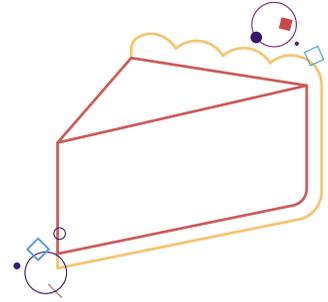


# The Thanksgiving Economy

11/13/2020



It's been 399 years since the first Thanksgiving feast in Plymouth, Massachusetts, and the holiday has since become a beloved hallmark of autumn joy, a celebration of gratitude and reflection in the company of those dearest to us. The day itself offers plenty to be thankful for: reuniting with loved ones, carving the turkey, catching the scent of a freshly baked pumpkin pie, arranging a cornucopia at the center of your dinner table.\* Whether it's family, friends, food, football, or your favorite uncle flying off on a wild tangent, there's something for everybody on Thanksgiving.

But the day of thanks also has important economic significance. In this commentary, we'll explore the Thanksgiving economy, including the feast itself, and the weekend of holiday shopping that follows. Like most events this year, Thanksgiving will be a little different: but it may give us a reason to refocus on what we are truly thankful for.

## A Turkey Trot Through History

We might all know the story of the first Thanksgiving celebration, but the path to it becoming the national event we enjoy today took a cornucopia of decisions that spanned centuries as well as presidencies.

**The OG (Original Gathering):** Thanksgiving originated as a three-day feast celebrating the fall harvest in November 1621 between Plymouth settlers and the Wampanoag Indians.<sup>1</sup> Colonists continued the tradition in subsequent years with an autumn feast.

**Presidential Proclamation:** George Washington issued a proclamation declaring a day of "thanksgiving and prayer" in 1789, his first year in office.<sup>2</sup> Despite the proclamation and wide adoption among early Americans, Thanksgiving was not yet an official federal holiday.

**And a Second Helping of Presidential Proclamation:** In the midst of the Civil War, and at the urging of "Mary Had a Little Lamb" author Sara Josepha Hale, President Abraham Lincoln declared Thanksgiving an official holiday,<sup>3</sup> with the first to be so recognized on Thursday, November 26, 1863.

**Is It Thanksgiving Already?** To boost holiday shopping sales, President Franklin D. Roosevelt moved Thanksgiving up one week in 1939,<sup>4</sup> breaking the tradition of celebrating Thanksgiving on the last Thursday in November. It wasn't without controversy, and two years later, FDR signed into law a congressional resolution declaring the fourth Thursday in November as Thanksgiving Day.<sup>5</sup>

1 Roos, D. (November 2018). Thanksgiving History Facts and Trivia. History.com <https://www.history.com/news/thanksgiving-history-trivia-facts>

2 Washington, G. (October 1789). Thanksgiving Proclamation. Founders Online, National Archives. <https://founders.archives.gov/documents/Washington/05-04-02-0091>. [Original source: The Papers of George Washington, Presidential Series, vol. 4, 8 September 1789–15 January 1790, ed. Dorothy Twohig. Charlottesville: University Press of Virginia, 1993, pp. 131–132.]

3 Abraham Lincoln Online. <http://www.abrahamlincolnonline.org/lincoln/speeches/thanks.htm>

4 Rothman, L. (November 2014). FDR Moved Thanksgiving to Give People More Time to Shop. Time. <https://time.com/3603622/fdr-moved-thanksgiving/>

5 The Center for Legislative Archives, National Archives. <https://www.archives.gov/legislative/features/thanksgiving>

\*Plus extra thanks for the invention of the elastic waistband.

## Thanksgiving's Economic Significance

Thanksgiving is an important holiday on so many levels, including its impact on the U.S. economy. While due to COVID-19 we'll likely see a smaller economic effect than in years past, when you add up the cost of travel, Thanksgiving dinner, and holiday shopping, the boost to the economy is in the tens of billions of dollars.

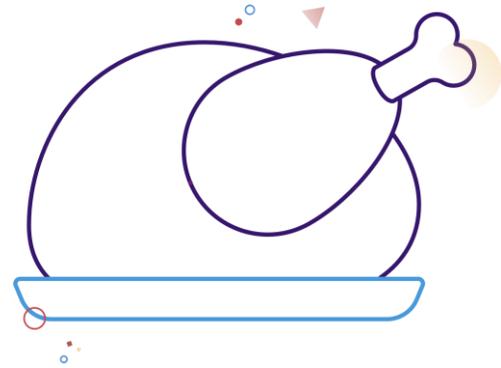
### Travel

According to AAA, an estimated 55 million Americans traveled more than 50 miles for Thanksgiving in 2019, including 4.5 million traveling by plane.<sup>8</sup> While this year we'll likely see fewer travelers than in years past, considering TSA passenger traffic has recently been 60% to 70% lower than last year's levels due to COVID-19, air traffic will probably see a bump the week of Thanksgiving.

Traffic on our roadways will be heavier on the Wednesday before Thanksgiving, traditionally one of the most congested days of the year, but the cost of travel will be a little lighter on the wallet: the national average for gasoline is only \$2.02 per gallon, 18% lower than 2019.

### Thanksgiving Dinner

You'll probably consume more calories during your Thanksgiving feast than any other day in the year.\*\* Adding up all the calories from the turkey, stuffing, mashed potatoes and gravy, cornbread, yams, cranberry sauce, and the three slices of your favorite pie—not to mention the slices of your second favorite—is probably best avoided. (We're holding on to hope that an hour on the treadmill will be enough to erase those calories. We're also avoiding the math about whether we're right.) The Thanksgiving meal not only impacts your waistline, but also your wallet. Fortunately, the annual dinner-table marathon is reasonably priced. According to the American Farm Bureau Federation, last year's Thanksgiving dinner cost an average of \$48.91 for 10 people, or slightly below \$5 per person.<sup>9</sup> That figure is likely to change\*\*\* because of pandemic-



### Talkin' Turkey

***Pardonnez-Moi?*** The annual tradition of formally pardoning a turkey was started by President George H.W. Bush, but he wasn't the first president to let a turkey live a full life. Abraham Lincoln, Ronald Reagan, and John F. Kennedy all informally saved a turkey from the dinner table, but it wasn't an annual tradition until 1989.<sup>6</sup>

***Pass the Maple Syrup, Eh?*** Our friendly neighbors to the north have their own Thanksgiving that falls on the second Monday in October. Thanksgiving has been an official holiday in Canada since 1879 and is recognized as a day of gratitude for the year's blessings and harvest.<sup>7</sup> There are a lot of similarities between the American and Canadian Thanksgivings including roasted turkey and watching nationally televised pro football (the Canadian Football League, in their case). Evidently, turkey legs pair well with football on both sides of the border.

<sup>6</sup> Montanaro, D. (November 2019). President Trump Pardons Pair of Turkeys – The Strange Truth Behind the Tradition. NPR.

<https://www.npr.org/2019/11/26/782716688/i-beg-your-pardon-the-strange-history-presidents-sparing-turkeys>

<sup>7</sup> [https://en.wikipedia.org/wiki/Thanksgiving\\_\(Canada\)](https://en.wikipedia.org/wiki/Thanksgiving_(Canada))

\*\*Or, if you approach Thanksgiving with the same enthusiasm we do, maybe all of them combined.

\*\*\*It won't be the only one.

<sup>8</sup> AAA: More than 55 Million Travelers Taking to the Roads and Skies this Thanksgiving. <https://newsroom.aaa.com/2019/11/aaa-more-than-55-million-travelers-taking-to-the-roads-and-skies-this-thanksgiving/>

<sup>9</sup> Farm Bureau Survey: Thanksgiving Dinner Cost Rises Only a Penny. The American Farm Bureau Federation. <https://www.fb.org/newsroom/farm-bureau-survey-thanksgiving-dinner-cost-rises-only-a-penny>

induced food shortages which have caused an uptick in grocery store prices throughout the year. Moreover, Thanksgiving dinner parties may be smaller because of COVID-19, and as cases are rising again and public health orders still emphasize the need for social distancing, especially in indoor settings, we may see more backyard celebrations this year. It's hard to assess the economic impact of the pandemic on this year's Thanksgiving feast, but we have no doubt Americans will find a way to get their caloric fix.

## Thanksgiving Weekend Shopping

Thanksgiving's boost to the economy goes well beyond the turkey and the travel. The U.S. economy is driven by consumer spending, and the epic, post-Thanksgiving shopping spree starts even before the leftovers have cooled. Black Friday is America's busiest in-store shopping day of the year, with millions shaking off their turkey coma to wake up early and get in line for the hottest holiday shopping deals. According to the National Retail Federation, 84.2 million Americans went shopping on Black Friday last year.<sup>10</sup> Additionally, the total number of Thanksgiving weekend shoppers, both in-store and online, reached nearly 190 million, an increase of 14% compared to 2018.<sup>10</sup>



One of the biggest retail trends in the last decade is the shift toward digital shopping, and that trend accelerated this year because of the pandemic. Cyber Monday, the online equivalent of Black Friday, saw more than 83 million people shop online in 2019,<sup>10</sup> with \$9.4 billion in total sales, an increase of nearly 19% from 2018 figures.<sup>11</sup> The rapid growth in online shopping, combined with an emphasis on social distancing, will likely result in Cyber Monday spending smashing last year's record levels.

It's hard to project what this year's Thanksgiving weekend shopping data will look like in aggregate because of the pandemic, but a Deloitte consumer survey indicates that holiday shopping will fall.<sup>12</sup> Unemployment is elevated compared last year, and social distancing measures, along with that rise in COVID-19 cases, will likely dampen the volume of retail foot traffic. On the other hand, retail sales have been strong since the economic shutdown ended in May, as consumers redirected spending from services to goods. Additionally, changing consumer habits will likely drive more shoppers online to avoid crowded malls—a trend that has grown since the start of the pandemic, with e-commerce retail sales climbing a record 31.9% in the second quarter alone. Consumers will find a way to squeeze shopping into their Thanksgiving weekend, but it might be a tall order for total holiday spending to exceed last year's record level in light of 2020's unique challenges.

<sup>10</sup> Thanksgiving Weekend Draws Nearly 190 Million Shoppers, Spending up 16 Percent. National Retail Federation.

<https://nrf.com/media-center/press-releases/thanksgiving-draws-nearly-190-million-shoppers>

<sup>11</sup> Klebnikov, S. (December 2019). Cyber Monday by the Numbers: A Record \$9.4 Billion Haul. Forbes.

<https://www.forbes.com/sites/sergeiklebnikov/2019/12/03/cyber-monday-2019-by-the-numbers-a-record-94-billion-haul/?sh=6644bb652ef0>

<sup>12</sup> 2020 Deloitte Holiday Retail Survey. <https://www2.deloitte.com/us/en/insights/industry/retail-distribution/holiday-retail-sales-consumer-survey.html>

## Conclusion

Thanksgiving is a day of gratitude and a time to look inward and focus on quality time with family and friends. We experienced a decade's worth of distractions, pain, and unprecedented events in 2020, and this year's Thanksgiving provides us with a deeper, if somewhat unwanted, opportunity to reflect on what truly matters most. In many cases, it will be more difficult to travel and visit relatives because of the pandemic, and we might have to celebrate Thanksgiving with our most vulnerable or faraway family members over the phone or on video chat. We can take comfort that it's only temporary. This too shall pass, and the warmth of a hug and connection from a handshake will be felt once again. We have optimism that next year's Thanksgiving will bring us all together with our loved ones again, but don't let all that has happened in 2020 ruin this year's turkey dinner. There is still a lot to be thankful for. We are uplifted by the encouraging vaccine news, and hope you are too—as well by the promise it brings of a normal holiday season next year.

We wish you all a wonderful Thanksgiving. Stay safe and don't forget to save room for that (third) slice of your favorite pie!



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