

November 17, 2008
Times Argus

For retailers: Uncertainty, caution, optimism

By Susan Allen
Times Argus Editor

WATERBURY – Tasha Wallis is hoping Vermonters put a little ho-ho-ho into what threatens to be a pretty ho-hum holiday shopping season.

As executive director of the Vermont Retail Association, Wallis is keenly aware of the grim economic picture. Sipping coffee at K.C.'s Bagel Cafe in Waterbury last week, she ticked off some of the Vermont statistics, handing me economist Art Woolfe's report showing consumer retail spending down 8.8 percent in September (11.2 percent for restaurant and lodging, 16.4 percent for vehicle sales, and 17.3 percent for real estate).

The national statistics are worse, with retail sales hitting a record slump in October.

Despite the dark forecast, Wallis said Vermont retailers remain "cautiously optimistic" heading toward Black Friday – the Friday after Thanksgiving that is typically the kickoff of the holiday shopping season.

"In the past, the economic downturns have not been as extensive in Vermont ... it's been softer," Wallis said. It's impossible to know how weak – or strong – this retail season will be, however. "It's all about consumer confidence and individual choice."

This period is critical. Typically, Vermont retailers experience between 25 and 40 percent of their annual business in the weeks between Thanksgiving and Christmas, she said.

Yet among the unknowns this year, Wallis said, is the impact of the Canadian dollar on sales in northern Vermont. Last year the Canadian dollar was strong, which translated into stronger sales for retailers in communities closer to the border. This year the Loonie has fluctuated and is down a little, which is disconcerting.

In addition, with Thanksgiving falling so late in November, that means five fewer traditional "shopping days" before Christmas for consumers to pump money into retail coffers.

"That's a factor," Wallis said.

Other questions: What are Vermonters thinking heading into the holiday? Will shoppers forego the fun holiday gifts and instead put staples – a winter coat, boots, etc. – under the tree? Will they wait to do their serious shopping closer to Christmas in hopes of better bargains? Will they put their money into savings or paying down debt rather than spent it on gifts?

There are also variations in demographics. Shops in Stowe appear to be doing well, Wallis noted. I ask if that's because wealthier tourists might not be feeling the economic pinch and are continuing to shop — while store owners in Barre, Rutland and other less tourist-fueled communities might not be experiencing that perk. Possibly, she replied.

"All that said, we just don't know," Wallis said of the upcoming retail season.

One Vermont store owner she spoke with said he feels like he's standing on the beach with his back to the water, wondering how big the next wave will be. "Is it going to sweep him off?" Wallis said.

But she cautioned against too much pessimism.

"It's also clear that nobody has cancelled Christmas," Wallis said. "There are huge opportunities for consumers."

Her advice to retailers is to continue marketing and advertising their products.

"One thing they do (in tough times) is cut marketing and advertising," Wallis said. "In times like this, it's more important than ever to draw attention to your particular product. There's so much out there from the large stores; it's so competitive."

Communities need to hold events to draw shoppers downtown to help local businesses, she said. In addition, Wallis urges retailers to move on-line with their products as more consumers look for bargains on their computers.

For consumers, she said that shopping for bargains will present an opportunity. One flier from a retailer promised 60 percent discounts on Black Friday, a real break to shoppers.

"If you're looking for a particular item, shop around," Wallis said. "They are waiting for deals, and those will certainly be there."

Overall, and despite the headlines, Wallis is optimistic about the holiday shopping season.

"People like to have gifts under the tree," she said.