

Holiday shopping season comes down to the wire

By Anne D'Innocenzio, Associated Press

NEW YORK – Despite an early start, sales data provided to the Associated Press shows that stores may once again have to rely on procrastinators to save the holiday shopping season.

Sales were up 1.8 percent from Nov. 1 through Monday compared with the same period a year ago, according to data tracker First Data Corp., which declined to provide sales figures.

The numbers are modest considering the National Retail Federation, the nation's largest retail trade group, expects sales for the entire season – November and December – to rise 4.1 percent to \$616.9 billion.

The slow growth also comes at a time when retailers tried to do a number of things to jumpstart the season and encourage shoppers to spend. Some offered "holiday" discounts as early as Halloween instead of waiting until the day after Thanksgiving known as Black Friday. And more stores opened on Thanksgiving Day itself to offer people early enticements to spend.

But the incentives seem to have backfired. Shoppers took advantage of the earlier sales and hours, but that had the effect of syphoning away sales from Black Friday, which is typically the biggest sales day of the year.

"The numbers are lower than what people expected them to be so it will be interesting to see what happens in the final days of the holiday shopping season," said Rishi Chhabra, First Data's vice president of information and analytics.

As a result of the modest sales, retailers are making a big

final push to lure shoppers into stores. And they're employing tactics they've had to use since the recession.

Dennis May, CEO and president of Hhgregg Inc., said the consumer electronics chain, added a "buy more, save-more" sales event for the week that ended Saturday. And it's also extending the cutoff date for online shoppers who want to pick up their items in the store until noon Christmas Eve. Last year, the cutoff date was Dec. 23.

"I think the consumer is very savvy," he said. "They're not shopping with abandon. They're not throwing their budgets to the wind. "

Major retailers including Macy's and Toys R Us are offering marathon shopping hours. Kohl's, for instance, is opening its stores for 132 hours straight until 6 p.m. Christmas Eve. That compares with 108-hour stretch last year.

"Customers can rely on us around the clock for their last-minute gift-giving solutions," said Michelle Gass, Kohl's chief customer officer.

Despite the frenzy, retailers don't necessarily have to panic. There still are big potential spending days ahead, including this Saturday, which some industry watchers are saying could be the biggest shopping day of the year. In fact, the average holiday shopper had completed only 52.9 percent of their holiday shopping as of December 10, according to a survey of more than 6,165 shoppers conducted by the retail trade group.

But retailers also have to watch their bottom lines. Shoppers have become more accustomed to deals, and many aren't willing to pay regular price anymore.

Indeed, C. Britt Beemer, chairman of America's Research Group, said 60 percent of 1,000 shoppers polled last weekend said they were only buying deals this holiday season. That compares with 40 percent last year.

But all the discounts eat away profits. According to First Data, the number of transactions rose 1.8 percent, but the average transaction was flat at \$73.85, showing how heavy discounting can hurt the bottom line.

“I don’t think it’s great out there,” said Ron Friedman, head of the retail and consumer products group at accounting firm Marcum LLP who estimates that holiday sales will be up 2 percent from last year. “People are out in the stores and shopping, but they’re all looking for deals.

Indeed, some shoppers are hesitant to spend a lot, despite some recent good economic news. Average gas prices nationally have dropped and the unemployment rate is at a six-year low. But some shoppers still struggle with higher costs and stagnant wages.

“I have to still watch what I spend and make sure everything’s on sale,” said Teresa Conrad, 51, who was shopping recently at a suburban Indianapolis mall.

AP business writer Tom Murphy in Indianapolis contributed to this report.