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News
Tuesday, Nov. 24, 2009

It's crunch time for area retailers with holiday shoppers expected to be frugal

Businesses adjust inventories amid projections that holiday spending will be down

By TONY ADAMS - tadams@ledger-enquirer.com

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A third poll, meanwhile, conducted for the first time by Atlanta-based Georgia Credit Union Affiliates, found that its members are showing stress from debt. Of 1,000 people polled, 52 percent plan to shell out less than a year ago, with 45 percent expecting to spend the same and 3 percent more.

Of those polled by the credit union umbrella organization, 59 percent said they will spend less than \$500 on gifts this season, with 31 percent spending between \$500 and \$1,000. Three-quarters, or 76 percent, said they will use cash for purchases, with 12 percent paying with plastic.

"We would dearly love for our poll to be wrong," said Mike Mercer, president and chief executive officer of GCUA. "But this poll leads us to believe that consumers are still unwilling to just turn loose again. They sound particularly unwilling to take on new debt to finance Christmas kinds of purchases."

Virtually all types of loan originations by credit unions statewide have been "lethargic" this year, Mercer said. That includes credit card use and small personal loans, as well as auto, home-mortgage and home-equity loans.

Consumers saying they will use mostly cash this year indicates they probably overextended themselves during the 2008 holiday season and are now afraid of their ability to pay cards down again, Mercer said.

"If they haven't been laid off themselves, they know somebody who has," he said. "Almost everybody in their workplace are cutting back costs wherever they can and trying to get more efficient. So I think the way consumers are reacting to that is to, at least attitudinally, go into the Christmas season with intentions to spend less and to not pile debt up on their credit cards."

Cushioning the blow

Retailers, bracing themselves for such a fragile consumer psyche, have taken steps to ease the pain that might be inflicted on their inventories.

Michael Wright, who co-owns Jewelers Touch with Gary Cadoura, said his new Columbus Park Crossing store is larger than his old Peachtree Mall location, allowing him to offer more variety. He's also stocking more affordable items like sterling silver pieces.

"We're offering a better variety for people who might be strapped," said Wright, who cuts out the middle man by manufacturing his own jewelry. "You can come in and spend \$100 and get a nice looking piece of jewelry that she'll be proud to wear. You don't have to spend \$1,000 or \$1,500 to do the same thing. It's giving a variety, and it seems to be working for us."

Rick McKnight, owner of The Kiddie Shoppe in the Bradley Park area, said he did away with his McKay's women's apparel store a year ago to expand toy offerings at his children's apparel and fitted-shoe shop. And the move is paying off, with sales up this year.

"By being close to the customer, I can turn on a dime," said McKnight, who has been in Columbus retail 34 years. "For instance, if something's selling, I don't have to get a report. I'm right there watching it happen, and I'm there helping the customer. You can ask any of them. I'm there all the time."

Still, even with his expertise, McKnight classifies his holiday expectations as "cautiously optimistic." And he understands there is plenty of apprehension among his fellow retailers.

"No retailer wants to be stuck with goods that he can't move," he said. "But you have to have enough."

That realization certainly guided Main Street Toy Shop owner Griffin's decision-making process heading into this shopping season. She has owned the store nearly eight years and managed it before that since



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its 1986 founding.

"I've trimmed back a little bit on inventory," Griffin said. "I've tried to be really cautious on ordering, and trying to bring in just things that I think will sell, obviously, but are still good."

Her expected hot items? An EZY-Roller ride-on toy that sells for \$110, and Sillybandz rubber animal bracelets that go for \$2.99 for a pack of 12.

Griffin said "hopeful" is probably the best word to describe her mood heading into this high-stakes shopping season.

The store owner says that knowing she has an ace of sorts up her sleeve, even during tough economic times.


"I still think everybody is going to buy for their kids," she said of parents and grandparents. "That's one reason I'm thankful that I'm in this business ... because they're going to make Santa Claus happen. They may not buy as much as they did last year or the year before, but they're still going to buy."

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