

Retailers begin discounts early to entice shoppers

By Cotten Timberlake, Bloomberg

U.S. retailers are discounting earlier than ever as they brace for the weakest holiday shopping season since 2009.

Wal-Mart Stores Inc. is dangling a 32-inch flat-screen TV for \$98, down from \$148 last year. Sears Holdings Corp. has waived layaway fees and its Kmart chain is introducing a rent-to-own program. More than a dozen retailers are opening earlier, or for the first time, on Thanksgiving Day. Among the attention-grabbing stunts: a \$1 million jackpot for one of the first shoppers to visit Gap Inc.'s Old Navy chain on Black Friday.

Faced with wary shoppers and a shorter holiday season, retailers are piling on deals as they jockey for market share during the most important sales period of the year. For the fourth year in a row, disposable incomes in 2013 have only inched up. As result, low-income Americans will again have a less-merry season than affluent consumers, who are more flush thanks in part to surging stock markets.

"We will be seeing promotions significantly above the current 30 percent off, which are the opening table stakes," said Craig Johnson, president of Customer Growth Partners, a New Canaan, Connecticut-based consulting firm. Stores have too much inventory, which "doesn't bode well for 2014."

The disparity between wealthy and lower-income shoppers is already showing up in chains' fourth-quarter profit estimates, with Tiffany & Co. projected to fare better than Wal-Mart and Kohl's Corp.

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