



Black Friday invades Turkey Thursday

By **DEAN CALBREATH**, The Daily Transcript
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"Perhaps no custom reveals our character as a nation so clearly as our celebration of Thanksgiving Day," Ronald Reagan once said. What Thanksgiving reveals these days is that a large part of our character as a nation revolves around shopping.

The latest survey by the National Retail Foundation suggests that 33 million Americans, or nearly a quarter of the nation's consumers, will spend their Thanksgiving Day at **Walmart** (NYSE: WMT), **Target** (NYSE: TGT), **Kohl's** (NYSE: KSS), **Macy's** (NYSE: M), **J.C. Penney** (NYSE: JCP) and **Best Buy** (NYSE: BBY), stores that are extending their Black Friday shopping hours deeper into Turkey Thursday.

On the other hand, nearly 80 percent of respondents told a Huffington Post poll that they had no plans to shop on Thanksgiving Day and 62 percent said they wished the stores would remain closed so that workers could enjoy the day off.

Beyond the impact that the longer shopping hours might have on the workers' family get-togethers, retail analysts wonder how much good it will do for the stores.

Some say that instead of getting more people to market, the longer hours simply lead the existing pool of Black Friday consumers to shift their shopping hours, buying things Thursday that they otherwise would have bought Friday.

"They're really just moving their public around," said Miro Copic, professor of marketing at San Diego State University. "The incremental gain in customers just isn't there."

In fact, the number of people who plan to shop on Thanksgiving weekend is projected to slide from 147 million last year to 140 million this year, including a drop on Thanksgiving Day from last year's total of 35 million.

There are several reasons for the decline, ranging from the wage stagnation to a drop in consumer confidence. But the retailers also seem to be competing with themselves, by launching online sales over the past several weeks, such as Walmart's "Black Friday Week" sales.

Roughly 53 percent of retailers contacted by Shop.org, the National Retail Foundation's digital division, said they planned special online promotions specifically targeting Thanksgiving Day, getting a jump on Cyber Monday, which online retailers had previously promoted as the top online shopping day.

A study last week by Retail Insight Center showed that online sales now account for 40 percent of shopping during the holiday weekend, compared to 23 percent in 2006.

"We're getting very close to a world where Black Friday weekend spending will be half online, half in-store," said Fiona Swerdlow, head of research at Shop.org.

Copic said such sales could eventually threaten the very existence of Black Friday, which gained its nickname as the day when the ink on retailers' financial statements switches from loss-denoting red to profitable black.

"Retailers have spent years trying to get people excited about Black Friday as a way of building momentum for the holiday shopping season," Copic said.

"Consumers have been geared up to wake up at 3, 4 or 5 in the morning to run down to the stores and spend a lot of money. But now retailers seem to be undermining their own golden goose. Why drive down to the mall and look for parking and fight the long lines if you can get the same thing online?"

Without having that kind of momentum at the shopping season, Copic said, the rest of the season could be even tougher.

The retailers' expansion into Thanksgiving has been building over the past several years, after the long-troubled **Kmart** chain pioneered it as a way to distinguish itself from competitors.

The shift in hours has not been a panacea for Kmart or its parent company **Sears Holding Corp.** (Nasdaq: SHLD). During the holiday season in 2011, for instance, disappointing Thanksgiving and Black Friday sales prompted Sears to keep its stores open on extended hours until Christmas Eve. When Christmas was over, Sears announced it would shut more than 100 Kmart stores.

Since 2010, retailers have begun inching further and further into the holiday, gradually moving their openings from the wee hours of Friday morning to midnight Thursday and then earlier in the evening.

Here's how the schedule looks:

6 a.m. Thanksgiving Day: Kmart launches a 41-hour shopping spree ending at 11 p.m. Friday night, with three waves of "doorbuster" deals scheduled in between.

5 p.m.: **Toys R Us** opens with a four-hour doorbuster deal with a second round scheduled for 5 a.m.

6 p.m.: Walmart and Best Buy open with competing doorbuster deals on electronics. Walmart's deals include \$99 for an Xbox 360 console or \$98 for a 32-inch Funai HDTV, while Best Buy's deals include a \$299 Apple iPad to a \$99 Amazon 7-inch Kindle Fire.

8 p.m.: Target, Macy's, Kohl's, J.C. Penney, Sears and other stores open their doors, including a "soft opening" of stores in the Westgate Mission Valley Shopping Center. At Kohl's, the deals include 50 to 60 percent off selected sleepwear, outerwear and jewelry.

Although the deals should help retailers draw foot traffic into their stores, the deep discounting could cut into their profit margins. Walmart and other major retailers are already warning that their fourth-quarter earnings might not match previous projections. Analysts say that one reason for that is the holiday-driven price-slashing.

Michael Belch, a former consultant to Fortune 500 companies who teaches integrated marketing communications at SDSU, said sales from online-only companies, such as Amazon, are putting further pressure on retailers to cut prices.

"The big boxes can't really compete, except with offers to match the price of whatever people can get online," he said.

He said that that's one area where smaller stores can do better than big boxes, by emphasizing unique products and more personalized customer service.

"One of the major declines in the business has been customer service," he said. "If I were a retail guy, I'd be pushing that hard right now."

Many small businesses plan to do that this weekend on Small Business Saturday, once the Black Friday crush calms down.