



Industries that fell the hardest may see the biggest rebound

6/5/2009 2:06 AM

Cars

New vehicle sales were down to about 13 million in 2008, a drop of more than 18% from 2007. But while you can keep wearing the same suits, at some point, you have to replace a vehicle.

MONEY'S TIGHT: [When demand releases, it may be shop 'til you drop time](#)

Auto researcher R.L. Polk estimates the average age of cars hit a record high of 9.4 years last year. In the 12 months leading up to July 2007, more than 13.6 million vehicles were scrapped.

"Many people will get to the point where the cost of repairs on their current vehicle is greater than they think is worth investing, and they'll be looking for a new or newer vehicle," says Paul Taylor of the National Automobile Dealers Association. "We expect a stronger performance in the second half of the year."

Along with a 12-year-old truck, Helen Ward of Poolesville, Md., says she and her husband now have to replace the engine in a vehicle that they're still making payments on. They hope to buy an engine from a junkyard.

Appliances

At Sears, which held a huge Memorial Day weekend appliance sale, home appliances President Doug Moore is banking on discounts, pent-up demand and the appeal of energy-efficient models. Federal rebates for energy-friendly models, expected soon, should boost sales.

"People do need to have a refrigerator, washer and dryer," Moore says. The life expectancy of most appliances is seven to 10 years.

Jeff Myers, 68, of Phoenix is hoping to save money by spending money, but only after the economy improves.

The retiree is supporting himself through Social Security and investments and is waiting for a stock rebound to "release some of my pent-up demand." Then he'll be able to think about replacing his 10-year-old car and 30-year-old central air-conditioning unit, which he says has "an energy efficiency of about zero."

He only uses it in the summer, opting for an evaporative cooler the rest of the year.

Furniture

"Scores" of furniture store owners have complained to *Furniture Today* editor-in-chief Ray Allegrezza that consumers are simply too scared to shop.

"People who have lost their jobs are not running out and buying high-ticket goods such as furniture," Allegrezza says. "And those who still have jobs are either taking what disposable income they have to pay down existing debt or are keeping a death grip on those dollars." When they do show up, "they are buying," he says, but not in numbers to reverse huge sales declines.

"We have good traffic coming into our design centers, and people are working on projects, but they're still hesitant," says Ethan Allen CEO Farooq Kathwari. Positive "news coming in is going to give them more confidence, and that may turn into people making commitments." People are spending, he says, on "living spaces," such as family room pieces but holding back on bedrooms, where tattered items are less visible.

Jewelry

Jewelry store sales have sunk with the rest of the luxury market.

Zale, which owns several jewelry store chains including Zales Jewelers, said that its third-quarter earnings, announced last week, were down 20%.

Retail consulting and research firm Sageworks says independent jewelry store sales were down 0.5% last year, after an increase of 3.4% in 2007.

But Jeff Gordon, CEO of retail consulting firm The Gordon Co., says there's a lesson in the recent liquidation sales his company handled for jewelers Fortunoff and Christian Bernard Jewelers, which were "very successful."

"There remains a large portion of the population that is financially able to take advantage of opportunistic buying when the price is right," says Gordon, who also publishes the online newsletter *Retail Jewelry Insights*. "People will buy if the discounts are aggressive enough."

Apparel and other discretionary items

Discounters including Wal-Mart, T.J. Maxx and a handful of teen fashion retailers have posted monthly sales increases, but most other clothing retailers — from Ann Taylor to Abercrombie & Fitch — are experiencing big monthly sales declines.

At Macy's, which saw a 9% sales drop in May, moderately priced apparel, cosmetics and housewares have done well through this recession. But higher-end clothing, handbags, luggage and furniture have lagged, says Macy's spokesman Jim Sluzewski.

"It's impossible to know when the economy will rebound, or what that rebound will look like," Sluzewski says. "One could argue that those categories that have lagged will turn up. But there's no way of knowing. While we believe the economy has stabilized, we've not yet seen meaningful signs of an upturn."

By Jayne O'Donnell