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Retail outlook fuzzy for holiday season

BY JUSTINE GRIFFIN



We've heard it all before.

Pent-up demand. Cautious optimism. Earlier store openings. Online versus brick and mortar.

Predictions for retailing this holiday season remain fuzzy.

Some, like the National Retail Federation — a trade group representing businesses around the nation — are optimistic that this could be the turn-around year for retail, which has suffered in the wake of the Great Recession and struggled to keep up with a growing

online ecommerce sector.

Others believe consumer confidence isn't quite there yet, despite falling unemployment rates and cheaper gas. They see Americans still shopping for value only.

The proof, as they say, will be in the pudding.

“Overall, the holiday season will probably be pretty steady,” said Jeff Green, a Phoenix-based retail analyst who predicts the season's sales will rise by less than 3 to 5 percent compared with 2013. “It all depends on how the Black Friday weekend goes. If it doesn't go well, retailers will have to discount merchandise quickly and through Christmas, which isn't good for anyone.”

The Florida Retail Federation, which historically has produced optimistic forecasts for the Sunshine State, is predicting a 5 percent jump in sales this holiday season. An improving stock market, rising job creation and a steady housing market suggest a year of positive growth, said the group's CEO Rick McAllister.

November and December are where chain stores make a large portion of their sales for the year. Black Friday gets its name for the time of the year where stores turn a profit, and go from in the “red” to the “black.”

But things have changed drastically in retail and continue to evolve, especially for Black Friday.

While growth has been slow but steady for retailers over the past few years, consumers just are not buying the way they used to, said Green, the Phoenix analyst.

“Black Friday isn't about shopping on the day after Thanksgiving anymore,” he said. “It's spread out all weekend. People aren't cross-shopping, either. They're coming in for the doorbuster deal and they're leaving.”

“Value is still very important.”

Braving the crowds

There are strong indications that most Americans won't shop on Black Friday this year.

A study by Bankrate.com, a Palm Beach-based consumer financial firm, found only 28 percent of shoppers plan to make purchases inside a physical store on Black Friday.

That figure only rises to 40 percent when adding in those who will shop online that day.

“Consumers are well-aware that deep discounts will be offered throughout the holiday shopping season,” Bankrate.com analyst Jeanine Skowronski said. “They don't necessarily need to brave the Black Friday crowds to score them.”

The study also had a few surprises: Despite their tech-savvy reputation, shoppers in the 18-29 age group are 13 percentage points more likely to shop in stores on the day after Thanksgiving.

New stores in Sarasota

Unlike other parts of the country or even Florida, the holiday season will likely be more significant for shoppers in Southwest Florida, thanks to the recent opening of the \$315 million Mall at University Town Center.

“In Sarasota, I expect everyone to check out the new center, particularly early on. Shoppers will see if they can find something new and wonderful in the new stores in the market,” said Faith Hope Consolo, chairwoman of retail leasing with Douglas Elliman Real Estate in New York.

“If they don't find something early, though, you'll see many return to their usual center, where they know where everything is, which saves time, and what is likely to be in stock,” Consolo said.

Other retailers acknowledge they have suffered at the drawing power of the new Mall at University Town Center.

Consider the J.C. Penney department store in Westfield Group's Sarasota Square Mall. General manager Bob Parker has seen a slowdown since the opening of the luxury mall on University Parkway last month, but said he thinks that is a temporary effect.

“UTC will have its honeymoon,” Parker said. “The newness will wear off, though, and we are hopeful that our shoppers will come back once the big attraction fades.”

In order to better compete with other chains, J.C. Penney department stores are opening at 5 p.m. on Thanksgiving Day. “It usually comes down to whoever opens the earliest and gets the public's interest first,” Parker said.

The retail chain has seen many changes in the past year after a shake-up in management following several quarters of struggling sales.

“Our biggest difference this year is driven by an effort to make sure the store is relevant to our community,” Parker said.

Instead of stocking up on winter coats and other outerwear, Parker's store will sell more shorts and short-sleeve tops this holiday season, more befitting of the Southwest Florida climate — and lifestyle.

“We're really seeing this pay off in other local markets like in Tampa,” Parker said.

An early uptick

Anecdotally, some businesses already say they are seeing an uptick.

Diamond Vault, a locally owned jewelry store on Tamiami Trail in Sarasota, has been seeing a steady stream of business through custom orders during the last several weeks, said Michael Chokr, one of the owners.

Merchandise was updated inside the store this week for the holiday season.

“We’ll shrink our wedding and engagement ring selection for the holidays, though we’ve noticed that a lot more people are getting engaged around this time of year,” Chokr said.

The store will also have later hours through November and December.

“We expect to see a healthy season through the holidays and spanning into the new year,” he said.

Hopeful for a busy season

At Desoto Square Mall in Bradenton — which earlier this year faced a possible auction sale and has since lost Macy’s, one of its major anchors — new general manager Robert Tackett is taking the center back to its roots.

The mall will not open on Thanksgiving Day, but will have extended hours through the next two months.

“Based on the conversations I’ve had with our tenants, we’re not going to bother to try to compete with big box retailers and the outlet mall,” Tackett said. “Sears and J.C. Penney will do their own thing, but we know that most shoppers won’t want to come to their community mall until Friday.”

Tackett said he plans to promote the mall’s community events, like cookies with Santa Claus for children and families, and pet-friendly photo sessions.

He, like many of his counterparts, says he is hopeful for a busy season.

Consolo, the New York retail analyst, says Tackett may have good reason for optimism.

“Consumer confidence is higher than in several years, unemployment is lower than in many years, and people overall feel better,” she said.

“Retailers are already marketing strongly, trying to get the jump on a comparatively short selling season of just four weekends. I expect the last Saturday of the season to be the busiest single day, though Black Friday will see strong numbers, too.”