



Super bargains? Unlikely this year

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The Grinch who stole the holiday season last year is still lurking around the cash register this season. The difference: This time retailers are wide awake and waiting for him.

Last year, they were blindsided by a 3.4 percent drop in sales. Today, they are heading into the holiday season with much leaner levels of inventory, so they don't get stuck with piles of unsold product.

For shoppers, this may mean fewer deep discounts, retail watchers said.

"Retailers are not going to be so desperate to slash costs, because there is less merchandise available," said Drew White, chief financial officer at Sageworks Inc., which tracks privately held retailers.

The National Retail Federation projects that the average shopper will spend \$683 this year – \$23 less than last season. Total retail sales are expected to slip by 1 percent, a more modest dip than last year.

Even as retailers try to avoid a fire sale, however, shoppers may be counting on one.

More than half of the shoppers this holiday season are specifically looking for sales and deals, the federation reports.

Angela Edwards is one of them. On furlough from her Sacramento city job Friday, Edwards pushed a cart through the aisles at the Target in Land Park with her abbreviated Christmas gift list in mind.

"I'm on a budget," said Edwards, 52. "Target is my favorite store for that."

Edwards, the holiday shopper for her family, always perused coupons, but she's particularly diligent this season.

At Bed Bath & Beyond recently, she used seven coupons for one shopping trip.

"I make sure I cut out every coupon I need," she said.

Shoppers seeking bargains should be prepared for a different retail landscape this year, said Erika Maschmeyer, a senior research analyst with Robert W. Baird & Co.

Inventory is likely to be "wide and shallow," she said. For example, she said, retailers may stock lots of sweaters, but not have dozens of the same sweater in all sizes and colors.

Don't expect to buy your whole gift list at a 70 percent off sale in November like you might have last year, retail analysts said. Holding out could leave you empty-handed.

Best advice this year: "If you see something you like, and it's in your size, I would buy it," Maschmeyer said. She is not counting on deals such as the Manolo Blahnik boots she gleefully snatched up last year for 60 percent off.

The National Retail Federation said its prediction that sales will slip another 1 percent this holiday season is conservative, and merchants could be in for a pleasant surprise.

"There is a lot of pent-up demand, and people are buying gifts they can really use, so we might have a better December than anticipated," said Daniel Butler, vice president of retail operations for the group.

Still, retailers aren't taking chances. Like companies in many industries, they are cutting back for efficiency to get more profit out of the sales they make.

Gap Inc. is one company trying to tightly control its business operation this year. The company owns Gap, Old Navy, Banana Republic and other brands.

"The CEO has really been vigilant about managing our inventories to meet the bottom line," said Daniel Rubin, a company spokesman.

The company's stores are promoting deals online and on television: buy one, get one free, buy two T-shirts and get a video game.

Maschmeyer said there still will be plenty of promotions, such as private sales and "friends and family" sales to lure in buyers. In the hard goods and electronics section, there will be "loss leader" items sold without profit to generate traffic. But those deeply discounted, dance-in-the-aisle finds will be rare.

Technology is improving the way stores order inventory, which will mean less left over for clearance sales in any season, Maschmeyer said, adding that some stores are striving to hit the refresh button more often, getting new items in faster.

Trendy clothier and furniture retailer Urban Outfitters once spent 18 weeks to get one of its private label items from drawing board to store floor, but it reduced the time to 13 or 14 weeks earlier this year, Maschmeyer said. Now the retailer is shaving off more time.

"It's a way to get fresher, better goods in stores," she said.

Stores also are trying to better match their mix of goods – to the places where people live, and the amount of money they have in their wallets.

Kohl's, the department store, not only varies its mix by climate – wool coats in Spokane, Wash., but not in Orlando, Fla. – but by lifestyle and size: More small sizes in California and other states with sizable Asian populations and more large sizes in, say, Milwaukee, Maschmeyer said. Shorts might not go on sale as fast in warmer climates as in the Northeast.

At the higher end of the retail market, companies such as Nordstrom and Coach, the luxury handbag retailer, are adding more products in the lower price range so more customers will buy their goods at retail rather than waiting for sales, she said.

Edwards, the Sacramento shopper and intrepid bargain hunter, said she's just grateful for any savings wherever she shops this season. "I won't be buying anything extravagant," she said.