

Thank God It's Friday!

October 16, 2009



As the stock market re-flates, Main Street is waiting for the ripple effects to be felt. Consumers continue to lethargically lick their wounds and remain focused on repairing their personal finances. The ancient art of saving money has resurfaced because consumers are trying to spend less and stay on budget. This consumer attitude may keep the US economy in check for the near-term but should build a base for a sustainable long-term recovery for the US economy.

Consumers remain cautious as they make their way back to the malls. In fact, consumer sentiment - as measured by the University of Michigan Index - actually fell 5% in early October from the improvement seen in September. Shoppers are still skeptical and keeping a close eye on their wallets. We are taking this minor set-back in stride as we recognize that the consumer's attitude has ratcheted up some 25% from the doldrums of last summer. This is huge.

While Halloween is still two weeks away, many stores are leapfrogging over Thanksgiving as they are already decking the halls with red and green – hoping to capture shoppers' attention as well as the greenies they have allotted for holiday shopping. Many retailers are helping consumers save for the holidays with the return of the "Christmas Club" and others are encouraging shoppers to pay over time: Yes, lay-away plans are back in vogue.

As retailers work to keep inventories lean, they will have to stock the "right items" to keep consumer interest. According to Toys'R'Us, this year's "Tickle-me-Elmo" may in fact be Tickle-me-Elmo as shoppers go retro and relive past hit toys. They also expect "do-it-yourself" toys to be hot items as today's kids want to put their own unique stamp on things. A growing assortment of toys has been introduced to spur imagination and encourage originality among little ones from jewelry making to clothes design. The hottest toy fads are the techno-based action figures linked to movies, like GI Joe and Transformers. Big kids, like me, will be asking Santa for higher ticket, higher tech names, many found in the Apple Store or online at Amazon.

Consumers who are watching every penny are not going to spend unless the retail or warehouse store has exactly what they want... at exactly the price they want. This holiday season will be a lesson in survival for retailers who must make "meat and potatoes" look like filet mignon covered in special sauce.

Time will tell which retail stores are able to capitalize on this holiday season and which ones may not survive 2010. We will monitor the trends closely. As you may recall, every year I conduct field research by hitting the malls and reporting back to you about what's hot and what's not. Also, you can count on me to do my part to bring the US economy back to life... while staying within my holiday shopping budget.

By: Meredith Rosen

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