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Stores prepare for holiday shoppers

Deep discounts begin before traditional start to shopping season

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Black Friday won't be the beginning and it won't be the end of huge deals on everything from Barbie dolls to plasma TVs this holiday season.

Black Friday, the day after Thanksgiving, got pushed aside as the traditional start of the holiday season when retailers saw their September sales figures start to tank.

Many sellers, fearful of being stuck with inventory, started posting the 50%-off signs just after Halloween when they saw big declines in October sales.

It's called Black Friday because it marks the time when retailers move from losses, or the red, into profit, the black in accounting terms.

The rocky economy set the stage for one of the most promotional holiday seasons in recent memory. Many retailers ordered holiday merchandise well before the financial industry crisis started in September. The resulting stock market turmoil and declining home values have left many consumers unable to buy full-price goods.

"For shoppers in a weak economy like we have right now, value becomes a big driver of their purchasing decisions," said Scott Watkins, an analyst for Anderson Economic Group in East Lansing.

More retailers are relying heavier on promotions this year including JCPenney, Limited Brands -- owner of the Victoria's Secret and Bath and Body Works chains -- and Macy's.

Promotions are always part of the holiday retail environment, but they are more prevalent this year. A survey by the National Retail Federation found that 40% of shoppers say sales or promotions were the No. 1 consideration in deciding where to shop this year.

Michigan shoppers plan to be extra frugal this year, cutting their spending by 12% over last year's levels, according to a survey by Deloitte. And 60% of those surveyed said they plan to spend less this year with only 4% saying they'll spend more.

The online survey of 13,276 consumers across the country included 538 in Michigan and was conducted between Sept. 26 and Oct. 7.

Higher food prices and energy costs were the two biggest reasons Michigan shoppers gave for spending less, said Joe Angileri, managing partner of Deloitte's Michigan practice.

"Retailers are bracing for a challenging season, but the good news is they have implemented a number of prudent measures to prepare for these conditions," he said.

Michigan Retailers Association members say they are expecting a 1% decline in holiday sales compared with last year. Many are already discounting 50% or more and 45% of them have added lower-price items to appeal to cash-strapped consumers.

Ann Arbor-based Borders has been sending special savings coupons to its 30 million loyalty program members throughout the season and gave them a two-day jump on Black Friday deals, said George Jones, Borders CEO.

The deals loyalty members were offered Wednesday include 50% off selected bestsellers. The store also is cutting 50% off the prices of select Blu-Ray disks and offering deals on holiday wrap, digital photo frames, DVD box sets and CDs.

"On Friday, the same deal is open to the public," Jones said. "We're ready to rock and roll for the Thanksgiving weekend."

Walmart, which kicked off its holiday sales promotions on Oct. 6 with \$10 deals on toys, announced its Black Friday sales earlier this week, including kids coats for \$4 and a Garmin GPS for \$97.

"We understood that the economy was pushing customers to shop early and spend less," said Tara Stewart, media director for the Midwest.

She said the retailer would continue to cut prices on key items throughout the season.

Many retailers are looking to differentiate themselves this holiday season to capture shopper attention by offering personal attention or expertise.

"The way we compete is on our authority," said Bob Friedland, Toys 'R' Us spokesman. "Toys are inherently valuable. It's not always about price. It's also about what is inherently valuable to the child on your list. And that is where we compete."

Still, the retailer started promoting big savings in October and plans a weekend full of doorbuster deals, starting at 5 a.m. Friday. "We'll have great deals from now through Christmas," Friedland said.

Kohl's says it will offer bigger discounts on more products to attract more shoppers on Black Friday. The retailer cut its earnings outlook for the fourth quarter.

"We know the economic reality customers are facing this holiday season, and in response, Kohl's remains focused on helping customers stretch their budgets," said Kevin Mansell, its CEO.

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