

WWD.com/retail-news/trends-analysis/late-sales-surge-looks-like-season-saver-5445547

December 28, 2011

Late Sales Surge Lifts Season

By ARNOLD J. KARR

Ultimately, the procrastinators carried the day.

Apparently convinced that there were no savings to be gained from waiting longer, and concerned that they might be missing their last chance to get something for everyone on their lists, shoppers poured into the stores last week and lifted retailers' top-line results to acceptable, if not necessarily historic, levels.

However, organizations monitoring shopping activity expressed concern that the unusually volatile nature of the holiday season — with a slow lead-in followed by heavy buying around Thanksgiving and then another lull before an energetic pre-Christmas climax — could spell margin misses for many stores when they report fourth-quarter results beginning in February.

Michael Niemira, vice president of research and chief economist for the International Council of Shopping Centers, called it “a roller-coaster season” with sales trends, both positive and negative, “a bit more accentuated than they've been in the past. The weakness in the first two weeks of December was weaker than in recent years, and then the last two weeks were the strongest since 2005. Of course, strong retailers like Macy's did better, and weak retailers like Sears remained weak, but there was much more volatility than there'd been in the past.”

ICSC and Goldman Sachs jointly reported that same-store sales for the week ended Dec. 24 were up 4.5 percent from the year-ago week and 0.9 percent from the week ended Dec. 17, when the year-on-year increase was 4.6 percent and the weekly change was 3.4 percent. ICSC expects comparable-store sales for the month to grow 3.5 to 4 percent.

Inflation contributed to the increase in dollars in U.S. stores. Niemira said cost pressures have already begun to ease and will do so even more in the second half of 2012, but the combination of higher prices and shoppers hell-bent on deep discounts would add up to fourth-quarter profit squeezing. “The cost pressures have been much more intense than before, and we always worried about the effect on margins,” he told WWD. “We'll know as the stores start to report, but I suspect we will see a less profitable season than we did a year ago and improvement on the profit side as we get further into 2012.”

Chicago-based ShopperTrak, which monitors store traffic and estimates sales based on observations at retail, said that sales at general merchandise, apparel and accessories, furniture and other (GAFO) stores last week rose 14.8 percent over the comparable 2010 week and 37.8 percent over the previous week, to about \$44 billion, with foot traffic up 32.4 percent from the prior week. The Sunday-through-Saturday figures are a bit distorted by the calendar, as last year's week ended with Christmas Day and this year's with Dec. 24, as well as by a more ferocious appetite for last-minute purchases.

“The numbers make a pretty strong case that procrastinators abound,” said Bill Martin, founder of ShopperTrak. “You also had a late Hanukkah and just extraordinary performances on the 23rd and 24th. Not unlike Black Friday, Christmas Eve — with more stores opening early and closing late — has become a much better day for shopping than it used to be.”

The company estimated that brick-and-mortar retail sales for the Christmas weekend — Friday through Sunday — totaled about \$14.26 billion. Additionally, Dec. 26 — occurring on a Monday for the first time since 2005 and the last time until 2016 — generated \$7.1 billion in GAFO sales, 25.5 percent above the comparable day last year, although the 25.9 percent increase in traffic fell far short of the 60 percent increase that ShopperTrak said last month might materialize. It became the fourth busiest day of the season in terms of both sales and traffic, trailing

Black Friday (Nov. 26), Dec. 23 and Super Saturday (Dec. 17).

Martin believes that the Internet has played a key role in the redistribution of sales during the holiday season and noted that there have now been 23 months in a row of positive sales results while traffic trends generally have been down. “Instead of going from store to store to gather information, people do it online,” he said. “They read reviews, get product and price information. By the time they get to the store, if they have a good experience and the items are in stock, they become customers. If you let them out the door without buying something, it’s a catastrophic fail.”

Digital tracking firm ComScore said that online sales for the week ended Dec. 25 totaled \$2.83 billion, 15.6 percent above last year’s level. For the period beginning Nov. 1 and concluding Dec. 26, online sales rose to \$35.27 billion, a 15.3 percent increase over last year for the 56-day span.

Martin shared Niemira’s concern about margins as retailers went into post-holiday promotion mode. “Our bottom line is that consumers responded when they thought they could get value,” he said. “It remains to be seen if the retailer can make money on them.”

'Twas the Week Before Christmas

METRIC (SOURCE)	INCREASE
Same-store sales (ICSC)	4.5%
GAFO sales (ShopperTrak)	14.8%
Online sales (ComScore)	15.6%

SOURCE: ICSC AND SHOPPERTRAK DATA FOR WEEK ENDED DEC. 24,
COMSCORE DATA FOR WEEK ENDED DEC. 25.

WWD

Copyright © 2011 Fairchild Fashion Media. All rights reserved.