



# RETAILERS ARE READY TO KICK OFF BLACK FRIDAY JUST AS SHOPPERS PULL BACK ON SPENDING - ASSOCIATED PRESS

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*Photo: Shoppers pause near a display of handbags at a Coach store in New York on Sunday, Nov. 19, 2023*

Retailers are kicking off the unofficial start of the holiday shopping season on Friday with a bevy of discounts and other enticements. But executives are growing concerned with a spending slowdown that could temper sales on the day after Thanksgiving as well as throughout the holidays.

Shoppers, powered by a solid job market and steady wage growth, had demonstrated a resilience that confounded economists and ran counter to sour sentiments expressed in opinion polls. Such spending, while cautious, came despite higher prices in the grocery aisle and higher borrowing costs.

But consumers are now coming under more pressure from dwindling savings, increased credit card debt and still stubborn inflation. In fact, shoppers cut their buying in October, ending six straight months of gains. Shoppers have gotten some relief from easing inflation, but many goods and services like meat and rent are still far higher than they were just three years ago.

The latest quarterly results from a string of retailers from Walmart to Best Buy have reported a weakening consumer. Walmart said it noticed shoppers cutting back in October and offered a muted annual sales outlook. Best Buy, the nation's largest retailer, said shoppers are trading down to cheaper TVs. And Target said shoppers are waiting longer to buy items. For example, instead of buying sweatshirts or denim back in August or September, they held out until the weather turned cold.

"It's clear that consumers have been remarkably resilient," Target's CEO Brian Cornell told analysts last week. "Yet in our research, things like uncertainty, caution and managing a budget are top of mind."

Even luxury retailers are noting their shoppers are feeling pinched.

"We're taking a measured approach. There's been some softening," said Marc Metrick, CEO of Saks Fifth Avenue's standalone online business, Saks. "I don't think (the holiday season) is going to be some horrible business nor is it going to be some kind of explosive holiday season."

The National Retail Federation, the nation's largest retail trade group, expects shoppers will spend more this year than last year, but their pace will slow given all the economic uncertainty.



The group has forecast that U.S. holiday sales will rise 3% to 4% for November through December, compared with a 5.4% growth of a year ago. The pace is consistent with the average annual holiday increase of 3.6% from 2010 to pre-pandemic 2019. Americans ramped up spending during the pandemic, with more money in their pockets from federal relief checks and nowhere to go during lockdowns. For the holiday 2021 season, sales for the two-month period surged 12.7%.

Many retailers had already ordered fewer goods for this holiday season and have pushed holiday sales earlier in October than last year to help shoppers spread out their spending. An early shopping push appears to be a trend that only got more pronounced during the pandemic when clogs in the supply network in 2021 made people buy early for fear of not getting what they wanted.

But retailers said that many shoppers will be focusing more on deals and will likely wait until the last minute. Best Buy said it's pushing more items at opening price points, while Kohl's has simplified its deals, promoting items under a certain price point like \$25 at its stores.

Barbara Lindquist, 85, from Hawthorne Woods, Illinois, said she and her husband plan to spend about \$1,000 for holiday gifts for her three adult children, 13 grandchildren and three great-grandchildren. That's about the same as last year.

But Lindquist, who continues to work as a pre-school teacher at a local church, said she'll be more focused on deals given still high prices on meat and other staples. And she plans to buy more gift cards, which she believes will help her stick to her budget.

"I go for value," said Lindquist, who just picked up discounted sheets and towels at Kohl's for friends who will be visiting from Panama during the holidays.

Online discounts should be better than a year ago, particularly for toys, electronics and clothing, according to Adobe Analytics, which tracks online spending. It predicts toys will be discounted on average by 35%, compared with 22% a year ago, while electronics should see 30% cuts, compared with last year's 27%. In clothing, shoppers will see an average discount of 25%, compared with 19% last year, Adobe said.

Analysts consider the five-day Black Friday weekend — which includes the Monday after the holiday known as Cyber Monday — a key barometer of shoppers' willingness to spend. And Black Friday is expected to be once again the busiest shopping day of the year, according to Sensormatic Solutions, a firm that tracks store traffic. On average, the top 10 busiest shopping days in the U.S are expected to once again account for roughly 40% of all holiday retail traffic, Sensormatic said.

Stores have been increasingly pushing Black Friday-type deals all month, helping to perk up business.

Adobe Analytics reported that from Nov. 1 through Monday, consumers spent \$63.2 billion online, up 5% compared with the year-ago period and outpacing its estimate of 4.8% for the two-month holiday period.

However, Marshal Cohen, chief retail adviser at Circana, a market research firm, said he thinks that shoppers will just stick to a list and not buy on impulse. He also believes they will take their time buying throughout the season.

"There's no sense of urgency," Cohen said. "The consumers are saying, 'I will shop when it's convenient for me.'"

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