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November 21, 2011

## Promotions Galore Seen as Black Friday Looms

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Shoppers waiting in line.  
*Photo By Matthew Staver*

Retailers are set to do the seemingly impossible: Stage a Black Friday that will top even the aggressive promotions of recent years.

But whether all the unprecedented extended store hours and new mobile tactics being piled on to the traditional package of holiday coupons, discounts and doorbusters will lure the still-wary consumer and translate to better sales and profits remains questionable. Growing worries over the global economy, continued high unemployment, higher prices at retail and now oil prices that have again breached \$100 a barrel are all contributing to an uncertain environment as the holiday shopping season approaches.

There are signs for optimism. This year's edition of Black Friday is expected to be the first \$20 billion day in U.S. retail history, with sales projected at \$20.3 billion, barring severe weather or other disruptions, according to Michael McNamara, vice president and global solutions leader of MasterCard Advisors.

Predictions from the pundits on the overall holiday season aren't that bad, with most forecasting a sales increase of between 2 and 6 percent on top of last year's 5.2 percent.

The NPD Group also came out with a bullish observation, saying that 17 percent of consumers polled said they will shop on Black Friday, up from last year's 12 percent. However, generally, retailers acknowledge that consumers continue to shop closer and closer to Christmas in hopes of getting the biggest markdowns.

"It's all about the deal," said Marshal Cohen, chief industry analyst of NPD.

Some see retailers' extended hours as prudent. "If retailers can sell items at a compelling price quickly, it's much more profitable than holding it and having to take a deeper markdown later in the season," observed Catherine Moellering, executive vice president of the Tobe Report consulting and trend forecasting. "Retailers wouldn't be opening earlier if they didn't sense the demand from consumers for it. It's expensive to keep a big store like Target open, but they are really certain they will do significant sales."

However, Arnold Aronson, managing director of retail strategies at Kurt Salmon Associates, said, "Stores have been increasing their hours steadily each year. It just spreads the business. I don't think the extra hours everybody is doing is that incremental. People have pretty much decided how much they are going to spend," in advance of shopping, though Aronson suggested that by spreading the traffic across more operating hours, it gives retailers a chance to provide better service on the selling floor.

Along those lines, Sears, which opened on Thanksgiving Day last year, said it has the benefit of hindsight in deciding to stay closed this Thanksgiving. "We saw OK traffic that day," admitted Tom Aiello, division vice president. "There was a sentiment from customers to keep Thanksgiving as a holiday."

Still, Aiello said technology is a bigger game changer this holiday. "There's no longer a Cyber Monday," he said. "We almost call it a Cyber Weekend. Customers have been empowered by technology. It creates transparency on pricing and product reviews. We've seen a continued increase of buy-online pick-up in store," which combines the convenience of shopping on a computer, mobile phone or tablet with pick up at a store.

David Bassuk, managing director and head of AlixPartners global retail practice, suggested that regardless of all the new maneuvers, the impact of Black Friday is waning. While AlixPartners expects the holiday season to yield "modest growth" of 4 to 5 percent, "the 'big day' isn't the 'big day' anymore; it's been diluted with earlier and earlier hours and even Brown Thursdays," Bassuk said. "There's still some allure to getting up early and hunting for bargains, but we're starting to see more and more retailers who are telling the consumer, 'Stay home and get your sleep. We'll send you what you need so you can still get the best deal.'"

In any case, there's a consensus that the most promotional holiday ever is looming.

"Ultimately, there will be an acceleration of discounting and promotional activity this year," said Bob Duffy, global co-leader of FTI Consulting's corporate finance and restructuring practice. "Retailers just can't afford not to have a good Christmas."

And there's good reason to rev up the promotions — consumers are increasingly downloading price comparison apps to check for the lowest prices. "The amount of downloading has doubled in the past two years," Moellering said.

Among the new approaches major retailers' are taking to Black Friday:

- Wal-Mart is leaking Black Friday deals by allowing shoppers to sign up on the Web site to get a preview of the chain's Black Friday catalogue. Also, Wal-Mart will open at 10 p.m. Thanksgiving Day with such deals as Riders relaxed jeans for \$9.97; ladies Danskin Now micro fleece pullovers, \$4.97; Barbie shopper fashion dolls and Disney princess dolls, \$5, and X-box 360 4G console with Kinect, \$199.96.
- Most Simon malls will open Black Friday at 4 a.m., and nearly all of Simon's Premium Outlet centers and Mills properties will open at midnight on Black Friday. Simon is also trying to accommodate shoppers with smart phones. "We are meeting the customer there, often before she goes to the mall," said Mikael Thygesen, chief marketing officer. Simon has a proprietary app for the iPhone and Android so shoppers can see offers from retailers and receive texts about deals, operating hours and events. Simon cooked up more sweepstakes, too, including a \$10,000 shopping spree and visit from Santa with a sleigh filled with gifts worth over \$2,000 for the "cutest" Santa photo posted on Facebook.

- Sears is looking to capture greater mobile shopping by installing billboards in airports, bus shelters and movie theaters in Chicago, Denver and a few other cities, with an image that can be scanned.
- Ann Inc. has the majority of its outlets open midnight Black Friday. Also, where malls are open early, Loft and Ann Taylor will open too. “This is new. We will have about 60 stores open,” said Kay Krill, chief executive officer. “We are planning on operating in a highly promotional environment in the fourth quarter.”
- Gap Inc. will open 1,000 stores on Thanksgiving Day, including 800 Old Navy units — 80 percent of the fleet — as well as 116 Gaps, 54 Banana Republics, 30 Gap and Banana Republic outlets, and eight Athleta stores. Last year, Gap used the same strategy, but with a few hundred fewer stores.
- Macy’s will open at midnight after Thanksgiving to kick off the holiday season, and will offer doorbusters on hundreds of items. Terry J. Lundgren, Macy’s Inc.’s chairman, president and ceo, said the midnight maneuver was “in response to our customers’ eagerness to shop early for great deals.”

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