

BIG LOTS INC (BIG:New York)

Keeping a Black Friday feeling [Star Tribune, Minneapolis]

RECENT BIG NEWS

Nov. 29--Black Friday certainly gave retailers a jolt. But whether retailers can ride that energy all the way to Christmas or simply flame out remains to be seen.

They are certainly off to a strong start. Thanks to a decision by retailers like Target Corp. and Best Buy Co. Inc. to open their doors at midnight, Black Friday sales jumped 6.6 percent to \$11.4 billion from 2010, according to ShopperTrak. Retail foot traffic also rose 5.1 percent.

But analysts like Colin McGranahan scoffed at the frequent argument by retailers that a strong Black Friday weekend injects "momentum" into the holiday shopping season.

"I chortle at" that notion, said McGranahan, an analyst with Sanford C. Bernstein in New York. "A consumer doesn't think about momentum. They already spent all of their money on Black Friday!"

Retailers design their Black Friday strategies as a defensive measure, to make sure they stay competitive with everyone else and retain their fair share of business, McGranahan said.

"It's the prisoner's dilemma," he said.

McGranahan said the midnight openings might have driven more people to the stores but that doesn't necessarily mean retailers will see fatter sales once they close their books for the fourth quarter.

The strong Black Friday performance "only sucks sales out of December," he said.

Despite the strong Black Friday weekend, investors did not seem overly bullish on retailers' prospects. Target stock rose 42 cents to close Monday at \$51.63. Best Buy shares gained 86 cents to close at \$26.49.

The National Retail Federation said 226 million people visited stores and websites over the past weekend versus 212 million during the same period a year ago.

"Clearly, the guests like an earlier opening," Target CEO Gregg Steinhafel told the Star Tribune last Friday. "Broadly, we're seeing great traffic. I think we are going to have a great season."

On average, shoppers also spent more: \$398.62 versus \$365.34 in 2010. However, the NRF stuck to its earlier prediction that overall holiday sales will grow a modest 2.8 percent to \$465 billion.

Bloomberg Businessweek

Promising signs

Still, there are some promising signs that retailers can ride some sort of wave beyond Black Friday.

For example, Internet sales have been exceedingly strong, even before Black Friday. From January to September, e-commerce sales rose nearly 13 percent to \$111.8 billion compared to the same period a year ago, according to comScore.

On Black Friday, online sales soared 26 percent to \$816 million versus the same day in 2010. Cyber Monday sales, started in 2005 by a retail trade group to encourage Americans to shop online on the Monday after Thanksgiving, were up mid-afternoon by 15 percent from a year ago, according to data from IBM Benchmark. Meanwhile, sales from mobile devices were up 7.4 percent. The group did not give dollar amounts.

For the entire holiday season, comScore estimates online sales will total \$37.6 billion, a 15 percent gain over 2010.

In addition, retailers are getting better at "pacing the level of promotions and excitement" beyond Black Friday weekend, said James Rushing, vice president of retail at consulting firm A.T. Kearney.

For instance, retailers are turning to flash sales, in which stores give only 24 hours' notice to consumers about a promotion. And instead of offering broad-based sales, retailers are focusing promotions on specific merchandise, like toys and electronics, Rushing said.

And since retailers have been careful to trim costs and selectively order merchandise from manufacturers, they are likely to earn higher profit margins this year, he said.

Brett Rose, CEO of United National Consumer Suppliers, which provides goods to retailers like T.J. Maxx, Big Lots, Ross department stores, and Toys 'R' Us, said retailers have been ordering higher-priced goods, a sign that retailers are focusing not just on sales but also profitability.

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