

Bullish holiday shoppers are eager to spend



Friday will probably be the second-busiest shopping day this year, following the Saturday before Christmas, according to retail analytics firm ShopperTrak. Above, shoppers hit the Grove on Friday for after-Christmas sales. (Brian van der Brug / Los Angeles Times)

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Holiday shoppers were back in force Friday, clutching gift cards, searching for deals, returning unwanted presents and feeling pretty good about the year ahead.

Each year, Erin Neubauer, 45, spends the day after Christmas buying ornaments with her mother. But this year, there were so many deals at Fashion Island in Newport Beach that the Long Beach homemaker splurged on three pairs of shoes, a spatula and a wine accessory as well, spending \$250 total.

Higher home prices and a falling unemployment rate make her feel better about the economy. Lower gas prices mean she's spending \$20 less per tank than she normally does, she said. "I feel optimistic going into the new year."

As cars circled mall parking lots across the Southland on Friday afternoon, experts were largely bullish as they offered predictions on this year's shopping results and implications for the year ahead.

Friday will probably be the second-busiest shopping day this year, following the Saturday before Christmas, according to retail analytics firm ShopperTrak. The foot traffic is expected to exceed Black Friday's. Consumers will spend so much that the day's revenue will be the sixth-highest of 2014.

Though some experts cautioned that the season could have been stronger, "this is overall a good holiday, particularly when you combine online with in-store sales," said Marshal Cohen, chief industry analyst for the NPD Group. "The consumers are in a very good frame of mind — there are a lot of things helping us feel better about spending again."

Office receptionist Tammy Green, 23, ogled sales items at Forever 21 at the Grove shopping center in the Fairfax district, where some outfits were marked 75% off.

"I feel like I may be able to hold on to this job or find a better one," she said. "I didn't feel this way last year."

Many shoppers acknowledged that they were swept up by a sense of giddiness that has pervaded the last few months. Gas prices are roughly a dollar a gallon below what they were a year ago, according to the AAA Fuel Gauge report. The national unemployment rate fell to 5.8% last month from 7% a year earlier. Amid rising incomes, some people finally received bonuses this year.

Now, retailers are hoping for a blockbuster weekend to cap off a season that the National Retail Federation forecasts will pull in \$616.9 billion in revenue. That's a 4.1% jump from 2013 — the strongest gain in three years.

Event planner Daphael Cross spent 30% more on gifts this season after getting promoted in April. And by early afternoon Friday, the Bay Area resident had spent several hundred dollars on cosmetics and bath products at Fashion Island.

"I just got started," she said.

Purchases of home decor picked up in recent months, a sign that consumers are now comfortable spending money on unnecessary items, according to analysts. And shelves mostly picked clean suggest that retailers successfully managed their inventory levels without running out of product or ordering too much.

Online retailers also remedied shipping shortfalls that last year resulted in 12% of orders failing to reach their destination on time. This year, only 7% missed the mark as the weather improved and more retailers filled orders the day they were received, according to a study by market research firm StellaService.

Still, analysts pointed out weaknesses.

Upscale brands such as Michael Kors probably outperformed what Ron Friedman, a retail expert at consulting and accounting firm Marcum, refers to as mainstream brands, which include Target and Wal-Mart.

The apparel category is still suffering and consumers aren't as confident as they could be, he said. "Sentiment is confused, unsure and cautious — people are trying to keep their credit cards paid off," he said.

Discounting will probably continue deep into January, affecting retailers' bottom lines, Friedman said.

"I don't know if the first quarter's going to be anything to write home about," he said. "It'll be the second and third quarter where we're going to see improvement."

The 2014 holiday season was a time of intense changes for retailers, said the NPD Group's Cohen.

Merchandise began going on sale well before Thanksgiving. Shopping happened in waves, starting with the Black Friday bonanza, which evolved into a weeklong event from what was once a single-day madhouse.

Black Friday weekend was disappointing, as spending fell 11% to an estimated \$50.9 billion from \$57.4 billion in 2013, according to the National Retail Federation. The mid-December lull was next, then the last-minute, pre-Christmas dash.

The final wave is what Cohen calls the post-holiday blitz, when some retailers will rake in a quarter of their revenue. The waning days of the year will become an increasingly prominent time at the mall as gift cards and clearance deals become more popular, he said.

"We're literally watching the beginning of a new tradition," Cohen said. "We've just seen the retailer groom the consumer even more to recognize that the whole end of the season is about the sale."

This year, Christmas fell on a Thursday, which many companies hope will turn into a four-day weekend with three full days of shopping potential.

At Target, the five days after the holiday are the year's top days for gift card redemption. The chain opened its stores at 7 a.m. on Friday and will keep some open until midnight, offering toys, apparel and seasonal items at up to half off.

Marie O'Beck, 39, left the Fashion Island Macy's on Friday with a bag of 10 Christmas ornaments, for which she spent \$30. She scooped up one — a bejeweled Aqua bulb normally priced at \$20 — for \$4.25.

"I was shocked when I saw the bill," she said.

But one classic post-holiday activity might tamp down revenue figures: returns of the ill-fitting sweaters, inane gag gifts and other gifts that show up unwanted under the tree each year.

This year, experts said the throngs of people and overwhelming volume of returns probably made the day after Christmas a busy one for con artists as well.

Some shoppers come into stores with a receipt for a previously purchased item. They find the same product in the store, take it to the counter and exchange it for store credit or a gift card.

And nearly three-quarters of retailers reported customers returning used but otherwise non-defective merchandise — a strategy known as wardrobing.

Return fraud is expected to cost retailers \$3.6 billion this holiday season, up from \$2.9 billion in 2012, according to the National Retail Federation.

"These knuckleheads know when to come in — they practice this and they're good at it," said Robert Moraca, vice president of loss prevention for the retail federation.

But purchases by legitimate shoppers such as Nick Robins, 29, may more than make up the difference.

This holiday season felt different — and better — for the Los Angeles-based behavior therapist. Lower gas and store prices have left his wallet fatter.

So, the day after Christmas, he bought himself a printed shirt at the Zara store at the Grove.

It was marked down to \$39.90 from \$59.90, he said. "I've got more money in my pocket."

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